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Report Highlights:

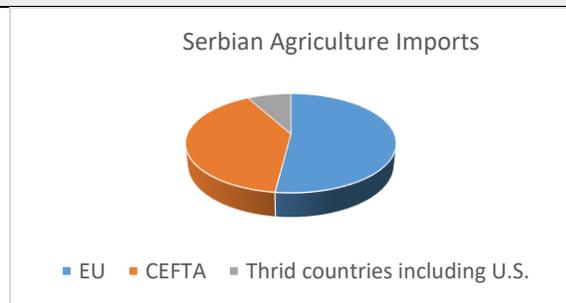
Serbia offers good opportunities for the U.S. exporters of consumer-oriented agriculture products. From January-October 2023, total U.S. exports of agriculture products to Serbia reached \$22.6 million, an increase of about 16 percent compared to the same period in 2022. The most significant commodities traded were almonds, whiskey, bourbon, tobacco, sweet potato, pistachios, peanuts, vegetable planting seeds, pet food, cranberries, juices and extracts from hops, wine, dietetic foods, concentrated proteins, snacks food, fish, and seafood products. This report provides U.S. food and agriculture exporters with background information and suggestions for entering the Serbian market. The statistical data are as of October 2023.

Market Fact Sheet:

Executive Summary

The World Bank (WB) ranks Serbia as an upper middle-income economy based on the Gross National Income per capita of the previous year (2023). Serbia is ranked 35th among the 39 countries in Europe. Moreover, the International Monetary Fund projected real GDP change at 2 percent in 2023. The total GDP is projected at \$75 billion. Serbia is a developing country with a vibrant agriculture and food industry which contribute to almost 10 percent of total GDP. In 2023, the average annual inflation rate is expected to be 8.5 percent. Serbia has Free Trade Agreements with the European Union (EU), Turkey, and the Eurasian Economic Union (Russia, Kazakhstan, Belarus, Armenia, and Kyrgyzstan). It is also a signatory to the Central European Free Trade Agreement (CEFTA). January-October 2023 Serbia's total agri-food exports reached a value of \$4.1 billion, a decrease of 8 percent from the same period in 2022. The total agriculture imports in 2022 were valued at \$2.9 billion, a decrease of 3 percent compared to the same period in 2022 with a registered \$1.2 billion surplus.

Serbian Agriculture Imports



In the January-October 2023 period, agri-food imports were \$2.9 billion, a 3 percent decrease compared to the same period in 2022. Over 60 percent of imports come from the EU member states, while 30 percent come from the CEFTA member countries. The total U.S. agri-food exports to Serbia for the January-October 2023 period were valued at \$22.6 million, with an increase of about 16 percent compared to 2022. One major obstacle to increasing the U.S. market share in Serbia is 30 percent customs import tax on most agri-food products, compared to zero import taxes for products from

countries with whom Serbia has signed FTAs (about 90 percent of Serbian trade partners). Essential commodities imported from the U.S. include almonds (\$4.9M), whiskey bourbon (\$3.5), consumer products (\$2.6M), pistachios (\$2.5M), tobacco (\$1.4M), peanuts (\$860,000), baby food (\$605,000), vegetable seed (\$580,000) and hake (\$520,000).

Food Processing Industry

Serbia is the largest agricultural market in the Western Balkans, with strong agricultural production and food processing tradition. Serbia is a global leader in the production of non-GMO corn and raspberries. The food processing industry accounts for approximately one-third of Serbia's processing industry. Over 20,000 food businesses are operational, and about 90 percent are micro, small, or medium-sized enterprises. This industry employs more than 120,000 people and is a rare example of a sector that has not been hit adversely by the economic crisis during COVID-19 pandemic. The largest subsectors in Serbia by value are dairy, meat, fruits, vegetables, wine, and confectionery industries.

Food Retail Industry

Food retail revenue in the Serbian market is approximately \$9 billion a year, which represents a relatively small market. Foreign retail chains hold more than 80 percent of the total retail market, mainly divided between Dutch-owned Delhaize (owner of retail chains Maxi and Tempo) and the Croatian Fortenova Group (owner of retail chains Idea, Roda, and Mercator). Other international retail chains include Germany's Metro, Lidl, and Greece's Super Vero. Domestic retail chains represent only some 20 percent of the Serbian market: Dis, Univerexport, and Gomex. More than 50 percent of all food products are still sold through small grocery shops (estimated to number close to 30,000). Due to significant changes in consumer behavior during the COVID-19 pandemic, online retail increased by almost 600 percent since March 2020. Delivery services also expanded their business in Serbia by more than 400 percent over the past 3 years.

Quick Facts January-October 2023

Imports of Ag and Consumer-Oriented Products:

USD 2.9 billion

List of Top 10 Growth Products in Serbia

- 1) Meat/meat products
- 2) Fish & seafood
- 3) Snack foods
- 4) Dairy products
- 5) Coffee and tea
- 6) Sugar confectionary
- 7) Pasta
- 8) Tree nuts
- 9) Distilled beverages
- 10) Bovine semen

Food Industry by Channels (USD billion)

Food Industry Output	\$12.0
Food Exports	\$4.1
Food Imports	\$2.9
Food Inventory	350 kg/capita
Domestic Food Retail	\$7.0
Food Service	\$6.0

Food Industry Gross Sales

Domestic Food Market: USD 6.0 billion

Top 10 Serbian Retailers

- 1) Maxi
- 2) Roda
- 3) Idea
- 4) Merkator
- 5) Lidl
- 6) Tempo
- 7) Univerexport
- 8) Gomex
- 9) Aroma
- 10) DM

GDP/Population

Population (millions): 6.6 million
 GDP (USD billion): 75 billion
 GDP per capita (USD): 11,301 (2023)
 Life expectancy: 76.47

Serbian Market Advantages and Disadvantages

Strengths	Weaknesses
Serbian consumer-ready food imports are increasing.	Serbia is not a member of WTO and the U.S. has no tariff advantages.
International retail chains have become more prevalent.	U.S. products tend to be priced higher than EU, CEFTA, Turkey, and Eurasian Economic Union products that enjoy preferential market access.
Opportunities	Threats
Serbia has shortages of certain agricultural products (beef, pork, poultry, soybean meal, almonds, peanuts, pistachios, snack foods, beans, seeds, fish, and seafood).	Serbia conducts most of its trade with nearby countries. Long distance and high shipping costs put U.S. products at a disadvantage compared to EU- and CEFTA-sourced products.
Serbia needs new seed varieties to grow crops and vegetables.	Serbia continues to ban biotech products, but the U.S. share of conventional crop and vegetable seeds is increasing.

Exchange rate average in 2023

1 USD = 108.43 dinars

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Section 1. Detailed Market Overview

Economic Situation

The Serbian economy is rebounding from last year's energy price shocks, despite continuing adverse economic conditions both regionally and globally. Economic growth is expected to reach 2 percent in 2023, increasing to 3 percent in 2024 as domestic demand recovers. Unemployment is at an all-time low. Inflation rose to 16 percent in February 2023, which was slightly higher than expected, led by higher food and energy prices. Average inflation in 2023 is expected to be 8.5 percent mostly driven by cost-push pressures. Additional challenges include the performance of the Serbian energy sector and the availability of electricity and gas in the winter of 2024, as well as the rising cost of financing the fiscal deficit and debt obligations considering higher interest rates. With limited space for future stimulus packages, structural reforms are needed to bring the economy back to sustained and growth, boost jobs and incomes. Currently, almost 60 percent of the population's income is spent on food it is expected to be even more during 2024.

Serbia needs to make further changes to its regulatory policy, mainly in accordance with the 2023 European Commission (E.C.) Annual Progress Report for Serbia published on November 8, 2023, https://neighbourhood-enlargement.ec.europa.eu/serbia-report-2023_en. According to the report Serbia made limited progress overall. The capacity to pursue key challenges in trade policy needs to be strengthened, to move forward with accession to the World Trade Organization (WTO), where again no progress was made. In October 2023, Serbia provided an updated list of actions to be taken in the context of the WTO accession process as part of the action plan on its remaining legislative alignment with the EU acquis. In the coming year, Serbia should adopt a WTO-compliant law on genetically modified organisms, to move forward with remaining bilateral market access negotiations and towards finalization of its accession to the WTO.

Overall Business Climate

Serbia is an open economy with a strategic geographic location that makes it an attractive destination for investment and exports. Serbia has easy access to both EU and non-EU markets, a highly skilled and educated force, and solid infrastructure that has led many global companies to establish manufacturing and service facilities (see Serbia's Country Commercial Guide <https://www.trade.gov/country-commercial-guides/serbia-market-overview?section-nav=5477>).

Recent Trends

The local and regional media frequently publish articles detailing consumers perceived (and actual) discrepancies in the quality of identically branded food products sold in Western Europe and Serbia. Concerns about ingredients and lower quality also have a strong influence on buyers' confidence in imported products. This "dual ingredient" issue is common in Central and Eastern European countries. Most consumers have adjusted their eating habits and diet for health reasons, increasing health consciousness. Price remains the most important factor affecting purchasing decisions.

Serbian consumers are increasingly purchasing online especially cross-border retail for lower prices and this segment is expected to grow at an annual average rate of over 10 percent over the course of the next five years. Currently, e-commerce is 5 percent of total retail turnover at about \$500 million a year with

2.9 million online shoppers. The number of shoppers is expected to increase to 3.9 million by the end of 2024.

Advantages	Challenges
The urban population continues to grow and has higher incomes.	The Serbian market is relatively small and price sensitive.
Due to the economic crisis resulted of the Russian-Ukraine war effects on the economy overall, the neighboring countries have limited ability to supply food to Serbia.	Due to the Russian-Ukraine war effects on economy overall, the general population’s purchasing power is shrinking and is mainly allocated to meet basic needs.
Serbia does not produce rice and certain fruits and vegetables.	The regulatory process can be cumbersome.
Serbia is a member of Codex, OIE, UPOV, FAO, and OECD.	Given Serbia’s aspiration to accede to the EU, Serbia is likely to support its positions before it becomes a full member.
Serbia has a huge demand for the U.S. animal genetic material.	Serbia’s purchasing power is limited.
Tourism growth.	High shipping costs and Serbian buyers demand quality but also low prices.
Most Serbian importers speak English.	Lack of awareness of U.S. goods; the lack of consumer understanding of the quality of U.S. products.

Section 2. Exporter Business Tips

Market Research

The Foreign Trade Law (“Official Gazette RS” No.36/09, 36/11, 88/11, and 89/15) <https://must.gov.rs> <http://mtt.gov.rs/en> regulates foreign trade. Serbian Customs authorities supervise the flow of imported goods. Customs supervision ends when customs cleared goods and import duties are paid, although special customs procedures exist for customs warehousing, inward processing relief, and transit. Serbia does not impose significant restrictions on foreign trading. Import licenses are required for certain pharmaceutical substances, meat products, animals, petfood, precious metals, arms, and dual-use goods. However, restrictions are imposed on import/export payments and collection operations defined by the Law on Foreign Exchange Operations. Since 2009, Serbia has maintained a restrictive GMO Law, banning all trade and production of biotech products. The current law must be amended if Serbia is to become a WTO member and reduce customs tariffs with the U.S. to improve mutual trade.

Local Business Customs and Trends

U.S. food exporters should establish business relationships with reliable and efficient importers and distributors. U.S. exporters and Serbian importers could expand trade by strengthening confidence

through visits of U.S. exporters/manufacturers to Serbia, exploring opportunities firsthand, and meeting with relevant Serbian importers. A contact list of Serbia's major food supermarkets, importers, wholesalers, and distributors by sector is available upon request from FAS Belgrade. Large food retail chains like Delhaize, Fortenova Group, and Lidl have purchasing and importing divisions that handle food imports directly. U.S. suppliers should initially contact these large food chains' purchasing/importing divisions, especially for new-to-market food products. U.S. exporters should consider price-sensitivity and product requirements, purchasing policies, and expect purchase volumes.

General Consumer Tastes and Trends

According to the Serbian statistical office, the average Serbian consumer spends 60 percent of their monthly income on food, compared to the average EU consumer who only spends 18 percent of their income on food. Most Serbian consumers view price as the primary factor when purchasing food and beverages. Serbia's large market chains have become more popular as the main food sales point over the last decade. Customers purchase food once or twice a month from these outlets. Due to rising food prices and weak purchasing power, neighborhood corner shops are regaining customers for daily purchases of staple foods. Perishable foods, fruits, vegetables, bread, and fresh meat are mostly sold at specialized stores or produce markets.

Distribution Channels

Supermarket and hypermarket expansion in Serbia over the past 15 years has brought limited benefits to consumers and small suppliers, such as farmers. Retail revenue in Serbia is approximately \$9 billion a year, an indication of a small market. An analysis conducted by Serbia's Economic Institute for the period of the last three-year period reveals a significant increase in retail prices for many product categories. Foreign retail chains control 80 percent of the total retail market, which is mostly divided between Dutch-owned Delhaize (owner of retail chains Maxi and Tempo) and Foretenova Group (owner of retail chains Idea, Roda, and Mercator). Other international retail chains in Serbia include Germany's Metro and Lidl and Greece's Super Vero. Domestic retail chains represent only 20 percent of the Serbian market: Dis, Univerexport, and Gomex.

Labeling and Marking

In 2018, the Ministry of Agriculture adopted the Rulebook on Declaration, Labeling, and Marketing Food ("Official Gazette" RS No. 16/18, 118/20, 17/22, and 23/22). The Rulebook's implementation started on January 1, 2019, and additional amendments were adopted in 2020, 2021 and, 2022. The Rulebook requires nutritional labels with detailed information on all food products to protect public health. For more information, please refer to FAS Belgrade's 2023 Food and Agriculture Import Regulations and Standards (FAIRS), Narrative report that can be downloaded from: <https://gain.fas.usda.gov/#/>.

Section 3. Import Food Standards and Regulations

Customs Clearance

Imported goods are subject to customs clearance per duty rates provided in the Customs Law ("Official Gazette RS" No. 144/20, 118/21 and 138/22), Law on Customs Tariffs ("Official Gazette RS" No. 98/15, 97/16, 95/18 and 91/19) and the Decree on "Harmonization of Customs Tariff Nomenclature" ("Official Gazette RS" No.95/18, 91/19, 121/21,18/22, 132/22 and 141/22),

<https://www.carina.rs/en/documents.html> . For more info, please refer to FAS Belgrade's 2023 Food and Agriculture Import Regulations and Standards (FAIRS), Narrative and Certification reports that can be downloaded from: <https://gain.fas.usda.gov/> .

Documents Generally Required by the Country Authority for Imported Food

Standard documents required for imported food are customs declaration, commercial invoice, bill of lading, and import approval (for some of the products). These documents must always accompany all shipments as well as the relevant health certificates issued by the competent authority in the country of origin (e.g., a veterinary certificate for meat and meat products, a phytosanitary certificate for fruits, vegetables, seeds, and planting material). Import documents can be in English and customs clearance usually takes 3-7 days. In addition to a document check, veterinary and phytosanitary inspections are conducted at select border crossing points. Foods of animal origin and veterinary drugs must have prior import approvals from the Veterinary Department of the Serbian Ministry of Agriculture Forestry and Water Management.

Country Language Labelling Requirements

If the original label is in English (e.g., standard U.S. label) or any other language, the seller must prepare stick-on labels with a translation into Serbian language, to accompany the imported products. The importer must place translated labels on the product before retail distribution. The declaration needs to have the importer's name and complete address, country of origin, and the country from which the food was shipped for imported food products. According to this ordinance, the label must be noticeable, visible, clear, and legible. Information on the label must be printed in letters not smaller than 1.2 mm, and for products, up to 80 cm² must be 0.9 mm or bigger.

Tariffs and FTAs

These rates are *ad valorem* (with certain exceptions) and apply to goods originating in countries that have Most Favored Nation status with Serbia. Effective January 1, 2014, per Serbia's Stabilization and Association Agreement with the EU, approximately 95 percent of all EU agricultural imports became duty-free. All other items now have an average duty rate of 0.99 percent, although this rate is significantly higher on certain sensitive agricultural commodities.

Serbia's customs authorities also assess excise duties on oil derivatives, live cattle, tobacco products, and alcohol and coffee (green, roasted, and ground coffee, and coffee extracts). Excise duties in Serbia are either specific (for oil derivatives, alcohol, cigars, and cigarillos), *ad valorem* (for coffee and pipe tobacco), or combined (for cigarettes - specific + *ad valorem* on retail price). The VAT is payable on all imports, assessed together with customs duty. For most goods, the general tax rate of 20 percent applies, calculated on the customs value and inclusive of customs and excise duty if any. The reduced tax rate of 10 percent applies to fruits and vegetables, meat, cereals, and pharmaceuticals.

Most of the U.S. agriculture exports to Serbia face up to 30 percent tariffs. Imported food from the EU and CEFTA countries mostly have no tariffs and therefore, U.S. products face unfair competition in the Serbian market.

Serbia has Free Trade Agreements with the EU, Turkey, and the Eurasian Economic Union (Russia, Kazakhstan, Belarus, Armenia, and Kyrgyzstan). It is also a signatory to the CEFTA and Open Balkan

Initiative. For more info, please refer to <https://www.trade.gov/country-commercial-guides/serbia-trade-agreements>.

For more detailed import tariffs and trade agreements please refer to FAS Belgrade’s 2023 Food and Agriculture Import Regulations and Standards (FAIRS), Narrative and Certification reports that can be downloaded from: <https://gain.fas.usda.gov/#/>.

Section 4. Market Sector Structure and Trends

Market Opportunities for Consumer Food Products

Despite these challenges, high-quality U.S. products have market opportunities due to growing consumer awareness.

According to Serbia’s Customs Office, the country trade deficit for the January-October 2023 period was \$70 billion, or 30 percent lower than for the same period in 2022 (\$102 billion). For the January-October 2023 period, Serbia’s total goods export was valued at \$259 billion which is 7.5 percent higher than in the previous year, and total import of goods was valued at \$329 billion, 4.4 percent higher than the previous year. The European Union remained Serbia’s most important trading partner, accounting for over half of foreign trade, followed by CEFTA countries.

Serbia’s total agri-food exports from January to October 2023 reached a value of \$4.1 billion, an 8 percent decrease from the same period in 2022. Since 2001, agricultural exports have benefitted from preferential EU and CEFTA access. Serbian exports consist mainly of grains, sugar, fruits, and vegetables (fresh and frozen), confectionary products, and beverages. Agriculture is the country’s most important export sector, accounting for more than 20 percent of all exports with a trade surplus of \$1.2 billion in the period January-October 2023.

Agri-food imports were \$2.9 billion, a 3 percent decrease compared to the same period in CY2022, primarily due to a second bad year for most of the harvest Serbian crops due to summer drought and decreased local production of agriculture commodities.

Best High-Value Product Prospects for U.S. Products

Product Category	Total Imports to Serbia (Million \$)	U.S. potential share of total imports	Key Constraints	Market Opportunities
Coffee and Tea	30	25 percent	Strong competition from South America, Africa, India, and Vietnam.	Growing market and demand for greater variety and higher quality.
Grains and Vegetable Seeds	70	40 percent	Strong competition from domestic seed institutes and EU companies.	Growing demand for higher quality new seed varieties to achieve higher yields and higher-quality products.

Wine	20	10 percent	Strong competition from EU and CEFTA countries at lower price points.	The growing market for higher-end wines as Serbian living standards increase.
Protein Concentrates	15	40 percent	The lack of familiarity with U.S. products.	Growing demand and interest in new products.
Pet Food (Dog and Cat Food)	30	30 percent	Competition from EU/CEFTA countries and U.S. franchises in the EU.	Serbia has a limited production of pet food. Consumption of pet food is expected to grow as pet ownership grows.
Fish and Seafood	50	20 percent	Competition from the EU.	Demand and consumption are increasing along with changing eating habits and the growth of restaurant and tourism businesses.
Consumer Products	115	10 percent	Strict biotech legislation, a 30 percent import tax on U.S. products, and significant competition from EU and CEFTA countries.	A market that will continue to grow with demand for new products.

Section 5. Agricultural and Food Imports

Agricultural Trade with the United States

The United States ranked 27th for exports to Serbia January-October 2023 an increase from the 29th position in the same period in 2022. Total agri-food exports from the United States to Serbia January-October 2023 were valued at \$22.6 million an increase of about 16 percent compared to the same period in 2022. One of the major obstacles to greater increase of the U.S. market share in Serbia is up to 30 percent customs import tax compared to zero import taxes for products coming from the EU, CEFTA countries, and other countries with whom Serbia has Free Trade Agreements and a decrease in purchasing power because of increased living costs.

U.S. agri-food exports have consisted mainly of almonds, whiskey bourbon, tobacco, pistachio, peanuts, vegetable, sunflower planting seeds, starches, juices, extracts from hops, sweet potatoes, dietetic foods, concentrated proteins without dairy fats, other snack foods, fish, seafood, prepared meals, alcohol, and fruits. The long-term forecast for these products is continued growth. In the medium term, Serbia is also likely to increase imports of planting seeds, fish and fishery products, poultry meat for processing, high-value consumer products, and beverages. Opportunities also exist to expand U.S. exports of high-value products such as tree nuts, raisins, snacks, beverage concentrates, planting seeds, seedlings, bovine semen, embryos, flavors, and fragrances.

Agriculture and food import statistics for Serbia and the U.S. can be found at <https://apps.fas.usda.gov/Gats/default.aspx>. According to the USDA BICO Reports, exports of U.S. agriculture and food products are usually smaller compared to Serbia's official customs data. This discrepancy is due to transshipment through European countries that BICO does not register as U.S. exports.

Top imported commodities from the United States in U.S. Dollars (thousands) for the January-October 2023 period/Serbian Chamber of Commerce data:

HS Code	Commodity	Jan-Oct 2020	Jan-Oct 2021	Jan-Oct 2022	Jan-Oct 2023
00802 12 90	Almonds, no shell, fresh or dried	4,000	5,980	3,770	3,000
2106 90 92	Different food products mm, ≤1,5 percent mm, ≤5 percent	4,100	3,980	2,929	2,610
2208 30 11	Whiskey bourbon	1,400	2,760	1,820	3,490
2008 19 93	Almonds and pistachios, roasted, <1 kg	453	705	1,378	1,336
0303 66 19	Hake Merluccius	630	560	440	514
2008 11 96	Peanuts, canned, <1 kg	453	705	860	634
1209 91 80	Vegetable seeds	580	1,050	620	577
0714 20 10	Sweet potato	421	351	610	1,057
2008 19 13	Almonds and peanuts, roasted, >1 kg	200	350	600	538
2401 20 85	Tobacco, dried	8,104	1, 200	1,470	1,420
1302 13 00	Juices and extracts from hops	525	496	380	251
1206 00 10	Sunflower seeds	350	240	278	418
2008 93 91	Cranberry, >1 kg	120	100	340	210

Source: Serbian Chamber of Commerce

Section 6. Key Contacts and Further Information

FAS/USDA Belgrade

U.S. Embassy Serbia

Phone : +381 11 706 415s8

E-mail: tatjana.maslac@usda.gov

Web page: <https://rs.usembassy.gov/foreign-agricultural-service>

Ministry of Agriculture, Forestry and Water Management

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E-mail: office@minpolj.gov.rs

Web page: <http://www.minpolj.gov.rs/>

Serbian Ministry of Internal and Foreign Trade

Phone: +381 11 3633 721

E-mail: kabinet@must.gov.rs

Web page: <https://must.gov.rs>

Serbian Custom Administration

Phone: + 381 11 2690 822

E-mail: pr@carina.rs

Web page: <https://www.carina.rs/en.html>

Chamber of Commerce and Industry of Serbia

Phone: +381 11 3300-900

E-mail: bis@pks.rs

Web page: <http://www.pks.rs/>

AmCham Serbia

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Web page: <https://amcham.rs>

Attachments:

No Attachments.