Republika e Kosovës
Republika Kosova - Republic of Kosovo
Qeveria - Vlada - Government

MINISTRIA E TREGTISË DHE INDUSTRISË
MINISTARSTVO ZA TRGOVINU I INDUSTRIJU
MINISTRY OF TRADE AND INDUSTRY

SECTOR PROFILE OF **FOOD PROCESSING AND PACKAGING INDUSTRY**

March 2014

SECTOR PROFILE
OF FOOD PROCESSING
AND PACKAGING INDUSTRY

March 2014

Acknowledgements

This report is financed by the Ministry for Foreign affairs of Finland, in the framework of the "Aid for Trade" project, implemented by the United Nations Development Programme (UNDP).

MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

Special contributions to writing this report have been provided by:

Ministry of Trade and Industry:
The Cabinet of the Minister
Department of Industry
Department for European Integration and Policy Coordination
Kosovo Investment and Enterprise Support Agency

Field work conducted by TNS Index Kosova, a social research, media and marketing agency

Quality Assurance:
United Nations Development Programme (UNDP) Kosovo
Policy, Research, Gender and Communications Unit
Inclusive Growth Unit
"Aid for Trade" Project
Petrit Gashi, Phd – External Consultant

Author
Edona Kurtolli Alija

Design: "XHAD Studio", Pristina
Printing: "Grafika Rezniqi" Pristina

A special gratitude goes also to all the respondents of the survey.

The views expressed in this report are those of the authors and do not represent the official position of the Ministry of Trade and Industry, United Nations Development Programme (UNDP) and the Ministry for Foreign affairs of Finland.

Copyright © 2014. All rights reserved.

Contents

Acknowledgements 2

List of abbreviations 4

1. Introduction 5

2. Basic firm and industry characteristics 6

2.1. Size and composition of the sector 6

2.2. Regional distribution, ownership and legal structure of firms in the industry 7

3. Firm/industry inputs and outputs 10

3.1. Inputs 10

3.2. Outputs 12

3.3. Capacity utilisation 13

4. Markets exports and barriers to exporting 15

5. Firm/industry employment, human capacities, and workforce development 20

5.1. Industry employees 20

5.2. Firm growth according to number of employees 21

5.3. Average salary and educational level of employees 22

6. Firm/industry investments and technological level 24

7. Business environment 26

7.1. Perceptions of barriers to business development 26

8. Conclusion 30

9. References 31

Appendices

Appendix 1: Information on related public institutions 32

Appendix 2: Business associations of the industry 33

Appendix 3: Activity Codes 34

Appendix 4: HS Codes 35

List of abbreviations

CEFTA	Central European Free Trade Agreement
EC	European Commission
DFID	Department for International Development
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft fur International Zusammenarbeit GmbH
HS	Harmonized System
IMF	International Monetary Fund
KAS	Kosovo Agency of Statistics
MAFRD	Ministry of Agriculture Forestry and Rural Development
MTI	Ministry of Trade and Industry
SDC	Swiss Development Cooperation Office
TAK	Tax Administration of Kosovo
UNDP	United Nations Development Program
USAID NOA	United States Agency for International Development New Opportunities in Agriculture
WB	World Bank

1. Introduction

This sector profile provides information on the current situation of the agribusiness industry in Kosovo, with emphasis on food processing and packaging activities. The report provides macro and firm level data gathered through primary and secondary sources, and it presents key policy and institutional developments within the industry. Moreover, the report also uses statistics to describe the current situation.

Kosovo's land surface is 1.1 million hectares, out of which 53% is arable land. Around 60% of the population lives in rural areas and works in agriculture. The agriculture sector contributes with 13% to total GDP in Kosovo (World Bank, 2011)[1], making it an important source of income. Agricultural products also constitute 18% of exports (MAFRD, 2009). However, food processing and packaging is a small subsector of agriculture, and it has only recently begun to gain momentum. The main sub-activities of this industry focus on vegetables, fruits, cereals, decorative plants and medicinal herbs, vineyards, meat, and dairy (see Annex 1 for code activities).

For this profile, an enterprise survey conducted by United Nations Development Programme (UNDP) was drawn-out using the Tax Administration of Kosovo (TAK) database for 2012[2] whereas industry data were derived from the list of registered companies provided by the Kosovo Business Registration Agency (KBRA). Additionally, the sector's balance of trade was analysed utilizing a database for 2010-2013 provided by the Kosovo Customs.

As per TAK data, the total number of active businesses operating in this sector was 812 firms in 2013. Considering that 65% of the population size was composed of businesses operating in the manufacturing of bread, fresh pastry, and cakes, the sample of surveyed firms excluded them to avoid bias. The sample used for analysis in this report was comprised of a total of 165 businesses out of a population of 283 firms. Of these, 108 of the firms were micro enterprises, employing less than 9 employees, whereas 57 are were larger firms.

To present a complete picture of the current situation in the sector, other secondary sources--including previous studies and other information on the sector--were also utilized.

1 http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2012/05/07/000406484_20120507085250/Rendered/PDF/668770IDA0R201001400MIGA0R201200024.pdf
2 Database provided in 2013

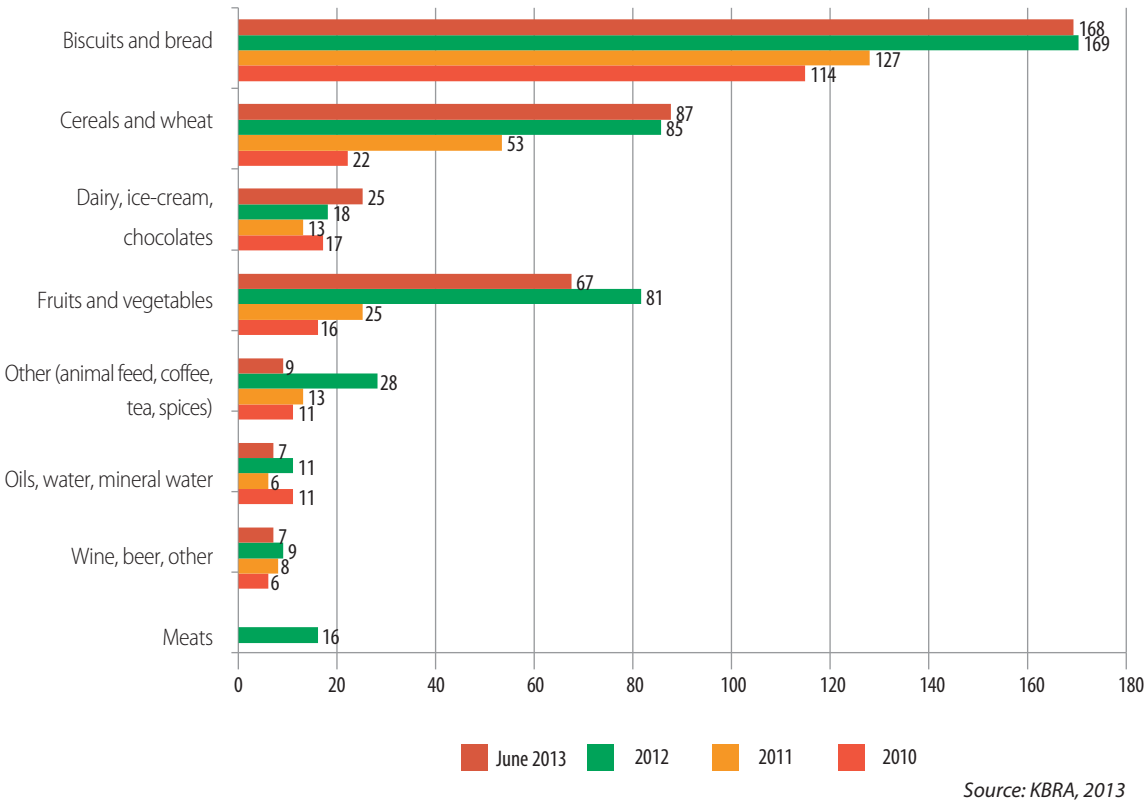
2. Basic firm and industry characteristics

2.1. Size and composition of the sector

The food processing and packaging industry in Kosovo is divided into the following subsectors: vegetables and fruits, cereals, decorative plants and medicinal herbs, viticulture, meat, and dairy.

Data from KBRA (Figure 1) indicate that 1,200 firms were registered in this sector in the past three years, representing 7% of the total registered firms in Kosovo. Still, considering that agriculture is characterized with the highest rate of informality (Riinvest, 2009), the actual number of firms operating in the sector could be even higher. The most common registered activity was the manufacturing of bread, fresh pastry, and cakes (68%).

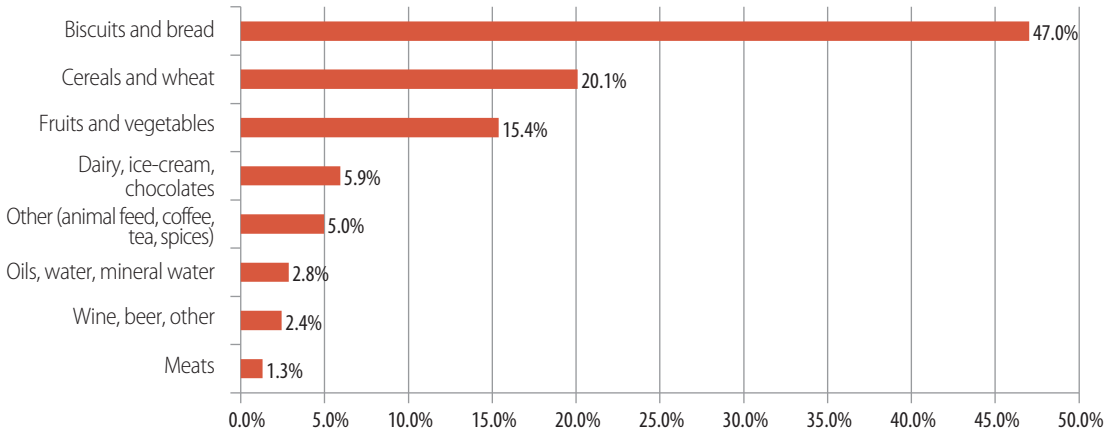
Figure 1: *Number of registered firms 2010-2013*



Source: KBRA, 2013

Regarding active business, data from TAK reveal that in 2012, 816 firms were actively operating in this sector (Figure 2), out of which 500+ (61%) were operating in the manufacturing of bread, fresh pastry, and cakes subsector. Companies that are involved in processing of cereals and wheat dominate 20.1% of the market, while the processing of fruits and vegetables composes 15.4% of the market. Firms that are active in dairy, ice-cream, and chocolate processing compose almost 6% of the market, while the rest are involved in other sub-sectors.

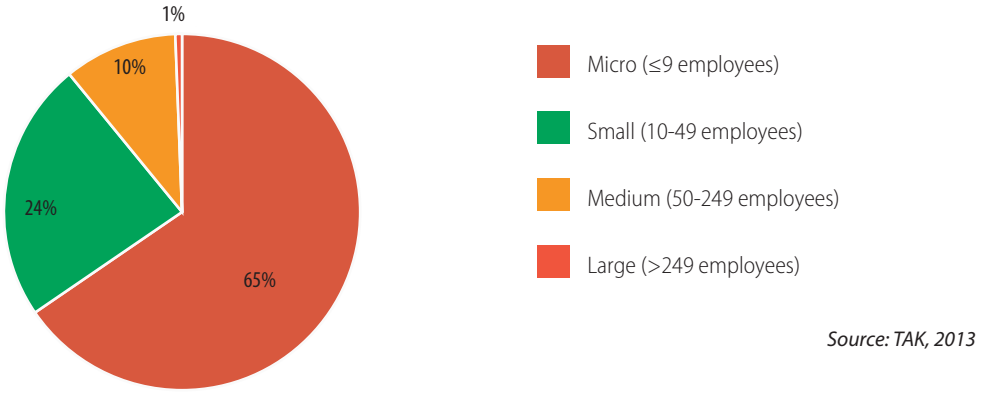
Figure 2: *Distribution of businesses by main activity*



Source: TAK, 2013

The food processing and packaging sector is mainly comprised of micro enterprises with less than 9 employees (65%), followed by small companies (employing between 10 and 49 employees) (24%), while 10% of the companies are of medium size (employing between 50 and 249 individuals) (Figure 3).

Figure 3: *Distribution of businesses by size*

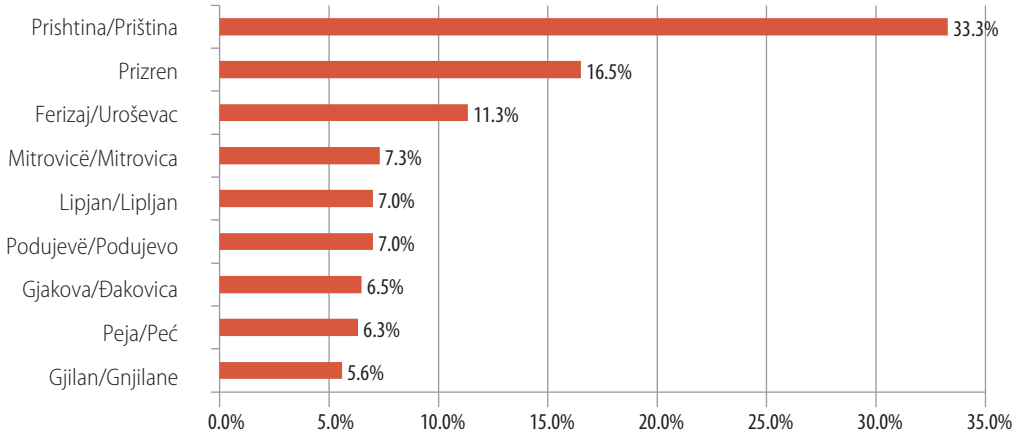


Source: TAK, 2013

2.2. Regional distribution, ownership and legal structure of firms in the industry

In Figure 4, data from TAK shows that most of the food processing and packaging companies are concentrated in the municipalities of Prishtinë/Priština (33%), Prizren (16.5%) and Ferizaj/Uroševac (11.3%). Mitrovicë/Mitrovica, Lipjan/Lipljan, Podujevë (Besiana)/Podujevo, Gjakovë/Đakovica and Pejë/Peć, each host approximately 7% of food processing and packaging firms, whereas 5.6% of them are located in Gjilan/Gnjilane.

Figure 4: *Distribution of businesses by region*



Source: TAK, 2013

Survey results show that 80% of businesses declared to be registered as individual businesses, 9% as partnerships and 8% as Limited Liability Companies, whereas a very small number of firms (less than 1%) are registered as shareholders or international companies.

80% registered as individual businesses

Data reveal that the average age of surveyed companies' main owner is 43 years old, ranging from 20 to 72 years old. The results show that 44% of the surveyed owners are from 39 to 49 years old, while 26% of them are above 50 years old. The owners who are 29 to 39 year old owners run 20% of the surveyed companies. As the table 1 shows, the majority of owners belong to the 39 - 49 years age category.

94% of company owners are Albanian

Table 1: *Breakdown of the company owners by age*

Age of owner	Share in %
18-28 years	10%
29-39 years	20%
39-49 years	44%
>50 years	26%

Source: UNDP Survey, 2013

Around 94% of business owners are Kosovar Albanians, a little under 3% are Roma, Ashkali or Egyptian (RAE), almost 2% are Turks and Bosniaks, and a little under 1% are Gorans as presented in table 2 with specific percentage points. Survey results indicate that 86% of owners are men, indicating a low representation of women in the sector.

Table 2: *Breakdown of the company owners by ethnicity*

Ethnicity	Share in %
Albanian	94%
RAE	3%
Turk	2%
Bosnian	2%
Gorani	1%

Source: UNDP Survey, 2013

Box 1: Profile of a successful business operating in Kosovo

Located in the vicinity of Gjilan/Gnjilane, Kosovo, Ask Foods is characterized by modern working environment and up-to-date facilities. Established in 2008 as a family business with 146 acres of orchards, it is one of the largest fruit and vegetable processing firms in Kosovo with over €3 million invested in factory machinery. Certified with ISO and HACCP food safety standards, the production factory started with the processing of premium quality fruit and vegetables in 2008. Now the company has increased its production by launching three new brands (ASK, MAMS, and ANNA) under the ASK umbrella, and as such, it employs over 400 workers during the peak season which starts late August/early September and lasts until the beginning of November. ASK Foods permanently employs 112 workers and 80% of them are women. Even though the start-up capital of the firm was private (owner's) ASK Foods did receive aid from international organizations operating in Kosovo.

The company utilizes the most modern protection facilities in order to protect its crops from hailstones and sun scorching. Their orchards include apples, sour cherries, plums, and raspberries. As the firm expanded its production capacities, they had to secure additional supplies which they purchase from the local farmers.

The owners of ASK Foods declared that becoming successful has been a lifelong dream, but they see difficulties in the business environment in Kosovo, with input tax being the most problematic one.

Product: Natural Fresh Original Recipes

The innovation of ASK Foods can be found in its good marketing mix. By achieving a trusted brand name, supported by high quality products, Ask Foods has reached the top of the Kosovo market as the first large processing firm in this industry during the post conflict era.

Place: Supermarket domestic product aisles Major Kosovo cities

Market position, a variety of products, and competitive prices are the main competitive advantages of ASK Foods. The company devotes special attention to the preservation of freshness and application of traditional recipes to give a savoury; "homemade" touch to its products. Its products include marmalade, jams, fruit preserves, pickled cabbage leaves, gherkins, mushrooms, beetroot, hot chilli peppers, tomato sauce, and traditional ajvar (red pepper spread). Ask Foods also produces 100% natural juices from a variety of fruits.

ASK Foods has over 1,000 local contracted farmers that work directly with the company. Their first exporting country was Croatia, and they have exported over 200 tons of products to EU countries following the extension of trade preferences. With an annual turnover of approximately €2 million, ASK Foods also exports their products to other countries including Switzerland, Serbia, Macedonia, and soon they are planning to expand exports to Austria and Great Britain. Compared to other processing firms, Ask Foods has invested in marketing and specifically in promoting their products via fairs in Kosovo and abroad, TV advertisements, billboards, and different types of sponsorships.

Prices: Reasonable and Affordable Two sub-brands, targeting different groups

After achieving a 20% increase in revenues in the past year, to further facilitate its exports, the company plans to open representative office in Albania and the United Kingdom.

Promotion: National & International Fair Participation Membership inmultiple associations TV Advertisement Billboard Advertisement

In 2012, Ask Foods was awarded as the Super Brand for the region, and it has also been recognized as the Exporter of the Year in 2011 by the Kosovo Export Association (KEA), as well as with the best design among exporters for the past years. The company succeeded in dominating the domestic market in a period of seven months by capturing the largest share of demand. Their success has given hope to other domestic producers and smaller processing companies, encouraging them to engage more in fruit and vegetable processing.

3. Firm/industry inputs and outputs

3.1. Inputs

The surveyed firms declared that they import 50% of their raw material and intermediary goods such as packaging material, grains, meat, and ingredients for vegetable and fruit processing. Raw material is mostly imported from Macedonia, Serbia, and Turkey. The average amount of imported raw material is estimated at nearly €64,000 per firm, but figures vary based on the size of firms. The average cost of raw materials for micro companies is almost €23,000 per month, small and medium-sized companies each spend an average of over €50,000 per month, and large companies spend over €70,000 per month on average (Table 3). Data on input costs indicate that the average share of raw materials in total costs is 79%, with large companies spending 37% of total costs on raw material. Wages account for about 7% of total costs on average, whereas other remaining input costs account for 14%. Around 75% of all firms declared to spend less than €100 per month on water, €300 on electricity and €400 in fuel costs. As expected, a positive relationship exists between input costs and the size of businesses.

50% of raw material is imported

Table 3: *Average monthly input costs by firms size, in €*

	Micro (≤9 employees)	Small (10-49 employees)	Medium (50-249 employees)	Large (>249 employees)
Raw Materials	23,911	51,725	53,681	74,821
Electricity	320	1,977	5,625	10,000
Water	51	161	385	400
Fuel	401	3,164	3,246	6,564
Wages	250	1,750	6,250	10,000
Other	403	2,629	950	1,000
Total	**25,336**	**61,406**	**70,137**	**102,785**

Source: UNDP Survey, 2013

Survey data show that firms have multiple sources of raw material and inputs. Around 37% of companies produce all or some of their own raw material. Over 42% of firms purchase their raw material from domestic firms, and 18% of firms import their raw material. Disaggregated data show that half of the latter firms import between 50% and 90% of their raw material, while the other half import below 50% of it.

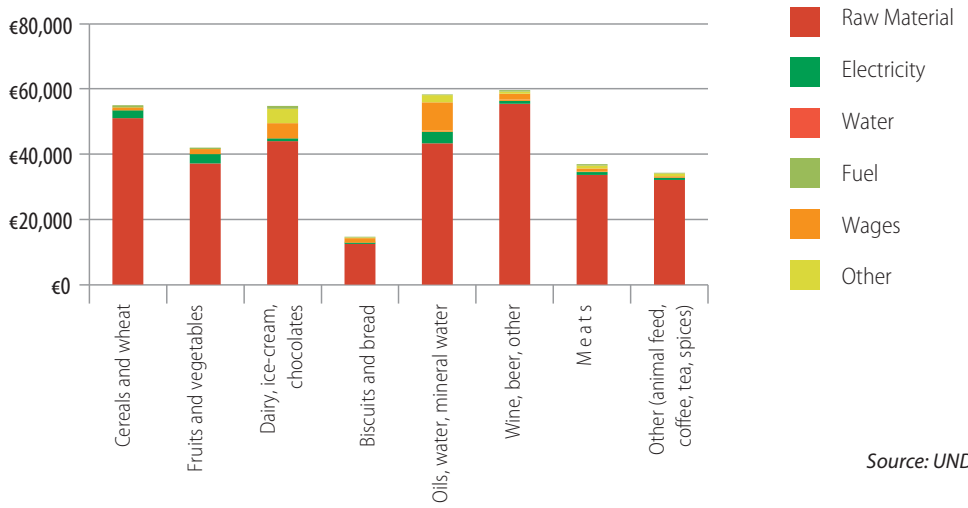
Table 4: *Supply of raw material*

Raw material	Share of Firms
Own production	37%
Purchase domestically	42%
Import	18%
Import from 50 to 90%	9%
Import below 50%	9%

Source: UNDP Survey, 2013

Looking at monthly input costs by industry sub-sectors shows that raw materials contribute to the highest average monthly costs, especially in wine, beer, and spirits processing sub-sectors (Figure 5).

Figure 5: *Monthly input costs by business activity*



Source: UNDP Survey, 2013

Survey data show that for a number of sub-sectors, dairy, ice-cream and chocolates and oils, water and mineral water, wages comprise the largest share of costs they incur, 48.2% and 21.2%, respectively. The firms of these sub-sectors also reported to spend comparatively more on fuel: dairy, ice-cream and chocolate processing firms (23.3%) and oil, mineral and mineral water firms (44.4%). As it regards to water expenses for the whole sector, it is mostly liquid processing firms that incur the highest share of expenses: oils, water, and mineral water processors have (30% of total input costs) and wine, beer, and other processors (24.5% of total input costs). Oils, water, and mineral water processors again, have the highest share in electricity costs, followed by fruits and vegetables with 22.4%, and cereals and wheat with almost 20% of share on these expenses.

Table 5: *Yearly share of total cost of inputs by business activity*

	Raw material	Electricity	Water	Fuel	Wages	Other
Cereals and wheat	16.5%	19.9%	3.6%	3.9%	0.7%	16.8%
Fruits and Vegetables	12.0%	22.4%	4.6%	7.2%	0.4%	13.7%
Dairy, ice-cream, chocolates	14.2%	7.0%	9.7%	23.3%	48.2%	22.9%
Biscuits and bread	4.0%	3.3%	2.9%	7.0%	2.5%	6.1%
Oils, water, mineral water	14.0%	28.0%	29.1%	44.4%	21.2%	11.6%
Wine, beer, other	18.0%	6.4%	24.5%	9.3%	7.0%	15.2%
Meats	10.9%	6.5%	6.5%	4.6%	11.5%	8.2%
Other (animal feed, coffee, tea, spices)	10.4%	6.6%	19.1%	0.4%	8.5%	5.5%

Source: UNDP Survey, 2013

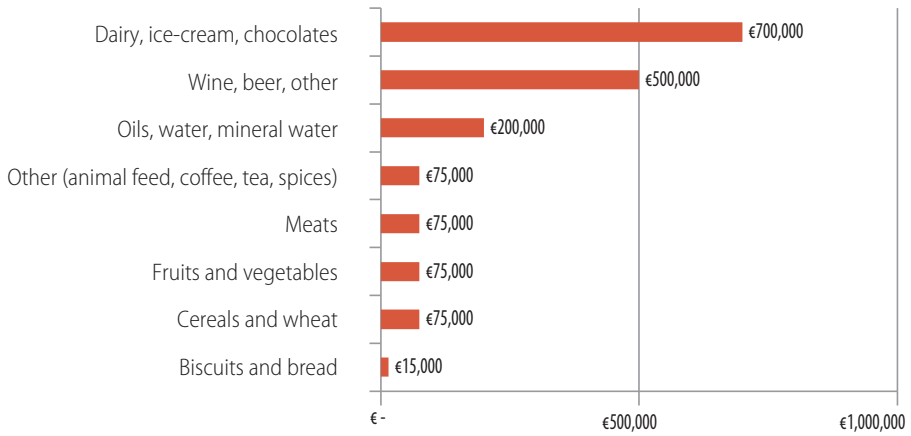
3.2. Outputs [3]

Findings from the survey show that around 84% of firms produce final products, 18% produce intermediary products, whereas production of raw material is the primary activity for only 9% of firms .[4]

If based on Harmonized Commodity Description and Coding System (HS) classifications[5] (Appendix 4), survey results show that the dairy subsector has the highest output, followed by producers of wine and beer and oils, water and mineral water (Figure 6). Although production of biscuits and bread comprises the majority of companies operating in this sector, due to their small production capacities, the subsector has the lowest reported output level. In addition, four sectors: cereals and wheat, fruits and vegetables, meats, and other (animal feed, coffee, tea and spices) report the same average yearly output rate of approximately €75,000.

85% offer final products to wholesalers/ retailers

Figure 6: *Average yearly output by business category*



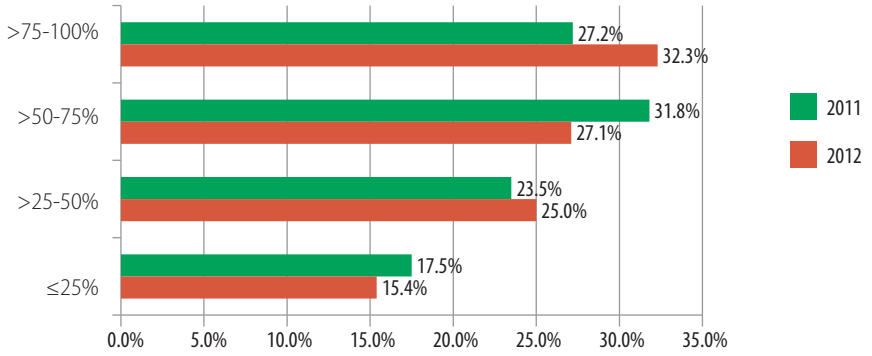
Source: UNDP Survey, 2013

3 For the purpose of this study, over 36 percent of firms refused to answer questions regarding the output of their firms, hence it is difficult to make a capitalization on the value of outputs.
4 Findings show that firms that offer raw material also offer intermediary and final products.
5 The Harmonized Commodity Description and Coding System, also known as the Harmonized System (HS), of tariff nomenclature is an internationally standardized system of names and numbers for classifying traded products, which came into effect in 1988, developed and maintained by the World Customs Organization (WCO).

3.3. Capacity utilisation

Fifteen percent of the surveyed firms responded to have used 100% of their existing capacities in the last year. A comparison of the firms' reported capacity utilization for years 2011 and 2012 shows that the percentage of firms who utilize 75-100% of their production has increased from 27.2% to 32.3%, while the percentage of those that utilie between 50 and 75% of their capacities shas shrunk from 31.8% to 27.1%. It shall be noted that while 17.5% of the firms reported that they utilized less than 25% of their capacities in 2011, 15.4% reported this level of capacity utilization for 2012 (Figure 7).

Figure 7: *Firm capacity utilization*



Source: UNDP Survey, 2013

The reported level of capacity utilisation varies when disaggregating the data by subsectors. For example, the dairy subsector reports the highest level of capacity utilised, followed by the subsector of water, mineral water and oils. Moreover, the differences in capacity utilisation across firms of different sizes is also somewhat evident, with medium and large firms reporting lower average capacity utilisation (53%) as shown in table 6 below.

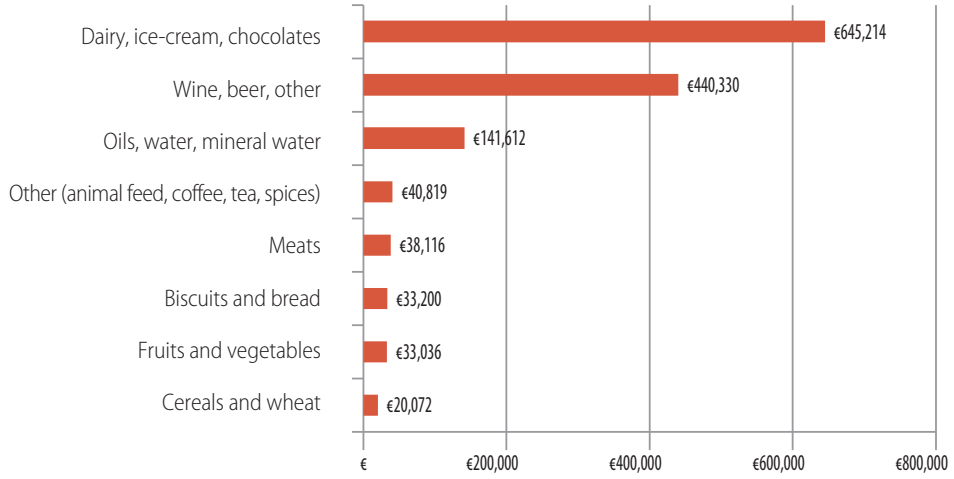
Table 6: *Subsector average share of capacity utilisation according to firm size*

Average share/percentage of capacity utilized in %			
	Micro	**Small**	**Medium and large**
Cereals and wheat	53%	55%	50%
Fruit and Vegetables	56%	50%	45%
Dairy, ice-cream, and chocolates	70%	70%	65%
Biscuits and bread	54%	52%	50%
Oils, water, mineral water	65%	66%	63%
Wine, beer, other spirited drinks	64%	60%	58
Meats	59%	50%	45%
Other (animal feed, coffee, tea, spices)	57%	55%	45%
Total	**60%**	**57%**	**53%**

Source: UNDP Survey, 2013

For 2012, firms producing dairy, ice-cream and chocolate; oils, water and mineral water; and wine, beer and spirits reported a value added of over €100,000 each (Figure 8). Dairy realized the highest value added at almost €700,000. Value added calculated as the difference between inputs and outputs. Since outputs were reported as intervals, the midpoints were used in calculations.

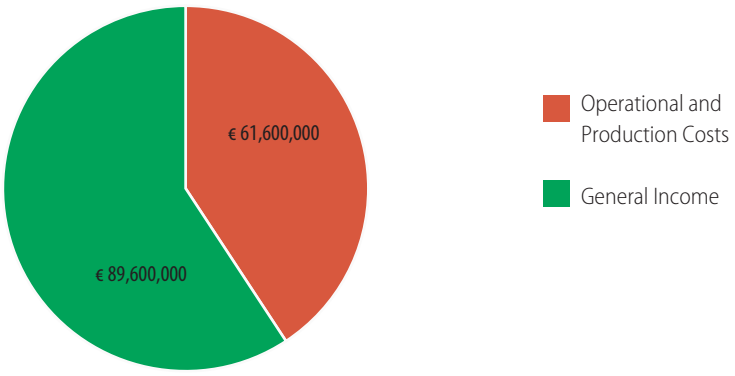
Figure 8: *Value added (in thousand €)*



Source: UNDP Survey, 2013

The reported total production and operational costs reach over €61 million for the whole sector of food processing and packaging. Breaking this down further, the reported operational costs amount to €24 million while the production costs to €37 million. Moreover, the total annual income reaches €89 million per year (Figure 9). The calculated 2012 capital intensity ration was estimated at €1.42. [6]

Figure 9: *Income compared to costs*



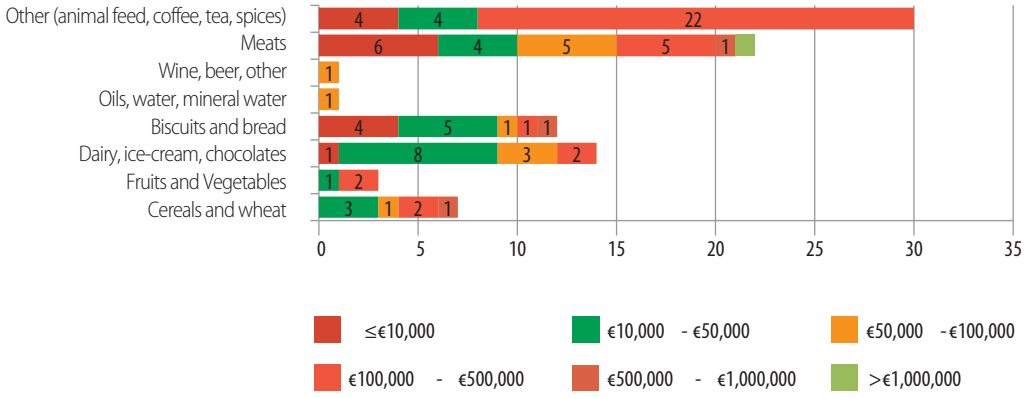
Source: UNDP Survey, 2013

6 Total estimated 2012 assets of €20,333,296 divided by the total estimated 2012 sales of €14,270,000

4. Markets[7] exports and barriers to exporting

For 2011 and 2012, 25% of the firms declared revenue of €25,000 per year (Figure 11).In more details, figure 10 shows calculations of roughly how many firms are represented in each revenue category. There are 91 firms registered as dairy, ice cream, and chocolate processors that fall in the revenue category of €10,000 to €25,000 per year. Many categories are marked with a zero, this means that calculations did not cover any firms present in those revenue groups, however data may not be entirely accurate The number of firms declaring revenues of over €50,000 has increased by 4% between 2011 and 2012, from 130 to 136 firms. Processing of fruits and vegetables was the subsector with the highest growth.

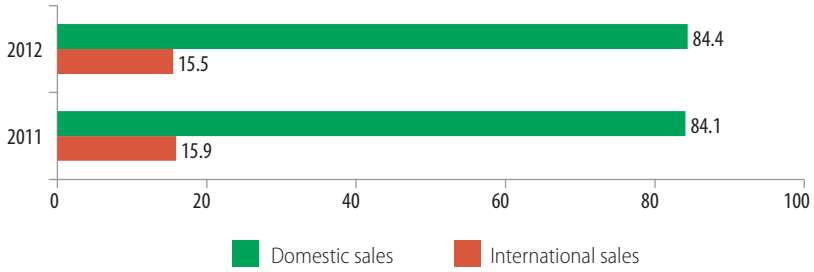
Figure 10: *Revenues by main activity*



Source: UNDP Survey, 2013

Survey results show that over 84% of sales of the food processing and packaging sector are domestic while only a little over 15% are international. Based on data collected for the past two years, survey results in Figure 11, reveal that the percentage of both domestic and international sales remained almost unchanged between 2011 and 2012.

Figure 11: *Domestic vs. International sales*

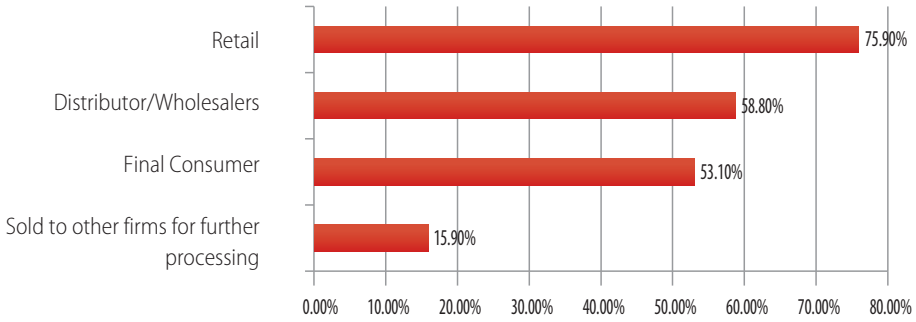


Source: UNDP Survey, 2013

7 Generally the large processing firms in agriculture have been socially owned enterprises, with raw material purchased from individual farmers or imported. Individual farmers usually own lands of small parcels - under 1.5 hectare – (MAFRD, 2012) hence it is difficult to produce in large quantities. Many new firms emerged, but the majority of processors are still small and do not cover all the demand of the domestic market.

More than three quarters (76%) of the surveyed firms reported to sell their products to retailers, more than half of them (59%) reported to sell their products to distributors/wholesalers and 53% sell to final consumers. Almost 16% of the firms sell to other companies for further processing. Survey data also indicate that 20% of companies sell exclusively to final consumers.

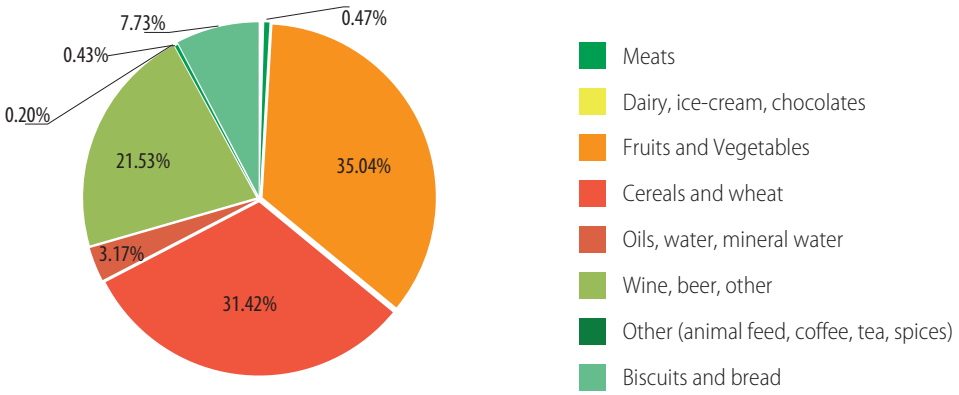
Figure 12: *Breakdown of sales by distribution channels*



Source: UNDP Survey, 2013

According to the European Commission "Trade in Goods with Kosovo" report, the trade deficit in the agricultural sector of Kosovo was over €524 million in 2013. Data from Kosovo Customs (2012) indicates that the total amount of exports for the fruits and vegetables amounted to €10.1 million (35%),[8] cereals and wheat €9 million (31.4%); wine, [9]beer and other fermented drinks reached €6.2 million (21.5%), whereas exports of the other sub-sectors were €1.2 million (4.3%) (Figure 13).

Figure 13: *Breakdown of exports by subsector*



Source: Customs of Kosovo, 2013

8 The total turnover for fruits and vegetables was €119.6 million in 2012, adding up to 2.5% of the GDP. The trade balance in 2011 was estimated at €17 million with processors utilising only 50% of their capacities. The average yield for vegetables is 14 tons per hectare (MAFRD, 2009) lower than yield of Macedonia, which has a 20 tonnes per hectare yield (Invest in Macedonia, 2010). Yield of fruits per hectare is around 15 tonnes per hectare (MAFRD, 2009) while in Macedonia yields per hectare are double the amount (Invest in Macedonia, 2010). The comparison with Macedonia is drawn here based on the similarities of the climate, geographical position as a landlocked country, size, and population.

9 Imports of wine are around 412,355 litres, but the value of these imports surpasses €2 million because of the high price of imports (Riinvest, 2010). In Kosovo, there are 17 licensed processing companies with around 200 regular employees, and it is estimated that there are 5,000 grape farmers operating in Rahovec. (NgaRahoveci.com, 2013).

Box 2: Free Trade

- ✓ Kosovo is a member of CEFTA, EU ATP
- ✓ General flat rate of 10% for imports and 0% for exports
- ✓ Kosovo benefits from a Generalized System of Preferences with the United States (includes the export of many agricultural products without customs duties),
- ✓ Free trade agreement with Turkey,
- ✓ Trade preferences with Japan and Norway with few limitations. (CEFTA, 2013)

Box 3: Export Procedures

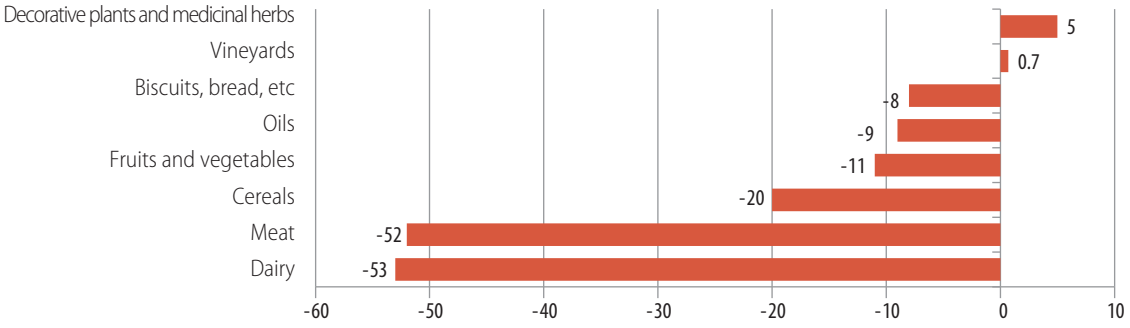
The documentation needed for the export of processed food include the following:

- ✓ Single Administrative Document (SAD)
- ✓ Invoice
- ✓ Certificate of Origin or €1.

The last point includes a phytosanitary or veterinarian (if the product is meat based) certification, including a HAACAP and ISO standard certification based on the type of product and the destination market. Most of the criteria for export is set by an importing country.

A disaggregation of the industry by HS codes using the Kosovo Customs database shows that only two sub-sectors have had a positive trade balance in 2012: decorative plants and medicinal herbs (by €5 million), and the wine sector (by €0.7 million); whereas, the meat, dairy, and the fruit and vegetables sectors are characterized by a negative trade balance, with the dairy sub-sector leading the list by a negative balance of €53 million (Figure 14).[10] The meat sector had a total negative trade balance of €52 million. Around €20 million of this negative trade balance was comprised of processed meat imports and the rest is fresh meat ready for processing. The fruit and vegetable sub-sectors have a negative trade balance of €11 million euros, with oils approximating a negative €9 million euros, and biscuits, bread, etc., minus €8 million euros.

Figure 14: *Trade balance in the sector (in million €)*

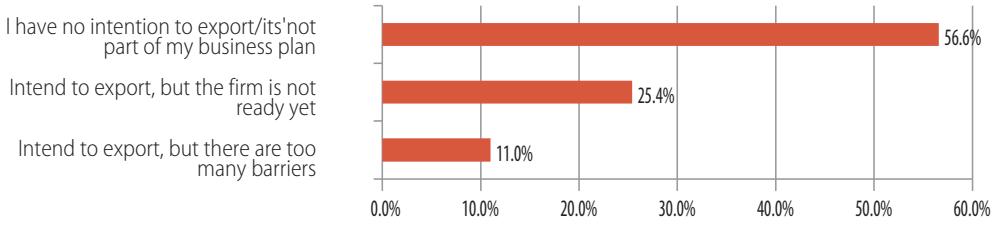


Source: Customs of Kosovo, 2013

10 The meat processing sector contributes 5.2% to GDP or roughly €243 million. Almost 90% of processed meat is imported, with fresh, chilled, and frozen meat estimated at €50 million of imports, and €20 million of imports of processed meats (IPAK, 2008). The current processors currently utilise only 20% of their capacities (MAFRD, 2009). There are no exports of meat because of low supply. Current branches of primary livestock is inadequate such as facilities, cow and sheep farms are combined to produce both dairy and meat. Similar story follows broileries (poultry and eggs production and processing).

When asked about the reasons for not exporting, over half of the surveyed businesses declared that exports are 'not part of [their] business plan,' whereas the remaining respondents are divided between those who 'intend to export' but are not ready and those that consider 'there are too many barriers' in the export process (Figure 15).

Figure 15: *Reasons for not exporting*



Source: UNDP Survey, 2013

On average, foreign sales as a share of total sales are estimated to be 15% per firm. Typical goods and services exported include final products (around 80%), intermediate products (around 10%), and raw materials (30%). The usual buyers of these products are distributors and final consumers, with only a few of firms exporting goods for further processing or directly to retailers. Surveyed companies stated that their exports were the highest in 2012, with 16.7% of them exporting. Based on import export data, exports amounted to over €27 million in 2012, compared to over €22 million in 2011. According to the survey results, exports for processed foods have increased by 50% for the last three years (from 2011 to 2013). The main export markets are ranked as follows:

- ✓ Albania
- ✓ Macedonia
- ✓ Serbia
- ✓ Montenegro
- ✓ Croatia
- ✓ Germany
- ✓ Italy
- ✓ a few Middle Eastern countries

49% increase in exports

Changes in total sector exports and average firm exports for 2010-2012 are presented below (Table 7). Comparing 2010 figures to 2012, total sector exports increased by 27%, whereas average firm exports experienced an increase of 42%.

Table 7: *Total and average exports*

	Total in €	Average in €
2010	21,721,964	193,946
2011	22,847,079	226,209
2012	27,607,510	275,680

Source: UNDP Survey, 2013

When asked about the major barriers to exporting[11], firms consider lack of financing and political relations with importing countries as the main hindrances (Table 8).

Table 8: *Barriers to exporting*

Barrier:	Average Rank:
Lack of financing	8
Political relations with importing country	8
High costs of bank guarantees	6
Customs procedures	6
Inefficiency of customs agents	4
Inefficiency of customs of importing country	3
Transport costs	2
High requests for international quality standards	2
Limited possibilities to network	2
Infrastructure of transit or import countries	2

Source: UNDP Survey, 2013

In addition, respondents consider the following internal company attributes as hindrances to their exporting (Table 9):

Table 9: *Internal Barriers to Exporting*

Barrier:	Rate:
Inability to conduct employee trainings	5
Inefficient management structure	3
Lack of knowledge on product placement	3
Lack of readiness of owner to expand	2
Lack of knowledge on creating relationships with foreign buyers	2
Inability to complete the international certification	1

Source: UNDP Survey, 2013

11 Grading scale from 0 – not a barrier to 10 – large barrier

5. Firm/industry employment, human capacities, and workforce development

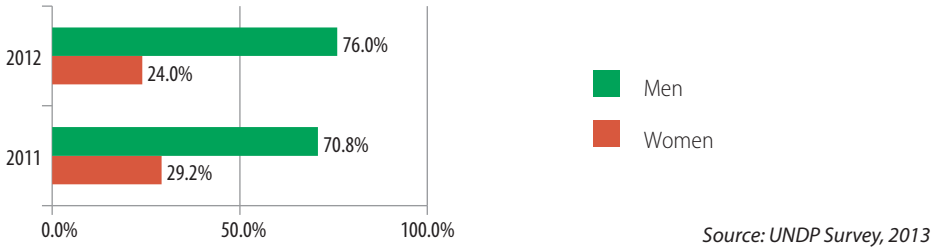
5.1. Industry employees

Calculations based on survey data indicate that in 2012 compared to 2011, the total number of employees in the sector increased by 31%. Around 20% of food processing and packaging firms declared to only have two people employed, 14% report to employ three people, and 13% had four people employed.

31% increase in total employment

In 2011, women accounted for 29% of all the persons employed in the sector and in 2012, this figure dropped to 24% (Figure 16). Additionally, 6.4% of firms declared not employing any women.

Figure 16: *Breakdown of industry employees by gender*



Source: UNDP Survey, 2013

Data on employment types also reveal typical employment scenarios according to firm size. Micro and Small firms employ only 10% of their staff full time, while 90% of their staff is employed seasonally. Medium sized firms reveal that 40% of their employees are employed full time, 10% are employed part time, while 40% are employed seasonally. Large firms declare that 60% of their employees are hired full time, 20% part time, and 20% seasonally. (Table 10)

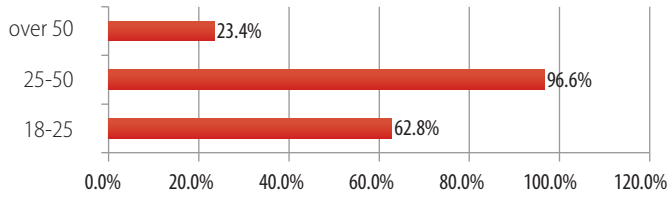
Table 10: *Average firm employment scenario based on firms size*

	Size of Firm		
Employment	**Micro and Small**	**Medium**	**Large**
Full time	10%	40%	60%
Part Time	0	10%	20%
Seasonal	90%	40%	20%

Source: UNDP Survey, 2013

Regarding the distribution of employees by age structure, data shows that the majority of employees are between 25 and 50 years old. Over 96% of firms declared to employ people aged 25 to 50 years old, 62% of the firms report employing youth between 18 and 25 years, 23% of the firms reported employing individuals older than 50 years (Figure 17).

Figure 17: *Breakdown of employment by age structure*

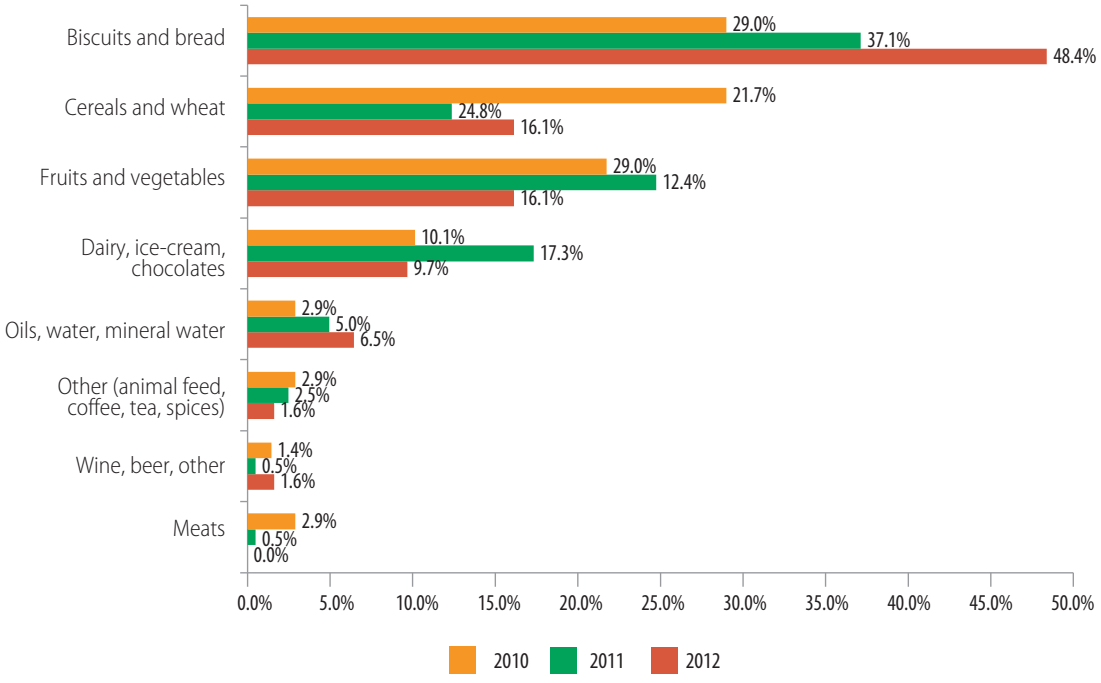


Source: UNDP Survey, 2013

5.2. Firm growth according to number of employees

Firms experienced an average of 50% growth from 2010 to 2013, varying from 30-50% depending on the subsector, likely influenced by the number of newly registered firms in the market since 2010. Data per HS code indicate that the fruits and vegetables subsector experienced the highest growth during this time period with regard to the number of workers employed (Figure 18).

Figure 18: *Firm growth by number of employees*



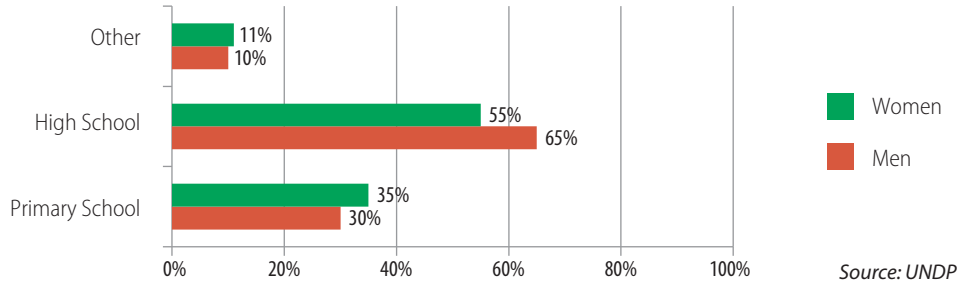
Source: UNDP Survey, 2013

5.3. Average salary and educational level of employees

Survey results indicate that the average monthly salary in the sector is €290 showing a 5.2% decrease from year 2010 (Riinvest, 2010). Survey shows that salaries vary from €200 to €400, with salaries of women hired seasonally lower than €200. For firms whose employees were more educated, average salary tended to increase to over €500 per month for both male and female employees.

Parity exists in the educational attainment of both men and women employees in this sector (Figure 19). Thirty five percent of women are primary school graduates, 55% of them are high school graduates, while 11% have other levels of education. Men's educational level is as follows: 20% of them have completed primary school, 65% of them are high school graduates, and only 10% of them have higher levels of education.

Figure 19: *Breakdown of educational level by gender*

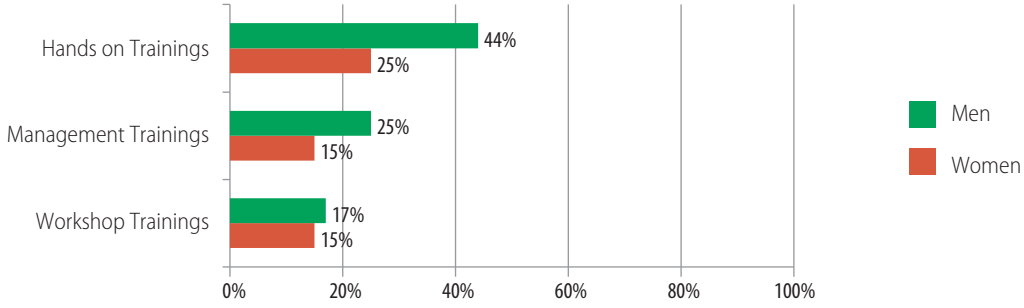


Source: UNDP Survey, 2013

Fewer managerial trainings offered to women than men

Survey data shows that larger companies employ a higher number of higher educated individuals as well as provide more in-house-trainings for their employees compared to firms of other sizes. Firms offer more trainings to men compared to women. Around 55% of women receive trainings compare to 86% of men (Figure 21). Firms offering hands-on trainings offer 44% of these trainings to men, while only 25% are offered to women. A gender discrepancy is evident in the provision of managerial, presentation, and time management trainings, as well: 25% of them have been offered to men, 15% to women. Gender disparity is less evident for organized workshops: 17% of the firms reported that they were offered to men, whereas 15% to women (Figure 20).

Figure 20: *Breakdown of trainings offered by gender*



Source: UNDP Survey, 2013

Regarding post-secondary education for sector-related professions, the University of Prishtinë/Priština offers specializations in agriculture, agro-economy, plant protection, the study of orchards and vegetable crops, and the study of fruits and viticulture. The average number of registered students is 90 per year, with 50-70 graduates per year. Unfortunately, a special program in food processing and/or packaging is non-existent. Despite the availability of the abovementioned programmes, survey results suggest that 35% of companies believe a significant lack of skilled employees exists in the sector; however, another 35% believe this to be somewhat true.

Over half of the interviewed firms believe or somewhat believe that qualified employees are expensive and that graduates suitable for the industry are lacking. Additionally, interviewees feel that machinery operators, professionals in the field of agriculture, and food technologists (specifically "meat processing technologists") are the top three professions in deficit in the industry though very demanded and important.

Qualified Employees are too expensive

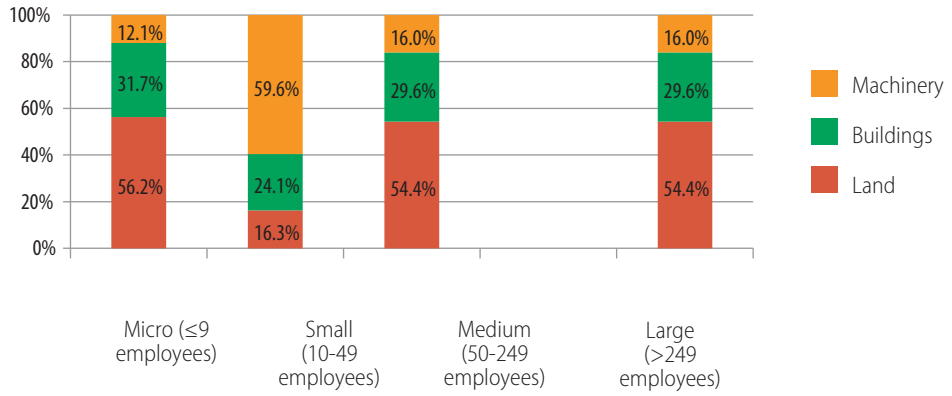
Box 4: Labour regulations

Kosovo has a highly flexible labour market with a low tax wedge and low rigidities in terms of hiring and firing of workers. The personal income tax rate system is a progressive with a 0-10% tax rate. In addition to that, only a pension contribution of 5% of the total wage is paid by the employer (whilst another 5% of the wage is paid by the worker). Since 2011 Kosovo has introduced a minimum wage of €170, or €130 for individuals younger than 35 years. Since 2011, employment relations are regulated by the Law on Labour (No. 03/L-212) which takes into account the ILO Conventions, EU Legislation and the fundamental principles of free labour market and economy. Since 2013, occupational health and safety are regulated by the Law on Occupational Health and Safety (No. 04/L-161).

6. Firm/industry investments and technological level

A majority of firms operating in food processing and packaging declared to own most of the business assets (Figure 21). Around 60% reported to own land, 63.4% own buildings, and 75.9% own machinery. Micro firms reported that their value of technology increased by 15% from 2011 to 2012, while small firms' value of technology increased by 40% over the same time period, making the latter more competitive in the market.

Figure 21: *Assets value by business size*



Source: UNDP Survey, 2013

Moreover, results indicate that a significant increase in the value of assets occurred during 2012. Between 2011 and 2012, the combined estimated value of machinery, buildings, and equipment increased by 40%, while the value of land remained unchanged. On average, firms declared an estimated value of €50,000 for their land in 2011 and 2012. In 2012, the value of buildings was estimated at €50,000, compared to only €20,000 in 2011. The average machinery value was estimated at €15,000 in 2012.

Table 11 shows that only 20% of firms declared to have invested in new product development (€10,000 on average) in 2012, with 10% (€9.4 million) coming from remittances from Diaspora. Around 20% of firms have invested in labelling and packaging, as well as certification and general documentation procedures. (i.e. business plan preparation, trademarks, ISO standard certifications, HACCP certifications, and product analysis from the Agriculture Institute of Peja). The average amount invested in both of the abovementioned is reported to be €10,000.

Table 11: *Estimated value of product investment*

Type of Investment	Average value	Average % of total product investment
Product Upgrading	€10,000	20%
Machinery	€10,000	20%
Marketing and Promotion	€10,000	20%

Source: UNDP Survey, 2013

Regarding research, development, and innovation, in 2012, around 20% of all firms declared to have invested in improving production methods or upgrading existing production capacities and marketing, as shown in the previous section. Large firms reported to have invested an average of 60% of their total investment funds in machinery, 20% in product upgrading, and 20% in marketing and promotion. Firms which have invested in labelling claim that their investments were mainly focused on printing costs and less on label design.

Box 5: Industrial property and Patenting

Eighty-six percent of the surveyed firms reported to have a registered patent in Kosovo. A spike occurred in the registration of patents during 2000 when the department restarted its functions in Kosovo. A small share of businesses, (15%) believes that the process of registering a patent hinders their business development. Still, this not in relation to conducting business domestically, but primarily poses obstacles for firms whose business depends mostly on exports, and the main problem was stated to be the duration of the registration procedure. However, problems in actually conducting their business are non-existent, as the patenting agency provides interim paperwork allowing businesses to function while waiting for final registration of the brand/patent. However, when it comes to exporting products, this process may cause problems as interim paperwork issued in Kosovo, are not accepted by importing country firms. Further analysis of data indicates that of the 15% of businesses that believe that industrial property and patenting is an obstacle for their exporting business, it is easy to conclude that a common misconception exists as to what patenting and industrial property law constitutes of. Fifty five percent of respondents state that "there is no place to patent products," "I don't know where to patent my product," and "I don't qualify for such issue."

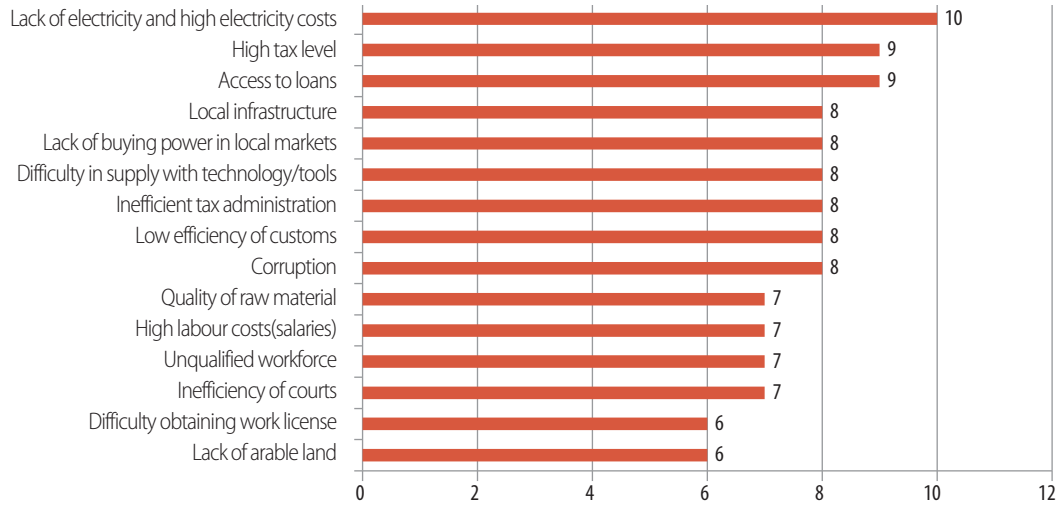
7. Business environment

7.1. Perceptions of barriers to business development

Survey data was used to calculate the main business environment obstacles by using ratings from 0 to 10; 0 identifies an entry not being an obstacle, and 10 of being a huge obstacle. Survey respondents rated the following business environment obstacles as the top ones hindering them from doing business: (1) lack and high cost of electricity, (2) high level of taxes, (3) access to loans, (4) Corruption, (5) Lack of purchasing power in local markets, (6) Inefficiency of tax administration of Kosovo and (7) Inefficiency of courts.

Lack of skilled employees, lack of specialized graduates, and high cost of qualified employees are the top three internal barriers. Most of these firms reported that the sector lacks machinery operators and food technologists, whereas the claim is that professionals in the field of agriculture consultancy seem to be the most expensive.

Figure 22: *Obstacles in doing business*



Source: UNDP Survey, 2013

Subsidies are generally provided through direct payments, investment grants, and capital investments. In 2012, €3 million subsidies specifically for food processing (packaging not included) were distributed by the MAFRD, resulting in €5.1 million in investments by the businesses in the sector. The supported number of firms reached 33 in the sub-sectors of dairy, meat, and fruits & vegetables.

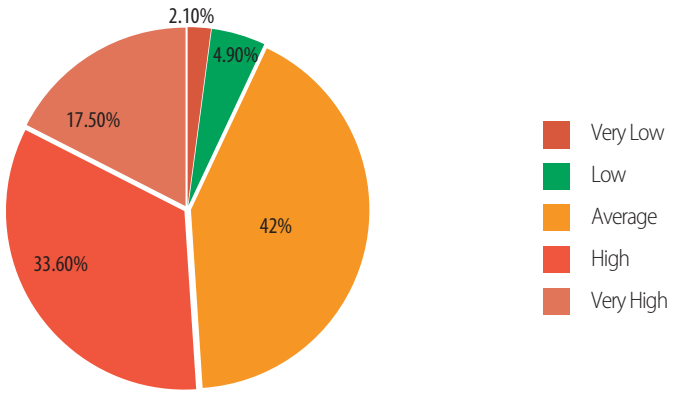
According to the European Commission, around €3 billion has been spent in Kosovo since 1999. Nevertheless, a very meagre share of these funds (4% or roughly €120 million) was targeted to the food processing and packaging sector. The following donor organizations have supported Kosovo's agriculture development: Food and Agriculture Organisation (FAO), United States Agency for International Development (USAID), Swiss Development Cooperation Office (SDC), Austrian Development Cooperation (ADC), Deutsche Gesellschaft fur International Zusammenarbeit (GIZ), the European Commission (EC), Swedish International Development Cooperation Agency (SIDA), Luxembourg Development Cooperation (LuxDev), The Royal Norwegian Society for Development (NorgesVel).

Kosovo's Value Added Tax (VAT) rate is 16%; the VAT is 0% on agricultural production inputs. As of September 2013, the government has introduced a flat rate tax of 16% for additional agriculture products, which is applicable upon official request by agribusiness owner. Taxes are paid before the 15th of every month and by April 1st for yearly filings. The list below includes additional related taxes to the sector:

- ✓ 0% VAT on exports
- ✓ 10% tariff on general imports; 0% on imports of capital and intermediary products
- ✓ Income tax varies: simplified profit tax to fixed or by %, according to level of income
- ✓ Corporate Income Tax and VAT registration for turnover over €50,000

Survey results show that a combined 51.5% of businesses think the level of taxes is high and very high. Forty two percent think that the level of taxes is average, while 7% believe that the level of taxes is low and very low. Figure 23 showcases this perception of taxes and duties pertaining to the industry.

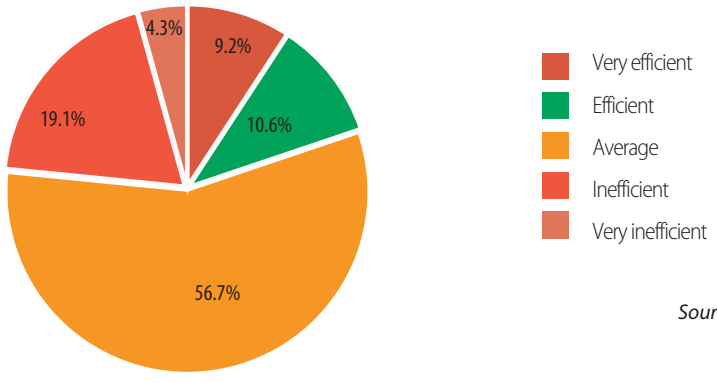
Figure 23: *Perception of business on the level taxes*



Source: UNDP Survey, 2013

Around 57% of respondents have evaluated the performance of the Tax Administration as "average" (Figure 24), another 19.1% perceive its performance as inefficient, while 4.3% of them perceive it as very inefficient. A combined percentage of 29.8% considers the performance of the Tax Administration as efficient to very efficient.

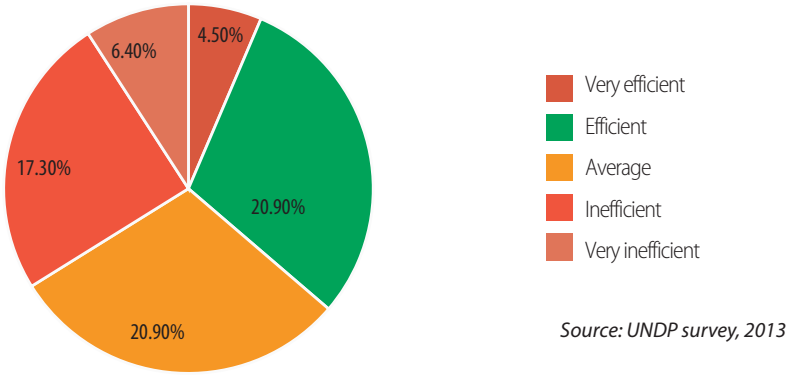
Figure 24: *Perception of business on Tax Administration*



Source: UNDP Survey, 2013

Regarding the performance of Kosovo Customs, half of respondents evaluated their performance as average (Figure 25). Over 20% of the respondents perceive the performance of the Customs Administration as efficient, 4.5% as very efficient, whereas the share of those that consider it inefficient or very inefficient is 17.3% and 6.4%, respectively.

Figure 25: *Perception of business on Customs*



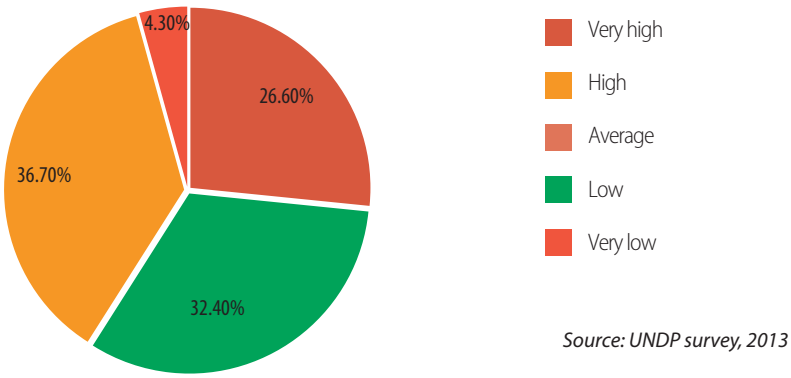
Source: UNDP survey, 2013

According to the Agribusiness financing study of the Riinvest Institute, microfinance institution interest rates are, at a minimum, 18% with an upper limit of 27% (Riinvest, 2012). This report also states that commercial banks issue less than 4% of loans to agribusinesses, and that 69% of the agribusinesses were not incentivized to register for applying for an agro loan. In its monthly statistics bulletin of October 2013, the Central Bank of Kosovo reported that the average effective interest rate on new loans was 11.72%. [12]

"There is a pressing need of borrowers for loans designed specifically for agribusinesses, such as long-term agro loans and agro loans with customized grace period" (Riinvest, 2012).[13] From the existing commercial banks in Kosovo, only five of them provide agro loans. According to the Central Bank of Kosovo, in 2011, loans issued for agricultural purposes totalled somewhere around €427 million with maximum amounts ranging from €100,000 to €300,000.[14]

Figure 26 shows that 59% of surveyed businesses believe interest rates are either high or very high. Another 36.7% believe that the cost of finance is average, and only 4.3% think the cost of finance is low.

Figure 26: *Perception of business on cost of finance*



Source: UNDP survey, 2013

12 Central Bank of Kosovo "Monthly Statistics Bulletin (No. 146)", October 2013.
13 Riinvest Institute, Agribusiness financing study was funded by SDC in 2012.
14 Some food processing firms have general business loans instead of agriloans. Banks give the maximum agriloans amount at €100,000, while food processors state that they managed to get loans as high as €300,000. (Riinvest, 2012)

Box 6: List of licenses and permit requirede

- ✓ Firm bank account
- ✓ Business Certificate and Business Information at KBRA
- ✓ Fiscal Number and VAT Registration
- ✓ Company Seal
- ✓ Sanitary, Safety, and Premise Inspection
- ✓ TAK (Tax Administration of Kosovo) Business inspection
- ✓ Employee registration for pension scheme
- ✓ Sanitary Certification –for export and import purposes presented at border control
- ✓ Fitosanitary Certification –internal state inspection for all food processing sub sectors related to disinfestation and /or treatment
- ✓ Veterinary Certification – for export and import of all meat related products

Box 7: Legislation and law enforcement

Specific legislation on food and food products is the Law No. 03/L-01 6specific for this subsector, and contains.

- ✓ Protection of consumer interests
- ✓ Definition of food as per allowed ingredients
- ✓ Control of imports
- ✓ General food placement in markets
- ✓ System official food control
- ✓ Crisis management
- ✓ Test laboratories
- ✓ Other general requirements of food business operators

8. Conclusion

The aim of this report was to provide a profile of the food processing and packaging industry in Kosovo.

Some of the main findings of the report are:

A total of 7% of all firms in Kosovo belong to the food processing and packaging sector, with 89% of them being micro and small firms. The majority of the surveyed companies are located in the vicinity of: Prizren, Pejë/Peć and Gjakovë/Đakovica. Sixty-eight percent of registered firms produce bakery goods. KBRA data show that there has been an overall 50% increase in new firms' registration from 2010 to 2012.

According to the surveyed firms, approximately 84% of monthly costs of the food processing and packaging firms are incurred for purchase of raw material. Microenterprises reported to have spent an average of over €25,000 in inputs per month, mostly imported from Macedonia, Serbia, and Turkey. The leading subsectors, in terms of the reported output, are dairy (€68,000 on average per month) and wine (€42,000 on average per month). The value added of these subsectors and that of companies producing oils and water is under €10,000 average per month for the sector.

The main domestically sold processed products are dairy products, meat, flour, oils, and fruits and vegetables, with the latter experiencing the highest growth in sales between 2011 and 2012. Customs data for the past three years show that the balance of trade is positive only for the wine and herbs subsectors, and exports are increasing due to 370 new entrants into the market during 2013. Fifteen percent of all products are designed for export to Albania, Macedonia and other EU countries.

Regarding assets, technology, and investments, according to the survey, their value has increased by 40% between 2011 and 2012. In 2011, the average combined value was estimated at €85,000, while in 2012 this increased to €115,000. On average, total production and operational costs for 2011 to 2012 were estimated at €61 million, with a total turnover of €89.6 million.

Based on calculations using the survey data, Kosovo's food processing and packaging sector spends around €5.5 million in wages per year, with 63% of workers falling into the category of 18-25 years old. The total number of employees in 2012 was 13,500, with women making up 25% of all workers.

9. References

Central Bank of Kosovo, Monthly Statistics Bulletin, October 2013

European Commission 2008. Donors Conference Belgium European Commission. EUROPEAN COMISSION, Brussels, 2008. http://ec.europa.eu/enlargement/archives/seerecon/kdc/prospectus.pdf

ECIKS, IPAK, 2008. Agriculture and food processing industry. MTI, June 2008. http://www.eciks.org/english/publications/agriculture-kosovo.pdf

Index Kosova 2013.Food Processing Sector Survey 2013. Prishtina, UNDP, October 2013.

Kosovo Business Registration Agency 2013. List of registered businesses. Prishtina KBRA November 2013.

Ramana R.Govin, Edvin Kotherja 2010. Processing industry and its potential in the horticultural sector in

Kosovo HELVETAS SWISS INTERCOOPERATION. Prishtina, April 2009. http://www.helvetasks.org/HPK/documentation/technical_reports/Govin%20R.,%20Kotherja%20E.,%20Processing%20industry%20and%20its%20potential%20in%20the%20horticultural%20sector%20in%20Kosovo,%20HPK,%20Prishtina,27%20pp..pdf

Kosovo Tax Administration 2013. List of tax paying businesses. Prishtina, TAK, October 2013.

MAFRD 2009. Agriculture and Rural Development Plan 2010-2013. Prishtina, MAFRD, May 2009.

http://www.mbpzhr-ks.net/documents/743026_Agriculture_and_Rural_Development_Plan_2009-13.pdf

MAFRD 2012. Programi i Granteve Investive per Bujqesi dhe Zhvillim Rural . Prishtina, MAFRD March

2012. Riinvest Institute 2009. Strategy of IndustriesPrishtina. MIT, March, 2009. http://kryeministri-ks.net/repository/docs/Strategjia_e_Industrise_se_Kosoves_2009-2013_SHQ.pdf

USAID 2010. USAID Kosovo Strategic Plan. Prishtina, USAID, May 2010 http://pdf.usaid.gov/pdf_docs/PDACQ298.pdf

USAID Kosovo 2011. Kosovo New Opportunities for Agriculture (NOA) Program – New Regional Market

Assessment. Prishtina, TETRATECH, October 2011. http://noakos.com/wp-content/uploads/2013/03/Regional-Marketing-Assessments-Report-December-2011-English-only.pdf

Appendices

Appendix 1: Information on related public institutions

Several public institutions are important for the agriculture sector, including the food processing and packaging industry:

- ✓ For product testing and verification, food processors can address their requests to the Peja Agriculture Institute, which is part of the Ministry of Agriculture Forestry and Rural Development (MAFRD). MAFRD consists of 10 subsector specific departments, and 2 agencies: the forestry department, and the agriculture development department. These departments and agencies are open to businesses to address their general inquiries and questions. An important department is the MTI's Department of Industrial Policies responsible for policy making in the sector.
- ✓ For product trademarking, patenting, and brand name registration, food processors can apply at the Department for Patenting and Trademarks with the Ministry of Trade and Industry (MTI).
- ✓ For application of grants and subsidies at the local level, and use of agriculture land, food processors can consult the municipal Agriculture office of their respective municipality.
- ✓ For new business registration, fiscal number acquisition, and business registration documents, food processors can apply at the Kosovo Business Registration Agency (KBRA).
- ✓ For tax registration, VAT certificate acquisition, and employee registration, food processors can apply at the Tax Administration of Kosovo (TAK) .
- ✓ For customs and excise code, food processors can file their requests at the Kosovo Customs located in Prishtinë/Priština.
- ✓ For barcode issuance, certificates of origin, arbitration services, networking, lobbying, trainings, promotion and consulting, food processors can register to become a member of the Kosovo Chamber of Commerce.

Appendix 2: Business associations of the industry

Private associations in Kosovo's agriculture industry are very important for the food processing and packaging sector, and they are based on sub-sector specific clusters of firms who share common interests, such as:

- ✓ Association of Medicinal Herbs,
- ✓ Union of Beekeepers of Kosovo,
- ✓ Association of Goat Dairy Producers,
- ✓ Association of Wheat, Whey, and Grain processors,
- ✓ "Enologjia" for vineyards and wineries,
- ✓ Kosovo Fruit Union,
- ✓ Kosovo Association of Milk Processors,
- ✓ Kosovo Women's Network Association, and
- ✓ Union of Animal Feed.

Memberships to these associations are done through direct applications by paying a yearly fee. The processor associations, as well as all the aforementioned other agriculture associations, are now unified under the Union of Agriculture Associations of Kosovo as of April 2013.

Appendix 3: Activity Codes

01.64 Seed processing

10.11 Meat Processing

10.12 Poultry processing

13.10 Production of meat and Poultry meat

10:20 Processing of meat products (all)

31.10 Processing and potatoes processing

10:32 Production of fruits and vegetables juice

10:39 Other processing and canning of fruits and vegetables

10:41 Production of oils and greases

10:42 Production of butter and fats similar food

10:51 Operation preparing dairy products and cheese

10:52 Production of ice cream

10.61 Manufacture of grain Mill

10.62 Production of starch and its products

10.71 Manufacture of bread , rolls and dessert of fresh

10.72 Manufacture of biscuits and shortbread cookies with long term

10.73 Manufacture of macaroni, laminas , cuscus and similar products from flour

10.81 Manufacture of sugar

10.82 Manufacture of cocoa , chocolates and sweets

10.83 Processing of tea and coffee

10.83 Processing of tea and coffee

10.84 Manufacture of spices and sauces

10.85 Manufacture of ready-made foods and dishes

10.86 Manufacture of homogenised food and dietary food

10.89 Manufacture of other food products

10.91 Manufacture of prepared food for farm animals

10.92 Manufacture of prepared foods for pets

1.11 Distillation, recycling and mixing alcohols

11.02 Manufacture of wine from grape

3.11 Production of apple wine and other fruit wines

11.04 Manufacture of other fermented beverages not distilled

11.05 Manufacture of beer

6.11 Production of Malt

11.07 Manufacture of soft drinks; production of mineral water and bottled water

12:00 Manufacture of tobacco products

Appendix 4: HS Codes

16 ED. PREP. OF MEAT, FISH, CRUSTACEANS, ETC

1601 sausages, similar prdt meat etc food prep of these
1602 prepared or preserved meat, meat offal & blood nesoi
1603 extracts etc. of meat, fish, crustaceans, etc.
1604 prep or pres fish, caviar & caviar substitutes
1605 crustaceans molluscs etc prepared or preserved

17 SUGARS & SUGAR CONFECTIONERY

1701 cane or beet sugar & chem pure sucrose, solid form
1702 sugars nesoi, incl chem pure lactose etc, caramel
1703 molasses from the extraction or refining of sugar
1704 sugar confection (incl white chocolate), no cocoa

18 COCOA & COCOA PREPARATIONS

1801 cocoa beans, whole or broken, raw or roasted
1802 cocoa shells, husks, skins and other cocoa waste
1803 cocoa paste, defatted or not
1804 cocoa butter, fat and oil
1805 cocoa powder, not sweetened
1806 chocolate & other food products containing cocoa

19 PREPS. OF CEREALS, FLOUR, STARCH OR MILK

1901 malt ext, food prep of flour etc un 50% cocoa etc
1902 pasta, prepared or not, couscous, prepared or not
1903 tapioca and substitutes from starch in flakes, etc
1904 foods prep by swell cereal, cereal nesoi, grain fm
1905 bread, pastry cakes etc: comm wafers, empty caps etc

20 PREPS OF VEGS, FRUITS, NUTS, ETC.

2001 veg, fruit, nuts etc, prep or pres by vinegar etc
2002 tomatoes prepared or preserved nesoi
2003 mushrooms and truffles prepared or preserved nesoi
2004 vegetables nesoi prepared or preserved nesoi, frozen
2005 vegetables nesoi prepared etc nesoi, not frozen
2006 fruit/nuts/fruit-peel etc, preserved by sugar
2007 jams, fruit jellies, marmalades etc, cooked
2008 fruit, nuts etc prepared or preserved nesoi
2009 fruit juices (& grape must) & veg juice, no spirit

21 MISC. EDIBLE PREPARATIONS

2101 extracts etc of coffee, tea or mate, roast chicory
2102 yeasts, dead sing-cell micro-org nesoi, baking powder
2103 sauces & prep,mixed condiments, mustard flour etc
2104 soups, broths & preps, homogenized comp food preps
2105 ice cream and other edible ice, with cocoa or not
2106 food preparations nesoi

22 BEVERAGES, SPIRITS & VINEGAR

2201 waters, natural etc, not sweetened etc, ice & snow
2202 waters, sweetened etc & other nonalc beverages nesoi
2203 beer made from malt
2204 wine of fresh grapes, grape must nesoi
2205 vermouth & other wine of fresh grapes spec flavored
2206 fermented beverages nesoi (cider, berry, mead etc)
2207 ethyl alcohol, undenat, n/un 80% alc, alcohol, denat
2208 ethyl alcohol, undenat, und 80% alc, spirit bev etc
2209 vinegar & substitutes for vinegar from acetic acid

23 RESIDUES FROM FOOD INDUSTRIES, ANIMAL FEED

2301 flour, meal etc of meat etc, not for human: greavs
2302 bran, sharps etc from working cereals & leg plants
2303 residues of starch mfr or sugar mfr or brewing etc
2304 soybean oilcake & other solid residue, wh/not ground
2305 peanut oilcake & other solid residue, wh/not ground
2306 oilcake etc nesoi, from veg fats & oils nesoi
2307 wine lees, argol
2308 veg material, waste etc for feeding animals nesoi
2309 preparations used in animal feeding

24 TOBACCO & MANUF. TOBACCO SUBSTITUTES

2401 tobacco, unmanufactured, tobacco refuse
2402 cigars, cigarettes etc., of tobacco or substitutes
2403 tobacco & tobacco subst mfrs nesoi, tob proces etc.

MINISTRY OF TRADE AND INDUSTRY

www.mti-ks.org