



Pepper market profile - 2008

Introduction

Peppers are widely grown in Kosovo. This is one of the most produced and consumed crop locally. In the recent years great export potential is recorded for this crop. The greatest potential shows the red long type called "Kurtovska kapija" or "elephant ear". Based on the large involvement of the farmers in production obviously is very profitable crop.

Different varieties of peppers are produced locally - mainly in open field. Recently are some efforts of local producers for indoor production due to all year round market demand.

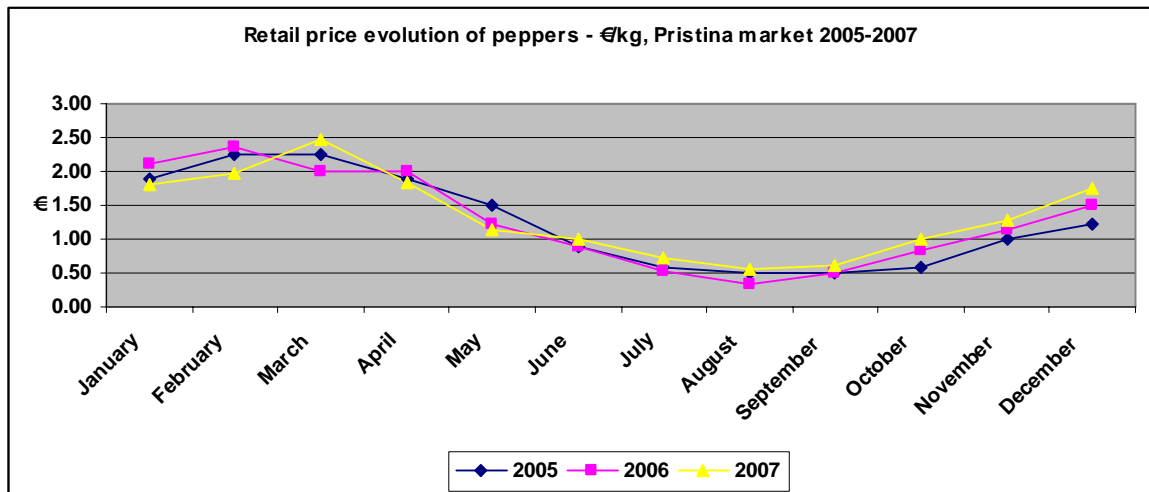
Market size

115,877 tonnes is estimated total market volume of peppers in Kosovo in 2007. This is based on an official estimate of local production amounting to 109,574¹ tonnes and records of imports of 6,330² tonnes. Local production of peppers according to these figures represents approximately 95% of the market share by volume.

Peppers are present in Prishtina market throughout the year. Demand for this crop fluctuates based on the current market prices. Its starts to increase in June and July and this situation occur also during the main pickling season (September-October).

Retail prices - Pristina market

Retail prices tend to hover between €1.50-€2.50/kg in the off season (November to May) and descend to their minimum of around €0.30 in the full Kosovo supply season (July-October).



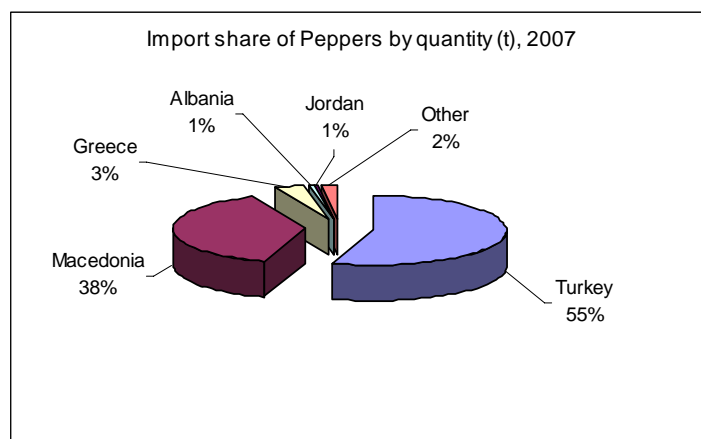
Source: "Monitorimi"- weekly price monitoring, HPK/Intercooperation

¹ MAFRD – calculated from estimates of area and of yield by municipal offices. No distinction was made between commercial and non-commercial production. Data from 2006 was used for calculation, due to the lack of data availability of 2007.

² UNMIK Customs

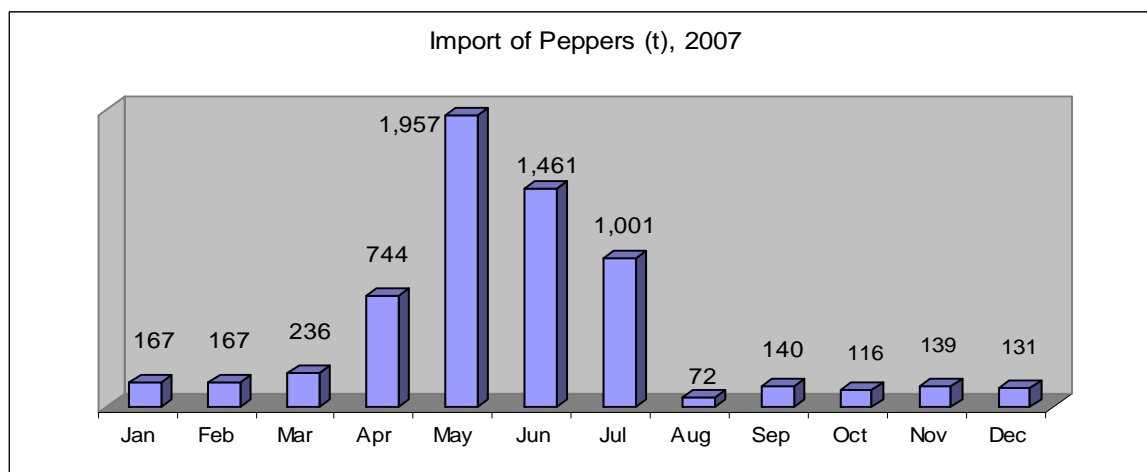
Import

6,330 tonnes of peppers according to the UNMIK customs office were imported in 2007. Turkey and Macedonia represents 93% of total imports by weight. The total import of peppers is presented in the diagram below.



Source: UNMIK Customs Service 2007

Import of peppers by month



Source: UNMIK Customs Service 2007

The highest import of peppers occurs during April, May, June and July when this vegetable is consumed fresh. Reasonable price which is accepted by consumers is main reason for higher demand for this crop during above mentioned months. End of quantities of pickled products is another factor which impact to the growth of the demand. Imports fall during August and September when local production starts and is very high.

Origin of peppers offered in Kosovo market by months

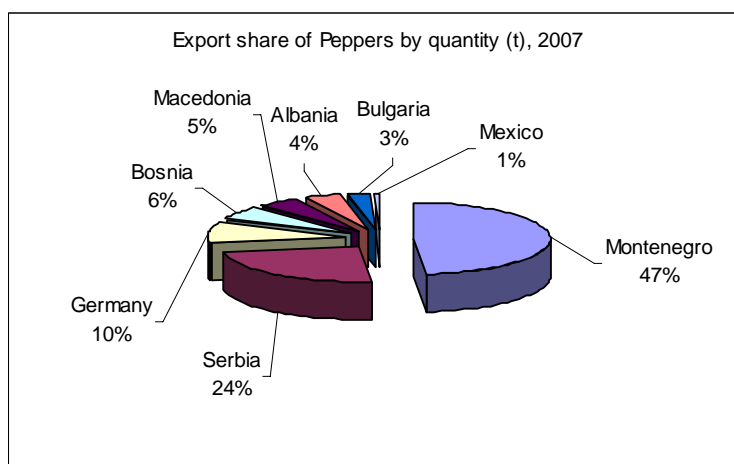
The main source countries of imported peppers by month are presented in the following table.

Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Tr	Tr	Tr	Tr	Tr,Mc	Tr, Mc	Ks,Mc	Ks	Ks	Ks	Tr,Mc	Tr

Abbreviations: Tr-Turkey, Mc-Macedonia, Ks-Kosovo,
 Source: "Monitorimi"- weekly price monitoring, HPK/Intercooperation

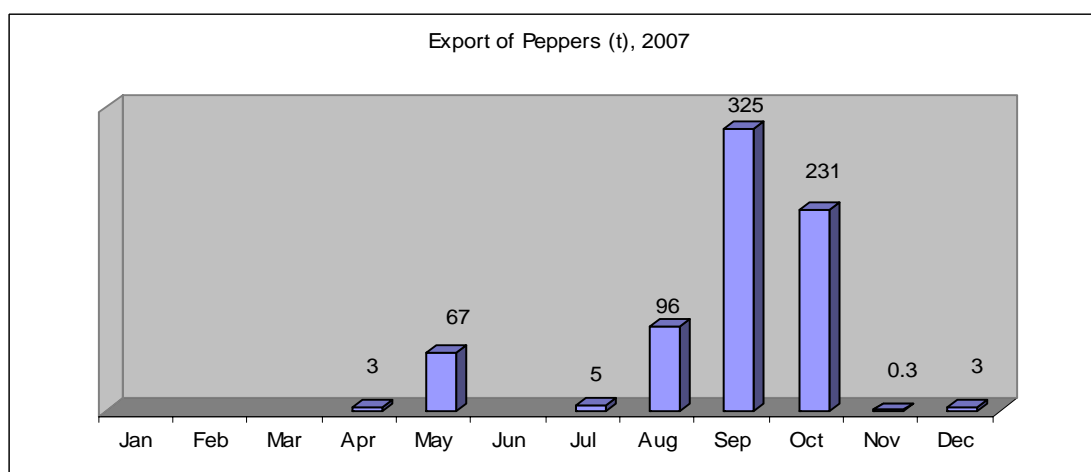
Export

733 tonnes of peppers were exported in 2007 with a declared value of €125,675. Montenegro with 47% and Serbia with 24% of total export are main export destinations.



Source: UNMIK Customs service 2007

The seasonality of export is presented in the diagram below:

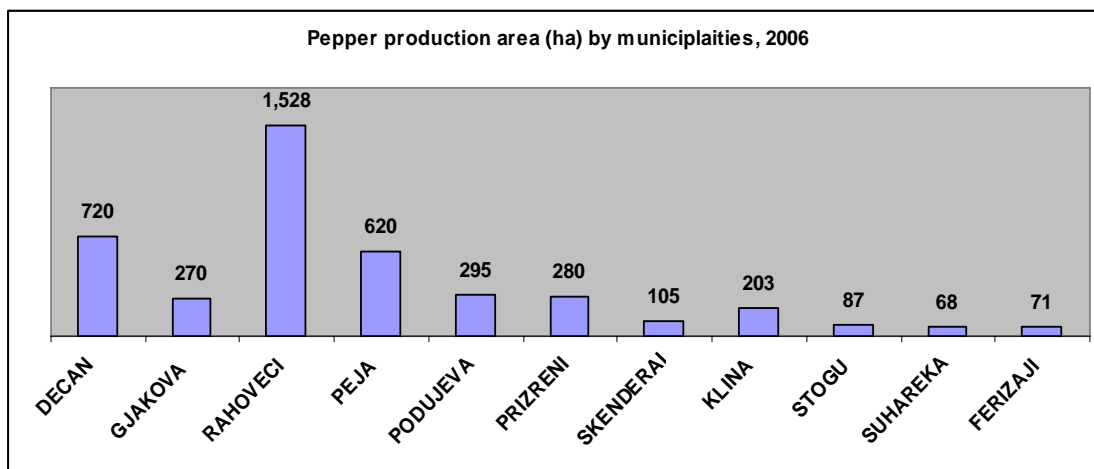


Source: UNMIK Customs service 2007

The majority of pepper exported were of the well-known local variety "Somborka". The export occurred during the harvesting season and coincides with the start of the pickling season. Recently some export records occurs for the red pepper "elephant ear" which is mainly used by processing industries from neighbouring countries.

Local production

Based on the official MAFRD data in 2006, the total area under pepper production is estimated at 4,449 ha and the average yield at 24.6t/ha. The total pepper production according to this figures amounts to 109,574 tonnes.



Source: MAFRD-Office of Agricultural Statistics

The production of peppers is concentrated in municipalities of Rahovec (1,528 ha) Dečan (720 ha) and Peja (620 ha).

Product differentiation

In general two types of peppers are marketed locally - sweet and hot peppers. Sweet peppers dominate in terms of production and consumption. Both types of peppers are used as fresh or for processing (industrial and home made processing).

The following types of peppers are available in Kosovo fresh market:

E holle e gjate alias “Duga bella” - Fruits are 18-23cm long and have shoulder width of 4-5cm. The fruit are dark green and colour to yellow. This pepper type is mainly used as fresh for salads, but it is used also for cooking. Produced in open field.

Elephant ear (Kurtovska kapija) – is a sweet, vigorous, productive pepper variety with large fruits (150-250 g), of dark green colour which turns red at maturity. It is excellent product for fresh and processing market (home and industrial processing). This type of peppers is used for production of famous “Ajvar” - pepper pasta. Produced in open field.

Babura - Yellow, sweet, thick walled fruits weight of 160-180 grams. Dedicated for home and industrial processing (pickling), very often is used in cooking. Produced in open field.

Somborka – Most popular pepper type variety produced locally. Yellow wax mild hot pepper variety, with tapered to the point fruits whose waxy -yellow colour turns crimson when mature. Dedicated for fresh and processing (home and industrial). Produced in open field.

Kaverxhik – Approximately 22-25cm long and 3cm wide. Hot pepper type. The fruit skin is wrinkled and the fruit twist and curve, tapering to a point. The first fruit colour starts to a flaming orange and then to deep red. The plant is quite long and has an average vigour. This pepper is mainly used as fresh for salads, but is used also for cooking. Produced in open field.

Feferoni – Very hot chilli peppers. Approximately weight of 4-6 grams. 6-10 cm long. Dedicated for industrial processing industry. Production is very limited due to the low production yield 14-16 t/ha. Produced in open field.

Pepper marketing channels

The three basic alternatives are available to the pepper growers ie (i) roadside stands or direct marketing, (ii) local retailers (grocery shops) - retail marketing, and (iii) wholesale markets. The main characteristics of these channels are described below:

1: Direct marketing channel – roadside stands - marketing directly to consumers provide opportunities for farmers to receive higher prices for their products than wholesale prices, but this type may have additional costs – staying for long time of farmers at the market which includes more costs (e.g. food and other costs). It tends to be the favoured channel for small and middle growers. This channel covers around 40% of the supply of peppers in Kosovo³.

2: Retail channel – a form of indirect marketing in which the growers deals directly to a retailer such as a retail shop, greengrocery and supermarket. This channel is used by small and medium growers. The channel covers around 20 % of supply of cucumbers in Kosovo.

3: Wholesale channel – This is the third alternative for the pepper growers - wholesale channel. Approximately 40% of pepper sales are made through wholesalers. These channels supply 100% of peppers during the out of season supply October - July.

Comments

Peppers are crop which has all year round market demand locally and abroad. Great export potential is identified for two varieties “Somborka” and “Elephants ear”. The export potential destinations are not only neighbouring countries in the region but also some other countries in Europe where the majority of the Kosovan community is concentrated.

There appears to be scope to increase production and substitute for imports covering end of May, June and July. Imports during this period during 2007 amounted to approximately 2,500 tonnes representing a value of € 546,627

Recommendations

- Promotion of indoor peppers production.
- Promotion of new hybrid varieties with higher yields as substitution of “Duga bella”, “Somborka”, “Elephant ear” and “Feferoni”.
- Promoting the both the early and late production of peppers in order to substitute for imports.
- Explore new export fresh and processing markets.
- Organise B2B meetings within the region.

References and resources

- *Monitorimi – Weekly price monitoring SPHPK*
- *MAFRD – Office of Agricultural Statistics*
- UNMIK Customs Service

³ Rough estimation IC - HPK