



Apple market profile

Introduction

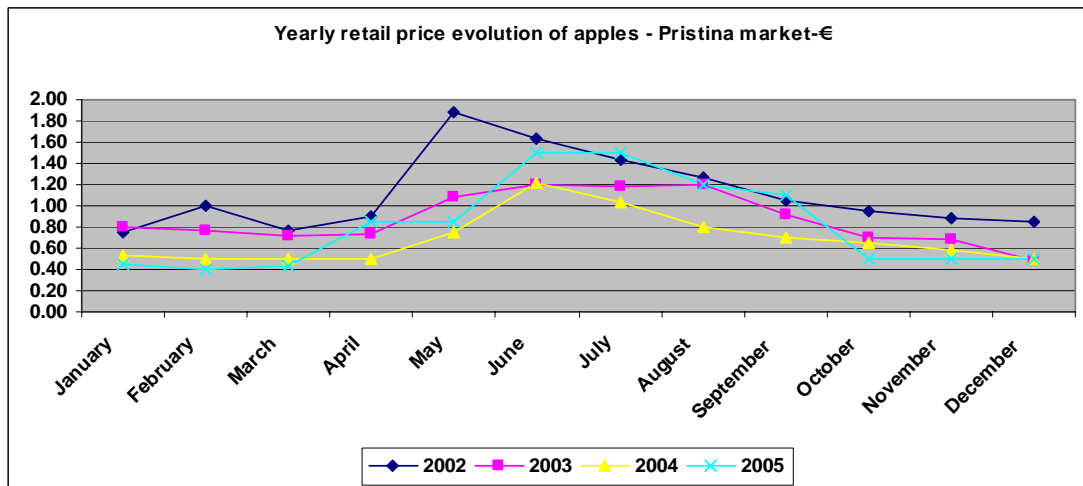
Apple is the most important fruit crop in Kosovo in terms of consumption and production. It represents 49.9%¹ of the total fruit production area. A consumption survey in 2001 indicated that it made up 17.4% of the average household consumption of fresh fruits – at 3.2kg/week².

Market size

The total market volume of Apples in Kosovo in 2004 is estimated at 10,741 tonnes. This figure is based on an official estimate of local commercial production of the existing apple orchards amounting to 2,530³ tonnes and records of imports of 8,201⁴ tonnes. The local production of apples, according to these figures, represents approximately 20% of the total market share by weight.

The daily volume of apples in the Prishtina wholesale market varies between 20-25⁵ tonnes during the main season October- May. Outside this period the daily volume decreases to just 1-2 tonnes. The most popular apple varieties in order of preference (according to wholesalers) are: Idared, Golden Delicious & Red delicious, Jonagold, Mutsu and Granny Smith.

Retail prices - Pristina market



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

Retail prices tend to be between €1.00–1.50/kg in the off-season (June to September) descending to their minimum of around €0.50 during the main apple season (October – May).

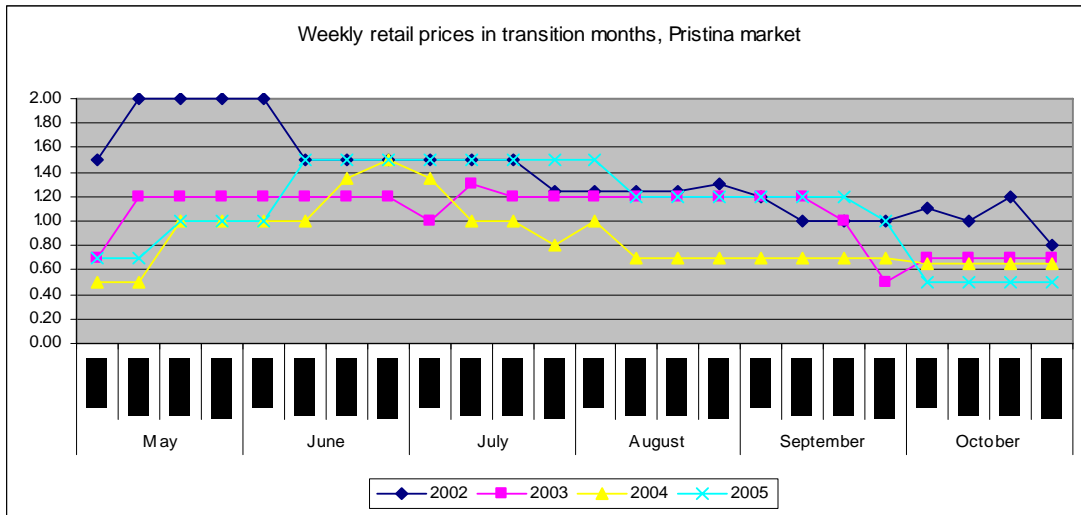
¹ MAFRD

² Consumption habits and purchasing behaviours of fruits and vegetable in Kosovo, September 2001, Intercooperation /SPHPK

³ MAFRD- calculated from estimates of area & estimates of yield by municipal offices. .

⁴ MAFRD – Office of agricultural statistics (import - export data of fruits and vegetables)

⁵ Pristina wholesale market (rough estimation of traders)



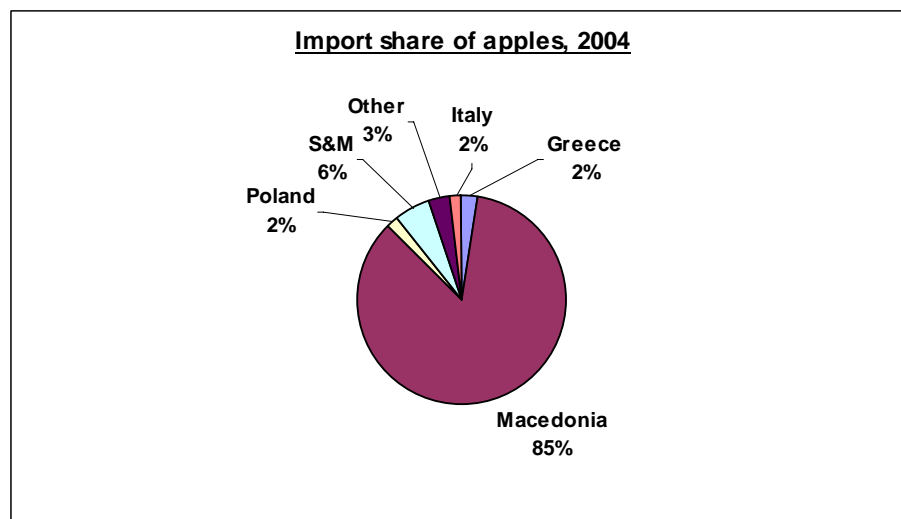
Source: "Monitorimi"- weekly price monitoring, SPHPK/Intercooperation

The transition months of June to October (with prices falling from €1.50 to 0.50) appear to offer potential to local producers increase their profits through a focus on early apple production.

Imports

Customs data indicate that 8,201 tonnes of apples were imported in 2004 with a declared cash value of €1,694,762.

The diagram below shows the percentage contribution to this total by the main exporting countries in 2004. Macedonia obtains by far the largest share amounting to more than 85% and was followed by Serbia & Montenegro with 6%, Greece, Italy and Poland with 2% each.



Source: MAFRD – Office of agricultural statistics (import - export data of fruits and vegetables)

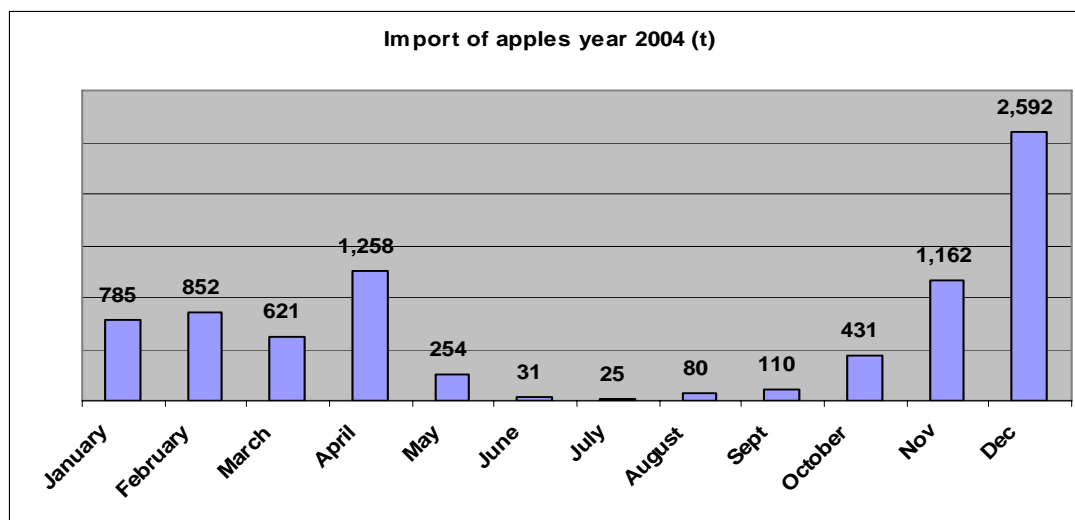
Details of the source from two major exporters are described below:

Macedonia - Apples are grown on 5,000 ha – mainly in the Resen and Ohrid municipalities close to Prespa and Ohrid lakes in the South-West. 80% of the production is located

in Resen (4,000 ha). 60 % of the production is accounted by Idared varieties, followed by 12% for Golden Delicious and 8 % for Red Delicious. Other important varieties include Mutsu and Granny Smith. Most of Macedonia's exports are destined for Kosovo, Bulgaria and Albania although some supplies are also sent to Serbia, Montenegro and Croatia.

Italy/Austria – The apples imported during the off-season - June –September - originate from the famous South Tyrol apple production area of Italy and Austria. Imports are mainly of Red Delicious, Golden Delicious and Granny Smith. Prices of these apples are much higher than apples imported during the main season from Macedonia. Demand for these apples is lower, however, because of these high prices.

Import of apples by month



Imports of apples increase with the presence of apples produced in neighbouring countries such as Macedonia and Serbia and Montenegro (October-April) and decrease when this supply dries up. Imports are mainly sourced from Italy between May and September import originate mainly from Italy.

Origin of apples sold in Kosovo market by months

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

Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
MC,SM	MC,SM	MC,SM	MC,SM	MC,SM	IT,GR	IT,GR	IT,GR	IT,GR	MC,SM	MC,SM	MC,SM

Abbreviations: **M**-Macedonia, **SM**-Serbia & Montenegro, **IT**- Italy, **GR** – Greece

Local production

According to MAFRD, the local apple production is estimated at 192 ha⁶ - all but 1.50 ha belonging to the private sector. This total area is disaggregated into three size categories below.

1. Household apple production is considered as those orchards 0.50 ha. This group represented 61ha in 2001 and 71ha by 2004. The majority of this production is thought to be used for the households' own consumption (fresh and processed e.g. dried apples,

⁶ Mafrd - Plantations 2004.

for cooking, for brandy) with the surplus production commercialised through direct sales in local markets. The average yield of this category is estimated at 15-20t/ha⁷.

2. The semi-commercial apple production is considered to include orchards between 0.50 and 1.50ha. This group has shown the biggest growth (43%) since 2001 rising from 55 to 79 ha. The overall apple production from these orchards is dedicated to the fresh market with the lowest quality processed into brandy⁸. The market for home made brandy has developed in recent years and shows a strong market demand. The average yield for this category has been estimated from 25 to 30 t/ha⁹ depends on region.

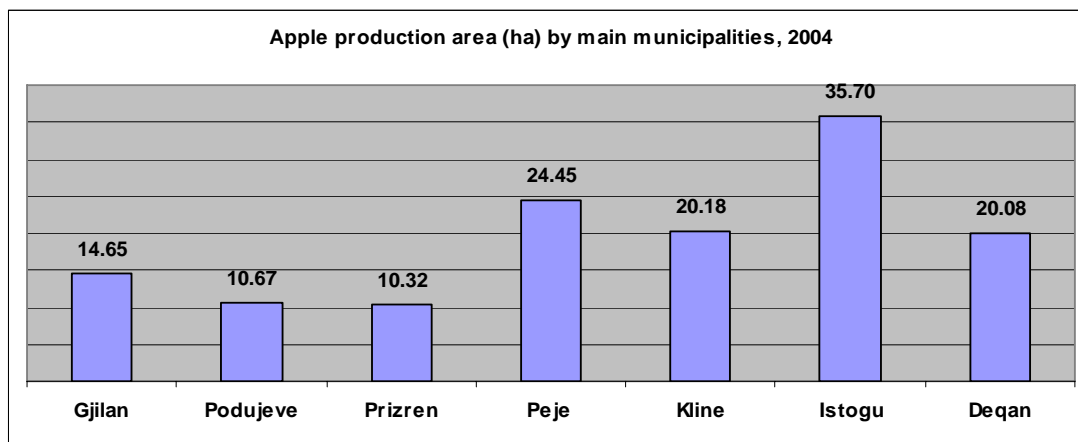
3. Commercial apple production is considered as being represented by orchards above 1.50ha. This is a smaller group and has grown only 13.5% to 42 ha since 2001. Its marketing outlets appear similar to those of semi-commercial orchards. The average yield for this category has been estimated at 25-30t/ha.

This data is summarised below:

Orchards	Size	2001	2004	Change %
Household	<0.50 ha	61ha	71ha	16.4
Semi-commercial	0.50ha – 1.50ha	55ha	79ha	43.6
Commercial	>1.50ha	37ha	42ha	13.5
Total		153ha	192ha	24.5

Source: MAFRD – SPHPK Calculation

The area covered by apple orchards in the major municipalities is presented in the table below¹⁰. The apple cultivars grown in Kosova in order of importance are: Idared, Jonagold, Red Delicious, Golden Delicious, Melrose, Granny Smith, Gloster and Muca Prima.



Commercial apple production

A total of 2,530¹¹ tonnes of apples for commercial purposes.

The main apple commercial production is concentrated in the following municipalities:

⁷ Mafrd - Plantations 2004

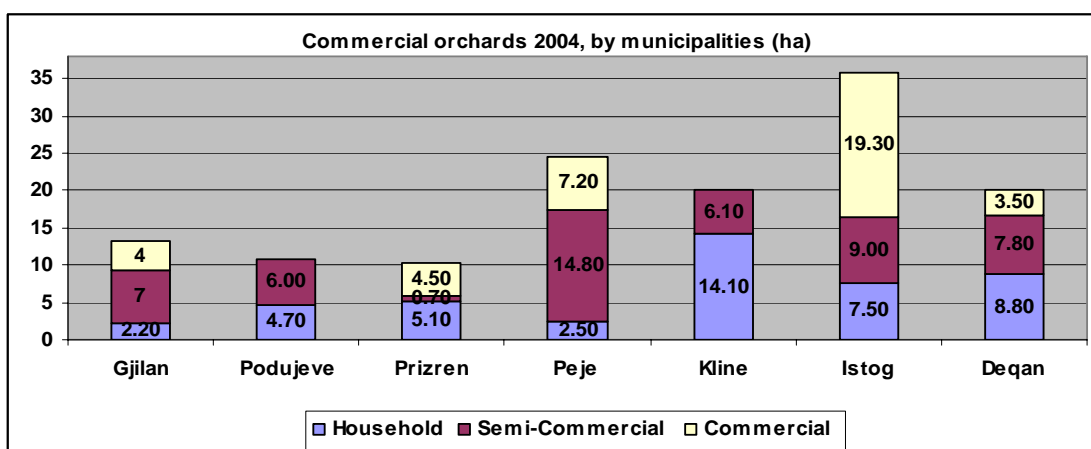
⁸ 1 apple brandy is sold for 5€

⁹ Mafrd

¹⁰ 1.50ha of orchards are under SOE property.

¹¹ SPHPK Calculation (92ha x 27.5t/ha)

- Istog municipality - village Kovraga, - apple growers are organised within the farmers' association "Pema"¹² covering 35.7 ha. The main varieties are: Idared, Golden Delicious, Red Delicious, Jonagold, Melrose, Booskop are most popular grown.
- Peja municipality - Village Bllagaje: 14 farmers are organised in the "Udruzenje Voqara Bllagaje"¹³ association with 12 ha. 60% of the trees are Idared cultivars with the rest represented by Golden and Red Delicious, Melrose, Granny Smith, Jonathan, Prima and some other local cultivars such as Kozharka.
- Gjilani municipality – village Kravarica. Ten fruit growers are organised in and association called "Fruti" and have 7 ha of commercial apple orchards. 70% of the total production is represented by Idared, with the remained down to Golden Delicious, Jonagold, Melrose, Granny Smith, Jonathan and Prima cultivars.



Storage of apples

There appears to be little or no functional and dedicated storage in Kosovo. The former SOEs possessed large facilities but these are currently unused. Farmers tend to use such areas as basements of houses or empty houses for this purpose. The US-financed KCBS commenced promoting storage in 2005 with two pilot stores.

Apple characteristics

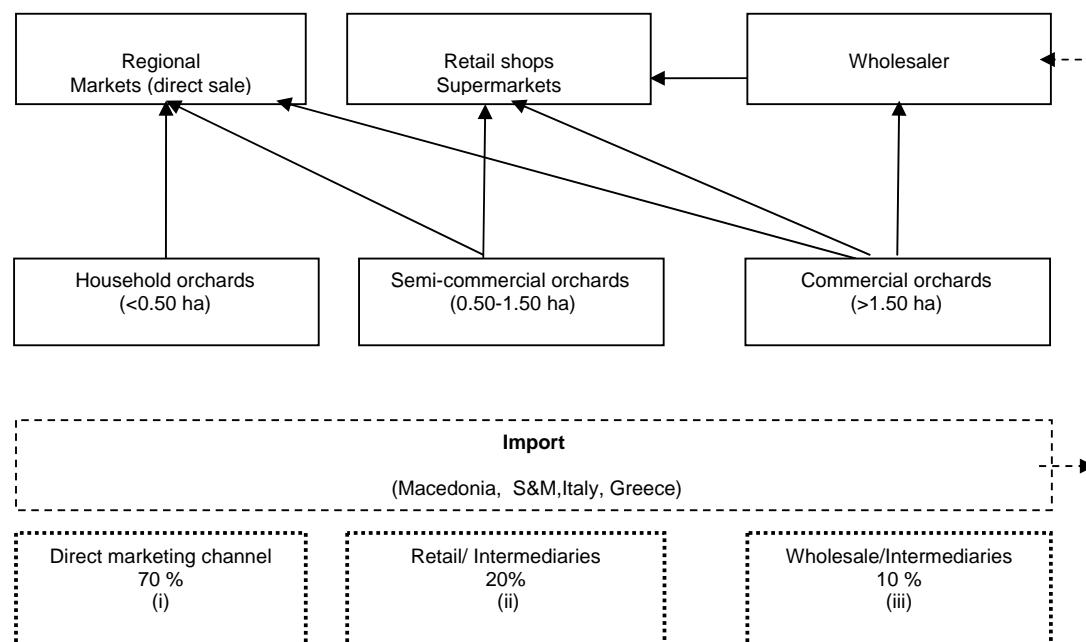
The characteristics of the main apple varieties are presented in the following table:

Price	Variety	Shape	Colour	Size
> €0.50	Idared	Flat rounded	Blush red	Medium – Large
> €0.50	Red Delicious	Round	Red	Medium – Large
> €0.50	Golden Delicious	Round	Greenish -Yellow	Medium – Large
> €0.50	Jonagold	Round	Red	Large
> €0.50	Mutsu	Round	Yellowish-green	Medium – Large
> €0.50	Granny Smith	Round	Deep green	Medium – Large

¹² "Tree"

¹³ "Association of fruit producers Bllagaje"

10. Apple marketing channels



The three marketing channels utilised by local producers are presented in the above diagram, ie (i) direct marketing, (ii) retail marketing, and (iii) wholesale. The main characteristics of these channels are described below:

1: Direct marketing channel - marketing directly to consumers including through local and regional markets. It tends to be the favoured channel for apple growers whose aim is to obtain the highest margin for their product. This channel covers around 70% of supply of apples in Kosovo¹⁴.

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

3: Wholesale channel – 10% of apple sales are made through wholesalers. Wholesalers often have specific and demanding requirements for product uniformity and product quality. Product quality – grading and packaging - is an important issue for wholesalers for produce that is sold on to retail outlets. The 90% of imported apples are utilised through these channel, during the all year.

11. Description of market actors

Retailers – Retailers purchase goods from wholesalers and also from farmers and sell on to the final consumers. Their task is focused on providing a wide variety of products at a single location, trying to fulfil the required consumers demand for different products.

The retailers include:

- Supermarkets (new retail structures developed in Kosovo – copied from Western Europe),
- Retail shops - known in Kosovo as *Mini-markets* - which are offering different products including fresh fruits and vegetables,

¹⁴ Rough estimation IC -SPHPK

- Green groceries - specialized shops selling fresh fruits and vegetables – but decreasing rapidly in recent years.
- Restaurants – that provide, not only the produce for consumers, but also the service of preparing fresh meals.

Wholesalers – are traders that sell goods to those who buy for resale to the final consumer. They are located in the big cities e.g. Pristina, Prizren & Peja. They mostly deal with wide range of goods.

Wholesalers can be divided into two groups:

- Those who deal only with imported fresh fruit and vegetables throughout the year – and who tend to be those with the highest turnovers. They deal with a wide range of the products - mainly importing goods from Turkey and Greece¹⁵ in trucks that might themselves transport a range of produce. Some of them have a storage facility but very often use trucks with cooling facilities for storing.
- Those who deal with imported goods during the off-season and locally-produced goods when the latter are available tend to have lower turnovers. Local produce is often bought in the production areas directly from farmers and shipped to the larger cities e.g Pristina, Prizren, and subsequently sold to retailers. In some cases farmers deliver produce directly to the wholesaler. The majority of small wholesalers do not have storage facilities but mainly sell produce directly from their trucks.

References and resources

- *Consumption habits and purchasing behaviours for fruits and vegetables in Kosovo, SPH-PK, September 2001*
- *Monitorimi – Weekly price monitoring SPHPK*
- *MAFRD – Office of Agricultural Statistics*

¹⁵ Greece is a major supply for some other products during off-season e.g. cucumbers, grape, lemon, oranges, strawberries etc.