



## AgBiz Program

A message from:

Goran Angelovski,  
AgBiz Wild Gathered  
Products Coordinator



Dear Colleagues and Partners,

It is with great pleasure that I introduce the second AgBiz Market Information Newsletter from USAID's AgBiz Program. This month the Newsletter, to be published ten times per year, will provide insights into AgBiz Wild Gathered Products (WGP) support activities, describe the results and impact of our work with WGP customers and present recent WGP market trends and demands of interest to our customers.

In this edition we focus on the need for organic certification of WGP, present the export value of WGP from Macedonia, and relate world market trends that can help Macedonian companies develop their marketing strategies. AgBiz has been helping Macedonian agribusinesses enhance their export competitiveness for more than two years. We encourage Macedonian agribusinesses to utilize demand pull marketing by supporting them to attend international trade shows where they can understand in depth the requirements of a broad range of geographic markets and market channels, and learn how to more successfully market their products to current and potential customers.

Recent examples of AgBiz supported WGP international trade shows include "Biofach" in Germany where five companies participated, and eleven WGP companies visited for the first time "Alimentaria" in Portugal. The lessons learned, information gathered and business developed at both fairs was very substantial.

### In this issue

- Page 1
  - A message from Goran Angelovski
  - AgBiz Accomplishments in the Value Chain
- Page 2
  - The benefits of going organic
  - Market Information on Macedonian WGP Exports
- Page 3
  - Trends on Macedonian WGP Exports
- Page 4
  - Nationalization and Globalization Trends in Italian Wild Mushroom Commerce with Emphasis on Porcini
  - Association Development
  - Relevant Trade Fairs

## WILD GATHERED PRODUCTS

### MARKET INFORMATION

Newsletter  
Issue 2, September '09



## AgBiz WGP Accomplishments

The collection of wild gathered products, considered a very traditional activity of the people living in under-developed areas, was never viewed as a significant commercial activity in Macedonia. However, it has consistently been viewed as providing important supplemental income to vulnerable groups. Our analyses shows that around 60,000 people obtain additional income from gathering wild products, and annually there are up to US\$16 million in WGP exports. USAID, through AgBiz, is the only donor in Macedonia that provides support to the WGP companies. Acknowledging the importance of WGP exports, AgBiz has organized a number of WGP export competitiveness enhancement activities including supporting the introduction and later implementation of food safety standards such as HACCP, supporting organic certification, WGP company participation in relevant trade fairs and study tours, developing a WGP Value Chain Profile, supporting the "Fair Wild" Workshop and establishing the WGP processors association "Shumski Plod".



AgBiz Customer Visiting  
"Biofach 09" in Germany

# The Benefits of Going Organic



Mr. Benzing Albrecht, International Consultant (third from left), Training a Group of Local Managers on Organic Certification Requirements

Macedonian WGP companies are currently exporting almost exclusively bulk products, but are slowly beginning to orient themselves toward new value added products and markets, and therefore moving into semi-finished and finished products. With this objective in mind, and recognizing the increasing competition in low cost bulk products, *how to add value to raw materials*, and *how to increase the competitiveness of WGP exporters' products* are important questions to be answered.

Based on recent market trends, organic certification is an important competitiveness enhancement tool, and represents one of the most feasible short term ways to add value to Macedonian WGP in international markets. Since there is significant interest in organic certification by WGP participants, AgBiz supported a number of activities leading towards implementation of this value adding tool. This included supporting three Macedonian companies to exhibit at "Biofach 2009", the largest trade fair in the EU for organic products, and supporting a Study Tour for five Macedonian companies interested in organic certification of WGP to visit and learn from "Biofach 2009".

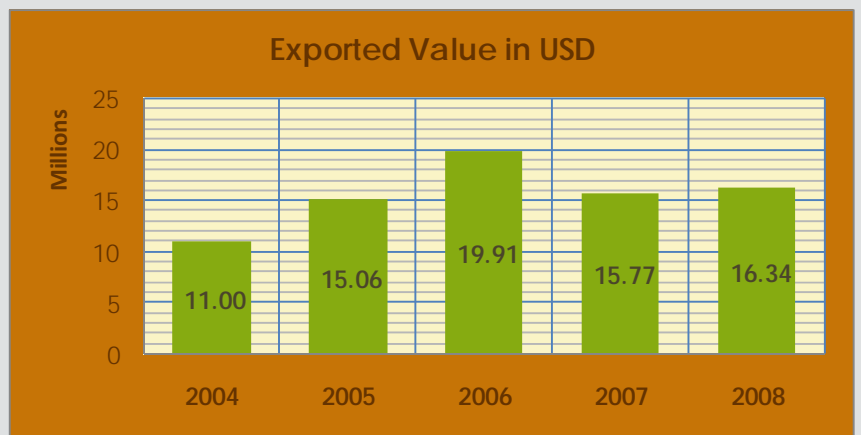
To enhance the understanding of the opportunities for adding value to their products, AgBiz and the Macedonian Organic Producers Federation supported a training program on organic certification requirements for WGP gathering and processing operations in which 11 WGP companies participated. Additional support was provided by an international expert through direct technical assistance leading toward organic certification for four Macedonian WGP companies.

## Market Information on Macedonian WGP Exports

### What is the export value of Macedonian WGP?

The answer to this question should be quite easy and available with a few clicks on a computer mouse, however it is not that easy. Even for the Ministry for Environment and Physical Planning and for Customs who are directly involved in issuing export permits for WGP, good data is not available. The only official source of export data is the State Statistical Office (SSO) that receives export data from customs, classified by export tariff number.

In theory, a search of the official book of tariff numbers should be sufficient for obtaining the numbers for WGP. Submitting



Source of Information: Macedonian State Statistical Office

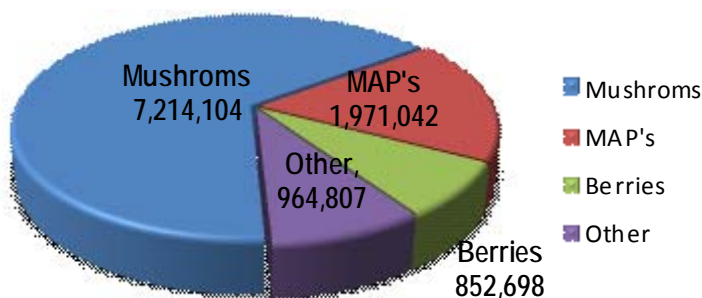


Inside the Largest Macedonian WGP Exporter that AgBiz Helped to Expand their Processing Facilities

these numbers to the SSO and requesting annual export quantities and the value for each tariff number would be the next step. In practice this procedure does not result in entirely accurate export data due to an oversight in export procedures. Companies exporting WGP regularly use general tariff numbers which are common for all fruits and vegetables, without specifying the product subcategories. This makes it very difficult to accurately record all WGP exports, and determine the real export value. Based on SSO information and detail analyses of tariff numbers of exported WGP AgBiz believes that the annual value of WGP exports is more than the US\$16 million presented in the table above. However, the lack of precise data prevents an analysis of annual export value and growth, and limits the analysis of yearly trends for specific products and to specific destinations. As can be noted, WGP exports fluctuate significantly from year to year based on the availability of gathered products — that is in turn caused by weather conditions at specific times of the year.

## Trends on Macedonian WGP Exports

### 2004 export value in US\$



### Value of WGP Exports by Product in 2004 and 2008

Mushrooms represent more than 60% of the total value of all WGP exports, and are mainly Boletus, Lactarius and Cantrell varieties.

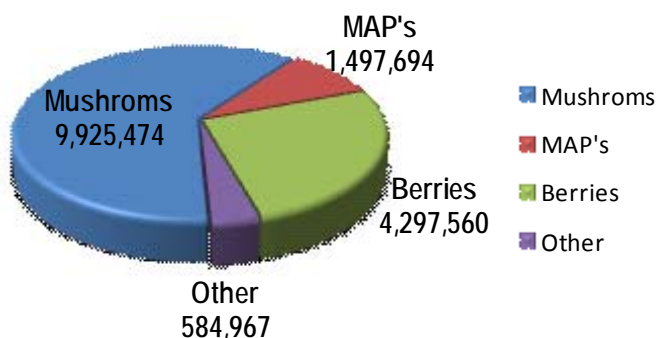
About 70% of total mushroom exports from Macedonia are dried mushrooms followed by frozen, in brine and fresh.

The value of mushroom exports increased by nearly 38% between 2004 and 2008.

A decade ago Medicinal and Aromatic Plants (MAPs) were the leading Macedonian export WGPs, but with increased cultivation of MAPs, the export value of this segment has drastically reduced. Between 2004 and 2008 the value of MAP exports decreased by 24%.

Exports of wild gathered fruits are mainly berries such as blueberry, juniper berry and blackberry. Between 2004 and 2008 the value of wild berry exports increased a very impressive more than 400%.

### 2008 export value in US\$



Source of Information: State Statistical Office

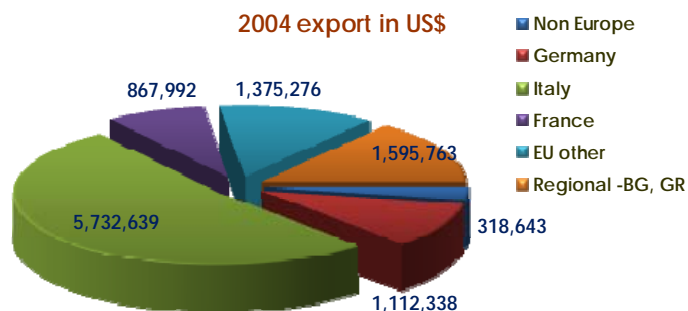
### Biggest Importers of Macedonian WGPs

The biggest importer of Macedonian WGPs is Italy with more than 50% of the total export value. Germany and France are the second and third largest single country importers respectively, but together bought less than 25% of the value of Italian imports. Between 2004 and 2008 the value of Italian imports of Macedonian mushrooms increased by more than 48%.

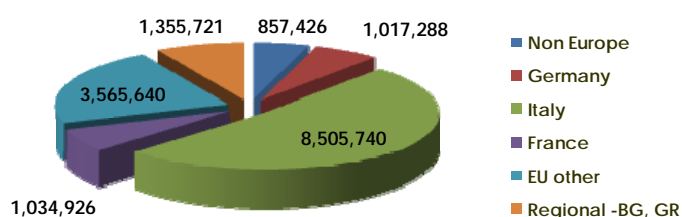
EU remains the biggest export destination region with about 70% of the total value of exports. Other countries that import WGPs from Macedonia such as USA, Russia and Australia are categorized as "Non Europe". Exports to "Non Europe" markets are underdeveloped, and additional effort needs to be given to achieve improved access to these markets. Considering the limited capacity of Macedonian firms to supply large volumes of WGPs, emphasis should be on the quality rather than quantity of WGP exports. If a small percentage of these markets can be penetrated with high quality, value added products, especially mushrooms, this would be sufficient to absorb a large proportion of Macedonian WGPs, and at a significantly higher unit value.

However, in the recent past only very small shifts in markets and product form, for example from bulk to value added, have been achieved. This needs to change for Macedonian firms to be able to significantly increase their export sales, and the growth rate of their businesses.

### 2004 export in US\$



### 2008 Export in US\$



Source of Information: State Statistical Office

## Nationalization and Globalization of Italian Wild Mushroom Commerce, with Emphasis on Porcini (*Boletus edulis*)



"Italian porcini" Exhibited at the Novi Sad Trade Fair '08

Over the past century, two major trends—*nationalization* and *globalization*—have been apparent in the Italian wild mushroom business. First, a more narrow national mushroom range has emerged through governmental regulation and culinary fashion, at the expense of differing, localized mushroom traditions which may suffer under the EU's free trade principles. Second, Italy has emerged as the focal point of a global market for a small number of mushroom species—particularly porcini. While the name porcini has become synonymous with Italian cuisine, and in spite of a vibrant tradition of recreational mushroom collecting in Italy, most of the porcini commercially available in Italy or exported by Italy are no longer of Italian origin. Porcini and other mushrooms now flow into Italy from all over the world—especially from China and Eastern Europe (including Macedonia)—and are then

often exported as "Italian porcini." This globalization of the wild mushroom trade, while offering significant income to rural producers and processors around the globe, has other effects as well. For example, national branding as "Italian" of globally-produced products, of which porcini is one, is in direct opposition to EU rules for regional denominations.

[www.springerlink.com/content/11158k73t7462320/](http://www.springerlink.com/content/11158k73t7462320/)

Macedonian WGP companies confirm the above and present additional arguments regarding the situation. Macedonia is one of the countries that has traditionally supplied raw materials to Italian companies working with WG mushrooms. However, the role of the Italian companies has changed from offering mushrooms to Italian and neighboring markets, to having international operations supplying and sourcing WG mushrooms throughout the world. With the internationalization of the mushroom supply business, Italian companies are quite active in standardizing the mushrooms supplied to their customers. The Balkan and Macedonian *Boletus Edulis* (Porcini) that is appreciated by buyers as a high quality mushroom with a unique, strong aroma, has

a relatively high price. The same mushroom from China with an excellent appearance, and a rather modest flavor and aroma, has a low price. In the race for profit the normal response of Italian companies is to "standardize" their products by mixing high and low quality mushrooms. Macedonian companies report that their Italian buyers are interested in even the earth that is cleaned from the wild mushrooms and processing leftovers. Although useless for nutritional value, these processing leftovers are still rich with aroma, which can be extracted and added to other products that lack natural aroma.



Macedonian Fresh *Boletus Edulis* (Porcini)

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## Association Development

Until 2009 WGP value chain participants were not successful in establishing a viable trade association that would genuinely and openly serve the needs of its members. In 2009 WGP companies significant feeling competitive pressure, and recognizing the need to organize themselves, approached AgBiz for assistance. Applauding the initiative, AgBiz engaged a local legal and association development expert to work with the



President of the Management Board Mr. Toshe Kostadinov Promotes Shumski Plod Activities on National Public TV

association initiation committee to develop the required legal documents and conduct the registration process. After a successful foundation meeting in April 2009 the "Shumski Plod" association was formed. "Shumski Plod" is composed of the 10 biggest Macedonian exporters of WGP's and is open to new members. AgBiz staff participated in forming the association and witnessed the participants clear commitment for joining and supporting a sustainable association.

### Relevant Trade Fairs

- "Biofach", Nurnberg, Germany

<http://www.biofach.de/en/contact>

- "Tutto Food", Milan Italy

<http://www.tuttofood.it/en/contacts/index.html>

- "Alimentaria" Spain/Portugal

<http://www.alimentaria-lisboa.com/en/fair/>

- "Sial", Paris, France

<http://www.sial.fr>