



INDUSTRY SPOTLIGHT WHEAT AND FLOUR

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AMERICAN CHAMBER OF COMMERCE IN KOSOVO



About

Industry Spotlight is a publication of the American Chamber of Commerce in Kosovo (Am Cham Kosovo) which aims to reveal insight into the advancement of different ventures in Kosovo, their main difficulties in exercising business activity in the country, opportunities for growth, and contribution to the country's economic development. This is the fifth edition of Industry Spotlight, placing focus on the Wheat and Flour industry.

Overview

Wheat and Flour are now one of the most commonly used food ingredients around the world, more specifically this industry reached the value in 2020 to 160 Billion\$¹. Seeing the value that wheat and flour have over the world it can be understood that in a small town as Kosovo is one of the most important industries. Kosovo is a country that its overall area is 10.908 km² and the area that it is used for agricultural production out of this area is 413,635 hectares more specifically 41.8% in total². From this statistic it can be understood that Kosovo uses less than half of the land for wheat and flour.

Wheat and Flour are two sides of a same industry but Kosovo has different resources for both of them. Unfortunately for Wheat throughout the years more import was needed since we don't have enough resources for our population. In 2018 was specified that 95% of the import that was made was from Serbia³. The last statistics were in 2021 that Kosovo could not plant as much wheat as they can because of the climate conditions³. This could be one of the main reasons for the import of wheat. On the other hand we have flour with more positive statistics. Kosovo in the pandemic situation experienced a self-panic for flour and this self-panic happened after the war in Ukraine too. All of the conspiracies that happened for the amount of flour were calmed down

¹ <https://www.prnewswire.com/news-releases/global-wheat-flour-market-2021-to-2026---industry-trends-share-size-growth-opportunity-and-forecasts-301328849.html>

² <https://www.land-links.org/country-profile/kosovo/#:~:text=Total%20area%20of%20land%20used,the%20total%20area%20of%20Kosovo.>

³ <http://ekonomiasot.com/kosova-vazhdon-te-jete-e-varur-nga-importi-i-grurit/>

from the millers association. They claimed that we have enough resources of flour even if Kosovo goes through a crisis⁴.

Kosovo is a country that has a young population, one of the youngest population in Europe⁵. From this it leaves us to understand that the industry of cafeterias is important too such as restaurants, cake shops, bars etc. All of these in our country conduct product that has to do with wheat and flour because of the food that they serve. Wheat and flour are not products only for surviving are products of an essential need that most of the businesses need to use them. Import and Export are present in this industry too. Wheat and Flour are a part of Kosovo's land production. We as a state export and import these two products that we plant them in our land. As was mentioned earlier we as a state have enough resources of flour if we experience a crisis, but to be more secure of our resources our state decided to prohibit temporary export of flour⁶. Before 2022 in 2021 Kosovo exported flour through different states. Germany was one of the states that Kosovo exported flour to them with a value of good of 937.20 and a net weight 1320⁷. Expect of export us as a country import too. Kosovo from wheat and flour mostly imports wheat and lastly in 2022 imported from Croatia with a value of good of 7260.26 and a net weight 227820⁷.

Products	Export & Import	Statistics
Flour	Export from Germany	Value of Good-937.20 Net weight- 1320
Wheat	Import from Croatia	Value of Good- 7260.26 Net Weight- 227,820

⁴ <https://www.youtube.com/watch?v=ZzxTRmac5rw>

⁵ <https://www.unicef.org/kosovoprogramme/press-releases/exploring-promise-youth-led-social-innovation#:~:text=Kosovo%20has%20one%20of%20the,neither%20employed%20nor%20in%20school>

⁶ <https://telegrafi.com/kosova-ndalon-eksportin-e-perkoshem-e-dritherave-miellit-vajit-ushqimor-sheqerit-dhe-kripes/>

⁷ <https://dogana.rks-gov.net/per-doganen/statistikat-dhe-arritjet/bilanci-tregtare-bazuar-ne-tarife/>

Legislation and supportive agencies

Businesses in Kosovo for Wheat and Flour are normally divided but have the same purpose profit as personal interest but also the interest for the land of our state. As mentioned earlier 41.8% of the land of Kosovo it is used for planting and harvesting and the businesses profit from it too. From this statistics it can be said that it would be more profitable if more land starts being planted, it would be profitable for individual profits, business profits and land profits.

In addition some of the laws that have been drafted and which should have an impact on the industry of wheat and flour, are as follows:

Law NO. 04 / L-040- On land regulation:⁸

The purpose of this law is to provide a legal basis for implementing measures and actions on a voluntary basis to create larger plots and to regulate agricultural, forest, and forestry land for the fair and save more.

Also, this law defines the powers of competent authorities in matters of land regulation, land management procedures, planning, finance, and implementation of this process.

Law NO. 02 / L-26- On agricultural land:⁹

Agricultural land is a natural resource of general interest and special protection and must be used for agricultural production purposes, not used for other purposes, except for the cases provided for by this law and the provisions of this Law.

This law defines the use, protection, regulation, and lease of agricultural land, for the long-term conservation and protection of agricultural potential, based on the principles of sustainable development.

Prices during the years has changed especially after the pandemic and after the Russian-Ukraine war. Wheat and Flour are two essentials that mostly nothing can be made without them and

⁸ <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=2804>

⁹ <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=2450>

unfortunately the prices of these to have increased too all over the world not only in Kosovo. In March of 2022 some statistics were given from the millers association. They warned price increase of flour in Kosovo up to 60 euros per 100 kilograms and also claims that currently the price of wheat is 400 euros per ton imported¹⁰. Expect of the prices, selling, import and export in this department it is included the Ministry of Agriculture too, in order to have better choices for our land every day and more.

Ministry of Agriculture has duties and functions over the land and the productions and those are:¹¹

- Agricultural research and education program;
- Agricultural extension and training;
- Production, standardization, certification, preservation, and distribution of quality seeds;
- Soil survey, examination of the quality of soil, and recommendations;
- Preservation and marketing of agricultural products;
- Agricultural support and rehabilitation;
- Collection, distribution, innovation, procurement, and management of agricultural inputs and machinery;
- Minor irrigation programs.



The American Chamber of Kosovo member companies that are part of this sector with great success and productivity are:

Kosova Foods (Buka Bakery)

“BUKA” was established in May 2012, and since then is still a leader in the production of bread and pastries, synonymous with high quality bread in Kosovo. Buka currently has over 100 employees, and a total of 16 points, 15 of

¹⁰ <https://lajmi.net/ja-sa-eshte-cmimi-momental-i-miellit-ne-tregun-e-kosoves/>

¹¹ https://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/5e31763f_f5b2_4ecb_bf9a_edc8609d2f3f/G-1_08_43_Agriculture_English.pdf

which are integrated in the network of Meridian Express stores. The way of production and preparation of basic ingredients are of high quality, where with the help and cooperation of the German company of bread and pastries "Shneider", with hundreds of years of experience. Buka Bakery is an extensive network of stores and a leader in the Kosovo market, equipped with international certificates of ISO and HACCP standards, and has been awarded the status of "Super Brand Kosovo", being listed as one of the most popular consumer brands in Kosovo.



M&SILLOSI FOOD INDUSTRY

M & Sillosi is the international supplier and largest producer in the region of high quality wheat flour. Currently, M & Sillosi has over 150 employees who are committed to meeting the unique needs of customers. The daily processing capacity of wheat is 600 tons from which flour is produced according to the highest ISO and HACCP standards including the world's highest food safety standard FSSC 22000, IFS and BRC.

In addition to domestic sales in Kosovo, as the leading producer of wheat flour in the region, M & Sillosi currently exports to various countries in the region and the world.

M & Sillosi does not consider Kosovo wheat only as a raw material for flour production but treats Kosovo wheat as a strategic product for the well-being and food security of all citizens of Kosovo in terms of quantitative security as well as quality assurance.

Challenges

Each department has its hard work, profit and challenges. Climate change plays a role too since it is changing during the years and it is not a positive part for the Kosovo land. The land is sometimes not arable and the time is not suitable to finish the process of planting and harvesting. Taxes is another challenge for the private businesses of agriculture too. It is a challenge since tax payment changes in this way: Taxpayers with gross annual income over 50,000€ and those that have voluntarily chosen to be taxed on real income are taxed at the rate of 10%. While on the other hand taxpayers with a gross annual income of 50,000€ or less are taxed on the gross income of 3 % (for the activities: trade, transport, agriculture, and similar commercial activities)¹². This is a challenge since it limits the company from ordering more from these percentages.

Moreover, consumers' way of behavior has changes over the years since of the living conditions that are present in Kosovo. The minimum wage in Kosovo was lower than 250 Euro now in 2022 is 250 Euro and the low salaries has indicated in the consumer behavior too¹³. The impact of the consumers was seen with their consummation of inexpensive Wheat and Flour no matter the quality and no matter if that is bad for their health. From this outcome the businesses that provide its customers with high quality products face a challenge since as much quality that they have the prices will be a little higher, it is about quality not about quantity.

¹² <https://www.atk-ks.org/portfolio/informata-te-pergjithshme-per-tatimet-ne-kosove/>

¹³ <https://www.monitor.al/qeveria-paga-minimale-ne-kosove-do-te-jete-250-euro/>

Opportunities

Kosovo is a developing country each day and more it is showing its capabilities for businesses and its development skills. Kosovo is a country that in each department and industry imports and exports different categories of products. Kosovo imports and exports wheat and flour from countries of the region and beyond.

Kosovo has a pure quality of wheat and flour, it is not just quantity and from this perspective we as a country can market the high quality around these two products. Wheat and Flour are two products that are organic and healthy made from our land and from this pure quality that we have these products can be exported even outside of Kosovo.

Qualitative marketing towards wheat and flour it would be profitable for Kosovo too. It was claimed from the prime minister of Kosovo that 43 percent of households in Kosovo have at least one family member living in the diaspora¹⁴. Also, from the profitable perspective remittances sent within a year by our diaspora are worth over \$ 1.4 million, which proves that diaspora plays an important role in the development of Kosovo¹⁴.

From all of these statistics that are given for our diaspora it would be a great opportunity for our companies and factories that work with wheat and flour to collaborate with restaurants, bakeries and different businesses that our diaspora has abroad. This would be a qualitative marketing also in the same time the quality of our products would be represented in the best way.

¹⁴ <https://www.aa.com.tr/sq/balkani/-43-p%C3%ABr-qind-e-sht%C3%ABpive-n%C3%AB-kosov%C3%AB-e-kan%C3%AB-s%C3%AB-paku-nj%C3%AB-an%C3%ABtar%C3%AB-n%C3%AB-m%C3%ABrgat%C3%AB-/2509970>

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<https://www.monitor.al/qeveria-paga-minimale-ne-kosove-do-te-jete-250-euro/>

<https://www.aa.com.tr/sq/balkani/-43-p%C3%ABr-qind-e-sht%C3%ABpive-n%C3%AB-kosov%C3%AB-e-kan%C3%AB-s%C3%AB-paku-nj%C3%AB-an%C3%ABtar%C3%AB-n%C3%AB-m%C3%ABrgat%C3%AB-/2509970>