



Food and Agriculture
Organization of the
United Nations



European Bank
for Reconstruction and Development

UPGRADING MONTENEGRIN MEAT QUALITY STANDARDS AND EXCHANGING LESSONS LEARNED IN THE
WESTERN BALKANS

MEAT SECTOR IN MONTENEGRO

ANALYSIS AND RECOMMENDATIONS

FOR STRATEGIC DEVELOPMENT OF THE SECTOR



Ministry of Agriculture and
Rural Development



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG

Contents

- Introduction.....3
- Context and background for Sector development 4
- Vision..... 6
- Objectives7
- Strategy of Meat Sector of Montenegro 8
 - 1. Production increase..... 8
 - 2. Export increase.....11
 - 3. Adding value to products..... 13
 - 4. Traditional products 14
- Recommendations 16
 - 1. Policy and institutional development recommendations 16
 - 2. Quality 17
 - 3. Production and processing 20
 - 4. Promotion 21
 - 5. Cooperation 22

Introduction

The livestock and meat sector is the most important food chain in Montenegro, representing approximately 45% of the total agricultural production. Although small, it is increasingly becoming an important regional player with positive meat product export trends, contributing to the agricultural export balance and local employment from the small-scale to larger farms.

This document provides vision, strategy and recommendations for sector development, based on the overview of the meat sector in Montenegro and a comparative regional analysis of the production, trade and import, competitiveness and, global and regional trends as well as deep and comprehensive dialogue with all relevant stakeholders.

It has been produced within the activities of the EBRD supported UN FAO project working since April 2015 on upgrading food and safety standards in the meat sector in Montenegro to boost the competitiveness of agribusinesses in the region. The purpose of the document is to identify opportunities for further development of the meat sector in the local and international markets, having in mind the policy adjustments within the EU accession process, as well as the results of the competition. The views and opinions of various stakeholders – livestock producers, processors and traders, consumers and advisors have been taken into consideration during the process of the extensive capacity building and analysis that served as consultative and participatory reality check of the proposed directions that are set according to the sectors best practices and the most promising performance. The opportunities and needs for institutional and organizational improvements, access to innovations and finance, but above all development of the missing linkages have been taken in consideration when developing the strategic goals.

The credit for development of this document goes to producers and companies which power the sector growth by preserving the tradition and reputation as its key features and upgrading it with by visionary and bold breakthroughs to new markets and marketing channels, modernization of the establishments and standard development. The field activities and support of Center for rural development and agriculture – Agrikultura served as a catalyst for the process, putting the inputs and opinions of the sector stakeholders together.

The insights were commented and explained through a wide consultation process that lasted for the project duration, where number of local stakeholders provided their interpretations of the field situation, policy effects, state of doing business and level of cooperation within the meat sector and other relevant sectors. Dialogue with the institutions – the Ministry of Agriculture and Rural Development, Livestock Selection Service, farmers and farmer groups have all given valuable directions and steered consensus on the strategic pillars for the development of the meat sector in Montenegro, and particularly meat processing. A final endorsement of these recommendations and inputs from the concerned stakeholders was received through a consultative workshop held on 3 October 2017 in Podgorica (see workshop proceedings and agenda in Annex 1).

Context and background for sector development

An integrative part of this document is the *Analysis of Montenegro meat sector* (part 1) as a result of the comparative analysis of the country's meat sector on production, trade, competitiveness in regional and global market. It also includes an analysis of the meat sector value chain identifying all actors, strengths and gaps in the value chain as well as specific actors' perspectives.

Montenegro is the smallest regional producer for all types of meat. The annual average meat production in the period 2009-2014 was approximately 11,500 tonnes of meat compared to half a million tonnes of Serbia in the same period. Montenegro has limited resources for production that could grow up to some level. The production structure is divided between beef (35 percent), pork (25 percent) and poultry (30 percent). Unlike neighbouring countries, the European Union (EU) countries and the world average, pork production has no dominant share in the Montenegrin structure of produced meat. At the same time, most of the European countries have stopped beef production, not being able to compete with the cost-competitive beef production from other regions such as Brazil and Argentina. The share of poultry production is increasing as in almost all countries, and a similar trend is expected in Montenegro.

Montenegro exports small quantities of meat. Main export destination is Serbia with over 90 percent share. In comparison with regional competitors, Montenegro is importing more than other countries except Croatia. During recent years, the import of fresh, chilled or frozen meat takes the largest percentage of the total import of agricultural products in Montenegro. In 2016, export of meat products was over USD 10 million and over five times higher than in 2006. Over 80% of total export refers to export to Serbia and in other countries of CEFTA region.

Meat import is significant when converted into the value of meat import per capita and compared with the region and the EU New Member States (NMS) - it is several times higher per capita when compared with other countries or regions. Montenegro is a tourist country and tourism is one of the main drivers of import, along with ham production ("pršuta") and meat processing. Meat is predominately imported from the EU, while poultry from the CEFTA region. Import of meat products to Montenegro dropped to USD 23.8 million in 2016 from record USD 30 million in 2014. The unit value of import is high and points to the importance of branding and consumer confidence in the meat consumption.

Competitiveness according to the methodology applied in report is the sum / index of 36 analysed indicators, such as production, trade shares and production and trade trends. The competitiveness study showed low competitiveness of meat in Montenegro. On contrary to meat production, the meat-processed products from Montenegro are more competitive at regional and EU level. Montenegro is most competitive out of CEFTA (Central European Free Trade Agreement) countries. The meat products competitiveness is consequence of strategic orientation on adding value to meat products in Montenegro and meat processing industry efforts on improvement of market position in the region.

Global and regional trends in meat sector point at decrease of prices of almost all agricultural products including meat. EU sanctions to Russia have resulted in significant shift in global trade as Germany and large meat producers have diversified export markets. At the same time, there is an increase of fresh and processed meat trade in NMS while beef price drops, poultry rises and pork and sheep meat prices fluctuate. Slowing down of global economies, the shift from animal to plant proteins, the projections of high cereal prices both for animal feed and human consumption, bring expectations that there will not be significant increase of consumption of meat and meat products. These global trends will reflect on Montenegro meat sector. The expected trends are that the slow growth will result in stagnating prices for some meat while the demand for

high value products in developed countries will rise, and quality orientation would make more sense than price competitiveness.

Experience from NMS are also valuable. It is a great challenge to be competitive in meat processing sector to EU 15 countries, particularly to German, Belgium, French, Danish, Dutch, Spanish and Italian producers who have long tradition of production and processing veal and pork. The challenge is greater bearing in mind the fact that EU sector is less competitive in comparison to global players. The NMS meat producers faced string competition at the open market, where one of the good strategies is export orientation to the third markets. Price competitive meat processing industry must be based on the cheapest raw material, which is most commonly imported.

The meat value chain in Montenegro is set on two fundamentals that are related to each other. On one hand, the majority of meat producers are small ones, producing livestock - meat for self-consumption and also producing traditional meat products. On the other hand, in the past decade small but modern and efficient meat processing industry was established – it is based on import meat but developing contracted farming as a resource for quality meat product production. Processing industry is also consisted of smaller but very efficient meat processors producing of traditional meat products, Njeguška pršuta in particular, which was the driver for the meat VC development in the last decade. The most important characteristics of Montenegrin meat value chain is the focus on processing and finalization, adding value to the imported fresh meat.

The driver of the meat sector in Montenegro is a young and dynamic meat processing industry, which achieves significant results in stimulating meat production and is one of the best-developed processing industry in Montenegro. Processing is concentrated in a few companies and which have industrial scale export oriented production, high productivity, high quality products, modern production processes, but also large number of workers engaged directly or as intermediaries (cooperants). The dynamic development is a result of investments in new technologies for slaughtering and meat processing and construction of modern buildings. The duality within the meat processing industry indicates on one hand modern, technically up to date establishments, which are increasing production and exports in compliance with international standards and on the other hand strong excessive fragmentation of the small players, usually present only on limited local markets and channels. Processing industry in Montenegro is investing t in developing quality brands/labels and strengthening their regional presence, particularly in the neighbouring countries.

The main marketing channels for meat and meat products in Montenegro are supermarket chains, restaurants and hotels; however, there is a strong consumer preference for direct purchase from producers, cherishing the traditional aspiration for quality domestic products. Channels of livestock and meat distribution in Montenegro include direct sale from the farmer, butcher shops that co-operate with some farms, supermarkets and hypermarkets and HoReCa (hotels, restaurants, fast food) channel.

Vision

The vision of the strategy was identified defined as follows:

Quality oriented meat sector, with actors closely working together to increase visibility and recognition of its main values:

High quality meat products bringing together traditional know how and regional reputation with the modern, dynamic and market driven meat processing industry

High quality locally produced fresh beef and lamb raised in the high nature value grasslands and sustainable grazing systems

The development of the meat sector in Montenegro relies on two equally important pillars.



Objectives

To accomplish this vision four goals have been set: **(1) Increase of production, particularly related to high quality fresh meat from the high nature value areas**

(2) Increase of export – to capitalize on price competitiveness in the region, and quality competitiveness of traditional products

(3) Adding value and quality orientation as ultimate approach to competitiveness of a small national sector

(4) Development of traditional products as driver for sector development

The identified strategic objectives reflect the structure of the market chain in Montenegro, as well as changes expected in trends and consumers' habits are primarily set to be achievable. They reflect analysis, interviews and discussions held with market chain stakeholders at individual and group level. Some of the strategic directions, though not prioritised as the key ones, remain important recommendations as they are intertwined throughout the Strategy report.

Strategy of Meat Sector of Montenegro

- (1) **All four strategic goals should be integrated, understood, accepted and above all, implemented as one concept.** Meat production increase (obj 1) is valid only if followed by the increase of product value, while adding value (obj 3) is correlated to the traditional products positioning (obj 4). In addition, export increase (obj 3) in case of Montenegro refers to the export of meat products, either industrially produced or traditional products which is not possible without adding value to the products.
- (2) **Strategic goals include all productions, as well as cooperation between market chain participants, insisting on establishment of linkages between traditional and industrial production on the way that traditional production follow the industrial in terms of standard implementation, while industry should implement traditional recipes and production methods in its programmes.** At the same time, all producers should be adding value to their products and communicate it in an adequate way with consumers. State and Ministry, together with other value chain stakeholders should be part of those processes primarily by: intermediate in communication between actors, adopting and implementing timely good laws, support sector with measures that will have economic, social and environmental positive impact.

1. Production increase

- (3) **Montenegro meat production is stable, but smaller when compared to regional competitors.** Beef production has a growing trend, however, it is slower than the world's average growth. Poultry production lags behind the world growth and production. This production is largely industrialized, with short production cycle that does not require a large area compared to other types of production. Demand for poultry, particularly fresh, is growing. Sheep meat production in Montenegro is almost stagnating in comparison to the average growth rate in the world, however lags behind competitors from CEFTA region and NMS where the production of sheep meat moves from the mountain areas to plains and becomes more intensive and price-competitive.
- (4) **Montenegro has drivers for production increase that was and still are in place.** Main production drivers are: Increase of consumption due to the increase of the purchasing power of local population and tourism consumption increase, export increase – both industrial and traditional products, stability and consolidation of the local processing industry and their strategy to organise supply chain based on local production whenever is possible, increase number and size of traditional producers which was not exclusively based on imported meat then also domestic production. Expectations are that those drivers will be present in future and some of them will be even increased, primrly those conected with consumption and export increase. Potentially the best driver of domestic production increase – shift towards domestic products with added value meat products, still is not well utilised.
- (5) **However, Montenegro resources for production growth are limited - consequently production that are not sustainable and above existing land, environmental and social resources should not be forced.** Particularly makes no sense to invest significant public funds in production increase, sending signals that Montenegro could become important pork and beef meat producer, and resolve import-dependency. Montenegro has capacity to increase production and partially reduce import. However, there are clear limits of production increase. The basic limits are related to resources, while the basic growth potential should be sought in adding value and labelling local products.
- (6) **The strategic goal of production increase is essentially linked to product value increase, as well as to positioning of traditional products.** Increase of production, without simultaneous value increase and

available markets targeting, would lead to collapse of existing production. What turned out to be the usual trap when it comes to upgrading of cattle breeding in the region is subsidizing per head, which leads to an increase in number of heads but rarely production and competitiveness increase. Production increase without mechanisms for value increase and access to markets, leads to price decrease for local producers and eventually, to reduction of producer's profit.

- (7) **Family farms contracted by the processing industry is an efficient model to organize meat production in Montenegro.** Desirable model can be based on two pillars: from one side by direct linkages between meat processing industry and livestock producers, and from other by establishing contractual long-term relationships between slaughterhouses, butcher shops, restaurants and small processing establishments for traditional products. Production for own processing needs, as well as production on small households for own consumption could be the solution for single producers, yet not desirable strategic orientation.

Pork

- (8) **The market chain of pork processing should be based on imported meat.** Around 80% of Montenegro's needs for pork meat are imported. This meat is largely processed with added value while the other part is sold fresh by making traditional and industrial meat products while other part is sold fresh. This has been one of the main drivers for development of processing sector – both traditional and industrial. Replacing imported meat with the one produced locally would be very difficult due to the significant limitations for development of pork production in Montenegro like: limited land capacities for feed production, inadequate infrastructure for feed transport, expensive land parcels either in agricultural or industrial zones, lack of access to high quality breeds and animal genetics, lack of reproductive centres and so on.
- (9) **However, the potential to increase pork production in Montenegro exists.** Pork meat produced in Montenegro must be sold through the channels that will valorised facts that is produced locally. The best way to do so is to sell pork as fresh meat and to make high quality *prsuta*, whereby the consumer must be informed on meat origin. This indicates that production increase should be based on economic grounds, not on public funds. This prospect is directly linked to the development of the labelling system and communication of product properties to consumers.

Beef

- (10) **Market-oriented beef production in Montenegro is cost-effective, has growing trend and further growth potential.** The main driver is the increased demand for processed products from the premium buyers. Market-oriented production is predominantly located in north of Montenegro due to better soil conditions, the proximity of Serbia and Bosnia and Herzegovina - from where the cattle feed is imported, availability and interest of the workforce due to fewer other employment possibilities, and the proximity of the key processing industries that organise own supply chain and own production. This vertical integration within single companies reflect the idea of concentration of all value chain operations, established by the biggest meat industry in Montenegro - from own livestock production, through processing to retail chains and hotels, and has numerous advantages for a company: sales management, quality management, being less affected by price fluctuations. At the same time, it leaves the space for organization of other market chains of purchase and sale of fresh beef and other meat, since vertically-integrated company has no interest to supply other retail chains, either individual sale points or supermarkets. This is why it is expected that the growth driver – increased production, will be fulfilled through organization of additional market chains based on local production and managed by buyers who will unify the offer.

- (11) **Space for production increase should be found in smoked long lasting processed products and fresh beef meat for premium consumers.** Consumer preferences study as well as experience of other countries shows that programme of long lasting smoked beef products (pecenica, kobasica...) have increasing demand in both groups – local consumers and tourist. Also there are positive export experience from region. Consumers are ready to pay more fresh beef meat than frozen, local then imported.
- (12) **Unlike pork production, resources and conditions for beef production in Montenegro are favourable in Montenegro.** Montenegro has equally good conditions for beef production, such as the ones in Pester plateau, the main production area of high quality beef in Serbia. Production is based on domestic Simental breed. However, last decade producers in Montenegro introduce several new breeds that enrich breeding potential.
- (13) **There is an economic justification to incentivise investment increase in beef production by public resources.** Investment increase in modern stable, high quality animals, on farm animal feed production facilities, modern equipment for production, collection and preservation of hay and other on farm investment significantly can improve competitiveness of Montenegrin beef production in comparison with the other regional countries, which also subsidised this production to the significant scale.

Chicken meat

- (14) **Montenegro increases consumption and production of chicken meat and these trends will be continued.** There are two main characteristics of chicken meat consumption. First, consumption is constantly growing and the second is that inter-state trade is lower compared to other meat types, since consumers prefer fresh chicken that can originate only from local or regional productions. Currently, Montenegro is still importing more chicken meat than producing it. However, import dependence is lowering due to constant production increase. Main import drivers are demand in processing as well as access to more price-competitive fresh meat in neighbouring countries. However, food safety risks (not being fresh when arrive in Montenegro) of transporting chicken meat from the neighbouring countries, drive local production and distributors preference for locally produced meat. Since intensive chicken production has short cycle and more similarities to industrial than agricultural production, it is possible to rapidly increase production.
- (15) **Speed of adopting animal welfare standards in production and import of chicken will define Montenegro's production to the great extent.** EU has the highest standards of animal welfare in production and slaughter of chicken. CEFTA countries, from which Montenegro imports the most, are far away from those standards – either in defining the law on that matter or in implementing it. Montenegro should be the leader within CEFTA region in animal welfare standards, not only for environmental and welfare reasons, but also for economic ones. It is assumed that increase and promotion of standards will help in rising the unit value of fresh chicken meat and chicken meat products. Consequently, the total production value will increase, even despite expected slight decrease in production in first stages of standard application. Almost all quality labels for meat and meat products started at chicken meat, as consumer expect quality, taste, use of animal welfare standards right from those products. Introduction of the standards have to be followed with appropriated communications with consumers. Everyone, especially tourists must know that fresh and processed chicken produced or imported in Montenegro produced by the highest animal welfare standards, which also have specific – better taste of chicken.
- (16) **There is a significant opportunity for value adding to chicken meat consumed fresh through breeding under conditions significantly above the required animal welfare standards.** Evidence shows that the consumer

willingness to pay for free range fresh chicken, for example Montenegro, although limited by space, can always find the opportunity to increase this production.

- (17) **Marketing locally produced chicken meat is linked to establishing local quality label.** The label would be increasing consumer preferences to opting for a local producer and potentially help valorisation of such meat.

Sheep and goat meat

- (18) **Though, Montenegro has good conditions for sheep and goat meat production, the production is decreasing.** The reasons are mostly linked to other employment opportunities, since less and less people are willing to involve in sheep keeping as this is considered hard work, despite that production is cost-effective. That is why the sheep farming in the World, and especially in Western Balkan region is moving from mountain pastures to extensive breeding to stables. In addition, support policy measures for Montenegro sheep production developing (regardless how intention was good) didn't resulted in production and competitiveness increase due to the fact that production and marketing followed measures and not market requirements. Therefore, support measures should move away from market incentive of direct lamb and sheep purchase to balance market surpluses, to investing in programmes of quality improvements.
- (19) **Montenegro policy measures should be investment oriented.** Focus should be given to sheep breeding development programmes by providing investment support for new highly-productive herds, farms and production establishments, electric fences and other investments needed. It would be also necessary to improve quality by introducing new breeds, artificial insemination and hybrid production. It is important to provide support for processing, as well as for linking with tourism as supplementary activities. There are good examples within the region, when funds were directed towards young shepherds. Programmes for protection of old indigenous breeds should also find their place.

2. Export increase

- (20) **It is realistic to expect further increase of meat products' export from Montenegro.** Ten years ago, Montenegro had no export of meat and meat products. Today, export exceeds 12 million euros and there are a significant number of facts indicating this growth could and should continue. Short-term expectations are primarily based on price competitiveness of meat products when compared to Serbia, the growth of demand for Montenegrin traditional products in the region, the broaden range of traditional products targeting different consumers' categories (price and quality competitiveness of prsuta), increased production of traditional and industrial products that needs to seek for new markets, so more of the funds are being invested into marketing, current investments in processing sector, establishing product promotion in cooperation of public and private sector. Long-term expectations should be sought in the protection of geographical origin according to EU rules that opens doors of many EU markets, meeting standards related to registration of facilities that would allow the greater number of exporters, better organization of producers and joint promotional approach to the market.
- (21) **The great potential for export growth lies in small-scale producers of traditional products who have quality competitive product but meeting standards is significant barrier for marketing increase, including export.** These producers are in the processes of facilities registrations and establishing standards. When finishing those processes will be able to register their establishments in other countries (primarily in region and later in EU) which will be new stimuli for export increase.

(22) **Montenegro made big step fulfilling conditions and getting possibility to export meat products at EU market. Next priority should be opening Russian and Turkey market.** Apart from CEFTA market, Montenegro currently does have export ban of meat products to Russian market. Regardless sanctions and opinion of many that Montenegro doesn't have products for this market this should be excuse not to open this possibility. Opening CEFTA and EU market have to further motivate food safety policy makers to continue to invest efforts in system establishment, primarily in: (1) improving of the system for approval of establishments, animal health protection programmes, residues monitoring, plans for official control based on the developed risk analysis including water and wastewater control, labelling, traceability that controls cattle tracking and poultry identification. It is necessary to introduce monitoring of Salmonella and Atypical poultry plague. Finally, facilities must meet general and specific hygiene requirements, to have HACCP and on-going maintenance plan, while inspectors must prove to have passed trainings for work in EU-approved facilities and general yearly educational plan.

CEFTA countries

(23) **Montenegro should use opportunity to increase export of both industrial and traditional products to Serbia. Even more there is a space for common branding and promotion at this market.** Serbia is likely to continue protection of the local production with high tariffs for meat import, there will be possibility for placement of industrial meat products from Montenegro allowing Montenegrin producers to profit from the cheaper imported raw material, either through tenders for use of trademarks or building their own brands. High prices of meat products in Serbia influence the growing demand for prsuta of lower or middle price category. All this open possibility for development of common marketing strategy for placement of Montenegrin meat processed products to Serbian and other CEFTA market. Public funds can contribute to the private ones.

(24) **Montenegro has a chance to increase export to other markets within CEFTA.** Meat product markets of Bosnia and Herzegovina, Kosovo and Albania are characterised by low competitiveness and these sectors are highly import-dependent. Consumer behaviour surveys in those countries show that products from Montenegro are perceived as high quality and that are present at the markets. Following this potential, private sector should create strategies for these markets and the public sector should provide the support by adequate promotion.

(25) **There are a number of reasons for putting other traditional products on the market, along the successful story of the prsuta.** Montenegro has a wide range of other meat products that could find their place on markets of the CEFTA countries. Stelja, Njeguska sausage, beef prsuta are just some of the products having a good reputation and could be competitive in terms of price and quality in these markets, where Montenegrin products enjoys of a general perception of quality

EU countries

(26) **The way for Montenegro to export meat products to the EU is production of high quality products which safety and quality are proven by quality schemes, food safety and marketing standards.** To attain EU export, the following is necessary: long-term cooperation between industry and traditional productions, joint promotion of public and private sector, focus on several products with the highest potential, full implementation of quality schemes approved by EU institutions (which allows use of the EU label) and, in the end, producers who believe that their product could be sold on this high-end, yet demanding market.

(27) **Protection of geographical origin by EU standards for prsuta, stelja and other traditional products is the best way for opening to the EU market.** Products with geographical indication are appreciated by majority of consumers, but appreciated the most by the EU consumers who are quality-oriented, familiar to the process of protection of geographical origin. Meat products from Montenegro have potential of obtaining geographical indication according to the EU requirements and thus to open the possibility to be sold on the demanding EU market.

Others

(28) **Russian market represents a potential for Montenegrin meat processing industry.** At this moment, producers from Montenegro do not have the access to this market, due to the export ban introduced by the Russian Federation. Nevertheless, there is both Government's and producers' intention to overcome these obstacles and to start preparing products that would target this market. Experience and trade contacts already exist. Also, there are potentials when it comes to products such as prsuta.

(29) **There are positive experiences of exporting meat products from region to distant markets.** The World is becoming more global, transport is more accessible and information are transmitted more rapidly. Competitive products, especially those quality-competitive are able to find distant market by extending the market chain. There are positive experiences in exporting to distant markets, such as Turkey where meat products of Bosnian companies are exported, or markets of Azerbaijan, Kazakhstan or Turkmenistan where export of Serbian products is realized.

3. Adding value to products

(30) **There are a lot of reasons why meat producers from Montenegro should be adding value to their products.** Some of the main reasons are: (1) The demand for these products has increased, as consumers' demands changed in the direction of disappearance of average consumer buying average products and increasingly differentiates to those buying either the cheapest or the most expensive; (2) Increasing competitiveness and profit gained through production of these products, although, as a rule, the production costs of value added products are higher, but the cost increase is compensated by higher selling price; (3) there are new sale opportunities as. These products could be sold in sale places inaccessible to ordinary products (without standard one cannot sell in certain supermarket chain, with geographical indication one can place a product on certain place and so on); (4) it's easier to get support (in particular by EU CAP which Montenegro aspires to and whose member it will become), since commodities are increasingly being left to the market, while the emphasis is put on subsidizing value added products, especially when related to public goods (environmental protection, social work, culture...); (5) creating synergy with other activities, since, as a rule, value added products are more possible to be connected with services, vernacular tourism, tradition. It is possible to achieve significant economic effect through a synergic offer.

(31) **Orientation towards quality is the basic way that meat producers from Montenegro should be adding value to their products.** The basis of each value-added product is quality. There are various quality categories. Some of them are related to product ingredients: rich taste, colour, durability, nutrition, high or low caloric value...; others are related to production method: produced with traditional method without additives, with full or partial animal welfare, non-GMO animal feed or special feed... Certain consumers associate quality to geographical region (mountain, katuni, "Njegusi", "pljevaljski"...), while other find social quality of the product more important, i.e. produced locally, that certain social groups were involved in production or small-scale producers etc. Sometimes, quality is indisputable (produced without animal torture, fresh, with zero residues...), but it is often also a matter of taste – so, what one consumer would

find to be of a quality (less fat, more of a colour...), the other might consider a lesser quality. However, it is important that consumer could recognize the product having the quality that he or she finds important. Product differentiation based on quality, its design and making it recognizable, as well as its placement and communication with consumers, is a complex science that meat producers from Montenegro must seriously devote to. Still, many would say that the quality will be visible eventually and that a quality product always finds its way to consumer. This is true to great extent, especially when being on market for a long time and during that time with quality not decreasing, but only improving.

- (32) **Along orientation towards quality, there should be several other ways for adding value to meat products in Montenegro.** The most important are: (1) by labelling products with geographical indications proving that the specificity of the products is formed thanks to unique combination of local natural resources (climate, soil, animal or plant varieties) and tradition, knowledge and skills, passed through generations, all on specific territory; (2) by preparation of products for sale, which includes a wide range of activities – from packaging to producer-consumer communication that covers the story around the product, advertising, branding, positioning, promotion, publicity etc.; (3) by improving sale as products with value added require different marketing – different ways and places of sale (not excluding direct sale that grows as a method of selling value added products).

4. Traditional products

- (33) **Consumers associate meat sector of Montenegro with traditional products.** Study “Consumer Perception Survey in Montenegro and neighboring countries” shows that local, regional and tourist consumers recognise Montenegro as place where “high quality meat products are produced and processed using traditional way”. They are ready to buy often and to pay more for those products. This facts together with others: (1) significant number of traditional products that have potential to be regionally and globally recognised, while today have only locally good reputation; (2) substantial number of markets that are still not activate and there is no doubt that have potential for buying Montenegrin traditional products; (3) production and processing that have potential for growth and look for new opportunities; (4) improvement of current offer at current market by reaching new consumers with quality improvement, labelling, marketing, quality grading, packaging... (5) better organisation of traditional producers through association can reduce costs and make more competitive and better marketed offer; (6) increase number of producers that have registered production facilities according to international standards can increase offer... qualify traditional products to be one of four strategic objectives, while defining Meat sector strategy for Montenegro.
- (34) **Consumers would like to be sure that they are buying quality and tradition.** Today they are often confused about quality of Njeguški pršut and other traditional products. Frequently they don’t know what they are buying. They realised that quality, size, colour, salinity and taste vary from products to products. Currently, according to study made, they made decision about purchasing traditional products based on: (1) price – more expensive products are considered to be of higher quality, i.e. it is believed that if the product contains higher percentage of meat, the process of production is more demanding; (2) discounts and actions; (3) recommendation – plays important role in product quality perception, but only if it comes from reliable source (relatives, close friends); (4) availability; (5) advertising – impacts the perception of quality to less extent, but it has significant contribution in creating the first impression of the product. Additionally, presentation/displaying of products in sales stores – also has certain impact in the perception of quality. Displaying products on prominent place enables to assess its quality based on visual impression. Lesson learn from consumer study and from stakeholder dialogue is that Montenegro must deal with the

problem of losing consumer trust in the traditional products if consumer – producer do not know each other. Quality assurance and quality grading can be the option.

(35) Traditional producers need special focus, approach and policy to be able to valorise the potential. This group of stakeholders are having many specificities in comparison with typical meat processors in other countries. Therefore, they need: (1) flexibility in regulations and standards adoption (but following EU regulations); (2) gathering into an association; (3) support policy which will primarily align them with food safety standards; (4) market and technological information;

Recommendations

Recommendations of Montenegro meat sector strategy implementation is result of expert analysis, discussion at individual meetings and group workshop and policy dialogue with stakeholders. They are grouped into five set of recommendations based on activities: (1) policy and institutional development, (2) quality, (3) production and processing, (4) promotion, (5) cooperation. Overall is identified XX recommendations but many of them are not single recommendations than comprise of many small one. Part of the recommendations are also responsible institutions / stakeholders group and time frame.

1. Policy and institutional development recommendations

The development of the sector would benefit from enhanced policy and institutional capacity. It is therefore necessary to continuously challenge policy effects and improve capacity of institutions dealing with different aspects of sector development. Below are listed some of the main recommendations in this regard.

Increase capacity of the institutions responsible for food safety and quality

Montenegro achieves significant results in aligning food safety procedures with EU and international standards. Institutions was not obstacles for developing sector. However new sector challenges are bringing new requirements for the concerned institutions, notably the veterinarian directorate and the quality departments. It is recommended for the Ministry and donors to support continuous training, coaching, development of guides and training modules for all stakeholders concerned – institutions and enforcement agencies, producers, consumers, advisors.

Responsible: Government of Montenegro, Ministry of agriculture, donors

Timeframe: continuously

Redesign support policy for meat and meat processing sector

The current policy support for the meat sector focuses on quality and investment promotion. it is in line with the need of the sector. However, some measures (lamb purchasing for example) could benefit from quality oriented strategy that the sector need. Therefore, it is recommended to assess the existing support measure and align them with the strategy elements, primarily focusing on:

- Production of high quality fresh beef and lamb as well as premium traditional meat products
- Support sectors processing capacity (upgrading establishments) to fulfil all food safety standards and reach economic viability
- Expansion of production volume in establishments where it is possible
- Introduction of safety and quality standards as well as environmental management standards etc
- Follow up on the inventory of the traditional products from MNE and support qualification and GI protection of those who have economic potential

Main activities: Evaluation of the existing support measuring their economic, social and environmental impact and propose new support policy more quality and investment oriented.

Responsible: Government of Montenegro, Ministry of agriculture in consultations with in donors

Timeframe: End of 2017

Implement flexibility measures

The newly adopted flexibility measures allow for reduction of investment costs linked to the reduced safety risks for processing establishment of small capacity. At the same time, adaptations concerning use of materials, equipment and traditional methods. Experience shows that implementation of the flexibility measures is not an easy task neither for state control institutions nor for the food establishments. Therefore, it is important to have a systematic:

- Training for all participants in the process of implementation of the flexibility rules
- Cooperation and understanding among stakeholders, especially during the learning process

Main activities: Training for inspectors, preparation of guide for flexibility rules, midterm evaluation of implementation of the rule books, improvement of the flexibility system based on findings, national measures for support to the investments in flexibility measures implementation.

Responsible: Ministry of agriculture in consultations with donors

Timeframe: End of 2018

Montenegro should be leader in adopting animal welfare and environmental standards

Montenegro livestock production is not large and could not seriously damage the environment nor production which cannot allow higher animal welfare standards that are currently implemented in the region. Even more Montenegro can economically benefit if it build its image around environment and animal welfare concerns. Therefore, it is recommended to :

- Conduct an economic analysis of building image of higher environmental and animal welfare standards
- Continue support the agro environmental measures
- Mobilise VC actors, to commit to setting and applying the standards and practices related to stewardship of environmental resources
- Recognize and maintain different policy approach to different farmer groups according to their capacity and social features

Responsible: Ministry of agriculture in consultations with VC actors

Timeframe: End of 2019

2. Quality

There is general consensus among all stakeholders that Montenegro has to develop their meat sector based on quality. It is recommended that all actors from policy makers to consumers are committed to quality. This would imply that the majority of the actors would need to adjust their production, processing, sales strategies towards quality schemes and to align with government efforts of developing Montenegro food based on high quality products. From other side Government should be dedicated to implementation of the quality oriented strategy.

Implement quality schemes law

Montenegro is in process of establishment and implementation of quality schemes notably:

- Mountain meat and mountain products – capitalising on the image of environmentally rich and preserved environment, extensive grazing, close to organic farming, high nature value farming, fresh meat, good for tourism good for local economy ...

- Specialise high quality fresh meat production – emphasise quality, , locally produced, fresh...
- On the farm: Register and support mixed dairy and meat production with diversified traditional products to be offered from the farm (cheese, skorup/kajmak, meat products...)

This may offer many opportunities, but also many activities that have to be performed by Ministry and their agencies from one side and with actors in VC from other. Understanding objective of each quality scheme and respecting partners through VC is key for successful implementation of QS regulation. Cooperation among stakeholders (vertical and horizontal) will play crucial role in successful implementation of the QS law.

Main activities: Defining different logos, rules, guides, certifications protocols, work on association establishment, policy dialogue among stakeholders

Responsible: Association of producers and consumers, Ministry of agriculture, donors

Timeframe: Continuously

Recognize potential and increase consumption of quality fresh meat form Montenegro

Increase consumption of fresh meat from Montenegro is one of the key elements for successful implementation of meat sector strategy development. Only working along the whole value chain can give results.

Demand side: Get consumer attention and support - both local and tourist. They need to be informed of the production system, animal welfare, free range production system, natural way of raising etc, to be convinced to pay for extra quality. Some of the activities in that regard could be envisaged:

- Organize campaign for Montenegrin fresh meat that is not only price driven. Include HORECA in promotion, particularly five-star hotels and restaurants with offer of traditional dishes and food.
- Initiate and support facilitation fresh meat quality schemes such as MNE LAMB, Mountain beef, MNE mountain pork etc.

Supply side: Work on increase of fresh meat supply in Montenegro to respond to the demand and readiness to pay for added value fresh local meat. Supply side needs to implement certain actions to increase offer:

- Building particular image of locally produced (in particular beef and lamb as well as pork and free-range poultry) naturally grazing, high quality “close to organic” meat.
- Enhancing organic meat production
- Build long term relationships with suppliers, not driven only by the lowest price
- Create measures to overcome problems of the fragmented supply chain through supporting direct links between processors and producers
- Enable strengthening of producer groups, work on quality requirements and improvement of the livestock practices

Regulation side: Meting supply and demand should be the role of the private sector. However regulator have to ensure that rules exist. Some of the priority action in the regard of regulation of fresh locally produced meat should be:

- Establish carcass classification system on the line of slaughter that would serve as incentive for higher payment and quality control. Carcass classification system on the line of slaughter is not established, and the national system of beef product labelling has not been harmonized with EU requirements. By 2018, the rulebooks that govern the labelling of beef and beef products will be harmonized with the EU acquis. This policy development should serve as future incentive for higher payment and quality

control of the meat, as trained qualified technicians who are licensed for the classification of carcasses will be responsible for forwarding information to the Paying Agency.

Responsible: Local Association of producers and consumers, Ministry of agriculture, donors

Timeframe: Continuously

Diffrenetiate and label quality of Montenegrin prsuto

Study “Consumer Perception Survey in Montenegro and neighbouring countries” shows that consumers see Njeguški pršut (as well as other prosciutto that are not labels as GI products) as high-quality products but they are confused with high variation of different quality. They have problem to recognise quality while buying products in shop. Often, they are not getting what they expecting. Therefore, should be created rulebook which will grade different prosciutto based on different quality information. Envisaged activities in hat regards are:

- Creating Working group which will develop specific quality standards for different Montenegrin prosciutto
- Develop and adopt rule book
- Organise control scheme which will not be expensive but will be able to guaranty quality level
- Communicate with consumers about new quality grades

Responsible: Local Association of producers and consumers, Ministry of agriculture, donors

Timeframe: Star as soon as it is possible

Create opportunities to bring traditional and quality products to tourists.

There are many ways how to do it, some of them can include:

- **Adjust packaging to the tourists’ needs.** Having regard to high percentage of tourists, who use private accommodation and prepare food from domestic products, it is necessary to adjust packaging of products to such needs. The survey showed that the most important characteristics for buyers when choosing meat products are quality, price, vacuum package and shelf life. Therefore, it is necessary to provide packaging of products in quantity averagely consumed during one day. Also, it is necessary that packing enable the use of the product more than once, which means that the packing must preserve the product after opening.
- **Points of promotion and sale where tourists can get information, taste and purchase the products** throughout their stay in Montenegro. This can be achieved by organizing tastings in tourist destinations, work with restaurant owners, waiters and chefs for promoting the offer in menus, organize and support tourist manifestations and festivals that relate to traditional food etc.
- **Specialized trade facilities** offering food preparation service. Since there is a high percentage of a tourists, who prepare food on their own, this service should be provided in specialized facilities. These facilities should offer the service of preparing simple traditional meals, in accordance with buyer’s wishes, by the same price of products as in retail stores. Also, in existing facilities, separate the part intended only for display of Montenegrin traditional products, for easier visual identification.
- **Experiencing Montenegrin food heritage through tourist offer.** Initiate tasting tours and visits to producers of traditional products, making possible to get familiar with the natural resources, history, knowhow and the production process. Experience the traditional food production and authentic Montenegrin products the tourist are interested through designing of a particular tourist product –

tours that can introduce different backgrounds of the Montenegrin cuisine – Oriental, Mediterranean, Balkan etc...

- **Package to go.** Create tourist offers that contain most demanded Montenegrin traditional products in wanted quantities and adequate packing. The Packages would be for tourists who would like to take these products with them on their way home.

Responsible: Producers and processors, Association of producers and consumers, Ministry of agriculture, Tourist organization, donor

Timeframe: Continuously

3. Production and processing

Production and processing side is key in the process of developing meat sector in Montenegro. The assumption is that producers and processors are behaving rationally and be able to see many opportunities. However, they activities will highly depend from behaviour and actions of other stakeholders, primarily consumers and policy makers. Therefore, is important that all stakeholders realise that production and processing doesn't depend exclusively of business decisions neither producers and processors have to expect that some other will drive processes or finance their businesses instead of them.

Constantly increase quality and price competitiveness of processing industry

Consumption increase is certainly one of the main drivers of processing industry – either by increase of domestic consumptions or finding new foreign markets.

In this regard, processing industry should focus their activities on:

- Standard adoption and implementation and quality grading system
- Improvement organization and management of supply market chain
- Investment in establishments, technology and equipment
- Partnership based long-term relations with farmers and suppliers
- Improve promotion and access to other markets
- Improvement of horizontal cooperation with other processors for achievement common objectives

Responsible: Processors, Ministry of agriculture, donors

Timeframe: Continuously

Innovation and technology improvement to maintain and increase product quality

Market signals are the certain leads in which directions the consumers move – what are their preferences, what is their readiness to pay, and what are quality expectations. Price is the most sensitive indicator the signal that something is happening not only in locally but in the whole region or even the World. To run a successful business, the farmer must learn to read these signals as their results depend on it. To be able to improve his market position he should:

- Improve knowledge and access to information
- Use market signals and demands to adjust investments
- Improve cooperation with processors and other farmers

Responsible: Producers, Ministry of agriculture

Timeframe: Continuously

Promote and raise the awareness of the importance of safety and quality standards and certification of products and processes

Only few of the producers involved in meat production, obtain certificates for food safety and quality of their products. Still many of the consumers prefer buying from these producers as they are perceived as “home-made” having better quality and healthier than the industrial products. To maintain good reputation while confirming safety and quality, compliance to food and quality standards through control and certification are very important strategic directions.

Responsible: Producers and processors, Ministry of agriculture, donor

Timeframe: Continuously

Improve genetic profile through selection and breeding programs particularly when it comes to beef and sheep production

There are breeds in Montenegro able to lead processes towards quality improvement. Still, there is need to constantly look for improvements but also monitor effects through recordings in the herd books and programming through breeding programmes where state and private will work together in design and implementation.

Responsible: Producers and processors, Ministry of agriculture, donor

Timeframe: Continuously

4. Promotion

Promotion is important part of developing of any products – both industrial and traditional. Proper communication with consumers, but also among suppliers is essential for successful sector development. Here are listed recommendations which majority should be integrated in the future promotion strategy. None of these activities need to wait strategy but could be stated as soon as it is possible.

Develop and implement quality led promotion strategy for locally produced fresh meat and meat products through tourism and hospitality industries

Such approach relies on strong coordination and interactions of actors that are in other agricultural sectors (olive, wine, fruits, honey, fish etc.) and also include tourism, economy, and local development actors. Initiate advertising campaigns for traditional products within promotional tourist video features, flyers, posters, TV commercials, etc. Through these promotional activities, tourists can be introduced to the offer and places to buy or to get these products.

Strategy should be initiated by Ministry with involvement of all meat actors (as well as other associations of food producers/ processors) through associations while professionals must be consulted for specific technical questions.

Financing models should be integrated in the Strategy. . There are many successful examples (wine sector in many countries, Poland traditional products ...) that promotion was financed integrating public and private interest. Ministry could co-finance each Euro (or some other ratio) collected from industry/producers through their associations. Together they are deciding about what and how will be promoted and both are feeling ownership of the process.

Responsible: Ministry to led process by involving all actors

Timeframe: Start process as soon as it is possible and finalized where Industry is ready for this level of organization and actions

Create vision and identity of Montenegrin food production as natural, green, sustainable, traditional, less processed, meat sector being important parts of it.

As initial part of the process developing Strategy for promoting Montenegro food quality should be developed visual identity as integrated part of the strategy. Since this is work for professionals those processes could be done in parallel with strategy development. The currently established project “Agro design – Montenegrin good culture” is certainly the good start.

Responsible: Ministry of agriculture in financing and organizing in consultation with all actors (tourism workers, associations...)

Timeframe: End of 2018

Labelling of specific quality properties of fresh meat and meat processed products

This label should provide information on product ingredients with emphasis on natural, healthy properties, no use of additives and genetically modified organisms. These products should fulfil organoleptic (colour, smell, taste and appearance) ... criteria. The established quality schemes in Montenegro are good start for implementation of such initiatives.

Responsible: Ministry of agriculture in financing and organizing in consultation with all actors (tourism workers, associations...)

Timeframe: Start process as soon as it is possible

Campaign for raising awareness of quality labels

Due to the impact of quality in the decision which meat product to buy, consumers need to be aware of the meaning of the “quality label” and origin, which guarantee higher quality as compared with average common market products. Consumers would benefit from increased awareness and knowledge on the protected geographic indication and its links implications to quality and methods of production.

Responsible: Ministry of agriculture in financing and organizing in consultation with all actors (tourism workers, associations...)

Timeframe: Start process as soon as it is possible

5. Cooperation

Working together is the only way to successfully implement Strategy. Although Montenegro is not big country, neither meat sector has many actors involved it is necessary to work together while: defining policy, promoting products, educate consumers, register quality schemes, forming associations for managing different labels sector etc. Only with cooperation between actors which are having same objective strategy can be implemented and synergy effect could be achieved. During all workshops and strategy preparation this was one of the key cross cutting issues.

Initiate and support collective certification schemes to reduce costs

Work on quality governance through establishment of Associations for developing Codes of practice, product specifications and marketing strategies for particular products or groups of products.

Responsible: Existing and future associations
Timeframe: continuously

Use Njeguški pršut to share experience and promote other GI products

Consumers recognize prosciutto from Njeguši (Njeguški pršut) as a product of specific quality. Consumer study prove that local, regional and tourist's consumers recognise and have positive experience while consuming Njeguški pršut. The good product reputation has to be use to promote other Montenegrin meat products. Having this approach synergy can be achieved and consumption of all products, including Njeguški pršut will be increased.

Responsible: Njegusi association, other GI associations, Ministry, Tourist organisation
Timeframe: continuously

Establishment of sector associations along VC

Associations for governance of GI products, Livestock growers, Support organisations, Processing industry, Retail and marketing, Tourism and hospitality... are just some of stakeholder associations that exist in countries with well-developed meat sector. Main objective of forming them is enhancements of partnership among similar actors to be able to influence policy decision and increase cooperation among themselves.

Responsible: Different stakeholders like: producers, processors, consumers, GI producers with support of the Ministry and donors
Timeframe: Start initiatives as soon as it is possible

Initiate continuous dialogue through establishment of Common market organisation (CMO) for meat products where all VC actors through their associations should coordinate and organize action

How to increase both the volume and the value of meat products consumed by domestic consumers and how by the tourists and export? How to improve quality and consistency of supply, managing volumes? Who are current and next generation of consumers of Montenegrin meat products, and how to engage them in understanding and supporting production process, values and brands that represent the meat sector? Which support policy have highest impact at meat sector?

Those are just some of the potential questions that have to be continuously discussed. This is not question for single group of actors but all of them. The sector lacks a joint vision for the future development, as there is no joint discussion platform to address current and future trade and production challenges and involve in policy dialogue - influence policy measures and evaluate their effects. There is often divergence of interest between commercial suppliers and substance farming, primary production and processing. Frequent vertical integration of single companies is a usual strategy to address their meat where all inability to communicate and reach consensus between value chain actors. To control supply, product quality as well as marketing approach, it is currently more efficient by integrating all operations in one system. However, there is strong need to go beyond this approach and promote contract relations, dialogue and culture of cooperation among all VC actors.

CMO with members of different associations is perfect platform for this type of policy discussion.

Responsible: Associations, Ministry of agriculture and donors
Timeframe: Start initiatives as soon as it is possible

Annex 1



FAO-EBRD project "Upgrade of Meat Quality Standards in Montenegro and Exchange of Lessons Learned in the Western Balkans"

CONSULTATIVE WORKSHOP PROCEEDINGS

A joint strategy for creating value of meat sector in Montenegro

03rd October 2017. – Podgorica

FINAL REPORT

In collaboration with Ministry of Agriculture and Rural Development



Background

A strategic and participatory report – an outline for further development and support of the meat processing sector in Montenegro, has been one of the key outputs of the EBRD supported UN FAO project ” on upgrading food and safety standards in the Montenegrin meat sector””, which has been implemented since April 2015. This document provides the vision, strategy and recommendations for sector development, based on the overview of the meat sector in Montenegro, a comparative regional analysis of the production, trade and import, competitiveness and, global and regional trends as well as deep and comprehensive dialogue with all relevant stakeholders.

It has been produced through a wide participatory process that lasted for the project duration, where number of local stakeholders provided their interpretations of the field situation, policy effects, state of doing business and level of cooperation within the meat sector and other relevant sectors. Dialogue with the institutions – the Ministry of Agriculture and Rural Development, Livestock Selection Service, farmers and farmer groups have all given valuable directions and steered consensus on the strategic pillars for the development of the meat sector in Montenegro, and particularly meat processing.

This workshop was held on the 3rd of October 2017 in Podgorica, and was attended by all concerned stakeholders from the private sector, institutions, research and advisory organisation, certification body, Chamber of commerce etc. to provide feedback and comment on the insights and proposals.

Workshop objectives

The key objective of the workshop was to facilitate the exchange and inputs on the proposed recommendations for the development of the meat sector in Montenegro. Specific objectives were:

- Analyze and reflect on the regional production and processing trends and verify the key strengths;
- Validate strategic pillars for the development of the meat processing sector in Montenegro;
- Enable all stakeholders to reflect on the overall framework (policy, enlargement, compliance) and propose joint actions for improvement of sectors performance;
- Promote tools for quality competitiveness of Montenegrin meat sector such as introduced quality schemes (GI, Mountain, on the farm products etc);

Present and promote the Flexibility Guidelines for food safety in the meat sector, developed and published by the MARD with support of the FAO/EBRD project, as an important advancement for the country, enabling to proceed with the EU inclusion and small farmers to continue their traditional practices.

Exchange and main inputs

The workshop was chaired by Ms Danijela Stolica, General Director of the Directorate for Agriculture in the Ministry of Agriculture and Rural Development, and attended by representatives from the producer associations (traditional meat products and livestock production), livestock advisory service, academic institutions, certification and accreditation bodies, Chamber of commerce.

The participants have

- Welcomed the activities and final documents related to the analysis of the meat sectors performance and competitiveness as well as proposals for the strategic directions. There is consensus that this is a first step towards improving the results and economic status of both small agricultural producers and meat processing industry, but also the protection and development of traditional products as a valuable national heritage;
- Expressed their willingness to get actively and constructively involved in the future activities, and commit to spreading information and building capacities of the sector as a whole;
- Emphasized the importance of capacity building of producers, inspection, consultants as an important tool for increasing competitiveness and achieve the best possible economic effects;
- Called on the Ministry of Agriculture to acknowledge the difficulties in the extensive livestock production which does not enable price competitiveness but to further support such production as part of rural life and preservation of rural landscape and rural population.

The participants suggested that effort should be directed towards substitution of import by the domestic traditional quality products. In spite of the comments that tourism is not really influencing the demand since the calculated number of tourists is only 5% more than Montenegro population, majority of participants perceived tourism as a clear driver of consumption and production, since there is a clear increased demand during summer season, followed by the increase of import.

Participants supported the conclusion that increase of the production has a sense only if the marketing of meat produced in Montenegro is linked to added value – marketing fresh meat via HoReCa, processing the domestic meat in high value products, GI labelling etc.

The collection of statistical data on livestock and meat production has to be improved according to the majority of participants.

The contract farming model developed by the Franca company – contracting both cattle and poultry producers - is a good cooperation model in the whole region. The bargaining position of livestock producers needs to be strengthened also by increase of processing facilities as well as fair pricing of the raw material.

The associations of meat producers are having the important role in sector development but functional associations are still depending on enthusiastic leaders and small number of active members;

The latest institutional improvements on food safety issues are noticeable indicated by the increased export numbers.

The Ministry of agriculture policy towards the sector is satisfactory. Participants agreed that both payments per animal and investment payments are increasing from year to year.

The discussed documents in Montenegrin and English will be updated and sent to all stakeholders to form the basis for future dialogue and sectoral platform that needs to be further facilitated by concerned actors. The workshop was considered a valuable opportunity for constructive dialogue, exchange and acknowledgment of the FAO contribution to sector's development.

October 16, 2017

Report prepared on behalf of the Center for Rural Development and Agriculture - „Agrikultura“.

AGENDA	
Tuesday 03rd October 2017.	
Meeting venue: Podgorica, Montenegro	
9.00 – 9.30	Registration and welcome coffee for participants
9:30 – 9.45	Opening of the workshop <i>Introduction of the participants</i> Goal, summary of the support to the development of the sector by the project, <i>Lisa Paglietti. FAO /Aleksandra Martinovic/</i>
9.45- 10.00	Montenegrin meat sector – potential for rural economy <i>Danijela Stolica, Ministry of Agriculture and Rural Development</i>
10.00-11.40	Investing in sectors future <ul style="list-style-type: none"> • <i>summary of meat sector trade and production performance and trends</i> • <i>vision for Montenegrin meat sector with strategic inputs</i> <i>Presentation with guided discussion</i> <i>Goran Zivkov, Agrikultura</i>
11.40 -12.00	Coffee break
12.00 – 13.00	Policy tools for supporting sector food safety and quality orientation Promotion of guidelines for good hygiene practices and national derogations for traditional and small capacity meat production and processing Quality labels in MNE: application potentials for quality schemes <i>Merisa Cekic, Ministry of Agriculture</i>
13.00 – 14.00	Thinking strategically - everyone has a role to play (3-5 minute statements as opening discussion) <ul style="list-style-type: none"> • Action plan for investing in the future of the sector: addressing constraints, opportunities of establishing quality competitiveness of the meat sector in Montenegro Support to livestock production – the first step to quality (Milko Zivkovic, Association of livestock producers) • Knowledge for quality improvement - Gojko Babovic, advisory and LSS

	<ul style="list-style-type: none"> • Value chain integration – coordinated push for volumes and quality, Franca and other processing companies • Certification for quality: Monteorganica • Tourism and HORECA in creating demand and reputation– someone from hotels, restaurants. <p>Guided discussion of all participants</p>
14.00 – 14.15	Concluding remarks
14.15-15.00	Buffet lunch