



The Balkans Agri-Food Regional Profile Statistical Overview

October 2004

Forward

This report is provided as an overview of the statistical and market information on the Balkans, Albania, Bosnia and Herzegovina, Croatia, Macedonia, and Serbia and Montenegro. Due to the emergence of the Balkans as an import market a regional profile was deemed necessary.

Background

This region was formerly known as the Yugoslav Federation (or alternatively Yugoslavia) from 1945 until the early 1990s. This region, with a population of nearly 25 million people, is currently seeking admittance to the European Union (EU). Regardless of their success or failure in this endeavor, this shows that each of these countries is in a state of rapid advancement and economic growth and improvement and is working to improve the accessibility of their market to other countries. Becoming a member of the EU will make this entire region a much more attractive market.

Geography

Bordered by the EU and the Adriatic Sea, the Balkans are perfectly situated for their goal of joining the EU. While at this point in time they still have work to do economically and politically their location will make integration into the EU easier.

With Austria and Hungary to the North, Greece and Turkey to the South, Romania and Bulgaria to the East and Italy across the Adriatic Sea to the West, this region is centrally located in Europe.

The landscape of this region is extremely diverse, with deep valleys and lush

Basic Information	
Total Area	264,102 Square Kilometers
Total Population Members	24.9 Million Albania, Bosnia and Herzegovina, Croatia, Macedonia, and Serbia and Montenegro
Key Capitals	Tirana (Albania), Sarajevo (Bosnia and Herzegovina), Zagreb (Croatia), Skopje (Macedonia), Belgrade (Serbia and Montenegro)

fertile agricultural lands to very mountainous regions. There are two predominant mountain ranges located in the Balkans, the first of these is the

Carpathian Mountains which are located in the Northern Balkans. The second of these ranges is the Dinaric Alps located in the Western Balkans. This mountain range is an extension of the Alps that runs through Switzerland and Austria. This range is in part responsible for the rocky and rugged Western and Southern coastlines of the Balkans. The mountainous terrain is also inhospitable in various locations due predominately to a lack of rain. Traditionally, this has resulted in only small-scale farming or animal husbandry. However, despite these mountain ranges many regions of

the Balkans, such as Croatia, provide for excellent farming.

Population and Area by Country		
Country	Population (millions)	Area (square kilometers)
Serbia and Montenegro	10.8	102,350
Croatia	4.5	56,542
Bosnia and Herzegovina	4.0	51,129
Albania	3.5	28,748
Macedonia	2.1	25,333

Economy

The Balkans is a region that is not unfamiliar with economic difficulties. Since the shifting of trade routes away from this region, in favour of sea travel, the Balkans has been faced with economic adversity. The transition from socialism to capitalism is a difficult and often slow process in this region, with many policy and structural changes taking place. This process has begun to stabilize in recent years as the region receives support and advice from many outside agencies. However it may be some time before the economic path that these countries will take is clear.

The economies of these countries are not nearly as efficient as North American or other European countries. This in large part is due to a lack of adequate infrastructure. After gaining their autonomy, the Balkan states began developing a system of roads and railways as well as establishing banks in order to encourage economic growth. However, since these countries were lacking the needed resources to make such improvements to their infrastructure they borrowed much of these funds from German and French investors. The results of these projects was often of greater benefit to the investors than they were to the Balkan states.

Agriculture was another area that was left unimproved during this time. Improvements in the agricultural

infrastructure would have required significant investments from the government in order to help modernize this industry and make it competitive in the global market.

Although still one of the poorest European regions, these countries have begun to make excellent progress towards economic stability and prosperity. GDP growth for 2002 was 4.5% and was roughly 4% for 2003. This was due mainly to the excellent performances of Croatia (5.2%) and Bosnia and Herzegovina (5.5%). This marks the fourth year in a row that the region has experienced positive growth in excess of 4%. Regionally, inflation continued to decline in 2003 reaching 4.4%, down from 29.4% in 2001.

The region's economy is forecasted to continue to grow in the medium to long term as external environments improve and market oriented reforms continue. Government deficits declined in most of these countries over the previous year. Government deficits account for 5% of GDP. While the public sector in this region is gradually decreasing (it is currently around 45% of GDP) its large size is still hindering the development of the private sector.

Foreign trade in the Balkans has become increasingly important since 2000. While both exports from and imports to this region are on the rise, exports are expected to increase at a faster rate than imports, helping to reduce the region's large trade deficit. These large deficits are as result of large domestic consumption and investment as well as the result of a lack of productive capacity in the region and an inability to meet quality standards imposed by the European Union. Over the course of the last three years (2002, 2003, and January to August 2004), Canada has had an average trade surplus with the Balkans of just over \$5.9 million. While imports from this region remain fairly constant at \$24-\$29 million, our exports to this region have varied from \$11 million to \$50 million dollars (2002 and

2003 respectively, with 2004 exports currently being about \$27 million).

Canada's most important export market in this region is Croatia. In 2003 exports to Croatia reached over \$42 million from about \$5.6 million the year before. Croatia also represents Canada's largest import market from this region, and both exports and imports to this country represent about half of all trade with the region.

Gross Domestic Product (GDP) by Country	
Total GDP	US\$65.3 billion
Albania	US\$6.1 billion
Croatia	US\$28.3 billion
Bosnia and Herzegovina	US\$7.0 billion
Macedonia	US\$4.7 billion
Serbia and Montenegro	US\$19.2 billion
GDP Growth (regionally)	4%
GDP per Capita for the region (Purchasing Power Parity)	\$5,000 (Canada compares at \$29,800)

Albania

As a fairly new democracy, Albania has been dealing with the problems of the communist legacy. These have included a poor infrastructure, corruption, and a high unemployment rate. Since becoming a democracy, Albania has been working to resolve these issues, and is making excellent headway. The electoral process is improving in Albania as well, as problems noted by international observers of the 2001 parliamentary elections were corrected during the 2003 municipal elections.

The median age in Albania is around 28, with over 65% of the population being between the ages of 15 and 64. This means that the majority of the work population is in, or is about to join, the work force. The population is forecasted to grow at a rate of about 0.51% for 2004. Approximately 95% of those living in Albania are ethnic Albanians,

around 3% are Greeks, and the other 2% is comprised of various other ethnic groups. Current estimates of religious affiliation are Muslim 70%, Albanian Orthodox 20%, Roman Catholic 10%. These numbers are strictly estimates, as all religious affiliation or association was banned in the late 1960s under the former communist government, and has only been re-allowed since the end of 1990.

Albania is well located on the Strait of Otranto (separating the Adriatic and Ionian Seas) and the Adriatic Sea. This positions it to act as a gateway between Western and Eastern Europe, and gives it easy land access to Serbia and Montenegro, Macedonia, and Greece, all of which border Albania, as well as easy access by sea to the rest of Europe.

Albania became a member of the WTO in 2000 and since then has seen a reduction in taxes, especially on income and earnings and custom duties. Albanian businesses are becoming more active and have begun lobbying the government to open a debate on the country's economic development and to promote Albanian exporters and trade relations.

The main sectors of Albania's economy are agriculture, construction, food processing, mines, and tourism. Albania currently offers many opportunities for foreign investors, and with its beautiful scenery and ancient history and culture tourism can be expected to see great future development. Albania is now in a much better situation economically and politically than it has been in the past and is now looking toward sustainable growth for the future. It is foreseen as being about 5-6% by the end of 2004, with the inflation rate under control at about 2-4% and unemployment at 11%.

Albania's retail sector is characterized by small shops; many of which have begun to specialize their offerings. Despite this trend of specialization it is still quite common to find stores that stock a wide range of products.

Fruits and vegetables in Albania are typically sold at public markets. These markets are predominantly open-air and do not have refrigeration facilities.

The food and beverage industry has great potential in Albania with food and beverage processing also being significant Albanian industries. Processed food and beverages account for roughly 10% of all of Albanian's exports. The tourism sector in Albania also offers export opportunities as its god location, climate and religious and historic sites position it for excellent growth.

CANADA-ALBANIA RELATIONS

Canada is working closely with Albania in order to strengthen it's economic and political institutions and is supporting it's efforts to join both the EU and NATO. Since 1999 Canada has been funding many different projects in Albania, including efforts to improve that countries social sustainability, democratization and human rights. Canada has also funded electoral and civic education activities and is a participant in the "Friends of Albania" initiative to provide democratic guidance and reform.

Bi-lateral trade with Albania has been increasing in recent years, with Canadian imports more than doubling each year, while Canadian exports to Albania have remained fairly constant.

Bosnia & Herzegovina

Bosnia and Herzegovina declared their sovereignty in October of 1991. This declaration was met with heavy resistance from ethnic Serbs who wished to divide the republic along ethnic lines and combine the areas held by the Serbs into a greater Serbia. In November of 1995 the conflicting parties met in Dayton Ohio and initialed a peace agreement, which was signed in December of that year in Paris, that saw the end of three years of civil conflict. The agreement formed two tiers of government; the first is a national

government responsible for foreign, diplomatic, and fiscal policy, and the second consists of two parties of roughly equal size. These parties are the Bosniak/Croat Federation of Bosnia and Herzegovina, and the Bosnian Serb-led Republika Srpska. Together these governments were assigned the responsibility of overseeing the majority of government functions.

The agreement also saw a NATO-led peace force enter Bosnia to implement and monitor the military aspects of the agreement and to help establish and enforce peace. This force has since been replaced by a smaller NATO-led stabilization force to maintain the peace. In a tribute to the success of this venue the size of this force is being reduced.

The median age in Bosnia and Herzegovina is nearly 36 with over 70% of the population between the ages of 15 and 64 years, putting the vast majority of the population within the workforce, and an estimated population growth rate of about 0.45%. Islam is the predominant religion in this region with roughly 40% of the population being Muslim.

Bosnia and Herzegovina are currently rebuilding the physical infrastructure of the country, which was devastated by the war. There is also a gradual increase in the amount of trade that is being done by this country, with total imports in 2000 being roughly US\$2.4 billion and total exports being roughly US\$0.7 billion.

Currently, domestic production is very limited. Agriculture and food production requires development at virtually all levels, as do the telecommunications, transportation and manufacturing sectors.

CANADA-BOSNIA & HERZEGOVINA RELATIONS

Canada has been active in supporting the continued growth and development of Bosnia and Herzegovina. One of the cornerstones of Bosnia and

Herzegovina's future prosperity and stability will be increased cooperation within the region. Canada is a strong supporter of the Stability Pact for South Eastern Europe. In addition to backing projects which fall under this pact Canada has committed more than \$100 million in support of over 100 projects since 1995. Canadian involvement has been particularly significant in such areas as health, policing, human rights and free media.

Total bi-lateral trade with Bosnia and Herzegovina has been increasing in recent years. This has been led by rapidly increasing Canadian imports from Bosnia and Herzegovina, while Canadian exports have been increasing at a more subdued rate.

Croatia

After declaring its independence from Yugoslavia in 1991 Croatia has made fairly good economic progress. Upon its separation from Yugoslavia, Croatia began to suffer the characteristic difficulties of a transition country. These concerns however, were augmented by regional war.

However, since the conflict ended in 1995, Croatia has increasingly become an attractive market for investors. Croatia is now a member of the WTO, has been accepted by NATO into the Partnership for Peace program and is a potential candidate for ascension into the EU, which it hopes to become a member of in 2007.

The median age in Croatia is approximately 40, with about 67% of the population of working age and falling between the ages of 15 and 64 years. The population of Croatia is predicted to decline at a rate of about 0.02% for 2004 due to a birth rate that is lower than the current death rate. Croatia is predominantly made up of Croats (89.6%) and is mostly Roman Catholic (87.8%).

With a population of roughly 4.5 million Croatia represents a sizable export

market. As approximately 1 million people in Croatia live in the capital of Zagreb, with some of the other big cities being Split, Rijeka, and Osijek, this market is relatively dense, approximately 80 people per square kilometer. As Croatia, like the rest of this region, progresses towards acceptance into the European Union it will continue to become a more economically stable country as well as become more accessible to trade.

Croatia's currency, the Kuna, is fairly stable right now, inflation is low and GDP is growing. The current rate of unemployment is around 21% due to the sizable grey economy. The real rate of unemployment has been estimated at about 15%. Agriculture and fishing generate about 7% of the Croatian GDP, while the production of food, beverages and tobacco generates almost 20%. Croatia has cultivated about 64 of its 3.15 million hectares of agricultural land, with over 81% of the cultivated land and more than 80% of its total livestock privately owned. Agricultural and food products make approximately 18% of the country's total international trade, while remaining a net food importer.

Croatia imports a significant amount of soybeans, flowers, fruits and vegetables, milk, oil plants, breeding cattle, animal feed, meat, chewing gum, soft drinks and malt. Croatia imports primarily from Austria, Italy, Germany and Slovenia. Croatia's food exports go mostly to the neighbouring countries of Slovenia, Bosnia Herzegovina, Serbia and Montenegro, Macedonia and Italy and include food seasoning, soups, confectionery, canned fish, fresh tuna (for the Japanese market), canned beef, olive oil, cigarettes, beer and alcoholic beverages, mandarins and eggs.

The agricultural market in Croatia is currently quite strong with an average of 30% of consumers' household budgets being spent on food and non-alcoholic beverages.

Croatia engages in sizable agricultural trade, which represent roughly 18% of

Croatia's total international trade. Croatia continues to run a negative balance of agricultural trade with 2001 imports of roughly \$898 million while exports were approximately \$565 million. Croatia's imports large quantities of fruits and vegetables, milk, soybeans, flowers, oil plants and breeding cattle. Other imported food products include meat, animal feed, soft drinks chewing gums, and malt. Most of Croatia's imports come from Austria, Italy, Germany and Slovenia.

Croatia is an active tourist market with tourist arrivals growing over the last several years by roughly 7%, a trend which is expected to continue. This is in part caused by European travelers who are looking for new, lower priced, vacation destinations. This increase in tourism creates specific opportunities for exporters in the seafood and fish products market. Croatia also occupies an important role as a seaport and gateway to the other Balkan countries.

Croatia has a number of European supermarkets operating within its borders, while the largest player in the market remains the domestic chain Konzum. It is important that agrifood exporters to this market find a distributor or agent that has access to at least one supermarket chain. Currently European suppliers dominate the single largest food import sector, which is for high-value food items.

CANADA-CROATIA RELATIONS

Over the course of the past 10 years Canada has been very involved in helping Croatia on a number of fronts. Since 1994 CIDA has provided over \$14.5 million in aid to Croatia helping with projects such as the health, education and energy sectors and supporting refugee returns. In recent years other forms of cooperation with Croatia, such as parliamentary cooperation, have been increasing as well. Canada is also a supporter of Croatia's bid for NATO membership, as well as its accession to the EU. If the government of Croatia maintains its

intended course the Canada-Croatia bilateral relationship can expect to see further growth.

Total bilateral trade with Croatia has been increasing in recent years. This is driven by increases in both Canadian exports and imports. Canadian exports to Croatia skyrocketed in 2003 before returning to more typical, although significantly higher levels in 2004.

Macedonia

Officially known as the Former Yugoslav Republic of Macedonia, hereby referred to as Macedonia, from which it declared independence in September of 1991, Macedonia is a small and relatively poor country. The Macedonian economy is improving and becoming more stable, and the country is becoming more politically stable as well. The economy can currently meet its most basic food needs, but the country is heavily dependant on its neighbours and international partners to maintain its commitment to economic liberalization and for foreign aid. Macedonia also depends on outside sources for all of its oil and gas needs, as well as for most of its modern machinery and parts.

Macedonia is primarily a low technology country and its industry includes oil refining and mining, among others. With the country's major agricultural products being wheat, corn, tomatoes, rice, peppers, tobacco and livestock and livestock products, as well as fruits and other vegetables, Macedonia has the potential to be largely self-sufficient in many food products. One of Macedonia's main exports is wine.

The median age in Macedonia is approximately 33 years and nearly 68% of the population is between the ages of 15 and 64 and thus of working age. The net population growth rate is estimated to be roughly 0.4% for 2004, as the birth rate is nearly twice the death rate; however Macedonia has a net migration rate of -1.45 migrants/1,000 people partially countering the birth rate.

Macedonia is a land-locked country surrounded by the countries of Serbia and Montenegro to the North, Albania to the West, Bulgaria to the East and Greece to the South. Roughly 40% of Macedonia is comprised of forested lands, one quarter of the country is meadows and pastures and another quarter is agricultural land and cultivated land.

CANADA-MACEDONIA RELATIONS

Canadian assistance to Macedonia is predominantly focused on social and economic restructuring as well as on promoting good governance and democratic development. Macedonia has also received Canadian support in strengthening enterprise in rural areas and in the areas of water infrastructure, school rehabilitations and in support of local NGOs.

Canadian imports from Macedonia have been decreasing in recent years, however Canadian-Macedonian bilateral trade has been increasing. This is due to a dramatic increase in Canadian exports to Macedonia in 2004, after poor exports in 2003.

Serbia and Montenegro

Known formally as the State Union of Serbia and Montenegro, this country is actually a loose association between the two regions of Serbia and Montenegro which was formed out of the remains of the old Federal Republic of Yugoslavia in February of 2003. In the agreement that created Serbia and Montenegro, one of the terms was that a referendum would be permitted in three years (2006) in each of these countries on the issue of full independence. Serbia and Montenegro is the last of the major European transitional economies, and is becoming increasingly more stable with GDP growth forecast at over 5% for 2004.

Fueled by its geographical location, skilled workforce and capable government and political authorities, Serbia and Montenegro is poised to

rehabilitate its economy and reclaim its position at the economic center of South Eastern Europe. Some of the economic reforms taken by this government serve to make Serbia and Montenegro a more attractive place to export to, such as new customs laws and the reduction of tariffs to an average rate of approximately 8% and a rate cap of 30%. All of these reforms are in part due to Serbia and Montenegro's desire to integrate into the European Union.

In 1999, agriculture accounted for roughly 50% of the country's GDP, with exports of roughly US\$320 million. One area with excellent potential for domestic growth is the production of fruit and vegetables. As well, processing and canning foods, herbs and wild fruits can also return a high yield with little investment in this area.

Combined Serbia and Montenegro represent a market of over 10.8 million people, nearly 67% of who are between the ages of 15 and 64, and is expected to grow at a rate of about 0.03% in 2004.

Serbia and Montenegro is strategically located in the Balkan region, bordering every other Balkan country, Albania to the South, Bosnia and Herzegovina to the West, Croatia to the North-West, and Macedonia to the South, Bulgaria and Romania to the South-East and North-East respectively, and Hungary to the North. Serbia and Montenegro also lies on the Adriatic Sea, which gives this country easy access by sea to the markets of Greece and Italy, as well as many other countries connected by the Mediterranean.

The government of Serbia significantly increased funding to the agricultural sector in 2004 and is supporting development and export programs in this industry. Serbia and Montenegro however is still a net importer of food products, and the Montenegrin Ministry of Agriculture has stressed the importance of the development of organic food production and the agricultural sector's infrastructure.

The retail market in Serbia and Montenegro now consists of predominantly private companies. Roughly 90% of consumers in Serbia and Montenegro purchase only fresh poultry meat, however due to changes in living styles and increasing urbanization it is expected that more frozen poultry cuts which are ready for cooking will be demanded in the future. Generally the demand for both fresh and frozen meat is expected to rise as local income increase. There is however general concern that turkey and chicken originating from North America may contain abnormally high levels of hormones. This has led to the emergence of a market for higher priced "hormone, antibiotic and feed-additive free" poultry. Organic meats might prove able to compete effectively in this upscale market.

CANADA-SERBIAN AND MONTENEGRO RELATIONS

Canada has had significant involvement in Serbia and Montenegro in recent years, providing technical and financial assistance in the areas of humanitarian aid, democratic development, as well as social and economic reconstruction. Canada has also supported sending experts to Serbia and Montenegro to aid the new government, especially during times of crisis.

Canadian bilateral trade with Serbia and Montenegro has been increasing in recent years. This is primarily due to increases in Canadian exports, while imports from Serbia and Montenegro have been remaining fairly constant.

Consumer Market

The Balkans have a small but maturing consumer market. However, the relatively small populations' transition to a market economy has not yet achieved the complete market stability that will be crucial for this region to reach its economic potential. While the economies of the countries across this region are growing increasingly stable

and prosperous, economic and political stability has not been reached.

While in several of these countries gross income is rising, generally net income is staying the same or dropping. The people of this region are not particularly wealthy, and these countries as a whole are not very industrialized and are among the poorest countries in Europe. This has meant that as most of these countries are able to meet their most basic agricultural needs there is not a lot of agricultural demand or trade with the exception of a few exports from the region.

The countries in the Balkan region are still heavily dependant economically on each other economically and trade between these countries remains quite heavy. This means that the successful Canadian exporter to one such country will find the other countries much more accessible. Croatia appears to be an excellent entry market for many producers due to its higher trade volumes, and strategic location.

The poultry market is seeing growth throughout the region in part due to rising regional incomes and increased urbanization. The processed fruits and vegetables market also appears to be an opportunity in this region. While each country has an active agricultural sector local farms produce a limited surplus which has required the food processing sector to import many of its raw materials.

Trade

The majority of the Balkan states' limited trade is with other Balkan states. Yet, as the Balkan states move toward the possibility of ascension into the EU, trade with Europe is becoming more common. Exports from the 15 EU countries have been rising at a rate of about 200 million euros for each of the last three years, which keeps EU exports to the Balkans at roughly 1.25% of all exports from the EU.

These same EU countries import only about 0.6% of their total imports from the Balkans. While total EU imports have increased for each of the last three years, 2004 EU imports from the Balkans have actually decrease, led by a reduction in imports from Serbia & Montenegro (down 19.94% over 2003), Macedonia (down 10.73%) and Croatia (down 2.75%).

Albania and Bosnia & Herzegovina have actually seen growth in EU imports above the EU average growth rate of 1.15% (1.72% and 1.71% respectively). This illustrates the Balkan States' negative trade balance as there is very little infrastructure in place for the production or distribution of goods.

Canada-Balkans Trade and Investment

Canada has been intimately involved in the Balkans for many years, providing extensive funding for various projects and promoting the democratization of these countries. Canada has also aided these countries politically in their efforts to join various international bodies.

Canadian Exports to the Balkan States by Country, as of August 2004

Balkan State	
Albania	\$1.168 million
Bosnia and Herzegovina	\$1.223 million
Croatia	\$14.208 million
Macedonia	\$5.369 million
Serbia and Montenegro	\$7.418 million
Total	\$29.386 million

Exports from this region consist largely of manufactured goods as well as some agricultural products. Canada's top five exports to these countries for 2003 were aircraft; kidney beans and white pea beans; beans – dried and shelled; parts of airplanes or helicopters; and birds' eggs in the shell – fresh, preserved or cooked. Agri-food exports account for roughly 22.6% (\$6.647 million) of Canada's almost \$29.4 million in exports to this region.

Canada runs a positive balance of trade with the Balkan states, exporting roughly \$91,000 more than it imported in 2004. The Balkans is a relatively minor trade partner for Canada with both imports and exports accounting for less than 1% of Canada's total trade.

Canadian Imports from the Balkan States by Country, as of July 2004

Balkan State	
Albania	\$2.389 million
Bosnia and Herzegovina	\$3.020 million
Croatia	\$16.436 million
Macedonia	\$1.975 million
Serbia and Montenegro	\$5.475 million
Total	\$29.295 million

Canada's top five imports are: parts for seats; pipes and tubes of copper-zinc based alloys; amino-alcohol-phenols and other amino compounds; shoes, sandals and slippers; and seats with wooden frames. Almost 16% (\$4.838 million) of Canada's imports from this region are agri-food products, and are concentrated in a few key areas.

Canada's Top 5 Agri-Food Exports to the Balkans, as of October 2004

Product	
Kidney beans and white pea beans	\$2.789 million
Other Beans	\$1.618 million
Eggs	\$1.118 million
Chicken and capon cuts	\$524,576
Swine Cuts	\$512,415

Canada's Top 5 Agri-Food Imports to the Balkans, as of October 2004

Product	
Soups and broths	\$1.108 million
Raspberries, mulberries, etc	\$890,068
Sweet biscuits	\$682,661
Jams, fruit jellies	\$574,244
Chocolate	\$437,796

Canadian bilateral agri-food trade with the Balkans has been increasing in recent years. While Canadian agri-food exports to the region declined slightly in 2003 agri-food imports from the region increased by enough to result in an overall trade increase. Overall bilateral agri-food trade since 2002 has been approximately \$15 million. Canada's top agri-food exports to the Balkans as of October 2004 were kidney beans and white pea beans; other beans; eggs; chicken and capon cuts; and swine cuts. Combined these five products represented roughly 79.6% of Canada's agri-food exports to the region during this time period. Canada's top agri-food imports to the region as of October 2004 were soups and broths; raspberries, mulberries, etc; sweet biscuits; jams, fruit jellies; and chocolate. These five products combined represented nearly 53.1% of Canadian agri-food imports from the Balkans during this time period.

In the case of both exports and imports, Croatia is Canada's biggest trading partner in the region, followed in both by Serbia and Montenegro. As this region develops its infrastructure in preparation for joining the European Union this market may continue to become more attractive both as an export market and as a source of imports. Currently, the majority of this region simply does not have the infrastructure in place to be a viable presence in the world market, a situation the governments of this region are working to change.

Canadian bulk exports to the Balkans have been experiencing rapid growth in recent years. Bulk exports to this region began in 2003 jumping to \$16,375 led predominantly by sunflower seeds. Bulk exports from January to October of 2004 at \$72,453 had already eclipsed 2003 exports; this was solely from Soya bean exports. Imports from this region have also grown rapidly from \$50,348 in 2001 to \$228,826 in 2003; this was a slight decline from 2002 numbers. These bulk imports have historically been on the strength of Coffee and tobacco imports. Intermediate agri-food bilateral trade with the Balkans has also been

increasing. This is led by our exports to this region which jumped from \$1.1 million in 2002 to \$3.4 million in 2003 and by October of 2004 had already reached over \$4.8 million. Intermediate imports from this region have also been on the rise, although not quite as dramatically, however imports as of October 2004 of \$327,876 had already surpassed the 2003 total of \$256,939. Intermediate exports were led by Kidney beans and other beans, dried representing 92.3% of intermediate exports as of October 2004 and represented 84% of 2003 exports. Plants and parts of plants were our major intermediate import from this region accounting for roughly 53% of all intermediate imports. Bilateral trade of consumer products has likewise risen over the last several years. Canadian consumer exports to the region in 2003 were up over 19% from 2002 totals at \$4.3 million with our eggs representing our largest export product in this sector at 25% of total exports. Consumer imports from this market were valued at \$7.4 million in 2003, led by miscellaneous edible preparations; beverages, spirits and vinegar; and fruit and nuts.