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FEDERACIJE BOSNE I HERCEGOVINE**

CHAMBER OF ECONOMY OF THE FEDERATION OF BOSNIA AND HERZEGOVINA

**FOCUS GROUP REPORT:
QUALITY INFRASTRUCTURE**

in

Food, Drink and Tobacco Industry

Sarajevo, January 2021



**Project: "Improving the investment climate and access to markets"
Contract no. 7198074**

The Chamber of the Economy of the Federation of Bosnia and Herzegovina and IFC within the project "Improving the investment climate and market access" conducted a focus group discussion (FGD):

QUALITY INFRASTRUCTURE

in

Food, Drink and Tobacco Industry

DISCLAIMER PAGE:

Chamber of the Economy of the Federation of Bosnia and Herzegovina declare that this research is original work and has not been submitted before to any institution for assessment purposes.



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ADDRESS:

Branislava Đurđeva 10
71000 Sarajevo
Bosnia and Herzegovina

TELEPHONE:

+38733 217 782

FAX:

+38733 217 783

EMAIL:

info@kfbih.com

WEB:

<http://www.kfbih.com/>
<https://www.facebook.com/PGKomora>



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1.0 INTRODUCTION

The Chamber of the Economy of the Federation of Bosnia and Herzegovina within the project "Improvement of the investment climate and access to markets" in cooperation with the International Finance Corporation (IFC), organized an online focus group with business representatives from the Food, Drink and Tobacco Industry in order to provide further input of key stakeholder for quality infrastructure strategy development in the mentioned sector of industry. In addition, as all segments of the economy are dealing with the challenges of the COVID-19 pandemic in varying degrees, this focus group discussion would provide an opportunity to receive further input aimed at identifying priority actions to promote business operation and recovery.

Focus group was conducted to probe for qualitative information of the main issues of quality infrastructure in the Food, Drink and Tobacco Industry, as well as to get concrete measures and recommendations from business entities in order to improve current quality infrastructure situation, encourage export companies and promote measures with relevant authorities.

Recognizing the importance of this topic for business entities and the economy of Bosnia and Herzegovina in general, the Chamber of the Economy of the Federation of Bosnia and Herzegovina have already conducted surveys about quality infrastructure. However, the conducted focus group provides the opportunity to garner this more in-depth feedback through open-ended questions. They also allow group interaction between members of the group, which may encourage participants to make connections to various concepts through the discussions that may not occur otherwise. This provides a more comprehensive understanding.

Focus Group Discussion (FGD) regarding the quality infrastructure in the Food, Drink and Tobacco industry is compared to the findings from previous conducted quantitative research (survey) and qualitative (focus group) of the impact of the pandemic Covid -19 on the economy of the Federation of Bosnia and Herzegovina in order to get comprehensive market analysis in quality infrastructure per each sector and the the impact of pandemic Covid-19 on it.

This Focus Group Report summarizes the key findings of the quality infrastructure in the Food, Drink and Tobacco Industry, give situation overview, main issues and recommendations.



1.1 METHODOLOGY

Due to the safety reasons and preventive prescribed measures, the Focus group discussion was held online.

Participants were introduced that the discussion will be recorded, but only for research purposes and it will be deleted once the data has been analyzed. As participants in the group, their names will not be noted in any other documentation than this which is also only for the research purpose.

The group is interviewed following a semi-structured format in that they opened with introductions and information sharing about situation overview, main issues and recommendations about quality infrastructure in Food, Drink and Tobacco Industry. A transition question was also asked to introduce the topic of quality infrastructure with the previous conducted research regarding the Covid-19 and to help participants discuss the issues on a broader scope.

Then specific questions were asked but not necessarily in the same order. This semi-structured format was used to ensure that the key topic is better understood, discussed among all participants of the focus group, allowing free flowing discussion so that information can later be compared.

The findings from the focus group were analyzed using a thematic analysis approach. The first step in this analysis involved playing back the recordings of the focus group, while concurrently reviewing and enhancing the summary notes.

The main questions addressed to the participants of the focus group is to describe the current situation regarding the quality infrastructure in Food, Drink and Tobacco Industry, with the special emphasis on the main issues with which facing industry, and further steps and recommendations for the improvement.



1.2 PARTICIPANTS

Recruitment of the focus group participants took into consideration a sector of the Food, Drink and Tobacco Industry, mix of gender, participants age and experience, company age and region.

The business entities involved in the focus group discussion were previously contacted and introduced with the topic. Although, they are all familiar with the focus group topic, have long-term experience, and agree to participate in the focus group discussion.

In total, in the focus group discussion participated 4 business entities from the different sectors of the Food, Drink and Tobacco industry and from the different regions of Bosnia and Herzegovina, in order to get a better understanding from all parts of the Federation of Bosnia and Herzegovina.

The processed sample of a focus group is a representative basis for the analysis of the quality infrastructure in the Food, Drink and Tobacco Industry.

PARTICIPANTS:

1. *MR. TOMISLAV BENKOVIĆ – BOSANAC, ORAŠJE*
2. *MR. DARKO ČOBANOV – PUĐA, LIVNO*
3. *MR. MARKO IVANKOVIĆ – FEDERAL AGROMEDITERRANEAN INSTITUTE, MOSTAR*
4. *MRS. VASVIJA POLJO – AS HOLDING, (KLAS), SARAJEVO*
5. *MRS. AMERA PAŠIĆ - IFC*
6. *MR. EMIR PAŠIĆ – CHAMBER OF ECONOMY OF THE FEDERATION OF BOSNIA AND HERZEGOVINA*
7. *MRS. ERINA LASIĆ - CHAMBER OF ECONOMY OF THE FEDERATION OF BOSNIA AND HERZEGOVINA*



2.0 KEY FINDINGS

In the following section represented are the key findings of the focus group discussion. Analyzed are: quality infrastructure situation overview in the Food, Drink and Tobacco Industry, the main issues and challenges with which this sector facing in terms of quality infrastructure, and concrete steps and measures in the further period in order to improve and develop quality infrastructure strategy.

2.1 SITUATION OVERVIEW

Quality infrastructure is one of the most important elements of the business environment. The main task of this system is to provide services to companies in the field of lab testing (conformity assessment), standardization, accreditation and metrology, as well as market control in order to protect human, animal and environmental health.

The impact of quality infrastructure on the development, production and certification of the final product in the Food, Drink and Tobacco Industry is fundamental, and therefore of great importance for the development and competitiveness of companies, especially export-oriented companies in the Food, Drink and Tobacco industry.

The production and trade of food products, and especially the export of food products, is not possible without a system of controlling the production process and the products themselves from the aspect of quality. In addition, the process of quality infrastructure of the food industry is directly related to the aspect of consumer health protection and, more importantly, food safety.

In Bosnia and Herzegovina, there are currently 29 accredited laboratories for testing food products according to the BAS EN ISO 17025: 2017 standard. Out of a total of 29 accredited laboratories, 21 laboratories are located on the territory of the Federation of Bosnia and Herzegovina and 8 accredited laboratories on the territory of the Republika Srpska.

Of particular importance for testing and conducting supervision on the domestic market are laboratories that have accredited testing related to contaminant contents. Tests on the content of contaminants are accredited in 10 laboratories in Bosnia and Herzegovina, but they do not cover the entire area of possible contaminants of food products being tested.

The process of certification of food products refers to the implementation of all control and certification activities, so that the products are fully compliant with all prescribed requirements, and in particular the requirements for export.



In general, all participants regarding the current situation on quality infrastructure in the Food, Drink and Tobacco Industry said that situation is somewhat satisfactory, without major difficulties and setbacks, but it always can be better.

All participants said that they have all ISO standards and certificates required for production and export to EU countries. At the same time new business opportunities, enforce companies to go in procedure of obtaining new certificates and standards.

The environmental permit and the halal certificate were expressed by the focus group participants as an increasing orientation and need of companies from the food industry that they are trying to get.

In addition, focus group participants stated that there are accredited laboratories for certain tests in BiH, but that a large number of them do not have all the elements for testing, so they have to look for services in neighboring countries, which are also much more expensive.

However, for the accredited laboratories used by the focus group participants, satisfaction was expressed because, in addition to accreditation, they are also competitive in terms of the elements they need for this segment of business operations.

Focus group participants were also asked if they knew the difference between the jurisdictions of the Federal Bureau of Meteorology and Institute of Metrology of B&H. Mostly all answered positively, even more they said that mostly all information and updates gets from these institutions. However, the frequency of information and updates could be at higher level, stated focus group participants.

Respondents also stated that the Rulebook on Quality Systems for Food Products (Official Gazette of Bosnia and Herzegovina 90/2018) establishes quality systems for food products, which serve as a basis for labeling and, if necessary, protection of product names and expressions. This Rulebook prescribes the procedure for protection of designations of origin and protection of geographical indications and the procedure for protection of designations of guaranteed traditional food specialties on the territory of Bosnia and Herzegovina, as well as the procedure for submitting applications for registration and filing objections for designations of origin, geographical indications and traditional specialties of food products at the level of the European Union.

For protected designations of origin, protected geographical indications and guaranteed traditional specialties designating products, verification of compliance with the specification is carried out by control bodies acting as conformity assessment bodies for products authorized by the Council of Ministers of Bosnia and Herzegovina, at the proposal of the Food Safety Agency of Bosnia and Herzegovina. Conformity assessment bodies from other countries must provide evidence in one of the languages in official use in Bosnia and Herzegovina that they are accredited and authorized to certify compliance with the product specification and a written statement that all procedures and documentation will be in one of the languages that are in official use in Bosnia and Herzegovina. Conformity assessment bodies must be accredited by



the Accreditation Institute of Bosnia and Herzegovina or another international body authorized for accreditation according to the requirements of the standard BAS EN ISO / IEC 17065.

2.2. MAIN ISSUES AND CHALLENGES

The lack of clarity of the concept of quality infrastructure in the Food, Drink and Tobacco Industry was stated as one of the first issue and challenges.

All participants of the focus group confirm that Bosnia and Herzegovina has a very small number of accreditation conformity assessment bodies. The situation is somewhat better with labs for testing food products, but even that number is relatively small.

Some key necessary laboratories in the dairy industry are not represented in BiH, such as: analysis of salicylic acid, analysis of parasites on sheep, and goats; Analysis of nutritional values, analysis for the purpose of proving pasteurization ...

Due to this situation, companies used labs and accreditation institutions in the region and other countries of the EU. The main issue here is the cost, which is twice or triple more expensive than other similar services in Bosnia and Herzegovina. The urgent need of all focus group participants for the establishment of these laboratories in Bosnia and Herzegovina were expressed.

One of the unresolved issues of quality infrastructure in the Food, Drink and Tobacco Industry with which facing companies is related to the eastern market and the need of having health certificates based on the Food law.

The wine industry in Bosnia and Herzegovina is facing with one very specific issue - uncontrolled import of wine in B&H, where samples of wine are not obtained at the borders for control. At the same time, the export of wine from Bosnia and Herzegovina is deeply controlled.

Although, exporters of bakery products have one specific issue in terms of eggs as ingredients, due to the process of certification, which local egg producers don't have. This situation is disastrous for the economy of B&H, because eggs will have to be imported into Bosnia and Herzegovina in order to produce bakery products that can be exported.

There are also many labs in Bosnia and Herzegovina that are not accredited or do not have a sufficient scope of required analyzes which is an additional problem in the Food, Drink and Tobacco Industry. In addition to the existing labs in B&H, focus group participants said that some labs have old equipment, while new equipment is expensive, maintenance also. If there is not enough processing in the laboratories for the sample, the unprofitability of local laboratories is also one of the challenges in quality infrastructure.



Despite all above issues and challenges that mentioned focus group participants, all of them also stated not harmonized legislation as one of the main issues of quality infrastructure in Food, Drink and Food Industry.

2.3 RECOMMENDATIONS by participants

All participants of the focus group have the same or similar recommendation that should be done in order to improve quality infrastructure in the Food, Drink and Tobacco Industry.

These ones are the following measures and recommendations:

- Harmonization of legal regulations.
- Establishment of a conformity assessment body
- Adequate food control is required
- Increasing the capacity of existing accredited testing laboratories
- Appointment of an inter-ministerial, inter-entity working group with the aim of preparing a plan of activities aimed at strengthening and improving the quality infrastructure system
- Increasing knowledge about the CE mark
- Reducing costs of laboratory testing and certification



3. CONCLUSIONS AND RECOMMENDATIONS

3.1. CONCLUSIONS

According to the focus group discussion, the following conclusion is given:

In general, all participants regarding the current situation on quality infrastructure in the Food, Drink and Tobacco Industry said that situation is somewhat satisfactory, without major difficulties and setbacks, but it always can be better.

All participants said that they have all ISO standards and certificates required for production and export to EU countries.

There are accredited laboratories for certain tests in BiH, but a large number of them do not have all the elements for testing, so they have to look for services in neighboring countries, which are also much more expensive.

There are also many labs in Bosnia and Herzegovina that are not accredited or do not have a sufficient scope of required analyzes which is an additional problem in the Food, Drink and Tobacco Industry.

In addition to the existing labs in B&H, focus group participants said that some labs have old equipment, while new equipment is expensive, maintenance also. If there is not enough processing in the laboratories for the sample, the unprofitability of local laboratories is also one of the challenges in quality infrastructure.

As the main challenge and issue, all focus group participants mentioned legislation that should be harmonized as a first step in improving quality infrastructure in the Food, Drink and Tobacco Industry.



3.2 RECOMMENDATIONS

According to the focus group discussion, there is a need for undertaking following steps and measures summarized in the below recommendations:

- **Harmonization of legal regulations**

Given the lack of progress on vertical legislation (sectoral or product-specific), B&H entities are resorting to their own differing technical regulations. The existence of various technical regulations, together with the non-recognition of conformity assessment bodies in the B&H entities, has huge consequences for companies.

Approval of labs in Bosnia and Herzegovina is regulated by entity regulations, but it is necessary to harmonize these regulations, so that laboratories can operate on an equal basis.

- **Establishment of a conformity assessment body**

If we look at the situation in neighboring countries, that is in Serbia and Croatia it can be seen that in Serbia there are 9 product certification bodies, and in Croatia there are 13 product certification bodies. From their structure, it is evident that they are representative offices of world certification bodies, laboratories that perform product testing.

- **Adequate food control is required**

In practice, it is evident that the number of samples for certain tests is very small. At the same time, the regulations in force do not clearly define the frequency of sampling, which causes additional confusion for both inspectors and companies in the Food, Drink and Tobacco Industry.

- **Increasing the capacity of existing accredited testing laboratories**

This recommendation is of great importance both for the local market in Bosnia and Herzegovina and for the supervision of products in the internal market, as well as for the support of export-oriented food producers in Bosnia and Herzegovina.

From the aspect of accreditations in the field of product quality testing, key activities should be focused on increasing the capacity for testing the quality of honey, because they are still not sufficiently covered.

Accredited microbiological tests are represented in sufficient numbers in several laboratories and activities in this segment need to be focused on the accreditation of methods for testing staphylococcal enterotoxin, which is very important for public health and a frequent contaminant in a large number of food products.



In addition, it is evident that a very small number of laboratories have accredited methods for testing animal feed, and it is certainly necessary to make significant improvements in this segment in order to cover the entire food chain with accredited testing methods

- **Appointment of an inter-ministerial, inter-entity working group with the aim of preparing a plan of activities aimed at strengthening and improving the quality infrastructure system**

Although, there is a strong need to establish a team of people from different sectors of Food, Drink and Tobacco Industry in order to monitor, issue warnings to companies in this Industry, especially to export companies in order to avoid unwanted situations on borders when exporting products.

It is necessary to transmit the European standards in the nation, so that European standards are available as national and in original or modified form. This means that all national standards should be harmonized with European ones or withdrawn from use within a certain period of

- **Prepare a set of activities aimed at educating representatives of public institutions in the field of quality infrastructure**
- **Improve communication and coordination with representatives of the private sector, with the aim of reducing the burden on the economy in this area**
- **Adoption of a quality infrastructure strategy at the level of BiH**

In connection with all the issues in this area, the most important would be the adoption of the Strategy for the development of quality infrastructure at the level of the Council of Ministers of B&H, which would indicate all problems and propose appropriate solutions, and enable the use of EU funds for improvements in this area.

Given that the Law on Technical Requirements for Products and Conformity Assessment is the basic legal act for the quality infrastructure system in B&H, it is necessary that the Council of Ministers of BiH fully implement it, especially in the segment of transposing EU directives, which would significantly contribute to improving the business environment.



4. APPENDIX

4.1. MODERATOR'S GUIDE

Moderator: Mr. Emir Pašić, Chamber of Economy of the Federation of Bosnia and Herzegovina;

Greeting

Welcome and thank you for being here today. We really appreciate you taking the time to participate in this research project. My name is Emir Pašić and I will be the moderator for our discussion.

Purpose

Chamber of the Economy of the Federation of Bosnia and Herzegovina within the project "Improvement of the investment climate and access to markets" in cooperation with the International Finance Corporation (IFC), organized this online focus group related to the quality infrastructure in the Food, Drink and Tobacco Industry.

The main thing we are interested in today's hearing from you, the experts, about your ideas, opinions, and concerns as they relate quality infrastructure in the Food, Drink and Tobacco Industry. Your participation in today's focus group will help us gain valuable information and better understanding of the previous research results.

How to Participate

Today you will be participating in a focus group. This will be a group discussion. It's not an interview where I ask a question and each person answers the question and we move on to the next one. Instead, we'll be putting topics on the „table“ and the idea is for everyone to participate in the discussion with each other. It's particularly helpful if somebody says something and you're sitting here thinking, "Yeah, that's sort of the way I think about it or feel about it" and you share that. We also want to hear from you if you are thinking, "NO, that's not the way I do it. That's not how I think about it." We want to hear both similarities and differences within the group. There are no right or wrong answers to these questions.