

The agri-food production and trade of candidate countries: Comparative analysis of the competitiveness of the agri-food sector in the IPARD countries

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Background information

- Presentation is based on study on Comparative analysis of the competitiveness of the agri-food sector in the IPARD countries - Albania, the North Macedonia, Montenegro, Serbia, Türkiye
- Aimed at comparative analysis of the socio-economic development and competitiveness of the agro-food sector at a sectoral and macro level in the pre-accession countries
- Carried out in 2021- 2022
- Commissioned by DG AGRI (IPARD) via Engage programme

What is competitiveness?

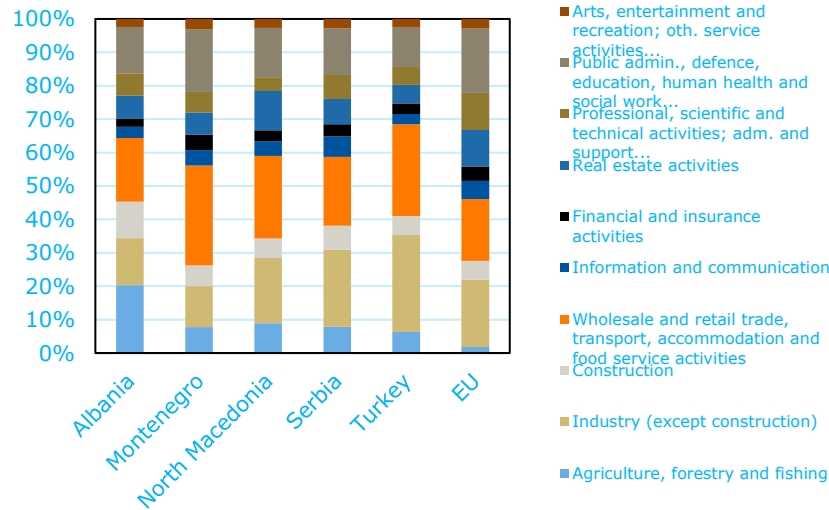
- Sector level: the ability of the sector to compete on international markets and provide return on capital to business owners and wages to employees, in a socially inclusive and sustainable way.
- Country level: an economy with a sustained high rate of productivity growth, sustainable and inclusive, delivering high levels of employment, productivity and social cohesion.
- Cross-country analysis of competitiveness at country and sector level
- IPARD countries compared with each other, with neighboring EU countries (Bulgaria, Croatia, Greece, Hungary, Romania) and with EU-27 average for benchmarking purposes

Key findings

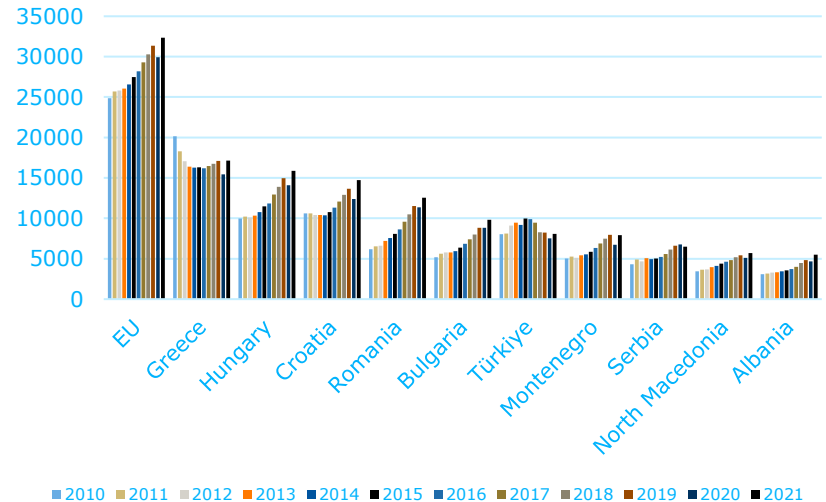
- IPARD countries are still a long way from the EU average in terms of macro-economic developments, but the gap is narrowing in the past 12 years
- Agricultural sector is very important to the economies of IPARD countries, agricultural trade is increasing
- All IPARD countries underperformed the five neighboring EU MS in terms of country level competitiveness; Serbia and Montenegro have slightly higher performance compared to other Balkan countries
- For Agricultural value added per worker, Resources and Factor Conditions and Competition and Firm dynamics, Montenegro has the best performance, Albania is lagging behind
- Yields and outputs are increasing and can offer a competitive advantage

IPARD countries are still a long way from the EU average but gap narrowing in past 12 years

Structure of GDP, breakdown by industry, in 2021.
Source: Eurostat.



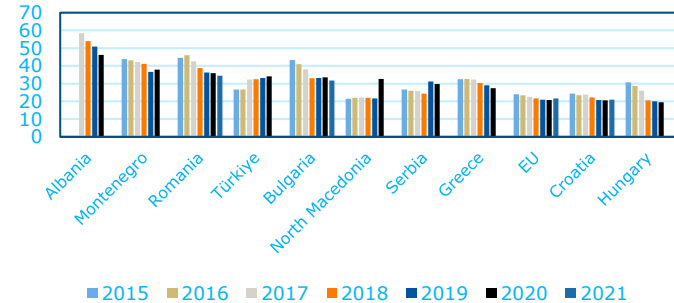
GDP per capita, in EUR, in 2010-2021. Source: World Bank.



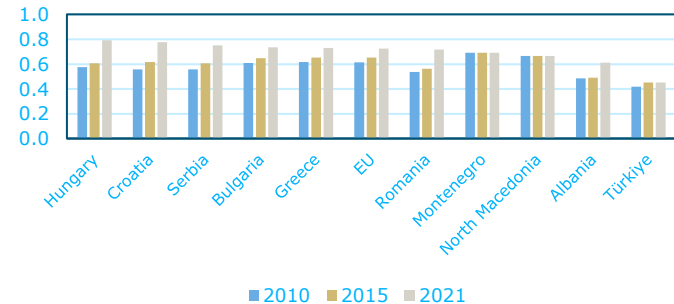
Poverty decreasing, education level increasing

- People at risk of poverty decreased in Albania and Montenegro, increased in North Macedonia and Serbia
- Education level of adult population increased
- Logistics performance and internet usage improved
- Life expectancy increasing (impact covid large)

People at risk of poverty or social exclusion, in % of total population. Source: Eurostat.

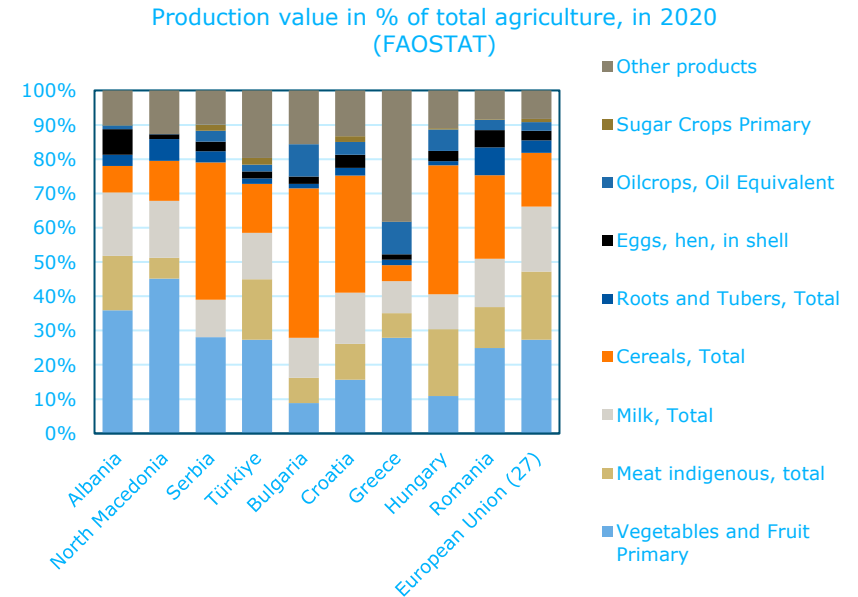


Education level of adult population, index 0-1. Source: Legatum.



Agricultural sector important to IPARD countries

- 8-20% of GDP
- Production value fluctuates, slightly increasing in euro
- Vegetables and fruit most important in Albania, North Macedonia
- Cereals important in Serbia
- Employment in agriculture is decreasing



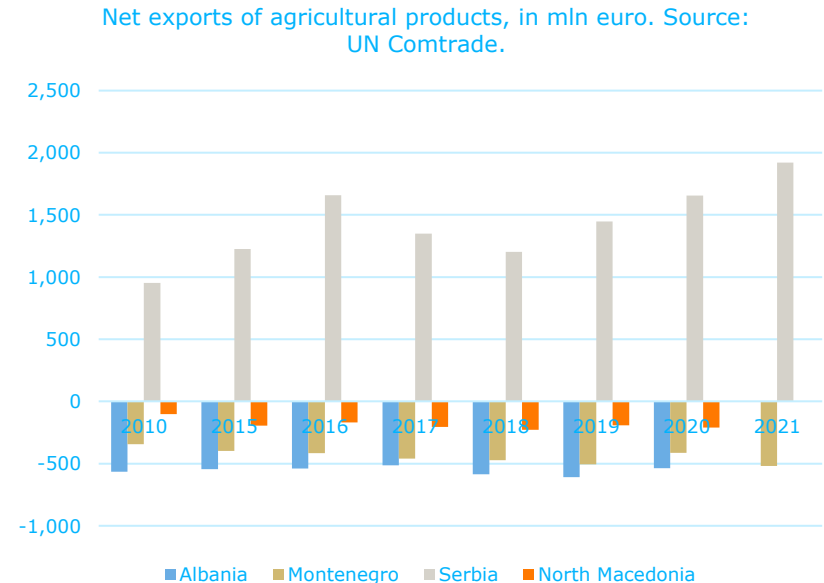
Yield analysis, 2019-2020

	Albania	Montenegro	North Macedonia	Serbia	Türkiye	Austria	Belgium	Bulgaria	Croatia	Cyprus	Czechia	Denmark	Estonia	European Union (27)	Finland	France	Germany	Greece	Hungary	Ireland	Italy	Latvia	Lithuania	Luxembourg	Malta	Netherlands	Poland	Portugal	Romania	Slovakia	Slovenia	Spain	Sweden	
Apples	24	7	9	19	24	38	36	11	14	5	15	24	3	24	12	34	30	25	16	28	43	9	4	8		39	22	23	10	16	27	20	18	
Cabbages and brassicas	35	34	29	24	31	49	33	24	23	39	35	31		30	33	24	55	25	22	27	19	33	26	69		40	42	27	22	30	30	23	31	
Cereals, Total	5	3	4	6	3	7	9	5	7	3	6	7	4	6	4	7	4	7	4	7	8	5	4	4	6		8	4	5	4	6	7	4	6
Cherries	9	3	1	4	8	25	9	5	1	2	2	5		4		4	7	5	3			3				15	5	2	12	4	6	4		
Cherries, sour	5		4	7	9	38	7	4	3		4	5		6		4	8	4	5							17	6	2	12	1	7	3	4	
Chillies and peppers	29	24	21	12	32	94	260	19	18	29	42			49	111	30	136	47	55		25					279	46	43	12	23	22	67		
Cucumbers and gherkins	47		51	10	52	125	426	43	52	49	41	302	66	69	248	83	105	79	46	179	29	79	19			694	49	66	17	62	18	101	182	
Eggs, hen, in shell	173	211	146	200	163	276	220	237	87	270	328	336	225	239	344	335	267	180	168		181	261	192	318	246		233	369	135	234	227	283	338	
Fruit Primary	22	10	9	9	17	12	31	7	7	10	7	11	1	12	4	10	14	16	9	28	16	2	2	9	26	36	12	8	9	7	9	12	11	
Grapes	19	7	12	8	10	7		6	6	3	5			8		8	11	8	7		12			9	7	10	4	5	5	6	7	7	2	
Maize	7	4	4	7	9	11	8	6	9		9	7		8		8	9	10	8		11			7	5	8	6	10	5	8	10	12	7	
Meat, cattle	117	261	204	218	294	338	320	153	252	314	307	271	249	293	326	317	329	236	262	336	279	198	263	366	278	204	302	249	156	288	308	278	320	
Meat, chicken	11	12	8	11	20	13	15	17	15	20	13	16	19	17	17	15	17	17	19	15	19	17	18		17	17	19	15	17	15	17	20	15	
Meat, pig	49	101	95	55		99	98	67	75	75	92	91	81	93	92	94	95	65	95	89	123	83	82	85	85	99	94	67	92	94	97	88	94	
Meat, sheep	13	21	23	22	22	23	22	12	12	17	23	21	20	14	21	19	23	11	18	22	11	17	14	21	25	23	17	12	10	15	14	12	20	
Milk, whole fresh cow	3,010	2,965	3,543	3,646	3,162	7,243	8,125	3,636	5,013	7,157	8,942	10,001	9,860	7,428	9,292	7,229	8,352	7,807	8,495	5,831	6,727	7,168	6,406	8,014	6,846	9,205	6,833	8,500	3,223	7,352	6,268	9,280	9,041	
Onions, dry	21	18	17	9	33	43	37	11	25	32	28	32	5	37	25	41	42	35	31	36	35	22	15	25		47	25	37	11	34	23	54	45	
Potatoes	26	17	15	22	36	34	41	20	19	21	28	43	25	33	30	41	41	29	26	39	29	22	17	26	14	42	28	23	15	23	27	33	36	
Pulses, Total	1	3	2	2	1	2	4	2	2	2	2	4	3	2	2	3	3	1	2	5	2	3	3	3				2	1	2	2	2	1	3
Raspberries		3	6	5		7	15	3	4		3	6	2	6	4	8	7		2	16	7	1	1			16	5	19	2	1	6	21	3	
Sugar beet	35		30	53	63	75	86		68		62	79		71	43	74	73	50	59		63		69			83	58		37	59	65	90	71	
Tomatoes	45	34	28	15	101	293	488	33	76	58	50	392	51	71	431	119	271	56	81	372	60		19			496	76	95	19	56	41	83	402	
Vegetables Primary	29	15	16	10	35	36	33	20	21	33	25	24	27	32	25	22	33	32	19	50	32	28	19	24		59	33	50	16	18	19	40	26	
Watermelons	45	42	24	28	45	45		20	30	34				41		19		44	37		48							33	25	46	31	57		
Wheat	4	3	4	5	3	6	9	5	6	3	6	8	5	6	4	7	8	3	5	9	4	5	5	6		9	5	3	4	5	6	4	7	

Source: FAO, MonStat.

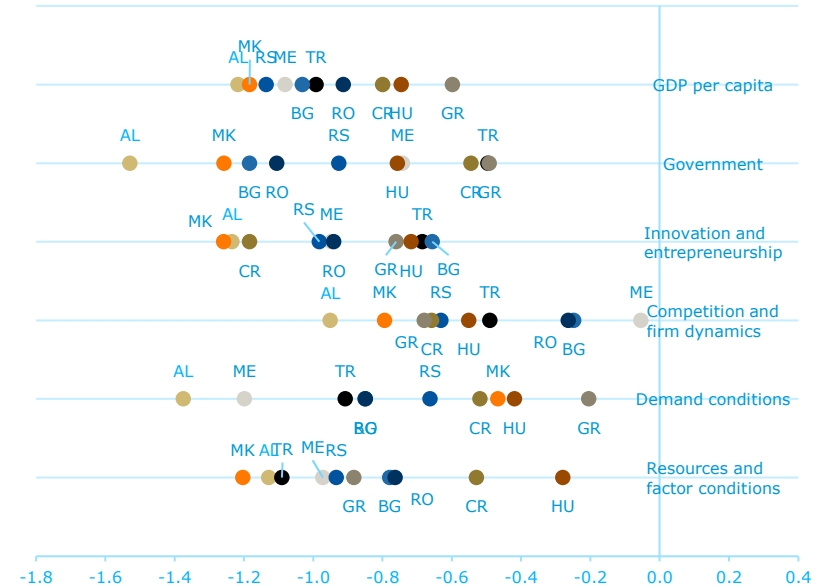
Agricultural trade is increasing

- Serbia is net exporter of agricultural products while other IPARD countries are net importers
- Share of exports to EU and IPARD countries varies: Albania share of trade with EU decreasing. Serbia trade with EU increasing



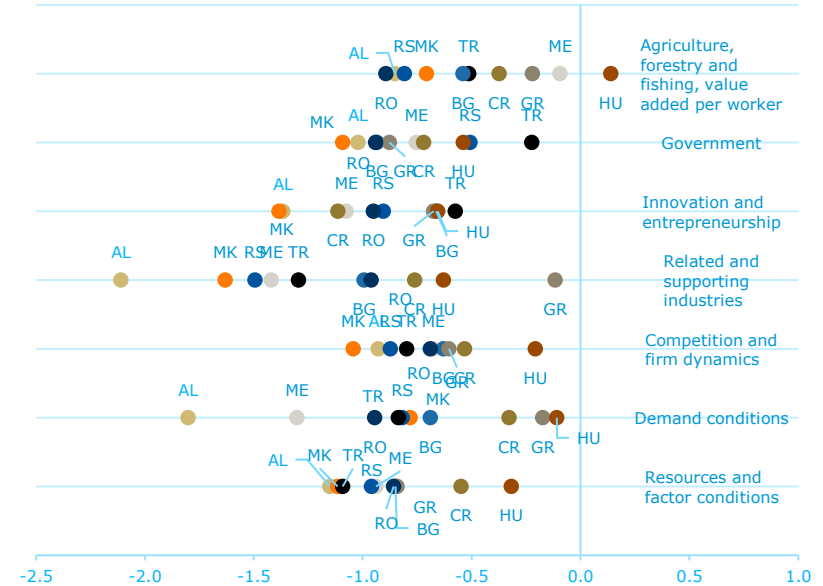
Competitiveness at country level

- Competitiveness assessed in relation to GDP per capita
- Findings presented for IPARD countries five EU countries and compared to EU average, 2015-2021
- IPARD countries are lagging behind EU in all aspects
- Differences between IPARD countries



Competitiveness at agricultural sector level

- Same analysis for agricultural sector, with value added per worker as productivity measure
- Related and supporting industries were difficult to measure: services in % of GDP and Logistics
- Albania is lagging compared to other IPARD countries



Possible future developments based on findings

- With no major disruptions, IPARD countries are expected to steadily progress toward economic and agricultural development, with continuous improvements in macroeconomic factors, sectoral competitiveness, and governance.
- Investment and Trade:
 - High gross fixed capital formation rates indicate more investments could lift economic growth. Although IPARD countries are net importers, increased trade activities and better logistics may improve trade performance.
- Agricultural Productivity:
 - Countries with high fruit, vegetable, and livestock yields (Albania, Serbia) can use them for export advantages. Low yields in cow milk and cereals show potential for improvement
- Trade Opportunities:
 - RCA in agriproducts (e.g., vegetables in Albania, meat in Montenegro) shows areas where IPARD countries could enhance trade performance and specialize to gain market share.
- *Note- no prediction analyses carried out, possible developments are qualitative and are based on findings from comparative analysis*

Recommendations

- Invest in quality of trade and transport infrastructure:
 - Soft and hard infrastructure (e.g., legal environment, implementation of the EU standards and the capacity of food inspection services roads and waterways, the post-harvest losses related to the lack of cold chains)
 - Increasing the budget for all infrastructures
 - Financial support for cooperatives and investment in advisory services
 - Stimulating private investments by attractive loans provided by agricultural banks, e.g. backed by government guarantees and/or credit subsidies
- Increase yields by applying tech. innovation, schooling & cultivating non used lands, while keeping a good balance between efficiency improvements and sustainability issues

Thank you for your attention

Questions?

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