

TRADING OF AGRICULTURAL PRODUCTS FROM AGROCOMPLEX BETWEEN COUNTRIES FROM BALKAN REGION

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Summary

Republic of Macedonia has solid trade relations with many countries in the world. The most important trade partners for Macedonia, when considering trading volume and value, are member states of EU and countries from Balkan region.

Trade value of agrocomplex products is on average 349,3 million EUR – 56% goes to food, 18.5% to beverages and 24% to tobacco. Import value exceeds export value by 117 249 EUR. In view of export value of agrocomplex, most export goes to Serbia and the least to Moldova, but when considering export trade value of vegetables, fruits and tobacco, most export goes to Greece, an the least again in Moldova.

In the same time, when considering export value per person for both aforementioned values, first place goes to Kosovo, and last to Romania. The highest import value of agrocomplex products and vegetables, fruits and tobacco in particularity comes from Serbia, and the least from Moldova. In general, Macedonia's most important trade partner in Balkan region is Serbia, while trading with Moldova is nearly insignificant.

Key words: *Balkan, agrocomplex, export, import, cost, ranking list.*

JEL: *Q1, Q17*

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Introduction

Food production is the most important human activity, first for its own existence, and secondly for animal nutrition. Larger number of agricultural products are used in their basic form, while other products are processed in food industry. Also, some products are transformed into high-quality livestock products.

Agricultural production in the Republic of Macedonia has relatively high economic value. When expressed in current cost, agricultural production in Macedonia in 2010 reached 70,4 billion denars, out of which 74.5% goes to vegetable products, and the rest to livestock products.

Agricultural surpluses are subjects of national and international trade exchange. The Republic of Macedonia has import-export relations with almost every country in the world. Macedonian agrocomplex, i.e. food sector, continuously has imbalance between export and import, according to Anakiev and Sekovska (2005). Blaževski (1999) suggests that efforts in restructuring the production and increasing export values should be directed toward integration and cooperation with larger foreign companies which are confirmed on the market. To increase export of agricultural and food products Vlahovic et al. (2011) recommend modernisation of agricultural and food industry as well as different attitude toward farm subjects in the agro-industry. The most important partner for the Republic of Macedonia is EU, and right behind are the countries from Balkan region.

Data source and working method

In this thesis, along with data from the literature, as well as official data from the state institutions, mainly from State Statistical Office, Customs Administration and Ministry of Economy in the Republic of Macedonia, there are also informations provided by web pages of statistical offices of countries in the Balkan region. Some of them are taken from FAOSTAT and EUROSTAT. When compared with national statistics, these information showed some differences. This is because national statistics and international institutions use different methods for interpreting the data.

Therefore, to provide objective researches, their tendencies, common corelations and validity, the following methods were used: description, interdisciplinary approach, analogies from history, comparative method and theoretical analysis.

The goal of this thesis is to provide an analysis of the structure of unprocessed agricultural products trade exchange with the countries in Balkan region, with an emphasis to vegetable, fruits and tobacco because the Republic of Macedonia has positive trade balance only for these specific products.

Results and Duscussion

Merchandise trade between the Republic of Macedonia and countries from Balkan region

Average value of export of agricultural products from agrocomplex in countries froma

Balkan region (2006-2010) is 247. 758 EUR, which is almost 71% of total agrocomplex export (349.297.000 EUR). The good thing is that export value rises every year (Table 1).

Table 1. The export value of agrocomplex (in 000 EUR)

Country	Indicator	Year				
		2006	2007	2008	2009	2010
Albania	Agrocomplex	7.048	8.005	14.969	12.388	15.188
	Vegetable, fruits and tobacco	2.688	2.400	3.384	3.506	3.372
	% of share in agrocomplex	38,14	29,98	22,61	28,30	22,20
B&H	Agrocomplex	10.985	21.120	25.153	30.033	30.005
	Vegetable, fruits and tobacco	3.993	5.336	9.813	6.010	6.667
	% of share in agrocomplex	36,35	25,27	39,01	20,01	22,22
Bulgaria	Agrocomplex	18.396	22.962	21.851	30.316	31.945
	Vegetable, fruits and tobacco	5.072	17.912	19.445	27.817	28.156
	% of share in agrocomplex	27,57	78,00	88,99	91,76	88,14
Greece	Agrocomplex	49.964	55.404	49.985	44.637	39.975
	Vegetable, fruits and tobacco	42.016	45.803	36.901	33.499	28.635
	% of share in agrocomplex	84,09	82,67	73,82	75,05	71,63
Kosovo	Agrocomplex	0	0	0	35.512	48.158
	Vegetable, fruits and tobacco	0	0	0	9.247	12.903
	% of share in agrocomplex	/	/	/	26,04	26,79
Moldova	Agrocomplex	124	25	19	49	271
	Vegetable, fruits and tobacco	124	25	19	49	248
	% of share in agrocomplex	100	100	100	100	91,51
Romania	Agrocomplex	2.186	3.772	3.098	2.361	4.467
	Vegetable, fruits and tobacco	2.172	2.319	1.616	769	1.946
	% of share in agrocomplex	99,36	61,48	52,16	19,86	43,56
Serbia	Agrocomplex	48.752	102.098	125.949	78.935	84.952
	Vegetable, fruits and tobacco	24.725	27.563	32.595	27.077	30.015
	% of share in agrocomplex	50,72	26,69	25,88	34,30	35,33
Croatia	Agrocomplex	7.710	25.932	29.082	29.296	31.514
	Vegetable, fruits and tobacco	6.964	6.920	10.254	9.087	9.243
	% of share in agrocomplex	90,32	26,69	35,26	31,02	29,33
Montenegro	Agrocomplex	0	7.664	8.528	8.954	9.053
	Vegetable, fruits and tobacco	0	2.022	2.109	1.846	1.835
	% of share in agrocomplex	0	26,38	24,73	20,62	20,27
Balkan	Agrocomplex	145.165	246.982	278.634	272.481	295.528
	Vegetable, fruits and tobacco	87.754	110.300	116.136	118.907	123.020
	% of share in agrocomplex	60,45	44,66	41,68	43,64	41,63

Source: SSO (2011): Commodity international exchange of the Republic of Macedonia and authors own calculations.

The other good thing is that export of vegetable, fruits and tobacco also increases every year, but according to relative share in agrocomplex export, it has very weak intensity.

The most important trade partner for the Republic of Macedonia when considering export of agricultural and food products is Serbia with almost 36% share in total export

in the region (Table 1). On the other side is Moldova with which Macedonia has the least export value.

The value of agrocomplex products export between neighbouring countries of the Republic of Macedonia is on average 214.579 EUR or 86.6% of total export value in the region.

Table 2. Ranking list of the countries in the region considering export value

Rank	Country	Agrocomplex (000 EUR)	Rank	Country	Vegetable, fruits and tobacco (000 EUR)
1	Serbia	88.137	1	Greece	37.371
2	Greece	47.993	2	Serbia	28.395
3	Kosovo	41.835	3	Bulgaria	19.680
4	Bulgaria	25.094	4	Kosovo	11.075
5	Croatia	24.707	5	Croatia	8.494
6	B&H	23.459	6	BiH	6.364
7	Albania	11.520	7	Albania	3.070
8	Montenegro	8.650	8	Montenegro	1.953
9	Romania	3.177	9	Romania	1.764
10	Moldova	98	10	Moldova	93

Source: Authors own calculations based on statistical data.

According to the export value of vegetable, fruits and tobacco (group of products formed by SITC⁵) Macedonian most important partner is Greece with average export value of 37.371 EUR. Second place goes to Serbia, and Kosovo and Bulgaria switched places. Kosovo was on the third place by the agrocomplex export value, and this indicator shows that place on the ranking list now belongs to Bulgaria. Moldova is on the last place with average share of 0,08% in total value of vegetable, fruits and tobacco export.

Macedonian neighbouring countries also have great meaning according to this indicator, because their share in total value of vegetable, fruits and tobacco export goes as high as 90%.

When calculating the export value in EUR per capita for countries in the region, Kosovo becomes the most important trade partner for Macedonia. Every citizen of Kosovo in last period of time (2006–2010) bought agrocomplex products from the Republic of Macedonia worth 24, 13 EUR and 6, 39 EUR worth products like vegetable, fruits and tobacco (Table 3).

⁵ Standard international trade classification.

Table 3. Ranking list for the countries in the region, according to export value

Agrocomplex			Vegetable, fruits and tobacco		
Rank	Country	EUR/capita	Rank	Country	EUR/capita
1	Kosovo	24,13	1	Kosovo	6,39
2	Montenegro	13,83	2	Serbia	3,99
3	Serbia	12,38	3	Greece	3,46
4	B&H	6,11	4	Montenegro	3,12
5	Croatia	5,76	5	Bulgaria	2,67
6	Greece	4,45	6	Croatia	1,98
7	Albania	3,62	7	BiH	1,66
8	Bulgaria	3,41	8	Albania	0,96
9	Moldova	0,3	9	Moldova	0,2
10	Romania	0,2	10	Romania	0,1

Source: Authors own calculations based on statistical data.

On the other side, citizens from Romania spent at least money for buying macedonian agricultural and food products.

Import from countries in the Balkan to the Republic of Macedonia

Besides exporting agricultural surplus, the Republic of Macedonia imports agricultural products, mainly when natural (climatic) conditions are not in accordance with optimal values (for example during winter). The countries in the region are valuable trade partners because total value of agrocomplex products which are imported from this countries is on average (2006 – 2010) 206.735 EUR, or 44.3% of total import value in the country. In the period we researched, there is continuous increase of import value. The import value in the last year in aforementioned period of time has risen by 58,8% in relation to first year researched (Table 4).

Table 4. Agrocomplex import value (in 000 EUR)

Country	Indicator	Year				
		2006	2007	2008	2009	2010
Albania	Agrocomplex	435	1.109	1.033	995	919
	Vegetable, fruits and tobacco	262	303	339	295	310
	% of the share in agrocomplex	60,23	27,32	32,82	29,65	33,79
B&H	Agrocomplex	7.714	7.474	7.480	12.029	10.754
	Vegetable, fruits and tobacco	230	114	359	1190	520
	% of the share in agrocomplex	2,98	1,53	7,80	9,89	4,84
Bulgaria	Agrocomplex	17.414	19.551	29.271	21.305	33.245
	Vegetable, fruits and tobacco	148	207	1.009	429	721
	% of the share in agrocomplex	0,85	1,06	3,45	2,01	2,17
Greece	Agrocomplex	31.900	37.682	36.944	32.028	30.258
	Vegetable, fruits and tobacco	6.940	4.154	9.256	5.021	5.662
	% of the share in agrocomplex	21,76	11,02	25,05	15,68	18,71

Country	Indicator	Year				
		2006	2007	2008	2009	2010
Kosovo	Agrocomplex	0	0	0	2.435	4.351
	Vegetable, fruits and tobacco	0	0	0	392	393
	% of the share in agrocomplex	/	/	/	16,10	9,03
Moldova	Agrocomplex	60	27	22	265	45
	Vegetable, fruits and tobacco	0	6	0	27	10
	% of the share in agrocomplex	0	22,22	0	10,19	22,22
Romania	Agrocomplex	767	1.339	602	1.786	2.298
	Vegetable, fruits and tobacco	2	3	0	57	27
	% of the share in agrocomplex	0,26	0,22	0	3,19	1,17
Serbia	Agrocomplex	73.195	117.815	118.856	105.967	125.561
	Vegetable, fruits and tobacco	2.687	2.650	4.600	8.067	8.221
	% of the share in agrocomplex	3,67	2,25	3,87	7,61	6,55
Croatia	Agrocomplex	19.852	26.441	29.829	28.905	32.399
	Vegetable, fruits and tobacco	2.528	2.417	3.861	2.312	4.297
	% of the share in agrocomplex	12,73	9,14	12,94	8,00	13,26
Montenegro	Agrocomplex	0	207	209	303	600
	Vegetable, fruits and tobacco	0	39	68	73	42
	% of the share in agrocomplex	0	18,84	32,54	24,09	7,00
Balkan	Agrocomplex	151.337	211.645	224.246	206.018	240.430
	Vegetable, fruits and tobacco	12.797	9.893	19.492	17.863	20.203
	% of the share in agrocomplex	8,46	4,67	8,69	8,67	8,40

Source: SSO (2011): Commodity international exchange of the Republic of Macedonia and authors own calculations.

First place, obviously, goes to Serbia. But comparing import and export values from Serbia, import value exceeds export value by 22,9%.

Table 5. Ranking list of the countries in the region, according to import value

Rank	Country	Agrocomplex (000 EUR)	Rank	Country	Vegetable, fruits and tobacco (000 EUR)
1	Serbia	108.279	1	Greece	6.207
2	Greece	33.762	2	Serbia	5.245
3	Croatia	27.485	3	Croatia	3.083
4	Bulgaria	24.157	4	Bulgaria	503
5	B&H	9.090	5	BiH	483
6	Kosovo	3.393	6	Kosovo	393
7	Romania	1.358	7	Albania	302
8	Albania	898	8	Montenegro	56
9	Montenegro	330	9	Romania	18
10	Moldova	84	10	Moldova	9

Source: Authors own calculations based on statistical data.

When considering Greece, Macedonia imports vegetable, fruits and tobacco the most. But, import value exceeds export value by 83,4 %.

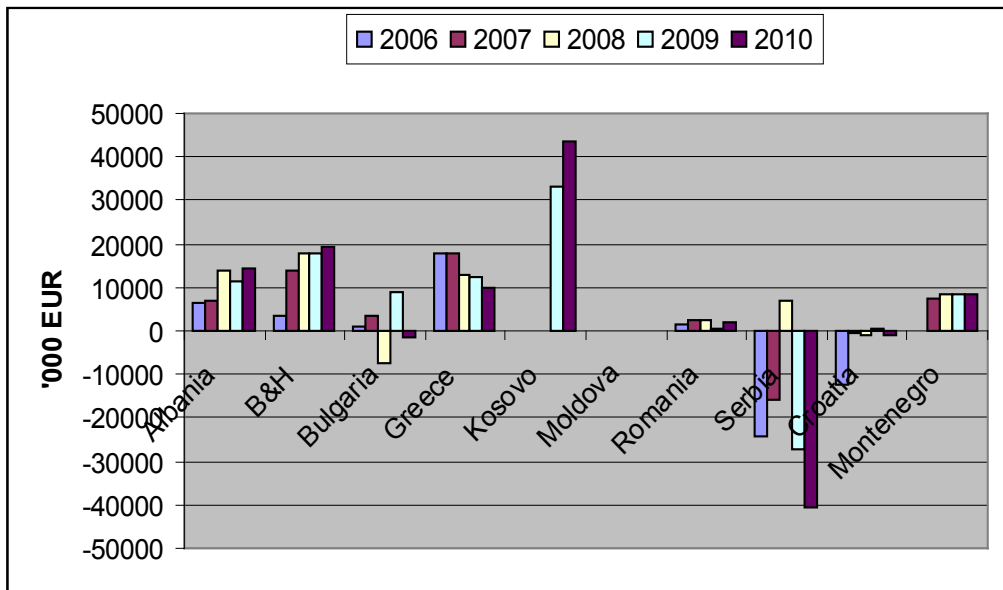
Vegetable, fruits and tobacco import value from Moldova is of minimum value, i. e. only 0,06% share of total import value from the countries in the region.

Average agrocomplex products import value from neighbouring countries of the Republic of Macedonia is 170.490 EUR, which is almost 82% of import from all countries in the region. If the meaning of trade partners is rated by relative share in total vegetable, fruits and tobacco import, then the most important are first neighbours (Albania, Bulgaria, Greece, Kosovo and Serbia) from where comes 77,6% of total import.

Exchange balance with countries in the region

When trading agrocomplex products with countries in the Balkan region, the Republic of Macedonia has positive trade balance (Chart 1). The analysis of balance by the country shows that there are countries from where Macedonia imports products with higher value than export value. This deficit has unstable character, i.e. it differs from year to year.

Chart 1. Balance of agrocomplex import and export (in 000 EUR)



Source: Authors own calculations based on statistical data.

Contrary to the agrocomplex composition, Macedonia has surplus as high as 95 billion EUR from the exchange of raw vegetable, fruits and tobacco (Table 6). The higher positive balance is with Greece, opposite to Moldova.

Table 6. Balance of export and import for vegetable, fruits and tobacco (in 000 EUR)

Country	Year					Average
	2006	2007	2008	2009	2010	
Greece	35.076	41.649	27.645	28.478	22.973	31.164
Serbia	22.038	24.913	27.995	19.010	21.794	23.150
Bulgaria	4.924	17.705	18.436	27.388	27.435	19.178
Kosovo	0	0	0	8.855	12.510	10.683
B&H	3.763	5.222	9.454	4.820	6.147	5.881
Croatia	4.436	4.503	6.393	6.775	4.946	5.411
Albania	2.426	2.097	3.045	3.211	3.062	2.768
Montenegro	0	1.983	2.041	1.773	1.793	1.898
Romania	2.170	2.316	1.616	412	1.919	1.687
Moldova	124	19	19	22	238	84
Balkan	74.957	100.407	96.644	101.044	102.817	95.174

Source: Authors own calculations based on statistical data.

Conclusions

Based on the results from the research of the organisation of market of agricultural products in Balkan region, following conclusions can be made, as well as the recommendation for external exchange with foreign countries:

1. The market for agricultural and food products in the countries from the Balkan region is relatively high, because the region encompasses 7,9% of total territory of European continent, and 9,8% of total european population.
2. The most interesting agricultural products import, considering degree of population are Kosovo and Albania, and then Moldova, Serbia and Greece, because in the country with higher population the distribution of the products is faster and cheaper.
3. In the countries from the region, the highest agrocomplex export (according to the value indicator) is with Serbia, and the least with Moldova. Vegetable, fruits and tobacco exports the most in Greece, and the least in Moldova.
4. If the total export is in corelation with the number of citizens in the import countries, then the first on the ranking list is Kosovo, and the last Romania.
5. According to the agrocomplex import, the first on the ranking list is Serbia, and Greece is the first in vegetable, fruits and tobacco import. The least import comes from Moldova.
6. Positive balance in the region comes from external trade exchange with vegetable, fruits, grapes, wine and tobacco, because of higher import and export value.

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