The situation and competitiveness level of the agri-food sector in Albania

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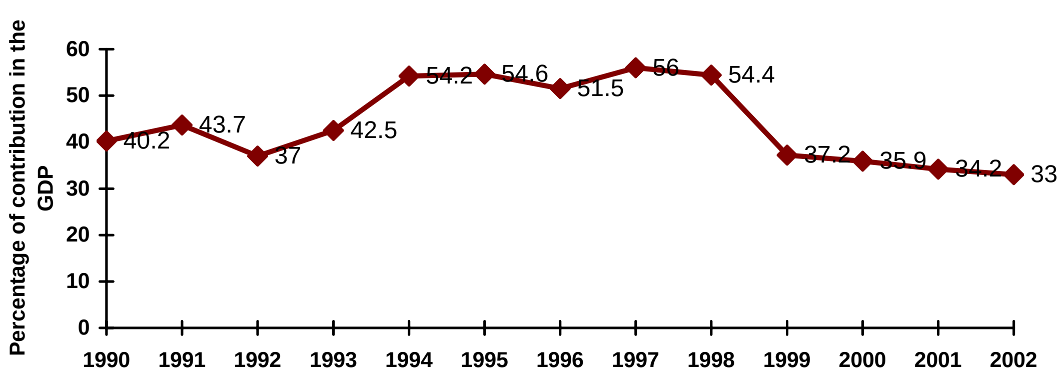
1. National agriculture and economy

Transition from the centrally planned system to the market economy brought about a period of crises and deep structural changes in the Albanian agriculture. During the 1980-90 period, the agricultural sector accounted for approximately 35% of GDP, employing roughly half of the workforce and providing 40% of value income. After the 90s, agriculture, which was considered to be the driving force of the problematical Albanian economy, occupied an important volume of the Gross Domestic Product, reaching 53%. Whereas, after the year 2000, this sector's volume stood between 30-33% inter alia as a result of the application of different evaluation and calculation methods to assess the volume of various sectors in the GDP.

Figure 1

Agricultural production towards GDP over the years



Source: The Ministry of Agriculture and Food, statistical data, 2003.

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A sustainable trend of structural changes of the GDP has been observed during the 1999-2002 period. The volume of services, construction, and transportation has been growing progressively; while the downward trend of agricultural production volume has been constant, generally reflecting a positive propensity toward a more efficient allocation of resources.

2. Agribusiness: The sector profile

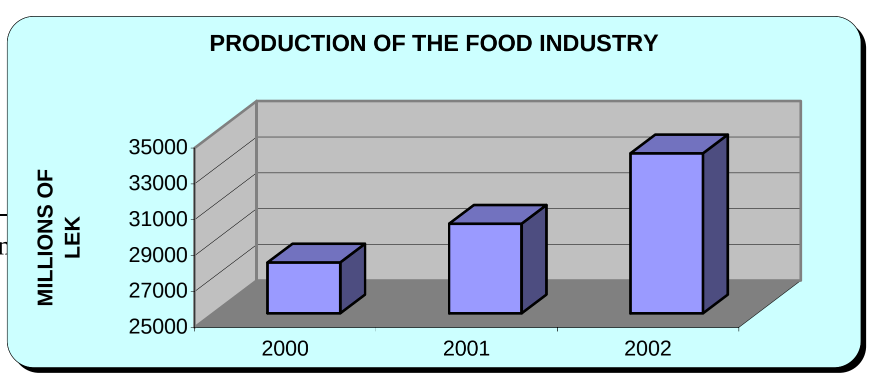
Food processing is a relatively new practice in Albania. Until the mid 50's Albanian agribusiness possessed merely a number of mills, bakeries, and milk-processing factories. Domestic agribusiness enterprises were established after the 70's. In the early 90's the food processing industry[*] included roughly 200 large enterprises, more than 600 small factories and 600 bakeries. Their quantity and assortment have never met the development requirements of agriculture, and the population's demand for food.

As a result of economic transformation after 1991, the food processing industry underwent major transformations as well, and became a private sector. At present this industry is almost totally privately owned. Agribusiness is one of the most important components of economic development in Albania. Referring to recent statistics, changes in the food products supply are a result of achievements in the food processing industry, especially in some of its branches.

Total production in 2002 was 33 914 million lek, which exceeds by 3 930 lek or 13% the 2001 level. This is the highest growth pace recorded in the recent 5-6 years. On the other hand, production grew by +7% from 2000 to 2001. The most impressive growth rates have been recorded in the Meat and its by-products processing industry (+43%), Fish processing and tinning (+87%), Fruit and Vegetable processing (fruit juices, compote, jam, marmalade) (+15%), in the production of vegetable fats (Vegetable oil and Olive oil) (+51%), milk processing (+41%), etc. Bread production (in 2002) dominated the food processing industry (occupying roughly 38% of total production), followed by flour milling (15%) etc.

The increasing number of firms operating in the food processing industry, which was 1972 in 2002, exceeding by 22 the number recorded in 2001, is another proof of substantial development of this industry. Milk processing, bread and dough production, oil production (olive oil), etc have recorded the highest growth rate of the number of operative firms, while flour milling and alcoholic beverages production, etc have recorded a decrease in the number of firms.

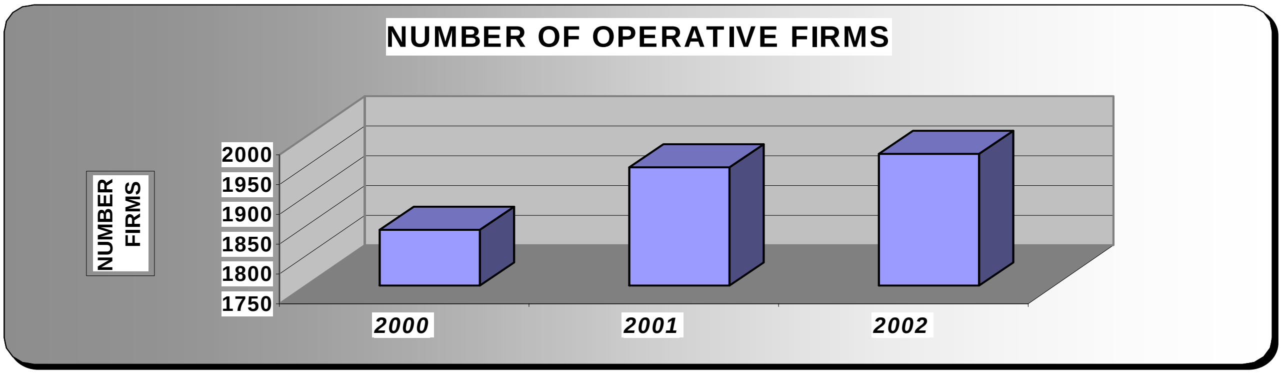
Chart 1



[*] Shkëlqi

Source: Ministry of Agriculture and Food, 2003

Chart 2

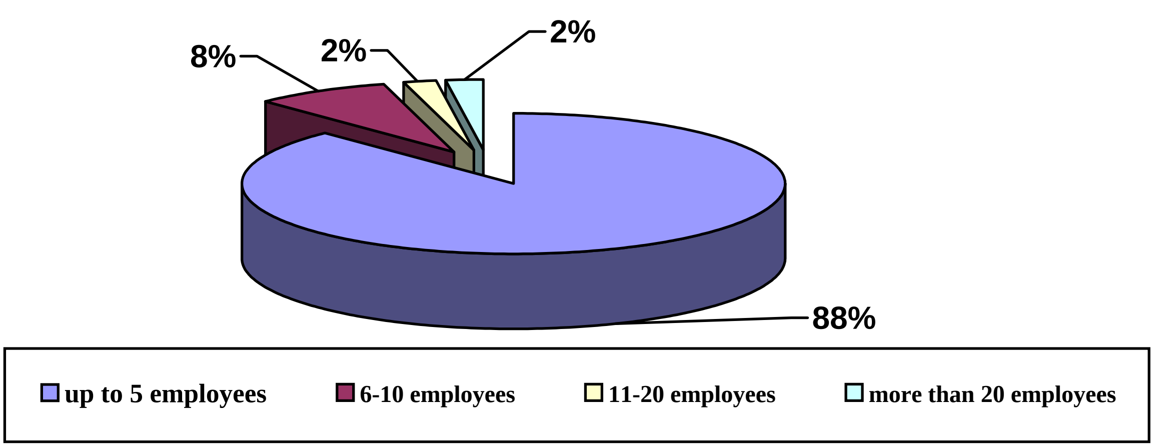


Source: Ministry of Agriculture and Food, the Directorate of agro processing, 2003

Employment in the food industry has also been growing. Fruit and vegetable processing, milk processing, wine production, oil production, flour milling, fish preservation**,** etc have recorded significant growth. Other sub branches such as bread, bukere and tobacco production, etc have recorded a decrease in the number of employees. Most firms operating in this sector are classified as small or medium. The following chart shows the structure of these subjects according to the number of employees. Currently, firms that employ up to five operators comprise about 87.6% of the total number of enterprises, while the number of businesses with 6-10 employees tends to grow.

Chart 3

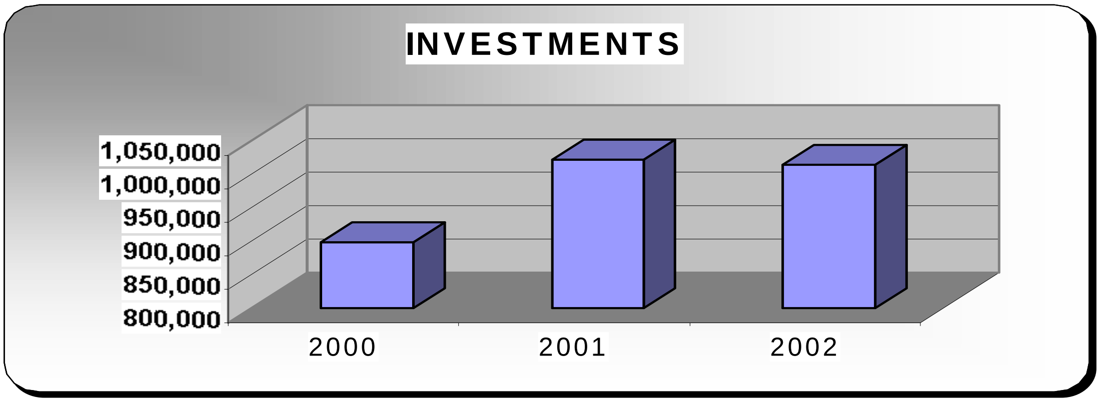
Enterprises sorted by number of employees



Source: Ministry of Agriculture and Food, the Directorate of agroprocessing, 2003

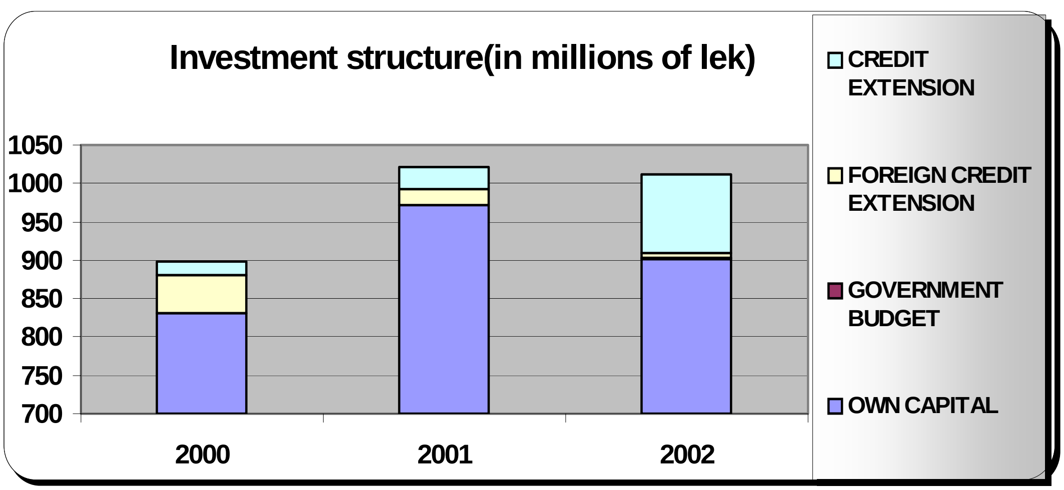
Investments are another important indicator of development for the food industry. The following chart represents investment growth during the 2000-2002 period.

Chart 4



The most important investments in this industry belong to the meat processing and milk processing sectors, flour milling, bread production, vegetable oil production, potable water packaging, and soft drink production. Firms themselves finance most investments, but starting from 2002 a growing tendency of financing investments through credit extension can be observed.

Chart 5



Achievements and problems related to the process of supplying the population's demand for food, and a number of other problems, such as: improvement of the import-export balance, encouragement of market-oriented activities, increasing the value-added of agricultural products as a result of processing, increasing competitiveness of products in and beyond the regional market, increasing the employment rate, etc, demonstrate that fast development of agribusiness is an essential problem of current and future developments.

3. Geographic distribution of agribusiness

According to surveys on agribusiness (Ministry of Agriculture and Food) in the year 2000 a disproportional distribution of agribusiness enterprises has been observed. The dominant part of them is located in: Tirana (21.5%), Fier (13%), Korce (10.8%), etc. On the other hand, a low presence of agribusiness is typical in many northeastern districts or poor areas such as Kukes (2% of total agribusiness enterprises), Lezhe (3.6%), Diber (4.18%), etc, despite their agricultural potential.

Table 1

Geographic distribution of agribusiness enterprises

No.	**District**	**No. of enterprises**	**Volume %**
1	**Berat**	120	6.51
2	**Dibra**	77	4.18
3	**Durrës**	113	6.13
4	**Elbasan**	119	6.46
5	**Fier**	238	12.91
6	**Gjirokastër**	136	7.38
7	**Korça**	199	10.80
8	**Kukës**	37	2.01
9	**Lezha**	67	3.64
10	**Shkodër**	183	9.93
11	**Tirana**	397	21.54
12	**Vlora**	157	8.52
	Total	1843	100

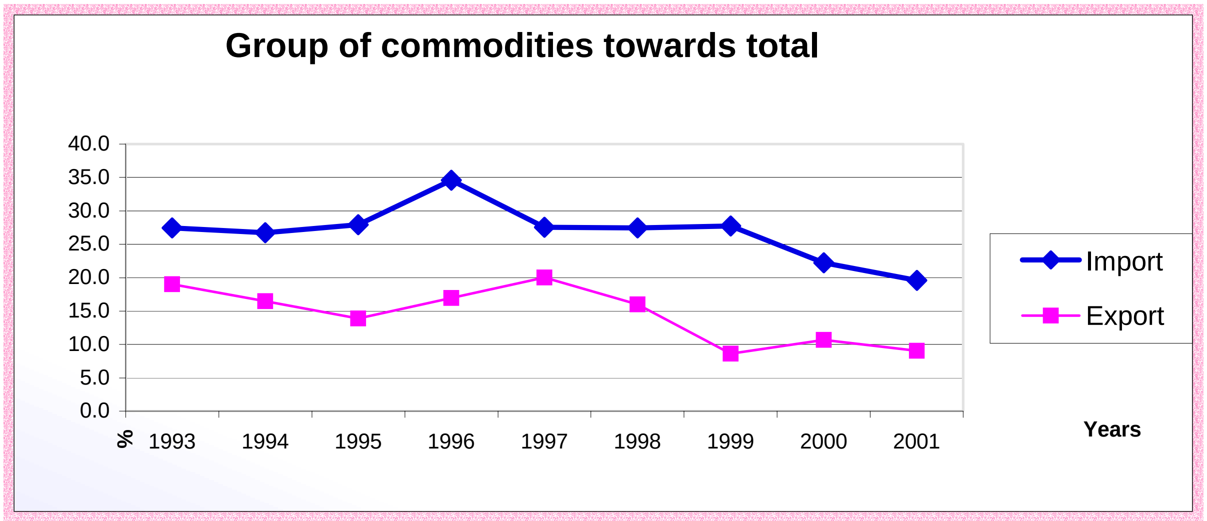
Source: Ministry of Agriculture and Food, Survey on agriculture, 2000.

4. Alimentary and agricultural products in the total trade exchange

Imports of processed food accounted for 8.7% of total imports and had a growth rate of 22.8% in 2002. This reflects a high demand for processed food, which is supplied in a modest extent by domestic producers. On the other hand, exports reveal a different situation. The volume of exports has been high but it has never reached the imports' level. Minor production of these goods and the fact that domestic demand has been higher than the foreign demand are the main causes of this situation. Exports of these products became unimportant after the '96-'97 crisis. Production shrank even more after the 1997 crisis, which brought about a severe deterioration of the agriculture industry.

A careful analysis of the chart reveals a significant drop in the export and import levels of this group of commodities compared to previous years. This is probably because of the increasing incoming and outgoing flow of other goods and services which have weakened the dominant position of the food, beverages and tobacco group of commodities. Nevertheless, these goods account for an important portion of the country's international trade volume, proving their vital and economic importance.

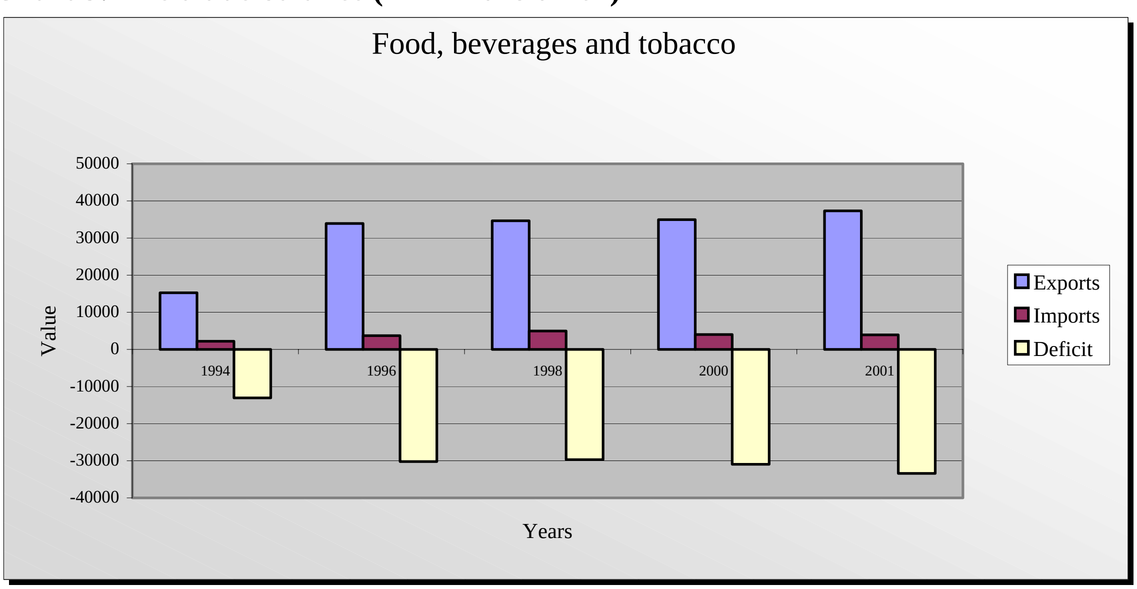
Figure 2: The food, beverages, tobacco group of commodities' trend towards total



Source : INSTAT, 2002

An examination of the general trend of exports and imports over the years and the overall balance of these goods reveals a discouraging situation as well. The chart discussed above, represents the trade deficit **of the food, beverages and tobacco group of commodities** . The trade deficit has been constantly growing over these years, and after 1996 it has been marked by a steady trend, which is clearly noticeable. This deficit level has always been high, because the continuous growth of exports has been followed by an even faster-paced growth of imports. Improved reliability of the customs administration and control, may result in a partial growth of imports.

Chart 5: The trade balance (in millions of lek)



Source: INSTAT, 2003

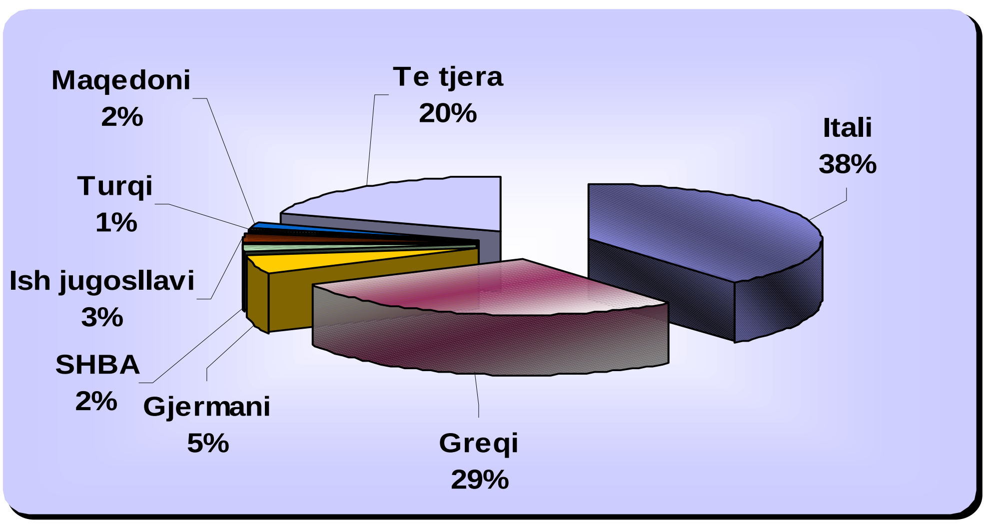
Recognizing the fact that agricultural products have accounted for merely 19,8% of total imports in 2000 is important as well. Cereals dominate these imports occupying 12,4% as a result of eating habits, which still rely heavily on cereal and their basic by-products (eg. bread) for most Albanian families. Fruits (9,6%) and alcoholic beverages (8,1%) occupy an important portion of total agricultural imports as well.

Exports of agricultural products occupied only 6,8% of the total in 2002. Vegetables accounted for merely 6,3% of this group and beverages comprised 2,7% of exports of agricultural products.

5. Geographical distribution of exports and imports

Italy, Greece, Germany, and Turkey remain Albania's main international trade partners. The paper focuses narrowly on regional countries, especially Macedonia, Kosovo, and Serbia & Montenegro. Exports to Southeast Europe countries accounted for 3,9% of total exports in 2002. Yugoslavia (2,3%), and Macedonia (1,5%) receive the dominant part of exports directed to Southeast European countries.

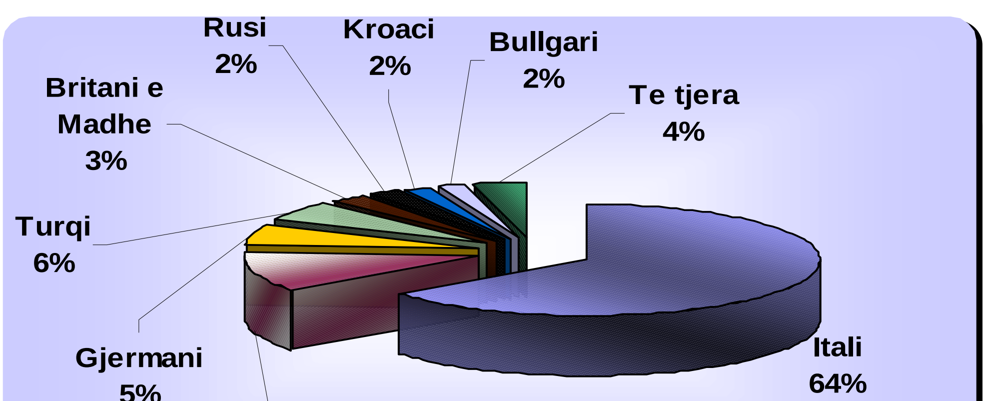
Chart 6: Destination of exports, 2002.



Source: ACIT, 2003.

Imports from this region accounted for 7,6% of total Albanian imports in 2002. Imports from Macedonia accounted for 1,3% of total imports.

Chart 7: Origin of imports, 2002



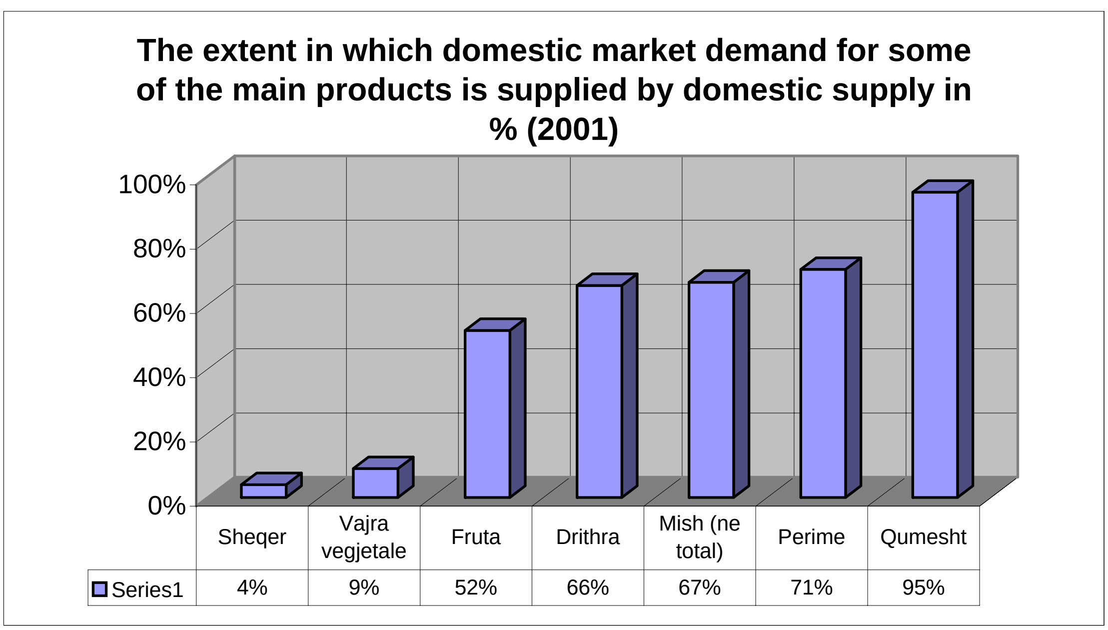
Source: ACIT, 2003

6. Structural deficit in the domestic offer/domestic demand relation

The main problems and difficulties faced by the Albanian rural environment, especially an insufficient and seasonal supply of agricultural products are not directly related to the country's lack of potential or low competitiveness of Albanian products, but are a result of the policies of orientation and administration of this potential. A lot of deficiencies have been identified in this context, based on the current experience.

An examination of the extent in which domestic supply of agricultural products meets domestic demand, shows that this sector, which is considered to be vital for the Albanian economy and society, employing more than 50% of the workforce is unable to satisfy the domestic demand (chart 8) even though domestic consumption is lower compared to EU countries such as Greece, Italy, etc and similar to other Mediterranean countries such as Egypt, Tunisia, Turkey, etc (chart n°).

Chart 8.



Source : CIHEAM, Annual Report 2001

7. The creation and course of a number of comparative advantages vis-à-vis agricultural products

We have adopted the definition of Bela Ballas (an economist renowned for his studies on the effects of comparative advantage on trade policies), as an indicator of the level of comparative advantage during the years. This index is recommended for studies on classes of goods and individual goods as well. Given that comparative advantage is studied in the context of trade policies and trade level, a fairly accurate evaluation of the advantage of a specific product in the market compared to other domestic products can be made.

It is important to emphasize that the Ballas index focuses exclusively on the trade exchange, leaving aside advantages stemming from natural resources, tradition, and other elements that affect the product's economic performance.

The index is calculated as a ratio of the export-import difference for each product towards the export-import total sum of all domestic goods and services. Negative values indicate a lack of comparative advantages while positive values indicate their presence. Moreover, the index values provide evidence of the performance: if a specific product is gaining or losing its comparative advantages in foreign markets.

The following table shows the indexes of comparative advantage for several products:

Table 2: Comparative advantages

Products	1999	2000	2001	2002
Wine	-0.02	-0.02	-0.04	-0.05
Beer	-0.64	-0.82	-0.86	-7.15
Water	-0.11	-0.12	-0.11	-0.12
Olive oil	0.05	-0.05	-0.04	-0.07
Flour	-2.58	-1.63	-1.17	-1.09
Cheese	-0.10	-0.10	-0.13	-
Tomatoes	-0.17	-0.09	-0.16	-0.17
Eggs	-0.11	-0.02	0.01	0.02
Grapes	-0.11	-0.12	-0.15	-0.15

Source: Center for Rural Studies, 2003

According to the table, indexes of comparative advantages for most products and for almost the entire period taken into consideration are negative. Nevertheless, a more cautious examination may identify a number of positive trends as well, despite the fact that they are still weak. Eggs, olive oil, and wine demonstrate such trends. Eggs clearly reveal the increasing tendency of comparative advantage, which is a result of growing enterprises involved in the production of this product. This increase in the domestic production has made possible the fulfillment of domestic needs as well as the successful penetration of several companies in neighboring markets.

Oil was another product displaying a positive comparative advantage in 1999, but after this year it has lost several points in the international market inter alias as a result of regular imports from Italy and Greece. The indicator shows a negative trend as a result of poor quality as well, but the indicator difference in the case of olive oil compared to that of other products, the large number of producers and the fact that the Albanian government has selected it as a competitive product having good exportation prospects in the medium term justify the special attention we have paid to this product concerning comparative advantage. Olive oil is included in the list of products that benefit from export-stimulating policies as stated by Free Trade Agreements.

Wine is another distinctive product concerning comparative advantages. Unfortunately, the indicator for this product reveals a negative trend too, though being close to zero for the two recent years. Wine is chosen as a product with good exportation prospects in the medium and long run, in the strategy of export promotion, especially in the case of famous trademarks.

7. What are the grounds leading to the conclusion that exportation prospects for Albanian farming products in countries which Albania has signed FTA with, are not really optimistic?

Domestic farm products are currently “insufficient” and imports (especially fruit) occupy an important portion of the market.

The small size of Albanian domestic farms and their excessive fragmentation have imposed low levels of agricultural production. This hampers their prospects of specializing in agricultural production and large scale agricultural mechanization. Insufficient employment of agricultural inputs, in addition to the facts mentioned above show that farmers are unable to fully take advantage of the economy of scale in production.
As a result, low productivity, high costs and poor quality are typical characteristics of the production process in Albanian farms.

The picture becomes more complex if we add the extremely seasonal nature of agricultural production to the facts mentioned above. Domestic agricultural products are currently insufficient; the market is supplied only a few months a year leaving a vast market space for imported agricultural products. The following table gives a clear description of the difficult situation concerning structure, mechanization level, and poor relations with the market that characterize small domestic farms in Albania.

Table 2. Inoperative

Some characteristics of Albanian farms	**Numri i fermave**	**Ne %**
Agricultural farms	456000	100 %

Currently operative farms	426800	93.8 %
Inoperative farms	28272	6.2 %
Farms equipped with tractors or other agricultural machinery	56600	12 %
Farms equipped with transportation vehicles	30100	7 %
Farms that employ tractors for various processes (totally or partially)	234900	55 %
Farms where most processes are carried out by handiwork	259200	61%
Farms that utilize chemical fertilizers	340800	80 %
Farms that utilize pesticides	225300	53 %
Contacts with the market : No contacts at all Partial and seasonal contacts Fairly regular contacts		21 % 64 % 15 %
Number of farms receiving more than 2800 USD/year, or more than 1.5 USD/person daily		27 %

Source: Ministry of Agriculture and Food, 2001

Vast fragmentation of Albanian farms, poor transportation, poor market access and the lack of dynamic information combined, result in a chaotic and thoroughly fragmented supply.

This has encouraged large scale importers of agricultural products to purchase from neighboring countries where the supply is organized, and agricultural products are available for convenient prices and in whatever quantity required.

The favorable position of these products in the Albanian market is a result of the presence of larger farms in neighboring countries. Thus, they are able to take advantage of specialization, agricultural machinery utilization, etc. Higher productivity, lower costs, and higher quality make these agricultural products very competitive in the regional market.

Better marketing practices concerning these products stem from the organized supply. Albanian wholesale merchants of agricultural products are already taking full advantage of perfectly consolidated marketing channels. They have established connections with foreign producers or colleagues; they take advantage of an organized and efficient transportation and possess all the necessary information for their marketing activity. Albanian farmers are in a quite inferior position vis-à-vis marketing practices of their rivals because they cannot resist the oligopolistic power of these importers of agricultural products.

Finally, marketing of these products in the Albanian market is encouraged by their good quality, attractive look, attractive and very functional packaging, which guarantee the product's quality and look providing protection during long transportations.

It is clear that a market close to perfect competition (which is the case of agricultural products in Albania) provides few opportunities for farmers to engage in activities that add the value of their products. They are slightly or not at all engaged in such marketing activities as selection, categorization according to quality, product packaging or promotion. Albanian farming goods in the market are not categorized and packaged. The only possible categorization consists in isolating the portion of goods that have already started to decay which are sold at lower prices.

A shift in this situation, thus initially the increasing presence of domestic goods in the Albanian market and later better prospects for accessing regional markets, depends on processes of substantial change, which must take place in the very process of agricultural production.

Decreasing fragmentation through consolidation of fertile soil, activation of borrowing, increasing transactions of land buying and selling, and the creation of farmers' associations are all processes that help increase the level of agricultural production.

All these processes are required to facilitate the specialization of farming economies, increase the mechanization level, improve productivity, reduce costs and improve the quality of domestic agricultural products.

Infrastructure and transportation improvement, on the other hand, is going to facilitate market access for Albanian farmers. This will result in a more organized supply, thus interrupting the vicious circle: production fragmentation-supply fragmentation.

Under these circumstances, a more intensive marketing activity can be expected. Farmers will be able to engage in more activities of value-adding, which means better marketing practices and higher returns.

Putting into practice everything mentioned above would cause a shift in the production and marketing physiognomy of Albanian agricultural products. Farms would be able to supply to a large extent the demand of Albanian consumers, who have a very positive and favorable attitude toward domestic products.

8. Do Albanian farms have advantages in the production of agricultural products?

Actually, there are a number of advantages. If they would be employed and capitalized efficiently, they could bring about remarkably positive consequences concerning production and marketing of agricultural products not only domestically, but in other regional countries and beyond.

First, favorable atmospheric conditions and the Mediterranean climate in the Western Lowland make possible a longer season of agricultural production. Neighboring countries don't have such an advantage because they are characterized by a continental climate. These conditions create vast opportunities for diversity and differentiation of agricultural products. Form the marketing point of view, this is an advantage in the context of adopting product and market development strategies focusing on products that are highly demanded in Continental Europe, and can be successfully cultivated by Albanian farms.

Second, coming out earlier in the market, with goods produced in open land comprises another advantage that can be utilized successfully, especially from farmers from the Western Lowland. Land products in the countries taken into consideration come out later than in Albania.

Third, the high preference of Albanian consumers for domestic products and their excellent image. This preference is based on a number of very important characteristics of agricultural products such as freshness, taste, low scale of chemical utilization, etc.

Summing up, these changes concerning production and marketing activities of Albanian farms cannot happen too quickly. The Albanian market is still going to offer good opportunities for a certain period of time for agricultural products from regional countries having effective Free Trade Agreements with Albania or FTA-s that are becoming effective soon.

9. What does the marketing activity of Albanian agribusinesses in the context of exchanges with regional countries show?

First, firms that have already adopted modern technology are able to provide qualitative and competitive products, which are preferable for the average Albanian consumer. Imports of these products from neighboring countries considered in this paper are practically zero. Thus, water and eggs imports from the former Yugoslavia and Macedonia were absent in 2002.

Second, goods produced by the Albanian agriculture industry belonging to the category of highly differentiated and sophisticated products, still lack comparative advantages compared to analogous goods produced in other countries in the region, despite their increasing market share.
This is reflected in the fact that these products are still imported in large quantities, despite the decreasing trend of imports, while exports have not increased substantially.

The following reasons explain why many agricultural products coming from countries in the region (produced in Albania as well) **occupy an important part of the Albanian market:**

a) Neighboring countries have a longer experience in the production of such goods. They also produce goods of higher quality and employ a more sophisticated marketing strategy (e.g. wine). Being more open toward competition, they have constantly focused on improving their products and marketing, which is not the case for the Albanian agriculture industry.

b) These products have not faced situations similar to those characterizing the Albanian transition such as extensive longevity and elimination of specific industries bringing about a loss of experience and the duty of starting over from nothing. As a result, products that were formerly produced by the Albanian agriculture industry, thus having a good production experience, after resuming production appear as “dilettantes“ compared to consolidated products imported from neighboring countries.

c) Specific industries depend to a significant extent on raw materials imported from neighboring countries considered in this paper (e.g. wine or brandy production). This situation does in no way provide cost advantages for Albanian products made from imported raw materials, as a result of high transportation costs. Consequently, these products have higher relative costs and face a severe competition from analogous low-cost products imported from neighboring countries. Utilization of raw materials from neighboring countries has specific implications for the Albanian agriculture industry according to FTA-s. A specific fact concerning brandy can be mentioned here. According to the FTA with Macedonia, brandy distilled from Macedonian alcohol is not considered Albanian because the percentage of value-added during the distillation process does not exceed the specific level required for the product in order to be considered “originating“from Albania.

10. What are the sources of comparative advantages of agricultural products from regional countries in the Albanian market?

We think these advantages stem from:

- **Relatively modern technologies.** These economies have enjoyed a higher level of economic opening and higher pressure from the competition to make continuous technological improvements.

- **Large-scale production entities**, which allow producers take advantage of the economy of scale in the production process. This results in higher productivity, lower production costs and consequently lower prices.

- **Raw materials supplied domestically for convenient prices.** The Albanian agriculture industry utilizes raw materials from these countries as well, but their prices are higher than in their country of origin, as a result of higher transportation costs.

- **A relatively higher expertise in the marketing of products.** Agricultural products originating from countries taken into consideration have a distinctive commercial look, and much better packaging and labeling compared to domestic products.

Will labeling in Albanian increase or decrease the competitiveness of

domestic products?

Labeling agricultural products in the domestic language is a very important matter. Their implementation however should be managed very carefully, as it may cause additional costs. Anyway, the central effort should focus on providing Albanian consumers with clear information on the quality and safety of the products they buy, so that they can make informed decisions. In the long run, this is going to significantly help Albania, because consumers will have direct benefits. But, labeling in the domestic language cannot be accomplished just on the spot. Public and private sectors should cooperate closely in order to prepare a joint program to efficiently carry out this new legislative requirement.

Tom Farttori, Senior Manager, Chemonics International INC
Extracted from “Ekonomia” April 8, 2003

- **Albanian consumers perceive imported products of the agriculture industry as safer** than farm products.

11. What are some of the problems that Albanian agriculture industries are currently facing and how should they prepare themselves in order to face the challenges of integration?

Albanian agribusinesses have emerged recently, so they lack an adequate experience of operation in the context of a market economy and competition, which has become harsher after the activation of FTA-s with countries in the region.

Future challenges can be summed up as follows:

- **Adopting new patterns of business organization,** such as processing cooperatives, joint ventures and new marketing channels. In the beginning, agribusinesses in Albania appeared in the simplest form of business organization. Market development and competition are going to impose new organization patterns which will increase the market power (in the case of joint ventures) and negotiating power (in the case of processing cooperatives) of Albanian agribusinesses vis-à-vis foreign businesses. Design and new marketing channels would also create real advantages for Albanian producers.

- **Specialization of the agriculture industries,** including an increasing interrelation between food producers, marketing firms and consumers. This brings about an increase in the volume of exchanges and consequently an increase of the importance of marketing. Under these circumstances, putting into practice the marketing concept which assumes that consumer is the central figure of economic activity will become easier.

- **A tendency toward larger firms,** which run lower costs compared to small firms because of the advantages provided by the economies of scale in publicity and promotion.

- **Higher diversity** which is reflected in the increasing supply; in the scope of marketing functions carried out and participation in various institutional levels of the market, brings about several advantages:

    - concerning publicity, promotion and marketing
    - wide product lines are an asset for largest exposing spaces and attract consumers
    - higher diversity protects firms from price fluctuation and market loss for specific products.

12. In what direction should domestic agribusinesses improve in order to increase their products' competitiveness?

First, they must improve the operational efficiency of their activities in order to take advantage of the economy of scale in production. By attaining lower fixed costs per unit, they will benefit from lower product costs and prices. Thus, domestic agribusinesses will increase their market share, including portions that are currently seized by foreign firms considered in this paper, and will generate opportunities of penetration in these foreign markets in the same time.

Second, product development strategies, stemming from diversification. This implies efforts to increase the range of available products in a specific product category. The current supply of the Albanian agribusiness sector is not diversified and this is reflected in shortages of several assortments within a single product category. These deficits are compensated by imported products. Expanding assortment would limit the available space for imported products in the Albanian market.

Third, we should capitalize on the good image of domestic products in the eyes of Albanian consumers, by improving production and marketing processes. This will require increasing product safety (higher hygienic standards), employing modern and attractive packaging as well as nice and highly informative labels.

Fourth, the consumer should receive every benefit mentioned above through a more aggressive and attractive promotion.

Finally, we can state that more competitive sale strategies; innovative marketing methods and techniques, which often increase operational efficiency; new products and services, which cause them to be even more appreciated by the consumer would improve the position of domestic agricultural products in the market, and facilitate the improvement of commercial balances with regional and EU countries, thus reducing Albania's trade deficit.

ANNEXES

***Table 1*: Development of the agricultural sector during the years**

Years	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2002
Real growth of agricultural production (compared to the preceding year level)	-5.4	-17.4	18.5	10.4	8.3	13.2	3.0	1.0	5.0	3.7	4.0	1.3
Contribution in the GDP , in %.	37	42.5	54.2	54.6	54.6	54.6	51.5	56.0	54.4	37.2	35.9	33

Source: The Ministry of Agriculture and Food, statistics 2003.

Table 2: Evolution of economic structure, % of GDP

Sectors of the economy	1992	2001	2002
Agriculture	54,2%	34,2%	33,3%
Industry	16,9%	13,2%	12,8%
Construction	7,6%	10,3%	10,8%
Transport	3,0%	10,1%	10,6%
Others	18,3%	32,2%	32,5%

Source: The Ministry of Finance, SKZHES 2003.

Table 3: **Growth recorded in the various sectors of the economy in 2002**

	Forecast	Accomplishment
Real GDP growth (in %)	**6.0**	**4.7**
Industry	5.0	2.0
Agriculture	3.0	2.1
Construction	11.5	9.1
Transport	11.0	10.1
Services	6.5	5.5

Source: The Ministry of Finance, SKZHES 2003

Table 4

Agricultural processing sorted by sub branches

Millions of lek

No.	Subbranches	2000	2001	2002
1	Production of Meat products		1717	2452
2	Fish processing		530	989
3	Fruit and vegetable processing		652	749
4	Vegetable oil production		874	1212
5	Olive oil production		404	711
6	Milk products		2815	3981
7	Flour Milling		4435	4862
8	Bread and other dough products		12216	12698
9	Alcoholic beverages		683	1032
10	Wine		303	141
11	Beer		875	1160
12	Water and soft drinks		2409	2435
13	Tobacco processing and cigarette production		1491	773
14	Others		590	719
	TOTAL	**27834**	**29994**	**33914**

Table 5.

FIRMS SORTED BY SUB BRANCHES OF THE AGRICULTURE INDUSTRY

		No.		
No.	**Subbranches**	**2000**	**2001**	**2002**
1	Production of meat products	68	70	66
2	Fish processing	3	2	2
3	Fruit and vegetable processing	20	22	21
4	Oil production	67	105	117
5	Milk products	330	336	370
6	Flour milling	406	381	354
7	Bread and other dough products	707	769	792
8	Alcoholic beverages	58	61	51
9	Wine	22	25	28
10	Beer	55	64	69
11	Water and soft drinks	55	48	39
12	Tobacco processing and cigarette production	7	7	6
13	Others	46	60	57
	TOTAL	**1844**	**1950**	**1972**

TABLE 6
The number of employees in the various sub branches

No

No.	Sub branches	2000	2001	2002
1	Production of meat products	366	470	483
2	Fish processing	428	389	417
3	Fruit and vegetable processing	121	122	165
4	Oil production	215	357	430
5	Milk products	970	877	1149
6	Flour milling	989	793	890
7	Bread and other dough products	2875	3098	3008
8	Alcoholic beverages	565	473	324
9	Wine	118	82	120
10	Beer	444	445	435
11	Water and soft drinks	625	579	476
12	Tobacco processing and cigarette production	881	580	398
13	Others	479	390	488
	TOTAL	**9076**	**8655**	**8783**

Table 7

DISTRIBUTION OF INVESTMENTS IN THE VARIOUS SUB BRANCHES OF THE AGRICULTURE INDUSTRY

000 LEK

No.	Sub branches	2000	2001	2002
1	Production of meat products	126022	105578	100694
2	Fish processing	35	5007	22311
3	Fruit and vegetable processing	3524	16705	700
4	Oil production	21928	354131	77421
5	Milk products	51499	58598	158780
6	Flour milling	77895	50730	112110
7	Bread and other dough products	67445	111381	156732
8	Alcoholic beverages	39835	106625	137556
9	Wine	4079	3840	13990
10	Beer	2870	2740	71894
11	Water and soft drinks	394652	179621	144432
12	Tobacco processing and cigarette production	4000	5234	0
13	Others	104178	20342	15824
	TOTAL	**897,962**	**1,020,532**	**1,012,444**

Table 8 : Tendence of agribusiness exports

Exports of the agriculture industry (000 USD)					
code	**product**	**1999**	**2000**	**2001**	**2002**
0401	Milk	23.73	133.9	8.16	0
0406	Cheese and sour cream	0	0	4.63	0
0711	Preserved vegetables	0	13.02	2.49	0
1101	Wheat and --meslini--flour	245.57		4.45	0
1509	Olive oil	168.65	45.04	1.19	0
1902	Dough products	27.42	6.01	19.73	0.43
2007	Jam, marmalade...	11.77	1.31	8.9	7.07
2009	Fruit juices	90.03	625.88	693.23	313.57
2201	Mineral or natural water	36.9	37.38	59.86	45.86
2202	Sweet water beverages	737.38	950.07	501.22	499.69
2203	Malt beer	1.92	0	11.61	13.14
2204	Wine made out of fresh grapes	15.28	0	32.29	5.72
2208	Ethyl alcohol	4.12	35.98	9.78	35.51
2401	Raw tobacco	1,893.53	2,481.90	5,806.67	4,400.63
2402	Cigars, cigarettes	52.11	109.63	41.64	1,166.23
3401	Soap and other detergents	58.97	16.67	0.46	0
040310	Yogurt	0	0	29.27	0
040510	Butter	0	0	4.68	0
	TOTAL	5366.38	6456.79	9236.58	8489.85

Source: ACIT, The General Directorate of Customs

Tabela 9 : Tendence of agricultural imports

Imports of processed agricultural goods (000USD)					
code	**product**	**1999**	**2000**	**2001**	**2002**
0401	Milk and cream	2,196.55	647.98	1,497.94	1,403.64
0406	Cheese and sour cream	1,525.89	1,407.40	1,955.96	2,472.71
0711	Preserved vegetables	277.16	35.24	35.27	395.9
0812	Fruits and nuts	44.97	108.76	3.83	6.23
1101	Wheat and –meslini -- flour	38,375.62	16,849.97	18,197.96	15,314.80
1509	Olive oil	1,574.76	1,004.34	1,221.29	1,436.67
1601	Sausages and ham	965.57	683.94	545.75	793.56
1902	Dough products	8,911.61	5,006.05	6,072.11	7,245.44
2007	Jam, marmalade	348.71	86.17	304.29	170.54
2009	Fruit juices	5,214.34	5,539.59	5,867.77	7,956.27
2201	Mineral or natural water	1,619.70	1,647.41	1,894.46	2,289.52
2202	Sweet water beverages	2,026.62	3,528.93	4,018.04	5,443.04
2203	Malt beer	9,718.92	11,184.85	14,194.36	13,061.18
2204	Wine made out of fresh grapes	306.03	313.93	602.76	852.88
2208	Ethyl alcohol	255.30	893.84	861.95	1,588.88
2401	Raw tobacco	19.05	0.00	340.90	82.52
2402	Cigars, cigarettes	18,948.12	22,376.15	25,511.21	32,318.43
3401	Soap and other detergents	3,889.81	2,698.12	2,721.51	3,631.26
15121191	Unprocessed sunflower oil	1,884.80	1,211.76	3,376.09	5,898.62
040310	Yogurt	202.63	362.46	421.24	352.00
040510	Butter	894.96	898.87	901.88	1,299.89
	TOTAL	99,201.12	76,485.76	90,546.57	104,013.98

Source: ACIT, The General Directorate of Customs

Table 10

Exports of the agriculture industry (000USD)

Product	**2001**	**2002**
Livestock	158	337
Meat	69	351
Fish and shellfish	1760	956
Dairy products	269	471
Animal products	24	33
Plants and flowers	26	89
Vegetables	1004	1422
Fruit	73	94
Coffee, tea, mate and spices	236	444
Cereals	15	19
Flour	4	
Oilseeds and medicinal herbs	9958	10866
Vegetable products	125	175
Oil and fats	4	11
Tinned meat and fish	5237	0
Sugar and confections	265	11
Cocoa and its by-products	11	5
Dough products	186	9
Preserved fruit and vegetables and fruit juices	879	314
Sauces, soups	397	78
Alcoholic beverages and vinegar	615	609
Animal food	485	361
Tobacco	5932	5567
Total of the agriculture industry	27732	22222
Total of the economy	305884	330200
Exports toward the EU		304200
agriculture/total	9.07	6.73
agriculture/EU exports		7.31

Imports of the agriculture industry (000USD)

product	**2001**	**2002**
Livestock	1730	3095
Meat	16962	25371
Fish and shellfish	4780	9124
Dairy products	6162	6958
Animal products	84	114
Plants and flowers	764	1226
Vegetables	9230	10645
Fruit	31843	28697
Coffee, tea, mate and spices	5959	5275
Cereals	31718	36984
Flour	20270	17834
Oilseeds and medicinal herbs	628	505
Vegetable products	28	121
Oil and fats	19907	20821
Preserved meat and fish	2227	2807

Sugar and confections	15589	18057
Cocoa and its by-products	4542	4970
Dough products	18038	23859
Preserved fruit and vegetables	9733	14059
Sauces, soups	5660	7549
Alcoholic beverages and vinegar	22524	24196
Animal food	2554	3339
Tobacco	25953	32457
Total of the agriculture industry	256885	298063
Total of the economy	1332985	1490045
Total imports from the EU		1121000
agriculture/total	19.27	20.00
agriculture/EU total		26.59