Магистър АИДА ГАБЕТА
УНИВЕРСИТЕТ „ФАН С. НОЛИ", КОРЧА, АЛБАНИЯ
д-р ФРЕДЕРИК ЧУКЛАРИ
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ПРЕДИЗВИКАТЕЛСТВАТА И СТРАТЕГИИТЕ НА АЛБАНСКАТА ХРАНИТЕЛНО-ВКУСОВА ИНДУСТРИЯ В ПРОЦЕСА НА ГЛОБАЛИЗАЦИЯ НА ТЪРГОВИЯТА (РЕГИОНА НА КОРЧА)

THE CHALLENGES AND THE STRATEGIES OF THE ALBANIAN AGRO-PROCESSING INDUSTRY IN THE PROCESS OF GLOBALIZATION OF TRADES (KORÇA'S REGION)

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Abstract: The agro-processing industry makes up one of the most important directions and opportunities for the development of the Albanian economy. The region of Korca, in particular, which is characterized by a favorite climate for the development of agriculture and the livestock, it is a suitable region for the development of the agro-processing industry. The aim of the research is to give a real overview of the actual development of the agro-processing industry in the region of Korca and the identification of the problems that it faces at present moments. The research describes the possible potentials of the region, the opportunity of the development of the agro-processing Industry, the priority and the perspectives of its growth in different branches. It is noticed that the private firms which operate in this industry, very often are exposed towards risks that have to do with the offer of the raw materials or the selling of the products because they are not, even partly, vertically integrated. The vertical integration is necessary and it implies a potential opportunity for a rapid development of the agro-processing Industry firms. Most of the firms of the agro-processing industry are broadly based on the imported raw materials from the neighboring countries and further ones, which remains a disadvantage in the cost of the agro-food products including the transport from the countries it comes from. It is an advantage the fact that some of these branches have increased the quality of their products in order to reach the European standards not only for the internal market but for the external one, as well.
Key words: agro-processing industry, vertical integration, strategy, products, import, export.

INTRODUCTION

To analyze the economy of a country it implies to estimate a totality of sectors that influence on it, industry, agriculture, animal farming, tourism, technology, infrastructure and a series of influencing factors like these. Each of these branches of economy influences and is influenced from the others or they can be interweaved increasing so the economic benefits in considerable way. An opportunity of the economic increase of a country is the coordination of the agriculture, animal farming and manufacturing industry of their products. Exactly, the food industry implies the transformation of products with origin from agriculture, animal farming and fishery.

The process of transition in Albania changed the economic background through stopping or reduction on a broader scale of the subventions of food products, as a result of the privatization processes in agriculture or industry and as a result of disorders of local markets. In the absence of a full program of liberalization it was produced a new misbalance. The new producers are faced with a strong competition as a result of the imports of West processing products with high quality.

The study has its aim to give and explain in a realistic way the development of agro-processing industry in Korça's region and to identify the problems with which it is faced. The agro-processing industry study is important because, today it makes up one of the most important orientations and opportunities of the Albanian Economy development. Exceptionally, the region of Korça, where there is a very favorable climate for a qualified agricultural development and animal farming management, is also a very appropriate region for the development of the agro-processing industry.

1. THE DEVELOPMENT OF THE AGRO-PROCESSING INDUSTRY IN KORÇA'S REGION.

The region of Korça, which has a rather favorable climate for a qualitative and quantitative development of agriculture and animal farming, is a very suitable region for the development of agro-processing industry. Growth of agricultural production in the future and the low capacities for the processing of the agricultural produce necessitate that the agro- processing sector be turned into a priority sector due to its importance for the development of the Region as a whole and the rural zones in particular.

Meat processing industry: The meat processing industry is comprised of 7 salami factories of which 4 automated and 3 employing manual labour. Their processing capacity is 150-200 quintal per day, but presently they work half capacity. These factories, thanks to the continuous improvement of the quality of their products have become famous not only in Albania, but also on the foreign markets. The establishment of a modern slaughter house in Korca is a good premise for the future development of this industry.

The industry of milk processing: This industry is comprised by a milk producing factory, milk producing lines and diary workshops. The factory is in the city of Korca. Thanks to their quality and wide variety, its products have become known all over the country. A number of 60 diaries operate in the territory of the region. They vary from small to medium size with a capacity of 1-5 quintal each. Some of these diaries utilize advance technology and even have refrigeration rooms, thus successfully competing with the factory. However, many of the diaries are entirely manual and are spread predominantly over the Region's mountainous areas.

The industry of alcoholic drink: The alcoholic drinks industry is comprised of 12 firms for spirits production such as wine, cognac, raki etc. Wine production utilizes the grapes produced in the respective areas (Korce, Leskovik, Pogradec) and grapes bought in other areas such as Permet, Delvine, but also in foreign markets such as Macedonia, Bulgaria, etc.

Beer industry: This industry is represented by the beer industry in Korca which has a production capacity of 50000 Hl, although it presently produces only about 20000 Hl annually. In addition, there are also 4 mini factories, of which one located in the commune of Vithkuqi. All of these factories utilize imported primary material.

The industry of soft drinks: One of the biggest factories for soft drinks production has been established in the Commune of Bulgarec in the Region of Korca. The utilization of the latest technology, manufactured only in 2003, and the up to date packaging techniques, have made possible the sale of drinks over the entire country territory, even in Kosova. The production of soft drinks is carried out in 5 workshops spread all over the region's area.

Canning industry: Korca has a long tradition in the production of canned fruit and vegetables. Canned vegetables were sold successfully even on foreign markets. Presently there are only 4 manual workshops that engage in fruit and vegetable conservation.

The Tobaccos' processing industry: Also this industrial plant has found a broad extension in all of Korça region either for climatic conditions or for its own economic profit. As all other agricultural plants though this plant had certain regress after the years 90ies. It was very positive the fact that the tobacco's manufacturing factory (formerly ex-state property), passed to joint capital (joint-venture) with a Greek Company and today it continues to work manufacturing about 2000 (two thousand) tons/year cured tobaccos.

The Cereals' processing industry: This type of industry is represented by a Fabric of wheat manufacturing with a good technology and working capacity 30 tons per day, 60 gristmills (especially seasonal) and 85 lines for producing of massive bread with a producing capacity of 150-200 tons of bread per day. Today we can say that the middle and small factory of cereals (especially wheat) manufacturing are modern furnished with technology and capacities that respond to the market's demands. The Region of Korça, in general is a region that cultivate and produces cereals of high quality and yield, so basing on the yearlong tradition, it is important the renovation and putting in work of the big factory of flour producing in order that to be reduced the quantity of the imported flour.

As the main priorities for the development of agro-processing industry in Korça region are recommended the processing industry of fruits and vegetables, processing industry of industrial plants, Meat and Diary Products' processing Industry, Distilleries as well the traditional products for the region. The investments in the agro-processing industry mainly, belong to the Albanians such as in field of alcoholic drinks' production, sausages', bakery and Cereals' Grinding Factory (Mill-Plant) etc.

The foreign investors take part in the industry of refreshing drinks producing, as well as in a line for cheese producing. Actually, today in the region exists a manufacturing industry consisted of small and middle lines. In general, their products have continuously come into, improving either in quantity or quality in order to respond the level of market's competition.

Their general tendency is to increase gradually the production according to their financial strengthening. Referring to the statistical data the investments in the agro-processing industry in Korça region are considerably increased compared with the years 2004 & 2005, but they are considerably reduced in the year 2008 (table1.1).

Table 1.1 **The Investments & Investment Resources in Korça's Region**

Expressed in ***000/Albanian Leke***

Nr.	Description	YEARS				
		2004	2005	2006	2007	2008
1.	**INVESTMENTS**	196242	207494	391884	373158	153817
2.	With Own Means			96350	167267	75798
3.	From the Budget					
4.	Foreign Credit			171		11177
5.	Bank Credit			295183	205891	66843

The source: Annual Book 2008, Ministry of Agriculture Food & Consumer's Protection

During the year 2007 the producing capacity of sub/branches of agro-processing industry in Korça, region has an increasing tendency compared with the year 2006, especially in the milling industry, Diary products' processing industry and distilleries (table 1.2).

The considerable development of agro-processing industry in Korça region is shown also in the increasing of the producing subjects that practice activity in this field, which for the year 2007 results in 243 producing subjects with an increasing of 71 subjects compared with the year 2006. The greatest increase of the subjects' numbers has resulted in sub/branch of milling industry, bread producing and paste industry (bakery). The sub/branch of coffee processing is presented in decreasing.

Table 1.2 **Records on the agro-processing industry in the Region of Korca.**

Nr	Description	YEARS					
		2003		2006		2007	
		Firms' Number	Producing Capacity Quintal/ Day	Firms' Number	Producing Capacity Quintal/ Day	Firms' Number	Producing Capacity Quintal/ Day
1.	Cereals' Manufacturing Industry.						
a.	Mill Plant	1	30	14	140	31	300
b.	Pasta Producing Factories	2	150	-	-	-	-
c.	Bread Bakery	18	25	62	60	85	85
2.	Diary Products' Manufacturing						
a.	Diary Products' Factory	1	50	1	50	1	50
b.	Diary Workshops	11	200	27	520	30	600
3.	Meat Elaborating Industry	3	100	7	200	7	200
4.	Alcoholic Drinks' Industry	10	100 Hl/Day	11	100 Hl/Day	13	120 Hl/Day
5.	Refreshment Industry	3	10 Hl/Day	4	13 Hl/Day	5	15 Hl/Day
6.	Fruits' Vegetables Manufacturing Industry	3	2	3	3	4	2
7.	Tobaccos' Manufacturing	1	60	-	-	-	-
8.	Refrigerating Conservation	2	150	4	350	6	500
9.	Ice-creams	6	500	6	500	6	500
10.	Paste & Sugar Production (Bakeries)	22	10	28	15	46	20
11.	Poultry Farm	2	200	2	250	3	300
12.	Coffee Beans Grinding	5	15	3	75	6	15
TOTAL		**100**		**172**		**243**	

The Source: Regional Directorate of Agriculture & Food, Korça.

2. THE PROGRESS AND ISSUES OF AGRO-FOOD IMPORTS –EXPORTS.

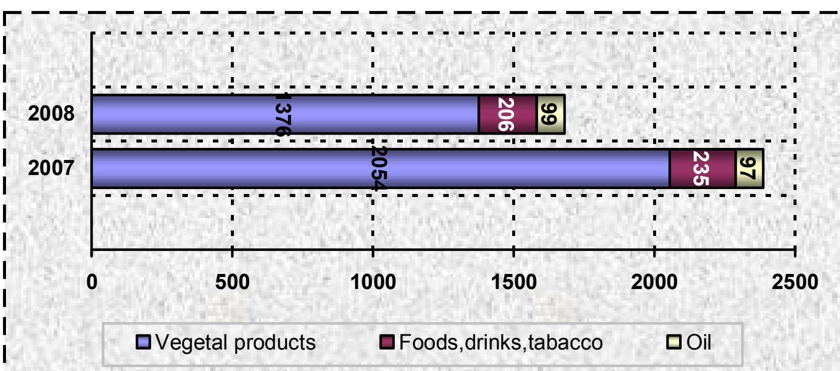
Actually, still just a small part of the agricultural and livestock's production is processed by the native industry. There is an increasing tendency of the imports from the year 2005 to the year 2006. For such articles and goods as vegetables, flour, olive oil, paste, jam, fruit juices, beer, cigarettes and yoghurt. The greatest value in imports is affected by cigarettes, beer and paste (bakery). Meanwhile for articles and goods such as vegetal products, drinks and cigarettes from the year 2007 to the year 2008 the import has had decrease. In spite of this depression the import is still remained in high values (table 2.1; figure 2.1). The greatest weight in the imports is represented by neighbor countries especially Greece, Macedonia, Turkey, Bulgaria, Brazil, U.S.A.

Table 2.1 **Import-Export agro-industrial products in Korca's Region**

Description	2007		2008	
	Import	**Export**	**Import**	**Export**
Vegetal products	2054	2	1376	4
Foods,drinks,tabacco	235	36	206	20
Oil	97	-	99	-
Total	**2386**	**38**	**1681**	**24**

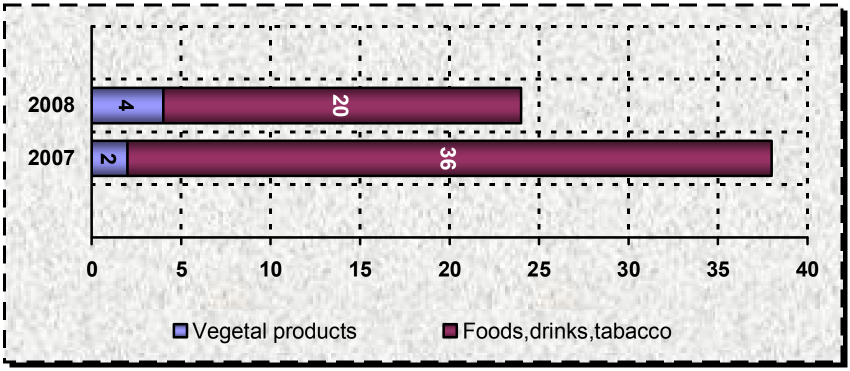
The Source: Customs Directorate, Korça 2008

Figure 2.1 **The Import of Agro-processing Industry in Korça Region in million/leke**



The tableau remains pessimistic if we have a look on the progress of exports, which for Korça region leave so much to be desired. From all of the interviews realized with the entrepreneurs of agro-food manufacturing firms, only two of them produce for export. The main destination is to Greece and Kosovo. This situation is reflected from the data taken in the Customs of the region where for the year 2006 are exported 450 tons of beans, 1600 tons of refreshment drinks, 200 tons of olive and 564.8 tons of tobacco. The total value of the exports for the year 2007 reached the figure about 38 Million Leke, whiles for the year 2008 it is decreased in 24 Million Leke (figure 2.2).

Figure 2.2 **The export of agro-processing industry in Korca Region in million /leke**



3. THE PROBLEMS OF VERTICAL INTEGRATION OF THE FIRMS IN AGRO-PROCESSING INDUSTRY.

From the analysis performed, we observed that the firms which work in agro-processing industry, time and again are exposed towards the risks that are depended on the supply of raw materials or products' sale, because in general they aren't vertically integrated, being though partially. From the results of the questionnaires distributed in 90% of the agro-food manufacturing firms it results that the demand in the market of the consumers (customers) for their products is increased for 60% of the firms, is constant for 30% of them and it is decreased for 10% of them. In these conditions (circumstances) all of the agro-food manufacturing firms consider necessary the intensification of the work for the quality progress of their products. 80% of the interviewed firms import the raw material for the production of their products, whiles that only 20% of the firms work with native raw material; this for different reasons that are related with cost, quality and non-fulfillment of the demands of agro-processing firms with native raw materials. Taking into consideration this, it can be said that the effort for a better vertical integration from the agro-industrial enterprises is an important aim of their activity. It is easily understood that the arguments for the adherence of this strategy are chiefly related with the need for recovery of raw materials, for expenses' control, control of quality of raw materials and final products as well as for the distribution of products to the final consumers in order to profit from the principle of scaling economy and to intensify their power in the market.

Evaluating our agro-processing enterprises can be reached in the conclusion that there is happened just a partial integration in the actual development period which delays the maximization of vertical integration profit. The most important factors that influence in the vertical integration strengthening and as a consequence the efficiency inside the enterprise are related with the improvement of technologies for communication and information and rapid development of the principles and rules of management.

4. SWOT ANALYSIS

STRENGTHS AND WEAKNESSES **:**

Strengths :

- The application of the up-dated technology.
- The increasing of producing capacities.
- The increasing of products' quality.
- Staff's qualification.
- The subscription of long-term contract with the furnishers of raw materials.
- The Market's information and study.
- The frequent supervision of prices.
- A good position in local market.
- A good set up image local.

Weaknesses:

- The lack of cooperation between the firms of the same sector.
- The weak marketing of products (the marketing budget have been limited and are selected non-efficient, inexpensive ways.)
- A limited image in national markets.
- The miss of experience.
- The shortage of exports for industry's products.
- The miss of secondary strategies of clusters.

OPPORTUNITIES AND THREATS:

Opportunities:

- The geographical position and very favorable climacteric conditions for guarantying of raw materials.
- The tradition of agricultural and livestock productions' manufacturing in region.
- The increase of the customers' (consumers') demand for products of industry.
- Disposable Labor Market.
- The development of different modes of credits.
- Good relationships with bank.
- The support from International Organizations (GTZ, SIDA)

Threats:

- The lack of political and economical stability.
- Weak economical welfare in consumers' level.
- Weak protecting measures from Government.
- High taxes.
- Dishonored competition from the unlicensed products that offer products with low prices.
- The competition from Importation goods, which continues to have an increasing tendency.
- Markets' liberalization which is in the favor of the import of raw materials without customs' duty and on the back of the native production.

CONCLUSIONS.

Based on the analysis performed we concluded that the middle and long term for the agro-processing industry in Korça region are much better, because in this region exist not only the excellent natural resources (fertile land, good climate, a lot of water etc.) but it is noticed too, a demand's increase for the products of the industry. At the same time, in our region doesn't miss the tradition of agricultural and livestock products' elaboration, as well don't miss the specialists to move on further more this tradition.

In Korça region the agro-processing industry is represented by middle and small firms. They are new and don't have long experience during operation in the condition of market economy and competition.

- As a result of the investments, the best parts of the objects of this industry have adopted modern technology aiming the quality intensification of their products. These firms are capable to offer products with high quality and competitive, admirable by the native costumers (consumers).

- The market's part for the products of agro-processing firms is increasing, but they haven't still the competitive advantages towards the analogue imported products from the neighbor countries. This is materialized in fact that the imports of these products even if in regress are still in high levels, whiles that the exports are absent or are in inconsiderable levels.

- The most part of the agro- processing firms are based on at not a small rate of raw material imported from neighbor countries and other countries that makes up a disadvantage in cost for the products produced with this raw material because of high costs of transport from the country of origin.

- The branches of the agro- processing industry have continuously come into perfection from the artisan form to that industrial. We have to consider that this industry was faced with such situations as the transgression in time of transition and elimination, in the original meaning of the word, of its specific branches, that brought as a result the loss of experience and starting of everything at zero level.

- Stimulated to realize prompt profits a lot of objects of this industry don't justify the performed investments, as a result they continue to work below their capacities.

- Positively, is the fact that there is a good infrastructure for the collection of the agricultural and livestock productions by the farmers that has come improving in order to make possible the distribution of fresh agricultural and livestock production to the final customer.

- Generally, the firms have worked well in the integration line with the customers, whiles that is a lot to be done in the integration line with the resources of raw materials.

- The lack of experience has resulted too, that the most part of the agro-processing firms in Korça region to be faced with the marketing problems of their products.

- Having into consideration the positive aspects in the branches' development of agro-processing industry, as well as the problems identified during the analysis, also having into consideration the targets of regional strategy of this industry we can finally say that the main perspective for the branches of food industry is always in the direction of improvement of technological level and quality advance, in order to be reached that its products to be in conformity with the European standards to be dealt either in or abroad.

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