

Market problems of agricultural products in Albania

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Abstract

The production of fruits and vegetables in our country still faces challenges, including informality in sector of planting material, high costs of inputs purchased and fuel (especially affecting the green houses with heating), low productivity and high losses of post-harvest, especially in the case of fruit. *Fresh fruit and vegetable marketing is different in many respects from the marketing of other agricultural and nonagricultural products. Hundreds of individual commodities comprise the total group. Each product has its own special requirements for growing and handling, with its own quality attributes, merchandising methods, and standards of consumer acceptance (How, R. B. 2012,1).* Food safety standards of fruits and vegetables their compliance with key standards and certification as a prerequisite and a challenge to be addressed in order to increase Albanian exports of agricultural products to European markets. Concerning vegetables and fruits, Albanian farmers face important marketing problems. Such problems are encountered at all stages of the production system-provision of inputs, both in terms of processing, promotion and other market incentives, which directly assist in the efficient realization of the sale of fruits and vegetables.

Keywords: *wholesale markets, sector informality, marketing of fruits and vegetables, food safety, market facilities.*

Introduction

Albanian agriculture plays a strategic role in the economy. Agriculture is one of the potential sectors of national development representing 17% Product Gross (GDP), and remains the main sector of employment by about 50% employed full-time, while 45% of the population continues to live in rural areas. On June 24, 2014 Albania received the status as a candidate country of the European Union. This is definitely a significant achievement but which carries upon himself the obligation to respect the standards and the harmonization of national legislation with the EU and the Common Agricultural Policy (CAP), in particular the organization of markets for agricultural products. One of the most essential sector remain food safety, certification and control of safety and quality of agricultural products and financing, which are key to ensure the growth of agricultural production and food and an opportunity to increase exports of agricultural products in countries the European Union and beyond in accordance with quality standards. The sector of fruit and vegetable production has a clear focus on meeting domestic demand and import substitution. However, considering the options available, priority should also receive export promotion.

Commercialization and marketing of agricultural products fresh fruits and vegetables

Actually concerning the fruits and vegetables, Albanian farmers face significant marketing problems. Such as the encountered problems at all stages of the production system-provision of inputs, both in terms of processing, promotion and other market incentives, which directly help in realizing efficient selling of fruits and vegetables. The identification, limitation and elimination of all problems encountered related to the marketing of vegetables and fruit in three designs: transactional, logistical and alleviating; would result in best marketing practice and will bring benefits to all operators in the market. Tackling these problems is related primarily with the question of whether there are advantages for the production of fruits and vegetables (which should be used to create comparative and competitive advantages) and which are the disadvantages and how they can be eliminated. However, increasingly the view is gaining ground that there are production, but certain amounts in the market can not reach, or those quantities reaching the markets are not the product of marketing practices beneficial to farmers. In surveys with different farmers significantly they confirm that are not satisfied with existing practices of marketing and seek their improvement-80% of respondents seek to improve commercial operations (this testifies to the great number of those not satisfied with the existing situation, 18% declared that they produce mainly for self consumption and they are not yet faced with the challenges of the market and 2% declared no interest for the improvement of commercial operations.

In many cases, the individual farmers go to the market and try to find a place and a buyer for their product. This is not always easy and sometimes it is even impossible, given that the market is often dominated by a small number of traders who control the movement of products as well as prices. The farmers, who are unable to negotiate prices, are at a disadvantage. For this reason farmers often declare that, "the traders are the ones who fix the price!" . One can cite examples from the case studies of farmers who sold their products directly and individually on the market under less favourable remunerating conditions, before they organised themselves to obtain better prices (Lothoré, A. And Delmas, P. 2009, 65).

Before addressed in more detail these issues let us see what are the advantages and disadvantages for the marketing of fruits and vegetables. As we noted albanian fresh products are more preferable than from import products. This situation is not true, in most the cases the processed imported products products enjoy a higher preference than those produced in the country. The fact is that albanian processed products do not enjoy the same reputation in terms of food security than imported products. This is the main reason why in most cases the albanian consumer is always seeking to have a more level of security for food consumed.

Defining markets

Wholesale market is an activity carried out in a certain place for the buying and selling of agricultural products originating in the fresh state of processed at wholesale level refraining rules and legal provisions. Wholesale markets for agricultural products and agro-

industrial represent a different category structures of the retail selling which meet the conditions required in the marketing of vegetables and fresh fruits, certain agri-food products as well as items specific industrial products such as devices and agricultural tools in accordance with legal provisions in force. *A wholesale market is a place where a trader can trade together regularly in order to sell a range of goods of the same type for buyers who demand goods in quantity and quality as well as different prices.*

The coordination of the value chain and market developments are the main factors behind the growth of agro-food production which is increased demand in the domestic market. Albanian agro-food sector is characterized by a short chain, a fact which represents an advantage to domestic producers. On the other hand, in some sectors prevails the buying and selling in the open market, while contracts are used very little, resulting in limited traceability. The organization of the value chain is in an early stage of development. Leadership is lacking although there are some cases where stakeholders are willing to take a partial control of the value chain. This means that instead of supporting all the stakeholders of the chain, it would be advisable to promote interest based on the relationship between the key stakeholders of the value chain, thus promoting cooperation. Moreover, with the expansion of supermarkets, the demand for professionalism, formality and local agri-food traceability chain would be increased. In the domestic market there is a high demand for domestic products, which is an opportunity for the local producers to increase their production. More specifically, the majority of consumers choose their products based on the origin (domestic or imported), are usually preferring domestic products. Also, we note that within the group of domestic products there are large differences in perception with respect to region within the country where the product is produced - there is a clear trend of regional preferences for some products. Also, it is noted that within the group of domestic products there are large differences in perception with regarding to region within the country where the product is produced - there is a clear trend of regional preferences for some products.

The majority of fresh products are collected by collector / seller and sold in the wholesale fruit and vegetable markets and traditional retail stores. Actually the creation of network of wholesale markets has significantly improved the capacity of producers who are away of main urban areas to market their products. It is noted that the circulation of fresh domestic products in supermarket chains is relatively small. Relevant infrastructure and post-harvest services (premises of refrigerating chambers, packaging lines/packaging etc.), are limited, but there was an increase in their number as a result of the support of 52 new units. While the limited facilities, refrigerating rooms and large product losses as a result of their absence have been for years the main cause of high deficit in the trade of apples. The storage capacities in refrigerating rooms in the recent years are increased. The Government subsidy schemes and strengthening of a category of traders wwhich are closer to farmers (including both the sale of agricultural inputs to farmers, as well as collection of products from farmers), is contributing to improve the situation slowly. Actually the collectors are most active actors in the value chain.

The fruit and vegetable sector is characterized by climatic conditions suitable to enable early production of several types of fruit and vegetables, which are also a

significant potential in terms of export opportunities; this is now a tangible reality proven by exports growing fruits and vegetables. Referring to the statistical figures of the Ministry of Agriculture recent years it is noticed an increase in farm investments (eg. new greenhouses and fruit plantations), and investment in post-harvest services, mainly refrigerating rooms intended primarily for fruit. The improving of the capacity, experience of farmers and traders have a positive impact on the development of the sector.

Regarding demand, there is a strong preference by consumers for local fruits and vegetables, while there is also a growing demand for fruits and fresh vegetables has been an advantage for domestic production. The production of fruits and vegetables is still facing various challenges, including informality sector planting, high costs of inputs purchased and fuel (especially affecting the green houses), low productivity and high losses of post-harvest, especially in the case of fruit.

Food safety standards of fruits and vegetables are also a challenge to be addressed in order to increase exports to the markets of Member States and to those expected to join the EU. The development of fruit and vegetable processing is hampered by difficulties in providing raw materials for industry. The competitiveness of the agricultural and food processing sector in Albania is increased in recent years, but there is still a significant difference compared with those of other European countries.

The main priority of this strategy is to increase competitiveness. Competitiveness of the agricultural and food processing sector in Albania has increased in recent years, but there is still a significant difference compared with those of other European countries. The main priority of this strategy is to increase competitiveness. Increasing the competitiveness of the sector and the viability of farms will be supported through the following measures selected by principles similar measures, which are regarded as acceptable by IPA component II and EU regulations for rural development 2014-2020.

Measure 1: Investments in physical assets farms objective of this measure is to:

- improve the overall performance of farms for primary production of agricultural products;
- to help farmers adopt EU standards regarding food safety, environmental protection and animal welfare;

In Albania, the fruits and vegetables trade is mainly in 9 markets operating as wholesale markets and in other retail markets. The wholesale markets collect and distribute the main part of local production as well as those imported according to the seasonality of production. In the trading of vegetables in the country, Lushnja market is in leading place with approximately 6000 tons of vegetables traded annually, of which approximately 80% local product (or about 30% of domestic production). In marketing of locally produced fruits main role is played by the markets of Lushnja, Korca and Tirana. The fruit vegetable market in Lushnja represents one of the biggest market for the collection of agricultural products in Albania. The agricultural products and traders came in this market from different district of Albania as Lushnja, Fier, Berat, Kucova, Elbasanect. The big market of Lushnja has always recognized high rates of fruits and vegetables exports in rajon. Only for the first 6 months of 2016 were exported about 27,745 tons of fruits and vegetables toward countries such as Kosovo, Bulgaria, Bosnia, Croatia, Serbia, Macedonia, Montenegro, Poland, Czech

Republic.

AGROKONI was created in 1992 as a company subject to purchase wholesale and import/export of food products in general, it took an account dedicated to marketing of agricultural products since 1997. The company has as its object the collection, marketing and import / export of agricultural products. The company operates in all key markets for the trading of most fruits and vegetables in Albania, being distinguished for the quality of service. AGROKONI is the first company in Albania, in the trading of fruits and vegetables. The products of company meet modern standards, regarding their quality and size, and packaging in carton boxes (according to modern requirements for environmental protection). One of the main activities of this company is the export of Albanian products in neighboring countries, as in Kosovo, Bulgaria, Serbia-Montenegro, etc.

The sector of fruits and vegetables are considered as priority sectors with development opportunities for a competitive production of quality products for domestic and export markets, interventions under this measure will be supported mainly by measures IPARD II, but for actions that do not benefit from IPARD II program support can be provided through national schemes, in order that these interventions to be complete. The measure is implemented in the short term, once virtually instrument IPARD be ready for implementation. Measure 2: Support for setting up of producer groups objective is the development of competitiveness and sustainability of agro-food sector by encouraging the creation of producer groups and associations of agricultural cooperation to improve the quality and production planning, handling and marketing of quantities large and increasing producers' negotiating skills in marketing their agricultural products.

Several limiting factors in improving agricultural product markets

- The distribution and commercialization of fruit and imported vegetables is carried out in almost all markets according to demand and the seasonality of the product.
- Almost all of these markets function primarily as places to trade and do not meet the necessary conditions for storage, standardization, classification or packaging of products before trading.
- The contractual relations between producers and traders are in the early stages. The increase in recent years of the number of supermarkets creates the opportunity for direct relationship between farmers and traders. The support and restrictive import-export prices of agriculture products are not defined they are dictated by market demand – supply.
- The contractual arrangements (written) between producers and processors of fresh products need improvement. There are cases that transactions are only based on verbal agreements, or direct purchase in the market or farm.
- Lack of analysis and prediction of problems related to the markets for agricultural products.
- The purchase of new machinery and equipment for the selection and packaging of agriculture products, including computer programs regarding information on prices and agriculture markets.

Government policies to improve the market of agricultural products

Project agricultural services implemented with World Bank financing had targeted the creation of an environment which help increase income in rural areas by solving the main obstacles encountered by small farmers in agricultural production, trade, and in the functioning of markets farming, increase the participation of small farmers in market activities through the development of selected infrastructure markets, active demonstration and facilitation of market linkage. In order to support local markets, export and marketing, project invested significantly for the creation, promotion and operation of markets, marketing and export opportunities.

The main objectives of this component: (i) facilitating the marketing of primary agricultural products in Albania (ii) improving the functioning and management of selected agricultural markets serving to the urban and as well as rural population and (iii) strengthening institutional capacity Ministry of Agriculture and municipalities to plan and forecast the market activities successfully.

In the recent years the government in the framework of support schemes, has supported activities to increase production of vegetables and fruits, investments for setting up collection points, as well as partially covering the interest rate on the loan for several private entities to invest in processing fruits and vegetables. Also in the framework of bilateral co-operation relations with the Federal Republic of Germany, Ministry of Agriculture, Rural Development and Water Administration (MARDWA) is working on improving the standards of agricultural products in accordance with international standards.

Conclusions

This study highlights the problems and constraints in the markets of agricultural products and provides general recommendations for the formulation of agricultural policies in terms of organization and management of agricultural markets in accordance with the Common Agricultural Policy (CAP). It will assist the farmers organized in professional associations and agricultural shareholding companies, in order to exploit agricultural potential, increase the quality and competitiveness of products, creating conditions for market transparency and fair competition between farmers and to ensure a better protection of consumers.

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