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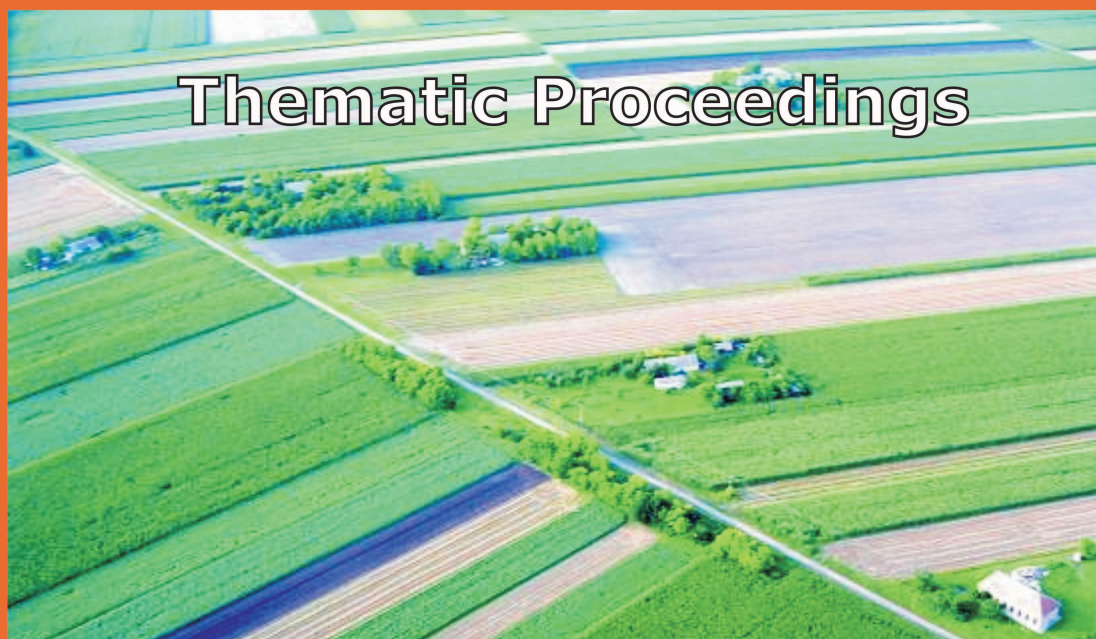
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INFLUENCE OF THE TRANSITION TO THE DEVELOPMENT OF MACEDONIAN AGRICULTURE

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INTRODUCTION

Republic Macedonia has been settled in the central part of Balkan Peninsula. It is small country (25 713 kilometer square), without sea exit, relatively undeveloped. The beginning of the transition has been parallel with the starting period of building independent state as a new historical period starting with 1991 (separation from Ex. Yugoslavia) that why, it has been known as difficult, complex and unstable period.

Within basis of national development a few fundamental destinations have been established: consistently building open society, economic stability, transition to stable and sustainable economic development, export orientation of the state and outspread outward-economic relations, enlarging the employment and approving socio-economic condition in the state. The purpose was to finish successfully the transition in all domains of the society in Republic of Macedonia. But, from current perspective we could say that the valuation of the past period of building sovereignty state with deep transitional changes was difficult and partly successful with strong influence in agriculture and rural development in the country.

THE MOST IMPORTANT RESOURCES FOR OVERAL DEVELOPMENT

Available resources and their rational compatibility and allocation are the most important factors for every country development such as: natural, human, infrastructural, main capacities of some economic and no economic sectors, etc.

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According to human resources, the evaluation was that Macedonia has relatively satisfactorily high education capacities staff. Especially was pointed out the problem of young people not having the opportunity for employment, so they are starting the process of applying for a job in other foreign countries. Except developed university infrastructure, Macedonia also has high school education with many professions, even for agricultural production, processing agricultural products and food.

Natural resources in Republic of Macedonia are not so extensive, but they are characterized with huge diversification. Besides that, they are not limiting factors for developing country with population over two millions. It is also related with climatic and hydrological conditions, as well as agricultural land, mineral resources etc.

Traffic and telecommunication infrastructure. Macedonia has been connected horizontally and vertically with road infrastructure and railway traffic. Macedonia has two airports that provide modern communication access.

Processing industry and civil engineering in the beginning of transitional period were relatively satisfactorily and important potential for overall economic development, but cardinal mistakes in many sectors has been made in the process of privatization (example of tobacco industry).

ADVANTAGES OF AGRICULTURAL DEVELOPMENT

Besides above mentioned disadvantages, as any other country, Macedonia has favorable conditions for production.

Natural conditions as most important factor could be valued as relatively favorably. Macedonia is under influence of Mediterranean and continental climate which together with many soil types and relatively high altitude differential enable planting various numbers of agricultural plants. Part of hilly-mountain areas in the country, rich with fertile pasture enable developing of live stock breeding especially well known by good quality lamb meat. On mountainous and around the natural lakes, climatic – soil conditions enable cultivating huge number of fruits with good quality.

Human resources. The significant advantages for Macedonian agriculture is experience and tradition of the farmers as well as developed educational infrastructure for education of agricultural staff, food processing and tobacco industry. The presence of raw materials with good quality caused building relatively developed food processing and tobacco industry. The geographical position and communication systems that pass cross the country, ratified agreements for free market with other countries in the region, CEFTA membership and asymmetrical custom relation with EU till 2010, represent advantages.

MORE IMPORTANT LIMITATE FACTORS FOR AGRICULTURE DEVELOPMENT

We should also mention relatively limited potential of the soil, high annual amplitude of air temperature (from +40C until -25C), as well as late spring frost. Also, Macedonia has low relative humidity of the air which low level of annual rains (no more than 700 mm) limit the production of so called continental field crops.

The imitated capacity of arable lends, only 50 % from agricultural land initiate inconvenience that imply 0, 33 ha arable land per habitant in comparison with Bulgaria – 0, 46 ha, Romania – 0, 44 ha, Hungary – 0, 50 ha. The serious disadvantage for agriculture present small and divided property of lands, which reorganize labor and enlarge capital demand. At the beginning of transition, the support of agriculture from the state was deteriorated and it still last, because the resources for support are only 10 % from the previous amount (from 1990 to 1994).

Negatively has been reflected the fact that in this period there were no favorable credit facilities for new investments in agriculture, so it brought not-investing, the result was outdated facilities and technologies.

PRIVATIZATION IN FOOD PROCEESING COMPLEX

Previous agricultural production was connected with food processing and tobacco industry in agro – industrial complexes (combinates), that's why analyzing the process of privatization and whole reconstruction should be present also the process of disintegration of combinates.

According the Agency for privatization, (Answer the questionnaire Government of RM, 2005, Skopje), the biggest part of privatized organizations were with liquidation (42, 95), with ransom of employed (16, 6%), with private capital (14, 9%), with resuming management (13, 3%), etc. But, according the value of the capital, the companies with resuming management have the highest participation 30%, than with purchase the company 20% etc. So, with the mentioned models in 2003 there were 429 private companies, from who with liquidation have been privatized 134, that show 295 active companies in 2003. In the last statistical data from Republic Office for statistics¹ in 2005there were 133 agricultural companies with 5332 employed and 88 000 ha cultivated land. (Table 3). From the models of privatization it is obvious that that wit foreign capital are privatized only 2 companies with 19 employed and 693 thousands euros.

¹ Statistical yearbook in RM 2006

It is necessary to point out that according to the Law for privatization in agriculture, the agricultural land is proclaimed for state property and it can not be privatized, but only provide concession for that one who made privatization the rest of the capital on agricultural company.

MORE IMPORTANT RESOURCES FOR AGRICULTURAL PRODUCTION

Competitive analyze of available resources, before transition in 2005, shows not so big, but serious differences that provide the potentials for economic and competitive production to become worse.

Table 1 Resources for agricultural production

TYPE	UNIT	1998		2005	
		Size	Participation %	Size	Participation %
Agricultural land	000 ha	1323	100 -	1229	100 -
Cultivated land	000 ha	668	50,5 100	546	44,4 -
Arable land and gardens	000 ha	555	- 83,1	448	- 82,1
Orchard	000 ha	23	- 3,4	13	- 2,4
Vineyards	000 ha	36	- 5,4	26	- 4,7
Meadows	000 ha	54	- 8,1	59	- 10,8
Pastures	000 ha	653	49,5 -	683	55,6 -
Average gross weight of cattle	000 nb.	336		276	
Tractor	000 nb.	43		67	
Irrigation land	000 ha	67		31	
Employed in AOE	000 nb.	44		5	

The size of cultivated areas has been reduced; also of orchards (even it is proved the advantages of natural conditions in Macedonia for high productive fruit and grape production). Besides that, the significant size of cattle has been reduced (18%), as well as the number of employed in agricultural companies, the areas with irrigation, but it is enlarged the size of pastures and meadows, which all together with used arable land (Table 2), shows the transition for extensive of basic resources.

Table 2 Structure for usage of plough and vegetable areas

TYPE	1998			2005		
	Size 000ha	Participation	%	Size 000ha	Participation	%
Arable land and vegetable gardens	555	100	-	448	100	-
Crop land	395	71,2	100	316	70,5	-
Wheat	227	-	57,5	204	-	64,6
Industrial plants	66	-	16,7	27	-	8,5
Vegetable plants	64	-	16,2	51	-	16,1
Forage	38	-	9,6	34	-	10,8
Nursery	2	0,4	-	1	0,3	-
Fallow and Raw land	158	28,4	-	131	29,2	-

Besides comparative analyze of basic productive capacities, it is also very important comparison of number and used areas of large agricultural enterprises as productive subjects with opportunities for competitive production (Table 3).

Table 3 Number of agricultural enterprises

Tipe Of Enterprices	1998		2005	
	Number	Cultivated land 000ha	Number	Cultivated land 000 ha
Agricultural enterprises	213	174	133	83
Association work Organizations	136	166	-	-
Agricultural cooperation	77	8	-	-
Individual agricultural enterprises ¹	176,5	494	176,5	463

From the data shown, the current numbers of large agricultural enterprises are less for about 40%, there are not associated economies and individual enterprises used reduced size of areas.

¹ According the official list in 2002,in 000

**COMPARATION OF MORE IMPORTANT PRODUCTIONS
PARAMETERS BEFORE TRANSITION AND FROM 2001 TO 2005**

Because of available space, we think that it will be enough to compare two, the most important indexes that are result of usage of main capacities, technology and management, which is the size of production and export. The size of production is very important for Macedonian agriculture with high contribution in GDP.

Table 4 Trend amplitude of more important primary production

Products	Average 1981-1989	2001	2002	2003	2004	2005	Average	2001/05 1991/99
Wheat	504	474	557	465	677	645	563	111
Industrial plants	160	66	76	75	77	93	77	48
Vegetable	486	666	679	684	709	704	688	141
Forage	152	189	210	207	205	204	203	133
Fruit	156	74	113	101	177	150	117	75
Grape	249	230	119	244	264	266	225	90
Meat	38	26	27	30	30	28	28	74
Milk	180	248	250	244	261	246	250	138
Eggs	387	395	345	289	340	340	341	88
Honey	766	986	853	1026	916	1042	965	126

To compare the contribution in GDP for the period from 1989 to 1999 it was 11, 3%, for the period from 2001 to 2005 the average was 10, 1%. This high contribution of agriculture in GDP is not the result of high developed agriculture, but as a result of weaker development of other economic sectors.

The second, very important index for successful Macedonian agriculture is export, because of natural conditions, Macedonia is unfavorable to produce important plants, such wheat, sugar been, sunflower, silage for respective milk and meat, but has very good conditions for growing vegetable, fruit, grape and tobacco.

Size of primary production - The comparison of size of production (before transition and the last five years) shows rapid decrease of the most important products (Table 4). Especially is concerning the decrement of industrial plants (only 48%), the fruit (75%), etc. It is encouraging the increment of vegetable production, forage and provender that will provide enlargement of milk production, besides decrease the limited number of cattle.

Table 5 Global structure of export-import values

Group of Products	1995	2001	2002	2003	2004	2005	Average 2001-2005	
Export								
Food	132	66	75	92	124	167	105	
Index	100	50	57	76	94	126	80	
Drinks/ tobacco	88	122	125	137	128	163	135	
Index	100	152	156	171	160	204	169	
Rest	15	12	13	12	7	4	40	
Index	100	80	87	80	47	27	67	
Total	235	200	213	241	259	334	250	
Index	100	85	91	103	110	142	108	
Import								
Food	281	194	247	271	351	343	281	
Index	100	69	88	96	125	122	100	
Drinks/ Tobacco	17	18	18	24	27	31	24	
Index	100	106	106	141	189	182	141	
Rest	26	30	33	38	16	37	31	
Index	100	115	127	146	62	142	119	
Total	324	242	298	333	394	411	336	
Index	100	75	92	103	103	127	104	
Covered Export / Import % ¹	food	49	34	30	34	35	49	37
	total	73	84	71	72	66	81	74

Export - Import Current value of export and import in Macedonia is not comparative with the period of transition, because the biggest amount of sufficed has been realized in the together country. Import of deficit products was been bayed on the same market.

Increasing of export value in the last 2 years from the analysed period, and the import's also, can be indicators of beginning periods of Macedonian economy stabilization, but not about increasing of competitively also. Import is covered with export only 66%. Participation of agricultural products export in total export has increasing tendency, but their average value is 18, 6%.

¹ Total Macedonia

CONCLUSION

Macedonian society transition run in specific conditions because list of circumstances that were not in a domain of its institutions as political and trade blockades from outside. But there were also series subjective weaknesses of the governments and institutions in the state that contribute for delaying the transition and disabling proper changes toward whole democratization of the economy. Inconvenient and late privatization in agro complex, still reflect in negative way on agricultural development.

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