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Challenges for the Global Agricultural Trade Regime after Doha

AN ECONOMIC EVALUATION OF THE EFFECTS OF BUSINESS STRATEGY OF AGRO-FOOD INDUSTRY CLUSTERS ON EXPORT COMPETITIVENESS IN SERBIAN TRANSITION ECONOMY

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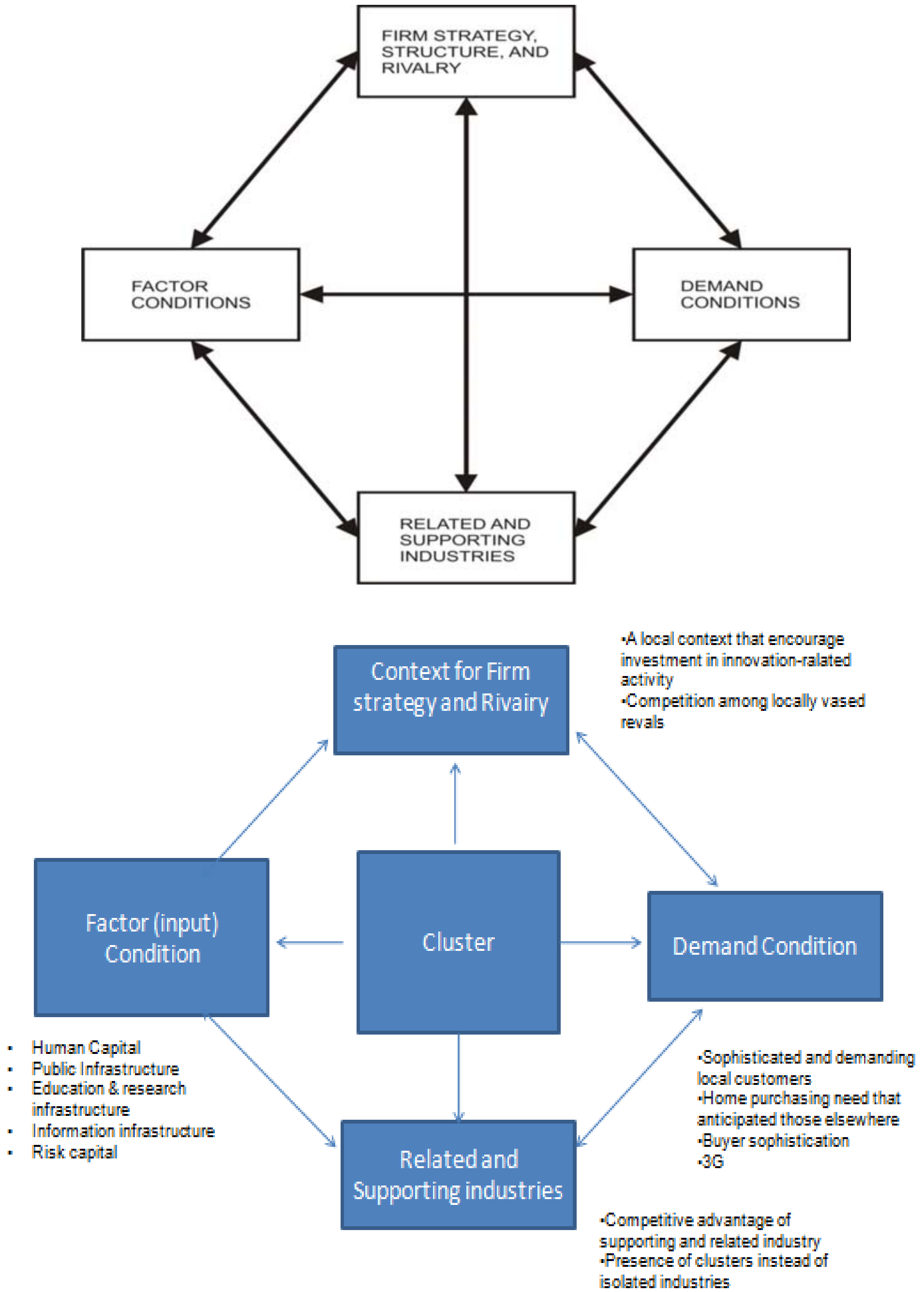
Abstract: This article gathered and displayed data on export strategies of agro-food products and the performance of some clusters and associations inside industries in Serbian region. As part of this article, producers in clusters were described in detail in agro&food production, their weaknesses&opportunities they confront in the national and international markets. Analyzes were carried out within 2 clusters, association and on their subsistence in national markets. SWOT analyzes managed to make a solid/viable cross section of agro production and food industry through its branches within which these clusters work. These branches are baking, wine, organic food production&dairy industry. Etno-tourism and the way it connects all of these food items of food industry is also analyzed within this paper. In this way a complete picture of the clusters in the agriculture and food industry was gained.

Keywords: agribusiness, agro-food sector, clusters, competitiveness, micro&macro level, Serbia, SWOT

1. INTRODUCTION AND BRIEF REVIEW OF LITERATURE

Porter (1990) defines a cluster as "a group of interrelated or mutually connected companies and relevantly appropriate institutions located nearby, which deal with specific activities, while connected by complementaries. In geographical terms, the cluster might involve or include a city, but also the entire country, and even the entire network of neighboring countries (Porter, 1998). Cluster Development in Serbia has started in the year 2006, and the implementation of programs to support the development of clusters was achieved in the year 2007 throughout the program for the development of business incubators and clusters in the Republic of Serbia during the period between 2007 to 2010 with the financial support of the Government of the Kingdom of Norway. Based on the advice and practices of developed countries, especially the EU countries that have passed through a period of development of clusters that even today have developed economy, Ministry of Economy and Regional Development in the period from 2006 to 2010 have been implementing the program to support cluster development. The program aims to encourage economic development, growth of employment and export through businesses networking, research&development institutions and business associations in the cluster. This program has been designed in four stages: consultation and program preparation, stabilization and growth of clusters, strengthening the operational capacity of the existing clusters and the commercialization and inclusion of clusters in the international business cycle. So far have been encountered many obstacles in the development of clusters in Serbia, which is primarily explained by an insufficient connection between the cluster members, lack of connectivity of clusters in the country and abroad, as well as weak development and management engagement of clusters in the creation of development strategies. In order to overcome incurred obstacles and achieve results in business of clusters, it is necessary that both the state and the private sector involve more and more seriously in an effort to improve clustering in the country. The state has three roles in the economy with which it can and should achieve macroeconomic and political stability by establishing steady state institutions, the legal and economic framework and sound macroeconomic policies. In addition, the state should establish a general micro-economic stability and efficient investment in their own country and international investments and actions across all four determinants of the national diamond or a rhomb. Finally, the government should establish a general micro-economic policy and incentives on the line to direct the competition which encourages the growth of productivity (Porter, 1998). At the cluster level, government policy is leading to all parts of his diamond or rhomb model as it can be seen in Figure 1:

Figure 1: The influence of the private sector on improvement of clusters



Source: Figure from the Left side created on the base by Porter, Michael E. (1990): The Competitive Advantage of Nations, London, page 72; Figure from the right-side developed on the basis of Furman et al. (2002)

In the continuation, the influence of the state on the development of clusters Pekos, Sombor Salas' and the Association of Wine-growers&producers of Serbia were examined. In that way is illustrated how it is when a state with its diverse roles, tries to help the Cluster Development of agro-food industry in practice, and what is there to do. In the segment of a rhomb, within the context for the firm strategy and rivalry, the state has commenced multiple programs, but few of them have been completed in order to provide support for the other projects. Thus, the removal of barriers for local competition commenced with a commitment by national producers is to have in possession all licenses for the production and sale of their products. However, except for the larger dairies, wineries and bakeries actions in which their products are exported to the international market, other producers have turned a deaf ear to this. They are selling most of their products outside the official points of sale and thus preventing the existence of healthy competition. Nonetheless, these producers and sellers reduce inflow of money in the local markets and reduce the budget of their institutions. In the Program for Business Incubators and Clusters Development in Serbia between 2007 and 2010, the state has at its disposal financial resources of the Government of the Kingdom of Norway and invested small amounts in the establishment of government offices which would support the operation of clusters only in larger cities in Serbia. This is highly disadvantageous for clusters which are engaged in the production and sales of food products, because the most of small producers are located outside the major cities of Serbia (Belgrade, Novi Sad, Nis), which represents a problem in their mutual communication. Even the cluster Pekos, whose members are almost all from Novi Sad, had to contact the government offices in Belgrade for each proposal, which led to a slowdown in future work. So far the state has been trying to attract foreign direct investments, but without much success. Those funds were mainly intended for maintaining events such as fairs and conferences. The funds received from the government of Norway, apart from the investment in conferences, trade fairs and seminars have been invested into projects of forming of some clusters, in which the clusters of the food sector have not been well received. Non-inconsiderable benefits can be obtained by raisin' of agricultural loans approved by the Ministry of Agriculture, Water and Forestry, with a lower interest rate and longer grace period of repayment. A good example of attracting foreign direct investments in the vicinity of the cluster is Symposium in Selenca named “Hello Organic”, whose one of the sponsors is the Regional Office of FAO for Europe and Central Asia headquartered in Budapest. When it comes to orientation to boost exports in the vicinity of clusters, the state is making an effort to encourage development of viticulture and export of wine. Such process significantly helps the association of wine-growers&producers of Serbia to receive monetary funding for projects of planting vineyards and group performances at national and international markets. On the factor conditions of agro-food clusters and associations, the state acting through a holding seminars and educational programs such as the First Conference of clusters of Serbia in 2007. However, a much or far greater role in education and training have the state institutions such as agricultural colleges, travel agencies and institutions for testing the quality of food products. The thing on which should be intensively working is the initiation of research in the field of cluster technologies at a local university. This will create awareness about the importance of cluster development and make better use of technology of clusters. The state began collecting basic information specific to a cluster, but it did not continue. In the meantime, smaller clusters have appeared, such as cluster Sombor Salas', which are not found on any news site although they are developing and their members are achieving good results in the national and international market. About the strengthening of a specialized transportation and communication infrastructure it is still not talking, but since Serbia leads the country's export-oriented strategy, it is necessary to develop any kind of infrastructure that will help clusters to easier sell their products in national and international markets. The third important part of the rhomb consists of the related and auxiliary industries or branches, which the state must support equality in order to improve a further work of the cluster. So far, the state has supported the organization of events and forums for linking participants of clusters. An example for this is the first organized participation of Serbian traditional wine-producers at the International Wine Fair in Vienna, entitled “Vievinum”, where several traditional wineries from the Association of wine-growers&producers of Serbia occurred together. The state, through the Tourist Organization of Belgrade helped to organize tartaric evening "Rawangard Wine Fest" in Sombor, which was attended by the members of the cluster Sombor Salas'. Members of both clusters had the possibility to share their experiences and future plans, while the experts shared their experiences with them within a short educational program. Such forums are necessary as much as possible to organize, because most of the clusters depend on the development and mutual collaboration of its members. Until now there were no much words on encouraging of specific efforts for the cluster which will attract suppliers and providers from other locations. Cluster Sombor Salas' gives an example that shows the possibility of extending the cluster to other locations, which began a collaboration with the producers of food products from city Apatin that in the future may become members of the cluster. Collaboration also exists with the Bio Q, ecological production cluster from Osijek in the field of knowledge transfer, joint participation at trade fairs and planning of joint participation in the IPA cross-border collaboration between Serbia and Croatia project under the name "Tradition for the Future". By signing the Transitional Trade Agreement with the EU and the Free Trade Agreement with CEFTA members signed in late year 2009, the biggest benefit have the members of the Association of wine-growers&producers of Serbia, and the same amenities are used by some members of the cluster Sombor Salas' (Hello Organic from Selenca). On demand conditions, the state acted by prescribing of having standards applicable in national and international markets. Larger producers which sell their products and on the outside of the national market have these certificates, but the majority of smaller producers still lacks all the certificates because they are not an export oriented. This is also one of the biggest requirements for export of national food products. Since the majority of small producers will not be able to obtain these certificates, termination of their work is expected. The example we have in the baking industry and the cluster Pekos which represent the majority of small producers. About the state as a purchaser of goods of clusters and associations within the food industry has never been much spoken. Some of the traditional wineries have promoted their wines at major national events, but all was still remained at the level of promotion. As we have seen, the role of state influence in the improvement of clusters is a vast and must be sustained if they want to achieve the desired results. In addition to the state, the impact on the improvement and development of clusters has the private sector through the permanent relationships with the local authorities and institutions and through the private investments. Figure 1 shows how the private sector may influence on all parts of the rhomb and in the hereinafter referred, it is shown how the members of the cluster Pekos, Sombor Salas' and the Association of wine-growers&producers of Serbia doing this in the practice. The influence of the private sector on the context of firm strategy and rivalry is likely that the results from year to year will be increasingly better. As mentioned before, the cluster members perform with joint marketing at trade fairs. Collaboration with the state within its efforts for encouraging exports and his promotion provide mostly larger enhanced wineries and producers of the dairy industry and organic manufacturing for the time being. In terms of making websites of clusters and associations, it is going from one extreme to another. While the Association of wine-growers&producers of Serbia and its members is competing on who will have a better website and on which all seems fantastic, cluster Pekos does not yet have its own website and seeking information about him and its members represent a true difficulty. Improvement of the factor conditions so far did not work out in the best way. Of all the activities that can be seen in Figure 1, up to now a private sector was the best in organizing training courses for the employees (not just for managers, but also for technologists) in connection with the legislation or regulations, quality and management. An example are the fairs, in which specialists (such as teachers&engineers) are professionally hired by the cluster members to hold lectures for the audience. In the part of rhomb, related and the auxiliary industries, the private sector has so far founded a professional association within the cluster. An example of professional associations within the cluster Sombor Salas' gives an enterprise Hello Organic from Selenca whose association nowadays disposes with 67 members, of which twelve licensed producers for organic farming and 45 producers in the transitional and conventional category. Another important association in cluster Sombor Salas', both by the number of members, as well as by the quality of the product is Eco-Energy from Sombor. It consists of 73 members, of which two producers have a license for an organic production, five manufacturers are in the transitional, and 38 producers are in the conventional category yet. Within the cluster Pekos are also two professional associations, inter-municipal association of artisan and the Union of bakers of Vojvodina in Novi Sad. In order to encourage attracting of the local investments, many wineries are building their accommodation facilities in which they will have tasting rooms, apartments and restaurants with traditional cuisine which will attract suppliers from related branches – organic food products, bakery and dairy products. A similar example is also Hello Organic who built a large capacity cold storage which is planned to lease and to the other producers or suppliers as well. Joint efforts of all users of these facilities will attract the local investments, which will be able to invest in existing and new joint plans. Improvement of demand conditions in the analyzed clusters is visible in collaboration of their members with the state authorities regarding participation in international markets and obtaining certificates or certification. So far, negotiations between the cluster members and the states give the progress in the wine sector in terms of increasing plantings. The progress is also visible in securing resources or funds for free control products. However, in order to achieve better agreements in terms of exports, it is necessary that producers of similar interests jointly exert pressure and lobby in the groups to obtain the same. Determination of organizational development strategy requires careful planning of further work and development of all participants in the economy. It is necessary to work intensively with one another of the cluster members or associations based on collaboration and information exchange. With its business operations, they continue to give the signals towards the state authorities about the problems that arise in the economy or about the possibilities which with the help of the state may solve or accomplish. Often, the intervention of the state is insufficient. However, it is necessary to activate more individuals within clusters or associations through the higher investments, market research, strengthening of marketing and the establishment of professional associations in order to facilitate the attraction of new members. Serbia has an excellent conditions for the production of organic food and several producers already have found their place on the national and international market. One of them is Hello Organic from Selenca, which is part of the cluster Sombor Salas'. What needs to be done by the state is a greater stimulation of producers through subsidies and enacting legislation – making laws and bylaws on the organic farming.

1.1. Serbian international trade-exchange amongst the agro&food industries

Since the end of year 2000 and the approval of the preferential trade concessions by the EU, all the agro-food products originating from Serbia are exempt from customs duties during placement or the export to EU market. This fact allows duty free access for Serbian products towards an exceptionally large, rich by abundant and demanding market, which is largely used. In early 2009, with the unilateral implementation of the trade agreement has established a symmetrical relationship in international trade exchange with the EU. By creating a strategy of development and export-oriented agriculture, the EU market absorbs approximately half of the total agricultural exports from Serbia. The most important and significant business partners of Agro-food Industry of Serbia in addition to the EU countries and the CEFTA are signatories of the multilateral FTAs. Serbia at the end of the year 2006, and seven other countries signed the first multilateral agreement in South-East Europe, named Central European Free Trade Agreement – CEFTA 2006th. CEFTA 2006th signatory countries are Albania, BiH, Croatia, Macedonia, Montenegro, Moldova and besides that Bulgaria and Romania have also been signatories, but in 2007 they joined the EU and became the EU members. Serbia sells about 30 percent of total exports to market of CEFTA member countries, and with all countries, except with Croatia and Moldova, has a trade surplus in the exchange. Serbia from 1 January 2010 chairs this association. With the survey among executives, businesspersons and generally businesspeople, it was found that the biggest problem is mutual non-recognition of quality certificates. Nonetheless, the diagonal accumulation of origin of goods which also enables a reduction of customs duties or tariff is insufficiently used among business people in CEFTA region. In the meantime, Serbia has signed an agreement on market liberalization with Belarus and Turkey. Nonetheless, the increase in the balance of international trade exchange with Russia is also on the rise, and the 2009 fall is justified by the effects of the financial crisis. Upward trend in exports of agro-food products is interrupted by the financial crisis. Although in most countries the crisis has left traces in early 2008, agro-production in the same year in Serbia increased by 9 percent, and its products are mostly exported to CEFTA countries, which have quite cushioned or alleviated the first effects of the world crisis on the country (Statistics of National Accounts, 2008). Nowadays the economy is gradually returning to the level of exports from the previous years, but that process is developing very slowly. The reduction of foreign direct investments over the past two years is also gone in favor of a slow recovery, which has negative effects on the stability of the exchange rate and its large oscillations during the year. Due to the current and insufficiently successful monetary and fiscal policy, the state should lead these policies by more austere than ever or so far, the so-called prophylactic measures. Krugman&Obsfeld (2009) argue that these measures are related to greater transparency, strengthening the banking system and credit facilities and increase equity capital influx relative to the inflow of debts. On the other side, Serbia needs to consider the opportunities to increase food products exports by strengthening the production, organizational and market strategies. In this way will perceive which products to produce and in which way, how to organize a national producer and which international markets or markets abroad should be examined in order to place them larger amounts of agro-food products. According to the WB (2013), prices of many agro-food products in Serbia show high volatility, rising higher than EU prices in periods of shortage and dropping lower than EU prices in times of surplus. This volatility indicates a lack of competition and efficiency in the marketing chains, and makes it difficult to achieve a continuity of exports, with obvious negative effects on consumers (WB, 2013).

1.2. Export performance of Serbian agriculture through the food industry

Serbia leads the strategy of an export-oriented economy. Serbia, in spite of the excellent geographic position and climatic conditions for agro-sector development has always had a lack of adequate agricultural policy. Created in the period of planned economy, lost also those few clear visions during the sanctions, and as such, fetched as a tragic inheritance in the transition period, agricultural policies need to be shaped according by structural changes in the economy and toward market demands. During the transition period, opening its market to the world, Serbia encountered an unfamiliar terrain. When in Serbia began a period of transition, it was not immediately possible to see how much is the loss of equity capital, expertise – in regard to competence, skills and professionalism, and the technology compared to other economies. Moreover, when they tried with the planning of attracting international investors in order to obtain foreign direct investments, it was realized that Serbia's ranking in the global or world economy is very low and as such, the Serbian economy is insufficiently attractive for investment. Since then a lot has happened, but still insufficiently in terms of competitiveness, antitrust policy, technological development, investments into reasearch&development of all other factors necessary for the rapid or quicker development of the national economy. The similar situation is in agriculture. Opening of the national market towards the world has so far not been used sufficiently exploited. In this lack, the roots can be found that still were in the former Yugoslavia, when Serbia over half of agro-food products, as well as from the majority of other economic sectors, exported to the markets of the former Yugoslav republics (Jevtic et al., 2007). Insufficient knowledge about the requirements that existed in the markets of EU countries, former republics of the Soviet Union - USSR or Asia, caused the placement of small quantities of agro-food products&stuffs from possible to the aforementioned markets. What characterizes the Serbian agriculture is a great diversity of agro-holdings and their great compartmentalization (average size of less than 3 acres of land and 7 parcels), insufficient equipment of agro-machines which is however technologically overcomed/outdated and obsolete - average age is 20 years old, low use of mineral fertilizers and extremely low productivity in all fields of production - by showing the average yields and especially average agro-harvest yields below the level of the EU average (Jevtic et al., 2007). The Serbian market does not practice yet more rational use of significant ecological, production and human resources in agriculture. This primarily relates to the increase in overall generation&production efficiency, faster growth and sustainable development. In some developed countries, organic agriculture has a significant portion of the total agro-production, so that organic farming in Denmark makes 13 percent of the total, in Austria is 10 percent and 8 percent in Switzerland. The largest market for organic products is in Germany with an annual growth rate of 10 percent, followed by France with an annual growth rate or an increase of 5 percent. It is estimated that in the United States, France and Japan, the annual growth of this production is about 20 percent. The most successful country in place regarding terms of exports of products from organic agriculture in Europe is the Hungary, which exports about 80 percent of its products. Hungary stimulates&encourages producers of organic food, which also needs to be done by others, especially the less developed economies. According to the WB (2013), the pursuit of EU accession will affect agriculture more than any other sector, but it is also the sector that will benefit the most. The pre-accession period requires great adjustments and investments at all levels of the agro-food industries. The Serbian agricultural policy has created uncertainty over the last decade, and has been redesigned into a two-year cycle since 2000, leading to an unstable political environment. This policy uncertainty has had negative effects on investments in the sector, as well as on its restructuring.

2. RESULTS AND DISCUSSION

2.1. Analysis of business performance and potential of agro-food business clusters

The “Pekos” bakery Cluster – founded at the end of 2007 as a network of companies for the production of bakery products and educational institutions in charge to support labor (raw materials, transportation, marketing, and training) and cluster development. The cluster consists of 19 members (14 companies and 5 research&devlopment organizations), mainly located in Vojvodina - Novi Sad.

The cluster is local and cluster members are primarily small bakery producers, agency for introducing quality system, associations of bakeries and millers, research&development institute and non-governmental organization. The cluster's objective is to provide support to its members in the process of strengthening or enhancing their competitiveness and generating or achieving profitable positioning on both national and international markets. Moreover, it aims to develop new health-secure products and improved production process in order to improve export and market recognition. Cluster Pekos belongs to a group of the zero-phase clusters in Serbia, i.e., clusters that with its recent developments do not have sufficient possibilities for increasing exports. For that reason, this cluster is also less preferred by the state for allocations of the funds earmarked for the planned projects. At the beginning of its operation, this cluster has received funding for the conceptual project in association of manufacturing companies and educational institutions from the South-Backa District in cluster Pekos in the amount of half of the necessary financial resources, which helped creation of this cluster. This project consisted of three sub-projects:

- The project for the exercise of legal form of cluster Pekos
- The formation of all bodies of clusters and establishment of control at work of clusters
- Seminar about concepts and experiences of clusters

In one of the few strengths of this cluster is considered as a determination to form a cluster. All three sub-projects have been successfully completed, but the main problem is undeveloped Management which is still unsolved and creates a problem in the development of the cluster. By the opinion of its members, this problem must be solved as soon as possible, because cluster Pekos has difficulties in the planning and holding events where exposing its members, which are poorly interrelated and many still do not realize the benefits of a multifaceted group-collective exposure of their products. In the cluster, next to producers and sellers of bakery products are also involved three research and educational institutions, which have so far provided support with the production, control and improvement of the quality of bakery products. These are the Institute of Food Technology, Agency for the system quality (QS) introduction “Quo Vadis” and the Institute of Occupational Health in Novi Sad. Based on the organizational map of clusters Pekos, it can be concluded that there exist other two important organizations for the development of this cluster. These are nongovernmental nonprofit organization "Development Project Group Rumenka" from Rumenka which organizes projects and is working on raisin’ funds for their execution. Inter-municipal association of artisans from Novi Sad has had the role of leader, management and the legal adviser on the project of clusters. In the agro - service of production and sales, the roles in the organization and sponsorship of events have both the Bakers' Union of Vojvodina and Zitovojvodina. This role could be higher if these two members had better think about common interests that may have with the others, although smaller but not less important members within the cluster. Ltd. for the production and supply of intermediate goods for the food industry PIP represents one of the most developed members. PIP has achieved a high quality of its products and services. This specific producer is specialized in the production of mixture of baked products which are mainly sold in national markets. Other members of the agro-service of production and sales possess several sales outlets, while some also have their own production. In order to be more acquainted with the problems and opportunities that members of the cluster have or may have, a SWOT analysis of cluster Pekos has been summarized in table 1:

Table 1: The SWOT analysis of Cluster Pekos

Strengths	Weaknesses
✓ Determination for building a cluster ✓ Created database on producers of bakery products and flour mills in Novi Sad	✓ Insufficient connectivity between the cluster members ✓ Weak level of development of individual members ✓ There is no working group in the cluster which would deal with providing services to other members of the cluster. ✓ Insufficient availability of skilled personnel potential – human resources ✓ Insufficient affirmation of the cluster to work on increasing the interest of young people in the bakery industry ✓ All members do not possess the HACCP system ✓ Lack of website of cluster
Opportunities	**Threats**
✓ The possibility of easier obtaining financial resources from the international organizations ✓ Lowering of prices of raw materials through joint and planned purchase ✓ Increased activity of marketing and management of cluster	✓ Law on HACCP has not been precisely limited ✓ Price at the expense of quality – quality suffers because of price ✓ Insufficient cooperation with other associations of bakery industry in the country and the region

Source: processing of data collected by the author

Cluster Sombor Salas’ – was established in 2008 with the objective of tourist offer affirmation&promotion of Sombor Salas’, as well as to increase the quality and quantity of organic food production in the area of western and of the Southern Backa District. The initiative for establishing an association with the features of today's clusters was identified as early as 1996 in the general Master Plan of Serbia whose one part refers to the Sombor Salas’ as a spatial entity which should be protected. Under existing survey, which surveyed three-hundred agro-producers&farmers from this region, it is clearly noted that there is an interest in rural tourism development and production of organic food. The beginning of the work of this cluster has been facilitated through the professional&technical assistance of the TAM programs and services for reconstruction and business advisory by the EBRD in the first 12 months. Role in the creation phase, as for this one as well as other clusters has also played the Republic of Serbia, which has established an education team through the Provincial Secretariat for Economy, which has with the history of collaboration with GIZ allowed easier orientation of clusters and drawing up its organizational structure and recognition of opportunities and objectives for future development. Yet at the very beginning, next to existing organic food producers and farmers in the area of Sombor, in the cluster were also involved institutions such as "Agro-institute" from Sombor and the Agency for Development of Small and Medium Sized Enterprises "Alma Mons" from Novi Sad. These two institutions with their previous work and expertise&competencies in the business very quickly have created a sense of security in both existing and potential members of the cluster Sombor Salas'. Further collaboration&partnership between existing cluster members drew the attention of the Tourist Organization of Sombor, which by that time was already working on the promotion of urban tourism. However, at that time trade fairs on the state level were at a much lower level than they are today, so the majority of events were organized by districts in the province of Vojvodina. Exchanging information of the cluster members and the Tourist Organization of Sombor has allowed recognition of their common objectives, and in collaboration with the Ministry of Economy and Regional Development came to promote their products and services at trade shows fairs which are today of an international character. Nowadays the work of the cluster takes place in the working groups set up for individual projects. Basic working groups are the working group for Rural Tourism, the working group for agro-services and the working group or task force for the organic production. The executive body of the cluster is the cluster Sombor Salas' Ltd., which operates or acts based on the conclusions of the working groups and projects approved. The greatest&most important role in the development of the cluster Sombor Salas' have associations and members, which have with their long-time work and quality of products and services managed to survive in a difficult time-period when country of Serbia was under sanctions, and its economy was also closed towards others, but also to grow&further develop, and win the awards at national and international events when the Serbian economy opens to the world market. Thanks to them, the cluster Sombor Salas' can count on the quality of organic products, dairy products and tourist services. So far, so well organized work primarily in these three associations provide a slight growth or an increase in the number of workers.

Although most of the members are working with great success on the market as an independent-standalone households and firms, their mutual collaboration as well as in most of the clusters in Serbia is not at a satisfactory level. Collaboration in most cases starts and ends at events such as fairs in which meet current and prospective consumers with its offer. In order to better understand why is such a state within a cluster, and what can be also done in order to each of its members get the most from their presence and work within a cluster, were done comprehensive SWOT analysis. In the SWOT analysis of cluster Sombor Salas' which is shown in the picture will be more thoroughly explained all the opportunities that members can have through cluster strengths and opportunities as well as weaknesses and threats that may negatively or adversely affect further growth and development of the cluster and its members. In the strengths of the cluster certainly are included the determination for building a cluster, qualifications in the field of rural tourism – through the Master Plan of the Upper Danube region, and Serbia's commitment according to the principles of organic production&farming, which in the beginning was represented the basis or foundation of the cluster formation and in their future work, the part of a strategy based on which will cluster development move. Because of many years of long-standing work, in a certain number of cluster members even before its creation, the need for qualified personnel is downplayed by training the existing employees and hiring new employees which are already referred for certain positions. With the emergence of clusters, aid in the specialization of workers was obtained from the available international consulting staff, such as members of the TAM Program, out from the EBRD team, by GIZ and the team for education of the Provincial Economy Secretariat. All this has led to it, that nowadays a cluster has a high availability of skilled personnel potential, both in its coordinate team, as well as in the labor force of the members themselves in the cluster. This cluster has also made collaboration in the field of research, development and exchanging collaboration with cluster Bio Q from Osijek.

Table 2: The SWOT analysis of cluster Sombor Salas'

Strengths	Weaknesses
✓ Commitment & Determination in building a cluster ✓ Qualified in the field of rural tourism & its development and the organic food production ✓ Availability of skilled personnel & staff potential ✓ Diversity of participants specialization ✓ The availability of international consulting staff ✓ Existence of collaboration with international buyers	✓ Insufficient interconnection – lack of mutual links ✓ Lack of an information infrastructure between the members ✓ Weak individual level of development of individual participants or stakeholders
Opportunities	**Threats**
✓ Serbia's commitment for the development of rural tourism ✓ Serbia's commitment for the development according to the principles of organic production & farming ✓ The adoption of advanced technologies of organic production. ✓ Growth in demand for agricultural products of organic genuine	✓ An unfavorable & disadvantageous legislation and law regulative in the field of rural tourism & its development ✓ Legal and economic uncertainty in this field ✓ Insufficient access to funds or resources for investments

Source: Data on clusters processed by the author and from the Ministry of Economy and Regional Development Form II (2007) & Form III (2009)

Except for participation in international trade fairs, with a cluster Bio Q was planned joint participation in the IPA cross-border collaboration between Serbia and Croatia, the project titled "Tradition for the Future".

2.2. Analysis of business performance and potential of wine business clusters

An association of wine-growers&producers of Serbia was formed in 2008 as a result of several long years of work in its formation. The formation of the Association is supported by the Ministry of Agriculture, and also the GIZ has been providing services in the field of business advisory, easier orientation of clusters, drawing up their organizational structure and recognition of opportunities and objectives for future in further development. Ministries of Agriculture, Forestry and Water Management was also giving funds for establishing&raisin' vineyards for some wine-producers prior to the formation of the Association. More seriously was started with the formation of the association towards wine-producer's subsidy by the state but due to lack of information from the accompanying-support services officers, it is often plagued by mistakes, which were mainly administrative in nature. These errors have caused more wine-producer's negatively resolved requires for the incentive funds for establishing&raisin' vineyards which caused protests of the damaged. By adoption of the new law on wine, better informed accompanying-support services officers and clarification of conditions and required documentation for applications in order to obtain incentive funds, Wine-growers are allowed to be timely and accurately informed about the conditions of applying for subsidized resources. High quality lectures on production of wine and the possibilities for development of oenology in Serbia are held with the assistance of agro-experts from the Faculty of Agriculture at Serbian state Universities of Belgrade and Novi Sad. To the needs of organizing and participating in national and international trade shows and events, wine-producers are referred&addressed to the Serbian Chamber of Commerce and the Tourist Organization of Belgrade.

The most important and greatest role in the production of wine and their presentation to consumers have a producer themselves. Producers are the ones on which is to decide which type of varieties is good for breeding, which kind of wine to produce in order to enhance its quality and how to continue to sell it further. An association now has 51th member and around the fifteen honorary members of the Association. Some of the members are also involved&engaged in the production of other alcoholic beverages, such as various types of brandy, wine distillate, whereas the larger producers, such as Ruby known as the Rubin and Navip deal with the production of fruit juices and syrups. Members of the association have great support from several forums, journals and festivals with which they can more easily plan the organization of events on which their products are exhibited within the country and abroad. Since the formation of the Association, it is necessary to do a lot of work on the marketing and media monitoring of all presentations and the appearances or guest performances by the wineries themselves which have invested heavily in refurbishing their respective websites which represent an excellent source of information. Members of this cluster are producers who have been known also in the former Yugoslavia, but also newer producers whose qualities meet standards of the national and international market. Navip Belgrade, once the largest exporter of wine in the former Yugoslavia, has been privatized, a large company which in addition to the production of wine-deals with the liquor and the production of fruit juices and syrups. Under vineyards is located more than 2,000 acres of land from whose organically produced grapes Navip produces more than 180,000 liters of bio-wine. Vineyards of Vrsac JSC from Vrsac, their wine produced from the vineyards of the famous for centuries Vrsac vineyards, which extends to about 1,700 acres, occupying one of the first places in size in Serbia. Today, this one producer exports around 10 percent of its own production, partly to EU countries, mostly in the region as well as to the Russian market. Rubin JSC from Krusevac, once the largest producer of Brandy alcoholic drinks known as Vinjak in southeast Europe, after privatization in 2005 has managed to continue to produce high-quality alcoholic drinks, including wine. Nowadays, Rubin has or disposes with 700 acres of vineyards and successfully serves different market segments both in Serbia and the EU, Russia, Australia, Canada and the United States. By the quality of wines in the country and abroad, allocated are a few or several small but high quality wines-producers. Amongst them are also Wine-cellar Alexandrovic from Vinca who for years, primarily due to their main product known as Wine Triumph, won the first places in both Serbia and the region and in the EU. Tamnjanika wine from wine-producers of wine-house Spasic from Trzca with their quality is expanding its own consumer market. Wine Bermet is a ticket to the winery from Kis (also known as "Kish") at Sremski Karlovac in national, regional and EU markets. In addition, the winery Kovacevic from Irig succeeds first in Serbia to produce sparkling wines via traditional method from France and its total production increases by 30 percent annually. As can be noticed from the above mentioned, the diversity of its members is great. Among them are also a large major producers such as Navip, Ruby (also known as the "Rubin"), wine-producer Vino-Zupa, which in recent years have privatized and aspire to become at least as giants they were in the former Yugoslavia, as well as a small private producers which produce only a few (small number) types of wine. There are also producers who have only recently started to produce wine, while there are a large number of smaller wine-producers who continued the tradition of their forefathers who during the nineties due to the difficult state was interrupted. These and the other differences affecting the insufficient mutual links between the members of the Association, which, together with other obstacles, weaknesses, strengths and opportunities will be discussed&described in the SWOT analysis, which is shown below in the table 3:

Table 3: The SWOT analysis of the association of Wine-growers&producers of Serbia

Strengths	Weaknesses
Excellent climate for viticulture – wine growing An incentive of the State through subventions Availability of skilled personnel potential – human resources A wide range of wine varieties – sorts of wine The quality and diversity – variety of wines Specialization of producers by type of wine	A large number of vineyards are still of an unacceptable quality Many areas which were under the vineyards are cleared Land is expensive, parcelled and divided Insufficient mutual links between members – lack of interconnectivity A weak individual development level of members
Opportunities	**Threats**
The great potential of Serbia for the development of viticulture – wine growing The export quota of wine which has been granted by the EU even half is not used The EU Commission Regulation has banned new vineyards in the EU countries The increase in plantings Production by small wine producers producing quality wine Reinforced & enhanced marketing of Serbian wines The development of wine tourism	The law is not enforced strictly enough Non-regulated property and legal relations – unregulated issues Large imports of grapes and wine Low-cost competition High costs of planting and processing Problem of debt collection

Source: processing of data collected by the author

CONCLUSIONS

This particular original scientific article collected and presented information on the export opportunities for agro-food products or foodstuffs and the performance&operation of some clusters and associations within this industry or their branches, which operate on the territory of the Republic of Serbia. Serbia exports about half of its agro-food products to the countries of the EU, and about one-third of those in the CEFTA countries. Although this is an encouraging fact, this branch of the Serbian economy can and ought to give even better results. In order to increase the export of agro-food products, it is necessary to produce high-quality products which are the most in demand in the international markets, such as organic food, dairy and bakery products, and national drinks&beverages, all of which in this paper accent was put on wines. To make it easier to qualify in international markets, it is necessary for the Serbian producers to collaborate in clusters and associations. Such a way of working will allow them the increase of information and greater awareness, sharing the costs of procurement, production, marketing, product placement and selling products through the collaboration with the other members. The private sector within the cluster should foster the development of information, technology and transport infrastructure, to collaborate with the government bodies and in that way solves the obstacles and problems and to create a stable trade&professional association who will attract a greater number of participants and thus strengthen its position on the market. On the other hand, the state needs to create and maintain a stable micro and macro-economic conditions in the Serbian economy. By attracting foreign direct investments in the vicinity of cluster centers, by removing barriers to entry for the local competition, by establishing standards that are conducive to innovations and by acting in the cluster as a buyer of goods – products and services, the government will encourage the greater interest of producers to engage in clusters and make or harvest the profits. In order to help research and education, it is necessary to activate the educational and scientific technological public-state and private institutions or agencies in the examination and the development of clusters. By linking participants of different clusters, a collaboration between related and auxiliary branches or sectors of the food industry will be intensified. Due to the increase of globalization in the world market, national producers should take advantage of the lack of major market players to meet the needs of all segments of the market. These narrow market segments known as well as market niches, should be analyzed in detail and then create and implement strategies for doing business with them. For the successful implementation of strategies to a niche market, it is necessary to use a marketing niche. Niche marketers are well acquainted with a certain market of niches and the customers or its users are ready to pay for their services at a premium price (Kotler&Keller, 2012). According to the AT Kearney's research, it has been proved that the managers of companies that reach beyond the average business results, for achieving a successful organic growth listed the factors, such as the relationship with customers, a vision of growth and the availability of resources and capabilities. In the market, it can perform with the strategy of cost leadership - competitive advantage via lower cost, differentiation strategy and the focus strategy - cost focus&differentiation focus. The cost leadership strategy is used to achieve the lowest expenses per product-output unit compared to the competition and is provided through the economies of scale. Economies of scale allows the lowering of costs per unit by increasing the amount of scale with greater capacity utilization and performance of the curve of experience&learning (Krugman&Obstfeld, 2009). According to Krugman et al. (2012), the curve of experience explains that the more the company produces, is the more intensive their learning process and it becomes more efficient&effective and reduces costs. In order to be in the cost advantage compared to smaller rivals, the firm can achieve economies of scope by increasing the scope and breadth or width of the product portfolio and by the simultaneous division of fixed costs on them. Knowledge of the national and regional markets is another advantage that the national food producers achieve high profits, and perhaps become the leaders on the regional commodities and the multi-regional commodity relations – the niches. The further development and strengthening of Serbian economy will allow stable business operations on the international commodity relations – the so called niches. In practice the things develop more slowly than it is the desire of members of clusters and associations. Mutual collaboration between members is not at a satisfactory level. The existence of a low/weak individual development level of members, expensive, parceled and divided land, and the law which is not enforced strictly enough are just some of the reasons for the creation of mistrust among the cluster members as well as for the public-state authorities or government bodies. So far, the previous efforts of the state in subsidizing the development of viticulture and rural tourism is a good start of the state activation in the development of clusters and associations. In order to independently develop and connect producers with the other members of their clusters and clusters from the region, it is necessary to have the option of using the favorable funds for the investments which the state can activate by signing trade agreements with other states or countries. This will create projects in which their interests will find both national and international producers, and as such, it will be interesting for investments of both national and international investors. By an increased investment into the development and production, producers will be better able to take advantage of the climate for the development of agro-food products in which Serbia is located and thus bring the closer Serbian economy to other developed economies.

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