Discussion Session Proposal

Market Oriented Strategies to Revitalize Albania’s Agricultural Industry

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Description and Justification

Since the 1970’s the government of Albania abandoned central planning and gradually adopted market reforms for agricultural production. By the 1990’s, most of the agricultural lands were being privatized creating 460,000 farms and fixed pricing was abolished. In recent years, with continuing democratic and market reforms, the country has been maintaining a relatively stable market economy with modest annual agricultural growth of 2.5% but depending on the commodity, growth has been as high as 10% for vegetables and fruits.

One of the challenges that formerly centrally planned countries face is the production of local products for marketing, especially in the agricultural sector. Particularly for small farmers it may be difficult if the technical knowledge, the government support services or the market information is not available to them. The use of modern technology is constrained by the access of appropriate inputs, poor marketing infrastructure, land fragmentation due to privatization and market information.

The objective of this discussion session is to highlight the recent progress in revitalizing Albanian agricultural productivity and marketing.

Even with the annual agricultural growth, Albania is still heavily reliant on imported products. If Albania can revitalize their agricultural industry, it may help in reducing the dependency on imported goods. To achieve the success of the revitalization, extension services are important through providing information on the technology needed for better production of local agricultural products. A value chain analysis can help determine what is needed to make a supply chain for an agricultural product more coordinated and integrated. With the help of cooperatives, the numerous small farms in Albania would
be able to produce a consistent supply of agricultural products for a market with stable prices and gain marketing power. The presenter’s findings and views will allow for active engagement of the audience in sharing and comparing their own country’s insights and perspectives. All countries with similar agricultural market reforms and trade liberalization can gain tremendously from interacting with other practitioners and researchers from the IAMA Conference. The impact of this symposium will be invaluable to those interested in development, conducting business and developing agriculture in a country transitioning from central planning to market driven. A brief introduction of each topic is presented below to provide the foundation for the topics to be presented and discussed at the conference.

Role of Extension in Revitalizing Agricultural Sector (Dishnica, Zaleski and Teqja (Discussant))
Agricultural extension is a new phenomenon in Albania. After 1990, rapid and major changes took place in the agricultural sector due to the support for the development of public extension services. Now, public extension service is widespread with many projects financed by European Union, Dutch and the U.S. government. The extension service has five Agricultural Technology Transfer Centers that conducts research supporting 12 Regional Departments of Agriculture, Food and Consumer Protection (DAFCP). The 12 DAFCP supports 120 Agricultural Information Centers where farmer can seek technical assistance and consultations. The Agricultural Information centers are located strategically to allow for the greatest numbers of small farmers to have access to the available agricultural information and knowledge. However, Albanian farms face major challenges, as they are typically small with low capital investment and credit is not readily available. In addition, farmer organizations are few and marketing infrastructure is poor. These challenges require strengthening of the extension services to enhance the technical support given to farmer. In recent years an effort to integrate extension with researchers at the Universities is underway. The impact of this move is critical for the country’s revitalization. Inputs from the experts from the conference will provide insights of the pros and cons of extension service in developing countries contrasting it with neighboring transitional countries or the U.S. land grant model and other European models.

Value Chain Approach to Analyze the Fruit and Vegetable Industry (Skreli and Chan-Halbrendt (Discussant))
Competitiveness in Albanian agriculture is at a critically low level showing a ratio of export/import of 1/9. This can be attributed to the uncoordinated supply and lack of integration throughout the entire agricultural supply chain (farming, processing and marketing), as well as the lack of government support services and poor institutional policies. For this reason, a value chain approach to analysis has been preferred to analyzing each individual supply chain components separately. This study is focusing on a growing industry: fruits and vegetables in the Fier region. The paper comes up with a number of recommendations for decision makers– at both central and local governmental levels and private actors in the system. Discussions at the conference will be centered on the value chain approach and the strategic coordination and possibly implementation strategies for profit maximization.

Marketing Efficiency: The Role of Cooperative (Musabelli, Pagria and Krigbaum (Discussant))
The family farms in Albania are challenged by lack of economies of scale, considerable land fragmentation, overcrowded rural families, lack of credit for purchasing inputs, lack of transparent public institutional framework, high interest rates, inadequate collateral and lack of information and infrastructure. Furthermore, individual farm production activities are purposely designed to fulfill family needs for food and also to diminish economic risk. This production scheme has transformed the Albanian agriculture to first produce for self-consumption, which results in little attention paid to the
marketing of the surplus. Barriers identified for marketing are lack of transportation and infrastructure in addition to inconsistent quality and supply. Marketing cooperatives have a role in the consolidation of individual farm activities such as buying and selling inputs and outputs to achieve greater economies of scale through gaining purchasing and market power. Potential benefits from cooperative efforts will be more stable prices, greater access to markets for farmers and processors, standardization of quality and consistent supply. With the expertise of conference participants on farmer’s cooperatives, this topic should attract active participation between Albanian presenters and conference participants. Insights from the conference can have a role in the formation of effective marketing cooperatives in Albania and similar transitional agricultural economies.

Revitalizing Agriculture through the Revival of an Agricultural Heritage (Mane and Chan-Halbrendt (Discussant))

Since the 1990s, Albania has gone through a series of political and socio-economic upheavals, which have adversely affected productivity of agricultural production and the agro-industry as well as the balance of the foreign trade for agricultural products. Like many of the other agricultural products, the major supply of edible oils (vegetable and olive) in Albania comes from imports because of the inconsistent and unreliable supply of local raw material needed for the oil processing industry. The production of olives is an agricultural heritage long practiced by Albanian farmers. If Albania is able to achieve competitive yields similar to that of neighboring countries (Greece and Italy), there will be a great potential for Albania to develop an olive industry capable of competing with their neighbors with similar climatic and soil conditions. A study showed that olive oil production is profitable and if the yield and/or price are increased by 20% it will give Albania a comparative advantage. To achieve that, olive productivity has to increase along with a favorable marketing climate conducive to trade. The current extension services can provide the necessary information needed by farmers to produce the product aided by a value chain approach analysis that can show what is needed to have an integrated and coordinated supply chain. Cooperatives are invaluable in that effort as they can help stabilizing prices and markets for farmers and others involved in the process. The production of olive oil can provide Albania with import substitution to allay imported raw materials or oils. This presentation is interesting to conference participants as olives and olive oil markets are quite competitive globally. Any suggestions on niche marketing and branding will have an impact on the Albania olive industry.

Discussion Method
The organizers will introduce the presenters and their topics followed by the four presentations. After each presentation, a short critique will be provided on the paper for the presentation. Interaction from the audience is encouraged throughout the presentations, although the main discussion will occur after the presentations. The discussion will be opened to the audiences for their thoughts and opinions regarding the presentations as well as any comments or suggestions that may be helpful to the presenters and to others in similar situations. A summary of the main points will be presented at the end by the rapporteur.

Time Allocation
Topic Presentation: 40 minutes
Assigned Discussant (3 min/each) and Audience discussion: 32 minutes
Summary/Rapporteur: 5 minutes