How to Develop the Competitive Agriculture of Kosovo to Compete in the Regional Markets

Mustafa Pllana, University of Prishtina, Kosovo
Sali Aliu, University of Prishtina, Kosovo
Halim Gjergjizi, University of Prishtina, Kosovo
Iliriana Miftari, University of Prishtina, Kosovo
Muje Gjonbalaj, University of Prishtina, Kosovo
Njazi Bytyci, University of Prishtina, Kosovo

ABSTRACT

Presently, development levels of Kosovo agriculture is under the level of development opportunities and of what’s desired. Its potential is enormous and become counted as one of the pillars of Kosovo economic development. Its participation in GDP in 2011 was 20% (while in 2004 was 25%), and participation in employment by 42%. A high turnout of agriculture in GDP is not a result of its development but the stalemate of industry and other sectors of economy. It now has an installed processor capacity but used 10-20% and the absence of a vertical and horizontal integration between agricultural producers, processing and trade in the manufacture of final products which are offered to consumers. The cost of inputs is high and this makes the final products have high costs and are not competitive in the market. These final products produced in Kosovo are more cumulative but face strong competition from foreign producers. Although the imports of food and beverages has a higher participation in the total import with trend of increasing trade deficit (in 2008 the general trade deficit was EUR 1.7 million). Efforts go toward activities which have to undertake in order to develop competitive advantages to be faced in the market.

Keywords: Agriculture Market, Competition, Competitive Marketing, Consumption, Hedging, Joint Product, Stock Exchange

INTRODUCTION

Years ago agriculture are considered farms and farmers which are living on farms and producing for themselves crops, animals, vegetables, fruits, and other products. But today agriculture has changed. According Rickets and Rickets (2009) agriculture or agriculture industry is a big business, that includes not only farms and farmers (seed and feed producer) but many...
other producers like fertilizer producers, farm machinery producers, food processing producers, many and many transporters and distributors, storage, grading, sorting, packing firms, finance, marketing and many other service providers (like veterinary care, spraying, feed grinding and mixing).

Agriculture provides raw materials (grain, leather, cotton, wool, vegetables, fruits, and other products) for many other industries like food, textile, clothing, chemical, pharmaceutical industry and other industries. Those industries receive raw materials from agriculture, processing on the final products in the form of prepared food (freezing, drying, canning), footwear, medicines and many other products dedicated to the final consumers. But to make these products are needed and many services like transport, insurance, finance, storage, refrigeration, information technology, marketing, promotion agencies, grocery stores, fast-food chains, restaurants, government agencies (to inspect safety food products), research and scientific institutions and education organizations services. Million people are employed in agribusinesses throughout worldwide. Is accounted that agribusiness today provides employment for half the population of the planet and it participates with 25% of the total world economy production. One of the world’s greatest producers in the agriculture industry is the USA are one of the biggest world food producers, the largest agricultural exporter in the world also a large importer of agriculture products.

Food and agricultural products are associated with risks. Risks come as a result of natural hazards, fire, storms, pests, risk of loss of consumer preferences (Palok et al., 2000). Such a risk can be transferred to any insurance company. Characteristic of agricultural products is another risk, price rising and decreasing. Such prices are formed in stock exchanges. To be protected by price swinging is used hedging (futures contracts) as defense mechanisms (Pllana, 1999).

The Present Agriculture Situation in Kosovo

Agriculture in Kosovo includes approximately 1,800 cooperatives and commercial firms (both private and public) and 143,000 rural households, 70% of which are defined as farms with an area larger than 1 ha. The sector has a very low labour productivity combined with the lowest monthly wage. There are around 150,000 persons involved in the agriculture sector/farming: dairy, meat and egg, wheat and fodder crops, fruit, and vegetable sector (MAFRD, 2008).

Agriculture is the “factory without roof” which provides not only food but also is the source for the many industries (textile, clothing, and beverage), pharmacy and chemistry. On Kosovo agriculture is counted as one of the pillars of economic development, but its level of development today is far from what one wants and far from potentials of agriculture. Agriculture dropping behind causes great losses in production through non realization of agricultural potential and GDP growth, non right and impracticable exploitation of agriculture resources and consumption of foreign products. Here should mention the economic policy which itself is part of agricultural policy. To achieve desired agriculture targets and development of big help is marketing concept.

Up to 1990, Kosovo had Agricultural-Industrial Combines, which in a way did a certain kind of marketing activities like: sales, exports, advertising etc. and engagement of specialized institutions for some work on this field, but were away from this genuine marketing. These manufacturers were aware that success depends on the market but were absent activities that had to do with the market. But after the 90s began the gradual destruction through violence integration, expulsion of the professional staff from the work and other destructions. Then the war destroyed all. After the year 2000, begins resurrection. In order to survival of, many families organized individual agriculture economies. Small family enterprises and the privatization of socially owned agri-
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