The perception of the agriculture companies in North Macedonia for the „Open Balkan“ initiative

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Content:

1 INTRODUCTION AND RESEARCH OBJECTIVES

The Open Balkan initiative stems from the need for greater regional integration in the region. Initially, this initiative was named Advanced Regional Cooperation Initiative or „Mini Schengen". Open Balkan is currently an initiative in which members are North Macedonia, Albania, and Serbia, and aims to promote and develop the capacity of the region, as well as to bring concrete benefits to citizens and the business community. This initiative is an opportunity to strengthen regional economic cooperation and promote the freedom of movement of people, goods/products, capital, and services. The main goal of the Open Balkan is to overcome the social, economic, and trade barriers that hinder economic growth in the region by implementing the four freedoms on which European integration is based, freedom of movement of goods, workers, capital, and services.

One of the benefits of this initiative is the establishment of a regional market between member countries of the initiative. Within the framework of the Open Balkan, agreements have been signed that establish common border crossings and enabled a shorter time for trucks to stay at the border. In addition, progress has been made in improving the business climate in the entire region by signing agreements on the mutual recognition of Authorized Economic Operator (AEO) approvals. Green corridors have been established, which ensures that products and services reach the markets in the region faster.[1] Trilateral agreements were signed in Tirana in December 2021 between the governments of the Republic of Albania, the Republic of Serbia, and the Republic of North Macedonia, namely: the Agreement on the conditions for free access to the labor market in the Western Balkans, the Interconnection Agreement for the electronic identification schemes of the citizens of Western Balkans, and the Agreement on cooperation in the field of veterinary medicine, food safety, and phytosanitary policy.[2]

According to the Agreement on cooperation in the field of veterinary medicine, food safety, and phytosanitary policy, there are no phytosanitary and veterinary inspections at the borders between North Macedonia, Serbia, and Albania, because the three countries have harmonized the laboratory analyses for food products. This means that the food that goes from North Macedonia to Serbia should not be controlled in Serbia because it was already controlled in our country. The three signatory countries of this Agreement also exchanged monitoring plans for food safety and animal health, for each of them to have an insight into the level of food safety and the compliance of national legislation with EU legislation in the areas that are subject to the Agreement.[3]

1 https://customs.gov.mk/otvoren-balkan.nspx

2 https://vlada.mk/node/27282

3 https://bit.ly/3Sz3sjw

The COVID-19 pandemic and the crisis caused by the Russia-Ukraine war

The COVID-19 health crisis caused a shock and threat to the stability of the global economy and labor markets, affecting not only supply (production of goods and services) but also demand (consumption and investment). A large number of companies, regardless of size, faced serious challenges, with the real threat of a significant drop in revenues, insolvency, and job losses in certain sectors.

At the same time, for the current war between Russia and Ukraine, as early as March 2022, both world and domestic analysts were decisive that the global economy will experience a major crisis, inflation will rise, and a recession will be possible as a result of the war. Economists predicted that the Macedonian agriculture, food industry, wine industry, pharmacy, metal industry and companies related to the supply of energy will suffer great damage after the Russian invasion of Ukraine and from the economic sanctions that have begun to be implemented. One-third of Macedonian agricultural products end up on the Russian market. The figures for Macedonia›s foreign trade with Russia and Ukraine are small. In 2021, Russia participated with 0.7% in the total export of Macedonia. That percentage for Ukraine is even lower - with 0.2%. On the other hand, Russia participates with 1.7% and Ukraine with 1.5% in the Macedonian import.[4]

This project aims to perceive the progress of North Macedonia in terms of integration processes within the Western Balkans through the prism of companies in the country that are only export or export/import oriented in one or more countries of the region. The research aims to examine the recognition of the characteristics of the Open Balkan initiative, perception, and localization of the main advantages and disadvantages according to the opinion of the respondents. It further aims to reveal the effects that the COVID-19 pandemic and the military conflict between Russia and Ukraine have had on companies and to see if the Government›s measures aimed at helping agricultural and food production and processing were/are sufficient and beneficial during the COVID-19 pandemic and the military conflict with Russia and Ukraine.

4 https://bit.ly/3gKTpKX

2 METHODOLOGY

For the research, a quantitative research methodology was used. It is primarily aimed at agricultural and food companies for production and processing in North Macedonia that are export and/or export-import oriented with the region›s countries. The research in the companies was carried out in most cases with a company manager, and in the remaining cases with the owner, director, and/or manager, which indicates that the profile of the respondents are decision makers and are well acquainted with the situation in the company itself.

The data collection technique consisted of conducting a telephone survey (CATI) using a computer, through a platform that is specialized for this type of research. Using the software program SPSS (IBM SPSS Statistics Program) the data were processed with the method of descriptive statistics.

For the needs of the research, a questionnaire was created - a research instrument of 56 open and closed questions

Sample size and design: The sample consists of 100 companies that are export and/or export-import oriented with the countries of the region, and each is represented by a relevant decision maker (e.g. manager, director, owner, etc.) A stratified simple random sample was created for this research, according to the national classification of activities.

Note: This sample design approach does not allow full generalization of the data at the level of all companies in the country, but only at the level of the industries represented in the survey.

The average length of the interview is 16 minutes, and the data were collected in October and November 2022.

3 KEY FINDINGS

- Most companies have a positive opinion of the Open Balkan initiative. According to them, the initiative offers a new opportunity to improve regional cooperation that would contribute to better working conditions for companies. The main benefits are the facilitation of the documentation process and faster flow of goods; increasing cooperation and expanding export to countries in the region; simplification of import and export as well as a significant reduction of waiting time at borders.
- More than three-quarters of the surveyed companies (73.0%) answered that there are no obstacles to economic cooperation with the countries in the region. Almost a quarter believe that there are obstacles.
- A large majority of companies are focused on the domestic (98%) and regional markets (95%). 56% of companies are targeting the European market. In addition, a high 86% of the surveyed companies achieve regional cooperation, and 14% stated negatively.
- Serbia is the country in the region with which the companies do business the most. Albania is in second place, and Montenegro is in third place.
- Most of the companies (75.0%) answered that their only income is from crops, products, and/or processing they work with. For a quarter of companies, the income from trade reaches up to 80%. A small percentage (1%) answered that the proportion of income from trade reaches up to 60%.
- A large majority of surveyed companies did not receive subsidies from the state.
- As a result of the COVID-19 pandemic, half of the surveyed companies› profits remained unchanged. For 17% of companies, the profit decreased by up to 20%, and for an additional 12%, the profit decreased by up to 50%.
- One-third of the surveyed companies did not suffer a decrease in profits as a result of the Russia-Ukraine conflict. Decreased profit up to 50% is the case for 21.0% of the companies, and for 14.0% the profit decreased to 20%.
- More than half of the surveyed companies believe that the conditions for exporting goods are continuously getting easier compared to 10 years ago.
- The results show that there is an indicative expression of satisfaction with the Open Balkan initiative. Respectively, the surveyed companies clearly express they agree that the Open Balkan initiative would open new opportunities for North Macedonia and a common market. Furthermore, the ranking and competitiveness of the production and processing activities of agricultural, dairy, and meat products would be improved.
- Three main domains in which the Open Balkan initiative can improve the situation in agricultural, dairy, and meat production and processing activities are placement, promotion of agricultural products, and joint presentation on the third market.

- Most of the companies (56%) did not notice a decrease in demand as a result of the COVID-19 pandemic. For 19%, the demand for products and processed products decreased to 50%, and for an additional 18%, the demand decreased to 25%.
- The restrictive measures taken due to the COVID-19 pandemic led to a reduction in the placement of products and processed products. This is a problem faced by 38% of surveyed companies, and the same number said that they did not face any of the listed problems. Furthermore, 33% experienced a significant increase in operating costs. 24% of companies were affected by a significant decrease in income.
- 42% of the companies did not take any of the listed measures to deal with the COVID-19 pandemic. Every third company has introduced remote working. About 11% of the companies reduced salaries, and 10% had financial indebtedness.
- Most of the companies (83%) did not use economic measures from the state to deal with the COVID-19 crisis, while 17.0% of the companies gave a positive answer regarding this.
- From the analysis of the results, it can be concluded that 45.0% of the surveyed companies did not notice a decrease in product demand at all as a result of the Russia-Ukraine military conflict. About 22% of companies reported that demand decreased by up to 50%, and by almost the same percentage demand decreased by up to 25%.
- One of the biggest consequences of restrictive measures taken due to the Russia-Ukraine conflict is a significant increase in operating costs, followed by a problem with the supply of raw artificial fertilizers necessary for optimal agricultural production. In third place, the companies ranked the problem of reducing the placement of products and processed products.
- More than half of the companies took various actions related to their personnel in response to the crisis of the Russia-Ukraine conflict. A significant number (44%) of companies reported financial indebtedness. About 11.0% of companies said they cut wages, and 6.0% said they simply fired employees and canceled bonuses and rewards. On the other hand, almost half of the surveyed companies stated that they did not take any of the mentioned measures.
- More than half of the surveyed companies stated that the Open Balkan initiative will not improve the placement and exchange of agricultural, dairy, and meat products and processed products, while 46.0% gave a positive answer to this question.
- Most of the surveyed companies indicated that for the development of agricultural policy in North Macedonia, emphasis should be placed on increasing subsidies for domestic production, but also on its timely payment. Furthermore, to create conditions for sustainable and competitive agriculture, companies believe that it is necessary to regulate the purchase of agricultural products, to stabilize and increase domestic food production, which would reduce the import of foreign products.

4 INTERPRETATION OF RESULTS BY TOPICS

The next part of this report presents the results of the research analysis. The questionnaire consisted of five parts. The first part of the questionnaire, in addition to determining the characteristics of the companies that ensure the representativeness of companies operating in the field of agricultural, food, and processing industry in the country, aims to examine the opinion and perception of the Open Balkan initiative. Furthermore, the second part of the questionnaire measures the level of imports and exports of agricultural, dairy, meat products, and processed products in the countries of the region, the use and satisfaction of subsidies as well as possible barriers and obstacles related to regional cooperation. The third part examines issues related to the regional economy and trade in agricultural and food products and processed products within the framework of the Open Balkan initiative. The fourth and fifth parts of the quantitative analysis deal with the specific problems of companies such as the consequences of the COVID-19 pandemic and the military conflict Russia-Ukraine.

The general results of the survey are shown in percentage (%). In the lower part of the charts where „multiple answers are possible" is marked, the percentage is more than 100. Where N=number is marked, the number indicates how many respondents (company representatives) are qualified to answer that question. Where it is statistically significant, cross-referenced data will also be highlighted according to the company›s activity, number of employees, or company›s annual turnover (with these variables we determine the size of the company).

Characteristics of companies

At the beginning of the survey, questions were asked about the respondent›s qualifications, which were extremely important for the further interview. Namely, the target group of the research was the companies that are only export or export-import oriented. The next condition that had to be fulfilled is that the respondent is familiar with the Open Balkan Regional Cooperation Initiative.

Table 1 below shows the characteristics of the companies that were part of this research. These characteristics simultaneously represent independent variables through which we will perceive the significant statistical differences in the results according to the respondents› answers.

In the sample, the most represented companies with processing activities are processing and canning of fruits and vegetables (24.3%), processing and canning of meat and production of meat products, and production of dairy products (15.7%), production of mill products, starch, and starch products (10.0%), production of vegetable and animal oils and fats (5.7%), production of bakery products and pasta (4.3%), production of ready-made animal feed (2.9 %) and production of other food products (21.4%). These activities constitute 70% of the total sample. Wholesale and retail trade activities; repair of motor vehicles are represented by 30%

in the survey. The percentage distribution of all activities included in the research can be seen in Table 1.

Most of the companies (69%) that are part of the sample are doing an international exchange (import and export) of goods and services, and 31% of the companies are doing only export of goods and/or services. Of the companies that import and export, the most represented by activity are the production of vegetable and animal oils and fats, the production of ready-made food for animals, mediation in the trade of food, beverages, and tobacco, and wholesale trade of food, beverages, and tobacco.

Most of the surveys were conducted with people, and company representatives, who are directly involved in the decision-making process and who are familiar with the current state of the company. Most of the questionnaires were conducted with company managers (56%), followed by company owners (22%) and company managers (16%). Surveys answered by respondents in the capacity of shareholder (3%) and member of the management board (1%) are represented in a smaller number.

Most of the companies have an annual income of 2 to 10 million EUR and up to 50 million EUR (35%), followed by companies with annual incomes up to 2 million EUR and over 50 million EUR (14%).

Concerning the number of employees in the companies, the most represented are small companies that have from 10 to 50 workers (54%), followed by medium-sized companies that employ from 51 to 245 workers (27%). Large companies employing more than 250 employees are represented by 11% in the survey, and 8% are represented by companies employing less than 10 workers.

In terms of years of existence, the most represented companies (41%) are those with 20 to 29 years of operation. Companies up to 9 years of existence are represented by 5% of the total sample, companies from 10 to 19 years of existence are represented by 23%, and companies over 30 years of operation by 31%. This indicates that representatives of companies that have generally been present on the market for a long time took part in the research.

The questionnaire was administered to 84% of companies with domestic capital, 13% mixed, and 3% of companies with foreign capital.

Table 1

SCREENER QUESTIONS

Before we start the interview, please tell me if your company is export-oriented with the countries of the region?	%
Yes, the company only export	31,0%
Yes, the company export and import	69,0%
The company only import	0,0%
The company neither export nor import	0,0%
To what extent would you say that you are familiar with the "Open Balkan" regional cooperation initiative? Would you say you are:	
Fully familiar	27,0%
Mainly familiar	65,0%
Mainly not familiar	8,0%
Not familiar at all	0,0%
I don't know	0,0%
Refuses to answer	0,0%
Activity according to NAC	
Processing industry	70,0%
Wholesale and retail trade; repair of motor vehicles and motorcycles	30,0%
PROCESSING INDUSTRY	
Processing and canning of meat and production of meat products	15,7%
Processing and canning of fruits and vegetables	24,3%
Production of vegetable and animal oils and fats	5,7%
Production of dairy products	15,7%
Production of mill products, starch, and starch products	10,0%
Production of bakery products and pasta	4,3%
Production of other food products	21,4%
Production of ready-made food for animals	2,9%
Production of beverages	15,7%
WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	
Mediation in the trade of food, beverages, and tobacco	20,0%
Wholesale trade in agricultural raw materials and live animals	0,0%
Wholesale of food, beverages, and tobacco	80,0%
The conversation was conducted with:	
Owner of the company	22,0%
Managing Director/Director	16,0%
Manager	56,0%

Member of the management board	1,0%
Shareholder	3,0%
Other	2,0%
Number of employees in the company	
Less than 10 (micro)	8,0%
10-50 (small)	54,0%
From 51-249 (medium)	27,0%
250+ (large)	11,0%
What is the capital of the company?	
Domestic	84,0%
Foreign	3,0%
Mixed	13,0%
Refuses to answer	0,0%
What is the company's annual turnover?	
Up to 2 million EUR (micro)	14,0%
From 2 to 10 million EUR (small)	35,0%
Up to 50 million EUR (medium)	35,0%
Over 50 million EUR (large)	14,0%
Refuses to answer	2,0%
How long have you been engaged in this business activity?	
Up to 9 years	5,0%
From 10 to 19 years	23,0%
From 20 to 29 years	41,0%
30+	31,0%

The following is an interpretation of the results according to the topics covered by the questionnaire. The results are visually presented in charts and tables, and the data are expressed in percentages (%). Open questions serve to qualitatively support the indicators that are interpreted.

4.1. General views and considerations of the companies on Open Balkan Initiative

Open Balkan is a regional initiative created by North Macedonia, Serbia, and Albania that is dedicated to providing conditions for practicing the four European freedoms for as many citizens and companies as possible in the Balkans. Open Balkan is an amplifier of regional cooperation and connectivity when it comes to the free movement of people, capital, goods, and services. Currently, the three countries (North Macedonia, Albania, and Serbia) lead and develop the initiative, which has an open-door policy, especially for other countries from the Western Balkans, such as Montenegro, Bosnia, and Herzegovina, and Kosovo, but also for other countries of the region - members of the EU. It is about integration rather than disintegration, about open rather than closed borders, about freedom rather than restricted movement, about facilitating rather than complicating procedures, about cooperation rather than enmity, about progress rather than regression. The main goal of the Open Balkan is to overcome the social, economic, and trade barriers that hinder economic growth in the region by implementing the four freedoms on which European integration is based, freedom of movement of goods, workers, capital, and services. An open Balkan should contribute to free trade, saving time at border crossings and less documentation to show.

„A good idea that

will allow the opening of new markets for our products“

„Offers wider opportunities for cooperation in the region“

„An excellent initiative that will have great benefits for us as a company because it will facilitate our export to neighboring countries and help us to network with companies from the Open Balkan“

„Possibility for a faster flow of goods and an easier documentation procedure“

„The procedure for the export of the goods would be accelerated, and thus the costs would be reduced”

“Open Balkan does not offer any benefits, stumbling blocks at every step for the purchase of goods and transport”

“Our work has not been made easier, on the contrary, duplicate documents are required”

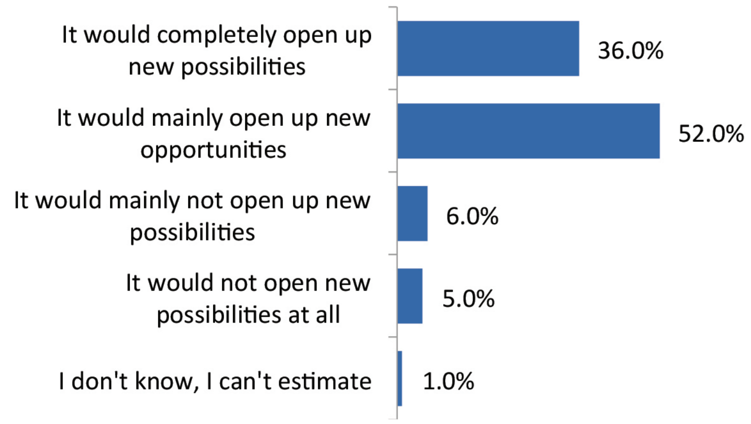
To examine the recognition of features of this initiative and localize the main advantages and disadvantages, the surveyed companies answered a set of questions whose answer analysis provides useful data. So, the first open question is: *„What do you think about the regional cooperation initiative „Open Balkan“?“* it can be concluded that most companies have a positive opinion about the initiative. The companies believe that the initiative is a good opportunity for regional cooperation that would contribute to better conditions for the companies work. Open Balkan would allow expansion of the labor market, an increase of cooperation and expansion of exports in the countries of the region, and better placement of products that would also contribute to the improvement of the work and growth of the company. Also, border waiting time would be significantly reduced, which would allow better functioning of border entry and exit procedures. Most of the respondents believe that the Open Balkan is a good opportunity that would contribute to the facilitation of the documentation process and enable a faster flow of goods. A small part of the companies answered that there is no benefit from the Open Balkan, i.e. they do not see any benefit or advantage that would contribute to the facilitation of work.

The analysis of the answers indicates support from the companies, i.e. they believe that this regional initiative is well-intentioned and that its implementation is necessary, to make transport simpler, i.e. to establish a type of free trade between the countries of the region that it will also enable expansion towards the European market.

For the majority (36.0% would completely open new opportunities, 52.0% would mainly open new opportunities) of the companies, this initiative would mean a lot, precisely because of the new opportunities to improve the operation and the opening of opportunities for even better growth of the company. A small part of the companies answered that the Open Balkan would not open new opportunities at all.

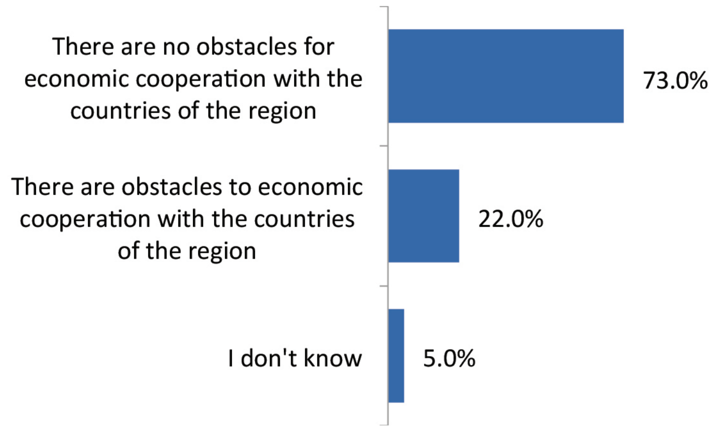
Analyzed by activity, we note that in the food industry, there is greater optimism (43%) that the initiative would completely open up new opportunities for improving operation, than in companies from the wholesale and retail trade sectors; repair of motor vehicles (20%). Further considering the companies by size, it is evident that medium-sized companies that have from 50 to 249 employees and large companies with over 250 employees, to a greater extent (58%) believe that the initiative would completely open up new opportunities, unlike micro and small companies who have up to 50 employees (23%).

Chart 1. To what extent do you consider that this initiative would open up new opportunities for improving the operation of your company/the company you work for? N=100



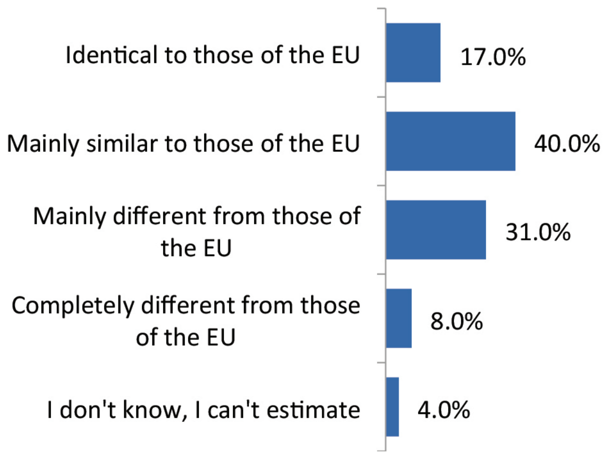
About three-quarters of the surveyed companies or 73.0% answered that there are no obstacles to economic cooperation with the countries of the region. Almost a quarter believe that there are obstacles, and 5% do not know the answer to this question. As for what constitutes an obstacle to economic cooperation, customs and administrative obstacles regarding the delivery of products are pointed out in the first place, and excessive documentation analyses and tests, which take a lot of time, are in the second place. The long waiting at the borders for exporting products is the third place.

Chart 2. Are there any obstacles to economic cooperation between the countries of the region that could be overcome with the „Open Balkan" initiative? N=100



It is evident from Chart 3 that most of the surveyed companies believe that the opportunities for trade exchange through the Open Balkan are similar to those of the EU. That is, 17.0% of companies consider that the opportunities are identical, and 40.0% that they are mostly similar. Every third company answered that the opportunities are mainly different from those of the EU, and 8.0% that they are completely different. A small percentage (4.0%) did not have an answer to this question.

Chart 3. Is it and to what extent „Open Balkan" is an alternative to the opportunities for trade offered by the EU? Would you say that the opportunities for trade through the „Open Balkan" are::



4.2. Import-export of agricultural, dairy, meat products and processing

The second part of the questionnaire was created to measure the level of import and export of Macedonian companies with the countries of the region. In fact, through this section, we will find out which crops during production and/or processing prevail among the surveyed companies and with which countries of the region cooperate the most. Furthermore, the research will show whether the surveyed companies receive subsidies and to what extent they are satisfied with them. Finally, this section should reveal whether the COVID-19 pandemic and the military conflict between Russia and Ukraine have affected the companies› profits.

What can be noted from Table 2 is that in the research, there is a predominance of companies working in wholesale trade of food products, meat processing industries, and meat products, followed by companies that produce milk, yogurt, yellow cheese, cheese, cottage cheese, sour milk, flour, and flour products, fruit and vegetable processing and fruit production. The percentage distribution of all crops, products, and processing that prevail in the production/purchase of the surveyed companies included in the research can be seen in Table 2.

Table 2.

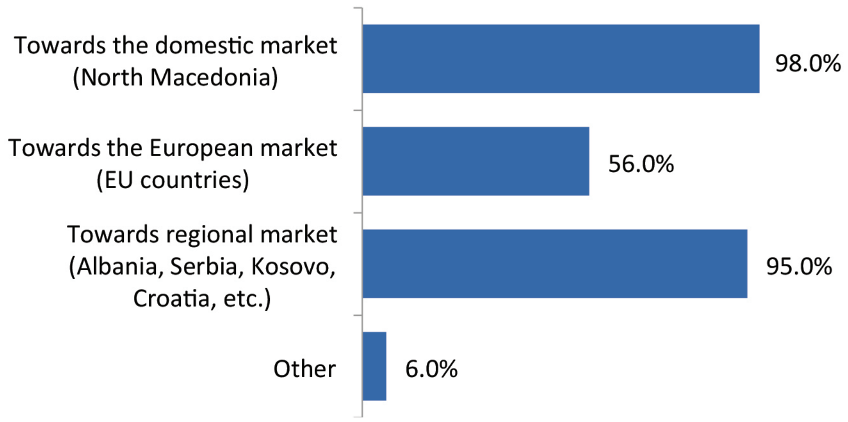
Indicate which crops/products/processing are predominant in your production/purchase/processing. (Open question)	
Wholesale of food products	**14,0%**
Processing of meat and meat products	**12,0%**
Milk, yogurt, yellow cheese, cheese, cottage cheese, sour milk	**11,0%**
Flour and processed flour	6,0%
Fruit and vegetable processing	5,0%
Fruit production	5,0%
Oil	3,0%
Raising chickens and trade with domestic eggs	3,0%
Rice and cereals	3,0%
Preparation of processed vegetables	3,0%
Grapes and grape processing	2,0%
Laboratory tests of products and goods and administrative activities for export	2,0%
Purchase and placement of grapes	2,0%

Mushrooms	2,0%
Production of taan halva	2,0%
Tobacco	2,0%
Feed additives, and supplements for all types of domestic animals, premixes, and additives	1,0%
Barley	1,0%
Coffee	1,0%
Confectionery products	1,0%
Mineral fertilizers, animal food, dog food, premixes, concentrates, wheat flour	1,0%
Purchase and distribution of fruits and vegetables	1,0%
Bakery products	1,0%
Intermediation in trade	1,0%
Food coloring	1,0%
Production and sale of fruit juices	1,0%
Organic fertilizer production and trade	1,0%
Production of margarine, ketchup	1,0%
Fruit and vegetable production	1,0%
Production of frozen semi-finished puff pastry, production of dough layers, frozen ready-made pizzas	1,0%
Production of Macedonian potato chips	1,0%
Production of chocolates, lokum	1,0%
Salt and spices	1,0%
Animal food	1,0%
Trade in bananas and frozen meat	1,0%
Trade in frozen food, fish, chicken meat	1,0%
Trade in grain products	1,0%
Trade with fruits	1,0%
Beverage trade	1,0%

It is evident from the results shown in Chart 4 that most parts of the companies are focused on the domestic (98%) and regional markets (95%). 56% of companies are targeting the European market. The other countries that 6% of the companies are targeting are America, Africa, Asia, Canada, and Argentina. These results are not surprising considering that in 2021, Macedonian food producers sold products worth 389.5 million EUR abroad, which is an increase of 7.23% or 26 million EUR more compared to the export realized in the previous year 2020. If we analyze the export of food from the aspect of the markets when it is exported, then Macedonian food products in 2021 were best sold in the countries of the region and EU member countries.[5] Likewise, according to the data of the State Statistical Office, the total value of exports of goods from the Republic of North Macedonia, in the period January - September 2022, amounts to 379,441,735 thousand MKD and records an increase of 20.1% concerning the same period of the previous year. The value of imported goods, in the period January - September 2022, amounts to 554,574,596 thousand MKD, which is 29.1% more compared to the same period of the previous year.[6]

Concerning the size of the companies, the results show that medium-sized companies that earn up to 50 million EUR and large companies that earn more than 50 million EUR are to a greater degree (76%) oriented towards the European market, in contrast to micro and small companies that earn up to 10 million EUR (35%).

Chart 4. What market is your activity aimed at? (Multiple answers are possible) N=100

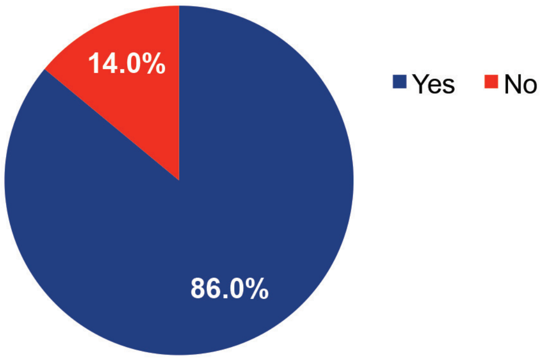


To the question: *„Do you have cooperation with any of the countries in the region (Serbia, Albania, Montenegro, etc.)?“,* a high 86% of the surveyed company representatives answered that they have regional cooperation, and only 14% stated negatively. Analysis of cross-sectional data by company size indicates that medium-sized companies with 51-249 employees and large companies with 250+ employees have more cooperation with countries in the region (97%) than micro and small companies with up to 50 employees (79%).

5 Топ 20 најголеми извозни пазари за македонската храна во 2021 https://bit.ly/3NULXtj

6 Стоковна размена со странство, јануари – септември 2022 година https://www.stat.gov.mk/PrikaziSoopstenie.aspx?rbrtxt=78

Chart 5. Do you have cooperation with any of the countries in the region (Serbia, Albania, Montenegro, etc.)? N=100

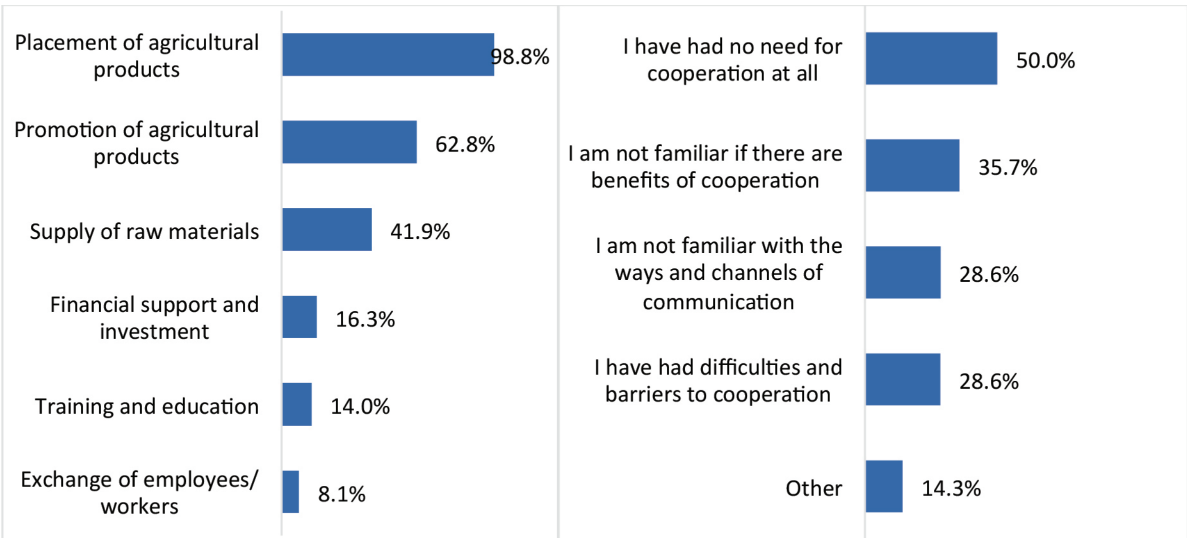


The companies that **have** regional cooperation answered that it is mostly in the domain of: placement of agricultural products (98.8%), then promotion of agricultural products (62.8%), and supply of raw materials and materials (41.9%). On the other hand, companies that **do not have** cooperation with the countries of the region, indicate that the main reason is that they did not need cooperation (50.0%), then 35.7% said that they are not familiar with the benefits of cooperation. About one-third are not familiar with the ways and channels of communication and the same number had difficulties and barriers to cooperation.

Gr.6 If they answered YES. In what domain is the cooperation? N=86

Gr.7 If they answered NO what was the reason for that: N=14

(Multiple answers are possible)



Analysis of the data presented in Chart 8 shows what percentage of the companies› operations are directed to Serbia, Albania, and Montenegro.

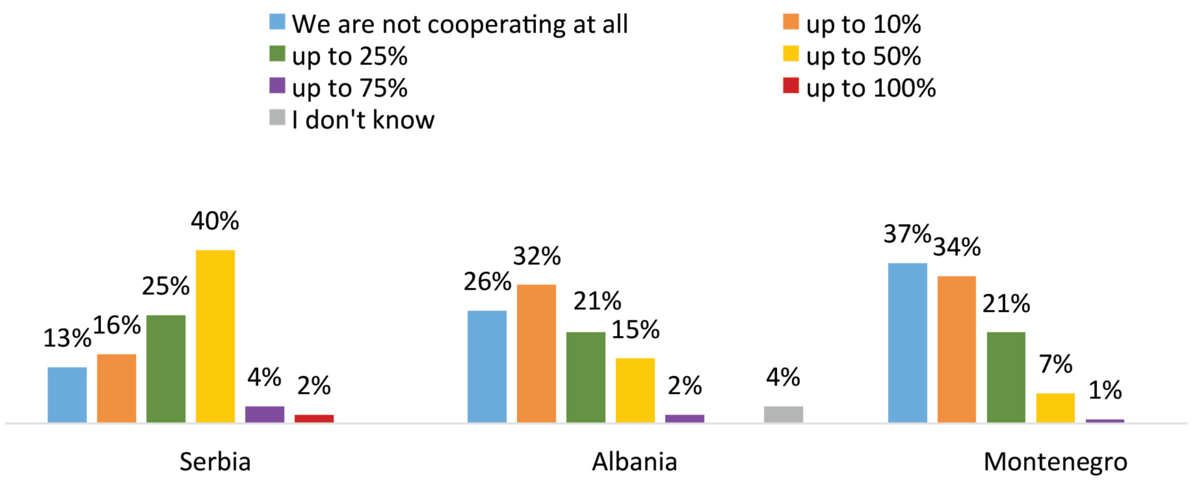
Thus, four out of ten companies do business with up to 50% of Serbia, a quarter does up to 25%, and about 16% of the companies answered that they do up to 10% with this country. Analyzing company size (number of employees), we notice that medium and large companies cooperate with Serbia at a higher percentage than micro and small companies. That is, half of the surveyed medium and large companies cooperate with Serbia up to 50%, compared to micro and small companies of which 34% answered that they do business with Serbia up to 50%.

The results show that 32% of the companies do business with Albania up to 10%. A quarter of the companies answered that they do not work with this country at all, while 21% said that they cooperate up to 25%. By activity, the results show that 37% of companies from the wholesale and retail trade sector do not cooperate with Albania at all, in contrast to processing industries (21%). Also, micro and small companies with up to 50 workers answered in a larger percentage that they do not cooperate with Albania at all (37%), in contrast to medium and large companies (8%).

Montenegro is a country with which almost four out of ten companies do not cooperate at all. Every third company cooperates with up to 10%, and about a quarter of companies indicated that they cooperate with up to 25% of Montenegro. By activity, four out of ten companies from the processing industry answered that they do not cooperate with Montenegro at all, in contrast to companies from the wholesale and retail trade sector (30%). Analyzing by company size (number of employees) we notice that almost half of the micro and small companies or 48% said that they do not cooperate with Montenegro at all, concerning medium and large companies of which 18% answered that they do not cooperate with this country.

Hence, it could be concluded that the companies represented in the sample mostly cooperate with Serbia. In second place is Albania, while the country with the lowest percentage of business is Montenegro.

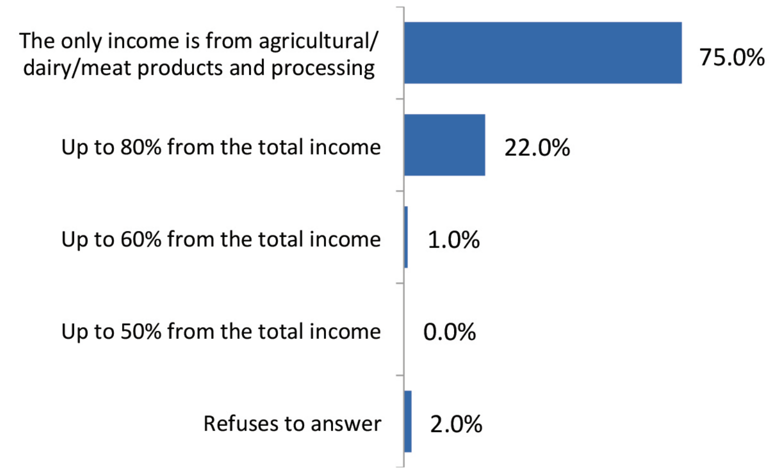
Chart 8. Estimate, what percentage of the business is currently towards: N=100



On the question: *„In your total income from the activity, what proportion is the income from trade in your agricultural/dairy/meat products and processing?"*, most of the companies (75.0%) answered that their only income is from crops, products and/or processing they work with. For a quarter of companies, the income from trade is up to 80%. A small percentage (1%) answered that the proportion of income from trade is up to 60%.

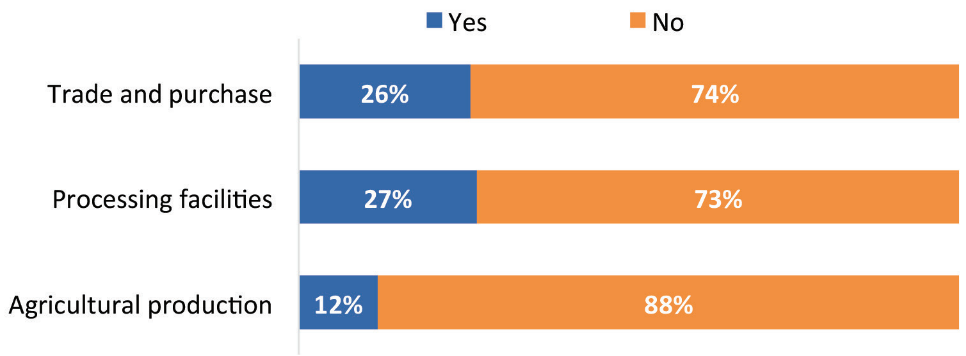
The cross data shows that for the majority (79%) of companies from the processing activity, their only income is from agricultural, dairy, meat products, and processing, in contrast to the wholesale and retail trade sector (67%). Furthermore, according to the number of employees, for a high 86% of micro and small companies that have up to 50 employees, their only income is from crops, products, and/or processing they work with, unlike medium and large companies (58%). For 37% of the surveyed medium and large companies, the income from trade is up to 80%, and for micro and small 13%.

Chart 9. In your total income from the activity, what proportion is the income from trade in your agricultural/dairy/meat products and processing? N=100



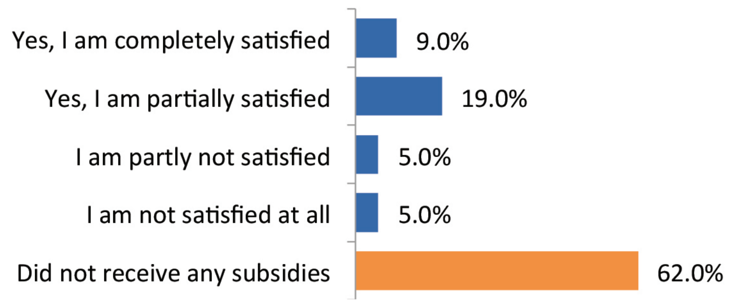
A large majority of the surveyed companies do not receive subsidies from the state. Namely, for **trade and purchase,** a quarter of companies receive subsidies, and 74% do not receive them. For processing facilities, almost every third company receives subsidies, while 73% do not receive them. Eight out of ten companies declared that they do not receive subsidies from the state for their **agricultural production**, and only 12% answered positively to this question.

Chart 10. Do you receive subsidies from the state for your operation: N=100



One-third of the companies that receive some kind of subsidies for **trade and purchase, processing facility,** and agricultural production are satisfied with the form and amount of the subsidies. On the other hand, 10% expressed dissatisfaction.

Chart 11. Are you satisfied with the form and amount of subsidies you receive? N=100

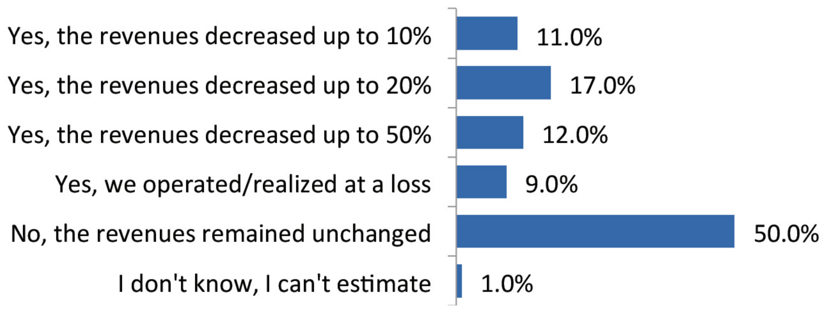


In the following two questions, we consider how much impact the COVID-19 pandemic and the war between Russia and Ukraine have had on the revenues of the companies.

It is evident from Chart 12 that for half of the companies, the revenues remained unchanged. As a result of the COVID-19 pandemic, for 17.0% of the companies surveyed, revenues decreased by up to 20%, and for an additional 12.0%, revenues decreased by up to 50%.

By activity, for 60% of companies from the wholesale and retail trade sector, the revenues **remained unchanged,** compared to companies from the processing industry (46%). The decline in revenues varies by company size. For the majority (61%) of medium-sized companies with 50-249 employees and large companies with over 250 employees, **the revenues remained unchanged.** Then, nearly four out of ten micro and small companies with up to 50 employees also did not experience a drop in revenues. Medium and large companies show greater resilience (none of them operated with a realized loss), in contrast to micro and small companies (15%).

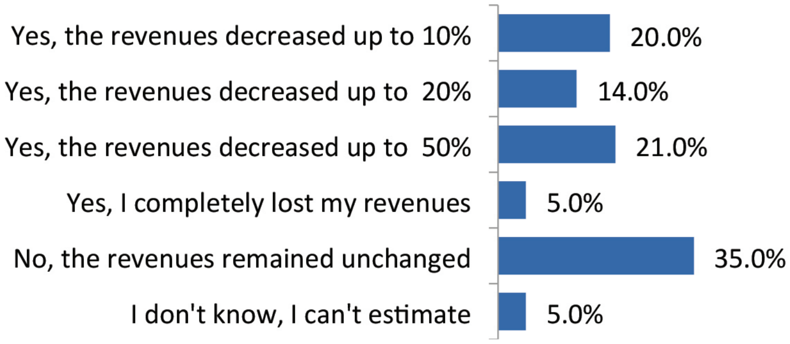
Chart 12. Have you experienced a significant decrease in revenues as a result of the COVID-19 pandemic? N=100



Furthermore, as a result of the conflict between Russia and Ukraine, for one-third of the companies surveyed, the revenues remained unchanged. Decreased revenues up to 50% are the case for 21.0% of the companies, and for 14.0% the revenues decreased up to 20%.

Analyzed by activity, for 40% of companies from the wholesale and retail trade sector, the revenues remained unchanged, compared to companies from the processing industry (33%). According to company size (number of employees), almost four out of ten medium and large companies do not experience a decrease in revenues as a result of the Russia-Ukraine conflict, compared to micro and small companies (31%).

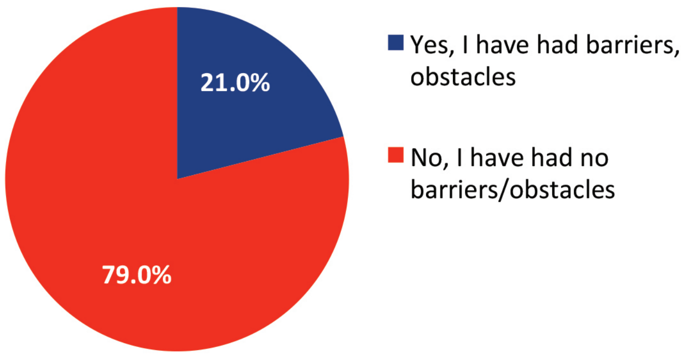
Chart 13. Have you experienced a significant decrease in profits as a result of the Russia-Ukraine conflict? N=100



OEight out of ten surveyed companies or 79% said that they have not faced and currently are not facing obstacles and barriers in regional cooperation related to the activity they operate with. About 21% stated specific problems and obstacles. The three biggest barriers stated by the surveyed companies are double documentation, analyzes and tests, detailed laboratory analyses of the products, and long waits at the borders for the export of the products.

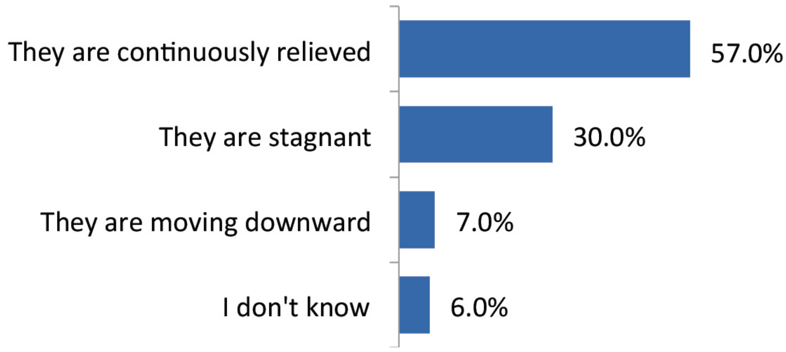
By activity, three out of ten companies from the processing industry faced obstacles and barriers in regional cooperation, unlike the companies operating in wholesale and retail trade (17%). Also, the results show that companies with an annual turnover of up to 50 and over 50 million EUR (medium and large) had a higher percentage of problems with regional cooperation (27%), compared to companies with a turnover of up to 10 million EUR, i.e. micro and small (14%).

Chart 14. Have you faced/are you facing obstacles and barriers related to any regional cooperation related to your activity? N=100



The opinion of more than half of the surveyed companies is that the conditions for the export of goods are continuously getting easier compared to 10 years ago. Every third company believes that export processes are stagnant, and 7% said that they are moving downwards.

Chart 15. What is your opinion regarding the conditions for the export of goods if you compare them to 10 years ago? Do you consider that these processes/conditions: N=100



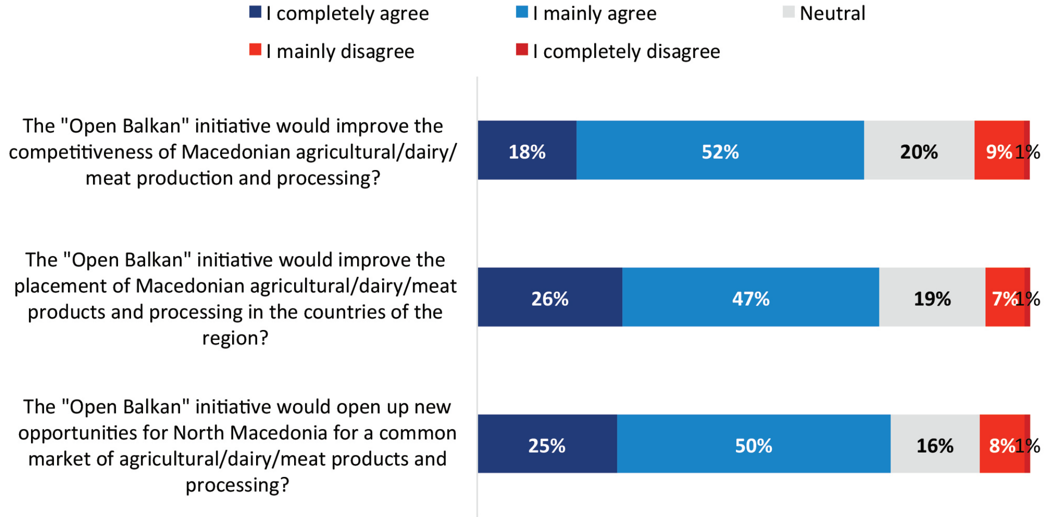
4.3. Regional economy and trade in agricultural, dairy, and meat products within the framework of the "Open Balkan" initiative

The goal of the Open Balkan initiative is the creation of an economy, without customs, without border waiting, and with one hundred percent free trade. Open Balkan means a new chapter in regional cooperation, which will „make us better and make Europe better". The initiative is not limited to the three countries and any other country from the surrounding area is welcome and can join if they wish.[7]

In the third part, the main emphasis was to examine the opinion of the companies on improving the placement, competitiveness, and new opportunities for North Macedonia for a common market with the Open Balkan initiative. The chart below presents several statements regarding the Open Balkan initiative and the improvement of agricultural, dairy, and meat production and processing in several domains. All surveyed companies had to express their level of agreement with each statement. Most of the companies believe that the *„Open Balkan" initiative would open up new opportunities for North Macedonia for a common market* (18% completely agree, 52% mainly agree), 20% have a neutral attitude, while 10% of the companies do not agree with this statement (9% mainly disagree, 1% disagree). Almost three-quarters of the surveyed companies agree with the following statements: the *„Open Balkan" initiative would improve the placement of Macedonian products and processing in the countries of the region* (26% completely agree, 47% mainly agree), and with the *„Open Balkan" initiative" would open up new opportunities for North Macedonia for a common market of agricultural, dairy and meat products and processing* (25% completely agree, 50% do not agree at all). The results show that the companies agree that the Open Balkan initiative would open up new opportunities for North Macedonia and a common market. It would also improve the placement and competitiveness of production and processing activities of agricultural, dairy, and meat products.

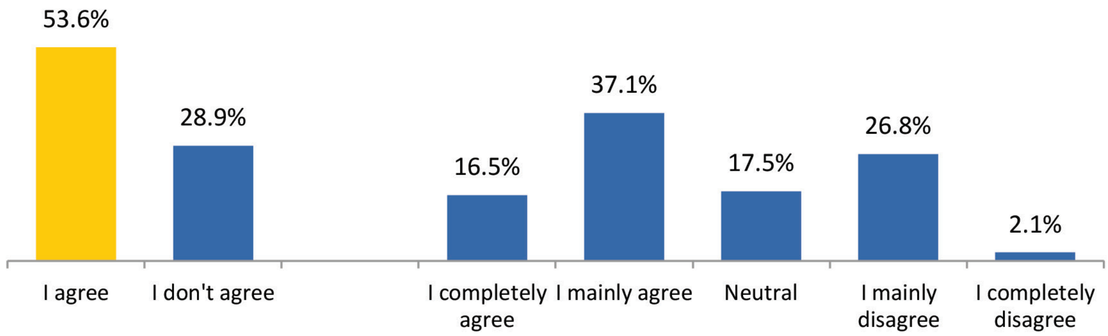
7 https://novatv.mk/otvoren-balkan-edna-ekonomija-bez-tsarini-100-protsenti-slobodna-trgovija/

Chart 16. To what extent do you agree that with N=100



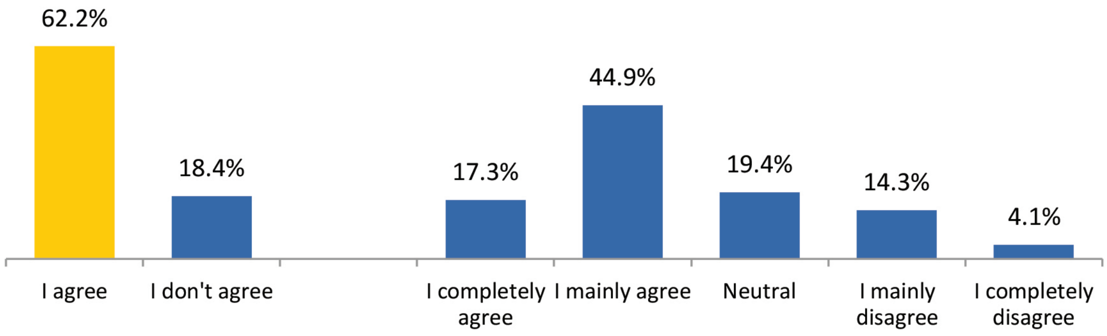
From Chart 17 below, it is evident that there is a ***high level of optimism*** among companies that the Open Balkan initiative could overcome the current barriers to distribution and trade in agricultural, dairy, meat products, and processing within the countries of the region. Namely, more than half of the companies (53.6%) believe that the initiative would overcome barriers, while a quarter of the surveyed companies have the opposite opinion, ie., they do not agree with this statement.

Chart 17. To what extent do you agree that currently there are barriers to the distribution and trade of agricultural/dairy/meat products and processing within the countries (Albania, North Macedonia, Serbia, Montenegro) that could be overcome with the „Open Balkan" initiative? N=100



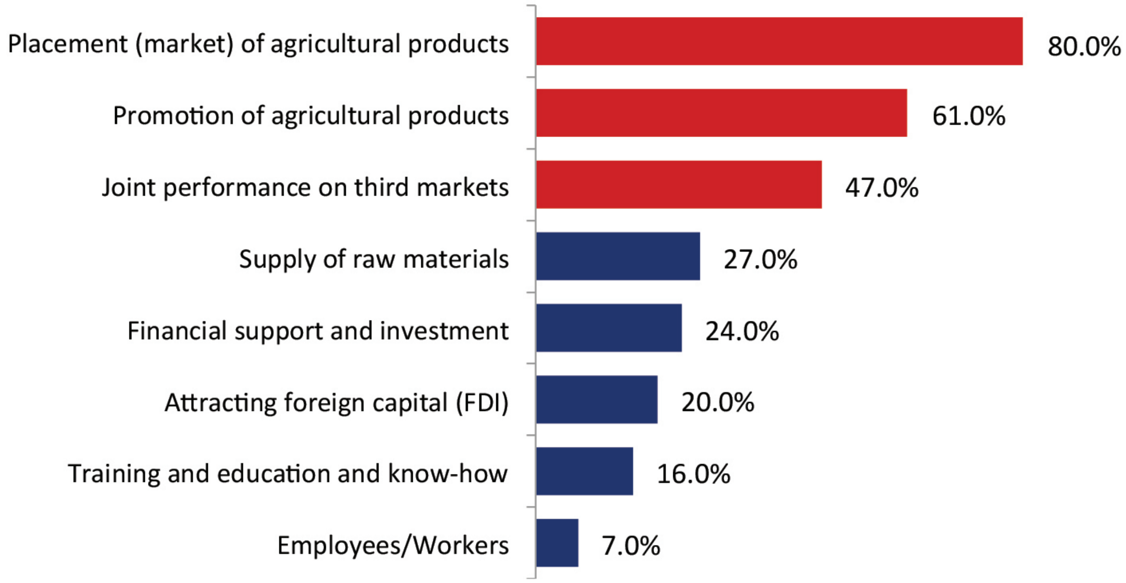
On the question: ***To what extent do you agree that the negative consequences in agricultural/dairy/meat production and processing caused as a result of COVID-19 and the Russia-Ukraine conflict would be overcome if these countries acted in an integrated manner, as is the basic idea of the „Open Balkan" initiative?***, 62% of the surveyed companies answered that the Open Balkan initiative would successfully overcome the consequences, while 18.4% answered that they would not. 19.4% of representatives of the surveyed companies have a neutral opinion regarding this issue.

Chart 18. To what extent do you agree that the negative consequences in agricultural/dairy/meat production and processing caused as a result of COVID-19 and the Russia-Ukraine conflict would be overcome if these countries acted in an integrated manner, as is the basic idea of the „Open Balkan" initiative? N=100



The last question from this topic refers to the possibility of advancing the operation of companies with the Open Balkan initiative in certain domains. So, the results of the research show that with the initiative Open Balkan, in the first place, it would be possible to work on improving the placement of agricultural products (80%). In second place as a possible domain for promotion, they ranked the promotion of agricultural products (61%), followed by a joint performance on a third market with 47%.

Chart 19. In which domains do you think that the Open Balkan initiative can improve the condition in agricultural/dairy/meat production and processing activity (Rank from 1 to 3/ multiple answers are possible) N=100,



4.4. Condition of agricultural, dairy, and meat production in the Republic of North Macedonia in the POST-COVID-19 period

The Covid crisis started in the country in mid-March 2020. Agriculture and food production during this period was severely affected by market restrictions, restriction of movement, financial debts, lack of seasonal workers, and so on.

Losses and decline in revenues slowed down production activities due to limited working hours and movement, closure of the usual sales channels, uncertain placement, and problems with the purchase, which are just some of the consequences caused by the COVID-19 pandemic in the Macedonian agricultural and food production.

Food production is still a very important element of our existence, and thus agriculture is a determinant of society and its development. By increasing productivity itself, agriculture as a basic economic branch that connects society with nature enables the stable and sustainable development of any economy.

Many analyses show a drastic drop in the prices of certain products, which further worsens the economic situation. Farmers and scientists agree in stating that the Covid crisis has brought weaknesses to the surface and deepened the problems lasting over the last decades. It also raised the question of whether, as a country dependent on imports, we will have enough food.[8]

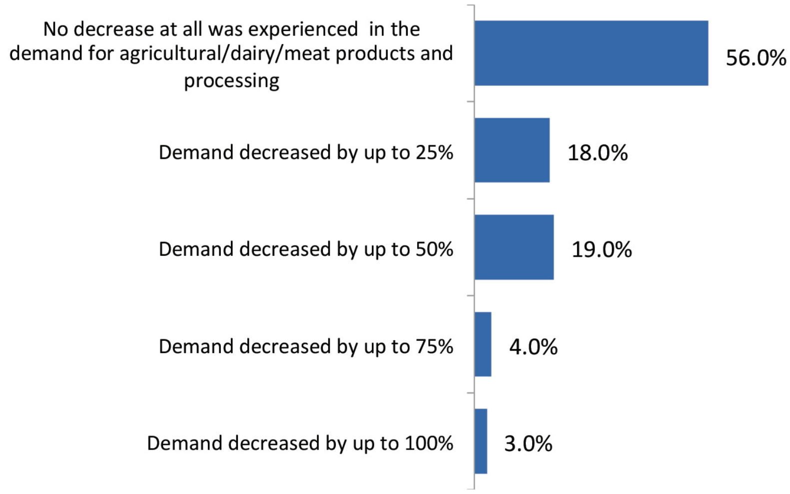
So, in the following section, we consider the impact and consequences of the COVID-19 pandemic on agriculture, food, and processing industries. We also consider the measures that were taken by the surveyed companies for easier managing of the pandemic, as well as the use of economic measures by the state and the level of satisfaction with them.

At the beginning of this set, company representatives were first asked if they have experienced the consequences of the COVID-19 crisis in terms of the demand for products and processing. Most of the companies (56%) did not notice a decrease in demand. About 19% of companies surveyed reported that the pandemic decreased the demand by up to 50%. For an additional 18% of companies, the demand decreased to 25%.

A decrease in demand differs according to the size of the company (number of employees). Larger companies show greater resilience, i.e. 68% of medium and large companies did not experience a decrease in demand during the COVID-19 pandemic at all, in contrast to micro and small companies (48%). By activity, the results show that the processing industries in a greater percentage experienced a decrease in demand, in contrast to companies operating in wholesale and retail trade.

8 https://bit.ly/3EPTbf4

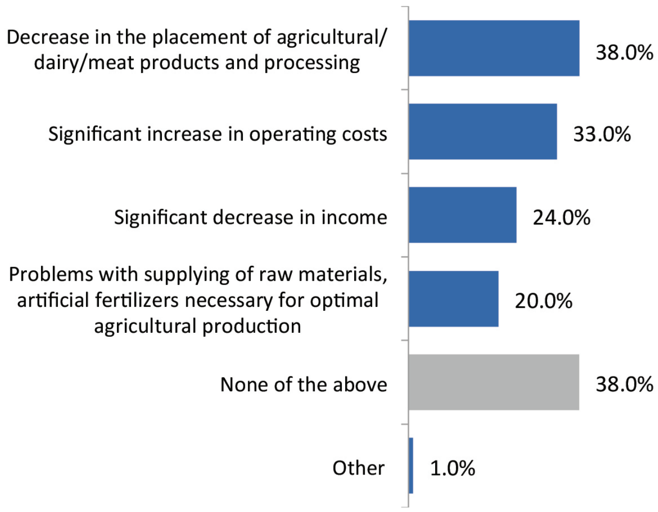
Chart 19. To what extent have the consequences of the COVID-19 crisis been experienced in terms of the demand for your agricultural/dairy/meat products and products and processing? N=100



The research shows that due to restrictive measures taken as a result of the COVID-19 pandemic, companies mostly faced **a decrease in the placement of products and processing**. This is a problem faced by 38% of the companies, and the same number said that they did not face any of the listed problems. Furthermore, 33% experienced a significant increase in operating costs. 24% of companies were affected by a significant decrease in income.

The main problems faced by the Macedonian processing industries are a decrease in the placement of products and processing and a significant decrease in operating costs (41%). A decrease in the placement of products is also highlighted as the first-ranked problem in the wholesale and retail trade sector (26%). Furthermore, 16% of the trade sector said they had a problem in supplying raw materials, artificial fertilizers necessary for optimal agricultural production, and decreased income. According to company size, micro and small companies with up to 50 employees mostly faced increased operating costs (47%) and a decrease in the placement of products and processing they deal with (45%) compared to medium and large companies.

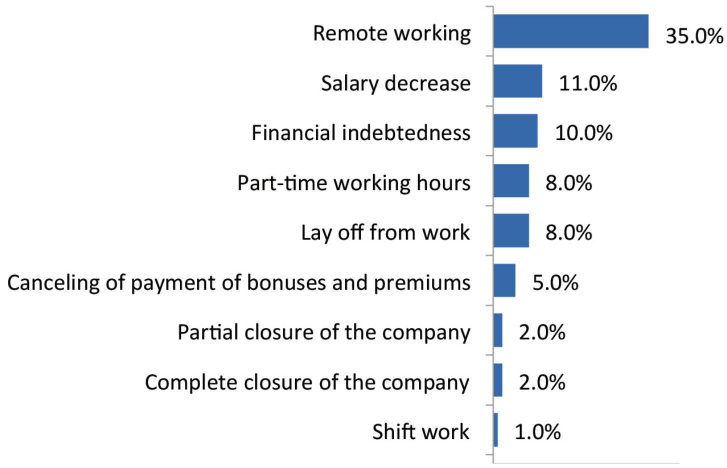
Chart 20. What problems have you faced due to the restrictive measures taken as a result of the COVID-19 pandemic? (Multiple answers are possible) N=100



To mitigate the consequences of the pandemic and maintain the workforce, more than half of the surveyed companies have taken measures to adjust their business operations. Every third company or 35% introduced remote working. About 11% of the companies reduced salaries, and 10% had financial indebtedness. Other measures taken by 33% of companies are: wearing protective equipment and masks, working in groups, wearing protective suits and masks, and wearing protective equipment and masks, less workload. 42% of the companies did not take any of the listed measures to deal with the COVID-19 pandemic.

The analysis by activity shows that the wholesale and retail trade sector most often practiced the measure of remote working (50%), in contrast to the food industries (29%). Two major factors influenced this: the curfew prohibited the enterprises from working in the afternoon (therefore, they had to organize the work in one shift[9]), and the reduced volume of work/sales due to lower consumption and demand for certain products. But, of course, the possibility of working from home is still related to the nature of the workplace and the ability of companies to adapt to this type of work

Chart 21. What measures did your company take to deal with the COVID-19 crisis? (*a maximum of 3 answers can be chosen) N=100

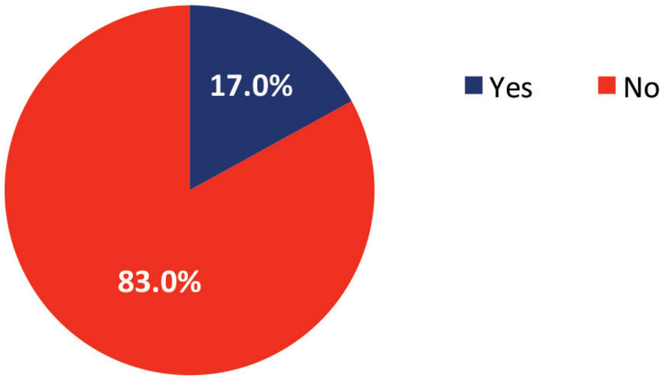


Most parts of the companies (83%) did not use the economic measures from the state to deal with the crisis of COVID-19. About 17.0% of the companies gave a positive answer.

Of the companies that used economic measures from the state, 64.7% said that it was a payment of MKD 14,500 per employee for April and May 2020, while 52.9% of the companies used favorable loans or subsidized loans from the Development Bank of Nort Macedonia (DBNM), and one quarter used the obligatory use of annual leave until May 2020 at the latest. As a follow-up to the previous question, the companies were asked how they evaluate the usefulness of the measures from the state for managing the crisis of the COVID-19 pandemic. Almost six out of ten companies responded positively to this question (11.8% completely helped, 52.9% mainly helped), and one-third of the surveyed companies answered negatively (23.5% mainly helped, and 5.9% did not help at all). About 5.9% do not know the answer to this question.

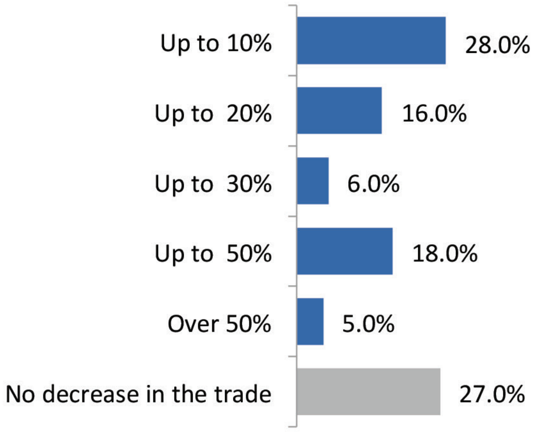
9 Some production facilities were able to work during the curfew with special permits,although they also had problems with the transportation of workers.

Chart 22. Have you used economic measures from the state to help deal with the COVID-19 crisis? N=100



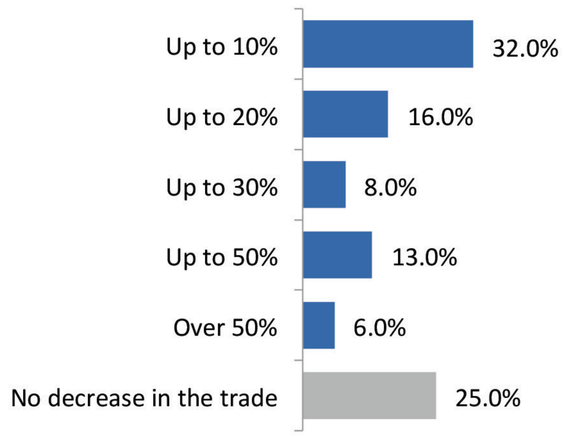
To the question: *„As a result of the COVID-19 pandemic and the restrictive measures taken, to what extent did the trade of agricultural/dairy/meat products and processing of your company decrease?“*, for 28.0% of the companies, the trade decreased up to 10%. For 27.0% of the surveyed companies, there was no decrease in trade, and for 18% it decreased up to 50%.

Chart 23. As a result of the COVID-19 pandemic and the restrictive measures taken, to what extent has your company›s trade in agricultural/dairy/meat products and processing decreased? N=100



As a result of the COVID-19 pandemic and the restrictive measures taken, for one-third of the surveyed companies, the trade of agricultural, dairy, and meat products and processing with the countries of the region decreased by up to 10%. For a quarter of the companies, there was no decrease in trade, while for 16.0% it decreased up to 20%.

Chart 24. As a result of the COVID-19 pandemic and the restrictive measures taken, to what extent has your company›s trade in agricultural/dairy/meat products and processing with the countries of the region (Albania, Serbia, Montenegro) decreased? N=100



4.5. The condition of agricultural, dairy, and meat production in the Republic of North Macedonia during the Russia-Ukraine conflict

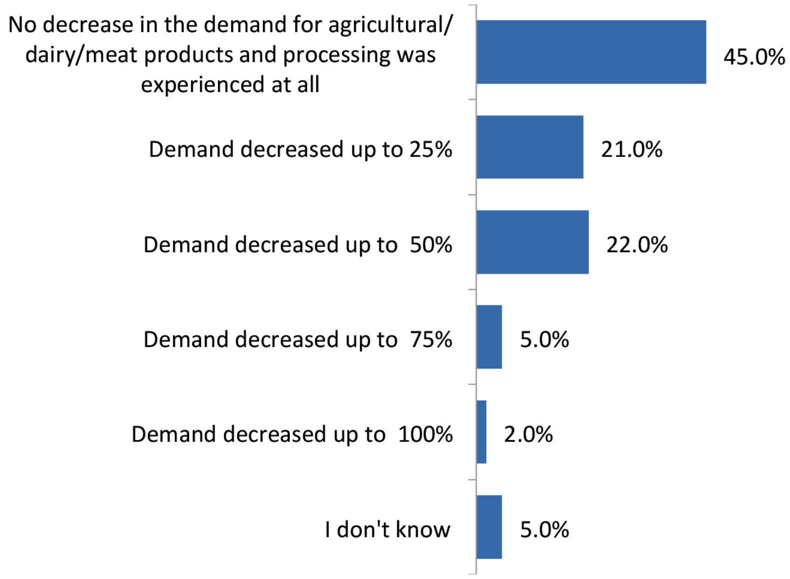
The state military conflict between Russia and Ukraine generally has a major impact on agricultural and food export. The increase in the price of electricity, oil, and raw materials for production and the closing of markets significantly affected the agricultural sector. The Russian aggression against Ukraine, which causes a price shock in the markets, not only worsens the situation given the growth of prices, but also the lack of basic agricultural products such as wheat, sunflower, and corn, which we produce, but we also import. The transport business, which must move to survive, also suffers great damage. The increased fuel prices, the increased cost of transportation, but also the increased competition of empty trucks waiting for products to be transported are part of the consequences that transporters deal with in conditions of military conflict.[10]

In the last set of this research, we examine the changes that occurred in agricultural, dairy, and meat production and processing during the crisis of the Russia-Ukraine military conflict. The analysis shows that 45.0% of the surveyed companies did not experience a decrease in product demand at all as a result of the Russia-Ukraine military conflict. About 22% of companies reported that demand decreased by up to 50%, and by almost the same percentage demand decreased by up to 25%.

A large majority (58%) of medium and large companies that have from 50 to 249 and over 250 employees did not experience a decrease in the demand for products and processing at all, in contrast to micro and small companies that have up to 50 employees (37%). By activity, the demand did not decrease at all among 53% of companies from the wholesale and retail trade sector, in contrast to the processing industry (41%).

10 https://bit.ly/3Eks8Hk

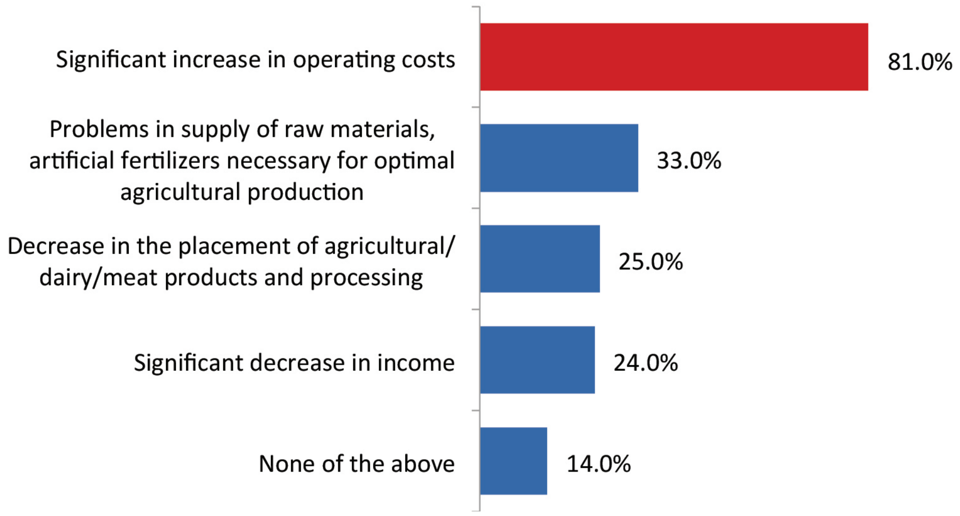
Chart 25. To what extent have the consequences of the Russia-Ukraine military conflict been experienced in terms of the demand for your agricultural/dairy/meat products and processing? N=100



One of the biggest consequences of the restrictive measures taken due to the Russia-Ukraine conflict is a **significant increase in operating costs** for 81.0% of the surveyed companies. This problem is obvious because the conflict between Russia and Ukraine first led to the increase in the price of electricity, increased fuel prices, and increased cost of transportation, which further worsened the conditions in agricultural and food production. In the second place, one-third of the companies faced **problems in the procurement of raw materials, and artificial fertilizers necessary for optimal agricultural production**, and for one-quarter, the restrictive measures caused a **decrease in the placement** of products and processing.

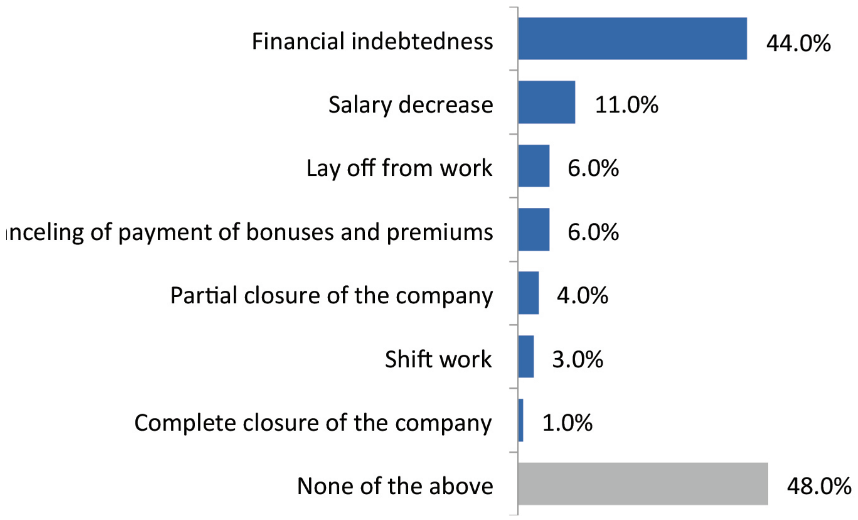
A significant increase in operating costs is the main problem faced by 93% of companies in the wholesale and retail trade sectors. This problem is also highly ranked among processing industries (73%). Furthermore, in second place, trade and processing industries were faced with problems in the supply of raw materials, and artificial fertilizers necessary for optimal agricultural production (33%). In processing industries, the problem of decreasing the placement of products and processing (30%) stands out, compared to the wholesale and retail trade sector, where this problem is manifested in a smaller percentage (13%).

Chart 26. What problems did you face due to the restrictive measures taken as a result of the Russia-Ukraine conflict? (Multiple answers are possible) N=100



More than half of the companies have taken various actions related to their personnel in response to the crisis of the Russia-Ukraine conflict. In Chart 27, it is evident that a significant number (44%) of companies reported financial indebtedness. About 11.0% of companies said they cut wages, and 6.0% said they simply laid off employees and canceled bonuses and rewards. On the other hand, almost half of the surveyed companies stated that they did not undertake any of the listed measures (shown in Chart 27) to deal with the crisis conflict between Russia and Ukraine.

Chart 27. What measures did your company take to deal with the crisis from the Russia-Ukraine conflict? (a maximum of 3 answers can be chosen) N=100

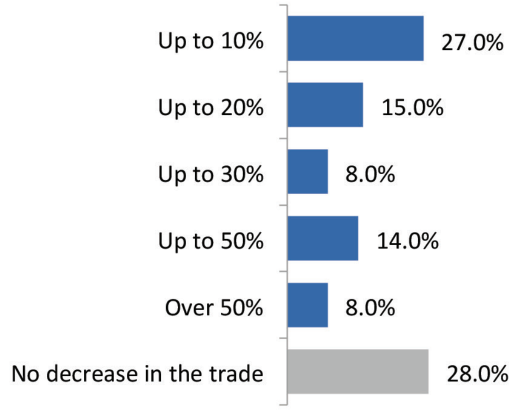


Regarding economic measures from the state to help deal with the crisis of the war between Russia and Ukraine, the analysis of the results shows that 99% of the surveyed companies did not use economic measures from the state. Only one company that answered positively to this question used subsidies that mainly helped it deal with the crisis from the Russia-Ukraine conflict.

It is evident from Chart 30 that 28.0% of the surveyed companies did not face a decrease in trade in agricultural, dairy, and meat products and processing. On the other hand, 27.0% reported that trade in products and processing decreased up to 10%. For an additional 15%, trade decreased up to 20%, and 14% of companies faced a decrease of up to 50%.

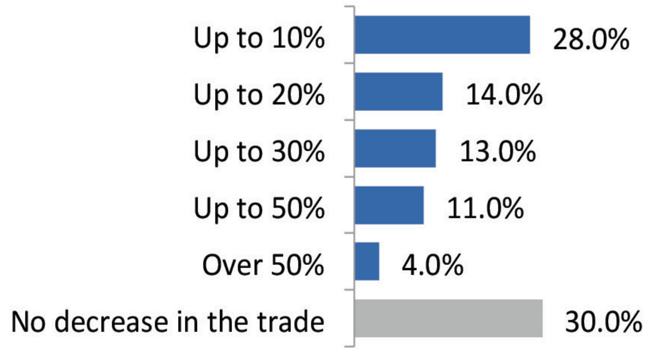
Analyzed by activity, for 47% of companies from the wholesale and retail trade sector, the Russia-Ukraine conflict did not contribute to a decrease in trade, in contrast to the processing industry (20%). For 27% of the processing industry, trade decreased by up to 10% and 19% faced a decrease of up to 50%.

Chart 30. As a result of the Russia-Ukraine conflict crisis and the restrictive measures taken, to what extent has your company›s trade in agricultural/dairy/meat products and processing decreased? N=100



Furthermore, for three out of ten surveyed companies, there was no decrease in trade of products and processing with the countries of the region. For 28.0% of companies, regional trade in agricultural, dairy, and meat products and processing decreased by up to 10%, while 14.0% reported a decrease in trade by up to 20%. By activity, the analysis shows that for half of the companies from the wholesale and retail trade sector, there was no decrease in trade with the countries of the region. For a third of companies from the processing industry, regional trade decreased by up to 10%, and 21% did not face a decrease.

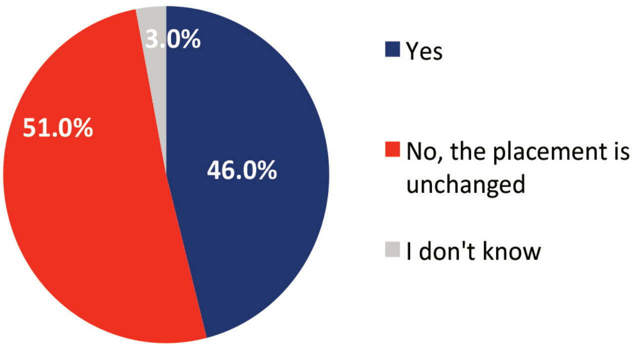
Chart 33. As a result of the crisis from the Russia-Ukraine conflict and the restrictive measures taken, to what extent has the trade of agricultural/dairy/meat products and processing with the countries of the region (Albania, Serbia, Montenegro) decreased? N=100



More than half of the surveyed companies stated that the Open Balkan initiative will not improve the placement and exchange of agricultural, dairy, and meat products and processing, while 46.0% gave a positive answer to this question.

Analyzed by activity, we note that there is more optimism in the food industry (51%) that the Open Balkan initiative will improve the placement and exchange of products and processing, than in companies from the area of wholesale and retail trade; and motor vehicle repair (33%).

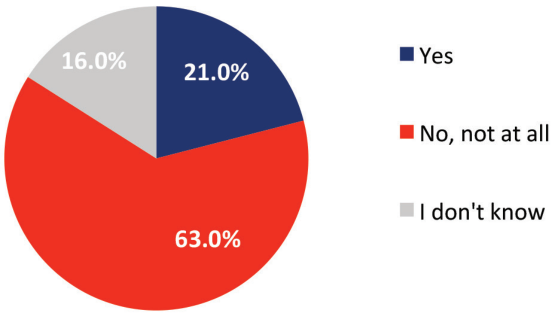
Chart 34. Do you consider that the „Open Balkan" initiative will improve the placement/exchange of agricultural/dairy/meat products and processing? N=100



To the question: ***„Do you consider that if the „Open Balkan" initiative had been established earlier, the consequences caused by COVID-19 and the Russia-Ukraine conflict for agricultural/dairy meat production and processing and their placement would have been reduced?, "*;** the majority of surveyed companies believe that the earlier establishment of the Open Balkan initiative would not have reduced the consequences caused by COVID-19 and the Russia-Ukraine conflict. About a quarter of the companies answered positively, and 16.0% do not know the answer to this question.

The companies that answered positively to this question believe that if the Open Balkan initiative had been established earlier, the consequences would have been reduced because the companies would have: better placement and transportation of the products; regional cooperation, and the surpluses would be placed in the countries of the Open Balkan; faster transfer of goods to other countries and vice versa; market price competitiveness; faster placement of products and greater volume of operation.

Chart 35. Do you consider that if the „Open Balkan" initiative had been established earlier, the consequences caused by COVID-19 and the Russia-Ukraine conflict for agricultural/dairy meat production and processing and their placement would have been reduced? N=100



The agricultural development policy in Republic of North Macedonia-conclusion and recommendations

Agriculture is the second sector in the country by participating in the gross domestic product (GDP). Agriculture is key to the development of the entire economy, balanced regional development, and keeping rural areas in a vital state by creating conditions for the young population to stay in them. The pandemic COVID-19 virus emphasized, even more, the need for the population to be provided with healthy, safe, quality, and diverse food from Macedonian production. By providing sufficient quantities of quality and safe food for the needs of domestic consumers and creating products with added value and placement on foreign markets, a better standard of living for the farmer is made possible, and thus in the whole society.[11]

At the end of the survey, the companies were asked an open-ended question that allowed them to express themselves freely about this topic. For a more precise interpretation, the answers are grouped by category and intensity of repetition. To the last question: *„If you could create the future agricultural development policy of the Republic of North Macedonia, which questions would you put as a priority?“,* most of the surveyed companies indicated that the development of agricultural policy in North Macedonia, is necessary to emphasize the increase of subsidies for domestic production but also its timely payment. Furthermore, to create conditions for sustainable and competitive agriculture, companies believe that it is necessary to regulate the purchase of agricultural products, to stabilize and increase domestic food production, which would reduce the import of foreign products. Some of the main priorities of the companies point to subsidies as an important measure for the development of quality agriculture. In that direction, they believe that it is necessary to have: subsidies for strategic crops, subsidies for green oil, increase in subsidies for farmers, subsidies for source companies in the area of meat and meat products, subsidies for farmers in the area of fruit production, subsidizing of small production facilities, subsidies for all farmers regardless of producer size and ensuring a long-term reliable subsidy model. Some of the companies indicate that the subsidies are not distributed equally and that it is necessary to have an equal distribution. Of course, subsidies are welcome for the development of agricultural and food industries, if they go to real agricultural producers if the processing industry is developed parallel to primary agriculture, if the use of modern mechanization is encouraged, if what the market requires is produced, if there are capable expert advisory services and support services, if the salary of the people in those advisory services depends on how much they have contributed to agriculture, they will give a good effect. But on the other hand, the surveyed companies indicated that they locate the bad effects that hinder the development of agriculture in the placement and purchase prices. Namely, they believe that the state must provide, first of all, financial assistance, and better placement on the market, to ensure

11 https://vlada.mk/node/22511

reliable purchase of products, better conditions for development, higher purchase prices, and building of production capacities..

To increase the amount, purpose, quality, and effectiveness of agricultural production, the surveyed companies believe that it is necessary to invest in providing better quality seeds in the country, to plant more fields with crops with products that are deficit, but also for the state to support in the supply of modern machinery, equipment, and packaging.

That is why it is necessary to aim for the creation of conditions for sustainable agriculture and its modernization in primary and secondary production to achieve an increase in production and raise the quality of Macedonian agricultural products, environmental protection, and food safety, i.e. to create competitiveness and added value to agricultural products, while at the same time to ensure the satisfying of country's needs from domestic production. By achieving the competitiveness of agricultural products, dignified life for farmers and the development of rural areas will be necessarily ensured.

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ANNEX I- Questionnaire

CHARACTERISTICS OF THE COMPANY

Screener 1. Before we start the interview, please tell me if your company is export/import oriented with the countries of the region?

1. Yes, the company only export
2. Yes, the company export and import
3. The company only imports (end of interview)
4. The company neither export nor import (end of interview)

Screener 2. To what extent would you say that you are familiar with the „Open Balkan" regional cooperation initiative? Would you say you are:

- Fully familiar
- Mainly familiar
- Mainly not familiar
- Not familiar at all (end of interview)
- I don't know (end of interview)
- Refuses to answer (end of interview)

A.1 Activity according to NAC

1. PROCESSING INDUSTRY
Processing and canning of meat and production of meat products
Processing and canning of fruits and vegetables
Production of vegetable and animal oils and fats
Production of dairy products
Production of mill products, starch, and starch products
Production of bakery products and pasta
Production of other food products
Production of ready-made food for animals
Production of beverages
2. WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES
Mediation in the trade of food, beverages, and tobacco
Wholesale of agricultural raw materials and live animals
Wholesale of food, beverages, and tobacco

A. Company name: ___________________________

B. Company seat:____________________

C. The conversation was conducted with:

1. Owner of the company
2. Managing Director/Director
3. Manager
4. Member of the management board
5. Shareholder
6. Other___________________

D. Number of employees in the company

1. Less than 10 (micro)
2. 10-50 (small)
3. From 51 – 245 (medium)
4. 250+ (large)

E. What is the capital of the company?

1. Domestic
2. Foreign
3. Mixed
4. Refuses to answer

F. What is the company›s annual turnover?

1. Up to 2 million EUR (micro)
2. From 2 to 10 million EUR (small)
3. Up to 50 million EUR (medium)
4. Over 50 million EUR (large)
5. Refuses to answer

G. How long have you been in this business?

1. 1-5 years
2. Previous 5 years
3. Previous 10 years
4. Over 10 years

The first part of questions - General questions - Open Balkan

1. What do you think about the regional cooperation initiative „Open Balkan"? *(open question)*

2. To what extent do you think that this initiative would open up new opportunities for improving the operation of your company/the company you work for?

    1. It would open up completely new possibilities
    2. It would mainly open up new opportunities
    3. It would mainly not open up new opportunities
    4. It would not open up new opportunities at all
    5. I don't know, I can't estimate

3. Are there now any obstacles to economic cooperation between the countries of the region that could be overcome with the „Open Balkan" initiative?

   1. There are no obstacles to economic cooperation with the countries of the region

   2. There are obstacles to economic cooperation with the countries of the region. ***(if there are obstacles, ask what those obstacles are)***

   3. I don't know

4. Is it and to what extent „Open Balkan" is an alternative to the opportunities for trade offered by the EU? Would you say that the opportunities for trade through the „Open Balkan" are:

   1. identical to those of the EU

   2. mainly similar to those of the EU

   3. mainly different from those of the EU

   4. completely different from those of the EU

   5. I don't know, I can't estimate

Thematic questions - area - import-export of agricultural products

5. Indicate which crops/products/processing prevail in your production/purchase/processing. ***(open question)***

   ____

6. Which market is your activity aimed at? ***(Multiple answers are possible)***

   - Towards the domestic market (North Macedonia)
   - Towards the European market (EU countries)
   - Towards the regional market (Albania, Serbia, Kosovo, Croatia, etc.)
   - Other ________________________________

7. Do you have cooperation with any of the countries in the region (Serbia, Albania, Montenegro, etc.)?

   - Yes
   - No

8. If YES, in which domain is the cooperation: ***(Multiple answers are possible)***

- Supply of raw materials
- Training and Education
- Exchange of employees/workers
- Financial support and investment
- Promotion of agricultural products
- Placement of agricultural products
- Other ____________________________

9. If NO, what was the reason for that:

- I do not need cooperation at all
- I am not familiar with the ways and channels of communication
- I am not familiar if there benefits of cooperation
- I have had difficulties and barriers to cooperation
- Other ______________________________..

10. Estimate, what percentage of business is currently towards Serbia? *(*only 1 answer is selected)*

- We are not cooperating with Serbia at all
- Up to 10%
- Up to 25%
- Up to 50%
- Up to 75%
- Up to 100%
- I don't know

11. Estimate, what percentage of business is currently towards Albania? ***(*only 1 answer is selected)***

- We are not cooperating with Albania at all
- Up to 10%
- Up to 25%
- Up to 50%
- Up to 75%
- Up to 100%
- I don't know

12. Estimate, what percentage of business is currently towards Montenegro? *(*only 1 answer is selected)*

   - We are not cooperating with Montenegro at all
   - Up to 10%
   - Up to 25%
   - Up to 50%
   - Up to 75%
   - Up to 100%
   - I don't know

13. In your total income from the activity, what proportion is the income from trade in your agricultural/dairy/meat products and processing?

   - The only income is from agricultural/dairy/meat products and processing 100%
   - Up to 80% of the total income
   - Up to 60% of the total income
   - Up to 50% of the total income
   - Refuses to answer

14. Do you receive subsidies from the state for your operation:

	YES	NO
Agricultural production	1	2
Processing facilities	1	2
Trade and purchase	1	2

15. Are you satisfied with the form and amount of subsidies you receive?

   - Yes, I am completely satisfied
   - Yes, I am partially satisfied
   - I am partially not satisfied
   - I am not satisfied at all
   - I don›t know
   - Refuses to answer
   - Did not receive any subsidies

16. Have you noticed a significant decrease in revenues as a result of the COVID-19 pandemic?

- Yes, the revenues decreased up to 10%
- Yes, the revenues decreased up to 20%
- Yes, the revenues decreased up to 50%
- Yes, we operated/realized with a loss
- No, the revenues remained unchanged
- I don›t know, I can›t estimate

17. Have you noticed a significant decrease in revenues as a result of the Russia-Ukraine conflict?

- Yes, the revenues decreased up to 10%
- Yes, the revenues decreased up to 20%
- Yes, the revenues decreased up to 50%
- Yes, I completely lost my revenues
- No, the revenues remained unchanged
- I don t know, I can"t estimate

18. Have you faced/are you facing obstacles and barriers related to any regional cooperation related to your activity?

- Yes, I have had barriers, obstacles
- No, I have had no barriers/obstacles (continue to Q21)

19. **If YES** – what were the three biggest barriers you faced ______________________________ ____ ________

20. What is your opinion regarding the conditions for exporting goods if you compare them 10 years ago? Do you consider that these processes/conditions:

- They are continuously relieved
- They are stagnant or
- They are moving downwards
- I don›t know
- Refuses to answer

The second part of questions - Questions related to the regional economy and trade in agricultural products within the framework of the initiative „Open Balkan" (the economic zone between Albania, North Macedonia and Serbia, Montenegro)

21. To what extent do you think that the „Open Balkan" initiative would open up new opportunities for North Macedonia for a common market of agricultural/dairy/meat products and processing?

I am completely sure that no new opportunities would open up at all	No new opportunities would open up	Neutral	New opportunities would generally open up	I am completely sure that new opportunities would open up	No opinion
1	2	3	4	5	0

*1-5 (1=Least, 5=Most) 0 – No opinion.

22. To what extent do you think that the „Open Balkan" initiative would improve the placement of Macedonian agricultural/dairy/meat products and processing in the countries of the region?

I am completely sure that it would not improve the placement at all	**The placement would not improve**	**Neutral**	**The placement would generally improve**	**I am completely sure that the placement would improve**	**No opinion**
1	2	3	4	5	0

23. To what extent do you think that the „Open Balkan" initiative would improve the competitiveness of Macedonian agricultural/dairy/meat production and processing?

I am completely sure that it would not improve the competitiveness at all	The competitiveness would not improve	Neutral	The competitiveness would generally improve	I am completely sure that competitiveness would improve	No opinion
1	2	3	4	5	0

24. Are there currently barriers to distribution and trade in agricultural/dairy/meat products and processing within the countries (Albania, North Macedonia, Serbia, Montenegro) that could be overcome with the „Open Balkan“ initiative?

I am completely sure that there are no barriers at all	**There are no barriers**	**Neutral**	**Current barriers would be generally overcome**	**I am completely sure that current barriers would be overcome**	**No opinion**
1	2	3	4	5	0

25. Do you consider that the negative consequences in agricultural/dairy/meat production and processing caused as a result of COVID-19 and the Russia-Ukraine conflict would be overcome if these countries acted in an integrated manner, as is the basic idea of the "Open Balkan" initiative?

I am completely sure that they would not be overcome at all	The negative consequences would not be overcome	Neutral	The consequences would be generally overcome	I am completely sure that the consequences would be overcome	No opinion
1	2	3	4	5	0

26. In which domains do you consider that the Open Balkan initiative can improve the condition in agricultural/dairy/meat production and processing activity (rank from 1 to 3)

- Supply of raw materials - Training and education and know-how - Employees/Workers - Financial support and investment - Promotion of agricultural products - Placement (market) of agricultural products - Joint performance on third markets - Attracting foreign capital (FDI) - Other ____________________________	

Third part – Questions related to the condition of agriculture in the Republic of North Macedonia in the post-COVID-19 period and during the crisis from the military conflict between Russia - Ukraine

27. To what extent have the consequences of the COVID-19 crisis been experienced in terms of the demand for your agricultural/dairy/meat products and processing? *(*Choose only one of the offered answers)*

- No decrease in the demand for agricultural/dairy/meat products and processing was experienced at all
- Demand decreased by up to 25%
- Demand decreased by up to 50%
- Demand decreased by up to 75%
- Demand reduced by up to 100%
- I don›t know
- Refuses to answer

28.To what extent have the consequences of the Russia-Ukraine military conflict been experienced in terms of the demand for your agricultural/dairy/meat products and processing? *(*Choose only one of the offered answers)*

- No decrease in the demand for agricultural/dairy/meat products and processing was experienced at all
- Demand decreased by up to 25%
- Demand decreased by up to 50%
- Demand decreased by up to 75%
- Demand reduced by up to 100%
- I don›t know
- Refuses to answer

29. What problems have you faced due to the restrictive measures taken as a result of the COVID-19 pandemic? *(*Choose only one of the offered answers)*

- Decrease in the placement of agricultural/dairy/meat products and processing
- Significant decrease in income
- Problems with the supply of raw materials, and artificial fertilizers necessary for optimal agricultural production
- Significant increase in operating costs
- Other____
- None of the above (do not read)

30. What measures did your company take to deal with the COVID-19 crisis? ***(*a maximum of 3 answers are chosen, the answers are not read spontaneously)***

    10.1. Remote working

    10.2. Part-time working hours

    10.3. Lay off from work

    10.4. Salary decrease

    10.5. Partial closure of the company

    10.6. Complete closure of the company

    10.7. Financial indebtedness

    10.8. Shift work

    10.9. Canceling of payment of bonuses and premiums

    10.10. Other (add) ____________________

31. What problems did you face due to the restrictive measures taken as a result of the Russia-Ukraine conflict? *(*Choose one or more of the answers offered)*

    - Decrease in the placement of agricultural/dairy/meat products and processing
    - Significant decrease in income
    - Problems with the supply of raw materials, and artificial fertilizers necessary for optimal agricultural production
    - Significant increase in operating costs
    - Other____
    - None of the above (do not read)

32. What measures did your company take to deal with the crisis from the Russia-Ukraine conflict? *(*a maximum of 3 answers are chosen, the answers are not read spontaneously)*

    - Remote working
    - Part-time working hours
    - Lay off from work
    - Salary decrease
    - Partial closure of the company
    - Complete closure of the company
    - Financial indebtedness
    - Shift work
    - Canceling of payment of bonuses and premiums
    - Other (add) ____________________

33. Have you used economic measures from the state to help deal with the COVID-19 crisis?

    -Yes

    -No (continue to Q37)

34. **(If the answer to Q34 is YES)** Please indicate which economic measures you used to help deal with the COVID-19 crisis. ***(*a maximum of 3 answers can be chosen)***

    - Payment of 14,500 MKD per employee for April and May 2020
    - Payment of 50% of the net average salary for persons who lost their jobs
    - Compulsory use of annual leave by May 2020 at the latest
    - Favorable loans or subsidized loans from DBNM
    - Other (add) ____

35. How do you evaluate the usefulness of the measures from the state to help deal with the crisis from the COVID-19 pandemic, intended for companies? Would you say that the measures:

    - Completely helped
    - Mainly helped
    - Mainly did not help
    - Did not help at all
    - I don›t know
    - Refuses to answer

36. Did you use economic measures from the state to help deal with the crisis of the Russia-Ukraine conflict?

    - Yes
    - No (continue to Q40)

37. **If YES.** What measures did you use? Specify _______________________________________ ____ ____ _________________.

38. How do you evaluate the usefulness of the measures from the state to dealing with the crisis from the Russia-Ukraine conflict, intended for companies? Would you say that the measures:

- Completely helped
- Mainly helped
- Mainly did not help
- Did not help at all
- I don›t know
- Refuses to answer

39. As a result of the COVID-19 pandemic and the restrictive measures taken, to what extent has your company's trade in agricultural/dairy/meat products and processing decreased?

- Up to 10%
- Up to 20%
- Up to 30%
- Up to 50%
- Over 50%
- I don't know
- Refuses to answer

40. As a result of the COVID-19 pandemic and the restrictive measures taken, to what extent has your company's trade in agricultural/dairy/meat products and processing with the countries of the region (Albania, Serbia, Montenegro) decreased?

- Up to 10%
- Up to 20%
- Up to 30%
- Up to 50%
- Over 50%
- I don't know
- Refuses to answer

41. As a result of the Russia-Ukraine conflict crisis and the restrictive measures taken, to what extent has your company's trade in agricultural/dairy/meat products and processing decreased?

- Up to 10%
- Up to 20%
- Up to 30%
- Up to 50%
- Over 50%
- I don't know
- Refuses to answer

42. As a result of the crisis from the Russia-Ukraine conflict and the restrictive measures taken, to what extent has the trade of agricultural/dairy/meat products and processing with the countries of the region (Albania, Serbia, Montenegro) decreased?

- Up to 10%
- Up to 20%
- Up to 30%
- Up to 50%
- Over 50%
- I don't know
- Refuses to answer

43. Do you consider that the "Open Balkan" initiative will improve the placement/exchange of agricultural/dairy/meat products and processing?

- Yes
- No, the placement is unchanged
- I don't know

44. Do you consider that if the "Open Balkan" initiative had been established earlier, the consequences caused by COVID-19 and the Russia-Ukraine conflict for agricultural/dairy meat production and processing and their placement would have been reduced?

- Yes
- No (continue to Q46)
- I don't know

45. **If YES** - Why do you consider so?

____
____
____

46. If you could create the future agricultural development policy of the Republic of Macedonia, which questions would you put as a priority?

1. ____
2. ____
3. ____
4. ____
5. ____