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# AgBiz Program Macedonia

## Vertical linkages in Agriculture -Regional Cooperation





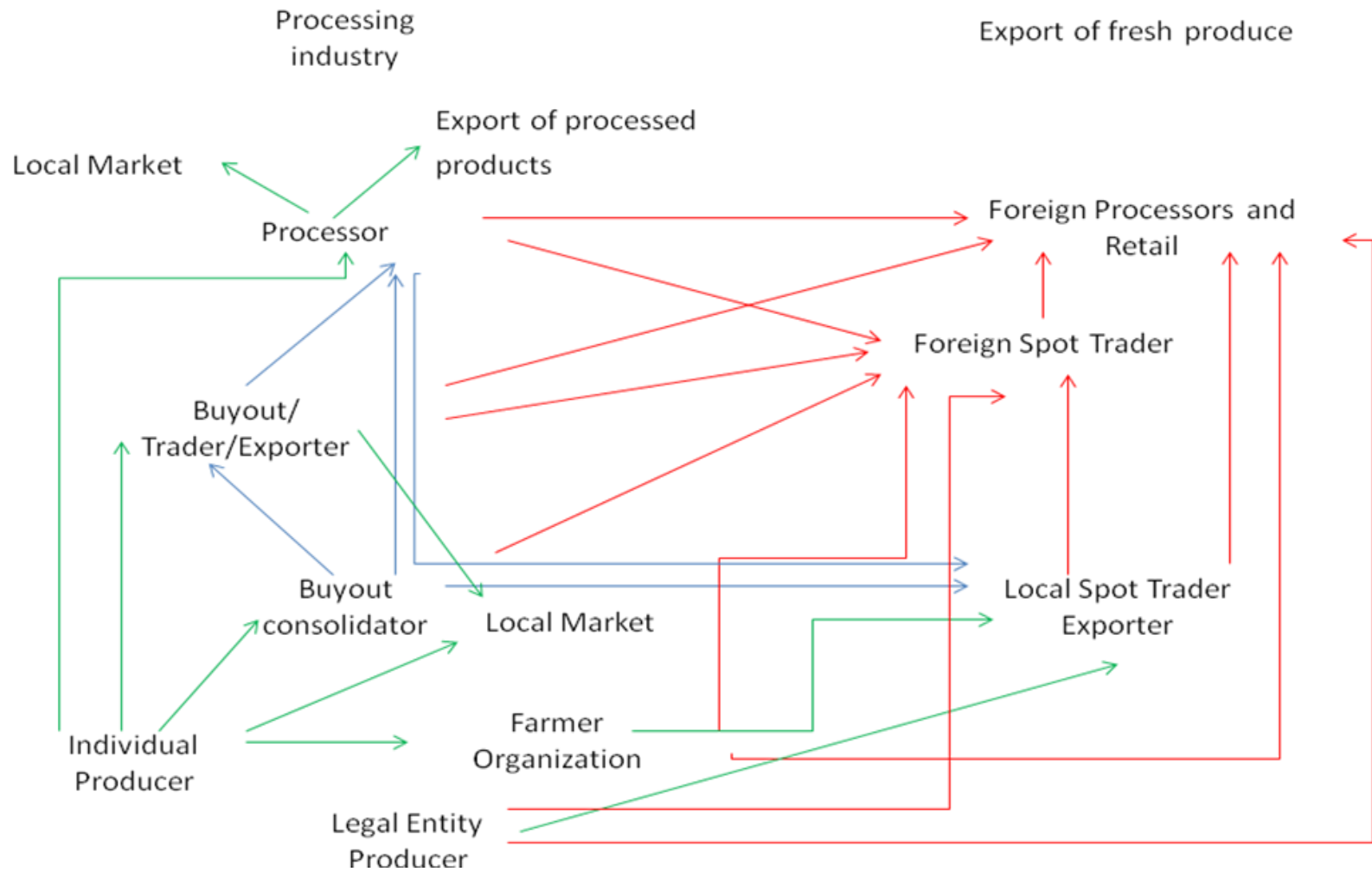
- AgBiz Program in Macedonia – Export Competitiveness

Main Value Chains:

- Bottled wine,
- Fresh Fruits & Vegetables
- Processed Fruits & Vegetables
- Wild gathered products



- Vertical Linkages – Advantages and constraints for regional trade cooperation
- History of Vertical linkages and attempts to recover vertical linkages
- Constraints to the export competitiveness





- Government is trying to get involved
- 75% of the buyers are not satisfied from the producers for not responding to the contract's terms and conditions for quality.
- Besides the grapes for wine and tobacco there are no legal standards for quality of agricultural products and this leads to manipulation
- Some sector organizations have written standards for quality, but they are not applicable for all of the members because of different processing technology



## Contract arrangements in practice

- Written contracts
  - Most of the content of the contracts are protective to only one party.
  - Only 50% of the identified contracts are legally registered.



## Contract arrangements in practice

- Verbal contracts
  - These contracts represent 54% of the relationships for the fresh produce for export, 10% for exporting processed F&V and in 25% of the arrangements for exporting industrial F&V



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## Compliance

- 85% of the producers and 69% of the buyers agree that the terms and conditions for payment written in the contract are not respected.
- 100% of processors the are postponing the payments



## AgBiz role in vertical Linkages in Agriculture – cross cutting issue

- Support establishing dialog between producers, processors and government
- Develop models for contract farming that suits best to all parties
- Follow up implementation of these models



# Questions?

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