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AgBiz Program

Participation of Macedonian Companies at

NOVI SAD International Agricultural Fair
75th edition May 10th - 17th, 2008

Report

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1. Background

Every AgBiz project intervention must lead to commercially viable and sustainable transactions. Lasting commercial relationships are always based on a series of successful, near term positive cash flow and profit-generating transactions that build trust and mutual confidence over time. The near term positive cash flow and profit element are critical, since these alone create private sector interest and willingness to make the changes necessary for longer term commercial sustainability. The ARD technical approach is based on this fact.

2. Objective

The objective of this assistance was AgBiz program to assess and develop an effective and efficient project for supporting customers to exhibit at the Novi Sad fair in Novi Sad, Serbia, May 10-17, 2008.

3. Justification

The AgBiz program in consultation with the Macedonian Association of Processors, potential customers and GTZ MAFP has identified this Trade Fair as a traditional opportunity for companies in Macedonia to sell their products to regional markets.

AgBiz justifies participation on this trade fair due to its status in the region as the most important fair for regional trade. Having surveyed the AgBiz value chains, most companies whose sales are at least 50% regional exports expressed a desire to participate. In addition, companies who wish to initiate exports from Macedonia use this fair as a stepping stone to gain experience for later marketing to the EU. In addition, regional EU countries still perceive this fair as an important opportunity to develop sales and purchase products.

4. General facts about Novi Sad fair 2008

Held from: 10th May – 17th May 2007

Opening hours: from 9 a.m. to 7 p.m.

Application deadline: 31st January 2007

Number of visitors: ≈ 600,000

The Novi Sad Fair was marking three jubilees in 2008: 85th Anniversary of the Fair, 75th Anniversary of the International Agricultural Fair and 50th Anniversary of its membership in the Global Association of the Exhibition Industry (UFI). In these three quarters of a century, the International Agricultural Fair in Novi Sad has grown into the largest fair event in Southeast Europe.

It was gathering all that mean something or seek something in agriculture, the food industry, livestock breeding and branches stemming from agriculture or are connected to agriculture. Interest in and good business reasons to participate in the "May Fair"

was shown by more than 2,000 exhibitors, forty percent of whom were from abroad, and presented products from over 60 countries.

The great number of exhibitors taking up the whole exhibition area of the Novi Sad Fair and more than 600,000 visitors once again proofed the quality of the International Agricultural Fair, as well as the business results of the exhibitors, worth several hundreds of millions of Euros.

The collective exhibitions of countries were perfect opportunity for presentations of possibilities, cooperation and trading in agriculture and supplementary fields of industry. The Seventy-fifth International Agricultural Fair represented a good chance to learn about the experiences of the neighbouring countries. The established contacts, the results of which were establishing long-term cooperation in terms of exchanging ideas with companies and associations of developed countries, were invaluable for correct positioning of agricultural businesses.

Since agriculture in the region still needs renewal and modernising of machinery resources, the International Agricultural Fair once again, just like in previous years, was marked by the Exhibition of Agricultural Mechanisation. The draught this summer and the aftermaths have yet again proved the necessity of irrigating large stretches of land for more abundant harvests. It also emphasised the poor usage of after-harvest sowing, as well as the good examples of the utilisation of agricultural measures, successful production of seed material.

Long, traditional participation of relevant institutions, ministries and associations at the International Agricultural Fair in Novi Sad, where they directly meet farmers and visitors and get them to know the current programmes, gave them precise information on financing, co-financing and other benefits, but also they gathered feedback for creative approach to future problems, and all this yielded good results. The International Agricultural Fair was the right place for those who want and could invest into secure farming, truck-farming, vineyards, livestock breeding, processing of agricultural products in order to protect a trade mark.

One of the most attractive segments of the International Agricultural Fair was the Exhibition of Livestock. This was the largest and the richest exhibition of livestock in Serbia and the region, and visitors to the fair had the opportunity to see about 5,000 live exhibits. The participants presented the best head of cattle of domestic and foreign breeders. One could see autochthonous breeds, and the genofund necessary for keeping of biodiversity. The Exhibition of Livestock was traditionally organised under the auspices of the Ministry of Agriculture, Forestry and Water Management. Therefore the Exhibition of Livestock at the Novi Sad Fair had an important perspective and in the coming period will represent a prestigious place for the enhancement of the domestic livestock production.

Exhibition covered:

- Food products
- Field and vegetable crops, fruit and grapes
- Alcoholic and non-alcoholic beverages

- Agricultural mechanisation and spare parts
- Machines and equipment for food industry
- Machines and equipment for irrigation, drainage and hydro-melioration
- Machines and equipment for forestry
- Civil engineering in agriculture and food industry
- Machines and equipment for preparing and processing of animal feed
- Packaging machines
- Packaging for agriculture, food and chemical industry
- Chemistry used in food industry
- Applied science and electronics in agriculture and food industry
- Seeds and seedlings
- Plant protective agents and artificial fertilisers
- Vitamins and chemical-pharmaceutical preparations
- Veterinary and laboratory instruments
- Petroleum industry products
- Renewable energy sources
- Bio-engineering
- Rubber industry products
- Cooling and thermal equipment
- Heating and air-conditioning devices
- Engineering and consulting
- Organisation of national and international transport
- Livestock breeding
- Equipment for livestock breeding
- Animal feed and additives
- Professional publications
- Consumer goods

5. Participation of Macedonian companies

This year's participation on Novi Sad 2008 was for the first time jointly organized by the Ministry of Economy (ME) and AgBiz Program. In addition, Ministry of Agriculture, Forestry and Water Economy and GTZ MAFP provided additional support, while Macedonian Association of Processors (MAP) was actively involved in all fair related activities. There was not any registered inconsistency during the process of organising and/or executing the fair participation. The level of co-operation and communication between the partners could be described as excellent.

The official applicant for the stand was ME, supported by MAP. Apart from financial assistance, both ME and AgBiz Program also provided technical assistance, engaging local office staff to support the companies during the fair event. Moreover, the Agbiz program contracted a local STC (Saso Risteski) who was held responsible for all fair related aspects, starting from identification of potential participants, negotiations with the fair and domestic applicants, coordination with supporting institutions, development of SoW and contacting stand construction companies, assisting the companies during the fair days, evaluation and reporting etc. The MAFWE logistically supported the participants during the fair, while support of GTZ MAFP was directed towards providing additional PR support to the companies, for which activity they contracted a local STC (Irena Andreevska).

The application procedure for Novi Sad 2008 was completed on time as well other fair related preparatory activities.

6. Participating companies at Novi Sad 2007

As already mentioned the official applicant for the stand was ME. Announcement for companies interested to participate was published in printed media (daily newspapers) but the same information was also electronically forwarded to all relevant branch associations and economic chambers whose responsibility was to circulate the information amongst their members. Interested companies, according to the procedures, applied for fair participation directly to the ME. The deadline for application was March 28, 2008. AgBiz program and the ME were in constant contact and held two meetings in order to evaluate the progress of the activity and to plan further steps and actions, as well as to keep the whole process completely transparent. As a result, the following was agreed;

- ME was responsible to book the space to the fair and in coordination with AgBiz, to identify the stand locations;
- ME to provide AgBiz the final list of participants and in coordination with the local STC to reconfirm their readiness to exhibit;
- AgBiz in accordance with the program objectives to indicate which companies are suitable for financial assistance;
- Due to the limited space booked by the ME, both parties agreed that individually, each company would be entitled to around 10m² within the joint stand;
- Agbiz through the local STC to take over the process of identification and contacting potential stand construction companies on behalf of exhibitors;

- Offers to be opened and discussed with the participating companies during the meeting that would take place at the ME;
- ME to monitor the process and make suggestions, but not to make any decisions in regards to the selection of the stand construction company or layout and overall design of the stand;

As a result, out of around 70 agribusiness and food processing companies that were contacted, the following eleven companies (8 of them being MAP members) applied to the ME and decided to exhibit on the joint stand:

No.	Company name	Person	Production program	Contact	MAP Member
1	Bonum Plus	Momcilo Ivanovski	Processed vegetables, cultivated mushrooms	02 2551 662	Yes
2	Agrokomrerc	Kiro Jovov	Processed vegetables	034 322 287	Yes
3	Kim	Slavco Jordanov	Processed vegetables (ketchup producer)	043 362 760	Yes
4	Tehnoalat	Atanas Kicukov	Processed vegetables	034 215 985	Yes
5	Vitalia	Nikola Vetadzokoski	Processed vegetables, healthy food	02 32 17 177	Yes
6	Trgoinzenering	Dragi Georgiev	Processed vegetables	032 630 231	Yes
7	Dim Komerc	Tihomir Dimov	Processed vegetables	034 381 562	Yes
8	Konimex	Pavle Kolovski	Processed vegetables, tea products	02 24 61 218	Yes
9	Gema Plast	Kostadin Madzunkov	Input supplies to fresh vegetables and table grapes	034 211 846	No
10	Makprogres	Maja Ivanovska	Processed vegetables	070 309 202	No
11	Nimeks SA	Sonja Bandulieva	Processed vegetables	070 265 599	No

Although winery Plodomaks from Gevgelija applied to the ME in timely manner, they decided to cancel their participation on the fair. The available space was taken over by one of the exhibitors, Makprogres from Vinica. The company agreed to pay to the stand construction company for part of the stand exceeding the agreed 10m² per company – subject of AgBiz support.

In order to stipulate the cooperation with the program clients and to avoid any potential misunderstandings, the AgBiz program prepared 4 Lols, one with MAP (for 8 companies MAP members) and three individual Lols with Nimeks SA, Gema Plast and Makprogres. The Lols were presented by the local STC and discussed with the participating companies. After signing of the documents, the same were brought back to the AgBiz Program while second copies remained with the clients.

It should be mentioned that although contacted, two large Macedonian producers - Tikves and Vitaminka decided not to join the Macedonian stand and they exhibited individually (Tikves stand was in master hall, while the stand of Vitaminka was in hall no. 2).

7. Booking of space and stand construction

On Novi Sad 2008 the national stand was consisted of three individual booths. The first two (80 m² + 47 m²) with total size of 127 m² were for companies only, while the third booth (24 m²) was for the governmental representatives (MAFWE and ME) and was not subject of support by AgBiz Program. The position of the national stand on Novi Sad 2008 was the same like in previous appearances. As a result, the stand was positioned in hall 4, on the main corridor leading to hall 3, which ensured continuous flow of visitors.

Regarding the stand construction, both ME and AgBiz Program insisted on transparent procedure for identification and contracting of a professional stand construction company. As a result, the STC (based on the list provided by GTZ MAFP) prepared detailed request for proposal and contacted the following six companies on April 08, 2008:

- Bato & Divine;
- Elektroneon;
- Polyesterday;
- Paneks;
- Euro business center and
- Skopski Saem.

Deadline for submission of the offers was April 18, 2008 (all correspondence with potential suppliers is available at AgBiz premises). Proposals were discussed by the companies on the joint meeting which took place on April 22, 2008 at the ME¹. During the meeting, the participating companies decided to accept the offer of Paneks and suggested small corrections – larger front showcases. Paneks accepted the recommendations and agreed to fine tune the stand without extra charges. The proposed design, apart from separate tables, chairs and displays for each of the exhibiting companies, included small kitchens equipped with refrigerators, coffee machines etc. The stand was completely new and was for the first time assembled for Novi Sad fair 2008 (photo documentation available at AgBiz premises).

8. Financial construction and sources of funding

Details related to costing structure and contributions by the stakeholders are provided below:

¹ From all contacted companies - potential stand suppliers only Paneks had a complete offer that met the requested criteria.

Costing structure Novi Sad fair 2008 (prices are without VAT)

Novi Sad Fair Cost Estimate								
	Investments	Quantity	Unit Cost	Total	GTZ	Min. of Econ.	AgBiz	Clients (companies)
1.1	Market Promotion Consultant	10 days	100	1,000	1,000			
1.2	Floor Space	127 sqm.	120	15,240		15,240		
1.3	Utilities (water & electricity)	2	155	310		310		
1.4	Consultant for Organization ²	20 days	117.3	2,346			2,346	
1.5	Stand Construction ³	127 sqm.	156.25	19,844			17,188	2,656
1.6	Travel	22	200	4,400				4,400
1.7	Accommodation	22	70 x 8	12,320				12,320
1.8	Sample Costs	11	500	5,500				5,500
1.9	Stand Hostesses	7 days x 3	40	840				840
1.10	Other stand related costs	1	400	400				400
2.3	GRAND TOTAL in EUR			62,200	1,000	15,550	19,534	26,116
2.4	GRAND TOTAL in US (1.60)			99,520	1,600	24,880	31,254	41,786
				Percentage Participation	1.5	25.0	31.5	42.0

9. Support to trade fair participants

During the preparatory stage the local STC was in constant contact with the participating companies in order to ensure that all the details related to the fair participation are discussed and agreed. These details were concluded during the meeting at the ME and are presented below:

- Companies individually organize their accommodation, travelling and transportation of the samples;
- Companies arrive in Novi Sad on May 9, 2008 and prepare the stand in the afternoon hours;
- The local STC arrives in Novi Sad on May 9, 2008 and assists the companies and Paneks to finalize the stand;
- The Local STC meets with the fair representatives, hostesses (and makes agreements in regards to their financial compensation, roles and responsibilities), is in charge for organizing joint supplies for the stand (water, juices, snacks etc.);
- The Local STC is a contact point with Paneks staff during the fair days and intervenes if necessary in order to overcome potential inconsistencies.

As agreed, the local STC arrived in Novi Sad on May 9, 2008 and completed all preparatory activities and coordination with companies, Paneks, fair representatives

² Price without personal income tax

³ 110 m2 were paid by AgBiz while cost for the additional 17 m2 was covered by Mak Progres company since they agreed to pay for the extra space that they requested.

and other involved parties. As a result, the Macedonian joint stand was completely functional since the official opening of the fair. He left Novi Sad on May 13, 2008.

During the fair days, the local STC organized a meeting with Mr. Aleksandar Vasilevski – the Macedonian Ambassador in Serbia and individually introduced all the participating companies. He also met with Mr. Gene Neill, CoP of the USAID Agribusiness Project in Serbia (managed by DAI); with Mr. Goran Gradinski from the Dutch seed supplier Nunhems Netherlands BV etc.

10. Evaluation

Importance of Novi Sad fair

The international agricultural fair in Novi Sad is regionally speaking the most important food and agriculture related fair. The Macedonian companies have a long tradition in exhibiting and promoting the Macedonian food products in Novi Sad. The fair itself is becoming more international, which re-emphasises the need for exhibiting, thus securing existing business relations and building up of new ones. In this regard, Macedonian food processing companies, especially F&V processing companies are continuously present on the fair, due to the fact that Serbia is the second largest export market for processed products (after the EU). In 2007, exports of processed F&V to Serbia reached the volume of 6,000 tons and the value of 5.2 million Euro (8.4 million \$ US).

However, it should be mentioned that according to the companies the number of visitors declined in comparison to 2007, mainly because of the actual political situation in Serbia – there were elections on May 11, 2008.

The local STC was not in a position to organize a joint meeting with all Novi Sad trade fair participants due to unavailability of the companies (business trips abroad, preparations for the production season 2008 etc.). Instead, he conducted individual evaluation with the participating companies on May 22-23, 2008.

Companies' feedback

The companies replied that the results from the participation in terms of improving the company performance were concentrated in the area of know how (clear insight about the market trends in Serbia and other neighbouring countries, as well as additional knowledge about the distribution of food products). They also underlined improvements in company and product presentation.

Gema Plast and Nimeks SA for the first time participated on the joint stand in Novi Sad, as well as Makprogres (previously they exhibited individually) and their reactions were very positive, emphasising the advantages of joint participation, professional appearance and support.

Regarding the value of their participation, the respondents described the same as very positive. They also replied that the organisation of the fair was excellent. The stand itself

was very representative, and much more appealing than in 2007. Negative comments were not registered. Overall speaking they claimed that this was the most professional appearance of the Macedonian exhibitors in Novi Sad so far and set new standards for organization and realization of trade fair events in the future.

In terms of follow-up, majority of the companies stated to increase their communication with potential clients, to complete successfully the negotiations and to conclude the contracts.

Summary of results

- The average number of business contacts per company was around 50, out of which 5 -10 % were regarded as serious and with potential for concluding business deals
- Majority of the established business contacts was with importers/distributors from Serbia, Montenegro, Bosnia, Slovenia, Croatia, Germany, Sweden, Russia etc.
- Most of the companies met with their existing clients and went into finalising of export contracts for 2008.
- More concrete details will be available after the second and third evaluation when most of the export contracts will be completed.

Individual preliminary results:

1. Bonum – new contacts for potential exports of processed vegetables to Italy, Montenegro and Switzerland; meetings with all existing clients from the region and finalization of the export contracts for 2008 (according to the management, all export contracts should be concluded by June 10, 2008).
2. Dim Komerc – no new contacts, only with existing customers from Serbia and Croatia (export contracts renewed for 2008, details available in June).
3. Agrokomerc 92 – new contacts with food importers from Poland, Russia, and Czech Republic for export of roasted peppers and canned gherkins.
4. Trgoznenje – new contacts with food importers from Serbia, Bosnia, Germany and Holland for exports of various process vegetables (more details in June/July).
5. Vitalia – no new contacts, only meetings with their regular clients.
6. Kim – new contact with importer and distributor of food products from Bosnia, meetings with existing clients from Serbia and Montenegro for potential increase of the current export (details after completion of the contracts in June/July).
7. Konimex – new contacts with importers of processed vegetables and tea products from Serbia, Croatia and Australia.
8. Tehnoalat – new contacts with food importers from Serbia, Germany, Croatia, Sweden, Denmark and Bosnia. Negotiations in regards to

quantities and prices already started and more details should be available during the second evaluation.

9. Nimeks SA – new contacts with importers from Serbia, Montenegro, Bosnia and France.
10. Mak progress – no new contacts with importers from abroad – exports to Serbia are handled through Kozmetik plus company from Nis, the official distributor of Mak progres products for Serbia.
11. Gema Plast – serious contact and negotiations with representatives of the municipality of Cacak from Serbia for supply of drip irrigation systems, plastic fittings, and other products for the agricultural sector from that region.

More additional contacts and business deals are expected to take place since the evaluation was completed immediately upon the arrival of the companies in Macedonia. Two additional evaluations will be performed on 3 and 6 month basis.

11. Conclusions

- The placement of the Macedonian stand at Novi Sad fair 2008 in hall 4 attracted many visitors to the stand.
- All of the companies exhibiting on the joint stand were satisfied with the stand position and architecture.
- The participants reported significant number of business meetings with existing and new potential business partners.
- The support coming from AgBiz program and other supporters was very much appreciated by the companies exhibiting on the joint stand.
- The companies evaluated the organisation of Novi Sad 2008 as highly professional, while their presentation in Novi Sad was the most appealing until now.
- According to the companies, the Macedonian stand for 2009 should be relocated in either hall 1 or hall 2.