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Albania Agribusiness Support Facility

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AASF is supported by the EBRD and the Government of Albania

WINE SECTOR STUDY

This study report provides information and recomandations which can be useful to orient entry strategies for financial institutions or for the preparation of financial services

WINE SECTOR STUDY

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Tiranë, 2019

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

EXECUTIVE SUMMARY

Since the year 2000, the production of grapes in Albania has increased significantly from about 79 thousand MT in 2000 to 205,000 ton in 2016 – subsidies schemes in late 2000s gave a boost to cultivation and production. The wine production has also increased drastically from 7 thousand MT in 2000 to 18 thousand MT in 2014 (latest available data). Despite this, wine production in Albania is relatively small compared to its potentials. Furthermore, imports have been increasing over the last decade while exports remain low, bringing about a strong trade deficit. There is a potential to substitute imports and also benefit from the growing tourism market, if quality and efficiency improvements were to be pursued at farm/grape production level and processing level (to ensure quality, some wineries are investing in their own vineyards, while others tend to establish long term relations with farmers). The wine value chain is considered a priority sector considering import substitution potential and the specific link to (agro)tourism.

The objective of this study report is to provide an overview of the grape and wine value chain in Albania, with focus on wine, by analysing recent developments and the current state, including opportunities, constraints and challenges, with special focus on investments needs/potentials. This study report provides information and recommendations, which can be useful to orient entry strategies for financial institutions or for the preparation of financial services. Potential users of the current study findings and recommendations can be also government institutions, business associations, development agencies, academia and other interested stakeholders.

This study is developed from the technical expertise and financing of the Albania Agribusiness Support Facility (AASF). AASF is a financing framework developed by EBRD in cooperation with and with support from the Government of Albania, which started its activities in 2016. The objective of the facility is to motivate Albanian financial institutions to support the agrifood sector. AASF provides access to finance for the agribusiness sector through senior loans and/or portfolio risk-sharing to both MFIs and banks. The final beneficiaries of AASF are farmers and companies that are engaged in primary agriculture, agricultural equipment production and trade, logistics, agribusiness service providers, agricultural processing, wholesale as well as retail traders.

Both secondary and primary information/data sources have been used to meet the study objectives; semi-structured interviews with value chain actors and sector experts were used as primary source of data collection. Data were analysed using various techniques including descriptive analysis, trend analysis, text analysis, SWOT analysis strategy. The combination of qualitative and quantitative analysis has been crucial to identify/understand trends, gaps and needs for investments.

The current study informs the financial institutions and other interested parties about the main opportunities to finance the selected sector. These opportunities include support to investments in planting or replanting of vineyards, with priority in autochthon wine cultivars and equipped with irrigation systems and special machineries for vineyard; harvesting and post-harvesting tools, equipment and premises, including plastic re-usable crates, storage facilities. Furthermore, it includes simple processing lines to support on farm processing, preferably combined with on-farm tourism; processing lines for existing wineries (tankers, bottling lines, including Bag-In-Box lines), cellars construction/renovation; internal/integrated laboratory for large high quality wineries; and tourism facilities in wineries, including testing rooms, restaurants, and accommodations.

In addition, there is a need for short term liquidity funding. There is a time lag between the moment that the expenditures and the sales occur at both processor level as well as farm level. Thus, there is a time window for short-term loans for processors and farmers that could be covered by banks to the benefit of both sides.

Investments in the wine sector may be considered in the context of potential for tourism development. Hence, two types of projects may be considered for support, namely tourism facilities (including testing rooms, restaurants, and accommodations) for medium to large wineries targeting the high-quality wine producers, and small wine producing projects preferably combined with on-farm tourism or small wineries in areas with touristic orientation. The support may be combined with either IPARD II support (diversification measures) or government subsidy schemes (eg.100 touristic villages´ scheme).

1. INTRODUCTION

Background

Agriculture is one of the main sectors of the Albanian economy in terms of employment and contribution to GDP and is considered a priority sector by the government of Albania. Despite recent growth, Albanian agriculture still faces various challenges including difficult access to credit; the agricultural sector receives only 2% of total credit for the economy.

Since the year 2000, production of grapes has increased significantly from about 79,000 ton in 2000 to 205,000 ton in 2016 – subsidies schemes in late 2000s gave a boost to cultivation and production. Despite the recent increase, Albanian vineyard area is small when compared to Serbia and Macedonia. The wine production has also increased drastically from 7,000 MT in 2000 to 18,000 MT in 2014 (latest data) given the demand and supply conditions. On the demand side, domestic consumers are switching to wine consumption versus rakia (brandy produced mainly from grape and plums)) consumption - as an effect of increasing revenues and changes in consumption patterns. On the supply side, Albania has both natural resources and some tradition for grape cultivation.

This study is developed from the technical expertise and financing of the Albania Agribusiness Support Facility (AASF). AASF is a financing framework developed by EBRD in cooperation with and with support from the Government of Albania which started its activities in 2016.

The objective of the facility is to motivate Albanian financial institutions to support a vital sector of the Albanian economy with widely untapped potential - agriculture and agribusinesses. AASF provides access to finance for the agribusiness sector in two ways: senior loans and/or portfolio risk-sharing to both MFIs and banks. The institutions benefit from a first loss risk cover that was made available by the Government of Albania. AASF therefore represents an innovative financial instrument to encourage lending by financial institutions to the whole agribusiness value chain.

The final beneficiaries of AASF are farmers, entrepreneurs and companies that are engaged in primary agriculture, agricultural equipment production and trade, logistics, agribusiness service providers, agricultural processing, wholesale as well as retail traders. Agribusinesses may also benefit from the EBRD Advice for Small Businesses (ASB) program, which provides consultancy on strategy development, marketing, technical restructuring and other key institutional development areas by international and local experts.

The study objectives

This study's general objective is to provide an overview of the selected value chain in Albania by analysing recent developments and the current state, including opportunities, constraints and challenges, with special focus on investments needs/potentials.

More specifically, the study

- provides an overview of the main production trends, international trade trends and market trends;
- provides a 'snapshot' of value chain structure, flows and value chain governances with special focus on 'leaders in the value chain';

- synthesises the main points in a value chain through a SWOT analysis strategy, and;
- recommend on the main opportunities for (investment financing, working capital financing, and value chain financing) the financial institutions.

This study report provides information and recommendations, which can be useful to orient entry strategies for financial institutions or for the preparation of financial services.

Methodology

Both secondary and primary information/data sources have been used to meet the study objectives; semi-structured interviews with value chain actors and sector experts were used as a primary source of data collection. Data were analysed using various techniques including descriptive analysis, trend analysis, text analysis, SWOT analysis strategy. Value chain analysis was adopted as general framework for analysis. Methodology is described in more details in the following section.

The target group

The value chain study is primarily designed for the financial Institutions, but this study report can serve as a useful background in the decision-making process of other relevant stakeholders such as Ministry of Agriculture and Rural Development (MARD), development agencies, and private sector actors (eg. companies, associations).

What the study is and is not

The report is a rapid appraisal and deals particularly with the value chain financing need and hence financing opportunities for financial institutions. The study is designed in such a way that it is easy to read in terms of structure/flow and level of information details, suiting to the needs of the reading decision-making (e.g. bankers). The study is designed to serve as a 'tool' for executive (bank) staff rather than a research study per se.

The report structure

The report is structured as follows: the second section consists of the description of the methodology. The third section provides an extensive analysis of production and international trade trends. Section four describes the value chain structure, flows and actors profile. Section five consists of production technology processes overview to make the reader familiar with main technological processes and relevant costs highlighting timing when such processes/costs occur, as well as harvesting/production (proxy for the timing of sales). Section six provides a SWOT analysis with focus on investments needs/potentials, whereas the last section concludes the main findings of the study.

2. METHODOLOGY

Sector selection

The wine value chain study is part of a set of sector studies provided to financial institutions by AASF for the most important agricultural sectors in Albanian agriculture. Therefore, the first stage consisted of the prioritization of the sectors or subsectors or (group of) products for which there is the biggest demand/potential for growth and investments – considering export market potential or import substitution potential. Two groups of factors were considered when designing the list of products to be analysed: market potential and other factors leading to product competitive advantages. Market potential is examined in two angles, export potential and import substitution potentials. Export potential considers revealed export performance combined with international demand for the given product - when exports grow over time and this coincides with increasing international demand this product is said to have export potentials. Import substitution potentials consider potentials to meet domestic demand. Other consideration leading to competitive advantage include supply side factors, such as labour to land ratio, tradition and skills also established linkages among actors on the value chain, including also well-established linkages between Albanian actors and international buyers.

The wine value chain is considered a priority sector considering import substitution potential.

Data collection

The study combines qualitative and quantitative methodology. This allows for a better understanding of the status and dynamics of the relevant product chain. The study combines analysis of secondary and primary data. For various issues/indicators, analysis was based on the secondary data (including sectoral/ structural data).

The secondary data was retrieved from MARD (Ministry of Agriculture and Rural Development), INSTAT (Albanian Institute of Statistics), UNSTAT COMTRADE (for international trade), FAOSTAT (for production and consumption) and EUROSTAT (for production and international trade), etc. In addition, a review of other relevant studies and reports was carried out. The constraint faced is that for some indicators (related to domestic production and trade) there are no available statistics, while for some others there are no recent statistics. However, regarding international trade, latest data are available and were analysed. When applicable, data from other countries or regions were collected for comparative analysis purposes. The focus of this value chain report is on wine and wine grape, but when applicable information is provided on table grape or grapes for rakia production, too.

The primary data collection consisted of semi structured in-depth interviews carried out with key informants, representing value chain actors and sector experts. A snowball survey was used to identify the main actors and experts for each value chain for the semi-structured interviews (part of the primary qualitative research). In depth interviews with key informed stakeholders (alongside desk research), enabled the obtaining of up-to-date understanding about the main patterns for the key sectors. A limited number of interviews with key informed value chain players/stakeholders were carried out.

Data analysis

Regarding data/information analysis, secondary statistical data has been subject of standard descriptive analysis including tables and graphs depicting statistic and historical trends. Comparison of production and consumption trends with world, European and some cases with neighbouring countries was done, when applicable/necessary. Regarding VC expert/actors interviews, notes are analysed by using simple content summarizing approach and qualitative content analysis techniques, with the aim to sum up the most relevant and interesting topics emerged from the interviews. Value chain analysis was adopted as general framework for analysis of value chain structure and (products, financial, and information) flows.

3. TRENDS AND PROSPECTS OF THE IDENTIFIED VC

3.1. PRODUCTION TRENDS

3.1.1. Primary production

Albania has an old tradition in vineyard cultivation and wine making. After World War II, the area under plantation with vineyards increased drastically – from 2,430 Ha in 1950 to 12,320 Ha in 1970 and continued to expand until reaching the peak in 1980's with a total surface of 20,000 ha, organized in state-run cooperatives and farms. In the early 1990's, following the reforms, civil unrest and the abrupt dissolution of the cooperative-type system, the agricultural sector was severely damaged. The area of vineyards in Albania declined by about 75% between 1989 and 1994 as the complete collapse of the collective farming system caused a radical de-collectivization and fragmentation of Albanian agriculture. The productive performance of new vines planted in the first years of transition was characterized by several constraints such as small farm size and low efficiency in inputs use[1].

Since 2000, production of grapes has increased significantly – subsidies schemes in late 2000s gave a boost to increased cultivation and production. There was an attempt to promote the replacing of old double-purpose (both processing and table/fresh consumption) cultivars with specialized ones.

Table 1: Dynamics of grape production in Albania

Description	2000	2005	2010	2014	2015	2016
Vineyard area (ha)	5,824	7,994	9,712	10,383	10,438	10,533
In production (ha)	4,613	6,637	8,630	9,625	9,891	10,011
Total production (000 ton)*	79	116	184.9	203.7	205.0	205.1

Source: MARD (2017)*Note: this figure includes both vineyard production (ca 122.5 thousand ton) and pergola production (ca 82.6 thousand ton).

Albanian levels of reported production of grapes appear to exceed that of Serbia and Montenegro. However, it is still negligible as compared to European production – counting for less than 0.1% of European production.

Table 2: World production trends of grapes (000 Ton)

Country	2000	2005	2010	2014	2015	2016
Albania	79	115	185	204	205	205
Montenegro	:	:	41	17	23	23
Serbia	:	:	330	122	171	146
World	63,553	66,976	67,126	74,079	76,836	77,439
Europe	31,692	28,644	26,431	26,210	27,764	27,797

Source: FAOSTAT (2018)

1 FAO (2014). Vineyards and Wine Value Chain Study

Regionalization

The leading region in terms of grape, particularly vineyard grape production is the region of Fier, contributing to more than 20% of the total domestic production. Other important producing regions are Berat, Elbasan and Vlora, which together with Fier make up about 59% of the total production.

Table 3: Regional distribution of grape production (2016)

Region	Vineyard Grape (ton)	Pergola (ton)	Total (ton)	Share	Cumulative
Fier	33,835	9,471	43,306	21%	21.1%
Berat	17,104	16,165	33,269	16%	37.3%
Elbasan	13,888	10,146	24,034	12%	49.0%
Vlore	10,248	9,599	19,847	10%	58.7%
Tirane	9,365	7,267	16,632	8%	66.8%
Durres	11,730	3,967	15,697	8%	74.5%
Korce	8,334	3,945	12,279	6%	80.5%
Gjirokaster	6,297	5,632	11,929	6%	86.3%
Shkoder	5,067	5,606	10,673	5%	91.5%
Lezhe	3,784	3,309	7,093	3%	94.9%
Diber	1,862	3,606	5,468	3%	97.6%
Kukes	979	3,936	4,915	2%	100.0%
Total	**122,493**	**82,649**	**205,142**	**100%**	

Source: INSTAT (2017)

3.1.2. Processing

Wine production in Albania is relatively small compared to other countries of the region. As we can see from Table 4 below, in 2014 Albania's production of wine was only 18 million litres, which is only around 35% of Macedonian production, and only 10% of Serbia production (the latest available data back date to 2014).

FAOSTAT reports oscillating figures for wine production, based on estimates. The estimate is ca 30 million litres but that varies from year to year. According to previous studies/surveys, production of wine at farm level mounts to ca 10 million litres (production of rakia is higher and has been even higher in the past), while that from agroindustry ca 2 million[2] (although very likely under-reported).

According to the customs, there were collected taxes for 1.5 million litres of (domestically produced) wine during January – November 2017. A similar figure was reposted for the previous year. Most wine produced in Albania is sold informally (almost all wine produced on farm, but also part of the wine produced/sold by professional wineries), therefore estimates from tax authorities do not provide an accurate understanding about the volume of wine production and sales.

2 FAO (2014). Vineyards and Wine Value Chain Study

Table 4: World production Trends of Wine (000 Ton)

Country	2000	2005	2010	2013	2014
Albania	7	17	30	38	18
Montenegro	:	:	18	16	16
Serbia	:	:	238	230	198
Macedonia	96	84	77	102	51
EU	19,245	17,308	15,350	16,562	16,714
World	28,315	28,532	27,028	29,274	29,106
Europe	20,178	18,511	17,029	17,954	17,682
Eastern Europe	1,817	1,755	1,953	1,950	1,446
Southern Europe	11,217	10,105	9,550	10,515	10,693
Western Europe	7,139	6,634	5,513	5,470	5,522

Source: FAOSTAT (2018)

Regionalization

Berat, Permet (in the region of Gjirokaster) and Lezha are the most reputable areas for quality wines. *Berat* is one the most important region for wine production in Albania and home of one the largest cluster of wineries (22 processing units), including "Luani", one of the former large scale state wineries, which was privatised and "Çobo", which has been the among the first Albanian wineries to pursue a policy of quality linked to the territory. Permet is another area known for quality wines. Lezha is an area with a few wineries, but which is closely associated to the grape variety "Kallmet" which has its core production are in this region and which is appreciated by Albanian consumers. Other production clusters are located in Fier and Vlora and the area between Tirana and Durres. Overall, production of quality wine is small compared to the potential.

3.2. INTERNATIONAL TRADE TRENDS

Grape imports have increased in the last years. Exports have increased but remain very modest, thereby creating a high trade deficit (Table 5).

Table 5: Import and exports of grapes, Albania by year

Year	Exports			Imports			Export/ Import	Export/ Import
	000$	Ton	$/ kg	000$	Ton	$/kg	Value	Weight
2000	4	12	0.4	1,642	5,420	0.30	0%	0%
2005	3	13	0.3	4,678	14,985	0.31	0%	0%
2010	:	:	:	3,273	5,109	0.64	:	:
2014	8	7	1.0	4,677	5,863	0.80	0%	0%
2015	31	40	0.8	3,098	5,028	0.62	1%	1%
2016	110	182	0.6	4,001	6,225	0.64	3%	3%

Source: UNCOM Trade (2018)

Imported quantities of wine in the last three years have been increasing, while export quantities are negligible (Table 6).

Table 6: Import and exports of wine, Albania by year

Year	Exports		Imports		Export/ Import	Export/ Import
	000$	Ton	000$	Ton	Value	Weight
2000	:	:	315	292	:	:
2005	0.6	0.2	2,873	2,095	0%	0%
2010	69	26	6,002	2,549	1%	1%
2014	:	:	5,995	1,617	:	:
2015	:	:	6,876	2,487	:	:
2016	36	2	8,076	2,596	0%	0%

Source: UNCOM Trade (2018)

In addition, there have been traditionally significant imports of must and half-finished products, mainly from Italy and Macedonia, albeit with a declining trend in recent years.

Italy and Germany are both the main exporting partners with 65% and 35%, respectively. Italian customers pay the highest price for Albania's wine. Regarding imports, also Italy is the main foreign supplier with slightly more than half of total imports. The most expensive wine comes from Italy, at around 3 $/litre.

Table 7: Import and exports of wine, Albania by partner country, in 2016

Exports					Imports				
Country	000 $	Ton	Share (ton)	$/kg	Country	000 $	Ton	Share (ton)	$/kg
Total	36	2.4	100%	15.2	Total	8,076	2,596	100%	3.1
Italy	29	1.6	65%	18.8	Italy	6,116	2,063	80%	3.0
Germany	7	0.8	35%	8.3					

Source: UNCOM Trade (2018)

Seasonality of international trade

Export of grape is modest and takes place during July – August. Albanian grape exports consist of (almost) exclusively table grape. So far, it appears that fresh grape is exclusively exported for table/fresh consumption (different from the case of imports).

3.3. MARKET

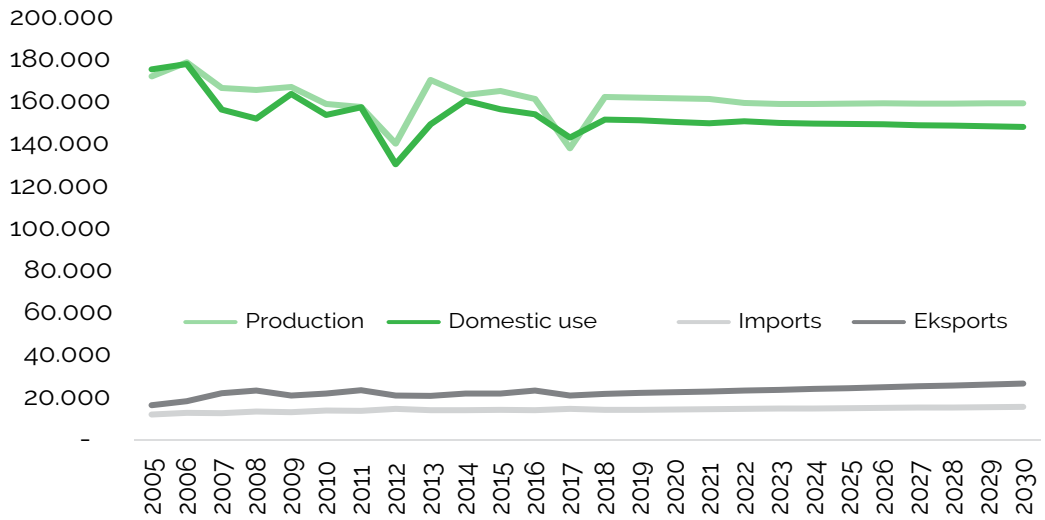
3.3.1. International market

Trends in EU [3]

The EU is the world's leading producer of wine, representing 160 million hl or over 60 % of world production in 2016. Three Member States (Italy, France and Spain) account for more than 80 % of the EU production. On the other hand, the EU is the largest consumer of EU wines (130 million hl), with five Member States accounting for more than 70 % of this EU consumption (France, Italy, Spain, Germany and the UK). EU total wine consumption is expected to stabilize after a long period of decline. The EU is expected to maintain a steady growth in wine exports, thanks to strong demand for GI wines and sparkling wines. Overall these developments will lead to a small decrease of EU production. In the EU-15 (EU old member states), per capita consumption decreased by 4 litres to 27 litres per capita - by contrast, wine consumption in the EU-New 13 member states has significantly increased over the last decade (+2 litres per capita, up to 14 litres) caused by the economic growth and substitution of beer by wine (similarly, in Albania, there is observed a trend of replacement of consumption of rakia with wine).

The increase in average yield is not expected to offset the impact of the decline in area on production. As a result, production is projected to continue slightly declining, although with annual variability due to climate conditions.

Figure 1: EU wine production and consumption trends



Source: EUROSTAT (2017)

Albania has no competitive advantages in exporting wine to EU countries or competitive advantages in exporting wine to countries in the region, at least at medium term. Albania has however huge opportunity to meet domestic demand which is quite high, as supported by low relative consumption (refer to apparent consumption below). Export to niche markets, such the Albanian diaspora may be considered.

3 This section is partially based on EC (2017). EU Agricultural Outlook for the Agricultural Markets and Income 2017-2030

3.3.2. Domestic market

Market supply

Albanian consumption of wine is dominated by the domestic production – imports make up for less than 10% of the domestic supply.

Table 8: Supply of wine(ton)

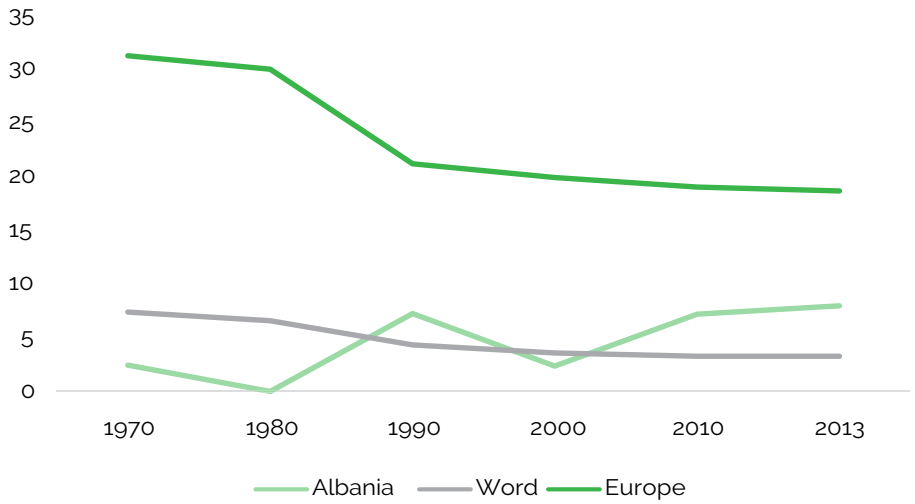
Category	2000	2005	2010	2013	2014
Production	7,413	17,144	30,000	38,000	17,500
Import	292	2,095	2,549	2,188	1,617
Export		0.28	26.38	10.04	
Supply	7,705	19,239	32,523	40,178	19,117
Import/supply (%)	4	11	8	5	8

Source: FAOSTAT and INSTAT (2017) for production and UNSTAT (2018) for trade

Consumer demand and preferences

Consumption of wine has increased significantly since early transition due to increased income and market liberalization. However, the average per capita supply is still far below the European average, and lags behind the European, particularly the South European on average. One reason might be the fact that in parts of Albania, local (homemade, thus not reflected in official statistics) production and consumption of rakia has been traditionally the main alcoholic beverage[4]. Serbia has the highest consumption per capita of wine from Balkan countries, while Macedonia has the lowest consumption per capita.

Figure 2: Apparent consumption of wine in Albania and world (Kg/capita)



Source: FAOSTAT (2018)

4 Zhllima, E., Imami, D., & Merkaj, E. (2012). Food consumer trends in post socialist countries: the case of Albania. *Economia agro-alimentare*.

It is common for Albanian consumers to buy wine and rakia directly from producers (farmers). The average Albanian consumer is accustomed to a traditional, farm-made wine. A new segment of demand, characterized by more globalised tastes and lifestyles is growing, in parallel with an affluent middle class of city inhabitants. At the same time, a slow process of qualification of demand is also on going, with increasing awareness for food safety and market segmentation in function of available budgets. Interestingly, it is common also in urban areas for households to produce their own rakia (using grape bought in the local market) and to lesser extent, production of wine. Many produce their own rakia and wine, as a hobby, while, for others, the main reason is to ensure that the rakia they drink is produced purely from grape, and not spoiled.

The origin of production tends to be quite an important factor for most Albanian consumers. According to various studies, most consumers choose their products based on origin (domestic versus imports). Generally, there is a strong consumer preference for domestic food products. Also, within the domestic product group, there are significant differences in perceptions based on the region of production within Albania. Most consumers view the region/area of origin is either important or very important when deciding to buy Albanian products. Natural conditions and genetic material (plants and breeds) can be perceived as being related to the origin of preferred regional products[5].

In the case of wine, the preference for local wine is not as dominant compared to imported wine (different from olive oil) – EU, especially Italian wines have a strong presence in the country. However, according to a previous consumer study[6], there is a potential niche markets for Albanian local wine, and there is identified a consumer groups that are willing to pay higher prices. Consumers have stated preference for wine from some regions such as Permet, Vlore and Lezha, where there is also a tradition of grape production and processing. The majority of respondents state that they are willing to pay a premium for the preferred origin[7].

Development of quality scheme, such as Geographical Indications (GI) represents a potential. There are autochthon varieties closely related to specific areas (eg. Serina in Korca, Vlosh in Vlora, Pules in Berat, Kallmet in Lezha). Such a relation between a specific cultivar and a specific geographical area represents a potential for developing wine quality scheme, including GI but not limited to. Thus, development of GI would trigger new investments (eg. in new plantations and in improving processing and marketing capacities).

5 Imami, D., Skreli, E., Zhllima, E., Cela, A., & Sokoli, O. (2015). Consumer preferences for typical local products in Albania. *Economia agro-alimentare*.

6 Zhllima, E., Chan-Halbrendt, C., Zhang, Q., Imami, D., Long, R., Leonetti, L., &Canavari, M. (2012). Latent class analysis of consumer preferences for wine in Tirana, Albania. *Journal of international food & agribusiness marketing*, *24*(4), 321-338.

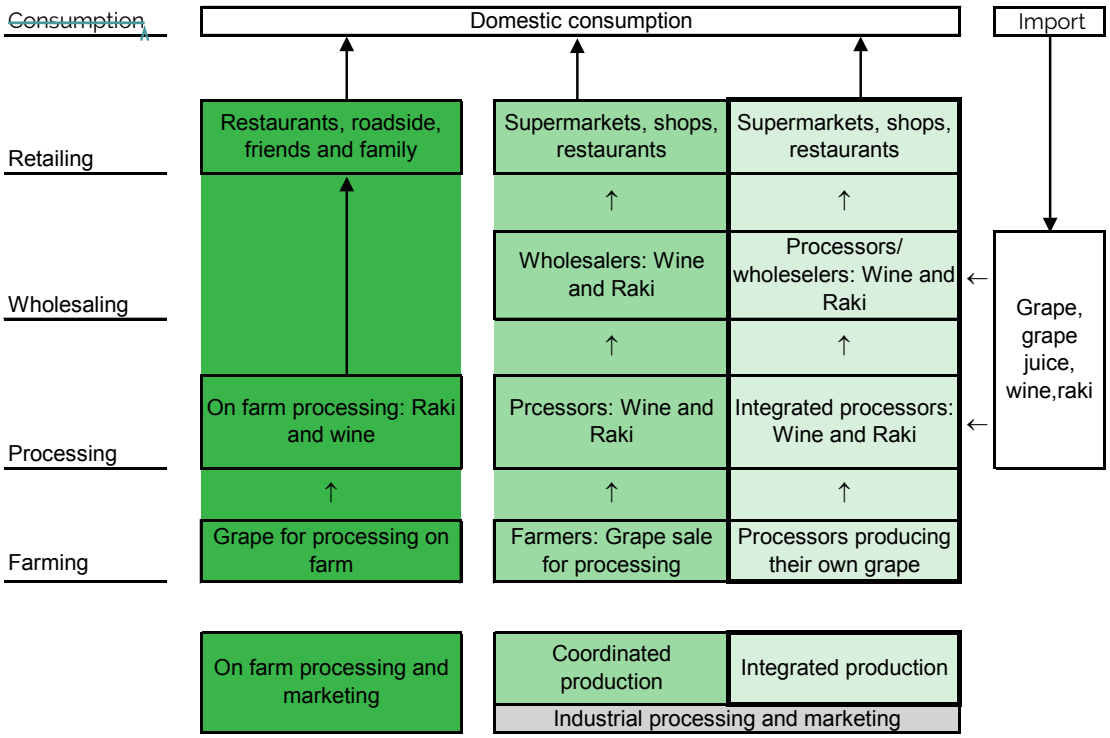
7 Imami, D., Skreli, E., Zhllima, E., Cela, A., & Sokoli, O. (2015). Consumer preferences for typical local products in Albania. *Economia agro-alimentare*.

4. VALUE CHAIN STRUCTURE AND KEY ACTORS

4.1. VALUE CHAIN STRUCTURE AND ACTORS PROFILE

Figure 3 maps the wine value chain actors and the main channels through which grape flows from farmers to end use consumer.

Figure 3: Wine value chain actors



Source: Authors' own design

The three main actors in the wine value chain are grape producing farmers, wine processing farmers and processors. The latter may be categorized into two groups - integrated processors and coordinated processors. In the following discussion, we provide actors´ profile which is followed by value chain flows and governance.

Farmers

Most agriculture holdings in Albania are mixed and (semi)subsistence farm and most farms cultivate grape. The number of commercial farmers (farmers with vineyards larger than 0.5 ha) is less than 500 or more than half of commercial farms - 240 farms have vineyards between 1.1 and 2 ha, and only 137 farms have vineyards larger than 2 ha (Table 9).

Table 9: Vineyard commercial farms, for 2017[8]

Vinyeard	Number	%
Between 6 and 10 dn	468	55.4
Between 11 and 20 dn	240	28.4
Between 21 and 50 dn	137	16.2
Total commercial vineyard farms	***845***	100.0

Source: MARD data processed by the authors

Commercial vineyard farms are concentrated in (in a decreasing order) Berat, Tirane, Diber (Mat), Fier, and Gjirokater (Permet) (refer to annex, Table 17: Vineyard commercial farms, distribution by size).

The main assets of a typical vineyard commercial farmer are orchard, irrigation systems (well and drip irrigation), and sometimes agricultural machineries (tractors and spraying pumps).

Farmer's processors

According to a previous study[9], 9 in 10 farmers process significant quantities of grapes into rakia and/or wine. Almost 2/3 of the farmers allocate more than half of their grape harvest for rakia production. More than half of the farmers process more than 60 per cent, and 31 per cent process more than 2/3 (more than 70 per cent) into rakia. Rakia is the dominant grape by-product as compared to wine, because, on the one hand because of tradition, and on the other hand due to the fact that rakia is by far much easier to be produced and stored.

While on farm wine production is small, it is also decreasing. The significant decrease of on-farm production of wine confirms the shift of consumer purchases towards imported higher quality wine (as shown by import statistics) and to some extent, towards domestic wine produced by wineries.

The technology of on farm wine production is primitive and quite basic - quite often the wine produced in stored in plastic containers and marketed in plastic bottles.

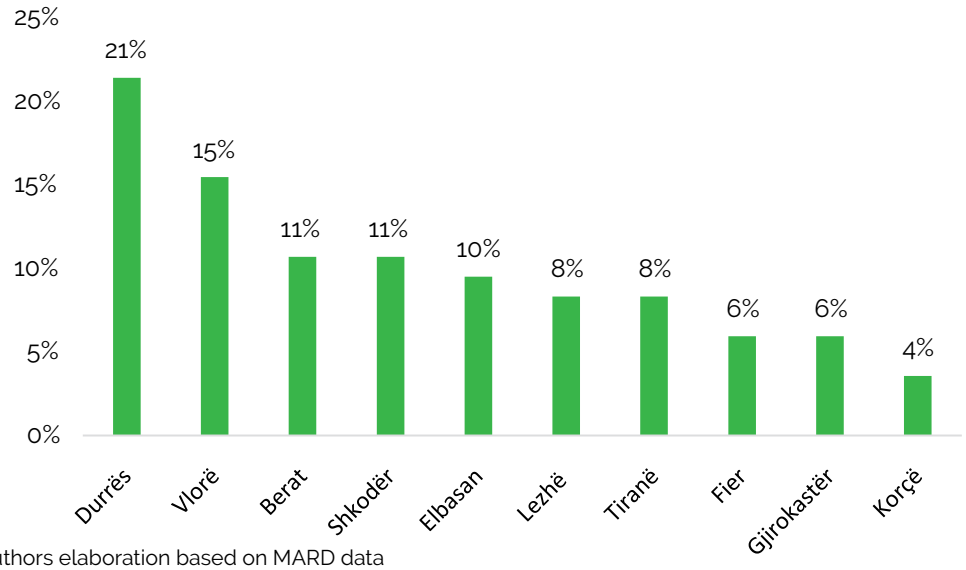
Industrial processors

There are about 80 – 100 wineries in Albania. The highest concentration is in the region of Durres, followed by Vlora.

8 While to the study authors assessment, the number of commercial farms should be larger, the data reported by MARD points are useful for two main reasons: (i) they support that the number of commercial farms is however small, and, (ii) distribution of farms by region is assessed as a reliable information.

9 Imami, D. (2011). Analysis of agrifood value chain actors' choices in Albania, [Dissertation thesis], Alma Mater Studiorum - Università di Bologna

Figure 4: Distribution of alcoholic/wine processing units



Source: Authors elaboration based on MARD data

Wineries in Albania may be divided in three groups: wineries - medium to large wineries - producing high quality wine; wineries – typically larger wineries - producing large quantities of standard/ table wine and to a minor extent wine based on selection and ageing , and wineries – typically smaller wineries - producing standard table wine with minor or no ageing and for immediate consumption.

Table 10: Selected wineries by capacity and production

	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
Winery capacity, litre/year	40,000	90,000	60,000	70,000	500,000	25,000	2,000	
Wine production, litre/year	7,000	10000	No info	40,000	100,000	25,000	2,000	75,000
% capacity exploitation	17.5	11	NA	67	20	100	100	

Source: FAO (2014)

Albania produces both standard table wine and high quality wine. The customers for standard table wine are popular restaurants and shops, while for high quality wine main demand comes from higher standards restaurants, hotels and vinoteques, etc. Little quantities of wine is also exported. The factory price per standard table wine is ALL 300-350 per litre and for high quality wine the factory price goes up to ALL 800-1200 per bottle (750 cl), but there are also cases of much higher prices. Strategic choice is different from one winery to the other. Some wineries focus on quality. They are interested in high quality grape and low yields. Others are producing standard quality wine. They use ordinary quality grape with high yield.

Both autochthon and imported cultivars are used for wine grape production. Among autochthon grape cultivars are Kallmet, Sheshi i Zi, Sheshi i Bardhe, Vlosh, etc. Imported varieties are many, including Merlot, Cabernet Sauvignon, Chardonnay, Riesling, Petit Verdon, Shiraz (in trial), Vranac, etc.

The type of expertise hired by wineries depends on type of wine to be produced. As a general case, wineries producing high quality wine hire expertise that is more specialized. Wineries producing high quality wine have hired oenologists, but also other experts such as agronomists, chemists, etc. Wineries producing standard table wine rely more on domestic expertise, including advice from extension service.

Box 1: Çobo winery: high quality wine producer with well established relationships with suppliers

Introduction The winery is owned by a former emigrant returned from Italy. His family used to have some tradition in wine production, but the family history is not the main determinant of his success. The owner himself has worked in an Italian winery for quite some time. It is there that he gained the skills and expertise for wine production; and the passion for wine. Established contacts with an Italian oenologist have turned into productive cooperation. Currently he produces 80 to 100 thousand bottles per year.

Consumer segment Medium to high customers are his target: 'Embassies are preferred clients'. Export is also a recent market

Products The wine has local and domestic identity. It is produced out of local and domestic grapes, such as Pules, Vlosh, Kallmet, Shesh i Bardhe, Sheshi i Zi, Serine, etc. Five types of dry wines are produced by the winery - Kashmer, E Kuqja e Beratit, E Bardha e Beratit, Sheshi i Bardhe and Sheshi i Zi. The strategic choice to produce wine out of autochthon grape varieties is clearly stated by them: "From the beginning, we have insisted that our wine be made from 100% Albanian grapes. This gives us a very strong identity. The wine we produce must be connected to the land where the grapes are grown. We knew that if we wanted to set the standard for high quality Albanian wine, we had to represent ourselves with authentic grapes."

Market and channels The company has established his own distribution channels, mainly restaurants and supermarkets. Recently he has opened a wine bar in Tirana and intends to open a second one in Berat. He has also managed to export small quantities of wine in Switzerland and intend to do so even in Hong Kong. The company has a dedicated budget for promotion and for marketing – 15 to 20% of profit including two annual promotional events in the spring, and autumn. Events are considered very effective in terms of promotion. The winery promotes the brand by sponsoring Annual Song Festival - supplying the wine for the event.

Partners Fifteen to twenty farmers are his regular suppliers with whom he has established stable relationships. Area where farmers operate is important in terms of grape quality. Farmers are advised about grape production technology; they are required/instructed to produce not more than 8 ton per ha; high yields grape is not good for wine production. Where farmers go beyond this yield he has the right to reject the grape supply. Despite this kind of relations with supplied farmers, farmers still tend to produce more than what is advised.

Resources The winery has also its own vineyard of 1.5 ha, complete wine producing and aging technology, including investment in processing line, storing and aging facilities and inventory, testing room and reception site where feasts are annually organized. The company brand is a synonym of high local quality wine in Albania. The brand has been awarded national and international prizes. The company has faced difficult access to land to increase areas under grape in the past and faced difficulties in relations with farmers from whom he rented the land. Due to on-going difficult relations with some supplying farmers, he decided to give up leased land.

Investment. The winery has leased in 37 ha of public land. To date, he has planted 8.5 ha with Vlosh cultivar. He states that in 3 to 4 years he will have his own vineyards and intends to collect fewer grapes from farmers. He plans new investment of up to Euro 4 million, assuming (i) turnover of current activity increases in the next few years and (ii) the project is co-financed by IPARD II programme.

Success factors and lessons learned: (i) producing wine using autochthon varieties and link wine to a territory; (ii) definition and implementation a clear marketing strategy; (iii) production of consistent high-quality wine due to investment in complete modern; (iv) investment in human resources, mainly in terms of high quality technology expertise; (v) Designing an input (grape) supply strategy. This strategy may include production of own grape (integrated production) and buying from farmers.

4.2. VALUE CHAIN FLOWS AND CHAIN GOVERNANCE

Product, information and financial flows

Product flow: As represented in Figure 3 above, the product flows from farmer to consumer through two main channels: (i) farm processing channel and, (ii) the industrial processing channel.

On farm processing channel is the major marketing channel. Large quantity of wine and rakia is produced and consumed at home - people tend to consumer more wine than they did in the past. The rest of home produced wine and rakia reaches consumers (restaurants, direct sales at roadsides or sold to friends and relatives). The wholesalers are not always needed for the product entering this channel.

Industrial processing channel consists of two sub channels, though the separation is not clear-cut, namely integrated production and coordinated production. While in integrated production, substantial quantities of wine grapes come from farms owned or controlled by the winery as part of the same business, in case of coordinated production, there are large quantities of grape supplied by farmers that are not part of wine producing business. Integrated production is quite common, particularly in case of high quality wine producing companies. Very often processers in industrial channel perform also wholesaler function (some of them have also retail outlets in the major cities, mainly in Tirana). The retail market for formal industrial production is restaurants, shops and supermarkets.

Part of the industrial channel is also informal processing sector which is quite large (the reported wine production is only 60% of estimated production, refer to 3.1.2.Processing). The informal sector is represented by unregistered wine producing companies or restaurants, which buy grape and produce the wine they serve in their restaurants. Formalizing this sector is expected to lead to huge benefits in terms of fairer competition among wine producers, improving wine safety and quality, improving environment standard and increasing tax revenues.

Information flows. The information flow particularly technology information and advice from processors to farmer in the wine value chain is a must – grape suitability and quality is a major determinant of wine quality. Therefore, there is a permanent effort from the side of processors to advise grape supplying farmers, particularly in case of wineries producing medium to high quality (refer to Box 1). That said, according to the interviews, farmers often do not follow processors advice and that lead the latest to integrate vertically – invest in their own wineries.

Financial flows. Cash short term payment is common – farmers pay in cash for the inputs they buy and they are paid in cash for the produce they sell to wineries (although, with the recent formalization trend, there is a tendency to pay per bank in the case of larger actors). In some cases, wineries pre-finances inputs to farmers and for trusted suppliers conduct late payment.

Value chain governance

Integrated firm (both grape and wine are produced in the same company) is rather common model for wineries aiming at producing high quality wine. Recent studies inform that the majority of wineries have their own vineyard. High transaction costs and uncertainty in ensuring high raw product quality when dealing with a large number of small farmers as grape suppliers, is one of the main reasons of establishing a vineyard base and take grape production into own hands. Indeed, several quality wine producers have invested in their own vineyards. In some cases, the entire processed grape is produced on own vineyard.

Table 11: Grape supply: own production vs. supply from farmers

	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8
Vineyard area own (ha)	2	15	0	3.5	20	7	2[1]	0
Vineyard area from suppliers (ha)	13	little	200	25	20	0	0	20
Area, total (ha)	15	15	200	28.5	40	7	2	20

Source: FAO (2014)

Wineries also buy grape from farmers. For those wineries which have large producing capacities, grape own production alone is not sufficient for producing enough wine needed to properly utilize the processing capacities and maintain reliable relationships with retailers (supermarkets, hotels, restaurants and other outlets). In case wineries buy wine grape from farmers, they tend to establish close relationships with farmers. This is particularly the case of wineries producing high quality wine. They advise farmers on wine grape technology (pruning, irrigation, plant protection) setting sometimes even grape yield ceilings. There are also cases where wineries or buyers supply farmers with seedlings, support vineyard construction and signing contracts for buying the grape for first production years. There is often oral agreement between wineries and supplying farmers, but written agreements are not common.

5. PRODUCTION TECHNOLOGY PROCESSES

Below the main operational cost components are shown. The main pruning of grapevines is carried out in winter. In early spring, the Shoot Thinning follows, and after that, if required, Pinching Back Shoot Tips. In vineyards, summer pruning - also called "green pruning" - has high labour intensity. However, for vigorous vines, as well as for high quality, it may be necessary.

Another important operational expense is chemical treatments, spraying (4-8 sprays depending of zone and altitude). Integrated diseases and pest management should be applied to reduce the number of sprays with chemicals

Processes mechanization can reduce costs, but that is more viable for rather larger farms.

Below are shown the monthly dynamics of production related processes which are reflected in expenditures (indicative scheme, because there may be variation depending on several factors, including location and variety). Depending on location and variety, harvest takes place from August to October.

Table 12: Grape production processes calendar

	Months											
Main type of processes	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
1. Winter& summer pruning												
2. Support system maintenance												
3. Chemical treatments, spraying												
4.Harvest												

Source: Expert assessment, based on desk review and interviews

6. SWOT ANALYSIS AND FINANCING NEEDS

6.1. SWOT ANALYSIS STRATEGY

The following SWOT analysis strategy was conducted with the objective of identifying financing opportunities in the Albanian wine sector.

Table 13: Wine sector: SWOT strategy

	STRENGTHS (+)	WEAKNESSES (–)
	Favourable climatic conditions and tradition in grape production	Insufficient grape supply for processing and (often) unsuitable cultivar for wine production
	Local/autochthon grape cultivars are well adapted to local conditions and appreciated by consumers	Insufficient use of autochthon grape varieties for the development of quality scheme
	Increased grape production base; and often using integrated form of governance (wineries invest in vineyards)	Poor physical assets base, in terms of special vineyard machineries and equipment
	Important investment in wine production and significant investment in high quality wine production	Shortage of wine production capacity in certain areas and shortage of grape in others, leading to capacity under-exploitation
	Returned emigrants with know-how in wine production	Poor internal/integrated laboratory infrastructure
	Good technological expertise in wineries producing high quality wine	Poor marketing and limited promotion of domestic high-quality wine by wine producers or their associations.
OPPORTUNITIES (+)	**S (+) / O (+) STRATEGY**	**W (-) / O (+) STRATEGY**
Increased demand for wine due to changes in consumers' lifestyles and still unmet demand	Establishment of vineyards by wineries willing to integrate their business	Planting/replanting of grape to increase supply, cultivar suitability and autochthon grape supply
Increased demand for high quality wine in coastal based restaurants	Support integrated (in winery) quality infrastructure – laboratory	Support investment in special vineyard machineries and equipment
Favourable government policy for the sector		Support investment in wine processing capacity
Opportunity to develop on farm tourism		Support investment in on farm wine processing
Tourism development based on high quality wine		Tourism facilities in wineries, including testing rooms, restaurants and accommodation
THREATS (–)	**S (+) / T (–) STRATEGY**	**W (–) / T (–) STRATEGY**
Increasing competition from other regional producers: import of grape juice for wine production and import of wine		
High share of informal production leading to unfair competition		Support marketing campaign to promote high quality domestic wines

6.2. FINANCING NEEDS

6.2.1. Investment trends and financing needs

Investment trends

Establishment of new vineyard plantation has represented an important investment during recent years – area planted with vineyard has doubled since 2010 (as shown in Table 1 in Section 3). Incentives to new plantations have also been provided by Albanian government support schemes (eg. subsidies for investment in new vineyards, which cover a large part of the initial plantation investment cost).

Significant investments have also been made in the wine processing industry. While there have been investments in production of ordinary table wine, often by informal operators, it is important to highlight that there has been high technology investment by former emigrants to produce rather high-quality wine. The emigrants have brought both, sources of funding and, most importantly, the know-how, particularly, in terms of wine technology. Many investor emigrants still maintain professional relationships with professionals in other (EU) country, mainly Italy.

Quite often, one may observe investment in vineyard creation and wine processing technology. While this is quite common, for the high-quality wine producers this is almost a rule given that farmers quite often fail to meet the grape standards of wine industry.

High quality wine producers tend to establish wine tasting rooms and some of them have plans to go further to combine wine production with rural tourism. Some of them have developed projects to invest in restaurants and accommodation.

There is, however, a regional misbalance - there is excess processing capacity in some areas and insufficient processing capacity in others. Inversely, there is excess of grape supply in some areas and lack of supply in other. Hence, any financing strategy should consider a better fit with processing industry location and grape supply.

Investment financing needs

Following the SWOT analysis strategy and investment trends, investment-financing needs are summarized in the Table 14.

Table 14: Investment financing needs

Type of investment	Farmers	On farm processing	Commercial processors
1. Investments in planting or replanting of vineyards, with priority of autochthon wine cultivars	■		
2. Irrigation systems: equipment, tools and machines to improve irrigation and fertigation, drip irrigation and irrigation wells	■		
3. Support special machineries for vineyard	■		
4. Harvesting and post-harvesting tools, equipment and premises, including plastic re-usable crates, pre-cooling and cooling units and storage facilities	■	■	■
5. Support simple processing lines to support on wine farm processing		■	
6. Complete wine processing technology (tankers, bottling lines, including Bag-In-Box lines)			■
7. Support cellars construction/renovation			■
8. Internal/integrated laboratory			■
9. Tourism facilities in wineries, including testing rooms, restaurants, and accommodations			■

Source: Authors own elaboration

Plantation or re-plantation of new vineyard represents an opportunity for funding. Recent analysis suggests that the net profit per ha of grapes intended for wine production is ALL 538,500[10]. Support to plantation or re-plantation projects shall at best be complete (at least plantation and irrigation system but also agricultural machineries with special focus on specialized machineries).

Complete and upgrade wine producing technology is also needed. Although there are a handful of wineries with modern facilities and quite up-to-date wine producing technology, there is huge need to improve existing technology for the majority of wineries. Main investments to be considered are facilities and cellars, stainless tanks, bottling lines, including Bag-In-Box lines, etc.).

Investment in tourism facilities in wineries, including testing rooms, restaurants, and accommodations may represent an interesting financing opportunity. Several wineries (mainly in high quality producing wineries) have already invested and there are wineries which have plans to invest in the tourism related facilities. Investment in restaurants and accommodation can be a working project since it proposes a 'new product' – genuine wine and local food.

Small wine producing projects, preferably combined with on-farm tourism in areas with touristic orientation may also be considered. Many farmers currently produce home wine from their vineyards. The technology they use is however basic (plastic containers and plastic bottles for sale).

10 AASF (2018). Agriculture Technological Cards

While current technology may be considered as a weakness, financial institutions may uncover an opportunity for supporting wine production at farm level. The support may be combined public support schemes.

In-winery integrated laboratories can also be considered for support targeting high quality producing wineries.

Box 2: Public support schemes for Albanian agriculture

There are two major public support schemes for Albanian Agriculture, namely Annual National Support Schemes (ANSS), and EU like Rural Development Programme, IPARD. While the latter aims at enhancing competitiveness and implementing EU (safety, quality and environment) standards and targets the most competitive businesses, ANSS has multiple policy objectives and a broader coverage.

Objectives and measures for ANSS-2018 area summarized below:

– Increase of competitiveness by providing support to investment (new plantations, investments in agro processing and marketing), supporting innovation technologies, and certification and insurance

– Vertical and horizontal and business formalization

– Diversification of rural activities, including support to SMEs and particularly support to rural tourism in combination with government programme of 100 villages.

While the ANSS have traditionally provided support for meeting multiple policy objectives, including increased competitiveness, recently there has been a growing attention towards meeting the safety, quality and environment standards.

National subsidy schemes have traditionally been changing from year to year (often drastically). The budget allocated for ANSS for 2018 is Euro 20 million. For investment support, similar scheme of partial grant policy (at least 50% public support) is valid.

Another major Program is EU like Rural Development Programme, IPARD, which enables support for investment aiming at improving competitiveness and meeting national and EU standards, through co-financing investment by a grant (e.g. 50% however the exact value depends on a number of criteria). It is expected that IPARD II calls for applications (which will also highlight the details of the eligibility criteria) will start in the second half of 2018. For this programme a budget has been approved of 71 Mill Eur from EC and 24 Mill Eur grant from Albanian government (75% EU: 25% Albanian government), so there is a 94 Mill Eur grant available for investments at farm and processing level during 2014 – 2020.

6.2.2. Operating capital financing needs

Operating capital financing trends

Cash payment within a short period of time is prevalent for the inputs that farmers purchase. Only in limited cases, particularly for high quality wine producers there is some input pre-financing for farmer. Payment for the grape wineries buy may be cash payment in a short period of time but also delayed payment when the wine is sold. Short term loan to deal with working capital needs is rather unusual. During field interviews, we have not identified cases of wineries with pre or co-financing investments carried out by supplying farmers. Such a case has, however, been observed for table grapes, when foreign buyers have pre-financed investments in new vineyards based on long term contracts with local farmers.

Operating capital financing needs

Farmers tend to pay cash within a short period of time for the input they buy. Short-term cash payment is also widespread in the relationships between wineries and supply farmers; exceptions are sometimes made for farmers who have closer relationships with wineries (who can wait for late payment or in some cases get pre-payment by buyers). Given these payment modes, farmers manifest a need for short-term working capital to buy their input. Additionally, in case when farmers get late payment for the grape they supply to wineries, they need working capital too. In case wineries pay cash within a short period of time for the grape acquired, they too need financing for working capital. From another angle, wineries integrating upstream, i.e. wineries investing in grape production will need operating capital for their vineyards.

6.2.3. Value chain financing

Technological process of producing decent quality wine calls for a close relationship between wine producer and farmers. High quality producing wineries tend to establish closer relationships with farmers – they advise farmers on grape production technology, (sometimes) provide them with inputs, including seedlings, which are paid back by the farmers at product delivery or even later. Such a close winery-farmers relationship allows that winery managers have reliable information on farmers. Winery managers may therefore be likely agents for financial institutions in case they have plans to do business with farmers. In addition to farmers´ reliability, winery operations may also provide information in terms of investment or type of working capital to be supported. This kind of information is important to financial institutions because winery represents the market for farmers.

7. CONCLUSIONS

Between the years 2000 and 2016, production of grapes in Albania has more than doubled; supply conditions (suitable soil and climate and some tradition in grape cultivation), domestic demand for wine due to lifestyle and changes in consumers' lifestyle and subsidies schemes in late 2000ies gave a boost to increased cultivation and production. Despite the recent trends, the wine production in Albania is still low compared to other countries in the region.

The production of wine has grown substantially, motivated by increased domestic demand for wine due to changes in consumers' lifestyle.

The wine industry is diverse. Most wineries are small - the largest ones are based on the former state-owned wineries, now privatized. Having to struggle with supplies of raw material, companies in the formal sector of winemaking had many difficulties to grow. The segment of quality wines is still quite underdeveloped - local producers of high quality wine manage to sell their product, but imports of quality wine is also growing, which indicated that domestic supply cannot meet the needs of the domestic market in terms of quantity and quality.

The key issue for the development of the value chain has been the lack of connection between growers and processors. Growers often prefer to process their grapes at cottage level and try to sell wine and rakia to local customers, all in a totally informal way. This business orientation led some professional wineries to invest in their own vineyards. However, the increase of production and investments in larger vineyards is stimulating the conditions for applying contract farming. There have been observed cases of quality wine producers engaging in contracting relations with farmers.

The current study informs the financial institutions and other interested parties in supporting wine sector about the main opportunities to finance the sector. These opportunities include:

(i) support to investments in planting or replanting of vineyards, with priority of autochthon wine cultivars and equipped with irrigation systems and special machineries for vineyard;

(ii) harvesting and post-harvesting tools, equipment and premises, including plastic re-usable crates, pre-cooling and cooling units and storage facilities;

(iii) simple processing lines to support on farm processing preferably combined with on farm tourism;

(iv) processing lines for existing wineries (tankers, bottling lines, including Bag-In-Box lines);

(v) cellars construction/renovation; internal/integrated laboratory for large high quality wineries, and;

(vi) rural tourism facilities in wineries, including testing rooms, restaurants, and accommodations.

Plantation or re-plantation of vineyards should be considered as a financing opportunity by financial institutions. Several issues should however be considered in case of vineyard support, including involvement of technical expertise in choosing suitable cultivars for wine production with preference to autochthon cultivars, preference of wineries to investment in wine yard to

avoid the acquisition risk or support to farmers who maintain working relations with wineries, and carefully considering winery capacity exploitation. Using autochthon cultivars suitable for wine production may lead to the production of better quality wine and development of quality scheme in the sector, namely GI.

The study finds that completion and upgrade of wine producing technology for the majority of wineries is both a major weakness and an opportunity for financial institutions. Investments in winery facilities and cellars, stainless tanks, bottling lines, including Bag-In-Box and similar approaches may be considered for support. Careful consideration should, however, be paid when selecting the subjects to finance. A large part of wine producers use basic wine producing technology (mainly plastic containers) and are short sighted – financing them may be with high risk. It is advisable therefore to identify young risk-taking and visionary entrepreneurs who may also be the new generation of the current wine producers, but not only.

Investment in wine sector may consider the potential for rural tourism development. Hence, two types of projects may be considered for support, namely rural tourism facilities (including testing rooms, restaurants, and accommodations) for medium to large wineries targeting the high quality wine producers, and supporting small wine producing projects, preferably combined with on tourism or small wineries in areas with touristic orientation. The support may be combined either with IPARD support (diversification measures) or government subsidy scheme (100 touristic villages´ schemes).

Wine sector is considered a priority sector for Albanian government - the sector has been included in all public financial support schemes, including recent support schemes. The current partial grant policy has important implications for financial institutions - they have the opportunity to co-finance the investment for 100% of investment amount out of which at least 50% short term loan (the part to be reimbursed by government) and at most 50% loan term loan for the part to be paid by the beneficiary.

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9. ANNEXES

Table 16: National schemes regionalization map (2018)

No	Measure	REGION											
		Berat	Dibër	Durrës	El-basan	Fier	Gjiro-kastër	Korçë	Kukës	Le-zhë	Shko-der	Tiranë	Vlorë
1	Apple												
2	Cherry												
3	Walnuts, hazelnuts												
4	Pomegranate												
5	Chestnuts												
6	Olives												
7	Oilive groves renovation												
8	Citrus												
9	Vineyard												
10	Strawberry												
11	Medicinal and aromatic plants												
16	Melon/watermelon in low tunnels												
12	Tomato, cucumber, paprika												
18	Vegetables bee polination												
14	Bio-mass heating system												
19	Greenhouse automation system												
13	Drip irrigation												
15	Cover plastic replacement												
17	Hail nets												
25	Global GAP certification												
27	Organic certification												
28	ISO 22000 certification – olive oil												
29	Insurance prime												
41	Suppor to green house seedlings												
43	Cereal cultivation												
30,37	Cattle ear tag and milk supply												
30	New born small ruminants ear tagged.												
38	Beehives												
21-24, 31,33-35, 44-52													

Table 17: Vineyard commercial farms, regional distribution by size

	Between 1 and 5 dn	Between 6 and 10 dn	Between 11 and 20 dn	Between 21 and 50 dn	Total	% to qark
Berat	136	82	24	3	245	17.8
Diber	141	22	7	1	171	12.5
Durres	7	25	32	19	83	6.0
Elbasan	2	13	5	3	23	1.7
Fier	21	50	28	39	138	10.1
Gjirokaster	33	61	30	16	140	10.2
Korce	13	13	6	6	38	2.8
Kukes	35	4	2	11	52	3.8
Lezhe	14	57	33	6	110	8.0
Shkoder	22	14	14	17	67	4.9
Tirane	71	71	27	8	177	12.9
Vlore	33	56	32	8	129	9.4
Total	528	468	240	137	1373	100.0
% to size	38.5	34.1	17.5	10.0	100.0	

Note:

Note:

Tiranë, 2019