

## Analysis of the regional food and drink industries

**Partner organization/region: University of Western Macedonia/Region of Western Macedonia**

**Date: February 2020**

Introduction:

Please describe the answers as well as possible. By reading into this topic you will get a lot of information, so you can get a good overview of your region. Through dialogue with local food industries, local facts and numbers can be collected. The information requested in this list will help you to get to know your region better. These questions are intended to help you.

1. General description of the current status of the food sector in your region

*Take a look at your region in terms of food industry: Which branch of the food sector is the biggest/most important in your region?*

The branch of food sector that is the most important in the Region of Western Macedonia is alcoholic beverages and especially wine and tsipouro production. We can't say that this branch is the biggest (regarding sales) but it is the branch that has prospects, quality products and increasing dynamics during the last years (in sales and exports).

Please fill in these data as good as possible. If you don't have any numbers, please estimate a rough comment. You can also try to get information about your region via Eurostat (<https://ec.europa.eu/eurostat/de/home>). Through cooperation with a local food producer you can try to include at least specific data about a regional producer to get a rough idea of the current situation.

Category	Criteria	Description	Data/comment
<b>General description of the current status of the food sector in your region</b>	Role of your regions food and drink industry in national context	Percentage of food-sector-employees in your region as a proportion of food-sector-employees in your country	Reference year: 2017 1.68%
		Percentage of food-sector-enterprises in your region as a proportion of food-sector-enterprises in your country	Reference year: 2017 2.93% (2.85% food enterprises, 4.01% drink enterprises)
		Share of sales in total sales of the national food sector	Not available
	Role of the food and drink industry in your region	Percentage of food-sector-employees as a proportion of total employees in your region	2.44% (2006 employees in food sector out of 82.300 in total)
		Percentage of food-sector-enterprises as a proportion of total enterprises in your region	23.08% food enterprises 2.41% drink enterprises
		Share of sales in total sales of the regional economy	Not available
	Total numbers of employees, enterprises and share of sales of the regional food sector	1861 employees in food enterprises 145 employees in drink enterprises 506 food enterprises 53 drink enterprises	

2. Current policy instruments, funding/support programs etc.

	Who are the programs aimed at? (target group)	How is the support structured? (financial, training programs, social project to support employees, infrastructural improvement)	Importance/ Relevance (frequency and acceptance)	Current policy ambitions within the region/instruments of supporting the food industry?
<b>EU instruments/programs</b>				
A. Just Transition Fund (expected in 2020)	Regions with economy mainly based on lignite	not yet announced	not yet announced	There are high expectations for all regional SME's mostly in improvements for public infrastructures
<b>National instruments/programs</b>				
A. Rural Development Program 2014-2020	Regional Enterprises	Grants for: Development of Knowledge and skills of employees Improvements on organization and operation, resources utilization, technology issues, products' quality and environmental	Of high relevance and importance for local enterprises in food sector	This program funds big scale development projects of the regional food sector SME's up to 20 M€ / no special

		issues of the enterprises		instruments of supporting
<b>B. Operational Programme Competitiveness, Entrepreneurship and Innovation (EPAnEK) 2014 - 2020</b>	Regional Enterprises	Grants for: Development of Knowledge and skills of employees Improvements on organization and operation, resources utilization, technology issues, products' quality and environmental issues of the enterprises	Of high relevance and importance for local enterprises in food sector	This program funds small scale development projects of the regional food sector SME's up to 400.000 € and it is very popular for micros / no special instruments of supporting
<b>Regional instruments/programs</b>				
<b>A. Regional Operational Programme 2014 - 2020</b>	Regional Enterprises	Grants for small scale development projects to improve mostly their technological production equipment	Of high relevance and importance for local enterprises in food sector	This program funds small scale development projects of the regional food sector SME's up to 300.000 – 400.000 € and it is mostly for micros – family business / a special supporting structure is contracted with the Managing Authority of the Regional Operational

				Program
C. Investment Law (N. 4399/2016) Regional level	Regional Enterprises	Grants for medium scale development projects to improve mostly their industrial premises as also their technological production equipment, quality control systems and digital services	Of medium relevance and importance for local enterprises in food sector	This program funds big scale development projects of the regional food sector SME's up to 20 M€ / no special instruments of supporting
<b>Local instruments/programs</b>				
A. Community Led Local Development - CLLD	Agricultural enterprises in rural areas of the 4 prefectures' of the region	Grants for small scale development projects mostly of new family SMEs to start their operation (mostly funding their industrial premises as also their technological production equipment and quality control systems)	Of high relevance and importance for small local new enterprises in food sector	This program funds small scale development projects mostly of new established food sector family SME's up to 600.000 € / a special supporting structure (Regional Development Company) is contracted with the Ministry of Agriculture and the Region of Western Macedonia

Other (e.g. crowd, private, solidary supported)				

### 3. Marketing and distribution channels currently used for regional products

*Which sales channels are predominantly used?*

*Transport duration & frequency (short/long distance, high/low frequency?)*

*Import/Export of the produced food?*

*Are there any initiatives in your region that want to improve market reach, internationalization, local food associations and aim to do so?*

There are no data available on sales channels in the Region of Western Macedonia.

Also there are no data on transport duration & frequency, import/export of the produced food products.

All regional SMEs use their own sales channels, based on their marketing initiatives.

Since Western Macedonia is located in South Europe the transport duration to main central or north European countries is long. Based on former researches most of them are trying to minimize the frequency of their transport.

About initiatives in the Region of Western Macedonia that can improve market reach, internationalization, local food associations and aim to do so, currently there is about to be opened a call funded by the ROP 2014-2020 for supporting export strategic planning for the businesses in the Region of Western Macedonia. This call will fund these SMEs' export projects up to 2023, but only for those SMEs that have former prepared an extended marketing plan.

Other initiatives include typical annual trade missions, B2B meetings and participation in trade fairs. Each food business has its own export strategy.

A special initiative for our worldwide unique product (Krokos – the Greek saffron) has recently managed to overcome all bureaucracy aspects and exports to China are expected during 2020.

### 4. Current technological environment, research & development scene in the region

*Which institutions are located in your region (for example Universities, research facilities, state agencies, NGO's, etc.)? What are the greatest challenges for technological improvement? (internet, finance, resources, state of knowledge, scientific development, competition, ...)*

The most significant institutions in our region are:

- University of Western Macedonia
- The Centre for Research and Technology-Hellas (CERTH) is one of the leading research centres in Greece and listed among the TOP-20 E.U. research institutions.

- ANKO SA – Development Agency of Western Macedonia, among others, provide services specifically designed for SMEs, so that SMEs in food and drink sector get assistance and information on the utilization of EU funding in rural areas.
- The Chambers of Industry and Commerce are legal entities governed by public law.

On the basis that a number of significant institutions concerning science, research and innovation are located in the region, we might say that there is a good level in the state of knowledge and scientific development.

Moreover, in the next couple of years, region of Western Macedonia will have the opportunity to move to the next generation of internet services by acquiring uninterrupted 5G wireless broadband coverage.

## 5. SWOT-analysis, accelerators and obstacles

*What do you think are the strengths, weaknesses, opportunities and threats for the food sector in your region? What are accelerators and obstacles? You may think of following key words: technology, trends, competition, politics (strategic success factors), finance, know-how, image, staff, core skills/competences, etc. What are the key problems/difficulties? Common advantages of different branches?*

	<i>Helpful (for food enterprises)</i>	<i>Harmful (for food enterprises)</i>
<i>Internal</i>	<p><i>Strengths</i></p> <ul style="list-style-type: none"> <li>- The region is close to Greek borders (bordering with North Macedonia and Albania)</li> <li>- Very good transport network</li> <li>- The famous Greek saffron is cultivated in the area</li> <li>- Several agricultural products (legume, fruits, herbs etc.) are being produced in the region</li> <li>- The region is famous for the wineries and viticulture</li> </ul>	<p><i>Weaknesses</i></p> <ul style="list-style-type: none"> <li>- Low level of R&amp;D investments</li> <li>- Low level of ICT diffusion and use</li> <li>- Low level of life-long learning practices</li> <li>- Low level of science-business collaboration</li> <li>- Lack of innovation culture within firms</li> <li>- No cooperation culture</li> </ul>



External	<p><i>Opportunities</i></p> <ul style="list-style-type: none"> <li>– Increased coordination of national and regional policies to support ICT diffusion</li> <li>– Improved support to upgrading of SMEs technological capacity</li> <li>– Western Macedonia is a coal region in transition, therefore it is expected that special European funds are going to support local economy</li> </ul>	<p><i>Threats</i></p> <ul style="list-style-type: none"> <li>– Brain drain</li> <li>– The region is about to enter a recession era as a result of closing several power plants that depend on lignite up to 2028</li> </ul>

6. Other regional, geographical and social factors effecting the food industry

*For example geographical factors like climate, weather conditions, agricultural conditions, landscape, infrastructure, etc. or social factors like unemployment rate, age structure, demographics, living space, educational landscape, family environment, working conditions, etc.*

Food and drink products of Western Macedonia region are directly linked to terrain and climate conditions of the region, which is a mountainous and foothill area and has a continental climate with particularly low winter temperatures.

As a result, there are large areas of vineyards and therefore a large number of wineries producing mainly white, rose and red wines as well as sparkling wines and tsipouro.

Because of the mountain terrain, livestock breeding has been the basis of the rural economy in most of the region's areas and even nowadays there is a significant number of cheese dairies.

7. Recent surveys, reports, research results regarding the regional food sector

*Are there any current reports that could be interesting for the food industry?*

*What results could be gained from these studies/publications?*

*Find key contacts / key economic motivation for new studies – cooperation with universities, associations, units & define common goals for cooperation; Chance to work with local experts?*

*Who can we get feedback from? Stakeholders, industry, politics, publics?*

One of the most interesting projects regarding the regional food sector that carried out up to 2015 is Locfood project (Interreg IVC), which has been developed in order to improve and



facilitate entrepreneurship in local food and drink sector and specifically in SMEs of several regions of EU. The main goal of the project was to facilitate the formulation of improved existing or new strategies by bringing together knowledge and experience from several European regions concerning food experience and local food culture.

Moreover, the main target of the RIS3 plan 2014-2020, is promoting innovation and entrepreneurship in the context of the selected priority sectors which in this particular case are agrifood and wineries sector.

Entrepreneurial discovery in line with smart specialization on regional agrifood sector has demonstrated wineries as an important priority sector, where the contribution of research, technology and innovation could increase competitiveness of wine products in national and international level.

Regional institutions such as University of Western Macedonia, ANKO SA – Development Agency of Western Macedonia, The Chambers of Industry and Commerce, are manned by specialized on food sector and food industry scientific and technical staff. There is a continuous cooperation between institutions and scientists in order to improve current policies and strategies which by turn will enhance entrepreneurship, business development, competitiveness and economic growth concerning regional food sector.