FACULTY OF ECONOMICS

Dr. Bojan Matkovski, Dr. Branimir Kalaš, Prof. Dr. Stanislav Zekić, Dr. Marija Jeremić

The purpose of this article is to determine the level of competitiveness of agri-food products in South East European (SEE) countries within the processes of European Union (EU) and regional integration as well as to find the factors that determine agri-food competitiveness. This article uses the revealed comparative advantages (RCAs) index to find the level of comparative advantage of agri-food products. Additionally, a model for identifying the determinants of the SEE agri-food comparative advantage was constructed and estimated. The results show that all SEE countries (except for Albania) have comparative advantages in the agri-food sector as part of the global market. Also, the estimation of the model shows that partial productivities in agriculture have a positive impact on comparative advantage while gross domestic product (GDP) per capita has a negative impact. This article makes a useful review of competitiveness of agri-food sector in SEE countries and determines which factors are significant for an RCA index. This is essential for policymakers to identify what determinants improve or degrade competitiveness of the agri-food sector in SEE countries.

Looking at the effect intensity, labour and land productivities caused the highest change in the RCA in the SEE. The results confirmed the fact that partial productivities in agriculture are important indicators for shaping SEE agri-food competitiveness. Higher production and productivity are crucial for meeting growing demand for food and non-food agricultural products, while an increase in agricultural output and productivity drives up agricultural incomes and improves competitiveness for this sector.