CULTIVATING PERSPECTIVES: THE AGRICULTURE SECTOR IN NORTH MACEDONIA, THE 'OPEN BALKAN' INITIATIVE, AND THE DUAL SHOCKS OF COVID-19 AND THE UKRAINIAN CRISIS

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ABSTRACT
This paper investigates the intertwined effects of two contemporaneous global crises, the Covid-19 pandemic and the Russia-Ukraine military conflict, on agriculture sector companies operating in North Macedonia. Additionally, it explores the potential advantages arising from regional economic cooperation within the Western Balkans. The study pursues a comprehensive analysis to discern the multifaceted challenges confronted by these companies while evaluating the role of regional collaboration in mitigating the repercussions of such crises. The research explores the measures adopted by North Macedonian government to mitigate the adverse effects of these crises. Moreover, it examines the role of regional economic cooperation among Western Balkan countries in enhancing the agricultural sector's resilience and recovery. Findings reveal the pivotal role of regional cooperation in creating a supportive framework for agricultural sector in North Macedonia and neighboring countries. The study encompasses various aspects, including general perspectives of companies, import-export dynamics, regional economy, and production conditions during post-COVID-19 and the Russia-Ukraine military conflict crises. Furthermore, the research outlines the agricultural development policy priorities for North Macedonia. The findings shed light on the effects of the "Open Balkan" initiative and provide valuable insights for policymakers and stakeholders in the agricultural sector. Our findings are poised to inform policy formulation, guide strategic decisions within the business landscape, and drive international collaboration initiatives geared toward enhancing agricultural resilience and fostering sustainable development in the region.

Keywords: *agriculture sector, Open Balkan, covid19, Ukrainian crisis*

JEL classification: *C83, D20, L10,*

1. INTRODUCTION

The subject of analysis in this paper is the attitudes and perceptions of companies from the agricultural sector in the Republic of North Macedonia in relation to the Open Balkan initiative and the impact of the Covid pandemic and the Ukrainian crisis on their operations. Agriculture has a great importance for the economic development of the country, hence the justification of its analysis within the framework of the creation of a common regional agricultural market. Agriculture represents the third largest sector in the economy of N. Macedonia. Following the

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service sector and industry in N. Macedonia, the participation of agriculture in GDP and total employment is at a significant level. Hence, the importance of the agricultural sector for the Macedonian economy can be seen in the fact that in 2021, about 50% of the total area is agricultural land.[1]

Regional economic cooperation is key to promoting sustainable growth and development in the countries of the Western Balkan. In recent years, there has been an increased focus on promoting regional economic cooperation in the agricultural sector, particularly through initiatives such as the Open Balkan initiative. Overall, regional economic cooperation in the agricultural sector in the Western Balkans has the potential to promote sustainable growth and development, and initiatives such as Open Balkan are important steps in this direction. Open Balkan is a regional initiative created by North Macedonia, Serbia, and Albania, committed to securing conditions for practicing the four European freedoms for as many as possible citizens and companies in the Balkans. When speaking of free movement of people, goods, capital and services, Open Balkan reinforces the regional cooperation and connectivity[2]. This initiative is an opportunity to strengthen regional economic cooperation and promote the freedom of movement of people, goods/goods, capital and services. The main goal of the Open Balkan is to overcome the social, economic and trade barriers that hinder economic growth in the region by implementing the four freedoms on which European integration is based, freedom of movement of goods, workers, capital and services. One of the benefits of this initiative is the establishment of a regional market between member countries of the initiative.

COVID-19 health crisis caused a shock and threat to the stability of the global economy and labor markets, affecting not only supply (production of goods and services) but also demand (consumption and investment). A large number of companies, regardless of size, faced serious challenges, with the real threat of a significant drop in revenues, insolvency, and job losses in certain sectors. At the same time, for the current war between Russia and Ukraine, as early as March 2022, both world and domestic analysts were decisive that the global economy will experience a major crisis, inflation will rise, and a recession will be possible as a result of the war. Economists predicted that the Macedonian agriculture, food industry, wine industry, pharmacy, metal industry and companies related to the supply of energy will suffer great damage after the Russian invasion of Ukraine and from the economic sanctions that have begun to be implemented. One-third of Macedonian agricultural products end up on the Russian market. The figures for Macedonia's foreign trade with Russia and Ukraine are small. In 2021, Russia participated with 0.7% in the total export of North Macedonia. That percentage for Ukraine is even lower - with 0.2%. On the other hand, Russia participates with 1.7% and Ukraine with 1.5% in the Macedonian import.[3] This analysis aims to perceive the progress of North Macedonia in terms of integration processes within the Western Balkans through the prism of companies in the country that are only export or export/import oriented in one or more countries of the region. The analysis aims to examine the recognition of the characteristics of the Open Balkan initiative, perception, and localization of the main advantages and disadvantages according to the opinion of the respondents. It further aims to reveal the effects that the COVID-19 pandemic and the military conflict between Russia and Ukraine have had on companies and to see if the Government's measures aimed at helping agricultural and food production and processing

[1] Hristovska Mijovic, B., Spasova Mijovic, T., Trpkova-Nestorovska, M., Tashevska, B., Trenovski, B. & Kozeski, K., (2022). Tobacco Farming and the Effects of Tobacco Subsidies in North Macedonia, Analytica, Skopje, North Macedonia

[2] https://vlada.mk/Otvoren-Balkan

[3] State Statistical Office of RNM

were/are sufficient and beneficial during the COVID-19 pandemic and the military conflict with Russia and Ukraine.

2. LITERATURE REVIEW

The regional economic cooperation of the countries of the Western Balkans is an important topic of research, especially in terms of its impact on the agricultural sector. In this literature review, the existing literature on the regional economic cooperation of the countries of the Western Balkans and the impact on the agricultural sector is listed. A study by Broz et al. (2020) when analyzing the potential benefits of regional economic cooperation between the countries of the Western Balkans showed that closer economic integration can lead to increased trade, investment and economic growth. In all the countries of the Western Balkans, there is an intensification of trade in agricultural and food products and a partial change in the regional and commodity structures of trade. The results of the study by Matkovski, Zekić et al. (2022) showed that all Western Balkan countries, except Albania, have comparative advantages in the export of agricultural and food products, and Serbia has the highest level of comparative advantages in this sector. Moreover, this paper suggests that all countries should strive to secure the best possible positions for their agri-food products during pre-accession negotiations for EU membership and take the necessary steps towards increasing the level of competitiveness in the EU common market. The overview regional report analyses the progress of six Western Balkan economies (Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, Serbia) regarding the 20 principles of the European Pillar of Social Rights (EPSR). The 2022 review of the performance of Western Balkan (WB) economies regarding the EPRS has been conducted by the Employment and Social Affairs Platform 2 (ESAP 2) programme implemented by the RCC and funded by the European Union. It was produced by WINS Global Consult (Germany) and experts from Western Balkans on behalf of the RCC. Furthermore, the World Bank report (2020) highlights the potential benefits of regional economic cooperation in the post-Covid pandemic period. The report indicates that closer economic integration between the countries of the Western Balkans can help mitigate the negative impacts of the pandemic on the agricultural sector, especially in terms of facilitating trade and investment. In general, the available literature and analyzes suggest that regional economic cooperation between the countries of the Western Balkans can play an important role in promoting the development of the agricultural sector. Closer economic integration can facilitate trade, investment and cooperation, which can promote sustainable agricultural practices and increase access to finance and technology. However, challenges such as political tensions and economic differences between member states need to be addressed for regional integration to be successful. In the context of the impact of the Covid-19 pandemic on companies operating in the agricultural sector, such as in the countries of the Western Balkans, a study by Vuković and Popović (2020) analyzed this impact and showed that the pandemic led to disruptions in supply chains, reduction of demand for agricultural products and challenges in accessing labor and inputs such as fertilizers and seeds. Similarly, a report by the Food and Agriculture Organization (FAO 2020) highlighted the impact of the pandemic on the global food system. The report indicates that the pandemic has led to disruptions in trade and logistics, as well as reduced access to finance and technology, which has affected the ability of companies in the agricultural sector to operate and invest. In terms of government responses to the crisis, a World Bank (2020) report suggests that governments could provide support to companies in the agricultural sector, such as through financial assistance and policy measures to improve access to inputs and markets. The report also highlights the importance of promoting digital technology and innovation in the agricultural sector to help companies adapt to changing market conditions and improve efficiency. Overall, the available literature and analysis suggest that the Covid-19 pandemic has had significant impacts on companies operating in the agricultural sector, both in the Western Balkans and worldwide. The challenges posed by the pandemic have highlighted the importance of resilience and adaptability in the agricultural sector and the need for policy measures to support companies and promote sustainable agricultural practices.

3. METHODOLOGY

For the research, a quantitative research methodology was used. It is primarily aimed at agricultural and food companies for production and processing in North Macedonia that are export and/or export-import oriented with the region's countries. The research in the companies was carried out in most cases with a company manager, and in the remaining cases with the owner, director, and/or manager, which indicates that the profile of the respondents are decision makers and are well acquainted with the situation in the company itself. The data collection technique consisted of conducting a telephone survey (CATI) using a computer, through a platform that is specialized for this type of research. Using the software program SPSS (IBM SPSS Statistics Program) the data were processed with the method of descriptive statistics. For the needs of the research, a questionnaire was created - a research instrument of 56 open and closed questions. Sample size and design: The sample consists of 100 companies that are export and/or export-import oriented with the countries of the region, and each is represented by a relevant decision maker (e.g. manager, director, owner, etc.) A stratified simple random sample was created for this research, according to the national classification of activities. Note: This sample design approach does not allow full generalization of the data at the level of all companies in the country, but only at the level of the industries represented in the survey. The average length of the interview is 16 minutes, and the data were collected in October and November 2022.

4. INTERPRETATION OF THE RESULTS AND DISCUSSION OF FINDINGS

The questionnaire consisted of five parts. The first part of the questionnaire, in addition to determining the characteristics of the companies that ensure the representativeness of companies operating in the field of agricultural, food, and processing industry in the country, aims to examine the opinion and perception of the Open Balkan initiative. Furthermore, the second part of the questionnaire measures the level of imports and exports of agricultural, dairy, meat products, and processed products in the countries of the region, the use and satisfaction of subsidies as well as possible barriers and obstacles related to regional cooperation. The third part examines issues related to the regional economy and trade in agricultural and food products and processed products within the framework of the Open Balkan initiative. The fourth and fifth parts of the quantitative analysis deal with the specific problems of companies such as the consequences of the COVID-19 pandemic and the military conflict Russia-Ukraine.

An open Balkan should contribute to free trade, saving time at border crossings and less documentation to show. For the majority (36.0% would completely open new opportunities, 52.0% would mainly open new opportunities) of the companies, this initiative would mean a lot, precisely because of the new opportunities to improve the operation and the opening of opportunities for even better growth of the company. A small part of the companies answered that the Open Balkan would not open new opportunities at all. Analyzed by activity, we note that in the food industry, there is greater optimism (43%) that the initiative would completely open up new opportunities for improving operation, than in companies from the wholesale and retail trade

sectors; repair of motor vehicles (20%). Further considering the companies by size, it is evident that medium-sized companies that have from 50 to 249 employees and large companies with over 250 employees, to a greater extent (58%) believe that the initiative would completely open up new opportunities, unlike micro and small companies who have up to 50 employees (23%).
About three-quarters of the surveyed companies or 73.0% answered that there are no obstacles to economic cooperation with the countries of the region. Almost a quarter believe that there are obstacles, and 5% do not know the answer to this question. As for what constitutes an obstacle to economic cooperation, customs and administrative obstacles regarding the delivery of products are pointed out in the first place, and excessive documentation analyses and tests, which take a lot of time, are in the second place. The long waiting at the borders for exporting products is the third place. Most of the surveyed companies believe that the opportunities for trade exchange through the Open Balkan are similar to those of the EU. That is, 17.0% of companies consider that the opportunities are identical, and 40.0% that they are mostly similar. Every third company answered that the opportunities are mainly different from those of the EU, and 8.0% that they are completely different. A small percentage (4.0%) did not have an answer to this question.

4.1. Import-export of agricultural, dairy, meat products and processing
The second part of the questionnaire was created to measure the level of import and export of Macedonian companies with the countries of the region. In fact, through this section, we will find out which crops during production and/or processing prevail among the surveyed companies and with which countries of the region cooperate the most. Furthermore, the research will show whether the surveyed companies receive subsidies and to what extent they are satisfied with them. Finally, this section should reveal whether the COVID-19 pandemic and the military conflict between Russia and Ukraine have affected the companies' profits.
It is evident from the results that most parts of the companies are focused on the domestic (98%) and regional markets (95%). 56% of companies are targeting the European market. The other countries that 6% of the companies are targeting are America, Africa, Asia, Canada, and Argentina. These results are not surprising considering that in 2021, Macedonian food producers sold products worth 389.5 million EUR abroad, which is an increase of 7.23% or 26 million EUR more compared to the export realized in the previous year 2020. If we analyze the export of food from the aspect of the markets when it is exported, then Macedonian food products in 2021 were best sold in the countries of the region and EU member countries. Likewise, according to the data of the State Statistical Office, the total value of exports of goods from the Republic of North Macedonia, in the period January - September 2022, amounts to 379,441,735 thousand MKD and records an increase of 20.1% concerning the same period of the previous year. The value of imported goods, in the period January - September 2022, amounts to 554,574,596 thousand MKD, which is 29.1% more compared to the same period of the previous year. Concerning the size of the companies, the results show that medium-sized companies that earn up to 50 million EUR and large companies that earn more than 50 million EUR are to a greater degree (76%) oriented towards the European market, in contrast to micro and small companies that earn up to 10 million EUR (35%).
To the question: Do you have cooperation with any of the countries in the region (Serbia, Albania, Montenegro, etc.)? a high 86% of the surveyed company representatives answered that they have regional cooperation, and only 14% stated negatively. Analysis of cross-sectional data by company size indicates that medium-sized companies with 51-249 employees and large

companies with 250+ employees have more cooperation with countries in the region (97%) than micro and small companies with up to 50 employees (79%).

The companies that have regional cooperation answered that it is mostly in the domain of: placement of agricultural products (98.8%), then promotion of agricultural products (62.8%), and supply of raw materials and materials (41.9%). On the other hand, companies that do not have cooperation with the countries of the region, indicate that the main reason is that they did not need cooperation (50.0%), then 35.7% said that they are not familiar with the benefits of cooperation. About one-third are not familiar with the ways and channels of communication and the same number had difficulties and barriers to cooperation.

Analysis of the data shows what percentage of the companies' operations are directed to Serbia, Albania, and Montenegro. Thus, four out of ten companies do business with up to 50% of Serbia, a quarter does up to 25%, and about 16% of the companies answered that they do up to 10% with this country. Analyzing company size (number of employees), we notice that medium and large companies cooperate with Serbia at a higher percentage than micro and small companies. That is, half of the surveyed medium and large companies cooperate with Serbia up to 50%, compared to micro and small companies of which 34% answered that they do business with Serbia up to 50%. The results show that 32% of the companies do business with Albania up to 10%. A quarter of the companies answered that they do not work with this country at all, while 21% said that they cooperate up to 25%. By activity, the results show that 37% of companies from the wholesale and retail trade sector do not cooperate with Albania at all, in contrast to processing industries (21%). Also, micro and small companies with up to 50 workers answered in a larger percentage that they do not cooperate with Albania at all (37%), in contrast to medium and large companies (8%). Montenegro is a country with which almost four out of ten companies do not cooperate at all. Every third company cooperates with up to 10%, and about a quarter of companies indicated that they cooperate with up to 25% of Montenegro. By activity, four out of ten companies from the processing industry answered that they do not cooperate with Montenegro at all, in contrast to companies from the wholesale and retail trade sector (30%). Analyzing by company size (number of employees) we notice that almost half of the micro and small companies or 48% said that they do not cooperate with Montenegro at all, concerning medium and large companies of which 18% answered that they do not cooperate with this country. Hence, it could be concluded that the companies represented in the sample mostly cooperate with Serbia. In second place is Albania, while the country with the lowest percentage of business is Montenegro.

On the question: "In your total income from the activity, what proportion is the income from trade in your agricultural/dairy/meat products and processing?" most of the companies (75.0%) answered that their only income is from crops, products and/or processing they work with. For a quarter of companies, the income from trade is up to 80%. A small percentage (1%) answered that the proportion of income from trade is up to 60%. The cross data shows that for the majority (79%) of companies from the processing activity, their only income is from agricultural, dairy, meat products, and processing, in contrast to the wholesale and retail trade sector (67%). Furthermore, according to the number of employees, for a high 86% of micro and small companies that have up to 50 employees, their only income is from crops, products, and/or processing they work with, unlike medium and large companies (58%). For 37% of the surveyed medium and large companies, the income from trade is up to 80%, and for micro and small 13%.

A large majority of the surveyed companies do not receive subsidies from the state. Namely, for trade and purchase, a quarter of companies receive subsidies, and 74% do not receive them. For processing facilities, almost every third company receives subsidies, while 73% do not receive them. Eight out of ten companies declared that they do not receive subsidies from the state for their agricultural production, and only 12% answered positively to this question. One-third of the companies that receive some kind of subsidies for trade and purchase, processing facility, and agricultural production are satisfied with the form and amount of the subsidies. On the other hand, 10% expressed dissatisfaction.

In the following two questions, we consider how much impact the COVID-19 pandemic and the war between Russia and Ukraine have had on the revenues of the companies. For half of the companies, the revenues remained unchanged. As a result of the COVID-19 pandemic, for 17.0% of the companies surveyed, revenues decreased by up to 20%, and for an additional 12.0%, revenues decreased by up to 50%.

By activity, for 60% of companies from the wholesale and retail trade sector, the revenues remained unchanged, compared to companies from the processing industry (46%). The decline in revenues varies by company size. For the majority (61%) of medium-sized companies with 50-249 employees and large companies with over 250 employees, the revenues remained unchanged. Then, nearly four out of ten micro and small companies with up to 50 employees also did not experience a drop in revenues. Medium and large companies show greater resilience (none of them operated with a realized loss), in contrast to micro and small companies (15%). Furthermore, as a result of the conflict between Russia and Ukraine, for one-third of the companies surveyed, the revenues remained unchanged. Decreased revenues up to 50% are the case for 21.0% of the companies, and for 14.0% the revenues decreased up to 20%.

Analyzed by activity, for 40% of companies from the wholesale and retail trade sector, the revenues remained unchanged, compared to companies from the processing industry (33%). According to company size (number of employees), almost four out of ten medium and large companies do not experience a decrease in revenues as a result of the Russia-Ukraine conflict, compared to micro and small companies (31%).

Eight out of ten surveyed companies or 79% said that they have not faced and currently are not facing obstacles and barriers in regional cooperation related to the activity they operate with. About 21% stated specific problems and obstacles. The three biggest barriers stated by the surveyed companies are double documentation, analyzes and tests, detailed laboratory analyses of the products, and long waits at the borders for the export of the products.

By activity, three out of ten companies from the processing industry faced obstacles and barriers in regional cooperation, unlike the companies operating in wholesale and retail trade (17%). Also, the results show that companies with an annual turnover of up to 50 and over 50 million EUR (medium and large) had a higher percentage of problems with regional cooperation (27%), compared to companies with a turnover of up to 10 million EUR, i.e. micro and small (14%).

The opinion of more than half of the surveyed companies is that the conditions for the export of goods are continuously getting easier compared to 10 years ago. Every third company believes that export processes are stagnant, and 7% said that they are moving downwards.

4.2. Regional economy and trade in agricultural, dairy, and meat products within the framework of the "Open Balkan" initiative

The goal of the Open Balkan initiative is the creation of an economy, without customs, without border waiting, and with one hundred percent free trade. Open Balkan means a new chapter in regional cooperation, which will "make us better and make Europe better". The initiative is not limited to the three countries and any other country from the surrounding area is welcome and can join if they wish. In the third part, the main emphasis was to examine the opinion of the companies on improving the placement, competitiveness, and new opportunities for North Macedonia for a common market with the Open Balkan initiative. All surveyed companies had to express their level of agreement with each statement. Most of the companies believe that the *"Open Balkan" initiative would open up new opportunities for North Macedonia for a common market* (18% completely agree, 52% mainly agree), 20% have a neutral attitude, while 10% of the companies do not agree with this statement (9% mainly disagree, 1% disagree). Almost three-quarters of the surveyed companies agree with the following statements: *the "Open Balkan" initiative would improve the placement of Macedonian products and processing in the countries of the region* (26% completely agree, 47% mainly agree), and with *the "Open Balkan" initiative" would open up new opportunities for North Macedonia for a common market of agricultural, dairy and meat products and processing* (25% completely agree, 50% do not agree at all). The results show that the companies agree that the Open Balkan initiative would open up new opportunities for North Macedonia and a common market. It would also improve the placement and competitiveness of production and processing activities of agricultural, dairy, and meat products.

There is a high level of optimism among companies that the Open Balkan initiative could overcome the current barriers to distribution and trade in agricultural, dairy, meat products, and processing within the countries of the region. Namely, more than half of the companies (53.6%) believe that the initiative would overcome barriers, while a quarter of the surveyed companies have the opposite opinion, i.e., they do not agree with this statement.

On the question: To what extent do you agree that the negative consequences in agricultural/dairy/meat production and processing caused as a result of COVID-19 and the Russia-Ukraine conflict would be overcome if these countries acted in an integrated manner, as is the basic idea of the "Open Balkan" initiative?, 62% of the surveyed companies answered that the Open Balkan initiative would successfully overcome the consequences, while 18.4% answered that they would not. 19.4% of representatives of the surveyed companies have a neutral opinion regarding this issue.

The last question from this topic refers to the possibility of advancing the operation of companies with the Open Balkan initiative in certain domains. So, the results of the research show that with the initiative Open Balkan, in the first place, it would be possible to work on improving the placement of agricultural products (80%). In second place as a possible domain for promotion, they ranked the promotion of agricultural products (61%), followed by a joint performance on a third market with 47%.

4.3. Condition of agricultural, dairy, and meat production in the Republic of North Macedonia in the POST-COVID-19 period

The Covid crisis started in the country in mid-March 2020. Agriculture and food production during this period was severely affected by market restrictions, restriction of movement, financial debts, lack of seasonal workers, and so on. Losses and decline in revenues slowed down production activities due to limited working hours and movement, closure of the usual sales channels, uncertain placement, and problems with the purchase, which are just some of the consequences caused by the COVID-19 pandemic in the Macedonian agricultural and food production. Food production is still a very important element of our existence, and thus agriculture is a determinant of society and its development. By increasing productivity itself, agriculture as a basic economic branch that connects society with nature enables the stable and sustainable development of any economy. Many analyses show a drastic drop in the prices of certain products, which further worsens the economic situation. Farmers and scientists agree in stating that the Covid crisis has brought weaknesses to the surface and deepened the problems lasting over the last decades. It also raised the question of whether, as a country dependent on imports, we will have enough food. So, in the following section, we consider the impact and consequences of the COVID-19 pandemic on agriculture, food, and processing industries. We also consider the measures that were taken by the surveyed companies for easier managing of the pandemic, as well as the use of economic measures by the state and the level of satisfaction with them. At the beginning of this set, company representatives were first asked if they have experienced the consequences of the COVID-19 crisis in terms of the demand for products and processing. Most of the companies (56%) did not notice a decrease in demand. About 19% of companies surveyed reported that the pandemic decreased the demand by up to 50%. For an additional 18% of companies, the demand decreased to 25%. A decrease in demand differs according to the size of the company (number of employees). Larger companies show greater resilience, i.e. 68% of medium and large companies did not experience a decrease in demand during the COVID-19 pandemic at all, in contrast to micro and small companies (48%). By activity, the results show that the processing industries in a greater percentage experienced a decrease in demand, in contrast to companies operating in wholesale and retail trade.

The research shows that due to restrictive measures taken as a result of the COVID-19 pandemic, companies mostly faced a decrease in the placement of products and processing. This is a problem faced by 38% of the companies, and the same number said that they did not face any of the listed problems. Furthermore, 33% experienced a significant increase in operating costs. 24% of companies were affected by a significant decrease in income.

The main problems faced by the Macedonian processing industries are a decrease in the placement of products and processing and a significant decrease in operating costs (41%). A decrease in the placement of products is also highlighted as the first-ranked problem in the wholesale and retail trade sector (26%). Furthermore, 16% of the trade sector said they had a problem in supplying raw materials, artificial fertilizers necessary for optimal agricultural production, and decreased income. According to company size, micro and small companies with up to 50 employees mostly faced increased operating costs (47%) and a decrease in the placement of products and processing they deal with (45%) compared to medium and large companies.

To mitigate the consequences of the pandemic and maintain the workforce, more than half of the surveyed companies have taken measures to adjust their business operations. Every third company or 35% introduced remote working. About 11% of the companies reduced salaries, and 10% had financial indebtedness. Other measures taken by 33% of companies are: wearing protective equipment and masks, working in groups, wearing protective suits and masks, and wearing protective equipment and masks, less workload. 42% of the companies did not take any of the listed measures to deal with the COVID-19 pandemic. The analysis by activity shows that the wholesale and retail trade sector most often practiced the measure of remote working (50%), in contrast to the food industries (29%). Two major factors influenced this: the curfew prohibited the enterprises from working in the afternoon (therefore, they had to organize the work in one shift[4]), and the reduced volume of work/sales due to lower consumption and demand for certain products. But, of course, the possibility of working from home is still related to the nature of the workplace and the ability of companies to adapt to this type of work.

[4] Some production facilities were able to work during the curfew with special permits, although they also had problems with the transportation of workers.

Most parts of the companies (83%) did not use the economic measures from the state to deal with the crisis of COVID-19. About 17.0% of the companies gave a positive answer. Of the companies that used economic measures from the state, 64.7% said that it was a payment of MKD 14,500 per employee for April and May 2020, while 52.9% of the companies used favorable loans or subsidized loans from the Development Bank of North Macedonia (DBNM), and one quarter used the obligatory use of annual leave until May 2020 at the latest. As a follow-up to the previous question, the companies were asked how they evaluate the usefulness of the measures from the state for managing the crisis of the COVID-19 pandemic. Almost six out of ten companies responded positively to this question (11.8% completely helped, 52.9% mainly helped), and one-third of the surveyed companies answered negatively (23.5% mainly helped, and 5.9% did not help at all). About 5.9% do not know the answer to this question.
To the question: "As a result of the COVID-19 pandemic and the restrictive measures taken, to what extent did the trade of agricultural/dairy/meat products and processing of your company decrease?" for 28.0% of the companies, the trade decreased up to 10%. For 27.0% of the surveyed companies, there was no decrease in trade, and for 18% it decreased up to 50%. As a result of the COVID-19 pandemic and the restrictive measures taken, for one-third of the surveyed companies, the trade of agricultural, dairy, and meat products and processing with the countries of the region decreased by up to 10%. For a quarter of the companies, there was no decrease in trade, while for 16.0% it decreased up to 20%.

4.4. The condition of agricultural, dairy, and meat production in the Republic of North Macedonia during the Russia-Ukraine conflict

The state military conflict between Russia and Ukraine generally has a major impact on agricultural and food export. The increase in the price of electricity, oil, and raw materials for production and the closing of markets significantly affected the agricultural sector. The Russian aggression against Ukraine, which causes a price shock in the markets, not only worsens the situation given the growth of prices, but also the lack of basic agricultural products such as wheat, sunflower, and corn, which we produce, but we also import. The transport business, which must move to survive, also suffers great damage. The increased fuel prices, the increased cost of transportation, but also the increased competition of empty trucks waiting for products to be transported are part of the consequences that transporters deal with in conditions of military conflict.
In the last set of this research, we examine the changes that occurred in agricultural, dairy, and meat production and processing during the crisis of the Russia-Ukraine military conflict. The analysis shows that 45.0% of the surveyed companies did not experience a decrease in product demand at all as a result of the Russia-Ukraine military conflict. About 22% of companies reported that demand decreased by up to 50%, and by almost the same percentage demand decreased by up to 25%.
A large majority (58%) of medium and large companies that have from 50 to 249 and over 250 employees did not experience a decrease in the demand for products and processing at all, in contrast to micro and small companies that have up to 50 employees (37%). By activity, the demand did not decrease at all among 53% of companies from the wholesale and retail trade sector, in contrast to the processing industry (41%).
One of the biggest consequences of the restrictive measures taken due to the Russia-Ukraine conflict is a significant increase in operating costs for 81.0% of the surveyed companies. This

problem is obvious because the conflict between Russia and Ukraine first led to the increase in the price of electricity, increased fuel prices, and increased cost of transportation, which further worsened the conditions in agricultural and food production. In the second place, one-third of the companies faced problems in the procurement of raw materials, and artificial fertilizers necessary for optimal agricultural production, and for one-quarter, the restrictive measures caused a decrease in the placement of products and processing.

A significant increase in operating costs is the main problem faced by 93% of companies in the wholesale and retail trade sectors. This problem is also highly ranked among processing industries (73%). Furthermore, in second place, trade and processing industries were faced with problems in the supply of raw materials, and artificial fertilizers necessary for optimal agricultural production (33%). In processing industries, the problem of decreasing the placement of products and processing (30%) stands out, compared to the wholesale and retail trade sector, where this problem is manifested in a smaller percentage (13%).

More than half of the companies have taken various actions related to their personnel in response to the crisis of the Russia-Ukraine conflict. It is evident that a significant number (44%) of companies reported financial indebtedness. About 11.0% of companies said they cut wages, and 6.0% said they simply laid off employees and canceled bonuses and rewards. On the other hand, almost half of the surveyed companies stated that they did not undertake any of the listed measures to deal with the crisis conflict between Russia and Ukraine.

Regarding economic measures from the state to help deal with the crisis of the war between Russia and Ukraine, the analysis of the results shows that 99% of the surveyed companies did not use economic measures from the state. Only one company that answered positively to this question used subsidies that mainly helped it deal with the crisis from the Russia-Ukraine conflict.

Furthermore, 28.0% of the surveyed companies did not face a decrease in trade in agricultural, dairy, and meat products and processing. On the other hand, 27.0% reported that trade in products and processing decreased up to 10%. For an additional 15%, trade decreased up to 20%, and 14% of companies faced a decrease of up to 50%. Analyzed by activity, for 47% of companies from the wholesale and retail trade sector, the Russia-Ukraine conflict did not contribute to a decrease in trade, in contrast to the processing industry (20%). For 27% of the processing industry, trade decreased by up to 10% and 19% faced a decrease of up to 50%.

Furthermore, for three out of ten surveyed companies, there was no decrease in trade of products and processing with the countries of the region. For 28.0% of companies, regional trade in agricultural, dairy, and meat products and processing decreased by up to 10%, while 14.0% reported a decrease in trade by up to 20%. By activity, the analysis shows that for half of the companies from the wholesale and retail trade sector, there was no decrease in trade with the countries of the region. For a third of companies from the processing industry, regional trade decreased by up to 10%, and 21% did not face a decrease.

More than half of the surveyed companies stated that the Open Balkan initiative will not improve the placement and exchange of agricultural, dairy, and meat products and processing, while 46.0% gave a positive answer to this question. Analyzed by activity, we note that there is more optimism in the food industry (51%) that the Open Balkan initiative will improve the placement and exchange of products and processing, than in companies from the area of wholesale and retail trade; and motor vehicle repair (33%).

To the question: Do you consider that if the "Open Balkan" initiative had been established earlier, the consequences caused by COVID-19 and the Russia-Ukraine conflict for agricultural/dairy meat production and processing and their placement would have been reduced?, the majority of surveyed companies believe that the earlier establishment of the Open Balkan initiative would not have reduced the consequences caused by COVID-19 and the Russia-Ukraine conflict. About a quarter of the companies answered positively, and 16.0% do not know the answer to this question.

The companies that answered positively to this question believe that if the Open Balkan initiative had been established earlier, the consequences would have been reduced because the companies would have: better placement and transportation of the products; regional cooperation, and the surpluses would be placed in the countries of the Open Balkan; faster transfer of goods to other countries and vice versa; market price competitiveness; faster placement of products and greater volume of operation.

At the end of the survey, the companies were asked an open-ended question that allowed them to express themselves freely about this topic. For a more precise interpretation, the answers are grouped by category and intensity of repetition. To the last question: If you could create the future agricultural development policy of the Republic of North Macedonia, which questions would you put as a priority?, most of the surveyed companies indicated that the development of agricultural policy in North Macedonia, is necessary to emphasize the increase of subsidies for domestic production, but also its timely payment.

5. **CONCLUSIONS**

The research findings indicate a generally positive perception of the "Open Balkan" initiative among companies, emphasizing its potential to enhance regional cooperation and streamline trade processes. Key benefits acknowledged include smoother documentation processes, expedited flow of goods, increased cooperation, and simplified import-export operations. The majority of companies focus on domestic and regional markets, with a notable percentage targeting the European market. Additionally, most companies rely heavily on their own agricultural production for income.

The impact of the COVID-19 pandemic and the Russia-Ukraine conflict varied for the surveyed companies. However, a significant portion reported stable profits or limited decrease in profits. The crisis situations highlighted challenges related to reduced product demand, increased operating costs, and supply chain disruptions, necessitating various coping mechanisms.

Looking ahead, the surveyed companies advocated for enhanced agricultural policies in North Macedonia, emphasizing the need for increased subsidies, timely payment, and regulation of product purchases. Investments in high-quality seeds, modern machinery, and infrastructure were deemed essential to elevate agricultural production and competitiveness while promoting environmental sustainability and food safety.

In conclusion, fostering sustainable agriculture, optimizing production, and supporting the agricultural sector's modernization are fundamental steps toward achieving competitiveness, improved livelihoods for farmers, and the overall development of rural areas. Addressing challenges effectively and implementing informed policies will be pivotal in ensuring a prosperous future for the agricultural sector in North Macedonia.

That is why it is necessary to aim for the creation of conditions for sustainable agriculture and its modernization in primary and secondary production to achieve an increase in production and raise the quality of Macedonian agricultural products, environmental protection, and food safety, i.e. to create competitiveness and added value to agricultural products, while at the same time to ensure the satisfying of country’s needs from domestic production. By achieving the competitiveness of agricultural products, dignified life for farmers and the development of rural areas will be necessarily ensured.

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