



**Austrian
Agricultural
Cluster**



The concept of „Clusters“ -

**An instrument to give consideration to the
challenges for agricultural investments in the
Balkan Countries**

**The Austrian Agricultural Cluster (AAC) -
Example for successful cross-border co-operation**

*Hermann Wieser
Managing Director of the AAC*

Vienna, Dec. 10th 2004



Summary

- 1. The concept of Clusters**
- 2. Short presentation of the Austrian Agricultural Cluster (AAC)**
- 3. Common challenges in the Balkan Countries and how a Cluster can contribute**



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„Paradoxically, the enduring competitive advantages in a global economy lie in local things – knowledge, relationships, motivation – that distant rivals cannot match.“

Michel Porter (1998)

Vienna, Dec. 10th 2004



What is a Cluster in detail?

- ✓ **Clusters are geographic concentrations of interconnected companies and institutions in a particular field.**
- ✓ **Clusters encompass an array of linked industries and other entities important to competition.**



What is a Cluster in detail?

✓ They include, for example, suppliers of specialised inputs such as components, machinery and services and providers of specialised infrastructure.



What is a Cluster in detail?

✓ Clusters also often extend downstream to channels and customers and laterally to manufacturers of complementary products and to companies in industries related by skills, technologies or common inputs.



What is a Cluster in detail?

✓ Finally, many clusters include governmental and other institutions – such as universities, standard-setting agencies, think tanks, vocational training providers and trade associations – that provide specialised training, education, information, research and technical support.



Cluster – the Basic Thinking

Some examples:

- ✓ **More and more countries access the WTO, thus enabling world-wide liberal trading rules**
- ✓ **More and more countries are catching up with the western technology level, thus becoming serious competitors on now global markets**
- ✓ **The possibilities of data processing and telecommunication are challenging our current thinking about space, time and boundaries, bringing unknown world-wide competition to a huge number of service companies**



Profits of a Cluster

- ✓ **Multiple experience of different companies adding value to common product development**
- ✓ **“Spin offs” providing numerous start-ups, thus creating jobs and healthy climate of internal competition**
- ✓ **Related sectors being up-graded**
- ✓ **Authorities getting signals for better focused targets and measures**



Profits of a Cluster

- ✓ **Competitive structures helping to realise and overcome market discontinuities**
- ✓ **Earmarking the region with an outstanding competence to be recognised in the competition of economic areas**
- ✓ **In short, a cluster is nothing more or less, than to give the companies a tool for an additional competitive advantage with all its benefits for the regional development**



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Conclusion:

The overall aim of a Cluster is to achieve an outstanding international competitiveness for the participating partners.



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AAC-Members



CIMBRIA HEID

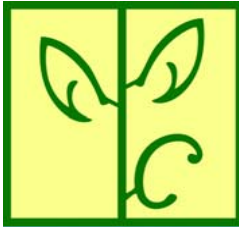


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Key Data:

- ✓ 16 members
- ✓ foundation 1999
- ✓ employees: 4.000 in Austria
- ✓ turnover: approx. EUR 500 Mio.
- ✓ exports: avg. 51%
- ✓ R&D: avg. 4,4 %



**Austrian
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STRUCTURE
AAC - Austrian Agricultural Cluster
PUBLIC-PRIVATE-PARTNERSHIP

**Austrian
Agribusiness
Consultants**

Consulting companies

Individual experts

Experts from
official bodies

**Suppliers of
Technology and Inputs
Turn-key solutions**

Agricultural inputs

Animals

Agric. production

Primary processing

Food processing

Financing

Project management

**Associated Members
„Public-Private-
Partnership“**

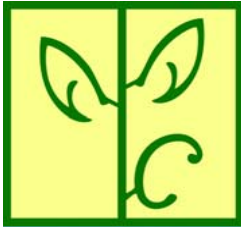
BOKU-Vienna

VETMED-Vienna

Ministry of Agriculture

Ministry of Economics

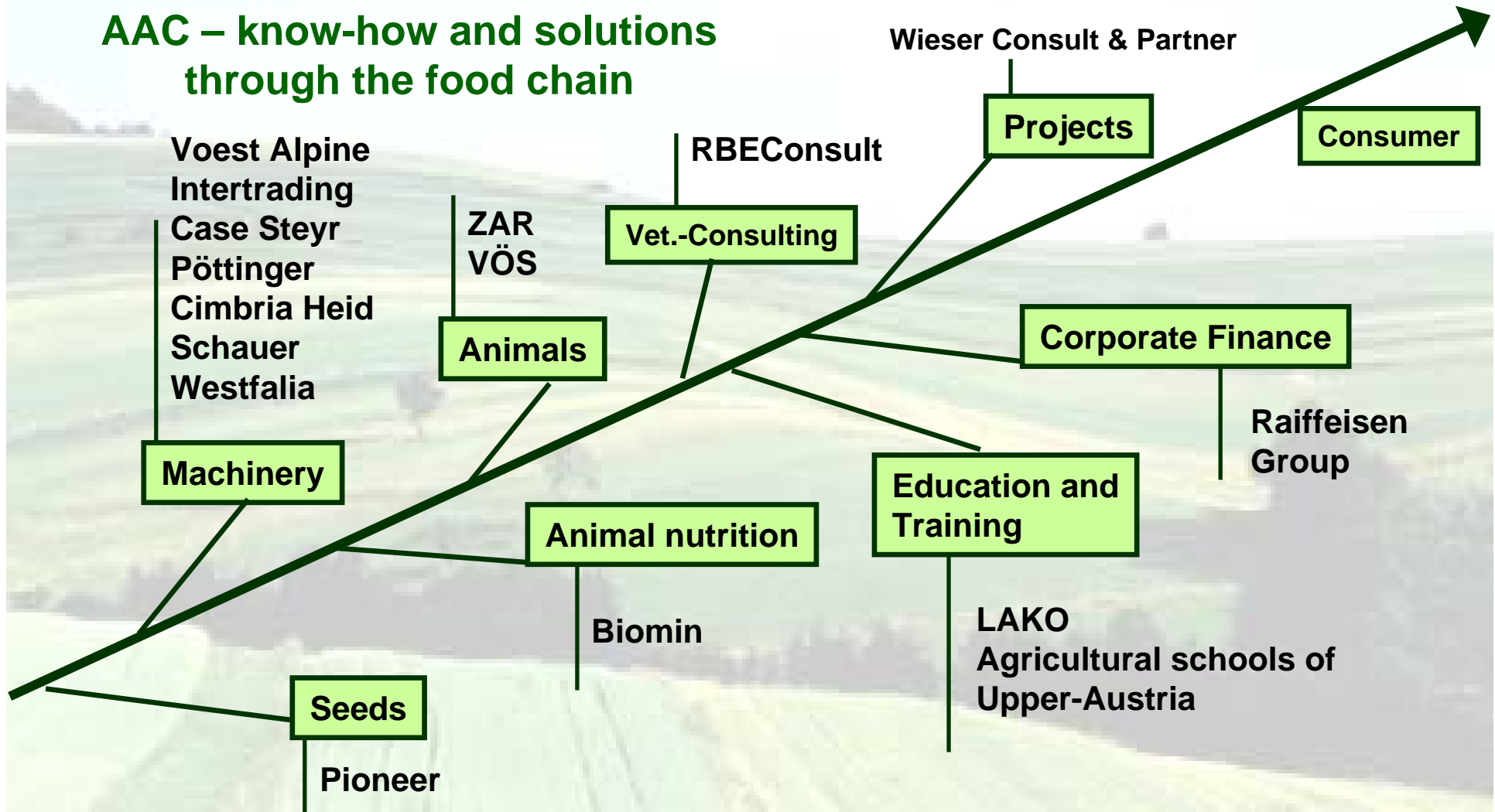
Austrian Federal
Chamber of
Commerce



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AAC – know-how and solutions through the food chain



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Activities:

1. International Marketing und Lobbying

- **Ministries, EU-Authorities, National and local Chambers, Financing Institutions**
- **Fact-finding-mission, Market analysis**
- **Key accounts agriculture and food processing**

2. Fairs

- **Romania**
- **Serbia & Montenegro**
- **Bulgaria**
- **Ukraine**

3. Projects

- **SAPARD**
- **Structural Fund**
- **Project Management and Turn-key solutions**



Target Countries



✓ **Balkan Countries**

✓ **Actual focus**

- ✓ **Romania**
- ✓ **Serbia & Monteneg.**
- ✓ **Bulgaria**
- ✓ **Croatia**



Common Challenges in the Balkan Countries

- ✓ **Imbalance between large scale and micro farms**
- ✓ **Quality of products need to be adapted according to EU standards**
- ✓ **Difficulties in the customisation of increasing market conditions**
- ✓ **Lack of know-how and management knowledge**
- ✓ **High costs in production (mainly in transport)**
- ✓ **low-yield in production**
- ✓ **Inefficient technology**



How can the AAC contribute?

- ✓ **All-in solution for any project size (reference projects)**
- ✓ **Experts and technology for each sector available**
- ✓ **Experience in project management & EU projects (SAPARD and Structural Fund)**
- ✓ **Financing solutions by Raiffeisen banking group**
- ✓ **Study tours to Austria or other CEE countries**
- ✓ **Conclusion: ONE-STOP SOLUTION for investments in agriculture and food processing**



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Austrian Agricultural Cluster

***Your partner for investments in
agriculture and food processing***

**www.aac.or.at
office@aac.or.at**

Vienna, Dec. 10th 2004