

# SWOT ANALYSIS



## Black Sea Basin Programme 2014-2020

November 2019

Common borders. Common solutions



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#### *Joint Operational Programme Black Sea Basin 2014-2020*

*Joint Operational Programme Black Sea Basin 2014-2020 is co-financed by the European Union through the European Neighborhood Instrument and by the participating countries: Armenia, Bulgaria, Georgia, Greece, Republic of Moldova, Romania, Turkey and Ukraine.*

*This publication has been produced with the financial assistance of the European Union. The contents of this publication are the sole responsibility of authors and can in no way be taken to reflect the views of the European Union.*



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## 1. Introduction

In the process of designing a strategy in the field of agricultural policy, in particular at the level of plant products production, it is necessary to investigate and analyze the possible and the weak points, both at the level of the region and at the level of the rural enterprises. Prospects and risks must be recorded and evaluated so that, in combination with the strengths and weaknesses, to design a program that will produce the desired results.

### 1.1 Definition of SWOT analysis

SWOT analysis (strengths, weaknesses, opportunities and threats analysis) is a framework for identifying and analyzing the internal and external factors that can have an impact on the viability of a project, product, place or person.

SWOT analysis is most commonly used by business entities, but it is also used by nonprofit organizations and, to a lesser degree, individuals for personal assessment. Additionally, it can be used to assess initiatives, products or projects.

The framework is credited to Albert Humphrey, who tested the approach in the 1960s and 1970s at the Stanford Research Institute. Developed for business and based on data from Fortune 500 companies, the SWOT analysis has been adopted by organizations of all types as an aid to making decisions.

A SWOT analysis is often used at the start of or as part of a strategic planning exercise. The framework is considered a powerful support for decision-making because it enables an entity to uncover opportunities for success that were previously unarticulated or to highlight threats before they become overly burdensome. For example, this exercise can identify a market niche in which a business has a competitive advantage or help

individuals plot career success by pinpointing a path that maximizes their strengths while alerting them to threats that can thwart achievement.

## 1.2 Elements of a SWOT analysis

As its name states, a SWOT analysis examines four elements:

- Strengths: Internal attributes and resources that support a successful outcome.
- Weaknesses: Internal attributes and resources that work against a successful outcome.
- Opportunities: External factors that the entity can capitalize on or use to its advantage.
- Threats: External factors that could jeopardize the entity's success.

**S**TRENGTHS  
**W**EAKNESSES  
**O**PPORTUNITIES  
**T**HREATS

A SWOT matrix is often used to organize items identified under each of these four elements. A SWOT matrix is usually a square divided into four quadrants, with each quadrant representing one of the specific elements. Decision-makers identify and list specific strengths in the first quadrant, weaknesses in the next, then opportunities and, lastly, threats.

	<b>MOSTLY INTERNAL CHARACTERISTICS OF THE REGION</b>	<b>FACTORS MOSTLY EXTERNAL TO THE REGION</b>
<b>MAINLY POSITIVE</b>	<i>Strengths</i>	<i>Opportunities</i>
<b>MAINLY NEGATIVE</b>	<i>Weaknesses</i>	<i>Threats</i>

*SWOT table*

Entities undertaking a SWOT analysis can opt to use any one of the various SWOT analysis templates in existence; these templates are generally variations of the standard four-quadrant SWOT matrix.

### 1.3 SWOT analysis pros and cons

SWOT analysis can help the decision-making process by creating a visual representation of the various factors that are most likely to impact whether the business, project, initiative or individual can successfully achieve an objective.

Although that snapshot is important for understanding the multiple dynamics that impact success, a SWOT analysis does have its limits. The analysis may not include all relevant factors for all four elements, thereby giving a skewed perspective. Moreover, because it only captures factors at a particular point in time and doesn't allow for how those factors could change over time, the insight it offers could have a limited shelf life.

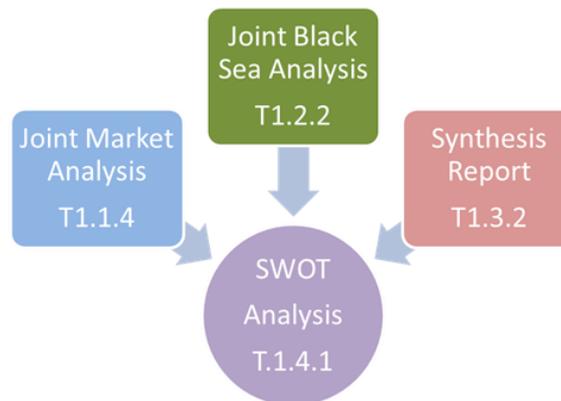
## 2. Categorization of SWOT elements per field

Based on the analysis preceding the deliverables:

- a) **T1.1.4 Joint Market Analysis**
- b) **T1.2.2 Joint Black Sea Common Analysis** and
- c) **T1.3.2 Synthesis Report**,

Important conclusions are grouped and presented in this SWOT analysis taking into account and separating them into the following categories:

- **Marketing opportunities**
- **Environmental sustainability of the Tea sector**
- **Political background**



The findings can form the basis of a single action plan for the development of the tea cultivation and exploitation sector in rural areas around the Black Sea.

The following tables present the SWOT elements by category: (strengths, weaknesses, opportunities, threats) and per field (marketing, environment, political background).

## 2.1 SWOT analysis: Marketing Opportunities

STRENGTHS (S)		WEAKNESSES (W)		OPPORTUNITIES (O)		THREATS (T)	
<b>Marketing</b>							
S1	Geopolitical position in the wider economic area of Southeast Europe.	W1	Tea is storable for only up to one year.	O1	A wide range of herbs available in the region are not properly investigated, but has huge potential in medicine and cosmetics.	T1	Global economic crisis that leads to the decrease in the purchasing power of the target groups
S2	Significant competitive advantage due to the know-how and experience of multi-year experience in particularly demanding crops in some areas	W2	Weak marketing strategies are being employed by small- and medium-sized enterprises.	O2	Modern approach to branding and marketing of agricultural products. Utilizing the Internet (Internet Marketing and Creating Online Stores) as a window to approach the premium world market.	T2	Loss of existing markets due to a change of consumer tastes, a Russian trade embargo, an introduction of export tariffs, and/or the loss of competitive advantage to new entrants.
OS 3	Demand for tea has been increasing in Black Sea area and around the world.	W3	Unilateral trade barriers imposed by neighboring countries.	O3	Exploitation of cooperative organizations	T3	Restraining attitudes of the local population towards innovation
S4	Tea, compared to processed fruits and vegetables, has significantly lower shipping costs as a percentage of the	W4	Organic farming is smaller than the conventional farm, and for this reason it cannot save money at the expense of	O4	New, modern processing machinery (and renovation of factory buildings) can improve the quality of the final product.	T4	Inexperience with successful marketing strategies that may lead to resource waste and low returns on marketing

	value of the product.		volume production and reduce the cost of the product				investment.
S5	Particularly local character of specific regions	W5	Lack of qualified staff	O5	Systematic identification of individual areas through the connection of rural enterprises with the specific local characteristics of the area where they operate.	T5	Increase in competition intensity due to the liberalization of the markets
				O6	Making use of information technology such as e-learning courses for producers - e- learning platforms, webinars etc		
				O7	Linking agricultural production and agro-tourism		

## Marketing Opportunities

In terms of Marketing, mostly opportunities have been identified, relating amongst others to exploitation of cooperative organizations and systematic identification of individual areas through the connection of rural enterprises with the specific local characteristics of the area where they operate. On the negative side, the organic farming is smaller than the conventional farm, and for this reason it cannot save money at the expense of volume production and reduce the cost of the product.



In recent years, demand for natural products has been increasing in all international markets. A sought-after herb, renowned for its healing properties, paves the way for an additional source of income.

## 2.2 SWOT analysis: Environmental Sustainability

STRENGTHS (S)		WEAKNESSES (W)		OPPORTUNITIES (O)		THREATS (T)	
<b>Environment</b>							
S1	There is a good climate for tea production. The Black Sea create good conditions for quality tea growing.	W1	Unreasonable use of water resources which has led to partial degradation of available cultivated land	O1	Default environmental conditions eliminate the necessity of using chemicals. These favor production of bio/organic tea, which is a high-value product.	T1	Excessive use of fertilizers and herbicides may cause environmental damage.
S2	The plantations and tea bushes are very natural; in some areas herbicides and fertilizers have not been used for more than 25 years.	W2	Uncontrolled overgrazing of farm animals which leads to the destruction of endemic plant species especially in the highlands.	O2	Exploitation of problematic and less developed areas where the environment is less severely affected than in dynamic areas	T2	Risk of extinction of rare plants
S3	Rich plant diversity, some of which can be new alternative crops	W3	Lack of strategic planning for the development of innovative crops that are environmentally friendly	O3	Exploitation of soil and climate conditions for the production of products using environmentally friendly methods - "Green" Agriculture	T3	Risk of natural disasters / reduced crops / Security against natural disasters
S4	Most tea plantations do not require irrigation or drainage	W4	Existence of subsidies in non-productive, non-efficient,	O4	Selection of crops that reduce the "Imprint" of CO2	T4	Production irrespective of the season or the weather

	infrastructure.		non-environmentally friendly crops				
S5	There are no tea plant diseases, (a cold winter is a natural remedy, protecting tea plantations).	W5	High plant production costs in environmentally friendly methods	O5	Use of "green" energy in the production process	T5	Climatic changes
		W6	Lack of infrastructure to support "Green" Entrepreneurship	O6	Shift of the chemical industries to produce products (eg household insecticides) using plant raw materials.		
		W7	Low level of awareness of the population about the necessity to maintain, exploit the natural environment				

## Environmental Sustainability

Having tea plantations has several positive environmental impacts. First of all, due to unique climate conditions, tea plantations in Black Sea Area are not vulnerable to diseases and do not require use of pesticides. Therefore, growing tea in this area does not lead to soil degradation and is an environmentally friendly practice.



Tea bushes develop a very deep and strong root structure that can prevent landslides, mudflows and other environmental calamities, especially in high mountain areas.

Existence of subsidies in non-productive, non-efficient, non-environmentally friendly crops and Low level of awareness of the population about the necessity to maintain, exploit the natural environment related problems constitute the majority of weaknesses in the field of environment. Although intra-regional differences are large, the region as a whole also falls behind because of the lack of strategic planning for the development of innovative crops that are environmentally friendly. Other weaknesses relate to the lack of infrastructure to support "Green" Entrepreneurship.

## 2.3 SWOT analysis: Political Background

STRENGTHS (S)		WEAKNESSES (W)		OPPORTUNITIES (O)		THREATS (T)	
<b>Political Background</b>							
S1	Role of local government: increased dynamics and responsibility, development of local planning, mediates between the market and free and public goods	W1	Intrinsic problem of Local Self-Government towards the exploitation of its operational opportunities	O1	Local Government can act as a lever of eco-de-velopment effort; as a multiplier for local, na-tional, international networking to promote product quality	T1	Lack of central planning to support the rural world and inform it of the conditions that the new CAP is formulating.
S2	An important position of the agri-food sector in the economy	W2	Low level of support - guidance from government agencies	O2	Taking advantage of all available funding programs for the production of high-quality products	T2	Strong sense of uncertainty due to expected subsidy constraints that, coupled with high production costs, lead to the inability to produce specific types
S3	Increasing tendency to improve services, basic infrastructure and social infrastructure in the countryside with emphasis on quality.	W3	High interest rates on bank financing for the tea sector; banks are not accepting plantations or processing equipment as forms of collateral.	O3	Support of the creation of innovative products	T3	Continuous increase in production costs (increases in electricity price, expected water pricing, oil price, etc.).
		W4	There have not been any	O4	Exploitation of scientists with	T4	Lack of State control over

			governmental programs directed at the tea sector in recent years, resulting in a lack of capital, infrastructure and development opportunities in the sector.		new ideas and ability to manage new innovative agricultural production development programs		illegal trade in bulk tea
		W5	The property tax on land has increased.	O5	Systematic identification of individual areas through the connection of rural enterprises with the specific local characteristics of the area where they operate.		
		W6	Lack of capacity to manage rural development projects	O6	Support of the creation of innovative products		
		W7	Low level of support - guidance from government agencies				
		W8	A total lack of support-guidance by the Managing Authorities of Protected Areas				
		W9	Bureaucracy in all manifestations of the development and operation of new agricultural enterprises				

## Political Background

Of all fields, the field of political background has the most weaknesses. The majority of issues relate to the total lack of support-guidance by the Managing Authorities and Governments and Intrinsic problem of Local Self-Government towards the exploitation of its operational opportunities.

Strengths and opportunities on the other hand are related to the important position of the agri-food sector in the economy and the exploitation of scientists with new ideas and ability to manage new innovative agricultural production development programs.



Efficient agricultural policies and support programs are essential to meeting increasing demand for safe and nutritious food in a sustainable way, including demand for tea and nutritional supplements from herbs and medicinal plants as part of the trends in recent years towards healthy



nutrition. The policies must address challenges such as increasing productivity growth, enhancing environmental performance and adaptation to climate change, and improving resilience of farm households to market shocks brought on by weather and other unforeseen circumstances.

Domestic support policies and programs have changed over the years. Countries have substantially altered their agricultural trade and domestic support policies over the past two decades. In some countries, support provided to farmers has become more decoupled from production – meaning that many farmers no longer receive payments for producing a specific commodity – and instead has begun to target environmental outcomes. But in some developed countries, support remains high and linked to production.

The level of support for farmers, including tea and herbs producers, in the EU member states (Bulgaria and Greece) is connected with the overall EU budget and reflects the many variables involved in ensuring continued access to high quality food, which includes functions such as income support to farmers, climate change action, and maintaining vibrant rural communities.

The level of support to farmers in the EU neighboring countries (Armenia, Georgia and Turkey) is ensured mainly by state financed programs, aimed at rural agriculture development in these countries, and support from USAID and EU donor program.

### 3. Conclusion

About 85% of world tea production is sold by multinational companies, three of which control one fifth of the market: Unilever (12%), Tata Global Beverages (formerly Tata Tea, 4%) and Twinings (3%). As a result, individual tea producers and workers usually do not have much influence on trading conditions. In addition to this disadvantage, other sustainability issues related to tea cultivation include labor rights, poverty, soil erosion, water management, pest management and deforestation. Currently, commercial consumption of tea is increasing, thereby bridging the gap between tea and coffee consumption.

The prices of aromatic and medicinal prices have increased significantly for the period 2007-2008. Therefore, for the period to 2025, a similar development is expected. Price in the coming years is expected to range between \$ 10 / kg and \$ 12 / kg. This price can be considered particularly satisfactory for tea growers as at least ten years ago (2005-2008), the average export price was below.

The growth of the global tea market is influenced by the health benefits associated with tea consumption and rising concerns about people's fitness in different areas. Extras that support market growth include increasing coffee cultivation, increasing disposable income, changing people's preferences, and innovating tea by introducing additional healthy ingredients.

#### 4. Source of Information

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