

Study on the research, innovation and technology transfer capacities and on the recent agricultural policy developments in the context of the EU approximation process in the pre-accession countries (ARAPD)

Task 1: Recent agricultural policy developments in the context of the EU approximation process in the pre-accession countries

Progress report for MONTENEGRO

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Interim Meeting

25 June 2020

Online meeting



1. Introduction

- During the period 2017-19, the main objective of Montenegro's agricultural policy is to improve the competitiveness of agricultural production and improving living conditions in rural areas.
- In the previous period, several new measures have been planned in Agrobudget to improve living standards and conditions for people in rural areas.
- Interest in agriculture is much higher than in the previous period.



2. State of the agri-food sector

- Agriculture is one of the strategic development sectors in Montenegro. Her participation in 2018 GDP was 6.7%. Gross value of production in agriculture, forestry and fisheries in 2018 amounted to 515.2 mil. euro and up 6.7% compared to 2017.
- In compare with 2015, number of hectares of total utilized agricultural land in 2016 increased for 10.6%, in 2017 for 10.8% and in 2018 increased for 11%.
- In the livestock sector, the total number of cattle in 2018 was 83 264. Compared to 2017 it was decreased by 3.9%.



2. State of the agri-food sector

- Montenegro is a net importer of food and its characterized by a high foreign trade deficit
- Tourism is also one of the factors that influence the growth of imports, which is also reflect in the monthly exchange data from which it is clearly seen that it is most imported during the summer months (meat, alcoholic beverages, carbonated soft drinks, bakery products, dairy products).



3. Socio-economic issues underlying rural areas

- Analyzing the three regions of Montenegro according to the OECD methodology, the Northern region, covering 13 municipalities, belongs to predominantly rural regions (59.7% of the population lives in rural local communities), while the Coastal (41.7%) and the Central (20.4%) belong to intermediate regions.

Region	Population, Census 2003			Population, Census 2011			Difference (Cen.'11Cen.'03)	
	Total	Urban, %	Rural, %	Total	Urban, %	Rural, %	In total	Rural %
Coastal	145,847	59.8	40.2	148,683	58.3	41.7	2,836	1.5
Central	279,419	78.0	21.1	293,509	79.6	20.4	14,090	-0.7
Northern	194,879	39.0	61.0	177,837	40.3	59.7	-17,042	-1.3
Montenegro, total	620,145	61.9	38.1	620,029	63.2	36.8	-116	-1.3

Table 1: Population in Montenegro, total and by regions, 2003-2011
Source: MONSTAT, Census 2003 and Census 2011



3. Socio-economic issues underlying rural areas

- The accelerated demographic emptying and then the production shutdown of rural communities in Montenegro are primarily the result of accelerated urban development and the absence of a long-term agricultural and rural development policy.
- First of all, by launching ambitious projects for the transformation of society, the socialist system fundamentally shook up the agrarian structure and traditional way of life of the peasants.
- Industrialization, production planning, are the basic policies that sought to overcome the underdeveloped state of Montenegro.
- Individual agricultural production has ceased to be an economic branch of particular social importance, which strongly influenced the overall integrity of the village, rural society and life within the farm itself.
- Until a few years ago, farms were stagnant and became an insignificant part of the social structure, without almost all influences in the social chain of action.



4. National policy framework

- Montenegrin agriculture is still moving in the Strategic Framework 2016-2020
(continues to implement the activities envisioned by the Strategy for the development of Agriculture and Rural areas 2015-2020 and Action Plan for acquis alignment Chapter 11 - Agriculture and Rural Development).
- One of the main challenges in the coming period will be the accreditation of the Directorate for Payment



4. National policy framework

- The policy of the development of agriculture and rural areas aims to improve living conditions in rural areas, the living standard of agricultural producers, provide necessary investments in infrastructure and improve the production process, increase the competitiveness of domestic producers and improve processing capacities, provide support in preserving traditional products, etc.

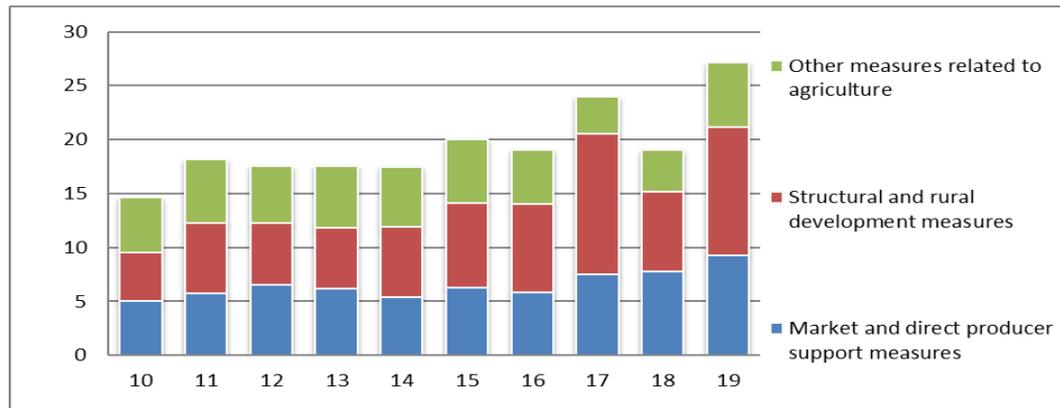
(MIDAS 1, MIDAS 2, IPARD like, IPARD...)



5. Measures and budgetary support of agriculture and rural development

- Total planned incentives for the agriculture sector in 2019, 2018 and 2017 were €52.4 million, €39.95 million and €31.5 million.

Chart 1: The structure of total budgetary support to Agriculture in Montenegro, 2010-2019, in millions of Euros



Source: SWG APM database for Montenegro



6. Approximation to the EU policy

- The implementation of the activities set out in the Action Plan for Harmonization with the Acquis communautaire continues.
- The Agrobudget for 2019 continued to align its direct payment policy, and introduced new measures related to compliance with the CMO policy and related to the wine sector, school schemes, producer organizations.



7. Discussion, conclusions and recommendations

- Montenegro does not have an Integrated Administration and Control System (IACS), which is fully compliant with EU rules, Price reporting system and FADN system
- Montenegro does not have the capacity to be competitive in the market of main agricultural products of the EU, due to its natural predispositions and unorganized joint participation in the market (small-scale agricultural area and unfavorable structure of farms), but it has the potential to develop the production of high-quality agricultural and food products in an innovative and traditional way.
- Finally, the key segment is to promote domestic agricultural products and be competitive with imported products, while also using tourism as a sales channel.



Thank you for your attention!

