

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

*Republic of Serbia
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Economic development

► *Serbia: economic context, 2010 and 2019*

	2010	2019
GDP (EUR mill.)	31,546	45,912
Population (mill.)	7.291	6.964
Land area (km ²)	88,361	88,499
Population density (inhab./km ²)	94	90
GDP/capita, PPP (EUR)	9,200	10,700
Foreign trade as a share of GDP (%)	63.0	90.2

- Since 2015 Serbia records a steady growth of GDP, which is followed by the growth of GVA;
- Positive trends → decrease in the share of public debt in GDP, the increase of foreign currency reserves, and keeping inflation within projected limits;
- The total export of goods has increased from the beginning of the period by 2.4 times, while import value has almost doubled.

Agricultural development

► *Serbia: agriculture in the economy, 2010 and 2019*

	2010	2019
% of GVA	12.2	11.7
% of employment	26.2	19.1
Agro-food exports (% of total exports)	23.0	18.5
Agro-food imports (% of total imports)	6.6	7.8

- The number of employees in agriculture declined, as well as % of employees in agriculture in total employment (15.6%).

	2010	2019
Agro-food exports (mill. EUR)	1,701	3,238
Agro-food imports (mill. EUR)	819	1,868
Balance of agro-trade (mill. EUR)	882	1,370
Agro-food export-to-import rate (%)	207.7	173.3

► *Serbia: agro-food foreign trade, 2010 and 2019*

- Export of agro-food products has been increased from 2010 – 1.9 times, while import value has been increased by 2.3 times;
- The highest value of surplus was recorded in the middle of the period (1.6 bill. EUR in 2016).

Agricultural development

► *Serbia: characteristics of the agricultural sector, 2010 and 2019*

	2010	2019
UAA (000 ha)	3,521	3,482
% of arable land in UAA	75.4	74.1
% of crops in total agricultural production	70.5	67.6
Average wheat yield (t/ha)	3.4	4.4
Average milk yield (t/dairy cow)	2.9	3.6

- Annual changes in the amount of UAA are in the range of ± 1 %;
- Agricultural output is dominated by crop production (68%);
- Positive trends → increasing of yields of main crops and livestock products.

Agricultural policy development

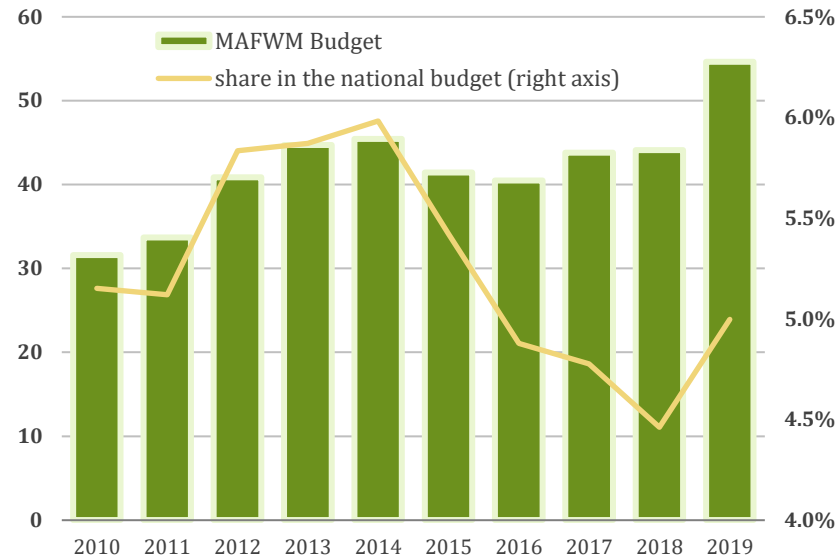
► Agricultural policy concept and framework

- Strategic policy framework is defined by:
 - The Strategy for the Agriculture and Rural Development of the Republic of Serbia for the period 2014-2024;
 - The National Agriculture Programme for the period 2018-2020;
 - The National Programme for Rural Development for the period 2018-2020;
- The Law on Subsidies in Agriculture and Rural Development, as the main policy framework, prescribes the following support:
 - ✓ Direct payments;
 - ✓ Rural development measures;
 - ✓ Specific subsidies;
 - ✓ Credit support;
 - ✓ IPARD measures (co-financed by the EU fund).

Agricultural policy development

► Budgetary support to agriculture

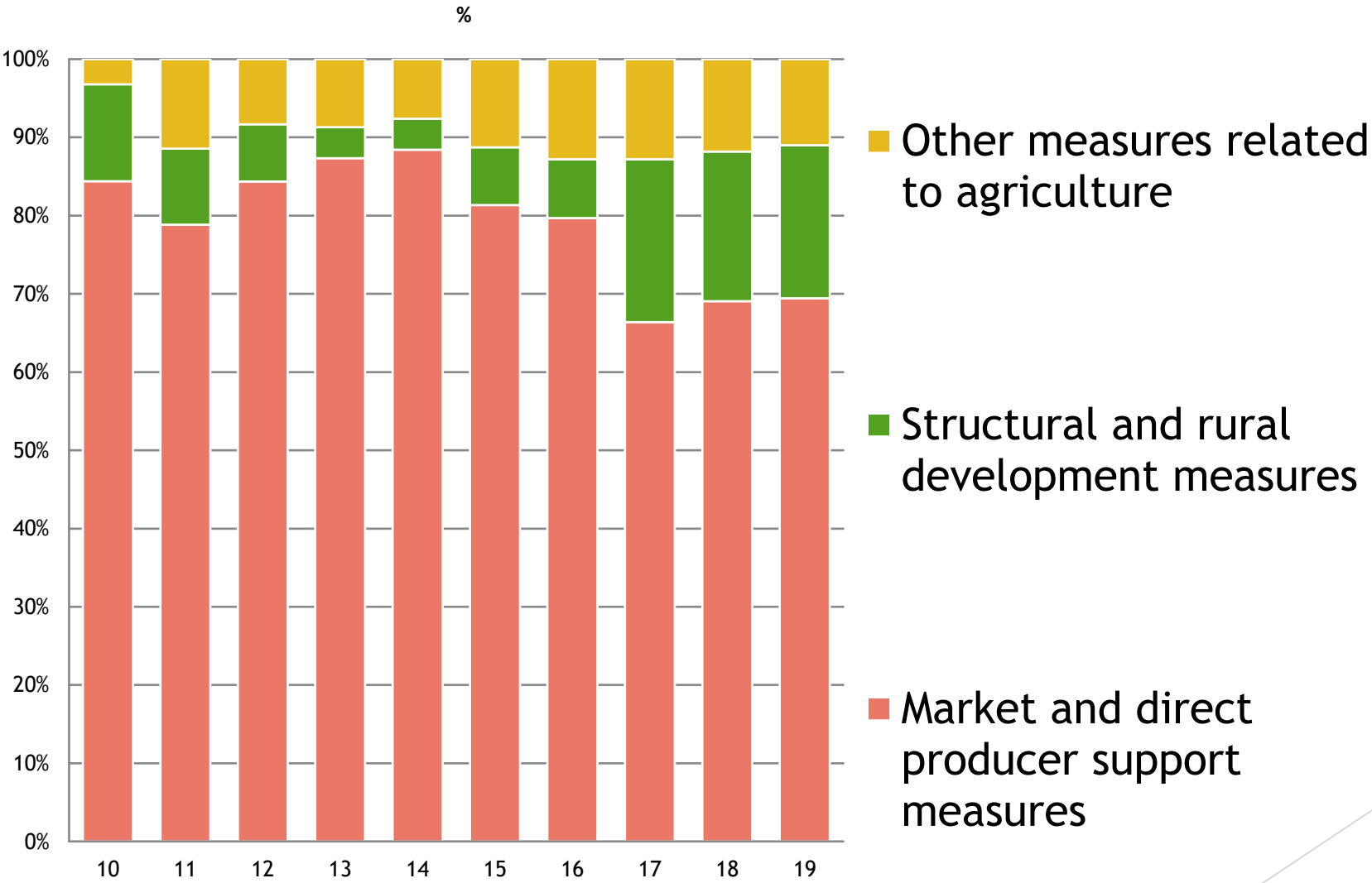
- The period 2010-2019 is characterized by oscillations in the agricultural budget value;
- In 2019, the highest amount of the budget was achieved (about 465 mill. EUR);
- $\frac{3}{4}$ of the agricultural budget is dedicated to subsidies;
- $\frac{2}{3}$ of the subsidies is allocated on direct payments.



► Additional support measures in 2020 due to situation caused by COVID-19:

- ✓ Financial support for agricultural holdings through easier access to credit use in difficult economic conditions due to COVID-19 disease caused by SARS-CoV-2 virus;
- ✓ Financial assistance to agricultural holdings in order to mitigate the effects of COVID-19 disease caused by SARS-CoV-2 virus.

Budgetary support to agriculture 2010-2019



Farm structure

► *Serbia: main farm structure indicators, 2012 and 2018*

	2012 (AC)	2018 (FSS)
UAA per holding (ha)	5.4	6.2
% of holdings with UAA < 1 ha	28.2	20.8
LSU per holding with LSU	4.1	4.4
% of holdings with LSU < 1	28.4	33.6
SO per holding (EUR)	5,918	9,457
% of holdings with SO < 2,000 EUR	45.9	27.7

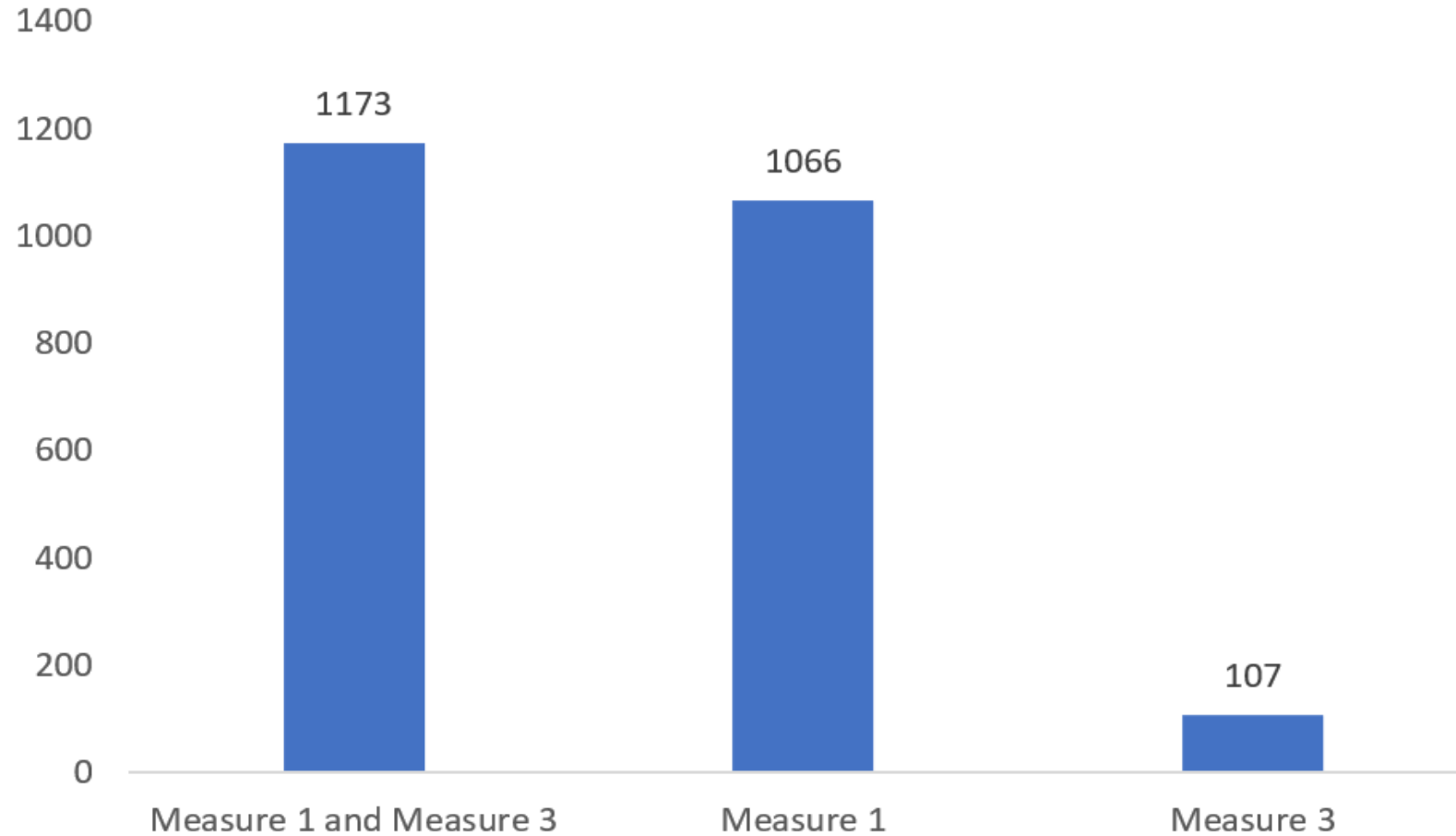
- *The Farm Structure Survey (FSS)* was conducted in the late 2018 and *the Agricultural Census* is going to be held in the late 2021. Methodology of both surveys is fully aligned with the *acquis*;
- Average size (UAA) of holding has increased and % of “small” holdings (up to 1ha) has declined;
- LSU per holding has increased also, but $\frac{1}{3}$ of holdings have up to 1 LSU;
- SO per holding has increased significantly and, consequently, % of holdings with up to 2,000 EUR has drop down.

EU integration process

- ▶ Opening benchmarks for CH 11 defined for Serbia:
 1. Serbia presents to the EC an action plan, which will serve as a basis for the transposition, implementation and enforcement of the *acquis* in agriculture and rural development;
 2. Serbia has submitted the request for entrustment with budget implementation tasks for IPARD II to the EC, in accordance with the provisions of Commission Implementing Regulation 447/2014.
- ▶ Both opening benchmarks are fulfilled and preparation of *the Opening Benchmark Assessment Report (OBAR)* by the COELA is in progress;
- ▶ Serbia is already applying some CAP-like agricultural and rural development policy schemes, but they are not in line with the *acquis*;
- ▶ Four accredited measures within the IPARD II Programme 2014-2020:
 - M1 – Investments in physical assets of agricultural holdings
 - M3 – Investments in physical assets concerning processing and marketing of agricultural and fishery products
 - M7 – Farm diversification and business development
 - M9 – Technical Assistance

IPARD 2 IMPLEMENTATION IN PERIOD 2017-2019

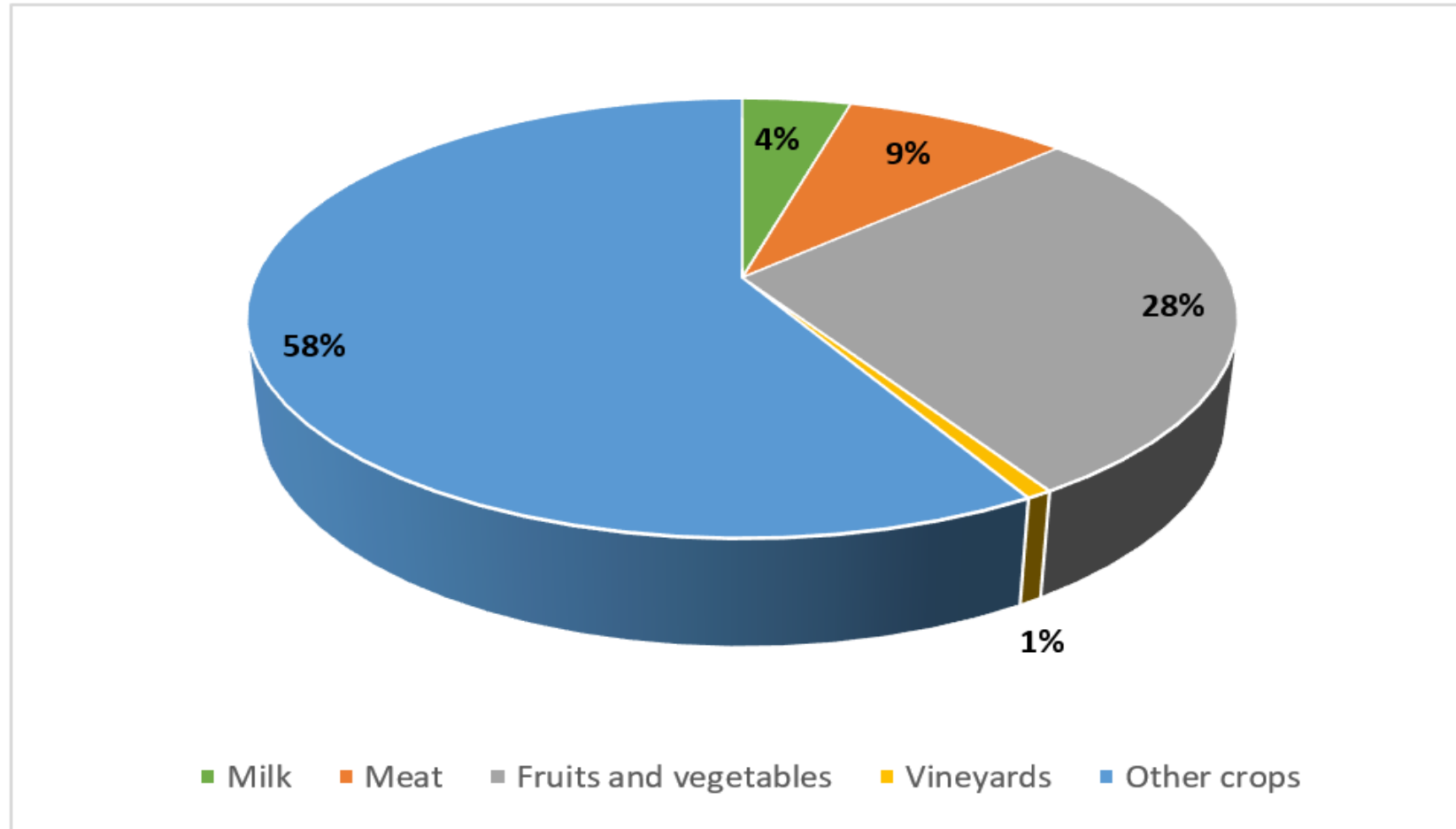
Figure. Total number of applications submitted (Measure 1 - First, Second, Third and and Measure 3 - First and Second calls)



Source: DAP, 2020.

IPARD IMPLEMENTATION OF THE MEASURE 1

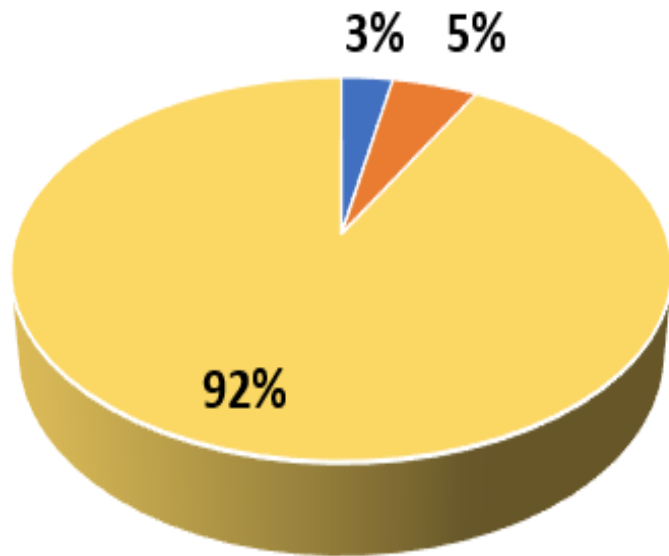
Figure. IPARD Application structure by sector, Measure 1 in 2017-2019. years



Source: DAP, 2020.

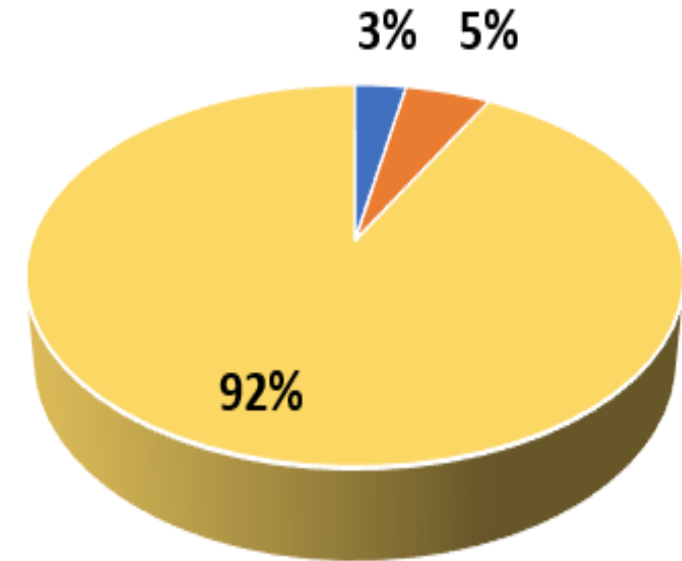
IPARD IMPLEMENTATION OF THE MEASURE 3

Figure. Structure of applications submitted by sector, Measure 3 - First and Second Call



- MILK AND MILK PROCESSING
- MEAT AND MEAT PROCESSING
- FRUITS AND VEGETABLES

Figure. Eligible expenditure, by sector, Measure 3 - First and Second Call



- MILK AND MILK PROCESSING
- MEAT AND MEAT PROCESSING
- FRUITS AND VEGETABLES

Source: DAP, 2020.



THANK YOU FOR YOUR ATTENTION!