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How to improve the agricultural policy in the SEE countries – the needs for evidence and consistent approach

**Prof. Dr. Emil Erjavec , Dr. Tina Volk, Dr.
Miroslav Rednak**

**Univesity of Ljubljana, Agricultural Institute of Slovenia
SWG Agricultural Economists Network**

... is policy based on:

- rigorously established objective evidence , good *data & facts, benchmarking, impact assessments...*

Modern governments must produce policies

- that really deal with **problems**,
- that are shaped by **evidence** and not by ideological statements
- that are **forward-looking** rather than a response to short-term pressures;
- that tackle **causes** not symptoms...

This is valid also for SEE...

- ❓ Since 2008 the WB **Agricultural Economists Network** (mostly within SWG frame) provided:
 - ✓ the **monitoring of situation and trends in agriculture and agricultural policy.**

- ❓ In this presentation: some interesting fragments of broader 2016 analysis, based on:
 - **Agricultural statistics** (national and EUROSTAT)
 - **Ag Policy documents** (programming and legal frame)
 - **Budgetary transfers to agriculture** (APM tool)

New agricultural and agricultural policy data base has been created!

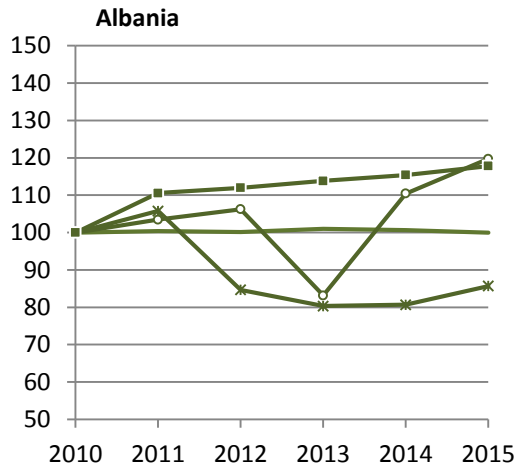
<http://app.seerural.org/>

New **study** with country and synthesis reports will be published in 2017 covering the period 2010-2015.

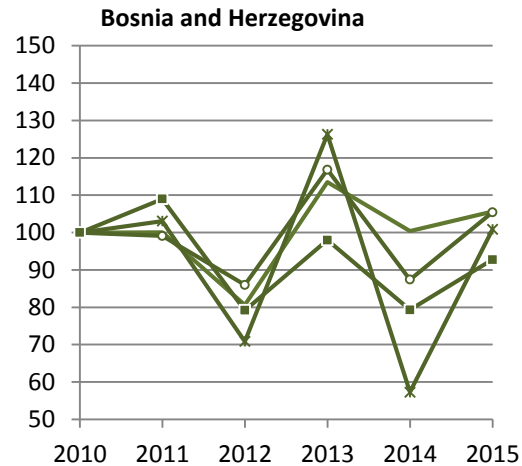
- A. *What are the main **development patterns** in production and trade of WB agriculture?*
- B. *The new **policy frame** (new programming documents) in 2013-2015?*
- C. *Are there any significant changes in **budgetary transfers** – in terms of approximation toward the CAP?*
- D. *What are the main characteristics of **direct producer support** in the region?*

A. SITUATION AND TRENDS OF WESTERN BALKAN AGRICULTURE

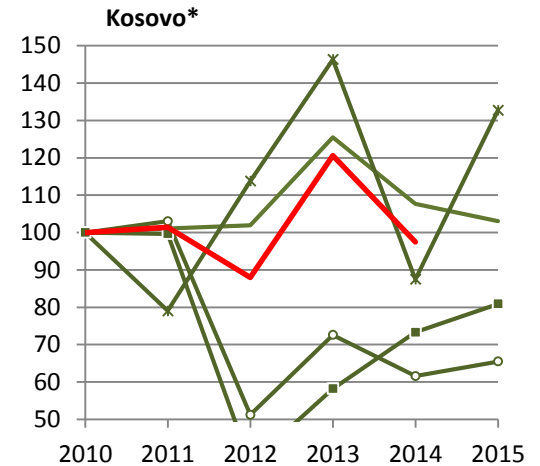
Crop production (2010 = 100)



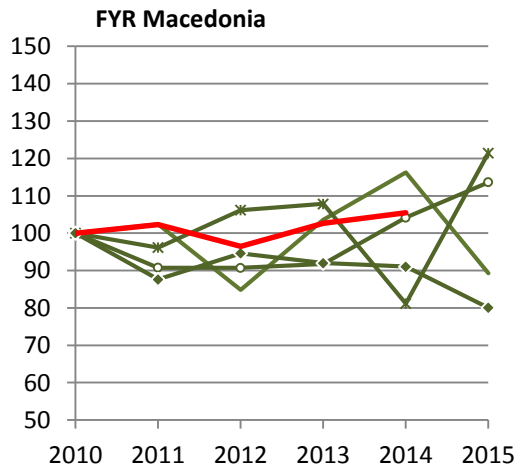
— Cereals —○— Vegetables
 —*— Fruits, grapes —■— Potatoes



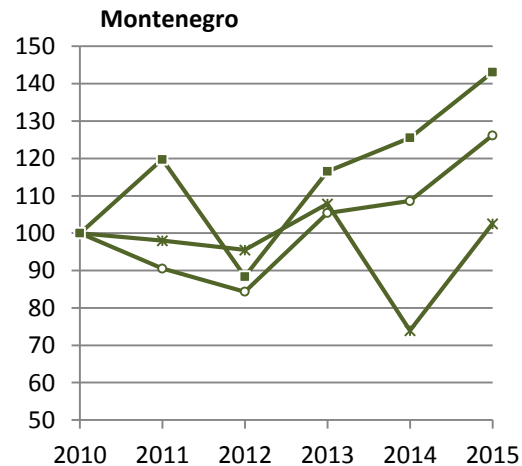
— Cereals —○— Vegetables
 —*— Fruits, grapes —■— Potatoes



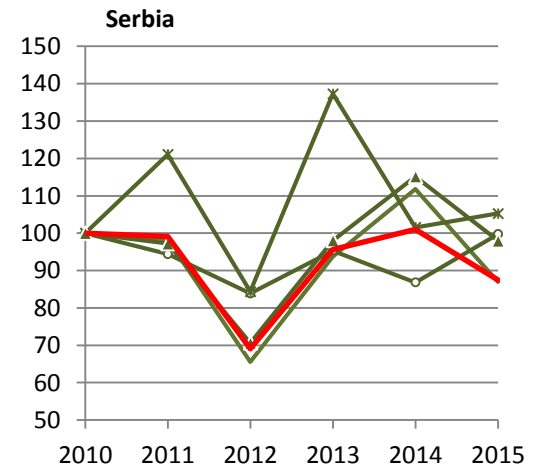
— Cereals —○— Vegetables
 —*— Fruits, grapes —■— Potatoes
 — Crop output



— Cereals —○— Vegetables
 —*— Fruits, grapes —◆— Tobacco
 — Crop output

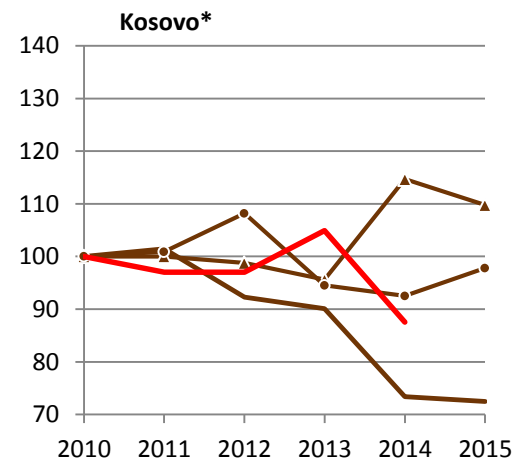
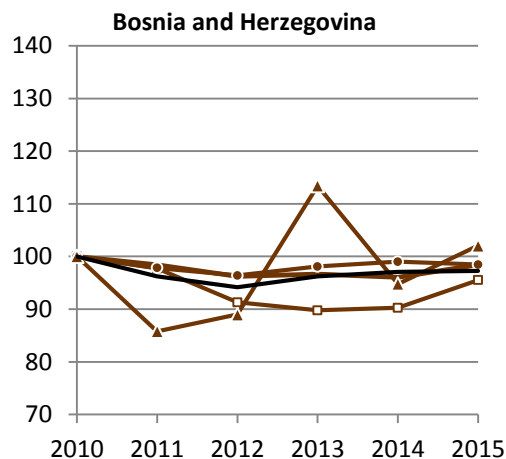
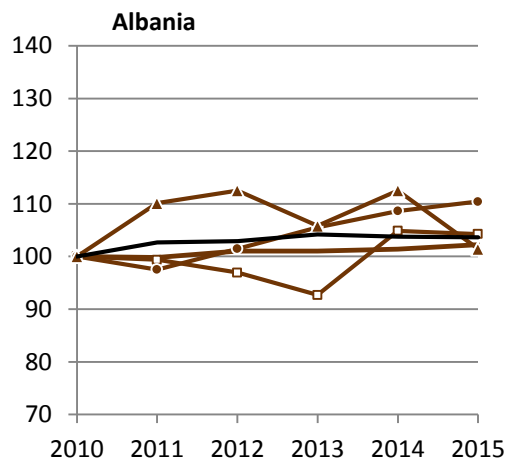


— Cereals —○— Vegetables
 —*— Fruits, grapes —■— Potatoes



— Cereals —○— Vegetables
 —*— Fruits, grapes —▲— Oilseeds
 — Crop output

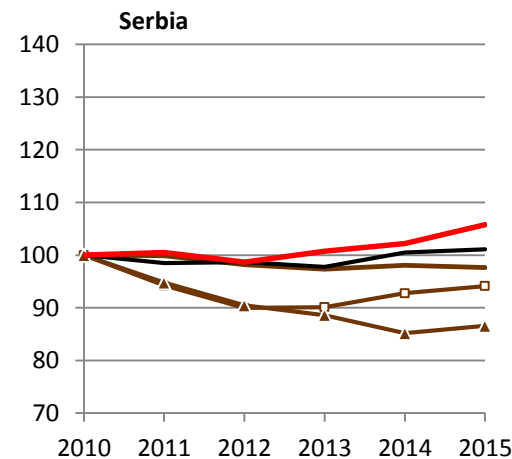
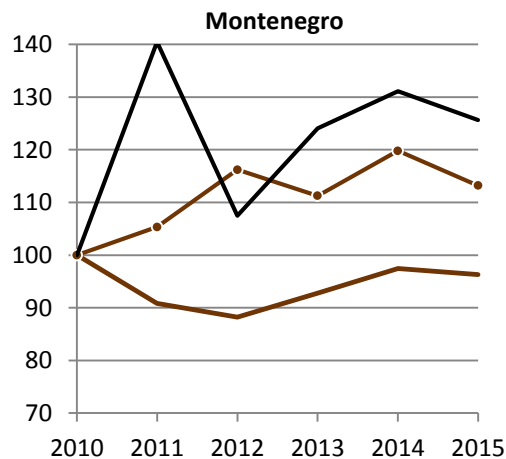
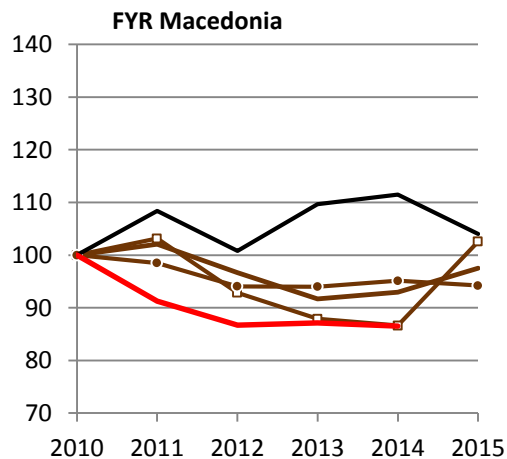
Livestock numbers and milk production (2010=100)



— Cattle —□— Pigs
—●— Sheep, goats —▲— Poultry
— Milk

— Cattle —□— Pigs
—●— Sheep, goats —▲— Poultry
— Milk

— Cattle —▲— Poultry
—●— Sheep, goats — Milk
— Animal output

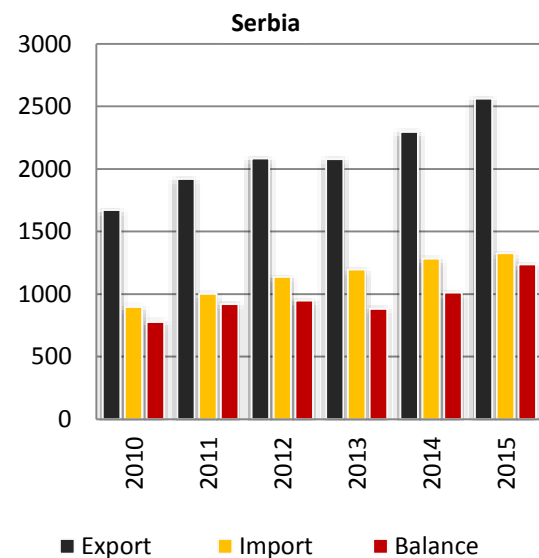
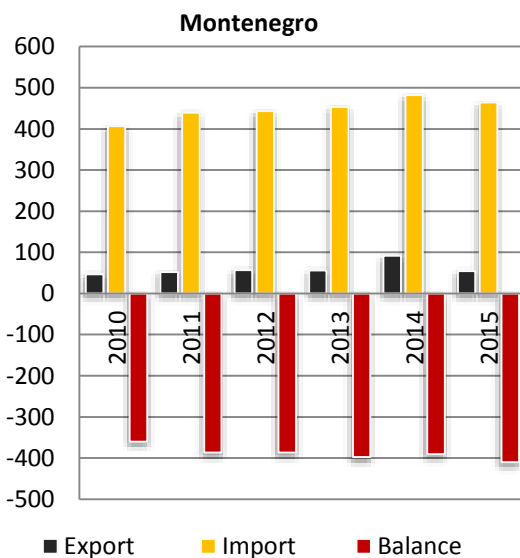
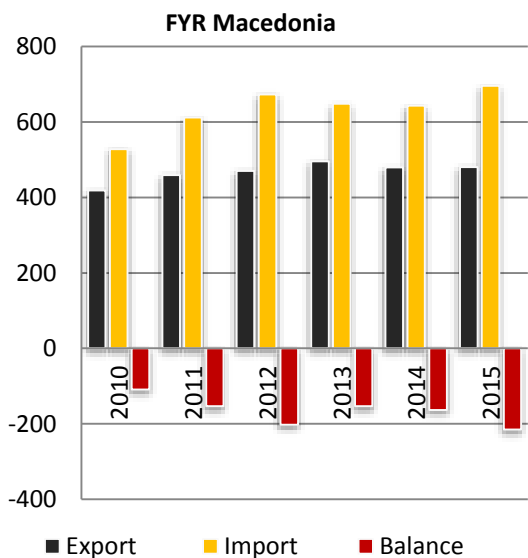
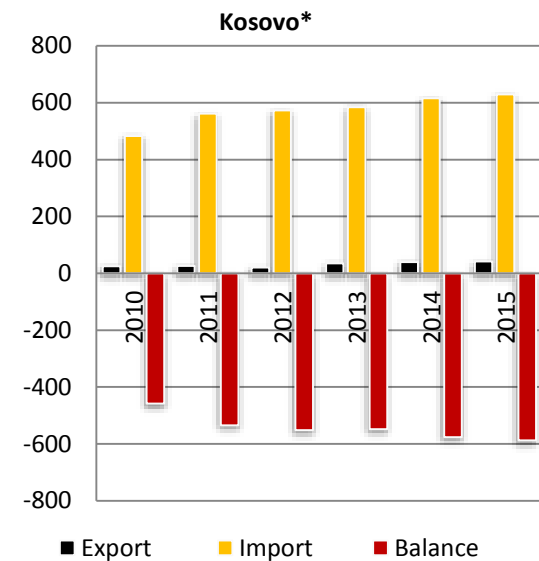
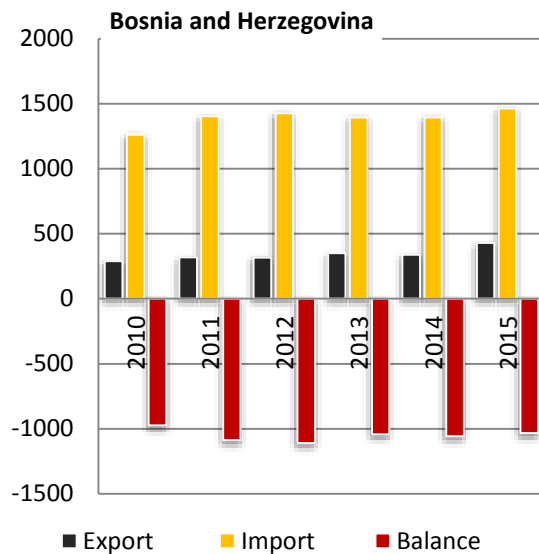
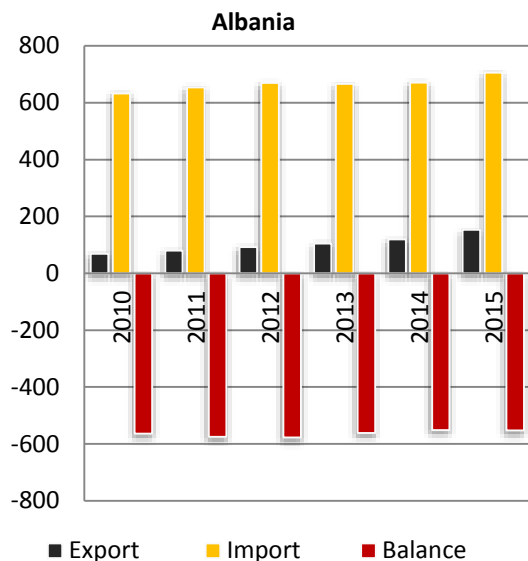


— Cattle —□— Pigs
—●— Sheep, goats — Milk
— Animal output

— Cattle —□— Pigs —●— Sheep, goats — Milk

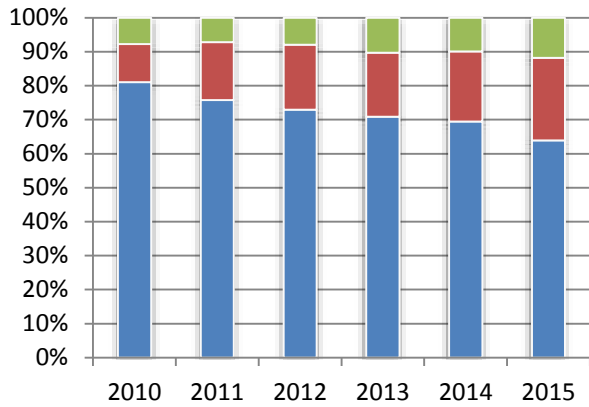
— Cattle —□— Pigs
—▲— Poultry — Milk
— Animal output

Agro-food trade (mio. EUR)



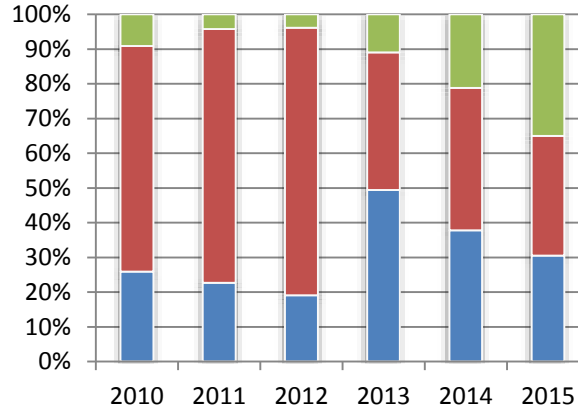
Regional structure of agro-food exports

Albania



■ EU ■ WB ■ Other

Bosnia and Herzegovina



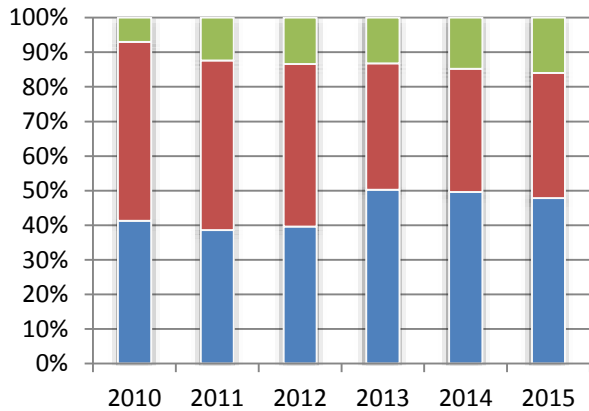
■ EU ■ WB ■ Other

Kosovo*



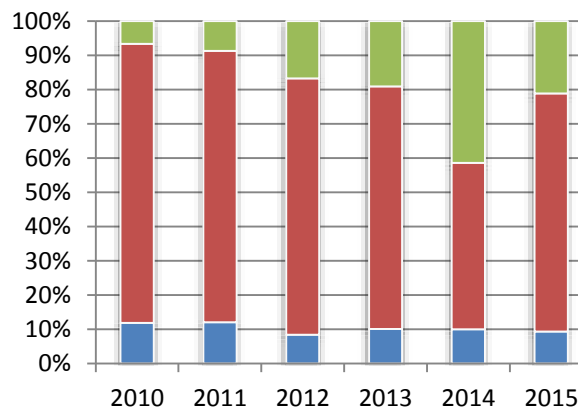
■ EU ■ WB ■ Other

FYR Macedonia



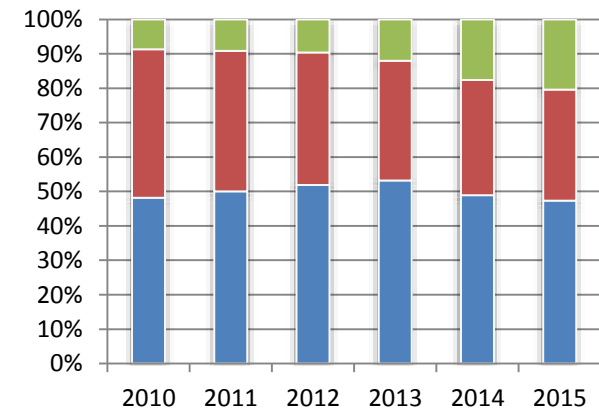
■ EU ■ WB ■ Other

Montenegro



■ EU ■ WB ■ Other

Serbia



■ EU ■ CEFTA ■ Other

B. AGRICULTURAL POLICY FRAME

Qualitative assesment of policy development

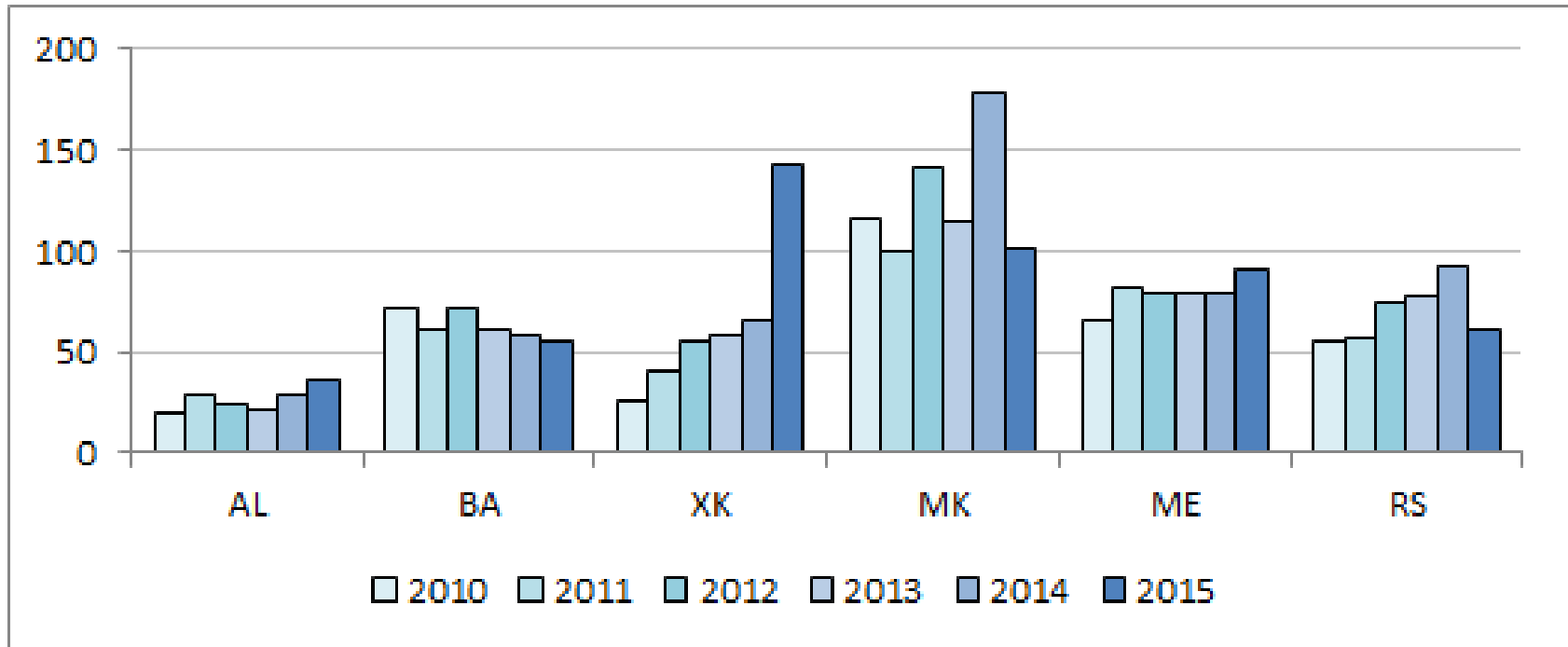
- Intensive programming of new policy in recent years
 - new strategic and programming documents adopted

	Agriculture and rural development strategy	National programmes / Action plans	IPARD II
AL	2014-2020 (2014)	2014-2020 (2014) 2016-2018 (2016)	Approved by EC 2015
BH	FBH: 2015-2019 (2014) RS: 2016-2020 (2015)	FBH: RDP 2015-2020 (2014, not adopted)	In progress
KO	2014-2020 (2013)	Mid-term expenditure framework 2016-2018 (2015) Economic reform programme 2016-2018 (2016)	Prepared
MK	2014-2020 (2014)	2013-2017 (2013)	Approved by EC 2015 <i>Start of implementation end of 2016</i>
ME	2015-2020 (2015)	2015-2020 (2015)	Approved by EC 2015
SR	2014-2024 (2014)		Approved by EC 2016

C. BUDGETARY TRANSFERS TO AGRICULTURE

Budgetary support to agriculture

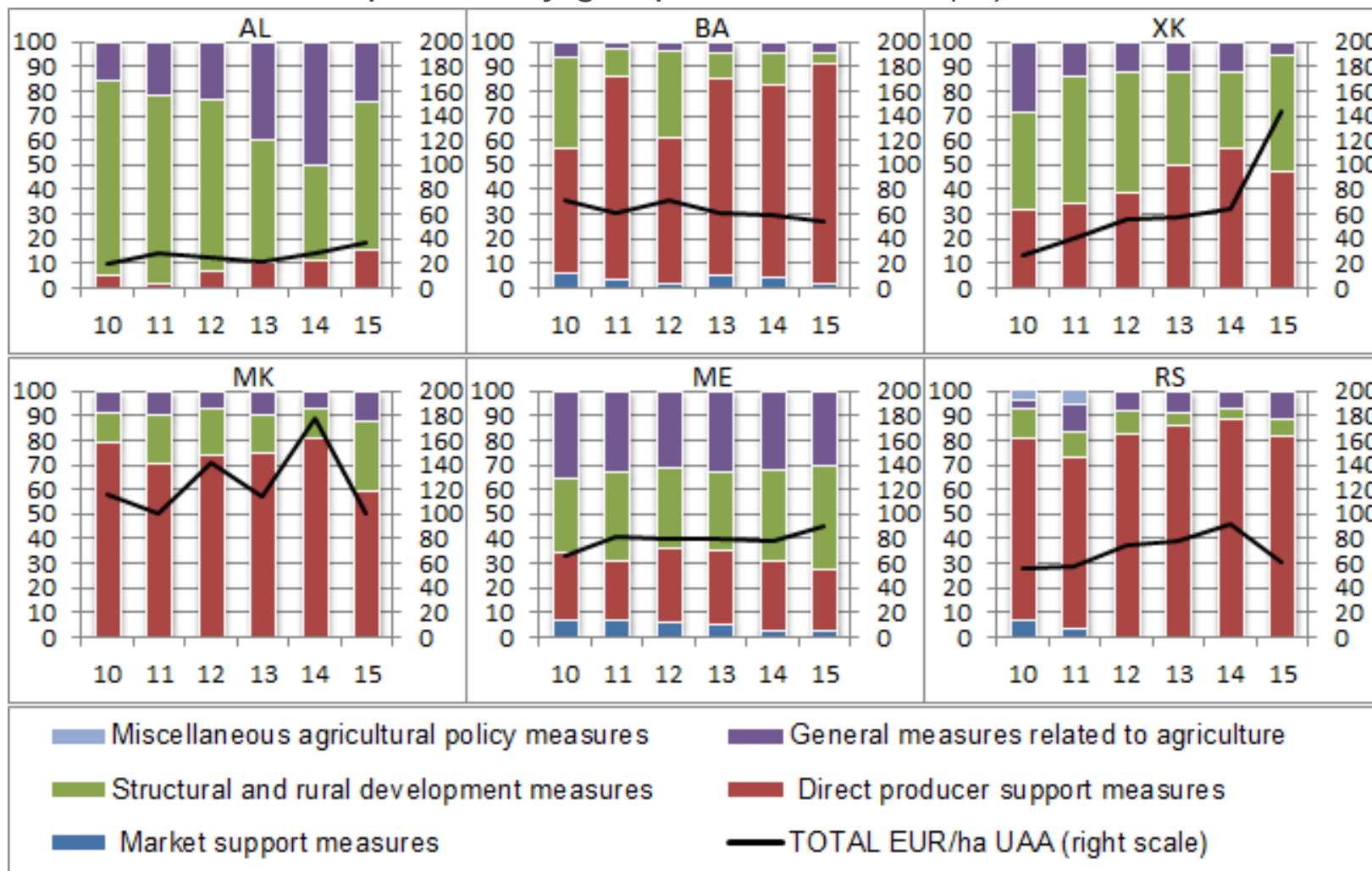
Total budgetary support (EUR/ha UAA)



Budgetary support to agriculture

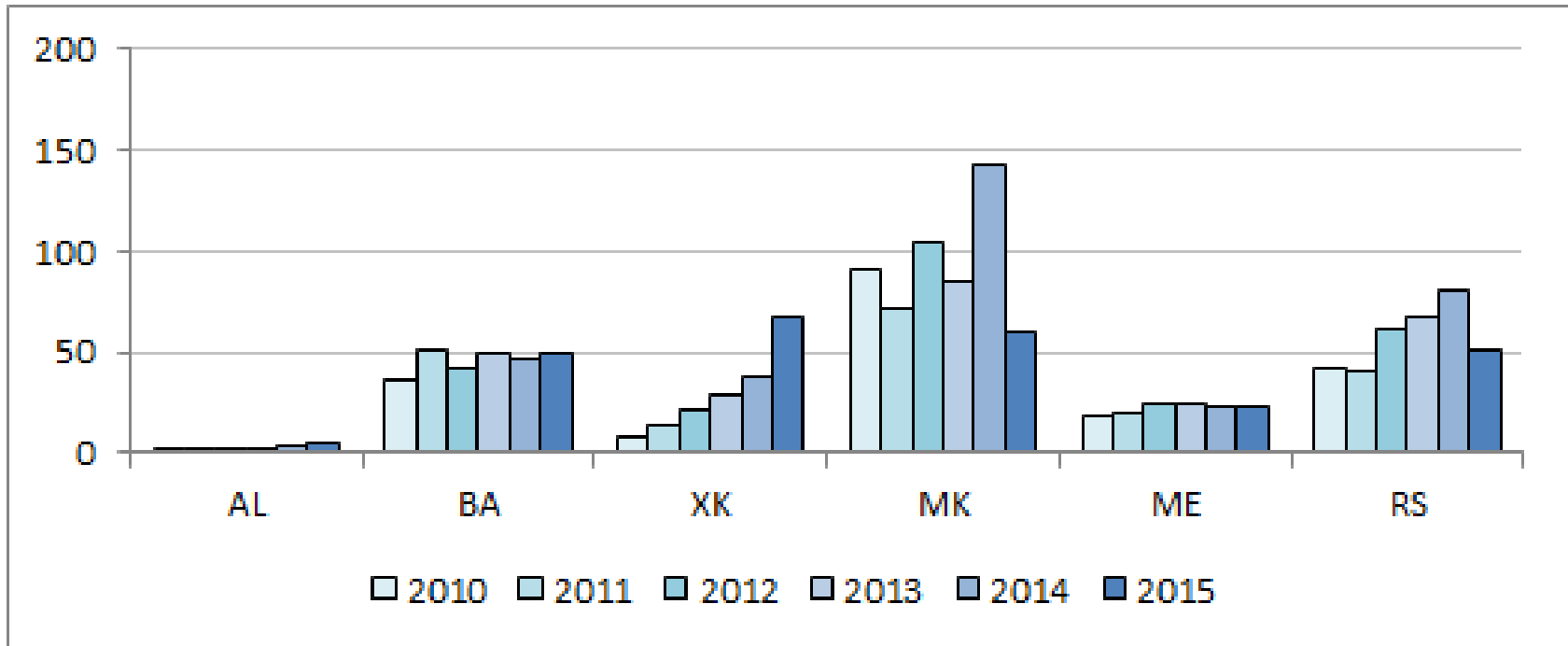
Total budgetary support

Evolution and composition by groups of measures (%)



Budgetary support to agriculture

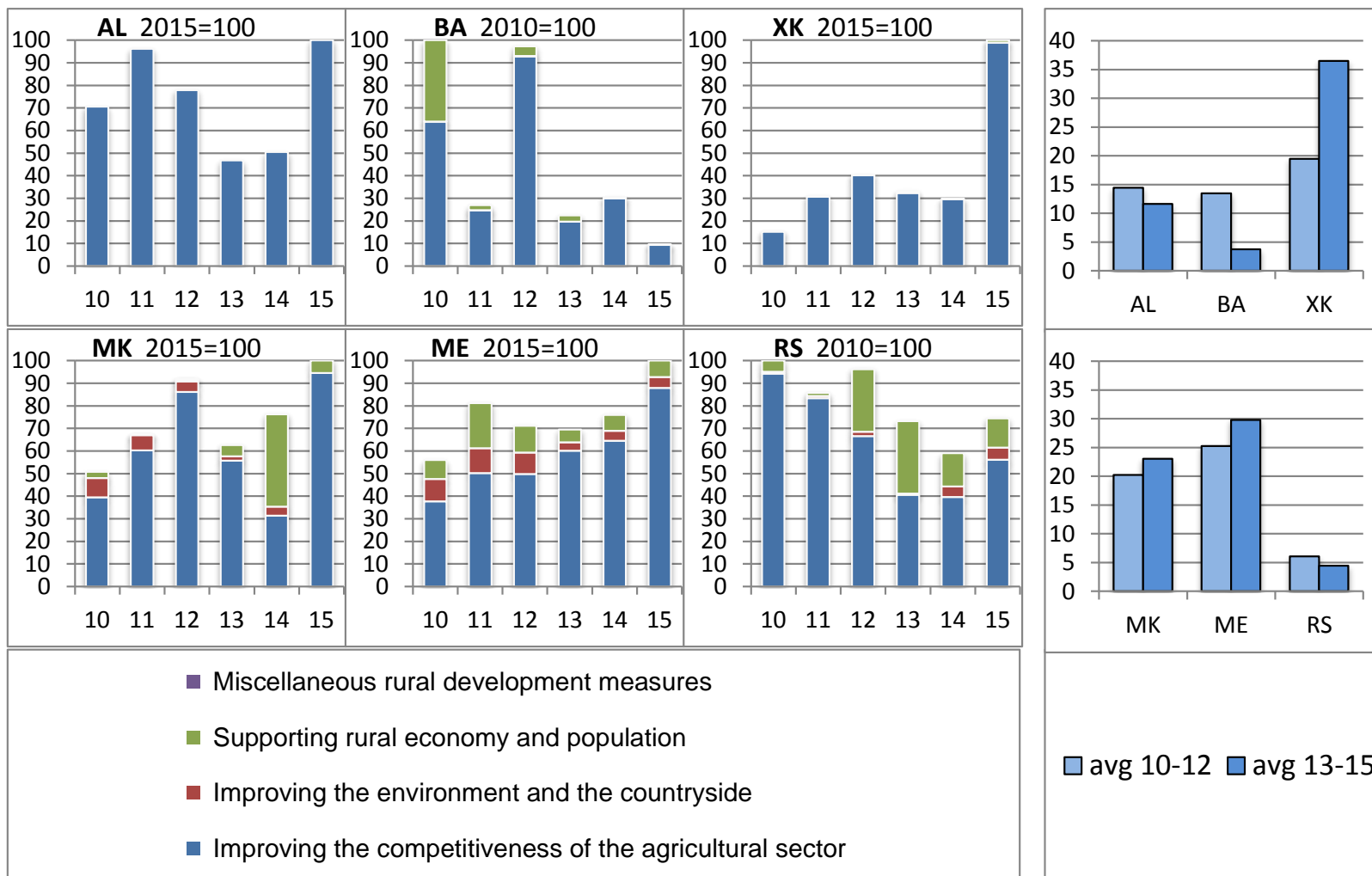
Direct producer support (EUR/ha UAA)



Budgetary support to agriculture

Structural and rural development measures

Evolution and composition by groups of measures (index) EUR/ha UAA



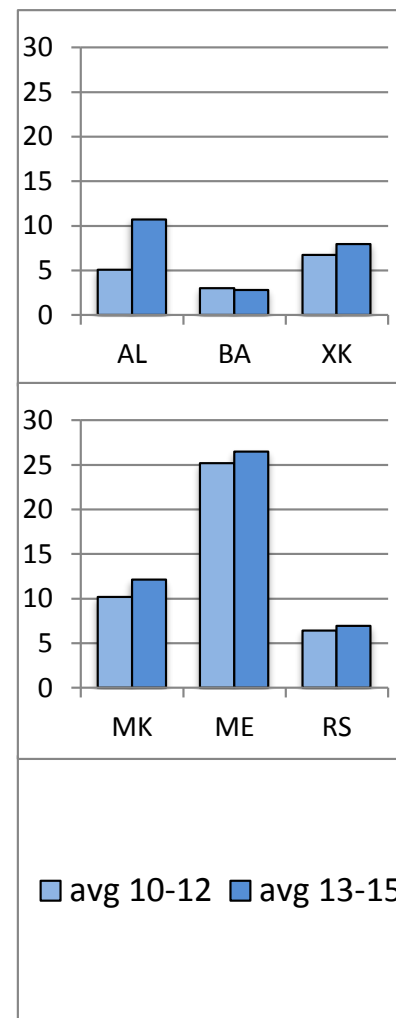
Budgetary support to agriculture

General support measures

Evolution and composition by groups of measures



EUR/ha UAA



- Other general support measures
- Food safety and quality control
- Research, development, advisory and expert services

■ avg 10-12 ■ avg 13-15

D. DIRECT PRODUCER SUPPORT MEASURES – FOCUSED ANALYSIS

Common characteristics:

- Implemented in all WB countries
- Granted as **production-coupled support**
- **General requirements:**
 - livestock included in animal identification and registration system (all); registration in the Farm register (all except Albania), not conditioned with CAP-like cross-compliance requirements (all except Macedonia)

Differences by country:

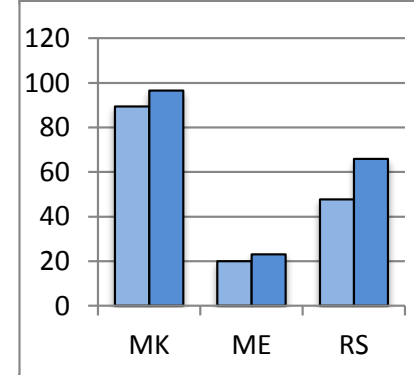
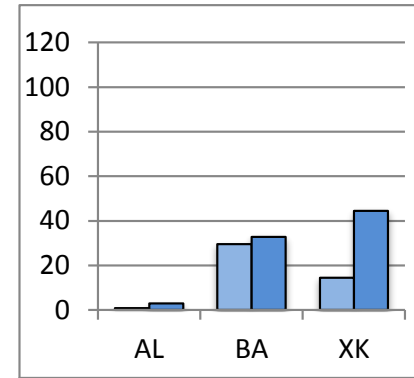
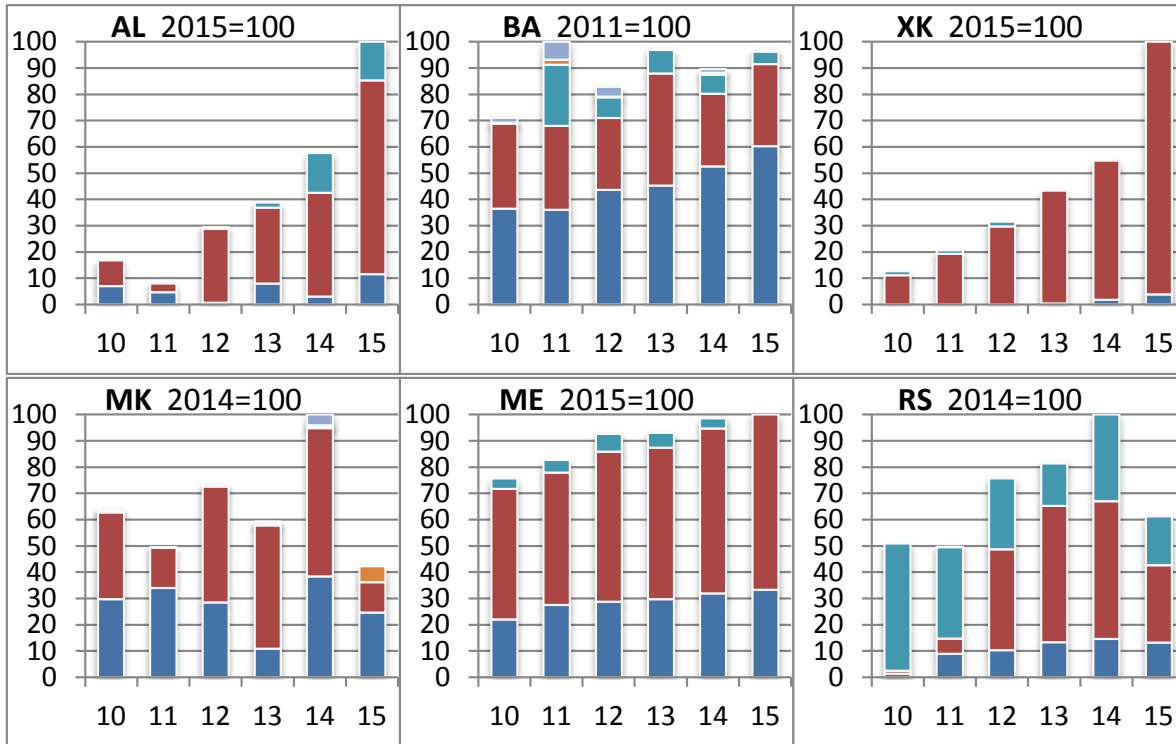
- **in the number of support schemes, the type of payment** (per output, per hectare, per animal, per input) and **commodities covered** (sector, sub-sector, particular commodities)
- **eligibility criteria** (minimum regarding the quantities produced, hectares under cultivation or livestock number)
- **and payments** (value per unit and per beneficiary)

Budgetary support to agriculture

Direct producer support

Evolution and composition by groups of measures (index)

EUR/ha UAA

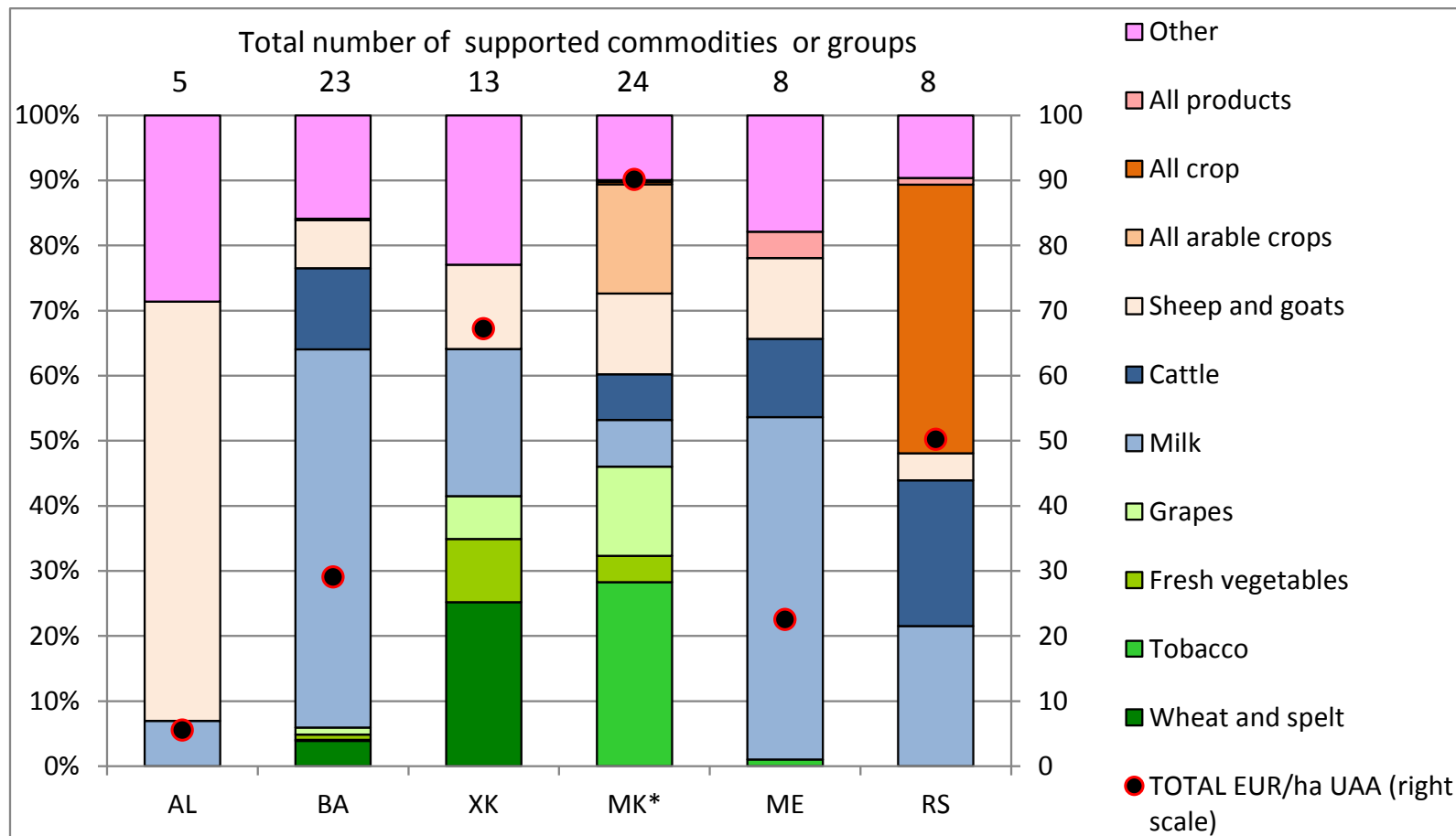


- Miscellaneous - direct producer support
- Disaster payments and other compensations to producers
- Variable input subsidies
- Other direct payments
- Direct payments based on current area/animal
- Direct payments based on output (price aids)

■ avg 10-12 ■ avg 13-15

Direct producer support

Composition of direct producer support by commodity (2015 %)



*Average 2013 - 2015

Direct producer support

Payments per unit for some crop and livestock sub-sectors

	AL	BA FBH/RSR/BD	XK	MK	ME	RS
Wheat (€/ha)		256/128/153	150	130*	160	50
Vegetables (€/ha)		1,023/-/358-1,023	300	97-487		50
Orchards (€/ha)		460/-/256-307	400	243-536*		50
Vineyards (€/ha)		460/-/-	1,000*	649*		50
Milk (€/l)	0.07	0.15/0.05+0,10**/-	Up to 0.06**	0.06	0.06+up to 0.03**	0.06
Slaughtered cattle (€/head)		230/61/153	30	24	120	83
Sheep and goats (€/head)	9	18/5/26	15	16	8	17

* Maximum per ha; reduced unit value for hectares above set threshold

** Milk quality premium

- Big differences by country
- Generally the highest payments per unit in BA
- The lowest area payments in Serbia (complemented with input subsidies for fuel and fertilizers for max 50€/ha)

E. CONCLUSIONS & POLICY ADVICE

➤ **Policy frame**

- Positive changing of policy frame (**EU orientation**) is still not leading to more harmonised policy.
- Practical **EU harmonisation** in policy instruments is missing.
- **Evidence based policy** approach still work in progress

➤ **Policy implementation**

- Growing **direct payments**, mostly coupled to particular products:
 - Correlation: higher budget – more funds for direct payments
 - Criteria for payments in some cases against (EU) equal treatment principle
- Some measures give strong **wrong signals to producers**
 - f.i. **output (price) aids** for **milk**, **direct support** to **pig and poultry sector**
- weaknesses in **rural development policy** formation
 - less funding, not very developed approach, low absorption

Recommendations (policy makers):

- stick to the already **adopted policy documents**
 - establish evidence based policy approach (targets – measures – impacts)
- give more and stronger attention to the **development**
 - rural development policy for the needs of rural citizens and society
 - agro-food chain approach
 - support for small farmers and marginal areas
- work with the **farmers:**
 - partnership approach, knowledge and information exchange, support for the preparation of the projects
- invest into the **agricultural institutions** and **people**
 - only better education, appropriate research and efficient knowledge exchange is leading to the development
 - upgrade and professionalise agricultural administration
- promote **rural areas** and farming

- ❖ *The necessity for further development of agricultural policy analytical work*
 - better platform for **programming of national policies**
 - base for **modernisation of policy**
 - efficient **negotiations** with the **EU**
 - promotion of **international integration** of the region

- **Call for further work of WB AgEcon Network:**
 - Until now, **project based** and a lot of enthusiasm and voluntarism
 - **Professionalization** of the work within SWG (part of secretariat)
 - Maintenance of **data base** and **network**
 - Upgrading of analysis (**impact assessments**)
 - Annual **monitoring, meetings and studies**
 - Support for **national governments** and information for international community...