



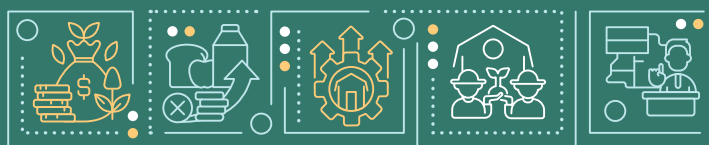
POLICY BRIEF -



AGRICULTURAL POLICY DEVELOPMENTS TOWARDS EU INTEGRATION



North Macedonia



1. INTRODUCTION

Agriculture remains a key pillar of North Macedonia's economy, both economically and socially. Although its **contribution to GVA has gradually declined** in recent years (from 11.1% in 2015, to 7.5% in 2023), and its **employment role has significantly decreased** (from 17.9% in 2015 to 9.0% in 2025), agriculture, forestry, and fishing continue to provide livelihoods for a sizeable share of the population and remain fundamental for rural income and food security. Crop production output takes 80% of the sectoral gross output, against 20% coming from the livestock sector.

Key sectoral constraints include a large number of **very small and fragmented farms** (around 178 thousand registered in the last Farm Structure Survey in 2016 with an average size of 1.8 hectares), which limit their economies of scale and market responsiveness. In addition, the face limited access to modern technologies, inefficient value chains, and environmental and climate change pressures, which limit their capacity to grow and meet the international and EU-market standards

The sector plays an important role in trade. The **export value** of agricultural and food products of about 855 million EUR in 2024 makes up roughly 11 % of total exports, with more than half of those exports destined for European Union markets. Main export products are tobacco, beverages, fruits and vegetables, and cereal preparations. The value of **imports** in 2024 is even more substantial, about 1200 million EUR, or 11% of total imports. The import is predominantly of raw meats, dairy, cereals, and processed goods. The trade balance of agri-food products is continuously negative, reaching -430 million EUR in 2023 and -345 million EUR in 2024.

This policy brief **aims** to present how well current national agricultural policies align with the European Union's acquis and sectoral norms, particularly the EU Common Agricultural Policy (CAP), and to identify gaps and areas for improvement. Its objective is to offer decision-makers clear recommendations as North Macedonia pursues deeper integration with the EU, ensuring that the agricultural sector supports sustainable growth, environmental goals, rural development, and competitiveness in the single market.

The brief focuses on the main policy **developments** in 2024 and also covers the period of 2015-2024 over several key dimensions: budgetary support, direct payments scheme, rural development, and IPARD funds.

2. AGRICULTURAL POLICY TRENDS

The national agricultural policy framework is anchored in the National Strategy for Agriculture and Rural Development 2021–2027 (NSARD), with strategic goals: to improve agri-food sector competitiveness and economic sustainability; to apply environmental practices to mitigate and adapt to climate change; to ensure sustainable development of rural areas; and all these by enhancing knowledge, innovation, and digitalisation. The recently adopted National Development Strategy 2024–2044, as a long-term umbrella agenda for the country, also gives emphasis to investments in rural infrastructure and services.

In 2024, the Law on Wine was adopted, and the Law on Advisory Systems entered into force. In the same year, amendments were introduced to the Law on Agricultural

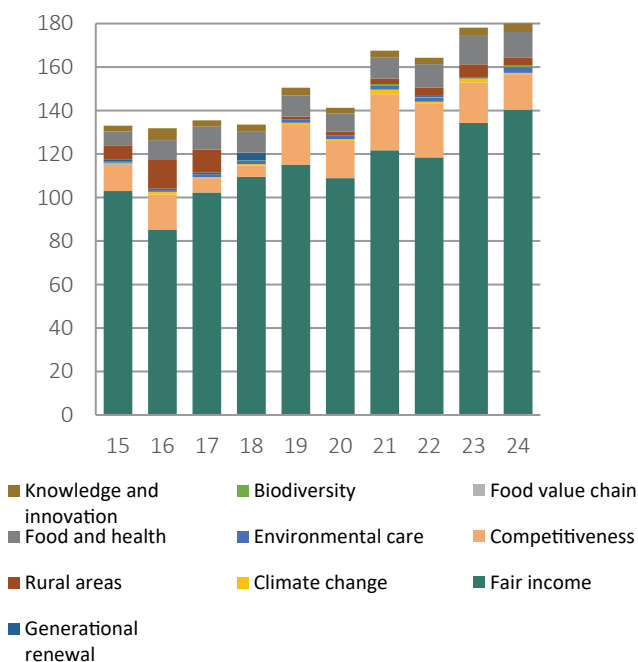
Land, concerning land lease and conversion, and to the Law on Plant Protection Products, defining the rights and obligations related to the training and knowledge of professional users, advisers, and distributors. In addition, 2024 saw the continued support of agriculture and rural development through several programmes with different focuses: financial support (agriculture, rural development, organic production, fisheries, intervention fund), social security (women farmers, consumption of fresh fruit), and ecology and safety (phytosanitary control, monitoring of fertilisers, biostimulants and soil improvers, forestry, and water management).

STRATEGIC OBJECTIVES VS ALLOCATION OF BUDGETARY TRANSFERS:

There are no significant changes in policy structure and their contents in 2024 compared to previous years. Most budgetary transfers remain concentrated in direct producer measures. Rural development and environmental measures are comparatively limited. Out of the nine national strategic objectives, that are aligned with the EU CAP objectives, only two: **fair income** & **improving competitiveness**, are being significantly represented.

Sustainability measures for supporting environmental care, climate resilience, biodiversity, mitigating rural depopulation, etc. are modest.

Total Budgetary Support to Agriculture by EU CAP objectives, million EUR, 2015-2024 (APMC 2025)



TOTAL BUDGETARY TRANSFERS TO AGRICULTURE (TBSA) in 2024 = EUR 178 million

⇒ **Market & Direct Producer Support (MDPS) = EUR 138.6 million (83.3% of TBSA)**

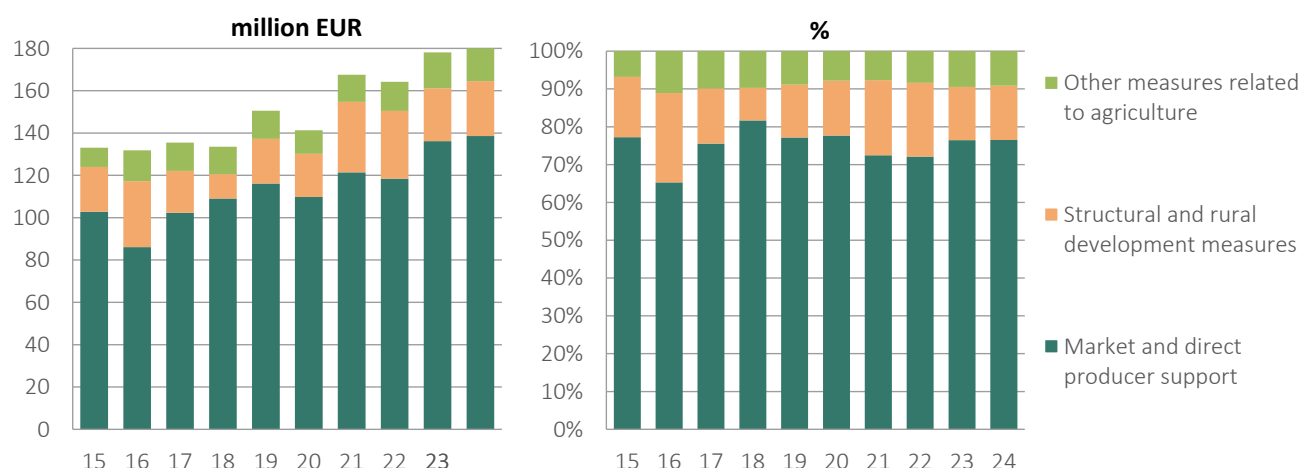
- **Direct payments to producers:** EUR 122.8 million (73.8% of TBSA; 88.6% of MDPS)- Coupled (per hectare, per head, per unit of product); Limited decoupled support (historical payments for small farmers: EUR 5,528 in 2024)
- **Variable input subsidies:** EUR 9.9 million (5.9% of TBSA)- Insurance, green fuel, honey lab analysis, artificial insemination for calves, slaughter of laying hens
- **Market support measures:** EUR 0.9 million (0.5% of TBSA)
- **Miscellaneous direct producer support:** EUR 5.0 million (3.0% of TBSA)

⇒ **Structural & Rural Development Support (SRSS) = EUR 25.9 million (15.6% of TBSA)**

- **Competitiveness measures:** EUR 16.8 million (10.1% of TBSA, 2/3 of SRDS), includes EUR 7.3 million from EU funds (IPARD II and IPARD III)
- **Agri-environmental measures:** EUR 5.5 million (3.3% of TBSA)- Organic production and farming in areas with natural constraints
- **Supporting rural economy and population:** EUR 3.6 million (2.2% of TBSA)

⇒ **Other Measures Related to Agriculture = EUR 1.8 million (1.1% of TBSA)**

Key instruments: • Direct payments • Improving competitiveness	
Most supported commodities mill. EUR	
Tobacco	24.0
Arable crops	20.0
Sheep & goats	18.6
Milk (all)	12.8
Grapes & vineyards	11.5
85% absorption rate of IPARD II (2014-2020)	



Total Budgetary Transfers to Agriculture and Rural Development, million EUR and share, 2015-2024 (APMC 2025)

3. EU INTEGRATION AND AGRICULTURAL POLICY ALIGNMENT

The EU screening process (EU 2025) shows that North Macedonia has made progress in aligning with the *acquis*, but **overall alignment remains partial and uneven across sub-areas**.

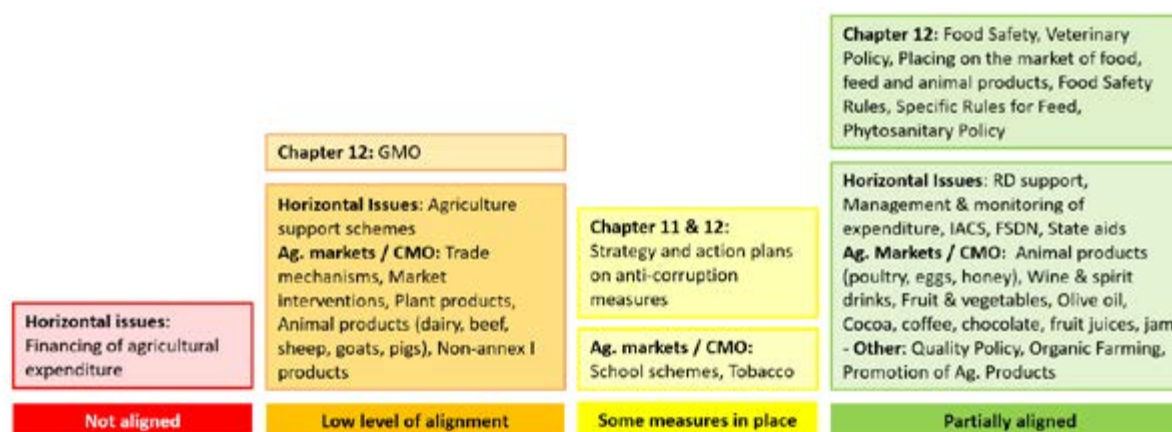
Chapter 11 – Agriculture and Rural Development

- Significant gaps remain in financing agricultural expenditure, support schemes, and agricultural markets, where the level of alignment is considered low or not aligned.
- Direct payments are largely coupled to production with limited conditionality, and rural development policies require stronger environmental and climate orientation in line with CAP objectives.
- In the area of Common Market Organisation (CMO), alignment is limited, with significant deficiencies in trade mechanisms, market interventions, and sectoral alignment for plant and animal products. Some progress is noted in subsectors such as wine, fruit and vegetables, olive oil, poultry, eggs, and honey, but fragmented structures and insufficient control systems hamper full compliance.
- The Integrated Administration and Control System (IACS) and the Farm Accountancy Data Network (FADN) are established. However, both systems need further development and expansion to ensure reliability, interoperability, and inclusion of environmental and social sustainability data (in the process of transition into FSDN).
- On horizontal measures like state aid, partial alignment exists but requires stronger registry mechanisms and alignment with EU rules.
- Areas such as quality policy, organic farming, promotion of agricultural products, and anti-corruption measures also remain only partially aligned, with administrative capacity and enforcement mechanisms needing further strengthening.

Chapter 12 - Food Safety, Veterinary and Phytosanitary Policy

- North Macedonia is at a good level of preparation in Chapter 12 and is partially aligned with the EU *acquis* on general food and feed law.
- Alignment with the EU Official Controls Regulation as well as with the EU's Animal Health Law and related delegated acts has not yet been achieved.
- Current rules for plant protection products and the seeds and propagating material legislation reflect only a low level of alignment.
- Legislation on genetically modified organisms (GMOs) is not aligned, although the country prohibits cultivation.

Alignment is advancing but still limited in scope. North Macedonia needs to continue strengthening its institutional capacity and ensuring complete legal harmonisation of the agricultural and rural development policy, common market organisation, and food safety.



Level of alignment with the EU acquis for Chapter 11 and 12
 (based on EU Screening Report, 2025)

4. POLICY RECOMMENDATIONS

North Macedonia's agricultural policy demonstrates important progress in legislation and support measures; however, significant gaps remain in alignment with the EU's Common Agricultural Policy (CAP). To ensure smoother EU integration and stronger sectoral sustainability, the following actions are recommended:

- **Rebalance budgetary support**
 - To reduce the high share of coupled direct payments gradually and shift towards more area-based, decoupled, and conditional support.
 - To increase allocations for rural development and agri-environmental measures, ensuring that sustainability objectives, such as climate resilience, biodiversity, and rural livelihood, are better addressed.
- **Strengthen institutional and administrative capacity**
 - To further develop and upgrade the Integrated Administration and Control System (IACS) and Farm Sustainability Data Network (FSDN) to ensure reliability, interoperability, and inclusion of environmental and social data.
 - To enhance the monitoring and evaluation framework to improve the transparency and effectiveness of budgetary transfers.
- **Improve rural development policy orientation**
 - To scale up support for competitiveness measures and to ensure stronger uptake of IPARD III funds by simplifying procedures and increasing advisory support.
 - To direct more investment into rural infrastructure, generational renewal, and services to sustain rural communities.
- **Advance legal and regulatory alignment**
 - To accelerate harmonisation in state aid, quality policy, organic farming, and promotion of agricultural products, coupled with stronger enforcement.
 - To ensure full transposition and implementation of *acquis* in food safety, veterinary, and phytosanitary policy to safeguard access to EU markets.
- **Foster knowledge, innovation, and digitalisation**
 - To expand advisory systems and digital tools and solutions to improve farmers' access and use of innovation and new technologies.
 - To integrate innovative practices into training and education, towards improved sustainability.

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