

SERBIA - AGRICULTURE

Government focal point(s): Ministry of Agriculture, Forestry and Water Management - MAFWM)

Field of the agro-processing industry, in totality of primary production and processing industry related to agriculture, presents a vital part of the Serbian economy. Including the pre-farming sector (industry of input suppliers for agricultural production), agribusiness (pre-farming, farming and post-farming sector) presents, with no doubts, an important part of total economy of the Republic of Serbia. This sector employs a big portion of the total labour in the country and contributes a significant part to the total GDP (in the period 2000-2005, the share of agriculture in GDP was almost 20%), with big influence of foreign trade balance of the country (12,81% of total foreign trade of Serbia is agricultural and, at the same time, it is the only part of the economy with surplus in foreign trade). Great importance of agriculture arises from the influence it has on the environment and preserving of rural areas (42% of total population live in rural areas).

Knowing that Serbia is a transition country, the role of the agriculture is even more complex. Agriculture has a difficult task to perform. It must absorb labour surplus from other sectors of economy which have already completed the transition process and, at the same time, to try to maximise its own productivity and therefore improve competitiveness on both domestic and international market. This process of transfer of economic and human resources from non-agricultural activities to agricultural has lasted for several years already and it will be continued until the moment of revitalization of the industrial sector and especially the sector of services as more advanced and profitable sectors compared to agriculture. Until then, will transfer of resources follow the opposite direction – from agriculture to these industries.

Improvement of competitiveness is a matter of great importance for the future of this sector, with respect of integration processes of the country into international market (WTO accession, Stabilization and Association Agreement with EU and joining to CEFTA) and necessary liberalization of the still relatively closed domestic market of agricultural products and opening of the market for foreign competition. WTO accession is ongoing process from year 2004. and it is entering its faze of bilateral negotiations regarding future foreign trade regime for agricultural market of country. Serbia has restarted negotiations with EU for concluding of SAA and signing of agreement is expected by the end of this year. So called CEFTA multilateral agreement is signed in December 2006. and its ratification by Parliament is expected by the end of 2007.

Very often, agriculture is considered only as primary agricultural production, which has led to other important dimensions of agriculture to be neglected. Agriculture is not any more a simple producer of raw materials for other parts of the industry. Now, agriculture has taken a role of multifunctional and multidimensional character, becoming a promoter of rural areas in environment attractive for living and working, in the main elements of environmental protection, development of rural areas by improving of rural infrastructure and preserving of cultural heritage.

Focusing on agrarian policy and taking rural development policy as a component the former, the broader sense of rural development is lost, considering that agrarian policy focuses on the population engaged in agriculture.

Now, focus is also on the part of rural population which is not living from the agricultural income only but, also form the money earned in non-agricultural activities performed in rural areas (handcrafts, agro-tourism, catering)

In order to fulfil this big expectation given to the agribusiness, sources of the agrarian budget are directed to the measures of the agrarian and rural policy for which is expected that could contribute to the achievement of the set goals. Agrarian budget of the country presents almost 5% of the national budget and it is structured towards measures to price support (premiums and subsidies for selected productions, production inputs and export subsidies), measures of institutional support (information system in agriculture, improvement of extension services, farm register etc), measures of structural support (short and medium term credits, rural development measures, establishing of the international standards in production and processing etc) and measures to income support of the farmers (payments for non-commercial households, and support for the renting out of land).