

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Serbian Agriculture and Food Foreign Trade

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Report Highlights:

Serbia's agricultural sector contributed around 10% to total GDP in 2011. Serbia's agriculture and food sector saw its foreign trade surplus increase by 9% year-on-year in 2011, to USD 1.31 billion.

Agricultural and food products accounted for 23% of the country's total exports. At the same time, the agriculture and food sector's imports in 2011 increased for 16.7% , to USD 1.6 billion, accounting for 7.9% of Serbia's overall imports last year. The main export commodity was corn, followed by sugar, frozen raspberries, wheat and sunflower oil.

General Information:

Agriculture and Food Sector:

Agriculture in Serbia represents the basis for economy and engine for development of rural areas. Agriculture is also the only sector in the Serbian economy with positive foreign trade balance. Most of the area of agriculture land, about 60%, is used for cereal crop production including corn, wheat, barley, sunflower, soya and sugar beet. Major agriculture area in Serbia is the north part of country, Vojvodina that accounts about 84% of total cultivable land areas in Serbia.

In 2011, agriculture sector contributed about 10% percent to gross domestic product (GDP). Total agricultural production in Serbia in 2011 rose only 0.8%, compared to 2010, mostly due to high costs of inputs for agriculture production and continuing problems resulted from the world economic crisis. Agriculture and food industry in Serbia in 2011 achieved an export in the value of USD 2.8 billion, over 20% more than in 2010. Agricultural exports continued to expand and contributed 23% of total Serbian exports, increasing for 9% and reaching record surplus of USD 1.3 billion in 2011.

As per current statistical data, about 26% of Serbia's labor force is actively employed in agriculture. Serbia has 4.2 mil ha of arable land (0.56 ha per citizen); 90% is privately owned and 10% belongs to the government; about 450,000 registered households of which about 120,000 are retired farmer's households.

Despite the obvious potential, this sector bears a huge burden of economic, social and political nature. In order to turn domestic agriculture into a modern, state of state of the art and market oriented sector, the Ministry of Agriculture started to implement a new policy with three basic frameworks reflected in: legal framework, institutional changes, and creation and implementation of adequate agrarian policy. In 2011, Ministry of Agriculture merged with Ministry of Trade and formed the new Ministry of Agriculture, Trade, Forestry and Water Management. The Ministry applies the Government's strategy in the field of agriculture, international and domestic trade, food processing, rural development, forestry and water management.

Since 2009, as part of the EU integration process, Serbia made significant progress in adopting the new legislation in the area of agriculture and food, mostly in accordance with *Acquis Communautaire* of the EU. For the past three years Serbia adopted 23 new laws related to agriculture and food. During 2011, Serbian Ministry of Agriculture, Trade, Forestry and Water Management adopted around 40 sub-laws that enable implementation of the new laws adopted during 2009 and 2010. Set of laws and sub-laws adopted in agriculture will improve overall environment for agricultural producers in Serbia and will ensure greater compliance of Serbian agricultural practices with rules enforced by international organizations such as WTO and UPOV, and enable harmonization with different EU rules.

In 2011, the Serbian government provided several policy measures to support agriculture production that included subsidized short and long-term loans for registered farmers. The assistance measures also included: direct payment to registered farmers totaling 14,000 din per ha (USD 180) for grain and other field crops; funds for development and improvement of stock-farming (breeding efficiency, preserve genetic resources of domestic animals, increase milk production) of 25,000 dinars/head; subsidized

export of certain agriculture and food commodities; stimulus for development and improvement of production of wine, brandies and food with geographic origin; subsidies for building and improving grain storage capacity and transshipping possibilities and subsidies for organic food production. The negotiations of Serbia's accession to the World Trade Organization (WTO) also continued in 2011 through market access negotiations with number of countries. The GMO Law adopted in 2009 that put restrictions that are not in line with WTO regulations is still not changed and is representing obstacle for Serbian future WTO accession.

The key and most important trade partner for Serbia is the EU. Since 2011, Serbia has enjoyed a preferential status for exporting agriculture commodities to the EU countries. Signing the Stabilization and Association Agreement with the EU (2008) and its application (from 2010) led to gradual liberalization of trade in agriculture products for imports from the EU. During the six-year period trade in agriculture products with the EU will be liberalized to a very high degree. Average import restriction will be reduced from the original 23% for agriculture products to 3.2% at the end of the transitional period. About 75% of trade will be fully liberalized, 15% of trade the tariffs rates will be reduced to 10% to 20% of applicable MFN rates, and 12% will continue to be subject to MFN rates after the end of transitional period. Serbia signed Free Trade Agreements that include agriculture products with Russian Federation, Turkey, EFTA countries, CEFTA countries, Belarus and Kazakhstan.

Export of agriculture commodities to EU countries accounts almost 50 percent of Serbian total agriculture exports and 45% percent of Serbian total agriculture imports. The biggest production and export potential of Serbia agriculture are grains, oilseeds, sugar, fruits, vegetable, non-alcoholic beverages, water, and products of confectionary industry.

Serbian agriculture and food trade partners:

	Imports	Exports
CEFTA	22.66%	40.85%
EU	45.04%	49.88%
OTHER COUNTRIES	32.30%	9.27%

Source: Serbian Ministry of Agriculture

In 2011, Serbia's total agricultural exports increased for 20% comparing to previous year, reaching record of 2.8 billion USD. Serbia's agricultural exports consisted mostly of grains, sugar, fruits and vegetables (fresh and frozen), confectionary products and beverages. The biggest surplus in foreign trade of agriculture product came from grain and grain products (USD 666 million), processed fruit and vegetables (USD 450 million) and refined sugar (USD 200 million).

Total agriculture and food imports in 2011 were estimated at 1.6 billion USD, increase of 16.7% compared to previous year and 7.9% of the Serbia's overall imports last year. Agricultural imports are mostly high-value food items; with European products dominating the import market It is expected that agriculture imports will continue to grow in 2012 due to increasing demand for high quality consumer oriented products. Serbia registered highest ever trade surplus with agriculture and food products of 1.31 billion USD in 2011.

Total agriculture imports from the U.S. increased by USD 6.3 million in 2011 (to USD 28.6 million), a 28 percent increase over the previous year. FAS Belgrade's advocacy is opening new markets for American agricultural exporters. In April 2011, for example, the Belgrade FAS Office intervention persuaded the government to change regulations that were blocking U.S. popcorn exports to Serbia, resulting in sales worth an estimated USD 5 million annually. U.S. agricultural exports consisted mainly of sunflower and other planting seeds, snack food, almonds, tobacco, dietetic foods and concentrated

proteins without dairy fats, alcoholic drinks, frozen fish and seafood, dried fruit and pistachios. U.S. exports of these products to Serbia are expected to continue to grow in the short term. In the medium term, Serbia is likely to increase imports of planting seeds, fish and fishery products, poultry meat for processing and high value consumer products and beverages. Possibilities also exist for expansion of U.S. exports of high value products, such as tree-nuts, raisins, snacks, beverage basis, bovine semen and embryos, flavor and fragrances.

The following table represents the most important items of U.S. agricultural and food products exported to Serbia in 2011:

Imports of agriculture commodities to Serbia – 2011

USD

No.	Commodity	Tariff Code	Total Serbian Imports	Imports from the U.S.	U.S. Share in total imports
1	Consumer orientated products	2106909290/2106909890	36,860,240	4,669,860	13%
2	Sunflower seeds	1206001000	10,875,900	4,026,474	37%
3	Almonds	080212	4,152,479	3,417,530	82%
4	Tobacco and tobacco products	2401/2402/2403	30,467,364	2,944,234	10%
5	Protein concentrates	2106102000	2,431,317	958,887	39%
6	Fats and oils	1504209000	1,377,339	931,560	68%
7	Vegetable seeds	1209919000	2,329,896	863,022	37%
8	Maize seeds	1005 10	3,686,475	838,827	23%
9	Salmon	030319000	2,077,806	432,201	21%
10	Pistachios	0802.50	2,015,642	277,815	14%

Source: Serbian Chamber of Commerce

U.S. Foreign Trade with Serbia in USD

Year	U.S. Ag. Imports from Serbia	U.S. Ag. Exports into Serbia
2011	14,391,282	28,664,313
2010	9,813,073	22,353,438

2009	11,293,812	25,239,749
2008	14,030,591	29,990,760

Source: Serbian Chamber of Commerce

USD

	2011
Total Agriculture Imports into Serbia	1,578,655,371
Total U.S. Ag. Export to Serbia	28,664,313

Source: Serbian Chamber of Commerce

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Useful Links:

USDA sites:

USDA: www.usda.gov
 FAS Attaché Reports: www.fas.usda.gov/scriptsw/attacherep/default.asp

Serbian Gov sites:

Ministry of Agriculture and Trade: www.mpt.gov.rs
 Marketing Information System site: <http://www.stips.minpolj.gov.rs/>
 Republic Statistical Office (in English and Serbian): www.stat.gov.rs

Non-Gov Ag sites:

Commodity Exchange Novi Sad, Serbia: www.proberza.co.rs
 Database of Serbian Agricultural Companies: www.hranaipice.com
 Agriculture Consultancy company: www.seedev.org
 Food Technology: www.tehnologijahrane.com

