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in

El Moujabber M. (ed.), El Bitar L. (ed.), Raeli M. (ed.).
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Bari : CIHEAM

Options Méditerranéennes : Série B. Etudes et Recherches; n. 60

2007

pages 97-120

Article available on line / Article disponible en ligne à l'adresse :

<http://om.ciheam.org/article.php?IDPDF=800473>

To cite this article / Pour citer cet article

Acimovic L., Beuk Pirusic T., Sabados V. **Country study Serbia**. In : El Moujabber M. (ed.), El Bitar L. (ed.), Raeli M. (ed.). *Study of the organic and safety agriculture in the Adriatic cross-border region and of training needs*. Bari : CIHEAM, 2007. p. 97-120 (Options Méditerranéennes : Série B. Etudes et Recherches; n. 60)



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COUNTRY STUDY SERBIA

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GENERAL CHARACTERISTICS

The Republic of Serbia is located in south-eastern part of Europe. Serbia borders Hungary to the north; Romania and Bulgaria to the east; the Republic of Macedonia and Albania to the south; and Republic of Montenegro, Croatia, and Bosnia-Herzegovina to the west. Serbia is landlocked, with the Danube River valley which provides shipping access to inland Europe and the Black Sea.

The climate in Serbia is temperate continental. Average annual precipitation ranges from 600mm to 800mm in the plains and between 800mm and 1,200mm in the mountains. Land and climate conditions are favourable to agricultural production. The plains of Vojvodina, Pomoravlje, Posavina, Tamnava, Krusevac and Leskovac offer favourable conditions for mechanized field crop farming and vegetable production. Rolling hills in the South support fruit and wine production and livestock breeding.

The hills and mountains of Zlatibor, Rudnik, Stara Planina, Kopaonik and Sar Planina are attractive for developing sheep and cattle production, forestry, and tourism.

Serbia's terrain ranges from the rich, fertile plains in the northern Vojvodina region, limestone ranges and basins in the east, and, in the southeast, ancient mountains and hills. The north is dominated by the Danube River. A tributary, the Morava River, flows through the more mountainous southern regions.

The Serbian climate varies between a continental climate in the north, with cold winters, and hot, humid summers with well distributed rainfall patterns, and a changed Adriatic climate in the south, with hot, dry summers and autumns and relatively cold winters with heavy snowfall inland.

According to the 2002 census Serbia has a total **agricultural population** of **817,052** or 10.9% of the total population. According to the latest data, most of the agricultural labour force is engaged in:

- Livestock breeding (43%)
- Field crops (42%)
- The remained (12%) is involved in fruit and wine production and other crops (3%) (USDA, 2003).

Agriculture's share in total employment is about 18%. Approximately **44 %** of the **population lives in rural areas**, one-third of which rely either completely or partly on agriculture for their livelihoods.

AGRICULTURE IN NATIONAL ECONOMY: SOCIAL AND STRUCTURAL ASPECTS

As on of the indexes of a national economy, Serbian GDP in a previous few years had a sharp decline in 1999 and a 5% increase in 2000 continued to grow at an annual average rate of 4.2% during 2001-03 and by 7% in 2004.

The restoration of macroeconomic stability, following a decade of high inflation and rising debt, marked a major achievement. Retail price inflation was reduced from 112% in 2000 to 7.8% in 2003. Although in 2004 inflation started slightly to increase again.

Serbia has achieved broad exchange rate stability. The dinar remained close to 30 dinar to the Deutsche Mark (and later 60 dinar to the Euro) during 2001 and 2002, before depreciating (appreciating) against the Euro (US\$) by 11.1% (7.4 %) during 2003.

Table 1. Main macroeconomic indicators (2005) (Bureau of Statistics of the Republic of Serbia)

	2000	2001	2002	2003	2004	2005
Population, total (1000)	7,747.0	7,727.0	7,504.0	7,481.0	7,463.0	
Surface area (sq km)						77,474
Population density (No per sq km)	100	100	97	97	96	
UAA						
GDP (current Mio. Euro)	5,375.2	4,848.8	5,037.8	4,857.4	5,375.2	
GDP per capita (current Euro)	693.8	627.5	671.3	649.2	703.3	
Exports of goods and services (% of GDP)						
Real GDP development	5,0	5,5	4,0	3,0	7,0	
Imports of goods and services (% of GDP)						
Inflation, GDP deflator (annual %)	111,9	91,8	19,5	7,8	10,1	
Registered unemployment rate (%)	25,6	26,8	29,0	31,7	18,5	
Euro-Exchange rate (1 Euro = x units NC)	58,7	59,5	60,8	65,0	73,0	82,3

Serbia's external debt burden declined significantly from 133 % of GDP in 2000 to 69 % in 2003.

The stabilisation of the banking sector led to a significant increase in bank deposits and large capital inflows mainly in the form of foreign exchange deposits. The increased funding (deposits) allowed banks to increase loans to enterprises and households as a share of total assets from 24 % in 2001 and 42 % in 2002 to 46 % in 2003.

Around 200.000 people (10 % of the labour force) are employed in agro-processing and agricultural service industries. Food-processing enterprises are the largest single employer in the industrial sector, with 84.300 employees in 2000.

Primary production from agriculture, hunting and forestry accounted for about 20 % of GDP in 2000-2004. If the food and beverage processing activities associated with agriculture are added to primary production, agriculture is the largest sector in the economy with 25 % of GDP.

Export of primary agricultural products, processed food, beverages and tobacco products accounted for some 26 % of total exports in the period 2000-2004, second only to the exports of other manufactured goods. Approximately about one fourth of labour force is employed in primary agriculture and food processing industry. Figure on employment includes the estimated number of family members working on the private farms.

LAND USE AND PRODUCTION

Land use

Agricultural land in Serbia covers around 5.1 million hectares of which about 3.3 million ha is arable land. Currently 85% of land is in private hands.

There are three broad "agricultural regions" that can be distinguished in Serbia on the basis of geography and climate, land quality, farm production systems, socio-economic development, and political and administrative boundaries, namely:

Vojvodina - Vojvodina is a distinct political and administrative entity, comprising 28% of the total land area of Serbia and 26% of the total population. It is the wealthiest region, and experienced a net inward migration from 1995-1999. Fewer than 10% of municipalities are classified as underdeveloped according to the UN Human Development Index (HDI). There are fewer villages in Vojvodina than in other regions, and there is a relatively low population density (94 people/km²), but villages are linked by a reasonable transport and communications network. Agriculture is a major element of the Vojvodina economy. Crop production predominates because of the region's fertile soils, good growing conditions, and high proportion of arable land (76% of land area). Producers in this region are more strongly market-oriented than in the other two regions. Vojvodina farmers account for most of the marketed surplus of grains, oilseed, sugar beet, pigs, poultry and milk.

Central Serbia - Central Serbia accounts for 29% of the total land area of Serbia and 44% of the total population. It is the most diverse and densely-populated of the three regions, due in part to the influence of Belgrade. The capital city is an important source of markets and employment, and also accounts for this region's higher levels of infrastructure. GDP/capita is slightly lower than in Vojvodina, and there is a higher proportion (21%) of municipalities classified as underdeveloped according to the HDI. Rural areas are characterised by the region's hilly topography, small farms and diverse farm production systems. Such topography limits both the area of land suitable for agriculture (66%) and the proportion of agricultural land suited for arable use (67%). The agricultural potential of this arable land is good nevertheless, with fertile soils and favourable climatic conditions. Production systems are fairly intensive as a result, and the region accounts for a large proportion of high-value fruit and vegetable crops. Ninety % of berry fruits, which are a major export commodity, are produced in this region.

Southern Serbia - With 44% of the total land area, Southern Serbia is the largest of the three regions, and also the poorest, least developed region. Much of the area is mountainous, with 37% of the total area classified as forest and only 55% classified as agricultural land.

Land ownership

From the recent history period, during the 1980's, about 75% of the arable land was farmed by private producers, who accounted for about two thirds of all agricultural output. In 1989, the private sector accounted for 83% of total corn output, 59% of total wheat output, 48% of total beef output, and nearly 80% of all pork output. However, private farmers were limited to a maximum of 10 hectares and many private holdings consisted of several fragmented plots of land. The socialized sector was dominated by large, vertically and horizontally integrated agro-kombinats (AKs).

In 2005, the Ministry of Agriculture adopted a regulation that governmental land should be rented by tender. As a result the land utilized by the Kombinates should be rented to the private farms and other users. According to last estimates 350,000 to 380,000 ha of agricultural land is state owned.

The lack of clear ownership rights for a significant proportion of the land is a hindrance to a functioning land market. Land tenure in Serbia is overwhelmingly private. According to the World Bank (2003) private farmers own approximately 83% of the 3.35 million hectares of arable land and 50-60% of the 1.75 million hectares of pasture land. The remaining land and livestock are farmed by 460 AKs and 400 co-operatives. More than 90% of co-operatives farm less than 1.000 hectares, and more than 95% of AKs farm less than 5,000 hectares.

The lease market is more active in Serbia currently than the sales market. Land lease contracts are often short term and do not encourage medium term investment in the land or in developing the farm infrastructure because Serbia lacks the proper legislative framework.

There is also a relatively high lease tax (20% of the lease value) that discourages official registration of the leases, so that neither party has even the little protection offered by the current law. Insecure property rights and the lease tax result in many lease transactions not being officially reported. Lease is therefore more common between those who know and trust each other. The market is failing to bring together in a business arrangement those who do not have these personal contacts and those who want a long-term arrangement. The lease market is also uncompetitive where state land is concerned. AKs, if they pay rent at all, pay a low rent agreed with the administration. The rents are not determined competitively.

The institutional responsibility for land administration spans several ministries and also includes local government.

The Land Cadastre, managed by the Government Geodetic Authority (GGA). It covers 88,167 km², includes nearly 55 million cadastral parcels of private, social and state property. It is out-of-date and needs to be harmonised with the systems in the municipal courts;

Ministry of Justice and Local Administration; the legal real property registration system;

Ministry of Agriculture, Forestry and Water Management; rural and forestry spatial planning and land management policy; Ministry of Construction and Urban Planning; urban planning policy and

regulation and co-ordination of policies and technical oversight of the urban planning operations in the municipalities; Ministry of Finance and Economy; tax administration; Bureau of Information Technology and Internet; the Serbian Standards Office for information technology and standards.

Land registration

The **land registration** system is not up to date and efforts to combine the information into a single register have almost halted. Land ownership has not necessarily been registered in the past because there was no legal or economic imperative to do so. Farm size was limited so registering a transaction could result in land confiscation. Even if the maximum holding size were not an issue, there were registration fees and processes to go through with no practical benefit as a result.

Table 2. Farm Structure (Bureau of Statistics of the Republic of Serbia)

	Year of census 2002		
	Number of holdings	Utilised agricultural area (ha)	Utilised agricultural area (%)
Total	778.891,0	2.869.000,0	100,0
Up to 2 ha of UAA	360.317,0	347.252,0	12,1
Above 2 ha to 5 ha	244.064,0	854.366,0	29,8
Above 5 ha to 10 ha	131.438,0	957.719,0	33,4
Above 10 ha to 20 ha	36.772,0	503.358,0	17,5
Above 20 ha UAA	6.300,0	206.305,0	7,2

Serbia's agricultural sector is characterised by a trisected structure:

The corporate farms are important suppliers of marketed agricultural produce, despite their minority share of the agricultural land. They are the dominant suppliers of pig meat and eggs, and they share approximately equally the market with the private sector in the major arable crops, in beef and sheep meat, and in grapes for wine. The private sector dominates the supply of fruit, vegetables and milk.

Agrokombinats - Agrokombinats were formed from 1953 onwards as the state confiscated and were constituted as "social enterprises". Over time, some of them also purchased additional land. Official statistics record that in 2000 there were 411 farming Agrokombinats, with an average size of 1,600 hectares and with a few having more than 10,000 hectares.

Cooperative Farms - Serbia has a long tradition of cooperative production, dating back to the second half of the 19th century. In total Cooperative Farms held 140,000 hectares, 3% of the national cultivated area.

Some of the Cooperative Farms also own processing plants, especially their own processing capacities, and manage them in the same way as the Agrokombinats.

"Private subsistence farms" - According to Census (2002) 700,000 private farms with less than ten hectares of land, most of which has always been in private hands. The majority of these farms have less than five hectares, usually fragmented into a number of small separate parcels. Because of their small size, most of these farms produce for their own household consumption and only market a small proportion of their output, and many farming families are heavily dependent on non-farming sources of income.

"Private commercial farms" - Within the private farming sector it is possible to identify an emerging group of more commercial farms, which produce primarily for the market. Among these producers, there are two groups: first group is represented by those who own larger estates and are primarily oriented to farming; the second group represented by those with just a few hectares dedicated to high quality production of fruit and vegetables.

Agricultural Production

Crop Production

Table 3. Crop area, production and yield trends in crop production for 2000-2005 (Bureau of Statistics of the Republic of Serbia)

	2000	2001	2002	2003	2004	2005
Crop area (1000 ha)						
Cereals	2,047.7	2,120.0	2,102.0	1,997.0	2,020.0	1,972.0
Oilseeds	294.3	254.4	253.3	334.0	307.7	331.7
Pulses ¹	38.9	38.3	39.0	37.8	37.3	35.1
Roots and tubers	147.3	143.8	149.56	158.5	154.9	154.74
Fruits	245.0	243.5	245.0	246.0	244.0	
Vegetables	295.0	293.5	293.0	291.0	291.7	284.7
Production (1000 t)						
Cereals	5214,3	9000.7	8297.9	5453.9	9866.9	9539.1
Oilseeds	399.1	530.5	530.3	583.6	759.9	728.7
Pulses	37,8	60,7	63,9	45,5	61,1	62.8
Roots and tubers						
Fruits ²	293.9	220.5	171.5	370.6	300.3	296.3
Vegetables ³	160	175	199	164	185	160.9
Yield trends (t/ha)						
Cereals	2.55	4.25	3.95	2.73	4.88	4.84
Oilseeds	1.36	2.09	2.09	1.75	2.47	2.20

Notes: 1) only beans and peas 2) Apples, pears, peaches 3) Tomatoes

Table 4. Crop production index, 1995-2005, (2000 = 100) (Bureau of Statistics of the Republic of Serbia)

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
123.15	125.25	143.1	131.65	137.07	100	149.88	143.60	119.58	172.04

Cereals - Cereals is dominating crop production, accounting for 40% of arable land, or 60% of the cultivable land. The most important cereals are wheat and maize. Rye, barley and oats make up only 10% of the cereals area. The most important industrial crop is sunflowers, followed by soybean and sugar beet. Vegetable and forage crops are the next most important component of land use. The main vegetable crop is potatoes. Lucerne and clover are the main fodder crops and plums the main fruit crop.

In wheat and maize production Serbia is self-sufficient, including a small surplus for export.

Annual **wine production** in Serbia has averaged 1.85 million HL over the past five years with fluctuations due to weather conditions. Wine production has been mainly produced on family farms, though their share varies greatly from year to year (62% to 88%).

Table wines constitute some 60% of overall production; quality wines another 30%, while high-quality wines amount to less than 10%. High-quality wines have a larger share of total red wine production than of white. The high-quality wines and quality wines with geographically controlled designations of origin are mostly produced by agricultural enterprises/cellars (e.g. "Rubin" - Krusevac, "NAVIP" - Beograd,) as well as a small number of registered cellars - wine-producers on family farms.

AGRICULTURAL POLITICS AND THE STRATEGIES FOR ITS DEVELOPMENT

After decades of social and economic devastation of rural environmental approximately 45-50 % of Serbian inhabitants still live in rural areas. Almost all of them are involved in agriculture, and 75 % of them have no other source of income. Agriculture is a fundament of rural economy, welfare of rural people is in direct line with rehabilitation and success of agriculture.

However development of rural areas was limited for decades and in some aspects and regions completely stopped because of badly defined agrarian policy and absence of its relation to needs of rural development. Agriculture development was slowed down because of the collapse of its rural environment

In 2004 the Ministry of Agriculture, forestry and water management, drafted the Agricultural strategy for Serbia, which was adopted after a public discussion by the Government, in August 2005.

The Ministry's plan is: most of the policy should be implemented in 2005 and 2006, all of them at the latest either by 2010 or on date of a possible EU accession. Basic current activities are the formulation and entering into force of a new Law on Agriculture and yearly updates of the National Programme for Agriculture, the establishment of a monitoring system and, in a broader sense, the strengthening of personnel capacities and adequate working conditions.

The Strategy is clearly focused on further moves towards EU and WTO membership. Therefore all agricultural policy measures foreseen are in line with the general approach of the EU CAP. The government is looking for the "optimal" level of protection. Within the Agricultural Strategy, increased competitiveness plays a major role. The emphasis is put on structural policy and rural development instead of market and price policy interventions. In addition to actions in the two above policy areas, the focus is on the rebuilding/developing of institutions as a key factor for agricultural development. The Ministry of Agriculture, Forestry and Water Management, other institutions and information systems will be further developed, such as a farm register, a market information system and other policy information systems, a paying agency, organisations dealing with training, knowledge transfer, agricultural education, and advisory/extension services

The Republic of Serbia is in the process of negotiations with the EU regarding to the association agreement. A precondition for EU integration is membership a in the WTO.

Probably the biggest challenges in Serbia are the institutional changes and capacity building for creating a system comparable with other EU countries. Serbia has to adjust border control, create a system of laboratories and clarify the role of the institutions avoiding overlapping in responsibilities.

Rural Development Policy

National strategy

Serbia has not yet established a special national strategy for rural development and organic agriculture that would serve as basis for a coordinated rural development or organic agriculture policy, just frameworks within agriculture policy. Nevertheless, the Ministry of Agriculture, Forestry and Water Management organise and regularly operate activities related to rural development support (financial rural development grant scheme, support to extension and advisory activities related to organic agriculture). Legal basis of rural development grant scheme and support to extension and advisory activities (which will, as well, improve organic production) are based on government decision-decree valid of one budgetary year.

Administrative capacity

The Ministry of Agriculture, Forestry and Water Management has set up a new Sector for rural and agriculture development in 2005.

Sector for Agriculture and Rural Development is consists of:

Department for Rural Development and advisory services,

- Division for organic agriculture, and
- Division for genetic resources.

Apart of named, responsibilities of this Department covers environmental and social issues and the leading of the agriculture extension network.

The extension service network currently has limited capacities in terms of staff. The capacity is also decreased since Sector still run rural development grant scheme. Payments Sector just recently did overtake this procedure. Named Sector is partially capable of defining, planning and implementing of the goals mentioned in the Strategy of agricultural development.

Rural development activities includes measures that refer to activities on Rural development, within the sector for Rural and Agricultural Development, allocation of subsidiary grants for rural development - rural development grant scheme. The objectives of this measure are:

- Improvement of production - investments on farms purchase of mechanisation and livestock, reconstruction of livestock facilities, purchase of agricultural equipment, creating erosion protection and wind protective zones;
- Improvement of equipment and facilities for improvement of product storage and supply, conversion, certification and promotion of organic agriculture, promotion and protection of local and organic products, support of processing and marketing;
- Development of rural areas and promoting of activities - activities related to maintaining of rural communities tradition, improvement of the living standard, diversification of activities which provide alternative incomes to farmers, water resources management, farmer's education, establishment of producer groups, activities involved in protection of environment etc.

These measures provided support of up to 30-50% of the total investment sum.

Financial support is provided on a tender base. Applications are evaluated by a commission composed of representatives of farmers, media, research and development institutions as well as Ministry representatives. Control is provided through the inspection department, monitoring through the departments for implementation and legal affairs, and evaluation of the scheme through the section for rural and agriculture development which are also revising the scheme yearly.

It is planned to improve the existing system of grant scheme, although it was based on the SAPARD from the pre-accession countries in the region. Further improvements are seen in the establishment of an objective scoring system, where evaluation of each application is going to be based on a variety of criteria. This is going to be carried out by using the integral database for applicants scoring (each of the criteria is weighted on the merits of importance). The scheme will be improved through introduction of LFA (less favoured areas) sub-scheme and agro-environmental sub-scheme.

Improving the environment and countryside through support for sustainable land management, including supporting farming in mountain areas or other areas with particular handicaps, schemes to protect biodiversity, habitats and landscapes, support for environmentally friendly and forestry methods, including organic farming are one of the major goals for the Sector for rural development.

Within the named Sector it was prepared a grant scheme to support Less Favoured Areas (altitudes higher than 800m), for the year 2006/7. The scheme aims to provide support to underdeveloped communities in mountains, nature and watershed protected and marginal areas of the country. Ministry support, from the up to 80% of the total investment is foreseen to enable protection of biodiversity and of the landscape heritage in these areas, through promotion of modernised traditional systems of mixed farming.

Enhancing the quality of life in rural areas and promoting diversification of economic activities, including the provision of basic services (e.g. roads, electricity, water, sewerage) for the rural population, renovation and development of villages, development of new economic activities to diversify the rural economy, and support for local development activities.

Majority of funds were allocated for reconstruction and extension of local infrastructure. Some of the funds were intended to support the diversification of rural economies through promotion of organic production, agro-eco-tourism, traditional crafts and processing. Following years are planned to improve these forms of support in coordination with other Ministries, like Ministry for capital investments, Ministry of economy and tourism, Ministry of social affairs, Ministry of local self-governance, Ministry of science and environment etc. It is important to compose and promote an inter-ministerial coordination through Governmental body for rural development. So far Sector for rural and agriculture development is using opportunity in participating in other Government bodies such as the one for reduction of poverty, achieving the Millennium Development Goals and the Committee for sustainable rural development.

Therefore, new Serbian agricultural Strategy is promoting rural development (and organic production as it part) as a pillar of the new agriculture policy.

Ministry of agriculture will change its role from the passive to the active one, by setting up new institutional and organisational framework. It will take over initiative and leading role in inter-sector and inter-ministerial coordination for rural development in Serbia.

Since 2004 the Ministry of agriculture defined special rural development budget line within the agricultural budget, the first time in its history. This particular budget line intends to:

- support diversification of agriculture and rural economy,
- increase efficiency of farming,
- add value through processing,
- provide favourable framework for a better and sustainable use of available resources,
- provide alternative job opportunities,
- develop new marketing strategies and increasing the value of products,
- spread awareness of other than conventional productions, such as organic production.

Serbian strategy is defining rural policy tasks, including not just national programming, but also support to regional and rural planning to make space for rural development plans, more territory related and therefore more efficient. Strategy is also supportive to building decentralised structures for rural development and regional cooperation with neighbouring countries.

The major barriers of rural development in Serbia are:

- More than 750 thousand family farms in Serbia are small subsistence farms, fragmented, what generates high production costs and low productivity.
- Majority of farms are self-consumption type, without involving in market mechanisms.
- Strategic decisions are not taken in accordance with the economic factors, just on the basis of family members' structure, social security, scare of risk, mistrustful in institutions etc.
- Low productivity of labour, caused by over employment in agriculture
- Lack of the cooperative philosophy among farmers, restricts forming creation of producers groups together with benefits of horizontal integration
- Institutional (social, education) and physical infrastructure is undeveloped. System of vocational education in some rural areas is difficult to organize. Road infrastructure is undeveloped or neglected.
- Lack of non-agricultural activities and services in rural areas or they are undeveloped.
- Limited financial sources.

In light of new trends of diversification of rural economy, for the purpose of helping rural survive, very important aspect for the further development of rural areas in Serbia, it could be its valuable cultural and natural heritage. Both are not vital enough to survive, but since rural culture is still in lively connection with natural environment their synergy should offer a variety of opportunities for rural economy diversification in an environmentally sustainable manner.

Serbia as a transitional country search for a way how to switch disadvantages in to advantages, by giving equal chance for getting financial support to both - agriculture intensive and less favoured zones/grants & credits etc. However, marginalised areas of mountains in half-ring on the edge of state borders and even some lowland areas are staying behind. As an example, just 10% of rural development grants were approved to LFA, due to low capacity of local population to launch and shape ideas; lack of familiarity with project application procedure and insufficient finance to provide the required self-contribution.

There is general absence of knowledge, among farmers, about competitiveness and production for market.

Table 5. Some indicators of Rural Development (2000 2005) (Ministry of Finance of Serbia, Officially Gazette of the Republic of Serbia, Own compilation)

RURAL DEVELOPMENT INDICATORS	Predominantly rural	Significantly rural	Predominantly urban	Total
Population (as % of national population)	37.11	47.86	15.02	7,785,819
Distribution of Rural population	37.5	60.81	1.69	3,344,462
Area (as % of national area)				
Agriculture land %	53.6	44.28	2.12	5,279,711
No of employees	19.5	65.4	15.9	2,065,361

BASIC INSTITUTIONS PROVIDING TRAINING IN AGRICULTURE

Agricultural Education, Extension and Information Systems

Agricultural extension services in Serbia are delivered through the network of 34 agricultural stations, coordinated for long time by the Institute for Applied Science in Agriculture, which was authorised by the Ministry of Agriculture.

IASA is a semi-autonomous institution which engages about 750 employees in 34 extension services. Agricultural stations cover all regions in Serbia. The IASA, as well as a Stations, are partially financed from the agricultural budget, (107 million dinars, or EUR 1.76 million, in 2002, ex.).

Additional funds are collect from agricultural activities and fees for certain services to farmers and AKs (Agro kombinats). Except in the animal-selection, the IASA and Stations, cooperate mostly with medium- to large-scale private or socially-owned farms (still no privatized). Its activities are being centrally planned and coordinated by the Ministry of Agriculture in the direction to commercial one.

Some of advisory activities are provided by private, individual, small extension agencies or services. Number of them is gathered in the network developed by donors (private companies and enterprises, NGO's...). Its long-term funding is unclear and so far it only reaches a limited number of farmers. They could have an important role to play in supplying farmers with advices. The major obstacles to the forming of market for advisory and extension services is laying in following factors: majority of farmers do have either insufficient financial or insufficient appreciation of the value of an extension service, to pay for it. Another factor to establish private extension services is a lack of agricultural education and training available to large number of farmers.

Recently one expert's organizations, NGO's, have established *support system* for farmers, so-called "Agronet", consist of 40 centres in Serbia. "Agronet" is supporting implementation of farmer self-improvement and business development programs that involve about 15,000 farmers.

Several donor-funded agriculture and rural development projects also provides technical and expert services for farmers.

Private and socially-owned enterprises, mainly primary production input suppliers and processors are another part of the agro-technical support mosaic. In the case of processors, advisory service for farmers is of the great importance providing quality improvement of the primary agricultural products, the base for their industry.

Extension service is also provided by the *research institutes, Universities or NGOs*, financed by the Ministry.

Agricultural vocational schools organize training for certain type of production, making another tie in a chain of extension system in Serbia.

In general the professional and educational level of advisers and others involved in extension services in Serbia is not on a satisfactory level.

Current extension system in Serbia does not providing (except in case of wheat, maize, sunflower, production) the latest agricultural technologies and knowledge to emerging family commercial farms and there is little effort to acquire and test the technologies available in the global market for Serbian condition to improve their competitiveness.

Capacity in Agricultural economic research and policy and market research is weak and there is little connection with agro-food sector and impact on to farmer's income.

Education

Serbia has a comprehensive agricultural education system, organized through a number of agricultural vocational and high schools and faculties of agriculture. The whole system is under the authority of the Ministry of education, which is responsible for the design and the implementation of the learning curriculum.

High-school's curriculum should be focused on interdisciplinary approach which will provide new knowledge from various aspects of agriculture: market (management, planning and marketing of organic products), preservation of the village and its integration within the modern frames (informatics skills, ecology, sociology, humanism).

The agricultural schools seem to be geared mainly to the education and training of agricultural technicians for the agro-processing sector, semi-managerial positions in Agrokombinats and the public service.

However, a private farmer owns and cultivates most of the land (after the transition all land will be privatized).

It is scoped need for reorientation of the curricula of the both type of agricultural schools, for servicing private sector more. It should emphasise importance of farm business management and practical farming skills.

HISTORY AND DEVELOPMENT OF ORGANIC AGRICULTURE

History of organic farming in Serbia begun in the middle 1980's when the first experimental Bio-station was established in 1990, in Subotica (near Horgos desert, the northern part of Vojvodina province).

Expert team composed of agronomists, biologists, technologists, nutritionists and physicians elaborated project **Terra's**. The idea of the Project was to connect all participants in the production chain, "from the soil to the kitchen table", to create a business system involving all interested parties, stakeholders: producers, processors, traders and consumers.

Today, members of **Terra's** organization are individual farmers, private farms, farm associations, small and medium processing enterprises and scientific institutions.

Main activities of this organization are:

Organization of seminars for farmers in order to rise awareness on **organic farming** practices and principles;

Promotion of organic products on domestic and foreign market;

Making contacts between producers, processors and traders of organic products.

Along with Terra's, there are few more organizations playing similar role in Serbian organic farming (named in a following section).

Short-term objectives for the development of organic agriculture in Serbia

1. Authorization of certification organizations
2. Establishing data base of organic agriculture
3. Preparation of the National Program for Organic Agriculture Development;
4. Continuation of organic agriculture financial support (conversion, certification, promotion)
5. Education and authorization of extension services for implement organic production;
6. Development of domestic market

DEVELOPMENT OF ORGANIC AGRICULTURE IN FIGURES

Table 6 (below) presents data collected by few NGO's and producers associations, so the Ministry of Agriculture, Forestry and Water Management can accept it just as unofficial one.

Within the Ministry of Agriculture still there is no reliable data on organic production in terms of production area, yield and number of farms but it is of first priority for the Department for Organic agriculture.

According to the quoted (unofficial) data, the total surface under organic agriculture in 2004, was about 200,541.54 ha, from which 3.92% of agricultural area or 0.01% of arable land (without wild fruit).

Table 6. Main Organic Productions

CERTIFIED AREA IN 2004

Main product	Certified organic area (ha)
Maize	8.30
Wheat	7.50
Oats	1.50
Rye	2.50
Triticale	1.25
Barley	1.90
Oil squash	110.00
Oil seed rape	60.00
Sunflower	44.21
Cabbage	1.00
Pepper	1.50
Savoy cabbage	0.05
Brussels sprouts	0.10
Parsley	0.25
Carrot	0.20
Pea	0.10
Grape	6.00
Apple	135.40
Sour cherry	20.16
Plum	4.10
Raspberry	64.76
Blackberry	8.58
Strawberry	57.16
Blueberry	20,000
Wild blackberry	20,000
Wild strawberry	10,000
Wild apples	150,008.60
Chamomile	5.00
Total	200,550.12
Wild fruit	200,008.60

CERTIFIED AREA IN 2005

Total ha Wild collections	367,500.00
Total ha Arable land and permanent crops	591.47
TOTAL ha	368,091.47

CERTIFIED AREA IN 2006

ARABLE LAND		
Crop		Certified area (ha)
1.	Maize	13.80
2.	Corn maize	0.72
3.	Wheat	11.92
4.	Oats	0.81
5.	Rye	0.44
6.	Triticale	2.46
7.	Barley	4.09
8.	Golosemenica tikva	98.20
9.	Millet	1.91
10.	Pumpkin	1.68
11.	Cucumber	0.4
12.	Sunflower	11.41
13.	Onion	0.20
14.	Sugar beet	7.00
15.	Cabbage	2.69
16.	Parsley	0.50
17.	Tomato	0.40
18.	Spanish pepper	0.90
19.	Pepper	4.75
20.	Carrot	0.65
21.	Potatoes	0.50
22.	Beetroot	1.81
23.	Beans	0.11
24.	Lucerne	12.74
25.	Sweet pea	3.15
26.	Green pea	2.41
27.	Soybeans	4.65
28.	Sweet basil	1.01
29.	Camomile	1.00
30.	Flax	0.30
31.	Marsh mallow	0.14
		191.56
WILD COLLECTION		Certified area (ha)
1	Wild apple	165,000
2	Mushroom	275,000
3	Wild garlic	500,000
4	Wild pomegranate	1,600
5	Other wild collections	162,000
		1,103,600
PERMANENT CROPS		Certified area (ha)
1	Apple	0.05
2	Peach	0.05
3	Apricot	0.01
4	Plum	1.37
5	Grapes	6.16
6	Cheery	0.01
		7.65
Total ha Wild collections		1,103,600.00
Total ha Arable land and permanent crops		739.71
TOTAL ha		1,104,339.71

Current organic production predominates on individual private farms. Organic farmers have been dealing with conventional and organic farming at the same time.

ORGANIC AGRICULTURE ORGANIZATIONS

Few the most important organizations dealing with organic agriculture in Serbia are listed below:

TOPPA`S (NGO)

Phone: +381 27 384698
Address: Nemanjina 9
18430 Kursumlija
E-mail: toppasserbia@netscape.net

TERRA`S (ORGANIC FOOD ASSOCIATION)

Phone: + 381 24 554600
Address: Trg cara Jovana Nenada 15
24000 Subotica
<http://www.terra-s.info>

GROLINK

Belgrade office
Phone: + 381 11 3341875
Address: Skadarska 34
11000 Belgrade
<http://www.grolink.se>

Green Network of Vojvodna

Address: PAŠIĆEVA 24,
21000 NOVI SAD
PHONE/FAX: +381-21-661-14-84
office@zelenamreza.org.yu

THE REGIONAL ENVIRONMENTAL CENTRE FOR CENTRAL AND EASTERN EUROPE (REC)

Phone: +381 11 32-92-899; 32-92-595; 32-93-010
Address: Primorska
11000 Belgrade
E-mail: office@recyu.org
<http://www.recyu.org>

NATURA BALKANIKA (NGO)

Phone:+381 010 36-35-67
Address: Balkanska 68
Dimitrovgrad
E-mail: balkanika@ptt.yu
<http://www.recyu.org/farma>

IBAR DEVELOPMENT ASSOCIATION

Address:Omladinska 2/44
36000 Kraljevo
Phone:+381 036 313-403
e-mail:ibarda@ptt.yu

ORGANIC CONTROL SYSTEM

Address:Trg Cara Jovana Nenada 15;
24000 Subotica;
Phone:+381-24-554-600
e-mail:info@organica.co.yu

SUOLO E SALUTE SERBIAN

Address: Momira Gajića 8
11320 Velika Plana
Phone: + 381 26 511-476
e-mail: office@sesasrb.com
www.sesasrb.com

DP "AGROINSTITUT" (Extension service)

Address: Staparski put 35
Sombor
Phone: + 381 25 22-488, 24-351
fax: + 381 25 422-855
e-mail: agroso@ptt.yu
<http://www.agroinstitut.co.yu>

Faculty of Agriculture

Address: Nemanjina 6
11080 Belgrade
Phone: + 381 11 2615-315
e-mail : office@agrifaculty.bg.ac.yu

Faculty of Agriculture

Address: Trg Dositeja Obradovića 8
21000 Novi Sad
Phone: + 381 021 485-3500
Fax: +381 021 459-761

**Ministry of Agriculture, Forestry
and Water Management of the Republic Serbia,**

Sector for Rural Development,
Department for Organic Agriculture
Address: Nemanjina 22-26,
11000 Belgrade
Phone: +381 11 3616 274
Fax: +381 11 3616 272
e-mail : lacimovic@minpolj.sr.gov.yu
<http://www.minpolj.sr.gov.yu>

SIEPA

Serbia Investment & Export Promotion Agency
Address: Vlajkovićeve 3/V
11000 Belgrade
Phone: +381 11 33 -985-50
Fax: +381 11 33-988-14
e-mail : office@siepa.sr.gov.yu

**Republic of Serbia - AP VOJVODINA
Provincial Secretary of agriculture,
water management and forestry**

Address: Mihajla Pupina 16,
21000 Novi Sad
PHONE: +381-21-456-721,
FAX: +381-21-456-040
<http://www.psp.vojvodina.sr.gov.yu>

Institute for nature conservation of Serbia

Dr Ivana Ribara 91;
11000 Beograd;
Phone: +381-112093-801;
e-mail: vukelic@natureprotection.org.yu

Serbian chamber of commerce

Resavska 13-15;
11000 Belgrade;
Phone:+381-11-3300-901;
e-mail:stojan.jevtic@pks.co.yu

Healthy life journal

Address:Tadeuša Košćuška 63;
11000 Beograd;
Phone:+381-11-2763-577;
e-mail: urednik@zdravzivot.com

STANDARD AND CERTIFICATION; STATE REGULATION**Legislation related to organic agriculture**

In July 2000, the Parliament of the Federal Republic Yugoslavia adopted the **Law on Organic Agriculture** and following regulations:

- 1 Regulation on form and content of application for introduction to organic agriculture;
- 2 Regulation on evidencing methods of land parcel using envisaged for organic agriculture;
- 3 Regulation on content of organic agriculture producer register;
- 4 Regulation on methods of organic plant production and collection of forest products and medicinal herbs as products of organic agriculture;
- 5 Regulation on methods of organic animal husbandry;
- 6 Regulation on form and content of sheet application for obtaining the certificate that product is grown by organic agriculture methods;
- 7 Regulation on Federal Inspector identification in organic agriculture;
- 8 Regulation on technological procedures and permitted substances of agricultural and non-agricultural origin in processing of goods produced by methods of organic production;
- 9 Regulation on conditions that must be fulfilled by legal entities controlling process and methods of organic production;

After Federal Republic of Yugoslavia was transformed in to State Union Serbia and Montenegro, competency of the Federal Ministry of Agriculture was transferred and shared among the Ministries of two Republics, Serbia and Montenegro. The Ministry of Agriculture, Forestry and Water Management of the Republic Serbia, undertake the Law on Organic Agriculture.

According to named Law, certification body supposed to be a Ministry of Agriculture, Forestry and Water Management.

In January 2005, Ministry of Agriculture, Forestry and Water Management of the Republic Serbia, established Sector for Agriculture and Rural Development, with the Department for Organic Production. One of the main tasks of Dept. was to prepare the Draft Law on Organic Production and Organic Products, and to harmonize it with EU regulations No 2092/91 and No 1804/99.

The Law on Organic Production and Organic Products was adopted in July 2006 (OJ 62/06).

Law on Organic Production and Organic Products regulates production of agricultural and other products through the methods of organic production, processing, storage, transport, marking, tagging and marketing of organic products, issuance of certificates and re-certificates for organic products and other issues relevant to organic production.

More detailed conditions in respect to production, processing, storing, transport, marketing, trade, declaring, labeling, procedure of organic products certifying, authorization of certification organisations, will be covered with following regulations:

- Rule Book on the Method of Uniform Record-Keeping in Organic Production and on Contents of Reports Made by Organizations Authorized to Issue Certificates (draft)
- Rule Book on Methods of Organic Plant Production (draft)
- Rule Book on Methods of Organic Livestock Production (draft)
- Rule Book on Gathering Wild Plant and Animal Species (draft)

- Rule Book on Processing in Organic Production (draft)
- Rule Book on Trade in Organic Products (draft)
- Rule Book on Appearance of the Mark Put on the Organic Product (draft)
- Rule Book on Packaging, Storage and Transport of Organic Products (OJ 96/06)
- Rule Book on Requirements to be met by a Legal Entity Issuing the Certificate, i.e. Re-certificate for Organic Products and on the Manner of their Issuing (OJ 81/06)

Inspection and certification of organic products (domestically marketed and for export)

The new Law and following regulations predict:

- Authorization of certification organizations for control of production and certification and resertification of organic products
- Code number for certification organizations
- Supervision under certification organizations by the Ministry
- National logo for organic products
- Labeling with designation “ORGANIC PRODUCT” or “PRODUCT FROM CONVERSION PERIOD”
- Penalties

The inspection supervision of enforcement of the Law and regulations adopted thereupon, is conducted by the Ministry via its inspectors for organic production and the Ministry responsible for trade (fields relating to marketing, marking and tagging of organic products).

Toward the Law, Ministry of Agriculture, Forestry and Water Management issue code number and authorization to certification organizations which complies with prescribed technical equipment and personnel qualifications requirements to perform inspection and certification.

Certification is currently undertaken by following local and representatives of foreign certification organizations:

Table 7. List of inspection bodies

Inspection bodies	<i>Local</i>	<i>Foreign with <u>no branch</u> in the country</i>	<i>Foreign with <u>local branch</u> in the country</i>
Organic Control System-Subotica	x		
Jugoinspekt-Novı Sad	x		
NSF Int. Belgrade		x	
OCPD /Pro-Cert Bulgaria		x	
Oekopzertifizierungs -Germany		x	
Ecocert Int. - Germany		x	
BCS öko Garantie -Germany		x	
Suolo e Salute Serbian-Belgrade			x

The Ministry of Agriculture will establish and up to date, register of organic producers, processors, areas under transitional period, issue certificates and re-certificates.

STATE SUPPORT, POLICY INITIATIVES

Based on the Law on Organic production and Organic Products, the Government of the Republic Serbia proposed Support to the organic farmers, as a measure of subsidies, in order to promote further development of this type of production.

According to the estimations, performed by some NGO's, organized agricultural production is recognized on about 739.71 ha.

The aim of the Ministerial support is to:

- increase area on which this type of production is on going, providing enough resources to the processing industry;
- engage small & medium size enterprises in organic production;
- lessen farmer's loss due to decreased yields in conversion period, and to date when certificate is to be obtained;
- provide financial support to establish production of certified seed & planting material;
- provide farmer's education
- develop Local markets and Nationally recognized logo on organic production;
- create top quality and competitive domestic organic product, recognized by consumers, both domestic and foreign;
- introduce the technology of Organic agriculture to the broader audience, increasing awareness of the main principles of this type of production, benefit to human health, environmental protection.

Financial support to capacity building, is aimed to sustain the development of organic agriculture, and needed due to following:

- Education of rural community for being able to make plans and implementation projects in organic agriculture;
- Establishment of organic demo-farms, processing facilities and other supporting facilities, to provide education of farmers and specialization of advisors on principles of organic production;
- Providing assistance to farmers in order to establish representative Associations, and to sustain marketing activities on fairs, both domestic & foreign.

Since 2005 Ministry of agriculture provides support to organic production, (grant scheme), in order to cover expenses of certification, in a percent of up to 40% of certification costs.

In 2006 Ministry provided following financial support for organic agriculture and for 2007 predicts:

Table 8. Support policy

<i>Support policy type</i>	<i>Programme details</i>	<i>Sources of funding</i>
Per area payments	Conversion 100 €/ ha of crops 148 €/ ha of horticultural production and orchards	Budget RS
Covering of inspection & certification costs	50% LFA 40% other areas	Budget RS
National information/promotional campaign(s)	Support for regional cooperation and mobility of advanced organic farmers and their associations (visiting of distinguished farmers, exhibitions and fairs of organic production organized in other parts of the country or abroad) BIOFACH-Germany Biofest –Subotica, Serbia (Individuals, local governments, associations and cooperatives)	Budget RS
Other forms of specific support	1. 100 € per head of cattle 100 € per head of sheep, goats or pigs 1 € per head of poultry 2. Educational support for rural population for planning and implementation of organic agriculture projects 3. Setting up and support for setting up of demonstrative organic farms, processing and tourist capacities for the purpose of education and training of farmers and extension services in the field of organic agriculture	Budget RS
Other forms of non-specific support	Investments on farms – purchase of mechanization and livestock, reconstruction of housing facilities for livestock, purchase of agricultural equipment, protection from erosion and wind creation of protective zones	Budget RS

Governmental policy on organic agriculture

During previous years (2004, 2005), Ministry of Agriculture supported organic production from the agricultural budget, mainly through:

- 1 Financing certification of organic products (40% of certification costs)
- 2 Promotion of organic products (Biofach 2004, 2006)

Financial support from the Agricultural budget in 2006 was predicted for:

Conversion period, certification of organic production, promotion and protection of local organic products, establishing demo farms, processing and tourist facilities with the aim of farmers and advisories education was also a part of Governmental support.

As a certain type of promotion and support to Organic Agriculture, the Ministry of Agriculture started numerous activities, such as International projects in organic agriculture, encouraging local municipalities and farmers associations to start with this type of production. Some projects are focused on training to farmers or extensionists, some to specialized technologies in organic production and some of them are related to the advices in preparing Law, or it harmonization to EU Regulative.

As one of the priorities in the Serbian new Strategy of Agricultural Development, which has been raised in august 2005, it is emphasized the necessity to support development of Organic production as a form of a perspective agricultural production.

TRAINING

Along with already established practice of promotional activities on organic agriculture, Vojvodina's regional agricultural Secretariat organized training for advisors "Vojvodina extension advisors training on principles of organic production". The training was held on December 12th-15th, 2006 in Palic.

Some local municipalities in cooperation with Agrifaculty Belgrade, Agrifaculty Novi sad or NGO, also organized farmer's trainings.

ADVISORY SERVICE

Apart of institutions, which are involved in Organic Agriculture listed above, there are a few private services, companies or extensionists providing advises and certain type of extension service, and other type of education, following farmers in conversion period, introducing them with new technologies/principles of organic production.

Specialized institutions or NGO's so far mainly obtained advisory service on organic production. By 2005 in activity programs of public advisory service, providing service to the farmers on organic agriculture had been included too.

One of the institutions, involved in a system of public extension services, which follows the farmers' needs not just in organic production, is DP "Agroinstitute" from Sombor.

As a part of Extension system in Serbia, it transfer, and develop a new resources and services to organic and other modern principles of production in plant and animal husbandry production, thus providing training to farmers and other interested parties.

Trough numerous Projects performed by International organizations (Balkani-84, SIAB, with IAMB) or Companies in Serbia, farmers and extensionists too, do have opportunity to introduce themselves with principles of organic agriculture.

RESEARCH, TRAINING AND EXTENSION FOR ORGANIC AGRICULTURE

Research referring to organic agriculture is poor, performed basically on the Faculties of Agriculture of two major Universities, Belgrade and Novi Sad and partially some Institutes perform researches but for some cases not applicable. Just a few projects were recently launched and

financed by international community. Institutions slowly communicate with audience and lots of results stay in documentation or in publications, for the science purpose only.

Knowledge transfer must be better, stronger. International community is slowly switching to investments, no matter there is need for lots of development programs in organic agriculture.

New country strategies for assisting Serbia insist on regional perspective, which is still not developed in concept which creates unfavourable environment for mountain areas, where local knowledge is still poor, but generally these areas are favourable for organic production also.

Training and education in organic production is organized by different stakeholders, apart of Ministry of Agriculture (through numerous Projects within the international cooperation), Association of producers, farmer or local government, NGOs, private extension services.

There are also initiatives coming from state universities: the Agricultural University of Belgrade and the Agricultural University of Novi Sad.

TOPPA'S (Transitional Organic Production and Processing Association), an NGO based in Kursumlija, is carrying out a German programme for development of organic agriculture in the Brus, Blace and Kursumlija municipalities. Being partners of GTZ and WBF the program of economic development and employment in Serbia, this organization has been conducting seminars and training of agricultural producers willing to adopt organic concepts.

From 2002 to 2005, **OPTO** International Optimizing Development Resources, implemented a project in "Topola Organic Production and Marketing". This project initiated a development of organic agriculture in Topola through stimulation of market oriented organic production, knowledge increase and capacity building in organic agriculture, increase of general awareness of organic agriculture. The Project identifies and supports the process of selected farmers to start organic production of fruit and vegetables, it has a strong focus on combining production and marketing support. The Project is implemented in collaboration with **Grolink AB**, a consultancy company.

Terra's, Organic Food Association, was established in 1990 in Subotica as a non-profit and non-governmental organization with the aim of awareness raising and implementation of wide range of initiatives in organic food production; the members are individual farmers, private and state owned farming enterprises, processing plants, scientific institutions, health care institutions, distributors and consumers. Its mission is aimed at the improvement of life quality through harmonization of natural resources and capacities of local and regional communities, following the strategy of cooperation and coordination of activities in the area of primary organic food production, processing, marketing and consumption. Terra's policy is reflected in connecting the participants of the organic food production chain and creating a respective NGO network: the objective is to create preconditions for ecologically balanced and sustainable economic and business system in food production. The activity areas are: education, consultation services, marketing and promotion, scientific research, publishing and informing.

The Regional Environmental Centre for Central and Eastern Europe (**REC**) is a non-partisan, non-advocacy, not-for-profit international organization with a mission to assist in solving environmental problems in Central and Eastern Europe (CEE). It fulfills this mission by promoting cooperation among non-governmental organizations, governments, businesses and other environmental stakeholders, and by supporting the free exchange of information and public participation in environmental decision-making. With its "Local Initiatives Programme", which is financed by a wide range of international donor organizations, the REC provides support to local authorities in projects regarding also organic agriculture. REC experience in regional gathering and processing environmental information, e.g. local action plans, may have constructive effects in defining environmental conditions to be addressed.

Natura Balkanika- Nature Society is a non-governmental, non-profit organization funded by the group of enthusiasts, farmers and experts on agriculture, veterinary sciences, biology, social sciences, economy and rural development, dedicated to support rural revival, protection and promotion of the natural and cultural values of south East Serbia. The focus of Natura Balkanika is sustainable rural development through:

- 1 Promotion and introduction of environmentally friendly agriculture practices;
- 2 Indigenous knowledge protection and utilization;
- 3 Promotion and introduction of agro and rural tourism;
- 4 Conservation of agro and biodiversity.

Natura Balkanika is encouraging participation of people from the local municipality, particularly farmers, with mutually supportive relationships based on knowledge sharing, integrity, open communication and trust.

IDA (Ibar development Association)

The organization was founded in 2001 by a group of persons all involved for several years in rural development project and agricultural projects in Serbia and Kosovo. They have worked within international agencies (Swiss Agency for Development and Cooperation, BDPA, FAO, ACTED) or local institutions and enterprises (Veterinarian Institutes of Kraljevo, Dairy plant). IDA is also supported by a network of international experts who are members of honour of the association.

The year 2001 has been mainly dedicated to internal capacity building: definition of the strategic planning and short terms objective, training of the key members. The involvement of IDA in projects funded by international and local agencies started in 2002.

Main implemented projects:

- Support to the fruit production in Central Serbia
 - Support to the milk production in Northern Kosovo
 - Sustainable development tourism and agriculture in a Nature Park "Golija" and Biosphere Reserve "Golija-Studentica"
 - Identification and research farmers organization in Serbia (pilot project)
- Ida has 21 members and network of 5-10 volunteers.

"Agroinstitut" from Sombor, as an agricultural station deals not just as extension service and as research institute too. It is founded in 1956 as a public/state enterprise. Today it employs 24 extensionists of whom 15 are with university diploma and two with Master of Science in IPM.

In laboratories for phytopatology and chemical examinations, it is provided wide range of testing and experimentations, which helps in promoting new technologies in agriculture and organic too. Testing of seed quality, seed health or trial samples of numerous species, together with tests for certification of seed and planting material on National level, provides extension research and advisory service in one Institution.

Transfer of advanced technology as a result of experiments performed on a trial fields to farmers, companies (in private or state property) and cooperative, is performed through:

- Trainings and seminars
- Setting up trials in experimental field
- Organisation of courses and workshops
- Setting up trials with small farmers, selected farms
- Organising field days

Awareness of organic agriculture

Organic production is one of the most important activities in the framework of integral approach to sustainable development and environmental awareness. Following the trends from developed countries Sector for rural development of the Ministry of agriculture is trying to emphasize significance of good agricultural and environmental friendly practices. Serbia has a great potential for development in this direction since farm plots are mostly small in size and a great deal of agricultural land is located in the hilly and mountainous part of the country that is highly predisposed for this production. The very fact that the new Law on organic production and Organic Products is prepared is the best confirmation of our awareness of organic farming.

CHALLENGES AND OUTLOOK

In the near future challenges and outlook for Organic Agriculture in Serbia could be among following:

- Implementation of new Law on Organic agricultural production (along with necessary regulations),
- Training to advisors/extensionist on principles of organic production in agriculture.
- Research activities, according to the farmers needs (performed by "Agroinstitut"-Sombor).

- Seminars and pilot-projects in area of organic agricultural production.
- Design and promotion of National logo of organic product (Ministry of Agriculture).

FOREIGN TRADE OF AGRICULTURAL AND ORGANIC PRODUCTS

Agricultural commodities account for a significant proportion (16-17%) of total Serbian exports. A wide range of crop and livestock products is exported, among which berry fruit, cereals, meat products, edible oils and processed food are the most important.

Table 9. Agricultural Trade (global) in Million Euros

	2000	2001	2002	2003	2004	2005
EXPORT						
World	320.1	353.6	564.9	514.5	650.2	722.5
Thereof EU-25	154.2	211.7	326.3	288.4	346.2	393.4
IMPORT						
World	310.4	505.9	580.2	575.8	692.3	612.8
Thereof EU-25	113.1	226.5	258.7	269.3	309.7	276.8
BALANCE						
Thereof EU/ World	9.7	-152.3	-15.3	-61.3	-42.1	109.7
Thereof EU	41.1	-14.8	67.6	19.1	36.5	116.6

Agriculture has a significant share in both; total imports and total exports in Serbia. The agro-food trade balance was negative during several years since the mid 1990's. The 2005 is the first year with a positive trade balance.

Table 10. Agro-food export and import according to export Destinations /import origin (Million Euros) Source Bureau of Statistics of the Republic of Serbia

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
EXPORT										
Total	404.9	339.1	358.5	305.9	320.1	353.6	564.9	514.5	650.2	722.5
EU15	134.9	118.4	148.6	123.7	123.4	184.4	291.0	263.2	296.4	332.1
New member states (EU10)	14.1	21.7	22.5	17.1	30.7	27.3	35.3	25.2	49.8	61.2
NIS	20.5	35.0	33.3	21.3	24.5	12.0	7.5	12.3	16.9	21.19
Non EU member states in the region	209.2	155.3	138.6	133.5	132.2	121.0	209.8	199.9	267.0	283.2
Albania	2.2	1.1	0.1	0.0	0.0	0.5	5.5	7.5	9.4	10.1
BIH	94.0	64.4	71.3	69.7	53.0	58.2	87.1	104.6	166.2	176.9
Bulgaria	21.1	1.9	3.5	1.9	3.9	4.1	6.1	4.4	5.6	6.0
Croatia	35.4	40.7	1.4	1.5	3.2	7.5	9.2	12.8	23.1	21.6
Macedonia	33.9	46.3	57.4	54.4	64.5	49.3	73.7	62.1	58.7	60
Romania	22.6	1.0	5.0	6.0	7.6	1.5	28.2	8.3	4.0	8.6
SCG										
Other	26.2	8.7	15.6	10.3	9.3	8.9	21.4	14.0	20.1	24.7
Exchange rate used	na	na	na	25.0	58.7	59.5	60.8	65.0	73.0	82.3
IMPORT										
Total	400.1	517.2	417.5	269.3	310.4	505.9	580.2	575.8	692.3	612.8
EU15	127.3	212.9	136.0	88.4	96.1	166.8	200.6	202.0	235.7	211.3
New member states (EU10)	33.8	45.1	30.8	14.4	17.0	59.7	58.1	67.3	73.9	65.5
NIS	4.0	3.4	3.6	2.2	1.9	9.2	5.0	8.9	12.2	8.35
Non EU member states in the region	81.3	98.4	66.5	38.5	51.8	88.8	79.0	81.1	93.6	99.24
Albania	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.17
BIH	13.5	8.4	8.2	6.3	7.4	7.7	10.8	16.2	16.3	14.7
Bulgaria	17.9	11.9	4.8	3.3	3.0	9.0	11.8	10.9	11.0	11.2
Croatia	21.3	11.9	0.5	0.5	10.0	25.2	18.6	17.7	23.5	27.8
Macedonia	22.3	64.7	50.6	23.2	30.5	41.6	35.8	34.5	36.5	41.9
Romania	6.2	1.2	2.4	5.4	0.8	5.2	2.0	1.9	6.4	3.5
SCG										
Other	153.7	157.4	180.6	125.8	143.7	181.4	237.5	216.5	276.9	228.4
Exchange rate used	na	na	na	25.0	58.7	59.5	60.8	65.0	73.0	82.3

There is considerable potential to increase the export of many of these commodities. The Republic of Macedonia and Bosnia and Herzegovina are the largest export markets, followed by Russia (indicated as Non EU member states in the region in the above table), Romania and the EU (Germany, Italy, France and Austria). Much of Serbia's recent trade with Russia and Romania has involved the exchange (barter trade) of wheat and maize for energy and fertilizer. A wide range of food and agricultural products is imported, with the EU as the largest source of imports.

Berry fruit is the most important export commodity, with an established presence in the markets of Western Europe due to its high quality and competitive price. As most Serbian berry fruit is currently exported in bulk or packed under Western European labels, there is ample scope to add value to what is already a high-value commodity.

A wide range of processed meat, fruit and vegetable products are exported to neighbouring countries in the former Yugoslavia. Demand for such products is increasing in response to economic recovery and growth. Relatively low costs for raw materials and labour, plus long-standing market links will help to preserve these markets in the short-term, but Serbian products will inevitably face strong pressure from EU exports. Increased attention to production efficiency, marketing and product development will be essential if these products are to retain their market share.

Sugar is currently being exported to the EU. The current trade agreement with the EU does not restrict sugar exports, and EU intervention prices are well above Serbian prices. This situation will be reviewed by the EU in 2006, as part of a wider review of economic relations.

DOMESTIC MARKETS FOR ORGANIC

According to data obtained from few certification organizations the total certified surface under permanent crops and arable land in Serbia in 2006 (unofficial data) was about 739 ha (without wild collection).

Domestic and imported organic products are sold in supermarkets, healthy food shops but fresh products are available only at green market (Subotica, Novi Sad), and at the farms. Organic products are exported mainly to Germany, Austria Great Britain and USA.

Data on domestic consumption, export and import is still not available.

Currently, the production on the individual private farms predominates and there is no data on number of organic growers yet. They have been dealing with conventional and organic farming at the same time.

There are more than 10 processing facilities and the main type of processed products are:

Juices, frozen fruits, fruit concentrates, jams, essential oils and pasteurized vegetables. They have been processing conventional and organic products.

Many of them presented their products on Biofach exhibition during 2004, 2005, 2006 and 2007.

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