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SERBIA

AGRICULTURE BULLETIN

Farmers Dissatisfied with Agricultural Subsidy Increase

RSD 20 Million in Financing for Agricultural and Rural Development

Online Informational Service on Organic Production Launched

War in Ukraine Expected to Lead to Drop in Fruit Exports

Agriculture Finance Bulletin

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Note:

The Agriculture Bulletin presents a monthly roundup of headlines and news stories related to Serbia's agricultural sector.

This bulletin is prepared by Business & Finance Consulting—a Swiss-based development finance consulting company. Currently, BFC is implementing “Development of Financial System in Rural Areas in Serbia” programme for KfW. [Read more »](#)

State Initiatives

1) Farmers Dissatisfied with Agricultural Subsidy Increase

February 26th, 2022, https://www.rtv.rs/sr_lat/ekonomija/aktuelno/nedimovic

Follow a protest by agricultural producers and their subsequent meeting with a high-level government official, Agriculture Minister Branislav Nedimovic has announced an increase in state subsidies available for farmers. In particular, the amount of subsidies now available to farmers is RSD 8,000 per hectare, an increase of 100%. At the same time, farmers are still not satisfied, noting that the amount is still too low and that the government has yet to act on their request to better control imports of meat and milk. Farmers have openly debated further protests, while the government has reiterated its readiness to further discuss agricultural matters after the upcoming elections.

2) No Solution Yet for Agricultural Pensions

February 22nd, 2022, <https://novaekonomija.rs/vesti-iz-zemlje/jo%C5%A1-nema-re%C5%A1enja-za-poljoprivredne-penzionere>

Although the Ministry of Agriculture expected a new proposal to resolve the status of agricultural pensions, no such proposal has yet been completed. This leaves many retired agricultural producers upset and in a difficult position, with small pensions and rising debts. At present, the figure necessary for providing reasonable agricultural pensions and resolving the accumulated debts of retired agricultural producers is estimated at EUR 2 billion.

3) RSD 20 Million in Financing for Agricultural and Rural Development

February 8th, 2022, <http://www.agronews.rs/za-finansiranje-projekata-agro-udruzenja-20-miliona-dinara/>

The Ministry of Agriculture has announced a public tender for RSD 20 million in financing for associations engaging in projects aimed at developing agriculture and rural areas in Serbia. Winning bids will be financed/co-financed with up to RSD 1 million. Any association registered in the Registry of the Business Registers Agency and with its headquarters in Serbia is eligible to apply.

4) Interest-Free Agricultural Loans Available at Ten Banks

February 3rd, 2022, https://www.rtv.rs/sr_lat/ekonomija/aktuelno/beskamatni

The Ministry of Agriculture has announced that farmers can apply for interest-free loans at ten banks operating in Serbia (AIK Bank, Credit Agricole, Halk Bank, Intesa Bank, Komercijalna Banka, OTP Bank, ProCredit Bank, Raiffeisen Bank, Sberbank and UniCredit Bank). The loans are part of a government initiative to support Serbia's agricultural sector and the livelihoods of Serbian farmers.

Foreign Aid

5) Online Informational Service on Organic Production Launched

February 3rd, 2022, <https://www.agronews.rs/otvoren>

The *Organic Trade for Development* (OT4D) project is launching an online informational service to help local control organizations and consultants better operating in Albania, Serbia and Ukraine understand and disseminate information related to organic quality standards and product labeling. In particular, the online service will cover: relevant European Union (EU) regulations, product labeling and packaging,

processing standards, residue and organic inputs. The service will be piloted free of charge throughout 2022 and connect organizations and producers with qualified experts for possible further collaborations.

The OT4D project is being supported by the Swiss State Secretariat for Economic Affairs (SECO) and implemented by the International Organic Production Association (IFOAM), Helvetas Intercooperation and the Research Institute of Organic Agriculture (FiBL).

Private Sector

6) War in Ukraine Expected to Lead to Drop in Fruit Exports

February 25th, 2022, <https://novaekonomija.rs/vesti-iz-zemlje/vo%C4%87ari-o%C4%8Dekuju-pad-izvoza-zbog-rata-u-ukrajini>

Serbia fruit growers are bracing themselves for a drop in exports due to the war in Ukraine as the Russian market is a very important one for Serbian fruit producers. For smaller producers who are not united and do not have refrigeration units, this could be a particularly difficult situation. Additionally, the fall of the Russian ruble could also impact producers holding this currency. In response, the Chamber of Commerce of Serbia (PKS) has announced that it will form a specialized crisis team and open a crisis call center for those in need of urgent solutions.

7) Area Used for Organic Production Slightly Decreased in 2020

February 25th, 2022, <https://euractiv.rs/12-odrzivi-razvoj/123>

The area used for organic production slightly decreased from 21,266 hectares in 2019 to 20,971 hectares in 2020. This figure represents less than 1% of the total agricultural land in use in Serbia. The production of cereals, vegetables, green fodder and industrial plants was the most common usage of organic arable land in Serbia, followed by permanent plantations (orchards and vineyards) and pastures and meadows.

8) Agricultural Producers Warn of Rise in Food Prices

February 21st, 2022, <https://novaekonomija.rs/vesti-iz-zemlje/manji-prinosi>

Farmer associations from across Serbia are warning consumers to expect a rise in the price of food products this summer and autumn due to increased production costs as well as expected lower yields. To help offset this, many are calling for the government to act now to change their support system for the agricultural sector, including aid in production and subsidies to help with costs. This includes farmers, who recently began protesting to demonstrate their dissatisfaction with government support measures aimed at agriculture.

9) Cost of Agricultural Production on the Rise

February 17th, 2022, <http://www.tanjug.rs/full-view.aspx?izb=717353>

The price of agricultural production rose in the fourth quarter of 2021 compared to the third quarter of 2021. The most notable increases were observed for mineral fertilizers (up 124.9%), animal feed (up 34.6%), energy (up 15.9%) and labor and agricultural services (up 13.3%).

10) Banca Intesa Signs Agreement to Provide Subsidized Agricultural Loans

February 17th, 2022, <http://www.agronews.rs/i-banca-intesa-odobrava-subvencionisane-agro-kredite/>

Banca Intesa has signed an agreement with the Ministry of Agriculture to provide subsidized agricultural loans to registered agricultural holdings and farmers in Serbia. The loans, which are disbursed in the local

currency, are one of the most favorable in the market. In particular, they offer producers a repayment term of up to 60 months for working capital and investment purposes. In 2022, there is an additional option for the purchase of mineral fertilizers at a 1.5% processing fee and 0% rate for up to 36 months.

11) Serbian Food Products of Interest to UAE Buyers

February 16th, 2022, http://www.taniug.rs/full-view_en.aspx?izb=717197

With support from the Chamber of Commerce of Serbia (PKS) and the Development Agency of Serbia, 13 Serbian companies exhibited their products at the Dubai Gulfood Fair, one of the largest food industry shows in the Gulf region. This, in turn, has sparked the interest of many buyers from the United Arab Emirates (UAE) in Serbian products. The products showcased at the fair include truffles, raspberries, honey, jams, marmalades, dairy products, frozen and smoked fish, seafood, ajvar, soups, spices, teas, fruit juices and nectars.

12) Livestock Numbers in Serbia Halved in 30 Years

February 15th, 2022, <https://www.politika.rs/sr/clanak/499640/Prepolovljen-stocni-fond-u-Srbiji-prodaje-se-i-rasplodno-stado>

The number of livestock in Serbia has been halved over the past 30 years. This, most alarmingly, includes breeding herds. According to the State Bureau of Statistics, the number of cattle in the country has decreased 5.1% over the past ten years, as have the number of pigs (-6.5%), goats (-6.7%) and poultry (-9.5%). At the same time, the number of sheep has increased 1.8%. According to experts, the main reasons for the decreased have been falling sale prices (especially due to the import of frozen meat and livestock for slaughter) and rising production costs. Experts and producers warn that, if corrective measures are not taken now, it could take many years for Serbia's livestock and livestock-based industries to recover.

13) Competition for Organic Food Production and Processing Announced

February 11th, 2022, <https://www.b92.net/biz/vesti/srbija/orqanic-opet>

NLB Banka and Komercijalna Banka, members of the NLB Group, are jointly launching a competition for organic products. In total, five projects related to organic food production/processing will be awarded with cash prizes totaling RSD 2.5 million. Eligible parties are agricultural producers with registered farms that have been certified or are in the process of being certified as organic production areas.

14) Credit Agricole to Provide Subsidized Agricultural Loans

February 7th, 2022, <http://www.agronews.rs/subvencionisani-krediti-za-poljoprivredu-credit-agricole-banke-4/>

Credit Agricole has signed an agreement with the Ministry of Agriculture to provide subsidized agricultural loans to registered agricultural holdings and farmers in Serbia. The loans, which are disbursed in the local currency, have a maximum amount of RSD 6 million (or RSD 18 million for legal entities), a tenor of 3–5 years and an interest rate of 1–3%. Loans are available for both working capital and investment purposes. There is an additional option for the purchase of mineral fertilizers at a 1.5% processing fee and 0% rate.

15) Rising Fuel Prices Threaten Agricultural Production

February 7th, 2022, <https://biznis.rs/vesti/cena-dizela-moze-da-desetkuje-poljoprivrednu-proizvodnju/>

Rising fuel prices, especially Eurodiesel, are driving up agricultural production costs and could lead to an increase in food prices for consumers later this year. Moreover, higher fuel prices could also lead this year's yields to be decimated as farmers could lack the proper financial resources to ensure the proper production and harvesting of crops. In response, many are expecting the government to step in and

ensure agricultural producers are provided with adequate support in obtaining fuel at reasonable prices, especially given agriculture's strategic importance to the country.

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