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AGRICULTURE BULLETIN

Investment Incentives Available for the Wine Industry

National Rural Development Program 2022–2024

IPARD III Program for Serbia Adopted by the European Commission

Meat Prices Expected to Continue Rising Despite Brief Respite

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) Subsidy Payments to Agricultural Producers Begin

March 22nd, 2022, <https://www.danas.rs/vesti/ekonomija/isplata-subvencija>

Subsidy payments to agricultural producers already registered in the government system have begun. Subsidy payments will be made in the amount of RSD 8,000 per hectare or RSD 28,000 per hectare for organic production. In total, EUR 125 million has been allocated to support 313,000 farms under the state subsidy program. The area per farm used in the calculation is based on the areas reports as of September 30, 2021. Payments are automatic for producers who registered their farms between September 30, 2020 and September 30, 2021. Farms not registered in this period may submit an application to the Directorate for Agrarian Payments until April 30, 2022.

2) Investment Incentives Available for the Wine Industry

March 17th, 2022, <http://www.agronews.rs/34294-2/>

The Directorate for Agrarian Payments has issued a public call for applications for those interested in available investment incentives aimed at processing and marketing in the wine sector. To be eligible, an entrepreneur or an agricultural cooperative (with at least five members and officially registered) must be in an active status and registered in the *Register of Agricultural Holdings*. Additionally, grape producers must also be registered in the *Viticultural Register*, and wine producers must process no more than 20,000 liters annually. Incentive funds are available to cover up to 60% of the total cost of the investment and in amounts up to RSD 30 million.

3) Call to Repeal Ban on Flour Exports

March 11th, 2022, <https://beta.rs/ekonomija/ekonomija-srbija/160223>

Companies engaged in the production and export of flour are calling for the repeal of a recent decision to ban the export of flour due to the country having a huge surplus of flour and there being no indication that their will be a problem with flour shortages in the foreseeable future. They also add that the ban could also damage relationships with traditional markets such as Bosnia and Herzegovina and Montenegro, which do not have flour reserves and have already sought other supply chains. Furthermore, an excess of flour in the country will likely lead to a situation in which mills will no longer be able to buy and process wheat as there will be an overly-saturated market.

4) Government Temporarily Bans Export of Basic Foodstuff, Limits Fuel Prices

March 10th, 2022, <https://beta.rs/ekonomija/ekonomija-srbija/160185-vlada>

Due to disturbances on the world and domestic markets, the government has temporarily banned the export of basic food products, including wheat grains, wheat flour, corn, groats and sunflower oil. Additionally, the government has also limited the price of petroleum products. Both measures are set to expire April 11, 2022. In taking these actions, the government seeks to prevent major disturbances and preserve the standard of living in the country.

5) Subsidized Wheat Available for Flour Producers

March 1st, 2022, <https://agrosmart.net/2022/03/01/poziv-proizvodjacima-brasna>

The Ministry of Trade, Tourism and Telecommunications has announced an invitation for producers of T-400 smooth and T-500 flour to purchase wheat at subsidized prices. The wheat, which comes from the country's commodity reserves, can be purchased for a price of RSD 25.30 per kilogram, including VAT. Producers that elect to take advantage of the offer will be obligated to conclude contractual agreements with the Republic Directorate for Commodity Reserves for the procurement of the wheat.

Foreign Aid

6) National Rural Development Program 2022–2024

March 15th, 2022, <https://www.agroinfo.rs/vesti/povecanje-budzetskih-sredstava>

The *National Rural Development Program 2022–2024*, which has a project budget of RSD 28.1 billion (RSD 9.4 billion per year), aims to continue to support rural development in the country, including through activities that will introduce new IPARD measures as well as increase the usage rate of available IPARD funds in the country. The program document recognizes the still fully-untapped potential of Serbia's agricultural sector as well as its importance to the country's economy and labor force. It also envisages growth in terms of reduced production costs, enhanced production structures and better quality (i.e. higher value-added) products. At the same time, the program document also calls for the sustainable management of natural resources and smart solutions to ensuring environmental and climate challenges are met responsibly.

7) IPARD III Program for Serbia Adopted by the European Commission

March 11th, 2022, <http://www.minpolj.gov.rs/evropska-komisija-usvojila-ipard>

The European Commission has adopted the IPARD III program for Serbia for the period of 2021–2027, which will increase the European Union (EU)'s investment into Serbia via the IPARD program to EUR 288 million. Under IPARD III, the following measures will be supported: Measure 1 – investments in the physical assets of agricultural holdings; Measure 3 – investments in physical assets related to the processing and marketing of agricultural and fishery products; Measure 4 – agro-ecological-climatic measures and measures for organic production; Measure 5 – the implementation of local rural development strategies; Measure 6 – investments in rural public infrastructure; Measure 7 – diversification of agricultural holdings and business development; and Measure 9 – technical assistance to the local IPARD managing authority.

8) Regenerative Agriculture Project Comes to Serbia

March 8th, 2022, <http://www.agronews.rs/regenerativna-poljoprivreda-za-bolji-kvalitet-zemljista/>

Despite modern measures, agricultural land suffers from a lack of carbon as compared to the past (even 50 years ago). This is due to plant residues in the soil and applied manure soaking up and capturing carbon. To correct this, the European Union (EU)-funded *AgriCapture* project is bringing the principles of regenerative agriculture to Serbia. Regenerative agriculture takes advantage of modern technologies to give farmers information necessary for making decisions that both conserve natural resources and optimize production. Currently, the project is setting up pilot farms in Serbia as well as Greece, Kenya, Poland, Portugal and the United Kingdom. The farms will be monitored for the implementation of proper regenerative techniques and hopes to demonstrate the value of responsible and sustainable farming practices.

Private Sector

9) Meat Prices Expected to Continue Rising Despite Brief Respite

March 29th, 2022, <https://rs.n1info.com/biznis/stocari-poskupljenje-mesa-neizbezno-obuzdava-qa-samo-pad-potrosnje/>

While a fall in the consumption of meat in Serbia has temporarily caused meat prices to stop increasing, farmers are warning consumers that meat prices will inevitably rise again due to declining numbers of livestock and imports. Overall, the rise in meat prices is mostly due to massive increases in the cost of animal feed. The combination of increased production prices and decreased demand has many livestock producers looking for solutions.

10) Berry Producers Not Endangered by Difficulties in Reaching the Russian Market

March 29th, 2022, <https://www.politika.rs/scc/clanak/503402/lzvoz-srpske-maline-za-sada-nije-ugrozen>

With the war in Ukraine causing difficulties in the transport of apples to the Russian market, some berry exporters are concerned that they may also face difficulties in finding buyers; however, it is important to keep in mind that European markets are the main outlet for Serbian berry products. At the same time, there are still valid concerns as the world shifts more of a focus to basic foodstuff. Moreover, a greater shift toward other markets (e.g. Japan and the United States of America) requires a shift in production as those markets require specific products (e.g. organic berries and very specific types of berries). Moreover, these markets traditionally demand a high quality that many Serbian producers are not yet capable of meeting. As world markets reorganize themselves, it is clear that Serbian berry producers have a place, but they also have much work to do to earn it.

11) New Business Opportunities for Serbian-Egyptian Cooperation

March 28th, 2022, https://rtv.rs/sr_lat/ekonomija/nove-sanse-za-poslovnu-saradnju-srbije-i-egipta_1327195.html

Bilateral meetings organized with some of the most prominent Egyptian businessmen have opened new opportunities for cooperation between Serbia and Egypt in numerous fields, including agriculture and agricultural machinery. This is likely to result in investments made into Serbia's agricultural sector as well as collaborations in developing strategies for reaching other markets.

12) Producer Prices of Agricultural Products Up 18.3%

March 23rd, 2022, <https://agrosmart.net/2022/03/23/cene-poljoprivrednih>

Producer prices of agricultural and fishery products in January 2022 increased by 18.3% year-on-year and 0.5% from the previous month. The greatest increases were seen for cereals, industrial plants and livestock (including poultry). For the entirety of 2021, producer prices increased 20.8% year-on-year, with the greatest increases observed for fruits, industrial plants and cereals.

13) Agricultural Producers Frustrated by 60-Liter Limit on Fuel Purchases

March 19th, 2022, <https://www.danas.rs/vesti/ekonomija/poljoprivrednici-60-litara-qoriva-se-potrosi-do-njive-i-nazad/>

A recent government decree, which is valid for a month, aims to set the price of fuel on the domestic market as well limit purchases to a maximum of 60 liters. This second part (limiting purchases) has agricultural producers frustrated as they can do very little with only 60 liters of fuel. Many believe that the shortsightedness of the decree as is gives a clear indication that the government did not consult with relevant parties and are calling on a smarter solution that will take into account the needs of agriculture.

14) Agricultural and Food Product Foreign Trade Up 15.6%

March 9th, 2022, <https://www.danas.rs/vesti/ekonomija/sta-od-poljoprivrednih-proizvoda-srbija-najvise-izvozi/>

In 2021, Serbia's total foreign trade of agricultural and food products amounted to EUR 6.6 billion (EUR 4.2 billion in exports and EUR 2.4 billion in imports), a 15.6% year-on-year increase. The share of agricultural and food products in total exports for 2021 was 19.4%, while the share of agricultural and food products in total imports for 2021 was 8.3%. Most agricultural and food products were exported to the European Union (EU) (55.0%), Central European Free Trade Agreement (CEFTA) countries (25.0%) and Russia (6.1%).

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