

AGRICULTURAL REFORMS IN SERBIA

Stojan Jevtic¹, Branislav Gulan¹, Vojislav Stankovic¹

Abstract

After half a century of wandering and neglecting, in 2009 the agriculture in Serbia is again on the crossroads. How and where to proceed? The science created about 1,500 high-yielding varieties and hybrids, and only 30% of its genetic potential is used. Every fourth Serbian village is heading towards extinction (about 1,200 of them). In the Serbian villages, there are 260,000 single men, who entered their fifth decade without having created their own families. In the same time, there are 200,000 empty homes in the villages, and 600,000 hectares of arable land remain uncultivated! Before the crisis, a GDP growth in Serbia for 2009 was projected at 7%, then it was planned at 3.5%, and now, with the reality check we have a drop of more than 5%, and in agriculture, we can expect a zero rate. The State has still not recognized that agriculture is its strategic sector of economy. After elaboration of each new strategy, the production was reduced.

Key words: agriculture, resources, production, underdevelopment, reforms, strategies

Global agriculture achieved the highest progress in the 20th century. The progress resulted not only from the development of agricultural science and technical – technological progress, but also from improved management, operation and organization of the production processes. Huge changes occurred in all areas of agriculture in the world at the end of the last century and the beginning of this century in the process of intensification of agricultural production, which is based on increased investments per unit of arable land (it is decreased in our country), agrarian production efficiency and improved trade with agricultural products. The European Union invests into agriculture 130 USD per inhabitant annually, and

¹ Stojan Jevtic, PhD, Branislav Gulan, Vojislav Stankovic, Serbian Chamber of Commerce, Belgrade

Serbia invests only 29 USD. With such investments, Serbian agriculture cannot be competitive with the European agriculture.

The world population today is more than six billion and the potentials of agriculture can produce enough food. However, every year more than 30 million people die of starvation, while at the same time almost a billion are hungry and undernourished. If food were distributed adequately, which is impossible in the new world economic order and in the period of globalization, hunger would be eradicated! We entered the new millennium with the same problems, which have existed until today, where a part of the world remains hungry, and food will be the most powerful weapon! Therefore, the countries that manage to produce enough food for their population, will ensure their economic independence and, in the same time, political independence.

Unexploited potential

Serbia disposes of 5.11 million hectares of the agricultural land. 4.25 million hectares of the said agricultural land is arable surface. These Serbian fields are made up of furrows and vegetable plots on 3.35 million hectares, fruit groves on 244.000 hectares and vineyards on 69.000 hectares, while pastures and meadows make up for more than 1.4 million hectares. On this surface it is possible to produce sufficient quantities of food for domestic needs and food reserves as well as for export. The expert projections are that with intensive production practices on this surface we could feed 80 million inhabitants. However, due to the inadequate economic treatment of agriculture over the last half a century, this economic sector has, by and large, been the buffer zone for the economic and political events.

During the last half a century of the existence of the SFRY on its territory, eight million people have migrated from the rural regions into the urban environment. Thus, we experienced the most accelerated transformation of rural population into urban population in the world, where for such a process to take place, it was necessary 150 years to pass by! The rural inhabitant has always been on the margins of events, while his work has been and remained neglected. He was always, and still is, the person who worked hard on its land, had work worn hands and has never forlorn his furrow without the seeds. The powers that be always approached him with promises of well being during the electoral campaigns.

The best example of the state of affairs in the Serbian village is that out of 4.800 villages, very soon, every fourth one will disappear (within one decade the life will continue in only 1.200 villages). Annually, in Serbia, 40.000 people more die than are born! This data is further endorsed by the fact that in 702 rural settlements in Serbia, live less than one hundred people. Precise data is that 352 settlements have less than 50 inhabitants, 350 have between 50 and 100

inhabitants. To the above data it should be added that almost 500 settlements, according to the results of the 2002 population census, have between 100 and 150 inhabitants. On the other hand, in the rural areas currently lives nearly half of the total population of Serbia. One of the manifestations of the disappearance of the rural settlements are deserted homes that number close to 50.000 according to the results of the 2002 population census. Were we to add to the above number another 145.000 homes that were registered then, but designated as temporarily uninhabited, it would mean that in Serbia today, there are circa 200.000 empty homes where no one lives! This represents the opportunity for new jobs, in particular for the urban dwellers that lost their jobs. The return to the rural areas would not only mean the work in agriculture, but also in the accompanying activities such as crafts. The result of this state of affairs is the reduction in the production and forever decreasing numbers of livestock in the barns. Animal husbandry in Serbia, with the present day livestock numbers, is at the level of 1910!

Table 1 Livestock numbers in the Republic of Serbia

(in 000 units)

	2001.	2002.	2003.	2004.	2005.	2006.	2007.	2008.
cattle	1.162	1.128	1.112	888	1.079	1.106	1.087	1.067
pigs	3.615	3.587	3.634	3.634	3.165	3.999	3.832	3.594
sheep	1.490	1.448	1.516	1.586	1.576	1.556	1.606	1.605
poultry	19.290	18.804	17.676	16.280	16.631	16.595	16.422	17.188

Source: RBS

Table 2 Meat production in the Republic of Serbia

(in 000 t)

	2001.	2002.	2003.	2004.	2005.	2006.	2007.	2008.
Meat production	426	457	430	445	459	458	473	464

Source: RBS

With the reduction of the livestock numbers there is less meat, so the production, for instance in 2007, stood at only 440.000 tons which is 205.000 tons less than in 1990. The results of the smaller market are not felt to a great extent due

to diverse reasons. Above all, less meat is bought and consumed due to poverty, while at the same time, an uncontrolled quantity of imported cheap meat of low quality is flowing in.

The world, rather the EU, which is our orientation, is emptying its own reserves, so the meat that is above eight years old is not given for consumption to its own population, however it is being sold to us cheap or is simply given to us!? The reason is not an increased production and better standard, but an overall slaughter of pigs (when half or close to half of 400.000 breeding stock sows are slaughtered) and low price. At such a time, the State or commodity reserve did not react. Had they bought off the surplus from the farmers when one kg of live weight pigs was 50 RSD, the breeding stock animals would have been preserved.

Such state of affairs in Serbian agriculture, above all, in livestock breeding, has converted Serbia from the former meat and food exporter into a regular importer. Only a decade and a half ago, Yugoslavia exported to 40 markets annually up to 50.000 tons of meat in the value of 450 million USD, with the participation slice of Serbia in the quantity of 30.000 tons. Nowadays this is only symbolic. In 2007, 2.200 tons were exported only, while in 2008 only 1.700 tons were exported! The reasons behind such low export figures are the non existence of the livestock animals.

In order to fulfill the quotas for baby beef it is necessary to have the breeding stock of 100.000 annually, while Serbia only has circa 15.000 bullocks! This branch is burdened with 70% of grey economy! In Serbia there are 1.700 slaughter houses. For a country such as Serbia, only 10 slaughter houses would be enough. Only 6 slaughter houses have exportation number for the placement of their meat on the EU market.

Further testimony to the fact that the affairs are not conducted as they should be, is the smuggling of meat from Brazil and Canada which is being sold as „Proscutto from Zlatibor“. It transparent that we have more cured meat than live cattle in Serbia!

The forgotten world of the none aligned countries

In Serbia we boast with the food exports in 2008 in the value of 2 billion USD and with the food imports in the value of 1.5 billion USD and realized surplus of 500 million USD. However, the creators of the economic and agrarian policies do not mention that the realized exports in the share of 62.5% were to the markets of the former SFRY. We are not returning to the old markets and we are not conquering new markets.

Just recently we have started to remember the markets of the non aligned countries where 1.7 billion consumers live, where annul turnover of the halal foods

are in the value of 600 billion USD! Our opportunity is on this market, in the return to the products demanded on this market since we have products to offer while being competitive at the same time.

Also, a great number of the Ministers of Agriculture, or other high and profiled positions are being occupied currently by persons who have, during the time of the non aligned engagement of the SFRY, pursued university studies here...

Due to large oscillations in the production in 2003, it so happened that after a catastrophic draught and damages of 60 billion RSD, *FAO from Rome has included our country among countries threatened by imminent famine and stated that Serbia will become a net food importer!?* Genetic possibilities of our crops are being used by 30% maximum. Plots are being sown with the seeds from the loft, they are being badly furrowed...We use the least amounts of fertilizers in this part of the world, only 50 kg per hectare...

The government in Serbia does not recognize that agriculture is the strategic activity. The best testimony to this is the smallest agricultural budget since its inception in 1996. In 2009 it was initially established at 20.5 billion. After the first budget rebalancing it is 17.5 billion RSD which corresponds to 2.75% of the total state budget. At the same time, the agricultural sector contributes with one quarter of the total exports, while with the inclusion of the accompanying activities, it contributes the same amount of revenues to the budget. At the same time, fresh and processed fruits with the average 59.3 kg it means that we eat three times less than the population in the developed countries.

Case in point that the agricultural sector is on the bottom of the governing structures is that finally after three years in the Serbian Assembly (at the end of May 2009), 15 laws were adopted in the area of agriculture. However, they are not being implemented since the accompanying regulations were not adopted yet. *Another interesting point to consider is that since the existence of Serbia this is the first Assembly that does not have a single farmer amongst its ranks!*

We are eating more and more bread

The average inhabitant in Serbia eats three times more bread than the inhabitant in the European Union! At the same time we consume four times less milk and dairy products while the consumption of meat is just as low. The numbers are unforgiving- we eat 109 kg of bread per inhabitant per annum, by far the largest quantity in Europe, where the average is up to 30 kg to 40 kg. Due to high prices, bread is the food product that „compensates“ everything else.

The consumption of milk and dairy products averaging 87.1 l per capita, we lag behind. Germans, for instance, annually consume 308 liters, while the European average is 245.1 liter. In Slovenia, the average is 228 l, in Croatia 162

liters, in Bulgaria 145 liters, while in Bosnia and Herzegovina 168 liters of milk per annum per capita. We are always ahead where it is not desirable to be ahead-the consumption of the edible oil in Serbia stands at 11.1 l per annum, while in the EU countries the average is between 4 and 5 liters.

Science, the brightest point of economy

The brightest point of Serbian economy and agriculture is science. Our scientists have created more than 1.500 high yielding varieties and hybrids of wheat and corn, sunflower, soybean, sugar beet...All of these cultures are being sown on furrows in our country on circa 70% of surfaces, while in other parts of the world they cover close to 5 million hectares of surface. Elsewhere, a cattle breeding is the driving force of the agricultural development. The proof of such circumstances is the fact that around the world cattle breeding generates a minimum of 70% of the GDP of agriculture, while in the case of Serbia only 42%. Over the last decade and a half, annually, in Serbia, the number of livestock had been shrinking by one to two percent. The consequence of such agrarian policies is that the meat consumption per capita in our country has decreased from 65 to 36 kg per annum.

At present after the slaughter of the livestock in Serbia this amount is just fictionally increased to 43 kg. When we make comparison with the countries of the developed world, since the objective of the present government is to become the EU member country by 2014, we see that the meat consumption per capita in the EU is 87 kg, in Hungary 92 kg, Slovakia 65,7 kg, Check Republic 73,5 kg, Bulgaria 62,3 kg, Latvia 74,9 kg, Latvia 49 kg, Romania 47,3 kg and in Slovenia 90 kg. The largest quantities of all types of meat consume the inhabitants of the USA 115,6 kg per capita per annum, second ranked are the Austrians with 105,2 kg, while third ranked are Canadians with the consumption of 100,3 kg. The least amount of meat consumes the inhabitant of Egypt - only 13 kg per annum. The consumption in Serbia is significantly lower than our possibilities and our desires.

American intelligence services CIA and NICA, in an analysis of the global economic trends in 2005 projected for Serbia to be at the economic bottom of Europe until 2020. According to their assessment Serbia will become the EU member country in 2020.

Each incoming government promised wellbeing to the same target group i.e. the farmers. This voting body numbers a few million voters (there are 778.000 farms). Almost all of the Governments adopted strategies, while after their implementation, there usually came about the fall in the production!?

Nowadays, most of the farmers keep livestock for their own needs, while they would offer to the market the accidental surplus which makes for self sufficiency production. Our objective must be to have the farmers who would feel secure and earmark their production for the market.

It means that Serbia should be declared a GMO free region. When this type of food is produced and sold abroad, it is between 30% to 50% more expensive than other food! 10% of the EU population chooses to consume the GMO foods. In such a case we would need to have circa 300.000 farmers with 15 hectares of land each and organize them in the cooperatives which is the practice around the world (with 800 million members), thus accessing the global market in this organized manner. Were this to take place they could double the production of raw materials for the food processing industry which is presently being used from 30% to 50% of the potential.

Ministers - the creators of agrarian policies

Over the last half a century the agriculture has always served as a social buffer for the governing structures who used to address it most often during the electoral campaigns. Agrarian economists, who over the last two decades usually occupied the most salient positions in the former federal government and later in the republican governments, are:

Milorad Stanojević Ph.D (1982-1986), **Sava Vujkov** (members of the former FEC & presidents of the Federal Agricultural Committee), **Koviljko Lovre Ph.D** (Federal Minister of Agriculture 1993 and 1994 after which this ministry was terminated), **Milan R. Milanović Ph.D** (Deputy Federal Minister of Agriculture 1997-2000), **Žarko Kalezić Ph.D** (Deputy Federal Minister of Agriculture 1992-1994), **Milan Prostran** (Assistant Federal Minister of Agriculture), **Tihomir Vrebalov Ph.D**, **Stevo Mirjanić Ph.D**, **Nedeljko Šipovac**, with one acting Minister of Agriculture **Vlastimir Matejić Ph.D** as a Minister of Science until the appointment of **Ratko Lazarević Ph.D**, post 2000 democratic changes the Federal Minister of Agriculture was **Saša Vitošević**... As for the Republic of Serbia, in the most recent times, the agricultural sector was led by **Jan Kišgeci Ph.D**, **Jovan Babović Ph.D** who was the Minister of Agriculture from 1997 until 2000, then **Dragan Veselinov Ph.D**, followed by **Stojan Jevtić Ph.D**, **Ivana Dulić – Marković Ph.D**, **Goran Živkov**, **Slobodan Milosavljević Ph.D**, **Saša Dragin Ph.D**... Since 2000 Serbia reshuffled ten ministries of agriculture and had eight Ministers of Agriculture!

At the beginning of the penultimate decade of the last century, in Yugoslavia became exposed serious signs of the long-term structural instability in all sectors including the sector of agriculture. Everything that was undertaken at the time,

made it obvious that political objectives dominate rather than the economic objectives.

The Government of the Republic of Serbia has adopted the *Strategy of the agricultural development of Serbia* (2005) that was elaborated by the ministry that was led by Ivana Dulić – Marković. The strategy was the result of the imported «expert» brains. It had never been adopted by the Parliament. However, it is still being implemented. After that, the Ministry that was led by Slobodan Milosavljević also elaborated the Strategy of the agricultural development until 2013, but this one had not even reached the Government. At the end of March 2009, the Ministry led by Saša Dragin elaborated the Serbian national program of agriculture until 2011 – this one, too, is waiting to be adopted by the Serbian Government...and then...?

The objective must be the adoption of the Strategy of the agricultural development in the Parliament with the implementation deadline of at least five years!

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