



CEFTA Week 2014
Skopje, November 2014

Agricultural Policy and European Integration in the South Eastern Europe

*- presentation of the FAO study -
Edited by E.Erjavec, T.Volk, K. Mortensen*

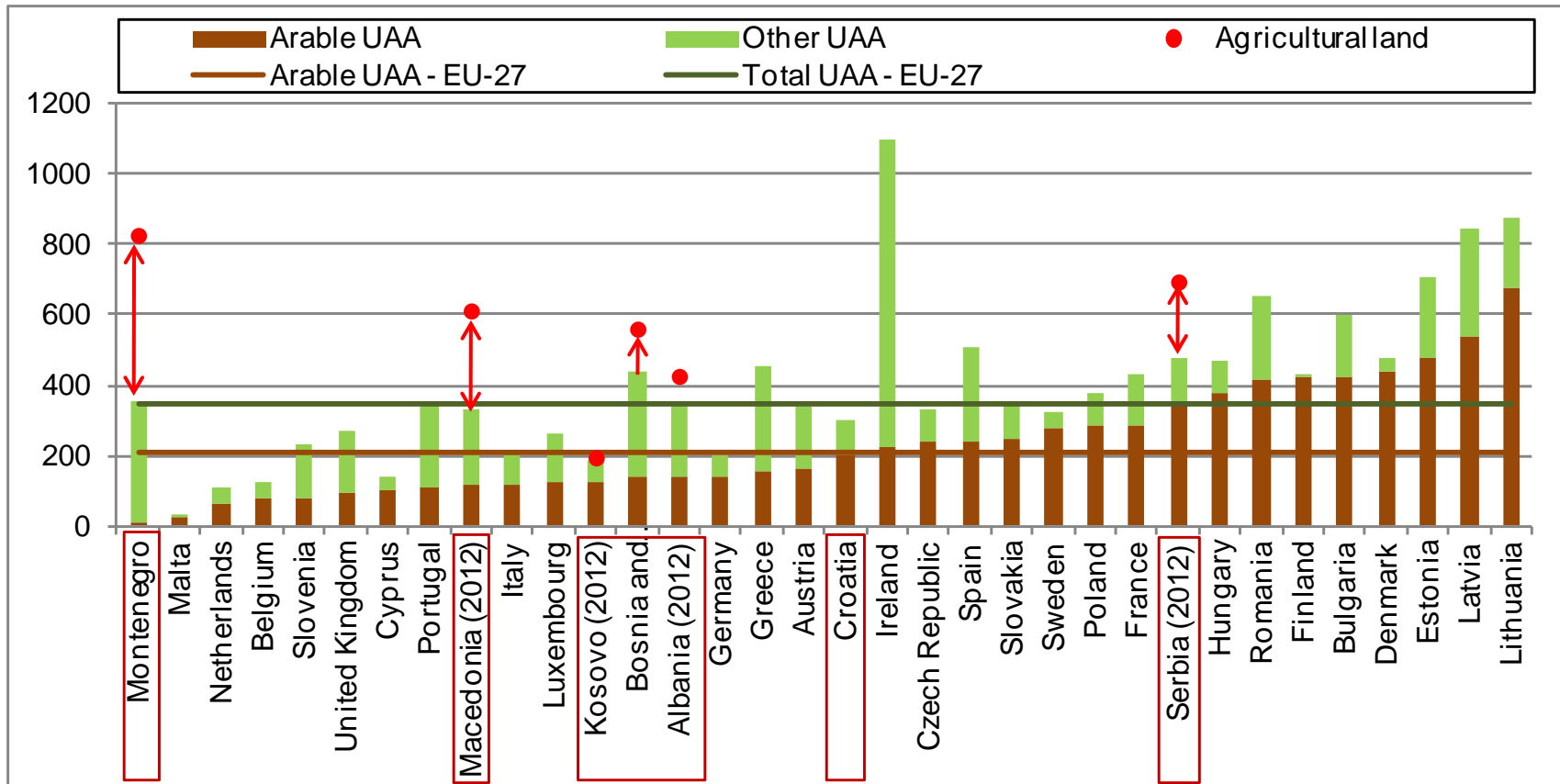
Boban Ilić, SWG general secretary

- 1. How is the agriculture in SEE developed?**
 - Key challenges for policy interventions
- 2. Main features of the agricultural policy?**
 - International classification of the budgetary transfers
 - Cross- country comparison and benchmarking
- 3. Guidance for new policy orientation?**
 - Development strategy – policy matrix
- 4. Additional targets/benefits:**
 - Knowledge transfer in modern agricultural policy
 - Strengthening the policy analytical work and cooperation between agricultural economists and ministries of agriculture



I. SOME RESULTS OF CROSS-COUNTRY ANALYSIS OF AGRICULTURE AND AGRICULTURAL POLICY

Agricultural area per 1 000 populations (in ha), 2010, SEEs and EU



Source: EUROSTAT, SEEs Statistics

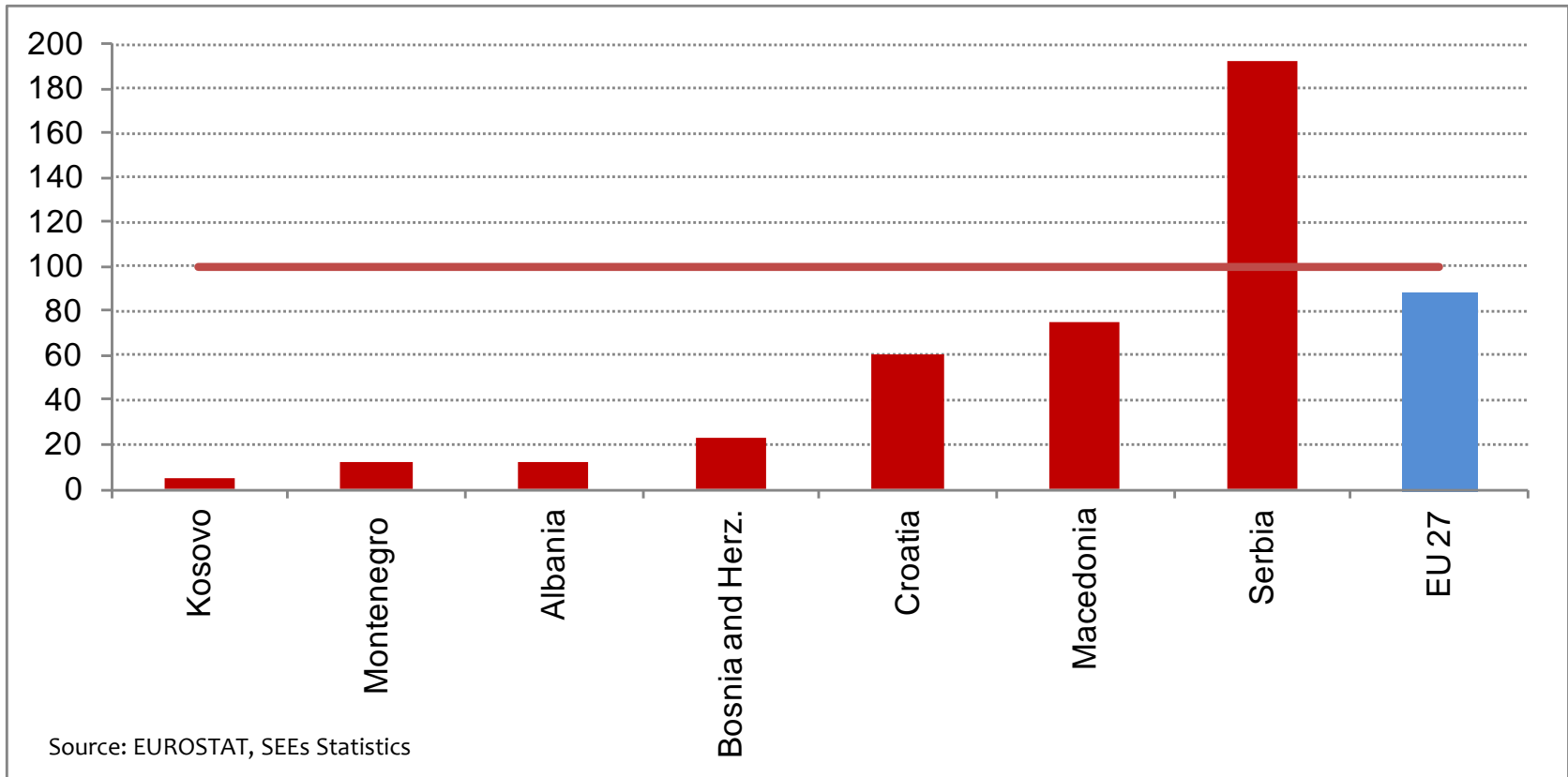
- *Solid land potential, non used resources!*
- *Permanent pastures out of use...*
- *Significant share of less favoured areas*

Average producer prices of some important agricultural products (in EUR/t),
2010-2012 average, SEEs and EU

	AL	BA	XK	MK	ME	RS	HR	EU max	EU min
Common wheat	260.4	187.9	233.3	219.2	:	164.3	177.5	225.5	166.3
Corn/Maize	258.1	195.2	270.0	209.8	:	160.7	171.4	221.2	162.8
Sunflower	:	:	:	:	:	367.0	377.3	420.0	353.3
Soya bean	:	388.0	:	:	:	377.3	370.9	395.0	327.4
Potatoes	220.2	260.8	303.3	303.6	:	231.0	190.4	471.4	118.4
Pepper	327.7	295.4	583.3	269.1	:	394.0	714.3	:	:
Tomatoes	337.4	235.6	610.0	434.9	:	521.0	747.2	747.6	262.1
Young cattle	:	1 762.0	2 143.3	1 086.7	:	1 752.7	1 907.3	2 359.3	1 032.8
Veal (calves)	:	2 633.1	:	1 674.2	:	2 577.7	2 769.6	:	:
Pigs	:	1 538.6	2 120.0	1 562.0	:	1 347.7	1 280.6	2 080.8	973.1
Lambs	:	2 190.9	2 320.0	2 523.8	:	1 830.7	4 151.3	:	:
Cow's milk	364.0	275.6	297.7	288.6	:	258.0	330.0	423.2	242.3

- *Limited price competitiveness*
- *Significant differences between countries (Serbia most competitive)*
- *... and products (vegetable? more competitive)*

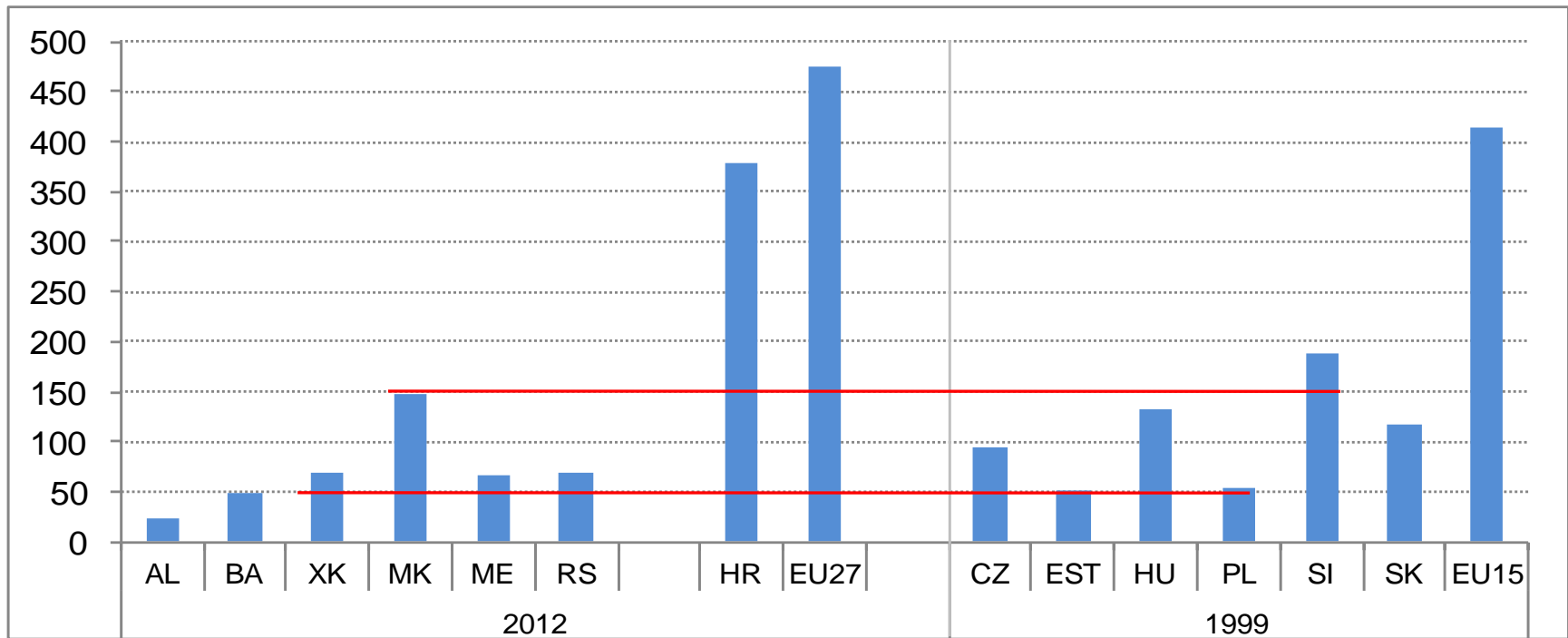
Agro-food export-to-import cover ratio (in %), 2012, SEEs



Except Serbia, unfavourable trade balance

Total budgetary support to agriculture (EUR/ha UAA)

Some new Member States
 5 years before accession

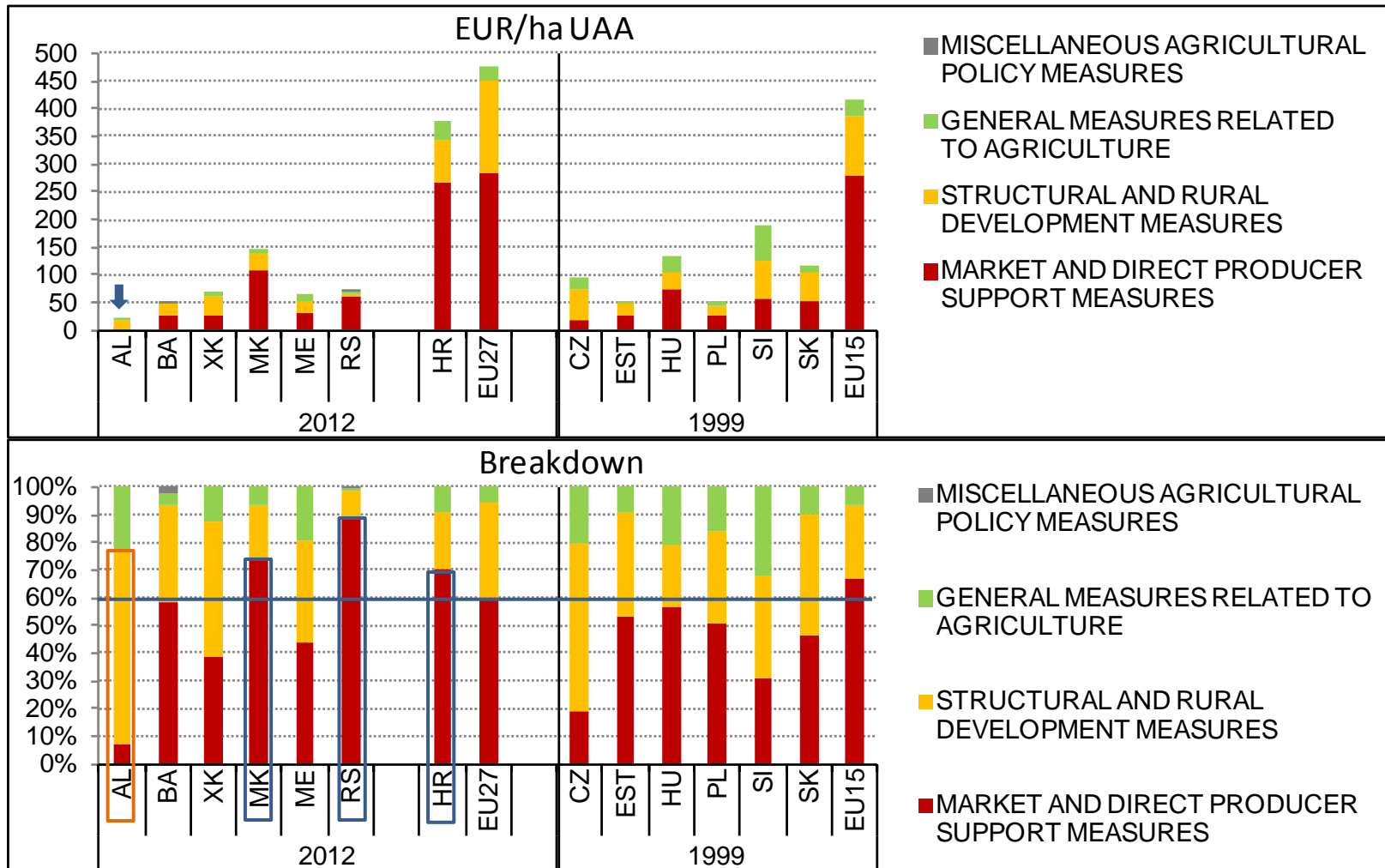


Note: Export subsidies not included

Source: National APM databases, OECD PSE/CSE database, EU Commission

- *Limited budgetary support to agriculture (except HR and MK)*
- *Situation similar as 5 years before the accession for NMS.*
- *Efficiency of support?*

Total budgetary support to agriculture by policy pillars

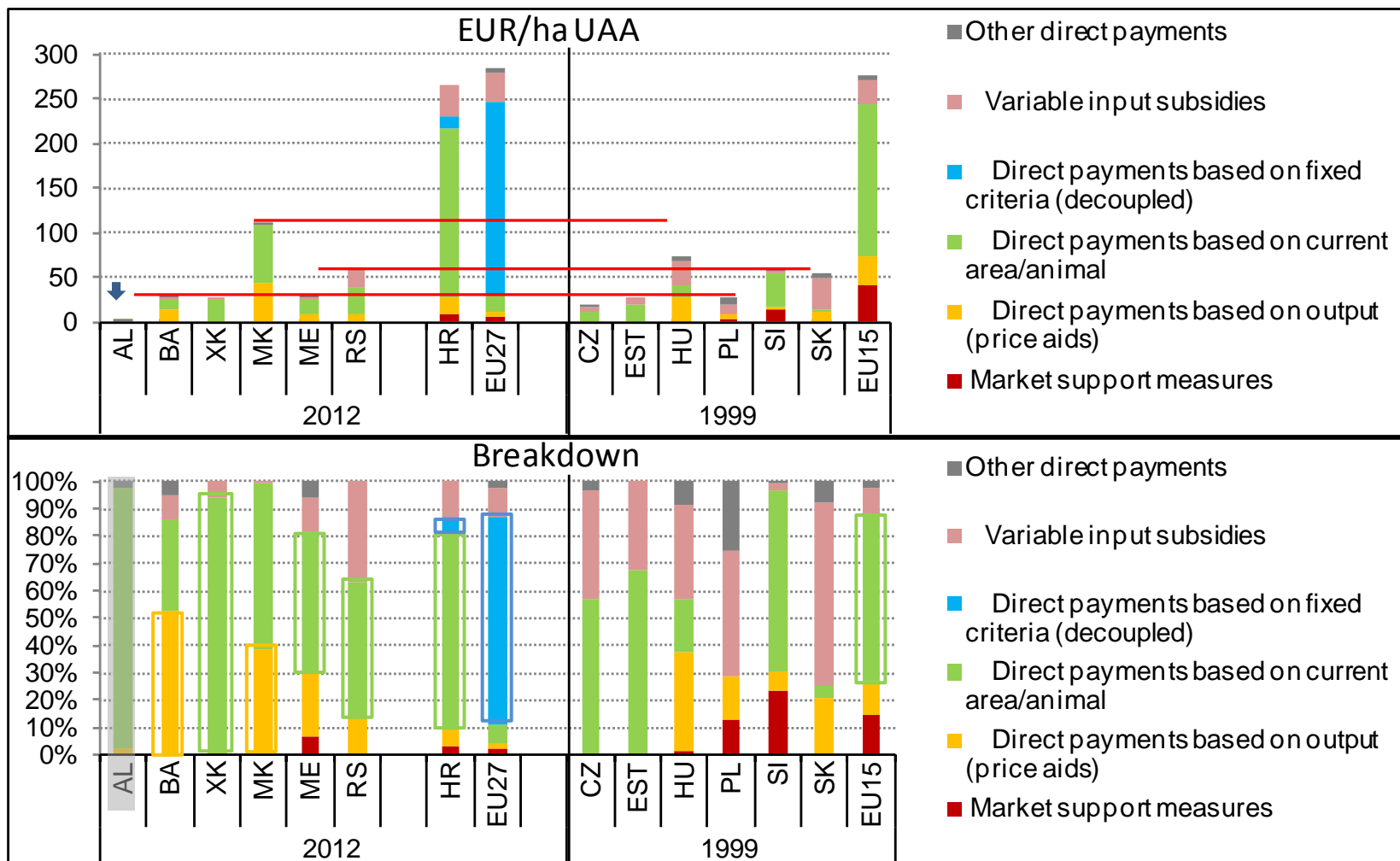


Note: Export subsidies not included

Source: National APM databases, OECD PSE/CSE database, EU Commission

- Differences between the countries. Production oriented support prevails.

Market and direct producer support by group of measures



Note: Export subsidies not included

Source: National APM databases, OECD PSE/CSE database, EU Commission

- Income- and sector oriented support prevails. Different type of coupled support.

FAO REGIONAL OFFICE FOR EUROPE AND CENTRAL ASIA

AGRICULTURAL POLICY
AND EUROPEAN INTEGRATION
IN SOUTH-EASTERN EUROPE

2014

EDITORS:
TINA VUKIĆ
EMIL ERMAČIĆ
KAI MORTENSEN

SWG RRD

Food and Agriculture
Department of the
United Nations



II. SEE AGRICULTURAL POLICY CHALLENGES, GAPS AND ROAD MAP

- 1. Natural constraints and unused land potentials***
- 2. Human and capital factor limitations***
- 3. Land fragmentation and bimodal farm structures***
- 4. Low productivity and technological gaps***
- 5. Low concentration and specialisation of production***
- 6. Relatively poor production performance***
- 7. Weak agro - business***
- 8. Poor horizontal and vertical integration***
- 9. Low price and quality competitiveness***
- 10. Foreign trade dependency***
- 11. Depopulation, weak social situation and presence of rural poverty***

Concept:

- **Development-oriented** policy
- with **CAP as benchmark** to address the key policy targets
- Elaboration of the **road map** for gradual adaptation to the CAP:
 - Domestic producers should have similar market conditions
 - The best way to modernise the agro-food sector
 - Detailed plan for each type of existing national and CAP measures profile
- **Policy matrix** (first guidance for future reforms in SEE)

Reform priorities/ Targets	Operational objectives	Measures
-------------------------------	------------------------	----------

	Targets
a.	Improvement of the general framework conditions
b.	Land reforms
c.	Income improvements and stabilization
d.	Innovation and efficient knowledge transfer
e.	Modernization of agriculture and agro-food sectors
f.	Better horizontal and vertical integration of producers and processors
g.	More efficient use and protection of natural resources
h.	Rural poverty elimination and small farmers issues
i.	A more territorially balanced approach

Direct payments and market price policy:

– Design and selection of DP measures

- limitation of the number of direct payments
- no new introduction of **non-CAP measures**
- gradual abolishing of support for sectors not CAP supported
- gradual introduction of **CAP like area/head payments**
 - still coupled and supportive for agriculture (necessary preparation)
 - easily switched into decoupled policy
 - good basis for up-grading of implementation capacity
- **fair approach** to all producers
- introduction of support for producer groups

• **Implementation of DP**

- gradual implementing of CAP adjusted control/administrative tools and institutions

• **Market policy**

- Introduction of **risk management measures**

Rural development policy:

- Attention to this policy!
- Support for **modernization** of agro-food sectors
 - targeted farm investment
 - technological transfers
 - land reforms support
 - investment in the agro-food supply chains
- **Environmental and LFA support**
 - Strong attention to LFA support
 - Growing agro-environmental focus
- Rural poverty policy
 - **small farms** support

General services:

- Attention to the establishment of efficient AKIS

