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ANALYSIS OF THE ACTUAL INDICATORS OF COMPETITIVENESS IN THE SERBIAN AGRICULTURAL SECTOR

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emerging market and developing economies consider the agricultural sector as a strategic branch of national economy, which employs a high percentage of active labour force and contributes considerably to the GDP of a country.

“ However, the development of agrarian sector in these countries relies mostly on the exploitation of highly valuable and available natural resources, as well as on the exploitation of cheap labour force, the import of technology and inputs for production from the developed countries, the export of primary agricultural products or low-processed products.

“ Global competitiveness in agriculture is based on factor advantages and implies competitions based on low costs (labour force, soil) and cheap agricultural and food products.

f competitiveness of Serbian agrarian sector are analyzed in the work and they are compared to the same ones in the selected developed countries, as well as to the ones in the chosen less developed countries.

Also, in their work, the authors point out the need to change the current pattern of competitiveness of Serbian agricultural sectors in the direction of making new basis of competition, which are based on high role of knowledge, innovations, developed institutions, scientific-technological infrastructure, developed clusters and stimulating business environment for the working of agricultural companies, entrepreneurs and family households in general.

extremely favorable factor resources for the development of agricultural production and food industry.

However, the results achieved in the agricultural and food sector (the scope of production, the value of export, the quality of products, the continuity of market supply) are by far more lower than the real possibilities, and this sector shows extremely low competitiveness on the global market (considered through the indicators such as: value of export per hectare of agricultural land, structure of export and so on).

The lack of competitiveness in the agricultural and food sector reflects in a negative way on the total economy and regional development of a country.

ent of agrarian sector of the Rep. of Serbia must rely on the well-formulated and successfully-implemented agrarian policy, which aim is to create favourable business environment for the working of agrarian subjects and investments, as well as to harmonise regulations and standards in the agricultural sector, with the demand prescribed by the EU.

Also, in the next period, harmonisation of the measures of agrarian policy with the ones prescribed by the EU will be necessary, guided mostly by the principles pointed out in the common agricultural policy of EU (CAP).

CULTURAL PRODUCTION IN THE SERBIAN ECONOMY

is an important economic factor of the Serbian economy, primarily because of its participation in:

- **The participation of the agriculture in GDP.** According to the data of the Statistical Office of the Rep. of Serbia, the participation of agriculture, forestry and fishing of the Rep. of Serbia in GDP (at constant prices) in the 2011. (preliminary data) amounts to 8.4 %, and together with the production of food, drinks and tobacco, agricultural and food sector makes 12.8% of GDP of the Rep. of Serbia.
- **Employment in the agricultural sector.** According to the data of the Labour force survey of the Statistical Office of the Rep. of Serbia, 2012., in the structure of employees of the R. of Serbia older than 15 years, 18.3% of people work in the sector of Agriculture, forestry and fishing, and 37.5% work in this sector in rural areas.
- **Participation of agriculture in the current account balance of payments of Serbia.** Analyzing the past years, agricultural and food sector of the Rep. of Serbia is the only sector in the national economy with the surplus in foreign trade. In the economy in which the deficit in the foreign trade for the past three years (2010ó2012) goes from 6.9 to 8.1 billion USD, it is only the agricultural and food sector which makes surplus which amounts to 1.2 billion USD in the analyzed period of three years.

COMPETITIVENESS INDICATORS OF THE SERBIAN AGRICULTURAL SECTOR: REASONS AND CONSEQUENCES FOR NON-COMPETITIVENESS ON THE INTERNATIONAL MARKET

In spite of all preconditions for successful development of agriculture, competitiveness of agricultural and food sector of the Rep. of Serbia in the domestic and international market is extremely low and is based on the exploitation of natural resources and non-specialized, uneducated and cheap labour force.

The following indicators, which shall be dealt with in the next part of the paper, point to the lack of competitiveness in the agricultural and food sector of the Rep. of Serbia:

**erty/ low standard of living of rural
population;**

2. Low agricultural productivity;

3. Low cattle breeding participation in the value of total agricultural production; The participation of cattle breeding in the total value of agricultural production in Serbia is 34.2% for 2011. (data from FAO) and this is considerably lower compared to the selected advanced economies.

Compared to the selected emerging market and developing economies, lower participation of cattle breeding in the value of total agricultural production have only *Romania* and *Ukraine*.

**Value of agricultural products export
by the hectare of arable land. according to
the FAO data, the export of agricultural and
food products per ha of agricultural area in
the Rep. of Serbia is 443.7 dollars in 2010.
and it is several times lower comparing to
the selected advanced economies**



Serbian export in the agricultural sector are lower regarding to factor conditions (land, labour force), and scientific potential. These exports results are consequences of:

- i Unfavourable export structure (dominated by the export of raw materials, among which frozen fruit, corn) and low unit value of exports;**
- i Inability to achieve price competitiveness on the foreign markets;**
- i Inability to provide sufficient quantity of goods for export and necessary standards of quality (still, relatively small number of manufacturers has implemented and certified system of security and food quality);**
- i Inability to meet demands from the foreign buyers from the aspects of providing continuity of supplies, uniformed quality of the products, satisfactory package etc.**

FOR THE DEVELOPMENT OF COMPETITIVENESS SERBIAN AGRICULTURAL SECTOR

The competitiveness of the agricultural and food sector of the Rep. of Serbia in the following period must be regarded through the context of tariff liberalization with the EU (Interim Agreement on trade and trade-related matters between EU and Serbia), with the neighboring countries (CEFTS agreement) and other countries (concluded a bilateral free trade agreement with *the Russian Federation, Belarus, Turkey*).

What should be done in the future to improve the competitiveness of the agricultural and food sector?

The best way to build the competitiveness of domestic producers and processors of agricultural products is to strengthen their productivity, through the intensive policy of the competitiveness on the domestic markets.

This implies the following:

- **Insurance of efficient work of The Commission for Protection of Competition of the Rep. of Serbia.**
- **Providing the work of public warehouses for the agricultural products and introduction of warehouse receipts in the agricultural products trade.**
- **Founding the Agency for market intervention (reformation of the *Directorate for Commodity Reserves* upon the model of *The Agency for intervention buying of EU*), which would make interventions in case of error existence in the functioning of market, according to strict rules and in a transparent way.**

connections of the vertical market links based on the owners on the long-term contracts among the input suppliers, primary producers and buyers, that is to say, processors;

- Strengthening of agricultural cooperatives (which are not in the service of the farmers and have no possibility to ensure efficient placement to the producers) and farmers' associations;
- Building of modern purchase and distribution centers, where from agricultural products of standardized and proven quality would be distributed on the domestic and foreign markets, are within the range of common work and initiative of state and private sector.
- Translation of gray economy into legal one.

Stimulating microeconomic environment implies, among other:

- **Effective institutions of legislative and judicial branches (adoption and application of the laws in the field of agricultural production, trade, control and food safety, as well as the protection of competition).**
- **Predictable and stimulating agrarian policy, with evenly distributed funds in the agrarian budget.**
- **Tax policy adjusted to the working of the sector of small and medium enterprises and cooperatives in the agricultural sector;**

Favourable system of money lending into the agricultural production, which is adjusted to the specific agricultural production (the system of interest rates, adjusted to the period of repayment etc.);

- **Developed information, scientific, administrative infrastructure;**
- **Developed physical infrastructure (built roads, especially in the hilly-mountainous areas) and logistics (improved system of storage, distribution and transport);**
- **Developed agricultural advisory service which is efficient in transferring knowledge and scientific findings to the agricultural producers.**

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**Thank you for
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