



Institute of Agricultural Economics, Belgrade

11060, Volgina 15, 11060 Belgrade

Phone/ phax: + 381 11 29 72 858,

E-mail: office@iep.bg.ac.rs ; www.iep.bg.ac.rs

DEVELOPMENT OF SERBIAN FOOD SECTOR IN TERMS OF INTEGRATION INTO THE EU

Mihailović Branko, Cvijanović Drago, Paraušić Vesna

- The development and level of **technical-technological equipment** of food industry is very different.
- In last years has been mostly invested in *oil, beer, milk industry* and in *industry for water refining*.
- Minor investments and technological lagging are in industry for *sugar, meat, milk, fruit and vegetable* processing.
- There is permanently relatively low level of food industry's capacities utilization, which ranges from 30% to 50%
- The least are used facilities for fodder processing and abattoirs.
- Low level of capacities utilization in food industry of some products results with inefficiency in business and poor competitiveness in export.

Basic limiting factors for efficient inclusion onto the international market are:

1. Insufficient assortment of food products in regard to modern supply in developed world;
2. Quality oscillations,
3. Non-existence of long-term stable contractual relations between food industry and raw material producers

1. ANALYSIS OF STATE IN SERBIAN FOOD INDUSTRY

The reform of agriculture in Serbia has started in 2000, when some basic preconditions for its conduction had acquired.

Most important elements of the reform process in agrarian sector of Serbia, since 2000 until now, have been for sure:

1. Market liberalization,
2. Privatization of processing industry,
3. Activation of agrarian-financial market,
4. as well as starting to form new institutional forms at all levels

Share of food industry, production of beverage and tobacco in realized GDP of Serbia (permanent prices in 2002) had been decreased from 4,8% in 2005 to 4,2% in 2009.

Dominant branches of food industry are:

1. production of **flour and its products**,
2. production of **cooking oil and its products**,
3. production of **sugar**,
4. production and **processing of fruits and vegetables**,
5. production of **sterilized and pasteurized milk and dairy products**,
6. production of **meat** and its **manufactured** products,
7. production of **sweets, alcoholic and non-alcoholic** drinks.

The development and the ***level of technical-technological equipment*** of food industry are mostly not limiting growth factor of agricultural production, but it significantly differs by the sectors.

Certain number of enterprises is on the top of technical-technological equipment and disposes with highly educated personnel, while the other enterprises lag behind regarding modern technological and marketing requirements.

There is relatively ***low utilization of food industry's capacities.***

The highest level of utilization is in facilities for:

1. mineral water refining,
2. oil refineries,
3. mills,
4. facilities for fruits and vegetables processing,
5. for sweets production,
6. breweries, dairies and sugar refineries.

The least utilization level is in facilities for fodder processing and abattoirs, which affects inefficiency in business and poor competitiveness of this sector.

Signing the CEFTA agreement gives a chance to solve the problem of small market and to increase use of capacities, along with realization of price competitiveness and increase of products' quality.

According to data of SORS, in 2009 in structure of commodity export, among the top 50 products with the highest export value are the following products from food and beverage industry:

1. refined sugar,
2. beer made of malt,
3. sweets,
4. non-alcoholic drinks,
5. wheat flour,
6. refined and raw sunflower oil,
7. mineral and sparkling waters.

The basic limiting factors for greater and more efficient inclusion of food industry onto the international market are the following:

1. Insufficient assortment of food products in relation to a need in developed EU countries;
2. Oscillation of market products quality, either for lack of standards, or due to disrespect and poor control of current standards;
3. Absence of long-term and safe contractual relations or ownership coherence between food industry and raw material producers (primary agricultural production).

3. MARKET OF AGRICULTURAL-FOOD PRODUCTS

Two ***essential*** and ***structural*** problems on ***agricultural-food products market*** must be constructively resolved, along with coordinated role of *all governmental institutions*:

1. Strengthening of competitiveness on repurchasing market and retail trade of agricultural products and sanctioning of dominant position abuse by small number of companies (at the moment the market is characterized by market structure of oligopolists, i.e. strong negotiating power of small number of companies in repurchase),
2. Transformation of repurchasing flows from „black“ economy in regular canals; black economy leads to unequal terms of competition for firms which do business legally and those which not, and the ascendancy of black economy is notable not only in sale of products, but also in business/registration of firms, employment of workers etc.

In accordance to the data of SORS the costs of food, beverage and tobacco, despite of continuously decrease of share, are still highly represented in costs of family budgets in Serbia.

This share in 2000 had amounted 54%, and in 2008 46%. Such condition points out to still low life standard of population and therefore insufficient life quality.

One of the basic characteristics of ***agrarian policy*** in past period was its unpredictability. In last eight years was able generally to single out three phases in agrarian policy.

1st phase, which implies the period from 2001-2003 and is characteristic after its agrarian policy, directed to measures of price support for some cultures, along with absence of other agrarian policy measures.

2nd phase (2004-2006) were excluded the measures of price support, and were included the measures of investments support and support to rural development.

In the last phase, i.e. the period 2007-2009, there set up payments per a size and per a head of cattle.

Discrepancy in formulating and implementing the agrarian policy in last period had stipulated many consequences, especially:

1. Decrease of investments and productivity in agriculture sector,
2. Non-market overflow of profit between economic actors in market chain,
3. Slow adjustment to safety food standards.

In the following period will be evident needs for passing new laws and sublegal documents and regulations in the field of agriculture, for application of current laws, as well as further development of institutional framework, primarily, through reform of the Directorate for Buffer Stocks, through establishment of appropriate laboratories and control organizations, through the reform of consulting system, backup institutions.

4. POSITION OF SERBIAN FOOD SECTOR IN THE EU INTEGRATIONS

The **CAP of the EU** must be directed as one integrated policy which contributes to other elements of social policy, primarily in direction of rural areas development.

It is surely significant determinant of future developmental concept of Serbian agriculture.

There can be observed that the transition from agricultural policy into the social, rural and ecological policy undoubtedly has started, but is far away from ending.

Current situation in agrarian policy has been characterized by adopting significant elements of adequate policy of the Union, along with one, very important, difference:

Financial potential of Serbia has been much lesser than the Union's, so it significantly limits the range of support.



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11060, Volgina 15, 11060 Belgrade

Phone/ phax: 011/29-72-858,

E-mail: office@iep.bg.ac.rs ; www.iep.bg.ac.rs

**Thank you for
your attention**