



Agriculture in Serbia Prepared for CAP Reform and Global Trends?

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Agriculture in Serbia

Prepared for CAP Reform and Global Trends?

Key Global Challenges in Agriculture

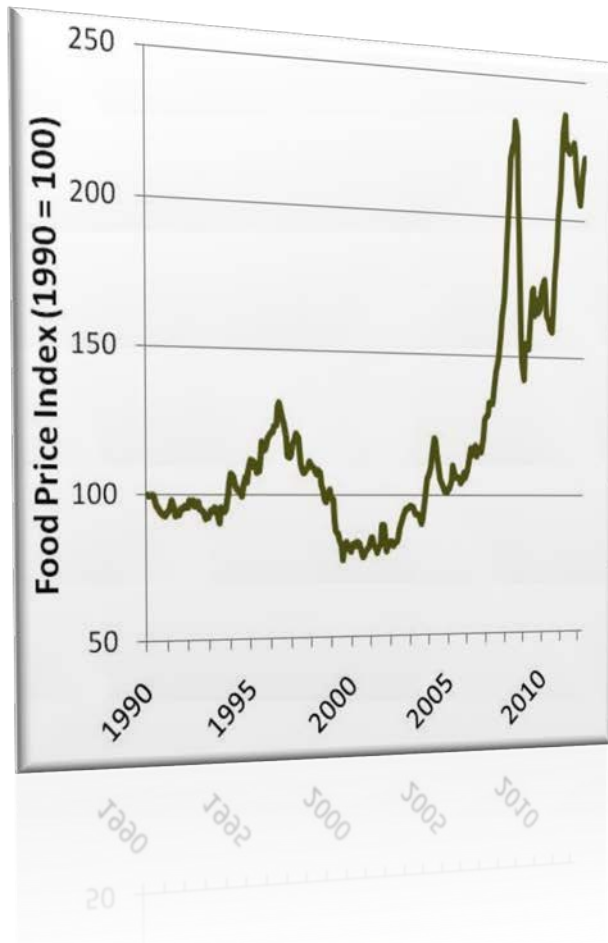
The CAP Response

Perspectives for Serbia



Better risk management

Agricultural prices remain high but volatile



- **Country-level risk management frameworks**

Roles and tools for risk mgt (mitigation, transfer, coping) and their cost/benefit (e.g. insurance vs. irrigation)

- **Market-based risk transfer products**

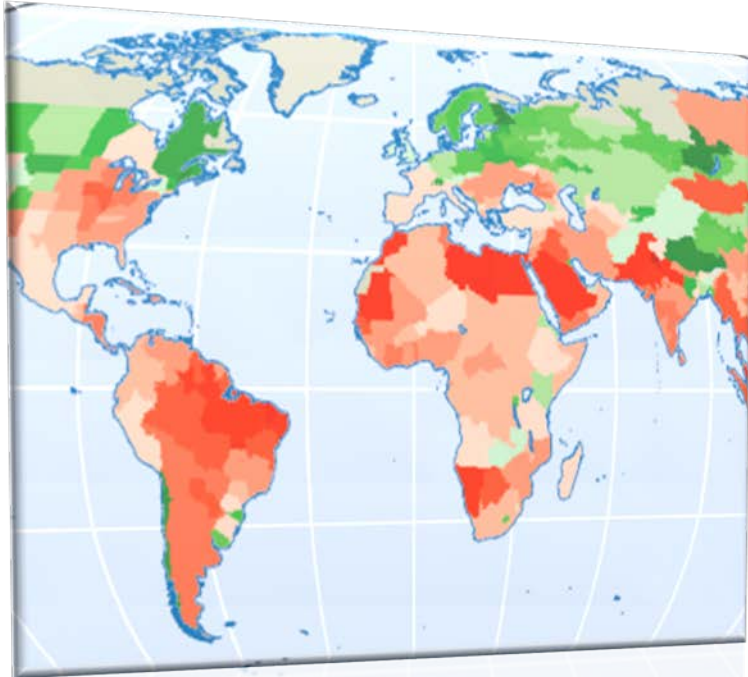
fiscal risk management programs for price and/or production shocks

- **Risk-coping mechanisms**

Product reserve mechanisms and ex-ante structuring/targeting for safety net programs



New opportunities to respond to climate change



- Sustainable crop & livestock intensification
- Increasing climate resilience of farming systems to reduce the impact of weather shocks
- Improving farm management to reduce carbon emissions
- Increasing soil carbon storage to achieve a triple win



Private sector responses

Tempering rural-urban income disparities

- **Private sector investment**

Smallholder land rights, responsible investment by large agribusinesses, and infrastructure

- **Foster private agriculture service provision**

Agronomic/management advisory services through grants to farmers to contract private service providers

- **Improve investment climate for agriculture & rural businesses and for associated jobs**

Regulatory environment along value chains and vocational training to meet supply chain needs, and for rural non-farm employment

- **Improve access to finance**

Instruments for value chain integrated solutions, insurance products



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Responses to new (global) challenges



Enhanced competitiveness and better risk management

- Crises reserve/risk management toolkit
- Research, innovation & knowledge transfer; improved Farm Advisory Service



Improved sustainability and climate action

- Enhanced cross-compliance for climate change & “green payments”
- Two environmental priorities for rural development



Balanced territorial development

- Basic services and village renewal in rural areas
- Rural business development



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10%

share of agriculture in GDP



20%

Ø annual growth of agricultural exports
(since 2002)



key ingredients for agricultural sector growth in Serbia

- **better policies and incentives for sector restructuring**

- technologic restructuring
- socio-economic restructuring

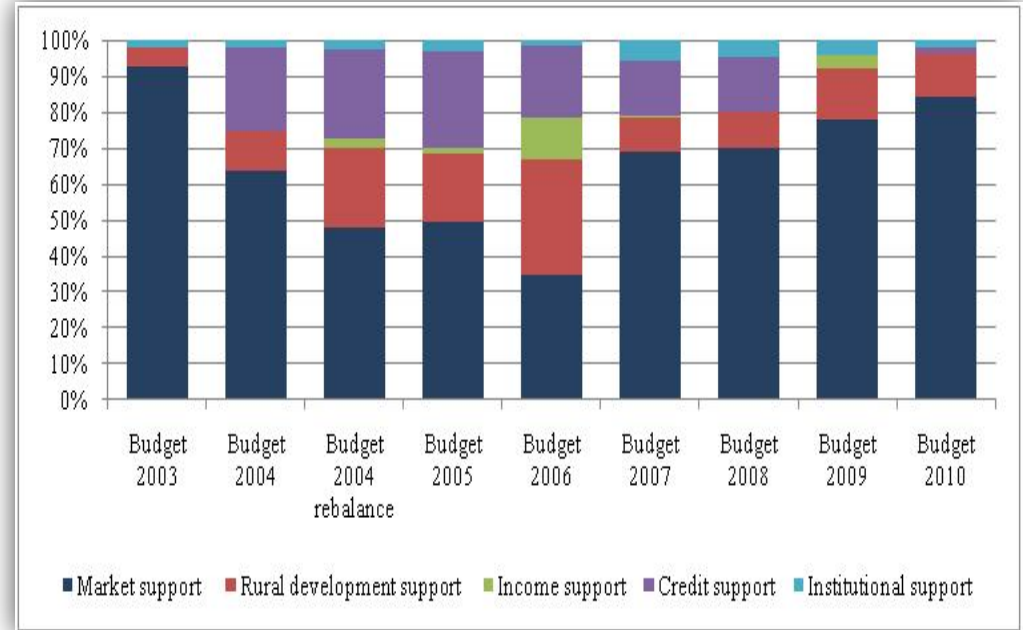
- **improved EU preparedness**

- of farmers, processors, traders
- of administrative bodies



problematic over-reliance on area payments

- **lack a clearly formulated rationale**
- **have problematic effects** (hinder restructuring, modernization, and production)



150%

area payment
Serbia vis-à-vis Poland

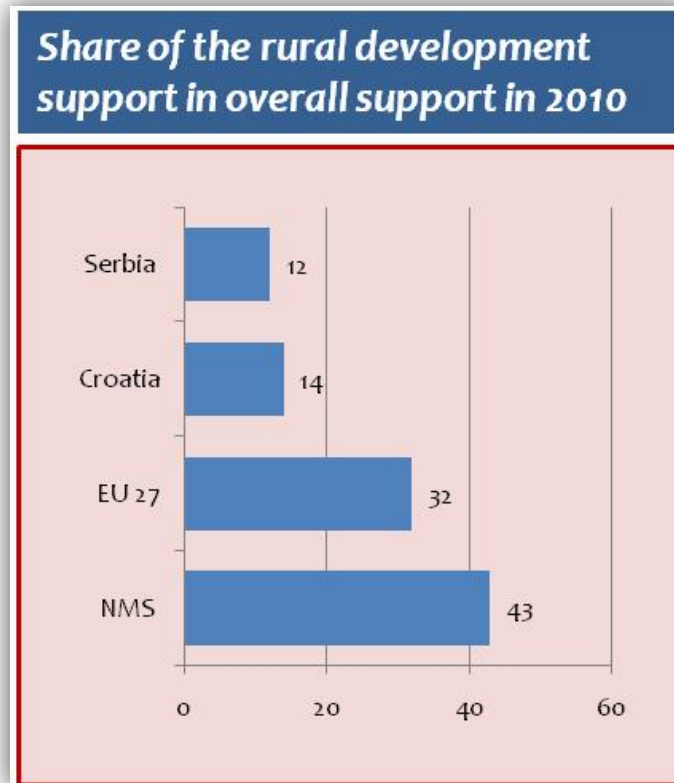


1/10

of Serbia's farmers actually qualified for area payments
in 2011

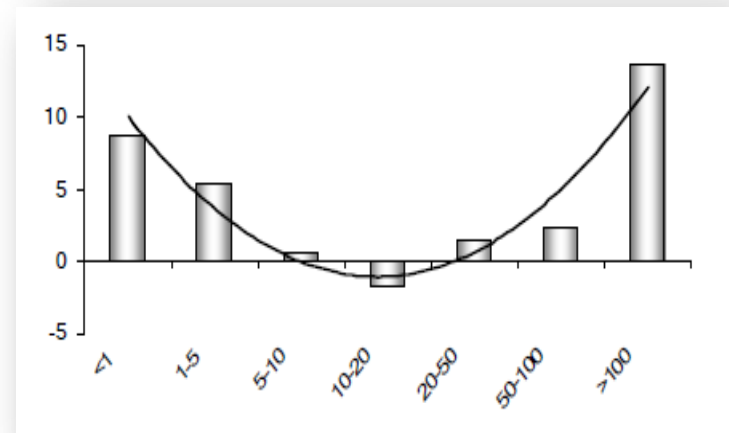
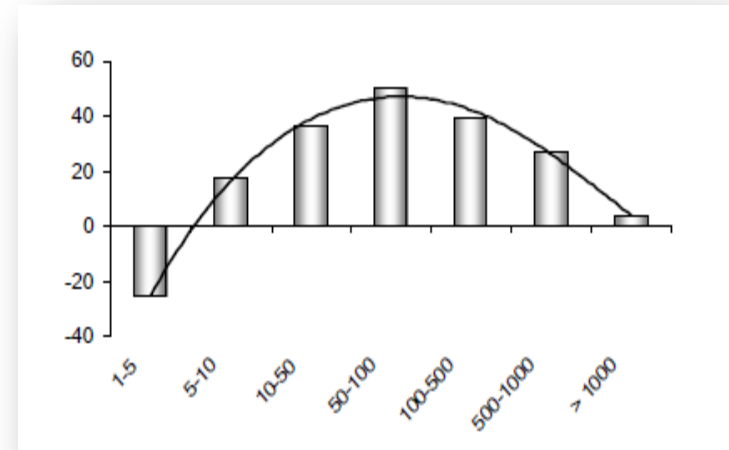


problematic over-reliance on area payments



impact of EU (pre-)accession programs a function of adequate preparedness

- a well targeted set of priorities and instruments
- familiarizing/supporting beneficiaries
- addressing land and capital market constraints
- an effective/efficient administration



impact of EU (pre-)accession programs a function of adequate preparedness

- a well targeted set of priorities and instruments
- familiarizing/supporting beneficiaries
- addressing land and capital market constraints
- an effective/efficient administration

1.5%

3-5%

12%

