

Let's talk about...

DEVELOPMENT OF ORGANIC AGRICULTURE

Organic production is a system of sustainable agriculture based on high compliance with the principles such as health and environment protection, fair production and care for the overall ecosystem. Organic products are grown without or with minimal use of synthetic fertilizers, with no pesticides and other harmful substances, thus being considered healthier for people and the environment.

According to the data from 2016, there were 3,184 producers certified for organic farming in Serbia, which was a threefold increase compared to 2012. Farmers grow their products on soil covering the area of 14,400 ha, accounting for only around 0.4% of all arable land in Serbia. The majority of organic production is intended for export, mostly to EU markets. Highest exports are recorded for products with lower degree of processing, such as frozen and minced fruit and fresh vegetables, thus making the producers' earnings lower than they could be. Nevertheless, the value of organic products exports has been continuously rising, from 3.74 million euros in 2012 to 19.6 million euros in 2015.

WHY DIALOGUE?

For many years, organic agriculture in Serbia has represented unused potential and a lost development opportunity, due to a range of administrative and systemic obstacles faced by the producers:

- The list of plant protection products allowed in organic production in the domestic market is outdated and not aligned with the EU practice. Our farmers are forbidden from using the protective substances allowed in the EU, thus causing uncertainties in planning production and making our farmers less competitive in the EU market.
- Incentives for organic production in Serbia are still far lower than in the EU. Even though the national budget allocations for subsidies were increased by 20% in 2018, it is still not enough to make our organic production more competitive.
- Inspections do not have the adequate mechanism to control the organic production, resulting in fake and questionable organic products appearing for sale in green markets, thus undermining the market position of legitimate organic food producers, while misleading the consumers in terms of the quality of products they buy.

Organic agriculture in the EU

In EU countries, organic products are grown on 6.7% of arable land on average, which is 16 times more than in Serbia. If we look at Austria, with 21% of its arable land being used by 24,000 registered organic producers, the difference is all the more distinctive.



- Smaller households cannot trade in organic products with higher degree of processing in the domestic market, as Trade Law states that individual farmers can trade only in products with first-degree processing, while further degrees requires them to register as a business entity.
- The period of conversion of conventional into organic soil lasts two to three years, and during this time a farmer needs to have a signed agreement with an authorized certification company. However, in the meantime a certification company may lose its operating permit, which is re-issued annually, thus complicating the producers' position, without them holding any responsibility for it. Additionally, the time needed for conversion practically disables production on rented state land, given that the lease period stipulated in regulations is too short.

DIALOGUE GOALS

The public private dialogue needs to articulate the legislative solutions which would enable growing production of organic food with higher degree of processing and added value for domestic and export markets:

- Make domestic producers more competitive by accepting the EU standards in terms of the list of plant protection products allowed for use in organic agriculture.
- Specialization and education of inspections for supervising organic production, with stricter penalties.
- Establish a subsidies model for organic production which would take into account the economic potential, social significance and higher expenses of organic agriculture (machines, certification, record keeping and specific supervision) compared to conventional production.
- Harmonize regulations on the duration of lease for state-owned land and the work of certification bodies, to take into account land conversion in organic production.

Dialogue initiated by: Agro Cluster of Serbia

The association Agro Cluster of Serbia (AKS) was jointly established in late 2017 by three institutions: Produktna berza Novi Sad (Stock Exchange), Institute of Agricultural Economics Belgrade and University Educons Sremska Kamenica. At the moment, Agro Cluster brings together 11 members, around a common mission of developing adequate environment for improving agricultural production, by recognizing shared problems faced by producers, traders and processors in the agricultural market, and advocating the joint interests before state institutions. The association helps its members in applying for EU funds, organizes educational programs for building the skills and knowledge of domestic businesses operating in agriculture and food industry. In less than a year of work, the organization has developed cooperation with 15 other associations and funds, as well as the regional development agencies, and achieved successes in initiating and coordinating amendments to regulations enabling easier trade of wheat.

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The dialogue on the development of organic agriculture has been initiated by Agro Cluster of Serbia within the four-year Public Private Dialogue for Growth Project financed by U.S. Agency for International Development (USAID) and implemented by NALED in cooperation with the National Public Policy Secretariat.