

# Chapter 42

## Characteristics Development of Agriculture and Agricultural Policy Southeast European Countries

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### ABSTRACT

*In general the agricultural policy South East European countries are characterized by high volatility, which is expressed in terms of applied instruments and measures as well as in regard to the products to which it relates. In the first phase of price and trade liberalization, most countries have abolished or significantly reduced non-tariff barriers to the import and export of a wide range of products. Also, most countries have reduced or abolished production subsidies and left import tariffs as the main instrument to protect producers. This chapter emphasizes that the further development of CAP in many ways depended on negotiations with the countries of Southeast Europe. Some of these countries are already in the EU and some candidate countries which are at different levels of negotiation with the EU. Southeast European countries are basically agricultural country with low productivity and low prices of agricultural products to be completely restructured. These countries can be reintegrated into CAP only respect the rules and with the help of EU member states.*

### INTRODUCTION

Region Southeast Europe (SEE) has achieved significant progress of stability, implementation of economic reforms and in European integration, which also represent one of the most important political and economic challenges the whole region. At the Zagreb Summit in November 2000, leaders from the European Union (EU) and the countries of Southeast Europe have confirmed their full commitment to the

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Stabilization and Association Process (SAP), which is led by the EU and at the end of its implementation, would lead to full membership in EU. Countries are currently divided into three groups; Croatia, which became an EU member of 1 July 2013; Macedonia, Montenegro, Serbia and Albania, which have been a candidate for EU membership;<sup>1</sup> Bosnia and Herzegovina, which is a potential candidate country for EU membership. In this context, fulfilling the criteria laid down by the EU for membership is extremely important. (Volk, Erjavec, Mortensen, 2014, p 3)

The SEE countries have clearly identified the European integration as a political priority, which is defined, among other things, reforms of agricultural policy and the need for modernization of agriculture. The accession process involves not only increasing competitiveness over the entire chain of agricultural and food products, but also in a broader sense, adopting a completely different model of agricultural policy which is mainly complicated in its conceptual, administrative and financial aspects. In the countries of South Eastern Europe agriculture and agricultural policy are very different from the agrarian policy applied in the EU. Therefore, it is necessary to reform and harmonize the legal institutions of the EU and to create conditions for integration of the agricultural sector in the countries of Southeastern Europe with the EU single market in the most efficient way possible. (Volk, Erjavec, Mortensen, 2014, p 3-4)

Agrarian policy of the SEE countries is characterized by high volatility which is expressed in terms of applied instruments and measures and in terms of products, referred to in (EC, 1998). In the first phase of price and trade liberalization, most countries have abolished or significantly reduced non-tariff import and export barriers for a wide range of products. Also, most countries have decreased or abolished subsidies in production and retained import tariffs as a basic instrument to protect producers. Input prices have risen considerably for producers, and this has caused a decreased in agricultural income. (Volk, 2004, p. 20-21)

The negative effects of the transition and the real decrease of income, have led to the fact that in many countries they introduced an ad-hoc price and foreign intervention in the function of stabilizing agriculture and the protection of consumers and producers. SEE countries had delayed transition caused by political reasons that have caused primarily disintegration of Yugoslavia. For this reason, countries in the region have led to a strictly controlled agricultural policy.

In principle, the strategic objectives of the country are more or less aligned with the principles of the EU, and can be summarized in ensuring stable production of high-quality food with reasonable prices and safety and food; sustainable resource management; increasing efficiency and ensuring adequate living standards (income) for the farmers and the rural population. However, in terms of operational programs and agricultural policy implementation, as well as customizing ZAP, major differences exist between countries. Croatia has already become part of the European Union. Enough elements to comply with legislation and program documents of the EU, especially in the field of rural development SAPARD5 (2005-2006) and IPARD6 (2007-2013) programs can be found in Macedonia, where it is prepared and implemented IPARD program, in Montenegro, where at the level of programming, all documents (strategies, a national program, legislation) have been prepared in accordance with EU principles. Rural Development Programmed documents which were made on the basis of the regulations of EU rural development were adopted in Albania and Serbia. Bosnia and Herzegovina has a specific situation because there is no single ministry of agriculture at state level. There are two separate strategies for agriculture and rural development at the entity level, while agricultural policies have been partly implemented even at the lower levels (cantons). Although the program documents and the activities planned in these

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