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THE STATE OF AGRICULTURE AND RURAL DEVELOPMENT IN SERBIA

Serbia is a big chance of Europe for all its natural and resource predispositions. Primarily when it comes to soil quality, climatic conditions, and location. The entire economy of Serbia fell into a stagnation position, after all the turbulent events that hit the region in the late 1990s, and even Serbia itself. The developmental chance of Serbia is certainly primarily agriculture and rural development. With these values, Serbia will become a strong competitor to many countries in the region and Europe. The authors of the paper, using the statistical documentation, pointed to the current state of rural development and agricultural development in the country. The preconditions for a more dynamic restructuring of Serbian agriculture and rural development: active role of the state, as well as high private sector initiatives. However, the following aspects for the development of rural Serbia are of key importance: improving the quality of life of the rural population, a more equal share in the distribution of income and economic opportunities, and their more just social position. Balanced and socially sustainable development of rural areas requires synergy and good coordination of all policies that are in contact with rural areas and their resources. The particular responsibility lies in the agricultural policy, which, through the regulation of structural changes in the sector, should ensure the stability of agricultural production, food industry and forestry as the leading rural economy sectors, thus contributing to the economic development of rural areas and reducing the gap in relation to urban centers.

Keywords: rurality, development, agriculture, economy, transition, Serbia.

Introduction

Serbia is a country with large agricultural and rural resources, which have not been used sufficiently, precisely because of the difficult political and economic situation that has affected the country and region, in the last years of the twentieth century. Today at the time of transition, Serbia is trying to survive on the market of Europe, but it sees its great development on the Russian market of the economy. Agriculture accounts for 11% of Serbia's GDP and employs a significant number of people, and on the other hand accounts for 23% of total exports and only 7% of the country's imports, creating an annual trade surplus of \$ 1.2 billion. The economic development of each country depends on the macroeconomic plan adopted at the state level. This plan must be based on the advantages and potentials of the country, which are either natural resources, or skilled labor, or a third resource. Former giants practically do not exist: they are fragmented to small businesses, they are operating with huge losses or are in the process of being extinguished. They were not even helped by the state subsidies they received in the meantime. What Serbia has, these are favorable climatic conditions and a relatively fertile land for the development of agriculture, fruit growing and vegetables. However, serious measures have never been taken to take advantage of this advantage. No economic entity, business branch or national economy can exist for several decades if there are no continuous investments. Due to the lack of investment today in most of Serbia, agriculture is old-fashioned, extensive, unprofitable. The authors of the paper tried to point out the state of rural and agricultural development in Serbia. Statistical and other secondary documentation were used.

Literature Review

Rural areas in Europe represent a large part of the territory. Approximately 86% of the territory and approximately 75% of the European Union are rural. They present very different environments, a variety of economic activities, unique and ancient, social and cultural traditions [1]. Rural development is the second pillar of the Common Agricultural Policy, and financial aids are available for the development of rural regions and communities in the EU [2]. The discussions on what the strategic objectives of sustainable agriculture are, which criteria are to be taken into account, which are the actions to develop, and which are the methodological tools to use for the involved evaluations, are still under development [3, 4]. Due to the difficult economic policy, Serbia has suffered a huge demographic and social impact, the massive movement of the population from the village to the cities. When the economy collapsed later, there were social cases in the cities, while the villages remained empty and lacked workforce to deal with agricultural production. The Serbian agriculture development plan was not in line with the competitive advantages, nor did the expansionary development of rural areas achieve, but a long-term delay, a hard-working.

For the new investment cycle in agriculture, it is necessary to change the monetary policy of the National Bank, to enable the use of obligatory reserves of commercial banks and open up much more favorable credit than they are now. Rural areas are cultural areas more or less close to nature created by the interaction of man's activities and nature and therefore important for understanding the influence of man on the landscape and learning about the contribution to nature conservation through an educational role. Rural areas occupy about 90% of the territory of the EU. More than half of the EU population lives in these areas and over 40% of domestic products are produced there, rural areas have their own specific economic and social structures in which agriculture, forestry, crafts, small, medium and large enterprises produce, trade and provide services narrowly local to international. These economic structures and services interact with each other, compete with one another, create, evolve, or evolve.

Agriculture and forestry use most of the land and play a key role in managing natural resources in rural areas and determining rural landscapes. Agriculture provides socio-economic development of rural areas and the use of their potential. Rural deterioration means that many leave the village, they remain older, falls natality, and mortality rises. This lowers the standard of living and the culture of housing. Agricultural land is abandoned. Family stores are usually small and do not provide full employment. In Austria, over 300 villages have been included in the tourist offer, which has enabled Austria, a continentless landlocked country, to earn \$ 7 billion from tourism.

Level of rural and agricultural development in Serbia

About 85% of the territory of Serbia is a rural area, with about 55% of the population living. It is also pointed out that about 40% of GDP comes from rural areas. However, the problem arises from the fact that many members of the household are not registered as agricultural producers, although they help in everyday agricultural jobs. Rural areas continue to be burdened with high unemployment rates, depopulation, low economic activity and a decline in natural resources. Rural tourism includes about 2.7 million overnight stays in Serbia. There are 6,158 settlements on the territory of the Republic of Serbia, of which 193 are urban (3,1%) and 5,965 are settlements, which are considered as rural in automation. According to the scope and structure of agricultural resources, Serbia has 0.7 ha and 0.46 hectares of per capita land per capita, but the ratio of land surface area and permanent crops to meadows and pastures is among the more favorable compared to other European countries. Serbia has 45% of agricultural land suitable for processing, precisely because of climate, geological structure, vegetation, etc. In some areas it is possible to grow crops over 200 days during the year [5].

Table 1.

Scope and structure of agricultural land of the Republic of Serbia (000 ha)¹

	2006.	2008.	2010.	2012.	2014.	2016.
Agricultural land	5.056	5.058	5.052	5.056	50.53	5.069
Arable land and gardens	3.032	3.031	3.295	3.294	3.282	3.298
Non-cultivated land	199	209	226	224	219	242
Land under permanent plantation	300	298	297	296	293	289
Orchard	242	240	240	240	239	238
Vineyards	58	58	57	56	54	51
Permanent lawn	1.454	1.459	1.460	1.466	1.478	1.482
Meadow	621	625	624	621	641	653
Pastures	833	834	836	845	837	829

Problems that occur in rural areas of Serbia and which limit agricultural development are reduction of organic matter, acidity of soil, pollution of soil, closure of soil structure, erosion of soil. It has been noted that 80% of the land is covered by water erosion, while eolic erosion affects 25% of the land area. There was also a high use of chemicals, which additionally endangers the arable land. Currently, only 40.000-70.000 ha are irrigated per year. When it comes to protecting the land from the harmful effects of large waters, data shows that 1.25 million hectares of agricultural land are protected. About 2 million hectares are drained through 414 drainage systems, with over 25.600 km of canal network, 210 large and several tens of smaller pumping stations, and 252 gravity outflows [5].

Table 2.

Macroeconomic indicators of the contribution of agriculture and agro-industry to the national economy¹

	2006.	2008.	2010.	2012.	2014.	2016.
Participation in total GVA (%)						
Manufacture of food products	3,6	3,9	3,9	4,1	4,1	...
Production of drink	1,1	1,2	1,1	1,1	1,1	...
Manufacture of tobacco products	0,3	0,3	0,3	0,2	0,2	...
Total	5,0	5,4	5,3	5,4	5,4	...
Participation in total employment (%)						
Manufacture of food products	3,2	3,4	3,5	3,5	4	3,6
Production of drink	0,4	0,5	0,4	0,4	0,4	0,5
Manufacture of tobacco products	0,1	0	0,1	0,1	0,1	0,1
Total	3,7	3,9	4	4	4,5	4,2

Data say that 75% of companies employ fewer than 10 people, while 90% of them have fewer than 50 employees. Vatical characteristic of the food sector is a dual structure, with many small and medium-sized companies and only a limited number of large, modern companies. In the food industry, significant foreign investments have been directed over the last decade. It is very difficult to present the realistic situation of rurality in Serbia, precisely because of the lack of data. The overview of the situation is focused on different aspects of the labor market and the income of rural households. Movement of basic labor market indicators (unemployment, employment and activity rates) indicates that in the Republic of Serbia during the last decade there are no significant differences in the relation urban or rural, and that their mutual relationship does not depend on the general picture, according to which the rural areas are somewhat better position in relation to urban. Namely, urban areas are characterized by higher participation of the unemployed in the active population and less participation of the employed and active in the working age

¹ Statistical Yearbook of the Republic of Serbia

population, and the position of the rural population on the labor market is somewhat more favorable than in the urban population.

Compared to the average of the EU-27 countries, Serbia has a significantly higher share of GDP of the agriculture sector in total GVA, and significantly lower the share of services sector. The high share of agriculture in the basic macroeconomic aggregates of Serbia in relation to other countries can be attributed, on the one hand, to rich land resources and favorable natural conditions for agricultural production, and, on the other hand, to a slower process of structural reforming of the rest of the economy and delays in that process.

Although absolute employment in agriculture has recorded high reduction rates (in 2016, it was 56% lower in comparison to 2008), the share of agriculture in total employment in Serbia is still very high, among the highest in Europe, accounting for around 21%. Contrary to expectations, since the beginning of the economic crisis, employment has also been reduced in agriculture, which, as a rule, in conditions of crisis, absorbs labor surpluses from other sectors

The rural working age population compared to urban has: higher activity rates (60.9: 59.5%) and employment (47.9: 43.4%) and lower unemployment rates (21.3: 27%) and that rural environments provide a greater possibility of employment of lower educated persons, which is particularly relevant to their work in agriculture. On the other hand, this kind of work engagement points to a significantly higher share of vulnerable employment in rural than in the urban population.

The rural working age population, compared to urban, has higher rates of activity and employment, and lower unemployment rates and employment of lower educated persons, especially in their work in agriculture. On the other hand, this type of labor anger indicates a significantly higher share of employment of vulnerable groups in rural than in the urban population.

Table 3.

Amount of subsidies (Euro)	
Country	Tangent amount of subsidies
Serbia	32 eur
Croatia	200-900 eur
Slovenia	300-1.100 eur
Hungary	400 eur

Agricultural field employment in the countryside is still the largest, if compared with other sectors, and ranges between 43-50%. Very few rural employees work in the industry. On the other hand, the rural population is increasingly employed in the tertiary sector, which can be interpreted in two ways: on the one hand, by increasing the stability of jobs in the activities of this sector, and on the other hand by increasing the number of employees in the sector of public administration, education, public utilities and social services. Household income mostly (35-42%) comes from income from employment (regular and supplementary), followed immediately by the share of pensions that are very high and growing (around 30% in 2012 available households, which is highly defined by yields of agriculture in some years), [6, 7].

At the same time, the value of natural consumption, which is largely attributed to the consumption of food produced on agricultural holdings, is stable at the level of 12-14%. In any case, the income derived from agriculture is relatively low compared to wages from other sectors and social benefits, which is a clear indicator of low productivity of the sector. In rural areas, gender inequality is expressed. Namely, the largest percentage of employed in agriculture are men, and the highest percentage of unemployed are women. Young people in these areas face high risks of exclusion from the labor market. Young people aged 15-24 years in only 21% of cases are employed in non-agricultural sectors. Although in this age group even half of them are inactive, what points to difficulties in accessing jobs is the significantly higher participation of the unemployed, which in this category, as well as the next age categories (25-34 years), is only 15.5%, [8, 9, 10].

Poverty in Serbia is a predominantly rural phenomenon, since rural areas have been affected in some periods up to twice as much as cities. Although there was a much faster decline in rural poverty compared to urban areas before the crisis (2006-2008), in 2009, the overall growth of poverty was launched in rural areas, while the percentage of the poor in urban areas remained virtually unchanged (5% and 4.9%,

respectively. Rural areas reacted faster to the economic crisis and were strongly affected by it, so the overall growth of poverty in the Republic of Serbia is generated by an increase in rural poverty. In comparison with 2008, the percentage of the poor in rural areas (measured by the absolute poverty line) increased by 6 percentage points in 2010, while the percentage of the poor in the cities grew for less than one percentage point [8, 9, 10].

Conclusion

In the last decade, incentive policy in Serbia has been exposed to the effects of complex and heterogeneous factors such as: political and economic (non) stability of the country, dynamic changes in the volume and structure of production due to unstable weather conditions, and from the second half of the 2000s and global market disorders.

The state of agricultural and rural development in Serbia is far below the expected. The reasons that contributed to the lagging development are economic and political in nature. However, in recent years, development has been felt, because, while looking globally, Serbia is an agricultural country with many rural areas. In the paper, the authors pointed to the current state of development of this branch of the economy, but they pointed out certain problems with which rural development is facing. In order to fully change the situation in the Serbian agriculture, it is not enough that in the words of agriculture it is declared a key economic branch [8, 9, 10].

Investments and subsidies are also needed. With real investments and modernization, agricultural production in Serbia could increase four to five times. The beneficiaries of the new credit policy in the agrarian sector should first of all be individual agricultural producers and family farms. They should be the bearers of agricultural production, primarily in the field of fruit and vegetable growing, where yields are far greater. Only in second place are larger agrarian systems, which need support to become important logistics centers, ready to purchase all agricultural products and place them on the global market. They must follow the latest technological advancements and enable the transfer of knowledge to smaller producers and households [11, 12, 13].

The small number of families, the share of land potentials, and the specific patterns of functioning, small family farms are an indispensable part of the rural economy, which requires special attention. Their number is reduced under the influence of the aging process of villages, migration, globalization, strengthening of concentration of capital in agriculture and many others. On the other hand, with its own food production and contribution, the rate of self-sufficiency and food stability, the importance for preserving resources and rural environment, participation in the local market of goods and services, small family farms are positioned as subjects that require adequate treatment of agricultural policy [14].

The largest share in support of rural development has funds intended for incentives for investment in the holding. Investment in the holding was stimulated by grants for the reconstruction and construction of facilities, the purchase of equipment and mechanization, the renewal and expansion of perennial plantations. Criteria for allocating funds are often changed. The general idea was to provide more favorable conditions for farms in hilly and mountainous areas, as well as those registered for persons under the age of 40 years.

The general conclusion is that the agricultural sector and rural areas of Serbia have significant resources both in terms of volume and diversity, which provides significant opportunities for the growth of production, diversification of products and services and the creation of new, innovative products and practices. On the other hand, serious efforts are needed in the structural reform of the sector and the rural areas in terms of strengthening their economic efficiency and competitiveness. Rural areas of Serbia are distinguished by the diversity of landscapes and biodiversity, rich in cultural heritage and natural resources. On the other hand, they suffer the consequences of demographic discharge. This is the reason for their lagging behind, the presence of all kinds of deprivation and rising poverty. Their economy is reduced to exploitation, exhaustion and further degradation of natural resources, based on agriculture and its leaned activities, with a small supply of quality jobs and modest opportunities for generating external revenues [15].

The growth of the attractiveness of rural areas as attractive places for the lives of young families is closely linked to the improvement of physical infrastructure, better access to social services, improvement

of the social structure and support to the development of entrepreneurship. Failure to meet the specific needs of the village and its inhabitants, the lack of systematic and better coordinated activities of various actors, poses a serious threat to the further development of the developmental gap in relation to the city

Our producers also need subsidies. It is clear to everyone that Serbia can not at this moment reach the other countries in the region by subsidies. However, it can also decide to publicly announce in what period it plans to equalize the Serbian producers with Hungarian or Croatian, which are geographically and marketally closest to us under the terms of business. This would also allow our producers and farmers to plan their development in the medium term, including lending in the coming years. With the new investment and subsidy policy, conditions would be created to stop migration from the village to the city. Serbia would increase employment and create conditions for people to live in the countryside and to invest in agriculture.

Such agriculture would directly affect the growth of Serbian population standards, better filling of the state budget (through VAT payments), as well as the increase in exports. Expressed in money, it is about tens of billions of euros, because only the Netherlands, which has arable land less than Serbia, exports agricultural products twice as high as the total GDP of Serbia. Finally, it is necessary to brand Serbian agricultural products on the world market, where the state can provide key support, gathering of producers, education and forming a strategy for the formation of the national brand.

Modern, efficient, profitable agriculture, which requires high and continuous investments - this is the agriculture that is needed for Serbia and it is being introduced into the society of developed countries. In accordance with the vision, and in accordance with the stated principles of the strategy, the following strategic development goals have been identified:

1. Production growth and stability of producers' income;
2. Increasing competitiveness by adapting to the demands of domestic and foreign markets and technical and technological improvement of the sector;
3. Sustainable resource management and environmental protection;
4. Improving the quality of life in rural areas and reducing poverty;
5. Efficient management of public policies and improvement of the institutional framework for the development of agriculture and rural areas.

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