

REVIEW OF THE CRISIS IN SERBIAN AGRICULTURE CAUSED BY THE COVID-19 PANDEMIC

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Every crisis, caused by economic and non-economic factors, usually leads to long-term consequences in all spheres of life. Throughout history, starting from the Great Depression of the 1930s to the Great World Economic Crisis at the beginning of the 21st century, production activities were the most affected areas. It is expected that such situation will also occur when it comes to the crisis caused by the COVID-19 pandemic. As expected, the non-economic factor of the crisis will cause an economic crisis through layoffs, lower purchasing power, lower wages, etc. The multiplied effects will be noticeable only in the long run. It is up to policy makers to mitigate the negative consequences with their economic measures.

With regard to agriculture in Serbia, when declaring a state of emergency in mid-March and banning movement, especially in the case of persons over 65, the Ministry of Agriculture, Forestry and Water Management created an online system for farmers who can apply for a movement permit. At the end of March, the National Alliance for Local Economic Development (NALED) submitted proposals to the government on how to support agricultural production and carriers.

Table 1

Proposed measures and activities by NALED

Proposed measures	Activities
To enable farmers and beekeepers older than 65 and 70, respectively, to go out and do the work necessary to maintain production, in strict compliance with health recommendations to prevent the spread of COVID-19, to move exclusively to the location of the farm/apiary.	According to the recommendation of the MAFWM, it is necessary to adopt a special act of the government which would enable farmers and beekeepers to go out exclusively to do their job.
Given that about 400,000 farms are registered in Serbia, to enable farmers to be granted a permit with a validity period of at least two weeks through the system for obtaining movement permits during curfew. In this way, the load on the system would be reduced, leaving farmers with the opportunity to perform agricultural work continuously.	It is necessary for the MAFWM, in cooperation with the Ministry of the Interior, to initiate such a change and enable the issuance of two-week (at least) movement permits for the purpose of performing agricultural and beekeeping works. Also, it is necessary to adequately adjust the electronic application system for permission to move during curfew.
Increase the maximum number of days on the basis of which employers from the agricultural sector can hire seasonal workers, according to the Law on Simplified Employment in Seasonal Jobs in certain activities. This would be a temporary measure that would apply only for 2020.	It is necessary for the MAFWM, in coordination with the Ministry of Labor, Employment, Veteran and Social Affairs, to initiate an exemption from the application of restrictions from the Law for 2020 due to the state of emergency, lack of workers and limited movement.
Support the system of online sales of agricultural products and envisage special measures to support agricultural producers in order to find alternative sales channels in cooperation with local governments and retail chains.	It is necessary to establish (or support some of the existing) platforms for the placement of domestic goods, as well as to organize adequate promotion at the local level. In the medium term, it is necessary to implement the eAgrar system as soon as possible, which will enable farmers to perform administrative tasks electronically (farm registration, applying for incentives) and thus accelerate the implementation of national incentives for farmers and help raise competitiveness.
Provide a special package of support to the sector of agriculture and food industry, with prior consultations with relevant entities from the sector of economy and local governments. Such package of measures, adapted to sectoral specifics, should ensure the sustainability of agricultural production and the food industry in the conditions during and after the COVID-19 pandemic.	The package of economic measures proposed by the RS Government at the end of March includes direct financial support to entrepreneurs in the flat tax system, as well as companies in the private sector, but it is not clear whether and how farms (taking into account their specifics) will be able to benefit from the package of economic measures of the Government of the Republic of Serbia.

Source: NALED, 2020.

The measures taken by the government of the Republic of Serbia to help farmers in Serbia consist of the following options (Uredba, 2020):

1. Non-refundable financial aid.

The structure and method of payment is as follows:

- RSD 25 per square meter of registered area for growing vegetables in a protected area to the maximum RSD 90,000;
- RSD 3,000 per cow to the maximum RSD 30,000;
- RSD 500 per sheep or goat to the maximum RSD 20,000;
- RSD 800 per beehive to the maximum RSD 20,000.

2. Favorable conditions for loans.

Access to loans is easier for:

- livestock development (purchase of animals);
- development of fruit and vegetables growing and farming;
- investments in agricultural equipment;
- purchase of animal feed;
- liquidity.

However, there are certain conditions and limits for the use of earmarked funds. Namely, a natural person can raise a loan up to RSD 6,000,000 and a legal entity up to RSD 18,000,000. When it comes to liquidity loans, it should be borne in mind that its amount is limited and can amount to a maximum amount of RSD 3,000,000. The total funds related to this type of assistance is RSD 1,450,000,000.

3. Fiscal relief for agricultural entrepreneurs (deferral of payment of taxes and contributions).

With regard to this measure, the procedure is automated and extremely simplified and comes down to filling out a form that is sent to the Tax Administration. Upon its arrival, the option is activated immediately.

The decline in economic growth rates that occur as a result of economic crises and its negative consequences can be amortized by adequate agricultural production (Jámbor et al., 2020). It is positive that the share of agricultural production in the Serbian economy is at a high level, so it can serve as an adequate economic stabilizing factor. Emphasis should be laid on the normalization of primary agricultural production, which together with some other factors will ensure sufficient supply to the population (Milanović et al., 2020). Other factors refer to adequate agricultural policy and climatic conditions, without which agriculture cannot be imagined and largely depends on them (Pavlović and Čelić, 2020). Successful agriculture is also linked to the productivity of other industries. The food industry uses raw materials produced in agriculture, therefore its performance is directly correlated with agriculture (Poudel et al., 2020).

The global COVID-19 pandemic creates a specific and unusual environment for the functioning of all economic activities. Therefore, the emphasis should be placed on creating conditions that will enable such functioning of agricultural production that will be most similar that one in the regular economy. That conditions must consider all measures and recommendations of medical staff so as not to

jeopardize health not only of agricultural workers but also the entire nation. Serbia has all the preconditions in preserving health better than most developed countries. In rural areas, agricultural holdings are scattered and not so large, as they have an average of 1.5 to 2 ha (Eremić-Dodić et al., 2020). As a result, the risk of the pandemic spread is much lower than usual. By contrast, we should bear in mind that Vojvodina, the autonomous province of Serbia, does not share these features. Agricultural lands are much larger and not so far apart, which means that there is a greater risk of the pandemic spread. Nevertheless, successful production can be achieved. It is possible thanks to mechanized production and a smaller number of workers. Clearly, an adequate organization of agricultural production on both large and small areas/possessions is also possible. The growth of agricultural production can be achieved thanks to appropriate agricultural policy measures, which are reflected in the fact that the state provides favorable conditions for lending, subsidies, tax breaks, etc. (Singh et al., 2020).

Serbian agriculture is not import-dependent¹, which is a very encouraging fact. Also, the pandemic broke out in March, when most of the necessary components had already been imported. The products which were not imported can be supplied from domestic production so that the effects of the crisis can be mitigated as much as possible and sometimes completely avoided.

Conclusions

In the conditions of the COVID-19 pandemic, agricultural production in Serbia has proved to be flexible and adapted to the existing situation. It is uncertain how many times short supply chains have shown a significant advantage of agricultural production and market supply in relation to the large spatial distance between the production and consumption of agri-food products.

Once again, Serbian agriculture has shown that, despite all its shortcomings, is able to provide food security for its population, provide sufficient quantities of agricultural products for neighboring countries, which are permanently in short supply, and provide sufficient quantities for export to countries being the traditional buyers of Serbian agricultural products.

Nevertheless, any prolongation of the COVID-19 pandemic, regardless of the adaptability of agricultural production, would negatively affect its development and investment, especially the modernization of new technologies in production.

¹ In addition to some agricultural machinery and raw materials for the production of artificial fertilizers and protective equipment.

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