

Assessment of the Influence of Globalization and European Integration to Agriculture Serbian

Jelena Bošković

Faculty of Biofarming, Bačka Topola, Megatrend University, Belgrade, Serbia

Jeremija Simić

Faculty of Agriculture, University of Belgrade, Belgrade, Serbia

Aleksandar Ivanc, Veselinka Zečević, Tamara Galonja-Coghill

Faculty of Biofarming, Bačka Topola, Megatrend University, Belgrade, Serbia

Abstract: This paper analyses the position of agriculture and environmental protection within the globalization processes, researching into general characteristics, legal regulations (decrees, orders, and provisions), causes and results of globalization, with the accent on poverty-stricken countries and their economies in the world's market. The institutionalization of the globalization processes in the European Union and its effect on the economic position of Serbia is specially analyzed. Finally, globalization processes are analyzed in the light of world trade organization development and its institutionalization. The economic position of our country in world trade system is also considered. Bearing in mind specific characteristics of economic subjects of the agrarian sector of Serbia, possibilities of their harmonization with EU inner market are suggested. Overall alternative development programs of biologically valuable agrarian products production have predominantly been analyzed in function of export increase to EU market. Application of international standards as a function of strengthening the economic subjects of the agrarian sector concurrence capability has been considered in development of trade exchange with EU countries.

Key words: agriculture, environment, globalization, sustainable development, quality management.

Introduction

Previous research clearly confirm that achievements in the development of agriculture in each country, in addition to the progress of its economy, especially at higher levels of social development, are significantly influenced by spread and strengthening of the world agricultural market (Brady 1996; Shah, 2006). However, by the nineties of the last century, a decisive influence on the development of agriculture in Serbia has had its industrial development and growth of demand for agricultural products on the internal market, while the impact of the world market was not sufficiently expressed (Bošković *et al.* 2005). In the nineties of the previous century stagnation and even recession became evident in realization of agricultural as well as agrarian production in whole. As it is known, in the period of economic sanctions toward our country closed world market had adverse effect to this tendency (Bošković *et al.* 2003).

A significant stimulation of the world market on the revival and development of agricultural production in our country was expected during the first few years of the 21st century (Finger 2002). Such expectations could not be fulfilled quickly, primarily due to the lack of adaptation of economic entities of our country to demands of the world market (Simić 2003). This phenomenon was particularly expressed by protectionism in the area of international trading in various agrarian products, especially under the influence of the monopolistic globalization within the frame of the World Trade Organization (WTO). Agreement on agriculture and agricultural trade reform within the system (WTO) defined ultimate frames of new instrumentalization of agricultural support in order to make provisions for all distorted influences occurring in trading spheres. Agricultural and food trading system in Serbia has not shown adaptability and still keeps traditional relations with EU countries.

Inconvenient economical status of agriculture has also been defined by import and export relations of agrarian products, as well as non-institutional processes of globalization.

In accordance with the above, this paper intends to study following issues:

- Basic trends and determinants of globalization in the world, as well as status of business entities in agriculture;
- Accomplishment of analysis of the EU as an institutionalized form of the globalization process;
- Investigation into the institutionalization of the WTO and the position of agriculture in Serbia;
- Implementation of sustainable development as a strategic basis for directing the globalization of agriculture, environmental protection and economic development;
- Comprehension of directions and possibilities of adaptation of business entities in Serbia's agriculture to the processes of globalization and European integration.

This study analyzes quantitative and qualitative aspects of current position as well as developmental prospects of agriculture and environmental protection as key factors in the processes of globalization and European integration.

Characteristics of globalization and form of institutionalization

There appear to be more theoretical and practical approaches in previous research on activities of countries, economy, economic sectors and their business entities (Reed 2002, Shaw 2003) often defining globalization as characteristic of recent period. It is also seen as distorted forms of social life and economy. There are numerous examples that some general aspects of globalization are seen as the distorted flows and illegal movements. The processes of globalization can not be approached from critical and scientific standpoint. Globalization in the economy is studied insufficiently as general economic marketing and social legitimacy that is caused by uneven economic development of countries and certain regions in the world (Casmir and Dutilu 2003). Therefore, strong polarization occurs, dividing countries to developed and undeveloped (poor). It is certain that globalization primarily determines economic and developmental interests of the developed countries, achieved through trans-national corporations backed by strong logistical support of the mother country.¹ In 1999 there were over 60 thousand corporations of that kind, having over 500 thousand branch offices. They were responsible for about 20% of world production and about 70% of world trade. The globalization processes reflect non-competitive economic weakness of increasingly numerous least developed countries. Despite accompanying conflicting interests of the studied group of countries, influence of global market and its laws, result in direct linking of countries and economic sectors in the area of trade, finance, technology, implementation of projects for environmental protection and processes of directing the use of natural resources on economically rational, productive and appropriate (Jinwoo 2001, Jeffrey *et al.* 2007, Grimm *et al.* 2008).

Directional and adjusted globalization should provide economic and developmental basis for improvement standards of living, overcoming poverty, promotion of environmental sustainability and designing coordinated development and growth of material production and standard of living in all areas of the world (Earl *et al.* 2000, Acosta-Michlik *et al.* 2008).

World in general, especially developing countries face several important challenges: further progress of harmonized trade, appropriately directed and allocated investment and targeted financial flows, strengthening of multilateralism in the function of deepening of economic integration, harmonizing interests of different population categories within countries, regions and economic sectors, neutralization of accompanying resistances to globalization, as well as providing economic support to countries that are on their way toward raising new, more intensive economic structures (World Bank 1997).

Potentials for material growth through the promotion and use of information technology, biotechnology, development and application of new materials, alternative energy sources, improvement of traffic and transport are sought by coordinated support for promotion of global developmental tendencies (Went 2000). Implementing these factors in economic and agricultural growth, would enable achieving harmonization

¹ In: <http://www.Policy.Co.uk/global/globacp.Htm>.

between various groups of countries with different economic developmental levels (Barron 2004, Hills 2004).

Having the above mentioned as starting point, according to the OECD projects, it is expected that on the way of the global development, the world will face many significant challenges, such as:

- Implementation of measures and policies in achieving trade liberalization;
- More intensive activation of different sources of investment and directed financial flows;
- Strengthening of multilateralism in order to deepen economic integration in the world;
- Support for the realization of intensive economic development that is important for increasing of import from developed countries and from developing ones;
- Creation of a real economic foundation, with purpose of promotion and encouragement of the countries that showed resistance to globalization;
- Implementation and development of strategic management in the function of strengthening the competitiveness of some underdeveloped countries, especially in international agricultural products trade.

Organization for Economic Cooperation and Development (OECD) has important role in implementing of globalization, encouraging even global development. It suggests directions of economic growth, indicating the necessity of adaptation of developmental policies in agreement with developments in science and technology (Cram *et al.* 1999, Welford and Hills 2003). These processes also take into account the direction of population growth in the world (Ng 2004).

In economic and non-economic activities of countries and regions in the world, two forms of the globalization processes can be distinguished: undirected (spontaneous) processes of changes in economic life and economic structure outside influence of some forms of institutionalization. These global processes of changes in economic life worldwide take place under the influence of international labor division, free trade of goods and services, bypassing the influence of state institutions. Undoubtedly, these processes are constantly affected by scientific and technological progress, as well as by achievements in fundamental and applied sciences (Simić 2003).

The existing processes of globalization and forms of its institutionalization basically express through economic and political liberalism (Wien *et al.* 2005). These processes are oriented to establishing the position of companies in each country in a system of relations without borders (Chisopher *et al.* 2001). The critical paragraphs highlight the principles of liberalization which no one can resist. In particular, they demonstrate basic processes against globalization organized by various NGOs during major international conferences dedicated to issues of globalization (regular annual Summits of Group 7 countries, which connects the most developed countries and the most developed World Trade Organizations).

In current phase of globalization, especially economic and financial, opponents' processes are manifested in aggressive forms. This creates opportunities to inappeasable minority of owners of large capital, to control all major parts of the resources in the world and dispose of increasing wealth of the world (Brent and

Clothier 2000). These aspirations glorify free trade and deregulation of institutional orientation (Barkin 2000).

Therefore, interests of countries with different economic status tend to be harmonized through the institutionalization of the globalization process in the world in terms of the globalization process (EU Commission, 1997, 2000). Positive results of globalization can give positive effects only if they also provide more equal participation of developing countries with the spread of support over institutions and organizations of the United Nations.

Positive trends of globalization basically impose general achievements of scientific and technological progress by itself: science, the application of modern technologies, especially informative, commerce, transport, tourism, environmental protection based on sustainable development (Went 2000, Kozulj 2003). These processes can not be localized because they can manifest their full effect on wider world projects and initiatives of progressive institutions of the UN. The influence of these institutions must be especially in the function of providing assistance to overcome poverty, unemployment and uncivilized way of living.

Institutionalization of the globalization process in the European Union and its impact on the position of agriculture in Serbia

By its structure and size, the European Union (EU) is a unique form of institutionalized globalization, which according to its functions enables highly harmonized economic life, agrarian relations, market conditions and broader socio-economic relations in Europe (Colman *et al.* 1997). Therefore its impact on the world market is very strong. In the institutional sense it embodies the largest integration of targeted economic life and agrarian relations in accordance to market demands and consistent application of policies for sustainable development (Chiu 2004, Van Ittersum and Brouwe 2009). Developing gradually (step by step) it overtakes the key economic relations, economy and society. So far the EU members operate in highly integrated and harmonized market, followed by adequate monetary and financial capital flow, information systems and wide application of technological and scientific achievements (Evans 2002). On these grounds harmonized common agricultural policy was established.

Development of economic and social activities of the EU is achieved in two main ways: *first*, on the basis of the scope of cooperation, and *secondly*, by increasing the number of countries having strategic opportunities for further stronger integration of economic, social, cultural and other areas of activities. In order to prevent distortions in economic and agricultural policies, i.e. in the field of production within the union, there is a body established with the task to create a common policy for agricultural growth and development.

Structure of the Common Agrarian Policy of the EU countries makes particularly important segment of the harmonization policies of its member's economic development. At the present level of integration of the EU countries economies, according to its size and structure, different integration systems appear. This is required to build and implement the functional basis of common agricultural policy.

With strengthening of integration linkage and increasing the degree of harmonization within the EU, optimal basis and the important preconditions for its development and expansion of new opportunities for economic and agricultural development in the vital strategic grounds have been created (Simić 2003).

A significant step in establishing Common Agricultural Policy (CAP) in the EU was contract between its members, signed in Maastricht in 1992, that gave main objectives of agricultural development, stressing the need for stabilization of the growth of agriculture. The aim of this concept of common agricultural policy was to encourage growth in production of strategic agricultural commodities in agriculture, to stabilize agricultural markets and to ensure satisfactory standards for employees in agricultural fields and in the agrarian sectors, quality agricultural and other products supply in harmony with demand at domestic and international markets. Maastricht document envisages implementation of various measures of agricultural policy focused on supporting the sustainable development of agriculture and non-agricultural activities especially in rural areas. Within these measures the policy of establishing organic agriculture has also been affirmed.

Support of the CAP in the EU is financing the development of agriculture over the European agricultural fund (European Agricultural Guidenc Fund). In 1992, reforms in agricultural policy were focused on the growth of production of basic agricultural products (grain, oil crops, sugar beet and sugar, beef cattle, milk and its products, etc.). These incentives were based upon two types of support to farmers and enterprises of food industry: institutional formation and routing of cost, introduction of measures for direct financial support to producers (farmers) and other agrarian subjects. Market stability has been ensured in circulation of agricultural products. The balance of supply and demand of these products has been achieved, primarily on the internal market of EU countries, as well as the creation of surplus for export outside the EU.

Measures from 1995 also improved the Common Agricultural Policy in the EU. The European Commission has set 'agricultural strategy' (Agricultural Strategy per - ASP). This specially emphasized the importance of increasing the competitiveness of agricultural and food products on the EU internal and other markets.

Adopting "Agenda 2000" in July 1997, the European Commission reviewed new approaches and possibilities for improvement and development of the common agricultural policy in the years after 2000. Agenda directs conditions for further strengthening of the competitiveness of agricultural and agrarian products in the EU, particularly through the impact of lowering prices of these products. "Agenda 2000" initiated the process of safety in market supply and food availability. Expansion of internal market of the EU by integration of Central and Eastern Europe (IO) in 2004, as well as Balkan countries, rises realistic expectations for significant changes in economic and developmental opportunities of the integrated EU.

It should be taken into consideration that agriculture is much more significant economic sector in the CEE countries (10) than in the EU (15) member countries. This would lead to significant increase in agricultural sector in the enlarged EU (EU Commission 2000), requiring change in economic structure in favor of agriculture. The significance of these tendencies comes from the regime of the CAP. In this wide expansion of EU with the CEE countries, agricultural land in the EU will increase by 23% and number of farmers will increase by 55%. This

will especially be expressed with integrations of new countries into the EU. In addition, high prices contained in the current CAP, would have a strong influence on low income categories of the population in the CEE countries, which on average spend 36% of income on food. This level of producer prices would have impact on the income growth of rural populations compared with other sectors, which does not seem to be fair. The changes that will occur in the structure of the EU economy, are expected to be followed by reforms of the Common Agricultural Policy (CAP), which will lead to lowering of agricultural products. Price of pork, poultry and sheep meat prices, as well as eggs, will also be reduced, leading to lower costs of food, implying the possibility that consumers will have significant beneficial effects from CAP reform. However, the CAP reform may cause the increase of costs due to additional direct payments to producers. Distribution of the additional costs will vary for different sectors and products. In field crops, CAP changes will likely reduce their production costs, partly due to lowering rates of direct payments for oil cultures, and partly due to predicted rapid increase in spending on interventional cattle grain stocks.

Lower prices of agricultural products predicted by the new CAP reform will bring prices in the EU and the countries of CEE and the Balkans closer, which will certainly significantly facilitate their integration. However, the amount of direct payments to producers will be increased, which will pressure EU's budget in time of its enlargement. It can also be concluded that these measures will certainly contribute to stabilization of the world market of agricultural products.

The globalization processes of the world trade and its institutionalization

In different phases of economic development, the most developed countries have had a decisive influence on the position of developing countries depending on the extent to which they were able to inhibit competition of less developed, but numerous countries (Zhuoting *et al.* 2010). In the first phase after the Second World War, during restoration of Western European and Japanese economies, the USA dominated the world market of goods, money, capital and technology. In this phase, finished in the seventies of the previous century, the United States encouraged trade liberalism in the world market.

With the strong economic development, especially industrial, numerous competitors from the renewed Western countries and Japan have appeared and the U.S. found that liberal trade policy was no longer suitable. At this time, an important instrument for market relations regulation was the GATT (General Agreement on Tariffs and Trade), remaining important until 1993, when the Uruguay round of negotiations ended. In the second phase of world trade development, world market relations were regulated by means of protectionism. Each country protected its interests, limiting the import of goods through customs policy and introducing commodity quota to importers in order to prevent dumping competition (Bello 2001). Such relations restricted the export of agricultural products from countries that have had significant agricultural potential.

By the end of eighties of the 20th century, new interests of the developed countries had been exercised, initiated by the growth of labor productivity in agriculture, development of manufacturing industry and the expansion of diversification of various agricultural and industrial products (Cook and Ng 2000). These countries' tendency was to export unlimited quantities of highly valuable products and import primary agricultural products from countries that are rich in natural resources, through free trade

In the nineties, world trading system was institutionalized through WTO (World Trade Organization), which developed from more liberate concept of the General Agreement on Tariffs and Trade (GATT) and carried out globalization of international trade. This form of relations in economic relations between developed and less developed countries affected each country on the world market. Relationship between WTO members had been achieved through numerous multilateral treaties and agreements. However, should certain countries be accepted as members of the WTO, they would have to fulfill conditions and requirements proved by results achieved in the internal market of the country aspiring to become a member of this organization. In order to fulfill conditions for membership in the WTO, non-members states must apply numerous international standards, both general and specific, that direct technical and technological development (Islam 2003, Pokrajac 2003, Adger 2009). This particularly affects countries with developed agricultural production and more favorable ecological conditions for agriculture development in accordance with ecological principles. However, these countries are required to fulfill other criteria. Restrictive and discriminatory measures have been imposed on some countries, although those are not in alignment with the general principles that define non-discriminatory reciprocity, market access and compliance with competition (fair competition). Such examples should not exist but are still evident, through disloyal trade restrictions by the global trade organization, that actually works on the principle of monopoly.

Inconvenient position in the processes of the world trade globalization has occurred particularly over agricultural and agrarian products trade. Although agriculture is relatively weakly represented in the structure of world trade, all participants show particular interest for it in international exchange. Developed countries (EU, USA and Japan) have imposed special rules, such as various forms of non-tariff barriers which have restricted imports of agricultural products, carried subsidizing exports and thus stimulated domestic production. Developed countries have carried out the globalization of international trade on the basis of the General Agreement on Tariffs and Trade rules (General Agreement on tariffs and Trade - GATT). The developed countries use these institutions to strengthen the agricultural protectionism against underdeveloped countries. All attempts to include agriculture in general rules of international trade have failed due to them being opposed by developed countries. Adoption of the "Agreement on agriculture and sanitary and phytosanitary measures" under the Uruguay Round of multilateral trade negotiations, was the first step in the initiation of liberalization in the area of international trade of agricultural products and multilateral trade rules expansion. This agreement predicted that all forms of barriers towards importing agricultural products should be converted

into customs, and gradually narrow, reducing export subsidy (to the complete abolition), and give support to domestic agricultural production.

A new round of multilateral trade negotiations launched at the Ministerial Conference Doha at the end of 2001, presented a new opportunity for multilateral trading system and world politics development, especially for liberalization of international trade of agricultural products. Setting the trade policy for agricultural products within the World Trade Organization (WTO), it got its essential role as mitigating factor in agricultural integration in globalization. However, by implementation of this policy, numerous, particularly agricultural countries with significant economic potential have been brought into position in which they must meet strict criteria for entry into the WTO, and Serbia is included in this group of countries.

Sustainable development as strategic basis for directing of the globalization process in the field of agrarian sector

It has already been pointed out previously that despite the positive characteristics and spontaneous process of globalization, negative tendencies are also being expressed. These processes are present in the economy as a whole, thus in agriculture. Adverse trends are expressed through the violation of regulations in the field of applied environmental sciences, originating from the ignorance and disrespect of natural (ecological and biological) rules. This requires deepening and broadening the knowledge of applied ecology as a fundamental science. This is extremely important, for both practical activities in the economy, especially in agriculture, and in function of preserving and maintaining the environment.

At the Second United Nations Conference on Environment and Development, held 3-14 June 1992 in Rio de Janeiro, this process has been positively emphasized and initiated. This conference has sealed several important conventions and charters, as well as Agenda 21, a promotor for initiation and implementation more harmonized economic and social development in the world. The Charter on the planet Earth defines the vision of global development in the world, as well as possibilities of directing developmental flows on sustainable basis by linking economic interests of present and future generations.

Establishment of the concept of sustainable development and environmental protection is based on the protection and appropriate use of natural resources (Bošković *et al.* 2003, 2005). For consistent development and implementation of these processes and policies in function of sustainable development, prudent use of modern technology, especially biotechnology is crucially important. Available comparative natural conditions may play one of the most important roles in encouragement of sustainable agricultural development.

Implementation of sustainable development concept of protection and preservation of natural ecosystems relies on rational use of available natural resources in our country. In addition, it is necessary to improve the quality of the environment, and thus the quality of life. Sustainable development means that humans use natural resources to the extent allowed by their natural restoration ability. However, as the nature exploitation is uncontrolled and excessive

compared with natural resources available, it undoubtedly means destruction of the ecological balance and the negative on agricultural and economic development.

Developed countries, especially USA and EU members, give priority to the policy of environmental protection within the frame of wider developmental policy. Environmental policy is directed towards elimination of sources of pollution, in order to ensure the equilibrium between economic interests and the need for sustainable improvement of environment and natural resources.

The concept of sustainable development has been declared a key concept of the EU developmental policy having integrated approach - the basis of environmental policy and all policies at local, regional and global levels as well as on some economic policy areas of industry, transport, agriculture, tourism and other activities. These policies ultimately depend upon capabilities of the environment to ensure the long-term sustainable development.

Planning new technologies should be associated with the rational use of natural resources and environmental conditions for the production of high quality food, as compliant (sustainable) development of agriculture with the rural economy. Circumstances of integral-coordinated development of agriculture with the rural economy require higher level of knowledge, as well as greater degree of its interdisciplinary application. Through the development of new genetic resources in biological production of high quality food, modern biotechnology can be directed through genetic and breeding researches in the frame of biological breeding institutes. Such level of research and development activities is characterized by high levels of specialization, interdisciplinary expert team work. Highly professional scientists (genetics, breeding experts, agro-technicians, agro-chemists, biologists, technologists, biochemists, microbiologists, molecular biologists, bacteriologists, virologists, medical workers, economists, agro-economists) actively participate. Their role is in affirmation of a relatively conservative application of agricultural production, through a modern and powerful activity - biotechnology. It is a known that for future sustainable rural development, it will be necessary to overcome following obstacles: a) raw materials and energy barrier as a factor of sustainable rural industrialization and b) food-environmental, as a factor of environmental protection and the existence of the population in rural areas. The strength of biotechnology is in its capability to overcome limitations of rural development. It is based of genetic and breeding is conducted by biological institutes and banks of genetic resources, in order to create desirable organisms, new synthetic species, as well as the most important agro-innovations. Disorders of the ecological balance caused by the use of chemicals in rural areas with intensive agricultural production have not reached the level of pollution of the environment as in highly developed countries. Increased use of nitrogen fertilizers increases the yield, but also slows down or even stops nitrification, leading to pollution of soil, water and plants, loading NO_3 and nitro-phenols in low and high pH soils (acid-and alkali-pseudogley-salty soils), in humid conditions during field production. The solutions to this problem are organic fertilizers (manure, compost, commercial organic fertilizers, green manure, unconventional sources of phosphorus and potassium).

Therefore, in agriculture and its processing sector, sustainable development represents an economic and ecological framework of biological production of quality food. Using methods of sustainable agricultural development, coordinated are

environmental possibilities and economic objectives, according to “technology offers, ecology decides” principle. Application of sustainable agricultural development methods provided real conditions for the realization of agricultural production, helped by the achievements of science and technology, and modified by demands of modern markets and environmental management (Wesseler 2005).

Consistent application of environmental management and accomplishment of policies of sustainable agricultural growth create real strategic basis for rational use of natural resources (land, water, biodiversity, gene pool, etc.) and their protection from degradation and pollution, and thus protection of the environment in general. Optimal interdependence and reciprocity between environmental and economic principles and objectives also becomes both exposed and expressed (Vinfried 2003).

In order to achieve a sustainable agricultural development, it is necessary to encourage harmonious development, and identify possibilities for optimal use of science and technology achievements. Along with implementation of policy of sustainable development in agriculture, it is necessary to implement and use informational technologies, and create favorable institutional and organizational conditions for use of selective agricultural technologies (selection, tillage quality, fertilization, crop protection and cultivation, harvest, processing and marketing) and favor alternative energy sources (sun, wind, biomass, etc.), especially on farms.

In creation of the strategic conditions for biological quality food production broadening both for domestic and world market, it is necessary to develop complete system of agrarian measures that would provide permanent social and system support (Malešević 2002). It is necessary to raise level of education and environmental awareness of both producers and consumers. Doing this, the efficient management of economy of resources can be permanently performed, quality food production leveled to international standards (ISO 9000, ISO 14000 and EH series 29000).

Particular economic entities, such as enterprises and farms, should be encouraged and stimulated to develop their own marketing services. Along with marketing and technical services, cooperative organizations should implement and consistently utilize ecological management in function of improving production of quality biological food on farms.

Directions, opportunities and new policy of entities adjustment and environmental protection in Serbia to the processes of globalization

It is of great importance to develop and determine strategic basis for adaptation of business entities in agriculture and environmental protection to the requirements and changes in domestic and world food markets in the processes of globalization. This should allow the inclusion of entities in agro-industry, open and market-oriented multilateral trading system in the world, especially in Europe. Within the strategy of sustainable development of agriculture, it is particularly important to consider rights and obligations of entities when designing development programs of goods production for domestic, European and other world markets (Bošković *et al.*

2005). In achieving this goal it is necessary to consider opportunities for rational use and protection of agricultural resources (land, water, biodiversity, etc.).

This development programs should align with the scope and structure of biological quality goods supply, as those agricultural products can occur as final goods, especially those agricultural products which make raw material basis for various products for domestic and globalized international market. Stimulating measures should be applied in order to enable organization and personnel on farms to explore, and agricultural and processing facilities to assess the competitiveness of foreign producers.

Trends expressed in globalization of economic life in the world and our country precondition significant differences in position and prospects. These processes depend on agriculture and agricultural structures and represent great reciprocity between development sectors, branches and lines of production. They also depend on the number of business entities and their different structures. Therefore, in developing of direction entities and processes of production, processing and marketing of high quality biological products, can not be based on any systematic radicalism, nor the partial and unilateral institutional solutions and institutional measures in agriculture and food industry in general.

These processes can be gradually be established only by appropriate actions defined by specific institutional solutions and measures in agricultural policy, in order to change practice and reach suitable and sustainable developmental and economic effects (Liddle 2002).. Different means of economic support should be applied to different entities, depending on their characteristics and specific needs, material achievements and inherited relations.

By developing directed agricultural production and its processing in our country, it will be possible to adapt production programs to new demands of the EU market. For this purpose, traditional approaches to the production of export agricultural goods must be overcome. In connection to this the following relevant facts should be taken into consideration:

First, the increased importance of the biological production of quality agricultural products is based on application of organic technologies;

Second, needs of European market for production of safe food (food safety) falls behind;

Third, Serbia has relatively favorable natural resources (climate, biodiversity, land and water potentials, etc.) that are still insufficiently rationally and appropriately used for production of export products;

Fourth, adequate programs of agricultural products production (alternative development programs) in function of increasing of the volume of goods for export have not been considered.

While creating conditions for the adjustment of agricultural policy for broader application of methods of sustainable agriculture development in accordance with the conventions and requirements of the EU, it is necessary to develop a strategic basis, development trends and production programs. Previously, the systematic regulative and other conditions for greater trade with the EU countries within the partnership agreement until entering the EU in 2007 should be made. This phase should be as short as possible (the period of our country's status of joint

member of the EU). Durable development strategy of our agriculture should be well achieved by the time Serbia enters the EU.

Existence, structure and ecological characteristics of natural resources in Serbia are particularly important comparative advantage and criterion for perceiving the structure adjustment of agricultural production needs of export to the EU market (Simić 2003).

Brighter future of agriculture in the European market may be realized depending on the manner and extent of its adaptation to the common agricultural policy of EU countries (Vinfried 2003). For this purpose it is necessary to make new systematic and developmental conditions on more fundamental institutional solutions, that would provide our country's inclusion in the EU integration processes and in the World Trade Organization (WTO).

For a thorough orientation of agriculture in this process, it is necessary to develop a comprehensive strategy for development of agriculture and agrarian sectors in our country on the concept of sustainable development and environmental policy in general. This has to be followed by a coherent approach in establishing and implementing integrated rural development, particularly sustainable development of agriculture, through the useful and rational use of natural resources (renewable and non-renewable) based on Rio Declaration on Environment and Development. This requires rational exploration and designing of fully new technical - technological and organizational development solutions. For this purpose it is necessary also to examine new ways and sources of financing for small and medium-sized agricultural businesses depending on the availability of natural resources in certain specific eco-regions. Also, production planning in the frame of agricultural programs must be in function of exporting to potential EU and other world markets. Defined support for financing the production of specific programs in agriculture must be found over placement of capital of business entities from countries that could potentially be importers of agricultural and agricultural products from our country. It is also necessary to encourage the process of implementing international standards by economic measures.

Implementation of international standards and establishment of policy and integral quality management

Training opportunities and strengthening business entities of agro-industrial sector for effective participation in the European market are particularly significant. Through quality management conditions for increasing efficiency, profitability and effectiveness of legal entities of other branches of agriculture and agro-industry can be created.

(1) *Implementation of integrated quality system.* The creation of conditions for faster adjustment of economic entities in the function of specific performance in foreign markets, especially European, requires more efficient and consistent implementation of quality management system (QMS) with a gradual transition to the total quality management (TQM) and achieving of re-engineering on that basis. This includes achieving integration, turning to users, consumers of goods and services.

New approaches to the management by business systems are reflected here. The new management paradigm based upon the quality balances competence and cooperative relations in the process of market management and marketing of agrarian products. In development of such market the equal competitive position of certain economic enterprises is provided, as the subject for more effective presentation in the domestic, foreign, and especially in the internal EU market.

For inclusion in the EU market integration processes, it is essential that economic entities in Serbia create conditions for rapid introduction of international (global) standard series ISO 9000 and European Standards (EN). Implementation of ISO 10000, ISO 18000, ISO 17000 and ISO 19000 that define laboratories, human factor and quality, legal and economic support to standards (security, compliance and verification) is also included in the frame of international ISO 9000 standards. These standards are supplemented with a series of ISO 14000 standards that provide environmental management. Introduction of quality systems in Japan after the Second World War achieved economic effects that provided strong challenge in the highly developed European countries, especially in EU countries. Gained experience and achieved positive economic results of quality management both in Japan, the United States, and developed countries of Europe, have contributed to define new concepts and vision of quality system and policy.

(2) The European quality vision becomes a new approach to improvement of quality management system in business systems. In the year 2000, European vision of quality, as a concept and philosophy under the motto "road to the future" was published. The foundations of this vision are based upon three important indicators:

First, the diversity, as the starting European comparative advantage by which freedom of social spirituality of every social subject as a source of strength and individual approach to creativity and innovation are promoted. In Europe, these differences are treated as original motivations and advantages of different economic entities. On this basis, potentials of individual performance, creativity and richness of innovations, technological and developmental programs are enabled and affirmed (Cook and Ng 2000). On such basis three following directions of sustainable development of national economies and comparative policies are defined:

- (a) Starting from large series to unique ones;
- (b) Determination of the positive processes of the global economy; and
- (c) Quality of the public sector influence.

Second, achievement of European values as the new European philosophy, through which new knowledge is centralized, collected and spread. On these bases, integrated values are directed towards implementation of TQM. Linking of European values enables high quality and healthy technology production of healthy food, promoting quality in general. Following this concept of European quality vision, results can be obtained in three directions:

- (a) Economic - commercial quality (the buyer - purchaser);
 - (b) The quality of economic entity organization (the company - environment),
- and
- (c) Management quality, which is based on the relationship: the citizen - state administration.

Third, the new culture of European countries that promotes new ways of work through joint investment, development of comprehensive cooperation based

upon trust and development of competition as the driving force. This implies greater involvement of employees, that is more direct and with higher authority concerning influence of citizens to the socio - economic development.

(3) *The food safety certification.* An important way of adjusting agrarian production economic entities is by promoting export of their products, especially in the EU market, based on introduction of quality system in the work process called HACCP (Hazard Analysis and Critical Control Points). This concept refers to the application of systematic, rational, objective analysis and production control from raw material to final market product. HACCP system is modern, preventive and based upon documented indicators on safety of agricultural and food products. Full support to the concept of certification of food safety of any food product was made by the World Organization for Food and Agriculture (FAO), UN (FAO) and World Health Organization (WHO) by adoption of the document "Codex Guidelines for the Application of the HACCP system".

Introduction of the food safety certificate induces strengthening of responsibilities for both, producers and consumers.

Increasing intensity of international food trade demands constant control of food in order to remove risks of unhealthy consumption, for the growing number of countries and international organizations in the world and especially in the EU (Jeffers 2002). There is a need to develop new integrated systems for food safety control in the chain of production, processing, trade and food consumption, in order to achieve maximum consumers health protection. These efforts are particularly expressed in the EU countries. With the appearance of numerous producers in the EU internal market, requirements regarding the provision of basic standards of quality and safety of food products are becoming stricter. Regarding this, each EU member country accepts consistent responsibility. Our country is also aware that in the years of preparation for EU integration, it is obliged to develop the concept of control and ensuring food safety for consumers in the country, in the EU and those from other countries that potential importers of agricultural and food products from our country.

The implementation of quality systems and food security in the 21st century needs to be taken as starting point for application of following principles: integrated approach, introduction of new legislation, development of control systems and implementation of new control measures and regulative, continued data collection and analysis, introduction of quality program assurance in all food production and distribution phases, active inclusion in the processes of analysis of the arisen changes and consideration of new solutions, establishment of the expert agencies and laboratories on the state, i.e. national level, involvement of consumers into the system analysis and food control, development of our country's institutions cooperation with international institutions (Colman and Roberts 1997). Along with the expansion of application, this system should be constantly refined. With the progress made in science and technology and with improvement of the general life conditions in 21st century, direct connection of producers and consumers in the function of food quality management will arise.

Conclusion

The processes of globalization have been expressing both supportive and limiting factors. Positive incentives for agricultural development take place under the influence of scientific-technical progress in accordance with economies developments in each country. These processes are jeopardized by occurring inequalities, obvious contradictions and monopolistic tendencies under the influence of multinational companies and the economically most developed countries, primarily to the global flows of agricultural products markets.

Potentials for agricultural production and sector development, incentive effects of institutionalization of the process of globalization through the process of integration of the European Union and the World Trade Organization (WTO) are especially limited in our country. Under these circumstances, achievement of more favorable economic position and development requires faster structural adjustment of developmental concept and strategy of the agriculture in Serbia.

Priority is in establishing a stimulating agricultural system, that would be directing agricultural organizations and subjects training in applying the technologies in accordance with the concept of sustainable development of the agrarian sector, environmental protection and designing of new development programs. At the same time, it is necessary to introduce international standards faster, in accordance with the requirements of European and World markets. Finally, it is necessary to adopt strategies for agricultural and rural development more harmonious adjusting of Serbian agriculture to the demands of the EU.

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PROCENA UTICAJA GLOBALIZACIJE I EVROPSKIH INTEGRACIJA NA POLJOPRIVREDU SRBIJE

- pregledni rad -

Jelena Bošković

Fakultet za biofarming, Bačka Topola, Megatrend univerzitet, Beograd

Jeremija Simić

Poljoprivredni fakultet, Beogradski univerzitet, Beograd

Aleksandar Ivanc, Veselinka Zečević, Tamara Galonja-Coghill

Fakultet za biofarming, Bačka Topola, Megatrend univerzitet, Beograd

Rezime

Ovaj rad analizira položaj poljoprivrede i zaštite životne sredine u procesima globalizacije i u tom cilju, razmatra prvo neke opšte karakteristike, odrednice (uredbe, naredbe i odredbe), uzroke i posledice izražavanja procesa globalizacije. Akcenat je stavljen na siromašne zemlje i njihove privrede na svetskom tržištu. Institucionalizacija procesa globalizacije u Evropskoj uniji i njen uticaj na položaj privrede Srbije posebno su analizirani. Zatim su analizirani procesi globalizacije u razvoju svetske trgovinske organizacije i istaknute su karakteristike njene institucionalizacije. Razmotren je i ekonomski položaj naše zemlje u sistemu svetske trgovine. Počevši od specifičnih karakteristika ekonomskih subjekata agrarnog sektora Srbije, predložene su mogućnosti njihove harmonizacije sa unutrašnjim tržištem Evropske unije. Ukupni alternativni razvojni programa proizvodnje biološki vrednih agrarnih proizvoda prevashodno su analizirani u funkciji rasta izvoza na tržište EU. Primena međunarodnih standarda u funkciji jačanja privrednih subjekata agrarnog sektora za sposobnost harmonizacije razmotrena je u razvoju trgovinske razmene sa zemljama EU.