

# The Strategy for Agriculture and Rural Development of the Republic of Serbia in the Process of its Accession to the European Union

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## Abstract

Agriculture is one of the most important activities in Serbia, where the potential for the development of agriculture is underutilized. By comparing the indicators of productivity and profitability, the size of farms, the use of modern technology, the intensity of production, the level of the processing of export products as well as other parameters, it is obvious that Serbia is lagging behind in agricultural development in relation to the achieved level of development in the European Union. The process of the Republic of Serbia's accession to the European Union requires the harmonization of regulations and standards in agriculture with regulations and standards in the European Union. The harmonization of the regulations in the field of agriculture is in process, while this is one of the most comprehensive processes of the harmonization of regulations. The Strategy for Agriculture and Rural Development should contribute to a better use of resources in agriculture simultaneously achieving a higher level of the competitiveness of agriculture. The Strategy for Agriculture and Rural Development would also have to provide a way to adjust the regulations of the European Union and a harmonization with the Common Agricultural Policy of the European Union. In the Republic of Serbia, the Strategy for Agriculture and Rural Development for the period from 2014 to 2024 has been adopted. The strategy has well-defined objectives; however, the description of the current situation in agriculture, the ways to achieve the defined objectives, the sources of funding for the purpose of achieving them as well as other parts of the Strategy have certain shortcomings, which leads to the attainment of the goals of the Strategy. The research done for this paper was accomplished by contemplating the situation in agriculture and rural areas, an analysis of the Strategy for Agriculture and Rural Development of Serbia as well as strategies, regulations and directives of the European Union. The aim of this paper is to point out some of the shortcomings and the weaknesses in the strategy and highlight the potential for the development of agriculture and rural development in Serbia, in the areas in which they are not sufficiently represented.

## Keywords

Agriculture, rural development, farm, agricultural cooperatives.

## Introduction

Agriculture plays an important role in the economic structure of the Republic of Serbia, which can be concluded from the multiyear indicators of the share of agriculture in the GDP, the overall employment as well as the overall export. The

share of agriculture in the GDP in recent years has been ranging to around 10%, whereas in 2013, it amounted to 11.4% (Strategy, 2014). The share of agriculture in overall employment in Serbia is at the level of about 21%. The share of agricultural products in the total export is around 23%. The

data on the share of agriculture in the GDP and overall employment were significantly higher compared to the same indicators in the countries of the European Union, where their height indicates a lower level of overall economic development in relation to the countries of the European Union.

In the process of economic transformation and integration, in which Serbia participates in the process of accession to the WTO and the EU, it is important that potentials for the development of agriculture and rural areas for the purpose of simultaneously achieving income stability for farmers should be used.

The processes of integration into the WTO and the EU are followed by the liberalization of markets, which includes the market of agricultural products, together with the liberalization of trade in agri-food products, posing a serious competitive threat to the survival of the market of domestic producers, taking into account the lagging of their level of production productivity and price competitiveness.

Bearing in mind the current position and the importance of our agriculture in the process of joining the EU and the WTO, the need for a responsible approach on the part of the state to agricultural development is extremely high. It is therefore of utmost importance to have a quality and comprehensive strategy for the development of agriculture as one of the main strategic documents defining the objectives, the priorities and the frameworks of the political and institutional reforms in the field of agriculture and rural development.

The Strategy for Agriculture and Rural Development of the Republic of Serbia from 2014 to 2024 (hereinafter referred to as the Strategy) was adopted by the Government of the Republic of Serbia. The legal basis for the development of the Strategy was the Law on Agriculture and Rural Development (Off. Gazette of the RS, 2009, 2013). The Strategy defines the framework of political and institutional reforms as well as the basic guidelines of budgetary subsidies to agriculture and rural areas for the next decade. By the adoption of the Strategy, the political and legal conditions for the preparation of the IPARD program were met, which is one of the preconditions for the commencement of the pre-accession funds for agriculture (Ministry of Agriculture and Environment, 2015).

The growth and the development of the agricultural sector in the next ten years, together with

challenges for our agriculture that will bring the country's progress in the process of its accessing the EU and the WTO will be conditioned by defined objectives for the development of agriculture as well as the measures and the ways of achieving them as an integral part of the Strategy. Through the analysis of the Strategy carried out in this paper, the current situation in agriculture as well as the practices and the regulations of the EU will point out some of the shortcomings and the weaknesses of the strategy, placing an emphasis on the potential for the development of agriculture and rural development in the areas where the strategy has insufficiently been present.

### **An analysis of the major challenges in the agriculture of Serbia**

The agriculture of Serbia has been exposed to numerous internal and external challenges in recent decades, where these challenges have become more significant in the process of Serbia's accession to the EU and the WTO. The authors of the Strategy of agricultural development should correctly assess the significance and the impact of all internal and external challenges to agriculture in Serbia, so that the same strategy could determine the correct mechanisms and the measures of the economic policy in agriculture for the successful integration of agriculture in the Common Agricultural Policy in the EU accession process.

The processes of globalization and trade liberalization on a global scale, together with the transition processes in the economy and society, as well as the process of integration into the Common Agricultural Policy have caused a number of both positive and negative developments in the field of agriculture in all the countries that in recent years have joined the EU. The relationship between the positive and the negative effects of the EU accession on agriculture was significantly conditioned in the majority of the countries by the preparations of the overall system for entering the EU, including the previously reached level of compatibility with the CAP.

Some of the internal and the external challenges for the development of agriculture in Serbia considered to be important in the EU accession process are listed below, as well as the fact that the Strategy should determine the optimal mechanisms of action in order to achieve stability and growth in agriculture.

## Domestic challenges for the development of agriculture in Serbia

The Serbian agriculture is characterized by small farms with fragmented holdings, mostly owned by private individuals. According to the Agricultural Census data of 2012, there are 631.522 farms listed in Serbia. The average size of land per agricultural holding is 5.4 hectares. Out of the listed holdings in agriculture, 99.6% were holdings of individuals, accounting for 82% of the area, with an average size of land of 4.5 ha; and 0.4% of the farms are owned by legal entities, accounting for 16% of the area and an average size of 210 ha of land per farm (Republic Institute for Statistics, 2012). The results presented in the list makes us see that farms using up to 5 hectares of land account for 77.7% of the total number of the listed holdings. The average farm size in Serbia significantly lags behind the same indicator in the EU, where according to the data obtained from the census of agriculture in the EU in 2010, agricultural households use 17.9 hectares of land on average.

On small farms with fragmented holdings and the existing structure of production, there are high production costs and resources are inefficiently used, and there is also the inability to achieve an efficient use of land. In addition, the average farm in Serbia is characterized by a low level of technical-technological equipment, an extremely small number of livestock per unit of agricultural land and other indicators that make it difficult to increase productivity and profitability in production. Low productivity in production has a negative impact on the price competitiveness of production and the average agricultural producer is put in a difficult position in the market. Yields in the primary field crops as well as in the production of meat and milk in Serbia are significantly lagging behind the same indicators in the EU. For example, one farmer in Serbia produces food for 18 inhabitants, 143 in Germany, 70 in France and 55 in Austria (Vlahović, Tomić, & Ševarlić, 2009).

These data allow us to conclude that the competitiveness of domestic products is at a very low level compared to the same products from the EU, which is an extremely serious problem in achieving growth and development in agriculture. The economic policy's measures in agriculture in Serbia have been strategically designed in the last decades towards increasing the competitiveness of domestic production, even in the absence of intervention measures on the market in the periods in which they were necessary for the protection and

the preservation of domestic production. The consequences of this approach for the economic policy in agriculture, with the lack of the protection of domestic production and low competitiveness, have for years been expressed through a decline in livestock production, where the negative tendencies in this area have not stopped even after the adoption of the Strategy, either.

Since the beginning of the transition process in the economy, the share of the "gray economy" in agriculture has been one of the factors of unfair competition between farms, agricultural cooperatives and agricultural companies regularly earning in agriculture. As in the previously mentioned areas, the negative trend has not been stopped in this one, either.

The market for agricultural products in Serbia is not even protected from the "gray economy", nor is protected from competitive products coming from other countries, where providing a support for domestic producers in order for them to successfully participate in the market is not part of the system of the economic measures in agriculture in the current period. The state-initiated encouraging of an association of farmers in cooperatives to jointly appear on the market did not exist, or it was only declaratory in certain periods, i.e. there were no measures to encourage an economic association.

That in recent decades rural areas have been characterized by depopulation, particularly related to the migration of young people from the countryside to cities, which has been leading to a constant decrease in the number of inhabitants in villages as well as their rapid disappearance is what we should bear in mind. The former agrarian policies, or other mechanisms, have not proved themselves to be successful as the ball above tendencies, which also represents one of serious challenges for the future of agriculture.

In recent decades, the economic policy in agriculture has not been strategically designed and with clearly defined objectives and measures for their realization, which has significantly contributed to today's situation in agriculture. For the future development of agriculture, it is necessary that serious efforts should be made towards reforming the agricultural sector and rural areas, accompanied by the measures of the economic policy that will improve the position of producers and enable their survival in the market in terms of increased competition.

## External challenges for the development of agriculture in Serbia

While carrying out an analysis of external challenges for agriculture in Serbia, it is necessary that we should bear in mind the fact that, during the 1990s, the agricultural sector in Serbia worked in the conditions of the war surroundings, the disintegration of a unified economic system and the economic isolation of Yugoslavia and international economic and trade flows, which contributed to the fact that comparative advantages compared to the other countries in the region and to ones able to dynamically revitalize the agricultural sector were considerably lost due to delayed transition (Bogdanov, 2004). The size, the economic power and the level of the commercial orientation of individual farms in Serbia significantly lags behind the level of the development of farms in Western Europe, which indicates the necessity of increasing the market orientation and the competitiveness of agricultural holdings, particularly in terms of the expected EU accession (Nestorov-Bizonj, 2008). External challenges for agriculture in Serbia are big and successful coping with them depends significantly on the future of agriculture in Serbia. In the context of external challenges for the Serbian agriculture, it is necessary that we should bear in mind the implementation of the Stabilization and Association Agreement and the process of integration into the Common Agricultural Policy (CAP).

The Stabilization and Association Process towards the European Union, as it is pointed out by Todorović, Davidović and Srećić (2008), represents a qualitatively new level of relations between Serbia and the European Union since for the first time it has enabled Serbia and the EU to enter the phase relations arranged by an all-encompassing agreement. An essential element of this agreement is the creation of a free trade zone between the EU and Serbia. This agreement provides the free access of goods originating from Serbia to the EU market. It anticipates the elimination of tariff protection for the import of a large number of goods from the EU, which will change the situation in the Serbian market. The signing and the implementation of the Stabilization and Association Agreement has exposed agricultural producers to bigger import competition. In addition, it is certain that the gradual harmonization of the production volume, the quality and the phytosanitary standards has opened the way for a larger volume of trade in agricultural and food products, as pointed out by Lovre (2013).

The Common Agricultural Policy is a complex management policy in agriculture and rural development (Božić, Munčan, & Miljković, 2009). The Common Agricultural Policy permeates virtually all the sectors of the EU policy, especially the sectors considered as a priority for further development (social and economic cohesion, the structural and regional policy, environment protection, international trade, health protection and the improvement of the quality of consumers, etc.) (Lovre & Trkulja, 2005).

The reforms of the CAP over the past two decades have changed and evolved, in order to further the deregulation of the market, the introduction of the principle that direct payments to producers are not tied to individual production and the growing importance of the rural development policy. The values of direct payments by individual countries and farms have in recent decades been approaching the height, but they have not achieved the unique amounts that would be applied to all members. In addition, the measures of market intervention have further been relaxed, while the focus on the priorities of the rural development policy has been expanded. In recent years, schemes and specialized support have been introduced putting an emphasis on small farms and young farmers.

The process of integration into the CAP consists of the harmonization of legislation, building and strengthening institutions and the policy reforms (Off. Gazette of RS, 2014). The above process requires a serious reform and structural adjustment, which should contribute to the successful adaptation of the CAP, which would ensure a reduction in the negative effects of EU integration, simultaneously increasing the positive ones.

According to Zekić, Gajić, Matkovski (2013), in the structure of the Serbian export, agriculture is not the most favorable because over 50% of agricultural exports are vegetable products, such as whole grains, fruits, vegetables, and sugar. On the other hand, the share of animal products – meat and meat products, eggs and dairy products – is only about 10%. Serbia's foreign trade with the EU, within a period of ten years, has increased the net exports of agricultural and food products and the value of exports is nearly twice the value of imports. However, the structure of exports to the EU is very unfavorable, with the participation of grains, fruits and vegetables, and sugar accounting for about  $\frac{3}{4}$  of the total exports, and the worryingly low export livestock products, only

accounting for a share of barely 2%. Underdevelopment and a lack of the competitiveness of our agriculture are reflected through the structure of export products, which are mainly exported as primary agricultural products, with a significantly lower share of products in the higher stages of processing and final products.

Via the Strategy, it is necessary that the real situation of external challenges for the agriculture of the Republic of Serbia should be defined, simultaneously defining the means and the comprehensive measures to overcome them, taking into account Serbia's obligations in the process of its integration into the EU and the WTO. A successful integration into the CAP is not possible without an increase in the budgetary support for agriculture and rural development, where it is noted that in the previous period this support was reduced.

## **An analysis of the Strategy for Agriculture and Rural Development of the Republic of Serbia from 2014 to 2024**

### **General comments and suggestions**

Recognizing the importance of agriculture for the overall economy of the Republic of Serbia is of great importance as a strategic document in the form of the Strategy, especially in the EU accession process, which will be causing many legislative, institutional and market changes in the coming decade.

The Strategy was structured in accordance with modern approaches to creating a strategic document, along with the existing legal basis for the Strategy and a methodology based on the modern principles of the management of public policies.

The carrying out of the analysis of the Strategy as a whole revealed that in some parts, the strategy is too extensive, which is particularly related to the first part: "An analysis of the situation in the agri-food sector and rural areas", which makes up more than one half of the total text of the Strategy. Although this part of the strategy is too lengthy, on the other hand, certain data are missing in this part of the text in connection with a realistic description of the situation in agriculture, where some of the described categories are not analyzed in real terms, especially in the areas describing the productivity and the competitiveness of agriculture and investment in agriculture. The absence of an analysis or unrealistic projections in each cate-

gory causes unrealistic projections in the second part of the Strategy, entitled the "Strategic Framework", which constitute one whole: "A SWOT analysis and development challenges", "the development vision and the strategic goals" and "the measures and the activities for the implementation of the strategic objectives".

It is noted that the authors base the overall strategy on a spontaneous, rather than necessary, agricultural output (Lovre, 2014). With the aim of achieving the strategic goals of the Strategy, it is necessary that, in the Strategy as a whole, we should conduct a detailed analysis of and devote more space to investment in agriculture, then the role, the resources and the ways of promoting the economic sector in agriculture, namely agricultural cooperatives, the food processing industry and other businesses as well as the ways of increasing the labor productivity and the profitability of all of the subjects in the field of agricultural production (Nestorov-Bizonj, 2014). An analysis of the situation in the agri-food sector of a higher quality would contribute to a better strategic framework, starting with a more correct analysis of developmental challenges in order to design the most appropriate measures and actions for the realization of the strategic objectives.

In the public debate on the Draft Strategy, the remarks referring to the complete exclusion of agricultural cooperatives from all parts of the text of the Draft Strategy are given (Nestorov-Bizonj, 2014). It has been suggested that the data on the state, the role and the importance of agricultural cooperatives should be included in the chapter describing the state of agriculture and rural areas, and then, in all the chapters that follow it – from the SWOT analysis and development challenges, via the development vision and the strategic goals all the way to the measures and the activities for the realization of the strategic objectives. These suggestions are based on the fact that agricultural cooperatives exist in Serbia and perform an activity in the field of agriculture – which is the subject of this strategy – in which there is a big potential for the development of cooperatives in agriculture and rural development – but these cooperatives are unjustifiably left out in the text of the Draft Strategy.

### **Comments and suggestions regarding the analysis of the situation in the agri-food sector and rural areas**

Based on the analysis describing the situation characterizing the agri-food sector and rural areas, we

can see several areas where it would be necessary that the description of the situation should be harmonized with the actual situation. One of the areas not well-defined in the Strategy is the area of agricultural cooperatives, which are explained in more detail below.

The need for the involvement of agricultural cooperatives in all parts of the Strategy, which is prominent in the public debate on the Draft Strategy, has only been partially accepted by the Strategy, whereby, according to the content of the text of the agricultural cooperatives in the Strategy, it can be concluded that the authors of the Strategy are not familiar enough with the current situation in cooperatives and therefore do not recognize the potential of this form of business association in agriculture.

In Serbia, there are 1,662 registered agricultural cooperatives, 698 of which have been registered in Vojvodina, and 964 in the central part of the Republic of Serbia (Nestorov-Bizonj, 2014). Out of the total number of the registered agricultural cooperatives, around 70% of them regularly perform the activity and form part of the market chain in agriculture.

The main activities of agricultural cooperatives are contracting agricultural production with members of cooperatives and other contractors, the procurement of raw materials for members of cooperatives and other contractors and various services to farmers and consolidated sales of agricultural products for members of cooperatives and other contractors (Nestorov-Bizonj, Potrebić, & Arsenijević, 2010). In addition to the roles in establishing production and the sales fields, agricultural products for members of cooperatives and other contractors, some agricultural cooperatives realize production on their own capacities. The services such cooperatives have been engaged in for cooperative members and partners, which is essential to precisely identify the purpose of their further development, are: the machining services of agricultural land; the warehousing of agricultural products; the freight transportation services and, in some cases, packaging and processing products, performed in cooperatives that have these facilities. For the largest part, the agricultural cooperatives in Serbia are of a multifunctional type, or not specialized, reflecting the structure of production on the farms of the farmers who are their members. Practice shows that in the AP of Vojvodina, which has developed agricultural cooperatives if compared with the rest of the Republic of Serbia, there are real agricultural coopera-

tives, classical crop farming products dominate, whereas on the territory of Serbia, the share of classical crop farming products through cooperatives is smaller and the organization of production and marketing in fruit and livestock production is more present.

By developing the described activities as well as other potential of the agricultural cooperatives, the possibility of the survival of small farmers in the market and the importance of their survival are evident from the data on the Agricultural Census of 2012, according to which, the possession of less than 10 ha is characteristic of even 91.8% farms. By recognizing and encouraging the role of cooperatives in the supply chain in agriculture, successful measures and actions to improve the market position of producers with small holdings would be projected, which the authors of the Strategy have ignored.

In addition to enabling the survival of small farmers in the market, their competitive potential is also being increased through aggregate supply and demand through the participation of agricultural cooperatives in the marketing chain, which in the future should also be taken an advantage of. Agricultural cooperatives, except for those roles, should also be more involved in the area of knowledge transfer since cooperatives now carry out part of these activities according to their members and other contractors, especially in the field of information, organizing lectures, providing assistance in administrative affairs related to registered farms of cooperative members and other contractors etc.

In the description of the status and trends in rural areas and the parts of the strategy dedicated to rural development, the connection between these areas and agricultural cooperatives as instruments of rural development is missing. The seat and the center where the majority of the agricultural cooperatives perform their activities are located in rural areas. The existence, the performance and the range of the activities carried out by economic organizations in rural areas, especially agricultural cooperatives, has a direct impact on the degree to which producers are small and medium-sized holdings, including the commercial realization of their production, as well as on the economic effects of their work. Agricultural cooperatives can be one of the main instruments of rural development as the basic organizational form of the business association of farmers in rural areas (Nestorov-Bizonj, 2008). In the previous measures in the rural development policy,

cooperative organizations were identified as the potential carriers of rural development. Cooperatives as the potential agents of agrarian and rural development could achieve significant effects for the rural population in the following areas: agriculture; other activities, such as rural tourism, handicrafts, the cottage industry, a variety of service activities; education and information; increasing employment, self-employment and the income growth of rural households; improving the social aspects of life in rural areas.

In addition to these deficiencies related to agricultural cooperatives, it is obvious that in the entire text of the Strategy, insufficient attention is given to other forms of economic organization in the agri-food sector as well as facilities for the storage, the processing and the finalization of agricultural products. It is necessary that a detailed analysis should be performed of: the status and the potential of the food industry, the storage and processing facilities and other facilities contributing to the preservation of values and the improved finalization of primary agricultural products. A lack of the above-stated analysis partly conditions incorrect conclusions about the competitiveness of our agricultural products. For example, the Strategy notes that there is not enough storage capacity for certain products, a fact not connected with the conditioned position in the market and the low competitiveness of manufacturers who do not have the ability to store the product in comparison with those producers who have such a possibility.

The Strategy lacks a detailed analysis of labor productivity as well as an evaluation of the economic position of producers in the market, especially in Chapter "2.5 The competitiveness of the Serbian agriculture". In this chapter, there is a lack of a deeper analysis of the Serbian foreign trade in the activities of agriculture, which is mainly shown in the positive effect of foreign trade, whereas the negative impacts in the part of import are not specified in accordance with the real situation, especially in pork and milk and products of meat and milk. The Strategy does not identify the reason for the trend of the significant reducing of the livestock in the previous years, which has made domestic livestock production unprotected, nor does it identify the ways of stopping it.

The description of the situation and later the expectations of the inclusion of certain institutions in the intervention policy on the market show some inconsistency with the actual situation. The

authors of the Strategy assume that the Directorate for Commodity Reserves will play an active role in the market in terms of intervention measures in the market. Bearing in mind the previous experiences in practice, especially those of 2012, when there was an escalation, and of 2013, when there was a "daffodil" price of agri-food products, as well as provisions of the recently adopted Law on the Directorate for Commodity Reserves, the author's view of the Directorate becoming an effective market institution is entirely unfounded (Lovre, 2014).

The comments and the suggestions made and given, respectively, regarding the content of the first part of the Strategy, which describes the situation in the agri-food sector and rural areas, are mostly directed towards the harmonization of the situation described in the Strategy with the actual situation, which is of direct relevance to the establishment of effective measures and activities for achieving the strategic goals defined in this Strategy.

### **Comments and suggestions regarding the strategic framework**

Another part of the strategy entitled "Strategic Framework" constitutes the whole of: "the SWOT analysis and development challenges", "the development vision and the strategic goals" and "measures and activities for the realization of the strategic objectives". The development of a comprehensive and realistic "SWOT analysis and development challenges" would require a previous system, describing the state of the agricultural-food sector, in accordance with the specified comments describing the situation in this sector. The proper identification of strengths and weaknesses is the basis for better identifying opportunities and threats in the "SWOT analysis", which is of crucial importance for defining measures and activities for the implementation of the strategic and operational objectives.

The development vision and the strategic goals of the Strategy for Agriculture and Rural Development of the Republic of Serbia are precisely formulated; however, the development of the operational objectives by areas and the measures leading to the realization of the goals are not accurate and complete, and in some cases it cannot be determined whether they will lead to the realization of the goals (Nestorov-Bizonj, 2014). For example, in the first and the second goals – production growth and the stability of producers' income, on the one hand, and an increase in the

competitiveness of the anticipated operational goals and measures, on the other – have not yet been completely defined. In order for the first two objectives to be achieved, a more comprehensive system of operational goals and measures, which are explained below, is required.

Providing a support to producers through direct payments, without establishing a price intervention policy, does not provide for the growth and the stability of production, which can be determined based on the experience from the previous period. In fact, despite a support through direct payments, in the event of a significant market disruption and high price fluctuations (especially in livestock), producers are often forced to give up on certain types of production or significantly decrease it due to the impossibility of covering the cost and the establishment of production. These tendencies are the most noticeable in livestock production, where the effects of high price fluctuations have resulted in negative trends in production. In accordance with the one referred to, the introduction of price intervention policies, together with direct payments as a condition for the achievement of the projected goal, is proposed. Privacy income support without some form of “prescribing” a price is a totally inefficient mechanism. Today, all developed countries, including countries in the EU, prescribe some form of price agri-food products, too. In the EU, it is the intervention price, while for example in the US, there are the loan and the target prices (Lovre, 2014).

In order to achieve the competitiveness of domestic producers as well as maintain the current levels of production, it is necessary that the permitted measures in the field of foreign trade protection (quotas and tariffs) should be used, whereas it is important that the precise extent of increased competition coming from abroad to which domestic manufacturers can successfully be faced with should be defined in advance. A lack of these measures could significantly affect not only the competitive position but also a decrease in a future production volume.

The condition for increasing competitiveness and often maintaining and increasing production is the joint appearance of the market over agricultural cooperatives. Aggregate demand or supply and agricultural cooperatives in the market can achieve better conditions in relation to individual producers who independently appear on the market, allowing all producers on whose behalf the cooperative appears to become more competitive.

In the case of producers with small holdings, business through cooperatives often represents the only one possibility of reaching the market. Accordingly, it is proposed that operational objectives should be defined, such as encouraging the development of agricultural cooperatives in order to increase the competitiveness of agricultural producers (Nestorov-Bizonj, 2014).

Achieving the stability of producers' income and making an increase in competitiveness imply, *inter alia*, that the producer is allowed to offer his/her products on the market at the time when the price of a particular product is the highest, not the lowest, which was often not the case in the past. In addition to the well-known reasons (natural borrowing, a lack of working capital etc.) for the past behavior of producers in the market, there has appeared a problem of the lack of SOP-essential storage facilities that would enable producers to dispose of their products in an economically rational framework. Bearing in mind the low volume of production per producer, the amount of investment in storage capacity in cooperatives exercising storage for their cooperative members and other contractors in such capacities is proposed as one of the operational measures. This solution would enable producers with small and medium-sized holdings to become able to market their products in an economically rational way. Investments in storage capacities on individual farms are only rational when the production capacity to exploit trustssnog capacity, and in all other cases, investment is necessary for providing cooperatives with directions. In addition to investments in the storage capacity, agricultural cooperatives are also suitable for investments in processing facilities as well as any other phases of the processing or the packaging of agricultural products, depending on the type of production, in order to achieve value-added products.

If operational objectives are not developed by section and in a way that their implementation leads to the realization of strategic objectives as well as in the absence of a precise definition of a set of the related measures that lead to the realization of the goals, this will result in decreasing the possibility of achieving the planned goals in the period planned by this Strategy.

The measures and the activities for the realization of the strategic objectives should be redefined in line with the real situation in the agri-food sector and a broader spectrum of operational objectives in relation to the objectives set out in the Strategy. In the process of accessing the EU, at-

tention should particularly be paid to agrarian interventionism in Serbia, considering that agriculture has thus far constituted the basis for economic development in general as well as that it represents an important segment of the economy in the following period, too (Birovljev & Glamočanin, 2011). For these reasons, it is necessary that appropriate strategies for agriculture and rural development in the EU accession process should be built and support harmonized with the EU regulations in order to fit the expectations of this segment and be able to compete in the global market. "What the previous agricultural policy could be criticized for is the fact that the same did not appreciate the specificities of agriculture. In order for agriculture to achieve positive results and eliminate its specifics, an active policy of the state institutions is required in the interest of the development of agriculture." (Birovljev & Glamočanin, 2011)

It may be noted that in the second part of the Strategy, the State's role in the future development of agriculture in the EU accession process has not been defined in a way that, under the rules of the WTO and the EU, there is a possibility of and a simultaneous need for improvement in the fields of the protection and the preservation of domestic production. The capacity of agricultural cooperatives and other undertakings in the agri-food sector as well as the one of the other existing institutions in agriculture has not been sufficiently recognized, either. Accordingly, there are possible deviations in achieving the strategic goals defined in this Strategy.

## Conclusion

The Strategy for Agriculture and Rural Development from 2014 to 2024 is a long-term strategic document essential for Serbia's EU accession process and its integration into the WTO. The need for a strategy of long-term development in agriculture is undeniable, both in the framework of the defining of future directions for the development and the reform of the agricultural sector and the defining of measures and activities for the revitalization and the activation of the development potential in agriculture and rural areas. The adoption of the larger Strategy is, *inter alia*, one of the preconditions for the preparation of the "IPARD" program, which is one of the preconditions for the commencement of the pre-accession funds earmarked for agriculture.

Based on the analysis of the Strategy and the identified deficiencies and weaknesses in this

document, some of which are outlined in this paper, the question of making a success in achieving the strategic objectives defined in this Strategy is posed. The unrealistic assessment of the state competitiveness of our agriculture and neglecting the potential impact of external and internal challenges on the agriculture of Serbia affected the definition of measures and actions in agriculture, which are not sufficient to achieve the well-defined strategic goals in this document. The omission of the potential of agricultural cooperatives to improve the status of farmers in the market is a significant shortcoming of the Strategy. The shortcomings of the strategy described in this paper should be rectified with a view of greater opportunities to achieve the strategic objectives, whose realization is essential in the projected ten-year period. Alongside the expected flow of the integration into the EU and the WTO, Serbia's agriculture will be in an unenviable position if the strategic documents for its development do not conform to the real needs, and then, if one does not persevere on the path of reforms necessary in the agricultural sector. SM

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