Republic of Serbia
Ministry of Agriculture, Forestry and Water Management

REPORT ON THE SITUATION OF AGRICULTURE IN THE REPUBLIC OF SERBIA IN 2024

BOOK I
Horizontal Analysis

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June 2025

INTRODUCTION BY THE MINISTER

Acknowledging the complexity and the importance of the agri-food sector for the economy, the society and food safety, the Ministry of Agriculture, Forestry and Water Management continues its practice of compiling the comprehensive Report on the Situation in Agriculture in the Republic of Serbia. This 2024 issue comes as a result of thorough efforts by expert teams, with the use of official statistics and analytical approaches which gave them insight into the actual state of play in the sector.

The present report is not just a collection of aggregated data – it is a reflection of our commitment to a fact-based, predictable and responsible management of agricultural policy. In the years behind us, including 2024, farmers faced numerous challenges: extreme weather, market disturbances, unstable prices and global geopolitical influences. Nevertheless, the system demonstrated remarkable resilience, owing to the involvement of all stakeholders and the support provided by the government, not only financially, but also through strategic planning.

The preparation of this document involved top experts across various fields, including economics, agronomy, statistics and rural development policy. Each piece of data, analysis or recommendation is the result of many months of work and a deep commitment to laying the foundations for the adoption of smart, pragmatic and development-oriented measures.

As the Minister, I have personally read the entire report, as I believe only someone who is fully aware of the state of play can guide the sector in the right direction. I call on everyone – farmers, experts, industry representatives, local self-governments and the scientific community – to use this report as a tool for understanding the current situation and planning future activities. Only if we act in unison, with reliable data and collaboration, we will be able to develop a modern and sustainable agriculture.

Dragan Glamočić, Ph.D.

Minister of Agriculture, Forestry and Water Management

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INTRODUCTION

This Report on the Situation in Agriculture in the Republic of Serbia 2024 (the "2024 Green Book"), as a comprehensive analytical document presenting the state of play in Serbia's agriculture sector in 2024, is the twelfth such report published by the Ministry of Agriculture, Forestry and Water Management. The aim of compiling and presenting a document of this type is to inform the expert community and the general public about the developments in the agriculture sector during the past year and to provide an aggregate overview of production and market trends in specific areas of agriculture.

After several turbulent years, marked by the pandemic, global geopolitical developments, climate change, market disturbances and general price hikes, 2024 saw a relative calming of the situation and a return to normal production and market trends. Accordingly, the 2024 Green Book provides an overview of the situation both in 2024 and in the preceding period.

This year's 2024 Green Book is modelled after the previous issues and comprises two books: Book I provides a macroeconomic, or horizontal, overview of the sector, while Book II presents a breakdown of sectoral information by main agricultural products and in terms of specific markets.

As part of efforts to cover a new subject each year, in line with the current developments, this year's Green Book includes a chapter on the European Union's strategic vision by 2040, as well as a chapter on quality policy.

The 2024 Green Book aggregates statistical data obtained from agricultural statistics, based on the official 2024 statistical data, produced mainly by the Statistical Office of the Republic of Serbia, while other sources of statistics include relevant administrative sources: specific registers of the Ministry and other government authorities, the National Bank of Serbia, the European Commission, Eurostat, etc. All statistical data are presented in comparison with 2023 and the average for the previous five-year period (2019-2023), while the graphs and tables (in the annexes) present data in a ten-year time series (2015-2024).

The structure of the Green Book and the methodology used are harmonised with the relevant European Union documents, ensuring comparability with data at the EU level.

The Ministry of Agriculture, Forestry and Water Management would like to thank **the Statistical Office of the Republic of Serbia** for its support and assistance in preparing this document.

1. SITUATION IN AGRICULTURE

1.1. Macroeconomic environment and importance of the agricultural and food sector

In recent years, global market disturbances, caused by various geopolitical and economic developments, have had a significant impact on global flows of goods and money, which also directly affected the macroeconomic situation in the Republic of Serbia. Initially, the COVID-19 pandemic, and then the armed conflicts in Ukraine and Gaza, caused disruptions in supply chains, shrinking demand, and soaring energy prices, all of which resulted in a global inflation hike. In response to the inflation, central banks increased interest rates, which affected global liquidity, while trade and investment flows were heavily disrupted due to the geopolitical situation and the sanctions against Russia.

As a result of these global disturbances, the Republic of Serbia faced rising inflation, a slowdown of economic growth, a rising cost of living, and challenges in trade and finance. Nevertheless, in the past two years, the Serbian economy demonstrated positive macroeconomic developments, albeit with a continuing significant influence of prices on those indicators that include a price component.

In this context, the year 2024 was marked by positive developments in terms of continued stable GDP growth, growing value of foreign trade and further reduction of the unemployment rate, coupled with an increase in average salaries, reduced public debt as a share of GDP, and lower inflation, stable foreign exchange rates, and growing foreign exchange reserves. On the other hand, negative trends have been observed with regard to growing foreign trade deficit, and an increasing current account of the balance of payments deficit as a share of GDP.

Table 1: Main macroeconomic indicators; 2020-2024

	2020	2021	2022	2023	2024
GDP (mill. EUR)[1]	49,024	55,931	63,501	75,204	82,321
Real GDP growth (%of change from previous year)[2]	-1.0	7.9	2.6	3.8	3.9
Unemployment rate (%)[3]	9.7	11.1	9.5	9.4	8.6
Salaries (annual average, EUR)[4]	510.9	560.2	637.9	733.5	838.2
Total exports of goods and services (mill. EUR)[5]	22,271	28,818	38,004	41,018	42,969
Total imports of goods and services (mill. EUR)[5]	26,370	33,439	45,054	44,543	48,304
Balance of trade (mill. EUR)[5]	-4,099	-4,621	-7,050	-3,525	-5,335
Foreign trade (mill. EUR)[5]	48,641	62,258	83,058	85,560	91,272
Current account of the balance of payments (% of GDP)	-3.9	-4.1	-6.6	-2.4	-6.3
Budget surplus/deficit (% of GDP)[6]	-8.0	-4.4	-3.2	-2.0	-2.2
Public debt (central government) (% of GDP)	54.4	53.9	52.4	48.0	47.2
Inflation (consumer prices, % of change from same month of previous year)	1.3	7.9	15.1	7.6	4.3
NBS foreign exchange reserves (mill. EUR)	13,492	16,455	19,416	24,909	29,295
Foreign exchange rate (annual average, RSD/EUR)	117.58	117.57	117.46	117.25	117.09
Foreign exchange rate (annual average, RSD/USD)	103.03	99.49	111.86	108.41	108.20

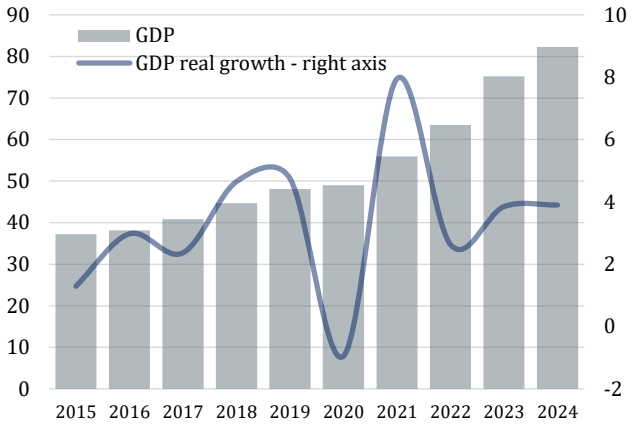
[1] According to the ESA 2010 methodology. The figures for Q1, Q2 and Q3 2024 are NBS estimates. The 2024 figure has been calculated as the sum of the quarterly GDP figures.
[2] In constant prices in the preceding year. The 2024 figure has been calculated as the sum of the quarterly GDP figures.
[3] Revised data from 2011 (two revisions were conducted: a revision due to methodology improvements and a post-census revision).
[4] Until 2018, salaries were reported according to the old methodology. As of 2018, salary figures have been published according to the new methodology and based on data provided by the Tax Administration. Salaries paid in dinars were transformed into euros by applying the average RSD/EUR exchange rate in the observed period.
[5] Since 2007, balance of payments data (current account, exports and imports of goods and services) has been harmonized with the guidelines contained in the IMF's Balance of Payments and International Investment Position Manual No. 6 (BPM6). Since 2007, goods exports and imports have been presented according to the general trade system, which is a broader concept and includes all goods entering into or leaving the country's economic area, other than goods in transit. The previous years were presented according to a special trade system.
[6] The consolidated (since 2005) and national (since 2008) deficit include payments for activated guarantees, bank recapitalisations and debt assumptions, according to the IMF methodology.

Source: NBS

GDP has seen a continuous increase over the past decade, with the absolute value of GDP growing more strongly in the last four years, due to the strong price impact of price increases. Having fluctuated below EUR 50 billion in the first half of the previous decade, GDP grew significantly towards the end of the period, reaching a peak of EUR 82.3 bn in 2024[1].

Following major fluctuations in the GDP growth rate between 2020 and 2022, the next two years saw stable real growth at a rate of 3.9% in 2024[2].

Graph 1: Gross domestic product (bn EUR) and real GDP growth (%) (right axis); 2015-2024



Source: NBS

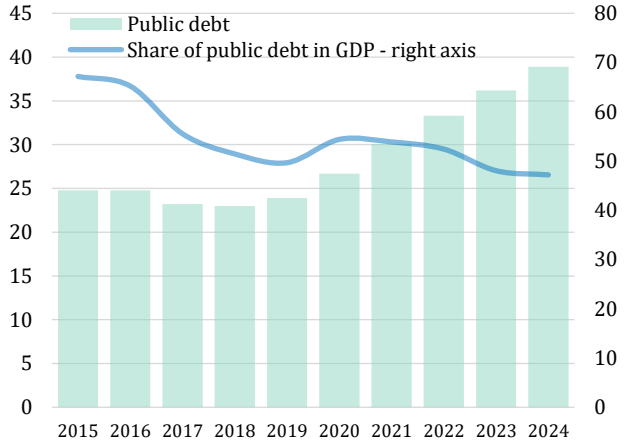
In the first half of 2024, real GDP growth was higher (4.6% in Q1 and 4.4% in Q2) than in the second half of the year, when real GDP growth saw a slowdown at the quarterly level (3.3% in Q3 and Q4).

The first half of the previous decade saw a stable level of public debt at around EUR 25 bn, which, as a share of GDP, had a downward trend, shrinking from 65% to 50%.

The next five years (2020-2024) were marked by diametrically opposite trends, with the public debt level increasing at an average rate of around 10% per annum, while public debt as a share of GDP saw a slightly declining trend, falling from 54% to 47%.

In 2024, public debt peaked in absolute terms at almost EUR 39 bn, while at the same time falling as a share of GDP to a record low of 47.2%.

Graph 2: Public debt (central level) (bn EUR) and share of public debt in GDP (%) (right axis); 2015-2024



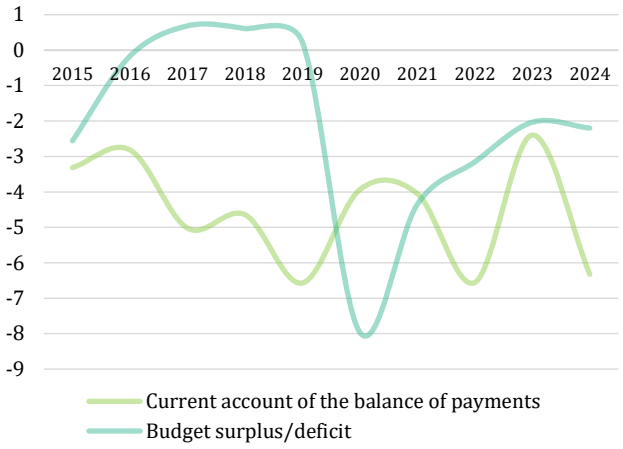
Source: MoF; Public Debt Administration

Public debt is largely comprised of external debt (72%), while total internal debt in 2024 reached approximately EUR 11 bn.

[1] The 2024 figure has been calculated as the sum of the quarterly GDP figures; the NBS estimate.
[2] In constant prices in the preceding year.

The budget result saw significant fluctuations over the preceding ten-year period, ranging from a surplus over the course of three years between 0.2% and 0.7% of GDP from 2017 to 2019 to the peak budget deficit as a share of GDP reported in 2020 at 8%. In the previous two years, the budget deficit as a share of GDP remained stable at around 2% (2.2% in 2024).

Graph 3: Budget balance and current account of the balance of payments (% of GDP); 2015-2024

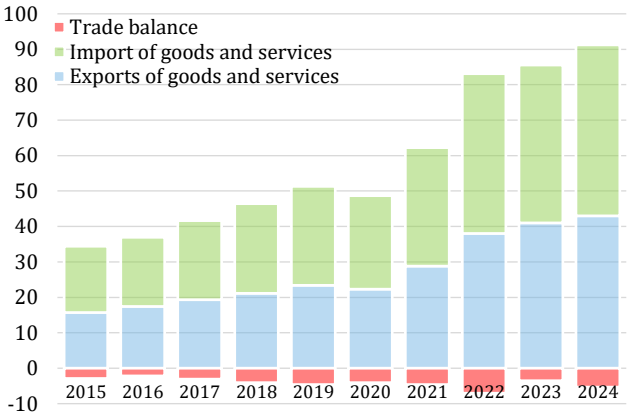


Source: NBS

Current account of the balance of payments remained negative over the entire previous decade, with a fluctuating value as a share of GDP, which during the observed period ranged between 2.4% and 6.6%. In 2024, the current account of the balance of payments deficit as a share of GDP reached 6.3%, which was 3.9 pp higher than in the previous year[3]. The current account of the balance of payments deficit was mainly attributable to the increasing external public debt, the foreign trade deficit, and the capital inflow from foreign direct investment.

After remaining below EUR 60 bn over much of the past ten-year period, since 2022 the value of foreign trade has seen a significant increase, reaching EUR 80 bn and peaking at EUR 91.3 bn in 2024. The changes in the value of foreign trade largely coincided with growing global inflation, which impacted the price component of the calculation.

Graph 4: Foreign trade of RS (bn EUR); 2015-2024



Source: NBS

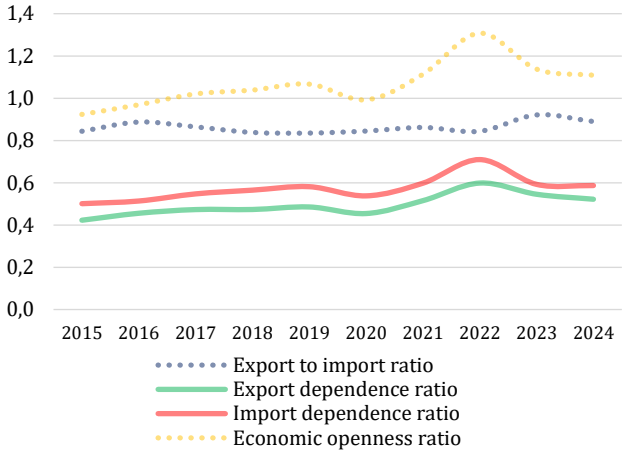
In terms of specific components of foreign trade, both imports and exports saw an upward trend during the preceding decade, with stagnation and a mild decline in the middle of the period (2019-2020) due to the pandemic. The value of both components increased evenly over the period, with an average year-on-year growth of approximately 12%. In 2024, the value of goods and services exports reached approximately EUR 43 bn, which was 4.8% higher than in the previous year. In parallel, the value of goods and services imports in 2024 reached EUR 48.3 bn, or 8.4% higher than in 2023, as a result of increasing investment activity and growing domestic demand. As imports increased year-on-year at a higher rate than exports, the deficit increased in 2024 from the preceding year by 51.4%, reaching EUR 5.3 bn, the second-highest deficit reported in the past decade.

[3] "The increase in the current account of the balance of payments deficit in 2024, from the lowest level of 2.4% of GDP in the year before, was expected given the implementation of investment planned under the "Expo 2027" programme and the growth in household disposable income, as well as reduced external demand, particularly from the euro area." (Inflation Report, February 2025; NBS)

These values of the main components of foreign trade in 2024 is indicative of a slight decline in the export-to-import ratio (-3 pp) relative to the preceding year, which saw a record high level of this indicator in the past ten years.

As a result of an increase in the value of imports in 2024 at a rate approximately equal to the GDP growth rate, the country's import dependence remained at the same level as in the preceding year, while export dependence declined slightly, as GDP growth outpaced the growth of goods and services exports.

Graph 5: Economic openness ratio and export-to-import ratio; 2015-2024

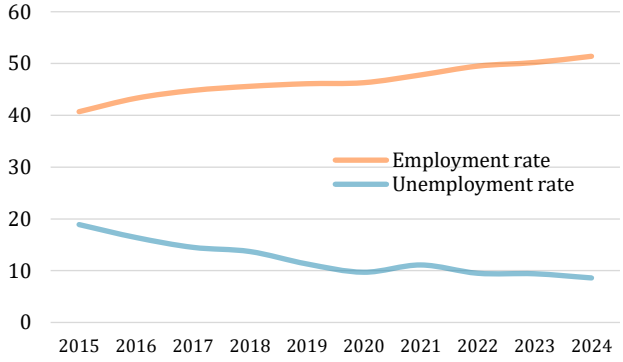


Source: NBS (calculated by the MAFWM)

The value of the economic openness ratio since 2021 suggests the value of foreign trade exceeded the value of GDP, with the ratio of the two reaching 1.11 in 2024, which was 3 pp lower than in 2023. This indicates that the value of foreign trade in goods and services in 2024 exceeded by 11% the value of GDP.

Positive labour market trends carried on through 2024, continuing the positive trends in unemployment and employment rates observed over a number of years. Namely, 2024 saw a further increase in the employment rate by 1.2 pp relative to the preceding year, reaching a record high of 51.4%. At the same time, the unemployment rate continued declining (by 0.8 pp y-o-y), reaching a record low of 8.6% in 2024.

Graph 6: Employment and unemployment rate (%); 2015-2024[4]



Source: SORS

In terms of absolute figures, in 2024, there were 2.9 million persons registered[5], of which 55% were men, while 45% of those employees were women. As regards the number of unemployed persons, in 2024 it was 8% lower than in the preceding year, at 271.8 thousand. Similar to employed persons, the gender structure of the unemployed is rather evenly distributed, with men accounting for 53% and women accounting for 47% of unemployed persons in the labour market.

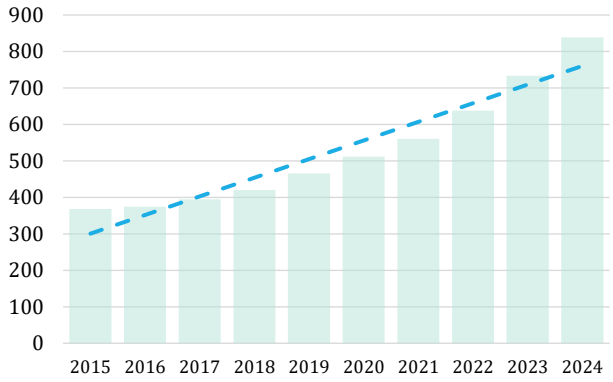
[4] Since 2021, the Statistical Office of the Republic of Serbia has been conducting the Labor Force Survey according to Eurostat's new, redesigned methodology. The changes introduced in the LFS since 2021 concern mainly the definitions and the specification of certain categories of the population in the labour market – employed persons, unemployed persons and persons outside the labour force – and the range and scope of the variables assigned to their additional characteristics. To ensure data comparability after the shift to the new methodology, the LFS time series for the period from 2010 to 2020 was revised

[5] In the category "population aged 15 and more".

After the first half of the preceding decade, which saw slower growth of average salaries, salaries grow twice as fast in the period 2020-2024 (12.5% y-o-y), peaking at the end of the period.

In the course of 2024, the average salary at the level of the economy was EUR 838.2, which was 14% higher than the previous year and double the average salary in the first half of the period.

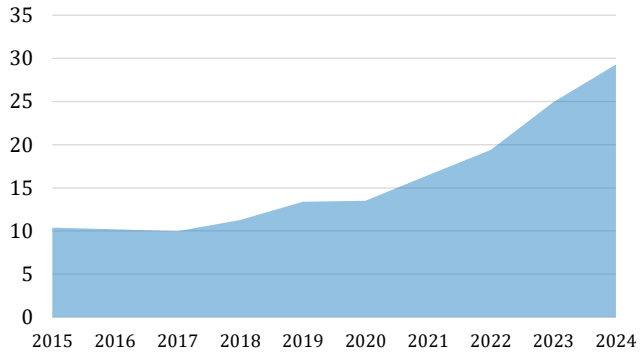
Graph 7: Average salaries[6] (EUR) and trend; 2015-2024



Source: NBS

The value of NBS foreign exchange reserves increased continually over the past decade, picking up the pace in the second half of the period and reaching an all-time high of EUR 29.3 bn in 2024, which was 17.6% up from 2023 and almost triple the amount at the beginning of the period.

Graph 8: NBS foreign exchange reserves (bn EUR); 2015-2024



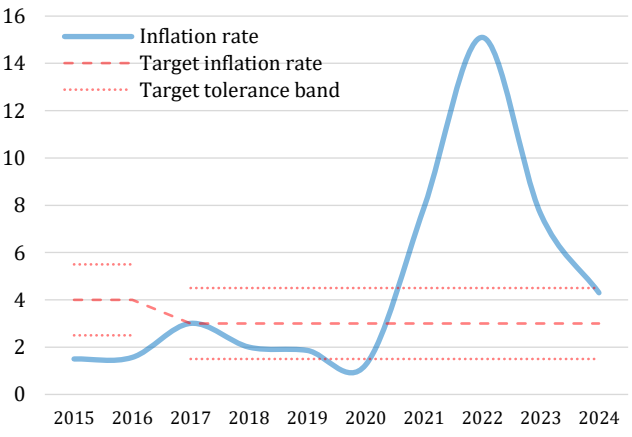
Source: NBS

This foreign exchange reserve level ensures an M1 money stock coverage ratio of 167% and 7.4 months of goods and services imports, which is more than twice the required standard ratio of foreign exchange reserve to imports[7]. The increase in gross foreign exchange reserves in the preceding period was mainly attributable to interventions by the NBS in the interbank market, and also the rising price of gold and the appreciation of the dollar against the euro.

After a moderate fluctuation in the inflation level between 2015 and 2020, the second half of the preceding decade saw significant variations in the annual inflation rate, which peaked in 2022 (15.1%).

In 2024, the downward trend of the annual inflation rate continued from the preceding year, as it dropped by 3.3 pp to 4.3%.

Graph 9: Inflation rate (%); 2015-2024



Source: NBS

[6] Average for the period

[7] Source: *Balance of foreign exchange reserves and trends in the interbank foreign exchange market in December 2024;* NBS, 2025

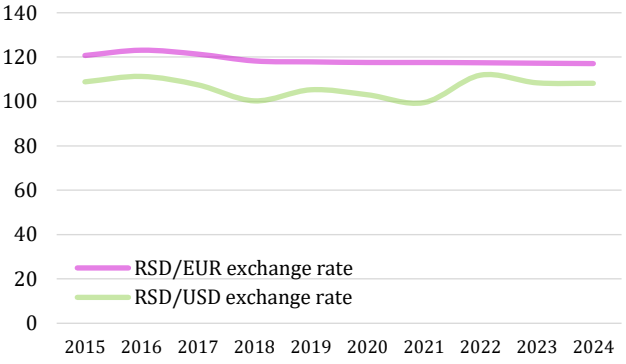
The lower inflation relative to the preceding period was mainly attributable to monetary policy measures by the NBS, lower import inflation, lower inflationary expectations, and the gradual waning of external shock effects[8].

At the beginning of the preceding decade, the annual inflation rate remained at a relatively low level (less than 2%), below the lower threshold of the projected inflation (4±1.5%), which was a continuation of the trend observed in the previous period. As a result of this tendency, the target inflation from 2017 on was projected at a lower level (3±1.5%), which ensured that the recorded inflation between 2017 and 2019 remained within the target tolerance band, while from 2021 on it began significantly exceeding the upper target threshold. In 2024, the inflation rate once again returned to the target tolerance band (0.2 pp below the upper target threshold, or 1.3 pp above the target inflation rate).

The exchange rate of the dinar to both reference currencies (EUR and USD) in 2024 remained stable at the same level as in the preceding year, with a minimum change of just 0.1 pp against the euro and 0.2 pp against the dollar.

However, the exchange rate of the euro against the dollar in the world interbank market fluctuated significantly in 2024[9], reflecting the changes in the global economic situation, monetary policy, and market expectations.

Graph 10: Exchange rate of the RS dinar (RSD); 2015-2024



Source: NBS

Table 2: Share of agriculture sectors in main macroeconomic indicators (%); 2020-2024

	2020	2021	2022	2023	2024
GVA in current prices (RSD mill.)					
Agriculture, forestry, hunting and fisheries (A)	291,305	339,051	398,174	333,893	303,410
Share of total GVA (%)					
Agriculture, forestry, hunting and fisheries (A)	6.0	6.2	6.3	4.4	3.7
Number of employees (000 persons)					
Agriculture, forestry, hunting and fisheries (A)	421.4	390.5	390.7	373.2	371.9
Manufacture of food products (C10)	91.4	89.5	98.3	95.9	95.8
Manufacture of beverages (C 11)	11.7	10.0	10.3	10.0	11.9
Manufacture of tobacco products (C 12)	2.6	4.3	4.3	2.7	2.1
Share of total employment (%)					
Agriculture, forestry, hunting and fisheries (A)	14.6	14.2	13.9	13.1	12.8
Manufacture of food products (C10)	3.2	3.2	3.5	3.4	3.3
Manufacture of beverages (C 11)	0.4	0.4	0.4	0.4	0.4
Manufacture of tobacco products (C 12)	0.1	0.2	0.2	0.1	0.1
Ratio of average net salary in agriculture to average net salary (%)					
Agriculture, forestry, hunting and fisheries (A)	87.0	84.9	82.3	81.0	79.6
Manufacture of food products (C10)	76.8	76.6	75.9	76.4	77.8
Manufacture of beverages (C 11)	118.8	114.8	109.3	106.0	103.6
Manufacture of tobacco products (C 12)	211.8	181.7	168.4	163.1	180.8
Share of agri-food products in total foreign trade (%)					
in exports	21.3	19.0	17.3	16.2	17.4
in imports	8.9	8.4	8.0	9.1	9.7

Source: SORS

Considering the fact that agriculture was the only sector of the Serbian economy to record GVA decline in 2024, and given the stabilisation of the global market and the declining global inflation, it was to be expected to some extent that most of the macroeconomic indicators for agriculture would decline too. Furthermore, positive results in other sectors of the economy, including in particular

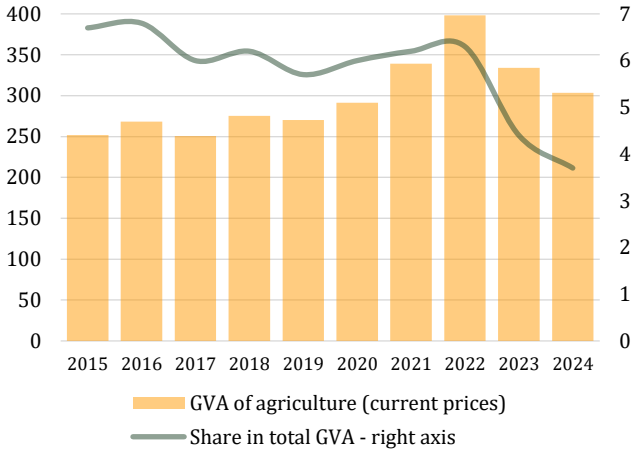
[8] Source: *Inflation Report; NBS, February 2025*
[9] On 31 December 2024, the EUR/USD exchange rate was 1 EUR = 1.0350 USD, the lowest level in 2024 (Source: Valuta FX)

construction and the services sector, resulted in a lower share of agriculture in the main macroeconomic indicators in 2024.

After the record-high GVA in agriculture in 2022 and its subsequent reduction the next year (-16%), a slightly milder decline of GVA in agriculture was also recorded in 2024 (-9% y-o-y). The reason for this trend can be found in particular in lower plant production, with a simultaneous impact of stabilised global market trends.

Considering, in addition to the foregoing, also the GDP growth, it was to be expected that GVA in agriculture as a share of total GVA would decline: in 2024, this share fell to 3.7%, the lowest in the past ten years.

Graph 11: GVA of agriculture (bn RSD) and share in total GVA (%) (right axis); 2015-2024



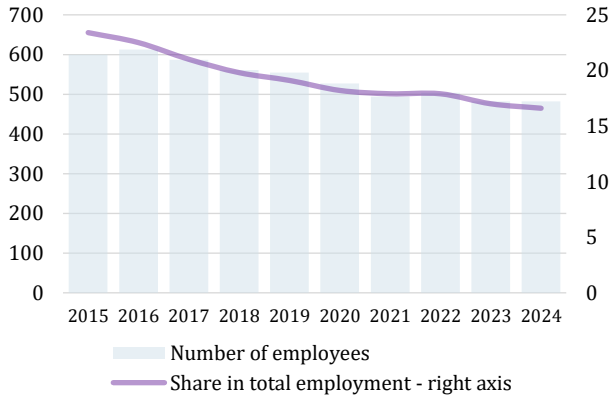
Source: NBS

In contrast to quarterly growth at the macro level, the sector of agriculture, forestry and fisheries saw a significant decline in the real GVA growth rates across all four quarters of 2024, as the only sector of the Serbian economy to experience negative growth in 2024. The largest real decline of GVA in agriculture was recorded in mid-year (-8.8% in Q3, -8.1% in Q2), while the decline at the beginning and at the end of the year ranged between -7.7% and -7.6%.

The number of employees in the agri-food sector had a downward trend during the past decade, notwithstanding the fact that the total number of employees in the economy saw a modest long-term growth trend.

In 2024, the number of employees in this sector remained at the level recorded in the preceding year, at approximately 482 thousand persons, with a negligible decline in the number of employees in primary agriculture.

Graph 12: Number of employees [10] (000 persons) and share in total employment (%) (right axis); 2015-2024



Source: SORS

Considering the stagnation of employment in the agri-food sector, with the simultaneous increase in total employment, the share of employees in this sector in total employment can be expected to decline further. In 2024, this share stood at 16.6%, which was 0.4 pp lower than in the preceding year and 2.7 pp below the ten-year average.

[10] The number of employees refers to employees in the agri-food sector, i.e. activity codes KD2010: A – Agriculture, forestry and fisheries, C 10 – Manufacture of food products, C 11 – Manufacture of beverages and C 12 – Manufacture of tobacco products.

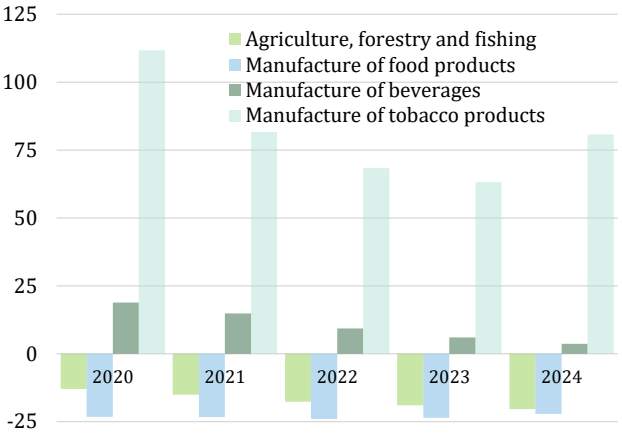
As salaries at the level of the overall economy grew at a faster rate than salaries in the agriculture sector over the preceding five-year period, a mild increase was recorded in the deviation of the average net salary in this sector from that in the overall economy, and this tendency carried on through 2024, with salaries one-fifth below the average net salary.

While the gap to the economy-level average closed in the food industry and the manufacture of beverages in 2024, the sector of manufacture of tobacco products saw net salary growth as high as 26.4%, ending the trend of approximation of salaries in this sector to the average net salary in the overall economy.

After a three-year period (2021-2023) in which the share of agri-food products in the total value of Serbian exports declined, 2024 saw this share increasing to 17.4%, up 1.2 pp from the preceding year.

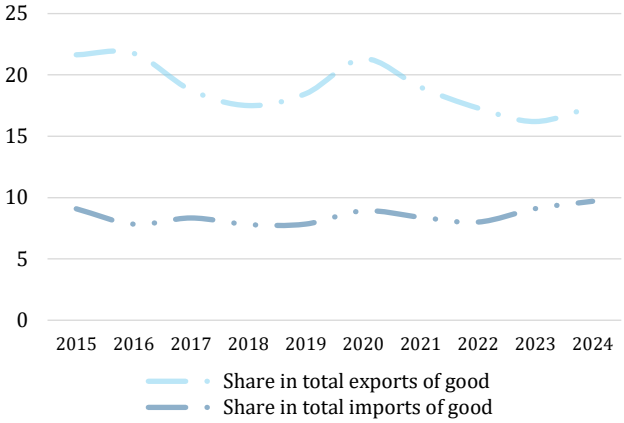
The share of the value of agri-food products in the total value of imports also increased in 2024 relative to the preceding year, by 0.6 pp, reaching a record-high share in the preceding decade (9.7%).

Graph 13: Deviation of average monthly net salary in agriculture from average net salary in RS (average = 0) (%); 2020-2024



Source: SORS

Graph 14: Share of import and export of agricultural and food products in total import and export (%); 2015-2024



Source: SORS

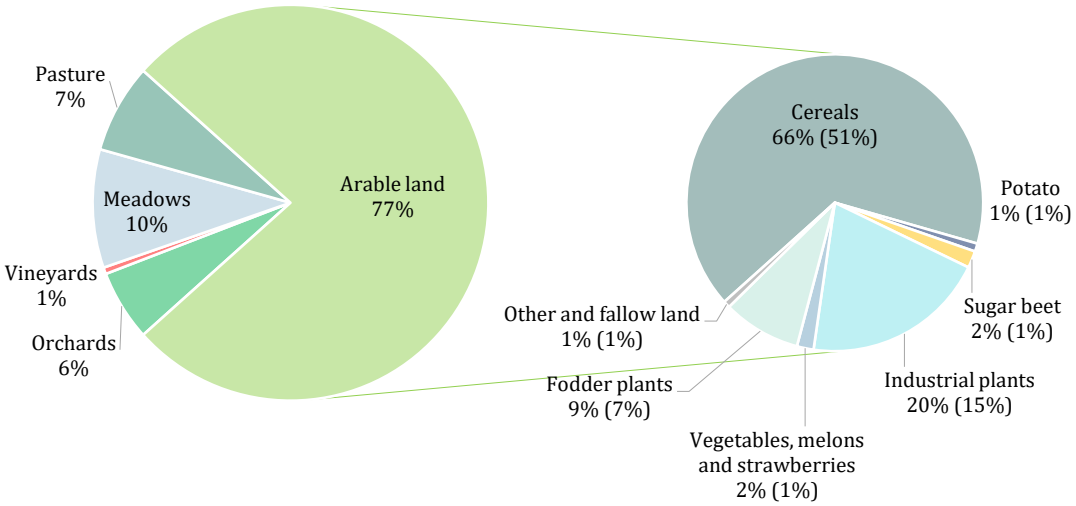
1.2. Structure of agricultural production

1.2.1. Utilized agricultural area

From a long-term perspective, utilised agricultural area (UAA) in the Republic of Serbia has been shrinking continually, at an average annual rate of 0.46% p.a., which in the period from 2015 to 2024 constituted an absolute reduction by 144 thousand ha, driven mostly (109 thousand ha) by a reduction of the area under permanent grassland.

Utilised agricultural area covered 3,336,785 ha in 2024, 1.75% less than the preceding year. Arable land accounts for just over three-quarters (77%) of UAA, and its area declined by 2.4% relative to the preceding year. Cereals cover about two-thirds of arable land, and their share remained unchanged from the preceding period, while approximately 20% of arable land was used for industrial plant production. Maize remains the most common crop, covering 39% of arable land, while wheat is grown on 22%. In comparison with 2023, the area under wheat has been reduced by about 20%, coupled with a simultaneous increase in the area under maize (7%), which resulted in a reduction in the share of wheat in harvested areas by 4.5 pp relative to the preceding year, while the share of maize increased by 3.6 pp Oilseeds were produced on a slightly larger area in 2024 (2.8%), resulting in a mild increase in their share in harvested areas (0.8 pp).

Graph 15: Structure of UAA, by utilisation categories (left) and structure of arable land, by crops[11] (right) (%); 2024



Source: SORS

The share of permanent grasslands and permanent crops in UAA remained unchanged from the previous year. After a significant reduction in 2023, area under pastures saw a slight increase the following year (1.2%), while area under meadows remained unchanged. Also, while vineyards covered the same area as in the previous year, the area under orchards in 2024 was 3.4% smaller than in 2023.

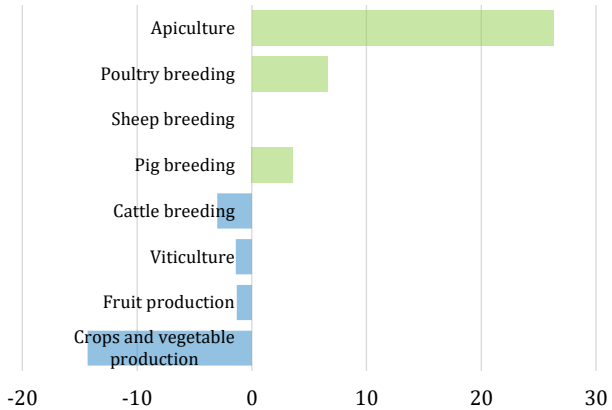
1.2.2. General indicators of agricultural production

Considering the sound production results of the preceding year, i.e., the high baseline value, negative changes in the physical volume of production in 2024 were expected to a certain extent, relative to the previous year. Gross agricultural production in 2024 was 7.6% lower than in the preceding year, while net agricultural production declined by 8.4%.

The year-on-year decline in agricultural production can be attributed to lower plant production, which was 12.1% lower in 2024 than in the preceding year, due mainly to lower production in the sector of crop production (-14.3%), including in particular maize (-23%) and industrial crops (-23.6%).

After four consecutive years of declining production in the sector of livestock production, 2024 saw a slight increase in production from the preceding year (1.4%), due primarily to increased honey production, as well as production in the poultry breeding and, to a lesser extent, pig breeding sectors.

Graph 16: Changes in the physical volume of production (%); (0=2023); 2024



Source: SORS

[11] The data in brackets refer to the share of a certain category in the total in UAA.

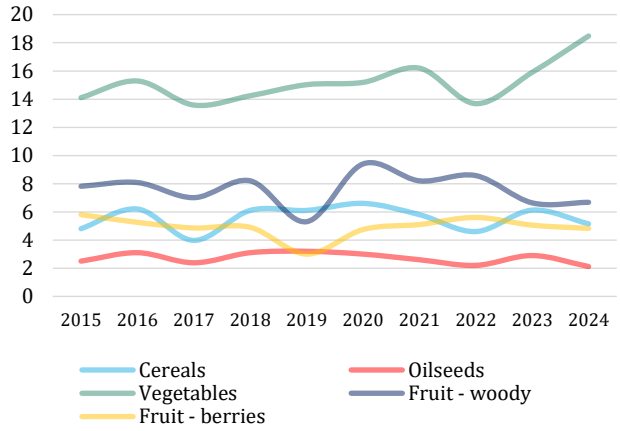
Plant production

The area under cereals was reduced in 2024 relative to the preceding year by approximately 5%, reaching a minimum in the last decade at 1.68 million ha. This reduction in the area under cereals was mainly due to the reduced area under wheat (-20%), which was replaced with maize to an extent, resulting in an increase in the area under maize by 7% relative to 2023. While the areas under oilseeds and fodder plants increased in 2024 by 2.8% and 4% respectively, the area under sugar beet increased by 12.4% from the preceding year, continuing the upward trend in the area covered, which began in 2023, following a period of many years in which the area under this culture saw a constant decline.

The drought in the summer of 2024 caused significantly lower crop yields, especially in the oilseeds sector, which saw its yield dwindle by nearly 27%, while yields of cereals and sugar beet were 16% lower than the previous year.

Such a major decline in the yield of certain groups of cultures was largely due to lower yields of soya bean (-44.3%) and maize (-28%), which these cultures achieved yields of 1.6 t/ha and 5.2 t/ha respectively, while sugar beet yield was 41.1 t/ha.

Graph 17: Yields in plant production (t/ha); 2015-2024



Source: SORS

In the sector of fruit production, the drought had much less of an impact on the woody fruits, with their yields remaining unchanged in 2024 from the preceding year. Nevertheless, the yield of berries at the level of culture groups was 4.5% lower than in 2023. In terms of fruit species, the strongest yield growth was seen in strawberries (25.2%) and cherries (24.8%), which yielded 4.1 t/ha and 4.4 t/ha, respectively, while the most significant yield decline was seen in walnuts (-26.7%) and peaches (-21.5%).

Unlike cereals and oilseeds, which saw a significant decline in yield in 2024 relative to the preceding year, and the approximately identical yield in the fruit production, the yield of vegetables increased by 16.2% relative to 2023. This increase in vegetable yield was mainly due to increased pepper yield, which was almost 67% higher in 2024 than in the previous year (20.1 t/ha), as well as higher tomato yield, which grew 60.5% from 2023 (23.5 t/ha).

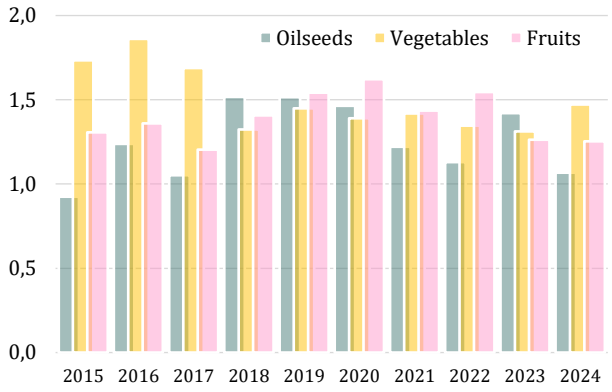
As a result of a significant yield decline in the cereal production sector (-15.8%), with a 5% reduction in the sowing area, cereal production in 2024 was 8.7 million t, which was almost 20% lower than last year's production. Considering the high baseline value recorded in the preceding year (10.8 million t), the 2024 output was 14.6% lower than the average for the preceding five-year period (2019-2023). This major decline in cereal production was mainly due to maize, which had a production 23% lower than in the preceding year (5.1 million t), or 20.6% below the five-year average. In addition, wheat, as the second most important crop, saw its production decline in 2024 by 15.9% relative to the preceding year, at 2.9 million t.

As a result of the 2024 drought, oilseed production was a quarter lower than last year's (1.1 million t), which can mostly be attributed to lower soya bean production (- 42.2%).

Production in the fruit sector remained almost unchanged in 2024 relative to the preceding year (-1%), with the production of berries declining by 7% from 2023, due to lower production of raspberries (-4.7%) and other berries (-26%), even with the significant increase in strawberry production (21.9%).

Vegetable production saw a 12.2% increase y-o-y, based largely on increased production of fresh peppers (59.9%), tomatoes (54.8%), and carrots (21.5%).

Graph 18: Production of oilseeds, fruits and vegetables (million t); 2015-2024



Source: SORS

Livestock production

Unlike the preceding year, when the number of head of cattle fell year-on-year across all categories (except the number of beehives), in 2024 the livestock situation was slightly better, as the head count across all categories of animals increased relative to the preceding year, with the exception of cattle and goats, whose numbers continued dwindling, following a trend that had been observed over a number of years.

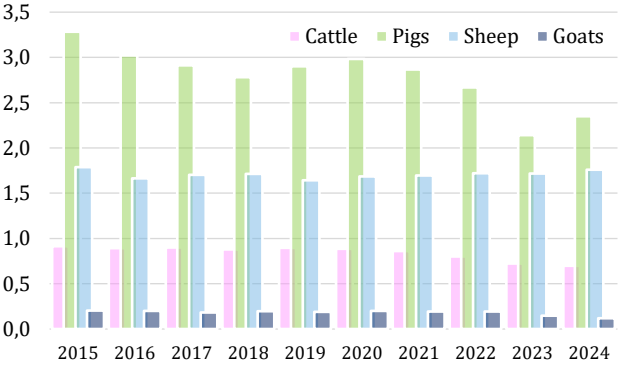
The number of cattle in 2024 was down 3.6% relative to the preceding year, reducing the total number of cattle to 699 thousand, which was 26 thousand fewer than in 2023 and a record low for the past decade. The number of dairy cows has also seen a downward trend, dropping by 8% from the preceding year (320 thousand head).

Regarding the number of pigs, in 2024 their number increased year-on-year for the first time in the past decade – up 9.7% from the previous year (but still 13.4% below the five-year average) to 2.35 million head. The number of breeding sows increased by 6.4% from the last year, reaching 266 thousand, which is seen as a positive indicator for a potential restocking in pig farming.

In the sheep breeding sector, the number of head has ranged between 1.66 and 1.79 million, with a 2.5% increase year-on-year in 2024, reaching 1.76 million head. The number of breeding ewes has been increasing in proportion to the total number of sheep (2.4% y-o-y), reaching 1.24 million head.

Unlike sheep, the number of goats has seen a continuation of the downward trend observed since 2021, with a particularly sharp decline in 2024 by as much as 19% relative to the preceding year, which is equivalent to a reduction by 28 thousand head, including a reduction in the number of goats under one year of age by 12 thousand head (-36.4%).

Graph 19: Number of cattle, pigs, sheep and goats (million heads); 2015-2024



Source: SORS

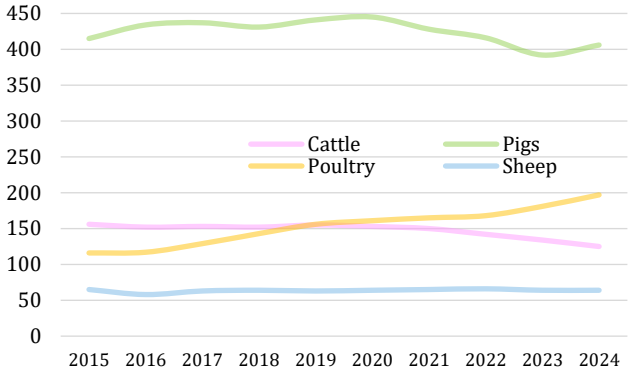
After two years of declining number of poultry, 2024 saw a 3.5% increase in the number of these animals, up to 14.8 million heads, with the number of laying hens increasing by 1.5%.

The numbers of beehives exceeded 1.1 million in 2023, and the upward trend continued in 2024, by 6.3% y-o-y, reversing the stagnation trend which had been observed in the number of beehives from 2020 to 2022.

The reduction in the number of cattle in 2024 by 3.6% y-o-y resulted in a reduction in cattle production expressed in live weight by 6.7%, or about 9 thousand t.

Unlike sheep production, which remained unchanged from 2023, pig production increased by 3.6% (to 406 thousand t), while poultry production increased by 8.8%.

Graph 20: Production of cattle, pigs, sheep and poultry (weight gain/live weight; 000 t); 2015-2024

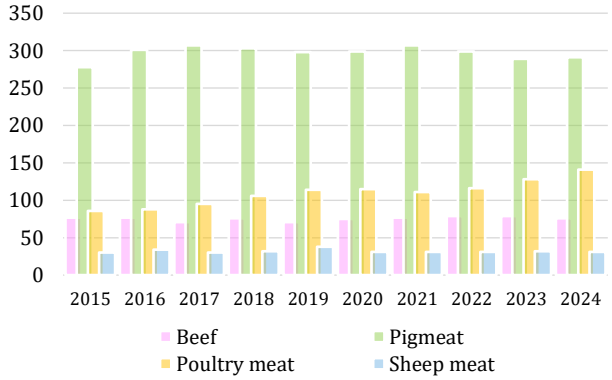


Source: SORS

Gross production of beef during the preceding decade ranged between 71 and 79 thousand t; in line with the lower number of cattle, 2024 saw a 3.8% decline relative to the preceding year (76 thousand t).

Considering the increase in the total number of pigs, which, however, was driven by an increase in the number of pigs weighing up to 50kg, it was to be expected that the gross production of pork would not increase at the same rate: in 2024, the increase was a mere 0.7% y-o-y.

Graph 21: Meat production[12] (carcasses weight; 000 t); 2015-2024



Source: SORS

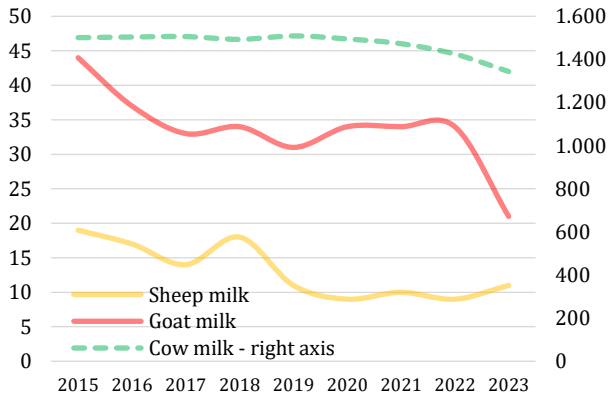
The situation is the opposite in the case of sheep meat: notwithstanding the increase in the number of sheep (2.5%), sheep meat production in 2024 was 3.1% lower.

As the number of poultry increased by nearly 9%, in 2024, the production of poultry meat increased by 10.2% from the preceding year.

As a result of the continuing downward trend in the number of dairy animals, the production of cow's milk continued declining: in 2024, the production was 2.5% lower than in the preceding year and 9.6% lower than the five-year average.

The situation was similar, although more extreme, with goat's milk production, as the year-on-year decline in the number of goats by one-fifth resulted in a 14.3% decline in goat's milk production, or as much as 41.6% below the five-year average.

Graph 22: Milk production (million l); 2015-2024



Source: SORS

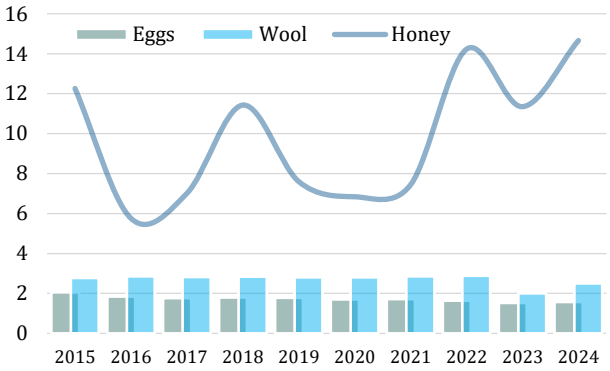
[12] Gross domestic production (exported live cattle included, imported live cattle excluded), without raw fats.

Conversely, production of sheep's milk remained stable in 2024, at one million litres below last year's production and equal to the five-year average.

The mild increase in the number of laying hens in 2024 resulted in an increase in egg production by 3.4% (to 1.57 bn pcs), which was still some 6% below the five-year average.

Owing to the continuing upward trend in the number of beehives and the favourable conditions for production, honey production in 2024 stood above the average, reaching 14.7 thousand t, which was 29.2% higher than the previous year and as much as 54.5% higher than the five-year average.

Graph 23: Production of honey, wool (000 t) and eggs (bn pcs.); 2015-2024



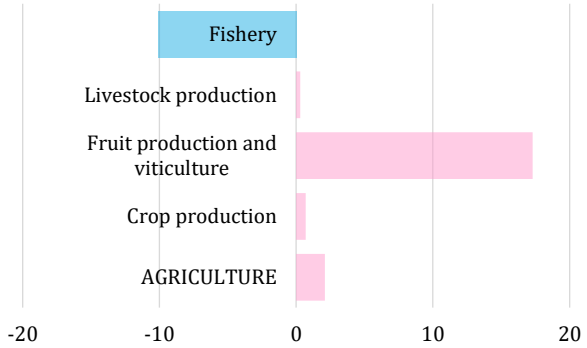
Source: SORS

1.2.3. Prices of agricultural products

After two years of exceptionally high price hikes in the agriculture sector and the price drops in 2023, as a result of price trends in the global market, 2024 saw a mild increase in prices at the sector level by 2.1%, driven largely by rising prices in fruit production and viticulture (17.3%).

While prices in the crop and livestock production remained approximately equal to last year's prices (+0.7% and +0.3% respectively), prices in the fishery declined 10% y-o-y.

Graph 24: Price changes in the agriculture sector (%) (0=2023); 2024

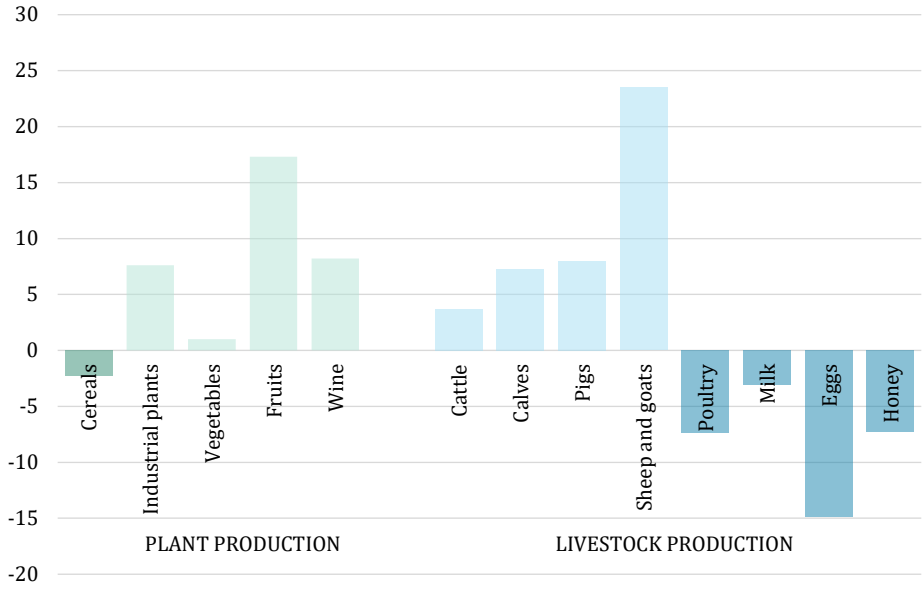


Source: SORS

In the plant production sector, in 2024, prices declined from the preceding year only for cereals (-2.3%), as a result of an 8.3% reduction in the price of wheat and an unchanged price of maize. Prices of industrial crops in 2024 increased by 7.6% relative to the preceding year, driven mainly by a 13.7% increase in the price of sunflower and a 6.8% in the price of soya bean, notwithstanding the decline in the price of sugar beet (-10.9%).

Prices in the livestock production remained approximately equal to last year's (+0.3%), since the reduction in the prices of livestock products (milk by 3.1%, eggs by 14.9%, honey by 7.3%) was offset by increases in the prices of live animals (calves by 7.3%, pigs by 8%, sheep and goats by 23.5%).

Graph 25: Price changes of certain products (%) (0=2023); 2024



Source: SORS

Market Information System of Agriculture of Serbia (STIPS)

The STIPS is an online database[13] providing information on the prices of certain agri-food products and inputs on a weekly/monthly basis. This database contains exclusively data on prices and does not include data on quantities sold, so it does not present weighted quantities.

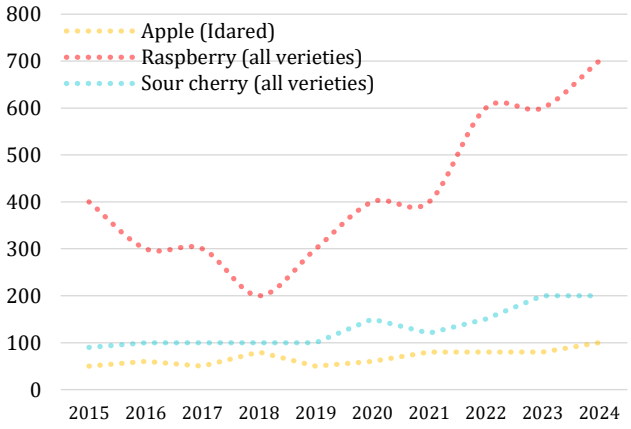
The STIPS includes retail prices in green markets and wholesale prices in wholesale markets for defined products. The data collected serves as the basis for reports which present the state of supply and demand, quality, and price trends in the past seven days for selected agri-food products. A weekly bulletin is also published, with prices, the current situation, and the supply in the markets.

Since 2022, all the world's economies have been affected by the Russia-Ukraine crisis to a certain extent, and Serbia's agriculture sector also felt the impact of this conflict during 2023 and 2024, coupled with an additional adverse impact of climate change on production.

During the past decade, the highest price fluctuations were reported in raspberry prices. In 2022, the price of raspberries increased by 50% from 2021, while in 2024 it increased by 16% from the previous year.

In terms of averages, in the past ten-year period, the price of raspberries was 420 RSD/kg, with an average deviation of 153.62 RSD/kg. In the same period, the average price of sour cherries was 131 RSD/kg, while the average price of apples was 69 RSD/kg.

Graph 26: Predominant prices of apple, raspberry and sour cherry on green markets (RSD/kg); 2015-2024



Source: MAFWM, STIPS

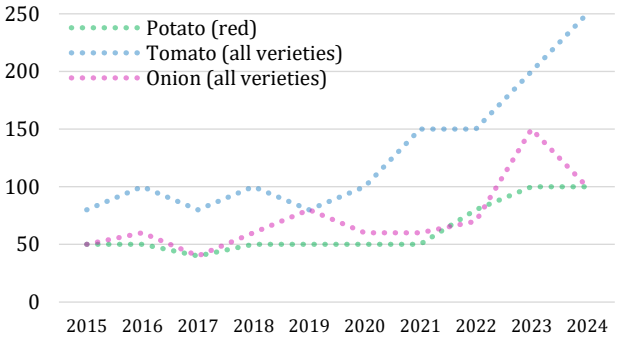
[13] STIPS is available at www.stips.minpolj.gov.rs

In this period, raspberries had the largest price dispersion at 36%, followed by sour cherries at 30% and apples at 24%.

For most of the preceding ten-year period (2015-2021), the price of potatoes remained stable (around 50 RSD/kg), but then it spiked by 60% in 2022. The following year, 2023, the price increased year-on-year by as much as 100%, reaching 100 RSD/kg, a level at which it remained in 2024.

During the observed ten-year period, the average price of potatoes reached 62 RSD/kg, with an average deviation of 21.35 RSD/kg.

Graph 27: Predominant prices of potato, tomato and onion on green markets (RSD/kg); 2015-2024



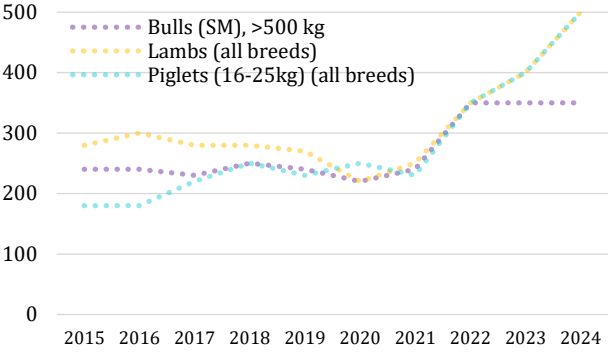
Source: MAFWM, STIPS

During the same period, the average price of tomatoes was 129 RSD/kg, with an average deviation of 55.04 RSD/kg, while the average price of onions was 73 RSD/kg, with an average deviation of 30.02 RSD/kg. Notwithstanding the price hike recorded in the past two years, compared with tomatoes and onions, potatoes had the lowest price dispersion, at 34%. Price dispersion for tomatoes was 43%, while for onions it was 41%.

The price of piglets has seen the largest change in the period since 2022, as the price of piglets increased by 52% during 2022 relative to the preceding year, while the year-on-year increase in 2024 reached 25%.

In terms of average value, the price of piglets reached 279 RSD/kg in the period 2015-2024, with an average deviation of 99 RSD/kg and the highest price dispersion of 35%.

Graph 28: Predominant prices of bulls, lambs and piglets (RSD/kg); 2015-2024



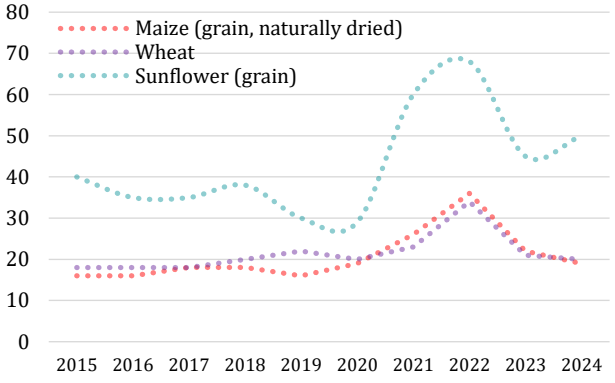
Source: MAFWM, STIPS

The average price of lambs during the observed period was 313 RSD/kg, with an average deviation of 78.62 RSD/kg and a price dispersion of 25%. During the past ten-year period, the average price of bulls was 271 RSD/kg, with an average price deviation of 52 RSD/kg and a price variation coefficient of 19%.

In terms of price variation coefficient, in the past decade it was highest for maize, at 29%, followed by sunflower (28%) and wheat (21%).

The average ten-year price was 20.6 RSD/kg for maize, 43 RSD/kg for sunflower, and 21.4 RSD/kg for wheat. As with other products, crop products saw the highest year-on-year price increase in 2022.

Graph 29: Predominant prices of sunflower, wheat and maize (RSD/kg); 2015-2024



Source: MAFWM, STIPS

2. FOREIGN TRADE OF AGRICULTURAL AND FOOD PRODUCTS

2.1. Total trade

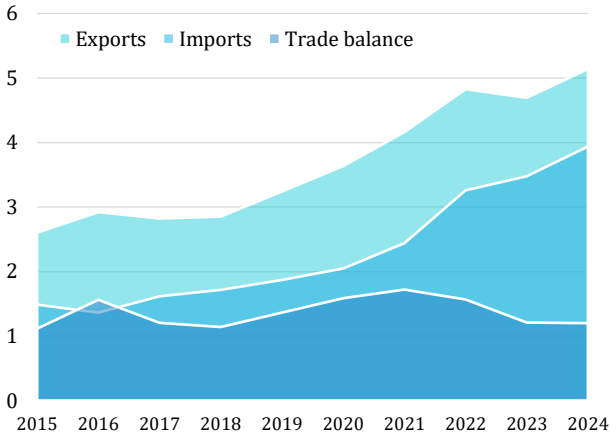
Agriculture is a branch of the Serbian economy that has had a positive foreign trade balance in Serbia's trade with the world for years through trade in agri-food products, accounting for a significant share in Serbia's total foreign trade, at 12.7% (average for the period 2019-2023).

After several years which saw a constant decline in the share of agri-food products in Serbia's total foreign trade, in 2024 this share rose to 13%, with an increase in the share in total exports from 16.2% (2023) to 17.4%, as well as an increase in the share in total imports – from 9.1% in 2023 to 9.7% in 2024.

In 2024, total trade in agri-food products was worth almost EUR 9 bn, a record high to date, 11.4% higher than the value of trade in 2023 and one third (33.6%) higher than the average for the preceding five-year period.

In 2024, exports of agri-food products reached a record high of EUR 5.1 bn, which was 9.8% higher than the value of exports in the preceding year and 24.6% higher than the five-year average. In parallel, the value of imports also increased, reaching a record high of EUR 3.8 bn in 2024, which was 13.7% higher than last year's imports and exceeded the average for the preceding five-year period by as much as 48%, so the surplus on the Serbian side remained unchanged from the previous year, at around EUR 1.3 bn (15.2% lower than the surplus in the previous five-year period).

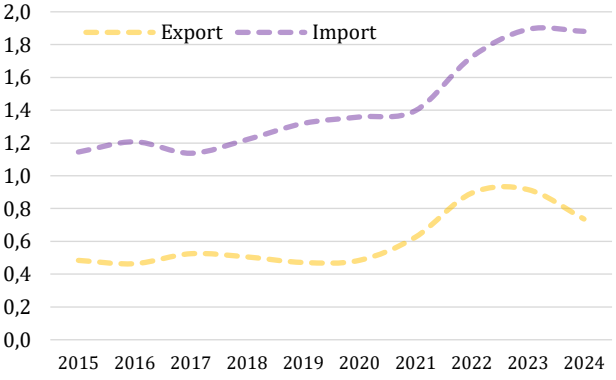
Graph 30: Foreign trade of agriculture of the Republic of Serbia (bn EUR); 2015-2024



Source: SORS (processed by the MAFWM)

In terms of unit values of exports of agri-food products, in 2024 they declined from 0.92 EUR/kg (2023) to 0.74 EUR/kg, primarily as a result of increased exports of raw materials such as maize, the unit value of which stood at a mere 0.05 EUR/kg, as well as lower exports of frozen raspberries and dog and cat food, which tend to command much higher unit values (3.1 EUR/kg for frozen raspberries, 2.99 EUR/kg for cat and dog food).

Graph 31: Unit values of export and import of agricultural and food products (EUR/kg); 2015-2024



Source: SORS (processed by the MAFWM)

Unlike exports, the unit value of imports remained at approximately the same level as in the previous year at 1.88 EUR/kg, which is in part attributable to the fact that in 2024 there were no changes in the structure of imports relative to the preceding year.

2.2. Trade structure

Primary agricultural products, with exports worth EUR 3.1 bn, still dominate the structure of exports, with a share of 60.2% in total exports of agri-food products, which was below the five-year average (68.5%), and slightly lower than last year's share (60.7%). However, in terms of absolute figures, exports of primary agricultural products in 2024 were 8.5% higher than exports of this group of products in 2023 and 9.8% higher than the average for the preceding five-year period.

The dominant primary agricultural products in exports in 2024 included: mercantile maize, frozen raspberries, mercantile wheat, dog and cat food, fresh apples, refined sunflower oil etc.

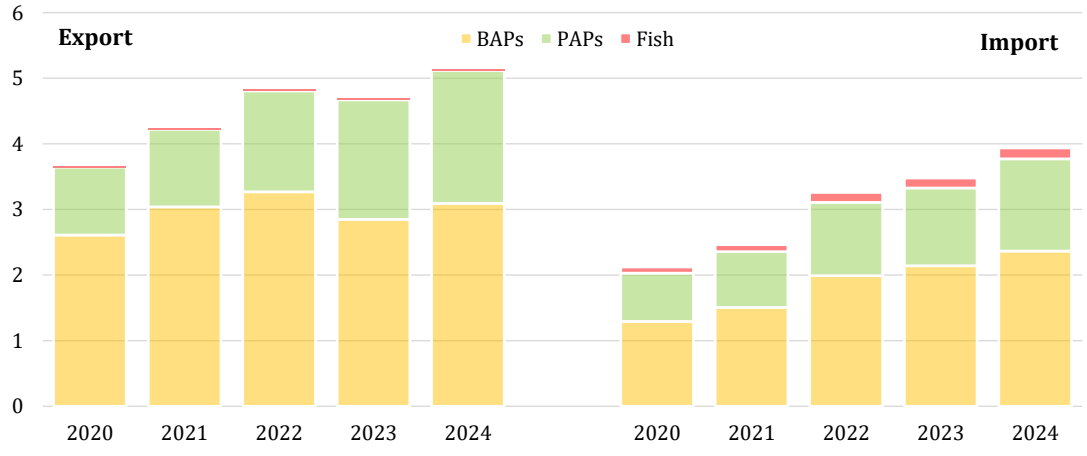
As regards processed agricultural products, the share of this product group in the structure of exports in 2024 stood at 39.4%, which was higher than the five-year average for the preceding period (31%) and slightly higher than their share in 2023 (38.8%). Exports of this product group reached a record high of EUR 2 bn in 2024, which was 11.1% higher than the value of exports of processed agricultural products in 2023 or 55.6% higher than the five-year average for the preceding period. It should be noted that the value of exports of processed agricultural products increased 3.7 times in the last ten years.

The following products dominated the export of processed agricultural products in 2024: cigarettes, smoking tobacco, flavoured water, soft drinks, cocoa butter products, miscellaneous food products, ice cream, food products with a milk fat content of up to 1.5% and a sucrose and starch content of up to 5% etc.

The share of fish and fishery products in the export structure was low, at just 0.4% in 2024, and had remained at approximately the same level for years. In absolute figures, the value of fish and fishery product exports increased in 2024 from EUR 20.1 million to EUR 22.1 million.

The most commonly exported fish and fishery products included fresh or chilled salmon, as well as fresh or chilled, frozen, smoked, or dried salmon fillets, as a result of the implementation of the Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin, which enabled cross-cumulation of origin of goods between the signatory countries (in this case with the Kingdom of Norway). Other products apart from salmon included snails, canned fish and live carp.

Graph 32: Export and import of agricultural and food products by product groups (bn EUR); 2020-2024



Source: SORS (processed by the MAFWM)

Both exports and imports are dominated by primary agricultural products, whose share in total imports of agri-food products in 2024 was 60%, which is slightly below the five-year average of the previous period (61.1%) and the share in 2023 (61.5%). In absolute terms, the value of imports of primary agricultural products increased relative to the preceding year by 10.5% (from EUR 2.1 to 2.4 bn), and by as much as 45.6% relative to the average of the previous five-year period.

Among primary agricultural products, the following products were imported the most in 2024: frozen boneless pork, raw coffee, soya beans, seed maize, raw tobacco etc.

The share of processed agricultural products in total imports of agri-food products in 2024 was 35.7%, which constituted a slight increase (1.6 pp) relative to 2023, or 1.4 pp up from the average of the previous five-year period. It should be noted that the value of imports of processed agricultural products in 2024 was EUR 1.4 bn and was 18.6% higher than the value of imports in the previous year, and as much as 55% higher than the average of the previous five-year period. As for the structure of imports of these products, it has not changed for years, and the products that dominated imports in 2024 were miscellaneous food products, tobacco extracts and essences, flavoured water, cigarettes etc.

The share of fish and fishery products in total imports of agri-food products in 2024 was 4.2%, which, compared to the previous year, constituted a slight decline (-0.2 pp), or 0.4 pp the previous five-year average. Imports in 2024 were comprised predominantly of fresh or chilled salmon, fresh or chilled and frozen salmon fillets, followed by frozen Argentine hake, canned fish and tuna, as well as flour, meal, pellets of fish or aquatic invertebrates, which are used as a component in animal feed.

2.3. Main products in trade

The fruits sector, which, in addition to fresh fruits, melons and watermelons, includes frozen, dried and temporarily conserved fruits, has been the leader in the export of agri-food products for years. With an export value of EUR 746.5 million (which was approximately at the same level as in 2023), the share of products from this sector in total agri-food exports in 2024 was 14.5%.

The second largest was the cereals sector (with a 13.7% share in exports), which has seen a significant year-on-year growth in export value – up 59.4%, which is the largest increase in exports in any individual sector relative to the preceding year.

Following the cereals sector, with an 11.8% share of exports, was the tobacco sector, which also includes tobacco substitutes, then the beverages, alcohol, and vinegar sector (9.5%), the miscellaneous edible preparations sector (8.1%), etc.

The share of the six leading sectors in the total value of agri-food exports in 2024 was 64.7%. Out of the 24 sectors, 16 sectors saw an increase in the value of exports. The lowest increase in the value of exports was reported for coffee, tea and spices (0.5%), while the highest increase in the value of exports was seen in the sector which includes plant products for plaiting and other plant products (84%); however, due to the low export value, this increase did not have as much of an impact in terms of increasing the export value as was the case with the increase in exports of cereals (59.5%) and products in the cocoa and cocoa preparations sector (including chocolates), which saw a 38.3% increase. Exports declined in as many as eight sectors, with the largest decline in exports reported in the sector of gums, resins, and other vegetable saps and extracts, which shrank by 21.7% (this sector is not particularly important for trade in agricultural products, given its very small share in the export value of just 0.07%). However, exports also declined in sectors which account for a significant share of trade, such as live trees and flowers (which includes seedlings and planting material), with a 17.6% drop in the value of exports, as well as the meat processing sector, with a 15.7% drop in exports, and live animals, with a 15.2% drop.

Table 3: Highest export values (by tariff chapters) (000 EUR; %); 2024/2023

Chapter	Description	2023		2024		Index 2024/23
		Value (000 EUR)	Share (%)	Value (000 EUR)	Share (%)	
8	Edible fruit and nuts; peel of citrus fruit or melons	731,500	15.6	746,507	14.5	102.1
10	Cereals	440,800	9.4	702,471	13.7	159.4
24	Tobacco and manufactured tobacco substitutes	549,600	11.7	608,036	11.8	110.6
22	Beverages, spirits and vinegar	469,500	10.0	490,175	9.5	104.4
21	Miscellaneous edible preparations	356,700	7.6	416,665	8.1	116.8
23	Residues and waste from the food industries; prepared animal fodder	392,700	8.4	362,670	7.1	92.4
Total top 6 by chapters		2,940,800	62.7	3,326,524	64.7	113.1
Total exports		**4,692,400**	**100.0**	**5,140,645**	**100.0**	**109.6**

Source: SORS (processed by the MAFWM)

Imports were dominated by products in the tobacco sector, with an import value of EUR 367.2 million, which accounted for 9.3% of total agri-food exports. It should be noted that, relative to the previous year, this sector saw a 25.5% increase in imports, as a consequence of increased imports of non-combustion products containing tobacco, nicotine, or tobacco substitutes, which are increasingly present in the market, but are not manufactured in Serbia. Ranking second in terms of import value is the fruit sector, which accounts for 9% of imports, followed by miscellaneous edible preparations (8.5%), cocoa and cocoa preparations (7.7%), preparations of cereals, flour and starch (7%) etc.

Products from the leading six sectors accounted for 38.6% of the total value of agri-food imports in 2024.

Unlike export value, import value has increased across virtually all sectors, with the increase ranging from 2.5% in milk and dairy products to 64.2% in live animals. On the other hand, import value declined in five sectors, with the largest drop recorded in the same group as with exports, namely gums, resins, and other vegetable saps and extracts (-11.7%).

Table 4: Highest import values (by tariff chapters) (000 EUR; %); 2024/2023

Chapter	Description	2023		2024		Index 2024/23
		Value (000 EUR)	Share (%)	Value (000 EUR)	Share (%)	
24	Tobacco and manufactured tobacco substitutes	292,500	8.4	367,184	9.3	125.5
8	Edible fruit and nuts; peel of citrus fruit or melons	310,900	8.9	353,790	9.0	113.8
21	Miscellaneous edible preparations	296,700	8.5	335,743	8.5	113.2
18	Cocoa and cocoa preparations	205,400	5.9	301,974	7.7	147.0
19	Preparations of cereals, flour or starch	257,200	7.4	274,564	7.0	106.8
2	Meat and edible meat offal	236,600	6.8	255,774	6.5	108.1
Total top 6 by chapters		1,306,800	37.5	1,521,845	38.6	116.5
Total imports		**3,483,900**	**100.0**	**3,938,295**	**100.0**	**113.0**

Source: SORS (processed by the MAFWM)

The largest trade surplus was recorded in the cereals sector – EUR 610.2 million (70% more than in 2023), fruits – EUR 392.7 million (-7% y-o-y), alcoholic beverages and vinegar – EUR 266.4 million (-4% y-o-y), tobacco and tobacco substitutes – EUR 240.9 million (-6% y-o-y), and animal fodder – EUR 197 million (-19% y-o-y).

On the other hand, the largest trade deficit was recorded in the meat and other offal sector – EUR 225 million (7% higher than in 2023), coffee, tea, and spices – EUR 116.6 million (+20% y-o-y), cocoa and cocoa preparations – EUR 105.2 million (+67% y-o-y), meat products – EUR 75.2 million

(+37% y-o-y), and milk, dairy products, eggs, and honey – EUR 71.1 million (at the same level as in 2023). It should be noted that, out of the 24 sectors related to agri-food products, 13 sectors had a trade deficit in 2024.

Regarding trade in the milk, dairy products, eggs, and honey sector, 2024 saw an increase in the value of exports, but coupled with a simultaneous increase in the value of imports, the trade deficit remained at approximately the same level as in 2023, when measures were in place to limit the importation of milk and dairy products into Serbia.

In terms of individual products, in 2024 the top exported product was mercantile maize, with an export value of EUR 375.2 million, which was double the value recorded in the preceding year, but still lower than in the period prior to 2022. Second in terms of export value were cigarettes, with an export value of EUR 290.8 million (+11.3% y-o-y), smoking tobacco came third, with an export value of EUR 262.7 million (+9.4% y-o-y), while frozen raspberries ranked fourth, with an export value of EUR 247.3 million (-11.1% y-o-y). Significant export growth was also recorded for mercantile wheat (56.9%), cocoa spreads (67%), frozen sour cherries (73%), as well as food preparations with a milk fat content of up to 1.5% and a sucrose and starch content of up to 5% (70%), while dog and cat food, as well as seed maize and raw soya bean oil, saw their exports decline.

Table 5: Highest export values (by tariff items in 10 digits) (000 EUR; %); 2024/2023

CN code	Description	2023		2024		Index 2024/23
		Value (000 EUR)	Share (%)	Value (000 EUR)	Share (%)	
1005 90 00 00	Maize, other	187,058	4.0	375,213	7.3	200.6
2402 20 90 00	Cigarettes containing tobacco	261,185	5.6	290,678	5.7	111.3
2403 19 90 00	Smoking tobacco, other	240,053	5.1	262,692	5.1	109.4
0811 20 31 00	Raspberries, frozen, not containing added sugar	278,188	5.9	247,300	4.8	88.9
1001 99 00 00	Wheat and meslin, other	146,215	3.1	229,446	4.5	156.9
2202 10 00 00	Waters, including mineral waters and aerated waters, containing added sugar	176,637	3.8	178,474	3.5	101.0
2309 10 51 00	Dog or cat food	185,431	4.0	158,571	3.1	85.5
0808 10 80 00	Apples, fresh, other	90,385	1.9	105,155	2.0	116.3
2202 99 19 00	Non-alcoholic beverages, not containing milk and milkfat	98,926	2.1	101,112	2.0	102.2
1512 19 90 00	Sunflower-seed, safflower oil, other	86,419	1.8	88,118	1.7	102.0
Total top 10 products		1,062,200	22.6	1,108,176	21.6	104.3
Total exports		**4,691,000**	**100.0**	**5,138,909**	**100.0**	**109.5**

Source: SORS (processed by the MAFWM)

The export value of the top ten products accounted for 21.6% of total agri-food exports, while five agri-food products were among Serbia's top twenty export products. Mercantile maize ranked 8th (up from 18th), cigarettes came 11th (up from 13th), tobacco ranked 14th (the same as the previous year), frozen raspberries were 15th (down from 11th), while mercantile wheat ranked 16th (up from 26th).

As regards imports, the highest value was that of frozen boneless pork, with an import value of EUR 134.2 million in 2024 (18% higher than in 2023). Second in terms of import value was raw coffee, at EUR 99.6 million (+18% y-o-y), mercantile soya bean with an import value of EUR 92.1 million came third (+69.2% y-o-y), while food preparations with a milk fat content of up to 1.5% and a sucrose and starch content of up to 5% ranked fourth, with an import value of EUR 83.3 million (+28.1% y-o-y).

Due to the cocoa price hike in the global market, the value of cocoa bean imports in 2024 increased by 136% relative to the preceding year, from EUR 13.6 million in 2023 to EUR 32.2 million (with the volume of imports increasing by 200 t). In addition to cocoa beans, the value of imports of not defatted cocoa paste (117%) and cocoa butter and oil (98.6%) also increased for the same reason. Among the leading imported products, a decline was seen in imports of bananas and palm oil by 11%.

It should be noted that agri-food products do not account for as high a share in Serbia's total imports as is the case with the country's exports; thus, the top twenty products in terms of import value in 2024 did not include any agri-food products.

Table 6: Highest import values (by tariff items in 10 digits) (000 EUR; %); 2024/2023

CN code	Description	2023		2024		Index 2024/23
		Value (000 EUR)	Share (%)	Value (000 EUR)	Share (%)	
0203 29 55 00	Meat of domestic swine, other, boneless, frozen	113,756	3.3	134,237	3.4	118.0
0901 11 00 00	Coffee, not roasted, not decaffeinated	84,427	2.4	99,590	2.5	118.0
1201 90 00 00	Soya beans, whether or not broken, other	54,405	1.6	92,081	2.3	169.2
2106 90 92 90	Food preparations not elsewhere specified or included, containing less than 1,5% milkfat and 5% sucrose or starch	65,818	1.9	83,270	2.1	126.5
2106 90 98 90	Food preparations not elsewhere specified or included, other	67,007	1.9	74,032	1.9	110.5
2403 99 90 00	Tobacco extracts and essences	51,704	1.5	69,701	1.8	134.8
1005 10 15 00	Maize, seed, simple hybrids	59,252	1.7	68,752	1.7	116.0
2202 10 00 00	Waters, including mineral waters and aerated waters, containing added sugar	52,367	1.5	68,167	1.7	130.2
2401 20 85 00	Tobacco, partly or wholly stemmed/stripped, flue-cured	50,297	1.4	61,573	1.6	122.4
0803 90 10 00	Bananas, fresh, other	66,153	1.9	58,752	1.5	88.8
Total top 10 products		665,186	19.1	810,155	20.6	121.8
Total imports		**3,479,000**	**100.0**	**3,938,281**	**100.0**	**113.2**

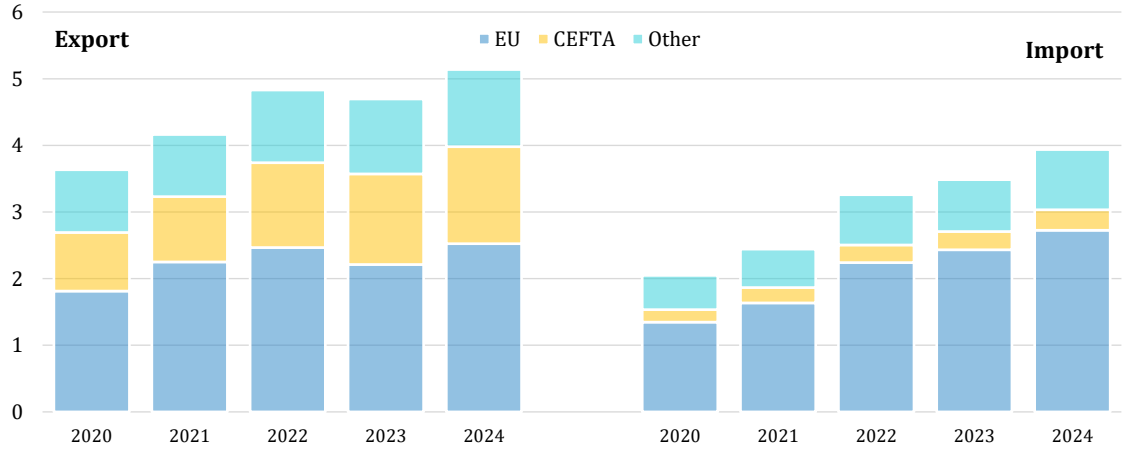
Source: SORS (processed by the MAFWM)

The import value of the top ten exported products accounted for 20.6% of total agri-food imports in 2024, which came close to the share of the top agri-food products in total exports, which was 21.6%, primarily as a result of price increases in the global market.

2.4. Key trading partners

In terms of trade destinations and the relevant markets, 49.1% of the total value of Serbia's agri-food exports in 2024 was directed to the European Union market, followed by the CEFTA market at 28.3%, while exports to other markets accounted for 22.6% of total exports; of the total exports to other markets, 59.3% were exports to the markets of countries with which the Republic of Serbia does not have free trade agreements in place.

Graph 33: Export and import of agricultural and food products by markets (bn EUR); 2020-2024



Source: SORS (processed by the MAFWM)

On the import side, in 2024, the share of imports from the European Union in total imports was 69.2%, while the CEFTA market accounted for a mere 7.8%. The share of imports from other countries' markets in the total agri-food imports into the Republic of Serbia was 23%.

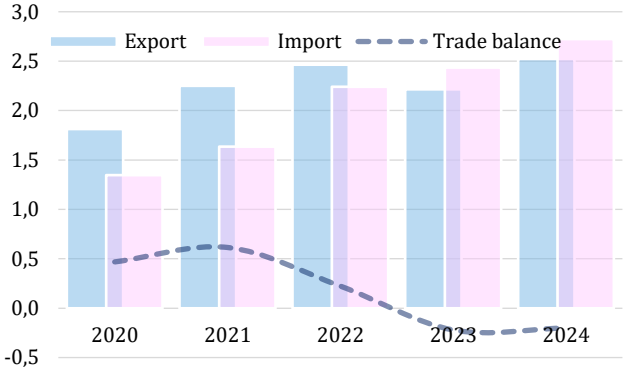
European Union

The European Union remains the most important trading partner of the Republic of Serbia when it comes to trade in agri-food products, with a total trade value in 2024 of EUR 5.2 bn (57.8% of Serbia's total trade in agri-food products), which was 12.9% higher than the trade volume in 2023 and 36.6% above the average for the preceding five-year period.

The value of exports of agri-food products to the EU market in 2024 was EUR 2.5 bn, which was 14% higher than the previous year's exports and 22.2% above the five-year average. The value of imports stood at EUR 2.7 bn, which was 11.8% higher than the value of imports in 2023 and as much as 53.3% above the five-year average.

In 2024, Serbia recorded a trade deficit with the EU for the second consecutive year, at EUR 200 million, which was 9.4% lower than the previous year's deficit.

Graph 34: Trade of agricultural and food products with the EU (bn EUR); 2020-2024



Source: SORS (processed by the MAFWM)

Primary agricultural products accounted for the majority of the exports to the EU. With an export value of EUR 1.8 bn (+13.3% y-o-y), these products accounted for 71.4% of exports. The value of exports of processed agricultural products was EUR 705.7 million (+15.7% y-o-y), corresponding to 28% of exports, while the value of exports of fish and fishery products to the EU market was EUR 14.1 million (+3% y-o-y).

Products most exported to the EU market in 2024 included:

- Primary agricultural products: mercantile maize (EUR 313.2 million), frozen raspberries (EUR 191.7 million), mercantile wheat (EUR 182.5 million), dog and cat food (EUR 81.1 million), other frozen fruits (EUR 50.9 million), etc.;
- Processed agricultural products: still and aerated water with added sugar (EUR 83.9 million), cocoa butter and milk fat products (EUR 77 million), ice cream (EUR 53.7 million), protein concentrates (EUR 37.9 million), cigarettes (EUR 37.7 million), etc.;
- Fish and fishery products: frozen salmon fillets (EUR 7.1 million), snails (EUR 4.3 million), fresh salmon fillets (EUR 1.8 million), etc.

Both exports to and imports from the EU are dominated by primary agricultural products: with an import value of EUR 1.5 bn (+7% y-o-y), they accounted for 55.8% of total imports from the EU. The import value of processed agricultural products was EUR 1.1 bn (+19.9% y-o-y), which is a share of 41.3%, while the import value of fish and fishery products was EUR 81.4 million (+2.6% y-o-y), accounting for 3% of imports.

Individual most imported products from the EU into the Republic of Serbia in 2024 were the following:

- Primary agricultural products: frozen pork, boneless (EUR 88.8 million), mercantile soya beans (EUR 87.5 million), tobacco, stemmed, flue-cured (Virginia) (EUR 55.3 million), seed maize, common hybrids (EUR 53.8 million), light air-cured tobacco (Burley) (EUR 39.4 million), etc.;
- Processed agricultural products: miscellaneous edible preparations (EUR 68.4 million), food preparations with a milk fat content of up to 1.5% and a sucrose and starch content of

up to 5% (EUR 66 million), tobacco extracts and essences (EUR 64.6 million), products containing tobacco for inhalation without combustion (EUR 49.6 million), etc.;

- Fish and fishery products: flours, meals, pellets of fish or aquatic invertebrates (EUR 12.9 million), frozen Argentine hake (EUR 12.2 million), canned sardines (EUR 6.2 million), canned other fish (EUR 6 million), tuna (carcass) canned in vegetable oil (EUR 5.7 million), etc.

In terms of individual EU Member States, in 2024 most of Serbian exports went to Romania – 16.8% (mercantile maize, mercantile wheat, cigarettes, cocoa spreads, milling products, etc.), Italy – 13.9% (mercantile maize, mercantile wheat, dog and cat food, sugar beet pulp, sunflower meal, etc.), Germany – 11.5% (frozen raspberries, frozen sour cherries, rapeseed, other frozen fruits, other dried fruits, etc.), Croatia – 10.6% (cocoa spreads, still and aerated water with added sugar, pasta, seed maize, raw sunflower oil, etc.) and Bulgaria 6.4% (ice cream, sunflower seeds, raw soya bean oil, still and aerated water with added sugar, refined white sugar, etc.).

Among EU Member States, the highest imports came from Germany – 12.9% (food preparations with a milk fat content of up to 1.5% and a sucrose and starch content of up to 5%, various types of chocolate, butter, cocoa fat and oil, Gouda cheese, cigarettes, etc.), Italy – 11.2% (products containing tobacco for inhalation without combustion, roasted coffee, flour, powder and meat pellets, greaves, food preparations with a milk fat content of up to 1.5% and a sucrose and starch content of up to 5%, other food preparations, etc.), Poland – 9.3% (tobacco extracts and essences, cigarettes, dog and cat food, food preparations with a milk fat content of up to 1.5% and a sucrose and starch content of up to 5%, sugar-free chewing gums and candies, etc.), Croatia – 8.6% (mercantile soya beans, miscellaneous food preparations, still and aerated water with added sugar, ice cream, potato chips, etc.) and Hungary – 8.4% (maize seeds, preparations based on coffee extracts, essences and concentrates, isoglucose, still and aerated water with added sugar) sugar, mercantile soya beans, etc.).

In 2024, the Republic of Serbia had the highest trade surplus with Romania (EUR 324.3 million), Bulgaria (EUR 97.2 million), Italy (EUR 55.9 million), Slovenia (EUR 45.1 million), and Austria (EUR 40.1 million).

The highest trade deficit was recorded with Spain (EUR 186.2 million), Poland (EUR 145 million), Hungary (EUR 113.7 million), the Netherlands (EUR 90.2 million), and Germany (EUR 51 million).

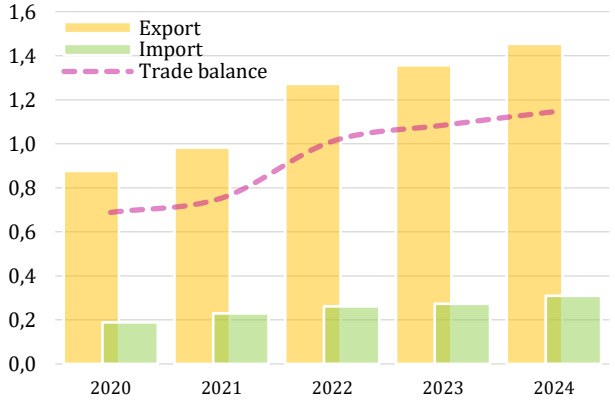
CEFTA partners

Due to the proximity of the market and traditional connections, the Southeast Europe region (CEFTA) constitutes a vital market for Serbian agri-food products. In 2024, the total value of trade reached almost EUR 1.8 bn, which was 8.2% more than the value of trade realised in 2023, and 34.7% higher than the average of the previous five-year period.

The value of agri-food exports to the CEFTA market in 2024 was EUR 1.5 bn, and it was 7.2% higher than in the preceding year, and 34.4% higher than the five-year average, while the value of imports was EUR 309 million and exceeded by 13.2% the value of imports in 2023, standing at 36.6% above the five-year average.

Given that trade with CEFTA partners is driven by Serbian exports, with exports being many times higher than imports, the trade surplus in 2024 reached a record high of EUR 1.1 bn (+5.7% y-o-y), which was one

Graph 35: Trade of agricultural and food products with CEFTA (bn EUR); 2020-2024



Source: SORS (processed by the MAFWM)

third (33.8%) higher than the five-year average.

As regards the structure of exports, primary agricultural products had a dominant share: with an export value of EUR 754.8 million (5.2% more than in 2023), they accounted for 51.9% of total exports to the CEFTA market. The export value of processed agricultural products was EUR 692 million (+9.3% y-o-y), which translates to a share of 47.6%. As was the case with all other markets, exports of fish and fishery products to the CEFTA market were modest, at just EUR 7.8 million (+24.8% y-o-y).

Just as with exports, imports from the CEFTA market were comprised predominantly of primary agricultural products, with an import value of EUR 211.9 million (+12.4% y-o-y), accounting for 68.6% of total imports from the CEFTA market. With an import value of EUR 87.4 million (+19.7% y-o-y), the share of processed agricultural products was 28.3%, while the value of imports of fish and fishery products was EUR 9.7 million (-15.6% y-o-y), accounting for 3.1% of the total value.

In terms of individual CEFTA partners, Bosnia and Herzegovina is one of Serbia's major foreign trade partners. With an export value of EUR 640.4 million, Bosnia and Herzegovina ranked first among the destination countries for Serbian exports. Exports to the market of Bosnia and Herzegovina accounted for 44.2% of total exports to the CEFTA market. Ranking second was certainly Montenegro, with EUR 392.8 million in Serbian exports, followed by North Macedonia, with an export value of nearly EUR 299 million, Albania with EUR 97 million, and Moldova with EUR 19.4 million.

The following products were most exported to Bosnia and Herzegovina in 2024: cigarettes (EUR 33.9 million), mercantile maize (EUR 31.4 million), beer (EUR 31.1 million), soft drinks (EUR 26.6 million), sunflower seeds (EUR 25.1 million), etc.

Of all the products exported from Serbia to Montenegro, the following had the highest export value: still and aerated water with added sugar (EUR 24.6 million), cigarettes (EUR 22.2 million), soft drinks (EUR 15 million), refined sunflower oil (EUR 13.3 million), beer (EUR 12 million), etc.

The following products were exported mostly to the market of North Macedonia: cigarettes (EUR 15.3 million), soft drinks (EUR 13.4 million), refined sunflower oil (EUR 12.9 million), mercantile wheat (EUR 12.1 million), wheat flour (EUR 12.1 million), etc.

As for Albania, the highest export values were achieved by the following products: soft drinks (EUR 19.4 million), mercantile maize (EUR 12.8 million), mercantile wheat (EUR 8.7 million), potato chips (EUR 8.5 million), animal feed (EUR 3.9 million), etc.

Although the CEFTA agreement has been in force for eighteen years, the Moldovan market is still not sufficiently interesting to Serbian exporters; in 2024, the following products were most exported to this country's market: refined white sugar (EUR 8.1 million), cigarettes (EUR 7.4 million), beer (EUR 1.1 million), infant food (EUR 541 thousand), animal feed (EUR 408 thousand), etc.

Among CEFTA partners, the Republic of Serbia imported the most in 2024 from Bosnia and Herzegovina, with an import value of EUR 107.8 million (35.1% of total imports from CEFTA), followed by North Macedonia (EUR 103.1 million), Montenegro (EUR 41.2 million), Albania (EUR 34.5 million), and Moldova (EUR 20.3 million).

The following products were most imported from Bosnia and Herzegovina to the Serbian market: canned poultry products (9.1 EUR million), milk with up to 3% milk fat (EUR 8.6 million), milling products (EUR 7.4 million), soft drinks (EUR 4.1 million), fresh trout (EUR 3.7 million), etc.

In imports from North Macedonia, the following products had the highest import values: *ajvar* and similar products (EUR 13.2 million), table grapes (EUR 8.3 million), cigarettes (EUR 8 million), tomatoes (EUR 7.6 million), fresh apples (EUR 7.6 million), etc.

As regards imports from Montenegro to Serbia, the following products reached the highest import values: dried and smoked pork (EUR 18.3 million), red wine with PDO (EUR 4.7 million), white wine with PDO (EUR 3.2 million), frozen boneless pork (EUR 2.4 million), dried and smoked beef (EUR 1.6 million), etc.

The following products were imported mostly from Albania: fresh or chilled tomatoes (EUR 10.2 million), fresh or chilled cucumbers (EUR 5.7 million), fresh or chilled sweet peppers (EUR 3.9 million), white and red cabbage (EUR 2.3 million), fresh watermelons (EUR 2 million), etc.

In 2024, as in previous years, the lowest volume of imports was with Moldova. The most imported products from this country were the following: undenatured ethyl alcohol (EUR 9.8 million), sunflower seeds (EUR 2 million), table grapes (EUR 1.4 million), red varietal wines in bulk (EUR 1.1 million), and bottled varietal red wines (EUR 688 thousand).

In 2024, the Republic of Serbia had a surplus in the trade in agri-food products with all CEFTA partners except Moldova. The highest trade surplus was with Bosnia and Herzegovina, at EUR 532.6 million, while the deficit with Moldova was EUR 964 thousand.

EFTA members

The total volume of trade in agri-food products with EFTA members in 2024 was approximately EUR 88.9 million, which was 7% higher than the previous year. The value of exports in 2024 was EUR 48.3 million (at approximately the same level as in 2023), while the value of imports stood at EUR 40.6 million (+17.1% y-o-y), with a trade surplus of EUR 7.7 million (-44% y-o-y).

Of all the EFTA countries, Switzerland is Serbia's most important partner in agri-food trade. Since the entry of the Agreement into force, Serbia has had a constant trade surplus with Switzerland. The value of exports to Switzerland in 2024 was EUR 39 million, while the value of imports was EUR 13.7 million, making for a EUR 25.3 million trade surplus in 2024.

Products that were most exported to the Swiss market in 2024 were: dog and cat food (EUR 4.1 million), frozen raspberries (EUR 3.2 million), other frozen fruits (EUR 3 million), cocoa spreads (EUR 1.5 million), spice mixtures (EUR 1.4 million), etc.

Imports from Switzerland to Serbia in 2024 were dominated by the following products: roasted coffee (EUR 3.6 million), coffee extracts, essences and concentrates (EUR 1.9 million), chocolate (EUR 966 thousand), vegetable saps and extracts (EUR 689 thousand), etc.

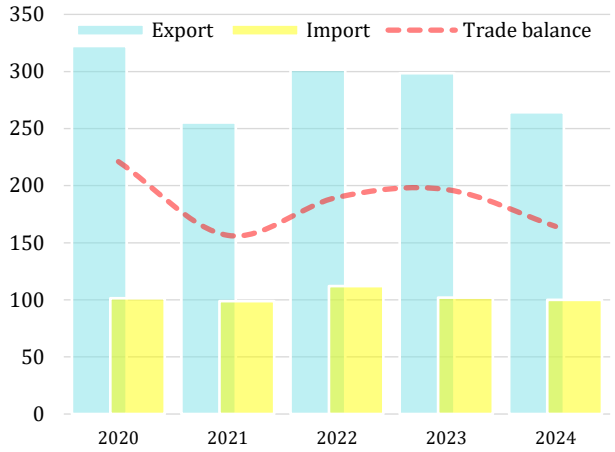
Serbia's second most important trading partner in the EFTA market is certainly Norway. However, unlike with Switzerland, Serbia has had a constant trade deficit with this country, which in 2024 amounted to EUR 17.6 million This situation is a consequence of the import structure, which is comprised mainly of fish and fishery products, primarily Atlantic salmon and salmon fillets, the import value of which in 2024 amounted to EUR 19.7 million (74% of the total value of imports of agri-food products from Norway). As for trade with other EFTA Member States (Liechtenstein and Iceland), the volume of trade is modest and does not exceed several thousand euros.

Eurasian Economic Union

Among all the member states of the Eurasian Economic Union, the most important trading partner is certainly the Russian Federation, with which in 2024 total trade was worth EUR 364 million, which was 9% down from the trade volume realised in the previous year. In recent years, there has been a trend of declining exports to the Russian market; thus, in 2024, the total value of exports was 11% lower than in 2023 and amounted to EUR 264 million.

The value of imports also declined slightly in 2024 to EUR 100 million, and the resulting trade surplus on the Serbian side was EUR 164 million, which was 16% lower than in the preceding year.

Graph 36: Trade of agricultural and food products with the Russian Federation (mill. EUR); 2020-2024



Source: SORS (processed by the MAFWM)

In 2024, the products most imported to the Russian market were fresh apples, the export value of which was 19% higher than in 2023 (EUR 42 million), but still far lower than the value of exports recorded in the previous years. Apart from fresh apples, other significant export products included still and aerated water with added sugar, at EUR 36.3 million (+21% y-o-y), and frozen sour cherries, at EUR 25.8 million (+57% y-o-y). Dog and cat food saw a significant decline in exports, with the export value dropping from EUR 66 million in 2023 to a mere EUR 16.6 million in 2024.

As regards imports from the Russian Federation to the Republic of Serbia, the most dominant imported product was frozen boneless pork, with an import value of EUR 42.6 million in 2024, which was 2.3 times higher than the import value realised in 2023. It should be noted that imports of frozen boneless pork from the Russian Federation accounted for 32% of total imports in 2024. In addition to this category of frozen pork, other categories of frozen pork were imported from the Russian Federation as well; thus, in 2024 the total imports of all categories of frozen pork reached EUR 46 million Apart from frozen pork, other major imports from the Russian Federation included frozen boneless chicken meat (EUR 6.5 million), as well as tobacco extracts and essences (EUR 5.5 million).

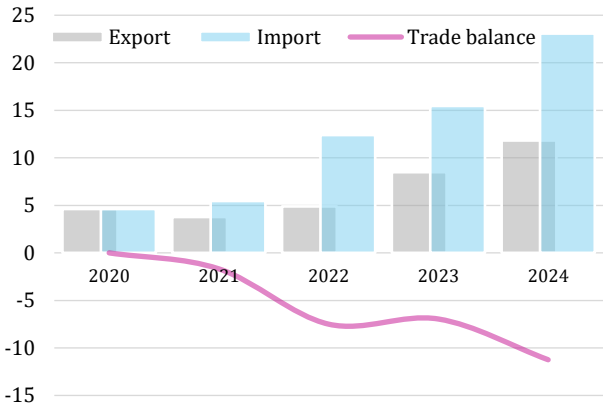
As regards imports of refined sunflower oil from the Russian Federation, the value of imports in 2024 was 50% lower relative to the preceding year (down from EUR 7.4 million to EUR 3.7 million). Namely, due to the increased import of refined sunflower oil into Serbia during 2023, the Government of the Republic of Serbia adopted the Decision on the Quantitative Restriction of Imports of Agri-food Products[14] in March 2024, which restricted the importation of refined sunflower oil and margarine.

Apart from the Russian Federation, another major trade partner is Belarus, with which Serbia has had a steady trade deficit in the last four years, which increased year after year, up to EUR 11 million (+62% y-o-y) in 2024, even with the 39% increase in exports relative to the preceding year.

[14] Official Gazette of the Republic of Serbia No. 18/24, 30/24 and 99/24

This situation in the market can be attributed primarily to the increased imports of natural butter, powder milk, and Gouda cheese. Major quantities of these products were imported in 2023, as a direct consequence of a significant increase in special duties[15] on the import of milk and dairy products from the European Union, the United Kingdom, and third countries, as a result of which importers have turned to markets that were not affected by this decision, including, among others, the Belarusian market.

Graph 37: Trade of agricultural and food products with the Republic of Belarus (mill. EUR); 2020-2024



Source: SORS (processed by the MAFWM)

Thus, in this period, the value of imports of natural butter from Belarus increased from EUR 433 thousand in 2021, to EUR 2.3 million in 2024, imports of Gouda cheese increased from EUR 710 thousand in 2022 (it should be noted it had not even been imported prior to 2022) to EUR 2.3 million in 2024, while imports of powder milk increased from EUR 998 thousand in 2022 (it had likewise not been imported prior to 2022) to EUR 6 million in 2024.

Other markets

In addition to the foregoing, other countries with which the Republic of Serbia has free trade agreements in place include the United Kingdom[16], Turkey[17] and, as of July 2024, also the People's Republic of China[18].

The Partnership, Trade and Cooperation Agreement, which enabled trade with the United Kingdom to continue within the framework that had been in force at the time of the UK's membership in the EU, has contributed to Serbia's constant trade surplus with this country since the effective date of this Agreement which in 2024 stood at EUR 62.3 million (31.4% higher than in 2023), with a continual growth in exports, reaching EUR 83.2 million in 2024. Dominant products in the exports to the British market included: frozen fruits (mostly frozen raspberries), fresh apples, ice cream, etc., while imports were comprised of miscellaneous edible preparations, frozen mackerel, preparations based on extracts, essences, and coffee concentrates, etc.

As regards trade with Turkey, it has remained more or less stable, with an export value of EUR 82.2 million and an import value of EUR 121.1 EUR. Since the agreement with Turkey is based on quotas, the two countries' foreign trade in agri-food products is also based on products for which quotas are open. Serbia's main exports to the Turkish market in 2024 included: cigarettes, raw and refined sunflower oil, dog and cat food, etc. Imports, as in previous years, were comprised mainly of lemons, tangerines, tomatoes, hazelnuts, as well as maize seeds.

Given that the Agreement with the People's Republic of China entered into force on 1 July 2024, and the trade liberalisation period for most agri-food products is up to 15 years, it is too early to quantify the effects of this agreement. Namely, exports in 2024, in the period before the Agreement entered into force (January-June) and after its entry into force (July-December), were mostly equal.

[15] Decision amending the Decision on Determination of Agrifood Products subject to Special Duty on Imports and Determination of the Amount of Such Special Duty (Official Gazette of the Republic of Serbia No. 14/23, 42/23, 60/23 and 71/23), in force from February to the end of 2023

[16] Partnership, Trade and Cooperation Agreement between the Government of the Republic of Serbia and the Government of the United Kingdom of Great Britain and Northern Ireland (Official Gazette of the Republic of Serbia – International Treaties No. 13/21)

[17] Law on Ratification of Protocol I to the Free Trade Agreement between the Republic of Serbia and the Republic of Turkey (Official Gazette of the Republic of Serbia – International Treaties No. 12/18)

[18] Free Trade Agreement between the Government of the Republic of Serbia and the Government of the People's Republic of China (Official Gazette of the Republic of Serbia – International Treaties No. 6/23)

The realised value of exports in the second half of the year was 7% higher than in the first half. In contrast to exports, the growth of imports in the second half of the year was significantly higher, at 32.5%.

Among the countries with which the Republic of Serbia has no free trade agreements, Algeria is a major market for agri-food exports, ranking ninth, with an export value of EUR 225.9 million. However, the range of the products marketed in Algeria is very small and consists of only a few products, including primarily smoking tobacco, with a 99% share in exports. In addition to Algeria, significant markets for the export of agri-food products from Serbia are the United States of America, Japan, Israel, etc. As regards imports, South American and African countries are definitely dominant, primarily due to the importation of coffee and cocoa, with Brazil, Ecuador, and the Ivory Coast among the top countries.

3. FARM ACCOUNTANCY DATA NETWORK (FADN) IN THE REPUBLIC OF SERBIA AND ANALYSIS OF FINANCIAL DATA

This analysis addresses the potential for transitioning from the Farm Accountancy Data Network (FADN) to the new Farm Sustainability Data Network (FSDN), within the framework of the European Green Deal and the Common Agricultural Policy (CAP), focusing in particular on Serbia's agricultural sector. This section presents the requirements for the normative, institutional, and methodological changes which are necessary to establish the FSDN system, which aims to expand the scope of data collection from purely economic to the environmental and social aspects of sustainability. The importance of harmonising national data with the European Union's standards in the context of Serbia's EU accession process is particularly highlighted.

This analysis examines three key components of the FSDN system: economic, environmental, and social indicators, and their role in data-based policymaking, farm performance assessment, and sustainability reporting. Particular focus is on the analysis of fertiliser and pesticide use at the farm level (based on FADN data), including the assessment of costs, input quantities of nutrients (N-P-K), and the potential environmental burden. A comparative analysis between Serbia and EU Member States reveals significant differences in use intensity and cost structure, further highlighting the need for a more precise and detailed data collection system.

The results indicate that Serbia, with its existing FADN system, already has a solid basis for the transition to FSDN; however, capacity improvement, greater involvement of farmers, and development of digital infrastructure will be needed for successful implementation. The research reaffirms the strategic importance of this transition for improving sustainability at the farm level, for policy transparency, and for achieving long-term environmental goals.

3.1. Farm Sustainability Data Network (FSDN)

The Farm Sustainability Data Network (FSDN), which will be established in EU Member States as of 2025, will replace the Farm Accountancy Data Network (FADN), the previous data source[19]. The FADN was established back in 1965, and its main purpose was to analyse the impact of CAP measures on farm business.

Strategic plans involving all parts of society and all sectors aim to make the European Union climate neutral by 2050. The agricultural sector also has its own targets to be achieved, some of them

[19] Regulation (EU) 2024/1417 lays down the rules for data collection for annual income determination and holding sustainability analysis. Together with Regulation (EU) 2023/2674 as regards conversion of the FADN into a FSDN (Basic FSDN Act), it establishes the framework for the functioning of the FSDN. Furthermore, Implementing Regulation (EU) 2024/2499 defines the financial contributions to Member States for the financial costs in connection with the conversion and the required changes, while Implementing Regulation (EU) 2024/2746 lays down the rules and methodology for data collection for the new FSDN system, including definitions of data and indicators, methodologies for selecting holdings for data collection purposes, data exchange protocols and allocation of financial resources.

already by 2030. The CAP and the European Green Deal, together with the Farm to Fork Strategy and the Biodiversity Strategy, clearly state the objectives:

- Reducing nutrient losses by 50%,
- Reducing fertiliser use by 20%,
- Reducing pesticide use by 50%,
- Reducing the sale of antimicrobials by 50%,
- Increasing the area under organic production to 25% of the UAA,
- Increasing the highly diverse landscape features to 10% of the UAA.

The FSDN system will build on the legacy of the FADN system, expanding its scope to cover not only the income and business activities of agricultural holdings, but also information on their environmental and social sustainability. The new FSDN system will be the only source of microeconomic data from agricultural holdings, based on the accounting principles applied by all EU Member States.

The data collected support sustainability analysis at both national and EU levels, helping policymakers to make decisions on the CAP and other policies affecting the agricultural sector. Agricultural research in the areas of economics and sustainability uses the information collected as a key source of data.

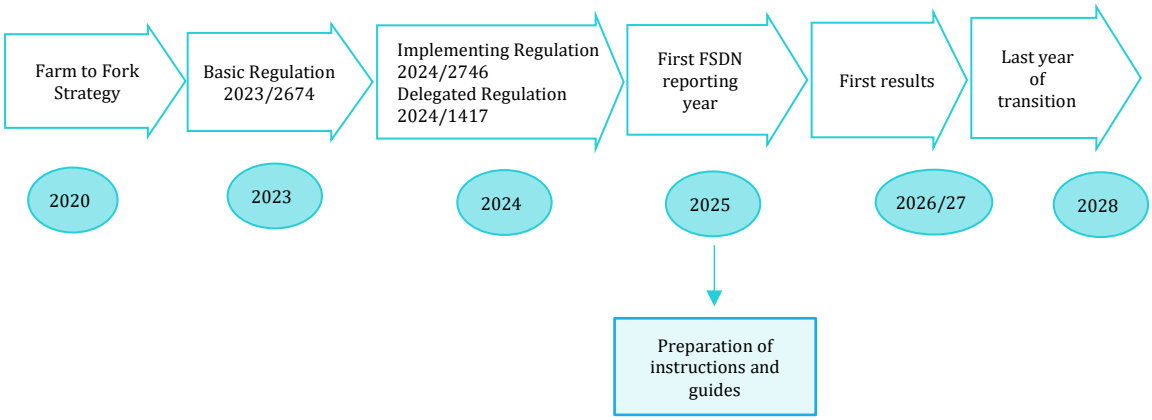
For FSDN to produce meaningful results, EU countries must select a representative sample of holdings that voluntarily participate in the survey and a sufficient number of holdings that meet different selection criteria. Data collection at the farm level allows for the linking of different aspects of sustainability within each individual holding, as well as for the analysis of a group of holdings based on similar characteristics. Key analyses based on the data obtained will contribute to improved agricultural policies for comparable agricultural holdings that apply for subsidies.

This system also provides feedback to farmers based on FSDN data, mainly through the comparison of sustainability indicators between holdings and groups of similar holdings, especially those with the best results.

3.1.1. Improving the Farm Sustainability Data Network

Currently, the FADN system contains structural data (crop areas, livestock head count, assets) and accounting data (production value, costs of agricultural inputs such as fertilisers and pesticides). When the transition to the FSDN system is complete, the system will also include other information, such as the quantity of fertilisers, pesticides, animal feed, and antimicrobials. Data will also be collected on farm management in terms of environmental farming practices, manure, water, energy, market integration, and other factors.

Scheme 1: Dynamics of establishing FSDN systems in the EU



Source: *https://agriculture.ec.europa.eu/data-and-analysis/farm-structures-and-economics/fsdn_en*

At the very beginning of the conversion from the FADN to the FSDN system, the plan is to collect data on current economic FADN indicators (e.g. land use, outputs, inputs, assets, investments, debts, subsidies, etc.) during 2025, while simultaneously introducing new indicators, such as market integration, agricultural practices (partially), biodiversity (partially), nutrients, gas emissions, land management, environmental certification schemes, animal welfare and social indicators (labour, safety, social inclusion, services, generational renewal, etc.). Starting in 2027, new indicators will be introduced: innovation and digitalisation, share of off-farm income, agricultural practices (fully), biodiversity (fully), water management, plant protection and antimicrobial use, energy, on-farm food/feed production losses, and farmer training.

The new system is based on three groups of data, which will be gradually introduced from 2020 to 2028:

1. **Economic** – general data on the holding, type of business, assets and investments, quotas and other entitlements, debts/credits, VAT, inputs, land use and crops, livestock production, animal products and services, market integration, products with quality labels/geographical indications, membership in producer organizations, risk management, innovation and digitalisation, other income-generating activities related to the holding, indicative share of off-farm income and subsidies;
2. **Environmental** – agricultural practices, land management, nutrient use and management, carbon capture, greenhouse gas emissions and removals, air pollution, water use and management, use of plant protection products, use of antimicrobials, animal welfare, biodiversity, organic farming, certification schemes, energy consumption and production, food losses at the level of primary production, and waste management;
3. **Social** – labour, education, gender equality, working conditions, social inclusion, social security, infrastructure, basic services, and generational renewal.

3.1.2. Challenges of the new Farm Sustainability Data Network

It will also be possible to collect the newly defined FSDN data from other national datasets (e.g., IACS, including CAP measures, Central Database on Animal Identification, etc.). It is particularly important to use data from the IACS, which relate to geographical data (plot geometry, land use/crops, organic production, landscape features, etc.). The conversion of the FADN system into the FSDN system will largely depend on the level of divergence between the systems used in Member States.

The introduction of two new data sets (agro-environmental and social) at the level of the Member States will improve the potential for economic analyses. These farm-level data will enable multidimensional analysis, covering economic approaches (better insight into profitability and performance), agro-environmental (environmental impacts of farms and sustainability trade-offs) and social (assessment of generational renewal, gender equality, working conditions and social progress). In order to achieve reporting efficiency, it is also important to link to the database for intervention and beneficiaries (DIB), a single data set for CAP plan applications.

The key challenges in the process of establishing the new database are the following:

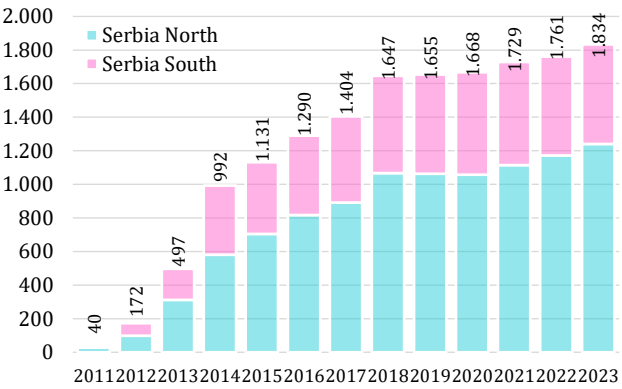
- Adding new indicators related to environmental and social dimensions and complementing economic indicators at the farm level;
- Introducing innovative and modern data collection systems and practices;
- Increased resources for adapting data collection systems, implementing new tools, and encouraging participating farmers;
- Integration (networking) of databases, which involves sharing data with other data sources and improving collaboration;
- Improving the provision of advisory services to farmers and comparing the results and performance of farm sustainability;

- Building trust between participants and farmers, with feedback provided on farm performance, sustainability, and efficiency improvements;
- Simplified definitions, better quality data, and improved analysis for more effective decision-making (more comprehensive data on economic, environmental, and social aspects);
- Improving the role of the FSDN database for agricultural policy analysis, research, evaluation, and policymaking.

3.2. Research field and FADN sample

The FADN sample has increased annually since the establishment of the system: from the initial 1,131 included farms in 2015, it increased to 1,834 farms in 2023 (593 in Serbia North and 1,241 in Serbia South). Based on the 2023 Agricultural Census and the calculation of the standard output of agricultural production for all agricultural farms, a new Plan for the selection of agricultural farms for surveys in the FADN system will be prepared.

Graph 38: FADN sample in the Republic of Serbia; 2011-2023



Source: MAFWM, FADN

3.3. Analysis of estimated fertiliser and pesticide inputs on agricultural holdings based on FADN data

The application of fertilisers increases the production of biomass in the plant and thus yields. Therefore, it contributes to addressing the major challenge of feeding a growing world population. Throughout human history, manure has been the basic input of nutrients for plant production. With the development of agricultural production and increasing food demand, farmers searched for methods to improve efficiency on their holdings. Animals were not necessarily held on every farm, and manure was not available to fertilise soils. With increasing urbanisation, the circulation of nutrients from manure into the soil became more difficult. With the development of commercial fertilisers, this nutrient gap has been somewhat closed.

The successive reforms of the CAP with a shift away from price support to decoupled payments has lowered the economic optimal amount of fertiliser to be applied and resulted in a strong reduction in fertiliser use. In the last years, fertiliser use in the EU has stabilised, although the new CAP reform introduces a 20% reduction in fertiliser use as one of its objectives. Nowadays, precise fertilisation gives farmers the possibility to adapt the application of nutrients according to plant needs and thereby increase productivity, while reducing fertiliser use[20].

3.3.1. Fertilizer and pesticide statistics

Since the publication of the Farm to Fork Strategy in 2020, with clearly stated goals to reduce nutrient losses by at least 50%, maintain soil fertility, and reduce fertiliser use by at least 20% by 2030, there has been a growing interest in analysing actual fertiliser use in Europe. For this reason, the FADN system includes the collection of data on prices and quantities of fertilisers on farms of

[20] *Fertilisers in the EU - price, trade and use*

different typologies and economic sizes in all EU countries. This allows for an overview of the use and the importance of the economic costs that fertilisers can represent for the farm.

In recent years, the fertiliser market in Serbia has been facing significant challenges, manifested through price increases and changes in the structure of production and imports. According to the SORS, which collects data on the total production and trade of mineral fertilisers, between 2014 and 2023, the production of mineral fertilisers in Serbia decreased from 710 thousand t to 367 thousand t. Pesticide production fluctuated between 2014 and 2023, from a minimum of 3,960 t (2014) to a maximum of 6,382 t (2020), after which came a downward trend that continued until 2023. The 2023 Agricultural Census contains data on the use of mineral fertilisers and manure, by number of farms and area, classified by UAA intervals and type of fertiliser[21].

Since 2009, the statistics on input prices, mineral fertilisers and pesticides have been compiled not only by the SORS, but also by the also include STIPS, through monitoring the prices of production inputs.

Since 2015, in addition to data on input costs on agricultural holdings and the use of mineral fertilisers, the FADN system has collected data on the use of fertilisers on agricultural holdings in terms of the quantities of N-P-K components applied. The data are analysed based on geographical location (region), economic size, and types of production.

The FADN system monitors commercial agricultural holdings and analyses the averages of all EU countries; as they have different needs, the values vary significantly.

However, it is important to point out that, in addition to economic size and typology, fertilisation practices are also influenced by other factors such as crop type, specific soil and climate conditions, as well as specific agricultural practices in each region/country.

3.3.2. Estimated input of fertilisers and plant protection products on agricultural holdings

The analyses of estimated fertiliser and plant protection products application are based on the analysis of information and data obtained at the farm level, which are collected by the FADN system. In this section, several indicators will be analysed in order to demonstrate the potential benefit of the currently available data, which are collected annually in the EU countries and Serbia. The introduction of new environmental and social indicators in the future system will improve the analyses from the aspect of environmental impact.

The current analyses and information highlight specific issues and draw specific economic or environmental conclusions. This analysis will present examples showing the use of fertilisers and pesticides and compare the results of the EU and Serbian averages.

Among the basic economic indicators within the FADN system are data on input costs of agricultural holdings, which are published as indicators “SE295 fertilisers”, “SE300 crop protection”, and “SE285 seeds and plants”, stated in EUR/RSD. These costs of mineral fertilisers, i.e., the average economic value of fertilisers, can be analysed by UUA (EUR/RSD per ha) and percentage share in total costs (“SE270 total inputs”) and total specific costs (“SE281 total specific costs”). The specified indicators will be presented below for Serbian agricultural holdings and in comparison, to the average of EU countries.

The current calculations of mineral fertiliser use (input to the soil based on nitrate, phosphorus, and potassium) were obtained from the 2023 accounting data. Since 2017, all EU Member States have been obliged to collect data on N-P-K in the FADN system, through the indicators “SE296 fertiliser nitrogen N” (kg), “SE297 fertiliser phosphorus P_2O_5 (kg)”, and “SE298 fertiliser potassium K_2O (kg)”[22].

[21] https://data.stat.gov.rs/Home/Result/1300021001?languageCode=sr-Cyrl

[22] SE – Standard results are a set of statistical indicators based on the business results of agricultural holdings (Farm Return) and calculated according to the uniform FADN methodology

If only nitrates are considered, the inputs consist of mineral and organic fertilisers, manure, atmospheric deposition, biological nitrogen fixation, seeds, and plant material. The data shown for N-P-K do not include these ingredients used on farms in the form of organic fertilisers such as compost, manure etc.

In addition to the FADN, data on fertilisers and plant protection products are also collected by Eurostat. According to this source, "mineral fertilisers accounted for 45% of nitrogen input in the EU in 2018. Manure accounted for 38% of nitrogen input in the same year. Nitrogen input from seeds and plant material is negligible. Nitrogen reuse through the use of compost, sewage sludge, industrial waste, etc., is also rather insignificant"[23].

To provide a common point of reference between countries and regions, calculations are based on the total amounts (converted to kilograms) of the three components in the aggregate, per hectare of the UAA at the national or EU level.

Apart from comparing Serbia's score and the EU average, this review also categorises holdings according to the type of farming (TF8) and according to the economic size of the holdings (ES6), expressed as standard output[24].

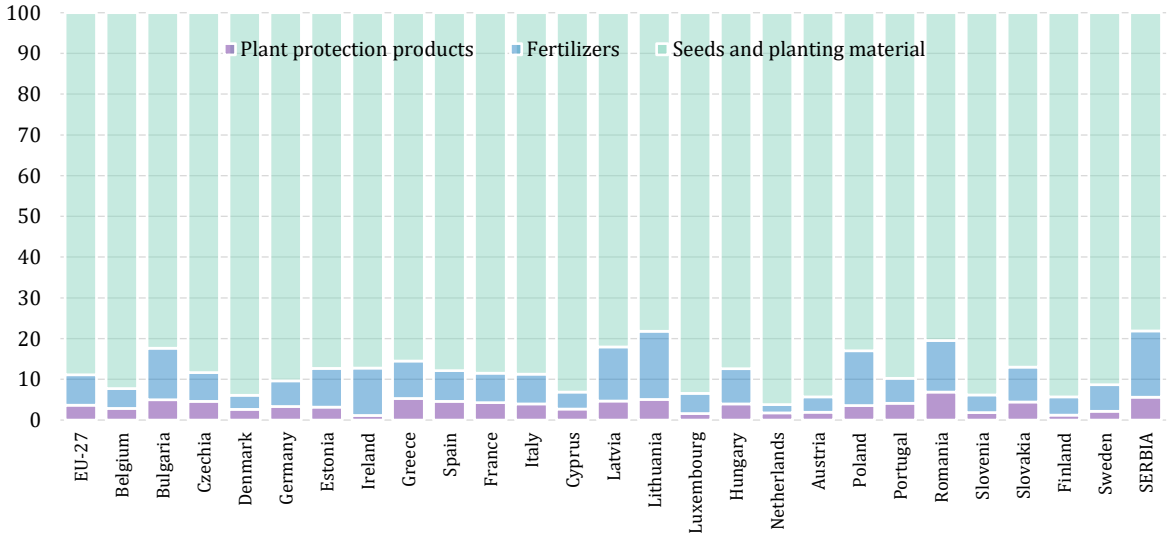
Share of fertilizers in specific costs

For optimum crop growth and yield, farmers use large quantities of mineral fertilisers, which means that the cost of fertilisers will constitute a major share of total costs. The rules and regulations laying down the minimum standards for agricultural production may sometimes require more intensive use of mineral fertilisers to ensure crop productivity and quality. The share of mineral fertilisers in total specific costs in Serbia is significantly higher than in EU countries.

Rules and regulations defining minimum standards for agricultural production may sometimes require higher use of mineral fertilizers to ensure crop productivity and quality. The share of mineral fertilizers in total specific costs in Serbia is significantly higher than in EU countries.

The total specific costs of an agricultural holding were calculated as the average output of the economic value of seeds and plant material, fertilisers and plant protection products, categorised under the indicator "SE270 total specific costs" or "SE285 seeds and plant material", "SE295 fertilisers" and "SE300 plant protection" respectively.

Graph 39: Structure of specific costs in the European Union and Serbia (%); 2022/2023*



*Data for the EU refers to 2022 (excluding Malta and Croatia), and for Serbia to 2023

Source: MAFWM, FADN; FADN EU

[23] *Fertilisers in the EU - Prices, trade and use,* June 2019

[24] The data for EU Member States are publicly available for 2022 (excluding data for Malta and Croatia) and compared with Serbia's 2023 data

Serbia is among the countries with the highest share of mineral fertiliser costs (16.8%) in total specific costs, together with Lithuania (16.3%), Poland (13.4%), Latvia (13.2%), Bulgaria (12.7%), and Romania (12.6%). As regards the costs of plant protection products, Romania has reported the highest share of these costs in total costs (6.9%), while Serbia (5.6%) and Greece (5.3%) are among the countries with the highest values of this indicator.

The high share of mineral fertiliser costs in specific costs can be caused by various factors related to agronomic, economic, and operational aspects of agricultural production. The high share of mineral fertilisers in specific costs reflects the desire to achieve the highest possible yield, but at the same time raises questions about the long-term sustainability and efficiency of such an approach in agriculture. In some agricultural systems, heavy reliance on chemical fertilisers instead of organic or sustainable solutions can lead to increased costs, as mineral fertilisers usually have a higher unit cost than organic fertilisers. Climate change can also affect crop yields and the need for additional fertilisation, and can lead to higher mineral fertiliser costs.

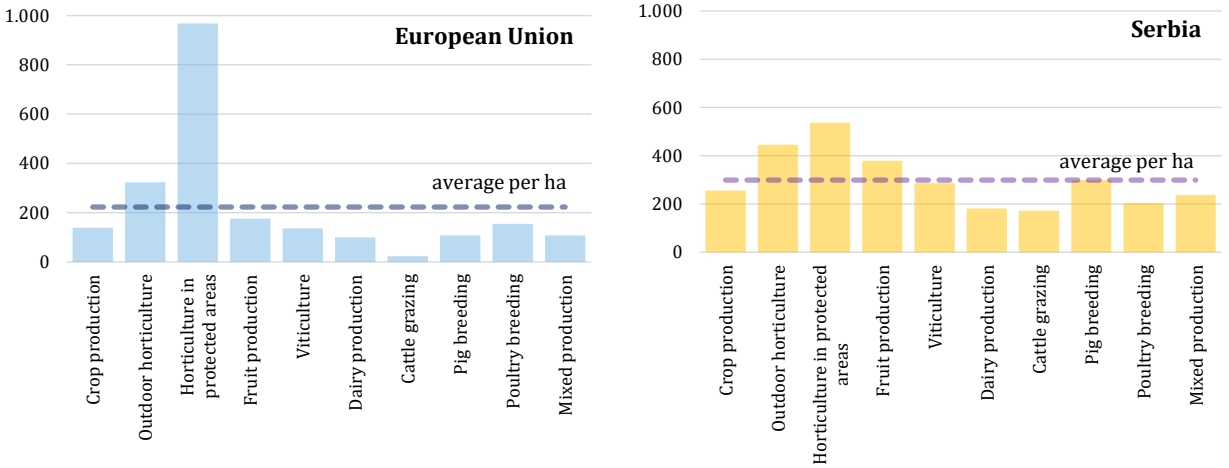
The use of advanced agrotechnical methods, which require precise fertilisation, can help reduce the use of mineral fertilisers, thus also reducing their share in specific costs. For example, the use of precision agriculture optimises the amount and timing of fertiliser application, but still makes mineral fertilisers a high cost. In order to apply optimal amounts of mineral fertilisers, it is crucial to conduct regular fertility checks on land plots where specific plant crops are grown and, in accordance with relevant recommendations, minimise the cost of using mineral fertilisers.

Costs of fertilizers and plant protection products by type of production in the EU and Serbia

The cost structure of different types of farms is dominated by specific costs, which in 2023 accounted for about 52% of total costs, followed by overhead costs with a share of about 20%, then total external factors, depreciation, and salaries. The structure of specific costs differs significantly depending on the type of production, which is due to different production characteristics: on farms used for pig farming and poultry farming, specific costs account for about 80% of total costs (livestock feed), while on farms with permanent crops these costs account for only 30% of total costs (fertiliser, plant protection products).

Regarding the level of specific costs in the European Union and Serbia, the highest cost of mineral fertilisers per hectare is incurred by farms used for horticulture and fruit growing. Due to the specific nature of the production and mineral fertiliser use on these farms, the costs tend to exceed 800 EUR/ha. The average cost of mineral fertilisers for all farms per hectare is 233 EUR/ha in the European Union, while in Serbia it stands at 256 EUR/ha. However, it should be noted that these values vary greatly and that the EU figure is the average for all Member States.

Graph 40: Costs of fertilizers per area by type of production, European Union and Serbia (EUR/ha); 2022/2023*



*Data for the EU refers to 2022 (excluding Malta and Croatia), and for Serbia to 2023

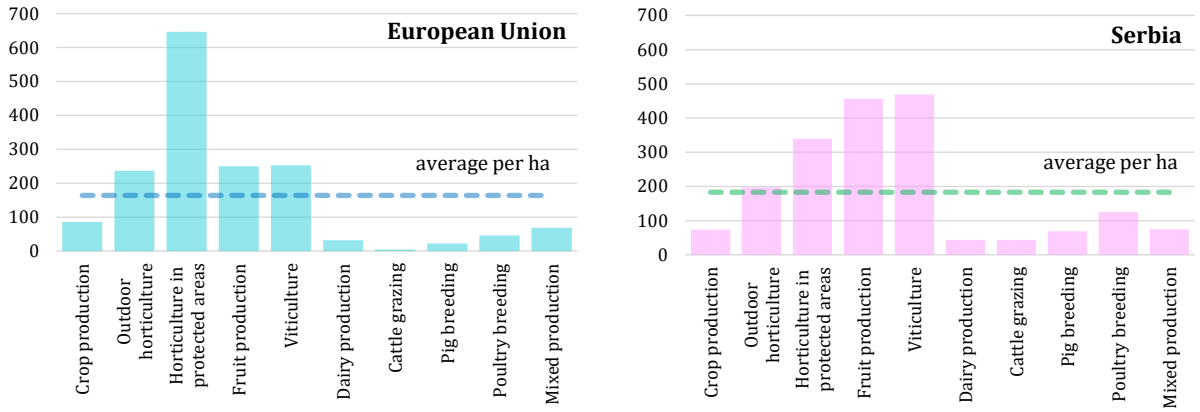
Source: MAFWM, FADN; FADN EU

Increased use of plant protection products in modern agriculture, the use of pesticides, fungicides, and other protection products has become necessary to prevent and control diseases, pests, and weeds. Depending on the type of crop and the climatic conditions, these products may be used frequently and in large quantities. In some regions, diseases and pests can significantly affect yields, leading to increased use of plant protection products. For example, if pests or diseases are common, farmers are forced to treat crops more often to protect them. Also, the prices of chemical products are rising, increases the costs of crop protection. In addition, new, innovative, and more effective products may be more expensive, which further increases the share of these costs in the total specific costs. Advances in spraying and application technology of plant protection products may lead to greater investments in spraying equipment, as well as in the actual chemicals used. If, for example, precision agriculture is used, which requires higher doses and more accurate applications, this may increase the cost of plant protection products.

In countries with strict legislation on the use of pesticides and other protection products, farmers are often required to use certain types or quantities of such products, which can lead to higher costs. Such legislation may also entail additional costs in terms of education, documentation, and compiling of product use reports.

The share of the costs of plant protection products in the specific costs of agricultural production can be significant, depending on various factors specific to the type of crop, the agrotechnical methods, and the economic conditions. Some of the reasons for the high share of plant protection product costs include high risk of diseases and pests, high prices of plant protection products, technological improvements, legislation and safety.

Graph 41: Costs of plant protection products per area by type of production, European Union and Serbia (EUR/ha); 2022/2023*



*Data for the EU refers to 2022 (excluding Malta and Croatia), and for Serbia to 2023

Source: MAFWM, FADN; FADN EU

Unsurprisingly, the highest financial costs of plant protection products per hectare, both in Serbia and in the European Union, are incurred by farms used for horticulture, fruit growing, and viticulture: in the European Union, the average cost of mineral fertiliser per area is EUR 164, while the average cost in Serbia is slightly higher, at 183 EUR/ha.

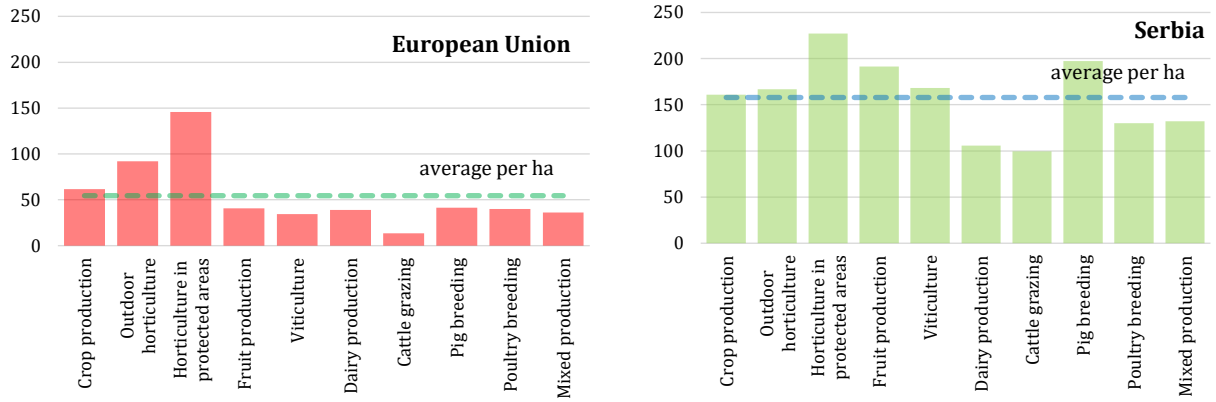
However, it should be borne in mind that the input of plant protection products in EU Member States varies significantly, and the costs deviate from the average value, which is why the analysis is carried out based on the EU-level average.

Average input of mineral fertilisers by type of production (EU and Serbia)

Depending on the natural conditions in specific regions, the soil may be poor in essential elements such as nitrogen, phosphorus, or potassium, which means that mineral fertilisers will be used in larger quantities. In some Member States, support for the purchase of mineral fertilisers has been

temporarily approved[25], which may increase their consumption and result in a high share of specific costs.

Graph 42: Average use of fertilizer (NPK) per area by type of production, European Union and Serbia (kg/ha); 2022/2023*



*Data for the EU refers to 2022 (excluding Malta and Croatia), and for Serbia to 2023

Source: MAFWM, FADN; FADN EU

The quantity of mineral fertilisers applied per hectare depends largely on the type of crops, soil characteristics, and climatic conditions. EU Member States use different fertiliser application practices, especially for different types of agricultural holdings.

The largest quantity of NPK per hectare is used by holdings in horticulture and crop farming. In EU Member States, the average input of mineral fertilisers is 55 kg/ha, while in Serbia, the input of fertilisers is almost three times higher, at 158 kg/ha. As expected, the input of fertilisers is significantly higher at holdings used for horticulture and fruit growing; in the European Union, over 140 kg/ha is consumed in these activities, while in Serbia, these holdings consume more than 200 kg/ha.

In principle, the average input of mineral fertilisers can vary significantly depending on the region and type of agriculture, economic size, and climatic (soil) conditions. If we look at different types of farms, for farms engaged in the production of field crops (wheat, maize, barley), the average input of mineral fertilisers can be between 100-200 kg/ha, but on more production-intensive and large farms, this input can be even higher.

On farms used for horticulture (vegetables), mineral fertiliser input is on average around 150 kg/ha. These vegetable crops, especially in greenhouses or on poorer quality soil, often require a higher use of NPK fertilisers, sometimes in excess of 300-400 kg/ha. Permanent crops (fruit, grapevines) have different needs depending on the fruit species; however, on average, the input in Serbia ranges between 150 and 250 kg/ha.

Average input of fertilizers by economic size (EU and Serbia)

The average input of mineral fertilisers in agriculture depends on a number of factors, including crop type, agrotechnical practices, climatic conditions, and the economic size of production. The economic size of agricultural production also plays an important role, as larger and more intensive production (e.g., large agricultural holdings) tends to use larger quantities of mineral fertilisers to achieve optimum yields.

The economic size of holdings is measured through the standard value of production (standard output – SO), expressed in euros. The total SO of each agricultural holding is calculated based on production coefficients, obtained in regular surveys and linked to five-year production values,

[25] *Ensuring availability and affordability of fertilisers*

calculated at the regional level. Based on these coefficients, the predominant production on the farm (typology) and the economic strength of the farm (economic size) are calculated[26].

The methodology sets out 14 predefined groups/sizes of agricultural holdings. However, for the convenience of comparison, the present analysis adopts a categorisation based on six basic categories (ES6 classification).

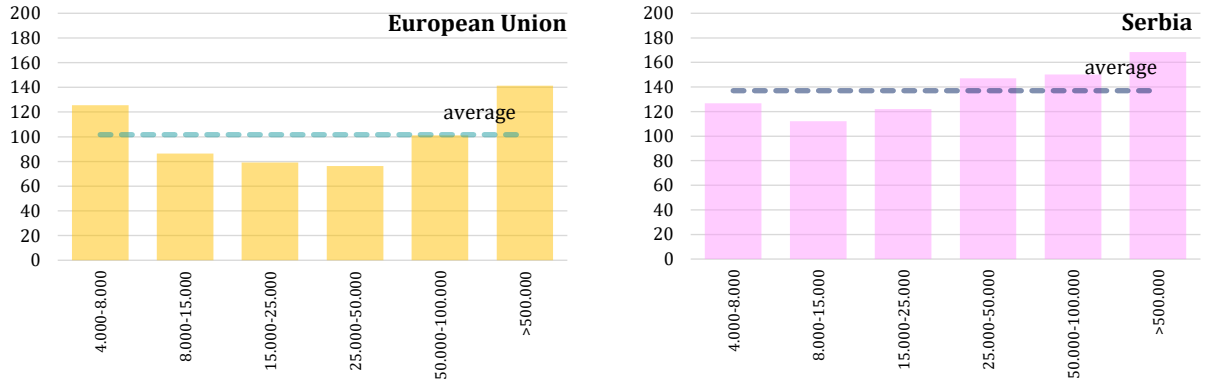
The data show the specific aspects of fertiliser use by comparable holdings of different economic sizes. However, fertilisation practices are also influenced by other factors, such as crop type, soil characteristics, and climatic conditions, as well as specific agricultural practices in each region/country.

In terms of the level of mineral fertiliser input by groups of agricultural holdings according to size, the distribution varies significantly between countries. The highest NPK input per hectare is seen at farms in the group EUR 4,000-8,000 and at large farms, with an economic size greater than EUR 500,000.

Larger and more intensive production operations tend to use larger quantities of fertilisers, but this input can be optimised with the help of advanced technologies. The average input of mineral fertilisers for farms of all economic sizes in the European Union is around 102 kg/ha, while in Serbia it is 137 kg/ha.

For farms of smaller economic size, which often use smaller quantities of mineral fertilisers or rely on organic fertilisers, the average input per hectare can be lower, in the range of 80–130 kg/ha. Regarding medium-sized and large farms, which carry out intensive farming, with the application of advanced technology and optimised agricultural techniques, the average input of mineral fertilisers can be significantly higher, in excess of 150 kg/ha, and sometimes even higher, depending on the needs of the crop.

Graph 43: Average use of fertilizer (NPK) at the farm level by economic size, European Union and Serbia (kg/ha); 2022/2023*



*Data for the EU refers to 2022 (excluding Malta and Croatia), and for Serbia to 2023

Source: MAFWM, FADN; FADN EU

Quantities of the three main fertiliser components used on agricultural holdings

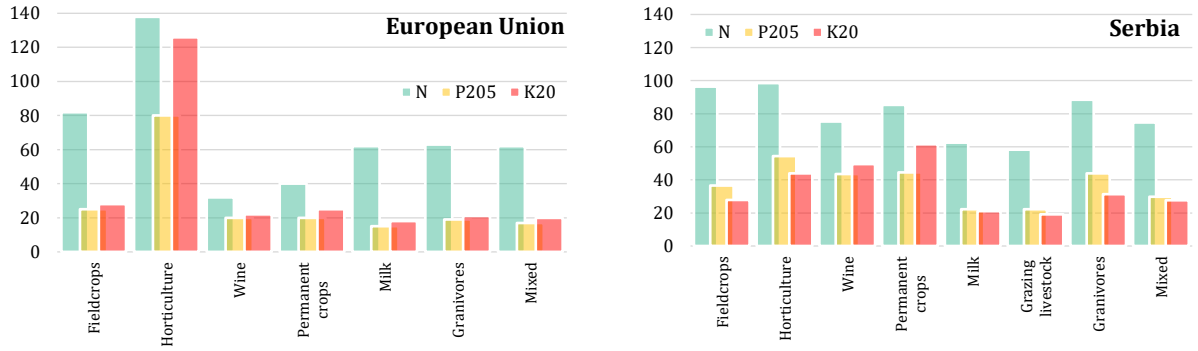
Fertilisers are commercialized in many different compounds and packaging, the declaration of which requires that the content be specified. Nitrogen, phosphorus, and potassium are the main components of fertilisers, with compound fertilisers often containing secondary macronutrients such as calcium, sulphur, and magnesium, while micronutrients (copper, iron, manganese, boron) are also added to many compounds. As a result, compounds are often complex and tailor-made for the final user. Values of secondary nutrients and micronutrients can be high and thus can account for a significant share of the value of certain compounds. Nitrogen is by far the most used nutrient

[26] The calculation method used for determining standard coefficients and the methodology for collecting relevant data are set out in Annex VI of Regulation (EU) 2015/220.

in Serbia and the EU by volume, accounting for more than two thirds of the total use of the three main nutrients (N, P, K). Phosphates and potassium are applied in smaller quantities on agricultural land and account for less than 20% of total use by volume. The FADN database in Serbia monitors the input of registered fertilisers into the soil, and their composition is electronically classified into components, i.e., active substances (fertilisers are entered on the basis of a single list of fertiliser formulations registered in Serbia).

It is crucial to monitor the analyses and the condition of agricultural land and plan the input and use of NPK nutrients based on the results. In this context, in areas with good and fertile soil, where the availability of nutrients is naturally higher, the need for mineral fertilisers may be lower, while in areas with poor soil, in regions where the soil lacks essential elements (nitrogen, phosphorus, and potassium), the need for mineral fertilisers may be higher.

Graph 44: Quantities of the three main fertilizer components (NPK) at the farm level by type of production, European Union and Serbia (kg/ha); 2022/2023*



*Data for the EU refers to 2022 (excluding Malta and Croatia), and for Serbia to 2023

Source: MAFWM, FADN; FADN EU

The data suggest that the highest input of N, P, and K per hectare is found on holdings used for horticulture and crop production, both in the European Union and in Serbia. All types of holdings reported the highest input of nitrogen per hectare. Apart from the type of production (crop), the average input of these components also depends on the condition of the soil, climatic factors (drought, floods, high temperatures, etc.), technology, and farming practices (quantities applied also depend to a large extent on the price of inputs).

The main recommendation for the rational use of mineral fertilisers is to implement soil fertility control and precision agriculture. The application of technologies such as precision agriculture, with the use of drones and sensors to optimise fertiliser input, can significantly increase efficiency and reduce the total need for mineral fertilisers; however, the cost per hectare will still be high on intensive farms.

4. AGRICULTURAL POLICY

4.1. Framework of agricultural and rural development policies

Strategic and program framework

Implementation of agricultural and rural development policies through a policy of subsidies in agriculture and rural development is, in strategic terms, the realisation of those activities that are provided for in three-year national agriculture and rural development programmes, which are passed on the basis of the Strategy for the Agriculture and Rural Development of the Republic of

Serbia covering a ten-year period[27]. The Strategy is a sectoral document with the highest level of comprehensiveness, which sets out the vision, the priority areas for action, the measures, and the development directions for Serbian agriculture and rural development in the next ten-year period.

The Strategy, as well as the National Programme for Agriculture and the National Programme for Rural Development, lay down the activities and measures which are to be applied in the relevant period to further harmonise the national agricultural policy with the Common Agricultural Policy of the EU.

Legal framework

The subsidy policy, as the main implementation instrument of Serbia's agricultural and rural development policies, is implemented under the Law on Agriculture and Rural Development[28] and the Law on Subsidies in Agriculture and Rural Development[29], i.e., under the secondary legislation adopted pursuant to these laws.

While the Law on Agriculture and Rural Development provides for the establishment and functioning of certain institutional bodies, instruments and mechanisms for agricultural and rural development policies making and implementation, the Law on Subsidies in Agriculture and Rural Development lays down the types of subsidies, the conditions for and the manner of exercising those subsidies and the beneficiaries entitled to receive subsidies in agriculture and rural development.

The secondary legislation passed pursuant to this Law provides in detail the conditions for exercising the entitlement to specific subsidies, while the Regulation on the Allocation of Subsidies in Agriculture and Rural Development for the relevant calendar year[30] allocates budget funds and specifies the level of support for specific types of subsidies.

Financial framework

National budget funds are the main source of financial support in agriculture and rural development, while certain support measures are financed from EU pre-accession funds, loans, and international donations.

Financial resources for subsidies in agriculture and rural development are provided under the Law on the Budget of the Republic of Serbia[31] for the relevant calendar year, on the position of the Ministry of Agriculture, Forestry and Water Management as a budget beneficiary; they are allocated to individual measures under the Regulation on the Allocation of Subsidies in Agriculture and Rural Development for each calendar year.

In addition to support at the national level, support to agriculture and rural development is also provided at local and provincial levels and is funded from local/provincial budgets.

4.2. Measures of agricultural and rural development policies in 2024

In accordance with the Law on Subsidies in Agriculture and Rural Development, bylaws, and the relevant programming documents, the following subsidies were provided in 2024:

1) Direct payments,
2) Rural development measures,
3) Special subsidies,
4) IPARD subsidies,

[27] 2024 is the last year of application of the Strategy for the Agriculture and Rural Development of the Republic of Serbia for the period 2014-2024 (Official Gazette of RS, No. 85/14). At the time of writing of the 2024 Green Book, preparation of the Draft Strategy for the Agriculture and Rural Development of the Republic of Serbia for the period 2025-2034 was underway.
[28] Official Gazette of RS, No. 41/09, 10/13 – other law, 101/16, 67/21 – other law, 114/21 and 19/25
[29] Official Gazette of RS, No. 10/13, 142/14, 103/15, 101/16, 35/23, 92/23 and 94/24
[30] Regulation on the Allocation of Subsidies in Agriculture and Rural Development in 2024 (Official Gazette of RS No. 3/24, 6/24, 16/24, 26/24, 32/24, 34/24, 50/24. 61/24, 72/24, 78/24, 86/24, 89/24, 97/24 and 101/24)
[31] Law on the Budget of the Republic of Serbia for 2024 (Official Gazette of RS No. 92/23 and 79/24)

5) Credit support to agriculture.

Table7: Types of subsidies in agriculture and rural development[32]; 2024.

	Measure	Support per unit
I	**DIRECT PAYMENTS**	
1.	**Premiums**	
1.1	Milk premium[1]	19 RSD/l
2.	**Subsidies for production**	
2.1	Basic subsidies in plant production[2]	18,000 RSD/ha* + 10,000 RSD/ha
2.2	Subsidies for livestock production	
2.2.1	Subsidies for quality breeding dairy cows[3]	40,000 RSD/head** + 100,000 RSD/head
2.2.2	Subsidies for quality breeding fattening cows and bulls[3]	40,000 RSD/head** + 100,000 RSD/head
2.2.3	Subsidies for quality breeding sows and boars[3]	18,000 RSD/head
2.2.4	Subsidies for quality breeding sheep, rams and goats[3]	10,000 RSD/head
2.2.5	Subsidies for quality breeding nuts of fish carp[3]	500 RSD/head
2.2.6	Subsidies for quality breeding nuts of fish trout[3]	300 RSD/head
2.2.7	Subsidies for parental heavy-type hens[3]	100 RSD/head
2.2.8	Subsidies for parental light-type hens[3]	140 RSD/head
2.2.9	Subsidies for parental turkeys[3]	300 RSD/head
2.2.10	Subsidies for cattle fattening[4]	22,000 RSD/head
2.2.11	Subsidies for lambs fattening[4]	3,000 RSD/head
2.2.12	Subsidies for kids fattening[4]	3,000 RSD/head
2.2.13	Subsidies for pig fattening[4]	1,500 RSD/head
2.2.14	Subsidies for beehives[5]	1,000 RSD/beehive
2.2.15	Subsidies for consumable fish production[6]	10 RSD/kg of fish
2.2.16	Subsidies for cows for breeding calves for fattening[7]	20,000 RSD/head
II	**SUPPORT FOR RURAL DEVELOPMENT MEASURES**	
1.	**Subsidies for competitiveness improvement**	
1.1	Investments in physical assets of agricultural holding	
1.1.1	Support for establishment of new permanent crops plantations of fruits, grapevines and hops[8]	
1.1.1.1	Support for establishment of new permanent crops plantations of fruits and hops	50-65%
1.1.1.2	Support for establishment of new permanent crops plantations of grapevines	60%
1.1.2	Support for primary agricultural production improvement	
1.1.2.1	Support for investments in procurement of new machinery and equipment for improvement of primary plant production[9]	50-65%
1.1.2.2	Support for investments in procurement of new machinery and equipment for improvement of primary livestock production [10]	50-65%
1.1.2.3	Support for investments in procurement of quality breeding animals for improvement of primary livestock production[11]	50-65%
1.3	Risk management[12]	40-45% 70% for 8 counties
2.	**Subsidies for preservation and improvement of the environment and natural resources**	
2.1	Organic production	
2.1.1	Organic plant production[13]	250%
2.1.2	Organic livestock production[14]	40%
2.2	Subsidies for conservation of plant and animal genetic resources	
2.2.1	Subsidies for conservation of plant genetic resources[15]	100%
2.2.2	Subsidies for conservation of animal genetic resources[16]	per head
3.	**Subsidies for diversification of income and improving the life quality in rural areas**	
3.1	Investments in rural infrastructure	100%
4.	**Subsidies for improvement of system for creation and transfer of knowledge**	
4.1	Development of technical-technological, applied, developmental and innovative projects in agriculture and rural development[17]	100%
4.2	Support to providing advice and information to agricultural producers, associations, cooperatives and other legal entities in agriculture[18]	100%
III	**SPECIFIC SUBSIDIES**	

[32] Bylaws on subsidies in agriculture and rural development in 2024 is presented in Annex 3.2 (1-26)

1.	Subsidies for implementation of breeding programs, in order to achieve the objectives in livestock production – selection measures[19][20]
2.	Subsidies for promotional activities in the agriculture and rural development (measures and actions in agriculture)[21]
3.	Subsidies for production of planting material, certification and clone selection[22]
IV	**IPARD**
	Measure 1: Investments in physical assets of agricultural holdings[23]
	Measure 3: Investments in physical assets related to processing and marketing of agricultural and fishery products[24]
	Measure 7: Diversification of agricultural holding and business development[25]
	Measure 9: Technical assistance
V	**CREDIT SUPPORT[26]**

* By way of exception in 2024, beneficiaries who had been entitled to basic subsidies in plant production were subsequently also entitled to receive an additional payment of RSD 10,000/ha

** By way of exception in 2024, beneficiaries who had been entitled to subsidies for quality breeding dairy and fattening cows were subsequently also entitled to receive an additional payment of RSD 100,000/head for quality breeding first-calf heifers

Source: The Regulation on allocation of subsidies in agriculture and rural development in 2024 and other bylaws

The budget funds allocated in 2024 for the implementation of subsidies in agriculture and rural development were 17.8% higher than in the preceding year, which allowed for a greater volume and an improved level of subsidies relative to the preceding year across almost all direct payment measures. Thus, the amount of the milk premium in 2024 was 19 RSD/l, versus 15 RSD/l in Q1 2023. The funds for basic subsidies doubled in 2024, from 9,000 RSD/ha in 2023 to 18,000 RSD/ha in 2024, with an additional subsequent payment of 10,000 RSD/ha.

Subsidies to livestock production also saw a significant increase in the course of 2024, as the unit support was increased for the two largest group of measures: support for quality breeding animals and for fattening. In this context, support for quality breeding ewes and goats was increased from 7,000 to 10,000 RSD/head, while subsidies for heavy and light-type hens increased from 60 RSD/head and 100 RSD/head, respectively, to 100 RSD/head and 140 RSD/head, respectively. Another contributing factor in this regard was the additional payment of 100,000 RSD/head for quality breeding dairy and fattening first-calf heifers. As part of subsidies for fattening, support was increased across all categories of animals: from 15,000 to 22,000 RSD/head for cattle, from 2,000 to 3,000 RSD/head for lambs and kids and from 1,000 to 1,500 RSD/head for the fattening of pigs. Subsidies per beehive were increased in 2024 relative to the preceding year, from 800 RSD/beehive to 1,000 RSD/beehive.

Rural development measures received an unchanged level of support in 2024 compared to previous years, as did specific subsidies and credit support.

4.3. Budget funds to support agriculture and rural development

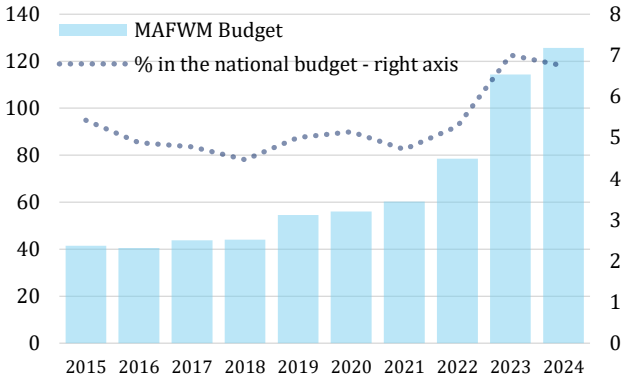
4.3.1. Budget of the Ministry of Agriculture, Forestry and Water Management

After the first half of the past decade, during which allocations for agriculture, forestry, and water management peaked at RSD 55 bn, the second half of the period was marked by a disproportionately high budget increase, which has exceeded RSD 100 bn since 2023. The share of the MAFWM's budget in the national budget during the past decade peaked at 5.4% prior to the sudden increase in funds, but has exceeded 6.7% since 2023.

The MAFWM's budget continued increasing in 2024, reaching RSD 125.7 bn, which was approximately 10% higher than last year's budget and as much as 90% higher than the ten-year average.

This amount accounted for 6.74% of the national budget for 2024, which was 0.26 pp lower than last year's share, but 1.74 pp higher than the minimum share provided for by the law[33].

Graph 45: Budget of the MAFWM (bn RSD) and share in the total budget of the RS (%) (right axis); 2015-2024



Source: Law on the Budget of the Republic of Serbia for the respective years

4.3.2. Funds allocated to subsidies in agriculture and rural development

Out of the total amount of funds allocated in the MAFWM's budget for 2024, 82.3% was earmarked for subsidies in agriculture and rural development, which was 5.5 pp higher than in 2023. In absolute terms, the earmarked amount in 2024 was RSD 103.5 bn, which was 17.8% higher than last year. Financial resources for the provision of subsidies in 2024 were almost entirely secured from the national budget (95.4%), while the remainder was financed from EU funds.

The majority of the funds allocated for subsidies (89.2%) was allocated for the execution of direct payments, with only 3.8% earmarked for rural development measures. IPARD subsidies accounted for 5.8% of the funds for subsidies in agriculture and rural development, while funds for credit support accounted for 1.1%. In comparison with the previous year's structure of subsidies, in 2024 the share of direct payments was 12.5 pp higher, which was why the share of funds allocated for rural development was lower (-10.7 pp).

Table 8: Amounts of allocated and realized funds for subsidies in agriculture and rural development by types of subsidies (RSD); 2024

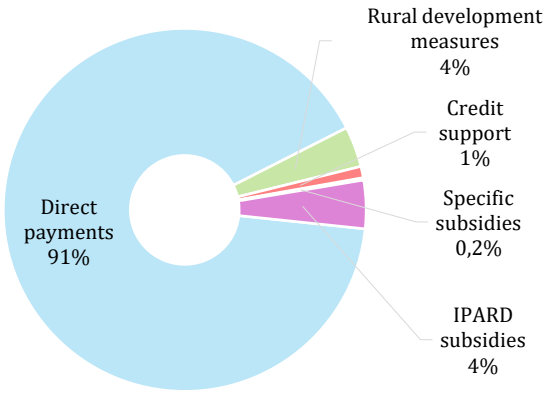
Type of subsidy	Allocated	Realized
Direct payments	92,323,492,000	91,530,892,953
Support for rural development measures	3,907,147,000	3,644,153,203
Specific subsidies	170,000,000	155,387,630
IPARD subsidies	5,981,935,000	4,334,922,614
Credit support	1,091,333,589	1,069,157,745
Total	**103,473,907,589**	**100,734,514,144**

Source: MAFWM, DAP

[33] Under Article 4, paragraph 3 of the Law on Subsidies in Agriculture and Rural Development, the Ministry's budget cannot be lower than 5% of the national budget of the Republic of Serbia for the given year, as laid down by the law governing the budget system.

In line with the changed structure of the funds allocated for subsidies in 2024, which favoured direct payments over other subsidies in agriculture and rural development, the realized funds were mostly spent for direct payments (91%), while rural development measures (national and IPARD) accounted for slightly less than 8% of total disbursed funds for subsidies.

Graph 46: Structure of funds paid for subsidies in agriculture and rural development, by type; 2024



Source: MAFWM, DAP

Direct payments

In 2024, the amount disbursed for the realization of direct payments was RSD 91.5 bn, or 37% more than the funds disbursed for this purpose in 2023.

Slightly more than half (56%) of the funds realized for direct payments in 2024 were earmarked for basic subsidies in plant production in the form of payments per hectare of sown area. Subsidies for livestock production accounted for 27% of the funds disbursed for direct payments (approx. RSD 25 bn), while milk premiums accounted for slightly less than RSD 15 bn.

Graph 47: Structure of funds paid for direct payments, by measures (%); 2024

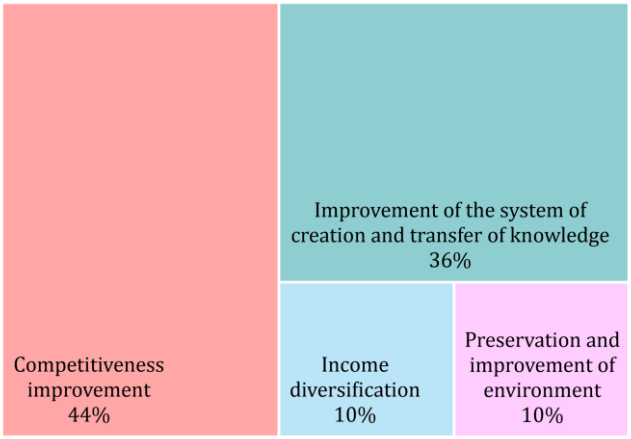
Source: MAFWM, DAP

Subsidies for rural development measures

The amount spent on rural development support measures in 2024 was RSD 3.6 bn, which corresponded to about one-third of the payments for rural development paid in 2023.

As in previous years, the largest amount of these funds was spent on the group of measures targeted at competitiveness improvement (44%), followed by measures aimed at improving the system of creation and transfer of knowledge, including through activities of advisory services. A slightly lower amount of support (approx. RSD 360 million each) was intended for income diversification and preservation of the environment and natural resources.

Graph 48: Structure of funds paid for rural development measures, by measures (%); 2024



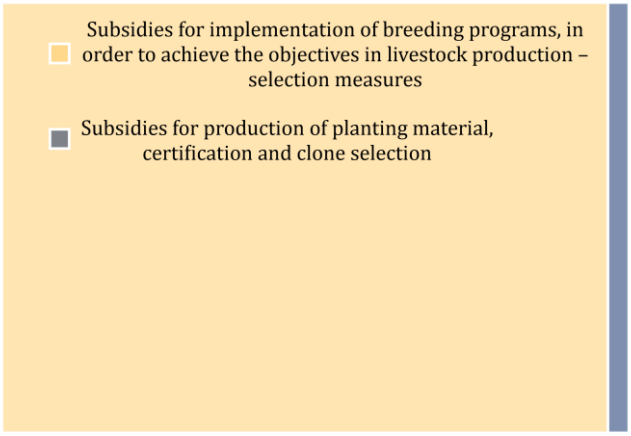
Source: MAFWM, DAP

Specific subsidies

The amount of budget spending for specific subsidies in 2024 was RSD 155.4 million, or a third lower than the amounts made on this basis in 2023.

As much as 97% of the payments made for this group of subsidies were realized for the implementation of breeding programmes, while just RSD 5.1 million was spent on subsidies for the production of planting material and certification, and clonal selection.

Graph 49: Structure of funds paid for specific subsidies, by measures (%); 2024



Source: MAFWM, DAP

Credit support

Implementation of the credit support facilitates access of farmers to credits, under terms more favourable than the commercial ones. This support takes the form of subsidising a part of the interest rate.

The amount paid for the credit support in 2024 was around RSD 1.1 bn, or approximately 10% lower than in the preceding year.

Credit support is aimed at: 1) development of livestock production, including procurement of animals and animal insurance premium (other than quality breeding heifers and quality breeding cows under five years of age); 2) development of crop farming, fruit growing, viticulture, vegetable growing and floriculture, which includes procurement of seeds, planting material and plant protection products; 3) investments in agricultural machinery and equipment; 4) procurement of feed for animals; 5) investments in certain types of mechanization and equipment used in plant production; 6) development of livestock production, including procurement of quality breeding heifers and quality breeding cows under five years of age and animal insurance premium; 7) development of crop farming, fruit growing, viticulture, vegetable growing and floriculture, including procurement of fertilizers.

IPARD subsidies

In addition to national measures, support to rural development is implemented through the Instrument for Pre-Accession Assistance, which has been established to support potential candidate countries and candidate countries to implement the stabilization and association process in accordance with their specific features. Priority area agriculture and rural development is intended for candidate countries to prepare themselves for the implementation and management of the EU CAP. EU support to agriculture and rural development of the Republic of Serbia is carried out through the adoption and implementation of the IPARD program.

IPARD Program for the period 2014-2020 (IPARD II Program)

The pre-accession assistance programme in the area of rural development for the Republic of Serbia for the period 2014-2020 (IPARD II Program) was adopted under the Decision C(2015) 257 of the European Commission Directorate General for Agriculture and Rural Development of 20 January 2015. The main purpose and objective of the IPARD II Program is to support agricultural producers and processors, as well as the population of rural areas in the Republic of Serbia, for the purpose of improving their capacity and potential in order to prepare in a timely manner for

achieving European standards in the field of agriculture, food industry and environment protection, as well as improving the quality of life and increasing the income of the population in rural areas. The IPARD II Program defines measures that provide financial support to the primary agricultural production sector, the processing and marketing of agricultural products, as well as support for the diversification of agricultural holdings and the business development in rural areas of the Republic of Serbia.

The IPARD II Program includes the following measures:

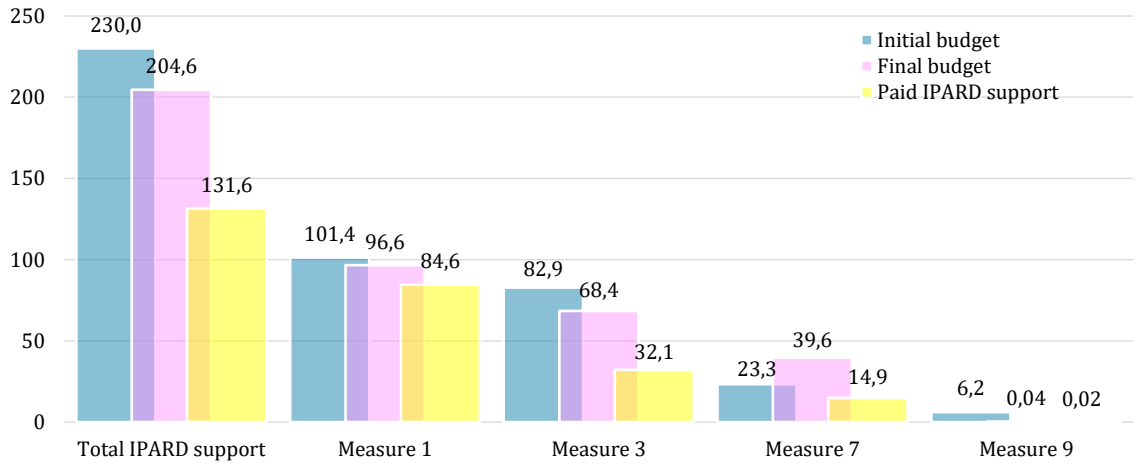
- Measure 1: Investments in physical assets of agricultural holdings;
- Measure 3: Investments in physical assets concerning the processing and marketing of agricultural and fishery products;
- Measure 4: Agri-Environmental-Climate measures and organic production;
- Measure 5: Implementation of local rural development strategies – LEADER approach;
- Measure 7: Farm diversification of agricultural holdings and business development;
- Measure 9: Technical assistance.

In the programming period 2014-2020, the Republic of Serbia was initially granted EUR 175 million from the EU pre-accession funds for the improvement of rural development. Under the Decision No. C(2024)6019 European Commission Directorate General for Agriculture and Rural Development of 22 August 2024, and the Conclusion of the Government of the Republic of Serbia of 6 December of the same year, the last, Seventh Amendment to the IPARD II Program was adopted. After automatic cancellation of unused funds, available EU funds in the last year of implementation were EUR 153,440,957.92. Taking into account the n+4 funding rule approved by the European Commission, the implementation of the IPARD Program for the programming period 2014-2020 was completed on 31 December 2024.

During the IPARD II Program implementation period, 15 public calls were announced for submission of project approval applications for four accredited IPARD measures, including: seven for Measure 1 (allocated funds of EUR 111.2 million), four for Measure 3 (EUR 81.5 million), two for Measure 7 (EUR 26.3 million), and two calls for Measure 9 (EUR 1.1 million).

Within 15 public calls, 3,181 applications were submitted for approval of IPARD projects, with requested investment costs of EUR 701.0 million, requested public support of EUR 409.1 million, and EU support of EUR 306.8 million, of which 1,556 projects were approved (public support of EUR 197.4 million and EU support of EUR 148.1), and 1,233 projects were paid (public support of EUR 131.6 million and EU support of EUR 98.7 million). The average amount of paid IPARD support is EUR 106,740.

Graph 50: Allocated and paid IPARD support (mill. EUR); on 31 December 2024



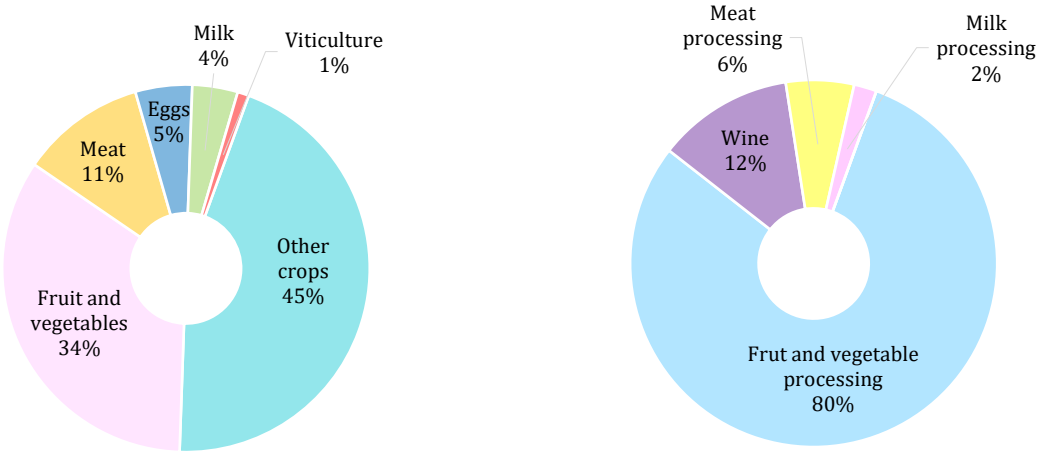
Source: MAFWM, IPARD Managing Authority

As at 31 December 2024, the final program budget execution rate was 64.3%, and that of the initially approved budget was 56.4%. Since funds in the total amount of EUR 21,559,042.08 were not used by the end of 2023 for pre-financing, for interim payment, and that the NAO (the Ministry of Finance) did not submit payment requests for them, automatic cancellation of the budget commitment in the above amount was made, which accounts for 12.3% of the initially approved budget and 14.1% of the final program budget.

In the final year of implementation of the IPARD II Program (2024), 235 decisions on payment of IPARD projects were passed, while 169 projects were paid to IPARD support beneficiaries, with EU support of EUR 24.7 million and support by the Republic of Serbia of EUR 8,2 million (25% of the total paid support). The highest amount of the EU support and support by the Republic of Serbia through the IPARD II Program was paid for Measure 1 (EUR 10.8 million and EUR 3.6 million, respectively) and Measure 7 (EUR 9.1 million and EUR 3.0 million, respectively); the EU contribution of EUR 4.8 million and contribution of the Republic of Serbia of EUR 1.6 million were paid for Measure 3, while the EU support of EUR 18,796 EUR and support of the Republic of Serbia of EUR 3,317 were paid for IPARD Measure 9 during the course of 2024.

The highest volume of implemented EU support in primary agriculture (Measure 1) relates to the sector of other crops – EUR 28.4 million. Moreover, the highest number of IPARD projects for the competitiveness improvement in primary agricultural production was paid for investments in the cereal subsector (616, paid EU support of EUR 26 million) and fruit subsector и (174, paid EU support of EUR 16.4 million). As regards the implementation of IPARD investment in the area of agricultural products processing, from the aspect of total paid EU support, the fruit and vegetable processing sector has the highest share (EUR 19.3 million for 90 implemented IPARD projects).

Graph 51: Share of primary agriculture in EU support (left) and share of processing in EU support (right) (%); on 31 December 2024



Source: MAFWM, IPARD Managing Authority

The dominant type of investment in primary agriculture through the IPARD II Program related to the procurement of new tractors, with paid EU support of EUR 19.1 million and paid support by the Republic of Serbia of EUR 6.4 million for 627 implemented projects, while the main type of investment in the area of agricultural products processing is modernisation of equipment for processing and packaging (paid EU support of EUR 9.2 million and paid support by the Republic of Serbia EUR 3.1 million for 51 implemented projects) and construction/reconstruction/modernisation of processing plants in the fruits and vegetables processing sector (paid EU support of EUR 8.5 million and paid support by the Republic of Serbia of EUR 2.8 million for 28 implemented projects).

Table 9: Paid EU support by the type of investment (EUR million); as at 31 December 2024

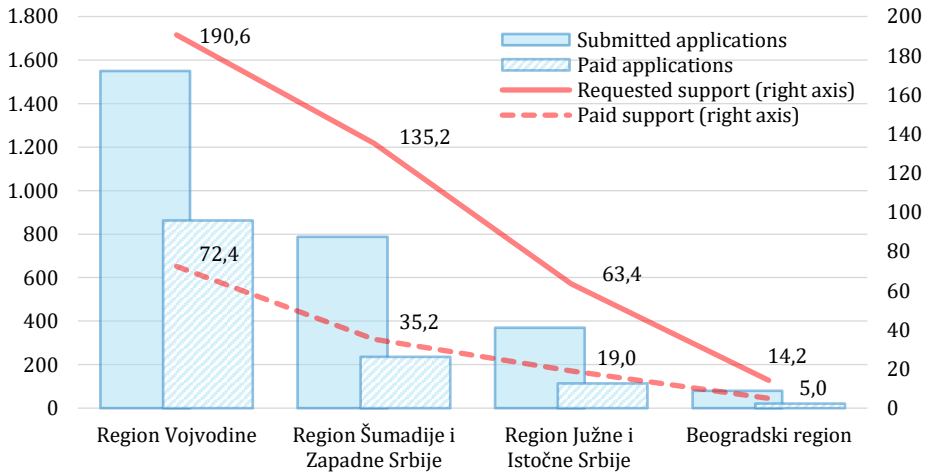
Primary agriculture (Measure 1)			Agricultural products processing (Measure 3)		
Type of investment	**Amount of support (EUR million)**	**Number of projects**	**Type of investment**	**Amount of support (EUR million)**	**Number of projects**
Tractors	19.1	627	Modernization of equipment for processing and packaging of fruits and vegetables	9.2	51
Equipment for collecting, sorting, packaging and storing of agricultural products	7.6	62	Construction/reconstruction and modernization of fruit and vegetable processing plants	8.5	28
Warehouses (incl. ULO refrigerators)	7.4	34	Construction of facilities in the wine sector	2.2	6
New operational buildings	6.0	21	Energy production from renewable sources	1.7	12
Laying hen facilities with egg cages	1.9	4	Modernization of meat processing plants	1.3	10
Equipment and machinery for the growing season	1.9	29	Modernization of wine quality improvement equipment	0.4	1
Greenhouses and glasshouses	1.6	6	Modernization of dairies	0.3	3
Hail protection systems	1.6	18	Modernization of processing and packaging equipment in the wine sector	0.2	3
Other	16.1	213	Other	0.3	3

Source: MAFWM, IPARD Managing Authority

The highest number of projects within Measure 7 was implemented for investment in rural tourism and recreational activities (88), with the EU support of EUR 9.9 million and support by the Republic of Serbia of EUR 3.3 million.

The Vojvodina region had the highest number of submitted and paid IPARD applications, and requested and paid support (862 paid applications, or 69.9% of the total number of paid IPARD projects in the amount of IPARD support of EUR 72.4 million, or 73.4% of the total amount of paid support). The highest number of submitted and paid IPARD applications and support was in administrative districts that administratively belong to the Vojvodina region, primarily Sremski and Južnobački administrative districts, with paid support of EUR 20.4 million and EUR 17.8 million, respectively, which accounts for 29.0% of the total paid support at the level of all districts. Also, the lowest number of applications and support (below EUR 1 million) was paid in Borski, Pirotski, and Pčinjski districts, which belong to the South and East Serbia region.

Graph 52: Regional distribution of IPARD support – number of applications and amount of support (mill. EUR) (right axis); on 31 December 2024



Source: MAFWM, IPARD Managing Authority

The main type of IPARD support beneficiaries for Measure 1 and Measure 7 are natural persons (with the highest share of family agricultural holdings and significantly less entrepreneurs), while in the case of Measure 3, companies are the dominant type of beneficiaries among legal entities compared with agricultural cooperatives.

Out of the total number of paid IPARD investment projects, the highest number was paid to natural persons – 1,008, of which 971 projects were paid to individual farmers, while 37 projects were paid to entrepreneurs. 223 projects were paid to legal entities, with a dominant share of companies with 213 paid projects, while a total of 10 projects were paid to agricultural cooperatives.

Although significantly more projects were paid to natural persons, legal entities had a disproportionately higher share in the amount of paid support through the IPARD II Program than natural persons (43.6% and 56.4%, respectively). EU support of EUR 55.6 million and support by the Republic of Serbia of EUR 18.5 million were paid to natural persons (of which the highest amount of the support was paid to individual farmers – EUR 51.1 million and EUR 17.0 million, respectively), while EU support of EUR 43.1 million and support by the Republic of Serbia of EUR 14.4 million were paid to legal entities (of which the highest amount of the support was paid to companies – EUR 41.5 million and EUR 13.8 million, respectively).

IPARD program for the period 2021-2027 (IPARD III Program)

The pre-accession assistance programme in the area of rural development for the Republic of Serbia for the period 2021-2027 (IPARD III Program) was adopted by the European Commission under its Decision C(2022)1537, while the Republic of Serbia adopted the IPARD III Program on 14 December 2023[34]. The EU financial contribution for the IPARD III Program was increased compared with the previous programming period and is EUR 288 million.

The objectives of the IPARD III Program relate to the development of human and physical capital, higher food security, and the ability of the agri-food sector to cope with competitive pressure, as well as the progressive harmonisation of the sector with EU standards, in particular those relating to hygiene and the environment, taking into account the balanced territorial development of rural areas.

EU support to rural development of Serbia for the programming period 2021-2027 will be implemented through seven IPARD measures:

- Measure 1: Investments in physical assets of agricultural holdings;
- Measure 3: Investments in physical assets concerning the processing and marketing of agricultural and fishery products;
- Measure 4: Agri-Environmental-Climate measures and organic production;
- Measure 5: Implementation of local rural development strategies – LEADER approach;
- Measure 6: Investments in rural public infrastructure;
- Measure 7: Farm diversification of agricultural holdings and business development;
- Measure 9: Technical assistance.

After adoption of the IPARD III Program by the European Commission and the Government of the Republic of Serbia, re-accreditation was made for four measures that have been implemented through the IPARD II programming period (Measure 1, Measure 3, Measure 7 and Measure 9), while preparation for the entrustment with budget implementation tasks is underway for two unaccredited measures (Measure 4: Agri-environmental-climate measures and organic production and Measure 5: Implementation of local rural development strategies – LEADER approach) and a new IPARD measure (Measure 6: Investments in rural public infrastructure).

Within the new programming period, during the course of 2024, three public calls were announced for submission of applications for approval of projects for IPARD subsidies, all as part of Measure 1. Implementation of the IPARD III Program began on 23 February 2024 with the announcement of

[34] Official Gazette of RS No. 118/23

the first public call for submission of applications for project approval for investments in the physical assets of agricultural holdings in the construction and equipping of facilities, as well as for the establishment of permanent crop plantations, with allocated funds of EUR 30.8 million. The second call for Measure 1 for approval of projects for procurement of tractors was announced on 4 October 2024, with allocated funds of EUR 17.3 million, while the third call within Measure 1 was announced on 23 December 2024, with funds allocated to the call of EUR 10.8 million.

According to the available data, 1,615 applications were submitted within all three announced calls for Measure 1 until the end of 2024 (389 within the first, 846 within the second and 380 within the third call) in the amount of requested EU support of EUR 212.8 million (EUR 128.3 million within the first, EUR 36.5 million within the second and EUR 48.0 million within the third call).

4.4. Support at the provincial and local level

In addition to support at the national level through the agricultural and rural development subsidy policy, agricultural holdings are also eligible for subsidies within the support measures programme for the implementation of agricultural and rural development policies for the territory of an autonomous province or a local government unit in the territory of which they operate. These programs are adopted by competent authorities of provincial and local administrations, after prior approval by the MAFWM, and are financed from local/provincial budgets. After completion of the program implementation, competent authorities submit reports to the Ministry on the implementation of the programme in the previous calendar year.

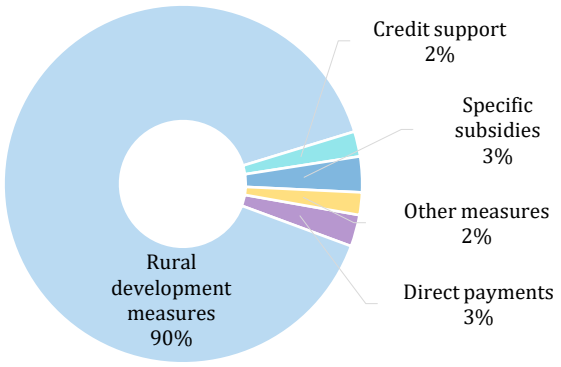
Under the Law on Subsidies in Agriculture and Rural Development, authorities of autonomous provinces and local self-government units can implement all types of subsidies in their territories, except direct payments (with the exception of reimbursement for storage costs in public warehouses and reimbursement for reproductive material/artificial insemination).

During 2024, 110 local government units and the Autonomous Province of Vojvodina implemented support for agriculture and rural development through support programmes at the local/provincial level, the total value of which was RSD 3.95 bn, or 2.7% more than the previous year.

Since legal provisions do not allow local and provincial authorities to implement direct payment measures (with the exception of artificial insemination), the structure of local/provincial support remains unchanged compared to previous years.

In this regard, 3% of the total support in 2024 was allocated to direct payments and specific subsidies each, while credit support and other measures accounted for 2% each.

Graph 53: Structure of paid support at the provincial and local level (%); 2024



Source: MAFWM

5. QUALITY POLICY

The protection of geographical indication in the Republic of Serbia is divided into three areas and includes the protection of geographical indication of agricultural and food products, wines (including aromatized wines), and spirits.

Products bearing geographical indication contribute to an increased level of competitiveness of domestic production, the sustainability of agriculture, and are also an important part of the tourist and gastronomic offer, which contributes to the economic development of local communities and rural areas.

51 agricultural and food products in the Republic of Serbia are protected by a geographical indication of origin, and all of them represent a part of tradition and national identity. The protection of the geographical origin of agricultural and food products is defined by the Law on Geographical Indications of Origin[35] and relevant bylaws, which define in more detail the procedures for production control and certification, as well as the system for labelling products bearing a geographical indication of origin. Agricultural and food products protected by a geographical indication of origin are registered with the National e-Register of Geographical Indications of Origin.

Ten geographical indications of origin for wines have been registered/protected in Serbia, of which one is the geographical indication for aromatized wine *"Bermet"*. The procedure for the protection of geographical indications of origin for wines and aromatized wines in the Republic of Serbia is carried out on the basis of the Law on Wine[36] and relevant bylaws. (List of registered/protected geographical indications of origin for wines).

As regards spirits, there is currently one registered geographical indication in Serbia – *"Šumadijska šljivovica"*. The protection of geographical indications for spirits is carried out in accordance with the Law on Spirits[37] and relevant bylaws, harmonised with EU legislation in this area.

In order to promote products bearing geographical indications of origin, MAFWM finances and organizes exhibitions of these products every year at the International Agricultural Fair in Novi Sad, as well as at the Fair of Ethnic Food and Drinks in Belgrade. Also, in order to promote and inform the public about the importance of the protection of geographical origin, a catalogue of agricultural and food products bearing geographical indications of origin entitled *"Authentic Serbia"* was published, as well as a catalogue *"Wine Treasure of Serbia"*.

[35] Official Gazette of RS, No.18/10
[36] Official Gazette of RS No. 41/09 and 93/12
[37] Official Gazette of RS No. 92/15

6. CLIMATE CHANGES IN AGRICULTURE

Changing climate conditions cause the frequent occurrence of weather extremes that cause major damage and losses in the agricultural sector. In order to reduce these damages and losses, it is necessary to systematically implement measures and activities that lead to mitigation and adaptation to changing climate conditions. In December 2023, the Republic of Serbia adopted the Climate Change Adaptation Program for the period from 2023 to 2030. An integral part of the Program is the Action Plan, which contains elaborated measures and activities that contribute to the achievement of the specific objectives of the Program, including an estimate of the costs or the funds required for their implementation.

As part of the development of the Program, an analysis of existing knowledge on climate change and its impacts was conducted, and the necessary additional analyses were made in accordance with existing and available information. The analysis showed that the agricultural sector is the most vulnerable to climate change and has a high exposure, as cultivation is mostly done in open spaces.

The analysis of changes in climate conditions in the territory of the Republic of Serbia was performed by the comparison of the climate conditions that prevailed in the 20th century, more precisely during the selected reference period 1961-1990, with the conditions in the recent past 2001-2020 and future climate periods. Changes in climate conditions in the future were developed for the following climate periods: *the near future period* 2021-2040, *the mid-century period* 2041-2060, and *the end of the century period* 2081-2100. The analysis was performed according to the greenhouse gas emission scenarios RCP4.5 and RCP8.5.

The RCP4.5 scenario is a scenario that assumes a stabilization of the increase in GHG emissions after 2040 and a halt to the increase in the average global air temperature at 2-3°C compared to the average temperature of the pre-industrial period. This scenario is considered a "mid-way" scenario towards the fulfilment of the Paris Climate Agreement, i.e., it implies partial implementation of the Agreement.

The RCP8.5 scenario assumes that the trend of increasing GHG emissions will continue, i.e., that mitigation measures (reductions of global GHG emissions) will not be implemented. The most likely expected increase in the average global air temperature by the end of the century compared to the pre-industrial period, according to the RCP8.5 scenario, is about 4.5°C.

6.1. Analysis of climate factors-impacts that contribute to the climate hazard group of excess heat

The expected change in the average ground air temperature for the period 2021-2040 compared with the period 1961-1990 will be about 2.2°C, the average maximum about 2.5°C, and the average minimum about 2.1°C. The increase in the average maximum temperature for June-July-August in this period will reach an increase of about 2.8°C compared to the period 1961-1990. The expected change in the average temperature for the period 2041-2060 compared with 1961-1990 will be higher than 2.5°C, and most likely around 3.1°C. The increase in the average ground air temperature in the period 2081-2100 is expected to be most likely around 3.1°C according to the RCP4.5 and even 5.8°C according to the RCP8.5, relative to the value for the reference period 1961-1990. Warming of other seasons is catching up with the warming of the June-July-August season, and the more rapid warming during December-January-February is assumed to be due to significant loss of snow cover, which causes greater warming. In this period, the increase in the average maximum temperature in the June-July-August season is expected to exceed 6.0°C relative to the value of 1961-1991, according to the RCP8.5 scenario.

Warming, or an increase in temperature, has led to an increase in the number of hot days, which can cause heat stress due to excess heat. The average number of heatwaves[38] per year increased by

[38] A period of minimum six consecutive days with maximum daily temperatures higher than the 90th percentile of maximum temperatures observed in that period of the year during the reference period, in this case from 1961 to 1990.

2.4 in the period 2001-2020, and by 3 in the period 2011-2020, compared to the number of occurrences per year during the period 1961-1990, when such events did not occur every year on average in the territory of Serbia. In the period 2021-2040, more frequent occurrences of heatwaves during a year are expected than in the period 2011-2020, when heatwaves lasted more than 40 days on average (in 2012, as many as 50 days). In the period 2081-2100, according to the RCP8.5 scenario, 8-10 heatwaves per year are expected averagely, which means that it is possible that the total duration of extremely hot weather in the territory of the Republic of Serbia during the year will be as many as two months. Due to the increased variability of weather conditions, there will be some years with an even greater number of heat waves. According to the less severe RCP4.5 scenario, which expects stabilization of climate conditions, the average number of five heatwaves per year are expected.

Also, in the period 2021-2040, the number of tropical days (TRD), hot days (TVD), and days with tropical nights (TRN) will continue to increase compared to the values observed for the period 2011-2020.

In the period 2021-2040, the number of tropical days[39] in lowland areas will be 55-60 on average. In the period 2041-2060, the increase in TRD is expected to be about 45 days per year compared to the period 1961-1990 in lowland areas, which means that about 65 such days in lowland areas are expected on average. In the period 2081-2100, the increase in TRD according to the RCP8.5 is expected to be about 65-75 days per year more than in 1961-1990 in lowland areas, which means that such days in lowland areas are expected to average about 85-95. According to the RCP4.5, TRD is expected to increase by several more days in the second half of the 21st century, and there will be an average of about 70 of them per year in lowland areas.

An increase in the number of hot days[40] is also expected, exceeding 20 days on average per year.

An increase in the number of tropical nights[41] is expected to be in the range of 3-8 days per year more than in the period 1961-1990 in lowland areas. As in the observed period of the recent past, days with such high temperatures are becoming more frequent at higher altitudes. An increase in TRN is expected to be in the range of 8-16 days per year, more than in 1961-1990, in lowland areas. The highest impact of high temperatures is in lowland areas, but in the climate of this period, risks also appear at higher altitudes, i.e., the observed values are shifted several hundred meters towards higher terrain, which reaffirms the importance of climate risk analysis also at the local level for assessing vulnerability and risk for different sectors. According to the RCP8.5, 35-45 TVD are expected to occur in lowland areas on average per year in the period 2081-2100, while according to the RCP4.5, about 25 such days are expected to occur. According to the RCP8.5, it is expected that there will be about 40-50 TRN on average per year, and according to the RCP4.5, about 20 days. In the expected climate conditions of this period, the risks from high temperatures also affect even higher altitudes.

An increase in temperature in the colder part of the year can also cause stress to living organisms from excess heat during the period when they require low temperatures. In this sense, additional climate indices that indicate a possible risk of temperature increase (excess heat) are the average number of frost days and ice days, or their decrease during the 21st century. The average number of frost days[42] per year during the reference period 1961-1990 in the territory of Serbia was about 106 days per year, in lowland areas below 100, in mountainous areas over 130, and in the highest mountainous areas over 150. In the period 2001-2020, the average number of these days in the territory of Serbia decreased by about 15, and in the period 2011-2020 by about 20. In the mid-century period (2021-2040), it is expected that there will be as many as 30 fewer frost days on average in the territory of Serbia than in 1961-1990, and according to the RCP8.5 in the climate at the end of the century (2081-2100), there will be 60-70 fewer such days. The average number of

[39] An average number of days with maximum daily temperature over 30°C.
[40] An average number of days per year with a maximum daily temperature over 35°C.
[41] An average number of days per year with a minimum daily temperature over 20°C.
[42] Days with minimum temperatures below 0°C.

ice days[43] per year during the reference period 1961-1990 in the territory of Serbia was about 28 days per year, in lowland areas 10-20, in mountainous areas over 30, and in the highest mountainous areas even more than 45. In the period 2001-2020, the average number of these days in the territory of Serbia decreased by about 8, and in the period 2011-2020 by about 12 (with the largest decrease, over 15 days, in mountainous areas). In the mid-century period (2041-2060), it is expected that years without ice days will become more frequent in lowland areas, and in mountainous areas their number will be halved. In the period 2081-2100, according to the RCP8.5 scenario, there will be almost no ice days in lowland areas, while their occurrence in mountainous areas will be reduced so much that there is a high probability that there will be an average of about 10 such days per year. It is possible that years without ice days will occur in the entire territory of Serbia during this period.

6.2. Analysis of climate factors-impacts that contribute to the climate hazard group of excess/lack of water/moisture

Climate hazards related to excess/deficit water are caused by changes in the annual distribution of precipitation and changes in the distribution of precipitation intensity, as well as increased variability in accumulated precipitation during the year or a part of the year, which means an increase in extremes in both high and low water events. In addition to changes in precipitation, increasing temperatures also contribute to the increase in water shortage hazards, due to increased evapotranspiration, i.e., evaporation due to warmer conditions and the capacity of the air to contain a greater amount of water vapor.

Climate change in the territory of the Republic of Serbia has resulted in a change in the annual distribution of precipitation, i.e., a shift in the maximum accumulated precipitation from late spring and early summer (on average June) to earlier periods of spring (on average May). Future changes in annual precipitation totals show that there will most likely be no significant changes until mid-century. For the period 2021-2040, it is expected that years with a significantly higher number of days with extreme precipitation than average will occur increasingly frequently, even in the near future. In the period until mid-century, about 10% of the territory of Serbia is under a low risk, 34% under a moderate risk, and as much as 56% under a high and a very high risk of extreme precipitation. Thus, in addition to the increase in risks, they also affect a larger territory.

Drought is a weather event in which there is a lack of precipitation and/or insufficient water/moisture available, which has various consequences (insufficient moisture in the soil, insufficient moisture for plant development, insufficient drinking water, low groundwater levels, low river flows, etc.). The lack of water/moisture is affected by a lack of precipitation in a certain period, the distribution of precipitation in a certain period, and an increase in temperatures that affect the increase in evaporation and transpiration. The recognition and definition of drought depend on the system affected by the lack of water/moisture, i.e., its needs for water/moisture and the speed of response to this deficiency. In the period 2001-2020, the frequency of drought years in the territory of the Republic of Serbia was 40%, and in the period 2011-2020, it was 50% compared to the total number of years in the period, while the frequency of such years in the period 1961-1990 was 10%. An increase in drought years is expected in the territory of the Republic of Serbia. If the observed trend continues, it is expected that on averagely every year will be a drought year in the territory of the Republic of Serbia in the period 2041-2060. If a severe drought is defined as the one observed in 2012, with the greatest observed damage in the recent past (food production, fires, reduced flows, etc.), and the conditions that prevailed at that time are set as the criterion for a "severe drought", the number of years with at least such severe drought will increase in the future. In the period 2041-2060, there will be 3 to 4 of them per decade (over a 10-year period), and in the period 2081-2100, according to the RCP8.5 scenario, there will be 7 to 8 of them per decade.

[43] Days with maximum temperatures below 0°C.

In the future, an increased frequency of alternating periods with large amounts of precipitation and with a higher lack of precipitation is also possible. Since these changes are also expected during the colder part of the year, the occurrence of events with a larger amount of snowfall is also possible, but in any case, with an average shorter retention of a snow cover due to the increase in temperature and a decrease in the number of days when a snow cover is possible. Due to the occurrence of events with heavier precipitation during spring, summer, and early autumn, an increase in hail events is also probable.

6.3. Analysis of climate factors-impacts related to storms and accompanying extreme weather events

By the end of the 21st century, according to the RCP8.5 scenario, an increase in the frequency of hail is predicted, namely by 40-80% in Vojvodina and by 20-40% in the rest of Serbia for hail larger than 2 cm in diameter, and by 40-80% in the entire territory for hail larger than 5 cm in diameter. This study also shows that there is a tendency of increasing the number of days with wind gusts stronger than 25m/s. By the end of the 21st century, according to the RCP8.5 scenario, the selected climate models predict an increase in the frequency of these events by 20-40% in the entire territory of Serbia. The above results further confirm the expected increase in the frequency of storms accompanied by wind gusts and hail and their distribution in the territory of the Republic of Serbia.

Taking into account climate factors and factors related to vegetation, soil and terrain, in the recent past period from 2001 to 2021, it was estimated that 29% of the territory of the Republic of Serbia is under a moderate risk of degradation and 28% under a high risk, of which 14% is under a very high and an extremely high risk of degradation. In the mid-century period (2041-2060), 52% of the territory will be under a moderate risk, and as much as 42% under a high risk, of which 25% under a very high and an extremely high risk.

According to the impact analysis made and future projections, it is necessary to provide capacities for adaptation of agricultural production to climate change in a sustainable manner, i.e., in a manner that preserves resources, which are also endangered (water and land), and which are necessary for agricultural production. Adaptation to climate change is a process that needs to be maintained in the future, due to the dynamics of climate change, through the renewal and expansion of knowledge and information, the increase of the efficiency of their availability to producers and other stakeholders, as well as by including this information in planning, i.e., strategic and planning documents. Information on changed climate conditions, the dynamics of their change, and risk assessments, as well as recommendations for measures to be implemented, need to be systematized through the regionalisation of the Republic of Serbia for the needs of various agricultural subsectors. Regular and mandatory education of advisors is necessary for the effective dissemination of new knowledge and information, as well as the education of producers and other stakeholders, including the implementation of knowledge in the curricula of schools and higher education institutions. Due to the need for faster implementation of scientific information and methods for adaptation to climate change in practice, it is necessary to strengthen cooperation with the scientific community and increase the interdisciplinary approach in the development of methodologies, information, and the provision of other services. In addition to the above, ensuring adaptation capacities also implies enabling producers to protect their production from hail, high temperatures and frost, as well as to provide sufficient water for normal production.

7. A VISION FOR AGRICULTURE AND FOOD

In early 2025, the European Commission presented to the public its Communication entitled "A Vision for Agriculture and Food"[44], which sets out a perspective for the agriculture sector progress until 2040. The EC vision aims to build trust and dialogue across the entire value chain, in the EU and globally. The vision emphasizes close cooperation with relevant institutions, farmers, food chain operators, and civil society at the local and regional level all over Europe, listening to their concerns and ideas.

The following chapter provides an overview of the Vision for Agriculture and Food, based on the EC document bearing the same title.

7.1. Shaping together an attractive EU farming and food sector for future generations

Farming and food are at the core of the European way of life. Rooted in rich traditions, the ways we produce and enjoy food have shaped the communities, cultures, and landscapes that define Europe.

Farming and food, including fisheries, are strategic sectors for the Union, providing safe, high-quality food to 450 million Europeans and playing a key role in global food security. The Niinistö report[45] recognises food as one of the sectors most critical for providing essential services to citizens. The Union support through the Common Agricultural Policy (CAP) is at the heart of the European project for good reasons. European food security, safety, and food sovereignty are non-negotiable. European citizens confirm this: 94% of citizens who participated in the latest Eurobarometer survey confirm that it is essential to secure a stable food supply in the EU at all times[46].

Food is also part of our competitiveness. The agri-food system, anchored in the EU Single Market and in its diversity of enterprises, scope, scale, and production methods, generated an added value of more than EUR 900 billion in 2022, providing employment to around 30 million people[47], representing around 15% of total EU employment. As the largest agri-food exporter in the world, the EU has been steadily increasing its trade surplus over the years, reaching EUR 70 billion in 2023[48]. At the same time, the situation is different when it comes to the supply of fishery and aquaculture products, oilseeds, and proteins crop among others, where the EU is highly reliant on imports.

Farming and food are essential to sustaining vibrant and economically prosperous communities in rural and coastal areas. Rural areas are home to 25% of the EU population and cover 75% of its territory, making them an integral part of Europe's identity[49]. Vibrant rural and coastal areas are key in fighting depopulation and enabling "the right to stay".

Farming and fishing are about working with nature. Farmers and fishers are custodians of nature, the foundation of a resilient Europe, and they are a vital part of the solution to the protection and resilience of our nature, soils, water, air, biodiversity, oceans, and climate. Farmers, fishers, and food businesses are innovators and entrepreneurs. Innovation opens new business models and rewards, making the transition a win-win for both farmers, fishers, and nature, while supporting competitiveness.

But we should never take our food sovereignty for granted. The agri-food sector has withstood the shocks of the pandemic and high input costs, showcasing its incredible resilience. However, the pressure of geopolitical tensions, legacy effects of recent crises, devastating impacts of extreme

[44] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – *A Vision for Agriculture and Food; Shaping Together an Attractive Farming and Agri-Food Sector for Future Generations*

[45] Niinistö, S., *Safer together – Strengthening Europe's Civilian and Military Preparedness and Readiness,* 2024

[46] European Commission – Eurobarometer 2025: *Europeans, Agriculture and the CAP - January 2025 - Eurobarometer survey*

[47] Eurostat, *Key figures on the European food chain - 2024 edition (europa.eu)* 2024. Employment figures for agriculture are from 2020.

[48] DG Agriculture and Rural Development, *Monitoring EU agri-food trade, Developments in 2023*, March 2024

[49] Eurostat, *Statistics Explained*, *Urban-rural Europe - introduction*, accessed February 2025

weather events and environmental degradation as well as the consequences of structural trends, are threatening the viability of this important sector and EU strategic autonomy.

The agri-food sector of today is facing challenging structural transformations, including significant discrepancies in the scale of farming operations and an aging farming population. Only around 12% of EU farmers are under the age of 40[50]. Even though income per person engaged in agriculture has been increasing over the past decades, the income remains significantly lower than the average in the rest of the economy[51], which directly impacts the livelihoods of farmers and impedes their ability to invest, plan and innovate. This remains the number one factor in the mobilisation of farmers that the EU witnessed recently.

While many young people express an interest in farming as a career, and some are successfully engaged in thriving family farming enterprises, there are many challenges and barriers. Very uncertain income perspectives, in combination with complex regulatory requirements that can translate into stifling bureaucratic burdens, low profitability that hampers investments, crisis-prone production, demographic change, a gender gap, a lack of access to basic services in some rural areas, and the hardship of the profession are among the factors that can make farming increasingly unattractive for future generations. The cumulative impact of the agri-food sector often adds to high pressure on the environment and climate, while at the same time, farmers depend on nature to ensure future production. Most of these challenges are shared by primary producers in the fisheries and aquaculture sectors, as well as by the agri-food sector as a whole.

The lack of certainty and stability for the professional future of European farmers has led to recent widespread protests in the EU. Against this background, it is essential for the EU to recognize the vital role farmers play in our lives and livelihoods, reignite the competitiveness and reinforce the attractiveness of this profession so it can thrive, innovate and provide its many benefits to our society – today, tomorrow and in 2040. This is all the more relevant in light of the future enlargement, and the related challenges and opportunities for agriculture and for farmers, in present and future EU Member States.

This Communication sets out a vision for Europe's agri-food system for 2040 and beyond and presents a roadmap to guide EU action to ensure that all policies work in step with this vision and are adapted to new realities. In many areas, a better alignment between national and EU policies will be required to achieve the goals. This vision also supports the delivery of the EU Competitiveness Compass, the overarching EU flagship initiative to boost EU competitiveness[52]. The upcoming Ocean Pact will also set the frame for leveraging the EU's vast maritime area and coastline to boost food security, while preserving the natural asset that the fisheries sector relies on and boosting competitiveness through innovation. In addition, the Commission will prepare a vision for the fisheries and aquaculture sector with a 2040 perspective to ensure its long-term competitiveness and sustainability, work to ensure job creation, and address pressing issues affecting the fishing community.

This Communication builds on multiple strategic inputs, including notably the Strategic Dialogue on the future of EU agriculture[53], as well as the Draghi[54], Letta[55], and Niinistö[56] reports. It also draws from the conclusions of the EU Heads of State and Government[57], the conclusions of the Belgian Council Presidency on the future of agriculture (2024), as well as the 2024 Council conclusions on

[50] Eurostat, *Statistics Explained*, *Farmers and the Agricultural Labour Force – Statistics*, accessed February 2025.
[51] DG Agriculture and Rural Development, *EU Farm Economics Overview*, accessed February 2025
[52] European Commission (2025), *A Competitiveness Compass for the EU, COM(2025) 30 final*
[53] *Strategic Dialogue on the future of EU Agriculture. A shared prospect for farming and food in Europe*, 2024
[54] Draghi, M., *The future of European competitiveness*, September 2024
[55] Letta, E., *Much more than a market. Speed, Security, Solidarity. Empowering the Single Market to deliver a sustainable future and prosperity for all EU Citizens*, 2023
[56] Niinistö, S., *Safer together – Strengthening Europe's Civilian and Military Preparedness and Readiness,* 2024
[57] The European Council's Strategic Agenda 2024-2029, the 2022 Versailles Declaration, the 2023 Granada Declaration and the 2024 Budapest Declaration

the future of the CAP. It further builds on the Opinions and Resolutions of the European Parliament, the European Economic and Social Committee and the Committee of the Regions.

The policy response is articulated around four fundamental priority areas. The Communication spells out work strands on how these policy initiatives will be shaped in an inclusive and cooperative manner. The delivery of these priority areas rests largely on important flanking elements, namely simplification of the regulatory framework that impacts farmers and the entire agri-food value chain, and innovation that offers solutions for a sustainable transition.

New way of working: Building trust and dialogue

The experience shows that certain topics related to food and agriculture can be very polarising, and societal consensus is more likely to emerge from inclusive approaches. The core of this Vision is therefore a new way of working – building trust and dialogue across the entire agri-food system, in the EU and globally.

The first steps have already been achieved with the Strategic Dialogue and its unanimously agreed set of recommendations. But this dialogue must go deeper on the ground, with sustained and more effective interaction with farmers, food chain operators, and civil society at the local and regional level all over Europe, listening to their concerns and ideas. At the same time, the existing mechanisms to foster dialogue and cooperation with stakeholders at the EU level, such as the current Civil Dialogue Groups, will need to be reviewed to guarantee more meaningful and effective participation in the design of future policies. The new European Board on Agriculture and Food[58] will be supporting the Commission in creating inclusive policies by providing strategic advice and fostering a new culture of dialogue among the different players in the agri-food chain. Additionally, the EU CAP Network will continue to facilitate exchanges across all relevant actors, and Annual Youth Policy Dialogues will empower the meaningful inclusion of young citizens and farmers in policy discussions.

Finally, the Commission will continue to maintain a permanent dialogue with all other EU institutions and bodies, notably the European Parliament and the Council of the EU, the Committee of the Regions and the European Economic and Social Committee, as well as key international organisations and partners. To ensure effective monitoring of the implementation of this Vision, the Commission will report regularly to all EU institutions on the progress regarding the successful delivery of the various initiatives.

7.2. Vision and objectives for 2040: an agri-food system that is attractive, competitive, sustainable and fair for current and future generations

The Union of 2040 must be a place where farming and food production thrive across our continent in all their diversity. A place where farming is attractive for future generations, and the agri-food sector is competitive, resilient, future-proof, and fair. The future of this strategic sector rests on the ability of the Union and its Member States to put in place the right conditions to enable:

- An attractive and predictable agri-food sector where incomes enable farmers to thrive, attracting future generations[59] that will continue producing food that is affordable for everyone and meets consumer demands; where conducive conditions are in place to allow the agri-food sector to leverage its entrepreneurial potential, supported by different income sources and skills to grasp the opportunities of innovation, technology and the green transition; where ecosystem services beneficial to the environment, water, soil or air quality, such as in the growing organic sector, are properly rewarded; where a fair

[58] High level advisory group with 30 member organisations representing three stakeholder categories: the farming community, other actors in the food supply chain, and civil society, including areas such as environment and climate, animal welfare, and consumer issues.
[59] Krzysztofowicz, M., Rudkin, J., Winthagen, V. and Bock, A., *Farmers of the future*, EUR 30464 EN, Publications Office of the European Union, Luxembourg, 2020, ISBN 978-92-76-26331-9, doi:10.2760/5237, JRC122308.

functioning food chain ensures that the burden and costs of the transition are shared equitably along the chain.

- An agri-food sector that is competitive and resilient in the face of rising global competition and shocks. This hinges on the EU's ability to diversify its trade relationships, creating new export opportunities for the sector and reducing critical dependencies; where framework and global actions enable farmers to compete on a level playing field globally, alleviate the burden of bureaucracy at home and increase the resilience of the sector to be able not only to withstand and recover from shocks but also to adapt and transform. The EU continues to contribute to global food security and pursues its partnership-building role across the world.
- A globally connected agri-food sector moderated towards the future, where farming and the food sector contribute together to the EU's climate objectives, while preserving healthy soils, clean water and air, and protecting and restoring Europe's biodiversity. Stakeholders along the food chain contribute jointly to delivering these results and share transition risks. All segments of the agri-food system are much better prepared to withstand the effects of climate change, biodiversity loss and pollution, use natural resources sustainably and efficiently and operate in line with a One Health approach.
- An agri-food sector that values food, fosters fair working and living conditions and vibrant and well-connected rural and coastal areas, including outermost regions; where rural areas enable their citizens' right to stay; where the link between food, territory, seasonality, cultures and traditions are cherished as integral parts of the European way of life; where the EU remains a world leader in food innovation and food safety, and food is affordable for citizens; where mental health is not a tabu but part of the social support system for farmers and workers; where living and working conditions attract more women and young people to the profession and ensure the protection of rights of workers on farms and along the food value chain.
- Finally, essential to the delivery of this Vision, Europe's agri-food system is investing and leveraging the transformative power that research, knowledge, skills, and innovation offer.

7.3. Designing together the policy responses for a thriving agri-food sector

This vision can only be achieved through a forward-looking and coherent policy response articulated around the central question: how to build an agri-food system that is economically, socially, and environmentally sustainable, and thus attractive, competitive, future-proof, and fair for current and future generations?

7.3.1. Building an attractive sector that ensures a fair standard of living and leverages new income opportunities

Over 60 years ago, the EU committed to ensuring a fair standard of living for the agricultural community, as established in Article 39 of the Treaty on the Functioning of the European Union. This commitment is as relevant now as it was then. On average, overall agricultural income per worker is still significantly lower than the average wages in the entire economy (60% of average wages in 2023)[60], despite the efforts made.

Farmers do not want to depend on public support, but the volatile nature of this profession and market imbalances often require this. When defining the different measures to achieve a fair standard of living, we must draw on all sources of income: market revenues, public support, as well as diversified and new complementary income sources.

[60] European Commission, *Agri-food Data Portal: Jobs and Growth in Rural Areas. Farmers' income compared to wage in the rest of the economy*, accessed February 2025

Fair and equitable food chain

Firstly, farmers must get a better revenue from the market, enabling them to make the necessary investments to future-proof and render their farms more resilient. A prerequisite for this is that current imbalances in the food chain, where an unfair distribution of revenues, risks, and the burden of costs often disproportionately affect primary producers, are corrected. Practices where farmers are systematically forced to sell below costs will not be tolerated.

First steps have already been taken to rebalance the positions and facilitate proper enforcement of rules tackling unfair trading practices with the proposals adopted by the Commission on 9 December 2024[61]. They will strengthen the producers' position in the negotiation and conclusion of contracts and better protect farmers against unfair trading practices.

Moreover, several Member States have resorted to national rules that aim to address the challenge of production below cost, which might however, lead to different approaches in the Single Market. As part of the evaluation of the current rules, unfair trading practices will be further investigated, together with a review of the national regulations as recommended by the Strategic Dialogue. The Commission will, on this basis, propose further initiatives, in particular the revision of the Directive on Unfair Trading Practices to address the principle that farmers should not be forced to systematically sell their products below production costs, as well as the review of the CMO regulation in the context of the post-2027 CAP proposals.

At the same time, as suggested by the Strategic Dialogue, farmer's position in the value chain must be strengthened by encouraging them to join cooperatives and/or associations to reduce costs, increase efficiency, and improve prices from the market. The CAP is already supporting farmers in this regard.

Furthermore, a key element to stimulate trust and fairness is transparency about how costs and margins are formed and shared in the food chain. The Commission will further enhance transparency along the food chain, including through the new EU Agrifood Chain Observatory (AFCO) that will elaborate and publish indicators related to the formation of prices in the food chain to guide further action. Those instruments should also support the long-term competitiveness of SMEs in the food and drink sector, which have been particularly hit by the recent inflation.

Fairer and better targeted public support

To ensure the continuation of farming that attracts future generations of farmers across the EU, public support through the CAP remains essential to support farmers' income. CAP direct payments still play a crucial role in supporting and stabilising agricultural income at the farm level, accounting for 23% of farm income on average in 2020[62].

The future CAP, as part of the future Multiannual Financial Framework proposals, will be simpler and more targeted to support an ambitious and future-oriented EU agricultural policy. It will define a clearer balance between regulatory and incentives-based policies affecting farmers. Furthermore, the Commission recognises that the public image of the CAP has been impacted by perceptions of a lack of fairness in the distribution of payments in some territories.

As a general principle, future CAP support will therefore be more directed towards farmers who actively engage in food production, towards the economic vitality of farms, and the preservation of our environment. The approach should also consider prioritising the production of agricultural products that are essential for the EU's strategic autonomy and resilience.

[61] The recently proposed amendments to the Common Market Organisation Regulation (CMO) aim to strengthen the producers' position in the negotiation and conclusion of contracts for the supply of agricultural products, foster cooperation among farmers and improve price transmission. Similarly, the proposed new rules on cross-border enforcement in the framework of the Unfair Trading Practices Directive should help us better protect farmers against unfair trading practices.

[62] European Commission (2023), *Report from the Commission to the European Parliament and the Council: Summary of the CAP Strategic Plans 2023-2027: joint effort and collective ambition*

Small and medium-sized farmers form the social fabric of rural areas, protecting nature and livelihoods. They should have the conditions that enable them to farm without administrative overburden. Given their scale, the Commission will consider making more attractive and extending the use of simplified income support tools with a streamlined system of conditions and controls.

The support should be further directed towards those farmers who need it most, with particular attention to the farmers in areas with natural constraints, young and new farmers, and mixed farms.

Enhanced use of measures such as degressivity and capping will be considered, taking into account different structural and sectoral realities of Member States. All farmers should continue benefiting from instruments such as payments for ecosystem services that will be streamlined and simplified, as well as investment support, and crisis and risk management tools.

Building on the experience of the current CAP Strategic Plans, there is a need for further streamlining of how the CAP policy is implemented. Current complexity calls for a more strategic approach.

The future CAP for post-2027 will rely on basic policy objectives and targeted policy requirements, while giving Member States further responsibility and accountability for how they meet these objectives.

Flexibility will be extended to farmers, giving them further agency in designing farming practices that are more tailored to their farms and context. The current system of conditionality will be simplified. Farmers have responded positively to the introduction of eco-schemes, which reward them for delivering ecosystem services that go beyond mandatory requirements. The Commission will orient the future CAP away from conditions to incentives.

Leveraging the opportunities of innovation that reward

Farmers are innovators and entrepreneurs by nature. Young farmers want to be the drivers of innovation. New opportunities are emerging for complementary sources of income for farmers and also fishers from a climate-neutral and nature-positive economy.

Concrete examples are the growing organic sector and agroecological farming practices, which prove to be attractive options for younger farmers, combining economic possibilities with environmental results and social responsibility.

For others, innovation offers new and exciting opportunities. For example, bioeconomy and circularity offer a great potential for agriculture, forestry, and the entire food system, as well as for reducing our critical dependencies. The new Bioeconomy Strategy, to be presented by the end of 2025, will aim at positioning the European Union as a global leader in the rapidly expanding bioeconomy market. We must accelerate the commercialization of bio-based and circular solutions, scale up breakthrough biotechnologies, capture emerging market opportunities, and bridge investment gaps. This will be particularly beneficial for the farming community by enabling diversification of value streams, valorisation of farm residues, strengthening the role of primary producers in the value chain, and generating new jobs in the rural areas. The Commission will work with international partners, in particular through the Food and Agriculture Organisation (FAO), to identify sustainable ways of mobilising the potential of the bioeconomy for farmers not only in Europe but also worldwide.

Innovative financing tools, including private and blended public-private financing for nature, can, in addition to public support, reward farmers who maintain or transition to nature-positive practices and bring them together with companies and investors with a business interest in such practices.

Carbon farming is already emerging as an additional source of income. The Carbon Removals and Carbon Farming Regulation (CRCF)[63] has created the first EU-wide voluntary framework for

[63] Regulation 2024(EU)3012

certifying carbon removals, carbon farming, and carbon storage in products across Europe, and certification methodologies are currently being developed to reliably monitor, report, and verify carbon removals, soil emission reduction, and biodiversity benefits. These methodologies will build where possible on existing schemes that already successfully provide farmers with additional income. Once fully developed, effective ways of matching the offer and demand of these voluntary credits should be stimulated to optimise their additional income opportunities for farmers.

Important opportunities are also emerging in renewable energy production, an avenue that enhances energy security, decreases greenhouse gas emissions, and offers farmers and foresters additional income and innovation prospects. Farmers should not only be even more energy-sufficient with, for example, solar panels, windmills, and biogas production, but also be able to deliver their energy products to the market, including through energy communities.

Examples:

Digitalisation (including AI), research, and innovative AgriTech technologies have the potential to revolutionise farming and reduce on-farm costs, thus contributing to better incomes.

- E-commerce platforms, digital marketing tools, and online marketplaces can help farmers and other agri-food system actors reach a wider customer base and diversify their revenue streams.
- Precision farming and data-based solutions can increase profitability through the optimisation of inputs.
- The 100 living labs of the Horizon Europe research and innovation mission 'A Soil Deal for Europe' are an unprecedented resource to support farmers to improve their soils in the context of high inputs prices for fertilisers and water scarcity and other extreme phenomena such as floods.

Building an ambitious investment agenda

A resilient and sustainable agri-food system requires significant investment and hence bold action to finance and de-risk the sustainability transition. The farm sector is confronted with a significant financing gap estimated at EUR 62 billion (for 2022), much higher than in 2017[64]. But getting a loan from a bank, financial institutions or a private investor is hard, especially for young farmers. This is a consequence of the relatively small farm size, low or modest returns on investment, highly variable profitability and risks, unpredictable production output due to weather and climate impacts and exposure to volatile (global) commodity markets.

The CAP will continue to finance investments to foster the competitiveness, sustainability, and resilience of the farming sector. This includes the often relatively small-scale investments at the farm level as well as public and private infrastructure needed for the modernisation of the sector. Existing instruments can only reinforce each other if they are used in a smarter way in the future.

The Commission will work to efficiently use public funding and investment and leverage and de-risk private capital, working closely with institutional investors such as the European Investment Bank Group (EIBG) as well as the banking sector.

In this respect, the Commission will explore options to establish risk insurances schemes for primary producers and also explore public-private partnerships to attract investments for SMEs in agriculture and food business to step-up the agri-food chain transformation.

Fostering entrepreneurship: a new generational renewal strategy

The future of food sovereignty in Europe in 2040 rests on the shoulders of young and new farmers of today.

One of the preconditions for an increased attractiveness of the agricultural sector is to tackle the key barriers to generational renewal, in particular, access to land, investments, skills, and more.

[64] European Commission & EIB, *Financing gap in the EU agricultural and agri-food sectors, FI Compass*, 2023.

"The right to stay" can be applied to the setting up of young farmers who wish to stay and farm in their territories.

But this responsibility cannot be solely borne by the CAP. Stimulating a true generational renewal requires a whole-of-society approach and a policy mix across different areas and responsibilities, many of which lie within national and regional competencies.

The Commission will lead the work on the Generational Renewal Strategy that will be delivered in 2025, in close cooperation with the Member States, the European Parliament, and the key stakeholders. This strategy will provide recommendations for the policy response and measures needed, both at the EU and national/regional levels.

The limited availability of fertile land in a context of growing competition for its use and the consequence of climate change put the farming community, and particularly the new entrants to the sector, in a difficult situation. Land policy covers many aspects, mainly within national competencies. This work should consider land mobility and transfer conditions, as well as land take mitigation principles, building on the good examples from several Member States in land mobility schemes. Equally important is transparency in land planning and buying. Member States have the potential to develop strong levers in their national toolbox that could facilitate generational renewal, including through retirement schemes and tax incentives.

In response to the European Parliament's request, and in line with the recommendation from the Strategic Dialogue, the European Commission will work towards launching an EU Observatory on Farmland[65]. We will enhance transparency and cooperation in domains such as land transactions and transfers of land use rights, price trends and market behaviour, changes in land use, as well as loss of agricultural and natural land. The observatory will also help the Member States take informed decisions on the regulation of their farmland markets. Enhanced transparency of market developments and cooperation across the EU will make it easier to achieve the legitimate interests of agricultural policy in compliance with single market freedoms.

7.3.2. A competitive and resilient sector in the face of global challenge

In an interconnected world in which the EU is both the world's largest agri-food exporter and one of the largest importers, the way we produce, consume, and trade agricultural products has a major impact on our relations with third countries[66].

Wars and conflicts are the major drivers of food insecurity. Conversely, food insecurity can also lead to instability, and in the changing global order, food is being used as a weapon. Our trade partners resort to unilateral actions that target our key sectors, our exports still face barriers, and global supply chains are at risk of distortions. The EU's pursuit of high global standards to protect universal objectives of environmental protection, human health, animal health and welfare, plant health and food safety, is often seen as a trade irritant. At the same time, farmers in the EU are increasingly concerned by unfair global competition and a lack of reciprocity.

But these challenges will not stop the Union from continuing to strengthen ties with many willing partners, including through the Global Gateway investment strategy. Global food security and European food sovereignty will remain an integral part of the EU's overall security, competitiveness, and sustainability agenda. With high levels of hunger, acute food insecurity, and rising food prices around the world, the EU will continue to support third countries in their food sovereignty, resilience, and sustainability, ensuring access to safe, high-quality and nutritious food for all, including the most vulnerable, through humanitarian assistance and the respect of the International Humanitarian Law.

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[65] PP 08 25 01 — *EU observatory for agricultural land, control and access to farmland;* European Parliament legislative resolution of 27 November 2024 on the joint text on the draft general budget of the European Union for the financial year 2025, P10TA(2024)0050

[66] The value of EU agri-food exports amounted in 2023 to EUR 230 bn (9% of total exports) and the one of EU imports to EUR 160 bn (6% of total imports), generating a EUR 70 bn trade surplus. Source: DG Agriculture and Rural Development, *Monitoring EU agri-food trade. Developments in 2023*, March 2024

Diversifying supply chains and promoting transformative resilience

In a world marked by geopolitical and geoeconomics tensions, "dependencies are becoming vulnerabilities" in Draghi's words[67]. Today, the EU's food sovereignty depends to a large extent on imported inputs, such as fertilisers, feed, and energy, and this usually from geographically concentrated regions. Reducing these strategic dependencies and derisking supply chains is therefore crucial, while supporting a transition to a clean and increasingly resource-efficient low-carbon economy[68].

In terms of key import dependencies, the Union's protein supply is heavily reliant on high-quality imports from a limited number of origins, making our food system vulnerable to global market fluctuations and sustainability risks[69]. We need to consider both the way protein is produced and consumed in the EU. The Commission will therefore develop a comprehensive plan to address these challenges, integrating policy, research, and on-the-ground efforts to create a more self-sufficient and sustainable EU protein system, while at the same time diversifying imports.

Another important dependency is on imported raw materials and fertilisers, which are essential for food production and security. There has been an increasing concentration of imports from a few origins, particularly for urea, with about 88% of EU imports supplied by four countries[70]. Reducing these dependencies is a win-win: (1) for the European clean industrial competitiveness by supporting domestic production of fertilisers; (2) for the farmers who can count on a reliable supply and stable prices, and (3) for environment and climate through the support for the uptake of low-carbon fertilisers and recycled nutrients, such as RENURE and digestate after appropriate treatment, and their efficient use.

Looking ahead, the future enlargement of the EU will bring opportunities for the EU's resilience, with the objective of maintaining and strengthening production and export capacity in both current and future Member States, thereby strengthening the EU's strategic autonomy and weight in global agri-food trade. But there are also challenges that require careful consideration, in particular as regards the impact on the EU farmers. Preparing for and effectively addressing the challenges for EU farmers will be essential to reap the opportunities offered by enlargement, as it could facilitate a gradual integration of candidate countries in the Single Market, while they progress towards full EU membership.

Towards a fairer global competition

The Union's approach to a fairer global level playing field will consist of a two-fold action that must go hand in hand:

1. Global and bilateral cooperation

In the current geopolitical context, it is clear that it will become increasingly difficult to achieve a global consensus on farming and food standards.

However, the EU will continue working in the Team Europe approach with our partners and key international organisations to strengthen a stricter implementation of internationally agreed commitments and to increase their ambition to achieve global sustainable food systems in line with the Agenda 2030 and the Sustainable Development Goals (SDG). Priority will be given to raising global standards in international standard-setting bodies in areas critical for ensuring fair competition, particularly when it comes to plant protection products and animal welfare. The Commission will present in 2025 its line of action on deepening reciprocity to the Member States for further elaboration. Secondly, the Union will work with FAO and our international partners in driving the development of a common approach to allow a comparable and fair assessment of

[67] Draghi, M., *The future of European competitiveness*. *Part A: A competitiveness strategy for Europe*, September 2024, p.15.
[68] Spain's National Office of Foresight and Strategy, *Resilient EU 2030. A future-oriented approach to reinforce the EU's Open Strategic Autonomy and Global Leadership*, 2023
[69] DG Agriculture and Rural Development, *Protein supply and demand*, September 2024
[70] With urea imports of 38% from Egypt, 33% from Russia and Belarus, and 19% from Algeria. Source: European Commission, DG Agriculture and Rural Development, *Fertilisers market observatory*, accessed February 2025

sustainability aspects on food production globally, complementing the EU's work on benchmarking sustainability.

The EU will be more assertive in promoting and defending strategically the exports of EU products, making sure that third countries would benefit from the implementation of trade facilitation measures (e.g., prelisting), provided they also apply similar measures to the EU. We will reinforce our agri-food economic diplomacy and dedicated high-level missions.

At the bilateral level, the existing bilateral agricultural policy dialogues will be reinforced, and new Agri-food policy partnership dialogues will be established with key bilateral, regional and continental partners. In this context, strategic and comprehensive partnerships with our Southern neighbourhood and the upcoming new Pact for the Mediterranean offer important opportunities. The EU will also use bilateral Free Trade Negotiations and Agreements to their full extent. The interests of European farmers will continue to be protected. The EU will reinforce the implementation and enforcement of Trade and Sustainable Development chapters/provisions, as well as Sustainable Food Systems chapters, with more targeted and operational country specific priorities and actions, including in relation to specific sectors of activity, as appropriate. In our partnership dialogues, we will pay specific attention to the possible impact of EU regulatory policies on local agri-food systems and ensure coherence between EU internal and external policies related to agriculture, environment, climate, and health.

2. The Union framework for a competitive agri-food sector

At the same time, the Union will ensure domestically that ambitious EU standards do not lead to economic, environmental, and social leakages, and that the European agri-food sector is not put at a competitive disadvantage without corresponding reciprocity. To this end, the EU will coherently implement an SME and competitiveness check in its policies as stated in the Competitiveness Compass, consistently assessing the impact of Union regulations on EU farmers and agri-food SMEs, on trade and on risks of creating leakages, and thoroughly examining the implications of free trade agreements under negotiations for EU farmers and global sustainability.

To ensure that the EU's concerns about animal welfare and environmental protection are considered, and to uphold the EU's moral values in response to societal demand, the Commission will pursue, in line with international rules, a stronger alignment of production standards applied to imported products, notably on pesticides and animal welfare.

In that respect, the Commission will establish a principle that the most hazardous pesticides banned in the EU for health and environmental reasons are not allowed back into the EU through imported products. To advance on this, the Commission will launch in 2025 the Impact Assessment that will consider the impacts on the EU's competitive position and the international implications and, if appropriate, propose amendments to the applicable legal framework. Similarly, the Commission will also assess the issue of the export of hazardous chemicals, including pesticides, that are banned in the EU[71].

Another non-negotiable element of the Union's policy towards imports is food and feed safety, animal and plant health. The EU product standards are the highest in the world and ensure that all imported agri-food products are safe. The Commission will ensure that relevant food safety legislation is properly implemented and enforced. A dedicated task force will be established, pulling expertise and forces from the Commission and Member States, which will significantly increase the Union's response to further strengthen the control on imports, including a powerful strengthening of controls on the ground

In the area of animal welfare, the Commission will make sure that future legislative proposals apply the same standards for products produced in the EU and those imported from third countries, also addressing enforcement related issues and concerns expressed by EU citizens. The targeted review

[71] European Commission (2020), *Chemicals Strategy for Sustainability. Towards a Toxic-Free Environment, COM(2020) 667 final*

of the animal welfare legislation will be an opportunity to apply this in a WTO-compliant way and based on an impact assessment.

Where our trade partners resort to unfair competition and unilateral actions that unlawfully target our agri-food sector or that of individual Member States with the aim to divide us as a Union, the EU will use all protective tools at its disposal. The Union will develop (in 2025) an ambitious Unity Safety Net for the EU agri-food sector. In cases of economic coercion of the EU or its Member States by non-EU countries, the Union will protect the agri-food sector through all available means, including in the context of the WTO or EU autonomous instruments such as the Anti-Coercion Instrument, where appropriate.

The Commission will also work with the EIB to provide export credits that de-risk exports for Union's agri-food sector.

In this context, the reserve of 1 billion announced in the context of the EU-Mercosur agreement in the next MFF will play an important role.

In addition, the Commission will work on strengthening the competitiveness and resilience of sensitive sectors such as livestock, present a simplification package that will contribute to the competitiveness of European farmers while preserving the contribution to societal objectives, propose an extension of the country of origin labelling in line with sectoral specificities and Single Market rules, and intensify its promotion policy.

Preparedness and risk-proofing the agri-food sector

"We must be better prepared, not only to survive, but also to thrive in this new reality", states the Niinistö report[72]. This new reality has been marked by significant shocks, from the pandemic, the Russian war of aggression and market disturbances to animal/plant diseases and a volatile geopolitical situation. Moreover, extreme weather events, once relatively rare, are becoming more frequent while precipitation patterns are changing.

Farmers are at the forefront of many of these crises. The growing number of risks, threats, and uncertainties calls for an ambitious European risk and crisis management approach, which would review and strengthen the toolbox to better manage risks and crises at the EU level.

Firstly, the incentives for farmers will be reinforced to reduce their vulnerability and exposure to risks through adaptation at the farm level, as well as incentives for farmers to share risks (e.g., via producer organisations or cooperatives). A climate-resilient EU agriculture must rely on policies tailored to local, regional, and national needs, supporting agricultural practices and interventions that make agricultural local productions fit for future climate conditions.

Building on the experience of the initiatives carried out in the past years[73], additional steps are needed. The upcoming European Climate Adaptation Plan and the upcoming Water Resilience Strategy will play an important role, in particular in supporting Member States on preparedness and planning, and addressing the risks and impacts of climate change on energy, transport, and other infrastructure, water, food, and land in cities and rural areas.

The future CAP will support, in a more targeted way, measures and investments that make the agricultural sector more resilient to the changing conditions. More ambitious transformational changes will be needed in places where the current productions are not sustainable for the longer term, through, for example, new local strategies, research and innovation, including new genomic techniques to produce more climate resilient crops.

Secondly, ambitious action is needed on risk preparedness, insurance, and de-risking. In that domain, cooperation with the European Investment Bank (EIB), with banks, insurance and re-insurance companies, and with value-chain actors will be crucial. This should lead to a better

[72] Niinistö, S., *Safer together – Strengthening Europe's Civilian and Military Preparedness and Readiness*, 2024, p. 4.
[73] The EU Strategy on Adaptation to Climate Change, the Communication on Managing Climate Risks and the CAP

pooling of risks and an improvement in the availability and affordability of agricultural insurance for farmers.

Thirdly, the Commission and the Member States must ensure policy coherence between risk and crisis management tools as well as greater flexibility. Crisis management tools should encourage farmers to proactively manage risks and Member States to work towards efficient and adapted risk management strategies.

Moreover, the functioning of the agricultural reserve should be carefully assessed with a view to refocusing it to specific crises of a significant magnitude, such as major market disturbances and animal/plant health issues. Furthermore, the provision of exceptional support to farmers should be better linked to appropriate risk management and preventive measures.

As a follow-up to the Niinistö report, the EU should step up its level of preparedness on food security across the whole food chain. The activities of the European Food Security Crisis Mechanism (EFSCM) should continue, be further developed, and linked to overall EU crisis management within a whole-of-government approach. In consistency with the upcoming Preparedness Union Strategy, synergies and more coordination should be sought for preparedness. In addition, new agriculture and food specific tools could be explored related to food reserves, joint procurement, and increased transparency in times of crises. Like for other essential sectors such as health, holistic preparedness and response plans should be developed at national and regional level covering all aspects relevant to the whole food supply chain within a wider EU approach to preparedness.

Supporting the resilience of agricultural markets

The geopolitical events resulting in trade distortions, the global competition, the impacts of extreme climatic events, and the changing consumption patterns are a source of uncertainty for many commodity markets, from wine, cereals, animal products to olive oil. The Commission closely monitors all markets and rapidly acts when the market situation deteriorates.

The specific situation of the wine sector required such a response, and the Commission will advance towards the implementation in 2025 of the recommendations of the High-Level Group on Wine[74].

The EU livestock sector is particularly vulnerable to different shocks and global competition. High EU standards require EU livestock farmers to be world leaders, but their efforts are not reciprocated globally, where they compete on an uneven playing field. Such standards also come at a cost that the market does not always reward. Livestock is and will remain an essential part of EU agriculture, competitiveness, and cohesion. Sustainable livestock is crucial for the EU economy, the viability of rural areas, and the preservation of the environment and of rural landscapes. It is a sector in which innovation can thrive and bring tangible benefits.

The EU livestock sector requires a long-term vision that respects the diversity and sustainability of livestock production across Europe. Protecting this diversity means that there cannot be a 'one-size-fits-all' approach, but rather targeted, territorial solutions for the sector's competitiveness and sustainability. A powerful drive could be given by designing conducive conditions for the development of an "excellence livestock production chain". The Commission will launch a work stream on livestock to develop policy pathways that: a) provide a diagnosis of the sector's challenges, including global competition; b) propose appropriate tools to accompany the sector and, where justified, reciprocity measures; c) seek ways to address its climate/environment footprint, including ways to valorise the link between livestock production and maintenance of environment- and climate-valuable grasslands through more extensive livestock systems beneficial to the preservation of biodiversity and landscapes; d) foster investments, technological development and innovation; and e) enhance the development of sustainable production models.

[74] High-Level Group on Wine Policy, *Policy Recommendations for the Future of the EU Wine Sector*, December 2024

Reducing red tape to foster a competitive agri-food sector

Farmers should be entrepreneurs and providers, not carrying unnecessary bureaucratic or regulatory burdens. As the Draghi report stated, excessive requirements and reporting obligations impede the competitiveness of the EU economy and innovation.

The Commission will deliver an unprecedented simplification effort[75], including in agriculture. There is no place for the Union to design in such detail the on-farm practices that must be respected. Numerous requests for derogations from these obligations, often justified based on national and regional specificities, have proven that one-size-fits-all approaches are not the most appropriate tool for such a diversified sector.

Additionally, there must be better burden-sharing when it comes to the implementation of regulations and requirements between farmers and Member States, paired with a stress-test and reality-check of existing and new legislation. Equally, gold plating should be avoided, and a cumulative assessment of impacts is essential.

Positive prospects for simplification stem from new technologies. For example, earth observation satellites help reduce on-the-spot controls and reduce reporting obligations by providing real-time and actionable data at the farm level. The integration of satellite technology leads to better resource use, reduced input costs, and improved sustainability. Accordingly, continuity and evolution of EU space assets i.e., Copernicus and Galileo, will further foster simplification and competitiveness. Furthermore, data-sharing technologies could cut red tape by providing for more streamlined and automated reporting opportunities.

The Commission will propose in Q2 2025 a comprehensive Simplification package of the current agricultural legislative framework which will deliver: (1) On-farm simplification and streamlining of requirements that better recognise various situations and farming practices (such as organic farming); (2) Streamlining support for smaller and medium-sized farms by greater use of simplified payments; (3) Boosting competitiveness through improved and simplified planning and access to financial instruments available under the current MFF; (4) Giving greater flexibility to the Member States for the management of strategic plans.

In addition, the Commission will work in 2025 on delivering a cross-cutting legislative simplification package of measures that deliver meaningful simplification in other policy areas than the CAP that affect farmers, the food and feed businesses and the related administrations. It will focus on elements that will help farmers and food and feed businesses be more competitive and resilient, also in view of geopolitical shocks and global competition.

7.3.3. Future-proofing the agri-food sector that works hand in hand with nature

Like no other sector, food production is based on and inextricably linked to nature and ecosystems. The ability of farmers to produce food in the long run and be resilient depend on resilient ecosystems, maintenance of soils, the fight against pests and diseases, pollination of crops, water quality and availability, clean air, and climate conditions. The EU has the objective to be climate neutral by 2050 and fight and reverse environmental degradation. The agri-food sector has an important contribution to make towards this objective and draws benefits from this.

At the same time, the ecological transition must carefully integrate economic and implementation challenges, as well as the need for a just transition in social terms. It must also recognise specificities of farming: on the one hand, agriculture will always have a degree of impact on natural resources, with limitations in terms of mitigation compared to other sectors of the economy. Similarly, situations across regions and territories differ greatly. This naturally calls for well-tailored and targeted solutions, including nature-based solutions.

[75] European Commission (2025), *A Competitiveness Compass for the EU, COM(2025) 30 final*

Where decarbonisation and competitiveness go hand in hand

Agricultural activities can remove carbon from the atmosphere into soils and biomass; in most cases, these activities also make food production more resilient to climate-related damage, and therefore contribute to food security. As all sectors need to contribute to emissions reduction, climate action in the agri-food sector is essential to meet the broader goal of a climate-neutral and resilient EU by 2050.

The Commission expects agriculture to achieve the emissions cuts in alignment with the EU climate target for 2030. Building on this, the Commission will consider pathways for the contribution of the agricultural sector to the EU's 2040 climate target, taking into account the specificities of the sector and focusing on its competitiveness, the need to ensure food security, and to strengthen the bioeconomy, and in dialogue with the sector and the Member States. This approach will be reflected in the review of the relevant legislation regulating GHG emissions and removals from the agriculture and land use, land use change, and forestry sectors.

With effective policies that reward good practices and approaches tailored to specific needs, there is room to further decrease emissions from agriculture faster while enhancing carbon removals in the land sector, in soils and forests. For prevailing emissions from livestock, the recommendations from the livestock work stream will serve as the basis for the further development of a toolbox of tailored measures to support the sector and regions in their efforts to reduce emissions. Technological advancements, including in feeding strategies, will also contribute. Linked to this, the future CAP will assess how to best support farmers in reducing further greenhouse gas emissions from their farming and livestock activities.

The food and drink industry, as well as the retail sector, has also a crucial role to play in contributing to the 2040 climate target and the environmental protection. Clear policies and incentives should be put in place to realise the innovation potential in the food system and the bioeconomy at large and to deliver healthy, affordable, and sustainable food to EU citizens.

Incentivising sustainability

Environmental sustainability is increasingly a license to produce for farmers. The opportunities from nature and climate protection can provide a positive agenda for European agriculture. Working with nature provides resilience for farming for future generations, and it has started its incremental steps to draw in financing from the private sector, which should be further explored as a complementary source of income, in addition to public support. When it comes to carbon removals, carbon farming, and carbon storage, these approaches will become more harmonised in the EU thanks to the Carbon Removal and Carbon Farming (CRCF) certification framework. The upcoming harmonised CRCF methodologies and verification rules will bring more clarity in that regard.

However, in recent years, European farms have seen a substantial multiplication of sustainability standards, certifications, and reporting requirements set by various actors, organisations, and institutions, both public and private. These different methodologies and reporting requirements touch on a wide range of aspects related to sustainability and are resulting in a fragmented landscape, characterised by inconsistencies between standards, incomparability of initiatives, and misleading signals as to the direction to take. This creates high transaction costs and confusion for farmers and bears the risk of 'greenwashing' practices.

To address this problem, in addition to simplifying and streamlining EU requirements, the Commission will also develop and gradually phase in a voluntary benchmarking system for on-farm sustainability assessments, thus allowing simplification and benchmarking to go hand in hand. Similar benchmarking approaches could be developed together with and extended to the whole agri-food sector, including supporting consumer choices.

An example of benchmarking: On-farm Sustainability Compass

The sustainability compass should act as a one-stop-shop that streamlines reporting and reduces administrative burdens for farmers, allowing them to monitor and record sustainability data only once. Secondly, it will support farmers in gradually adopting more sustainable practices and attracting new sources of financing. It will allow them to better measure and benchmark their sustainability performance and demonstrate their provision of ecosystem services through easier data sharing. Thirdly, improved measurement and reporting can help design public policies in a proportionate way. This voluntary system for on-farm sustainability assessments will be developed based on a bottom-up, participatory, and 'customer-driven' approach.

Farming and nature

Ensuring that agriculture and nature go hand in hand requires better implementation, streamlining, and enforcement of existing legislation and using incentives and new market-based tools to promote change.

Additionally, farmers need a more advanced toolbox to be able to farm in a nature-friendly way and achieve the set objectives. This toolbox requires a well-calibrated mix of a better-targeted public support from the future CAP, investments into nature-friendly solutions, more economic incentives, tailored advice drawing on advances in research and innovation, and a more agile regulatory environment.

One such example is the EU's ambition to reduce the use of harmful pesticides. This is important both for the long-term resilience of farming, nature, and health protection. However, the introduction of alternatives in the form of biological or innovative low-risk plant protection products has not followed with the same pace as the withdrawal of active substances from the EU market. If this trend continues, it can affect the EU's ability to ensure food production. The Commission will therefore carefully consider any further ban of pesticides if alternatives are not yet available, unless the pesticide in question represents a threat to human health or to the environment that agriculture relies upon for its viability.

Equally, the Commission will, in 2025, as part of the simplification package in Q4, put forward a proposal that accelerates the access for biopesticides to the EU market. It will provide a definition of biocontrol active substances, introduce the possibility for Member States to grant provisional authorisations for plant protection products containing such biocontrol active substances while their evaluation is still ongoing, and create a fast-track procedure for their approval and authorisation.

Furthermore, the European Food Safety Authority (EFSA) will have to be reinforced with additional resources to speed up risk assessment procedures so that it can continue playing a central role in providing timely, transparent, and independent scientific advice. This will facilitate access to the EU market of innovative plant protection products while ensuring a high level of protection of consumers' health and the environment.

Healthy soil is the basis for farming, today and tomorrow. At the same time, European soils are under strain from factors including climate change, biodiversity loss, pollution, and in some cases unsustainable soil management. To address this, the Commission will incentivise and support farming practices that recover, maintain or improve soil health. Continuous support for organic farming remains essential, while other integrated approaches could be further encouraged. In this respect, putting in place independent and reliable advisory services will be critical to ensure that farmers can draw on the best knowledge profiting soil and farming.

Agriculture is heavily reliant on water, requiring a steady and safe supply to ensure the health and well-being of crops, livestock, and all forms of life. However, water is vulnerable to a number of challenges, including agriculture-related abstraction and pollution. The EU is increasingly affected

by water stress since water scarcity is further exacerbated by climate change. Adverse weather events due to climate change are a key risk to crop production, especially in Southern Europe[76]. The Commission will soon present a Water Resilience Strategy that will outline the Commission's response to the pressing need for more efficient water use, reducing water pollution, and addressing challenges related to over-abstraction of water resources.

Special attention needs to be paid to improving nutrient management at the farm level and increasing nutrient circularity. Priority should be given to addressing nutrient pollution hotspots and promoting integrated territorial approaches. A key aspect of this would be the management and control of nutrients from livestock farming to limit negative externalities, support extensification in regions with high livestock concentrations, and promote circularity, which can help reduce the use of synthetic fertilisers. The evaluation of the Nitrates Directive due at the end of 2025 will provide further evidence to inform the discussion.

7.3.4. Valuing food and fostering fair living and working conditions in vibrant rural areas

Food connects people across territories and regions. It connects farmers with consumers and links urban centres with rural dwellers. Farmers, fishers, and food production are the glue that keep rural and coastal communities strong and form the basis of further economic activity. Dynamic rural areas foster quality food production, which in turn supports their economy. Reinvigorating these connections between food and territory and revitalising rural areas will be essential for the future of farming in Europe.

Fair living and working conditions across European rural and coastal areas

Demographic challenges, ageing and depopulation trends in particular, paired with poor generational renewal, are leading to a decline in the working age population in most rural and in many coastal areas throughout the Union.

As a result of the geopolitical tensions, the EU's Eastern border regions, most affected by Russia's war of aggression against Ukraine, are rural areas of particular vulnerability and concern and need particular support. Socio-economic decline and increasing depopulation will have additional security implications here, while these mostly rural areas are of strategic importance for the EU's security.

Besides access to land and capital, the availability of better education, quality jobs and career opportunities, better mobility, basic health services, and connectivity are all preconditions for the vitality of rural areas and for attracting a new workforce in the food sector. Food and feed production in the EU is also dependent on farm workers, which are frequently coming from other EU Member States or from third countries, and too often work under precarious conditions. This needs to be, more than before, proactively addressed and considered in public policies. Linked to this, social dialogue and collective bargaining have an important role to play, in line with national law and traditions.

Farming is a rewarding but also a demanding profession, often characterised by a lack of work-life balance, and frequent isolation and loneliness, which many times affect mental health. Suicide rates among farmers are 20% higher than the national average in certain Member States[77]. The Farm Advisory Services under the CAP can be instrumental in raising awareness on mental health and accidents at work through specific advice to farmers. For example, the Irish Teagasc has been actively supporting farmers' mental health and raising awareness through its numerous activities[78].

Alongside the CAP, a number of other policies, including Cohesion policy, have a significant impact on rural areas and contribute to social, economic, and territorial cohesion in Europe. The

[76] European Environmental Agency, *European Climate Risk Assessment*, 2024
[77] European Commission (2023), *Communication on a comprehensive approach to mental health, COM(2023) 298 final*
[78] Teagasc & Mental Health Ireland, *Sowing Seeds of Support: Positive Mental Health Guidance for the Farming Community*, 2024

contribution of Cohesion Policy to the economic diversification and the provision of infrastructure and associated services can play a greater role to help rural areas to remain attractive places to live for farmers, their families, and other rural inhabitants, as well as stimulate tourism. Agritourism, in particular, can provide farmers with a complementary income.

Synergies and complementarities must be further enhanced to ensure effective support and tangible impact in rural areas. A closer coordination of funding instruments with sectoral policies can contribute to the development of rural areas through integrated planning and implementation efforts.

In 2025, the Commission will launch an updated EU Rural Action Plan that will be consolidated with projects, initiatives, and actions from numerous policies of the EU to respond to the new European policy priorities post-2027. The rural proofing principle, including territorial impact assessments, will be further operationalised and sufficiently resourced at the EU level. Moreover, the Rural Pact[79], launched in 2021 to provide a framework for cooperation with stakeholders, will be further strengthened as the instrument for dialogue and engagement of civil society and rural communities, both in supporting implementation and policy discussions. The Commission will also take further action to address the targeted spread of disinformation in rural areas.

Furthermore, the circular economy contains significant potential for the economy of rural areas, in particular through the bioeconomy. In the long-term Vision for rural areas[80], the Commission estimated that the further development of the bioeconomy will lead to the creation of 400,000 new highly skilled jobs by 2035 and up to 700,000 by 2050, mostly in rural areas.

Participatory local development tools, like LEADER/community-led local development and other forms of cooperation like Smart villages, which proved their efficiency, will be further strengthened. The concept of functional rural areas will be further developed in view of addressing the gap in the availability and affordability of services for rural citizens, in line with the Commission's commitment to address the need for an effective 'right to stay' for all European citizens. This concerns all rural areas, with relevance for remote areas and those that do not have immediate access to services offered by towns and cities. Here, small and medium-sized towns have an important role in providing access to services and infrastructure.

Outermost regions have specificities that require specific and targeted support. The Commission confirms the importance of the POSEI scheme to support farmers in the outermost regions. The results of the ongoing evaluation will feed into the reflection on how to ensure that POSEI can guarantee the long-term future of the agricultural sector in the outermost regions, further contributing to their food security and sovereignty, competitiveness, and resilience.

To attract more women to farming and to allow for the exchange of experience, the Commission will establish a Women in Farming platform that will strengthen women's engagement and equal opportunities in the farming sector, thanks to the actions brought about by the Platform members. It will also serve as a forum to discuss and exchange good practices.

Valuing food: re-establishing the essential link between farming, territory and food and harnessing the power of innovation

Over the past decades, consumers' relationship with food has evolved. Food is more processed, eating habits are changing, and supply chains have gotten longer and more complex. At the same time, food affordability remains a major concern, especially for low-income households. While the link between farming, food, and territory has weakened, changing societal expectations with regard to food hold opportunities for the sector. Therefore, going back to the "roots" and re-establishing the link between food, territory, seasonality, cultures, and local traditions is very important.

[79] Rural Pact Community Platform

[80] European Commission (2021), *A long-term Vision for the EU's Rural Areas - Towards stronger, connected, resilient and prosperous rural areas by 2040*. COM(2021) 345 final

Consumers have an important role to play in the transition. Farmers and fishers face pressure to improve their environmental performance, while markets fail to reward the progress already made and to incentivise further sustainability practices.

To make informed choices, consumers need access to trustworthy information. The Commission will continue to enforce EU consumer protection laws to prevent unfair commercial practices. Clearing out misleading environmental claims and unreliable sustainability labels is a prerequisite for equipping consumers with the information they need to make sustainable choices.

Food is a crucial part of any discussion on the future of agriculture and food production in Europe. But it is also sensitive, as experience shows, where social and cultural traditions come into play. This chapter identifies areas where Union action can bring added value, without encroaching on the national and regional competences in health policy and the freedom to choose.

Local authorities are often well placed to lead engagement on how to shape favourable food environments through community-led initiatives, including food councils that foster dialogue on how to enhance the affordability and availability of healthy, high-quality food. The Commission will promote such initiatives at the national and regional/local level and facilitate further exchange of good practices across Member States. One aspect where the Union can help is to bring this dialogue and interaction to the EU level.

Therefore, the Commission will hold a Food Dialogue every year with the food system's actors, including consumers, primary producers, industry, retailers, public authorities, and civil society. This dialogue would be the forum to address pressing issues such as food reformulation, collection of data on dietary intake, and food affordability, just to name a few. To support this dialogue, the Commission will launch a study on the impact of the consumption of the so-called "ultra-processed foods".

In this context, the Food Dialogue should also aim to promote the exchange of best practices and monitor the way food poverty is addressed in Member States by the use of EU and national instruments, including social policies, school schemes, and food stamps for the most vulnerable households.

Additionally, the Commission will come forward with a legal proposal to strengthen the role of public procurement. Public procurement should pursue a "best value" approach to reward quality and sustainability efforts made by European farmers, food industry, and services, and should provide opportunities for small and medium-sized enterprises (SMEs) to participate in such activities. This can provide the right incentives to promote the consumption of local, seasonal products and food produced with high environmental and social standards, including organic products and food originating from shorter supply chains. Linked to this, the development of short food supply chains remains of strategic importance to ensure fairer prices for farmers, fishers, and improved access to fresh and seasonal products for consumers.

Furthermore, the Commission will propose a targeted review of a successful EU school scheme to strengthen its education dimension, adapted to the local and regional needs and traditions. The EU promotion policy will remain a strategic policy tool to be used to enhance consumer awareness about EU agricultural and fishery and aquaculture products and quality schemes, including the EU organic farming label. Linked to this, the Commission will continue working to promote further uptake of geographical indications (GIs) which are a powerful tool for European producers in valorising their food and drink products, preserving food heritage across Member States and creating growth and jobs in the rural areas where they are located.

The contribution of the food industry is essential to develop business models that strengthen every part of the value chain and also look at the wellbeing of farmers, fishers, sector workers, and consumers. In this respect, a comprehensive approach is needed to encourage investments in the competitiveness, innovation, resilience, and sustainability in food processing, distribution, and sale to address current gaps and challenges. The Commission will also continue supporting the uptake and results generated by the implementation of the EU Code of Conduct on Responsible

Food Business and Marketing Practices, and evaluate whether further action is needed if the achievements generated by the Code of Conduct do not meet the expected ambition. Business support organisations should be mobilised to better support food processing SMEs and create virtual innovation hubs.

In this respect, SME networking can be facilitated by the European Cluster Collaboration Platform, as well as by the upcoming agri-food Transition Pathway Platform. This Platform will also facilitate the overall implementation of the Code of Conduct and the transition pathway for the agri-food industrial ecosystem.

As diverse and balanced nutrition can positively impact people's well-being and health, it is important to advance with Member States the work on monitoring the effects of certain advertising and marketing practices of food. In particular, the impact on the health and well-being of the most vulnerable groups of consumers, such as children, should be investigated.

Innovative technologies have emerged, including in the field of food technology, biotechnology, and biomanufacturing. Keeping Europe's innovation edge in such new technologies is paramount for the sector to remain competitive and for the EU to remain a world leader in food innovation. At the same time, certain food innovation is sometimes seen as a threat to the traditions and culture across Europe. This calls for an enhanced dialogue on this matter and better knowledge, to make sure that these innovations can be assessed in an inclusive way that also considers social, ethical, economic, environmental, and cultural aspects of food innovation.

Finally, new societal expectations regarding food are shaping consumer behaviour, in particular when it comes to animal welfare and product origin. If well supported, this can present new opportunities for farmers. To address this, the Commission will closely exchange with farmers, the food chain, and civil society, and on that basis present proposals on the revision of the existing animal welfare legislation, including its commitment to phase out cages. This revision will be based on the latest scientific evidence and take into account the socio-economic impact on farmers and the agri-food chain, providing support and appropriate, species-specific transition periods and pathways. Linked to this, the Commission will consider targeted labelling in relation to animal welfare to address societal expectations.

At the same time, continuing efforts to reduce food loss and food waste are a key priority for the years to come. Reducing and valuing food losses and food waste will not only benefit EU citizens, farmers, and all other actors across the food supply chain but will also increase the sustainability of the EU food system, contributing to more efficient resource use and food security.

7.4. Creating an enabling environment: putting research, innovation, knowledge and skills at the heart of Europe's agri-food economy

Digitalisation as a driver to further advance the transition

The digital transition moves at unprecedented speed and can contribute to quickly improving farm economic performance, resilience, and sustainability. Advanced digital technologies, including artificial intelligence, in combination with data from Internet of Things (IoT) and other sources, can significantly enhance operations and drive innovation and revolutionise the way we produce food, taking care of the environment, climate, and people. Nonetheless, the adoption of digital tools lags behind in agriculture and other parts of the food system. Perceived high costs, lack of digital skills and trust, absence of tailored solutions, and connectivity issues are among the main reasons why farmers are not fully tapping into the digitalisation wave.

The priority will be to ensure connectivity in rural areas, particularly in remote areas, while also taking advantage of the opportunities provided by alternative connectivity solutions and edge computing. Investing in the enabling environment, such as lifelong training in digital skills and advice, is also crucial, as well as encouraging testing and adoption, also collectively (e.g., via cooperatives). Digital systems need to be further integrated and harmonised, both for the collection

of data by farmers, other food system actors, and Member States' systems. The Commission will pursue a 'collect once, use multiple times' principle, reducing the reporting burden for farmers under consideration of existing and already evolving EU-level initiatives, like the Common European Agricultural Data Space.

To deliver on these challenges, the Commission will launch an EU digital strategy for agriculture to enable the transition to a digital-ready and future-oriented farming and food sector, while avoiding possible pitfalls[81].

Knowledge, Research & Innovation as catalysts of change

New knowledge and innovations must reach farmers and other food system actors more quickly and on a wider scale, with concrete on-farm and on-site applicability of innovative solutions. And we are not starting from zero. The Horizon Europe Mission Soil supports farmers in their transition to sustainable soil practices through a combination of R&I and on-site testing and experimentation, which should be continued to achieve healthy soils in the EU by 2050.

The innovation is advancing and should be embraced. For example, testing regulatory initiatives, new technologies, or business models in sandboxes (e.g., for digital tools in agriculture) before rolling them out, and innovation procurement will help to remove barriers for more innovation ready to be used by farmers.

To deliver results tailored to farmers' needs, the co-creation of knowledge and innovation in local experimentation sites on-farm with farmers, scientists, innovators, and business, e.g., in living laboratories, should be scaled up.

Developing a new EU strategic approach to R&I to improve the competitiveness of agriculture, forestry and rural areas will be paramount to target investments efficiently, align future priorities with scientific developments and grasp new opportunities.

In this endeavour, further strengthening existing public-public and public-private R&I partnerships and considering new ones will be key to pool resources, talents, and research infrastructures. In this respect, a strengthened cooperation with the Standing Committee on Agricultural Research (SCAR) is key. On the global stage, reinforcing international partnerships and cooperation with international organisations like FAO, WOAH, CGIAR, and OECD will help deliver on innovative solutions to the global challenges and the 2030 Agenda for Sustainable Development.

Plant breeding innovations, including the use of biotechnological tools such as new genomic techniques (NGTs), are key to accelerating the development of climate-change resilient, resource-saving, nutritious, and high-yielding varieties, and thereby contribute to the EU's food security and food sovereignty. NGTs can also yield microorganisms with a positive impact on agricultural production, e.g., by reducing the need for synthetic fertilisers.

To reap the benefits of these innovations, an enabling regulatory framework in the EU is needed. This also ensures a level-playing field with an increasing number of third countries, which are in the process of adapting their legislation or have done so already. It is therefore particularly important to complete the legislative procedure for the Commission's NGT proposal and to implement the legislation quickly. The Commission is committed to working in close cooperation with the Council and the European Parliament to find a forward-looking compromise in the near future.

Strengthen knowledge and innovation systems in agriculture and support for advice

New knowledge and innovations stemming from the EU R&I programmes must be widely accessible and used in practice. The Member States need to put substantial efforts into strengthening Agricultural Knowledge and Innovation Systems (AKIS) and match resources with

[81] Barabanova, Y. i Krzysztofowicz, M., *Digital Transition: Long-term Implications for EU Farmers and Rural Communities*, Publication Office of the European Union, Luxembourg, 2023, *doi:10.2760/286916, JRC134571*

the broader range of needs faced by the sector, in particular to better support farmers in their transition to sustainability. To this end, the CAP will continue to provide strong support to implement AKIS strategies with the AGRI European Innovation Partnership (EIP) as a cornerstone. It will also promote further actions to strengthen the role of independent and competent advisors and develop attractive training offers that respond to the needs of farmers throughout their professional life and are particularly suited to the evolving skills demand of the new generation of farmers and their career prospects.

Addressing skills shortages and mismatches in the farming sector through anticipation and dedicated investment in high-quality training and advice will be key to attract a new generation of talented farm entrepreneurs, and build a competitive, sustainable, and resilient agriculture and food system. The forthcoming Union of Skills will provide a new momentum to drive a more strategic approach to inclusive lifelong learning and skills development in agriculture and make the most of the tools at disposal to reposition farming as an attractive and rewarding career choice.

7.5. Conclusion

This Communication presents the Commission's reflection on the future of agriculture and food in Europe. The European agri-food sector has many strengths and is a leader when it comes to health, safety, quality, sustainability, and innovation in food production. We must build on these strengths. But in the current geopolitical context, the Union must sharpen its response to the challenges farmers, fishers, other rural actors, and the agri-food sector are facing and prepare for the future with a more assertive policy response in favour of our strategic autonomy and food sovereignty, while pursuing its objectives of nature protection and decarbonisation. This policy response is united around a common vision that will frame the work of the Commission for this entire mandate across all policy areas that have an impact on agriculture and food.

The delivery of this vision cannot rely on the EU level alone. It requires that new generations of farmers, agri-food operators, informed consumers, and rural communities take up the mantle from the current generation as entrepreneurs, custodians of the countryside, and agents of change. It requires a strengthened dialogue at all levels of governance, with EU institutions, national, regional, and local authorities, and with our international partners.

That is why this Communication launches this dialogue to enrich the Commission's reflections on the way forward around the four priority areas and their enablers. Many of the topics contained therein are sensitive and do not often find consensus easily in society, particularly aspects related to food, livestock, and the future of the CAP. This is why further strands of work are launched to elaborate on these key issues and find solutions in close engagement with relevant stakeholders and policy makers. Experience shows that one-size-fits-all solutions cannot be applied to such a diverse sector, and the Strategic Dialogue has rather called for territorial and tailored responses.

The Commission invites the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions, the social partners, and all stakeholders to actively contribute to the development and delivery of the initiatives in this Communication.

8. ANNEXES

8.1. Situation in agriculture

Annex 1.1: Holdings according to the size of UAA in Serbia; 2023

	Total (all holdings)			
	Area (ha)	**Structure (%)**	**Number of holdings**	**Structure (%)**
No land	0	0.0	5,279	1.0
> 0-≤ 1 ha	63,501	2.0	103,827	20.4
> 1-≤ 2 ha	133,546	4.1	90,069	17.7
>2-≤5 ha	493,945	15.2	149,152	29.3
>5-≤10 ha	629,384	19.4	89,838	17.7
>10-≤20 ha	620,254	19.1	44,753	8.8
>20-≤30 ha	341,590	10.5	14,321	2.8
>30-≤50 ha	247,008	7.6	6,567	1.3
>50-≤100 ha	205,270	6.3	3,046	0.6
>100 ha	504,876	15.6	1,473	0.3
Total				

Source: SORS, Agriculture Census 2023

Annex 1.2: Gross agricultural production indexes in Serbia, 2015-2024 (previous year=100)

	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
AGRICULTURAL PRODUCTION - TOTAL – gross[1)]	**92.8**	**111.6**	**84.5**	**116.1**	**101.5**	**102.9**	**92.5**	**91.7**	**108.5**	**92.4**
AGRICULTURAL PRODUCTION - TOTAL – net[1)]	**92.0**	**109.0**	**88.1**	**114.3**	**98.8**	**102.0**	**94.4**	**91.9**	**108.7**	**91.6**
Plant production (1+2+3)[1)]	**87.3**	**119.5**	**76.5**	**125.5**	**101.9**	**104.6**	**89.9**	**88.7**	**115.5**	**87.9**
1. Crop and vegetable production (a+b+c+d)	83.4	124.7	71.9	130.8	101.5	104.4	89.8	83.3	127.1	85.7
a) Cereals	77.3	129.1	61.6	156.7	99.1	109.5	89.8	78.5	135.4	80.3
Wheat	101.7	118.8	78.9	129.3	86.2	113.4	119.8	90.3	110.9	84.1
Maize	68.6	135.2	54.5	173.3	105.5	107.2	76.6	71.1	154.8	77.0
b) Industrial plants	79.6	129.0	86.6	132.4	100.2	96.3	85.8	89.2	129.5	76.4
Sugar beet	62.2	122.9	93.7	92.5	99.1	87.5	101.5	81.4	122.4	94.2
Sunflower	85.8	142.1	87.0	135.7	99.4	87.3	95.4	105.9	106.7	90.7
c) Vegetables	113.2	109.5	90.9	77.6	106.1	95.8	107.8	95.9	95.3	119.4
Vegetables without potatoes	116.4	108.4	95.1	75.2	87.0	96.6	118.3	101.9	84.5	134.1
Potatoes	108.0	111.7	82.5	82.8	143.9	94.7	92.2	85.3	114.5	101.6
d) Fodder plants	85.0	124.2	73.2	126.8	117.4	107.2	67.5	81.0	149.0	71.5
2. Fruit production[1)]	105.0	102.2	94.7	109.3	102.9	106.0	89.6	109.3	80.6	98.7
3. Viticulture	139.3	85.5	113.5	90.4	109.3	98.0	97.1	104.3	80.9	98.6

Livestock production (1+2+3+4+5)	**103.5**	**98.3**	**101.5**	**101.3**	**100.9**	**99.7**	**98.6**	**98.7**	**95.1**	**101.4**
1. Beef cattle breeding	100.5	99.3	100.3	99.4	101.2	98.9	98.7	95.9	94.2	97.0
Weight gain	99.9	98.5	100.6	99.5	102.0	98.4	98.4	94.5	94.6	91.8
Cow's milk	100.9	99.8	100.0	99.3	100.7	99.3	98.9	96.8	94.0	100.1
2. Pig breeding	103.8	104.5	100.7	98.6	102.5	100.8	96.2	97.2	94.2	103.6
3. Sheep breeding	102.8	89.1	107.4	103.3	95.2	100.3	101.3	101.7	96.4	100.0
Weight gain	103.1	88.9	109.7	101.7	98.2	101.3	101.0	102.6	95.7	100.5
Sheep's milk	99.7	87.6	82.2	127.3	62.2	84.3	107.6	84.5	124.8	82.3
4. Poultry breeding	102.6	95.1	102.1	106.5	103.8	99.9	101.3	98.8	101.0	106.6
Weight gain	96.1	101.4	110.2	110.9	108.7	103.4	102.2	101.9	107.7	109.1
Eggs	108.9	89.9	94.9	102.1	98.8	96.1	100.3	95.4	93.0	103.5
5. Beekeeping - honey	279.8	47.0	121.7	162.9	66.5	90.0	108.8	191.3	79.7	126.3

[1)] Due to the revision of data on fruit production, the value of indexes for the series for 2013-2016 changed on the following positions: fruit production, plant production, agricultural production - total net and agricultural production - total gross.

Source: SORS

Annex 1.3: Agricultural land in Serbia, by categories of utilisation (000 ha); 2015-2024

	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Index 2024/23**	**Index 2024/ Ø19-23**
Utilised agricultural area, total[1)]	**3,480**	**3,456**	**3,438**	**3,487**	**3,482**	**3,504**	**3,506**	**3,488**	**3,396**	**3,337**	**98.25**	**96.02**
Arable land	2,591	2,597	2,595	2,583	2,579	2,604	2,615	2,600	2,603	2,541	97.59	97.71
of which fallow land and uncultivated land	18	17	15	9	9	9	8	7	8	9	105.68	105.89
Area under permanent crops[1)]	200	204	208	204	206	207	204	206	214	212	99.05	102.03
of which orchards[1)]	176	180	184	183	184	185	182	184	193	192	99.24	103.20
vineyards	22	22	22	20	21	20	20	20	18	18	96.57	89.18
Permanent grassland	670	634	616	676	675	671	666	662	556	561	100.89	86.89
of which meadows	369	343	322	351	346	340	333	330	318	320	100.66	96.08
pastures	321	311	295	325	329	331	333	331	238	241	101.20	77.14

[1)] Due to revision of data on fruit production, the areas for the series for 2013-2016 changed on the following positions: orchards, permanent crops and utilised agricultural area.

Source: SORS

Annex 1.4: Utilised agricultural area by categories (ha); 2015-2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Index 2024/23	Index 2024/ Ø19-23
UAA, total[1)]	**3,480,374**	**3,455,998**	**3,438,130**	**3,486,908**	**3,481,567**	**3,504,290**	**3,506,075**	**3,488,752**	**3,396,315**	**3,336,785**	**98.25**	**96.01**
Arable land	2,590,985	2,597,808	2,594,980	2,582,909	2,578,898	2,604,295	2,615,194	2,600,681	2,603,443	2,540,763	97.59	97.70
Cereals	1,782,010	1,763,575	1,718,034	1,712,988	1,698,993	1,740,456	1,770,188	1,724,728	1,766,058	1,678,906	95.07	96.48
Legumes	9,362	9,788	10,582	7,827	7,733	7,235	6,731	7,035	5,674	5,074	89.43	73.73
Potatoes, early and late	41,658	40,105	38,472	28,232	34,110	29,676	26,388	24,870	23,145	22,483	97.14	81.35
Sugar beet	42,683	50,071	54,183	48,125	42,539	37,418	39,411	34,728	41,673	46,839	112.40	119.63
Industrial plants	376,812	408,867	449,147	490,126	489,369	491,776	482,616	525,443	498,114	511,181	102.62	102.76
Vegetables, melons and strawberries	66,935	68,183	66,488	50,294	47,832	48,097	47,746	47,986	47,657	46,354	97.27	96.85
Flowers	445	472	1,057	440	469	508	662	770	712	680	95.51	108.94
Fodder plants	250,359	236,684	240,088	230,484	243,480	234,842	228,495	222,650	208,122	216,234	103.90	95.04
Other crops on arable lands	2,252	2,831	2,249	4,732	5,407	5,746	5,029	5,203	4,019	4,272	106.30	84.08
Fallow land	17,969	16,624	14,680	9,143	8,966	8,541	7,929	7,267	8,270	8,740	105.68	106.66
Permanent grassland	669,707	633,925	616,434	676,363	675,314	671,774	665,984	661,578	556,446	561,401	100.89	86.87
Meadows	368,738	342,926	321,812	351,653	346,196	340,417	332,856	330,095	318,283	320,385	100.66	96.05
Pastures	320,837	311,211	294,622	324,710	329,118	331,357	333,128	331,483	238,163	241,016	101.20	77.09
Permanent crops[1)]	199,814	204,053	207,592	203,849	206,228	207,503	204,470	206,611	213,557	211,529	99.05	101.86
Orchards[1)]	175,917	180,173	183,609	183,460	183,611	185,418	182,084	184,265	192,999	191,531	99.24	103.15
Vineyards	22,150	22,150	22,150	20,333	20,501	19,840	20,113	19,973	18,349	17,719	96.57	89.69
Nurseries	1,182	1,112	1,246	1,336	1,363	1,532	1,578	1,642	1,519	1,576	103.75	103.22
Other permanent crops	565	618	587	719	753	713	695	731	690	703	101.88	98.13

[1)] Due to revision of data on fruit production, the areas for the series for 2013-2016 changed on the following positions: orchards, permanent crops and utilised agricultural area.

Source: SORS

Annex 1.5: Structure of harvested areas in Serbia (%); 2015-2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Harvested area	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Cereals	69.3	68.5	66.5	66.6	65.9	66.8	67.7	66.3	67.8	66.4
Maize	39.8	39.4	39.0	35.1	37.3	38.2	39.0	36.6	35.4	39.0
Wheat	23.3	23.2	21.6	25.0	22.4	22.3	22.9	24.3	26.2	21.7
Other cereals	6.3	6.0	5.9	6.5	6.2	6.3	5.8	5.4	6.2	5.6
Sugar beet	1.7	1.9	2.1	1.9	1.6	1.4	1.5	1.3	1.6	1.9
Oilseeds	14.3	15.5	17.1	18.8	18.6	18.6	18.1	19.5	19.1	19.9
Sunflower	6.5	7.8	8.5	9.3	8.5	8.5	8.1	9.7	9.4	9.8
Soya beans	7.3	7.1	7.8	7.6	8.9	9.1	9.1	9.0	8.2	8.7
Potatoes	1.7	1.6	1.5	1.1	1.3	1.1	1.0	1.0	0.9	0.9
Fresh vegetables and beans	3.0	2.9	3.1	2.3	2.1	2.3	2.3	3.1	2.3	2.3
Fodder plants	9.9	9.2	9.3	9.0	9.4	9.0	8.7	8.6	8.0	8.5
Other	0.1	0.4	0.4	0.4	1.1	0.8	0.7	0.2	0.3	0.2

Source: SORS

Annex 1.6: Areas under the main crops in Serbia (000 ha); 2015-2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Index 2024/23	Index 2024/ Ø19-23
Cereals	1,759	1,759	1,710	1,713	1,699	1,740	1,770	1,724	1,766	1,679	95.07	96.50
Wheat	590	595	556	643	577	581	599	631	682	549	80.47	89.41
Maize	1,010	1,010	1,002	902	962	996	1,020	952	923	987	106.99	101.74
Other cereals	159	154	152	168	160	163	151	141	161	142	88.53	91.76
Sugar beet	42	49	54	48	43	37	39	35	42	47	112.40	119.69
Oilseeds	364	396	441	482	480	484	474	516	490	504	102.78	103.10
Sunflower	166	200	219	239	219	221	213	251	241	249	103.36	108.61
Soya beans	185	182	202	196	229	237	237	235	211	219	103.82	95.33
Rapeseed	12	13	19	46	31	25	23	29	38	35	93.12	121.22
Other crops for oil production	1	1	1	1	1	1	1	1	1	1	114.29	95.04
Tobacco – dry leaves	5	5	5	6	7	7	6	5	5	4	85.31	69.00
Potatoes	42	40	38	28	34	30	26	25	23	22	97.14	81.37
Fresh vegetables and beans	81	82	86	65	62	61	61	62	59	57	96.25	93.70
Fruit	174	179	183	183	188	185	182	184	200	199	99.28	105.73
of which berries	27	32	36	38	38	39	36	36	41	40	96.93	104.74
Grapes	21	21	21	21	21	20	20	20	18	18	96.57	89.18
Fodder plants	250	237	240	230	243	235	228	223	208	216	103.96	95.09

Source: SORS

Annex 1.7: Yields of main crops in Serbia (t/ha); 2015-2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Index 2024/23	Index 2024/ Ø19-23
Cereals (t/ha)												
Wheat	4.1	4.9	4.1	4.6	4.4	4.9	5.7	5.0	5.1	5.3	104.51	105.43
Maize	5.4	7.3	4.0	7.7	7.6	7.9	5.9	4.5	7.2	5.2	71.99	78.16
Sugar beet	51.8	54.5	46.7	48.3	54.2	53.9	52.0	48.0	49.0	41.1	83.78	79.84
Oilseeds												
Sunflower	2.6	3.1	2.5	3.1	3.3	2.9	2.9	2.6	2.9	2.5	87.13	85.41
Soya beans	2.5	3.2	2.3	3.3	3.1	3.2	2.3	1.7	2.8	1.6	55.69	60.22
Rapeseed	2.7	2.9	2.5	2.9	2.7	3.0	3.2	3.0	3.5	2.8	78.42	89.47
Tobacco – dry leaves	1.8	1.5	1.4	1.2	1.1	1.3	1.7	1.3	1.5	1.7	111.02	122.75
Potatoes	15.4	17.8	15.3	17.3	20.6	22.4	23.3	21.1	25.9	27.1	104.55	119.51
Fresh vegetables and beans												
Tomatoes	16.6	15.9	15.6	15.3	14.2	14.1	17.8	19.0	14.6	23.5	160.54	147.36
Peppers (fresh)	11.1	13.4	11.4	11.2	11.7	10.7	14.4	14.1	12.0	20.1	167.16	159.90
Beans[1)]	1.0	1.1	1.0	1.2	1.0	1.1	1.1	1.0	1.1	1.2	105.81	111.23
Fruit – woody (t/ha)												
Apples[2)]	17.5	16.1	15.1	17.8	19.1	18.6	19.0	17.8	13.9	14.4	104.27	81.74
Sour cherries[2)]	6.6	5.8	5.2	6.8	5.1	8.5	7.9	8.2	7.4	6.9	93.20	92.80
Plums[2)]	4.8	6.4	4.6	6.0	7.7	8.0	5.7	6.8	4.9	5.2	107.24	79.02
Berries (t/ha)												
Raspberries[2)]	6.0	5.6	5.0	5.6	5.2	4.9	5.3	5.9	5.2	5.0	97.28	95.28
Strawberries	5.1	4.0	4.3	3.2	3.0	4.5	3.3	4.7	3.3	4.1	125.22	109.32
Grapes-total (t/ha)	8.1	6.9	7.8	7.0	8.0	8.0	7.4	8.1	7.2	7.3	102.15	94.68
Fodder (t/ha)												
Clover	2.9	4.0	3.0	4.0	5.0	5.0	3.9	3.1	4.0	3.1	76.80	73.14
Alfalfa	4.4	5.7	4.0	5.0	6.0	6.0	5.1	4.1	6.0	4.4	73.13	80.66
Fodder maize	17.3	21.3	16.0	20.0	20.0	21.0	15.8	15.0	20.0	16.1	80.44	87.63

Crop yield is expressed as barn yield with regular humidity, after deduction of all losses during harvesting (picking), transport, threshing.
Yield per area unit (per ha) is calculated on harvested area.
[1)] Bean yields per ha is expressed for pure crops.
[2)] Due to revision of data on fruit production, the data on fruit yield or the series for 2013-2016 changed on the following positions: apples, sour cherries, plums, raspberries.

Source: SORS

Annex 1.8: Production of the main crops in Serbia (000 t); 2015-2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Index 2024/23	Index 2024/ Ø19-23
Cereals	8,437	10,869	6,793	10,527	10,437	11,446	10,236	8,012	10,809	8,699	80.48	85.39
Wheat	2,428	2,885	2,276	2,941	2,535	2,873	3,442	3,109	3,449	2,900	84.09	94.11
Maize	5,455	7,377	4,018	6,964	7,345	7,872	6,027	4,283	6,631	5,107	77.02	79.40
Other cereals	554	607	499	622	557	701	767	620	730	692	94.85	102.54
Sugar beet	2,183	2,684	2513	2325	2305	2018	2048	1667	2041	1923	94.23	95.39
Oilseeds	924	1,238	1,052	1,517	1,516	1,465	1,222	1,131	1,421	1,068	75.16	79.05
Sunflower	437	621	541	734	729	637	608	644	686	623	90.71	94.20
Soya beans	454	576	461	646	701	752	540	399	600	347	57.81	57.96
Rapeseed	33	39	49	135	84	74	73	87	134	98	73.03	108.11
Other crops for oil production	1	2	1	2	2	2	1	1	1	1	92.13	58.56
Tobacco – dry leaves	9	8	7	7	8	9	10	6	7	7	94.70	86.70
Potatoes	639	714	589	488	702	665	614	523	600	609	101.56	98.10
Fresh vegetables and beans[1)]	1,095	1,146	1,100	836	747	726	805	1,182	713	863	121.11	103.41
Fruit[2)]	1,307	1,359	1,205	1,406	1,542	1,619	1,436	1,513	1,264	1,252	99.05	84.89
of which berries[2)]	157	169	174	189	177	185	183	202	208	193	93.00	101.13
Grapes (total)	171	146	166	150	164	160	156	162	132	130	98.64	83.86
Fodder plants	1,402	1,679	1,224	1,498	1,824	1,882	1,425	1,175	1,486	1,213	81.63	77.84

[1)] Beans growing is presented jointly for pure crops and cover crops. Cabbage and kale growing is presented jointly for the main and double crops.
[2)] Due to revision of data on fruit growing, the data on production of the series for 2013-2016 changed on the following positions: fruit, of which berries.

Source: SORS

Annex 1.9: Head of cattle[1)] and number of beehives in Serbia (000); 2015-2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Index 2024/23	Index 2024/ Ø19-23
Beef cattle (total)	916	893	899	878	898	886	860	800	725	699	96.41	83.83
of which cows	455	438	436	434	434	429	419	384	353	320	90.65	79.25
of which dairy cows	430	426	429	423	423	417	408	374	336	309	91.96	78.91
Pigs (total)	3,284	3,021	2,911	2,782	2,903	2,983	2,868	2,667	2,141	2,349	109.72	86.60
of which sows	354	356	350	343	350	346	331	301	250	266	106.40	84.28
Sheep	1,789	1,665	1,704	1,712	1,642	1,685	1,695	1,721	1,717	1,759	102.45	103.96
of which breeding ewes	1,287	1,231	1,287	1,264	1,197	1,178	1,186	1,211	1,210	1,239	102.40	103.56
Goats	203	200	183	196	191	202	195	192	147	119	80.95	64.19
Poultry (total)	17,450	16,242	16,338	16,232	15,780	15,249	15,348	14,817	14,278	14,774	103.47	97.88
of which laying hens	11,538	9,138	8,973	8,988	8,525	8,207	8,292	7,902	7,490	7,606	101.55	94.10
Beehives	792	792	849	914	977	980	976	977	1,103	1,172	106.26	116.90

[1)] Situation as at 1st December. The number of beehives refers to the hives from which honey was extracted.

Source: SORS

Annex 1.10: Livestock production in Serbia; 2015-2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Index 2024/23	Index 2024/ Ø19-23
Total production (weight gain/live weight) (000 t)												
Beef cattle	156	152	153	152	155	153	150	142	134	125	93.28	85.15
Pigs	415	434	437	431	441	445	428	416	392	406	103.57	95.66
Poultry	116	117	129	143	156	161	165	168	181	197	108.84	118.53
Sheep	65	58	63	64	63	64	65	66	64	64	100.00	99.38
Gross meat production (carcass side weight) (000 t) [1)]												
Beef	77	77	71	76	71	75	77	79	79	76	96.20	99.74
Pork	278	301	307	303	298	299	307	299	289	291	100.69	97.52
Poultry	86	88	95	106	114	115	111	116	128	141	110.16	120.72
Lamb	30	34	30	32	38	31	31	31	32	31	96.88	95.09
Milk (mill. l)[2)]												
Cow's milk	1,501	1,504	1,506	1,493	1,509	1,495	1,473	1,425	1,344	1,310	97.47	90.39
Sheep milk	19	17	14	18	11	9	10	9	11	10	90.91	100.00
Goat milk	44	37	33	34	31	34	34	34	21	18	85.71	58.44
Eggs (mill.)	2,061	1,853	1,759	1,796	1,775	1,706	1,711	1,632	1,518	1,570	103.43	94.10
Honey (000 t)	12.26	5.76	7.01	11.43	7.60	6.84	7.44	14.23	11.35	14.66	129.16	154.45
Wool (000 t)	2.77	2.85	2.83	2.84	2.80	2.81	2.86	2.89	2.01	2.50	124.38	93.49

[1)] Gross domestic production (included exported, excluded imported live animals), without raw fats.
[2)] Freshly milked milk, total

Source: SORS

Annex 1.11: Price indices for agricultural products in Serbia (previous year=100); 2015-2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Agriculture and fisheries	**99.19**	**99.10**	**105.00**	**95.85**	**102.70**	**104.70**	**120.84**	**125.70**	**92.27**	**102.10**
Agriculture	**99.25**	**99.00**	**104.90**	**95.90**	**102.70**	**104.80**	**121.03**	**125.60**	**92.14**	**102.10**
Crop production	103.07	101.60	107.00	95.22	103.00	104.80	132.58	126.00	77.37	100.70
Fruit production and viticulture	120.80	106.60	81.30	81.56	122.80	130.10	150.31	108.90	78.10	117.30
Livestock production	93.80	95.70	105.60	99.34	99.30	100.40	101.24	129.50	116.69	100.30
Processing from own production	102.90	101.30	102.40	104.99	104.20	99.80	105.82	121.70	111.65	...
Fisheries	93.50	103.10	126.30	89.91	98.00	95.50	98.24	154.40	117.41	89.90
Cereals	102.04	100.10	106.00	97.78	102.60	102.70	126.80	133.50	74.15	97.70
Wheat	100.10	87.00	111.00	98.59	112.50	100.10	119.23	145.30	70.91	91.70
Maize	105.60	102.70	104.90	96.89	100.40	109.60	139.28	128.10	69.40	100.40
Industrial plants	105.90	103.90	109.80	88.04	101.90	110.20	146.08	111.40	77.89	107.60
Sunflower	133.90	84.80	109.30	82.03	104.50	115.50	155.24	111.10	62.23	113.70
Soya beans	100.90	98.70	118.80	85.07	99.60	114.20	165.46	109.60	70.68	106.80
Sugar beet	92.80	122.90	104.20	87.05	107.60	103.60	114.17	98.60	130.45	89.10
Tobacco (dry leaves)	92.40	114.70	85.50	114.63	100.80	99.80	93.64	142.00	134.14	98.40
Vegetables[1)]	114.10	103.40	98.20	125.40	128.00	94.20	120.45	114.50	140.15	101.00
Potatoes	100.60	100.80	100.00	131.41	121.50	81.70	100.93	167.50	122.55	86.10
Fodder plants	108.60	99.80	118.20	107.87	89.10	99.50	126.92	129.10	91.88	90.90
Fruit	120.80	106.60	81.30	81.56	122.80	130.10	150.31	108.90	78.10	117.30
Wine grapes	123.30	98.30	100.40	99.44	96.30	106.00	110.87	98.80	104.63	117.30
Wine	138.00	116.90	105.20	110.30	111.80	94.20	111.16	131.40	112.29	108.20
Calves	99.60	98.50	100.70	105.33	95.70	93.60	107.59	126.10	106.44	103.70
Pigs	103.30	96.80	102.20	102.05	104.10	99.50	102.07	114.20	117.40	107.30
Sheep and goats	84.10	92.70	115.80	89.84	100.50	104.00	94.52	129.90	117.55	108.00
Cattle and poultry	102.60	101.60	98.20	102.88	97.60	98.10	104.17	132.00	114.14	123.50
Poultry	89.70	94.30	109.30	95.73	98.00	99.90	100.35	126.90	112.03	105.10
Eggs	97.50	96.90	102.00	102.93	100.50	100.90	102.06	132.50	121.75	95.10
Honey	97.00	93.70	101.00	99.00	92.20	96.60	109.47	114.70	98.59	92.60

Ponders which represent the structure of the value of products sold by legal entities from their own production and the value of products bought from family holdings are used for calculation of price indexes of agriculture and fisheries product producers. Product ponders are calculated for each month separately based on monthly data on buying-in and sale.

[1)] Potatoes and beans are not included.

... = no data available

Source: SORS

Annex 1.12: Average producer prices of agricultural products in Serbia (RSD/kg); 2015-2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Index 2023/22	Index 2023/ Ø18-22
Plant products												
Wheat	17.57	15.06	16.77	16.31	17.83	17.97	21.90	33.18	20.75	19.63	94.60	87.92
Maize	15.18	15.14	16.19	14.57	14.39	16.31	23.44	31.07	17.49	17.89	102.29	87.10
Rye	21.63	18.41	17.41	18.20	20.16	19.62	23.05	33.48	23.29	31.19	133.92	130.39
Barley	15.93	15.72	14.31	15.80	15.49	14.74	19.51	32.04	16.31	17.08	104.72	87.06
Brewing barley	16.95	16.35	16.06	16.12	17.34	16.39	19.38	35.08	20.45	19.90	97.31	91.59
Oats	21.48	18.61	17.87	19.06	15.09	16.04	22.15	35.86	25.48	25.23	99.02	110.06
Rapeseed	38.95	38.91	38.08	34.82	37.73	38.84	55.52	74.19	40.66	47.91	117.83	97.01
Sunflower	36.67	30.68	33.22	26.95	28.18	32.24	51.79	57.86	35.36	40.05	113.26	97.48
Soya beans	38.31	37.64	45.02	35.39	34.67	40.24	67.28	74.89	49.87	55.00	110.29	103.02
Sugar beet	3.24	4.07	4.24	3.56	3.80	4.00	4.37	4.77	6.08	5.49	90.30	119.24
Tobacco (dry leaves, non-fermented)	221.71	246.42	205.15	214.69	214.98	256.43	249.73	330.95	455.72	414.60	90.98	137.48
Beans	208.99	145.47	173.45	203.12	210.62	195.20	161.71	205.37	230.39	196.56	85.32	97.96
Potatoes (pure crops)	23.95	20.24	22.78	32.02	30.59	22.85	25.96	55.91	52.94	43.10	81.41	114.48
Peppers	52.61	49.22	54.34	62.19	76.03	75.46	55.20	68.49	104.43	101.65	97.34	133.89
Cabbage	22.12	17.12	21.07	21.92	23.84	18.65	33.26	30.56	31.61	44.09	139.48	159.84
Tomatoes	40.22	50.99	47.75	48.93	62.65	58.58	71.51	77.41	101.28	96.54	95.32	129.96
Cucumbers	27.55	36.60	27.71	37.34	46.07	43.91	42.31	57.71	62.38	79.92	128.12	158.33
Carrot	37.02	26.27	31.08	36.53	30.61	25.16	36.01	39.15	55.81	52.48	94.03	140.52
Onion	22.04	24.61	19.31	31.84	41.77	28.74	26.68	31.80	52.63	36.42	69.20	100.26
Apples	42.93	46.09	54.96	44.58	41.23	49.66	50.94	45.39	51.38	57.23	111.39	119.93
Pears (dessert)	69.39	75.92	75.48	69.72	69.66	78.27	45.16	88.23	103.90	94.36	90.82	122.48
Peaches and nectarines	61.60	74.99	68.42	67.95	57.67	67.56	88.35	80.48	72.31	91.59	126.66	125.00
Apricots	93.74	89.68	67.29	89.35	63.00	114.40	123.56	95.44	115.14	122.04	105.99	119.29
Sour cherries	142.39	108.56	96.22	127.04	114.51	78.14	118.75	84.13	84.30	97.31	115.43	101.40
Plums	55.50	46.51	60.97	57.54	40.43	53.54	59.77	58.16	60.41	66.18	109.55	121.52
Walnuts (whole)	230.48	216.06	266.40	234.14	180.31	159.04	191.49	217.90	271.78	380.00	139.82	186.18
Raspberries	192.89	194.23	131.72	96.26	143.64	196.29	377.37	488.13	189.83	235.61	124.12	84.43
Table grapes	70.57	63.06	75.18	53.66	70.67	82.63	96.07	90.94	116.16	142.80	122.93	156.42
Wine grapes	39.15	31.34	37.50	36.96	47.34	45.08	44.98	47.51	85.69	84.63	98.76	156.37
Livestock products												
Calves	328.33	316.91	322.82	333.16	351.15	338.95	354.89	419.43	514.05	537.47	104.56	135.83
Bullock and heifers	220.48	219.30	217.18	236.56	220.75	201.53	226.07	297.80	317.37	330.68	104.19	130.86
Pigs (≤ 110 kg)	148.64	140.65	165.47	144.48	150.98	152.69	150.38	206.93	247.15	225.27	91.15	124.03
Pigs (≥ 110 kg)	135.20	126.03	151.89	139.66	141.07	146.96	143.86	197.14	237.48	213.80	90.03	123.37
Lambs	260.41	259.10	250.54	249.13	241.14	217.16	237.93	319.34	368.63	466.59	126.57	168.54
Chickens	112.91	111.98	111.76	104.71	95.57	96.53	112.88	141.74	132.00	120.03	90.93	103.70
Eggs	7.79	7.69	8.55	7.70	8.04	7.99	8.22	11.80	13.38	10.52	78.62	106.41

Cow's milk	31.64	30.44	30.45	31.73	31.69	32.00	32.48	47.70	56.96	55.20	96.91	137.43
Honey	381.59	325.92	301.39	323.93	318.41	407.12	514.86	407.31	326.37	302.53	92.70	76.63

Source: SORS

Annex 1.13: Average producer prices of agricultural products in Serbia (EUR/t); 2015-2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Index 2024/23	Index 2024/ Ø19-23
Plant products												
Wheat	145.55	122.32	138.21	137.90	151.29	152.83	186.27	282.48	176.97	167.66	94.74	88.25
Maize	125.76	122.97	133.43	123.19	122.10	138.72	199.37	264.52	149.17	152.79	102.43	87.42
Rye	179.15	149.53	143.48	153.88	171.06	166.87	196.05	285.04	198.63	266.39	134.11	130.88
Barley	131.97	127.68	117.94	133.59	131.44	125.36	165.94	272.78	139.10	145.88	104.87	87.39
Brewing barley	140.39	132.80	132.36	136.30	147.13	139.40	164.83	298.66	174.41	169.96	97.45	91.93
Oats	177.95	151.16	147.28	161.15	128.04	136.42	188.39	305.30	217.31	215.48	99.16	110.45
Rapeseed	322.59	316.04	313.84	294.41	320.15	330.33	472.22	631.62	346.78	409.19	118.00	97.38
Sunflower	303.75	249.19	273.78	227.86	239.11	274.20	440.49	492.60	301.57	342.06	113.42	97.84
Soya beans	317.29	305.72	371.03	299.23	294.18	342.24	572.24	637.58	425.33	469.74	110.44	103.40
Sugar beet	26.87	33.06	34.94	30.10	32.24	34.02	37.17	40.61	51.85	46.89	90.42	119.68
Tobacco (dry leaves, non-fermented)	1,836.36	2,001.49	1,690.75	1,815.22	1,824.15	2,180.94	2,124.04	2,817.58	3,886.69	3,541.01	91.11	137.96
Beans	1,730.99	1,181.55	1,429.49	1,717.40	1,787.16	1,660.17	1,375.40	1,748.44	1,964.92	1,678.78	85.44	98.33
Potatoes (pure crops)	198.37	164.40	187.74	270.73	259.56	194.34	220.80	476.00	451.51	368.11	81.53	114.88
Peppers	435.77	399.78	447.84	525.82	645.13	641.79	469.50	583.10	890.65	868.17	97.48	134.39
Cabbage	183.23	139.05	173.65	185.34	202.29	158.62	282.89	260.18	269.59	376.56	139.68	160.44
Tomatoes	333.16	414.16	393.53	413.71	531.60	498.22	608.22	659.04	863.79	824.53	95.46	130.43
Cucumbers	228.21	297.28	228.37	315.71	390.91	373.45	359.86	491.32	532.02	682.58	128.30	158.92
Carrot	306.63	213.37	256.15	308.86	259.73	213.99	306.28	333.31	475.99	448.22	94.17	141.01
Onion	182.54	199.89	159.14	269.21	354.43	244.43	226.92	270.73	448.86	311.06	69.30	100.64
Apples	355.62	374.36	452.95	376.93	349.85	422.36	433.26	386.43	438.20	488.79	111.54	120.39
Pears (dessert)	574.77	616.64	622.07	589.49	591.08	665.69	384.10	751.16	886.13	805.91	90.95	122.92
Peaches and nectarines	510.21	609.09	563.88	574.52	489.34	574.60	751.45	685.18	616.71	782.25	126.84	125.47
Apricots	776.45	728.41	554.57	755.46	534.57	972.97	1.050.92	812.54	981.99	1.042.32	106.14	119.72
Sour cherries	1,179.39	881.76	793.00	1.074.13	971.64	664.58	1.010.01	716.25	718.97	831.10	115.60	101.81
Plums	459.73	377.77	502.48	486.51	343.06	455.36	508.37	495.15	515.22	565.23	109.71	121.97
Walnuts (whole)	1,908.99	1,754.90	2,195.54	1,979.67	1,529.97	1,352.63	1,628.69	1,855.12	2,317.93	3,245.50	140.02	186.86
Raspberries	1,597.62	1,577.59	1,085.57	813.89	1,218.82	1,669.44	3,209.67	4,155.75	1,619.00	2,012.30	124.29	84.74
Table grapes	584.50	512.19	619.60	453.70	599.65	702.77	817.11	774.23	990.69	1,219.63	123.11	156.99
Wine grapes	324.29	254.55	309.06	312.50	401.69	383.41	382.57	404.48	730.82	722.81	98.90	156.93
Livestock products												
Calves	2,719.48	2,574.03	2,660.52	2,816.90	2,979.58	2,882.77	3,018.47	3,570.86	4,384.17	4,590.42	104.70	136.33
Bullock and heifers	1,826.16	1,781.22	1,789.89	2,000.14	1,873.11	1,714.01	1,922.81	2,535.35	2,706.75	2,824.27	104.34	131.34
Pigs (≤ 110 kg)	1,231.16	1,142.40	1,363.72	1,221.59	1,281.10	1,298.63	1,279.04	1,761.72	2,107.87	1,923.99	91.28	124.48

Pigs (≥ 110 kg)	1,119.86	1,023.65	1,251.80	1,180.84	1,197.01	1,249.89	1,223.58	1,678.37	2,025.39	1,826.02	90.16	123.81
Lambs	2,156.93	2,104.49	2,064.83	2,106.42	2,046.13	1,846.94	2,023.68	2,718.74	3,143.93	3,985.05	126.75	169.15
Chickens	935.22	909.53	921.07	885.33	810.93	820.99	960.08	1,206.72	1,125.79	1,025.15	91.06	104.09
Eggs	64.49	62.46	70.46	65.10	68.22	67.95	69.91	100.46	114.11	89.85	78.74	106.79
Cow's milk	262.10	247.24	250.95	268.28	268.90	272.16	276.25	406.10	485.79	471.45	97.05	137.92
Honey	3,160.65	2,647.22	2,483.91	2,738.86	2,701.78	3,462.55	4,379.07	3,467.68	2,783.51	2,583.85	92.83	76.93

Source: SORS

8.2. Foreign trade

Annex 2.1: Foreign trade by tariff chapters (mill. EUR); 2024/23

		EXPORT					IMPORT				
		mill. EUR		Index	%		mill. EUR		Index	%	
		2023	2024	2024/23	2023	2024	2023	2024	2024/23	2023	2024
1	Live animals	48.1	40.8	84.82	1.0	0.8	23.7	38.9	164.22	0.7	1.0
2	Meat and edible meat offal	25.8	30.7	119.04	0.5	0.6	236.6	255.8	108.10	6.8	6.5
3	Fish and crustaceans, molluscs and other aquatic invertebrates	16.6	17.7	106.81	0.4	0.3	80.8	85.8	106.20	2.3	2.2
4	Dairy products, eggs, natural honey	109.5	113.7	103.82	2.3	2.2	180.3	184.8	102.50	5.2	4.7
5	Other products of animal origin	5.9	6.1	103.97	0.1	0.1	12.6	11.7	92.63	0.4	0.3
6	Live plants and flowers	33.2	27.4	82.42	0.7	0.5	37.0	42.3	114.19	1.1	1.1
7	Vegetables, plants, roots, rot crops	135.2	132.3	97.84	2.9	2.6	185.8	196.9	105.99	5.3	5.0
8	Fruit and nuts, citrus plants, melons and watermelons	731.5	746.5	102.05	15.6	14.5	310.9	353.8	113.80	8.9	9.0
9	Coffee, tea, mate, spices	29.0	29.2	100.53	0.6	0.6	126.0	145.8	115.72	3.6	3.7
10	Cereals	440.8	702.5	159.36	9.4	13.7	81.2	92.3	113.61	2.3	2.3
11	Milling industry products, malt, starch	110.5	97.3	88.01	2.4	1.9	34.4	36.3	105.50	1.0	0.9
12	Oil seed and oleaginous fruit	155.2	166.6	107.35	3.3	3.2	132.1	184.1	139.38	3.8	4.7
13	Flax, rubber, rosin, other plant juices and extracts	4.5	3.5	78.29	0.1	0.1	10.1	8.9	88.35	0.3	0.2
14	Vegetable plaiting materials, other products of plant origin	0.8	1.5	184.00	0.0	0.0	2.6	2.8	109.15	0.1	0.1
15	Animal and plant fats and oils	284.2	270.0	95.01	6.1	5.3	129.7	116.5	89.81	3.7	3.0
16	Meat products	74.2	62.5	84.27	1.6	1.2	129.1	137.7	106.67	3.7	3.5
17	Sugar and sugar products	70.9	74.6	105.25	1.5	1.5	89.8	88.1	98.08	2.6	2.2
18	Cocoa and cocoa products	142.3	196.8	138.28	3.0	3.8	205.4	302.0	147.02	5.9	7.7
19	Cereals, flour and starch products	302.9	309.5	102.18	6.5	6.0	257.2	274.6	106.75	7.4	7.0
20	Vegetable, fruit and nut products	170.0	203.3	119.56	3.6	4.0	157.0	170.1	108.37	4.5	4.3
21	Miscellaneous food products	356.7	416.7	116.81	7.6	8.1	299.4	335.7	112.14	8.6	8.5
22	Beverages, spirits and vinegar	469.5	490.2	104.40	10.0	9.5	191.4	223.8	116.90	5.5	5.7

23	Food industry waste and offal (fodder)	392.7	362.7	92.35	8.4	7.1	149.7	165.8	110.74	4.3	4.2
24	Tobacco and manufactured tobacco substitutes	549.6	608.0	110.63	11.7	11.8	292.5	367.2	125.53	8.4	9.3
	Total agricultural products (1-24)	4,659.6	5,109.9	109.66	99.3	99.4	3,355.3	3,821.6	113.90	96.3	97.0
	Other agricultural products (tariff chapters 29-53)	32.8	30.7	93.60	0.7	0.6	128.6	116.7	90.75	3.7	3.0
	Total	**4,692.4**	**5,140.6**	**109.55**	**100.0**	**100.0**	**3,483.9**	**3,938.3**	**113.04**	**100.0**	**100.0**

Source: SORS

Annex 2.2: Regional export structure of agricultural and food products (mill. EUR); 2015-2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Index 2024/23	Index 2024/ Ø19-23
EXPORTS	**2,605**	**2,922**	**2,823**	**2,854**	**3,238**	**3,635**	**4,163**	**4,828**	**4,693**	**5,139**	**109.50**	**124.99**
EU	1,248	1,411	1,284	1,305	1,585	1,814	2,249	2,465	2,214	2,523	113.97	122.17
CEFTA	833	865	918	915	924	877	983	1,272	1,357	1,455	107.18	134.35
Other	524	647	621	634	729	944	931	1,091	1,122	1,161	103.49	120.54
IMPORTS	**1,489**	**1,362**	**1,617**	**1,714**	**1,872**	**2,048**	**2,442**	**3,259**	**3,484**	**3,938**	**113.04**	**150.26**
EU	970	869	978	1,069	1,223	1,346	1,635	2,242	2,435	2,724	111.85	153.33
CEFTA	162	156	162	167	178	189	230	261	273	309	113.19	136.60
Other	358	338	477	478	471	513	577	755	775	906	116.88	146.52
BALANCE	**1,117**	**1,560**	**1,207**	**1,140**	**1,366**	**1,587**	**1,721**	**1,569**	**1,209**	**1,201**		
EU	278	542	306	236	362	468	614	223	-221	-200		
CEFTA	672	709	756	748	746	688	753	1,011	1,084	1,146		
Other	167	309	145	156	258	431	354	336	347	255		

Source: SORS

Annex 2.3: Main indicators of foreign trade of agricultural and food products; 2015-2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Index 2024/23	Index 2024/ Ø19-23
Exports (EUR mill.)	2,605	2,922	2,823	2,854	3,238	3,635	4,163	4,765	4,637	5,091	109.79	124.55
Imports (EUR mill.)	1,489	1,362	1,617	1,714	1,872	2,048	2,442	3,138	3,345	3,804	113.72	148.07
Balance (EUR mill.)	1,117	1,560	1,206	1,140	1,366	1,587	1,721	1,627	1,292	1,287	99.61	84.75
Volume of trade (EUR mill.)	4,094	4,284	4,440	4,568	5,110	5,683	6,605	7,903	7,982	8,895	111.44	133.63
Export-to-import ratio (%)	175.0	214.5	174.6	166.5	173.0	177.5	170.5	151.8	138.6	133.9	96.61	82.52
Share of total trade of Serbia (%)	14.4	13.9	12.9	12.0	12.3	14.2	9.9	11.9	12.2	13.0	106.56	107.44
Share of exports in total exports (%)	21.6	21.8	18.8	17.5	18.5	21.3	15.1	17.3	16.2	17.4	107.41	98.42
Share of imports in total imports (%)	9.1	7.8	8.3	7.8	7.8	8.9	6.3	8.0	9.1	9.7	106.59	120.95

Source: SORS

8.3. Agricultural policy

Annex 3.1: Paid funds for subsidies in agriculture and rural development (RSD); 2024.

	TYPE OF SUBSIDIES	PAID FUNDS
I	**DIRECT PAYMENTS**	**91,530,892,953**
1.	Premiums	14,754,111,242
1.1	Milk premium	14,754,111,242
2.	Production subsidies	76,776,781,711
2.1	Basic subsidies for plant production	51,679,111,945
2.2	Subsidies in livestock production	25,097,669,766
II	**SUBSIDIES FOR RURAL DEVELOPMENT MEASURES**	**3,644,153,203**
1.	Subsidies for improvement of competitiveness	1,610,046,943
1.1	Investment in physical assets of holdings	1,458,899,210
1.2	Subsidies in processing and marketing of agricultural, food and fisheries products	91,808,022
1.3	Risk management (Recourse for insurance premium for crops, fruits, permanent crops, nurseries and animals)	59,339,712
2.	Subsidies for preservation and improvement of the environment and natural resources	361,416,260
2.1	Organic production	281,683,342
2.2	Preservation of plant and animal genetic resources	79,732,918
3.	Subsidies for income diversification and improvement of the quality of life in rural areas	362,700,000
3.1	Improvement and development of rural infrastructure	362,700,000
4.	Subsidies for improvement of system of creation and transfer of knowledge	1,309,989,999
4.1	Development of technical and technological, applied, development-related and innovative projects in agriculture and rural development	469,990,000
4.2	Support to provision of advice and information to farmers, associations, cooperatives and other legal entities in agriculture	839,999,999
III	**CREDIT SUPPORT**	**1,069,157,745**
IV	**SPECIFIC SUBSIDIES**	**155,387,630**
1.	Subsidies for implementation of breeding programmes, for the purpose of achieving breeding objectives in livestock breeding (selection measures)	150,240,787
2.	Subsidies for production of planting material and certification and clone selection	5,146,843
V	**IPARD subsidies**	**4,334,922,614**
	TOTAL	**100,734,514,144**

Source: MAFWM, Directorate for Agrarian Payments

Annex 3.2: Bylaws (implemented in 2024)

[1] Rulebook on the conditions, manner and application form for exercise the right on milk premium (Official Gazette of the RS, No 25/23)
[2] Rulebook on the manner of exercising the right to basic subsidies in plant production and the application form for exercising those subsidies (Official Gazette of the RS, No 6/24, 26/24 and 87/24)
[3] Rulebook on the manner for exercise the right on subsidies in livestock production for quality breeding animals (Official Gazette of the RS, No 29/23, 32/23, 21/24, 26/24, 32/24 and 97/24)
[4] Rulebook on the conditions and manner for exercise the right on subsidies in livestock production for cattle fattening, pigs fattening, lambs fattening and kids fattening (Official Gazette of the RS, No 32/23, 18/24 and 24/24)
[5] Rulebook on the conditions and manner for exercise the right on subsidies in livestock production per beehive (Official Gazette of the RS, No 34/23 and 48/24)
[6] Rulebook on the manner for exercise the right on subsidies in livestock production for consumable fish production (Official Gazette of the RS, No 61/13, 44/14, 44/18 – other law and 139/22)
[7] Rulebook on the conditions and manner for exercise the right on subsidies in livestock production for cows for breeding calves for fattening (Official Gazette of the RS, No 27/23 and 14/24)
[8] Rulebook on subsidies for programs for improvement of competitiveness for investments in physical assets of agricultural holdings through support for establishment of new permanent crops plantations of fruits and hops (Official Gazette of the RS, No 58/23)
[9] Rulebook on subsidies for investments in physical assets of agricultural holdings for the purchase of new machinery and equipment for the improvement of the primary plant production (Official Gazette of the RS, No 65/23 and 83/24)
[10] Rulebook on subsidies for investments in physical assets of agricultural holdings for the purchase of new machinery and equipment for the improvement of the primary livestock production (Official Gazette of the RS, No 73/23 and 80/24)
[11] Rulebook on subsidies for investments in physical assets of agricultural holdings for the procurement of quality breeding animals for the improvement of primary livestock production (Official Gazette of the RS, No 68/23, 80/24 and 89/24)
[12] Rulebook on the conditions, manner and application form for exercise the right to subsidies for insurance premiums for crops, permanent crops, nurseries and animals (Official Gazette of the RS, No 54/23, 87/23 and 89/23)
[13] Rulebook on the use of subsidies for organic plant production (Official Gazette of the RS, No 60/23 and 85/24)
[14] Rulebook on the use of subsidies for organic livestock production (Official Gazette of the RS, No 63/23 and 83/24)
[15] Rulebook on subsidies for conservation of plant genetic resources (Official Gazette of the RS, No 85/13 and 44/18 – other law)
[16] Rulebook on subsidies for conservation of animal genetic resources (Official Gazette of the RS, No 44/23)
[17] Rulebook on subsidies for improvement of system for creation and transfer of knowledge through development of technical-technological, applied, developmental and innovative projects in agriculture and rural development (Official Gazette of the RS, No 55/23, 75/24 and 99/24)
[18] Regulation on establishing the Annual Program for the development of advisory services in agriculture for 2024 (Official Gazette of the RS, No 8/24 and 72/24)
[19] Regulation on establishing the Multiannual Program of measures for the implementation of breeding programs in the Republic of Serbia for the period 2020-2024 (Official Gazette of the RS, No 38/20)
[20] Regulation on establishing the Annual Program of measures for the implementation of breeding programs for 2024 (Official Gazette of the RS, No 50/24)
[21] Rulebook on the use of subsidies for promotional activities in agriculture and rural development (Official Gazette of the RS, No 72/17 and 139/22)
[22] Rulebook on subsidies for production of planting material and certification and clone selection of fruits, vine, hops and roses (Official Gazette of the RS, No 58/17, 25/18, 3/23, 45/23 and 99/23 – other rulebook)
[23] Rulebook on IPARD subsidies for investments in physical assets of agricultural holdings (Official Gazette of the RS, No 84/17, 112/17, 78/18, 67/19, 53/21, 10/22, 18/22 and 23/23)
Rulebook on IPARD subsidies for investments in physical assets of agricultural holdings within IPARD III program (Official Gazette of the RS, No 11/24)
[24] Rulebook on IPARD subsidies for investments in physical assets of agricultural holdings related to processing and marketing of agricultural and fishery products (Official Gazette of the RS, No 84/17, 23/18, 98/18, 82/19, 74/21, 10/22 and 23/23)
Rulebook on IPARD subsidies for investments in physical assets of agricultural holdings related to processing and marketing of agricultural and fishery products within IPARD III program (Official Gazette of the RS, No 98/24)
[25] Rulebook on IPARD subsidies for diversification of agricultural holdings and business development (Official Gazette of the RS, No 76/20, 87/21, 10/22 and 25/23)
[26] Rulebook on the conditions and manner for exercise the right to credit support (Official Gazette of the RS, No 48/17, 88/17, 84/18, 23/19, 27/20, 36/21, 102/21, 130/21, 127/22, 144/22, 21/23, 8/24 and 39/25)