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Serbia Adopted a New Rulebook on State Subsidies in Agriculture

Report Categories:

Agriculture in the Economy

Approved By:

Christine Sloop

Prepared By:

Tatjana Maslac

Report Highlights:

The Serbian Government adopted a new Rulebook on the “Allocation of Subsidies for Agriculture Production and Rural Development in 2016”. According to the new Rulebook, incentives for agricultural production and rural development will be divided into four categories: direct payments, payments for rural development, credit assistance, and specific incentives. In 2016, planting subsidies for crop production in Serbia will be reduced from 12,000 dinars (\$110) per hectare to 4,000 dinars (\$36) per hectare. The Serbian Government allocated approximately 40.16 billion dinars (\$365 million) for agriculture in 2016, which is 5 percent or 2.14 billion dinars (\$19.5 million) less than in 2015. Of the total agricultural budget for 2016, over half (23.8 billion dinars [\$216 million]) will go to farm subsidies.

General Information:

The Serbian Government allocated approximately 40.16 billion dinars (\$365 million) for agriculture in 2016, which is 5 percent or 2.14 billion dinars (\$19.5 million) less than in 2015. Of the total agricultural budget for 2016, over half (23.8 billion dinars [\$216 million]) will go to farm subsidies.

According to the new Rulebook on the “Allocation of Subsidies for Agriculture Production and Rural Development in 2016” (published in the “Official Gazette RS” No. 08/16 on February 1), funds from the agriculture budget for incentives will be divided into four categories:

1. Direct payments
2. Payments for rural development
3. Credit assistance
4. Specific incentives

Direct payments include planting subsidies for crop production in Serbia will be reduced from 12,000 dinars (\$110) per hectare to 4,000 dinars (\$36) per hectare in 2016. Of the 4,000 dinars per hectare, half will be earmarked to purchase seeds and the other half to purchase mineral fertilizers. Other direct payments include, the state support for milk production that will stay the same as previous years (7 dinars [\$0.06] per liter). Livestock production subsidies will range from 60 dinars (\$0.55) for laying hens, 7,000 dinars (\$63.6) per sheep or goat, 7,000 dinars (\$63.6) per swine and 25,000 dinars (\$227) per cow. Incentives for beehives will be 600 dinars (\$5.50) per hive and range between 300 (\$2.73) and 500 dinars (\$4.50) for farmed fish depending on the species. The incentives for storage in public warehouses will cover 40 percent of the costs.

Of the total agricultural budget for 2016, approximately 1.84 billion dinars (\$16.7 million) will be set aside for incentives for rural development. Approximately 1.2 billion dinars (\$11 million) will be set aside for increasing competitiveness and achieving required standards in food quality. These incentives will help finance: new investments in agricultural production, food processing facilities and marketing activities; insurance premiums; and, activities that support sustainable rural development. In this last category, the Serbian Government has set aside 92 million dinars (\$840,000) for organic production and 58 million dinars (\$527,300) for preservation of plant and animal genetic resources.

According to the new Rulebook, the total amounts set aside for credit assistance is 600 million dinars (\$5.5 million) and another 232.6 million dinars (\$2.1 million) have been earmarked to cover specific incentives. The specific incentives include funds for: implementation of breeding programs, in order to improve livestock production; scientific research, development and innovation projects in agriculture production; and, production of planting materials and the requisite certification of these products.

