Agricultural Policy Forum 2014

Agriculture Policy Forum 2014:

Promoting Sustainable Rural Development through Agriculture in South Eastern Europe

15th – 16th October 2014

Kopaonik, Serbia

Kopaonik Agenda 2014

The 14th Agricultural Policy Forum (APF) held in Kopaonik, Serbia in the period 15th – 16th October 2014, provided an opportunity to review the accomplishments achieved by the APF process over the past period, while considering the challenges and opportunities for the development of agriculture and rural areas in South Eastern Europe (SEE) over the next decade up to 2020.

The Forum promoted and stimulated debate and discussion on policy issues among policy makers, governmental and non-governmental organizations from the agriculture and rural development, water and forestry sectors in SEE, relevant international policy and development institutions, national and international experts and academics in order to provide technical background for the policy making process and address the current challenges and perspectives on environmentally sustainable agriculture and rural development.

This 2014 Kopaonik Agenda resumes the main outputs from these discussions in the different plenary and working group sessions.

Under the **Agriculture and rural development assistance under Instrument for Pre-Accession Assistance (IPA) 2014-2020,** the Forum was informed about the legal architecture of IPA II provisions of IPA, Implementing Regulation and rural development objectives, including the main funding principles and availability of funds for the period 2014-2020. Within the transition from IPA I to IPA II, continuity has been ensured during the new period regarding IPARD, by keeping the existing menu of measures (while two new ones are being added - forestry and advisory services) and maintaining very similar management and control structures.

All the governments of SEE acceding countries are committed to aligning their agricultural policies with the CAP in order to modernise and to improve the competitiveness of their agricultural sectors. For that reason, FAO and SWG joined forces in order to address the above issues and formulated and implemented jointly a project "**Streamlining of agriculture and rural development policies of SEE**

countries for EU accession" aimed at achieving closer coordination, and in the long run, a stable relationship between policy makers and research institutions and individual researchers dealing with analysis of agriculture policies and their impacts on the agricultural sector and rural development. The outcome of this project is the study published by FAO "Agricultural Policy and European Integration in South Eastern Europe" which was presented at the Forum. The present study provides a systematic overview of the situation and trends in agriculture and agricultural policy in South-Eastern European countries. The overview places special emphasis on the comparison of key agriculture policy indicators within the region as well as with the European Union Member States.

In similar context, the Forum had the opportunity to hear about the **EU agricultural trade and trade policy**. In the last ten years the EU steadily increased its exports and imports of agricultural products, becoming in 2013 the highest global exporter with a trade surplus of 18.6 billion Euros. Strong increase in world demand especially in emerging countries, and reform of the Common Agricultural Policy contributed to this phenomenon. Main agricultural products exported are high value products, especially processed ones, while main imports are tropical products, oil and fats and feed. In the past decade, the EU engaged in negotiation of several bilateral free trade agreements, recently opening the negotiation of two so-called 'mega FTAs' with the USA and Japan. In a context of growing world population, income and urbanization, demand is expected to increase, in particular for meat and dairy products thus offering good prospects for EU trade. Unexpected trade disruptions may however happen at any time, for example Russian embargo which resulted in compensatory measures for EU producers.

As a follow up to the discussion on EU agricultural trade, **trade with agricultural goods among the CEFTA countries** was also presented. Promoting sustainable economic development and market-oriented economy of the agricultural sector among the countries from South East Europe, membership of the Central European Free Trade Agreement (CEFTA) is a must. CEFTA provides an ambitious agenda not only on liberalization of trade in goods and services but also with regard to trade facilitation, elimination of non-tariff barriers and other policy areas. The promotion of regional trade and investment linkages and policies through the SEE 2020 Strategy, pillar dimension on Integrated Growth, has been set on the CEFTA's agenda to reach the target for the expansion of both intra-regional trade in goods and overall Foreign Direct Investments inflows to the region by 2020.

The Forum received a presentation of the report on "Empowering Rural Stakeholders in the Western Balkans", which described the travelling workshops and conferences held in April 2014 in Serbia, Montenegro and Macedonia on the joint initiative of SWG, the PREPARE Partnership for Rural Europe and the European Commission. The Forum welcomed the conclusions and recommendations of the report.

As for the impacts within the region due to natural disasters which have occurred recently, the Forum was informed about **torrential flood management in SEE**. The SEE region is threatened by constant risk of torrential floods in almost the entire

territory. The destruction by torrential flooding in May 2014 could have been significantly reduced if preventive works and measures had been implemented in the last ten years. As such, there is need for "horizontal" coordination between the relevant Ministries, in order to achieve the linking of organizational units in the fields of water management, forestry and agriculture and thus the adequate treatment of watersheds in the SEE region.

The Forum debated in detail on the following three policy topics relevant to the SEE countries:

Focus topic 1. Follow up to the sustainability of the project on streamlining of agriculture and rural development policies of SEE countries for EU accession

The Forum welcomed the report of the study on „Agricultural Policy and integration in South East Europe", as a result of the FAO/SWG project „Streamlining the agriculture and rural development policies of South East European countries for EU accession". This is the outcome of the Declaration by the Ministers of Agriculture from South-Eastern Europe in 2013. This report provides extremely useful information to assist the governments in refining their policies of agriculture and rural development in the run-up to EU accession. The work on this report involved close collaboration between the Ministries of Agriculture and the faculties of agriculture of the countries, together with the linking team formed by SWG, international experts and FAO.

The Forum recommends that this report be closely studied by all governments in order to explore the opportunities for monitoring of policies and fine-tuning these policies where necessary. It also recommends that means should be found to continue the collaboration between governments and faculties within the framework of SWG, with the help of international experts and support of Rural Development Networks. This would enable each year of updating of information presented in the report, and thus continuing the process of monitoring the agricultural and rural situation and reviewing relevant policies.

The Forum has noted a number of significant themes, highlighted in the report, which are generic to the Western Balkan countries and which appear to merit significant attention in order to clarify crucial areas of policy. These include:

- The role of small farmers in the social and economic life of rural areas and as managers of environmental resources;
- The definition of Less Favoured Areas in the countries of the region, based on EU criteria, and the policies which should apply to them;
- The need for improved management of supply chains related to agricultural and forestry products;
- The systems for support of farm investment;

- Policies related to land tenure, including issues of cadaster, inheritance, consolidation etc;

- Strengthening the system of knowledge transfer and innovation in the field of agriculture.

The Forum sees particular urgency in clarifying **issues and policies related to small-farming communities, with special attention to those in Less Favoured Areas**. These communities make a major contribution to the social, economic and environmental well-being of their areas, but are at serious risk of being marginalised in national policies. The Forum recommends that this theme be chosen as the first topic for special study by SWG, using national and international experts.

Focus topic 2. Trade in agricultural goods among the CEFTA countries

The Forum draws attention to the objectives of the SEE 2020 Strategy pillar related to Integrated Growth, which can contribute to deepening regional trade and enhancing the flow of goods, investments, services and persons, among the CEFTA countries.

The Forum recommends the following policy actions and priorities, within CEFTA activities relating to facilitation of trade:

- Identification and elimination of technical and non-tariff barriers to trade, by means of:

  - harmonisation of national procedures, operations and documents with the EU *acquis*, and other international conventions, standards and practices.
  - simplification and elimination of all unnecessary elements and duplications in formalities, processes and procedures, and
  - application of internationally agreed standards for practices and procedures, documents and information.

- Harmonization and implementation of those elements of food safety policy of the *acquis* that contribute most effectively to facilitation of regional trade. The Forum suggests that countries start preparation for the introduction of risk-based inspection control at Border Inspection Posts. This should provide equal treatment for all operators, reduce the time needed for inspection and the costs of crossing the border.

- Strengthening the capacity of Customs and border inspection staff for implementation of activities under the Trade Facilitation objectives, and creation of conditions for achieving sustainable and professional administration in these areas.

- Identification of opportunities to strengthen regional supply chains, and improvement of cross-border business cooperation by exchange of information about and among the agricultural and food business operators in the region, especially small and medium - sized enterprises.

- Implementation of supportive government policies which incentivise operators to produce high value processed products.

- Enhanced promotion of traditional and organic production within the region, and support for increased cooperation among businesses in the region in order to generate product quantities sufficient for export to out-of-region destinations.

The Forum suggests enhanced cooperation between SWG and CEFTA in the implementation of identified priorities for trade facilitation and for the creation of a competitive economic environment in the agricultural sector in the framework of the SEE 2020 Strategy.

Focus topic 3. Economic development of SEE rural cross-border areas implementing the Area Based Development (ABD) approach

The Forum discussed the achievements related to sustainable economic development of SEE rural cross-border areas by implementing the Area Based Development (ABD) approach, and examined future approaches related to this initiative.

In that respect, the Forum concluded:

- The structures for implementation of the ABD in four SEE cross-border target areas are in place, and programming documents have been prepared using the participative bottom-up approach;

- The established ABD implementing structures are operational and have produced successful results in developing cross-border and multi-sectoral networks which could be the basis for long-term cooperation and economic partnerships;

- The ABD closely meets the needs of local stakeholders, who in the past four years were empowered to define development needs of their regions in a way that other approaches have not been able to achieve;

- The pilot grant scheme contributes to strengthening integrated economic development of the regions of “Drina-Tara” and “Drina-Sava” by supporting initiatives focused on strengthening the touristic offer of the regions, improving value chains of food and craft products and improving tourism services through cooperation among operators in the value chain;

- The Forum appreciates the past support to ABD from the European Commission. It regrets that the ABD, although included in the IPA Multi-Country Strategy 2014-2020, has now been so limited in funding as to weaken its relevance to regional IPA objectives. The Forum asks the Commission to provide clear directions how ABD actions could be financed within the Cross-Border Cooperation Programmes based on the formulations in the IPA Multi-Country Strategy 2014-2020;

- The Forum recommends SWG to continue with the capacity building for networking and partnership creation and to support activities for fund-raising and possible co-financing: this could include a search for alternative funding sources for ABD through cooperation with donors active in the region;

- The Forum suggests that links should be established between ABD and other regional initiatives with a view to joint activities;

- The Forum recommends that the SEE Ministries of Agriculture and local authorities explore the inclusion of the ABD principles in national rural development policies.

The Forum agreed that:

- The Agenda will be presented and discussed at the 8th Annual Working Meeting of the Ministers of Agriculture from South Eastern Europe on 12 November 2014 in Bulgaria.

- The Agenda will be conveyed to the EU institutions, UN agencies and other international institutions.

- The 15th Agricultural Policy Forum will take place in the autumn of 2015 in Bulgaria, which holds the SWG Presidency for 2015.

The Agricultural Policy Forum 2014 in Kopaonik was held under the joint auspices of the Ministry of Agriculture and Environmental Protection of the Republic of Serbia and the Regional Rural Development Standing Working Group (SWG) in South-Eastern Europe.

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