

# THE IMPACT OF COVID-19 ON AGRICULTURE, FOOD AND RURAL AREAS IN WESTERN BALKANS

**Basri Hyseni – National Expert - Kosovo**



# THE OBJECTIVE OF THIS ASSIGNMENT

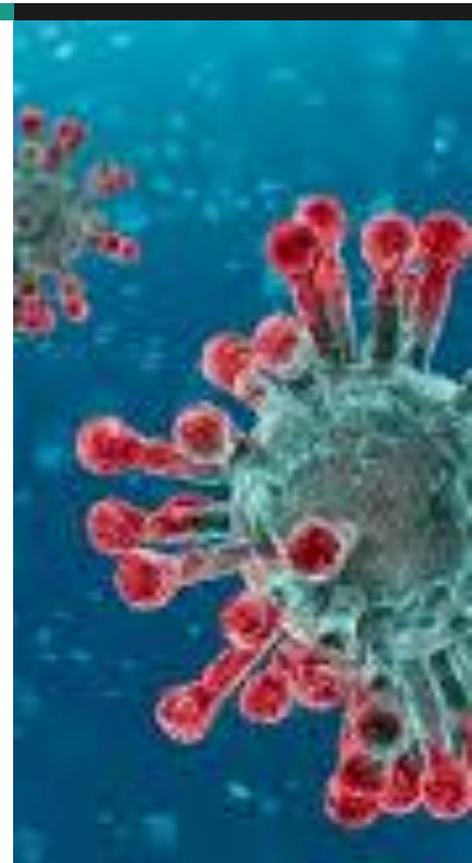
- To assess the multiple impacts of COVID-19 on agriculture, food and rural areas as well as on respective policies in the Western Balkans, to summarize the respective national actions and measures taken for coping with the crisis and for mitigating their effects, and
- To propose respective strategic approaches and policies, as well as joint actions for overcoming the consequences providing stimuli to accelerate the recovery and to build resilience.



# COVID-19 COUNTRY CONTEXT:

Country	Total of positive cases	No. of deaths from COVID 19	No. of Population	% of deaths from COVID 19
Albania	13,649	387	2,846,000	0.01
BiH	27,469	856	3,324,000	0.03
Kosovo	15,620	625	1,845,000	0.03
Montenegro	10,772	169	622,359	0.03
Macedonia	17,977	739	2,077,000	0.04
Serbia	33,551	749	6,982,000	0.01

% of deaths from COVID 19 is similar to many countries besides Albania and Serbia.



# POLICY RESPONSES – CONSEQUENCES OF COVID-19 THE FISCAL EMERGENCY PACKAGE

## The Fiscal Emergency Package to Western Balkan Countries EUR (0000)

Country	Set I	Set II	Set III	Total support
Albania	299	176	0	475
BiH	N/A	N/A	N/A	N/A
Kosovo	179.60	0	1,200	1,380
Montenegro	280	40	1,220	1,540
Macedonia	100	100	355	555
Serbia	N/A	N/A	N/A	N/A

1. Maintaining current liquidity and supporting the most vulnerable categories of the population;
2. Preserving jobs and creating preconditions for a faster recovery;
3. A long-term approach in economics and development



# POLICY RESPONSES - NATIONAL BANKS

The Central Banks (facilitated by Government) announced a moratorium on loan repayments for a period of up to 90 days depends country to country. It includes the interim suspension of all payments on obligations based on the loan. Banks are also allowed to restructure loans and reclassify them as new loans, including by additionally extending the repayment period, if the borrower's financial position was impacted by the pandemic and restructuring would improve the credit capacity of the borrower (Kosovo, Macedonia, Albania and Serbia, Montenegro, BiH).

In line with the recommendations of the banking agencies, most banks and microcredit organizations approved a moratorium on loan repayments to borrowers during the pandemic and enabled their rescheduling, which included farmers.



# POLICY RESPONSES - MONETARY AND FISCAL MEASURES

**Monetary and fiscal measures;** The government suspended loan repayments and public utility bills for private individuals and companies for the duration of the state of emergency paused enforced debt collection, deferred tax payments for businesses, and offered a financial support package in the form of direct transfers or low-interest loans.

The Government has also postponed the deadlines for submitting corporate and self-employment income tax returns for an additional 90 days after the end of the state of emergency (Kosovo, Macedonia, Albania and Serbia, Montenegro, BiH).

For Kosovo, the World Bank report projects that the economy will contract by 4.5% in 2020, followed by a rebound in 2021



# IMPACT ON AGRICULTURE AND FOOD POLICY

-In the area of agricultural policy, all WB countries have increased funding for existing agricultural incentives, alleviated the conditions for their allocation, accelerated the payment of approved incentives and paid off most of the previous debts, planned regular support (subsidies) for capital investments and both increased initial funding for these purposes during the pandemic. (Kosovo, BiH, Serbia, Montenegro, North Macedonia and Albania).

-Declining demand for agricultural and food products by hotels and restaurants - In relation to these trade difficulties, the Government of Kosovo has doubled its subsidies for 2020.

-In BiH price control started with limit prices of food and key strategic products on the level from the beginning of pandemic (March 2020), and soon (on the beginning of April) price control was shift to price margin limitations on the level from the beginning of pandemic. It means that if purchase price goes up or down trader can change sales price applying same price margin as it was before pandemic.

-Administrative control of food prices was introduced: to keep the prices of food products at the level to all WB countries (except Kosovo there were no restrictive measures and prices were set according to the market).



# IMPACT ON AGRICULTURE AND FOOD SECTOR: INPUT SUPPLY

**“Seeds and planting stocks”** - prices increased in March, travelling restriction, fears of pandemic and after that continuing with the price decreasing for the next months (April, May and June).

Farmers are exempted from the movement ban due to spring sowing operations (Kosovo, Macedonia, Montenegro, Serbia, Albania). Animal feed price increased in BiH, but moderately (on II quarter of 2020 for 2.3%, as well as seeds and plantings 3.8%).

**“Fertilizers and soil improvers”/“Plant protection products”** - prices have decreased. The decreasing in prices between the two comparative years, for three categories per month is very symbolic and it can easily happen that the supply or orders by input dealers occurred before the pandemic (Kosovo, Montenegro, Albania and Macedonia, BiH, Serbia).



Seeds and planting stock had increased prices in the beginning of the Pandemic due to high demand from consumers due to fears of food shortages

# IMPACT ON AGRICULTURE AND FOOD SECTOR: INPUT SUPPLY

-**“Energy and lubricants”** - the prices have decreased for all months analysing during period March – June 2020 compared with the similar months 2019.

Perhaps this decreasing of prices in this category has more to do with the decreasing of prices in this category at the international level. The local demand due to the emergency in the country due to the Pandemic situation was very low **reduced traveling of the population, public transport and truck transport of goods** (Albania, BiH, Kosovo, N. Macedonia, Montenegro, Serbia).

All WB countries depends from imports on inputs used in agriculture and the food industry beside Serbia?

As a result of reduced fuel consumption worldwide, there has been a drop in fuel prices by about 20% - 25%, which has significantly reduced the cost of production of Montenegrin agricultural products (Kosova, BiH, Albania, MNE, Serbia and Mecedonia).



# PRODUCTION

Data on utilized agricultural area and number of heads, yields etc published annually by the Statistical Office cannot be processed for 2020 (data will be available in mid-2021) (Montenegro, Albania, Macedonia, Kosovo).

Yield and produced quantity shows increasing more thanks to good weather conditions especially cereals;

Despite the problems with the provision of inputs and restrictions on movement in the spring sowing in 2020, larger areas were sown than in the previous two years (Montenegro, Albania, Macedonia, Kosovo).

But in BiH and Serbia there are statistical data related to increasing production in sown areas only in spring season is about 17,000 ha, which is about 6% more than the years ago in BiH and Serbia increasing the sown surface to cereals from 2 – 4.7%.

During the pandemic are planted larger areas, the effects of corona virus will not affect the reduction in food produced



# FOOD SUPPLY CHAIN – INTERNAL TRADE

- Retail responded to the pandemic by reducing turnover in all months compared to the previous months 2019;
- Compared to the 2019 average, the turnover during 2020 was lower to all countries;
- The retail trade with food products did not react in the same way.
- In March, the turnover even increased by different percentage compared to March 2019 due to the creation of stocks in fear of market disruption.



# PRICES

-The food consumer price index had a slight increase during the pandemic period. Compared to the same months in 2019, food prices increased about:

1% - Kosovo

1.1% - BiH in quarter II 2020, compare to quarter II 2019,

1.5% - Montenegro

2.1% - Albania

1.6% - Serbia and

0.2% - North Macedonia

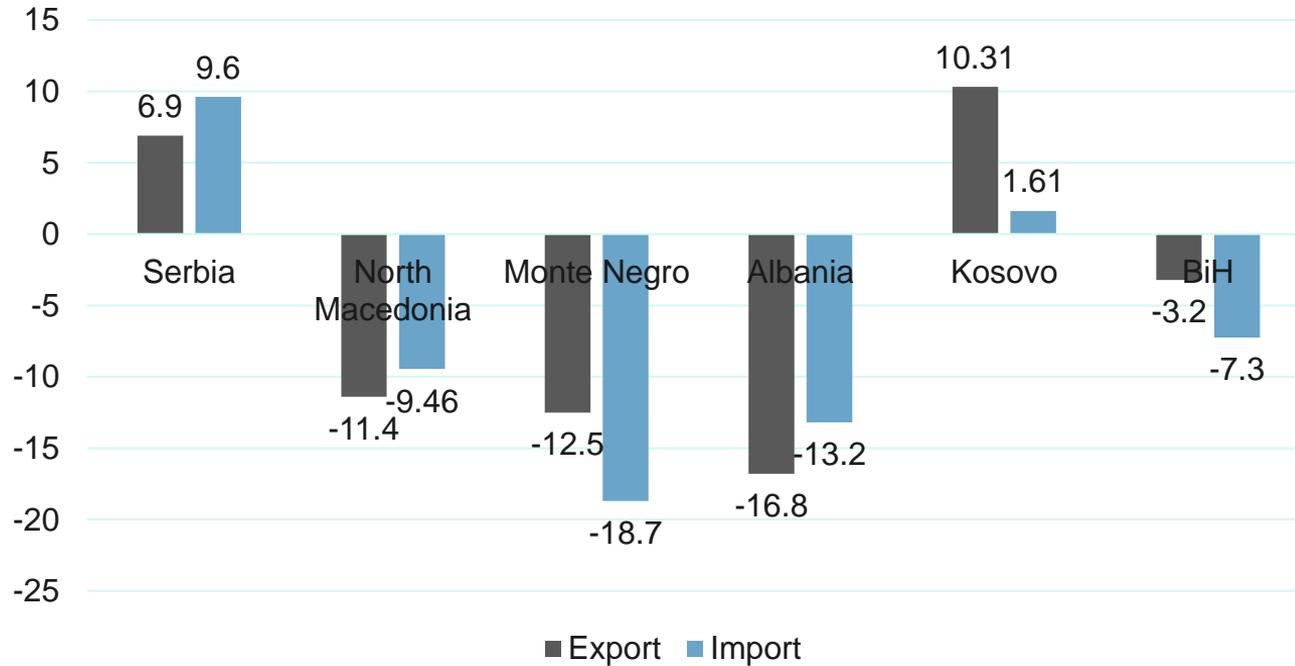
-The monthly price changes of agricultural products during Pandemic had a continuous decline in prices with an average 0.3% per month even though the opposite is assumed (Kosovo).

In WB countries agriculture products have a continuous decline and total consumer price index no volatility.



# FOOD SUPPLY CHAIN - INTERNATIONAL TRADE:

## Internationale Trade Western Balkan Countries

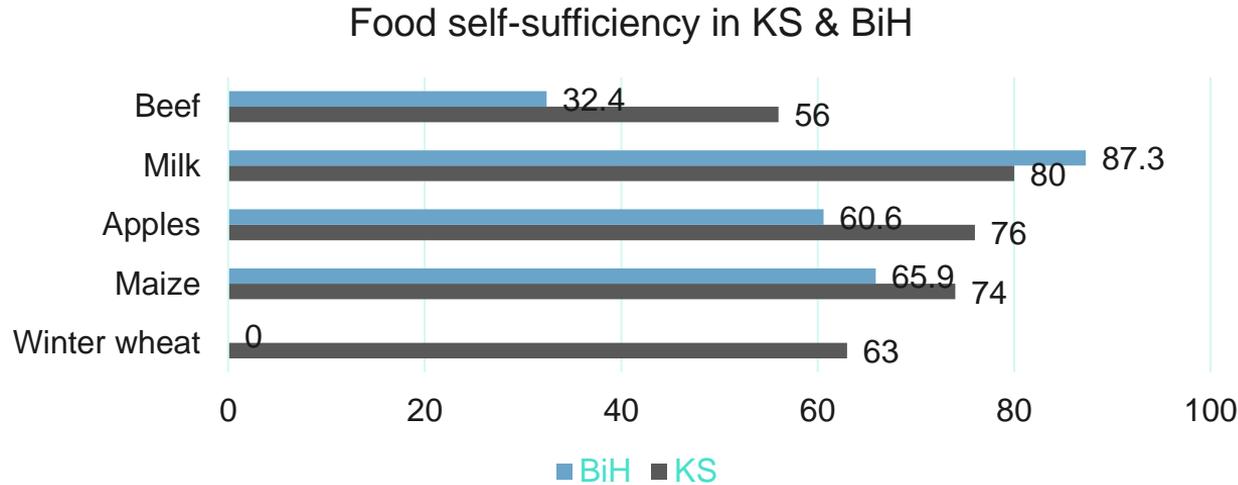


# RURAL COMMUNITIES AND COVID-19

- Restriction to movement to EU countries remittances are likely to diminish due to travel restrictions ;
- Falling agriculture prices and seasonal the production;
- Increase competition for agricultural jobs with people returning from urban area;
- Reduced resources for livelihoods as increase the expenditures on health care;
- Access of rural population to social services (health care, education, elderly care services, childcare);
- Restriction of markets and points for direct placement of products;
- Possible disproportionately larger decline in meat consumption, as well as other higher value products that caused a decline in prices;



# FOOD-SELF-SUFFICIENCY



WB countries are seeking to improve their food self-sufficiency, do so in the context of international trade and due to many limiting factors in WB (except Serbia). SSR in annual statistical reports is used by KS and BiH



# CONCLUSIONS OF THE IMPACT OF COVID 19 ON PRODUCTION

-Agricultural and livestock production did not decline as at the time of the closure of free movement the main services to plants were performed. In the days of the first restrictions some of the early products were ready for the market. In these conditions, the agricultural production did not face a reduction in prices due to the constant demand from domestic and export consumers.

-The first predictions of the effects of the coronavirus on agriculture in Kosovo have appeared, that there is no reason to worry about food security with two important fences: 1) at least this year and: 2) still.



# POLICY RECOMMENDATIONS FOR BUILDING RESILIENCE IN THE POST COVID 19 PERIOD

If in the primary production in agriculture in addition to the difficulties caused by the coronavirus can occur natural disasters: floods, hail, extreme rainfall, spring frost, Government must pay attention to farmers because they may not be able to stand a second shock (after COVID 19) - the Government should cover the damages from the natural disasters this year, a 100% damage coverage like the Kosovo Government case has decided to cover natural disasters with 5 Million EUR.

- Measures to ensure animal feed, especially the borders should be open with the surrounding countries especially for animal feed: soy, corn and wheat and there should be no restrictive measures from the countries of the Region, because some sectors now depend on imports, especially meat, eggs and milk sector notably Kosovo, because SSR is not sufficient for winter wheat, corn etc.



# POLICY RECOMMENDATIONS FOR BUILDING RESILIENCE IN THE POST COVID 19 PERIOD

-Adequacy self-sufficiency should not be treated as an issue of one country, but more as an issue at the level of the Balkan countries or even the EU. Kosovo more give support to known formula: “Policy continuum between food self – sufficiency and free trade”.

-The Government of Kosovo in order for farmers to eliminate the risk of not being able to sell their products because there has been market closure, declining sales because the diaspora this year could not come on vacation, etc. to apply this double subsidy year, additional budget EUR 26 million.

-The Government of the Republic of Srpska (part of BiH) subsidises purchases of domestic agricultural products (vegetable and live animals) by processors with extra 2.5 million EUR.





# THANK YOU VERY MUCH!

## QUESTIONS?

**Name:** Basri Hyseni

**Email:** [basrihyseni\\_2@hotmail.com](mailto:basrihyseni_2@hotmail.com)

**Phone:** +383 44 414 135

**Address:** Rr. Beha 14, Carraleve, Shtime, Kosovo

