

## NEWS

Activity 3.11 - 1  
03/03/2021

*Economical example of how it could influence the market economy in the IPA beneficiary countries, if disease free status is achieved*

Status of the  
Activity

The Project team finished Activity A3.11. The Activity report was presented at 2<sup>nd</sup> PSC meeting, held online on March 2, 2021. The final report on Activity A3.11 is annexed to the 2<sup>nd</sup> Interim report as Annex 6.



Objective of  
the Activity

The objective of this Activity was preparing a statistical survey on production capacities, both live animals and products of animal origin and trade exchange for each country, including Gross Domestic Product (GDP) rate and export balance related to trade with the European Union member states (EU MSs).

Introduction

Trade in the Western Balkans today is directed to regional countries, due to historical relations as ex Yugoslavian countries plus Albania, with similar production needs and socio-economic situation. The assignment was initiated with the collection of the relevant statistical data on agriculture,

more specifically on the livestock sector in the countries in the region to make the analysis and estimate the possible influence of free trade with EU MSs.

*Summary of  
the report*

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The assignment was initiated with the collection of the relevant statistical data on agriculture, more specifically on the livestock sector in the countries in the region to make the analysis and estimate the possible influence of free trade with EU MSs.

The agriculture sector in the Western Balkan countries is of great importance and the share of employment and gross added value in agriculture is significantly above than in the EU. The share of employment in some countries goes up to 40% and the share in GDP up to 20%. The agriculture is not only economically important but also presents a general safety net for the inhabitants of the rural areas.

Huge structural difficulties are also apparent and if measured by the balance of the total agricultural trade, it is apparent that all countries except Serbia have an important trade deficit meaning that the countries do not produce a sufficient quantity of food for its own population.

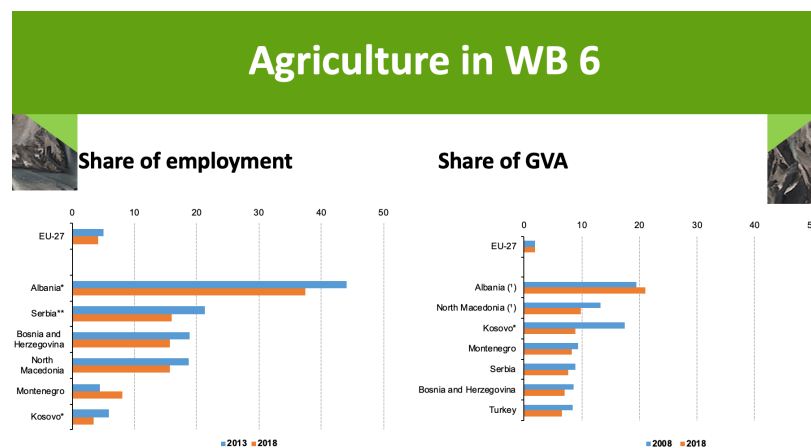
The apparent trade in the livestock sector suggests a decrease of the number of livestock units (animals) in a situation when livestock production is stagnating, suggesting an increase of the efficiency of livestock production.

The overall export and the export to the EU is modest and is summed to an overall export of 450 million Euros annually. Only 10% of these are exported to the EU markets.

Authorization for export to the EU market differs according to the type of product. The focus shall be given to processed products as a product with added value, given the structural limitations and small farm size to compete with the already saturated and sophisticated EU market. Out of all existing establishments for food production, Montenegro has the highest proportion of 8.4% of those authorized for export in the EU.

Based on the indicators, several scenarios for export to the EU markets once the disease status is achieved were simulated. The simulations indicate an immediate increase somewhere between 125 and 150 million Euros. Further potential for increase is possible and conditional to

substantial investments, not only in public administration but also reform in the business sector, land reform, market, etc.



### Conclusions

- Further alignment with the EU food safety rules will have a positive influence on exports of the WB countries
- Reaching EU food standards requires significant efforts by the public and private sector
- Further increase of export depends on reforms and restructuring of agricultural sectors



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### Disclaimer

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