

Positions of the Western Balkans on the Common Agricultural Policy

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During the past decade, Western Balkan Countries have made a remarkable progress in agriculture and rural development, yet the region still faces major challenges in improving economic performance, governance, and quality of life. Being rich in natural resources (before all land suitable for agriculture and valuable biodiversity), as much as in long traditions of the private farming and production of some widely recognized products and brands, region have good chances to develop fast. The prerequisite is to manage to increase fast competitiveness of its farming sector and food industry, upgrade to the modern food safety standards and escape from the extensive farming highly dependent on weather conditions and exhaustion of natural resources. All countries in the region have decided to enter The Stabilisation and Association Process and trade agreements to speed up these improvements, re-establish regional trade and bust rehabilitation of food chains. However, most of them (except Croatia, which is much more advanced in the process of EU accession) are still struggling to really start improving.

While failing to establish suitable institutional set-up (B&H for instance still have no state ministry responsible for agriculture and rural development, most of the countries in the region still lack functional modern legislation and strategic and planning documents, almost no country is still ready for multi-annual planning etc.) most of countries are still trying to conduct mild changes, while running the old agrarian policies, in fear that radical changes might make unstable political systems falling apart. All countries in the region have access to the financial assistance to build capacities however they capability for absorbing it is too low. Adequate sustainability assessments, strong analytics etc. are still not the characteristic of the agro-policy in the region, and policy creations are preferably done on short-term basis according to the actual political needs. For that reason, exposed to the accession process, countries in the region often just copy-paste existing EU legislation and programs, rather than doing gradual, creative and locally suitable adoption. Changes in legislation and programs are mostly not followed by reality checks or implemented measures, but pending for the country to become eligible for EU funds to start living since national budgets are very small (financial support to agriculture and rural development is rather small, except in Croatia and Serbia where agrarian budgets are much higher than average of the region).. Agrarian policy is too often changed, varying due to the political instability and unpredictable dynamic of accession to EU

Nevertheless, all countries of the Western Balkan and SEE have gained valuable experience in the process of accession, due to the reached different status in that process. Existence of such diversity of experiences on the relatively small space, with the common history and almost no language and cultural barriers, represent an advantage for exchange of lessons learned and advice sharing within the region. To foster the process of using this advantage and start working together, in a manner comparable to the cooperation between EU Member States, the governmental institutions responsible for rural development in respective countries and territories of the SEE have established the Standing working group for regional rural development in SEE countries (SWG). The SWG provides a platform for exchange of experiences and mutual assistance in the field of agriculture and rural development, and aims to assure a close and permanent cooperation in order to accomplish the common policy of integration with EU. The SWG is intended also to keep historical memory for overcoming political changes, preventing further losing momentum and

repeating mistakes which is happening too often in the region. Almost all countries of the SEE except Greece have joined (recently Romania and Croatia, Turkey expected to join soon).

The opinion on CAP in the region is by default positive, due to the intention to join EU, however positions on the CAP were never elaborated in details in most of the countries of the region as much as scenarios for the accession and its effects (it was not the topic of any of projects financed by PA instruments so far). Therefore, most of the countries in the region are looking at CAP as not just a moving, but also too distant target, considering their own capacity to deal with the necessary changes for adopting it. Yet, declaratively, all countries in the region agree around priorities which will, if done, make them adopt CAP easily:

1. Institutional capacity building for creation and implementation of the development programs on the national and local level. Professional and technological modernization of agriculture for joining regional, European and world wide integration processes. Creation of adequate informational base for valid, scientific and professional interpretation of the situation in agriculture and rural areas.
2. Harmonization of legislation and food safety standards with EU
3. Increase of production and competitiveness
4. Improvement of the living conditions in the rural areas, including development of financial markets, support to establishment of producers groups and cooperatives, upgrade of diversification in agriculture products processing sector and strengthening of the horizontal and vertical links between all stakeholders in agriculture and rural development and strengthening of the knowledge transfer systems

According to the SWG discussions, the main objectives of agricultural policy in the most of West Balkan countries will remain security of food supplies, however environmental security is still considered too “fancy” for developing economies (although all intend or experiment with the axis 2 type measures). This goes in line with the ultimate goal to prevent accession process worsen economic position of the agriculture in respective country. However, requesting more roles in securing adequate food supply and managing prices by government is contributing countries in the region to continue lagging behind.

Only largest and the most successful farmers understand, that securing food supply and making agriculture more sustainable is equally important and interrelated, therefore require huge investments and innovations. For most of the farmers, however the most important factors affecting their ability to respond to the increased demands placed on them, is an access to financial resources (subsidies, incentives, etc.) Access to technical resources (farm inputs) is positioned lower on the list and access to technical capabilities (training) seems to lag behind even more, although moving up.

Most of fears, farmers and policy makers in the region have, are connected to the ability to reach required competitiveness with available financial means. Countries in the region are still not sufficiently capable to facilitate access to credits for farmers and rural business. Most of them have also weak advisory and extension services, to enable farmers move in right direction. Need to modernise them will not be covered by the pre-accession instruments. That means governments in the region should be more proactive to find other source of assistance (IFI, bilateral assistance etc.) to be able to provide adequate support to farmers and better utilise IPARD in future. Building necessary structures and partnerships with social partners and engaging local level, as much as the upgrade of the central level with better coordination of international assistance throughout the region is crucial for multiplying effects of the development assistance, as much help covering gaps and preventing overlapping (including avoiding the virtual effect of being “over-consulted” (which is a phenomena observed by SWG members in the region).

Awareness about the need to diversify rural economies is also lagging behind in the region. Most of countries will stubbornly continue tradition in production of all agriculture products land can hold, no matter how economically justified, for the sake of providing self-sufficiency in food. They hesitate to introduce the idea of diversifying agriculture, as much as rural economy in whole mainly due to the thorough analysis of gross margins. Fertile soil for diversification is rising only in areas where agriculture is actually creating wealth and provides sufficient income to hold local economies, instead in marginal where it is a prerequisite for survival (due to differences in

education of local population). Too many expectations are, connected to the introduction of tourism as a single option, while other types of non-agriculture activities, services or processing are not that much of interest. Irresponsible promotion of this option is often the part of the political propaganda, which is glorifying national natural resources, culture and tradition of rural areas offering fast recovery through tourism or by selling "healthy products". This might create inflation of such initiatives, and consequently cause failures and disappointments in implementing axis 3 measures.

In the region there is an opinion that the current objectives of the CAP adapted to the specific interests of the new member states in the future; however this legitimate wish is just declaration – it's not articulated, neither is clear which major changes are expected and is there any chance for them to be adequately justified. Responsible people for AP in most of the countries in the region still do not understand even the substance of the existing CAP, to be able to suggest its upgrade for the own sake. Some of them still don't understand even difference between CAP Pillar 1 and Pillar 2 measures; neither sees reasons and relevance of rural development playing a bigger policy role etc. What is clearly seen is that implementing CAP is a trouble when there is no legal possibility for multi-annual planning of budget for instance, or not enough employees in administration, or there is a lack of understanding and willingness of governments to introduce radical changes in constantly moving political realities. Moving shooter + moving target – mission almost impossible.