

European Commission – Agriculture and Rural development

The former Yugoslav Republic of Macedonia- Agriculture and Enlargement

The former Yugoslav Republic of Macedonia became an independent state in 1991. It is a land-locked country with an area of 25 713 km² and population estimated over 2 million.

The former Yugoslav Republic of Macedonia was the first country from the region to sign the Stabilisation and Association Agreement (SAA) in 2001.

Since its independence, the country is in the process of transition to the market economy, with continuing growth. The EU is the main trading partner (in 2009 – 56 % of exports and 52 % of imports).

Agriculture plays an important role in its economy and has a share of 18 % in total employment and of 9.7 % in GDP.



Main Country Indicators

	Total area (in km ²)	Population (thu)	Population density (per km ²)	GDP (EUR mio)	GDP growth (% change with a previous year)
the former Yugoslav Republic of Macedonia	25 713	2049	82.2*	6676	-0,7
All Western Balkan countries ¹	264 462	23 658	89.2	109 669.30	-3.42
EU 27	4 308 406.6	501 103	116.0	11788711.1	-4.2

Sources: Eurostat (2009 data)

* 2008 data

¹ Croatia, the former Yugoslav Republic of Macedonia, Albania, Bosnia & Herzegovina, Montenegro, Serbia and Kosovo (UNSCR 1244)

Towards EU Membership

Stabilisation and Association Process (SAP) for the Western Balkans launched in 1999 sets out common political and economic goals. Regional cooperation is a fundamental part of the process. It is supported by two main instruments Stabilisation and Association Agreements (SAA's) and the Instrument for Pre-Accession (IPA)

SAA

The former Yugoslav Republic of Macedonia was the first country from the region to sign the Stabilisation and Association Agreement (SAA) in 2001. It entered into force in April 2004. The former Yugoslav Republic of Macedonia submitted an application for EU membership on 22 March 2004. Subsequently, on 9 November 2005 the Commission adopted its Opinion on the application evaluating the country's capacity to meet Copenhagen criteria. Based on this assessment, the Commission recommended to the Council to grant the country candidate status. At the end of 2009, the Commission judged that the country reached a sufficient degree of compliance with the membership criteria and recommended to open negotiations. This recommendation was repeated in 2010. The final decision to start negotiations needs to be taken by the Council.

Accession Partnerships (AP)

The AP from 2008 stipulates several priorities for the country:

Short term priorities for Agriculture and rural development are:

- Speed up the registration of agricultural land in the real estate cadastre
- Ensure collection and processing of sound and reliable agricultural data

- Continue preparations to establish effective and financially sound paying bodies for the management and control of agricultural funds, in line with EU requirements and international auditing standards.

Medium term priorities Agriculture and rural development are:

- Upgrade the capacity of the agricultural administration and complete preparations for enforcement and practical application of the management mechanisms of the common agricultural policy, in particular the integrated administration and control system (IACS), and ensure a functioning land parcel identification system (LPIS).

IPA – The Instrument for Pre-accession Assistance (2007 – 2013)

As a candidate country, the former Yugoslav Republic of Macedonia is eligible for the 5 components under the IPA assistance, including the Rural Development component - IPARD. The IPARD programme sets out detailed objectives for the agricultural sector and describes measures to achieve them. For the period 2009-13 the EU will contribute 87.5 mio €, distributed among 3 axis: (1) Investment in agricultural holdings to restructure and upgrade to Community Standards, (2) Investments in processing and marketing of agricultural and fishery products, (3) Diversification and development of rural economic activities. Some funds will be dedicated to technical assistance.

Agriculture sector

About 39% of the total area of the former Yugoslav Republic of Macedonia, or 1.01 million hectares, is agricultural land, split almost evenly between cultivated land (arable land orchards, vineyards and meadows) and permanent pastures. Another 37% of the land is upland or mountainous forestland, while the rest includes lakes and urban areas (or not used for agricultural purposes). The majority of the cultivated land is arable land, permanent crops represent 7% (35 000 ha) and meadows 58 000 ha. The country is largely hilly and mountainous; the combination of Continental and Sub-Mediterranean climate, characterized by long, warm summers and short, not too severe winters, and fertile soil provide generally excellent conditions for production of a range of food products.

The structure of the agricultural sector is characterised by small-sized family farms - around 80% of agriculture holdings are estimated to be 2.5 – 2.8 ha on average; they are owned or leased, and are highly fragmented into small parcels. The state farms, generally much larger, are mostly not operating or in difficulties often due to not finalized state of privatisation. The majority of pastures is still owned by the state and managed by the Public Enterprise of Pastures.

Almost the totality of the Gross Agricultural Output (70%) is generated by crop production, where vegetables are the main contributors. Tomatoes, peppers and melons dominate the vegetable production and make the former Yugoslav Republic of Macedonia a net exporter of processed vegetables. Other important agricultural products are fruit, cereals, tobacco and grapes for wine production as well as for direct consumption. Livestock output has a lesser importance; dairy farming with cow milk production dominates this sub sector.

The agriculture sector plays an important role in the country's economy, its contribution to GDP accounts for nearly 10% and is relatively stable; together with food processing the percentage increases to 16%. As in many Western Balkan countries, almost half the population live in rural areas. Officially, almost one fifth of the working force is employed in agriculture. Agriculture has always served as a shock absorber for the socio economic and structural changes in industry and other sectors of the economy.

The agri-food processing industry has always played an important role in the former Yugoslav Republic of Macedonia. Over the last 10 years of privatisation, the industry suffered from political changes and difficulties in adaptation to market economy. The recovery and market-oriented focus is gaining ground.

Economic importance of agriculture

	<i>the former Yugoslav Republic of Macedonia</i>	<i>EU 27</i>
<i>Utilised agriculture area (UAA)(000 ha)</i>	1 014	178 813*

<i>UUA as proportion of total area</i>	39.4%	41.73%*
<i>Arable land as proportion of UAA</i>	41.4%	59.68%
<i>Perm. grassland as proportion of UAA</i>	49.3%	31.69%
<i>Share of agricultural labour in total labour %</i>	18.5 %	5 %
<i>Share of GDP %</i>	9.7 %	2 %

Sources: Eurostat for year 2009 and statistics from FYRoM 2009.

* 2008 data

EU agricultural trade with the former Yugoslavia Republic of Macedonia

An Interim Agreement governing the trade aspects of the SAA was implemented since 2001 until 2004, when the SAA entered into force. The SAA gives free access to EU markets for almost all the country's agricultural products. Exceptions remain for sensitive products such as wine, baby beef, fisheries and fish products, for which duty free tariff quotas have been agreed.

Regarding the market access for EU products, the SAA allows for the complete elimination of tariffs for the non-sensitive products and the gradual liberalisation till 2011 for the mid-sensitive products. For the most sensitive products custom protection will remain. A number of import quota's into the country have been agreed. The most significant products having a TRQ are certain citrus fruits, certain meat products, maize, (sunflower) oil, sugar, olives and animal feed

The former Yugoslav Republic of Macedonia joined the Central European Free Trade Agreement in 2006 and became a member of the World Trade Organisation (WTO) in April 2003.

Agricultural products	2008	2009	2010	Avg 2008/2010
EU imports (mio €)	131.4	127.9	135.6	131.6
EU exports(mio €)	175.6	149.9	169.6	165.0
Trade balance for EU (mio €)	44.2	22.0	34.0	33.4

Source: EC

The product groups accounting for the largest share of EU agricultural and food exports to the country (in value) are meats, food preparations, edible oils, and fruits.

Tobacco, wine, vegetables and fruits are the main imported agriculture commodities into the EU. Tobacco and tobacco products represent almost one quarter of total agricultural imports from the country. Wine is mainly imported as bulk wine. The country is also a net exporter of processed and preserved vegetables, such as processed peppers or preserved gherkins, cucumbers and mushrooms. Agricultural products represent 10% of all EU imports from the country.

The EU-27 is the most important trading partner of the former Yugoslav Republic of Macedonia as far as agro-food and fishery products imports are concerned. However for exports the majority is exported to the CEFTA countries, mainly to Serbia.

The country remains a net importer of agricultural and food products.

The former Yugoslav Republic of Macedonia-EU: trade performance of agriculture products

EU Imports <i>(in mio €)</i>	2008	2009	2010	Ø 08-10	EU Exports <i>(in mio €)</i>	2008	2009	2010	Ø 08-10
Unmanufactured tobacco and refuse	44.0	48.9	33.1	42	Meat, edible meat	34.8	38.8	39.7	37.7
Vegetables	28.4	25.8	38.0	30.7	Residues from food industry	15.3	14.3	16.1	15.2
Wines	18.2	19.9	16.1	18.1	Dairy, eggs, honey	15.5	11.1	12.7	13.1
Meat, edible meat	12.4	13.0	11.9	12.4	Fruits and nuts	10.2	11.1	17.3	12.8
Fruits and nuts	12.0	5.9	11.7	10.9	Preparations of meat	10.9	10.2	11.6	10.9

Source: EC, Comext

Agriculture production statistics

LIVESTOCK (000 heads)	2007	2008	2009	EU 27 in 2008	In % of EU 27 in 2008
Cattle	253.8	254	252.5	88 837	28.6%
Diary Cows	129.8	129.9	128.6	24 000	0.54%
Sheep and goats	944	949.6	849.4	91 154	0.23%
Pigs	255.1	247	193.8	153 067	16.1%

Source: Eurostat

CROPS (000 tonnes)	2007	2008	2009	EU 27 in 2008	In % of EU 27 in 2008
Cereals (including rice)	468.6	615.1	608.9	314 919	0.2%
Sugar beet	8.0	0	0	114 810	0
Oilseeds	4.6	6	9.5	17 495	-0%
Fruits and Vegetables	542	n/a	n/a	44 667	n/a

Source: Eurostat

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