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THE AGRICULTURAL SIGNIFICANCE IN ECONOMY OF VOJVODINA¹

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INTRODUCTION

For Autonomous Province of Vojvodina, as well as for total Republic of Serbia, agriculture is not just domain of material production, but also a significant factor of economic growth. According to increased attention on agriculture, on present level of our country's social-economic development, the epithet of strategic branch (department) could be deservedly attached to it.

The main goal of this work is to show specific macro-economic movements in agriculture, their influence on Serbian economy in reform process and preparation for European Union (EU) affiliation. In compliance with mentioned, the accent was put on agricultural role in economic system of Vojvodina.

MATERIAL AND METHODS

Owing to agricultural role determination in economic system of Vojvodina, taking into account FAO (Food and Agriculture Organization of the United Nations) made methodology, we are going to use following *system of structural indexes (indicators) of economic development:*⁴

- a) participation of active agricultural population in total active population,
- b) participation of agriculture in National Income and Gross Domestic Product creation,
- c) participation of agriculture in foreign trade exchange.

¹ The work is a part of the 149007 project of the Ministry of Science and Environmental Protection (MSEP) of Republic of Serbia under the title „Multifunctional agriculture and rural development in the function of involving Republic of Serbia in the European Union“.

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⁴ Subić Jonel (2003): *The role of agriculture in economic system of Serbia and Montenegro*. Proceeding „Agriculture and rural development in European integrations“, Agricultural Faculty Zemun – Belgrade.

Due to these indexes, we will acquit economic movement analysis in agriculture of Vojvodina, and in whole Serbia, as well as comparation with actual state in agriculture of economic developed countries.

RESULTS AND DISCUSSION

Nowadays majority population in Vojvodina realizes income out of agricultural activity. In such a way, alongside to a fact that **active agricultural population** was depopulate for 74.44% in 1991 in relation to 1948, and for 16.11% in 2002 in relation to 1991, a percent of 13.69% that belongs to active agricultural population is big, which keeps up decreased level of total economic development (*Table 1*)¹. Agriculture is asserted as one of the material production's basic branches in economy of Vojvodina (i.e. Serbia).

Table 1 Population and labour in agriculture of Vojvodina

Specification		Years						Rate in %
		1948 ¹⁾	1953	1961	1971	1981	1991	
Population	total (000)	1,663	1,712	1,855	1,952	1,969	1,966	2,032 0.30
	active (000)	822	778	816	833	862	872	913 0.42
Agricultural population	total (000)	1,134	1,078	960	761	391	269	215 -2.02
	active (000)	583	534	457	385	213	149	125 -1.58
Participation of agricultural population in total population (%)		68.19	62.97	51.72	38.99	19.58	13.68	10.58 -2.31
Participation of active agricultural population in	(%) total active	70.92	68.64	56.00	46.22	24.71	17.09	13.69 -2.00
	(%) total agricultural	51.41	49.54	47.60	50.59	54.48	55.39	58.14 0.44

¹⁾ Estimate.

Source: Statistical Office of the Republic of Serbia 2004, Belgrade 2004.

¹⁾ In Serbia, active agricultural population has decreased for 64.73% in 1991 in relation to 1948, or for 41.48% in 2002 in relation to 1991 (without Kosovo and Metohija). A part which belongs to active agricultural population in Serbia is 15.6%.

An observation that a level of active agricultural population in Vojvodina is very high, confirms also comparation with economic developed countries (around 3.2% with exception of Greece, where the participation in 2002 was 15.7% in relation to percent of 51.1% in 1961).¹

In period 1991-2002, over 50 thousand inhabitants (close to 500 thousands of inhabitants in Serbia) have left agricultural activity, mostly work-capable men and young men over 15 years. However, statistical data point out that in year 2002 were 215 thousand inhabitants (817 thousand inhabitants in Serbia), who invested their working potential into agricultural production (including younger than 15 and older than 65 years), from whom 58.14% were actively involved in production process (64.70% in Serbia), while 41.86% were involved in seasonal activities (35.30% in Serbia) or agriculture has been additional activity for them.²

It is interested to mention that in 2002 the higher participation of active agricultural population in total agricultural population was in population with age between 50 and 64 years (93.70%). Therefore, these inhabitants are also the most active population in agriculture (31.20%). Generally observed, on husbandries in Serbia mostly live and work persons older than 50 years, which is anxious fact, but also a signal for new developmental programs in agriculture and village domain.³

Beside all inconveniences which agriculture bear (especially in comparison to industry), we consider that **agricultural participation in Gross Domestic Product (GDP) and National Income (NI) creation**, represents one of the basic indexes, reflecting its role in national, regional or world economy, while it do not represents just productive resources effectivities in agriculture, but also economic efficiency of used resources.

On this criteria base, in Vojvodina's economic system, 22.50% of total GDP in 2004 was covered by agriculture, which, in comparison to 1998. (26.50%) shows downfall of 4.00%.⁴ These values demonstrate enhanced level which our agriculture has in relation to agriculture of economic developed countries⁵.

¹ Participation of active population in agriculture (including forestry, hunting and fishery) was in year 2002. 4,0% in European Union (3,0% in France, 9,5% in Ireland, 4,8% in Italy, 3,2% in Holand etc.), 4,4% in Australia, 2,2% in Canada, 2,0% in USA etc.

² Subić Jonel (2005): *Labour in Serbian agriculture*. Industrija, nr. 2-3, Institute of Economics, Belgrade

³ Subić Jonel (2005): *Labour in Serbian agriculture*. Industrija, nr. 2-3, Institute of Economics, Belgrade

⁴ In Serbian economy, 15,80% of total GDP for 2004. belongs to agriculture, which shows downfall of 3,80% in relation to 1998. (19,60%).

⁵ Agricultural participation in GDP creation was 1.60% in EU in 2004 (1.40% in Czech Republic; 1.70% in Denmark; 1.90% in France; 5.20% in Greece; 1.80% in Ireland; 2.20% in Italia; 3.10 in Hungary; 1.70% in Holland; 3.10% in Poland; 2.00 in Slovakia; 0.70% in Slovenia; 1.90% in Great Britain etc.); 0.90% in USA etc.

Analogically, the agriculture also has very important role in NI creation, with participation of 23.14% in 2004, which further more shows decrement of 4.71%¹. We are paying attention that the lowest values for GDP and NI were evidenced in 2003. (*Table 2*).

Table 2 Structure of GDP and NI by branches of economy activity,
in Vojvodina (%)

Sector		Years					
		1998*	1999*	2000*	2001*	2002**	2003**
Agriculture	GDP	26.50	32.75	31.42	31.25	24.02	19.91
	NI	27.85	35.14	32.55	32.85	25.48	20.80
Industry	GDP	35.93	35.60	40.01	37.11	42.51	47.09
	NI	33.32	32.96	39.14	35.80	40.93	45.98
Services	GDP	37.57	31.65	28.57	31.64	33.47	33.00
	NI	38.83	31.90	28.31	31.35	33.59	34.99

* Agriculture, fishery, forestry and water management.

* Agriculture, hunting, forestry, water management and fishery.

Source: Statistic yearbook of Republic of Serbia for 2000/01/02/03/04/05, RIS of Serbia, Belgrade, 2000/01/02/03/04/05.

In structure of agricultural products export, for many years, an animal origin products has been preferential, than follows vegetable, fruit growing and viticultural products. However, lately a participation of livestock products was diminished and varied between 3.9% and 23%; different situation is with vegetative products – their participation was increased and was varied from 58.7% to 90.2%; at the same time, the participation of fruit growing and viticulture fluctuate between 2.2% and 18.2% in total export of agricultural products.²

Serbia mainly exports those agricultural products for which it has no possibilities and conditions to produce. Among these products are mainly: coffee, tea, various spices, tropical fruits, rice, cotton, wool, etc., but in some cases also cereals, milk, fats and oils of animal and vegetable origin, while it is resulted because of oscillate occurrences in domestic (autochthonous) production.³

¹ In Serbian economy, agriculture participates in NI creation with 7.30% in 2004, which shows downfall in comparison to 1998 (3.70%)

² Randelović S. Vidan (2001): *Ekonomika poljoprivrede i zadrugarstvo*, University in Belgrade, Agricultural Faculty Belgrade – Zemun.

³ Subić Jonel (2003): *Determinarea eficienței economice a investițiilor în agricultură (Banatul de Sud – R.F. Yugoslavia)*. Teza de doctorat, ASE, 2003.

Using detailed analysis of actual situation in our country (i.e. Vojvodina), as in total, as well as for foreign trade exchange of agricultural products, we could notice instability with big differences in relatively short time. In the year after, **the participation of agricultural products export in total export** increased for 0.5% and was 4.94%. Straightaway after that, we can notice constant downfall, which particularly revealed in 2001. In the first case, we can see downfall of 1.64% (in relation to 1999), while in the second case, decrement of 0.81% (in relation to 2000) was evidenced.

Table 3 Foreign trade exchange of agricultural products of Vojvodina
(in mil. RSD)

Specification		Years						
		1998	1999	2000	2001	2002	2003	2004
Export	total	7,611	4,043	6,732	38,261	46,960	48,833	64,550
	agriculture	376*	220*	256**	1,146**	-	-	-
	% in agriculture	4.94	5.44	3.80	2.99	-	-	-
Import	total	13,424	7,888	15,451	96,803	111,878	122,983	157,211
	agriculture	386*	252*	495**	3,722**	-	-	-
	% in agriculture	2.88	3.19	3.20	3.84	-	-	-
Balance	total	-5,813	-3,845	-8,719	-58,542	-64,918	-74,150	-92,661
	agriculture	-10	-32	-239	-2,576	-	-	-
% of agricultural export in total import		2.80	2.79	1.66	1.18	-	-	-

* Agriculture, fishing, forestry and water management.

** Agriculture, hunting, forestry, water management and fishing.

Source: Statistic yearbook of Republic of Serbia for 2000/01/02/03/04/05, RIS of Serbia, Belgrade, 2000/01/02/03/04/05.

In the same way, **the participation of agricultural products export in total import represents** a contribution of agriculture in foreign currency realization for non-agricultural products import needs (mainly), and was followed by periodically instability and considerable differences. In analyzed period (1998-2004), our country (Vojvodina too – *Table 3*) has constantly negative balance of foreign trade exchange (with accentuated negation in 2004, i.e. -7,230 mil. USD), while negative

balance in foreign trade exchange of agricultural products was also the most high in 2004, i.e. -1,364 mil USD).¹

Further more, we would like to point out that, in economic high – developed countries, with possibilities and conditions for agricultural production, the foreign trade exchange balance of agricultural products has positive balance (it is active) and agricultural export represents one of the significant resources of total economy development.²

CONCLUSION

If we take into consideration all mentioned by now concerning macroeconomic indexes in agriculture of Vojvodina, there is a conclusion that participation of agriculture in GDP (22.50%) and NI (23.14%) creation, as well as in active population (13.69%) creation is very significant, and has negative consequences, due to a fact that it reflects the tendency of de-industrialization and agrarization, based on substitution capital with labour. It is negative manifestation and is opposite to economic developed countries' direction.

Owing to appeared social-economic changes, caused by civil war and economic sanctions, foreign trade exchange of agricultural products, in period 1998-2004, had permanent negative balance, with accent on year 2004 (1,364 mil USD deficit). As a consequence, the difference of our export possibilities (of agricultural products) in comparison to EU countries average, has been big (for example, in 2003 a value of agricultural products export in Serbia was 14.3 USD/inhabitant, while in EU-15, the same value was 613.54 USD/inhabitant). Negative balance of agricultural products' foreign trade exchange leads to higher level of agricultural product/inhabitant import in relation to export (again year 2003 – in Serbia the value of agricultural export was 30.0 USD per inhabitant, while in EU-15, mentioned value was 621.4 USD per inhabitant). Such unfavourable state marks an obvious rebalance and inefficiency in foreign trade exchange of agricultural products on national level, in comparison to European Union countries, which shows balance and efficiency in economy. Further more, currency income of agricultural products export can provide agricultural and other

¹ Subić Jonel, Cvijanović Drago, Cvijanović Gorica (2006): *The agricultural participation in economy development of Serbia*. International Symposium on „Investments and Economic Competence“. Academy of Economic Studies, Management Faculty, Department of Management.

² Foreign trade balance of agricultural products was, in year 2001: 16,400 mil. USD in Australia; 6,077 mil. USD in Denmark; 12,005 mil. USD in France; 19,111 mil. USD in Holland; 5,380 mil. USD in Canada; 4,019 mil. USD in USA etc.

economic sectors modernization, so our country has to start with practice of much more efficient management. Appropriately, Serbia has to try hard to accelerate agricultural development, as well as its standards' harmonization with EU standards, due to its better and faster preparation for joint market accession.

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