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External trade of agroindustrial product of Serbia and Republic of Macedonia within the CEFTA agreement¹

Abstract: Foreign trade of agro-industrial products and the liberalization of trade exhibits in addition a number of benefits and risks of aggravating circumstances. For food producers in Serbia the process of trade liberalization is a tough competition. This implies the necessity of raising the technological level of production, productivity, efficiency and application of marketing management. Increased competition in the domestic market should contribute to increasing the quality and supply of goods. It is realistic to expect a decline in product prices, which in perspective could be a problem to domestic producers, reducing their income. However, this process allows consumers a wider choice of cheaper goods. The subject of this paper is the foreign trade of agro-industrial products of the Republic of Serbia and the Republic of Macedonia within the framework of the CEFTA agreement signed in accordance with the agreement on free trade. It contributes to the Western Balkan to become economically integrated area for goods and services. It also should be a distinctive destination for foreign investment. The aim of the research is considering possibilities of improving and expanding foreign trade of agro-industrial products of the Republic of Serbia, as well as the reduction of imports from the Republic of Macedonia. The task is, among other things, to quantify the change in order to gain insight on the movement and actual trends, as well as to determine the mutual interdependence of the factors that influenced the dominant tendencies manifested.

Keywords: CEFTA, food, Serbia, trade, competition

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Exports of agro-industrial products are the basis of agricultural development, and therefore the economy as a whole. It also tends to minimize the import, or to achieve a positive balance of foreign trade. Republic of Macedonia is a significant trade partner of Serbia. In order to achieve better results in foreign trade with a country, it is necessary to explore the market and adapt their products to demands and needs of foreign consumers.

The subject of this paper is the foreign trade of agro-industrial products of the Republic of Serbia and the Republic of Macedonia within the framework of the CEFTA agreement signed in accordance with the agreement on free trade. CEFTA agreement is covered by industrial and agricultural products, with the grater liberalization of industrial products. Agricultural products are covered by the limited range of commercial benefits because of the particular sensitivity of the agricultural sector. The aim of the research is considering possibilities of improving and expanding foreign trade of agro-industrial products. The task is, among other things, to quantify the change in order to gain insight on the movement and actual trends, as well as to determine the mutual interdependence of the factors that influenced the dominant tendencies manifested.

Data sources and methodology

The main source of data is a foreign trade statistics, Department of Agriculture materials, Chamber of Commerce and other relevant sources. It is performed an analysis of exports by commodity groups according to the Standard International Trade Classification.

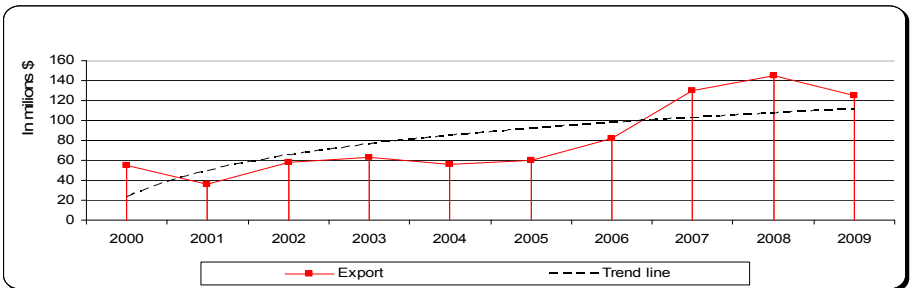
The research covered the time period from 2000-2009. The research is based on the so-called “desk research” which is processing the data available with the use of standard statistical and mathematical methods. The intensity of the movement was quantified by calculating the change rate using the functions which trend lines are the most appropriate to original data. The stability of exports and imports was calculated using the coefficient of variation. It is also used the analysis of content of adopted documents and the results of previous studies of this issue.

The research results

Exports of agro-industrial products in the Republic of Macedonia

During the reporting period from 2000-2009 there are visible oscillations in the movement of export to the market of the Republic of Macedonia. In analyzed period of ten years The Republic of Serbia exported the agricultural and food products to the Republic of Macedonia in the value of more than 800 million dollars, which is 19.5% of total exports to CEFTA countries.

If we analyze the export curve (Graph 1), we can state a significant decline in 2001. This year is specific for the fact that Serbia has made the trade deficit with Macedonia in excess of 500 thousand dollars, due to the undefined bilateral relations between the two countries. The next, 2002, is characterized by a sudden jump in exports. After recovery of export in 2003, export from Serbia in 2004 and 2005 tends to fall. Since 2006 the growth was constant until 2008 when it recorded a significant decline of over 19 million dollars in 2009. Clearer picture of Serbian exports is obtained when looking at the rate of change in exports, which is very indicative of the reference period and is 14.2%, while the coefficient of variation from the other side is 46.8%



Graph 1. The movement of export of agro-industrial products of the Republic of Serbia to the Republic of Macedonia (2000 to 2009)

Source: Republikan Bureau of Statistics

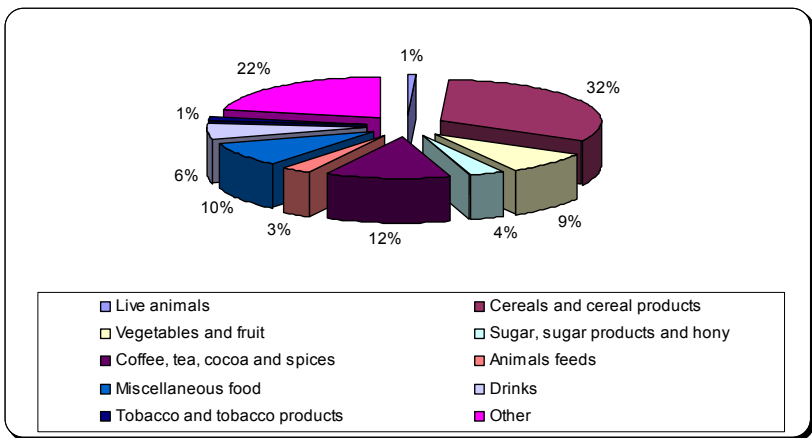


Figure 1. The structure of exports of agro-industrial products from the Republic of Serbia in the Republic of Macedonia (2000 to 2009)

Source: The Statistical Office of Republic of Serbia

To get a clearer picture of foreign trade relations between Serbia and Macedonia, it is necessary to analyze, first of all, the structure of exports by group products from the Republic of Serbia in terms of the STMK classification. It may be noted that exports from Serbia to the Republic of Macedonia is

very homogeneous. The Republic of Serbia exported in the analyzed period of time extremely narrow assortment of goods to the Republic of Macedonia. The most important export products of Serbia to Macedonia are products of grain and flour (32% total), coffee, tea, cocoa and spices (confectionery) and canned meat products. Other products such as soft drinks, milk and dairy products are practically uniform in the export share of the market structure (Figure 1). The homogeneity of the Macedonian market for agro-industrial products from the Republic of Serbia is also reflected in the continuity of these two groups of export products on the Macedonian market in the analyzed period of ten years.

If Serbian export is analyzed by years, we can conclude that the Macedonian market since 2000 has a strong demand for certain products from the Republic of Serbia. In fact, exports in 2000 is characterized by a placement of meat and frozen beef (14.6%), wheat products (wheat grain, maize flour and beans) (14.2%) and cocoa-based products (9%). The following year, 2001, is characterized by falling exports, but still the most common export products of Serbia are cereal products (25%) and meat products (22%). It is important to emphasize that Serbia in 2001 begins significantly to export soft drinks (non-carbonated soft drinks), 5% of total exports to the Republic of Macedonia, and this product will in the future become one of the most important items of the Republic of Serbia. In the following year there are no significant changes in export varieties of the Republic of Serbia. Serbia in 2002 mostly exported wheat products, as much as 38%, while exports of meat and meat products recorded a slight decline to 11% of total exports to Macedonia. Exports in 2003 were determined by "timid" expanding production assortment of Serbia and the Serbian Republic in addition to the steady export of wheat and corn in grain (35%) began to sell other types of products: coffee, tea, cocoa and spices, confectionery (20%), alcoholic beverages (7.8%) and milk and milk products (5%). Although after successful 2003 there was expected growth in export in 2004, export from the Republic of Serbia to the Republic of Macedonia has decreased. However, this year is very specific for a wide export assortment of Serbia. In addition to grain exports of 18%, Serbian to the Macedonian market places: coffee, tea, cocoa and spices (over 16%), edible products (7.6%), alcoholic beverages (5.5%), milk and milk products (3.9%), fodder (3.1%) and so on. Wheat and wheat products in the next 2005 remain the most important export products (27.3%). However, this year is specific by clearly distinct groups of products which will determine placement on the Macedonian market until the end of analyzed period. In 2005 the Republic of Serbia to the Macedonian market places: coffee, tea, cocoa and spices (15%), edible products (14.2%), meat and meat products (10.7%), milk and milk products (6.7 %). Macedonian market in the next year becomes more propulsive and beside the grain (10.2%) Serbia exports fresh and frozen meat (18.3%), corn in grain (7.9%), processed vegetables (4%), fruit and vegetables (3.6%) and others. The total value of goods marketed in 2006 exceeds \$ 82 million. In 2007 the export from Serbia beside

the constant growth is homogeneous and determined by specific groups of products, which are: whole wheat (14%), fresh and frozen meat (11%), production of wheat and flour (8.6%), confectionery (7.5%), edible products (canned food) (7.6%) and beverages (4.3%). Penultimate year of the period, 2008, is characterized by record exports to the Republic of Macedonia, over 140 million dollars and homogeneous export of group of products, meal and flour (12.7%), flour products (10%), coffee, tea, cocoa and spices (10%), confectionery, sweet and salty program (8.8%) and others. In 2009 leads the export of the same group as in the previous period, meal and flour (12.6%), flour products (10.5%), coffee, tea, cocoa and spices (11%), confectionery (9%), corn (6.5%). There was also a significant export of non-alcoholic beverages (9.5%). If we analyze export by commodity groups in this period, the most exported products from the Republic of Serbia to the Republic of Macedonia are cereals and cereal products with a 32% share in total exports and the rate of change of 17.9%. Reporting period was characterized by extremely low rates of change, especially in the export of tobacco and tobacco products, coffee, tea, cocoa and spices and vegetables and fruits (Table 1). The highest rates of change were registered in exports of drinks (28%) and various food products (29%). Coefficients of variation of these product groups (87.3% and 64.7%) indicate a big risk and discontinuity of the market of the Republic of Macedonia. In support goes a negative rate of change expressed in animal feed exports (-4.9%) and coefficient of variation for this group of more than 54%. These change rates and quite balanced coefficients of variation indicate a constant placement of certain groups of products that are demanded on the market of the Republic of Macedonia. Despite global economic crisis, placement of the most of these product groups records constant export to the market of Macedonia in 2009.

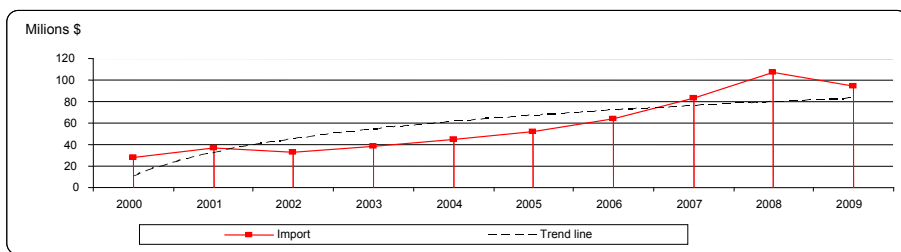
Table 1. Exports of agro-industrial products by product groups from the Republic of Serbia to the Republic of Macedonia (2000 to 2009.)

| Dept | Commodity groups | The average value (Mil. \$) | The rate of change (%) | CV (%) | Participation (%) |
|---|---------------------------------|-----------------------------|------------------------|-------------|-------------------|
| 00 | Live animals | 0.72 | 13.8 | 109.7 | 0.9 |
| 04 | Cereals and cereal products | 25.82 | 17.9 | 64.0 | 31.9 |
| 05 | Vegetables and fruit | 7.20 | 8.9 | 27.5 | 8.9 |
| 06 | Sugar, sugar products and honey | 3.02 | 17.8 | 104.8 | 3.7 |
| 07 | Coffee, tea, cocoa and spices | 10.07 | 9.1 | 29.1 | 12.4 |
| 08 | Animals feeds | 2.40 | -4.9 | 54.2 | 2.9 |
| 09 | Miscellaneous food | 7.94 | 29.0 | 64.7 | 9.9 |
| 11 | Drinks | 5.23 | 28.0 | 87.3 | 6.5 |
| 12 | Tobacco and tobacco products | 0.90 | 3.6 | 149.7 | 1.1 |
| | Other | 17.66 | 10.3 | 54.3 | 21.8 |
| In total: | | 80.96 | 14.2 | 46.8 | 100 |
| <i>Calculation based on data obtained from the Statistical Office of Serbia</i> | | | | | |

Imports of agro-industrial products from the Republic of Macedonia

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Besides the fact that the Republic of Macedonia is one of the most important foreign trade partners of Serbia in terms of export, Macedonia is certainly the most important partner of Serbia in terms of import. The Republic of Serbia in the analyzed period (2000-2009) imported from Macedonia agricultural and food products in worth more than \$ 550 million, which is more than 42% of total imports from countries that signed the CEFTA agreement. The Republic of Serbia has been imported from the Republic of Macedonia very homogeneous structure of agricultural food products. If we look at the curve import by years (Graph 2), in 2001 there was recorded import growth and an increase in trade deficit. The next, 2002, is characterized by reduction of imports. Import of agro-industrial products since 2003 by 2008 had a tendency of constant growth. Last year of the analyzed period (2009) is characterized by reduction of imports over six million dollars due to disruptions in the world market caused by the global economic crisis.



Graph 2. The movement of imports of agro-industrial products in the Republic of Serbia to the Republic of Macedonia (2000-2009)

Source: Republican Bureau of Statistics

Import from the Republic of Macedonia to Serbia, or curve of import, has an entirely different character than export. It may be noted a permanent increase in imports at the rate of change of 16.2%, with a coefficient of variation of 48.0%. If we analyze the structure of imported products, it is evident the homogeneity of import. The Republic of Serbia in the analyzed period of ten years imported strictly certain agricultural food products from the Republic of Macedonia. In the structure of the imported products leads import of fresh vegetables (tomatoes, cucumbers, peppers, etc.) and frozen (45%) and alcoholic beverages (bottled and bulked wine) (24%). So much as 69% of total import from the Republic of Macedonia in the period 2000-2009 makes the import of these two product groups. Republic of Serbia also imported raw and unprocessed tobacco (10%) and cereals and cereal products (7%). The other products make a small part in the import structure (Figure 2).

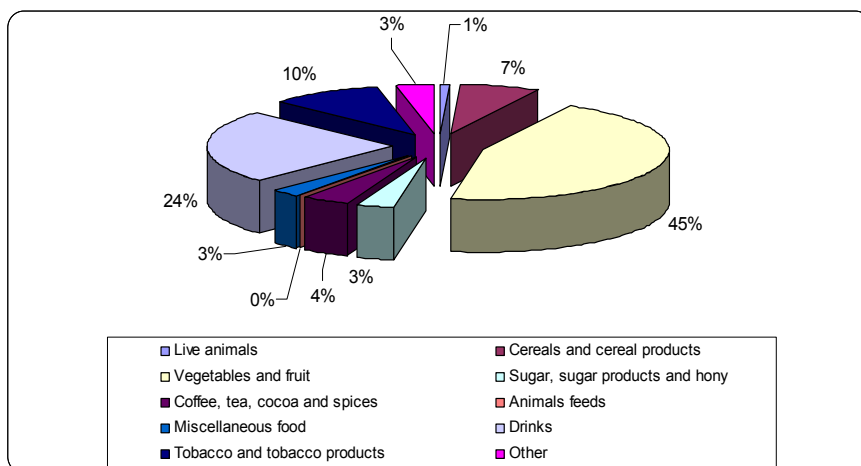


Figure 2. Structure of import of agro-industrial products in the Republic of Serbia from the Republic of Macedonia (2000 to 2009)

Source: The Statistical Office of Republic of Serbia

For the present it can be concluded that the Republic of Macedonia serves Serbia as a raw material base. Nearly 70% of imports from the Republic of Macedonia are raw or semi-finished products, which are processed or built in the Republic of Serbia and after that place as a Serbian product. Republic of Macedonia is also important from the point of this work when presenting product accumulation, which clearly defines the CEFTA agreement. Term accumulation of products in terms of the CEFTA agreement defines all the types of products that are produced separately in the CEFTA agreement, and in one of the member receives a final form as a finished product. This clause of CEFTA agreement also defines the origin of the goods, so that Serbia in cooperation with Macedonia and sale to a third country used this opportunity provided by the CEFTA agreement. Namely, if we analyze the structures of import product groups from Macedonia by years, it can be said that there is import of raw materials. Import has a trend of constant growth, except in 2002. The most common product groups imported by Serbia in 2000 are: alcoholic beverages and raw tobacco (68%) and fresh fruit and vegetables (over 17%). The period 2001-2003 is characterized by a constant in the importation of alcoholic beverages (wine) and tobacco with a slight decrease. Import of these two product groups in 2002 accounted for 60% of total imports, while in 2003 import fall to 44%. At the same time there is increasing import of fresh fruits and vegetables so that import of this group in 2003 amounted to over 35% of total imports. Increased import of fresh vegetables can be attributed to lower prices and earlier ripening of this group, not better quality. Lower labor costs and favorable climatic conditions also positively influence the cost of seasonal vegetables, which is the comparative advantage of agricultural producers in the Republic of Macedonia. To the import of agricultural and food products from Macedonia significantly affects the relative isolation of Macedonia of European Union member countries, on whose markets agricultural products from Macedonia do not meet standards or are not competitive. The only country

apart from Serbia on whose market agricultural food products from Macedonia may qualify without any problem is the Republic of Albania, which has a much lower purchasing power of Serbia. The next period, 2004, is a milestone for import into the Republic of Serbia. During this period, Serbia has not only increased import from the Republic of Macedonia, but it was also a noticeable expansion of the assortment of imported goods. Serbia, besides the import of fresh fruits and vegetables (27.4%) and alcoholic beverages (23.8%), also imports dried fruits (figs, cranberries) (8.3%), cereal products and flour (8%), confectionery products (2.4%), and so on. Goods that dominate the structure of import in the remaining years from 2006 by 2009 are fresh fruits and vegetables, alcoholic beverages and dried fruit. These products generate over 60% of Serbian imports from Macedonia. The Republic of Serbia in 2008 were imported from Macedonia of agricultural and food products worth more than \$ 100 million, while in 2009 import fall to 94 million dollars. From the aspect of SMTK, in the analyzed period, from 2000-2009 the Serbian mostly imported fresh seasonal vegetables (tomatoes, cucumbers, peppers, etc.), dried fruits (figs), wine (bulk and bottled), tobacco (raw and dried), confectionary products, etc. Commodity groups which Serbia mostly imported have extremely low rates of change, beverages (6.4%) of fruit and vegetables (26.2%), and coefficients of variation of 50% and 62.1%, which clearly indicates the permanence of the import of these commodity groups (Table 2).

Table 2. Imports of agro-industrial products by product groups in the Republic of Serbia from the Republic of Macedonia (2000 to 2009)

| Dept | Commodity groups | The average value (Mil. \$) | The rate of change (%) | CV (%) | Participation (%) |
|--|---------------------------------|-----------------------------|------------------------|--------|-------------------|
| 00 | Live animals | 0.43 | 37.6 | 173.2 | 0.7 |
| 04 | Cereals and cereal products | 4.08 | 34.9 | 71.6 | 7.0 |
| 05 | Vegetables and fruit | 26.06 | 26.2 | 62.1 | 44.8 |
| 06 | Sugar, sugar products and honey | 1.86 | 16.1 | 41.9 | 3.2 |
| 07 | Coffee, tea, cocoa and spices | 2.35 | 11.9 | 40.8 | 4.1 |
| 08 | Animals feeds | 0.03 | 55.6 | 126.6 | 0.1 |
| 09 | Miscellaneous food | 1.50 | 30.8 | 68.8 | 2.6 |
| 11 | Drinks | 14.29 | 6.4 | 50.0 | 24.5 |
| 12 | Tobacco and tobacco products | 5.68 | -7.5 | 55.7 | 9.9 |
| | Other | 1.86 | 64.8 | 157.0 | 3.1 |
| In total: | | 58.14 | 80.8 | 48.0 | 100 |
| Calculation based on data obtained from the Statistical Office of Serbia | | | | | |

Coefficients of variation are equal, except for import of live animals and animal feed, which is a clear indicator of high variation and uncertainty on the importation of these product groups. The negative rate of change was expressed on the importation of tobacco and tobacco products (-7.5%), which is causing a sudden drop in imports of this group since 2002 by 2008, while the coefficient of variation of 55.7% significantly contributes to the sudden increase in imports in 2009. It can be concluded, from the perspective of the global economy, countries that are major exporters are also the major importers of agro-industrial products.

Balance of foreign trade

Republic of Macedonia is a very important trade partner of Serbia. The Republic of Serbia in the analyzed period from 2000.-2009 exported to the Republic of Macedonia over 19% of total exports of agricultural and food products in CEFTA countries, while for the same period the Republic of Serbia from Macedonia imported agricultural and food products 42.9% of total imports from the CEFTA region. Serbia in the international - CEFTA trade with the Republic of Macedonia achieved a surplus of over 228 million dollars, or 8.1% of total trade with CEFTA countries. During the analyzed period, the deficit in foreign trade of agro-industrial products has been achieved only in 2001 in excess of 570 thousand dollars (Figure 3).

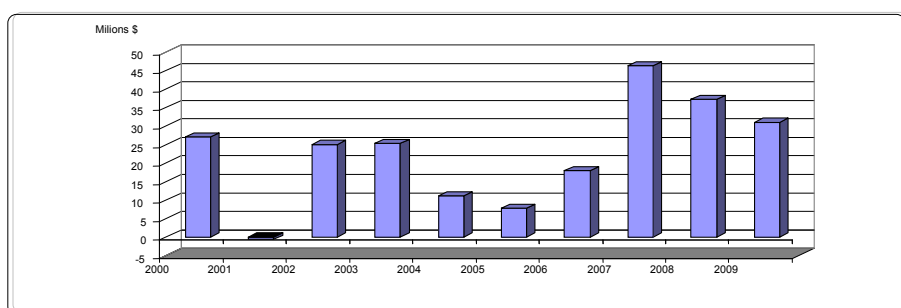


Figure 3. Balance of foreign trade of agro-industrial products of the Republic of Serbia with the Republic of Macedonia (2000 to 2009)

Source: The Statistical Office of Republic of Serbia

The largest trade surplus with Macedonia, Republic of Serbia has made the 2007 in excess of 46 million dollars, which is 2.5 times higher surplus compared to 2006. In 2008 and 2009 there was a decline in trade surplus compared to 2007, but it is still significantly higher than in the period 2000. - 2006. What supports this thesis are data obtained by analyzing the coverage of imports by exports which can be clearly concluded that the Republic of Serbia to a considerable extent covers imports from the Republic of Macedonia by export of the most important groups of agricultural and food products (Table 3). Serbia has a surplus in foreign trade of agro-industrial products with Macedonia to the annual average of 22.8 million dollars. Groups of products most imported from the Republic of Macedonia are the percentages covered by export multiple. However, import of vegetables and fruits, which makes 45% of imports from the Republic of Macedonia for a period of ten years in excess of 206 million is covered with 27.7% of imports and in this group is achieved a higher deficit of 188 million dollars. The situation is similar for the import of tobacco and tobacco products, where Serbia has trade deficit for the period from 2000-2009 more than 9 million dollars and has export-import ratio of only 15.8%. For other product groups export-import ratio was significantly higher, resulting in a surplus in the observed period, more than 220 million dollars. The most important export-import ratio was for cereals and cereal products where imports exceed

exports by more than 630%. Also, significant are the results of import coverage by export made in trade of a variety food products where exports cover imports for 520% of exports of coffee, tea and spices 427% and 166% of live animals in the analyzed period of ten years, so that the Republic of Serbia has made surplus more than 120 million dollars in exchange of the three product groups. If you analyze the coefficients of variation and the rate of change in the period since 2000 by 2009, it can be concluded that the foreign trade of the Republic of Serbia and the Republic of Macedonia had significant oscillations. Observed groups of products observed from the aspect of SMTK (*Standard International Trade Classification*) classification of goods indicate that the commodity groups of live animals, animal feed and tobacco and tobacco products had negative rates of change in the analyzed period (Table 3). The constant deficit in a group of products beverages and tobacco and tobacco products has resulted in extremely low or negative rate changes with quite a high coefficient of variation of 63.2% for tobacco and tobacco products and 33.4% for beverages and alcohol. Group of products, fruit and vegetables, in the analyzed period has constant deficit that has a tendency of change rate growth and in the analyzed period it was 55.3%. It also has an indicative growth of coefficient of variation of 76.1%, which significantly contributes to the decline in imports in 2009. Trade balance of grains and grain products in the analyzed period clearly shows that this group of products, besides the surplus in favor of the Republic of Serbia, has an extremely low rate of change, but also a significant coefficient of variation of 65.7%. Such a high coefficient of variation significantly is made by the rapid growth of exports of this group since 2006 by 2008 and substantial decrease in exports in 2009. General assessment of foreign trade relations and balance position and exchange between the Republic of Serbia and the Republic of Macedonia could be characterized as a variable. Despite a pronounced variability, the Republic of Serbia succeeded in the analyzed period of ten years to cover import by export and to achieve a higher surplus of 220 million dollars (Table 3).

Table 3. Balance of foreign trade of agro-industrial products of the Republic of Serbia and the Republic of Macedonia by SMTK (2000 to 2009)

| Dept | Commodity groups | The average value (Mil. \$) | The rate of change (%) | CV (%) | The coverage of imports by exports (%) |
|---|---------------------------------|-----------------------------|------------------------|-------------|--|
| 00 | Live animals | 0.29 | -2.3 | 114.3 | 166.9 |
| 04 | Cereals and cereal products | 21.74 | 15.9 | 65.7 | 633.3 |
| 05 | Vegetables and fruit | -18.85 | 55.3 | 76.1 | 27.6 |
| 06 | Sugar, sugar products and honey | 1.16 | 25.0 | 215.9 | 162.5 |
| 07 | Coffee, tea, cocoa and spices | 7.71 | 8.1 | 32.3 | 427.7 |
| 08 | Animals feeds | 2.36 | -5.4 | 54.6 | 7485.7 |
| 09 | Miscellaneous food | 6.44 | 28.9 | 64.5 | 529.6 |
| 11 | Drinks | -9.07 | 1.9 | 33.4 | 36.6 |
| 12 | Tobacco and tobacco products | -4.78 | -12.1 | 63.2 | 15.8 |
| | Other | 15.79 | 5.8 | 55.2 | 94.8 |
| In total: | | 22.81 | 60.4 | 60.5 | * |
| <i>Calculation based on data obtained from the Statistical Office of Serbia</i> | | | | | |

The average annual rate of change of 21.4% and the coefficient of variation of 60.5% are clear indicators of growth of foreign trade between Serbia and Macedonia. The coefficient of variation of average intensity indicates frequent fluctuations in the trade in certain product groups. Major fluctuations in the balance exchange are visible in the product groups: cereals and cereal products, vegetables and fruits and beverages. It is noteworthy that the trade group of sugar and sugar products greatly influence the overall coefficient of variation. Specifically, the group recorded a significant trade surplus in trade in 2009, more than nine million dollars. Observing the same period by groups of goods it is found that the majority of Serbian commodity groups recorded a positive balance of foreign trade. The most significant positive balance of the Republic of Serbia is made primarily of grain and wheat products. Coffee, tea, spices, various products for food and fodder are the product groups for which has also achieved positive financial results while the live animals, sugar and sugar confectionery are product groups with a slight surplus. The negative balance the Republic of Serbia in the analyzed period, in terms of SITC (*Standard International Trade Classification*), made in foreign trade of vegetables and fruits, beverages and tobacco and tobacco products. The export from the Republic of Serbia to Macedonia is continuing to rise, but it can be concluded that the export curve of Serbia has an oscillating character. The Republic of Serbia in 2005 had a marginal decline in exports of 59 million dollars and surplus of just seven million dollars. Also, the decline in exports was in 2011, and Serbia had trade deficit with the Republic of Macedonia. The fact that the region's economies recover faster and faster and that they become important exporters of finished products should be an indicator of which way Serbia can develop its agro-industrial complex. The Republic of Serbia, despite higher exports in 2008, has a lower trade surplus than in 2007. Substantial decrease in export activity was visible in 2009, which has significantly contributed to the global economic crisis. Oscillations which are evident in the foreign trade relations between Serbia and Macedonia raise the question of objective justification of the CEFTA Agreement (Hamovic, V., 2007). Benefit by the CEFTA agreement reflected in the fact that Serbia for the period since 2007 by 2009 succeeded to export to the market of the Republic of Macedonia 49% agro-industrial products of total exports from 2000-2006. The Republic of Serbia in the period from 2000-2006 exported to the market of Macedonia agricultural and food products worth more than 410 million dollars. After the entry into force of CEFTA, 2007-2009, Serbia has exported agricultural and food products for only \$ 11 million less. After the first year of the CEFTA agreement, 2007, Republic of Serbia has exported agricultural and food products more than 47 million dollars over 2006. The next year, 2008, is characterized by export growth of 64% or 62 million dollars compared to last year, 2006, before the CEFTA agreement.

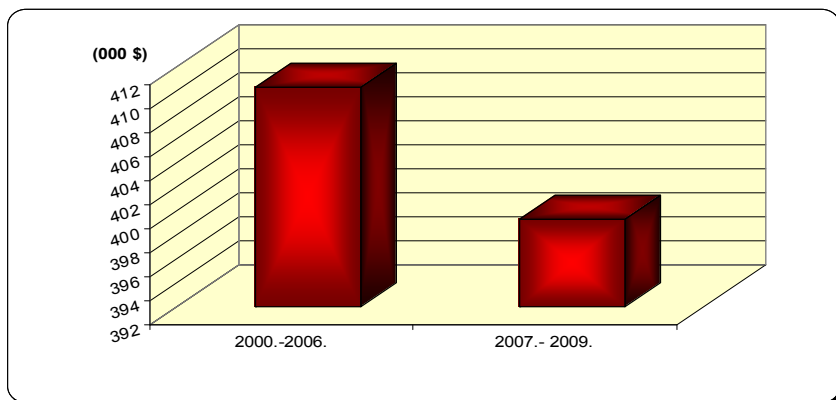


Figure 4. Comparison of exports before and after the signing of the CEFTA Agreement (2000 to 2009)

Source: The Statistical Office of Republic of Serbia

Drop in export activity was recorded in 2009 in excess of 19 million dollars, but it can never diminish the importance and benefits that CEFTA agreement contributes to agro-industrial complex of the Republic of Serbia.

Conclusion

By the analysis of the presented data it can be concluded that the Republic of Macedonia is very important strategic partner of the Republic of Serbia. Namely, the Republic of Serbia in the observed period imported over 40% of raw materials from the Republic of Macedonia, in relation to imports of agricultural products from all over the CEFTA agreement. Macedonia is an important raw material base of Serbia, while Serbian Republic placed to Macedonia agricultural and food products over 19% in relation to the total CEFTA region, and thus achieve greater trade surplus of 228 million dollars. Exports of agro-industrial products and earning a positive foreign trade balance was a result of high and efficient domestic production or favorable agro-economic conditions for production, but also the appropriate action agro-economic policies of the exporting country. To the positive performance and a positive balance in foreign trade operate a number of mechanisms, macroeconomic policy regime, marketing concepts and accessing markets and processing tools and instruments governing the movement between the two countries.

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