



## Basic country indicators

Indicator	2010	2011	2012	2013	2014
GDP, in bn USD	37.0	43.3	38.2	42.6	44.1
GDP growth, in %	1.0	1.6	-1.5	2.4	-2.0
GDP per capita, in USD	3,837	4,510	4,002	4,481	5,708
Unemployment rate, in %	20.0	23.6	24.6	24.0	19.7
Foreign direct investments, bn EUR	0.86	1.83	0.24	0.80	n/a
Inflation, in %	10.2	7.0	12.2	2.2	1.8
Population, in mn	7,200,666				

## Basic sector indicators

Indicator	2010	2011	2012	2013	2014
Wheat, total yield, t	1,630,404	2,076,237	1,910,914	2,690,266	2,387,202
Maize, total yield, t	7,207,191	6,479,564	3,532,602	5,864,419	7,951,583
Apples, , total yield, t	281,868	265,676	178,713	332,255	336,313
Raspberries, total yield, t	83,870	89,602	70,320	68,458	61,715
Number of pigs, in thousands	3,489	3,287	3,139	3,144	n/a
Slaughtered pigs, in thousands	5,728	5,795	5,453	5,684	n/a
Cow milk, millions of litres	1,462	1,434	1,442	1,418	n/a
Pork meat, thousands of tons	269	271	252	249	n/a
Poultry meat, thousands of tons	84	103	94	92	n/a

## 1. KEY SECTOR INFORMATION

Serbia is an agricultural country with an important agro sector. But Serbia's agricultural structure is very complex, consisting of a very large number of small agricultural households, family farms of 1 – 2 hectares, mainly producing for own consumption and a smaller number of medium sized corporate farms. In the top the Serbian agricultural sector has a small number of large privatized enterprises with a mixed ownership structure dominating the market. They are especially important due to the lack of sufficient finance in the market for the farmers wanting to expand production.

In order to secure more quality products for further sales and exports these large corporate holdings of the Serbian agricultural sector, offers long-term cooperation to the medium sized farms. For example the market leader Delta Agrar applies this model within pig breeding using Danish genetics. And crop producer Victoria Group works with a network of cooperates within crop production.

These heavy agricultural holdings also use financing schemes offered by international financial institutions such as the IFC, EBRD and KfW, etc. There are also a number of assistance and development programs for smaller farmers from other international institutions. But still financing remains a big issue for smaller or medium size producers who therefore often look for joint venture opportunities with foreign partners.

## 2. CROPS

Crops production in Serbia have yields approx. 50% of typical Danish production levels per ha with similar numbers for animal production. Insufficient technology and knowhow remains the principal reason hereof but also less use of fertilizer influences.

The low production levels due to the above reasons create opportunities for Danish exporters. They are primarily in production equipment for crops production, storage handling equipment as well as storage equipment (silos).

Also used machinery is in high demand due to the fact, that many farmers cannot afford new equipment. Used Danish equipment could easily see demand in the Serbian market.

Serbia's clean soil, favourable climate and strategic positioning to Europe, opens for possibilities for tapping into the growing European demand for organic products. This area is still in an early phase where Danish expertise would be highly appreciated.

In recent years, investments have mainly been into crops with little focus on animal production. This pattern remains, but new a tendency in the market points towards renewed interest and capacity in investing in animal production such as pig production which again leads to Danish opportunities.

### **3. ANIMAL PRODUCTION**

Animal production has fallen the past years which has caused a consolidation in the market and a greater quantity of imported of meat. But recently there has been a renewed interest in upgrading existing farms. So far the focus has been on purchasing premium quality breeding animals. Serbia needs more investments to close the growing gap in meat production and import less meat. This especially is the case in pig production. Lately (2014) foreign pig producers have started to show interest for the Serbian market. E.g. Austrian Gerlinger has purchased a state pig farm and German Tönnies has established a daughter company and plans to build pig farms. The expected increase in investment and more competition on the market leads to opportunities within equipment sales and knowhow.

### **4. AGRICULTURE IN NUMBERS**

- Serbia has 5,092,000 ha of agricultural land (0.68 ha per capita), out of which around 80% or 4,218,000 ha is arable (0.56 ha per capita) this is above EU average.

- The most important agricultural products are: corn, wheat, sunflower, sugar beet, soya bean, potato, apple, plums, grapes, pork meat, beef, poultry meat and dairy
- Agriculture is the most important sector, which in the GDP contributes with around 17%, allocated as follows:
  - Agricultural production 10,6% of GDP
  - Food industry 6,4% of GDP

However, when the total contribution of agriculture to other economic sectors is taken into account, especially to producers and input processing, this participation exceeds 40% of total GDP.

## 5. DANISH OPPORTUNITIES

There is still a lot of unused potential of the sector and in order for Serbia to reach it, investments are needed - this creates opportunities for Danish companies. Denmark has an excellent reputation among the Serbian agricultural producers – there is general awareness and understanding of the quality of equipment and know-how coming from Denmark.

There is an expected increase in investments into pig production which will lead to a demand for know-how and (used) equipment. The tough situation when it comes to financing combined with a need for quality equipment leads to potential of exporting used quality eq. from DK

The market has an interest in breeding animals and the Danish breeding animals have a reputation of being some of the best on the market. There are also abundant opportunities for investment into agricultural production in Serbia, Danish farmers themselves can also take advantage of the opportunities here and establish own production. Possibilities vary from Greenfield investments to acquiring existing production facilities through privatization of state owned agricultural estates.

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