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FOREIGN EXCHANGE OF REPUBLIC OF SERBIA WITH THE WESTERN BALKANS IN AGRICULTURAL PRODUCTS

ABSTRACT

The main goal of this paper is to examine the changes in the trend of foreign trade of the Republic of Serbia in agricultural products, a sector which is recognized as the one in which it has significant advantages. In the last decade several factors had a significant impact on Serbian trade. With the opening of negotiations for accession to European Union and World Trade Organization and signing of Central European Free Trade Agreement, there was a change in overall business climate in Serbia and these changes have not skipped also the agricultural sector.

The article will explore the movement of total Serbian foreign trade with a focus on agricultural products in the last decade, as well as the impact of the CEFTA on structure and volume change of export and import. The authors will explore the impact of numerous non-tariff barriers as major obstacles to increase in volume of trade and make projections about future trends in agricultural trade, primarily with major foreign trade partners of Serbia, the European Union and the Central European Free Trade Area.

Key words: Serbia, Western Balkan, agricultural products, CEFTA, free trade, foreign trade exchange.

JEL Classification: F14, F15, Q17.

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NEW CEFTA

The Central European Free Trade Agreement (CEFTA) was initially formed between Central European states, i.e. the countries of the so-called Viszegrad Group: Poland, Hungary, and Czechoslovakia (later the Czech Republic and Slovakia). It was signed on December 21, 1992 in Kraków, Poland, and went into effect in July 1994.[3] In the second round, the Agreement was joined by Slovenia in 1996, Romania in 1997, Bulgaria in 1998, Croatia in 2003, and Macedonia in 2006.[4]

All the state-signatories of the original Agreement, except for Croatia and Macedonia, have since joined the European Union and, thereby, left CEFTA. The Central European Free Trade Agreement was a trade agreement between countries in Central and now is between countries in South-Eastern Europe. The new agreement, also called CEFTA 2006, was initiated on November 9, 2006, in Brussels and signed on December 19, 2006, at the Southeast European prime ministers' meeting in Bucharest. CEFTA 2006 has replaced bilateral agreements between the countries in the region. At the present members of CEFTA are Republic of Albania, Bosnia and Herzegovina, Republic of Croatia, Republic of Macedonia, Republic of Moldova, Montenegro, Republic of Serbia and the United Nations Interim Administration Mission in Kosovo (UNMIK/Kosovo).

The agreement was ratified on March 31, 2007, and went into force on July 26, 2007. For Republic of Serbia, CEFTA 2006 Agreement entered into force on 24. October 2007. CEFTA agreement presently defines a single free trade zone in Southereastern Europe and provides harmonization of tariff and other administrative regulations with the standards of the World Trade Organization, removal of trade barriers in the region, and introduces arbitration for dispute resolution and the rule of diagonal cumulation. At the moment CEFTA is the most important regional trade agreement in the West Balkan region. The Agreement stipulates provisions on liberalization of trade in industrial and agricultural products. Expectations are that the creating the single regional market will promote process of integration of each member country into the European Union. Since this alliance is only a transitional step toward the EU, its short-term character limits it in the political sense.

The good results, in terms of lowered tariffs and trade growth, which came out of the bilateral agreements, were a step forward; however, this was mostly a result of the fact that the comparison base was extremely low. CEFTA 2006 is a step further and represents a modernization of trade rules in the region (the

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[3] For further information, see: CEFTA Agreement: http://www.worldtradelaw.net/fta/agreements/cefta.pdf, 22/11/2007.

[4] For further information, see internet page: http://www.ukom.gov.si/cefta2003/eng/cefta/, 22/11/2007.

inclusion of provisions on trade in services, public procurements and intellectual property protection), as well as their unification. After all free trade in the region, by way of a single agreement, is mentioned as one of the conditions in the draft Stabilization and Association Agreement between Serbia and the EU.

One of the more important issues is the so-called diagonal cumulation of origin. In practice, this originally meant that all CEFTA countries could export their products to the EU market duty-free. However, under "own products" were classified only products in which the share of domestic added value was more than 50%. Thus, a product that had 40% Chinese, 45% Serbian, and 15% Macedonian added value was an essential expatriate, i.e. without a defined origin, which means that it did not have preferential treatment vis-à-vis the EU. From now on, however, with the advent of the CEFTA agreement, the cumulation of Serbian and Macedonian added value would be allowed. This is very important, especially for textile manufacturers, where, for example, the cotton is imported from Egypt, the fabric produced in Serbia, and the shirt sewn in Bosnia.[5]

AGRICULTURE IN SERBIA

The Republic of Serbia is a lower middle-income country with rich natural and mineral resources, high quality agriculture, and a strategic trading location. It has three major land areas: the northern fertile plains of Vojvodina and the floodplains of the Danube, Sava, and Drina Rivers; the limestone ranges and basins of the east; and the mountains and hills in the central and southern parts of the country. Land and climate conditions are highly conducive to the development of agricultural. The plains of Vojvodina, Pomoravlje, Posavina, Tamnava, Krusevac and Leskovac offer favourable conditions for mechanized field crop farming and vegetable production. Rolling hills and foothills support fruit and wine production and livestock breeding. The hills and mountains of Zlatibor, Rudnik, Stara Planina, Kopaonik and Sar are attractive for developing sheep and cattle production and forestry.

About half the Serbian population lives in rural areas, where poverty predominates despite the country's recent economic growth. Unfortunately the population engaged in agricultural production is rapidly aging. In late 2000, the Serbian government launched an ambitious reform program to improve the business environment, increase transparency, and create a vibrant private

[5] Sanja Jelisavac and Mina Zirojevic, *CEFTA 2006 and Economic Crises – Case of Serbia*, in Regional Cooperation and Economic Integration - Challenges and Opportunities, Ss Cyril and Methodius University, Faculty of Economics Skopje, 2009, p. 119.

sector, with the objective of achieving EU accession by 2013 (World Bank 2007a). The efforts toward accession have already begun to change Serbia's agriculture and forestry sectors.

Serbia has a large agricultural sector, based mainly on high quality arable land, abundant labor, and a favorable continental climate. The typical growing season for two-thirds of agricultural land is more than 200 days. Over the period 1995-2005, the area of cultivation remained fairly steady (a 1 percent decrease; the greatest change is in the extent of vineyards, which decreased by 14 percent). In recent years, agricultural production appears to be increasing; 2004 and 2005 had significantly higher outputs than in previous years. Sown areas remained relatively static, so these increases have been primarily due to improved productivity and favorable weather conditions (especially in 2004).

Agricultural production accounted for approximately 14 percent of gross domestic product (GDP) in 2006. Key environmental problems in agriculture are soil erosion due to overgrazing and unsustainable agricultural practices; water pollution from agricultural sources; increasing soil acidification from air pollution; and salinity. Erosion is a major problem, affecting up to 80 percent of agricultural land in the country. In the Vojvodina region, 85 percent of agricultural soils are affected by wind erosion and salinity. Vojvodina is also affected by uncontrolled application of mineral fertilizers (6.5 percent of soils are affected by excessive fertilization), thus contributing to increased nutrient levels in the Danube and eutrophication of the Black Sea. Irrigation is limited (and some areas are out of use), but drainage systems are highly developed in the flood plain areas.

Agricultural land covers approximately 66 percent of the total land area. Arable lands cover 65 percent of agricultural land (3.6 million ha; 2005 data), permanent grasslands account for 28 percent of agricultural land, and orchards and vineyards account for 5 and 1 percent, respectively. The most intensive agriculture is practiced in the plains of Vojvodina (about 65 percent of the country's arable land), which is characterized by stretches of flat plains and highly fertile "black soils". The region mainly produces field crops, notably wheat, maize, sugar beet, other industrial crops, and livestock, including most of Serbia's pig production. In Central Serbia, farms are smaller and farming systems are more diverse than in Vojvodina. Arable land is limited, but soil fertility and climatic conditions favor fairly intensive production of high-value fruits, notably berries and vegetables. Dairy cattle dominate livestock production.

The transition towards European Union (EU) accession has begun, and harmonization of agriculture and forestry legislation with the EU *acquis* is taking place, but implementation is lagging. Environmental protection is not yet fully incorporated into national agricultural development policies. Rural development support programs, such as agro-environmental grant schemes, are in place, but awareness among farmers is lacking. Public awareness and capacity building are crucial to educate farmers, forest owners, and forest enterprises about the new EU-funded rural development support programs. The lack of regulations to implement fully the national rural development grant scheme renders anti-erosion agro-environmental measures ineffective. There is also no program targeting salinization within the water directorate.[6]

Serbia is a signatory to the Stockholm Convention on Persistent Organic Pollutants (POPs Convention) since 02/05/2002, and has ratified it on 31/07/2009. The Convention was adopted on 22 May 2001 at the Conference of Plenipotentiaries on the Stockholm Convention on Persistent Organic Pollutants, Stockholm, 22-23 May 2001. This Convention protect human health and the enviroment from persistant organic pollutants. Ministry of Environment and Spatial Planning of the Republic of Serbia has issued in January 2010 very detailed National Implementation Plan for the Stockholm Convention. Serbia is one of the states which received a donation in order to adopt Stockholm convention and to implement its measures. Now Serbia stands along with neighboring countries, who are also the signatories of Stockholm convention, and becomes a part of a global front for a healthier life.

Livestock numbers have decreased by more than 30 percent since the beginning of the 1990s, mainly due to decreased demand, because meat is more expensive than crops. A shortage of animal feed and adequate veterinary services may also have contributed to the decline. Almost all livestock numbers fell during the last 15 years, and production has fallen even more steeply, due to the difficulty of providing adequate feed and veterinary care. Notably, the greatest share of the agrarian budget (67 percent) has been directed in recent years towards animal husbandry.

Serbian agriculture declined in the early 1990s due to financial downturns leading to decreased investment in agriculture and concomitant reductions in crop yields and export shares. Although production has increased recently, the country's agricultural sector generally suffers from production inefficiencies These inefficiencies stem from high production costs and average yields below Western European levels, due to reduced nutrient content, outdated field and processing equipment, and flooding and poor drainage in large areas of intensely cultivated lands, on the one hand, and low precipitation in parts of Central Serbia, on the other (World Bank 2007b).

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[6] The World Bank, *Integrating Environment into Agriculture and Forestry Progress and Prospects in Eastern Europe and Central Asia, Volume II, SERBIA, Country Review*, November 2007, Internet: www.worldbank.org/eca/environmentintegration, p.1.

FOREIGN TRADE OF REPUBLIC OF SERBIA

One of the main characteristics of Serbian economy is a constant deficit of balance of trade. Since the political transition of 2000, sanctions were lifted, and country has become involved again in many international institutions. Country is a potential candidate for EU membership. In 2008, Serbia signed the Stabilization and Association Agreement (SAA) and an Interim Agreement on trade-related measures with the EU. The Interim Agreement entered into force on 1 February 2010. On 14 June 2010, the European Council agreed to launch the ratification process for the SAA. On 22 December 2009, Serbia handed over the country's application for EU membership. Serbia is also negotiating to join the WTO. Serbia started political and economic transition. Some progress has been made in the field of structural reforms and adjustments of the economy, but apparently more efforts are necessary in order to improve the situation, since the import is still much higher than the export.

Table 1: Serbia's foreign trade (in millions US dollars)

Year	Export	Import	Deficit
1997.	2531	4503	1972
1998.	2723	4475	1752
1999.	1369	2881	1512
2000.	1558	3330	1772
2001.	1721	4261	2540
2002.	2075	5614	3539
2003.	2755	7473	4718
2004.	3523	10 753	7230
2005.	4482	10 461	5979
2006.	6428	13 172	6744
2007.	8825	18 554	9729
2008.	10973	22 875	11902
2009.	8344	16 056	7712

Source: Jasmina Crnomarkovic, *External trade of Republic of Serbia in 1988-2009,* Serbian statistics agency, Belgrade, 2010, p. 3.

Primary products still dominate Serbian foreign trade – among the import, the most important ones are crude and refined oil, natural gas etc and among the export, agricultural products and metals. There is also a strong difference between Serbia's trade partners – the most important of which are the EU, the

Russian Federation and CEFTA countries – there is a high level of trade deficit with the EU and Russia, while on the other hand, Serbia's trade with CEFTA member states strongly differ from the above-mentioned trend – with them, Serbia has had surplus in trade. Furthermore, the main products of import in trade with Russia are in the field of energy (oil and natural gas) while from the EU countries, Serbia mostly imports machine equipment, vehicles and a wide range of commodity products.

Given that Serbia has a much diversified range of products in small quantities, transportation costs act limiting the export to distant markets. In trade with CEFTA countries - Serbia surplus (thanks to good market position in Bosnia-Herzegovina, Montenegro, Macedonia and UNMIK Kosovo), while the coverage of imports by exports decreases with geographical distance from Serbia.

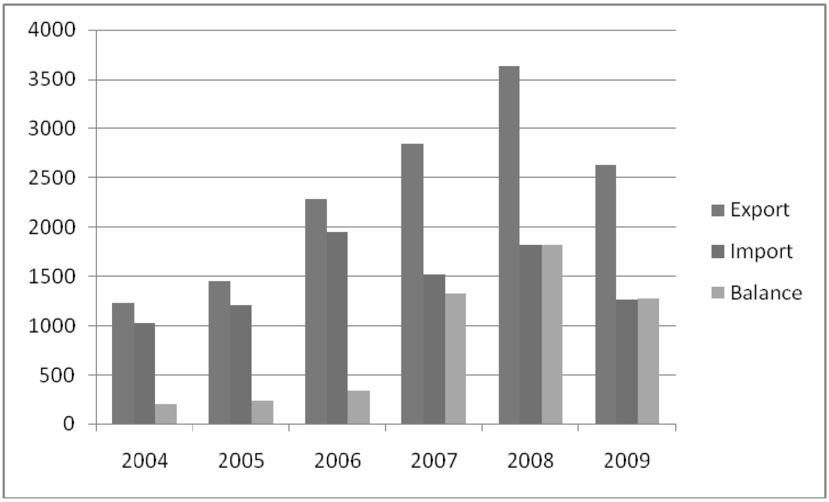
Table 2: Serbia's foreign trade with members of CEFTA
(in millions US dollars)

Year	Export	Import	Balance
2004.	1233.3	1028.7	204.6
2005.	1447.7	1207.1	240.6
2006.	2287.7	1950.6	337.1
2007.	2845.7	1514.3	1331.4
2008.	3636.7	1818.9	1817.8
2009.	2634.0	1262.7	1271.3

Source: Jasmina Crnomarkovic, *External trade of Republic of Serbia in 1988-2009,* Serbian statistics agency, Belgrade, 2010, p. 15.

Serbia produces various agricultural products, mostly grains, fruits and vegetables. Those products constitute significant part of its GDP and export. Serbia is number two producer of raspberries (second to Russia) and plums (second to China) in the world, it is also significant producer of maize (ranked 32nd in the world) and wheat (ranked 35th in the world). The production of sugar beet and sunflower seeds meets domestic demand for sugar and vegetable oil and permits export of some 180,000 tons of sugar to EU. Given its vast potential, the future for Serbian products could be better, as customers keep increasing orders for Serbian truffles, raspberries, apples, corn and other high quality produce. Currently, the industry exports juices, concentrates, purees, jams, and frozen and dried fruit. In this area Serbia should make food processing industry more competitive on the international markets. A number of markets are familiar with those Serbian produce, namely Switzerland, France, Spain, Belgium, Germany, UK, Japan, Russia, and Belarus.

Serbian foreign trade with members of CEFTA (in millions US dollars)



Source: Serbian statistics agency data base www.stat.gov.rs.

Primary products are still main export goods of Serbian economy. It is the one area in which Serbia has actual trade surplus. Among them, agricultural products comprise a large proportion, which makes them even more important for Serbian economy.

Private farms comprise 80 percent of Serbia's agricultural holdings. According to the 2002 Census, approximately 778,900 private farms average 3.6 ha of land (2.5 ha arable). More than 75 percent of farms are smaller than 5 ha, and fewer than 5 percent have more than 10 ha. Because of their small size, most of these farms produce for household consumption and market only a small portion of their output; most farms depend on outside sources for supplementary income. Family farms consist of small plots and are based on subsistence production, being turned over to commercial use to a much smaller degree than European farms. In Vojvodina, a higher concentration of larger farms, including cooperatives and an emerging class of private farms, mainly cultivate export commodities such as cereals and industrial crops. Cereals dominate crop production, accounting for 45 percent of arable land, or 60 percent of total cultivable land. The most important cereals are wheat and maize.[7]

Ownership rights are poorly defined and recorded in Serbia. Although land tenure in Serbia is overwhelmingly private, the lack of clear ownership rights

[7] The World Bank, Integrating Environment into Agriculture and Forestry Progress and Prospects in Eastern Europe and Central Asia, Volume II, SERBIA, Country Review, November 2007, Internet: www.worldbank.org/eca/environmentintegration.

for a significant portion of the land hinders proper operation of the land market. In June 2005, the "Law on registration and record keeping of confiscated property" (also called "law on denationalization") was passed to regulate the process of property registration and recordkeeping. However, today most confiscated property remains in state or social ownership.

Table 3: Serbia's trade with agricultural products (in millions US dollars)

Year	Export	Import	Balance
2004.	800	855	-55
2005.	920.8	772	148.8
2006.	1.265	905	360
2007.	1.686	1.112	574
2008.	1.957	1.466	491
2009.	1.945	1.308	637

Source: Serbian statistics agency data base www.stat.gov.rs.

For example, in 2001 and 2004, a high growth rate was accomplished thanks to strong growth in agriculture. Growth of gross value-added in agriculture in 2001 amounted to 19%, and in 2004, even 20%. Those were the years when GDP growth was greatest. Gross value-added fell in agriculture by 3.4% in 2002, and by 7.2% in 2003. (Nevertheless, decelerating GDP growth in those years was not solely the consequence of falling gross value-added in agriculture, but also in processing industries.) Agricultural production by nature experiences large oscillations and cannot be a guarantee of sustained development.[8]

There are more than a hundred different types of non-tariff barriers among the CEFTA member countries. Some of them are: insufficient number of internationally recognized accreditation and certification bodies, and authorized laboratories and institutions, non-recognition of quality certificates; complicated procedures at border crossings, extensive paperwork and inconsistency of customs and inspection services, complicated visa regime; corruption and smuggling. We need to improve the quality of infrastructure to the level when the Serbian and certificates for products of other Western Balkans countries would be recognized in all EU and CEFTA. During the 2009 and 2010 Serbia made some progress on the adoption of certain laws in this area. There is a lack of institutionalized accreditation bodies, which can not be consistently carried out the CEFTA agreement.[9]

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[8] Competitiveness of the Serbian Economy 2006, Jefferson Institute 2006, p. 64.

[9] Goran Nikolić i Vladimir Todorović, CEFTA 2007-2010 iskustva, potencijal i perspektiva, Centar za novu politiku, Beograd, 2011, p. 4.

Serbia's trade of agricultural products is mostly concerning in the neighboring countries in the Western Balkans, member of CEFTA, due to geographical vicinity which lowers transportation costs, but also lower protection rate of agricultural market (due to CEFTA) and better comparative advantages of Serbia in primary agricultural production. Serbia has a scope for increasing trade with Croatia and Albania, while trade with Bosnia and Herzegovina, Macedonia and Montenegro, are already well above potential.

Table 4: Serbia's trade of agricultural products with CEFTA
(in millions US dollars)

Year	Export	Import	Balance
2004.	315.8	94.5	221.3
2005.	349.5	105.1	244.4
2006.	593.5	173.3	420.2
2007.	844.7	224.9	619.8
2008.	1 022.5	307.6	714.9
2009.	894.7	287.5	607.2

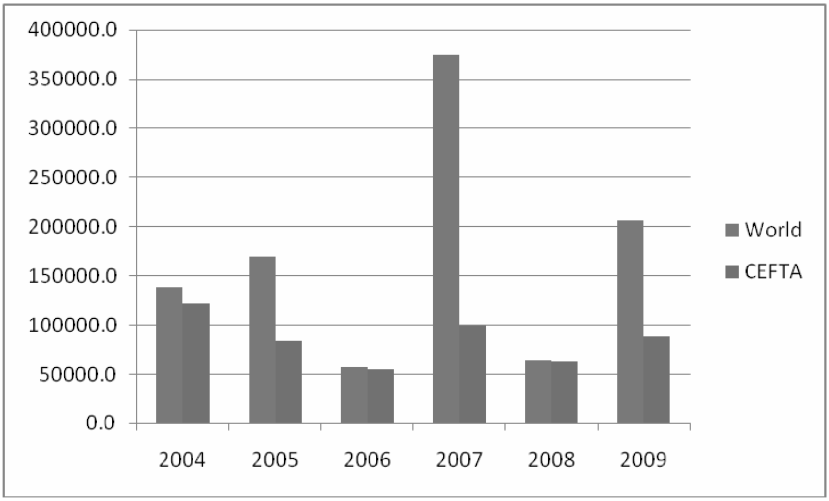
Source: Serbian statistics agency data base www.stat.gov.rs.

The largest proportion of Serbia's export (both in value and quantity) comprises cereals (predominantly corn and wheat) and high valued fruits, such as raspberries, blueberries, strawberries and cherries. On the other hand, the largest proportion of import consists of fresh fruits (mostly Mediterranean area fruits which are not suitable for gardening in continental climate area, such as oranges, lemons and bananas) and vegetables which are imported usually during winter and spring, due to small number of greenhouses in Serbia. It is also evident that Serbian export of cereals and fruits firstly goes to markets of CEFTA countries, and only after saturating them, Serbian products commence their way forward to markets of other countries. Reasons for that are not only those above-mentioned ones, but also the fact of very small cultural and language distance between CEFTA countries.

Demand form Serbian fruit is growing steadily with exports shoving an upward trend not just in quantity but also in the number of countries which are becoming importers. The vast majority of Serbian exports go to the European union.

Serbian export of cereals has shown strong fluctuation in total quantity. For the period 2004 until 2009, average quantity of exported cereals was 168 432 tons, but the actual number differed between 57 516t in 2006, to 206 778t in 2009. This trend shows that crops are still under greater influence of weather

Serbia's export of wheat (in tons)



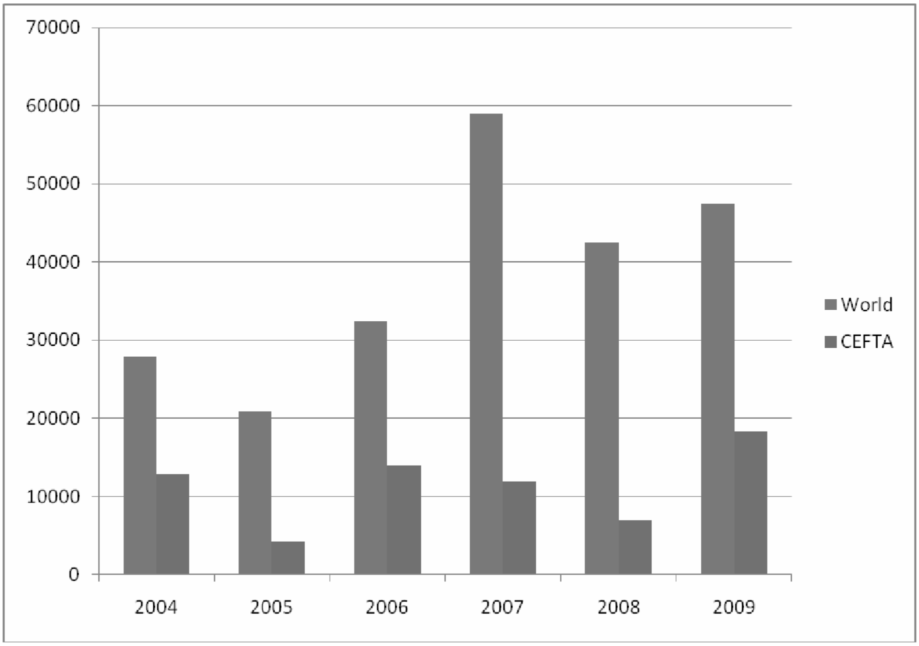
Source: Serbian statistics agency www.stat.gov.rs.

conditions than modern agricultural production measures – it seems that precipitation is more detrimental to over-all production than wide usage of irrigation systems. At the same time, the average annual export to CEFTA countries was 85 222 t, which is very close to achieved quantities of 2005. and 2009. (84 127 and 87 902), much bigger for 2006. and 2008. (55 214 and 62 576) but smaller than the values of 2004. and 2007. (121 488 and 99 936). The actual share of CEFTA countries in over-all Serbian export of cereals strongly fluctuated – from 98% in 2008, to only 26.7% in 2007, while the average share was 66.76%. The bigger the total amount of export was – the smaller percentage of CEFTA countries share was recorded. This due to small elasticity of demand for cereals and cereal products in CEFTA countries, so one might argue that the over-all demand for them is close to be constant, but this demand is also influenced by other factors, such as the amount of domestic crops.

Serbian total export of fruits showed similar tendency in terms of quantity – average export for 2004-2009. period was 38 343 t, with biggest value for 2007. (58 961 t) and smallest for 2005. (20 845 t). The average percentage of CEFTA share was 30.82% with annual average of 11 404 tones.

Serbia has a very suitable climate for production of continental fruits and vegetables of high quality, and is extremely rich in minerals that enhance the taste, but such an advantage might be detected only if products are supplied fresh. Shortening delays at this border would support Serbia's export of fresh produce as opposed to frozen produce, which dominated exports for the last decade.

Serbia's export of fruits (in tons)



Source: Serbian statistics agency www.stat.gov.rs

The world market for fresh fruits and vegetables is very demanding, very well organized with tough competition, but with high profits. The Common European Union market of fresh fruits and vegetables was established by European Union Council Directive 22000/96 of October 28, 1996, regulating standards in respect to 35 products that are typically consumed fresh. Also, in conformity with Directive 2251/92 of July 29, 1992, the European Union established quality control rules regarding imports of fresh fruits and vegetables. Breaking into such a market represents a complex endeavor, requiring much commitment, investment and initiative.[10]

Serbia's economy was severely hit by global financial crisis in 2009. According to the 2010 EU Progress Report on Serbia, its GDP shrank by 3% in real terms as a consequence of the global economic crisis. All countries which today compose CEFTA are hit by global economic crisis. The estimates presented in one study indicate possible growth rate of Serbia's exports to

[10] Fresh Fruits and Vegetables: Competitivness of Serbian Economy 2006, Jefferson Institute 2006, p. 4.

countries that today make up the CEFTA agreement in the next decade. Specifically, the annual growth rate of merchandise exports of 10.6% from 2008 to 2020, exports to the CEFTA grew 8.6% slower (somewhat faster in the EU 11.1%), and the share of CEFTA would reduce from the third in 2008 on the 27% in 2020.[11]

CONCLUSION

In accordance with the neighborhood policy, Serbia has participated in several negotiations and signed a few multilateral co-operation initiatives in the Western Balkans. One of the latest is the Central European Free Trade Agreement. CEFTA is expected to exert a strong impact on the mutual trade of the countries in the region, to enable the establishment of a better co-operation among the states in the region and their common road to the European Union integration. Also the Agreement stipulates accumulation of products origin, meaning that products exported from Serbia are considered of Serbian origin if integrated materials are originating from any other CEFTA country, provided that such products have undergone sufficient processing.

According to the recommendations of the EU, countries seeking membership in the Union are encouraged to create free trade zones on their territories. All the CEFTA member-states had previously signed Stabilization and Association Agreements with the EU; thus, CEFTA actually has the role of preparing countries for full-fledged membership in the Union. What is especially important is that the majority of CEFTA's foreign trade is conducted with EU countries.

In the export structure of Serbia there is still the dominance of agricultural products, clothing, metals and several more intermediary groups of products. The unusually high proportion of the primary sector, which was typically more than one-fifth of gross value-added, indicates the importance of agriculture in total economic activity. Agriculture is an essential activity contributing to the production of GDP in Serbia. Agriculture is one of the branches of the Serbian economy, which shows a comparative advantage. Unfortunately agriculture by nature is extensive and insufficiently productive. For better performance in foreign markets agriculture should undergo restructuring and modernization. In Serbia crops are still under large influence of weather conditions rather than modern agricultural production measures. Weather conditions are still a key

[11] Studija „Postkrizni model privrednog rasta i razvoja Srbije 2011-2020", Internet: http://www.fren.org.rs/attachments/074_003%20Restrukturiranje%20i%20Izvozna%20Orijentacija%20Privrede.pdf.

factor of volume of production in agriculture, than the modern means of production like irrigation systems.

In the whole Serbian economy, but first of all in agriculture, must be adopted world standards in quality and packaging. Also the level of certified organic production must be increased because the future is in organic food. Consumption of healthy food and food marked as organic reports growth ranging from 10-15% per year. The problem in achieving a higher level of productivity which is a condition of competition is the fragmentation of holdings in Serbia. OECD analysis suggests that for achieving the necessary economies of scale the average size of about 15 ha. Because of all that has been mentioned before, agricultural sector needs comprehensive reform in adopting modern way of doing business.

From 2011, further liberalization of trade in agricultural and food products in the region should enter into force. Non-tariff barriers, particularly those relating to technical barriers and phytosanitary measures, should be abolished from 2011. It is expected to soon adopt measures to some of the barriers, primarily mutual non-recognition of quality certificates (sanitary, phytosanitary, veterinary) agricultural products, removed. Agreements in principle have been achieved on coordinated use of funds from IPA pre-accession programs, in particular components III, IV and V, which provide opportunities for dynamic economic growth and cooperation.

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