

**Voluntary Report** – Voluntary - Public Distribution

**Date:** May 12,2020

**Report Number:** RB2020-0005

**Report Name:** State Support to Serbian Farmers During Coronavirus  
Pandemic

**Country:** Serbia

**Post:** Belgrade

**Report Category:** Agriculture in the Economy, National Plan, Policy and Program Announcements

**Prepared By:** Tatjana Maslac

**Approved By:** Frederick Giles

**Report Highlights:**

On April 16, 2020, the Serbian government adopted a decree to provide additional support to farmers. It is announced that the sum of the aid would be \$25.5 million. Farmers are not satisfied with this amount and are saying that this will not be sufficient to assist them to overcome the economic impact of the coronavirus on their businesses. On March 31, a full program of economic measures was adopted by the government to address farmers' concerns regarding the virus. The combined value of these two measures is \$5.85 billion and went into effect on April 13.

On April 16, 2020, the Serbian government adopted a decree to provide additional support to farmers. It is announced that the sum of the aid would be \$25.5 million. Farmers are not satisfied with this amount and are saying that this will not be sufficient to assist them to overcome the economic impact of the coronavirus on their businesses. On March 31, a full program of economic measures was adopted by the government to address farmers' concerns regarding the virus. The combined value of these two measures is \$5.85 billion and went into effect on April 13.

According to the Serbian Farmers Association, farmers are not satisfied with this amount which they consider inadequate to address all farmers' concerns. The assistance outline by the State can be used only by registered farmers. Currently, there are 430,000 registered farmers, of which about 150,000 are active and most likely to seek state assistance. If all registered farmers were to request assistance, only \$170 in state assistance would be available per farmer. That represents symbolic help in name only. Due to the onerous application process, most farmers (especially small-sized farms) will not request state assistance. Funds became available on April 21 with disbursements from the Agrarian Payments Authority within the Ministry of Agriculture.

The GoS adopted two regulations to mitigate the negative effects of the crisis on the agriculture sector, which, according to the Minister of Finance will complete the overall implementation of the economic package. The first measure will assist farmers in obtaining favorable government-backed commercial loans, with a one percent interest rate, one-year grace period and repayment period of up to three years. For this purpose, the government put aside \$15 million. This amount state will also cover interest rates for commercial loans that were previously taken by farmers.

The second measure is related to direct assistance to farmers in the amount of \$10.5 million (for producers of grains, fruits, vegetables, milk and dairy products along with meat and meat products). Through direct assistance, greenhouse owners will receive \$0.25 per square meter, up to \$882 maximum per greenhouse. For milk producers will receive \$295 for cows and up to \$195 for sheep and goats; beekeepers \$7.80 per hive, up to a maximum of \$196. Farmers who want to buy a tractor will have access to subsidies of 50-70 percent of cost. Cattle producers will be able to exchange their cattle for MY2019/20 corn for an extremely good price of \$2.50 per kilogram of live weight of cattle. Nearly 30,000 MT of corn will be substituted for cattle in this way until May 15 through the State Commodity Reserves.

According to the Serbian Chamber of Commerce, the most important factor for farmers is the ability to sale their products. Small producers have more difficulty marketing their goods. As a result, the government adopted a decree to open farmer's markets beginning April 22. This provided a crucial outlet for producers of fruits and vegetables with a short shelf life since 80 percent of these commodities are directly offered at open-air markets.

Farmers who are registered as business entities can also take advantage of other measures from the overall economic program that was announced by the government. According to the Minister of Finance, the announced package to stimulate the economy is worth 11 percent of GDP. The economic package consists of four measures:

**1) Fiscal benefits:**

- delayed tax payments;
- delayed payment of income taxes;
- exemption from VAT payments;

**2) Direct assistance in the amount of three minimum wage payments (monthly) to all companies, for each worker:**

- \$USD 882 directly into worker's account;
- Unemployment checks at 50 percent of wages to those fired (about 900,000 people);

**3) Loan support:**

- \$2.5 billion from the Development Fund for reduced-rate loans guaranteed by the government;
- Company must be engaged in production, service, commercial or agribusiness activity;
- Loans for operations approved with tenor of up to 36 months, grace period of 9 to 12 months, annual interest rate of one percent;
- Loans repaid in local currency;
- Businesses with workforce reductions greater than 10 percent not eligible;

**4) Cash assistance:**

- \$115 to each adult citizen;
- Available at the end of state of emergency order;

**Attachments:**

No Attachments.