

INCENTIVE MEASURES IN VITICULTURAL AND WINE PRODUCTION OF THE REPUBLIC OF SERBIA ¹

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Abstract

In this paper, we wanted to give an overview of the current situation in the agricultural policy of the Republic of Serbia, special to the production of grapes and wine. In that sense, we have given a brief overview of the current situations at the policy agrarian of the Republic of Serbia. We have noticed that in the last few years, there has been progressing in the system of providing incentive funds, primarily thanks to the group for fruit growing and viticulture of the Agriculture of Ministry, Forestry, and Water Management. In that sense, in the continuation of the paper, we tried to give a brief overview of the incentive funds allocated for rural development. We have paid special attention to incentives related to viticulture and wine production.

Key words: *agricultural policy, incentives, viticulture, winemaking, Republic of Serbia.*

Introduction

In general, the policy agrarian of the Republic of Serbia in the last ten years characterized by great changes. These changes occurred process to market liberalization, support for agricultural development, encouraging family farms and improving living conditions in rural areas, the introduction of technological innovations in the production process, production capacity, and professionalization of services in agriculture. The lack of forms consis-

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tency and application of policy agrarian throughout this period has led to a decrease in investment in the agricultural sector. This situation has led to non-market profit spillovers between economic factors in the market chain. (Simonović, 2014).

We can see that in the last few years, the institutions of support and the legislative framework have made progress in their development. For example, the Directorate for Commodity Reserves has been reformed and is working successfully. The advisory service is better organized and participates in the implementation of support for agriculture from a scientific point of view. The roles of the Association of Winemakers and Viticulture of Serbia, which actively participates in improving business conditions, are also most important. On the other hand, Cooperative Unions and some professional organizations are not, although they should be, bearers of development due to their unwillingness to implement internal reforms.

The Republic of Serbia is showing more and more interest in this type of production by drafting the Program for the development of winemaking and viticulture for the period 2021–2031. The program defines the goals and measures for the development of winemaking and viticulture. Application should result in:

- increasing the total vineyard area under vines,
- increasing the number of employees through employment in the wine and viticulture sector,
- increase revenues from the sale of wine to the end user,
- protection and development of the domestic market,
- as well as other aspects that contribute to the improvement of the sector.

The program contributes to the achievement of strategic goals set by the Strategy for Agricultural Development and Rural Development of the Republic of Serbia for the period 2014-2024. (“Official Gazette of RS”, No. 85/14). The program contributes to the achievements of strategic goals set by the Strategy for Agricultural Development and Rural Development of the Republic of Serbia for the period 2014-2024. (“Official Gazette of RS”, No. 85/14).

Fruit and Viticulture Group of the Ministry

The Ministry of Agriculture, through its group for fruit growing and viticulture, performs certain tasks related to the most adequate application of agricultural policy measures in viticultural production. These jobs are primarily related to:

- analysis, which includes monitoring the production, processing, consumption, trade, and prices of grapes and wine, i.e. grape and wine products and aromatized wine products, to propose policy measures and market regulation, quality policy, and strategic development of wine and aromatized products from wines;
- monitoring and analysis of the state of development of viticulture and winemaking;
- providing conditions for creating expert bases for drafting regulations in the field of market regulation and quality policy of wine and aromatized wine products and their harmonization with the acquis nature and relevant international organizations and international agreements, as well as preparation of technical regulations in this area;
- active participation in the preparation of strategic measures and programs for the use of budget funds in the part of support to viticultural and wine production;
- introduction of geographical indications (PDO / PGI) for wines and aromatized wine products and production and control of the production of wine and aromatized wine products with a geographical indication, fulfillment of conditions use of geographical indications for wines, and at the end issuance of registration stamps for wines with a geographical origin;
- authorizing control organizations, laboratories to test the quality parameters of grapes, wine, and other products;
- introduction and constant updating of the Viticultural Register and the Wine Register;
- application of data analysis for wine declaration;
- constant monitoring and updating of records in viticulture and winemaking;
- participation and work in the preparation of international agreements and projects related to viticulture and winemaking, and;
- finally, perform other tasks in this area.

From all the above, it is observable that the Ministry of Agriculture provides full support to agricultural producers who want to engage in viticulture and wine-making. The support is systematic and well organized.

Incentives for rural development measures

Based on the data of the Statistical Office of Serbia, over 80,000 agricultural farms are mainly engaged in grape production. That is 12.7% of the total number of all agricultural holdings. This number does not include workers permanently employed in wineries, as well as seasonal workers. From these data, we can notice that this is the most important agricultural branch because it provides material income for large numbers of inhabitants.

These are sufficient reasons for the measure for incentives in viticulture and wine-making to expand in the last few years. Incentive measures can best be monitored on the basis of the existing Law on Incentives in Agriculture and Rural Development. Measures by the implementation as compensation for the part of costs. Calculate in a certain percentage the value of a particular type of measure. They determined in the minimum amount of 30% of the total value of particulars types but 45% for areas with difficult working conditions in agriculture. Incentives for rural development measures include support for programs related to:

- improving competitiveness;
- preservation and improvement of the environment and natural resources;
- income diversification and improving the quality of life in rural areas;
- preparation and implementation of local rural development strategies;
- Improving the system of knowledge creation and transfer.

Incentives to support programs related to the improvement of competitiveness in accordance with the Regulation and include incentives for:

1. investments in physical assets of the agricultural holding;
2. investments in processing and marketing of agricultural and food products and fishery products;
3. risk management. (Official Gazette of RS”, No. 85/14, 10/2013, 142/2014, 103/2015 and 101/2016).

Incentives for agricultural holdings in viticulture

In the continuation of the work, we will pay special attention to the provision of financial resources in the physical property of the agricultural farm, and they refer to the encouragement of raising new perennial production plantations of vines.

The request incentives have submitted the term prescribed the Public Invitation published by the Directorate for Agrarian Payments during the year. The right to incentives has been a request by the applicant who has fully realized the investment. They are paid in the maximum amount of 50% of the value of a type of rural development measure, namely at the most amount by 65% of the value of a kind of rural development measure in an area with difficult working conditions in agriculture, except for digitalization of livestock and vineyards. Amount to the most for 60% of the value of the investment and field electrification a maximum of 90%.

The Rulebook on Incentives for Competitiveness Improvement Programs for Investments in Physical Property of an Agricultural Farm through Support for the Establishment of Perennial Grape Plantations regulates incentives for the establishment of production plantations and refers to:

- support for the establishment of new production plantations with modern grape growing technology, without backrest and with backrest;
- prepare the land for raising production plantations.

Incentives cover 50-65% of the amount of eligible investment costs and can be for:

- Incentives cover 50-65% of the number of eligible investment costs and can be for:
 - procurement of grapevine seedlings;
 - procurement of backrests for production plantations;
 - land preparation;
 - analysis with the recommendation of land fertilization, i.e, testing of land chemical composition

Eligible costs relate to the purchase of standard SA seedlings or certified vine seedlings. In Serbia, by encouraging the raising of production plantations with domestic varieties, the costs of plantations are increased by vines with recognized domestic group varieties.

According to the Program of development of winemaking and viticulture of the Republic of Serbia for the period 2021-2031. It is stated that in order for incentives to give results, they must be provided by a system that will additionally support the growth and development of winemaking and viticulture. To this end, by following measures should be taken:

- To increase the growth of land from vineyards, winemakers, and winegrowers, adequate capital is needed, as well as additional financial resources, if we keep in mind that long-term results by expected on average 5-6 years from the investment;
- The current system of incentives should be improved because there are not enough funds in the budget for these purposes, and on the other hand, there is some room for increasing funds;
- According to this program, 2022 should be the year for defining a new structure of incentives (harmonized with the IPARD program), which will be a focus on the realization of strategic goals and which will improve the efficiency of implementation;
- The new incentive system should ensure the attraction of new capital (domestic and foreign), as well as create additional conditions for the opening of new and development of existing wineries and vineyards. (“Official Gazette of RS”, No. 154/20).

The benefits that can be realized from these measures:

- More budget funds and a better incentive system;
- The better motivation of producers for the growth and development of existing wineries and vineyards;
- Creating conditions for the entry of new capital into this type of production.

Conclusion

Based on the above valid documents of the Republic of Serbia, it must conclude that viticulture and wine production can be important elements of economic development. This type of production for agriculture generally has a social and ecological component in addition to the economic one. Based on that, we can conclude that the viticultural production of Serbia has the necessary level that is necessary and that can be economically viable.

However, despite the great potential in viticulture and wine production, which is the effect of favorable climatic conditions, natural characteristics of the land, and available water resources, it is still not sufficiently used.

We believe that the viticultural production in Serbia can still satisfy the domestic market with its capacities. And not only the domestic market but also widest can be freely said that extremely high-quality grapes are produced in Serbia, which is also an excellent basis for good wine. In the last few years, the supply of the market with wine from EU countries, but beyond, is quite present. Despite this trend, which conditioned the opening of our market, we believe that domestic production is not endangered for the simple reason that we produce quality wines.

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