

Investor Interest GROWING

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DEVELOPMENT OF MONTENEGRO

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The Montenegrin Ministry of Agriculture and Rural Development recently presented its programme at the headquarters of the European Union. Among the most important values the Ministry is dedicated to, and which were presented in Brussels, is a shift from the concept of socio-agricultural policies to a concept based on agri-business.

"With hard work and major commitment, I believe agriculture can be profitable. In addition to that, we strive to modernise production by introducing new technologies. With the application of new technologies, innovation, the most up-to-date knowledge and skills in agriculture, we can create significant added value and create the basis for profits and new investments. Moreover, we are also seeking to strengthen the food safety system, create conditions for the return

of young people to the villages and for us to more intensively connect agriculture with tourism and insurance," says Agriculture and Rural Development Minister Petar Ivanović, adding: "The progress is visible and measurable – the number of people employed in agriculture is growing, investment is increasing, the area of land planted is growing, livestock funds are increasing, young people are talking more and more about agriculture as an opportunity for business, links with tourism and insurance are growing etc. "

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■ **Does this mean a shift in relation to the agrarian policy of the past ?**

- No. I think this is a logical phase of the process. We may recall that during the period of industrialisation a large number of agriculture workers moved to the cities. It was necessary to provide the missing workforce in factories. However, the breakup of the former Yugo-

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slavia and the collapse of individual industries, and partly the introduction of new technologies, all contributed to the creation of excess employees in industry. This stage of the process was characterised by policies that encouraged people to return to the village and which were based on the social component. In the meantime, polarisation has been created between those who have devoted themselves to agriculture and increased its holdings and those who do not intend to be seriously involved in agriculture, but rather primarily use what they create on their estates. Hence, the characteristic of the current phase is focusing on agricultural commodity producers, and the policies that will help them become more competitive. And there the logic is different.

■ What concrete objectives do you want to achieve in 2014?

- We strive to lead policies, measures, initiatives and activities that will contribute to the creation of new jobs, higher production, greater participation of agriculture in GDP, reduce the trade deficit, reduce the grey economy and better educate farmers. Specifically, the goals for 2014 are: 500 new jobs, increase in agricultural production by two percentage points, lowering the deficit of agricultural products by two percentage points, reducing the grey economy in agriculture by five percentage points and realising at least five educational campaigns.

■ Can the agricultural business in Montenegro be profitable?

- Of course. We have a good climate, excellent soil quality, water resources for irrigation and, very importantly, a market. Year after year there is a growing number of tourists. This year we expect 1.5 million visitors. In addition, in the world there's growing demand for organic products. If farmers don't think about profit, it will not come. If they are constantly waiting for someone from the state to give them money, the chances will be lost. As Ivo Andrić said: you will best meet a man if you observe how he behaves when something is being distributed free of charge. I believe that agriculture based on free handouts is part of the past. We simply must think about investments and profits.

■ However, the state provides subsidies for agricultural production. How much are they and which areas do they go to?

- Yes, they are provided with the intention of encouraging and further developing certain sectors of agriculture, which now are not competitive. All support measures are determined by the agro budget, which this year we adopted in January. Two years ago the agriculture budget was adopted in June and last year in early April. I emphasise the dynamics of the adopted support measures because it is very important for farmer in order to be able to plan on time. Support measures are diverse. Beef premiums amounted to

€70 per head, sheep and goat farmers received €8 per head, while the premium for organising fattening steers, bulls and oxen is €120 per head. In the dairy area, the basic premium is €0.065. To this amount €0.01 is added for given quantities exceeding 5,000 litres, as well as an additional €0.01 for extra and first class milk. This means that the total premium for milk has reached 8.5 euro cents. In the area of field crop farming support for mercantile production totals €160/ha, while for roughage it is €150/ha. Support for seed production of potato is €700/ha and for cereals is €300/ha. Likewise, with €50,000 we support tobacco production, with €150,000 for the development of beekeeping, we give €200,000 to support insurance in the domain of agriculture. We support viticulture with €300,000, fruit cultivation with €400,000, vegetable crops with €200,000, olive groves with €100,000 etc.

■ In early May the Ministry of Agriculture issued a call for applications to receive support for investments in processing on family farms. What kind of funding are

we talking about, are there any interested parties and what are you seeking to achieve with this?

- We have significantly increased the transparency of the utilisation of funds from the agriculture budget. Last year, for the first time, we launched public advertising and public calls for specific measures. We had a total of eight open calls. Prior to that there were no public calls at all.

This year we will strive to double the number of calls. So far we have published eleven. One of the public calls related to processing on family farms. The main objective of this measure is to provide agricultural holdings engaged in primary agricultural production to go a



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step further – in processing, all with the aim of creating greater added value to the farm. If a household produces milk, why not start the production of cheese, for example, and bring additional value? The funds available amount to a total of €400,000 and interest is high.

■ **Why did you qualify the recent signing of the lease on state-owned land on the Kapino Polje site as a "victory of labour over non-work"?**

- Because that's the way it is. First, in Montenegro there's a lot of agricultural land that is not cultivated, so each parcel that is given to someone who wants to work, to till the land, represents a victory over the bureaucrats who prevented entrepreneurs through their own negligence. And second, how do we celebrate Labour Day? By not working on that day. Well, it was on that very day that we signed an agreement that allows the lessee to operate. The symbolism is important, because many farmers work on Labour Day, while many others cannot wait to not work.

■ **Can Montenegrin farmer benefit from the fact that Montenegro is recognised worldwide as a tourist destination?**

- Yes. As I already said, linking agriculture and tourism is one of the imperatives. Last year we connected two families registered with the unemployment bureau who own arable land with two hotels for which they began exclusively producing vegetables by order. The hotels' guests can go out into the fields in the morning and choose what to eat for lunch or dinner. You know, sometimes small steps make a big difference.

■ **Do you see an export opportunity from agribusiness?**

- Of course, but do not forget that wine is currently our number one export product.

■ **Is there interest from investors in the region, the EU and the world to invest in Montenegrin agriculture?**

- There is! I am pleased to note that interest is constantly increasing.

■ **Montenegro is also a maritime country that so far has not made much use of fishing. Will something change in that respect in the future?**

- We'll try. The aim is to strengthen the fishing fleet. We are already working on that. At the same time, we are addressing a number of issues of importance to fishermen: from equipment used for fishing, through aqua-culture projects, to the first landing port and marketing of fish. Montenegro's advantage is that in parallel with the development of marine fisheries it can also develop freshwater

fishing on the lake, which is the second largest in Europe, and rivers that are unpolluted.

■ **Can Montenegro use EU accession funds as support for agribusiness?**

- The screening process is complete and we gained the benchmarks for opening chapters 11, 12 and 13. We are now working to meet the standards and my expectations are that during 2015

we will begin negotiations on two of the three chapters.

When it comes to funds, we are already using resources from the EU and the World Bank. We have implemented four public calls for the so-called MIDAS programme. We have prepared a two-year IPARD-like programme and, from 2016, we will begin implementation of the IPARD programme. Until 2015 we are placing the emphasis on strengthening primary agricultural production and from 2016 the emphasis will be on supporting the strengthening of processing capacities. We have also secured additional loans, so that Montenegrin agriculture can count on about €100 million for investments in 2020. I hope there will be enough projects.

■ **Your ministry is working on a lot of the regulations relating to food safety, what are you seeking to achieve in that?**

- We want to protect the health of the citizens of Montenegro. You know how people say "better to prevent than to

treat". The first days of my tenure were marked by a problem with aflatoxin. I did not hesitate to ban the import of milk and even milk production in Montenegro, because I figured that the health of the people was compromised. There is no compromise there. In addition, meeting the demanding food safety standards of the open EU market for Montenegrin farmers. And that is an opportunity for greater profits, which capable farmers must not miss out on.

■ **What is the biggest challenge when it comes to agriculture?**

- In recent years it is increasingly being recognised how much sustainable agricultural production is linked to the dietary issues of a growing population, the battle for poverty reduction and investments, without which there is no further development of agriculture and rural development. Climate change, pests, large fluctuations in prices of agricultural products on domestic and international markets... all this impacts significantly on the quantity and quality of agricultural production. I believe there are at least three major challenges ahead of us: educating farmers and the public, better managing risk and strengthening standards and thereby our food safety system. ■



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