

CHALLENGES IN THE FOOD AND AGRICULTURAL SECTOR CAUSED BY COVID-19 AND HOW OVERCOME THEM

Current situation

Following the declaration of a state of emergency due to the COVID-19 infectious disease pandemic, the Serbian Government introduced movement restrictions for its population in the second half of March, that is, a complete ban on movement for people over 65 in urban areas and over 70 in rural areas. Movement restrictions also apply to agricultural producers. The Ministry of Agriculture, Forestry and Water Management has set up an online system through which farmers can apply for individual movement permits for the purpose of carrying out agricultural work, issued by the Ministry of the Interior. Also, in order to prevent the spread of the virus, local governments closed the markets in accordance with the decision of the Serbian Government.

In late March, the Serbian Government presented a set of measures to reduce economic effects of the COVID-19 pandemic. NALED, in cooperation with other organizations, has prepared and put forward open questions and proposals for their implementation to the Serbian Government in order to maximize the effect on the economy. At the moment, the Serbian Government has not yet come up with a specific set of support measures for agriculture and food industries. However, one important measure that has been implemented is that farmers who have not yet applied for entitlements to basic incentives in crop production for 2020 need not do so, but will be paid on the basis of the 2019 overview.

Challenges

A significant amount of farm work is done in April. In **vegetable farming**, weed control is carried out, direct sowing and planting of certain crops (peppers, tomatoes, beans, green beans, potatoes, cabbage), as well as harvesting of the first vegetables (salads, spinach, radishes). In the **fruit farming**, land cultivation and spring protection of orchards are carried out. When it comes to cropping, soybeans, sunflowers, red clover, alfalfa and corn are sown. In the area of **animal husbandry**, there is a particular issue in product placement due to a drop in demand through direct and farmers' market sales, which is otherwise particularly pronounced during the Easter holidays.

When it comes to **beekeeping**, tending apiaries is especially important in spring to help the development of beehives, which is currently completely impossible for beekeepers over 65 and 70 years of age. In spring, the bees are nourished, which are otherwise facing starvation due to cold weather and a prevention of diseases and pests that attack beehives (especially varroa) is done, as well as bee migration, which is directly related to plant pollination. Less plant pollination may lead to reduced food yields in 2020.

If this work is delayed or not completed, the entire food production chain may be jeopardized and financial losses could be significant.

Due to the harsh **movement restrictions** introduced to prevent the spread of the COVID-19 disease, an additional issue has emerged in regard to performing agricultural work and primary food production, in all agricultural production sectors and beekeeping. Due to the fact that many countries are currently turning to their own capacities when it comes to food production and processing, this situation may further affect the sustainability of the food supply, not only this year, but in the coming years as well due to the risk of ceasing agricultural production.

In the context of the pandemic, **the issue of a lack of seasonal workforce** (due to illness, movement restriction or the need for social distancing) is further expressed. Because of this, there is a (justifiable) farmers' concern that more days will be required to carry out farm work because of the reduced number of seasonal workers available. The Law on Simplified Employment in Seasonal Jobs allows a maximum of 180 days of engagement under this system.

Due to markets and catering facilities closing down, **the issue of placement of agricultural products** produced in Serbia was opened. This situation, coupled with the current unknown regarding the realization of agriculture incentives, could put local farmers in a financially disadvantaged situation and, in the worst case scenario, lead to a complete cessation of work.

When it comes to the European and global markets, it is expected that **particular food industry sectors**, especially those conditioned by seasonality, will be particularly affected. For example, milk prices in the EU market are already dropping and it is expected that this trend will continue in the coming months. This situation will put local milk producers in an unfavorable position and cause a surplus in milk. At the same time, Serbia still has restrictions on meat and meat products export, which adversely affects further development and investment in this sector. In this context, particular attention should be paid to measures that can help certain food industry sectors to overcome 2020 with as few negative consequences as possible.

A proposal of the first 5 measures to support agriculture

Proposed measure	Activity
<p>1. Enable farmers and beekeepers over 65 and 70 years of age to go out and carry out the tasks necessary for maintaining production, while strictly adhering to the health recommendations for preventing the spread of COVID-19 disease, going exclusively to the location of their farm/apiary.</p>	<p>A special Government's act should be enacted in addition to MAFWM's recommendation which would enable farmers and beekeepers to go out solely for the purpose of carrying out their work.</p>
<p>2. Given that about 400,000 agricultural households are registered in Serbia, farmers should be granted a permit with a minimum of two weeks' validity through a system for obtaining movement permits during curfews. This would reduce the burden on the system and leave farmers with the opportunity to continuously carry out agricultural work.</p>	<p>It is necessary that the MAFWM, in cooperation with the Ministry of the Interior, initiate such an amendment and enable issuing of two-week (at least) movement permits for the purpose of carrying out agricultural and apiary activities. Also, it is necessary to adequately adapt the electronic application system for movement permit during curfew.</p>
<p>3. Increase the maximum number of days by which employers in the agricultural sector can hire seasonal workers under the Simplified Seasonal Employment Act in certain activities. This would be a temporary measure that would only apply to 2020.</p>	<p>The MAFWM, in coordination with the Ministry of Labor and Employment, should initiate an exemption from the application of the 2020 law restrictions due to the state of emergency, shortage of workers and limited movement.</p>
<p>4. Support the agricultural products online sales system and provide special support measures to agricultural producers in order to find alternative sales channels, in cooperation with local governments and retail chains.</p>	<p>It is necessary to establish (or support one of the existing) platforms for local goods placement, as well as organize adequate promotion at the local level. In the medium term, it is necessary to implement the eAgrar system as soon as possible, which will enable farmers to perform administrative tasks electronically (farm registration, competition for incentives), thus speeding up the implementation of national incentives for farmers and helping to increase competitiveness.</p>
<p>5. Provide a special subsidies package to agriculture and food sectors, with prior consultation with relevant entities in the economic sector and local government units. Such a set of measures, tailored to the sectoral specificities, should ensure the sustainability of agricultural production and food industry in the conditions during and after the COVID-19 pandemic.</p>	<p>The set of economic measures proposed by the Serbian Government in late March involves direct financial support to entrepreneurs in the flat-rate tax system as well as to private sector companies, but it is unclear whether and in what way agricultural households (given their specificities) will be able to become beneficiaries to the set of economic measures of the Serbian Government.</p>