

# 'INDIA - AN EXTREMELY IMPORTANT POLITICAL AND INCREASINGLY IMPORTANT ECONOMIC PARTNER FOR SERBIA'

India and Serbia have traditionally enjoyed deep friendship as co-founders of the Non-Aligned Movement. The past couple of years had seen high level engagements between the two countries. Agriculture and cooperation has also been on the agenda in these visits. In an interview with Agriculture Today, H.E. Mr. Vladimir Marić, Hon'ble Ambassador, Embassy of the Republic of Serbia discusses the potential of trade and cooperation in the agriculture sector between the two countries.



## What is the level of agricultural trade between India and Serbia?

The total amount of exchange in agricultural and processed food products between India and Serbia in 2017 amounted to 35.3 million USD. The deficit on the Serbian side was considerable – Indian exports were at around 34 million, while Serbian were at only around 1 million USD. During the first 11 months of 2018, the total exchange stood at 21.2 million USD, of which 19.4 was Indian and 1.8 Serbian exports. Serbia was mostly exporting tobacco and frozen fruits, while Indian exports included oil cakes, tea, coffee, sesame seeds etc.

## How significant is India as a trade partner for Serbia?

Overall, India is an extremely important political and increasingly important economic partner for Serbia. Past two years have witnessed what we consider historic top level visits in both directions – visit of the Serbian Prime Minister at the time, and now President, Mr. Aleksandar Vucic to India in January 2017, and the visit of the Hon'ble Vice President of India, Mr. Venkaiah Naidu to Serbia in September 2018. Our Deputy Prime Minister and Foreign Minister, Mr. Ivica Dacic was also in India in May last year. All three of these visits had economic cooperation at the top of the agenda. So, although the volume of exchange in agricultural and processed food products is low, both sides are very keen to increase

it. Concrete steps in this regard are being taken – through exports of Serbian apples and berries to the Indian market and imports into Serbia of Indian tropical fruits (mango, pineapple, papaya).

### **Apart from trading in agricultural commodities, which are the other areas that have seen immense cooperation between the two countries?**

The past ten years or so of Serbian food industry have been highlighted by foreign investments. The United States' Pepsico, German Nord Zucker, Austrian Rauch and Gierlinger Holding, United Kingdom's Salford and Ashmore, Denmark's Carlsberg, and Belgium's AB InBev and Crop's, just to name a few, built their plants in Serbia in order to supply the growing European and other markets.

Companies from this region are also starting to recognize Serbia's comparative advantages when it comes to choosing where to base their European operations. The leading Nepalese conglomerate Chaudhary Group, through its Indian subsidiary, set up a noodles plant in the Serbian town of Ruma. Chaudhary Group has been very satisfied with the overall business environment and with the support it has been receiving from both national and local authorities in Serbia and it will as a result be increasing the scope of its Serbian operations. Besides other advantages (strategic geographic location as gateway to Europe, competitive operating costs etc.), Serbia can serve as a hub for duty-free exports to a market of more than 1 billion people that includes the European Union, Russian Federation, USA, Kazakhstan, Turkey, South East Europe, the European Free Trade Agreement member countries, and Belarus. This customs-free regime covers a wide spectrum of agricultural products (and most key

industrial products, with only a few exceptions and annual quotas for a limited number of goods).

When it comes to agricultural machinery, it is very important to mention that the Indian heavy-weight TAFE recently acquired Serbian tractor manufacturer IMT and that they will soon be reviving local production of tractors with a view to supplying the Serbian market, but also to exporting. This is very good news for Serbian farmers, but also for the wider agriculture sector, and the Serbian economy as a whole.

Both sides are also very interested in working together in the fields of agricultural sciences and technology (for example, seed production and plant variety testing). Serbian Institute for Science Application in Agriculture and Indian National Institute of Agricultural Extension Management have already tied up and will be examining possibilities for joint projects. Fruit and vine planting material (saplings) production and production of grain and vegetable seeds are two concrete areas where Serbia can offer its expertise.

Besides agriculture and related fields, substantial cooperation exists in the areas of real estate (Embassy Group investment), defense, tourism and film. Serbia has abolished visas for Indian citizens in 2017. More and more Indian movies are being filmed in Serbia, including the current blockbuster "Uri".

### **What are the impediments that Serbia has encountered in trading with India?**

Main issue has been the general unfamiliarity of Serbian companies with the Indian market. More specifically, this relates to understanding of local quality standards, food safety requirements etc. Transportation costs are also relatively high due to the distance between the two countries.

### **How does the Serbian government support producers who cater to global trade?**

The Government of the Republic of Serbia, Ministry of Agriculture, introduced a set of measures aimed at incentivizing production of agricultural and processed food products and their quality and competitiveness. Direct payments include bonuses, grants to increase output and reimbursements. Incentives to help rural development include incentives aimed at environmental protection and preservation of natural resources and incentives for diversification of income and quality of life improvements in rural areas. In addition, with the aim of attracting investments into the agriculture sector, the Serbian Agriculture Ministry developed a number of credit support schemes and subsidies, especially for investments into fruit and vegetable production, milk and meat production and food processing. All companies that have been legally registered in Serbia are entitled to these subsidies. Besides Agriculture Ministry, Ministry of Economy and Serbian Development Agency also offer subsidies and incentives for foreign investments.

### **In 2019, how will be the trade relationship between India and Serbia? Any new agreements in the offing?**

I am sure that 2019 will see a further increase in the overall trade exchange between the two countries, including in the agriculture and processed food segment. The Agreement on Cooperation in Plant Health and Plant Quarantine which was signed in September last year, during the visit of the Indian Vice President, will facilitate this process. What will be important is for the veterinary and phytosanitary services of the two countries to work closer together to allow for more agricultural products to be traded.