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Exports and imports of agricultural and food products

In a country with so large an agricultural potential as Yugoslavia it may rightly be claimed that as an important sector of the economy agriculture has still not acquired an appropriate role in the sphere of foreign economic relations. This is particularly true of farm exports.

The share of agriculture in the GNP (social product) is approximately 20 per cent. The intermittent shortages of some staple products such as wheat, oil and sugar, and the unsatisfactory volume of exports of some other essential commodities such as maize, pig meat and poultry meat are consequently inevitable under the circumstances. The only products whose exports correspond (to a considerable degree) to the natural resources of the country are beef and, to a lesser extent wine and tobacco. Agricultural products accounted for 19.8 per cent of total exports in 1967, while dropping to less than 13 per cent (12.7) in 1972, thus indicating a continuous downward tendency. The unfavourable economic structure or more exactly the unsatisfactory structure of investments in the economy caused agriculture to lag behind both in relation to the national economy as a whole and the balance of trade and payments.

The list of principal farm exports covers beef and cattle for slaughter, pigmeat (mostly pork manufactures), tobacco, fruit wine and intermittently maize.

Agricultural products in short supply which are imported include wheat, sugar, oil as well as tropical products (coffee and cocoa), citrus and tropical fruit.

During the past few years exports of cattle and beef reached 100,000 tons (as meat equivalent) pigmeat and pork products ranged from 40,000 to 50,000 tons, tobacco about 20,000 tons, fruit and grapes about 50,000 tons and maize (intermittently) up to 300,000 tons.

THE SHARE OF AGRICULTURE IN THE SATISFACTION OF DOMESTIC REQUIREMENTS

The share of the principal food products in the satisfaction of domestic requirements varies by individual article. This percentage was lowest in the case of sugar (during the period from 1967-1972) having amounted to only 85.3 per cent, slightly

higher in the case of edible oils (91.4 per cent) and wheat (96.7 per cent). Domestic supply of poultry meat was more or less balanced with demand (100.1 per cent) during the period under review. The largest surpluses were recorded in the case of beef (134.6 per cent) pork (103.5) and maize (103.2 per cent).

The share of the staple food products in the satisfaction of domestic requirements during the period under review is shown on Table I (See next page).

Although Yugoslavia's agriculture developed at a faster rate than that of many other countries, including the industrially most advanced ones, it is still not in a position to meet the growing demand of domestic consumers for wheat, oil and sugar. Irrespectively of the current heavy demand for wheat in the world market which resulted in a lively international exchange of this commodity, judging by European standards the three articles mentioned above, do not figure prominently in a foreign trade, virtually all European countries having achieved almost complete self-sufficiency in the production of these commodities. Yugoslavia is one of the few exceptions in this respect. Increased oil and sugar production would not only enable Yugoslavia to balance her food exports and imports but also achieve a substantial export surplus. Wheat is a different matter. The continuous shortage of this commodity notwithstanding an annual production of approximately 5 million tons is largely due to non-rational consumption patterns. In other words owing to the low price of bread and high price of meat, nutrition patterns in Yugoslavia are characterized by a heavy consumption of bread and inadequate share of meat.

SHARE OF IMPORTED AGRICULTURAL PRODUCTS IN THE SATISFACTION OF DOMESTIC REQUIREMENTS

Tropical fruit and other tropical products account for the largest share of imports, so that in the case of cocoa and coffee for example 100 per cent of current domestic requirements are satisfied by imports. The share of foreign countries

TABLE I
Share of Some Staple Foodstuffs
in the Satisfaction of Domestic Requirements

(In percentages)

Product	1967	1969	1971	1972
Wheat	92.1	100.0	91.1	98.8
Maize	112.3	104.1	96.8	95.7
Beef (cattle exports not included).	149.4	139.5	126.7	126.6
Pigmeat	96.0	102.9	107.3	108.3
Poultry meat	102.2	100.8	98.7	98.6
Edible oil	77.7	100.0	97.9	99.4
Sugar	78.8	101.9	72.3	56.0

TABLE II
Imports of Tropical Fruit
Coffee and Cocoa by Value

(In million dollars)

Product	1967	1969	1971	1972
Tropical and citrus fruit . . .	24.0	18.6	19.0	27.0
Coffee.	25.1	32.4	36.1	39.6
Cocoa.	5.8	9.3	6.2	7.8

TABLE III
Imports of Temperate Agricultural
and Food Products

(In million dollars)

Product	1967	1969	1971	1972
Wheat	23.6	2.1	41.4	28.4
Sugar	9.4	3.0	18.9	56.5
Edible oil	10.5	0.3	2.5	0.9
Maize	0.3	0.6	23.3	24.4
Beef.	—	—	0.2	3.6
Pork	23.1	0.3	—	3.1
Poultry meat	0.1	—	0.1	1.3

TABLE IV
Share of Temperate Food Imports
in the Satisfaction
of Domestic Requirements
(Average Percentual Share
for 1967-1972)

Wheat	3.8
Maize.	1.7
Beef	1.2
Pigmeat.	2.3
Poultry meat	0.7
Edible oil	11.0
Sugar.	22.5

in the supply of tropical fruit is slightly lower, as certain quantities of citrus fruit are grown in Yugoslavia. Imports of these products have been almost completely liberalized and tariffs are maintained at a very low level. This has contributed to the promotion of trade relations with the developing countries from which these products are imported.

The aforementioned sum enables the purchase of about 30,000 tons of citrus and tropical fruit, the same amount of coffee and about 10,000 tons of cocoa. (Table II).

Apart from three permanent import headings—wheat, edible oil and sugar, maize is also imported from time to time, as much as 24 millions dollars worth of this commodity having been imported. Besides 23 million dollars worth of pigmeat was imported in 1967 although the latter was hardly imported at all during the past few years. Beef and poultry meat are considered marginal import headings. Beef is imported from time to time in order to satisfy the requirements of the processing industry (frozen beef) as is poultry meat for the purpose of regulating market relations (Table III).

With the exception of the aforementioned tropical products and fruit the share of imported agricultural and food products (Table IV) ranges from about 1 per cent (in the case of beef) to over 22 per cent (sugar).

Apart from assuring more rational consumption patterns and stabilizing production at a level of about 5 million tons, agrarian policy should aim primarily at assuring a substantial increase in the output of sugar and oil. Judging by the experience acquired in this respect by the other European countries this should not constitute too serious a problem for Yugoslavia's economy in view of the extremely favourable conditions for the cultivation of sunflower and sugar beet.

EXPORTS OF AGRICULTURAL PRODUCTS

A recent survey of trade in seven staple foods has indicated that the share of exports in total production (which reached as much as 33 per cent in 1967 for example) is highest in the case of beef. The other basic food stuffs figured far less prominently and regularly in Yugoslav exports, so that the share of total production exported is also proportionately smaller.

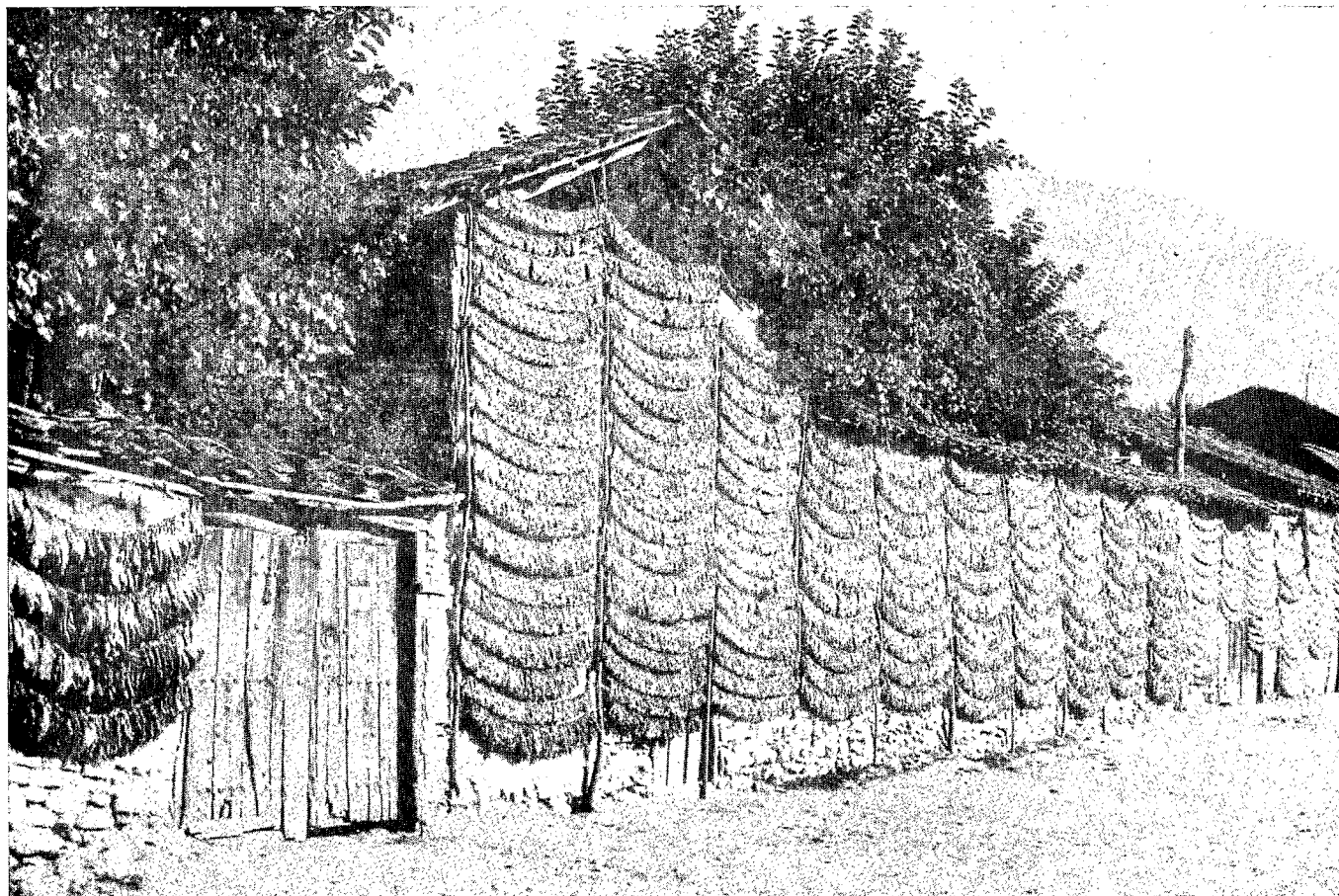
Owing to the liberalization of foreign trade several articles such as sugar and edible oil were also exported from time to time notwithstanding the intermittent shortages noted.

If deliveries of beef cattle for slaughter are also taken into account, the share of beef and cattle (as meat equivalent) is

Photo Ambassade de Yougoslavie



Dans les Alpes Juliennes.



En haut : *Séchage du tabac en Macédoine.*

En bas : *Culture de la vigne dans la région de Primošten.*



actually several per cent higher. For some years already beef is the foremost export heading in the agricultural and food sector. It should be mentioned, however, that in spite of the progress made, exports are still notably below the actual Yugoslav possibilities in this sphere, potential production being estimated at 400,000 tons annually of which approximately 150,000 would be available for exports.

The excellent conditions for the production of maize are also far from fully utilized, while the irregular and uneven rate and inadequate volume of maize exports is due also among other reasons to non-rational and out-dated consumption patterns, as most smallholders still use uneconomical methods of livestock fattening. If the average maize yield were increased to only 40 metric centners per hectare on the present sown surface (about 2.5 million hectares) Yugoslavia would be in a position of produce at least 10 million tons of maize of which about two million would be available for exports. Needless to say, in order to achieve this objective the necessary production incentives in this sphere would have to be provided first.

The results achieved in 1965 when 58,000 tons of pigmeat and about 35,000 of tinned pork were exported have not been repeated since. This is due to frequent fluctuations in output levels which are due primarily to the disparity between the prices of pigs and feed grain (maize) as well as to certain imbalances between the production of pigs and the available capacity of the slaughtering and meat packing industry. Production of pigmeat and beef has been stabilized appreciably during the past few years largely as a result of the activities of the Fund for the Stabilization of Production and Sales of Livestock and Livestock Products, although systematic and continuous effort is required of the social community particularly with regard to the promotion of integration and cooperation schemes in all phases of the production process from the cultivation of fodder crops, manufacture of winter feed and concentrate, livestock breeding and fattening, packing and processing to marketing and retailing. The current potential production of pigs is estimated at about 500,000 tons per annum, provided the necessary measures are implemented and stimuli provided by the current farm policy.

Beef exports (including beef cattle for slaughter) reached the 100 million dollars mark a few years ago, while no less than 149 million dollars worth of beef (including cattle for slaughter) were exported in 1973. Exports of pigmeat including tinned pork manufactures were valued at about 40 million dollars, and are consequently the second largest heading in the farm and food sector (Tables V and VI).

In spite of the fact that vegetable products (i.e. primarily grain crops) predominate in relation to livestock production (the current ratio is approximately 60:40), the export ratio is exactly the observe,

TABLE V

**Share of Exports in Total Production
of Some Staple Foodstuffs**

(In percentages)

Product	1967	1969	1971	1972
Beef	33.1	28.3	21.1	22.3
Pork	6.5	2.8	6.8	9.1
Sugar	2.7	9.1	—	—
Maize	10.9	4.1	0.8	0.3
Edible oil	5.1	0.0	1.7	—
Poultry meat	2.1	0.8	0.5	0.3
Wheat	—	0.0	0.04	0.0

TABLE VI

Exports of Staple Agricultural and Food Products by Value

(In million dollars)

Product	1967	1969	1971	1972
Beef (not including cattle) . . .	77.5	66.9	70.0	92.3
Pigmeat (not including tinned pork products)	17.5	7.8	18.7	23.3
Maize	46.1	20.0	9.1	6.4
Poultry meat	1.5	0.8	0.6	0.5
Edible oil	1.4	—	1.0	—
Sugar	1.0	4.2	—	—

as indicated by the fact that the share of livestock products in total farm exports exceeded 80 per cent in recent years.

**THE BALANCE OF TRADE
IN THE AGRICULTURAL PRODUCTS
SECTOR**

Trade surpluses and deficits vary considerably by individual commodity. The largest surplus was recorded in the case of beef, exports having exceeded imports of this article by 89 million dollars (this figure does not include cattle for slaughter). A fairly large surplus of about 20 million dollars was also registered in the case of pigmeat (not including tinned pork and manufactures). A similar situation prevailed in the maize trade (during the past few years), when a 46 million dollars surplus was recorded.

The largest trade deficit was registered in the case of sugar, imports having exceeded exports of this commodity by over 56 million dollars. Among the other articles which exerted a heavy strain on the balance of payments during the period under review wheat imports caused a deficit of no less than 54 million dollars, while imports of maize gave rise to 18 million

TABLE VII

Export and Import Balance of Some Agricultural Commodities

(In million dollars)

Product	1967	1969	1971	1972
Beef	77.5	66.9	69.7	88.9
Pigmeat	56.5	7.5	18.7	20.2
Maize	46.1	19.3	-14.2	-18.0
Poultry meat	1.4	0.8	0.5	-0.8
Edible oil	-9.1	-0.03	-1.5	-0.9
Wheat	-23.6	-2.1	-41.1	-28.4
Sugar	-8.3	1.1	-18.9	-56.5

TABLE VIII

Export-Import Balance of Agricultural Products

(In million dollars)

	1967	1969	1971	1972
Export	247.6	211.8	234.4	301.7
Import	183.1	161.8	268.5	244.3
Balance	64.5	50.0	-34.1	57.4

dollars deficit. As indicated by Table VII the deficits recorded in the case of edible oil and poultry meat are appreciably lower.

A comprehensive survey of total farm exports and imports (and not only the seven staple items mentioned above) is provided on Table VIII.

The figures cited above do not include the products of the food processing industry, which means that exports of meat and milk products, fruit and vegetable products, fodder concentrate etc., have not been presented in the foregoing survey. On the other hand, the import figures do not include feeding stuffs (pressed soybean meal and cakes, fish meal) and several other major headings.

A more favourable balance would be obtained if the value of citrus and tropical fruits and products which are not produced domestically in Yugoslavia were deducted from the above table. This would indicate that Yugoslav agriculture is in a position to maintain a more or less stable balance of farm and food exports and imports where products of the temperate zone are concerned.

YUGOSLAVIA'S PLACE ON THE WORLD LIST OF FARM AND FOOD IMPORTERS AND EXPORTERS

In terms of international standard Yugoslavia ranks at present among the medium exporters and importers of agricultural produce. It may already be considered a major supplier or importer of some commodities, however. Thus for example, Yugoslavia is one among the ten foremost importers of wheat in the world (41 million dollars worth of this commodity having been imported in 1971). Yugoslavia was also a major importer of sugar in some years (as in 1972 for example when sugar imports were valued at 56.5 million dollars).

Yugoslavia is one of the top ten exporters of beef in the world. In 1973 when 149 million dollars worth of beef were exported Yugoslavia became the foremost European exporter of this commodity. This figure has not been exceeded yet by any other European exporter. Yugoslavia also figures high on the list of exporters of pigmeat (including tinned pork products being preceded only by Denmark, Holland, Belgium and Poland).

FOREIGN TRADE POLICY IN AGRICULTURAL PRODUCTS

The aim of imports in the agricultural products sector is to assure the adequate and even supply of certain foodstuffs and agricultural raw materials for the processing industries. The farm import policy has also been adjusted to this objective. A gradual transition has taken place from so-called centralized imports which were carried out by authorized foreign trade organizations on behalf of the state, to the liberalization of imports, this process having gained particular momentum since the economic reform instituted in 1965 and Yugoslavia's accession to the General Agreement on Tariffs and Trade (GATT) as a fully fledged member in 1967. Yugoslavia's exports have been wholly liberalized and so have one fourth of her imports. The dinar parity in relation to the dollar was subsequently adjusted (the exchange rate was corrected from 15 to 17 dinars to the dollar in 1972). Meanwhile import tariffs were reduced from 5 to 2 per cent, and raised to 6 per cent later on. A system of import licences for certain products was introduced subsequently with a view to controlling imports and reducing the balance of payments deficit. A series of anti-inflationary measures which also aimed at the continuous reducing the balance of payments deficit. A series of anti-to the rising prices of domestic products, imports were liberalized to a certain extent and import tariffs for certain staple agricultural products, such as fodder crops, oilseed cake and meal, sugar, wool, cotton,

edible oil etc., reduced to 2 per cent once again in 1972.

Apart from the objectives already mentioned, the basic aim of foreign trade policy is the expansion of commodity exchange with all parts of the world. This calls for the gradual liberalization of foreign trade relations while precluding all forms of discrimination in any form whatsoever. Consistently adhering to such a policy the government liberalized about one fourth and later on approximately one half of total agricultural imports since 1967. Imports of non-liberalized articles are subject to licencing or may be imported if paid for out of the foreign exchange quota retained by economic organizations, i.e. the percentual share of foreign exchange earnings they are entitled to keep and dispose with freely. The largest part of farm imports is financed out of the so-called global foreign exchange quota. Exports of agricultural products have been fully liberalized, except in cases when there is a risk of shortages in the home market. This was recently, the case with maize exports which were banned in order to assure the adequate supply of the domestic livestock farming sector, and meat whose exports were restricted in order to assure adequate supplies during the tourist high season.

Farm import are regulated by the enforcement of tariff rates which are maintained at a fairly low level so as not to obstruct these activities. Imports of most agricultural products are subject to a 3-10 per cent tariff levied ad valorem, staple commodities such as wheat, oil seed crops and livestock being exempt from these levies. An import tariff on these products is levied during the full season, however, for the purpose of protecting domestic growers and producers.

Imports of essential agricultural commodities are regulated through the Agricultural Reserves Board which prepares a list of articles required every year. This list serves as the basis for the allocation of the necessary budget funds. Contracts for the imports of these commodities are awarded by the Board to those foreign trade organizations which offer the most favourable terms at public biddings.

Apart from the fact that the greater part of farm exports have been fully liberalized it should also be mentioned in this connection that all direct export subsidies have been abolished since 1965. Exports of agricultural products still enjoy certain facilities however, such as the reimbursement of customs duties paid on imports of primary and intermediate products intended for export production. Exports are also stimulated by lower interest rates. Besides, exporters are entitled to import goods up to a value equivalent to 1.4 of their import receipts. They are likewise entitled to use 20 per cent of their foreign exchange earnings for imports. This opportunity is also utilized by the large-scale industrial farms.

The establishment of special funds whose membership consists of certain groups of

manufacturing, processing and exporting organizations aimed at improving the competitive power of the Yugoslav agricultural products in the foreign market should also be mentioned in this connection. Within the framework of these funds all parties concerned agree on uniform prices and coordinate specializing in maize, wine, tobacco, and canned fish deserve funds active in Yugoslavia at present, such as the Funds for Livestock and Livestock Products, for example, as well as those specializing in maize, wine, tobacco and canned fish deserve particular mention. The best results thus far have been achieved by the Fund for the Stabilization of Production and Marketing of Livestock and Livestock Products whose membership practically includes the entire Yugoslav meatpacking and processing industries or more exactly the primary producers, processing and sales organizations. All phases from production, processing to marketing and sales are regulated within the framework of the Fund by mutual compacts and agreements between the producers and processing organizations (these contracts are concluded for a three year term between pig farmers and processing organizations and for a five year period between beef cattle farmers and their industrial partners. Among its other functions, the Fund aims at compensating its members, for losses incurred as a result of disparities between domestic and foreign prices of livestock and livestock products. However, in case this margin is favourable for the Yugoslav exporters, it is incumbent on the latter to pay a certain small percentage of these receipts into the Fund; the money thus accumulated is used to compensate then in case of loss.

The other funds operate along much the same lines although the financial resources at their disposal are appreciably smaller.