

AGRICULTURE AND TOURISM IN SERBIA

Branislav GULAN

Chamber of Commerce and Industry of Serbia
Serbian Academy of Sciences and Arts, Board for Rural Areas, Serbia

*Corresponding author: gulan@nscable.net

Abstract

About 20 million t of agricultural produce in the value of up to 6 billion EUR has been annually produced in Serbia on arable land area of 4.1 million ha. In 2013, the exported food, i.e. agricultural and food products, reached the value of 2.7 billion USD (which accounts for one fifth of the total Serbian exports), while the import was 1.5 billion USD and thus the surplus of 1.2 billion USD was recorded in this field. Bigger food production and its realization with support to stronger rural tourism development could be realized with the investment of about 1.5 billion EUR and the entire region be proclaimed as an area without genetically modified products. This is very important because 10% of the EU inhabitants or near 50 million people say that they want to consume such kind of food. With such investments Serbia could double its agricultural production in terms of quantity and value in three years, and its value could reach 12 billion EUR. In this case, the exports would also reach five billion USD, and with higher processing phases, the export could reach the value of seven billion USD by 2030. After a decade, it could reach 10 billion USD. Bigger food production should provide for development of tourism and survival of a village in Serbia. This means that the withering away of rural areas shall be stopped, since out of 4,600 villages in Serbia, every fourth village is on a way to disappear. Provided that equal living conditions are created in villages as those in towns, young people would remain to live in villages and to work there, not only in agriculture but also in related sectors such as tourism. With its large number of food brands (44), Serbia could attract a significant number of visitors through development of rural tourism (about 3000 manifestations have been held annually). Today in Serbia one half of its population lives in rural areas and there are 631,000 rural households. If only 10% of them would be engaged in tourism, this would bring to Serbia additional income of at least two billion EUR per year. Serbia has 40 spas and about 400 mineral or thermal mineral water springs and only 10 percent of it is used.

Key words: *Agriculture, tourism, Serbia, healthy food.*

Introduction

Food production, food security and production of raw materials (for the purpose of other industries, exchange with the world, social, demographic and other aspects) determine multiple importance of agriculture of Serbia. According to it, it can be estimated that the agriculture and its supporting activities participate in the creation of gross domestic product of Serbia (in 2014, it will amount to 29.2 billion USD) with up to 30 percent, depending on the year, whereas its share in the exports of the country is 25 percent.

For example, besides an annual decrease of 2 percent in the livestock fund of Serbia, the meat production amounts to 450,000 t. Consumption per capita is 43 kilograms, primarily pork meat of around 289,000 t, whose consumption exceeds 21 kilogram per capita. To increase the export and consumption on the domestic market, it is necessary to increase the production and consumption of beef meat. The production of beef meat is less than 100,000 t, whereas its consumption per capita is slightly over four kilograms annually. In addition to it, the total production of mutton is 20,000 t and near 100,000 t is the poultry meat production. It

would be necessary to increase the number of fattening cattle, because the European Union lacks around 700,000 t of beef meat annually. Serbia has an opportunity to export 8,875 t of this kind of meat to the EU market annually. However, in 2008, the total of only 1,700 t was exported, whereas in 2013, it was less than 700 t. To achieve that it is necessary to have for that purpose 100,000 cattle in stables. However, in Serbia there are only 15,000 – 20,000 of them! The main reason why there is no such export is the lack of fattening cattle. For example, in 1990 the SFRY exported 500,000 t of “baby beef” which reveals the position of the region in terms of the production and export of meat. Out of that Serbia exported 30,000 t of beef meat to 40 different countries! If there were sufficient cattle in stables and enough beef meat for export, Serbia would secure the export to the EU for the next five decades. The existing decreased livestock fund in Serbia provides 1.5 billion liters of milk annually. In addition to it, the production of wheat amounts to three million tons annually, then six million tons of maize, one million tons of potatoes. Serbia produces over 420,000 t of sugar and exports up to 200,000 t of this sweet crystal. The total 220,000 t of sugar is enough for Serbia’s own needs and stocks. Serbia’s average annual production of vegetable oil is around 200,000 t, which means that it can export near 70,000 t. Serbia also produces 600,000 t of plums, 220,000 t of apples and 420,000 t of grapes. In 2009, the food from Serbia was exported in the value of 1.94 billion USD, while the import was worth near 1.3 billion USD. In 2010, the income from export amounted to two billion USD, but the export was lower in quantities, the surplus was one billion USD. In 2012 and 2013, the export was 2.7 billion USD, respectively. Surplus was 1.5, i.e. 1.2 billion USD. The agriculture is the only economic activity in Serbia that records a surplus in the exchange with the world. It is a good thing. However, the analyses of this export indicate that even 62.5 percent refers to the inherited market of the former Yugoslavia. Yet another thing: Serbia exports raw materials for food production. It is Serbia’s misfortune. For example, near 1.4 million t of maize are exported annually and final products are imported later on (per 11,000 t of pork meat annually)! Such agricultural policy is not good and leads toward a long term crisis in food production. Serbia’s opportunity lies in the market of the Non-Aligned countries. It is about 170 countries with 1.7 billion population, i.e. consumers, where annual turnover of halal foods amounts to 600 billion USD. It is a great opportunity for Serbia because today’s ministers in the Non-Aligned countries are people who used to get their education in the SFRY. It is about 32,000 experts who had graduated from the faculties in the former SFRY. A majority of them holds positions in their countries. Therefore, these people are friendly-like willing for cooperation with Serbia and it is Serbia’s chance to sell its food on these markets. Serbia can be a competitive in these countries. It is especially important at the time of crisis to make such a decision, because Serbia would launch its food to the global market and would attract foreign tourists and investors from these countries. It has been done almost nothing to return to the former global markets or to get to new ones.

Food production is the first prerequisite for development of tourism in Serbia. Only when there is enough food produced for our own needs, reserves and export, it is possible to think about development of tourism. Under the condition that the nation earns enough money to go on holiday (it requires higher income than the average which currently amounts to 400 EUR monthly). Of course food has to be quality, safe and thus it will become a Serbian brand. Serbia has soil, science, qualified workers and capacity for food production. However, these capacities are untapped because they used to be built for needs of the former SFRY and now only 15 to 80 percent of it is used the most.

It is Government’s next move

If the Government of the Republic of Serbia decided to proclaim agriculture and tourism for its strategic activities and the entire Serbia for the region without genetically modified products, the production of quality food would increase as well as the utilization of food production industry. The very domestic and foreign tourism would start developing. However, it is necessary to invest one billion and a half euro in the strengthening and

modernization of agriculture, which would double the value of its production (which in 2009 amounted to 3.5 billion EUR, in 2013, it was 5.7 billion EUR, and in the last decade it amounted to six billion EUR). If so, the food production would be enough for reserves and domestic demand, whereas the export would bring the income of over four billion euros, while untapped manufacturing capacities would be engaged. With these investments, the development would record a substantial growth rate of up to 10 percent by 2020. The demand at more quality and higher level would be met and the foreign exchange inflow from food export would be provided to the amount of six billion USD. With such growth pace, by 2030, the export revenues would amount to 10 billion USD. By 2020, instead of the current 631,000 agricultural holdings, Serbia would have near 350,000 commercialized agricultural holdings with an average agricultural land of around 15ha. The rest small agricultural holdings would have substantial natural production and consumption and products for tourism development. There would be purpose production of food for tourism (domestic and foreign). For example, it is known that the EU has about 500 million inhabitants (ten percent or 50 million of them state that they want to consume only non-GMO food), then it is a great opportunity for Serbia to produce and sell food for this market. We should bear in mind that this kind of food is more expensive in the world by 30-50 percent than the ordinary food. Experts believe that organic food could be useful to Serbian rural households dealing with tourism. Serbia has excellent conditions for development of this kind of tourism which could be its new development opportunity, too. The advantages for developing this kind of tourism are versatile relief, which is distinguishable for straight-street-arranged villages in Vojvodina and dissected villages in mountain-like sceneries. If we did so, we would earn foreign exchange on the domestic market. Therefore, this kind of tourism and entire Serbia would be made a well-known brand all around the world. In that way, agriculture would become a significant business which would bring money to two million people in the country dealing with agribusiness.

Agriculture is the activity by which Serbia can create its product in the fastest way possible, i.e. competitive brand in the global market. We have to act quickly, in the short run, with agricultural products from higher processing phase and they will set in motion untapped manufacturing industry. Domestic brand has to be protected, along with the meeting of global quality standards. Serbian Diaspora can help Serbian products enter global markets. It can be a bridge with other countries and a “transformer” of new technologies, business experiences and a trust guarantee for foreign investors and buyers. Serbian Diaspora’s capital available (around four million people in all continents) has been estimated at 50 - 60 billion USD. Only ten percent of this investment would be enough to recover Serbia’s economy. This is the reason why Serbia needs the powerful name for the creation of its brands. We have to admit that it is difficult to define what Serbian brand actually is for the world. If we try to explain that, we would say that it is something quality, well-known on market, nice and very often expensive with renowned name. A successful brand has to be immortal, unique, compelling and quality. When it comes to food, a Serbian brand has to have ***Made in Serbia*** trademark.

As for foreign tourists, Serbia can offer its products such are water, raspberry, plum, wine, smoked ham, cheese, kajmak, duvan čvarci, mushrooms, mutton, kid’s meat, Futog cabbage... The total of 44 products have the certificates of geographical indication. There are few products that gained domestic and international reputation such are “žuta osa”, “sokolova rakija”, “Šumadija tea”, medical herb beverages, pumpkin oil, soybean products, sunflower oil, Futog cabbage... The healthy food is something that Serbia can firstly launch on the global market and offer to foreign tourists. The first branding of products has been started in Vojvodina and thirty or so of such articles already have “***Best of Vojvodina***” trademark. Tourists are also interested in waters. Serbia has around 400 thermal and mineral water springs, but only ten percent of them has been used in spas and for the food production in greenhouses. It has been estimated that the food from Serbia can be sold on the Western market in the value of at least 500 million USD annually. Over four million people from

Serbia live all around the world. If only two million of them spent 200 USD on Serbian products, which is an amount spent in one shopping in super market, it could be a way out for Serbian economy from its lethargy. If products were offered to so-called “Serbian houses” in the states they live, they would buy them and in that way they would protect themselves and their identity. It would be a silent and clever way for to return with its products to the global markets.

Global Recommendations

The Republic of Serbia is a distinctly rural country. About three-quarters of its territory is occupied by approximately half of the population (there are about 7.5 million inhabitants). The World Tourism Organization has recommended Serbia to develop rural and spa tourism. And not without reason. Its geographic position is very favourable, the climate is pleasant, the scenery is versatile, with rich world of flora and fauna, rich culture, folklore, tradition... Annually, it hosts around 3,000 tourist events. There is a trumpet festival in Guča, Exit in Novi Sad, The Wine Ball in Vlasotince, Župa Harvesting Festival in Aleksandrovac, the Gathering of Pipers in the village of Grljan near Zaječar, the Sausage Festival in Turija, the Bacon Festival in Kačarevo, the Prosciutto Festival in Zlatibor , the World Food Days in Velika Plana, the world competition in egg knocking in Mokrin, the Cabbage Festival in Futog... The development of tourism and the arrival of visitors would change the image of Serbia in the world even more quickly. Now, the fact that more than 70 percent of chronically undernourished people in the world live in poor rural areas is definitely not true of Serbian villages as the most visited events are bacon festivals, sausage festivals, beans stew festivals, barbecue festivals, cheese festivals... All these products require a new marketing approach – with the information that they originate from the Republic of Serbia where there are no genetically modified organisms or products, that they are produced manually, that they are made in the traditional way (that rakija – fruit brandy is not produced in distilleries, but boiled in brandy boilers, that the jumpers in Sirogojno are knit by hand, not by machines). Finally, it should be understood that tourism is not only an economic category. Tourism also comprises culture, art, education, folklore. All of these are interwoven in spa tourism, which Serbia should develop together with rural tourism, combined into an integral offer. In the world, this type of tourism is now called "green tourism" since it is a return to nature. Thus, tourism is a way out of the crisis for Serbia, the way to reduce unemployment and increase total revenues from goods and services and a way to total well-being.

If a farm in Serbia had two rooms with two beds and rented them to foreigners for 200 days a year, at a price of EUR 20/full board, mathematics is the most accurate science here and it shows us the figure of EUR16,000 in revenue. It should be noted that the bulk of the expenses goes to food and drink that our farmers usually produce themselves. So, no more going to the market, the expenses for fuel, renting stalls, wasting time... If we were to calculate this for Serbia, where half of the population lives in villages, then, it would become obvious that this is a huge contribution not only in money but also in overall development of Serbia. If only 10 percent of the households were involved in tourism, this would mean additional annual revenue of EUR1.6 billion for Serbia! Most Serbian villages have spas. Some are ready for guests, and the majority of them just improvise, but they still have an increasing number of guests year by year. Things cannot change overnight, but in the long run, it is possible to achieve remarkable results. We can take Slovenia as an example, which has been working on the promotion and popularization of its rural tourism for 15 years, and it largely involved spa tourism, and it has achieved remarkable results. It is encouraging that, year after year, even in the times of crisis, when there is less money for tourism, we have had increasing the number of households engaged in rural tourism.

The Country of Spas

The World Tourism Organization has recommended that Serbia develops its spa and rural tourism since it has 40 mineral spas and areas with specific climate and weather conditions, 25 rehabilitation centres and about 400 hundred mineral springs. Considering all

this wealth, Serbia can rightly be called – the country of spas. If it were to utilise this wealth in tourism, it would be the best way to valorise or consume the food it produces. That would also be the most profitable, because the food would not be exported in the form of raw material but as a product of higher levels of processing. This would develop tourism as well. In 2013, revenue from foreign tourists amounted to more than one billion euros.

So far, these spas and all that is offered within rural tourism in Serbia (there are about 4,600 villages) has not even remotely been utilised to its full potential. According to records, historical data and archaeological findings, the Romans were the first to use the spas in the territory of today's Serbia. After the wars in Dacia, they would bring their legionnaires and veterans to spas "to cure them, to treat their combat wounds and to rest them". Archaeological remains have proven that the Romans used the spas. For example, even today, in the middle of the Crni Timok river bed in Gamzigradska Banja there are bathtubs where the Romans bathed themselves. Roman Emperor Galerius also came "to take a bath" there, and he built a magnificent complex of Felix Romuliana near Gamzigradska Banja. Even during the period of Serbian kings and emperors from the Nemanjić dynasty they went to spa resorts. The Nemanjić rulers, resourceful people, took their wives to spas to demonstrate these princesses from Byzantium, Hungary and France what Serbia had. After the Nemanjić rulers, Serbia, as it is popularly said, "languished" under the Turks. However, despite the lack of freedom, Serbian people remembered where mineral springs and hot water springs were located. People "secretly" swam in flumes, and drank mineral, healing, water... At the beginning of the nineteenth century, Serbs rebelled against the Turks, and in the second half of that century, Serbia was freed and began its restoration. Spas too underwent their own restoration, modeled after those in Europe. Some Serbian spas were, as they used to say in those days, gentlemanly. Gentlemen bathed in such spas. Such were the times, such were the spas and their guests...

Tourism in the world and in Serbia

Despite the global economic slowdown, in 2013, the tourism industry recorded 53 million new tourists, whereas in 2014, an increase of four percent is expected. The World Tourism Organization forecasts that by 2030 the international tourism can expect to get new 45 million people every year. Statistically speaking, an annual average growth will be 3.3 percent, which implies that by 2030 the international tourism can expect to get even 800 million people. Tourism industry in Serbia also records a constant growth. Serbia has 921 companies dealing with tourism, i.e. 1,039 accommodation facilities. Of which the total number of categorized facilities is 330 with 17,041 accommodation units.

In 2013, the total number of guests was 2.2 million, which was an increase of 14 percent. Of which the domestic guests were 1.2 million, which was 58 percent of the total number of tourists. The total of 6.5 million overnight stays was recorded. The number of domestic overnight stays was 4.5 million and of international guests was two million. The income gained from tourism in 2013 exceeded 2.5 billion USD (a billion USD was gained from international guests). Tourism, as very strong economic sector, is not in the place in Serbia where it should be, although it has great importance and potential for economic recovery of the country.

The current results have been achieved without sufficient investments and allocations of the state. The investment of only 13 million EUR is planned for 2014. It is forgotten that tourism encourages an economic growth and development and therefore, investing in tourism and agriculture is an income and investments for the country. For this reason, the forthcoming strategy of tourism has to be founded on realistic facts. The share of tourism industry in the GDP (which currently amounts to 29.2 billion USD) is beyond 5.5 percent. Tourism industry in Serbia is in a post-flue-like state: unstable, but it is still on its feet. This economic activity in Serbia is not officially a strategic branch, like agribusiness too, although it brings the foreign exchange inflow of billion USD annually. It includes 40 spas, 25 leisure centres, 301 registered hotels (only ten percent of them are five-star hotels), and the tourism industry

employs a totally of 170,000 people. Despite the global economic crisis, which decimated the investments in all economic areas, the investment of one billion EUR has been lately put into 250 new hotels. If more attention was drawn to this industry, i.e. to spa tourism, more food would be used and the economic development of Serbia would be encouraged. However, tourism can be developed on long-term basis, patiently and according to the plan, without any Serbian specific desire to do something in a hurry. Dealing with tourism requires a certain level of skills, knowledge, culture and will. Scenery beauty is not enough for gaining success in development of Serbia.

Spas in Serbia advanced between the two world wars. It is interesting to note that more guests came to Vranjački Banja in those days than in Dubrovnik, although it too was designated as an elite tourist destination. Banja Koviljača was frequented by trendy people, by gamblers, but also by members of the royal family. Sokobanja was the place that hosted intellectuals, especially writers. Witty Branislav Nušić wrote a rhyme, which in translation reads: "Sokobanja, Soko Grad, you come old, you leave young!" And there is some truth to that. Ivo Andrić said that it was sufficient to spend three weeks (21 days) in Sokobanja, and after that, one can work for the whole year. Well, these examples illustrate and support the view that in spas you can recuperate, refresh, and in modern day - relieve stress, caused by mobbing and "fast" modern times. Nowadays, spa guests are recovered through wellness programs.

Privatization in tourism

As for the privatization in tourism, almost all hotels and tourist companies in Mataruška Banja, Bogutovačka Banja, Sokobanja, Banja Koviljača, Bukovička Banja have been privatized by auctions. The privatization of the HTP Fontana in Vrnjačka Banja was cancelled and a procedure is expected to be commenced again in the following period. Gornja Trepča near Čačak may serve as a good example of properly carried out privatization. This spa centre was reconstructed and five times more money was invested.

After the Second World War in Yugoslavia, and in Serbia, focus was on the working class, at least nominally. Class, race, mass, were ideological preferences of the self-management society. Spas turned into healing facilities and resorts for the working class. So what? Like guests, like spas. Poor, people would say, but still, they went to spas. In "Tito's Time", politicians, and tourism workers, favoured the Adriatic. Spas became neglected, forsaken, and finally dilapidated... After the recent wars, the end of the nineteenth/twentieth century, spas too "caught" up with the spirit of the time in this region. Like everything else, they were struck by "transition"... The slow recovery of spas started as late as in 2000. Investment in them started. However, it was also necessary to change the approach towards spas. It was necessary to eradicate the perception that spas were mere healing facilities, a sort of dispensaries and sanatoriums, to show that they also serve to recuperate the body and the soul. People need entertainment, especially in these stressful times. Some spas have adopted the new approach. And it soon became apparent that it is good and useful. This is best illustrated by the fact that, in 2013, the number of overnight stays increased by 11 percent, and in some places, by even more than one hundred percent!

Nevertheless, there is still a lot of work to be done. After the adoption of the Law on Tourism, which is in line with the requirements of the World Tourism Organisation, a new law on spas should (finally) be adopted. Declaratively, Serbia has opted for European standards in spas, but the progress is difficult and slow. But there is progress! The best example for this, it would seem, is the offer of Kanjiža (Vojvodina), which reads "a room with a view over Europe!" Since, apart from rural and spa tourism, which are very often related - or even united – the only other thing it can offer to tourists is local food. In this way it is possible to fully utilise all that nature has offered, man has made and created, and then valorised. It would, thus, increase food production; the food would be sold to domestic and

foreign tourists and thus the economic circle of agriculture, quality food - brands and tourism would be closed.

In addition to the spas, where you come for treatment, rest, recreation, there is the question of why foreigners (and local guests) would be happy to come to picturesque villages. It should be said that tourism is a phenomenon which was provoked by the great need of people from developed countries and cities for a true rest. People are tired from unnatural lifestyle in the cities and they need to spend some time surrounded by unspoiled nature, where the climate is pleasant, the accommodation is affordable, where they can see the cultural and historical monuments... The best proof of this is the fact, or a prediction, that by 2020, there will be 1.6 billion tourists per year, an increase by more than 100 percent compared to 2003!

Conclusions

The World Tourism Organization has recommended that Serbia develops rural and spa tourism, emphasizing that these are ideal conditions for its development. It is also the best way for the development of rural regions (occupying 80 percent of Serbia), which would maintain traditional production in modern conditions. Serbian villages are true ecological oases characterised by one truth: those that come here once, always return. The offer of eco-business and spa tourism is already an important source of foreign currency for Serbia, but there are also local guests. A tired business man, at the end of an exhausting work week (of course, when the economic crisis in Serbia is over), will enjoy most in the views of the green landscape, the murmur of a clear brook or the freshness of the mountain air. These can be found in rural and spa tourism. It is only necessary that the creators of the agricultural and tourism economy realize that agriculture and tourism, strategic development opportunities for Serbia, are interconnected. Since agriculture produces food, and its sales in tourism turns over the money and makes profit. Therefore, these two branches must become strategic in Serbia, and only then they will make their full contribution to the development of the country. They overlap, they depend on each other, and – they cannot sustain on their own. Thus, in the long run, the production of healthy food and the development of spa and rural tourism represent the opportunity for Serbia in the world market. At the same time, the development of agriculture and tourism can stop the emigration of young people and enable prospective return to the villages and spas for those who lost their jobs in the cities, during the transition.

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