



**Republic of Macedonia
Ministry of agriculture, forestry
and water managment**

FACTS AND FIGURES 2 0 0 9

Department for Agricultural Policy Analysis

1. GEOGRAPHICAL CHARACTERISTICS, CLIMATE AND POPULATION

Geographic location: Southeastern Europe-Balkan, landlocked, hilly-mountainous country.

Climate: continental and Mediterranean

Average rainfalls: 733 mm

Total area: 25,713 km²

(Hills and mountainous 79,0 %)

(Planes 19,1 %)

(Natural lakes 1,9 %)

Population: 2.046.177

Number of municipalities: 84

Populated places: 1.767

Population density: 79 inhabitants/km²

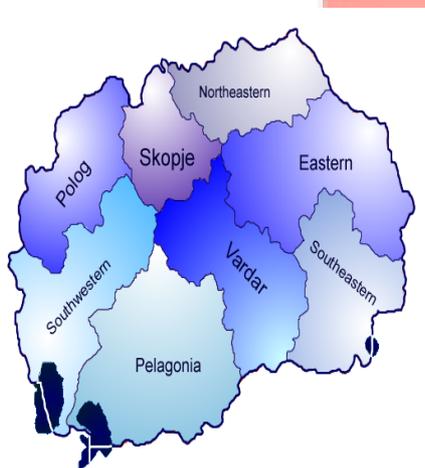
Rural population: 43%

Urban population: 57%

The population in Macedonia has multiethnic structure – Macedonians (64,18%), Albanians (25,17%), Turks (3,85%) and Roma (2,66%). The rest of 4,14% is consist of other minority ethnical groups.

Administrative division of Republic of Macedonia (SSO, 2008)

For statistical purposes Republic of Macedonia is divided into 8 regions: Skopje, Pelagonia, Polog, Eastern, Southeastern, Northeastern, Southwestern and Vardar region.



Regions	Population	Growth rate	Population density	Unemployment
Total	2.022.547	0,42	79,0	38%
Skopje	545.228	0,73	333,6	1%
Pelagonia	238.136	0,23	48,8	18%
Polog	305.930	1,02	126,7	10%
Eastern	203.213	0,10	48,7	12%
Southeastern	171.416	0,22	66,0	36%
Northeastern	172.787	0,66	74,4	8%
Southwestern	219.741	0,49	66,8	4%
Vardar	133.180	0,20	41,4	13%

Source: SSO 2008 /census 2002

2. MACROECONOMIC FRAMEWORK

The agriculture (including hunting, forestry and fishery) is the third largest sector by the participation in GDP, after services and industry. If we include the processing industry, the percentage will increase to 16%.

Macroeconomic indicators

Indicator	Measure	2003	2004	2005	2006	2007	2008
Population	'000	2.027	2.032	2.037	2.042	2.045	2.050
GDP (in million Euros)	Million euros	4.105	4.324	4.676	5.081	5.783	6.720
GDP per capita (in Euros)	euros	2.025	2.128	2.295	2.488	2.827	3.283
Participation of the agricultural sector in GDP	%	13,3	13,2	12,8	10,8	9,4	10,0
Economic development (changing in GDP)	%	2,8	4,1	4,0	4,0	6,1	5,0
Unemployment rate	%	36,7	37,2	36,6	36,0	34,9	33,8
Inflation	%	1,2	-0,4	0,5	2,2	2,3	4,1
Participation of food, beverage and tobacco in the total household consumption	%	47,0	45,4	43,8	43,4	42,5	43,3

Source: SSO, 2010

About 43% of the population, 36% of the labor force and 44% of the poor population live in the rural areas.

Number of individual agricultural holdings: 192.378

Number of agricultural enterprises: 297

Average size of farm in private ownership: 2,5-2,8 ha

Ownership of the agricultural land: private 80%, social 20%

The agricultural together with food industry is accumulating about 20% of the total labor force and it is representing the agricultural character of the country.

3. AGRICULTURE

3.1 Agricultural land - 1.063.000 ha

From the total land area 41% belong to the agricultural land. From the total agricultural land, one half is an arable land.

Agricultural area by category of use 2005-2009

	Category	2005	2006	2007	2008	2009
II.	Total agricultural land	1.229.000	1.225.000	1.077.000	1.063.000	1.014.000
1.	Cultivated land	546.000	537.000	526.000	521.000	513.000
1.1	Arable land and gardens	448.000	439.000	431.000	424.000	420.000
1.2	Orchards	13.000	13.000	13.000	14.000	14.000
1.3	Vineyards	26.000	25.000	23.000	22.000	21.000
1.4	Meadows	59.000	60.000	59.000	61.000	58.000
2.	Pastures	682.000	687.000	550.000	541.000	500.000
3.	Ponds, reed beds and fishponds	1.000	1.000	1.000	1.000	1.000

Source: SSO 2010

According to the statistic data, the total arable land has decreasing trend, caused from migration of the population from village to city and exploitation of the land for urban purposes and other non- agricultural activities. In 2008, the urbanized areas under buildings, roads, etc., has increased for 73,5% regarding to 2005.

3.2 Forest land - 1.159.600 ha

The forests and forest land in Republic of Macedonia covers 45% from the total territory (1.159.600 ha), from which the total area under forest is 955.300 ha (37% of the territory). Since 1970, this area has been increased for more then 140.000 ha through the forestation of the bare land and erosive soils, mainly for protective function.

According to their origin, 30% are categorized as **high forest** (participate with 61,1% from the total wood reserve) and 70% as **low forests** (participate with 38,4% from the total wood reserve). Their composition is 82% Broad-leaved forests, 12% Coniferous forests, and 6% Mixed forests.

The state have ownership of 90,14% of the total forest area (total wood mass is 92,2%). The individual holdings have 9,86% of the total forest area, and their portion of the total wood mass is 7,8%.

Forestry

The forestry and wood industry have an important role in the rural areas economy. The general contribution of the forest industry (primary and secondary wood processing, furniture, paper, cellulose, etc.) in the Gross National Product is 2%. The total wooden mass is 74.343.000 m³, and the total growth is 1.830.000 m³ per year, with average growth of 2,02 m³ per ha.

The planned annual wood mass for logging is approximately 1.300.000 m³.

The management with the state forests is performing by the Public Enterprise "Macedonian Forests", which is consist of 30 subsidiaries (forest holdings) and 20 nurseries for production of forest seedlings which is intended for forestation and horticultural landscaping. There are 30 other nurseries in private ownership.

Keeping the state and private forests from illegal acts and other negative factors is carrying out from the Forestry Police with 249 forest officers and from the forest-keeping service from the PE "Macedonian Forests". The forests in Republic of Macedonia are characterizing by rich biological diversity. Macedonia has significant resources of other forest products: medical herbs, mushrooms, berries, etc. and diverse game. The importance of the forests is emphasized by the fact that most of the protected areas in Republic of Macedonia are under forest.

The government annually adopts a Program for expanded reproduction of the forests, which provide means for financing of certain measures and activities in the forestry:

- Forestation of bare end erosive land,
- Care of forests and forest crops with spacing,
- Melioration of degraded forests,
- Rehabilitation of the forests affected by fires,
- Protection of the forest against biotic and a biotic factors,
- Providing of forest seeding material for private forestation and for ecologic action, etc.

For protection of forests against erosion, degrading and forest fires, in 2009 was implemented an action "Tree Day – plant your future" within were seeded 7,9 million seedlings at total area of 3.915 ha.

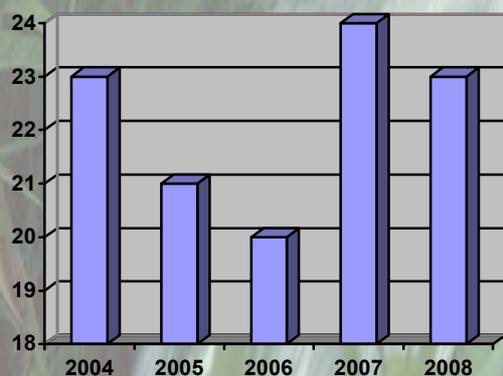
Hunting. In Republic of Macedonia there are 250 hunting grounds, from which 105 are for big game and 145 are for small game. From those five are state, from which 4 are for big game („Jasen“ and „Jasen I“– Skopje, „Polaki“– Kocani, and „Lesnica“– Tetovo), and one is for small game („Trubarevo“– Skopje), which is intended for scientific purposes.

3.3 Water resources

From the total area of Republic of Macedonia, approximately 56.000 ha are water area. From them 46.700 ha are natural lakes, 6.400 ha are artificial lakes, 2.200 ha are rivers and 700 ha are fishponds. The total water resources of Republic of Macedonia are estimated at 6,37 billion m^3 in normal years and 4,8 billion m^3 in dry years, from which 80% are located in the basin of the river Vardar. The annual potential of the natural springs per inhabitant is approximately 3.000 m^3 .

Approximately 85% of the surface water origins from the country, while only 15% of the water inflows from the neighboring countries.

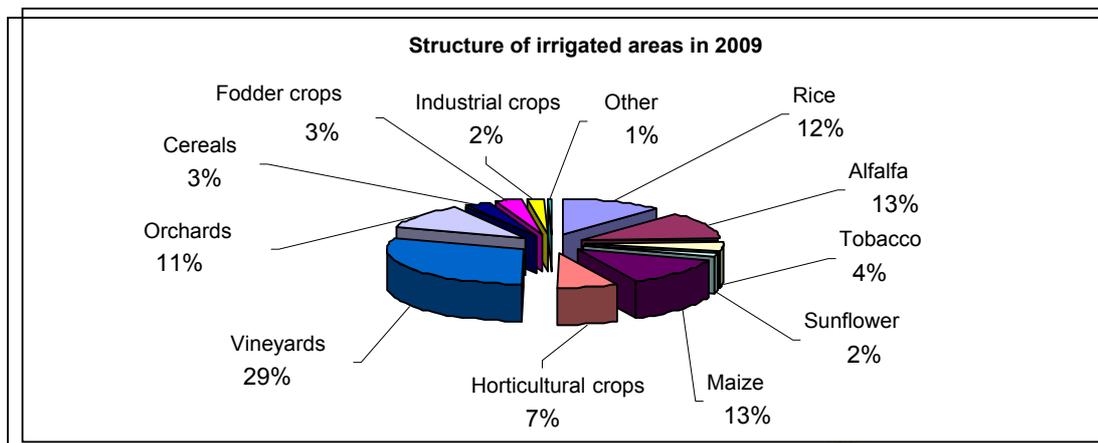
Irrigated areas in 000 ha



Water economy

In Republic of Macedonia there are approximately 110 big and small artificial lakes (from which 21 are with size of over 1 million m^3) which are using for irrigation, water supply and production of hydroelectric energy.

The agricultural areas covered by the irrigation system are the main users of the water. The total arable agricultural area in Republic of Macedonia is approximately 513.000 ha. The built detail network of the irrigation system can irrigate 123.864 ha of this area. More of the irrigation systems are older than 25 years and the total irrigated area was crossed through a huge crisis. In 2009, 22.603 ha or 18,2% of the once equipped area was irrigated.



Source: MAFWE Water administration

The capital investments in the water economy are in a process of reconstruction and constructing of the irrigation systems and dams.

Description of the investment	Planned area for irrigation in ha	Total investment in million €
Hydroelectric Zletovica (first phase)	4,500	105
Hydroelectric Lisiche (second phase)	4,100	33
South Vardar (second phase)	3,900	21
Hydroelectric ``River Orizarska``		45
Total	12,500	204

Source: MAFWE, Water administration

The last institutional reform of the sector for irrigation started in 2003, followed by improvements in the infrastructure, participation of the farmers in the reforms. According to the water economy law, at the end of 2009 were formed 10 regional water economy enterprises (Public Enterprises) and were registered 138 water communities, which cover an area of 65.943 ha.

4. CROP PRODUCTION

According to the sown areas, the crop production is divided into **six** main groups, where dominant is production of **cereals** at approximately 207.049 ha, because of the soil-climate condition, while among the industrial crops prevails the tobacco as very important labor crop in the area with difficult conditions for agricultural production. The **fodder crops** are present in the animal developed areas, while the **vegetable crops** use the changed Mediterranean climate in the southern parts of the country, for early vegetable crops production. **The fruit crops** are most present in the western parts of the country, because of the more humid climate conditions, while the **vine growing** is most present in the central part of the country, because of the favorable soil conditions and the high temperature with minimal humidity.

4.1 CEREAL CROPS

The cereal crops as most present field crops, are growing at 40,4% of the total arable agricultural land (513.000 ha). The wheat as a strategic important crop is represent by 49% of the total area under cereals.

Production areas 2006-2009

Crops	2006	2007	2008	2009	% 2009
Wheat	100.815	102.081	97.506	101.500	49,0 %
Barley	58.467	56.916	53.172	56.408	27,0 %
Rye	4.335	4.699	3.969	4.516	2,2 %
Oat	2.162	2.554	1.307	25	-
Maize	43.260	42.452	33.829	41.157	19,9 %
Rice stock	3.033	2.993	2.855	3.443	1,7 %
Total	212.072	211.695	192.638	207.049	100,0 %

Source: SSO 2006-2007

Source: MAFWE 2008/2009

There is growth of the cereal crops areas, as a result of the measures that are introduced in "The program for financial support of agriculture", which is increasing every year.

Yields of cereal crops per ha 2006-2009

Crops	2006	2007	2008	2009
Wheat	3,11	2,45	3,5	3,04
Barley	2,82	2,31	3,6	2,98
Rye	2,35	2,15	2,7	2,62
Oat	1,74	1,35	1,48	2,16
Maize	5,17	4,01	5,3	5,06
Rice stock	4,83	5,69	5,8	6,17

Production in tons per ha 2006-2009

Crops	2006	2007	2008	2009
Wheat	309.772	247.492	342.770	308.280
Barley	164.129	131.169	193.885	168.070
Rye	10.162	10.091	10.740	11.845
Oat	3.736	3.449	1.931	54
Maize	223.379	170.337	179.441	208.208
Rice stock	14.663	17.018	16.671	21.237

Wheat. The total annually needs of wheat in Republic of Macedonia are estimating at approximately (in period 2006-2009) 250.524 tons (29.000 tons seeds material, and 221.000 tons of mercantile wheat) for satisfying the needs for production of bread and pastries.

In 2009, 82.061 tons of wheat has been purchased from the domestic producers, per 8,00 denars/kilogram average price (130,57 euro/ton).

Year	2006	2007	2008	2009
Total production	309.772	247.492	342.770	308.280
Purchased quantity	185.705	96.219	92.500	82.061
Import of wheat	25.973	60.367	55.192	51.249
Import of flour	3.513	53.099	43.402	55.664

Source: MAFWE

Barley. Despite of the slight reducing of the areas under barley (47.351 ha), the amount of production has increased (from 164.128 ha in 2006 to 168.070 ha in 2009), because of the increased average yields. The increased production and supply of barley from one side and the decreasing of livestock fund from the other side, resulted with decreasing of the import of barley below 1.000 tons annually in 2006 and 2007, in contrast to 2008 when the import was 2.563 tons as a result of the lower prices. In 2009 the import of barley was "next to nothing" (only 62 tons).

Maize. The areas under maize weren't changing much in the period between 2006-2009 (31.013 ha), as the income (4,10 t/ha) and the amount of the production (127.125 tons). The export is in mild increase, about 8.000 tons in the period between 2006-2008, i.e. reaches up to 65.460 tons in 2008, while in 2009 the import has decreased to 50.776 tons despite the reduction of the prices for 30% or 143,72 e/tons.

Rice. The considerable increasing in production area is rice production, (from 2.525 ha in 2006 to 3.443 ha in 2009), as well as the income of rice stock (21.238 tons) i.e. approximately 12.763 tons milled rice. Rice is the only cereal which is traditionally exported in the regional markets – 3.342 tons in 2009. It is exported in: Serbia, (59%), Monte Negro (11%), Kosovo (26%), Albania (3%), Bosnia and Herzegovina (1%), Croatia, Slovenia, Turkey, Poland and Bulgaria.

4.2 INDUSTRIAL CROPS

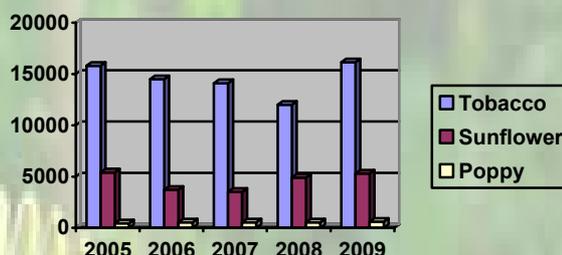
From the total area of industrial crops, 78% are the tobacco, 21% of the areas are for the sunflower and the poppy has 1%. Because of the low purchase prices, the production of sugar beet registers trend of decreasing.

Areas and amount of production of industrial crops in 2009

Crop	Area of crops (in ha)	Production (in tons)
Tobacco	16.145	23.222
Sunflower	5.278	8.639
Poppy seed	675	578
Sugar beet	0	0

Source: MAFWE

Production areas 2005-2009



Tobacco. The production of tobacco is based on growing of oriental aromatic tobaccos with small leaves. The tobacco is the most important agricultural product in the Republic of Macedonia with biggest participation in the total export of the agricultural – food products or in absolute export value of approximately 63 million € (in 2009). Approximately 37.384 farmers are involve in tobacco production. The purchase of tobacco from the harvest 2009 was performing from 7 registered tobacco purchasing companies. In 2009, the purchase of raw tobacco in leaves is increased for 44% compare to 2008.

Purchase of raw tobacco in leaves in the period 2003-2009

Raw tobacco in leaves from harvest	Production area in ha	Purchased amount in tons	Value in million denars	Average purchase price in den/kg	Amount of subvention in den/kg
2003	15.017	23.000	1.803	78,40	-
2004	15.204	19.839	2.718	137,00	-
2005	15.808	23.206	2.910	125,40	15,00
2006	14.503	19.681	2.325	118,14	15,00
2007	14.100	16.290	2.290	140,57	30,00
2008	11.927	16.126	2.700	167,42	45,00
2009	16.145	23.222	4.449	191,95	60,00

Source: MAFWE

4.3 Oil bearing crops

The sunflower is growing mainly in the Pelagonia region (50-70)%, and then are following the regions of Kumanovo and Ovce Pole. In 2009 the areas under this crop are increased for 8% compare to 2008. The annual needs of food oil are approximately 25 thousand tons, from which only 10% are providing from the domestic production.

Poppy. Our country as an old producer of opium poppy in accordance with the international agreement is entitled to cultivate opium poppy for production of raw opium in determined amounts.

Areas and productions of poppy (capsules)

Year	Area in ha	Production of capsules in tons	принос на чушки во кг/ха	Yield of seed in kg/ha
2003	461,0	45,2	98,0	590
2004	423,7	62,1	146,6	602
2005	450,8	73,6	163,2	656
2006	533,9	99,4	186,1	617
2007	534,0	95,9	179,6	682
2008	534,0	119,0	223,0	800
2009	675,0	147,0	145,5	867

Source: Corporation Alkaloid, Skopje

4.4 FODDER CROPS

The production of livestock feed and fodder crops on the total areas of 28.534 ha are satisfying only 30-35% from the total national needs. The deficit of fodder crops and livestock feed is one of the main limiting factors for the development of the cattle breeding, which negatively influences on the cost structure of the production of meat and milk. The forage plants covers only 5,6% from the total cultivated area.

4.5 VEGETABLE PRODUCTION

The vegetable production as an export-oriented agricultural branch is participating in the export of agricultural products in two major segments: export of fresh vegetables and export of processed vegetables (preserved and processed). The production of vegetable crops are divided into early vegetable production, located mainly in the southern parts of the country with Mediterranean climate (Strumica, Gevgelija, Valandovo) and open field production in the eastern and northern parts of Macedonia (Skopje, Kumanovo, Kochani, Radovish, Prilep, Ohrid) with mild continental climate. In 2009 the vegetable production comprises a total of 45.466 ha, which presents increasing for 9% compare to 2008 (3.737 ha).

The early vegetable productions in protected areas are growing in total area of 6.759 ha, from which 236 ha are installed greenhouses capacities, and 6.523 ha are plastic tunnels. In 2009, the areas under greenhouses have been increased for 19% comparing the average for the period of 2006-2008.

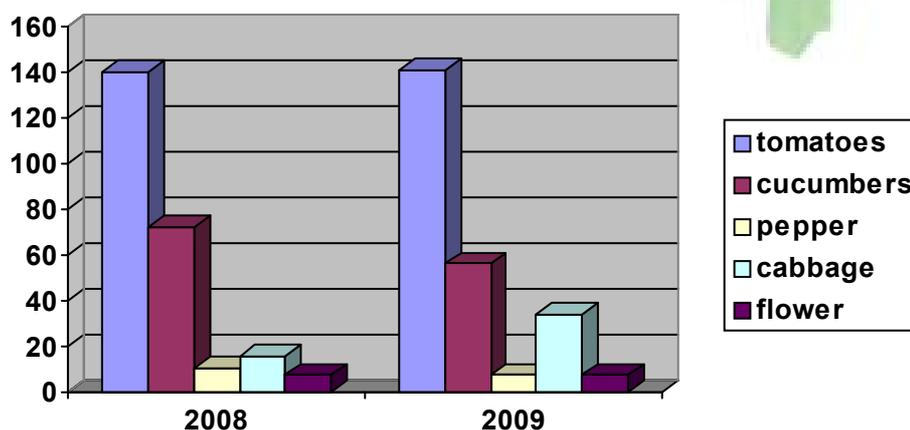
The areas and production in green houses 2006-2009

CROP	2006		2007		2008		2009	
	Ha	tons	Ha	tons	Ха	тони	Ha	tons
Tomatoes	120	12.580	121	14.960	140,6	14.952	154	12.360
Cucumbers	42,5	7.100	50,4	8.860	54	9.812	55,76	6.748
Hot pepper	4	3,8	2,5	2,7	2,5	2,52	2,59	2,61
Sweet pepper	1,5	75	2,0	65	3,8	147	5	62
Cabbage	-	-	17	850	15	700	18,8	487
Total	168	19.759	193	24.738	216	25.614	236	19.660

Source: MAFWE

Trend of growth 2008/2009

The total area under protected area is 6.759 ha, compared to 2008 (5.000 ha) it has increased for 35,2%.

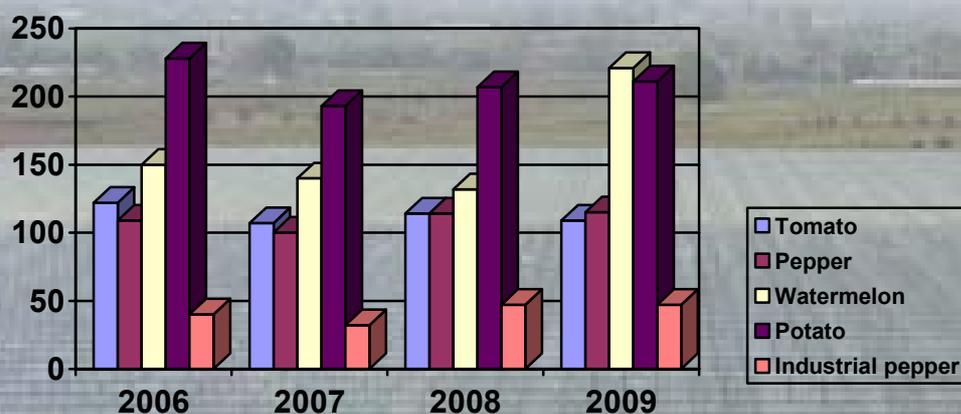


Production under greenhouses 2009

Ordinal number	Crop	Areas in ha	Production in tons
1	Tomatoes	2.101	142.690
2	Sweet pepper	2.055	50.113
3	Cucumbers	512	30.289
4	Cabbage	872	26.265
5	Chilly pepper	157	4.959
6	Lettuce	7	77
7	Pumpkin	1	25
8	Potatoes	582	12.653
	Total	6.523	267.046

Source: MAFW E

Production of garden crops at open



2009		
Crop	ha	tons
Tomato	4.689	109.234
Pepper	4.995	114.839
Watermelon	5.550	220.640
Bean	10.743	9.142
Potato	10.982	211.394
Industrial pepper	1.748	47.317
Cabbage, Savoy cabbage	1.221	34.831
Cucumber	448	10.340
Onion	2.478	36.482
Вкупно	43.852	803.219

In 2009 the production of vegetable under protected areas is 286.706 tons.

In 2009 there was a slight decrease in production of vegetable crops in the open fields, because of the unfavorable climate condition (diseases, high UV radiation and damage from hail storms).

Tomatoes. Approximately 80% from the tomato production is taking place in the South-eastern region and the region of Povardarie, i.e. in the region of Strumica, Valandovo, Gevgelija, Dojran, Kavadarci, Demir Kapija, Veles, and Sveti Nikole.

Source: MAFWE

Peppers. The production of peppers is the most present in the regions of Strumica, Radovish, Polog, Skopje and Kumanovo. Beside the marketing of fresh pepper, the peppers are using mainly in the processing industry as: semifinished material (semi - frozen, frozen, dried, pepper in vinegar, pepperoni in barrels) and final product (ajvar, lutenica, pindjur, gjuvech, baked peppers, fried peppers and pepperoni in vinegar).

Industrial peppers. The red industrial pepper “Kutrovska kapija” is the most demand by the processing industry because of its quality for conserving and processing into ajvar, one of the most demanded products abroad.

Watermelon. The production of the melons and watermalons registers decreasing of production areas in 2009 because of the conversion of the areas into other early garden crops.

Potatoes. The potatoes are the mostly spread in the hilly-mountainous regions (Berovo, Kratovo and Kriva Palanka). It is estimate that approximately 50% are consuming on a household level, while the rest is selling to the catering facilitates and processing industry.

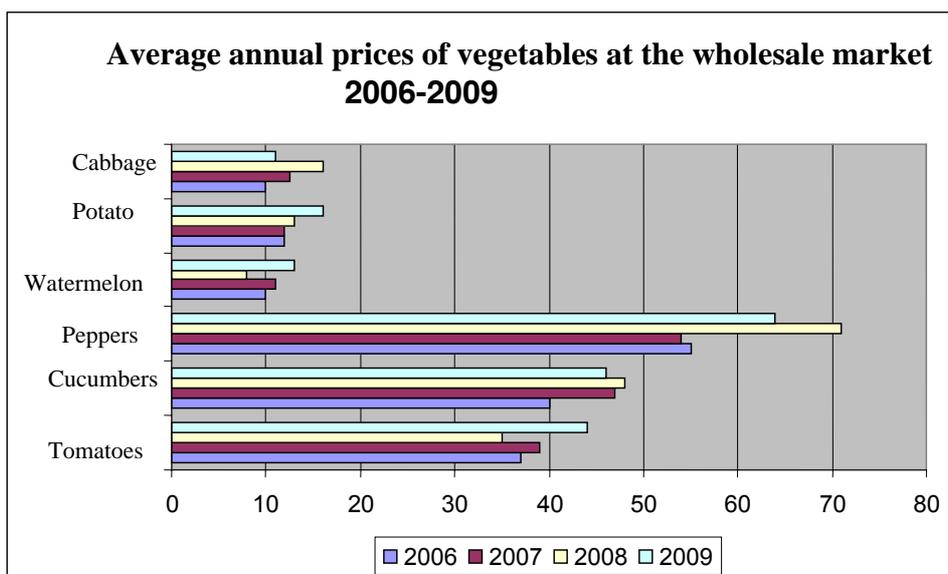
Beans. It is the most present in the in the Polog region with the domestic variety of Tetovski beans, that is well known out of the country borders. The production is mostly as an inter-plantation in combination with corn, and it comprises 40% from the total areas of beans.

In 2009, the production of **cabbage** and Savoy cabbage was situated at an area of **1.221 ha** and has obtained a production of **34.831 tons**.

The cucumber is growing at an area of **448 ha** and has obtained a production of **10.340 tons**.

In 2009 **the onion** was growing at an area of **2.478 ha** from which has obtained a production of **36.482 tons**.

Average annual prices of vegetables at the wholesale market 2006-2009

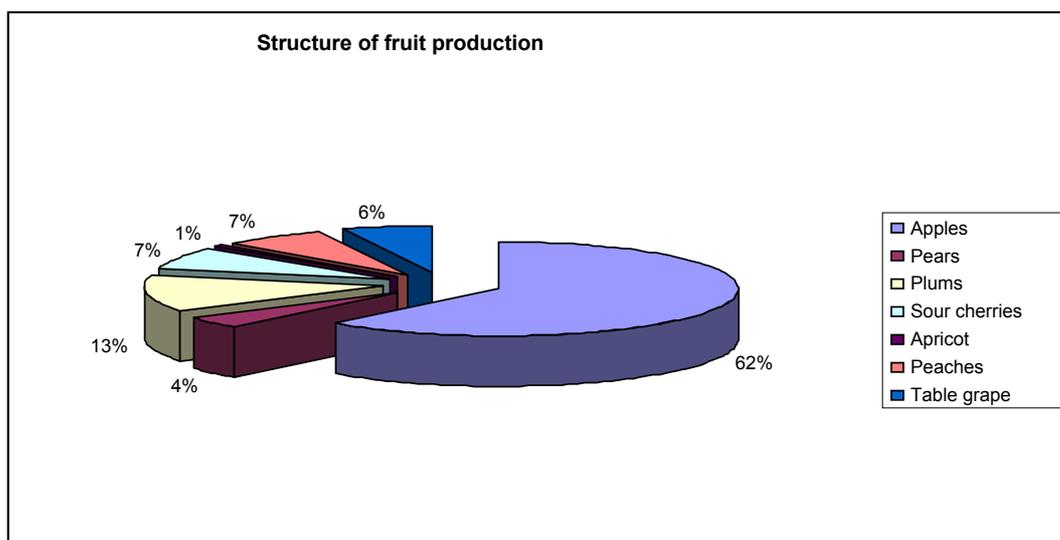


Export opportunities

The export opportunities of the vegetable crops (together with the peppers) are open, through the concluded free trade agreements with the EU, CEFTA, Turkey and Ukraine.

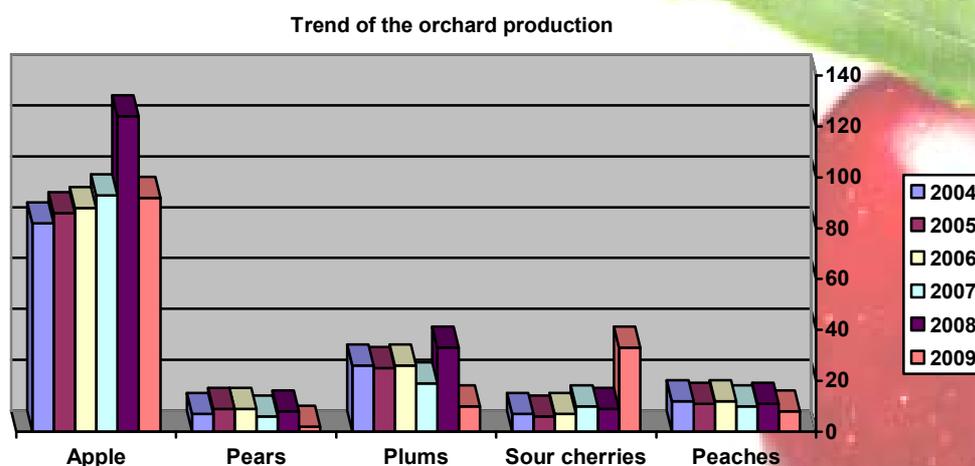
- The export to the EU, Serbia, Bosnia and Herzegovina, Montenegro and Kosovo is free, duty free.
- with Croatia is concluded duty free quota for peppers in quantity of 3.500 tons, for tomatoes in quantity of 4.000 tons and for cucumbers and gherkins in quantity of 1.200 tons (over the quota the duty is 45% of the total customs rate for garden crops)
- with Albania is concluded duty free quota of 150 tons for tomatoes and quantity of 100 tons for cucumber and gherkins,
- with duty free quota of 5.000 tons with Ukraine (for peppers),
- with duty free quota of 1.500 tons with Turkey (for tomatoes, cucumbers, cabbage, onion and peppers)

4.6 FRUIT PRODUCTION comprises approximately 2,73% from the arable agricultural land or approximately 14.000 ha (8.789 ha productive trees - MAFWE), with approximately 9.000.000 trees, which are concentrate in regions at an altitude of 300-800m



According to the areas, the most common fruits are: the apples with approximately 62%, plums 13%, sour cherries 7%, peaches 7%, table grape 7% and other fruit types (pears, apricot, almonds, walnut, etc.) with approximately 4%.

In 2009, the total orchard production is approximately 155.050 tons.



Orchard production in 2009	
Crop	Tons
Apple	91.878
Pears	2.290
Plums	9.923
Cherries	337
Sour cherries	33.292
Apricots	1.434
Peaches	8.250

Source: MAFWE

The export of fruit (fresh and frozen fruits) is taking an important part in the total export of agro-food products and in 2009 has been participating with 6,1% in the value of total export of the agricultural-food products.

4.7 GRAPE AND WINE PRODUCTION

The grape growing and wine production are participating with 17-20% from the agricultural GDP. The wine after the tobacco is the second most important product regarding to the export value of the agricultural products.

Concerning to its climate characteristics, Macedonia is classified in the vine-growing zone III-C-b, divided into three vines - growing regions: the Vardar region (i.e Povardarie), Pelagonia-Polog region (western) and Pchinja-Osogovo region (eastern). These three main regions are divided into 16 sub-regions, so-called vine-districts.

Overview of areas with vineyards, production of grape and wine 2003-2009

Year	Areas in ha	Grape production (tons)	Wine (in 000 liters)
2006	24.266	254.308	70.300
2007	21.312	209.701	91.103
2008	22.401	236.834	92.435
2009	24.777	250.658	95.240

Source: MAFWE

The total area of vineyards has had a negative trend of 17% in the period of 2003-2007 (from 25.692 ha in 2003 to 21.312 ha in 2007). In the last 3 years the same has registered a trend of increase, bringing the average area under the vineyards up to 24.000 ha.

The wine types of grape are participating with 70% from the total areas under vineyards (the white types with 40% and the colored types with 60%). The most present colored wine types of grape are: Vranec and Kratosija with longer tradition of growing, and from the white types of grape: Smederevka, Zhilavka, then Chardonnay, Riesling, Sauvignon white, etc. From the table types of grape the following are dominating: Afus-Ali, Cardinal, then Muscat Italy, Muscat Hamburg, Drenak, White Winter, etc. In the grape growing are included 25.000 farms, from which 70% are individual holdings and 30% are agricultural companies. The average yields are approximately 10 tons/ha.

Purchase and export of grape 2004-2009 in kg

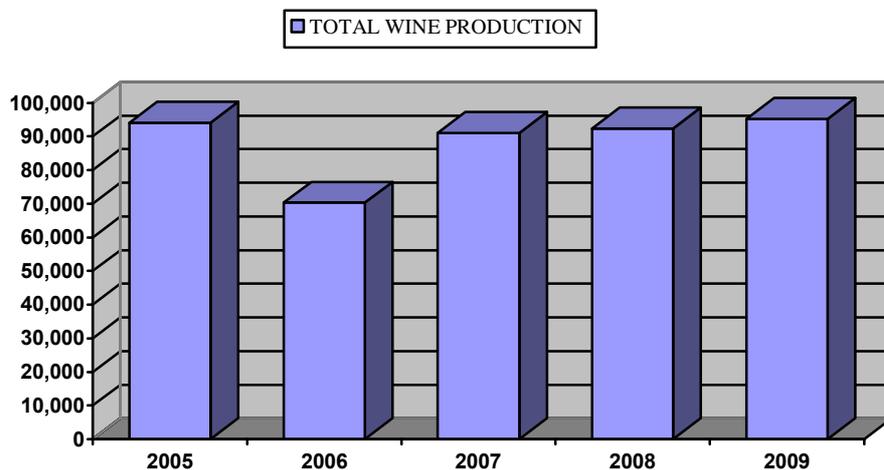
Year	Purchase of wine grape from domestic wineries (in tons)	Exported grape (in tons)	
		wine	table
2004	154.653	5.281	10.727
2005	142.301	14.090	16.970
2006	106.640	18.754	12.613
2007	113.483	28.548	9.167
2008	160.600	10.461	11.932
2009	139.752	30.866	30.011

Source: MAFWE

The table grape is mostly producing in the Vardar region and then follows the south-eastern and north-eastern region.

Because of the favourable climate, the Macedonian table grape has a high quality and significant export potential. The assortments of varieties of table grape include several classes of very early to very late (winter) types of table grape.

Wine production. In 2009 there are 82 registered wineries with total capacity of **2.338.467 hl**, i.e. two times bigger than the annual production of wine grape.



Source: SSO

Increasing the number of wineries from 28 in 2003 to 82 in 2009 (mainly companies with small or medium size), is because of the concentration to the production of high quality wine in bottles, with controlling of the varieties, vineyards and harvest, sophisticated processing and marketing technologies, that are competitive at both domestic and foreign markets. The domestic wine consumption is estimated at 15 liters per capita annually.

Wine trade

The wine export is participating with 10,7% in the total export of agrol-food products mainly to the EU markets. Averagely 40% of the wine production is intended for export.

The wine export in EU is taking place under preferential duty free (quantitative) quota of 399 000 hl, from which 350 000 hl are allocated for bulk wine and 49 000 ha for bottle wine.

Wine export (in hectoliters)

Year	Total export	Export in EU	In bulk	In bottles	Value in 000 €
2005	655,895	444,061	600,018	55,877	28,926
2006	826,818	447,667	746,620	80,197	35,564
2007	926,834	493,451	831,423	95,410	43,568
2008	703,373	399,648	597,995	105,378	39,171
2009	687.685	415.115	606.746	80.939	38.353

Source: SSO

The increased export of wine in the EU countries in 2009 from 415.116 hl, represents 60,4% of total exported amount of wine and 42,2% of the total value of exported wine in 2009. The analysis of the wine trade refers to several countries as main destination of the Macedonia export: Germany, Czech Republic and Slovenia (EU members), as well as Serbia, Croatia, Bosnia and Herzegovina (ex Yugoslavia), and USA and Russia as other markets.

Although most of the Macedonian wine ends on EU markets, the former Yugoslav markets remain an important export destination, because the value of export to these markets is greater due to the export of wine in bottles.

According to the data from the State Statistics office, the duty free quota for wine import from EU-27 was used only 4%, while the export quota for bulk wine in EU-27 was overcome for 21%, and the quota for export of wine in bottles was used only 9,8%.

5. LIVESTOCK PRODUCTION

A cattle breeding is a leading branch of the individual agricultural sector, mostly in the hilly - mountainous regions. Dominant are the small individual family farms that are producing mainly for own needs.

As a result of the increased budget support, the number of commercially oriented family farms is growing, while the number of heads in the large specialized cattle holdings is decreasing, caused from dependence of the import of animal feed (maize, soya, concentrates).

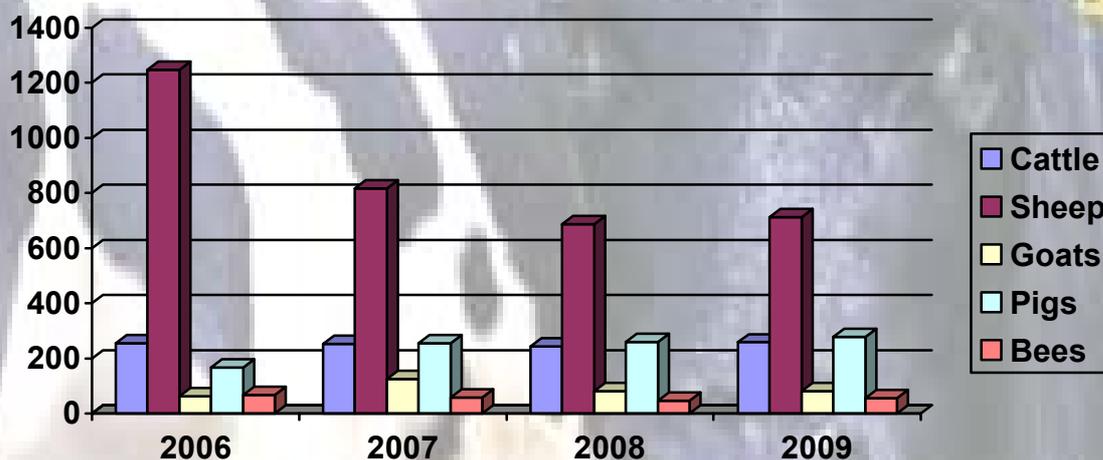
Number of livestock in the period 2003-2009

Category	2006	2007	2008	2009
Cattle	255.430	253.766	243.667	257.900
Sheep	1.248.801	817.536	688.278	713.465
Goats	63.579	126.452	81.421	80.837
Pigs	167.116	255.146	260.000	277.110
Poultry	2.585.327	2.263.894	2.343.300	2.543.146
Bees	67.804	58.307	47.352	53.439*

Source: MAFWE Veterinary office

In the recent years, the total number of animals in cattle breeding, sheep breeding and poultry farming is decreasing, while there is slight growth among the pig breeding. The biggest decreasing is registered among the sheep breeding, goat breeding and poultry farming.

Trend in the livestock 2003 - 2009

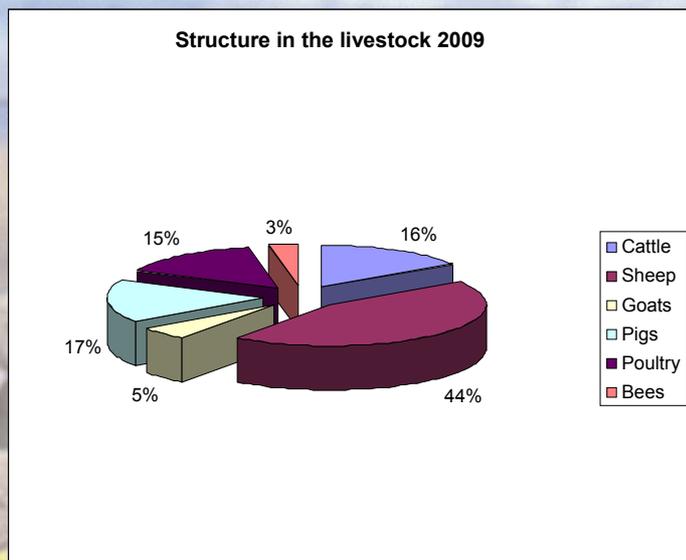


Source: MAFWE Veterinary Directorate

Livestock. Livestock production is mainly carried out in the hilly and mountainous areas along the northern, western and eastern borders of the country. The national breed structure mostly includes milk breeds of cattle, but the combine breeds for meat production are also present.

In 2009, from total of 257.900 marked cattle, dairy cows covers about 35%, or 77.370 heads, from which 126.299 tons of cow milk are bought by the dairy plants.

The production of cattle meat from 685 tons is not sufficient for the need of domestic market, so the needs are satisfying with import, which in 2009 is approximately 11.707 tons. From that, greater part is import of fresh and cooled meat, and a part of frozen meat is intended for meat processing industry.



Source: MAFWE Veterinary Directorate

Sheep breeding. Besides the favorable geographic – climate conditions with above 50% pastures from the total agricultural area, the sheep breeding registers trend of decreasing because of the extensive nomadic way of the production, the unsolved social conditions of the rural population and migration of the population to the urban area.

In 2009, the total number of sheep is 713.465 heads, which presents increasing of 3,7% related to 2008.

The breed structure of the sheep population in the Republic of Macedonia is consisted mainly of the breed enriched Pramenka divided into the Ovce Pole breed and the Shar Planina breed, while in the recent years the number of cross – breeds is increasing with the breed Virtemberg (for meat) and Avasi (for milk).

The production of lamb meat is intended for export in April (catholic Easter) and in December (catholic Christmas) for the traditional market in EU and the Balkans. During 2009, 2.918 tons of lamb and sheep meat are exported. Countries destinations for export are Italy and Greece, while smaller quantities are exported to; Croatia, Serbia and Bosnia and Herzegovina.

The lambs are purchased and exported mainly through 4 EU – registered slaughter houses in the country, where a specialized line for production of lamb carcasses is functioning in accordance with the requirements of the EU markets.

The sheep milk presents important raw material for production of traditional types of white cheese and yellow cheese (kashkaval), which are demanded on the domestic and foreign markets. In 2009, from 32.934 tons produced sheep milk (SSO), 2.556 tons are purchased and processed by the dairy plants, but larger part of the milk is process in white cheese in traditional pasture plants (mandras) due to lack of roads and the difficult transport conditions to the mountainous pastures.

Goat breeding. In 2009, 80.837 heads of goats are registered, mainly located in 664 goat farms. The breed structure of the goats mainly is composed of the breed Balkan goat with expressed presence of cross – breed from Sans race, but there are goat farms that have improved breed composition of Alpina type.

The number of goat breeders is increasing as a result of the market demand for goat milk and because of its profitability. In 2009, 19.386 tons of goat milk is produced and 1.233 tons is purchased by dairy plants. However, the main problems of this competitive branch in development are the lack of applying technical and technological solutions for farms, which results with generally insufficient usage of the approachable natural and other resource.

Pig breeding. In 2009, the Republic of Macedonia have approximately 277.110 heads of pigs, which shows increasing in relation to the past years. The industrial pig farms are producing 60% of the total number of pigs in the country, and the other 40% of heads are breeding in the family farms of the individual agricultural producers.

In the pig breeding, the most present breeds are the Landrace (Belgian, Danish, Swedish and German), as well as big Yorkshire and Durok.

The domestic production of pork meat from 7.662 tons is only partially covering the needs of the population, therefore the lack is covered with import of pork fresh, chilled and frozen meat. In 2009, the import of 11.634 tons of pork meat participates with 4,3% from the total import of the agricultural – food products.

Poultry farming. The eggs production is primary activity of the Macedonian poultry industry. Approximately 37% from the total number of laying hens goes to large farms, while 63% to the middle farms which have average capacity of 2-5 thousands hens per farm. In 2009, the total number of poultry amounts approximately 2,543.146 from which 76% are laying hens, which produce approximately 274 millions of eggs. The production of eggs is satisfying domestic consumption and is exporting to the regional Balkan markets.

The production of poultry meat is based mainly on slaughtering of laying hens and broilers with production of 1.073 tons meat or 6% from the market demand for fresh poultry meat. The biggest amount of chicken meat comes from import as frozen chicken meat. In the country, there are only two slaughter houses (with total capacity of 2 millions birds annually), which limits the development of the production.

Interesting trend in development of the poultry industry is breeding ostriches. At the moment, there are more than 45 farmers that are breeding about 800 ostriches.

Bee breeding. The total number of bee families is 53.439 and the same are breeding from approximately 10.000 bee keeper, which are producing 791 tons of honey annually.

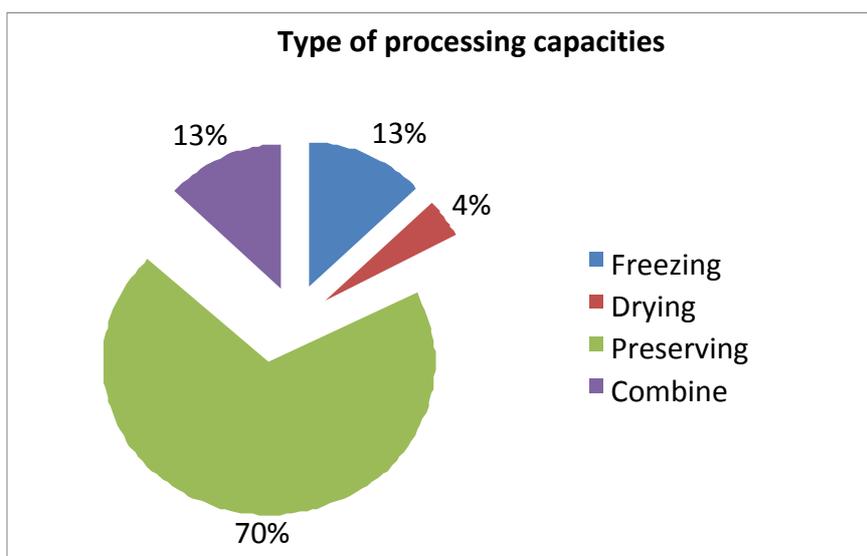
The average annual production per bee family is approximately 15 kilograms. Almost the total production of honey is consuming at the domestic market, while 8% is exporting. The import of honey is less than 1%.

6. PROCESSING INDUSTRY FOR FRUIT AND VEGETABLES

Processing industry for fruit and vegetables is represented by 58 companies with total capacity of production for 120.000 tons annually. In 2009 the capacities are used only 38%. They have purchased and processed a total of 67.100 tons vegetables (91%), fruit (9%), and produced 45.900 tons of final products.

The most important raw material in the total purchase of vegetables is the red pepper with 45%, (basic ingredient of ajvar, main export product with traditionally known quality), then industrial tomatoes, eggplant, hot pepper, cabbage, pumpkin, onion and beetroot.

In the purchase of fruit most common are the sour cherries with 4,8%, apples with 2,5%, plums with 1,3% and the other fruits with 13,7%. The main final products are the frozen sour cherry and plum, as well as other minor fruits that as a raw materials are exporting to the neighboring countries.



The structure of the processing capacities shows a high level of finalization of the raw materials into final products, especially vegetables, which have mainly export orientation.

The preserve capacities (products filled in jars, cans and plastic containers) have the highest share in the processing industry with 86,1% and coverage under the following overview:

PRODUCTS	PRODUCTION IN 2007 (IN 000 TONS)	% OF TOTAL	PRODUCTION IN 2008 (IN 000 TONS)	% OF TOTAL	PRODUCTION IN 2009 (IN 000 TONS)	% OF TOTAL
Industrial ajvar	7,7	17,0	10,1	18,6	10,4	22,7
Home ajvar	1,9	4,2	2,6	4,8	2,2	4,8
Lutenica	1,0	2,2	0,9	1,7	0,9	2,0
Roast pepper	2,7	6,0	2,2	4,1	3,2	7,0
Boil pepper	1,4	3,1	2,0	3,7	1,9	4,2
Pepperoni	2,3	5,1	1,9	3,5	1,9	4,2
Gherkins	5,0	11,1	5,0	9,2	3,9	8,4
Beetroot	1,9	4,2	2,5	4,6	3,3	7,2
Ketchup	1,4	3,1	1,8	3,3	2,3	5,0
Mix salads	1,1	2,4	1,8	3,3	1,3	2,8
Frozen sour cherry	1,6	3,6	2,3	4,2	1,3	2,8
Frozen pepper	7,7	17,0	8,0	14,8	2,8	6,1
Other	9,4	21,0	13,1	24,2	10,5	22,8
Total	45,1	100	54,2	100	45,9	100

Source: AgBiz/MAP analysis 2009

The trade of the industrial products for processing of fruit and vegetables (45,9 thousand tons) has export orientation with 73% of exported products.

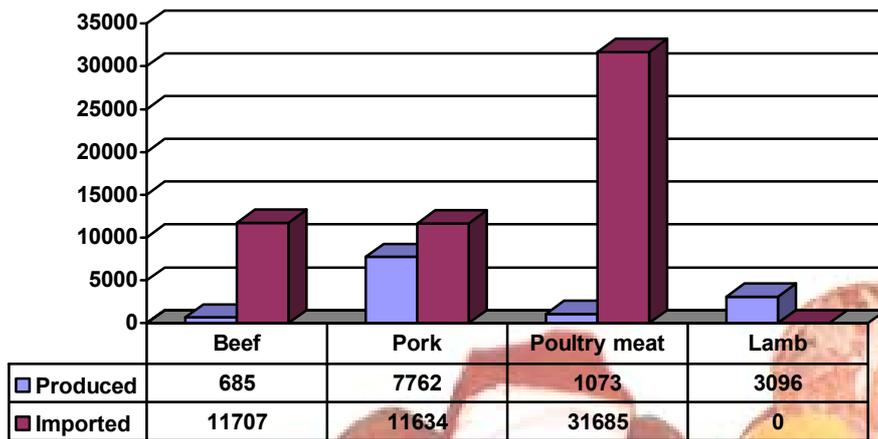
Year	Total production (in tons)	Export (in tons)	Domestic market (in tons)	Export value (in million €)
2005	28,8	21,0	6,8	17,8
2006	43,6	25,6	7,5	23,5
2007	45,1	30,3	7,9	28,1
2008	54,2	33,0	8,5	36,9
2009	45,9	33,5	8,6	39,8

Source: SSO / AgBiz/MAP analysis 2009

INDUSTRY FOR PROCESSING OF ANIMAL PRODUCTS

In 2009, the facilities for production and processing of animal products in Republic of Macedonia have fulfilled the international standards for security and quality of the products, i.e. implementing of food security standards based on HACCP system. From total of 22 registered slaughterhouses, 4 are registered for export in to the EU, mainly for lamb meat.

Registered facilities in 2009 are : For processing of meat – 40, for processing of fish – 3, aquaculture – 1, processes of eggs – 3 and for production of honey – 3 facilities. The imported frozen meat is mainly intended for meat processing capacities.

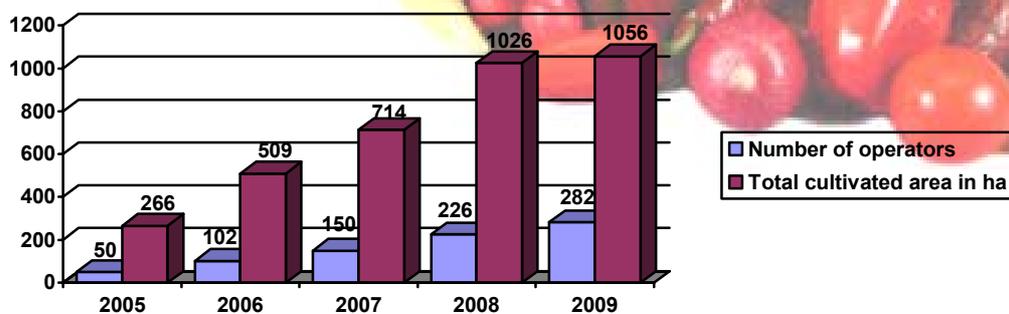


In milk processing, there are 50 facilities for milk processing and 1 for production of ice cream, from them one milk plant and one ice cream production facility have EU export permits.

7. ORGANIC PRODUCTION

The growth trend of agricultural organic production is continuing well in 2009. The production facilities, number of farmers, processing companies and traders with organic products has increased. Significant growth has been recorded in the certificated areas with wild plants and wild fruits (from 1.300 ha in 2005 to 204.800 ha in 2009), as well as in the production of organic honey, whereas the number of bee families has been recorded significant growth (from 110 bee families in 2005 to 15.455 bee families in 2009).

Chart 1: Increasing of production facilities (2005-2009)



Source: MAFWE

Amount of organic production 2005-2009

	2005	2006	2007	2008	2009
Number of organic farmers	50	102	150	226	282
Arable land under the organic production in ha	226	509	714	1.029	1.056
Areas under pastures and wild plant in ha	1.300	1.593	11.162	52.519	204.830
Bee families/bee hives	110	505	1.837	11.709	15.455
Cattle, sheep and goats	-	-	300	4.952	23.468

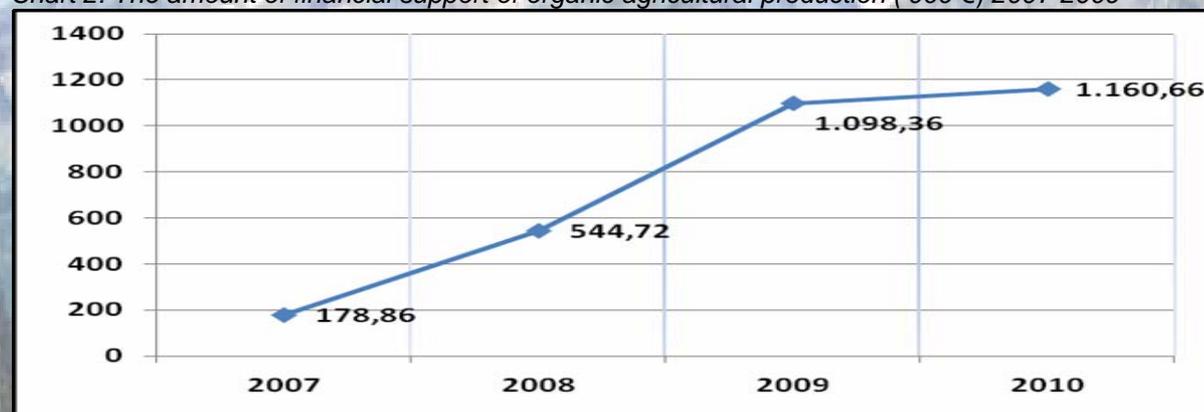
Source: MAFWE

The increased development process of agricultural organic production is because of the increased interest of the organic food producers and the increased financial support from the Government of RM (from 6 million denars in 2005 to 36,5 million denars in 2008)

Because of this, the planed budget for 2009 was € 821.311, later the budget was increased for additional € 277.049 which at the end totaled a sum of € 1.098.360.

The framework of the program for financial support of the agriculture for 2010 ("Службен весник of RM" num. 07/10) is consisted of financial means for development of organic agricultural production in RM, totaling € 1.160.656.

Chart 2: The amount of financial support of organic agricultural production ('000 €) 2007-2009



Source: MAFWE

In December 2009 a new law for organic agricultural production was introduced ("Official Gazette of RM" No. 146/2009). The law is in accordance to Council Regulation (EC) No 834/2007 and Commission Regulation (EC) No 889/2008.

For more successful implementation of the law and strengthening of the whole system of organic agricultural production in Republic of Macedonia, some preparation have already planed under the realization of the Twinning project in component I of the IPA Program for 2009.

8. FISHERY

The water resources that are usable for fishing covers approximately 56.000 ha, from which 46.700 ha are natural lakes, 6.400 ha are artificial lakes, 2.200 ha are rivers and 700 ha are fishponds. In the register of fish breeders which is run by the Sector for fishery and aquaculture of MAFWE in 2009 there have been 21 subjects, from which 14 are registered as fish breeders of coldwater species and 7 as breeders of temperate water species.

In the national register for fish Repro-centers, there are 3 fishponds that produced fish for restocking of open waters (rivers, lakes) intended for sport fishing, and 8 fishponds for commercial production.

The production of consumable fish in 2009 out of 21 registered subjects is 545 tons. There are 150 tons of all kinds of fish being catch by sport anglers at annual level.

Production of more important fish kinds:

Facilities	Number of facilities	Total – kg. 2009*
Fishponds for trout	14	378.000
Fishponds for carp	7	167.000
Repro-centers for fishponds	8	-
Repro-centers for restocking of open water, rivers and lakes	3	104.000
Total		649.000

Source: MAFWE

The production in fishponds reaches 84% of the total production of fish. The most important is the production of fresh trout with 378 tons and fresh carp with 167 tons annually. The restock material for production of fish and restock of the open water is originating from domestic production and from import.

Fish trade and fish processing. Republic of Macedonia as a landlocked country is net importer of fish and fish products - mainly sea kinds. The import of fish and fish products in 2009 is approximately 3,6% from the total import of agro-food products (8.851 tons – 18,5 million euros), while the export of fish and fish products is 1,2% (1.073 tons – 2,1 million euros) – mainly snails.

9. TRADE WITH AGRICULTURAL PRODUCTS IN 2009

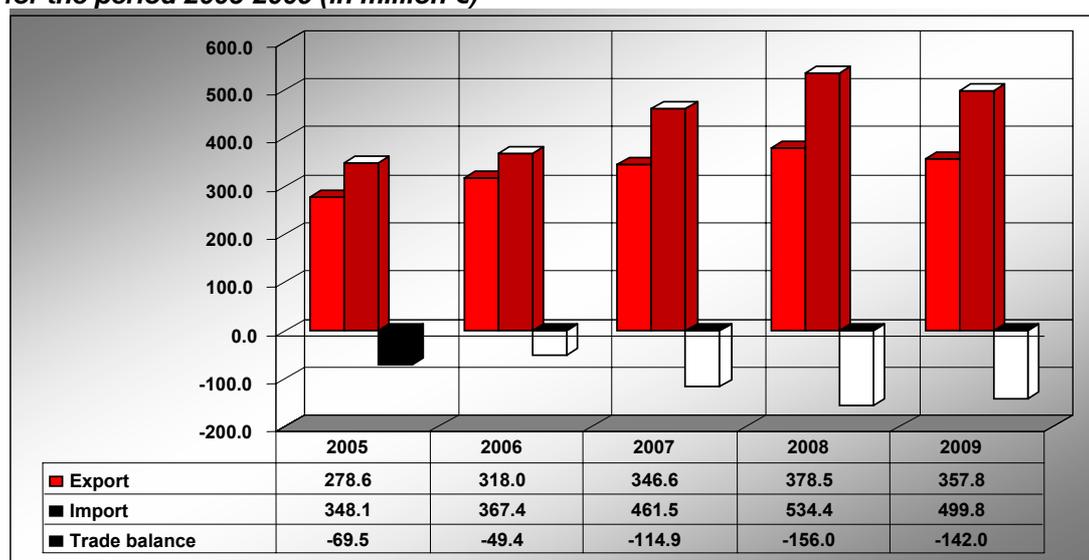
Trade policy

Republic of Macedonia as a part of the World Trade Organization (WTO) from 2003, has agreed to liberalization for most of the products, while for the agricultural products the customs protection is detained at a satisfactory level – the average customs rate for the agricultural products has been decreased from 24,87% to 13,75%.

As a part of the trade integrations Macedonia is a member of Central European Free Trade Agreement – CEFTA, as an instruments for regional cooperation between: Croatia, Republic of Macedonia, Serbia, Monte Negro, Albania, Bosnia and Herzegovina, Moldova and Kosovo.

Total trade and trade with agro-food and fish products . As a result of the global economic crises in 2009, the total trade exchange has significantly decreased compare to the last years. The total export (industrial + agro-food product) in 2009 compare to 2008 has been decreased for 28,4%. The total import (industrial + agro-food product) in 2009 compare to 2008 has been decreased for 22,1%. The export of the agro-food products in 2009 compare to 2008 has been decreased for 5,5% (from 378,5 million euros to 357,8 million euros) and the import of agro-food products in 2009 compare to 2008 has been decreased for 6,5% (from 534,4 million euros to 499,8 million euros). The participation of the export of agro-food and fish products in the total export of Republic of Macedonia in 2007 and 2008 has been decreased at 14,1%, compare to the participation from 16% to 17% for the period from 2004 to 2006. At the other side, the participation of the import of agro-food and fish products in the total import is showing a downward trend from 14,5% in 2004 to 11,5% in 2008. Having in mind that the trade exchange with the agro-food and fish products in 2009 has been increased more then the trade with industrial products, the participation of the export of agro-food and fish products in the total export of Republic of Macedonia in 2009 has been increased for 18,6% and the participation of the import of agro-food products in the total import in 2009 has been increased for 16, %.

Chart 1.1 development of the Macedonian trade exchange of the agricultural-food and fishery products for the period 2005-2009 (in million €)



Source: SSO/MAFWE

In 2009 EU-27 is most important partner of Republic of Macedonia in the trade with agro-food and fish products, with total value of the trade exchange (export+import) from 343,5 million euros.

The participation of the export of agro-food and fish products in EU-27 in the total export of this products in 2009 is 40,7% and is on the same level as in 2008, while the participation of the import from EU-27 in the total import of agro-food and fish products in 2009 is decreased for 39,6% compare to 2008 when this participation was 41,1%. The most important trade partners of Republic of Macedonia from the EU-27 member states in terms of export and import are: Greece, Bulgaria and Germany. As a

result of the further trade liberalization of agro-food and fish products between the CEFTA member states (2006), the trade exchange of agro-food and fish products of Republic of Macedonia with the CEFTA member states (2006) reached the same level as with EU-27. The most important trade partners of Republic of Macedonia from the CEFTA member states in terms of export are: Serbia, Kosovo, Bosnia and Herzegovina and Croatia, while in terms of import are Serbia, Croatia and Bosnia and Herzegovina.

Overview of the trade with agricultural-food and fishery products per countries in 2008 and 2009 (in million €)

Country	Export				Import				Trade balance	
	2008		2009		2008		2009		2008	2009
	Value	%	Value	%	Value	%	Value	%		
Albania	15.0	4.0%	12.4	3.5%	1.0	0.2%	0.99	0.2%	13.9	11.4
Bosnia and Herzegovina	25.2	6.7%	30.0	8.4%	7.5	1.4%	12.03	2.4%	17.7	18.0
Croatia	29.1	7.7%	29.3	8.2%	29.8	5.6%	28.88	5.8%	-0.7	0.4
Serbia			78.9	22.1%			105.97	21.2%		-27.0
Kosovo	125.9	33.3%	35.5	9.9%	118.9	22.2%	2.44	0.5%	7.0	33.1
Monte Negro	8.5	2.3%	9.0	2.5%	0.2	0.0%	0.30	0.1%	8.3	8.7
Moldova	0.02	0.0%	0.0	0.0%	0.02	0.0%	0.23	0.0%	0.0	-0.2
CEFTA total	203.7	53.8%	195.1	54.5%	157.4	29.5%	150.85	30.2%	46.3	44.3
EU-27-total	154.7	40.9%	145.7	40.7%	219.5	41.1%	197.7	39.6%	-64.8	-52.0
Turkey	3.2	0.8%	2.7	0.7%	16.0	3.0%	18.03	3.6%	-12.8	-15.4
Brazil	0.0	0.0%	0.0	0.0%	54.3	10.2%	42.16	8.4%	-54.3	-42.2
Other countries	16.9	4.5%	14.3	4.0%	87.2	16.3%	90.98	18.2%	-70.3	-76.7
Total whole world	378.5	100.0%	357.8	100.0%	534.4	100.0%	499.8	100.0%	-155.9	142.0

Source: SSO

Structure of exported and imported agro-food products in Republic of Macedonia in 2009.

The export of agro-food products in 2009 compare to 2008 has been decreased for 5,4%, i.e from 378,5 million euros in 2008 to 357,8 million euros in 2009. At the other side, the import of agro-food products in 2009 compare to 2008 has been decreased for 6,5%, i.e. from 534,4 million euros in 2008 to 499,8 million euros in 2009.

The **decreased export** is because of the:

1. Decreased export of tobacco for 4,6% (from 66 million € in 2008 to 62,9 million € in 2009)
2. Decreased export of tomatoes for 17,3% (from 21,3 million € in 2008 to 17,6 million € in 2009)
3. Decreased export of grape for 27,6% (from 9,4 million € in 2008 to 6,8 million € in 2009)
4. Decreased export of apples for 21,9% (from 8,2 million € in 2008 to 6,4 million € in 2009)
5. Decreased export of cabbage for 29,1% (from 7,9 million € in 2008 to 5,6 million € in 2009)
6. Decreased export of soft beverage for 9,8% (from 21,3 million € in 2008 to 19,2 million € in 2009) and other products.

At the other side there is an **increased export** of:

1. Conserved vegetables for 10,1% (from 21,6 million € in 2008 to 23,8 million € in 2009)
2. Sausage for 96,4% (from 2,8 million € in 2008 to 5,5 million € in 2009)
3. Lamb for 3,6% (from 13,6 million € in 2008 to 14,1 million € in 2009)
4. Biscuits and waffles for 5,9% (from 25,1 million € in 2008 to 26,6 million € in 2009)
5. Dry vegetables for 37,5% (from 3,2 million € in 2008 to 4,4 million € in 2009)
6. Live pigs (from 0,4 million € in 2008 to 2 million € in 2009) and other products.

The **decreased import** is because of the:

1. Decreased import of sunflower oil for 31,5% (from 32,3 million € in 2008 to 22,1 million € in 2009)
2. Decreased import of wheat for 41,3% (from 13,8 million € in 2008 to 8,1 million € in 2009)
3. Decreased import of maize for 45,8% (from 13,3 million € in 2008 to 7,2 million € in 2009)
4. Decreased import of margarine for 23,6% (from 5,5 million € in 2008 to 4,2 million € in 2009)
5. Decreased import of wheat flour for 20,3% (from 14,3 million € in 2008 to 11,4 million € in 2009)
6. Decreased import of fruit juice for 31,1% (from 6,1 million € in 2008 to 4,2 million € in 2009) and other products.

Worth to be mention, the decreased value of the import is not just because of the decreased volume of import products, but their price decreasing. This means that the most imported products increase the quantities, but decrease the prices and caused market distortion (wheat, wheat flower and sunflower oil.

At the other side there is an **increased import** of:

1. Poultry meat for 7,2% (from 29 million € in 2008 to 31,1 million € in 2009)
2. Pork for 21,2% (from 17,9 million € in 2008 to 21,7 million € in 2009)
3. Fresh beef for 3,9% (from 17,9 million € in 2008 to 18,6 million € in 2009)
4. Milk for 48,3% (from 6,2 million € in 2008 to 9,2 million € in 2009)
5. Soft beverage for 7% (from 11,4 million € in 2008 to 12,2 million € in 2009)
6. Southern fruits - orange, tangerine and lemons for 17,8% (from 8,4 million € in 2008 to 9,9 million € in 2009) and other products.

Export, import and trade balance of the Agro-food products according to product groups of the Custom tariff for 2009

CN	Name	Export 2009		Import 2009		2009 Trade balance
		Value in 1000 €	%	Value in 1000 €	%	
01	Live animal	4,419	1.2%	1,237	0.2%	3,181
02	Meat and other slaughter products for eating	17,114	4.8%	84,379	16.9%	-67,265
03	Fishes, invertebrates.	2,145	0.6%	9,684	1.9%	-7,539
04	Milk and milk products; poultry eggs; natural honey	3,870	1.1%	25,603	5.1%	-21,733
05	Products of animal origin which are not mention	299	0.1%	3,276	0.7%	-2,977
06	Live trees and other plants; bulbs; roots; cut flower	2,362	0.7%	4,551	0.9%	-2,189
07	Vegetables, roots and bulbs for eating	52,050	14.5%	6,467	1.3%	45,583
08	Fruit and nuts, melons and watermelon	21,785	6.1%	23,381	4.7%	-1,596
09	Coffee, tea, mate-tea and spices	1,467	0.4%	16,167	3.2%	-14,700
10	Cereals	2,786	0.8%	15,516	3.1%	-12,730
11	Products of the milling industry; malt; starch	268	0.1%	18,976	3.8%	-18,708
12	Oil bearing seeds and crops, industrial and medical plants	2,408	0.7%	12,725	2.5%	-10,317
13	Plant juices and concentrates,	34	0.0%	1,081	0.2%	-1,047
14	Plant materials for handicrafts	17	0.0%	223	0.0%	-206
15	Oils and Fats from animal and plant origin, and their stocks	6,058	1.7%	36,587	7.3%	-30,529
16	Meat products, fish, mollusks and invertebrates	13,608	3.8%	24,729	4.9%	-11,121
17	Sugar and sugar products	6,494	1.8%	32,195	6.4%	-25,701
18	Cacao and cacao products	6,974	1.9%	26,472	5.3%	-19,498
19	Products from cereals, flour, starch or milk; sweet products	28,142	7.9%	32,157	6.4%	-4,015
20	Products form vegetables, fruits and hard shell fruit	27,913	7.8%	20,076	4.0%	7,837
21	Different products for eating	12,433	3.5%	44,146	8.8%	-31,713
22	Beverages and vinegar	62,613	17.5%	24,041	4.8%	38,572
23	Animal feed	442	0.1%	17,584	3.5%	-17,142
24	Tobacco and tobacco by-products	79,204	22.1%	13,021	2.6%	66,183
Other agricultural products up from 24 Head from Custom tariff		2,862	0.8%	5,489	1.1%	-2,626
Total value of the export and import of agro-food products		357,767	100%	499,763	100%	-141,996

Source: SSO

10. POLICIES OF SUPPORT OF THE AGRICULTURE AND RURAL DEVELOPMENT IN 2009

The agriculture and the rural development are the key pre-accession elements of Macedonia for the European Union.

In order to achieve the stated strategic aim, the national policy has included six main issues in the period from 2007 to 2013, stated in the **National strategy for agriculture and rural development 2007-2013**:

- 1) Increasing of the competitiveness of the sector
- 2) Achieving of quality and food safety
- 3) Achieving of maintainable resource management
- 4) Improving the living conditions in the rural areas
- 5) Reform of the regulatory and institutional framework
- 6) Institutional reforms of the MAFW

The policy of development of the agricultural and rural areas has been adequately supported by the budget, which should provide a realization of the planned activities and results till 2013.

Growth trend of the budget support of MAFW 2005-2009 (in 000 MD)

	2005	2006	2007	2008	2009*
MD Budget	66.538.469	88.576.000	79.552.497	89.397.520	115.399.000
MAFW	1.459.518	1.453.972	2.002.140	4.257.000	6.007.941
Percentage	2,19%	1,64%	2,52%	4,8%	5,2%

Source: MAFW

The policy for support of the agriculture represents a basic instrument for support of the agricultural production. It consists of direct payments (subvention) per hectare in the production of растителни crops and per head in the livestock.

The rural development policy is the second financial instrument for economic and social development of the rural areas in order to prevent the depopulation process from one side and from the other side to point out the natural and inherited values as part of the cultural inheritance of Republic of Macedonia.

In June 2007, **the Agency for financial support of the agriculture and rural development** was established, in order to effectively managing with the funds from the budget of Republic of Macedonia and with the means from pre-accession aid of the European Union, intended for rural development.

Competences of the Agency:

- Performing of the measures for direct payments in the agriculture;
- Performing of the measures for rural development;
- Realization of the means from the pre-accession aid of the European Union for rural development – IPARD program;
- Implementation of the measures for State aid in the agriculture;

In December 2009, the Agency has got the accreditation from the European Commission and has published the first call for application of IPARD projects in RM, in total amount of 1,5 billion denars or 24,4 million euros.