



REPUBLIC OF MACEDONIA
Ministry of Agriculture, Forestry
and Water Economy

FACTS AND FIGURES 2010



Department for Agricultural
Policy Analysis

giz BMZ



Federal Ministry
for Economic Cooperation
and Development

South Eastern Europe
SWG RRD
Regional Rural Development Standing Working Group

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1. PROFILE OF THE COUNTRY

Geographic location: Southeast Europe – Balkan Peninsula, bordering with Greece, Bulgaria, Serbia, Kosovo and Albania.

Land relief : continental mountainous country.

Climate : Continental and Mediterranean, mountainous.

Average annual precipitation : 733 mm

Total area	: 25,713 km ²	Population:	2,052,722
(Hills and mountains	79.0 %)	Number of municipalities:	84
(Plains	19.1 %)	Settlements:	1,767
(Natural lakes	1.9 %)	Population density:	79.8 citizens/km ²

Population structure:	Ethnical structure:	Macedonians (64.18%),
Rural population:	43%	Albanians (25.17%),
City population:	57%	Turks (3.85%),
		Roma (2.66%),
		Other (4.14%).

Administrative division of the Republic of Macedonia (SSO, 2008)

Republic of Macedonia is divided in 8 planning regions: Skopje, Pelagonija, Polog, Eastern, Southeastern, Northeastern, Southwestern and Vardar region.



Source: SSO, 2010

Regions	Population	Growth rate	Population density
Total	2,046,898	0.64	82.2
Skopje	596,447	3.20	329.0
Pelagonija	234,902	-1.40	49.8
Polog	312,607	2.80	129.4
Eastern	180,260	-0.90	51.0
Southern	172,362	0.60	62.9
Northeastern	174,276	0.90	75.4
Southwestern	222,142	0.30	66.5
Vardar	153,902	-0.34	38.1

2. MACROECONOMIC FRAME

The agriculture (including hunting, forestry and fisheries) is the third largest sector according to the participation in GDP – on the basis of services and industry. If the processing industry is to be included, the percentage shall increase to 16%.

Macroeconomic indicators

Indicator	Measure	2006	2007	2008	2009*	2010**
GDP (million Euros)	Euros	5,231	5,965	6,720	6,677	6,891
GDP per capita(in Euros)	Euros	2,564	2,919	3,283	3,253	3,355
Participation of the agricultural sector in GDP	%	10.5	9.1	10.0	9.7	9.7
Economic development (changes in GDP)	%	4.0	6.1	5.0	-0.9	0.7
Inflation	%	2.9	6.1	4.1	-1.6	3.0***
Participation in food, beverages and tobacco in the total households consumption	%	43.4	42.5	43.3	40.7	39.0

Source: SSO 2003-2011, *previous data, **estimated data, ***NBRM

Number of individual agricultural holdings – 192,378.

Number of agricultural enterprises - 297.

Average size of a farm in private ownership: 1,47 ha.

Ratio of agricultural land ownership: private 80%, state 20%.

Agriculture together with the foodstuff industry accumulates approximately 20% of the total labor and represents the agricultural character of the country.

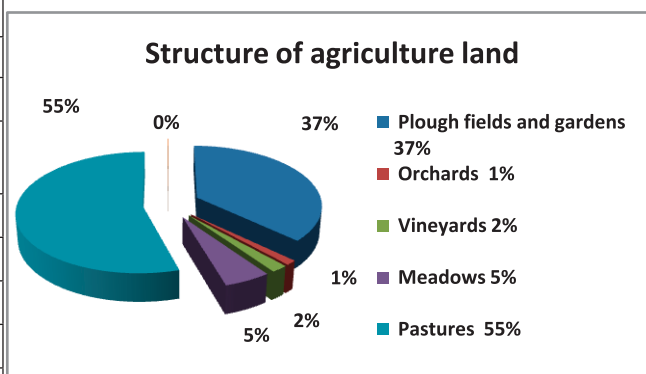
3. AGRICULTURE

3.1 Agricultural Land

Out of the total area in the country, in 2010 approximately 43.6% was agricultural land. Out of the total agricultural land 45.4% is arable land.

Agricultural area by category of use 2010.			
Category of land		Area in ha	
1.	Cultivated land	509,000	
	1.1 Plough fields and gardens		415,000
	1.2 Orchards		14,000
	1.3 Vineyards		21,000
	1.4 Meadows		59,000
2.	Pastures	611,000	
3.	Ponds reed beds and fishponds	1,000	
Total agricultural land		1,121,000	

Source: SSO, 2011

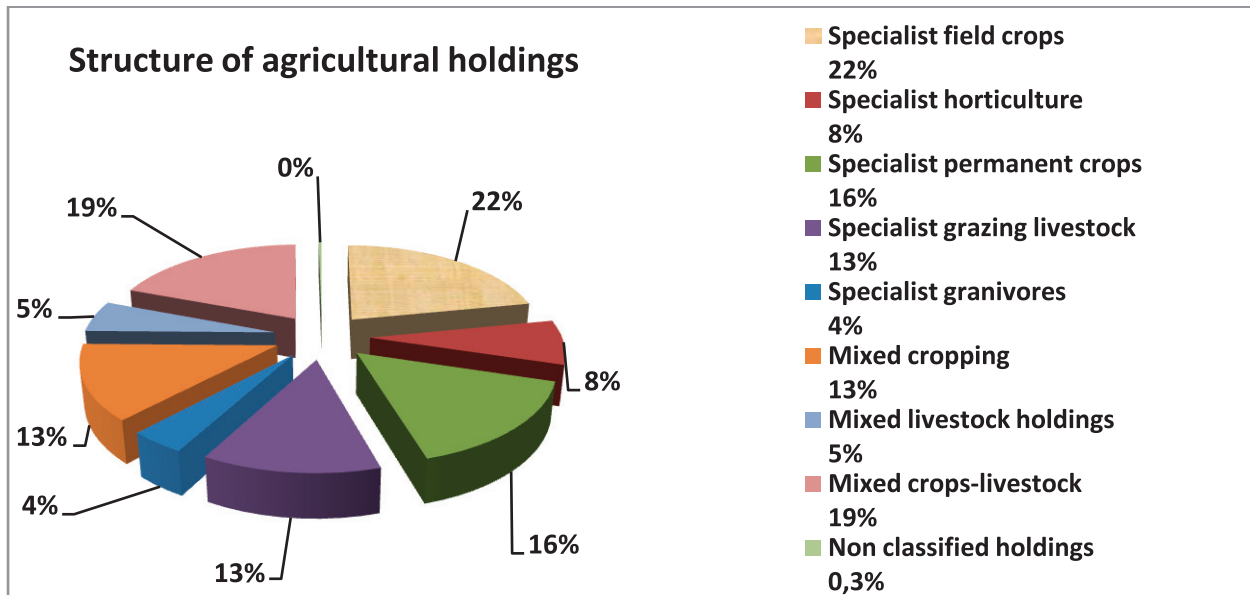


According to the statistical data, the total arable land shows a tendency of decreasing due to the migration of the population in the direction village-city and usage of the land for urban goals and other non-agricultural activities.

Agricultural holdings (farms) according to the type of the agricultural production.

Type of agricultural production	Total holdings
Farms for field crops	42,192
Farms for horticulture	15,013
Farms for permanent crops	30,392
Farms for grazing livestock	24,199
Farms for closed livestock granivores	7,760
Mixed cropping	25,456
Mixed livestock production	10,556
Mixed crops/livestock production	36,552
Non classified holdings	555
Total agricultural holdings	192,675

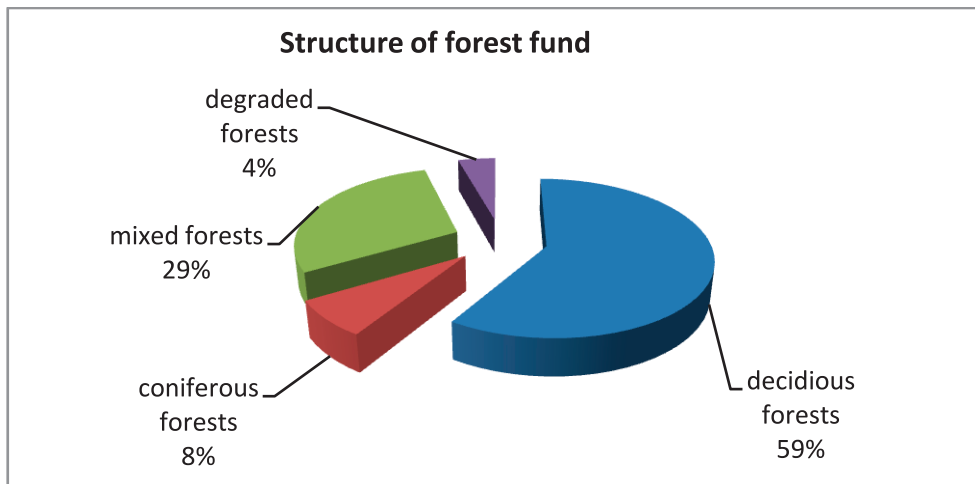
Source: SSO: Typology of Agricultural Holdings 2010



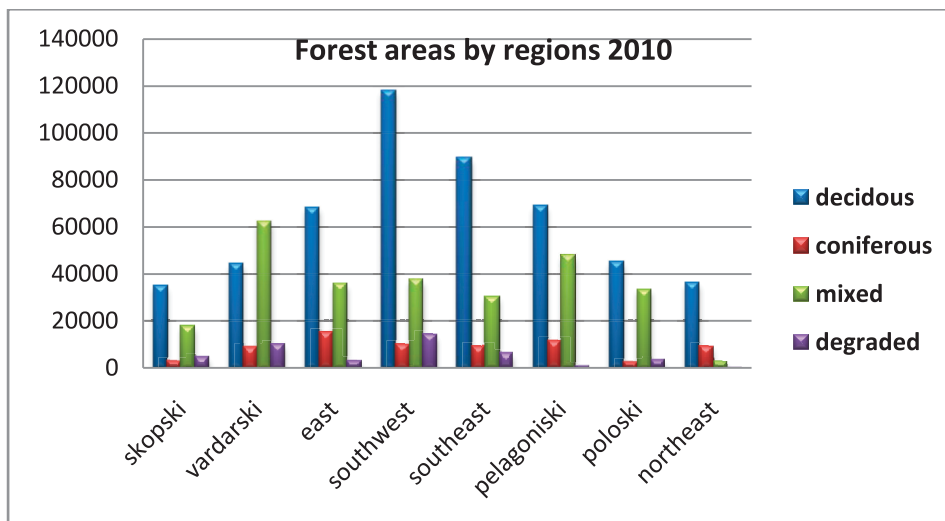
3.2 Forests and Forest Land

The forests in the Republic of Macedonia are characterized by reach biological diversity (medicinal herbs, mushrooms, forest fruit, different kinds of games, etc.), as a result of which the largest part of the protected areas in the country are forests.

According to their origin, 30% of the total forest covered areas are high tree forest and 70% are low tree forest. According to the composition, the forests are broad-leaved, coniferous and mixed forests.



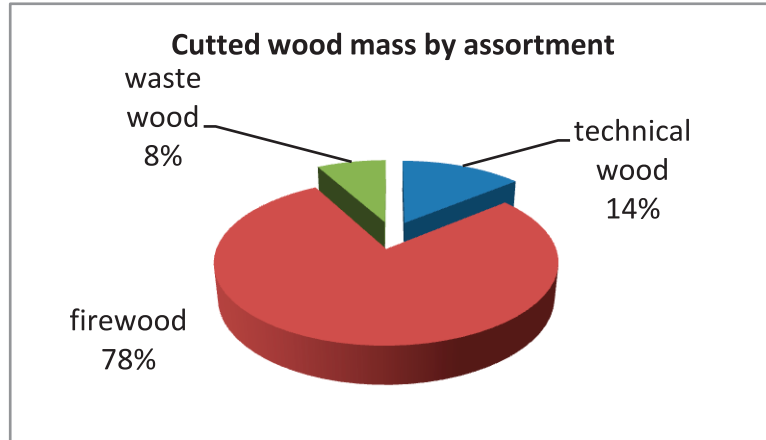
The forests and forest land covers 1,159,600 ha (45% of the total territory) in the Republic of Macedonia, of which 955,300 ha (37% of the territory) are forests. Since 1970, the area has increased for more than 140.000 ha by forestation of bare lands and erosive lands mainly because of the protective function.



Out of the total forests covered area, the forests in state ownership cover 90.14%, and according to wood reserve their participation is 92.2%.

Forest Management

The forestry and the wood industry play significant role in the rural areas economics. The general contribution of the gross domestic product of the wood industry (primary and secondary processing of wood, furniture, paper, cellulose, etc.), is approximately 2%. The total wood mass is 74,343,000 m³, and the total annual growth is 1,830,000 m³ with an average annual growth of 2.02 m³ per one hectare. Accordingly, the planned annual wood mass for logging (planned annual wood mass for cutting) is approximately 1,300,000 m³.



The state owned forests management is performed by Public Enterprise "Makedonski shumii" which is composed of 30 (thirty) subsidiaries—forest holdings and 20 nurseries for the production of forest planting material intended for afforestation and horticultural development and grassing. There are also 30 nurseries registered as private ownership.

The protection of forest in state and private ownership against illegal actions and other negative factors is performed by the Forest Police with 370 forest police

officers (2010) and the Forestry Protection Department of PE "Makedonski shumii".

Every year, the government adopts a Programme for Extended Forest Reproduction which provides funds for the financing of certain measures and activities in the forestry:

- forestation of bare lands and erosive lands - 587 ha,
- protection of forests and forest crops with spacing – 503 ha,
- renovation of burned forest areas by fires of large proportions – 40 ha,
- protection of forests against biotic and abiotic factors,
- destruction of the pest pine processionary and forest crops with aerial treatment of an area of 9000 ha, etc.

For the protection of forests against erosion, degrading and forest fires, in the spring and autumn of 2010, the action "Tree Day – Plant Your Future" has been implemented, in the frames of which approximately 7.6 million seedlings were planted on a total area of 2017 ha.

Hunting There are 250 hunting grounds in the Republic of Macedonia, of which 105 are intended for big game and 145 for small game. From all hunting grounds, 5 of them are state one, 4 of which are intended for big game. "Jasen" and "Jasen I" – Skopje, "Polaki" - Kochani and "Leshnica" – Tetovo and one hunting grounds for small game "Trubarevo" – Skopje, which is intended for educational and scientific objectives.

1.3 Water Resources

Out of the total area of Macedonia, approximately 56.000 ha are water surfaces. The 46.700 ha of them are natural lakes, 6.400 ha are artificial lakes, 2.200 ha are rivers and 700 ha are fishponds.

The total water resources of the Republic of Macedonia are estimated as 6,37 billion m³ in normal years and 4,8 billion m³ during draught, of which 80% are in the basin of the river Vardar. The annual potential of the sources per citizen is approximately 3.000 m³.

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

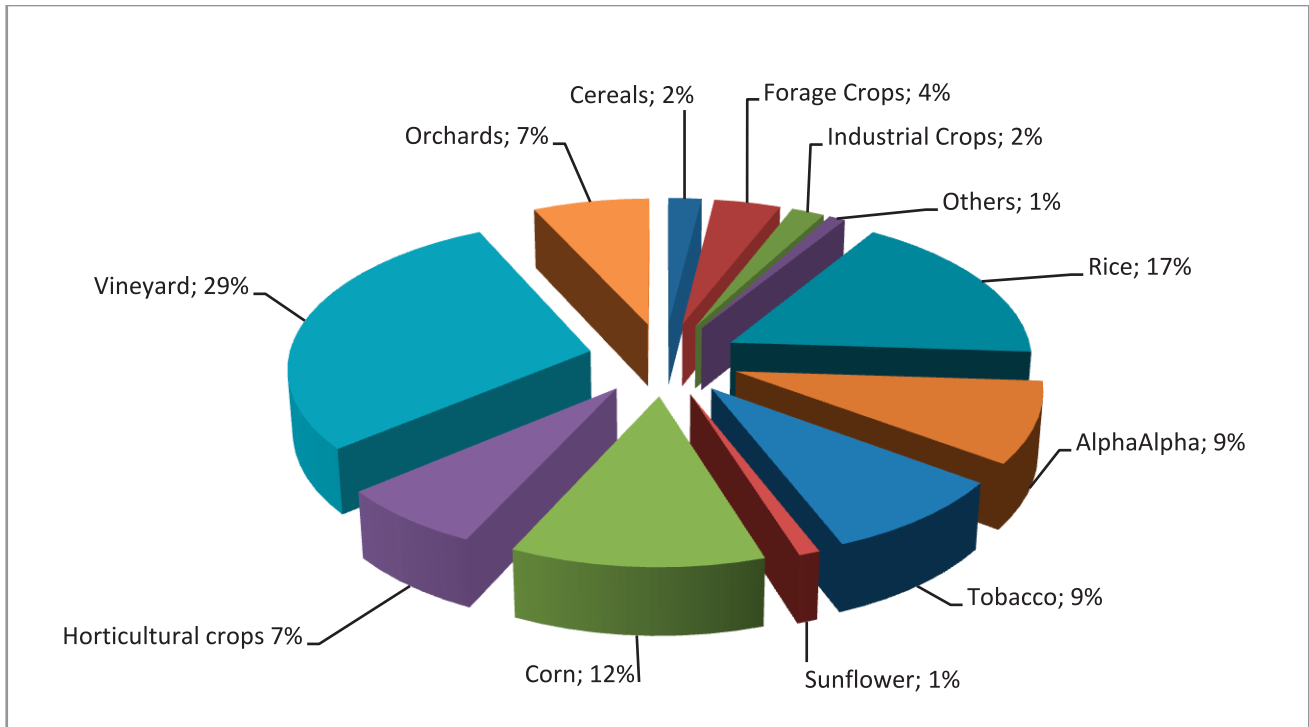
Water Economy

In the Republic of Macedonia, there are approximately 110 big and small artificial lakes (of which 21 are bigger than 1 million m³) which are used for irrigation, water supply and production of hydro-electrical energy.

The agricultural areas covered by the irrigation systems are main water user. The total arable agricultural area in the Republic of Macedonia is approximately 526,000 hectares, and 123,864 ha of this area can be irrigated with the detail network of irrigation systems built before. But, the most of irrigation systems are older than 25 years, and water economy crossed through a huge crisis in the past. On the basis of the data obtained from the water economies, in 2010 approximately 22,000 ha or 18%, of the formerly equipped area was irrigated.

According to the Law on Water Economies, at the end of 2010 inclusive, 12 regional Public water economy enterprises were established and 137 water communities were registered, which covers an area of 63,500 ha.

Structure of irrigated crops in 2010



Source: MAFWE, Water Economy Directorate

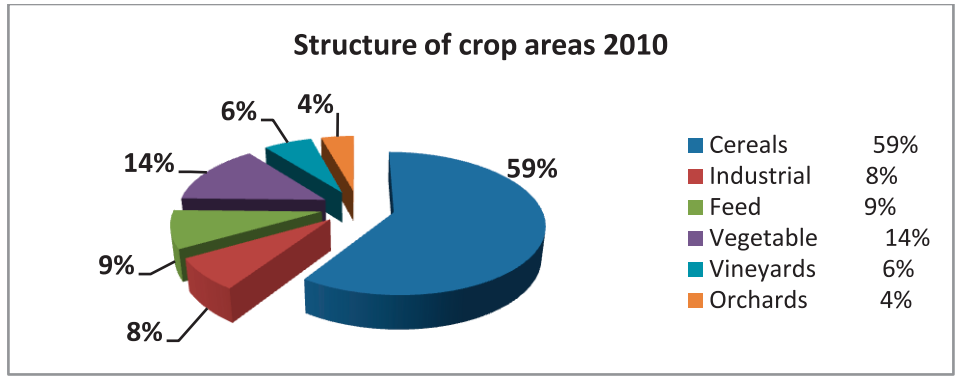
The capital investments in the water economy are in the reconstruction and construction of the irrigation systems and construction of dams.

Investment description	Planned irrigation area	Total investment in millions of Euros
HS Zletovica (first phase)	4,500	105
HS Lisiche (second phase)	4,100	33
South Vardar (second phase)	3,900	21
HS Orizarska reka		45
Total:	12,500	204

Source: MAFWE, Water Economy Directorate

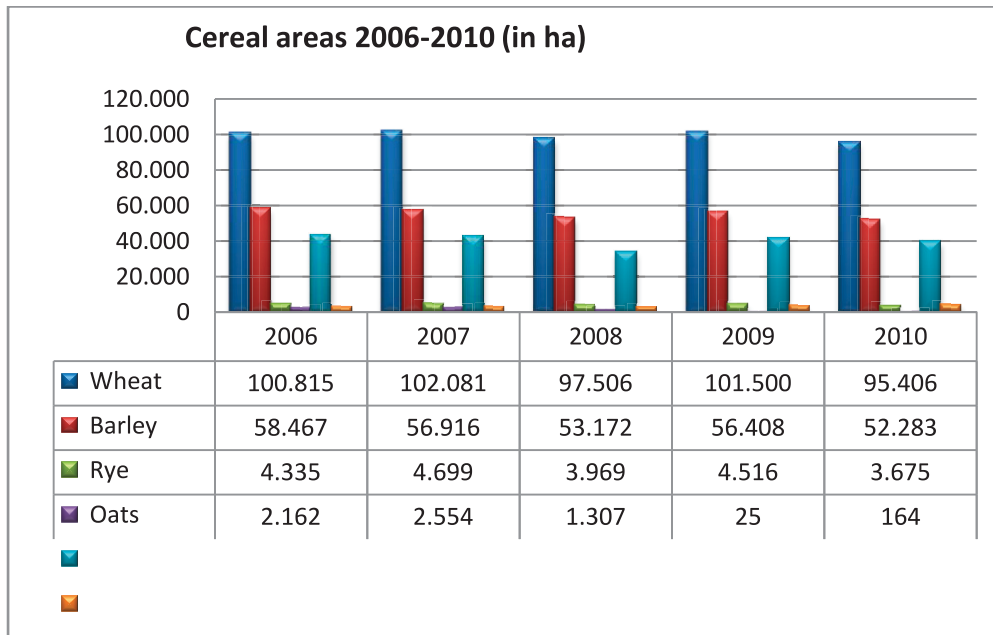
4. CROP PRODUCTION

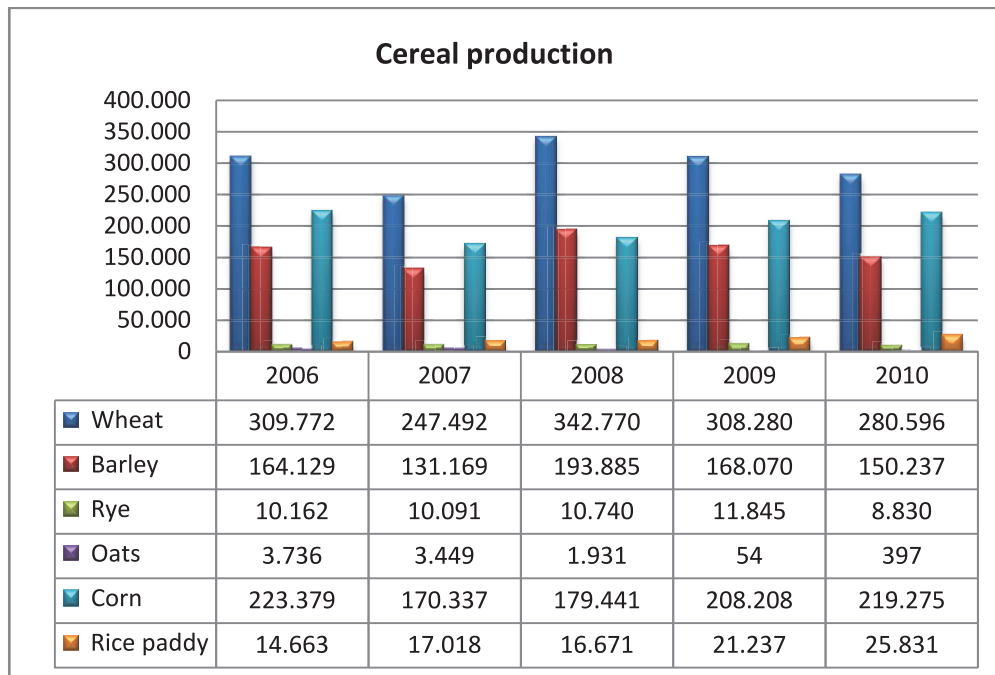
According to the planted areas, the crop production is divided in six main groups, where the production of cereals prevails with approximately 195,228 ha, mainly as a result of the soil-climate condition, whereas tobacco prevails among industrial crops as very significant labor crop which requires a lot of work in hard conditions for agricultural production. The fodder crops are represented in the stockbreeding areas, and the vegetable crops use the modified Mediterranean climate in the southern parts of the country for early vegetable production. The fruits are most represented in the western parts of the country as a result of the more humid climate, whereas the vine-growing is most represented in the central part of the country due to the appropriate soil conditions and the high temperatures with minimum humidity.



4.1 Cereals

Out of the total arable agricultural area (509,000 ha in 2010), the cereals, as prevailing crops, are represented with 38%, whereas the wheat, as strategically most important, is represented with 49% of the total areas planted with cereals.

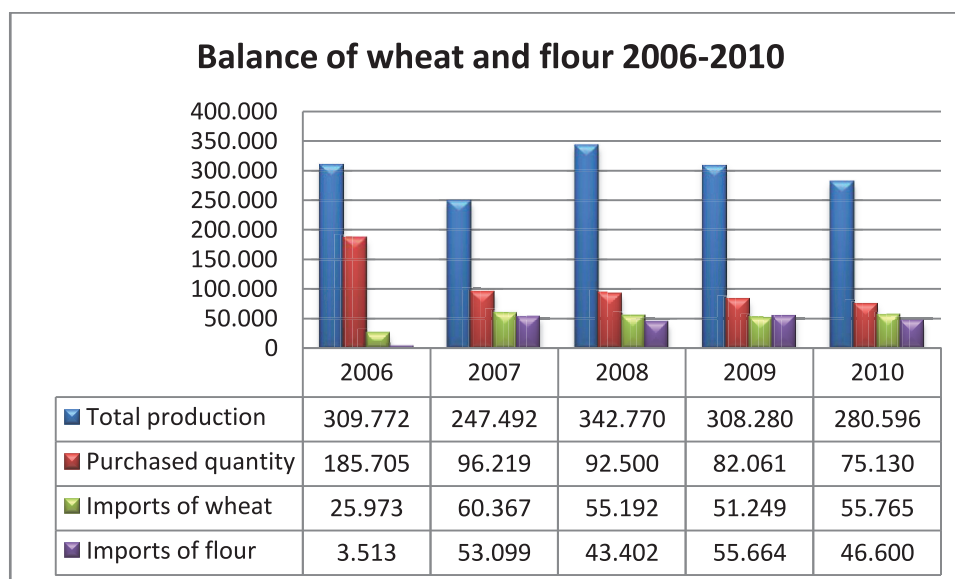




Source: MAFWE

Wheat. On annual level (in the period of 2006-2009), the total needs of wheat in the Republic of Macedonia are estimated at approximately 250,524 tons (approximately 29,000 tons seed material and approximately 221,000 tons mercantile wheat - for satisfying the needs for the production of bread and pastries).

In 2010, the 75,130 tons of wheat were bought from the domestic producers at an average price of 9.06 denars/kilogram (147.30 Euros/ton).



Source: MAFWE

Barley. Besides, the decrease of 4.633 ha of the areas planted with barley in the period of 2007-2010, the production volume has increased as a result of the increased average harvest. The increased production, including the barley offer, on one hand, and the reduction of the livestock fund on the other hand, leads to a decrease of the import of the same to insignificant 169 tons in 2010.

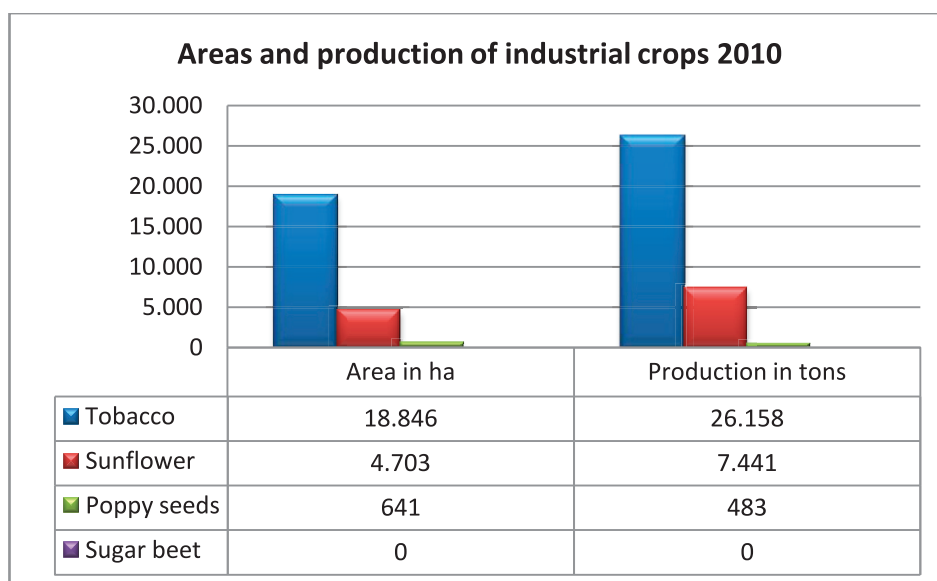
Corn. The areas planted with corn did not change very much in the period of 2006-2010 (39.463 ha in 2010), as well as the harvest (5.56 t/ha) and the production volume of 219,275 tons. In order to meet the necessary amounts, the corn, as a basis in the feeding stuff, is imported mostly from neighboring Serbia. Due to the decrease of the livestock fund, the import has mildly dropped from 65,460 tons in 2008 to 47,961 tons in 2010.

Rice. The production of rice has significantly increased (from 2.855 ha in 2008 to 4.237 ha in 2010), as well as the obtained quantities of rice in shell (25,831 tons) i.e. approximately 14,207 tons peeled rice.

The rice is the only cereal which is traditionally exported on the regional markets and wider – 4.180 tons in 2010. It is being exported in: Serbia (59%), Monte Negro (11%), Kosovo (26%), Albania (3%), Bosnia and Herzegovina (1%), Croatia, Slovenia, and occasionally in Turkey, Poland and Bulgaria.

4.2 Industrial Crops

Out of the total areas under industrial crops: 78% are planted with tobacco; sunflower is grown on approximately 19.5% of the areas, and poppy on 2.5%. As a result of the low purchase prices, the production of sugar beet shows decreasing tendency.

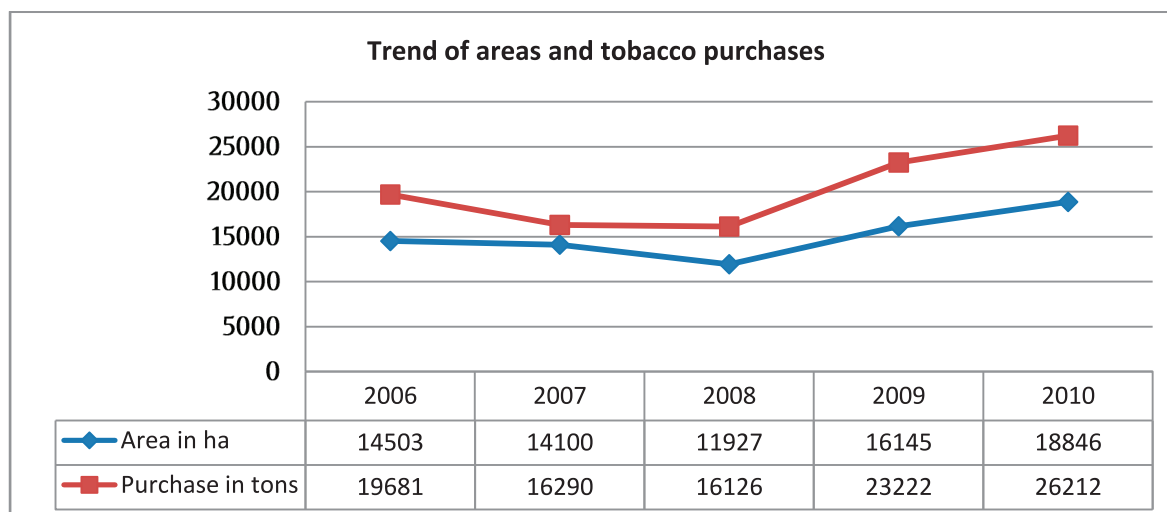


Source: MAFWE

Tobacco. The production of tobacco is based on the growth of oriental small-leaved aromatic tobacco. The tobacco is the most significant agricultural product from the Republic of Macedonia, with largest participation in the total export of the agricultural and products and foodstuff or in absolute export value of approximately 72 million Euros (in 2010). Approximately 42.620 farmers are engaged in the production of tobacco. The purchase of tobacco of the 2010 yield was performed by 8 registered tobacco enterprises for purchase.

In 2009, the purchase of raw tobacco in leaves increased for 44% compared to 2008, and in 2010 the purchase of raw tobacco in leaves increased for 11% compared to 2009.

Purchase of raw tobacco in leaves in the period of 2006-2010



Source: MAFWE

Sunflower. It is grown mainly in the Pelagonija region (50-70%), followed by the Kumanovo and Ovche Pole region. In 2010, the areas under this crop have decreased for approximately 10% compared to 2009. The annual needs of oil are approximately 25 thousand tons of which only 10% are provided from the domestic production.

Poppy. In accordance with the international agreement, our country, as an old producer of opium poppy, is entitled to grow opium poppy for the production of raw opium in certain amounts. The opium is extracted from the poppy capsules purchased by Alkaloid AD from Skopje as sole licensed producer of this type of opium. Poppy seed is significant for the producers, because it is being exported.

4.3 Fodder Crops

The production of feeding stuff and fodder crops on total areas of 28.534 ha meets only 30-35% of the total national needs. The production of fodder crops in 2010 was approximately 213.700 tons. The insufficiency of fodder plants and feeding stuff is one of the main limiting factors for the development of the livestock breeding which negatively reflects the consumption structure of the production of meat and milk.

The fodder plants cover only 9% of the total agricultural arable area.

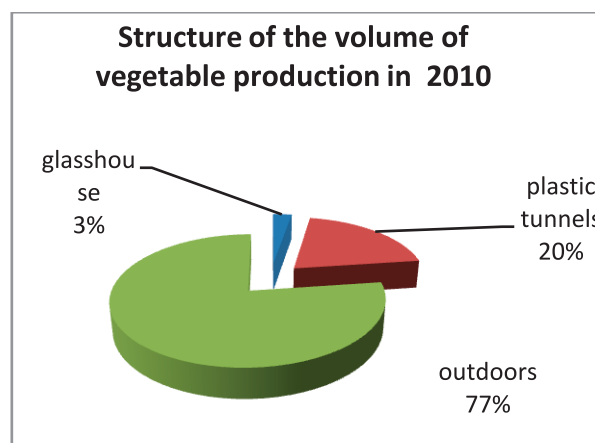
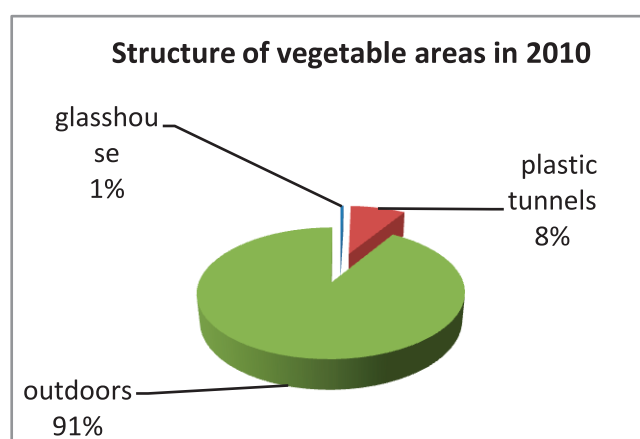
4.4 Vegetable production

Vegetable production, as agricultural branch oriented towards export, participates in the export of agricultural products in two significant segments: Export of fresh vegetable and export of vegetable products (preserved or processed). The production of vegetable crops is divided into: early vegetable production in protected areas – located mainly in the southern parts of the country with Mediterranean climate (Strumica, Gevgelija, Valandovo) and open field production – in the eastern and southern parts of Macedonia (Skopje, Kumanovo, Kochani, Radovish, Prilep, Ohrid) with temperate Continental climate.

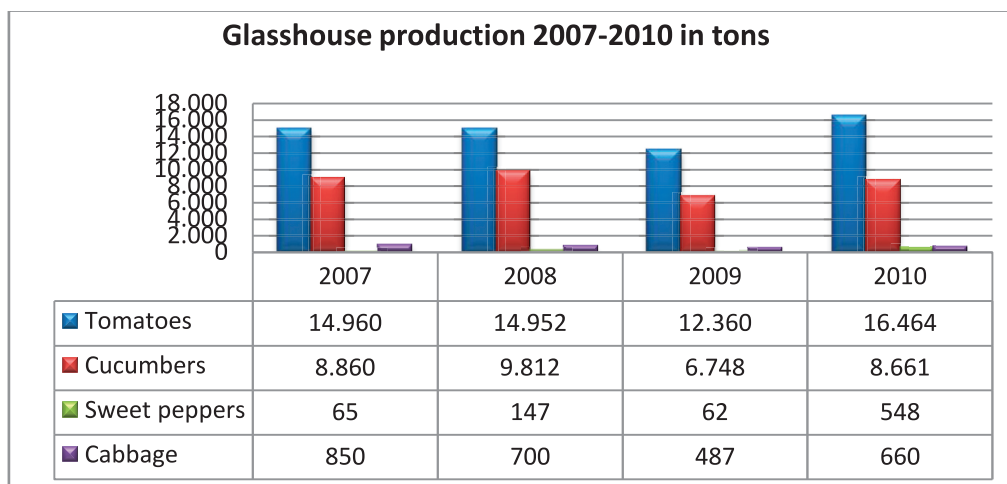
Structure of vegetable production for 2010

Type of vegetable production	Areas in ha	Structure in %	Production in tons	Structure in %
Glasshouse production	216.3	0.50%	26,334.0	2.7%
Plastic tunnels production	3,832.0	8.25%	196,406.0	20.2%
Open field production	42,366.0	91.25%	751,615.0	77.1%
Total:	46,414.3	100.00%	974,355.0	100.0%

Source: MAFWE

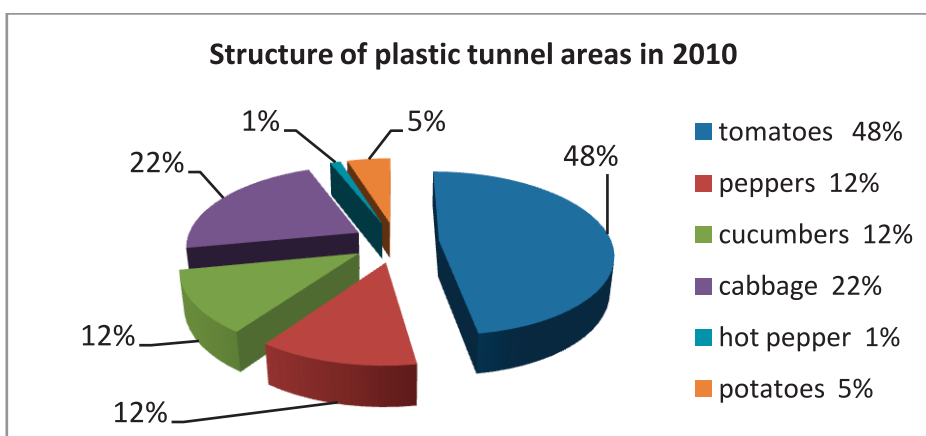


The early vegetable production in 2010 shows significant increase in the volume, as well as in the production value having in mind that 80% of the crops were exported.



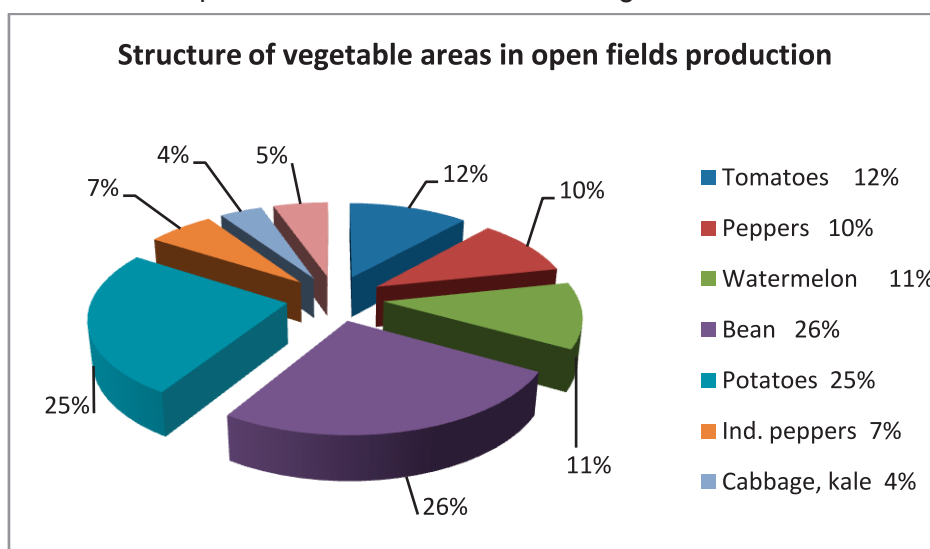
Source: MAFWE

In 2010 the production of vegetable under plastic tunnels is mainly on a surface of 3,832 ha which is mainly located in the South-eastern, Vardar and Eastern region. Here, the influence of the Mediterranean climate enables an early growing of the crops, which is usually in the month of June. The total production volume is estimated at 196,406 tons, of which large part is intended for the regional markets.



Source: MAFWE

The open fields' production of vegetable crops is traditionally dispensed over the entire territory of the Republic of Macedonia, with special characteristics of products in the regions (Tetovo beans, Kumanovo leek, Buchin onion, Strumica tomato, Berovo potato, Strumica "kapija" pepper, Skopje "jabuchar" apple, Gevgelia cabbage, Tikvesh melons) as regional varieties. This type of production is intended mainly for the domestic market, but also the processing industry in large part, which in 2010 purchased approximately 10% of the total production of 751,615 tons of vegetables.



Source: MAFWE

In the production year of 2010, there is a slight decrease of the open fields' production of vegetable crops (watermelons and peppers) as a result of the unfavorable climate conditions (occurrence of diseases, high levels of UV radiation and hail damages).

Tomatoes. Approximately 80% of the tomato production is in the Southeastern and Vardar region, i.e. in the region of Strumica, Valandovo, Gevgelija, Dojran, Kavadarci, Demir Kapija, Veles, and Sveti Nikole.

Peppers. The production of peppers is mostly in: Strumica, Radovish, Polog, Skopje and Kumanovo region. Besides for the fresh condition consumption, the peppers are mainly used in the processing industry as semi-products (semi-frozen, frozen, dried, peppers in vinegar, hot peppers in barrels) and final product (ajvar, lutenica, pindjur, vegetable stew, roasted peppers, fried peppers and hot peppers in vinegar).

Industrial peppers. The variety "Kurtovska kapija" is the most wanted in the processing industry due to its quality for preserving and processing in ajvar, one of the most wanted products abroad. It is exported as fresh pepper or purchased from domestic trades and processors.

Melons. Traditionally intended for export of regional markets. In 2010 the production of melons and watermelons shows a decrease of the areas due to the conversion of the areas towards the other early garden crops.

Potatoes. They are most represented in the mountainous regions (Berovo, Kratovo and Kriva Palanka). It is estimated that approximately 50% are consummated on a level of households, whereas the rest is being sold to catering facilities and processing industry.

Beans. It is most represented in the Polog region with the domestic variety Tetovo beans, also known outside the borders of the country. The production is mainly in combination with corn and covers 40% of the total areas under beans.

According to the harvest period, the production of **cabbage** is divided into: early spring and autumn and winter cabbage, intended for the domestic market and processing, as well as for export. The largest part of the early spring cabbage is exported, and the demand is increasing each year.

The cucumbers as one of the first early vegetable products are mainly intended for export, whereas the produced gherkins are entirely purchased by the domestic processing industry.

The onion is usually exported to the regional markets, and a large part of it is processed in domestic capacities (dried, frozen).

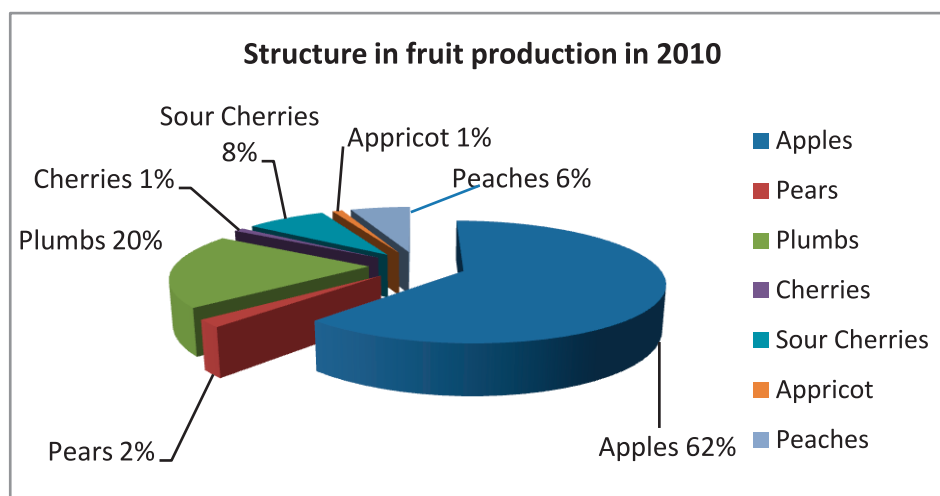
Export possibilities

The possibilities for export of the vegetable crops are open through the concluded free trade agreements with the countries from EU, CEFTA, Turkey and Ukraine.

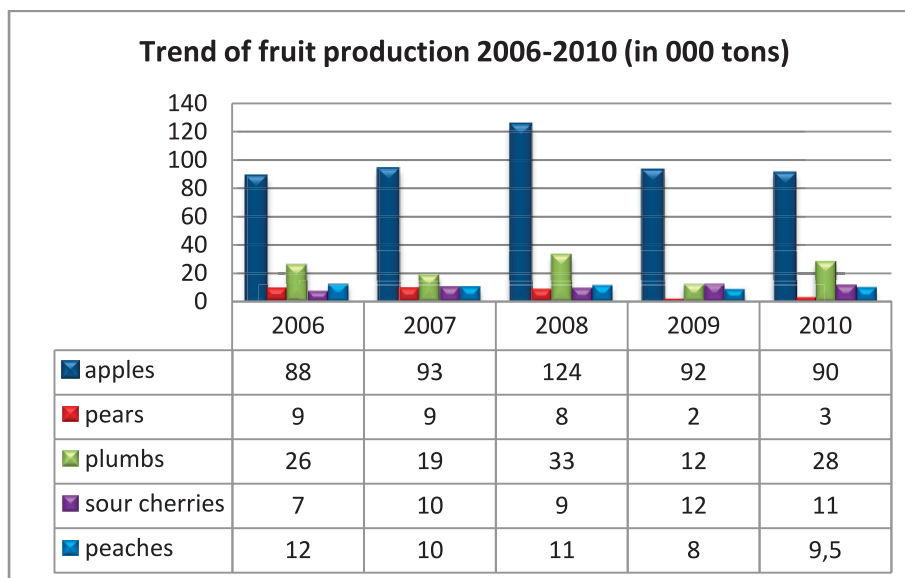
- The export in EU, Serbia, Bosnia and Herzegovina, Monte Negro, and Kosovo is free, without any custom duties.
- Some duty free quotas have been agreed with Croatia: for peppers in the amount of 3,500 tons, for tomatoes in the amount of 4,000 tons and for cucumbers and gherkins in the amount of 1,200 tons (over this quota, the customs duty is 45% of the total duty rate for the garden crops);
- Duty free quotas have been agreed with Albania, including: 150 tons for tomatoes and 100 tons for cucumbers and gherkins;
- With duty free quota of 5,000 tons with Ukraine (for peppers);
- With duty free quota of 1,500 tons with Turkey (tomatoes, cucumbers, cabbage, onion, and peppers).

4.5 Fruit production

It covers approximately 2.75% of the arable agricultural land or approximately 14,000 ha (approximately 9,000 ha with fruitful trees – MAFWE) with approximately 9,000,000 stems which are concentrated in the regions at an elevation of 300-800 m.



According to the fruit areas the most represented varieties are: apples with approximately 62%, plums 13%, sour cherries 7%, peaches 7%, table grapes 7% and other fruit varieties (pears, apricots, almonds, walnuts, etc.) with approximately 4%. The volume of the total fruit production is approximately 155,000 tons per year. According to the statistical data, the domestic consumption of apples per citizen is 12 kg. It has been estimated that approximately 25% of the total production of apples is put on the domestic market, whereas the remaining part of 75% is processed or sold at the foreign markets.



Source: MAFWE

The export of fruits (fresh and frozen) in 2009 participated with 6.1% of the value of the total export of agricultural products and foodstuff. In 2010, the amount of exported apples shows a twofold increase (200%) compared to 2009. The remaining fruit, as well, shows increased export effect in 2010 compared to 2009 (such as grapes for 31%, peaches, sour cherries, apricots and cherries for 76%, nuts for 33%, and other fresh fruit for 242%).

The support of the fruit sector, especially the subsidies for planting new fruit plantations with the use of certified plant materials largely stimulates the production and export of quality fruit. The support of 35.7 million denars in 2008 has increased for 116.6 million in 2009, so as to reach 172 million denars in 2010.

4.6 Grape-growing and Winemaking

The grape growing, together with the wine production, participates with approximately 17%-20% in the agricultural GDP. After tobacco, wine is the second most important product in terms of the export value of the agricultural products.

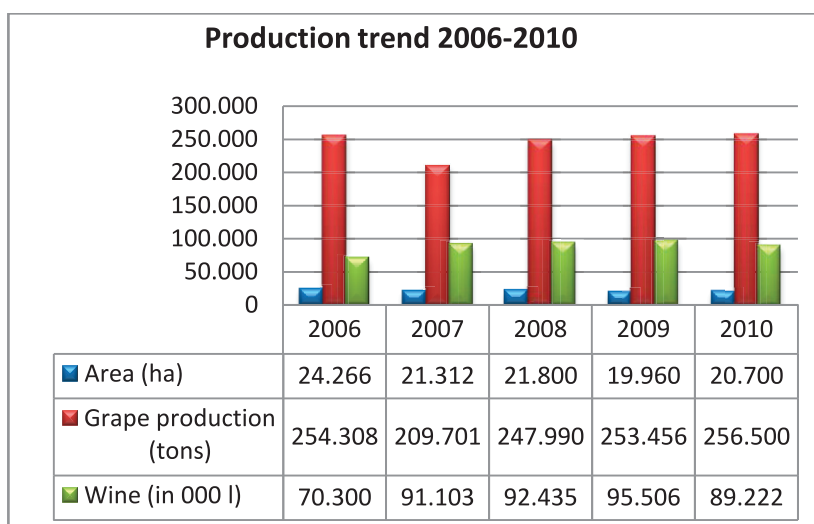
The geographic area-region of production on regional wine grape is the entire territory of the Republic of Macedonia, i.e. 16 geographic areas-wine regions for production of quality wine.

In 2009 the areas under grape plantation covered 19,960 ha, which is 10% less compared to 2008, whereas there is a slight increase of the areas to 20,700 ha in 2010.

In the areas under grape, the wine grape varieties participate with 70%, of which 40% are white varieties, and 60% are colored varieties. Most represented colored wine grape varieties are: Vranec and Kratoshija which have longer tradition of planting, and Smederevka, Zhilavka, then Chardonnay, Riesling, Sauvignon Blanc etc. from the white varieties.

The table grape is mostly produced in the Vardar region, then in the South-eastern and Northeastern region, and prevailing varieties are: Afus-Ali, Cardinal, then Muscat Italy, Muskat Hamburg, White Winter grape etc. i.e. from very early to very late varieties of table grape.

Due to the adequate climate, Macedonian table grape has high capacity and significant export potential. Approximately 25,000 farms are included in the vine growing, of which 70% are individual holdings, and 30% are agricultural firms. The average harvest is approximately 10 tons/ha.



Source: *SSO; ** MAFWE

Production of wine

The average yearly production of wine is around 90 million liters. The tendency in the wine production shows certain decrease of the produced amounts, which is a result of the fact that large part of the vineries are focused on the production of high quality wines in bottles, by controlling the varieties, grape plantations and harvest, sophisticated processing and marketing technologies and represent a competition to the domestic and foreign markets, as well.

In 2010, the 86 vineries were registered, compared to the 28 in 2003, with total capacity for processing of grape in wine twice bigger than the annual production of grape. The annual consumption of wine is estimated to 15 liters wine per citizen per year.

Trade in Wine

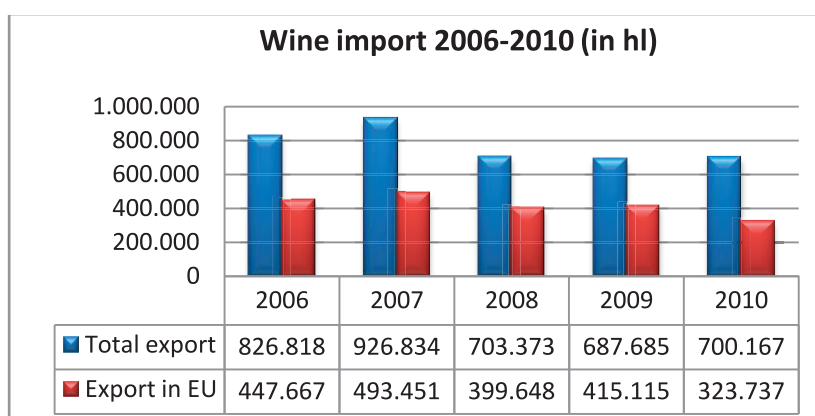
Macedonia is net exporter of wine. In 2010, the total wine export increased to 700,167 hl (i.e.1.02% more than in 2009 compared to the amount and 1.14% more in terms of the value). The wine import in Macedonia is insignificant.

In terms of the total value of the export of agricultural products and foodstuff, the wine is on the second place, immediately after tobacco.

The analysis of the trade in wine points out several countries as main destination for the export of the Macedonian wine, including: Germany, Czech Republic and Slovenia (as EU member-states) and Serbia, Croatia and Bosnia and Herzegovina (as former Yugoslav markets), and USA and Russia as other markets.

Besides the fact that the final destination of the Macedonian wine are the EU markets, the former Yugoslav markets remain very important export destination because the export value of these markets is higher due to the export of wine in bottles.

The export in the EU member-states for 2010 has decreased to 323.737 hl, compared with 415.115 hl in 2009, and represents 46.24% of the amount and 32.7% of the total export value.



Source: State Statistical Office

The representation of the wine in bulk (85%) and the wine in bottles (15%) in the total export for 2010 shows an increase compared to 2009. The export in EU covers 51.3% of the total export of the wine in bulk and 14.8% of the total export of the wine in bottles.



Duty Quota for Wine

The last EU enlargement with the two new member-states of 1st of January 2007 led to an increase of the duty free quota for the export of the Macedonia wine in EU to 399.000 hl (of which 332.000 hl were wine in bulk and 67.000 hl were wine in bottles in 2010). On the other hand, due to the same reason, Macedonia has increased the duty free quota of wine with EU origin to 12.000 hl, which is increasing for 300 hl on annual level, i.e. it reached 12.900 hl in 2010.

Year	Tariff code	Naming	Quota (hl)	Exported amount (hl)	Export value (€)	Quota usage
2010	Ex 2204 10	Quality sparkling wine				
	Ex 2204 21	Fresh grape wine	67.000	14.931	1.519.616	22,29%
	Ex 2204 29	Fresh grape wine	332.000	308.806	10.571.681	93,01%

Data source: State Statistical Office

On the basis of the data obtained from State Statistical Office for 2010, the duty free quota for export of Macedonian wine in EU was used with 81%, whereupon the wine in bulk quota was used with 93%, and the quota for export of wine in bottles was used with 22%.

5. LIVESTOCK BREEDING

Livestock breeding represents a key branch in the individual agricultural sector, mainly in the mountainous regions. This sector is mostly dominated by small, individual, family farms producing mainly for their own needs.

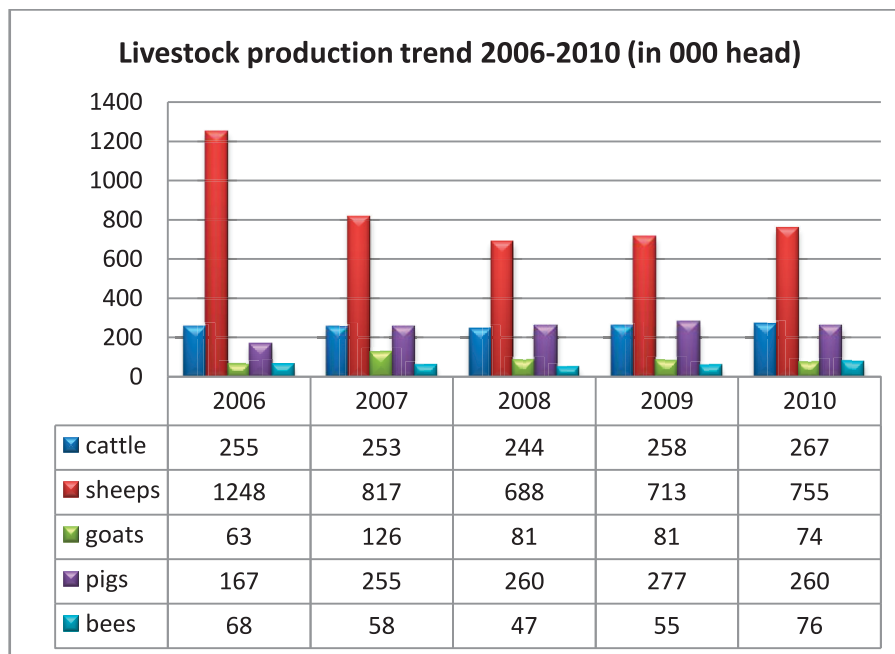
As a result of the enhanced budget support, the number of commercially-oriented family farms has increased, whereas the number of cattle heads in the larger and specialized farming enterprises has decreased as a result of their codependence with the import of feeding stuff (corn, soy, concentrates).

Number of farm animals in the period 2006-2010

Category	2006	2007	2008	2009	2010
Cattle	255,430	253,766	243,667	257,900	267,086
Sheep	1,248,801	817,536	688,278	713,465	755,053
Goats	63,579	126,452	81,421	80,837	73,888
Pigs	167,116	255,146	260,000	277,110	260,000
Poultry	2,585,327	2,263,894	2,343,300	2,543,146	1,994,852*
Bees	67,804	58,307	47,352	53,439*	76,052*

Source: MAFWE, Veterinary Directorate, * SSO 2010 (poultry and beekeeping)

In recent years, the livestock fund has notably decreased, except for cattle. The largest decrease is notable in the field of goat breeding and poultry.

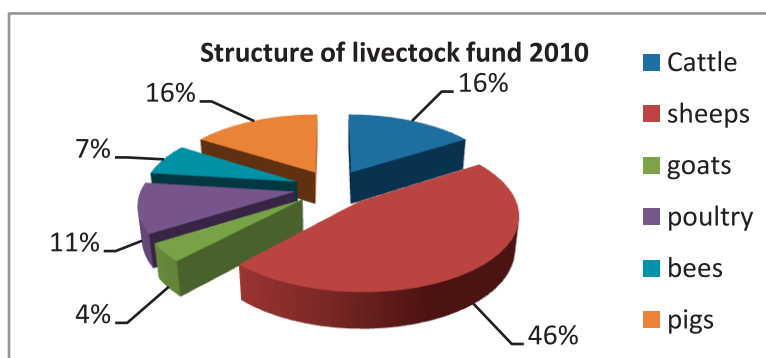


Source: MAFWE, Veterinary Directorate, * SSO 2010 (beekeeping)

Cattle breeding. It is mostly prevalent in the mountainous regions along the northern, western and eastern boarder of the country. The national breed structure includes mostly dairy cattle breeds and combined beef cattle breeds.

Out of a total of 267,086 branded cattle in 2010, the dairy cattle accounts for approximately 35% or 93,500 heads. Also, 136,472 tons of cow milk have been purchased by the manufacturers.

The production of 948 tons of beef is not enough to meet the consumer demands and they therefore need to be met through an import. In 2010 approximately 10,144 tons were imported – mainly fresh and cooled meat and part of it is intended for the meat processing industry.



Source: MAFWE, Veterinary Directorate

Sheep farming. According to the data from the Veterinary Directorate, the total number of sheep in 2010 amounted to 755,053 heads, which indicates an increase of 5.8% compared to 2009.

The breed structure of the sheep population in the Republic of Macedonia consists mainly of the breed Pramenka (of the Ovchepole and the Sharplanina strain), but also the number of half-breeds has lately increased, with the breeds Württemberg (for meat) and Awassi (for milk).

During 2010, a total of 2,920 tons of lamb and mutton have been exported, mainly to Italy and Greece (from the EU-members), and smaller quantities to: Croatia, Serbia and Bosnia and Herzegovina.

Lambs are being bought and exported mostly through 4 EU-registered slaughterhouses, which have implemented a specialized line for the production of lamb carcasses according to the market demands of the EU.

The sheep milk is a significant raw material for the production of traditional types of white cheese and yellow cheese-“kaskaval” for the domestic, as well as for foreign markets. In 2010 8,640 tons of sheep milk were produced, and 5,539 tons of milk were purchased and processed by the manufacturers; however, a significant part of the milk remains unredeemed because of the lack of roads and the rough transport conditions to the mountain pastures.

Goat breeding. In 2010 73,888 heads of goats were registered, mostly housed on 664 goat farms. The breed structure of the **goats** is mostly of the race Balkan goat, with a significant presence of half-breeds of the Saanen goat, but there are also goat farms which have an improved breed structure of the race Alpine.

The number of goat breeders has been increasing as a result of the market demands for goat milk and due to its profitability. In 2010, 2,198 tons of goat milk were manufactured and 1,022 tons were repurchased. However, the main issue this developing branch is facing with is the poor application of technological solutions on the farms, which results in a generally insufficient exploitation of the available natural and other resources of this industry.

Pig breeding. In 2010, there were approximately 260,000 heads of pigs in the Republic of Macedonia. The industrial pig farms are breeding 60% of the total number of heads in the country, and the rest 40% of heads are being bred on family farms of individual agricultural producers.

When it comes to pig breeding, the most commonly found breed are the landraces (Belgian, Danish, Swedish and German), as well as the Yorkshire and Durok.

The domestic production of 7,918 tons of pork only partially meets the demands of the population, and the deficiency is therefore obtained through an import of freshly cooled or frozen pork. In 2010, the import of 10,476 tons of pork contributed with about 4% to the total import of agricultural and foodstuff products.

Poultry. The production of eggs is the primary activity of the Macedonian poultry industry. About 37% of the total number of laying hens account to the larger farms, and 63% to the medium farms, with an average capacity of 2-5 thousand per farm. According to the State Statistical Office, the total number of poultry in 2010 amounts to approximately 2 million; 75% are laying hens, which lay about 336 million eggs a year. The production of eggs meets the domestic demands, and eggs are also being exported to the regional markets on the Balkan.

The production of poultry meat is based mainly on the slaughter of laying hens and broilers, producing 1,094 tons of meat, but this is only a small part of the market demands for fresh chicken. The largest quantity of chicken is being imported as frozen chicken. In this country there are only two slaughterhouses (with a total capacity of 2 million birds per year), which limits the production development.

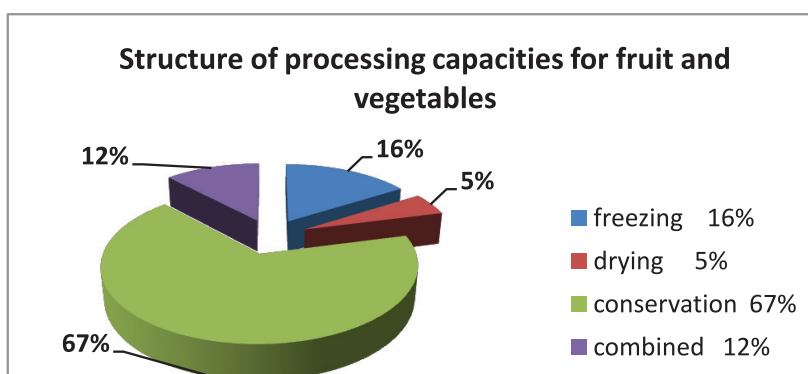
Beekeeping. The annual average production per bee family amounts to about 15 kilograms of honey. Almost the entire production of honey is consumed within the domestic market, and only a small part is being exported. The import of honey is less than 1%.

In 2010, the number of bee families amounted to approximately 76,052 units (according to the SSO).

6. PROCESSING INDUSTRY

6.1 Industrial Processing of Vegetables and Fruits.

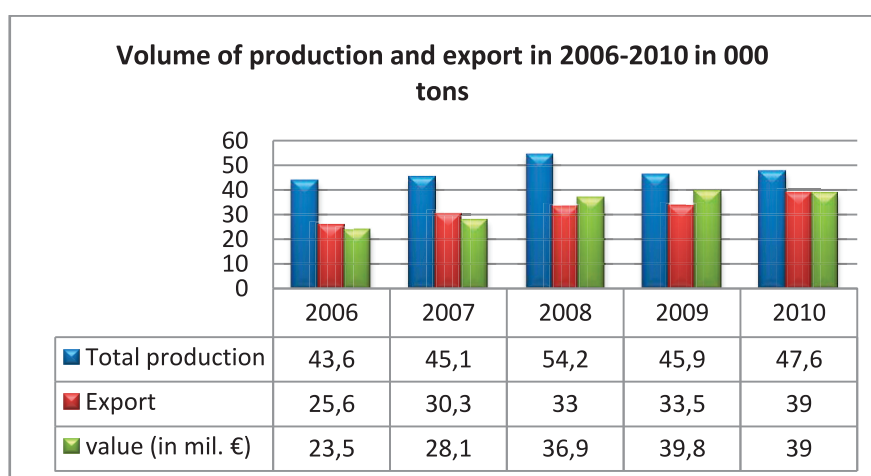
The processing industry in the Republic of Macedonia is represented with a total number of 58 companies with a processing capacity of approximately 120,000 tons of vegetables and fruits per year. In 2010, the industry purchased a total of 69,400 tons of raw materials or 3.4% more than in 2009 (67,100 tons) vegetables, 91% of which are vegetables and 9% fruits. The most significant raw materials in the entire purchase of vegetables and fruits are the red peppers with approximately 48%, then the industrial tomatoes, eggplants, hot peppers, cabbages, zucchinis, onions and beets.



Production in 2010		
Products	In 000 tons	In %
Industrial ajvar	10.3	22
Homemade ajvar	2.1	4.5
Lutenica	0.9	1.9
Roasted peppers	3.1	6.5
Boiled peppers	1.2	2.5
Hot peppers	2.4	5.1
Gherkins	4.8	10
Beetroot	2.0	4.2
Ketchup	2.1	4.5
Mixed salads	1.1	2.3
Frozen sour cherries	1.4	2.9
Frozen peppers	5.3	11
Others	10.9	23
Total	47.6	100

In the fruits purchase, the most prevalent are the sour cherries with 3.5%, apples with 2.2% and plums with 2.3%.

The main end products here are the frozen sour cherries and plums, as well as other smaller fruits which are being exported as raw materials to the neighboring countries. The structure of the processing capacities demonstrates a high level of finalization of the raw materials to finished products, particularly vegetables, which have a mainly export orientation.



Source: AgBiz/MAP Analysis 2011

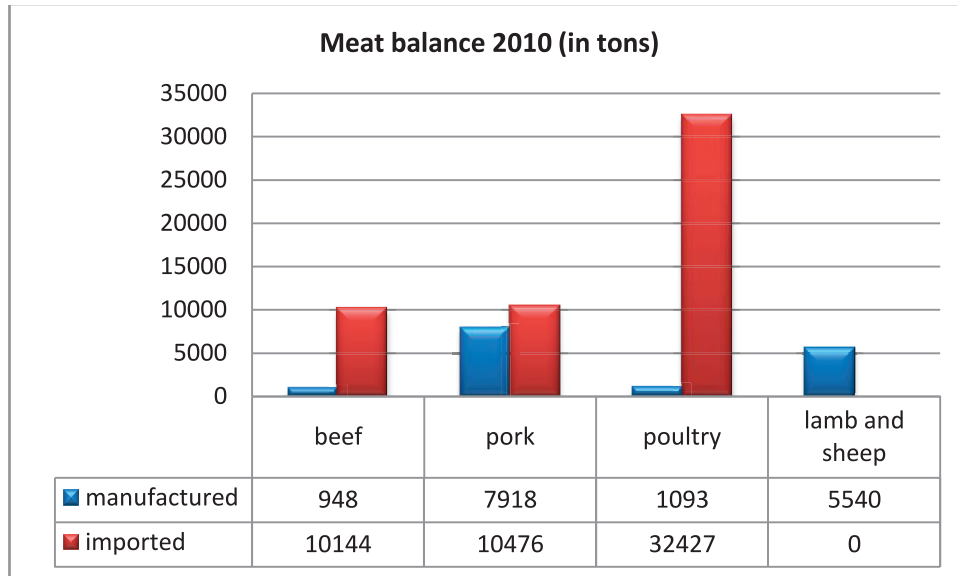
The canning capacities (manufactured goods filled in jars, cans and plastic jars) have the largest share in the processing industry with 86.1% and a representation of the products according to the scheme listed above. The market of industrially processed fruits and vegetables (47.6 thousand tons) is export oriented, with high 73% of exported goods.

6.2 Industrial Processing of Products of Animal Origin

The facilities for the production and processing of products of animal origin in the Republic of Macedonia in 2010 meet the international safety and security standards for the products through the implantation of the HACCP standards.

From a total of 20 registered slaughterhouses, 4 are registered for export to the EU, mostly for lamb and mutton.

Registered facilities in 2010: 40 for meat processing, 1 for fish processing, 1 aqua culture, 6 for classification and packaging of eggs, 3 for processing of eggs and 8 facilities for honey. The imported meat is mostly intended for processed meat (meat delicatessen), and 70 refrigerators intended to store the products of animal origin.

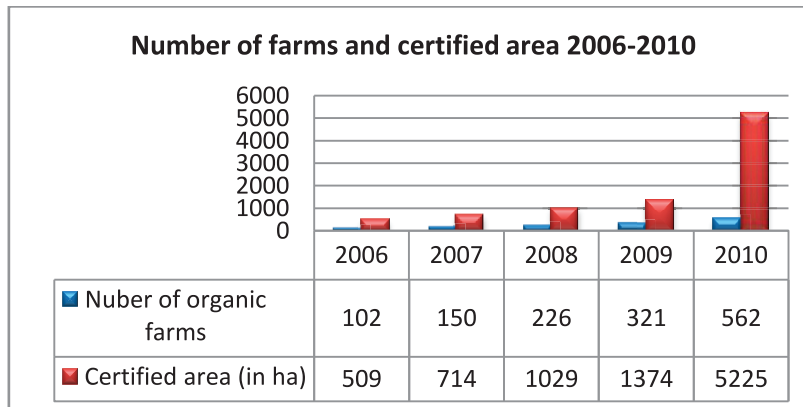


There are 68 registered facilities for the processing of milk (dairies), 1 facility for the production of ice cream, and licenses for export to the EU have: one dairy and one facility for the production of ice cream.

7. ORGANIC PRODUCTION

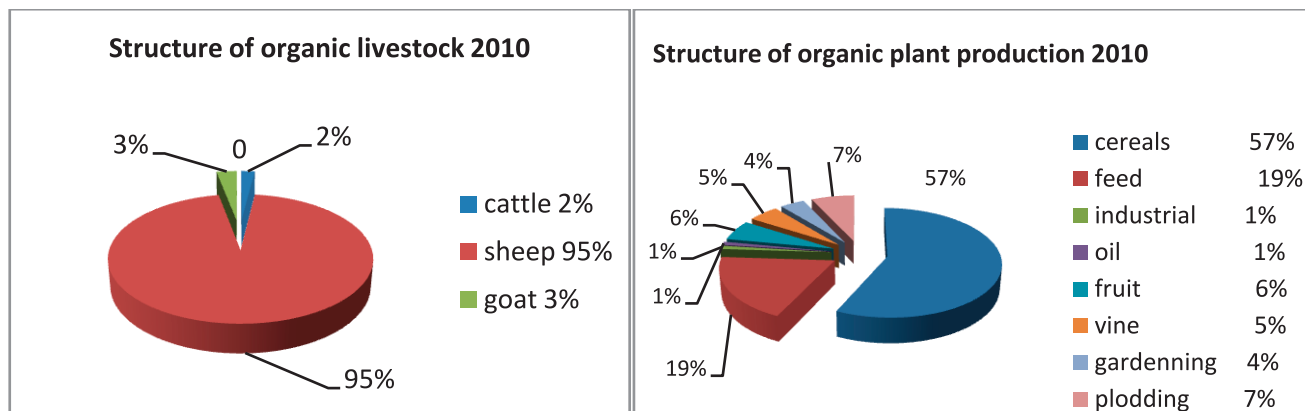
The trend of increasing organic production continues in 2010, as well. More and more operators are getting involved in the system of organic agricultural production and there is an increase in arable lands, areas with self-germinating plants and fruits (which now amount to 250,000 ha), as well as in the overall production capacities.

This year, significant growth is also evident in organic livestock production, especially in sheep breeding.



Source: MAFWE

type/crop	2009			2010		
	in conversion	organic	total/ ha	in conversion	organic	total/ ha
Organic crop production						
cereals	501,52	166,35	667,87	2.723,7	276,1	2.999,8
fodder crops	101,04	82,05	183,09	848,9	145,7	994,6
industrial crops	12,31	31,32	43,63	32,1	/	32,1
oil plants	63,78	/	63,78	40,7	6,7	47,5
fruit	137,48	73,55	211,03	165,9	168,3	334,2
vine grape	46,25	13,92	60,17	223,6	20,7	244,3
vegetable plants	84,22	58,64	142,86	164,2	35,7	199,9
fallow land	7,99	56,81	64,8	306,4	66,3	372,7
Organic livestock production						
cattle	180	197	377	2,522	37	2,559
sheep	21.844	208	22.052	92.523	6.275	98.798
goats	791	248	1.039	2.470	578	3.048



Source: MAFWE

Funds in the amount of 70,800,000 denars were provided and realized in support of the organic agricultural production in the Republic of Macedonia as part of the Programme for Financial Support for 2010. Bigger financial support is provided for the year 2011 which equals to 1,788,618 Euros.

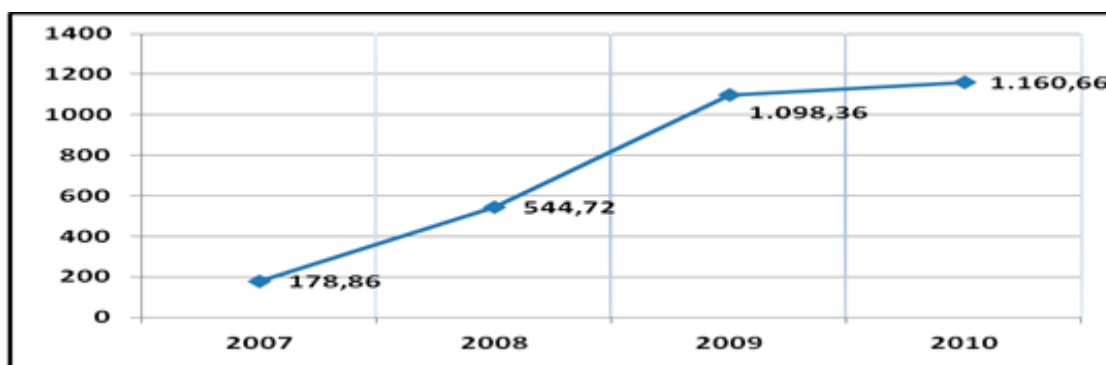
In respect of legislation harmonization, based on the new Law on Organic Agricultural Production (Official Gazette of the RM, No. 146/2009) which is harmonized with the European Regulations (EC) 834/2007 and (EC) 889/2008, in December 2010, several rulebooks were adopted which regulate the field of production, control, certification bodies and their authorization, packaging, transport and storage of organic products, as well as the contents and layout of the national label for organic products. In addition to this, the list of fertilizers, soil property improvers, protection chemicals, fodder raw materials, feeding stuff additives and other materials used in animal feeding, means of cleaning and disinfection, products and materials used in the production of processed organic food and ingredients which were not produced according to the principles of organic agriculture, as well as the production conditions with respect to the minimum areas in closed and open space and other properties of housing different types of animals and the maximum number of animals per hectare were all taken from the Commission Regulation (EC) No. 889/2008 (Official Gazette of RM, No. 162/2010 and 163/2010).



National label for organic products and organic products in conversion

The expert control and certification of the organic agricultural production is delegated to two certification bodies, "Balkan Biocert" and "Procert", which are authorized by the MAFWE. These certification bodies perform expert control and certification in accordance with the standard EN 45011 and ISO/IEC Guide 65 (General requirements for bodies operating product certification systems). The confirmation asserting the fact that the bodies operate in accordance with this standard is issued by the Institute for Accreditation of the Republic of Macedonia (IARM) through the process of accreditation. A total of 578 regular and 43 additional/unannounced controls were made in the course of 2010 and on the basis thereof a number of 562 certificates for organic production were issued.

Amount of financial assistance for organic agricultural production ('000 Euros) 2007 – 2010



Source MAFWE

In order to raise national awareness for organic food value, as well as to promote the new national organic product label, in the course of 2010 the MAFWE commenced the realization of a **national campaign** for raising the awareness of the organic food consumers. As a result of the activities that have been taken, the organic products are already finding their place on the domestic market. On the basis of the effects of the national campaign, that is, the need for continuous information regarding the importance and significance of organic food, the Ministry in cooperation with the Organic Producers Federation (FPOPM) continues to promote organic production with new media tools with the purpose of achieving a satisfactory level of organic food recognition and consumption, thus creating greater motivation for organic producers to increase their production capacities and for traders to sell organic food.

8. FISHERY

The water resources which can be used for fishery cover around 56,000 ha, 46,700 ha of which are natural lakes, 6,400 of which are artificial lakes, 2,200 ha are rivers and 700 ha are fish ponds.

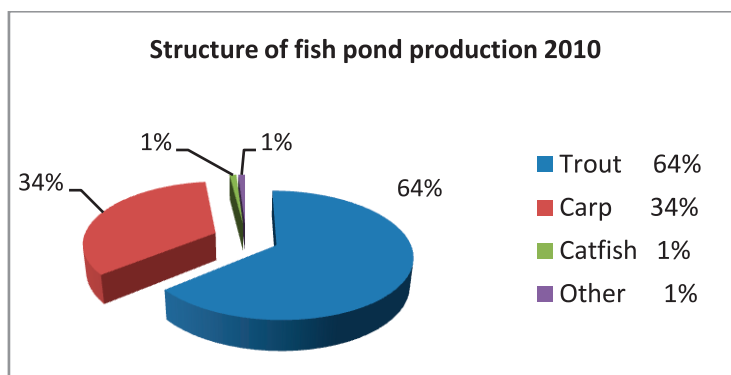
A total of 21 entities are entered in the register of fish farmers which is kept at the Unit for Fisheries and Aquaculture within the MAFWE. 14 of the entities are registered as cold water fish farmers, while 7 of them are registered as warm water fish farmers.

There are 3 entities which entered in the register of reproduction centers for production of fish stocking material intended for stocking with fish the fishery waters, while in the Register for Production of Fish Stocking Material Intended for Stocking with Fish the Fish Ponds the number of entities equals to 8.

The overall production of fish in the Republic of Macedonia refers to the aquaculture production and the catch from the commercial fishery at the fishery waters.

The aquaculture production of more significant fish species by the registered entities in 2010 equals to:

Fish species	2009*	2010*
	Total/kg	Total/kg
Trout	315,378	645,595
Carp	116,802	342,309
Catfish	5,000	10,200
Other	2,269	13,250
Total	439,449	1,011,354



*Source Ministry of Agriculture, Forestry and Water Economy

In 2010, as well as in the recent period, most significant is the production of fresh trout (rainbow trout, river trout and Ohrid trout) and fresh carp. Apart from these species, grass carp and silver carp is also produced in the fish pond capacities.

Apart from the aquaculture production in 2010, it is estimated that by performing recreational fishing activities, a total of around 130 to 150 tons of all fish species is being caught on an annual level.

The fish from the fishery waters for performing commercial fishery activities (apart from the waters subject to separate prohibition acts) are given for performing commercial fishery activities and organization of recreational fishery activities by concluding concession contracts.

According to the official statistics, an average household in the Republic of Macedonia annually consumes approximately 21 kg of fish and fish products, that is, 5 kg per capita.

Trade in fish and processed fish products. The Republic of Macedonia, as a continental country, is a net importer of fish and fish products, predominantly sea fish species. The import of fish, fish products and processed fish products in 2010 has a share of approximately 3.8% in the total import of agricultural food products, while the export of fish and fish products has a share of 1.5%, and that predominantly refers to snails, which amounts to 6.5 million Euros.

9. TRADE IN AGRICULTURAL PRODUCTS

Trade Policy

The Republic of Macedonia, as a member of the World Trade Organization (WTO) as of 2003 agreed to a significant liberalization of most of the products, while for the agricultural products, the customs protection is maintained at a satisfactory level – the average customs rate for the agricultural products decreased from 24.87% to 13.75%.

Part of the trade integrations is the membership in the Central European Free Trade Association – CEFTA, as an instrument for regional cooperation between: Croatia, Republic of Macedonia, Serbia, Montenegro, Albania, Bosnia and Herzegovina, Moldova and Kosovo.

Overall Trade and Trade in Agricultural Food and Fish Products.

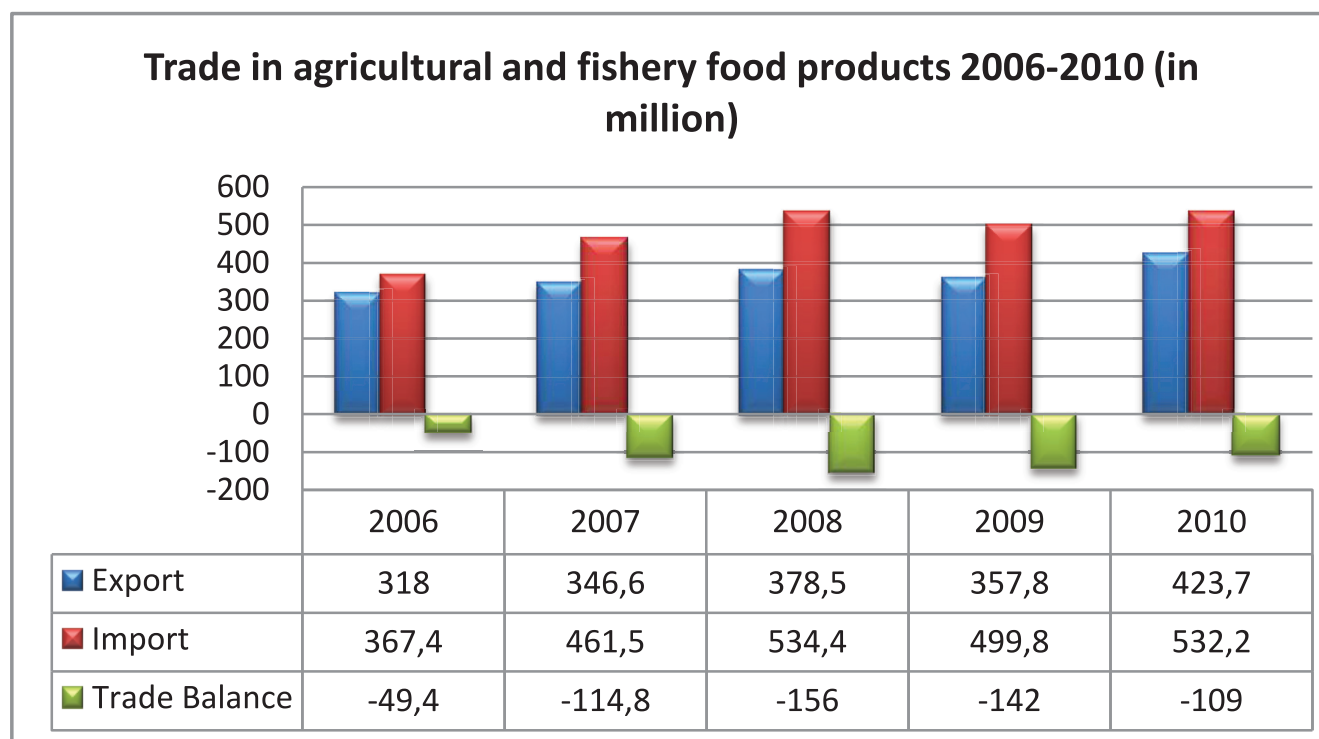
As a result of the global economic crisis in 2009, the overall trade exchange (industrial + agricultural food products) (export + import) has sharply decreased in comparison with the previous years. The overall export (industrial + agricultural food products) in 2009 compared to 2008 has decreased for 28.4%, while the overall import (industrial + agricultural food products) in 2009 compared to 2008 has decreased for 22.1%. The export of agricultural food products in 2009 compared to 2008 has decreased for 5.5%, while the import of agricultural food products in 2009 compared to 2008 has decreased for 6.5%.

In contrast to this, the total trade exchange (industrial + agricultural food products) (export + import) in 2010 has an increase in comparison to previous years. The overall export (industrial + agricultural food products) in 2010 compared to 2009 has increased for 29.7%, while the overall import (industrial + agricultural food products) in 2010 compared to 2009 has increased for 13.9%. The export of agricultural food products in 2010 compared to 2009 has increased for 18.4% (from 357.8 million Euros to 423.7 million Euros), while the import of agricultural food products in 2010 compared to 2009 has increased for 6.5% (from 499.8 million Euros to 532.2 million Euros).

In 2010, the export of agricultural food products and fish products had a share of 16.9% in the total export of the Republic of Macedonia, while the import of agricultural food and fish products had a share of 12.9% in the total import of the Republic of Macedonia.

The trade deficit in the last three years is in decline, thus from 156 million Euros in 2008 it was reduced to 142 million Euros in 2009, whereas in 2010 it was reduced for further 23.5% and was equal to 108.6 million Euros.

Trade exchange in agricultural food and fish products 2006 – 2010 (in millions of Euros)



Source: SSO

In 2010, the CEFTA 2006 member-states were the most significant partner of the Republic of Macedonia in the trade in agricultural food and fish products with a total value of trade exchange (export + import) amounting to 393.7 million Euros. The participation of agricultural food and fish products export to CEFTA 2006 member-states in the total export of these products in 2010 amounts to 51.7%, while the participation of imports from CEFTA 2006 member-states in the total import of agricultural food and fish products in 2010 amounts to 32.8%. Most important trading partner from CEFTA 2006 member-states is Serbia with a share of 20.1% in the total export of agricultural food and fish products and a share of 23.6% in the total import of these products.

Second on the list is Croatia (with a share of 7.4% in the total export and a share of 6.1% in the total import) followed by Bosnia and Herzegovina (with a share of 7.1% in the total export and a share of 2.0% in the total import), when it comes to the export Kosovo should be considered a significant partner with a share of 11.4% in the total export, whereas the rest of the CEFTA 2006 member-states (Montenegro, Moldova and Albania) still do not have great importance for the trade exchange.

In 2010, the second most significant partner of the Republic of Macedonia in the trade in agricultural food and fish products was EU-27 with a total value of trade exchange (export + import) amounting to 390.1 million Euros. The participation of agricultural food and fish products export to EU-27 in the total export of these products in 2010 amounts to 41.0%, while the participation of imports from EU-27 in the total import of agricultural food and fish products in 2010 amounts to 40.7%.

We should also mention Turkey which is EU applicant country and an important trade partner of the Republic of Macedonia with a share of 1.2% in the total export of agricultural food and fish products and a share of 3.6% in the total import of these products. Most important non-European partner is Brazil with a share of 7.9% in the total import which is due to the fact that in 2010 large quantities of sugar, poultry meat, beef and coffee were imported from Brazil.

Overview of trade in agricultural food and fish products by countries 2008 – 2010 (in millions of Euros)

Country	Export				Import				Trade balance	
	2009		2010		2009		2010		2009	2010
	Euros	%	Euros	%	Euros	%	Euros	%		
Albania	12.4	3.5%	15.2	3.6%	1.0	0.2%	0.9	0.2%	11.4	14.3
Bosnia and Herzegovina	30.0	8.4%	30.0	7.1%	12.0	2.4%	10.8	2.0%	18.0	19.3
Croatia	29.3	8.2%	31.5	7.4%	28.9	5.8%	32.4	6.1%	0.4	-0.9
Serbia	78.9	22.1%	85.0	20.1%	105.9	21.2%	125.6	23.6%	-27.0	-40.6
Kosovo	35.5	9.9%	48.2	11.4%	2.44	0.5%	4.4	0.8%	33.1	43.8
Montenegro	9.0	2.5%	9.1	2.1%	0.3	0.1%	0.6	0.1%	8.7	8.5
Moldova	0.05	0.0%	0.3	0.1%	0.23	0.0%	0.04	0.01%	-0.2	0.2
CEFTA - Total	195.1	54.5%	219.1	51.7%	150.9	30.2%	174.6	32.8%	44.3	44.5
EU-27 – Total	145.7	40.7%	173.7	41.0%	197.7	39.6%	216.4	40.7%	-52.0	-42.7
Turkey	2.7	0.7%	5.2	1.2%	18.0	3.6%	19.0	3.6%	-15.4	-13.8
Brazil	0.0	0.0%	0.7	0.2%	42.2	8.4%	42.0	7.9%	-42.2	-41.3
Other countries	14.3	4.0%	24.9	5.9%	90.9	18.2%	80.3	15.1%	-76.7	-55.4
Total, whole world	357.8	100%	423.7	100%	499.8	100%	532.2	100%	-142.0	-108.6

Source: SSO

Structure of agricultural food products export and import in 2010

The increased export of agricultural food and fish products from the Republic of Macedonia to EU-27 of 19.2% (from 145.7 million Euros in 2009 to 173.7 million Euros in 2010) in 2010 compared to 2009 is a result of an increased export of apples.

The most important Macedonian agricultural food products exported in EU-27 in 2010 are the following: unmanufactured tobacco (with share of 35.9% from the total export), wine (with share of 7%), lamb (with share of 7.4%), various types of fresh or cool vegetables (with share of 5.5%), tomatoes (with share of 4.3%), biscuits and waffles (with share of 4%) and preserved snails (with share of 3.7%).

The import increase for 9.5% in 2010 compared to 2009 (from 197.7 million Euros in 2009, to 216.4 million EUR in 2010), was a result of the increased import of the following products: sunflower oil for 147% (from 7.8 million to 19.3 million Euros); tobacco for 67.4% (from 3.5 million to 5.9 million Euros), pork for 22% (from 10 million to 12.3 million Euros), milk powder for 120% (from 1 million to 2.3 million Euros), processed meat products for 24.5% (from 4.8 million to 6.1 million Euros), sunflower seeds, butter,

cheese, southern fruits, alcoholic beverages and other products. Having regard to the import in 2010 compared to 2009, there was a decrease in the import of wheat for 49% (from 4.4 million to 2.2 million Euros), malt for 26% (from 3.6 million to 2.6 million Euros), coffee, live plants and some other products.

The following products had the largest share in the total import of agricultural food and fish products from EU-27 in 2010: food products not elsewhere specified or included (with share of 10.1%), oil derived from sunflower seeds (with share of 9%), fresh or cool beef (with share of 7.6%), fresh/cool or frozen pork (with share of 5.7%), meat of poultry (with share of 4.6%), chocolates and other food products containing cocoa (with share of 3.2%), biscuits and waffles (with share of 3.1%), preserved vegetables (with share of 2.3%), cheese (with share of 2.7%), processed meat products (with share of 2.8%), sausages and similar meat products (with share of 2%), feeding stuff (with share of 4.5%) etc.

Table – export, import and balance of trade of agricultural food products according to product groups from the Customs Tariff for 2010

CN	Name	Export		Import		2010
		2010		2010		
		Value in 1000 EUR	Share.	Value in 1000 EUR	Share.	Trade balance
01	Live animals	3,069.2	0.7%	941.7	0.2%	2,127.5
02	Meat and other edible meat offal	16,980.6	3.8%	80,086.7	13.1%	-63,106
03	Fish, crustaceans, molluscs and other aquatic invertebrates	559	0.1%	7,620	1.2%	-7,061
04	Milk and dairy products, bird's eggs, natural honey	4,487.7	1.1%	29,039.1	4.5%	-24,191
05	Products of animal origin, not elsewhere specified	756	0.0%	3,835.9	0.6%	-3,079.8
06	Live trees and other plants, bulbs, roots, cut flowers	2,678.4	0.6%	3,623.2	0.6%	-944.7
07	Edible vegetables, roots and tubers	66,204.8	12.8%	6,341.9	1%	59,862.9
08	Edible fruits and nuts, peel of citrus fruits or melons and watermelons	39,618	7.1%	24,361.5	3.5%	15,256.5
09	Coffee, tea, mate and spices	1,619.2	0.3%	16,517.7	2.3%	-14,898.5
10	Cereals	2,986.9	0.5%	18,713.8	2.6%	-15,726.9
11	Products of the milling industry; malt; starches; inulin; wheat gluten	179	0.0%	16,729.4	2.3%	-16,550.5
12	Oil seeds and oleaginous fruits, industrial or medical plants	3,884.6	0.7%	14,079.6	1.9%	--10,195
13	Shellac, gums, resins and other vegetable saps and extracts	0.032	0.0%	39	0%	-39
14	Vegetable plaiting materials	0.061	0.0%	60.2	0.0%	-60.1
15	Animal or vegetable fats and oils and their cleavage products	8,545.5	1.5%	43,873.4	5.5%	-35,327.9
16	Processed products of meat, fish, crustaceans or molluscs	17,303.6	2.9%	23,301.8	2.8%	-5,998.2
17	Sugar and sugar confectionery	7,589.2	1.3%	44,721	5.2%	-37,131.8
18	Cocoa and cocoa preparations	8,358.1	1.4%	30,569.6	3.4%	-22,211.5
19	Preparations of cereals, flour, starch or milk, pastry cooks' products	33,554.3	5.2%	32,530.8	3.5%	1,023.5
20	Products of vegetables, fruits, nuts	31,651.4	4.7%	19,704.8	2.1%	11,946.6

21	Miscellaneous edible preparations	13,494	2%	46,405.4	4.7 %	-32,911.3
22	Beverages, spirits and vinegar	60,552.9	8.1%	25,517.7	2.5%	35,035.2
23	Prepared animal feeding stuff	278	0%	18,753.7	1.8%	-18,475.8
24	Tobacco and manufactured tobacco substitutes	93,483.7	11.1 %	18,597.7	1.8%	74,886
Other agricultural products of Chapter 24 from the Customs Tariff		5,442	0.6%	5,121	0.5%	321
Total value of the Export and Import of agricultural food products		423,670	100%	532,243.8	100%	-108,573.8

Source: SSO

10. POLICIES FOR SUPPORT OF THE AGRICULTURE AND RURAL DEVELOPMENT IN 2010

The agriculture and rural development are key pre-accession elements of Macedonia for the European Union. In order to achieve the aforementioned strategic objective, the national policy included six main issues in the period 2007-2013 stipulated in the **National Strategy for Agriculture and Rural Development 2007-2013**:

- 1) Increasing the competitiveness of the sector.
- 2) Achieving food quality and safety.
- 3) Achieving a sustainable resources management.
- 4) Improving the living conditions in the rural environments.
- 5) Reform of the regulatory and institutional framework.
- 6) Institutional reforms of MAFWE.

The Policy for Development of the Agriculture and Rural Areas is adequately supported by the budget support that should provide realization of the planned activities and results by 2013.

Trend of the central national and MAFWE planned budget in the 2005-2010 period (MKD 000')

	2005	2006	2007	2008	2009	2010
MKD Budget	66,538,469	88,576,000	79,552,497	89,397,520	115,399,000	149,416,120
MAFWE	1,459,518	1,453,972	2,002,140	1,524,000	1,542,295	1,679,546
IPARD Agency				4,257,000	6,007,941	6,068,110
Structure	2.19%	1.64%	2.52%	4.8%	5.2%	

Source: MAFWE

The Policy for Support of Agriculture represents a fundamental instrument for the support of agricultural production. It consists of direct payments (subventions) by hectare, in production of vegetable crops and by head in the livestock breeding.

The Policy for Rural Development is the second financial instrument for economic and social development of the rural areas with the purpose of preventing the process of depopulation on the one hand and as means to emphasize the natural and patrimonial values as part of the cultural heritage of the Republic of Macedonia on the other hand. In June 2007, the Agency for Financial Support of the Agriculture and the Rural Development (IPARD Agency) was established in order to enable efficient management of the financial means from the Budget of the Republic of Macedonia and of the funds from the pre-accession assistance of the European Union intended for rural development.

Competences of the Agency:

- implementation of the measures for direct payments in the agriculture;
- implementation of the measures for rural development;
- realization of the funds from the pre-accession assistance of the European Union for rural development - the IPARD Programme;
- implementation of the state aid measures in agriculture;

