



Tirana, 25 September 2008

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**REPORT OF THE
MEETING OF THE BSEC WORKING GROUP
ON AGRICULTURE AND AGRO-INDUSTRY**

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1. The Meeting of the BSEC Working Group on Agriculture and Agro-Industry was held in Tirana, on 25 September 2008.

2. The following BSEC Member States participated in the Meeting:

Republic of Albania
Republic of Bulgaria
Georgia
Hellenic Republic
Romania
Russian Federation
Republic of Serbia
Republic of Turkey

3. The representative of Parliamentary Assembly of the BSEC (PABSEC) attended the Meeting as BSEC Related Body.

The List of Participants of the Meeting is attached as Annex I.

4. The Draft Agenda of the Meeting was discussed, amended and adopted. The Agenda, as adopted, is attached as Annex II.

5. An inaugural statement was delivered by Mr. Ndoc FASLIA, the Deputy Minister of Agriculture, Food and Consumer Protection of the Republic of Albania.

6. In his statement, the Deputy Minister of Agriculture, Food and Consumer Protection, informed the Meeting of the measures of the Albanian government aimed at encouraging investments in the agricultural sector, assisting small agro- businesses and creating adequate conditions for access to credits for the agricultural sector. He also pointed out the possibilities of cooperation of BSEC countries that exist within the framework of BSEC, such as exchange of scientific and technical information, opportunities to increase trade of agricultural products among the BSEC Member States, cooperation for strengthening of food safety in our countries and implementation of joint projects in our region.

The text of the Statement is attached as Annex III.

7. The Meeting was chaired by Mr. Agim PASHOLLI, Special Representative of the Ministry of Foreign Affairs of the Republic of Albania to BSEC, in the capacity of the BSEC Chairman-in-Office.

STATUS OF IMPLEMENTATION RESOLUTIONS, DECISIONS AND RECOMMENDATIONS OF THE COUNCIL OF MINISTERS OF FOREIGN AFFAIRS RELATED TO AGRICULTURE AND AGRO-INDUSTRY

8. The Working Group discussed the ways and means of implementation of the Decision of the 18th Meeting of the BSEC Council related to agriculture and agro-industry sectors, particularly with reference to the implementation of a 2-year Action Plan of the Working Group.

9. The Working Group stated that a number of activities in the form of seminars and workshops have been organized in the Member States, including the XIV International Conference “Grain and Oilseed Markets in 2008/09: Global Shifts and Consequences for Russia and Black Sea Region” held in Moscow on 9 September 2008.

10. The Working Group acknowledged in general terms that the Action Plan is being implemented under the guidance of the Country Coordinator and with the participation of the relevant institutions of the Member States.

CONSIDERATION OF PROJECT APPLICATIONS FOR FUNDING TO THE BSEC PROJECT DEVELOPMENT FUND

11. The Working Group took note with appreciation of the fact that the following project applications submitted to BSEC PERMIS for funding by the BSEC Project Development Fund have been endorsed by the Committee of Senior Officials and financed by the BSEC:

“A Feasibility Study for Variable Rate Irrigation in the Black Sea region: Economical and Environmental Benefits” from the applicant organizations from Greece, Turkey and Bulgaria;

“Fatty liver incidence on mini dairy cow farms in the Republic of Serbia, Romania and the Republic of Moldova” from the applicant organizations from Serbia, Romania and Moldova.

12. The Working Group agreed that the participants would inform the relevant institutions and private companies in their own countries regarding the possibility to submit project proposals to the BSEC PDF.

13. While underlining the importance of the projects that are being financed and implemented in the BSEC, the Working Group stated that the funds of the BSEC and financial resources allocated to projects under PDF are limited and therefore it proposed to raise the ceiling available for each project as well as to reduce the time the project is considered and

approved by the relevant bodies of the BSEC. A suggestion was made to give priority to the projects from agricultural field.

14. In this respect the Working Group took note of the decision of the 18th Council to establish the Hellenic Development Fund (HDF) and expressed the hope that the new fund would increase the amount available for each project application and would consider and finance the applications in a shorter period of time.

15. The Working Group proposed to create a network of institutions which might be the potential applicants to PDF and HDF and agreed to exchange data on these institutions through BSEC PERMIS.

GOVERNMENTAL POLICY IN THE AGRICULTURAL SECTOR; GOVERNMENTAL SUPPORT FOR PRIMARY PRODUCTION AND PROCESSING INDUSTRY IN A RESPONSE TO HIGH WORLD FOOD PRICES.

16. The participants informed the meeting on the policy of their governments in the sector of agriculture and agro-industry, including the recent legislative and governmental acts approved in the Member States as well as the measures of the national competent organs to support the production and processing industry, including land property reforms in some Member States.

17. The participants also discussed the situation in their respective countries concerning the consequences of the increase of food prices and the actions that may be undertaken in order to reverse such an increase.

18. The Working Group considered the problems encountered by the Member States in support for production and processing industry as well as the priorities of their government in order to find adequate solutions to these problems.

19. Among other problems, the Working Group identified: poor infrastructure, including lack of roads and storage capacity, lack of marketing facilities, lack of training for farmers.

20. Among the priorities which may solve the problems in agricultural sector, the Working Group identified the following: increase of financial support to the small farms and agro-processing businesses (SMEs), improvement of management, irrigation and drainage of agricultural land, increase in the quality and food safety of agricultural products.

21. Acknowledging that the increase in food prices is a world-wide trend that hits both developed and developing countries, the Working Group identified the following causes that lead to increase in food prices:

- climate change: droughts, floods, bad weather conditions,
- increase in population, growing economies of India and China,
- high energy price, boosting the cost of processing and growing agro-products,

- increase in bio-fuel demand, decrease in farm land designated for growing of agricultural products,
- increased market competitions, limitation of access to market of small farmers,
- aggressive investments in the agriculture sector by the speculative funds, non equal distribution of investments.

FUTURE TRENDS OF AGRO-FOOD TRADE MARKET IN THE BSEC REGION. REVIEW OF OPPORTUNITIES FOR SIMPLIFICATION OF EXPORT AND IMPORT PROCEDURES FOR AGRICULTURE PRODUCTS AMONG THE BSEC MEMBER STATES.

22. Under this agenda item the participants considered the future trends of the agro-food market in the BSEC region. The representatives of the Member States presented their views and forecasts on the trade exchanges on agricultural products among the BSEC Member States.

23. The Working Group considered the following proposals to simplify the import-export procedures in the BSEC Member States:

- to simplify and facilitate customs procedures and reduce as much as possible the administrative formalities imposed in trade,
- to apply import customs duties at rates for the most favorable nations (MFN),
- to make bilateral lists of agricultural products for which import duties and taxes shall be gradually decrease until their abolition,
- to apply the measures for phyto-sanitary and veterinary control on the principle of reciprocity together with recognition of accredited laboratories of the BSEC Member States.

24. The Member States were invited to apply in practice the international standards at the borders.

FOOD SAFETY AND SECURITY CURRENT STATES AND PROSPECTS. DEVELOPMENT OF COOPERATION IN THE FIELD OF FOOD SAFETY AMONG RELEVANT INSTITUTIONS AND ACCREDITED LABORATORIES OF THE BSEC MEMBER STATES.

25. Following the meetings of the Working Group in Sofia on 11-12 April 2007 and in Istanbul on 19-20 February 2008 the participants continued the discussion of the issue of food safety and security.

26. The participants exchanged views on the food safety strategies in the Member States, informed each other about the structure and activities of food safety agencies, expressed their willingness to further strengthen the cooperation with the governmental and certified private institutions.

27. The Working Group also considered the proposals aiming at the future cooperation of the Member States in the field of food safety and security:

- strengthening the institutional framework for food safety,
- strengthening the cooperation with food business operators associations,

- improving continuously the methods for official control of food on the entire food chain,
- campaigning for stakeholder information regarding food safety issues,
- sharing experience among the Member States of BSEC by organizing relevant meetings.

28. The participants also discussed the idea to establish a Joint Agency for Food Safety of the BSEC Member States, in conformity with the Plan of Actions of the BSEC Working Group on Agriculture and Agro-industry adopted by the Working Group at its last meeting in Istanbul on 19-20 February 2008.

29. As a result of discussion the Working Group expressed the view that establishing such a Joint Agency, for the time being, is unlikely to be fulfilled within the BSEC, as it may become a complex issue in relation to the existing agencies and may require additional financial and human resources, as well as other administrative costs.

30. However the Working Group recommended that the interaction and cooperation of the Member States in the field of food safety and security would be undertaken through the accredited laboratories in the Member States dealing with food security and safety.

31. The participants agreed that this subject would be discussed at other BSEC Meetings.

ANY OTHER BUSINESS

32. The Russian Federation, in its capacity as the Country-Coordinator of the Working Group, invited the Member States to participate in the First International Agricultural Congress YUGAGRO to be held in Krasnodar, Russia on 17-19 November 2008. Under this event, the Russian Federation invites Member States to participate in an one day Meeting of the Working Group on Agriculture and Agro-Industry.

33. The participants expressed their gratitude and appreciation to the Host Country of the Meeting, for the hospitality and excellent conditions extended to them during their stay in Tirana.

DATE AND VENUE OF THE NEXT MEETING

34. The date and venue of the next Meeting of the Working Group on Agriculture and Agro-Industry will be communicated to the BSEC Member States through BSEC PERMIS.

ADOPTION OF THE REPORT

35. The Working Group adopted the present Report for submission to the next Meeting of the Committee of the Senior Officials of the BSEC Member States to be held in Tirana on 21-22 October 2008.