

FOOD AND AGRICULTURE

1.00

Agriculture and food industry are recognized as strategically important for local and national economic development. Therefore it is expected that in this area work will be done rapidly on the improvement of institutions, legislation and of the business environment in general.

Recent ago pandemic crisis and ongoing economic and political events in Europe had a great impact on the functioning of many economic sectors, primarily on the unavailability of raw materials, but also on the price increase of the goods, as well as transport. And in such conditions, agriculture and food production must not stop, what's more, they must function faster and more efficiently. In the context of such circumstances, the conclusion is that there are no significant developments in the functioning of the local food safety system, bearing in mind the fact that official controls are carried out with the same dynamics.

The exchange of documentation with the authorities is done physically, which is an obstacle to the efficient functioning of the food sector. A transparent and comprehensive risk analysis system would make the flow of goods more efficient. With the reorganization of existing resources, focus on high-risk products and food business operators, the control of those who are really risky would be increased, which is of crucial importance in such circumstances.

Harmonization with EU regulations is not proceeding at the expected speed. It also happens that there is a conflict of jurisdiction, where the Ministry of Agriculture harmonizes the area of food legislation, and the Ministry of Trade issues a law that cancels the harmonized rules. Implementation in practice is a big challenge, because the authority of institutions regarding the interpretation of regulations is unclear. Part of the legislative acts is harmonized. Due to the national regulations, which are unique, it is not possible to harmonize the application in practice with the practices in the EU and the region. Such circumstances are an obstacle to free trade and the cause of limiting domestic producers in the application of innovative processes and product development. The tendency must be to modernize outdated regulations, in order to eliminate restrictions, and focus on the protection of local and traditional products. The transposition of EU regulations is further complicated by the existence of administrative obstacles and methodological rules for drafting regulations.

The report on the work of the Expert Council for Risk Assessment, established in June 2017, as well as the activities of the Council, are still not known to the interested public.

There is room for improvement. Both in the improvement of the regulatory framework, which would ensure high standards in food quality control, and in the application of a uniform approach to the control of all food business operators, both importers and local producers. It is extremely important to simplify the examination procedure, strengthen transparency while enabling the predictability of the retention of goods. Strengthening the capacity of control bodies and improving the approach based on risk analysis, which is key to further strengthening the food safety management system. It would be extremely important to facilitate the exchange of data and documentation between state institutions and the economy, electronically.

It is also very important to look at regenerative agriculture, because the fact is that in our country these practices are still not known to the general public, although they are key to preserving our land and ensuring food supply for generations to come. The fact that there is an increasing awareness of the importance of regenerative agriculture and that there are companies and producers that have started implementing this key practice for our soil is pleasing. In addition to preserving our land and ensuring its use, it is important to emphasize that in the EU, more and more attention is being paid to the use of raw materials from renewable sources. This is a very important fact for producers who want to export to the EU, because it will be a limiting factor in competitiveness on the EU market if the raw materials are not produced using regenerative agriculture practices. The key here is state support and subsidies for the purchase of equipment and the education of farmers, in order to raise awareness that investing in this practice is not something short-term, but should become a new way of working that should remain a permanent practice. We are pleased with the fact that in September of this year, in cooperation with the EBRD, we held a conference on the topic of regenerative agriculture, where we had the opportunity to bring to the general public the importance and benefits that agricultural producers can have by applying regenerative agricultural practices. We hope and expect that this conference initiates further ideas for implementation as well as to encourage agricultural producers to think in that direction, but, no less important, also state authorities and ministries whose help in further implementation of Regenerative agricultural practices necessary.

1. FOOD SAFETY LAW

1.00

WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Align the Law on Food Safety and all accompanying bylaws with EU regulations (178/2002 / EC and accompanying bylaws).	2017			√
Establish a transparent and comprehensive risk analysis system (combination of product, country of origin, manufacturer, destination and importer risk) by all inspection services, with the establishment of a functional IT system and digitization of supervision.	2015			√
Establish uniform rules in the procedures of inspection services in terms of costs, deadlines, field work mechanisms, taking the number of samples, determining the type and number of analyzes during official controls.	2014			√
To harmonize the criteria of the laboratory during control analyzes, with a clearly defined responsibility of the laboratory regarding the interpretation of regulations.	2020			√
Establish a national Food Safety Agency following the example of EU member states and neighboring countries and create conditions for the National Reference Laboratory to perform all tasks provided by law, in order to strengthen the capacity of the food safety system.	2018			√
Create legal conditions for food business operators to place new foods on the market from the list, according to a simplified procedure, and keep the approval procedure for novel foods that are not on the list in Annex 1, according to the EU model.	2020			√
Enable electronic exchange of data between state institutions and the economy.	2020			√

CURRENT SITUATION

The Law on Food Safety (hereinafter: the Law) adopted in 2009 has not been fully implemented so far, nor have all the envisaged bylaws been adopted.

Amendments to the Law reorganized the division of inspection responsibilities between the competent inspections of the Ministry of Agriculture and the Ministry of Health.

The National Reference Laboratory was opened in 2015. 2019 amendments to the Law define its competence and introduce the term Reference Laboratories, which should entrust part of the work performed by the National Reference Laboratory. It is envisaged that the Ministries will select reference laboratories through a competition, and that the list of reference laboratories will be published in

the “Official Gazette of the Republic of Serbia”.

A working group for milk was formed within the Ministry of Agriculture in 2015, but by the middle of 2023, there was no harmonization of the current legislation in the part related to milk safety. By extending the application of the maximum permitted content of aflatoxin M1 in raw milk of 0.25 µg/kg, milk producers in the territory of the Republic of Serbia are being helped, but on the other hand, current measures allow the import of milk from neighboring countries and the EU with aflatoxin content exceeds the limit of 0.05 µg/kg, prescribed in the EU. Due to all the above, and primarily due to food safety, it is necessary to focus activities on the application of measures to reduce the presence of aflatoxins in animal feed.

The Expert Council for Risk Assessment was officially formed in April 2017.

Rulebook on maximum concentrations of certain contaminants in food (SG 81/2019) is annually aligned with EU, for certain types of food, which are under the jurisdiction of the Ministry of Agriculture. This Rulebook also takes over the provisions of EU Regulation 2017/2158, which prescribes mitigation measures to reduce the presence of acrylamide in certain categories of food. Due to the fact that the area of children's food is exempted from this regulation, as it is under the jurisdiction of the Ministry of Health, harmonization with (1881/2006/EC) and EU 2017/2158 is not implemented at the same speed for all food categories and has not yet been achieved.

POSITIVE DEVELOPMENTS

Amendments to the Rulebook on Maximum Concentrations of Certain Contaminants in Food, included food categories that are under Ministry of Health (children food), which is a certain advance in the efforts of both Ministries to completely harmonize this area, so it is expected that uniform rules for ensuring food safety in the area of contaminants with the EU and neighboring countries will soon be achieved.

REMAINING ISSUES

Inconsistency of the Law on Food Safety and certain bylaws with EU Regulations.

- a. The current provisions of the Law limit the possibilities for full harmonization (e.g. food categorization does not follow the EU categorization (e.g. food with modified nutritional composition, etc.)
- b. Rulebook on Maximum Concentrations of Certain Contaminants in Food (Annex 1) partially contains the provisions of EC 1881/2006, food for babies and children are still not aligned,; The Rulebook on the Coffee Products Quality, in addition to the provisions of Directive 1999/4 / EC, also prescribes requirements for categories of coffee products that are not prescribed at the EU level; The Rulebook on Fruit Juices, in addition to the requirements of Directive 2012/12 / EU, prescribes additional requirements regarding the quality of fruit juices. Thus, domestic entities in the food business are placed in a less favorable position compared to entities operating outside the borders of Serbia.
- c. There is a room for different inspection interpretations.

- d. Slow transposition of the latest amendments to the regulations in the field of food additives into national legislation.

Lack of a comprehensive risk assessment system by inspection services. No improvement and coordination in the application of risk analysis and assessment methods was observed:

- a. With the formation of the Expert Council for Risk Assessment, progress was expected in performing the risk analysis provided by the Law, but this did not happen. The activities of the council are not known to the interested public even after 5 years from its establishment.
- b. Risk analysis would enable the classification of food business entities into low-risk and high-risk, which would speed up the process of customs clearance and release of low-risk goods. Importers assessed as low-risk could realize savings in money and time by faster receipt of documents and reduced number of sampling at import.
- c. Risk analysis would reduce the scope of inspections and relieve them of limited resources as resources would be focused on testing high-risk products.
- d. The publication of the Rulebook on special elements of risk assessment within the scope of sanitary inspection and within the scope of agricultural inspection at the end of 2018, created a framework for starting the risk assessment process, but there is still no uniformity in terms of application between different inspections.

Unpredictable business conditions during the procurement of raw materials for food production:

- a. Uniform rules do not apply in the procedures of inspection services in terms of costs, deadlines, field work mechanisms, number of samples, determination of type and number of analyzes in laboratory processes,
- b. Application of different criteria by laboratories in control analyzes, and vaguely defined responsibility of laboratories in terms of interpretation of regulations.

Unclear procedure for placing novel food on the market:

- a. Irrespective of the fact that the Rulebook on Novel foods (SG 88-2018) takes over the list of novel foods that are freely placed on the EU market, the Rulebook prescribes an additional procedure by which the Ministry of Health issues permits for placing novel foods on the market for the first time.
- b. The Rulebook stipulates that the Ministry gives approval based on the Opinion of the Expert Council. It is still not clear why the Expert Council gives
- each operator an opinion on food for which there is already a relevant scientific opinion from an internationally recognized institution (EFSA), and which has already been taken over from the list in Annex 1 to this Rulebook.
- The exchange of documentation with the competent authorities is still mostly done physically, which complicates the work of companies and significantly slows down the flow of goods.

FIC RECOMMENDATIONS

- Align the Law on Food Safety and all accompanying bylaws with EU regulations (178/2002 / EC and accompanying bylaws).
- Establish a transparent and comprehensive risk analysis system by all inspection services, with the establishment of a functional IT system and digitization of supervision.
- Establish uniform rules in the procedures of inspection services in terms of costs, deadlines, field work mechanisms, taking the number of samples, determining the type and number of analyses during official controls.
- To harmonize the criteria of the laboratory during control analyses, with a clearly defined responsibility of the laboratory regarding the interpretation of regulations.
- Establish a national Food Safety Agency following the example of EU member states and neighbouring countries and create conditions for the National Reference Laboratory to perform all tasks provided by law, in order to strengthen the capacity of the food safety system.
- Create legal conditions for food business operators to place new foods on the market from the list, according to a simplified procedure, and keep the approval procedure for novel foods that are not on the list in Annex 1, according to the EU model.
- Enable electronic exchange of data between state institutions and the economy.

2. SANITARY AND PHYTOSANITARY INSPECTIONS

1.00

WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Adopt the new Law on Sanitary Supervision and executive regulations on the work of sanitary and phytosanitary inspection harmonized with the Law on Inspection Supervision and EU regulations, as well as the Law on Official Controls based on Regulation (EU) 2017/625 and executive regulations on the conducting official controls manner. This would ensure the consistent application of uniform rules of the inspection services procedures.	2017			√
Modify the Decisions of the competent inspections so as to allow the use of raw materials in production, without the right to release the finished product until obtaining a decision on the release of raw materials.	2017			√
Clearly define the time period required for import procedures for all types of food.	2018			√
Enable electronic data exchange between state institutions and the economy.	2020			√

CURRENT SITUATION

The Law on Food Safety amendments from 2019 reorganized the division of inspection supervision responsibilities between the competent inspections of the Ministry of Agriculture and the Ministry of Health.

The work of inspections is also regulated by the Law on Inspection Supervision, which has been in force since April 2016. Some inspections are developing models for the application of the Law on Inspection Supervision, but the full harmonization of sectoral regulations with this Law has not yet been completed.

Since 2016, the Ministry of Health has been in the process of passing the Law on Sanitary Supervision, which would regulate the affairs of sanitary supervision in more detail.

POSITIVE DEVELOPMENTS

No improvements have been noticed in this area.

REMAINING ISSUES

The Law on Sanitary Supervision and executive regulations on the work of sanitary and phytosanitary inspection in

accordance with the Law on Inspection Supervision and EU regulations have not been adopted yet, even though they have been announced years ago.

Executive regulations are missing, such as: Rulebook on the manner and methods of conducting official control, the system of approval and certification, the manner of cooperation with the customs authority and the competent authorities of EU member states and third countries, the manner of inspection, the manner of taking samples, the criteria for determining the deadlines for implementation official controls, as well as reporting on the implemented official controls and the Rulebook on food sampling and testing methods in the official control procedure, etc.

The competent inspections do not allow the use of raw materials in production before obtaining the Decision on release for placing on the market, which leads to a loss of time and money.

The period required for food import procedures is not clearly defined.

The exchange of documentation with the competent bodies is still mostly done physically, which complicates the work of companies and significantly slows down the flow of goods.

FIC RECOMMENDATIONS

- Adopt the new Law on Sanitary Supervision and executive regulations on the work of sanitary and phytosanitary inspection harmonized with the Law on Inspection Supervision and EU regulations, as well as the Law on Official Controls based on Regulation (EU) 2017/625 and executive regulations on the conducting official controls manner. This would ensure the consistent application of uniform rules of the inspection services procedures.
- Modify the Decisions of the competent inspections so as to allow the use of raw materials in production, without the right to release the finished product until obtaining a decision on the release of raw materials.
- Clearly define the time period required for import procedures for all types of food.
- Enable electronic data exchange between state institutions and the economy.

3. QUALITY ASSURANCE, DECLARATIONS ON FOOD PRODUCTS, NUTRITION AND HEALTH CLAIMS

1.00

WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Define the competence of institutions regarding the interpretation of regulations in the field of food safety and ensure the obligation to apply the official positions of the Ministry to all participants in the chain; ensure uniform interpretation and application of the Rulebook and Guidelines adopted by competent Ministry, adopt Rulebook on conditions and manner of production and placing on the market of food for which quality conditions are not prescribed.	2016			√
Enact the Rulebook on the Conditions and Manner of Production and Placing the Food on the Market for which Quality Conditions are Not Prescribed.	2022			√
Adopt executive regulations arising from the Law on Food Safety and harmonize them with EU.	2017			√
Adopt Amendments to Article 34 of the Law on Trade in terms of clearly defining that the provisions of this Article do not apply to products to which the provisions of the Law on Food Safety apply, and bylaws prescribing the declaration and labelling of food.	2020			√

CURRENT SITUATION

From June 2018. The Regulation on Declaring, Labelling and Advertising of Food which is largely in line with the relevant EU regulations, is in force. In September 2020, amendments were made to the Regulation, which refer to the labelling of the country of origin of the main ingredient, (harmonization with EU regulations 2018/775 and (EU) 1155/2013) with Regulation enforcement from January 1, 2023. Additional provisions were made at the beginning of 2022, that more closely prescribe the appearance of graphic symbols "Origin from Serbia" for meat and meat products, thereby providing support for informing consumers about the placement of local products.

A number of regulations prescribing the quality of certain food categories are not fully harmonized with the EU, are outdated or there are no regulations in the EU that define the quality of these food categories. Such vertical legislation puts food business operators at a disadvantage compared to producers in the countries of the region and the European Union. Due to the obsolescence of regulations, the appropriate raw material is often difficult to find and has a higher price. The situation is similar with finished products that do not fit into the categorization of the mentioned regulations.

The Law on Trade, published in the middle of 2019, prescribed the obligation to obligatorily mark the country of production on the labelling of goods in retail trade. Although it was considered that this requirement does not apply to the labelling of food for which the Law on Food Safety (Lex Specialis) and Regulation on Declaration, Labelling and Advertising of Food are in force and which Article 26 prescribes mandatory indication of the country of origin only for certain categories of food, while in the case of voluntary indication, it prescribes an additional obligation to indicate the country of origin of the main ingredient. Regarding the regulations harmonization, different ministries have different approaches for the same area, so the competence for the area of harmonization of regulations from Chapter XII is unclear. Due to the conflict of competences, as well as uneven interpretation by the inspection and subjects in the food business, in practice it still leads to uncertainty in business and difficulties in foreign trade exchange with the EU and neighbouring countries.

POSITIVE DEVELOPMENTS

In order to overcome the application limitation of the of

local regulations in relation to the food market placing for which quality conditions are not prescribed, in April 2023, the Rulebook on Amendments to the Rulebook on the Quality of Minced Meat, Meat Semi-Products and Meat Products was published, which made it possible to use dehydrated meat in production, as well as dehydrated and lyophilized mechanically separated meat.

REMAINING ISSUES

The current legal framework does not define the competence and responsibility for the interpretation of regulations in the field of food safety, and over time the practice has been created on the market for laboratories to interpret regulations:

- a. Regardless of the fact that the legal assessment, ie. Determining certain illegalities in business in the exclusive competence of the inspector in accordance with Article 37 of the Law on Inspection Supervision, the inspector, as the competent body, is exclusively guided by the conclusion made by the laboratory, which is often not in line with the official position of the Ministry. This is especially reflected in the interpretation of regulations in the field of labelling, where, despite the existence of the Guide, there are different approaches and interpretations of its provisions.
- b. The official position of the competent Ministry is not a binding act for inspection services.
- c. This practice contributes to the difficult functioning of food business operators, and to the great limitations of long-term planning.
- d. A bylaw has not yet been adopted by Minister of Health, in accordance with the division of competencies referred to in Article 12 of the Law. This bylaw should prescribe in more detail the conditions and manner of production and marketing of food for which quality requirements are not prescribed, which is provided by Article 55 of the Law.

Non harmonised regulations prescribing product quality with EU regulations:

- a. Most of the national regulations, which prescribe the certain categories of food quality, date back to the 80s and 90s of the last century. Some of the regula-

tions, such as the Rulebook on the Fruit and Vegetable Products Quality and the Rulebook on the Quality of Raw Coffee, Coffee Products, Coffee Substitutes, as well as Related Products, although more recent, are entirely national in nature, and are therefore not subject to harmonization with the EU legislation, nor are there requirements for them at the EU level, except for instant coffee products and instant coffee substitutes. With the latest amendment to the Rulebook on the Fruit and Vegetable Products Quality, from the end of 2021, no progress in harmonization was made. By adopting such national regulations, the Quality Group of the Ministry of Agriculture shows a sense of the needs of domestic producers, to define quality parameters for certain product categories, as well as traditional products and reduce the possibility of abuse. On the one hand, the way of doing business in the internal market is harmonized in the case of products that are clearly categorized, on the other hand, food business subjects are limited, because it further complicates the way of working in the case of no categorized products within Rulebook, especially with related products, there is room for different interpretations. These situations can be overcome by amending the regulations, but these are solutions that require a longer period of time and

do not contribute to efficiency.

- b. The Rulebook on Fruit Juices, although harmonized with EC Regulation 2012/12, still has additional requirements regarding the quality of fruit juices, taken from the standards of the European Association of Fruit Juice Producers, which as such in the EU countries have voluntary and not legally binding application, which puts domestic entities in the food business in a less favourable position in relation to entities that operate outside the borders of Serbia.
- c. The Rulebook on Dietary Supplements retains the process of registering products in the Ministry's database, as it existed in the Rulebook on the Healthiness of Dietary Products, which, unlike the notification process in EU countries, involves the procedure of obtaining confirmation from several institutions before entering the Ministry of Health's database

Inconsistency of the requirements of the Law on Trade and the Rulebook on Labelling, in case of stating the country of origin on the product declaration, prescribe the obligation to state the country of origin of the main ingredient, create a framework for additional problems in practice.

FIC RECOMMENDATIONS

- Define the competence of institutions regarding the interpretation of regulations in the field of food safety and ensure the obligation to apply the official positions of the Ministry to all participants in the chain. Establish the competent Ministry for the area of declaring food and ensure uniform interpretations and application of the Rulebooks, Guides and Instructions it has carried out competent ministry.
- Adopt the Rulebook on the Conditions and Manner of Production and Food Market Placing for which Quality Conditions are not Prescribed.
- Adopt executive regulations arising from the Law on Food Safety and harmonize them with EU.
- Adopt Amendments to Article 34 of the Law on Trade in terms of clearly defining that the provisions of this Article do not apply to products to which the provisions of the Law on Food Safety apply, and bylaws prescribing the declaration and labelling of food.