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Kobushko Iana., Ph.D.,
Senior Lecturer of the Department of Management,
Sumy State University
iana.kobushko@management.sumdu.edu.ua
Tverezovskaya O.I., student,
Sumy State University
tverezovskaja@gmail.com

ANALYSIS OF INSTRUMENTS COUNTERACTION WITHDRAWAL OF CAPITALS FROM UKRAINE

Summary. Threats to the integrity of Ukraine's financial system are the active spread of transnational crime in the national economy. It is necessary to identify effective mechanisms for combating money laundering and appropriate economic and legal support in line with international standards.

Key words. Withdrawal, capital, legalization, counteraction mechanism, tools.

Assist. prof. **Vera Krmpot**
Faculty of Business Studies and Law, University Union - Nikola Tesla, Belgrade, Serbia
vera.krmpot@fpp.edu.rs
Assoc. prof. **Aleksandra Gajdobranski**
Faculty of Business Studies and Law, University Union - Nikola Tesla, Belgrade, Serbia
aleksandra.gajdobranski@fpp.edu.rs

AGRICULTURE AS THE MOTOR OF DEVELOPMENT OF THE REPUBLIC OF SERBIA

Abstract: The current development and the current agricultural situation in Serbia provides many opportunities for the development of the national economy. Development of agriculture means both the revitalization and reconstruction of the rural settlements and territories. We can define revitalization as a set of pre-planned (continuous and intermittent) measures, interventions and actions initiated at different levels – national, regional, subregional and local (municipal). All these actions are aimed at mobilization and rational spatial organization in the function of market oriented exploitation of natural, demographic and material (production) resources of rural settlements. It is also of utmost importance to provide for their administrative and functionally related advancement. This paper endeavours to research the possibilities of agricultural development as the motor of the development of the Republic of Serbia.

Key words: agricultural development, rural development, revitalization of agriculture

1. Introduction

Rural areas have their own distinctive features and specificities. In most countries, rural areas cover about 70% of the national territory in which up to 50% of the population lives. The main features of rural areas, including in our country, are: domination of agro-production with

insufficient transformation into the agro-industry, lack of diversification of other manufacturing and non-manufacturing activities, sparse population, a high rate of depopulation with a pronounced trend of demographic extinction, negative age structure, daily migrations of non-agricultural and young people in their gravity towards urban areas, inadequate transport infrastructure and insufficiently developed network of communal and living standards facilities and socio-cultural upgrades.

It is evident that the situation in the rural areas engaged in agriculture is not favorable at the moment. Some villages are threatening to die out completely. This has finally resulted in increased concern for these areas in the last decade of the last century. European regional policy has influenced this somewhat improved trend as it pays considerable attention to rural space and its development, agriculture and its alternative activities.

Basic problems of rural areas in Serbia are the following:

- Depopulation, primarily due to intensive processes of industrialization and urbanization,
- An unfavorable age structure that threatens to endanger entire regions and areas,
- Slowing population growth due to a rapid decline in the rate of natural increase.

As a basic problem, we identify varying degrees of concentration and redistribution of the population. The process of pronounced polarization had a negative effect on the concentration and depopulation zones. In addition to depopulation, we are talking about correlation with biological extinction and highly emigrated rural areas, primarily to Western European countries

2. Review of the current situation in agriculture in the Republic of Serbia

The end of World War II gave rise to the need and idea of creating a common market, on the principles of which the European Union (EU) was formed. The Marshall Plan was a major driver of agricultural production, which led to the creation of the first surplus agricultural products in Europe in the early 1950s and indicated the need to create a common market. At that time, the first discussions on the topic of a common organization of the market were launched, initiated by the Netherlands and France. There was no concrete agreement then.

The European Union refers to the process of creating an EU Common Agricultural Policy (CAP) for the Rome Agreement, and sets out the following basic principles on which it is established [11, pp.55-74]:

- Establishment of a single market for the Member States of the European Economic Community (EEC), that is, free and duty-free flow of products, defining common customs rates;
- Union Championship, which means stabilizing the market and protecting domestic production through customs clearance and export promotion; i
- Financial solidarity, that is, the participation of all EEC Member States in the financing of the CAP, respecting the size and financial potential of all Member States.

Creating a common agricultural policy and significant financial investment in agriculture in the short term lead to a stabilization of the food supply, which was the main objective of establishing the CAP. By the end of the 1960s it was registering large market surpluses, there was a need to implement structural reforms which included the introduction of measures such as: early retirement of farmers, afforestation of agricultural land, environmental protection, support to underdeveloped areas, etc. These structural measures are a precursor to the common agrarian policy of rural development.

The Common Agrarian Policy area saw its most important CAP reform in rural development through the adoption of Agenda 2000, which defines two pillars of agrarian policy:

- first pillar: market support through a guaranteed price system, and
- second pillar: encouraging rural development.

Further implementation of the common agrarian policy has undergone certain changes that have been most aimed at creating conditions for increasing the competitiveness of agricultural producers, with a relative tendency to reduce appropriations from the EU budget for agriculture.

The current agricultural development policy of the Republic of Serbia is determined by three factors:

- raising the competitiveness of the agricultural and forestry sectors,
- environmental protection and land management,
- quality of life and diversification of the rural economy.

It should be noted that approximately 91% of the territory of the Republic of Serbia is classified as rural and 59% of the population considered rural. That is why the importance of the common agricultural policy over time has had a constant tendency to grow. Rural areas account for 49% of gross value added (BAV), while 56% of the total employed population is employed in rural areas.

The Republic of Serbia continued to implement its rural development support policy, mainly through increased financial allocations starting as of 2002 budget.

Cooperation with the European Union is very important. The Agenda 2000-2020 document increased rural development appropriations, so that after 2000, rural development allocations averaged 13.4% of the total budget allocated to agricultural production. The next programming period (2007-2013) defined an increase in appropriations to 21%. The fact is that for the 2014-2020 programming period, the European Commission proposed nominally larger allocations for the agricultural sector. Nevertheless, the European Union has opted to go through a nominal reduction in the overall EU budget, and thus the budget for agriculture. However, the average share of appropriations for rural development in the budget allocated to agriculture will be 22.8%, which represents an increase of 1.8% for rural development [3, pp. 49-62].

The funds that the Republic of Serbia should use from the European Union can be divided into two major groups:

- Rural development funds in the pre-accession period and
- Rural development funds in the post-accession period.

It is of utmost importance for Serbia that countries that are in the process of joining the EU, that is, countries that have candidate status for EU membership, have the opportunity to use pre-accession instruments to assist rural development. In the previous programming period (2006-2016), as a result of the Agenda 2000-2020, a SAPARD (Special Accession Program for Agriculture and Rural Development) program aimed at candidate countries for EU membership was established. The following areas are defined by SAPARD instruments as their primary objective:

- assisting countries to comply with EU legislation
- providing assistance to increase the efficiency and competitiveness of agri-food production by promoting employment and economic development in rural areas.

3. The possibilities for development of agriculture as the motor of development of the national economy

In the Republic of Serbia, within the set programming periods, the following criteria are defined and monitored: - agricultural population; - agricultural land, - gross domestic product (GDP) per capita measured through purchasing power, - territorial specificities.

SAPARD was implemented through a total of 15 measures, with Serbia securing priorities for measures that improve market efficiency, meet quality and health standards, and contribute to employment in rural areas. All measures must meet environmental standards.

Of the 15 measures planned for the SAPARD program, 12 have come to practical use. The highest allocations were registered for:

- rural infrastructure development measures (33.4%),
- measures to encourage the processing and marketing of agricultural products (28.6%)
- measures to encourage investment in agricultural holdings (22.6%)

- measures envisaged for diversification into non-agricultural activities (7.9%)
- measures to support investments in agricultural holdings.

The Republic of Serbia, as a candidate country for EU membership, has access to the following funds: TRDI – *Temporary Rural Development Instrument* and *EAGGF Guidance Section – European Agricultural Guidance and Guarantee Fund*.

TRDI itself as an instrument encourages four groups of accompanying measures, namely:

- agro-ecological measures
- early retirement
- afforestation
- compensatory payments to areas with difficult working conditions.

The Republic of Serbia has introduced some new incentive measures for agricultural development. Here are some of these incentives: investment in farms, support for young farmers, training, processing and marketing for agricultural producers, other measures in the field of forestry, improvement of land quality, preparation, rural regeneration, development of rural infrastructure financed by the European Fund for Guidelines and Guarantees - Guidelines sector.

The previous programming period 2013-2020 also made some changes. These changes marked efforts to implement all rural development measures for EU Member States through the European Fund for Agriculture and Rural Development (EAFRD). On the other hand, EU candidate countries are provided with an Instrument for Pre-Accession Assistance on Rural Development (IPARD). Serbia seeks to make the most of these incentive measures.

For Serbia, the most important mentioned IPARD instrument is the one dedicated for EU candidate countries. The introduction of the IPARD instrument aimed at improving the SAPARD instrument that was implemented in the period 2000-2006. The IPARD instrument has largely continued to pursue the objectives of the SAPARD program, but the structure of the measures itself has been adjusted and aligned with the basic principles of the ZAP and the EAFRD instrument applicable to EU Member States. Accordingly, the IPARD instrument is implemented through nine measures within three coordinate axes.

We conclude that the evident growth of rural development allocations is unequivocally present within the framework of the EU Common Agricultural Policy. Rural areas and population play an extremely important role within the EU. The importance of rural development for the EU stems also from the fact that in the pre-accession period funds for rural development through the pre-accession instruments SAPARD and IPARD also emerged, whose policies did not change significantly during the observed period. The measures envisaged and intended by the European Union to implement through these two instruments are consistent. Their use depends largely on the needs of the beneficiary countries of the pre-accession instruments. Unlike the SAPARD instrument, IPARD, as an instrument, does not envisage measures for the development of rural infrastructure, which has been widely represented within SAPARD. The analysis showed that in the first phase, more funds are being directed towards raising competitiveness and aligning primary production and processing with EU standards in order to increase farmers' competitiveness [11, pp. 55-74].

Serbia, with candidate status since March 2012, has created a basic precondition for using pre-accession funds in the field of rural development (IPARD). The aim is the sustainable development of agriculture and rural areas as well as the implementation of the common agricultural policy [9, pp. 87-99].

However, obtaining EU candidate status alone does not imply the automatic use of funds from all IPA fund components; commission. Namely, in order to establish a system that allows the use of the IPARD component, it is necessary to establish a decentralized management system, which basically involves determining the operational and management structures that are technically, personnel and financially capable of implementing EU programs. This is particularly important because the accreditation of the system involves the transfer of all decision-making rights to the institutions of the state of Serbia (ex post control principle).

Through the use of funds, Serbia also assumed the obligation to establish adequate institutions. Establishment of institutions is done by the Ministry of Finance, Ministry of Agriculture, Forestry and Water Management and Audit Authority. Although this is a complementary structure, the responsibilities for establishing the structures are shared. The obligations related to the Ministry of Finance are primarily related to the financial part of the arrangement, but also to the establishment of operational structures for the first two IPA components. The structures thus established are essential for upgrading the structures for the remaining three components of IPA funds.

In the Republic of Serbia, the Ministry of Agriculture, Forestry and Water Management is obliged to establish Operating Structures for the IPARD component, namely the Managing Authority and the Paying Agency. The Managing Authority is primarily responsible for developing IPARD programs, monitoring and evaluating the implementation of IPARD programs, producing annual and final reports, and the like. Within the Ministry of Agriculture, Forestry and Water Management, a Rural Development Department has been set up and is intended to be the future Governing Body. Since 2010, intensive work has been done on the development of the IPARD program, which has been repeatedly informally harmonized with the EC Directorate-General for Agriculture, and the first draft of the IPARD program was drawn up at the end of 2010 and has not undergone any major changes in the meantime. The draft IPARD program focuses on a total of three measures: Investments in agricultural holdings, Investments in processing and marketing and Technical assistance [15].

In the middle of 2009, the Agrarian Payments Directorate of the Ministry of Agriculture, Forestry and Water Management was established in Serbia as a future IPARD agency whose main task is to implement the IPARD program, which includes the publication of public calls and calls for proposals, processing of requests, implementation of on-site controls, realization of payments by basis of subsidies, etc. The establishment of the Agrarian Payments Authority established an extremely important segment of a future decentralized payment system whose organizational structure is in line with EC rules and principles.

The system established for the accreditation of the IPARD component, as a concrete result in the previous period, led to the establishment of an organizational structure with complete information support, thus avoiding errors, reducing the possibilities of documentation manipulation and possible sanctions.

For the programming period 2014-2020, the European Union has defined a new Instrument for Pre-Accession Assistance called IPA 2 (IPARD 2 for Rural Development). The basic idea behind this pre-accession instrument is to simplify the accreditation process itself, thereby facilitating access to funds.

4. Conclusion

The analysis of agricultural funds in the Republic of Serbia makes the following evident:

- joining the EU means significantly higher funding
- the policy that is established in the pre-accession period goes through continuity and in the post-accession period
- all institutions and mechanisms established in the pre-accession period through the use of pre-accession instruments for rural development remain virtually the same as those accessed in the post-accession period.
- the range of possible measures expands - e.g. significantly higher allocations for the environmental segment.

Potencijali sa prirodnog aspekta su: From the natural point of view, there are following important potentials:

- Agro-ecological areas show a homogeneous structure
- improving the natural conditions for intensive agricultural production;
- Natural environment with limited anthropogenic impacts
- fertile land suitable for diversified production (land from the first to the fourth cadastral class occupies one third of the total agricultural area);

- The existing land fund contributes to the food security of the population.

A very important segment is the training of family farms and improved organization for market participation. There are two main reasons why it is important to start using IPARD funds in the Republic of Serbia:

1. EU agricultural funds increase by several tenths of a percent; rural development funds themselves are growing up to several times. This significantly increases the funds earmarked for investment support and encourages the development of agriculture and its preparation for a serious match in the EU single market [4].
2. In this way, Serbia paves the way to the EU Common Agricultural Policy and opens the door to much more significant funds (up to one billion euros). Therefore, it is necessary to prepare all the prerequisites for intensive use of the IPARD Fund, including increasing the availability of money to the agricultural sector through support for lending activities, establishing a guarantee fund for agriculture.

The draft IPARD program of the Republic of Serbia emphasizes measures that encourage primary and food production. Therefore, we should use this period to broaden the range of measures as follows [1]:

- diversification of the rural economy (rural tourism has a special place)
- diversification of rural infrastructure development measures, which is far underdeveloped in many parts of Serbia
- expanding the range of potential investments and potential number of beneficiaries that they will
- the effects of the invested funds must be at a much higher level.

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