



LARGE-SCALE LAND ACQUISITIONS IN SERBIA

A COUNTRY PERSPECTIVE

JULY 2024

WHAT IS THE LAND MATRIX?

The Land Matrix is an independent global land monitoring initiative that promotes transparency and accountability in evidence-based decisions over large-scale land acquisitions (LSLAs) in low- and middle-income countries across the world.

These country profiles present national-level data of LSLAs and transactions, including who the investors are, what the land will be used for, and what the potential benefits and impacts of the land deals are.

By making this information available, the Land Matrix aims to enhance broad engagement and data exchange, facilitating the continuous improvement of the data.

Find out more at www.landmatrix.org.

BACKGROUND

The Republic of Serbia, a developing country in Eastern Europe, covers an area of 87.460 km², of which 40.1% is agricultural land.¹ A favourable climate and large cultivated areas create ideal conditions for varied agricultural production. At the same time, however, complex and tangled land relations, a legacy of its past as a socialist Yugoslav state, exacerbate the issue of land ownership, even after the privatisation process in the 1990s and early 2000s.² Moreover, the price of agricultural land in Serbia remains one of the lowest across Europe, which brings in unmanageable competition and land inequality between domestic family farms and transnational large-scale investors. Despite Serbia's attempts to address the issue of land control, particularly in light of candidateship to the European Union and recent amendments in the Land Code, various protests by local communities confirm that foreign investments in land still cause disputes and conflicts.

This country profile presents a detailed description of large-scale land acquisitions (LSLAs) in Serbia based on data extracted from the Land Matrix website using regional filters. In certain cases, deals meeting different criteria to the global database were included, in particular those with a domestic scope. While deals for agricultural, forestry, and many other intended purposes were included, those for gas, oil, and mining operations were excluded. It is important to note, therefore, that applying different filters on the Serbia country page may generate a different data set to the one used for this country profile.

¹ <https://data.worldbank.org/indicator/AG.LND.AGRI.ZS?locations=RS>

² <https://lefteast.org/land-on-the-move-inequality-and-consolidation-of-agricultural-land-in-serbia/>

WHAT IS A LAND DEAL?

The Land Matrix defines a land deal as any intended, concluded, or failed attempt to acquire land through purchase, lease, or concession in low- and middle-income countries.

To be included in the Land Matrix global database, deals must meet the following criteria:

- Entail a transfer of rights to use, control, or ownership of land through sale, lease or concession;
- Have been initiated since the year 2000;
- Cover an area of 200 ha or more;
- Involve the change of land use (often from extensive or ecosystem service provision to commercial use).

In certain cases, deals meeting different criteria to the global database are captured at regional and country level.

Please note: In this country profile, although there are 56 deals recorded for Serbia in total, only 24 deals meeting the global criteria have been included.

For more information about land deals and how data is captured, analysed, and used, browse our frequently asked questions at www.landmatrix.org/faq.

Concluded deals in Serbia

Top five projects:
Location, size, implementation status, intention of investment

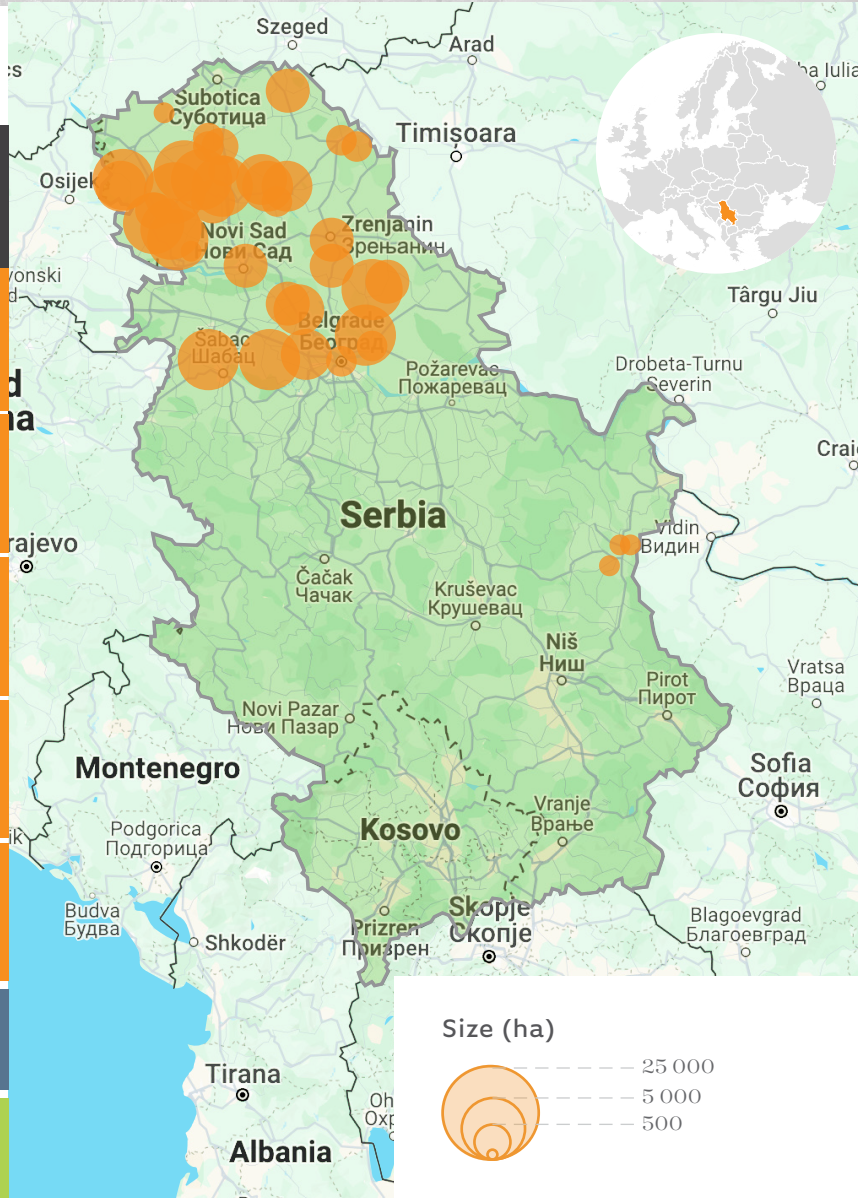
1. **Vrbas, 24 000 ha**
In operation (production)
Food crops, Biomass for biofuels
2. **Belgrade, 17 500 ha**
In operation (production)
Food crops, Livestock
3. **Crvenka, 10 418 ha**
In operation (production)
Food crops, Non-food agricultural commodities
4. **Bečej, 8 900 ha**
In operation (production)
Food crops, Livestock, Tourism
5. **Indija, 7 770 ha**
In operation (production)
Food crops, Livestock

Project not started

Start-up phase

In operation

Project abandoned



Serbia investment profile

Total number of concluded deals

24

Total size of concluded deals

121 987 ha

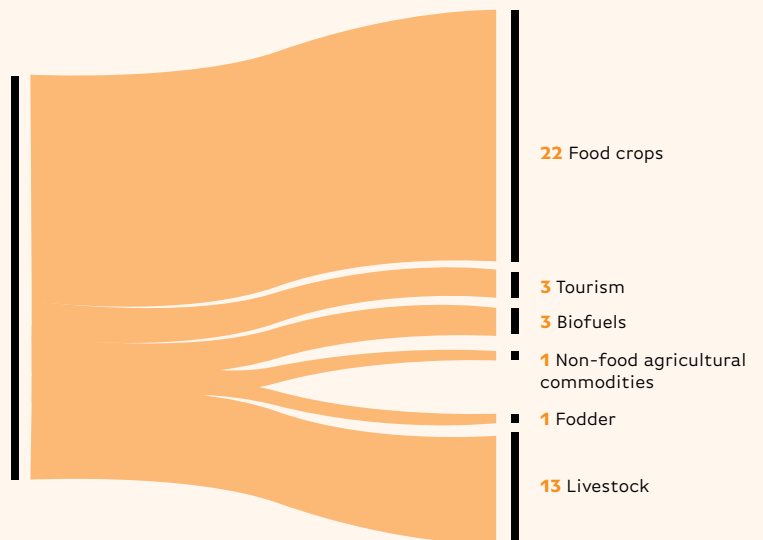
Implementation status

In operation

121 987 ha

*Intention of investment for concluded deals**

In operation **43**



* This figure lists the intention of investments per negotiation status. Please note, a deal may have more than one intention. In Serbia, 16 deals have multiple intentions, resulting in a total of 43 intentions for 24 deals.

INTRODUCTION

To date, registered LSLAs that involve an area of 121 987 hectares (ha) have been recorded in the Land Matrix database. This may represent just 1.37 % of the country's total area, however, it covers 4.6% of all its arable land. Moreover, given the fact that the vast majority of agricultural farms (99.7%) in Serbia consist of traditional family farms, the area which is controlled

LSLAs by negotiation status

	Number of deals	Size under contract (hectares)
CONCLUDED		
Contract signed	24	121 987
Oral agreement	0	0
Total	24	121 987
Change of ownership	2	1 700

by foreign investors is thus significant.³ These LSLAs were distributed from 2003 to 2020, with the highest number of concluded deals recorded in 2005, followed by gradual growth. The largest areas were reported in 2020, whereafter a slight decline was observed. The absence of new concluding deals in the last two years could be due to the COVID-19 pandemic, which resulted in economic fluctuation around the globe.

It is interesting to note that all of the 24 concluded deals recorded are currently in operation. Such consistency may be explained by the fact that negotiation is mostly held in mergers and acquisitions, where investors acquired operational assets of former state or community-owned companies. Such entities already have their land bank and may be operational before the change of ownership take place, even though they may operate unprofitably. This trend also demonstrates that such deals usually have a short-term intention or negotiation stage and thus begin operations quickly, with a private owner in charge. There are currently two failed deals (one where the investor cancelled the contract and one where negotiations failed because of a corruption scandal), and no intended deals.

CASE STUDY

SERBIA'S LARGEST ACQUISITION THAT NEVER WAS: HOW LOCAL FARMERS STOPPED A CORPORATE GIANT

In 2015, one of the largest acquisitions in Serbia commenced. The Tönnies Group, a German meat producer that operates internationally, expressed an interest in investing in pig farms and animal feed plants in Serbia. Serbian Prime Minister Aleksandar Vučić announced that the investment would be worth more than EUR 200 million⁴, and would be a stimulus for the Serbian economy. The whole project was supposed to be implemented in five years, with Vučić claiming it would create 8,000 new jobs. In fact, the government was so determined to bring the investment to fruition that it even made amendments to the Law of Agricultural Land to permit investors to control up to 30⁵, thus allowing the Tönnies Group's investment plan to include leasing of 75 000 ha for 30 years.

However, farmers' federations and associations categorically refused to support this part of the law, and the deal specifically, claiming that negotiations with the Tönnies Group were conducted in secret and were not transparent, carrying many corruption risks. Vojvodina farmers, opposition parties, and agro-economists asserted that contrary to the proclamation by government, the Tönnies Group, and other business groups that the investment would revive Serbian agriculture and bring

much-needed money to the country's budget, it would actually do more harm than good. Furthermore, they argued that the investment would monopolise the Serbian market, "wiping out" small and medium farmers, including pig farmers, while the industry capacity of the Tönnies Group would open up the country to huge environmental risks.⁶

To demonstrate their objection to the investment and the amendment to the law, the farmers held a protest in front of the city administration building, while local farmers' associations appealed the decision in court, and won twice.⁷ As a result, the biggest deal in the history of Serbia ultimately failed before even starting its operations in Serbia – reshaping local land relations.

Between 2017 and 2019, the Tönnies Group subsequently returned the contracted land to the administrators of Kikinda and Zrenjanin districts and noted that although they were ready to invest, the government of Serbia was not. In contrast, Prime Minister Aleksandar Vučić claims that the government has never received an official notification from the Tönnies Group about giving up the abandoning the project.

³ <https://www.trade.gov/country-commercial-guides/serbia-agricultural-sectors>

⁴ <https://www.schweine.net/news/toennies-gruendet-tochterfirma-in-serbien.html>

⁵ <https://www.danas.rs/vesti/ekonomija/pismo-skupstine-slobodne-srbije-povodom-dodele-zemlje-nemackom-tenisu/>

⁶ <https://birn.rs/strah-i-nada-zbog-dolaska-tenisa/>

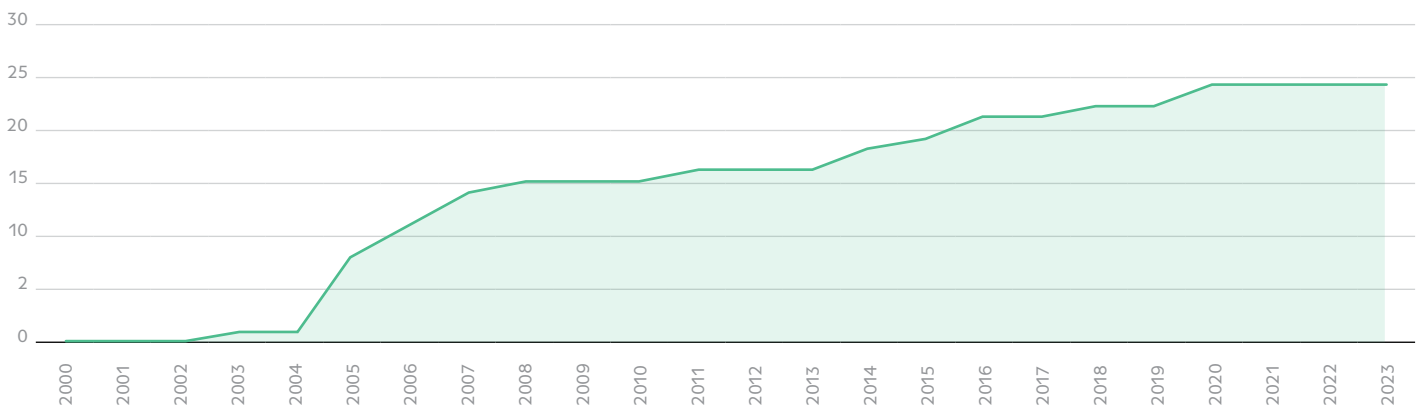
⁷ <https://agrosmart.net/2021/01/22/paori-dobili-sud-protiv-vlade-vojvodine-zbog-davanja-njiva-tenisu-i-fud-planetu/>

INVESTORS AND INVESTOR COUNTRIES

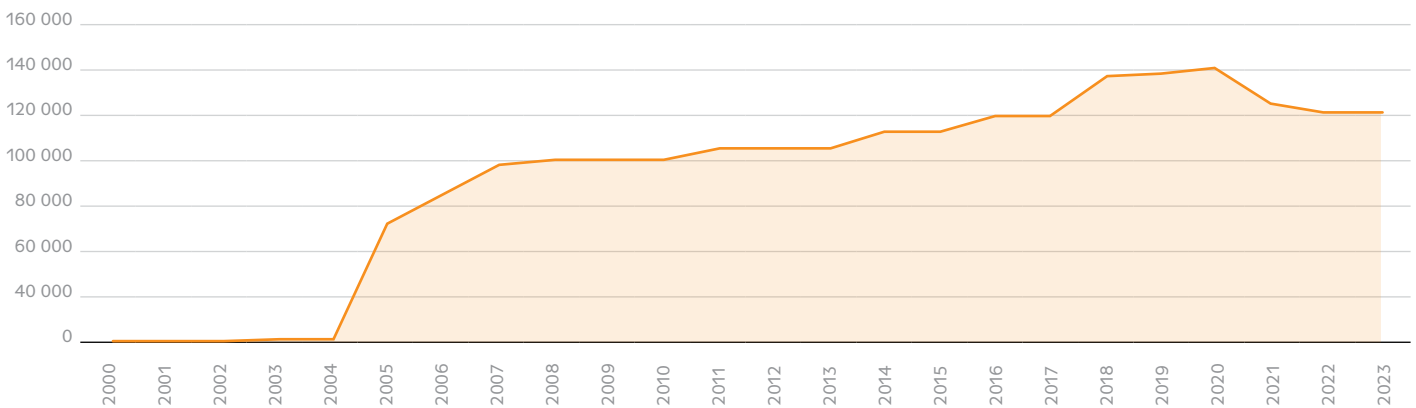
In Serbia, the majority of transnational investors in agricultural deals are from regional European countries, with only one investor from another region, namely the United Arab Emirates, recorded. There are a number of explanations for this trend, including the geographical proximity of the European Union (EU) to the country, intensive economic cooperation with the EU, legal permission to purchase both corporate rights of companies and land assets, and the relatively cheap price for agricultural land. However, the fact that one of the biggest foreign investors in the country is Cyprus, a renowned 'tax haven'⁸, could indicate that the final beneficiaries of these transnational deals are actually residents of Serbia trying to avoid the tax system in the country of operations.

Concluded deals over time (2000 - 2023)

Cumulative number of deals



Cumulative size under contract



Note: This graph shows changes in size under contract, including for abandoned deals with contracts still in place. Thus, the number of deals can remain the same even if the size increases/decreases.

Deals by investor type (in hectares)

Private company

165 142

Investment fund

5 012

No information

18 919

Note: 22 deals have multiple investor types. The full size of the deal is assigned to each investor type.

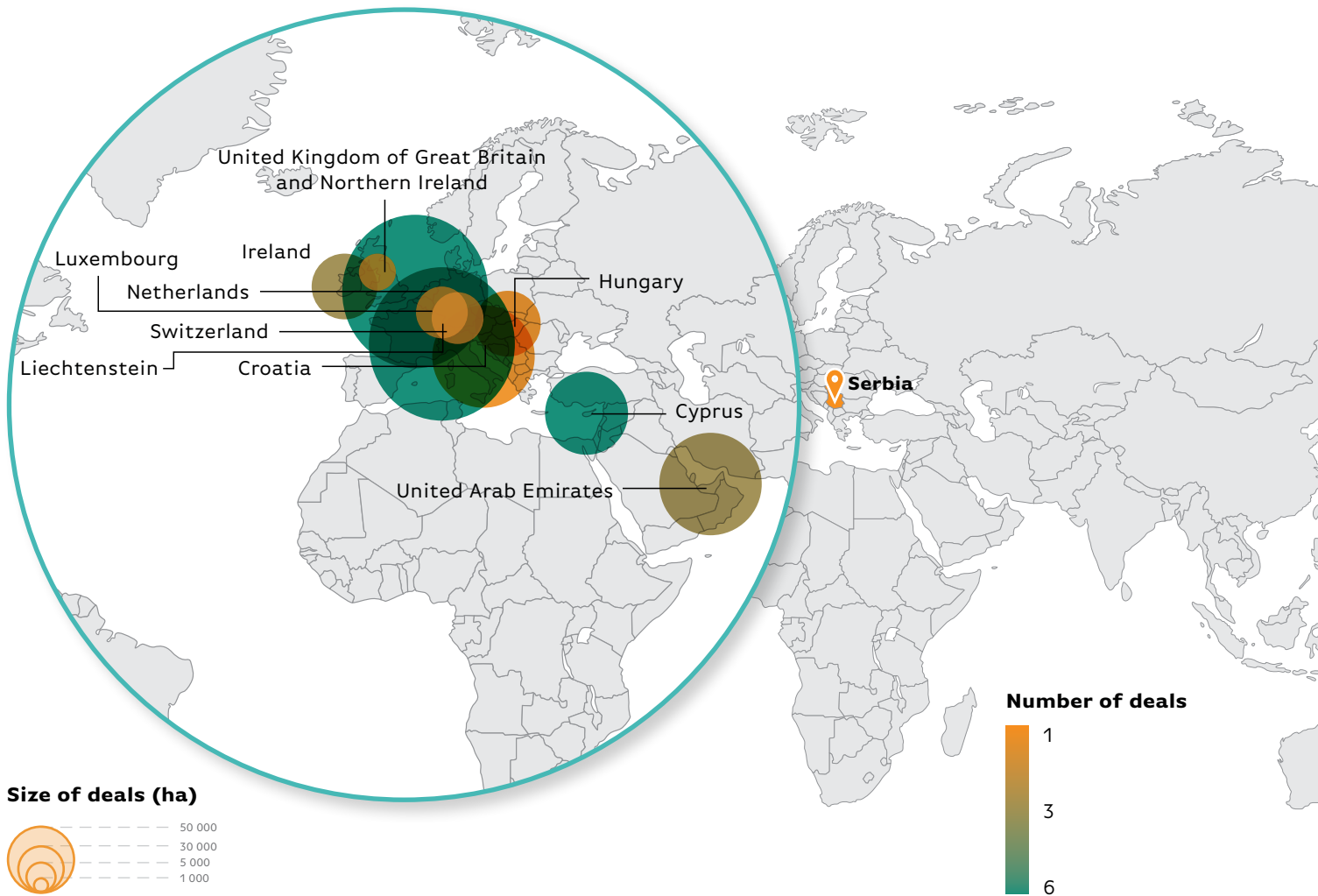
Only two types of investors are present in the country – private companies and private funds. Private companies are the most common type of investor, both in terms of the current size under contract and the number of deals, although some of the deals also have tertiary investors involved, for example, the European Bank for Reconstruction and Development (EBRD) and International Finance Corporation. These institutions gave loans to investors to expand the scope of production⁹ and develop backward linkages and transfer of know-how to the farmers the company cooperates with¹⁰.

⁸ Full disclosure of the EU's blacklist of tax havens (<https://www.oxfam.org/en/full-disclosure-eus-blacklist-tax-havens>)

⁹ <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=25547>

¹⁰ <https://www.ebrd.com/work-with-us/projects/psd/mk-group.html>

Foreign investor countries



Note: 5 deals have multiple investor countries. The full size of the deal is assigned to each investor country to get the total investment by each country.

DRIVERS AND AIMS OF PRODUCTION

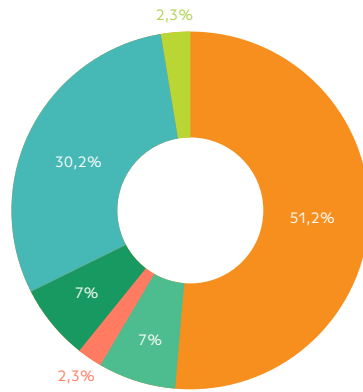
The vast majority of LSLAs in Serbia are destined for agricultural production, with 55% of all agricultural intentions represented by food crops (mainly sugar beet, wheat, corn, sunflower, and soya beans), followed by livestock intentions, at 30% (with notable production of poultry, dairy cattle, pork, and cattle).

It is important to note that because a deal may have more than one intention, the total number of intentions is usually larger than the total number of deals. For instance, 45 intentions were reported for the 24 concluded deals recorded in Serbia. In addition, because aggregation of size is difficult when more than one intention is listed for a particular deal, the size under contract is equally divided by the number of different intentions listed. By adopting this criterion, the total area covered by all intentions will always be equal to the total area under contract (for instance, 121 987 ha in the case of Serbia), although the area devoted to specific intentions will not be accurate for some deals with more than one intention. For example, the area for some monocultures, such as soybean, will likely be underestimated because they are often the main intention of LSLAs.

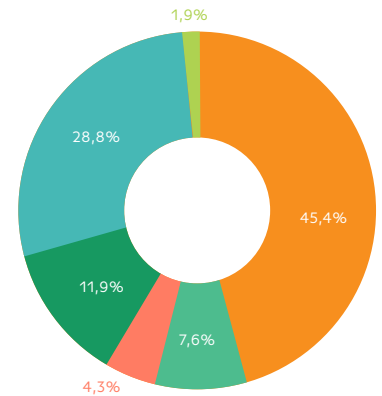
In terms of the destination of the products or export countries, information is scarce, given that 15 out of the 24 concluded deals explicitly report export operations as one of the main goals of land acquisition. However, the Russian Federation is the leader among the countries for export, since at least eight deals claim to export crops to Russia. The United Arab Emirates, southeastern European countries, and some western European countries were also mentioned. On the contrary, 11 deals explicitly declared to have domestic use of their products, and three of them claim to mainly sell products for the domestic market, one of each is the largest sugar beet producers in Serbia.

Land acquisitions by category of production

- Food crops
- Tourism
- Non-food agricultural commodities
- Biofuels
- Livestock
- Fodder



Number of deals per category of production, represented as a percentage of total concluded deals



Size under contract per category of production, represented as a percentage of total concluded size

FIND OUT MORE ABOUT LAND DEALS IN EASTERN EUROPE

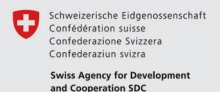
We are continuously updating our data about land investments in Eastern Europe. To find out more about which countries we cover, our data collection and verification process, and how you can add your contributions, please browse our frequently asked questions at www.landmatrix.org/faq and visit our regional page at <https://landmatrix.org/observatory/eastern-europe/>.

This country profile was prepared by the Eastern Europe Regional Focal Point, hosted by the Centre for Environmental Initiatives 'Ecoaction' based in Kyiv, Ukraine.

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