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## **THE IMPACT OF BELJE ON ECONOMIC DEVELOPMENT OF BARANJA**

### **UTJECAJ BELJA NA GOSPODARSKI RAZVOJ BARANJE**

#### **ABSTRACT**

*For centuries, the fertile plains of Baranja, a region between the Danube and Drava, produces food.*

*The beginning of Belje dates back to 1697th year when Prince Eugene of Savoy, for his many military successes, especially for the victory over the Turks at Senta, received a feudal estate as a gift from the Austrian Emperor Leopold I which he called Bilje (the Hungarian pronunciation of the village, Bellye). For centuries, Belje has been and still is the mainstay of the development of Baranja. This paper will focus particularly on the development of Belje and Baranja, since Agrokor's entering as a majority owner, and on many capital investments that were carried out during this period, which greatly helped the development of Baranja. Entering Agrokor concern on 21st March 2005, Belje builds its future within the largest food manufacturer in this part of Europe. Agrokor connects all companies in the concern into a unique managing, financial and business system. This way the strategic position and development of Baranja and Belje were influenced, while exploiting all the synergies and other potentials in order to achieve maximum results, winning market positions in Croatia and abroad, ensuring full employment, utilization of production capacity, achieving maximum revenue and profit for both the Belje, and for the region where the company gravitates. Introducing the world's most advanced technology, Belje also follows the trend of organic food production, environmental standards and is completely market oriented. As it can be seen from the title of the paper, the purpose of the research is to determine the effect of a large company like Belje d.d. on the development of a region, in this case, Baranja.*

*The primary method of the research is analysis, with emphasis on the analysis of the impact of the development of Belje, primarily towards Baranja. Years after Agrokor's entering were marked by significant investments, new pig and cattle farms, new crops, new livestock products factory, "Vina Belje" wine complex, complete renovation of agricultural machinery... The period that follows provides a number of investments, such as a new hotel on the site of the old winery, the new slaughterhouse, bio facilities ...*

**Keywords:** *Belje, Baranja, investments, Agrokor, development*

#### **SAŽETAK**

*Stoljećima se na plodnoj ravnicu Baranje, u međurječju Dunava i Drave proizvodi hrana. Počeci Belja sežu u 1697. godinu kada je princ Eugen Savojski za svoje brojne vojne uspjehe, osobito za pobjedu na Turcima kod Sente od austrijskog cara Leopolda i dobio na poklon*

veliki feudalni posjed koje je nazvao po mjestu Bilje (prema mađarskom izgovoru tog sela, Bellye). Belje je stoljećima bilo i ostalo glavni oslonac razvoja Baranje. U radu ću se fokusirati pogotovo na razvoj Belja odnosno Baranje od ulaska Agrokora kao većinskog vlasnika, te na brojne kapitalne investicije koje su odrađene u tom razdoblju, a koje su uvelike pomogle razvoju Baranje. Ulaskom u Agrokor koncern 21. ožujka 2005.g., Belje gradi svoju budućnost unutar najvećeg proizvođača hrane u ovom dijelu Europe. Agrokor povezuje sve kompanije u sustavu koncerna u jedinstven upravljački, financijski i poslovni sustav. Na taj se način utjecalo i na stratešku poziciju i razvoj kako Baranje tako i Belja, a pri tome se iskorištavaju svi sinergijski i ostali potencijali u svrhu ostvarivanja maksimalnih rezultata, osvajanja tržišnih pozicija u Hrvatskoj i inozemstvu, osiguranje pune zaposlenosti, iskorištenje proizvodnih kapaciteta, ostvarivanje maksimalnih prihoda i dobiti kako za Belje, tako i za regiju kojoj kompanija gravitira. Uvođenjem najsuvremenijih svjetskih tehnologija Belje istovremeno prati trend proizvodnje zdrave hrane, ekološke standarde i potpuno je orijentirano tržištu. Kao što je i iz samoga naslova rada vidljivo je da je svrha istraživanja utvrditi utjecaj jedne velike kompanije kao što je Belje d.d. na razvoj jedne regije tj. Baranje. Osnovna metoda istraživanja je analiza, pri čemu se naglasak stavlja na analizu utjecaja razvoja Belja prema prvenstveno Baranji. Godine nakon ulaska Agrokora obilježile su velike investicije, nove svinjogojske i govedarske farme, novi nasadi, nova Tvornica stočnih proizvoda, vinski kompleks Vina Belje, potpuna obnova poljoprivredne mehanizacije... Također u razdoblju koji slijedi predviđena su brojna ulaganja kao što je novi hotel na mjestu stare vinarije, nova klaonica, bio postrojenja...

**Ključne riječi:** Belje, Baranja, investicije, Agrokor, razvoj.

## 1. Geographical location of Baranja

Baranja is a geographical region administratively divided between Croatia and Hungary. The Hungarian part of Baranja is a separated county, while the Croatian part belongs to Osijek-Baranja County. Baranja is located in the furthestmost Northeast of Croatia, bounded by The Rivers of Danube and Drava. It is a typical Pannonian lowland, exceptionally fertile, where the only altitude is Banova kosa, Banovo brdo or Baranjska planina, with the highest point of 243 m above sea level, known for its famous vineyards, cellars in loess and recognized wines. With its large expanses of forest along the Danube and the Drava, the richness of fauna, particularly deer and other wildlife, the fish-rich large bodies of water, stands out Kopački rit that presents a unique reservation in Europe, an oasis of over 260 bird species, everything in one place, which offers exceptional benefits for vacation, recreation, sport, possibilities for sightseeing and residential tourism to develop.

### 1.1. The history of Baranja

The Baranja region was inhabited by the Slavs in the 6th century and since the 9th century it was a part of Blatonski Koštel, a Slavic political formation. After the Hungarians came in this area in the 9th century, Baranja county was formed in the 11th century as one of the first counties within Hungary. With the arrival of the Turkish invaders in the 16th century, Baranja became a part of Mohački sandžak, whose headquarters were in Mohač. By the end of the 17th century, Baranja was taken by the Habsburgs and was a part of Hungary. During the revolution in 1848, the borders of Srpska Vojvodina included Baranja, but the Serbian army failed to control the region. With Austria-Hungary having fallen apart, today's Croatian part of Baranja came in the composition of Vojvodina, within the State of Slovenes, Croats and

Serbs. The state remains the same, even after the union with the Kingdom of Serbia, when it becomes Kingdom of Serbs, Croats and Slovenes.

According to the Treaty of Trianon in 1920, the official territory of Baranja was divided between Hungary and Kingdom of Serbs, Croats and Slovenes, but the whole region stayed, in fact, under the jurisdiction of the Kingdom of SCS until 1921. On August 14th, 1921 Serbian-Hungarian Baranya-Baja Republic was briefly declared, and it was composed of Baranja and the northern part of Bačka. From August 21th until August 25th, 1921 this territory was again divided between Hungary and the Kingdom of SCS, just like it was intended by the Treaty of Trianon. The northern part of Baranja became the Baranja county in Hungary, while the south part of Baranja was first in the composition of Bačka county from 1918 until 1922, then a part of Bačka oblast from 1922 to 1929 and, at the end, a part of Dunavska banovina, which was included in the Kingdom of Yugoslavia. In 1941, the Yugoslavian part of Baranja was taken by Hungary, but the area was returned to Yugoslavia in 1944.

From 1945, south Baranja is a part of Socialist Republic of Croatia, composed in the Socialist Federal Republic of Yugoslavia. In 1991, this area was occupied and connected to so-called SAO Istočne Slavonije, Baranje i Zapadnog Srijema which was a part of Serbian para-state RSK on Croatian territory. After the operation Storm and the fall of the western part of RSK, from 1996 this area was a part of the UN's administration for eastern Slavonija, Baranja and western Srijem, and from 1998 it is under the total jurisdiction of the Republic of Croatia and today it is a part of the Osijek-Baranja county.

## **1.2. The history of Belje**

A prince, Eugen Savojski, receives a large feudal estate in 1697 as a gift, and a few years later he builds a castle in the village of Bilje, according to which the entire property got the name Belje. In 1911 agro-processing facilities were founded, to be precise, the sugar factory in Branjin Vrh and the factory of dairy products. Within the dairy factory, a slaughterhouse with a salami factory was built, and also, in the same year, a mill in Beli Manastir, which still works. In 1955, after the post-World War II renewal period, Belje becomes a federal farm of different organizational forms, and since 1953 it is organized as the first social enterprise: Agricultural industrial combine Belje. The year 1990 is a time of great democratic changes, War of Independence, the occupation of Baranja and Belje in which everything is destroyed and devastated, while in 1998 Baranja is reintegrating and it is a time of renewal and return, during which Belje makes great efforts to capacitate production. Entering the Agrokor concern on March 21st, 2005 Belje builds its future within the largest manufacturer of food in this part of Europe. By introducing the world's most advanced technology, at the same time it follows the trend of producing organic food, environmental standards and is completely market-oriented.

## **2. Baranja and Belje**

Those who know Baranja well, realize that it is impossible to talk about Baranja without mentioning its greatest economic organization that employs most of its workers and to which Baranja owes its reputation, development and future to the fullest extent. Belje was and still is, three centuries after its establishment, a large agricultural enterprise, considering the expanse on which agricultural products are produced, as well as the size of actual production.

For all that time it produced on the fertile land of Baranja, which, according to all principles of scientific economics, achieves differential rent by soil fertility, regardless of how low can the national or global needs for food products drop. This value, connected with comparative advantages in the soil, caused the need, and simultaneously allowing Belje to introduce in its producing all the achievements of modern technology.

### **2.1. The role of Agrokor on the development of Baranja and Belje**

Belje, joint stock company for the food industry and agricultural production with headquarters in Darda, is, since 2005, in the composition of Agrokor concern, the largest food manufacturer in this part of Europe. Our own farms and fields are the basis of agricultural production in Belje. Natural raw materials of controlled origin from our own breeding are transfused into well-known products of the Belje food industry. The company's facilities, located throughout Baranja, with more than 20.000 ha of arable land, numerous farms and industrial plants, as well as 2000 employees, are the best indicators of the size and power of Belje. It's been almost six years since Belje joined Agrokor concern. During this time, including recapitalization, almost 1,6 billion HRK were invested in the company. The income of Belje had also increased by more than 3,5 times, and Belje has grown into the largest agricultural company in the region, considering not only the value of production, but the number of businesses it is engaged in, too, and there are 13 of them in total. Investments in Belje make a total of 60 % of Agrokor's investments in agriculture. Until today, 15 new farms were built and 14 of the existing reconstructed, a new animal feed factory and a new winery were also built, alongside with many surfaces that are irrigated. Today Belje produces 10.000 tons of seed a year, 200.000 tons of fodder, 10.000 tons of dairy products, 300.000 pork pieces and 20.000 pieces of fattening cattle.

Great investments in Belje are focused on all segments of production, from farming, through livestock, mechanization, viticulture and wine production, to services that imply the existence of their own professional offices within the company. A complete process of producing food in Belje begins with agricultural production on the fields and farms, held by the company, by using the latest agricultural machinery and equipment. Controlled raw materials from our own production are processed into finished products in one of many plants known for manufacturing indigenous products of high quality. Belje places the products on the market with the help of other parts of Agrokor. What is interesting about Belje and Agrokor is that they have taken advantage of all the resources of the system at their disposal, so the offer now includes agritourism, outlined on the wine tour which includes visits to the new winery that cost 20 million euros. From everything here stated, it is evident that Agrokor has put in a lot of effort to revive Belje and to turn the company into what it is today, a regional leader. Therefore, Baranja got a huge swing in development.

### **2.2. The future of Belje and Baranja**

Agrokor has announced entry into the energy sector and one of two planned locations of the construction of biogas plants is Baranja. The reason is raw material base from Belje's own farms and fields. This year the plan is to build an 8.3-megawatt plant in Belje. Into two mentioned plants Agrokor will invest 25 million euros. In order to achieve the planned production and export of pork meat, Agrokor will continue the investment cycle through construction of several new farms. The following capital investment is certainly the long-awaited Belje slaughterhouse, the largest in the region.

The new pig slaughterhouse will be the capacity of 600.000 pieces of fatteners per year and the whole investment is worth 20 million euros. A technological plant is defined for the slaughterhouse, the contracts with the equipment suppliers are signed and currently the obtaining a building permit is in its final stage. Having built the new winery, the construction of a new hotel in Kneževi Dvori starts, which proves that Agrokor has a great interest in investing in tourism. That is why a few centuries old wine cellar has recently been renovated and has become a Mecca for wine lovers. As for the other plans, the expansion of Belje in the segment of tourism should be mentioned. The investments in the tourist offer of Belje will be continued by expanding the old basement in Knežev Dvor, above which will be built a wine hotel with accompanying offer. That way, the offer regarding wine tourism of Belje will be rounded, as well as of the region. Two million euros are planned to be invested in the expansion of the capacity of Belje dairy, as well as in the increase of cheese spreads production. From all the above, it is clear that a bright future lies ahead of both Belje and Baranja and that the vision of the local people is coming true, Belje as a leader in agricultural production and food industry, and focused on the quality of products, employees and the community.

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