IMPACTS OF THE COMMON AGRICULTURAL POLICY OF THE EUROPEAN UNION IN THE VYSOČINA REGION (CZECH REPUBLIC) BY THE VIEW OF THE FARMERS

DOPADY SPOLEČNÉ ZEMĚDĚLSKÉ POLITIKY EVROPSKÉ UNIE V KRAJI VYSOČINA (ČESKÁ REPUBLIKA) POHLEDEM ZEMĚDĚLSKÝCH SUBJEKTŮ

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ABSTRACT

Czech Republic entered into the EU in 2004 and had to adopt conditions of the Common Agricultural Policy of the EU. Impacts of the Common Agricultural Policy on Czech agriculture are numerous – both positive and negative. Positive impacts are evident mainly in growth of financial sources for farmers (however, not still as high as in old member countries) but this is connected also with more requirements on administrative. The most striking impact of the Common Agricultural Policy is fall of the livestock production. The aim of the paper is confirmation of these and also other theses on base of results of questionnaire survey among agricultural subjects in model region. Above mentioned situation sets farmers into complicated situation – they have to find new alternative way of farming and development for their survival.

KEYWORDS: Common agricultural policy of the EU, Vysočina region, subsidy, rural development

ABSTRAKT

Česká republika vstoupila do EU 1. 5. 2004 a zavázala se přijmout podmínky společné zemědělské politiky i jiných politik EU. Dopady společné zemědělské politiky jsou mnohé – pozitivní i negativní. Pozitivní dopady jsou patrné především v nárůstu finančních zdrojů pro zemědělce (přesto, že nejsou tak vysoké jako ve „starých „ členských zemích EU), což je však spojené s většími nároky na administrativu. Nejvýraznějším dopadem společné zemědělské politiky je pokles objemu živočišné produkce. Cílem příspěvku je potvrzení těchto tezí i dalších dopadů společné zemědělské politiky na základě výsledků dotazníkového šetření mezi zemědělskými subjekty v modelovém regionu. Výše zmíněné dopady totiž staví

zemědělce do komplikované situace – musí hledat nové alternativní cesty hospodaření, aby byli schopní obstát v tvrdé konkurenci.

KLÍČOVÁ SLOVA: Společná zemědělská politika EU, Kraj Vysočina, dotace, rozvoj venkova

DETAILED ABSTRACT

1. května 2004 vstoupilo deset středo- a východoevropských států, včetně České republiky (ČR), do Evropské unie (EU). Všechny tyto státy musely namísto některých svých politik přijmout společné politiky EU včetně společné zemědělské politiky (SZP). Přijetí SZP výrazně ovlivnilo následující vývoj zemědělství ve všech státech, a to jak pozitivně, tak i negativně. Konkrétní dopady SZP v České republice – v modelovém území kraje Vysočina – byly doloženy na základě dotazníkového šetření se 47 podniky právnických a 67 podniky fyzických osob.

Kraj Vysočina je v oblasti zemědělství krajem velmi specifickým: přestože převažují méně vhodné podmínky pro zemědělskou výrobu, řada ukazatelů (zaměstnanost v zemědělství, podíl primárního sektoru na HDP nebo jedny z nejvyšších stavů hospodářských zvířat) je mezi kraji ČR na předních pozicích. Specificky se také projevují dopady SZP na zemědělství. Mezi negativní dopady patří zejména snížení stavů prasat a skotu, čímž na druhou stranu narůstá podíl rostlinné výroby, která je prozatím konkurenceschopná. Mezi další negativa patří zatěžující administrativa či nízká ochrana domácího trhu s agrárními produkty. Jako pozitivum zemědělci vidí nárůst finančních prostředků díky dotacím, paradoxně se však zemědělci na dotacích stávají závislí – přes 80 % dotázaných by nebylo schopno bez dotací hospodařit.

Důležitým úkolem, který SZP přinesla, je také zvýšená péče o krajiny a rozvoj venkova. Zemědělci se tak snaží o diverzifikaci svých aktivit, avšak zde jsou značné rezervy. Diverzifikace se tak nabízí jako jedna z možností rozvoje venkova. Šetření rovněž zjišťovalo záměry do budoucna. Většina oslovených by chtěla zachovat současný stav, fyzické osoby častěji plánují rozšíření, právnické osoby pouze“přežít“. Další vývoj agrárního sektoru však bude ovlivněn budoucím nastavením SZP, které je v současné době diskutováno.

INTRODUCTION

On May 1, 2004 ten central and east European countries – including Czech Republic – have entered into the EU. All newly coming countries had to commit European policies and also Common Agricultural Policy (CAP) instead of their national agricultural policies. This enlargement of the EU meant in agrarian sector enlargement of market, growth of competition and call for achieving of new higher standards, food safety and environment maintenance.

However, Czech agrarian sector is in comparison with other member states quite specific – on one side high average area of farms and concentration of property, on the other side extremely high proportion of leased land or dominant role of corporations, considerable polarisation of farming efficiency (half of farms is highly efficient, half is deeply below average), high percentage of arable land, typical low earnings etc. (Jančák, Götz [7]; Bičík, Jančák [2]). Also these factors impact situation of the agriculture under the CAP.

Impacts of the CAP in the Czech Republic are numerous – it comes to changes in land use, in structure of crop and animal production. The most important tool of the CAP – financial subsidies – regulates market with agricultural products and makes farmers to grow subsidized crops, on the other side to leave land that was utilised for ages. This development takes place on background of globalisation which on one hand unifies production and consumption patterns, on the other hand concentrates decision-making into several European or world centres. The main change is reorientation of the CAP from agriculture support to rural development (Woods [14]). Czech farmers have to adapt to newly set conditions and next changes are awaited after 2013 (Boel [3]).

All of these changes has been analysed by many economists (Bednaříková, Doucha [1]; later by Medonos, Jelínek, Humpál [9]) or regional geographers (Kabrda, Jančák [8]; Věžník et al. [13], Spišiak [11], Neméthová [10]). However, none of the papers (except of Dos Santos M.J.P.L., et al. [5]) has analysed opinions of farmers, which is aim and also uniqueness of this paper.

MATERIALS AND METHODS

Analysis of recent situation in agriculture is based on available data provided by Czech Statistical Office (www.czso.cz) which were processed by basic statistical methods (indexes...) or basic cartographical methods. The main part of the paper is based on results of the questionnaire survey with 114 farms (47 corporate and 67 private which is according to List of subsidy recipients (available on www.szif.cz) 15,7 % respectively 2,5 % of actually farming subjects in the Vysočina region; area of agricultural land of interviewed farmers makes circa 20 % of total area of agricultural land in the region). Sample of farms was chosen so that the representation of questioned farms corresponds with legal structure (Inc., Ltd. and cooperatives) and so that they are evenly distributed in the whole region.

This article is only partial view into situation of agrarian sector in selected region. Inquired sample of farmers is not very big but results are explicitly showing situation and feelings of farmers after entrance into the EU. Moreover, views of farmers were later verified by interviews with experts for agriculture in the region (representatives of Agricultural Chamber, Agency for agriculture and rural areas...). This method of research lead to obtaining unique data that is not possible to obtain by any other way.

First part of the questionnaire was focused on basic identification of farms and specified analysis of agriculture based on statistical data (stock of animals and crop production compared in two different periods). Second – the crucial part of the questionnaire was devoted to impacts of the CAP on agriculture and rural development. As there are subjective views of farmers to the issue, they could have chosen positive, negative or neutral response (scale method). The last part of the questionnaire was devoted on rural development as it is integral part of the Common Agricultural Policy. Here, farmers declared their engagement into rural development.

Partial studies about impacts of the CAP in the Vysočina region were published by Věžník, Svobodová, Zvara [13], Svobodová, Věžník [12] and others.

RESULTS

CONDITIONS FOR AGRICULTURE IN THE VYSOČINA REGION

Position of agriculture in the Vysočina region is predetermined by its geographical location. Combined with natural conditions there are only average conditions for agricultural production. Vysočina region differs from other regions in the Czech Republic also with segmentation of relief, height above sea level or sparse settlement. Despite these unfavourable conditions for agricultural production, employment in agriculture is the highest among all regions of the Czech Republic (7,0 % of economically active population in 3Q/2010 [6]) as well as the share of primary sector on the total GDP of the region (6,1 % in 2009) and percentage of arable land (77,4 % in 2009). Specificity of the region also reflexes in specific impacts of the Common Agricultural Policy on agrarian sector.

IMPACTS OF THE CAP ON CORPORATE AND PRIVATE FARMS

The first block of questions focused on identification of farms showed mainly negative impacts of the CAP. In the Vysočina region fall of livestock production is the most striking, however, the fall is the lowest among regions of the Czech Republic (see fig. 1). Still, livestock production in the Region has an important position, which is here given particularly by strong ties to food industry (Kostelecké uzeniny is one of the biggest firms in food industry in the Czech Republic – 1 376 employees in 2007[1], Krahulík – MASOZÁVOD Krahulčí, a.s. (400 employees in 2010), BEL Sýry Česko a.s. (206 employees in 2007), several diaries…). So, Vysočina region still retains the dominant position of cattle and pigs breeding and milk production in the Czech Republic.

[1]According to HBI <www.hbi.cz> [cit. 24. 2. 2011]; later data are not available

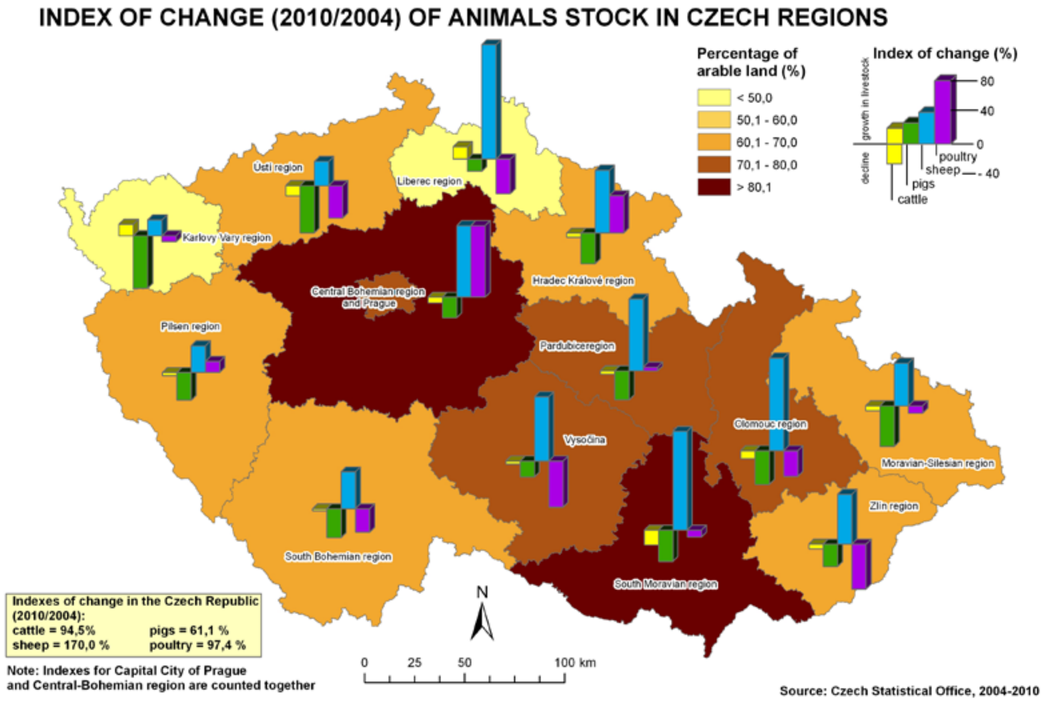

Fig. 1: Index of change in livestock in Czech region in period 2004–2010
Source: author, on base of data from Czech Statistical Office [4]
Obr. 1: Index změny stavu hospodářských zvířat v krajích ČR v letech 2004–2010
Pramen: vlastní zpracování na základě dat Českého statistického úřadu [4]

Also farmers confirm that stock of animals went through strong fall. While in 2003 bred interviewed corporate 45 547 bovine animals, in 2007 only 41 126 animals. Until 2010 this fall is much more significant. Index of change for this period makes 90,3 %. Fall of bovine animals by private farmers is by the CAP not so much influenced (tab. 1). Even worse situation was noted by pigs – index of change by corporate farms makes 82,8 %. Despite this fall, the Vysočina region was among all regions in the Czech Republic the one with the lowest relative reduction in the stock of pigs.

Tab. 1: Intensity of livestock breeding by corporate and private farms in 2003 and 2007
Tab. 1: Intenzita chovu hospodářských zvířat v podnicích právnických a fyzických osob v letech 2003 a 2007

	Corporate farms		Private farms	
	2003	2007	2003	2007
Livestock per 100 ha of agricultural land	61,84	54,64	31,11	25,42
Pigs per 100 ha of arable land	83,91	68,68	88,14	31,05

Source: author’s questionnaire survey and calculations
Pramen: vlastní dotazníkové šetření a výpočty

The structure of crop production in the Vysočina Region after the EU accession has not changed much – dominance of cereals, especially winter wheat (in 2009 the sown area of winter wheat made almost ¼ of the total area of sowing areas) and spring barley (14,91 % of the total area of sowing areas in 2009) is maintained.

According to the plans for the future of corporate and private farms[2] could be expected still growing shift to crop production (if conditions for livestock production do not change significantly – mainly purchase prices, pressure of chain stores, imports etc.) which remains still competitive in the EU and whose products can also be used as energy sources.

Surprisingly, only slight reduction in percentage of arable land was found in the region – by corporate farms has decreased only by 1,3 %, which is very low value, by private farms has even increased by 0,2 %. This shows that the percentage of arable land in the region remains even after the EU entrance very high.

Decrease in the number of employees after 2000 was not as steep as in 90s, however, it continues annually by tenths of a percent. Joining the EU had on employment almost no effect; it would proceed also without the influence of the CAP. Impact on reducing of employees could be identified by following factors:

- increase of productivity, mainly thanks to modern technologies,
- increasing dominance of crop production (which does not require as many employees as livestock production),
- general reduce of the volume of agricultural production,
- reduce of agricultural land, emphasis on extensive agriculture,
- agriculture is not an attractive branch, young people are not interested in working in agriculture, either because of job demands and low salaries.

Second block of the questionnaire introduces subjective views of farmers on the Common Agricultural Policy of the EU.

When asked if the entrance into the EU and participation in the CAP somehow helped agriculture 32 of 67 corporate and 45 of 67 private farms responded “yes” – concretely 29 corporate and 38 private farms said that increase of subsidies is an benefit, 3 respectively 5 indicated that the positive is in market opening, 1 corporate and 3 private farms said that the CAP brings new opportunities for development. 18 of corporate farms (some answered both yes and no) reported that joining the EU has not helped the farmers – unequal conditions for farmers in “old” and “new” member states are seen as a main disadvantage.

Following question was “What problems connected with the CAP do you feel?“ (Answers were not offered). There are much more often answers that that the biggest problem are unequal conditions for old and new EU member countries (40 % of corporate farms), next problem are prices of inputs and outputs (21 % of corporate),

[2]Plan for future of the farmers was one of the questions.

administration (19 %), reduction of competitiveness, worse possibilities of sales, restrictive regulations etc.

Views of private farms on issues related to the Common Agricultural Policy differ from views of corporate farms. While most of corporate farms see some negatives in the CAP, 56,7 % of private farms usually do not have any problem with the CAP. However, also private farmers feel problems with administration, regulations (quotas, hygiene and legislation), prices and unequal conditions.

As barriers of development are felt mainly: low protection of the home market with agricultural products (37,3 % of corporate and 20,9 % of private farms), administration (16,7 % / 26,6 %) and problems with customers and their payments (15,7 % / 16,5 %), see fig. 2. Differences in perception of barriers of development can be explained hereby: on one hand private farmers do not have capacity for projects processing and that is why they have the biggest problem with administrative, on the second hand the can specialize their production and they do not have such big problem with home market protection as corporate farms.

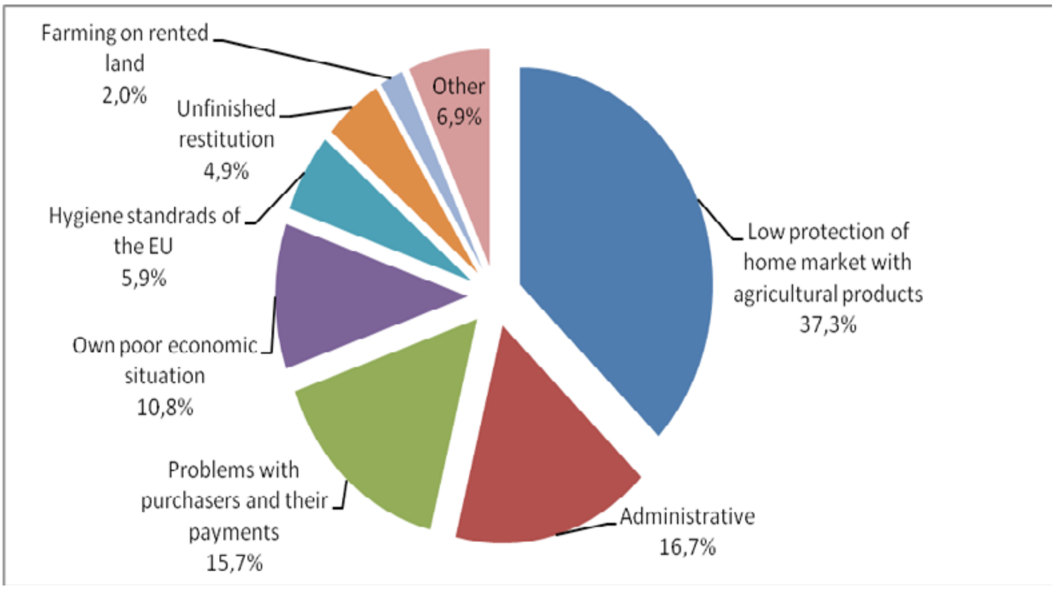

Fig. 2: Barriers of agricultural development by corporate farms
Source: author’s questionnaire survey
Obr. 2: Bariéry rozvoje zemědělství v podnicích právnických osob
Pramen: vlastní dotazníkové šetření

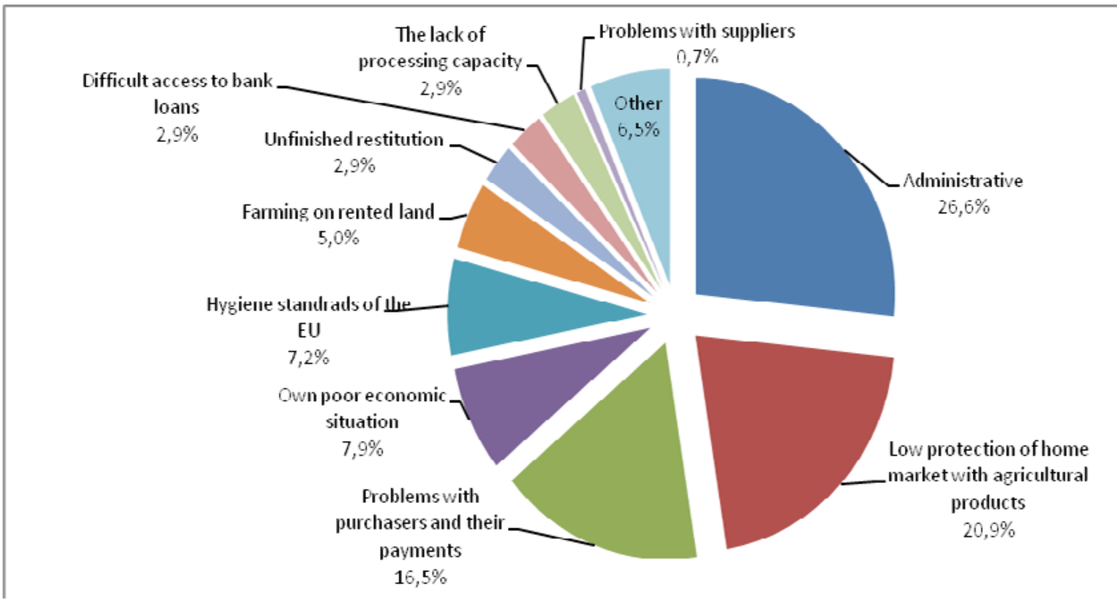

Fig. 3: Barriers of agricultural development by private farms
Source: author's questionnaire survey
Obr. 3: Bariéry rozvoje zemědělství v podnicích fyzických osob
Pramen: vlastní dotazníkové šetření

In connection with positives which were brought by the CAP, farmers were asked if they are able to manage without regular subsidies (SAPS, Top-Up, less favoured areas, agro-environmental measures). 85 % of corporate and 81 % of private farms answered that they are not able to manage without subsidies!

Except of upper noted subsidies, farmers can apply for non-claimable grants (projects) – until 2004 from the SAPARD programme, in the period 2004–2006 from the Operational programme "Agriculture" and in the current period 2007–2013 from the Rural Development Programme. However, only 7 questioned corporate farms applied for projects from the SAPARD programme, 14 from the Operational Programme Agriculture and 19 from the Rural Development Programme. Usually, corporate farms which applied successfully for a grant from the SAPARD, requested grants from following programmes as well, even in several rounds. Most of corporate farms apply for projects that support investing into agricultural property (machinery, re/construction of buildings...) and advisory.

Private farms are not as successful in getting projects as the corporate farms for several seasons: high costs of application processing (they are not able to complete it by themselves), competition for projects (they must compete with corporate farms which have either greater experience in writing projects by themselves or they can hire specialised advisor), private farms are also less able to co-finance projects. No of surveyed private farms received grant from the SAPARD project, 9 from Operational Programme "Agriculture" and 8 from the Rural Development Programme.

One of the visions of the Czech agriculture[3] is "enough diversify the economy of rural areas and provide support to non-agricultural activities". Rural development was the main content of third part of the questionnaire.

Vysočina region has managed to fulfil the above mentioned vision only partially. Only 39 % of corporate and circa one third of private farms is running any non-agricultural (related) activity – fuel sale, sale of farm products, wood cutting, carpentry, servicing of machinery, accommodation etc., some of them provide different services for community.

It is clear that the diversification of activities in the region has considerable reserves, especially by private farms. Impacts of the CAP in this area are not very apparent as recently running non-agricultural activities has not arose after 2004, but farms have been running them also before the EU entrance. An exception makes development of biogas stations which are operated by one corporate farm (ZD "Podlesí" in Čechtín), two biogas stations are prepared.

Final questions of the questionnaire were devoted to economic results and plans to future. The economic results of farms – both corporate and private – have improved after joining the EU. This is given mainly by possibility to draw various payments for farming from EU budget (mainly direct payments – SAPS, Top-Up, AEM, LFA), which was before 2004 not possible (except of SAPARD). However, within the EU there are different conditions for old and new member states until 2013 and Czech farms are forced to use subsidies more to compensation of losses and increase of competitiveness than on developing of their farms.

Plans for future slightly differ by corporate and private farms. These differences results from opportunities which the CAP offers to both types of farms. However, by both – corporate and private farms – dominates response "to maintain current situation" (13 corporate, 16 private farms), but while 11 private farms would like to expand their farming, second most frequent answer by corporate farms is "survive". Specific feature by private farmers is that 9 of questioned want to transfer their farming to their offspring. From other, not so often, responses there is apparent bigger orientation on plant production which is unlike livestock production still profitable, efforts to modernisation and costs saving (economy of scale) and increase of productivity. Two corporate and four private farms will probably be forced to end their agricultural activities. Attempts to diversify farm activities are noticeable– two corporate and one private farm are planning to build a biogas station. Nevertheless, realisation of plans to future of farms will be significantly influenced by the situation in agriculture until 2013 and mainly by changes which are planned for period after 2013.

[3]According to: Vize českého zemědělství a souvisejících oborů. Prague: Ministry of Agriculture, 2010.

DISCUSSION

Adoption of the Common Agricultural Policy of the EU by new EU members brought to agricultural sector many changes. These changes are apparent in all regions of the Czech Republic and model region – Vysočina is not an exception. Changes are apparent both in livestock and crop production, however, in livestock production are more significant. Farmers have to solve many problems which came with the CAP – low protection of home market with agricultural products, problems with purchasers or administrative. Farmers speak about the only positive of the CAP – financial subsidies.

The CAP brought also possibilities for development which seems to be very wide. An important factor for agriculture and rural development is shift of farmer´s complaining on the problems in agriculture, which is very common after the EU entrance, and efforts to their own independent development – farmers have to actively participate on prosperity of their farm and also on rural development.

Future development of agriculture in the Vysočina region has to be in correspondence with CAP which is oriented mainly on rural development. It is necessary to stop depopulation of rural municipalities, support origination of new working places and non-agricultural activities, which is closely connected with landscape and environment maintenance. Majority of farmers try to adapt to cross-compliance and modernize manufacturing so as to increase quality of products.

As recent state of agriculture is not very advantageous for Czech farmers (e. g. it is more profitable to care for permanent pastures than run intensive agricultural production) and compared with EU-15 they are handicapped, Czech agriculture has good preconditions to be competitive in EU. If farmers survive until 2013 and organs of state administration stop to harass them, they will have big chance to show that Czech agriculture with its big farms and intensive farming and skilful private farmers are able to be on “top of EU” both in costs/prices and quality of production.

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