RICULTURE AFTER 9 YEARS OF EU ACCESSION

background for the research position to the CAP 2014+

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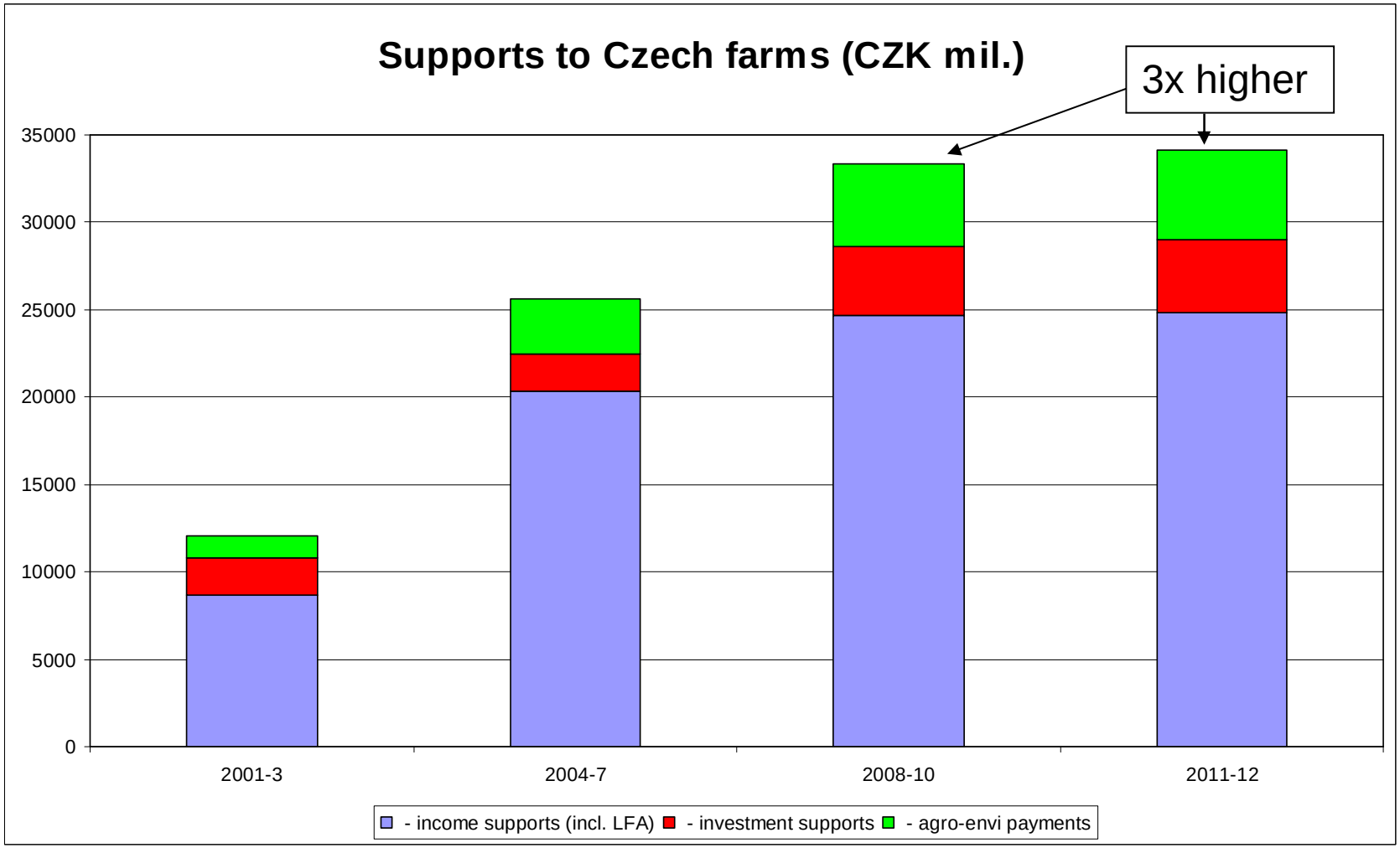
STRATEGY

- Czech Ministry of Agriculture with the support of the IAEI and academicians – preparation of a long-term strategy for agriculture and food industry
- Start: July 2012
- Final version after discussions with NGOs: June 2013 (?)
- Research position, presented here, is now slightly different from original version

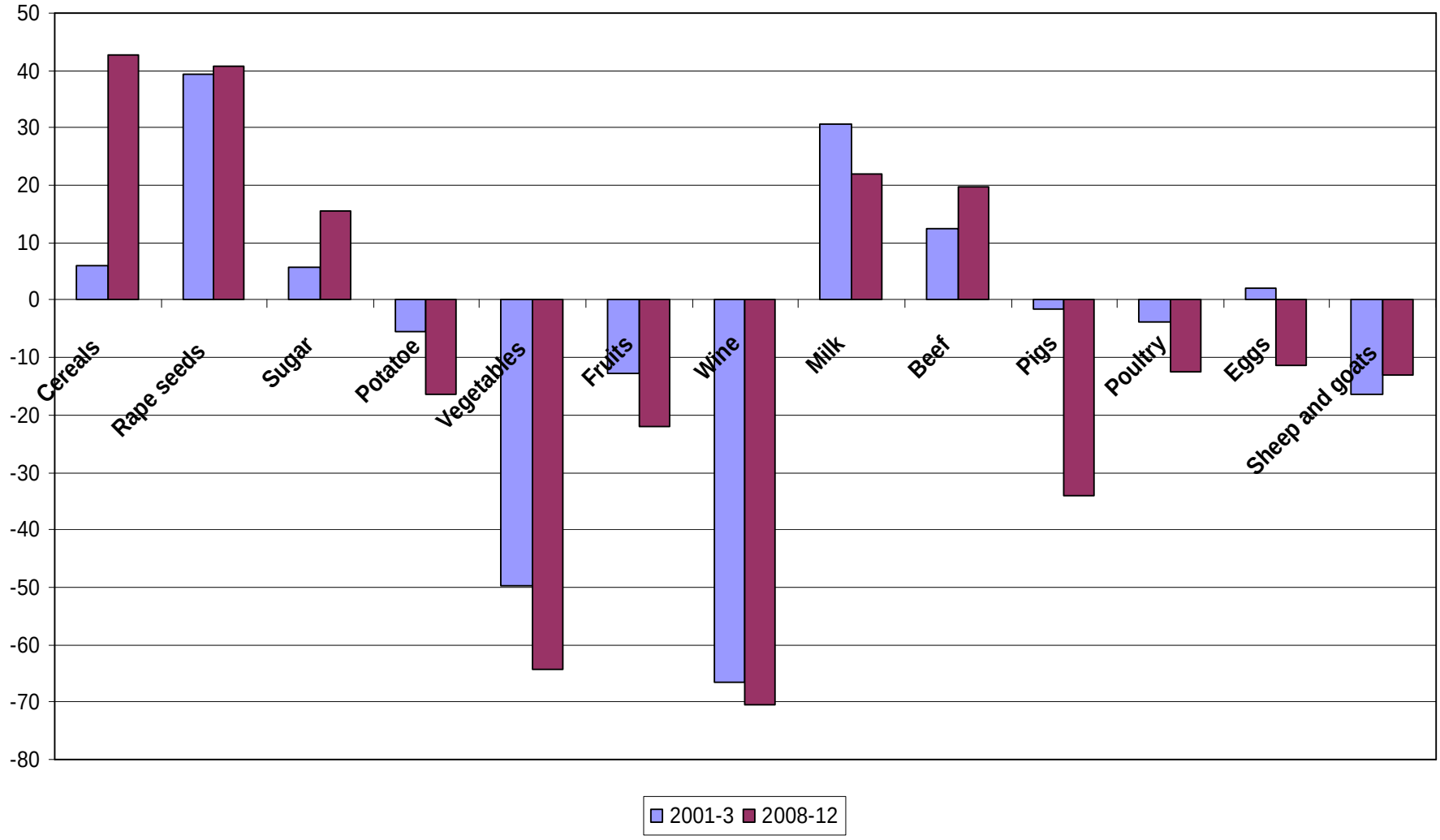
STRUCTURE

1. Analysis
2. Strategic goals
3. CAP 2014+ - research position following analysis and strategic goals

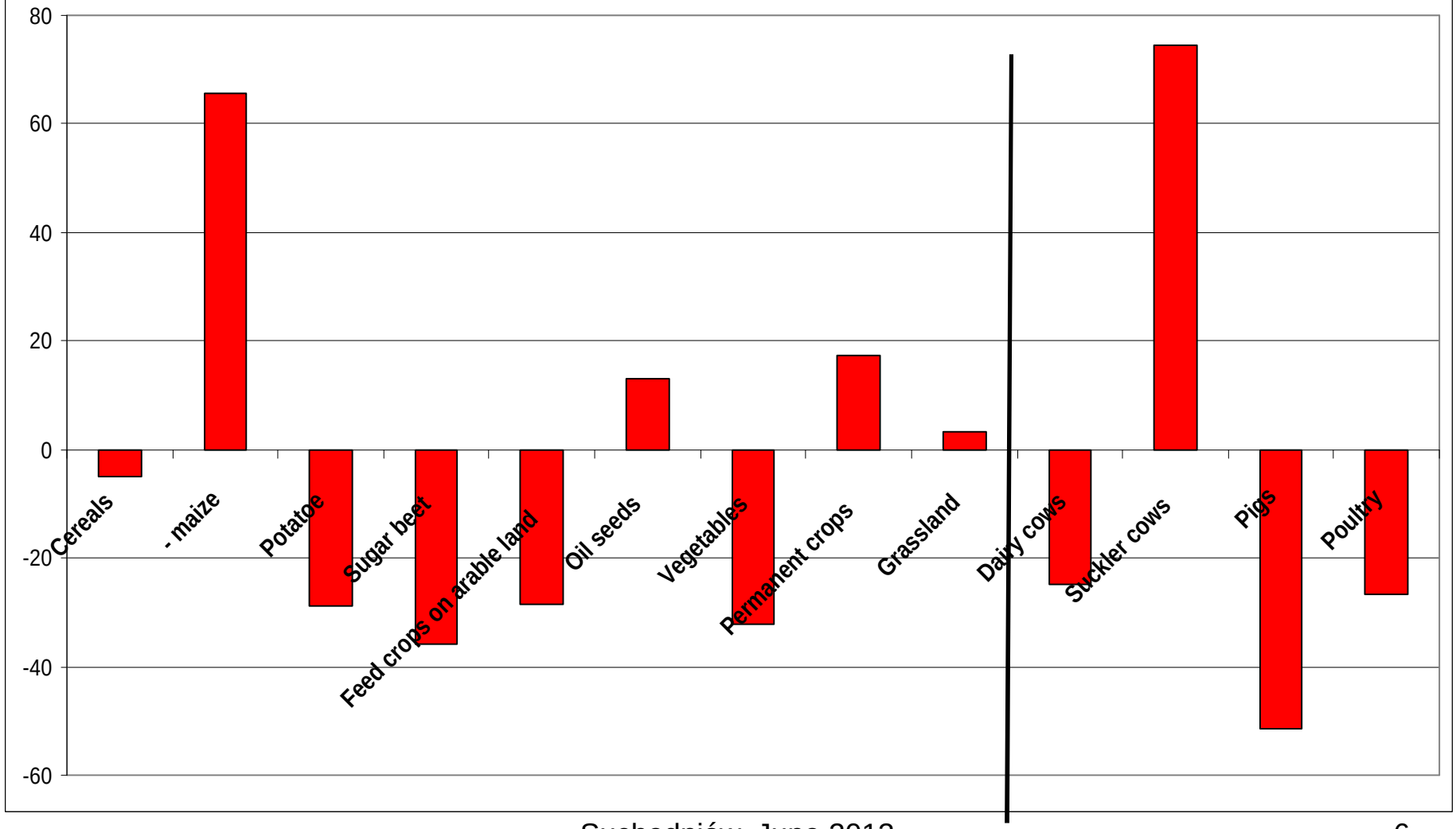
one of the main factors shaping Czech griculture after EU accession



Self-sufficiency (%)



n the land use and livestock (% of ha, heads) (2010-11 to 2001-3)



ucture of Czech farms (with more than 3 ha)

Legal form	Share in number			Share in agricultural land		
	1995	2005	2012	1995	2005	2012
Farms as physical entities	89,7	90,3	87,2	23,2	29,0	29,8
Farms as legal entities	10,3	9,7	12,8	76,8	71,0	70,2
- companies	5,2	7,2	10,2	28,1	46,1	49,0
- coops	4,8	2,2	2,0	47,0	24,0	20,4
Total (%)	100,0	100,0	100,0	100,0	100,0	100,0
Total: farms, ha	23215	25855	25986	3544036	3543820	3503629

Source: Agrocensus (Czech Statistical Office).

- Average size exceeding highly EU average
- Growing share of smaller farms in land use
- Companies > coops
- Very large farms (20 000 ï 100 000 ha) - non-agricultural capital
- 70 % of land is leased (but the share is diminishing)

Economic indicators of the Czech agriculture

atel	Unit	2001-3 average	2010-12 average	Index 2010-12/ 2001-3
Production/ha	000 CZK	28,3	32,7	115,4
Operational surplus	mil. CZK	-696,2	13625,8	x
Incomes from factors/AWU[2)]	000 CZK	151,5	401,3	264,9
Interim consumption/production	%	70,2	73,1	104,1
Share of operational supports in production	%	6,3	24,4	387,3
Share of operational supports in incomes from factors	%	26,7	65,1	243,7
Number of workers (AWU)	000 AWU	158,6	106,9	67,4

- Economic/social situation due to high supports sharply increasing
- Efficiency of farms decreasing
- Large differences among farm categories and commodities mainly due to unbalanced distribution of income supports.
- Winners:
  - large farms in LFA with extensive suckler cows
  - large farms in plains with Ž2 cropsñï cereals + rape seed
  - non-effective farms surviving

profitability on the Czech farms by commodities and in total[1)]

Commodity	best 1/3	average 1/3	worst 1/3	CR average
Wheat	74,9	39,4	17,3	42,3
Barley	119,1	55,0	24,2	68,4
Rape seed	49,3	18,7	1,0	21,7
Sugar beet	61,0	42,1	15,4	41,2
Potatoe	33,9	-6,8	-14,1	-3,3
Apples	-23,3	-26,7	-42,2	-29,5
Milk	27,3	9,1	-8,3	14,3
Beef	-1,9	-11,6	-24,2	-13,0
Suckler cows	70,3	5,7	-24,3	20,2
Pigs	-15,6	-23,4	-32,8	-13,3
Poultry	0,6	-9,8	-22,7	-3,0
Income from factors/AWU (000 CZK)	668	354	142	383

1) Profitability: ((revenues + supports)/costs)-100

The survey results distributed to the one thirds.

ructure of the Czech agricultural trade balance (bil. CZK)

Selected commodity aggregates	KN	2001-3 average	2010-12 average	Index
Live animals	01	1,08	3,78	350,0
Meat and fish, including processed products	02, 03, 16	-2,56	-16,61	648,8
Milk, dairy products, eggs	04	3,11	3,01	96,8
Fruits and vegetables ,including processed products	07, 08, 20	-14,08	-21,34	151,6
Cereals	10	0,38	8,82	2321,1
Mill products, malt, starches	11	1,58	1,82	115,2
Oil seeds	12	2,13	2,29	107,5
Oils nad fats	15	-2,05	-0,12	5,9
Sugars and sweets	17	1,23	2,07	168,3
Feed	23	-5,06	-2,81	55,5

- Growing exports of raw materials
- Growing imports of processed products (even from Czech raw materials)
- Low efficiency of food industry (especially in primary processing)

ental impacts ï one of the main problems

- Soil quality ï erosion, compression, loss of humus, é
- Water regime
  - ï retention (droughts, **floods**)
  - ï pollution (watersheds ï drinking water supply)
  - ï recreational aspects ï rural tourism
- Biodiversity
- Greenhouse gas emissions

Agriculture and renewable energy ï promising but misused orientation

- Bio-fuels ï a general EU problem
- Bio-gas stations on farms ï intensive maize production
- Solar energy ï Ăsocial disasterñ

SUMMARY

CAP have had mostly negative impacts =

Prevailing costly extensive farming

oriented on commodities with lower labour and management demands

and with negative impacts on environment (and also rural development)

reducing future competitiveness

VE STRATEGIC GOALS

1. To substantially improve soil quality and other environmental impacts = base also for food security in future
2. To increase effectiveness and competitiveness of farms based mainly on a better transfer of research and knowledge
3. To eliminate differences in the economy of farms issuing from unbalanced distribution of income supports
4. To increase the role of agriculture in renewable energy
5. To improve relations between farms and rural development (including job opportunities)

ND RESEARCH POSITION TO STRATEGIC GOAL 1 - ENVIRONMENT

- Stricter GAEC.
- Greening yes, but on farms exceeding 20 ha.
- Agro-environmental measures – higher stimulations, more targeted (even tailored), but not „double funding”,
- 10 – 12 % of direct payments coupled, oriented mainly on ruminants (with preferences in NHA), but supports on LU, not production!
- Land consolidation.
- Supports for risk management conditioned by preventive activities on farms.
- Any measures supporting the increase of own land on farms.

ND RESEARCH POSITION TO STRATEGIC GOAL 2 - EFFECTIVENESS

- Reduction of direct payments ï Pillar I ⇒ Pillar II.
- Investment supports (RDP), but
  - ï to avoid deadweight losses (supports only to SME farms, lower total support per farm and budgetary period)
  - ï preferences for livestock, fruits and vegetable sectors (but moral hazard problem ï no income/price supports for production!)
  - ï preferences for innovations (quality, animal welfare, energy savings, wastage treatment, é).
- Producer organisations.
- Holistic approach to risk management.
- Research ï transfer ï AKIS.

ND RESEARCH POSITION TO STRATEGIC
ï BALANCED INCOME SUPPORTS

- Income supports should not generate the differences in the farm economy among farm categories.
- Supports for small and young farmers ï Ănew bloodñ
- Ceilings and modulation of direct payments, respecting employment,
- LFA (NHA) supports on agricultural land (up to now only on grassland) ï Ăpoliticalñproblem. Needed to respect:
  - relations to direct payments, particularly to coupled supports on ruminants;
  - present restructuring of LFA farms;
  - degresivity of payments.

ND RESEARCH POSITION TO STRATEGIC
DAL 4 ï RENEWABLE ENERGY

- Huge potential for this.
- Bio-fuel ï 5 % (?)
- Investment and operational supports for agricultural biogas stations, but under stricter conditions (wastage, slurry from pigs, heat).

HOWEVER, the government under Ădisaster effectsń of solar energy has been preparing a new legislation, rejecting any supports in reality

ND RESEARCH POSITION TO STRATEGIC FARMS AND RURAL DEVELOPMENT

Almost all already mentioned measures, especially:

- Specific supports for livestock, fruits, vegetable job opportunities.
- Supports for diversification.
- Supports for small farms and young farmers positive impact on human and social capital in rural areas.

THANKS FOR YOUR ATTENTION