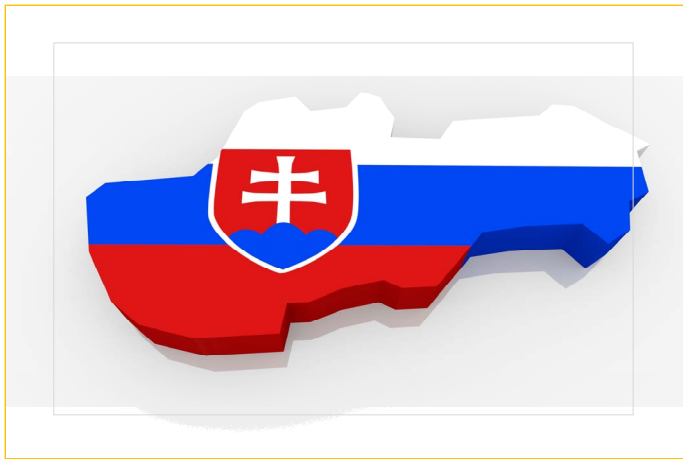


SLOVAKIA AND THE CAP

10 YEARS OF SUCCESS



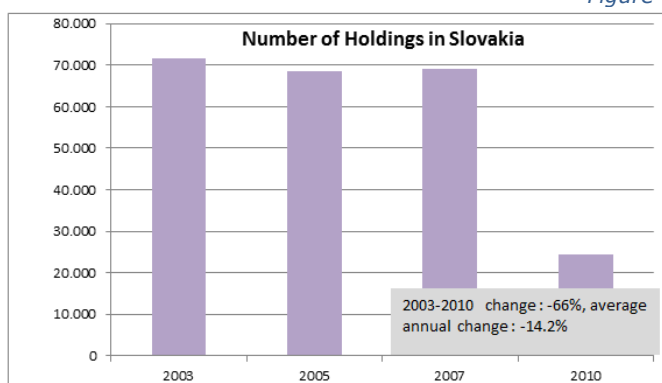
Ten years ago, on 1 May 2004, the EU enlarged from 15 to 25 Member States (and with two subsequent enlargements to 28). The balance of these ten years of EU membership is clearly positive for agriculture and the rural economy in Slovakia.

1. Structural Adjustment

Fewer farms

The number of farms has fallen by two-thirds in Slovakia since 2003.

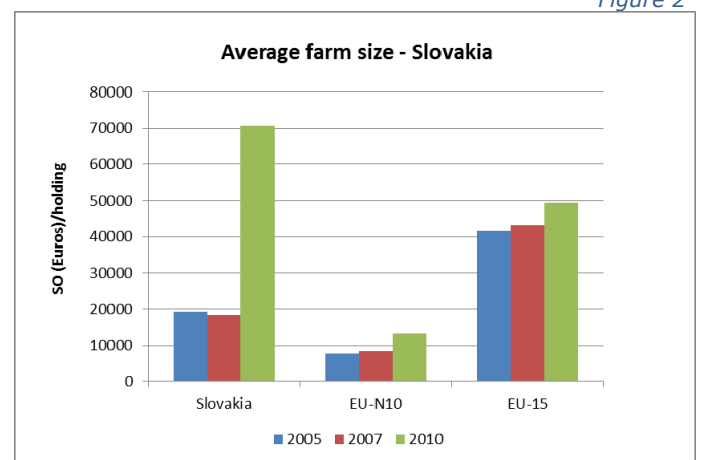
Figure 1



Bigger farms

Farms in Slovakia have grown (in economic size¹) by 266% since 2005. It is the most dynamic country in the whole EU, with the value of production/holding showing 30% average growth/year, albeit from a low base (EU-15: 3.5% and EU-N10:11.2%).

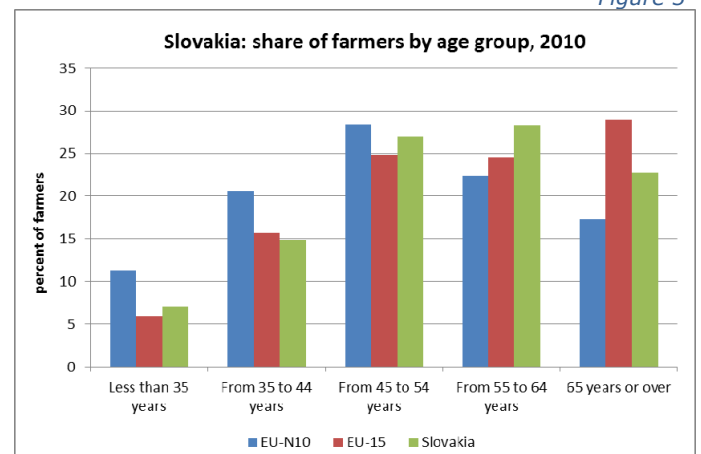
Figure 2



Older age structure compared to other new Member States

In general, farmers in Slovakia are older than the average for the EU-N10, however there are less elderly farmers than in the EU-15.

Figure 3

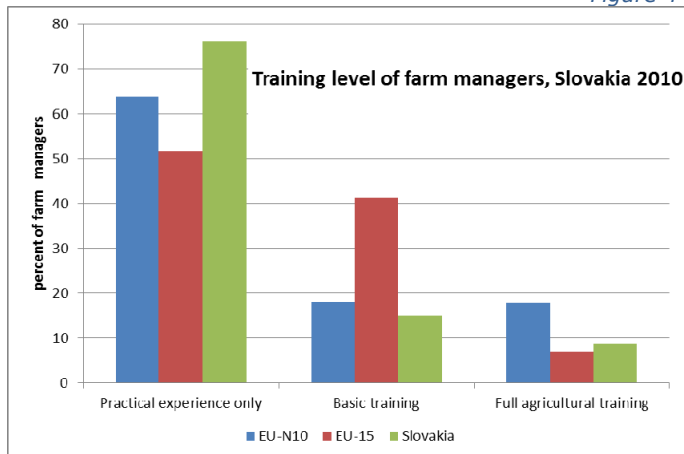


¹ Economic size is measured by the value of Standard Output (SO).

Training of farm managers

A higher percentage of farm managers in Slovakia rely on practical experience (76%) and basic agricultural training (15%) than in the EU-N10 and the EU-15.

Figure 4

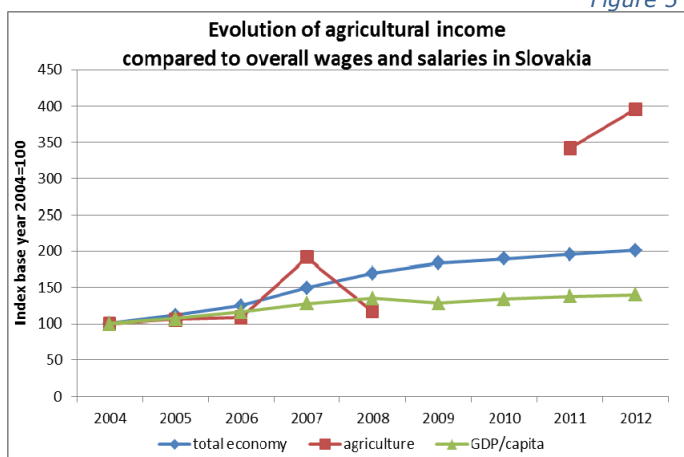


2. Income

Agricultural income rising fast

From 2004 to 2012 Slovakian agricultural income² nearly quadrupled (+18.8 % growth on average per year despite income losses in 2009 and 2010), compared to overall wages and salaries in the whole economy which doubled (9.1 % per year) and 40% growth in GDP per capita (4.3% per year).

Figure 5

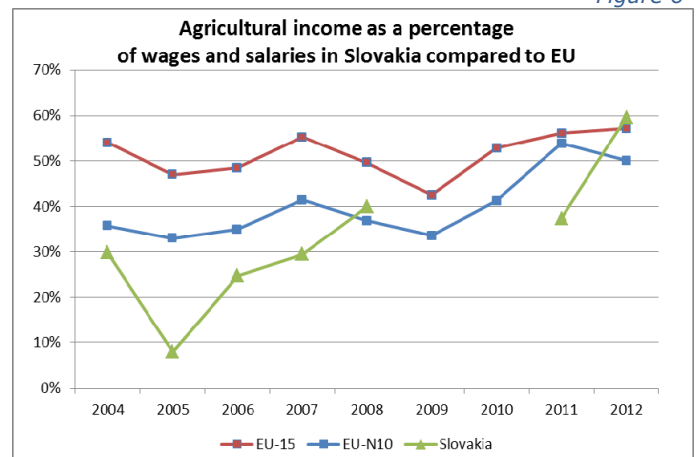


² Agricultural income is measured by entrepreneurial income per full-time non-salaried "Agricultural Work Unit", using an index with base year 2004=100.

Though lower than average wages

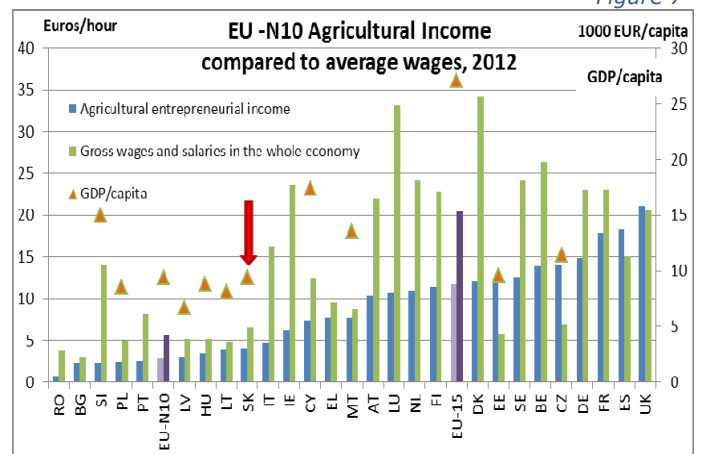
Agricultural income in Slovakia has been lower than average wages and salaries in the whole economy (and even negative in 2009 and 2010). The ratio of agricultural earnings to the average for the economy, was lower than the average for the EU-N10 and the EU-15, apart from 2008, and 2012 when agricultural earnings rose to 60% of average wages.

Figure 6



Compared to the EU-15, in 2012 agricultural income in Slovakia (hourly earnings of €3.9) was around one-third of the level in the EU-15 (€11.70). The average hourly wage rate for the whole economy was also one-third of the EU-15 level (€6.60 compared to €20.40). This should be seen in the context of Slovakia's relative GDP/capita, which is one-third of that of the EU-15.

Figure 7

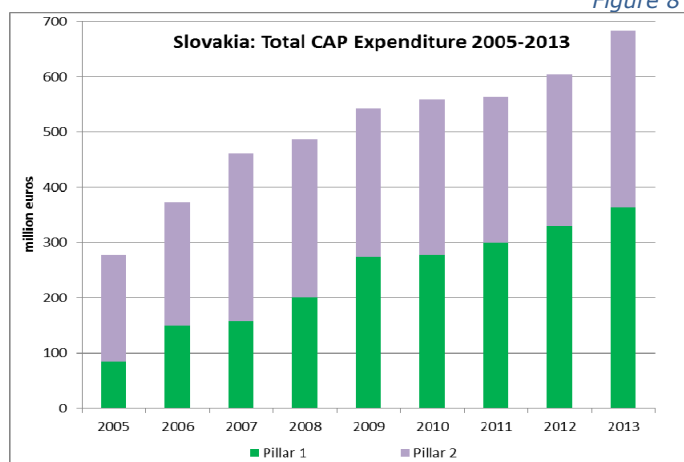


3. CAP Expenditure

Investing in rural communities and supporting farm incomes

Over the period 2005-2013, total CAP spending in Slovakia was 4.5 billion euros. Slovakian farmers received 2.1 billion euro in direct aids and market measures to support farm income (Pillar I) and more than 2.4 billion euro was spent modernising agriculture, making it more sustainable and developing rural areas (Pillar II).

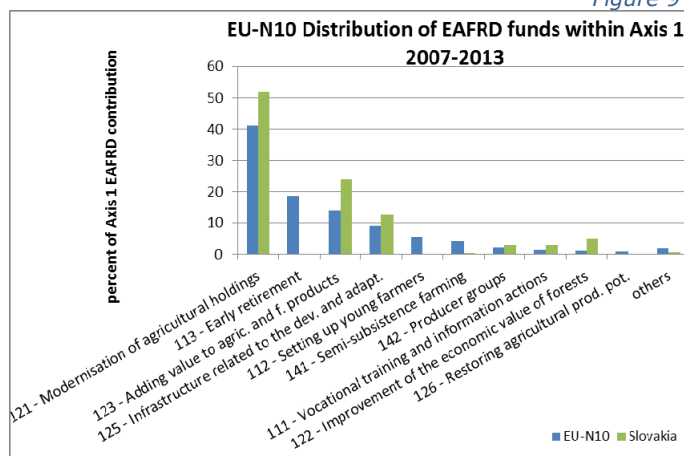
Figure 8



Investing in competitiveness

Over half of funds under Axis 1 went to investment aid for modernisation of agricultural holdings (52%) in Slovakia, followed by schemes which add value to production (24%) and infrastructure (13%).

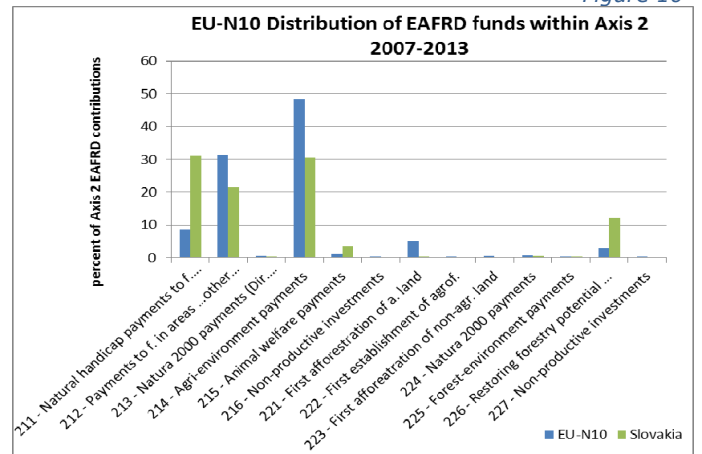
Figure 9



A more sustainable agriculture sector

Within Axis 2 roughly 30% of Rural Development money was spent on mountainous areas with natural handicaps and agri-environment measures and 12% on restoration of forestry.

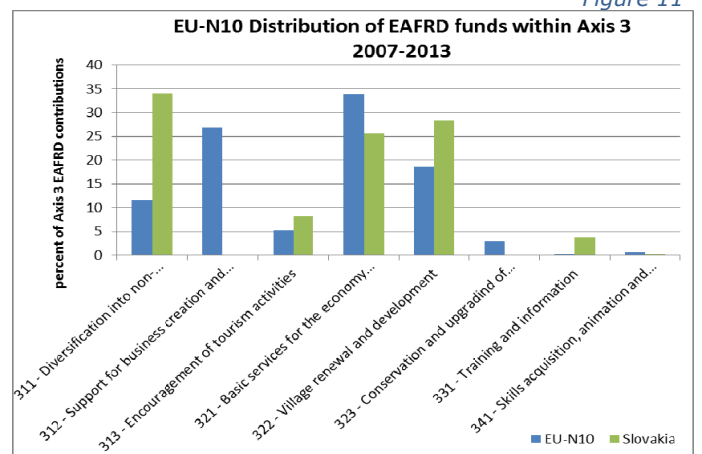
Figure 10



Quality of life and diversification of rural areas

Slovakia's focus within Axis 3 is on diversification into non-agricultural activities, which accounts for more than one-third (34%) of spending, followed by village renewal and development (28%) and provision of basic services in rural areas (26% of expenditure).

Figure 11

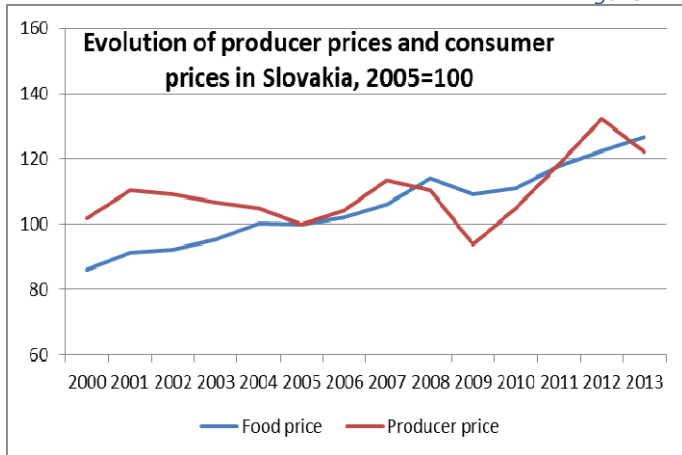


4. Prices and share of food in household expenditure

Food prices rise faster than producer prices

Agricultural commodity prices increased by 16% in nominal terms in Slovakia, from 2004 to 2013, while consumer food prices grew by 26% over the same period.

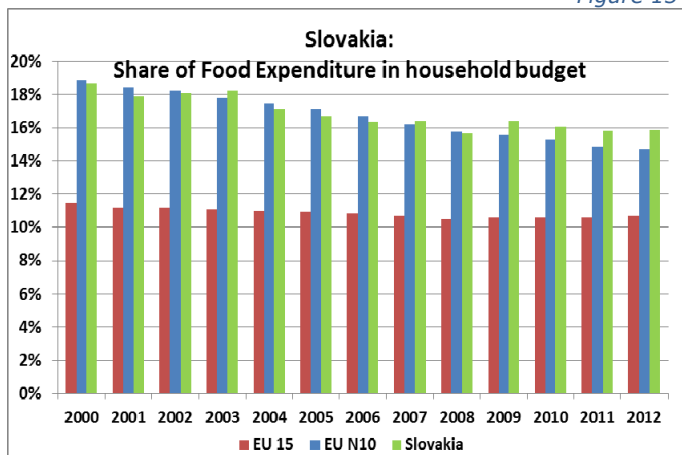
Figure 12



Food accounts for a declining share of household expenditure

Until 2009 food accounted for a declining share of household expenditure in Slovakia, since then it remains at around 16%, above the EU-N10 average.

Figure 13

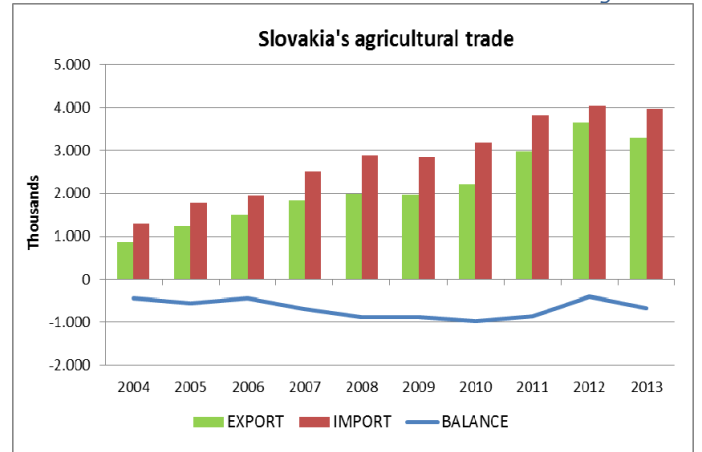


5. Trade

Exports growing faster than imports

Slovakian agricultural exports have grown almost fivefold over the past ten years, while imports have tripled in value, reducing the agricultural trade deficit by over €200 million.

Figure 14



See the individual EU-N10 enlargement fiches and more on *Briefs*:

http://ec.europa.eu/agriculture/policy-perspectives/policy-briefs/index_en.htm

Policy Perspectives homepage:

http://ec.europa.eu/agriculture/policy-perspectives/index_en.htm



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