

CZECH REPUBLIC AND THE CAP

10 YEARS OF SUCCESS



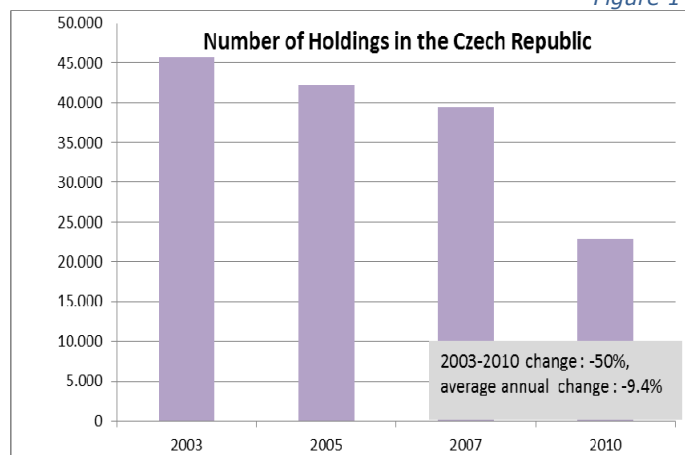
Ten years ago, on 1 May 2004, the EU enlarged from 15 to 25 Member States (and with two subsequent enlargements to 28). The balance of these ten years of EU membership is clearly positive for agriculture and the rural economy in the Czech Republic.

1. Structural Adjustment

Fewer farms

The number of farms has halved in the Czech Republic since 2003.

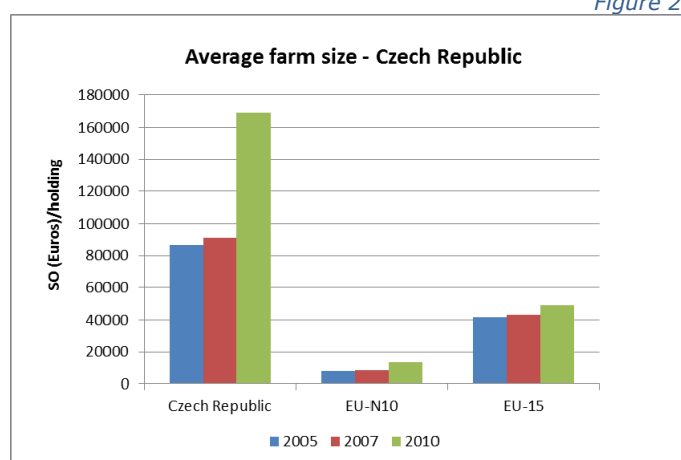
Figure 1



Bigger farms

Farms in the Czech Republic are almost four times bigger in economic size¹ than those in the EU-15. It is one of the most dynamic countries with the value of production/holding showing 14.3% growth/year, (EU-15: 3.5% and EU-N10:11.2%).

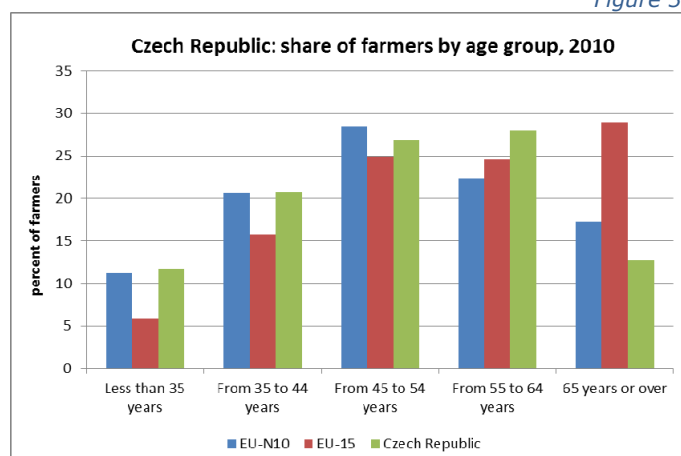
Figure 2



Younger age structure

In general, farmers in the Czech Republic tend to be younger than in the EU-15.

Figure 3

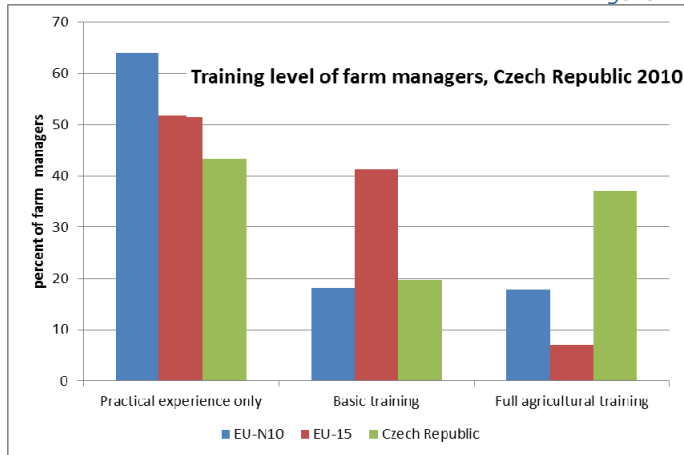


¹ Economic size is measured by the value of Standard Output (SO).

Training of farm managers

A greater percentage of farm managers (37%) in the Czech Republic have full agricultural training than in the EU-N10 (18%) or in the EU-15 (7%).

Figure 4

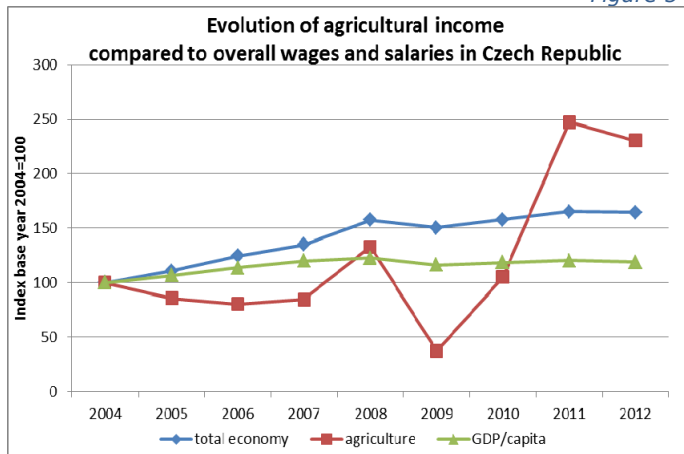


2. Income

Agricultural income rising fast

From 2004 to 2012 Czech agricultural income² grew by 131 % (average +11 % per year), compared to overall wages and salaries in the economy which increased by 64% (6.4% per year) and growth of 19% in GDP per capita (2.2% per year).

Figure 5

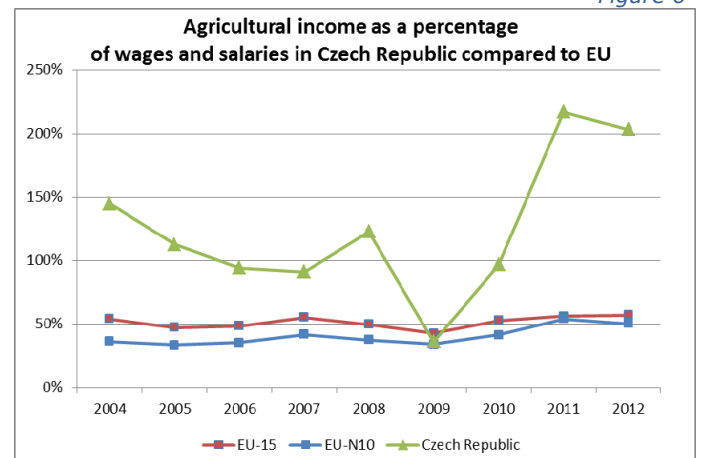


² Agricultural income is measured by entrepreneurial income per full-time non-salaried "Agricultural Work Unit", using an index with base year 2004=100.

Agricultural income is double the level of average wages in the whole economy

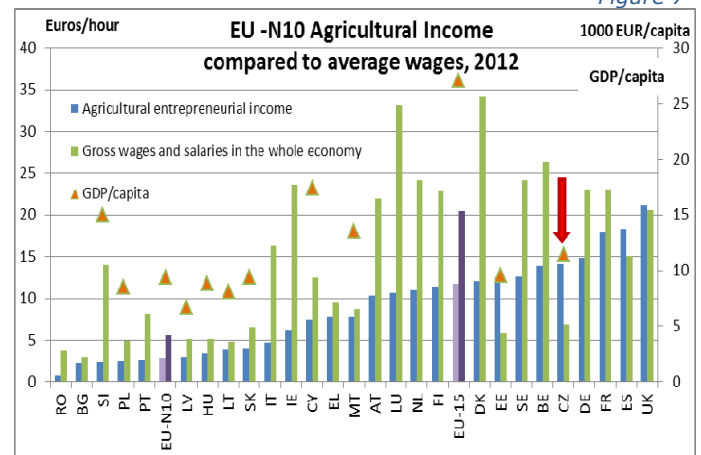
The level of agricultural incomes in the Czech Republic was close to (or even higher than) average wages in the whole economy, except in 2009. By 2012 agricultural earnings were more than double average wages. By contrast agricultural income is less than half of average wages in the EU-N10 and the EU-15.

Figure 6



Compared to the EU-15, in 2012 hourly earnings in agriculture in the Czech Republic (€14.10) were 20% higher than in the EU-15 (€11.70), while the average wage rate for the whole economy was just one-third of the EU-15 level (€6.90/hour compared to €20.40). This should be seen in the context of the Czech Republic's relative GDP/capita, which is 42% of that of the EU-15.

Figure 7

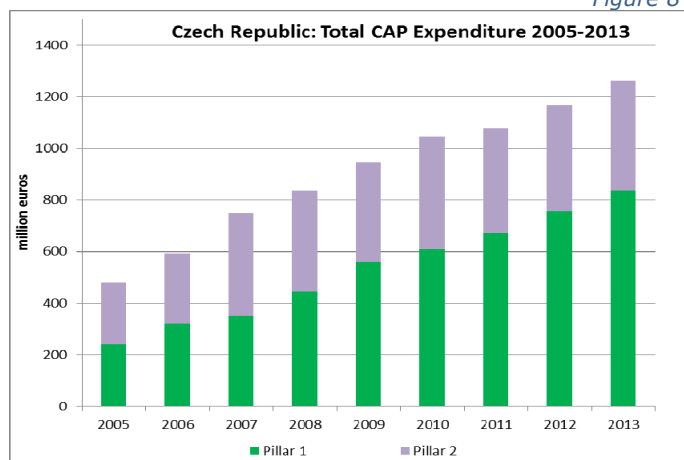


3. CAP Expenditure

Investing in rural communities and supporting farm incomes

Over the period 2005-2013, total CAP spending in the Czech Republic was 8.2 billion euros. Farmers received some 5 billion euro in direct aids and market measures to support farm income (Pillar I) and 3.4 billion euro was spent modernising agriculture, making it more sustainable and developing rural areas (Rural development or Pillar II).

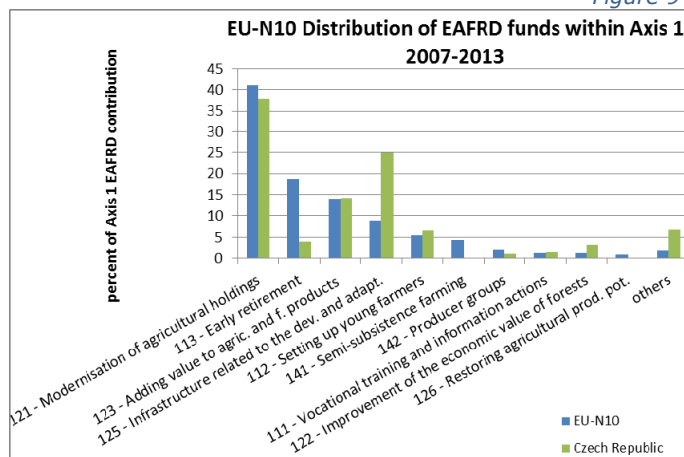
Figure 8



Investing in competitiveness

The largest share of funds under Axis 1 went to investment aid for modernisation of agricultural holdings (38%) in the Czech Republic, followed by infrastructural development (25%) and 14% on schemes which add value to production.

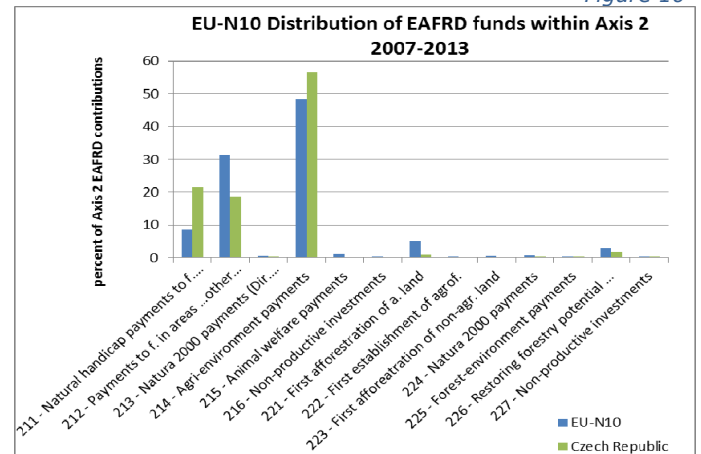
Figure 9



A more sustainable agriculture sector

Within Axis 2 more than half (57%) of Rural Development money was spent on agri-environment measures and the rest mainly on areas with natural handicaps (mountains with 21% and other areas with 19%).

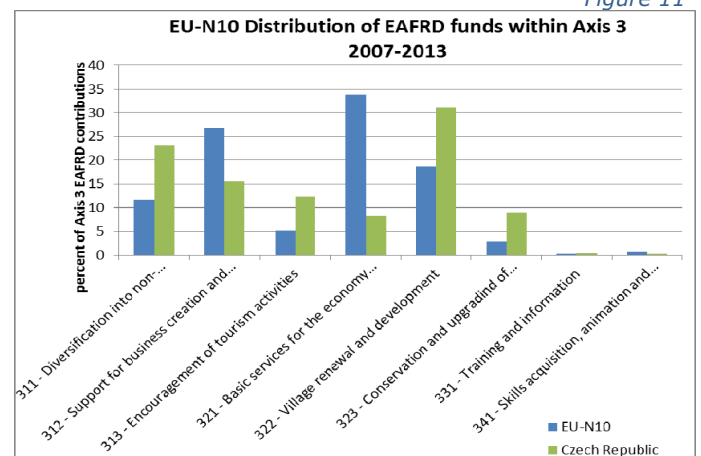
Figure 10



Quality of life and diversification of rural areas

The Czech Republic's focus within Axis 3 is on village renewal and development (31% of expenditure), diversification into non-agricultural activities (23%), and support for business creation and development (16%) of spending.

Figure 11

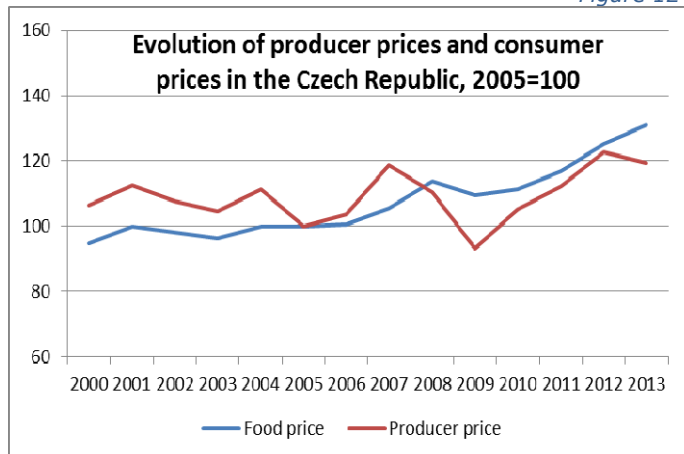


4. Prices and share of food in household expenditure

Food prices rise faster than producer prices

Agricultural commodity prices increased by 7% in nominal terms in the Czech Republic from 2004 to 2013, while consumer food prices grew by 31% over the same period.

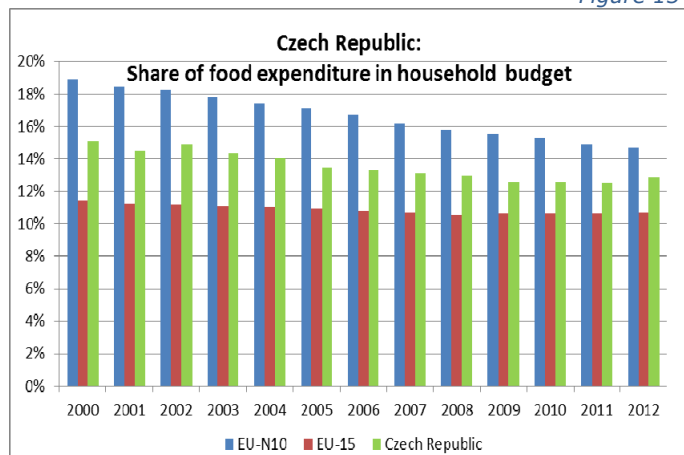
Figure 12



Food accounts for a declining share of household expenditure

Food accounts for a declining share of household expenditure in the Czech Republic, though it has not yet reached the level of the EU-15.

Figure 13

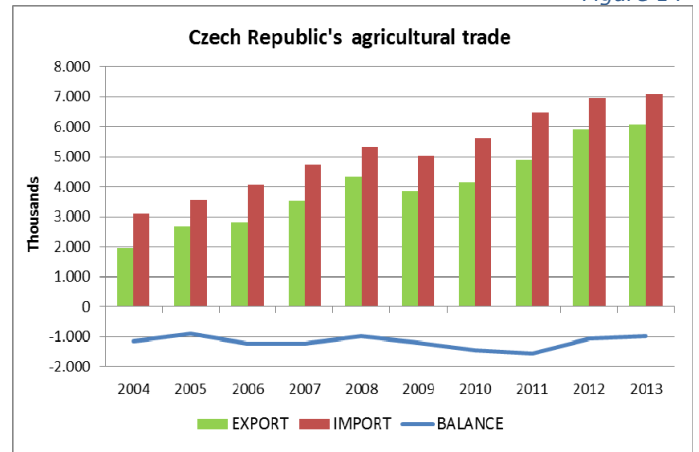


5. Trade

Exports growing faster than imports

Czech agricultural exports have risen fourfold in value over the past ten years, while imports have more than tripled in value.

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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