

# COMPARISON OF SELECTED CAP MEASURES IN THE CZECH REPUBLIC AND REPUBLIC OF SLOVENIA

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## Abstract

Czech Republic and Republic Slovenia have been already four years members of European Union. Membership in EU requires adopting of European legal order, in agricultural adopting of Common Agricultural Policy (CAP) which brought many changes into both agricultural sectors. This article deals with selected measures of CAP and tries to describe their settings and differences in both countries. Also case study is included – comparison of selected measures in one Czech and one Slovene region and interview with farmers in both countries and their opinions about CAP.

**Key words:** Czech Republic, Republic of Slovenia, Common Agricultural Policy, less favoured areas, organic farming, early retirement, agro-tourism

## PRIMERJAVA IZBRANIH UKREPOV SKUPNE KMETIJSKE POLITIKE MED ČEŠKO REPUBLIKO IN SLOVENIJO

### Izvleček

Češka republika in Slovenija sta že štiri leta članici Evropske zveze, kar med drugim tudi pomeni, da sta prevzeli evropski pravni red in se prilagodili skupni kmetijski politiki (SKP), ki je v obeh državah prinesla številne spremembe agrarnega sektorja. Izpostavljeni so izbrani ukrepi SKP, njihova vzpostavitev in razlike med državama, za boljše pojasnitev je bila v raziskavo vključena študija primera v Sloveniji in na Češkem.

**Ključne besede:** Češka republika, Republika Slovenija, skupna kmetijska politika, območje z omejenimi možnostmi za kmetijsko dejavnost, ekološko kmetovanje, zgodnje upokojevanje kmetov, turizem na kmetiji

### 1. INTRODUCTION

Slovenia and the Czech Republic entered into EU on May 1, 2004. By joining the EU both countries had to adopt its legal order and common policies, including the common agricultural policy (CAP). The commitment of the CAP led to unprecedented changes in agricultural sector of both countries. By implementing the CAP both countries are directing the further development of the agriculture and food-processing industry in order to boost the competitiveness of the sectors, considering the diversity and distinctive features of the rural areas and the multipurpose role of agriculture.

Although agriculture is still today important factor for social stability and management with natural sources in rural space but situation in both studied countries is not very favourable. Demographic situation and the aging structure of the rural population became worse due to out-migration of young people and high percentage of the people above the age of 65. It could be one of the factors why endogenous economic growth is difficult. CAP includes measures which support early retirement, encourage younger people to stay in agricultural sector or helps to improve infrastructure in rural areas.

Next aim of CAP is to prevent traditional cultivated landscape from devastation. This is provided by measures that financially stimulate food production in environmental friendly way. Relatively low intensity of farming in Slovenia means fewer burdens for environment and higher quality of products - safe food, which is not as easy in the Czech Republic because of traditional large-scale farming.

Programmes of CAP also help to maintain or even improve economic situation - number of supplementary activities increasing, as also number of ecological farms and farmers implementing agro-environment programmes (Perpar 2007, 231). Key issue should be diversifying of the rural economy and maintaining and enhancing the quality of life in rural towns and communities. But it must be stressed out that the real economic impacts shall depend on the amount of the financial resources per individual measure and on the input of resources within the measures for different purposes.

CAP concerns the balance between the competitiveness of agriculture, food industry and forestry, environmental protection and the conservation of natural landscape as well as the improvement of the quality of life in rural areas and the promotion of diversification. From brought up is evident that agriculture should uphold

the principles of sustainable development and remains indispensable and irreplaceable activity in rural areas, even from economical and social point of view. Also cultural landscape and biodiversity maintenance or environment protection is important.

### 1.1 Materials and Methods

Aim of this article is to evaluate and compare the four years period of Czech and Slovenian membership in the EU and in CAP and to the way how the Czech and Slovenian agriculture has been integrated into the CAP conditions. Even if comparison of these countries due to their area, population, history and other factors is rather difficult, we try to compare impacts of several CAP measures. An attention is paid to mainly to selected topics: less favoured areas, organic farming, retirement policy and agro-tourism in both countries. This will be shortly illustrated on example of the Jihlava district and the Gorenjska Region.

Data for this article have been obtained from the Czech Statistical Office (CSO), Statistical Office of the Republic of Slovenia (SORS), Ministries of Agriculture (MA) of both states, State Agricultural Intervention Fund (SAIF) and Agency of the Republic of Slovenia for Agricultural Markets and Rural Development (AAMRD) which are administrators of financial subsidies both from the European Union and from the national financial funds. Also literature which deals with EU integration or CAP impacts in both countries, such as example from Slovene authors Knific, Bojnec (2007), Lampič (2005), Perpar (2007); from Czech Republic e.g. Červená, Menzlová, Pohlová (2004), Johanovská, Štolbová (2007) and strategic documents of both countries (Rural Development Programme (RDP) of the Republic Slovenia 2007 – 2013 and Rural development programme of the Czech Republic for the period 2007 – 2013) have been used.

(\*exchange rate for 1 EUR = 28 Czech crowns, 239 Slovene tolar)

## 2. Basic facts about Slovenian and Czech agriculture

Slovenia (SI) is a small European country with a surface area 20 273 km<sup>2</sup> and 2 010 377 inhabitants (SORS, 2006). It is situated at the crossroads of central Europe, the Mediterranean and the Balkans. Despite its limited territory, Slovenia is a country with a highly diversified landscape and varied climatic conditions.

Slovenia became independent in 1991 following the violent break-up of Yugoslavia. A direct impact of independence was reflected in the loss of Yugoslav market, which has contributed to sluggish economic growth in the early 1990s. However, due to relatively high levels of economic development attained prior to its independence, no such radical economic policy reform was needed as was the case with other Central and Eastern European countries. In contrast to other ex-socialist European countries there was always a predominant share of privately-owned farm land. This was the result of an agricultural policy that allowed the existence of small family farms, where collectivisation efforts were not that strong. Just before the independence, there was more than 90% of all land in the hands of private farmers and merely 8% of land was occupied by big state-owned farms, now referred to as agricultural enterprises which operate as share-holding companies (Turk, Rozman et al. 2007, 209).

Slovenian agriculture is just as specific, preserving settlement even in the most remote areas. Farming is not easy in a country where more than three-quarters of its surface belong to areas classified as less favoured with factors that limit farming – either because of the altitude and sloping terrain or karst features or any other limiting factors – and where more than half the territory is covered by forests. (Slovenian Agriculture... 2008, 3). It is typical by big number of farms. According to data from the 2003 just above 77 000 agricultural holdings with 485 430 of agricultural land are engaged in agriculture (Farm structure survey, SORS). The share of agriculture in the gross domestic product (GDP) is slightly lower than the European average and totals about 2,2 %. The average size of farms is 6,3 hectares in mountainous terrain, only about 6 % of farms utilize more than 10 hectares, which is one of the reasons for low productivity of farms.

Czech Republic (CR) is a country in Central Europe with total area of 78 866 km<sup>2</sup> and 10 325 941 inhabitants (CSO, 2007). In a Europe-wide context, it can be characterised as a mountain to submountain area. Mutual pervasion and mixing of oceanic and continental effects are characteristic for the climate in the Czech Republic.

Before 1989 the Czech agricultural was controlled by the central directive system. The main role in enterprises structure had the cooperative farms of large areas which were situated in nearly every municipality, state farms were situated in border localities or in localities with unfavourable conditions for agricultural production, private sector was strongly repressed. After the change of regime in 1989 the agricultural sector went through many changes. The most important were: transition of cooperative farms, privatisation of state farms and restitution of property. Fall of volume of production and decrease of employment in agriculture was also typical.

According to the Eurostat in the Czech Republic there are 42 250 agricultural holdings which are farming on 3 557 790 ha of agricultural land; an average size of agricultural enterprise is about 71,0 ha. The sector of agriculture together with forestry and fishery accounted in the Czech Republic in current prices for 4,5 % of

gross value added in the national economy in 2002 and the workers in agriculture accounted for 4,1 % of the overall employment in the national economy.

Due to the different surface area (Czech Republic is about 4x larger than Slovenia) and history of both countries is the stock of animals and agricultural production quite different. Also the land use in both countries varies (Figure 1). In the Czech Republic is still more than 71 % of utilised agriculture land arable land, which is heritage Czech history (production in cooperatives was in the first place), but only 23 % of agricultural land is classified as permanent grassland. Compared with other European countries is this share low and that's why Czech government support set asides. In Slovenia is situation quite different. Percentage of arable land is low (35 %) but on the other hand proportion of permanent grassland is high (59 %)

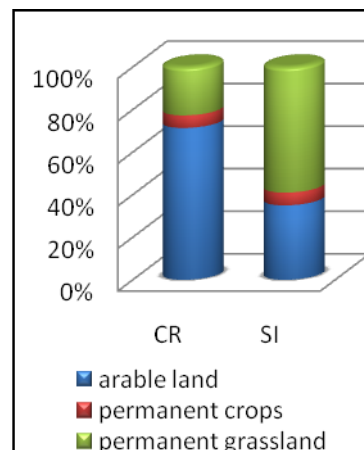


Figure 1: Land use in the Czech Republic (CZ) and Slovenia (SI).

Slika 1: Primerjava rabe tal med Češko in Slovenijo.

Source: Eurostat, <http://epp.eurostat.ec.europa.eu>

Vir: Eurostat, <http://epp.eurostat.ec.europa.eu>

### 3. Comparison of selected CAP measures in the Czech Republic and in the Republic of Slovenia

#### 3.1 Less Favoured Areas

Less favoured areas (LFA) are areas, such as mountainous and hilly areas, within the European Union where farming is made more difficult by natural handicaps. They encompass economic, social and environmental principles: compensation of higher production costs due to unfavourable natural conditions, combating the abandonment of farming and out-migration from the remote rural areas, preservation of the cultural landscape and integrated rural development. In these areas farmers may receive compensatory allowances (<http://ec.europa.eu/agriculture/glossary/>).

In Slovenia up to 449 000 hectares (74,2 % of Slovenia's surface) are defined as less favoured areas. These are hilly and mountainous areas, areas with karst features or other factors that limit possibilities of farming. Only 10 % of Slovenian municipalities have no LFA within their boundaries (Table 1, Figure 2). It is anticipated that the measure shall capture 45 000 agricultural holdings utilising 300 000 ha agricultural land.

In the Czech Republic half of the agricultural land resources fund is located in LFA (mountainous, specific and other LFA), yet the ploughing is still high there.

Preglednica 1: Območja z omejenimi dejavniki za kmetijstvo v Sloveniji in na Češkem.

Table 1: Less favoured areas in Slovenia and in the Czech Republic.

Type of LFA	CR		SI	
	Hectares	% of agr. land	Hectares	% of agr. land
Mountainous areas	512 400	14,6	328 000	54,2
Other LFA	1 039 100	29,6	23 000	3,8
Areas with specific handicap	200 400	5,7	98 000	16,2
Total LFA	1 751 900	49,9	449 000	74,2
Non-LFA	1 761 300	50,1	156 000	25,8
Total agricultural land	3 513 200	100,0	605 000	100,0

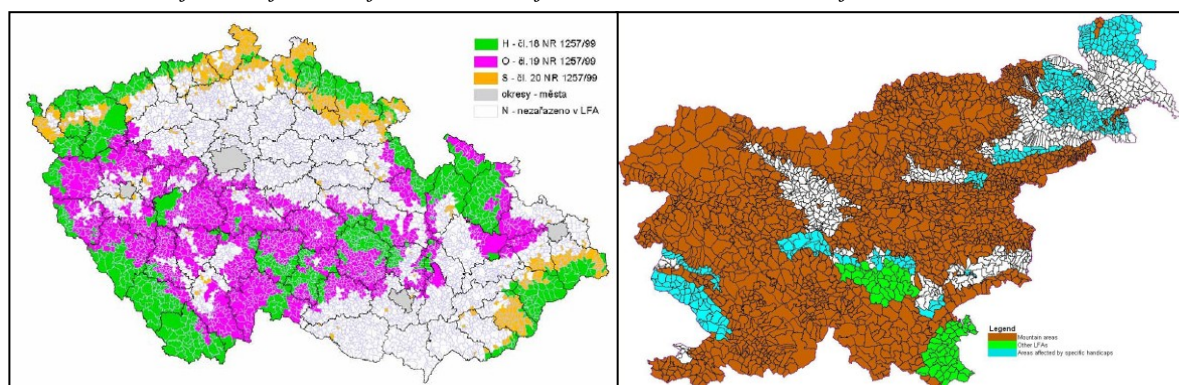
Source: Rural Development Programme (RDP) of the Republic Slovenia 2007 – 2013; Rural Development Programme (RDP) of the Czech Republic for the period 2007 – 2013.

Vir: Program razvoja podeželja (PRD) Republike Slovenije za obdobje 2007-2013; Program razvoja podeželja (PRD) Republike Češke za obdobje 2007 - 2013.

In the Czech Republic, the mountain LFA are localised along the most of state's border where the highest mountain ranges are. Smaller part of mountain LFA is situated there, where are high situated places inside the Republic. LFA with specific handicap are also situated along the state border. 29,6 % of CR's area is defined as other LFA, these areas are mostly located in northern part of Bohemia (see Figure 2).

Localisation on LFA in Slovenia is different – 54,2 of country's area is defined as a mountain LFA. These areas cover almost three quarter of agricultural land, except of north-east part of Slovenia and some smaller parts within the republic. 16,2 % of Slovenia's area is defined as area with specific handicap. Only 3,8 % are defined as other LFA. These are situated on south-east parts of Slovenia (mainly karst area).

Figure 2: Less favoured areas in the Czech Republic and in Slovenia.  
Slika 2: Območja z omejenimi dejavniki za kmetijstvo na Češkem in v Sloveniji.



Source: RDP of the Republic Slovenia 2007 – 2013; RDP of the Czech Republic for the period 2007 – 2013.  
Vir: PRD Republike Slovenije za obdobje 2007-2013; PRD Republike Češke za obdobje 2007 – 2013.

When amount of finances for LFA in both countries is compared, some differences can be seen. Amount of money for LFA measure in the Czech Republic from 2004 to 2006 is still increasing while in Slovenia fluctuates (see Table 2). Totally Slovenia obtained between 2004-2006 40,9 % of subsidies of the Czech Republic, which is quite high sum when area of agricultural land and LFA in both countries is compared. However, this is because of conditions for providing of LFA's payments differs in EU member countries. Member states has crucial role in setting of amount of subsidy for LFA. Differences in system of providing subsidies and also in structure of farms is reflected in total height of subsidies. In the Czech Republic average height of subsidy in 2004 was EUR 125 per hectare, in Slovenia EUR 136 per hectare, in EU-25 only EUR 74 per hectare (Johanovská, Štolbová 2007, 24).

Preglednica 2: Izdatki za območja z omejenimi dejavniki za kmetijstvo na Češkem in v Sloveniji (v milijonih €).  
Table 2: LFA expenses 2004 – 2006 in the Czech Republic and Slovenia (mil. EUR).

	2004		2005		2006		Total	
	Public expenditure	EU contribution	Public expenditure	EU contribution	Public expenditure	EU contribution	Public expenditure	EU contribution
<b>CR</b>	99,5	79,6	101,7	81,3	103,5	82,8	<b>304,7</b>	<b>243,7</b>
<b>SI</b>	42,0	33,6	47,3	37,8	35,2	28,1	<b>124,5</b>	<b>99,5</b>
<b>Index</b>	42,2	42,2	46,5	46,5	34,0	34,0	<b>40,9</b>	<b>40,9</b>

Source: Červená, M., Menzlová, J., Pohlová, K. 2004; RDP of the Republic Slovenia 2007 – 2013.  
Vir: Červená, M., Menzlová, J., Pohlová, K. 2004; PRD Republike Slovenije za obdobje 2007-2013.

Subsidies for LFA are rather effective for ensuring of farming, however, not for implementation of sustainable systems of farming. Current rules for providing of subsidies and structure in member states doesn't lead to transparent and effective aiming of finances into areas where strengthening of multifunctional is needed and where the risk of leaving agricultural land is most presumable. LFA are set for individual farms but it should be set on simple rules applicable for specific region, with stress on principles of sustainable agriculture (Johanovská, Štolbová, 2007).

### 3.2 Organic farming

Organic farming is a sub-measure of agro-environmental measures which are applied by EU to support specifically designed farming practices that are going beyond the baseline level of "good farming practice". This should help to protect the environment and maintain the countryside (<http://ec.europa.eu/agriculture/>).

Organic farming develops in the CR since 1990, however, until 1997 was number of organic farmers very low (0,47 % of agricultural land). Since 1998 boom of organic farming in the CR has really started (1,67 % of agr. land). In 2004, 836 agriculture enterprises managed environmentally friendly on 263 299 hectares (Table 3), which constitutes approximately 6,2 % of agricultural land and subsidies amounted to EUR 11 107 143. The largest part of the organic farming in the Czech Republic has been carried out in regions with high share of grassland in agricultural land. On the other hand, in fertile regions Central Bohemia and South-East the measure carried out on smaller area, but mostly with higher intensity.

In Slovenia in 2000, 115 agriculture enterprises managed environmentally friendly on 5 440 ha, which constitutes approximately 1,1 % of the total area of agricultural land. In the recent years the organic agricultural holdings share under organic production increased from 1,1 % percent to 4,2 %. In 2006 organic farming was

carried out on 1 876 agricultural holdings on 26 830 ha of agricultural land. In 2004 total amount of finances for organic farming in Slovenia was EUR 3 771 891.

*Preglednica 3: Razvoj ekološkega kmetijstva na Češkem in v Sloveniji v obdobju 2000-2006.*

*Table 3: Development of organic farming in the Czech Republic and Slovenia 2000-2006.*

Organic farming		2000	2001	2002	2003	2004	2005	2006	Index 06/00
CR	Number of holdings under organic farming	563	654	721	810	836	829	768	136,4
	Area under organic farming (ha)	165 699	217 869	235 136	254 995	263 299	254 982	240 508	145,1
	Share in total agricultural land use (%)	3,9	5,1	5,5	6,0	6,2	6,0	5,7	146,2
SI	Number of holdings under organic farming	600	1 000	1 160	1 415	1 568	1 718	1 876	312,6
	Area under organic farming (ha)	5 440	10 828	13 828	20 018	23 023	23 533	26 830	493,2
	Share in total agricultural land use (%)	1,1	2,1	2,08	3,01	3,4	3,8	4,2	381,8

*Source: RDP of the Republic Slovenia 2007 – 2013; Výroční zpráva KEZ o.p.s. 2006, www.kez.cz*

*Vir: PRD Republike Slovenije za obdobje 2007-2013; Výroční zpráva KEZ o.p.s. 2006, www.kez.cz*

Given its natural features Slovenia has excellent opportunities for further development of organic farming. Hence, based on the European action plan, Slovenia drew up the national action plan for a long-term development of organic farming by 2015. As it is obvious from Table 3, organic farming developed quite successfully in recent years. The expansion is more evident in Slovenia – from 2000 to 2006 area of agricultural land under organic farming enlarged by 493,2 % whilst in the Czech Republic only by 146,2 %. In Slovenia, more farmers than in Czech are engaged in organic farming but relative area of land under organic farming is lower, which means that in Czech Republic is higher average area of farms under organic farming. In the Czech Republic the biggest number of organic farms was in 2004, since that year the number slightly lowered, most probably because the farmers don't have certificate for organic farming anymore.

In both countries organic farming is a perspective manner of agricultural production, one that creates a new market with organic farming products. It also contributes to the development and maintenance of rural landscape, as well as to the protection of all parts of the natural environment and this way it closely approximates the concept of sustainable land management.

As in the Czech Republic and also in Slovenia offer of organic products (meat, cereals) doesn't comply with the market requirements (vegetables, fruits, dairy products, wine,...) and the consumption and import has grown in recent years, it is expected next spread of farms engaged to organic farming so that our market is self-sufficient. Future of organic farming success lies in production of high quality products, promotion and enough information for consumers, proper labelling etc.

### 3.3 Early retirements of farmers

Aim of this measure is to enhance structural changes on agricultural holdings, improving the age structure of farm operators and increasing the development capacity of the transferred farms and thus contributing to increased labour productivity in agriculture.

A specific problem faced by Slovenian agriculture is the age structure of farmers on family farms. The average age of farm holders in Slovenia is over 56 years. The share of those younger than 45 years is only 43,2 %, whereas most farmers are above 45 years old is 56,8 % (Table 4). It is also a fact that on farms larger than 10 hectares the ratio between the age groups is more favourable as 60 % of the farmers are younger than 55.

Similar problem is solved in the Czech Republic. Since 1989 there has been an ongoing process of a worsening in the age structure of Czech agricultural workers. Whilst in 1989 workers under 30 years made up more than a fifth (21,4%) of all agricultural workers, by 2004 their proportion had dropped by more than half to 9,9%. Almost two thirds of workers (63,8 %) were older than 45 in 2005.

From Table 4 is evident that share of family labour force aged under 45 in the Czech Republic is lower than in Slovenia. Bigger differences are also evident in older age groups – in the Czech Republic there are only 15,6 % of family labour force aged above 65 but in Slovenia there are 21,9 % of family labour force aged above 65, which considerably exceeds the EU average (11 %).

*Preglednica 4: Starostna sestava družinske delovne sile na Češkem in v Sloveniji v letu 2005.*  
*Table 4: Family labour force by age in the Czech Republic and Slovenia in 2005.*

Years	CR			SI		
	Abs.	%	%	Abs.	%	%
Less than 35 years	12810	19,1	36,2	54210	26,6	43,2
Between 35 and 44 years	11490	17,1		33830	16,6	
Between 45 and 54 years	16360	24,3	63,8	38390	18,8	56,8
Between 55 and 64 years	16050	23,9		32830	16,1	
65 years and over	10480	15,6		44760	21,9	
Total	67190	100,0	100,0	204020	100,0	100,0

Source: Eurostat, <http://epp.eurostat.ec.europa.eu>

Vir: Eurostat, <http://epp.eurostat.ec.europa.eu>

Conditions for early retirement in the Czech Republic are set for farmers older than 55 years which hand over the farm to farmer who is younger than 40 years. Annually subvention is EUR 2679 (fixed part) plus variable part EUR 161 per each hectare of agricultural land until 30 hectares. Maximum support is EUR 7 500. Conditions for early retirement in Slovenia are set similarly but annually subvention amounts to EUR 5 000 per farm and a variable part of EUR 300 per hectare annually but maximum for 20 ha of agricultural land. The total amount of the annuity obtained in the entire period may not exceed EUR 110 000 per transferor.

As it is obvious from Table 5, compared with Czech farmers Slovene farmers obtained 91,7 % of finances which was set for the Czech Republic. In the Czech Republic 327 farmers applied for early retirement during 2005-2006 and got EUR 1 380 151, in 2007 applied even 269 farmers and gained EUR 454 589 (SAIF). In Slovenia, this measure started in 2006 when 82 farmers applied for early retirement and obtained EUR 869 557. It is evident that the outlay per one farmer in Slovenia is markedly higher than in the Czech Republic, as for an example in Slovenia in 2006 – averagely EUR 10 604 per one early retired farmer, in the Czech Republic averagely only EUR 3750 per one retired farmer.

*Preglednica 5: Zgodnje upokojevanje kmetov na Češkem in v Sloveniji v obdobju 2004-2006 (v milijonih €).*  
*Table 5: Early retirement from farming 2004 – 2006 in the Czech Republic and Slovenia (mil. EUR).*

	2004		2005		2006		Total	
	Public expenditure	EU contribution	Public expenditure	EU contribution	Public expenditure	EU contribution	Public expenditure	EU contribution
CR	2,2	1,8	3,0	2,4	3,7	3,0	8,9	7,1
SLO	1,8	1,4	2,8	2,2	1,3	1,0	5,9	4,6
Index	81,8	77,8	93,3	91,7	35,1	33,3	66,3	64,8

Source: Červená, M., Menzlová, J., Pohlová, K. 2004; RDP of the Republic Slovenia 2007 – 2013.

Vir: Červená, M., Menzlová, J., Pohlová, K. 2004; PRD Republike Slovenije za obdobje 2007-2013.

As farm retirement plays a crucial role in determining the characteristics of structural change in agriculture, it is important to establish the factors which determine an exit from farming among older farmers. Early retirement should act as an incentive for those who want to transfer their farms to younger farmers. Their maximum pension is increased by this decision. However, a setting of support is not similar in compared countries. Relatively low support for Czech farmers should not be a satisfactory motivation for early retirement. Second thing is that the payments are frontloaded to suit farmers with a smaller number of hectares, which is again disadvantage for Czech farmers.

### 3.4 Agro-tourism

Agro-tourism means tourist or recreational stay in rural areas or at family farms while the main content is getting to know alternative way of life with close contact with nature, direct cooperation in agricultural activities and active leisure. As active leisure time many activities, such as walking, riding a bike, horse riding, learning the technique of food production etc. could be taken. Agro-tourism is also typical by using already existing sources, local goods and close contact of residents with visitors. The place of rural-tourism needn't to be only a farm but also other agricultural facilities. The goal of visitors is to get know local way of life. One of important aspects for farm keepers is the economical aspect. However, the main aim of agro-tourism is sensitive approach to landscape, environment, protection and development of cultural and natural heritage in rural areas and its sustainability. As well as other forms of tourism it is trying to be an instrument for rural areas revitalisation.

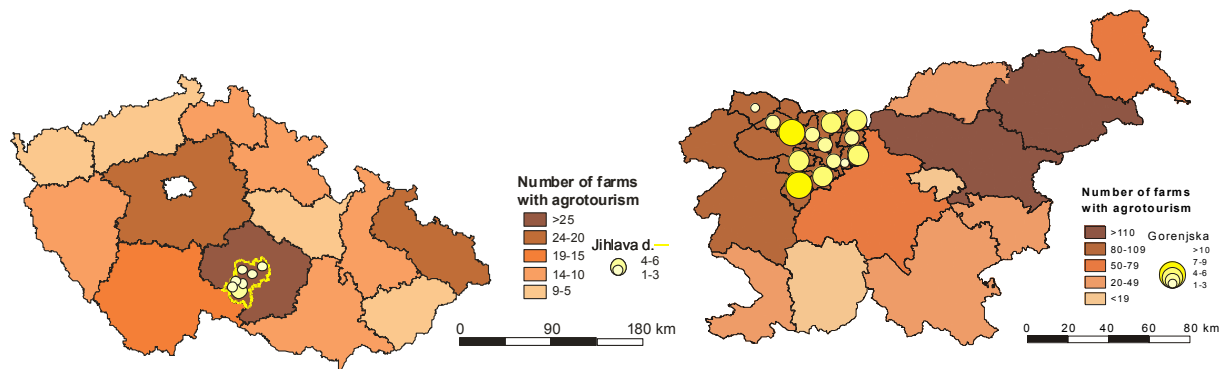
In Slovenia farm tourism has a long tradition; it was registered already in 1930 in alpine and mountainous areas of Slovenia which were used as places of relaxation for town inhabitants during summer period. After the World War II farm tourism had disappeared - farms were limited by many regulations (the area of the farm could not be larger than 10 hectares and also farm activities were limited). Farm tourism appeared again in 70s as an

alternative because this time was characteristic by liberalisation. According to Ministry of Agriculture, Forestry and Food of Republic of Slovenia, in 2004 were registered 446 farms, in 2008 even 790 farms, which means for period 2004-2008 is the index 177 %.

Agro-tourism in the Czech Republic in present form had started to develop from the early 90s of the 20<sup>th</sup> century. Earlier development was not possible because of the situation in agriculture after the World War II (mass collectivization of agricultural production and absence of small private farms). Although rural tourism in the Czech Republic has big potential, it hasn't found appropriate response yet. It also crash on many problems, such as slow adaptation of private enterprises, poor services in many regions, lack of management or insufficient infrastructure. Also insufficient ability of subjects to react on changing requests and competitiveness are problems of Czech agro-tourism. It is probable that the demand is also lower due to competition of agro-tourism with traditional weekend on cottages and farm-houses. As many families own a farm-house or a cottage or their relatives live in countryside, they don't need to spend holiday on a farm and spend money for that.

In the Czech Republic the list of farms with agro-tourism doesn't exist. There are only some partial data (Svaz venkovské turistiky, Sdružení podnikatelů v agroturistice ČR, Pro-bio). Besides of this, also enterprisers which are not registered and run "grey" agro-tourism have to be taken into account. According to Králová (2001) 424 farmers with capacity of 9 336 places for accommodation (4 168 beds) applied for running agro-tourism in the Czech Republic but these numbers have surely grown.

Figure 3: Farms with agro-tourism in the Czech Republic and in Slovenia, 2008 (administrative units – NUTS 3).  
Slika 3: Kmetije na Češkem in v Sloveniji, ki se ukvarjajo s turizmom na kmetiji v letu 2008 (na ravni SKTE).



Source: [www.pro-bio.cz](http://www.pro-bio.cz); Ministry of Agriculture, Forestry and Food.

Vir: [www.pro-bio.cz](http://www.pro-bio.cz); Ministrstvo za kmetijstvo, gozdarstvo in prehrano.

Even if condition for agro-tourism in the Czech Republic are quite suitable and next growth of their number and quality is expected, it is not supposed that agro-tourism will develop to such dimensions as abroad (mainly in other EU countries). It is assumed that the Czech Republic will aim to other forms of rural tourism than agro-tourism is, e.g. wine paths, cyclo tourism, folk festivals, visiting of folk architecture.

In Slovenia is situation different. Number of farms with agro-tourism has grown rapidly in recent years and next growth could be expected. A lot of Slovene farmers with small areas of agricultural land are not competitive anymore within EU and they need next supplementary activities to increase their incomes. However, investments for reconstructions of farms and apartments and for equipment of farms are needed.

#### 4. Case study - Jihlava district vs. Gorenjska Region

##### 4.1 Less favoured areas

The Jihlava district is situated in the southern part of the Bohemian-Moravian border. The surface of the territory consists mainly of hills of the Czech-Moravian Highlands. Its area is 1 180 km<sup>2</sup> and population 109 437 inhabitants, density of population is quite low – 93 inhabitants per km<sup>2</sup>. As for administrative breakdown, the territory of the Jihlava district comprises 123 municipalities. Average sea level is about 540 m, that's why the climate is rather harsh and cold.

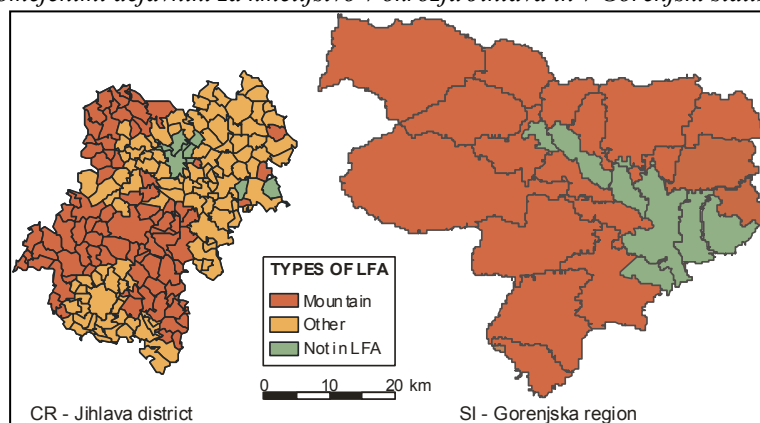
Although the district's natural conditions are below average (because the altitude and slope of the territory decrease production ability of lands), the Jihlava district continues with its tradition of agricultural production. Total area of agricultural land is 69 845 ha (CSO, 2004). For some agricultural commodities and activities the territory of the Jihlava district is optimal (production of potatoes, oil plants, pastoral farming). However, what is missing is economic and technical base for agricultural producers. After a difficult transformation period the agriculture in the district still has a large-scale way of farming.

Gorenjska region is region of high mountains, including the symbol of Slovenia, Triglav, is almost entirely Alpine. It is situated in north-western part of Slovenia. A large part of this region is protected as a national park. The region has 199 085 inhabitants and area of 2 137 km<sup>2</sup>, density of population is 93 inhabitants per km<sup>2</sup>.

Although agriculture in this region is not among the most important activities, agricultural holdings are among the biggest in the country both in terms of average utilised agricultural area and in terms of the number of livestock units per hectare of agricultural land. Area of utilised agricultural area is 33 402 ha (Slovenske regije v številkah 2007, 48).

Figure 4: Less favoured areas in the Jihlava district and in the Gorenjska region.

Slika 4: Območja z omejenimi dejavniki za kmetijstvo v okrožju Jihlava in v Gorenjski statistični regiji.



Source: Sbirka zákonů č. 75/2007, p. 1058 – 1064; RDP of the Republic Slovenia 2007 – 2013.

Vir: Sbirka zákonů č. 75/2007, p. 1058 – 1064; PRD Republike Slovenije za obdobje 2007-2013.

As for LFA, about 95 % of the Jihlava district is due to unfavourable natural conditions included into LFA (see Figure 4). Only the town Jihlava and its surroundings is not in LFA, the rest of the district is in mountainous or other type of LFA.

In Gorenjska region, only the surroundings of the river Sava which is situated quite low is not included into LFA, rest of the region is set into mountainous areas.

Preglednica 6: Primerjava števila prejemnikov in višine sredstev za območja z omejenimi dejavniki za kmetijstvo med okrožjem Jihlava in Gorenjsko statistično regijo (2004-2007).

Table 6: Receivers and sum for LFA in the Jihlava district and the Gorenjska region 2004-2007.

Region		2004	2005	2006	2007
Gorenjska	Total receivers	*NA	NA	NA	NA
	Total sum	3 025 839	NA	NA	NA
Jihlava	Private farms – receivers	157	165	166	186
	Private farms – sum	440 156	469 945	516 722	538 598
	Enterprises – receivers	33	33	32	32
	Enterprises – sum	1 458 207	1 478 839	1 504 555	1 369 903
	Total receivers	190	198	198	218
	Total sum	1 898 363	1 948 785	2 021 277	1 908 502

Source: SAIF, AAMRD (\*NA = data not available)

Vir: SAIF, AAMRD (\*NA = ni podatkov)

Total amount of money for LFA in Gorenjska region is EUR 3 025 839 in 2004, which compared with Jihlava district is quite high sum (EUR 1 898 363). For the Jihlava district is important the fact, that the main role have large-scale enterprises with large areas of arable land (approx. 77 % of LFA support for all district). Although data for Gorenjska are not available for all chosen years, it is possible to say that the amount of finances do not differ in individual years.

#### 4.2 Organic farming

Although conditions for organic farming in the Jihlava district are very good, only 6 certified farmers with about 600 ha (one farmer has 500 ha, other farms are smaller – approximately 20 ha) are engaged. Two of them are devoted only to animal breeding (horses, goats, sheep, pigs, cattle), two of them to plant production (potatoes, pulses, cereals, vegetables, herbs) and two combined production. As it was already mentioned that



organic farming is only one sub-measure of agro-environmental measures (other sub-measures in the Czech Republic are: care for grassland, landscape care and cultivation methods in caves protection zones). During 2004-06 have been for all measures in the Jihlava district spent total EUR 4 126 455 (in 2004 – EUR 1 244 275), for organic farming about 20 % of these amounts. It is expected next development of organic farming in the Jihlava district.

Also in Gorenjska region conditions for organic farming are very favourable, next advantage is suitable structure, size of farms and tradition of private and environmental methods used in agriculture. About 20 farmers devote to organic farming. In Gorenjska EUR 353 568 was paid out in 2004.

#### **4.3 Early retirement**

Age structure of farmers in the Jihlava district is not very convenient but only 4 had applied for early retirement in 2005 and obtained EUR 18 867. In 2006 only one farmer asked for early retirement with a sum of EUR 2 500. Last available data are for 2007 when 6 farmers gained EUR 11 163.

In Gorenjska only 2 farmers applied for this measure in 2006 with the amount of money EUR 10 095 resp. 8 275 per farmer.

#### **4.4 Agro-tourism**

Even though conditions for agro-tourism in the Jihlava district are quite suitable, it is not very developed. Underdevelopment of agro-tourism in the district has several reasons: historical development – agro-tourism doesn't have tradition, insufficient infrastructure, lack of interest of local people. According to available lists of farms with agro-tourism, there are only 13 agro-tourist farms in the Jihlava district (Figure 3). All are eco-farms, all provide tasting of eco-products and run eco-shop. In addition, one of the farms offers horse riding and hippotherapy, next farm runs museum in old mill and other supplementary activities.

In Gorenjska there are 96 farms with tourism. Cause of his high number of agro-tourist farm is simple - long tradition and suitable location of this region in pre-alpine area. All of these farms also carry on next supplementary activities which could be divided into two main groups – activities connected with food and drinks (e.g. farms with wine yard, farm with camp, ...) and other activities (e.g. tour of the farm and surroundings, horse riding, lending of sport equipment, ...).

#### **4.5 Interview – Jihlava district x Gorenjska region**

This part of article is based on interview with one private farmer from the Jihlava district and one from the Gorenjska region. Aim of the interview was to catch how the farmers in both countries feel the changes which CAP brought and if the reaction differs in different countries. Questions were oriented to economical situation of farms, prices, use of EU funds, selected CAP measures, barriers for farming and future of farming.

According to obtained information, CAP brought to the Jihlava district rather positive changes. Economical situation of farms is slowly getting better. Despite bad situation on the market with agricultural products – high inputs into agricultural production and low purchasing prices – most of the farms gain financial profit in last years. If some farmer is in loss, it is usually because of investments into next development of agricultural activities (new machines, reconstruction or modernisation of technologies, buildings etc.). However, farming would not be possible without financial support from national or EU subsidies. All farms in the district draw finances from various funds. The most often drawn subsidy from 2004 is Single Area Payment Scheme (SAPS); since 2005 national complementary payments TOP-UP has been added. All farms in the Jihlava district also obtain finances for LFA and agro-environmental measures. It was also possible to make investment project during 2004-2006 which was financed from Operational programme Multifunctional agriculture and rural development (this programme is specific for the Czech Republic). But only few farmers made this because it is needed to co-finance the project from own sources and it is not always possible.

Generally, Czech farmers are quite dissatisfied with contemporary conditions in agricultural sector, the worse for them are high production costs which are often higher than selling price. Farms in the Jihlava district also face a lot of problems. Main barriers of development are:

- Low protection of home market with agrarian products
- Inconvenient economical situation of many farms
- Problems with purchasers and their late payments
- Unfinished transition, privatisation and restitution
- Difficulties with bank credits
- Lack of processors
- Bureaucracy, unequal conditions for farmers within EU
- Rent of land – farmers can't plan into future

According to interviewed person solution of these problems is possible in several steps: decentralization of public administration, foreign investments, increase of subsidies and mainly set equal conditions for all member states of the EU.

Intentions into future development of most farms in the Jihlava district are simple: modernisation of technologies – reconstruction of buildings for livestock production and purchase of new modern machines.

Situation in Gorenjska region is a little bit different from Jihlava. After EU entrance and CAP adopting, a lot of small-scale farmers were not competitive anymore and finished with farming. Also age structure of farmers is not amiable and is possible next fall of small farmers. However, due to EU funds (mainly support for LFA, AEO) farmers are in financial profit but the money is re-invested mostly into “new” machines and next necessary equipment.

Similarly as Czech farmers, also Slovene farmers are rather dissatisfied with contemporary conditions in agricultural sector. The main problems are:

- High inputs, low selling price
- Bureaucracy – farming is not only work on fields but they spend a lot of time with filling in papers
- Late payments
- Often controls on farms (and controllers control each other’s work)

Compared with situation in the Czech Republic, Slovene farmers don’t have problems with selling their products. Structure of Slovene rural areas allows selling directly in marketplace (this tradition is not usual in Czech), also selling within municipalities, familiars and local people is quite usual.

Future of Slovene farming is: rising of competitiveness in the first place, there is also potential for expanding of agro-tourism in some areas, farmers can provide educational programmes or courses (e.g. sheep shearing, horse riding, traditional crafts) etc.

## 5. Conclusion

Aim of this article was comparison of selected CAP measures in the Czech Republic and in Slovenia. Although selected countries differs in their area, population, history, political and economical situation, it is possible to say that the current state of agriculture and problems in agriculture are quite similar and selected measures (LFA, organic farming, early retirement and agro-tourism) have significantly contributed to the economic, social and environmental benefits of the rural areas in both countries.

Support of less favoured areas significantly increased financial situation of farmers in these areas. It should also protect agricultural land and have the positive impact on the preservation of the settlement in areas with low population density. However, rules for providing subsidies still not lead to strengthening of multifunctional and sustainable agriculture.

Organic farming should reduce the negative effects of agriculture on the environment and ensure the implementation of the sustainable and farming methods. Both, Czech Republic and Slovenia have big potential to next organic farming development. Demand for products of organic farming has grown in recent years and it is not fulfilled. Organic farming development could be connected with development of other supplementary activities, such as horse riding, agro-tourism etc. which could also improve situation of private farmers in both countries.

The measure early retirement was targeted at improving the age structure on farms. Since this measure has started in 2005 in Czech and in 2006 in Slovenia, number of applications has not been very high but next encourage for older farmers is necessary. Important is setting of appropriate amounts of money, which could be motivation for farmers to retire (mainly in CR).

Agro-tourism is a supplementary activity on a farm. This activity is highly developed in Slovenia because the traditional small-scale farming. In the Czech Republic development started later because of political situation and absence of small private farms before 1990. Nevertheless, number of people who would like to spend holiday on a farm is growing so that agro tourism has good outlook.

Next knowledge which brought this article is that Slovenia is more successful in obtaining money from EU and setting for subsidies (e.g. for LFA) are higher than Czech Republic and that both agricultural sectors need modernisation, launch of new technologies and information technologies. On the other hand, although both countries are head towards sustainability, reinforcement of the multifunctional role of agriculture and diversification of activities is needed, which should definitely preserve settlement in rural areas and bring new dimension of agriculture.

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## Summary

Slovenia and the Czech Republic joined EU on May 1, 2004. Both countries had to implement European legal order; for agricultural sector the so called Common Agricultural Policy (CAP) which caused many changes in agriculture. Four year after the EU entrance, it is possible to evaluate positives and also negatives (financial, structural, etc.) which CAP brought and outline next development – this article deals with less favoured areas organic farming, early retirement and agro-tourism.

Slovenia is small country but geographically very diverse. Also agricultural sector is quite specific due to unfavourable conditions. Just above 77 000 agricultural holdings with 485 430 ha of agricultural are engaged in agriculture, typical are private farms with small average area (6,3 ha). Situation in the Czech Republic is quite different – large-scale farming is still typical; 42 250 holdings are farming on 3 557 790 ha of agricultural land (average area per farm 71 ha). Private farming appears first after 1990.

As for less favoured areas, in Slovenia 74,2 % of agricultural land is classified as less favoured (mountainous areas prevail with 54,2 %) , in Czech Republic 49,9 % (main share have other LFA – 29,6 %). When expenditures for LFA during 2004-06 are compared, it is obvious than Slovenia obtained 40,9 % of amount of finances of the Czech Republic, which is a high sum but this is caused by higher payments for LFA in Slovenia. In both countries, LFA subsidies are effective for ensuring farming but the main goal should be different – implementation of sustainable farming and multifunctional agriculture.

Next part of the article is devoted to organic farming. Both countries have good condition for organic farming development. In Slovenia in 2006 was 4,2 % of agricultural land use for organic farming, in the Czech republic is the percentage slightly higher – 5,7 %. In future is expected next development of organic farming because the demand for organic products is growing and it is not fulfilled.

Early retirement of farmers stated in 2005 in the Czech Republic and a year later in Slovenia. Since age structure of farmers in both countries is not convenient (63,8 % of family labour force in the Czech Republic is older than 45 years and 56,8 % in Slovenia) it is necessary to encourage farmers to hand the farm to younger. A question is if the support is sufficient motivation for farmers to retire, mainly in the Czech Republic because the support is lower than in Slovenia.

Agro-tourism is an alternative way of spending holiday. Agro-tourism has a long tradition in Slovenia, not in the Czech Republic (because the political situation before 1989, absence of private farms). Development of agro-tourism in the Czech Republic started in 90s. Not today is the agro-tourism in the Czech Republic favoured, it crashed on many problems and compete with traditional Czech weekends on cottages. In Slovenia is the situation better, number of farms has grown rapidly in recent years. However, modernisation and investment are needed, agro-tourism as a supplementary activity on farm increase income of farmers.

Final part of the article is a case study which compares introduced measures in the Gorenjska Region in Slovenia and the Jihlava district in the Czech Republic. Although these regions are quite different, problems in agriculture are similar. At the end is an interview with farmers from these regions and their views to situation in agriculture under CAP. The biggest problem mentioned in both regions is high inputs to agriculture but low prices.