CURRENT STATE IN AGRI - BUSINESS IN THE CZECH REPUBLIC – FARMERS,
AGRI-FOOD SECTOR, NETWORKS

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Summary

In a view of historical circumstances a current situation and perspectives of development of agribusiness in the Czech Republic were presented in the paper. Especially an aspect of the structure of the businessmen in agriculture which determines a role and meanings of agri-food networks was stressed. Activities of horizontal agri-food networks are mainly focuses on knowledge and practices exchange and production, marketing and trade activities are realised individually by entrepreneurs. Paying attention the future trends it can be expected that relatively large agricultural enterprises will start to gather into networks to create counterbalance to huge transnational organizations operating on Czech market.

Keywords: Czech Republik agribusiness situation, agri-food networks state, development perspectives

1. Introduction

Czech Republic belongs to the industrially advanced countries both from the point of EU and worldwide view. Agriculture in the Czech Republic is perceived as an important but not the main branch of the economy. Rate of agriculture on the GDP production has a decreasing tendency and reaches approximately 2.9% and there is also registered decreasing influence of agriculture on whole employment reaching 3.2% only. Both these indicators shift the importance of agriculture to the most industrial countries of the world.

Czech Republic has 4.2 millions of agricultural land at one’s disposal, from this amount 3.0 millions are of arable one. Cereals are considered to be one of the main commodities within crop production sector with an area 60 – 65% of arable land. The main part of this area (55%) is sown by winter wheat, followed by spring barley (30%) and the others, corn maize also including. Likewise winter rape belongs to the important crops with an area about 12%. Poppy seed is very important crop with regard to its market production. It was grown on the area 80 000 hectares in 2007 which is thoroughly the biggest area of legally grown poppy seed in the world. 80% of the whole production is exported. However the areas of potatoes, sugar beet, legumes, fibre and fodder crops have been decreased strongly.
In livestock production there is a large depression nowadays and also decrease of number of cattle, pigs and poultry is mentioned. There is a big competition and also strong pressure from abroad, including 15 former EU countries where higher subsidies are still provided, resulting in lower competitiveness of livestock production.

The structure of the businessmen in agriculture is also interesting. There are or else 47 thousands of enterprises with agriculture production registered, however the production is strongly concentrated. The enterprises possessing more than 500 hectares of arable land rank 4% of all number only, nevertheless they are farming 75% of all agricultural land. They have powerful influence on livestock production where cattle create 78%, pigs 90%, poultry 87%. There is still prominent trend towards greater concentration both agricultural and livestock production. The enterprises with 1000 – 1500 hectares are hardly protected against the pressure of larger companies. In food industry there is also trend to stronger capital concentration, small family firms do not exist practically and there is a tendency to the development of larger companies with diversified food production.

<table>
<thead>
<tr>
<th>NUMBER OF EMPLOYEES</th>
<th>STRUCTURE OF FOOD ENTERPRISES ACCORDING TO THEIR SIZE</th>
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<tbody>
<tr>
<td>20 – 49</td>
<td>520</td>
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<td>50 – 99</td>
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<td>500 – 999</td>
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The biggest number of companies is interested in meat and meat product processing (170), the oil production (4) as well as milk products (60) and vegetables and potatoes processing (30) are also strongly concentrated. Similarly drink production, beer especially, is also strongly concentrated. Beer production in quantity 20 millions hectolitres, the highest production in history, is expected this year.

Food industry in the Czech Republic is divided according to the branches as follows:

1) drink production – 20%
2) meat production and processing – 22%
3) milk production – 16%
4) food production – 6%
5) vegetables and fruits production – 2%
6) oil and fat production – 4%
7) other food products production – 30%

2. Organisations of producers on agrarian market

There are no strong marketing boards in the Czech Republic in comparison with EU countries, not only areally but also vertically connected (production – processing – market). Marketing organizations still do not have neither crucial nor prestige ration on the market despite they are financially supported by the Ministry of Agriculture. The size of the respective agricultural subjects (300 – 10 000 hectares) still does not create useful conditions for their development in crop production especially. There exist a lot of specialized associations (Czech poppy, Union of oil crop
growers, Flax Union, Association of legumes grower s, etc.), which associate enterprises on will-
ingness base, but they operate only in area of:
1) acquisition of new knowledge, consultancy
2) lobbying for particular commodity

3. Trade, production and marketing remain in individual enterprises

Larger marketing boards work mainly in area of livestock production where usually perform commercial and marketing role as well. Marketing cooperative „Centroodbyt“ deals with pork and beef and sales about 100 000 tons of meat (live weigh) per year. There are about 30 marketing boards on the milk market and they trade about 60% of total produced milk. The largest organisation is „MLECOOP“, trading 30% of total milk, can provide legal and consultancy services, too.

Looking into the future it can be expected that relatively large agricultural enterprises will start to gather into networks to create counterbalance to huge transnational organizations operating on Czech market (Souflet, Agrofert, etc.). Besides commodity trade, these networks will build up joint storage areas presently missed by agricultural organizations, as well as manufacturing of individual commodities.

Situacja w agrobiznesie Republiki Czeskiej – rolnicy, sektor rolno-żywnościowy, sieci.

Streszczenie

W pracy przestawiono obecną sytuację oraz perspektywy rozwoju agrobiznesu w Republice Czeskiej na tle uwarunkowań historycznych. Szczególnie został wyeksponowany aspekt struktury zarządzających przedsiębiorstwami rolnymi determinującej rolę i znaczenie sieci sektora rolno-żywnościowego. Działania poziomych sieci sektora rolno-żywnościowego są skoncentrowane przede wszystkim na wymianie wiedzy i doświadczeń a produkcja, marketing i handel są realizowane indywidualnie przez przedsiębiorców. Biorąc pod uwagę trendy w przyszłości, należy przewidywać, że relatywnie duże przedsiębiorstwa rolne zaczynają się organizować w sieci w celu tworzenia przeciwwagi dla wielkich korporacji dystrybucyjnych działających na rynku czeskim.

Słowa kluczowe: sytuacja agrobiznesu w Republice Czeskiej, stan rozwoju sieci rolno-żywnościowych, perspektywy rozwoju