

European
Commission

CZECH REPUBLIC

CAP
IN YOUR
COUNTRY

The **Common Agricultural Policy (CAP)** is Europe's answer to the need for a decent standard of living for 22 million farmers and agricultural workers and a stable, varied and safe food supply for its 500 million citizens. As a common policy for all 28 EU countries, the CAP strengthens the competitiveness and sustainability of EU agriculture by providing Direct Payments aimed at stabilising farm revenues and finances projects responding to country-specific needs through national (or regional) Rural Development Programmes, which also cover the wider rural economy.

The CAP also provides a range of market measures, including tools to address market difficulties, and other additional elements such as quality logos, promotion for EU farm products which complete CAP action to support farmers. The CAP budget fixed for the period from 2014-2020 provides a total of EUR 408.31 billion with EUR 308.73 billion intended for direct payments and market measures (the so-called First Pillar) and EUR 99.58 billion for Rural Development (the so-called Second Pillar).

CZECH REPUBLIC

- covers an area of **78 867 km²** of which 44 % is agricultural, while forests cover 34 %.
- has a **total population** of around **10.5 million**, of which around **3.5 million** live in predominantly rural regions.
- has an agricultural sector characterised by **large-size farms** (19.3 % of holdings have more than 100 hectares compared to 2.7% in the other EU countries).

INVESTING

in Czech agriculture 2014-2020



In the period to 2020, the CAP is going to invest **EUR 8.3 billion**¹ from the EU budget in Czech farming sector and rural areas. Key political priorities have been defined at European level such as: jobs and growth, sustainability, modernisation, innovation and quality. At the same stage, the Czech authorities have flexibility to adapt both Direct Payments and the Rural Development Programme to the country's specific needs.

Fairer and greener direct payments

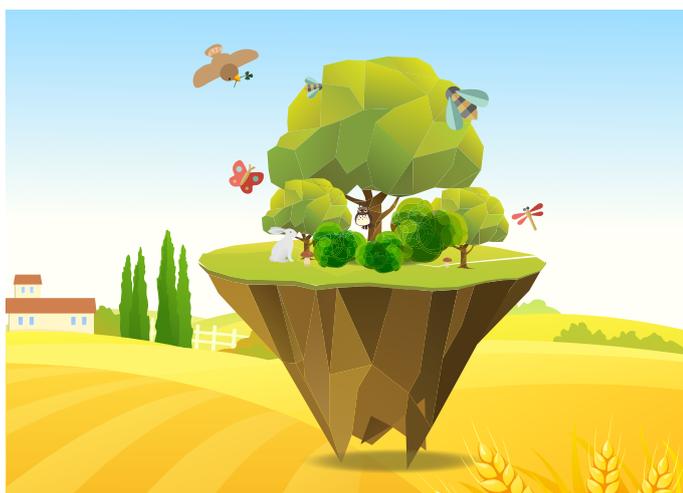
The new Direct Payments are to be distributed in a fairer way between Member States, and between farmers within the same Member State, putting an end to allocations on the basis of "historical references". Given the sensitivities of such redistribution, Member States also have more flexibility to take into account specific sectors in particular regions. The total budget available for Czech farmers in the form of Direct Payments is **EUR 6.01 billion**, taking into account the Czech government's decision to transfer EUR 111 million from its Direct Payments envelope to the Rural Development Programme for the years from 2015-2020 (3.4 % from 2015-2017, 1.3 % in 2018 and 2019) and EUR 24 million due to the modulation requirements (see below).

A key change in the new CAP is the application of new '[Greening](#)' rules, in order to highlight the benefits farmers provide to society

as a whole on issues such as climate change, biodiversity loss and soil quality. Under this system, 30 % of the Direct Payment envelope, paid per hectare, is linked to three environmentally-friendly farming practices: crop diversification, maintaining permanent grassland and conserving 5 % of areas of ecological interest or measures considered to have at least equivalent environmental benefit.

The [Single Area Payment Scheme](#) (SAPS) has been extended until end of 2020 as the system to distribute the resources among Czech farmers: this system links the amount of support to the area that each farmer declares with simpler administration. The Czech authorities have decided to earmark 13 % of the Direct Payments envelope (the maximum permitted) for **voluntary coupled support** (targeting dairy cows, beef & veal, sheep & goats, fruit & vegetables with high labour intensity, ware potatoes, starch potatoes, hops, sugar beet), plus 2 % for protein crops. On the question of achieving a **fairer distribution of the support**, the Czech authorities are applying the 5 % reduction in Direct Payments ("modulation") for amounts above EUR 150 000 on an individual farm (with the funding transferred to the Rural Development envelope), but not using any of the further available options.

Other changes introduced in the 2013 CAP reform include stricter rules on **active farmers** eligible for Direct Payments and a new 25 % aid supplement for **young farmers** for the first 5 years, in addition to already existing installation grants.



¹ Total allocation of Direct Payments and Rural Development for the period 2014-2020 (in current prices).

Farmers at the heart of the food supply chain

To improve the balance of the food supply chain in the Czech Republic, EU instruments (such as [Producer Organisations](#)) help farmers to get better organised and to market their products better.

Moreover, the EU organic logo helps consumers choose food produced in a sustainable way.



Supporting key priorities for Czech rural development

For the period 2014-2020, the Czech Republic has been allocated **around EUR 2.31 billion** for measures benefiting its rural areas (including transfers from Direct Payments), which is then supplemented by further public (national) and private funding. Based on the options available, the Czech authorities have fixed the priorities for the coming period in a single, national Rural Development Programme.

The [Czech Rural Development Programme for 2014-2020](#) focuses on the following 3 main objectives:

-  supporting the sustainable management of natural resources and encouraging climate-friendly farming practices (with around 25 % of agricultural land under contract to protect biodiversity, 11 % to improve water management and 12 % to protect soil),
-  increasing the competitiveness of agriculture and forestry, and the wider food sector (investment support to 3 500 farms, almost 1 450 investment projects in forestry technologies and 830 projects in the food industry),
-  boosting the rural economy (creating almost 1 900 new jobs, providing advisory services and training for nearly 19 000 participants).



KEY ACHIEVEMENTS



Between 2007 and 2013 the CAP invested around **EUR 6.6 billion²** in the Czech Republic's farming sector and rural areas with the objective of stabilising farmers' income, modernising and increasing the sustainability of Czech farms and securing the supply of safe, affordable and quality food for its citizens.

Czech farmers benefit from the CAP

Direct Payments have been a key safety net and a driver for the modernisation of agricultural holdings. In 2014, Czech farmers received **around EUR 879 million** in Direct Payments, benefitting 28 460 farmers and farm businesses. Some 7.3 % of Czech beneficiaries received a payment above EUR 100 000, relative to the EU-28 average of 0.45 %. Moreover, in 2014, the EU spent around EUR 15 million on market measures in the Czech Republic, primarily in the fruit and vegetables and wine sectors.

Fostering sustainable growth and jobs in Czech rural areas

The Rural Development Programme for the period 2007-2013 invested **EUR 2.86 billion** in the Czech Republic's agriculture and rural areas. In concrete terms, the injection of public resources into the farming sector, environmental actions and local development helped the Czech Republic to:

- modernise and improve overall performance of more than **1 500 agricultural holdings** by generating a total investment of **EUR 858 million**;
- create almost **1 500 new jobs**;
- set up approximately **1 400 young farmers**, with total investment of **EUR 76 million**;
- invest in about 750 municipalities to **upgrade rural infrastructure** such as water infrastructure, local roads and public spaces.



© EKOfarma Arnultovice

Example of a Rural Development project supported by the CAP

Meat processing technology on an organic farm

Investments in buildings and technology helped to improve processing of own meat produces on an organic farm, located in Arnultovice. Thanks to the improved processing, the product had higher added value, and the producer became less dependent on the direct purchase by subsequent processors. The project contributed also to the effectiveness of the business and to the improvement of farm competitiveness. The area became more attractive for potential visitors since it is located in a region popular with tourists.

Total costs: around EUR 90 500 (EU contribution: around EUR 67 900)

² Total expenditure for Direct Payments, Market Measures and Rural Development (payments) for the period 2007-2013 (in current prices).

Adding value with Quality schemes

Through the [Quality Policy of the CAP](#), the EU provides a number of measures to help producers build on the high quality reputation of European products to sustain competitiveness and profitability. A key tool in this is the register of more than 1 300 protected food names which are classified as a **Protected Designation of Origin (PDO)**, a **Protected Geographical Indication (PGI)** or a **Traditional Speciality Guaranteed (TSG)**. The production of these registered quality products contributes to diversity, development and growth in the rural areas where they are produced and protects local knowledge, skills and jobs.



At present, the Czech Republic has [33 food products registered, 6 as PDO](#) (such as *Všestarská cibule* and *Český kmí*), [23 as PGI](#) (such as *Pardubický perník* and *Lomnické suchary*) and [4 as TSG](#) (such as *Špekačky*).

Responding to new market difficulties

A further element of CAP spending is the so-called market measures which, by definition, vary from year to year. Following the extension of the [Russian ban on the EU agricultural imports](#) and the specific conditions on the dairy and pig meat market in 2015, the European Commission adopted in October 2015 a [support package worth EUR 500 million](#) to back those farmers affected most by the current difficulties, including EUR 420 million for national envelopes to **support livestock sectors**. Under this package, the Czech government opted to allocate its EUR 11 million to the milk and pig sectors. In addition to this, the CAP has funded public and private storage possibilities for Skimmed Milk Powder (including more than 3 000 tonnes of Czech SMP) with a view to helping a rebalancing of the dairy market. In July 2016 the Commission announced a further [500 million EUR aid package](#) for the dairy sector with a range of measures including a further 10 million EUR envelope for the Czech Republic.

In spite of the Russian ban, global EU agri-food exports to third countries have performed well, increasing by EUR 6.8 billion in the first 12 months after the ban, relative to the EUR 5.2 billion drop in trade with Russia compared to the same period of the previous year. Major gains have been achieved in exports to the USA, China, Switzerland and other key Asian markets such as Hong Kong and South Korea. Indeed, EU agri-food exports continue to be one of the strongest growth sectors in the EU economy.

Czech agricultural exports have risen fourfold in value over the past ten years, with beer enjoying a particularly strong reputation, while imports have also more than tripled in value, and the Republic remains a net importer.

What do the Czech think of the CAP?

According to the most recent Eurobarometer, published in January 2016, Czech think that the farmers' responsibilities are to supply citizens with a **diversity of quality products** (44 %) and to **ensure the EU's food self-sufficiency** (35 %). In addition, 89 % of the Czech are "**totally in favour**" with the **European Union's "greening" measures**, linking payments to the respect of the environment and animal welfare.

The Eurobarometer survey 440 "Europeans, Agriculture and the CAP" can be consulted [here](#).

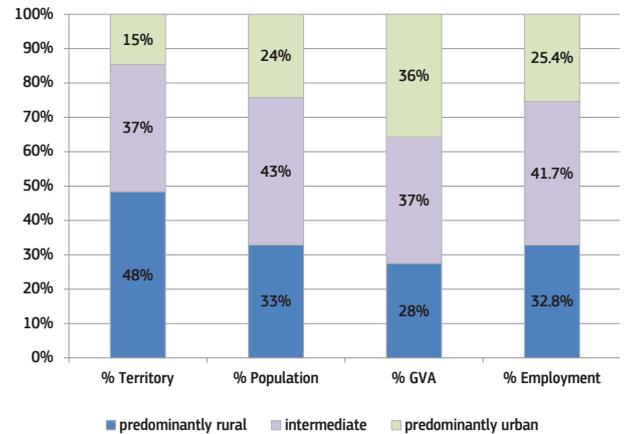


AGRICULTURE AT A GLANCE

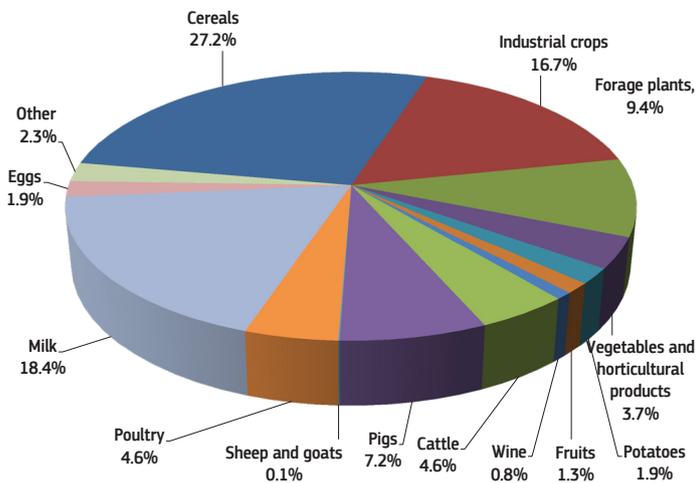
The Czech Republic's agricultural sector is characterised by:

- **Large farms:** 17.6 % of holdings have more than 100 hectares compared to 2.7 % in the other EU countries; The average farm size (2013) is 133 ha, relative to 16.1 ha in the EU-28.
- **Fewer older farmers:** Although there are fewer farmers under 35 years old (4.6 %, relative to 7.5 % in EU-28), only 12.8% of Czech farmers are older than 64 (30 % in EU-28).
- **High economic input with lower employment:** The primary sector accounts for 2.7 % of the country's economy (total GVA) and for 2.7 % of total employment. This is higher than the European average in economic terms (1.6 % in EU-28) and lower in employment (4.7 % in EU-28).

Importance of rural areas

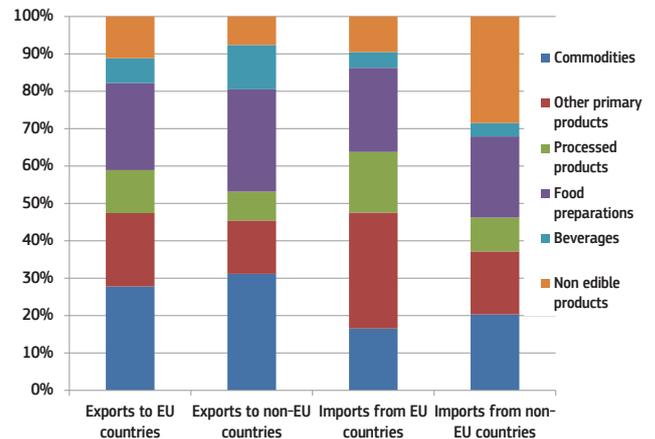


Very diversified production



Output components (2013-2015 average); values at constant producer prices

Agricultural trade with EU Member States is highly important for the Czech Republic (2014 data)



Farmer's income continues to be more volatile than wages and salaries in other sectors

