

## **Commentary**

The output of the agriculture industry (OAI) valued at the current basic prices was 102 265,4 mil. CZK in the year 2006. OAI increased sharply by 17,4 % to 120 076,7 mil. CZK in the year 2007. As the cause of this change was rapid accrual both the crop output by 34,3 % and the animal output by 2,5 %.

If we compare the agricultural output measured at current constant prices of the year 2000 then OAI increased by 3,4 % from the year 2006 to 2007, the crop output came up by 6,7 % and the animal output by 1,8 %.

The crop output shared OAI by 48,4 % in the year 2006 (valued at current basic prices). In the year 2007 it shared OAI by 55,3 %, where cereals (38,3 % in the year 2006 and 46,1 % in the year 2007) and industrial crops (26,6 % in the year 2006 and 21,8 % in the year 2007) had a major proportion in the crop output. The share of the potatoes in the crop output was 5,9 % in the year 2006 and 6,7 % in the year 2007. The production of potatoes due to substantial increase of the average price and bigger harvest volume was by 51,6 % higher in the year 2007 than in the year 2006. The animal output shared the OAI by 46,7 % in the year 2006 and by 40,8 % in the year 2007. The milk production (42,2 % in the year 2006 and 43,1 % in the year 2007) and breeding of pigs for slaughter (25,1 % in the year 2006 and 23,2 % in the year 2007) represented the most important part of the animal output. The rest of the total OAI is made up by the agricultural work supplied to the other unit, that is the agricultural services output (2,3 % in the year 2006 and 1,9 % in the year 2007) and non-agricultural secondary activities (inseparable); 2,6 % in the year 2006 and 1,9 % in the year 2007.

The intermediate consumption (IC) at market prices shared OAI by 74,8 % in the year 2006 and by 72,1 % in the year 2007. The intermediate consumption of feedingstuffs represented the biggest part of it, which was 38,0 % in the year 2006 and 41,1 % in the year 2007. The IC raised by 13,2 % within the year.

The gross value added at basic prices (GVA) was 25 746,5 mil. CZK in the year 2006. GVA increased by 29,9 % to 33 453,2 mil. CZK in the year 2007. After deduction of the fixed capital consumption (FCC) we get the net value added at basic prices (NVA). NVA amounted to 12 245,6 mil. CZK in the year 2006 and within a year it increased by 61,9 % to 19 829,4 mil. CZK in 2007.

The factor income at basic prices was 31 904,5 mil. CZK in the year 2006 and it went up by 22,5 % within a year, therefore it amounted to 39 078,7 mil. CZK in 2007. The compensation of employees was 20 558,6 mil. CZK in the year 2006. There occurred an increase of the compensation of employees in the year 2007 contra the year 2006 by 2,7 % to 21 119,1 mil. CZK.

Income from agricultural activity per full-time labour equivalent (1 AWU), as it is measured by Indicator A, increased by 23,1 % in 2007. The deflator (the implicit price index of GDP at market prices) was 106,6 % in the year 2007.

The main reason for this increase was a growth in the volume of crop production by 5,6 % in the year 2007 (expressed at prices for the preceding year).

Cereals are the most important product of the Czech agriculture and there was a increase in the output at basic prices of this crop by 51,4 %, the cereal volume increased by 13,4 % and the real price was higher by 33,5 %. There was a growth of volume for potatoes (20,3 %) and the real price (21,2 %). The volume of oilseeds was higher by 6,8 %, real price went up by 11,8 %. For the crop output as a whole in 2007, the real price was higher by 19,5 % than in 2006 and the higher volume produced the overall growth of crop output at basic prices by 26,0 %.

The output at producer prices of cattle decreased by 6,7 %, the output at basic prices was lower by 7,1 %. Pig production is the second most important product of the Czech agriculture. The real price went down by 14,4 %. In spite of the higher volume by 3,9 % the output at producer and basic prices went down by 11,1 %. Output of poultry at producer and basic prices went up by 4,8 % as a result of increase of real price (2,7 %) and of volume (2,1 %).

Milk production has a substantial share in the agriculture of the Czech Republic. The output at basic prices decreased by 1,8 % and the volume in the year 2007 was under the level of the previous year by 0,4 %. Real value of animal output decreased by 3,8 % at basic prices. The volume of the

agricultural industry went down by 1,5 %, the output at basic prices was by 10,2 % higher than in 2006.

The overall value of intermediate consumption costs was higher (6,2 % real terms) than in the previous year due to a increase in feedingstuffs consumption. On the back of the overall developments of output and input, agricultural gross value added at basic prices in the Czech Republic increased by 21,9 %, in 2007.

During the interannual drop at real value of fixed capital consumption by 5,3 % net value added increased at a rate of 51,9 %. In spite of the decrease in the other taxes on production (-10,4 % in real terms) and in the other subsidies on production (-8,3 %), the increasing rate of real agricultural factor income, the basis of income Indicator A, was limited to 14,9 %. The volume of agricultural labour input have been reduced in 2007 by 6,6 %.

For the agriculture of the Czech Republic, expenditure on compensation for employees is the most important item. They shared the factor income by 64,4 % in the year 2006 and by 54,0 % in the year 2007. In the year 2007 compensation of employees was by 3,6 % (in real value) lower than in 2006, and net operating surplus showed increase by 48,5 %. The net entrepreneurial income, expressed by Indicator C, raised in the year 2007 by 78,9 % in a real value. Indicator B, which measures trends in real net entrepreneurial income in relation to trends in unpaid labour input, went up by 73,8 % in 2007.