

## **Commentary**

The output of the agriculture industry (OAI) valued at the current basic prices was 120 182,5 mil. CZK in the year 2007. OAI decreased slightly by 1,1 % to 118 839,4 mil. CZK in the year 2008. While the crop output dropped by 6,3 % (cut of cereals prices was the main cause of this change) the animal output increased by 5,4 %.

If we compare the agricultural output measured at current constant prices of the year 2000 then OAI increased by 4,9 % from the year 2007 to 2008, the crop output came up by 8,5 % and the animal output by 0,8 %.

The crop output shared OAI by 55,3 % in the year 2007 (valued at current basic prices). In the year 2008 it shared OAI by 52,3 %, where cereals (46,1 % in the year 2007 and 42,5 % in the year 2008) and industrial crops (21,9 % in the year 2007 and 26,4 % in the year 2008) had a major proportion in the crop output. The share of the potatoes in the crop output was 6,7 % in the year 2007 and 4,2 % in the year 2008. The production of potatoes due to substantial decrease of the average price and smaller harvest volume was by 40,6 % lower in the year 2008 than in the year 2007. The animal output shared the OAI by 40,9 % in the year 2007 and by 43,6 % in the year 2008. The milk production (43,0 % in the year 2007 and 44,2 % in the year 2008) and breeding of pigs for slaughter (23,9 % in the year 2007 and 21,7 % in the year 2008) 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 (1,9 % in the year 2007 and 2,2 % in the year 2008) and non-agricultural secondary activities (inseparable); 1,9 % in the year 2007 and 1,8 % in the year 2008.

The intermediate consumption (IC) at market prices shared OAI by 72,1 % in the year 2007 and by 74,6 % in the year 2008. The intermediate consumption of feedingstuffs represented the biggest part of it, which was 41,1 % in the year 2007 and 40,0 % in the year 2008. The IC raised by 2,3 % within one year.

The gross value added at basic prices (GVA) was 33 549,7 mil. CZK in the year 2007. GVA decreased by 9,9 % to 30 228,8 mil. CZK in the year 2008. After deduction of the fixed capital consumption (FCC) we get the net value added at basic prices (NVA). NVA amounted to 19 368,8 mil. CZK in the year 2007 and within one year it decreased by 19,0 % to 15 696,0 mil. CZK in 2008.

The factor income at basic prices was 38 618,1 mil. CZK in the year 2007 and it went up by 3,9 % within one year, therefore it amounted to 40 106,2 mil. CZK in 2008. The compensation of employees was 24 362,5 mil. CZK in the year 2007. There occurred an increase of the compensation of employees in the year 2008 contra the year 2007 by 6,0 % to 25 812,9 mil. CZK.

Income from agricultural activity per full-time labour equivalent (1 AWU), as it is measured by Indicator A, increased by 1,5 % in 2008. The deflator (the implicit price index of GDP at market prices) was 104,5 % in the year 2008.

The main reason for this increase was a growth in the volume of crop production by 9,8 % in the year 2008 (expressed at prices for the preceding year).

Cereals are the most important product of the Czech agriculture and there was a decrease in the output at basic prices of this crop by 17,3 %, but the cereal volume increased by 17,0 %, the real price was lower by 29,3 %. There was a soft fall of volume for potatoes (-6,5 %) and a rapid decrease of the real price (-43,5 %). The volume of oilseeds was higher by 12,2 %, real price went down by 0,9 %. For the crop output as a whole in 2008, the real price was lower by 18,5 % than in 2007 and the crop output at basic prices decreased by 10,3 %.

The output at producer prices of cattle increased slightly by 0,6 %, but the output at basic prices was lower by 5,7 %. Pig production is the second most important product of the Czech agriculture. The real price went up by 0,5 %, the volume was lower by 8,6 % and the output at producer and basic prices went down by 8,1 %. Output of poultry at producer and basic prices went up by 14,3 % as a result of increase of real price (+3,1 %) and of volume (+10,9 %).

*Milk production has a substantial share in the agriculture of the Czech Republic. The output at basic prices increased by 3,7 % and the volume in the year 2008 was above the level of the previous year by 1,7 %. Real value of animal output increased by 0,9 % at basic prices.*

*The volume of the agricultural industry went up by 6,4 % but the output at basic prices was by 5,3 % lower than in 2007.*

*The overall value of intermediate consumption costs was lower (-2,1 % real terms) than in the previous year due to a decrease in majority items. On the back of the overall developments of output and input, agricultural gross value added at basic prices in the Czech Republic decreased by 13,8 % in 2008.*

*During the interannual drop at real value of fixed capital consumption by 1,9 % net value added decreased at a rate of 22,4 %. In spite of the decrease in the other taxes on production (-5,6 % in real terms) and of decrease in the other subsidies on production (+19,6 %), the decreasing rate of real agricultural factor income, the basis of income Indicator A, was limited to 0,6 %. The volume of agricultural labour input have been reduced in 2008 by 2,0 %.*

*For the agriculture of the Czech Republic, expenditure on compensation for employees is the most important item. It shared the factor income by 63,1 % in the year 2007 and by 64,4 % in the year 2008. In the year 2008 compensation of employees was by 1,4 % (in real value) higher than in 2007, and net operating surplus showed decrease by 4,0 %. The net entrepreneurial income, expressed by Indicator C, dropped in the year 2008 by 6,1 % in a real value. Indicator B, which measures trends in real net entrepreneurial income in relation to trends in unpaid labour input, went down by 7,0 % in 2008.*