

Subsidies for the organic agriculture

Podpory v podmínkách ekologického zemědělství

JÁNSKÝ J., ŽIVĚLOVÁ I.

Mendel University of Agriculture and Forestry, Brno, Czech Republic

Abstract: The paper presents selected results of the research intent No. MSM 6215648904 "Czech national economy in processes of integration and globalization and the development in sectors of agriculture and services under conditions of European integrated market". Its authors evaluate the effects of subsidies on the development of organic farming in the Czech Republic and in some selected EU countries. In the Czech Republic, the height of subsidies for the organic farming is continuously increasing. In 1998, the total amount of subsidies was 48 million CZK while in 2004 it increased to nearly 277 million CZK. Numbers of organic farms as well as the area under organic farming increased in dependence on the subsidies for this form of agricultural production.

Key words: organic agriculture, development of organic agriculture, state subsidies for organic agriculture

Abstrakt: Příspěvek uvádí vybrané výsledky výzkumného záměru č. MSM 6215648904 Česká ekonomika v procesech integrace a globalizace a vývoj agrárního sektoru a sektoru služeb v nových podmínkách evropského integrovaného trhu. V příspěvku jsou posuzovány vlivy podpor na rozvoj ekologického zemědělství v České republice a ve vybraných zemích Evropské unie. Výše podpor v České republice do ekologického zemědělství soustavně stoupá. V roce 1998 podpory činily 48 mil. Kč a v roce 2004 jejich výše již dosahuje takřka 277 mil. Kč. Vývoj počtu ekologicky podnikajících zemědělských podniků a procento obhospodařované půdy ekologickým způsobem hospodaření se zvyšuje i v souvislosti s rostoucími podporami do ekologického zemědělství.

Klíčová slova: ekologické zemědělství, vývoj ekologického zemědělství, státní podpory ekologického zemědělství

In the recent years, organic farming passed through a period of positive development also in the Czech Republic. In 1998, there were altogether 348 subjects of organic farming in the country with the total acreage of 71 thousand hectares of agricultural land, i.e. 1.67% of the total area of agricultural land in the CR. Till 2006, the volume of organic farming markedly increased, viz. to 963 organic farms, which managed 6.61% (or 281,535 hectares) of the total area of agricultural land. Organic farming is oriented above all on permanent grassland and cattle breeding. In 2006, the total acreage of permanent grassland with the system of organic farming under was 232 190 hectares (82.5% of the total area of agricultural land in the Czech Republic). The area of organic farming on arable land is only 23 479 hectares, i.e. only 8.34% of the total acreage of organic farming. Another im-

portant increase in the organic farming took place in 2007 because there were altogether 1 146 subjects registered as organic farms by the 1st May 2007; their share in the total area of agricultural land in the Czech Republic was 7.41%.

MATERIAL A METHODS

This paper presents some results of our research performed within the framework of the research project No. MSM 6215648904 "Czech national economy in processes of integration and globalization and the development in sectors of agriculture and services under conditions of European integrated market" solved at the Faculty of Business and Economics, Mendel University of Agriculture Brno, which is a

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part of the thematic direction 05 “Socio-economic aspects of sustainable multifunctional agriculture and measures in the sphere of agricultural and regional policy”.

The paper analyses the present situation in the field of governmental subsidies for organic farming and products not only in the Czech Republic but also in several selected member states of the European Union. The height of these governmental subsidies was evaluated using the following criteria:

- absolute height of subsidies for the organic farming in the Czech Republic and the evaluation of their efficiency
- height of subsidies provided in the CR and in the EU countries per unit area of land operated within the framework of the system of organic farming
- subsidies stimulating the development of organic farming indirectly through some other measures as implemented in some other EU countries.

RESULTS AND DISCUSSION

Development of subsidies under conditions of organic farming in the Czech Republic

In the Czech Republic, the development of organic farming was supported within the period of 1990 to 1992. In 1993, the payments of financial subsidies were interrupted and the organic farming was supported only indirectly on the base of various environmental programmes, which were oriented for example to restructuring of plant production (grassland regeneration or afforestation), preservation of cultural

landscape, maintenance of permanent grassland, restructuring of processing and/or finalisation of agricultural production and some others. This situation persisted till 1998 when the subsidies to organic farming were reestablished. Till 1999, these subsidies were granted through different programmes supporting the maintenance of cultural landscape and above all they should compensate losses resulting from organic methods of production on fields with the average official price per square meter 4.01 CZK or even less. The height of this support was dependent on the score, which was defined on the base of the criteria of these supporting programmes. The development of subsidies for organic farming since 1998 is presented in Figure 1.

Since 2001, the government provided subsidies for individual supporting programmes on the base of § 2m, sect. 3 of the Act No. 252/1997 Coll. These subsidies were granted to both physical persons and legal bodies in accordance with the provisions of the governmental regulation No. 505/2000 Sb., as amended in the governmental regulation No. 500/2001 Coll., providing that the defined criteria were fulfilled.

In 2002, altogether 2 717 million CZK were paid as agricultural subsidies; this sum of money was approximately the same as that paid in 2001. The major part of these financial means (approximately 2/3) was expended to support less favoured areas (LFA) and to maintain permanent grassland by the means of grazing. For the support of organic farming, approximately 7% of total subsidies were spent in this year (Jánský et al. 2003).

In 2003, the structure of these subsidies was changed because the subsidies for LFA were partly reduced

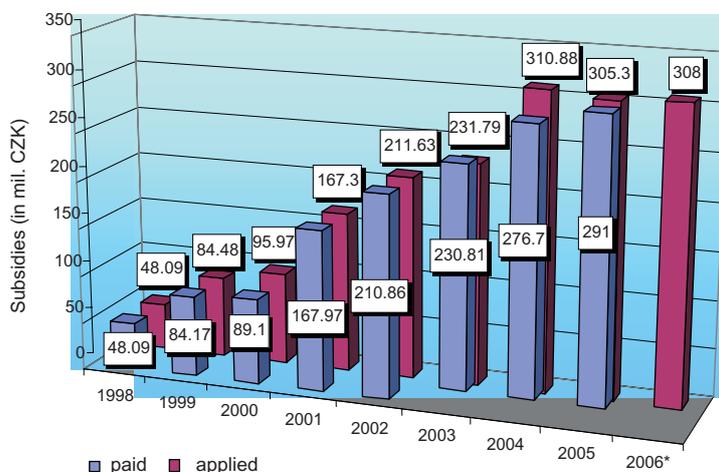


Figure 1. Required and paid subsidy for organic farming in the Czech Republic

*Paid in the course of the year 2007

Source: Czech Ministry of Agriculture; elaborated by the agency Bioinstitut, o.p.s.

while the support of agroenvironmental programmes was increased, especially for the maintenance of permanent grassland and for organic farming. As far as other subsidies were concerned, greater sums of money were spent on the environmental protection and on support of beekeeping.

As compared with 2001, the financial means for the subsidy title "Maintenance of grassland by means of livestock breeding" were increased by 16.6%, especially in association with efforts to increase the interest of farmers in organic cattle breeding and raising.

The highest increase in the area of organically farmed land took place within the period of 1997 to 2003, above all in association with the renewal of governmental subsidies to organic farming in 1998, which resumed the governmental support provided in the years 1990–1993.

In 2003, organic farmers received 231 million CZK to tend 213.7 thousand ha of organic farm land. The difference between the subsidised and registered organic farm land consist above all in the fact that some farmers did not asked for corresponding subsidies and/or that they did not meet all necessary requirements and conditions.

In 2003, the financial support of organic farmers was differentiated in dependence on the type of the subsidised culture, i.e. 1 000 CZK/ha of permanent grassland, 2 000 CZK/ha of arable land, and 3 500 CZK/ha of orchards, vineyards, hop fields, and vegetables on arable land. Subsidies in the full height were paid also within the so-called transition period when the farm produce was converted from the conventional to organic farming. In 2003, the government also paid 4 million CZK for supervision and administration activities of the agency Organic Farming Control, a publicly beneficial company (in Czech *Kontrola ekologického zemědělství*, abbreviated as KEZ, o.p.s.).

In 2003, the government regulation No. 505/2000 Sb. (as amended in the governmental regulation No. 500/2001 Sb.) was another important tool to provide compensatory payments (i.e. subsidies) for LFA in the total height of 1.508 billion CZK. Another part of these subsidies was channelled to the domain of non-productive functions of agriculture and landscape maintenance. The total sum of money paid for these purposes was 1.299 billion CZK; of this:

- 13.8 million CZK was paid for grassland regeneration of approximately 2 thousand hectares of arable land;
- 890.2 million CZK for maintenance of pastures (including technical measures and activities associated with organisation of grazing); grazing

systems were established on 535.7 thousand ha of agricultural land;

- 231 million CZK for organic farming on 213.7 thousand ha (i.e. 5% of agricultural land).

A great part of financial means was reserved for the maintenance of pastures and for grazing systems. As compared with the year 2002, the annual increase was 7.5%. The total area of pastures increased by 6.4%; this increase involved above all systems of cattle breeding on organic pastures.

In the years 2002 and 2003, the height of supplementary benefits per 1 hectare of grassland ranged:

- in mountain regions, Type I, from 2 067 to 3 100 CZK per ha;
- in mountain regions, Type II, from 1 867 to 2 800 CZK per ha;
- in other LFA, Type I, from 1 800 to 2 700 CZK per ha;
- in other LFA, Type II, from 1 667 to 2 500 CZK per ha;
- in other LFA, Type III, from 1 467 to 2 200 CZK per ha;
- in other LFA, Type IV, from 800 to 1 200 CZK per ha;
- in areas with specific limitations, Type I, from 666 to 1 000 CZK/ha;
- in areas with specific limitations, Type II, from 800–1 200 CZK/ha;
- in national parks and protected landscapes – Zone I, from 1 533 to 2 300 CZK/ha;
- in national parks and protected landscapes – Zone II, from 1 133 to 1 700 CZK/ha;
- in national parks and protected landscapes – Zone III, from 500 to 750 CZK/ha.

The programme of subsidies for organic farming is one of the agroenvironmental measures (herewith after mentioned only as AEM) and links up to governmental subsidies paid to organic farmers before the admission of the Czech Republic into the European Union. The height of subsidies for organic farmers was dependent on crop systems. In 2004, the structure of payments was as follows:

- 3 520 CZK/ha for farming on arable land (with the exception of field vegetables and special herbs),
- 1 100 CZK/ha for grassland farming,
- 12 235 CZK /ha for organic vineyards, orchards and hop fields,
- 11 050 CZK/ha for organic growing of vegetables and special herbs on arable land.

A full financial support was provided also during the so-called transition period when the farm produce was converted from the conventional to organic system of

farming. In 2004, altogether 700 applications asking for 310 million CZK were submitted, which covered the total area of 218 thousand hectares.

After the entry of the Czech Republic into the EU on May 1, 2004, the Council Regulation (EC) 2092/91 entered into force. This regulation defines rules of organic farming in the individual EU member countries. Regarding the fact that the Czech Act No. 242/2000 Coll., on organic farming, is in principle in harmony with this regulation, the entry itself was not problematic for the Czech organic agriculture. The process of amendment of this act has started in 2004.

Within the framework of the programme of support for LFA, the compensatory payments were modified (in association with the introduction of the HRDP) in the following manner:

Mountain regions A – 4 680 CZK/ha,
 Mountain regions B – 4 014 CZK/ha,
 Other regions A – 3 490 CZK/ha,
 Other regions B – 2 820 CZK/ha,
 Specific regions – 3 420 CZK/ha.

Subsidies within the framework of the EU structural policy (mil. EUR)

The HRDP is oriented above all to an economic stabilisation of agriculture in LFA and to an application of principles of sustainable farming by means of the AEM. In 2005, valid claims for subsidies applied within the framework of the HRDP in the year 2004 were paid. In 2005, only 2 459 million CZK were paid to support LFA (Table 1).

According to the Horizontal Programme of Rural Development, which was approved by the Czech government, the subsidies per area units of organic farming will be increased in the national budget for years 2007–2013. However, it should be said that this programme has not yet been approved by the European Commission, which should cover 80% of these payments (the remaining 20% will be paid from the Czech national budget). The European Agricultural Fund for Rural Development (EAFRD) is a new fund, which involves all governmental subsidies for farmers. It will be launched in 2007.

Table 1. Delimitations and criteria of application of the HRDP subsidies for organic farming

Purpose	Delimitation	Major criteria of application	
		2004	2005
LFA Programme	2004: subsidies within the framework of HRDP – Commission Regulation 445/2002, which defines rules for the implementation of the Commission Regulation (ES) 1257/99. 2005: NV241/2004 Coll.	Compensatory subsidy – LFA (only for grassland): Mountain regions A – 4 680 CZK/ha Mountain regions B – 4 014 CZK/ha Other regions A – 3 490 CZK/ha Other regions B – 2 820 CZK/ha Specific regions – 3 420 CZK/ha	The same delimitation as in 2004 and further a subsidy of 2 800 CZK/ha for regions with some ecological limitations
Organic farming	2004, 2005 Subsidies within the framework of HRDP	Compensatory payments for subjects farming in accordance with rules of organic farming as specified in the Act No. 242/2000 Coll. Subsidies: – arable land 3 520 CZK/ha – grassland 1 100 CZK/ha – permanent cultures 12 235 CZK/ha – vegetables and special herbs on arable land 11 050 CZK/ha	
Grassland maintenance	2004, 2005: HRDP – agroenvironmental measures	– Meadows with the conventional system of maintenance – 1 920 CZK/ha – Meadows without any fertilisers – 2 800 CZK/ha – Meadows without any fertilisers and the first cut after 15 July – 5 130 CZK/ha – Meadows without any fertilisers and with uncut strips of 6–12 m after the first cut – 3 130 CZK/ha – Pastures with the conventional system of maintenance and with the grazing intensity of 0.5 to 1.25 LCU/ha – 2 890 CZK/ha – Organic pastures without the application of fertilisers and reduced grazing intensity (0.4 to 1.05 LCU/ha) – 4 330 CZK/ha	

Note: LCU = Large Cattle Unit (500 kg of live body weight)

Source: www.mze.cz

Table 2. Subsidies for organic farming in the Czech Republic within the period of 1999–2006 and the expected subsidies after the year 2007 (CZK/ha)

Land use	1999–2000	2001–2003	2004–2006	After 2007*	Index of growth	
	1	2	3	4	3/2	4/3
Arable land	2 130	2 000	3 520	4 620	1.76	1.31
Permanent grassland	1 065	1 000	1 100	2 120	1.10	1.93
Permanent cultures	3 195	3 500	12 235	25 285	3.50	2.07
Vegetables	2 130	3 500	11 050	16 790	3.16	1.52
Special herbs	2 130	2 000	11 050	16 790	5.53	1.52

*Programme of rural Development in the Czech Republic for years 2007–2013 (approved in May 2007)

Source: Organic Farming in the CR, Yearbook 2006, issued by the Ministry of Agriculture of the Czech Republic

As one can see in Table 2, the highest increases will be probably in domains of grassland (by 1.41) and permanent cultures (by 1.07). However, this is only a proposal and the definite subsidies have not been approved yet.

Subsidies for organic farming in some selected European states

Since 1990's, the organic farming has passed through a period of intensive development in nearly all European states. In 2003, there were approximately 170 000 organic farms in Europe and their total acreage was 6.3 million hectares. In the European Union itself, there were more than 143 000 of organic farms with nearly 5.7 million ha. These figures represented 3.4% and 1.5% of the total acreage and the number of farms in the EU, respectively. The increase, which took place in 2004, resulted above all from the EU enlargement on the one hand and a rapid development of organic farming in Greece that accepted regulatory measures of the EU concerning organic livestock breeding. In the old EU 15, the acreage of organic farms slightly increased but their numbers increased; this was due to the fact that in Italy, which was the country with the highest extent of organic farming, the number of these enterprises went down.

In the majority of European countries, the system of subsidies for organic agriculture is relatively stable and no greater changes occurred in recent years. The development of organic farming was associated with an increasing demand for organic products and, thus, also with the development of processing industry and of the organic products. These changes could be observed in all countries under study.

Belgium

Belgium still belongs to those states where organic agriculture does not have a too high proportion as far as the total acreage of organically farmed land and the number of organic business units is concerned. In recent years, neither the number of organic farms nor the acreage of organically managed land has markedly increased.

Pastures are the most important form of organic farming (75% of organically managed land), followed by cereals (9%) and fruit and vegetables (3% only). Organic agriculture is practised unevenly in two major Belgian regions – Flanders and Waloon.

A marked increase in the share of organic farming can be observed in the Waloon region where, due to a mostly hilly countryside configuration, agriculture is oriented mainly to extensive forms of farming, i.e. cattle grazing on permanent grassland. In this region, milk and beef are the most important products. Of the total acreage of organically managed land only 10% is used as arable land.

In Flanders, the majority of organic farms is specialised in production of fruit and vegetables on very small plots; this intensive form of produce represents approximately one third of the total organic production in this region.

In Belgium, direct subsidies for organic farming have been paid since 1994 on the base of the Council Regulation (EC) 2078/92. Later on, this regulation was replaced by the Regulation (EC) 1257/99. There are different subsidies paid in the period of conversion to the system of organic farming and thereafter, i.e. in the period of normal organic production. Subsidies that were paid till the year 1998 are presented in Table 3. The payment rates are not much changed much under Agenda 2000. Vegetable crops are, however, be sub-

Table 3. Organic farming subsidies till 1998 (EUR per hectare of agricultural land) in Belgium

Crop	Conversion Year 1 and Year 2	Further years of organic farming
Annual crops suitable for payments per unit of arable land	180.52	111.55
Other annual crops	300.87	223.10
Pastures	297.47	173.53
Vegetables	300.87	297.47
Permanent crops (fruit trees)	842.47	743.68

Source: http://www.organic-europe.net/country_reports/belgium/default.asp

sidised far higher than before: 991.57 EUR in the first year of conversion, 967.62 EUR in the second year and 743.68 EUR in the following years.

The implementation of the rural development regulation, as defined in the Agenda 2000, practically did not change this system of subsidies. For the time being, subsidies are paid to those farmers who adopted and/or maintain environmental-friendly practices for a period of at least five years. The implementation of the Agenda 2000 provisions is very slow. Subsidies for vegetable growing are much higher than before: 991.57 EUR in Year 1 of conversions, 867.62 EUR in Year 2, and 743.68 EUR in years to follow.

The governmental support of organic farming is implemented also by means of other tools than only through direct payments. In 2000, the local government of Flanders presented a Plan of the Development of Organic Farming. This document contains altogether 19 articles describing measures how to increase the acreage of organically managed land. Among others, they involve a support of investments up to 40% of total expenses, support of individual extension service and consultancy for farmers during the conversion period, establishment of a network of model organic farms, tuition of methods of organic farming at schools, support of research activities, establishment of one information centre etc.

Denmark

Till 2003, the acreage of organic farms (both fully transformed and in the process of conversion) gradually increased but, after the year 2004, there was a period of stagnation and/or decrease.

The structure of plant production remained unchanged; grassland was the most frequent method of organic farming, followed by cereal growing. In animal production, there were some structural changes: the share of cattle breeding was the highest, followed by sheep breeding and poultry breeding; the proportion

of organic pig breeding was relatively low. In 2003, the system of subsidies for organic farming was changed. A new scheme is more flexible and should result in the conversion support for more farmers. The new scheme involves three groups of factors:

- Subsidies for farms in the period of conversion to the system of organic farming;
- Subsidies for organic extensification;
- Subsidies for organic farming (MVJ scheme).

The MVJ scheme was earlier earmarked for conventional farmers, but is now open for organic farmers as well. It consists of various types of support, e.g. subsidies for maintenance of meadows, permanent grassland, and marshes, reduced application of nitrogen fertilisers etc.

The MB support consists of 870 DKK per hectare per year for a period of five years. To obtain this support, the farmers must extend methods of production and develop methods of organic farming without the application of pesticides and only with a limited use of nitrogen fertilisers.

Conversions subsidies are 1 150 DKK per hectare per year for a period of five years. After the end of this period, the subsidies are reduced to only 300 DKK per hectare per year for a period of three years. This support cannot be obtained by dairy farmers. This national Danish measure is implemented simultaneously with the EU per unit area payments.

There is no doubt that in Denmark the system of organic farming will be further developed and expanded. Consumption of organic food will increase due to the increased demand of people accepting modern, health-oriented lifestyle, consumer behaviour, and problems existing in both conventional farming and food processing.

France

France is the state, which has a goal to become the European leader in supply of organic food till the year

2010. At present, it is estimated that France occupies the 4th place in the European organic food market, just behind Germany, United Kingdom, and Italy.

In France, the development of organic farming is characterised by a permanent growth of both the numbers of organic farms and the total acreage of organically managed land. The percentage of the share of organically managed land in the total area of agricultural land is continuously increasing as well.

Organic grassland represents the most frequent for of transformed agricultural land. Earlier (i.e. till the year 2000), the acreage of organic arable land increased at a slower rate than that of permanent grassland. due to discrepancies between the development of plant and animal production on the one hand and increasing demand for organic products, the import of these goods from third countries increased by 40% in 1998 as compared with the previous year.

In 2000, this developmental pattern was changed: there was a slow-down in the growth of organic animal production and the acreage of arable land grew up at a quicker rate than that of permanent grassland. These changes were caused by increasing prices of cereals and oil crops.

In France, organic farmers are subsidised only within the conversion period. The established, operating organic farms do not receive any subsidies. The upper limit of subsidies is 500 000 FRF (75 770 EUR) per farm in the conversion stage. Its height is dependent on the intensity of organically managed area (Table 4). The maximum duration of the conversion period is five years.

While the former system of agricultural policy was oriented nearly exclusively to the support of production and increased exports, at present its main objective is to increase the quality of organic produce.

The Netherlands

The Netherlands is one of leading agricultural producers in the world and occupies the third position among world exporters of agricultural produce (just behind the USA and France). However, its sector of organic farming is – in spite of intensive governmental efforts in recent years – relatively small as compared with the Dutch agricultural sector and/or with the other EU countries. The present share of organically managed land in the total acreage of agricultural land is only 1.4% and the consumption of organic products is even lower – only 1% of total food consumption. This means that in Europe, the Netherlands belong to countries with the least developed organic farming.

Dutch market of organic products reached its maximum to the end of 1990s. Under the sponsorship of the government, the number of certified organic farms rapidly increased and the increase was approximately 30% per year. The awareness of Dutch consumers about the national label of organic produce has gradually increased and the revenues of sellers of organic products grew up significantly in recent years.

In the Netherlands, the support of organic farming is based on the Action Plan for Organic Farming. There is a two-year period of conversion from conventional

Table 4. Conversion subsidies in organic farming in France

Type of produce	Subsidies (EUR/ha/year)	
Seed material, vegetables, aromatic, annual and biannual medicinal plants	Year 1 and 2	511
	Year 3 and 4	255
	Year 5	170
Orchards	Year 1 and 2	511
	Year 3 and 4	255
	Year 5	170
Other annual crops	Year 1 and 2	409
	Year 3 and 4	205
	Year 5	136
Grassland	Year 1 and 2	180
	Year 3 and 4	90
	Year 5	60
Olive orchards	Year 1–3	640
	Year 4	385
	Year 5	255
Other permanent stands	Year 1–3	980
	Year 4	588
	Year 5	392

Source: http://www.organic-europe.net/country_reports/france/default.asp

to organic farming but farmers, who receive the subsidies, are obliged to operate the organic system for a period of at least five years. Within a five-year period, the subsidies per hectare are as follows:

- for crops on arable land 1 136 EUR
- for vegetables 5,682 EUR (till 1999 the subsidy was only 2 727 EUR)
- for orchards 9 250 EUR.

It is expected that the home production of organic food will further increase, mainly due to the governmental policy, which tries to stimulate farmers to change their conventional methods of farming to organic ones. It is also expected that the Netherlands, as one of the major exporters of agricultural products, will become the leading exporter of organic vegetables, especially of temperate products and greenhouse vegetables (red peppers, tomatoes, and cucumbers).

Italy

Italy is the country with the highest number of organic farms as well as with the highest acreage of organically managed agricultural land in Europe. In the recent years, the rate of development of organic farming was one of the highest just in this country. At present, approximately 25% of the total organically managed EU agricultural land can be found in Italy and the share of organic farms is even higher, approximately two thirds of the total EU numbers. As far as the dimensions of Italian organic farming are concerned, the shares of organic farms and organically managed land are 2% and even 7% of the total, respectively.

Similarly as in other countries, also in Italy the organic farming is distributed rather unevenly in the individual Italian regions: 70% of the total numbers of organic farms are situated in the South, 12% can be found in Central Italy and 18% in the North. However, in spite of this, 48% of processing

plants and even 90% of importers are situated in the North Italy.

The structure of crops grown on organic farms is also different in the individual regions. Organic cereals, predominantly durum (or macaroni) wheat, barley, soft wheat and rice, represent approximately 20% of the total Italian produce. Organic cereals are grown predominantly in Northern and Central Italy. Durum wheat is produced in sunny regions of Southern Italy. Organic horticultural products, above all citrus fruit and vegetables, are grown in the South Italy while organic apples, peaches, and pears are produced in the North.

In Italy, there are no direct subsidies for organic farmers as in other countries. In 2000, some goals of the development of organic farming were set up on the nation-wide level, above all to increase the share of organically managed land to 10% of total area of agricultural land. To reach this objective, the following tools will be used: support of interest education of consumers, public campaigns, grants experimental activities, and support of research and development in the field of organic farming.

Germany

Germany is the country with the oldest tradition of organic farming and marketing of healthy products. The German market of organic food is one of the largest in the world but the rate of its growth is now lower than in other countries.

Within the period of the last ten years, the number of organic farms and the total acreage of organically managed land increased to 17 020 units and 807 406 hectares, respectively. The share of organic farming is 4.7% and 4.2% of the total acreage of agricultural land and the total number of farms, respectively.

The structure of organic agriculture differs from that of conventional farming. In the system of organic farming, grassland, pastures, vegetables, fruit growing, and sheep and goat breeding are more important

Table 5. Framework plan of support for organic farming in Germany after 2006

Crop	Subsidies for organic farming (per 1 ha of agricultural land)	
	conversion	continuation
Vegetables	480 EUR (440 EUR)	300 EUR (271 EUR)
Arable land	210 EUR (187 EUR)	160 EUR (137 EUR)
Pastures	210 EUR (187 EUR)	160 EUR (137 EUR)
Permanent cultures	950 EUR (840 EUR)	770 EUR (662 EUR)

Source: http://www.bmelv.de/nn_757134/EN/05-Agriculture/OrganicFarming2006.html__nnn=true

than in conventional agriculture. On the other hand, however, pig breeding and poultry production are less important.

After the German reunification in 1990, the methods of organic farming quickly expanded also to the five reestablished federal states of East Germany and at present the highest number of organic farms can be found just in this part of Germany. As far as the area in hectares is concerned, cereals are the most important organic crop in Germany, followed by pulses and oil crops. The plan of subsidies was introduced in 2006 (Table 5).

The organic produce plays the most important role in changes of agricultural policy. This change and its strict implementation, as performed under new economic conditions, will enable to reach a 20% share of organically managed land in Germany within a period of 10 years.

Austria

As compared with other European countries, the proportion of organically managed land in the total area of agricultural land as well as the number of organic farms is very high in this country. The total share of organic products in the Austrian food market is 1.8%. It was expected that the annual rate of growth would range between 10 and 15% but at present this is not true.

The highest concentration of organic farms can be found out in regions with a high proportion of grassland (Tyrol, Salzburg, and Steiermark). Experiences indicate that grassland farms (or farms with a high proportion of grassland) can be more easily transformed to organic ones because they were practically always managed in an extensive manner. In the traditional regions with arable land (Burgenland, Lower Austria), the numbers of organic farms are markedly lower.

Organic farming subsidies per hectare are as follows:

– arable land	327 EUR
– grassland	250 EUR
– orchards	508 EUR
– vineyards, vegetables, hop gardens	800 EUR

In Austria, education of consumers and the support of their trust into the quality of organic products (as well as of their willingness to pay higher prices) are the most important predispositions of a further development of organic farming. The government implements a project focused to an improvement of relationship between organic farmers and consumers. A great emphasis is also put on

the education of organic farmers. A gradual (but steady) growth can be observed also in the field of organic farming research. However, a long-term viability of organic farming requires also adequate economic stimuli, which (unfortunately) are not on the required level.

Spain

In Spain, there is a marked increase in the numbers of organic farms in the recent years. According to the last available data, the number of organic business units is 17 725 (16 521 farmers and 1 204 processing plants). The total acreage of organically managed land increases also very quickly.

Regarding various climatic conditions of Spain (i.e. regions with a continental and a Mediterranean type of climate), this country has good predispositions to produce a wide spectrum of crops. As far as their importance is concerned, the rank of organic products is as follows: cereals, pulses, vegetables, citrus fruit, temperate fruit, olives, wine, nuts, subtropical crops, medicinal and aromatic herbs, and fodder crops.

For the time being, the farmers receive fixed payments (subsidies) per crop and year and the rates and/or tariffs are defined by individual local authorities. In many cases these subsidies are lower than in other EU countries. For example in Andalusia, producers of organic olives receive only one half of the sum of money that is paid to their competitors in Toscana and other parts of Italy. Spanish farmers receive approximately 350 EUR per hectare. The total sum of subsidies paid in all Spanish regions is approximately 30 000 000 EUR. For small farmers, the organic system of production is one of a few available alternatives method; however, it is also necessary educate them how to do marketing and how to sell successfully their produce.

CONCLUSIONS

It can be concluded that in the European Union, organic farming will be supported and subsidised. In the Czech Republic, its further development is based on the Action Plan of the Development of Organic Farming in the Czech Republic till the year 2010, which was approved by the government of the Czech Republic in the year 2004 (Resolution of the Czech Government No. 236/2004 of 17 March 2004) and it is expected that finally approximately 10% of total arable land will be in the system of organic farming.

At present, when evaluating the implementation of the first stage of this action plan, it is obvious

that the system of support must be extended and intensified. It is necessary not only to support the production of organic products but also to improve processing and distribution of organic food and to educate consumers and inform them about the benefits of organic farming.

The present support of organic farming within the framework of the Programme of Rural Development enables to subsidise farmers through payments per unit area of land involved in the system of organic farming (see Table 2).

An increase in compensatory payments per unit area of organically farmed land already supports the interest of farmers in organic farming. It seems that it will be possible to reach a 10% share of organically farmed land in 2010 because the numbers of organic farms are further increasing; by 1 May 2007, the share of organically farmed land was 7.41%.

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Contact address:

Jaroslav Jánský, Iva Živělová, Mendel University of Agriculture and Forestry Brno, Zemědělská 1, 613 00 Brno, Czech Republic
tel.: +420 545 132 601, e-mail: jansky@mendelu.cz, zivelova@mendelu.cz
