

# The economic conditions for the utilisation of the land fund in the Czech Republic after its accession to the European Union

## *Ekonomické podmínky využití půdního fondu ČR po vstupu do EU*

M. HRABÁNKOVÁ

*University of South Bohemia, České Budějovice, Czech Republic*

**Abstract:** The important part of the increase of regional potential is the farming of the land fund. The economic conditions for its utilisation have been already prepared. They are based especially on the drawing of funds of the European Union, namely for the period after the accession of the Czech Republic to the European Union and for the years 2007–2013. The measures concerning the land are included in the prepared programme documentation, especially in the Horizontal Rural Development Plan (HRDP) and in the Operational Programme “Agriculture”. The farmers will obtain the direct payment per area (SAPS) in addition to supports on foregoing measures. The requirements for environment-friendly farming of land will be increased in the future. The economic conditions for next period will concentrate on these priorities. It will concern the securing of public benefit contributing to the sustainable development of rural areas. The project assurance of these trends and their regional monitoring and evaluation will be important.

**Key words:** subsidies from the EU, regional potential, land fund, EU funds, regionalisation

**Abstrakt:** Hospodaření s půdním fondem je důležitá součást zvýšení potenciálu regionů. Ekonomické podmínky pro jejich využití již byly připraveny. Podstata spočívá zejména v získání prostředků z Evropské unie, konkrétně na období po vstupu České republiky do Evropské unie a na období v letech 2007–2013. Opatření týkající se půdy jsou zahrnuta v připravené programové dokumentaci, zejména v Horizontálním plánu rozvoje venkova (HRDP) a v operačním programu „Zemědělství“. Kromě podpor na již zmíněná opatření, zemědělci obdrží přímé platby za plochu (SAPS). V budoucnu se ještě zvýší požadavky na zemědělství, které je šetrné k životnímu prostředí. Ekonomické podmínky se v dalším období soustředí na tyto priority. Budou se týkat zajištění veřejného prospěchu přispíváním k trvale udržitelnému rozvoji venkovských oblastí. Důvěra v tyto trendy a jejich sledování a vyhodnocování bude velmi důležitá.

**Klíčová slova:** podpory z EU, regionální potenciál, půdní fond, fondy EU, regionalizace

## INTRODUCTION

The submitted article follows up on the results of solutions which are the subject of the grant NAZV QF4121 aimed at creating the set of diagnostic methods for monitoring effectiveness of the regional subsidies from the EU funds (Hrabánková 2000).

As follows from the hitherto inquiry, to take advantage of the regional potential, it is necessary to concentrate above all on two possibilities:

– first: utilisation of own internal resources of the region, which means establishing of the set of meas-

ures, methods and ways of efficient utilisation of economic potential, which includes the land fund of the regions,

– second: securing additional funds for regions that do not possess the necessary resources.

In both cases, the solution is connected to utilisation of resources from the EU funds through projects and applications linked with approved programme documentation. But it is necessary to improve the effectiveness of invested financial means and to focus the subsidies on European and global trends such as

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securing quality foodstuff, protection and improvement of environment and what is most important, ensuring ample supply of drinking water. These trends are the integral part of the Czech agricultural policy and the best reflection of the main directions of the European agricultural model, which the CR adheres to.

## MATERIAL AND METHODS

The principle of solidarity and economic cohesion in the EU opens the possibility of exploiting the EU funds for the fulfilment of goals of agrarian policy. The farming on the land belongs to basic conditions and means for the realisation of structural policy in this sector. Measures concerning land have a wide radius and a lot of them have impact on land either directly or through its consequences. For the accession of the CR, relevant documentation and financial means making possible drawing of the EU funds, especially from the *European Agricultural Guarantee and Orientation Fund (EAGGF)* was prepared.

For securing *direct area payments* (SAPS), the overall amount of 198.94 mil. EUR (6.36 billion CZK) will flow into agriculture in the year 2004. The payment in the amount of 57.35 EUR i.e. 1 970 CZK per ha concerns area of 3.469 mil. ha of the agricultural land. The growth of the direct per area payments has even a potential to cause the rise in the price of land in the future. The matching funds from the CR in amount of 1.3 mil. CZK are condition for obtaining the entire amount from the EU.

In the frame of the Horizontal Plan of the Development of Countryside which is subject to guarantee section of EAGGF, the amount of subsidies for less favoured areas (LFA) and the areas with ecological limitations was approved at 2.5 billion CZK, which is 0.5 billion CZK more than in 2003 (Horizontální plán 2004). Also, for the agro-environmental programmes that are predominantly oriented on maintaining landscape in the cultural conditions and towards environmental care by means of tending of permanent grassland (TTP), measures against erosion etc. the means in the amount of 2.65 billion CZK were approved. It is by about 1.75 billion CZK more than the last year. For the future, the subsidies should be better focused on production in mountainous and sub-mountainous regions in harmony with the European model of agriculture. Also, securing 20% of matching funds from the Ministry of Agriculture of the CR amounting to 566 mil. CZK remains a problem.

The support for the measures connected with farming and protecting the land is part of operational

program "Agriculture" (Operační program 2004). It above all concerns the renewal of the potential of agricultural landscape and its preservation. Part of this measure concerns also flood prevention. This program will also use the financial means of the structural fund EAGGF and the Financial Instruments for the Support of Fishing (FIFG).

The preparation of the EU for the period of 2007 to 2013 leads towards creation of the system of measures that are supposed to give an important boost to the environmental protection and landscape planing especially through subventions for sustainable use of agricultural and forest lands. String of measures connected to creation of agricultural-forest systems on agricultural land has as its goal the keeping of land in the good shape from the point of view of environmental quality and production capacity. At least 25% of the financial means designated for the development of countryside is expected to be used for this measure. The low fertility of land in the LFA areas will also be decisive criterion for the amount of compensatory payments in less favourable areas. This requires preparation of technological procedures with significantly lower levels of fertilisers and protective agents and continuation of development of methods of agricultural production under the conditions of organic agriculture

It is necessary to come to terms with the fact that competing interests in agriculture result in many negative effects on land and the regime connected to its protection. It concerns among other contamination of water with pesticides and fertilisers, degradation of bio diversity etc. For that reason, it is necessary to monitor the conflict between production of food and raw materials and protection of nature and environment. Besides the system of education concerning these problems, it is also necessary to create economic conditions for the use of land fund in a way that is in harmony with the new trends in the development of countryside.

## RESULTS AND DISCUSSION

Securing the high natural values of environment and long-term important functions of land that are necessary from the point of view of multifunctionality of agriculture depends on the payments for farmers that make sustaining the quality of land possible.

Development of the economic conditions leads toward situation when maintenance of cultural landscape and sustainable farming of the land resulting in protection of environment (which under the conditions of competition were considered detrimental

to economic development) became the main advantage and subject to subsidies for the development of countryside. The economic conditions that are being prepared for the next period will have to be oriented toward these priorities and toward such allocation of resources that leads to spreading of environmentally friendly processes. This development concerns also use of land, because it will involve the exploitation of sources that are subjects of property rights and must be paid for as a service for the sake of public good. It must be taken into account that where the goal of land and environmental protection is connected to private rights to use of land, the farmers will accept the requirement of less intensive use of land only under the condition that such attitude pays off. It should be a contractually secured public benefit contributing to the sustainable development of the agricultural regions through subsidies for preservation of land and in the case of its non-exploitative use also to environmental protection.

Another direction in the development of the countryside will be projects leading to more extensive form of production or even to conversion of arable land into extensive meadows and pastures and to forestation of non-agricultural land. Among others, projects of this kind should focus on maintaining of land through leaving it fallow for the sake of environmental protection or leaving it outside agricultural use, especially for ensuring the reservations of biotop, rare animal species like birds, natural parks (Natura 2000) or protection of water systems. Special projects worth of support should deal with the maintenance of land designated for public events and recreational activities.

The important role will be given to regionalization of these measures according to regional programmes, which should be the criterion for:

- size of farmers' compensation for the income lost in connection with participation in environmental protection
- establishment of the amplitude of fallow land, anticipated land and water pollution, worsening of biodiversity, danger of floods or forest fires. In this regard, it will be the financial support of the

projects of this kind that will lead to lowering of such risks.

For the purposeful and environmentally friendly economic activity on land, it is especially necessary to evaluate in the region:

- the character of agricultural structures in the given region or micro region
- social and economic impacts of lowering the intensity of production (Boháčková, Hrabánková 2003).

## CONCLUSION

Finally, it needs to be emphasised that monitoring effectiveness of the agreed measures will require more thorough rules for managing and monitoring of their realisation and, most of all, the evaluation of their impact on protection of land and environment (Boháčková, Hrabánková 2004).

There are some economic conditions that will yet have to be created, among them being the need for linkage with other measures of the Common Agricultural Policy and with solution of the possible cumulation of payments from these various measures in the process of farming.

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### Contact address:

Prof. Ing. Magdalena Hrabánková, CSc., Jihočeská univerzita v Českých Budějovicích, Studentská 12,  
370 05 České Budějovice, Česká republika  
e-mail: hrabanko@zf.jcu.cz

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