

Institutional problems of pig meat sector in the Czech Republic

Institucionální problémy sektoru vepřového masa v České republice

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Abstract: The paper deals with the institutional problems in the pig meat sector in the Czech Republic. The information was obtained in the frame of Project PHARE-ACE P97-8098-R "Institutional Economics in the Agri-Food Business: How can Structural Policy Help to Integrate EU?" The research was performed in year 2000 by means of a questionnaire method and a method of interviews with managers of individual entities in the food chain of pig meat sector. Problems of the execution of property rights in supplier-customer relations in the Czech pig meat sector are the following (institutional view): poor enforceability of property rights, sale for cash, refraining from long-term contracts, decrease of trust between business partners and trust in legal institutions, increase of transaction costs, lack of business ethics etc.

Key words: pig meat sector, problems, institutional view, Czech Republic

Abstrakt: Příspěvek se zabývá institucionálními problémy v sektoru vepřové maso v České republice. Informace byly získány v rámci realizace mezinárodního projektu PHARE ACE P97-8098-R „Institutional Economics in the Agri-Food Business: How can Structural Policy Help to Integrate EU?“ Výzkum byl proveden v roce 2000 dotazníkovou metodou a metodou rozhovorů s manažery jednotlivých organizací v potravinářském řetězci vepřové maso. V rámci realizace vlastnických práv v dodavatelsko-odběratelských vztazích v českém sektoru vepřové maso byly zjištěny následující problémy (institucionální pohled): nízká vymahatelnost vlastnických práv, platba cash, odstoupení od dlouhodobých kontraktů, pokles důvěry mezi obchodními partnery i v legální instituce, vzrůst transakčních nákladů, nedostatek podnikatelské etiky aj.

Klíčová slova: sektor vepřové maso, problémy, institucionální pohled, Česká republika

INTRODUCTION

Pork production is a strategic sector for the Czech Republic. Corresponding with the volume of pig production, the production of feed concentrates is also important. The use of cereals in the feeds for pigs accounts for one half of the total feed cereals produced in the Czech Republic. Prosperity of most of our agricultural enterprises is connected with pig husbandry. In the Czech Republic, pork amounts to 50–55% of the total meat consumption. The quality of the produced pig meat is comparable with the EU standards and the indicators of efficiency are close to them.

After 1989, pig rearing in the Czech Republic was not affected by a high decrease of the total number of animals as in other sectors of livestock production (e.g. cattle breeding). At present, producers use either original barns designed for the production of slaughter pigs or reconstructed barns used originally for cattle breeding. Technical systems of feeding have been upgraded in most piggeries in order to harmonise the technique of pig nutrition and their physiological requirements, to decrease the feed conversion rate and to reduce the share of human labour and to improve the management of breeding.

REVIEW OF LITERATURE

Institutions are limitations developed by people which introduce a structure into human behaviour. They con-

sist of formal limitations (rules, laws, constitutions), informal limitations (standards of behaviour, habits and conventions applied by individuals) and of the ways of their observance (North 1993). In any country, it is possible to trace the interdependence of the development of institutions and economic standard of the country. Economic growth depends on the quality of institutions, on the fact whether they will stimulate private enterprising and the whole process of transformation in favour of the welfare of the society or whether this process will be dominated by a negative development, the so-called "grey economy" with all its implications.

North (1993) emphasises that the process of institutional changes is highly complicated and that it is influenced by the phenomenon of "path-dependency". Price liberalisation alone will not automatically result in the development of market economy institutions. A successful restructuring of economy requires not only a restructuring of property rights but also that of mental patterns (individual ideologies). Upgrading of standards of behaviour takes a substantially longer time. In economies which have not inherited a legal framework, social and ecological corrections, such standards of behaviour (market economy standards) the process of transformation is very long and the results are quite uncertain.

In the Czech Republic, the formal institutional rules for the functioning of the whole system changed in a very short time and the actors were supposed to adjust to them. A fast transition and adaptation of the principles

of market economy was expected. Instead, the economy in transition period is characterised by features of chaos and crisis. Institutional economy points out some causes of this situation in the Czech Republic.

North (1981) highlights the great importance of each individual's own ideology for the efficiency of the whole economy. The theory of ideology gives answers to the questions of the impact of different perception of reality on the behaviour of individuals in case of a change of objective situation. For example when a change takes place in the structure of property rights or in the structure of the whole society or its stabilisation, the power of ideology may be longer than the power of rational calculus.

An institution is a set of rules of legal, moral and ethical standards of behaviour developed in order to limit the behaviour of individuals in the interest of maximisation or usefulness of those who rule. Institutions are "rules of the game" and organisations are "players" (North 1981).

In each country and at any time, the current state and the future development of institutions (including the institution of property rights) depends on their previous development. In this connection, the term "institutional memory" is used.

METHODS

The research was performed in the Czech Republic by means of questionnaires and interviews with managers of individual entities in the pig-meat sector in year 2000. Questionnaires were sent to 100 producers of pork. The rate of return and usability was 42% (42 respondents). Questionnaires were also sent to 20 meat industry companies. The rate of return and usability was 35% (7 respondents). Within the research, also representatives of three foreign retail chains were interviewed about the issues of supplier-customer relations in the food sector in the Czech Republic.

The results of the research were discussed with representatives of various institutions such as the Ministry of Agriculture of the Czech Republic, the Union of Producers of Pork, Poultry and Eggs in Bohemia and Moravia, the Association of Butchers of the Czech Republic, the Sales Co-operative Agropork, j.s.c., the Agrar Chamber of the Czech Republic, etc. Here the Delphi-technique was used.

RESULTS AND DISCUSSION

Present problems of pig producers in the Czech Republic

Table 1 shows that the share of pig farmers (respondents) in the total annual production of pig meat in the Czech Republic (i.e. 505 ths tonnes) is approx. 20% (i.e. 101,76 ths tonnes). This production does not include domestic slaughter of pigs (75 ths tonnes).

Apart from producing pigs, agricultural enterprises (respondents) focus on the following activities: 71% on pig-let production, 36% on egg production, 14% on broiler

Table 1. Structure of pig producers participating in the research

Indicator	Farm type			Total
	JSC	Ltd	A.COOP	
Number of farms	32	6	4	42
Share (%)	76	14	10	100
Annual production of pig meat (tonnes/farm)	3,025	270	835	2,423
Total annual production of pig meat (tonnes) (all respondents)	96,800	1,620	3,340	101,760

JSC = Joint-stock company, Ltd = Limited liability company, A.COOP = Agriculture co-operative

production, 14% only on pig production (high specialisation), 29% own slaughterhouse, 17% on their own production of meat products, 10% of enterprises have their own outlets, 19% of enterprises farm agricultural land (producing cereals and livestock).

Sales of slaughter pigs

Agricultural enterprises are the most reliable partners in the supplier-customer relations and complete the contractual arrangements. Failure to fulfil the contractual obligations by agricultural enterprises (respondents) is caused mainly by their secondary insolvency.

Some enterprises (respondents) pay to the feed-stuff processing enterprises through meat processing enterprises (manufacturers) who owe them money for the supplied slaughter pigs.

At present, also *barter trading* is applied, when agricultural enterprises supply slaughter pigs to other enterprises in exchange for fertilisers, compound feeds etc. Both solutions of payment balance are temporary.

Pig producers evaluate the co-operation with the Czech suppliers of compound feeds and premixes in most cases as good. Compound feeds of the Czech producers are of high quality and delivered at reasonable prices. Foreign companies sell compound feeds and premixes in the Czech Republic at higher prices.

Relations with processing industry enterprises are evaluated by agricultural enterprises (respondents) as average or tense. The *biggest problem is the long payment term* which is often associated with the necessity to pay cash for the supplied slaughter pigs.

Measures taken by agricultural enterprises with regard to their debtors (processing enterprises) are: joining a sales organisation (e.g. Agropork), cancellation of further supplies of slaughter pigs to processing enterprises, finding another customer or more customers (reduction of risk), cash payment, transition to short-term contracts, payment in exchange for goods or service, payment through external collectors.

Slaughter pig producers consider a mutual agreement of both parties (i.e. producers and manufacturers) as the

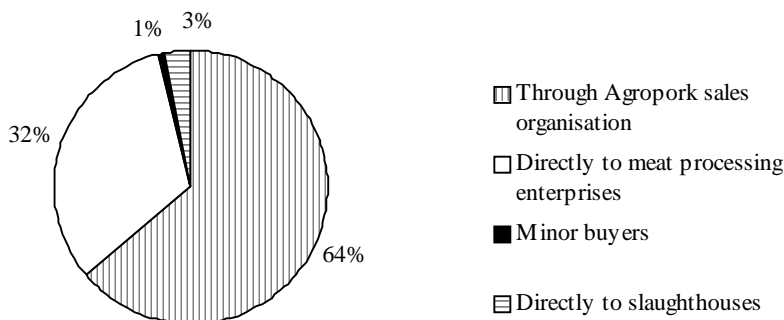


Figure 1. Sales of slaughter pigs (research)

most efficient tool in the collection of receivables. Legal proceedings may take even several years in the Czech Republic and the services of collectors increase transaction costs and are rather inefficient for most enterprises.

Pig producers do not consider the horizontal co-operation and integration beneficial. The reason may be not only the bigger size of enterprises included in the research but rather an increased individualism resulting from the loss of mutual trust both at the horizontal and vertical level.

Our research has revealed that most agricultural enterprises (64%) are members of the Agropork sales organisation for the following reasons: achievement of a better negotiation position with processing enterprises, stable sales of slaughter pigs at contractual prices, better payment of debts, a joint market protection, better export possibilities.

Vertical integration of pig producers with processing enterprises starts to develop gradually in the Czech Republic. There already exist examples of vertical integration of producers, manufacturers and Czech retailers within the “pig-meat” food chain. Foreign retail chains are so far not integrated in the whole food chain.

At present, transaction costs increase from the preparation, negotiation and securing of contracts and expenses in business disputes are increasing. Managers of agricultural and processing enterprises warn not only regarding the financial burden put on enterprises by these costs but mainly regarding the time needed and stress connected with the settlement of business disputes in obtaining the money and permanent search for new markets to sell pigs. Also the structure of managers business activities is changing with the increase of the operational activities and reduction of the conception-oriented activities. All this has a negative impact on further development of agricultural and processing enterprises.

Agricultural enterprises (respondents) try to eliminate the negative impact of price variation in the pig meat market by the following measures: membership in sales organisations (e.g. the Agropork), their own slaughter of animals and processing of meat products, reduction of costs per production unit, loan for operations, change of the payment for suppliers, product diversification, regulation of purchase price of piglets, etc.

Our research has further revealed that 80% of pig producers were not satisfied with the activities of the SFMR (State Fund of Market Regulation). About 62% of enterprises expect from its transformation into the SAIF (State Agricultural Intervention Fund) mainly an improvement of the regulation of agricultural market and a better protection of the Czech market against subsidised imports of agricultural products from abroad.

Sales of pig meat production

In the Czech Republic, *producers are negatively affected by the poor payment discipline of manufacturers* which is partly caused by price pressure of supermarkets and hypermarkets. Producers often get their money only 100 days after the realisation of the sale. In the EU countries, the payment term is shorter. E.g. in Belgium it is 10 days, in the Netherlands 3–7 days, in Denmark 4–6 days, in Great Britain 10–14 days and in Germany 8–10 days (Pour 1999).

Poor payment discipline and the impact of supranational retail chains in the Czech pig meat market necessitated primary producers to *associate in sales organisations*. According to Stávek (1999) co-operation of producers can achieve a competitive advantage (marketing force). Non-existence of marketing organisations could result in the loss of market share of producers in favour of efficient trading organisations from other countries (mostly the EU).

At present, there are ten regional sales organisations in the pig meat sector in the Czech Republic which have in average 10 members with the average annual production of 3 000 t of slaughter pigs per one entity. The most significant of them is the Agropork marketing co-operative covering the annual production of slaughter pigs of approx. 200 000 t. Members of this marketing co-operative must sell the whole pig production through the co-operative (Ivánek 2000).

Meat processing industry in the Czech Republic and its present problems

The Czech meat processing industry is split into 40 high capacity slaughtering units and 350 smaller slaugh-

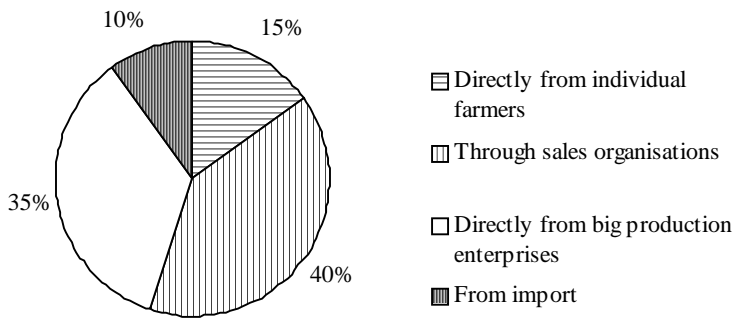


Figure 2. Purchase of slaughter pigs by the meat processing industry (research)

terhouses and meat processing plants. However, the number is quickly decreasing due to high competition, lower economic performance and low hygienic standard. Most slaughterhouses have an over capacity (Ivánek 2000).

It may be expected that retail chains in the Czech Republic will vertically integrate with meat processing industry and pig producers.

Ivánek (2000) points out that in negotiations with the EU, it is important for the processing sector that the pig meat quality in the Czech Republic is comparable with the EU standards. However, the key measure is the classification of slaughter pigs according to the carcass quality. On base of the approved amendment to the Act on Foodstuffs and Tobacco Products No. 110/97 Coll., § 4 a), the classification of carcass came into practice in the Czech Republic on 1 April 2001. The SEURO commercial classes are intended for the weight range of pig carcass from 60 to 120 kg.

Problems:

- *Types of purchase contracts* mostly concluded most often between meat processing enterprises and:
 - pig producers: single short-term, medium and long-term repeated,
 - supermarkets, hypermarkets: medium and long-term repeated,
 - minor customers (retailers): short-term single and repeated, and single medium-term.
- Manufacturers consider as *the main drawbacks of purchase contracts* first of all the varying price in the course of the year and *the absence of a uniform price scheme*.
- Contracts are fully met in case of slaughter pig producers and supermarkets and hypermarkets. As regards minor customers (trading organisations), contractual obligations are met partially.
- Failure to complete contractual obligations by the processing sphere is caused mainly by *secondary insolvency and high indebtedness* (mainly due to investments).
- Payment by means of legal proceedings or through collectors seems totally inefficient for meat processing enterprises. Partially efficient for payment by agreement. Manufacturers apply the following procedure with regard to non-payers (debtors):

Negotiation → cash payment → cancellation of supplies
 → negotiation → payment.

- Establishment of sales organisations of slaughter pig producers (e.g. the Agropork) is considered useful by processing enterprises.

Problems in pigk meat sector in the Czech Republic (opinions of manufacturers) are as follows: varying price, absence of a price scheme, absence of an information system about the sales of slaughter pigs, poor hygienic conditions of many processing units (category C), absence of trust, low payment discipline, etc.

Proposed solutions:

- to support the introduction of an information system (average sale prices on teletext),
- to introduce a uniform price scheme of the sold slaughtered pigs,
- to enforce the establishment of a promotion fund for meat consumption support,
- to activate the State Agricultural Intervention Fund (SAIF) to stabilise pig prices.

Representatives of enterprises of meat processing industry were not satisfied with the operation of the State Fund of Market Regulation (SFMR). They expect that the newly established State Agricultural Intervention Fund (SAIF) will be better. Both state and state policy should be more active to limit the importation of subsidised meat.

In view of processing enterprises, *competitiveness of the Czech pig meat sector* in our market can be ensured through specific products for our market which are demanded by Czech consumers. In foreign markets, Czech products can compete mainly by *low prices and high quality*. About 70% of large and medium-size processing enterprises use the HACCP and ISO 9000-4 standards. The HACCP standard has been introduced in almost all meat processing enterprises (90%).

Manufacturers state that transformation costs arising from the settlement of business disputes are rather high, however, they cannot be calculated exactly.

Retail chains

Recently there has been in the Czech Republic a great expansion of retail chains which strongly influence the whole vertical structure of pig meat production, i.e. from the producer to the final consumer. These chains try permanently to reduce the price of pig meat below a level acceptable both for producers and processors (Stávek 1999).

Three most significant retail chains in the Czech Republic dealing with the sale of food with the highest turnover in 1999 were Makro ČR, Ahold ČR (Hypernova, Prima, Sezam), Rewe (Billa, Penny Market) and Tesco stores. It may be expected that the trend of the growing number of the large-area retail shops will continue also in future (although at a slower rate than at present). A negative consequence of this expansion will be a gradual liquidation of a number of small and medium-size retailers and the subsequent increase of prices by retail chains.

In the Czech Republic, there occurs the abuse of economic dependence in business relations. It is a problem which has been encountered in developed countries in connection with aggressive penetration of retail chains in the retail network. Mainly small and medium-size enterprises have a still more limited possibility of choosing business partners and many of them do not in fact have other possibility to place goods in the market than through retail chains, i.e. they become economically dependent.

Abuse of economic dependence in business relations consists e.g. of: enforcing excessive "entry" fees, additional fees for the placement of goods in the shop, fees for promotion, participation of suppliers in temporary discounts of selected goods but also enforcing too long payment terms for the purchased goods.

It is necessary to realise that also competition has its rules. *It is unethical if a customer (retail) transfers part of his costs to the supplier of goods* which is often the case when customers force suppliers during the negotiations of business contracts to accept conditions discriminating them.

Ratcliff (1999) points out that in Great Britain retail chains have their own meat quality standards. It is logical that a similar trend will be introduced by supranational retail companies also in the Czech Republic. Supermarkets in Britain for instance at present decide what feeds and what additives will be included in compound feeds and support extensive rearing. It is obvious that the influence of supermarkets will go on and intervene in the management of enterprises, environment protection, animal welfare and production process. These changes are in fact driven by consumers' interest in healthy foodstuffs.

Problems in the pig meat sector (institutional view)

Transformation in the Czech Republic resulted in the impairment of the networks of supplier-customer relations. Many inefficient relations were abolished including sometimes also the efficient ones. It is a long-term process which is highly demanding from the viewpoint of transaction costs and which influences the performance of the whole economy.

Concluding efficient contracts between companies takes place under a strong foreign competition which has long ago coped with these troubles. The penetrating foreign companies have strong position in their domestic

markets resulting from a number of factors: a well established network of suppliers and customers, the size of the company, tradition, support in the form of grants, relieves provided by their own governments etc. The collapse of our companies was sometimes so far-reaching that it was impossible to re-establish any competitive entity.

The impossibility to enforce property rights legally, loss of trust and the increase of the number of manifestations of opportunist behaviour in the form of unreliability of business partners (through withholding or distortion information, low payment discipline, etc.), all this is reflected in the nature of contracts concluded.

Poor enforceability of property rights

Poor enforceability hinders the execution of property rights, property rights are incomplete. Terms of the settlement of business disputes at courts are long in CR (over 2 years) and there is no tendency toward their reduction. The situation between companies is aggravating. There appear proposals for a radical amendment of the Act on Bankruptcy, acceleration of bankruptcy proceedings, favouring of creditors at the expense of debtors, application of an uncompromising recourse for non-payers and classification of non-payment of receivables stipulated by agreement as a criminal act. Companies often resort to their own compulsion methods (such as refusal of another supply, application of recovery compulsion practices etc.). Recovering of debts has become an institutionalised business.

Czech companies try to settle most of the disputes in a peaceful way, i.e. by an off-court agreement between the parties involved.

As another way of solving this situation, companies suggest the possibility to write off bad receivables before the elapse of the two-year period after their due date. This would be a significant relief for companies with regard to taxes (both VAT and income tax). In the EU countries, this deadline is 6 months. At the same time, companies propose that debtors be obliged to exclude outstanding invoices from their costs until they have paid them. This could put a bigger pressure on debtors due to increased taxes.

Sale for cash

Insolvency and unreliability of business partners limit the execution of property rights. The extensive volume of bad receivables forces companies to change their invoiced sale for the sale for cash. However, these methods have their negative effects. As a result, one of their sources of short-term capital (the supplier credit) is being reduced which causes difficulties in the development of companies or even jeopardises their existence.

Lack of current assets in companies increases the need of loans in the financial capital market (credits). As a result, the demand for capital grows and the interest rate disproportionately increases which in return puts a big cost burden on companies.

Another problem is the unwillingness of commercial banks to grant loans to anybody (credit crunch) due to a

high volume of the so called classic loans. Covering financial needs of the companies from their own savings is problematic because due to re-allocations in the real socialism, their savings are almost zero. A potential source of finances for companies may be the stock market but this solution is of rather a long-term nature and can hardly serve as a source of bridging loans.

Refraining from long-term contracts

Unsatisfactory enforceability of property rights is also reflected in the contractual practice of companies. Companies refrain from long-term contracts which increases uncertainty and reduces the decision making horizon of companies. Of greatest impact in this respect is the uncertainty in strategic decision making. This situation influences negatively the functioning and performance of companies including their willingness to restructuring. Unsecure position of companies from the viewpoint of long-term contracts reduces their decision making horizon and undermines their strategic initiatives as mainly long-term contracts form the basis of business decision making.

With regard to these long-term contracts, the developed market economies have a character of self-organising system rather than a spontaneous market of individual exchanges of goods. This system is made by elements – economic entities (as a rule companies) and relations among them. Markets in advanced countries of the world are organised by means of long-term relations. The companies conclude mainly long-term supply-customer contracts (e.g. the chain stores Tesco, Spar etc.).

Distrust

One of the factors which significantly influence the performance of economy is the climate of trust. Trust is a phenomenon which cannot be agreed upon or contracted. It is an informal institution which develops over some time on the basis of experience. Creation of atmosphere of trust in the inter-company relations is a long-term process influenced by a number of factors.

Of great importance for business activities and decision making, it is not only the trust between business partners but also the trust in legal institutions (government, courts of justice, contracts, central bank). Decreasing credibility of these institutions undermines business activity as in the situation of uncertainty it is impossible to develop a long-term strategy of the company. Under these circumstances, companies function on the basis of a short-term provisional arrangements which is negatively reflected in their unwillingness to undertake more time- and investment-intensive projects of the company development.

Transaction costs

Problems in the supplier-customer relations have a negative impact on the economy of companies. Institutional economy points out that these problems increase companies' costs by other costs, the so called transaction costs. It has to be taken into account that the development of networks of supplier-customer relations is a

long-term process with high transaction costs. Similarly, also transfer of responsibility for observation of the rules from the state to private entities increases transaction costs and subsequently results in the inefficiency of the whole economy.

Strengthening of the influence of the management

Related directly to the execution of property rights is the issue of governance structure. Due to the ownership transfers and insufficient execution of property rights on the part of owners, a number of companies are in fact controlled by managers. These managers are not owners "de iure" (by law, with legal property rights) but they are owners "de facto" (with the physical ownership as they decide about the property) in the same way as it used to be in the real socialism.

Mlčoch (1996) states that a person is the actual owner to the extent to which he/she makes decisions on the object of the property right. If he/she does not take part in the decision making on his property or has only a negligible influence, he/she is not an owner "de facto", his/her property rights are incomplete, his/her property rights are executed by somebody else.

The research shows a tendency to strengthening of the influence of the management in many companies. E.g. in joint stock companies, the management has in fact unlimited scope of competence due to the effect of two circumstances. The first is a lack of a well established and consistent ownership structure and related to it, a poor execution of property rights of shareholders. Another circumstance is a vague legislation and unwillingness or inability of other bodies of the companies to perform their functions properly (inadequate qualification, conflicts among members, inexperience). The growth of the influence of the management contributes to the proliferation of possibilities of uncontrolled behaviour, such as "tunnelling" of the company.

The lack of ethics on the part of managers

Another serious problem of companies is the lack of ethics on the part of managers, e.g. in a conflict of interest or in the field of the protections of business data and information. Problems with managerial ethics, opportunist behaviour or annuity seeking are to a greater or lesser extent present in all economies, namely in dependence on their previous development. The situation in our country cannot be the same or similar to other countries as institutions (both formal and informal) shaping such behaviour develop in each country in a different way and over a different period of time and their development is influenced by many factors (Šumplíková 1999).

The ability and willingness of companies to co-operate

In the conditions of vertical disintegration (which occurred also in our country, even though in a different way than abroad), an important role is played by the ability and willingness of companies to co-operate with their suppliers, customers, competitors and other actors of the economic sphere. Our companies often lack such willingness.

Williamson (1985) states that the higher the general trust the lower the need for vertical integration. Research made by Saso (1997) revealed that the length of duration of a contract increases the trust among the parties involved.

CONCLUSION

The current problems of the pig meat sector in the Czech Republic (poor enforceability of property rights, sale for cash, refraining from long-term contracts, decrease of trust between business partners and trust in legal institutions, increase of transaction costs, lack of business ethics, etc.) arise from the lack of knowledge of the institutional relation. Therefore, it will be necessary to make a consistent review of the existing institutions (formal, informal, external and internal). Unsuitable institutions have to be abolished, functional institutions will be retained and new viable institutions must be established.

In order to make the accepted institutions functional, it is necessary to ensure expeditiously their uncompromising observance (i.e. observance of rules of the game) by business entities (companies, physical persons) and other organisations (courts, banks, offices etc.). Non-compliance with the “rules of the game” (institutions) has to be immediately and severely punished. The route embarked upon will be long, painful, but successful.

With regard to the findings, it would be suitable for the state (CR) to consolidate one of its basic functions, which is ensuring the protection of property rights. In market economy, the state lays down legal (or legislative) conditions for a good functioning of the competitive market without which the market system would become an unorganised system of failing competition. In this function, the constitutional bodies of the state and institutions administered by them provide market entities with the same “rules of the game” in the form of legal regulations, legal service and a protection supporting a rational functioning of the market. They are mainly the following:

- protection of property rights and protection of citizens against their potential abuse,
- system of commercial laws stipulating contracts and agreements and their observance,
- conditions for the establishment and operation of institutional forms (companies, self-employed persons, various corporations of economic entities).

Part of this function of the state is also the care of the observance and support of competitive environment as a basic element of market mechanism.

The mentioned findings show that despite some problems, the pig meat sector is highly strategic and significant for the Czech Republic. However, our pig breeders,

manufacturers and traders have to realise that in the following years, globalisation of pig meat market will progress at a much faster rate. On this basis, they have to concentrate in the following years on the improvement of production efficiency (particularly decrease of production costs), achievement of a high quality production and improvement of environmental implications of the production.

Our pig producers will stand the tough competition only if they produce pigs which will meet the requirements of the processing industry. Of great importance for the competitiveness of pig meat sector, there is also the standard quality and healthiness of the meat.

Despite certain problems, the pig meat sector is an important sector for the Czech Republic and with regard to the CR integration with the EU, it is of vital importance to maintain this sector on a competitive level also in future.

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