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CZECH AGRICULTURE IN TRANSITION

J. Ptáček: *Czech Agriculture in Transition.* – Geografie-Sborník ČGS, 101, 2, pp. 110 – 127 (1996). – The article deals with the transition and transformation of Czech agriculture. The character of post-1990 systemic changes is defined. Chief goals of the state agricultural policy are described as well as the impacts of radical economic reform on the agricultural production. The following processes are analysed: 1) Restitution – return of property to the original owners or to their heirs; 2) Transformation – property transfer from the cooperatives to private subjects (individuals and companies); 3) Privatization – denationalization and privatization of the former state farms. The last chapter focuses on the privatization of Žihle State Farm (West Bohemia) as a detailed case study.
KEY WORDS: agriculture in the Czech republic – transition – cooperative – state farm.

1. Introduction

Czech Republic has come to existence on January 1, 1993 after the dissolution of former Czechoslovakia. Its total area is 78, 900 km^2; agricultural land occupies 42,800 km^2, arable land 31, 600 km^2. Thus, the share of arable land on agricultural land (73.77 %) is by European standards relatively high. Forests (26, 300 km^2), lakes and other water areas (16,000 km^2) have a substantial economic significance, too.

Rolling, undulating highlands and uplands form the most common landscape type. Climate is moderately warm with prevailing subcontinental character. Continental climatic features rise in importance with increasing distance from the ocean, from west to east. Annual precipitation varies between 500 and 750 mm; altitudes are between 140 m (in lowlands) and 1, 600 m in the mountains.

Czech agriculture has much worse conditions – regarding climate, soils, and landscapes – than most West European countries. Western Europe enjoys maritime climate, moderate temperature range, higher humidity, and longer vegetative season. Moreover, some 10,000 km^2 of Czech agricultural land occurres in areas with specific conditions: in National Parks, Protected Landscape Areas, in regions with special protection of surface and underground water, and also in heavilly polluted areas.

Czech agriculture concentrates on typical products of the mild climatic zone. Cereals are grown on almost one half of all arable land (mostly wheat and barley). Rape seed and fodders are important, too. Livestock production focuses on dairy farming, cattle, pigs, and poultry.

Agricultural policy before 1989 was mostly concerned with self-sufficiency in products of mild climatic zone. Low and fixed food prices were kept, and incomes in the agricultural sector were equally distributed. In practical terms only two ownership types existed (cooperative and state one) and land was managed by two different bodies: by cooperative farms and state farms. Private farming was negligible.

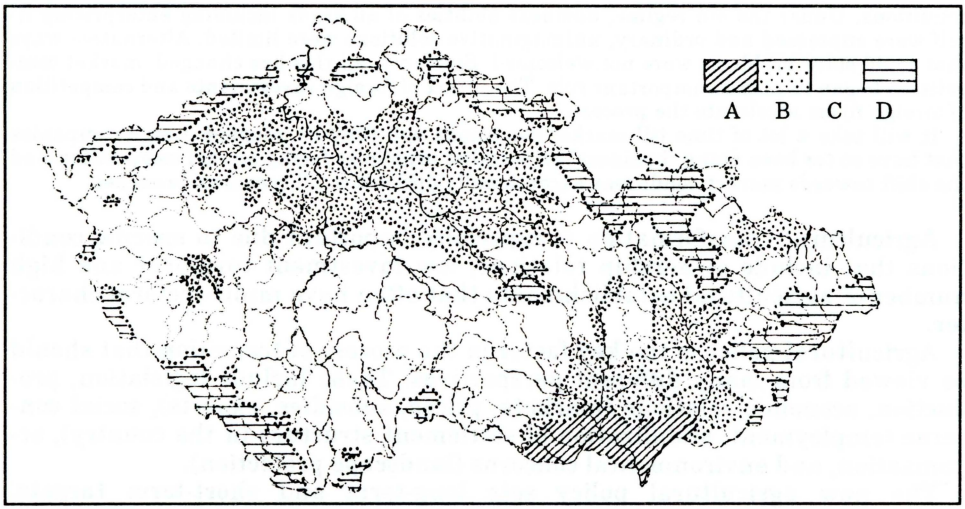

Fig. 1 – Czech agricultural regions. Regions: A – maize growing, B – sugar beet growing, C – potato growing, D – hilly regions. Fifty years ago Bohemia and Moravia have been divided to four basic agricultural regions typified by characteristic – though not the most widespread – crops. The division is based on the land fertility. Following agricultural regions were delimited: A – maize regions. These are the parts of Southern Moravia warm enough for maize to get ripe. B – sugar beet regions. Flat and warm areas not included in A where sugar beet is grown for sugar. The most fertile region of all. C – potato regions. Highlands and uplands prevail; it covers the largest part of the Czech Republic. D – hilly regions where mostly fodders and forage are produced. High share of meadows and pastures is typical. More recent agricultal regionalization based on the pedological research has been carried out in the 1960. The above mentioned agricultural regions, however, are still much in use.
Map and commentary: Antonín Götz

Political changes in the end of 1989 have started the process of transition of Czechoslovak (Czech) economy from the centrally planned system towards a market one which should secure a long-term economic prosperity.

The fundamental Scenario of Economic Reform has been approved in 1990. Its ultimate aim is the reintroduction of market economy and includes the following systemic changes:

– privatization of most stately owned establishments in the field of industry, services, agriculture, and in other branches;

– liberalization of retail and production prices;

– internal convertibility of Czechoslovak currency (regarding financial flows on current accounts);

– liberalization of external economic relations.

Radical economic reform, shift towards market economy and, first of all, denationalization and privatization has pushed stately owned business into quite different economic

Table 1 – Agricultural businesses in the Czech Republic

	number	average holding (hectares)	% of agric. l. in Czechia
Private Farmers	3,205	4	0.4
Cooperatives	1.024	2,561	61.4
State Farms	174	6,261	25.3
Other Companies	.	.	12.9
Total	.	.	100.0

Source: Zpráva o stavu českého zemědělství 1994 (Report on the State of Czech Agriculture 1994)

conditions. Under the old regime, business abilities of all kinds including enterprising itself were supressed and ordinary, unimaginative solutions were limited. Alternative ways that could solve problems were not welcomed. Suddenly, all this has changed: market competition began to play an important role. The influx of foreign investments and competition of foreign firms accelerate the process.

It will take a lot of time till market conditions will fully be adopted. Large companies that have so far been doing "business" on socialist principles facing no real competition find the shift towards market conditions exceptionally difficult in all economic branches.

Agricultural transformation is especially important due to specific conditions that include ownership relations, low investment turn-over and high number of agricultural establishments that often have multi-sectoral character.

Agricultural policy is the key factor in the process of transition that should be viewed from many different perspectives. These include legislation, production, economic relations (markets, prices, subsidies, exports), social concerns (employment, stabilization of settlement structure in the country), organization, and environmental concerns (landscape protection).

The new agricultural policy sets long-term and short-term targets. Systemic change of the whole agricultural sector and rapid transition were among the short-term aims. The process of transition should result in:

– establishing of new private farms under the condition of settled ownership rights (regarding land and agricultural property);

– higher efficiency, competitiveness, and market orientation;

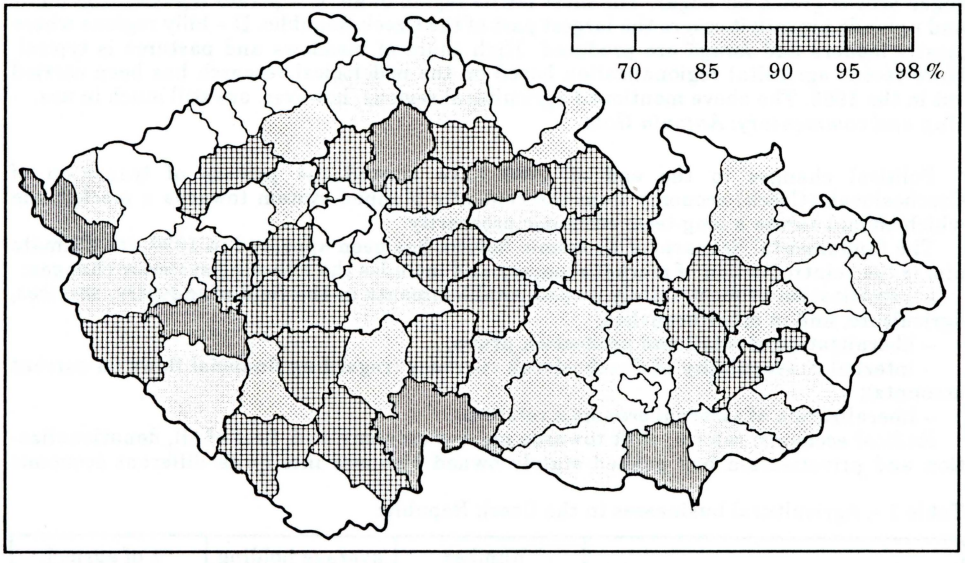

Fig. 2 – Agriculture in transition: agricultural land owned by private farmers, transformed cooperatives, and privatized state farms (percentage of total agricultural land, January 1, 1994). The map shows the share of land that already has been privatized (or, in case of cooperatives, transferred to companies). At the national level this share amounts to 96 %. The rest is state property: residual state farms, school farms, and military farms. Transformed types of land ownership prevail in all Czech regions with the exception of North-West Bohemia where the process of transition has been slower due to devastated landscapes and complicated restitution claims. Similar situation resulting from unfinished restitutions is in the Prague's environs.

Map and commentary: Antonín Götz

– securing of stable market conditions;
– improvement of agricultural techniques;
– regional patterns of agricultural production that would reflect natural and market conditions.

Long-term targets have been focused on securing of market orientation, efficiency, and international competitiveness. There are also other priorities: minimization of harmful environmental influences, sustainable development, protection of natural sources, and quality improvements. It has also been stated that agricultural production should retain positive impacts on the environment.

Czech agriculture has been significantly reduced during the transition process. Introduction of market prices has resulted in much lower domestic demand for food. Exports were reduced, too, since some traditional markets were lost, mostly in Eastern Europe. All this caused a decisive pressure that led to basic structural changes. These should include adaptation of Czech agriculture to current domestic needs and to international markets. Agricultural employment has been reduced by one half; on the other hand, labour efficiency has increased.

The share of agriculture on the national economy in between 1989 and 1994 has decreased by 50 % to just 3 % of GDP. Agricultural employment has gone down from 9.4 % (1989) to 5.1 % (1994). Labour force have moved to other economic branches. Many of these former "farmers", however, were not true agricultural employees: they were engaged – in the framework of cooperative and state farms – as drivers, builders, mechanicians, etc. and often had better working conditions there than industrial plants, transport or building firms could offer.

Gross agricultural production of 1994 has amounted just 72.2 % of the 1989 figure. Consumption has decreased dramatically, too: in case of beef and milk by some one third.

Changes in ownership and legal relations are among the key aims of the agricultural reform. The following processes are included:

1) Restitutions – return of the nationalized property to original owners or their heirs;

2) Transformation – transfer of cooperative property to private owners (individuals and companies);

3) Privatization – denationalizatin and privatization of state farms property.

2. Restitutions

Restoration of standard ownership relations belongs to the most pressing problems in the Czech Republic. The restitution process has two main goals: it should compensate – at least partly – past property injuries, and it transfers ownership rights to individual persons. Since the very beginning of the economic transition, restitutions have been viewed as the fastest way how to transfer property in general to individual owners. Great problems emerged, however, in the case of agricultural property, mostly due to the large amount of restituted property and high number of individual claims.

Both movable and immovable properties nationalized after February 1948 became subject to the Restitution Acts. The Act No. 229/1991 is of greatest importance for agriculture since it deals with ownership of land and other agricultural property. It came into action on June 24, 1991.

The idea behind this Act was to compensate some property injuries that concerned previous owners of agricultural and forest property between 1948 and 1989. The Act also should improve cultivation of agricultural land and forests in line with the desirable economic development of rural regions. Environmental concerns are taken into account, too.

The Land Act consists of four parts. First, the scope of this Act, ownership rights, and users rights concerning the land and products grown on it are determined. Second, it specifies individuals and companies subject to this Act, legal instruments necessary for restitution claims, plots that can not be restituted, legal deadlines, and compensations for buildings, permanent cultures, and plots that can not be physically restituted. The third part determines the activity of the Privatization Fund. The Part Four then enacts special, temporary, and final regulations concerning compensations for farm stock (animals and equipment) and permanent cultures. Legal rights of owners of buildings and plots are specified, as well as the relations towards church land. The last article concerns the past land reforms. Free of charge use of private land has been abolished.

The restitution deadline for immovable properties was first set to December 31, 1992. It has later been extended by one month.

Restitution claims concerning immovable properties – land, residential and non-residential buildings directly related to former estates including built-up plots, outbuildings and structures necessary agricultural production, forestry, and water management – could have been raised by entitled subjects at the Land Office. Liable subjects (holders of the respective property) were asked to return it.

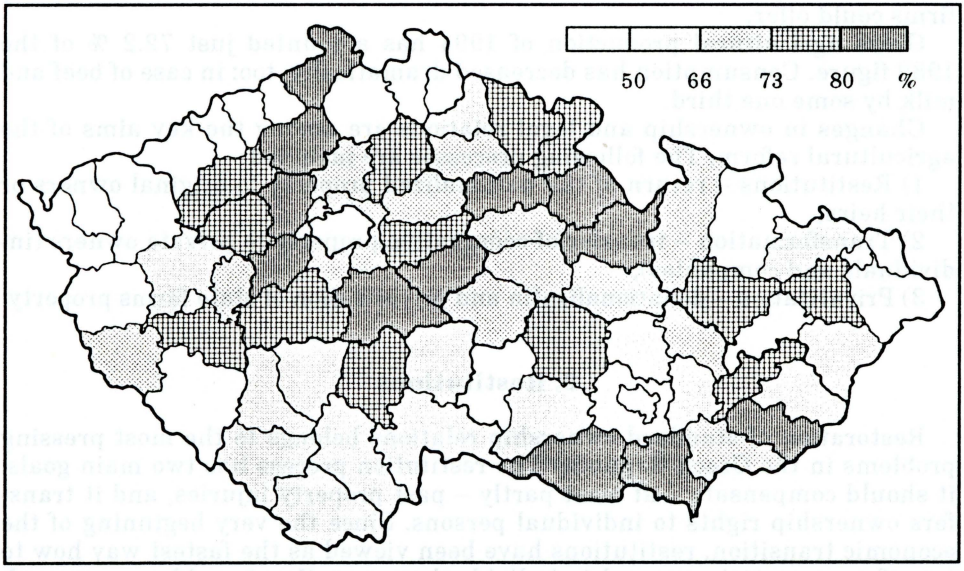

Fig. 3 – Restitution in agriculture: restitution claims and property equilibrium (percentage of satisfied claims in financial terms, January 1, 1994). Restitution of property has been the most problematic matter in agriculture after 1989. The property relations have been balanced quite fast over the past few years; 57.8 % of all claims were satisfied by January 1, 1995. The map reflects the situation one year earlier. Restitution claims are being satisfied rather quickly in the inland. Restitution of agricultural property goes more slowly in the frontier (and also in Prague and other big cities) due to difficulties with justifying the claims. *Map and commentary: Antonín Götz*

Entitled and liable subjects then concluded an agreement concerning the physical property transfer. This had to be officially sanctioned by the Land Office.

It was necessary to identify landowners and owners of other immovable properties as well as legal rights to land and its use, and related regulations.

Historically, Bohemia and Moravia have always had an elaborated system of land records. So called land sheets have existed since the 13th century; the more complex land books came into existence under Maria Theresa. Detailed cadastral mapping has been carried out between 1823 and 1845 (scale 1:2,880), together with records of immovable property. All these records were mostly aimed to protect legal ownership rights.

Until 1951, ownership rights and other rights concerning immovable property became enforceable only after their registration in land books. All contracts on transfer of immovable property must have been legally sanctioned by a court of law. The state and transfers of immovable properties (including maps and legal documents) were recorded by Cadastral Office. In this way, recorded and real state of ownership relations were in good harmony. This principle, however, was abandoned in 1951 when the new Civic Law has become enforceable. Since 1951 written records concerning immovable property were not incumbent any more.

Collectivization brought radical changes: land was partly nationalized and partly transferred to the hands of "socialist organizations". Cadastral Office was in the late 1950 replaced by the so called Unified Land Records – documentation based on the right of use instead of ownership rights.

Next legal change came in 1964. Again, it mostly dealt with the right of use. Land records became enforceable on the base of legal agreements and documents issued by courts, national committees, notaries, and other bodies. These records were mostly intended to serve for planning purposes in agriculture, for statistics related to agricultural and forest land, and for socialist organizations.

January 1, 1993 brought fundamental changes in the field of ownership and other rights concerning immovable properties. The previous system has been abolished and cadastral records have been reinstalled. Local Cadastral Offices came into existence. Renewal of cadastral maps and physical delimitation of plot boundaries are important problems now since landscape character has changed a lot and trigonometrical points largely disappeared. Socialist agriculture amalgamated plots into large units; the Communist ideology abolished the principle of land prices.

The chance to acquire land is of great importance for potential new private farmers. The extent of land that would stay in state hands after restitutions, however, can hardly be judged. Many problems remain unsolved, e.g. restitution of church land. It is estimated that 300,000-400,000 hectares of land will be used as a compensation for plots that are claimed but can not be legally restituted.

The Land Act concerns also compensations for farm stock (animals and equipment) and for store belonging to the original owner that became part of the cooperative property or was commandeered. In such cases, however, agricultural production must be secured. The legal subject or its successor that had acquired the property is responsible for these compensations.

In case it can not be proved that farm stock or store have been commandeered or became cooperative property between February 25, 1948 and January 1, 1990 and if its current value can not be fixed, the following compensations for 1 hectare of agricultural land are used: 1 large livestock unit (animals), 8,500 CZK (fodder, forage, and litter), 1,700 CZK (seed), or 10 tons (manure). The following formula sets compensations for the commandeered equipment: $C_n = M_o x (A_0 x ha + A_1 x ha^2)$. C_n is the total sum; M_o value of 1 hectare in the respective case; A_0, A_1 coefficients, and ha means number of hectares claimed.

Altogether 232,856 restitution claims were raised in agriculture. Thus, the area which is being transferrd to the original owners, equals one sixth of the Czech territory.

All compensations come from the state property. The commandeered property is either physically returned or, in case it does not exist any more, property of equal value is offered. Financial compensations amounted maximally 10,000 CZK; shares of the Restitution Investment Fund can compensate the rest.

The restitution process was slow at the very beginning, partly due to the complexity of claims and due to the limited capacity of Cadastral Offices. 58 % of claims were executed by the end of 1994, and some 95 % by the end of 1995.

3. Transition of Cooperative Farms

Private farming has been much suppressed since 1949 and gradually replaced by collective ownership. Following the Soviet patterns, cooperative farms were forcibly coming into existence. Almost each village had its cooperative by the end of 1950s. Later, the number of cooperative farms decreased since many were amalgamated and the average acreage rose.

Cooperative farms did not own any large amount of state property. Their transition is based on the Act No. 42/1992 (Act on ownership relations and property transfers in cooperatives). This Act is intended to secure principles of democracy, equal rights, and voluntariness and to enable cooperatives to function under market conditions. Based on this Act, cooperatives were obliged to return the property to entitled subjects and new landowners can freely decide how to manage their land.

The transition itself consisted of two parts:

1) execution of ownership claims;

2) transition of cooperatives into other legal subjects.

Ownership claims concerned the private property (mostly land) and also the division of cooperative property. In theory, land has never become cooperative property and legally remained in private hands – though theoretical "owners" could not manage it.

Apart from land also other private agricultural property (namely animals, machines, and various stock) forcibly became part of cooperatives when these were founded. Again, also this property remained in theory in private hands. Distribution of the cooperative property accumulated over the collective era, however, proved to be a difficult task. After having been audited, this property was divided to following parts:

1) 50 % was transferred to landowners (according to acreage);

2) 30 % was transferred to the original owners according to the amount of other property that became part of the cooperative;

3) 20 % was transferred to cooperative members according to how long do they work in it.

Cooperative farms were then transformed into alternative legal subjects, e.g. stock companies or new owners' cooperatives. Until January 28, 1992 all owners must have decided how to manage their land and other agricultural property in future. Such property could be:

a) rented to the transformed cooperatives;

b) managed on private base, either by oneself or by renting to other private farmers.

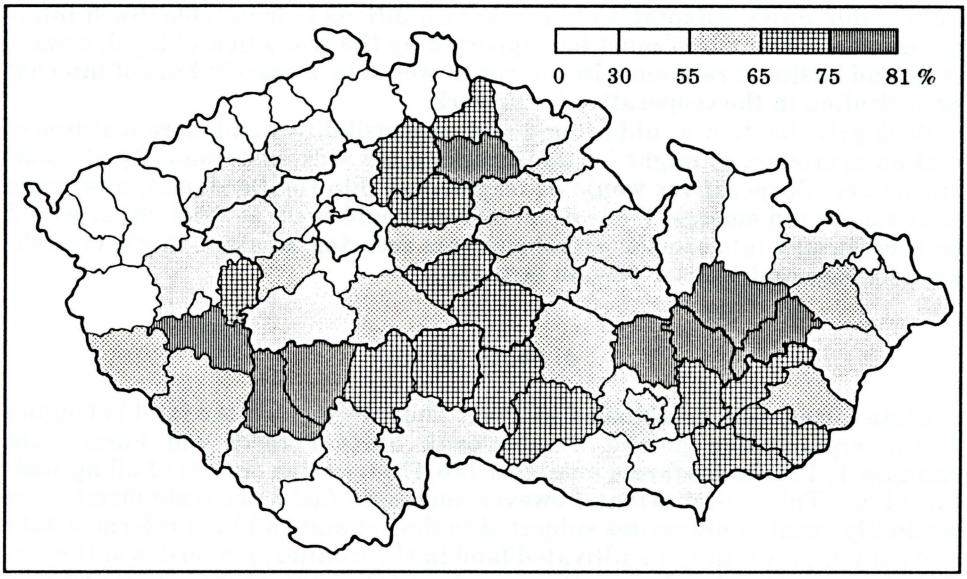

Fig. 4 – Cooperatives in transition: share of agricultural land owned by transformed cooperatives (in percents, January 1, 1994). The former Soviet kolkhoz-type collective farms have been transformed to various types of companies and businesses since 1990. Former collective farms became owners' cooperatives, share companies, trade companies, and other types of establishments. Collective farms were legally obliged to return the land claimed by former owners. The map shows the share of agricultural land managed by the transformed (privatized) cooperatives. This share is low in areas where state farms prevailed under Communism, i.e. in North-West Bohemia and in North Moravia. On the contrary, transformed cooperatives dominate in the traditional inland agricultural regions (Haná Lowland in Moravia, northern part of South Bohemia, and North-East Bohemia).
Map and commentary: Antonín Götz

The case b), however, included many problems. Plot boundaries had to be precisely delimited and the land fragmentation, accessibility, etc. must have been taken into account. It was often difficult to justly divide animals, stock, machines, etc. with respect to their further use.

Most of former cooperative members, however, entered the transformed cooperative farms.

There were 1,199 cooperatives with average size of 2,132 hectares before the transition process started. 1,679 new legal subjects (average acreage 1,357 ha) came into being when transformation was finished: owners' cooperatives, share companies, limited companies. By the end of 1994, the number of cooperatives has increased by 40 % since many were subdivided into smaller units and the average size dropped to almost one half from 2,500 hectares to 1,430 hectares (as to December 31, 1994).

Unlike most developed countries where private farming dominates, in the Czech Republic cooperative farms have so far retained its leading position.

Cooperatives themselves, however, will undergo significant changes. Their future role is viewed by different people from different perspectives: some beleive that cooperatives will retain their current dominant position forever, others presume that there is no place for such units in future Czech agriculture. Divila (1994) outlines various possible scenarios of cooperative future. He suggests restructuring and division of cooperatives into small, economi-

cally viable units. Adaptation to market conditions is inevitable. Such internal economic transition must be supported by the transition of legal, ownership, and business relations. In a sense, it would be a specific kind of internal privatization in the cooperative framework.

Such privatization would bring direct responsibilities and more features of real enterprising. It might be the first step towards sustainability of small businesses. Cooperatives would be fragmented into smaller farms; new trade activities would emerge. Some cooperatives would cease to exist, other would be transformed into specific establishments securing access to markets, technical background, etc. for private farmers.

4. State farms

State farms were established in 1949. They were given the land belonging to the organization named Czechoslovak State Forests and Farms. On January 1, 1949 state farms managed 146,476 hectares (1,9 %) of all agricultural land. This initial extent, however, increased fast since state farms were gradually granted properties subjected to the 1st and 2nd land reform, estate and church properties, uncultivated land in the frontier, properties of the former provincial national committees and mountainous pasture cooperatives, etc. Later, state farms acquired also some commandeered private properties and the land of economically weak cooperatives, mainly in hilly and mountainous parts of the country. State farms managed 25.4 % of Czech agricultural land in early 1990.

Denationalization and privatization of state farms under the conditions of economic transition is a troublesome task.

Most state farms are located in hilly and mountainous regions along the Czech border and also in basins. Having rather low economic efficiency on one hand, state farms on the other hand offer jobs that are often scarce in such regions and they are key elements in the settlement network and local infrastructure.

Based on the Act No. 92/1991 dealing with transfers of state property to other legal subjects, privatization of state farms is part of the big privatization concept. Following methods are used:

a) sale by public competitions;

b) sale to a designated owner (including preferential sales of property parts in the restitution framework);

c) establishing of commercial companies (especially share companies) in the framework of coupon privatization;

d) sale by auctions;

e) free property transfer, namely to municipalities.

Some state farms or their parts temporary remain state property.

The actual denationalization and privatization of state farms consists of the following steps:

1) properties subject to restitution laws are returned;

2) ownership rights concerning land and agricultural property are clarified on the base of the Land Act;

3) privatization project must be carried out and approved

4) state property is legally transferred to the National Property Fund or to the Land Fund;

Table 2 – Privatization of state farms and similar establishments managing land (by December 31, 1993)

Establishments involved	316
Submitted projects	1,414
Approved establishments	109
Approved projects	132
No. of projects to be realized through the Land Fund	58
Property value (mil. CZK)	47.819
– restituted property, compensations	21,169
– property legally attached to the land[1)], country roads	7,990
– property to be privatized	18,660
Property value (approved projects only)	8,018
Percentage of privatization[2)]	43

[1)] reclaimed land and permanent cultures (including constructions)
[2)] percentage of property approved for privatization
Source: Základní principy zemědělské politiky vlády ČR do roku 1995 a na další období (Basic Principles of the Czech Agricultural Policy By 1995 and in the Following Period), Údaje pozemkového fondu ČR – počet projektů k realizaci (Czech Land Fund Data – Projects To Be Realized).

5) part of the property is rented;
6) the whole property or its part is sold by auction or sold to a designated owner. The property is transferred into the form of a share company;
7) the property is transferred for free to municipalities or social funds.

Privatization of state farms has been laregely influenced by the scope of restitutions. Legal comminttments stemming from restitutions much slowed the privatization process.

Different timing of restitution and privatization processes in the period 1991 – 1994 proved to be the greatest problem. Some one half of state farms properties will come to private hands through restitutions and legal compensations.

Privatization of state farms must include privatization project based on specific rules. It is subject to approval. Such project should consist of precise definition of the respective property, way of acquirement, value, way of transfer of the privatized property including responses to claims of liable subjects. In case of a trade company the procejt must specify its legal form. If state property is sold, the project must include also the kind of sale, price, instalments, timing, and purpose.

Any privatization project must concern all legal kinds of property. These are as follows:
– property subject to restitution laws;
– legally unspecified property;
– church property (so far it can not be privatized);
– state property that can not be privatized because of indirect restitution claims;
– state property subject to privatization.

316 state farms have entered the privatization process.

Since the restitution process has not been finished yet, many problems emerged. It has been decided that state farms property can be rented before it would be finally privatized. State property subject to restitution that yet has not been transferred and property that

yet has not been passed to the holder of privatization project has been rented according to the following preferences:

1) persons or parties claiming restitution of the respective property
2) authors of the privatization project;
3) hitherto users;
4) private farmers;
5) local residents;
6) other persons or parties interested.

As soon as the restitution process is finished, it is generally expected that renters would become owners of the rented property (including land).

The method of payment is the key aspect of the decision-making process if the state farm property is sold. First, all financial commitments (regarded as part of the overall cost) related to the privatized property must be accepted by the new owner. The rest then can be paid in various ways. If the money are paid in full not later than 60 days after signing of the contract, only 43 % of the value signed is required. The payment can also be based on interest-free instalments over the period of up to 20 years; in such case one must pay the full value.

Privatization of state farms was much delayed at the beginning of 1994. The process, however, was later accellareted and 95 % of privatization plans have been approved by the end of 1994. The privatization itself is currently in action. Two thirds of state farms will be sold. Most new owners have the legal form of limited companies (33 %). Some 5,700 rather large units (average acreage over 100 hectares) would come into being.

5. Private Farmers

State farms are legally owned by individuals (not by companies). The number of private farms has been constantly increasing and it exceeded 60,000 in the end of 1994. The average size is 16 hectares. Only 1,100 private farms, however, own more than 100 hectares of land. These large private farms are already an important competitive factor on the market.

Many new landowners – former cooperative farmers or people that did not work on the land any more – use just a small part of the returned land for private farming. Many became part-time farmers. The rest of the returned land has often been rented to the former users or to private farmers who want to expand their acreage.

The share of private farming on agricultural production has not risen dramatically. Among the important reasons of this are the following facts:

1) The acreage acquired by private farmers is usually well below the economically viable minimum for farming under market conditions. To increase the size, most private farmers have to rent land from landowners that are not interested in farming.

2) The property of former cooperatives and state farms mostly consisted of large stables and machines for large scale production.

3) Cooperatives often lack finances to pay for the property of entitled subjects.

4) Macro-economic conditions in agriculture are generally poor (low sales, price structure, etc.).

5) Inevitable renewal of farm buildings is costly.

6) No information system and no consultang bodies exist.

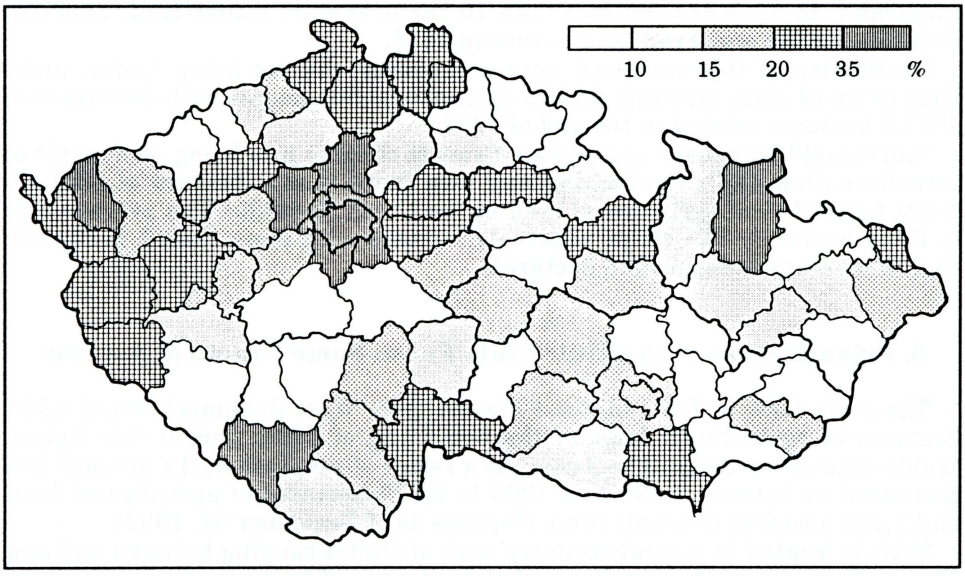

Fig. 5 – Private farmers: share of agricultural land owned by private farmers (January 1, 1994). The share of agricultural land owned by private farmers has been in 1995 estimated to amount to ca. 23 %. No surprise that many private farmers are found in the Prague's environs where land is fertile and demand for agricultural products high. West Bohemia and part of North Bohemia also show high share of private farmers. On the contrary, there is a relatively little interest in private farming in the Moravian agricultural regions (Haná Lowland).

Map and commentary: Antonín Götz

Table 3 – Czech agricultural business (December 31, 1994)

Type of business	Number	Acreage (agricultural land)		Average acreage
		ha (,000)	%	ha
Businesses transformed from cooperatives and state farms	2,767	3,143	73.4	1,135.9
Private farmers (total)	60,666	993	23.2	16.4
– p.f. with more than 1 ha	27,402	971[1)]	22.7[1)]	35.4[1)]
Private businesses total	63,433	4,136	96.6	65.2
Private businesses with more than 1 ha	30,169	4,114	96.1	136.4
Other (residual state farms, school farms, military land, etc.)	345	145	3.4	420.3
Total	63,778	4,28	100.0	67.1

[1)]Estimated figure

7) It is psychologically difficult for many potential private farmers to start the business.

8) Interpersonal relations in the country are not ideal.

Much of the former state and cooperative land has been transferred to new landowners before the end of 1994. This concerned 16 % of all Czech agricul-

tural land. In 90 % of cases less than 10 hectares were transferred. This fact well reflects the scattered land tenure in 1948.

Restitution of this scattered tenure, however, did not bring typical problems of small scale farming. 63,778 agricultural businesses with average size of 67.1 hectares existed in the end of 1994.

Individual businesses and private firms that came into being as a result of transformation and privatization and own more than 1 hectare of land account for 96.1 % of agricultural land in the Czech Republic. The average size is 136.4 hectares. The share of private farmers with more than 1 hectare is 22.7 % (average acreage 35.4 hectares).

6. Privatization of the Žihle State Farm: Some Practical Aspects

The state farm in Žihle (district Plzeň-North, West Bohemia) owned 4,937 hectares of agricultural land in the beginning of 1990. Out of this figure, arable land covered 4,169 hectares. As a result of restitution, the acreage has decreased in between 1991 and 1993 to 2,899 hectares of agricultural land and 2,453 hectares of arable land. (Figures as of December 31, 1993).

Žihle is located in a potato country with altitudes ranging between 400 and 620 m. It is a varied, largely wooded landscape. The annual precipitations are around 500 mm, average temperature 7.5 ^{O}C.

The first step towards the transformation has been the response to restitution claims. The following property transfers occurred:

1) Land – all plots used by the state farm until June 24, 1991 (the date when the respective Act became enforceable) must be returned if legally claimed.

2) Buildings – all buildings used by the state farm until June 24, 1991, must be returned if legally claimed with no respect to past transfers among agricultural and other organizations.

3) Farm stock, animals, and equipment – the organization which took the property or its legal successor is responsible for compensations (Article 20).

Altogether 270 restitution claims concerning land, 53 claims for buildings, and 168 claims regarding compensations for farm stock, animals, and equipment have been raised by March 31, 1993. The original restitution deadline has been several times postponed. 68.59 % of all claims were satisfied by December 31, 1993. The property transferred (excluding land) amounted to 71.6 million CZK.

Based on the governmental proclamation specifying the list of companies to be privatized, the Žihle State Farm has become part of the second privatization wave.

The basic privatization project of the Žihle State Farm (June 1992) combined all privatization methods. The property that should have been privatized amounted to 342,320,000 CZK. It was divided into following parts:

1) Restitution claims (including reserve)	110,532,000 CZK
2) Property remaining in state hands	9,891,000 CZK
3) Property unsuitable for enterprising	1,667,000 CZK
4) Privatization by direct sales	8,587,000 CZK
5) Privatization by auctions	124,000 CZK
6) Privatization based on public competition	497,000 CZK

10 other privatization projects concerning parts of the property have been compiled by the legal deadline.

The way how the Žihle State Farm should be privatized has been discussed at the Czech Ministry of Agriculture in summer 1992.

The property of Mladotice Department was transferred to the newly established owners' cooperative Mladotice on November 1, 1992. The cooperative manages the property of 74 entitled subjects from Mladotice, Chrašťovice, Černá Hať, and Strážiště. Restitution claims concerning land, farm stock, animals, and equipment amounted to 21,369,000 CZK and were satisfied on the base of the Land Act. Restitution claims concerning buildings and movable properties were compensated at the base of accounting values.

Renting of the state farm properties to individuals and companies was a hot issue at the beginning of 1993. After negotiations with the Czech Land Fund, parts of the Žihle State Farm property that were not included in the basic privatization project have been rented. This was the case of pastures at Tis u Blatna (including land), Nový Dvůr Farm (including land), and of building yard and concrete factory in Velká Černá Hať.

In the course of 1993, privatization of the Žihle State Farm was discussed at the Ministry of State Property and Its Privatization. Czech government session of September 22, 1993 discussed the same issue, too. The basic privatization project has been approved as was the partial privatization project concerning the production of fodders and forage in Žihle. Other privatization projects were not approved.

Property of the newly established share company (Žihle Estate, Ltd.) is valued at 188,000,000 CZK. 60 % of shares are coupon shares, 35 % to be sold in public competition, 3 % belong to the restitution fund, 1 % to the investment fund, and 1 % are employees shares.

The privatization project is managed by the Czech Land Fund. It has established the share company named Žihelský statek, a.s. (Žihle Farm) based in Žihle.

This share company took full responsibility for all debts, claims, and credits on December 31, 1993.

The company focuses on livestock production, mainly on pig breeding. Improvement and selection of the breed is of great importance. The piebald Přeštice breed, white thoroughbred, and landrace breed are most common. The company has its own insemination centre, fattening station, and slaughter section. Beef breeding and dairy farming are important, too.

Corn (grown on 55.1 % of land), pulses (1.3 %), oil-seed (5.1 %), and fodders and forage on arable land (38.5 %) are among the leading cultivated plants.

Table 4 – Ownership of agricultural land in the former Žihle State Farm (October 1995)

	number	acreage
1) Owners' cooperative Mladotice		865 ha
2) Private farmers – landowners	23	434 ha
less than 2 ha	8	5 ha
2 – 5 ha	1	4 ha
5 – 10 ha	6	50 ha
10 – 20 ha	2	21 ha
20 – 50 ha	4	104 ha
more than 50 ha	2	250 ha
3) Private farmers – renters		739 ha
4) Žihle State Farm		18 ha
5) Žihle Estate, Ltd.		2,881 ha

The company also performs other activities such as transport, repairs, building, drying, trade, groats processing, and housing.

The so called residual state company manages apartments, temporary rented property, and the property that is gradually transferred to entitled subjects in the restitution framework. There is no material production.

Table 4 shows how the agricultural land has been managed in the beginning of October, 1995. In early 1991, the former Žihle State Farm cultivated 4,937 hectares of agricultural land.

6. Conclusions

Successful economic transformation and privatization are conditioned by many aspects. Restitution of owners' rights, return or compensation for confiscated property, transformation of cooperatives and privatization of state farms are among the most important ones. Privatization itself should not be focused just on rapid ownership changes but it should rather introduce market conditions and encourage real enterprising. The legal system allows various privatization methods and forms that are applied according to specific conditions of the privatized company.

New owners have to prove that they are qualified for successful agricultural enterprising under market conditions. It is very important for each new firm to establish a sound organizational structure. The size of farm, cooperative, or trade company must also conform to local conditions. These are main preconditions for generating profit.

The initial sucess largely depends on the behaviour of new owners and on the character of business relations. There are, however, also other aspects that much depend on the state. The state creates the overall economic environment including basic legal regulations and control functions.

The relatively low profitability of agricultural businesses has much influenced transformation, privatization, and restructuring. This disparity – compared to other economic branches – significantly hampers viable agricultural enterprising. In general, agricultural funds bring less profit.

To remove the above mentioned disparity, a complex of provisions must be put into action. These should be guaranteed by the state as part of the state rural programme. The provisions should include:

– tax reliefs;
– provisions of the Market Regulation Fund;
– agricultural subsidies;
– activities of the Support and Guarantee Agricultural and Forest Fund. This fund secures loans and partly subsidizes interest payments to make loans accessible for farmers.

Supply of agricultural products in general exceeds demand and overproduction is an important problem, too. It might be partly solved by levying quotas on certain commodities, or by increased exports. The agricultural market is influenced by the activities of the State Fund for Market Regulation in Agriculture. The Fund has the following tasks:

a) It purchases agricultural surpluses, stores them and in case of need exports them. Purchasing prices must not fall below a certain level ("guaranteed prices").

b) When increased demand can not be supplied at the market, the Fund sells the stored products and organizes imports if necessary.

Though the land tenure is rather scattered now, Czech agriculture is by European standards dominated by large production units. If these relatively large cooperatives and farms are managed efficiently, it might bring advantageous results at both national and international levels since Czech farmers are soon supposed to face the enlargement of European Union.

Market conditions will inevitably bring further horizontal and vertical integrations. Closer links between the agricultural production itself and processing branches are expected.

Four basic types of Czech agricultural businesses are supposed to exist in future:

1) Small private farms focused on subsistent agriculture. These are important to keep psychological links with the land and to maintain the social structure in the countryside. The economic viability of these "family farms" will be much influenced by their location and by the further progress of economic transition.

2) Small and medium private farms with market-oriented production.

3) Owners' cooperatives established mostly on the base of transformed former cooperatives.

4) Trade companies (mostly share companies and limited companies).

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Shrnutí

TRANSFORMACE ČESKÉHO ZEMĚDĚLSTVÍ

Radikální ekonomická reforma po zásadních politických změnách z konce roku 1989 probíhá i v českém zemědělství. Z krátkodobého hlediska byla hlavním cílem nové zemědělské politiky rychlá transformace a změna celého agrárního sektoru, která má vést k:

1. zakládání nových soukromých podniků na základě vyřešení majetkových práv u půdy a jiného zemědělského majetku,
2. zlepšování výkonnosti konkurenceschopnosti a tržní orientace,
3. vytvoření stabilnějších tržních podmínek,

4. modernizaci zemědělských technologií,
5. dosažení lepší regionální distribuce výroby, která by odrážela jak přírodní, tak i tržní podmínky.

Dlouhodobými cíly jsou udžet základní směr tržní orientace, výkonnosti a mezinárodní konkurenceschopnosti. Mezi další priority náleží trvalá udržitelnost, minimalizace negativních dopadů na životní prostředí, ochrana přírody a zlepšování kvality výrobků.

Stěžejním reformním zásahem je narovnání majetkoprávních vztahů v zemědělství. Jedná se o tři procesy:

1. Restituce
2. Transformace
3. Privatizace.

Návrat k přirozeným majetkovým vztahům patří k jednomu z největších problémů České republiky. Přijatý princip restitucí zahrnoval úplné restituce veškerého majetku, nemovitého i movitého, vyvlastněného státem po únoru 1948. Veškeré restituční nároky byly a jsou uspokojovány ze státního majetku.

Vlastní proces transformace zemědělských družstev se sestával z vypořádání majetkových nároků a z vlastní transformace družstev na jiné právnické osoby.

Většina členů původních zemědělských družstev se rozhodla přijmout novou formu družstva. Na rozdíl od dominantního postavení rodinných farem v zemědělství vyspělých zemí budou hrát v zemědělské výrobě České republiky nadále dominující roli zemědělská družstva. Dojde však k dalšímu vývoji zemědělských družstev.

Vlastní proces odstátnění a privatizace státních statků probíhá v těchto krocích:

1. navrácení majetku, který podléhá restitučním zákonům,
2. ujasnění vlastnických vztahů k půdě a zemědělskému majetku,
3. zpracování privatizačního projektu a jeho schválení,
4. převod majetku státu na Fond národního majetku či na Pozemkový fond za účelem realizace schváleného projektu,
5. pronájem části majetku,
6. přímý prodej majetku nebo jeho části předem určené osobě, nebo na základě veřejné dražby či veřejné soutěže, převod majetku na právní formu akciové společnosti,
7. bezúplatný převod části majetku na obce, sociální fondy.

Postup privatizace státních statků byl a je determinován značným rozsahem restitucí. Závazky vůči oprávněným osobám se totiž staly brzdou celého procesu jejich privatizace.

V průběhu transformačních procesů českého zemědělství nedošlo k podstatnému zvýšení podílu rodinných farem. Autor ve svém příspěvku rozebírá hlavní příčiny.

Poslední část příspěvku je věnována praktickým aspektům privatizace Státního statku Žihle, okres Plzeň-sever (západní Čechy).

Závěrem je konstatováno, že přes roztříštěné vlastnictví si české zemědělství podrželo na evropsklé rozměry velkovýrobní strukturu hospodaření. Dlouhodobější důsledky této velikosti zemědělských podniků, budou-li zpravovány efektivně, mohou být významné nejen pro české zemědělství, ale i pro zemědělství rozšířené Evropské unie. Postupně bude docházet k horizontální či vertikální integraci, která vychází především z nutného propojení zemědělské prvovýroby a zpracovatelských podniků.

V perspektivě lze předpokládat, že v zemědělství budou existovat čtyři formy:

– malé doplňkové farmy,
– malé a střední rodinné farmy s tržní výrobou,
– družstva vlastníků vzniklá zpravidla na bázi transformovaných zemědělských družstev,
– obchodní společnosti, zejména typu akciových společností či společností s ručením omezeným.

Obr. 1 – Členění na zemědělské výrobní typy. Oblasti: A – kukuřičná, B – řepařská, C – bramborářská, D – podhorská. Česká republika byla před 50 lety rozčleněna mezi čtyři "zemědělské výrobní typy" podle charakteristických, přestože nikoliv nejrozšířenějších plodin. Je to rozdělení podle úrodnosti půdy na typy: A – kukuřičný. Jde o nejteplejší oblasti jižní Moravy, kde dozrává kukuřice na zrno; B – řepařský. Jsou to ostatní nížinné oblasti státu, kde se z okopanin pěstuje cukrovka jako průmyslová plodina pro výrobu cukru. Je to nejúrodnější oblast; C – bramborářský. Je to pahorkatinná oblast a s ohledem na geomorfologický charakter území státu je to oblast nejrozšířenější; D – podhorského zemědělství s významným pěstováním pícnin na orné půdě a s vysokým zastoupením luk a pastvin. V šedesátých letech bylo provedeno členění, na základě

pedologického průzkumu půdy, ale základní zjednodušené členění na čtyři typy je používáno dosud.

Obr. 2 – Transformace zemědělství: podíl zemědělské půdy, patřící soukromým rolníkům, transformovaným družstvům a privatizovaným státním statkům, z celkové rozlohy zemědělské půdy v % (1. ledna 1994). Mapa vyjadřuje rozdíl půdy, která byla již privatizována a v případě družstev transformována na společnosti, na celkové výměře zemědělské půdy. V průměru celého státu to v současnosti činí 96 %. Zbytek tvoří státní statek, tj. zbytkové statky, školní a vojenské statky. Vysoký podíl transformace je ve všech oblastech státu, snad s výjimkou severozápadních Čech, kdy transformaci brzdí devastovaná těžební krajina s nepřehlednými restitučními nároky. Také v okolí Prahy je transformováno méně než jinde s ohledem na vyřízené restituční nároky.

Obr. 3 – Průběh restitucí v zemědělství: majetkové vypořádání v % uplatněných nároků (finanční hodnocení; k 1. lednu 1994). Zemědělské restituce byly nejvíce problematickým zásahem do zemědělství po roce 1989. Vyřizování uplatněných nároků na majetkové vypořádání v posledních letech značně pokročilo a k 1. lednu 1995 bylo ukončeno 57,8 % restitučních případů. Na mapě je znázorněn stav o rok dříve. Celkem je patrno, že ve vnitrozemí pokračuje vyřizování restitucí uspokojivě, zatímco v pohraničních okresech (ale také v Praze a jiných velkoměstech) je navracení zemědělského majetku složitější s ohledem na obtížnost dokládání nároků.

Obr. 4 – Transformace družstev: podíl transformovaných družstev na rozloze zemědělské půdy v % (1. leden 1994). Dřívější "jednotná zemědělská družstva" typu sovětských kolchozů byla po roce 1990 z povinnosti transformována na různé typy akciového hospodaření. Rozhodovalo se mezi "družstvy vlastníků", vlastními akciovými společnostmi, obchodními společnostmi a jinými právními subjekty. Přitom družstva ze zákona musela vrátit půdu těm restituentům, kteří na půdě chtěli hospodařit sami. Na mapě je znázorněn podíl transformovaných, tj. privatizovaných, družstev na celkové rozloze zemědělské půdy. Nízký je podíl v oblastech, kde dříve dominovaly státní statky, tj. na severovýchodě Čech, a pak na severní Moravě. Naopak vysoký je podíl v tradičně zemědělských vnitrozemských oblastech, tj. v severomoravské nížině Haná, v severních okresech jižních Čech a v severovýchodních Čechách.

Obr. 5 – Soukromí rolníci: podíl půdy soukromých rolníků na celkové rozloze zemědělské půdy (k 1. lednu 1994). Podíl půdy soukromých rolníků na celkové rozloze zemědělské půdy činí asi 23 % (odhad půdy ve výběrovém šetření v roce 1995). Je logické, že je větší v okolí Prahy, protože tam mají zemědělci lepší možnost odbytu své produkce, ale také proto, že jde o nížinnou oblast. Na druhé straně je vysoký podíl i v západních Čechách a v části severních Čech, zatímco v moravské zemědělské oblasti (nížinná Haná) je poměrně malý zájem o soukromé hospodaření.

Autorem map a komentářů k nim je Antonín Götz.

(Author is with Žihle Farm, Žihle 106, 331 65 Žihle.)

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