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## **1.1. THE PRIORITIES AND CHANGES OF THE AGRI-FOOD SECTOR UNDER THE CONDITIONS OF THE COMMON AGRICULTURAL POLICY**

### **Summary**

Slovak agriculture and food production sector after the accession to the European Union is undergoing through meaningful changes. In this respect also in other EU-10 states are faced numerous challenges and changes which have significant impact on the economic and social development, agricultural and rural policies and on the human and institutional capacity building. The objective of this paper is to analyze the conditions of the development of agriculture and food production after EU accession, to identify its strengths and weaknesses, as well as advantages and disadvantages. The other objective is to evaluate the challenges, which are in front of the agrarian managers and individual farmers in connection to the upcoming new EU policy designed for 2014 – 2020. While after the accession the importance of agricultural sector is in national economies further declining, the positive trend is that importance of rural economies sector is gradually increasing and it is recognized by EU policymakers, as well as by some national governments. With EU accession from very outset have been connected great expectations, hopes, but also hesitations. However, despite the numerous doubts the EU enlargement has in general positive impact on agriculture and rural development, first of all from the farmer's income point of view. It has to be underlined that EU accession had great consequences on Slovak agriculture. Alongside of positive changes which brought to Slovakia new machineries, progressive more sustainable farming technologies and supported the rural development in Slovak countryside, there are also negative impacts.

**Keywords:** competition, challenges, EU accession, changes, strengths, weaknesses

### **Introduction**

Before the accession to the EU, several prognoses were elaborated in relation to the agri-food sector. These prognoses varied from the most optimistic to the less favourable. Those of the most positive forecasted the growth of the agricultural production and the increases in the export with agricultural commodities. In frame of the less optimistic alternative was expected the failure of the agri-food sector, especially in the livestock production, foreign trade and also the low absorption capacity of the EU funds was forecasted.

Great expectations, hopes, but also hesitations were connected with the EU accession from its very beginning. 9 years after the accession, based on the achieved results, it is reasonable to state that the integration activity was the right decision.

Nevertheless, it should be noted that owing to some gaps in the institutional and administrative capacity building, but first of all due to diverse approach to the implementation of the CAP, in relation to the new EU states, the development in the agri-food sector also noted certain negative tendencies, which were not forecasted in any pre-accession scenario. The most surprising was the sharp decline of the food security and the significant increase of negative trade balance of agricultural commodities.

In the Slovak agri-food sector is notable decline of food security from 87 to 45-47 percent, the number of employees declined from 110 000 to 44.000, the enterprise's legal forms have been more atomized from earlier prevailing cooperatives on other forms, mainly on limited liability companies and the aging of the farmers is increasing.

Our research dealing with impact of EU enlargement in the individual countries has confirmed that the effects of accession have been influenced by different starting conditions, especially the pre-accession investments into the agricultural and food processing sectors. The EU accession scaled-up the investment inputs to the agrarian sector, on the other side it was confirmed that EU-10 states pose with lower potential for competition with their more experienced EU-15 partners, despite that some agricultural commodities have lower production costs in comparison with the EU-15 states.

## **Materials and methods**

The objective of this paper is to identify the strengths and weaknesses, as well as the advantages and disadvantages of our accession to the European Union in the frame of the agricultural sector. Furthermore, we analysed challenges which are staying in front of sector's managers in connection of the new EU policy designed for the years 2014 – 2020. Important is also to outline the conditions of effective approaches to the foreseen changes in institutional and administrative capacities. Furthermore, the essential task is to study the external environment in which are recently operating farms and agricultural enterprises. In this paper have been applied the methods of comparison analysis and synthesis. The time horizon of the researched period involves years 2008 – 2011. The secondary statistical data was retrieved from the FAOSTAT, EUROSTAT, Slovak Statistical Office, Farm Economics Brief (2011) as well as from the Green Reports of the Slovak Ministry for Agriculture and Rural Development. In this paper are used the comparisons of data with starting positions of sector and its continuous development up to 2011 with the aim to define the impact of the EU accession on the agricultural and food sector.

## **The strengths and weaknesses of Slovak accession to the EU**

At the outset of this paper, it is very important to highlight, that alongside with the transition process in food and agricultural sectors, the EU accession was the most significant process of turbulent changes in the first two decades of political and social transitions in Central and Eastern European states. The food and agricultural sectors have been able to deal successfully with the almost all related challenges. Despite of

this, there was noted a loss of their comparative advantages in comparison with agrarian sectors of the most developed economies in EU. It is well known that in Central and Eastern European states the agricultural production in general declined about one third in both crop and animal productions as the consequence of transition process. Despite of this, within Central European states the food security remained well balanced until the accession to the EU. In 1994, the food security in Slovak Republic was secured on the level of 87 %, while up to 2012 dropped on the 45-47 % as the consequence of the open market and lower ability to compete with EU-15 food producers.

In the pre-accession period as the competitive advantages of Slovak food and agricultural sectors were considered following characteristics:

- Rich diversity and availability of natural resources,
- Educated, skilled, experienced and devoted working forces in sector,
- Good quality and safety of the food commodities,
- Competitiveness in the trade with crop commodities,
- Opportunities for organic agriculture,
- Meaningful potential for rural tourism and other non-agricultural activities,
- The diversity of the local, regional and traditional food.

In contrary, there have been evident several weaknesses which had the meaningful effects on the overall performance of the sector after its accession to the EU. Among the others should be mentioned the followings:

- Minimum investments into the sector,
- High interest rates and limited access of farmers to the credits,
- Low profitability, high input prices, low farm gate prices and high insolvency,
- Outflow of the qualified working forces,
- Absenteeism of the vertical commodity chains,
- Limited experience in the field of international trade with agro- commodities,
- Lower negotiating capacity during the pre-accession period.

In the last years the development of the sector confirmed that majority of strengths have been rebounded in good direction of Slovak agriculture within the frame of new economic and social EU environment. Contemporaneously, it was proven that weak sides of sector have been reflected in the lower performance, particularly in animal production as well as in the foreign trade with agri-food commodities.

### **Priorities of the Slovak accession to the European Union**

In connection with the accession of the Slovak Republic to European Union, it is worth to mention the expectations and priorities linked to this process, as follows:

- the highest importance dominated the need to ensure food security by enhancing productivity through research and innovations;
- provision of a safe, healthy choice of food at transparent and affordable prices;
- to deal with economic challenges generating income, profit, rural employment and to scale down the negative effects of price volatility through market management and ensuring food chain transparency;

- ensuring sustainable use of the land;
- to promote the activities which will sustain rural communities and the countryside to understand rural policy as the driver for development opportunities for rural economy in strong coordination and synergy with other European policies;
- to address the needs for territorial challenge of preserving the specificities of the different regions of Europe; CAP transparency and simplicity;
- to strengthen the competitiveness of Slovak food and agricultural sectors;
- to give greater importance to non-market items, such as environment, quality and health standards and sustainability.

In international circumstances, the typical feature of current agriculture is that this sector is strongly influenced by the EU membership and consequently under the impact of the CAP is becoming more uniformed, simplified and less diversified. This refers to the all-new member states. Another significant change is that the sector representatives as well as the leaders of agricultural chambers or farmers unions became more collaborative at their initiatives to get across the common interests during the negotiations with European Commission. This approach is particularly typical at the preparation of the new CAP for 2014 – 2020 when they are requesting the elimination of the dual treatment of farmers from EU-10 and EU-15 with prioritization of founding member states and also the preferences for smaller farms against of larger agricultural enterprises from Central and South part of Europe.

The effects from the EU CAP are diverse among the members, and some researches are indicating that the reasons are stemming from the level how the new states have been prepared on the EU accession, as well as from the volume of the investments into both agricultural and food sectors production (Csáki et al., 2010 and Kadlečíková and Kapsdorferová, 2011).

**Table 1: Agriculture in Slovakia (Selected Indicators)**

Indicator	Year						
	2000*	2004*	2007*	2008	2009	2010	2011
<b>I</b>	1164,08	1663,65	25964,77	2908,51	2782,22	3119,88	3723,16
<b>E</b>	605,49	1142,47	19273,00	2036,77	1932,80	2162,02	2918,64
<b>TB</b>	-558,59	-521,18	-6691,77	-871,74	-849,42	-957,86	-804,52
<b>E/I</b>	52,01	68,67	74,23	70,03	69,47	69,30	78,39
<b>LF</b>	77332	49938	41723	38370	35023	31685	29724
<b>A/GDP</b>	3,98	3,65	3,63	3,75	3,08	2,56	3,11

Legend: I – imports of agricultural commodities in million EUR,

E – exports of agricultural commodities in mil EUR,

TB – trade balance in million EUR,

E/I – exports of agricultural commodities as a percentage of imports,

LF – labour force in agriculture,

A/GDP – the share of agriculture, forestry and fishery in GDP in %, \* 1 EUR = 30,1260 SKK

Source: Zelená správa SR 2002 – 2011, Štatistický úrad Slovenskej republiky: Zahraničný obchod Slovenskej republiky, Štatistický úrad Slovenskej republiky: SLOVSTAT

At the analysis of advantages and disadvantages from EU accession of new member states has to be taken into consideration the major differences among new member's states and EU-15. Meanwhile, in EU-15 are cultivated 145 million ha of agricultural land, in EU-10 this number represents just 37 million ha. In the first group the number of sector employees is attaining 6,2 million. In the EU-10 it is more or less the same: 6,32 million.

With regard of the legal forms of enterprises and holdings in Slovakia are prevailing cooperative farms which average size is 1254,55 ha and in total they are cultivating 37,87 % of arable land. The cooperative farms are followed by limited liability companies with average size 414,87 ha and with share on cultivated land – 35,02 %. Shareholding companies in majority originally formatted from the former state farms are cultivating 7,38 % of total arable land with average size of their business units – 1254,91 ha. The individual holdings are represented by share of 16,55 % on total arable land with average size 64,49 ha, while the other forms of farm businesses have no typical enterprise features. They are, mainly concentrated on the subsistence activities with average size 5,19 ha cultivating in total 3,18 % of arable land.

### **The human resources**

In the former EU states from the total working forces only 3,7 % are working in agriculture, while in new member's states this number represents 9,3 %. Another words the 100 ha of agricultural land is cultivated by 5 workers, while in EU-10 by 6,25 workers. If in the first group of farmers one farmer is taking care about the food of 63 citizens in the second group this indicator is significantly lower, when one farmer is feeding 16 citizens.

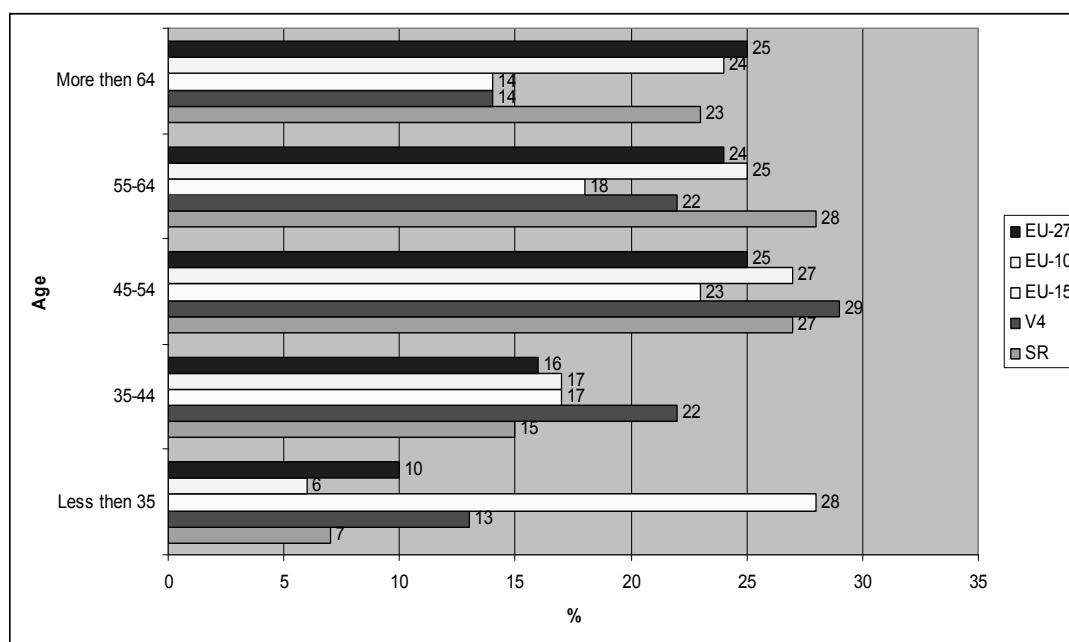
Every human activity is requiring strategic approach, which has to be in line with entrepreneurial activities of respective business and in conjunction with its mission, in order to attain the identified objectives. Modern philosophy of human resource management in agriculture is based like in the other sectors on the assumption that people are not only representing additional costs, but that they are real assets which are taking active part on the creation of the farm success and its values. Human resources in Slovak agriculture always played significant role and simultaneously agriculture meant for them the most important working opportunity, including of the Roma minority. In 1936 in agriculture was employed 3,4 million people. With gradual industrialization of Slovakia, particularly after Second World War, the number of employees in agriculture has rapidly declined on the level of 330 000 in 1989. This indicator after transition process in agriculture as well as after EU accession has declined on 44 000 people. This is causing serious social problems, especially among the most fragile groups of citizens as does represent Roma minority, respectively people who are living in the outskirts regions of Slovakia, for whom agriculture always meant reliable source of the job opportunities.

With regard of the sector's human resources, the serious challenge is unfavourable age structure. From Figure 1 may be seen that in comparison with the four Visegrad countries and EU-15, as well as with EU-28, the lowest share of young people up to age 35 years (7%) is working in Slovak agriculture, while in EU-15 this indicator is

representing 28%. Analogical situation is in the scale from 35 to 44 years age, in which are registered only 15%. Significantly stronger is age category from 45 to 55 years – 27%, and the Slovak Republic is becoming leader in the age category from 55 to 64 years with 28% share. Identical situation is with age category beyond 65 years with 28% share, while in the EU-15 the same indicator representing only 14%. It is worth to mention that in Slovak Republic in the countryside is living about 23% more population as in the EU-15. From this point of view in the rural side we can observe aging of the people, especially those who are dealing with agriculture and rural development activities. The natural consequence is low labour opportunities, and poverty. According of latest survey 14% of Slovak population is living in poverty.

It is obvious that this unbalanced development is not favourable either, and the government in cooperation with European Union has to apply the effective measures which will attract more young people to the working activities in countryside linked to the agriculture, rural development and to the development of rural infrastructure. Actually there is the government plan to employ in the frame of next coming four years (until 2017) 20 000 young farmers.

**Figure 1: Age structure of farm managers in the European Union in 2010 (in %)**

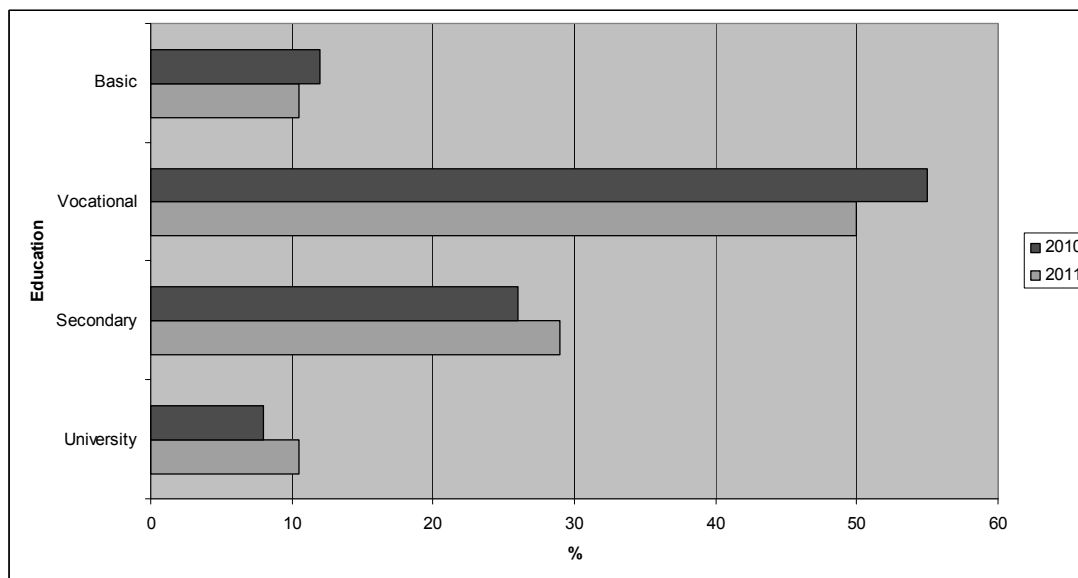


Source: Eurostat - farm Structure Survey

With regard of the sector's educational level is situation more favourable (see Figure 2.). 11% of working sources have the university education, 29 % posing with secondary education and more as 50% have completed one or two study branches on the vocational schools. In Slovakia altogether are operating 63 vocational schools in which is possible to study alongside of the other non-agricultural study branches also subjects connected to the agriculture, rural development, food processing, etc.

The above-analysed level of educational structure is good basis for implementation of modern, sustainable and economically reasonable agricultural production and rural development.

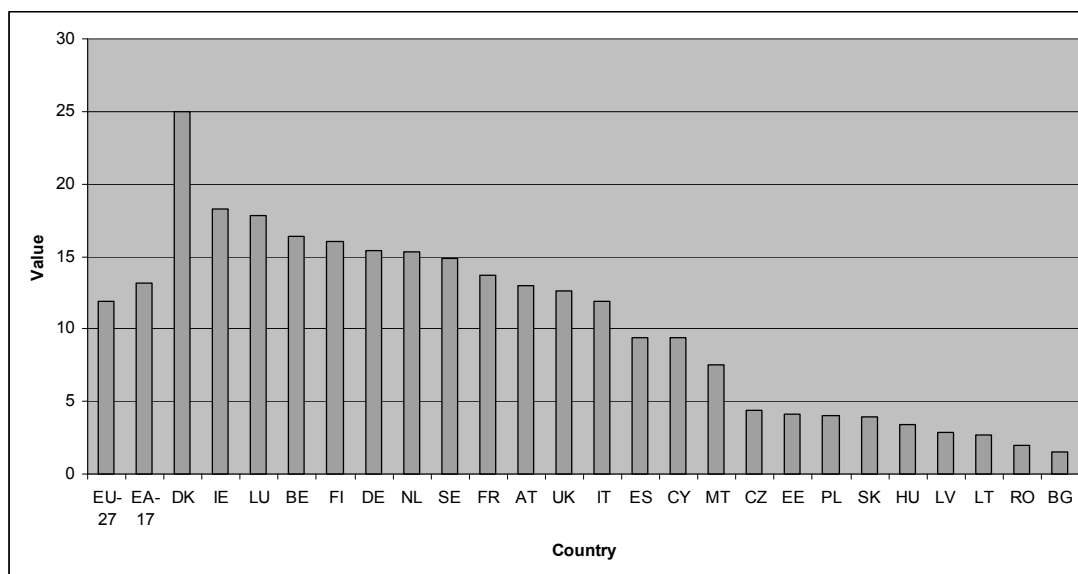
**Figure 2: Education structure of employees in agriculture in the Slovak Republic (in %)**



Source: Green Report 2012 – Report about agriculture and food staff in the Slovak republic in 2012

While speaking about living standard in Slovak Republic, it has to be underlined that situation is not optimistic. According of the Eurostat (2011) the average of the living standard in our country by comparing this indicator with other states is significantly lower with EU-15 (Figure 3).

**Figure 3: Average gross hourly earnings in EUR**



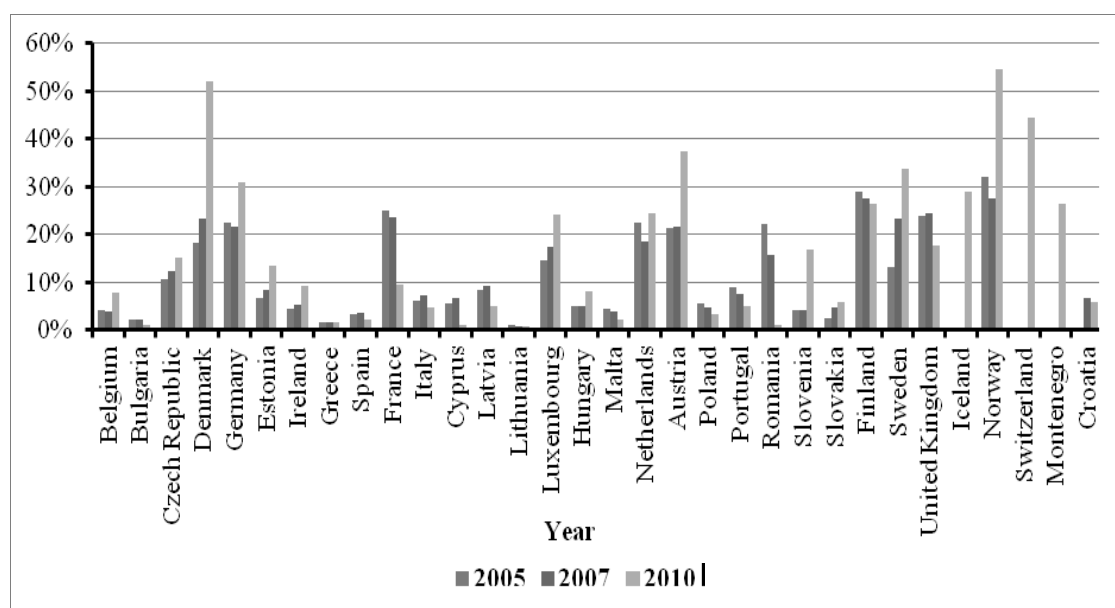
Source: Eurostat- Earning Statistics

While median of the earnings per hour in Denmark is 25 EUR, in Belgium 16,4 EUR, in UK 12,6 EUR, in Slovakia this is just 3,9 EUR. Behind Slovakia are listed only Hungary, Latvia, Lithuania, Poland and Bulgaria. This is the additional reason that why Slovaks, especially young people prefer to work outside of country and that why the working activities in the countryside are less attractive, since the average income there is lower about 20% in comparison with other industrial sectors and IT business. From the above-mentioned considerations the positive development is the opened labour market for young educated people. On the other side critical situation is that the majority of them outside of Slovakia are employed in the working places requiring minimum educational level, another words their personal capacities are under- utilized.

### The farm diversification

With regard of the farm diversification in combination with other non- agricultural activities, it has to be highlighted that the slight, however positive development, was noted in this field (Figure 4).

**Figure 4: Agricultural holdings with other gainful activities directly related to the holding, in percentage of the total number of holdings**



Legend: 0 – data is not available

Source: Eurostat: Farm Structure Survey

After the transition process the farm diversification which was the one of strongest sides of the economic development of former cooperatives and state farms, almost had stopped its further development. This was due to that these non-agricultural activities produced high profits, therefore for them was more reasonable to split out from their former legal body and to privatize non-agricultural activities as the individual business bodies. However, after the EU accession, benefiting from diverse EU funds, including



of LEADER program funds dedicated for regional, respectively rural development helped to revitalize non-farming activities alongside of agricultural production. In the scope of years 2007-2010 the diversification in Slovakia is significantly increasing. In 2010, it achieved 5,93%, while in 2005 it was just about 2%. From this point of view, the EU accession means positive impact on the revitalization of rural economic activities, as well as on the support of infrastructure development and on the generation of new job opportunities.

### **The starting points for EU accession**

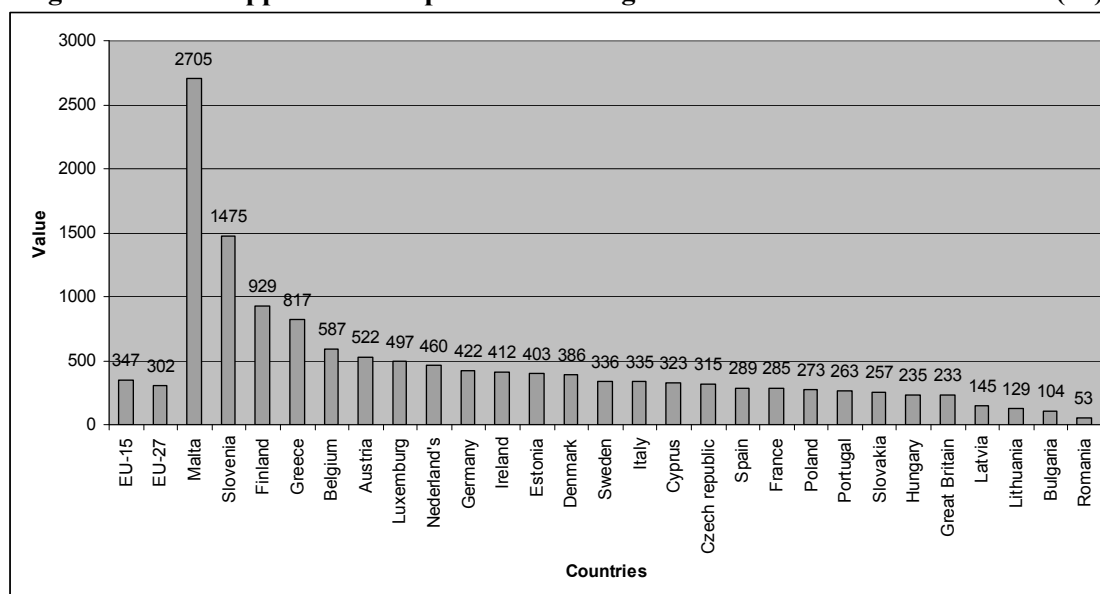
The consumption power of the first group of states represents 390 million consumers, in the second case this is 100 million. The consumption food baskets are significantly varying between two groups of states in favour of more developed economies. In 2007, the household expenditures in EU-15 represented only 15%, while in EU-10 countries about of 24-28%.

The diversity effects of the new members in the EU are given by different starting conditions. Slovak Republic had a share of agriculture, forestry and fisheries in the total GDP of 3,11% in the year 2011 (see Table 1 on p. 14.). The sector's performance in Slovak Republic after the EU accession was growing, particularly when the total incomes are taken into account. However, the Slovakia from the outset failed to meet the one of its priority to strengthen the competitiveness. According of research made by FAO 2010, the states with the highest benefits from the EU CAP after 5 years of the membership have been Poland and Slovenia. The cereal's production in Slovakia Republic after the EU accession was stabilized, even started to have the growing trends. As concerns of production per ha it was even higher as prior accession. The positive impact of this process was influenced by the higher level of farm prices, partly caused with high food price crisis in 2007-2008.

On the other hand, the meat production scaled down. In the pork meat production was noticed the lowest farm gate prices. Analogical development was evident at the milk production as well. However, the added value of the agri-food products has been only moderately increased. If into consideration is taken the direct payment per ha, then in Slovak Republic is ranked as the sixth country from bottom of the scale with 257 EUR per ha, while e.g.in Slovenia the same indicator is achieving 1475 EUR, in Finland 929, or in the neighbourhood Austria it is 522 EUR. According to Csaki and Jambor (2009), the highest additional payments from the state budgets have been noted in the Czech Republic, Slovenia, Latvia Estonia and Hungary. In front of the Slovakia is also placed Lithuania. It should be highlighted that the distribution of direct costs among EU-15 and EU-12 caused further differentiation between new and original states. In Denmark the direct payments are achieving 70% of farmers' income. In EU the farmer's income in average from direct payments is achieving 31%, while in new EU member's states just 19%. The architects of the new CAP are aware that these challenges have to be mitigated. The substance of this challenge is that at the architecture of the new CAP have to be taken into consideration also the strengths of the EU-12 as their priority.

The overall subsidies (see Figure 5) directed into the agriculture both from EU as well as from the Government of Slovak Republic have a meaningful share on the overall incomes of the agricultural large enterprises and individual holdings. The data of Table 2 are calculated as the average from four years results (2006-2010). The highest share is noted from non-investment subsidies – 23,66%, followed by the direct payments per ha of cultivated land (SAPS) – 7,87%, supplementing national direct payments 4,67%; support for animal production – 3,03%, agro-ecological measures – 2,65% and POP – 1,53%.

**Figure 5: Total support in EUR per hectare of agricultural cultivated land in 2011 (%)**



Source: Green Report 2012 – Report about agriculture and food staff in the Slovak republic in 2012

**Table 2: Subsidies as % share on the total incomes and revenues, selected sample**

Indicator/Year	Share on Incomes					Average share	
	2006	2007	2008	2009	2010	Income	Revenues
Non-Investment Subsidies	20,38	21,87	21,56	29,60	26,15	23,66	35,47
SAPS – Single Area Payment Scheme	6,00	6,15	6,62	10,40	10,96	7,87	11,80
Additional State Direct Payments	3,29	5,03	4,89	5,96	4,26	4,67	7,00
POP	2,44	1,81	1,58	4,41	0,28	1,53	2,29
Animal Production	0,53	3,22	3,24	4,40	3,95	3,03	4,54
Agro-Ecological Measures	3,20	3,21	2,91	4,05	2,65	3,18	4,77

Source: Information letters of MARD SR, years 2006 - 2010

In this connection, the interesting role is played by the size of agricultural farms and individual holdings. The average size was unanimously considered as the comparative

advantage of the pre-accession period with assumption that Slovak farmers will be more competitive in comparison with small family farms from Western Europe. This assumption was partly materialized in the first years after accession when until 2009 the Slovak farms benefited from direct payments; especially the larger farms were capable to fulfil the conditions required by the EU for the direct payments and funds. Alongside of this, it was revealed that larger farms are able in more effective way to deal with crisis management in comparison with smaller holdings. They are more reluctant towards of the different shocks caused by the volatile food prices, as well as they are more resilient against of the natural disasters, also they are more flexible to diversify their production.

In addition to this, the larger farms are doing acquisitions of smaller holdings and as the consequence the average size of the farms is continuously increasing. From this point of view the size of the agricultural holdings should be considered as important factor, but in the frame of changing agricultural policy is dominating the tendency to prioritize with direct payments the farms with lower average size.

Among the weaker sides of our agrarian sector, we can list the countryside which in recent multiplied economic and Eurozone crises undergoing the serious recession as in Slovak Republic, so in the other new EU states, as well. From the above mentioned crises as the first started the crisis of the high food prices which was launched to the end of 2007 and which culminated in 2008. In our circumstances it had a positive effect on the strengthening of the farming activities, since the farm gate prices were significantly higher. Even after the first wave of this crisis, the level of food prices continued to be higher in comparison with the pre-crisis period. It is worth to mention that the prices of the basic foodstuffs did not returned to their previous level. In this connection it should be underlined that during this period the inputs prices have been scaled up in the meaningful way. However they moderately decreased in the beginning of 2009 and so far no dramatic development was noted with this phenomena. The more negative and significant impact have been caused by global financial and economic crises, which started to be visible the one year after they both appeared in other sectors of our economics, however, so far they do have undesirable impacts on the producers and consumers behaviours.

As the consequence of climate change in our circumstances is dominating the volatile climate food prices which is interlinked with lower crop yields, global development of agricultural and food commodities and energy prices. These all the factors have the serious consequences on the production of agricultural commodities. This particularly means that there are numerous factors which have to be taken into the consideration at the new CAP as well as in its implementation into the real life of the individual holdings and agricultural enterprises.

### **Quo vadis? Slovak agriculture and rural development under the changing CAP**

What everything has to be done in our agriculture, in order this sector will be well prepared for the increased competition in frame of EU? First of all, the CAP philosophy has to be strengthened and in this connection go back to its most essential reasons of establishment among which is dominating the food security. This was valid

in the post-war time, meanwhile it was achieved the intensive agricultural growth typical with overproduction of food, so also with need to implement non-economic tools which led to the scaling-down of agricultural production. All this happened despite of the fact that in the world the number of the people started to grow in dramatic way. Paradoxically the Europe, including of the EU countries is challenged by globalization of world economy as well as by growing integration of financial markets. European food security is in great deal depending from its ability to adapt on the climate changes. The direct payments in relation to the rural areas are playing so far the positive role and this is foreseen for the future. They should play a role of protective and social nets against of the price instability, insufficient food production, price volatility, speculations in trade transactions or in the other unfavourable developments. Therefore, EU has to continue with support of the farming schemes at the management of the risky production which will be in the forthcoming period even more challenging. Farmers have to have prepared themselves on the mitigation of the negative impacts of the climate changes, what practically means further investments into the production and in this direction have to be strengthened basic and applied research. Another kind of question is the establishment of the food inventories through the state food reserves. It became evident that not so former EU countries, but especially new countries after the EU accession have neglected their basic tasks towards of the ensuring the food security.

Concerning of the EU endeavour to decline its priorities for larger agricultural enterprises will lead to the numerous challenges from the side of new EU states. It should be recognized that Slovakia is the state in which the highest share (12,41%) of farms are with average of 100 ha of agricultural land. Slovakia is followed by the Czech Republic with share of 89,69% of enterprises having the size beyond of 100 ha, then follows Hungary with 68,33% and after these countries are ranked Estonia, Romania, Lithuania, Latvia and Poland. The lowest average is in Slovenia with share of 3,78% enterprises having more than 100 hectares. This reality has to be taken into consideration, since not only the Europe but the rest of the world are evolving in favour of the larger individual holdings and agricultural enterprises.

In Slovak Republic prior to the start of the new CAP will be important to realize following measures:

1. Agriculture and rural development should be considered as the strategic sectors of the national economy, which can influence significantly the creation of new job opportunities through the entrepreneurial activities and to strengthen the nature of the agricultural landscape.
2. To elaborate the medium-term concept of agricultural and food development until 2020, including of the rural economies development with objective to set up the sector development towards of the most effective use of CAP from 2014.
3. To scale-up the country food security. The prices of agricultural commodities will further increasing, but at the same time would have a volatile development. Particularly from the above mentioned, there will be practically impossible to rely on the import, because beside of the already mentioned factors will worsen a foreign trade balance. Especially, resulting from high food prices, it has to be also

taken into consideration that with import of the food prices are separating local working forces from job opportunities.

4. To elaborate effective tools for crisis management in order to mitigate the consequences of the risks (yield's insurance, special financial packages, as well as the social nets).
5. In agriculture will be important to carry out technological and institutional changes. The production has to be less costly; the input-output prices should be more balanced. This process would require acquisition of more environmentally friendly technologies. In addition to this, important will be strengthened investments into agriculture and food sectors.
6. To the growth of quality in agri-food sectors and to the food security, will in meaningful way help, the higher investments into the research, education and agricultural extension.

## **Conclusion**

The EU enlargement has in general view the positive impact on agricultural and rural development, first of all farm income and profit's point of views. The development in some states was not uniformed due to the pre-accession and post-accession policies as well as activities and the diverse starting positions of agricultural sectors. It was confirmed that the consolidated larger holdings and agricultural enterprises have certain advantages, while the small holdings are facing certain challenges. However, in the EU-10 countries was also confirmed that they are posing with low potential for competition with more experienced partners from EU-15 states in the arena of the open market.

The EU accession has scaled-up the investment inputs into the agrarian sector. The cultivation programs in crop production are more simplified with regard of the number of cultivated crops and with use of more environmentally friendly technologies. In the strong competition environment the negative impact was noted in animal production, where the production of meat had significantly declined (pork, beef, and poultry). The decline was about of one third.

Moreover, it is worse to mention that from the strategic management point of view, the sector paid lesser attention to the EU accession. The strategic management tools have to be utilized in favour of the increase of Slovak export capacity towards of the EU countries, CIS as well as to the emerging economies.

New conditions which will stem out from changed CAP will after 2014 in substantial way impact the agricultural activities in the agricultural holding and enterprises. The agricultural producers have to be prepared for those changes. It should be noted that the information campaign have to be improved, government has to prepare rational sets of economic and social measures and tools which will support effective use of Slovak crop and food genetic resources and widely benefit from its internal and external environment's comparative advantages.

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