

GENERAL AGREEMENT ON TARIFFS AND TRADE

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GENERAL

A. PRODUCTION: PRODUCTION MEASURES AND POLICIES

A.1. Statistical data on total volume of production, total acreage or units of production, and average yield per unit

Table 1

VALUE OF AGRICULTURAL PRODUCTION

	Average 1961/65	1966	1967 (preliminary)
Gross agricultural production	53.3	58.9	60.9
of which:		(in billion Kčs ^{1/})	
plant production	25.4	28.3	28.6
animal production	27.9	30.6	32.3

Table 2

AREA UNDER CULTIVATION

('000 hectares)

Type of crop	1965	1966	1967 (preliminary)
Total area under cultivation	5,120	5,208	5,082
of which: cereals and legumes	2,390	2,659	2,661
of which: wheat	326	892	930
rye	411	395	321
maize	161	151	150
Industrial crops, total	365	355	330
of which: sugar beet for industrial manufacturing	220	225	199
oil seeds	66	62	67
tobacco	6	6	6
Potatoes	444	437	408
Vegetables (without seed areas)	42	43	40
Fodder plants (in arable land)	1,457	1,504	1,490
Permanent grassland	992	984	984

^{1/} Kčs = Czechoslovak koruny.

A.2. Trends in production and estimates for 1970

Table 3

TOTAL HARVEST AND YIELDS OF MAIN AGRICULTURAL PRODUCTS

Product	1965		1966		1967 (preliminary)	
	Total harvest '000 tons	Yields quintals per 1 ha.	Total harvest '000 tons	Yields quintals per 1 ha.	Total harvest '000 tons	Yields quintals per 1 ha.
Grain total	5,432	21.1	6,029	22.7	6,717	25.4
of which:						
wheat	1,992	24.2	2,247	25.3	2,516	27.1
rye	822	19.8	790	20.0	687	21.4
maize	393	27.9	476	32.7	439	30.5
Sugar beet	5,662	261.0	7,762	341.0	6,671	324.0
Oil seeds ^{1/}	74	14.6	78	16.3	84	17.1
Tobacco	5	9.4	8	13.7	10	16.0
Potatoes	3,678	85.0	5,846	134.0	5,619	138.0
Fruit, total	259		619		418	6.5 ^{2/}
Wine grapes	39	19.3	59	27.9	88	41.4
Hay, total ^{3/}	3,058	32.4	2,936	31.4	7,960	41.7

^{1/} Only autumn and spring crops.

^{2/} Kilogrammes per tree.

^{3/} Meadows and permanent fodder plants in arable land.

Table 4

LIVESTOCK NUMBERS

(in thousands)

Index	1965	1966	1967 (preliminary)
Cattle, total	4,389	4,462	4,437
of which: cows	1,948	1,942	1,929
Figs	5,544	5,305	5,601
Sheep	614	670	770
Poultry, total	27,752	29,466	31,208
of which: chickens	21,465	21,307	21,412

On the basis of present data the following development of gross agricultural production until 1970 is expected:

	1969	1970
	(billion Kčs ^{1/})	
Gross agricultural production (in billion Kčs)	64.4	66.2
of which: plant production	31.4	32.5
animal production	33.0	33.7

^{1/} Kčs = Czechoslovak koruny.

A.3. Statistical data on carry-over stocks and stockpiles

A.4. Factors which affect production

A.5. Policies and measures of governments or other bodies likely to influence production

In the most recent period the implementation of the agricultural policy of the Government has been based on the new system of economic management, introduced on 1 January 1967, on the modification of wholesale prices and on the unification of the management of agriculture, the foodstuffs industry, the wholesale trade in agricultural products and of the most important agricultural services under a single Ministry of Agriculture and Food.

In accordance with the decree of the Government on agriculture the principle of parity between the level of prices of the means of production and the purchase prices of agricultural products obtaining before 1 January 1967 has been maintained.

In order to ensure the gradual equalization of the level of returns in agriculture with that in comparable activities in other branches of the national economy, the Government has approved and carried out, for the year 1967, a re-distribution of the national income in favour of those engaged in agriculture, to the amount of 1.2 billion Czechoslovak koruny, granted in the form of increase premiums for the growth of production as compared with the level of the previous three years, and in the form of a contribution to persons engaged in agriculture, with the aim of stabilizing the labour force and of attracting fresh skilled manpower to agriculture. In the year 1967 an increase of returns in agriculture of about 7.8 per cent per worker is expected over the year 1966.

Under the conditions of the new economic management in agriculture since 1967 many associations have been formed both by farm co-operatives and by the State farms chiefly to promote large-scale production of pork, eggs and related agricultural products. They have been formed also for a better utilization of financial and material resources, capacity and manpower.

A relatively rapid development is taking place in the creation of services for agriculture, such as industrial plants for the production of compound feedstuffs, services for cleaning, grading, packaging, etc. of agricultural products after harvesting, the application of industrial fertilizers and chemical pesticides, driers, etc. Various forms of closer integration between agricultural and foodstuff enterprises are also beginning to develop.

In the whole complex of large-scale production techniques plant protection and nutrition by means of aircraft always occupies an important place. During 1967 an area of about 1,000,000 hectares has been treated in this way.

The modern form of spreading calcium fertilizers by specially adapted motor tanks has been further developed.

The technology of production has also been influenced by the changed conditions for selling and purchasing in consequence of an improved system of agricultural management.

B. PROTECTION AND SUPPORT MEASURES AND POLICIESB.I. Internal support measures and policiesB.I.1. to B.I.5. Inventory of the instruments of support; levels of guaranteed or support prices; amount of producer subsidies; average returns to producers; method of determining returns for producers

The system of subsidies and interventions in Czechoslovak agriculture can be understood only in connexion with the whole system of economic instruments which have been in force since 1 January 1967.

They are: (a) prices and price instruments
(b) other instruments.

(a) Prices and price instrumentsPrices

In consequence of the revision and increase of wholesale prices of the means of production in agriculture, the purchase prices of agricultural products have been raised and, in connexion with this, some price relations have also been adjusted. Uniform purchase prices remain as the basic price instrument. To ensure that the higher prices of the means of production are met, the level of purchase prices paid to agricultural producers has been increased by 8.4 per cent.

The prices of the main agricultural products have been raised as follows:

	<u>Unit</u>	<u>Increase</u> (Kčs) ¹	<u>New price</u> (Kčs) ¹	<u>Observations</u>
Cereals	100 kgs.	5	..	As supplement of the increase in 1966.
Hops	50 kgs.	350	2,450	
Flax-stalks	100 kgs.	45	280	
Consumption potatoes	100 kgs.	20	66	
Sugar beet	100 kgs.	6	25	Covering the price of seed at the same time. Liveweight.
Slaughter cattle	1 kg.	1	14	
Slaughter pigs	1 kg.	1	12.50	
Eggs	Piece	0.05	0.85	
Farm butter	1 kg.	5	35	
Sheep's wool	1 kg.	18	111	

¹Czechoslovak koruny.

In addition, a further supplement to the price of cereals, of Kčs 10 per 100 kgs., was granted in 1967.

Ninety-six per cent of prices are fixed, the rest are free prices. The former have been calculated on the basis of the average costs of the decisive sectors of production. They are fixed for a long period (five years), which does not, however, exclude the possibility of minor modifications if the price relationships prove to be incorrect. They cover 86.7 per cent of the total outlay of agricultural enterprises.

Additional payments

In natural conditions less favourable than those according to which the prices were fixed, additional payments are granted to balance the higher production costs. They are granted per Kčs 100 of receipts, so as not to hamper the enterprises in suitably specializing. Altogether there are forty-five rates of differentiated additional payments. Their share in the covering of outlays is 4.7 per cent.

Premiums for the increases in market production (temporary measures)

These are granted to the amount of Kčs 50 for each Kčs 100 increase in market production (except milk), compared with the average of the last three years. The premiums for milk are paid for every litre of milk in excess of the average of the last three years, according to different tariffs (depending on natural conditions) of Kčs 0.5, 1.0 and 1.5. Their share in the covering of outlays is 2.0 per cent.

(b) Instruments other than prices

Stabilization subsidies (temporary measures)

These balance temporarily the lack of profit necessary to secure the development of the enterprise, if the shortfall results from worse economic conditions than those taken into consideration when the prices were being fixed. They are set in fixed amounts, decreasing every year over a period of five years. They are granted per Kčs 100 of receipts. The enterprise can consume the amount fixed for five years sooner, if it exceeds the planned receipts, but must not consume more than the fixed total. The share of the stabilization subsidies in covering total outlays is 4.0 per cent.

Subsidies for the improvement of cattle breeding

These are aimed at the liquidation of tuberculosis and brucellosis. As the sanitation process ends in 1968, they will be awarded for the last time in 1969. Their importance is negligible. Their share in covering outlays is 0.4 per cent.

The stabilization fund of the workers

This fund makes it possible to grant various subsidies and advantages in order to gain and keep skilled workers. They include the subsidy for the training of apprentices, for balancing the wages of some categories of workers in certain regions, for schooling graduates of universities and secondary schools, and various compensatory additional payments. Their share in covering total expenditures is 0.8 per cent.

Subsidies for investments

These help to foster progressive investment plans. The regulations for granting such a subsidy are fixed for one year according to the real requirements of the economy. The highest subsidy is 70 per cent of the total expenditure of the investment; the levels are graduated according to the type of investment.

In addition, the construction of houses in villages is aided by advantageous subsidies granted to co-operatives and by a State contribution, which substantially decreases the prices of dwellings. The total amount of such subsidies depends on the total planned number of new dwellings.

The security fund

This is a fixed sum in the budget to cover partially the damages in plant production which cannot be insured against. It facilitates the stabilization of incomes of agricultural enterprises regardless of the influence of the climate. Together with the compulsory insurance its share in the total covering of outlays is about 1.4 per cent.

The agricultural tax

(i) Its fixed component absorbs surplus profits due to better natural conditions. It is fixed by forty-four tariff rates from Kčs 0 to Kčs 930 per hectare. The tariffs are valid for at least five years.

(ii) Its variable component (the income tax) essentially taxes the fund of consumption. The percentage rate of the tax is fixed at one hundredth of the amount exceeding Kšs 1,000 of the fund of consumption (modified gross income) per registered worker per month. (For instance, if the fund of consumption is Kšs 1,200 per month per worker, the tax is 2 per cent.) By this means the distribution of income is at the same time being influenced in favour of accumulation.

Both components draw off about 5 per cent of the gross income.

B.II. Measures at the frontier

For data on individual product sectors, see under this heading in respective addenda to this document.

C. CONSUMPTION AND INTERNAL PRICES

C.I. Statistical data on consumption

Table 5

DAILY CONSUMPTION OF CALORIES AND CERTAIN SUBSTANCES
PER CAPITA

Calories, nutrients	Unit	1936	1960	1965
Calories, total	Calory	2,545	3,150	3,060
of animal origin	Calory	739	889	980
Proteins, total	Grammes	72.6	86.0	85.8
of animal origin	Grammes	32.2	41.2	43.3
Fats, total	Grammes	79.0	102.5	104.1
of animal origin			71.7	81.0
Carbohydrates	Grammes	395.5	478.3	449.0
Calcium	Milligrammes	763	773	723
Iron	Milligrammes	11.32	14.16	13.81
Vitamin A	I.U.	3,371	5,332	4,689
B ₁	Milligrammes	1.418	1.633	1.558
B ₂	Milligrammes	1.405	1.388	1.367
P-P	Milligrammes		18.97	17.94
C	Milligrammes	85.0	77.0	70.9

The daily consumption of calories and certain nutrients per capita is calculated from the data on total consumption and represents the national average for all population groups.

The consumption of the most important varieties of foodstuffs per head of population is given in figures based on calculations made by the method used for food balances.

Table 6

ANNUAL PER CAPUT CONSUMPTION OF PRINCIPAL FOODSTUFFS

Type of foodstuffs	Unit	1936	1960	1965
Meat, total	Kilogrammes	34.0	56.8	61.7
Pork	Kilogrammes	13.2	31.5	35.5
Beef	Kilogrammes	13.0	15.5	17.7
Veal	Kilogrammes	2.8	1.7	1.6
Fish, total	Kilogrammes	2.1	4.7	4.9
Fats and oils	Kilogrammes	14.1	19.3	20.2
Milk and milk produce	Kilogrammes	205.4	173.0	180.2
Eggs	Pieces	138	179	228
Cereals, total	Kilogrammes	170.8	167.3	167.4
Sugar	Kilogrammes	23.2	36.3	37.5
Potatoes	Kilogrammes	118.9	100.3	93.2
Vegetables	Kilogrammes	65.5	87.3	76.7
Fruit	Kilogrammes	42.9	70.4	34.2

The consumption data include retail sales and sales to catering establishments, deliveries to non-market buyers, consumption by the food industry for further processing and direct consumption by the agricultural population.

The figures in respect of meat are a total of the consumption of beef, veal, pork, mutton, goat, horse and rabbit meat, poultry and game, expressed in terms of meat with bones and entrails.

The consumption of fats and oils is expressed in terms of pure fat content. Consumption of milk and dairy produce is expressed in milk equivalent; total consumption of cereals in terms of grain.

C.2. Trends in consumption and estimates for 1970

Trends and anticipated situation of consumption up to 1980

From the point of view of the total caloric value the level of food consumption in Czechoslovakia is satisfactory and corresponds to the level of countries with well-developed nutrition. The analysis of present consumption reveals, however, the necessity of a qualitative improvement of the structure of the foodstuffs consumed.

According to the doses of calories, nutrients and accessory substances recommended per capita and day by the Research Institute for Human Nutrition and, for economic purposes, expressed in gross values, the consumption of foodstuffs should prospectively amount to 2,800 calories, 98 grammes of proteins (53 grammes of these being proteins of animal origin), 107 grammes of fats, 363 grammes of glycosides; as for minerals, i.e. 960 milligrammes of calcium; of vitamins, 1.8 milligrammes of vitamin B₂ and 97.6 milligrammes of vitamin C.

Although the prospective plans for the period up to 1980 envisage, in compliance with medical recommendations, a pronounced improvement in the quality of nutrition, the doses recommended above will not be fully achieved, particularly in view of the persisting habits of consuming sugar, cereals and fats. According to prospective figures in agriculture and nutrition the consumption of the most important varieties of foodstuffs considered for the year 1980 is as follows:

Meat and fish	75 kgs.	Sugar	39 kgs.
Milk and dairy produce	237 kgs.	Cereals including	
		rice	110 kgs.
Eggs	239 pieces	Potatoes	106 kgs.
Fats, total	24 kgs.	Vegetables and	
		fruit	65 kgs.

The future development of industrial production, the expansion of the agricultural-industrial production complex and further trends in the forms and nature of settlement, suggest that with a changed pattern of consumption the growth of the consumption of foodstuffs will be met largely from market funds. It is to be expected, therefore, that the proportion of tied consumption will further decline (including the direct sale of agricultural produce in local market places).

C.3. Retail and wholesale prices on major internal markets

Table 7

RETAIL PRICES OF STAPLE FOODSTUFFS

(In Kcs (Czechoslovak koruny))

Type of commodity and processing	Unit	1960	1966
Rye-wheat bread	Kilogrammes	2.60	2.60
Wheat flour: fine	Kilogrammes	3.20	3.20
coarse	Kilogrammes	3.80	3.80
Rice, 1st quality	Kilogrammes	5.00	5.00
Potatoes, a later variety	Kilogrammes	0.62	0.70
Beef: from the front with bones	Kilogrammes	17.00	17.00
from the back without bones	Kilogrammes	24.00	29.00
Pork: for roasting	Kilogrammes	28.00	30.00
from the sides	Kilogrammes	20.00	20.00
Butter, 1st quality	Kilogrammes	38.00	40.00
Lard, melted, 1st quality	Kilogrammes	28.00	22.00
Oil	Kilogrammes	25.40	25.40
Milk, treated for a certain percentage of fat: with 2% of fat	Litres	1.80	1.80
with 3.5% of fat	Litres	2.70	3.80
Fresh eggs: summer price	Piece	0.90	1.00
winter price	Piece	1.50	1.30
Sugar, lumps (cubes)	Kilogrammes	9.00	8.00

The main seasonal price fluctuations concern retail prices of fruit, vegetables, eggs and poultry.

C.4. Factors which condition the evolution of internal consumption

Each State must follow such an agricultural, price and social policy as to secure and foster the essential nutrition of the population.

In Czechoslovakia, moreover, the total consumption of foodstuffs expressed calorically, exceeds the optimal average level per inhabitant. In 1967 this consumption amounted to 3,050 calories, but its pattern does not fully comply with the scientific principles of rational nutrition.

In our opinion the following are the most important factors influencing the consumption of foodstuffs:

- the standard of domestic agricultural production and the possibilities of imports (tropical and sub-tropical fruit);
- the capacity of food-processing plants;
- costs of agricultural production and the level of retail prices of agricultural products and foodstuffs;
- per capita and family incomes;
- traditional national and local eating habits;
- the quality of work in the distribution of food supplies;
- the quality of food products.

C.5. Policies and measures affecting consumption

Consumption is undoubtedly influenced also by the agricultural policy and by measures aimed at supporting agricultural production, because in this way decisive resources are created to meet the food consumption.

The principal governmental policy guaranteeing food consumption is essentially based on fixed retail prices of the main farm and food products. For certain products, where the total costs are higher than retail prices, the buying prices are subsidized (e.g. in the case of milk, fruit and vegetables, grapes for juice and cattle for slaughtering).

If wholesale prices exceed retail prices, the so-called negative turnover tax is subsidized. Such a situation exists in 30 per cent of the production branches of the food industry and concerns slaughter and meat production, poultry, dairy produce, fruit and vegetable products, dough and bakery products.

Our plans for the coming years count with a gradual discontinuation and reduction of subsidies and grants, and in this connexion, in individual cases a certain modification of retail prices of foodstuffs will take place. At the same time in the case of some of the less important food products fixed buying and retail prices are likely to be abolished.

D. INTERNATIONAL TRADE AND PRICES

For data on individual product sectors, see under this heading in respective addendenda to this document.