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Agric. Econ. – Czech

M. Ševčíková

Comparison of the value added development in the agricultural and food sectors and the efficiency of its creation

Agric. Econ. – Czech, 49 (2003): 22-29

The article summarises the results of the analysis of value added (VA) in agriculture and food industry and the

share of intermediate consumption in the value added. The results show that during 1993–2000, the Slovak agricultural sector (farming, hunting, forestry and fisheries), where farming is clearly dominant, together with the construction sector, reported the most significant decline in their relative contribution to the overall value added created in the national economy, whereas the contribution of market services increased. The moderate increase (1998–1999) in the contribution of the food sector to the total value added in the national economy, as well as to industrial production (2000), has been brought to a halt and, eventually, began deflating. The tendency of declining participation of the agricultural sector in value added was also typical for the EU member states and for the CEFTA countries. Agriculture remains dominant in terms of its contribution to value added in the agri-food sector (54.5% in the year 2000). In the category of land-farming holdings, the share of intermediate consumption in value added increased (both in co-operatives and business companies, whether loss-making or profitable). The farmers in mountainous areas spent per

1 SKK of value added 0.65– 1.42 SKK more of intermediate consumption than farmers in the maize production area and 0.54– 1.32 SKK more than farmers in the sugar-beet production area. In the production of foodstuffs, beverages and tobacco processing, which is more demanding in terms of consumed inputs than agricultural production (the same is true for developed economies), the ratio between intermediate consumption and value added differed depending on the branch concerned. Agriculture was one of the most demanding sectors in terms of fixed asset investments necessary to generate value added. The initial decline was brought to stop in 1998 and the relative share of fixed assets (FA) in value added (VA) started to increase, particularly in the year 2000, mainly under the influence of increased support to farmers' capital investments. Although the creation of value added in agricultural co-operatives initially demanded more investments in fixed assets than it was the case in farming business companies, the difference narrowed over the time. The group of loss-making entities reported the FA/VA

ratios twice as high as the group of profitable entities, which sends a signal to