

# Selected problems of the Slovak foreign agri-food trade

## *Vybrané problémy zahraničného agropotravinárskeho obchodu Slovenska*

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**Abstract:** The foreign agri-food trade has showed an unsuitable development for the Slovak Republic during the 1999–2001s. The negative balance for the competitive commodities is increasing. These are the commodities for the production of which the SR has suitable natural conditions. The contribution deals with the selected competitive commodities in the kilogram prices. The study shows the decreasing tendency of kilogram prices in import and the increasing tendency in export. Higher export price is the consequence of the higher value added and thus also higher revenues.

**Key words:** kilogram prices, agri-food commodities, foreign trade

**Abstrakt:** Za sledované obdobie rokov 1999 až 2001 sa zahraničný agropotravinársky obchod vyvíja nepriaznivo pre Slovenskú republiku. Zvyšuje sa záporné saldo aj pri komoditách, ktoré sú označené ako nahraditeľné. Ide o komodity, pre ktoré máme vhodné prírodné podmienky pre ich výrobu. Príspevok analyzuje vybrané nahraditeľné agrokododity v kilogramových cenách. Štúdia poukazuje, že za sledované obdobie kilogramové ceny pri dovoze majú klesajúci trend a pri vývoze narastajúci trend. Vyššia cena pri vývoze je dôsledok pridanej hodnoty a tým vyššieho úžitku.

**Kľúčové slová:** kilogramové ceny, agropotravinárske komodity, zahraničný obchod

### INTRODUCTION

The Slovak agriculture is overcoming the dis-equilibrium conditions in the agrarian market by increasing the creative activity of the enterprise management during the last years.

The increasing effort is oriented at the entrepreneurial successfulness in the market from the viewpoint of the hard competitive environment as well as the negotiation activities according to the Common Agricultural Policy of the European Union. It is the complicated process of the historical changes of adaptation to the EU conditions. Slovak agriculture and food industry have required a certain transition period for the application of the organizational norms of the CAP. The hard competition of the agrarian market at the entrance into the European Union and the one-quarter-level direct payments for the agricultural primary production will be something like a manager's test of our farmers how to take place in the European agrarian market.

Slovak foreign agri-food trade has had an unsuitable development during the last years. The decreasing negative balance is presenting a threat in connection with the competitive commodities, which we can produce in the domestic agrarian market.

An important role is played by the natural conditions with the negative influence on cereals, including other products from plant and animal production during the years 2000–2001.

The main goal of this contribution is to analyze the Slovak foreign agri-food trade of the selected set of commod-

ities during the last years and to formulate the possible measures on the level of state and business subjects.

### LITERATURE REVIEW

First part of this contribution deals with the selected problems of the Slovak foreign agri-food trade, which have influence on our unsuitable situation in connection with the strengths and weaknesses of business activities on agricultural land.

A strong point of our primary producers of agricultural raw materials is the organic growing of them. A multilevel overcoming of the normative doses of the selected qualitative indicators presents opportunities to enter the foreign markets for domestic producers. High degree of organization and concentration of business entities, qualification level of employees in agriculture and agri-food industry introduce other strengths during the pre-accession period. We can find examples of a similar approach at Gozora (2002), Žaja (2002), Chebeň (2002) and Kulková (2002).

Besides the information mentioned above, we are overcoming the weaknesses in the domestic agrarian market. They are connected with the low level of income in agriculture, insolvency, problems of agricultural land ownership, disturbance of distribution systems, low competitiveness of agri-food products, etc. On one hand, several studies of domestic authors – Šimo (2002), Nagyová (2002), Récky (2002), Vicen (2002) explain the solution of these problems in the Slovak Republic, on the other hand,

Berde-Berki (2002), Cieslik, Kuczek, Krasnodebski (2002), Svoboda (2002), Nagy-Vántus, Kemecsei (2002) and others deal with similar problems in the Czech Republic, Poland and Hungary.

## MATERIAL AND METHODS

Main attention of the study is devoted to the competitive commodities of the agrarian market. These include, according to the foreign agri-food trade statistics, the selected products by economic groups, mainly crop products.

Foreign trade is expressed by kilogram prices. It introduces the non-standard methods at the selected commodities but it is a progressive approach to the mutual comparison between export and import. A higher level of kilogram prices shows a higher added value, mainly an advantage of the commodity in the market.

The information were obtained from the Customs Statistics of the Slovak Republic. For the data processing, we used the standard statistical methods, graphical methods, Index method and data comparison.

## RESULTS AND DISCUSSION

The main attention of this contribution is devoted to the analysis of the selected economic groups of the commodities of plant and animal origin. We can study the activities of the Slovak foreign agri-food trade in the in-kind or value units. Finally, we can discuss synthetic indicators, including the kilogram prices of commodities. From our viewpoint, there are more conceptions of the comparison of export and import for agri-food commodities. The expression deals with quantitative indicators of the foreign trade in the in-kind units, including size, quan-

tity of production depending on the performance of individual states, suitable agrarian and ecological possibilities but not the qualitative side of the added value of the exported and imported products.

Price and value explanation of the foreign trade balance includes the qualitative level of trade in relation with the volume of sale. According to this situation, it is the creative approach to the analysis of foreign trade because these prices show the level of value added or the advantage of products.

We can say that the advantage of products is in the higher degree of competitiveness, creation of the attractiveness of products and creation of better conditions of sale in the foreign markets. We will consider the following question: Are the Slovak commodities of the foreign agri-food trade interesting for customers in the European Union or other states?

An answer is complicated because we do not have a similar market research. Based on the obtained information about balance of the foreign agri-food trade, including mainly the competitive commodities, it seems that the inhabitants of the European Union do not have sufficient information and business representatives do not more expressively adapt to the foreign market.

Table 1 shows the average kilogram prices of the foreign trade for selected agri-food commodities according to researched years. It can be seen that the comparison is oriented at the competitive commodities of foreign trade, mainly cereals. Regarding the commodity groups 01 Living animals and 02 Meat, we have suitable results regarding the index of foreign trade balance. The index of foreign trade balance is increasing at the commodity 07 Vegetables and the commodity group 15 Fats and oils shows an unsuitable trade balance. Both import prices and export prices are marked with decreasing tendency of the kilogram prices.

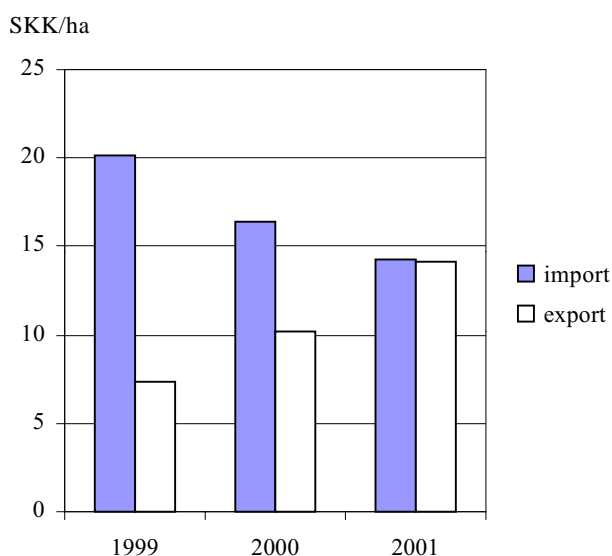


Figure 1. Average kilogram prices of plant commodities of the Slovak foreign agrarian trade

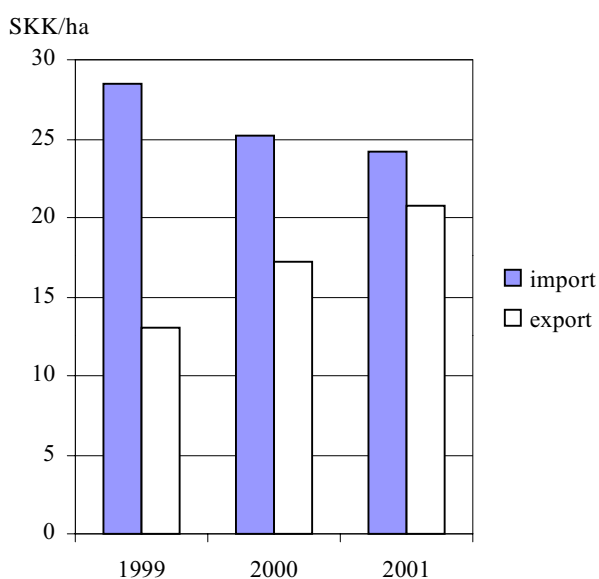


Figure 2. Average kilogram prices of all commodities of the Slovak foreign agrarian trade

Table 1. Average kilogram prices of the Slovak agrarian and food foreign trade of the selected set of commodities according to commodity groups and years

Economic group	Commodity	1999			2000			2001			Index of balance 2001/99
		I	E	B	I	E	B	I	E	B	
01	Living animals	67.39	85.23	17.84	81.10	90.10	9.00	108.17	108.93	0.76	0.04
02	Meat	46.54	67.06	20.52	59.88	80.18	20.30	63.89	93.33	29.44	1.43
04	Milk, eggs	49.70	39.78	-18.92	45.96	34.48	-11.48	52.70	40.34	-12.36	0.65
06	Living plant and flowers	96.39	61.55	-34.84	91.96	69.99	-21.97	92.61	64.59	-28.02	0.80
07	Vegetables	11.17	11.46	0.29	8.91	15.37	6.46	17.13	17.97	0.84	2.90
1001	Wheat	4.49	3.60	-0.80	4.69	4.78	0.09	5.86	6.71	0.85	-1.06
1003	Barley	3.37	3.45	0.08	6.90	4.34	-2.56	6.62	5.39	-1.23	-15.38
1005	Maize	27.44	4.72	-22.72	25.56	6.33	-19.23	7.73	49.59	41.86	-1.84
10	Cereals	12.84	4.06	-8.78	8.48	5.86	-2.62	7.06	18.15	11.09	-1.26
1101	Wheat flour	7.27	7.89	0.62	6.06	7.16	1.10	8.51	7.62	-0.89	-1.44
11	Milling products	11.29	9.05	-2.15	9.00	10.07	1.07	10.46	13.71	3.25	-1.51
15	Fat, oil	27.63	26.17	-1.46	23.45	21.04	-2.41	23.06	20.53	-2.53	1.73
17	Sugar, sweets	17.66	8.66	-9.00	19.50	10.67	0.17	19.75	11.00	0.25	-0.03
22	Drinks, alcoholic liquids	16.69	13.74	-2.95	14.89	14.57	-0.32	16.82	13.56	-3.26	1.11
All world states in total		28.47	13.02	-15.45	25.14	17.18	-7.96	24.15	20.81	-3.34	0.22

I – Import, E – Export, B – Balance

Source: the Customs Statistics and own calculations

Analysis of the Slovak foreign trade with plant commodities is explained in Figure 1 and with all commodities in Figure 2.

From the Figure 1, it follows that the Slovak foreign trade with plant commodities has a suitable tendency. There was reached the level of 20.08 SKK per 1 kg at import in 1999 and this situation is improved by the level of 14.14–14.30 SKK per 1 kg in 2001.

A similar situation is seen at the average kilogram prices of the Slovak foreign trade for all commodities. The increasing dynamics of export is higher than the decreasing of import prices of the agri-food commodities.

## CONCLUSION

Both comparison of the kilogram prices for export and import regarding the selected agri-food commodities as well as export and import in total do not show the suitable tendency for competitive commodities. Based on the obtained results, we can explain the decreasing kilogram prices at the import and the increasing of export prices. In total, the Slovak foreign agri-food trade presents an unfavorable situation. Our export does not show the increasing characteristics of products and from this viewpoint, we have to pay attention to these problems on the level of government as well as in the entrepreneurial sphere.

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Arrived on 7<sup>th</sup> June 2002

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