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Foreign trade of the Slovak Republic with selected agrarian commodities of animal origin

Paper points at research of import and export of beef, pork, poultry, cow's milk, cheese curds and chicken eggs. Agriculture on the market of the Slovak Republic overcomes imbalanced due to extra labor deployment of enterprise-level management and other staff. Agrarian market was significantly affected by the world financial crisis, which was reflected in our conditions by the growth of gross domestic product, increased unemployment, reduced consumer purchasing power and declined demand for the key agri-food commodities. Similar imbalances are also in the agrarian markets of the other EU accession countries and third countries. Beside these factors in a significant proportion of the agrarian market volatility can be attributed to the impact of weather conditions in Europe and the world, mainly due to floods, fires, but also fluctuations in oil and other energy sources. Those and other negative factors affect the results of the agri-business management subjects. Increasing costs of production critical industries plant and animal production enterprises are the result of low competitiveness of domestic producers in comparison with the developed EU agrarian countries.

Introduction

Low competitiveness of the agricultural production is partly caused by the low support from the EU funds in the business of primary production in the particular EU accession countries. Unequal economic environment, land management is the result of backwardness in material and technical security, particularly of machinery technology, applications of agrochemicals in plant cultivation, executive genetic potential of plant and animal species. Lag is also in the use of livestock technologies, post-harvest processing of primary products and other factors intensifying primary and manufacturing industries.

This paper is to highlight the major current problems of the agricultural foreign trade of the Slovak Republic in conditions of economic instability for selected agrarian commodities of animal origin.

Under review are important commodities of foreign agrarian trade of Slovak Republic, which have been recorded as a traditional import or export items. Files to qualify for commodities coded Customs Tariff and name are as follows:

- 0201 Beef meat - fresh, chilled or frozen,
- 0203 Pork - fresh, chilled or frozen,
- 0207 Poultry,
- 0401 Milk and cream - unconcentrated,
- 0402 Milk and cream- concentrated,
- 0406 Cheese and quarks
- 0407 Birds' eggs in shell - fresh, preserved and cooked.

Time series were monitoring the years 2006, 2007, 2008 and 2009 in Slovakia. In obtaining the underlying data were used the secondary sources of domestic and foreign authors and institutions as the Ministry of Agriculture and Rural Development of the Slovak Republic, Statistical Office, Research Institute of Agricultural and Food Economics in Bratislava, and the database published on the internet and other sources as well as our own knowledge gained from studying and research.

Business environment for farmers in Slovakia is mainly made up of macro-economic factors from which will be mentioned the political, economic, technological, natural and others creating a legislative framework for business, but also the possibility for implementing the advanced machine systems in the manufacturing process, soil and climatic conditions for the use on the market place. The current marketing environment is marked by adding to the global financial crisis and instability in the strategic development of agriculture in Slovakia. For the systematic development of the key sectors, agriculture provides currently stable plant and animal production, particularly in relation to the particularities of the green sector. Moreover, EU Common Agricultural Policy is for non-standard SR, particularly in relation to the supportive policy of the European funds compared with the original EU countries, which significantly affects the economic stability of business in the land.¹

Problems of modeling the optimization effective production of pork were discussed by many authors. The situation in the pig breeding in Slovakia is not favorable²- the factors causing this are following: declining numbers of pig, reducing numbers of farmers and increasing import of pigs and pork from the EU countries. The result in pig production in Slovakia is unprofitable. Optimization model is to quantify the impact of changes in costs, prices farmers, production and reproductive parameters in the pig breeding.

Agrarian foreign trade of the SR according to Horská is marked by economic backwardness of agricultural production in balance with the EU developed agrarian country.³ Slovakia's foreign trade in beef breeding according Šimo is under the widening deficit. Stockfarmers lag in the cost of slaughter, which has an impact on the higher prices for livestock. Reasonably similar situation exists for pork, poultry meat and egg production⁴.

The situation with the slaughter meat according to Vicen and Rovný⁵ is not favorable, after joining the EU, Slovakia has deteriorated in comparison with the input period. Production capacity of the poultry industry increased slightly, but on the other hand, poultry production has decreased. Under equal to the incidence reduction of number of disease but also other animals for slaughter Slovak farmers is also reflected in

¹ Šimo, D.- Rovný, P.2010: Agrárny marketing. Nitra:SPU, s.114-120

² Bielik, P. – Horská, E. – Vicen, M. – Dobák, D. 2008: Using optimalization modeling in Marketing management of efficient production of Pork. In: Acta oeconomica et informatica, No 2, vol 11, s. 29-34

³ Horská, E. 2007: Medzinárodný marketing. Nitra:SPU. 221 s. ISBN 978-80-8069-938-3

⁴ Šimo, D. a i. 2010: Agrárny marketing. SPU:Nitra, s.240, s.251, s.268 a s.272

⁵ VICEN, Michal - ROVNÝ, Patrik. 2010. The influence of the EU common market on slaughter poultry market in Slovakia. In 11th international conference. International scientific days 2010. "Global economy: Challenges and perspectives" Nitra may 26.-28.2010. in Nitra : Slovak University of Agriculture, 2010, s. 2816-2823. ISBN: 978-80-552-0386-7

the sales network of food chains and dramatic fall in the sale of meat of domestic origin⁶ Average supply of pork and poultry was ensured by import from the EU countries.⁷

Slovakia's foreign trade with agricultural commodities is systematically monitored by Gálik⁸. Since 2006 the agricultural share of foreign trade stood at 4.78 % and in 2009 reached slight increase on 5.72% of total foreign trade. The crucial trading partners of the Slovak Republic are the countries of EU.

Import of selected commodities by animal origin in the Slovak Republic by years is shown in Table 1.

Table 1 Import of selected commodities of animal origin in the SR by years

Item	2006		2007		2008		2009		Index change 09/06 in %	
	In Thousands €	€·kg ⁻¹	In Thousands €	€·kg ⁻¹						
0201 Beef, fresh chilled	15 409	2,75	14 677	3.34	15 939	3.77	14 969	4.67	-2.8	6.98
0203 Pork fresh, chilled	119 060	2,08	116 783	2.12	164 016	2.50	182 929	2.44	53.6	17.3
0207 Poultry	60 899	1,84	64 788	2.00	74 772	1.95	73 630	1.96	20.9	6.5
0401 Milk and cream uncentrated	39 335	0,51	43 013	0.58	48 398	0.53	32 412	0.44	-17.6	-13.7
0402 Milk and cream concentrated	18 448	2,54	39 635	3.82	21 748	2.30	17 187	1.92	-11.6	-24.4
0406 Cheese and curd	56 176	3,13	57 245	3.20	69 336	3.01	73 681	2.96	31.2	-5.4
0407 Eggs	12 008	0,64	10 142	0.60	14 996	0.88	14 598	0.75	21.6	17.2

Source: Gálik, J., 2010: Yearbook of the agri-food foreign trade and custom processing

As indicated in Table 1, examined were the following commodities: beef, pork and poultry meat, cow's milk, cream, cheese curds and chicken eggs. Of follow-up commodities for the period of increased imports of pork with an index of 53.6, cheese curds and 31.2 index points, poultry meat 20.9 index points. Lower imports of commodities have been reported in cow's milk concentrated and concentrated. From the examined commodities in the given the period the highest increase in import of pork with the index of 53.6, cheese and curds with 31.2 index points and poultry meat with 20.9 index points. Lower imports of commodities have been reported in the cow's milk uncentrated and concentrated. In the foreign trade, the significant increase was noticed in prices (per kilogram) of beef, pork and eggs, decreased were the prices of milk, cheese and curd.

⁶ Rovný, Patrik a i. 2010. Food Chain Management European Experiences and Local Solutions. Graz : MAIL BOXES ETC., 2010. 170 s. ISBN: 3-902103-24-8

⁷ Šimo, Dušan, Rovný, Patrik. 2010. Agrárny marketing. Nitra:SPU, 2010. 279 s. ISBN 978-80-552-0472-7

⁸ Gálik, Jozef. 2009. Ročenka agropotravinárskeho zahraničného obchodu SR za rok 2009. VÚEPP Bratislava. 2009. 150 s. ISBN 978-80-8058-552-5

Export of selected commodities of animal origin in the Slovak Republic by years is shown in Table 2.

Export of selected commodities of animal origin for the examined period was on the declining level, as demonstrated by the index change from 2009 in comparison with 2006, when the commodity cow's milk and hen eggs. Kilogram prices increased for pork, hens' eggs and beef. For other commodities, prices fell.

Table 2 Exports of selected commodities of animal origin in the SR by years

Item	2006		2007		2008		2009		Index change 09/06 in %	
	In Thousands €	€·kg ⁻¹	In Thousands €	€·kg ⁻¹						
0201 Beef, fresh chilled	15 776	3.35	11 014	3.82	8 688	3.96	7 898	3.76	-49.9	12.6
0203 Pork fresh, chilled	25 095	3.34	26 297	3.77	28 138	4.26	18 055	4.77	-24.1	42.8
0207 Poultry	34 207	0.85	40 890	0.52	43 425	2.44	33 254	0.86	-2.8	1.2
0401 Milk and cream unconcentrated	64 346	0.50	73 326	0.56	105 944	0.58	68 101	0.39	5.8	-22.0
0402 Milk and cream concentrated	32 369	3.88	57 726	3.93	39 951	2.46	16 078	1.86	-50.3	-52.1
0406 Cheese and curd	99 000	4.00	82 222	3.56	95 830	4.15	71 208	3.53	-28.0	-11.7
0407 Eggs	15 287	1.70	19 901	0.79	22 137	0.50	21 132	2.43	38.2	42.9

Source: Gálik, J., 2010: Yearbook of the agri-food foreign trade and custom processing

The agricultural balance of the foreign trade of the selected agrarian commodities in the SR is shown in Table 3.

Table 3 Balance of the foreign trade of the selected agrarian commodities in the SR (in thousands €)

Item	2006	2007	2008	2009	Index change 09/06 in %
0201 Beef, fresh chilled	358	-3 663	-7 341	-7 016	-1959.0
0203 Pork fresh, chilled	-93 965	-90 486	-135 787	-163 874	-74.4
0207 Poultry	-26 691	-23 898	-31 346	-40 376	-51.3
0401 Milk and cream unconcentrated	25 012	30 313	57 546	35 689	38.2
0402 Milk and cream concentrated	13 920	18 092	18 203	-1 109	-7.9
0406 Cheese and curd	42 823	24 977	26 494	-2 473	-94.2
0407 Eggs	3 279	9 759	7 140	6 534	99.3

Source: Gálik, J., 2010: Yearbook of the agri-food foreign trade and custom processing

Table 3 shows the significantly increase in the balance of the foreign trade of the following commodities: beef, pork, poultry meat, cheese and cottage cheese. The positive balance was achieved in trade with hen eggs and cow's milk.

As indicated in Table 4, import of selected commodities, per capita, calculated on the value and natural indicators showed an upward trend in pig and poultry meat but also dairy commodities. Rated indicators are influenced by the price of each kilogram of years.

Table 4 Import of selected commodities of animal origin in the SR by years per capita

Item	Imports per capita in €					Export per capita in kg				
	2006	2007	2008	2009	\bar{x}	2006	2007	2008	2009	\bar{x}
0201 Beef, fresh chilled	2.85	2.72	2.95	2.76	2.82	1.04	0.81	0.78	0.59	0.80
0203 Pork fresh, chilled	22.08	21.63	30.34	30.76	16.20	10.62	10.20	12.13	13.84	11.69
0207 Poultry	11.30	12.00	13.83	13.59	12.68	6.14	6.00	7.09	6.93	6.54
0401 Milk and cream uncentrated	7.29	7.96	8.95	5.98	7.54	14.30	13.73	16.88	13.59	14.62
0402 Milk and cream concentrated	3.42	7.34	4.02	3.17	4.48	1.34	1.92	1.75	1.65	1.66
0406 Cheese and curd	10.42	10.60	12.82	13.60	11.86	3.33	3.31	4.26	4.59	3.87
0407 Eggs	2.22	1.88	2.77	2.69	2.39	3.48	3.13	3.15	3.59	3.37

Source: Gálik, J., 2010: Yearbook of the agri-food foreign trade and custom processing

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Summary

Research focused on import and export of beef, pork, poultry meat, cow's milk, cheese curds and chicken eggs. In the years 2006-2009, the negative balance of foreign trade has increased in the monitored commodities of cow's milk and hen eggs. This market development is also recorded in a total amount reached in the agrarian business, which was 950 million € in 2009. The share of foreign agrarian trade in total foreign trade was 5.72% in 2009. The results of the agricultural foreign trade during the reporting period are influenced by a range of subjective and objective factors of macro and micro-agricultural market.

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