The Impact of European Union Legislation on the Strategies of Agricultural Enterprises in the Slovak Republic

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Abstract
The article deals with the issue of the common agricultural policy of the European Union and its connection to the long-term goals for 2030 in the field of sustainability. The goals and policy of the European Union are conceived in the article from the point of view of Slovak farmers. The article uses qualitative research in the field of CAP and a questionnaire survey among Slovak agricultural farmers. Research in this area helps to understand how farmers perceive the European Union's sustainable policy and which CAP challenges are greatest. Research also brings together information on the European Union's sustainable policy and its objectives for the future.

Key words: sustainability, CAP, European union

JEL code: Q18, Q56

1. Introduction
Nowadays, agricultural enterprises face several challenges. One of these challenges is the long-term pressure on farmers in the European Union to develop and promote business strategies that are sustainable and in line with the European Union’s long-term common agricultural policy. Farmers have a difficult role to play in planning business activities and transforming long-term business processes into sustainable options. European Union legislation initiates farmers to continually improve sustainable agricultural production in three areas - environmental, economic, and social. The European Union prioritises changing the direction of agricultural production as well as consumption. In the presented article we will deal individually with all three areas of sustainable policy and the view of farmers from the Slovak Republic. To meet the long-term goals of the European Union, it is important that farmers understand the regulations and projects correctly and the goals of meeting these projects are achievable. The role of the European Union and research in the field of the sustainable common agricultural policy is therefore to create adequate ways of communicating and linking the various objectives that can be applied to small, medium, and large agricultural enterprises.

2. Theoretical background
Population and consumption growth causes a 50% greater demand for food and fiber in the next 35 years (Schiefer, 2016). Demands from society drive the agricultural sector to change in two ways. On the one hand, global consumption patterns, human population increase and competing demands for land area require further intensification and increased productivity on agricultural

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land. On the other hand, increased awareness of consumers about environmental impacts of their behaviour together with a number of events connected to food safety as a result of high-intensive agriculture, demands for a move to more sustainable agriculture and a change in consumption patterns (Delbaere, 2014). Over the last 30 years, the European Union has significantly reformed its Common Agricultural Policy by introducing direct payments to farmers and reducing price support levels (Gohin, 2020). The Common Agricultural Policy of the European Union (CAP) is one of the oldest and most controversial of the EU policies (Kiryłuk-Dryjska, 2019). The global targets for 2030 focus on achieving sustainability. Within the CAP, the European Union has created three groups of interest - economic, environmental, and social. Agriculture not only provides for farmers and their families across the EU, but also sustains society as a whole through a number of essential services. In particular, agriculture contributes to society by providing food and other essential materials for citizens, acting as the economic backbone of rural communities. The common agricultural policy (CAP) ensures that farmers can continue to provide these services on a long-term basis by pushing for the economic sustainability of agriculture. In turn, the economic measures of the CAP contain socially inclusive provisions, such as supports for small farmers and redistributive payments (European Commission, 2021). The common agricultural policy (CAP) has three clear environmental goals, each of which are echoed in the European Green Deal and Farm to Fork strategy: tackling climate change, protecting natural resources; enhancing biodiversity. Each of these goals are supported by the CAP’s promotion of organic farming and the responsible management of inputs like pesticides and fertilisers. The CAP aims to reach its environmental goals in a way that is socially and economically sustainable for farmers, rural communities, and the EU as a whole (European Commission, 2021). Agriculture is a key driver of biodiversity losses and a major contributor to land-use changes that accelerate climate change and its impacts. With about €59 billion/year, or nearly 40% of the European Union’s (EU) budget, the Common Agricultural Policy (CAP) is a case study of global interest as to how subsidies for the farming sector are designed and implemented (Pe’er, 2020). CAP’s green component not only positively affects the environmental quality in the long term but also generates positive spillovers that have been hitherto underestimated (Czyżewski, 2020). An important policy question for many governments is how the current set of agricultural policies affects both productivity growth and environmental performance of the sector (Lankoski, 2020), but also, how farms can adopt new challenges. European agriculture and their respective farms have moderate sustainability where the subsidies from Common Agricultural Policy have a positive impact on (Santos, 2020). Without the ability to deliver a stable and rewarding income, agriculture would not be able to supply its essential products and services for society. The common agricultural policy (CAP) therefore includes several measures to ensure the economic viability of farms. The economic consequences of the changing environment have become increasingly apparent across Europe through the disruption brought by unstable weather conditions, such as droughts and floods, resulting in lower yields and falls in farm income. Therefore, the actions of the CAP that safeguard the environment are also in place to protect the long-term economic viability of agriculture (European Commission, 2021). Economical part of sustainable policy is in general dealing with implementing a fair system of income support, equality in the agri-food supply chain, green direct payments, rural development, bioeconomy, and innovations. European Union legislation in all three areas gives farmers the opportunity to become greener and more socially responsible with regard to financial support for farming initiatives and entrepreneurship.

3. Materials and Methods

To determine the current state of research, it was necessary to examine theoretical knowledge and legislation in the field of sustainability of the common agricultural policy. For the needs of the research, we chose the method of a questionnaire survey among agricultural enterprises in the Slovak Republic. A total of 25 agricultural companies participated in the questionnaire survey - 2 large, 10 medium and 13 small. The questionnaire is divided according to the units of the sustainable common agricultural policy - ecological, social, and economic part. In the research, we worked with the basic
assumptions, which are: biggest challenge for agricultural businesses of Common Agricultural Policy for a sustainable agriculture is environmental sustainability, farms are ready to face the challenges of European Union sustainability legislation, EU policy challenges are enshrined in a long-term farm plan of agricultural enterprises in Slovak republic. At the end of the research, we confirmed or refuted these assumptions.

4. Research results and discussion

In the questionnaire survey, we were primarily interested in the attitude of farmers towards a sustainable common agricultural policy and its individual groups. Of the managers surveyed, 84% said they do understand requirements of the EU's sustainable policy. 80% consider the economic area, 16% the ecological area and only 4% the social area to be the most important area of a sustainable CAP. We can state that the division is also caused by the direct connection of the policy to farmers and their business activities. Farmers had the lowest knowledge of the social area of a sustainable CAP, but subsidies, green payments and support for young farmers were among their core business activities. 60% farmers consider the environmental area of a sustainable CAP to be the most complex and challenging to meet. In the environmental field, they perceive education by the European Union as insufficient. Surveyed farmers would welcome more online ways to learn how to adapt environmental goals and transform conventional production to sustainable. Of the farmers surveyed, 20% agreed that they have long sought to transform the conventional type of their production into organic. It is a long-term plan that will contribute to improving the energy use of the farm, limiting pesticides, streamlining the company's water management and water quality, and increasing biodiversity. Majority does not plan for production to become organic, however, with correct education farmers stated they understand importance of sustainability and would like to contribute on sustainable production goals of European Union. Long term plans and operations of farmers depends mainly on financial support. 80% of farmers consider the financial side of supporting the sustainability of agriculture to be important, especially in long-term planning. Long-term planning is carried out on farms mainly in the interest of purchasing new equipment, machinery, cattle and increasing crop production. The profitability of long-term decisions is more important for farmers than their commitment to sustainability. However, all farmers surveyed consider important to provide financial support for rural areas, which they believe have the greatest potential to contribute to sustainable targets of common agricultural policy. The social area of sustainable policy The CAP deals with projects in several areas. In recent years, the surveyed farmers have been involved in the field of information campaigns and farm visits. Sustainable policy also supports TV futures on agriculture, audio-visual and media acts and apps for smart phones and tablets. None of this area has been addressed by farmers in recent years. The social area is committed to the production of food and raw materials that come from net agricultural production, so it is important in the CAP area to reduce the use of pesticides and fertilizers in production. Farmers said in our research that only 20% reduce the use of pesticides and fertilizers in their production. However, they consider it necessary to promote agriculture and the perception of agriculture in the eyes of mainly young people and students. All farmers have committed themselves to developing activities in the field of educating young people in the future. Overall, we can say that the farmers who participated in the questionnaire survey have a positive view of the sustainability of agriculture. They face various challenges in implementing European Union policy, but support the idea of sustainability and, above all, education.

5. Conclusion

In this article, we examined the sustainable policy of the European Union and how this policy is perceived by farmers in the Slovak Republic. It was important to provide a theoretical basis for sustainable policy and its main areas, which the policy aims to comply with. The main areas for the European Union's sustainable policy are economic, environmental, and social. The research showed
two of assumptions were met. Biggest challenge for agricultural businesses of Common Agricultural Policy for a sustainable agriculture is environmental sustainability. Farms are ready to face the challenges of European Union sustainability legislation, however they are struggling with ecological part of the policy. The assumption that EU policy challenges are enshrined in a long-term farm plan of agricultural enterprises in the Slovak Republic has not been confirmed. Farms have shown difficulty in strategic planning and drawing up plans related to business sustainability and meeting the European Union’s sustainability objectives. The research provided the basis for a closer examination of the economic, environmental, and social spheres of the sustainable common agricultural policy. To meet the 2030 targets, it is important that stakeholders take part in the debate and jointly contribute to the sustainability of agriculture and food security in the future.

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