Development of Organic Farming in Hungary

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Changes in the number of organic enterprises and the area of organic production in Hungary between 1988 and 2004
Overview about present situation of OF in Hungary

- SWOT analysis:

<table>
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<tr>
<th>Strengths</th>
<th>Opportunities</th>
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<tbody>
<tr>
<td>Weaknesses</td>
<td>Threats</td>
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</table>
Strenghts:

- **OF strated in the 1980s**
  - 1983 „Biokultura” Club
  - 1987 „Biokultura Association”, becoming member of IFOAM
  - 1991 „Biokultura Association” entitled to carry out controlling and certification activity
  - 1996: „Biokontroll Hungaria” separated from Biokultura Association and became the first, independent control body in Hungary
  - (2003: second control body was accepted: Hungaria Ökogarancia)

- **Early adaptation of EU regulation about OF:**
  - 1999/2000: two Decrees of Government came out about the conditions, controlling, labelling of organic products. The Decree was composed with the co-operation of Biokontroll, Biokultura in order to be in accordance with EU and IFOAM regulation
  - 2004: EU-accession: only smaller administrative changes were needed
Strenghts:

- **Accepted controlling System:**
  - Hungary was on the list of third countries allowed to export organic products to EU without further controlling

- **Good ecological conditions**
  - High yields, especially cereals, oilseeds

- **Commercial connections**

- **Export possibilities**
  - 90-95% of Hungarian organic products was exported to developed countries (EU, USA)
The share of export from the organic production in Hungary (2003)

Certified export plant products: 40,477 tons (80%)

Certified export animal products: 230 tons (0.5%)

Certified domestic animal products: 478 tons (1%)

Certified domestic plant products: 9,312 tons (18%)
Export ratio of the most important Hungarian organic products (2003)
Weaknesses:

- Low domestic demand
- **Wrong production structure**
  - High rate of cereals, oilseeds, low rate of fruits, vegetables, animal products
- Processing of organic products is underdeveloped
- Low co-operation among organic farmers
- Bad experiences of implementation of EU organic payments (late payments, demonstrations… )
The production structure of the organic agricultural land (1996-2004)
Number of controlled enterprises in Hungary according to the type of their operation, (1998-2004)
Opportunities:

- Easier export possibilities to EU-15 and EU-10 countries (condition: good supply structure)
- Higher subsidies for organic farmers, OF becoming more important sector in agriculture due to WTO affairs, CAP Reforms
- Development of domestic food processing of organic products (condition: interest of the food industry)
Organic payments in Hungary, 2002-2006

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004-2006</th>
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<tbody>
<tr>
<td></td>
<td>in conversion</td>
<td>converted</td>
<td>in conversion</td>
</tr>
<tr>
<td>Arable crops</td>
<td>103</td>
<td>62</td>
<td>99</td>
</tr>
<tr>
<td>Meadows/pastures</td>
<td>41</td>
<td>33</td>
<td>40</td>
</tr>
<tr>
<td>Permanent crops</td>
<td>164</td>
<td>82</td>
<td>159</td>
</tr>
<tr>
<td>Vegetables</td>
<td>123</td>
<td>82</td>
<td>119</td>
</tr>
<tr>
<td>Herbs/spices</td>
<td>103</td>
<td>62</td>
<td>99</td>
</tr>
<tr>
<td>Others (seed production)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cattle</td>
<td>0</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>Pig</td>
<td>0</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Sheep</td>
<td>0</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Poultry</td>
<td>0</td>
<td>0</td>
<td>0.16-1.19</td>
</tr>
<tr>
<td>Hen</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Broiler/guinea fowl</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Goose and duck</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Turkey</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</table>
Opportunities:

- Increasing domestic demand (condition: higher income, better sales, marketing and information activity: ACTION PLAN)
- Good human resources (according to researches 80-90% of organic farmers has university/college diploma – MSc, BSc Degree)
Threats:

- Increasing competition in the international market of organic products (China, Eastern-European Countries, other new member countries with better OF policy…)
- Decreasing price premiums
- Increasing import of processed organic foods from EU-15 (Hungarian consumers becoming used to import products before development of domestic processing!)
Threats:

- Organic payments are not available for all the organic farmers: because of low financial resources Hungary uses an application system.
- OF has no privilege in the Hungarian agricultural policy.
Future prospects?

  - Few is known at the moment as the amount of EU sources for member-states is still not decided
Preliminary Strategy Plan for 2007-2013:

- **Main Targets:**
  - Increasing competitiveness of agricultural production and food processing
  - Environment friendly development of agriculture, rationalizing of land management
  - Rural development
Preliminary diversification of national sources:

- Increasing of quality and value-adding in agriculture and food industry (30-35%)
- Rationalazing of land management with special regard to protection of environment and natural sources (40-45%)
- Diversification of rural activity, increasing of employment of rural population (25-30%)
- Development of local communities (2-5%)
II. Axis: Development of rural areas and environment (45%)

- Development of forests (15%)
- Development of agricultural areas (85%):
  - LFA (high priority)
  - Agri-environmental measures (high priority)
  - NATURA 2000 and payments connected to 2000/60/EC Directive
  - Animal welfare measures
  - Subsidies for non-production investments
Probable changes in OF Measures:

- Degressive payments
- Higher subsidies than integrated production
- Higher payments for fruit and vegetable production?
- Payments for animal production?
Thank you for your attention!