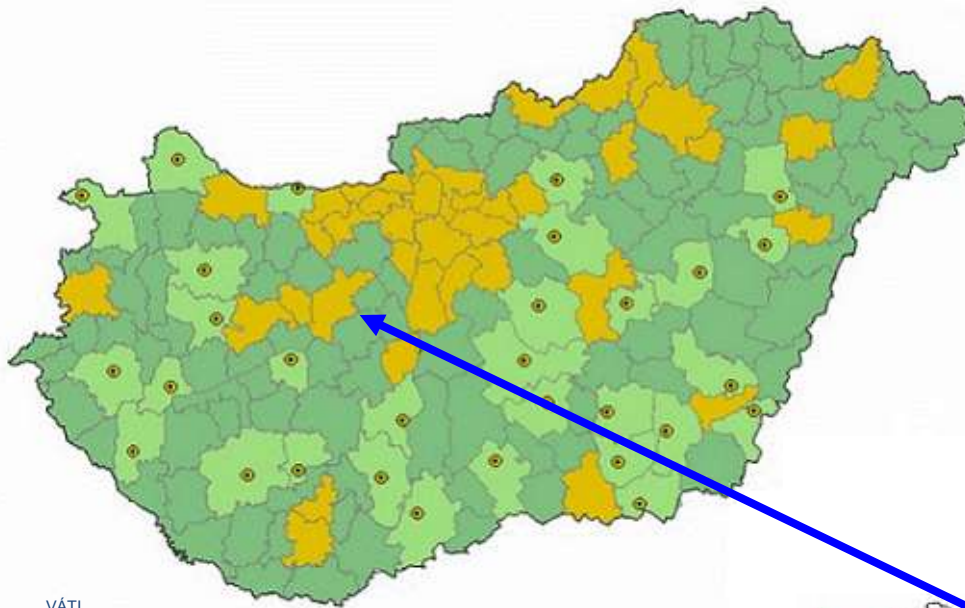


The effect of Common Agricultural Policy (CAP) in Hungary from 2014

Péter UDVARDY
associate professor
UWH Faculty of Geoinformatics



Regions and micro regions of Hungary



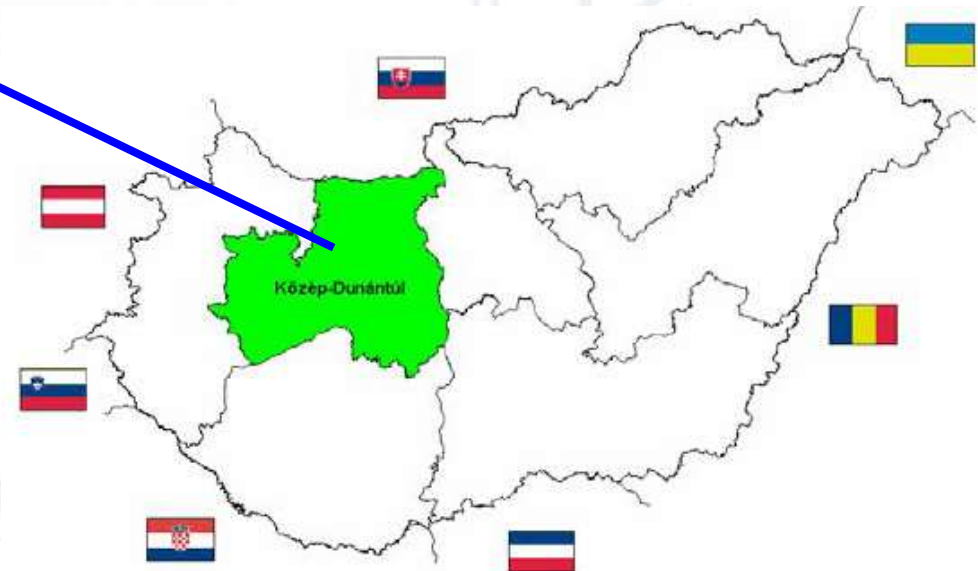
VÁTI

Jelmağyarázat

- Vidéki kistérségek (<math><120</math> lakos/km²)
- Vidéki kistérségek városi központtal (<math><120</math> lakos/km²)
- Városi központ (min. 20000 lakos)
- Városi kistérség (>120 lakos/km²)

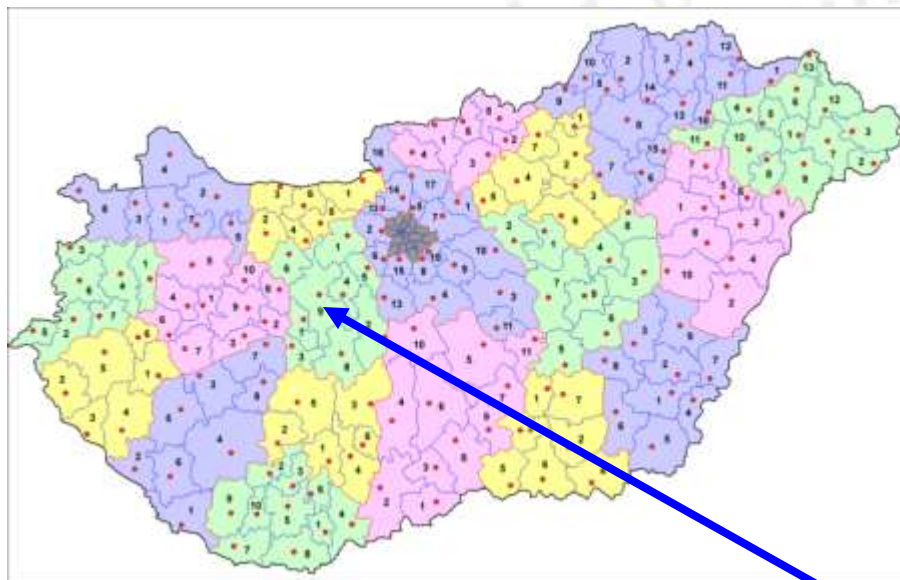


ÚJ MAGYARORSZÁG
VIDÉKFEJLESZTÉSI PROGRAM
2007–2013



ÚMVP

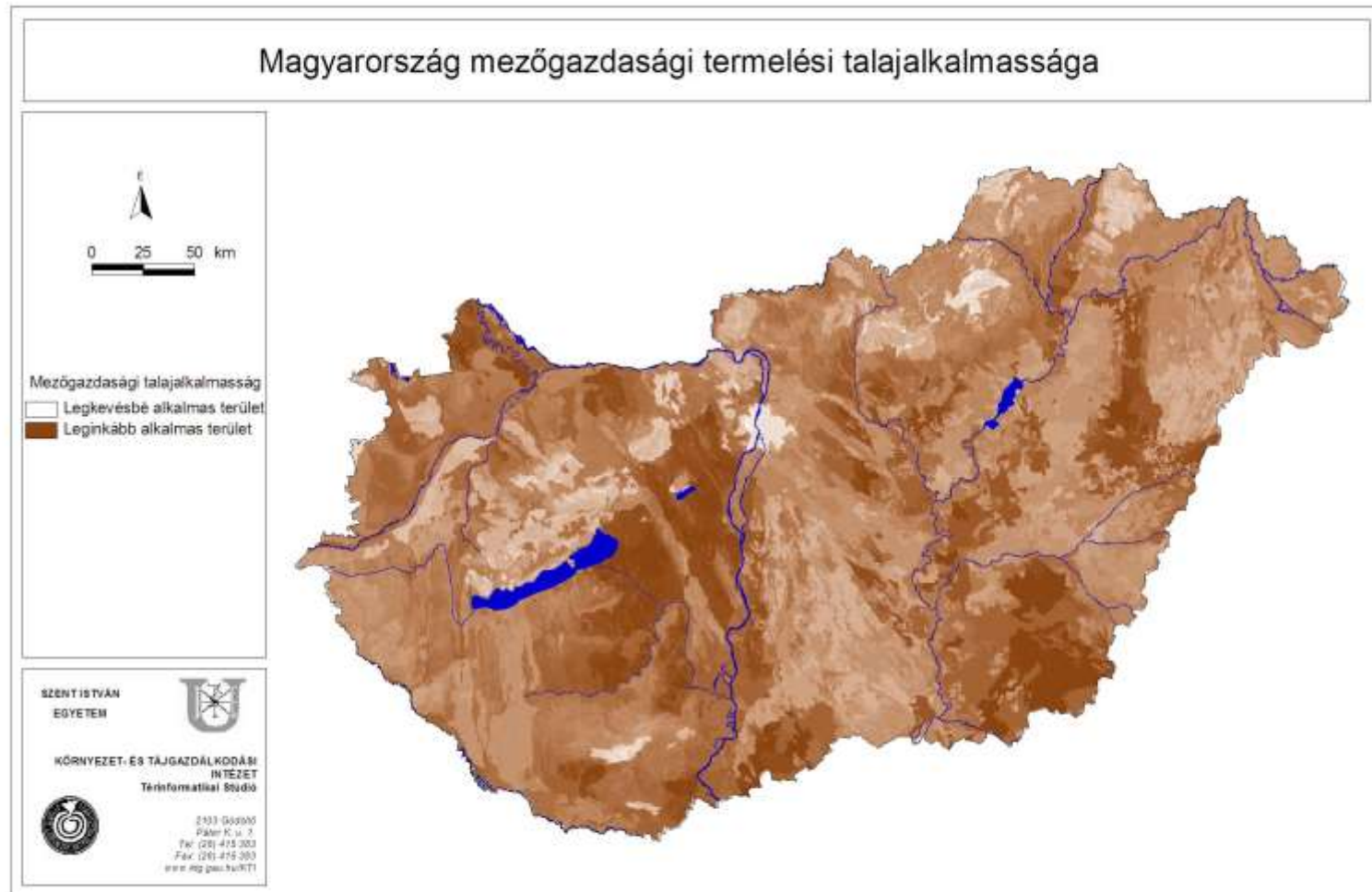
Counties and districts of Hungary



Hungary's endowments

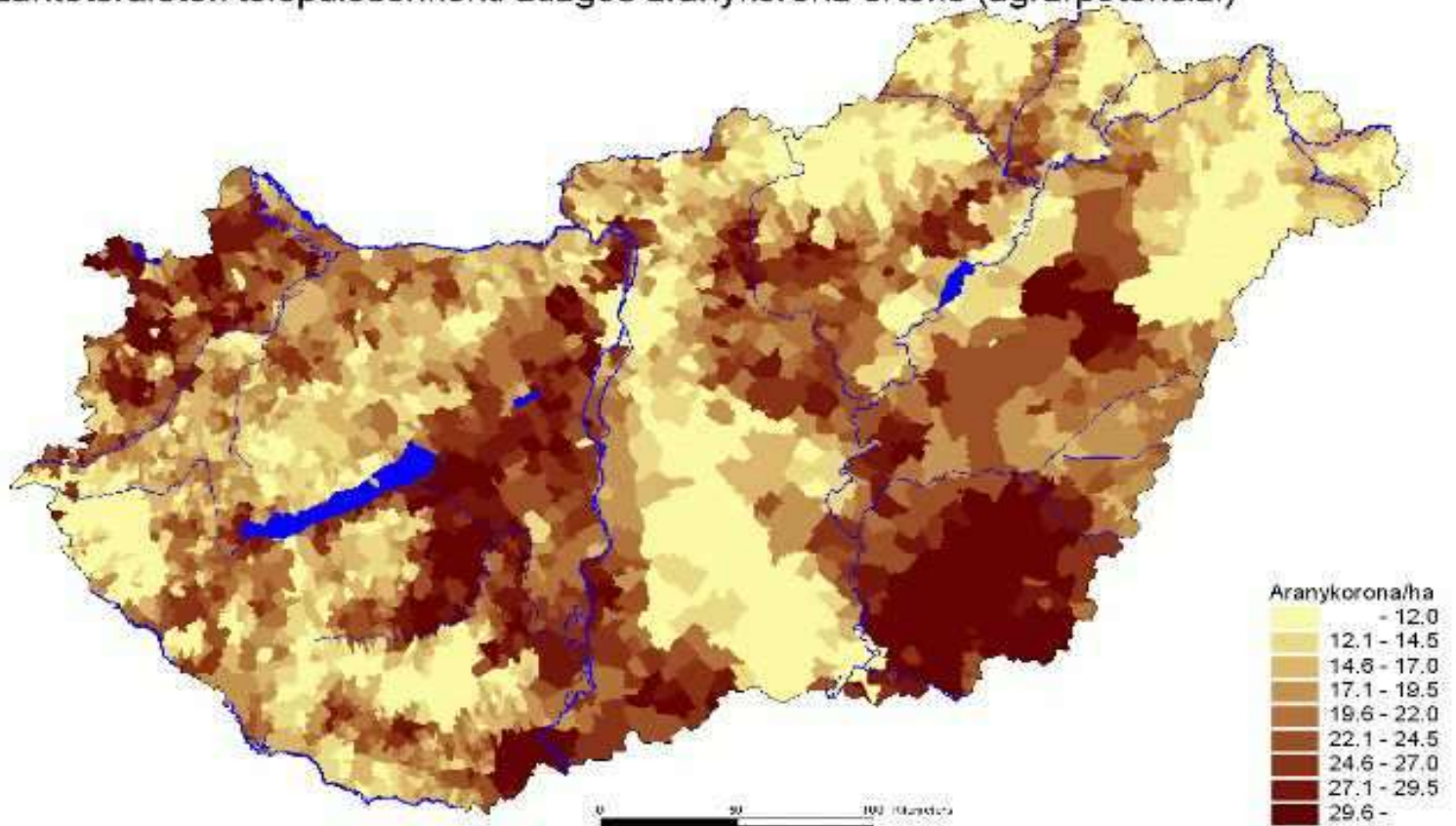
- 35 percent out of the whole territory of Hungary and 43 percent out of agricultural area of Hungary is highly favoured area for agricultural production
- 10-12 percent out of the whole territory of Hungary and 6 percent out of agricultural area of Hungary is highly sensitive area considering environmental protection
- High percentage of NATURA 2000 territories

Soil potential in Hungary



Golden Crown value – agripotential in Hungary

Szántóterületek településenkénti átlagos aranykorona értéke (agrárpotenciál)



Rural development programmes– (2002-2004)

SAPARD

- The first programme was **SAPARD** which was an almost pure agricultural ‘teaching programme’ for European Agricultural Guidance and Guarantee Fund (EAGGF)
- Further aim was to learn how to develop and maintain a sustainable and competitive agricultural sector in Hungary with the support of CAP

Rural development programmes (2004-2006)

AVOP (Agricultural and rural development operational programme) had 3 priorities:

- 1. Competitive agricultural production
- 2. Modernisation of food processing
- 3. Development of rural areas (ie. LEADER+)

Rural development programmes (2004-2006)

- Az **NVT** (National Rural Development Plan) had the following area of interest:
- Agri-environmental production support
- LFA's support
- Forestation of agricultural land
- Supportation of environmental protection-, animal welfare- and hygenic-related actions to EU standards
- Restructuring of half time farming units
- Supportation of new cooperatives

Agriculture and rural development 2007-2013

- In Hungary in the former programming period there were 1400 billion HUF for Rural Development actions and 75 percent of this amount is EU support
 - **European Agricultural and Rural Development Fund**
- The **Új Magyarország Rural Development Programme** contained all the actions

The *Új Magyarország* Rural Development Programme and its effect on the regions

- The *Új Magyarország* Rural Development Programme (UMVP) was the official national rural development programme between **2007-2013**
- In the framework of UMVP around 8 billion Euro subsidy was available to enhance the competitiveness of the agricultural sector and to develop the treasures of the natural and artificial environment and for fundamental structural changes
- The UMVP programme covered all the 7 regions of Hungary (7 statistical and public administrative regions) and the programme responsible is the Ministry of Rural Development (MRD, formerly MoARD)
- The Development Programmes were coordinated by the National Development Agency (NFU), on the other hand the UMVP is quite independent (works under EU regulation). The National Development Agency (NFU) was also responsible for the accordance between UMVP and the regional development programmes, such as:
 - Middle-Transdanubian Strategic Plan 2007-2013
 - Middle-Transdanubian Operational Plan 2007-2013

Új Magyarország Rural Development Programme Priorities

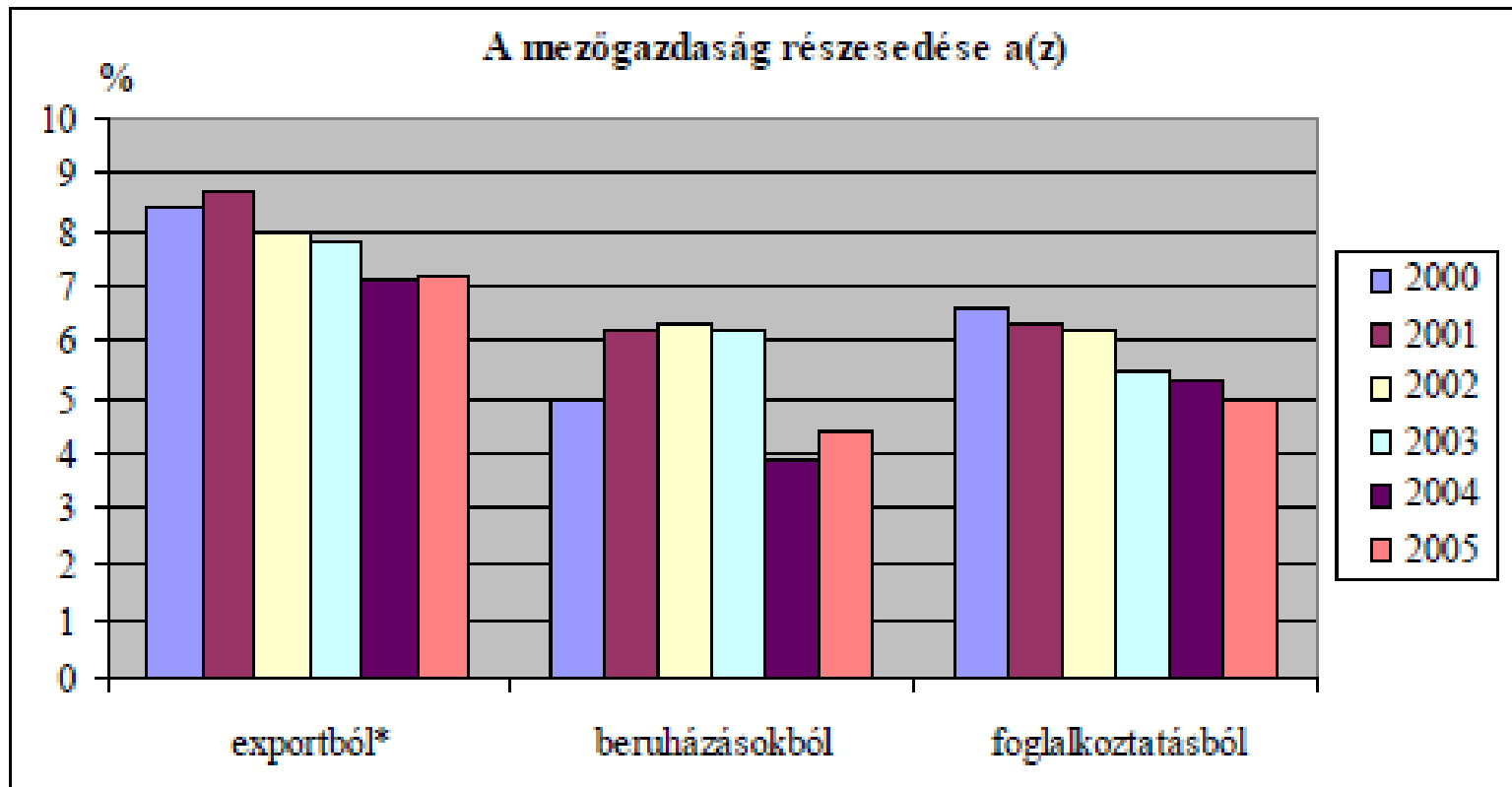
- I. Agriculture, food processing, forestry competitiveness
- II. environment and rural areas status
- III. Life quality and diversification in rural areas
- IV. LEADER

Percentage of EU Farm Land by Country



Source: <http://www.wikipedia.org>

Agriculture's share in GDP in Hungary



Megjegyzés: *az élelmiszeriparral együtt

Source: <http://www.ksh.hu>

National and regional Rural Development Programmes

- Although the national rural development program covers all the 7 regions of Hungary, most of the rural development actions dealing mainly with the agricultural sector
- There is only 1 rural development program in Hungary for all the region and there is no stress on regional differences (i.e. the agricultural production in the North- and South Big Plain regions is more important than in other regions)
- There is no rural development without the development of agriculture
- Only the agricultural development does not equal to rural development, although it is a very important part of it
- Some special non-agricultural programs and initiatives have just a low emphasis in rural development budget (i.e. LEADER programs)

CAP scenarios



Farm income change by scenario,
2007-2020, in %

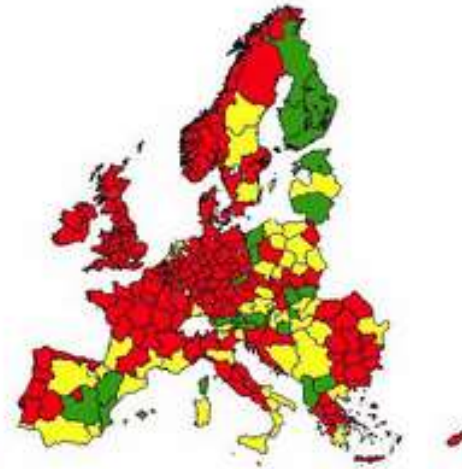
Reference



Conservative CAP



Liberalisation



< -19%

-19 < 0%

> 0%

<http://videk.blogspot.com>

Darányi Ignác Plan - review

- National Rural Strategy 2012-2020
- 5 action areas
- Complex planning and approach
- Multifunctional agriculture
- Special policy and partnership
- The aim is to improve the circumstances in the rural areas
- Traditions and modernisation
- Till 2020 all the people must feel better their life conditions



Ignác Darányi – man and politician

- 1849-1927
- Lawyer, politician and landowner
- Member of the HAS
- 1895-1903 és 1906-1910: agricultural minister
- He supported the Agricultural Museum and the Geological Institute
- He has monuments all over the country

Darányi Ignác Plan – strategic objectives

- Preservation of natural resources and heritages
- Colorful and competitive agriculturalo production
- Food safety
- Rural employment
- Strenghtening of rural communitites
- Improvement of rural life conditions



Darányi Ignác Plan – connection points

- CAP reforms
- EU sustainable development programmes
- Europe 2020 strategy
- EU 6th Environmental framework programmes
- WFD – (UWH GEO connections)
- Biological diversity action plan



Darányi Ignác Plan – actions

- Renewation of legal background
- Effective and consumer friendly subsidizing and institutional system
- New approaches, educational programmes and actions
- Cofinancing programmes (national and EU)
- National programmes

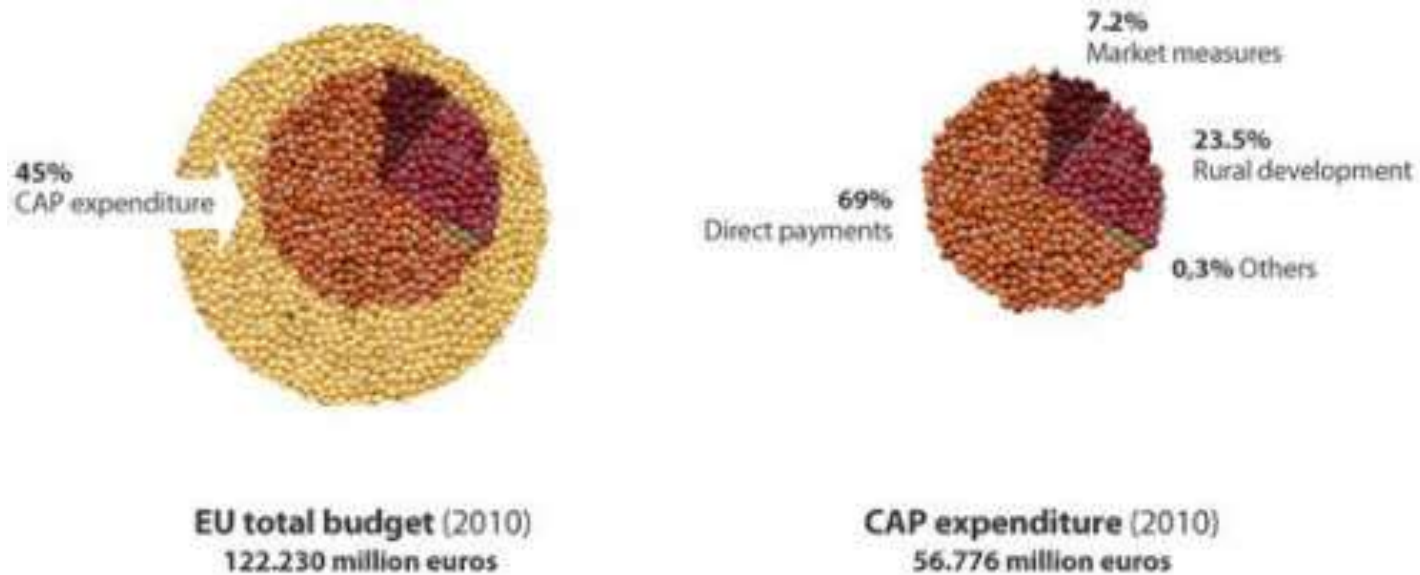
New possibilities from 2014

- Innovation and education
- Improvement of competitiveness
- Food chain security
- Saving of ecosystems
- Low CO₂ technologies
- Social aspects
- **Green aspects**
- Cooperation and innovation
- Consideration of economic realities



Source: <http://www.countryside.wales.gov.uk>

Common Agricultural Policy



CAP spending as percentage of total budget

Source: <http://www.thecopsite.com>

New aspects from 2014

- Moderate 'step by step' reforms
- Lower subsidies for Rural development
- Holistic and integrated approach
- From 2010 there was a public debate on the Common Agricultural Policy's future:
 - Why do we need a European Common Agricultural Policy?
 - What are society's objectives for agriculture in all its diversity?
 - Why should we reform the CAP and how can we make it meet society's expectations?
 - What tools do we need for tomorrow's CAP?
- The deal was secured at the end of 2013

Challenges of the new era

1. Economic

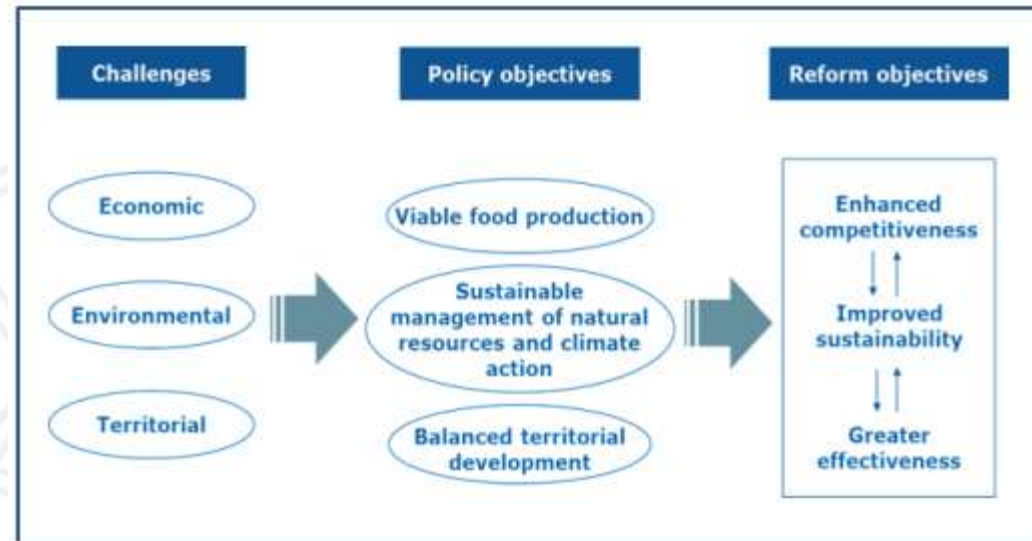
1. Food security and globalization
2. Pressure on product costs
3. Price volatility

2. Environmental

1. Resource efficiency
2. Soil and water quality
3. biodiversity

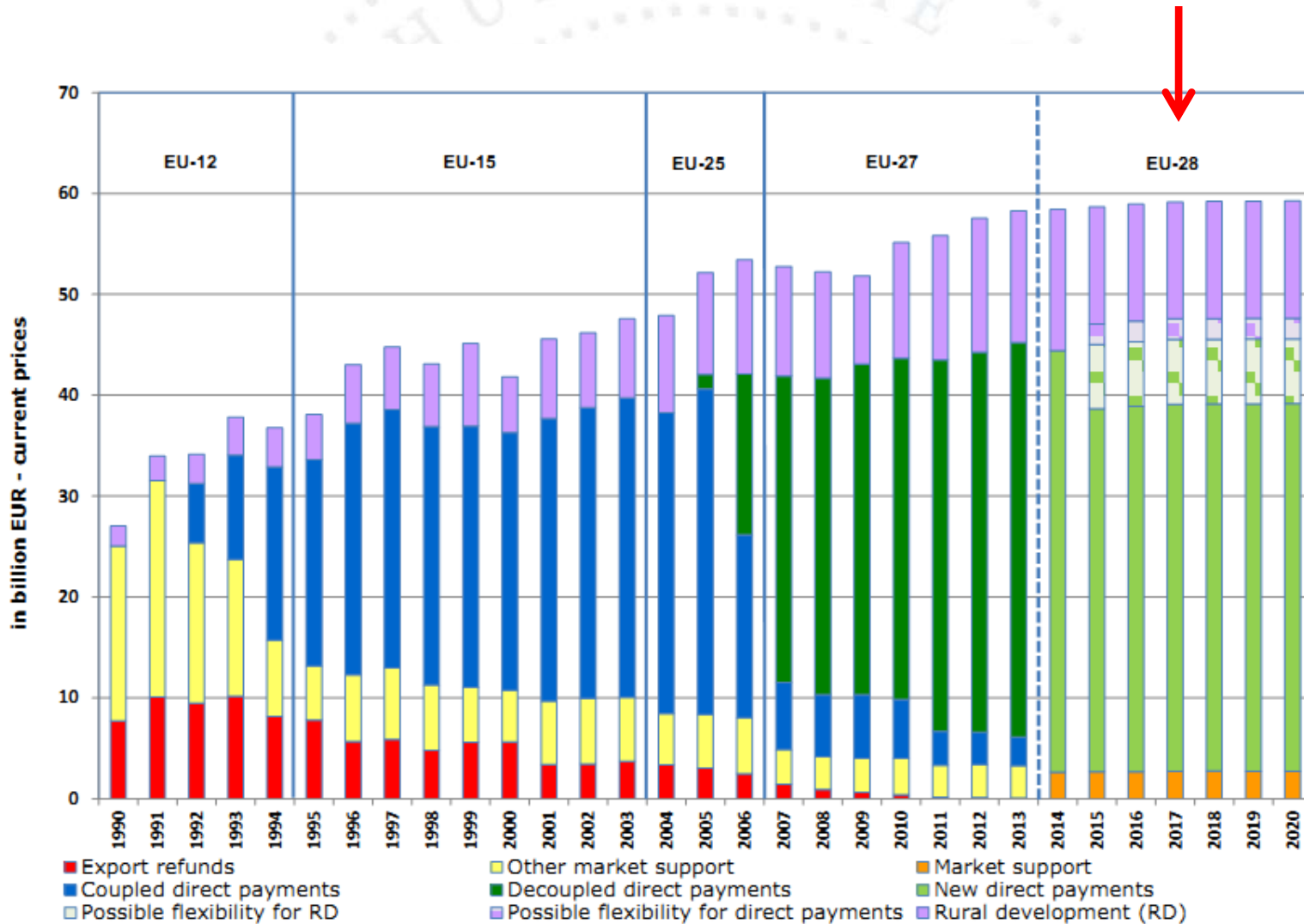
3. Territorial

1. Rural areas' demographic problems
2. Social development problems



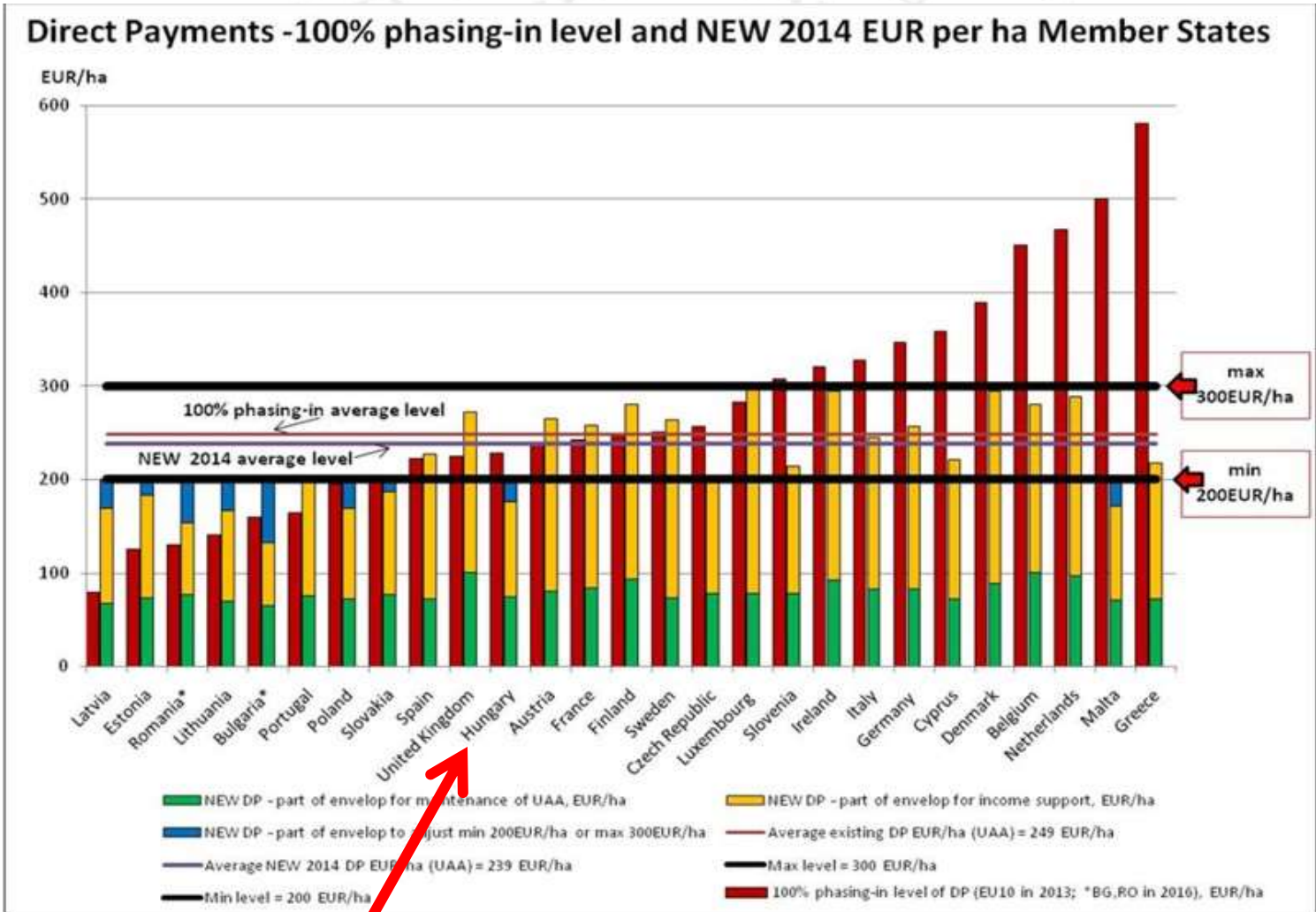
Source: DG agriculture and rural development

The path of CAP expenditure by calendar year



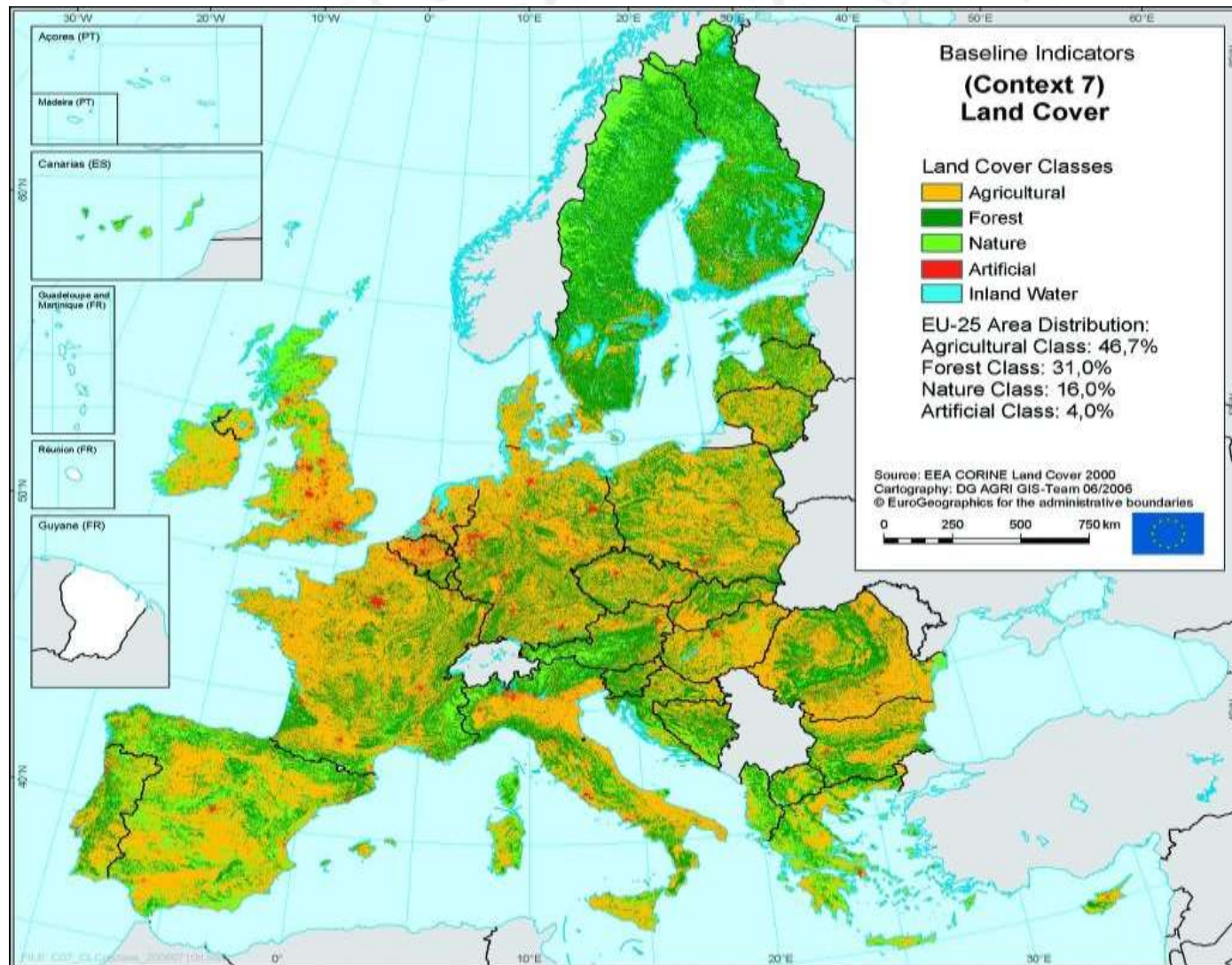
Source: DG agriculture and rural development

Farm facts



Source: <http://www.zm.gov.lv>

Land Cover – Agricultural aspects



Source: <http://www.nordregio.se>

10 key elements of the new era

1. More exact income support and new jobs
2. Better crisis management tools
3. Green payments and ecosystem protection
4. Innovation and research
5. Competitive food chain
6. Agri-environmental initiatives
7. Young farmers' support
8. Rural job possibilities
9. Endangered areas' protection
10. Simpler and more effective CAP



Source: <http://www.euabc.com>

Effects on Hungary

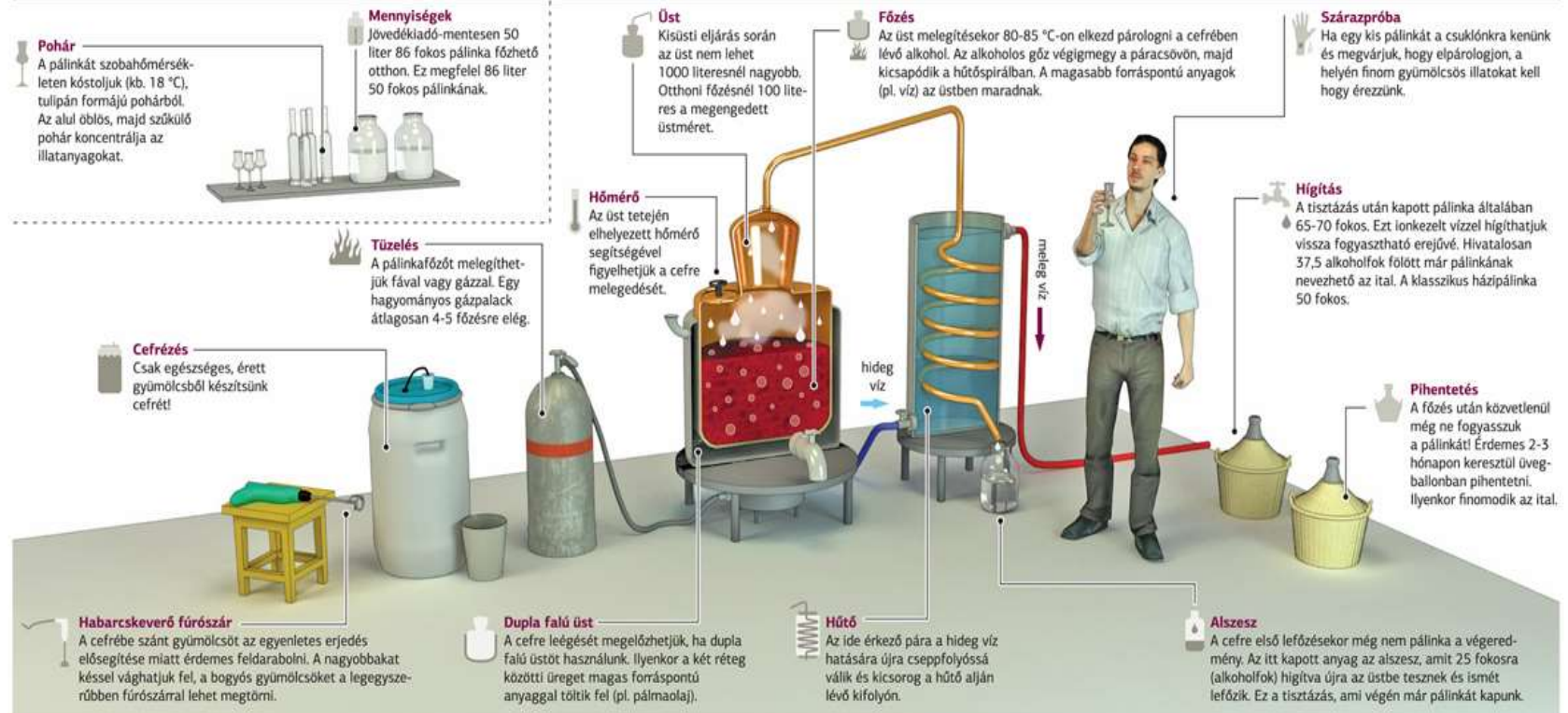
- Green component – 390 million Euro per year which means about 80 EURO per hectare for one year
- More than 100 000 farms are affected – about 20 EURO per hectare cost for green component requirements
- About 9500 farmers would apply for young farmers' subsidy
- LFA's subsidies mean not important amount
- Small farmers' simplified subsidization system – less administration at fix subsidy
- Capping (subsidy maximalisation) effects maximum 180 farms
- **HUNGARY can win in the next 7 years**

Source: <http://www.euabc.com>

Pálinka

A hagyományos kisüsti eljárás (bérfőzdében vagy otthon)

FORRÁS: NÉPSZABADSÁG-GYŰJTÉS / NÉPSZABADSÁG-GRAFIKA



<http://infographics.blog.hu/>

Thank you for your attention!

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