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# Public debate about the future CAP in Hungary

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# What is it all about?

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- Key issues: specificities of the Hungarian agricultural sector and rural areas (basis of debate)
- Types of interests represented in the public debate, key logic and arguments
- Some selected perspectives on the new CAP regulation
- Some conclusions

*Key issues:*

## Dual farm structure - Large and small farms

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- Large number of micro farms & small number of large farms (using high proportion of the land)
- Highly fragmented land structure after privatisation

- Insufficient support for small farms in the current CAP



*Key issues:*

## Declining animal husbandry sector & low employment

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- Insufficient support for (certain branches of) the animal husbandry sector (poultry, pig)
- Dominance of intensive arable farming

- Negative impact on employment



*Key issues:*

## Weaknesses of local products, markets and processing industry

- Lack of local quality food products (“Today, people in rural areas buy products in supermarkets that they could produce on their own. The fact that even these people do not eat healthy local food reflect the seriousness of the problem.”)
- Weaknesses of local food markets
- Weaknesses (or lack) of processing industry (high-value added products)
- Need for strengthening agricultural production within the food supply chain



*Key issues:*

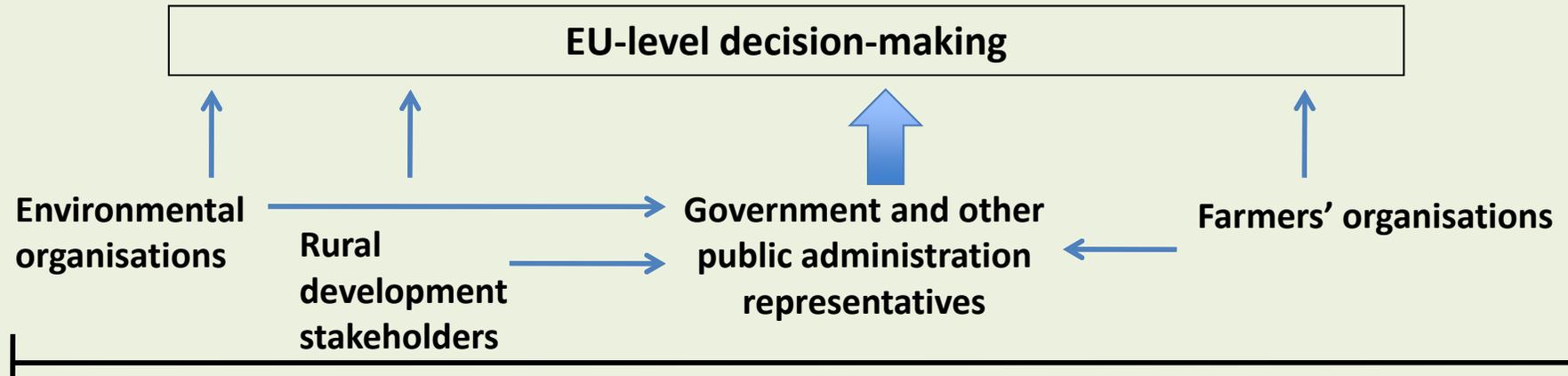
## Simplification of the administrative requirements

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- Administrative burden is often high (especially as far as rural development projects are concerned)
- Small farmers are in a disadvantaged position when applying for funds (disproportionately high burden)
- Bureaucratic procedures are possibly even more serious problems in New Member States



# Types of interests and main arguments



- Supports the introduction of an **upper ceiling** if the remaining funds can be used in line with national priorities
- In general supports the **greening objective**, but not at the cost of lost competitiveness towards third countries
- **Young farmer and small farmer support**
- Supporting **sensitive sectors**
- **More equal distribution** of funds with regard to old and new MS.
- **Simplified procedures**

# Environmental perspective

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*“Solutions for the food crisis cannot be found in the growing intensity of European food production, the increase of European export or that of the total agricultural land.*

*Instead of emphasising the need for producing food for the global markets, the European Union should focus on its own food-supply, at the same time **minimising transportation, i.e. food-distance**. This can contribute to basic **‘food-subsidiarity’** within the regions of the European Union. In fact, food-subsidiarity is where the interests of European environmentalist and producers’ associations meet.”*  
*(Ombudsman for Future Generations)*

- Focus on sustainable long-term development
- Current CAP does not address sufficiently environmental and sustainability objectives
- Request for a more radical reform

# Farmers' perspective

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*“The Commission’s proposal in its present form fails to envisage a stronger and more competitive European agriculture – instead it puts additional costs and various other administrative burdens on farmers. [...] It does not bring about a new, fair system of resource allocation – instead it still tolerates the historical reference system for many more years to come with yet another transition period.” (Joint declaration of 9 Central and Eastern European Chambers of Agriculture)*

- Farmers in the CEEC object the freezing of CAP budget; refuse the historical differences between MSs; criticise the additional administrative burden expected (due to environmental requirements); call for the greening measures to be reconsidered; are against capping; skeptical towards rural development

# Rural development perspective

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*“Provided that it operates within an appropriate regulatory framework, LEADER can be a cost efficient way of supporting the Europe 2020 Strategy aims in terms of “smart”, “sustainable” and “inclusive” growth as well. Therefore, the representatives of the European LEADER society being present hereby request the Commission to ensure that an appropriate role would be given to rural development, and in particular the LEADER approach in the Europe 2020 Strategy.” (Budapest Declaration, 24 January 2011)*

- Insufficient focus in the current proposal on Leader as a tool
- Interests of farmers and other rural stakeholders should be better reconciled through improved understanding of mutual goals and more efficient targeting of rural funds in some cases
- The use of rural development and Structural Funds should be better harmonised

*Some lessons:*

## Addressing specific needs

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*“[While Hungary should] aim at maximising the amount of direct support, it should also exploit all the opportunities for increasing flexibility in order to address the specific weaknesses of the Hungarian agriculture and rural development [...].” (Udovecz, 2010)*

- Regulations should leave scope and should be flexible enough to address specific needs of Member States and regions
- What may work in old EU MS do not necessarily work in the new MS



*Some lessons:*

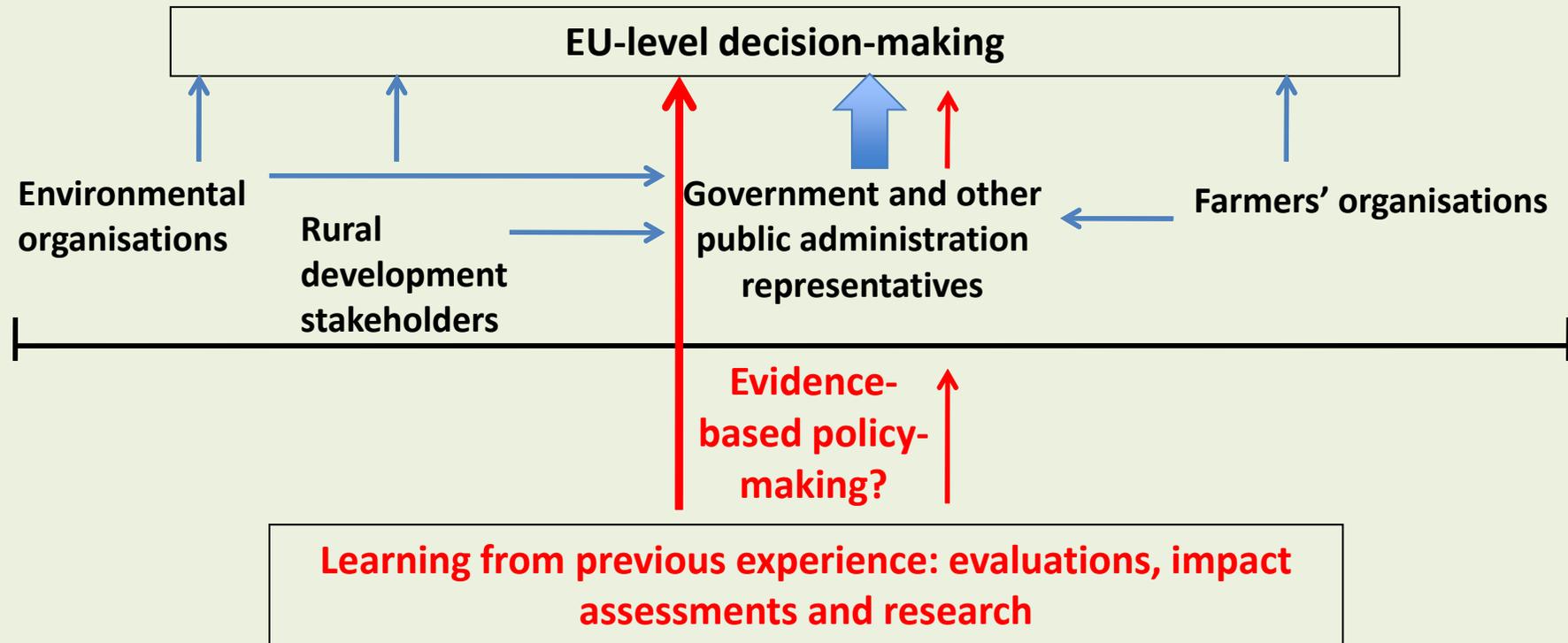
## EU regulations matter but...

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- ...national strategies and programmes (their objectives and interventions) matter and determine how efficiently funds are spent
- This much depends on political decisions (made under pressures coming from various interest groups)



*Some lessons:*  
**Interests and what else?**



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**Thank you for your attention!**

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