

PERSPECTIVES OF ECOLOGICAL FARMING IN HUNGARY

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According to different forecasts, the proportion of organic products could reach 5-10 % in the European Union by 2010. The accelerating dynamics of demand has many factors: the oversupply of food markets, and the growing interest for healthy and safe food products. Currently, ecological farming is present on 116,000 hectares in Hungary, which is a consequence of a constant development. Considering the number of organic farms, the South- and Northern Plain regions, and Northern Hungary are far beyond the rest. However, despite of its obvious advantages, organic farming is slowly spreading nowadays, which can be traced back to the following factors:

- In many cases, environment-friendly farming hurts financial interests, for example interests of production and sales of fertilizers and synthetic plant protection chemicals in the first instance.
- Majority of organic producers are isolated, their activity lacks comprehensive professional coordination and business federations. The solution could be the establishment of producer co-operatives, but there's a nation-wide stout resistance towards this form of alliance.
- Change of attitude can't be achieved from one year to another, pace of this process is extraordinarily slow.

Marketing possibilities presented by organic farming are obviously given for us, and their exploitation and expansion could mean great chances even as members of the European Union. Processing of produced raw materials would be extremely important, at least to the extent of domestic demand. Also, widening the range of organic food products, enhancing the relating commercial and consumer knowledge, and the wide-ranging application of marketing tools and methods would be of enormous importance. Due to the development of trade and marketing channels, significantly greater accessibility of organic products could be reached (e. g. fully owned shops and business operations of producer co-operatives, supplying of health- and educational institutions with organic products, greater emphasis on household deliveries etc.)

Key words: ecological farming, quality products, National Agri-Environmental Program, marketing channels

Introduction

More and more people realize today the harm done by chemicals and artificial ingredients – many chronic diseases such as asthma and different kinds of allergy. Ecological farming is becoming an important way to fight against them. Beside the constant strive to get healthy food, in the developed countries food safety and revelation of new possibilities on the oversupplied food market get a growing emphasis.

Basic principle of the ecological farming is to produce crops and keep livestock by considering and exploiting the ecological characteristics of the land as best as possible. Such characteristics are the soil and climatic conditions, accessible water resources, natural plant

coverage and wild animals. Simultaneously, production does not interact with the local ecosystem and by no means damages or pollutes it (Zelenák, 2003.)

The main principles of ecological farming can be determined as follows:

- establishing such a closed system which utilizes local resources, minimizes losses and inputs on regional or national economic levels (both invested materials and energy),
- maintains fertility of soils, biological activity and organic matter content in long term,
- eliminates pollution originating from agricultural activity (erosion, washing out of nutrients and plant protecting chemicals) by natural processes,
- satisfies the needs of livestock at the highest level, possibly based on locally produced crops which won't be used for human consumption,
- grants good living standard for the producers and their families, improves their quality of life,
- conservates the more or less intact, not agricultural living places and rural environment.

Analysis

Production of organic products is the most rapidly developing agricultural sector around the world. Today 24,05 million hectares are cultivated as organic and half of this area – 10,1 million hectares - can be found in Australia and Oceania. In Europe, the size of organically cultivated area reaches 5,6 million hectares.

Chart 1. shows the 10 countries with the greatest organically cultivated area in the world (based on data from 2003.). Australia is on the top of the list, Italy has the greatest area in Europe with 1,2 million hectares and the tenth is France with 509 thousand hectares. Hungary had 116 thousand organically cultivated hectares of land in 2003.

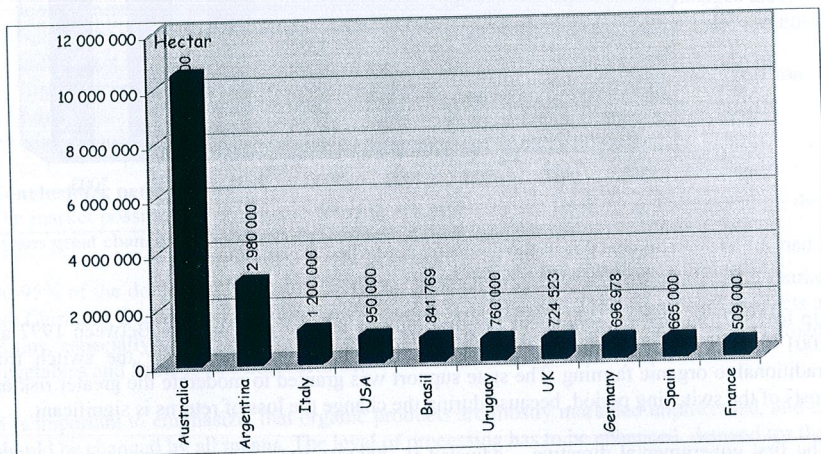


Chart 1. The top 10 countries of the world in organically cultivated area /2003/
Source: www.ifoam.org

The most constant growth of ecologically cultivated area can be observed in Germany, and the most dynamic growth in Italy.

In Hungary, organic farming started in the 1980-s, first among the Central-East European Countries, but significantly later than in Western Europe. The Biokultúra Association was founded in 1987 with the primary objectives to spread the organic farming widely, to emphasize its advantages and values, to control and qualify the production processes, products and foods, to form a cleaner and healthier environment, to reduce environmental load and to produce quality products.

While in 1996 the size of organically cultivated area was only 12460 hectares, it has grown to 116 thousand hectares by 2003. The dinamysm of the growth is showed on Chart 2.

According to the most recent data organic farming is conducted in every region, moreover in every county of Hungary. Considering the number of farms, South and North Great Plain Regions and the North Hungarian Region are leading by far compared to the others. From the aspect of cultivated area, the Central and South Transdanubia Region, more precisely Komárom and Baranya counties are in lead.

Analysing the sectorial distribution of the qualified areas, grassland has the greatest proportion followed by grains. The role of oil crops can be also underlined.

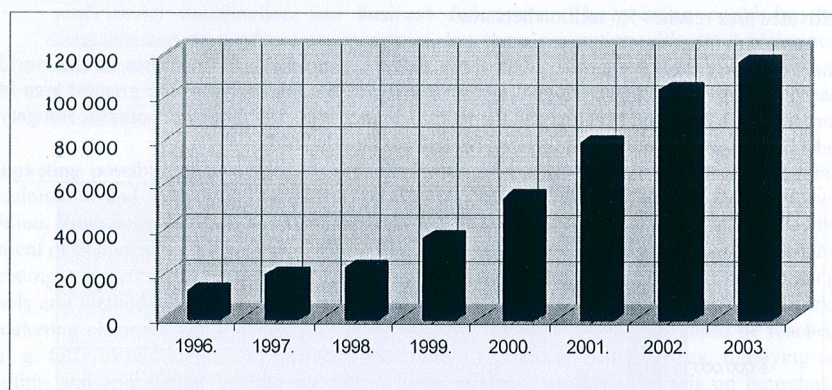


Chart 2. Areal changes in the domestic controlled organic farming

Source: Biokontroll Hungária Kht., 2003.

Up to 1997, Hungarian ecological farming did not receive any support. Between 1997 and 2001 the agricultural ministry supported with 100 million Ft annually the switch from traditional to organic farming. The state support was granted to moderate the greater risk and costs of the switching period, because during the change the loss of returns is significant.

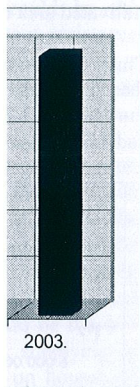
The first governmental directive – adjusted to 2092/91 EU norms – about organic farming was authorized in 1999, and the 140/1999 (IX. 3.) decree ordered the implementation of the National Agri-Environmental Program (NAKP) from 2000, with 6,5 billion Ft funds. The originally planned implementation by 2000 suffered a significant delay and came into life only in 2002. Regrettably, the annual budget declined to 2,5 billion Ft, from which the eco-farm project participated only with 525,5 million, 24,5 % of the total budget. While in 2002 only half of the applicated area received support, this proportion grew to 90,9 % by 2003. The amount of assistance per hectare was 15063 Ft in 2002 and slightly increased to 18199 Ft by

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In case the current 116535 hectares organically cultivated area would receive 100 thousand Ft per hectare state subsidies – still far behind the average in the EU – this would mean 12 billion Ft and only for the eco-farm project. At least 20-30 billion Ft would be sufficient for the organic farming area to achieve good position for Hungarian organic products in the European Union (Solti, 2004).

The National Rural Development Program (NVT) is currently under authorization and its features and conditions concerning agri-environmental measures are quite resembling to the NAKP project. NAKP proposes 64 subsidy titles, but the NVT proposes 82. The increase in the number of subsidy titles explains the difference between the 64 058 thousand euros which is allocated to the continuation of NAKP and the 83 390 thousand euros allocated for NVT in 2004.

Among the operative tasks of agri-environmental farming of NVT show up the Ecological Farming Projects, which have the primary objective to urge farmers to switch their production units to ecological farming.

As the agri-environmental measures are quite intricate and complex, the different projects - as Ecological Farming Projects - can help to achieve the priorities prescribed by NVT in the following ways:

- Maintenance and development of agricultural activities to create additional incomes and jobs especially for those farmers, who conduct their production in disadvantaged areas.
- Support of production structures which are more properly adjusted to the local conditions and market demands.
- Improvement of the economic viability, financial situation and market position of producers.
- Maintenance and improvement of environmental conditions.

Conclusions, perspectives

The market possibilities of organic farming are given for us. Exploiting and expanding these means great chances for us even as members of the European Union.

90-95% of the domestically produced organic products are exported, most important markets are Germany, Switzerland, Austria, the Netherlands and France. Most significant products are grains, especially winter wheat and maize. The export of oilseeds and (particularly frozen) vegetables and fruits is also considerable.

It is important to emphasize, that organic products are mostly marketed unprocessed, and this should be changed by all means. The level of processing has to be enhanced, demand for them is mostly generated by consumers from enlightened and alternative strata. Another break-out point could be – beyond the processed products – the production and sales of unique, characteristic „hungaricum” organic products, and the organic production of the so-called „convenience products” (Panyor, 2003).

Regrettably, organic products are rarely to be found in the domestic market. Increasing the domestic consumption is also a significant objective, and its success depends on the

recognition and use of required factors. One important factor is cooperation, forming of common representation of interest in the raw material processing and sales. This cooperational form works fruitfully for decades in the European Union, unites the producers, farmers or those who see the future or their success in cooperation. Elementary forms of cooperations began to show up even here in Hungary, but acceleration and spreading of the process could be a key factor from the aspect of development and competitiveness.

Another very important factor would be the enhancement of the accessibility of organic products, the expansion of marketing channels. Among other things, for example the cooperation of producers could have an own store, or chain of stores covering the whole country, which would represent excellent quality and full range of products. This would target a specific segment of the market: demanding consumers who seek for the special stores (Juhász, 2003).

I see further possibilities in the provision of health-care and educational institutions with organic products, and the increasing of household deliveries. Maybe in this case the lack of confidence and insisting to the traditional shopping methods can hinder its spread.

Also, a very important factor is to enhance the penetration and reach of the organic products, to convince and inform domestic customers. Significant task is to achieve that the Hungarian customer would prefer the domestic product, making him to know and feel that through his choice he supports domestic rural population and protects his environment and health. This forming of attitude could be achieved effectively in cooperation with the public marketing organization. In case the quality of the Hungarian organic products exceeds EU standards or other developing Eastern European standards, it can result in the protection of the domestic market. This is why it is extremely important to urge, that more and more organic product would bear the Outstanding Hungarian Product trademark and join to the HIR program (Kisérdi, 1999).

Among the most important and most urgent objectives must be mentioned the forming of a uniformized domestic organic trademark, which has to be intensively communicated towards consumers and merchants.

Another way to increase the sales of organic products is the applied price strategy. Price of organic products can repel a wide range of customers from buying them. By following a somewhat opened price policy – both from the sides of the producers and traders – the increase in sales could be achieved.

In my opinion teaching the methods of organic farming also deserves special attention. Education plays a key role in the raising of future generation, in preserving their health, forming their conscious consumer attitude and their environment-protective behaviour. Moreover the wider ranged theoretical and practical trainings in secondary and high schools could contribute to the spreading of organic farming by training skilled professionals.

For the practical training, model farms with significant and wide-ranged activity would be necessary, where students can get acquainted with organic farming.

Finally, in connection with the increasing of domestic market I have to mention the possibility of enhancing marketing activities and applicable marketing methods. By organizing different kind of events, by standard mailers and other kinds of printed advertisement, attention could

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be directed to organic products. A good solution is to exploit the possibility of tasting, because there is an instant possibility to sell. Events of eco-days which are organized on many spots in the country which also helps making people familiar with the case and from the aspect of sales promotion. A fix day of the year could be appointed to „day of organic products” and by organizing appropriate programs, consumers could be seduced to take part in the events.

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