

A SPECIAL FOOD CHAIN ASPECT TRENDS IN THE ORGANIC PRODUCT SYSTEM IN HUNGARY

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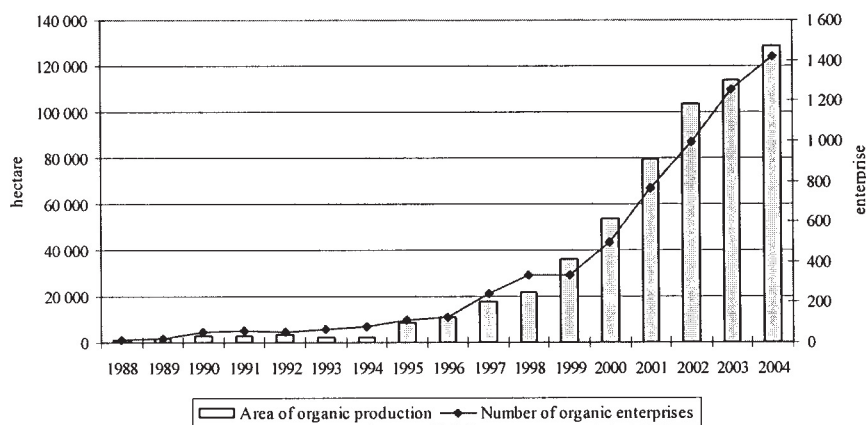
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Production

The history of the Hungarian organic agriculture is only two decades long. The mainly German origin literature appeared in Hungary at the beginning of the 1980's inspiring a few farmers to start this new/old method of agricultural production. The first organic farmers mainly on small scale farms and for own consumption started their operation guided by emotional motivation and resulting in hobby farming the first professionals seeing market opportunities in organic production only appeared about five years later. An important date of the Hungarian organic movement was 1983 the year of the foundation of Biokultura Club transforming into a nation wide organization in 1987 and becoming the member of IFOAM (International Federation of Organic Agricultural Movements). The professional Hungarian organic production started with the help of the experts of a Dutch company Natura mainly in large scale co-operative farms for export markets. In 1992 the area of organic farming reached already 7000 hectare which increased to 15 thousand hectare to 1995. At this time around 70% of the organic production involved large scale farms, 40-50 farmers with 10-100 hectares each producing to the market mainly monocultures selling to wholesalers/exporters.

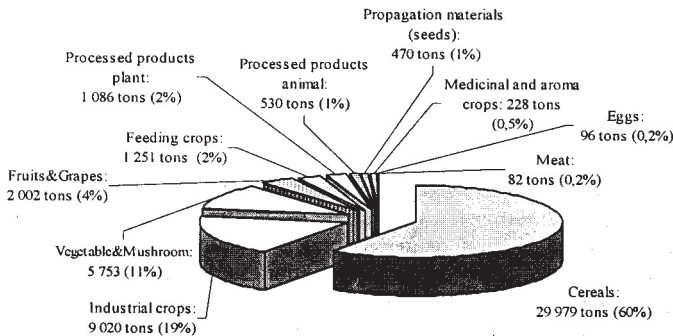
Figure 1. Changes in the number of organic enterprises and the area of organic production in Hungary between 1988 and 2004



Source: Own calculations from Biokultura Association and Biokontroll Kht. databases

Beside the more complicated production methods and higher risk the difficulties of marketing their products are also a hindering factor for the organic fruit and vegetable producers. The storing, logistical and processing facilities are quite inadequate thus most of the fruit and vegetable farmers are selling their products on the still quite small domestic market.

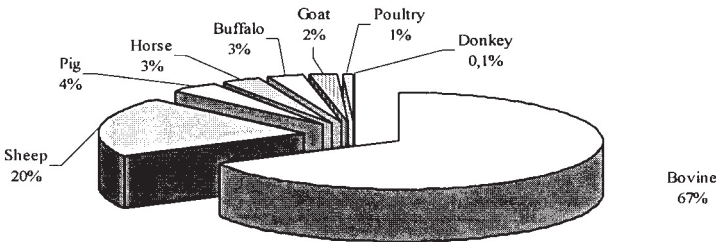
Figure 2. Structure of organic production in Hungary (2003)



Source: Own calculations from Biokontroll Kht. database

Organic animal keeping partly because of the later policy and subsidy regulations is lagging behind plant production. 137 farms keep animals with altogether 11 210 animal units. The structure of animal husbandry can be seen on the 3.table, the most important animal bovine which is followed by sheep (both ruminants), together they give almost 90% of all animals.

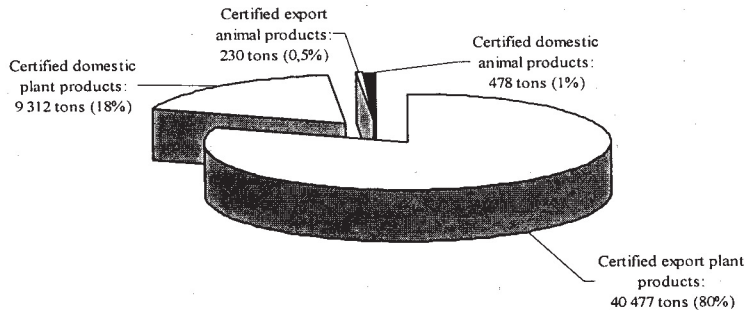
Figure 3. Structure of organic animal production in animal unit (2003)



Source: Own calculations from Biokontroll Kht. database

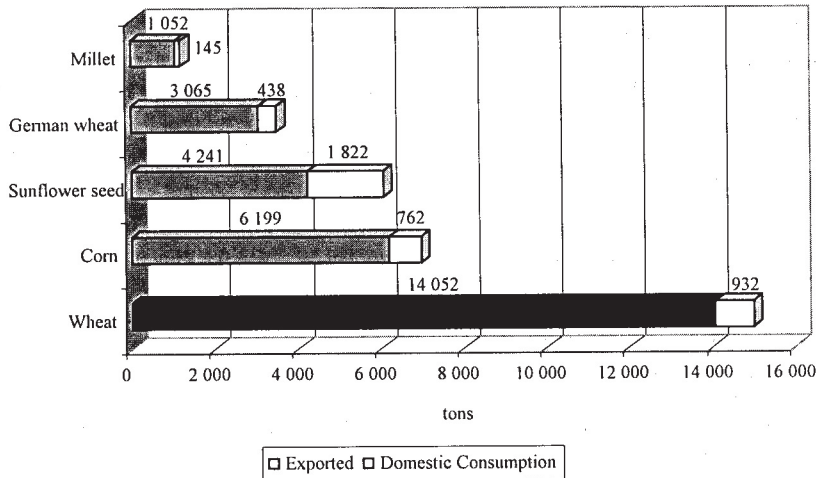
Export Markets

Figure 4. The share of export from the organic production in Hungary (2003)



Source: Own calculations from Biokontroll Hungaria database

Figure 5. Export ratio of the most important Hungarian organic products (2003)



Source: Own calculations from Biokontroll Kht. database

Domestic markets

The export opportunities did and do still not stimulate the Hungarian organic producers enough for a more determined appearance on the domestic market. The presently small demand the high prices and the distributional problems are not helping the further progress as well. From the controlled organic production in 2003 only 18% (9 312 tons) were certified as domestic plant products and 0.5% (478 tons) as animal products. We do not have exact data about sales numbers thus the following more detailed information about our domestic market is collected from a wide ranging literature review and our own organic product and price survey from both conventional and organic shops, markets throughout the country.

Policy regulations and subsidies for organic production

EU standardized the requirements and rules of organic agriculture in the 2092/91/EC Council Decree. From 1991 only modifications were added tot the EU organic regulation. The

Hungarian organic farmers could apply for subsidies for the conversion period between 1997 and 2001 which had significant stimulating effect.

The "organic-shops" are small retail shops which sell organic and also other "healthy" foods. The main problem of the "organic-shops" is that there are only a few of them and the consumers must travel a lot to reach them. Most of them are seated in Budapest, in bigger countryside towns only a few can be founded. Other backwards of these is the not clear profile. They do not sell only organic foods but also other type foods called "reform-food", "healthy-food". This mixed profile makes the consumers more confused about the concept of organic product. This is sad because at the present time only a few consumers know exactly what organic quality means.

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