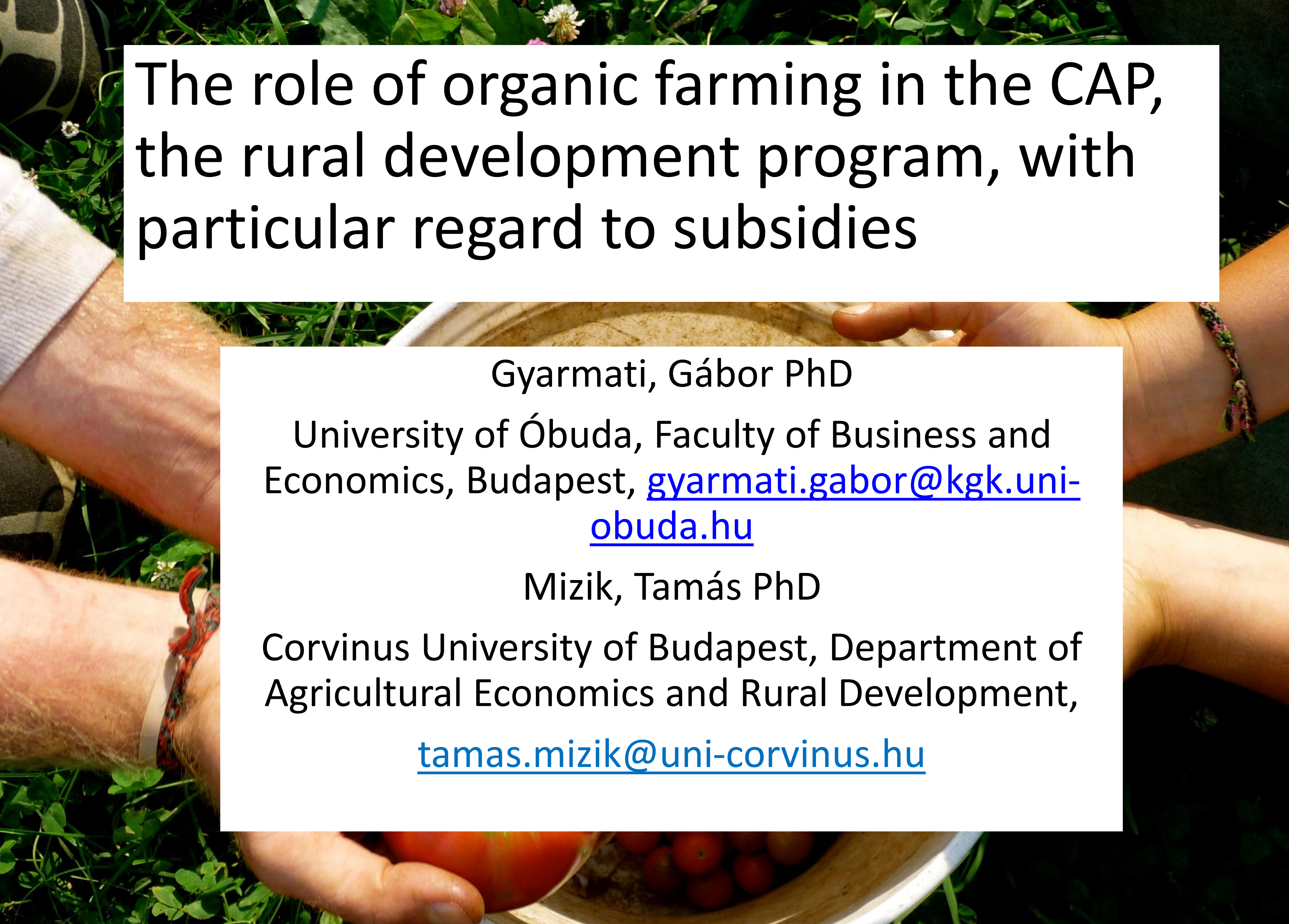

The role of organic farming in the CAP, the rural development program, with particular regard to subsidies

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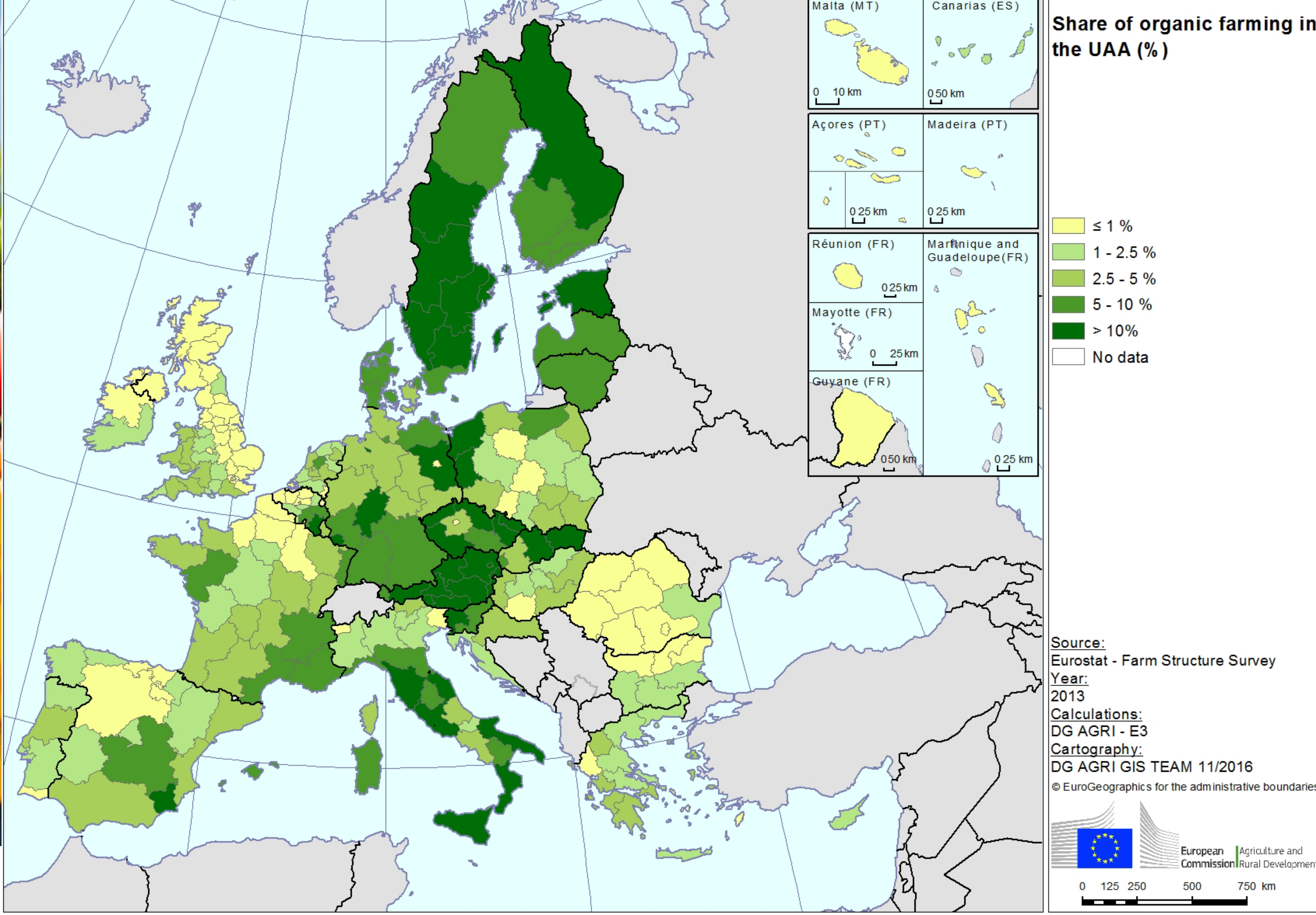
The purpose of the presentation:

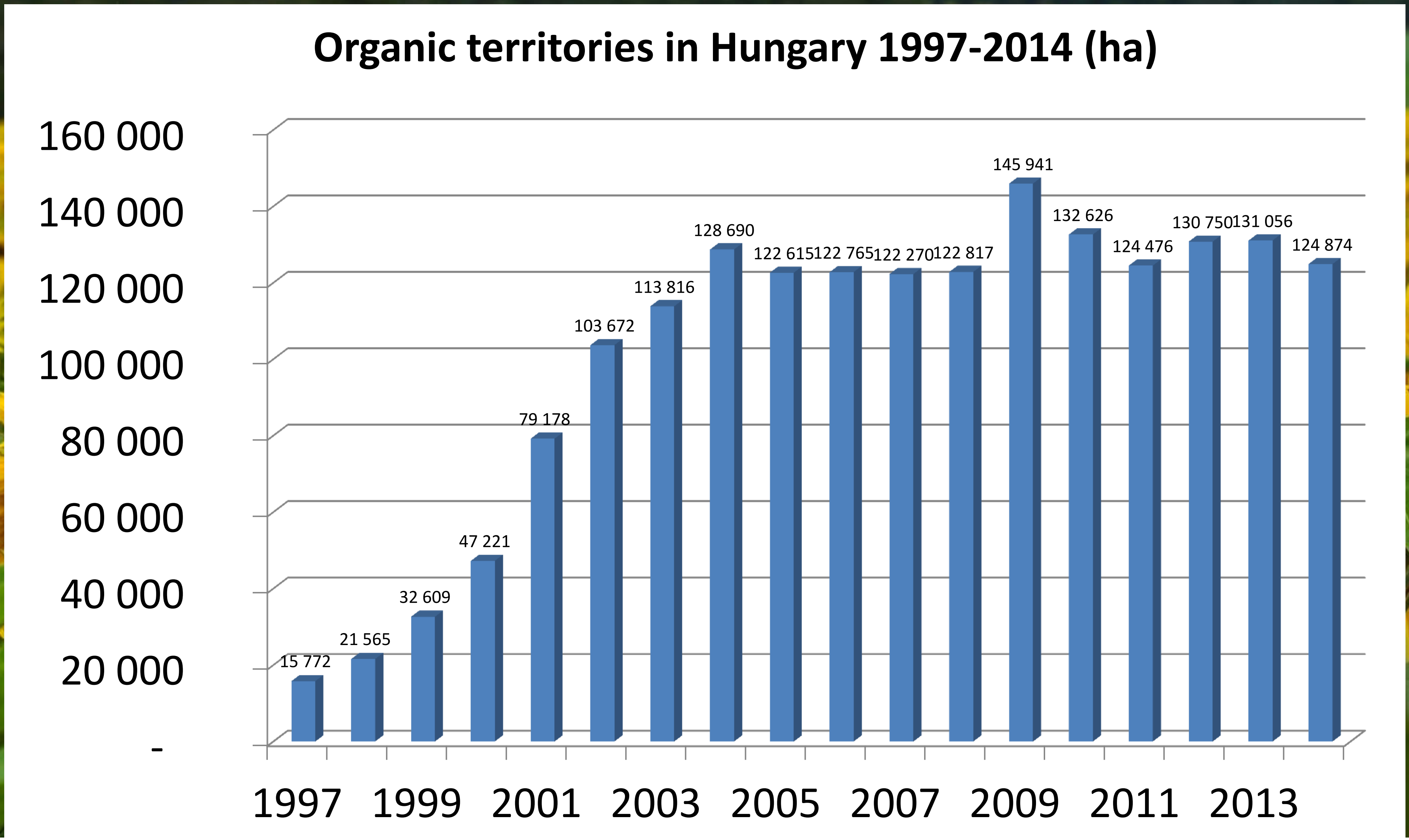
- What are the main characteristics of organic food production and markets?
- How do the interviewed persons think of organic food?
- What is the place and role of organic farming in the CAP?
- What kind of subsidies can an organic farmer receive?

Material and methods

- Literature research,
- Analysis of statistical data, using reports,
- Questionnaire survey and analysis.
- ANOVA analyses.


Share of organic farming in the UAA (%)
Malta (MT)
Canarias (ES)
Açores (PT)
Madeira (PT)
Réunion (FR)
Martinique and Guadeloupe(FR)
Mayotte (FR)
Guyane (FR)
≤ 1 %
1 - 2.5 %
2.5 - 5 %
5 - 10 %
> 10%
No data
Source:
Eurostat - Farm Structure Survey
Year:
2013
Calculations:
DG AGRI - E3
Cartography:
DG AGRI GIS TEAM 11/2016
© EuroGeographics for the administrative boundaries
European Commission
Agriculture and Rural Development
0 125 250 500 750 km

Organic territories in Hungary between 1997 and 2014 (ha)



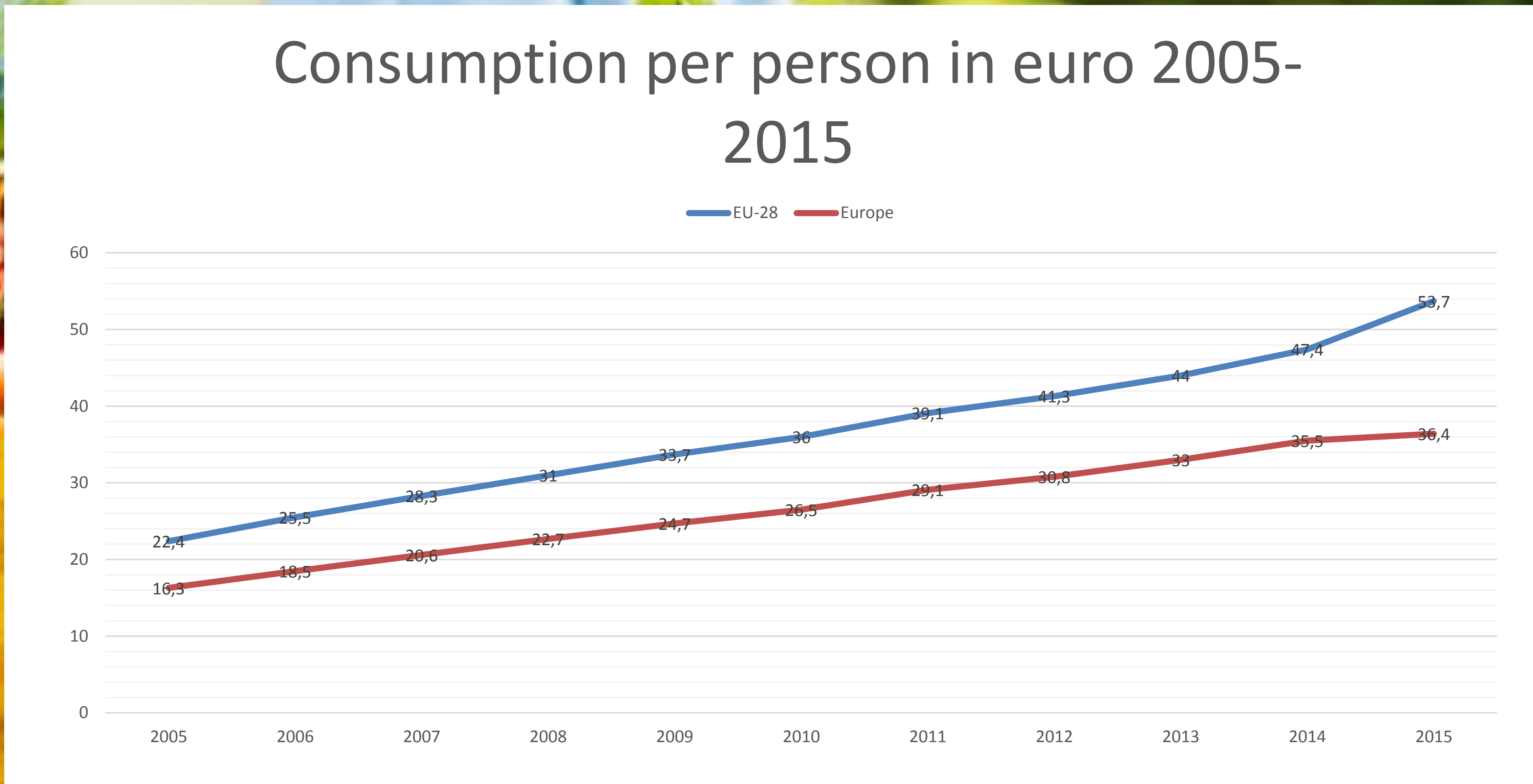
Hungarian trends

- Non variable size in cultivation.
- Processed, imported products on the domestic market
- Significant extra price over the traditional products.
- Consumption growth is lagging behind expectations. Partly due to high prices, partly due to the scarcity of distributio channels.
- Consumer uncertainty.

European trends

Country group	Retail turnover (billion euro)	Consumption per person (euro)	Producers number	Area (m ha)	In % of total area
EU-28	24	47.4	257 525	10.3	5.70%
Europe	22	35.5	339 824	11.6	2.40%
World	62.6	8.3	2 260 361	43.7	1%
EU-15	23.5	58	194 979	7.8	6.10%
EU-13	0.5	4	62 546	2.4	4.70%
CPC	0.005	0.1	73 375	0.5	1.50%
EFTA	2.1	154	8 500	0.2	4.40%
Other European countries	0.1	1	424	0.7	0.20%

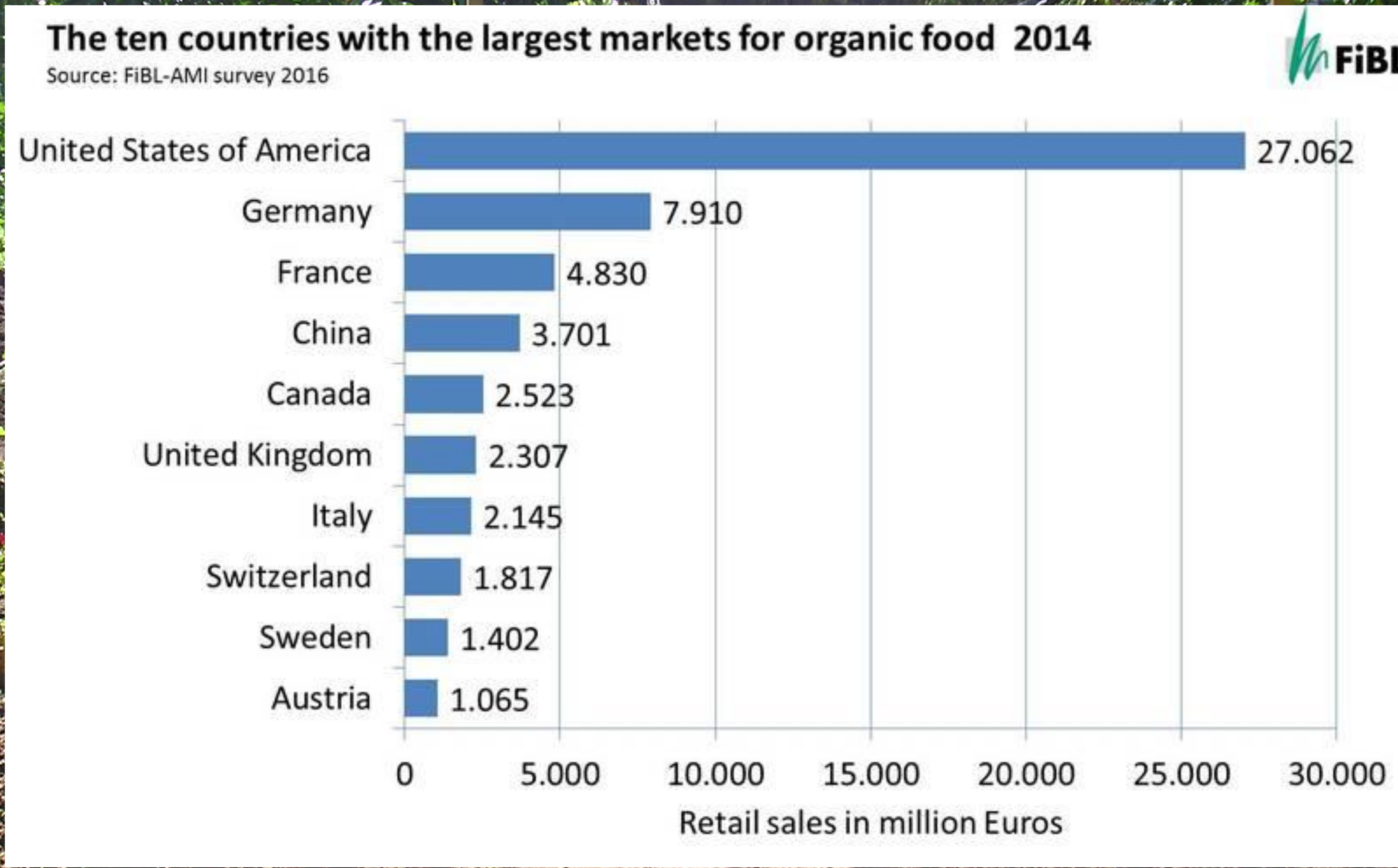
Trends in consumption



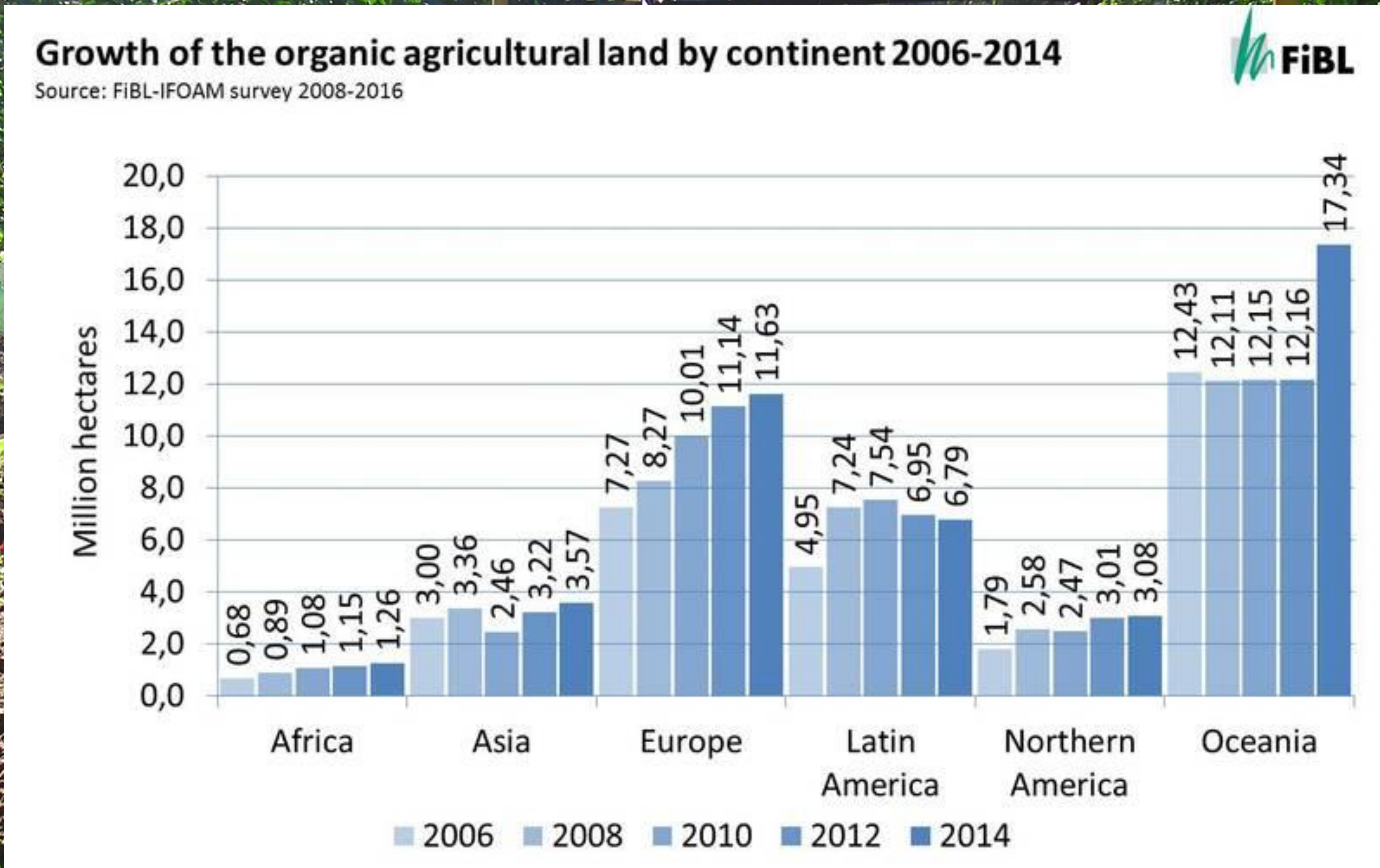
Trends in the world

- Today, 3-4% of all food consumption is organic.
- Consumers spend more and more on organic food in absolute value. For example, between 2005 and 2014 this increase was 110% and from EUR 22.4 (2005) to EUR 47.4 (2014) per person on average.
- Some premium organic products have reached higher ratio than the average. Organic eggs have 11-22% share in Austria, Belgium, Finland, France, Germany and the Netherlands.
- Milk products have a 5-10% share in Austria, Germany or the Netherlands, for example. Organic milk alone reached 15.7% in 2014 in Austria.
- In the fruit and vegetable market, 20% of the products in many countries are organic products. Italy, Ireland, France, Germany and Sweden, for example.

TOP10 countries with the largest markets for organic food 2014.



Growth of the organic agricultural land by continent 2006-2014

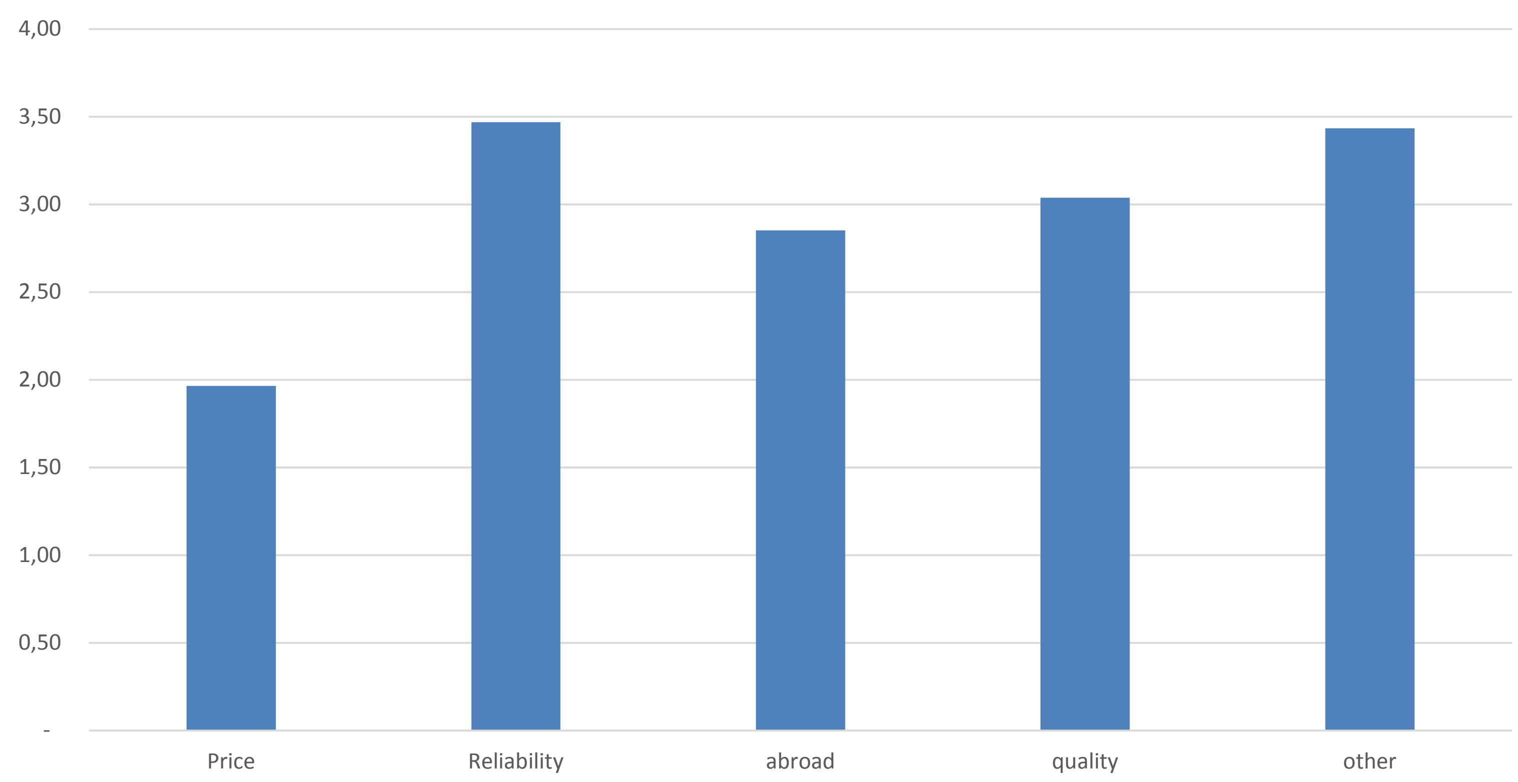


Trends in the world

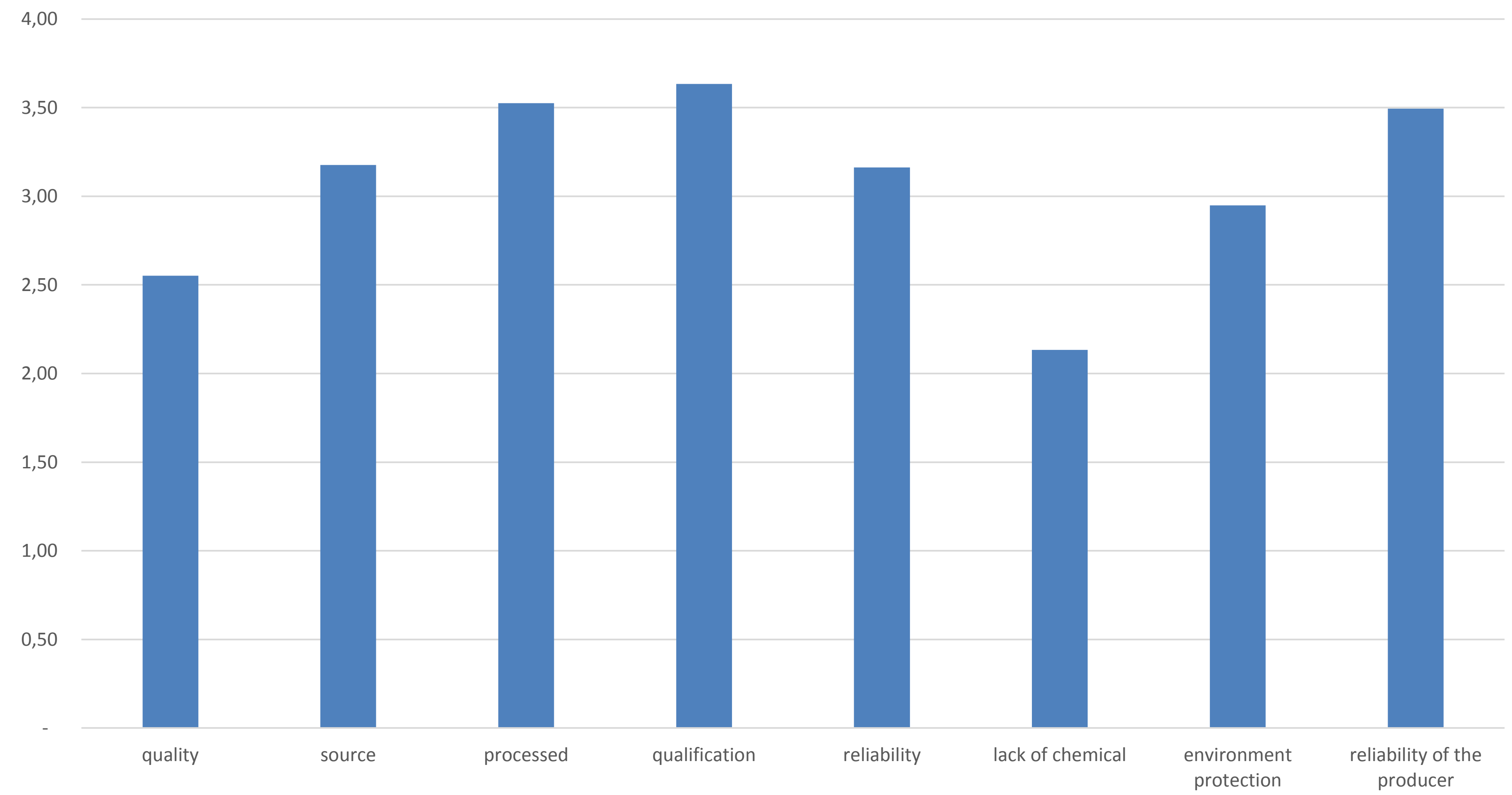
- In order to spread, product range is necessary at lower prices
- building trust and offering of good friends and acquaintances, wider public aware.
- For better spread, it is essential to broaden and deepen awareness, to strengthen and apply advertising campaigns.
- In addition, with the help of unique marketing tools, the number of consumer can be increased by using more modern, digital means of marketing.

About the survey

- Disadvantages of organic products



About survey advantages



Survey

- Typical place of purchase is hypermarket, supermarket and organic shop.
- It is typical of the shop selection where it is located, the price and that it still buys there.
- Why they consume organic products. Better quality, health reason, fertilizer free.
- The healthier the popularity, the supply of goods is decisive.
- Based on experience or thinking, organic products are 80-100% more expensive.
- 15-20% would be willing to pay extra price.

Survey

- A better spread would be the recommendation of acquaintances, relatives and marketers, which means strengthening trust.
- In the total consumption, organic products would reach 20-25% ratio in the next 3 years.
- To ask for greater spread by 2020, a significant reduction in prices is needed to raise awareness.

Summary

- Organic agriculture is a competitive, sustainable way.
- Consumers consider the products to be of better quality and more tasty.
- Lack of confidence and significant premium are the main obstacles to higher consumption.
- In addition to the spread of better distribution channels, a significant reduction in prices, awareness raising and confidence building would be needed to better promote organic products.

Subsidies

- 1305/2013/EU regulation
- The purpose of the subsidy is to strenghten the substainability in economy.
- Either Agrarian Environmental management supporting or Organic supporting.

The purpose of subsidies

- maintaining and increasing biodiversity,
- enhancing natural self-regulation processes,
- protecting and improving the biological state of soil,
- reducing adverse environmental impacts resulting from improper use and improper nutrient management of plant protection products
- and guaranteeing food safety.

Subsidies statistics

denomination	2002	2003	2004-2009	2009-2014
the number of applicants	1 043	1 136	1 303	1 703
the size of the requested area	75 353	59 657	71 738	85 855
the number of subsidies	570	586	816	1 357
the size of the supported area	58 000	26 559	63 392	84 421

The maximum lenght of switchover period

land use cathegory	lenght of switchover period
lawn	max. 2 years
plow land	max. 2 years
plantation	max. 3 years

Subsidies statistics

Area	transition area euro/ha/year	organic area euro/ha/year
plow land	242	172
vegetables	516	366
apples	1040	802
grape	873	674
other fruits	734	568
mowing	84	84
grazing-min 0,3 AU/ha	147	147

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Thank you for your attention!

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