



Földművelésügyi és Vidékfejlesztési
Minisztérium

A New EU Member State view on the CAP, based on the experience of Hungary



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27. January 2007

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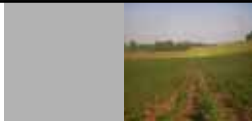
Expectations before accession

- Market access for agricultural products
450 million Consumers / Community preference
- Stability of policy frame
- Higher financial support to agriculture
decreasing pressure on the national budget
- Higher agricultural income and more prosperous
stakeholders in the country side

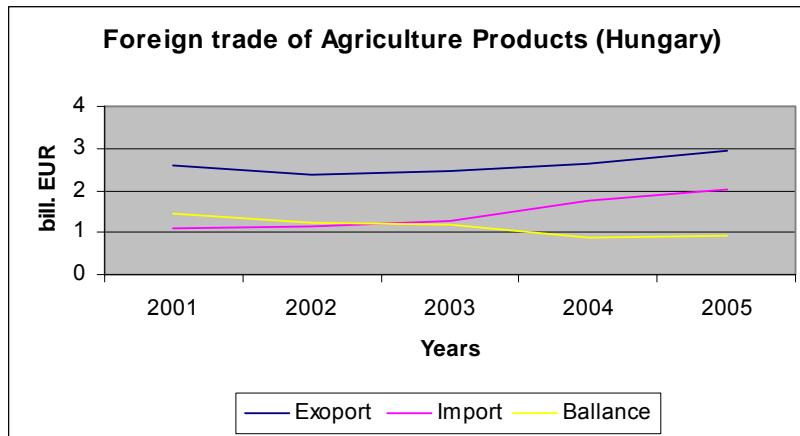
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Market access



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Market access

- Hungary is traditionally a net exporter country
 - Decreasing positive balance
- Reasons:
- Attitude of Hungarian consumers
 - Supermarket chains
 - Market skills of competitors
 - Competition of food industry rather than -
competition of agriculture

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Policy frame



Treaty of accession: Dec 2002 in Copenhagen

Membership from 1st of May 2004

- Reform of the CAP 2003
 - Sugar sector 2005
 - Fruit and Vegetable 2007
 - Wine 2007
 - Health Check 2008
 - Budgetary Review 2008/09
- Abolition of maize intervention 2007
„Silent reform”

CAP is more stable than former national policy frame, but far less constant than expected

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Financial support



- Direct Payments:

Treaty of Accession:

Phasing in period

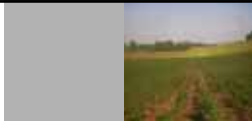
Possibility of national complementary

- Market measures (same conditions)
- Rural Development measures (preferred status)

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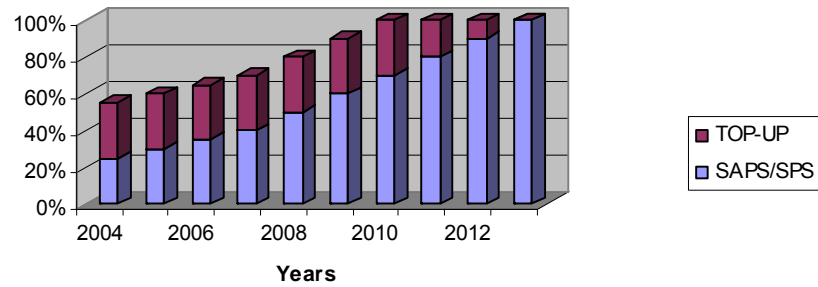
Financial support

Direct payments



Phasing in period

Support ratio NMS-10 / EU-15



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Financial support

Market measures

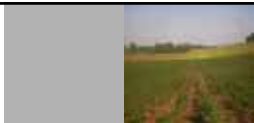


- Intervention (grain)
 - 4-4 m tons / 2004 and 2005
 - 0,02 m tons / 2006
 - National pre-financing / extra costs
- Export subsidies
- Distillation etc.
- Hidden effect of the import regime

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Financial support Rural Development



2004-2006

- Agricultural Rural Development Plan (AVOP)
- National Rural Development Plan (NVT)

2007-2013

- European Agricultural Fund for Rural Development (EMVA)

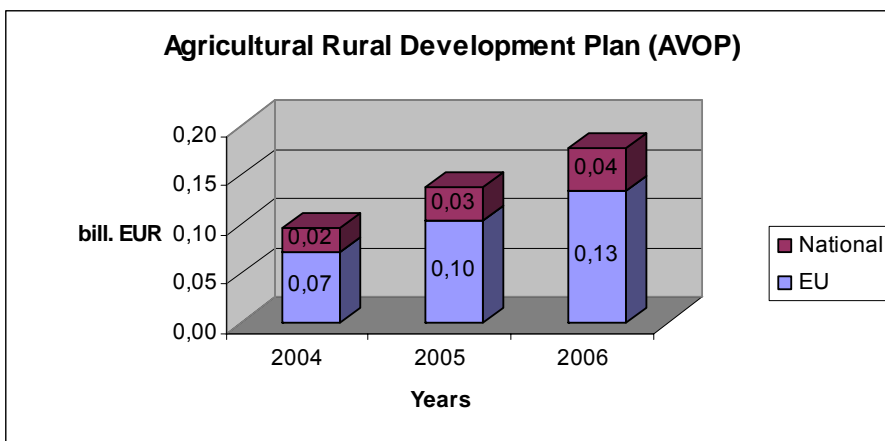
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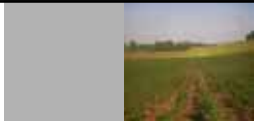
Financial support Rural Development I.



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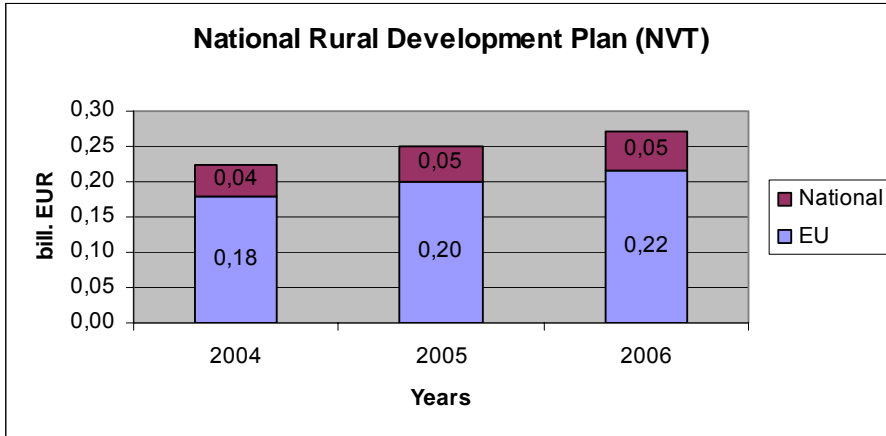
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Financial support

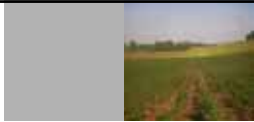
Rural Development II.



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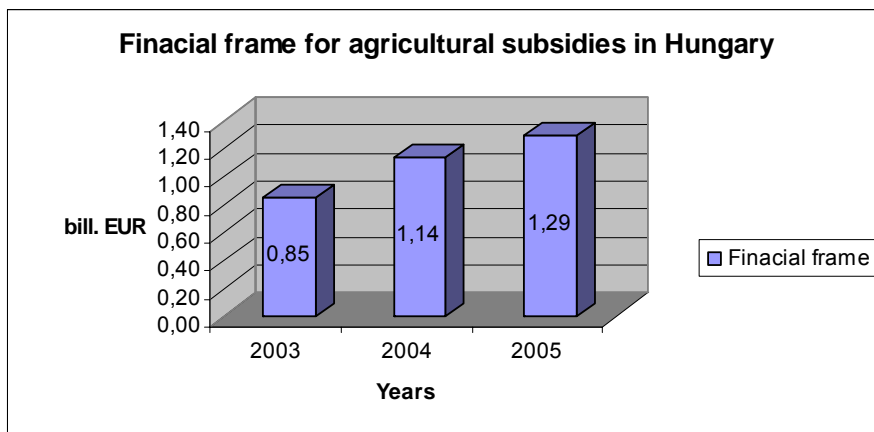
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Financial support

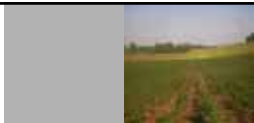
Financial frame



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Financial support

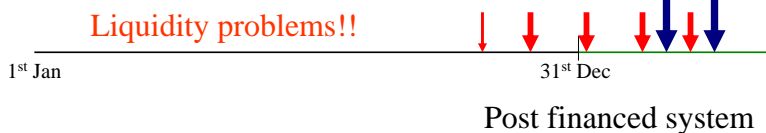
Cash-flow I.



Paying out of Agricultural Subsidies before accession



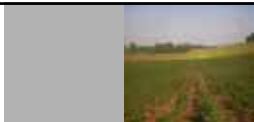
Paying out of Agricultural Subsidies after accession



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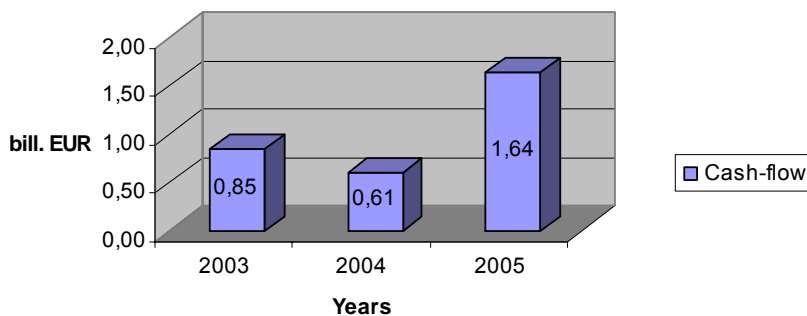


Financial support

Cash-flow II.



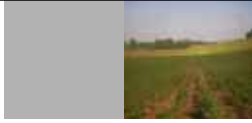
Cash-flow of the Agricultural subsidies in Hungary



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Financial support

Cash-flow III.



Largest demonstration in Hungarian history Feb-Mar. 2005



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Income and prosperity

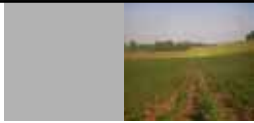


- Gross output of agriculture
- Gross earnings of agriculture
- Investments

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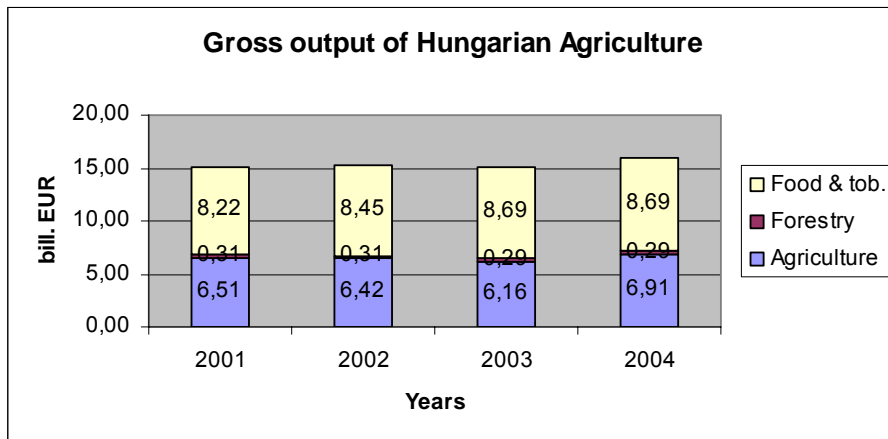


Income and prosperity

Output



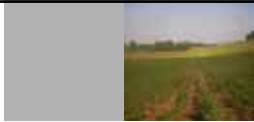
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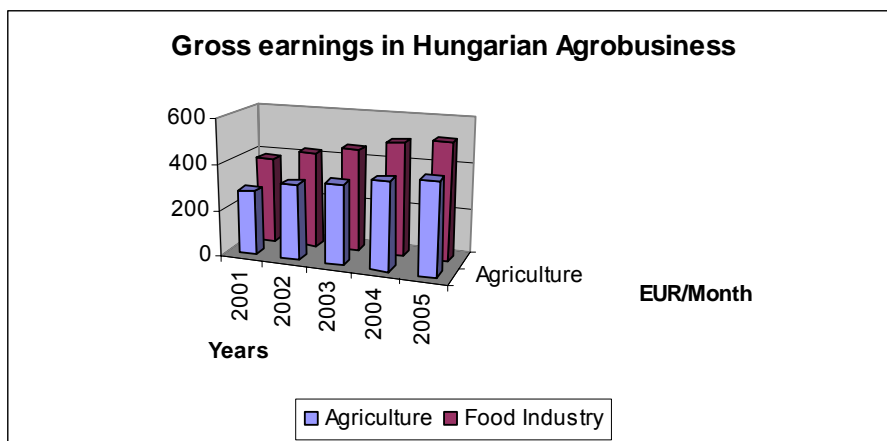


Income and prosperity

Earnings



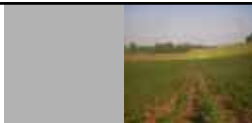
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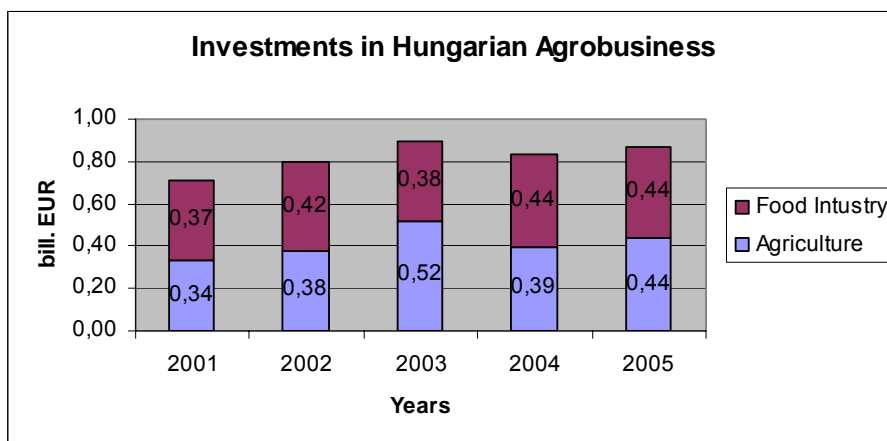
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Income and prosperity

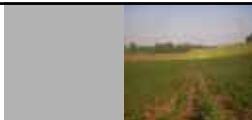
Investments



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Experiences



Based on the first 2,5 years

- Market access (opposite direction than expected)
- CAP is more stable than former national policies but less constant than expected
- Increasing financial support to Agriculture from the Community Budget but still considerable burden on the national budget
- No significant change in the output.
Incomes and investments are following the trends.

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Thank you for your
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