

Financial period of 2014-2020 of the CAP

Priorities of the Hungarian Chamber of Agriculture

- Concerning the new financial outlook the CAP budget should be maintained on the 2013 level
- The new frame and payment system should create equal and fair conditions for all EU Member States; therefore it is not acceptable to maintain the different preferences, transitional periods and discharges of the different Member States
- Agricultural production in Hungary has to suffer a permanent decrease because of the unequal level of the direct payments and the effects of the reforms which were not examined fairly enough and it was combined with the increase of the import from third countries. To meet the challenges we are facing – economic, rural, social and regional – we have to find adequate compromises.
- Therefore, because the agriculture is more complex than the other branches, any cuts in the CAP budget would mean enormous social and economic upheaval and it would be impossible to meet the new challenges.
- Obviously we support reforms, because we have to meet new challenges, notably food security, climate change, water constraints, energy security. However, due to our opinion, to destroy one of the most important achievements of the EU, the system of the common agricultural policy and the rural development because of short term fiscal interests is not the solution and it contradicts the spirit of the Treaty of Rome.
- Any further rationalisation of the CAP (even if the pillar 1 was involved, too) would lead to distortions of competition and undermine the single market, and thereby growth and employment, so that the poorer Member States would suffer more.
- Stable and predictable framework should be provided for the development of agricultural production, through the direct payment scheme provided for the farmers. Minor cut in the payments is of course acceptable, but simultaneously the level of the direct payments should be equal between the Member States; and it is also essential that the measures of the pillar 2 complete the measures of the pillar 1. Hence payments from pillar 2 for providing additional rural services – maintaining public benefits, services related to environment protection, climate protection, energy production etc. – could in fact contribute to supplement the direct payments. At the same time the additional rural services provided by farmers would be rewarded. This way, a community

of interest can be created between the demand of the society (public benefits) and the farmers (fair incomes).

- It should be also ensured to enable the Member States to set apart a certain part of the direct payments – similar to Art. 68 of 73/2009/EC type measures - so that they could assist vulnerable sectors and regions, while taking into consideration the special characteristics of the local agricultural.
- Level of the direct payments should be determined so that they promote the labour- intensive sectors. Hungarian Chamber of Agriculture encourages since long time to draw up a system in which the sectors which produce more value added, like animal husbandry and fruit and vegetable production has to be preferred. On one hand, this would augment rural employment; on the other hand it would ensure the commodity base for domestic, local trade and the processing industry (of course, in appropriate specialized cooperative structures).
- Community should take into consideration the historical background of the New Member States. Question of the agriculture is also question of social and labour affairs, particularly in the less favoured regions. Measures to promote development and investments should be maintained, to be able to fulfil the requirements of the market and sustainability through modern technology and simultaneously to catch- up with the old Member States.
- Prior to decide on the public benefits and the compensation and specific support linked to them, we have to clearly identify and price them. We urge that the employment gets an important role among the public benefits and in the mode of the direct payments.
- It is important that all adjustments to the CAP pass the farmers' 'simplification' test. It is also of great importance that these adjustments are able to create a system which can reflect flexible to any economic and environmental challenges.
- New risk management funds, systems should be built in the regulation, which could treat the eventual crisis on the increasingly open European market in due time (specific measures related to risks, crisis and national catastrophes arising in agriculture: compensation, support of investment funds, to broaden the scope of agricultural insurances, financial participation in farmers' premium, general subsidy against income crisis etc.)
- Products of landlocked countries should get access to special subsidies on transport costs in case there is lack of e.g. cereals in some regions of the EU. It should not happen that while in one part of the EU the warehouses are full with cereals, the old Member States are importing it from the overseas.

- In favour of the equal competition EU should ensure that imported agricultural commodities and food meet environmental, animal welfare and food security standards equivalent to those applied in the EU (already at the place of origin).