



Workshop1: Semi-subsistence farming concepts and key issues

Semi-subsistence farming situation and policy - the example of Hungary

Csaba Forgács, Corvinus University of Budapest
13 – 15 October 2010, Sibiu, Romania



Connecting Rural Europe



Workshop1: Semi-subsistence farming concepts and key issues

Content

1. Definition
2. History
3. Radical reforms
4. Regional development
5. Profile of SSFs in Hungary
6. Measures to support SSF Restructuring
7. Conclusions
8. Policy considerations





Workshop1: Semi-subsistence farming concepts and key issues

1. Definition of SSF by ESU

CSO: ESU < 1: subsistence farming (SF)

**ESU 1<2: Semi-subsistence farming
(SSF)**

ESU >2 : commercial oriented farming

MARD:

2004-2006: Eligibility: 2-5 ESU

2007-2013: Eligibility: 2-4 ESU





Workshop1: Semi-subsistence farming concepts and key issues

2. History of small farms in Hungary

- Household farming since collectivization (1959-61); 0.3 – 1 ha
- 1972: 1.6 million small farms (50 % coop members' households)
- Opportunity: additional income
- Division of labour between coops and households





Workshop1: Semi-subsistence farming concepts and key issues

2.1. Cooperation between coops and households

- Large farms: advantage of mechanization
- Extensive **cooperation/integration** with household farms
- **Cost base services** by coops to householdes:
 - Providing inputs
 - Technology related services
 - Marketing the products
- Share of **small farms** of Gross Ag Output: **1/3**





Workshop1: Semi-subsistence farming concepts and key issues

2.2. Importance of small farms before radical reforms

Pigs: 50-60 % (5-6 million pigs)

Poultry (chicken, geese and turkey): significant

Vegetables: 60-80 %





Workshop1: Semi-subsistence farming concepts and key issues

3. Radical reforms: Compensation laws: land distribution by eligible people

Eligible persons	Number of people eligible	Number of land parcels	Average size of parcels(ha)
Compensation to original landowners	1,040,000	592,000	1.8
Allotted land to those not having land ownership (coop members, and coop employees)	1,600,000	3,000,000	1.7
Total	2,640,000	3,592,000	1.8





Workshop1: Semi-subsistence farming concepts and key issues

3.1. Number of individual farms

Early 90s: approx **1,4 Million**

2000: **958 000**

SFs: 60 %

SSFs: 32 %

COFs: 8 %

No arable land: **42 %**

Arable land < 0.5 ha: **30 %**

2005: **706,900:** every second: pensioner

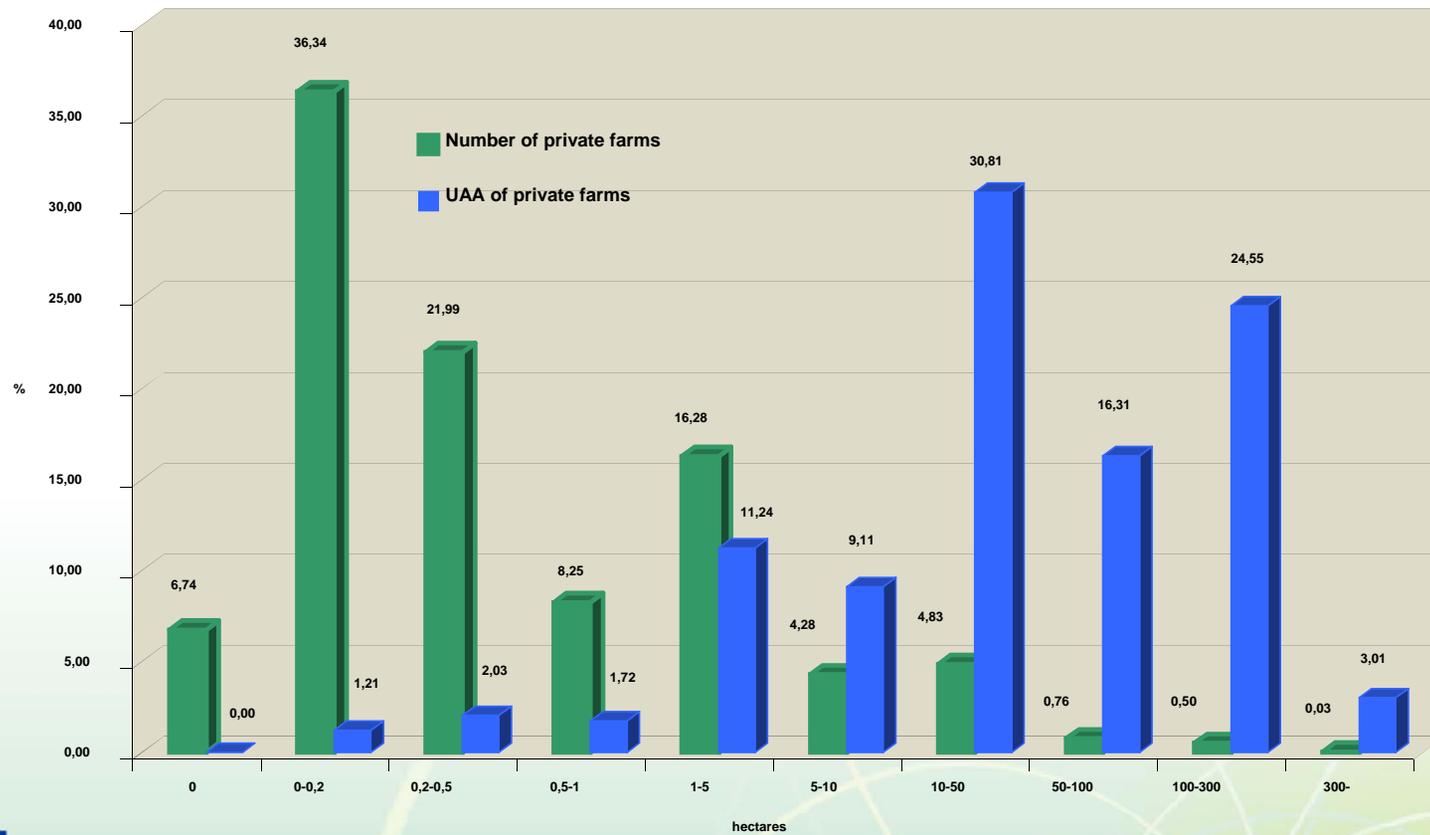
2007: **619,000**





Workshop1: Semi-subsistence farming concepts and key issues

3.2. Breakdown of private farms by UAA in Hungary, 2005





Workshop1: Semi-subsistence farming concepts and key issues

3.3. Unemployment level in agriculture dominated areas

National average: (7-)11 % (increased)

Agricultural areas: 30-35 %

Some backward regions: 50-70 %





Workshop1: Semi-subsistence farming concepts and key issues

4. Regional development: GDP/head in % of national average

4. Regional development: GDP/head in % of national average EU Regions	1995	2000	2003	2007
Central-Hungary	143	154	159	164
Central-Transdanubia	92	96	92	93
West-Transdanubia	104	113	108	98
South-Transdanubia	83	75	73	68
North-Hungary	73	64	65	64
North-Great Plain	73	65	67	63
South-Great Plain	85	73	69	67
Country total	100	100	100	100





Workshop1: Semi-subsistence farming concepts and key issues

5. Profile of SSFs in Hungary

2005: SSFs by farming specialisation after EU accession

45.6 % : mixed farming

42.0 % : crop production

12.6 % : animal husbandry





Workshop1: Semi-subsistence farming concepts and key issues

5.1. Breakdown of private agricultural holdings by type of farm, 2005

Type of farm	<i>Crop production</i>	<i>Animal husbandry</i>	<i>Mixed</i>	<i>Total</i>
	%			
SF	48.2	77.9	38.1	51.4
SSF	29.7	19.2	47.5	33.1
Commercial oriented	22.1	2.9	14.4	15.5
Total	100.0	100.0	100.0	100.0





Workshop1: Semi-subsistence farming concepts and key issues

5.2. Dynamics of semi-subsistence farms in Hungary (2000-2007)

Type of farm	2000	2003	2007	2007
	Size (ESU) 1<2 No of farms '000s			2003=100 %
Specialist field crops	25.8	18.7	14.0	75.1
Specialist horticulture	2.2	1.8	1.7	90.1
Specialist permanent crops	9.4	11.6	7.7	66.3
Specialist grazing livestock	5.0	2.9	2.0	70.6
Specialist granivores	7.8	5.0	4.5	89.7
Mixed cropping	14.3	10.6	6.1	57.4
Mixed livestock holdings	10.4	6.2	3.0	48.9
Mixed crops	15.5	11.4	7.7	67.6
Total	90.4	68.2	46.7	68.5



Workshop1: Semi-subsistence farming concepts and key issues

6. Measures to support SSFs' restructuring under the 2004-2006 RDP

Three calls: Support: € 1000/year (5 years)

- EU: 70 %
- National: 30 %

Applicants: 2004: 716

2005: 167

2006: 256

Total: 1139





Workshop1: Semi-subsistence farming concepts and key issues

6.1. Eligibility Criteria for of SSF of measure grant (2004-2006 programme)

- **Min 2 max 5 ESU** farming performance in the year before the application
- Secondary level professional qualification or three-years of professional experience
- **Commitment** to reach at least 5 ESU or 50% growth compared to the entry level whichever figure is the higher by the end of the 5th year





Workshop1: Semi-subsistence farming concepts and key issues

6.2. Applicants by regions under RDP 2004-2006

More interested regions:

North Great Plain: 440 applicants (39%)

South Transdanubia: 262 applics (23%)

South Great Plain: 252 applicants (22%)





Workshop1: Semi-subsistence farming concepts and key issues

7. Conclusions

- * SSFs: Important role in social net
- Targeting: no clear strategy
- Criteria: consistency problems
- Promotion: efficiency ??
- Communication: costs – benefits
- Low number of applicants and claims
- Need for policy actions





Workshop1: Semi-subsistence farming concepts and key issues

8. Policy consideration: lessons for future policy

- **Strategy** of future farm structure
- **Dual face of SSFs: economic units** and **part of the social net**
- **Learning from the weak results** of the calls
- **More consistent criteria** for becoming eligible
- **Better promotion**
- **Better communication** with SSFs
- **Simplifying the administrative burden**





Workshop1: Semi-subsistence farming concepts and key issues

Thank you for your attention!



Connecting Rural Europe