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# Income Stabilisation Tool in the RDP

## - Experience of Hungary -

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# The Needs are There…

- Lack of horizontal and vertical integration
- High number of specialised farms (tipically one or two arable crops)
- Landlock country → relatively high transport costs, limited access to markets
- Climate change: precipitation spreads more unevenly throughout the year, irrigation less than 2 per cent (EU average: 8 per cent)
- Risk maganement: a more important tool in the future of CAP?

# The Income Stabilisation Tool in the Current RDP

- State fund in the form of a budget line → instead of selection, the amount indicated in the RDP is simply transferred into the national budget
- Management organisation: paying agency
- Indirect beneficiaries: active farmers participate on a voluntary basis (but once the farmer joined the fund he/she is obliged to stay in and pay)
- In case of deficit: payments are reduced proportionally (similar to the mechanism applied in the first pillar)

# Questions and Concerns in Implementation

- State run or private fund?
  - If the fund is run by the state, who will suffer the eventual losses?
  - How does the *mutualité* prevail?

- Who is the direct beneficiary?
  - if the mutual fund itself, should it be also *selected*? (i.e. selection procedure and criteria)
- Difficulties in obtaining reliable data

- Difficulties in determining whether the farmer is liable for the income loss of income or not

# Conclusions

- The MA has decided not to implement the measure so far (however it is sill in the RDP)
  - ➢ Experience of other MS
  - ➢ Proposed modification in the Omnibus regulation (sectorial approach)
  - ➢ Future of the CAP after 2020

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Thank you for your attention!