

Study on agricultural interbranch organisations (IBOs) in the EU

AGRI-2015-EVAL-13

National Legislation and Actions concerning IBOs

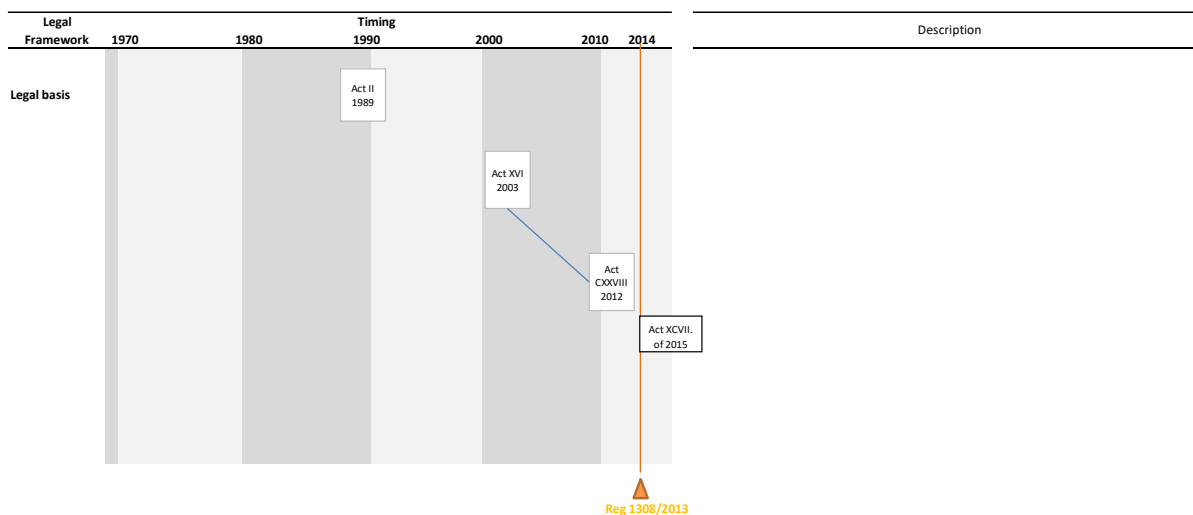
HUNGARY

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[Section 1: National legislation pursuant to Articles 157- IBOs, 158- Recognition of IBOs, 162 – IBOs in the olive oil, table olives and tobacco sectors and 163- IBOs in the milk and milk products sector of the CMO Regulation](#)

Figure 1: Legal basis for the recognition of IBOs in Hungary



Source: Compiled by LEI – Wageningen UR

Summary of national legislation on IBOs

In Hungary the Product Councils have been established at the beginning of the 1990s as civil organisations based on **Act II 1989**. This Act has laid down the general requirements of the Product Councils. The definition and scope of activities have been defined in **Act. XVI. 2003**.

Act CXXVIII 2012 (Interbranch Organisation Act) repealed Act XVI. 2003 and regulates the producer organisations, producer groups, and sectoral interbranch organisations. This Act contains the executive regulation of Council Regulation (EC) No 1234/2007. Act CXXVIII 2012 takes into account the 2011 CLXXV law on civil societal organisations. Two amendments have been published on Act CXXVIII 2012. The first amendment has been published in November 2012 and includes new regulation on the position of agricultural products in the competition act. Major amendments were made to the Act as a result of a motion of a Member of Parliament. Pursuant to the new rules, it had practically become impossible to impose sanctions on cartels in respect of agricultural products (see: OECD, 2013). The second amendment was conducted in December 2012 because Act CXXVIII 2012 did not include the deadline of the approval process for the Minister regarding the recognition of the IBO.

In addition, the following regulation was implemented on the basis of Act CXXVIII 2012:

124/2012. (XII. 6.) – this regulation of the Minister of Agriculture defines the national legislation on organisations and IBOs in the milk and milk product sector. It contains specifications on recognition of these IBOs.

63/2013. (VII. 25.) – this regulation of the Minister of Agriculture contains a detailed description of the recognition and monitoring of the interbranch organisations. It has been established in line with Council Regulation (EC) No 1234/2007.

Act XCVII of 2015 is based on Regulation (EU) No 1308/2013 and replaces Act CXXVIII 2012.

Act XCVII of 2015 is an act on the organization of the markets in agricultural products and interbranch organizations. Regarding the criteria for recognition, the extension of rules and financial contributions the aforementioned Hungarian law simply refers to Regulation (EU) No 1308/2013 without further national specification. For example the IBO should represent a “significant share” of the sector. In Hungary per sector only one interbranch organization can be recognized. The Ministry inspects the IBOs at least once a year to check if the recognition criteria are met.

IBOs: definition, objectives and legal status

According to Act CXXVIII 2012 interbranch organisations are defined as: legal organisations, recognised by the Ministry of Agriculture, which represent producers, processors and distributors. The IBOs are established according to Act CLXXV 2011 as civil societal organisations.

Baselines for operation are:

- Open membership: each actor/stakeholder in a sector is allowed and should be allowed to join the recognised IBO of the concerning sector.
- Ability to reach the sectoral aims: the organisation can prove that it can fulfil at least one of the requirements stated in Regulation (EU) No 1308/2013 article 157.
- Recognition of only one IBO for each agro-food product/product category
- National coverage
- Vertical organisation: the IBO should involve the producer organisations and at least one other member of the supply chain (trade and/or processing).

Among the **objectives** that IBOs may pursue, at least one of the following objectives stated in Regulation (EU) No 1308/2013 article 157 (1), should be fulfilled:

- i) improving knowledge and the transparency of production and the market, including by publication of aggregated statistical data on production costs, prices, including, where appropriate, price indices, volumes and duration of contracts which have been previously concluded, and by providing analyses of potential future market developments at regional, national or international level;
- ii) forecasting of production potential, and recording public market prices;
- iii) helping to coordinate better the way the products are placed on the market, in particular by means of research and market studies;
- iv) exploring potential export markets;
- v) without prejudice to Articles 148 and 168, drawing up standard forms of contract, compatible with Union rules, for the sale of agricultural products to purchasers and/or the supply of processed products to distributors and retailers, taking into account the need to achieve fair competitive conditions and to avoid market distortions;
- vi) exploiting to a fuller extent the potential of the products, including at the level of market outlets, and developing initiatives to strengthen economic competitiveness and innovation;

- vii) providing the information and carrying out the research necessary to innovate, rationalise, improve and adjust production and, where applicable, the processing and marketing, towards products more suited to market requirements and consumer tastes and expectations, in particular with regard to product quality, including the specific characteristics of products with a protected designation of origin or a protected geographical indication, and protection of the environment;
- viii) seeking ways of restricting the use of animal-health or plant protection products, better managing other inputs, ensuring product quality and soil and water conservation, promoting food safety, in particular through traceability of products, and improving animal health and welfare;
- ix) developing methods and instruments for improving product quality at all stages of production and, where applicable, of processing and marketing;
- x) taking all possible actions to uphold, protect and promote organic farming and designations of origin, quality labels and geographical indications;
- xi) promoting and carrying out research into integrated, sustainable production or other environmentally sound production methods;
- xii) encouraging healthy and responsible consumption of the products on the internal market and/or informing about the harm linked to hazardous consumption patterns;
- xiii) promoting consumption of, and/or furnishing information concerning, products on the internal market and external markets;
- xiv) contributing to the management of by-products and the reduction and management of waste.

Act XCVII. 2015, paragraph 14 stipulates that the **Minister of Agriculture** is the public authority responsible for granting recognition to IBOs. In order to obtain formal recognition IBOs must fulfil the criteria laid down in Regulation (EU) 1308/2013.

Per sector only one inter-branch organisation can be recognized.

Legislation doesn't provide any requirement as regards the legal status of an IBO.

Rules on the activities and operations of IBOs

The objectives and activities that IBOs may pursue have to comply with Regulation (EU) No 1308/2013.

IBOs' agreements: approval and extension of rules

Hungarian legislation here simply refers to Regulation (EU) No 1308/2013 without further national specification.

Articles 164 and 165 on the extension of rules and compulsory contributions are fully implemented in Hungary.

In accordance with the EU Regulation, in the sectors concerned two thirds of the operators in the respective supply chain stages (primary producers, and/or processors or traders) should be represented in the IBO before an extension of the rules or financing can be granted.

Rules on financing

Hungarian legislation here simply refers to Regulation (EU) No 1308/2013 without further national specification.

Representativeness

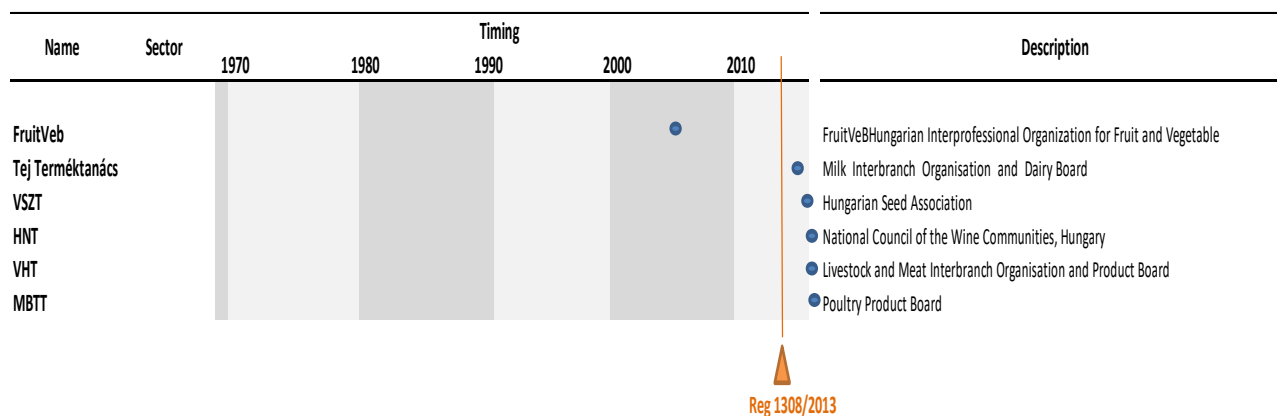
Act XCVII. of 2015 refers to article 164 of regulation (EU) No 1308/2013, in which is stated that the IBO should represent a “significant share” of the sector for recognition and that two thirds of the operators in the respective supply chain stages (primary producers, and/or processors or traders) should be represented in the IBO before an extension of the rules or financing can be granted.

[Section 2: Other national legislation relevant to activities and operation of IBOs pursuant to Articles 157 –IBOs, 158 – Recognition of IBOs, 162 – IBOs in the olive oil, table olives and tobacco sectors and 163- IBOs in the milk and milk products sector of the CMO Regulation](#)

Not applicable

[Section 3: History and list of IBOs pursuant to Articles 157 –IBOs, 158 – Recognition of IBOs, 162 – IBOs in the olive oil, table olives and tobacco sectors and 163- IBOs in the milk and milk products sector of the CMO Regulation](#)

Figure 2: Legal basis for the recognition of currently active IBOs in Hungary



The following IBOs have been recognised in Hungary:

FruitVeB Magyar Zöldség-Gyümölcs Szakmaközi Szervezet és Terméktanács - FruitVeB Hungarian Interprofessional Organization for Fruit and Vegetable	FruitVeB
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Tej Szakmaközi Szervezet és Termékτανács - Milk Interbranch Organisation and Dairy Board	Tej Termékτανács
Vetőmag Szövetség Szakmaközi Szervezet és Termékτανács -Hungarian Seed Association	VSZT
Hegyközségek Nemzeti Tanácsa - National Council of the Wine Communities, Hungary	HNT
Vágóállat és Hús Szakmaközi Szervezet és Termékτανács - Livestock and Meat Interbranch Organisation and Product Board	VHT
Baromfi Termék Tanács és Szakmaközi Szervezet a Baromfi és Tojástermelők Szövetsége - Poultry Product Board	MBTT

[Section 4: Use of the available legal framework for IBOs and other forms of cooperation between producers and other stages of the food supply chain established in the context of CMO Regulation](#)

See above.

[Section 5: Decisions of competition authorities/national courts on the compatibility of IBOs activities/practices with national competition law](#)

Not applicable

[Section 6: Literature](#)

- National Legislation
 - 63/2013. (VII. 25.) Regulation of the Minister of Agriculture
 - 124/2012. (XII. 6.) Regulation of the Minister of Agriculture
 - Act CXXVIII 2012
 - Act XCVII 2015
- National competent authorities
 - Power Point presentation of Dr. Andréka Tamás from the Ministry of Agriculture on the 3rd of November 2014.
<http://slideplayer.hu/slide/2772324/#>
- Other
 - Hungarian Agriculture Reserach Institute: Agrár-és vidékfejlesztési együttműködések Magyarországon, 2015
https://www.google.hu/?qws_rd=ssl#q=AKI+szakmakoz+i+szervezetek+jo+gi
 - OECD, Directorate for Financial and Enterprise Affairs, COMPETITION COMMITTEE. ANNUAL REPORT ON COMPETITION POLICY DEVELOPMENTS IN HUNGARY, 2012. October 2013.