

# HUNGARY AND THE CAP



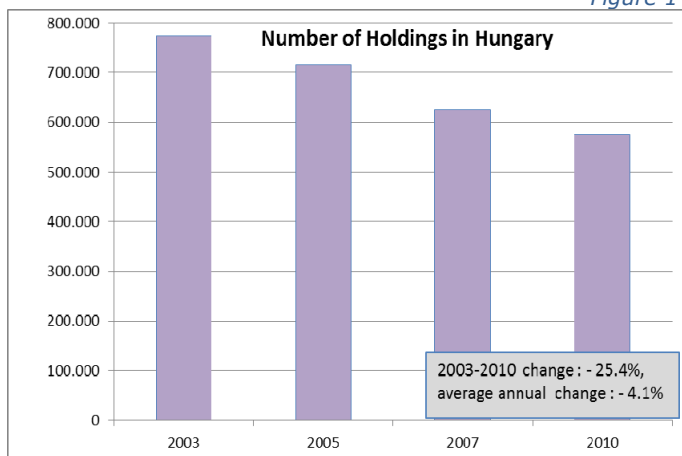
Ten years ago, on 1 May 2004, the EU enlarged from 15 to 25 Member States (and with two subsequent enlargements to 28). The balance of these ten years of EU membership is clearly positive for agriculture and the rural economy in the Hungary.

## 1. Structural Adjustment

### Fewer farms

The number of farms has fallen by a quarter in Hungary since 2003.

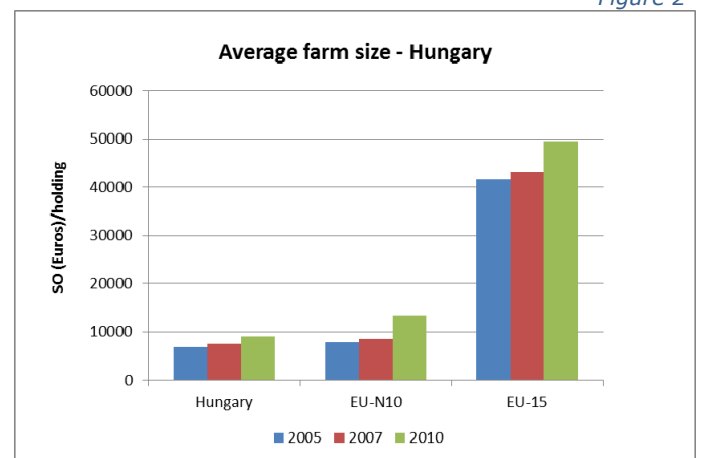
Figure 1



### Bigger farms

Farms in Hungary have grown by some 22% in economic size<sup>1</sup>, with the value of production/holding showing 5.7% growth/year, (EU-15: 3.5% and EU-N10:11.2%).

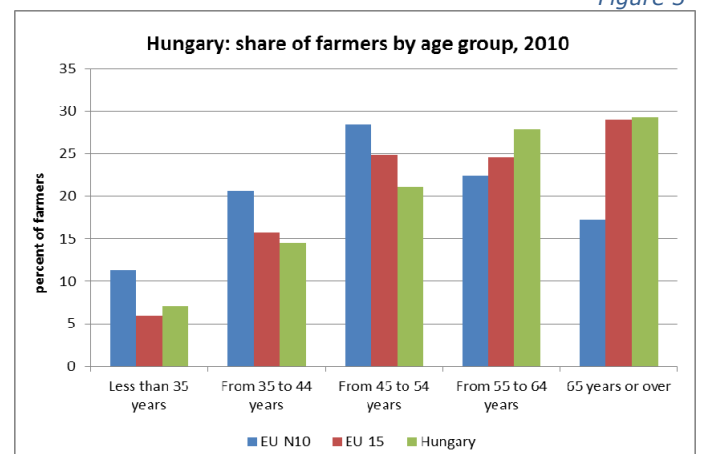
Figure 2



### Age structure

In general, farm managers in Hungary are older than the average for the EU, with 57% of producers aged over 55 years.

Figure 3

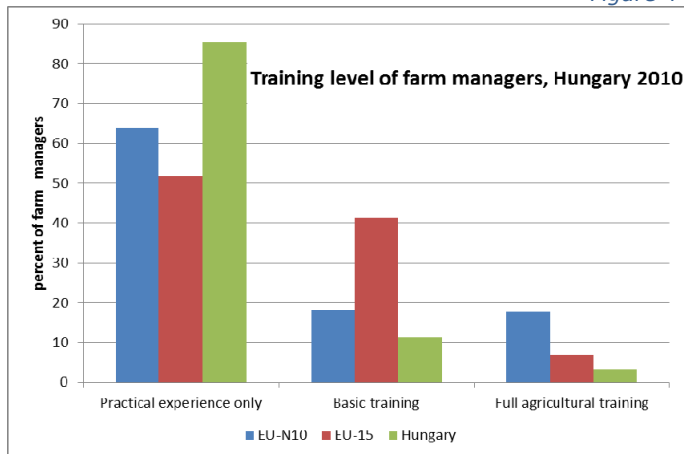


<sup>1</sup> Economic size is measured by the value of Standard Output (SO).

### Training of farm managers

A greater percentage of farmers (85%) in Hungary rely on practical experience with just over 3% having full agricultural training, compared to the EU-N10 (18%) or the EU-15 (7%).

Figure 4

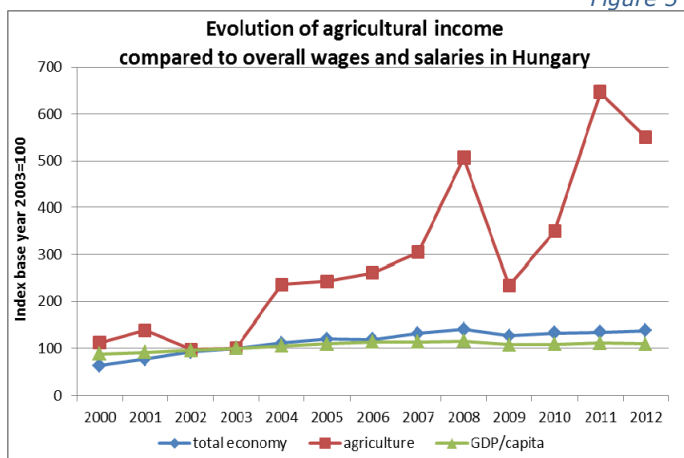


## 2. Income

### Agricultural income rising fast

From 2004 to 2012 Hungarian agricultural income<sup>2</sup> grew almost six-fold (average +21.8% per year), compared to overall wages and salaries in the economy which increased by 39% (3.7% per year) and GDP per capita growth of 10% (1.1% year). The ratio of agriculture to overall earnings dropped sharply during the crisis in 2009.

Figure 5

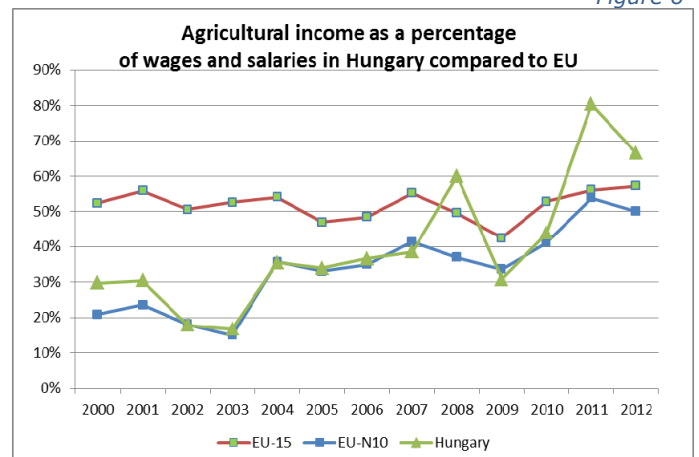


<sup>2</sup> Agricultural income is measured by entrepreneurial income per full-time non-salaried "Agricultural Work Unit", using an index with base year 2003=100.

### Though lower than average wages

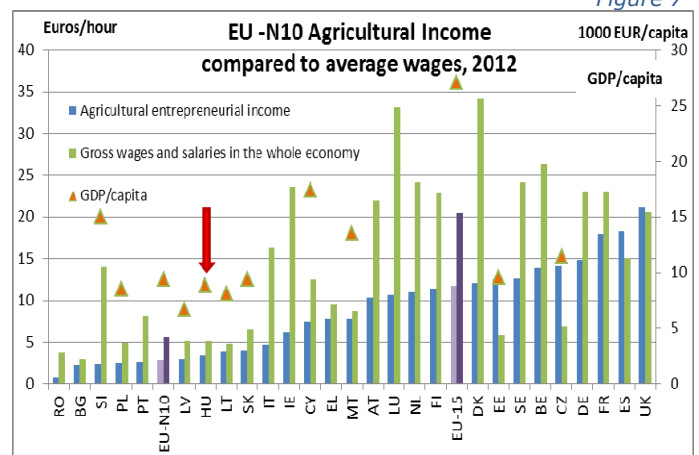
The level of agricultural incomes in Hungary was below average wages in the whole economy. By 2012 agricultural earnings had reached two-thirds of average wages. This is in contrast to the EU-N10 and the EU-15 where agricultural income is less than half of average wages.

Figure 6



Compared to the EU-15, in 2012 agricultural income in Hungary (hourly earnings of €3.4) was under 30% of the level in the EU-15 (€11.70), while the average hourly wage rate for the whole economy was just 25% of the EU-15 level (€5.1 compared to €20.40). This should be seen in the context of Hungary's relative GDP/capita, which is one third of that of the EU-15.

Figure 7

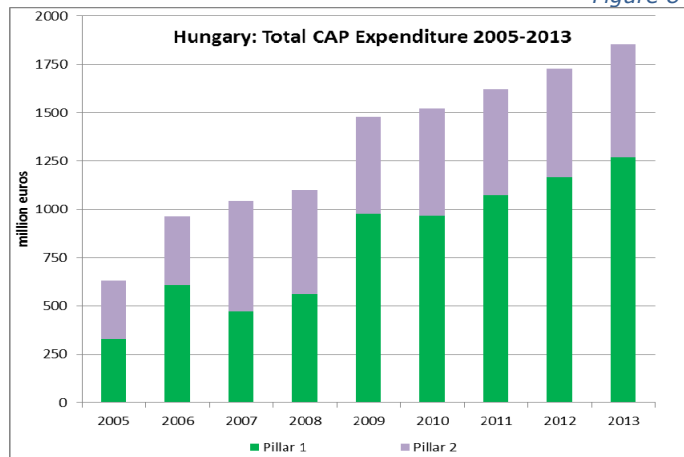


### 3. CAP Expenditure

#### Investing in rural communities and supporting farm incomes

Over the period 2005 -2013, total CAP spending in the Hungary was 11.94 billion euros. Hungarian farmers received 7.4 billion euro in direct aids and market measures to support farm income (Pillar 1) and over 4.5 billion euro was spent modernising agriculture, making it more sustainable and developing rural areas (Rural development or Pillar II).

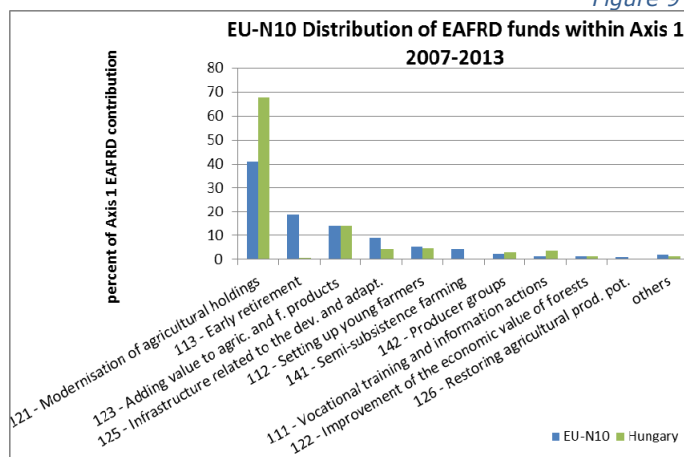
Figure 8



#### Investing in competitiveness

The largest share of funds under Axis 1 went to investment aid for modernisation of agricultural holdings in Hungary, which accounts for more than two-thirds of spending (68%), followed by schemes which add value to production (14%).

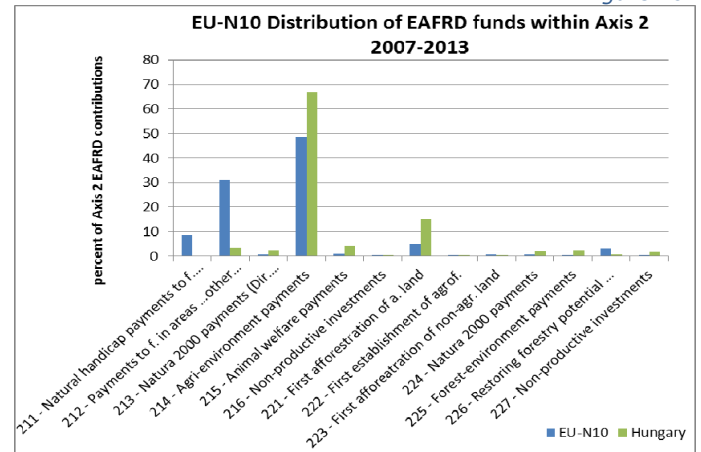
Figure 9



#### A more sustainable agriculture sector

Within Axis 2 more than two-thirds (67%) of Rural Development money was spent on agri-environment measures and 15% on establishment of forest on agricultural land.

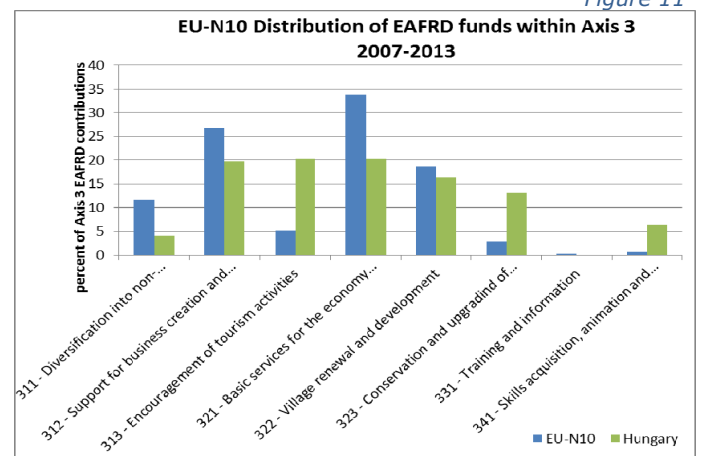
Figure 10



#### Quality of life and diversification of rural areas

Hungary's spending within Axis 3 is spread over a range of measures with around 20% spent on provision of basic services in rural areas, encouragement of tourism and support for business creation followed by village renewal and development (16% of expenditure).

Figure 11

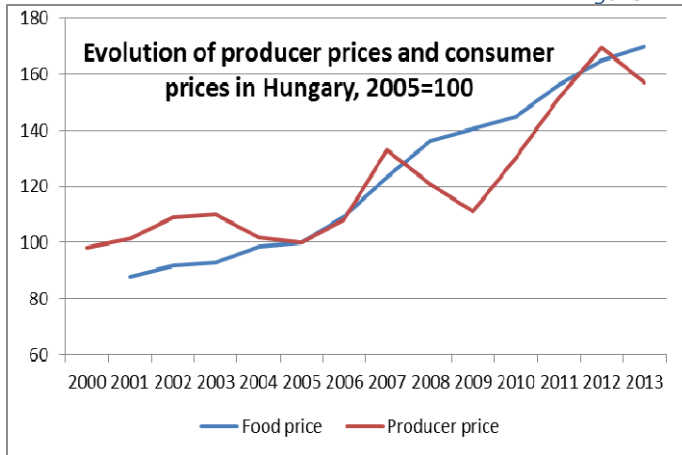


## 4. Prices and share of food in household expenditure

### Food prices rise faster than producer prices

Agricultural commodity prices increased by 54% in nominal terms in Hungary from 2004 to 2013, while consumer food prices grew by 73% over the same period.

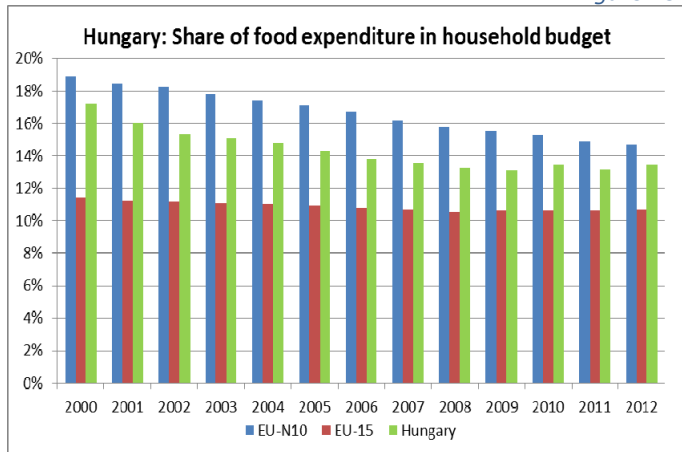
Figure 12



### Food accounts for a declining share of household expenditure

Food accounts for a declining share of household expenditure in the Hungary, though it has not yet reached the level of the EU-15.

Figure 13



## 5. Trade

### Exports growing faster than imports

Hungarian agricultural exports have more than tripled (up 260%), improving the trade surplus in agricultural products by € 2.5 billion.

Figure 14



See the individual EU-N10 enlargement fiches and more on *Briefs*:

[http://ec.europa.eu/agriculture/policy-perspectives/policy-briefs/index\\_en.htm](http://ec.europa.eu/agriculture/policy-perspectives/policy-briefs/index_en.htm)

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