



At a glance:

HUNGARY'S CAP STRATEGIC PLAN

CAP Strategic Plans support the transition towards a smart, sustainable, competitive, resilient and diversified agricultural sector, ensuring long-term food security. They also contribute to climate action, the protection of natural resources and the preservation/enhancement of biodiversity, as well as strengthen the socio-economic fabric of rural areas.

The CAP Plans support a wide range of interventions, addressing the specific needs of Member States and their territories. Designed in line with a new result- and performance-oriented approach, they aim to deliver tangible results in relation to EU-level CAP specific objectives, while contributing to the European Green Deal.

For the first time, each CAP Plan defines a strategy covering all the main CAP funded instruments: direct payments, support for rural development and interventions specific to certain market sectors.

The needs of rural areas will also be addressed by other EU instruments such as the Recovery and Resilience Facility (RRF) or the European Structural and Investment Funds (ESIF).

The impacts of both the Russian aggression against Ukraine and the extreme weather conditions caused by climate change, highlight the integral link between food security and the need of transition to sustainable and resilient food systems. In this context, the CAP Strategic Plans offer opportunities: e.g. to reduce dependence on synthetic fertilisers and scale up production of renewable energy without undermining food production; and to transform the sectors' capacity in line with more sustainable production methods.

Hungary submitted its first proposal for a CAP Strategic Plan on 30 December 2021, after consultation with stakeholders. On 14 October 2022, Hungary submitted a revised proposal, addressing the Commission's observations on the first draft. The Commission approved this proposal on 7 November 2022. This document presents some of the main features of the CAP Strategic Plan of Hungary.

1. DID YOU KNOW?



Thanks to Hungary's unique natural characteristics, the conditions for agriculture are favourable in the country. Therefore, the sector is very diverse and plays an important role in the national economy. Around 60% of Hungarian farms produce livestock - mainly poultry, pig, sheep and cattle - whereas crop production is focused not only on major field crops, but also on fruit and vegetables.

- ➔ **5.3 million hectares** of Hungary's territory is under agricultural cultivation.
- ➔ About **3 million people** live in rural areas (30.5% of the country's total population).
- ➔ Agriculture represents **4.8% of the country's employment**, while the food industry accounts for 3.2%.
- ➔ There are **430 000 farmers** in the country, with 30% of them over 64 years old.
- ➔ **23% of Hungary's territory is covered by forests** and 43% of it is protected by Natura 2000.



2. GOALS AND STRATEGY OF THE CAP STRATEGIC PLAN OF HUNGARY

Hungary's strategy is aimed at supporting the economy of its rural areas and putting them on a path of sustainable development, while taking advantage of the opportunities offered by modern technologies. The Plan seeks to contribute to creating job opportunities and making living conditions in rural areas attractive. It also aims to make agricultural production, including the production of quality food, a profitable and a socially recognised activity. Furthermore, the Plan aims to ensure the security of food supply for the population, while at the same time significantly improving the environmental conditions and contributing to the renewal of natural resources.

2.1 AN ECONOMICALLY SUSTAINABLE AND FAIRER CAP

Hungary intends to create a competitive, resource-efficient, high value-added and innovative agriculture and food industry that is more resilient to external economic shocks and natural factors directly affecting production.

In order to achieve these ambitious goals, the Plan offers a range of interventions aimed not only at **securing a fair income for farmers, but also achieving a fairer distribution of financial support amongst them**. A secure income for all farmers is ensured through the basic income support per hectare. The Plan finances roughly 5 million hectares of agricultural land via this scheme and farmers receive around EUR 150/hectare.

Moreover, rural development and sectoral interventions (for fruit and vegetables, apiculture and wine) will focus **on increasing productivity, the efficiency of agricultural production, improving the market situation for agricultural products** and developing post-harvest processing and logistics. A priority of the Plan is the modernisation of 7 700 farms. Short and local supply chains are also important elements in terms of market access for local products and reducing transport costs and emissions. Special support (coupled income support) will also be given to sectors that are facing difficulties, in order to strengthen their resilience.

- ➔ *To recognise the difficulties and disadvantages faced by small and medium-sized farms, farmers will get an additional EUR 80/hectare for their first 10 hectares of land and EUR 40/hectare for areas between 10 and 150 hectares.*
- ➔ *Farmers in 13 sectors (such as fruit and vegetables, ewes, suckler and dairy cows, fattening bulls, protein crops, sugar beet, rice, and oil plants) would operate at a loss in Hungary. In order to address their specific difficulties, they will receive coupled income support, ranging from EUR 28/female sheep to EUR 728/hectare for rice production.*

2.2 A GREENER CAP

Hungary will also apply strengthened good agricultural and environmental conditions, **requiring farmers to carry out practices that are beneficial for the environment**, such as crop rotation and diversification, maintenance of landscape features or ensuring soil cover during sensitive periods. Furthermore, through the development and maintenance of grasslands, non-productive areas, wetlands, habitats and conservation of trees, farmers will also contribute to the improvement of the carbon sequestration capacity of soils and ecosystems.

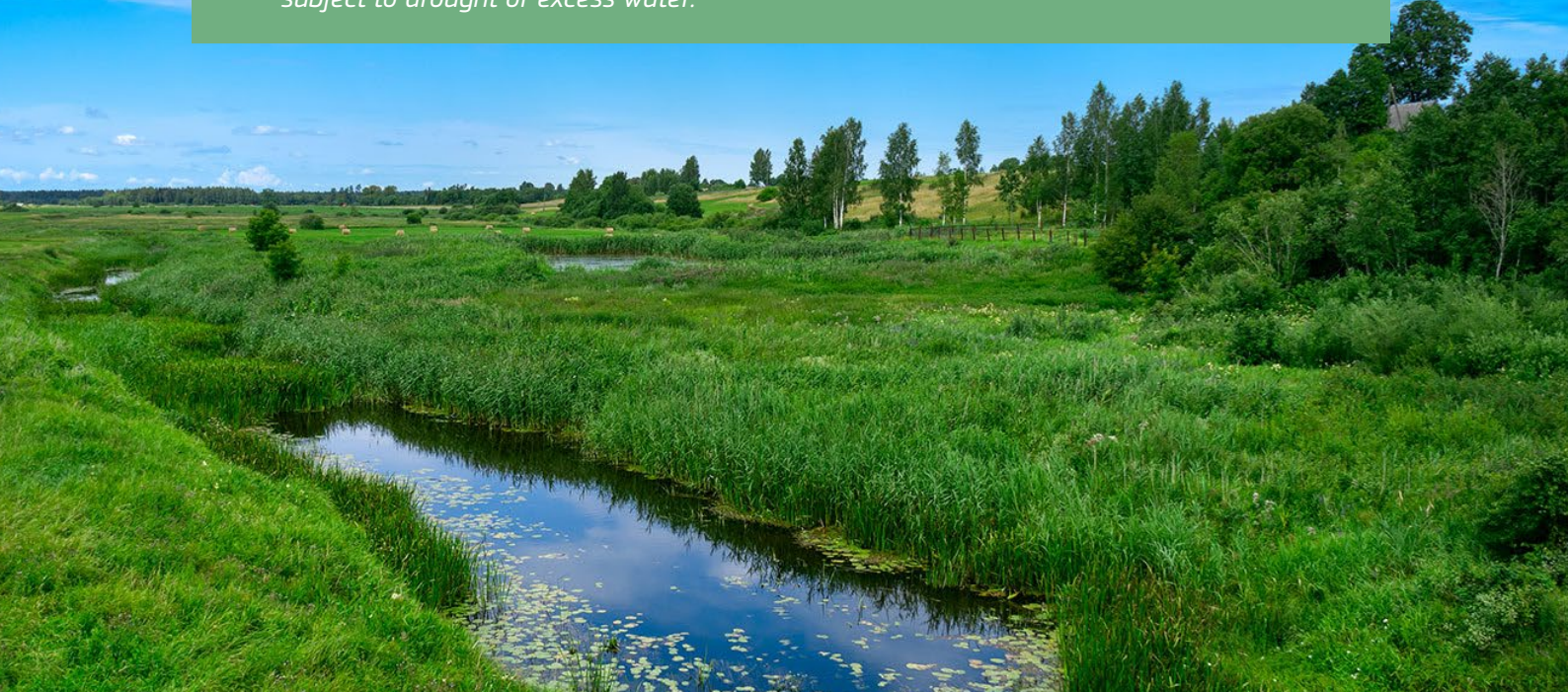


In financial terms, Hungary allocates 38% of the rural development budget to agri-environmental interventions, 8% to the further development of organic farming and about 5% to the protection of Natura 2000 sites, which cover around 162 631 hectares. These schemes added together will contribute to sustainable nutrient management and the reduction of fertiliser application and ammonia emissions. In addition, Hungary's ambition is to **double the area under organic farming by 2027**.

Moreover, the Plan will also introduce **eco-schemes**, under which farmers are paid for practices that go beyond the minimum legal requirements in terms of climate and the environment. The Plan expects that these practices will be implemented on 2.5 million hectares. Farmers can receive a lump sum corresponding to EUR 80/hectare annually for carrying out such voluntary practices, with a focus on soil and water biodiversity protection and climate change mitigation. The Plan also promotes the afforestation of 21 175 hectares of land and sustainable forest management on an additional 127 000 hectares.



- ➔ *Hungary supports the improvement of the water balance on 3 461 324 hectares of agricultural land.*
- ➔ *14 000 participants in the voluntary agro-environmental payments undertake to carry out additional farming activities on 1 million hectares, in order to protect permanent grasslands, wetlands, cultivated parcels with steep slopes, wild bird habitats and lands subject to drought or excess water.*



2.3 SOCIALLY SUSTAINABLE CAP

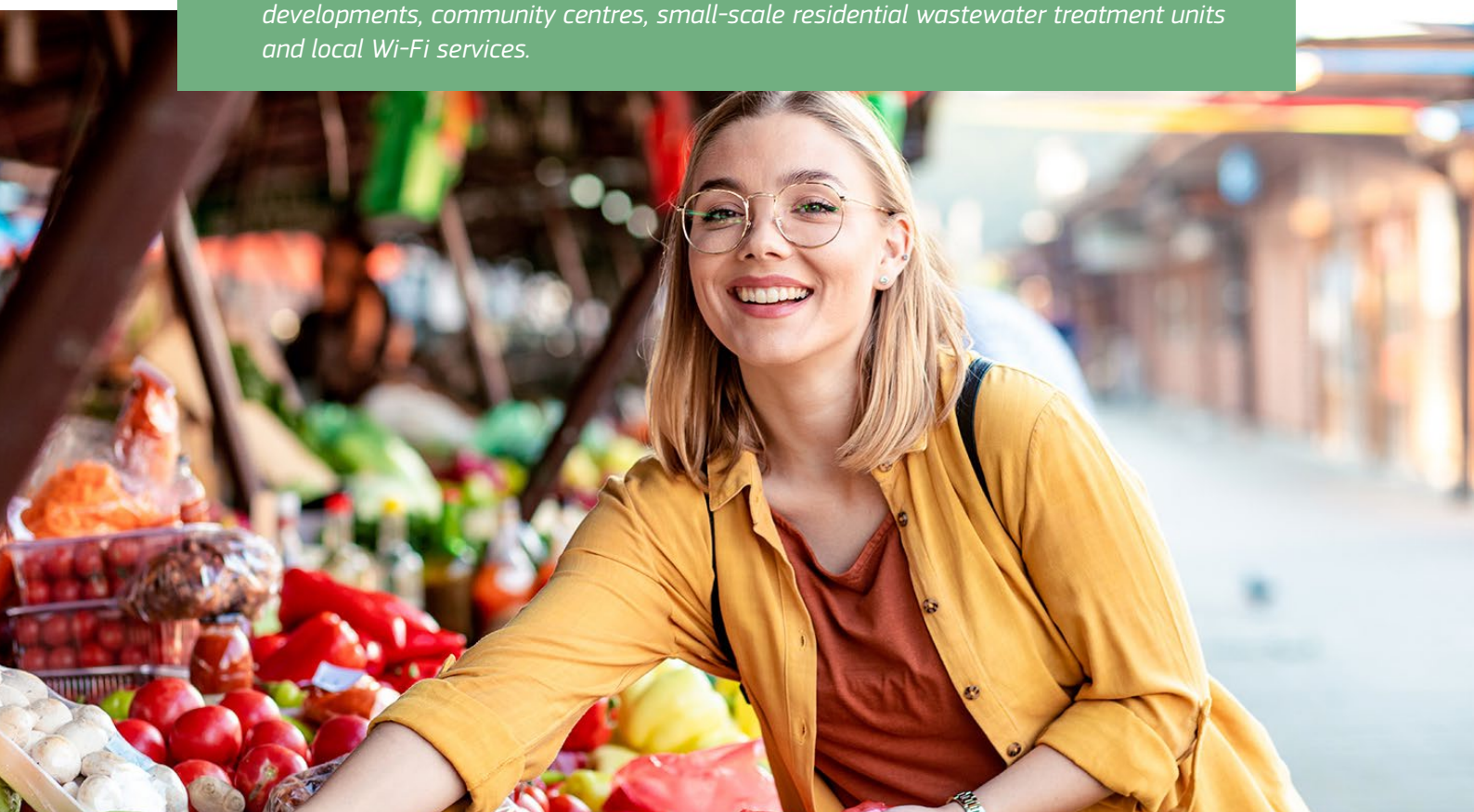
Agriculture represents an opportunity through which rural areas can build on their own resources to create value and provide livelihood for local communities. Therefore, the Plan supports the **generational renewal of the agricultural** sector by facilitating the **setting-up of 8 800 young farmers**.

Under the LEADER initiative, which brings together public, private and civil-society stakeholders to find shared solutions for the development of the rural economy and society, the Plan supports the implementation of **more than 100 local development strategies**. Those strategies will develop local crafts and artisanal industries, strengthen the economic activities of local micro and small businesses, and boost local ecotourism and local gastronomic and cultural festivals.

A significant extension of the **animal welfare measures** envisaged in the Plan aims at the sustainable development of the livestock sector, in terms of both animal species and societal demands. It also helps farmers through a number of incentives to apply more stringent animal welfare, hygiene and feeding standards than the mandatory levels.

Support to develop **local markets** will continue, with more focus on the use of a wide range of digital opportunities (such as shopping communities and online marketing). Contributing to strengthening the capacity of rural areas to retain their population, the Plan foresees 2.2% of the rural development budget allocated for the **development of infrastructure in rural settlements** that will lead to improving the quality of people's lives.

- *Around 30% of the rural population will benefit from improved rural services and at least 7 000 new jobs will be created by projects supported by the Plan.*
- *50% of livestock units are covered by measures to improve animal welfare.*
- *Hungary aims to support 1 565 rural infrastructure projects such as local markets, road developments, community centres, small-scale residential wastewater treatment units and local Wi-Fi services.*



3. KNOWLEDGE SHARING, INNOVATION AND DIGITALISATION

The Hungarian CAP Plan allocates 2.6% of the rural development budget to knowledge exchange and the dissemination of information. An additional 0.5% of the rural development budget is foreseen for the digital transformation of agricultural holdings.

The Plan also promotes **advisory activities and innovation collaborations**. The former is key to economic growth and social development in rural areas. It also fosters sustainability, competitiveness, resource efficiency and the environmental performance of agricultural and forestry holdings.

Specific funding will be dedicated to the spread of innovation. With **70 projects under the European Innovation Partnership (EIP)**, actors from different professional backgrounds will connect in a complementary way to find solutions to current challenges. Partnerships will ensure that the various actors involved will translate their existing knowledge into innovative solutions that can be applied in practice.

- 736 210 persons will benefit from advice, training, and knowledge exchange supported by the CAP, related to environmental or climate-related performance.
- 1 600 farms will get support for the digital transition.





4. FINANCIAL ANNEX

	EU budget (€)	National funding (€)	Total (€)
Direct payments	6 632 794 974	n/a	6 632 794 974
Sectoral support	177 064 923	20 666 935	197 731 858
Rural development	1 635 146 596	1 594 440 116	3 229 586 712
Total	8 445 006 493	1 615 107 051	10 060 113 544

National funding does not include additional national financing referred to in Article 146 of Regulation (EU) 2021/2115. Direct payments include allocations for cotton set out in Annex VIII of Regulation (EU) 2021/2115 and reflect possible transfers between pillars. Payments for support under Regulation (EU) No 1308/2013 are not included in the CSP. National funding for sectoral support only relates to apiculture. Rural development reflect possible transfers between pillars and include technical assistance.

EU FUNDING RESERVED FOR	In EUR	%
Environmental and climate objectives under rural development	1 162 595 979	71%¹
Eco-schemes under direct payments	995 000 000	15%²
LEADER	81 757 330	5%¹
Complementary Redistributive Income Support	931 276 816	14%²
Young farmers (generational renewal)	186 892 301	n/a³

The minimum financial allocations for support for young farmers can be reserved under direct payments and/or rural development. Eco-schemes under direct payments may be lower than 25% if the possibility to use the rebate mechanism from rural development is used, in line with Article 97 of Regulation (EU) 2021/2115. The Complementary redistributive income support under Direct Payments may be lower than 10%, in line with Article 29 of Regulation (EU) 2021/2115.

¹ as compared to the rural development allocations set out in Annex XI of Regulation (EU) 2021/2115

² as compared to the direct payments allocations set out in Annex IX of Regulation (EU) 2021/2115

³ not applicable as the minimum contribution to young farmers is set as absolute amounts in Annex XII of Regulation (EU) 2021/2115

More financial information can be found in section 6 and in Annex V of Hungary's CAP Strategic Plan.

