Family farming and short food supply chains in Hungary

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Regulatory background

- **Regulations**
  - Act No. CXXII/2013 on agricultural and forestry land turnover.
  - Act No. CXXII/2013

  These two laws contain the following definitions:
  - *Family farming*,
  - *Family farmer*,
  - *Member of family farm*.

  - Government Decree 326/2001 on the establishment, listing, operation and special subsidies of family farms.

  The County Government Office is the registering agricultural office which register a family farm if it satisfies the following conditions:
  - the members of the family farm conclude an agreement in writing and set forth their assets and their accounting relationship,
  - agree to transfer the land and necessary means for cultivation owned or used by the family members at least for five years.

- **Special taxation (őstermelő)— special administration category, app. licensed traditional small-scale producer:** a non-entrepreneur private farmer, who conducts activities listed in the relevant law on his/her own farm and holds a registered licence for the activity.
Some numbers

Currently:

- 20,300 family farms,
- around 50,000 members,
- 1,374,000 ha cultivated land.
### Number of registered family farms

A családi gazdaságok és a hozzátartozó tagok számának megyénkénti alakulása 2013. és 2015. évek között

(Forrás: NÉBIH)

<table>
<thead>
<tr>
<th>Counties</th>
<th>Members of FF September 2013</th>
<th>N of FF September 2013</th>
<th>N of FF September 2015</th>
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### Counties

- Bács-Kiskun
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- Veszprém
- Zala

Forrás: NÉBiH
Cultivated land

Total area of cultivated land by family farms by counties

Total: 1 374 00 hectares
Average: 70 ha/ farm

Counties

DEFINITIONS

<table>
<thead>
<tr>
<th>Categories</th>
<th>TOTAL</th>
<th>RATIO(%)</th>
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<tbody>
<tr>
<td>Agricultural purpose lands, hectare</td>
<td>2 420 054</td>
<td>100,0</td>
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<tr>
<td>&lt; 1,00</td>
<td>84 471,0</td>
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<td>1,00 – 49,99</td>
<td>1 074 355,0</td>
<td>44,4</td>
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<tr>
<td>50,00 ≤</td>
<td>1 261 228,0</td>
<td>52,1</td>
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Forrás: NÉBiH, AKI
Major land uses

Land use by family farms
Forrás: NÉBIH 2015.
Scope of activities

Activities of the members
(Forrás: NÉBIH felmérés, 2015.)

- Animal husbandry (25%)
- Crop production (68%)
- Flower production (3%)
- Forest management (3 %)
- Wine production (1%)
Diversification as a value

- Labor-intensive cultures
- Handicraft
- Food process, local products
- Tourism and gastronomy
Review of Hungarian family farming regulations

• The whole regulation of family farming is currently under review in Hungary that extends to
  – tax policy,
  – land policy,
  – civil law and
  – support policy.

• The main aim is to strengthen small farmers/family farmers that may contribute to increase their negotiating power: more weight in contract negotiations, ensuring fair terms and conditions, gaining access to public and larger scale markets.

• Possible tools:
  – Detailed and precise data base
  – Specialised supports
  – Diversification
Market accessibility by short food supply chains
What is Short Food Supply Chains (SFSCs)?

Short supply chain’ means a supply chain involving a limited number of economic operators, committed to co-operation, local economic development, and close geographical and social relations between producers, processors and consumers.

• Generating increased policy interest, entrepreneurial activity and civil society engagement over recent years.

• Potential to improve farm incomes, promote sustainable farming systems and contribute to local economic development.

• Common characteristic: reduced numbers of intermediaries between the farmer or food producer, and the consumer.
<table>
<thead>
<tr>
<th>Direct sale</th>
<th>Methods of individual sale methods</th>
<th>Sale at farms (farmer shop)</th>
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<td>Sale on local market</td>
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<td>Roadside sale</td>
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<td>Mobil shop (van)</td>
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<td>Home delivery service</td>
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<td>Sale to a permanent group of regular customers</td>
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<td>Internet</td>
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<td>Pick your own</td>
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<td>Installed food machines</td>
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<td>Collective sale</td>
<td>Shop (common) operated by cooperates or non-profit association</td>
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<td>Common association production, processing and/or marketing and/or common sale</td>
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<tr>
<td>Short-term sale methods</td>
<td>Sale to retailers in region</td>
<td>Food retailers</td>
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<td>Regional business chain</td>
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<td>Bio shops</td>
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<td>Bio department store</td>
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<td>Retailers’ sale of healthy food</td>
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<td>Shops selling meal/food specialties</td>
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<td>Discounts</td>
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<td>Sale to kitchens in region</td>
<td>Restaurants</td>
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<td>School canteen</td>
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<td>Workplace canteen</td>
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Internal challenges of the modern food supply chain: Special area, SME suppliers

• Problems:
  – They do not have a definite marketing approach, practice or marketing strategy
  – They are not able to supply in sufficient quantities
  – Transport problems
  – Lack of capital

• Chances:
  – Niche markets – no universal production
  – Special products
  – Regional supply
Objective: Through a project group, **build an initiative to support territories and stakeholders in the territory**, for better understanding and development of local agrifood systems.
Localisation of participants

France - Midi-Pyrénées
DIAGSYAL tree structure: mapped data

Territory

- Geographical reading
- Socio-demographic reading
- Reading of agricultural activity
- Reading of agrifood activity
- Reading of distribution activity and consumption trends

Agricultural activity
- Agri-food activity
- Distribution activity

Product
- Consumption trends of the territory
- SYAL project sheets (RETEX)

Farms

Sub-trees
Results: Good practice collection
Results: more layer and cartographie for understanding local development

Layer 5 (level 2): Reading of the distribution activity and of consumption trends

Les outils de commercialisation

Identify and locate places of sale of products intended for local distribution channels

Coxinel project in Haut-Languedoc
Suggestions: 
Direct selling development plan

Questions:
• Harmonization of local and private development plans
• Consumers would like to buy from local producers but they need comfort
• After wine-makers who can produce other type of food?

Opportunities:
• „Open farms program” – collaboration to build s local network
• Tourism and gastronomy development
• Common brand building.
Final result:
LEADER international collaboration

• Network building and local animator training
• Catering and local products
• Gastronomy and thematic tourism
Lessons to learn

• The main factor of success is to understand and accept changes!

• The land, tools, labor are important but even the capital, market collaborations, innovation and knowledge will determine the future of family farms.

• Best practices, active civil sector and bottom-up approach are necessary.

• For modernisation we need capital and first of all knowledge-transfer to be sustainable.
Thank you for your kind attention!