



National Federation of Agricultural Co-operators and Producers (MOSZ)

Is it a Single Market?

Equal footing with different effects and unequal conditions

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Hungarian experience

- Single market but significant regional differences (maize price in Hungary or Spain, milk price in Italy or Hungary etc.)
- Lack of producers owned processing plants
- Powerful retailers → distortion of income distribution



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Unpredictable weather conditions

- Continental climate
- Temperature and fall very different from year to year
- Different yields and income

Wheat and maize production in Hungary

Years	Production area, 1000 hectare			Production million t		Total cereal production million t	Proportion of maize within cereals %
	Wheat	Maize	Cereals	Wheat	Maize		
1981-1985	1306	1111	2844	6,0	6,8	14,2	47,7
1986-1990	1272	1119	2810	6,2	6,4	14,0	45,6
1991-1995	1031	1172	2705	4,3	5,2	11,2	46,0
1996-2000	1091	1118	2654	4,1	6,3	11,7	53,5
2001	1208	1285	3060	5,2	8,0	14,8	53,8
2002	1112	1238	2927	3,9	6,2	11,6	53,4
2003	1116	1178	2907	2,9	4,6	8,8	52,2
2004	1207	1207	3003	6,2	8,4	16,8	50,3
2005	1204	1204	2904	5,4	9,2	16,1	56,8
2006	1223	1223	2751	5,0	8,3	14,7	56,6
2007	1114	1056	2800	4,0	3,8	9,6	39,6
2008*	1125	1193	2887	5,6	8,8	16,7	52,9

* Preliminary data

Yields of wheat and maize

Year	Wheat (t/ha)	Maize (t/ha)
1987	4,370	6,130
1988	5,450	5,660
1989	5,240	6,440
1990	5,050	4,090
1991	5,190	6,710
1992	4,070	3,650
1993	3,050	3,500
1994	4,590	3,850
1995	4,160	4,430
1996	3,280	5,610
1997	4,210	6,410
1998	4,140	5,950
1999	3,590	6,380
2000	3,600	4,150
2001	4,310	6,220
2002	3,510	5,050
2003	2,640	3,950
2004	5,120	7,000
2005	4,500	7,560
2006	4,070	6,820
2007	3,590	3,730
2008	4,669	7,400



Huge differences

- Fluctuation of yields (last 20 years)

Wheat: between 5,5 - 2,6 t/ha

Maize: between 7,6 - 3,5 t/ha

More than 100% variation



Problems

- Direct payments: – 30%
- Different level of accumulation of capital
- Common regulation - dissimilar effects
- Environmental commitments (nitrate directive etc.)
- Global financing crisis, speculation (prices: 2007 ↑, 2008 ↓)
- No income to develop



Uncertainty and perplexity

- Payments without production
- High credit rates → financing problems
- Extreme market prices
- Growing risk, no proper tools (68 article is just an option)



Main problems of Hungarian producers

- Good production \Rightarrow low price (early sales pressure)
- Low production \Rightarrow high price \Rightarrow handicap for users (animal husbandry etc.)
- Growing storage capacity but financing problems \Rightarrow no time to wait for better prices
- Intervention price \Rightarrow calculable income (business to the EU: 101€ \rightarrow 160€)



New direction of CAP

- Cutback of market tools → no other new tools to mitigate the effect of price fluctuation
- What were the goals of the CAP? (stability, proper income etc.)
- Should we forget them?



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**Thank you for the
attention**