

PhD Theses

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Food regulation with special aspects to livestock products in the EU

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In my dissertation I try to recommend solutions for the most important questions of EU accession with special concern of livestock keeping and food-processing.

1. The harmonisation of production and market

1.1. Since its formation the EU turns considerable sum of money to support agriculture. At the beginning it has been realised through high producer prices, which swung up production so strongly, that the EU had to face itself with the trouble of overproduction in the late seventies. Because to handle the problem exploits high portion of the agrarbudget causelessly, important reform procedures took place in the early eighties. **The most relevant factor of the Common Agricultural Policy (CAP) became the limitation of production, because overproduction caused partly financial overburden, partly exercises unfavorable pressure for ecological balance.** Accordingly member states are forced to give up the utilisation of their full production potential.

Hungarian citizens claim frequently the low utilisation of producing ability, and underline the demand to have more possibilities in this line as EU members. **We have to instruct agricultural producers clearly on the restricted chance of full utilisation of agricultural potential.** Duly buttressed arguments, empathy, and compromised strategy are needed to increase our production level at reasonable extent. The regulation of production is also our basic interest, because to handle the overproduction we do not have proper methods, too.

1.2. The struggle against overproduction plays an important role not only because of market reasons, but also for keeping the balance of nature. The excessive chase to increase production makes use of such industrial-type technologies which damage the environment. The purpose to keep the production in normal channel is the longterm recultivation and lasting ensurance of human life-conditions.

The present production level of Hungary doesn't mean such an environmental pressure, that can be observed in the most developed countries. This can be an argument for us to increase the production at higher extent than in the majority of the more developed countries.

1.3. The production is regulated in the EU indirectly, through the markets. The measures are elaborated for longer term, being calculable and foreseeable. The regulation is not preventive in Hungary, because it influences only the previous market disturbances. However, it is only fireman's work, it does not stop the real reasons. Being this situation unmaintainable, **we have to take over some fundamental regulation system of the CAP, already before the accession.**

1.4. Mostly the unregulated crop production causes problems, not leading down surpluses, fluctuating prices and profit, causing the costs of livestock keeping in Hungary unplannable. If there won't be a change in this, we can't speak about conscious farming and the accidents and fortune will play a main role in the results of agriculture.

1.5. The price decreases are compensated with special direct support in the EU. In Hungary we also have to be eager to separate the support of production from that of the income, because nowadays the two elements are confused. Our financial assistances play a social role at high extent, and does not serve modernisation and competitiveness. It is not accidental, that the **EU wants to give compensations only proportionally for candidates, remarking (beside other reasons) that with the help of that they would cement out-of-date structures of agriculture. It has to be emphasised, that to reach advances of EU membership for candidates are not automatic: they have to complete proper structural changes.**

1.6. The closed, protected system does not serve the increase of competitiveness in the EU, too. The appearance in world market is possible only with high financial support. No wonder, that the WTO exercises high pressure to EU, because by their opinion the Union neglects the fundamental principles of correct competition, and with the damping of highly supported products, deriving from intervention, spoils backward agricultural countries. Against any pressure, the EU – perhaps to lower extent – will be able to keep its protectionist system for a while, and as a member. Hungary will benefit from this. Outside the EU we can hardly resist the penetration of big exporters, to protect our interest without proper background.

2. The up-to-date regulation of livestock keeping

2.1. Preserving population in the countryside and protecting environment are important characteristics of up-to-date livestock management that accommodates to the conditions. To increase the production terms of Hungarian livestock

keeping to a higher extent with special concern to the integrated development of the course of product from the biological funds to the consumers is an urgent task and interest of the nation.

The regulation of livestock keeping is based on limitation of production and protection of environment. Because of this we have to consider the overtaking of the strict regulations in the field of ruminants and milk production. In these branches the field is precondition of production because of pasturing and greenfeed demand. The protection of pastures and soil and the decrease of livestock density is accomplished by the supporting system. We have to clarify for Hungarian agriculturists that as an EU member we can expect strict regulations in this line. However, **the low density of livestock in Hungary can be a favorable starting point to increase production.** But it has to be seen clearly, that out of mutton to sell products in the EU is not easy because of its overproduction and the from time-to-time declining consumption. So the regulation of Hungarian production is also an up-to-date duty.

2.2 The pig and poultry being forage consumers are not bound to field. Their demand of feed can be purchased at calculable prices. The prevention of overproduction is the fundamental task and interest of producers, therefore it is important to make them familiar with their obligations. It has to be emphasised that on the line of pig and poultrykeeping no compensation exist. The regulation is built up on the order of feedcrops, where price-fluctuations can be eliminated through the intervention prices. Therefore it is urgent to introduce the EU-conform regulation of that particular products, partly to collect experiences about the operation of the system, and partly to stabilise livestock market through feed prices.

We have to clarify for the Hungarian merchants that **in case of our EU membership the national support of export activity will come to an end,** subsequently it has to be demanded, even tendered in keen competition with other exporters from Brussels, keeping in mind the strict limitations and evernarrowing support possibilities of the WTO.

2.3. The livestock products are placed on the table of consumers in processed form. Also it is not satisfactory to think only in the terms of basic activity, and to create consolidated relations only there. We have to ensure green light for the whole integrated chain from the seed-production of feedplants upto the table of consumers. Important task is to ensure institutionally market information for the producers that are able to orient them properly.

3. The harmony of feed production and livestock keeping

3.1. Basic interest of livestock keepers is to produce feed requirements. Though forages can be purchased in markets, but it is at least with the price gap more expensive, and through that declines the competitiveness. As a matter of fact **it is advisable for the farmers to produce the necessary feeds** for their animals themselves. However the rental fee increases the production costs. It is not accidental that if somebody wants to invest into livestock keeping, generally he relies on his own field. Land ownership and utilisation is separated in Hungary. It became unfavorable for livestock keeping, mostly for cattle and sheep branches.

The gradual liberalisation of land market is indispensable. The majority of livestock is owned and operated by collective enterprises which are not allowed to have any land. This type of discrimination has to be liquidated, being inconsistent with the basic principle of free competition. The preliminary agreement signed by the government in this matter on the accession negotiation is an **acceptable compromise**, which ensures gradual transition into the direction of free land market. This involves the strict measures applied in EU countries. For example buying land is allowed only for skilled and settled farmers. In livestock area the high qualification is outstandingly important.

3.2. The developed agriculture of Hungary is an important argument and advance in the accession. EU is not interested to take up countries with backward agriculture, because it is undesirable to turn financial resources to support unnecessary agricultural production and causeless export aspiration. **They need an agriculture which is able to operate with lower, even with easing support.**

3.3. **The characteristic of up-to-date agriculture is to apply a technology which can operate with low expenses. To that a proper concentration of the farm is needed. This regards the concentration of land and livestock alike. But the proper middle course has to be found to preserve the harmony of production and environment.** In some EU countries the density of livestock causes serious problems in this line. On the present production level we can not speak about environmental dangers in Hungary. But it is only the global situation. The majority of products derives from large-scale farms, and though the use of chemicals decreased in the last decade, the position of concentrated livestock projects is not reassuring. Even the occasionally successful large-scale livestock farms could not overcome with this particular task, and nowadays, when pollution comes into prominence we have to face the inconvenient heritage of the problem.

We have to remember that in the relative overproduction of grains the low number of animals plays an important role. For the time being five billion pigs are absent from the rank of graineaters, just to mention the most important factor.

The feedstuff producers are forced to increase their income not by more production, but with low expenditure, and reach higher competitiveness for livestock through lower feed costs. Though by the principles of EU all farmers are allowed to produce unlimitedly, but **market possibility and financial support is granted only for limited quantity of goods, which are adjusted to requirements. We have to apply this system** and clarify the essence for farmers. Many producers think yet in Hungary, that if they can not sell their products, it should be purchased by the state from the money of taxpayers, neglecting whether their product is necessary or not. This mentality is not enforced in the EU.

3.4. The longterm, dynamic feedstuff balance must be prepared in Hungary and feed production has to be tailored to that. Within this an outstanding role must be ensured for the protein-plants. Hungary is fighting with remarkable absence of protein, which is replaced by import. But the volume of import is not acceptable. **The protein-program that started in the middle of nineties has to be restored and lifted to strategy level. Because the production of genetically modified feedstuffs is not authorised in Hungary, we may count higher demand for our livestock products.** Naturally the soya-import can not be substituted completely by domestic protein-plants, but it can be decreased definitively. Beside that the influence of those plants in soil-regeneration and plant rotation is well-known, which is not the last point of view in EU circles. Without protein feeding we can not speak about highly qualified and competitive animals for breeding and livestock products required on the markets.

The budget of agriculture has to be competed with the amounts serving the examination of feedstuffs, because those can enjoy natural support. Without accredited qualifying laboratories up-to-date feeding is unimaginable especially if food security enjoys privilege.

4. Food-regulation

4.1. **The quantity of protein-consumption is fundamental element of life-quality, its improvement is one of the strategic questions nowadays.** The protein-consumption of animal-origin is in positive correlation with the value of GDP pro capita. As a matter of fact it is reasonable to increase protein-production in Hungary because the domestic consumption is not in compliance with the physiological requirements.

The developed and well-acomodated livestock breeding is an indispensable objective of environment-economy and essential factor to keep population in the countryside. To raise the production objectives of Hungarian animal husbandry to a higher level, especially **the integrated development of production-course from the biological basis to consumers is an urgent task and national interest** at the same time.

The food security is the peak of pyramid within the food production involving all the biological, production, processing and market processes wich grants security. **Healthy, enviroment-frendly and effectively produced food is needed !** It is the legal demand of consumers. A veterinary work based on wide-ranging knowledge, researching continously the interdependencies between cause and reason, and finally to exterminate the demageing physiological factors is going on in the EU. As a result the number of sicknesses fall, and the utilisation of medicins and antibioticums are decreasing. In most areas Hungary is not backwarded, having numerous veterinary prescriptions stricter then the EU requirements.

4.2. The Hungarian food-industry absorbed plenty of foreign capital, so it is competitive in many aspects, wich is justified by the positive balance of the foreign trade of food-industry. However, the standard of institutions necessary to grant the quality of goods does not answer to the EU requirements. The system of laboratories needed to that has to be built up and harmonised within the shortest possible time. The properly taylored and adjusted testing methods also have to be called into existence, because the absence of it means unambiguous bacwardness in competition.

5. The logic of compliance

By the author elaborated logic of accession, which can be valued as new scientific result is duly presented in the dissertation, summarised as follows:

5.1. Because overproduction is extremely expensive and objectionable from the aspect of ecology, the production has to be harmonised with the qualitative and quantitative requirements of the market. However the means of higher profit is not the increase of quantity but the productivity. It derives from the above-mentioned, that a rational limit has to be kept at the utilisation of our production potential. The way of speeding up effectivity is to increase the concentration of production, and to improve natural figures. Food-production at high quality is unimaginable without serious nature protection, which is a basic element of the multifunctional agriculture. We have to bend our plans into a contemplation of integrated environment-protection.

5.2. Highly qualified feed production can not be considered without serious environment protection, which is a basic element of multifunctional agriculture. We have to bend our development imaginations into an contemplation of environment protection.

5.3. The concentration of production will cause further surplus in working-power. Because Hungary is predestined to produce fully mechanised plants by its natural conditions, the creation of working places is necessary, which ensures at least alternative working possibilities for village-people. In the rural development it has to enjoy priority. Without this a successful, sociologically tensionfree accession is unimaginable.

5.4. Beside livestock breeding the fruit, vegetable and grape-wine section, the bioproducts and hungaricums can help to employ rural working power.

As a matter of fact the endowments of Hungary has to be utilised in the future in a much more differentiated way than nowadays.

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