Country Report Organic 2022

HUNGARY

Report on the Status of Organic Agriculture and Industry in Hungary

Gefördert durch

Bundesministerium für Ernährung und Landwirtschaft

BÖL
BUNDESPROGRAMM ÖKOLOGISCHER LANDBAU

aufgrund eines Beschlusses des Deutschen Bundestages

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Country Statistics

90,030 km²
Land area

9.75 million
Population (World Bank 2020)

4.92 million
No. of employees (World Bank 2020)

3.2 %
Agriculture workers (KSH 2019)

3.6 %
Unemployment rate (KSH April 2022)

15,980 USD
GDP per capita (World Bank 2020)

3.9 %
GDP share of agri., forestry & fishing Ind. (KSH 2021)

Hungarian Forint HUF
Currency

Climate and Soil

Hungary has a temperate continental climate with relatively cold winters (-5 degrees C average minimum temperature) and warm summers (29 degrees C average maximum temperature), with rainfall between approximately 30 mm in the winter up to 75 mm in the summer (Figure 2).

Temperature and precipitation averages
(1991–2020 | °C, mm)

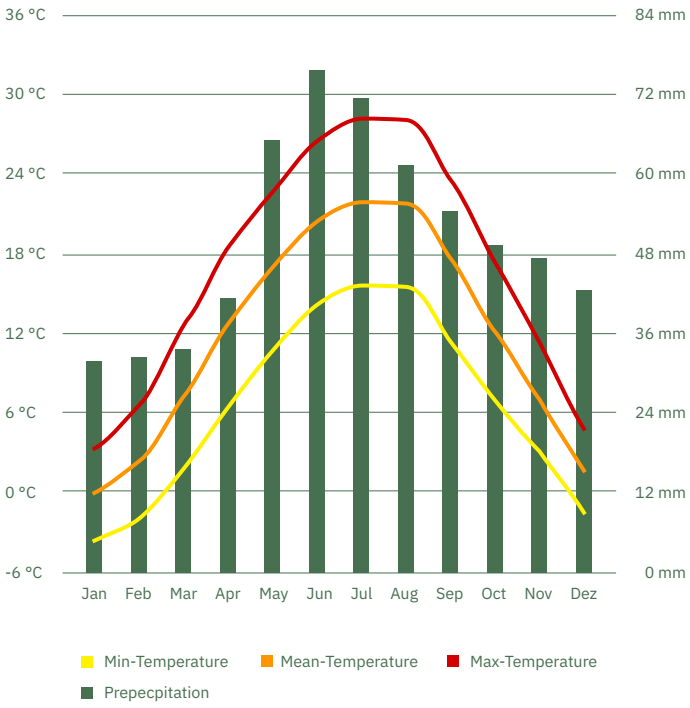

Figure 2

The distribution of precipitation is favourable for grain cultivation, fruit, and vegetable production however the annual mean temperature of Hungary is known to steadily increase (Figure 3). The country may experience occasional floods and groundwater elevation when rain is abundant, or it can also go through periods of drought, heat waves, or prolonged cold and frost. These incidences impact agriculture and are especially noteworthy in the case of fruit and berry production, which are sensitive to extreme weather incidences in the spring.

Hungary is known to posess three broad soil types (Figure 4): the black (chernozem) soils, brown forest soils and alluvial or sloping soils. The proportions between these soils are: 22 % black soils, 34 % brouwn forest soils and 44 % alluvial or sloping soils respectively (NéBIH n.d. [a]).

Soil types in Hungary (2017)

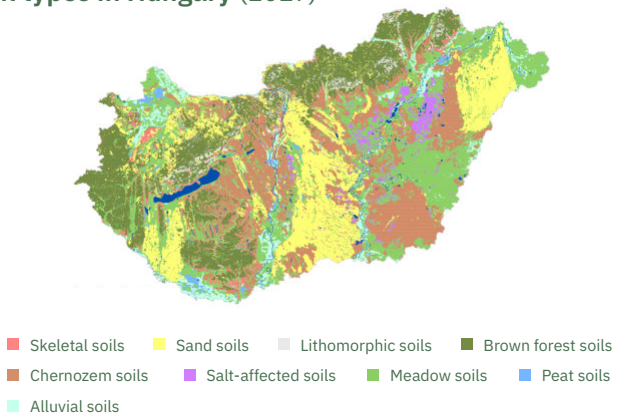

Figure 4

Average annual mean temperature in Hungary
(1901–2020 | °C)

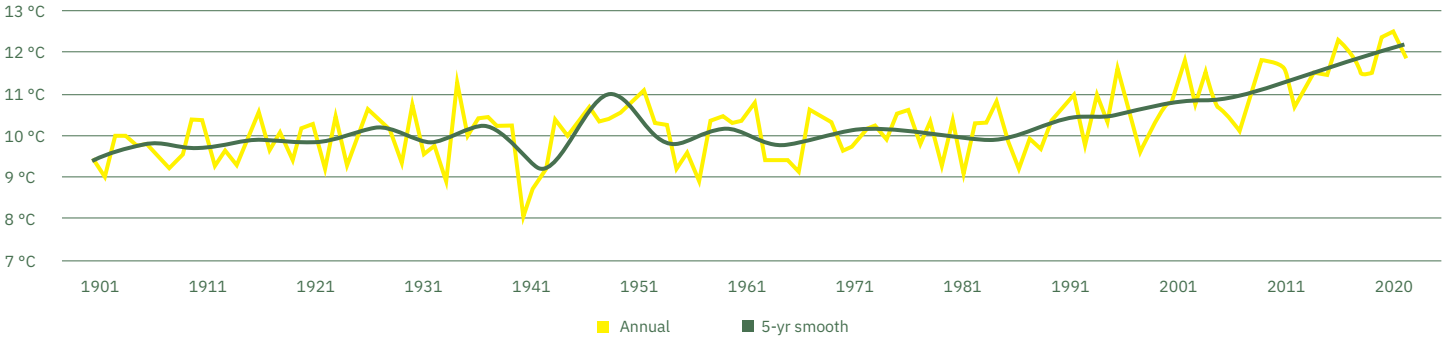

Figure 3

Agriculture

Use of farmland (2020 | ha | %)

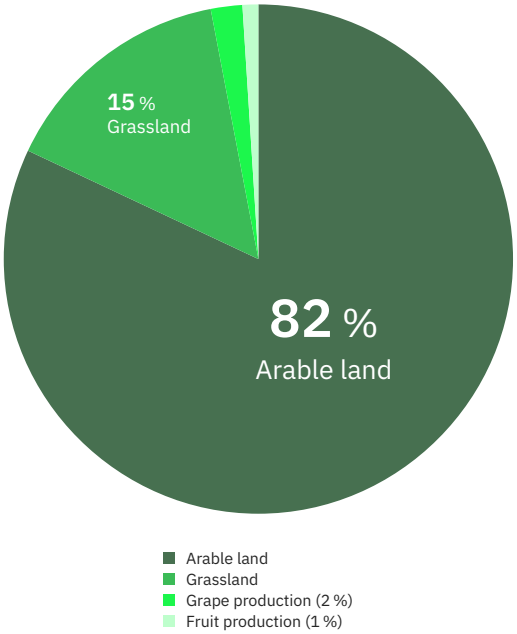

Figure 5

Ownership of farmland (2020 | ha | %)

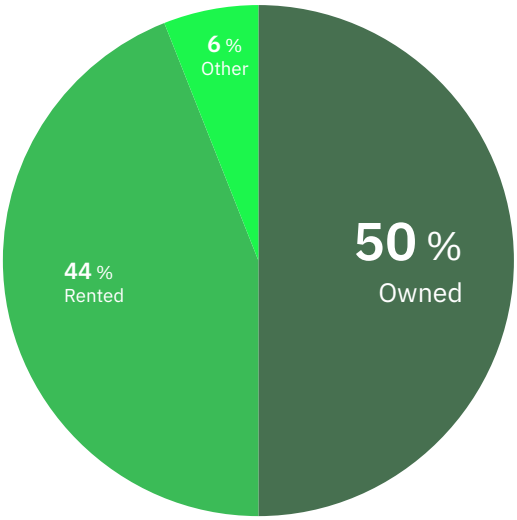

Figure 6

National average farm scale (2020 | ha)

Farmland	22
Arable land	18
Grassland	3
Fruit bearing land	0,4
Grape bearing land	0,3
Animals (per head)	8
Standard production value (million HUF)	9,9

Figure 7

Total number of farm animals (2020)

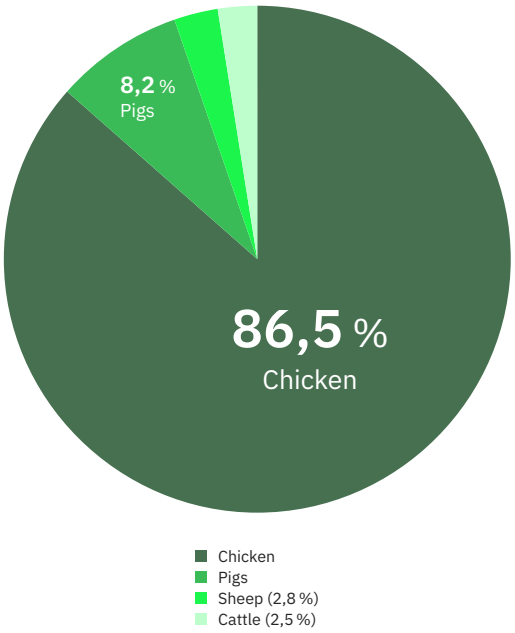

Figure 8

Proprotion of key argicultural products (2020 | %)

Grain	58
Industrial crops	24
Feed crops	11
Vegetables, strawberry	2
Root plants	1
Other	4
Apples	31
Sour cherry	18
Walnuts	10
Plums	9
Apricots	8
Elderflower	6
Other	18

Figure 9

Figure 10: Pasture in Hungary

Key Points

The macroeconomic parameters of Hungary have been relatively stable for several years despite COVID-19 and the war in Ukraine (KSH 2021). While inflation rate in Hungary was generally under control, recent significant geopolitical events have induced a significant increase in inflation (3,3 % in 2020, 5,1 % in 2021), production prices of agricultural production (≈40 % since 2015, 20 % since 2020) and a significant increase in the cost of food (≈40–60 % since 2020, KSH 2021).

The Hungarian population is facing a moderate decline in numbers. Purchasing power, based on EU27 data (GDP per capita based on purchasing power parity) rates Hungary in the 70–81 % category with Latvia, Poland, Romania, Spain, and Portugal (KSH 2021). Self-subsistence agriculture has been abandoned in the early 2000's, with only a fraction of the rural population engaging in growing vegetables, keeping fruit trees and farm animals. While a new generation of rural and urban populations are increasingly interested in (organic) farming, there is a lot of potential for the growth of this movement. The wild picking of berries and mushrooms is common, while fishing and hunting is also quite popular. Fruit picking is widely practiced, and farmers openly advertise the picking of seasonal fruit and berries to the public. It is therefore still quite common for families to engage in the processing (freezing or canning) of seasonal products. The availability and demand for certified organic products is low in rural areas and steadily growing in urban areas. This growing demand has been associated with the spread of COVID-19 and the emerging interest of consumers to purchase food with additional health benefits.

The Organic Sector in Hungary

Starting in the early 1980s, there have been many attempts to develop the organic sector in Hungary. The organizational background at present consists of influential non-governmental bodies that take lead in advocacy. The national legal frame directly applies EU rules and regulations, and there are also rural development strategies and funding mechanisms in place. Research and training on organic agriculture is offered by academic institutions and training centres.

Brief History

The development of organic agriculture in Hungary dates back to 1983, with the founding of the so-called Biolculture Club (Biokultúra Klub), the first organization to actively promote organic farming. By 1987 the Club was replaced with the Bioculture Association (Biokultúra Egyesület), which at present is known as the Hungarian Bioculture Association (**Magyar Biokultúra Szövetség**). As a member of IFOAM Organics International, the organization has actively participated in establishing the legislative and political basis and institutional frame of organic farming, and continues to represent the movement and its members in national and international forums.

The first major private control body was founded in 1996 by the Association and was called Biocontroll Hungary Nonprofit Ltd. (**Biokontroll Hungária Nonprofit Kht.**). The Association and Biocontrol closely cooperate with one-another. In 2000 another inspection and certification organisation, the Hungary Eco Guarantee Ltd., now known as the Bio Guarantee Hungary Ltd. (**Bio Garancia Magyarország Kft.**) was established. Bio Guarantee Ltd. is a now a member of the international Easy-Cert Services GmbH. These organizations operate simultaneously and according to EU standards and are responsible for the inspection and certification of organic farming, processing and trade.

Finally, the Association of Organic Farmers in the Carpathian Basin (**Kárpát-medencei Ökogazdálkodók Szövetsége**) was founded in 2011 by eleven organic farmer organizations from five countries in the Carpathian Basin. The Association works to improve regional collaborations including, but not limited to production, processing and trade related partnerships, training courses, awareness raising events for the general public, and for improving the marketing of organic products.

National Legal Framework

The national legal frame is based on the new EU **Regulation 2018 / 848** of the European Parliament and of the Council of 30 May 2018 on organic production and labelling of organic products and repealing Council **Regulation (EC) No 834 / 2007**, which is in effect since the 1 January 2022. This regulation obligates farmers to:

- respect natural systems, preserve and improve of the state of soil, water and air, plant and animal health and the balance between them;
- carry out proper planning and management of biological processes within the farming system;
- prefer local resources and natural processes in production, and
- ensure a high level of animal welfare, reflective of species-specific needs.

In addition to the EU regulation on organic farming, the national **Regulation 34 / 2013. (V. 14.) of the Ministry of Rural Development (VM)** concerning the procedure of certification, production, marketing, labelling and control of agricultural products and food deriving from organic agriculture provides detailed rules on certification, auditing and inspection, duties of control bodies, and procedures applicable in the case of non-compliance.

Finally, all other EU rules in force on organic processing, labelling, trade and inspection are also directly applicable to organic farming in Hungary. (↳)

National Support System

To develop the sector, the Hungarian Government initiated a **National Agri-Environmental Program (2000–2006)** that aimed to achieve 300,000 Ha being devoted to organic farming. However, agricultural production and trade faced many challenges in the early 2000's and this affected the success of the Program, which was eventually abandoned in 2004 when Hungary joined the EU. Hungarian producers were under severe economic and regulatory pressures, resulting in a decrease of farmers and farmland committed to organic farming, and an increase in the intensification of plant production and animal farming methods.

In 2007–2013 the **New Hungarian Rural Development Programme (ÚMVP)** restored the initial plan to devote 300,000 Ha to organic farming, and agri-environmental grants (AKG) were made available, which provided an important source of income to farmers. This initiative was succeeded by the 2012–2020 **National Rural Strategy (Nemzeti Vidékstratégia)**, the **2014–2020 National Action Plan**, along with other strategies such as the rural development programs and the **Széchenyi 2020** support scheme.

Info

Magyar Biokultúra Szövetség

- 1132 Budapest, Visegrádi utca 53. 3/1.
- +36 1 214 7005
- biokultura@biokultura.org

www.biokultura.org/

Kárpát-medencei Ökogazdálkodók Szövetsége

- 2081 Piliscsaba, Wesselényi Miklós utca 10.
- +36 2 637 3743
- szovetseg@karpatbio.hu

www.karpatbio.hu

EU regulation

REGULATION (EU) 2018 / 848

VM regulation (ENG unofficial translation)

Decree No. 34 of 2013 (V. 14.)

VM regulation (Hungarian)

34 / 2013. (V. 14.) VM rendelet

Link to grant calls

www.palyazat.gov.hu

National Action Plan 2022–2027

cdn.kormany.hu

Funding

In addition to EU funding mechanisms available in Member States, the Hungarian Government has initiated a new grant system. The **Conversion to Organic Farming and Maintaining Organic Farms program** (↳) is planned to provide the main national source of funding aiming to support the development of organic farming in the 2022–2025 year period.

This has been supplemented with an updated **National Action Plan for the Development of Organic Farming** (2022–2027). The Action Plan aims to:

- support the coordination of national CAP funding mechanisms for the development of organic farming in Hungary;
- increase the domestic market (demand and supply) of organic products by supporting organic food production;
- meet the special mechanization needs of organic farming, thus reducing production related challenges associated with labour shortages;
- develop and further improve organic farming related education, and training conditions;
- establish and expand the network of consultants on organic farming;
- strengthen domestic research, development and innovation (RDI) projects that promote organic farming;
- expand the inspection and certification system using up-to-date technology;
- strengthen consumer confidence and reduce the administrative burden on farmers imposed by certification.

Data on the distribution of organic farming subsidies in three agricultural subsidy periods (Figure 11 & 12) also indicate the growing interest and participation of farmers in national support schemes (Biokontroll statistics). The proportion of subsidized land areas and key commodities however indicate that a future increase in conversion rates is also needed.

Organic farming subsidies (2016–2024)

Subsidies	Funding period	Farmers
VP ÖKO 2015	2016–2021	2054
VP ÖKO 2018	2019–2023	1955
VP ÖKO 2021	2022–2024	3454

Figure 11

Total number of subsidized organic farmers (2016–2024)

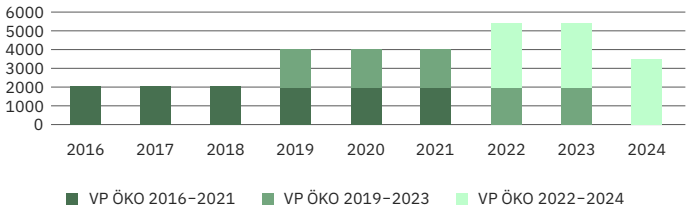

Figure 12

At the time of publishing this report there was no major national or international non-governmental donor scheme identified or available to farmers in Hungary.

Subsidized land areas under measure VP ÖKO (2022–2024)

Land use	Subsidized (No. of farmers)	In total (Ha)	Under conversion (Ha)	Converted (Ha)	Converted area ratio (%)
Organic grassland	1074	64 231	20163	44068	68,6
Organic arable land	1638	76218	32681	43537	57,1
Organic plantation	1501	16060	10154	5906	36,8
From this					
Pome fruits	598	4458	2429	2029	45,5
Other fruits	1058	10533	7278	3254	30,9
Grapes	161	1068	446	622	58,1

Figure 13

Control Bodies

The **principal governing body of organic agriculture** in Hungary is the **Hungarian Ministry of Agriculture (Agrárminisztérium)**. The State Secretariat for Food Chain Supervision is organizational unit within the Ministry that is responsible for coordinating the operation of the **National Food Chain Safety Office (NÉBIH)**, a special authority/enforcement agency responsible for the endorsement and supervision of private organic farming control bodies.

Yearly inspection of compliance with the rules on organic production, processing and trade is carried out by the **privately owned control bodies.**These control bodies have been authorised to inspect and certify the following activities:

- organic plant production;
- organic wine production;
- organic collection of wild plants;
- organic animal farming;
- organic beekeeping;
- organic aquaculture;
- organic fungiculture;
- organic collection and cultivation of algae;
- processing of organic products;
- processing of organic animal feed;
- storage of organically processed products;
- sale of organic processed products;
- import and export of organic products.

In addition, the following inspection and certification rights have been granted to the private control bodies: **Biokontroll Hungária Kft.** may authorise mass catering, pet feed, game, rabbit and quail farming, while **Bio Garancia Kft.** may assess ostrich, emu and quail farming. The organizations logos and ID numbers can be found of packaged goods representing the officially approved seals of organic agricultural production.

Research and Training

In Hungary organic agriculture is researched and taught by a number of universities, specialized research institutes and training centres.

Academic courses on organic farming are available at the Hungarian University of Agriculture and Life Sciences (MATE) as postgraduate degrees or specialized training courses. Available courses are:

- Organic farmer (specialized engineer course / training course), and
- Organic landscape maintenance (specialized engineer course /training course).

Other specialized professional training courses are organized on a regular basis by the **Biokontroll Hungária Nonprofit Kht.** and **ÖMKI**, the Hungarian Research Institute of Organic Agriculture.

Public Authorities

Agrárminisztérium

- 1055 Budapest, Kossuth Lajos tér 11.
- +36 1 795 2000
- info@am.gov.hu

www.kormany.hu/agrarminiszterium

NéBIH – Nemzeti Élelmiszerlánc-biztonsági Hivatal

- 1024 Budapest, Keleti Károly utca. 24.
- +36 1 336 9000
- ugyfelszolgalat@nebih.gov.hu

www.portal.nebih.gov.hu

Private Control Bodies

Biokontroll Hungária Kft.

- ID: HU-ÖKO-01
- 1112 Budapest, Oroszvég lejtő 16.
- +36 1 336 1166
- info@biokontroll.hu

www.biokontroll.hu

Bio Garancia Kft.

- ID: HU-ÖKO-02
- 1036 Budapest, Dereglye utca 5/2. 1/5.
- +36 1 336 0533
- info@bio-garancia.hu

www.bio-garancia.hu

Set up in 2011, ÖMKI works to promote organic farming in Hungary by carrying out targeted scientific research projects and strategic market development. ÖMKI aims to:

— increase the number of producers and the share of organically farmed land;
— develop organic farming methods with knowledge from national and international research projects;
— increase the credibility of organic farming with independent research;
— increase the competitiveness of organic farming;
— provide quality service to ensure the sustainability of agricultural production;
— disseminate research findings;
— promote dialogue and cooperation between public and private actors in organic farming.

ÖMKI works in close collaboration with **IFOAM Organics Europe**, **FiBL**, and the **Hungarian National Rural Network** (**MNVH**).

In terms of non-academic training courses, a number of institutes and organizations offer part-time training for those hoping to engage in organic farming. Generally, the courses last 6 to 9 months, are based on in-person or online teaching methods with compulsory practical elements, and require formal, related education before enrolment (such as agronomy or agriculture related degree or training certificate, including secondary level agricultural technician training). Courses are based on four major themes, namely:

— trends in organic farming, certification, inspection, marketing, environmental protection / conservation, landscapes, and organic waste management;
— organic crop farming;
— organic animal farming;
— organic horticulture.

Organic farming courses are available at multiple educational centres, for example the **Neumann János University**, **Pannon Kincstár Ltd**, **OKTÁV Ltd**, or the **Magyar Vidékért** educational centres (randomly selected).

Info

MATE – Magyar Agrár és Élettudományi Egyetem

— 2100 Gödöllő, Páter Károly utca 1.
— +36 2 852 2000.
— foigazgato.godollo@uni-mate.hu

www.uni-mate.hu/home

ÖMKi – Ökológiai Mezőgazdasági Kutatóintézet

— 1033 Budapest, Miklós tér 1. (Selyemgombolyító)
— +36 1 244 8358
— info@biokutatas.hu

www.biokutatas.hu

John Von Neumann University Faculty of Horticulture and Rural Development

— 6000 Kecskemét, Mészöly Gyula tér 1–3.
— +36 7 651 7620
— kvk@kvk.uni-neumann.hu

www.uni-neumann.hu/biogazdalkodo#

Pannon Kincstár Ltd

— 1056 Budapest, Váci utca 47.
— +36 1 577 8311
— ugyfelszolgalat@pannonkincstar.hu

www.pannonkincstar.hu/biogazdalkodo-kepzes

OKTÁV Ltd

— 2509 Esztergom-kertváros, Wesselényi u. 35–39.
— +36 3 343 5755
— oktav@oktav.hu

www.oktav.hu/biogazdalkodo-kepzes

Magyar Vidékért

— 4400 Nyíregyháza, Kemecsei út 14.
— +36 2 0234 0170
— palyazat@videkert.hu

www.videkert.hu/portfolio-items/biogazdalkodo-kepzes/

Organic Crop and Livestock Production, Processing and Trade

While the Hungarian organic sector is relatively new, it has great potential to grow in all areas, but especially in terms of the scale and distribution of plant production and animal farming, along with scale of the processing industry and trade in organic products. Consumer interest in organically produced goods is growing along with a higher awareness of products that are already available on the market, which is especially noticeable in the case of urban populations.

Certified Areas

While the distribution of organic farmland in EU Europe is highest in Spain (16 %), France (15 %), Italy (14 %) and Germany (11 %) (Trávníček et al. 2021), Hungary has vast potential to increase both the rate and the scale of organic agricultural production (Figure 14). As the proportions of arable land and other land use can be uniquely defined by a 49 % and 51 % ratio, the share of organic agriculture is still relatively low (6 % in 2020). Therefore, a key priority in the sector is to increase the scale of certified areas.

Comparisons of arable land use and other land use (2020 | %)

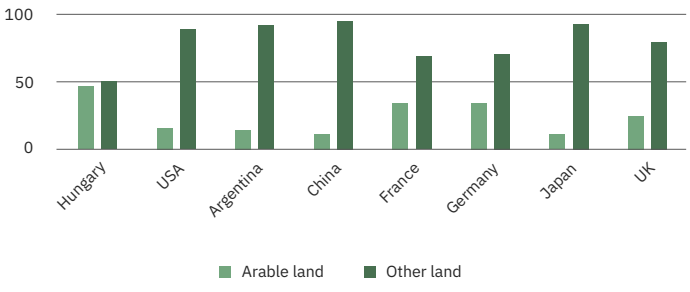

Figure 14

Organic Production

The cultivation area of organic products has shown a steady increase in Hungary, almost doubling in total area utilized between 2016 to 2020 (Figure 15). In 2019 alone, Hungary has increased the share of organic cultivation areas by almost 94 thousand Ha's, scoring as fourth after France, Ukraine and Spain in the list of top 10 European countries with the highest growth in organic farmland (Willer et al. 2021). In terms of the rate of conversion, statistics indicate – with an exception of 2018 – a relatively stable rate of fully converted areas (50–60 %) and a high rate of areas still under conversion (40–50 %).

The distribution of land use in organic agriculture in the EU shows a 45 % use of arable land for crops, 44 % for permanent grasslands, 11 % for permanent crops and fraction (0,005 %) for other purposes (Willer et al. 2021). These proportions are dissimilar to the distribution of land use in Hungary (Figure 16 & 17), where in 2020 most organic areas were used for grassland (51%), arable land (29 %), and cereal production (11 %). Data also indicates that with the exception of dry pulses, protein crops, and root crops, all other land uses have significantly increased in the 2016–2020 period.

Organic crop area by conversion rates in Hungary (2016–2020 | ha)

	2016	2017	2018	2019	2020
Hectare[1]	186,322	199,683	209,382	303,190	301,430
Total area utilized for organic agriculture[1]	3.48 %	3.73 %	3.92 %	5.71 %	6.03 %
Fully converted	49 %	52 %	81 %	61 %	60 %
Under conversion	51 %	48 %	19 %	39 %	40 %

Figure 15

Distribution of organic agriculture land use in Hungary (2016–2020 | ha)

	2016	2017	2018	2019	2020	
Permanent grassland	104,869	109,199	116,389	184,783	180,961	51 %
Arable land	73,192	80,520	82,098	103,888	105,562	29 %
Cereals (grain & seed)	33,083	32,320	33,246	40,698	38,299	10 %
Industrial crops	8,406	10,585	11,254	13,718	14,707	4 %
Fruits from temperate climate zones	3,839	4,396	5,048	6,883	7,307	2 %
Dry pulses and protein crops	3,047	2,395	2,719	3,244	2,953	0,8 %
Fresh vegetables (including melons)	2,765	3,446	3,978	4,743	4,338	1,2 %
Grapes	1,637	1,716	1,759	1,883	2,057	0,5 %
Root crops	152	203	197	412	104	4 %

Figure 16

Organic land use distribution in Hungary (2020 | %)

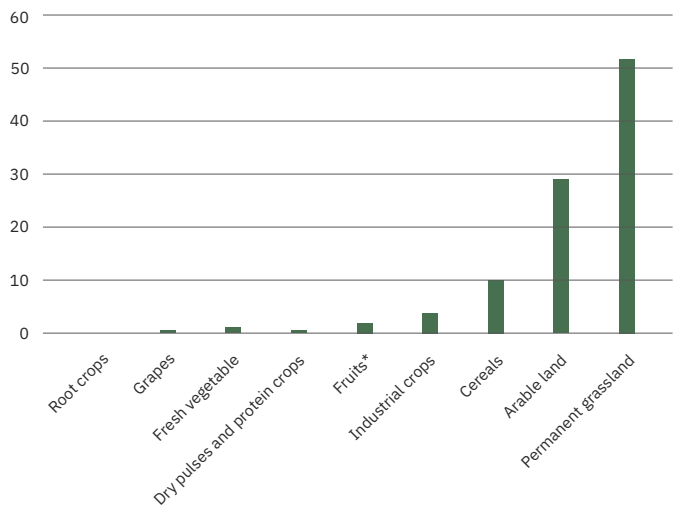

Figure 17

Organic animal farming has significantly increased in Europe in the 2010–2019 period; an 80,9 % increase in bovine animals, 55,3 % in sheep, 109,6 % in pigs, and 110 % in poultry has been noted (Willer et al. 2021). In the case of Hungary (Figure 18), in the 2016 and 2020 time-frame poultry have increased by 23 %, sheep by 4,5 %, and bovine animals (excluding dairy cows) by 23 %. However, in the case of pigs, dairy cows, fishery products and goats, a significant decrease (pigs by -27 %, dairy cows by -77 %, fishery products by -35 %, goats by -45 %) has been noted. In terms of proportions between stock numbers, in 2020 poultry farming was most significant, followed by sheep and pigs. Dairy cows, other bovine animals, fishery products and goats made up a fraction of the stock.

1 Total of fully converted and under conversion organic farming.

* Fruits from temperate climate zones

Organic operators in both Europe and the EU have also shown a very significant increase. In 10 years, European producers have shown a 57,6 %, and processors a 113,3 % increase. Importers have also increased by 120,6 % (Willer et al. 2021). In 2019, the distribution of organic producers was highest in Turkey (17 %), Italy (17 %), France (11 %), Spain (10 %) and Germany (8 %), while in the case of processors Italy (27 %), France (24 %), and Germany (20 %) scored highest (Willer et al. 2021). In Hungary (Figure 9), in the 2016 and 2020 timeframe producers increased by 50 %, processors by 18 %, and importers by 41 %. Narrative data also suggests that in 2022, 12 importers and 5 exporters traded ecologically certified products with non-EU countries.

Organic animal farming in Hungary (2016–2020 | ha | head)[2]

	2016	2017	2018	2019	2020	
Poultry (including broilers and laying hens)	77,520	106,292	83,538	131,367	95,349	84 %
Sheep	8,138	6,260	5,538	11,801	8,506	7 %
Pigs (breeding and fattening)	4,776	5,383	4,459	5,486	3,499	3 %
Dairy cows	3,339	3,272	1,169	1,200	767	1 %
Other bovine animals	2,707	3,033	4,313	3,459	3,337	3 %
Fishery products	2,672	3,238	3,240	2,970	1,730	1,5 %
Goats	1,105	552	572	807	611	0,5 %

Figure 18

Organic operators by status of the registration process (2016–2020)[3]

	2016	2017	2018	2019	2020
Producers	3,414	3,642	3,929	5,136	5,128
Processors	442	492	515	523	521
Importers	34	36	42	44	48
Exporters	n.d.	n.d.	n.d.	n.d.	n.d.

Figure 19

Trade

In 2020, Hungary has realized an excess of 1,9 billion € in foreign trade of goods and 5,7 billion € in services. In the 2016 and 2021 timeframe, data indicates an 80% decrease in the excess value of international trade in goods and a 23 % decrease in the excess value of services (KSH 2021). In terms of the value of foreign trade turnover based on transactions with EU Member States, Hungary (Figure 20) has shown a 9,3 % increase in the export and a 12 % increase in the import of goods in 2021 “in comparison to 2019” figures. These trends are not matched up by the export and import value of services, which have both declined in the 2019 and 2021 timeframe (by 18 % and 14 % respectively).

In 2020, the rate of Hungarian foreign trade in agricultural products (Figure 21) indicate that the total sum of export was almost a third larger than import values. Distribution between imported goods suggest that fruit and vegetables (17 %), meat and meat products (14 %), cereals and cereal products (11 %) are imported the most, while live animals (4 %), sugar, sugar confectionery, honey (3 %), and fish, crustaceans, molluscs (2 %) are imported the least.

2 There is no data available for rabbits and beehives, and no isolated data for laying hens and broiler chicken, milk and eggs on the Eurostat webpage. There is no data available on the processing products of plant and animal origin in Hungary available on the Eurostat webpage.

3 Registered at the end of each calendar year.

In terms of exports (Figure 21), distributions indicate that cereals and cereal products (24 %), meat and meat products (15 %), and animal fodder (without cereals, 12,5 %) are exported the most, while coffee, tea, cocoa, and spices (4,5 %), sugar, sugar confectionery, honey (4 %), and fish, crustaceans, and molluscs (0,2 %) are exported the least.

Value of Hungarian foreign trade turnover from trade with EU Member States (2019–2021)

	2019		2020		2021	
	Export	Import	Export	Import	Export	Import
Goods (billion HUF)	109,1	104,8	105,0	99,4	119,3	117,4
Services	27,3 %	19,2 %	20 %	15,2 %	22,2 %	16,5 %

Figure 20

Hungarian foreign trade of agricultural products (2020)

	Import (million HUF)	Distribution	Export (million HUF)	Distribution
Live animal	83,808	4 %	143,981	5 %
Meat, meat products	271,345	14 %	425,452	15 %
Milk, eggs	179,023	9 %	182,296	7 %
Fish, crustaceans, molluscs	37,465	2 %	5,953	0,2 %
Cereals, cereal products	213,991	11 %	668,208	24 %
Fruit, vegetables	335,177	17 %	338,765	12 %
Sugar, sugar confectionery, honey	66,460	3 %	102,796	4 %
Coffee, tea, cocoa, spices	177,367	9 %	121,760	4,5 %
Animal fodder (without cereals)	180,340	9 %	340,731	12,5 %
Other food	208,616	10,5 %	227,688	8 %
Drinks	116,626	6 %	130,551	5 %
Tobacco, tobacco products	109,663	5,5 %	77,596	2,8 %
Total	1,979,887	100	2,765,782	100

Figure 21

In 2020, the monthly expenditure of households (per capita) has decreased by 2.3 % in real terms as a direct result of Covid-19 related provisions. At the same time the price of food and non-alcoholic beverages increased by 2,5 %, leading to an average of 29,800 HUF additional food expenditure per person (KSH 2021). However, despite the increase in the price of food, retailers have realized a 2,2 % increase in retail in 2021 (in comparison to 2020, KSH 2021) and food commerce reached an overall value of 3,559,754 million HUF (KSH 2022).

The organic market has also grown significantly in the past years. European organic retail sales in 2019 have amounted to 45,049 million €, and in the 2010–2019 period, have realized a 129,9 % expansion. Per capita consumption amounts to 84 € in Europe and 55,8 € in the EU (Willer et al. 2021). In terms of the distribution of retail sales in 2019 Germany (31 %), France (29 %), Italy (9 %) scored highest by country, and the USA (43 %), EU-28 (39 %), and China (8 %) by the single market.

Retail sales values by country were also highest in Germany (11,970 million €), and the market has

shown an expansion by 9,7 % in 2019. While no official data is available on the value of organic retail in Hungary, FiBL Statistics (Figure 22) indicate that sales amount to approximately 30 million € per annum. This value has been constant in the years 2018–2020, quite possibly due to the lack of data.

While per capita consumption of organic food in 2019 is highest in Denmark (344 €), Switzerland (338 €), and Luxembourg (265 €), it averages to 3,04 € in Hungary. Export values of organic products indicate an annual sum of 20 million €, and imports 18 million € respectively, with an overall retail share of 0,3 %.

Organic markets and trade (2018–2020)

	2018	**2019**	**2020**
Retail sales Eur / million	30,00	30,00	30,00
Per capita consumption Eur / person	3,04	3,04	3,04
Exports Eur / million	20,00	20,00	20,00
Imports Eur / million	18,00	18,00	18,00
Retail share %	0,3	0,3	0,3

Figure 22

The Organic Market in Hungary

As indicated, Hungary does not collect specialized datasets on scale of the organic market or changing trends. However, narrative data suggests that the market is predominantly based on specialized retail channels. These outlets engage in the trade of locally and internationally sourced organic goods. Fresh goods are mostly sold on markets and specialized online shops, while stores and supermarkets mainly sell processed products.

Market Size and Trends

While national organic standards and reliable labelling schemes are in place, the market of organic goods is still relatively small in proportion to the availability of and trade in conventionally farmed products. A general trend in Hungary is that larger organic farms export their products as raw materials, hence the market of fresh products depends on the smaller organic farms. This has been estimated at 80–90 % of all crops, horticulture, and animal products. In addition to the level of consumer awareness and the availability of products, purchasing power and the origin of the product are also key trade factors.

In general, locally produced goods appear as fresh or artisan products, and are mostly available on alternative markets (direct and online shops), while – with the exception of organically farmed exotic fruits – imported goods are mostly processed and are usually found in larger stores and supermarkets. Price sensitivity also seems to depend on the quality attributes of products. In the case of fresh and artisan products, prices can be significantly higher in comparison to conventionally farmed goods, yet these products are sold to consumers through specialized markets who are both willing and able to pay for them. In the case of processed goods available in large stores and supermarkets however price sensitivity seems to be a more important factor, therefore many of the organically farmed goods (e.g. eggs, milk, butter) are similarly priced (with only a fraction of extra profit) than products originating from conventional farming methods.

Sales Channels and Actors

Direct sales have shown some development in the past years. While the first specialized market for organic products was established by the Hungarian Bioculture Association (Magyar Biokultúra Szövetség) in Budapest, lately a number of other important markets have emerged within and around the city (e.g. Budakeszi, Pesthidegkút, Újpest), in the larger cities (e.g. such as Győr, Decrecen and Szeged) and smaller towns (e.g. Tihany, Őriszentpéter, Sármellék) of the country. Most of these markets are organized on a weekly basis, while a few of them are only available once a month or on a seasonal basis. In addition to these specialized markets, organically farmed goods are sometimes also be available on the stalls of regular markets or small shops.

Specialized retail of organically produced cosmetics and other health supplements are widely available in a number of shops and online retail outlets (organic shops). Similarly, 'health shops' offer a wide variety of organic food and supplements, and other groceries satisfying special dietary or nutritional requirements. Organically produced wine and other alcoholic beverages are also widely available in shops or online stores.

Specialized catering is probably the least developed trade channel for organically farmed goods in Hungary. A few hotels (e.g. Nimród Bioszálloda és Bioétterem, Szépia Bio & Art Hotel) and restaurants (e.g. Bio de Vega café & restaurant, Mennyország Szíve food & coffee shop, Bio café & étterem) are already available. Some of these are in the premium or gourmé category (e.g. Stand étterem, Costes downtown, Pajta) and do not claim to be organic, however they still use high-quality ingredients for improved quality and taste. Larger catering services could not yet be identified, therefore the organic HoReCa industry is an important sector with significant potential for growth.

While specialized retail and some catering services also conduct trade online, it is important to mention that an increasing number of **online stores** offer organically farmed fresh products. These outlets often aim to limit the number of intermediaries by sourcing their products from the farmers and selling them directly to consumers (e.g. Farm2Fork; NekedTerem). It is therefore important for these outlets to operate in a transparent manner and work with a stable group of Hungarian farmers.

Some of the **online retailers** specialize in selling certified organic products only (e.g. Zöld Tanya Biokert, Biobarlang), while others offer a mixed selection of organic and conventional products (e.g. Kifli.hu, Szatyorbolt). Others may emphasize the importance of

Info

Markets

— Biokultura organic market

www.biokultura.org/hu/biokultura-okopiac

— Organic farmers (Biokultura database)

www.biokultura.org/hu/okotermelo

Organic shops

— Biobolt

www.biobolt.eu

— Biosziget

www.biosziget.hu

— Bio Barát

www.bio-barat.hu

— Bioegészség Biobolt

www.multi-vitamin.hu

Health shops

— Herbaház

www.herbahaz.hu

— Herbaline Egészségbolt

www.herbaline.hu

Hungarian products and brands

— Kőrös-Maros Biofarm Kft.

www.biotej.hu

— Farm Tojás Kft.

www.farmtojas.hu

— Szomor Farm

www.szomordezso.eu

— Virágoskút Biogazdaság

www.viragoskut.hu

— Biopont Kft.

www.biopont.hu

local trade, limited packaging or the lack of chemical inputs (e.g. Zöldségesem). Products can be mostly ordered on demand (i.e. selecting quantity and product range) while some retailers may also offer consumers weekly 'boxes' of seasonal fruit and vegetables. Both methods of trade seem to be growing in popularity.

Hungary is known to **export** most of its certified fresh organic products for processing and imports many of these goods back into the country. The proportion of processed products at the domestic level is negligible even at the retailers. Main export products are grains, oilseeds and legumes, and the main import products are exotic plants (e.g. cocoa, coconut) and their products. Detailed data however is not available on the scale and distribution of these transactions.

The largest and most influential **supermarket chains** in Hungary with a significant range of organically certified products are: Aldi, Auchan, Lidl, Spar, Tesco and stores such as DM and Rossman. These shops generally offer a range of products from different countries of origin brands and, but some of the stores also possess their own brands or packaged organic products (e.g. Auchan, Spar, DM, Rossman).

Hungarian Products and Brands

A wide range of Hungarian organically certified products are already available, however the market is largely dominated by foreign products and brands. Milk (e.g. ZöldFarm), eggs (e.g. Farm Tojás), meat and other animal derivatives (e.g. sausages, minced meat, lard) are available (e.g. Szomor Húsüzem, Virágoskút Biogazdaság). Sunflower oil, organic vegetable and fruit juices, sweeteners, sweet and salty snacks, different types of flour, cereals and cereal bars, dry fruits (e.g. Biopont) are also produced. Syrups, jams, dairy products are available usually as artisan products, many of which originate from farmers operating in National Parks.

Foreign Products and Brands

A very wide range of foreign products and brands are available in all retail outlets that range from cosmetics, alcoholic and other beverages, food and other supplements. These are available in the above outlined retail outlets.

Info

Online shops

— Biobarlang

www.biobarlang.hu/

— Zöldségesem

www.zoldsegesem.hu/

— Farm 2 Fork

www.farm2fork.hu/

— Szatyorbolt

www.szatyorbolt.hu/

— Zöld Tanya Biokert

www.zoldtanya.hu/

— Nekedterem Magyarország Kft.

www.nekedterem.hu/

— Kifli

www.kifli.hu/

Organic market search

— Naturportal

www.naturportal.hu/biopiacok/

Supermarket chains and stores

— Lidl Magyarország

www.lidl.hu/

— Tesco-Globál Áruházak Zrt.

www.bevasarlas.tesco.hu/groceries/hu-HU/

— dm Kft.

www.dm.hu/

— Rossmann Magyarország Kft.

www.shop.rossmann.hu/

Opportunities for Trade and Investment

The Hungarian organic farming sector provides unique opportunities for future development. Organic farming, processing and trade all have the potential to grow significantly in the country. With increased conversion of plant and animal farming, and investment into domestic processing, a higher share of organic products from Hungarian origin may be secured for national and international trade.

Swot Analysis

Strengths

— The Hungarian organic sector possesses multiple strengths, which may provide ample opportunities for national and international trade, and investment. The country is an established member of the EU and has the institutional system, and legal framework in place for stable commerce in organic goods and products. The system of inspection and certification of organic production, processing and trade is also well developed, and funding mechanisms have been established to support the growth of the sector both in terms of scale and distribution. Growing interest in and demand for organic products by consumers and retailers is clear, and new trade niches in the HoReCa industry also seem available. There are influential non-governmental bodies, research institutions and training centres working to enhance awareness of and knowledge on the multiple benefits of organic farming practices.

Weaknesses

— Hungary is not a member of the eurozone, which, due to fluctuating conversion rates between the Euro and the Hungarian Forint may cause some challenges to commerce. Additional weaknesses of the Hungarian organic sector may be induced by the relatively low market share of organic production, processing, and trade, the price sensitivity of consumers, and the fact that no official data is available on organic export and import values, or the types of products traded. To further develop the sector, farmers require up-to-date training, awareness of the challenges associated with organic production and the sale of organic products, and capital investment to decrease the reliance of farmers on development subsidies and grants. Indeed, these are the areas where farmers require most support. Producers generally depend on subsidies and grants, which may limit their ability for development. A number of small, new or well-established organic farms could also benefit from logistic, marketing, and distribution support, especially during conversion periods.

Opportunities

— New trade and investment opportunities are also provided by the generally favourable socio-economic-climate and the availability of high-quality agricultural land. Therefore, Hungarian agriculture can provide a diverse range of crops, horticultural products – fruits and vegetables in particular – and farm animals. The processing industry is also an important niche that could be further developed in partnership with Hungarian farmers, especially to reach consumers and other businesses keen to purchase locally farmed, high-quality goods. As multiple trade channels are available, new or established businesses can find the outlets of their needs and preferences. Opportunities may also arise in the integration of production, in expanding the market share of organic goods in catering services or by creating a steady flow of products to retailers that are open to expand their product range.

Threats

— The GDP share of agriculture, forestry and the fishery industries are relatively low, along with the rate of certification and conversion to organic farming. Additional threats may emerge due to general trends in farming such as an aging farming population and the difficulty of engaging committed and well-trained agricultural workers, and more recent problems induced by high energy and other input costs, which may decrease the likelihood of major progress in the development of the sector.
The domestic organic farming sector is also largely driven by available subsidies, which – due to the lack of funding mechanisms for organic animal farming – results in the stagnation or even decrease of the sector. Despite the continuously expanding scale of certified areas, domestic product scale and range does not yet seem to reflect this growing tendency.

Conclusions

Hungarian agricultural production is still in transition. Some farmers seek to intensify their production, while others hope to engage in more environmentally friendly methods of farming. As conversion to certified organic farming can be challenging, therefore - in partnership with Hungarian farmers - new trade and investment opportunities may offer the organic farming movement, processing and trade industries the momentum to significantly increase the scale and distribution of production. The availability of agricultural land, the stability of national and international commerce, the reliability of the legal and institutional framework, and the high market potential of organic goods indicate that there are many commercial opportunities to be explored.

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