

Co-Operation in Hungarian Agriculture

Authors : Eszter Hamza

Abstract : The competitiveness of economic operators is based on interoperability, which is relatively low in Hungary. The development of co-operation is high priority in Common Agricultural Policy 2014-2020. The aim of the paper to assess co-operations in Hungarian agriculture, estimate the economic outputs and benefits of co-operations, based on statistical data processing and literature. Further objective is to explore the potential of agricultural co-operation with the help of interviews and questionnaire survey. The research seeks to answer questions as to what fundamental factors play role in the development of co-operation, and what are the motivations of the actors and the key success factors and pitfalls. The results were analysed using econometric methods. In Hungarian agriculture we can find several forms of co-operation: cooperatives, producer groups (PG) and producer organizations (PO), machinery cooperatives, integrator companies, product boards and interbranch organisations. Despite the several appearance of the agricultural co-operation, their economic weight is significantly lower in Hungary than in western European countries. Considering the agricultural importance, the integrator companies represent the most weight among the co-operations forms. Hungarian farmers linked to co-operations or organizations mostly in relation to procurement and sales. Less than 30 percent of surveyed farmers are members of a producer organization or cooperative. The trust level is low among farmers. The main obstacle to the development of formalized co-operation, is producers' risk aversion and the black economy in agriculture. Producers often prefer informal co-operation instead of long-term contractual relationships. The Hungarian agricultural co-operations are characterized by non-dynamic development, but slow qualitative change. For the future, one breakout point could be the association of producer groups and organizations, which in addition to the benefits of market concentration, in the dissemination of knowledge, advisory network operation and innovation can act more effectively.

Keywords : agriculture, co-operation, producer organisation, trust level

Conference Title : ICAEMS 2015 : International Conference on Applied Economics and Management Sciences

Conference Location : Copenhagen, Denmark

Conference Dates : June 11-12, 2015