

## Change of farm threshold from 2020

The methodology of the Hungarian agricultural statistical data collection has been basically unchanged since the 1990s and contains obsolete elements. The determination of farm thresholds is the same since 1972, and the division of agricultural producers into agricultural enterprises and private farms has not changed neither since that year. The structure of the Hungarian agriculture has been changed over the past decades. Nowadays there are private farms (households engaged in agricultural activities and private entrepreneurs with tax number) carrying out agricultural production on a large area and using professional technology, therefore there is no reason to distinguish them from agricultural enterprises (enterprises with or without legal personality) within the agricultural data collection system. In year 2020 around 3% of the agricultural land area was used by farms with area less than 1 hectare, while in 2016 their ratio was only 1%. Similar concentration took place in case of animal husbandry. The village of today is not comparable to rural Hungary in the 1980s and 1990s. The small-scale production activity – especially small-scale animal husbandry – declined and leisure gardening is getting more typical instead of kitchen gardening. Consequently, a smaller and smaller part of agricultural production is provided by small scale producers. Based on the volume of agricultural production the activity of small-scale producers can be considered rather as a hobby than agricultural activity, so not much separate it from urban micro gardening (e.g. growing tomatoes in balcony box) in nature.

The previous agricultural census in Hungary was organised by the Hungarian Central Statistical Office (HCSO) in 2010. The data was collected using paper questionnaires and 2.3 million addresses/households were visited from which 567 thousand was considered as farm. Besides this nearly 1.1 million households carried out some kind of agricultural activity (around on the area of the house they live, and in hobby gardens) but their production not reached the farm threshold.

In time of the Agricultural Census 2010 almost 60 percent of the farms carried out agricultural production only for own consumption. More than 45% of farms had a standard output of less than 1,000 Euros per year.

On the data user side, it has been repeatedly raised that the number of Hungarian farms is excessive in international comparison. The large number of farms and the high share of small-scale producers in the calculation of the specific indicators have always resulted an undeveloped Hungarian agriculture with low productivity. By raising of the farm threshold, the HCSO moves towards the observation and publication of data on farms producing for the market.

The farm threshold was raised by several Member States for similar reasons in the recent past (e.g. in Poland, in Czech Republic, in Slovakia and in Germany in 2010).

Based on the above, HCSO started the preparation of modernising the agricultural statistics in 2018 including the change of the farm threshold.

When defining the new farm threshold, on the one hand the legal requirements had to be taken into account, and on the other hand it was expected to determine physical values that would be in line with the coverage of available administrative data sources (National Food Chain Safety Office, Hungarian Chamber of Agriculture, Hungarian State Treasury).

The new legal basis for the IFS is Regulation (EU) 2018/1091 of the European Parliament and of the Council of 18 July 2018 on integrated farm statistics and repealing Regulations (EC) No 1166/2008 and (EU) No 1337/2011. The 2020 agricultural census was implemented by Commission Implementing Regulation (EU) 2018/1874 of 29 November 2018 on the data to be provided for 2020 under Regulation (EU) 2018/1091 of the European Parliament and of the Council on integrated farm statistics and repealing Regulations (EC) No 1166/2008 and (EU) No 1337/2011, as regards the list of variables and their description.

The new framework legislation differs in several aspects from the EU regulation that has governed the area until 2020.

1. The Regulation (EU) 2018/1091 requires each Member State to provide data on the agricultural holdings which cover 98 % of the total utilised agricultural area (excluding kitchen gardens) and 98 % of the livestock units.
2. To support achieving the 98% coverage requirements, Member States shall provide data representative of the agricultural holdings and common land units that meet at least one of the physical thresholds listed below (and in Annex II of Regulation (EU) 2018/1091) with regard to the size of agricultural or the number of livestock units.

<b>List of the physical thresholds</b>	
Utilized agricultural area (UAA)	5 ha
Arable land	2 ha
Potatoes	0.5 ha
Fresh vegetables and strawberries	0.5 ha
Aromatic, medicinal and culinary plants, flowers and ornamental plants, seeds and seedlings, nurseries	0.2 ha
Fruit trees, berries, nut trees, citrus fruit trees, other permanent crops excluding nurseries, vineyards and olive trees	0.3 ha
Vineyards	0.1 ha
Olive trees	0.3 ha
Greenhouses	100 m <sup>2</sup>
Cultivated mushrooms	100 m <sup>2</sup>
Livestock units	1.7 livestock units

3. Where the holdings above at least one of the IFS thresholds do not cover 98 % of the UAA (excluding kitchen gardens) and/or 98 % of the LSUs, Member States should extend the coverage by establishing lower thresholds, or by establishing additional thresholds, or both. The holdings under all IFS thresholds form the so-called frame extension. The data collection on the agricultural holdings in the frame extension may be carried out on samples.

For Hungary, neither the utilised agricultural area nor the livestock units meet the 98% coverage, so the HCSO has set lower values. In order to determine the new physical thresholds calculations were carried out based on the data of Agricultural Census 2010 and Farm Structure Surveys of 2013 and 2016.

As a result of the analysis from the different options the lower and additional threshold was established as it is mentioned in point 3.

In case of utilised agricultural area, the national threshold became equal to the threshold used in integrated administration and control system (IACS). IACS is the most important system for the management and control of payments to farmers made by the Member States in application of the Common Agricultural Policy.

Based on all these the following thresholds were determined and to be applied from 2020:

- an agricultural holding (a holding) uses at least
  - 1 hectare (10 000 m<sup>2</sup>) of productive areas (arable land, kitchen gardens, orchards, vineyards, grassland (meadows and pastures), forests, fish-ponds and reeds together), or
  - 0.25 (2 500 m<sup>2</sup>) hectare of area of potatoes, or
  - 0.25 (2 500 m<sup>2</sup>) hectare of area of fresh vegetables and strawberry, or
  - 0.2 hectare (2 000 m<sup>2</sup>) of area of aromatic, medical and culinary plants, flowers and ornamental plants, seeds and seedlings as well as nurseries, or
  - 0.25 hectare (2 500 m<sup>2</sup>) of area of fruit trees, berries and other permanent crops, or
  - 0.1 (1 000 m<sup>2</sup>) hectare of area of vineyards, or
  - 0.1 hectare (100 m<sup>2</sup>) of area under glass or high accessible plastic cover, or
  - 0.1 hectare (100 m<sup>2</sup>) hectare of area of cultivated mushroom, or
- keeps at least
  - 1 cattle or buffalo or
  - 10 sheep, or
  - 10 goats, or
  - 30 piglets of a live weight of under 20 kg each, or
  - 2 pigs of a live weight of 20 kg or over each, or
  - 50 chickens, or
  - 30 turkeys, or
  - 100 ducks, or
  - 50 geese, or
  - 3 ostriches, or
  - 50 rabbits, or
- provides agricultural services.

The data of the Agricultural Census 2010, the Farm Structure Survey of 2013 and 2016 were recalculated on the basis of the new thresholds in order to get comparable data with the Agricultural Census 2020.

The values of some indicators calculated using the old and new methodologies are shown in the table below

		Number of holdings	Agricultural area	Sown area of wheat	Sown area of maize	Cattle	Pig	Chicken
2010	Old method	576 740	4 610 268	923 467	1 063 626	705.8	3 207.8	36 034.3
	New method	350 682	4 565 928	921 196	1 024 364	705.8	3 154.0	34 130.7
2013	Old method	491 315	4 589 292	949 049	1 067 173	751.4	2 865.9	30 259.4
	New method	297 017	4 551 486	946 980	1 056 932	751.4	2 828.3	28 745.0
2016	Old method	431 258	4 670 267	948 351	860 146	842.0	2 978.8	34 143.5
	New method	273 959	4 643 512	946 822	852 991	841.4	2 903.3	32 322.7