

Voluntary Report – Voluntary - Public Distribution

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Report Name: The Hungarian Government Stands Up for Agriculture Under the COVID-19 Crisis

Country: Hungary

Post: Budapest

Report Category: Agricultural Situation, Agriculture in the Economy, Agriculture in the News, Policy and Program Announcements, National Plan

Prepared By: Gellert Golya

Approved By: Kimberly Sawatzki

Report Highlights:

The Government of Hungary (GOH) is providing tax relief, credit programs, loan repayment moratorium, and significant support in grants for farmers and food processors to keep the sector alive under the Covid-19 crisis. The Minister of Agriculture promoted domestic producers in asking retail chains to favor Hungarian products and initiated the introduction of EU measures to create equal competitive conditions for internal products against imports.

Until the end of June 2020, the employers of plant nurseries, vineyards and wineries, pálinka (Hungarian fruit brandy) distilleries, small-scale beer breweries, and game management services will be exempt from the payment of contributions and taxes on their workers' wages as most of them are facing financial difficulties due to the forced suspension of tourism and catering. Also, workers in these segments are only required to pay the four percent in-kind health insurance contribution, which is limited at the maximum rate of HUF 7,710 (USD 23.90).

Also, the any-purpose Széchenyi Overdraft Facility (with a term of up to three years) has been made free and the available credit line have been doubled, a move which helps many farmers, including even the smallest agricultural producers in Hungary. The maximum amount of credit available for a farmer increased from HUF 100 million (USD 309.6 thousand) to HUF 200 million (USD 619.2 thousand) in the case of new credit contracts concluded up to the end of the year. The Ministry of Agriculture also raised the interest and guarantee fee support to 100 percent from the Ministry's budgetary resources, and undertook the reimbursement of 100 percent of the costs related to the conclusion and maintenance of these credit contracts.

In Hungary, there are some 300,000 farms and businesses operating in agriculture and the food industry. Agriculture Minister István Nagy highlighted that the GOH's economic measures announced so far were an enormous help for the sector. The full credit debt repayment moratorium (extended to the end of the year) and the accelerated VAT refunding procedures all seek to stabilize the farmers' and food producers' financial situation. The ongoing disbursement of agricultural grants and the relief measures introduced in the support system also contribute to the better availability of financial resources necessary for production.

Agriculture plays a key role in Hungary's Economy Protection Action Plan aiming to ensure revenues, work force, and sales opportunities for farms. In this spirit, in an open letter, Minister Nagy asked retail chains and domestic suppliers operating in Hungary to favor Hungarian products over imports. He also asked that local governments keep markets open (in compliance with pandemic measures), so that people have access to the products of Hungarian producers. In addition, the Minister asked the European Commissioner for Trade for an urgent EC review of poultry import conditions from third countries in order to minimize the negative impact of Covid-19 in the sector. "A temporary adjustment of the quantity of imports originating from third countries could help to achieve a state of balance on the internal market and the creation of equal competitive conditions for internal production," the Minister said.

Ensuring the continuity of food supply is among the GOH's priorities. Therefore, the Ministry of Agriculture has developed the National Food Economy Crisis Management Program as a part of the country's Economy Protection Action Plan. GOH will help agricultural and food enterprises with HUF 25 billion (USD 77.4 million) in grants to overcome the economic difficulties caused by the Covid-19. It will be implemented by new transitional support programs and through an increase in the amount of existing support schemes. The goal is to strengthen the epidemiological control and maintain the country's food production capacity, thereby keeping Hungary's export potential and preserving food safety and security.

Attachments: No Attachments.