

**Gondolatelyemek Feldman Zsolt helyettes államtitkár úr beszédéhez**  
**Miniszteri kerekasztal ülés**  
**GOVERNANCE AND INTERNATIONAL COMMODITY MARKETS**  
**2014. október 6., Róma**

Mr. Chairperson,

Director-General of FAO,

Distinguished Ministers, Delegates, Ladies and Gentlemen,

It is a great honour for me to attend the Ministerial Meeting on Governance and International Commodity Markets. I wish to congratulate the French Minister on the initiative and the Director-General and his staff on the excellent organization of this event.

The topic selected for discussion is particularly relevant and timely. We only have to think of some of the recent trade restrictions, a sudden fall in consumer confidence or the overproduction of some fruits and vegetables.

Hungary has exceptionally good conditions for agriculture. Our production capacity is at least 50% higher than our domestic need, therefore the export of agricultural goods plays an important role in our national economy. Hungary, for instance, exports a significant quantity of grain and other commodities which are particularly dependent on world market prices. So the excessive price volatility strongly affects our agriculture, and has overspill effects for the whole society. It is in our best interest to have stable market conditions.

Although the free trade of commodities and granting market access to farmers is important this priority should not compromise national food security. There should be a certain level of regulation to minimize some of the negative effects of international trade and to stabilize markets. There are indirect tools to help protect farmers against price fluctuations and to counter the negative effects of the free commodity market.

Hungary is determined to address the economic and social disadvantages of price volatility and global trade.

I would like to mention some policy measures in this respect, starting with the **risk management tool**.

Global trade is likely to increase the impact from pests, diseases, droughts, floods and hurricanes – which have become more frequent and severe due to climate change - and may negatively affect farmers and others involved in agricultural production. All these have an impact on the commodity markets and may often entail price volatility. Our policy priority is to improve farmer's income-generating capacity and balanced yields. In the next financial period we will apply risk management measures, such as an income stabilization tool, risk prevention investments and agricultural risk insurance. I believe that risk management will contribute to reasonable incomes in the long term that will pave the way for farming stability.

The second measure is to provide incentives to **short food supply chain**. Short food supply chain is expected to increase farmers' income, encourage the consumption of fresh food and have a lower environmental impact, contributing to sustainable development. In order that farmers won't be so vulnerable to price volatility we provide supports to create local markets and incentives the promotion of local products. Let me give you an example: thanks to the good weather currently Hungary and also some other EU countries have an overproduction of apples. In an effort to mitigate the potential effects of a price drop, the Ministry, together with the Interprofessional Organization concerned, has organized markets in the Capital to provide opportunities for farmers to sell apples and apple products directly to consumers, at a reasonable price.

The third set of policy measures regards **development and support of a healthy processing industry**. In addition to mitigating the impacts of price volatility, it helps raising our export potential too. Furthermore, it helps the withdrawal of farm output in the event of high yields, and by adding value to the products, generates incomes and creates employment in rural areas.

In conclusion, I think we should all try to identify similar measures to help transparency and stability on the domestic markets and on the international markets as well. Hungary is willing to join any initiative, including upgraded structure of institutional-level cooperation between nations and international organizations.

The introduction of AMIS was an important step forward in disseminating market information. Accurate, up-to-date information is essential for efficient decision making. We also welcome the initiative of international organizations – such as the World Bank, FAO, UNCTAD – to collect and disseminate market information. More transparency in international trade may also contribute to preventing speculation with agricultural commodities.

Thank you Mr. Chairperson.