# Studies in Agricultural Economics

**Volume 114, Number 2**



## Contents



Manuscripts should be prepared in English and sent via e-mail to the Editor-in-Chief at studies@aki.gov.hu.

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Research Institute of Agricultural Economics


1463 Budapest, POB 944, Hungary
https://www.aki.gov.hu/studies
HU ISSN 1418 2106 (printed)
HU ISSN 2063 0476 (electronic)
Established 1962

# Foreword

Since the 1970s, official organisations such as the OECD and the FAO have introduced the concept of Agricultural Knowledge and Information Systems (AKIS) in policy discourses. This acronym has since evolved to describe Agricultural Knowledge and *Innovation* Systems, a concept that seeks to encompass and influence the complexity of knowledge and innovation processes in the rural sphere. Although these systems are very different between countries, regions and sectors, they face common challenges such as the need to increase productivity and sustainability in agriculture and food production.

In March 2012 the European Union's Standing Committee on Agricultural Research (SCAR) published its report 'Agricultural Knowledge and Innovation Systems in Transition'[1]. Its main conclusion is that the interactions between the different actors within the AKIS, namely knowledge users (especially farmers), research, education and extension, have to be improved. The systems are changing, but there is no guarantee that they are fit to meet the challenges of the bioeconomy.

The publication of the report is timely as the *Innovation Union* is one of the seven flagship initiatives of the European Union's Europe 2020 strategy for a smart, sustainable and inclusive economy. The European Commission acknowledges the importance of research, knowledge transfer and innovation in addressing the challenges faced by European farmers. Its proposals for the Common Agricultural Policy after 2013 include a strengthening of innovation support, in part through the creation of a 'European Innovation Partnership for agricultural productivity and sustainability'.

This thematic issue of *Studies in Agricultural Economics consists* of nine papers that explore different aspects of AKIS in the context of the conclusions of the SCAR report.

The first two papers address the concepts of innovation and knowledge respectively. Social innovation is as an essential part of agricultural and rural innovation but what exactly is meant by the term often remains unclear. Bock clarifies the meaning and significance of the concept by distinguishing three main interpretations of social innovation: the social mechanism of innovation, the social responsibility of innovation and the need for innovating society. The traditional, 'linear' model of technology transfer (from scientists to the users) is outdated and knowledge flows within AKIS can be complex. Koutsouris explores the expert – lay knowledge gap as well as obstacles to participatory development from a critical realist point of view, providing useful guidelines concerning the emerging 'intermediation' functions within AKIS.

Materia describes how the Italian AKIS places itself in the new emerging framework. She identifies the need for more effective institutional coordination, a major effort in the demand analysis and impact evaluation, and a stronger investment in the skills of human resources involved in the AKIS. The operation of AKIS in ornamental plant production in Vlaanderen (Flanders), Belgium is explored by Vuylsteke and van Gijseghem who describe four examples of networking initiatives. While each of these has its own history and logic, all show that it is possible to move towards improved interaction within and between AKIS subsystems.

The next three papers explore approaches to increasing the level of farmer engagement in the AKIS. Von Münchhausen and Häring present preliminary results from a farmer-university network in the north-east of Germany. These show that such networks can be effective when non-traditional methods of learning and knowledge transfer that are adapted to different levels of professional education are adopted. The theoretical background to the topic of facilitated group learning is reviewed by Murphy. Using the ADER project from the East of England as a case study, he shows that facilitated group learning can be a very effective tool for supporting innovation amongst farmers. Similarly, Owen and Williams show how in Wales the establishment of small, close knit groups with a dedicated experienced facilitator and utilising Action Learning methodology can result in extremely effective and sustainable innovation and knowledge transfer.

Fenyvesi and Erdeiné Késmárki-Gally propose a technology development system for Hungary that incorporates three elements (measurement of inputs in space and time, market-focused technology development and a self-teaching information system for farmers) and that could be used in rural development, primarily in the area of agricultural production. Finally, Rebelo and Muhr demonstrate how, through a simple and informal network, five small wine producers located in the Douro Demarcated Region of Portugal, where high production costs and tradition and *terroir* are relevant factors, have been able to commercially exploit niches in international wine markets.

I trust that this issue of *Studies in Agricultural Economics* will make a useful contribution to the ongoing debate on the future of AKIS across Europe and beyond.

[1] Agricultural knowledge and innovation systems in transition – a reflection paper. Brussel: European Commission.

**Andrew Fieldsend**
Budapest, September 2012

# Abstracts of AKI publications

The results of AKI's research work are presented in detail in a series of Hungarian language publications. English language abstracts are reproduced below. The publications may be downloaded from the AKI website (www.aki.gov.hu) or requested in printed form from aki@aki.gov.hu.

**POTORI Norbert (Ed.)**

## The Common Agricultural Policy 2014-2020: Expected impacts and challenges for Hungary based on the reform proposals

Agroeconomic Book, published 2012

The study summarises the assessed impacts on agriculture in Hungary of the changes to the Common Agricultural Policy for the period 2024-2020. It gives an insight into the agricultural policy analysis and the modelling work carried out by the Research Institute of Agricultural Economics, which can provide a basis for developing the country's negotiating position.

**ALICZKI Katalin**

## The expected impact of the upgrading of battery cages on egg production in Hungary

Agroeconomic Study, published 2012

The change in the legislative requirements regarding the type of cage has caused a transformation in egg production in the European Union (EU). The cage egg producers are obliged to make very costly investments to meet the welfare needs of hens. The consequent drop-out of the producers who are unable to finance the transition has radically changed the structure of egg production in the EU: the number of layers and the production of eggs have declined, and this has affected the price, the external trade and the processing of eggs. We studied the impact of the regulation on egg production in the EU and Hungary.

**JANKUNÉ KÜRTHY Gyöngyi**

## The support indicators of Hungarian agriculture based on EU internal market prices between 2000-2010

Agroeconomic Study, published 2012

The study presents the most recent modifications of the OECD's PSE/CSE subsidy indicator system and analyses the trends in Hungarian agricultural supports between 2000 and 2010. Its main purpose is to compare the level of support for agriculture before and after Hungary's accession to the European Union (EU). In order to carry out an objective analysis of the two periods, Hungarian farm gate prices and the EU's agricultural prices have been compared. Except in 2004, the MPS (Market Price Support), which is the price gap multiplied by the quantity of produced or consumed products, was negative during the entire period, which means that the Hungarian producers' prices were lower than the EU's prices. But the budgetary payments compensated for this; the direct support provided to agriculture increased from 2000 to 2010, therefore the Hungarian PSE indicator also increased. The percentage PSE was 6.5 per cent prior to Hungary's accession to the EU in 2004 but increased to 15 per cent in 2010. The structure of the Hungarian agricultural support system changed dramatically during the surveyed period. Prior to 2004, most of the budgetary payments were subsidies linked to commodities, but the role of these payments has since been reduced. Our conclusion is that owing to the lack of sound demand and the decline in the standard of living, the difference between Hungarian and EU agricultural prices has rather increased, encouraging imports. Sectors which received significant support before 2004 still suffer from the consequences of the previous favourable position and still have to adapt to the new situation.

**Studies in Agricultural Economics**

# Information for authors

*Studies in Agricultural Economics* publishes original research papers, review papers, policy analyses and book reviews on agricultural economics, rural development and related topics including: agricultural production and competitiveness, environmental resource management, agri-food supply chain management, markets and marketing, international trade, econometrics, rural economic geography, rural economy and sociology, and development of information and knowledge based society in rural areas.

## Audience

Researchers, academics, policy makers and practitioners in agricultural economics and rural development, especially in eastern central and south eastern Europe.

## Submission of manuscripts

Submission of an article implies that the work described has not been published previously in English (except in the form of an abstract or as part of a published lecture or academic thesis), that it is not under consideration for publication elsewhere, that its publication is approved by all authors and tacitly or explicitly by the responsible authorities where the work was carried out. Papers will not normally exceed 6000 words including the reference list and figure and table captions. Authors intending to prepare a book review should first consult the Editor-in-Chief and such a review should not exceed 2000 words.

Shorter papers and comments, of up to 1500 words, will also be considered for publication. Such notes might deal with the economic aspects of policy, with the results of small research projects not justifying a full-length article, or comment on articles previously published.

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