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Supplying the population as a challenge for agricultural policy**

ABSTRACT: The main task and role of the agricultural economy is to supply the population with food. Agricultural management has a significant impact on the environment, which poses a significant challenge in terms of sustainable development. There are number of tools available in the field of agri-environment protection to address this situation. Some of these are legal tools with mandatory rules, some are voluntary tools, and some are support tools. The new risk management model (ESG) could be the authoritative information system that serves as an indicator of the environmental impact of economic activity and a compass for the monitoring system.

KEYWORDS: sustainable development, food safety, multifunctional agriculture, ESG.

1. Environmental dimensions of sustainable development

In our lives, the only constant is that everything changes. Einstein described the environment as everything that is not me. In a legal term, the definition of the environment can be found in the legal regulation, which we use in legal interpretation and must take into account in terms of the scope of legal regulation. Our environment also constantly changes and transforms. Some changes are a natural process, caused by nature itself, while others are the result of human behaviour. There is practically no human behaviour that does not cause change in our environment. Our environment is capable to adapt and repair itself, even from the consequences of human behaviour. However, there are some human behaviours that the environment is unable to restore. It is necessary for humans to develop mechanisms that are capable to prevent and manage harmful consequences and bringing about

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favourable changes. The answer to these questions can be found in environmental policy documents, policy documents and legal regulators at international, EU and Member State level.

The provision of the Hungarian Fundamental Law on the protection of natural resources[1], the right to physical and mental health[2] and the right to a healthy environment[3] give rise not only to the obligation to designate a level of protection and to maintain this obligation in an unchanged form, but also to a continuous obligation of protection, which is in line with the principles of precaution and prevention. It can be effectively implemented in connection with the principle of non-regression. The principle of non-regression does not refer to the determination of the expected level of environmental protection, but rather to the fact that the level of protection already achieved cannot be reduced. This applies to the fact that the results already achieved, sustainability performances and the effectiveness of environmental measures cannot be reduced by taking into account environmental regulations. "The principle of non-regression applies to substantive law, procedural law and organizational regulation as well. All of these should be considered from the view whether it has or could have – precaution! – effect on the enforcement of the right in question. Not only actual regression is prohibited, but even the possibility of decrease, shortage, or even the risk of it is not allowed."[4] Prevention and precaution come to the fore. This legal principle appears in many international and EU environmental documents, as well as in Member State regulations. The principle of non-regression applies to substantive, procedural and organisational regulations alike. The principle of non-regression may be restricted if the restriction is justified by another fundamental right or constitutional value, and the necessity and proportionality of this can be established.[5] The Hungarian Constitutional Court has referred to the principle of non-regression in several decisions.[6]

[1] Hungarian Fundamental Law Article P (1)
[2] Hungarian Fundamental Law Article XX (1)
[3] Hungarian Fundamental Law Article XXI (1)
[4] Bándi, 2021, p. 46.
[5] Bándi, 2021, pp. 34-48; Fodor, 2007, p. 15; Olajos, 2018, pp. 157-173; Szilágyi, 2018, p. 79.
[6] 28/1994. (V. 20.) AB decision, 106/2007 (XII.20.) AB decision, 16/2015 (VI.5.) AB decision, 28/2017. (X. 25.) AB decision, 3223/2017 (IX.25.) AB decision, 14/2020 (VII.6.) AB decision,

The Hungarian Fundamental Law contains the right to public trust (the present generation acts as a trustee for future generations, and accordingly the interests of future generations must be taken into account). In some cases, even against the economic interests of the present generations. And the doctrine of intergenerational equity (according to which present generations have free access to available resources as long as they respect the legitimate interests of future generations). Both doctrines can be derived from Article P) of the Fundamental Law.

Sustainable development, multifunctional agriculture, etc., are principles, strategies and directions that must respond to an integrated system of agri-environmental protection, from an economic, social and environmental aspects.

Sustainable development has been the greatest challenge facing environmental regulation since the 1980s. The definition of sustainable development focuses on the social and economic area through the lens of environmental protection, keeping in mind the interests of future generations. "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (1987 Brundtland Report). [7]

The institutional and regulatory background for sustainable development can be found in environmental regulations. From a regulatory methodology perspective, these aspects appear in integrativeness, compulsory environmental regulation, voluntary environmental protection measures, technological and measurement system regulations. Among these, I would like to highlight integrative regulation, through which environmental aspects are reflected in various policy areas and related regulatory elements. On the other hand, voluntary environmental protection institutions available to economic actors, such as the eco-label, which shows the favourable environmental parameters of the product produced by the company, and the environmental management and certification audit systems (ISO, EMAS), which reflect the company's environmental commitment and, to this end, the environmental certification of the regulation of its internal processes. The use of these voluntary tools depends on the decision of the enterprise; therefore, enterprises do not have to introduce them. However, its introduction has several advantages, both economically (for example, as a marketing tool to orient consumers) and it

[7] Bándi, 2020; Bándi, 2022; Szilágyi, 2022;

may reduce and simplify the examination criteria during official control and supervision activities.

With regard to the social and economic focus areas of sustainable development, expectations and regulations affecting businesses have also appeared in addition to environmental regulations that point towards of sustainable development. In the following, we will examine the economic and environmental aspects.

2. The substantive aspects of the agricultural structure

Agricultural land is a key production tool and natural resource for the agricultural economy. Agricultural land is the basis and tool of agricultural production and food economy.

The protection of arable land has two ways: it can be distinguished between its qualitative and quantitative sides. Quality protection is soil protection, in which environmental aspects appear. Quantitative protection means the protection of the agricultural economy. The goal is to keep arable land under agricultural cultivation, i.e. to take as little arable land as possible out of cultivation. Maintaining agricultural production means carrying out agricultural activities and producing agricultural products.

There are about 160 million hectares of arable land in the EU. There are about 7.5 million hectares of arable land in Hungary. In the EU and in Hungary, a significant amount of arable land is being taken out of cultivation, and agricultural production is being discontinued.

Compared to domestic needs, Hungary produces more agricultural products. Hungarian exports are larger than imports. However, most of the exported products are raw materials.

The food industry is an important, strategic sector for every country in terms of self-sufficiency, but this is especially true for Hungary due to the favourable agricultural conditions. Production conditions, food expectations and food safety requirements have become very complex, which only some businesses can meet, so efficiency, quality and environmentally conscious production come to the fore.

Globally, forecasts indicate that the world’s population will grow rapidly in the coming decades and exceed 10 billion people. The rapid growth of the world's population creates significant additional consumer demand. Together with its growth, primarily in developing countries, it could be a driving force behind a significant increase in food production.

This growth cannot be achieved extensively, it requires the concentration of available resources and production, and this also applies to the opportunities of domestic agriculture and the food industry. At the same time, from an environmental point of view, food waste must be reduced, selective household biowaste collection must be applied, and a solution must be found for the utilization of expired food.

3. The importance of the Common Agricultural Policy

The Common Agricultural Policy (CAP) provides an answer to the management of sustainable agricultural and agri-environmental issues at EU level. The aim of the reform of the Common Agricultural Policy is to make the Common Agricultural Policy fairer than before, to be more environmentally friendly and more performance-based, and to ensure that the future of European farmers is sustainable. Agriculture and rural areas play a central role in the European Green Deal and the CAP will be key to delivering the Farm to Fork strategy that is part of the European Green Deal.[8]

The aim of the Farm to Fork Policy Strategy is to achieve climate neutrality by 2050 and to make food management sustainable and environmentally friendly. To this end, it formulates objectives and initiatives. The objective of the policy for the food supply chain is:

- sustainable food production;
- sustainable food processing and distribution;
- sustainable food consumption;
- preventing food loss and waste.

Key areas of this policy include, among others, food processing and distribution objective, which involves promoting sustainable practices in food processing, food wholesale and retail food trade, catering, and food service. This objective targets food processors, food industry service providers and retailers. There are seven specific policy actions in this area:

- initiatives to improve the corporate governance network, including the requirement to integrate sustainability into corporate strategies in the food industry;
- developing an EU code and monitoring framework for responsible business and marketing behaviour in the food supply chain;

[8] Olajos, 2023.

- initiatives to encourage changes in the composition of processed foods, including the setting of maximum levels for certain nutrients;
- initiatives to promote the transition to healthier diets, such as developing nutrient profiles to limit the promotion of foods high in salt, sugar and/or fat;
- propose a revision of EU legislation on food contact materials to improve food safety and public health, support the use of sustainable packaging materials and reduce food waste;
- propose a revision of EU marketing standards to ensure the uptake and supply of sustainable agricultural products and to strengthen the role of sustainability criteria, considering the impact on food loss and waste;
- implementing the Food Fraud Action Plan to create a level playing field for operators and strengthen control powers, including by making greater use of the investigative capacities of the European Anti-Fraud Office.

The financial resources available for achieving the CAP objectives support the functioning of ecosystems, providing stronger incentives for climate- and environmentally-friendly farming practices, including organic farming or improving carbon-intensive farming. Rural development devotes a larger part of its resources on climate and environmental protection measures. Let's look at the facts in terms of positive and negative effects, without claiming to be exhaustive: (a) The size of the areas under organic farming in the EU has doubled in the last 10 years (about 6% in Hungary and 10% in Germany compared to the agricultural area), (b) The agricultural sector accounts for almost 11% of total greenhouse gas emissions. Agricultural emissions are generally related to farming, animal husbandry and incineration. Total greenhouse gas emissions in the EU are on a slow downward trend. (c) On the positive side, the size of land at risk of soil erosion has slightly decreased, while other indicators of soil degradation have continued to increase. (d) The conservation status of ecosystems and biodiversity in the EU is unfavourable.

4. Institutions supporting the implementation of the Common Agricultural Policy

In addition to agricultural subsidies, there are a number of legal institutions available that help to enforce the defined objectives specifically from an

environmental point of view, supporting the principles of sustainability and prevention. These instruments can be classified as partly mandatory and partly as voluntary instruments. The ESG risk management model system ensures, among other things, the enforcement of the principles governing not only at the level of state regulation, but also at the level of the company's internal regulation and activities.

The ESG Act[9] defines the principle of materiality as requiring companies to disclose appropriate information about the ESG risks and opportunities they face as part of their ESG reporting.[10] Its application presupposes the fact that the company must have an appropriate integrated risk management system. These include environmental risks (a risk that involves damage to the environment due to use, contamination or pollution, as well as negative changes in climate or natural events or factors[11]), risks in the context of social responsibility (risks arising from failure to respect fundamental rights, lack of support for families, failure to ensure fair working conditions, or social inequalities as well as unfair, non-transparent or malicious business practices[12]) and corporate governance risks (risks arising from inappropriate corporate behaviour or governance activities, measures or regulations, including money laundering, bribery and corruption, or violations of laws related to the operation of the business, in particular tax laws, as well as inadequate complaint handling activities[13]).[14]

This also means that the model can only function effectively if the company's internal processes work properly which requires an adequate external and internal regulatory environment and an effective control system.

[9] Act CVIII of 2023 on the Rules of Corporate Social Responsibility (ESG Act) for the promotion of sustainable financing and uniform corporate responsibility, taking into account environmentally-conscious, social and social aspects, and other related acts (hereinafter referred to as ESG Act)
[10] ESG Act § 3(1)
[11] ESG Act Section 7 Point 18.
[12] ESG Act § 7 Point 28.
[13] ESG Act, Section 7, Section 29.
[14] Hornyák and Lindt, 2023.

5. Final Thoughts

Economic interests and environmental interests are constantly competing with each other. This can also be observed in climate protection and agri-environmental protection.

According to the environmental regulation methodology, the following questions arise:

- sectoral or integrative regulation is needed
- based on the level of public intervention:
  the use of administrative tools (e.g. official procedures, permits); the use of economic instruments (according to the OECD classification, this includes, for example, taxes, contributions, but also emissions trading); voluntary instruments (e.g. the introduction of ISO or EMAS schemes, which are management systems for the environmental certification of companies); Consensual tools, agreement between the authority and the company.

The methodological questions present the framework and theoretical possibilities of the regulatory directions and tools. Environmental regulation focuses on the principle of prevention, i.e. avoiding environmental pollution, reducing environmental impact, and complying with emission and emission limits.

In the studies of several authors[15] and in several decisions of the Hungarian Constitutional Court [16], the so-called prohibition of retreat, i.e. the principle of maintaining the level of protection already achieved, appears. The enforcement of the principles can be achieved through legal regulation.

The Hungarian Fundamental Law has several environmental provisions that justify the high level of protection of environmental interests and values. Among these, it can be highlighted:

- we nurture and protect the natural and man-made values of the Carpathian Basin. We bear responsibility for our descendants, so we protect the living conditions of future generations through the careful use of our material, intellectual and natural resources.

[15] Bándi, 2021; Fodor, 2007, p. 15., Olajos, 2018, pp. 157-173; Szilágyi, 2018, p. 79.
[16] 28/1994. (V. 20.) AB decision, 106/2007 (XII.20.) AB decision, 16/2015 (VI.5.) AB decision, 28/2017. (X. 25.) AB decision, 3223/2017 (IX.25.) AB decision, 14/2020 (VII.6.) AB decision, 5/2025 (VI.30.) AB decision

- natural resources are the common heritage of the nation, the protection, maintenance and preservation of which for future generations is the duty of the state and everyone.
- everyone has the right to physical and mental health, which Hungary promotes by ensuring that its agriculture is free from genetically modified organisms, by providing access to healthy food and drinking water, and by ensuring the protection of the environment.
- Hungary recognises and enforces everyone's right to a healthy environment.
- anyone who causes damage to the environment is obliged to restore it or bear the cost of restoration in accordance with the law.

The provisions of the Hungarian Fundamental Law include provisions that are not included in the Fundamental Laws of other Member States (e.g. GMO-free agriculture or the prohibition of the import of polluting waste)

If the principles are violated, conduct contrary to legal regulation triggers legal liability. Administrative, civil and criminal liability is applied.

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