

## **Beyond the economic dimension – the social and environmental impact of a Producer Organisation**

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One of the 33 case studies of the RELOCAL H2020 project (<https://relocal.eu/>) is the Szentes Producer Organisation (PO). Vegetable producers needed to fit their strategies to the polarizing power distribution in the Hungarian retail sector and to the increasing competition after the EU accession. The pressure became high on them to produce large quantities on low prices. In the context of oligopolistic market mechanisms cooperation seemed to be the only way for vegetable producers to survive.

The area of Szentes is characterised by a historical legacy of gardening and an access to geothermal energy. Both proved to be important for the PO. Historical legacy: Bulgarian gardeners introduced intensive vegetable production 150 years ago. The early plant production system (KZR) worked as a distinct branch of the socialist agricultural cooperative between 1975 and 1994 integrating small scale backyard farming. This integrated plant production system was revitalized and re-established as PO one year prior to Hungary's EU accession, in order to secure eligibility to EU funding. Geothermal energy is a local asset that provides relatively cheap energy for heating the greenhouses. However, access to plots with available geothermal energy is distributed unevenly amongst producers, on the one hand, and is provided through pumps and pipelines by contracts with the owners of the infrastructure. These contracts are claimed biased by many, who therefore, have little influence on the quality of service provision. This pressure forced a group of producers to organise themselves and stand up for their collective interest against their fellow PO member, the owner of the thermal infrastructure. This is one of the inner tensions among PO members dividing them, whilst they stand united against environmental authorities when they question sustainability measures related to the use of thermal energy.

The producer organisation of Szentes managed to stay alive in free market capitalism but on a systemic level it fails to hinder the reproduction of socio-spatial inequalities and respond environmental challenges. Environmental conflicts (failing to meet sustainability criteria when exploiting thermal water), competition, pressure to secure profitability (the need to reduce costs of production through technological advancement, low wages, grey employment) and its social consequences (self- exploitation, lack of old-age security) as well as democratic deficits of the PO's leadership are aimed to be discussed in this paper.