European Network for Rural Development

Setting up an environmentally friendly fruit juice production plant

EAFRD-funded projects

HUNGARY

Agri-food chain integration & quality

Location
Fertőszentmiklós

Programming period
2014 – 2020

Priority
P3 – Food chain & risk management

Measure
M4 – Investments in physical assets

Funding (EUR)
Total budget 130 000
EAFRD 55 675
National/Regional 9 825
Private 64 500

Project duration
2017 – 2018

Project promoter
Zoltán Ábrahám

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Website
n/a

Setting up a fruit juice processing plant that operates with renewable energy.

Summary

A family business that produces and sells vegetable and fruit products directly to consumers, wanted to expand their product range by building a fruit juice plant that would operate with renewable energy. Improved production would enable them to sell the processed products at a higher price and take advantage of increasing market demand.

RDP support facilitated the construction of a fruit processing plant with a solar panel system. The system can provide sufficient electricity for the operation of the fruit juice production and packing lines, as well as for the general needs of the plant.

Results

Construction of a fruit processing plant and installation of a solar panel system.

Recruitment of 1 full-time staff member.

Production of value-added products that are sold at a higher price, thus generating higher business revenue.

Replacement of outsourced production by own small-scale plant, thus reducing production costs in the long run.

Using renewable energy to operate the small plant, thus reducing the environmental impact of the processing activity.

Lessons & Recommendations

- ❑ There is an increasing demand for fruit products from buyers with environmental and health concerns searching for locally cultivated and processed food. In order to address these customers, quality trademarks and labels can be useful.
- ❑ It is important to think about the long term. This is why using renewable energy for small processing plants can help address environmental issues as well.

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Context

Zoltán Ábrahám has been a full-time farmer since 2001 and his farm is located in Fertőszentmiklós, West Hungary. He cultivates arable crops and grows fruit on a half hectare apple garden. In 2015, he planted 3.49 ha of sunflowers, 0.45 ha of corn, 5.07 ha of apples and 0.45 ha of peaches. In 2017 he produced 0.2 tonnes of peaches, 230 tonnes of apple, 2.7 tonnes of corn and 10 tonnes of sunflower oil. He also makes apple juice, and in 2017 he sold 5000 litters. The business, which Zoltán started with his brother, also handles direct retail sales since 2003. For the moment they operate four vegetable stores. Zoltán's products are of high quality due to the small scale of production, and since 2014 he is a member of the Alpokalja-Fertő region's Rural Quality brand network.

In this context, there is a growing demand for his products in the region. Arable crops are sold to wholesalers, while fruits and vegetables are sold through different channels: mainly directly to consumers through their stores, or as apple juice. The remaining fruit and vegetable production goes to wholesalers.

Zoltán used to outsource the production of his 100% fresh fruit juices, but as they are his most popular, highly sought-after product, he wanted to establish a fruit juice plant onsite in Fertőszentmiklós in order to bring down production costs. Before embarking upon the investment, Zoltán had already secured preliminary sale agreements for up to double the amount of fruit juice he was already producing. He had also had preliminary consultations with local hospitals, schools and other public institutions, to whom he was a supplier about the possibility of selling increased quantities of juice.

Objectives

The overall objective of this project was to set up a juice production plant in order to become more competitive by reducing production costs. At the same time, the project sought to ensure a positive environmental impact by using renewable energy sources for the plant's operation.

Activities

The application was submitted on the 25th of April 2016, with the help of the Agrion Enterprise Development Agency operating in the region. They received the support letter in August 2017. Afterwards an application to request modifications to the project proposal was submitted since it turned out that the site where they had planned the investment was affected by the construction of the M85 highway. They needed to find a new venue, which required research and some experienced handling of bureaucratic issues and processes, but which was, in the end, successful. The construction permit became legally valid on the 31st of January 2018. An important consideration in the selection of the site was that it should be easily accessible. Construction contracts were signed in March 2018.

During the selection of the contractors, Zoltán and his brother prioritised staying within the budget, finding local companies with suitable references, and preferably, finding a contractor who could demonstrate some knowledge and experience of project administration. The construction of the processing plant was completed on the 30th June 2018. On the 12th July, the fruit juice production line was delivered and on the same day the solar cell was added to the building. Therefore, by mid-July the activities supported by the framework of the project were implemented.

Main results

- Construction of a fruit processing plant.
- Installation of a solar panel system. The system can provide sufficient electricity for the operation of the fruit juice production and packing lines as well as for the general needs of the plant.
- Recruitment of 1 full-time staff member.
- Production of value-added products that can be sold at a higher price, thus generating higher business revenue.
- Replacement of outsourced production by own small-scale plant, thus reducing production costs in the long run.
- Providing renewable energy to the small plant via solar panels, thus reducing the environmental impact of the processing activity.

Key lessons

There is an increasing demand for fruit products from buyers with environmental and health concerns searching for locally cultivated and processed food. In order to address this audience, trademarks and labels can be useful. This is the reason Zoltán joined the European Territorial Quality Mark initiative, which aims to strengthen the territorial, community identity and social responsibility of rural areas in the participating European regions.

The beneficiaries consider that it is important to think long term, which is why they decided to invest in renewable energy sources. Fortunately, more and more people are conscious about environmental issues as well.

Additional sources of information

n/a

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