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GAIN Report #HU0009

Hungary

Cotton and Products

Annual

2000

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Report Highlights: Both the size of the textile industry and overall cotton consumption are decreasing in Hungary. Domestic demand recently started to grow but strong competition from cheap imports, coupled with lost export markets, casts a pall over the future of the textile industry. The decline in cotton demand, along with cheap imports from FSU countries, limits the sale of US cotton.

Includes PSD changes: Yes
Includes Trade Matrix: No
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Vienna [AU1], HU

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Consumption

The fundamental economic conditions facing the Hungarian textile industry did not change in 1999. Domestic consumption of textile products grew at 4.3 percent (but this was lower than overall per capita GDP growth). In 1999, production of cotton yarns was a mere 22.5 percent of 1990 levels. For cotton fabrics, production stood at just 18 percent of 1990 levels.

Long term estimates for the Hungarian textile industry indicate a further decline. A recent increase in total textile output is attributable to commissioned garment work; however, this will not directly affect the cotton textile industry.

Production statistics for the cotton industry for 1990, 1998 and 1999 are as follows:

Production	1990	1998	1999
Cotton and c. type yarns (MT)	62,051	14,128	13,948
Finished cotton and c. type fabrics (1,000 sq meter)	222,034	43,808	39,500

Trade

The volume of US cotton imports is only around a few hundred metric tons annually. These imports come through the warehouses of foreign processors active in Hungary. The main raw cotton sources remain Uzbekistan, Tajikistan and some African countries. FSU cotton producers set very low prices, frequently make countertrade deals, and often offer cotton from bonded warehouses in Europe. Small lot case-by-case purchases of cotton from bonded warehouses are convenient for factories and help them to manage inventory. After a weak 1998 season, raw cotton imports decreased in 1999.

Slowly rising imports of cotton yarn and fabric in prior years stopped in 1999 and imports continue to be 2-3 times higher than exports. The trade in cotton fabric between the United States and Hungary is roughly balanced in volume; however, the value of U.S. exports is much higher.

There is no import tariff on raw cotton.

Cotton Production, Supply, and Demand (PSD)

PSD Table						
Country	Hungary					
Commodity	Cotton				(HECTARES)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		08/1998		08/1999		08/2000
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	5443	0	5443	0	5879	0
Production	0	0	0	0	0	0
Imports	16765	16800	18507	14000	0	15000
TOTAL SUPPLY	22208	16800	23950	14000	5879	15000
Exports	0	0	0	0	0	0
USE Dom. Consumption	16329	16400	17418	13700	0	14700
Loss Dom. Consumption	435	400	653	300	0	300
TOTAL Dom. Consumption	16764	16800	18071	14000	0	15000
Ending Stocks	5443	0	5879	0	0	0
TOTAL DISTRIBUTION	22207	16800	23950	14000	0	15000