



Required Report - public distribution

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GAIN Report #HU0013

Hungary

Fresh Deciduous Fruit

Annual

2000

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Report Highlights: Hungary remains an important apple juice concentrate exporter but is now a net importer of table apples. Domestic table apple consumption has not yet returned to its 1990 peak but consumption is up compared to recent years. This year's apple crop will be slightly larger despite a drought and while fruit size is small, fruit quality is high. The main marketing channel for apples remains juice concentrate and export subsidies are used for juice and juice concentrate.

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

Production**Weather**

Spring weather supported good fruit setting in 2000. A regional drought, which began late last summer, has reduced fruit size but also prevented major fungus infestations. Irrigation of orchards (and crops in general) is uncommon and only six percent of the commercial fruit production area is irrigated.

PS&D Fresh Apples

PSD Table						
Country	Hungary					
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Planted	18000	18000	18500	18500	0	18000
Area Harvested	18000	18000	18500	18500	0	18000
Bearing Trees	10000	10000	11000	11000	0	10500
Non-Bearing Trees	1200	1200	600	600	0	1000
Total Trees	11200	11200	11600	11600	0	11500
Commercial Production	250000	272000	220000	250000	0	300000
Non-Comm. Production	200000	210000	200000	220000	0	230000
TOTAL Production	450000	482000	420000	470000	0	530000
TOTAL Imports	8000	8000	6000	8000	0	8000
TOTAL SUPPLY	458000	490000	426000	478000	0	538000
Domestic Fresh Consump	162000	194000	160000	181000	0	194000
Exports, Fresh Only	4000	4000	6000	7000	0	6000
For Processing	292000	292000	260000	290000	0	338000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	458000	490000	426000	478000	0	538000

PS&D Apple Juice Concentrate

PSD Table						
Country	Hungary					
Commodity	Concentrated Apple Juice				(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Deliv. To Processors	292000	292000	260000	290000	0	338000
Beginning Stocks	0	0	0	0	0	0
Production	0	49000	0	47000	0	55000
Imports	0	2000	0	6000	0	2000
TOTAL SUPPLY	0	51000	0	53000	0	57000
Exports	0	37000	0	33000	0	32000
Domestic Consumption	0	14000	0	20000	0	25000
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	51000	0	53000	0	57000

Inputs

The Government of Hungary pays a HUF 8,000/hectare (about \$28) in support for fruit producers. Farms may also receive investment support for planting orchards and the basic subsidy is 50 percent of the investment costs plus a medium-term loan with an interest rate that is 40 percent lower than the prime rate. New plantings grew slowly last year but a fire blight bacteria outbreak (which was first detected in Hungary in 1997) destroyed hundreds of hectares of apple orchards in 1999 and 2000. The Government pays many of the costs associated with combating fire blight, such as chemical treatment and measures that help to prevent the spread of the disease.

Fertilizer use (in active ingredient kilograms) increased in 1999 to 83 kg/ha but it is still under the 127 kg/ha level that was reported in 1990.

Crop Quality

Harvest started in late August and early September, although in a normal year it would begin in the middle of September. The quality of the crop thus far is good. For modern commercial orchards (ones that produce popular new table varieties) this should be profitable this year, largely due to better fruit quality. However, smaller, older stock orchards are still having problems marketing quality table apples and a large part of this crop simply goes for processing into juice concentrate.

Overall storage (cold and controlled atmosphere) capacity is in theory sufficient to store more

than ten percent of the total commercial crop. However, the poor financial condition of some orchards and poor management of marketing channels for fresh fruit have driven warehouse owners to focus on servicing other, more profitable sectors.

Prices

The Government pays HUF 3.6/kg (\$0.013) in support to processors who purchase the apple from farms above the HUF 22/kg (\$0.08) trigger price. Table apples do not enjoy price support. Producer prices for the best quality apple for storage or fresh sale is about HUF 80-90/kilogram (\$0.28 - \$0.32). Actual retail market prices are about HUF 90-160/kg (\$0.32 - \$0.89).

Trade

General

Hungary's table apple exports has grown a bit since they bottomed out in 1998 and seem to have stabilized at the 6,000-7,000 MT level. Due to the good crop expectations in West Europe in 2000, sales will increase moderately this year.

Imports of off-season table apples exceeds exports. Sources are usually Southern Hemisphere countries, but increasingly EU countries (Italy, France, Austria) are supplying Hungary due to their better storage practices and high export subsidies. Hungary "imports" apples from Ukraine and Romania for processing under contract and much of the concentrate is re-exported.

Hungary has started to increase apple juice concentrate imports from low cost suppliers such as China to meet increased domestic demand and maintain consistent exports. Other sources are Romania and Slovakia, supported by low import tariffs for CEFTA countries (See at Tariff Changes).

Main markets for Hungarian apple juice concentrate are Germany, Austria and the USA.

Export Subsidies

The Ministry of Agriculture provided the following export subsidies (under Decree #74/1999):

HUF 32/kg for apple juice concentrate (HS 2009 7019 and 7099)

HUF 12/kg for apple juice (100% fruit), in max. 2 liter pack (HS 2009 7099)

Tariff Changes

As of January 1, 2000, the government introduced the new Hungarian Tariff Schedule. The new schedule follows the previous structure: the first (I.) is the GSP column for tariffs on imports from developing countries, the second (II.) column contains the MFN tariffs, and the third column (III.) contains the preferential tariffs based on free trade agreements with the EU, EFTA, Turkey, Israel, Bulgaria, Czech Republic, Estonia, Latvia, Poland, Romania, Slovakia, and Slovenia (the latter eight countries will be referred to later as "CEFTA"). If no tariff is set for the 3rd sub-columns, the MFN

tariff must be imposed.

Under a separate decree, the Government of Hungary announced further preferential tariffs under quota (TRQ) for imports from the EU and CEFTA and any WTO country (GATT TRQ).

Tariff levels of fresh apples and fruit juice and concentrate:

Fresh Apples	Fruit Juice and Concentrate		
Tariff %	Quota MT.	Tariff %	Quota MT.
			I. GSP Tariffs
		37.2	II. MFN Tariffs
49.3		39.2	III. GATT TRQ Tariffs
25	10212	20	8505 CEFTA Tariffs
		12	
25	7000*	19	350 EU TRQ Tariffs

Note: GATT and EU import quotas are set for apples, pears and quince

* excluding apples for processing between September 16 - December 15.

(USD 1 = HUF 283)