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Trade Policy Monitoring

Impact of EU Accession on U.S. Exports

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Approved by:

Paul Spencer-MacGregor

U.S. Embassy

Prepared by:

Dr. Ferenc Nemes

Report Highlights: EU membership will result in an increase in Hungarian corn, tobacco, and beef production. An assessment of the trade impact of Hungary's EU membership reveals that tariffs will decrease for most U.S. agricultural exports, including animal genetics, corn seed, dry beans, grapefruit, dried fruits and nuts, peanuts, and tobacco. Tariff increases will hurt hatching eggs, rice (depending on the outcome of the MOP), and some meats. Non-tariff barriers resulting from the adoption of EU phytosanitary regulations have been very detrimental to U.S. exports. Hungary is not active in resisting the use of modern agricultural biotechnology but its producers do benefit from their status as 'GM-free' suppliers to the EU. Hungary may be receptive to U.S. overtures on WTO-related agricultural issues such as export subsidies and market access.

Includes PSD changes: No
Includes Trade Matrix: No
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Executive Summary

Hungary will join the European Union (EU) on May 1, 2004. Along with this comes the implementation of a host of EU rules governing agricultural subsidies, common import tariffs, and phytosanitary regulations. The partial availability of EU agricultural subsidies will not initially result in a major increase in budget support for the farm sector. Due to the EU Common Agricultural Policy's (CAP) commodity focus, Hungarian producers of grains, oilseeds, sugar and tobacco will benefit the most. In the livestock sector, beef and dairy production will increase while the hog and poultry sectors will face stronger competition and less budgetary help.

EU membership will reduce tariffs on many U.S. agricultural exports to Hungary but this gain is more than offset by the implementation of the full range of EU phytosanitary barriers.

I. General Description of the Accession Process & Time line of Policy Implementation

| | |
|------------------|---|
| 1991 December 16 | Hungary-EU Europe Association Agreement concluded |
| 1994 April | Hungary formally applied for EU membership |
| 1995-1996 | Hungary and the EU start to provide bilateral trade TRQ preferences |
| 1997 December | Association negotiations start with six applicant countries, including Hungary |
| 1998 March 31 | Negotiations on enlargement start between the EU and 10 Central and East European countries |

| | |
|------------------|--|
| 2000 | “Double Zero” Agreement, further trade preferences, including free of duty handling |
| 2000 December | The Nice meeting of the Europe Council endorsed a road map of the negotiations and a calendar with the “chapters” |
| 2002 | Double Profit Agreement; duty free trade concessions and no export subsidy in the bilateral trade |
| 2002 March 21. | Plant and Animal Health chapters closed (Hungary receives derogation for some slaughterhouse and animal farm issues) |
| 2002 October 9 | Latest EU Regular Report on Hungary published |
| 2002 December 9. | Agreement on the crop production area and animal stock quotas which determine direct payments |
| 2002 December | Copenhagen summit - final decisions on the financial questions. |
| 2003 April 12 | Referendum on Hungary’s EU membership |
| 2003 April 16 | Official signing ceremony of the Enlargement in Athens |

II. Effects of the CAP on Producers and Production Patterns

Hungary’s agricultural support budget was USD 838.3 million (HUF 216.3 bn) in 2002 and is USD 1,021.7 million (HUF 235 bn) in 2003.

As a result of the Copenhagen agreement, the new member countries receive the following percentage of the ordinary EU direct payments: 25% in 2004, 30% in 2005, 35% in 2006. From 2007 direct payments will increase by 10% annually. Payments for the new members will reach the level of payment that ‘old members’ receive by 2013. To compensate for this inequality, an additional 30% may be paid to farmers from Hungary’s national budget, increasing the subsidy to 55% of the normal EU direct payments. Also, one-fifth of the Regional Development Fund (financed by the EU) may be spent on this domestic “top-up”.

It is difficult to precisely calculate the payments that Hungary will receive from the EU over the next few years. An as yet undermined part of the EU payments may be received by Hungarian firms competing in EU-wide tenders, while others depend on future production volumes. Another “moving target” is the share of environmental and regional development programs that are available to the farm sector. Rough estimates for subsidies received by agriculture in the first years after EU accession are:

| | |
|------|------------------|
| 2004 | USD 1.12 billion |
| 2005 | USD 1.21 billion |
| 2006 | USD 1.32 billion |

EU membership, at least in the early years, will not result in a considerable increase in agricultural subsidies for Hungary. However, the structure of subsidies will differ from the 2002 or even the 2003 modified domestic support system.

A. Arable Crop Assessment

Hungary’s EU membership will lead to an increase in production of field crops

(grain/oilseeds/protein crops, sugar beets) and tobacco. Nearly three quarters (73%) percent of the direct payments under the CAP will go to grains/row crops. On the other hand, the horticultural sector (fruits, vegetables and wine) will face a more competitive environment.

Hungary's production quota for grains (3.488 million ha basis area and 4.73 MT/ha reference yield) is not much lower than Hungary's opening negotiating position. Direct payments will be calculated based on a maximum of 16.5 million MT of grain.

Hungarian producers will receive 55% of the subsidy level of the "old" member countries starting in 2004. Twenty-five percent will come from the EU budget, and an additional 30% may be paid by the Hungarian government (but one-fifth of the EU's Regional Development Fund may be spent on this 30% domestic "top-up").

A Hungarian governmental research institute constructed a wheat and corn production model of an average farm. For wheat, the model indicated only a small growth in income resulting from membership in 2004. However, when actual 2002 corn prices were substituted with EU intervention prices in the model, and the current direct domestic subsidies replaced by 55% EU direct payments, per hectare revenue increased by 42 %. Corn will likely be the most lucrative field crop choice for Hungarian farmers under the EU system.

Another study compared the crop prices and input prices between the EU and Hungary. The 2000 increase of Hungary's grain prices made the price differences smaller (20-22 percent in the favor of the EU). The gap in input price differences (excluding fuels) did not narrow over the same period. This means that Hungary will probably not be able to maintain its lower input costs (land and labor) under the CAP. Land lease prices will likely increase, not only because of the higher subsidies, but because of the set-aside requirement.

Influence of EU membership on the different types of farms will vary widely. According to some forecasts, five percent of Hungarian producers will collect 90% of agricultural subsidies under the CAP.

Under present direct payment and intervention conditions, corn, barley and rapeseed production will increase and wheat and sunflower-seed production will decline. Corn area expansion is somewhat limited by the spread of *Diabrotica* (a corn pest) and corn production is more vulnerable to increases in fuel and petroleum-based fertilizer price increases. Some other kinds of grain (millet, lupins etc.), although not subject to intervention, will benefit from direct payments.

Tobacco production is a regional social policy and employment issue both in the EU and Hungary. The EU production quota for Hungary, 12,355 MT dry tobacco (5,768 MT Virginia and 6,587 MT Burley), is higher than actual production level over the past two years. Production support in 2004, calculated based on an initial 55% EU subsidy, will be for an average producer about USD 3,785/ha (or a whopping 63% increase over 2001).

B. Use of Direct Payments

Accession countries received several options for direct payments. They may either use the complex EU system or a simplified scheme over a transition period (3+1+1 years). The simplified scheme means that no production structure or levels are considered in calculating per hectare payments. Hungary has chosen to use the full EU scheme from 2004, because the domestic supplement (30%) on the top of the EU direct payments requires this formula.

C. Expected Changes in Livestock Production

The cattle sector receives about 21% of the EU's direct payment subsidies.

Hungary's quota is 235,998 head for the slaughter premium, 94,600 head for the beef cattle premium, and 117,000 head for the suckler cow premium. These figures are somewhat above current actual livestock numbers. At the same time, the 1,990 million MT milk quota is under the actual 2.1 million MT production level (domestic milk consumption still has not rebounded to pre-1989 levels).

Hungarian beef cattle producer prices are only 62-65 % of corresponding EU prices. Producer prices for swine, poultry and sheep sectors are much closer to those in the EU. The Hungarian government increased beef cattle subsidies in 2003 to begin the transition to CAP-style payments, and in 2004, the initial (55%) EU direct payments for beef cattle will be USD 220 per head higher than the domestic subsidy was in 2001. This will result in an increase in beef cattle production.

Beef prices are expected to grow from 2004 as an effect of the new policy regime and the withdrawal of the subsidy on the EU origin beef on the market. At the same time, exports of Hungarian beef to the enlarged EU market and to third countries is going to increase.

Hungary has been running a milk production quota system, similar to the EU's, since 1996. The implementation of the EU quota of 2.1 million MT should not result in significant structural changes. A major problem with low milk quality will hurt many small producers (15% of the total production). The Hungarian government is providing investment subsidies for small milk producers in 2003 and is encouraging small producers to switch to more lucrative beef production.

Intervention purchases of butter and dry milk will stabilize prices for Hungary's dairy sector. In small regions, such as northern Hungary, price competition from milk and dairy products from Slovakia will be significant.

Generally speaking, the competitive position of the poultry and swine sectors, and in particular the sheep sector, will be worse after EU membership, at least in the first years. EU intervention prices of feed grains are high enough to generate about a 15% grain price increase in 2004/2005, even if the June 2003 negotiations on the modification of the CAP result in intervention price reductions.

Some subsidies (such as export subsidies, meat storage, some breeding programs, etc.) are only paid as the result of a competitive bidding process that includes other EU member states.

Hungarian farmers are as yet inexperienced at writing tenders and, in many instances, are short of collateral and credit needed for performance bonds.

On the other hand, current EU WTO limits for export refunds for swine and poultry offer Hungarian exporters larger opportunities than current Hungarian WTO export subsidy limits.

The hog and poultry sectors will be negatively affected by the forecasted increase of domestic feed grain prices (though most input prices are now considerably lower than EU prices). Overall production efficiency in the swine and poultry sectors is less than in the EU due to a low level of capital investment. Feed conversion is up to 30 percent worse in Hungary and the quality of the product is often not good enough for the EU market (for example, it is estimated that only 60% of slaughtered hogs meet the EUROP quality standards). The pork sector has been in crisis since the middle of 2002 because of saturated international markets, a strong national currency, and decreased subsidies for the sector. Only live hog sales currently receive Hungarian export subsidies (USD 0.15/kg live weight) for non-EU destinations.

Domestic poultry prices have similarly dropped, particularly for chicken. Poultry slaughtering/processing have considerable excess capacities. Many mid- and small-size processors will be forced to close after 2004 if they are not able to meet the required EU standards (although some plant derogations are being given but these will only be allowed to sell within Hungary). Turkey, duck, geese, guinea fowl, and organic (bio) poultry may become profitable market niches for Hungarian producers in an expanded EU.

Hungary has introduced new EU-style supports for swine/poultry to meet environmental and humane animal rearing requirements. These subsidies provide additional green box support for the animal production.

D. Future Use of Export Subsidies

Hungary's current WTO export subsidy levels are rather low and represent commodities of marginal trade volume in 2003. With EU membership, Hungary's export subsidy system will be terminated and the full EU export refund system will be applied.

No EU subsidies have been used for products exported to Hungary in recent years as a result of the 'double zero' agreement.

E. Other Market Access Issues

Hungarian sales to the other new member's markets (especially Poland, Slovakia, Slovenia, and the Czech Republic) will grow significantly. (Note: Despite the CEFTA agreement, these markets have many barriers to agricultural trade.)

Full access to the EU's market of 450 million consumers may not lead to an automatic increase in exports because, due to the "Double Profit Agreement," 95% of Hungary's agricultural exports to the EU already enjoy duty free status. Under the bilateral trade preferences, only 85% of EU agricultural sales come to Hungary duty free.

III. Post Estimate of U.S. Trade Losses

The competitiveness of U.S. exports has been hurt by preferential tariffs and quotas. Major competing U.S. products affected by last year 'double zero' agreement between the EU and Hungary were: red meat, baby poultry and hatching eggs, bovine semen, sweet corn seed, rice, shelled almonds, petfood, wine and spirits. Other U.S. sales opportunities affected by further preferential trade agreements include, tree nuts (Turkey, Israel), raisins (Turkey), citrus fruit and juice concentrate (EU, Turkey, Israel).

On January 30, 2002, the United States and Hungary agreed to a 'package' of trade concessions in which Hungary agreed to reduce or suspend tariffs on some key U.S. agricultural and industrial exports, totaling \$180 million annually. This agreement will end with Hungary's EU membership as will other bilateral preferential agreements such as GSP (which has been worth up to USD 300-400 in recent years).

A. Post Estimates of Lost Trade Due to Higher Tariffs¹

The number of potential export products from the United States to Hungary where EU membership brings a higher tariff is surprisingly limited. These products are beef, poultry meat, barley, and rice, some beef preparations, margarine and apple juice concentrate. Hungary imports these commodities regularly, including in some years from the United States. With the exception of rice, Hungary is also often a net exporter of these commodities.

In the case of beef, the basic tariff in the EU will not be much higher than it is in the Hungarian tariff schedule, but the preferences under the "minimum access" GATT quota and the bilateral in quota preference will be lost. Beef trade is affected by the "hormone beef" and BSE disputes as well.

B. Post estimates of lost trade due to implementation of EU legislation, including legislation that has been implemented in the last five years.

For the past several years, Hungary has been adopting and implementing a wide range of EU rules as part of the 'Aquis Communautaire.' Many of these rules amount to trade protecting phytosanitary barriers and are designed to block agricultural trade, particularly in animal products. Because the measures and products involved are so far ranging it is difficult to form a trade estimate. This is further complicated by the fact the rules have been implemented piecemeal over a period of several years. Nevertheless, their trade impact is being felt. U.S. animal product exports to Hungary (red meats, poultry meat, dairy products, egg products, and pet food) have declined an average of 14% per year over the last 10 years. In contrast, trade with the

¹The structure of Hungary's tariff schedule is the following: the first column (I) shows GSP tariffs on imports from developing countries, the second column (II) 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, the Czech Republic, Estonia, Latvia, Poland, Romania, Slovakia, and Slovenia (the latter eight countries are referred to as "CEFTA" countries). In February, 2001 Hungary signed a free trade agreement with neighboring Croatia. On March 8, 2002 Hungary signed a trade agreement with Yugoslavia as well. If a tariff is not established in column III then the MFN tariff is applied.

EU in these products has grown at an annual average rate of 8 % per year. Some of the growth in trade with the EU can be attributed to trade agreements (e.g., double zero) but most is probably due to the adoption of regulations that disproportionately affect U.S. origin animal products.

| Hungarian Imports (Animal Products, excl. live animals) | | | | | | | | | | | |
|--|--------|---------|---------|---------|--------|---------|---------|--------|---------|---------|-------------|
| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | Growth Rate |
| | 1000\$ | 1000\$ | 1000\$ | 1000\$ | 1000\$ | 1000\$ | 1000\$ | 1000\$ | 1000\$ | 1000\$ | Value |
| EU-15 | 55,965 | 84,767 | 140,906 | 75,810 | 42,173 | 69,857 | 71,399 | 48,128 | 89,412 | 109,523 | 8% |
| United States | 6,224 | 1,467 | 5,252 | 3,912 | 4,504 | 2,866 | 3,932 | 1,900 | 1,202 | 1,586 | -14% |
| World | 79,281 | 112,475 | 175,080 | 107,725 | 71,422 | 115,220 | 120,347 | 76,005 | 123,288 | 157,031 | 8% |
| Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office | | | | | | | | | | | |

Veterinary issues

Beginning in January 1, 2002, Hungary began requiring several new export certificates covering most meat products (specifically, import certificates 32018/034/2001 for fresh bovine meat; 32018/038/2001 for pork meat; and, 32018/031/2001 for embryos). These measures are worrisome because they require USDA/FSIS inspectors to certify to specific EU Commission Regulations. These measures scrap the existing U.S. export certificates for Hungary and require that FSIS negotiate new ones. According to USMEF, one sale of U.S. meat totaling \$200,000 has already been lost since the beginning of 2002 and the regulation has put a chilling effect on the trade, which in past years has been as high as \$2.5 million.

The measures may constitute a WTO violation for two reasons. First, on a national treatment basis, Hungary is requiring U.S. exporters to meet EU rules that do not apply to all Hungarian meat processors. Not all Hungarian meat packers meet EU standards and Hungary has asked for a five year derogation on the application of EU standards for non-basic hygienic requirements for some slaughterhouses that produce exclusively for domestic market. Second, the new certification measures were not notified to the WTO/SPS Committee per Annex B of the SPS Agreement.

Another recent example is the changes in the EU animal by-product regulation (EC/1774) , which will be adopted by Hungary starting in May 2004, will also likely hurt the sales of U.S. petfood, which are over \$1 million annually.

Ostensibly as a measure to prevent the spread of BSE to Hungary, the government stopped issuing most import licenses for bovine products from most countries on January 1, 2000. Beginning in February 2001, Hungary began again issuing import licenses for semen on an ad hoc basis, although it is unclear if this will continue. Bovine embryos, meat, and pet food are all restricted. (See more on BSE-related trade policy measures in report HU1002.) Hungary's approach to BSE has been troublesome since the United States has no reported cases of BSE.

In the past, Hungary employed several methods to limit the entry and competitiveness of imported bovine genetics (mostly of U.S. origin). For example, Hungarian authorities required irrelevant and costly laboratory analyses for certified bovine semen shipments. Fees for imported materials were several times higher than for that of domestic origin. Hungarian industry representatives (with the cooperation with the Ministry of Agriculture) also tried to limit the volume of imported bovine genetics through administrative measures and to discriminate against imported materials by providing production support for animal breeders on the condition that they use local genetics.

Biotechnology, GMO crops

In July 1998, Hungary passed the Act on ‘Organisms Modified by Gene Technology’ (XXVII/1998). Parliament also approved the “application chapters “ of the legislation in January 1999 (Decree No. 1/1999). This legislation is strictly based on EU directives (such as EC 90/220). Amendment proposals from the scientific community and industry representatives were mostly ignored during the drafting of the legislation. Nevertheless, there appears to be little public opposition to biotechnology in Hungary.

The LXVII/2002 Act on “Gene Technology Activities” (which comes into force on April 1, 2003) amends the above Act of 1998. The amendment’s main goal is full compliance with the corresponding EU directives (which is somewhat of a moving target). Some new aspects of this Act are chapters on antibiotic resistance genes and monitoring. The executive orders implementing the act have yet to be written but will probably be in place later in 2003. These will cover: re-classifying the responsibilities of authorities, threshold limits, application procedures, etc.

A key element of Hungary’s biotechnology regulation is the ‘Reporting Committee on Biotechnology Activities,’ which is a seventeen member body that approves or rejects the applications of new biotechnology products or field trials of new plant varieties. While most members of the Committee are famous scientists, non-government organizations (NGO) have four members on the committee. Importantly, industry representatives have not been allowed on the Committee. One possible reason for this is that most of the companies promoting biotechnology are foreign.

The legislative process has been rather slow thus far and strictly follows the EU’s example. This has hampered the introduction of new GMO varieties in Hungary. Nonetheless, several foreign and domestic GM varieties have been approved for field trials, environmental effect research or feeding trials.

| Year | Name of species | Number of (new) permits issued |
|------|-----------------|--------------------------------|
| 1999 | Rapeseed | 4 |
| 2000 | Corn | 10 |
| | Rapeseed | 2 |
| | Sugar beet | 6 |
| | Potato | 1 |

| | | |
|------|--------------|----|
| | Tobacco | 1 |
| | Wheat | 1 |
| 2001 | Corn | 13 |
| | Potato | 1 |
| | Spring Wheat | 2 |
| | Tobacco | 1 |
| 2002 | Corn | 11 |
| | Potato | 2 |
| | Spring Wheat | 2 |
| | Tobacco | 2 |

IV. Market Access Opportunities

A. Products with lower tariffs after EU accession.

The basic tariffs for live chicken (breeders) will be reduced but TRQ (with a 0% in-quota duty) will be terminated in 2004. U.S. poultry genetics are well established in Hungary and, barring additional EU phytosanitary barriers, sales should stay strong.

Edible offal (hog and cattle) including poultry liver will meet lower tariffs, but purchases very much depend on domestic demands and future EU technical import restrictions.

Tariffs for frozen fish and filet will decrease slightly. This is not a large market but consumption is starting from a low base and is expected to grow.

U.S. bovine semen imports will not face a tariff change (the current in-quota duty is 0% and TRQ size is not currently an issue).

One of the biggest tariff cuts will be experienced in grapefruit and dry fruits (including prunes) from 2004. Tariffs for raisins will be reduced as well.

Seed and feed corn tariffs will decrease. The actual preferential TRQ has maintained access for US hybrids so the tariff reduction will not boost imports. Hungary is not an importer of feed corn and lower tariffs will not change the traditional trade patterns.

Hungary's fruit juice business may receive more U.S. grapefruit juice with duties sinking from 31.4% to 12%.

U.S. wines will face a workable 9-11 % import tariff from the EU enlargement, a great reduction from the actual 60% plus duty in Hungary.

Tariffs on spirits will decrease dramatically. Consumption of big brands may increase, if retail prices go down due to the considerable cut of duties.

Trade position of U.S. tobacco firms, which own most of Hungary's cigarette and tobacco curing companies, will be strengthened by reduced tariffs.

B. Products where EU accession will remove a non-tariff barrier.

Until the middle of 2002, all food products, excluding fresh products, had to be registered and approved by the Hungarian food testing institute - OETI. The process was slow and costly, but the testing had to be completed before the product was allowed on the market.

In July 2002, Hungary ended this imported product registration system. One result has been less paperwork and a faster response time for Hungarian traders/importers. The required export administration, quality responsibilities of the Hungarian importer and the foreign vendor, etc., are outlined in the 43/2002 Order of the Minister of Agriculture, Minister of Health and the Minister of Economy.

The only groups of commodities where the mandated registration has been prolonged are nutrition supplements for sports and fitness, diets and other "functional foods."

C. Changing consumption patterns

The structure of demands for agricultural and food products may change after EU accession. Consumption of a few products may change in the short term but the shift in demands for most products will be a slow process. For some products of U.S. interest, it is quite reasonable to assume that Hungary will adopt western European-style patterns of consumption. Examples of where this is likely include: almonds (especially Marzipan), wines, and snack foods. This will come mostly as the result of higher incomes and from 'demonstration' effects from closer integration. Demand may also increase for some alcoholic beverages (spirits), dairy products (cheese) and off-season fruit and vegetables due to price reductions and/or better availability.

America leads the trade in innovative packaging, new beverages, food vending, in-store and franchised hot meal merchandising, and other new-to-market ideas and products. Some of these may reach Hungary, as a member of the EU, more quickly than in the past.

A significant share of Hungary's U.S. agricultural imports are transhipped through distributors in other European countries. Much of this trade does not show up in official trade statistics. Post has tried to explore and utilize these indirect trade channels in the past. For example, U.S. microwave popcorn enters via a Czech distributor; California wines come via Austrian traders; and U.S. beef has entered via Poland. This distributed handling of U.S. products is likely to grow after EU membership and could further reduce the logistical and structural barriers to U.S. agricultural products.

Matrix Analysis of Affected U.S. Agricultural Exports

(Note: this matrix is repeated in groups of five commodities for formatting reasons)

| | Live chicken, breeder | Live turkey, breeder | BFWO/B, CRC,FRZ Bovine, boneless, carcasses, frozen | Swine meet, PRC fresh or chilled | Bovine offal, edible, frozen or chilled |
|--|-----------------------------------|-------------------------|--|--|---|
| Hungary's Applied Tariff 2003 | 22 | 37.4 | 71.1 | 51.9 | 42.9 |
| EU Common External (Applied) Tariff 2003 | 52 E/1000 p/st [7-8%] | 152 E1000 p/st [20%] | 12.8 + 211.1 E/100 kg/net [72%] | 60.1 E/100 kg/net [22%] | free |
| Hungary TRQ (In Quota Tariff, Quantity) 2003* | (11,425 t; 15%) (32,040 db; 0) | (11,425 t; 15%) | (13,595 t; 15%) (200 t; 0) | 19,909 t; 15% | 1,122 t; 15% |
| CY 2001 Imports from U.S. (USD) UN Trade St | \$2,463,414 | \$0 | \$0 | \$0 | \$0 |
| CY 2001 Total Imports (USD) | \$5,181,184 | \$2,756,097 | \$3,508,710 | \$42,717,770 | \$365,853 |
| Largest supplier (CY 2001, USD) | USA \$2,463,414 | France \$1,306,620 | Germany \$2,463,414 | Germany \$15,717,770 | Germany \$240,418 |
| HS 6 | 010511 | 010512 | 020230 | 020319 | 020610 |
| US HS Suffix | 0010 | | 6000 | 2000 | 0000 |
| EU HS Suffix | 11 | 00 | 10 | 11 | 10 |

| | Bovine livers, edible, frozen | Swine livers, edible, frozen | Poultry meat, chicken parts | Poultry liver, chicken | Meat and edible meat offal, MESOI, fresh, chilled or frozen |
|--|--|---|--|---------------------------------------|--|
| Hungary's Applied Tariff 2003 | 42.9 | 42.9 | 39 | 39 | 19.2 |
| EU Common External (Applied) Tariff 2003 | free | free | 102.4 E/100 kg [60%] | 6.4 | 6.4 |
| Hungary TRQ (In Quota Tariff, Quantity) 2003* | 1,122 t; 15% | 1,122 t; 15% | 11,425 t; 15% | 11,425 t; 15% | |
| CY 2001 Imports from U.S. (USD) UN Trade St | \$0 | \$0 | \$0 | \$0 | \$0 |
| CY 2001 Total Imports (USD) | \$365,853 | \$9,306,620 | \$7,794,425 | \$7,794,425 | \$369,337 |
| Largest supplier (CY 2001, USD) | Germany \$240,418 | Germany \$2,804,878 | Netherlands \$2,379,790 | Netherlands \$2,379,790 | China \$188,153 |
| HS 6 | 020622 | 020641 | 020713 | 020713 | 020890 |
| US HS Suffix | 0000 | 0000 | | | 0000 |
| EU HS Suffix | 00 | 10 | 10 | 91 | 10 |

| | Fish, frozen | Fish, Filet | Hatching eggs | Bovine semen | Sweet corn SD |
|--|----------------------|----------------------|-----------------------|--------------------|-------------------------------|
| Hungary's Applied Tariff 2003 | 9 | 6.2 | 25.5 | 18 | 55.6 |
| EU Common External (Applied) Tariff 2003 | 2% | 2% | 105 E/100 p/st [110%] | free | free |
| Hungary TRQ (In Quota Tariff, Quantity) 2003* | | | | 210,000 adag; 0% | (636 t; 30%) (1,800 t; 0%) |
| CY 2001 Imports from U.S. (USD) UN Trade St | \$0 | \$0 | \$719,000 | \$1,320,000 | \$2,144,000 |
| CY 2001 Total Imports (USD) | \$12,376,306 | \$12,376,306 | \$9,703,832 | \$2,324,000 | \$6,422,000 |
| Largest supplier (CY 2001, USD) | China \$4,139,372 | China \$4,139,372 | Turkey \$2,020,905 | USA \$1,320,000 | USA \$2,144,000 |
| HS 6 | 030311 | 030410 | 040700 | 051110 | 071290 |
| US HS Suffix | | | | 0000 | 8050 |
| EU HS Suffix | 00 | 13 | 11 | 00 | 11 |

| | Dry beans | Almonds, unshelled | Almonds, shelled | Grapefruit, fresh | Raisins |
|--|-----------------------|-----------------------|--------------------|--------------------------------------|---------------------|
| Hungary's Applied Tariff 2003 | 40 | 5.6 | 3.5 | 28.8 | 10 |
| EU Common External (Applied) Tariff 2003 | free | 5.6 or 2 | 3.5 or 2 | 1.5 (except 5/01 through 10/31: 2.4) | 2.4% |
| Hungary TRQ (In Quota Tariff, Quantity) 2003* | 7,017 t; 30 % | | | | |
| CY 2001 Imports from U.S. (USD) UN Trade St | \$115,000 | \$233,000 | \$1,387,000 | \$3,000 | \$159,000 |
| CY 2001 Total Imports (USD) | \$3,414,634 | \$233,449 | \$1,933,797 | \$675,958 | \$1,783,972 |
| Largest supplier (CY 2001, USD) | Slovakia \$515,679 | USA \$229,965 | USA \$1,372,822 | Turkey \$310,104 | Iran \$1,449,477 |
| HS 6 | 071333 | 080211 | 080212 | 080540 | 080620 |
| US HS Suffix | 5020 | 0000 | 0000 | 0000 | |
| EU HS Suffix | 90 | 90 | 90 | 00 | |

| | Dried Fruits, Prunes | Barley, except seed, NESOI | Corn seed | Corn, feed | Rice,milled, medium- milled,NES |
|--|-------------------------|----------------------------------|-----------------------|-----------------------|---------------------------------------|
| Hungary's Applied Tariff 2003 | 34 | 32.8 | 20 | 32 | 39.6 |
| EU Common External (Applied) Tariff 2003 | 9.6% | 93 E/t [120%] | free | free | 416 E/t [63%] |
| Hungary TRQ (In Quota Tariff, Quantity) 2003* | | (109,058 t; 3%) (100 ezer t; 0) | 222,935 t; 3% | 222,935 t; 3% | 19,433 t; 25% |
| CY 2001 Imports from U.S. (USD) UN Trade St | \$128,000 | \$0 | \$3,630,000 | \$134,000 | \$1,000 |
| CY 2001 Total Imports (USD) | \$1,386,759 | \$8,547,038 | \$13,404,181 | \$13,912,891 | \$13,484,320 |
| Largest supplier (CY 2001, USD) | Poland \$324,041 | Germany \$2,324,041 | France \$4,912,891 | France \$4,912,891 | Italy \$9,320,557 |
| HS 6 | 081320 | 100300 | 100510 | 100590 | 100630 |
| US HS Suffix | | 4090 | 0010 | 2000 | 9020 |
| EU HS Suffix | | 90 | 11 | 00 | 23 |

| | Soybeans | Peanuts, human cons | Linseed | Sunflowerse ed | Hops |
|--|--------------------|--------------------------|--------------------|--------------------|------------------------|
| Hungary's Applied Tariff 2003 | 0 | 8.5 | 0 | 0 | 7 |
| EU Common External (Applied) Tariff 2003 | free | free | free | free | 5.8% |
| Hungary TRQ (In Quota Tariff, Quantity) 2003* | | | | | |
| CY 2001 Imports from U.S. (USD) UN Trade St | \$20,504 | \$0 | \$5,000 | \$2,198,606 | \$0 |
| CY 2001 Total Imports (USD) | \$55,256 | \$6,689,895 | \$34,843 | \$4,885,017 | \$1,745,644 |
| Largest supplier (CY 2001, USD) | Brazil \$23,209 | Argentina \$4,693,379 | Canada \$10,452 | USA \$2,198,606 | Germany \$1,212,543 |
| HS 6 | 1201 | 120210 | 1204 | 1206 | 1210 |
| US HS Suffix | | | | | |
| EU HS Suffix | | | | | |

| | Corn oil | Margarine, excluding liquid margarine | Beef, prepared, preserved | Grapefruit juice | Apple juice, concentrate, frozen |
|--|-------------------------|--|------------------------------|---------------------|--|
| Hungary's Applied Tariff 2003 | 6.8 | 40 | 42.9 | 31.4 | 39.2 |
| EU Common External (Applied) Tariff 2003 | 6.4% | 8.3 + 28.4 E/100 kg/net [46%] | 303.4 E/100 kg/net [114%] | 12% | 30 + 20.6 E/100 kg/net [77%] |
| Hungary TRQ (In Quota Tariff, Quantity) 2003* | | 3,977 t; 30% | 1,238 t; 25% | 8,505 t; 20% | 8,505 t; 20% |
| CY 2001 Imports from U.S. (USD) UN Trade St | \$53,000 | \$0 | \$0 | \$114,000 | \$0 |
| CY 2001 Total Imports (USD) | \$289,198 | \$7,296,167 | \$149,825 | \$700,348 | \$1,585,365 |
| Largest supplier (CY 2001, USD) | Yugoslavia \$121,951 | Slovakia \$2,083,623 | Germany \$101,045 | Cuba \$254,355 | Germany \$888,501 |
| HS 6 | 151521 | 151710 | 160250 | 200920 | 200970 |
| US HS Suffix | | 0000 | 9500 | | 0010 |
| EU HS Suffix | 90 | 10 | 10 | | 11 |

| | Mineral water, sodas | Grape wine NESOI | Bourbon, whisky | Gin | Pet food |
|--|------------------------|----------------------|------------------------------|----------------------------|------------------------|
| Hungary's Applied Tariff 2003 | 34 | 62.9 | 68 | 40.8 | 6.4 |
| EU Common External (Applied) Tariff 2003 | 9.6% | 13.1 E/hl [9-11%] | free | free | 3.8 |
| Hungary TRQ (In Quota Tariff, Quantity) 2003* | | 383,500 hl; 40% | | | |
| CY 2001 Imports from U.S. (USD) UN Trade St | \$109,756 | \$14,000 | \$839,721 | \$6,968 | \$1,140,000 |
| CY 2001 Total Imports (USD) | \$9,355,400 | \$1,773,519 | \$4,073,170 | \$128,919 | \$15,982,578 |
| Largest supplier (CY 2001, USD) | Austria \$4,501,742 | Italy \$1,149,825 | Great Britain \$2,588,850 | Great Britain \$108,013 | Austria \$4,958,188 |
| HS 6 | 2202 | 220421 | 220830 | 220850 | 230990 |
| US HS Suffix | | 2000 and 4000 | | | 10 |
| EU HS Suffix | | 11 | | | 10 |

| | Tobacco | Cigarettes | Veneer, hardw |
|--|--------------------|----------------------|------------------------|
| Hungary's Applied Tariff 2003 | 51.2 | 57.6 | 5 |
| EU Common External (Applied) Tariff 2003 | 18.4% | 10% | 4% |
| Hungary TRQ (In Quota Tariff, Quantity) 2003* | | | |
| CY 2001 Imports from U.S. (USD) UN Trade St | \$7,066,202 | \$536,585 | \$96,000 |
| CY 2001 Total Imports (USD) | \$32,554,006 | \$4,062,717 | \$10,588,850 |
| Largest supplier (CY 2001, USD) | USA \$7,066,202 | Germany \$321,254 | Germany \$3,996,515 |
| HS 6 | 2401 | 240220 | 440810 |
| US HS Suffix | | | |
| EU HS Suffix | | | 93 |