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Hungary

Wine

Hungarian Wine Tariffs Drop from 62% to 8%-- Opening Market to U.S. Wine

2004

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Report Highlights:

Wine imports to Hungary are currently increasing. The dramatic drop of wine import tariffs in Hungary provides a unique opportunity for US wine exporters to position their product in this rapidly expanding new EU member country. Disposable per capita income is growing and the Hungarians are ready to spend extra money on good quality wine. US wine exporters interested in the Hungarian market must position themselves in the market now before other New World producers dominate the Hungary's import market.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1]
[HU]

Wine imports to Hungary are currently increasing (imports amounted to 54,200 hl in 2002). The dramatic drop of wine import tariffs in Hungary provides a unique opportunity for US wine exporters to position their product in this rapidly expanding new EU member country. Disposable per capita income is growing and the Hungarians are ready to spend extra money on good quality wine. US wine exporters interested in the Hungarian market must position themselves in the market now before other New World producers dominate the Hungary's import market.

The largest suppliers are currently Italy, Spain and France. Due to duty-free quotas for EU origin wines, EU products compete with domestic wines in both the high quality and „supermarket-level“ segments. Hungary's wine tariff changed from 62% to 7-8% (the common external tariff) when Hungary joined the EU on May 1, 2004. Actual retail prices are about \$5.5/bottle (medium quality EU import) and \$11-13/bottle (better non-EU, Chile, Australia).

Hungarian wine production will be 3.5 million hectoliters according to the National Council of Wine Communities. This is above the 3.3 million hectoliter in 2002 but lower than the record 5.4 in 2001. The quality of the 2003 harvest is excellent, due to hot and sunny summer. Prices for grapes increased above the average rate of inflation.

The Hungarian wine market was glutted last year as a result of dropping exports and stagnating domestic consumption at about 28-30 litres per capita. (Per capita wine consumption is 40 litres in the EU and 12 litres in the US) Trade data in 2003 indicated a 12% increase in sales. Main markets for Hungarian wine are Germany, Czech Republic and Poland, US imports were 7,986 hectoliter (about 1 percent of the total 749,000 hectoliter exports in 2002).

Upcoming Trade Opportunity:

Hungary is currently planning the 13th International Wine Festival, a series of wine-related cultural, trade, and gastronomy events for September 5-15, 2004. The Wine Exhibition and Fair is an open-air trade show with more than 1000 wines represented by 100 plus exhibitors on September 9-12, 2004. Booths are erected at the picturesque terraces and yards of Buda Castle offering an ideal meeting place for wine companies, traders, sommeliers, restaurant and hotel managers, and consumers. This event offers a great opportunity for U.S. wine companies and their distributors and agents in Europe to come, introduce their selection, and meet Hungarian buyers.

The Agricultural Affairs office of the American Embassy Budapest (USDA/FAS) is offering assistance for representatives of U.S. wine companies attending this event. For more information, contact:

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