



USDA Foreign Agricultural Service

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## Austria

### Agricultural Situation

### What's New in Central Europe

### 2005

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**Report Highlights:**

This newsletter provides an update on upcoming market promotions and an overview of recent market trends, trade policy issues, and commodity analyses for the countries of Austria, Bosnia-Herzegovina, Croatia, Czech Republic, Hungary, Slovenia, and Slovakia.

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



## WHAT'S NEW IN CENTRAL EUROPE

### AGRICULTURE – POLICY – TRADE

Newsletter covers:

★ Austria ★ Bosnia –Herzegovina ★ Czech Republic ★ Croatia ★  
Hungary ★ Slovakia ★ Slovenia  
"YOU DO THE BUSINESS, WE KEEP YOU INFORMED"

#### News

##### ★ Austria

**Solid Wood Products Annual Report:** Despite difficult economic conditions, 2003 was another successful year for the Austrian log industry. Production increased to 1.9 billion Euros (+ 3 %) or 10.5 million cubm, of which 10.3 million cubm were coniferous lumber. Exports are expected to rise again after the record year of 2003. Almost 3.7 million cubm of sawn softwood were exported over the first six months. This means an increase of 7 % over the reference period of the preceding year. The export boom is due to increased demand in Italy. Also the U.S. market is playing an important role for Austrian lumber exporting companies. Austria's deliveries to the USA rose by 90 % in the first half of 2004. (See report AU4033\*)

**Biotechnology - Austria Liberalizes Biotech Law, but Barriers for Biotech Crops Remain:** Under pressure from the EU Commission, the Austrian government has implemented the EU Directive 2001/18/EC governing the deliberate release of genetically modified organisms (GMOs) in the environment. However, tough regulations on registration, liability and supervision and the introduction of the "precautionary principle" will deter farmers and suppliers from employing agricultural biotechnology. At the moment Austrian national ordinances still ban the planting of all EU-approved biotech crops. (See report AU4032)

**Retail Food Sector Annual:** Food and beverage retail sales in Austria show a slight but steady rising trend. Within the last five years, total sales for the food retail sector increased by 5.4 percent to 15.2 billion Euro (US \$17.3 billion). Retail sales for 2004 are forecast to increase marginally by 0.8 percent. Powerful German retailer groups dominate the Austrian food retail sector. Only Spar Warenhandels AG remains a local leading food retailer. (See report AU4031)

**Grain and Feed Crop Update:** In 2004, Austrian grain production (excluding corn) amounted to 3.4 million MT. This is up 32% compared to last year. Wheat production amounted to 1.7 million MT, rye production totaled 213,500 MT, spring barley totaled 551,500 MT, and winter barley reached 455,200 MT. Corn production is expected to reach 1.6 million MT due to a 10% larger acreage. (See report AU4028)

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\* Attaché reports can be found on the Internet at  
<http://www.fas.usda.gov/scripts/attacherep/default.asp>

**Promotion Opportunities Annual:** This report provides a summary of planned food export promotional opportunities in Central Europe (Austria, Bosnia-Herzegovina, Croatia, Czech Republic, Hungary, Slovenia, and Slovakia). (See report AU4026)

★ *Bosnia –Herzegovina*

**Biotechnology New Biotech Regulation:** The Bosnia and Herzegovina (BiH) Government for the first time adopted a food law that deals with import and marketing of genetically modified organisms (GMOs). According to the Law, import and marketing of biotech products will require a permit obtained from the national-level Food Agency. The Government will, within a period of 18 months, adopt detailed regulations pursuant to import and marketing of biotech products. Until that, no permits for import and marketing of biotech products will be issued. (See report BK4026)

**Exporter Guide Annual Report:** Bosnia and Herzegovina (BiH) imports approximately two thirds of its overall food needs. The market for processed foods focuses on price rather than quality as consumers seek to obtain the most for their money. Food import tariffs are low compared to other countries in the region. Challenges to exporters include a complicated dual system of government, low incomes, and poor infrastructure. This report contains marketing tips, information on importing foods, and important points of contact. (See report BK4025)

**Grain and Feed Crop Update:** Wheat was harvested from 93,000 hectares with a total yield of approximately 250,000 MT. Bosnia-Herzegovina (BiH) will most likely import 350,000 MT to 400,000 MT of wheat this year. Corn area is around 225,000 hectare with a total yield of 1,250,000 MT expected. Quality will be excellent. BiH is not likely to import corn this year. (See report BK4023)

★ *Czech Republic*

**Livestock and Products Czech Authorities Confirm 15th BSE Case:** On October 27, 2004, the State Veterinary Administration (SVA) confirmed the fifteenth case of BSE in the Czech Republic. The concerned animal was a seven-year old cow, born on November 11, 1997 on a cooperative farm near Pardubice in Eastern Bohemia. In the next months, the number of cows from the herd of the infected cow that will be destroyed and tested will be less than 45. (See EZ4027)

**Retail Food Sector Annual Report:** The Czech retail sector is becoming increasingly concentrated with the top ten retailers having 55% market share. This trend will continue with the market share of the 'top ten' reaching 67% and total retail sales growing by \$2 billion by 2006. Discount, specialized and convenience stores are increasing in number. Ready-to-eat meals have a strong growth potential. About 25% of food products are imported. As consumers become more affluent, quality will become more important. U.S. food exports with good sales potential include dried fruits, nuts, wine, distilled liquors, seafood, rice, sauce, spices, baking mixes, and snacks. (See EZ4026)

**Wine Market Brief:** The Czech wine market currently totals \$770 million in value terms. Per capita consumption has increased from 15.9 liters in 1997 to 19.2 in 2002, a 21% increase. Consumers are increasingly seeking quality and are beginning to show interest in wine origin, vintage, and producer. Total wine imports to the Czech Republic have increased three times in the past five years. The U.S. share of total wine imports is growing due to increased popularity of "New World" wines. (See EZ4025)

**Grain and Feed Crop Update:** The Czech Ministry of Agriculture raised its preliminary estimate for the Czech 2004 grain crop to 8.5 million MT (compared to the previous estimate of 8.16 million MT). Grain quality is lower due to low protein content. Wheat production returned to normal at 4.8 million MT, an 83.7% increase compared to the previous year. (See EZ4024)

★ *Croatia*

**Tobacco and Products Annual:** Croatian tobacco and cigarette production, imports, and exports are stable. Tobacco imports from the United States have stabilized between 400 and 600 MT per year. One anticipated change that could influence all aspects of tobacco and cigarette production and trade is the acquisition of Trvornica Duhana Rovinj (TDR) by British American Tobacco or Philip Morris. Some Croatian production could move to Yugoslavia as part of the deal. This reports contains adjusted cigarettes and tobacco PS&D tables for 2003 and 2004, as well as PS&D forecasts for 2005. (See HR4020)

**Exporter Guide Annual:** Croatia imports a significant portion of its food consumption. The prospect of EU accession, the growth in tourism, and continued economic reform could make Croatia a significant long-term importer of some U.S. food products, including seafood, wine, pet food and consumer food products. Croatian imports of consumer food items have almost tripled from \$267 million in 1993 to \$748 million in 2003. Croatian consumers are anti-biotech, and U.S. pork may not be exported because of Croatia's requirement for trichinosis testing. (See HR4019)

★ *Hungary*

**Retail Food Sector Annual Report:** Hungary's grocery sector continues to modernize and consolidate. Multinational retail chains are driving this change with heavy investments and running battles for market share. Increasing consumer incomes, advanced trade infrastructure, and the opening of the Hungarian market to the huge common European market offer new opportunities for U.S. food and beverage exporters. U.S. food exports with best sales potential include dried fruits, nuts, seafood, distilled liquors, wines, spices, condiments, pet food, fruit juice concentrates, snacks, and instant foods. (See HU4018)

★ *Slovakia*

**Livestock and Products Classical Swine Fever Update:** On November 12, the State Veterinary Institute of Slovakia confirmed an outbreak of classical swine fever (CSF) at a farm located in Lucenec. To contain the outbreak, the Slovakian Government slaughtered about 5,914 pigs and transported them in sealed containers to the Veterinary Sanitation Institute in Nitra to be destroyed. (See LO4019)

**Agricultural Situation Crop Production Estimates:** According to the latest estimates of the Slovak Statistical Office, this year's harvest of corn, sugar beet and soybean will be quite strong. Production of potatoes remains stable. There will be a drop in sunflower and grape production this year. (See LO4018)

**Livestock and Products Slovak Authorities Confirm 20th BSE Case:** On October 14, the State Veterinary and Food Administration of Slovakia confirmed the 20th case of BSE in a cow located in the Presov district. The infected animal was 56-month-old cow born in Sedlice. The animal had no clinical signs of disease and was killed at a slaughterhouse in Hrabkov. Samples were taken for testing, and the carcass was destroyed at a rendering plant. (See LO4016)

## *Calendar of Events in the Region*

### *Market Promotions Activities Austria & Central Europe*

#### **Austria**

Jan – June Information and data collection for Austrian and Central European Organic Newsletter

#### **Czech Republic**

May Menu Promotion for selected group of HRI representatives & Press members featuring salmon, scallops, rice, and wine - location TBD

#### **Croatia**

April-May First USA wine tasting and wine seminar in Zagreb and/or Opatija, location, pending approval U.S. Ambassador's residence

#### **Hungary**

May Menu Promotion for selected group of HRI representatives & Press members featuring salmon, scallops, rice, raisin, chocolates and wine – location TBD

### *Visitors*

#### **Bosnia–Herzegovina**

March 8-11 Lindsey Itle, Cochran Fellowship Program Interviews

#### **Czech Republic**

Feb. 14-15 Phil Harlan, Cochran Fellowship Program Interviews

#### **Croatia**

March 6-8 Phil Harlan, Cochran Fellowship Program Interviews

#### **Hungary**

Feb. 16-18 Phil Harlan, Cochran Fellowship Program Interviews

#### **Slovakia**

March 3 Lindsey Itle, Cochran Fellowship Program Interviews

### *Holidays and Embassy Closures*

#### **All Posts**

January 17 M. Luther King's Birthday

February 21 President's Day

#### **Austria**

March 28 Easter Monday

#### **Bosnia–Herzegovina**

January 14 Orthodox New Year (BiH) (Banja Luka)

January 15 Orthodox New Year (BiH) (Banja Luka)

January 20 Kurban Bajram (BiH) (Mostar and Sarajevo)

January 27 St. Sava's Day (BiH) (Banja Luka)

March 1 Independence Day (BiH) (Mostar Sarajevo)

March 28 Catholic Easter (BiH) (Mostar Sarajevo)

#### **Czech Republic**

March 28 Easter Monday

*Contact us for Additional Info*

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**Slovakia, Slovenia**

For information about Slovakia, please contact our Austrian or Czech office. For Slovenia, please contact our Croatian office.

**Visit our website:** at <http://www.usembassy.at/en/usda/> which provides a broad range of useful information on the Austrian and Central European food market, trade, import rules, and other useful information.