USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 9/11/2006

GAIN Report Number: HU6010

Hungary

Fresh Deciduous Fruit

Annual Report

2006

Approved by:
Sarah Hanson
U.S Embassy

Prepared by:
Dr. Ferenc Nemes

Report Highlights:
The 2006 apple crop will increase after a low in 2005 to about 550,000 metric tons (MT) due to good weather conditions. Prices for both table and industrial apples are higher this season because of low juice concentrate stock levels and the 5 to 6 percent drop in apple production in Europe. Hungarian imports of fresh apples have increased year by year while exports have also risen since 2000. Juice concentrate imports jumped during the 2005/2006 season due to lower production while exports remained flat. The United States is the third largest export market for Hungarian apple juice concentrate.

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

Weather

The unusually cold early spring in 2006 resulted in late flowering; this is why the regular May frost damages were less severe this year. Adequate precipitation during the year helped the crop to survive a short heat wave in July 2006. This year's apple harvest may start about ten days later than usual in the northeast corner of the country, which accounts for 70 percent of the total commercial crop of Hungary

Production

The processing industry and the Government of Hungary (GOH) expect a larger crop for 2006/2007 with a growth from 466,000 MT to 550,000 MT this year. The quality of the crop is also better than last year, and the share of graded table apples will be higher than in average years. According to a recent agricultural census, the structure of Hungary's apple varieties is still dominated by traditional varieties which include the following:

Jonathan types	55.0 %
Of which	
Jonathan	32.5 %
Idared	13.5 %
Delicious types	13.5 %
Of which	
Starking	6.8 %
Golden types	21.1 %
Other varieties	10.4 %
TOTAL	100.0 %

PSD Table

Country Hungary
Commodity Apples, Fresh

	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [t	Estimate[N	DA Official [:	Estimate[N	DA Official [:	Estimate[New]	(HA)(1000 TREES)(MT)
Market Year Begin		07.2004		07.2005		07.2006	MM/YYYY
Area Planted	18000	18000	19700	19700	0	20300	(HA)
Area Harvested	18000	18000	19700	19700	0	19600	(HA)
Bearing Trees	12500	10000	14000	14000	0	14100	(1000 TREES)
Non-Bearing Trees	1500	1500	2100	2100	0	2650	(1000 TREES)
Total Trees	14000	11500	16100	16100	0	16750	(1000 TREES)
Commercial Producti	430000	430000	290000	296000	0	365000	(MT)
Non-Comm. Producti	236000	250000	160000	170000	0	185000	(MT)
Production	666000	680000	450000	466000	0	550000	(MT)
Imports	4000	8000	3100	9600	0	6500	(MT)
Total Supply	670000	688000	453100	475600	0	556500	(MT)
Fresh Dom. Consum	147000	147000	180100	180100	0	190000	(MT)
Exports, Fresh	12600	12000	16000	30500	0	35000	(MT)
For Processing	510400	529000	257000	265000	0	331500	(MT)
Withdrawal From Ma	0	0	0	0	0	0	(MT)
Total Distribution	670000	688000	453100	475600	0	556500	(MT)

Inputs

Under the EU's Common Agricultural Policy (CAP), Hungarian apple producers get the "basis area payment" of the Single Area Payment Scheme (SAPS). This amount (per hectare) was 30% of the direct area payment of the EU-15 countries' farms in 2005 and 35% in 2006. However, in the EU-15 countries' area payment does not apply to orchards but only on arable land and grasslands.

Hungary may use this payment under the SAPS until 2009, when the country may change to the Single Farm Payment Scheme (already introduced in some EU-15 countries). The above basic area payment enjoyed by Hungarian orchard farmers was HUF 19,200/ha (USD 98.0/ha) in 2005 and would be HUF 27,846/ha (USD 130.70/ha) in 2006.

Apple producers may apply for further infrastructure (irrigation, storage), marketing, and environmental support under different CAP programs via their sales organizations (cooperatives).

The Government of Hungary has issued the rules for applying the EU regulation concerning the removal of products from the market in case of overproduction. Product removal may be used for table apples (up to an administrative ceiling). Producer sales cooperatives may withhold certain amounts of product from the market under EU support (but the apples must not end up in commercial channels).

Consumption (Apples)

Domestic consumption of fresh apples decreased from 25-30 kg/year per capita in the early 1990s to about 12 kg in 2002. Reasons include the increased competition from tropical and off-season fruit, as well as weaknesses in the Hungarian domestic fresh apple supply. During recent years, domestic table apple consumption has increased slowly. However, imported off-season fruit is supplying part of this demand. In addition, inexpensive Polish apples may become competitive with domestic table apples given both countries recent EU accession.

Hungarian producers were not interested in grading and storing their product in past years. Depressed prices in supermarket chains were hardly above bulk crushing apple prices. Moreover, because Hungary lost its table apple market in the Former Soviet Union countries and is unable to compete in western European markets, there is no real pressure to change varieties and technology.

Prices

Availability of the off season apples helped the higher prices of late season domestic apples (HUF 160-170/kg, (USD 0.76-0.81/kg) in May 2006 for retail) to be accepted by consumers. Forecasts indicate higher producer prices for this season, particularly for apples for processing, due to the low crop prospects in Europe. Early season crushing (industrial) apple prices are above HUF 25/kg and table apples at about HUF 40-50/kg

According to the analyses of a Hungarian research institute (Research Institute For Agricultural Economics [AKII]), there are big differences between the farm producer prices, the sorted and packaged producer prices, the consumer market prices, and retail (hypermarket) prices.

Producer and market prices of apple (Golden D) HUF/kilogram, 2003-2004

	2003	2004
Producer price for processing*	19.0	10.8
Producer price for table apple	12.1	18.5
Sorted wholesale price	131	154
Consumer (farm) market	142	159
Hypermarket	172	171

* These prices include the HUF 5.0/kg government subsidy

Note: USD 1 was equal HUF 224 for 2003 and HUF 200 for 2004

Trade

The imports of fresh apples increased in 2005/2006. The main suppliers included Austria, Italy, Germany, and the Netherlands. Slowly increasing off-season imports (from Chile, Argentina, and South Africa) are hard to track because of their small volume purchases from west European importer-distributors.

Exports increased in 2005/2006, particularly to north and neighboring EU countries. A major third country buyer for Hungarian apples is Romania. Russia used to be a major destination for Hungarian table apples. An obstacle to Hungarian exporters is that Russian buyers prefer Golden, Jonathan and Jonagold, rather than Idared. Idared is the leading variety of graded table apples in Hungary.

Apple Juice

Production

More than half of Hungary's commercial apple crop goes for further processing. The majority of it goes to juice production. Total juice production in 2005, was lower than in 2004 due to the reduced apple crop, but growing industrial apple prices are harbingers for a better season. Industry expects recovery for 2006 based on higher apple crop.

PS&D Apple Juice

PSD Table

Country	**Hungary**						
Commodity	**Apple Juice, Concentrated**			(MT)			
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [t	Estimate[NDA Official [t		Estimate[NDA Official [		Estimate[New]	
Market Year Begin		07.2004		07.2005		07.2006	MM/YYYY
Deliv. To Processors	510400	529000	257000	265000	0	331500	(MT)
Beginning Stocks	0	0	0	0	0	0	(MT)
Production	66000	68000	33000	34500	0	42600	(MT)
Imports	5000	5000	6000	8200	0	6000	(MT)
Total Supply	71000	73000	39000	42700	0	48600	(MT)
Exports	25000	25000	19000	25100	0	25000	(MT)
Domestic Consumption	46000	48000	20000	17600	0	23600	(MT)
Ending Stocks	0	0	0	0	0	0	(MT)
Total Distribution	71000	73000	39000	42700	0	48600	(MT)

Consumption (Juice)

Domestic fruit juice consumption in Hungary is slowly increasing. Per capita fruit juice consumption is about 8 liter/year. This compares to Austria at 30 liter/year and Germany at 38 liter/year.

The most popular kinds of fruit are oranges, peaches and apples. However, mixes and fruit vegetable mixes are on the rise. The competition between producers and brand names is highest among fruit juices and the fruit drinks segment. The Hungarian Food Codex sets three categories: fruit juice (made of 100% fruit, with no additives), nectar (high percentage of fruit [peach, pears 50%; black currant 25% etc.] additives may only be citric acid or lemon juice and/or sugar), and fruit drinks (low fruit content, additional additives [colorings etc.] permitted).

Hungarian consumers are not yet knowledgeable about the differences, and this is why the misuse of terms is frequent (particularly at restaurants/bars).

Production costs

EU membership increased competition and reduced the prices for Hungarian fruit juice producers. Competition from Greece and Italy has lowered prices for peach, pear, apricot, and grape concentrates. Production costs of juice makers increased by the growth of import tariffs from 7 to 12.5 percent and the price of sugar. Increases in the environmental fee on (non-recycled) packaging materials and the strong national currency have also had a negative affect on the fruit juice sector.

Trade

The main markets for Hungary's apple juice concentrate are Germany, Austria and the United States. The United States imports USD 8-14 million worth of concentrate from Hungary annually.

Juice exports from the reduced 2005 apple crop were 25 percent lower than in the previous year. Sales remained low until April 2006, but the second part of the year may bring increased sales. Hungary imports apple juice concentrate mainly from Romania but in smaller quantities from Croatia, Poland, and Turkey, as well. Imports regularly are not more than 10-15 percent of the exports.