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Hungary

Livestock and Products

Hungary Opens Quota for High Quality Beef 2000

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Report Highlights: In October, Hungary officially opened a special quota for high-quality north American beef. This report provides background on the Hungarian meat import market, trade contacts, and information on how meat quotas are administered. Information on market opportunities for variety meats is also provided.

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

New Access for Steaks and High Quality Cuts - Focus on Hotels and Restaurants

As a result of trade talks, the Government of Hungary recently opened a preferential duty free quota for 50 metric tons (MT) of high quality beef. The quota period runs from October through December 2000 and the 2001 quota is expected to be 200 MT. While the volumes are not large, the quota is an excellent opportunity to supply hotels and restaurants that primarily serve the tourist industry.

Imports under the quota must meet the following definition:

‘CARCASSES OR ANY CUTS OBTAINED FROM CATTLE OF LESS THAN 30 MONTHS OF AGE WHICH HAVE BEEN FED FOR AT LEAST 100 DAYS ON A NUTRITIONALLY BALANCED, HIGH-ENERGY-FEED-CONTENT RATIONS CONTAINING NOT LESS THAN 70 PERCENT GRAIN AND COMPRISING AT LEAST 20 POUNDS TOTAL FEED PER DAY. BEEF GRADED USDA "CHOICE" OR "PRIME" AUTOMATICALLY MEET THE DEFINITION ABOVE. MEAT GRADED "CANADA A", "CANADA AA", "CANADA AAA", "CANADA CHOICE" AND "CANADA PRIME" UNDER THE STANDARDS OF THE CANADIAN MINISTRY OF AGRICULTURE AUTOMATICALLY MEETS THE DEFINITION ABOVE.’

Any registered company in Hungary is eligible to apply for a 1 MT share of the quota. Once the firm can demonstrate that 80% of the share has been filled, the firm may apply for additional quota shares. As a result of this system, imports consignments under quota may be split among several importers.

This quota is not part of Hungary’s 14,000 MT WTO/GATT quota for beef and the administration rules differ in that importers are not required to be beef processors. The specific announcement for this quota may be found in the Hungarian ‘Federal Register,’ # 5/2000. [X.13] on October 13, 2000. All of Hungary’s meat import quotas are administered by the Licensing Office of the Ministry of Economy.

New Market Opportunities for Variety Meats

A recent modification in Hungary’s food laws strictly limits the use of meat substitutes (vegetable protein, skin, protein of other species etc.) in meat products and an increase in import demand is expected. Additionally, incomes are rising and consumers are being exposed to a wide variety of quality processed meat products in hypermarkets. Consumers are ‘trading up’ and purchasing higher quality processed meat products.

For processed meat products, big meat processors either import directly or give commission to their importer. The current World Trade Organization (WTO) tariff rate quote is open only to meat processors and many processors act as importers for others in the trade.

Market Size:

Hungary’s pork production was about 500,000 metric tons (MT) in 1999 (about 315,000 MT by commercial producers). Total beef and veal production was about 57,000 MT last year. Per capita consumption of pork was 25.5 and consumption of beef was 5 kg in 1999. Hungary is a net exporter of both pork and beef, although imports are increasing.(see trade figures below).

About 60 % of the unprocessed beef and 75% of the unprocessed pork is sold in the retail trade. Hotels, catering, and restaurants use about 60,000 MT red meat (pork and beef together). The meat processing sector uses about 55,000 MT.

Taxes

The Value Added Tax (VAT) on unprocessed meat is 12 %. This means that the domestic price of the import meat must be increased by the VAT and the customs duty.

Tariff for Meats Imported Under the WTO/GATT Tariff Rate Quota

Hungary's revised tariff schedule is repeated below. The first column (I.) shows GSP tariffs on imports from developing countries, the second column (II.) contains the MFN tariffs (for WTO members such as the United States), 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 a tariff is not set for the 3rd sub-column, the MFN tariff is used.

Under separate decrees, the Government of Hungary announced further preferential tariffs under quota for imports from:

The EU and CEFTA (Order #64/1999 Dec. 7.)

All countries (unilaterally given quotas)(Order #69/1999 Dec. 15.)

All countries (GATT quotas) (Order #63/1999 Dec.7.)

	Breeding Cattle	Other Cattle	Breeding Swine	Other Swine	Sheep/ Goats
HS codes (4)	0102 10	0102 90	0103 10	0103 91	0104
MFN Tariffs (%)	23.5	40	29.5	50.2	32
CEFTA Cz	0	15	0	10-15	0
CEFTA SI	0	15	0	10-15	0
CEFTA Po	0	15	0	10-15	0
EU quota	570 MT 0% (1)	1740 MT 15% (2)	570 MT 0% (1)	1230 MT 10.5%	570 MT 0% (1)
WTO/GATT quota	13,595 MT 15 % (3)	13,595 MT 15% (3)	19,909 MT 15% (3)	19,909 MT 15% (3)	92 MT 9% (3)
Unilateral quota	6330 head 0%	-	400 head 0%	-	-

Notes:

- (1) 570 MT quota open for all EU members
- (2) Joint quota for live animals and meat
- (3) The WTO/GATT tariff rate quota covers both live animals and meat products

	Beef	Pork	Edible Offal	Bovine Semen	Bovine Embryo
HS codes (4)	0201, 0202	0203	0206	0511 10	0511 99 50 00
MFN Tariffs (%)	71.7	51.9	42.9	18	10
CEFTA CZ	25	25	0	0	0
CEFTA SI	25	25	0	0	0
CEFTA Po	25	25	0	0	0
EU quota(8)	1740 MT 15% (2) 0202 20 (5): 6210 MT 10.5%	6600 MT 15% (6) 0203 19 & 29 (7): 1820 MT 10.5%	2050 MT 14.5%	5000 doses 0%	-
WTO/GATT quota	13,595 MT 15% (3)	19,909 MT 25% (3)	1122 MT 15	-	-
Unilateral quota	-	-	-	36,000 doses, 0%	550 pieces 0%

(4) Last four digits (7-10th digits) may differ from the US coding

(5) 0202 20: Frozen beef with bones

(6) except for 0203 2911 (Pork; other; from domestic swine; front parts), 2913 (Pork; other; from domestic swine; pork chops, spare rib and parts thereof with bones) and 2990 (Pork; other; other)

(7) 0203 19 and 29: Other pork parts, fresh, chilled or frozen (does not include entire or half carcass; leg and shoulder parts with bones)

(8) After July 1, 2000, many products have a 0% bilateral tariff due to the EU-Hungary trade liberalization agreement.

Other Import Regulations

Shipments of meat must be accompanied by a bilingual Animal Health Certificate issued by the U.S. Department of Agriculture's Food Safety Inspection Service (FSIS).

Importers in Hungary are also required to obtain a health permit from the Veterinary and Food Inspection Department of the Ministry of Agriculture (this document is usually given automatically).

Trade Data

	1997	1998	1999
Exports (MT)			
Beef (0201, 0202)	10680	7666	9291
Pork (0203)	95810	74550	96443
Edible byproducts (0206)	4511	1881	5316
of which			
Beef (0206 1, 0206 2)	511	407	n/a
Pork (0206 3)	3997	1474	4923
Total export	111001	84097	111050
Imports (MT)			
Beef (0201, 0202)	13347	11488	4206
Pork (0203)	20280	33819	13653
Edible byproducts (0206)	9247	10936	5523
of which			
Beef (0206 1, 0206 2)	2838	1005	215
Pork (0206 3)	n/a	9932	5308
Total imports	42874	56243	23382

Key Contacts

Traders and end users:

Company:	Delhus Co.Ltd.	Address:	Bolgar Nephadsereg utja 37.
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Company: Papa Meat Co. Ltd. Address: Kisfaludy u. 2.
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