



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 5/8/2001

GAIN Report #HU1010

Hungary

Oilseeds and Products

Annual

2001

Approved by:

Paul Spencer-MacGregor

U.S. Embassy Vienna

Prepared by:

Dr. Ferenc Nemes

Report Highlights: After a drought year, expectations are good to average for both Hungary's sunflower and rapeseed crop. A decrease in animal numbers will lower soybean meal imports but limitations on the use of animal-origin feeds will help dampen the decline.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Vienna [AU1], HU

Executive Summary

Last year's harvest of oilseed was low due to drought and the sunflower crop was particularly hard hit. Despite the short 2000 crop, carryover from the large 1999 crop kept the prices for sunflower oil low. Crop year 2001 area and production are expected to return to normal levels. Trade in seeds, meal, and vegetable oil will be bearish in 2001 because of saturated international markets. U.S. export opportunities lay in sunflower planting seeds, soybean meal, peanuts, corn oil and special frying oils and shortening. Hungary strictly follows the EU's policy in regulating genetically modified (GM) crops and no GM crops are commercially grown in Hungary.

Production

Post forecast a moderate increase of sunflower area and total crop for 2001. Hungary's sunflower planting season begins shortly and weather and field conditions are good. Rapeseed production remains flat. The fall planted crop, about 127,000 ha, wintered well and forecasts indicate a 225,000 MT harvest. Soybean production is modest in Hungary but area is expected to grow slightly in 2001. Last year's 1.5 MT/ha yields were low due to drought and higher overall production levels are likely this year.

Consumption

General

The main market for the high oil sunflower-seed is the domestic crushing industry. Cereol, the only major crusher in the country, closed two small plants this spring. The only factory left is the most modern and by far the largest. According to Cereol representatives, the company is going to process the same amount of seed as in previous years but will not be entering into production contracts with growers. Because of export demand for crushing seed, post foresees a 10-15 percent annual decline in crushing in Hungary in the next five to seven years, both for sunflower-seed and for rapeseed.

The volume of domestically produced vegetable protein meals decreased to 204,000 MT in 2000. Imports of soybean meal and fishmeal also stagnated in 2000 and should remain flat in the current year.

Demand for soybean meal for animal feed may drop a bit in 2001 due to a decline in domestic meat production. The April 2001 animal census shows pig stocks at just 4.7 million, a drop of six percent compared to the previous year. Poultry numbers (52.5 million) were two percent above the previous year's figures but total protein feed demand for animal production will decline.

Prices

Last October, November, and December, prices paid by Cereol were about (USD) \$158-\$163.00/MT or about \$7.00/MT lower than in 1999. Export prices for crushing seed are often 10-12 percent above the actual domestic prices. Seed for human consumption is often 20-22 higher on international markets and low oil bird seed (petfood) sunflowers are 10-15 percent higher in export markets.

Oilseed prices at the Budapest Commodity Exchange (BCE) were the following in May 2001:

Sunflower for October 2001	USD 198.27/MT
Soybeans for July 2001	USD 219.31/MT
Rapeseed for August 2001	USD 170.17/MT

Biodiesel

Oilseed production for bio-diesel is a well known and heavily debated item on Hungary's agricultural policy wish list. As yet, there is no real program with substantial budgetary support for bio-diesel in Hungary.

Trade

Oilseed exports have been flat in the last years. Sales from the weak 2000 harvest were particularly low. Rapeseed is the most export oriented. Domestic crushing is regularly lower than seed exports. Main destinations for sunflower and rapeseed are EU countries. No major changes are expected for 2001.

Vegetable oil stocks in Hungary were high in 1999-2000 because of depressed international markets. The biggest buyers of Hungarian vegetable oil are ex-Yugoslav countries and some FSU countries.

Soybean meal imports will decrease in line with shrinking animal production. Limitations on fishmeal use and the total ban of rendered product for feed may have small effects on the overall feed balance. (For more information see [HU1002 - Trade Fallout from BSE Scare in Europe](#))

Export opportunities for U.S. businesses are best for soybean meal, peanuts, sunflower planting seeds, corn oil and special frying oils and shortening. A U.S. company recently increased its sales of bulk frying shortening for fast food and institutional users. Another U.S.-Hungarian joint venture will open its fancy sunflower-seed snack operation this year.

Export Subsidies

Currently Hungary does not subsidize exports of oilseeds, vegetable oil, or oil meals.

Tariff Changes

The import duty on oilseeds and meals is zero.

Actual (CY 2001) import tariffs for vegetable oils and products (in percent ad valorem):

	MFN tariff	CEFTA tariff
Sunflower seed and rapeseed oil (1512, 1514)		
Raw	25	15
Other	39.1	20
Table Oil	39.1	20
Shortening (1517)	40	20
Margarine (1517)	40	20

Imports of table oils and margarine from the EU enjoy the following preferential tariffs as of January 2001:

Sunflower oil - 0 percent under a 10,000MT quota (for CY2001)

Rapeseed oil - 4,000MT - 0 percent under a 4,000 MT quota (for CY2001)

Margarine - 14-30 percent under a 7,550 MT quota (for CY 2001)

The new GATT quota open for imports from any country for 2001 is as follows:

Sunflower-seed and Safflowerseed oil	2,600 MT - 8 percent
Rapeseed and mustard oil	987 MT - 8 percent
Margarine and table oil	3,977 MT - 30 percent

Policy

General

The main forms of domestic subsidies are the following:

- *Production supports* (Budget for CY2001 = HUF 67.9 bn [USD 230 million])
of which includes:

Per hectare direct payments (HUF 4000-12,000 [USD 12-43] depending on the size of the farm)

Direct payments for animal husbandry

Production financing

Extension services

Crop Insurance

Organic production etc.

- *Market access supports* (Budget for CY 2001 = HUF 37.7 bn [USD 130 million])
of which includes:

Direct export subsidies
Support for agricultural marketing
Other market access support

- *Subsidies for agricultural investments* (Budget for CY 2001 = HUF 68.1 bn [USD 234 million])

- *Land reclamation, irrigation* (Budget for CY 2001 = HUF 1.5 bn [USD 5 million])

- *Forestry support* (Budget for CY 2001 = HUF 10.4 bn [USD 36 million])

- *Other titles* (Budget for CY 2001 = HUF 5.5 bn [USD 19 million])

Total subsidy budget *HUF 191.1 bn (USD 659 million)*

Above titles are realized in the form of direct payments, partial or full cost reimbursement, interest rate subsidies on loans, and other methods.

Biotechnology

The Hungarian Ministry of Agriculture and Regional Development began approving new GM crop varieties for field testing in the spring of 1999. Altogether, nearly twenty GM crop varieties, including domestically developed ones, have been approved for field trials. The most recent applications for trials with GMO varieties indicate growing interests for consumer and environmental effects. Hungary's biotechnology policies closely follows those of the European Union (For more see: [HU1003 - Test of New GMO Plant Varieties Approved](#)).

PS&D Tables for Rapeseed, Soybeans, and Sunflower-seed

PSD Table						
Country	Hungary					
Commodity	Oilseed, Rapeseed				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		06/1999		06/2000		06/2001
Area Planted	201	200	131	135	0	127
Area Harvested	200	200	125	125	0	127
Beginning Stocks	0	0	0	0	0	0
Production	320	320	186	186	0	226
MY Imports	6	6	5	0	0	5
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	326	326	191	186	0	231
MY Exports	140	125	42	120	0	110
MY Exp. to the EC	120	0	20	0	0	0
Crush Dom. Consumption	183	198	146	63	0	118
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	3	3	3	3	0	3
TOTAL Dom. Consumption	186	201	149	66	0	121
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	326	326	191	186	0	231
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Hungary					
Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Planted	33	32	31	25	0	30
Area Harvested	32	32	25	25	0	30
Beginning Stocks	0	0	0	0	0	0
Production	70	70	38	38	0	65
MY Imports	4	2	2	5	0	5
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	74	72	40	43	0	70
MY Exports	7	9	5	11	0	10
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	12	7	7	7	0	7
Food Use Dom. Consump.	6	6	4	5	0	5
Feed,Seed,Waste Dm. Cn.	49	50	24	20	0	48
TOTAL Dom. Consumption	67	63	35	32	0	60
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	74	72	40	43	0	70
Calendar Year Imports	0	2	0	5	0	5
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	8	0	11	0	10
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Hungary					
Commodity	Oilseed, Sunflower-seed				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		08/1999		08/2000		08/2001
Area Planted	532	530	380	300	0	400
Area Harvested	530	530	276	300	0	400
Beginning Stocks	0	0	30	0	0	0
Production	795	795	443	500	0	650
MY Imports	10	10	50	4	0	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	805	805	523	504	0	660
MY Exports	253	148	124	130	0	150
MY Exp. to the EC	190	130	70	100	0	110
Crush Dom. Consumption	486	621	382	342	0	480
Food Use Dom. Consump.	15	11	5	7	0	10
Feed,Seed,Waste Dm. Cn.	21	25	12	25	0	20
TOTAL Dom. Consumption	522	657	399	374	0	510
Ending Stocks	30	0	0	0	0	0
TOTAL DISTRIBUTION	805	805	523	504	0	660
Calendar Year Imports	40	10	0	4	0	10
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	140	140	110	130	0	150
Calndr Yr Exp. to U.S.	0	0	0	0	0	0