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Austria

Agricultural Situation

What's New in Central Europe

2004

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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.

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

Exporter Guide Annual Report: Economic indicators signal that a recovery has started in Austria with economic growth projected to reach 2.5% in 2005. Retail food sales are expected to increase by 2% annually over the next few years. Organic food consumption amounted to 4% of total food sales in 2004 and continues to increase. The trend towards convenience food and ready-to-eat meals will continue. Seafood, dried fruits, nuts, organics, wine, and gourmet foods offer the best U.S. export opportunities. (See report AU4025*)

Livestock and Products Annual Report: In 2003, Austria's bull, steer, cow and heifer stock was 1 percent above the previous year. The calf stock was 3 percent below 2002. Slaughter cattle totaled 684,951 head, a 3 percent drop. Total production of beef and veal amounted to 200,000 MT with domestic consumption reaching 155,000 MT. In 2003, Austria's opening swine stock was 1 percent above the previous year. Slaughter hogs totaled 5,310 thousand, a 1 percent increase. Due to the decoupling process of the EU CAP reform and the accession of 10 new EU member states in May 2004, Austria faces significant uncertainties in the livestock sector during the next couple of years. However, cautious forecasts do not foresee major changes in this sector. (See AU4022)

FAIRS - Food and Agricultural Import Regulations and Standards: Austrian food legislation consists of the food law, ordinances to the food law, meat regulations, pesticide regulations, and the food codex. It is largely adjusted to conform with EU regulations. Austrian food regulations are valid for products produced in Austria and imported products. However, Austria is obliged to allow entry to products permitted in other countries of the European Economic Area. The new EU traceability and labeling regulations brought major changes in labeling regulations for GMO food and feed. Last Updated July 2004: Sections I, II, III, IV, V, VI, VII, VIII, IX, Appendix I, Appendix II updated. (See AU4021)

Implementation of EU Traceability and Labeling Regulations: The GOA has amended the 1975 Austrian Food Law to conform to the new EU Traceability and Labeling (T&L) regulations regarding Genetically Modified Organisms (GMO). Public enforcement agencies are planning to carry out inspections to control ingredients and oversee labeling of possibly affected foodstuffs. Due to widespread public skepticism towards GMOs, Austrian retailers have informally agreed to ban all agricultural biotechnology that would have to be labeled according to T&L restrictions. The food industry will use paper trail and identity preservation (IP) systems to control and document this policy. (See AU4017)

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

★ Bosnia –Herzegovina

Crop Situation Update: The wheat harvest is almost completed in Bosnia and Herzegovina with total production estimated at 250,000 MT. Total consumption is around 650,000 MT. BiH is a regular importer of wheat with annual imports around 350,000 to 400,000 MT. Most wheat imports are supplied by neighboring countries (e.g Hungary, Czech Republic and Croatia). However, Argentina, Brazil, Canada, France and Uruguay supplied wheat last marketing year. This year's corn area is around 225,000 ha. Crop conditions are good at present, and production is estimated to be around 800,000 MT to 900,000 MT. (See BK4022)

Duty Free Quotas for Meat: The Bosnia and Herzegovina Government passed an amendment to the Customs Tariff Law that will apply duty free import quotas for unprocessed beef, pork, and chicken on a quarterly basis. The measure will allow for a cheaper supply of unprocessed meat, as well as stimulate domestic production because processors must first buy locally produced product to utilize the quotas. Bosnia and Herzegovina imports most meat for processing from Slovenia, Austria, Poland, the Netherlands, Hungary, and Italy. (See BK 4020)

Consumer Buying Preferences: A market research company from Bosnia and Herzegovina recently published a research study on consumer buying preferences. According to the study, 60% of consumers cited product price as the most important criteria for making a purchase, reflecting the country's weak economy and consumers' low purchasing power. Product origin and brand/quality tied for second with a 14% response rate for each category. 9% of consumers buy products based on previous purchases, and 2% of consumers cited packaging as the most important criteria. Only 1% of consumers buy products based on advertising. (See BK4019)

FAIRS - Product Specific Food and Agricultural Import Regulations and Standards - Country Report: This report provides information on the food import rules for Bosnia and Herzegovina (BiH), including the Federation of Bosnia and Herzegovina and the Republika Srpska. It includes information on labeling, packaging, food additives, and import procedures. Important points of contact for U.S. food exporters are listed in the appendices. (See BK4018)

★ Czech Republic

Exporter Guide Annual Report: The impact of the Czech Republic's accession to the EU will be long-term as Czech consumers' disposable incomes will grow, and demand for U.S. food and beverage products will grow likewise. Consumers demand variety, and although price still plays a key role for many customers, quality is becoming increasingly important. Demand for U.S. organic and high quality beans, lentils, rice, nuts, fruit, fish and seafood will increase with a growing trend toward healthier eating. This report contains detailed information on how to import food products into the Czech Republic, market prospects, and points of contact. (See EZ4022)

Czech Authorities Confirm 14th BSE Case: On September 1, 2004, the State Veterinary Administration (SVA) confirmed the fourteenth case of BSE in the Czech Republic. The concerned animal was an eight-year old cow, born on May 1, 1996 on a cooperative farm in Hrejkovice in Southern Bohemia. In the next months, 92 cows of cohort will be destroyed and tested. (See EZ4021)

Crop Situation Update: The Czech Ministry of Agriculture forecasts this year's grain production to be slightly above average at around 8 million MT (this compares to last year's below-average production of 5.7 million MT). Yields will be above average. Grain and oilseed quality will be good except for low protein content. Due to cold weather in the spring, corn planting was delayed. Although yield is expected to be good, harvested area will be somewhat smaller than planted area, and corn will be imported from Hungary. Most Czech grains will be sold at EU intervention prices in the fall. (See EZ4020 and EZ4017)

FAIRS - Food and Agricultural Import Regulations and Standards Country Report:

On May 1, 2004, the Czech Republic became a member of the European Union (EU), and all EU food rules, regulations, and laws apply. This report provides information on the laws and regulations for food, food import rules, and contact information in the Czech Republic. (See EZ4019)

Czech Authorities Confirm 13th BSE Case: On July 29, 2004, the State Veterinary Administration (SVA) confirmed the thirteenth case of BSE in the Czech Republic. The concerned animal was a 59-month old cow, born on August 3, 1999 on a farm in Podhorni Ujezd, in the district of Jicin. In the next months, 143 cows of cohort will be destroyed and tested. (See EZ4018)

Czech Republic 10-year Agricultural Strategy (2004 to 2013): In June 2004, the Czech government approved its ten-year agricultural strategy for 2004 to 2013. The strategy foresees a continued restructuring of the farm sector with grain and oilseeds production increasing; pig and poultry production contracting; and possible increases in milk production. Farms are expected to grow in size and be mostly cooperatives or corporations. The number of family farms will not increase. A strategy for the food industry will be drafted by the Food Industry Chamber and is not included in this plan. (See EZ4016)

★ *Croatia*

Crop Update: The wheat harvest in Croatia started later than normal because of rain. However, this year's yields are good with reported production at 850,000 to 900,000 MT. A surplus of 50,000 MT to 100,000 MT is expected to go into state reserves or the export market. Croatia's corn crop is also good with spring rain not affecting yields and production at about 2,250,000 MT. Croatia is not likely to import corn this year. Instead there will 200,000 to 250,000 MT of exportable surplus. (See HR4018)

Organic Products Market Brief: Croatia has a little over 160 certified organic farmers with organic production on approximately 3,500 hectares. Imported organic products can be found on supermarket shelves and in specialized stores. However, the actual size of this market is unknown. To be able to import organic products, companies must register with the Ministry of Agriculture. Currently, there are 9 registered importers. U.S. farmers with IFOAM certificates are usually able to export to Croatia. (See HR4017)

Crop Update: Wheat yields will be good with production at about 900,000 MT to 1 million MT in 2004. However, crop quality is still under question given the excessive rain earlier this year. A surplus of between 250,000 MT to 100,000 MT is expected to go into state reserves or the export market. Croatia's corn crop is also good with spring rain not affecting yields and production expected at about 2,000,000 MT. Croatia is not likely to import corn this year, and there is a very small chance for exports. (See HR4015)

FAIRS - Product Specific Food and Agricultural Import Regulations and Standards

Country Report: This report provides information on the food import rules for Croatia. It includes information on labeling, packaging, food additives, and import procedures.

Important points of contact for U.S. food exporters are listed in the appendices. (See HR4013)

★ *Hungary*

Exporter Guide Annual Report: Hungary's accession to the EU in May 2004 began a new chapter for the country's food trade. Import tariffs for major U.S. products exported to Hungary decreased, and the administrative process for distributing products became simpler. The Hungarian food distribution system has changed drastically in the past five years with hypermarkets and shopping centers developing quickly. Hungarian consumers are becoming more quality conscious, and market segmentation is creating new opportunities for high quality U.S. foods and beverages. Tourism is a leading industry, and hotels and restaurants are demanding higher quality foods. (See HU4017)

Fresh Deciduous Fruit Annual Report: This year's apple crop will be five to 13 percent larger than last year due to favorable spring weather. The majority of the crop will go to apple juice concentrate with exports expected to increase slightly due to the large carryover stock and deflated prices. Concentrate imports are expected to remain stable despite rising competition from low cost suppliers. Hungary's fresh apple consumption will continue to grow after a drop in consumption in the early 1990s. Fresh apple exports will remain marginal but growing. (See HU4016)

Crop Update: Hungary's wheat, barley, triticale, rye and oats harvest amounted to 8 million metric tons (MMT) this year. Wheat quality is excellent with approximately 75 to 80 percent of milling quality. Hungarian wheat will be competitive with U.S. and Canadian wheat in other EU markets, particularly in Italy, Austria and Germany. The spring barley crop is also of good quality with 350,000 MT going to malting. The corn crop appears good and is forecasted to be at a record 7.6 MMT. (See HU4015)

FAIRS - Product Specific Food and Agricultural Import Regulations and Standards

Country Report Country Report: On May 1, 2004, Hungary became a member of the European Union (EU), and all EU food rules, regulations, and laws apply. This report provides information on the laws and regulations for food, food import rules, and contact information in Hungary. (See HU4014)

★ *Slovakia*

Crop Update: Slovakia's grain harvest turned out to be as strong as forecasted. Total grain production reached 3 million MT. The wheat harvest amounted to 1,810,000 MT, barley production reached 940,000 MT, and the rye crop totaled 120,000 MT. Production of other grains amounted to more than 100,000 MT. These numbers are the highest in recent years and contrast sharply with last year's total grain production at 1,885,000 MT. (See LO4015 and LO4012)

Fresh Deciduous Fruit Annual Report: This year's apple crop is expected to be the same as last year at around 60,685 MT due to favorable spring weather that was hindered by increased incidences of insect pests and fungal diseases. Less intensive orchards will continue to be abandoned, whereas the acreage of intensive orchards will increase slightly. Slovakia is net importer of fresh and processed fruit. No major changes are expected in trade. Total domestic consumption will remain fairly stable. (See LO4014)

Livestock and Products Annual Report: Slovak pork production decreased by 5.7 percent in 2003 with the total number of pigs decreasing by 7.1 percent in 2003. Slightly

lower pig production is estimated for 2004. While the total number of cattle went down by 2.4 percent, the number of suckler cows increased by 4.6 percent in 2003. This trend is also expected to continue in 2004. Poultry production decreased slightly in 2003 by 0.9 percent. However, rising numbers are expected for 2004. Sheep production was and is fairly stable. (See LO4013)

Slovakia's Biosafety Framework: The Slovak Republic ratified the Cartagena Protocol on Biosafety in November 2003. Since January 2003, Slovakia has participated in the UNEP/GEF (United Nations Environmental Program / Global Environmental Fund) Project of the National Biosafety Framework. This project started in June 2001 and was designed to assist 100 countries set up national frameworks for managing living modified organisms and meet the requirements of the Cartagena Protocol. In May 2004, Slovakia began developing a modern Control and Monitoring System for GMOs that includes an inspection system, equipment, and monitoring plans. (See LO4011)

★ *Slovenia*

Livestock and Products Market Situation: Livestock production, especially cattle breeding, is the most important sector for Slovenian agriculture. EU accession is expected to benefit Slovenian beef and small cattle producers. Their income situation will improve, and production is expected to increase by 10-20 percent. Pork producers' incomes are likely to drop. However, Slovenia will still source 70 percent of its pork consumption with domestic supplies. (See SI4009)

Poultry and Products Annual Report: Poultry is still one of the few agricultural products where Slovenia's domestic production exceeds demand making Slovenia a net exporter. In 2003, Slovenia slaughtered 29.6 million birds out of which 28.3 million were broilers. These numbers are relatively stable. Total poultry meat production ranges from 53,000 MT – 60,000 MT. EU accession could result in production decreases because of dropping producer incomes. In 2003, Slovenia exported 14.72 MT of poultry and imported 3.77 MT. In 2004 and 2005, these exports could increase slightly because of intra-EU trade. (See SI4008)

Biotechnology - NGO Efforts: A coalition of Slovenian NGOs concerned about Slovenian ecosystems urged the Government of Slovenia to ban the planting of biotech crops in Slovenia. The action was motivated by Slovenia's recent accession to the EU that allows for the cultivation of all EU-approved biotech crops for planting. The coalition would like Brussels to conduct new risk assessments that take into account specific ecosystems. According to the coalition, the initial risk assessments were done only for initial EU member states and did not take into account specific ecosystems found in new member countries. Before the E.U. accession, Slovenia had no authorized biotech crops. (See SI4007)

Calendar of Events in the Region

Visitors & Market Promotions Activities Austria & Central Europe

Austria

Sept. 30 120th Anniversary Ceremony, University for Agricultural Sciences, Vienna.
Ceremonial Tree Planting by Diplomatic Representatives

Czech Republic

October 12 Ag Counselor Speech, Impact of EU enlargement on Agricultural Trade in
Central Europe, Food Logistics Conference

Hungary

Sept. 2 Ribbon Cutting, Pioneer Hybrid Corn Processing Plant
Sept. 7-15 Hungarian Wine Festival, Budapest
Sept. 21 DCM Welcome Reception for Ag Counselor
Sept. 22 Portfolio Wine Tasting, Budapest
Nov. 8-9 APHIS Site Visits
Nov. 23-26 Foodapest International Food, beverages and processing equipment Show,
Budapest

Slovakia

Nov. 3-6 APHIS Site Visits

Holidays and Embassy Closures

All Posts

Nov. 11 Veterans Day
Nov. 25 Thanksgiving Day
Dec. 24 Christmas Day

Bosnia–Herzegovina

November 25 Statehood Day

Czech Republic

Nov. 17 Struggle for Freedom Day
Dec. 26 St. Stephens Day

Croatia

November 1 All Saints Day
Dec. 26 St. Stephens Day

Hungary

November 1 All Saints Day

Contact us for Additional Info

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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.