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Hungary

Fresh Deciduous Fruit

Annual

2003

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Report Highlights:

This year's apple crop will be smaller than normal due to spring frosts and the severe drought. Fresh apple exports will stagnate while imports will grow slowly. Apple juice concentrate production and sales will drop due to the short crops in 2002 and 2003. In May 2004, Hungary will become a member of the European Union.

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

Weather

2002 winter and 2003 spring frosts damaged apple flowers in 2003. Severe drought, through the production season also reduced crop expectations. Forecasts for the total crop are 50,000 MT below the 2002 production.

PS&D Fresh Apples

PSD Table

Country Commodity	Hungary		Fresh Apples		(HA)(1000 TREES)(MT)		UOM
	2001 USDA Official	Revised [tEstimate [DA	2002 Official	Estimate [tEstimate [DA	2003 Official	Forecast [tEstimate [New]	
Market Year Begin	07/2001		07/2002		07/2003		MM/YYYY
Area Planted	175000	17500	174000	17400	0	16000	(HA)
Area Harvested	175000	17500	174000	17400	0	16000	(HA)
Bearing Trees	10000	10000	10000	10000	0	9500	(1000 TREES)
Non-Bearing Trees	2000	2000	1500	1500	0	1000	(1000 TREES)
Total Trees	12000	12000	11500	11500	0	10500	(1000 TREES)
Commercial Production	375000	375000	295000	356000	0	306000	(MT)
Non-Comm. Production	230000	230000	175000	184000	0	174000	(MT)
TOTAL Production	605000	605000	470000	540000	0	480000	(MT)
TOTAL Imports	4100	4100	4500	9210	0	6000	(MT)
TOTAL SUPPLY	609100	609100	474500	549210	0	486000	(MT)
Domestic Fresh Consump	135000	135000	140000	145000	0	138000	(MT)
Exports, Fresh Only	24500	24500	20000	9000	0	10000	(MT)
For Processing	449600	449600	314500	395210	0	338000	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	609100	609100	474500	549210	0	486000	(MT)

Inputs

The Government of Hungary (GOH) is paying a HUF 10,000/hectare (about \$44) in support for fruit producers in 2003. Farms may also receive investment support for planting orchards. The basic subsidy is 50 percent of the investment costs until a HUF 60 million (USD 267,000) ceiling, plus a medium-term loan with an interest rate that is 40 percent lower than the prime rate.

In spite of the state subsidy, investments into orchard planting are modest. A fire blight bacteria outbreak (which was first detected in Hungary in 1997) destroyed hundreds of hectares of apple orchards in 1999 and 2000. The GOH pays many of the costs associated with combating fire blight, such as chemical treatment and measures that help to prevent the spread of the disease.

Fertilizer use (in active ingredient kilograms) increased in 2002 to 92 kg/ha but it is still under the 127-kg/ha level that was reported in 1990.

Crop Quality

The quality of the 2003 crop thus far is good. Modern commercial orchards produce popular new table varieties, but the overall crop is still dominated by the Jonathan variety. This is the major apple variety in Szabolcs-Szatmar-Bereg County, which takes about 60 percent the total production. As Hungary has lost its table apple market in the FSU area, and was unable to appear on West European markets there is no real pressure to change varieties and technology. Successful lobbying for higher minimum prices for the major industrial (juice)

apples is a stronger motivation for most of farmers than the expensive and risky investments.

Domestic consumption of fresh apples decreased from 25-30 kg/year per capita in the early 1990s to about 12 kg actually. Reasons are not only in the increased competition of tropical and out season fruit but the weaknesses of the domestic fresh apple supply as well. Average per capita fruit juice consumption (all kinds) in Hungary is 31.1 liter per year. This is a rather high figure in international comparisons.

Overall storage (cold and controlled atmosphere) capacity is in theory are sufficient to store more than ten percent of the total commercial crop. However, the poor financial condition of some orchards and poor management of marketing channels for fresh fruit have driven warehouse owners to focus on servicing other, more profitable sectors.

Prices

Farms, processors and the GOH negotiated HUF 2.7 billion-support package for crushing apples in 2003. The support is HUF 5/kg if the processor pays a minimum HUF 14-18/kg price for the apple producer. Table apples do not enjoy price support.

Wholesale market prices for fresh table apples through the production year were as follows:

HUF/kilogram

2002	October	35-70
2003	February	50-80
2003	April	50-160
2003	August	40-90
2003	September	60-70

(US\$ 1 was equal HUF 245 in 2002 and HUF 215 in 2003)

The average wholesale price in Hungary in October 2003 was the following for some main varieties (HUF/kilogram):

Granny Smith	120
Golden Delicious	90
Starking	90
Gloster	80
Jonagold	70
Jonagored	65
Idared	60
Jonathan	60

Trade

General

Hungary's table apple exports have been stagnating since 1998 the 6,000-7,000 MT level. The sudden growth of sales in 2001 was attributed to the short European supply rather than the improved competition of the Hungarian table apples. Short-term forecasts indicate only modest increase of table apple exports.

Imports of off-season table apples exceed exports. Sources are usually Southern Hemisphere countries, but increasingly EU countries (Italy, France, Austria) are supplying Hungary due to their better storage practices and high export subsidies. Hungary "imports" apples from Ukraine and Romania for processing under contract and much of the concentrate is re-exported.

Hungary has started to increase apple juice concentrate imports from low cost suppliers such as China to meet increased domestic demand and maintain consistent exports. Other sources are Poland, Romania and Slovakia, supported by low prices and import tariffs for CEFTA countries (See at Tariff Changes).

Main markets for Hungarian apple juice concentrate are Germany, Austria and the USA.

Trade Matrices for Fresh Apples

Export Trade Matrix

Country	Hungary		
Commodity	Fresh Apples		
Time period	CY2002	Units:	Metric Tons
Exports for:			1
U.S.	0	U.S.	
Others		Others	
Austria	2363		
Bosnia-H.	2037		
Netherlands	2010		
Total for Others	6410		0
Others not Listed	2552		
Grand Total	8962		0

Import Trade Matrix

Country	Hungary		
Commodity	Fresh Apples		
Time period	CY 2002	Units:	Metric Tons
Imports for:			1
U.S.	0	U.S.	
Others		Others	
Poland	3634		
Italy	2498		
Austria	1885		
Total for Others	8017		0
Others not Listed	1193		
Grand Total	9210		0

Export Subsidies

The only form of export subsidy (export refund) in this product category is for table apples exported to Russia between September 15, 2003 and March 15, 2004. The export refund is HUF 24/kilogram (US\$ 0.11/kilogram) up to a 5,000 MT total quota.

Tariff Changes

CY 2002 tariffs and preferential tariff quotas remained unchanged for 2003. From May 1, 2003 Hungary is to be member of the EU, and the tariffs of the European Union will be used in the imports.

Tariff levels of fresh apples and fruit juice and concentrate:

	Fresh Apples (0808)		Fruit Juice and Concentrate	
	Tariff %	Quota MT.	Tariff %	Quota MT.
I.				
GSP Tariffs			37.2	
II.				
MFN Tariffs	49.3		39.2	
III.				
GATT TRQ Tariffs	25	10212	20	8505
CEFTA Tariffs			12	
EU Tariffs			0	
EU TRQ Tariffs	0	8400*		

Note: GATT import quotas are set for apples, pears and quince

* Excluding apples for processing between September 16 - December 15.

PS&Ds for Apple Juice Concentrate

PSD Table

Country Commodity	Hungary Concentrated Apple Juice (MT)						UOM
	2001 USDA Official	Revised [Estimate]	2002 DA Official	Estimate [Estimate]	2003 DA Official	Forecast [Estimate]	
Market Year Begin	07/2001		07/2002		07/2003	MM/YYYY	
Deliv. To Processors	449600	449600	314500	395210	0	338000 (MT)	
Beginning Stocks	0	0	0	0	0	0 (MT)	
Production	70000	70000	50000	50000	0	46000 (MT)	
Imports	10000	10000	10000	7000	0	5000 (MT)	
TOTAL SUPPLY	80000	80000	60000	57000	0	51000 (MT)	
Exports	50000	50000	32000	29000	0	23000 (MT)	
Domestic Consumption	30000	30000	28000	28000	0	28000 (MT)	
Ending Stocks	0	0	0	0	0	0 (MT)	
TOTAL DISTRIBUTION	80000	80000	60000	57000	0	51000 (MT)	