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# GAIN Report

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## Hungary

### Grain and Feed

### November Grain Situation

### 2003

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**Report Highlights:**

Wheat prices are nearly double last year, and spring futures indicate a further 25-30 % increase. The wheat export surplus is 400,000 MT at most with half of this volume already shipped to neighboring countries. The poor corn harvest, at about 4.5 million MT, reduced export surpluses to 500,000 MT. Hungary may increase their rye and feed barley purchases from Europe and overseas. The GOH issued a 100,000 MT duty-free import quota for rye, barley, and oats and plans to issue a new quota of 150,000 MT for 2004.

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

## Wheat

Wheat prices are nearly double the prices of 2002. Spring futures indicate a further 25-30 % increase. Futures prices of wheat for May, 2004 are at USD 234/MT. Surface transportation costs to three potential seaports, Constanta (Black Sea), Rijeka and Koper (both at Adriatic Sea), are about USD 27-35/MT.

This marketing year's wheat export surplus is no more than 400,000 MT. According to trade sources, about half of this volume has been shipped to neighboring countries. The Ministry of Agriculture (MOA) – under pressure from influential animal breeder associations – wanted to propose a grain export permission system to curtail further price increases, but the Government of Hungary (GOH) refused the idea. GOH plans to facilitate imports instead. .

Wheat acreage increased by near 100,000 hectare to 1.2 million hectares. It may be a harbinger for the higher production subsidies under the EU system, but this growth in seeded area is still within the normal annual fluctuation.

## Corn

The poor corn harvest at about 4.5 million MT reduced export surpluses to about 0.5 million MT. A large part of this volume has already left the country according to the Hungarian Grain Association. Because of the corn shortage in Europe, Hungary may export more and offset the feed balance with increased rye and feed barley purchases from European sources. Hungary may also end up buying wheat from overseas, if prices permit. GOH plans to issue a 400,000 MT import quota for corn with zero duty next year (CY2004).

## Barley and other Small Grains

The GOH issued a 100,000 MT duty-free import quota (to expire the end of CY 2003) for rye, barley, and oats and plans to open a new quota of 150,000 MT for 2004. Hungary regularly imports malt and malting barley (mainly from EU countries) and exports tens of thousands of tons of feed barley to neighboring countries.

Hungary may be short on coarse grains the end of this marketing year, although pork and poultry numbers will be low in 2004. Planted area of winter barley this fall is 189,000 ha, similar to the previous year.