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Hungary

Livestock and Products

Beef Cattle Production

2004

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Report Highlights:

Following Hungary's EU membership in May 2004, producers will receive lucrative subsidies for beef cattle production. Industry associations are forecasting beef cattle numbers to increase from 30,000 head to 100,000 head in five years. However, actual cattle production and export numbers aren't expected to increase as farmers will simply switch their marginal dairy/dual purpose cattle to beef production. Hungary exports 120,000-126,000 head of slaughter cattle annually and imports 3,000-10,000 head. Hungary exports 5,000 to 10,000 MT of beef annually and imports 2,000 to 7,000 MT. Current EU policies for hormone treated beef block U.S. beef exports to Hungary.

Includes PSD Changes: No
Includes Trade Matrix: No
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Production

Hungary's cattle stock numbered 766,000 head in August 2003 of which cows numbered 359,000 head. Beef cows numbered at about 30,000 head, and there were an estimated 70,000 "dual purpose" cows kept on farms. Beginning May 2004 (with Hungary's accession to the EU), producers will receive lucrative subsidies for beef cattle production while dairy producers will continue to cope with difficulties. For this reason, farmers with dual-purpose cattle, as well as other marginal milk producers may convert to beef production in the future.

Industry and breeder associations are expecting considerable increases in beef cattle numbers. Forecasts include an increase from the present level of 30,000 head to 100,000 head in five years. Hungary's EU quota for beef cows is 117,000 head.

The above mentioned "**administrative**" re-registration of marginal and dual purpose cattle to beef cattle is not likely to effect the actual beef cattle market in the next years. Moreover, by the time all the marginal cattle herds will be put under the EU beef program, the country's beef cow stock may reach the EU quota ceiling.

Production Policy

The Government of Hungary's (GOH) annual cow support payment of HUF 27,000 (USD 120) and calf subsidy of HUF 50,000 (USD 222) for feeders (bought from intervention stocks) have accelerated the growth of the beef cattle sector.

For 2004, subsidies from the EU and domestic budget seem to be even higher. EU support on pastures/meadows is HUF 17,000/ha while the (not yet approved) domestic support for beef cows may be about HUF 35,000-40,000/head.

Trade

Hungary exported 120,000-126,000 heads of slaughter cattle and imported 3,000-10,000 heads (mainly young feeders) annually in the last years. Main export destinations are neighboring countries, such as Italy, Croatia and Romania. (See GAIN Report HR3025 for information on the BSE dispute between Croatia and Hungary.) Beef cattle imports originate mainly from Czech, Slovakia and Poland.

Annual beef exports amounted to about 5,000 to 10,000 MT. Imports were somewhat less at about 2,000 to 7,000 MT in the last few years. The majority of beef exports are destined to Italy. Imports originate mainly from the EU with smaller volumes sourced from Uruguay and Australia. In the past, there was a good outlook to export U.S. beef to Hungary (see GAINS Report HU0016, 11/2/2000), but the present EU policies concerning hormone beef and BSE block U.S. beef exports to Hungary.

Hungary's domestic beef consumption is very low. It is a mere 4kg/person/year. Any increase in production must be sold in the traditional EU or other European export markets.

Export Subsidies

GOH launched a HUF 65/kg live weight (USD 0.28) export refund for live cattle for slaughter for exports to non-EU destinations for the period of January-April, 2004. From May, 2004, Hungary's beef and beef cattle sales to the traditional Romanian, Bosnian and Croatian markets will enjoy a EU export refund.