INTERNATIONAL DAIRY PRODUCTS COUNCIL

Reply to Questionnaire 5 Regarding Information on Domestic Policies and Trade Measures

HUNGARY

A. Production

The annual milk production in Hungary in recent years was in the range of 2.6-2.7 million litres. This level was maintained in spite of continuously decreasing dairy cow numbers by increased yields. While the production remained unchanged, the consumption of most dairy products has considerably increased. The production basically covers the home needs, exports of most dairy products are occasional, except for certain kinds of cheeses which are traditionally exported by Hungary.

In the coming years no major change in the production is foreseen, it is expected first of all to satisfy the growing internal consumption.

1. The overall profitability of dairy farming has considerably decreased in recent years due to the unfavourable price tendencies on world markets. In order to offset these negative effects certain support measures are applied, producers benefit from investment and price support.

(a) Assistance to investments: a subsidy may be granted for the construction of certain milk-farm installations, covering 50 per cent of the investment costs or amounting to Ft 20,000 per cow space.

(b) Price support: producers are granted a price supplement of Ft 2.90 per litre of milk above the basic purchase price. The price also depends on quality factors: in case of divergence from the standard 3.6 per cent fat content, Ft 11 are paid or discounted for every kilogram of milk fat. Milk and cream produced by large agricultural farms are purchased with a price supplement of Ft 0.40 per litre.

B. Internal prices and consumption

The Government grants consumer subsidies for milk and dairy products with a view to stimulating consumption. The prices in force as of 1 January 1988 are as follows:

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The consumption of milk and dairy products in Hungary amounts to 197 kg. per capita which is still below the optimum nutrition level. The choice of dairy products of high biological value and longer preservation is continuously increasing and this is expected to further stimulate consumption.

C. Measures at the frontier

Dairy products falling under the International Dairy Arrangement are at present subject to m.f.n. tariffs of between 20 and 30 per cent, except for butter which is subject to a 60 per cent tariff.

Exports of dairy products are not subject to duties or other charges. Foreign trade transactions in respect of these products too, are subject to the usual licensing requirements.

Sanitary regulations corresponding to the internationally applied standards are issued by the Ministry of Agriculture and Food.

D. Text of description of bilateral, plurilateral and multilateral agreements

None.