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Economic Transition in Central and East Europe, and the Former Soviet Union: Implications for International Agricultural Trade

Von Witzke, H. and S. Tangermann, eds.

1998

International Agricultural Trade Research Consortium
Symposium Proceedings Issue
June 12-14, 1997
Berlin, Germany

AGRICULTURAL TRADE BETWEEN CENTRAL EUROPE AND THE EU

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The main aims of our paper are:

- to analyse the present situation of agricultural trade between the CEECs[1] and the European Union,
- to reveal the main causes behind the deteriorating agricultural foreign trade balance of the CEECs,
- to survey the expected impacts of the CAP reform(s) and the future accession to the EU on the foreign trade prospects of the CEECs, and
- to outline the foreign trade policy implications of the CAP reform(s), the EU accession and the GATT requirements for the CEECs.

1. The significance of agriculture and the EU in the foreign trade of the CEECs

Despite the significant changes having taken place in the transforming economies of the Central and Eastern European countries[2], agriculture still plays an important role in their economic and social life. This is reflected not only in the still significant, though declining share of agriculture in generating GDP and providing employment for the rural labour force (see Table 1), but also in their foreign trade. (See Table 2.)

In spite of this, out of the four Visegrád countries, only two - Hungary and Poland - have a higher share of agriculture in their foreign trade than is the EU-15 average.

As a consequence of changing the geographical structure of their foreign trade in favour of the highly developed countries, due to political and economic reasons, the V-4 countries' are presently conducting above or around 50 per cent of their agricultural trade with the EU-15 countries. The reason for the significant and increased share of the EU in the CEECs' agricultural trade has been partly the re-orientation of their foreign trade relations induced by the dissolution of the CMEA and the collapse of the Soviet Union, and partly the signing of the Association Agreement (AA) with the EC in December 1991.

However, the Central and Eastern European countries' market is less significant for the EU than the EU is for them: agro-food exports to the 10 CEECs represent a mere 8 per cent of total agrofood exports, while imports from the CEEC-10 represent only

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[1] In this paper CEECs mean the four Visegrád-countries only, due to data comparability and availability, and the similarity of their development path.

[2] See Changes and Challanges ...

about 5 per cent of total EU agrofood imports. So there is a significant asymmetry as far as the importance of the markets for each other is concerned.

In the case of Hungary, in 1996 49.3 per cent of its agricultural exports were directed to the EU-15, while 44.4 per cent of the Hungarian agricultural imports originated from the EU-15. As it is revealed by Table 3, while the share of the EU countries in the Hungarian agricultural exports increased from 34.6 per cent to almost 50 per cent between 1989 and 1996, in the case of imports the increase of the EU's share was more apparent, as it increased from 16.9 per cent to almost 45 per cent.

It shows that the EU's penetration into the Hungarian market was more vehement than Hungary's penetration into the EU market. Not to speak of the fact that, while the Hungarian shipments are negligeble for the EU, as they are meeting less than 2 per cent of the EU's import demand, the EU's market seems to be essential for the Hungarian agricultural exporters. However, we have to add that presently the geographical structure of Hungarian agricultural exports is quite balanced, as it is almost equally distributed between the Western and Eastern parts of Europe (see Table 4).[3] While the Hungarian agricultural exports are characterised by a European orientation, the Hungarian agricultural imports mainly derive from two sources, from Western Europe and from non-European countries. (See Table 5).

In the case of Poland, the EU-12 accounted for 61.4 per cent of the country's entire agricultural exports in 1989, whereas in 1992 - one year after signing the Association Agreement with the EU - the EU's share decreased to 55.5 per cent, and in 1996 the share of the EU-15 went under 50 per cent. (See Table 6.) The decline of the EU's share is mainly due to the decreasing value of Polish agricultural exports to the EU. In the case of imports, the tendency is the opposite: the share of the EU increased from 41.3 per cent in 1989 to 46.9 per cent by 1996. The increase of the EU's share was accompanied by the increase of the value of agricultural imports from the EU. (See Table 6.)

2. The performance of agricultural trade between the CEECs and the EU

As it is shown in Table 7, by the middle of the 1990s the V-4 countries - with the exception of Hungary - had become net importers of agricultural and food products, as a consequence of the fact that between 1989 and 1994 their agricultural exports increased by 9.6 per cent, while their agricultural imports increased by 43.1 per cent. As in the case of Hungary between 1989 and 1996, both the agricultural exports and the agricultural imports increased by around 60 per cent. The positive trade balance characteristic for the end of the 1980s remained valid for the middle of the 1990s. (See Table 8.)

As far as the performance of the V-4's agricultural trade with the EU is concerned, it is illustrated in Tables 9 and 10.

While between 1989 and 1994 the agricultural exports of the V-4 to the EU increased slightly (by 6.2 per cent during the 5 years), the agricultural imports of

[3] However, the Euro-orientation of Hungarian agricultural exports shows that the room for manoeuvre for the Hungarian exporters is very limited.

these countries from the EU more than doubled.[4] Consequently, the ECU 988 million agricultural trade surplus of the V-4 countries turned into an ECU 250 million deficit.

The situation did not change significantly in 1995 as the V-4 countries' agricultural exports to the EU decreased by 1.7 per cent, while their agricultural imports from the EU increased by almost 6 per cent. Consequently their agricultural trade balance deteriorated further. The deficit of the V-4 countries' agricultural trade with the EU increased from ECU 172 million in 1994, to ECU 337 million in 1995 to ECU 407 million by September 1996. (See Table 10.)

Though Hungary remained the only V-4 country with a positive trade balance with respect to its agricultural trade with the EU, it does not mean that the situation of its balance did not deteriorate, as its export/import coverage ratio worsened significantly. As it is revealed by Table 11, between 1989 and 1996 Hungarian agricultural exports to the EU increased by 178 per cent, while her agricultural imports increased by 365 per cent. Though in 1989 Hungary managed to export 6.68 times more agricultural products to the EU than she imported from the EU, by 1996 this indicator had decreased to 3.25. (See the last column of Table 11.)

The commodity breakdown of the agrofood trade flows between the CEECs and the EU shows (see Table 12[5]) that the main export items for the CEECs are live animals, meat and fruit and vegetables, which together account for over 60 per cent of the export value to the EU. The share of meat in agrofood exports to the EU has, however, decreased, as livestock production has dropped, while meat imports from the EU have increased. Other main items ar: fruits, in particular processed foods, and cereals in the drought years.

3. The main causes of the V-4's deteriorating agricultural trade balance with the EU

3.1 Stagnating or declining agricultural exports

As the deteriorating agricultural trade balance of the Visegrád countries is mainly due to the declining and/or stagnating export performance, we have first to answer the question „What are the **main causes of the agricultural export decline**?".

The V-4's agricultural export decline in general, and in the case of the EU in particular, were caused by the following factors:

- The drop in domestic agricultural production - caused partly by the transformation crisis of the sector and partly by the declining profitability of agricultural production - led to **decreasing or diminishing exportable surpluses**, especially in the first years of transformation.

- The **decreasing competitiveness** of the V-4 countries' agricultural goods due to the increasing production costs, the increasing input prices, the insufficient input-

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[4] It increased by 217 per cent.

[5] The data in Table 12 refer to the 10 CEECs.

use, the lack of technological development and innovation, the deficiencies in the supporting infrastructure, the lack of competitive packing and marketing.

- The lack of a proper **export promotion** and marketing system, including insufficient export subsidies (see Table 13), inapproipriate export financing, export credits and export credit guarantees.

The above-mentioned internal, domestic causes of the insufficient agricultural export performance of the V-4 countries coincided with the deteriorating external environment, like losing a part of the traditional Eastern markets, the recession in the West in the first years of the 1990s, the protectionist tendencies in the world agricultural markets, the Yugoslavian embargo and the increasing competition on the part of the developed countries.

It was under such conditions that the V-4 countries signed the Association Agreement with the EU in the hope that the EU would provide better market access and expanding markets for their agricultural products.[6] It is beyond doubt that the tariff and levy reductions, as well as the yearly increase of quotas, improved, in principle, the V-4's market access. However, due to the above-mentioned internal causes, only part of the market access opportunities could be utilised by the beneficiary countries. As only part of the concessions received were used by the V-4, **the market access improvement failed to result in expanding the EU markets for the V-4**. The rate of quota utilisation in the case of the associated countries is shown in Table 14, while the respective Hungarian data are given in Table 15.

It is a positive sign that in the case of certain products (like turkey and chicken breast, cheese, wheat) quota utilisation has increased. In other fields, for example in those of beef and pork, the situation of Central and Eastern European shipments is still unsatisfactory.

It should also be mentioned that certain product groups (like cereals with the exception of wheat, dairy products with the exception of cheese, sugar, etc.) were not included in the preferences granted by the EU. Furthermore, in some other cases, the still prevailing non-tariff barriers (quotas, minimum prices and variable levies till July 1995) and/or insufficient concessions squeezed the V-4 goods out of the EU markets. The same applies to the open protectionist measures applied by the EU under the pretext of the recession.[7]

In addition to all this, as a consequence of the coming into force of the regulations of the GATT Agreement, certain concessions (like the variable levy reductions) previously granted to the V-4 countries were abolished or became eroded. As a compensation, since 1997 the rate of tariff reduction has increased from 60 per cent to 80 per cent, which is significant, especially in the case of fruits and vegetables. Besides this, all the tariffs below 3 per cent were abolished. However, from 1997 up to the year 2000 the degree of yearly quota increase decreases from 10 per cent to 5 per cent, while in the case of processed agricultural products it will be 10 per cent per year.

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6 On the agricultural aspects of the Association Agreement see: East-West Agricultural Trade (1993).

7 See the case of the meat and live animal embargo in April 1993.

The unambiguous impact of the Associaton Agreement on Hungary's agricultural export performance is illustrated in Table 16. The first part of the table shows that the most dynamic export was realised in products not covered by the Association Agreement, whereas the export of goods enjoying preferences in principle remained well below this dynamism. In other words, the development of the Hungarian agricultural exports was not guided by preference opportunities. Furthermore, the ratio of exported goods benefiting from the concessions of the Agreement decreased from 55 per cent in 1992, to 50 per cent in 1993, and to 47 per cent in 1994.

According to experts' views[8], the main reason behind the above phenomena is that a certain part of the preferences is a kind of "bubble" preference, not realised in lack of exportable goods or in the absence of importers' application. The latter case can be explained by the uncertainties of the offer and the possible deliveries, the high transaction costs, weak demand, the expected high risks or the insufficiency of preferences.

The lowering of the ratio of preferential exports can also be explained by the fact that in many cases the quotas are small, but above them the export is growing dynamically. It can also happen that products not enjoying preferences under the Association Agreement show a better export performance. This fact would itself require a permanent revision of the product groups.

There is, nevertheless, also a positive example. From November 1994 there was a re-specification of quotas on conserved meat, cheese and wheat, and a re-classification within the poultry quota, which better reflected the changes in the structure of offers.

3.2 Dynamically growing agricultural imports

The agricultural export decline and/or stagnation of the V-4 countries was accompanied by a significant agricultural import growth. The main causes behind this phenomenon were the following:

As a consequence of the **declining agricultural production** of the transforming economies, a part of the domestic demand had to be covered by the imports of the products concerned. It led to increasing imports of agricultural raw materials, inputs and certain food items being in shortage.

Furthermore, as the **consumption pattern** has changed due to income polarisation, the effective demand for certain luxurious consumer goods, tropical products, etc. increased.

In addition, as **foreign capital** acquired significant positions in the food economies of the transforming countries, their activity also increased the import demand for agricultural raw materials, ingredients, inputs and processed agricultural products, generally manufactured by their affiliates abroad. The import increase was also stimulated by the fact that, for instance, in Hungary, the greater part of the retail outlets was bought up by West European retail chains which supply goods from their

[8] See Meisel, 1996 in: Agricultural Accession ...

own sources. Imports were also strengthened by the vigorous publicity campaigns launched by West European companies settling in the V-4 countries.

The emerging and/or induced import demand for agricultural products was helped in turning into actual import inflow by the **foreign trade policy** of the V-4 countries.

As it is well known, at the beginning of the transition the main principle of the V-4 countries' foreign trade policy was the **liberalisation** of foreign trade. It meant the accomplishment of a quasi-free trade in the case of agricultural products via lifting most of the export and import restrictions, non-tariff barriers, reducing export subsidies and customs duties.

The - compared to the development level - high degree of agricultural trade liberalisation was accompanied by signing **free trade agreements** with the EC, the EFTA and later on among the Visegrád countries themselves, which also increased the degree of openness and, with this, these countries' vulnerability.

Apart from the hasty overliberalisation and the lack of proper market protection of the V-4's agricultural markets, the high **export subsidies** and **indirect export promotion** means of the EU and the other developed countries also contributed to the acceleration of the V-4's agricultural import growth. This statement can be proved by the fact that in the case of Hungary, since 1991 the increase of subsidised exports from the EU has been higher than the increase of unsubsidised exports. (See Chart 1.)

Though in the framework of the Association Agreement Hungary also provided concessions to the EU, these preferences are less responsible for the dynamic import growth than the above-mentioned internal causes and trade policy measures. In the case of Hungary the total agricultural imports and the imports of products not covered by the Agreement increased more dynamically than the imports of products covered by the Agreement and enjoying concessions (see Table 16). As a consequence, the ratio of preferential imports within the total imports decreased from 48 per cent in 1992, to 43 per cent in 1993, to 37 per cent in 1994.

The main reason for the above phenomena is the low level of preferential quotas on the one hand, and the liberal regulations in import licensing on the other.

4. The prospects of the CEECs' agricultural trade with the EU

The future development of agricultural trade between the two groups of countries will depend on the evolution of agriculture within the two groups of countries, on the one hand, and on the outcome of such international agreements as the GATT Agreement, the Association Agreement and last, but not least, the accession of the CEECs to the EU on the other.

It seems that the transformation of the **CEECs' agriculture** will be finalised in the coming years. The consolidation of the land ownership and the organisational structure will be accomplished, the market regulation system will be built up and the foreign trade policy will be directed towards higher market protection and more efficient export promotion. It is probable that the production decline will be halted, and a slight recovery will start. The most important task the CEECs' agricultural production is facing is to increase productivity and competitiveness via modernisation, investment and technological development.

As far as the future development of the **EU agriculture** is concerned, it will mainly be determined by the outcome of the 1992 McSharry reform of the CAP and by the developments of the Common Agricultural Policy between 1996 and 2000. Though there are a great number of scenarios for reforming the CAP, the following developments are probable:

- the EU prices will be reduced and they will approach the world market prices; consequently the need for export subsidies will diminish and the GATT obligations could be met,

- some kind of compensation and agricultural support system will remain, though to a decreasing extent,

- financial supports will be decoupled from production and will be directed to social, rural development and environmental purposes.

The main question is how the above-mentioned changes will affect the development of agricultural trade between the CEECs and the EU: will the export possibilities of the CEECs improve on the agricultural market of the EU and will increasing imports be expected from the EU?

As regards the **CEECs' export** expansion possibilities, it is doubtful whether the agricultural reforms to be accomplished in the EU will lead to increasing import demand for agricultural products, as the accidental production decline will be covered by the stocks. Moreover, if there is any import demand growth, there will be no guarantee that it will be met by Central and Eastern European shipments due to the still low competitiveness and the market access problems of these countries, to the still prevailing EU preferences and to the sharp competition in the EU market with third country exporters.

If the accomplishment of the CAP reform does not lead to meaningful production decline in the EU and does not improve significantly the competitiveness of the EU's agricultural production, then the CEECs should expect **further import flows**. This will be all the more so, as the EU intends to find expanding markets in the CEECs and to counterbalance its deteriorating international agricultural market position. The ground for further agricultural imports from the EU will be provided by the Association Agreement which asymmetrically provided concessions for the second half of the 1990s, and these will turn in favour of the EU.

The above agricultural foreign trade contemplation may be altered by a possible modification of the **Association Agreement** and by the terms of the accession of the CEECs to the EU. It is not probable that - in addition to the 80 per cent tariff reduction - the EU is willing to provide further concessions to the CEECs. Perhaps a higher than 5 per cent yearly quota increase could be bargained. However, since in the past it was not the conditions of the Association Agreement that determined the performance of agricultural trade between the CEECs and the EU, but their internal situation and trade policy measures, the impact of the Association Agreement should not be overestimated.

No wonder then that the CEECs are very eager to acceed to the EU. From a **full fledged membership** - which includes agriculture and provides all the benefits to the newly adopted members - the CEECs expect not only the total elimination of **market access** problems, but also **expanding markets** and such **financial resources** as could help them in overcoming all those shortcomings which up till now have prevented them from making full use of the concessions granted.

However, one should keep in mind that accession should be, and definitely will be, beneficial for the EU's agriculture as well. The most apparent benefits for the EU will be:

- to find expanding markets and to get unrestricted market access for its agricultural goods and food products;

- to increase its international competitiveness via getting access to cheap(er) and better factors of production for its agricultural production via importing them or investing in the CEECs;[9]

- to get access to profitable investment possibilities for EU agricultural and food producers;

- to make use of the less degraded environment of the CEECs by building up an environmentally sound agricultural distribution of labour between the two groups of countries.

However, the positions of the two groups of countries in achieving their aims are rather different. Namely, the CEECs will not be able to reach the majority of their above-mentioned objectives without gaining full-fledged membership, while for the EU it is not necessary to adopt the CEECs as full-fledged members to realise its aims.

[9] Among the advantages of the CEECs, one should mention the natural endowments, the biological reserves, the relatively cheap and well-trained labour force, cheap agricultural raw materials and inputs, etc.

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Table 1. Importance of agriculture

	Agricultural area		Agricultural production		Agricultural employment	
	m ha	% total	b ECU	% GDP	thousands persons	% total
Poland	18.6	59	4.648	6.3	3661	25.6
Hungary	6.1	66	2.068	6.4	392	10.1
Czech Republic	4.3	54	0.871	3.3	271	5.6
Slovakia	2.4	49	0.512	5.8	178	8.4
Slovenia	0.9		0.300	4.9	90	10.7
V-4	31.4	59	8.099	5.7	4502	...
EU-15	138.1	43	208.800	2.5	8190	5.7

Figures are for 1993.
Source: own calculations based on data of "Agricultural Situation and Prospects in the Central and Eastern European Countries, Summary Report", 1995, p. 5

Table 2. The importance of agriculture in the foreign trade of the Visegrád countries

	% of total exports	% of total imports
Poland	12.2	11.1
Hungary	21.8	7.4
Czech Republic	7.7	9.6
Slovakia	5.9	9.3
Slovenia	4.0	8.0
EU-15	9.5	9.5

Source: Agricultural Situation and Prospects in the Central and Eastern European Countries, Summary Report, 1995, p. 5

Table 3. Share of the EU within Hungarian agricultural foreign trade (%)

Year	Exports	Imports
1989	34.6	16.9
1990	36.7	18.6
1991	44.3	28.7
1992	41.7	36.1
1993	43.8	43.4
1994 (EU-12)	43.3	44.1
1994 (EU-15)	51.8	53.7
1995 (EU-12)	43.3	47.9
1995 (EU-15)	45.6	48.8
1996 (EU-12)	47.3	43.1
1996 (EU-15)	49.4	44.4

Source: Data of the Hungarian Ministry of Industry and Trade

Table 4. The Geographical Structure of the Hungarian Agricultural Exports (%)

	EU	EFTA	Central and Eastern Europe	Other
1989	34.6	10.5	29.1	25.8
1990	36.7	10.4	30.0	22.9
1991	43.8	11.3	27.9	17.0
1992	41.9	11.3	33.6	13.2
1993	44.8	12.4	29.6	13.2
1994	43.8	11.2	30.6	14.4
1996	43.3	2.2	45.4	9.1
1996	47.3	2.1	42.8	7.8

Source: Az élelmiszergazdaság külkereskedelmi forgalmának elemzése, 1995, AKII, 1.9 melléklet alapján, illetve 1995-re vonatkozóan Szabó 1996/b for 1995 and 1996 Agra Europe, East Europe Agriculture and Food, March 1997

Table 5. The Geographical Structure of the Hungarian Agricultural Imports (%)

	EU	EFTA	Central and Eastern Europe	Non-European Countries
1989	16.9	6.5	13.7	62.9
1990	18.5	5.9	18.1	57.5
1991	26.9	12.5	15.2	45.4
1992	34.7	13.1	12.0	40.2
1993	42.1	11.7	10.1	36.1
1994	43.0	9.9	11.6	35.5
1996	47.9	1.0	9.4	41.7
1996	43.1	1.3	10.5	45.1

Source: Az élelmiszergazdaság külkereskedelmi forgalmának elemzése, 1995, AKII, Budapest, 1995, 1.9 Appendix; for 1995 Szabó, 1996/b for 1995 and 1996 Agra Europe, East Europe Agriculture and Food, March 1997

Table 6. Polish agri-food (CN 1-24) trade with European Union

	EU 12							**EU 15**		
	1989	1990	1991	1992	1993	1994	1995	1994	1995	1996
Agri-food export to EU 12/15 (mn US$)	1136	1204	1608	1111	953	1064	1278	1175	1363	1306
share in total agri-food export (%)	61,4	63,3	65,1	55,5	56,9	51,0	50,9	56,4	54,3	47,4
Agri-food import from EU12/15 (mn US$)	579	343	1343	1124	1286	1169	1380	1254	1452	1872
share in total agri-food import (%)	41,3	51,5	64,5	57,6	57,4	48,0	46,2	51,5	48,6	46,9
Balance (mn US$)	557	861	265	-13	-333	-105	-102	-79	-89	-566

Source: SAEPR, GUS, own calculation

Table 7. Agrofood trade in the V-4 countries (million ECU)

Exports						
	1989	1990	1991	1992	1993	1994
Poland	1706	1504	1998	1490	1403	1751
Hungary	2043	1831	2185	2067	1697	1976
Czech Republic	659	471	570	584	874	864
Slovakia	80	165	216	234	300	330
V-4	4488	3971	4969	4375	4274	4921
Imports						
Poland	1293	526	1685	1524	1924	2006
Hungary	709	546	571	542	689	911
Czech Republic	967	598	513	658	877	1091
Slovakia	187	164	146	156	483	509
V-4	3156	1834	2917	2880	3973	4517
Trade balance						
Poland	413	978	313	-33	-520	-255
Hungary	1334	1285	1614	1525	1008	1065
Czech Republic	-308	-127	58	-74	-3	-225
Slovakia	-106	1	70	78	-183	-179
V-4	1333	2137	2055	1496	302	406

Source: own calculations based on data of the "Agricultural Situation and Prospects in the Central and Eastern European Countries, Summary Report", p. 10

Table 8. Hungarian Agricultural Foreign Trade (million USD)

Year	Exports	Imports	Balance
1989	1724	591	1133
1990	1916	606	1310
1991	2639	665	1974
1992	2658	689	1969
1993	1974	780	1174
1994	2308	1060	1248
1995	2900	978	1922
1996	2745	940	1805

Source: Data of the Hungarian Ministry of Industry and Trade

Table 9. Agrofood trade between the V-4 and the EU (million ECU)

	1989	1990	1991	1992	1993	1994
Exports to EU-15						
Poland	979	1198	1174	1032	896	959
Hungary	910	867	1089	1005	865	964
Czech Republic					271	305
Czech Republic and Slovakia	267	286	295	326		
Slovakia					52	62
Imports from EU-15						
Poland	826	678	1104	1037	1196	1207
Hungary	151	155	216	299	439	556
Czech Republic					483	627
Czech Republic and Slovakia	191	194	306	486		
Slovakia					131	149
Trade balance with EU-15						
Poland	153	519	71	-5	-300	-248
Hungary	759	712	874	706	426	407
Czech Republic					-211	-322
Czech Republic and Slovakia	76	112	-11	-160		
Slovakia					-79	-87

Source: Agricultural Situation and Prospects in the Central and Eastern European Countries, 1995, p. 10

Table 10. Agricultural trade between the V-4 and the EU
(million ECU) (1994 - September 1996) (SITC O+1)

	1994	1995	1996 (Jan.- Sept.)
Exports to EU-15			
Poland	910	884	590
Hungary	793	794	572
Czech Republic	266	258	162
Slovakia	52	51	34
Imports from EU-15			
Poland	998	1060	820
Hungary	474	377	236
Czech Republic	575	699	565
Slovakia	146	188	144
Trade balance with EU-15			
Poland	-88	-176	-230
Hungary	+319	+417	+336
Czech Republic	-309	-441	-403
Slovakia	-94	-137	-110

Source: Agricultural Situation and Prospects in the Central and Eastern European Countries, 1995, p. 10. for 1995 and 1996 EUROSTAT

Table 11. Hungary's Agricultural Trade with the EU (million USD)

Year	Exports	Imports	Balance	Imports/Exports
1989	762	114	648	1 : 6.68
1990	854	128	726	1 : 6.67
1991	1170	191	979	1 : 6.13
1992	1110	249	861	1 : 4.48
1993	866	347	519	1 : 2,50
1994 (EU-12)	998	467	531	1 : 2.14
1994 (EU-15)	1196	570	626	1 : 2.10
1995 (EU-12)	1257	468	789	1 : 2.68
1995 (EU-15)	1322	478	844	1 : 2.77
1996 (EU-12)	1300	405	895	1 : 3.21
1996 (EU-15)	1357	417	940	1 : 3.25

Source: Data of the Hungarian Ministry of Industry and Trade

Table 12. Commodity breakdown of CEEC-EU agrofood trade (per cent of total trade)

	CEEC/10 exports to EU-12			CEEC/10 imports from EU-12		
	1992	1993	1994	1992	1993	1994
Live Animals	13.6	13.6	13.8	1.2	0.8	1.5
Meat	18.1	17.2	16.2	2.5	4.6	9.2
Dairy Prod	1.4	2.6	3.4	4.2	3.3	3.4
Vegs	10.2	9.1	8.8	3.1	3.9	3.9
Friuts	7.7	8.8	8.9	8.2	9.0	11.1
Cereals	1.3	1.3	2.4	14.5	13.6	2.4
Fats & Oil	7.1	7.6	7.4	2.6	2.1	2.2
Oilseeds	1.9	1.8	1.6	6.8	5.3	6.3
Fats & Fish Prep.	6.2	6.4	5.7	1.6	1.5	1.7
Sugar	1.4	1.3	1.3	5.7	6.6	4.0
Vegs & Fruit Prep.	8.3	7.3	10.1	2.3	2.7	3.8
Beverages	5.3	5.6	4.3	7.3	7.5	8.7
Other	17.6	17.3	16.2	39.9	39.0	41.7

Source: Agricultural Situation and Prospects... 1995, p. 11

Table 13. Agricultural export subsidies of the V-4 countries

Country	1990	1991	1992	1993	1994
In the percentage of budget expenditure					
Poland	4.7	4.5	3.5	2.7	2.4
Hungary	9.1	3.7	3.3	3.6	3.7
Slovakia	18.4	8.2	7.8	6.4	5.7
GDP					
Poland	1.3	1.3	0.9	0.8	0.8
Hungary	3.0	1.6	1.4	1.4	2.1
Slovakia	8.6	3.6	2.8	2.5	2.1

Source: Népszabadság, 18 March, 1994, p. 18

Table 14. Ratio of Utilization of Quotas (Association Agreements) (%)
Hungary

	1/7/1993 – 30/6/1994	**1/7/1994 – 30/6/1995**
soft wheat	12	100
cheese	100	51.4
beef	59.7	20.2
poultry	71.4	76.8
eggs	0	14.3
	1993	**1/1/94 – 30/6/94**
goose meat	97	25.9
	1993	**1994**
pig meat	34.3	37.2
sheep and goats	71.3	82.1
live bovine animals	100	100
	1/1/1993 – 30/6/1994	**1/7/1994 – 30/6/1995**
onion	4.9	21.9
sweet pepper	77.6	91.6
frozen peas	40.8	59.3
plums	61.4	88.8
processed cucumbers	88.3	91.5
apple juice	30.1	34.7
processed tomatoes	20.3	24.4

Bulgaria

	1/7/1994 – 30/6/1995
common wheat	85,9
millet	0
cheese	20,6
poultry	18,2
eggs	5,4
beef	0
	1994
pig meat	0
sheep and goats	92,4
	31/12/1993 – 30/6/1994
potatoes	1,7
processed tomatoes	28,9
cucumbers	92,1
plums	0
strawberries	0
apple juice	0

Poland

	1/7/1993 – 30/6/1994	1/7/1994 – 30/6/1995
buckwheat	2,9	24,2
dairy products	100	100
beef	11,5	27,5
poultry	12,2	19,7
eggs	0	49,3
	1993	**1/1/1994 – 30/6/1994**
goose meat	55,4	41,2
live bovine animals	100	100
pig meat	17,6	9,8
	1/1/1993 – 30/6/1994	**1/7/1994 – 24/5/1995**
onions	100	15,8
cauliflowers	90,9	83,9
prepared cucumbers	100	100
peas	99,1	100
beans	92,3	23,1
blackberries	100	99,9
strawberries	50,7	27,2
apple juice	58,8	14,6
mushrooms	24,9	27,3

Romania

	1/7/1994 – 30/6/1995
common wheat	0
cheese	3,1
poultry	25,1
beef	72,1
	1994
pig meat	0,1
sheep and goats	107,3
	1/1/1994 – 30/6/1994
tomatoes	4
cucumbers	26,8
peppers	0
plums	0
strawberries	63,8
dried fruits	38,4
sunflower oil	0
apple juice	12,3

Source: Agricultural Accession..., pp. 28-30.

Table 15. Hungary. Quota Utilisation in the Case of Selected Agricultural Products (1992-1995)

	1992		1993		1994		1995	
	Yearly quota t	Quota utilisation %	Yearly quota t	Quota utilisation %	Yearly quota t	Quota utilisation %	Yearly quota t	Quota utilisation %
Beef	4 167	4	5 600	37	6 000	42	6 600	50
Pork	17 898	75	25 000	23	28 000	27	29 000	22
Chicken	10 000	52	13 500	40	14 500	31		
Chicken breast	3 083	71	4 200	75	4 550	66	20 780*	84
Chicken leg	3 542	40	4 850	91	5 250	89		
Deboned chicken breast	2 833	100	3 850	100	4 150	100	8 050	100
Turkey breast	1 250	5	1 725	51	1 850	92	1 975	93
Deboned turkey breast	1 250	29	1 725	54	1 850	100	1 975	100
Cheese	833	0	1 150	12	1 250	83	1 350	100
Wheat	141 667	0	200 000	0	216 000	100	232 000	100
Duck	573	100	815	100	880	100	3 324	100
Duck in piece	566	100	815	100	880	100	1 122	100
Salami, sausages	3 720	100	5 000	100	5 400	94	6 028	99

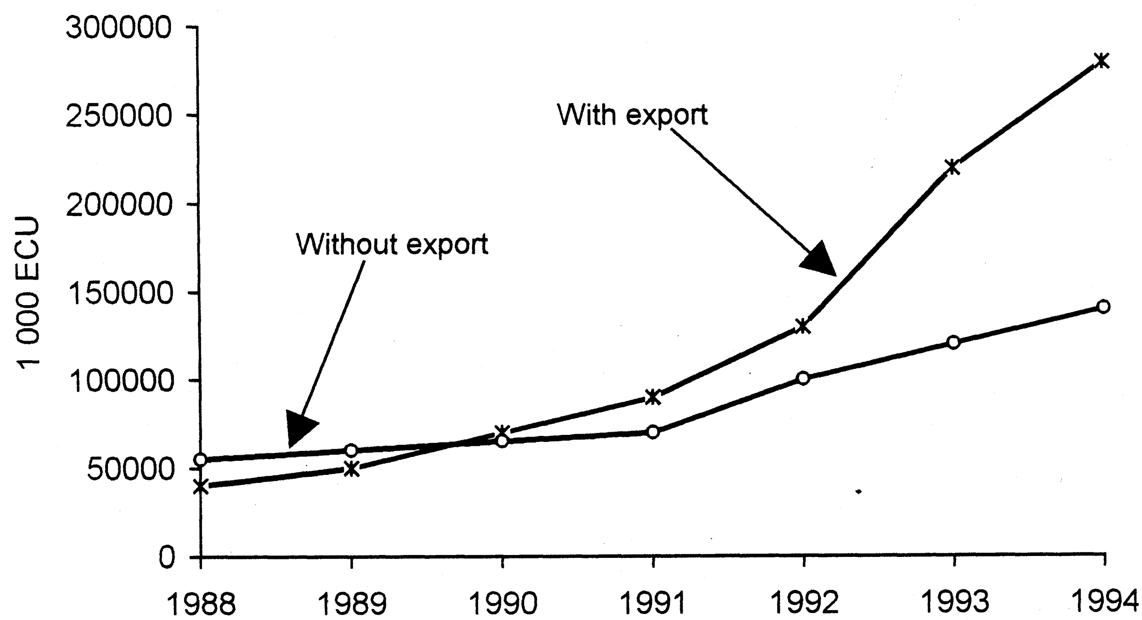
Source: Hungarian Ministry of Agriculture

Table 16. Growth of agricultural trade between Hungary and the EU

Hungarian exports	1993/1992	1994/1993
Growth of total agricultural exports	0.88	1.12
Growth of export of product covered by the Agreement	0.73	1.11
Growth of export of products enjoying concessions	0.79	1.07
Growth of export of product not covered by the Agreement	1.19	1.12
Hungarian imports	1993/1992	1994/1993
Growth of total agricultural imports	1.47	1.35
Growth of import of product covered by the Agreement	1.33	1.41
Growth of import of products enjoying concessions	1.33	1.16
Growth of import of product not covered by the Agreement	1.82	1.24

Source: Eurostat and Hungarian Trade Statistics and own calculations

Chart 1. EU's Agro-Food Exports to Hungary With and Without Export Refund



Source: Agricultural accession... p. 194.