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**Report Highlights:**

This report summarizes general economic and business conditions in Hungary as they pertain to U.S. exports of food and agricultural products. Included is an overview of product sales prospects, market trends, and Hungary's relative position in the international market.

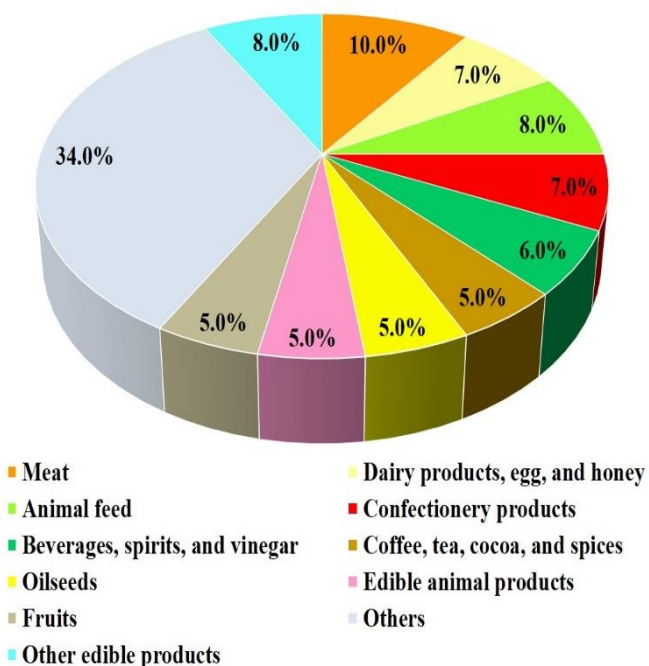
## Market Fact Sheet: Hungary

### Executive Summary

Hungary placed 47<sup>th</sup> among 141 countries in an annual socio-economic ranking compiled by the [World Economic Forum](#) (WEF). Within the EU, the country is the 23<sup>rd</sup> most competitive member state. Hungarian economic growth was the fourth biggest in Europe, reaching 4.6 percent in 2019. Growth in real wages has remained unbroken resulting in increased purchasing power in households. Hungary's foreign trade structure is stable. More than 90 percent of its agricultural imports come from EU member states. Remaining non-EU imports mostly originate in Serbia, Ukraine, Turkey, China, and the United States.

### Imports of Consumer-Oriented Products

Share of Main Commodity Groups of Agricultural Imports in Hungary, 2019



### Food Processing Industry

The country's food production potential is 120 percent of current needs. Around 4,400 food businesses are operating in Hungary. In 2018, 98.6 percent of them were micro, small, or medium-sized enterprises. However, more than 57 percent of the total production value came from large companies that are integral parts of the EU's food industry.

### Food Retail Industry

In 2019, food, beverage, and tobacco products accounted for 40 percent of the total retail trade turnover. Although Hungary's retail sector continues to grow. While since 2012 the number of brick-and-mortar shops fell by 15.6 percent to 38,140, the size and turnover of these shops increased. Large retail chains have the advantage of more efficient logistics, supplies, and sources in the market. However, discount stores still had the highest market share (27 percent) in 2019, three percent ahead of the hypermarkets.

### Quick Facts CY 2019

**Imports of Consumer-Oriented Products:** USD 5.99 billion

#### List of Top 10 Growth Products in Host Country

- |                            |                                 |
|----------------------------|---------------------------------|
| 1) Processed meat products | 6) Acidified milk products      |
| 2) Beer                    | 7) Distilled beverages          |
| 3) Cheese                  | 8) Ice cream                    |
| 4) Soft drinks             | 9) Pet food                     |
| 5) Mineral water           | 10) Gluten-free bakery products |

#### Food Industry by Channels (USD million)

Food Industry Output*	11,736.8
Food Exports*	8,176
Food Imports*	5,960.4
Food Inventory	695.4 kg/capita
Domestic Food Retail*	15,758.12
Food Service	4,854.3

\*Including beverages and tobacco

#### Food Industry Gross Sales

Domestic Food Market: USD 9,521.2 million

#### Top 10 Host Country Retailers

1) TESCO	6) Reál
2) Lidl	7) Auchan
3) Spar	8) Penny Market
4) COOP	9) Aldi
5) CBA	10) DM

#### GDP/Population

Population (million): 9.77

GDP (USD billion): 170.64

GDP per capita (USD): 17,466

### Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Fiscal loosening and cuts in taxes intensify the market.</li> <li>- Increasing household food consumption and retail trade, driven by wage increases.</li> </ul>	<ul style="list-style-type: none"> <li>- Clouded short-term prospects due to the COVID-19 crisis.</li> <li>- Unbalanced purchasing power between regions.</li> <li>- Less direct contacts with Hungarian importers.</li> </ul>
Opportunities	Challenges
<ul style="list-style-type: none"> <li>- Increasing growth potential in food retail businesses.</li> <li>- Benefits from the country's geographical position.</li> <li>- Emerging e-commerce.</li> </ul>	<ul style="list-style-type: none"> <li>- Competition from tariff-free products from other EU member states.</li> <li>- Increasing protectionism.</li> </ul>

**Data and Information Sources:** GTA; CSO; The World Bank, Nielsen; *Trade Magazin*, GfK, GKI, AKI

**Contact:** [USDA Foreign Agricultural Service, Budapest](#)

## ***I. MARKET OVERVIEW***

### **Population and Key Demographic Trends**

Hungary has a population of 9.77 million, though it has been declining for decades. The population density is 105 per capita/km<sup>2</sup>. Hungary's birth rate has also fallen significantly, and it is one of the lowest in Europe at 9.1 births/1,000 inhabitants (2019). Under the best scenario, the population can stabilize at around 9 million people, but a more realistic and still optimistic number is closer to 7.7 million by 2070, according to United Nations' [projections](#). However, Hungary's population could fall to even 6 million in 50 years according to a study of the [Central Statistical Office \(CSO\)](#). The national fertility rate (1.51 children/woman in 2019) is below the EU average (1.55 in 2018) and falls far short of the replacement level. Therefore, the Government of Hungary (GOH) is trying to solve the demographic deficit with an extensive and unprecedented family-support scheme, called the "[Family Protection Action Plan](#)."

### **Size of Economy, Purchasing Power, and Consumer Behavior**

In 2020, GDP per capita was USD 15,372 (nominal). The global effect of the COVID-19 pandemic put the burden on both the country's economy and society. Although Hungary's economy was not highly vulnerable to the crisis, its economic recovery is forecast to be slower than that of its regional peers. In line with other estimates, the International Monetary Fund (IMF) predicted a contraction of 6.1 percent for Hungary in its [World Economic Outlook](#). The organization increased its inflation forecast to 3.7 percent at the end of 2020. Although the expected decline in Hungary's GDP is not uncommon for the region, the anticipated slow recovery is uncharacteristic. The European Commission (EC) also published its [autumn economic forecast](#), and projected that Hungary's GDP would fall by 6.5 percent this year. The EC forecasts that the economy to grow by four percent in 2021 and expand further in 2022 by 4.5 percent. Average annual inflation was 3.3 percent in 2020, and it is expected to be the same in 2021, and three percent in 2022. Although economic activity in Hungary rebounded after the end of the spring lockdown and restoration of global supply chains, the recovery paused in the last quarter of 2020 due to a second wave of the pandemic. As COVID-19 cases hit new highs, the government cut its growth forecast so that it is now similar to EC projections. In the spring, many analysts hoped that the crisis would be followed by a V-shaped recovery, but the chance of a positive scenario has vanished. Hungary's budget deficit remained high and swelled to eight percent of GDP because of pandemic defense spending, economic stimulus, and pre-financing for EU-funded projects. The pandemic has wiped out six years of state debt reduction, but further fiscal stimulus is needed to jumpstart the economy. State debt rose to 76-78 percent of GDP in 2020. Still, growth in wages has remained unbroken for seven years. In the first eight months, gross wages increased by 9.9 percent, and real wages were up 6.2 percent.

Despite the increase in real wages, the deteriorating economic situation caused by the pandemic led to a slow recovery of demand. According to market researcher Pénzügykutató, household consumption fell by five percent coupled with a double-digit decline in capital expenditures, while household savings increased. This trend mirrors the decline in trade as well. In January-August 2020, exports decreased by 9.5 percent and imports went down by 9.2 percent. Fueled by protectionist populism, consumers turned to domestic products. Hungarian buyers suffer from the weak national currency (it does not use the Euro as official currency) and the negative effect of COVID-19 on trade. Although households' views of the economic future have improved since the first pandemic wave, expectations of their own financial situation worsened. Consumers are less prepared to consider purchases of high-value durables as higher food and tobacco prices lifted Hungary's consumer price index. Compared to October 2019, food prices rose 6.5 percent. The prices of seasonal foods – potatoes, fresh vegetables, and fruits – increased by 15.7 percent. The consumer confidence index sank further as the fear of unemployment has intensified in households in recent months. The second wave of the pandemic immediately reduced the total number of the jobless, but there have not yet been large-scale dismissals in the private sector. In September 2020,

the proportion of registered jobseekers relative to the economically active population was 6.9 percent and 4.9 percent for the working-age population. Hungary's average unemployment rate is expected to stay between four and six percent, depending on the dynamics of the COVID-19 pandemic and the restrictions and lockdowns put in place to control it.

The distribution of wages and purchasing power is very unbalanced in the country, resulting in significant disparities between regions. Wealth is concentrated around the capital, in the Central-Transdanubian Region, and close to the Austrian border. Per capita purchasing power of residents in Budapest is 125.6 percent (EUR 8,627/year) of the Hungarian average, while that of the population in Northeast Hungary (in Szabolcs-Szatmar-Bereg County) is only 78.5 percent (EUR 5,392), according to a study by market researcher GfK. Hungary's average per capita purchasing power (EUR 6,871) is seven percent lower than the previous year, and only 49.45 percent of the EU average (EUR 13,894.) Among Hungarian consumers, price awareness, good value for money, and generally low prices are the key factors when it comes to shopping, according to global measurement company Nielsen.

### **Overall Business Climate**

Hungary maintains an open economy, and its high-quality infrastructure and central location are features that make it an attractive destination for investments and exports. Hungary's strategic location in Europe, easy access to both EU and non-EU markets within and outside the [Schengen area](#), highly skilled and educated work-force, and sound infrastructure have led global companies to locate manufacturing and service facilities there (see [Hungary's Commercial Guide](#)). Improvements in technological readiness and financial markets provide positive business incentives. Fiscal loosening and cuts in VATs, corporate income taxes and social security contributions intensify the market and trade, and help profitability.

Fitch Ratings and S+P Global Ratings both affirmed Hungary's 'BBB' sovereign ratings with stable outlooks. Euler Hermes also maintained its B2 country risk rating for Hungary but worsened the outlook to negative. The agency warned that the risk of corporate insolvency would increase from 2021 onwards due to changes in international supply chains, the country's strong export exposure, a decline in tourism, and expected changes in consumption trends.

### **Recent Trends**

As with many other European countries, Hungary is facing severe socio-economic challenges. In particular, the hotel, restaurant, and institutional (HRI) sectors are suffering from the COVID-19 crisis and quarantine measures. Temporary restrictions adopted in the tourism, the hospitality, and catering sectors required the rapid reorganization of agricultural sales from services to retail trade. Demand for higher priced, value-added, and seasonal products has shifted towards non-perishable foodstuffs. This has resulted in a temporary loss of consumption in one of the largest markets for agriculture, the HRI industry. COVID-19 brought food industry and agricultural challenges to the government's attention. Maintaining the sector's strategic and multifunctional role is a key objective of the country's Economy Protection Action Plan (including the National Food Economy Crisis Management Program). As Hungary's agriculture is integrated into global supply chains, it is more vulnerable to market crises, like those caused by COVID-19. To address the market impacts of the pandemic, the country introduced tax relief measures, disbursed agricultural grants, and actively stood up at EU levels against third country imports in an effort to keep the sector alive. GOH successfully ramped up campaigns in favor of domestic products, in part due to the country's large budget shortfall and rising inflation. In general, more than two-thirds of food on the shelves are of Hungarian origin. To maintain and increase the proportion of Hungarian suppliers, national farmer organizations also conducted negotiations with the largest retail chains such as Tesco, Lidl, Auchan, Spar, Penny Market, and Aldi.

The higher price levels, caused by global market trends and the depreciation of the Hungarian forint against the Euro, are limiting consumption in price sensitive segments. Despite this, food retail sales have been on a positive trend unlike most of the sectors of the economy. Regarding consumption, the pandemic accelerated a series of global trends such as the increasing dominance of online trade. After the announcement of a state of emergency and the introduction of quarantine measures, online food sales immediately went up 30 percent in the first quarter, on a year-on-year basis. Supermarket chains began online delivery, following Tesco, Auchan, CBA and GRoby, which had earlier launched home delivery services. Multinational retailers upgraded and expanded their services, and offered “no-touch” home deliveries for people, minimizing the risk of infection. Due to recent restrictions to control the second wave of COVID-19, e-commerce traffic is expected to explode again in the year-end shopping season. According to recent surveys, 37 percent of Hungarians plan to shop at least as much online as last year, and 32 percent will spend more. The real difference will be in the attitude of consumers. Most of them check webshops in advance, compare prices and look for special customer experiences in addition to reliability, according to the *Trade Magazin*.

The pandemic also brought health consciousness more into focus. Most consumers adjusted their eating habits and diet for health reasons. Therefore, the growth in the consumption of hypoallergenic food products became more apparent. In particular, gluten-free products gained increasing market share. The percentage of people suffering from various allergies or food intolerances in Hungary is above the EU average. Seven percent of the domestic population declared themselves intolerant of some kind of allergens, according to a Nielsen survey. In this context, it is understandable that health-related fears are prevalent (27 percent) among the respondents, citing health issues as primary or secondary concerns. This is one of the reasons for the faster growth in sales of sugar-free soft drinks than that of sodas with sugar content.

### **Advantages and Challenges for U.S. Suppliers in the Hungarian Market**

<b>Advantages</b>	<b>Challenges</b>
<ul style="list-style-type: none"> <li>- After the COVID-19 crisis, Hungary’s economic growth is expected to rebound strongly.</li> <li>- International credit-rating agencies put Hungary into investment grade.</li> <li>- Fiscal loosening, cuts in VATs, corporate income taxes and social security contributions intensify the market and help profitability.</li> <li>- Growth in wages has remained unbroken for seven years.</li> <li>- E-commerce breaks into stores and social e-commerce is emerging on social media sites.</li> <li>- Consumers and communication with buyers are becoming digital and increasingly data-driven and personal.</li> <li>- Convenience shopping is increasingly important and driving e-commerce too.</li> <li>- Western consumption patterns are emerging.</li> <li>- There is growth potential in food retail businesses.</li> <li>- The number of experienced multinational retailers is relatively high.</li> </ul>	<ul style="list-style-type: none"> <li>- Short-term prospects are clouded by wavering global growth, trade tensions, and the COVID-19 crisis.</li> <li>- Households face a worsening financial situation.</li> <li>- Consumers are less prepared to consider purchases of high-value durables as higher food prices lifted the consumer price index.</li> <li>- The consumer confidence index sank as the fear of unemployment intensified.</li> <li>- Fueled by protectionist populism, consumers are purchasing domestic products.</li> <li>- Domestic food sector is competitive and politically supported.</li> <li>- The distribution of wages and purchasing power is very unbalanced and below the EU average.</li> <li>- Purchasing power is concentrated around the capital where market competition is the strongest.</li> </ul>

Advantages	Challenges
<ul style="list-style-type: none"> <li>- Hungary actively maintains Central and Eastern European relations which enables it to be a base from which U.S. businesses can expand to the region.</li> <li>- The country’s geographical position.</li> <li>- EU membership facilitates the entry of U.S. products through other countries’ distributors.</li> </ul>	<ul style="list-style-type: none"> <li>- Strong competition from EU producers, who have geographic, tariff, regulatory and administrative advantages.</li> <li>- More than 90 percent of food and agricultural imports are from EU member states.</li> <li>- Multinational retail chains are purchasing to serve EU-wide markets. There are less direct contacts with Hungarian importers.</li> </ul>

## II. EXPORTER BUSINESS TIPS

### Market Research, Local Business Customs, and Trends

Despite the COVID-19 crisis, the fast-moving consumer goods (FMCG) market is stable as households’ domestic consumption increased in 2020. Although there was a downward trend in the number of shoppers (-9 percent in the number of transactions), a notable shift was recorded to larger basket values (+33 percent), according to the *Trade Magazin*.

Hungary has a well-developed distribution system. Chains of discount stores and hyper- and supermarkets have the largest market share in the FMCG sector. Therefore, the easiest way to reach Hungarian buyers and prospective importers is to contact these companies. *Trade Magazin’s retail chain ranking* (2019, in Hungarian) provides useful information about Hungary’s top retailers. Retailers generally purchase from local wholesalers and producers. While about two thirds of food on the retail shelves are of Hungarian origin, opportunities exist for U.S. products with good price-value ratios. FAS Budapest recommends visiting Hungary to establish relationships with local distributors and buyers, as personal relationships, references, and face-to-face meetings are important. Product catalogues and price lists are essential and product samples can be helpful. Hungarian importers look for well-known brands and special, innovative, or new to market products when deciding on products to order. As a result, entering the market with a single product or single product line can be difficult. As brand loyalty is not a decisive factor in purchasing decisions, new ideas and new brand names are welcome from importers and buyers. Some of them join together to consolidate shipments to lower the associated risk and costs.

National trade exhibitions and fairs offer good platforms for raising product awareness and for meeting business contacts. USDA’s endorsed [EU trade shows](#) also provide a way to meet a wide range of Hungarian stakeholders. English is often used as the language of international commerce, but translation may be necessary during negotiations. Contracts and distribution agreements should also be bilingual.

FAS Budapest recommends that U.S. suppliers seeking entry into this market conduct thorough preliminary research to determine if there is a potential market for their products. The research should cover key marketing and regulatory issues including consumption trends, size of the market, major distribution channels, current import tariff and local tax structure, and also government regulations and standards.

### General Consumer Tastes and Trends

Brand loyalty is slowly losing importance in purchasing decisions. Only 15 percent of Hungarians stick to the same brand. At the same time, more than a quarter of them are more open to trying new products and brands than five years ago, according to a Nielsen survey conducted in 2019. The increasing number of consumers turning away from known brands is a real challenge for large manufacturers. Digital marketing and e-commerce are exposing consumers to a wider assortment of products than in the past and are providing them with more transparent pricing and reader

reviews. According to the Nielsen survey, about half of Hungarian consumers are still influenced by recommendations from family and friends when choosing a brand.

A Nielsen study showed that the main reason for brand switching (34 percent) is the better price-value ratio, but promotions also attract consumers' attention towards other substitute products (26 percent). A third of the study's participants were willing to switch from one shop to another because of good campaigns, or special product sales. Products considered more practical or convenient also encourage brand switching (23 percent). A significant share of Hungarian consumers prefer domestic products, while only 30 percent of them have no preference for the country of production.

Hungarians are open to innovative products and are more influenced by social media than the European average, Nielsen said. According to the Nielsen study, while one-fifth of European buyers are paying attention to product-related social media content, one-third of Hungarians are receptive to such information.

Health consciousness increased in recent years, and buyers are looking for and are willing to pay more for healthy products that do not contain undesirable ingredients (e.g., allergens; high level of sugar, salt, carbohydrates, or fat content; preservatives and additives). There are market opportunities for retailers to satisfy the increasing demand as the majority of buyers deliberately adjust their diet for health reasons. In parallel, their preference is often influenced by sensitivities to ingredients. Regarding the market of allergen-free food and drinks, the number of entrants is relatively high. Particularly, the number of gluten-free products is increasing. In the case of meat substitutes, vegan and vegetarian foodstuffs, the absence of gluten also provides added value for the product.

The genetically engineered (GE) content of food is a sensitive issue. Consumers are the target of intense and competing messages regarding the safety of GE products. Cultivation of genetically modified organisms is prohibited by Hungary's Basic Law (constitution). The press often publishes negative articles about GE ingredients in food and feed. At the same time, the number of pro-biotech publications and messages are increasing. In this regard, consumer choices and attitudes are influenced by price sensitivity, the awareness of new technologies, and the availability of related information and substitute products.

### ***III. IMPORT FOOD STANDARDS, REGULATIONS & IMPORT PROCEDURES***

As an EU member state, Hungary follows EU standards and regulations. Details about customs clearance, documents required for imported food, labeling requirements, tariffs, trademarks and patents are available in Hungary's "[Food and Agricultural Import Regulations and Standards](#)" (FAIRS) report.

### ***IV. MARKET SECTOR STRUCTURE AND TRENDS***

#### ***1. Food Retail***

The number of shopping malls and hypermarkets has stagnated since 2010, and the total number of shops that sell food products went down by 2.2 percent (to 38,140) in 2019. However, the average size and turnover of these shops increased in 2020 due to increased purchases of basic foodstuffs and comfort food in response to COVID-19. The positive trend in consumption and spending on food provide opportunities for U.S. exporters. A broad range of consumers are open to U.S. foodstuffs. An increasing number of buyers are seeking quality products, special products, or gourmet specialties from the United States, helped in part by stories, traditions (such as barbecue) and positive feelings for America. For instance:

- Increasing **beer** consumption offers limited but improving export opportunities for U.S. products. Craft beer contributes to the dynamic growth in this segment and has good market potential despite the high number and good availability of substitute products. Competition has

become fierce since 2017 as a result of booming demand. Flavored alcohol-free beer also continues to gain popularity. Still, price competition remains a decisive factor.

- **U.S. bourbon** whiskey is increasingly popular among Hungarians who can afford more premium products. Whiskies account for more than 10 percent of the country's total spirit sales. The current level of U.S. whiskey exports to Hungary can be increased. However, the EU's additional duties on U.S. product (25 percent tariffs) can negatively impact the trade. The high VAT and excise tax on spirits also make the exports challenging. Stores larger than 400 m<sup>2</sup> account for 87 percent of the total turnover of whiskey sales.
- As western consumption patterns are emerging especially among the younger consumers, exports of **sugar confectionary and snack food** offer lucrative opportunities.
- The **Pet food** market also shows good prospects. The number of pets and responsible pet owners is growing. As wages and purchasing power have notably increased in recent years, and the financial situation of the middle class improved, sales turnover significantly rose even in the premium and super premium segments. Currently, about 4.5 million dogs and cats are living in households, but only 40 percent of them are fed pet food products. Therefore, further growth in sales is expected.

## 2. *Tourism*

Tourism is one of the largest sectors of Hungary's economy, and hit record highs in 2019, contributing 13 percent to GDP. The gross value added of accommodation and food services increased by 7.8 percent. The rise in hotel incomes exceeded the global average. Although the Hungarian Tourism Agency expected a year ago that tourism would account for 16 percent of the country's GDP by 2022, the sector collapsed in 2020 under the burden of the COVID-19 pandemic, border closures, and restrictive measures. In May 2020, the number of foreign visitors decreased by 99 percent, and that of domestic tourism by 87 percent. The summer brought some ease to the sector, but the number of guest overnights at hotels and the revenue of commercial accommodation establishments declined by 52 percent year-on-year, in the first nine months of the year. The number of guest overnights spent by foreigners dropped by 71.6 percent, and the severe second wave of the pandemic could make the situation even worse.

To keep the tourism industry afloat, GOH provided grants and took such measures as reducing various taxes and contributions, and introducing a loan repayment moratorium. The sector's exposure to banks in terms of capital debt and interest payment obligations totals around 500 billion forints (USD 1.66 billion). After the COVID-19 crisis, a tourism boom is expected with a strong influence on the variety of needed goods and on the assortment of imported products. Fine dining businesses with a notable demand for U.S. foodstuffs are all operating in the tourism industry.

## 3. *Catering*

FAS Budapest forecasts a rebound in the tourism sector after the COVID-19 pandemic. Foodservice operators, event marketing professionals, and regional tourism offices will likely team up to create more open-air events, making various consumer foodservice types and cuisines popular to boost sales. Before the pandemic, full-service restaurants, burger based fast food, and food trucks led this trend. Gastro-tourism and demand for fine dining drives sales in Budapest, but fine dining initiatives were emerging in the countryside as well. As the COVID-19 crisis developed, GOH made it easier for companies that sell food or fast-moving consumer goods to do business off-site and launch food delivery services, independently of the ban on on-site food consumption.

- High quality **U.S. beef** has good prospects at full-service, white tablecloth restaurants, targeting both high end domestic consumers and tourists.



#### 4. Food Processing

Hungary is self-sufficient in basic foods. About 4,400 food businesses are operating in the country. More than 90 percent of food businesses are owned by domestic companies, accounting for 55.7 percent of domestic sales in 2018. Foreign-owned enterprises accounted for only 6.8 percent of food businesses but contributed 33.1 percent to the industry's domestic turnover. Since farmers and processors typically produce mass products, the sector is under competitive pressures.

- Imports of **out-season or unavailable ingredients, additives, and packaging materials** as well as technologies can provide further export opportunities.

#### 5. Livestock Production

- U.S. bull semen accounts for more than 80 percent of imported dairy **cattle genetics**. The volume of U.S. exports to Hungary has shown a growing trend since 2016, and the United States became the most important supplier. Regarding the stabilized dairy market, and the increasing number of cattle inventories, there are real potentials for these products.

### V. AGRICULTURAL AND FOOD IMPORTS (Prospects for U.S. exporters)

Product category	2019 Market size	2019 Imports	5-year avg. ann. import growth	Key constraints over market development	Market attractiveness for the USA
<b>Sugar Confectionary</b> Metric tons (MT)	30,000	14,612	1.7%	<ul style="list-style-type: none"> <li>• Growing number of consumers consider sugar unfavorable in diet and reduce the daily sugar intake.</li> </ul>	<ul style="list-style-type: none"> <li>• Emerging western consumption patterns.</li> <li>• Demand and market opportunities for U.S. products.</li> </ul>
<b>Leguminous vegetables</b> (excl. soy, dried shelled) MT	36,000	25,679	10.2%	<ul style="list-style-type: none"> <li>• Low consumption.</li> </ul>	<ul style="list-style-type: none"> <li>• Health conscious consumers are open to higher share of legumes in their diet.</li> </ul>
<b>Beer made from malt</b> million liters	750	162.3	9.5%	<ul style="list-style-type: none"> <li>• High number and good availability of substitute products.</li> </ul>	<ul style="list-style-type: none"> <li>• Growth in beer consumption at the cost of distilled beverages.</li> </ul>
<b>Animal feed</b>	US\$ 232.2 million	360,549 MT	21.3%	<ul style="list-style-type: none"> <li>• Competition from EU producers with geographic, regulatory, and administrative advantages.</li> </ul>	<ul style="list-style-type: none"> <li>• Strong market growth, good prospects even in the premium and super premium segments.</li> </ul>
<b>Distilled beverages</b> million liters of pure alcohol	30	8.1	6.7%	<ul style="list-style-type: none"> <li>• High VAT and excise tax on spirits.</li> <li>• High number and good availability of substitute products.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant retail turnover of distilled beverages.</li> <li>• High annual domestic alcohol consumption (distilled 3.4 l/capita, total 9.7 l/capita – 2018).</li> </ul>
<b>Edible vegetables, certain roots &amp; tubers</b> MT	772,000	251.169	8.2%	<ul style="list-style-type: none"> <li>• Fierce competition and high number of substitute products.</li> <li>• Consumers are increasingly looking for special, packaged or semi-finished products.</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing consumption of and demand for high quality and safe vegetables (available all year round).</li> </ul>
<b>Fish &amp; Seafood</b> MT	63,400	12,279	1.5%	<ul style="list-style-type: none"> <li>• Low per capita fish consumption.</li> </ul>	<ul style="list-style-type: none"> <li>• Government programs support the increase of fish consumption.</li> <li>• As of January 1, 2018, VAT rate on fish has been reduced to 5 percent</li> </ul>
<b>Bovine semen</b> doses	885,000 (total) 661,000 (dairy)	695,000	2.5%	<ul style="list-style-type: none"> <li>• Competition from EU producers with geographic advantages.</li> </ul>	<ul style="list-style-type: none"> <li>• The United States is the most important supplier to Hungary.</li> </ul>

## VI. KEY CONTACTS AND FURTHER INFORMATION

### **Ministry of Agriculture** (in Hungarian),

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### **National Food Chain Safety Office** (in Hungarian);

**Animal Health and Animal Welfare Directorate** (in Hungarian)

Keleti Károly utca 24, Budapest 1024, Tel.: +36 1 336 9302; E-mail: [aai@nebih.gov.hu](mailto:aai@nebih.gov.hu)

**Directorate of Plant Protection, Soil Conservation, and Agri-environment** (in Hungarian)

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**Directorate of Wine Products and Alcoholic Beverages** (in Hungarian)

Budaörsi út 141-145, Budapest 1118, Tel.: +36 1 346 0930; E-mail: [bor@nebih.gov.hu](mailto:bor@nebih.gov.hu)

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### **Hungarian Intellectual Property Office**

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**USDA Foreign Agricultural Service - Budapest**, U.S. Embassy, Office of Agricultural Affairs

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### **Attachments:**

No Attachments