



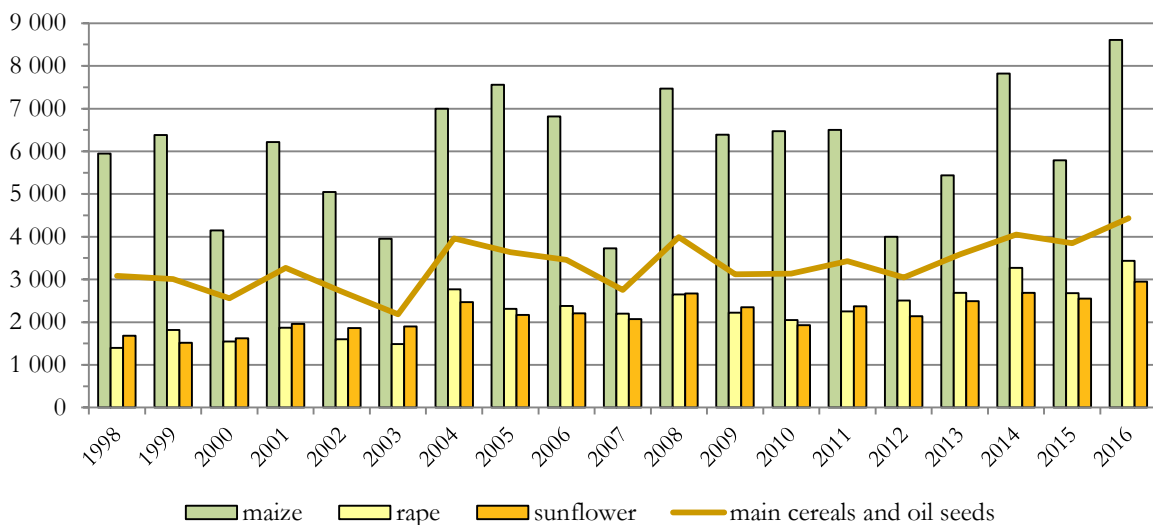
MINISTRY  
FOR NATIONAL ECONOMY

### *2016: a bumper year for Hungary's agricultural sector*

The performance of the Hungarian agricultural sector was outstanding in terms of output, employment and exports in the year 2016: the sector's output was up by 18 percent compared to the previous year, and 16 500 new jobs have been created. Thus, this branch of the economy has become the growth engine of the entire Hungarian national economy. As special guest of the traditional Berlin International Green Week (Grüne Woche), one of the largest annual European agricultural exhibitions, Hungary has staged an impressive performance after the record-breaking year of 2016.

Having been weighed down by economic challenges and unfavourable weather conditions in prior years, Hungary's crop of sunflower seed, rapeseed and maize has hit a record high in 2016 (Fig. 1). The average yield of sunflower at 2950 kg/ha (1893 tons harvested from 642 thousand hectares of land) was actually a world record. The yield on rape averaged 3440 kg/ha in the country. The total rapeseed output, 809 tons, was 57 percent higher compared to the crop of 2015, while that of sunflower seed was up by 20 percent in the observed period. The average yield on maize rose by 800kg/ha compared to the previous record of 2014. Among major cereals, in 2016 the average yields of maize, wheat, barley, rye and triticale were double the quantities registered in 2003, a year of extremely poor harvest.

*Fig. 1: Average yields of maize, rape and sunflower compared to main cereals and oilseed plants in Hungary, 1998-2016 (kg/ha)*



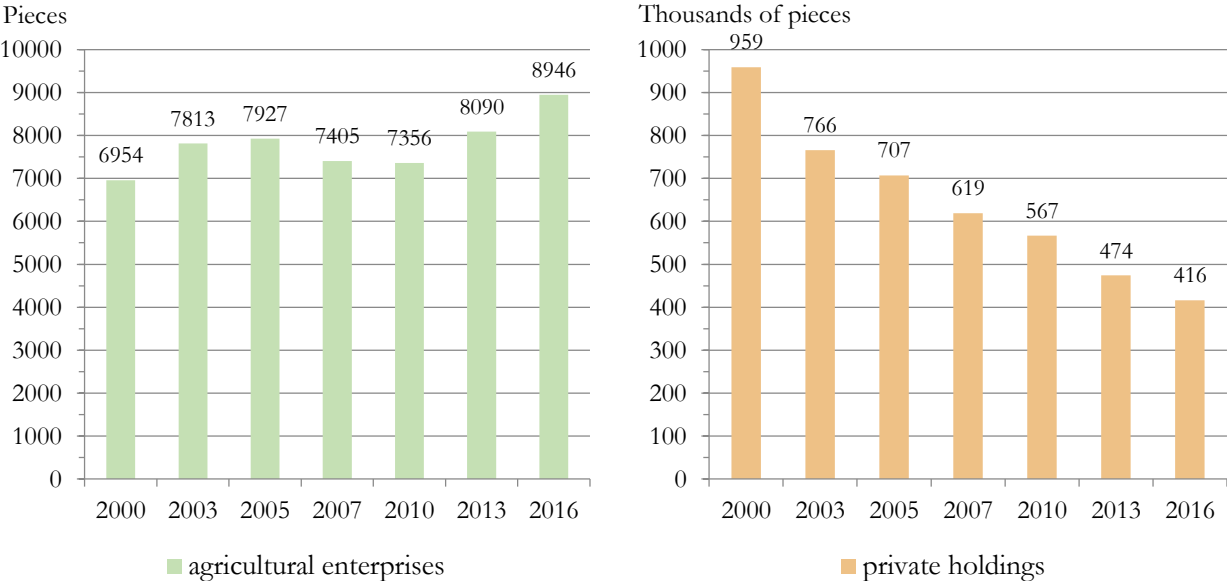
Source: Hungarian Central Statistical Office (KSH)

This world record of sunflower harvest has turned Hungary into the largest producer of the oilseed plant within the European Union, accounting for 22 percent of total output, and ahead of France, Bulgaria and Romania. The total EU output of 9 million tons was the second largest figure ever recorded which – as France has seen inauspicious weather conditions – is providing excellent opportunities for exports. The average yield of 5.4 tons/ha for winter wheat can sufficiently cover domestic demand for breadstuffs and sowing, and due to the rich crop of forage plants, a larger quantity may be exported than in past years.

In a recent speech, Hungary’s Minister for Agriculture pointed out that along with the favourable weather in 2016, farmers’ growing professionalism and dedication, clearer regulatory guidelines, the gradual decrease of administrative burdens, improved willingness to apply for development funds and the concurrent increase in the absorption of these funds have become more and more noticeable.

The economic accounts for agriculture (Agrarium, 2016), the traditional annual report by the Hungarian Central Statistical Office, shows that since 2013 the number of agricultural enterprises has increased by 10.6 percent (to 8 946), while that of private holdings fell by 12 percent (to 40 percent of the figure in the year 2000), to 416 thousand in 2016 (Fig. 2.). On the other hand, according to the Minister for Agriculture, within this category the number of those sized 5-500ha soared to 72 600 by 2016.

**Fig. 2: Number of agricultural enterprises and private holdings, 2010-2016**



Source: Hungarian Central Statistical Office (KSH)

Along with the outstanding increase of agriculture, the breeding and the dairy industry have also had a better year in 2016 than previously, although the procurement price of milk has still been below the level in the EU. The stock of cattle and sheep has increased slightly, but the pig stock has continued to diminish. Avian flu has caused massive damages to poultry exports, and lower average agricultural prices are necessitating further development projects. Still, the volume of value added by the Hungarian agricultural sector has gained 17.9 percent, thus adding 0.6 percentage points to the overall GDP growth of 2 percent in 2016. The sector of breeding has received subsidies of HUF 63.5bn (EUR 204 million), while the value of respective exports was some EUR 8bn, which figure is predicted to be even higher this year. As the Minister for Agriculture has noted, in recent years export revenues have been rising in spite of falling prices. The number of agricultural enterprises active in breeding has been higher by one-fourth of the number in 2013, to above 2700 – according to the latest data.

The number and share of private holdings within the sector, 256 thousand and 37 percent, respectively, is larger than in crops production, but their number is 17 percent below that of 2013. The total livestock of agricultural enterprises was up by 13 percent between 2013 and 2016, whereas in the case of private holdings the indicator has not changed significantly.

In 2016, agricultural enterprises registered more than 94 thousand and 55 thousand employees for full-time and seasonal jobs, respectively. At private holdings, the number of full-time employees registered in 2016 was slightly below 20 thousand, while in the period 1 June 2015-31 May 2016 they reported of 71 thousand seasonal workers.

On the other hand, there were less and less family members unpaid for agricultural work at private holdings, and the number of registered employees within the agricultural sector was higher in 2016 compared to 2013.

The quantity of crops destined for exports and processed in Hungary has increased in 2016. Hungary's top export destination is Germany: the value of goods to the country was some EUR 1.3bn last year. Having had a bumper year in 2016, Hungary has staged a successful appearance at one of Europe's most prominent annual agricultural expos in Germany. Berlin's Green Week, with 1650 exhibitors from 66 countries, has been visited by 400 thousand people in ten days. The international exhibition and fair was a great opportunity to present Hungary's cultural and especially agricultural treasures, also serving as an ideal location for successful business meetings.

The country has managed to make the most from the special occasion, as presentations of salami and sausage products, other meat products (mainly of mangalica pig), wines, various spirits (palinka), sweets (such as chimney cakes, a specialty also beloved abroad) and other agricultural goods (kinds of cheese, cold-pressed oils) have been a resounding success. Products made from premium quality materials of controlled origin have received special attention due also to their

officially declared GMO-free status, the first of such qualifications world-wide which was introduced 2016.