

CBI MARKET SURVEY

The fresh fruit and vegetables market in Hungary

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Introduction

This CBI market survey provides exporters in developing countries (DCs) with information on the main developments in the fresh fruit and vegetables market in Hungary. The information is complementary to the information provided in the CBI market survey, 'The fresh fruit and vegetables market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>.

1 Market description: consumption and production**Consumption**

Hungary has a medium-sized market for fruit and vegetables, accounting for 2.4% of the EU fruit consumption and 2.7% of the EU vegetable consumption. The country has 10.1 million inhabitants, which is 2% of the EU population.

The total consumption¹ (industrial and consumer) of **fresh fruit** (excluding wine grapes) in 2007 was 1.1 million tonnes, 2% of the EU market. This is equivalent to 112 kg fruit per head, more than the EU average of 94 kg. Between 2002 and 2007, fruit consumption grew by 25%.

Consumption of **fresh vegetables** was 1.6 thousand tonnes in 2007, which is 159 kg per capita. This is above the EU average of 120 kg. Between 2002 and 2007, consumption of vegetables remained fairly stable.

Trends in consumption

In addition to general consumer trends, such as those relating to health, convenience and pleasure, described in the CBI market survey 'The fresh fruit and vegetables market in the EU', the following trends are specifically relevant for Hungary:

- Hungary is a low-income country compared to other EU countries. GDP per capita was 62% of the EU average in 2008, but it is increasing. Hungarians with relatively high incomes tend to adopt a western lifestyle and consumption pattern, consuming more exotic and off-season fruits.
- In general, Hungarian consumers are price-conscious shoppers, sensitive to changes in price of fruit and vegetables.
- Sales of citrus fruit, exotics and off-season fruits have grown strong over the last years and this is expected to continue (USDA and Government of Canada).

Production

Hungary is the eighth largest producer of **fresh fruit** in the EU. It produced 1.0 million tonnes in 2007, 2.7% of total EU fruit production (FAOSTAT 2009). Between 2002 and 2007, fruit production fluctuated strongly, mainly due to weather conditions. Apples were most important fruits produced in Hungary, accounting for 53% of total production, followed by watermelons (16%), peaches and nectarines (7%), plums and sloes (6%), and sour cherries (6%). Hungary also produces substantial amounts of grapes which are mainly used for making wine.

Hungary produced 1.6 million tonnes of **fresh vegetables** in 2007, which is 2.7% of total EU production. Between 2002 and 2007, fruit production fluctuated, mainly due to weather conditions. Hungary is one of only two producers of sweet corn in the EU.

¹ Total consumption is calculated as production + import – export. It is based on data from Eurostat and FAOSTAT.

The other one is France. In 2007, it produced 514 thousand tonnes of sweet corn, 33% of total vegetable production. Furthermore, Hungary produced a variety of other vegetables, mainly tomatoes, sweet peppers, carrots, peas, cabbages and cucumbers.

The food industry is an important user of fresh produce. Hungary produces fruit juices (mainly apple juice) and canned and frozen products. Please read the CBI market survey 'The preserved fruit and vegetables market in Hungary' for more information about the food and drink industry in Hungary. This survey also lists the main players in the industry and can be downloaded from <http://www.cbi.eu/marketinfo>.

Opportunities and threats

- + Hungary is a net exporter of fruit and vegetables but does not produce exotics nor is it able to supply fruit and vegetables year round. There is clearly a growing demand for exotics and off-season products.
- + Trends such as health and convenience are present but to a lesser extent than in Western European countries. However, the group of consumer that is concerned about health and well-being is growing and sales of fresh fruit and vegetables will benefit.
- More information on opportunities and threats can be found in Chapter 7 of CBI's market survey 'The fresh fruit and vegetable market in the EU'.

2 Trade channels for market entry

The share of hypermarkets, supermarket and discount store in food sales is increasing and they are important outlets for imported fruit and vegetables. Traditional outlets (greengrocers, street markets and kiosks), however, also account for a substantial share of the sales of fresh fruit and vegetables in Hungary. Around one third of the Hungarians buy their fruit and vegetables at greengrocers. These traditional outlets also offer exotics fruits. The largest multiple retailers in Hungary are foreign owned, except for CBA and Coop Hungary. These multiple retailers are:

- Tesco (UK) - <http://www.tesco.hu>;
- CBA - <http://www.cba.hu>;
- Coop Hungary - <http://www.coop.hu>;
- Cora (Delhaize group) – <http://cora.hu>;
- Auchan – <http://www.auchan.hu>.

(USDA and Government of Canada)

Most of the multiple retailers have their own import facilities or are part of a buying group. Two of these buying groups are Metspa (<http://www.metspa.hu>) and Provera (<http://www.provera.fr>, Delhaize group). Greengrocers and other traditional outlet buy produce from imports and wholesalers. Importers and agents either related to supermarkets or independent are the most important business partners for exporters from DCs.

The largest wholesale market is located in Budapest – <http://www.nagybani.hu/en>. The website of the wholesale market Budapest provides a list of wholesalers of fresh fruit and vegetables – <http://www.nagybani.hu/en/vallalkozasok.php>.

Margins vary strongly depending on the type and quality of product, the distribution channel, the continual changes in supply and demand and resulting price fluctuations. It is estimated that European importers need a trade margin of some 5-10 percent to cover their business costs and risks. More information on margins can be found in Chapter 5 of CBI's market survey 'The fresh fruit and vegetable market in the EU'.

3 Trade: imports and exports

Imports

Hungary is one of the smaller importers of fresh fruit and vegetables in the EU, accounting for less than 1% of the total value of EU imports. In 2007, 259 thousand tonnes of **fresh fruit** was imported with a value of €152 million (Eurostat 2007). Between 2003 and 2007, the import value of fruit increased by 47% in value and 17% in volume.

Hungary depends mostly on other EU countries for the supply of fruit. EU countries supplied 81% of the imported fruit. The share of DCs in total import value was 18% and is gradually decreasing. Between 2002 and 2006, imports from DCs decreased 36% in value and 28% in volume.

The fruit product groups with the highest import values were: bananas (36% of import value in 2007), citrus fruit (20%, tangerines, oranges and lemons), apples, pears and quinces (17%), stone fruit (10%, peaches nectarines and cherries) and grapes (7%). Exotics such as dates, figs, pineapples, mangoes and guavas accounted for 2% of imports. Germany is the main supplier of fresh fruit to Hungary, (accounting for 17% of import value) closely followed by Italy (16%), Belgium (13%) and Spain (10%).

Products with the largest imports directly from DCs were apples, lemons, cherries and grapefruit. Turkey is the main non-EU supplier of cherries and citrus fruit (mandarins, lemons and grapefruits). Apple imports from eastern European countries such as Serbia, Croatia and Ukraine are growing fast. Most bananas are imported from other EU countries, notably Belgium and Germany. The Netherlands and Belgium are the main suppliers of exotics such as mangoes and pineapples.

In 2007, Hungary imported 107 thousand tonnes of **fresh vegetables** with a value of €70 million. Between 2003 and 2007, imports of vegetables more than doubled in value and increased 46% in volume. 76% of the total imports (by value) originated from other EU countries. The share of DCs is growing rapidly as well and reached 24% in 2006.

In terms of value the main vegetable products were in 2007: tomatoes (26%), sweet peppers (17%), cucumbers (9%), onions (7%) and carrots (6%). Spain, Turkey, Germany, the Netherlands, Italy and Austria were the main suppliers.

Almost half of the vegetables imported from DCs consisted of sweet peppers (42% of €17 million imports from DCs). Other products were tomatoes (27%), garlic (7%) and onions (6%). Most of the sweet peppers, tomatoes and onions imported from outside the EU came from Turkey. China supplied most of the garlic. Imports from DCs of all these products are growing strongly, except garlic.

Exports

With a share of less than 1% of the EU's export value of **fresh fruit**, Hungary is one of the smaller fruit exporters in the EU. Hungary exported 145 thousand tonnes of fruit in 2007, with a value of €59 million (Eurostat 2007). Between 2003 and 2007, fruit exports increased by 11% in value, but the volume decreased 41%. Most was exported to other EU countries (93%), particularly Germany, Austria, Romania, Poland and the Czech Republic. Cherries, watermelons and apples were the main fruits exported.

In 2007, Hungary exported 75 thousand tonnes of **fresh vegetables** with a value of €79 million, less than 1% of the EU export value. Since 2003, exports of vegetables increased by 18% in value and remained stable in volume. More than 90% of the exports went to other EU countries, notably Germany and Austria, the Czech Republic and Slovakia. The main exported vegetables were sweet peppers and Agaricus mushrooms.

Hungary is a land-locked country and direct imports from DCs arrive by air or land. If they enter the country via land, they may have been classified as transit trade in other EU countries.

Opportunities and threats

- + Almost all fruit products show an increase in imports over the last years.
- + Best opportunities for exporters from DCs are in bananas, and other exotics such as pineapples, mangos and grapefruit.
- + Although the direct imports from DCs are decreasing, indirect imports of tropical and off-season fruit from DCs are growing.

As other EU countries are the most important suppliers of off-season and exotics, exporters from DCs are advised to look not only for trading partners in Hungary, but also for trading partners supplying Hungary with products from developing countries, in particular Germany, Belgium and Italy. More information on opportunities and threats can be found in Chapter 7 of CBI's market survey 'The fresh fruit and vegetable market in the EU'.

Useful sources

- EU Expanding Exports Helpdesk - <http://exporthelp.europa.eu>;
- Eurostat – official statistical office of the EU - <http://epp.eurostat.ec.europa.eu>.

4 Price developments

The CBI market survey 'The fresh fruit and vegetables market in the EU' gives information on price levels of fresh fruit and vegetables in the EU. Prices in the Hungarian market will not differ much from the EU level. Prices of fresh fruit and vegetables are the result of negotiations between the seller and the buyer. In the negotiation process, many factors influence the final price. Exporters are advised to closely monitor market and price developments in their specific product categories, in order to quote realistic prices.

For additional price information, please refer to Today Market European Markets – http://www.todaymarket.com/eu_pric.htm. Importers and agents can also give up-to-date information on the price levels of individual products.

5 Market access requirements

Manufacturers in DCs preparing to access markets in Hungary should be aware of the market access requirements of the Hungarian and EU governments and of potential trading partners. For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select the market sector and Hungary in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found on the International Trade Centre (ITC) website on export packaging: <http://www.intracen.org/ep/packit.htm>.

There are EU import tariffs and entry prices for fresh fruit and vegetables. They range from 0% for exotics such as papaya and passion fruits to 17.6% for nectarines. More information on tariffs and quotas can be found at <http://exporthelp.europa.eu>. Imports from DCs often benefit from preferential or zero import duties.

For fresh fruit and vegetables in Hungary, the reduced value added tax rate (VAT) of 10% applies.

6 Doing business

Information on doing business, including approaching potential business partners, building up a relationship, drawing up an offer, methods of payment, terms of delivery, handling the contract and cultural differences, can be found in the CBI export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> – go to search publications.

For more information on doing business in Hungary, visit the following websites:

- Budapest Chamber of Commerce and Industry - http://www.bkik.hu/kezdo/Info_English.php;
- Omek, the most interesting trade fair for fruit and vegetables held in Hungary – <http://www.omek.hu> (next fair date not known);
- <http://www.kwintessential.co.uk/resources/global-etiquette/hungary-country-profile.html> for information on business culture and practices in Hungary.

This survey was compiled for CBI by Mercadero in collaboration with Piet Schotel.

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