

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## DOCUMENTATION ON INTERNATIONAL TRADE IN GRAINS

### Addendum

### HUNGARY

The following additional information on international trade in grains has been submitted by the Hungarian delegation. This information supplements information already included in Chapter C of document MTN/GR/W/8/Rev.1.

### HUNGARY GRAIN POLICY

Hungary's climatic, soil and natural conditions are very favourable for growing grain crops. Consequently, grain crops have been grown in Hungary for many centuries, partly to meet domestic needs and partly for export. As a result of World War II, the Hungarian agriculture suffered considerably, production declined substantially and for many years we were compelled to import grains to cover the domestic requirements. Owing to the resolute policy of the Hungarian Government, it was possible to recover the damages gradually and to put agricultural production on new, up-to-date grounds, so that we can safely say that now the growing of grain in Hungary has achieved a high standard on an international scale as well.

In 1975, cultivation on arable land was carried out on 53.5 per cent of the total land, that is, on 4.976 thousand hectares. Of this the area of grains and maize was 3.079 thousand hectares. In addition to the favourable soil and climatic conditions, up-to-date large-scale production ensures an efficient and economic growing of grain.

The main goals of our agricultural policy are to maintain the actual level of grain production and to further increase the yields by means of up-to-date farming techniques. In the past few years, the average yields of wheat and maize, the two most important grain crops of Hungary, showed the following development:

	1966/1970	1971/1975	1974	1975
	average			
Wheat q/ha	24.3	33.2	37.5	32.0
Maize c/ha	32.3	41.7	42.4	50.2

In the last two years the total production of all grains taken together was more than 12 million tons per year, of which 5 million tons were wheat and 6.2 million tons maize in 1974, and 4 million tons for wheat and 7.1 million tons of maize in 1975.

To make a comparison easier, I should like to mention that Hungary, in terms of average yields, is among the first ten of the countries of the world which cultivate wheat on an area exceeding 1 million hectares.

As regards the area for maize, Hungary ranks approximately tenth among the maize producing countries of the world. As far as average yield is concerned, we have the third or fourth place among those countries which cultivate maize on 1 million hectares or more.

The primary aim of the grain production of our country is to cover domestic needs for human consumption and for animal feeding as well, both in quantity and quality. The surplus quantity which remains after meeting the home requirements goes for export, as Hungary contributes to the improvement of the world's grain supply as far as her modest possibilities allow it.

There are several factors which jointly determine the profitability of agricultural production such as for instance, internal prices and price proportions. It can be stated that in Hungary the producer's prices of food and feed grains are fixed as to take into consideration the interest of producers. The producer's price of cereals is a fixed price on which they can sell their products.

There are guiding prices of the fodder grains. Producers are free to sell their products and there can be a difference of plus or minus 5 per cent from the guiding price as agreed upon with the buyer.

Agricultural farms are obliged to pay land and income taxes. A part of this tax revenue is allocated by the State budget for defined purposes of production development. For example, as regards grain production, the State provides support, at given terms, up to 20 per cent for granaries, drying equipment, for the purchase of tractors, and up to 40 per cent for equipment for harvesting, preparing for storing and grading. State farms, agricultural co-operatives having disadvantageous natural endowments receive a separate loss refund established by legal regulation.

There are credit facilities designed to encourage the production of grains, under which the applicant agricultural large-scale plants get medium-term investment credits at favourable terms, for example the purchase of machines, machine lines. These are repaid by the sale of the produced surplus, over a determined period.

In the future, too, our agricultural policy aims at increasing dynamically the production of grains. Quantities in excess of home requirements will be exported, as before. As for our sales policy, we wish to sell the surplus amounts of grains in markets which afford the most advantageous sales possibilities. Being a landlocked country, we endeavour to deliver the bulk of the grains to be exported to the nearest possible destinations to which we can forward our goods easily. But we intend to establish mutually beneficial trade relations for the marketing of grains with more far-off countries as well. To achieve a security of sales, we welcome the possibility of selling grains also within the framework of long-term contracts.

As for the questions of Hungarian export and import system, the tax refunds and import duties, the information given in MTN/GR/W/8/Rev.1 and Addendum 1 contains the appropriate data. Figures for Hungarian grain exports and imports for the period 1968 to 1974, according to countries of destination and of origin, are given in MTN/GR/W/8/Rev.1/Add.1.

It is common knowledge that agriculture is one of the producing branches which requires the most investments. Therefore the stability of the world market for grains is highly important from the point of view of Hungarian agricultural interests. In order to achieve this stability, it is necessary to meet world demand properly, but it is also desirable to secure a world market price level which maintains the interest of producers as well.

The Hungarian delegation attaches great importance to the present negotiations and hopes that they will contribute to the establishment of such conditions of international production and marketing, which would bring about a balanced world market for grains on a long-term basis.