

GENERAL AGREEMENT ON

RESTRICTED

DPC/INV/5/Add.6

19 June 1992

TARIFFS AND TRADE

International Dairy Arrangement

Original: English

INTERNATIONAL DAIRY PRODUCTS COUNCIL

Reply to Questionnaire 5 Regarding Information on Domestic Policies and Trading Measures

HUNGARY

A. PRODUCTION

1. Support and/or stabilization measures

(a) Inventory of the instruments of support and/or stabilization

(1) Support measures

No specific measure is taken by the Government to support the dairy sector since the beginning of 1991.

(2) Stabilization measures

Under the Decree 84/1991 of the Government a reduction scheme for milk production was established for the year 1991 taking account of the over-production prevailing in that sector. After every reduction of 4,500 litres of milk per year relative to the production in 1990 the producer was entitled to a government support of Ft 10,000. The reduction of milk production had to be attained through the cut-back in herd number. The producers had to sell affected cows on the domestic market or for export by 31 December 1991. Further criterion for this support was that the producer had to undertake not to increase milk sales and the number of cows for three years.

The sanction for not following the above-mentioned criteria was that the producer had to repay the whole amount of support received within thirty days.

(b) Levels of guaranteed prices or support prices (none)

(c) Amounts of producer subsidies (none)

(d) Average returns to producers

Average Returns to Producers

Calendar year	Average returns (Ft/l.)
1986	2.27
1987	2.26
1988	1.97
1989	1.22
1990	1.38

2. Policies and measures of governments or other bodies likely to influence production, other than those listed under 1

Minimal domestic transaction prices were established for milk and cream by the Decree 9/1992 of the Ministry of Agriculture. The Decree sets the minimal domestic transaction prices for milk and cream with a fat content of 3.6 per cent. (Ft 15.0, Ft 14.8, Ft 1.5 per litre according to quality levels.) In the case of milk and cream with a milk fat content other than 3.6 per cent, there is a possibility for adjustment (at least + Ft 180.6 per kg. of fat, maximum - Ft 180.6 per kg. of fat).

B. INTERNATIONAL PRICES AND CONSUMPTION

1. Representative retail and wholesale prices on major domestic markets

(1) Retail prices of certain dairy products in 1980 and from 1988 to 1990

Calendar year	Milk of a fat content of 2.8 per cent (Ft/l.)	Cheese - Trappist (Ft/kg.)	Cream (Ft/l.)	Butter (Ft/kg.)
1980	6.00	53.0	28.30	60.0
1988	9.20	108.0	42.80	94.0
1989	12.80	154.0	64.00	115.0
1990	18.10	221.0	92.00	167.0

(2) Producer prices of drinking milk in 1980 and from 1987 to 1990

Calendar year	Milk (Ft/l.)
1980	6.20
1987	7.50
1988	8.10
1989	11.00
1990	14.20

(3) Producer prices for butter and cheese from 1986 to 1991

(Ft/kg.)

Calendar year	Butter	5 kg. carton	Cheese - Trappist
	80Z, 0.10 kg. carton		
1986	114.58	111.54	95.80
1987	120.01	116.82	101.83
1988	127.80	123.81	108.35
1989	173.69	169.09	135.97
1990	224.72	220.31	178.78
1991	225.35	220.66	206.45

Note: The data include the consumer subsidies whenever applied.
VAT is excluded.

2. Factors which condition the evolution and level of internal consumption

The situation of the dairy sector deteriorated throughout the year 1991. This deterioration is highlighted by the fact that consumption of milk decreased at least by 30 per cent. This was attributable to the decline in purchasing power in general and the rise in dairy prices in particular. The consumer subsidies (eliminated at the beginning of 1992) and the dairy product purchase voucher for people in social need could not offset this negative trend.

3. Policies and measures and comments on their effects on consumption

(1) Consumer subsidy

Consumer subsidies for milk (Ft 25/l.), butter (Ft 57/kg.) and cottage cheese (Ft 18.8/kg.) regulated by the Decree 1/1991 of the Government were abolished by the Decree 188/1991 of the Government. From 1 January 1992 no consumer subsidy regarding dairy products is applied.

(2) Maximum consumer and producer price levels

Decrees 1/1991 and 2/1991 of the Ministry of Agriculture setting maximum consumer price levels for certain dairy products were abolished by the Decrees 9/1992 and 8/1992 of the Ministry of Agriculture.

(3) Dairy product purchase voucher

This subsidy programme was established in 1991 by the Decree 56/1991 (modified by the Decree 1987/1991) of the Government and the Decree 8/1991 of the Ministries of Public Welfare, of Industry and Commerce, and of Agriculture in order to give support for the socially disadvantaged strata of the population. A dairy product purchase voucher of the value of Ft 300 is granted gratis monthly to each single person falling within the availability criteria set precisely in the Decree 187/1991 of the Government. However, the impact of this programme on domestic consumption is limited due to the insignificant amount of available financial resources (Ft 400 million for the year 1991, Ft 500 million for the year 1992).

C. MEASURES AT THE FRONTIER

1. Customs tariff (as of 1 January 1992)

See annex.

2. Other import measures at tariff line level

(1) Charges and fees

Imports of all products - including dairy products - are subject to a 2 per cent customs clearance fee and a 3 per cent statistical fee, a 1 per cent licensing fee is also levied on products falling under import licensing.

(2) Global quota

Among the dairy products, butter and cheese (0405, 0406) are included in the global quota for consumer goods. The ceiling value for the two, above-mentioned dairy products for the first half of 1992 is US\$1 million.

(3) Licensing

List of Products Subject to Import Licensing (1992)

Ex HS Code	Product description
0401	Cows' milk
0402	Edible milk powder
0402	Milk powder for animal feeding purposes
0402	Other powdered milk products (except for whey powder for animal feeding)
0405	Butter
0406	Cheese

3. Export measures at the tariff line level

(1) Export subsidy

An export subsidy of 35 per cent is granted to the export of dairy products.

(2) Licensing

List of Products Subject to Export Licensing (1992)

Ex HS Code	Product description
0401	Cows' milk
0401	Edible non-cows' milk
0402	Milk powder
0405	Butter
0406	Cheese
04	Other

HS	Description	GSP Duties	MFN
0401	Milk and cream, not concentrated nor containing added sugar or other sweetening matter		
0401.10-002	- Of a fat content, by weight, not exceeding 1%	-	30%
0401.20-003	- Of a fat content, by weight, exceeding 1% but not exceeding 6%	-	30%
0401.30-004	- Of a fat content, by weight, exceeding 6%	-	30%
0402	Milk and cream, concentrated or containing added sugar or other sweetening matter		
0402.10	- In powder, granules or other solid forms of a fat content, by weight, not exceeding 1.5% - In powder, granules or other solid forms of a fat content, by weight, exceeding 1.5%		
0402.10-010	-- Powdered milk and cream (denaturated or not) not containing added sugar	-	20%
0402.10.029	-- Powdered milk and cream containing added sugar	-	30%
0402.21-005	-- Not containing added sugar or other sweetening matter	-	20%
0402.29-009	-- Other	-	20%
0403	Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit or cocoa		
0403.10-000	- Yoghurt	-	15%
0403.90	- Other:		
0403.90-017	-- Fresh, not concentrated	-	35%
0403.90-026	-- Concentrated, not containing added sugar	-	30%
0403.90-035	-- Powdered, not containing added sugar (whether or not denaturated)	-	20%

HS	Description	GSP	MFN
		Duties	
0403.90-044	-- Flavoured with fruit	-	15%
0403.90-053	-- Beverages	-	40%
0403.90-992	-- Other	-	30%
0404	Whey, whether or not concentrated or containing added sugar or other sweetening matter; products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included		
0404.10-009	- Whey, whether or not concentrated or containing added sugar or other sweetening matter	-	30%
0404.90-007	- Other	-	30%
0405	Butter and other fats and oils derived from milk		
0405.00-007	Butter and other fats and oils derived from milk	-	60%
0406	Cheese and curd		
0406.10	- Fresh cheese (including whey cheese), not fermented, and curd:		
0406.10-016	-- Fresh cheese and curd from ewes' milk	-	40%
0406.10-025	-- Curd from cows' milk	-	50%
0406.10-991	-- Other	-	25%
0406.20	- Grated or powdered cheese, of all kinds:		
0406.20-017	-- From ewes' milk	-	40%
0406.20-992	-- Other	-	25%
0406.30	- Processed cheese, not grated or powdered	-	40%
0406.30-018	-- From ewes' milk	-	40%
0406.30-999	-- Other	-	25%
0406.40-000	- Blue veined cheese	-	25%
0406.90	- Other cheese		
0406.90-014	-- Ewe-cheese, not elsewhere specified or included	-	40%
0406.90-023	-- Cheese from cows' milk, not elsewhere specified or included	-	25%
0406.90-999	-- Other	-	50%