Performance of Hungary’s agriculture in 2014
(Economic accounts for agriculture, 2014)

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Summary
The growth in the gross output of Hungary’s agriculture lasted in 2014 as well. There was an outstanding year for crop production, but the volume of livestock also grew, which contributed significantly to the rise in the performance. The volume of expenditure (intermediate consumption) rose in parallel to that of the output, while its price was somewhat lower than a year earlier.

This influenced net entrepreneurial income favourably, too. Labour use in agriculture, expressed in annual work units (AWU), increased again after 2013. Higher labour input was generated both at agricultural enterprises and at private holdings.

Agriculture’s real factor income per annual work unit (indicator “A”) rose considerably, its level was favourable in comparison with the EU as well. Agricultural output in the European Union decreased somewhat according to preliminary data, and Hungary contributed by 2.0% to the total performance of the Community.

More crops are produced, number of livestock grows

The value and the volume change of agricultural output can be determined based on the observation of annual yields.

The production of the majority of the main crops was outstanding, in many cases reaching a record in 2014 due to favourable weather conditions, and the stock of major animal species grew as well. These together constituted the basis of a rise in the output.

16.6 million tonnes of cereals were harvested from 2.8 million hectares in 2014. The area harvested was unchanged compared to the previous year but was somewhat larger than the average of the previous five years. However, production increased by over a fifth, mainly owing to the outstanding yields of maize. A record quantity of this crop, 9.3 million tonnes were harvested, 38% more than in the previous year. 4.0% more, 5.3 million tonnes of wheat, having the largest weight among ear cereals, were harvested in 2014 on a 2.0% larger area (1.1 million hectares) than in the previous year. A total 2.0 million tonnes of sunflower and rape were produced – on nearly 807 thousand hectares. The area of the former was somewhat lower than in the previous year, while that of the latter increased by 8.0%. A record production was reached in the case of both crops: 2.3 million tonnes of sunflower and nearly 700 thousand tonnes of rape have not yet been harvested in Hungary. The production of rape was often hampered by unfavourable weather in the last few years. Inland inundation, drought and strong frost all set back the efficiency of this crop. 1.1 million tonnes of sugar beet were produced in 2014, 7.7% more than in the previous year on a nearly one-fifth smaller area. Its yields were outstanding, abundant precipitation, arriving at the right time for the crop, helped production.

576 thousand tonnes of potatoes were produced in 2014, 16% more than in the previous year. The production of vegetables also increased, more than 1.5 million tonnes were produced. The quantity of fruits (1 million tonnes) was 22% more than in 2013, within which apple production, representing significant weight, was up by nearly a third. 406 thousand tonnes of grapes were produced in 2014, 10% less than in 2013.

The cattle stock has risen since 2011. 2.5% more cattle (802 thousand heads) were kept by holders than a year earlier. The fall of the pig stock, lasting for years, stopped in 2013, and the stock increased by already 4.0% in 2014, totalling 3.1 million. The decrease of the poultry stock stopped as well, 38.6 million heads were surveyed in December 2014.

The volume of animals for slaughter was 5.6% higher than in the previous year, it was 1.4 million tonnes in total in 2014. The quantity of pigs for slaughter (557 thousand tonnes) rose by 6.6%, that of poultry for slaughter (724 thousand tonnes) by 5.2% and the quantity of cattle for slaughter (80 thousand tonnes) by 4.5%. Out of the main animal products 5.8% more, 1.8 million litres of cows’ milk were produced. However, the production of fresh eggs slightly decreased compared to a year earlier, a total of nearly 2.4 million pieces were produced in 2014.

Rising value of output

Based on the economic accounts for agriculture (EAA) the total gross output of agriculture was HUF 2,447 billion at current basic prices in 2014, 5.6% more than in the previous year.

A gross output of HUF 1,455 billion was generated in the case of crops and horticultural products in 2014, 6.6% more than in 2013. The significant rise in the volume was accompanied by the opposite-direction movement of prices within the product group.

The value of output was HUF 733 billion in the case of cereals and HUF 284 billion for industrial crops. Among industrial crops the output of sunflower, representing significant weight, was HUF 162 billion and that of rape HUF 75 billion. Fresh vegetables contributed to total output by HUF 155 billion, while fresh fruits, grape and wine by HUF 134 billion.

The gross output value of live animals and animal products has increased since 2010, it was HUF 827 billion in 2014. The 4.5% growth
was – differently from earlier years – due to a rise in volume and not in prices. The output of live (mainly slaughter) animals amounted to HUF 554 billion (within which that of pigs HUF 255 billion and the output of poultry HUF 220 billion). The poultry sector’s performance has been higher since 2010 and the total of cattle and milk output since 2011 than the pig sector’s, though this latter was the largest producer in livestock production after the turn of the millennium. The output of animal products was HUF 273 billion (out of which that of milk HUF 191 billion and the output of fresh eggs HUF 55 billion) in 2014.

Agricultural services provided to producers represented a value of HUF 117 billion, while inseparable non-agricultural secondary activities – such as the processing of meat, milk, fruits and vegetables – HUF 48 billion. The share of crop production of total agricultural output was nearly 59%, while the weight of live animals and animal products was 34%. The weight of livestock production was over 40% before 2004, while its share has ranged between 33% and 37% since 2004, which has been mostly influenced by the weather and the fluctuating production of crop products year by year.

The production of live animals and animal products decreased continuously between 2004 and 2010. It grew moderately in 2011 and remained at the previous year’s level in 2012. The output declined again in 2013. The volume was up by 4.3% and prices were unchanged in 2014. So the value rose by 4.5% in total. The volume of major animal species (pigs, poultry, cattle, sheep) and milk both went up, while that of eggs was lowered. The price of live animals was cut somewhat, while the price of animal products (milk and eggs are the most important ones) increased.

The volume of agricultural services made to other producers was up by 4.3%, however, that of non-agricultural secondary activities inseparable in holdings was 8.8% lower than a year earlier.

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**Volume of both crop and livestock production grows**

The volume of total gross output of agriculture (its value at previous year’s prices) increased by 11% in 2014, nearly at the same rate as in 2013. The value at current basic prices rose more moderately, by 5.6%. Crop production and animal farming both contributed to this, the former to a somewhat higher extent. Due to the above-average production of crops the volume of the product group grew by 18%, its value at current prices was up by 6.6%.

The role of cereals was dominant in the growth, the 23% and 10% rises of their volume and their output value, respectively, were largely consistent with the yields of maize. The volume of fresh fruits rose by 10% but the output value went down by 14% because of the price fall. The 5.9% growth of the volume of fresh vegetables led to the 6.7% rise of the value. The volume of grapes increased by 3.2%, but their value was 10% lower than in the previous year. The output of wine was reduced by 37%, which also set the value back by a quarter.
The output of agriculture changed in the same way as crop production in the last few years, years with lower yields usually set back the output, while years like 2014 enhanced the performance of the branch significantly. Substantial annual fluctuations in crop production were basically due to the very different yields of cereals and oilseeds – depending on the factors of weather –, since the structure of production was modified only to a small extent. The decrease in the output of animal production was continuous until 2010. Small improvements were observed for 2011 and 2012, which trend was broken in 2013. The volume grew again in 2014, but it was even so nearly a fifth lower than the level in 2000. Its profitability fell in the past few years, since the growth of production costs was only partly compensated by the relatively slowly rising price level of live animals and animal products. Following EU accession the price increase was moderated, too, by the growing imports of meat and meat products as well as dairy products.

**Larger-volume and cheaper expenditure**

The total output of agriculture provides information on the production of the branch, but use is reported on by expenditure, i.e. intermediate consumption, which covers the value of all goods and services used by holdings during the production process. Intermediate consumption, devoted to the production of products and the provision of services, was HUF 1,459 billion (at market purchasers’ prices) in 2014, similar to that in the previous year.

The volume of expenditure was up by 3.8% compared to 2013. Out of the most significant factors the use of feedingstuffs was 2.8%, the use of energy 5.7% and expenditure on plant protection products 4.6% larger in volume. By contrast, the use of fertilizers was 1.4% lower than one year earlier. Out of these items the price of animal feedingstuffs decreased substantially, by 10%, but the procurement of energy and fertilizers became 4% cheaper as well. This led to a fall in the price level of total expenditure.

**Subsidies, income and labour input grow further**

Income defined in line with the requirements of EAA is different both in terms of concepts and contents from the one used in everyday life. It is accrual-based on the one hand, i.e. is related to a particular period of accounting, irrespective of whether a part of revenues is realised only at a later date in financial terms. On the other hand, it contains the income, too, from which households benefit by consuming own-produced agricultural products (or food produced with their home processing).

Figure 6 presents gross value added and other items increasing income as resources of income. (Gross value added at producer prices is completed by subsidies on products to get the value at basic prices, the amount of other subsidies on production – reduced by taxes on production – is not included in output, it directly increases income.)

The net amount of subsidies on production (also including direct subsidies on products) increased slightly by year before EU accession. The value of the indicator has been higher and higher since 2004, reaching HUF 527 billion in 2014, which was 8.0% higher than in the previous year. In compliance with the agricultural policy of the EU the proportion of subsidies related to products (thus increasing gross value added) fell significantly from 45% in 2004, it was merely 6.7% in 2014. Other subsidies, with a growing share, not related to production, too, from which households benefit by consuming own-produced agricultural products (or food produced with their home processing).

Factor income (land, capital and labour force used) changed in the past few years mainly depending on the yields and product prices of crop production, which largely influenced the development of entrepreneurial income, too. In contrast, costs on the use side (wages, rents and interests) and amounts accounted for depreciation fluctuate to a lower extent. Favourable yields as well as considerably larger amounts of subsidies than earlier on had a dominant role in the growth after EU accession. Factor income was HUF 1,199 billion in 2014, 14% more than in the previous year.

Net entrepreneurial income is of a mixed character, since it shows the countervalue of the work of the holder and his/her family (unpaid labour force) and returns on the land and capital belonging to the holding in total. Its value was HUF 730 billion in 2014, rising by 16% compared to a year earlier.

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**Gross value added**, calculated as the difference between output and intermediate consumption, was up by 15%, it was HUF 988 billion in 2014. The proportion of gross value added within total output was 34%, 40% was recorded for 2014, i.e. an expenditure of HUF 60 was needed for an output of HUF 100.
With our EU accession the proportion of – growing – subsidies within the income of agricultural entrepreneurs increased. The fluctuation of output, which depends primarily on weather, substantially influences the development of income, too. The role of subsidies in the composition of income grows outstandingly in years with low yields (e.g. in 2009 and 2010). This proportion was 78% in 2013 and 72% in 2014.

One of the most important purposes of EAA is to measure agricultural incomes and their changes. Eurostat defined three “income indicators” to examine changes across member states and over time. The most frequently used of these is real income from agricultural activities per full-time worker (indicator “A”). Indicator “A” was up by 6.2% in 2014 compared to the previous year, first of all because of the higher output value. At the basic prices of 2005, indicator “A” rose by 92%.

Regional economic accounts for agriculture, 2014
The agricultural area size and the production endowments of planning and statistical regions are very different, so their output, too, shows an uneven picture. In comparison with its agricultural area, Southern Transdanubia has a considerably higher share in the national output of cereals and industrial crops, Central Hungary, Northern Hungary and Southern Great Plain in the output of horticultural products, grapes, wine and fruits, and Southern Great Plain and Central Transdanubia in the output of live animals and animal products.

The role of the regions in the Great Plain, having the largest areas, is outstanding in agricultural production: Northern and Southern Great Plain accounted for 46% of the total output at current basic prices, by contrast, merely 7% of the output came from the small-area Central Hungary and 8% from the mountainous Northern Hungary in 2014.

Based on the distribution of crop production, animal production and secondary as well as service activities there is a considerable difference among regions. The proportion of crop production was substantially higher than the national average (59%) in Northern Hungary and Southern Transdanubia, while the weight of animal production was above the average (34%) in Central Transdanubia and Western Transdanubia.

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1 One AWU is equal to the volume of time worked in a holding over one year by one person employed full time in agriculture. This way of accounting also takes into consideration work completed in a broken period or seasonally.
With the rise of output and the relative stability of agricultural area, **production intensity** (output per hectare of agricultural area) rose as well in the last few years, by 5.8% on average at national level. A higher intensity than this was recorded in Southern Great Plain and Transdanubia as a whole, compared with a lower one in Northern Hungary, Central Hungary and Northern Great Plain.

**Position of Hungary in EU agriculture**

Only preliminary data are available at present on the 28 member states of the European Union for the year 2014. According to the second forecast the value of agricultural output in the Community was more than EUR 404 billion in 2014, being 2.4% lower than the level a year earlier. 50% of the value was accounted for by the output of crop products, 42% by that of live animals and animal products and the rest by the output of secondary activities and services. Out of countries having the largest weight, output remained at the previous year’s level in France, decreased in Germany, Italy and Spain and slightly rose in the United Kingdom. The fall was mainly due to prices being lower than a year earlier, since the volume of output rose.

Hungary produced 2.0% of the agricultural output of the European Union in 2014 according to preliminary data. Hungary represented 2.3% of crop products and 1.7% of animals and animal products. 4.9% of the
EU output of cereals, within which 12% of maize came from Hungary. Our output of industrial crops is significant, which is primarily consistent with the production of oilseeds (mainly sunflower, 7.7% of the EU output). Within live animals, Hungary’s poultry accounted for 4.0% of the total output of the Community. France, Germany, Italy, Spain and the United Kingdom were at the top of the ranking of agricultural output, they together produced 61% of the total output in 2014. The output of wine and fruits shows an extraordinary concentration. Mediterranean countries are in excess in these product groups: 54% of wine production came from France.

To stabilise the income position of people living on agriculture has been of an especially high significance among EU objectives since the beginning. For comparisons in EU statistics, income indicator “A” is used the most often.

The profitability of agriculture slightly decreased in the Community in 2014 based on preliminary data. Indicator “A” increased to the highest extent in Slovenia, the Czech Republic, Croatia and Hungary, while the largest falls were registered in Finland, Belgium and Denmark. According to the finalised domestic data the indicator rose significantly in Hungary as opposed to the average for the Community.

<table>
<thead>
<tr>
<th>Denomination</th>
<th>HU</th>
<th>Largest producers</th>
<th>First 5, total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereals</td>
<td>4.9</td>
<td>FR, DE, UK, IT, PL</td>
<td>58.7</td>
</tr>
<tr>
<td>Industrial crops</td>
<td>5.1</td>
<td>FR, DE, PL, UK, RO</td>
<td>59.6</td>
</tr>
<tr>
<td>Forage plants</td>
<td>0.5</td>
<td>DE, FR, IT, ES, RO</td>
<td>66.8</td>
</tr>
<tr>
<td>Vegetables and horticultural products</td>
<td>1.1</td>
<td>NL, IT, ES, FR, DE</td>
<td>69.0</td>
</tr>
<tr>
<td>Potatoes</td>
<td>1.1</td>
<td>NL, DE, FR, RO, UK</td>
<td>61.3</td>
</tr>
<tr>
<td>Fruits</td>
<td>1.7</td>
<td>ES, IT, FR, EL, RO</td>
<td>75.3</td>
</tr>
<tr>
<td>Wine</td>
<td>0.4</td>
<td>FR, IT, DE, ES, PT</td>
<td>93.3</td>
</tr>
<tr>
<td>Crop products</td>
<td>2.3</td>
<td>FR, IT, ES, DE, NL</td>
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</tr>
<tr>
<td>Live animals</td>
<td>1.9</td>
<td>FR, DE, ES, UK, IT</td>
<td>62.3</td>
</tr>
<tr>
<td>Animal products</td>
<td>1.3</td>
<td>DE, FR, IT, UK, NL</td>
<td>58.6</td>
</tr>
<tr>
<td>Live animals and animal products</td>
<td>1.7</td>
<td>FR, DE, UK, IT, ES</td>
<td>59.8</td>
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<tr>
<td>Services</td>
<td>1.9</td>
<td>IT, FR, NL, DE, UK</td>
<td>76.9</td>
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<tr>
<td>Secondary activities</td>
<td>1.4</td>
<td>FR, IT, RO, UK, ES</td>
<td>64.0</td>
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<tr>
<td>Agricultural output, total</td>
<td>2.0</td>
<td>FR, DE, IT, ES, UK</td>
<td>60.7</td>
</tr>
</tbody>
</table>

a) Preliminary data.
Abbreviations used in the table.

Table 2: Share of Hungary and the five largest producer countries in agricultural output of the European Union at current prices, 2014
Figure 10

Change of real income of agriculture per unit of labour force (indicator “A”), 2014

Further information, data (links):
Related publication:
Economic accounts for agriculture, 2013
Tables (STADAT) (4.1. Economic accounts for agriculture)
Tables (Regional economic accounts for agriculture)
Methodology
Abbreviations used in figures

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a) Preliminary data. In the case of Hungary final data.
Source: Eurostat.
Abbreviations used in the figure.