

The situation of the Hungarian meat industry in the first half of 2020

Foreign Trade

In the first quarter of 2020, the foreign trade turnover of live animals increased by 20 percent, the export value increased by 5.4 percent and the import value by 47.6 percent, so the balance fell to 20.8 million euros in the first quarter of 2020 compared to the base period. The foreign trade turnover of live cattle, live pigs and live poultry increased by 4.4 per cent, that of cattle by 71.8 per cent and that of live poultry by 6.5 per cent.

Hungary's **live cattle imports** increased by 24 percent in the first six months of 2020 compared to the volume delivered in the same period of the previous year. Most live cattle are imported from Germany and the Netherlands. The volume of beef imports decreased by 18 percent, its value by 15 percent. In the first quarter of 2020, imports of live cattle increased by 12.7 percent to 2.9 thousand tons. The average import price decreased by 2 percent compared to the first quarter of 2019. One third of the imported cattle came from Austria (997 tonnes) and the Czech Republic (295 tonnes). The volume of live cattle imported from Romania fell by nearly 60 percent in the first three months of 2020.

The **import volume of live pigs** was 38 percent higher in the first quarter of 2020 compared to the same period in 2019. The average import price increased by 42 percent. In three months, 18.7 thousand tons of pigs were imported. The import volume and value of live pigs continued to significantly outpace exports. Imports of live pigs came entirely from EU member states, as in the first quarter of 2019. More than 43.5 percent of imported live pigs, or 8.2 thousand tons, came from Slovakia. Germany's share was 20.5 percent (3.8 thousand tons) and Croatia's was 19.5 percent (3.7 thousand tons). Imports of live pigs increased by 41 percent in the period from January to May 2020 compared to the same period in 2019. During that period, imports amounted to 31.1 thousand tonnes.

The **import value of meat** was 36.6 percent higher in the first quarter of 2020 compared to the base period. More than 85-90 percent of the product group's turnover is usually generated by trade in beef, pork and poultry. During the period under review, the export value of pork and beef increased, while the value of imports increased for all three types of meat compared to the base period. The volume of imported pork was the same as a year earlier, its value was 45 percent higher. Poultry meat imports amounted to 18 thousand tons in the first quarter of 2019, and in the examined period of 2020, the volume of poultry meat imports was 23 thousand tons.

Slaughterhouse activity and livestock volume

7% fewer cattle, more than 1% less pigs and 2% less poultry were slaughtered in slaughterhouses in Hungary in the first half of 2020 compared to January – June 2019.

50.7 thousand cattle were slaughtered in the first half of the year, the live weight of the slaughtered animals was 26.7 thousand and the carcass weight was 13.7 thousand tons. Live weight was 6.5 percent and carcass weight was 7.2 percent less than a year earlier. Cattle slaughter in live weight averaged over 4400 tonnes per month in January-June 2020. Sixty-five percent of the cattle slaughtered were cows and 20 percent bulls. The slaughter of cows decreased by 6 per cent, the slaughter of bulls by 8 per cent and the slaughter of heifers by 4 per cent in the first half of 2020 compared to the base period. According to CSO data, the total number of cattle was 909.1 thousand

on 1 December 2019. The cattle herd has increased by 24,000 since December 2018, and has decreased by 1.6,000 since June 2018. The number of cows was 411.7 thousand on December 1, 2019, 9 thousand more than a year earlier.

2 million 260 thousand pigs were slaughtered in Hungary in the first half of 2020, 1.3 percent less (– 30 thousand) than in January – June 2019. The total live weight of the slaughtered animals was 271 thousand tons and the carcass weight was 218 thousand tons, which is slightly lower than the previous year's value (–0.9 and –1.2 percent). The volume was outstanding in March 2020, slightly exceeding 50,000 tons. In live weight, slaughter averaged more than 45,000 tons per month. Within the slaughter of pigs, the slaughter of sows fell by 35% from 33.7 thousand in the first half of the previous year to 33.6 thousand in the period January – June 2020. According to HCSO data, the pig population in Hungary was 2.63 million on 1 December 2019. The size of the stock was 237 thousand lower than in December 2018, and 205 thousand (–7.2 percent) lower than in June 2018. The number of sows was 155.3 thousand in December 2019, the population decreased by more than 22 thousand in one year (–12.7 percent).

Effects of COVID-19 pandemic on the meat industry

The meat industry faced a number of difficulties and challenges in the spring of 2020. In addition to the effects of swine fever on the world market, the effects of avian influenza, the rising electricity prices or rising wages are also causing problems. The disturbances occurred on the entire world market, so it was not possible to forecast the development of quantitative demand and consumer prices in Hungary either. As a result, purchase prices have fluctuated extremely, both for beef and pigs. Meat market prices have fallen due to the shutdown of the catering industry. According to the Hungarian Meat Association, this year started well, rising wages and expanding consumption also stabilized purchase prices in previous years, but with the spread of the infection, the largest buyers disappeared from the market by the end of tourism, hospitality and catering at a time when export opportunities have also narrowed. In response to the situation, in April 2020 the Ministry of Agriculture announced a call for tender with a budget of HUF 2 billion under the Rural Development Program to support farms in the pig and poultry sector, which are most affected by epidemiological risks. According to the Association of Hungarian Meat Industry, the rise in prices this year is independent of the coronavirus epidemic. The rise in prices is due to the effects of the African swine fever on the world market, which is leading to a drastic rise in raw material prices. Compared to the period before Easter last year, the price of live pigs has risen by about 50 percent. In comparison, in one year, the prices of meat products rose by only about 20 percent.

The biggest problem was caused in the pork and poultry sector by the coronavirus epidemic. As a result of the coronavirus epidemic, the price of live animals also decreased drastically. During the first wave of the coronavirus epidemic in the spring, amid European transport difficulties, the Hungarian food industry and farmers, including the pig sector, outperformed, ensuring an uninterrupted food supply for domestic consumers.

The beef market has been severely shaken by the pandemic situation caused by COVID-19. This is because the catering industry plays a much bigger role in the consumption of beef than in the case of pork or poultry. In addition, beef is one of the more expensive sources of protein, so a precarious consumer due to the deteriorating economic situation will give it up sooner than pork or poultry. The market turmoil is likely to be resolved only by the alleviation of the epidemic situation, the HoReCa sector and the recovery of tourism.

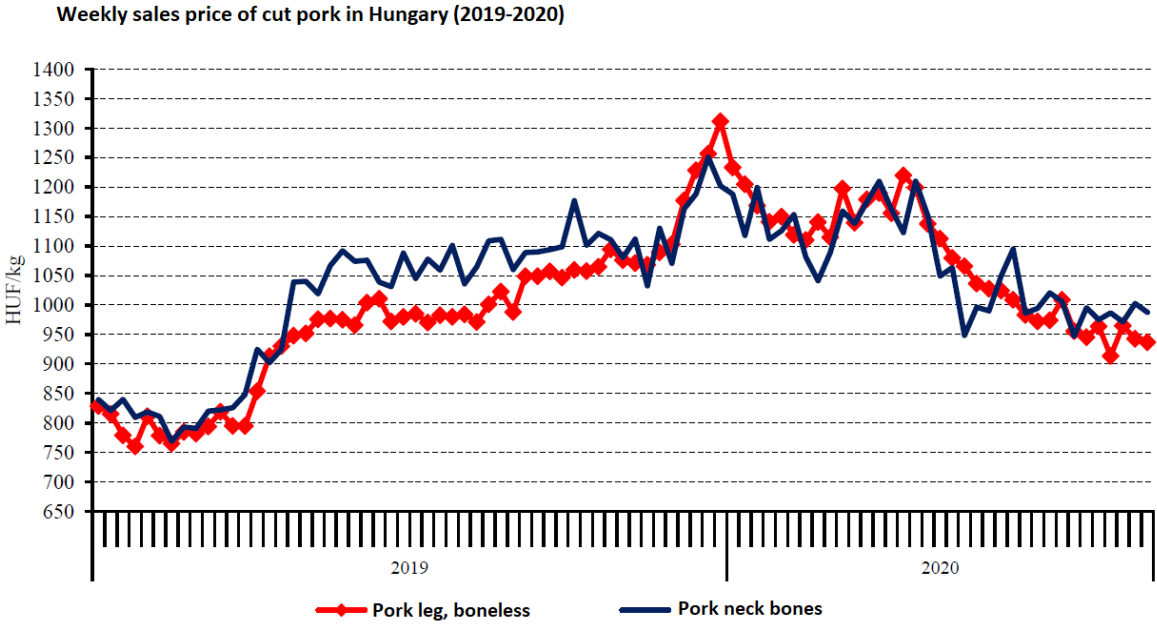
At the beginning of the restrictions imposed due to the epidemic situation, there was a strong increase in demand in retail for all product groups, be it private label products or branded products at higher price levels. Ex-post evaluations show that the largest increases in March were for fish and beef products, followed by poultry and pork products (ALDI). Experience has shown that, in the current situation, shoppers are less likely to go shopping on the one hand and on the other hand spend significantly more on these occasions. As consumers plan up to a week or two in advance when purchasing the necessary food products, there is a much more targeted purchase than before. The impact of the decline in retail sales is further strengthened by the significant decline in demand in the HORECA sector, which results in a significant loss of market share not only in Hungary but throughout Europe.

Swine fever

Minister of Agriculture István Nagy called on the trade chains to maintain the procurement of Hungarian pork after the outbreak of swine fever in Germany.

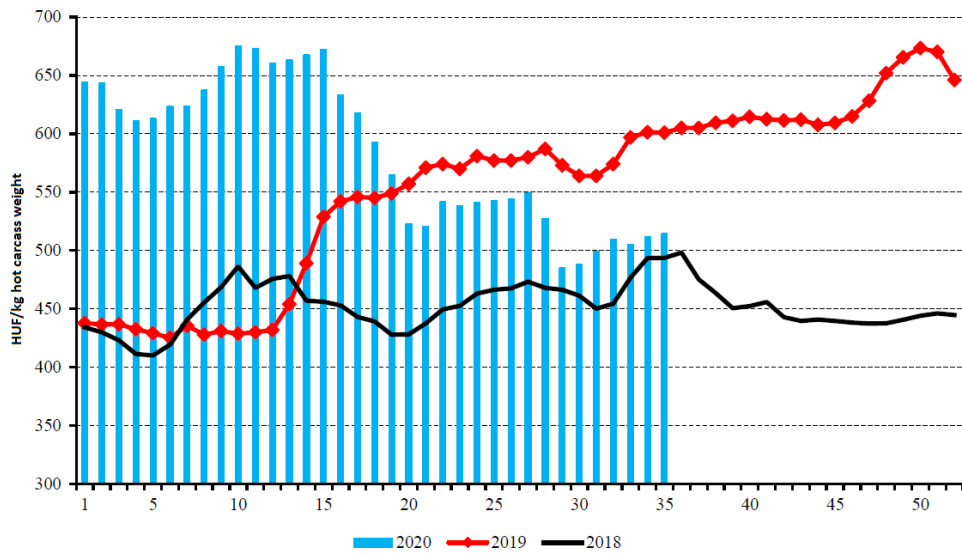
The Association of Hungarian Meat Producers calls on retail chains not to buy and sell pork at unrealistically low prices, even if German pork appears to be dumped on the European market due to swine fever.

Figures



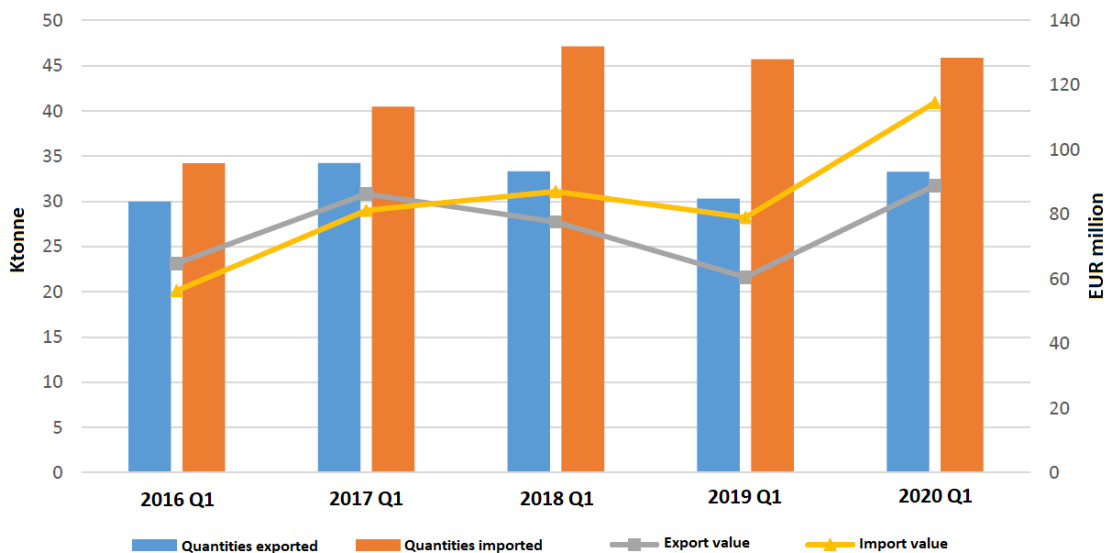
Source: NAIK AKI PÁÍR

Weekly producer price of slaughter pigs from domestic production in Hungary (2018-2020)



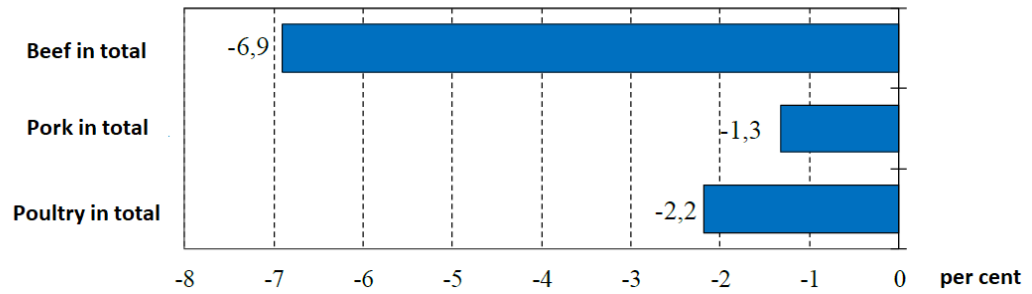
Source: NAIK AKI PÁÍR

Development of foreign trade turnover of pork (2016-2020)

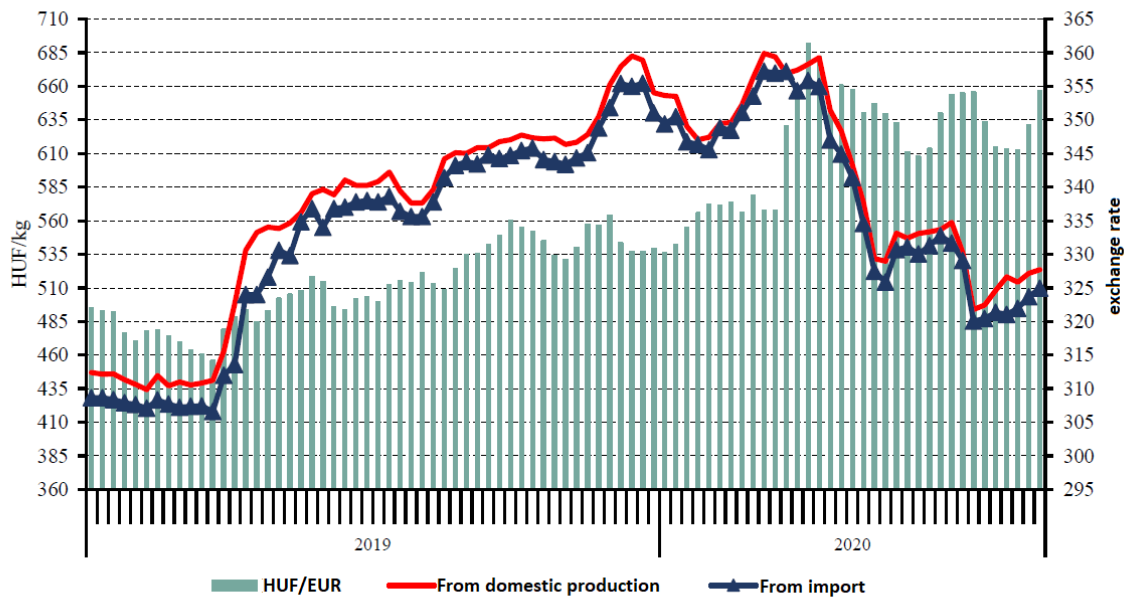


Source: HCSO, NAIK

Change in the number of slaughterings in the first half of 2020 compared to the first half of 2019 (per cent)

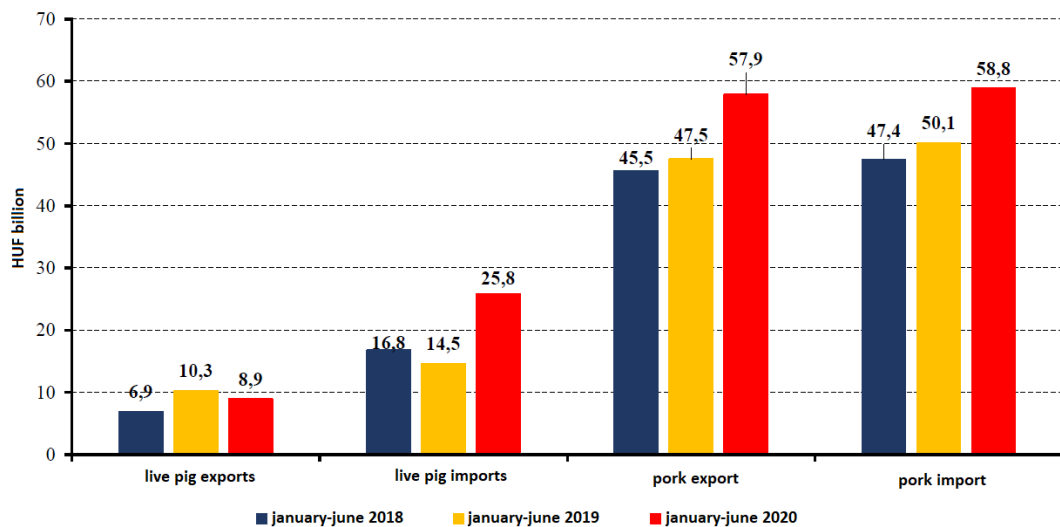


Price paid at the slaughterhouse entry stage for slaughter pigs in Hungary (2019-2020)



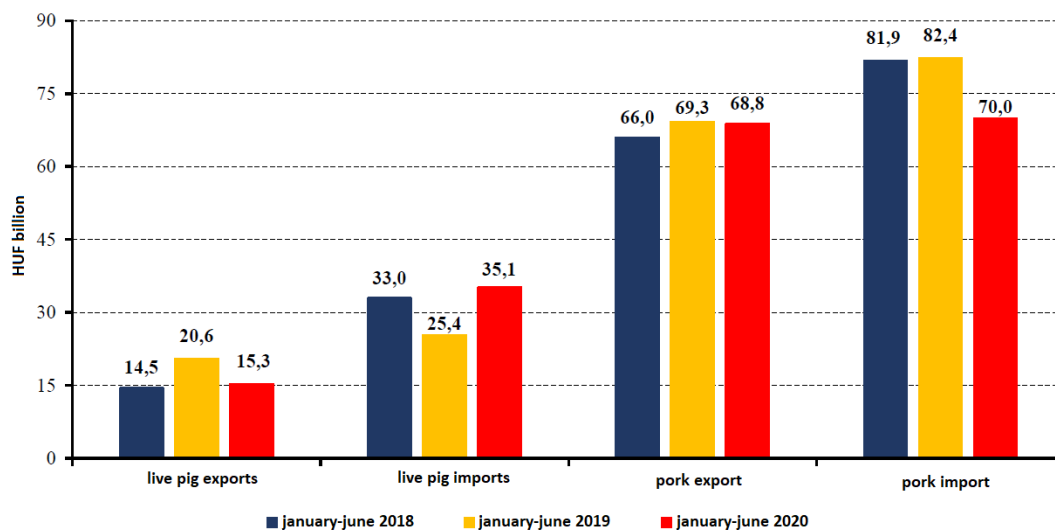
Source: NAIK AKI PÁÍR, MNB

The value of foreign trade in live pigs and pork in Hungary



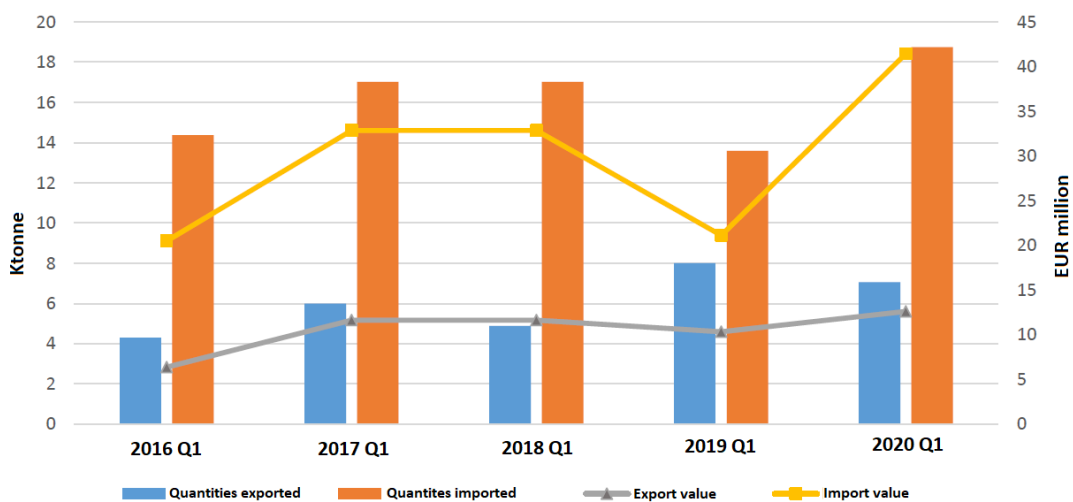
Source: HCSO

The volume of foreign trade in live pigs and pork in Hungary



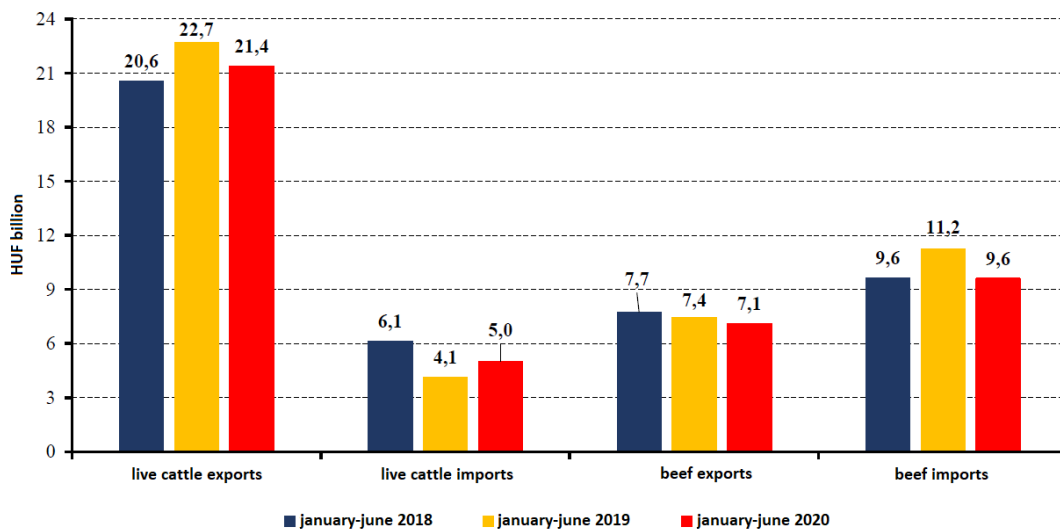
Source: HCSO

Development of foreign trade turnover of live pigs (2016-2020)



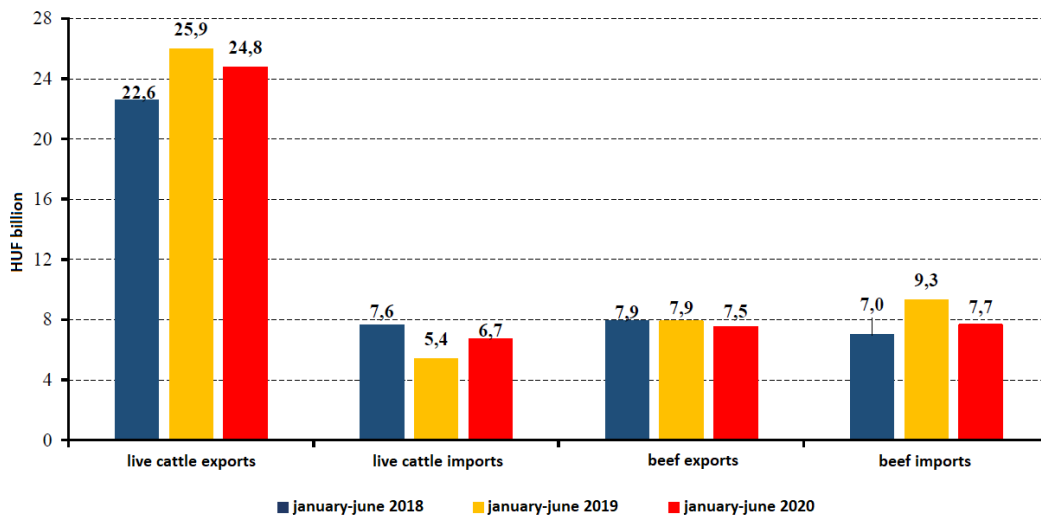
Source: HCSO, NAIK

The value of foreign trade in live cattle and beef in Hungary



Source: HCSO

The volume of foreign trade in live cattle and beef in Hungary



Source: HCSO

Sources:

- AKI, STATISZTIKAI JELENTÉSEK, AZ ÉLELMISZER-GAZDASÁG KÜLKERESKEDELME, 2020. év I–III. Hónap
- Termékmix, Lendületre számítanak a húsiparban
- Agrárszektor, MTI, Kongatják a vészharangot: félnek, hogy ellepi Magyarországot az olcsó német sertésbűs
- Agrárszektor, Figyelmeztet a magyar agrárminiszter: Németországban is megjelent a sertéspestis
- Agrárszektor, Két vírus szorongatja a magyar húsipart: csak így élheti túl a válságot a hazai piac
- Agrárszektor, Durván megszorongatta a magyar húspiacot a koronavírus-járvány
- AKI, STATISZTIKAI JELENTÉSEK, VÁGÓHIDAK ÉLŐÁLLAT-VÁGÁSA, 2020. I–VI. hónap

