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ECONOMIC COMMITTEE

ECONOMIC SITUATION IN HUNGARY IN 1976:
SUMMARY REPORT

Note by the Chairman

Attached for the attention of the members of the Committee is a recent report on the Hungarian economic position, based partly on British, Canadian and various other sources as well as discussions in the reinforced meeting held on 3rd June, 1976.

(Signed) J. BILLY

This document includes 1 Annex

NATO,
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ECONOMIC SITUATION IN HUNGARY IN 1976:
SUMMARY REPORT

SUMMARY

AGRICULTURE

1. Agriculture, while not registering spectacular gains, did meet the Plan targets and is still one of the largest export items (22.6%). The new 1976-1980 Five-Year Plan calls for only small increases in output.

INVESTMENT

2. The 1971-1975 investment target was exceeded by about 14% in 1971-1975, mainly because of increased prices, and the value of unfinished projects in 1975 was higher than in 1970. Investment in 1976-1980 will grow by about 50%, about the same rate as in 1971-1975, although this appears to be an upward revision of earlier Plans. Industry will receive a rather higher proportion than during the last Five-Year Plan.

NEW ECONOMIC MECHANISM

3. The New Economic Mechanism remains intact philosophically but has begun to deteriorate in practice. There is a continuing tendency to try to resolve economic problems by decisions taken at the centre, but there are no signs that the NEM is to be abandoned.

FOREIGN TRADE

4. The Hungarian terms of trade with both East and West is presently declining, resulting in large trade deficits in soft and hard currencies. Consequently the next Five-Year Plan calls for several "belt tightening measures". Emphasis on export trade is therefore in the forefront of the Fifth Plan of 1976-1980.

LABOUR

5. The labour force will grow by only a very small amount during the next five years, and increases in output will depend almost entirely on improved productivity.

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CONSUMER

6. The steady rise in living standards in 1971-1975 could well be reduced in 1976-1980 because of the need to devote more resources to investment and export. Consumption will rise by less than in 1971-1975 and no increase is planned in the output of housing. The population will need to sacrifice recent gains in consumer spending, availability of products and real disposable earnings in order to achieve the albeit moderate goals of the new Plan.

PRICES

7. Producer prices rose faster than prices to the consumer during 1971-1975. However, some consumer price rises including meat increases of 30% have been introduced in 1976 and more are on their way in the new Plan period.

INDUSTRY

8. Industrial output rose 6.5% a year from 1971-1975 with the engineering and chemical industries showing the biggest gain, while the construction industry lagged far behind. The new Plan forecast indicates much more of the same.

ENERGY

9. Hungarian energy supply is to increase by 22-24% in 1976-1980 to meet increasing domestic demand. The largest increases will be in domestic coal output and natural gas imports from the USSR. The share of imports in total domestic requirements will increase well over the present 50%.

SECTORAL ANALYSIS

A. NATIONAL INCOME(1)

10. The new Five-Year Plan (1976-1980) expects National Income to grow by 30-32% overall (5.5% a year) based on higher labour productivity. There is, however, some allowance in this income projection for expected inflation as a result of rising import prices and domestic wage pressures (Tables 1, 4 and 7).

(1) The best available Western estimate based on purchasing power equivalent to the US dollar, suggests that in 1974 Hungary's GNP (at factor cost) was equivalent to about \$21 billion, the smallest after Bulgaria among the countries of the Warsaw Pact. Per capita GNP in Hungary (from the same calculation) was just over \$2,000.

B. INVESTMENT

11. Investment during 1976-1980 is to total 870,000 million forints, an increase of more than 50% over the last Plan of 574,000 million and represents a very substantial change from the Plan's 25% growth forecast (Table 1). This probably provides for inflationary pressures within the economy.

12. There is little specific information on how the money will be spent. 340-350,000 million forints (39.4% of the total) is to be allocated to industrial projects, mainly in the raw material, heavy industries and energy sectors, especially petrochemical plants and systems (e.g. Orenburg gas pipeline, Adria oil pipeline). In other areas the emphasis will be on the modernization of existing plant.

13. Other investment allocations include 105-107,000 million forints (12.3% of the total) each for agriculture and for transport and communications, 43-45,000 million (5.2%) for roads, and 33-34,000 million (3.9%) for internal trade, two-thirds of it for the development of trade in consumer goods, the provision of better shipping and catering facilities, and only 2.3% (20,000 million forints) given to the construction sector. No more new houses/flats are likely to be built in 1976-1980.

C. INDUSTRY

14. Between 1971-1975 gross industrial production increased by 37% (6.5% a year), slightly more than planned, and industry's contribution to national income produced rose from 42.6% in 1970 to 44.9% in 1975. Most of the individual industrial targets were reached, with the engineering and chemical industries growing most rapidly (Table 4).

15. In 1975 the value of unfinished construction projects stood at 117,000 million forints compared with the 1970 figure of 70,000 million, itself more than double the figure for 1965. Several reasons have been cited for the growing amounts of capital tied up in unfinished projects: the greater freedom to invest given initially to enterprises under the NEM, the poor performance of the building industry, the rush to embark on new construction before the end of the Plan period and inadequate technical preparation.

(a) Chemicals

16. The total increase in production is planned to be between 55% and 57% compared with an expected growth rate of 61% in the period 1971-1975. Hungary's chemical industry is heavily based upon supplies of imported raw materials (especially Soviet oil and gas) and on reciprocal agreements to obtain them.

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Domestic expansion of the petrochemical industry is necessary to meet growing demand for plastics and synthetic fibres which already comprise 50% of Hungary's chemical imports. Consumption of plastics in 1975 stood at 220,000 tons, 50% of this being imported. By 1980 consumption is expected to rise to between 450-500,000 tons, which would prove too great an import burden if suitable steps were not taken.

(b) Fertilizers

17. The uneven development of the fertilizer industry has been determined by the lack of domestic raw material deposits for potassic and phosphate fertilizers on the one hand and the availability of natural gas for nitrogenous production on the other. Of an estimated requirement in 1975 of 465,000 tons for potassic fertilizers, the USSR supplied nearly 50% while the remainder came from both East and West.

18. The 1976-1980 Plan stresses the phosphate industry. To this end Hungary has signed an agreement with Morocco for the supply of 1.38 million tons of phosphate rock over the period 1975-1980 and the existing agreement with Algeria is to be extended, but no figures have been mentioned.

(c) Engineering

(i) Machine Tools

19. Hungary currently produced some 7,500 metal cutting and forming machines in 1974 and of these about 70% were exported, mostly to other CMEA countries.

20. Hungarian engineering is in general not advanced, but attempts have been made in recent years to improve the products of the machine tool industry with the help of Western technology. Various co-operation and licensing agreements have been made with Western firms and there is also co-operation in updating, re-equipping, design and production with other CMEA countries, particularly Poland.

(ii) Motor Vehicles

21. The Hungarian motor vehicle industry is principally a producer of buses ("Ikarus"), a supplier of major mechanical components for lorries and buses and of electrical equipment and body fittings for cars built elsewhere in CMEA. The expansion of bus and coach manufacture absorbed 82% of all motor industry investment allocated in the 1971-1975 Plan. Bus production averages 28-32 vehicles a day, or over 10,000 in

1975. In addition, about 1,500 trucks of between 12 and 26 tons are produced yearly. The 1980 production target of 13,000 buses a year is within reach if current investment plans are fully implemented. 85% of Hungarian bus output will be exported in 1976-1980, mostly to other CMEA countries.

22. The market for passenger cars and lorries resulting from lack of production facilities for these vehicles is filled by imports from the CMEA countries, principally the USSR, Poland and East Germany. In 1971-1975 Hungary imported 357 thousand passenger cars and 94 thousand trucks.

(iii) Electronics

23. The electronics industry, based primarily in Budapest, has expanded rapidly in recent years and specialises in the manufacture of communications equipment, especially telephones and consumer entertainment items (televisions, tape recorders, etc.). Military production is insignificant. However, the industry still suffers from a shortage of skilled labour and modern production machinery and relies heavily on Western components and licensing agreements for many of its major products.

24. Export price increases have made Hungarian electronic equipment more expensive in the USSR and Eastern Europe, while attempts to improve outdated production facilities by developing existing agreements with Western companies are costly. Considerable effort and more investment funds to improve efficiency and the quality of its products must be made in the Plan period if Hungary wishes to catch up on the new technology.

(d) Metallurgy

(i) Iron and Steel

25. Hungary's iron and steel industry is almost totally (90%) dependent upon iron ore imports from the USSR. The production of steel is to increase within the Plan period to between 4.3 and 4.5 million tons by 1980 and is projected to reach 5.0 million tons by 1990, of which 90% is concentrated in three plants. Output in 1975 was an estimated 3.67 million tons representing an over-fulfillment of the target by about 50,000 tons. The percentage increase 1976-1980 is thus to be between 17 and 22%.

(ii) Aluminium

26. Although Hungary has her own reserves of bauxite, producing around 3.3% of the world total (2.9 million tons in 1975), smelting facilities for aluminium are lacking; Hungary relies heavily upon international agreements, with the USSR and

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to a lesser extent Poland, whereby she supplies alumina and in return receives aluminium, to satisfy her requirements for the metal. The new Plan stresses the development of the aluminium processing industry to meet domestic demands and to increase the surplus available for export.

D. ENERGY

27. According to official statements Hungarian energy supply is to increase by 22-24% in 1976-1980 to meet increasing domestic demand(1). During the last few years the rising cost of imported raw materials and demand has forced the government to lay great emphasis on the importance of expanding domestic production of fuel and power.

(a) The Coal Industry

28. Despite a continuing reduction in output (by 1975 production had dropped to 24.9 million tons, net imports to around 1.4 million tons) coal represented only 38% of energy consumption compared to 71% in 1965, and projects are now being undertaken which should result in maintaining an output of 23-25 million tons by 1980.

(b) Oil and Gas

29. Although Hungary is the second largest producer of CRUDE OIL (after Romania) in Eastern Europe her production is strictly limited and an extensive programme of exploratory drilling has done little but to allow production to be stabilised at around 2 million tons per year. In 1975, Hungary had to import some 8.5 million tons of oil and despite efforts to curb its use, demand will reach about 12 million tons in 1980, thus increasing the necessary level of imports and a further deterioration of Hungary's terms of trade.

30. In 1975 the Soviet Union supplied an estimated 6 million tons of crude oil, or 71% of Hungary's total crude oil imports, at prices of 37 roubles a ton to be increased 8% in 1976(2), i.e. 2½ times higher than the 1974 price; the remainder comes primarily from Iraq and costs (including transportation) \$100-120 a ton, or twice as much as Russian oil. In 1980 Hungary is to receive 9-9.5 million tons of Soviet crude and petroleum products(3). By 1982 Hungary will have another alternative source to Soviet oil when the second stage of the Adria pipeline from Yugoslavia will be completed. Through this pipeline Hungary is expected to receive 5 million tons a year to meet part of its domestic consumption.

(1) A fuller view of the Hungarian energy programme is set forth in AC/127-WP/479, pp. 16-17

(2) Financial Times, 16th January, 1976

(3) Financial Times, 31st October, 1975

31. The rise in imports of NATURAL GAS will be more drastic. In 1975 Hungary produced 5,175 million cubic metres of natural gas and imported only 806 million cubic metres. In 1980, however, Hungary is expected to consume 10,000 million cubic metres, with domestic production set at 6,000 million cubic metres. Imports from the Soviet Union are expected to rise from the 1975 figure of 600 million cubic metres to 3,800 million cubic metres in 1980 through the Orenburg and Bratstvo pipelines in which Hungary is heavily involved, supplying pipeline and ancillary equipment.

(c) Electric Power

32. In 1975 Hungary consumed 28 billion kwt of electric power based almost entirely on thermal power stations; by 1980 demand is expected to have exceeded 35 billion kwt, thus necessitating a considerable expansion in both production and imports. In 1975 Hungary generated 24 billion kwt of electricity while imports of electricity totalled 4.2 billion kwt, all of which came from the USSR. By 1980 Hungary is expected to be generating some 27.5 billion kwt. Imports of Soviet power will be 7.5 billion kwt, or 21% of total consumption.

(d) Nuclear Power

33. In 1980 Hungary is due to generate its first nuclear power, following the commissioning of a 440 MW block at the Paks atomic power station. This station, being built with the aid of the USSR, mainly using Hungarian equipment, is planned as the first in a series of such plants that are expected to account for 40-60% of new capacity installed between 1980 and 1990.

E. AGRICULTURE

34. Agriculture plays a major rôle in the economy and, in 1975, representing 41% of total export sales to the non-Communist countries, is the main convertible currency earner. The new Plan realistically calls for only an increase of 16-18%, which is roughly similar to that of the previous Plan (18%).

35. Investment in agriculture in 1976-1980 (105-107 million forints) is to be slightly below the level achieved in 1971-1975 (about 114 million forints), with a higher share allocated for machinery at the expense of expenditure on building where funds are to be concentrated on reconstruction of existing facilities rather than construction of new ones as

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well as a greater emphasis on conservation, irrigation and cultivation of existing land. The planned increase in fertilizer application is surprisingly low, 290-300 kg per hectare in 1980 as compared with 270 kg in 1975, but use of insecticides is to increase by 50-52%.

36. Despite fairly good Plan results there is a general feeling that agriculture is sluggish because of several factors: the decreasing number of co-operative farms (1,400 in 1975 but 4,000 in 1968), the disparate acreage for most farms and the low quality of farm management; the decline in livestock inventory (cattle, poultry, swine, sheep) partially because of the EEC embargo on meat imports, which, if policed, would hurt the Hungarian agricultural product trade; the additional high hidden costs of inadequately planned new projects (e.g. the sugar beet project of 1973 which result in over-production and spoilage due to lack of transportation and refining capacity), and draw away investment money that could be better used to improve farm infrastructure(1).

37. The Plan requires that total agricultural production should grow by 3.2-3.4% a year in 1976-1980, with arable output increasing by 3.7% a year. This extra production is to be achieved mainly by improving crop yields. The Plan aims for a grain harvest of about 14 million tons by 1980, 3 million tons more than the estimated domestic requirement in that year. The output of meat (live weight) is to increase by 12-13%, milk by 15-16% and eggs by 11-15% (Table 8).

F. MANPOWER

38. The total population in Hungary as of 1976 is 10,511 million, projected to grow only 2.7% by 1996 (in comparison Czechoslovakia will grow 15.6%, Bulgaria 12.5% and Poland 22.9%). Hungary is suffering from a severe labour shortage which is likely to worsen during the next five years. At the end of 1975 the labour force totalled some 5.1 million, over 48% of the total population, having increased by only 92,000 (2.2%) between 1971-1975. This rise was attributable to increased numbers of women entering employment: women represented 44.3% of the labour force at the end of 1975. During the last Plan period, 150,000 people left agriculture to be re-employed in other sectors of the economy(2).

(1) AC/127-WP/466

(2) RFER, (Hungary), 2nd June, 1976, p. 6. For a fuller view of the decline in the labour force see Joint Economic Committee (ed.), Reorientation and Commercial Relations of the Economies of Eastern Europe (Washington 1974), p. 443 ff.

39. In 1976-1980 the labour force is expected to increase by only 60,000 (1.2%), with a further 120-130,000 expected to leave agriculture for work in other sectors, mainly in the retail trade, health and cultural services. The shortage of labour, plus the tendency towards underemployment, has led to a 1975-1976 ban on further recruitment and replacement of administrative personnel in both government and most factories.

G. CONSUMER SECTOR

(a) Living Standards

40. The standard of living has risen slowly but surely between 1971-1975 with total real income per head rising by 25% (Table 7). Real wages in the state sector rose by 18% and it is claimed that average real earnings on the collective farms went up even more. Consumption also rose by 28% (Table 1) with the proportion accounted for by food, clothing and "luxury items" mainly high priced Western goods imported for psychological impact, falling, and an increase in the share of consumer durables which are more readily available than in most other COMECON countries. Although the volume of retail trade is said to have increased by 35% at constant prices, the level of savings bank deposits rose by 93%, suggesting both repressed purchasing power in the hands of the population or that the savings are for a car or an apartment (1).

41. Personal consumption is to rise by 21-23%, less than was achieved during the last Five-Year Plan. This is partially a reflexion of the fact that per capita income is to increase only 18-20%, a drop of 5-7% over the 1971-1975 period. The Plan also calls for the quality of the nation's diet to be improved, with reduced consumption of carbohydrates and fats and increased supplies of meat, fruit and vegetables, along with more processed and frozen foods (Table 8).

(b) Consumer Prices

42. It is officially stated that between 1971-1975 retail prices rose 15.8% whilst producer prices increased by 22%. The difference is accounted for by a combination of extensive State subsidies estimated at 24 billion forints in 1974 and a reduction of funds available to enterprises. An important cause of these price rises lies in the foreign trade sector where, between 1971-1975, import prices rose 47% whilst those of exports went up by only 22%.

(1) AC/127-WP/466

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43. This resulting shift in the terms of trade has caused domestic production prices to rise. While planned increase in the efficiency of production will help to mitigate this trend, it will not eliminate it; the 1976-1980 Plan makes it clear that neither producers nor consumers can be protected from long-term changes in world prices, and a severe belt tightening for the populace at large is suggested in the 1976-1980 goals. Some recent 1976 price rises include building materials (22%), furniture (3.4%), paper and oil products (10.15%), sugar (50%) and meat (30%). Overall, a rise of 4.6% in consumer prices is expected during 1976, and the modest improvement in the standard of living planned for 1976-1980 seems likely to come under considerable pressure.

H. FOREIGN TRADE

44. The importance of external trade to the Hungarian economy has grown in recent years with 1970-1975 trade turnover increasing in dollar terms by 177%, from \$4.8 billion to \$13.4 billion; trade now accounts for over 2% of national income sources. But this sector has been encountering substantial problems, in particular the large hard currency deficits of 1974-1975. Imports from the West, mainly machinery and manufactured goods, have risen much faster than exports and the 1975 hard currency deficit rose to \$420 million(1).

45. Hungarian terms of trade with the convertible currency areas in 1975 deteriorated by 21-22% compared with 1972, and in rouble areas by 7% leaving a loss to the economy of 35 billion forints or 20% more than total investment outlays in heavy industry in 1975.

(1) National income sources in UK Delegation paper (informal distribution) "Hungary, Five-Year Plan, 1976-89", Annex B, Table 2. External trade amounted to 6,900 million forints in 1974. As a general observation it should be noted that the Hungarian forint is a purely domestic inconvertible currency and the domestic price system is to a large extent insulated from the influence of world market forces. Attempts to convert internal Hungarian costs and prices into any other currency are therefore difficult and apt to be misleading. Substantial changes in the official system of exchange rates were introduced at the beginning of 1976 and this has served to emphasise the arbitrary nature of the rates applied. From the beginning of 1976 these "commercial" rates are disclosed and are in effect double the previous non-commercial rate: for the United States dollar, for example, the new "commercial" rate is \$1 = 41.30 forints. The "commercial" rates will in future also be used to convert trade statistics, while the former "basic" rate of \$1 = 8.51 forints has been abolished.

46. Exports to Western Europe were adversely affected by the recession and the ban on meat imports imposed by the EEC, as well as the lower quality of many Hungarian manufactured goods. On the import side, Hungarian enterprises had purchased large quantities of raw materials in the erroneous belief that world prices would continue to rise or that Hungarian exports would find a market. Hungary is now being required to compensate for these purchases through increased participation in the Soviet economy with increased credits, machinery, and manpower in developing Soviet natural resources.

47. Hungarian trade turnover in 1975 was \$13,362 million and the bulk of this trade was with other Communist countries. From 1971-1975 Communist imports rose 88% and have provided the bulk of the most essential items: oil and energy 82.7%, raw materials and spare parts 67.2%, machinery and vehicles 77.7%, industrial consumer goods 82.6%, agricultural raw materials 39.3%(1). Planned 1976-1980 imports are to fall considerably to 32-35%, or 5.9-6.2% a year. Imports from non-Communist countries rose, in 1971-1975, a staggering 89%, mainly raw materials and food products and machinery. Although planned growth is also to be cut by almost 60% to 36-40%, or 6.3-7.0% a year, the government is trying to establish a better import equilibrium between East and West.

48. The bulk (72.2%) of Hungarian exports go to Communist countries (Table 2), and have risen 85% in 1971-1975. These include almost all of her machinery, transport goods, industrial consumer goods and 63% of her food products and raw materials. Exports to the West have increased only 22%, mainly consisting of raw materials and food products. The 1976-1980 Plan calls for an annual rise of 9.9-10.5%, but this seems somewhat optimistic.

49. In order to reduce convertible currency expenditure on Western technology and know-how and to find guaranteed markets for the resultant products Hungary has, as of May 1975, established 63 joint Hungarian-foreign enterprises operating in the world including 46 in Europe(2). However, Hungary has needed Western finance and was among the first Soviet bloc countries to enter the Eurocurrency market where it has raised nearly \$1 billion in loans and bond issues. It has also received government guaranteed credits. Overall indebtedness, as of December 1975, is estimated at \$1,830 billion(3).

(1) AC/127-WP/465, Table 10. Total Communist country import trade with Hungary in 1975 was \$4,750 million and exports stood at \$4,428 million.

(2) RFER, 27th May, 1975

(3) Eastwest Markets, 5th April, 1976

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50. The Fifth Five-Year Plan itself is notably devoid of figures for foreign trade growth. However earlier guidelines suggest that trade with COMECON countries will increase by over 40% with the emphasis on exports. No specific estimates are given for the convertible currency sector. However, recent Hungarian sources have stated that Hungarian COMECON exports will have to increase by 43-45% (at unchanged prices) and 60% in the industrialized non-Communist countries, against a 37-38% increase in imports during the Plan if Hungary wishes to overcome the adverse terms of trade that developed in 1975.

51. Various financial measures to promote exports have been introduced such as tax reductions and an export credit fund. A special fund (45,000 million forints or \$1 billion at the new commercial rate) has also been set up by the National Bank to provide government loans for enterprises that export. This inflationary aspect is now built into the economy in other ways; for firms exporting to the West there is an internal export forint (established in 1976) as well as a 20% tax refunded for exporting firms which are in essence hidden subsidies controlled by the State, that balance internal price increases with external prices. Moreover, inflation is also present in the form of the large number of "credits" or loans to firms or individuals to complete various projects which are often not repaid; this is a form of new money circulation.

PROSPECTS

52. The tone of the new Hungarian Five-Year Plan, 1976-1980, is cautious. Its targets are generally similar to or slightly below those for 1971-1975, which were about average within the CMEA and which were generally achieved. However this does not mean that the new targets will be fulfilled easily. Hungary faces a number of problems. The trade deficit is growing, as has been its terms of trade (a loss of 21% in 1975), particularly in trade with the non-Communist world, and Hungary may be over-estimating its capacity to export to the West during 1976-1980.

53. The new Plan hits the consumer by reducing the rate of growth of real wages compared with 1971-1975, in an effort to release more resources for investment and export. Hungary is having to divert a growing volume of production to pay for the increasingly expensive raw materials imported from the USSR. Further domestic price rises are likely in response to the higher cost of imports both from CMEA and elsewhere. The hoped for rate of economic growth is also threatened because the Plan provides for only a relatively small increase in investment

which, in the past, has often been badly controlled, and there will be a continuing labour shortage. There is no evidence to suggest that the NEM is likely to be overturned, although progress towards greater decentralisation is likely to remain difficult, and the tendency to deal with pressing problems such as inflation and shortage of manpower by decisions at the centre will probably continue.

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TABLE 1
Principal Targets of the Five-Year
Plans 1971-1975 and 1976-1980

	1971-75% growth over 1970		1976-80% growth over 1975
	Target	Performance	Target
National Income	30-32	35	30-32
Industrial Output	32-34	37	34
Building Industry Output	41-43	28	31-34
Agricultural Output*	15-16	18	16-18
Consumption	29-30	28	23-25
Per capita real income	25-27	25	18-20
Real wages per worker	16-18	18	14-16
Consumer price level		15.8	
Producer price level (industry)		22	
Retail trade (constant prices)		35	28-30
Investment (constant prices)	41	51	52(1)
Exports (constant prices)		57	53-55
Imports (constant prices)		42	36-38

* Figures compare the full five years referred to in the column heading with the previous five years

- (1) Investment for period 1976-80 put at 870,000 million forints is officially claimed to increase by 25-26 per cent. Arithmetically the increase is over 50%; the figure of 52% may possibly represent the growth rate in current prices during the period.

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TABLE 2
Commodity Trade by Groups of Countries, 1975
(million US \$)

	Fuels, Electric energy	Raw materials, Semi-finished products, Spare parts	Machinery, Transport Equipment, Other capital Goods	Industrial Consumer Goods	Raw materials for Food Industry, Live Animals, Food Products	Total
<u>IMPORTS</u>				621		
<u>All countries</u> (percentage share)	855 (11.8)	3055 (42.2)	1584 (21.9)	621 (8.6)	626 (8.7)	7231 (100)
of which <u>Communist countries</u> % of total	707 82.7	2053 67.2	1231 77.7	513 82.6	246 39.3	4750 65.6
<u>EXPORTS</u>						
<u>All countries</u> (percentage share)	106 (1.7)	1563 (25.5)	1888 (30.8)	1189 (19.4)	1385 (22.6)	6131 (100)
of which <u>Communist countries</u> % of total	23 21.7	978 62.6	1678 88.9	867 72.9	882 63.7	4428 72.1

TABLE 3

Hungarian Foreign Trade by Groups of Countries

(million US \$)

	1970	1974	1975	Percentage 1975/74	Change 1975/70
<u>All Countries</u>					
Turnover	4821	10703	13362	24.8	177.2
Exports	2316	5728	6131	19.6	164.7
Imports	2505	5575	7231	29.7	188.7
Balance	-189	-447	-1100		
<u>Communist Countries</u>					
Turnover	3199	6626	9187	38.7	187.2
(Percentage share)	(66.4)	(61.9)	(68.7)		
Exports	1550	3441	4428	28.7	185.7
(Percentage share)	(66.9)	(67.1)	(72.2)		
Imports	1649	3185	4750	49.1	188.1
(Percentage share)	(65.8)	(57.1)	(65.7)		
Balance	-99	+256	-322		
<u>Non-Communist Countries</u>					
Turnover	1622	4077	4184	2.6	158.0
Exports	766	1687	1703	0.9	122.3
Imports	856	2390	2481	3.8	190.0
Balance	-90	-703	-778		

Source: Statisztikai Havi Közlemenyek No. 1, 1976

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TABLE 4

Index of Gross Production of State Industry
(Constant Prices - Previous Year = 100)

Sector	1971	1972	1973	1974	1975	% Increase 1975 over 1970
<u>Heavy Industry:</u> Total	107.5	104.9	107.6	109.8	106.6	142
of which:						
Mining	100.1	98.4	103.0	80.7	103.6	104.7
Elec. energy	107.6	107.2	109.1	108.6	103.1	143.6
Metallurgy	106.7	101.6	108.2	109.1	98.9	126.6
Engineering total	107.6	105.3	106.2	111.9	109.8	148.4
including:						
vehicle prod.	106.9	109.2	107.7	115.3	110.9	160.7
elec. machines & appliances	109.3	113.1	105.3	110.7	107.4	154.8
telecommuni- cations equipment	110.6	110.1	108.9	120.0	116.4	186.2
Building mater- ials industry	103.0	103.2	107.0	107.2	105.0	127.9
Chemical industry	112.6	110.9	110.6	110.1	108.4	165.0
<u>Light Industry:</u> Total	103.9	105.7	110.8	106.5	102.7	132.9
of which:						
Wood processing	105.1	105.1	111.4	113.7	108.7	152.1
Paper	107.3	108.0	110.8	104.9	105.5	142.1
Printing	110.7	104.7	103.2	114.5	107.8	147.6
Textiles	102.1	106.1	109.4	104.7	100.0	124.1
Leather, fur & shoe industry	103.4	103.9	111.9	104.5	103.4	130.0
Clothing ind.	102.9	104.4	115.6	104.9	98.3	128.0
Handicrafts & home-crafts	105.9	110.9	111.9	106.1	106.6	148.6
Food processing	106.8	105.2	103.4	106.4	102.2	126.3
State industry total	106.7	105.4	106.9	108.4	104.9	136.7

Source: Statisztikai Havi Közlemények, 2-3/76

TABLE 5

IMPORTS OF MAJOR COMMODITIES

COMMODITY	UNIT	1970	1973	1974
Hard Coal and Anthracite	000 tons	1980	1470	1430
Crude Oil	" "	4349	6555	6817
Oil Products	" "	1027	1054	1127
Natural Gas	million m ³	200	200	200
Iron Ore	000 tons	3119	3712	4105
Crude Asbestos	tons	15236	21601	31731
Crude Phosphate	tons	46931	83088	81630
Crude Steel	tons	55535	108650	93726
Hot Rolled semi-finished Steel	tons	214236	202158	142782
Rolled Steel	000 tons	483	644	734
Copper	tons	24722	35422	42633
Aluminium	"	82044	140956	139399
Natural Rubber	"	17725	16577	22584
Synthetic Rubber	"	19902	24526	28190
Plastic basic Materials	"	77789	109225	113674
Artificial fertilisers	000 tons	1418	2162	2713
Coniferous Sawn wood	000 m ³	960	945	1019
Cotton	raw tons	97729	73012	75675
Machinery & equipment of which diesel motors	m \$ no	552	140	255
Travelling Cranes	"	494	281	394
Electric Trucks	"	1787	1161	1597
Machine Tools lathe type	"	758	261	530
" " drilling type	"	172	126	168
" " milling type	"	233	129	252
Tractors	"	4855	6672	5763
Tractor Ploughs	"	666	1125	1252
Cultivators	"	1482	1590	2260
Grain Combines	"	1472	1723	1839

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TABLE 5 (cont'd)

IMPORTS OF MAJOR COMMODITIES

COMMODITY	UNIT	1970	1973	1974
Railway Freightwagons	no	2097	2310	2958
Buses	"	1658	614	1077
Lorries	"	15618	9508	17493
Typewriters	"	36465	28082	43500
Motorcycles	"	94979	82696	100668
Passenger Cars	"	48993	80713	89178
Sugar	tons	34082	22095	16436
Unrefined vegetable oils and fats	"	12782	160336	207506
Cattle for breeding	no	1448	4510	7597
Bread Grains	tons	62487	902	2117
Fodder "	"	141436	265731	387806

Source: Statisztikai Evkonyr 1974

TABLE 6

EXPORTS OF MAJOR COMMODITIES

COMMODITY	UNIT	1970	1973	1974
Oil products	000 tons	653.8	471.9	324.9
Bauxite	000 tons	660	659	559
Cast Sheet Glass	000 sq m	1527	2333	950
Pig Iron	tons	48584	206781	281203
Hot Rolled Steel Products	000 tons	182	188	175
Rolled Steel	000 tons	632	818	607
Tractors & Spare parts	m \$	8.0	14.8	20.6
Pharmaceutical basic materials	m \$	29.3	46.1	67.0
Machinery & equipment	m \$	594.8	1059.1	1419.5
of which: compressors	no.	8924	15005	18970
Portal cranes	no.	76	85	88
Elevators	no.	886	309	275
Metal Working machine tools				
" " " lathe type	"	1720	2328	2335
" " " planer "	"	477	435	456
" " " drilling "	"	1160	898	1080
" " " milling "	"	637	643	511
Threshing Machines	"	92	133	139
Buses	"	4745	6792	7704
Lorries	"	1485	1129	466
Telephone sets	"	6346	9236	9061
Cash Registers	"	2175	17850	22515
Industrial Goods	(m \$)	482.1	785.2	998.5
Agricultural Goods	" "	527.9	942.0	1248.6
of which raw meat	tons	43361	37711	82514
canned fruit	"	82027	103493	101089
canned vegetables	"	156142	185186	198704
canned meat	"	7775	16468	16828
sugar	"	20850	1814	11802
Cattle and calves for slaughter	000 tons	113	120	90
Horses and foals " "	" "	5.3	7.1	7.2
Pigs for slaughter	" "	2.7	9.9	22.3
Sheep for slaughter	" "	23.9	21.0	20.5

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TABLE 6 (cont'd)

EXPORTS OF MAJOR COMMODITIES

COMMODITY	UNIT	1970	1973	1974
Bread grains	000 tons	494.8	945.5	974.8
Fodder Grains	" "	140.0	88.4	14.0
Maize	" "	208.7	713.7	847.8
Edible Peas	tons	16494	30830	25677
Greens and Vegetables	tons	62012	82771	60724
Fruit	tons	305148	439844	437740
Sunflower seeds	tons	24142	23022	23334

Source: Statisztikai Evkonyr 1974

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TABLE 7

INDEX OF REAL INCOMES PER HEAD OF POPULATION 1970 = 100

	Income total	including - Incomes derived from social benefits		
		in money	in kind	total
1970	100	100	100	100
1971	104.5	109.4	106.1	107.6
1972	107.8	120.5	109.8	114.7
1973	113.2	136.6	116.7	126.0
1974	120.6	155.0	122.6	137.6
1975	125.0			

Source: Statisztikai Evkonyv 1974, except for figures for 1975 which are taken from provisional figures issued by the Hungarian Central Statistical Office.

In 1974 the share of per capita income derived from social benefits was 26 per cent: monetary social benefits provided 13.3 per cent of the total.

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TABLE 8

Per Capita Food Consumption
(kg per year)

	1965	1971	1974	1975	1980 plan
Meat and Meat products	51.6	59.5	66.4	70.5	76-78
Fish	1.6	2.2	2.6		
Dairy Products *	97.1	111.2	118	130	155
Eggs	10.4	14.3	15		
Fats and oil	23.1	27.4	28.1		
Cereals	139.2	128.1	123.5		
Potatoes	84.3	72.1	68		
Sugar	30.1	34.5	37.5		

*Excludes butter which is included under "fats and oil".