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SUB-COMMITTEE ON SOVIET ECONOMIC POLICY

ECONOMIC REVIEW OF EASTERN EUROPEAN COUNTRIES:

H U N G A R Y

Note by the United Kingdom Delegation

Summary and Conclusions

Although the Hungarian economy has been rapidly industrialised since the war, under pressure from the Soviet Union, the proportion of the employed population in agriculture remains higher than that in industry. Industrial output has been hindered by the fact that Hungary is not self-sufficient in any raw material, except for bauxite. Progress has been most marked in the engineering and chemical industries. Despite improvements in farming methods and in the level of investment, agricultural production has increased only slightly in recent years.

2. Hungary's trade with bloc countries and with the West has increased appreciably in the last few years. The proportion of trade with the Soviet Union and with Eastern European countries accounts for more than two-thirds of the total trade, over half of it with the Soviet Union alone. The Hungarians have been making persistent efforts to increase trade with the West and this now amounts to roughly a quarter of the total turnover (trade with the United Kingdom has more than doubled since 1959). In its trade with the West, Hungary has had an increasing imbalance during the last few years. In her economic relations with the West, Hungary has been making serious efforts to develop co-operation with Western, and particularly Austrian, firms in joint industrial projects.

3. Through the auspices of the Council for Mutual Economic Assistance (CMEA), the Soviet Union has sought to extent its links with the Hungarian economy and some specialization in production has recently been established, e.g. in iron and steel and in engineering. As a possible counter to Soviet influence, the Hungarians have been reported to be interested in joining the

General Agreement on Tariffs and Trade (GATT): they have also on occasions made enquiries about establishing relations with the EEC and have entered into long-term trade agreements with many Western countries.

4. The emphasis in industry will probably be increasingly on reduction of costs and improvements in quality, rather than on production at any price. In agriculture only very modest growth is likely. There will probably be improvements in living standards but spectacular rises are not to be expected. More attention is likely to be paid to the supply and distribution of labour and the organization and management of the economy.

5. Hungary's economy seems likely to continue to be closely linked with the Soviet Union and Eastern Europe in respect of raw materials and final products, although Western sources may be tapped for specialized and advanced equipment and some extension of joint projects with Western countries is possible. A large proportion of Hungary's foreign trade will continue to be with the Soviet bloc, but the drive for more trade with the West will be maintained; the latter will, however, be circumscribed by the limited range of goods which Hungary can offer the West.

GENERAL

6. Hungary is completely landlocked and its area, 35,902 square miles (93,030 square kilometres), is less than that of any Communist country except Albania. At the end of 1964, its population was estimated to be 10,135,000, less than that of any European Communist country except Albania and Bulgaria.

7. Hungary's gross national product (GNP) is estimated to have been about $8,400 million (£3,000 million) in 1963(1). This is about $830 (almost £300) per capita: lower than for most NATO countries and probably also lower than for the USSR, Czechoslovakia, and the Soviet-occupied Zone of Germany. In total it has risen by about 40% since 1955(1), the year before output was disrupted by the uprising. This represents an average annual rate of growth of 4.3% from 1956 to 1963 (see Table 1), which was below the average for Eastern Europe; since 1960, however, Hungarian performance has been relatively better(2).

8. Apart from bauxite, Hungary is not self-sufficient in any major raw material, nor in any fuel or in electric power. Most of its oil, iron ore and soft wood supplies come from the USSR, and a substantial part of its hard coal is imported from Poland, Czechoslovakia and the USSR. Hungary is the only significant importer of electric power in Eastern Europe.

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(1) AC/89-D/40.

(2) Some basic economic indicators showing the recent development of the Hungarian economy are given in Table 2.

9. Until the Second World War agriculture predominated, textiles and food processing were the main industries and industrialisation was slow. After the war, pressure from the USSR caused industrialisation to be speeded up and the share of agriculture in the economy declined rapidly. Net industrial production is probably about three times the 1938 level but net agricultural output is probably slightly below it. Despite a narrowing of the gap, (the proportion of the employed population in agriculture is still higher than that in industry) however, (see Table 6). Hungarian official statistics indicate wide differences in labour productivity between the two sectors which can be largely attributed to the allocation of investment (see Tables 7a and 7b) although other factors, such as agricultural collectivization have played their part. Although agricultural investment has been raised from the low proportions of the early fifties, industry remains the dominant recipient of investment funds. Industrialisation and the decline of agriculture are also reflected in the change in the composition of imports and exports since before the war (see Table 18). Imports for heavy industry(1) have increased relatively to those for the light industries; while industrial exports have increased relatively to agricultural.

10. The socialist sector of the economy now accounts for more than 95% of material production in Hungary. If non-material production were included the proportion would be smaller but still preponderant. In some activities, such as livestock rearing, the private sector is significant, however.

PERFORMANCE TO DATE

Industry

11. Much of Hungary's industrial equipment was either destroyed during the Second World War or removed by the occupying powers, so that post-war industrial development started from a low base. Industrial employment and production per employee have both doubled since 1949, according to Hungarian statistics. Net industrial production is estimated to have been 63% higher in 1963 than in 1955, an average annual rate of growth of 6.3%. This is well below the Eastern European average, but since 1960 Hungarian performance has been relatively better.

12. Despite the rapid industrial expansion many industries are still small. To overcome the disadvantages which this poses for efficiency, mergers of industrial enterprises have been going on since 1958 so that some industries now comprise only one enterprise. Before the war textiles and food-processing were the largest industries. Since the war, however, the "heavy" industries, especially the many branches of engineering, which have had between 80% and 90% of industrial investment(2), have

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(1) The Hungarian definition of "heavy" industry includes mining, ferrous and non-ferrous metallurgy, engineering, electric power, building materials and chemicals.

(2) Table 7c gives a breakdown of industrial investment.

grown faster, and machine-building is now the largest. The chemical industry has expanded faster than average but has been hampered by the lack of indigenous raw materials, one-third of its output consists of pharmaceuticals. The iron and steel industry is small and high-cost. Hungary is the second largest bauxite producer in Europe. The production of alumina from bauxite exceeds Hungary's aluminium capacity and about 50% is, therefore, sent to the USSR, Czechoslovakia, and East Germany for processing. A long-term Hungarian-Soviet agreement of 1962 provides for the export by Hungary of increasing quantities of alumina to the USSR for processing and subsequent return to Hungary as raw aluminium. There are no other significant non-ferrous metal industries. Table 3 gives the production of selected commodities in 1938, 1949, 1963 and 1964.

Agriculture

13. The opposition of the peasants to collectivisation and the drift of young people into industry have largely offset the effects of increasing investment in farm mechanisation and the growing use of fertilisers. Agricultural performance has improved only slightly in recent years (see Table 4). It has persistently dragged behind the ambitious plans to raise yields, develop livestock farming on State and collective farms, and expand the output of vegetables and fruit so as to improve the domestic consumer's diet and provide more agricultural products for export. The anticipated rise in yields did not accompany the extension of the area under fodder and horticultural crops at the expense of bread grains. Consequently, bread grains and fodder grains have had to be imported. Shortage of fodder together with official hostility to private farming, which is now conducted on only 14% of the arable area, have held back livestock production. The slow growth in the herds on State and collective farms has merely compensated for the decline in privately owned animals which nevertheless still constitute nearly half the animal population.

Consumption

14. Since 1949, investment has risen faster than consumption, although there have been year to year variations. Whilst it is the impression of some Western observers that there has been a fairly large growth in consumption since the 1956 uprising, this was from a low base, and there are still shortages, which currently include meat, and complaints about poor quality. Statistics showing a rise of more than 50% in real wages since 1955, compared with a very slight increase between 1949 and 1955, give no indication of the actual availability of goods. Moreover, they exclude the bulk of the agricultural population. The trend of per capita consumption, however, suggests a rising standard of living: it shows a fall in consumption of basic starchy foodstuffs, such as flour and potatoes, and a rise in that of richer types, e.g. sugar, meat and milk. There have also been large increases in purchases of consumer durables in recent years, starting from a low level,

however. Communal services, such as health and education, are also expanding(1). Housing, however, is known to be short, at least in Budapest and consumer services are in general backward.

FUTURE TRENDS OF THE HUNGARIAN ECONOMY

General

15. 1965 is the last year of the current Five-year Plan and virtually nothing is so far known about overall plans for 1966-1970 The aim during 1965 is to create favourable conditions for the new plan period. For instance, investment is to be reduced and concentrated on the completion of projects already in hand at the expense of restricting the number of new projects.

16. The Hungarian Authorities are currently greatly concerned with manpower problems(2). There appear to be labour shortages in some parts of the economy including agriculture, and surpluses elsewhere. Although nearly one-third of the labour force is still in agriculture, production is suffering because a high proportion is middle-aged or elderly and its productivity is low. The Labour Code has been amended both to facilitate dismissals of surplus and inefficient employees and to discourage over-frequent changes of jobs. During 1966-1970 it is intended to establish more than half the new plants in areas which still have manpower reserves.

17. Gross industrial production in 1965 is planned to rise only by the low percentage of 4.5 and over 70% of the increase is planned to come from higher productivity. Above average increases in output are planned for the chemical, food and building materials industries but in engineering, metallurgy and the light industries increases are to be below average. In engineering capacity is to be left unused because it is not needed to meet the requirements of the internal or foreign markets. In general, there is to be more emphasis on the improvement of quality and the reduction of costs, rather than on production at any price. Hungary is, however, hampered in efforts to reduce costs by the size of the internal market and has therefore viewed favourably proposals for specialisation within CMEA, e.g. in iron and steel, and engineering.

18. Because of increasing consumption and possible exhaustion of her oil reserves, Hungary is likely to become increasingly dependent upon imports of fuel and power. These are likely, at least in the foreseeable future, to be drawn mainly from the USSR and Eastern Europe. Hungary is connected to the Friendship pipeline and to the CMEA electric power network. An extension of the pipeline is planned which will raise the oil flow to 4 - 5 million tons by 1970.

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(1) Table 8 gives a breakdown of budgetary provisions in recent years.

(2) The view has recently been expressed (Annex to AC/127-D/184 (Revised)) that "the natural growth of the economically active population and the entry of rural workers into the urban labour force will make it possible to avoid manpower problems between 1965 and 1970". It seems from current evidence that this view probably already needs to be revised.

19. Some branches of Hungarian engineering are finding difficulty in keeping up to world standards, which are required even by CMEA customers, and in adapting to new types, and they have had increasingly to contract licensing agreements with Western firms. Some efforts are also being made to make arrangements with Western companies for joint industrial projects (see paragraph 32 below). Shortage of specialised labour and uneconomic production units are likely to become increasing handicaps. There are ambitious plans for the development of the chemical industry to make Hungary self-sufficient in more products, e.g. fertilisers and plastics, but this will increase Hungary's general dependence on imported raw materials. New aluminium fabricating equipment is to be installed to deal with the increased supply of aluminium which is due to be received from the USSR in exchange for Hungarian alumina under the 1962 agreement mentioned in paragraph 7 above.

20. Hungarian industry seems likely, therefore, to continue to have its main links with the USSR and Eastern Europe in respect of raw materials and final products, although Western sources may be tapped for specialised and advanced equipment.

Agriculture

21. The aims for agriculture remain the elimination of the need for agricultural imports and the boosting of exports by raising yields, particularly of wheat and by developing livestock farming. Investment in mechanisation, soil and pasture improvement and irrigation is being further accelerated, the use of fertilisers is being intensified and state aid for the poorer collective farms is being stepped up. Bonus payment schemes are being considered. Private farming is now being encouraged, as in the Soviet Union.

22. Livestock production should benefit if the encouragement to private farming is wholeheartedly given. However, the severe foot-and-mouth disease which has swept across much of Hungary during the last four months will have adverse effects both on production and on exports. Morale would also be raised and would be further improved if incentive schemes for work on collective farms were widely applied. In the short term there is scope for productivity to be increased by these means, but in the long terms the problem of the declining efficiency of an ageing labour force will have to be solved. Even though growing mechanisation will permit a considerable shrinking in the labour force, a higher proportion of young people than at present need to be retained on the land. Only they are capable of learning and applying new techniques and exploiting fully the resources being invested. Consequently rural life must be made more attractive and rewarding in comparison with that in towns. Only very slow progress in this direction is being made at present so that for the foreseeable future only very modest growth in agricultural production can be envisaged. The Hungarian Authorities themselves appear to recognise this, for only a 1.5-2% increase in agricultural production is planned for 1965.

Consumption

23. Although the régime has a political interest in bringing about improved standards of living, spectacular changes are improbable as long as agriculture stagnates and exports are required to rise more rapidly than industrial output. Moreover, if industrial output itself begins to rise more slowly the scope for consumer betterment will be further narrowed. Apart from some increases in welfare payments, 1965 is to be a year of consolidation in living standards. However, with a population which is increasing only slowly it should not be too difficult, over a period of years, to make some improvements in housing and communal services. Also, there are signs elsewhere in Eastern Europe that more attention is being paid to consumer services and it is likely that this tendency will affect Hungary before long.

Economic management and reforms

24. In recent years, partly as a result of avoiding over-ambitious planning, Hungary has not experienced the exceptionally poor economic performance which has stimulated radical thinking in Czechoslovakia. Moreover, the merger of industrial enterprises, by helping to raise efficiency, and by reducing the number of enterprises for which plans have to be made, may also have tended to make radical changes in planning methods less necessary. Economic ministries are free to advise their own success indicators. Some, e.g. steel, choose to stick to quantitative targets. (On the other hand, elsewhere, especially in light industry, there is a certain amount of enterprise autonomy.) A significant, economy-wide, change in planning method was the introduction, from the beginning of 1964, of a charge of 5% per annum for the use of fixed and working capital. This could prove, however, to be more a means of enabling central planners to make rational decisions than an incentive to greater efficiency by enterprises in the use of capital. The absence of such a charge has previously led to waste of capital, but many managers may be willing to pay the rather modest capital-use charge on surplus stocks and equipment in order to be protected against irregularities in the distribution of machinery and materials, particularly whilst output remains an important criterion of performance.

25. Further changes in planning methods are under discussion. It is not clear yet, however, whether there will be a move in the direction of the proposals for decentralisation recently put forward in Czechoslovakia, or towards the use of mathematical techniques as an aid to more effective central planning.

FOREIGN TRADE AND ECONOMIC CO-OPERATION

Importance of Foreign Trade to the National Economy

26. Hungary ranks fifth among Soviet bloc countries in total foreign trade turnover, and third in terms of per capita value ($248) which has more than doubled since 1958. Foreign

trade is vital to the growth of the Hungarian economy. Lacking many of the basic raw materials required for the development of her industry Hungary has to export, in order to be able to pay for essential imports.

27. Total turnover has more than doubled since 1955, from $1,155 million to $2,511 million in 1963 (see Table 9). This represents an average annual rate of growth of 14%.

Trade Pattern

28. Bloc Trade. About 70% of Hungary's foreign trade is with the bloc, over half of it with the USSR alone. Hungarian-Soviet trade has increased 143% since 1958 (see Table 10). Trade with the rest of the bloc has remained at around 32% of the total since 1959, though its value has increased by 30%. The chief trading partners in Eastern Europe are Czechoslovakia, the Soviet-occupied Zone of Germany and Poland. Among the Far East Communist bloc countries, China has the biggest turnover with Hungary, although this trade is very small. In 1959, it amounted to some $84 million, little over 3% of total Hungarian trade. With the general deterioration in Sino-Soviet bloc relations from 1960 Hungary's trade with China has been cut by nearly three-quarters, to $23 million (1962), representing just over 1% of total trade (see Table 13).

29. Trade with the West. About 25% of Hungary's trade turnover is with the West. Among NATO countries the principal trading partners are the Federal German Republic, Italy, France and the United Kingdom, their trade with Hungary increasing from $151.2 million in 1959 to $274.3 million in 1963 (see Table 14). The striking increase in trade turnover of over $100 million in 1963 compared with 1962 (a rise of 37%) is largely accounted for by increased purchases, largely of grain, from the United States, France and West Germany and an equivalent rise in exports, particularly to Italy, who took more live animals and sugar. Outside NATO, Sweden and Austria are important trading partners. A severe cut-back in further exports of live cattle and beef, however, with consequent adverse effects on foreign currency earnings is expected as a result of the foot-and-mouth disease occurring earlier this year.

30. Trade with the developing countries. This is still slight (about 5.6% in 1963) but will undoubtedly increase since these countries can provide an alternative outlet for Hungarian industrial products which are not easily marketable elsewhere.

Balance of Trade

31. Apart from small export surpluses in 1956 and 1961, and a rather larger surplus in 1958, Hungary has incurred annual deficits in her overall trade in recent years, both with the bloc and the free world. In 1964, the deficit ($164 million) was the highest since 1960. During the period 1959-1962 (1962 being the

latest year for which complete Hungarian statistics for non-bloc trade are available) the deficit with the bloc countries increased to almost double that with the non-bloc countries. Trade with the USSR has shown a continuing sizeable imbalance, although this was reduced considerably in 1963 (see Table 10). Among the NATO countries, there is a favourable balance with Italy, attributed to that country's large imports of Hungarian foodstuffs, but there is a deficit with the other main NATO trading partners. With France the deficit has been particularly large over the past few years and totalled $29 million in 1963, largely on account of increased imports of grain. Apart from this, the deficit with the industrial West is due to the increase in imports of advanced industrial equipment much of which is bought on long and medium-term credit. Over the past five years these countries have accounted for over half of the increase in Hungarian exports to the West and slightly less than half of the rise in imports.

Commodity Structure

32. Imports. Fuels and raw materials account for one half of the total import; imports of machinery and equipment have nearly doubled since 1958 and now constitute some 30% of all imports (see Table 16). In 1963, over four-fifths of Hungary's imports of capital equipment and industrial consumer goods came from the bloc, and some two-thirds of her total imports of raw materials and semi-finished products were supplied also by the socialist countries (chiefly the USSR). The Western share of Hungary's imports of industrial equipment, though still relatively small, has been increasing in recent years. The USSR meets most of Hungary's import requirements for coke, iron ore, pig iron, crude oil and cotton and also provides large quantities of coal, non-ferrous metals, timber, chemicals and artificial fertiliser. Half of Hungary's agricultural machinery is supplied by the USSR.

33. Exports. Expanding industrialisation has led to changes in production and consequently in the pattern of Hungarian exports in recent years. Thus, with increasing output, the export of precision instruments telecommunications and electrical equipment, specialised machine tools and industrial consumer goods has increased, and well over half of Hungary's total exports now fall into these categories (see Table 16). Almost all (93%) of Hungary's total export of capital equipment goes to the bloc, which also takes the major portion of Hungarian exports of raw materials and semi-finished goods. Foodstuffs, which used to figure prominently in Hungarian exports, have declined over the last few years but still comprise about one-fifth of the total exports and are an important feature in Hungary's exports to the free world.

ECONOMIC CO-OPERATION WITH EAST AND WEST

Hungary's Relations with CMEA (COMECON)

34. Hungary's commercial relations with other bloc countries are based on various bilateral and multilateral agreements on economic co-operation, co-ordinated in part by the Council of Mutual Economic Assistance (COMECON)(1). Through CMEA the USSR has sought to extend its links with the Hungarian economy, and this is made easier by Hungary's comparative poverty in industrial raw materials. Some specialisation in production has recently been established (see paragraph 12). The long-term Hungarian-Soviet agreement of 1962 on aluminium has been mentioned in paragraph 7 above. Another long-term agreement concluded recently with the USSR provides for the joint production of buses up to 8,000 annually by 1970. Half of this output will go to the USSR, which will supply some of the main components, final assembly being carried out in Hungary.

Hungary's Relations with Western Economic Organizations

35. Until recently most of Hungary's trade with the West has been conducted within the framework of one year agreements. These are now being replaced by long-term agreements. Such agreements have so far been concluded with the United Kingdom, France, Italy, Austria, Denmark, Sweden, West Germany, Benelux, Finland, Norway, Greece and Canada.

36. During 1964, Hungary was reported to be interested in joining the General Agreement on Tariffs and Trade (GATT). She has also been among the East European countries which have on occasions made enquiries about establishing relations with the EEC. As might be expected, however, Hungary and other East European countries have appeared somewhat less eager than Rumania to establish formal links with Western economic organizations. It is possible that further interest on the part of Hungary in joining GATT will depend on the outcome of Rumania's discussions(2) and of Polish participation in the Kennedy Round.

Hungarian Co-operation with Western Companies

37. Hungary has also been active in securing the co-operation of Western, particularly Austrian firms, in the field of joint industrial projects, some of which are already in operation. Thus, Ganz Marag are manufacturing British air conditioning equipment (under licence from J. Stone & Company of Deptford) for installation in railway carriages exported to Egypt. The Simmering-Graz-Pauker combine has been co-operating since 1958 with the Hungarian trading company Komplex in equiping power

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(1) Hungary is a member of CMEA sponsored technical groups including Intermetal, the Wagon Pool, and the Ball-Bearing Organization; she receives oil through the Friendship Pipeline and power from the CMEA electric power network.

(2) See AC/89-WP/133, Section IV(b).

stations. Negotiations are currently under way between the Hungarian chemical industry and the Osterreichische Stickstoffwerke for joint production of pharmaceuticals. Austria has also proposed an arrangement whereby the latter firm should supply chemicals to Hungary for processing into man-made fibre, Austria agreeing to buy back a percentage of the ensuing production.

38. Most important of the projects currently under discussion is the one with Krupps. This envisages the setting up of a factory on Csepel Island to manufacture machine tools, motor engines and later lorries. An unconfirmed report suggests Krupps are prepared to invest DM. 50 million in this project. Official Hungarian reaction to the Krupps proposal, according to various reports, is one of caution, although negotiations have not been broken off.

39. Finally, Hungary has been showing increasing interest in the study of Western management techniques; thus in June 1964 Hungary agreed to accept Ford Foundation Scholarships for her post-graduates, mainly technologists, to study in the United States.

PROSPECTS FOR FOREIGN ECONOMIC RELATIONS

Future Trade Relations with the Communist World

40. Hungary is likely to continue to be dependent to a large degree on Soviet trade, because of her own inadequate resources, to overcome which she has had to make long-term trading arrangements with the Soviet Union (see paragraph 27 above). This dependence on the Soviet Union may indeed not be to her liking and she may seek by more extensive bilateral agreements with other Eastern European countries to reduce the Soviet hold on her trade.

Future Trade Relations with the West

41. Though Hungary's foreign trade is still predominantly directed towards the bloc the share of the free world has grown by over 50% since 1959 and is likely to be maintained if not increased in the next few years in view of the importance to the economy of up-to-date machinery and equipment (including complete plant) which is required from the West. However, a limiting factor is the restricted range of goods which Hungary can offer to the Western industrialised countries. To pay for the imports Hungary needs from the West she is likely to press for further medium and long-term credit facilities. In order to extend trade contacts, Hungary may be expected to follow up her recent overtures to Western economic organizations (see paragraph 30).

TABLE 1

HUNGARY: ESTIMATED GROSS NATIONAL PRODUCT(1)
(000 million US dollars)

1955	1958	1960	1961	1962	1963
6.0	6.7	7.4	7.7	8.1	8.4

Average annual rate of growth, 1956-63 = 4.3%

Source: AC/89-D/40

TABLE 2

DEVELOPMENT OF THE HUNGARIAN ECONOMY

Basic Economic Indicators

	1961	1962	1963 (1960 = 100)	1961-63: Average Annual Percentage Increase	1964 Result (% increase)
GNP - Western estimate	104	109	114	4.5	n.a.
New Material product	106	111	117	5.4	4 +
Gross industrial production	110	119	127	8.3	9
Gross agricultural production	101	102	107	2.3	2
Labour force	99	98	99	- 0.3	n.a.
Productivity in industry	108	113	117	5.4	4.6
Volume of investments	90	103	117	5.4	7
Construction	106	111	115	4.8	n.a.
Freight transport	104	110	119	6.0	10
Retail trade	102	107	116	5.2	7.6
Foreign trade turnover	111	122	136	10.8	13

n.a. = not available

Source: Based on Hungarian official figures, except for GNP - Western estimate, which is based on AC/89-D/40.

(1) Estimated at market prices

TABLE 3

PRODUCTION OF SELECTED INDUSTRIAL COMMODITIES

Article	Unit	1938	1949	1963	1964
Coal	1000 m. tons	9,360	11,836	30,477	31,548
Crude Oil	"	43	506	1,756	1,801
Natural Gas	mn. cu.m.	8	372	612	784
Coke for Household & Industrial Consumption	1000 m. tons	263	187	553	n.a.
Electric energy	mn kWh	1,399	2,520	9,664	10,576
Iron Ore	1000 m. tons	298	339	731	775
Coke-oven Coke	"	nil	nil	660	665
Bauxite	"	540	561	1,362(1)	1,488
Alumina	"	7	31	239	246
Pig Iron	"	335	411	1,388	1,494
Steel	"	647	860	2,374	2,364
Hot Rolled Steel	"	n.a.	472	1,688	1,673
Aluminium	m. tons	1,309	4423	55,498	56,874
Centre Lathes	number	n.a.	764	2,576(1)	2,613
Milling machines	"	n.a.	374	678(1)	1,264
Drilling machines	"	n.a.	983	4,387	3,756
Tractors	"	618	2,742	3,110	2,950
Lorries	"	n.a.	996	3,694	3,786
Buses	"	n.a.	175	2,375	2,462
Bicycles	⌀ 000	71	137	258(1)	265
Washing Machines	"	nil	n.a.	168	174
Refrigerators	number	nil	n.a.	36,085	70,050
Vacuum Cleaners	"	n.a.	n.a.	52,465	62,600
Wireless Sets	⌀ 000	n.a.	68	169(1)	155
Television Sets	"	nil	nil	251	270
Nitrogenous Fertilisers	1000 m. tons	27	53	387	448
Sulphuric Acid	"	40	49	267	322
Caustic Soda	m. tons	3,682	8,189	39,469	n.a.
Tyres	⌀ 000	n.a.	71	418	507
Cement	1000 m. tons	323	552	1,798	2,257
Wool Cloth	mn. sq.m.	20	23	35	36
Leather Footwear	1000 pairs	2,360	4,441	23,794	24,825
Flour	1000 m. tons	989	1,134	1,314	1,305
Butter	tons	10,091	10,105	17,670	19,064
Sugar	1000 m. tons	102	144	375	449
Canned Vegetables	m. tons	n.a.	3,036	21,724(1)	n.a.
Meat	1000 m. tons	n.a.	50	212	208

Source: Hungarian official statistics

(1) Smaller than in 1962 n.a. = not available

TABLE 4

AGRICULTURAL PRODUCTION
(Official Statistics)

Gross Agricultural Production

1949 = 100

1960	1961	1962	1963	1964
135	136	138	144(1)	146(1)

(1) Preliminary

Net Agricultural Production

1949 = 100

1960	1961	1962	1963	1964
119	114	114	...	...

Physical Output (Thousands of metric tons)

	Annual Average 1958-1962	1963	1964
Crops			
Grain	6,600	6,312	...
Wheat	1,812	1,523	2,059
Barley	988	869	818
Maize	3,170	3,551	...
Sunflower Seeds	104	126	...
Sugar Beet	2,626	3,434	...
Potatoes	2,227	2,026	...
Vetch & Silage Maize (1960-62)	3,170	4,472	...
Livestock Products			
Milk	1,920	1,800	1,880
Wool	8.5	9.5	...
Eggs (millions)	1,830	1,850	2,300

Livestock Population (thousands)

	Annual Average in March 1958-62	March 1964
Cattle, of which:	1,971	1,883
Cows	867	767
Horses	581	323
Pigs	5,850	6,358
Sheep	2,416	3,305

TABLE 5

AGRICULTURE: Land use: Mechanisation: Fertilizer consumption: Yields: Socialisation

Utilisation of Land 1963

	Total Land Area	Agricultural Area					Vineyards and Orchards	Pastures and Meadows	Forests
		Total	Arable	Wheat	Maize	Sunflower			
Thousand hectares	9303	8401	5107	976	1545	121	519	1359	1389
in % of total	100	90.3	54.8	10.5	16.6	1.3	5.6	14.6	14.9

Mechanization (at end 1963)

	Tractors	Hectares per tractor	Tractor ploughs	Tractor sewing machines	Grain combines
1960	41015	129	36549	15026	4167
1963	54893	93	47482	28362	7000

Consumption of fertilizers

	gross weight in thousand tons				Active Substance thousand tons	Active Substance kgs per hectare
	Total	Phosphoric	Nitro-genous	Potassium		
1960	748	369	313	66	168	31.5
1963	1264	551	551	163	300	58.7

Yields (quintals per hectare)

	Wheat	Maize for grain	Rye	Barley	Sunflower seed	Sugar beet	Potatoes
Average 1950-57	14.6	20.1	12.0	16.2	10.3	182.8	85.6
1963	15.6	27.6	10.3	17.9	10.5	290.4	87.4

Socialisation in agriculture

As % of arable Land	State farms and other State enterprises	Cooperative farms	Auxiliary farms	Private farms	Household plots of cooperative members
1950	5.2	4.4	1.4	89.0	...
1962	14.0	79.6	2.8	3.6	9.9 +

+ included also under "cooperative farms".

-16-

TABLE 6

DISTRIBUTION OF LABOUR FORCE *

(at the beginning of the year)

	1960	1961	1962	1963	1963 (000)	1964	1964 (000)
TOTAL WORKING POPULATION	100	100	100	100	4661	100	4762
Industry	27.4	28.6	29.4	30.1	1405	30.6	1455
Construction	5.4	5.4	5.5	5.8	270	5.7	271
Agriculture	40.9	38.2	36.6	35.0	1629	33.1	1578
Transport and communications	6.0	6.2	6.3	6.4	297	6.4	306
Trade	6.4	6.9	6.8	7.1	330	7.2	345
Social, cultural, public health	5.0	5.3	5.6	6.0	279	17.0	807
Services	2.8	3.0	3.1	3.1	145		
Administration and others	6.1	6.4	6.6	6.5	307		

* Believed to include armed forces (about 140,000)

Source: Hungarian official Statistics.

TABLE 7

BREAKDOWN OF GROSS FIXED INVESTMENT*

a. BY BRANCHES OF THE ECONOMY (PERCENTAGES) SINCE 1947

	"Productive" Sectors					"Non-Productive" Sectors
	Industry	Construction Industry	Agriculture	Transport	Trade	Housing, Communal Services, Administration, etc.
1947-49	32.7	-	17.1	20.7	2.4	27.1
1950-54	44.2	2.6	13.8	12.7	2.5	24.2
1955-57	43.5	1.5	16.8	8.3	3.6	26.3
1958-60	41.7	2.0	17.8	12.0	3.6	22.9
1961-61	42.7	2.2	18.9	11.1	3.4	21.7
(1961-65 Plan)	46.4	1.6	20.0	11.4	2.0	18.6

* Socialist sector only. This accounts for practically all investment in the "Productive" branches. In the "Non-Productive" branches, especially housing, there is a substantial volume of private investment.

Source: Based on Hungarian official statistics.

b. BY TYPE OF INVESTMENT AND BRANCHES OF THE ECONOMY

(percentages and amounts spent)

	1958-60 Average		1963	
	Million Forints[1]	% Share	Million Forints[1]	% Share
TOTAL	30466	100	43598	100
of which:				
Building	14794	48.5	18410	42.2
Machinery & Equipment	12723	41.8	20773	47.8
of which:				
home-produced	7032	23.1	11520	26.5
imported	5691	18.7	9253	21.3
Others	2949	9.7	4415	10.0
Industry	12732	41.7	17472	40.1
Constructions	596	2.0	1051	2.4
Agriculture	5423	17.8	8842	20.3
Transport	3646	12.0	5424	12.4
Trade	1091	3.6	1532	3.5
Housing, communal services, administration, etc.	6978	22.9	9267	21.3

Source: Based on Hungarian official statistics.

c. BREAKDOWN OF INDUSTRIAL INVESTMENT

(percentages and amounts spent)

	1958-60 Average		1963	
	Million Forints[1]	% Share	Million Forints[1]	% Share
TOTAL	12732	100	17472	100
Mining	2718	21.2	3374	19.3
Power	2250	17.7	2500	14.3
Metallurgy	1244	9.8	1916	11.0
Engineering	2392	18.8	2534	14.5
Building Materials	776	6.1	1120	6.4
Chemicals and Rubber	1348	10.6	2822	16.2
"Light" Industry	1140	9.0	1771	10.1
Food Processing	864	6.8	1435	8.2

Source: Based on Hungarian official statistics.

(1) Official rate of exchange is 11.74 Forints = $1 US

TABLE 8

STATE BUDGET ESTIMATES
(million forints)

(Official rate of exchange is 11.74 forints = US $1)

REVENUE

	1960	%	1961	%	1962	%	1963	%
Profits from State enterprises, turnover taxes, social insurance etc.	54994	81.2	62312	82.0	69543	82.3	73262	82.0
Taxes and other receipts from co-operatives	2018	3.0	2797	3.7	4536	5.4	4862	5.4
Taxes paid by individuals	4405	6.5	3885	5.1	2900	3.4	2895	3.2
Miscellaneous, including receipts from provincial and municipal organs, etc.	6296	9.3	6993	9.2	7504	8.9	8427	9.4
	67713	100.0	75987	100.0	84483	100.0	89446	100.0

EXPENDITURE

	1960	%	1961	%	1962	%	1963	%
Development of the National Economy	39288	58.3	45587	60.1	43211	51.4	43605	49.0
Public health	4144	6.1	4380	5.8	4665	5.6	5089	5.7
Social Services	811	1.2	619	0.8	648	0.8	696	0.8
Social and Health Insurance	8170	12.1	8748	11.6	9485	11.3	10162	11.4
Education	4979	7.4	5625	7.4	6074	7.2	6662	7.5
Research, Sport & Culture	1320	2.0	1327	1.8	1686	2.0	1857	2.1
Defence	3100	4.6	3376	4.5	4913	5.9	6609	7.4
Internal Security	3278	4.9	3652	4.8	3680	4.4	3692	4.2
Administration	2310	3.4	2410	3.2	2435	2.9	2588	2.9
Debt repayments, reserves, etc.	-	-	-	-	7089	8.5	7970	9.0
	67400	100.0	75724	100.0	83886	100.0	88930	100.0

NOTE: These are the only available figures which are comparable from year to year. Actual revenue and expenditure in some cases differ substantially from estimates.

Source: Hungarian official statistics

TABLE 9

HUNGARY: OVERALL TRADE
(US $ million)

	Exports	Imports (c.i.f.)	Total	Balance
1955	600.9	554.2	1155.1	+46.7
1958	683.5	630.9	1314.4	+52.6
1959	769.5	792.9	1562.4	-23.4
1960	873.9	975.7	1849.6	-101.8
1961	1028.9	1025.5	2054.4	+3.4
1962	1099.2	1148.6	2247.8	-49.4
1963	1205.7	1305.5	2511.2	-99.8
1964	1351.7	1494.5	2846.2	-142.8

TABLE 10

HUNGARY: REGIONAL TRADE
(US $ million)

All imports c.i.f.

	1959	1960	1961	1962	1963	1964
Total Trade						
Exports	769.5	873.9	1028.9	1099.2	1205.7	1351.7
Imports	792.9	975.7	1025.5	1148.6	1305.5	1494.5
Total	1562.4	1849.6	2054.4	2247.8	2511.2	2846.2
Balance	-23.4	-101.8	+3.4	-49.4	-99.8	-142.8
Trade with USSR						
Exports	208.5	256.4	331.8	391.8	428.0	
Imports	255.6	302.9	356.3	416.7	432.1	
Total	464.1	559.3	688.1	808.5	860.1	
Balance	-47.1	-46.5	-24.5	-24.9	-4.1	
Trade with Rest of bloc						
Exports	300.4	329.5	391.6	385.8	368.9*	
Imports	300.9	364.0	329.0	382.9	413.8*	
Total	601.3	693.5	720.6	768.7	782.7*	
Balance	-0.5	-34.5	+62.6	+2.9	-44.9*	
Total trade with bloc						
Exports	508.9	585.9	723.4	777.6	796.7*	
Imports	556.5	666.9	685.3	799.6	845.7*	
Total	1065.4	1252.8	1408.7	1577.2	1642.8*	
Balance	-47.6	-81.0	+38.1	-22.0	-49.0*	
Trade with non-bloc						
Exports	260.5	287.8	305.4	321.6	n.a.	
Imports	236.2	308.7	340.1	348.9	n.a.	
Total	496.7	596.5	645.5	670.5	760.8	
Balance	+24.3	-20.9	-34.7	-27.3		

* Excluding Albania and Far Eastern Communist bloc countries, for which no figures are yet available.

TABLE 11

HUNGARY: TRADE WITH EASTERN EUROPEAN BLOC
(US $ million)

Imports c.i.f.

	1959	1960	1961	1962	1963
Albania					
Exports	3.3	2.3	3.5	1.7	n.a.
Imports	2.5	3.8	2.8	1.5	n.a.
Total	5.8	6.1	6.3	3.2	n.a.
Balance	+0.8	-1.5	+0.7	+0.2	n.a.
Bulgaria					
Exports	15.6	11.8	13.7	15.0	16.8
Imports	10.3	13.1	13.7	15.2	14.3
Total	25.9	24.9	27.4	30.2	31.1
Balance	+5.3	-1.3		-0.2	+2.5
Czechoslovakia					
Exports	87.1	93.9	137.7	136.9	133.8
Imports	88.0	111.8	103.4	126.0	150.1
Total	175.1	205.7	241.1	262.9	283.9
Balance	-0.9	-17.9	+34.3	+10.9	-16.3
Eastern Germany					
Exports	89.9	100.7	110.2	104.8	106.1
Imports	80.5	100.8	104.8	117.1	133.1
Total	170.4	201.5	215.0	221.9	239.2
Balance	+9.4	-0.1	+5.4	-4.8	-29.0
Poland					
Exports	39.0	45.5	59.6	70.7	78.3
Imports	39.9	49.5	58.0	66.9	79.6
Total	78.9	95.0	117.6	137.6	157.9
Balance	-0.9	-4.0	+1.6	+3.8	-1.3
Rumania					
Exports	18.1	25.8	29.9	36.4	33.7
Imports	22.7	41.5	24.3	39.0	36.5
Total	40.8	67.3	54.2	75.4	70.2
Balance	-4.6	-15.7	+5.6	-2.6	-2.8
Total exports	253.0	280.0	354.6	365.5	368.7*
Total Imports	243.9	320.5	307.0	365.7	413.6*
Total turnover with Eastern Europe	496.9	600.5	661.6	731.2	782.3*
Balance with Eastern Europe	+9.1	-40.5	+47.6	-0.2	-44.9*
% of total Hungarian trade	31.8	32.4	32.2	36.2	31.1

* Excludes Albania. No figures yet available.

TABLE 12

HUNGARY: TRADE WITH FAR EAST COMMUNIST BLOC

(US $ million) Imports c.i.f.

	1959	1960	1961	1962	1963
China					
Exports	39.6	40.2	28.8	11.9	n.a.
Imports	44.3	36.3	17.2	11.0	"
Total	83.9	76.5	46.0	22.9	"
Balance	-4.7	+3.9	+11.6	+0.9	"
North Korea					
Exports	4.5	4.6	4.3	1.8	"
Imports	0.6	3.3	0.8	3.2	"
Total	4.7	7.9	5.1	5.0	"
Balance	+3.9	+1.3	+3.5	-1.4	"
Mongolia					
Exports	1.0	1.6	2.0	1.5	"
Imports	1.0	1.6	1.7	1.9	"
Total	2.0	3.2	3.7	3.4	"
Balance	-	-	+0.3	-0.4	"
North Vietnam					
Exports	2.2	2.9	3.1	2.6	"
Imports	0.7	2.2	2.0	3.0	"
Total	2.9	5.1	5.1	5.6	"
Balance	+1.5	+0.7	+1.1	-0.4	"
Total Exports	47.3	49.3	37.6	17.8	"
Total Imports	46.6	43.4	21.7	19.1	"
Total Trade with FE Bloc	93.9	92.7	59.9	36.9	"
% of Total Hungarian Trade	6.0	5.0	2.9	1.8	"

TABLE 13

HUNGARIAN TRADE WITH NATO

(US $ million) (Western Statistics)

a. HUNGARIAN EXPORTS TO NATO

	1959	1960	1961	1962	1963
United States	2.40	1.20	2.04	1.68	1.56
Canada	0.24	0.24	0.36	0.36	0.48
Belgium-Luxembourg	4.56	4.92	4.08	4.63	5.76
Denmark	2.52	2.88	2.76	4.20	5.16
France	7.20	8.16	6.96	8.16	10.92
Federal Republic of Germany	42.36	44.40	47.16	48.60	57.96
Greece	2.40	5.16	5.16	5.88	8.16
Iceland	0.12	-	-	0.24	0.36
Italy	15.24	19.32	17.52	23.16	49.44
Netherlands	3.96	4.32	6.72	6.60	9.24
Norway	1.32	1.80	1.92	2.16	3.48
Portugal	0.12	0.12	0.12	0.12	0.36
Turkey	3.84	5.16	4.32	4.56	7.44
United Kingdom	8.88	12.12	11.88	13.32	16.20
Total NATO	95.16	109.80	111.00	123.72	176.52

b. HUNGARIAN IMPORTS FROM NATO

(Western Statistics)

	1959	1960	1961	1962	1963
United States	1.20	1.20	1.20	0.84	17.28
Canada	1.08	0.96	0.60	0.36	0.36
Belgium-Luxembourg	7.68	11.88	8.88	8.64	9.36
Denmark	2.76	2.04	2.28	2.76	3.60
France	13.56	18.48	21.36	27.96	40.20
Federal Republic of Germany	35.88	52.80	50.76	49.56	63.24
Greece	3.36	5.04	6.12	6.48	6.12
Iceland	-	-	-	0.24	0.36
Italy	16.32	22.68	22.32	23.40	26.76
Netherlands	4.56	5.64	9.12	10.08	11.88
Norway	0.96	1.44	1.68	2.28	3.60
Portugal	0.12	0.24	0.24	0.48	0.84
Turkey	6.48	6.96	3.84	3.96	2.76
United Kingdom	11.76	12.48	16.44	19.56	21.00
Total NATO	105.72	141.84	144.84	156.60	207.36

TOTAL HUNGARIAN TRADE WITH NATO

(Western Statistics)

(US $ Million)

	1959	1960	1961	1962	1963
Exports to NATO	95.16	109.80	111.60	123.72	176.52
Imports from NATO	105.72	141.84	144.84	156.60	207.36
Total	200.88	251.64	255.84	280.32	383.88
Balance	-10.56	-32.04	-33.24	-32.88	-30.84
% of total Hungarian trade	12.8	13.6	12.4	12.5	15.3

TABLE 14

HUNGARIAN TRADE WITH OTHER INDUSTRIAL WESTERN COUNTRIES

a. HUNGARIAN EXPORTS

(US $ Million)

	1959	1960	1961	1962	1963
Austria	23.79	26.64	21.02	30.16	32.63
Finland	2.71	3.16	3.80	5.28	5.09
Japan	0.13	0.08	0.66	0.25	0.41
Sweden	4.83	5.94	6.29	6.82	8.97
Switzerland	8.68	7.69	10.17	11.38	15.38
TOTAL	40.14	43.51	41.94	53.89	62.48

b. HUNGARIAN IMPORTS

	1959	1960	1961	1962	1963
Austria	26.03	26.73	26.09	28.24	38.10
Finland	3.33	3.65	4.20	2.85	4.83
Japan	0.13	0.37	1.15	1.98	2.55
Sweden	4.76	6.99	5.61	5.18	11.03
Switzerland	7.72	7.65	7.98	8.05	8.13
TOTAL	41.97	45.39	45.03	46.30	64.64
Balance	-1.8	-1.8	-3.0	+7.5	-2.1

TABLE 15

COMMODITY DISTRIBUTION OF HUNGARIAN TRADE

a. COMMODITY DISTRIBUTION, 1958-63(%)

	Imports		Exports
1958	16.8		35.8
1959	25.5		34.6
1960	27.8		38.0
1961	25.5	Machinery and Equipment	37.2
1962	30.0		36.2
1963	30.2		34.1
1964 (1st half)	28.0		34.0
1958	70.1		23.5
1959	60.9		23.9
1960	58.9		23.6
1961	59.1	Fuels, raw materials and semi-finished products	22.5
1962	55.7		22.3
1963	54.7		22.7
1964 (1st half)	55.0		24.0
1958	8.5		22.8
1959	9.0		22.7
1960	8.3		20.6
1961	10.6	Foodstuffs	19.7
1962	9.6		19.7
1963	9.9		23.1
1964 (1st half)	12.0		19.0
1958	4.6		17.9
1959	4.6		18.8
1960	5.0	Industrial consumer goods	17.8
1961	4.8		20.6
1962	4.7		21.8
1963	5.2		20.1
1964 (1st half)	5.0		23.0

b. COMMODITY DISTRIBUTION 1938 AND 1963

(percentages)

	Imports		Exports	
	1938	1963	1938	1963
Machinery, equipment, instruments	10.6	30.2	9.3	34.1
Industrial consumer goods	8.8	5.2	10.2	20.1
Raw materials and semi-finished goods	73.1	54.7	23.5	22.7
of which:				
Fuels, minerals, metals	22.3	26.5	8.2	15.0
Chemicals, basic materials for and products of the rubber industry, fertilisers	11.5	9.2	1.8	2.4
Industrial raw materials of vegetable and animal origin	38.5	17.7	12.9	4.7
Foodstuffs and raw materials for the food industry	7.5	9.9	57.0	23.1
	100.0	100.0	100.0	100.0