

# THE HUNGARIAN VINE SECTOR ON THRESHOLD OF EUROPEAN UNION

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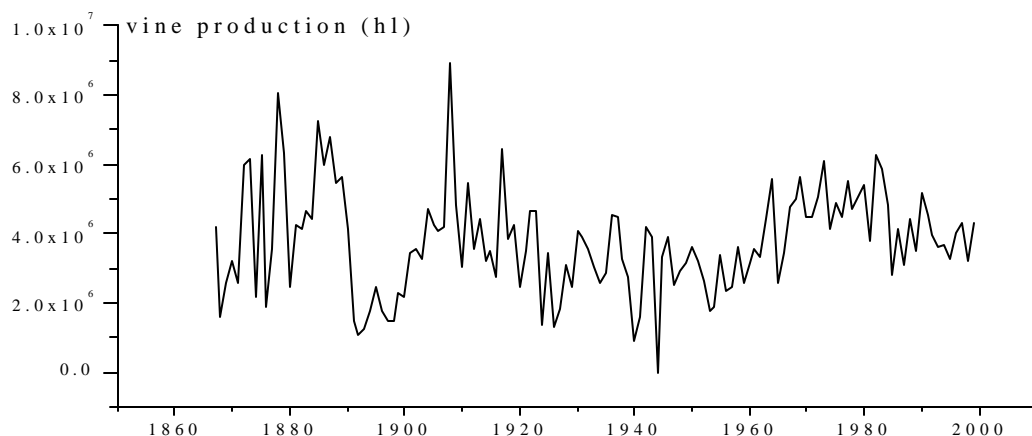
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## Abstract

The Hungarian vine sector plays an important role in satisfaction of domestic demand and in the Hungarian foreign trade. Based on stable former COMECON -export, considerable state subsidies and safe position on home -market , the vine making industry rapidly developed before 1990. The net food export on a per capita basis was among the highest in the world. The rush collapse of COMECON, the decline of domestic purchasing power and import liberalisation have created a new situation. The paper analyses the chances and possibilities of application of market-conform economic policy in upgrading the competitiveness of Hungarian vine economy. Using Porter's approach, of competitiveness, the utilisation of primary resources (agro-ecological potential, capital and labour), market structure, company strategies, domestic vine market and the role of other sectors connected with vine industry are analysed as elements of competitiveness.

The paper emphasises that some of the fundamental conditions of increasing competitiveness are the more expedient exploitation of the possibilities deriving from the present comparative advantages with a special emphasis on material and financial infrastructure as well as on collective marketing activity.

The Hungarian vine production from second half of XIXth century to millenium



The analysis of Hungarian wine sector provides a very good possibility to study the problems of economic transition in Hungary, because

- ? this is one of the biggest sectors of the Hungarian industry,
- ? plays a determining role in the fulfilment of domestic demand,
- ? the efficiency of food export is higher than in most parts of Hungarian economy (OECD 1993), that's why the food export is of vital importance from the viewpoint of the external balance of the national economy.

The majority of agricultural products is processed in the food-industrial sphere, so the competitiveness of wine sector is an important factor for rural development and employment, too.