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ACTION BY GOVERNMENTS RELEVANT TO THE PROVISIONS OF PART IV

Addendum

In response to GATT/AIR/1116 of 3 September 1974, the following information has been received from the delegation of Hungary in connexion with the implementation of Part IV.

The note addressed to the Director-General of GATT on 10 October 1974 by the Commercial Counsellor of the Hungarian People's Republic in Geneva contained a reply to some of the questions raised by the above-mentioned note from the GATT secretariat. Our note and the lists of countries and products annexed to it furnished detailed information on Hungary's preferential scheme and more particularly on changes introduced on 1 January 1974.¹ As already known, the number of countries enjoying preferential treatment has been enlarged and additional products have been included in the preferential list.

The present note answers the other questions raised by the above-mentioned note from the GATT secretariat.

By way of introduction, we wish to state that in Hungary products imported from developing countries are subject to the same revenue duties or internal charges as imports from industrialized contracting parties.

As stated in our memorandum, Hungary is examining the possibility of modifying its import licensing system. Although these are general measures in respect of foreign trade which do not affect the developing countries specifically, we can inform the GATT secretariat that the prime purpose of these changes is to liberalize our import system.

As regards customs matters, we can inform the secretariat that Hungary has not increased its customs tariffs and has no intention of doing so vis-à-vis developing countries. This also applies to what are termed non-tariff regulations of commerce.

¹See document L/4106.

While informing the GATT secretariat of the above-mentioned measures that come under the GATT rules, we are adding hereunder a brief description of the structure and evolution of our trade with developing countries and of action taken by us with a view to expanding that trade.

In recent years our efforts to diversify the structure of our imports from developing countries and to increase the share of semi-finished and finished products have been fruitful. Since 1970 imports of consumer goods have increased by 35 per cent, with an increase of 51 per cent in respect of industrial consumer goods. The share of manufactures falling within groups 1, 5, 6, 7 and 8 of the SITC nomenclature was 14.8 per cent in 1970 and reached 19 per cent in 1973. Mechanical structures have recently begun to be imported from developing countries, and these imports have become stable. The shift toward more manufactures in our import structure is the result of the trade policy we have pursued vis-à-vis developing countries.

The major part of Hungary's exports consists of products falling within SITC groups 5 to 8, i.e. finished and semi-finished industrial products (90 per cent in 1973). Products in group 6 (manufactured goods classified by material) have been continually declining, while the share of group 7 products (machinery, equipment) has been steadily increasing. This reflects Hungary's increasingly intensive participation in the industrialization efforts of developing countries. Our machinery exports used to consist almost exclusively of rolling-stock and road vehicles. More recently, our exports have included various installations for the foodstuff industry, mills, food-preserving plants, slaughter-houses, cold-storage warehouses, sea-going and inland-waterway vessels, port installations, electrical distribution stations, telecommunication equipment, mechanical constructions for the chemical industry, etc.

With a view to expanding its trade with developing countries, Hungary is taking the following measures of a promotional character:

High-level governmental delegations visit third-world countries; questions of economic co-operation are also examined in their discussions.

Hungary sends specialized trade, industrial and agricultural delegations to developing countries to examine an increasing number of subjects. These delegations also carry out complex tasks going beyond trade promotion and study possibilities for contributing to develop co-operation and the national economy.

Hungary participates in international trade fairs organized by developing countries; it organizes "Hungarian economy" days and special exhibitions; Hungarian enterprises give product demonstrations. In addition, Hungary gives assistance to developing countries participating in the Budapest International Fair.

The number of agencies and commercial offices representing Hungarian foreign trade enterprises in the developing countries is increasing; new mixed enterprises are being established in order to improve marketing methods.