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GENERAL AGREEMENT ON TARIFFS AND TRADE

Committee on Balance-of-Payments Restrictions

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1984 CONSULTATION WITH HUNGARY

Basic document for the Consultation[1]

Hungary notified to the GATT Contracting Parties on September 1, 1982 that she had been compelled to introduce under Article XII:2/a/ of the General Agreement temporary trade measures restricting imports settled in convertible currencies, as a consequence of the cumulative effects of unfavourable external circumstances over which the Hungarian Government had no control. The measures were the following:

- establishment of annual import quotas for certain primary and manufactured products;

- imposition of a 20 per cent surcharge on the imports of certain components.

/See: Documents GATT L/5363 and Add.1./

The Committee on Balance-of-Payments Restrictions held full consultation on these measures on 8 and 11 March, 1983. /See: BOP/231, BOP/W/66, BOP/R/131./

This document is intended to give an overview of the developments of the recent period started after the last consultation.

[1]Provided by the Hungarian authorities.

Cousequently it refers to the facts and situation described in the Basic Document submitted for the 1983 consultation to the extent as necessary in the context of the present consultation.

1. Legal and Administrative Basis of the Import Restrictions

1.1. Decision N° 1053/1974/X.17./ of the Council of Ministers implementing Law N°. III of 1974 on Foreign Trade authorises the Minister of Foreign Trade to determine the order of licensing foreign trade contracts.

Annual import quotas were established by Instruction N° 14/1982/KkÉ. 1./1983/KKM of the Minister of Foreign Trade. According to this instruction, applications for licences for products falling under import quotas shall be submitted in accordance with the regulations in force on foreign trade licensing /Decree N° 3/1977/VII.23./ KKM and Instruction N° 10/1977/KkÉ.1./KKM/.

1.2.1. Decree N° 23/1979./VI.28./ of the Council of Ministers on the implementation of Law N° II. of 1979 on Public Finance, authorises the Minister of Finance to establish Hungarian natural and legal persons'payment obligations, among others in the form of surcharges, necessary to the fulfillment of the tasks of the state budget. The Instruction N° 119/1982./PK 20/PM of the Minister of Finance prescribed that the importation of certain components was subject to payment of surcharge.

1.2.2. Instruction N° 102/1984/PK 2./PM of the Minister of Finance has repealed Instruction N° 119/1982/PK 20./PM,

and as a consequence the obligation related to the payment of surcharge on imported compenents has been abolished relative to the orders placed by the importing enterprises after April 1, 1984.

2. Methods of import restrictions

2.1. The list of products falling under annual import quotas and the volume or value of quotas are published yearly in a separate Communication of the Ministry of Foreign Trade. Import quotas for 1982 were published in N° 13 of Külkereskedelmi Értesitő /Foreign Trade Gazette/ of 1982, the quotas applied in 1983, in N° 1.of Külkereskedelmi Értesitő of 1983, and those remaining in force in 1984, in N° 1. of Külkereskedelmi Értesitő of 1984.

Applications for licences under the quotas are met in the order of their submission, up to the exhaustion of the quotas. The issuance of licences is non-discriminatory; licence holders are free to chose among the potential sources of imports.

2.2. The basis of calculation of the surcharge on components was the customs value; its rate was fixed at 20 per cent.

Surcharge was to be paid on components imported for the following purposes:

i/ repair, maintenance or renewal of fixed assets or other properties /spare parts/;

ii/ their incorporation in products manufactured for sale /productive parts/;

iii/ their sale.

The payment of surcharge was effected by self-declaration.

3. Treatment of imports originating from different sources

The measures described above apply /in the case of the surcharge on components were applied/ in a non-discriminatory manner, to all imports whose settlement is made in convertible currencies, irrespective of the source of supply. Imports from the least developed countries are exempted from the measures in question. It is the exclusive right of companies or economic organizations to decide upon the source of imports, taking into account commercial considerations like price, quality, specification, delivery date, terms of payment, etc.

Hungary's bilateral trade agreements where payment is made in convertible currencies, are not relevant from the point of view of the maintenance or the practice of application of the restrictive measures under examination, because these agreements provide only for the basic norms of trade relations and the methods applied for the development and promotion of trade. Agreements with contracting parties to the General Agreement on Tariffs and Trade are based upon the rights deriving from and obligations undertaken in the GATT.

Payments to and from countries with which Hungary has multilateral and bilateral payments agreements, are made in currencies and in accordance with the procedures set forth in those agreements. If there are no specific agreements, or if trade takes place outside the scope of the agreements, settlement is made in a convertible currency.

4. Products subject to import restrictions

4.1. Import quotas for 1983 are contained in Annex I, those in force in 1984 are listed in Annex II.

4.2. Components surcharge had to be paid on products of machine industry, those of plastics and rubber industry not used as primary commodities during the production process, in case the products were imported for the purposes described in point 2.2. An illustrative list of components imported by Hungary in the past years, is given in Annex III.

5. The use of state trading and government procurements in import restrictions

Publicly financed organs and institutions of the central budget are /in the case of components were/ also subjected to the restrictive measures. In 1982, Hungarian authorities were compelled to take austerity measures - affecting imports, too - in relation to these organs and institutions as well; these measures remained valid in 1983 and also in 1984.

6. Trade effects of import restrictions

6.1. The imports of products settled in convertible currencies falling under the quotas in 1983 are presented in Annex IV. The trade coverage of the import quotas did not increase and data relating to the utilization of the quotas show their flexible administration. The utilization of quotas varies between 62.5 per cent and 200 per cent. /Out of the 12 quotas in the case of 2 items it is under 80 per cent, in 3 cases it's between 80 and 90 per cent,

in 3 other cases it's between 90 and 100 per cent, while in the case of 4 items it's above 100 per cent./

This flexible practice of the implementation and the administration of the quotas permitted to meet two general economic requirements. By establishing the import quotas a rational use of the products concerned could be achieved at the level of the national economy. On the other hand when it was necessary in order to maintain the security and the continuity of supply there have been possibilities to issue import licences above the established quotas.

The number of import quota items in 1984 has been reduced to 6 vis-a-vis the 12 items maintained in 1983. The remaining 6 items figured also in the 1983 list with unchanged specifications. Out of these items 1 quota has been increased in value terms, and another quota in quantity terms relative to the last year. With the elimination of 6 import quota items as from January 1984 the share of imports falling under the quotas within the total imports settled in convertible currencies will decrease significantly in 1984.

6.2. In 1983 imports of products settled in convertible currencies subject to the payment of surcharge, according to preliminary data decreased roughly by 15 per cent expressed in forint value and by 27 per cent in US dollars relative to the preceding year at current prices. These figures however do not reflect exactly the changes occured in the volume of imports, because of the modifications in the exchange rate of the forint and because of the

overwhelming share of German mark, Swiss franc and Austrian shilling in the import payments. Taking into account the necessary corrections the actual decrease of the volume of imports is about 20 per cent.

Amid unfavourable liquidity position the imposition of surcharge on the imports of components settled in convertible currencies was an integral part of the restrictive domestic demand management policy and aimed to achieve more rational economic activities of the enterprises, to eliminate eventual unsparing use of the components. The very volume of imports of components had not been limited, as such. This type of measure permitted to avoid the application of more restrictive administrative restrictions which could have caused serious problems to the enterprises in their internal and external relations.

7. Economic policy, main economic developments, balance-of-payments situation

7.1. Major objectives and means of the Hungarian economic policy, performance of the Hungarian economy /1978-82./

The basic objective of Hungarian economic policy in recent years has been to improve the external equilibrium. This has necessitated the adoption and consistent application of a stricter demand management policy. In restricting the increase of domestic absorption the economic policy since 1978 has been concentrated on cutting back the demand in investments. These efforts have resulted in a decline of total investments /between

1979-82 an average decline of about 2.8 per cent of the gross fixed investment took place/.

The adoption and application of measures influencing the volume and growth of the different elements of domestic **absorption** has been accompanied and supported by renewed efforts aiming at the improvement of the economic management system, the promotion of adjusting the Hungarian economy to the changing external conditions and to enhance of its competitiveness.

The favourable impact of these internal adjustment policies on the external balance of Hungary could be registered in the years of 1979 and 198o. The foreign trade balance in convertible currencies had improved /with a substantial reduction of the deficit in 1979 and some surplus in 198o/, the deficit of the current account balance decreased in both years.

While foreign trade balance in convertible currencies further improved in 1981, the current account balance position seriously deteriorated, as a consequence of the unfavourable developments in international monetary relations, aggravated by adverse developments affecting the capital balance position and reserves of the country and by the negative effect on Hungarian exports of the growing protectionism, worsening market access conditions, discriminatory and/or restrictive trade policy measures /see in detail: BOP/231, points 7/b and 7/c/.

The deterioration of the external economic, financial and trading environment at the end of 1981 necessitated further adjustments of Hungarian economic policy in 1982. In addition to the demand management measures, a policy of exhange rate adjustments /implying a depreciation by some 11 per cent of the forint against the

basket of convertible currencies to which it is pegged/ was followed. Consumer prices increased, also as a consequence of the decrease in price support on consumer goods, increase in indirect taxes and the effect of the devaluation. Measures were taken for a strict restriction of credits and a tax of 25 per cent was introduced for new investments.

Even these internal measures could not be sufficient to realize the required economic policy objectives, since the basic problems had been incited by external factors falling beyond the control of the Hungarian authorities. Against this background, quotas have been established for imports in convertible currencies of certain products and the importation in convertible currencies of certain components became subject to the payment of surcharge. Hungarian authorities have been compelled to issue import licences subject to the country's liquidity position.

7.2. Main economic developments, balance-of-payments situation in 1983

The principal objective of the Hungarian economic policy in 1983 was to bring about a large and sustainable improvement in the current account in convertible currencies. In achieving this goal, Hungarian authorities had basically to rely on the restrictive internal economic policy measures, because the unfavourable external economic environment continued to exist, market access possibilities and conditions even worsened. The authorities took further measures to limit domestic demand. Real consumption expenditures were kept down through curbs on wage increases higher social security contributions and higher rate of

price increases, associated with cuts on consumer price subsidies /household energy, long distance passenger fares, house rents, bread, sugar, vegetable oil, etc./. A wide array of measures /a partial freezing of state and enterprise investment funds, tightening of credit, curtailment of working capital funds from inefficient enterprises/ helped to curtail the volume of fixed investments and contain stock-building. The purpose of following a more active exchange rate policy, manifested in the devaluation by 7 per cent of the forint, was to promote a more rational use of imports, to raise the profitability and to improve the competativeness of exports.

As a consequence of these measures the national income only slightly increased while the domestic demand decreased by 2-3 per cent. Industrial output increased by 1 per cent, but agricultural production was set back by a severe drought. At the same time real wages, fixed capital formation and the increase in stocks diminished.

Exports in convertible currencies increased in volume, but remained unchanged in US dollar value terms because of the unfavourable price changes and the developments in the dollar's exchange rate. The volume of imports in convertible currencies also increased, while their value expressed in US dollar decreased, mainly because of the decrease in prices.

The trade balance in convertible currencies showed a surplus of US dollars 877 million in 1983 /on cash-flow basis/. The improvement in 1983 was just above US dollars 100 million, which is less than expected. This can be explained by the effects of the drought on exports

amounting to a loss of above 200 million US dollars, the unfavourable development of trade prices and by the effects of lasting protectionism limiting the possibilities for the access to major markets.

The depreciation of the exchange rate also had a favourable effect on the volume of tourism. However, the trend towards rapidly widening travel surpluses in convertible currencies was halted in 1983, as the travel receipts decreased slightly from the high level of 1982. This reflects in particular a 40 per cent reduction of arrivals from Yugoslavia.

The current account balance resulted in a surplus of 297 million US dollars, representing an improvement of 360 million US dollars, as compared to 1982. /See: Annex V/

The average interest rate on the average debt stock was 1o.26 per cent, significantly lower than in the previous two years /14 per cent in 1981 and 12.9 per cent in 1982/. The reduction of the average interest rate reflects the general easing of interest rates. Commissions and fees were also lower because of the easier liquidity situation which reduced the need for recourse to loans and deposits of very short maturities.

At the end of 1983, total convertible currency debt amounted to US dollars 8.25 billion, consisting of US dollars 2.12 billion in short term debt and US dollars 6.13 in medium and long term debt. The total convertible

currency debt rose by US dollars 535 million from the level at the end of 1982, but remained below the level of the end of 1981, when it amounted to US dollars 8.70 billion.

The amount of international reserves in convertible currencies increased from US dollars 1.1 billion to US dollars 1.6 billion during the year because of the improved performance of the current account and the use of IMF resources. The four credit tranches, drawn in the amount of US dollars 352 million under the IMF standby arrangement, were used fully for the replenishment of foreign exchange reserves.

In the IBRD Hungary has been judged to qualify for medium term project loans. In June 1983, the Bank approved loans of US dollars 109 million for an Industrial Energy Diversification and Conservation Project and of US dollars 130.4 million for a Grain Storage and Agricultural Mechanization Development Project.

During the first half of 1983, two short term bridging loans, which were provided by the BIS in 1982, were fully repaid.

8. External trading environment facing Hungarian exports

The development of the economy and the realization of the economic policy objectives followed by the Hungarian authorities have been largely influenced by the external circumstances also in 1983. Conditions of the world economy mainly on the most important traditional markets

of the Hungarian exports directed to the convertible currency area are still unfavourable. Market access possibilities have been limited, in several respects market conditions have become more severe and in the agricultural and food sector they have definitely worsened.

A part of the Hungarian exports directing to the markets of the member-states of the European Economic Community is restricted by quantitative, mainly discriminatory restrictions. In the case of industrial products Hungarian exports suffer considerable losses in western European markets due to tariff disadvantages. The market access possibilities of the Hungarian agricultural products are hampered not only in the protected markets but also in third countries, as a result of excessive subsidies granted by major trading countries displacing former Hungarian exports or making impossible for Hungarian products to penetrate into new markets. Hungarian export possibilities are also influenced by the general solvency problems of a large number of countries.

8.1. Agricultural products and foodstuff

From among the developed market economy countries member-states of the European Economic Community represent traditionally the most important markets for Hungarian exports. Various mechanisms functioning within the framework of the Common Agricultural Policy considerably restrict market access possibilities of Hungarian exports despite the competitiveness of Hungarian products both in price and quality. Furthermore, this policy prevents the Hungarian exporters from establishing an appropriate and stable medium and long - term production and market policy in this sector.

According the latest available EEC statitical data in 1982, 89 per cent of the Community's agricultural imports from Hungary /454.64 million ECU/ was subject to different common market organizations. 43.8 per cent of the total Hungarian exports was affected in four out of the 21 sectors regulated by the Common Agricultural Policy, that is beef and live cattle, pork, live sheep and sheepmeat and poultry.

In 3 out of this 4 sectors the market access possibilities are determined by variable import charges and by different price limit mechanism. In the field of live sheep and sheepmeat market access in regulated by an export restraint arrangement.

8.1.1. Live cattle and bovine meat

Before the introduction of a complete import prohibition of the exports of live cattle to the EEC, in 1973 Hungarian exports of live cattle amounted to 120 thousand tons, since then exports have stopped completely. As a consequence of that, the value of the unrealizable exports in estimated at 1973 US dollar prices to amount to about dollars 130 million.

The presently most important product of the Hungarian exports is beef hindquarter, reaching 75-80 per cent of total Hungarian bovine exports. Variable levies applied to this product is contained in Annex VI. Hungarian exports amounted to 9.5, 5.8 and 2.8 million ECUs in 1978, 1981 and 1982, respectively.
The decrease in value of exports is in inverse correlation with the increase of the variable levies. The value of the

unrealized exports in 1982 because of the growing variable levies in 1978-8o amounts to at least 6 million ECUs. Considering the actual exports, the losses in the incomes of the exporters due to the high extent of the levies in the years 198o-82 reach approximately 450 thousand ECUs annually.

With the inclusion of other types of products belonging to the bovine sector and taking into account bovine exports as a whole, the value of unrealized exports amounts to 8.5 million ECUs a year, and export income losses total 600 thousand ECUs a year.

8.1.2. Live swine and porcine meat

The value of unrealized live swine exports of Hungary /calculated by analogue method to that of the beef exports/ amounts to approximately 7 million ECUs as a consequence of combined effects of variable levies and the price limitation mechanisms. Live swine exports to the EEC which decreased below 2000 tons by 1982, had reached 22000 tons in 1972.

In the case of pork exports in 1982, 53 per cent of the levies was charged on half carcasses of pigs, in a value of more than 4 million ECUs. The data relating to the changes of variable levies are contained in Annex VII. The value of exports in 1976 and in 1978 was 4.3 and 4.6 million ECUs, respectively, while in the 3 year average of 198o-82 it did not reach 3.8 million ECUs. The export income losses taking the 1976 levies and the 198o-82 annual exports as a basis for the estimates would amount

to about 900 thousand ECUs. Exports of half-carcasses of swine have been practically excluded by the high price limits. The value of unrealizable exports of pork is estimated to amount to about 1.4 million ECUs.

8.1.3. Poultry

The 1983 exports in a value of 22.5 million US dollars were charged by 27-28 per cent levy in average. The export income losses of the Hungarian exporters stemming from the levy were above 3 million US dollars.

8.1.4. Live sheep and sheepmeat

Because of the obligations of the self-restraint arrangement concluded between Hungary and the EEC in the sheep sector, the actual deliveries of live sheep are 5 per cent lower, while in the case of meat 10 per cent lower than it would have been in the absence of the limitations. According to estimates the annual increase of Hungarian exports could have been 6 per cent, which means 2.5 million ECUs unrealized exports in the years of 1982 and 1983.

8.1.5. Other agricultural products

In the case of other Hungarian export products falling under the Common Agricultural Policy /variable levies, reference prices and other mechanisms of the common market organizations/, the export income losses of the Hungarian enterprises are estimated to be above 7 million ECUs.

8.1.6. Export income losses due to the accession of Greece to the Community

Prior to the accession of Greece to the EEC, Hungary had exported live cattle and beef to Greece in a value of 34 and 26 million dollars in 1979 and 1980, respectively.

Taking into account the demands of the Greek market Hungary's beef exports could have reached 38-40 million dollars annually in the years of 1981-1985. The introduction of the common market organization practically excluded the Hungarian exporters from the beef market.

There is a similar situation in the field of cheese exports. Prior to the accession, in 1980 Hungary could export 3 thousand tons of cheese to the Greek market in a value of nearly 7 million ECUs. As a consequence of the accession to the EEC, Hungarian cheese exports dropped back drastically. The value of unrealized exports in 1983 amounted to about 4.4 million US dollars.

8.1.7. Export subsidies on third markets

The export subsidies granted by some large agricultural exporter areas and countries had adversely affected Hungarian exports on third markets as well. In some markets high export subsidies practically outplaced Hungarian exports /e.g. in the case of poultry, fresh egg, etc/ mainly from the Middle-East countries. This very fact is well demonstrated by the following data: in 1977 and 1978 the average value of Hungarian poultry

exports directed to the Middle-East amounted to above 30 million US dollars, while in 1981 and 1982 it dropped back to 9 and 4 million US dollars, respectively.

8.2. Industrial products

In the industrial sector different quantitative restrictions continue to be serious obstacles to Hungarian exports. The imports of member states of the EEC from sources not subject to quantitative restrictions had increased at a much greater rate than the same imports from Hungary. According to calculations relative to the quantitative restrictions inconsistent with Article XIII of the General Agreement, the restrictions maintained have made impossible at least 30 million US dollar exports. /The Hungarian exports in these products actually reached 17 million dollars in 1982./ Some of the important products subjected to discriminatory import restrictions maintained by one or several member states of the EEC and excluding a large volume of Hungarian exports from these markets are listed in Annex VIII /textiles are not included/.

Hungary concluded self-restraint arrangements relative to the exports of textile and clothing products with the EEC, the United States and Canada. As a consequence of the self-limitations embodied in the Hungarian-EEC agreement the value of unrealized exports according to estimates amounts to about 6 million US dollars. In the case of products limited by the Hungarian-US arrangement, in the absence of these limitations Hungarian exports could have increased by 5 million dollars.

8.3. Price losses

The prices of the most important goods of the Hungarian exports have not experienced favourable changes at all in the international markets. The price indices of the most important sectors of the Hungarian exports and price losses resulting from the price decreases are contained in Annex IX. The price losses of the Hungarian exports settled in convertible currencies reached 374 million US dollars in 1982, while in 1983 they amounted to 453 million US dollars.

8.4. Losses deriving from the unfavourable competitive position of Hungarian exports

About 80 per cent of the Hungarian exports to the markets of industrialized countries had to face a disadventageous competitive position due to the existence and extension of the industrial free trade area among the Western European countries, the preferential treatment granted by the EEC in the framework of its so called Mediterranean policy and to the different preferential schemes of the industrialized countries. The problems enumerated above, have had an accumulated unfavourable effect on the Hungarian economy.

9. Economic policy aims and priorities in 1984

The key objective of economic policy remains the maintenance of external solvency. Accordingly, and taking into account the substantial increase in debt service

payments in 1984, a further strengthening of external current account in convertible currencies is necessary. As the temporary import restrictions imposed in September 1982 have been eased and a part of them eliminated, a fairly strong export performance would be required.

The regulation and further reduction of domestic demand remains to be the most important economic policy instrument. According to the projections,while the national income will increase by 1.5-2.0 per cent, domestic demand is expected to decrease by 1-2 per cent. As a consequence of strict wage regulation and consumer price increase of 7-8 per cent, the real wages in the socialist sector will decrease. The consumption of the population will stagnate, and the investments will be further reduced. The long-run consequences of reliance on cutbacks in investment are lessened by ensuring that scarce capital resources are not squandered on less efficient enterprises or on projects with below average expected rates of return. Credit disbursements are concentrated mainly on the export-oriented and energy saving investments.

The decrease in domestic demand, the strong incentives for the energy and raw materials savings may moderate the increase in the volume of imports in spite of the gradual easing effected in the temporary import restristions.

10. Measures taken since the 1983 consultation

10.1. As a residual element in the Hungarian import régime, imports of consumer goods settled in convertible

currencies are subject to a global quota. The need for the maintenance of this restriction, which had been in application already at the time of Hungarian accession to the General Agreement, arises from balance of-payments considerations[1/].

The global quota is fixed annually in dollar terms and published in the Foreign Trade Gazette. The consumer goods quota for 1984 was set at US dollars 100 million, divided into foods and beverages /US dollars 27 million/ chemicals for household use//US dollars 8 million/, clothing /US dollars 25 million/, technical goods for consumer use and ironware /US dollars 28 million/, other industrial goods /US dollars 12 million/.

10.2. As described in the previous parts of this document, the number of import quotas introduced in September 1982 has been decreased and the obligation of payment of the 20 per cent surcharge on the imports of components has been eliminated since the 1983 consultation.

In addition to this, gradual easing has been introduced in the practice of import licencing. From January 1983 quarterly reference limits relative to previous imports were introduced for all large and frequent importers, below which individual licences are automatically granted. The setting of the reference limits for half year periods, applied from January 1984 and the increase of the limits for major importers represents a further improvement.

All these steps form an integral part of the Hungarian Government's efforts aiming at the progressive withrawal of the import restrictions introduced under the

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1/ See: BISD 20 th Supplement, p. 37 and BOP/R/131 para.10.

constraints described in the notification circulated in document GATT L/5363, which has been made despite the fact that the detrimental external trade and trade policy conditions confronting Hungary have in several respects further deteriorated, compared to those having prevailed in 1982.

The economic policy objectives can be realized and the efforts aiming at the gradual elimination of the temporary import restrictive measures introduced in 1982 can lead to the expected results only in the case if the reestablished confidence of the international financial community vis-á-vis Hungary is maintained, consequently the rebuilt level of external reserves can be maintained. The same goes for the external economic and trading environment: the internal efforts of the Hungarian authorities must be supported and accompanied by correnspondingtrade policy measures of Hungary's major partners with a view to facilitate the possibilities and to improve substantially the conditions for the access to markets of Hungarian products. As the reestablished confidence of the international financial circles is still quite fragile and no favourable sign can be experienced as yet in Hungary's external trading environment, it is imperative to follow a "safety first" policy in moving ahead in the process of gradual elimination of the remaining temporary import restrictive measures.

Annex I.

Import quotas for 1983

Office equipment and requisites	120 million Fts
Aniline colours, auxiliary chemical materials for the textile, leather and fur industries	2.000 million Fts
Motor vehicle tyres	75.000 pcs.
of which:	
tyres for passenger motor-cars and for trucks size 7 x 9	30.000 pcs.
tyres for lorries, buses and other trucks	45.000 pcs.
PVC powder and hard granules	8 thousand tons
Polystyrene and styrene copolimers	16 " "
Fertilizers /in active ingredient/	
Nitrogene	12 " "
Phosphore	140 " "
Potassium	8 " "
Plant protection chemicals and their active ingredients	2.500 million Fts
Paper, cardboard	98 thousand tons
Protein fodder of animal and vegetable origin	670 " "
Fodder concentrate	5 " "
Animal feed phosphate	75 " "
Chemicals intended for use as feed	1.500 million Fts

Annex II.

Import quotas for 1984.

Fertilizers /in active ingredient/	
Nitrogene	12 thousand tons
Phosphore	175 " "
Potassium	8 " "
Plant protection chemicals and their active ingredients	2.750 million Fts
Protein fodder of animal and vegetable origin	686 thousand tons
Fodder concentrate	5 " "
Animal feed phosphate	75 " "
Chemicals intended for use as feed	1.500 million Fts

Annex III.

Illustrative list of components subject to the payment of surcharge imported by Hungary in the past years

ex 73.27
ex 73.32
ex 74.11
ex 74.15
ex 75.06
ex 76.16
ex 82.02
ex 82.03
ex 82.04
ex 82.05
82.07
ex 84.01
ex 84.10
ex 84.12
ex 84.17
ex 84.22
84.23-17
-20
84.23-32
-99
ex 84.31
ex 84.33
ex 84.34
ex 84.35
ex 84.38
ex 84.44
ex 84.48
ex 84.49
84.55
ex 84.61
84.62
85.06-02
ex 85.11
ex 85.13
ex 85.15
ex 85.18
ex 85.19
ex 85.21
ex 85.23
ex 85.25
ex 85.26
ex 86.09
ex 87.06
ex 90.16
ex 90.17
ex 90.18
ex 90.20
ex 90.22
ex 90.23
ex 90.24
ex 90.25
ex 90.28

Annex IV.

Actual imports of products falling under the 1983 import quotas

Office equipment and requisites	83 million Fts
Aniline colours, auxiliary chemical materials for the textile, leather and fur industries	1.773 " "
Motor vehicle tyres	69.885 pcs.
PVC powder and hard granules	5 thousand tons
Polystyrene and styrene copolimers	13 " "
Fertilizers /in active ingredient/	185 " "
Plant protection chemicals and their active ingredients	2.588 million Fts
Paper, cardboard	82 thousand tons
Protein fodder of animal and vegetable origin	719 " "
Fodder concentrate	10 " "
Animal feed phosphate	70 " "
Chemicals intended for use as feed	1.450 million Fts

Annex V.

Balance of Payments in Convertible Currencies, 1981 - 1983

/in millions of U.S. Dollars/

	1981	1982	1983
Exports	4,877	4,876	4,847
Imports	-4,432	-4,110	-3,970
Trade Balance	445	776	877
Freight and insurance, net	-216	-221	-175
Travel, net	133	176	165
Investment income, net	-1,100	-976	-662
Government expenditure, net	-47	-45	-39
Other current receipts, net	11	176	76
Unrequited transfers, net	47	61	55
Current Account Balance	-727	-63	297
Medium- and long-term capital			
Assets[1/]	-104	-192	-65
Liabilities	617	260	60
Inflows	1,443	1,154	1,276
Outflows	-826	-894	-1,216
Short-term capital			
Assets[1/]	31	-161	-239
Liabilities[2/]	-348	-998	390
Overall Balance	-531	-1,154	443
Monetary Movements			
Monetary gold /increase-/	177	383	-365
Foreign Exchange /increase-/	354	536	-430
IMF[3/]	-	235	352

1/ Excludes reserve assets; mostly export financing.

2/ Includes errors and omissions.

3/ Includes drawings of SDR 72 million under CFF in December, 1982.

Annex VI.

Beef hindquarter 1/

	variable levy $/to /1/	export price /fob/ $/to /2/	/1/ : /2/ % /3/
1974	19.16	1783	1.1
1976	1235.32	1892	65.3
1978	1459.27	2158	67.6
1980	1925.31	2748	70.1
1982	1785.58	2460	72.6
1984	2093.83	1990 2/	105.2

1/ with Italian destination
2/ in January

Annex VII.

Half-carcasses of pigs[1/]

	variable levy $/to /1/	export price /fob/ $/to /2/	/1/: /2/ % /3/
1974	122.14	1112	10.9
1976	234.12	1218	19.2
1978	500.05	1104	45.3
1980	509.59	1495	39.1
1982	372.98	1585	23.5

1/ with Italian destination

Annex VIII.

List of products which are subject to discriminatory import restrictions maintained by one or several member states of the EEC excluding important Hungarian exports

Nimexe position /1983/	Product
04.06	Natural honey
28.20-11	Aluminium oxide and hydroxide
28.38-47	Aluminium sulphates
ex 29.38-25	"Vitator" vitamins B_{12}
31.02	Mineral and chemical fertilisers
36.02	Prepared industrial exsplosives
36.06	Matches
38.11-30/80	Different plant protection chemicals
39.02-21/22	Polypropylene
39.02-28	Different wastes of polymerisation
39.02-51/52	Manufactured products from polyvinyl chloride
39.03-21	Cellulose nitrate
42.02-21/60	Different leather goods, excluding shoes
44.13-10 and 44.23-71/79	Wood for parquet or flooring
64.02	Footware from leather
69.08	Wall tiles
69.11	Articles of porcelain or china of domestic use
70.05-10	Horticultural glasses
70.04/70.07	Glassware
70.10-01/33	Glass for packing
73.23-29	Petrol cans
73.32-93	Seeger rings
76.02	Bars and angles of aluminium
85.15-20	Television sets
85.25	Insulators of ceramic materials

Annex IX.

Price losses of the Hungarian exports in selected sectors /exports settled in convertible currencies/

	1982		1983	
	$ price index	price losses in million US $	$ price index	price losses in million US $
Metallurgy	93.8	- 27.8	95.9	- 17.8
Machine industry	95.9	- 40.5	94.3	- 51.6
Chemical industry	89.4	- 75.9	89.9	- 83.1
Light industry	92.8	- 31.9	91.4	- 40.8
Foodstuffs	90.8	- 94.0	86.4	-128.7
Agriculture	87.5	- 99.8	87.3	- 89.1
All sectors	....	-374.0	....	-452.7