

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

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NOTIFICATION OF REQUEST FOR CONSULTATIONS WITH HUNGARY
UNDER PARAGRAPH 5 OF THE PROTOCOL OF ACCESSION

Communication from the EEC

The following communication, dated 6 April 1987, has been received from the EEC.

In pursuance of paragraph 5 of the Protocol for the Accession of Hungary to the GATT, I have the honour to inform you that the Commission of the European Communities wishes to enter into consultations with Hungary regarding problems arising for the United Kingdom, France and Ireland by reason of imports of certain nitrogenous chemical fertilizers.

These problems are summarized in the Annex hereto.

During the consultations, the Commission is ready to furnish any other useful information that might be desired.

ANNEX

Problems Arising for the United Kingdom, France and Ireland
by Reason of Imports of Certain Nitrogenous Chemical
Fertilizers from Hungary

I. Introduction

(a) The world market for nitrogenous chemical fertilizers, in particular urea, has been characterized since last year by a considerable surplus of supply in relation to demand.

As a result, the Community market is under growing pressure from third countries, whether or not traditional suppliers, which are offering products at prices from 20 to 40 per cent lower than those of like Community products.

Furthermore, the anti-dumping measures adopted recently by one contracting party against imports of urea from the principal State-trading supplying countries of Europe have aggravated this situation, by diverting to other markets - in particular the Community because of its geographical proximity - trade flows that had formerly gone to that contracting party and other destinations.

As a result, imports by the Community alone of urea originating in State-trading countries of Europe have increased from some 120,000 tons in 1984 to 530,239 tons in 1986.

This has had the effect of disrupting the market for urea in the Community, causing serious injury to producers in the member States, in particular some of them where imports are free of restriction (United Kingdom, France and Ireland).

Hence the need to apply safeguard measures.

(b) Nevertheless, the growing practice on the part of international fertilizer merchants of exchanging goods of various origins while in transit makes it difficult to verify the origin of the goods and allows these merchants to circumvent the import limitations existing in certain member States in respect of certain supplying countries. As a result, the protection applied against those countries is ineffective unless it is extended at the same time to other traditional or potential suppliers.

II. Imports from Hungary

(a) Imports of urea (CCT 31.02 B) into the United Kingdom

During the period 1983-1986, imports of urea by the United Kingdom from Hungary increased considerably, from 800 tons to 11,117 tons.

Hungary's exports of urea to the Community increased from 14,932 tons in 1985 to 43,511 tons in 1986; Hungary is consequently, among the East European countries, an increasingly important supplier for the Community.

The emergency measures introduced provisionally in the United Kingdom with effect from 1 January 1987 provide for import possibilities of 12,000 tons of urea from Hungary for the year 1987.

Additional import requests for 23,000 tons have been presented to the British authorities since 1 January 1987; it would have been impossible to meet these requests without aggravating irremediably the injury already suffered by the United Kingdom.

(b) Imports of urea and of mixed ammonium nitrate and sodium carbonate (CCT 31.02 B and ex C) into Ireland

Imports of urea from Hungary, which had been nil until 1985, increased suddenly to 7,606 tons in 1986, putting Hungary in second place among Ireland's suppliers in Eastern Europe, with a share of 30 per cent.

Furthermore, Hungary is an important supplier of these chemical fertilizers to the Community: its exports increased from 132,143 tons in 1985 to 140,868 tons in 1986.

That is why the Irish authorities imposed emergency measures on 11 March 1987 against imports of urea and mixed ammonium nitrate and sodium carbonate from Hungary. These measures provide for the opening of an import quota for urea in the amount of 2,000 tons.

(c) Imports of urea and of mixed ammonium nitrate and sodium carbonate (CCT 31.02 B and ex C) into France

French imports of the above-mentioned chemical fertilizers from State-trading countries of Europe have developed very substantially - from 38,913 tons in 1985 to 186,181 tons in 1986.

Imports by France from Hungary totalled 43,648 tons in 1985 and 36,658 tons in 1986. As we have seen (cf. 2(b) above), Hungary is also an important supplier for the Community.

To date, France has not taken any emergency measures against Hungary.