

HUNGARY

Statement Circulated by H.E. Dr. Szabolcs Fazakas,
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Hungary considers that the first 50 years of the GATT/WTO system have been a formidable success and contributed to world-wide growth and prosperity. Our economic history bears clear witness to the validity of the fundamental GATT principles and to the enormous damage that regional autarchy, bilateralism and excessive State intervention can cause to an economy.

The reintegration of Hungary into the world economy and the general opening of our market in the past ten years led to the very significant modernization, deep-going structural changes and increased international competitiveness.

The process of economic transformation has arrived at its conclusion. As a result of consistent privatization and the necessary legislative and institutional changes a fully-fledged market economy has been established. The transformation process has been very painful for the population but the sacrifices weren't in vain: the macroeconomic equilibrium has been achieved and the country is on the path of sustainable, dynamic and export-led growth.

The international business community recognized the result of the Hungarian economic transition by a rather substantial inflow of FDI which contributed to improved efficiency and corporate governance as well as robust export performance. The prosperity of Hungary is largely dependent on a supportive external economic environment, therefore we attach high importance to a well-functioning multilateral system which offers stability and predictability in international markets.

To become a full member of the EU is the most important national priority for Hungary. The recent commencement of the Hungary-EU accession negotiations brought this full membership within reach. It is our firm belief that the present enlargement of the EU will be of considerable benefit not only to the participants but also to third countries and that the steps which are going to be taken will be in consistency with both the letter and the spirit of the WTO.

In this regard it is worth mentioning that:

- Within the framework of the preparation for accession to the EU Hungary has just recently bound far-reaching commitments concerning the liberalization of its financial and telecommunications services regime on an MFN-basis. As part of the legal harmonization it adopted and is effectively enforcing legislation, among others, in the field of intellectual property rights, public procurement, competition policy which significantly improve the access to the Hungarian market of goods and services.

- the accession will necessarily lead to the further significant reduction of the Hungarian MFN-duty levels and the enlargement itself will effectively contribute to the market-oriented reform of the Common Agricultural Policy in accordance with the long-term objectives of the WTO Agreement on Agriculture.

Hungary has a clear interest in a strong, dynamic and credible WTO system. It is our view that this can be ensured only by the full, timely and faithful implementation of all the commitments and the adoption of an ambitious, dynamic and forward-looking WTO work programme. We strongly believe that these two basic conditions of success are not in conflict, on the contrary, they are mutually supportive, the artificial confrontation of these aspects would cast a dark shadow on the future of the WTO.

The Hungarian Government is convinced of the desirability of the commencement of a global, comprehensive round of negotiations to be started on the turn of the century which would encompass the elements of the Built-In Agenda, further reduction of industrial tariffs, the new issues identified in the Decisions taken at the Singapore Ministerial Conference, in particular regarding competition and investment as well as other trade-related issues such as electronic commerce which is figuring prominently among the areas which represent a huge trading potential.

As far as the issue of implementation is concerned we consider that the overall picture is satisfactory. In this respect let me just refer to the dispute settlement mechanism, one of the cornerstones of the WTO which functions well and significantly strengthens the credibility and image of the organization.

Hungary contributed to and welcomes the successful conclusion of the negotiations on basic telecommunications and financial services. Our own experience confirms that the attachment to the WTO principles and the resulting market opening led to the establishment of a modern competitive business infrastructure and led to the substantial inflow of foreign capital which is necessary for the further modernization of the economy.

At the same time it can not be denied that in certain areas there are problems (e.g. the lack of common understanding on systemic issues is hindering the reviews of the notified agreements in the Committee on Regional Trading Arrangements, the work relating to state trading enterprises has not gone far enough, the progress is very slow in ongoing negotiations in the fields of services, particularly on rules of modifications of GATS schedules and we were expecting more expeditious progress on geographical indications in the TRIPS area).

Hungary considers that the process of accessions is somewhat slow. In certain cases these negotiations appear to neglect objective criteria because of political considerations. At the same time it is also clear that some of the acceding countries have to undertake further significant efforts to ensure full conformity with WTO rules and to offer meaningful market access opportunities before they can join the organization.

In concluding, let me express our conviction that only a WTO which is responsive to the emerging new challenges of a changing global trading environment can ensure that the organization can continue to play its central role of providing the rules and disciplines for governing international trade to the benefit of all the Members of the WTO. I would like to state that Hungary will spare no efforts to contribute to this goal.
