

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

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HUNGARY - DISINVOCATION OF
ARTICLE XII

The following communication, dated 4 January 1985, has been received from the Permanent Mission of Hungary.

Hungary notified to the 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.

Hungary duly notified the introduction of these trade measures and the consecutive steps taken with a view to eliminate and ease the measures concerned. /See: documents GATT L/5363 and addenda, dated 7 September 1982, 8 February 1983, 23 February 1984, 11 April 1984 and 12 July 1984/

In accordance with the relevant provisions of the General Agreement and the obligations arising therefrom, Hungary had full consultations with the contracting parties in March, 1983 and May, 1984 on the restrictive measures introduced for balance-of-payments purposes.

During the last consultation the Committee on Balance-of-Payments Restrictions in its conclusions "welcomed the efforts

made by Hungary to ease the restrictions introduced in 1982, in particular the lifting of the 20 per cent import surcharge on April 1, 1984, and the partial elimination of quantitative restrictions, and noted the transparency of the measures taken. Taking into account the various internal and external factors affecting Hungary's balance-of-payments position, the Committee reiterated the hope that in the light of progress achieved in internal adjustment, Hungary would soon be in a position to announce a timetable for the phasing out of the remaining restrictions". /See: document GATT BOP/R/141. para. 18./

As from July 1, 1984 the last remaining element of trade measures taken for balance-of-payments purposes were the six import quotas, valid until the end of 1984. The Hungarian authorities are now in the position to announce that these quotas have been abolished as from January 1, 1985 and accordingly the relevant legal instrument providing for the establishment of annual import quotas, instruction No 14/1982/KkM, 1/1983 KkM of the minister of foreign trade has been withdrawn. With this step all trade measures introduced under Article XII of the General Agreement on September 1, 1982 have been eliminated.

The desinvocation of Article XII has become possible mainly due to the Hungarian Government's domestic economic policy measures aimed at restoring the equilibrium of balance-of-payments in convertible currencies, it is necessary to point out, however, that the internal efforts have not been supported by the external trading environment, as the trade policy measures, possibilities and the conditions affecting Hungarian export in convertible currencies have not improved, in certain respects they have definitely deteriorated.

The Hungarian Government is confident that the steps taken as a result of its efforts shall be duly appreciated by the contracting parties, and reiterates its firm expectation that corresponding trade policy measures will be decided by Hungary's major trading partners with a view to facilitate the possibilities of, and improve substantially the conditions for market access of the Hungarian products.