GENERAL AGREEMENT ON TARIFFS AND TRADE

L/5363
7 September 1982
Limited Distribution

Original: French

HUNGARY - TRADE MEASURES TAKEN FOR BALANCE-OF-PAYMENTS PURPOSES

The following communication, dated 1 September 1982, has been received from the delegate of Hungary to GATT.

In order to prevent a sharp decline in the country's monetary reserves and to raise those reserves at a reasonable rate of increase, the Government of the Hungarian People's Republic is introducing temporary restrictive measures on imports under Article XII:2(a) of the General Agreement on Tariffs and Trade.

These measures are a supplementary element within the framework of the economic policy pursued by the Hungarian Government under which particular importance is attached to improving the country's external equilibrium.

The situation that has made these measures necessary has developed because of external circumstances over which the Hungarian authorities have no control. Among these, one may mention that contrary to the normal possibilities existing hitherto for acquiring foreign exchange credits, in recent times our possibilities have diminished greatly. At the same time, conditions and possibilities for access to the market of certain developed market-economy countries have deteriorated because of protectionist measures and restrictions inconsistent with Article XIII of the General Agreement which have been applied in respect of imports of Hungarian products.

At the time of acceding to the General Agreement, Hungary expressed the intention of increasing its imports from contracting parties (paragraph 5 of the report on the accession of Hungary to GATT, BISD, 20S). In the period since its accession, Hungary's imports from contracting parties have more than doubled. In the course of this year, however, the Hungarian economy has encountered liquidity problems which are preventing it from carrying out that intention.

At the time of acceding to the GATT, Hungary stated "that it was the intention of the Hungarian authorities to carry on a liberal practice [in regard to import licensing] provided that balance-of-payments considerations would not hinder this practice and provided that no discriminatory quantitative restrictions would be applied by contracting parties against Hungary" (ibid., paragraph 15).

./.

Because of the circumstances indicated, Hungary is not in a position to pursue in this way and on a continuing basis this liberal policy in regard to import licensing. Accordingly, and for a temporary period, the Hungarian authorities will grant import licences in relation with the country's foreign exchange availabilities.

The measures which the Hungarian Government has decided to introduce are the following:

- import quotas for certain primary products;
- import surcharges on certain components.

The Hungarian Government hopes that the external obstacles which have been provoked artifically in the area of foreign trade and international financial relations will soon be eliminated, that the contracting parties concerned will take the necessary measures with a view to fulfilling their contractual obligations, and that they will remove the obstacles introduced against Hungarian exports.

The Hungarian authorities will relax and eliminate the restrictive measures on imports to the extent that the reasons underlying current problems cease to exist.

The Hungarian Government is ready to consult with the CONTRACTING PARTIES on the measures it has taken.

It is Hungary's desire to continue to contribute in every possible way to restoring a normal situation without any disturbance to international economic and financial relations, to full application of the international rules and standards in force, and it will endeavour, in the future likewise, to achieve closer integration in the international division of labour.