

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

L/5603/Add.5
19 March 1984

Limited Distribution

Original: English

SUBSIDIES

Notifications Pursuant to Article XVI:1

HUNGARY

The following notification concerning subsidies has been received from the Representative of Hungary to the GATT.

I. Nature and extent of subsidy

/a/ Background and Authority

In Hungary in the case of exports of certain agricultural products subsidy may be granted. The objectives and the motivations of granting export subsidies for certain agricultural products and product groups are the following:

- to maintain employment in the agricultural sector;
- to assure an equitable level of earnings and incomes for the agricultural population;
- the widespread practice of subsidization in international agricultural trade and consequently the heavily distorted prices which are torn from the real costs of production in this field;
- to increase efficiency in certain spheres of agricultural production;
- to ensure the rational utilization of lands and other means of agricultural production;
- to support agricultural producers in regions where unfavourable natural conditions are prevailing.

The legal basis of granting export subsidies for agricultural products is Decree No 35/1981/X.16./ PM-KkM, published in the Hungarian Official Gazette /Magyar Közlöny/.

The decree in force sets the upper limit of the export subsidy which may be granted in the case of exports of agricultural products at 8 per cent of the export price.

/b/ Incidence

The export subsidy is granted to the exporter. The extent of the subsidy may vary up to the 8 per cent maximum limit fixed in the relevant decree. In case of necessity the scope of agricultural products benefiting from export subsidies may also vary depending on the constraints of the international agricultural market.

/c/ Amount of Subsidy

In 1985 agricultural exports were granted 3.437 million forints in total as subsidies. /See in details the annexed table/

/d/ Estimated amount per unit

Not available.

II. Effect of subsidy

Because of the artificially distorted price structure of the international agricultural trade, no estimates can be given of the trade effects of these subsidies.

The amount of subsidies granted for the export of
agricultural products in 1983/x

	Value of exports / in million forints /	Amount of subsidies / in million forints /
Live animals, meat	33.636	2.465
Cereals	10.131	-
Dairy products	1.164	93
Vegetables, fruits, other products of vegetable origin	8.011	460
Other agricultural products	5.737	419
Total:	58.679	3.437

/x preliminary data