

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## HUNGARY

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The Hungarian delegation welcomes the Uruguay Round launched in Punta del Este. We recognize that only the vigorous implementation of the negotiating program can halt protectionism and preserve, and even strengthen, the GATT system, which is a significant objective for us.

We regard as key elements of the Declaration the commitments on standstill and rollback. The efficient implementation of these commitments has a wider significance. It is a major condition of the improvement of the functioning of the GATT system, giving full effect to its provisions, the attainment of which was a broadly-shared primary consideration in supporting the new round. The carrying out of one of the objectives of the negotiations, namely, to negotiate further GATT obligations, presupposes the full observance and implementation of presently existing ones. The question can be posed, what would be the meaning, the credibility of the exercise, if the trade policy behaviour, the respective actions of the contracting parties, did not prove their full devotion and attachment to GATT disciplines. Therefore, we regard the faithful observance of GATT disciplines and the implementation in good faith of existing obligations as a test case, and the first solid step to halt the further erosion of the GATT system and to revitalize it.

Among the many issues covered by the Declaration, an important one for the Hungarian delegation is the mandate relating to the negotiations on agricultural trade. That mandate provides for negotiations to tackle the basic causes of the crisis in agricultural trade. The primary cause in our view lies in present agricultural policies, by which less efficient producers practically prohibit imports to their markets and at the same time use subsidies to dispose of their surpluses, thus displacing the exports of efficient producers. These policies contradict any economic rationale, putting an unbearable burden on traditional exporters.

Hungary, as other trading partners with a comparative advantage in agriculture, finds its foreign exchange earnings severely curtailed due to the present state of affairs in world agricultural trade, especially as a result of the loss of traditional markets and export displacement in third markets. As an example, let me mention that the world market prices of beef and pork have dropped by some 40 per cent, and those of grain, recently, by 50 per cent. These price drops were not caused by market

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forces. We are full supporters of the launching of respective negotiations as soon as possible in order to remedy the basic causes of this situation. We share the view that we should arrive at an understanding according to which, during the negotiations, no measures will be taken that would allow the situation to become even worse. This understanding should relate both to market access and to subsidization.

From the Punta del Este decision we have the mandate for the negotiations. The effective work should be launched now. First in this regard is the elaboration of detailed negotiating plans and the setting-up of negotiating bodies. We share the concern expressed by many delegations that the time-limit of 19 December 1986 should be respected.

Finally, Mr Chairman, I would like to thank you sincerely for the way you have fulfilled your task. Indeed, your wisdom and tolerance in difficult situations greatly helped us to achieve the beginning of a hopeful new period in the history of GATT.