

GENERAL AGREEMENT ON

RESTRICTED

TARIFFS AND TRADE

L/6909

26 September 1991

Limited Distribution

COUNCIL
8 October 1991

Original: English

HUNGARY - PROTOCOL OF ACCESSION

Communication from Hungary

The following communication, dated 25 September 1991, has been received from the Permanent Mission of Hungary, with the request that it be circulated for consideration at the Council meeting to be held on 8 October 1991.

Hungary joined the General Agreement on Tariffs and Trade in 1973 under the terms established in its Protocol of Accession (BISD 20S/3).

Developments in Hungarian economic and trade policies in the recent period of basic systemic changes substantially modified the economic environment and regulatory framework affecting Hungary's foreign trade relations. The Hungarian authorities have continuously provided the contracting parties with information on the measures taken in the course of radical economic transformation. Broader economic background and specific trade policy related aspects of this process were thoroughly analysed also in the framework of the Trade Policy Review Mechanism in April 1991. At the special session of the GATT Council conducting the review of Hungary (C/RM/M/11), the Chairman noted in his concluding remarks, inter alia, that:

"The Council expressed its strong appreciation and support for Hungary's efforts to establish a market economy and the considerable liberalization steps already taken. New measures and policies had recently been introduced, or announced, by the Hungarian Government to accelerate and intensify the reform process. Hungary's determination to pursue these reforms was particularly noteworthy in view of the profound structural changes required and major problems of economic and monetary imbalances which had to be addressed."

"Major systemic changes had taken place in Hungary's political and economic institutions since 1989. The approach to policy reform was fundamental and comprehensive. It involved trade policy reform; reduction of subsidies; establishment of a capital market; liberalization of the investment régime and large-scale privatization."

"... the Council, while noting that further movement could be expected, commended Hungary on the progress already achieved in moving towards an open market-oriented trading system and expressed its strong support for the Government's intention to pursue the process of reform

vigorously. This was also seen as an important contribution to the strengthening of the multilateral trading system. The hope was expressed that the momentum of trade liberalization would be maintained. Members welcomed Hungary's intention to initiate negotiations for the elimination of all specific provisions contained in its Protocol of Accession to the General Agreement."

In view of the above referred substantial changes in the Hungarian economy and of the overall support expressed by contracting parties, the Hungarian Government considers it opportune to officially request the establishment of a working party for the review of Hungary's Protocol of Accession to the GATT with a view to eliminating its specific features, notably those contained in paragraphs 3 to 8, as well as in Annexes A and B.

It is proposed that the report submitted by the Hungarian authorities for the TPRM review (contained in document C/RM/G/11) constitute the basis for discussions in the working party. In addition, Hungary is ready to submit an update on recent developments relevant to the review, as well as all other necessary information and data which may be requested by contracting parties.