

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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HUNGARY

Statement by Dr. Béla Kadar,
Minister of International Economic Relations

May I start by expressing my sincere gratitude on behalf of the Hungarian delegation to the Belgian Government for organizing, in an excellent way, this Ministerial meeting of paramount importance and for the traditionally warm hospitality we are experiencing here in Brussels.

Since the launching of the Uruguay Round, during the last four years political changes of historic significance have taken place in the world. A great many countries have recognized that only economic opening and liberalization can lead to growth and development rather than inward-looking protectionist policies. The free democratic elections in Hungary, and also in other Central and Eastern European countries resulted in full systemic change. Hungary's clearly defined objective is to achieve a free market economy consistent not only with the letters of the GATT, but also with its basic underlying philosophy.

Despite the short-term difficulties created by the Gulf crisis and the strains in economic co-operation among Central and Eastern European countries, the Hungarian Government is firmly committed to the further liberalization of the economy, to the establishment and strengthening of the legal framework of the market economy and to place the former CMEA trade on competitive terms and convertible currency payment. The important changes which have taken place include privatization, elimination of monopolistic situations and deregulation of the economy.

Hungary's basic objective is the reintegration into the world economy, particularly into Europe, through reconstructing the organic links which were artificially cut some forty years ago. A cornerstone in this process is the multilateral trading system based on the institutionally strengthened GATT, with reinforced disciplines and extended scope of operation.

The survival of this trading system is the real issue that is at stake in the Uruguay Round and more specifically at this Ministerial meeting.

For Hungary, being a small and increasingly open economy, it is extremely important that the most ambitious undertaking in the history of the GATT concludes with substantial and balanced outcome in all areas. In light of these expectations the present state of the negotiations, as reflected in the draft Final Act, gives rise to serious concerns. If the objective of laying the foundation for the strengthening and further development of the multilateral trading system and saving the results of four years' hard work is to be met, we have no choice but to achieve major breakthroughs in a number of key subjects. These political decisions in our view should be taken during the first part of this Meeting.

Without dealing in detail with all subjects, I would limit my comments to some selected areas. Agriculture remains the most important subject of the Uruguay Round for Hungary. We are therefore especially concerned that a common basis for negotiations is lacking even at this late stage. Like other members of the Cairns Group, we confirm that the Round cannot be concluded without substantive results in agriculture. The present situation of international farm trade with prices falling again gives a special urgency to taking decisive action. It is up to us to find a common basis here and now for launching the comprehensive reform process of international agricultural trade. This should include specific commitments regarding internal support, border protection and export subsidization.

In the reform process the burden of adjustment has to be equitable for all participants. Therefore, the reduction commitments of support and the methods of tariffication must suitably reflect the different conditions in participating countries; credit should be given for autonomous cuts in support and protection undertaken since the launching of the Uruguay Round.

The market access negotiations could not be completed as yet, due among others to the fact that the agricultural sector in most cases has not been involved at all. We are convinced that the level of ambition should be maintained, so it would be regrettable if a balanced outcome were to be sought at a level lower than originally foreseen.

The negotiations in textiles have produced a framework, but substantial political decisions are needed to fill it with real content. We consider it imperative that the negotiations end with equitable results ensuring that the market access opportunities improve to a similar extent for all restricted suppliers.

My government attaches great importance to the success of negotiations in the rule-making area. Hungary as a foreign trade sensitive country is highly interested in a transparent world trade environment regulated by jointly accepted rules. The strengthened and predictable GATT rules would also underpin the ongoing major restructuring of the Hungarian economy. It is our clear intention to abide by the new disciplines, but this requires the inclusion of appropriate transitory provisions in a limited number of areas, providing for the necessary flexibility for countries in a situation like Hungary. Such provisions are necessary first of all in the field of subsidies, but these circumstances also have to be adequately addressed in the new areas of services, trade related investment measures and trade related intellectual property rights.

One cannot hide the disappointment at the present state of the services' negotiations. It had been the expectation that the Ministerial meeting can consider nearly clean drafts of the framework agreement and sectoral annexes, in this case the detailed discussion of initial commitments could have already been started. The present texts, however, represent a setback, especially with the basic rule of the GATT, the most-favoured-nation treatment having been proposed as an optional commitment and with the possibility of sectoral reciprocity and sectoral non-application being raised again. There are also proposals for broad and perhaps permanent derogations from m.f.n. under sectoral derogations in sectors and activities of major interest for countries like mine. In our view such approaches cannot lead to an agreement based on mutual advantages and on the balance of rights and obligations.

Our Meeting has a difficult task ahead: we have to manage the crisis situation which has developed in many areas, and to give the directions necessary for the successful completion of the Uruguay Round. My delegation is ready to participate fully in this exercise. Under the present conditions we are forced to work expeditiously but the time pressure should not adversely affect the results of the negotiations. Courage, joint responsibility, political wisdom and bargaining skills should help us in navigating between the Scyllae and Charybdes of these requirements.