

REPLIES TO QUESTIONNAIRE ON IMPORT LICENSING PROCEDURES

Notification under Article 7.3 of the
Agreement on Import Licensing Procedures

HUNGARY

The following notification, dated 8 October 1996, has been received from the Permanent Mission of Hungary.

Outline of System

1. Hungary maintains a system of import licensing regulated by the decrees as follows:
 - (a) the Decree No. 176/1995 (XII. 27) of the Government on modifying the Decree No. 112/1990 (XII. 23) of Government on the Exports and Imports of Goods, Services and Rights Representing Material Value;
 - (b) the Decrees No. 75/1995 (XII. 27) and 29/1996 (VI. 7) of the Minister of Industry and Trade on Publishing the Import Global Quota of Consumer Goods for the First and Second Half Years of 1996;
 - (c) the Decree No. 112/1990 (XII. 23) of the Government on the Export and Imports of Goods, Services and Rights Representing Material Value; and
 - (d) the Decree No. 6/1990 (XII. 29) of the Minister of International Economic Relations on the enforcement of the Decree No. 112/1990 (XII. 23) of Government on the Exports and Import of Goods, Services and Rights Representing Material Value.

The Annex No. 1/b of the Decree as per paragraph (a) contains the list of products subject to import licensing in 1996, specified by customs tariff numbers; its Annex No. 1/c contains the other goods and business transactions subject to import licensing, not specified by customs tariff numbers in Annex No. 1/b its Annex No. 2 specifies the foreign trading activities that can be pursued with the special licence of the Ministry of Industry and Trade.

On the basis of section 29 of Act III of 1974 on foreign trade, the Government Decree as per paragraph (c) establishes that no licence of the Ministry of Industry and Trade is required (for exports and) for imports of goods, except those included in the Decree. (More than 90 % of imports enters Hungary free of quantitative restrictions and import licence).

By virtue of the Government Decree as per paragraph (c) import licence may be required as an exception on account of national security reasons, international obligations, discrimination against Hungary or regulation of trade with non-market economy countries. The Government Decree authorises the competent Ministry to establish half-year quota for the import of goods for direct consumption (global quota for consumer goods). Value ceilings may be determined for various products within the quota. The Ministry may establish how much of the various value ceilings may be utilised by a given firm.

In distributing the quota, the Decree of the Minister of Industry and Trade as per paragraph (b) differentiates between traditional importers and new applicants. (A traditional importer: is one who attained a share of the quota in 1995 and has carried out actual imports pertaining his share; a new applicant: is one who had not been allocated a share of the quota in 1995). The traditional importers in 1996 may automatically obtain licence(s) for import of goods up to the value (expressed in US\$) of their imports realised in 1995. Annex 3 of the Decree establishes the maximum value a new applicant may be allowed to ask for. In case the total value or the quantity of applications lodged by the traditional importers and new applicants together exceeds a given ceiling, the new applicants' share in the quota shall be distributed amongst the new applicants proportionately. For countries having free-trade agreement with Hungary, the Decree - in accordance with the relevant agreements - distributes special quota shares within each value ceiling.

Purpose and Coverage of Licensing

2-5. The Hungarian import licensing system is a non-automatic one.

The global quota for consumer goods is intended to restrict the value or quantity of imports.

The issue of special licences required to conduct certain foreign trading activities is automatic, provided that the conditions specified in law are met.

The total value for 1996 of the global quota for consumer goods as established by the Decrees as per paragraph 1(b) is 563 million US\$, plus 154,660 pcs of cars and 200 pcs of caravans.

The quota includes the following product categories:

- household detergents
- footwear made of leather and leather substitutes
- overwear
- second-hand clothing
- other clothing and ready-made clothing products
- haberdashery products
- textile piece goods
- other industrial products
- jewellery, precious metal objects
- new car
- caravan
- used car
- fish, tinned fish.

The textile and clothing products subject to the global quota for consumer goods have been notified according to the Article 3.1 of the Agreement on Textile and Clothing to Textile Monitoring Body (Notification G/TMB/N/73 dated 28 April 1995).

The foreign trading activities whose conduct is subject to special licence, i. e. to the capabilities of traders to comply with the technical and other conditions determined in law cover the product categories as follows:

- energy sources, fuels and other crude oil derivatives;
- precious metal, articles made of precious metal, wastes containing precious metal;
- materials particularly hazardous on the basis of environment and health considerations;
- pharmaceutical products;
- military engineering products, spare parts and fittings (belonging to the List of Military Engineering Products) as well as military engineering services;
- small arms, gas- and alarm pistols, air-guns, ammunition, spare parts and fittings exclusively for civil use as well as requisites of self-defence, different firing (launching) devices and devices endangering public safety.

The Hungarian import licensing system is in conformity with Hungary's rights and obligations under the WTO.

Procedures

6. I-II. All information on the global quota for consumer goods is published in the Official Gazette of the Republic of Hungary and in Official Gazette of the Ministry of Industry and Trade.

The licences are valid until the end of the calendar year.

For other details see our answer to reply 1.

- III. No licences are allocated either partly or only to domestic producers of like goods. Unused allocations are not added to the quota for a succeeding period.
- IV. From the time of announcing of the quota there is a "grace" period of 30 days. After the "grace" period has expired, one week is at the disposal of new importers to submit their applications for licence; the traditional importers can apply for licence without time-limit.
- V. The licences are issued or refused within 15 days.
- VI. The minimum time remaining between the granting of licences and the date of opening of the period of importation, according to the provision of the Decree of the Government 112/1990 (XII. 23), is 30 days.
- VII. The Ministry of Industry and Trade is the only administrative organ in consideration of licence application.
- VIII. See our answer to reply 1.
- IX-X. Not applicable.
- XI. There are no products for which licences are issued on condition that goods should be exported and not sold in the domestic market.

7. (a) The application for a licence must be made in advance of importation, so the import licence must be at the disposal of the applicant by the time of customs clearance.
- (b) No.
- (c) There are no limitations as to the period of the year during which application for licence and/or importation may be made, except the products subject to the global quota for consumer goods for which application for a licence may be made until 28 November, at the latest.
- (d) See our answer to 6.VII.
8. An application for a licence may be refused:
- for national security reasons; if required by virtue of international treaties; if circumstances are taking place which severely endanger the basic supplies for the population as a retort against countries discriminating Hungary;
 - if misrepresentation occurs in the application;
 - in absence of approvals eventually required (e.g. nihil obstat issued by the authorities for the protection of consumers);
 - if the applicant acts in contravention of legal provisions.

In the event of refusal to issue a licence, the applicants have a right of appeal.

Eligibility of Importers to Apply for Licence

9. (a) Yes.
- (b) No. See our answer to point 1 (special licence to conduct certain foreign trading activities).

Documentational and Other Requirements for Application for Licence

10.-11. The sample form of the application is included in Annex 1 to the Decree 6/1990 of the Ministry of International Economic Relations. According to the provision of paragraph 3.2 of the Decree 112/1990 of the Government all other specific licences, if required, must be put at the disposal of the competent authorities. By virtue of Annex 2 to the Decree, licences and declarations required by statutory provisions must be attached to the application.

12. From 1 January 1995 the import licensing fee was abolished.

13. No.

Conditions of Licensing

14. The licence is valid not more than 12 months. The Ministry may determine different validity period. The validity can not be extended, upon expiry a new application for a licence should be made.

15.No.

16. No.

17. (a) No.

(b) No.

Other Procedural Requirements

18. No

19. Foreign exchange is automatically available for goods to be imported.