ADDITIONAL QUESTIONS CONCERNING THE FOREIGN TRADE SYSTEM OF HUNGARY

A. BILATERAL AGREEMENTS

(See document L/3426 - Replies to questions 12 to 16 and 39)

1. Could the reply to question 13 be supplemented by information as to how "inter-State agreements ... binding on the Hungarian Government" but "not binding on Hungarian enterprises" are implemented in fact? How are the instructions required for the implementation of the bilateral agreements conveyed by the Government to the enterprises? Similarly, how are the central plan's directives relating to foreign trade transmitted to the enterprises? To what extent are they binding on them? What latitude is given to the enterprises to decide on their own imports? How can bilateral agreements with "directive" or "binding" quotas be described as not providing for compulsory levels of imports?

2. The reply to question 39 states that "quotas agreed upon in bilateral agreements concluded with market economy countries entail the obligation to issue import licences up to the value of the quota, in case of actual requirement". Does this mean that "directive" or "binding quotas" are only to be found in bilateral agreements concluded with countries with centrally planned economies, while with market economy countries licences are issued only "in case of actual requirement"? How does the licencing system make possible the "influencing of the fulfilment of Government obligations assumed on a reciprocal basis in the bilateral agreements" with centrally planned economy countries?

3. In some bilateral agreements with western countries there are indicative, as well as directive, quotas. In the case of the former, which are represented as an upper level for Hungarian imports of consumer goods, what is the exact significance of these upper levels? Can the Hungarian delegation confirm that they are not compulsory ceilings and that no action will be taken to restrict the imports in question if they exceed the upper levels?

B. IMPORT LICENCES

(See document L/3426 - Replies to questions 32 to 51)

4. Where a Hungarian firm wishes to import a given product, and to that end approaches a Government enterprise specialised in external trade, is it the firm or the Government enterprise which applies for the import licence to the Ministry of External Trade?
5. When an enterprise has obtained a general licence to import a product which appears on the list of the Ministry of External Trade (cf., paragraph (a) of the reply to question 33), does it have the right to import that product from any country in the convertible currency area?

6. Could the reply to question 36 be supplemented with information as to how import licence charges for imports from rouble markets differ from those for imports from non-rouble markets?

7. How does the response to question 42, "no preference is given in granting import licences with a view to either the country of origin or country of transaction, nor with regard to the type of currency involved" conform with the reply to questions 32-34?

8. Why are enterprises required to state the source of the forint resources needed to pay for imports? (See reply to question 46). Has the source of such resources any influence on the decision to grant the licences and if so in which direction?

9. Is it the case that the importation of products subject to quantitative restrictions requires the issue of an individual licence?

10. Could the reply to question 50 be supplemented with information as to how import quotas are allocated among sources and among importing enterprises? Are such allocations (and amendments thereto) published? Is the list of products submitted to quantitative restrictions, as given in this reply, exhaustive? What are the products included under the heading "consumer goods", and what are the amounts of the import quotas provided for each of these products?

C. PRICE MULTIPLIERS AND EXCHANGE RATES

(See document L/3426 - Replies to questions 28 to 30 and 55 to 59)

11. Is it the case that the customs rate of exchange is the same as the price multiplier, that is 60 forints to the dollar?

12. Is it the case that the customs rate of exchange and/or the price multiplier are calculated as follows:

   (i) Exchange rate of the Central Bank: 11.74 forints (approx.) for $1

   (ii) Surcharges:

            |           |
   (Sub-total) | 30.00    |

   (iii) Customs surcharge

            |           |
   (100% of the sub-total) | 30.00 |

   Customs rate of exchange and/or price multiplier

            |           |
   (= sum of (i), (ii) and (iii)) | 60.00 |
13. Is it the case that the rate of exchange (including a surcharge) for non-commercial transactions is 30 forints to the dollar?

14. Because of the difference between the basic price multipliers described in reply to questions 55 to 57, is there not discrimination among contracting parties to the General Agreement in that a few are in the rouble area?

D. THE SYSTEM OF CUSTOMS DUTIES
(See document L/3426 - Replies to questions 17 to 31 and 79)

15. Could the practical examples on the calculation of actual customs charges and other taxes affecting a given product, which were requested in question 79, be provided now? Could such examples be provided in tabular form (analogues to that of question 15 below) for imports coming from: (a) a country with convertible currency, (b) a country in the rouble area?

16. Taking, as an example, the case of a Hungarian firm which has concluded a contract with a foreign trade enterprise to import a specific product from a country which does not belong to the rouble zone and to which Hungary extends most-favoured-nation treatment, it appears that the assessment of the customs duty and of other charges connected with importation is carried out, as would appear from the replies already furnished, in the following manner (the rates shown for the customs duty, the turnover tax, and the commission of the foreign trade enterprise being, of course, purely hypothetical):

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) c.i.f. value</td>
<td>100 dollars</td>
</tr>
<tr>
<td>(ii) Customs value</td>
<td>6,000 forints</td>
</tr>
<tr>
<td>(iii) Customs duty (20 per cent)</td>
<td>1,200 &quot;</td>
</tr>
<tr>
<td>(iv) Administrative tax (charges on delivery of licence) (2 per cent)</td>
<td>120 &quot;</td>
</tr>
<tr>
<td>(v) Internal turnover tax (15 per cent)</td>
<td>900 &quot;</td>
</tr>
<tr>
<td>(vi) Commission of the foreign trade enterprise</td>
<td>300 &quot;</td>
</tr>
<tr>
<td>Total cost</td>
<td>8,520 forints</td>
</tr>
</tbody>
</table>

Is it the case that the foregoing example exactly reflects the mode of calculation used? If this example does not give an exact picture of the method used and of the total cost payable by the firm concerned, can the method which should be used be indicated?

17. In order to complete and re-arrange the information provided in documents L/3301 and L/3426 concerning all situations in which the customs tariff is not applied, is it possible to provide a comprehensive table indicating all measures or methods currently applied which allow the non-application, wholly or in part, of the customs duties (suspensions, exemptions, concessions, tariff quotas, drawback, etc.). It would be useful if a table could be provided showing the
value of imports affected by each of such measures or methods, expressed both in forints and dollars, as compared with Hungary's total imports from GATT countries with convertible currencies and from GATT countries with non-convertible currencies, for the most recent year available. It would be useful also to indicate to which products or tariff positions each of these measures or methods has been applied during the period under review.

E. TAXATION

(See document L/3426 - Replies to questions 60 to 68)

18. In reply to questions 62 to 67 it is stated that "only and exclusively those goods that originate from rouble market countries are subject to import turnover taxation". The reply furthermore seems to imply that there are different tax rates. Do these rates vary by commodity, by exporting country, and/or by transaction? Are there any exemptions from import turnover taxation and, if so, on what grounds?

19. Could the reply to question 68 be supplemented by more detailed information on the way in which the new tax reimbursement system will operate? To what goods will it be applied and what reimbursement rates will be used? What link exists between the reply to question 68 and the reply to questions 73 to 78 (in particular the second paragraph on page 26 of L/3426)?

F. OTHER QUESTIONS

(See document L/3426 - Question 98)

20. There was an error in the way in which question 98 was originally stated; it should read: What is the role of the Technical Development Commission in determining imports? What is the role of the Planning Office in determining imports? Could a reply be given on the question as re-stated?