AGRICULTURE DOCUMENTATION
INVENTORY OF NON-TARIFF MEASURES
HUNGARY

General

I. INTRODUCTORY NOTE BY THE SECRETARIAT

1. In accordance with the Council Decision of 26 March 1980 (cf. C/110 and C/M/139), documents in the earlier MTN/3E/DOC/5 through -/DOC/10 and the -/DOC/12 and addenda series are currently being updated and revised.

2. MTN/3E/- documents relating specifically to Hungary which are covered by the updating work referred to above (cf. AG/DOC/1) are:

   (i) MTN/3E/DOC/5/Add.14 - "Inventory of Measures and Mechanisms Influencing Exports" (State subsidies, foreign trade price-multipliers, price policy)

   (ii) MTN/3E/DOC/6/Add.3 - "Inventory of Variable Levies and Other Special Charges on Imports" (relation between internal and external prices, foreign trade price-multipliers, tariff system, system of turnover taxation and price policy) and

   (iii) MTN/3E/DOC/8/Add.8 - "Inventory of Quantitative Import Restrictions Applied by Countries Other than those covered by the Joint Working Group" (licensing system, import deposit system/suspended as of 1.1.1971; DOC/8/Add.8/Corr.1) - global quotas, and quantitative restrictions for certain CCCN sub-positions).

3. Since the time the MTN/3E documents listed above were issued in 1974/1975, Hungary's foreign trade régime has undergone significant changes, as is evidenced inter alia by the report of the Working Party on Trade with Hungary on the Fourth Review under the Protocol of Accession, document L/5303, of 18 March 1982. Details on Hungary's licensing system were circulated in document L/5194, of 9 October 1981 and other documentation on "Hungarian Foreign Trade Information" has also been submitted (L/5233).

4. In response to GATT/AIR/1781, the delegation of Hungary has submitted the statements appearing on pages 2 to 3 of this document, replacing the data and information contained in the MTN/3E/ documents referred to in paragraph 2 above.
II. STATEMENTS SUBMITTED BY THE DELEGATION OF HUNGARY

A. Inventory of Measures Influencing Exports

In the Hungarian export regulation system the main role is played by the exchange rate. A supplemental element of the export regulation system is the producer's differential turnover tax refund which is intended to ensure equal competitive position to the Hungarian export products vis-à-vis the goods of third countries and actually has the same function as the refund of indirect taxes in case of exports in several other countries all over the world.

In the agricultural sector, in accordance with the practice of a great number of contracting parties, beside the producer's differential turnover tax refund a limited amount of export subsidy may be granted on the basis of the raw material content of the product concerned.

With the introduction of these measures, the State reimbursement granted on the exports of Hungarian enterprises before 1980 was fully abolished.

B. Inventory of Measures Influencing Imports

In Hungary, according to Law No. III of 1974 on Foreign Trade, within the scope of foreign trade activity, the conclusion of contracts, importation and exportation of products, fulfilment and making use of services, extension of commodity credit and certain other actions can be subject to licensing.

The Law authorizes the Minister of Foreign Trade to establish and enforce the procedures for the licensing of foreign trade contracts.

On the basis of this authorization, the Minister of Foreign Trade has regulated the order of licensing foreign trade in goods, services and rights representing material value.

The fundamental principle is that foreign trade contracts can only be concluded, modified and executed after having obtained the licence of the Minister of Foreign Trade, and in compliance with the conditions contained therein. The system of licensing is applied to the foreign trade turnover as a whole, irrespective of categories of goods, supplying countries or the mode of importation.

Apart from the import quota for consumer goods, the licensing system is not restrictive.

1 cf. also L/5216 - Hungary, Unified Exchange Rate
The purpose of the system is:

(a) to pursue a liberal import policy, provided that no discrimination of any kind is applied towards Hungary by contracting parties still maintaining quantitative restrictions; 

(b) to control that only companies authorized for such activities can engage in importation; 

(c) to observe statistically the conclusion of foreign trade contracts and imports. 

(For further details of the Hungarian licensing system see document L/5194.)

In the Hungarian foreign trade system the basic instrument to regulate imports is the customs tariff.

Hungarian customs tariffs are effective, since customs duties are integrally included in the domestic prices. As a consequence of the price forming rôle of the tariffs, the rate of tariffs has a basic importance in the decision making of the importer or end-user when purchasing goods.

In the turnover of consumer goods and services a turnover tax is levied. The tax is paid by the wholesaler or by the producing enterprise, depending which one delivers the goods concerned to the retailers. The turnover tax is determined in percentage and its basis is the wholesale price. The rates of the turnover tax are the same irrespective of the origin of the goods (domestic or imported), but the rates are different in each product group.

C. Inventory of Quantitative Import Restrictions

The main feature of the Hungarian import licensing system is that it is not a restrictive one (cf. document L/5194).

There is only an annual global quota for the import of goods serving directly consumer purposes, settled in convertible currency. The global quota is applied in a uniform way, towards all countries, without discrimination.

The global quota covers: certain foods, drinks, household and chemical goods, articles of clothing and cultural products.

\footnote{cf. also L/5200 and Add.1 through 5 and L/5303}