

Original: English

HUNGARY - EXPORT SUBSIDIES IN RESPECT OF
AGRICULTURAL PRODUCTS

Request for the Establishment of a Panel by the United States

The following communication, dated 9 January 1997, from the Permanent Mission of the United States to the Permanent Mission of Hungary and to the Dispute Settlement Body, is circulated at the request of that delegation.

The Government of the Republic of Hungary is providing export subsidies with respect to agricultural products not specified in Hungary's Schedule ("Schedule") annexed to the Marrakesh Protocol to the General Agreement on Tariffs and Trade 1994 ("GATT 1994"), and with respect to agricultural products specified in its Schedule. Hungary is providing export subsidies in excess of the specified budgetary outlay and quantity commitment levels. Accordingly, these subsidies appear to be inconsistent with the Agreement on Agriculture, including but not limited to Article 3.3, Article 8, and Article 9.2. The citations under Hungarian law for these subsidies include Act VI of 1993 on the Organization of Agricultural Markets ("1993 Act") and other relevant provisions.

Pursuant to the 1993 Act and the Joint Decree of the Minister of Finance and the Minister of Industry and Trade No. 38/1994 (XII.30.) PM-IKM on Export Subsidies for Agricultural and Food Products, as amended (translation attached to G/SCM/N/9HUN), Hungary provided subsidies in 1995 with respect to agricultural products not specified in Section II of Part IV of its Schedule, and in excess of the budgetary outlay and quantity commitment levels specified in Hungary's Schedule. Hungary acknowledged in the Committee on Agriculture in September 1995 that its agricultural export subsidy program was inconsistent with its WTO export subsidy commitments (G/AG/R/3, para 15). Pursuant to the 1993 Act and Joint Decree No. 45/1995 (XII.29) of the Minister of Agriculture, the Minister of Finance and the Minister of Industry and Trade, both sets of circumstances continued in 1996.

In a communication dated 27 March 1996 (circulated as WT/DS35/1), the Government of the United States requested consultations with the Government of Hungary pursuant to Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes ("DSU") and Article 19 of the Agreement on Agriculture (to the extent that it relates to Articles XXII of the GATT 1994) regarding the export subsidies that the Government of Hungary provides with respect to agricultural products. Consultations were held on 3 May 1996, and on several occasions thereafter, but did not result in a resolution of the dispute.

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Accordingly, the United States respectfully requests the establishment of a panel to examine this matter in light of the Agreement on Agriculture and to find that Hungary's export subsidies on agricultural products are inconsistent with Hungary's obligations under that Agreement and nullify or impair benefits accruing directly or indirectly to the United States under the Agreement.

The United States asks that this request be placed on the agenda for the next meeting of the Dispute Settlement Body, and that the panel be established with standard terms of reference as set out in Article 7 of the DSU.