HUNGARIAN FOREIGN TRADE

HUNGARIAN FOREIGN TRADE*
ECU billion

EU SHARE IN HUNGARIAN TRADE
%

— Imports ·········· Exports ■ Balance of trade

*) Data declared by Hungary

EU TRADE WITH HUNGARY*
ECU billion

HUNGARY'S SHARE IN EU TRADE
%

— Imports ·········· Exports ■ Balance of trade

*) Data declared by the EU Member States

Part I: Summary

I.1 After the political changes which took place in Hungary in the early 1990s, its trade with the rest of the world increased considerably between 1990 and 1996. Imports into Hungary over this period rose at an annual rate of 11.1%, twice as fast as the increase in exports (5.4%). The Hungarian economy opened up to a degree of 38% (+13 points) for imports (imports/GDP) and 31% (+3 points) for exports.

Industrial products took up a much larger share of Hungarian trade, rising from 70% to 75%, at the expense of crude materials, and foodstuffs in particular. The deterioration in Hungary's balance of trade - down ECU 3.2 billion between 1990 and 1996 - can be attributed to energy products (ECU -0.6 billion) and industrial products (ECU -2.5 billion)

I.2 The expansion of Hungarian trade is largely due to trade with the European Union. Between 1990 and 1996, the latter's share in Hungarian imports rose from 31% to 60%, and its share in exports from 32% to 63%. This exceptional expansion is due both to the increased trade with the longer-standing Members of the EU and to the enlargement of the EU to include Austria, Finland and Sweden in 1995. Hungarian trade with the Union is typified by growing trade for further processing of textiles, clothing and road vehicles and increasing intra-industry trade, particularly in machines and electrical machinery.

Germany (45%), Austria (17%) and Italy (12%) were Hungary's main European trading partners in 1996.

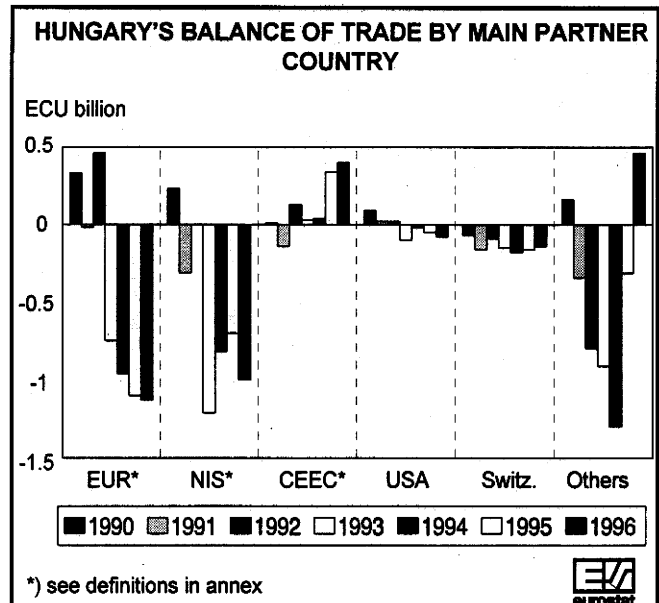# Part II: Hungarian trade with the rest of the world

II.1: Hungarian trade by main partner country.

With slightly less than 0.4% of world trade in 1996, Hungary generated the third-largest turnover of the countries of central Europe, after Poland (0.7%) and the Czech Republic (0.6%). Between 1990 and 1996, Hungarian imports increased at an annual rate of 11.1% and exports 5.4%. As a result, the Hungarian economy (trade/GDP) opened up considerably, to 38% in import terms and 31% in export terms.

Since 1990, and in particular after the Europe Agreement came into force in 1992, Hungarian trade has switched geographically towards the EU. The Union's share in Hungarian trade has doubled, with imports rising from 31% to 60% and exports from 32% to 63%. While 12 points of this increase are to be attributed to the accession of Austria, Finland and Sweden to the Union in 1995, 18 are due to increased trade with the longer-standing Member Countries.

The Central and Eastern European Countries (CEECs)' share in Hungarian trade rose from 8.9% to 12.1%. Of Hungary's main CEEC trading partners, the former Czechoslovakia rose from 4.4% to 5.2% and Poland from 2% to 2.4%.

Commercial flows with the Newly Independant States (NIS), and particularly with Russia, have developed asymmetrically.

HUNGARY'S BALANCE OF TRADE BY MAIN PARTNER COUNTRY

ECU billion

Legend: ■1990 ▨1991 ■1992 □1993 ■1994 □1995 ■1996

*) see definitions in annex

Whereas between 1990 and 1996 imports to Hungary from this group of countries have increased (+6.6% per annum), exports to them have contracted considerably (-8.4% per annum).

Approximately one-half of the deterioration in the Hungarian balance of trade was in dealings with the European Union, and the other half in trade with Russia.
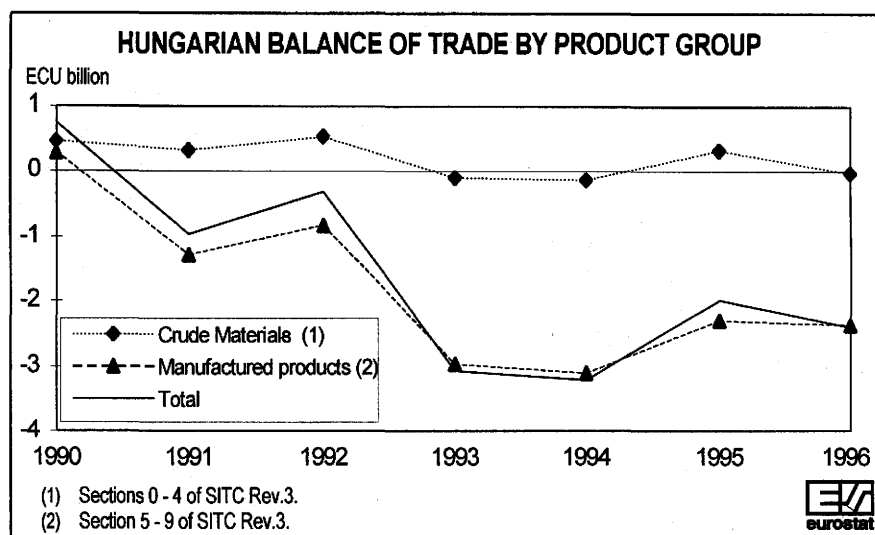
HUNGARIAN TRADE BY MAIN PARTNER COUNTRY
(ECU billion)

Partners	Imports					Exports					Balance			
	1990	1995	1996	Share (%)	96/95 Var (%)	1990	1995	1996	Share (%)	96/95 Var (%)	1990	1995	1996	96/95 Value
WORLD	6.79	11.82	12.77	100	8.0	7.53	9.84	10.35	100	5.3	0.74	-1.99	-2.41	0.86
EUR [1]	2.11	7.27	7.63	59.8	4.9	2.44	6.18	6.50	62.8	5.2	0.33	-1.10	-1.13	1.09
Germany	1.18	2.77	3.01	23.6	8.5	1.28	2.82	3.01	29.0	6.6	0.10	0.05	0.00	-0.16
Austria	NA	1.27	1.21	9.5	-4.9	NA	1.00	1.10	10.6	10.3	NA	-0.28	-0.11	0.67
CEEC's [1]	0.60	1.00	1.20	9.4	19.3	0.61	1.34	1.59	15.4	18.9	0.01	0.34	0.40	-1.33
Czech Rep. [2]	0.32	0.28	0.38	3.0	38.0	0.31	0.16	0.23	2.2	43.9	0.00	-0.12	-0.16	-0.86
Poland	0.16	0.19	0.24	1.8	23.8	0.13	0.26	0.31	3.0	18.5	-0.03	0.07	0.07	-0.15
Slovakia	NA	0.28	0.30	2.4	6.5	NA	0.16	0.20	1.9	21.3	NA	-0.12	-0.10	-0.02
NIS [1,3]	1.29	1.73	1.89	14.8	8.7	1.52	1.03	0.90	8.7	-13.1	0.23	-0.70	-0.99	-0.28
Russia	NA	1.41	1.59	12.5	13.2	NA	0.63	0.61	5.9	-2.8	NA	-0.78	-0.98	0.70
USA	0.18	0.37	0.45	3.5	21.7	0.27	0.32	0.37	3.5	15.7	0.09	-0.05	-0.08	-0.09
Switzerland	0.21	0.29	0.27	2.2	-5.4	0.14	0.13	0.14	1.3	0.7	-0.07	-0.16	-0.14	-0.31
Others	2.40	1.15	1.34	10.5	15.6	2.56	0.84	0.86	8.4	3.2	-0.16	-0.32	-0.47	0.32
MEMORANDUM Share in:														
GDP [4]	25.2	35.3	37.6	-	6.3	28.0	29.4	30.5	-	3.6	2.7	-5.9	-7.1	-
CEEC trade	12.1	12.9	12.0(*)	-	-7.2	13.9	13.1	13.1(*)	-	0.1	-	-	-	-
World trade	0.3	0.4	0.4	-	-1.2	0.4	0.4	0.3	-	-3.1	-	-	-	-

1) see definitions in annex; 2) Czechoslovakia in 1990; 3) USSR in 1990; 4) in 1990, 1991 ratio ; (*) estimate

II.2: Hungarian trade by product

HUNGARIAN BALANCE OF TRADE BY PRODUCT GROUP

ECU billion

- ◆ Crude Materials (1)
- ▲ Manufactured products (2)
- Total

(1) Sections 0 - 4 of SITC Rev.3.
(2) Section 5 - 9 of SITC Rev.3.

The marked expansion of Hungarian trade between 1990 and 1996 was mainly concentrated on imports of industrial products (+12.2% per annum), whereas exports increased at an annual rate of only 6.8%. This dual rate largely explains the deficit of ECU 2.4 billion in Hungary's external trade position in 1996.

In crude materials, the Hungarian economy is heavily dependent on imports of energy products, but has strong export performance in foodstuffs.

HUNGARIAN TRADE BY PRODUCT GROUP
(ECU billion)

Product Group (SITC Rev.3)	Imports				Exports				Balance	
	1990		1996		1990		1996		1990	1996
	value	share (%)	value	share (%)	value	share (%)	value	share (%)	value	
Total (0-9)	6.79	100.0	12.77	100.0	7.53	100.0	10.35	100.0	0.74	-2.41
Crude materials (0-4)	1.81	26.7	2.88	22.6	2.27	30.2	2.86	27.6	0.46	-0.02
Foodstuffs (0+1)	0.48	7.1	0.63	5.0	1.59	21.2	1.89	18.3	1.11	1.26
Crude materials except fuels (2+4)	0.36	5.4	0.52	4.0	0.45	5.9	0.54	5.3	0.08	0.03
Energy (3)	0.97	14.2	1.73	13.5	0.23	3.1	0.42	4.1	-0.73	-1.31
Manufactured articles (5-8)	4.95	72.8	9.89	77.4	5.06	67.2	7.49	72.3	0.12	-2.40
Chemicals products (5)	1.01	14.9	1.78	13.9	0.94	12.4	1.15	11.1	-0.08	-0.63
Machinery & transport equipment (7)	2.35	34.6	3.89	30.5	1.93	25.6	2.65	25.6	-0.42	-1.24
Miscellaneous manuf. Articles (6+8)	1.58	23.3	4.22	33.0	2.20	29.2	3.69	35.6	0.61	-0.53
Commodities n.e.s. (9)	0.03	0.4	0.00	0.0	0.19	2.6	0.01	0.1	0.16	0.00

HUNGARIAN IMPORTS BY MAIN PRODUCTS, 1996

SITC Rev. 3	Description of products	Value (ECU billion)	Share of imports (%)	Cumulated
77	Electrical machinery	0.97	7.6	7.6
33	Oil and oil products	0.82	6.4	13.9
78	Road vehicules	0.78	6.1	20.1
65	Yarns, fabrics and related products	0.73	5.7	25.8
34	Natural and manufactured gas	0.67	5.3	31.0

HUNGARIAN EXPORTS BY MAIN PRODUCTS, 1996

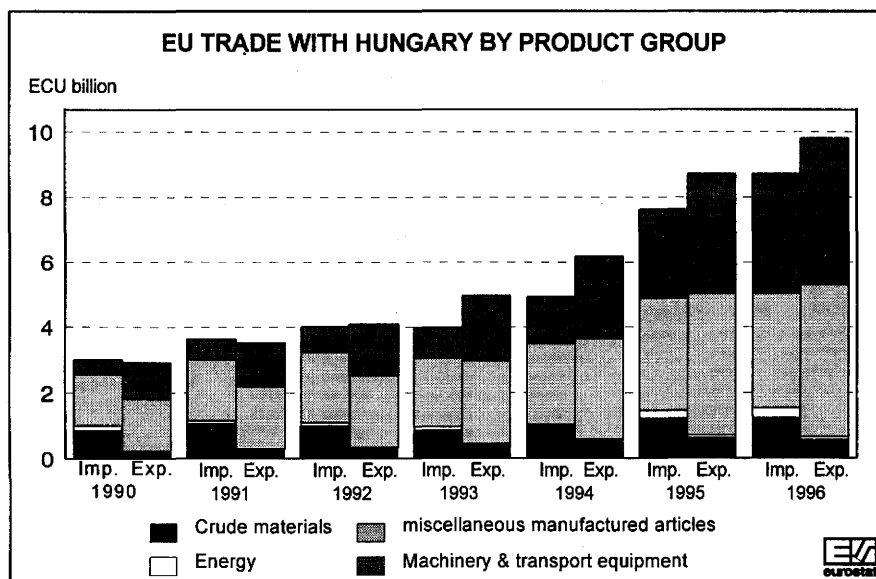| SITC Rev. 3	Description of products	Value (ECU billion)	Share of exports (%)	Cumulated
77	Electrical machinery	1.18	11.4	11.4
84	Apparel and clothing accessories	0.87	8.4	19.8
01	Meat and meat preparations	0.63	6.1	25.9
05	Vegetables and fruits	0.46	4.4	30.3
78	Road vehicles	0.44	4.2	34.6

In greater detail, half of Hungary's energy imports in 1996 were oil products, and most of its foodstuff exports were meat, vegetables and fruit.

The Hungarian economy enjoys dynamic intra-industry trades (e.g. in electrical equipment or machinery) and substantial trade in further processing of textiles and road vehicles.

The data declared by Hungary for its trade with the Union only partially reflect further processing. This is because considerable activity is conducted in the Hungarian duty free zone. This question is also dealt with in part III and in the methodological annex.

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Part III: EU trade with Hungary

III.1: EU balance of trade with Hungary

EU TRADE WITH HUNGARY BY PRODUCT GROUP

ECU billion

- ■ Crude materials
- ▨ miscellaneous manufactured articles
- □ Energy
- ■ Machinery & transport equipment

The analysis of bilateral trade between the European Union and Hungary presented in this section is seen from the point of the view of the EU, as it is based on the data declared by the EU Member States.

With 1.5% of EU trade, Hungary currently ranks as the European Union's 17th trading partner.

Since 1992 and implementation of the Europe Agreement, EU trade with Hungary has gone into surplus. This relatively modest surplus compared with the EU's surplus vis-à-vis the CEECs as a whole held at over ECU 1 billion between 1993 and 1996. The surplus of ECU 1.1 billion recorded in 1996 comes from a surplus of ECU 2 billion in manufactured products (SITC 5-8) and a deficit of ECU 0.9 billion in crude materials (SITC 0-4).

The Union recorded its greatest surplus vis-à-vis Hungary in 1996 (ECU 0.83 billion) in transport equipment and materials (SITC 7), whereas its main deficit was in foodstuffs (SITC 0+1) (ECU 0.51 billion).

The structure of the EU's balance of trade with Hungary at SITC two-digit level reflects intense intra-industry and processing trading, as mentioned above. In the textile sector, where processing trading is substantial, the EU generates its greatest surplus in "yarns and fabrics" (SITC 65) and incurs its greatest deficit in apparel (SITC 84). In the automobile sector (SITC 7), which generates trade for further processing, the EU records its second-highest deficit in the product group which includes motors (SITC 71).

EU BALANCE OF TRADE WITH HUNGARY BY PRODUCT GROUP

Product group (SITC-Rev.3)	1990	1995	1996	1990	1995	1996
	ECU billion			CR=(Exp/Imp)*100[a]		
TOTAL (0-9)	-0.06	1.10	1.10	98.0	114.5	112.6
Crude material (0-4)	-0.74	-0.75	-0.89	20.4	47.2	40.7
Foodstuffs (0+1)	-0.52	-0.41	-0.51	15.9	48.1	38.6
Crude materials except fuels (2+4)	-0.14	-0.22	-0.19	38.0	47.6	51.3
Energy (3)	-0.08	-0.11	-0.18	5.0	45.0	35.7
Manufactured articles (5-8)	0.61	1.82	2.00	131.3	129.9	128.2
Chemical products (5)	0.14	0.51	0.64	150.4	186.4	223.1
Machinery and transport equipment (7)	0.65	0.96	0.83	247.4	130.0	122.5
Miscellaneous manufact. Articles (6+8)	-0.18	0.36	0.52	85.1	113.1	118.1
Commodities n.e.s. (9)	0.07	0.02	-0.02	236.9	120.1	81.8
MEMORANDUM						
EU balance of trade	-46.1	26.0	43.6	90.0	104.8	107.5
EU balance of trade with the CEEC	-0.92	11.5	20.6	93.0	124.4	141.2

a) CR = Cover ratio %.

EU BALANCE OF TRADE WITH HUNGARY BY PRODUCT
(ECU billion)

SITC Rev 3	Description of products	1990	1995	1996
	HIGHEST SURPLUSES			
65	Yarns, fabrics and related products	0.18	0.40	0.46
74	Industrial mach. and equipment	0.18	0.38	0.43
78	Road vehicles	0.14	0.43	0.33
64	Paper, board and articles of paper pulp	0.04	0.30	0.29
89	Miscellaneous manufactured articles	0.05	0.20	0.25
	HIGHEST DEFICITS			
84	Apparel and clothing accessories	-0.28	-0.51	-0.53
71	Generators, motors, equipment	0.01	-0.45	-0.50
01	Meat and meat preparations	-0.31	-0.29	-0.36
05	Vegetables and fruit	-0.12	-0.14	-0.13
85	Footwear	-0.05	-0.12	-0.13

III.2 EU imports from Hungary

EU IMPORTS FROM HUNGARY, INTERNATIONAL COMPARISON *

*) Indices in current ecus
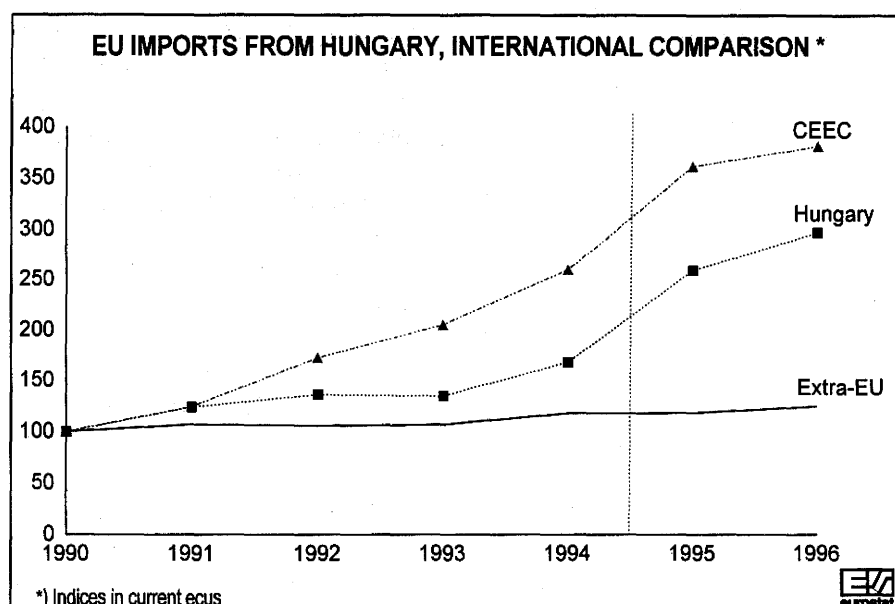
EU imports from Hungary rose at an annual rate of 19.9% between 1990 and 1996. This growth far outstripped that of imports from outside the Community, but was somewhat slower than the increase in imports to the Union from the CEECs as a whole (+25%). Of the strongest surge in EU imports of Hungarian products, in 1995 (+54.6%), 22.7 points were due to the enlargement of the Union. EU imports from Hungary then slackened in 1996, when growth dipped to 14.4%.

In 1996, manufactured articles (SITC 5-8) to a value of ECU 7.1 billion accounted for 81.5% of EU imports from Hungary, whereas crude materials to a value of ECU 1.5 billion represented 17.2%. The difference between manufactured articles (66.6%) and crude materials (31.7%) was less marked in 1990.

In 1996, machinery and transport equipment (SITC 7) alone accounted for 42.4% of EU purchases from Hungary.

At a more detailed level, electrical machinery (SITC 77) and telecommunications equipment, which are traded between branches, represent approximately one-fifth of EU imports. Imports of apparel (SITC 84), motors (part of SITC 71) and road vehicles (SITC 78) represent largely trade for further processing.

EU IMPORTS FROM HUNGARY BY PRODUCT GROUP

Product group SITC-Rev.3	1990	1995	1996	Share 96	96/95	96/90
	ECU billion			%	% variation per year	
TOTAL (0-9)	2.93	7.61	8.70	100.0	14.5	19.9
Crude material (0-4)	0.93	1.42	1.50	17.2	5.9	8.3
Foodstuffs(0+1)	0.62	0.79	0.83	9.5	4.5	5.1
Crude materials except fuels (2+4)	0.23	0.42	0.39	4.3	-8.2	9.1
Energy (3)	0.08	0.20	0.28	3.3	40.5	22.1
Manufactured articles (5-8)	1.95	6.09	7.09	81.5	16.4	24.0
Chemical products (5)	0.28	0.59	0.52	6.0	-12.1	10.9
Machinery and transport equipment(7)	0.44	2.74	3.69	42.4	34.4	42.4
Miscellan. manufact. articles (6+8)	1.23	2.75	2.88	33.1	4.6	15.3
Commodities n.e.s. (9)	0.05	0.10	0.11	1.3	15.0	13.1

EU IMPORTS FROM HUNGARY BY MAIN PRODUCTS, 1996

SITC Rev.3	Description of products	Value	Annual Variation	Share in imports by products (%)	
		ECU billion	%		cumul
77	Electrical machinery & appliances	1.11	43.4	12.8	12.8
71	Generators, motors, équipt.	0.91	19.7	10.5	23.2
84	Apparel and clothing accessories	0.82	8.1	9.4	32.7
78	Road vehicules	0.51	27.3	5.8	38.5
76	Telecommunication app. & equipment	0.45	50.7	5.2	43.7

III.3: EU exports to Hungary

EU EXPORTS TO HUNGARY, INTERNATIONAL COMPARISON

*) indices in current ECU
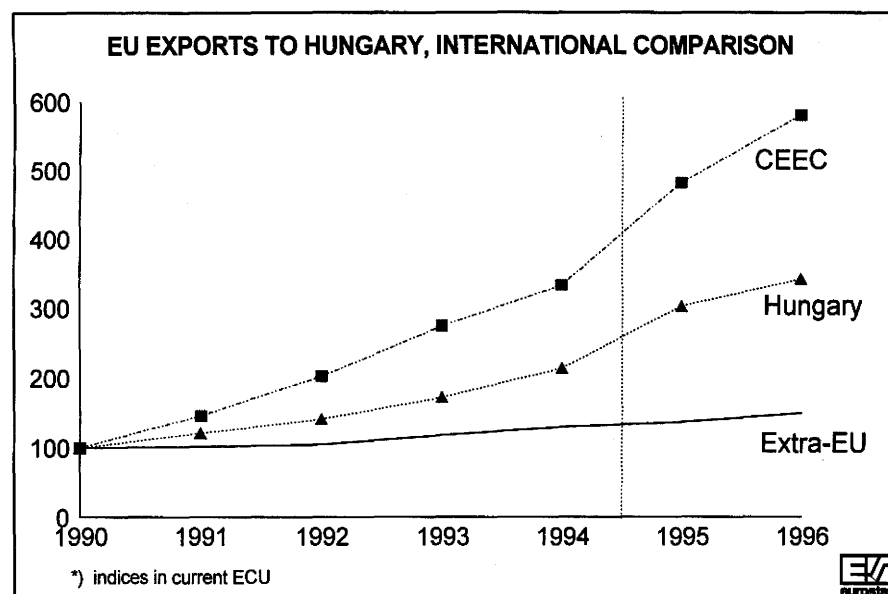
Mirroring imports, EU exports to Hungary surged between 1990 and 1996 (nearly 23% annually), albeit less steeply than sales to the CEECs as a whole (+34%). Three-quarters of the substantial rise of 41.9% in EU exports to Hungary in 1995 was due to the enlargement of the Union.

The growth in EU exports to Hungary in 1996 was the lowest (13.4%) over the entire period under review.

EU sales of crude materials (SITC 0-4) to Hungary are still relatively marginal. Manufactured articles (SITC 5-8) accounted for nearly 93% of the Unions exports in 1996. This performance can be partly attributed to machinery and transport equipment (SITC 7), which alone accounted for 45.9% of Hungarian purchases. This group grew by 22% in 1996, while Community exports of crude materials (SITC 0-4) fell by 8%.

At SITC two-digit level, products involved in both intra-industry trade and trade for further processing (electrical machinery - SITC 77 - and telecommunications equipment - SITC 76) are the main exports from the EU to Hungary. Yarns and fabrics (SITC 65) for further processing in the Hungarian textile sector represented 6.4% of total EU sales to Hungary.

EU EXPORTS TO HUNGARY BY PRODUCT GROUP

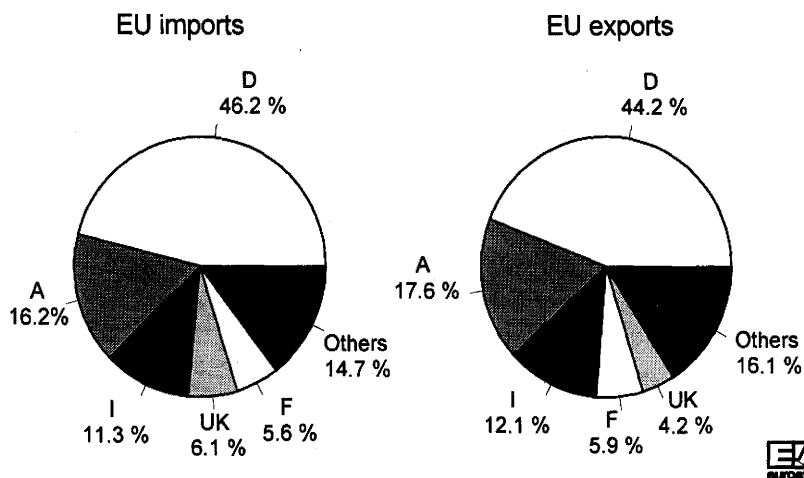| product group SITC-Rev.3	1990	1995	1996	Share 96	96/95	96/90
	ECU billion			%	% variation per year	
TOTAL (0-9)	2.88	8.70	9.80	100.0	12.6	22.7
Crude material (0-4)	0.19	0.67	0.61	6.4	-8.1	21.5
Foodstuffs (0+1)	0.10	0.38	0.32	3.2	-15.4	21.8
Crude materials except fuels (2+4)	0.09	0.20	0.20	2.0	-3.6	14.7
Energy (3)	0.00	0.09	0.10	1.1	13.2	69.3
Manufactured articles (5-8)	2.56	7.91	9.09	92.6	14.9	23.5
Chemical products (5)	0.42	1.10	1.16	11.9	5.8	18.4
Machinery & transport equipment (7)	1.10	3.70	4.52	45.9	22.3	26.6
Miscellan. Manufact. Articles (6+8)	1.04	3.11	3.40	34.8	9.3	21.7
Commodities n.e.s. (9)	0.12	0.12	0.09	1.0	-22.6	-5.3

EU EXPORTS TO HUNGARY BY MAIN PRODUCT, 1996

SITC Rev.3	Description of products	Value	Annual Variation	Share in exports by products (%)	
		ECU billion	%		cumul.
77	Electrical machinery and appliances	1.10	28.8	11.2	11.2
78	Road vehicules	0.83	0.8	8.5	19.7
74	Industrial machinery and equipment	0.66	11.5	6.7	26.5
65	Yarns, fabrics and related products	0.62	10.9	6.4	32.8
76	Telecommunication, sound, TV, video	0.48	43.9	4.9	37.7

III.4: EU trade with Hungary by Member State

EU TRADE FLOWS WITH HUNGARY BY MEMBER STATE, 1996

EU imports

D 46.2 %
A 16.2%
I 11.3 %
UK 6.1 %
F 5.6 %
Others 14.7 %

EU exports

D 44.2 %
A 17.6 %
I 12.1 %
F 5.9 %
UK 4.2 %
Others 16.1 %

EU BALANCE OF TRADE WITH HUNGARY

ECU million

Legend: 1990, 1995, 1996

(Bar chart with countries: BLEU DK D EL E F IRL I NL A P FIN S UK; y-axis from -200 to 800)

Germany is Hungary's main EU trading partner, with 45.1% of the turnover from transactions between the Union and Hungary in 1996, followed by Austria (16.9%) and Italy (11.7%). France and the United Kingdom make up the rear of this group, with 5.7% and 5.1% respectively.

Three-quarters of the Union's trade surplus vis-à-vis Hungary in 1996 (ECU 1.2 billion) was shared between Germany (ECU 349 million), Austria (ECU 341 million) and Italy (ECU 208 million). In the same year, the United Kingdom recorded the greatest deficit (ECU 114 million).
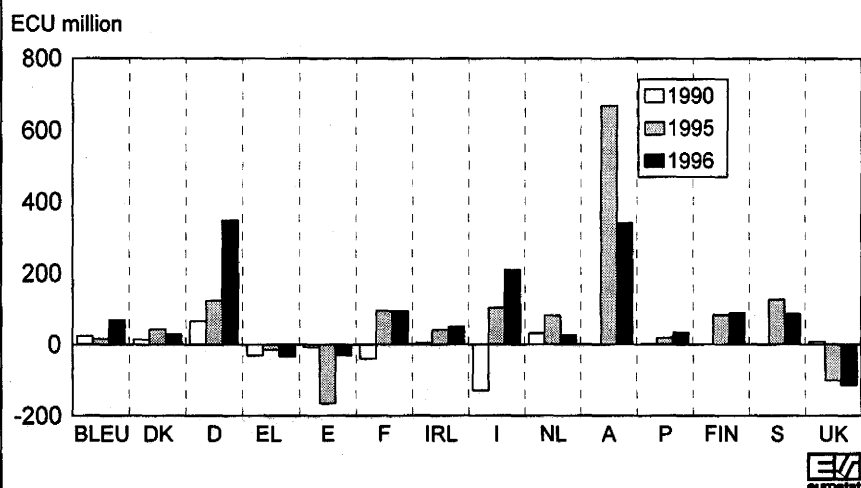
Greece and Austria recorded the highest growth in purchases from Hungary (51.5% and 48.9% respectively), while Spain's imports contracted by 22.6%. The most marked increases in sales were recorded by Portugal (+60.2%) and Spain (+56.3%), whereas Sweden and Denmark recorded falls of 6.7% and 5.7% respectively.

EU-HUNGARY TRADE BY MEMBER STATE

(ECU million)

Report Coun-tries	EU imports					EU exports					Balance of EU			
	1990	1995	1996		96/95	1990	1995	1996		96/95	1990	1995	1996	96-95
				Share (%)	Var (%)				Share (%)	Var (%)				Value
BLEU	104.6	307.2	327.6	3.8	6.64	128.5	322.5	396.3	4.0	22.9	23.9	15.3	68.7	53.4
DK	40.5	47.3	56.3	0.7	19.1	54.9	91.4	86.2	0.9	-5.7	14.4	44.2	29.9	-14.2
D	1575.7	3630.7	4022.8	46.2	10.8	1641.7	3754.2	4371.8	44.2	16.5	66.0	123.5	349.0	225.5
EL	48.1	49.8	75.4	0.9	51.5	17.8	35.4	42.1	0.4	18.9	-30.3	-14.4	-33.3	-18.9
E	41.5	288.5	223.3	2.6	-22.6	33.8	123.0	192.3	1.9	56.3	-7.7	-165.5	-31.1	134.5
F	276.7	422.9	486.4	5.6	15.0	237.0	517.4	580.1	5.9	12.1	-39.7	94.5	93.7	-0.8
IRL	5.4	12.3	13.0	0.2	6.08	9.53	53.7	63.0	0.6	17.3	4.2	41.5	50.0	8.6
I	538.2	971.2	987.1	11.3	1.63	409.2	1074.1	1195.2	12.1	11.3	-129.0	102.9	208.1	105.2
NL	139.1	314.2	370.8	4.3	18.0	170.0	395.9	396.7	4.0	0.2	31.0	81.6	25.9	-55.8
A	NA	944.5	1406.0	16.1	48.9	NA	1612.2	1746.6	17.6	8.3	NA	667.7	340.6	-327.1
P	3.1	9.42	10.7	0.1	13.1	4.70	27.3	43.7	0.4	60.2	1.6	17.9	33.1	15.2
FIN	NA	53.2	59.5	0.7	11.8	NA	136.0	147.1	1.5	8.1	NA	82.8	87.6	4.8
S	NA	118.0	143.1	1.6	21.3	NA	244.0	228.1	2.3	-6.5	NA	126.1	85.0	-41.1
UK	161.2	441.6	526.5	6.1	19.2	169.0	340.6	412.8	4.2	21.2	7.8	-100.9	-113.7	-12.8
EUR	2934.1	7610.6	8708.4	100.0	14.4	2876.2	8727.8	9902.0	100.0	13.5	-57.9	1117.1	1193.6	76.4

Hungary's trade agreements

1. Chronology

1949 : Creation of the Council for Mutual Economic Assistance (CMEA), of which Hungary is a founder member.
1973 : Hungary's accession to GATT.
1988 : Signing of a *trade and cooperation agreement* between the Community and Hungary.
1990 : Establishment of diplomatic relations between the Community and Hungary.
          The Community grants Hungary the *Generalised System of Preferences[1]*.
1991 : Dissolution of the CMEA.
1992 : Entry into force of the *Interim Agreement intended to anticipate application of the* Europe Agreement with the European Union.
          Creation of the CEFTA (*Central European Free Trade Agreement*) between the four Visegrad countries.
1994 : Creation of the World Trade Organisation(WTO), of which Hungary is a founder member.
          Entry into force of the *Europe Agreement[2]*, with the aim of gradually establishing a free trade area between the signatories in less than ten years as from the entry into force of the Interim Agreement.

2. Contents of the commercial section of the Europe Agreement regarding industrial products[3].
a)   Concessions granted by the EU to Hungary:
          All *quantitative restrictions* and measures with an equivalent effect on imports were abolished on 1 March 1992 (excluding textiles). Quantitative restrictions on EU imports of textiles are to be abolished on 1 January 1998.
          Customs duties were abolished on 1 March 1992. *Customs duties* on steel products were abolished on 1 January 1996, and those on textile products on 1 January 1997.

b)   Concessions granted by Hungary to the EU:
          Quantitative restrictions or measures with an equivalent effect were abolished on 1 March 1997, except those mentioned in the Annex to the Europe Agreement, which are to be abolished by 31 December 2000.
          Customs duties will be gradually reduced/abolished. Abolition will be completed on 1 January 2001.

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1)   The Generalised System of Preferences (GSP) consists of a series of unilateral tariff reductions which the EU usually applies to imports from developing countries.
2)   The Europe Agreement with Hungary appears in the *Official Journal of the European Communities L347 of 31 December 1993.*
3)   Customs duties on agricultural products are subject to special stipulations. Quantitative restrictions have been abolished by the two signatories to the agreement.

Methodological note on the data used

The country aggregates: **EUR** : 90-94: EU12; 95-96: EU15 (EU12 + Austria, Finland and Sweden); **NIS** (Newly Independent States): Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. **CEECs** (Central and Eastern European Countries): Albania, Bulgaria, Hungary, Poland, Romania, Czechoslovakia (from 1990 to 1992); including, as from 1992, Estonia, Latvia, Lithuania, Bosnia-Herzegovina, Croatia and Slovenia; plus, as from 1993, the Czech Republic, Slovakia, Serbia Montenegro and the Former Yugoslav Republic of Macedonia.

Data sources: Customs data. The Central Statistical Office for data on Hungarian trade with the rest of the world. Eurostat (Comext database) for bilateral trade between the European Union and Hungary. Discrepancies between the two sources on the figures concerning Hungarian trade with the EU countries are partly explained by the use of different methodologies and concepts. Substantial Hungarian imports remaining for further processing in duty free zones, particularly in the automobile sector, are not taken into account in the Hungarian statistics, whereas they are in the Union's statistics. This practice is consistent with the methodology of the statistical system (special trade) applied by both partners. The Hungarian data for 1996 are provisional.

Statistical System: Special trade.

Classification: Third revision of the Standard International Trade Classification (SITC), produced by the United Nations for the purposes of economic analyses.

Statistical values: Eurostat data - CIF values for imports and FOB values for exports.