

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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ACCESSION OF THE UNITED ARAB REPUBLIC

Replies by the Government of the United Arab Republic to Questions Submitted by Contracting Parties

I. CUSTOMS TARIFF: PREFERENCES: INTEGRATION

1. In 1964 the United Arab Republic declared its intentions to conduct negotiations covering the tariff side of the United Arab Republic "entrance fee" for final accession under the auspices of the Kennedy Round. Under the present circumstances, what entrance fee is envisaged?

Answer:

The UAR made an initial industrial offer in October 1965 and an agricultural offer in November 1966 within the context of the Kennedy Round. The original and supplementary reductions were duly submitted to the GATT secretariat on 31 May 1967, and placed in its records. Although procedural action was not taken in view of the events of June 1967, we consider that the tariff aspect was duly completed and that the offer lists actually constitute the "entrance fee" of the final accession.

2. With which countries does the United Arab Republic consider it has concluded negotiations on tariff reductions in the Kennedy Round?

Answer:

The UAR Government considers that it has concluded negotiations on tariff reductions with all the countries that requested concessions on UAR customs tariffs as mentioned in the Memorandum for the Accession. The offer lists were duly placed in the records of GATT secretariat.

3. Has the United Arab Republic entered into any preferential trading arrangements which are currently in effect outside of the Tripartite Arrangement (Yugoslavia-India-United Arab Republic) and the Arab Common Market? If so, what is the nature of these arrangements and which countries are parties to them?

Answer:

Outside of the Tripartite Arrangement (Yugoslavia-India-UAR) and the Arab Common Market Agreement, the UAR has not entered into any preferential trading arrangements.

4. What progress has the Arab Common Market made towards forming a Customs Union?

Answer:

The progress made has been explained in the report submitted to the CONTRACTING PARTIES. As a preliminary step towards the creation of a Customs Union, a process of averaging of tariffs applied by member States on 1 November 1960 has been resorted to. This subject is to be studied by a Permanent Customs Committee before a time-table for the execution of this Customs Union has been initiated.

II. QUANTITATIVE RESTRICTIONS; BILATERAL AGREEMENTS

5. Is liberalization envisaged for the sectors in which imports are restricted; if so when and on what criteria?

Answer:

The UAR foreign trade system - as explained in document L/3069 as well as the basic documents for the balance-of-payments consultations - is regulated in a manner commensurate with the requirements of the overall developmental plan as well as with the foreign exchange budget allocations and priorities. In this context import restrictions for certain sectors cannot be envisaged.

It is our understanding that liberalization in the field of imports within such a framework could be secured by conducting trade in a way that ensures obtaining the best terms without any discrimination whatsoever. However, it may be added that some measures have actually been taken as regards the liberalization of private sector imports, and further measures may be taken as and when circumstances and foreign exchange availabilities permit.

6. How will exporting countries be informed of relaxations in United Arab Republic import restrictions?

Answer:

As explained in the reply to question 36 all laws, regulations and announcements in respect of relaxations in import restrictions can be deposited with the GATT secretariat in addition to the usual procedure of publication.

7. What degree of competition is allowed between imported and home-produced goods; can the United Arab Republic undertake not to maintain restrictions in excess of those permitted under the GATT, on the import of a product once local manufacture of that product is established?

Answer:

The regulation of foreign trade in the UAR is effected within the framework of the allocations and priorities of the foreign exchange budget, and in accordance with the requirements of the overall development plan. In this way competition between imported and home-produced goods actually exists de facto to the extent permitted under the General Agreement, and it is the intention of the UAR Government not to maintain restrictions in excess of those permitted.

8. It is understood that the United Arab Republic import system allows a user to specify an individual supplier. Provided the terms are reasonable and there are no overriding considerations, it is understood that the user's wishes will be met. Could the United Arab Republic exemplify considerations likely to be treated as overriding?

Answer:

All users obtain their requirements according to the prevailing import system - described in detail in the basic documents and the replies to questions of the CONTRACTING PARTIES. They are free to choose any specific supplier from any country provided that the terms are in accordance with the modalities and conditions required by the Commodity Boards.

9. The foreign exchange budget appears to be the focal point of the United Arab Republic's foreign trade system. In this regard, we would appreciate detailed explanation of how import requirements are decided upon for the various sectors. Specifically, how are prices arrived at to achieve total exchange requirements (i.e. by price lists received in advance)? For competitive tenders, what are the means and methods for examining? Are criteria used to make decisions and issue information to the public and is there an appeal process? Is there a published list of restrictive imports (i.e. those considered non-essential, and goods produced locally)? If so, is it reviewed periodically? And if so, is there scope for expansion? What has been the expansion?

Answer:

As regards the first part of the question, the detailed procedure for estimating the import requirements of the various sectors may be described as follows:

- (a) The UAR economy is divided into different sectors such as the industrial, agricultural, supply and communications sectors.
- (b) Each sector is supervised by the responsible Minister to whom are attached several organizations controlling a number of affiliated companies or units.
- (c) Prior to the elaboration of the annual programme every sector makes a projection of production and/or consumption requirements and estimates its import needs of supplies, raw materials, spare parts and capital goods.
- (d) When these foreign requirements are determined and approved they are included in the foreign exchange budget. The estimation in value terms is established after recourse to the information obtained from the different Commodity Boards in respect of prevailing prices and prospective developments.
- (e) The Boards receive - each in its own specialization - the import requirements of the different sectors within their competence.
- (f) The Boards are responsible for drawing up of policies and the time schedule for importation according to availability of quotas in the foreign exchange budget.

- (g) When international bids are deemed necessary, the Boards invite such bids and commercial companies - acting as agencies for foreign suppliers - place offers to these bids.

The Boards scrutinize these offers according to their specifications, prices and other terms and the best offers are selected.

As far as the prohibitive list is concerned, it is to be pointed out that it lost its significance since importation had been entrusted almost exclusively to the public sector in accordance with the needs of the country and the availabilities of foreign exchange. In order to comply with GATT requirements, the abrogation of this list has recently been decided and the legislative measures in this respect are being taken.

As regards the appeal procedure, commercial companies acting as agents for foreign suppliers can in the first place appeal to the Commodity Board concerned. If the decision of the Board is not found satisfactory, the case could be referred to the board of directors of the General Trade Organization - which includes a representative of the State Legal Council - for their consideration.

10. Do Commodity Boards publicize their implementation programmes and import targets?

Answer:

Each economic sector determines its own requirements according to type, specifications and date of delivery within the quota allocated to it in the annual foreign exchange budget.

The Commodity Boards on which are represented all the sectors involved as well as the commercial companies are notified of the targets of importation.

Through these companies and their contacts abroad all publicity and information needed about the import targets of the Boards are thus made available. In this way the import requirements of the different sectors are ensured at the best terms and prices.

11. We note an exception to the Commodity Board system is that private sector firms may import direct, with their own exchange, certain items, but that they are limited to LE 5,000 annually, per factory. We would appreciate details identifying these firms, and products involved, together with an assessment of prospects for increasing the present exchange limitation. What is the time differential between time taken for clearing of products within this limit, and those imported through Commodity Boards? One of the stated advantages of the Commodity Board system is that Boards are able to purchase standardized imports under a policy of continuity of supply. This policy appears to conflict with the policy of continuity of competition, which is meant to take advantage of the best prices available. Could the United Arab Republic comment on this?

Answer:

All firms in the private sector of the economy, after approval of the Technical Control Department of the Ministry of Industry, are entitled to receive as a gift or without foreign exchange transfers from the UAR raw materials, spare parts and equipment for their factories.

As regards procedure, imports are directly implemented without interference or discrimination of the public sector. Prospects of increasing the present exchange limitation proposed is now under consideration.

Such importation is to supplement quotas approved through the foreign exchange budget to the industrial sector, as no additional foreign exchange allocation from the budget is required.

The Commodity Boards receive detailed requirements with specifications for the different sectors of the economy. Their job is to disseminate this information to the commercial companies of the General Trade Organization, which are allowed to compete with each other to import from all markets abroad without discrimination in order to obtain the best terms available. Moreover the policy of continuity of supply implemented by different companies under the supervision of the Commodity Board concerned, makes possible a close watch of world markets and the choice of the best sources for importation. This in fact constitutes one of the major advantages of the Commodity Boards.

12. Which of the fifty-two bilateral trade agreements in force when the United Arab Republic acceded provisionally are still operative? Have any new agreements been concluded since then? Which of those currently operative contain payments clauses? How many agreements provide for exchange of fixed quantities or values of goods? Have target dates been set for the elimination of the agreements? If so, what are the dates?

Answer:

The UAR at present maintains bilateral trade and payments agreements with twenty-one countries, and trade agreements with nine countries providing for reciprocal credit facilities in a convertible currency. The former are maintained with the following countries: Albania, Algeria, Bulgaria, China, Czechoslovakia, Eastern Germany, Greece, Hungary, Iraq, North Korea, Mongolia, Morocco, Poland, Rumania, Spain, Syria, Tunisia, USSR, North Vietnam, Yemen, Yugoslavia (will be terminated on 30 June 1970).

The trade agreements with reciprocal credit facilities are maintained with: Ceylon, Cuba, Ghana, Guinea, India, Mali, Somalia, Sudan, Turkey.

As for the lists attached to some of these agreements, they are merely indicative of the trading targets to be aimed at by the parties concerned. They do not in any way constitute an obstacle to the free and normal competitive trading with all other countries, which is carried out in accordance with the established procedure as explained in the reply to question 23.

It is quite significant in this concern to state that the quotas enlisted with those bilateral agreements have never been completely fulfilled during the implementation of the different annual protocols; this may be proof of the indicative nature of such lists.

Reference may be made to the Memorandum submitted by the UAR Government (document L/3069 - Part IV) where it is stated that "As a result of the adoption of the stabilization programme in May 1962, in agreement with the IMF, the UAR undertook to bring to an end all bilateral payments agreements with members of the Fund.

"The payments agreements already terminated include agreements with Belgium, Austria, the Netherlands, Portugal, Switzerland, Cyprus, Ethiopia, Niger, Lebanon, Libya", to which may be added the Cameroon.

It is already agreed upon that agreement with Yugoslavia will be terminated at the end of June 1970.

The UAR would like to clarify that these agreements are providing credit facilities which are of valuable importance in prevailing circumstances. It is the intention of the UAR Government, however, to comply with IMF recommendation concerning the termination of existing agreements with Fund members as and when more appropriate circumstances permit such action to be taken.

The bilateral agreements still in force are maintained for reasons concerning our relations with specific groups of countries. The UAR Government does not consider the bilateral agreements with the nine countries previously mentioned as bilateral payments agreements; their aim is to promote the expansion of trade between the UAR and these countries. The remaining agreements may conveniently be classified in the following manner:

1. Twelve agreements with countries with centrally planned economies (after taking into consideration the termination of the agreement with Yugoslavia): they provide for a proper channel of payment with these countries which do not conduct their trade in convertible currencies. Moreover they provide for additional credit facilities which are needed in prevailing circumstances.
2. Six agreements with Arab countries: they are considered essential to provide for a means of payment that would encourage the flow of trade until a multilateral channel of payments between them could be established within the framework of the Arab economic unity.
3. Two agreements with Greece and Spain: these shall remain in force until previous arrears and balances resulting from certain transactions have been settled.

13. How do the United Arab Republic authorities ensure that quantity or value requirements in bilateral agreements are fulfilled?

Answer:

As was pointed out in the replies to questions 12 and 23, the quantity or value requirements in bilateral agreements are purely indicative and not committing. They represent objectives which, generally, are not completely fulfilled.

14. What are the United Arab Republic Government's intentions concerning bilateral trade and payments agreements if it becomes a contracting party?

Answer:

It is the intention of the UAR Government to terminate existing agreements with Fund members as and when more appropriate circumstances permit such action to be taken, as was pointed out in the reply to question 12.

15. What percentage of the annual foreign exchange budget is allocated to goods acquired under bilateral agreements?

Answer:

The foreign exchange budget does not allocate a fixed percentage of resources for importation from countries with which we maintain bilateral payments arrangements, and there is no commitment to purchase any goods from any bilateral country.

The foreign exchange budget figures are merely an estimation of the different available channels of payments including facilities provided by the bilateral payments agreements. But these estimations do not constitute an obligation or an obstacle to the free and normal competitive trading with all other countries. The implementation of the budget according to the allocations and priorities of the sector concerned is effected in conformity with the Commodity Boards procedure as described in document L/3069, and may thus differ from such estimations.

16. How are payments effected under the trading arrangements which the United Arab Republic has negotiated with a select group of countries, including Somalia, Sudan and Mali? (Document L/3069 of 16 October 1968, Section IV.)

Answer:

The agreements concluded with these countries provide for reciprocal credit facilities and most of them provide for the settlement of balances after a specified period in a convertible currency.

The reason for the exchange of credit facilities in convertible currencies is to encourage the flow of trade between the partner countries.

17. What is United Arab Republic Government policy towards negotiating contracts on a counter-trading basis; do they regard such methods as consistent with the multilateral principles of GATT?

Answer:

If by counter-trading is meant barter deals, the explanation is given in the reply to question 18.

18. Has the United Arab Republic participated in barter trade during the last three years? What products were involved in such transactions on both the export and import sides? What was the total value of barter trade during each of the last three years?

Answer:

In general barter deals in the strict sense of the word are not resorted to.

Some minor transactions, however, may take place consisting mainly on the export side of some non-traditional commodities to encourage their disposal on foreign markets by providing incentive to the foreign suppliers. The main target of such transactions, the volume of which is negligible, is to open new marketing possibilities for such commodities. However, as far as imports are concerned, due care is taken to comply with the import procedure adopted by the Commodity Boards to ensure the continuity of competition among different commercial companies without any discrimination.

19. What factors influence the decision whether goods are imported from countries with which the United Arab Republic has trade and payments agreements or from other countries; could the United Arab Republic provide for a recent representative period a statistical analysis of the value of imports, expressed as a percentage of total imports, from these other countries and will such information be published regularly in future?

Answer:

The foreign trade system of the UAR has been outlined in the Memorandum submitted for the accession (document L/3069 of 16 October 1968). Further explanation has also been amply given in the replies to questions 12, 21 and 23. Briefly stated, UAR trade is conducted in non-discriminatory manner on the basis of competitive world prices, and in accordance with customary commercial practice, within the framework of the foreign exchange budget allocations and priorities. Trade and payments agreements do not lead to diversion of trade if the terms obtaining in the partner countries are not more advantageous.

The following analysis could be made for imports during the period 1965/68 from trade and payments agreement countries as well as other countries - classified into GATT and non-GATT members:

UAR Imports from Bilateral Agreement and Other Countries

Imports from	1965		1966		1967		1968	
	£ million	%	£ million	%	£ million	%	£ million	%
I - Trade and payments agreement countries:								
(a) GATT Members	36.0	8.9	51.5	11.1	47.1	13.7	44.2	15.3
(b) Non-GATT members	77.0	19.0	100.8	21.7	125.2	36.3	99.4	34.3
Total	113.0	27.9	152.3	32.7	172.3	50.0	143.6	49.6
II - Other GATT Members	263.2	64.8	282.0	60.5	152.5	44.3	136.5	47.2
III - Other non-GATT members	29.7	7.3	31.2	6.7	19.6	5.7	9.5	3.2
Total II + III	292.9	72.1	313.2	67.2	172.1	50.0	146.0	50.4
Total imports	405.9	100.0	465.5	100.0	344.4	100.0	289.6	100.0

III. STATE TRADING AND PUBLIC COMMERCIAL COMPANIES

20. What assurances can the United Arab Republic give concerning the obligations in Articles II:4 and XVII:4 of the General Agreement, and in the Notes Ad Articles XI-XIV and XVIII?

Answer:

The assurances were already given in the Declaration of 13 November 1962 on the provisional accession of UAR to GATT, where UAR undertook to apply provisionally (i) Parts I and III of the General Agreement, and (ii) Part II of the General Agreement to the fullest extent not inconsistent with its legislation existing on the date of the Declaration.

The detailed description of UAR foreign trade system given in various documents submitted to GATT for the balance-of-payments consultations and for the final accession, as well as the replies to the questions of the contracting parties, may be considered as a good proof of compliance with the provisions of the Articles referred to in this question.

21. What rules and procedures has the United Arab Republic established to assure that public commercial companies and other State authorities and organizations conduct their import and export activities in accordance with Article XVII of the General Agreement?

Answer:

The State control of imports does not contradict whatsoever with the principles of non-discrimination and competitive prices.

As a matter of fact, such control ensures that these principles are observed, as all organizations and companies are required to follow them and to buy and sell in the best markets.

Non-discriminatory import régime is quite ensured by the fact that all companies authorized to import are free to do so from whatever country provided that prices quoted for the various items of goods are those prevailing in the open market and comply with world competitive prices, and provided that the importation is effected in time in accordance with the foreign exchange budget.

It may be noted also that these companies compete with one another in importing different major items and no monopoly concessions are given as regards any particular commodity.

The UAR Government - through the established procedure of representing all Ministries and companies concerned on the Commodity Boards as described in the memorandum submitted for the accession - makes sure that the terms include basically, prices, quality, delivery dates, payment conditions etc.

These Boards receive the foreign exchange budget in its final shape; they are responsible for the drawing up of policy and for the time schedule for importation according to availabilities of quotas in the budget.

The Boards call for international bids, and the commercial companies acting as agencies for foreign suppliers place offers to these bids. Boards study such offers according to their specifications, prices, and other terms, and choose the best offers.

This procedure is applied to supplies from convertible currency countries as well as from bilateral agreement countries.

In all groups of commodities, care is taken to guarantee the continuity of competition among the different commercial companies of the General Trade Organization. In their examination of the different offers submitted, the Commodity Boards are free from any interference and base their decisions purely on commercial considerations.

In this connexion it may be further pointed out that the authorities refer to specialized international reports and periodicals, to the reports of the foreign offices of commercial companies and those of UAR commercial representation abroad.

22. Are State-trading bodies and private sector concerns treated on the same basis for import authorization purposes?

Answer:

As explained in the reply to question 21, the importation is conducted through the State-trading companies and this system has proved to be very effective and advantageous to the UAR economy. It has secured the continuity of competition and the possibility of obtaining the best terms available for our trade. However, as explained in the reply to question 11, certain items are permitted to be imported by private companies or individuals and in such cases they receive the same treatment as the State-trading companies, and no discrimination whatsoever is practised against them.

23. To what extent are commitments under bilateral trading arrangements taken into account in purchasing decisions by public commercial companies and other State authorities?

Answer:

First of all there are no commitments to purchase any goods under any bilateral agreement, and the lists attached to those agreements are merely indicative of the trading targets to be aimed at by the parties concerned.

Moreover, bilateral trade agreements concluded by UAR always insist on international prices as a basis for all trade transactions, a matter to be decided upon individually for each commercial transaction by the Commodity Boards.

For this reason, the existence of a favourable balance on a bilateral agreement does not necessarily lead to trade diversion if prices prevailing in partner countries are not more advantageous than those prevailing in other markets. However, available credit facilities may be taken into consideration should the terms prove to be similar.

24. On which financial basis do the State-trading companies work? Are they subject to the same laws as private companies e.g. on taxation? Are they under an obligation to earn a profit?

Answer:

The State-trading companies are subject to the same laws that govern the private companies including taxation.

They are not under any obligation to earn any determined profits. However, as any other private firm, estimation of the financial position of the country is made for the following year, including profits as a target.

The State-trading companies have, thus, no special financial basis that could be different from any private company.

IV. FISCAL MEASURES

25. The United Arab Republic has reduced to 1 per cent the statistical tax of 10 per cent (5 per cent for essential commodities) levied on c.i.f. value on all imports (except wheat). However, a development revenue tax of 10 per cent (or is it 12 per cent on most imports and 5 per cent on selected food items?) was applied to compensate for the financial losses incurred by reduction of the rate of statistical tax. Can the United Arab Republic give full details of the development revenue tax and explain its consistency with Article VIII:1(a) of GATT?

Answer:

Apart from import duties, all fees and charges imposed on imports in the UAR are generally limited in amount to the approximate cost of services rendered. For this reason the statistical tax has been reduced in January 1969 to 1 per cent to be compatible therewith.

The 10 per cent "consolidation of economic development tax" has been introduced as a purely fiscal measure within the framework of the overall financial policy of the Government to provide the additional financing required to meet developmental outlay. The tax is imposed on the c.i.f. value of all imports with the exception of essential commodities (taxed at 5 per cent) the details of which are given below. It is to be stressed that this tax is not applied as a protective measure to local industry, and in view of the low level of UAR customs tariff and the moderate rates imposed on manufactured goods - as explained in document L/3069 of 16 October 1968 - the UAR Government does not consider it inconsistent with Article VIII:1(a) of the General Agreement.

<u>Item No.</u>	<u>Articles taxed at 5 per cent</u>
1/02	Live animals of the bovine species including buffaloes
1/04	Live sheep and goats
ex 1/06	Camels
ex 2/01	Chilled or frozen meat of animals falling within items No. 1/02 and 1/04
ex 3/01	Frozen fish
ex 3/02	Salted fish
4/02	Condensed milk
4/02	Dried milk
7/03) 20/01) 20/02)	Dark olives
7/05	Dried kidney beans; lentils
ex 12/10	Lupines
7/05	Dried beans and haricot beans
ex 8/01	Dried and compressed dates
ex 10/01	Wheat
10/05	Maize
ex 11/01	Flour of wheat
ex 12/01	Sesame seeds
15/02) 15/12)	Animal and vegetable fats for food
ex 15/07	All kinds of oils for food
ex 16/02) 16/04)	Preserved fish and meat
17/01	Sugar

This tax is not applied to domestic purchases of similar commodities.

26. Does the United Arab Republic consider the statistical fee charged on imports consistent with Article VIII:1(a) of the General Agreement?

Answer:

As explained in the reply to the preceding question, the statistical fee which has been reduced to 1 per cent to comply with the provisions of Article VIII of the General Agreement is not maintained for fiscal purposes.

27. Is the tax of LE 150 for each imported film over one half-hour running time still levied and, if so, what intentions are there for its removal?

Answer:

This tax is still levied as a licence fee, and its removal is not envisaged as it represents an insignificant percentage of earnings ranging between 1.5 per cent and 5 per cent.

28. Is it part of the United Arab Republic's foreign exchange policy that not less than 40 per cent of the earnings from foreign films should remain in the country; when will this restriction be removed?

Answer:

According to the outstanding rules, the net earnings (i.e. after deducting expenses due) resulting from the exhibition of foreign films through resident distributors, are settled as follows:

- 60 per cent of earnings is transferred to the foreign party;
- 40 per cent is paid to the distributors according to the contract concluded for the exhibition of the film.

29. Is the portorage fee levied separately from pavement tax; if so what is the rate of pavement tax; when will these charges be removed?

Answer:

No pavement tax is levied since 1962. The portorage fees are fixed at the rate of LE 0.200 and LE 0.400 per ton. The fees are collected by the harbour authorities representing the cost of services rendered for carriage of goods from ships to docks and quays.

30. What is the justification for the establishment in mid-1969 of the \$15.45 fee which consular officials of the United Arab Republic now charge for the legalization of documents, an action which appears to conflict with Article VIII of the General Agreement?

Answer:

To comply with Article VIII of the General Agreement the progressive consular fees - which had been introduced by Presidential Decree No. 990 of 1967 - were cancelled and replaced by a new flat rate promulgated by Decree No. 686 of 1969. The new fees for the legalization of documents are in fact insignificant if compared with the former progressive fees and do not in any way constitute an obstacle for trading with the contracting parties.

V. BOYCOTT

31. Does the United Arab Republic consider its primary and secondary boycotts consistent with the General Agreement? On what grounds is the secondary boycott considered compatible with Article XI of the General Agreement?

Answer:

As regards the primary boycott, the provisions of Article XXXV of the General Agreement will be involved. Restrictions imposed by the Boycott Office of the Arab League and carried out simultaneously by member countries, are maintained for a political issue for which the GATT is not the proper forum. Such restrictions, however are not of a commercial nature.

As for the secondary boycott the UAR does not consider that it actually exists as far as the contracting parties are concerned. In fact, the blacklisting of persons or firms for the violation of the boycott regulations does not mean the blacklisting of all nationals or firms of a contracting party. Dealings in the same line of activity could be conducted with other persons or firms, in the same country where violations are reported, and thus the interests of any contracting party trading with the UAR are not affected.

As a general rule no firm - on account of its normal trading ties with Israel - is subjected to the boycott regulations. These are applied only if such ties go beyond the limits of normal trading relations. In fact boycott is not imposed arbitrarily, but is carried out after a thorough examination of the case has been made and a three-month's delay granted to the person or firm involved for the clearance of violation charges. On the other hand, persons or firms can be lifted from the black lists if they abide by the boycott regulations in accordance with the procedure adopted in this respect.

32. What criteria are used to determine whether a firm is blacklisted, what discretion do the United Arab Republic authorities have in adding a firm to the United Arab Republic list and how far in practice is this discretion exercised?

Answer:

As a general rule no firm is subjected to boycott regulations on account of its normal trading ties with Israel. Boycott is applied only if such ties go beyond the limits of normal trading, after a thorough examination of the case and the granting of a three-month's delay to the firm involved in the violation of the boycott regulations.

As pointed out in the reply to question 31, boycott is carried out simultaneously by all countries members of the Arab League. The discretion exercised by the UAR authorities is limited to the views expressed by the UAR representative to the regional office of the Boycott Office. The decision taken by the latter in respect of the boycott is reached on the recommendation of the majority of regional offices.

33. What action must a firm take to secure removal from the black list?

Answer:

For the removal from the black list a firm may submit to the regional office of the Boycott Office of the Arab League an application supported by the relevant documentation. Such documentation must be duly approved by the Chambers of Commerce or Justice Offices in the countries of residence of the applicant and ratified by any Arab mission in these countries. After examination of the case, the views of the regional office concerned are conveyed to the Head Office of Boycott as well as to other regional offices. If agreement is reached among the regional offices for the removal of such a firm from the black list, then the application is considered as approved by the Conference of Liaison Officers.

34. Application by the United Arab Republic of recommendations of the Boycott Bureau of the Arab League appears to be a significant element affecting imports into the United Arab Republic from countries dealing with Israel. Recent evidence shows that a "secondary boycott" has begun to limit expansion of our trade with the United Arab Republic in a number of instances. Would the United Arab Republic elaborate its reasons for maintaining restrictions on Canadian firms under the secondary boycott?

Answer:

As pointed out in the answer to question 31, restrictions are applied only to blacklisted firms. Trade returns with Canada for the past few years - shown in the statistical section annexed to document L/3069 - do not reflect a contraction in trade as a result of these restrictions.

VI. OTHER

35. Does the United Arab Republic intend to observe Article V of the General Agreement?

Answer:

Goods in course of transit through the UAR or for trans-shipment are freely admitted, taking into consideration the boycott regulations. The UAR is applying fully the provisions of Article V subject to this reservation.

36. What action has been taken, or is contemplated, to ensure compliance with Article X?

Answer:

Laws and regulations concerning foreign trade of the UAR, trade and payments agreements and other relevant matters are published regularly in Arabic in the Official Gazette "Journal Officiel", as well as in other technical periodicals, newspapers and reviews some of which are published in foreign languages. Following the final accession, a translation of such laws and regulations can be deposited with the GATT secretariat. It is to be pointed out that the salient features of the foreign trade system have been reviewed in the basic documents for the balance-of-payments consultations and the Memorandum for the Accession, as well as in the Fund's Annual Report on Exchange Restrictions.

37. Have all subsidies, as defined in Article XVI of GATT, been notified to GATT in accordance with that provision?

Answer:

No subsidy is granted to any product except cotton yarns and cotton textiles which enjoy a subsidy equivalent to the difference between the price of the cotton fibres component in these two items and the price of other kinds of cotton fibres used in their production in other exporting countries. Such subsidies have been notified to GATT since the provisional accession.

38. Has the United Arab Republic any proposals for simplification of the documentation required in connexion with customs formalities?

Answer:

The UAR has already simplified the documentation required in connexion with customs formalities. In fact, besides the customs declaration the documents required are limited to the invoices and the relevant exchange control forms.

This documentation conforms with the Brussels procedure.

39. Will the United Arab Republic accept an obligation to consult with any Member country dissatisfied with trade practices or with the outcome of bilateral trade?

Answer:

The UAR accepts the obligation to consult with any Member country dissatisfied with trade practices or with the outcome of bilateral trade within the frame of the GATT rules.