

GENERAL AGREEMENT ON

TARIFFS AND TRADE

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Statement by H.E. Dr. Mounir Zahran, Ambassador, Permanent Representative

It is self evident that in the past few years there have been tendencies towards the development of trading blocs. However, the contractual obligations of parties to the General Agreement must remain solid and upright. Moreover, GATT rules and obligations, under the circumstances, must be strengthened to avoid the lack of foresight and the dangers of short-term objectives.

In this context the Uruguay Round is of crucial importance for all contracting parties. However, wavering faith in the multilateral trading system will prevail if equitable and balanced results are not obtained for all parties in this Round. The balance I am referring to is between the new areas on the one hand and the modalities of integration of textiles and clothing and agriculture into GATT, together with the highly important question of developing countries' access to markets.

In the Stockholm Initiative on Global Security and Governance, which took place on 22 April 1991, the following reference was made to both agriculture and textiles: "The protectionism of industrial nations is today costing the developing countries much more than they receive in aid. The potential annual gains of fully liberalized world trade in two areas, agriculture and textiles, have been estimated at US\$ 100 billion and 50 billion, respectively. Together this is about three times the annual amount of development assistance provided by the industrial countries. A successful completion of GATT's Uruguay Round is essential to the future trading prospects of the whole world, and in particular to the developing countries".

The growth of developing countries' exports in these sectors has a trade creating effect. However, I am well aware that the comparative advantage in these sectors is time-bound. Technical developments and sectoral structural adjustments in developed economies, in both these sectors, will in the medium term erode this comparative advantage. It is in this light that the balanced outcome of the negotiations must be viewed, and it is also in this light that the integration of agriculture and textiles into GATT should be viewed. The outcome of the Uruguay Round should be evaluated by developing countries as provided for in the Punta del Este Declaration.

We have great responsibilities ahead of us. Whatever we agree upon in the context of the Uruguay Round will have far-reaching impact on the international economy and on the shape of economic relations between developed and developing countries. The results of our negotiations in GATT will be a major input and a determining factor in any development strategy that will emerge from UNCTAD VIII.