

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

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EGYPT - RENEGOTIATION OF SCHEDULE LXIII

Request for Waiver

Addendum

The following statement was delivered by the representative of Egypt at the Council meeting of 19 June 1992.

Our request for a waiver under Article XXV:5 was presented for approval by the Council on 18 March. We have been discussing the issue for the last four months and we cannot hide our disappointment that the Council had to devote three meetings to decide upon this waiver. Further delay will impair our rights under GATT and jeopardize the implementation of our Economic Reform and Structural Adjustment Program, including the Egyptian trade liberalization policies.

After granting the waiver under Article XXV:5 we will begin, subsequently and promptly, bilateral consultations under Article XXVIII, thus avoiding further delay that may disillusion many of us who are undergoing the same process of structural adjustment.

In accordance with the Egyptian Economic Reform Program our request for a waiver is designed to allow us to narrow the gap between maximum and minimum tariff rates. Thus the waiver will pave the way to implement the Harmonized System in line with the Economic Reform Program. The Program has been designed in conjunction with the IMF and the World Bank. It thus has both fiscal-monetary characteristics and a structural adjustment dimension. The aim of the Program is to achieve economic equilibrium and sustained growth that can only have a beneficial trade effect for both imports and exports. We believe that there is no contradiction between the economic policies designed in conjunction with the Bank and the Fund on the one hand and the spirit of our GATT obligations on the other.

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The Egyptian Government has provided two lists, one for tariff increases and another for tariff decreases (documents L/6986/Add.1 and 2). Furthermore, in our bilateral consultations we have provided further clarification concerning Egypt's trade liberalization efforts and trade regime both of which are an intrinsic part of Egypt's Economic Reform. For the purpose of transparency I would like to refer to measures adopted by the Egyptian Government in this regard. They are, inter alia,

- Egypt has abolished its import licensing schemes as well as all import quotas;
- consistent removal of non-tariff barriers included in a "negative list"; Forty per cent of the items covered by NTBs have been removed. A further 30 per cent will be removed in 1992. The remaining 30 per cent will be eliminated in the near future;
- Egypt has abolished the requirement of prior letters of credit except for a few products included on a negative list,
- the list of products submitted to prior import approval originally containing fifty-five items has been reduced considerably and now only contains eighteen items. A further reduction of this list is envisioned within this year;
- surcharges which amounted to 15 per cent on imports were abolished;
- new import and export regulations that came into effect in May 1991 have simplified and facilitated considerably foreign trade procedures;
- the foreign exchange system has undergone a radical change by unifying exchange rates (previously three rates) and establishing a free foreign exchange market where the rates are determined by free market forces;
- foreign exchange allocation for public enterprises is being phased out;
- as a consequence of these measures and in conformity with trade and fiscal necessities Egypt has sought to adjust a limited number of tariff lines in order to secure better balance in custom tariffs.

Finally, we have provided adequate information to our interested trading partners in the framework of our consultations prior to this Council meeting. We thus see the time is ripe for the Council to adopt a decision granting Egypt the waiver under Article XXV:5 without any further delay.