

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/1784
25 May 1962

Limited Distribution

COUNCIL
24 May - 1 June 1962

Original: English

ACCESSION OF UNITED ARAB REPUBLIC

Statement by the Representative of the United Arab Republic to the Council on 25 May 1962

The United Arab Republic has requested to join the General Agreement on Tariffs and Trade, in the light of the following considerations:

Our foreign economic policy aims at diversifying production, import markets and export markets. In pursuing this policy, we have managed to foster economic ties and establish trade relations with a great number of countries, many of which are Members of the GATT. It is noteworthy that more than 50 per cent of our foreign trade is conducted with these Members. We believe that difference in economic systems should not hamper world trade and that international co-operation in the commercial field, on a basis of mutual benefit and respect of rights, can greatly contribute to world prosperity. The GATT is becoming more and more an Agreement which embodies countries not only at different stages of the development scale, but also countries of different economic ideologies. This aspect of the GATT can hardly be over-estimated and we believe that it will be truly an international organization with a multilateral and universal character. In this way it can play a dominant rôle in co-ordinating and rationalizing the different currents which have taken place in world trade during the last few years.

Due regard is given in the Articles of the General Agreement to the special problems of the developing countries. In Article XVIII the CONTRACTING PARTIES recognize the importance of economic development to world trade, and the special measures which can be taken by developing countries to implement their development plans, such as flexibility in their tariff structure, quantitative restrictions and subsidies which may be necessary to protect their infant industries or to deal with their balance-of-payments difficulties. This regard to the problems of development was further stressed by the Ministers of the CONTRACTING PARTIES in their meeting last November, for they agreed that "in view of the stage of economic development of the less-developed countries, a more flexible attitude should be taken with respect to the degree of reciprocity to be expected from these countries". As a matter of fact, to develop these countries not only contributes to their economic growth, but also to that of the industrialized countries. It provides wider markets for their products, it activates their economies, it increases their production capacities and it puts their idle

savings and reserves to productive use. We believe that in recognizing the special problems of the developing countries, the GATT has a factual approach to realize its aim of fostering world trade.

The GATT can contribute to solving the problem of the declining share of the developing countries in the gains from international trade. Various statistical and economic reports show a downward trend in this respect. The rate of growth of exports of the primary producing countries has been much slower than that of the industrialized countries, and this has been associated with a general downward price trend of primary goods and an upward price trend of manufactured goods. Since most developing countries depend in their exports upon raw materials, this trend has resulted in a decrease in their export earnings and consequently in their import capacity, a fact which may not only raise difficulties in implementing their development plans but also give rise to restrictions on trade with highly-developed countries. It may be noted here that the wave of economic development has resulted in a spurt in demand for manufactured goods with more gains from international trade accruing to the industrialized countries, and whereas most developing countries have followed a liberal policy in importing these goods, exempted them from customs barriers and given them priority in the allocation of their foreign exchange earnings, many industrialized countries still impose tariff, tax and quantitative restrictions on many items of raw materials, especially if they are processed even in a slight form. This problem of the unfavourable terms of trade suffered by most developing countries has been a matter of considerable discussion and great concern in different economic forums, not only because of its repercussion on world trade, but also because of its close relation with the problem of aid, since aid received by these countries is drained out in the course of their trade. So the GATT, being an Agreement which aims at increasing the volume of international trade has found it necessary to give due consideration to this problem, the solving of which will be in the interest of all parties concerned.

The structure of our economy and foreign trade is in line with the Articles and provisions of the General Agreement. Increasing production in the different sectors, diversifying the base of the economy as well as our exports and foreign markets; industrialization and implementing the development plan, the target of which is to double the national income in ten years, are important items in our policy. In our foreign trade, we follow the principle of competitive prices whether for export or import; and our State-trading enterprises conduct trade according to this principle which is stipulated in Article XVII of the Agreement. We do not impose restrictions on trade but up to the necessary limit which is essential to safeguard our infant industries or to enable us to allocate our foreign exchange earnings among imported commodities according to an order of priority in line with our development plan. We have support prices for cotton yarns and textiles but they are not supported below the level of competitive international prices, in spite of the fact that the cotton component in these two products is higher in quality and more costly than other kinds of cotton. These controls which do not involve discrimination against countries with which we trade, have also been necessitated by the pressure on our balance of payments which is due not only to importing goods necessary for our plan, but also to the

fact that we have paid great amounts in foreign exchange to meet our foreign obligations of compensation and other payments. All such circumstances are well provided for in Articles XIV, XVI and XVIII of the Agreement. It may be added that our tariff structure has been recently shaped in such a way as to exempt or greatly reduce tariffs on the bulk of our imports which is composed of equipment and machinery and supplies, the main items of exports of most Members in the GATT.

The Ministers of the CONTRACTING PARTIES recommended that "there are important possibilities for encouraging sound economic development in the less-developed countries through increased trade among themselves and that these countries should keep this in mind in formulating their tariff, commercial and economic policy measures". This recommendation as well as Article XXIV of the Agreement are in harmony with the membership of the United Arab Republic in the Arab Countries Agreement on facilitating trade by which tariff concessions are exchanged, and in the common market of the countries of the Casablanca Charter.

A stabilization programme has been agreed upon between the United Arab Republic and the International Monetary Fund. This may be of special interest to the CONTRACTING PARTIES, since exchange, economic, financial and trade policies are interrelated, as implied in Article XV of the Agreement.

These are the considerations which prompted the United Arab Republic to apply to join the GATT. In our firm belief in international co-operation, we are fully aware not only of the benefits but also of the obligations of the Agreement. In the meantime we are ready to provide the secretariat with all required information.