

GENERAL AGREEMENT ON TARIFFS AND TRADE

SR.42/ST/4
16 December 1986
Limited Distribution

CONTRACTING PARTIES
Forty-Second Session

Original: English

EGYPT

Statement by H.E. Mr. Saad Alfarargi
Ambassador, Permanent Representative

Allow me first to thank you, Mr. Chairman, for the statement you delivered yesterday at the opening of the CONTRACTING PARTIES Session. I would also like to express, on behalf of my delegation, our appreciation for the efficient manner with which you have conducted our deliberations.

A year has elapsed since we met in the form of a regular Session of CONTRACTING PARTIES in 1985; we reconvene again with the purpose of reviewing developments which have taken place in our multilateral trading system during the year. The Punta del Este meeting of last September represents, par excellence, the most important event during this period. This Ministerial meeting culminated successfully in a Declaration calling for the launching of a new round of multilateral trade negotiations under the name of the Uruguay Round.

Obviously, things have not changed much since Punta del Este; except that the world trading system has gained a sort of "détente", laying thereby very important grounds for the improvement of the general atmosphere besetting international exchanges, and bringing about a higher credibility in the GATT system.

It may be opportune to reiterate succinctly what has been said on other occasions regarding the state of affairs which we have encountered in the world during the year under review. There has been worldwide stagnation in world trade, and deflationary forces are still operating, representing a substantial threat to world prosperity. Protectionism, with all its evils, still persists among the big trading partners of the world, and the menace of the chain repercussions resulting therefrom are apt to create deep-rooted and adverse effects on national incomes, especially on those of developing countries. Our esteemed audience need not be reminded of the state of affairs of worldwide indebtedness and the inability of many developing countries to honour the payments of their debts as they used to do scrupulously in the past. Of course, developing countries have accumulated burdensome debts in the last decade with the highest debt-service ratio the world has ever witnessed. Evidently this has happened because of the restrictive trade policies pursued by world trading partners everywhere.

86-2164

./.

Unfortunately, restrictive trade policies and practices still dominate and permeate our economic life, but we are always hopeful that the Punta del Este momentum will be kept up to start actively dismantling trade barriers, among which the non-tariff ones represent the most dangerous impediment to the process of growth and prosperity. Indeed, we are in search for full co-operation in this direction and we should not spare any effort to combat this situation by halting the build-up of protectionism with the hope of reversing it into a solid and sustainable recovery.

We in Egypt, with our fairly limited resources and economic activities, have tried to do our job; we have followed an open door policy and we are pursuing this course of action through the application of more liberalized measures with a minimum of red tape. As mentioned at the most recent biannual special Council meeting¹, Egypt has further liberalized its imports by:

- (1) the abolishment of surcharges on imports, including the 10 per cent ad valorem tax which used to be known as the "Consolidation of Economic Development Tax" and for which the CONTRACTING PARTIES had previously granted us an authorization until the end of 1990;
- (2) the abolishment of the two import rationalization committees which were responsible for import licensing; and
- (3) the reduction of Egypt's import tariffs by 50 per cent across the board.

These are a few examples of what Egypt has done lately in the field of trade policy and which have coincided with the launching of the Uruguay Round. Naturally we are expecting positive steps in the same direction of liberalization from other trading partners. There are certain prominent sectors in which contracting parties can initiate significant steps toward the dismantlement of trade barriers with the aim of restoring and fostering credibility in the multilateral trading system. The application of standstills and rollback are among examples which call for immediate action; relaxation of restrictions in the textiles sector will help bolster confidence in our multilateral trading system among different groups of countries, contributing thereby to the reduction or elimination of the basic asymmetries in trade relations between developed and developing countries.

To conclude, we are ardently hopeful that the thrust and the spirit of Punta del Este will continue to bring about effective solutions to our world economic and trade problems, without losing sight of a very important fact that the remedy for world indebtedness will prime the pump for turning the world economic wheel quickly and efficaciously for the benefit and prosperity for all of us.

¹See C/M/203, page 9.