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EGYPT

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Allow me at the outset to associate the delegation of Egypt with the previous speakers who expressed their congratulations to you, to the Director-General and to the very able GATT Secretariat.

It is clear from a glance at the developments since the CONTRACTING PARTIES met in November 1986, that improving and strengthening the trading system requires an atmosphere of credibility and seriousness. Launching a rapid process of structural adjustment is imperative; initiating a fundamental review of the international trading system, with the objective of improving and strengthening that system so as to make it more responsive to present and future needs, merits consideration.

My delegation wishes to outline four remarks of a general nature.

First, the Punta del Este Declaration constitutes the most wide-ranging attempt to remedy the trading system GATT since inception in 1947; new and challenging issues figured for the first time on the agenda. All participants, developing and developed, have contributed actively to the discussions and proposals and it appears that the initial phase of negotiations is moving in a fairly good manner.

My second remark is that negotiations on trade in goods, which encompasses sectors of a paramount importance to developing countries - - such as agriculture, tropicals, textiles, safeguards, etc, to mention just a few - - represent areas which were either overlooked or marginally treated in past rounds, but are now brought in for serious scrutiny, I presume, under the present Round - - something which we all should be proud of. Agricultural products, including tropicals, are liable to come under effective GATT rules and discipline with the hope of securing ample access to markets, notwithstanding the vital interest of food security to developing countries in the final package. We are fully cognizant of the fact that regarding structural disequilibria in the agricultural market, regarding some time will certainly be needed to phase out certain obsolete rules which prevailed within GATT for decades, and we note the realistic attitudes adopted recently by some industrialized countries vis-à-vis the present world environment. These encouraging attitudes need to continue all the way through. Another element of considerable value is the willingness to reduce or eliminate tariffs on a very wide range of tropical products whether in their raw or semi-processed form, and a tariff cut of up to 50 per cent has been suggested for processed goods emanated therefrom. This is indeed a sound line of international trading policy, and my delegation wishes to seize this opportunity to urge special treatment for developing countries, together with inviting other countries to follow suit not only in the field of tariffs, but also in the field of non-tariffs which is overwhelmingly the crux of this round of negotiations.

Third, although the Punta del Este Declaration has clearly provided that standstill and rollback should be applied immediately, many trading partners have not complied. It took us years to agree upon the modalities related to the application of this provision, which represents one of the main pillars of restoring credibility in the GATT trading system. Related to this, of course, is the creation of the appropriate surveillance mechanism and the willful acceptance of participants to be subject to this surveillance. It is necessary to speed up this process, especially with the prevalence of the restrictive attitudes in the world today.

Fourth, the textiles sector has not gained enough territory in the field of liberalization; it has been exposed to piecemeal solutions ranging from the arbitrary application of GATT Article XIX to voluntary restraints which have sometimes proved in essence to be de facto involuntary. I trust that all contracting parties wish to see in the foreseeable future a liberalization of this important sector. That would permit the integration of it under GATT rules and disciplines. Safeguards have been of particular concern to all of us, and the Tokyo Round did not offer adequate solutions; we are still hopeful to reach an agreement on this issue which would greatly influence the final outcome of the ongoing negotiations.

Attempts have also been directed towards the deprivation of infant industries of the special treatment they should normally enjoy and which has been applied to similar industries in industrialized countries. The economic history of industrialized countries demonstrates that assistance has not only been accorded to infant industries for the purpose of helping them outgrow their teething troubles, but assistance indeed has been extended in an ample fashion to aging industries in advanced countries, which might be considered as incompatible with efforts undertaken to bring about structural adjustment.

From the point of view of developing countries, it seems to my delegation that Article XVIII contains provisions drafted from the beginning in a very balanced way; so we feel strongly that this Article need not be amended, especially insofar as development requirements and balance-of-payments measures are concerned. It is, par excellence, an Article clearly addressing assistance to economic development.

Although the Uruguay Round Declaration represents a carefully balanced package of compromises which reconciles many of the divergent views contracting parties had at that time, the first year of negotiations nevertheless reveals a clear tendency on the part of some participants to go beyond the carefully drafted negotiation mandate. Some are still influenced by the spirit of the pre-Punta del Este perceptions - a matter which causes deep concern for many of us.

The notion of having early results in the negotiations or the so-called "early harvest" is indeed envisaged by the Ministers in the Declaration. In the case where we are seeking early results, Part I will represent the proper scope for this action, as cited in Page 2 of the said Declaration. However, safeguards and tropical products are specifically recognized for such urgent treatment.

We also believe that the developing countries which have undertaken unilateral measures of liberalization warrant due recognition for such measures in the negotiations.

A final remark is that the world community cannot have an effective trading system without having a stable monetary and foreign exchange environment. Related to this is the problem of heavy indebtedness of developing countries, which has remained in our view unresolved and which is detrimental to the efforts exerted to bail out the world economy from a deep-seated depression.

The above-mentioned remarks could contribute in a modest fashion to the shaping of the image of today's world economy, probably for the betterment of our future trading system. Indeed, we have had a GATT system which has relied considerably for the past 40 years on consecutive rounds of negotiations to dismantle barriers to trade; the one preceding the Uruguay Round proved to be ineffective for the developing country participants and unfortunately, the economies of this latter group of countries have fallen under severe strains motivated by outside forces beyond their control which have operated against their economies, namely: exchange rate volatility, speculative movements of capital, high interest rates, inaccessibility of their goods to foreign markets, etc. Thus, we should not lose sight of the various factors affecting the trading environment.

We in Egypt are hopeful that the work done within the framework of GATT and the Uruguay Round will lead to effective solutions to world economic problems. We have started together and will continue together on the path that should lead to the prosperity of all of us.