Committee III - Expansion of Trade

STATEMENT BY THE REPRESENTATIVE OF THE UNITED ARAB REPUBLIC AT THE MEETING ON 28 MARCH 1963

During the last meeting of the Council I proposed to set up a sub-group to discuss the proposals an agenda to the Council in the next meeting in April. My reasons for proposing this suggestion were that I thought that the more we discuss the items of the agenda, the more we approach success, and also because our delegation would like to know the reaction of other countries in connexion with the proposals of different delegations, but because the Council had not agreed upon this idea, which was supported by Pakistan and Brazil, I thought that I could appeal to Committee III and seek the reaction of its members upon our suggestion which we propose to introduce to the agenda.

In fact the GATT is now giving all of us a good opportunity to establish a healthy and expanding world trade system. This opportunity will be when our Ministers will gather together in Geneva to discuss our problems and mainly to consider further a world-wide move towards tariff reductions on a most-favoured-nation basis, and at the same time to decide concrete solutions for the problems of developing countries based on the work of Committee III. In our opinion, the two problems are and must be tied together and cannot be separated, because while in the short term the interests may appear to diverge between highly developed countries and developing countries, we all have a common interest in a world-wide expansion of trade. We are all affected directly or indirectly with any commercial, political or social crisis anywhere in the world.

I am told that the amount of studies and memoranda which have been written by different international organizations on problems of developing countries would fill several buildings the size of this one. However, between recommendations decided by the Ministers gathered in November 1961, the recommendations mentioned in paragraph 3 of the Annex.

"The CONTRACTING PARTIES agree that, if the needs of the less-developed countries for enlarged and diversified export trade are to be met, these countries must develop trade in other than traditional products."

"They note that some developing countries already have the investment and technological resources for the processing of raw materials and are able to produce efficiently some manufactured goods. They recognized that it is desirable that these countries and others possessing the necessary materials and skills be provided with increased opportunities to sell in world markets the industrial goods which they can economically produce, and urge that governments give special attention to ways of enlarging these opportunities."

1 This document was originally circulated to members of Committee III as Spec(63)39.
This advice was carried out through our plans of development and we have achieved to a certain extent big progress in producing semi-manufactured and manufactured goods. In 1952 our exports of these products were only 7.2 per cent of our total exports, in 1959 14.7 per cent, in 1960 15.4 per cent and in 1961 18.3 per cent.

We are expecting to improve and expand our production of these semi-processed and manufactured goods, but we are starting to face a big problem in this connexion, due to the fact that we are compelled to resort to the labour intensive system of production because of our continuous increase in population, and this contributes to raise the cost prices of our commodities; moreover our labourers still lack experience and therefore we cannot compete with the products of highly developed countries. This problem is also the problem of other developing countries, Members of the GATT, who have achieved a certain degree of development and are trying to export some semi-processed and manufactured goods to international markets.

In our opinion, this situation will have a serious reaction on us and on other similar developing countries, Members of the GATT, who will be obliged to liquidate their infant industries and thus all their developing projects will collapse, if a solution is not to be found.

The solution which we are going to propose is also in line with the recommendation mentioned in the precedent programme of action in paragraph 8 and adopted by the Ministers at the last meeting.

"Finally, it is recognized 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. Lest the development of this important trade potential be prevented or unduly delayed, they should strive to attain and preserve liberal access to one another's markets in the same manner as they now seek to secure improved access to the markets of the economically advanced countries."

There is another aspect which has a big connexion with our situation which may guide us to a solution. Many less-developed countries who are not yet members of the GATT, but who will be in the near future contracting parties according to Article XXVI, have in fact exchanged privileges between themselves through commercial or payments agreements. We were in the same situation when we requested our accession to the General Agreement because we had an agreement between Arab States to facilitate trade and organize transit and we have another agreement with six African countries, including the United Arab Republic, through which we have also exchanged privileges and special treatments.
GATT is going to face many agreements of the same nature and it is very
difficult, or may be impossible for these countries to dissolve these agreements.
Owing to this situation we thought of a concrete solution for the two
aforementioned problems, and we say concrete solution because it was decided
in the last meeting of the Council that all solutions to all problems which
are going to be included in the agenda of the Ministers have to be adequate
and concrete.

"In our opinion the concrete step to solve this problem of less-
developed countries is to give them on a multilateral basis and under
the supervision of the GATT, the possibility to conclude multilateral
agreements between themselves, in which they can exchange privileges and
preferential treatment in trade of semi-processed or manufactured goods
originating from the developing countries Members of the GATT."

This solution will go side by side with other solutions which are proposed in
the new programme of action in which some developing countries, including
the United Arab Republic proposed concrete solutions for our problems on a
world-wide scale.

It may be said that less-developed countries can formulate between
themselves a free-trade area or customs union, according to Article XXIV, but
in reply to this we can say that most of the less-developed countries are not
in a position to formulate such groupings, because of their economic situation.
What we are proposing here is to go step by step on the way to formulate such
groupings without harming the economies of less-developed countries by giving
them the opportunity to choose item by item, and then by groups of items
through which they can exchange privileges.

We specified in our proposal that these agreements have to be on a multi-
lateral basis and under supervision of the GATT because we think that the
time has come for GATT to play an active rôle as it has already done with the
Long-Term Textile Agreement. We demand from GATT initiative towards solving
the problems of less-developed countries. I would like to add that our
proposition is meant to establish preferences through reduction of barriers,
high tariffs, quantitative restrictions or internal duties and not through
reaising duties or barriers on imports from industrialized countries. These
preferences and special treatments will be applied in our opinion on a broad
basis to less-developed countries, and would be progressively reduced as the
economic development progresses and would eventually be eliminated. I would
like to add that in applying the principle of preferential treatment to products
originating from less-developed countries, the principle of competitive prices
is going to be taken into consideration. This is the principle which we apply
between the United Arab Republic and Arab countries or African countries members
of the African Common Market, I mean that we give licences of importation to
products originating from one of these countries when their prices are compe-
titive with international prices regardless of tariffs or internal duties.