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Opening of the Kennedy Round

STATEMENT MADE BY MR. M.A K. HAMZA, COMMERCIAL MINISTER,
REPRESENTING THE VICE PRIME MINISTER AND MINISTER FOR ECONOMY
OF THE UNITED ARAB REPUBLIC
ON 5 MAY 1964

I should like on behalf of our Deputy Prime Minister for Economy of the United Arab Republic and Minister of Economy, Dr. Abd-El-Moneim El-Kaissouni to express to the honourable Ministers and delegates of this conference, his pleasure that the United Arab Republic delegation is participating in this important trade negotiation.

The United Arab Republic delegation had always the pleasure of participating from the beginning in the preparation of this conference. We should like to see the forthcoming trade negotiations a success, not only in achieving the objectives of the developed countries, but also to contribute to solving the problems of the developing countries. The United Arab Republic delegation would like to add that this does not mean in our opinion that the success of this trade negotiation conference could substitute what we expect to fulfill in the United Nations Conference on Trade and Development. We should also like to stress that the United Nations Conference does not minimize the importance of GATT in its endeavours to enhance trade relations and the achievements in the international economic field. This conference has been proposed as we believe to fill the gap which exists in the international economic relations on a larger scale.

Up to 1960, the United Nations had put the emphasis on aid to development. It had soon realized that, owing to the deteriorating situation of the trading position of less-developed countries, the aid they were receiving fell far short of making good their economic losses. It led the United Nations to regard the expansion of trade of less-developed countries as the essential prerequisite for their economic growth. If studying the trade trends in the United Arab Republic in the last decade, one could realize that our trade balance deficit rose from an average of nearly E£.53 million in the years 1950/1954 to nearly E£.77 million in 1961 and to nearly E£.143 million in 1962.

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It is to be pointed out that up to mid-1952, agriculture used to be the mainstay of the Egyptian economy, with 23 million settled on a small cultivated area of about 6 million acres, manifesting thereby the highest rate of population density per square mile. The growth rate of population being one of the highest also in the world culminated the most serious economic problem facing us in the early fifties.

To arrest the deteriorating trend, a plan was prepared to, first expand the cultivated area coupled with the generation of a tremendous electrical power by implementing the project of the High Dam, and secondly through industrialization of our country.

It may be recalled in this respect that the decision of the Ministers in 1961 who recommended less-developed countries, if the needs for enlarged and diversified export trade are to be met, it is desirable that those countries be provided with increased opportunities to sell in the world markets the industrial goods which they can economically produce.

This advice was carried out through the United Arab Republic plans and through the last eleven years, 727 new industrial projects have been completed. Our exports of semi and manufactured goods were in 1952 7.2 per cent, in 1959 14.7 per cent, in 1960 15.4 per cent, and in 1961 18.3 per cent of our total exports, and we are expecting to improve and expand our production of these goods. It is essential that we have to do our best to keep those projects continued and absorb the increase of our labourers. It is important that this Round should try and find markets for these products. If we fail to do this, we will be compelled to liquidate those projects and thus we will be faced with a disastrous unemployment situation. The Ministers in 1961 terminated their recommendation by urging the governments to give special attention to ways of enlarging these opportunities. It is the task of this Round not only to expand trade, but equally to increase the share of less-developed countries in such trade. We hope that the special committee of the less-developed countries in this conference will co-operate with the Committee on Preferences which was established by the Ministers in 1963, to study the two proposals of the United Arab Republic and India, and that this Committee will be able to achieve reasonable results as soon as possible, so that we, in this conference can benefit from those studies and achievements, and thus enable our products to compete with products of highly developed countries.

For many years to come, agricultural products are to be of great importance to less-developed countries.

Trade in agricultural products constitutes nearly one third of world merchandise trade and two thirds of trade in primary commodities. They count for 60 per cent to 95 per cent of the export earnings of many less-developed countries.
This explains why the less-developed countries, especially those who are situated in the moderate areas, are anxious to see that the agricultural products especially those which are competing with the same products of developed countries, enjoy the greatest attention in the negotiations and that adequate solutions will be arrived at.

It is gratifying that the coming negotiations are not to be limited to tariffs; in such limited negotiations, we believe that we are handicapped owing to the fact that our tariffs, on the majority of our imports, are on industrial goods necessary for our development, are very low and in many cases there are no tariffs on such imports. On the contrary, tariffs levied on primary products in the developed countries are generally higher. We also consider that concessions granted to primary products by industrialized countries would help their industries in reducing production costs. On the contrary, less-developed countries, when reducing tariffs on manufactured products, will create a situation in which they will be inhibited from establishing similar industries in the future.

I feel confident that the understanding and the co-operation of the delegates will without any doubt proceed in a smooth and successful manner towards the great aims of these negotiations and that our hopes of today will become realities in the near future.