GENERAL AGREEMENT ON TARIFFS AND TRADE

ACCESSION OF THE UNITED ARAB REPUBLIC

Memorandum on the Commercial Policy of the United Arab Republic

Addendum

The Government of the United Arab Republic has transmitted to the secretariat the following memorandum on its Stabilization Programme:

A Stabilization Programme has been agreed upon between the United Arab Republic and the International Monetary Fund, the main items of which are the following:

1. A unified exchange rate for the Egyptian pound has been fixed at $2.3. The Government is to give up multiple exchange rate practices and controls on current payments and receipts.

2. Since the application of the new exchange rate on all exports may in the short run result in excessive profits on certain items of exports such as cotton, onions, rice and petroleum products, the Government may temporarily impose export taxes on these items to be reduced if necessary to encourage production and export of these items.

3. As for import policy open import permits will be granted for an important part of the items whose import is permitted. A principle in the policy is to set up a foreign exchange budget by which available foreign exchange is allocated among different items of imports according to an order of priority in line with the development plan.

No discrimination is to be practised among different exporting countries and competitive prices will be the guide for importing from different markets.

4. Bilateral trade and payments agreements with members of the International Monetary Fund are to be gradually cancelled. This step is an important one towards the liberalization of our foreign trade since it, together with the principle of competitive prices and the unification of exchange rate, will enable the country to buy and sell in the best markets.

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5. The Government will continue its policy of using non-inflationary methods of financing development, and credit ceilings will be set up. This policy will certainly have favourable effects on the course of foreign trade.

6. The Stabilization Programme and the sound economic policy of the country have prompted some highly developed countries parties to the GATT to extend long-term trade facilities to the United Arab Republic, to help finance the development programme and short-term credit facilities to help finance imports. This will certainly increase the volume of trade between the United Arab Republic and the contracting parties.