STATEMENT BY THE REPRESENTATIVE OF
THE UNITED ARAB REPUBLIC ON 15 OCTOBER

I want before starting my statement to congratulate you on your election as the Chairman of this Committee which is to be considered as one of the most important committees in GATT. I want to assure you that from our part we are going to do our best to assist you, we attach great importance to the results which will be achieved in this Committee as we are sure others do.

In fact, Mr. Chairman, it is not an easy job. It is very important to try to arrive at a new basis for the future trade relationship between most of the countries of the world, members of the GATT, and to devise suitable solutions for problems which have accumulated through centuries before. I fully agree with Mr. Wyndham White, when he said yesterday, that circumstances have now changed compared to those which were prevalent when the General Agreement was drawn up. This means that the economic structure and accordingly the policies of highly developed and developing countries have changed also. This leads me to be consistent with the statement of the Brazilian delegation.

In our opinion, the two most important factors which have always to be in our minds when we review the General Agreement are:

1. The new independence of many countries in the world, countries who need help to establish an infant economic structure.

2. The tendency of the economic situation of less-developed countries to deteriorate.

I also agree with Mr. Wyndham White that the General Agreement dealt up to now with our problems in a negative way and that the time has come to tackle these problems in the General Agreement in a positive way; this means to take necessary measures and actions to enable the less-developed countries to overcome their problems.

In our opinion, Mr. Chairman, to start our work in this Committee, we have to start from the beginning, I mean starting by Article 1, we have to put in this article or in the preamble as it has been done in the present General Agreement, adequate principles on which we have to decide and then make the necessary changes accordingly. This I believe is the reasonable and practical approach.
We propose here some principles for discussion, we do not consider them to be all principles which ought to be inserted in this article, but only of great importance so that they should be taken into consideration when re-writing this article, our proposal is that the Agreement ought to consider:

1. The creation of conditions for the expansion of trade and especially trade of less-developed countries.

2. The adoption of measures and actions for the removal of obstacles and discriminatory practices.

3. The adoption of measures for the stabilization of primary commodity markets, including the expansion of commodity agreements.

4. The adoption of appropriate measures which could facilitate the efforts of less-developed countries to diversify their economies, strengthen their export capacities and increase their earnings from overseas sales, including the granting of preferential treatment to the semi-manufactured and manufactured goods exported by the less-developed countries.

5. Co-operate fully with the international lending agencies to achieve the following:

   (a) The stabilization of exports proceeds of less-developed countries.

   (b) The compensatory financing system for export shortfalls in primary products.

   (c) Granting soft loans to less-developed countries to assist them in their plans of development.

This being said we would like now, Mr. Chairman, to submit some ideas to be discussed in the Committee for the implementation of the principles which we have proposed. In this regard, we wish to subscribe to the proposals submitted by the Executive Secretary and to add furthermore the following proposals:

(i) Introduce in the General Agreement the results of discussions which will take place in Committee III concerning the extension of activities of GATT to embrace the financing aspect and the ways and means by which less-developed countries can obtain from industrialized contracting parties loans on soft terms and thus enable GATT to realize its objectives of facilitating trade between the contracting parties.

This resolution was mentioned under item 27 in the Conclusions adopted by the Ministers which I have already included in the principle proposed by us under paragraph 5.
(ii) Article XXIV should be modified to overcome the following two problems:

(a) Sub-item 5(a) of this article reads as follows:

"With respect to a customs union, or interim agreement leading to the formation of a customs union, the duties and other regulations of commerce imposed at the institution of any such union or interim agreement in respect of trade with contracting parties not parties to such union or agreement shall not on the whole be higher or more restrictive than the general incidence".

This can be understood between highly developed countries who have tremendous varieties of commodities, but for less-developed countries who have few commodities this may create big difficulties, because suppose the commodities involved are one hundred and the result of the creation of the customs union is the decrease of the tariffs of ninety eight commodities and the increase of two commodities only, it happens often that these two commodities are the main export of a less-developed country. This situation will be in conformity with Article XXIV, but it will impede exports of those two commodities, which may represent a major part of the exports of this less-developed country to the countries members of this customs union. We therefore propose to delete the words "on the whole" and the words "the general incidence" from sub-item (a) of paragraph 5 of Article XXIV, or at least regarding less-developed countries.

(b) Modify this article in order to enable less-developed countries to formulate free-trade areas or customs unions step by step. In fact, Mr. Chairman, GATT is going to face many of these agreements concluded between less-developed countries in which a complete programme for the establishment of these customs unions cannot be formulated at the beginning.

(iii) Many less-developed countries, or most of them are compelled under the pressure of their economic situations to apply the system of state trading. The United Arab Republic is one of those countries and we apply this system, not because we want to discriminate between exporters by any means, but we want to fulfill the following objectives:

(a) Owing to the fact that our revenues of convertible currencies are limited, and to the pressure put on our balance of payments, we are very careful when importing commodities from abroad. We have to import commodities which we need, at lowest prices, and under the best conditions. Practice in our country has proved that it has been nearly impossible to import at lowest prices from the international markets without being compelled to make use of the state-trading system.
(b) It is not only that we were compelled to use the State-trading system because of the pressure put on our balance of payments but because we want to supply our people, whose standard of living is still, in spite of all our efforts, below the international standard, with commodities at reasonable prices in order to enable them to obtain most of their needs. Sometimes we are even compelled to offer the essential commodities as wheat and meat at lower than the imported prices.

(c) Importation and exportation used to be one of the methods by which capital illegally flowed out of the country.

I think there is no need to assure the members of the Committee that all commodities imported by these State-trading companies are offered to consumers with a slight difference which represents their expenses and a very small percentage as profit. We never use the markup system to limit consumption or for any other reason.

For all these reasons, I think it is to the benefit of less-developed countries to allow them to make use of the trade system and to modify Article XV-I accordingly.

In this regard, I agreed with Mr. Wyndham White, when he said yesterday that we do not want less-developed countries to stand in front of the CONTRACTING PARTIES as naughty boys who have done something wrong.

(iv) I would like to suggest as a last proposal from our side, to facilitate procedure for the accession of the less-developed countries. We consider that GATT will be more able to fulfil its objectives whenever the membership of the Agreement is increased.