COMMUNICATION FROM EGYPT

The following communication from the Permanent Mission of Egypt, made in pursuance of Article 14:5 of the Agreement, has been received by the Chairman.

It is the position of the Government of Egypt that the Egyptian Government maintains no export subsidies within the meaning of the Subsidies Code nor does it intend to alter such policy. The Egyptian Government understands that, if extraordinary economic conditions lead it to reconsider its policy, that these conditions will be notified to the Committee of Signatories, who will give a sympathetic consideration to the establishment by Egypt of programmes consistent with the change in competitive and development needs of Egypt.

With respect to cotton textiles, the Government of Egypt currently maintains a programme similar to the programme for cotton textiles which was reviewed by the GATT contracting parties in the context of Egypt's provisional accession to the GATT in 1962 (GATT document L/1876). ¹

The compensation provided under this programme reflects the Government of Egypt's policy to offset disincentives to exports. The compensation varies depending on differences in the world and Egyptian domestic price for raw cotton used in yarns. It is the Government of Egypt's intention to ensure that compensation paid to the cotton textiles sector be limited to the contributions paid by spinners on purchases of raw cotton. Further, the rate of compensation will not be increased, with the intention of the Government of Egypt that it will be reduced over time.

¹Reproduced in BISD, Eleventh Supplement, p. 75.