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REPORT BY THE SECRETARIAT

EGYPT

Revision

This report, prepared for the fourth Trade Policy Review of Egypt, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Egypt on its trade policies and practices.

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Document WT/TPR/G/367 contains the policy statement submitted by Egypt.

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SUMMARY

1. Egypt's real GDP expanded at an annual average rate of 4.5% over the 2005/06-2016/17 period, although growth began to decelerate in 2011 in the aftermath of political turmoil. Annual average GDP growth slowed down to 3.2% over the 2010/11-2015/16 period, but has accelerated in recent years on the basis of an expansionary fiscal policy that led to strong consumption and investment expenditure, and an economic reform programme aimed at fostering growth. GDP per capita increased from US$1,514 in 2005/06 to US$3,462 in 2015/16, although it is estimated to have declined to US$2,508 in 2016/17 due to the depreciation of the Egyptian pound. Despite the recent acceleration of growth, Egypt's unemployment rate remains at around 12%, with rates higher among young persons and women. Furthermore, despite an increase in per capita income, the share of the population living under the poverty line has increased in the last few years and poverty alleviation continues to be one of Egypt's major challenges.

2. Egypt's economy is diversified. The services sector constitutes the mainstay of the economy in terms of GDP share (55.3% in 2015/16), employment, and exports. The share of agriculture in GDP has been declining over the last few decades and reached 11.9% in 2015/16 (14.5% in 2010/11), although the sector is still important for employment and merchandise export earnings; while the contribution of manufacturing to GDP was 17.1% in 2015/16 (16.5% in 2010/11).

3. In 2014, the Government began to implement a reform programme aimed at stimulating economic growth and improving the business environment. The first wave of reforms focused on rebalancing the macroeconomic situation, and included various fiscal, monetary and exchange rate policy measures: introduction of the value-added tax (VAT) at a rate of 13% in September 2016 (increased to 14% as from July 2017); a shift in the exchange rate regime from a peg to the US dollar to a full float of the Egyptian pound in November 2016; broadening of the tax base; reduction of energy subsidies; and containment of public sector salary increases. A second wave of reforms is currently under way to improve governance and the investment climate. Egypt's economic programme has been supported by the IMF: a three-year US$12 billion Extended Fund Facility (EFF) loan was granted in November 2016, with the aim of helping restore macroeconomic stability, correcting external and fiscal imbalances and restoring competitiveness.

4. Egypt's fiscal deficit has exceeded 10% of GDP since FY2010/11 as a result of the implementation of an expansionary fiscal policy. The deficit reached 12.5% of GDP in 2015/16, which prompted the authorities to introduce, starting in FY2016/17, a three-year fiscal consolidation plan aimed at lowering the budget deficit to between 8% and 8.5% of GDP by 2018/19. As a result of various fiscal consolidation efforts, including streamlining expenditure by reducing subsidies and containing the public wage bill, and increasing revenue by replacing the 10% general sales tax with the VAT, the deficit declined to 10.8% of GDP in 2016/17.

5. The presence of the State in the economy remains strong. The productive structure of the Egyptian economy is skewed towards large public-sector enterprises, which may result, on occasions, in a sub-optimal allocation of resources. In this respect, Egypt could benefit from adopting a more market-oriented approach to economic policy implementation. This has been recognized by the authorities and a more participatory role of the private sector in the economy is one of the objectives of Egypt's Sustainable Development Strategy (SDS) "Egypt Vision 2030", a comprehensive development plan introduced in March 2015 that seeks to foster GDP growth and employment and gradually reduce the budget deficit.

6. Remittances from Egyptians overseas (US$17.1 billion in 2015/16), as well as travel and tourism and Suez Canal revenues, continue to be of primary importance for the Egyptian economy. The introduction of a flexible exchange rate has led to an increase in capital and financial inflows, particularly foreign direct investment, which have partly countered the decline in transfers and the growing merchandise trade deficit. Nonetheless, the current account deficit widened to 5.9% of GDP in 2015/16 from 3.6% the year before, reflecting a fall in exports and strong import demand, a weakening of services exports, notably in tourism, limited growth in Suez Canal receipts due to weak global trade, and a drop in remittances. Although it declined in US dollar terms, the current account deficit increased as a share of GDP to 6.6% in 2016/17 due to the depreciation of the Egyptian pound.

7. Egypt's export base has become more diversified during the review period: the share of exports of fuel products declined from 43% of total exports in 2005 to 14.3% in 2016. Despite this, fuel remains Egypt's single most important export product, followed by vegetables, which represented 12.5% of total merchandise exports in 2016 (8.7% in 2011), precious stones and metals (11.8%), chemicals (11.3%), and textiles (11.2%). Egypt's merchandise exports declined in US dollar terms between 2011 and 2016, to US$22.5 billion. In 2016, the European Union was Egypt's main export destination, followed by the United Arab Emirates, Saudi Arabia and Turkey. Merchandise imports (c.i.f.) amounted to US$58.1 billion in 2016. Machinery and electrical equipment is the single most important import group, accounting for 16.1% of total merchandise imports in 2016, followed by mineral fuels (14.2%) and base metals (11.4%). In 2016, 32.4% of Egypt's merchandise imports came from the European Union; China and other Asian countries were the source of 27.3% of Egyptian imports.

8. Egypt's Constitution was amended several times during the review period. The current Constitution, which was approved in January 2014, provides for the separation of powers between the executive, the legislature and the judiciary, and reformed the legislative branch by making it unicameral. The next presidential election is scheduled for May 2018.

9. Egypt's trade policy objectives are set out in the Industrial Development Strategy (IDS) for 2016-2020, in accordance with Egypt's SDS "Egypt Vision 2030". The aim is to help Egypt become a leading industrial economy in the Middle East and North Africa region and a main export hub for medium-technology manufactured products by 2025. The IDS covers the following areas: industrial development for micro, small and medium enterprises (MSMEs); export promotion and import rationalization; innovation promotion; energy conservation; the development of technical and vocational education; and improvement of the business climate. The main goals are to accelerate industrial growth, increase the contribution of MSMEs to GDP, spur export growth and create productive jobs.

10. Egypt participates actively in the multilateral trading system, both in the regular work of the WTO and in the Doha Development Agenda negotiations. It grants at least MFN treatment to all WTO Members. Egypt is a party to the Agreement on Trade in Civil Aircraft, and to the Information Technology Agreement (ITA), but not to the Agreement on Government Procurement GPA). In June 2017, Egypt ratified domestically the Trade Facilitation Agreement (TFA), but has still to submit to the WTO its instrument of acceptance of the Agreement. Egypt notified its category "A" commitments, in January 2015, and the authorities are currently working on category "B" and "C" commitments. Egypt submitted numerous notifications to the WTO during the period under review. Some lagging notifications, for instance with respect to agriculture, were submitted to the WTO during the review process. Under the WTO Dispute Settlement Mechanism, Egypt has been involved in four trade disputes as a respondent and seven as a third party during the review period. This is the fourth Trade Policy Review of Egypt; its previous one was in 2005.

11. Egypt participates in several preferential trade agreements, which play an increasingly important role in its trade policy. In addition to preferential agreements with the European Union, the European Free Trade Association (EFTA), Turkey and MERCOSUR, Egypt is party to the Pan Arab Free Trade Agreement (PAFTA), the Common Market for Eastern and Southern Africa (COMESA), and the Agadir Agreement. Egypt benefits from the Generalized System of Preferences (GSP) schemes of several countries. On the other hand, Egypt offers improved market access to least developed countries (LDCs). Egypt also participates in the Framework Agreement on the Trade Preferences System of the Organization of Islamic Cooperation (TPS-OIC), which is still to enter into force.

12. There have been important changes to Egypt's investment regime since its last Trade Policy Review in 2005. In May 2017, the new Investment Law No. 72/2017 entered into force. Investment incentives under the new law include deductions on taxable profits and preferential import duty rates. Exemptions from stamp duty, and notarization and registration fees are provided for up to five years from registration in the Commercial Register. In October 2017, the regulations to implement the law were approved and published in the *National Gazette*. The new law and regulations aim at updating Egypt's investment regime and incentives schemes to attract more investment. Egypt's net foreign direct investment (FDI) inflows averaged some US$6 billion per year during 2013-16, below the US$9 billion annual average in 2005-07. The European Union is the main foreign investor in Egypt, followed by the United States and some Arab countries.

13. During the period under review, Egypt continued its reform process, with a view to making its customs administration more efficient and transparent, by reducing the number of documents required for import and export processes and allowing their presentation electronically. Egypt's customs regime is still based on the Customs Law of 1963 as amended, although a new Draft Customs Law is currently being examined to incorporate, among others, the amendments needed to implement the TFA and the Kyoto Convention. However, some changes have already been introduced to facilitate trade. These changes include activating the Authorized Economic Operator (AEO) system, introducing x-ray devices in most customs posts to facilitate customs control and reduce release times, and implementing an e-freight import and export system for air freight. A Ministerial Steering Council for Egyptian Trade Facilitation (EgyTrade) has been established, aiming at the creation of an Egyptian National Single Window (ENSW) system.

14. Egypt's simple average applied MFN tariff rate was 19.1% in 2017, slightly down from 20% in 2005, but higher than 16.5% in 2012. Some two thirds of all tariff lines face rates of 10% or lower. The 51.6% average tariff in agriculture reflects tariff peaks for alcohol and tobacco, which can be as high as 3,000%. Egypt has bound 99.3% of its tariff lines; the general simple average bound tariff is 37.2%. In 2017, some 46 lines exceeded their bindings. Despite recent reforms, Egypt's tariff system remains somewhat complex, with a number of exemptions, reductions, and concessions. All tariff rates are *ad valorem*, with the exception of 21 lines. In addition to tariffs, imports are now subject to a value-added tax of 14% which also applies to domestically produced goods; exported goods are exempted and services are zero-rated. Egypt also applies excise taxes on some products in addition to the general VAT rate.

15. Import prohibitions and restrictions are maintained for economic, environmental, health, religious, safety, sanitary, and phytosanitary reasons. They are applied equally to all trading partners. Import prohibitions apply to chicken offal and limbs, fowl livers, goods bearing marks considered sensitive to religious beliefs, and various hazardous chemicals and pesticides, among others. There are also restrictions on the importation of used products, which must meet certain conditions. A number of products are subject to quality control inspections when imported. Additionally, the importation of a relatively large number of items is subject to "special conditions" and requires a licence, including passenger cars; shoes; apparel; home textiles; carpets; car parts; household appliances; eyeglasses and watches; petroleum products; milk and milk products; oils and fats; pasta; and soaps. The importation of certain products is subject to specific administrative formalities and requires government approval; such is the case for wheat grains, corn used for the feed industry, and soya bean seeds for oil extraction. Egypt has not submitted any notifications to the WTO with respect to its import licensing regime.

16. Egypt is a relatively active user of trade remedy measures: between January 2005 and 30 June 2017, it initiated 31 anti-dumping investigations, 16 of which resulted in the imposition of definitive anti-dumping duties. Three anti-dumping measures were extended. During the same period, Egypt initiated 14 safeguard investigations, imposed provisional measures in all and final safeguard measures on three products: blankets, steel rebar, and cotton and mixed yarns. Although few final measures were adopted, the application of provisional measures could have acted as a deterrent to trade. There are currently no countervailing measures in place.

17. Egypt imposes export taxes on a number of products, including sugar, waste plastic, some fertilizers, fish, sand, some skins, marble, and raw granite, among others. Egypt introduced an export tax of LE 3,000 per tonne of sugar for an unlimited duration effective end-March 2017. According to the authorities, the rationale for applying export taxes is, in all cases, to ensure a sufficient domestic supply of those products. Exports of rice of any kind have been banned since August 2016; this measure has unlimited validity and was imposed due to the lack of water resources. In addition, Egypt bans the exportation of raw or tanned hides, skins or leather in its wet state. Exports can be prohibited or restricted in order to meet local demand or for environmental purposes.

18. New regulations for the establishment of free zones are contained in Law No. 72/2017. The incentives offered in free zones are meant primarily to attract investment, to provide employment for Egyptians, and to encourage exports. There are two types of free zones: public and private. Public free zones are established for several projects, whereas private free zones are confined to one specific project or company, and must meet certain conditions, *inter alia* with respect to minimum capital (US$10 million) and exports (they must amount to no less than 80% of the production value). Enterprises in free zones benefit from complete exemption from import tariffs,

income taxes and the VAT. They are charged, however, a fee of 1% or 2% in lieu of taxes. Free-zone investors may sell all or part of their products on the Egyptian market after payment of the relevant customs duties. There are currently nine public free zones in operation. Egypt also has one Special Economic Zone, which benefits from special and simplified customs procedures, tariff-free imports of inputs and equipment, and lower taxes.

19. Egypt implements a number of incentives programmes, which can be general or sector-specific. There are also regional support programmes, and programmes for MSMEs, which include facilitating access to credit at preferential conditions. There are currently 13 investment zones specialized in various fields; they enjoy the same benefits as free zones in terms of facilitation of licence issuance but are not granted tax exemptions. A new governmental agency was created in 2017 to provide support to MSMEs; its budget for this purpose was about LE 5 billion in 2017. Under the new Investment Law, Egypt also provides regional incentives in the form of a discount on taxable net profits, depending on the region.

20. Egypt has accepted the WTO Code of Good Practice for the Preparation, Adoption and Application of Standards. Technical regulations are issued by the different ministries. As at December 2016, Egypt had in place some 860 technical regulations covering five sectors, with the largest number pertaining to engineering and chemical products, food, textiles and measurement products. All imported goods subject to technical regulations are inspected to verify conformity with each regulation. The Egyptian Accreditation Council (EGAC) is the sole national body for the assessment and accreditation of conformity assessment bodies and laboratories in Egypt performing testing and calibration, inspection, and certification activities for products, systems and personnel. Egypt submitted its first TBT notification in 1997; between then and late October 2017, it submitted 221 notifications including addenda and corrigenda.

21. There are various controls and inspection procedures for food products, live animals, and animal and plant products, implemented by the corresponding responsible agency. Importers of plants must obtain an import permit prior to importation and are also required to notify the exporting trading partner of the corresponding import regulatory requirements, which are set according to the potential risk associated with pests. Imports of live animals require an import permit from the Central Administration of Veterinary Quarantine. Importers of meat products and chicken must provide a number of certificates before the product is accepted, including a slaughter certificate proving that the animal was slaughtered in accordance with the Islamic ritual (halal), a veterinary certificate, and a certificate of origin. Egypt submitted it first SPS notification in September 2005; between then and November 2017, it submitted 80 notifications to the WTO.

22. During the period under review, the legal framework for Egypt's competition policy underwent far-reaching changes. Competition policy is mainly regulated by the new Constitution of 2014, and the Egyptian Competition Law of 2005, its Executive Regulations, and their amendments. The Competition Law sets out prohibitions in respect of the abuse of dominant position and provides a list stating nine different prohibited acts. It also prohibits vertical agreements or contracts between a person and its supplier or clients if they are intended to restrict competition. The Law applies to all types of persons or enterprises carrying out economic activities, be they public or private. This includes state-owned enterprises, except for public utilities managed directly by the State. Recent amendments to the Competition Law gave the Egyptian Competition Authority (ECA) the power to initiate criminal lawsuits and to settle with violators, and in general strengthened its enforcement faculties. Between its inception in 2006 and April 2017, the ECA completed 109 investigations, 37 studies and 13 advisory opinions. During this period, the ECA proved 36 violations of the law, 28 of which were during the 2012 to 2016 period.

23. Egypt is not a party to the GPA. The two main procedures for public procurement of goods and services in Egypt are public tender and public reverse auction. Both procurement methods may be open to both Egyptian and foreign suppliers, and must be advertised in at least two daily newspapers of major circulation. A 15% price preference is given to Egyptian products in all government procurement. Egyptian subsidiaries of foreign companies can benefit from the preference. Additionally, MSMEs must be given an extra 10% preference in any tender. The presence of the State in the economy is important in Egypt, which has about 150 state-owned enterprises engaged in activities in a number of sectors, including petroleum, transportation, telecommunications, post and industrial activities. Three state-owned banks own some 40% of the banking sector's assets.

24. Egypt is a member of most of the main international treaties on intellectual property rights (IPRs). In April 2008, Egypt notified the WTO that it had accepted the Protocol Amending the TRIPS Agreement. The Intellectual Property Law No. 82/2002 is a unified Law that covers the major areas referred to in the TRIPS Agreement. There are no provisions in Egypt's IPR legislation that expressly allow or prohibit parallel imports. According to the authorities, Egypt's IPR policy recognizes the importance of IPR protection as a key factor in economic growth and development; through it, the Government aims to promote the effective use of the IPR system and to fully utilize inventions, and attract FDI. The enforcement of IPR legislation is handled by various specialized authorities, some of which are entitled to act ex officio regarding IPR crimes. Border measures may be applied on all forms of intellectual property.

25. Egypt's agricultural policy is primarily aimed at meeting the rising demand for food at reasonable prices; to this end, Egypt has made more land available for crops where it has a relative comparative advantage such as fruits and vegetables, and has resorted to subsidies. It has also discouraged the production of crops that use water intensively, such as cotton and sugar. Although Egypt provides state support for both production and consumption of agricultural goods, actual spending for direct farming support is much lower than for food subsidies. The fishing industry remains of moderate importance to Egypt, which is a net importer of fish and fish products, though aquaculture is a growing business.

26. Manufacturing continues to be of considerable importance for the Egyptian economy and the sector is relatively diversified. During the period under review, the contribution of the manufacturing sector (excluding petroleum) to Egypt's GDP has averaged around 17% and it has represented about 30% of employment. The State continues to play an important role in Egypt's manufacturing sector. Food, textile, cement and basic metallurgy are the main subsectors.

27. The Government is pursuing its efforts to solve the electricity supply crisis by raising electrical generation and distribution capacity through a combination of new investments and of regulatory reforms, opening and partially unbundling the sector. Egypt has adopted a number of measures to promote renewable energies and to facilitate public-private partnerships in them. It has also undertaken measures recently to diminish energy subsidies granted to consumers, which weigh heavily on Egypt's budget.

28. The financial services sector is well supervised and open. Egypt has a large banking sector, though during the period under review the number of banks has declined somewhat as Egypt has not delivered any new banking licences since 2009. Banks, both domestic and foreign-owned, must register with, and obtain a licence from, the Central Bank of Egypt. A number of conditions must be met prior to registration, including a minimum capital requirement of LE 500 million, or US$50 million for a foreign bank branch. There are no legal limitations to the number of licences that can be granted, but there is a policy of consolidation of existing banks. Licences are open-ended. Despite a rather low rate of penetration, Egypt has a well-developed insurance sector. Insurance companies must take the form of joint stock companies and have a minimum capital of LE 60 million. Foreign companies applying for a licence in Egypt must have been granted a licence in their home country. Branches of foreign insurance companies are not allowed.

29. Egypt is an important market for telecommunication services in view of the size of its population. The fixed telecommunications penetration rate is relatively low while the coverage of mobile telephony already surpasses the population, a result achieved during the period under review. Internet usage is also on the rise and reaches more than a third of the population. Mobile telecommunications services are open to foreign investment, though state ownership remains present in two of the four licence holders. Fixed-line services have been gradually liberalized since 2009, but the effects of this liberalization have not materialized yet.

30. Egypt has a liberal aviation policy with few restrictions. All domestic airlines are privately owned and foreign investment plays a large role in some of them. Except for two management contracts, airports remain publicly owned and managed and third-party handling is not allowed. Maritime transport is the main means of transportation used for Egypt's international trade. Cabotage in maritime transport is reserved for national flag carriers. However, waivers can be granted to foreign vessels to practice cabotage in case of the breakdown of an Egyptian vessel and when a supplier terminates its service. Three such waivers were granted in 2015. The bilateral and plurilateral agreements signed by Egypt do not grant any reciprocal preferential treatment to partner States for cargo sharing. There are no restrictions for the exercise of onshore maritime

transport activities and auxiliary services (except for maritime agency services). There are no foreign ownership restrictions for cargo handing/maritime terminal activities or for specialized ports. Egypt grants no preferential treatment for national flag vessels' access to ports and port services. The Suez Canal is of a vital economic importance for Egypt, as it generated US$5.12 billion in revenue in fiscal year 2015/16, accounting for 9.9% of total external account receipts; its enlargement is the most significant development regarding inland waterways transport in Egypt during the period under review.

31. Despite being severely affected by events in the past few years, tourism continues to be a key service in Egypt as it employs, directly and indirectly, 12.6% of the total work force and is one of the main earners of foreign exchange. The sector is largely open to foreign investment and the authorities are trying to promote it through the incentives contained in the new Investment Law.

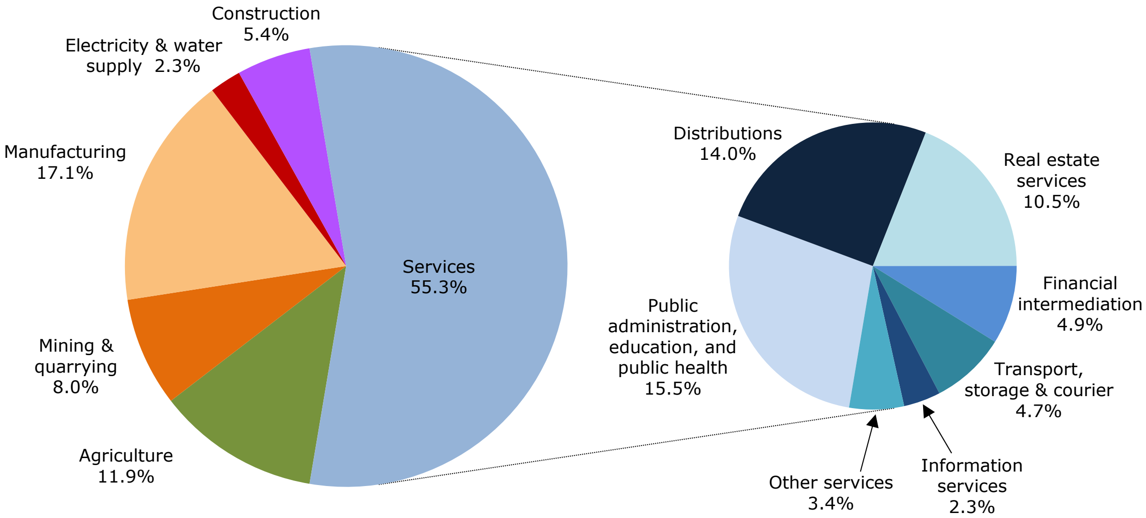
1 ECONOMIC ENVIRONMENT

1.1 Main Features of the Economy

1.1. The Egyptian economy is highly trade-oriented and dependent on remittances from Egyptians overseas (estimated at US$17.5 billion in 2016/17)[1], as well as on travel and tourism (accounting for US$19.4 billion, i.e. 7.2% of GDP, of which US$4.4 billion directly, and 1 in 15 jobs in 2016)[2], Suez Canal revenues (US$4.9 billion in 2016/17), and above all merchandise exports (US$22.5 billion in 2016 or 8.4% of GDP). Indeed, exports are the most significant source of foreign currency despite their significant fall in recent years. At the same time, Egypt's export base has become more diversified partly due to a sizeable decrease in fuel exports (Section 1.3.1).

1.2. Egypt's economy is relatively well diversified. As shown in Chart 1.1, the services sector constitutes the backbone of the economy in terms of GDP share (55.3% in 2015/16), employment, and exports. The share of agriculture in GDP has been declining during recent decades and reached 11.9% in 2015/16 (14.5% in 2010/11), although the sector is still important for employment and merchandise export earnings. In 2015/16, mining and quarrying accounted for 8% of GDP, of which 6.6 percentage points (or 82.5% of the sector's contribution to GDP) was production of petroleum and natural gas; this is considerably lower than the contribution to GDP of petroleum and gas in 2010/11, which was 14.5%. The contribution of manufacturing to GDP was 17.1% in 2015/16 (16.5% in 2010/11).

Chart 1.1 GDP by economic activity (current prices), 2015/16



Source: WTO Secretariat based on data provided by the authorities.

1.3. The structure of the Egyptian economy is tilted towards large public-sector enterprises. Indeed, the large number of state-controlled agencies, authorities, committees, and councils reflects the strong presence of the State in the economy and economic decision-making. This may have resulted in the emergence of some inefficiency in the allocation of resources. In this respect, Egypt could probably benefit from a more market-oriented approach to economic policy implementation.

1.4. The alleviation of poverty continues to be one of Egypt's major challenges. Despite an increase in per capita income, the share of the population living under the poverty lines has increased in the last few years. According to the 2015 income and household expenditure survey, Egypt's poverty headcount ratio was 27.8% (compared with 26.3% in 2013 and 25.2% in 2010). Rural Upper Egypt is the poorest region with 56.7% of its inhabitants considered poor (43% in

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[1] The majority of transferred funds come from Egyptians working in the Middle East, mostly in the Gulf region, followed by the United States and the European Union.

[2] World Travel and Tourism Council online information. Viewed at: https://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2017/egypt2017.pdf.

2008), while the majority of 18-29 year olds in Upper Egypt are classified as poor. In 2015, with the support of the World Bank, the Government of Egypt initiated a new cash transfer programme to help 1.5 million poor, elderly and disabled families.[3] Per capita income was about US$3,462 in 2016 (up from US$1,514 in 2005/06 and US$2,923 in 2010/11).

1.5. Egyptians inhabit and cultivate a small share of their territory, with approximately 95% of the population living and working on 5% of the land.[4] Egypt's population is estimated to reach 102 million by 2020 (around 95 million currently)[5], while its labour force is forecast to expand to 34 million in 2020 (27 million people in 2010). The informal economy absorbs over half of Egypt's workers. The fastest-growing segment of employment in Egypt is currently informally employed individuals, many of whom lack adequate pay and social protection.[6] The growing informal sector provides 91% of the jobs for young people. The Egyptian Government is taking measures to address this "informality trap" such as the adoption of the Civil Service Law (approved in October 2016), which simplifies pay, benefits and allowances structures.[7]

1.6. The national currency is the Egyptian pound (LE). In November 2016, the Central Bank of Egypt (CBE) shifted exchange-rate policy from a peg to the US dollar to a floating regime (Section 1.2). The CBE is responsible for formulating and implementing monetary policy, and for overseeing the banking system.[8] Effective from 2 January 2005, Egypt has accepted Article VIII, sections 2, 3 and 4, of the Articles of Agreement of the IMF.

1.7. Egypt continues to be an important recipient of official development assistance (ODA). Annual average net ODA flows amounted to US$2,463 million during 2010-15 (against US$1,537 million during 2000-09). The main bilateral donors are the United States and EU institutions/members.[9]

1.2 Recent Economic Developments

1.8. At the time of its previous TPR in 2005, Egypt's economy had grown at an annual average rate of 3.9% during 1998/99 to 2003/04, not enough to have a significant impact on poverty and unemployment. The fiscal deficit had fluctuated around 6% of GDP, while Egypt's current account had posted growing surpluses (after years of deficit) due to strong increases in fuel exports which accounted for over 40% of commodity exports. Moreover, the Egyptian economy was facing large macroeconomic imbalances which largely predated 2005, such as microeconomic distortions, low human capital, poor infrastructure, low access to finance, and poor external competitiveness.[10]

1.9. The political turmoil of January 2011 triggered a sharp capital account reversal and left growth depressed, while policy accommodation widened fiscal and external imbalances.[11] In the aftermath of the 2011 revolution, tourism was hit hard by security concerns and foreign exchange inflows, including FDI, declined sharply leading to a rising deficit in the current account. This was followed by the change of Government in July 2013 and the approval of a new Constitution in January 2014 (Section 2.1).

[3] The programme aims to ensure that children under 18 have access to education and health care. In terms of providing accommodation for the poorest, the Government has built 240,000 social housing units and aims to build 1 million units over the course of the next five years along with implementing a plan to raise the coverage of sanitation in rural areas from 15% to 40% by June 2018. OECD online information. Viewed at: http://www.africaneconomicoutlook.org/en/country-notes/egypt.

[4] World Bank online information. Viewed at: http://documents.worldbank.org/curated/en/853671468190130279/Egypt-Promoting-poverty-reduction-and-shared-prosperity-a-systematic-country-diagnostic.

[5] Ministry of Trade and Industry (2016), *Industry of Trade and Development Strategy 2016-2010*, Cairo.

[6] African Development Bank online information. Viewed at: https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Working_paper-Addressing__informality_in_Egypt.pdf.

[7] OECD online information. Viewed at: http://www.africaneconomicoutlook.org/en/country-notes/egypt.

[8] Pursuant to the Bank Law, the CBE enjoys formal independence in drafting monetary policies. The CBE shall, however, set monetary policy targets in agreement with the Government.

[9] OECD online information. Viewed at: http://www.oecd.org/dac/stats/documentupload/Africa-Development-Aid-at-a-Glance.pdf.

[10] WTO (2005), *Trade Policy Review of Egypt*, Geneva.

[11] IMF (2015), *Arab Republic of Egypt: Staff Report for the 2014 Article IV Consultation*. IMF Country Report No. 15/33, 11 February 2015. Viewed at: http://www.imf.org/~/media/Websites/IMF/imported-full-text-pdf/external/pubs/ft/scr/2015/_cr1533.ashx.

1.10. In 2014, the new Egyptian Government started implementing an ambitious reform programme aimed at spurring the economy, enhancing the country's business environment and staging balanced and inclusive growth. The first wave of reforms focused on rebalancing the macroeconomic aspects, which included policy choices that were adopted simultaneously, notably: introduction of the Value-Added Tax (VAT) in September 2016; shifting of the exchange rate regime from a peg to the US dollar to a full float of the Egyptian Pound on 3 November 2016; reduction of energy subsidies; and containment of the high growth of the wage bill. The second wave of reforms is under way (November 2017) and aims to improve governance and the investment climate.

1.11. Egypt's economic programme has been endorsed by key development partners, notably through the IMF Extended Fund Facility (EFF) and the African Development Bank parallel financing. In the fall of 2016, Egypt embarked on an IMF-sponsored programme with the aim to reduce public debt, primarily by limiting expenditure. On 11 November 2016, the IMF approved a three-year US$12 billion loan to help restore macroeconomic stability, correct external imbalances and restore competitiveness, reduce the budget deficit and place public debt on a declining path, boost growth and create jobs while protecting vulnerable groups.[12]

1.12. The implementation of reforms, along with the gradual restoration of confidence and stability, are starting to yield positive results. Real GDP expanded annually at an average rate of 3.2% during 2011-16, accelerating from 1.8% in 2011 to 4.4% in 2015 and 4.3% in 2016 on the basis of an expansionary fiscal policy that led to strong consumption and investment expenditure (Tables 1.1 and A1.1).[13] Nonetheless, Egypt's unemployment rate remains at around 12%, with rates higher among youth and women. Assuming reforms continue, real economic growth, according to the IMF, should be 3.5% and 4.5% in 2017 and 2018, respectively.[14] The Government is more optimistic, forecasting GDP growth of 6% in 2017/2018. To alleviate the adverse effects of the economic reforms on the poor and vulnerable, the Government has adopted social-protection and safety-net mitigating measures and intensified its efforts to move away from inefficient and generalized subsidies to more efficient and better poverty-targeted social safety nets.[15]

1.13. To foster GDP growth and employment, the Government is seeking a more participatory role of the private sector in the economy. This objective forms part of "Egypt Vision 2030", a comprehensive development plan introduced in March 2015. In February 2016, the four-year Industrial Development Strategy (IDS) was launched premised on Egypt becoming a leading industrial economy in the Middle East and North Africa (MENA) region and a main export hub for medium-technology manufactured products by 2025. The IDS covers the following areas: industrial development for micro, small and medium enterprises (MSMEs)[16]; export promotion and import rationalization; innovation promotion[17]; energy conservation; the development of technical

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[12] IMF (2017), *Egypt: IMF Executive Board Completes First Review under the Extended Fund Facility (EFF)*. IMF Press Release No. 17/281, 13 July 2017. Viewed at: http://www.imf.org/en/News/Articles/2017/07/13/pr17281-imf-executive-board-completes-first-review-under-eff-with-egypt.

[13] In 2013/14, to support domestic demand, the Government introduced two stimulus packages that, *inter alia*, raised infrastructure and social spending by 1.8% of GDP and increased the minimum wage for government workers by 70%. IMF (2015), *Arab Republic of Egypt: Staff Report for the 2014 Article IV Consultation*. IMF Country Report No. 15/33, 11 February 2015. Viewed at: http://www.imf.org/~/media/Websites/IMF/imported-full-text-pdf/external/pubs/ft/scr/2015/_cr1533.ashx.

[14] IMF (2017), World Economic Outlook, April, Washington, D.C.

[15] About 1% of GDP from fiscal savings are being directed to help the elderly and poor families. IMF News, 11 November 2016.

[16] In 2016, the Government, via the CBE, allocated LE 200 billion over five years to national banks for on-lending to small SMEs at 5% and to larger SMEs at 7%, to be repaid over 5-7 years in a wider attempt to support commerce and industry. In addition, commercial banks have been directed by the CBE to raise SME lending to 20% of their total loan books. OECD online information. Viewed at: http://www.oecd.org/dac/stats/documentupload/Africa-Development-Aid-at-a-Glance.pdf.

[17] In a bid for greater global integration, the Government has announced the establishment of an Innovation Centre in Cairo's Smart Village to enable Egypt to become a world-class hub for information and communications technology (ICT)-based innovation and entrepreneurship. It is considered that both the traditional industrial sector and the growth of knowledge-based industry have the potential to become important drivers of higher growth and employment while fostering Egypt's integration into the global economy. OECD online information. Viewed at: http://www.oecd.org/dac/stats/documentupload/Africa-Development-Aid-at-a-Glance.pdf.

and vocational education; and improvement of the business climate. The main goals are to: increase the annual industrial growth rate to 8%; raise the share of industrial output in GDP to 21%; increase the contribution of MSMEs to GDP; achieve an annual growth rate of exports of 10%; provide 3 million adequate and productive job opportunities; and further promote institutional development.[18]

1.14. Weak growth and an expansionary fiscal policy resulted in a fiscal deficit (including grants) reaching 12.2% of GDP in 2013/14 (Table A1.2). Since FY2016/17, a three-year fiscal consolidation plan is being implemented aiming to cut the budget deficit to between 8% and 8.5% of GDP by 2018/19. Furthermore, the 2017/18 budget targets a primary surplus for the first time in a decade. The fiscal deficit narrowed from 12.5% of GDP in 2015/16 to 10.8% in 2016/17 (Table 1.1) as a result of various fiscal consolidation efforts. These include streamlining spending (e.g. energy and other subsidies have been reduced and the public wage bill contained), and increasing revenues across all taxes on imports (Table 3.3 and Section 3.2.2) by, *inter alia*, introducing the VAT in September 2016 at a rate of 13% (14% as from July 2017) replacing the 10% general sales tax (Section 3.2.3), and widening the tax base.[19]

Table 1.1 Selected economic indicators, 2005/06 and 2010/11-2016/17[a]

	2005/06	2010/11	2013/14	2014/15	2015/16	2016/17[b]
Real sector indicators						
Nominal GDP (LE billion)	617.7	1,371	2,130	2,444	2,708	3,496
Nominal GDP (US$ billion)	107.0	230.1	297.9	332.5	332.3	236.2
Real GDP at market prices (% change)	6.8	1.8	2.9	4.4	4.3	4.2
GDP per capita (US$)	1,514	2,923	3,521	3,734	3,462	2,508
Consumer prices (end period; % change)	7.3	11.8	8.2	11.4	14.0	29.8
Consumer prices (average; % change)	4.2	11.1	10.1	11.0	10.2	23.5
Unemployment rate (average, %)	11.2	10.4	13.4	12.9	12.7	12.2
GDP by type of expenditure (as percentage of current GDP)						
Total consumption	82.9	87.0	94.8	94.2	94.2	96.8
Private consumption	70.6	75.6	82.9	82.4	82.8	86.8
Public consumption	12.3	11.5	11.8	11.8	11.4	10.1
Gross fixed capital formation	18.7	17.1	13.6	14.3	15.0	15.3
Exports of goods and services	31.6	20.6	14.2	13.2	10.3	14.3
Imports of goods and services	35.6	26.2	22.7	21.7	19.9	28.5
Money and banking (% change)						
Broad money (M2, %change)	13.5	10.0	17.0	16.4	18.6	39.3
Credit to the private sector (% change)	8.6	0.8	7.4	16.7	14.2	37.8
Treasury bill rate, 3 month (average, %)	8.8	10.2	11.3	11.4	11.8	17.1
Public finances (% of GDP)[c]						
Gross debt	112.7	88.0	94.8	94.3	104.0	105.9
External	17.6	11.8	9.5	7.7	7.3	14.8
Domestic	95.1	76.2	85.3	86.6	96.7	91.1
Budget sector[d]						
Revenue and grants	24.5	19.3	21.7	19.1	18.1	18.1
Expenditure (incl. net acquisition of financial assets)	33.6	29.3	33.4	30.2	30.2	28.7
Of which: energy subsidies	6.8	4.9	6.0	3.0	1.9	3.0
Overall balance	-8.2	-9.8	-12.2	-11.5	-12.5	-10.8
Overall balance, excluding grants	-8.5	-10.0	-16.7	-12.5	-12.7	-10.8
Primary balance	-2.2	-3.7	-3.9	-3.5	-3.4	-1.8
External sector						
LE/US$ (period average)	5.7	5.8	7.1	7.3	8.2	14.8
Real effective exchange rate (period average, % change; appreciation +)	1.5	0.9	-0.3	-3.8	-2.0	-8.5
Current account (% of GDP)	1.6	-2.6	-0.9	-3.6	-5.9	-6.6

[18] Ministry of Trade and Industry (2016), *Industry of Trade and Development Strategy 2016-2010*, Cairo.

[19] IMF (2017), *Egypt: IMF Executive Board Completes First Review under the Extended Fund Facility (EFF)*. IMF Press Release No. 17/281, 13 July 2017. Viewed at: http://www.imf.org/en/News/Articles/2017/07/13/pr17281-imf-executive-board-completes-first-review-under-eff-with-egypt.

	2005/06	2010/11	2013/14	2014/15	2015/16	2016/17[b]
Total external debt (% of GDP)[e]	27.6	15.2	15.1	14.4	16.6	33.6
Gross international reserves (US$ billion)	22.9	26.6	16.7	20.1	17.6	31.3
In months of next year's imports	6.1	4.7	2.8	3.6	3.1	5.6

.. Not available.

a Fiscal year ends 30 June.
b Provisional.
c General government includes: budget sector, National Investment Bank, and social insurance funds.
d Budget sector comprises central government, local governments, and some public corporations.
e Includes multilateral/bilateral public sector borrowing, private borrowing and prospective financing.

Source: Information provided by the authorities; Central Bank of Egypt, online information on statistics; and IMF Country Report No. 15/33 and IMF Press Release No. 17/281.

1.15. To finance the fiscal deficit, the Government has relied extensively on domestic borrowing. Gross domestic debt went up from 76.2% of GDP in 2010/11 to 96.7% in 2015/16. With fiscal consolidation delivering the expected reduction in the fiscal deficit-financing requirement, domestic debt issuance has slowed, allowing the domestic debt stock to fall to 91.1% of GDP in 2016/17. Nonetheless, further reducing the domestic debt stock remains a key challenge as Egypt tries to diversify sources of financing, lengthen debt maturities and reduce the cost of borrowing while aiming not to crowd out credit for the private sector. Total external debt increased from around 15.2% of GDP in 2010/11 to an estimated 33.6% in 2016/17, boosted partly by external borrowing and euro bond issuance to help meet the Government's financing gap. Over 80% of Egypt's total external debt is medium- and long-term.[20]

1.16. According to the IMF, the transition to a flexible exchange rate has gone smoothly despite initially displaying some volatility.[21] Subsequently, the exchange rate started to strengthen, notably due to strong foreign investor demand for local debt instruments.[22] The parallel market has virtually disappeared and the reserves of the CBE increased to US$31 billion in 2016/17, equivalent to 5.6 months of merchandise and services imports (Table 1.1). At the same time, the CBE tightened monetary policy by raising interest rates 700 basis points to support the Egyptian pound. The authorities' immediate priority is to reduce inflation, which poses a risk to macroeconomic stability and hurts the poor. After reaching 14% at the end of the 2015/16 fiscal year (Table A1.3), the increase in the Consumer Price Index (CPI) has accelerated. Average annual inflation is estimated to have reached 23.5% in 2016/17 because of the exchange-rate effect, along with other structural bottlenecks and cyclical factors (such as supply-side weaknesses and the harvest season).

1.17. With a flexible exchange rate, the CBE is aiming at striking a balance between curbing inflationary pressures and boosting growth. The new exchange rate regime should help improve monetary policy effectiveness because inflation targeting through interest-rate setting is to replace exchange-rate targeting.[23] However, Egypt is still largely a cash-based economy despite the fact that mobile banking is growing in importance and Egypt is now the second largest credit- and debit-card issuance market in the Middle East. Only some 12% of Egyptians have a bank account and many small, informal sector businesses do not hold bank accounts. Consequently, a large part of the population/businesses are relatively immune to changes in interest rates.

[20] OECD online information. Viewed at: http://www.oecd.org/dac/stats/documentupload/Africa-Development-Aid-at-a-Glance.pdf.

[21] The overvalued exchange rate was one of the IMF's major concerns (along with fiscal laxity and a weak business environment) and its advice was that shifting from a peg to the US dollar to a floating regime was crucial to stabilizing the economy and supporting economic recovery. On 3 November 2016, the exchange rate moved from LE 8.85 to 16.5 per US dollar under the peg, a depreciation of 86%. In March 2016, the CBE had tried to reduce external-sector pressures by devaluing the Egyptian pound by 13%, but keeping the peg to the US dollar. This was unsuccessful and led to the change in policy. IMF (2015), *Arab Republic of Egypt: Staff Report for the 2014 Article IV Consultation*. IMF Country Report No. 15/33, 11 February 2015. Viewed at: http://www.imf.org/~/media/Websites/IMF/imported-full-text-pdf/external/pubs/ft/scr/2015/_cr1533.ashx.

[22] Around US$1.5 billion in extra inflows was recorded by the CBE in the immediate two-week period following the policy shift, and the Egyptian stock market index rose to its highest level since 2008. OECD online information. Viewed at: http://www.oecd.org/dac/stats/documentupload/Africa-Development-Aid-at-a-Glance.pdf.

[23] The successful experience of other developing countries indicates that this is an important move in making monetary policy dominant when trying to tackle inflationary pressures.

1.18. The flexible exchange rate regime has also led to an increase in capital and financial inflows, particularly FDI (Section 1.3.2). Nonetheless, the current account deficit widened to 5.9% of GDP in 2015/16 from 3.6% the year before. The deterioration was driven by a fall in exports and strong import demand despite the shortage of foreign currency (Section 1.3.1); a weakening of services exports, notably in tourism caused by domestic insecurity, along with limited growth in Suez Canal receipts due to weak global trade (Section 4.4.5.1); and a drop in remittances to around US$17.1 billion in 2015/16 from US$19.3 billion in 2014/15 (Table A1.4 and A1.4b). Although it declined in US dollar terms, the current account deficit increased as a share of GDP to 6.6% in 2016/17 due to the devaluation of the Egyptian pound (Table 1.2).

Table 1.2 Balance of payments, 2005/06 and 2010/11-2016/17[a]

(US$ million)

	2005/06	2010/11	2013/14	2014/15	2015/16	2016/17[b]
Current account	**1,751.9**	**-6,087.8**	**-2,779.7**	**-12,142.6**	**-19,831.1**	**-15,575.2**
Trade balance (f.o.b.)	-8,200.0	-20,401.2	-26,695.4	-31,440.1	-31,539.3	-28,325.3
Exports (f.o.b.)	18,455.1	26,992.5	26,022.6	22,245.1	18,704.6	21,687.0
Imports (f.o.b.)	-26,655.1	-47,393.7	-52,718.0	-53,685.2	-50,243.9	-50,012.3
Services balance	3,874.1	7,226.0	810.5	3,122.6	-610.8	-298.7
Receipts	15,436.1	21,454.3	17,437.2	21,811.8	16,079.3	16,597.0
Payments[c]	-11,562.0	-14,228.3	-16,626.7	-18,689.2	-16,690.1	-16,895.7
Investment income balance	530.7	-6,049.5	-7,262.7	-5,700.9	-4,471.7	-4,423.0
Credit	2,001.8	418.8	194.2	212.8	396.9	497.9
Debit	-1,471.1	-6,468.3	-7,456.9	-5,913.7	-4,868.6	-4,920.9
Current transfers	5,547.1	13,136.8	30,367.9	21,875.8	16,790.7	17,471.8
Of which remittances from Egyptians working abroad	5,034.2	12,592.6	18,518.7	19,330.0	17,077.4	17,453.0
Capital and financial account	**3,511.3**	**-4,198.6**	**5,189.5**	**17,928.9**	**21,176.7**	**29,034.2**
Capital account	-37.6	-32.3	194.1	-122.9	-141.4	-113.3
Financial account	3,548.9	-4,166.3	4,995.4	18,051.8	21,318.1	29,147.5
Direct investments abroad	-145.3	-958.0	-326.6	-223.3	-164.2	-175.1
FDI in Egypt (net)	6,111.4	2,188.6	4,178.2	6,379.8	6,932.6	7,915.8
Port. investments abroad	-729.1	-117.7	65.9	47.2	192.1	208.4
Port. investments in Egypt	2,764.0	-2,550.9	1,237.2	-638.6	-1,286.8	15,985.3
Other investments (net)	-4,452.1	-2,728.3	-159.3	12,486.7	15,644.4	5,213.1
Errors and omissions (net)	-2,009.8	532.5	-931.2	-2,061.4	-4,158.6	258.2
Overall balance	**3,253.4**	**-9,753.9**	**1,478.6**	**3,724.9**	**-2,813.0**	**13,717.2**

a Fiscal year ends 30 June.
b Provisional.
c Includes freight and insurance cost of merchandise imports.

Source: Data provided by the authorities.

1.3 Developments in Trade and Investment

1.3.1 Trends and patterns in merchandise and services trade

1.19. Trade accounted for 18% of Egypt's GDP during the 2013-15 period. Egypt ranks 47th among world merchandise exporters and 26th among importers (considering EU member States as one and excluding intra-EU trade).[24] The trade deficit fell from US$38.7 billion in 2015/16 to US$35.4 billion in 2016/17, largely due to a big decrease in imports (c.i.f. basis).

1.20. Egypt's merchandise exports decreased significantly in the last few years to US$22.5 billion in 2016 (US$31.6 billion in 2011). Egypt's export base has also become more diversified. Indeed, at the time of Egypt's previous TPR in 2005, its main exports were fuel products, accounting for over 43% of the total. This share declined to 29.3% in 2011 and to 14.3% in 2016 (Table A1.5). However, mineral fuels remain the single most important export product, followed by vegetables which make up 12.5% of total merchandise exports in 2016 (8.7% in 2011), precious stones and metals (11.8%), chemicals (11.3%), and textiles (11.2%) (Chart 1.3 and Table A1.5).

[24] WTO Statistics database, "Trade Profiles: Egypt". Viewed at: http://stat.wto.org/CountryProfile/EG-e.htm.

1.21. In 2016, the European Union was Egypt's main export destination, led by Italy and the United Kingdom, accounting for 25.9% of Egyptian exports (30.7% in 2011). It was followed by the United Arab Emirates with a share of 12.6% (up from 2.7% in 2011), Saudi Arabia (7.8%) and Turkey (6.4%). The share of the United States decreased from 5.8% in 2011 to 4.5% in 2016. Other important export destinations are Lebanon, India, and Libya (Chart 1.3, and Table A1.6).

1.22. Merchandise imports (c.i.f.) amounted to US$58.1 billion in 2016 (compared with US$74.4 billion in 2015 and US$62.3 billion in 2011).[25] Machinery and electrical equipment is the single most important import group, accounting for 16.1% of merchandise imports in 2016 (14.6% in 2011). It is followed by mineral fuels (14.2%) and base metals (11.4%). Vegetable products made up 9.4% of merchandise imports in 2016, while live animals and products represented 4.5% of the total (Chart 1.2 and Table A1.7).

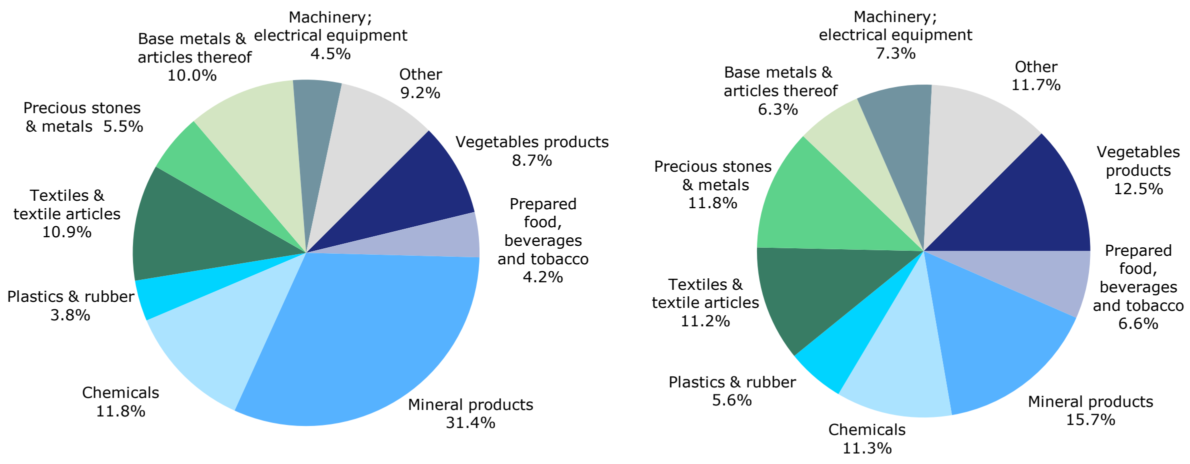
1.23. In 2016, 32.4% of Egypt's merchandise imports came from the European Union (led by Germany, Italy and Spain), up from 29.3% in 2011. China and other Asian countries were the source of 27.3% of Egyptian imports. The United States, Turkey, Saudi Arabia, the Russian Federation, and Brazil also represent a sizeable source of Egypt's imports (Chart 1.3, and Table A1.8).

[25] There is a discrepancy with balance-of-payments figures, as the trade figures consider imports c.i.f., and balance-of-payments figures consider them f.o.b., with a 10% charge relative to freight and 2.5% related to insurance charged to the services account as payments. Also trade figures are based on COMTRADE, which uses as a source Egypt's Central Agency for Public Mobilization and Statistics (CAPMAS). CAPMAS import figures include all customs clearance systems, including free trade zones, commodities stored in warehouses, and imports under temporary admission (general trade system).

Chart 1.2 Product composition of merchandise trade by main HS section, 2011 and 2016

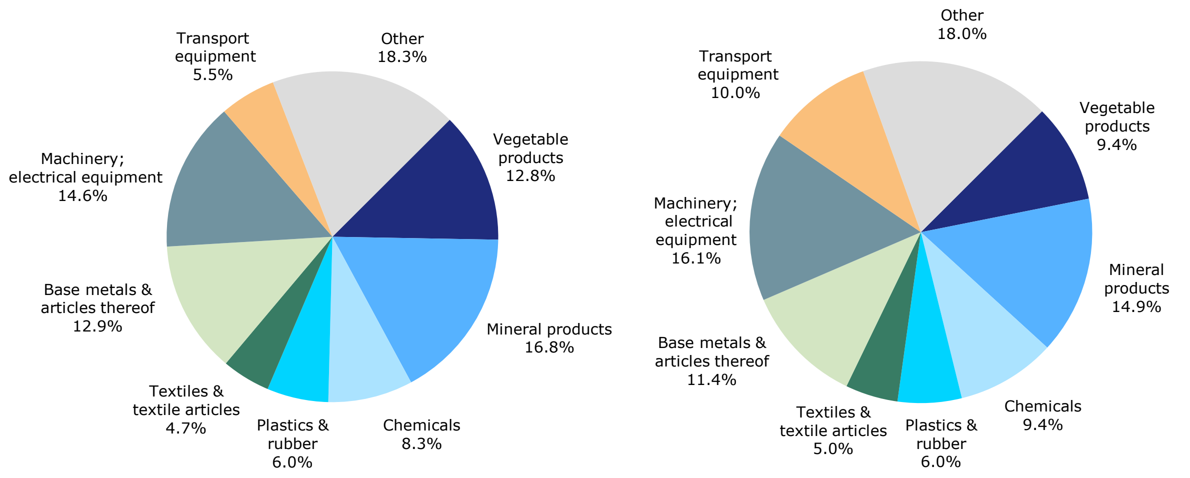
2011 **2016**

Exports (f.o.b.)



Total: US$31.6 billion **Total: US$22.5 billion**

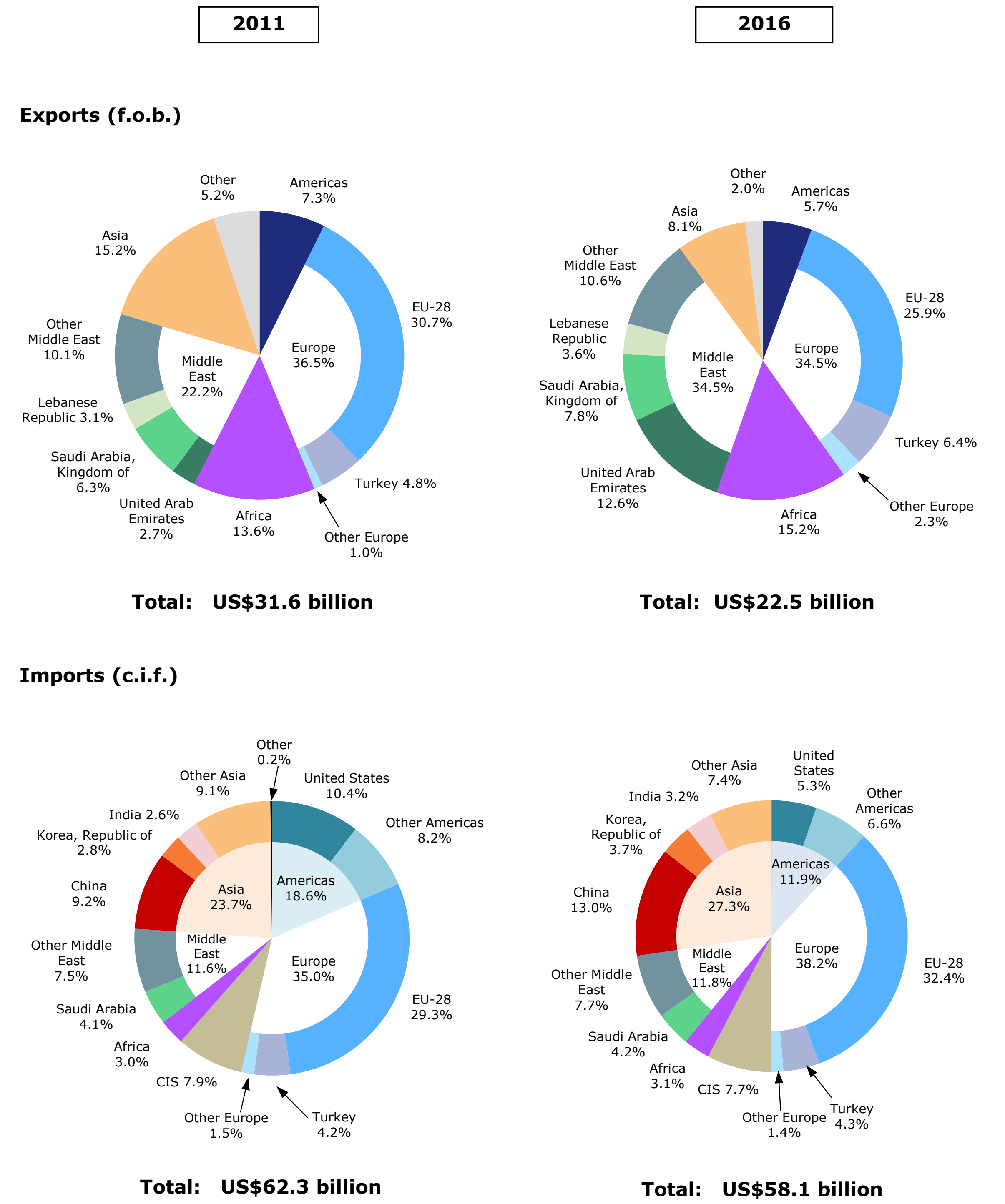
Imports (c.i.f.)



Total: US$62.3 billion **Total: US$58.1 billion**

Source: WTO calculations, based on UNSD, Comtrade database.

Chart 1.3 Direction of merchandise trade, 2011 and 2016



Source: WTO calculations, based on UNSD, Comtrade database.

1.24. In services trade, Egypt ranks 25th as exporter and 30th as importer in the world (considering EU member States as one and excluding intra-EU trade).[26] Egypt has traditionally been a net exporter of services. Nonetheless, the services balance has deteriorated significantly, due to an important deficit in insurance-related services and a significant drop in travel-related

[26] WTO Statistics database, "Trade Profiles: Egypt". Viewed at: http://stat.wto.org/CountryProfile/EG-e.htm.

earnings during the last few years. Other transportation, which includes Suez Canal revenues, is Egypt's most important service receipt (Tables 1.3 and A1.9).

Table 1.3 Trade in services (net), 2005/06 and 2010/11–2016/17[a]

(US$ million)

	2005/06	2010/11	2013/14	2014/15	2015/16	2016/17[b]
Services balance	**3,874.1**	**7,226.0**	**810.5**	**3,122.6**	**-610.8**	**-298.7**
Transportation[c]	703.5	1,322.3	1,777.6	2,219.0	2,480.5	2,088.1
Sea transport	-2,591.2	-4,643.4	-4,267.2	-4,095.0	-3,560.4	-3,680.7
Air transport	95.5	627.4	506.7	693.4	643.0	518.5
Other transportation	3,199.2	5,338.3	5,538.1	5,620.6	5,397.9	5,250.3
Of which Suez Canal Revenue	3,558.8	5,052.9	5,369.1	5,361.7	5,121.6	4,945.3
Travel	5,615.0	8,476.1	2,028.8	4,032.2	-323.5	1,639.8
Insurance	-849.8	-1,361.8	-1,556.3	-1,581.2	-1,522.2	-1,545.9
Financial services	-37.7	245.2	126.0	139.4	192.2	121.4
Computer and information services	10.1	40.1	44.2	43.5	25.9	-29.9
Royalties and licence services	-10.5	-240.9	-286.5	-224.4	-206.0	-220.6
Government services	-961.7	-988.4	-419.5	527.4	-399.1	-347.7
Communication services	50.9	469.8	523.5	462.0	543.0	351.6
Construction services	357.2	242.9	324.5	-1,055.0	-85.4	237.7
Business, professional and technical services	-1,087.8	-1,026.4	-1,844.5	-1,454.2	-1,385.1	-2,720.3
Personal, cultural and recreational services	84.9	47.1	92.7	13.9	68.9	127.1

a Fiscal year ends 30 June.
b Provisional.
c Includes freight and insurance cost of merchandise imports.

Source: Information provided by the authorities.

1.3.2 Trends and patterns in FDI

1.25. Egypt is taking measures to attract larger FDI inflows and improve the business climate as reflected in the World Bank's report on doing business, where Egypt's ranking improved from 126th in 2016 to 122nd (out of 190 economies) in 2017. Egypt has made considerable progress particularly with respect to starting a business and protecting minority investors, as well as in streamlining industrial licensing and facilitating access to finance for SMEs. The main obstacles refer to trading across borders and registering property.[27] According to other external sources, the most problematic factors for private investors are policy instability and government instability.[28]

1.26. Egypt's potential for attracting foreign investors and fostering domestic investment remains largely untapped. Indeed, its net FDI inflows averaged some US$6 billion per year during 2013-16 compared with an annual average of around US$9 billion in 2005-07 (Table 1.4). Traditionally, the European Union has been the most important foreign investor in Egypt (mainly due to large single acquisitions by Spanish, French, and Dutch companies), followed by the United States and some Arab countries. In 2015/16, 53.5% of FDI inflows went to the oil industry, followed by finance (3.8%), real estate (3.7%), and manufacturing (3.4%).[29]

[27] World Bank online information. Viewed at: http://www.doingbusiness.org/data/exploreeconomies/egypt.

[28] World Economic Forum online information. Viewed at: http://reports.weforum.org/global-competitiveness-report-2016-2017/economies/#economy=EGY.

[29] Central Bank of Egypt (2016), *Annual Report 2015/2016*, Cairo. Viewed at: http://www.cbe.org.eg/en/EconomicResearch/Publications/AnnualReportDL/Annual%20Report%202015-2016.pdf.

Table 1.4 FDI, 2005-07 and 2013-16

(US$ million)

	2005-07	2013	2014	2015	2016
FDI inflows	8,999	4,256	4,612	6,925	8,107
FDI inward stock	..	82,893	87,485	94,307	102,324
FDI inward stock (% of GDP)	..	27.1	28.6	28.4	30.8
FDI outflows	302	301	253	182	207
FDI outward stock	..	6,586	6,839	7,020	7,227
FDI outward stock (% of GDP)	..	2.1	2.2	2.1	2.2

.. Not available.

Source: UNCTAD (2017), *World Investment Report 2017*, Geneva.

1.27. The Egyptian authorities' strategy to boost growth and employment relies on increasing domestic investment. To this end, important reforms are being implemented to further remove investment barriers and attract larger local and foreign investments. In particular, the Government has adopted a new Investment Law No. 1/2017 and its regulations (Section 2). The new law aims to make investing in Egypt more attractive by developing a one-stop-shop system. In addition, other reforms are under way such as the Industrial Licensing Law and the Company Law. Once fully in place, these measures will positively impact the investment climate.

1.28. To promote more FDI inflows, large infrastructure projects are also under way, notably the Suez Canal Development Project. This project aims to increase the role of the Suez Canal region in international trading and to develop the three canal cities: Suez, Ismailia, and Port Said. It comprises a first stage, already completed, consisting of the digging of a parallel canal and the widening of the current one and, a second stage consisting of the development of services around the Canal's core activities. Other investment initiatives include: building one million houses around greater Cairo; the construction and rehabilitation of 3,000 kilometres of new roads; the reclamation of one million acres of land; renewable energy projects; and fostering development in the "Golden Triangle" aiming at exploiting the natural resources in the region while developing the area for touristic, industrial, commercial, and agricultural activities.[30]

[30] IMF (2015), *Arab Republic of Egypt: Staff Report for the 2014 Article IV Consultation*. IMF Country Report No. 15/33, 11 February 2015. Viewed at: http://www.imf.org/~/media/Websites/IMF/imported-full-text-pdf/external/pubs/ft/scr/2015/_cr1533.ashx.

2 TRADE AND INVESTMENT REGIMES

2.1 General Framework

2.1. Egypt is a parliamentary republic; executive authority is vested with the President as Head of State. Egypt's Constitution was amended several times during the review period.[1] The current Constitution, which was approved by a referendum in January 2014, provides for the separation of powers between the executive, the legislature and the judiciary. The President of the Republic is elected by popular vote for a period of four years and may be re-elected for one additional term. The next presidential election is scheduled for May 2018.

2.2. The President of the Republic assigns a Prime Minister to form the Government. The Cabinet, or Council of Ministers, consists of the Prime Minister, ministers and their deputies. The responsibilities of the Cabinet include: formulating and implementing the policies of the State; preparing draft laws and decrees; drafting the State Budget; maintaining the security of the nation; and protecting the rights of the citizens. The present Cabinet consists of 33 ministers.

2.3. Egypt is divided into administrative regional units, including governorates, comprising cities and villages. Local People's Councils are elected by the administrative units for a term of four years with the requirement that one quarter of the seats are allocated to people under 35 years old, another quarter are allocated to women, no less than 50% are allocated to workers and farmers, and that these percentages include an appropriate representation of Christians and people with disabilities. There are presently 27 governorates and the governors are appointed by the President.

2.4. The legislative branch of the Government is the unicameral parliament, the House of Representatives (Majlis al Nuwaab).[2] All government policies, laws, the State Budget, the General Plan for Economic and Social Development, and agreements between Egypt and other countries must be approved by the House of Representatives, which has 25 specialized committees to assist in decision-making, including in relation to economic affairs. The draft State Budget must be submitted to the House of Representatives at least 90 days before the beginning of the fiscal year, and is not effective without its approval. The number of members elected to the House of Representatives must be at least 450, with up to 5% appointed by the President. At present, the House consists of 596 members, of which 28 were appointed by the President. The House sits for five years from the date of its first session. Pursuant to Article 137 of the Constitution, the President has the right to dissolve the House of Representatives ("in case of necessity") following a public referendum; the House may not be dissolved for the same reason that the previous House was dissolved. The most recent legislative elections took place in two phases between October and December 2015.

2.5. Egypt's judicial system comprises the Supreme Constitutional Court, the Council of State, and the ordinary court system. The Supreme Constitutional Court is vested with judicial control over the constitutionality of laws and regulations. It may also rule on any judgements made by the Court of Appeals or other national courts, and on any conflict of law between the civil and administrative courts. The Council of State is responsible for adjudicating administrative matters; it also reviews all draft legislation before it is considered by the Cabinet. Any administrative dispute regarding WTO-related decisions and rules may be brought before the Administrative Court under the jurisdiction of the Council of State. Egypt's ordinary courts consist of regular civil and criminal courts, and special courts such as family, economic and state security courts. Pursuant to the Judicial Authority Law No. 13/2017, the President has the power to appoint the chief justice for each of the main three judicial bodies.

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[1] Egypt's 1971 Constitution, which was amended in 1980, 2005, and 2007, was proclaimed to update the democratic representative system in assertion of the rule of law, independence of the judiciary, and party plurality. On 13 February 2011, the Constitution was suspended following the resignation of President Hosni Mubarak. On 30 March 2011, it was officially voided after a new provisional constitution was passed by the country's ruling Supreme Council of the Armed Forces. A new 2012 Constitution was approved in 2012; it was suspended on 3 July 2013. The current Constitution was approved by referendum in January 2014.

[2] The *Shura* Council, "consultative council" was the upper house of the formerly bicameral Parliament of Egypt. The Council was abolished by the 2014 Constitution.

2.2 Trade Policy Formulation and Objectives

2.6. Policies are generally formulated and implemented by means of legislation initiated by the relevant ministries; proposals may also be submitted by members of Parliament. All bills must be introduced in, and passed by, Parliament by an absolute majority of members present. Each bill is first referred to the Committee for Constitutional and Legislative Affairs, and, if appropriate, to other specialized committees, for recommendations. Once approved by Parliament, the bill is sent to the President for approval. The President may withhold approval and refer back to Parliament within 30 days. Bills nevertheless become law if they are approved by a two-thirds majority of the members of Parliament. Laws are proclaimed through their publication in the *National Gazette.*

2.7. Under exceptional circumstances, if an emergency measure must be taken in the absence of regular Parliamentary sessions, the President may convene the Parliament for an emergency session to discuss the matter. If this is not possible, the President may issue decrees having the force of law provided that these decrees are subject to discussion and approval within 15 days of the establishment of the new Parliament. If these decrees are not approved or not discussed by Parliament, they cease to have the force of law automatically and retroactively.

2.8. Responsibility for trade policy formulation is with the Ministerial Economic Group, chaired by the Prime Minister, which drafts legislation to be introduced in Parliament. The Ministerial Economic Group is composed of: representatives of the Central Bank and the Ministries of Finance; Supply and Internal Trade; Planning, Monitoring and Administrative Reform; Investment and International Cooperation; and Trade and Industry.

2.9. Trade policy is implemented by the Ministry of Trade and Industry. The Ministry coordinates implementation with other state entities where necessary, most notably with the Ministry of Agriculture and the Ministry of Finance which, through the Customs Authority, is responsible for tariff collection and administration (Table 2.1). Inter-ministerial consultations are also carried out to assess the impact of major policy changes on various sectors of the economy.

Table 2.1 Ministerial responsibility for trade-related issues

Ministry/Agency	Competence
Ministry of Agriculture and Land Reclamation	Agriculture, including phytosanitary standards
Ministry of Communication and Information Technology	Telecommunication, postal services
Ministry of Civil Aviation	Air transport
Ministry of Culture	Copyright (books)
Ministry of Electricity and Renewable Energy	Energy
Ministry of Finance	Public procurement
Customs Authority	Customs tariff, valuation, rules of origin
Ministry of Trade and Industry	Trade policy, contingency measures, export promotion, industrial development
Egyptian Organization for Standardization and Quality	Standards
General Organization for Export and Import Control	Import and export inspections, including quality control
Ministry of Supply and Internal Trade	Trademarks
Ministry of Health and Population	Sanitary standards
Ministry of Higher Education and Scientific Research	Research and development
Egyptian Patent Office	Patents
Supreme Council for Media Regulation	Copyright (audiovisual)
Ministry of Investment and International Cooperation	Foreign and domestic investment
General Authority for Investment and Free Zones	Investment
Financial Supervisory Authority	Non-banking financial services
Ministry of Petroleum and Mineral Resources	Petroleum, natural gas, mineral resources
Ministry of Planning, Monitoring and Administrative Reform	Public investment planning and management
Ministry of Public Enterprise	Privatization

Ministry/Agency	Competence
Ministry of Tourism	Tourism
Ministry of Transport	Maritime transport, ports

Source: Information provided by the authorities.

2.10. The ministries are assisted by autonomous and advisory bodies, such as the High Ministerial Economic Reform Committee (HMERC), the Cabinet Policy Committee, and the Economic Group of Ministers. The HMERC, headed by the Prime Minister and with representation from the Ministries of Trade and Industry, and Finance, relevant sectoral ministries, the Chairman of the Public Enterprise Office (PEO), and the Chairman of the High Officials Committee, is responsible for issues relating to the stabilization and reform programme, including trade liberalization. The HMERC is assisted by the High Officials Committee, made up of high-level government officials, which prepares quarterly reports assessing the state of the economy and recommending further reforms to be undertaken.

2.11. To complement the official process, informal consultations are carried out by the ministries with academia and organized interest groups, including the General Federation of Chambers of Commerce, the Federation of Egyptian Industries (FEI), the Egyptian Businessmen's Association (EBA), and trade associations.

2.12. One of the most important trade-related bodies in Egypt is the National High Committee and its subsidiary committees. The Committee is under the auspices of the Ministry of Trade and Industry, and was established by Ministerial Decree No. 478/2002. The main role of this Committee, which has both public and private sector participation, is the formulation of the Egyptian negotiating position and all proposals related to WTO negotiations, and also the follow-up of the implementation of laws and regulations and their compliance with Egypt's international obligations. The subsidiary committees (Market Access Committee, Dispute Settlement and Trade Safeguard Committee, Trade in Services Committee, Intellectual Property Rights Committee, and New Issues Committee) are responsible for periodically preparing a technical report for the High Committee for follow up. Decree No. 183/2011 created new subsidiary committees, namely the Government Procurement Committee, the Trade and Environment Committee, the Sanitary and Phytosanitary Measures Committee, the Technical Barriers to Trade Committee, and Trade Facilitation Subsidiary Committee.

2.13. The Trade Facilitation Subsidiary Committee meets on a regular basis and is considered as the main instrument through which both public and private sector representatives convey the problems encountered and their technical needs. This Committee is responsible for coordinating the Egyptian position towards trade facilitation-related issues and for following up the implementation of the Trade Facilitation Agreement (TFA).

2.14. The authorities have indicated that Egypt's economic policy objectives are aimed at achieving private-sector led, outward-oriented economic growth, by maintaining a stable macroeconomic environment, creating a business-friendly environment, attracting foreign direct investment, and developing capital markets.

2.15. In accordance with Egypt's Sustainable Development Strategy (SDS) "Egypt Vision 2030", which relies heavily on the United Nations 2030 Sustainable Development Goals as well as the Ministry of Trade and Industry's Industry and Trade Development Strategy (ITD) 2016-20, industrial development is the engine for sustainable and inclusive economic development in Egypt.

2.16. The SDS aims to, *inter alia*: (a) increase annual GDP growth from 4.3% in 2015/16 to 10% by 2020, and 12% by 2030; (b) increase GDP per capita from US$3,462 in 2015/16 to US$4,000 by 2020 and US$10,000 by 2030; (c) reduce the inflation rate to 3-5% in 2030; and (d) reduce the budget deficit to 7.5% by 2020 and 2.28% by 2030.

2.17. The ITD strategy aims to: (a) increase the annual industrial growth rate to 8%; (b) increase the contribution of manufacturing to GDP from 17.1% in FY2015/16 to 18-20%; (c) increase the micro, small and medium enterprises sector's contribution to GDP; (d) increase the growth rate of exports to 10% annually; (e) provide three million adequate and productive job opportunities; and (f) promote institutional development.

2.18. According to the authorities, Egypt is seeking to liberalize its trade regime on an MFN basis through WTO negotiations and unilateral tariff reductions, and on a preferential basis through reciprocal agreements with selected trading partners. In agriculture, Egypt seeks meaningful multilateral liberalization. In the services sector, Egypt supports greater multilateral trade liberalization, most notably in mode 4, and increased participation of developing countries in the multilateral trading system.

2.19. The President of the Republic, according to Article 151 of the Constitution, represents the State in matters related to foreign relations; the President may conclude treaties and ratify them after the approval of Parliament. Under Article 93 of the Constitution, any international agreement or convention, after being ratified by Parliament and published in the *National Gazette*, becomes law in Egypt and supersedes national legislation, notwithstanding constitutional provisions that may contradict it. International agreements thus require no further legislative implementation to be invoked before national courts. However, for implementation purposes, revision/amendment/introduction of new legislation may be required to harmonize national laws with international commitments.

2.20. The main legislation relating to international trade is the Customs Law No. 66/1963 (amended by Laws No. 88/1976, No. 75/1980, No. 158/1997, and No. 95/2008), and Law No. 118/1975 on Import and Export (known, together with its Executive Regulations, as the Import and Export Regulations) (Table 2.2). Since its last Trade Policy Review in 2005, Egypt has amended its Customs Law and adopted new regulations under the Law on Import and Export. In late October 2017, the draft of a new Customs Law was being finalized and was expected to be sent to Parliament for its consideration after the conclusion of consultations with the trading community and the introduction of the required amendments. This new law aims to merge Customs Law No. 66/1963 and Customs Exemption Law No. 186/1986. The Law on Import and Export No. 118/1975 was last amended in June 2017 by Ministerial Decree No. 835/2017. These amendments aim at facilitating the procedures for exporters and importers as well as at launching an electronic link between concerned parties.

2.21. The Customs Exemption Law No. 186/1986, as amended, and its Executive Regulations provide details of the various tax exemptions granted to certain sectors of the economy. Egypt's current applied customs tariff was last changed by Presidential Decrees No. 25/2016 and No. 538/2016 amending certain tariff categories in Presidential Decree No. 184/2013.

2.22. On 31 May 2017, a new Investment Law No. 72/2017 entered into force. Other laws containing various provisions on foreign investment are the Companies Law No. 159/1981 and the Special Economic Zones Law No. 83/2002 (Table 2.2).

Table 2.2 Main trade-related laws

Law	Area
Presidential Decrees 25/2016 and 538/2016	Customs tariff
Customs Exemption Law (186/1986), as amended	Tariff exemptions
Customs Law (66/1963), as amended	Customs procedures
Law 121/1982	Registration of traders
Decree No. 765/2001 on Determination of the Value of Goods for Customs Purposes	Customs valuation
Law 161/1998	Anti-dumping, countervailing and safeguard measures
Law on Investment (Law 72/2017), Companies Law (159/1981), Special Economic Zones Law (83/2002)	Foreign investment
Intellectual Property Law (82/2002) and its Executive Statutes	Intellectual property rights
Law 118/1975 on Import and Export, as amended, with Executive Regulations	Registration, levies and charges, barter and countertrade, labelling and quality control
Export Promotion Law (155/2002)	Export promotion
Tenders Law (89/1998)	Government procurement
Standardization Law (2/1957)	Standards
Agricultural Law (53/1996), Pharmaceutical Law (14/1984)	Sanitary and phytosanitary measures

Source: Information provided by the authorities.

2.3 Trade Agreements and Arrangements

2.3.1 WTO

2.23. Egypt became a contracting party to the GATT in 1970 and has been a WTO Member since 30 June 1995; it participates actively in the multilateral trading system. Egypt grants at least MFN treatment to all WTO Members. It is party to the Information Technology Agreement and the plurilateral Agreement on Trade in Civil Aircraft. Egypt is not a party to the Agreement on Government Procurement. Egypt accepted the Protocol amending the TRIPS Agreement in April 2008. As concerns trade facilitation, Egypt notified its category A commitments under the Trade Facilitation Agreement (TFA) in December 2014.[3] The TFA was approved by Egypt's Parliament and ratified by the Egyptian President in June 2017. However, as at late October 2017, Egypt had yet to deposit in the WTO its instrument of acceptance of the TFA. During the review period, Egypt submitted a large number of notifications to the different WTO Committees (Table A2.1). During the review process, some lagging notifications, for instance with respect to agriculture, were submitted to the WTO.

2.24. At the Bali Ministerial Conference in 2013, Egypt called all WTO Members to commit to successfully concluding the Doha Development Agenda, with a fair and balanced outcome, taking into consideration its development aspects. At the Nairobi Ministerial Conference in 2015, Egypt argued that outcomes of trade negotiations must provide the policy space for economic diversification for industrialization and that special and differential treatment for developing countries should remain the overarching principles in trade liberalization.

2.25. Under the Doha Development Agenda, Egypt has, either on its own or in conjunction with other Members, submitted proposals on agriculture, non-agricultural market access, special and differential treatment, dispute settlement, rules, services, and trade facilitation. Egypt seeks meaningful multilateral liberalization of the agricultural sector. It also supports liberal market access for non-agricultural goods, but believes that concerns should be accommodated for certain industries that have not yet taken hold in developing economies. Egypt considers issues such as implementation, special and differential treatment, and rules as essential to the integration of developing countries into the multilateral trading system.

2.26. Since its last TPR in July 2005, Egypt has been a defendant in one trade dispute and reserved its third party rights in eight others. The case involving Egypt as a defendant relates to anti-dumping duties on imports of matches from Pakistan. In July 2005, the DSB established a panel. In March 2006, Pakistan and Egypt informed the DSB that they had reached a mutually agreed solution in the form of a price undertaking. The cases involving Egypt as a third party relate to: (a) measures affecting the importation of rice imposed by Turkey[4]; (b) continued application of the zeroing methodology by the United States[5]; (c) measures granting refunds, reductions or exemptions from taxes imposed by China[6]; (d) measures concerning trademarks and other plain packaging requirements applicable to tobacco products and packaging imposed by Australia[7]; (e) cost adjustment methodologies and anti-dumping duties imposed by the European Union on imports from Russia[8]; (f) domestic support for agricultural producers provided by China[9]; and (g) anti-dumping duties imposed by Morocco on imports of hot-rolled steel from Turkey.[10]

2.27. Egypt has not been involved in any trade disputes outside the WTO since 2005.

[3] WTO document WT/PCTF/N/EGY/1, 7 January 2015.
[4] WTO document series WT/DS141.
[5] WTO document series WT/DS350.
[6] WTO document series WT/DS358, WT/DS359, and WT/DS511.
[7] WTO document series WT/DS434.
[8] WTO document series WT/DS494.
[9] WTO document series WT/DS511.
[10] WTO document series WT/DS513.

2.3.2 Trade Agreements and Arrangements

2.3.2.1 European Union

2.28. The agreement between Egypt and the European Union entered into force on 1 June 2004, replacing the 1977 Cooperation Agreement.[11] It was notified to the WTO in September 2004.[12] This agreement is of particular importance for Egypt, as the European Union is its main trading partner and its principal bilateral donor. In recent years, roughly three quarters of FDI inflows to Egypt originated in the European Union. In addition, in accordance with information provided by the Egyptian authorities, the total amount of ongoing EU assistance to Egypt amounts to nearly €1.1 billion, provided in the form of grants. The agreement also includes provisions on political, scientific, technological, and cultural cooperation. It establishes an Association Council, which meets at ministerial level once a year, and an Association Committee, which is responsible for the implementation of the agreement.

2.29. The agreement provides for the establishment of a free trade area by January 2019. Quantitative restrictions and other measures having equivalent effect on trade were abolished when the agreement entered into force in 2004. With the exception of a number of products (including wool, cotton, hides and skins, and various oils), imports into the European Union of products of HS chapters 25 to 97 originating in Egypt are allowed duty-free access. Customs duties on imports into Egypt originating in the European Union are to be phased out over a maximum of 15 years, depending on the product and according to four product lists annexed to the agreement. There are reductions for all items of HS chapters 1 to 25, but there are two lists with seasonal rates and preferential tariff quotas. The agreement also specifies that the European Union and Egypt shall gradually liberalize a greater share of their trade in agricultural, processed agricultural and fisheries products.

2.30. In October 2005, the European Union and Egypt decided to replace the previous Protocol on rules of origin with the single regional convention on preferential rules of origin for the Pan-Euro-Mediterranean area. This extended the possibility of diagonal cumulation to the 42 countries participating in the Pan-Euro-Med process. In 2008, a Protocol on trade in agricultural, and processed agricultural and fisheries goods was concluded; it entered into force in June 2010. A mechanism to settle disputes under the agreement was established but was still awaiting approval from the Egyptian Parliament in November 2017. Negotiations on trade in services started in 2007 but have not shown any progress since 2010.

2.3.2.2 Agadir Agreement

2.31. On 25 February 2004, Egypt signed a free trade agreement with three Arab-Mediterranean countries: Jordan, Morocco, and Tunisia. The so-called Agadir Agreement took effect on 27 March 2007, and was notified to the WTO in February 2016.[13] On 27 March 2017, a meeting of the Committee of Foreign Affairs Ministers of the Member States of the Agadir Agreement was held in Amman, Jordan, in which the accession of Palestine and Lebanon to the Agreement was agreed provided that the applicable accession procedures were concluded pursuant to the provisions stipulated in the Accession Protocol of the Agadir Agreement.

2.32. The Agadir Agreement commits the parties to waiving all import duties and any taxes having equivalent effect. The agreement provides for diagonal cumulation of origin within the Pan-Euro-Med Zone in accordance with the Pan-Euro-Med Protocol of Rules of Origin, with the exception of agricultural and agro-industrial products. This arrangement will be replaced by the new Regional Convention on Pan-Euro-Mediterranean preferential rules of origin (PEM). Egypt signed the main text on 9 October 2013 and ratified it on 23 April 2014. The general provisions and the list of rules are still under discussion.

2.33. The Agadir Technical Unit (ATU), a technical secretariat working under the agreement, was established in April 2007, to support cooperation between the member States. The Strategy 2017-2021, prepared by the ATU, aims to achieve economic integration among the members through the coordination of their economic and trade policies.

[11] The text of the agreement may be viewed at: http://eeas.europa.eu/egypt/aa/06_aaa_en.pdf.
[12] WTO document WT/REG177/N/1, 4 October 2004.
[13] The text of the agreement may be viewed at: http://rtais.wto.org/rtadocs/583/TOA/English/ToA.pdf.

2.3.2.3 Pan-Arab Free Trade Area

2.34. Egypt is also a party to the agreement, effective January 1998, creating the Pan-Arab Free Trade Area (PAFTA), the implementation of which was completed in 2005. The PAFTA was notified to the WTO under GATT Article XXIV, in October 2006.[14] This agreement covers only goods originating in and coming directly from 18 Arab countries. The principal entity responsible for implementing it is the Economic and Social Council of the Arab League. In addition, the Union of Arab Chambers of Commerce has been tasked with producing a half-yearly report on the difficulties encountered by traders in their dealings with the customs administration and regulatory agencies of individual member countries. As of July 2017, the Arab League Initiative, launched in 2009, and aiming to implement an Arab Customs Union by 2015, remained unachieved. An agreement on rules of origin, which entered into force in 2007, covers some products having at least 40% of their value-added produced in member countries; under this agreement some detailed rules of origin are currently applied but negotiations are still ongoing on the remaining rules.

2.3.2.4 Common Market for Eastern and Southern Africa (COMESA)

2.35. COMESA aims to deepen and expand the integration process for its 19 member countries by adopting general measures to liberalize trade. These include: the removal of all tariff and non-tariff barriers and the adoption of a common external tariff; free movement of capital, labour and goods, and the right of establishment in the region; the adoption of a common set of standards, technical regulations, quality control procedures, certification systems, and sanitary and phytosanitary regulations; tax harmonization (including VAT and excise duties), and provisions on cooperation in spheres such as company law, intellectual property, and investment; the implementation of a harmonized competition policy; and the establishment of a monetary union.[15] COMESA was notified to the WTO under the Enabling Clause, in June 1995.[16]

2.36. Egypt became a member of COMESA in June 1998. In October 2000, Egypt together with 13 other member States eliminated tariffs on COMESA originating products. COMESA's Common External Tariff (CET) was intended to be in place by 2004, with rates of 0%, 5%, 15% and 30%, on capital goods, raw materials, intermediate, and final goods, respectively. Subsequent to the decision to adopt the COMESA CET, goods were finally categorized into the three bands of the tariff structure (0%, 10%, and 25%). However, as at April 2017, the CET has not yet been implemented, as negotiations were still ongoing.

2.37. According to the authorities, COMESA has implemented a monetary harmonization programme to reach a full-fledged monetary union by 2025. This programme aims at, *inter alia*: (a) full harmonization of the member States' economic, budgetary, and monetary policies; (b) a pooling of exchange reserves; and (c) the establishment of a single monetary authority. A coordination body, composed of experts from central banks and ministries of finance in the region, has been set up to oversee implementation of the measures and ensure that the harmonization process makes progress towards monetary union.

2.3.2.5 EFTA–Egypt Free Trade Agreement

2.38. Egypt and the EFTA States concluded a free trade agreement in January 2007, which entered into force in August 2007. It was notified to the WTO in July 2007.[17] The agreement covers trade in industrial products, including fish and other marine products, and processed agricultural products. Trade in basic agricultural products is covered in three bilateral agreements negotiated separately between Iceland, Norway and Switzerland/Liechtenstein on the one hand and Egypt on the other. Egyptian industrial good exports into the EFTA States have been duty-free since the entry into force of the agreement. Customs duties on imports into Egypt originating in EFTA States shall be abolished completely by 2020. This agreement also includes general provisions on non-tariff barriers, competition, state monopolies, subsidies, intellectual property,

[14] WTO online information. Viewed at: http://rtais.wto.org/UI/PublicShowMemberRTAIDCard.aspx?rtaid=16.
[15] COMESA online information. Viewed at: http://www.comesa.int.
[16] WTO document WT/COMTD/N/3, 29 June 1995.
[17] WTO document WT/REG232/N/1, 18 July 2007.

investment, services, current payments and capital movements, government procurement, economic cooperation, and dispute settlement.

2.3.2.6 Turkey

2.39. Egypt and Turkey signed a free trade agreement in December 2005, which entered into force in March 2007. Imports into Turkey of industrial products originating in Egypt were allowed free of customs duties upon the entry into force of the Agreement. On the other hand, customs duties on imports into Egypt of industrial products originating in Turkey were to be gradually abolished according to the schedules of four lists, which are identical to the lists attached to Egypt's Association Agreement with the European Union. The dismantling of customs duties on Turkish goods of each list was to lag one year behind the respective list of the European Union. The authorities indicated that the Egyptian Customs Authority has been applying the annual tariff reductions on imports of industrial products originating in Turkey according to the schedules contained in the four lists. Implementation is to be completed by 2020 for industrial goods. Regarding agricultural products, both parties agreed to exchange two lists including both tariff rate quotas and tariff reductions for certain products. With regard to processed agricultural products, the two parties agreed to exchange a list including the same concessions for exports and imports. The two parties have also agreed to apply the Pan-Euro-Mediterranean rules of origin.

2.3.2.7 MERCOSUR

2.40. Egypt signed a preferential free trade agreement with MERCOSUR in August 2010. The agreement entered into force after Argentina finalized its ratification process in July 2017. This agreement allows a full and gradual liberalization of both exports and imports of industrial, agricultural and processed agricultural commodities by applying four lists of trade liberalization: (a) first list: total exemption upon entry into force; (b) second list: 25% reduction upon entry into force (over four years); (c) third list: 12.5% reduction upon entry into force (eight years); and (d) fourth list: 10% reduction upon entry into force (ten years).

2.3.2.8 Non-reciprocal preferential arrangements

2.41. Australia, Belarus, Canada, Japan, Kazakhstan, the Russian Federation, Turkey and the United States accord tariff preferences to Egypt under the Generalized System of Preferences (GSP). Egyptian exports of products covered by the GSP are therefore totally or partially exempt from customs duties in those countries.

2.42. Egypt offers improved market access to least developed countries (LDCs). This scheme includes tariff reductions on applied rates of 10% to 20% for around 100 products. In addition, duty-free access is granted to around 50 raw materials (mainly minerals).[18]

2.43. As a participant in the Global System of Trade Preferences (GSTP), established and notified to the WTO in 1989, Egypt has granted tariff preferences to all other GSTP signatories on a range of specified products since its entry into force.

2.3.3 Other agreements and arrangements

2.44. Egypt is a member of the Developing-8 (D-8) group of countries, formed in 1997 as an organization for economic cooperation along with Bangladesh, Indonesia, Iran, Malaysia, Nigeria, Pakistan, and Turkey. The D-8 Preferential Trade Agreement (PTA) was signed in 2006 and officially entered into force among Iran, Malaysia, Nigeria and Turkey on 25 August 2011. Indonesia joined on 4 October 2011 and Pakistan on 8 February 2012, but Egypt and Bangladesh have not yet joined as they have reservations regarding the value addition criteria. The D-8 is aimed at, *inter alia*: (a) boosting trade by reducing duties in order to improve member States' positions in the global economy; (b) diversifying and creating new opportunities in trade relations; (c) enhancing participation in decision-making at international level; and (d) improving standards of living.

[18] WTO document WT/COMTD/W/47, 15 October 1998; and WTO document WT/COMTD/W/47/Add.1, 25 January 1999.

2.45. Egypt participates in the Framework Agreement on the Trade Preferences System of the Organization of Islamic Cooperation (TPS-OIC) that became effective in 2002. The framework agreement aims to promote trade among members on the basis of equal and non-discriminatory treatment.[19] The Protocol on the Preferential Tariff Scheme (PRETAS), which complements the Framework Agreement by laying out the concrete reduction rates in tariffs in accordance with a timetable for implementation, entered into force in February 2010. The rules of origin, which will be applied for the identification of the origin of products eligible for preferential concessions under the TPS-OIC, entered into force in August 2011. In Accordance with Article 18 on Entry into Force, the required number of countries having met the necessary requirements of the TPS-OIC System was reached in December 2014. However, the system has not yet (November 2017) entered into force among participating member States that have ratified it.

2.46. Egypt signed a trade protocol with Israel on 14 December 2004. The protocol establishes "qualified industrial zones" (QIZ) which are designated geographical areas within Egypt that offer specific advantages for exporters. In particular, products from these zones enjoy duty-free access to the United States, provided that at least 35% of the product's value is manufactured in an Egyptian QIZ, and that at least 10.5% of the total value consists of Israeli inputs. However, during several meetings in 2016, Egypt reviewed with the United States the possibility of reduction of the Israeli component to 8%, as applied in the case of Jordanian QIZs. As at February 2017, 961 companies had been approved under this scheme, of which 766 were from the textiles and clothing sector. The majority of the companies are located in the greater Cairo area and in Alexandria. Total exports under this scheme amounted US$851.3 million in 2015.

2.47. In January 2012, the African Union decided to establish a Continental Free Trade Area that will bring together 54 African countries by 2018. This agreement aims to create a single continental market for goods and services and pave the way for accelerating the establishment of the Customs Union.

2.48. Egypt was involved in the negotiations for the Tripartite Free Trade Area (TFTA) which is a free trade agreement between COMESA, SADC (Southern African Development Community), and EAC (East African Community), to address the issue of overlapping membership of African countries in more than one economic bloc. The TFTA Agreement was signed on 10 June 2015, by Egypt and 17 other States among the 26 members, at the 3rd Tripartite Summit of Heads of States and Governments. Some important work under phase I negotiations (trade in goods) remains outstanding in areas such as tariff concessions, rules of origin, and trade remedies.

2.49. In February 2015, Egypt announced that the members of the Eurasian Economic Union (Russia, Belarus, Kazakhstan, Kyrgyzstan, and Armenia) had agreed to commence free trade zone negotiations with Egypt. This agreement is expected to allow Egyptian goods to be exported to these countries free of custom duties. Although members of the Eurasian Economic Union agreed to start the negotiations in December 2016, as of November 2017 they had not yet begun.

2.4 Investment Regime

2.50. There have been several changes to Egypt's investment regime since its last TPR in 2005. On 31 May 2017, a new law on investment entered into force. In addition to the new Investment Law No. 72/2017, the Companies Law No. 159/1981 and the Special Economic Zones Law No. 83/2002 regulate investment in Egypt. The Regulations to implement the Investment Law entered into force on 29 October 2017 through Prime Minister Decree No. 2310/2017. The Investment Law No. 72/2017 repealed the Investment Guarantees and Incentives Law No. 8/1997. Foreign investors may choose to invest in Egypt either under the Companies Law or the Investment Law, depending on the types of incentive sought and the areas in which the investment is to be made.[20] In the past, this choice was between the Investment Guarantees and Incentives Law and the Companies Law. Table 2.3 shows the percentage of FDI and domestic investment that took place under each of these laws between 2005 and 2016.

[19] Organization of Islamic Cooperation online information. Viewed at: http://www.oic-oci.org/page/?p_id=40&p_ref=16&lan=en.

[20] Other laws of relevance to foreign investment include the Commercial Register Law (No. 34/1976); the Income Tax Law (No. 157/1981); Industrial Licensing Law (No. 21/1958); the New Urban Communities Law (No. 59/1979); and the Industrial Shops Law (No. 453/1954), as well as other laws affecting land ownership and registration.

Table 2.3 Private investment in Egypt under the Investment Guarantees and Incentives Law (IGIL) and the Companies Law (CL), 2005-16

(LE billion and %)

	Total investment	Egyptian companies	Foreign companies	Egyptian companies	Foreign companies
		LE billion			%
Investments under the IGIL	67.52	41.52	26.01	61.5	38.5
Investments under the CL	48.33	34.42	13.91	71.2	28.8

Source: Information provided by the authorities.

2.51. The Companies Law supplements the Civil and Commercial Codes of Egypt. The companies incorporated under this Law and their shareholders are exempted from all duties and taxes. The shares of the companies emanating from this incorporation or the shares issued as counterpart of the capital of the incorporated companies may become negotiable directly on their issue (Article 133). The Law was amended several times to improve the business climate in Egypt. Law No. 68/2009, for example, eliminated the minimum capital requirement for limited liability companies. The authorities indicated that a draft law is currently being examined to introduce a new form of establishment for companies that will allow a single investor to establish a company.

2.52. The new Investment Law and its regulations allow investments to be registered under the Law as enterprises (one person) or as companies (more than one person) through modalities such as shareholder companies, joint-stock companies, limited liability companies, and partnerships. The Law governs "inland investments", essentially domestic investment projects, and investment in free zones, which are treated as being outside the domestic economy for taxation, customs, and trade purposes. Like the Companies Law, the Investment Law applies to all private investment, (domestic or foreign); however, the latter applies only to certain specified activities or sectors, subject to further amendments by the Minister in charge of the activity, in coordination with other relevant ministries, and in accordance with the National Economic Plan (Table 2.4).

Table 2.4 Areas eligible for incentives under the Investment Law 2017 and its regulations

Agriculture (including animal, poultry and fish farming)
Communications and Information Technology (scientific research and patents)
Domestic or internal trade
Education
Electricity and energy
Hospital and medical centres offering 10% of their service capacity free of charge
Housing and construction (including projects whose units are to be leased unfurnished for non-administrative purposes, and infrastructure related to drinking water, sewage, electricity, roads, and communications services)
Industry (any activity related to industrial development except tobacco and alcoholic beverages)
Oil services in support of exploration and the transport and delivery of natural gas
Public transport (capacity of at least 300 passengers), maritime and river transport operating under the Egyptian flag, air transport and services directly related to it
Sports (management and marketing of sports activities operated by a joint-stock company)
Tourism (including hotels, motels, boarding houses, tourist villages, tourist travel)
Water sector (construction and management of desalination plants)

Source: Prime Minister Decree No. 2310/2017, containing the Executive Regulations of Investment Law No. 72/2017.

2.53. Investment incentives under the Investment Law include several types of tax and non-tax incentives, as shown in Table 2.5. Tax incentives include deductions on taxable profits, and preferential import duty. Exemptions from stamp duty, and notarization and registration fees are provided for up to five years from registration in the Commercial Register. In addition to these general incentives, the new law provides a 50% tax discount on investments made in underdeveloped areas.[21] Besides these tax advantages, the Council of Ministers may grant additional incentives such as, *inter alia*, refunding half the price of the land, if the industrial project starts production within 2 years of the land delivery.

[21] Law No. 72/2017, Section 2, Article 11.

Table 2.5 Incentives under the Investment Law, 2017

1. TAX INCENTIVES
1.A General Incentives
- Exemption from the stamp tax, notary fees and taxes on the registration of the Memorandum of Incorporation of the company and credit facilities granted and contracts pledged in association with the activity of the company for five years from the date of registration in the Commercial Register
- Exemption from taxes on the registration of the land required to set up the company and establishments
- Preferential import duty rate of 2% (in accordance with Art. 4 of the Customs Exemption Law No. 186/1986) on the value of imports of machinery and equipment to be used to set up the company or in any public utility project needed to set up the company
- Industrial investment projects subject to the Investment Law may import exempt from customs duties casts and moulds and other supplies for temporary use in the manufacturing of products to be re-exported abroad
1.B Specific Incentives
- 50% discount off taxable net profits for investment costs incurred in Sector A, which includes those geographical locations most urgently in need of development as defined in Egypt's Investment Map, and in the activities defined in Prime Minister Decree No. 2310/2017, containing the Executive Regulations of Investment Law No. 72/2017 (Table 2.4). These areas, as defined in the Regulations are: the Economic Zone of the Suez Canal; the Economic Zone of the Golden Triangle; and areas most in need of development (high level of poverty and low level of education and health services), determined by the Council of Ministers.
- 30% discount off taxable net profits for investment costs incurred in Sector B, covering the rest of Egypt's areas and in the activities defined in Prime Minister Decree No. 2310/2017, containing the Executive Regulations of Investment Law No. 72/2017 (Table 2.4), for the following investment projects: - Labour-intensive projects as defined in the Regulations (at least 500 Egyptian workers and the cost of wages representing at least 30% of production costs) - Small and medium-size enterprises and projects - Projects using or producing new and renewable energy - National and strategic projects as defined by a Decision of the Council of Ministers - Tourism projects as defined by a Decision of the Council of Ministers - Electricity generation and distribution projects as defined by a Decree issued by the Prime Minister upon a joint proposal from the competent Ministry, the Minister concerned with electricity affairs and the Ministry of Finance - Export projects - Automotive manufacturing and auto feeding industries - Wood, furniture, printing, packaging and chemical industries - Antibiotics, oncology drugs and cosmetic industries - Food, agricultural products, and agricultural waste recycling industries - Engineering, metallurgical, textile and leather industries
2. NON-TAX INCENTIVES
The Council of Ministers may:
- Establish Customs Offices dedicated to an investment project's exports or imports in agreement with the Ministry of Finance
- Decide that the State is to cover, wholly or partly, the expenses incurred by the investor for the provision of utilities to the real-estate properties allocated to the project
- Decide that the State is to partly cover the expenses incurred for the technical training of the staff
- Refund 50% of the value of the land allocated for the industrial projects in case the production starts within two years from the land delivery date
- Allocate lands free of charge for some strategic activities
- Upon proposal from the competent Ministry, pass a decree to introduce new non-tax incentives whenever it is considered necessary
The investor may deduct from income tax expenses up to 10% of his annual profits to create a social development system outside of the investment project in one of the following fields: (a) enhancing environmental protection; (b) providing healthcare, social care or cultural programmes or services; (c) supporting research, technical education and production improvement, in agreement with universities or research institutes; and (d) training and scientific research.

Source: Information provided by the authorities.

2.54. All investments are guaranteed national treatment. Moreover, through a Decree, the Council of Ministers may grant foreign investors preferential treatment in the application of the principle of reciprocity. Investors also receive guarantees against nationalization and the suspension of licences and have the right to appoint foreigners up to a limit of 10% of the total number of workers, except if insufficient numbers of national workers are found, in which case the limit can be extended to up to 20%.[22] Foreign investors are also granted residence in Egypt throughout the project's term. The Investment Law stipulates that the State shall honour and enforce all the contracts it has concluded. Investment projects may not be nationalized or expropriated except for the public utility and upon fair compensation paid in advance. The licences issued for the investment project may not be revoked or suspended before giving the investor an advance warning of the law or regulation that has been violated and time to mend the breach. A foreign investor has the right to fund, set up, establish and expand a project from abroad with no foreign-currency restriction, as well as to transfer abroad any profits made.

2.55. Under the Investment Law, investors may import raw materials, production supplies, machinery, equipment, spare parts and transport equipment that suit the nature of the investment project and are required for establishment, expansion, operation or exportation without the need to register in the Register of Exporters or Importers.

2.56. Private investment, including in free zones, whether foreign or domestic, is managed by the General Authority for Foreign Investment and Free Zones (GAFI), established by Law No. 65/1971. The GAFI is the main regulator of the investment regime. Its Board of Directors comprises GAFI's Chairman, the chief executive officer (CEO), CEO Deputies, three representatives of relevant entities, and one expert in private investment and another in law.[23] The GAFI is responsible for following up the implementation of the new Investment Law as well as its regulations contained in Prime Minister Decree No. 2310/2017. Thus, the GAFI is entitled to take all necessary measures to stop violations of this Law. The GAFI is the competent authority to provide all establishment and post-establishment services, including liquidation, to companies engaged in activities cited in the investment law or subject to the law regulating joint-stock companies and shareholding companies. To establish a new company, the applicant must: create an account on the GAFI’s official website; complete an application and pay the fees of establishment; and provide certain documents that vary according to the type of the company. Throughout this process, the project requires several approvals to start production. However, in the case of a project considered strategic by the Cabinet of Ministers, a single approval will be issued including all necessary licences to start production. Companies benefitting from the Investment Law are required to submit an annual statement to the GAFI including information regarding the capital of the company, the partners and the workers.

2.57. Under Law No. 72/2017, the Investor Service Centre, an administrative unit under GAFI's auspices, was established to reduce bureaucratic measures. The Centre now provides services for the establishment of companies or branches of companies. In addition, the new Law introduced approval or ratification offices, licensed by the GAFI, to facilitate obtainment of necessary approvals, permits and licences within 10 days. In accordance with Prime Minister Decree No. 2310/2017, the requirements to be licensed as an approval office, include: (a) the applicant must be a joint-stock company and its activity must be limited to the work of an approval office; and (b) the applicant must have the necessary financial and human resources enabling the issuance of approvals.

2.58. In accordance with the Investment Law's Regulations, several committees shall be established to consider grievances and objections to the GAFI and approval offices' decisions. Each committee is chaired by an advisor of one of the judicial authorities. Grievances must be submitted to the Committee within 15 working days of the date of notification or knowledge of the decision. The Committee must make a decision within 30 days of the date of the termination of the hearing of the parties.

2.59. During the review period, Egypt continued to promote the establishment of free zones (Section 3). Free zones may be established by the Council of Ministers under Article 33 of Law No. 72/2017. Investors in the public free zones (currently nine), as well as in private free

[22] The Investment Law foresees some exceptions to these limits for some strategic projects identified under a decision issued by the Council of Ministers.

[23] Law No. 72/2017, Section 3, Article 73.

zones, are exempt from rules or customs procedures for imports and exports. They are also exempt from customs duties, value-added tax and any other taxes or duties for the duration of individual projects.

2.60. Private free zones are established based on the decision of the Council of Ministers, provided that, *inter alia*: (a) there is no convenient site for the project's activity inside a public free zone; (b) the project is operated by joint-stock or limited liability companies; (c) the capital is not less than US$10 million; (d) there are no less than 500 permanent workers for industrial projects; and (e) exports of the project amount to not less than 80% of the production value.[24]

2.61. Manufacturing and assembly projects established in public free zones are subject to a fee of 1% of the commodity value upon egress (exportation). Goods in transit to a determined destination are exempted from this fee. A fee of 2% of the c.i.f value of imports (commodity value upon ingress) is charged in the case of storage projects. A fee of 1% of total revenue is charged in the case of projects whose main activity does not require the ingress or egress of goods. Projects in private free zones are subject to a fee of 2% of total revenues, with the exception of manufacturing and assembling projects, which are subject to a fee of 1% of total export revenues, and a charge of 2% of total revenues if the product is traded inside the country. In addition, projects in both public and private free zones are subject to a service fee of 0.001% of the capital cost of projects, payable annually to the GAFI, with a maximum fee of LE 100,000.

2.62. The Special Economic Zones (SEZ) Law No. 83/2002 provides for the establishment of special zones for export-oriented activities. The Law allows firms established in these zones to import capital equipment, raw material and intermediate goods duty-free. Companies established are also subject to lower corporate taxes, exempt from sales and indirect taxes, and operate under more flexible labour regulations. The special economic zones and the authorities that manage them are established by a Presidential Decree. Currently, two special economic zones are operational in the North West Gulf of Suez, and in the Golden Triangle.

2.63. The Investment Law also contemplates the creation of investment zones and of technological zones, established based on the decision of the Prime Minister upon the proposal of the Board of Directors of GAFI or the competent minister. Each investment or technological zone shall have a Board of Directors responsible for the development of this zone, selected by the competent minister. Machinery and equipment used for production in these areas shall not be subject to taxes or customs duties.

2.64. There are no restrictions on repatriation of funds by companies, or rules requiring foreign companies to hold foreign currency accounts. Land ownership by foreigners is governed by several laws as shown in Table 2.6.

Table 2.6 Conditions placed on land ownership in Egypt

Location/type of ownership	Conditions for foreign investment	Legislation
Desert lands	Maximum limit of foreign ownership is 49%. Egyptian nationals must own not less than 51% of the company's capital; in addition no owner shall possess more than 20% of the shares. Lands for cooperative associations and companies must be 100% owned by Egyptians. Exceptions may be granted by Presidential Decree upon approval from the Cabinet to nationals from other Arab countries.	Desert Lands Law No. 43/1981, amended by Law No. 205/1991; Desert Lands Law No. 43/1981, amended by Law No. 143/1981
Strategic and military regions	Foreign companies and establishments are not allowed to own land in these regions, nor lands or real estate in the Sinai Peninsula, including in the Ismailia, Suez and Port Said governorates. However, companies and establishments may use land and real estate located in the Sinai Peninsula under the usufruct system.	Prime Minister Decree No. 350/2007, implementing art. 12 of Law No. 94/2005

[24] Prime Minister Decree No. 2310/2017.

Location/type of ownership	Conditions for foreign investment	Legislation
Sinai Peninsula	Lands and real estate in the Sinai Peninsula shall be owned only by natural persons holding the Egyptian nationality, with Egyptian parents, and by legal persons whose capital is totally owned by Egyptians. Natural and legal persons, both national and foreign, can use lands in areas of development. Foreigners can do this only under the usufruct system.	Decree by Military Council Law No. 14/2012; Minister of Defence Decree No. 203/2012
Real estate and land in other regions	Non-Egyptian nationals may own up to two private residences in Egypt, each one of an area of up to 4,000 m^2; they may not be sold within a minimum of five year from the date of purchase. Exceptions to this limitation apply to private residences in new urban communities or some tourist areas, where properties can be sold immediately after purchase.	Law No. 230/1996; Decree No. 548/2005
Agricultural lands	Foreign ownership is forbidden.	Law No, 15/1963, as amended by Law No. 104/1985

Source: Information provided by the authorities.

2.65. In the World Bank's Ease of Doing Business Index 2017, Egypt ranks 122 out of 190 economies, up from 165 out of 175 in 2007. Despite this considerable improvement, numerous challenges to the investment environment remain. Notably, it is considered that Egypt made trading across borders more difficult by making the process of obtaining documents more complex and by imposing a cap on foreign exchange deposits and withdrawals for imports.[25]

2.66. Egypt has been very active in concluding bilateral investment agreements; by October 2017 it had concluded treaties with 111 countries, of which 74 have entered into force. Egypt is also a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

[25] World Bank, *Doing Business Report (2017)*. Viewed at: http://www.doingbusiness.org/data/explore economies/egypt.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Customs procedures, valuation, and requirements

3.1.1.1 Customs procedures

3.1. The Egyptian Customs Authority (ECA) is the body in charge of implementing customs procedures and trade-related legislation issued by different ministries. The ECA is divided into three customs areas: (a) the Northern and Western Customs Area, including the ports of Alexandria, El Dekheila, Mahmoudia, Abu Qir, and Al Nozha Airport; (b) the Eastern Customs Area, including the ports of Portsaid, Eastern Portsaid, Western Portsaid, Suez, Adabiya, Damietta, and Sinai land port; and (c) the Central and Southern Customs area, including Cairo Airport and the lands ports of Safgaa, Sokhna, Red Sea, and Aswan.[1] Another body that plays an important role with respect to the international movement of goods is the General Organization for Export and Import Control (GOEIC), within the Ministry of Trade and Industry, which is in charge of keeping a Registry of Exporters, a Registry of Importers, and a Registry of Agents and Commercial Mediators, as well as inspecting imports and exports, through its 27 branches at ports and governorates.

3.2. The specific functions of the ECA are the following: (a) to monitor the flow of exports and imports; (b) to determine the value of exports and imports; (c) to define tariff headings in accordance with the international classification; (d) to collect customs duties and other import and export taxes; (e) to update all aspects of import-related laws; (f) to implement Import and Export Law No. 118/1975; and (g) ensure compliance with the Customs Law.[2] The authorities have indicated that the guiding principles followed by the ECA when implementing its mandate include the facilitation of international trade and the removal of barriers to international trade, while, at the same time, enforcing a policy of surveillance so as to prevent entry of prohibited and restricted goods which threaten the security and safety of the community. The authorities are seeking to promote the use of electronic commerce, to facilitate trade, to foster efficient collection of customs duties and other border taxes, and to step up the fight against commercial fraud, trade in counterfeit goods and smuggling.

3.3. The ECA works within the framework of a number of international instruments and commitments, including Egypt's participation in the World Customs Organization (WCO), its use of the Harmonized Tariff System, and its commitments in the WTO. In January 2008, Egypt acceded to the World Customs Organization's revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures (Presidential Decree No. 334/2007). The WTO's Trade Facilitation Agreement (TFA) was approved by the Egyptian Parliament on 22 June 2017 and ratified by Presidential Decree No. 149/2017. However, as of early November 2017, the instrument of acceptance of the TFA had still to be deposited in the WTO.

3.4. The authorities conduct periodic reviews with regard to Egypt's obligations in international organizations. Reflecting its international commitments and its participation in international bodies, the role of Customs also includes: (a) the implementation of trade agreements where tariff preferences are granted; (b) contributing to the protection of rare and endangered animals and plants; (c) contributing to environmental protection; (d) the application of the integrated customs control procedures described in customs directives issued by the WCO for integrated supply chain management; (e) promoting legitimate trade and addressing illegal trade, with a view to promoting voluntary compliance among importers; and (f) introducing international standards for border protection and management of the movements of goods, such as the "end-to-end" or "door-to-door"[3] standard and also new WCO security standards, such as the SAFE Framework.[4]

[1] A contract has been signed to establish 19 advanced logistic centres. Work has already started in three centres in Cairo, Portsaid and Sokhna.
[2] Egyptian Customs Authority online information (in Arabic only). Viewed at: http://www.customs.gov.eg/.
[3] In door-to-door shipping, the quoted price includes all shipping, handling, import and customs duties.
[4] The SAFE Framework of Standards is a set of recommendations to the customs organizations of WCO members; their scope is to facilitate trade. They include: integrated customs control procedures for

3.5. Noting that the SAFE Framework rests on the twin pillars of customs-to-customs network arrangements and customs-to-business partnerships, the authorities have indicated that measures have been taken with respect to both. With respect to customs-to-customs network arrangements, the authorities highlighted that the ECA: follows Integrated Supply Chain Management (ISCM) procedures; has x-ray scanning devices available to carry out inspections; implements a risk management system (see below); has an intelligence department to help identify high-risk cargo; allows an advance electronic exchange of information[5]; and coordinates with foreign administrations to detect, suppress and combat customs offences. With regard to the customs-to-business partnership, the authorities have highlighted the creation of the Authorized Economic Operator (AEO) programme, through Ministry of Finance Decision No. 204/2013 (see below), and the protocol signed between Customs and the GOEIC for its implementation.

3.6. Customs duties and value-added tax may be collected electronically; additionally, the "inspection fees" collected by the GOEIC can be paid electronically since 1 July 2017. However, some other duties on imports and exports are collected separately and this may not be done electronically.

3.7. As at November 2017, Egypt's customs regime was still based on Law No. 66/1963, as amended (the Customs Law), Law No. 118/1975 with its Executive Regulations (Ministerial Decree No. 770/2005 as amended), Law No. 121/1982, and on a number of other Ministerial Decrees. As the legislation in place requires updating, a new Draft Customs Law was being examined in 2017.[6] The new law would incorporate the amendments needed to implement the TFA and the Kyoto Convention. However, some changes have already been introduced to Egyptian law to facilitate trade (see below).

3.8. In accordance with Egyptian laws and regulations, goods imported into Egypt, except those destined for the free zones, must be accompanied by a customs declaration, irrespective of their value. The procedures for importing into the free zones are governed by Law No. 72/2017 promulgating the Investment Law. Other documents are required, such as: the original commercial invoice, customs stakeholder registration card, inspection certificate, compliance certificate, letter of credit[7], administration fees receipt, Form 4[8], bill of lading or a copy of it, and packing list. In certain cases, additional certificates may be required by the customs authorities, including: control and security authorities' approval; a maritime delivery order, except for pre-arrival processing; or a certificate of origin when requesting customs duty exemption or preferential treatment. Additional certificates may be required for some specific purposes: chemical analysis certificates are requested for imports of food additives and other materials used in the food processing industry; quality control certificates are required for a number of products; and a disinfection certificate for shipments of shaving brushes and bristles must be obtained prior to importation. Sanitary certificates are also required for a number of products, and plant and animal products are subject to inspection by the Agriculture Quarantine Body and the Animal Quarantine Body. Customs has the authority to conduct cargo inspections.

integrated supply chain management; authority to inspect cargo, and use modern technology in doing so; implementation of a risk-management system to identify potentially high-risk shipments; identification of high-risk cargo and container shipments; advance electronic information on cargo and container shipments; and joint targeting and screening. WCO online information. Viewed at: http://tfig.unece.org/contents/wco-safe.htm.

[5] Customs implements a Pre-Release System in all customs posts; the system aims at facilitating the release of goods by completing all customs formalities prior to the arrival of the goods, which are released immediately upon arrival. An e-freight system has also been implemented to develop a paperless air cargo supply chain; this system applies only to air cargos.

[6] The draft Law may be consulted (in Arabic only) on the Egyptian Customs Authority's website, at: http://www.customs.gov.eg/.

[7] Under the Central Bank of Egypt's rules, banks operating in Egypt are required to demand that letters of credit be 100% covered in cash by the importer, except for some food items. In general, the exporter may not ship the goods before the Egyptian bank has provided notification of the opening of a letter of credit. See US Department of Commerce, International Trade Administration (2017), *Egypt Country Commercial Guide: Egypt - Import Requirements & Documentation*. Viewed at: https://www.export.gov/article?id=Egypt-Import-Requirements-Documentation.

[8] Form No. 4 contains information on the financing of imports for trading or production purposes. It includes information about the importer, the imported goods, import financing methods and methods of payment. The paper form has been substituted with an electronic one, which is sent directly from the bank to the Customs Authority in accordance with Minister of Trade and Industry Decree No. 835/2017, issued on 31 August 2017.

3.9. To simplify procedures, Minister of Finance Decree No. 256/2015 amended Articles 63 and 64 of the Regulations under the Customs Act to reduce the number of documents required for import and export processes and to allow their submission electronically. Minister of Finance Decree No. 40/2017 mandated Customs to start work on producing and implementing a Single Administrative Document (SAD) as soon as possible. The authorities indicated that work on the SAD had been finalized and that they were currently (October 2017) using a harmonized SAD in the import customs posts and would soon be using it in the export customs posts.

3.10. Law No. 121/1982 establishing the Importers Register mandates that all persons or companies importing goods into Egypt register with the General Organization for Export and Import Control (GOEIC). The Law also requires that all registered importers be Egyptian nationals and fulfil a number of other conditions, including financial reliability and a proven record of past commercial activities. When registering, importers must also provide details of the products they intend to import. New import registration regulations were issued in 2017. Law No. 7/2017 amended Law No. 121/1982 changing the conditions for registration.[9] The Executive Regulations to these amendments were issued by Ministerial Decree No. 846/2017 on 1 June 2017.

3.11. As of September 2017, 55,534 traders were enrolled in the register. Importers must pay for imports through a bank operating in Egypt. Law No. 7/2017 increased the minimum capital required to be registered as an importer to LE 500,000 instead of LE 10,000 for natural persons and to LE 2 million instead of LE 15,000 for companies with limited liability. Furthermore, importers must provide a cash guarantee of LE 50,000 or a letter of guarantee for that amount in the case of natural persons, or a cash guarantee of LE 200,000 or a letter of guarantee for that amount for legal persons. Applicants or the person responsible for importation must obtain an import training certificate from the GOEIC. The new Law also contains stricter enforcement conditions; for instance, it stipulates that authorization to import may be revoked if the importer violates the Egyptian Competition Law and receives a final judgment from the Court of Appeal in this respect. Furthermore, the new Law also includes a number of penalties for violations by importers, such as imprisonment for a period not exceeding one year and a fine of between LE 50,000 and LE 1 million.

3.12. The conditions of registration as amended by Law No. 7/2017 are as follows for natural persons, who must: (a) be an Egyptian national; (b) have practiced the trading business for at least two consecutive years before applying for registration (to be proved by a certificate from a specified chamber of commerce accredited by the General Federation of Chambers of Commerce) and have had a volume of business of no less than LE 2 million the previous year (as testified by a tax declaration presented to the Tax Authority); (c) have a clean judicial record; (d) not have been sentenced by a final judgment for committing bankruptcy crimes through fraud or dereliction, unless rehabilitated; and (e) have paid up capital of at least LE 500,000. Natural persons already registered in the Importers Register at the time of entry into force of Law No. 7/2017 were given six months from the date of entry of the law's Executive Regulations to adjust their situation to meet the requirements.

3.13. In the case of companies, Law No. 7/2017 established the following requirements for registration: (a) the company must be registered in the Commercial Register; (b) partnership companies and limited liability companies must have been registered in the commercial registry for at least a year before applying for registration in the Importers Register; (c) their volume of business in the year prior to application, according to the tax declaration submitted to the Tax Authority, must be of at least LE 5 million[10]; (d) the company's headquarters must be in Egypt and established according to the provisions of Egyptian law; (e) the paid capital of the partnership companies and limited liability companies must be no less than LE 2 million and this should be proved through presentation of the last budget submitted by the company to the Tax Authority for a previous financial year or a certificate proving that the capital was deposited in one of the registered banks at the Central Bank; (f) in the case of joint stock and share holding companies, their issued capital must not be less than LE 5 million, and at least 51% of the shares must be owned by Egyptians; (g) the company manager responsible for import activities must be an Egyptian national; and (h) joint partners and company managers and employees responsible for

[9] The changes in the conditions are included in Articles 1, 3, 10 and 11 of Law No. 7/2017.

[10] Companies already registered in the Importers Register at the time of entry into force of Law No. 7/2017's Executive Regulations (Ministerial Decree No. 846/2017 of 1 June 2017) are exempted from this requirement.

import activities must have a clean judicial record, with the same requirements as for natural persons. Companies already registered at the time of entry into force of Law No. 7/2017 were given six months from the date of entry of the Executive Regulations to adjust their situation to meet the requirements.

3.14. The Minister responsible for Foreign Trade may issue a decision to suspend an importer's registration in the Importers Register, for a period not exceeding 2 years, if the importer violates the provisions of the laws governing imports and exports, or customs or taxes, commits fraud, or violates accredited Egyptian Standards or provisions of international agreements, or if actions are committed that result in harm to the safety and health of consumers, the national industry, the national economy, public order, or public morals.

3.15. Ministerial Decree No. 770/2005 requires that imports for trading purposes (not for production) of a number of products be shipped from the country of origin, or from the headquarters of producing companies or their branches or distribution centres owned or certified by them, or from companies holding trademarks or trade names.[11] The authorities indicated that the purpose of this requirement is to ensure the origin and the respect of the trademark or trade name, preventing the entry of products of unknown source into the Egyptian market.

3.16. Imported goods may be subject to quality control inspection by the GOEIC within one week of the date of importation. The GOEIC is entitled to examine a random sample of 1% of the total number of packages in each consignment and up to 2% of the contents of the chosen packages. The procedures for sampling are laid down in Ministerial Decree No. 1186/2003; as a main principle, customs officials must ensure that the samples examined are representative of the consignment. If the chosen samples are not in conformity with regulations, the GOEIC may search up to 2% of the remaining number of packages in the sample before rejecting a consignment.[12] Rejected goods must be re-exported or destroyed. In the case of food, all imports are inspected without exception. Additionally, under Ministerial Decree No. 991/2015, a certificate of examination by an authority accredited by ILAC is requested for a list of industrial items prior to importation.[13] This does not preclude the GOEIC from engaging in random checks of imports of these products. The authorities have indicated that the percentage of rejected consignments for food imports was of about 2.1% during the period between 1 January 2016 and end-September 2017. The percentage of rejected industrial products during the period running from 1 January 2017 to end-August 2017 was 1.2%.

3.17. In 1999, Egypt established a Register of Trustworthy Importers and Exporters. Inclusion on the Register, held by the GOEIC, grants entitlement to speedier product quality controls based on the producers' or importers' declarations. The authorities indicated that, as at September 2017, the number of registered companies was 245. Also, according to Decision No. 770/2005, the GOEIC may speed up the release and clearance of goods from companies included in a "visual inspection list" of producing companies, after filing certain forms.[14]

3.18. Egypt applies a risk management system by which it routes imports into two different channels: green and red. Clearance and release times depend on the channel to which the goods have been routed. The authorities indicated that the main risk assessment factors that are taken into account are: country of origin, port of shipping, supplier, shipping agent, importer, broker,

[11] The products in question are: car parts and spare parts except for body parts; apparel, ready-made garments, upholstery and fabrics used in their manufacture; carpets and floor linens; shoes and the like; bags; consumer commodities made of plastic or wood or porcelain, glass or metal; machines and apparatuses for household use; and eyeglasses and watches. Decree No. 770/2005, Annex 3.

[12] Executive Regulations to the Import and Export Law, Article 91.

[13] The list includes: milk and dairy products prepared for retail sale; preserved and dried fruits prepared for retail sale; oils and fats prepared for retail sale; chocolate and food preparations containing cocoa prepared for retail sale; sweets; food pastries and prepared foods from cereals, bread products and bakery products; fruit juices for retail sale; natural and mineral water and carbonated water; and cosmetics, oral and dental care, deodorants, bath preparations and perfume preparations.

[14] Visual inspection and conformity of data on the consignment may be granted exclusively concerning non-food industrial goods imported by GOEIC-registered importers that meet the following requirements: (a) an application for registration is filed by the commercial agent of the producer, or his representative or the importer, indicating the trademarks and varieties produced and their production sites in different countries; (b) the producer maintains a quality control system regarding his products or his licensed production and submits supportive documents along with the registration request; and (c) production is carried out according to one of the approved standards of the Egyptian Organization for Standardization and Quality Control.

HS tariff heading, tariff rate, trade agreements, exemptions, and special customs regime. According to information provided by the authorities, the vast majority of goods are inspected. In 2016, 97% of import declarations were processed through the red channel, and only 3% were processed through the green channel. Pre-arrival processing and post-delivery clearance are used on occasion to speed up the release and clearance of goods. Under Ministerial Decree No. 770/2005, the release of some industrial goods may be sped up by applying only physical inspection and random test analysis. The conditions for visual inspection and random testing are stated in Article 94 of Ministerial Decree No. 770/2005.

3.19. Customs release time varies from two hours to more than two weeks depending on the size and sensitivity of the consignment. In 2016, 22.5% of the goods imported were released by Customs in four days to one week and only 10% in less than two hours (Table 3.1). The latter compares unfavourably with the release times achieved in 2014 and 2015. Moreover, if time allocated for the GOEIC's quality inspection is included, the release time becomes even longer: only 1.3% of customs declarations were released within two hours in 2016, while 31% took from four days to two weeks to be released and 15.4% took more than two weeks. Also, it has been reported that sometimes consignments are held in warehouses for periods of up to several months. The authorities have indicated that this refers mainly to dual-use chemicals, for which release of some consignments is delayed for several months. In this regard, specific instructions were issued from the security authorities requiring the analysis of these chemicals during 2014 and 2015. Nevertheless, following consultations among the GOEIC, the security authorities and the Egyptian Chemical Administration, it was agreed to speed up the release process of some of those consignments according to specific criteria. This significantly decreased the time of holding such consignments. The challenge will be to seek to reduce further these release times as the risk management system is improved and other trade-facilitating measures are adopted.

Table 3.1 Total release time and customs release time

(%)

Release time	Customs declarations					
	2016		2015		2014	
	Customs release time	Total release time	Customs release time	Total release time	Customs release time	Total release time
Within two hours on the same day	10.0	1.3	18.4	1.6	16.0	2.4
More than two hours on the same day	16.7	8.2	16.9	8.5	19.6	9.9
The second day	18.9	14.3	17.5	15.2	18.3	16.3
The third day	13.0	13.1	11.4	13.0	11.4	13.4
From four days to a week	22.5	31.0	20.6	32.0	18.6	29.1
More than a week to two weeks	10.0	16.8	8.6	17.1	8.8	15.5
More than two weeks	8.9	15.4	6.6	12.5	7.3	13.3

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.20. Egypt issues advance rulings with respect to tariff classification and rates. The determination remains valid if no changes occur at the time of importation. The ruling does not preclude verification upon importation of the products, without any liability whatsoever on the Customs Authority. The authorities have indicated that 48 advance rulings were issued in 2015, 69 in 2016, and 88 between January and September 2017; most of them were with respect to chemical products.

3.21. Customs decisions may be appealed in accordance with Law No. 27/1994 Concerning Arbitration in Civil and Commercial Matters. Arbitration rules and procedures are also contained in Articles 57 and 58 of the Customs Law. Appeals against a testing result conducted by or through Customs are regulated by Article 103 of the Customs Law. Requests to contest a determination or an analysis result must be submitted to the competent Customs office, explaining the reasons, within a week of being notified of the result. The analysis or test will then be repeated at the expense of the requester at the indicated labs. The second analysis result is deemed final. In all cases, the analysis result is valid for a year provided that the item is imported from the same manufacturer and the same country of origin of the previously analysed consignment, and that it carries the same code number (Article) and has the same specifications. However, this is without prejudice to Custom's right to ask for another analysis when doubting that the contents are different from what is specified in the packages or in the accompanying documents. There is also an opportunity for a second test if the testing is done by the GOEIC, in cases where the first test result of a sample taken upon arrival of goods declared for importation shows an adverse finding. A second test is also possible, through the Appeals Committee, when the testing is done by any of the Quarantine Units.

3.22. Egypt's Customs Authority has 10 bilateral administrative cooperation agreements for the exchange of customs information: with Iraq, Jordan, Lebanon, Libya, Morocco, Palestine, Sudan, Syria, Tunisia, and Turkey.

3.1.1.2 Trade facilitation

3.23. The WTO's Trade Facilitation Agreement (TFA) was approved by the Egyptian Parliament on 22 June 2017 and ratified by Presidential Decree No. 149/2017. However, as of early November 2017, the instrument of acceptance of the TFA had still to be deposited in the WTO. Egypt submitted its Category "A" commitments in January 2015 (Table 3.2).[15] The authorities have indicated that they are currently working on category "B" and "C" commitments.

Table 3.2 Category "A" commitments under Section II of the Agreement on Trade Facilitation

Article number	Description
Article 4 (paragraphs 1, 3, 4, 5)	Procedures for appeal or review
Article 5.2	Detention
Article 6.2	Specific disciplines on fees and charges for customs processing imposed on or in connection with importation and exportation
Article 6.3 (sub-paragraphs 3.2, 3.4, 3.5, 3.6)	Penalty disciplines
Article 7.3 (sub-paragraphs 3.1, 3.2, 3.3, 3.4, 3.5)	Separation of release from final determination of customs duties, taxes, fees and charges
Article 9	Movement of goods intended for import under customs control
Article 10.5 (paragraph 5.1)	Preshipment inspection
Article 10.6	Use of customs brokers
Article 10.7	Common border procedures and uniform documentation requirements
Article 10.8	Rejected goods
Article 10.9	Temporary admission of goods and inward and outward processing
Article 11 (paragraphs 2, 3, 11, 12, 13, 14, 15, 16)	Freedom of transit

Source: WTO document WT/PCTF/N/EGY/1, 7 January 2015.

3.24. In 2011, a National Trade Facilitation Committee (NTFC) was formed as mandated by Ministerial Decree No. 183/2011. The Committee includes the participation of all the competent authorities in matters of trade facilitation, both from the public and the private sectors. They comprise: the ECA; the GOEIC; the Central Administration of Plant Quarantine; the Central Administration of Veterinary Quarantine; the Egyptian Organization for Standardization and Quality (EOS); the Ministry of Transport; the Ministry of Health; the Egyptian Businessmen Association; the Federation of Egyptian Chambers of Commerce; and the Federation of Egyptian Industries. The Committee meets to discuss and coordinate the implementation of the provisions of the TFA and may invite any other relevant authorities as needed, according to the topic discussed.

3.25. The authorities consider that the NTFC played an important role during the TFA negotiations. After MC9, the work of the Committee has been focused on TFA implementation issues including preparing notifications regarding category "A" commitments, and, subsequently, on determining Egypt's needs including technical assistance and capacity building required to implement category "B" and "C" commitments. The NTFC has also been discussing and analysing trade-facilitation related issues, including the use of trade facilitation indicators and transport agreements in connection with trade facilitation. In this respect, the NTFC is considered by the authorities to play a pivotal role in the development of a roadmap with clear timelines for the implementation of the TFA.

[15] WTO document WT/PCTF/N/EGY/1, 7 January 2015.

3.26. As noted above, the ECA has been engaging in a number of actions geared at facilitating trade. They have included interacting with port authorities to reduce the time of release and therefore cost. Customs has also put in place x-ray devices (total of 102) in most customs posts to facilitate trade and customs control and reduce release times. Also, an e-freight import and export system has been developed for air freight, geared at facilitating international trade. The ECA's website has been upgraded and a questions-and-answers system has been activated. The authorities have indicated that information available on the website is being updated on a daily basis, and that the tariff is published on it.

3.27. Prime Minister Decree No. 2295/2015 created the Ministerial Steering Council for Egyptian Trade Facilitation "EgyTrade", chaired by the Minister of Trade and Industry, and comprised of the Minister of Finance, the Minister of Transportation, the Minister of Investment and International Cooperation, the Deputy Governor of the Central Bank of Egypt, the Chairman of the Federation of Egyptian Industries, the Chairman of Egypt's Federation of Commercial Chambers, and businessmen associations. EgyTrade aims at the creation of an Egyptian National Single Window (ENSW) system. The authorities have indicated that, in the framework of implementing the ENSW project, the ECA has taken into consideration international best practices and the experience of other countries. A working group has been established following a Decision from the Egyptian Customs commissioner, which includes four teams: legislation, documents, procedures, and technology. Similar working groups have been established in the Ministry of Transport, the Maritime Transport Authority, the Ministry of Trade and Industry and the GOEIC. The authorities have indicated that, as at October 2017, the stage of studying the status quo had been concluded and that they were currently working on the simplification of procedures and documentation (re-engineering procedures).

3.28. Minister of Finance Decision No. 204/2013 amending the Executive Regulations of the Customs Law was issued in order to activate the Authorized Economic Operator (AEO system) in Egypt. The system is managed by the Customs Authority in accordance with the WCO SAFE Framework, in order to facilitate and expedite the procedures of imported and exported AEO consignments. Publication 51/2013 establishes the conditions for approving the AEO engaging in importing and exporting; Publication 3/2017 establishes the conditions for the approval of warehouses and brokers providing services to the AEOs. As of October 2017, 75 importers and 45 exporters have been granted AEO status.

3.29. Egypt is also trying to promote trade facilitation with neighbouring countries. Preparation of a draft agreement on security and trade facilitation within the Arab League[16] is ongoing. Furthermore, Egypt has started consultations with Jordan and Saudi Arabia to allow their customs offices to exchange information electronically. Egypt is also holding talks with Sudan to introduce a "one-stop shop" for trade between the two countries.

3.1.1.3 Customs Valuation

3.30. Since its last TPR in 2005, Egypt has notified new legislation on customs valuation to the WTO.[17] Law No. 95/2005 amended the provisions on customs valuation of the Customs Law No. 65/1963 and of Ministerial Decree No. 765/01 on the Determination of the Value of Goods. Under Law No. 95/2005, the customs value is the actual value of the goods to which are added all actual costs and expenses paid in connection with the goods until their arrival at the port of destination in Egypt. For values defined in foreign currency, the exchange rate published by the Central Bank of Egypt is used for conversion. The Executive Regulations of Law No. 95/2005, issued in 2006 and contained in Ministry of Finance Decree No. 10/2006, further specify the definition of transaction value for customs purposes. Articles 14 to 35 of the Executive Regulations describe the methods of valuation according to the provisions of the WTO Customs Valuation Agreement.

[16] The members of the Arab League are: Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, and Yemen. There are four observer States: Brazil, Eritrea, India, and the Bolivarian Republic of Venezuela.

[17] WTO document G/VAL/N/1/EGY/1, 27 April 2007.

3.31. Egypt provided information on its administration and implementation of the Customs Valuation Agreement through its replies to the checklist of issues.[18] It has also subsequently responded to several questions posed by the United States.[19]

3.32. According to the ECA, the procedures prescribed by the Customs Valuation Agreement are followed in cases of undervaluation. If the difference between the declared value and the assessed correct value of the goods exceeds 20%, a fine equalling 15% of the customs duty is payable on the price differential, in accordance with Article 118 of the Customs Law No. 66/1963.

3.33. Procedures for appeals regarding customs valuation and product classification are also laid down in Articles 57 and 58 of the Customs Law. Complaints are referred to an arbitration committee, which comprises one arbitrator appointed by the ECA and one appointed by the concerned party. If the members of the committee decide unanimously, their decision is final; in case of disagreement, the case may be submitted for higher arbitration to a committee consisting of a permanent delegate appointed by the Minister of Justice and two other members, one chosen by the ECA, and the other by the concerned party. The decision of the higher arbitration committee is final.

3.34. Between January 2013 and September 2017, 6,675 decisions of the ECA were appealed at both the primary and the higher arbitration levels, most of which concerned valuation (Table 3.3). About two thirds of the appeals were settled in primary arbitration. Most cases of arbitration dealt with imports of clothing and textiles, tyres, household articles and electric cables.

Table 3.3 Appeals of the Egyptian Customs Authority's (ECA) decisions, 2013-17 (September)

Year	Primary arbitration		Higher arbitration		Total arbitration cases
	In favour of trader	In favour of ECA	In favour of trader	In favour of ECA	
2013	29	366	87	149	631
2014	239	1,470	288	653	2,650
2015	36	1,293	52	591	1,972
2016	50	466	27	245	788
2017	7	455	4	168	634

Source: Information provided by the authorities.

3.1.2 Rules of origin

3.35. Egypt has not notified any rules of origin to the WTO. Egypt does not have non-preferential rules of origin. Article 19 of the Customs Law defines origin as the country where the goods are produced. Ministerial Decree No. 515 of October 2003 requires that all goods be clearly labelled and carry a certificate of origin.

3.36. Each of Egypt's bilateral and regional trade agreements contains specific preferential rules of origin. The Greater Arab Free Trade Area (GAFTA) rules of origin confer originating status on goods wholly obtained or containing value added of 40% of the ex-factory cost for goods not included in a list of products that must satisfy specific criteria. Bilateral and diagonal cumulation is allowed. The same rule of origin with respect to the 40% value added content is laid down in Egypt's bilateral agreements with Iraq, Lebanon, Libya, and Syria.

3.37. Under the COMESA rules of origin, all goods must be directly transacted between signatories to qualify for preferential treatment. The COMESA agreement provides four alternative criteria for determining origin on the basis of which an exporter may claim eligibility for preferential treatment: (a) that goods are wholly produced in the region; (b) that the c.i.f. value of non-originating materials is not more than 60% of the total cost of materials used in production; (c) that the value added resulting from the process of production accounts for at least 35% of the

[18] WTO document G/VAL/N/2/EGY/1, 30 April 2007.
[19] WTO documents G/VAL/W/166, 13 November 2007; G/VAL/W/169, 17 June 2008; G/VAL/W/175, 27 January 2009; G/VAL/W/177, 6 May 2009; G/VAL/W/188, 11 November 2009; and G/VAL/W/189, 3 March 2010.

ex-factory cost of the goods (this percentage can be reduced to 25% if the final product is considered of particular importance to the economic development of a member State); and (d) that there is a change of tariff classification heading following transformation.

3.38. Under the EU–Egypt Association Agreement, the rules of origin are defined in the Pan-Euro-Mediterranean protocol on rules of origin. A new regional Convention on Pan-Euro-Mediterranean rules of origin is currently under negotiation. Although Egypt signed the main text in October 2013 and ratified it in April 2014, the general provisions and the lists of rules are still under discussion. When it enters into force, the regional Convention will replace the current protocol. The same will apply for the protocols on rules of origin applied in the agreements between Egypt and the Agadir Agreement countries (Jordan, Morocco and Tunisia), EFTA, and Turkey.

3.39. Under the Egypt-MERCOSUR Free Trade Agreement, some goods are subject to specific rules of origin (product-specific list rules). Goods that are not subject to specific rules of origin are considered to originate in any signatory party when they either fulfil a change of tariff heading classification or, when this condition cannot be satisfied, the value of non-originating materials does not exceed 45% of the ex-work price (55% in the case of Paraguay). Likewise, the rules of origin for the Tripartite Free Trade Agreement and the Continental Free Trade Agreement are still under negotiation.

3.1.3 Tariffs

3.1.3.1 Overview

3.40. As indicated in Article 6 of Customs Law No. 95/2005, which amended Customs Law No. 66/1963, tariffs are determined and modified through a decree issued by the President of the Republic. The Customs tariff is reviewed by the Supreme Customs Tariff Council for the purpose of revising tariff rates.[20] Egypt's MFN tariff rates are currently applied pursuant to Presidential Decree No. 184/2013 and its amendments (see below).

3.41. In FY2015/16, customs duties and taxes (i.e. GST and excise) on imports accounted for over one quarter of total tax revenue, the largest revenue source being attributable to the General Sales Tax (GST) on imports.[21] Revenue collected from duties and taxes on imports increased from LE 45.9 billion in 2010/11 to LE 91.8 billion in 2015/16. Revenue collected rose across all taxes on imports; revenue from excise tax on imports registered the fastest annual growth (48%). Customs duties accounted for approximately 8.0% of tax receipts in 2015/16, up from 7.0% in 2010/11 (Table 3.4). This increase is mainly attributable to increases in customs duty rates, reflected in the various Presidential Decrees issued since 2013.

Table 3.4 Revenue from import duties and other taxes on imported goods, 2010/11-2016/17

(LE million)

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Total	45,914	50,469	57,615	63,476	78,190	91,816	..
% of total tax receipt	23.9%	24.3%	22.9%	24.4%	25.6%	26.1%	..
General sales tax[a]	18,950	21,607	25,458	28,398	35,010	36,352	..
Excises	55	71	49	374	259	396	..
Customs duty	13,455	14,788	16,771	17,673	21,867	28,091	29,548
% of total tax receipt	7.0%	7.1%	6.7%	6.8%	7.1%	8.0%	..

.. Not available.

a Replaced by the Value Added Tax in 2016.

Source: Information provided by the authorities.

[20] The Supreme Council, headed by the Ministry of Finance, consists also of the Ministry of Trade and Industry, the Ministry of Investment, and the Ministry of Tourism. The Technical Secretariat of the Supreme Customs Tariff Council considers issues related to customs duties and their rates in order to present, when required, amendment proposals to the Minister of Finance. These proposals are subsequently presented to the Council of Ministers for the issuance of a Presidential Decree to amend these rates.

[21] The General Sales Tax was replaced by the Value Added Tax in 2016 (see below).

3.42. The Government of Egypt has implemented a series of changes in its tariff policy since its last Trade Policy Review (2005). Before 2011, the Government made significant changes to Egypt's tariff system through tariff cuts and a reduction in the number of tariff bands.[22] However, this policy was reversed in the aftermath of the 2011 revolution, as Egypt began to face economic challenges including a widening of the trade deficit. Presidential Decree No. 184/2013, published in the *Official Gazette* in March 2013, announced changes in customs duties, which consisted mainly of higher rates on a wide range of products. This Decree was followed by three additional amendments, namely Presidential Decree No. 69/2015, Presidential Decree No. 25/2016, and Presidential Decree No. 538/2016. Presidential Decree No. 25/2016, issued in January 2016, raised import tariffs on a wide range of products (11.4% of the tariff lines of the 2016 schedule). Presidential Decree No. 538/2016, issued in December 2016, further increased tariffs to up to 60% on certain items, some of which were already covered in the earlier decree. These decrees in general increased import tariffs on a substantial number of goods mainly for non-agricultural products (WTO definition), and reduced rates on a small number of items (Table 3.5).[23]

Table 3.5 Overview of tariff changes introduced by Presidential Decree, 2013-16 (HS 2012)

Presidential Decree No. (date issued)	Affected tariff lines (% of total tariff lines)[a]		Main changes
	Rates increased	Rates reduced	
184/2013 (21 March 2013)	2.7% (of which 1.4% for non-agricultural products[b])	0.3%	Increased import tariffs mainly on fish products (HS 03 and HS 16), cut flowers (HS 06), fresh and dried fruits and nuts (HS 08); vehicles (HS 87), and clocks and watches (HS 91). Reduced import tariffs mainly on furniture such as lamps and seats (HS 94); bicycles and trailers (HS 87), silicones (HS 3910), and paper (HS 48).
69/2015 (7 February 2015)	n.a.	0.2%	Reduced import tariffs mainly on some pharmaceutical products (HS 30).
25/2016 (26 January 2016)	11.4% (of which 10.6% for non-agricultural products[b])	n.a.	The most common pattern was a tariff rate increase from 30% in 2015 to 40% in 2016 (78% of all affected tariff lines).[c] Main product groups (% of total affected tariff lines) • HS 61 Articles of apparel, knitted or crocheted (12.8%) • HS 62 Articles of apparel, not knitted or crocheted (12.4%) • HS 85 Electrical machinery and equipment (7.2%) • HS 84 Machinery and mechanical appliances (6.4%) • HS 63 Other made up textile articles (6.3%) • HS 94 Furniture (5.7%) • HS 91 Clocks and watches (4.1%) • HS 33 Essential resinoids; perfumery, cosmetic or toilet preparations (4.1%) • HS 42 Articles of leather (3.9%) • HS 08 Edible fruit and nuts (3.8%) • HS 64 Footwear (3.8%) • HS 96 Miscellaneous manufactured articles (3.6%) • HS 73 Articles of iron or steel (3.4%) • HS 17 Sugars and sugar confectionery (2.6%) • HS 82 Tools, implements, etc. of base metals (2.5%)
538/2016 (30 November 2016)	7.0% (of which 6.1% for non-agricultural products[b])	n.a.	New tariff rates of 45%, 50%, and 60%, were introduced. The most common pattern was a tariff rate increase from 40% in 2016 to 60% in 2017 (53% of all affected tariff lines)[c]. Main product groups (% of total affected tariff lines) • HS 85 Electrical machinery and equipment (12.9%) • HS 84 Machinery and mechanical appliances (8.5%) • HS 33 Essential oils; perfumery, cosmetic (6.7%) • HS 57 Carpets and other textile floor coverings (6.5%) • HS 20 Preparations of vegetables, fruit, nuts (6.2%) • HS 70 Glass and glassware (5.8%)

[22] WTO document WT/TPR/S/150/Rev.1, 5 August 2005; and documents related to tariff policies in Presidential Decrees No. 39/2007, No. 103/2008, and No. 51/2009.

[23] Given recent tariff changes in Egypt, the 2012 and 2016 Tariff Schedules were used as the benchmark for the purposes of this tariff analysis (along with the 2005 and 2017 Tariff Schedules). The 2012 Tariff Schedule was considered to be suitable to observe the effect of tariff increases due to Presidential Decree No. 184/2013, and the 2016 Tariff Schedule covers the tariff changes as a result of the amendment (No. 25/2016), which affected by far the largest number of tariff lines.

Presidential Decree No. (date issued)	Affected tariff lines (% of total tariff lines)[a]		Main changes
	Rates increased	Rates reduced	
			• HS 94 Furniture (5.8%) • HS 73 Articles of iron or steel (5.6%) • HS 64 Footwear (5.6%) • HS 42 Articles of leather (5.4%) • HS 96 Miscellaneous manufactured articles (4.4%) • HS 08 Edible fruit and nuts (3.4%) • HS 62 Articles of apparel, not knitted or crocheted (3.1%) • HS 87 Vehicles (2.4%) • HS 34 Soap, organic surface-active agents (2.4%)

n.a. Not applicable.

a For analysis purposes, the tariff duties contained in each Presidential Decree have been included in the relevant year's tariff schedule. For example, the 2017 tariff schedule reflects the changes contained in Presidential Decree No. 538/2016. In this case, calculations of the percentage of lines affected are based on the national tariff line level of the 2017 Tariff Schedule.

b WTO definition.

c For the purpose of analysing tariff changes before and after each Presidential Decree, the tariff schedules applied in two consecutive years are used. For example, 2017 tariff rates are compared with 2016 rates in order to observe changes in import duties before and after the latest amendment (Presidential Decree No. 538/2016).

Source: Information compiled by WTO Secretariat, based on the Presidential Decrees noted in the Table.

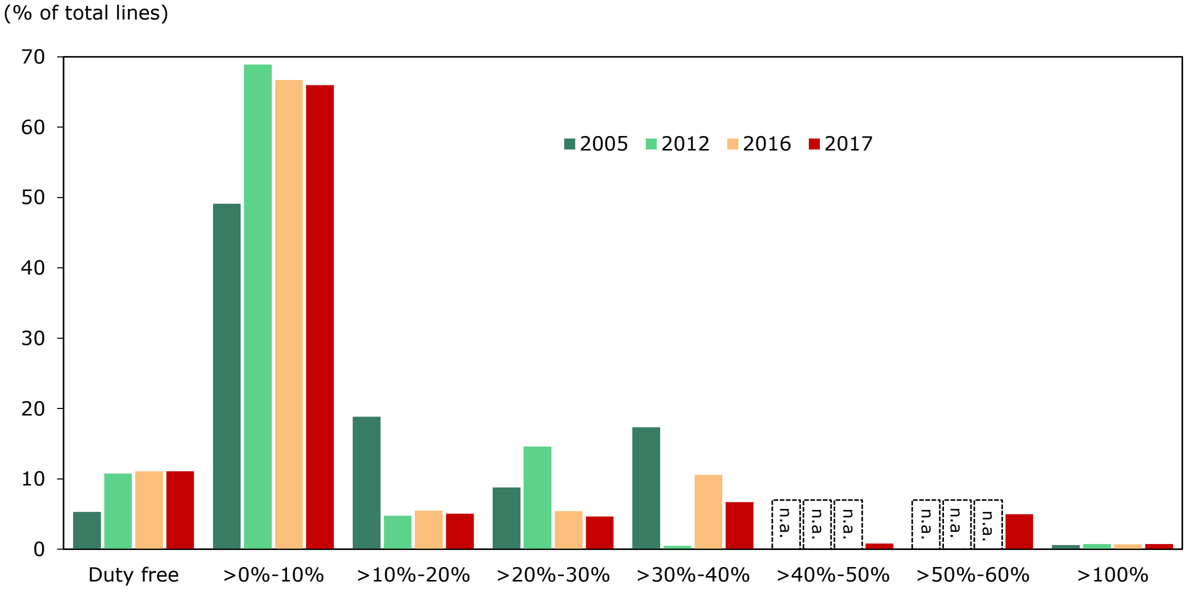
3.1.3.2 Applied MFN customs duties

3.43. The Egyptian tariff for 2017 is based on the HS 2012 version of the Harmonized Commodity Description and Coding System. Tariff rates are mostly assessed on an *ad valorem* basis and are applied on the c.i.f. value of imports. The 2017 tariff contains 7,850 tariff lines at the HS 10-digit level, of which 99.7% carry *ad valorem* duties. Some 21 tariff lines (tobacco products), equivalent to 0.3% of all tariff lines, carry specific duties, ranging from LE 6.1 to LE 150 per kg. These 21 tariff lines are excluded from the analysis in this section since *ad valorem* equivalents (AVEs) are not available. No tariff quota access is provided on an MFN basis, but there are preferential tariff quotas (see below).

3.44. In 2017, some 66% of all tariffs carried rates of 10% or below and duty-free treatment was applied to 11.1% of tariff lines. The share of duty-free lines in 2017 was twice as large as in 2005, resulting from the elimination of duties on some agricultural products included in HS chapter 10 (cereals), HS 12 (oil seeds), HS 13 (gums, other vegetable saps and extracts), and HS 15 (animal and vegetable fats and oils). There were, however, some tariff peaks: about 0.3% of tariff lines, corresponding to alcoholic beverages and spirits, were subject to rates of 600%, 1,200%, 1,800%, or 3,000%.

3.45. Law No. 538/2016 introduced three new tariff levels to the 2017 tariff schedule, namely 45%, 50%, and 60%; these levels affect 5.8% of lines. The comparison between 2016 and 2017 shows that some 294 tariff lines with a duty rate of 40% in 2016 were subject to a rate of 60% in 2017; the affected items are mainly non-agricultural products such as machinery and mechanical appliances, electrical machinery and equipment, and furniture (Table 3.6). Moreover, the share of lines with a tariff rate lower or equal to 10% fell slightly from 69% in 2012 to 66% in 2017 (Chart 3.1). This was mainly a result of shifts between tariff levels, moving lines from lower rates to higher rates (Table 3.6). For instance, of a total of 2,073 tariff lines that were subject to a 5% rate in 2016, 2,040 were subject to the same rate in 2017, while 26 were subject to a rate of 20%, 2 were subject to a rate of 30%, 4 to a rate of 40% and one to a rate of 60%. Similarly, out of 1,410 tariff lines that were subject to a rate of 10% in 2016, 1,370 were subject to the same rate in 2017, while 12 were subject to a rate of 20%, 5 to a rate of 30%, one to a rate of 40%, 11 to a rate of 50% and 11 to a rate of 60%.

Chart 3.1 Breakdown of applied MFN duties, 2005, 2012, 2016, and 2017



n.a. Not applicable.

Note: Tariff lines with specific duty rates are not included.

Source: WTO Secretariat calculations, based on data provided by the authorities and WTO IDB.

Table 3.6 Egypt's customs tariff in 2016 and 2017, pursuant to changes introduced by Presidential Decree No. 538/2016, by tariff rate

(Number of tariff lines at the 10-digit level)

		2017 tariffs												
		0%	2%	5%	10%	20%	30%	35%	40%	45%	50%	60%	>135%[a]	Total
2016 tariffs	0%	870												870
	2%		1,767		2									1,769
	5%			2,040		26	2		4			1		2,073
	10%				1,370	12	5		1		11	11		1,410
	20%					358	13		7	4	4	31		417
	30%						345		23	2	2	55		427
	35%							56						56
	40%								435	37	4	294		770
	>135%[a]												58	58
	Total	870	1,767	2,040	1,372	396	365	56	470	43	21	392	58	7,850

a Including non-*ad valorem* rates.

Source: WTO secretariat estimates, based on tariff information provided by the authorities and WTO IDB.

3.46. Overall, the 2017 simple average applied MFN tariff rate was 19.1%, slightly down from 20% in 2005, but 2.6 percentage points higher than in 2012 (16.5%) (Table 3.7). The overall increase in the level of tariff averages is mainly due to the recent amendments on customs duties, noted earlier. The coefficient of variation of 7.3 indicates high tariff dispersion, mainly due to the tariff peaks of up to 3,000%, while some two thirds of the lines faced rates of 10% or lower. However, if alcoholic beverages (subject to customs duties of between 600% and 3,000%) are excluded from the calculation, the 2017 simple average applied MFN tariff rate comes down to 12.3%, with a much lower coefficient of variation of 1.4.

Table 3.7 Structure of MFN tariffs

	MFN applied				Final bound[a]
	2005	2012	2016	2017	
Bound tariff lines (% of all tariff lines)	n.a.	n.a.	n.a.	n.a.	99.3
Simple average rate	20.0	16.5	17.6	19.1	37.2
WTO agricultural products	66.4	50.4	49.5	51.6	96.4
WTO non-agricultural products	12.8	10.2	11.5	13.0	28.7
Duty-free tariff lines (% of all tariff lines)	5.3	10.7	11.1	11.1	2.6
Simple average of dutiable lines only	21.1	18.5	19.8	21.5	38.3
Tariff quotas (% of all tariff lines)	0.0	0.0	0.0	0.0	0.0
Non-*ad valorem* tariffs (% of all tariff lines)	0.2	0.3	0.3	0.3	0.2
Non-*ad valorem* tariffs with no AVEs (% of all tariff lines)	0.2	0.3	0.3	0.3	0.2
Domestic tariff "peaks" (% of all tariff lines)[b]	0.4	0.5	0.4	5.5	0.7
International tariff "peaks" (% of all tariff lines)[c]	26.6	20.1	21.9	22.7	71.6
Coefficient of variation	7.4	8.6	7.9	7.3	4.2
Nuisance applied rates (% of all tariff lines)[d]	23.7	22.5	22.5	22.5	2.5
Memo:					
Simple average rate (excluding alcoholic beverages)[e]	12.2	9.5	10.8	12.3	29.1
WTO agricultural products	12.0	8.2	9.3	11.0	32.1
WTO non-agricultural products	12.2	9.7	11.1	12.5	28.7
Coefficient of variation	1.0	1.2	1.3	1.4	0.7

n.a. Not applicable.

a The calculations for final bound rates were made using the CTS database. The final bound schedule is based on the HS07 nomenclature (8-digit).
b Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.
c International tariff peaks are defined as those exceeding 15%.
d Nuisance rates are those greater than zero, but lower than or equal to 2%.
e Tariff lines for alcoholic beverages refer to HS lines 2106902000, 2203, 2204, 2205, 2206, 2207, 2208, and 3302101000.

Note: The 2005 tariff is based on the HS 02 nomenclature, consisting of 5,687 tariff lines (8-digit).
The 2012 tariff is based on the HS 07 nomenclature, consisting of 7,595 tariff lines (10-digit).
The 2016 tariff is based on the HS 12 nomenclature, consisting of 7,860 tariff lines (10-digit).
The 2017 tariff is based on the HS 12 nomenclature, consisting of 7,850 tariff lines (10-digit).

Source: WTO Secretariat calculations, based on data provided by the authorities of Egypt, WTO IDB, and CTS database.

3.47. One of the features of the Egyptian tariff schedule is the large gap between tariffs applied to agricultural products and those applied to non-agricultural goods. In 2017, protection granted to agricultural products (WTO definition) remained high, with an average tariff of 51.6%, while tariffs on non-agricultural products (WTO definition) were generally lower, with an average of 13%. Animals and animal products, cereals, sugar, beverages, clothing, leather products, and transport equipment are the product groups with import duties higher than 15%. The product groups with the highest coefficients of variation (tariff dispersion) are cereals and chemicals (Table 3.8).

Table 3.8 Summary of tariff analysis, 2017

	Number of lines	Average (%)	Range (%)	CV[a]	Share of duty-free lines (%)[b]
Total	7,850	19.1	0-3,000	7.3	11.1
HS 01-24	1,381	48.3	0-3,000	6.7	17.5
HS 25-97	6,469	12.9	0-3,000	3.2	9.7
By WTO category					
WTO agricultural products	1,256	51.6	0-3,000	6.5	15.8
Animals and products thereof	149	15.3	0-30	0.8	18.1
Dairy products	54	6.7	0-20	0.9	31.5
Fruit, vegetables, and plants	361	12.8	0-60	1.2	8.6
Coffee and tea	29	14.6	0-40	1.0	20.7
Cereals and preparations	169	30.3	0-3,000[c]	7.6	17.8
Oils seeds, fats, oil and their products	144	4.7	0-30	1.1	21.5
Sugars and confectionary	32	17.2	2-60	1.0	0.0
Beverages, spirits and tobacco	77	875.9	2-3,000	1.5	0.0

	Number of lines	Average (%)	Range (%)	CV[a]	Share of duty-free lines (%)[b]
Cotton	23	0.9	0-5	2.2	82.6
Other agricultural products, n.e.s.	218	3.1	0-40	1.6	17.0
WTO non-agricultural products	6,594	13.0	0-3,000	3.1	10.2
Fish and fishery products	246	9.2	0-40	1.3	33.3
Minerals and metals	1,285	10.7	0-60	1.3	7.7
Chemicals and photographic supplies	1,312	8.7	0-3,000[c]	9.6	10.1
Wood, pulp, paper and furniture	394	14.2	0-60	1.1	8.1
Textiles	763	13.5	0-60	1.1	3.5
Clothing	248	38.2	10-40	0.2	0.0
Leather, rubber, footwear and travel goods	266	17.7	0-60	1.2	1.1
Non-electric machinery	709	9.3	0-60	1.8	19.0
Electric machinery	463	13.6	0-60	1.4	16.8
Transport equipment	283	19.0	0-135	1.6	7.1
Non-agricultural products, n.e.s.	604	16.1	0-60	1.1	10.1
Petroleum	21	4.2	0-5	0.4	9.5
By ISIC sector[d]					
ISIC 1 - Agriculture, hunting and fishing	530	7.3	0-60	1.6	20.8
ISIC 2 - Mining	145	2.3	0-10	0.8	6.9
ISIC 3 - Manufacturing	7,174	20.3	0-3,000	7.2	10.4
By stage of processing					
First stage of processing	1,060	4.8	0-60	1.9	24.0
Semi-processed products	2,363	7.1	0-3,000	8.7	8.6
Fully processed products	4,427	28.9	0-3,000	6.2	9.3

a Coefficient of variation.
b Share of duty-free lines in the total number of tariff lines of the product group.
c Product relating to alcohol content.
d International Standard Industrial Classification (Rev.2). Electricity, gas and water are excluded (1 tariff line).

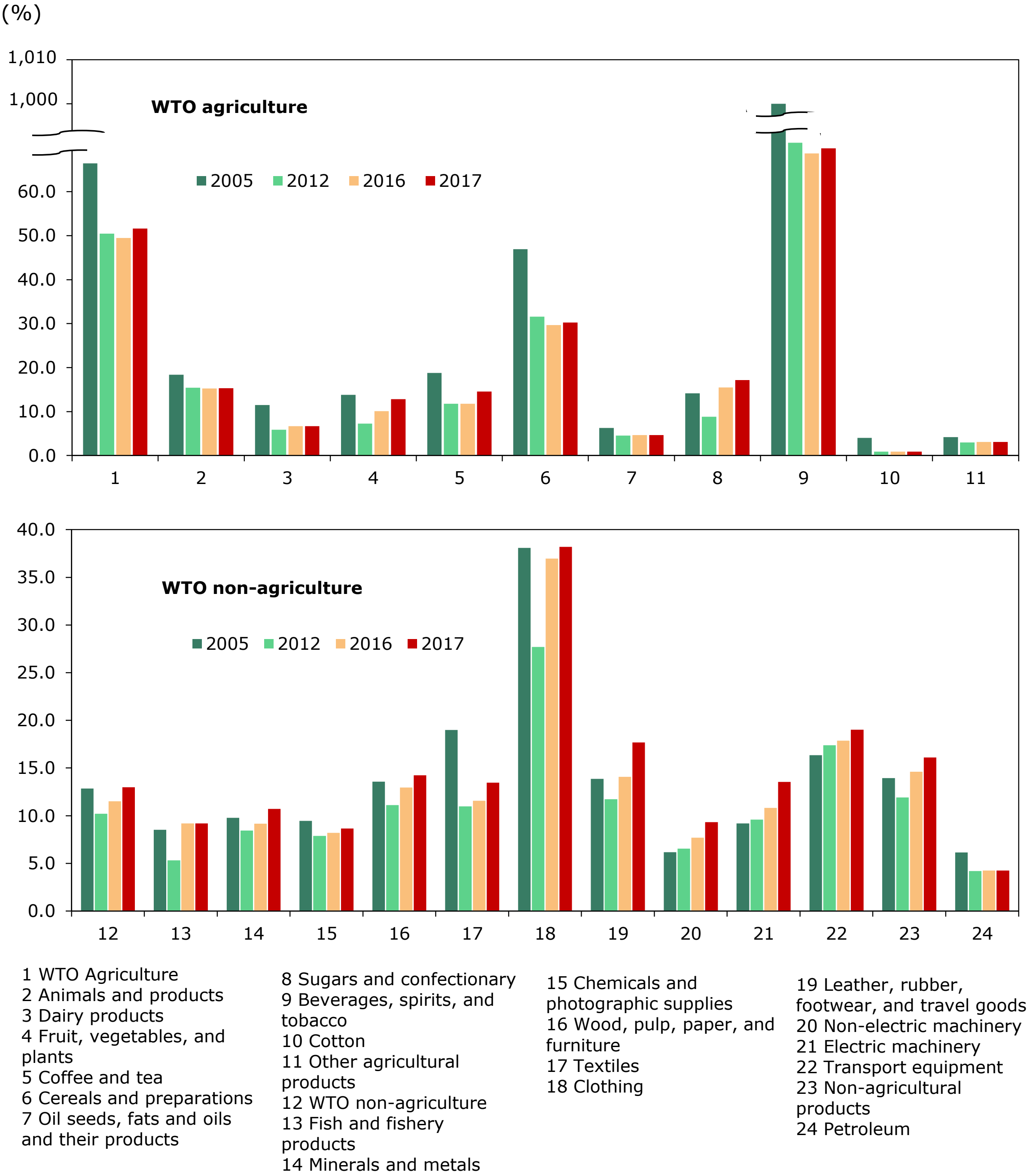
Note: The 2017 tariff schedule is based on HS12 nomenclature consisting of 7,850 tariff lines (10-digit).

Source: WTO Secretariat calculations, based on data provided by the authorities of Egypt.

3.48. Egypt's tariff structure shows signs of positive escalation, with 2017 average tariffs of 4.8% on raw materials, 7.1% on semi-processed goods, and 28.9% on fully processed products (Table 3.8). At a more disaggregated level, positive escalation seems to exist on some product groups: in 2017 tariff rates for fresh tomatoes, semi-processed tomatoes, and preparations (e.g. juice, ketchup) of tomatoes were 5.0%, 10.0%, and 21.7%, respectively. Similarly, the tariff rate for cotton raw materials was 0.5%, while the rate for thread was 8.4% and that for clothing of cotton was 40%.

3.49. The tariff modifications introduced since 2012 have led to changes that have affected product groups differently (Chart 3.2). The level of protection has risen greatly for most non-agricultural product groups (WTO definition) such as leather, non-electric and electric machinery, and transport equipment, fish products, minerals and metals, and clothing. On the other hand, the level of tariff protection for agriculture has declined, reflecting the elimination of tariffs on some agricultural products noted earlier, as well as the fact that many agricultural products are not covered by the Presidential Decrees issued since 2013. This has reduced the gap between protection granted to agricultural products and to non-agricultural products, which, however, remains high.

Chart 3.2 Average tariff rates, by WTO product categories, 2005, 2012, 2016 and 2017



Source: WTO Secretariat calculations, based on data provided by the authorities.

3.1.3.3 Bound tariffs

3.50. Egypt's latest certified WTO tariff schedule follows the HS 2007 nomenclature.[24] According to the authorities, in mid-2017 the Government was in the process of reviewing the transposition of the schedule of commitments to the HS 2012 nomenclature.

3.51. Egypt has bound 99.3% of its tariff lines, consisting mostly of *ad valorem* rates ranging from 0% to 3,000% and some non-*ad valorem* tariffs (for tobacco products).[25] The general simple

[24] WTO document WT/Let/1038, 4 May 2015.
[25] Calculations are based on the HS 2007 nomenclature, which is available in the CTS database.

average bound tariff is 37.2%. The simple average bound rate on agricultural products (WTO definition) is 96.4%, whereas the rate for non-agricultural products is 28.7%. Some 40 tariff lines at the HS 8-digit level remain unbound, consisting mainly of rubber and rubber articles, natural and cultured pearls, machinery and mechanical appliances, electrical equipment, and vehicles.

3.52. Although applied MFN rates are in most cases considerably lower than bound rates, in the 2017 tariff some 46 lines exceeded their bindings. In some cases this was due to the recent tariff increases contained in the Presidential Decrees (Table A3.2).

3.1.3.4 Tariff exemptions and reductions

3.53. Customs Law No. 95/2005 and Customs Exemptions Law 186/1986 provide for a variety of duty and tax concessions in the form of different schemes such as duty drawback, temporary admission, duty-free warehouses, and concessional duties (Table 3.9). Duty and tax concessions are also granted under the new Investment Law No. 72/17.

3.54. Furthermore, import duties can be reduced temporarily in case of a fall in domestic production or due to other causes affecting the domestic supply of a product. In this respect, Prime Ministerial Decree No. 532/2017 of 7 March 2017 on the temporary tariff removal of raw cane and beet sugar (HS 170112, 170113, and 170114), lowered the tariff on raw sugar from 20% to zero for the period running between 15 March 2017 and 31 December 2017.[26] The reduction was available for all importers during the specific period of application or within the limits of the quota determined in the Ministerial Decree. A similar measure had been adopted in 2016.[27] These temporary measures responded to a fall in world production of sugar leading to increases in sugar prices in international markets, accompanied by a devaluation of the Egyptian pound, which made imports more expensive.[28] As a result, importers in Egypt had difficulty in sourcing their needs from international markets when additionally faced with a 20% tariff, which compounded the difficulties created by the deficit in the domestic market.

3.55. Egypt also applied a temporary tariff suspension on imported frozen poultry, which is generally subject to an MFN duty rate of 30%. The suspension was expected to last from 10 November 2016 to 31 May 2017 in accordance with Decree No. 3047/2016. This measure aimed at ensuring availability in the market at affordable prices. However, on 5 December 2016, the Government decided to cancel the measure, following consultations with the Egyptian Federation Industries and the Egyptian Poultry Association.[29]

3.56. Besides temporary tariff exemptions, Presidential Decree No. 184/2013 (Article 6) allows for the reduction of customs duties on intermediate goods if the final product has a certain percentage of local inputs. Under this concession, the customs duty rate assessed based on the final product may be reduced by rates ranging from 10% if the local content of the final product is less than 30%, up to a maximum of 90% if the local content exceeds 60%.[30] The exemptions granted to the assembly industries under this Decree during 2013-2014 reached approximately LE 202.9 million, while during 2014-15 they totalled LE 112.1 million.

[26] The applied tariff on raw sugar was raised from 2% to 20% by Presidential Decree No. 25/2016.

[27] Prime Ministerial Decree No. 1364/2016 on the temporary tariff removal on raw sugars lowered the tariff rate on these products from 20% to zero from 20 May 2016 to 31 December 2016.

[28] USDA Foreign Agricultural Service, Gain Report, *Egypt Sugar Annual 2017*, 18 April 2017.

[29] *Daily News Egypt*, "Government abandons decision to exempt imported poultry from customs", 5 December 2016. Viewed at: https://dailynewsegypt.com/2016/12/05/603046/.

[30] United States International Trade Administration online information, *Egypt - Performance Requirements and Investment Incentives*. Viewed at: https://www.export.gov/article?id=Egypt-Performance-Requirements.

Table 3.9 Key features of tariff exemptions and concessions, 2017

Schemes	Summary
Exemption	**Free zones:** Investment Law No. 72/2017 regulates them. Firms operating in free zones are exempt from customs duties, other taxes, and import regulations imported capital equipment, raw materials, and intermediate goods to be used in the zones. Goods destined for the free zones may be sold domestically if customs duties are paid and applicable regulations are implemented. **Imports for rearmament purposes:** Imports by: the Ministry of Defence, companies and organizations affiliated to the Ministry of Military Production; and the National Security Authority. **Imports for the Presidency:** of articles for formal use as defined by the General Secretary of the Presidency and the Ministry of the Interior. **Gifts and donations** to the Government with an approval of the Customs Authority. **Medical purpose:** Passenger cars of less than 1,800 cc with special medical equipment for the personal use of insured or handicapped persons, with an attestation of the General Medical Council. **Articles exempted by presidential decree** **Diplomatic status:** Customs privileges for diplomats
Temporary duty exemption	Customs duties and other taxes are exempted temporarily for imports of primary materials and intermediate goods used for processing, and for imports of parts to repair or complete the manufacture of finished products. Customs offices require a deposit equivalent to the import duties and other taxes assessed. The deposit is returned when the goods are transferred to a free zone or exported. Temporary duty exemptions are also granted to commercial samples and temporary imports for display purposes at exhibitions or for sales promotion activities, with the exception of goods in the list of prohibited goods.
Duty drawback	Full customs duties are refunded if the products are destined for a free zone or are re-exported within a period not to exceed two years from the date of payment of the duties. This period may be extended for another period of up to two years maximum by Ministry of Finance Decree. Partial drawback is available for goods imported to areas receiving partial exemption from custom duties. All importers are entitled to benefit from the duty drawback system.
Temporary release	Goods may be temporarily released without paying customs duties and other taxes for goods destined for Ministries, government departments, general organizations and state-owned enterprises, under the conditions determined by the Ministry of Treasury.
Concessional duty	A flat rate of 2% for all imports of machinery and equipment required to establish a company or project (Investment Law No. 72/2017).
Warehouses	Goods can be temporarily stored in warehouses without paying customs duties for six months, which may be extended for another three months with approval of the Director General of Customs. The goods may not be accepted at the warehouses without a warehouse licence. Prohibited goods, explosives, inflammable materials, and other goods, which may cause damage to other goods, are not permitted.

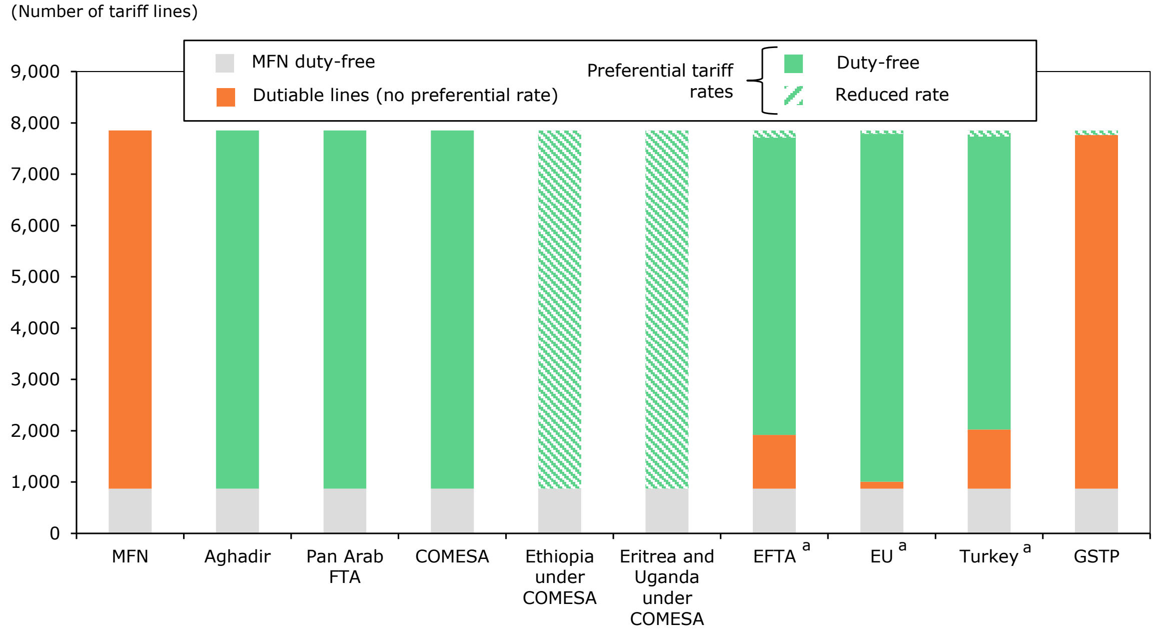
Source: Information compiled by the WTO Secretariat, based on information provided by the authorities, Investment Law No. 72/2017; and WTO document WT/TPR/S/150/Rev.1, 5 August 2005.

3.1.3.5 Tariff preferences

3.57. Egypt grants tariff preferences to the European Union, EFTA, and Turkey, with which it has signed free trade agreements, as well as to the members of the Pan-Arab Free Trade Area, the Agadir Agreement, and the COMESA Free Trade Area; and under the GSTP (Section 2).

3.58. Under the free trade agreements signed by Egypt, some 75% to 100% of tariff lines are eligible for preferential tariff rates, after submitting proof of origin (Chart 3.3). Egypt grants duty-free access to all imports from its partners under the Pan-Arab Free Trade Area, the Agadir Agreement, and COMESA, with some exceptions (see below).

Chart 3.3 Distribution of applied MFN and preferential tariffs, 2017



a The implementation period is not yet over.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.59. Under the bilateral agreements with the European Union, EFTA, and Turkey, Egypt provides free trade access to most non-agricultural products. While imports of over 90% of total agricultural products are granted duty-free access in the case of the European Union, preferences are granted on a limited range of agricultural products for EFTA and Turkey. The main exceptions from preferences under the agreements with EFTA and Turkey are meat products (HS 02), vegetables (HS 07), edible fruit and nuts (HS 08), and oil seeds (HS 12). As a result, the simple average tariff rates for agriculture under the agreements are only slightly lower than the averaged applied MFN tariff rates, while average tariffs on non-agricultural products are less than 1%.

3.60. While Egypt does not apply any tariff rate quotas (TRQs) on an MFN basis, TRQs on imports of some agricultural products from the European Union, EFTA, and Turkey are applied.[31]

3.61. In the case of EFTA, the authorities indicated that due to the sensitivity of the agricultural sector and the differences in agricultural policies applied in both parties, it was agreed that certain TRQs would be established for both Egyptian and EFTA exports upon the entry into force of the agreement in 2007. Products subject to these TRQs enjoy tariff preferences only within the specified quota. The out-of-quota rate is the MFN tariff. The products for which Egypt has TRQs for imports from EFTA include: milk products (HS 0402), cheese and curd (HS 0406), and sunflower seed oil (HS 1512). EFTA States grant Egypt TRQs on certain Egyptian fruit and vegetable crops, such as: tomatoes (HS 0702), onions (HS 0703), cabbages (HS 0704), lettuce (HS 0705), cucumbers (HS 0707), and leguminous vegetables (HS 0708).

3.62. Table 3.10 shows the products that are subject to TRQs by Egypt in the FTA with Turkey.

[31] WTO documents WT/REG177/3, 26 June 2012; WT/REG232/1/Rev.1, 16 December 2008; and WT/COMTD/RTA/1/1/Rev.1, 24 October 2008.

Table 3.10 TRQs under the Agreement with Turkey

Product HS code	Product description	Tariff reduction %	TRQs/tonnes
0802.21, 0802.22	Filberts (in shells or shelled)	100	2,000
0804.20	Figs	100	500
0809.20	Cherries	100	500
0813.10	Apricots	100	500
1507.90.91	Soya-bean oil and its fractions, semi-refined	100	10,000
1512.11	Crude oil of sunflower-seed or safflower	100	20,000
1512.19.91	Sunflower seed oil, semi-refined		
1515.21	Crude maize oil	100	10,000
1517	Margarine	100	1,000
1704	Sugar confectionery (including white chocolate), not containing cocoa	15	2,000
1806	Chocolate and other food preparations containing cocoa	15	1,000
1902	Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared	15	1,000
1905	Bread, pastry, cakes, biscuits and other bakers' wares	15	1,000
2001.10	Cucumbers and gherkins	15	1,000
2008	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved	15	500
2009	Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit	15	500
210210	Active yeasts	15	3,000

Source: Information provided by the authorities.

3.63. With respect to COMESA non-FTA members (i.e. Ethiopia, Eritrea, and Uganda), imports from Eritrea and Uganda benefit from an 80% reduction on the MFN tariff rate, while only a 10% reduction on the MFN tariff rate is accorded to imports from Ethiopia. Accordingly, the simple average tariff rate for Ethiopia is 17.2%, which is much higher than the rate for Eritrea and Uganda (3.8%) (Table 3.11). Egypt does not grant any tariff reductions to Swaziland or the Democratic Republic of Congo, on a reciprocal basis.

3.64. The overall impact of the tariff increases Egypt has implemented since 2013 is largely minimized for suppliers from countries that have engaged in FTAs with Egypt. As opposed to an applied MFN rate of 19.1%, or 12.3% if alcoholic beverages are excluded, in 2017 imports from the regional trade groups (except from COMESA non-FTA members) enjoy duty-free access for all products. Imports from the European Union, EFTA, and Turkey face average tariffs below 10%, or 2% if alcoholic beverages are excluded (Table 3.11).

Table 3.11 Tariffs under preferential agreements, 2017

	Simple average tariffs (%)[a]			Duty-free lines (%)[b]		
	Total	WTO Agriculture	WTO non-agriculture	Total	WTO Agriculture	WTO non-agriculture
MFN	19.1 (12.3)	51.6 (11.0)	13.0 (12.5)	11.1	15.8	10.2
Pan-Arab FTA	0	0	0	100	100	100
Agadir agreement	0	0	0	100	100	100
COMESA						
All	0	0	0	100	100	100
Ethiopia	17.2 (11.1)	46.5 (9.9)	11.7 (11.3)	11.1	15.8	10.2
Eritrea and Uganda	3.8 (2.5)	10.3 (2.2)	2.6 (2.5)	11.1	15.8	10.2
EFTA[c]	8.8 (2.0)	51.6 (10.9)	0.8 (0.3)	84.9	16.7	97.9
EU[c]	7.0 (0.3)	41.9 (1.0)	0.5 (0.2)	97.5	90.7	98.7
Turkey[c]	8.7 (1.9)	49.9 (9.3)	1.0 (0.5)	83.8	16.8	96.5

	Simple average tariffs (%)[a]			Duty-free lines (%)[b]		
	Total	WTO Agriculture	WTO non-agriculture	Total	WTO Agriculture	WTO non-agriculture
GSTP	19.0 (12.3)	51.6 (11.0)	12.9 (12.5)	11.1	15.8	10.2

Note: The tariff schedules are based on the HS12 nomenclature, consisting of 7,850 tariff lines at the 10-digit level.
a Figures in parentheses indicate simple average tariffs excluding alcoholic beverages.
b Duty-free lines (MFN and preferential tariff rates = 0%) as a percentage of total tariff lines.
c Implementation has not been completed yet.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.1.3.6 Other charges affecting imports

3.65. A Value-Added Tax (VAT) was introduced by Law No. 67/2016 to replace the General Sales Tax (GST) governed by Law No. 11/1991. The general VAT rate was set at 13% for the fiscal year ending on 30 June 2017 and it was increased to 14% on 1 July 2017. Machinery and equipment used in producing taxable or non-taxable goods or services are subject to a 5% VAT rate; exported goods are exempted, while services are generally zero-rated. Essential commodities, such as basic foods, are exempted from the tax, as are newsprint, papers and magazines, and some services. The VAT applies equally to imported and domestic goods and VAT registration is obligatory for all persons or legal entities selling goods or services with gross sales equal or higher than LE 500,000 in the 12 months preceding the date of enactment of the law.

3.66. Egypt also applies excise taxes, which were introduced in 2010, on some products (Table 3.12). While certain goods and services are subject to schedule (excise) tax only, a number of goods and services are subject to the excise tax in addition to the general VAT rate (Table 3.13).

Table 3.12 Goods and services subject to excise tax only, 2017

Goods and services subject to excise tax only	Excise tax rate
Gas	LE 0.03-0.2 per litre
Kerosene	LE 0.36 per litre
Animal or vegetable fats and oils (hydrogenated or frozen)	0.5%
Cooking oil	0.5%
Air conditioned transportation between governorates by bus and railways	5%
Chips	5%
Construction and building works	5%
Crisps and products made of flour (excluding bread)	5%
Fertilizers and agriculture pesticide	5%
Gypsum	5%
Media production	5%
Soap and detergents for household use	5%
Consultancy and professional services (excluding vocational services)	10%
Tobacco and cigarettes	50-200%

Source: Egyptian Sales Tax Department.

Table 3.13 Goods and services subject to VAT and excise tax, 2017

Goods and services	Excise tax rate
Passenger cars, with engines of less than 1,600 CC	1%
Air conditioners	8%
Mobile telecommunication services	8%
Perfumes and cosmetics	8%
Soft drink and non-alcohol beers	8%
TV (32 inches), refrigerators (16 feet), freezers	8%
Golf cars	10%
Local passenger cars above 2,000 CC	15%
Passenger cars, with engines of up to 2,000 CC	15%

Goods and services	Excise tax rate
Imported passenger cars above 2,000 CC	30%
Beer (alcohol)	200%

Source: Egyptian Sales Tax Department.

3.1.4 Import prohibitions, restrictions, and licensing

3.67. Egypt has not submitted any notifications with respect to its import licensing regime to the WTO. The authorities indicated that import prohibitions and restrictions are maintained for economic, environmental, health, religious, safety, sanitary, and phytosanitary reasons.

3.68. As a general rule, prohibitions and restrictions are maintained according to the Import and Export Law No. 118/1975, as well as the Executive Regulations of the Import and Export Law, Ministerial Decree No. 770/2005 and its amendments. They are applied equally to all trading partners. Ministerial Decree No. 902/2015 modified Law No. 118/1975 to specify that inputs imported for certain specific purposes may not be used for other purposes without approval of the Minister of Foreign Trade.

3.69. As established by Annex 1 to Decree No. 770/2005, import prohibitions apply to: chicken offal and limbs[32], fowl livers, goods bearing marks considered sensitive to religious beliefs, and various hazardous chemicals and pesticides. In addition, the two-stroke motor bicycle engines, toys in the form of pistols or rifles, bracelets listed as organizing body energy, and some incandescent bulbs and laser pens are subject to import prohibitions (Table 3.14).

Table 3.14 List of goods subject to import prohibitions according to Annex 1 to Decree No. 770/2005 and amendments

Description
Goods bearing marks considered sensitive to religious beliefs
Poultry offal and limbs
Livers of birds and poultry
Two-stroke motor bicycles not equipped with oil injection pumps (Ministerial Decree No. 23/2008 issued on 10/1/2008)
Two-stroke motor bicycle engines, all its types and sizes (Ministerial Decree No. 923/2016 issued on 5/10/2016)
All kinds of asbestos material
Brake pads made of asbestos
Tuna, containing genetically treated oils
Pesticides and chemicals imported as pesticides or for use as inputs for processing or manufacturing the specified pesticides (Ministerial Decree No. 760/2009 issued on 14/9/2009)
Toys in the form of pistols or rifles, used with projectiles of solid objects such as beads or arrows (Ministerial Decree No. 1050/2009 issued on 30/12/2009)
Incandescent bulbs that light up blazingly of more than 40 watts, working directly by connecting them to a source of feed with AC voltage of between 100 and 250 volts (HS 8539.2290, 8539.29) (Ministerial Decree No. 2/2014 issued on 5/1/2014)
Power rings "GMI Quantum Pendant" and similar bracelets or pendants or other items listed as organizing body energy, removing muscle and joint pain, helping sleep, or protecting humans from mobile phones waves (Ministerial Decree No. 873/2013 issued on 17/12/2013)
Laser pens with power exceeding 5 milliwatts that work by internal source of energy (Ministerial Decree No. 530/2015 issued on 15/7/2015) (importation suspended).

Source: Information provided by the authorities.

3.70. Apart from the prohibitions contained in Annex 1 to Decree No. 770/2005, Law No. 4/1994 prohibits the importation of hazardous wastes. Furthermore, pursuant to Article 46 of the Telecommunications Law, imports of used telecommunications materials for trading purposes are prohibited. Ministerial Decree No. 232/2015 suspended the importation of products of Egyptian folk-art nature, especially drawings with lines and colours, and carvings or engravings, sculptures, porcelain and clay, products made of wood or with other different formulations, mosaics, jewellery, handmade bags with needle work, carpets, garments and textiles, musical instruments, and

[32] The authorities indicated that this prohibition is for religious reasons, as it cannot be guaranteed that chicken offal and limbs have been obtained from chicken slaughtered according to Islamic Sharia.

architectural forms. Additionally, fabrics with camouflage prints are not allowed to be cleared from customs in accordance with Ministerial Decree No. 151/2015. Egypt bans the importation of most used automobiles: pursuant to Decree No. 580/1998 and Annex 2 to Decree No. 770/2005, automobiles can be imported only during the year of their manufacture, except for some vehicles with special features subject to prior approval by the Minister of Trade after obtaining the opinion of the Minister of Interior Affairs. Since 2004 and pursuant to Ministerial Decree No. 161/2004, textile and clothing products are not subject to any import prohibitions.

3.71. The Ministry of Health prohibits the importation of natural products, vitamins, and food supplements in their finished form. The legal basis for this prohibition is the decision taken by the Technical Committee of the Drug Control Commission on 19 February 2009. However, these items may be marketed in Egypt through local manufacture under licence, or by sending ingredients and premixes to a local pharmaceutical firm to be prepared and packed in accordance with Ministry of Health specifications. Until recently, only local factories were allowed to produce food supplements, and to import raw materials used in the manufacturing process. However, Egypt is currently allowing importation of certain food supplements as bulk-type registered products that are subsequently packed in Egypt according to market needs.

3.72. The importation of certain products is subject to specific administrative formalities. In accordance with Prime Minister Decree No. 2992/2016 and Ministerial Decree No. 24/2017, some agricultural commodities including wheat grains, corn used for the feed industry, and soya bean seeds for oil extraction, are allowed to be imported only upon approval from the GOEIC, unless the commodities are imported by governmental bodies (see below). Permits from the National Telecommunications Regulatory Authority are required for the import of telecommunications equipment, in accordance with the Telecommunications Regulation Law No. 10/2003.

3.73. Annex 2 to Decree No. 770/2005 contains a list of the goods that are allowed to be imported used and the conditions under which they can be imported (Table 3.15). These include machines, equipment and sport gear, certain equipment and means of transportation, computers, and containers, among others. Importation of some of these products is contingent upon meeting certain conditions.

Table 3.15 Products allowed to be imported as used goods, and conditions for importation (Annex 2 to Decree No. 770/2005)

Item	Established conditions
Production lines, machines, apparatuses, equipment and their spare parts	1. Household appliances and their spare parts are excluded. 2. Computer sets and their accessories shall not have production dates exceeding 10 years. 3. The approval of the competent authority at the Ministry of Health is mandatory with regard to apparatuses, machines and equipment used for medical purposes including patients' beds. 4. Ozone-depleting substances shall not be used in manufacturing the above mentioned items. 5. Does not include refrigerators for display. The authorities have noted that this exclusion is for hygiene purposes, and for reasons related to the protection of the public health.
Equipment and means of transport and their spare parts (except for motorcycles)	1. Spare parts allowed to be imported are limited to: fenders, doors, engines, gearboxes and body parts (other than the chassis), dampers, differentials, rims, dashboards and springs. 2. Vehicles for special use not exceeding five years plus the year of production until the shipping or ownership date, except for cars not to be operated on public roads and those equipped with hydraulic cranes seated on a movable base and others equipped with concrete pumps. 3. (a) Vehicles carrying persons and others carrying goods with a maximum weight of less than 9 tonnes; they shall not have their production dating back to more than one year, plus the year of production, starting from the shipping or ownership date; (b) Vehicles carrying goods with a weight of 9 tonnes or more; their production date should not exceed 5 years plus the year of production, starting from the shipping or ownership date. (c) In both cases, except for vehicles not designed for use on public roads.

Item	Established conditions
	4. Road tractors for semi-trucks shall not have a production date of more than seven years plus the year of production except for those not designed for public roads. 5. Vehicles, cars and trucks shall meet the production date requirement at the time of purchase or ownership concerning import for personal use and import by companies or agencies operating overseas. 6. Approval of the Civil Aviation Authority for aircrafts and their spare parts. 7. Approval of the Ministry of Transportation for ships and fishing boats verifying validity for operation before release. 8. Approval of the Ministries of Tourism and Maritime Transport for vessels and cruisers. 9. Passenger ships shall meet the rules stipulated in the agreements to which Egypt is party.
Machines, equipment and sport gear	
Containers	
Weapons	Approval of the Ministry of the Interior.
Aircraft tyres and inner tubes	They shall be purchased from the Egyptian Airport Authority (EAA). However, the EAA is not the sole importer of aircraft tyres and inner tubes.
Waste and metal scrap including used railway tracks	Must not include used car spare parts. Railway tracks shall be scrapped prior to customs clearance. They must be accompanied by an official certificate issued by governmental agencies or auditing companies in the exporting country stating that the consignments are free of explosives or hazardous materials.
Waste, parings and scrap of artificial plastics	Approval of the Head of Environment Affairs Agency.
Ordinary and empty packs and leftovers from the activities of projects established in free zones	Approval of the Head of Executive Council of the General Investment Authority.
Scratch paper, paper used for newspapers and magazines, returned stuff and used books	Approval of the competent authority at the Ministry of Information.
Used or new rags, scrap twine, cordage, ropes and cables and worn out articles of twine, cordage, ropes or cables made of textile	1. Must be used upon the approval of the Industrial Control Authority. 2. Imported on account of licensed factories. 3. Subject to the inspection of the GOEIC by recruiting technicians from the Industrial Control Authority. 4. The GOEIC shall be informed of released items to follow up their operation.
Art collections, masterpieces and antiques	Approval of the competent authority at the Ministry of Culture.
Metal and wooden pillars (supports) and scaffolds, steel structures, tools and equipment	Must be imported by Egyptian companies and agencies implementing projects overseas.
Packs of ink (cartridge) for printers, renewed or refilled	

Source: Annex 2 of the Executive Regulations to Implement Import and Export Law 118/1975, as amended.

3.74. Annex 3 to Decree No. 770/2005 contains the list of goods than can be imported under special conditions. They include passenger cars and parts, apparel, some fabrics, carpets, shoes, some consumer goods and some petroleum products. The importation of these goods is subject to meeting the specific requirements determined in each case (Table 3.16).

Table 3.16 Goods imported with special conditions in accordance with Annex 3 to Decree No. 770/2005

Item	Conditions
Passenger cars (Ministerial Decree No. 416/2014 issued on 25 May 2014)	1. To be shipped or to open a credit for its importation during its year of production; cars must not have been used before, except for cars that have special features and approved by the Minister of Foreign Trade, after obtaining the opinion of the Minister of Interior Affairs (Ministerial Decree No. 416/2014).

Item	Conditions
	2. Clearance documents of imported items must certify that the types and models included are suitable for hot climates or designed for Egypt and Middle East or Gulf countries, or attach a certificate from the producing company verifying conformity to standards for their use in hot climates, or their designation to Egypt and Middle East or Gulf countries.
Shoes, leather bags, apparel, ready-made garments, home textiles, carpets and floor coverings (goods included in section 1 of Ministerial Decree No. 961/2012)[a] Natural leather, artificial leather, footwear parts, textiles and dyed and coloured yarns (goods included in section 2 of Ministerial Decree No. 961/2012)	Imports must be shipped from the country of origin or from the headquarters of the producing company or its branches or distribution centres owned or certified by them or from companies holding trademarks or trade names. 2. In the case of textiles, the name of the producer, country of origin, fabric type, percent of blend and name of the importer must be printed at equal intervals of the fabric, except for these varieties: (a) goods classified in HS chapter 58; (b) synthetic mink; (c) thick and blackout curtains; and (d) cases approved by the Appeals Committee. 3. Except for imports for private and personal use, clearance of shipments of shoes, leather bags, apparel and ready-made garments, home textiles, carpets, and floor coverings are subject to the following alternatives: Alternative 1: The producer must be registered in the GOEIC. Producers may register in the GOEIC provided they maintain a quality control system regarding their products or their licensed production, and production is carried out according to one of the approved standards of the Egyptian Organization for Standardization and Quality Control (EOS). Alternative 2: The shipment is accompanied by an inspection and review certificate containing the shipment's data and the required inspection and testing results stipulating its conformity with the relevant accredited Egyptian standards. This certificate should be issued by inspection companies accredited by an ILAC accredited body. Alternative 3: The inspection and review certificate can also be issued by an Egyptian or foreign agency which has been approved by the Minister of Foreign Trade and possesses accredited and specialized laboratories to conduct the tests required for each product. Shipments are subject to random inspection by the GOEIC. 4. In the case of products included in section 2, that is, intermediate products (natural leather, artificial leather, footwear parts, textiles and dyed and coloured yarns), except for imports for private and personal use, clearance is conditioned upon the fulfilment of the control requirements set out in Ministerial Decree No. 770/2005 and its amendments (section 3.4.2.3), after the payment of the relevant testing fees.
- Car parts and spare parts except for body parts - Consumer commodities made of plastic or wood or porcelain, glass or metal -Machines and apparatuses for household use - Eyeglasses and watches	Imports must be: 1- Shipped from the country of origin or from the headquarters of producing companies or their branches or distribution centres owned or certified by them or from companies holding trademarks or trade names. Companies holding trademarks or trade names should be treated as producing companies. 2- Concerning porcelain tableware and ornaments, their origin and the name of factory must be shown on each item.
Petroleum products: butane, benzene, jet fuel, gasoline, diesel fuel, lubricants except for synthetic oils	Approval of the Egyptian General Organization for Petroleum.
Apparatus, equipment and aerosol products except for products used for medical purposes	Ozone-depleting substances shall not be used in the manufacturing of those items (e.g. Freon, CFC11-12113-114, foam, Methyl Bromide).

Item	Conditions
Fire extinguishers and fire extinguishing equipment with all their parts and components	Imported under the conditions set in Ministerial Decree No. 820/2013. Except for imports for private and personal use, clearance of shipments is conditioned upon the fulfilment of the control requirements set out in section 2 of Ministerial Decree No. 770/2005 and its amendments after the payment of the relevant testing fees.
-Milk and milk products for retail sale - Preserved and dried fruits (retail sale) - Oils and fats for retail sale - Chocolates and products containing cocoa for retail sale - Sugar confectionaries - Pastas and prepared foods from cereals and bread products and pastries - Fruit juices for retail sale - Natural and mineral and aerated water - Beauty and make-up products, preparations for oral or dental hygiene, deodorants and antiperspirants, and perfumed preparations - Soap and washing preparations - Floor coverings - Cutlery and kitchen utensils - Baths, shower baths, sinks, washbasins, bidets, lavatory pans, seats and covers - Toilet paper and similar paper, babies' and sanitary napkins - Refractory bricks, blocks, tiles for household use - Tableware glass articles - Iron and steel bars and rods - Stoves, fryers, air conditioners, fans, washing machines, blenders and heaters. - Home and office furniture - Bicycles, motorcycles - Watches and clocks -Lightening equipment, household use - Toys	In accordance with Ministerial Decree No. 991/2015,[b] the clearance of shipments of imports of the above-mentioned products except for imports for private and personal use, is subject to the following alternatives: Alternative 1: The producer must be registered in the GOEIC. Producers may register in the GOEIC provided they maintain a quality control system regarding their products or their licensed production, and production is carried out according to one of the approved standards of the Egyptian Organization for Standardization and Quality Control (EOS). Alternative 2: The shipment is accompanied by an inspection and review certificate containing the shipment's data and the required inspection and testing results stipulating its conformity with the relevant accredited Egyptian standards. This certificate should be issued by inspection companies accredited by an ILAC accredited body. Alternative 3: The inspection and review certificate can be issued by an Egyptian or foreign agency which has been approved by the Minister of Foreign Trade and possesses accredited and specialized laboratories to conduct the tests required for each product. Shipments are subject to random inspection by the GOEIC.
Items from HS codes 85.01, 8504.10, 8516.90, 85.35, 85.36, 85.39, 85.44	Conditions for importation set by Ministerial Decree No. 558/2014
Motorcycles, three-wheelers "tuk-tuks" and their chassis	Conditions for importation set by Ministerial Decree No. 417/2014.
Products falling under the provisions of the UNECE 1958 Agreement concerning the adoption of uniform technical prescriptions for wheeled vehicles, equipment and parts which can be fitted and/or be used on wheeled vehicles	Ministerial Decree No. 540/2014 sets the conditions for importation.

a Notified to the WTO in document G/TBT/N/EGY/29/Rev.1, 21 February 2013.
b Notified to the WTO in document G/TBT/N/EGY/115, 1 February 2016.

Source: Information provided by the authorities and Decree No. 770/2005 and amendments.

3.75. Annex 8 of the Regulations contains the list of products subject to quality control when imported and the inspection fees imposed on them (Section 3.3.2.3 and Table A3.3). The controls are performed by the GOEIC. During the period under review, Annex 8 was amended by Ministerial Decree No. 169/2009 to add a list of products and change the inspection fees for a number of products already included in Annex 8. Ministerial Decrees No. 305/2010, No. 784/2010, No. 219/2012 and No. 818/2015 also added new HS codes to the list of products subject to GOEIC inspection. Inspection fees are not significant; Table 3.17 contains examples of them.

Table 3.17 Main categories of products subject to inspection fees

HS Customs Code	Commodity	Inspection fees
25.23	Cement	LE 1 per tonne of the consignment
36.05	Matches	PT 1 per kilo
Heading under section 11	Textiles and fabrics; carpets, rugs and tapestries; apparel; blankets and towels, curtains; bed linen and covers (except for imports for medical purposes); raw fabrics, raw yarn, dyes and colours used in textiles	LE 5 for each tonne of the consignment
Chapter 63	Footwear and components	(a) PT 25 for each gram of complete shoes; (b) PT 1 for each gram of shoe component.

PT: Piastre; 100 piastres make one LE.

Source: Information provided by the authorities.

3.76. Other changes introduced to import licensing legislation during the review period include those contained in Prime Minister Decree No. 2992/2016 Organizing Imports of Strategic Agricultural Commodities, which set import permit requirements for these products. The strategic agricultural commodities covered by this decree are: wheat grains; corn used for the feed industry; and soya bean seeds. Ministerial Decree No. 24/2017 contains the regulations of Decree No. 2992/2016 and the procedures required for importing strategic agricultural commodities. Under the Decree, the importation of these commodities is prohibited without written approval from the GOEIC; this does not apply to commodities imported by governmental bodies. To obtain this approval, the goods must be subject to inspection prior to shipment by international surveillance and inspection companies registered at the GOEIC after obtaining accreditation from the Egyptian Accreditation Council (EGAC); currently there are 10 such companies. The above inspection does not necessarily replace inspections carried out by the GOEIC upon arrival in Egypt. The importer must bear all the expenses.

3.77. In accordance with Ministerial Decree No. 43/2016, imports for commercial purposes of a number of products will be allowed into Egypt only if they are produced by manufacturing plants or imported from the companies owning the trademarks or their distribution centres registered in the relevant established Register in the GOEIC.[33] Registration in, or striking off from this Register is

[33] The products covered are: milk and milk products (except for infants' milk) for retail sale in packages weighing no more than 2 kilograms (HS from 04.01 to 04.06); preserved and dried fruits for retail sale in packages weighing no more than 2 kilograms (products of HS chapter 08); oils and fats for retail sale in packages weighing no more than 5 kilograms (products of HS chapter 15); chocolates and food products containing cocoa for retail sale in packages weighing no more than 2 kilograms (products of HS 18.06); sugar confectionaries (HS 17.04); pastas and prepared foods from cereals and bread products and pastries except for empty cachets of a kind suitable for pharmaceutical use (HS 19.02, 19.04 and 19.05); fruit juices for retail sale in packages weighing less than 10 kilograms (products of HS 20.09); natural and mineral water and aerated water (HS 22.01 and 22.02); beauty and make-up products, preparations for oral or dental hygiene, personal deodorants and antiperspirants and perfumed preparations (HS codes from 33.03 to 33.07); soap and washing preparations used as soap for retail sale (HS 3401.11, 3401.19, 3401.2090, 3401.30, 3402.20 and 3402.9090); cutlery and kitchen utensils (HS codes 39.24, 44.19, 69.11, 69.12, 73.23, 7418.10, 7615.10, 8211.10, 8211.91 and 82.15); baths, shower baths, sinks, washbasins, bidets, lavatory pans, seats and covers; toilet paper and similar paper, babies' and sanitary napkins (HS 96.19, 48.18 (except for 4818.1090 and 4803); refractory bricks, blocks, tiles for household use (HS 6802.10, 6802.2110, 6802.9110, 6904.40, 6810.19, 69.07 and 69.08); tableware glass articles (HS 70.13); iron and steel bars and rods (HS codes 72.13, 72.14 and 72.15); household electrical appliances (stoves, fryers, air conditioners, fans, washing machines, blenders and heaters) (products of HS codes 73.21, 73.22, 8414.51, 8415.10, 8415.81, 8415.82, 8415.83, 8418.10, 8418.21, 8418.29, 8418.30, 8418.40, 8422.11, 8450.11, 8450.12, 8450.19, 8451.21, 8508.11, 8509.40, 8509.80, 8516.10, 8516.21, 8516.32, 8516.40, 8516.50, 8516.60, 8516.71, 8516.72, 8516.79, 8527.12, 8527.13, 8527.19, 8527.91, 8527.92, 8527.99, 8528.71, 8528.7220, 8528.7290, 8528.73); home and office furniture (HS 9401.30, 9401.40, 9401.51, 9401.59, 9401.61, 9401.69, 9401.7190, 9401.79, 9401.8090, 94.03 and 94.04); bicycles, motorcycles and those with auxiliary motors (HS 87.11, 8712); watches and clocks (products of HS chapter 91); lightening equipment for household use (HS 9405.10, 9405.20, 9405.30 and 9405.4090); toys (HS 9503); textiles, clothing, and home textiles (HS 50.07, 51.11, 51.12, 5113, 52.08, 52.09, 52.10, 52.11, 52.12, 53.09, 5311, 54.07, 54.08, 55.12, 55.13, 55.14, 55.15,

decreed by the Minister of Foreign Trade who also has the authority to allow for an exemption from some or all the requirements for registration. To register in the relevant registry in the GOEIC, manufacturing plants must produce evidence of the trademarks and the trademarked products produced under licence from the trademark owners. They must also certify that the producer maintains a quality control system. The certificate must be issued by entities accredited by ILAC or the International Accreditation Forum (IAF) or an Egyptian or foreign governmental entity approved by the Minister of Foreign Trade. In the case of companies owning trademarks, registration requires a certificate stating the registration of the trademark and the trademarked goods produced, as well as a certificate from the trademark owning company containing the distribution centres that are entitled to supply the products bearing the trademark. Likewise, a certificate that the trademark owning company maintains a quality control system issued by entities accredited by ILAC or IAF or an Egyptian or foreign governmental entity approved by the Minister of Foreign Trade must be produced.[34]

3.1.5 Anti-dumping, countervailing, and safeguard measures

3.1.5.1 Legal and institutional framework

3.78. Law No. 161/1998 on the Protection of the National Economy from the Effects of Injurious Practices in International Trade, along with its Executive Regulations (last amended in 2008), establish the procedures to be followed in anti-dumping, countervailing or safeguard investigations. All complaints must be made in writing to the Central Department of International Trade Policies, in the Ministry of Trade and Industry. The request for an investigation must be registered on behalf of the domestic industry by interest groups such as industry associations, or by the Ministries of Agriculture or Trade and Industry. Investigations are only to be considered if the application is supported by domestic producers whose collective output accounts for at least 25% of total output of the domestic industry concerned.

3.79. Once the request is accepted, the Central Department conducts the respective investigation and submits a preliminary report to an Inter-Ministerial Advisory Committee, with its recommendations. According to the authorities, there is no statutory time frame for the submission of the preliminary report. The Advisory Committee takes a decision based on these recommendations and on what it considers to be the interests of Egypt; it must present its recommendations to the Minister of Trade and Industry within ten days of receiving the Central Department's report. The Minister may accept or reject the recommendations made by the Advisory Committee.

3.80. The authorities have noted that Egypt has supported the negotiation on rules (anti-dumping, subsidy, fisheries subsidies and regional trade agreements) supervised by the Negotiating Group on Rules in light of Paragraph 28 of the Doha Declaration. Egypt submitted several communications to the Negotiating Group on Rules.[35] Egypt's sees a need to enhance the current disciplines, preserve the workability and effectiveness of anti-dumping and countervailing measures, and simplify and clarify certain provisions considering the needs of developing countries. For example, Egypt considers that clearer rules should be established in relation to the determination of injury, threat of injury, material retardation, conversion of currencies and special and differential treatment for developing countries.

3.81. The authorities have also indicated that Egypt, at the same time, has rejected proposals that impose additional requirements for the conduct of anti-dumping and countervailing measures and therefore impose burdens on the investigating authority. In particular, Egypt considers that any proposal to substantially alter the WTO Anti-Dumping Agreement, through the use of more complex and stringent rules, will not prevent the misuse of the Agreement, and that the introduction of new rules to the Agreement would be counterproductive. However, adequate

55.16, 58.01, 58.02, 58.04, 58.05, 58.09, 5810.1090, 5810.91, 5810.92, 5810.99, Chapter 60, Chapter 61 (except 6113.0010, 6114.3010, 6115.10 and 6116.1010), Chapter 62 (except 6210.1010, 6210.2010, 6210.3010, 6210.4010, 6210.5010, 6211.3910, 6211.4910, 6212.2010, 6212.9010, 6216.0010, 62.17), Chapter 63 (except for 63.07); carpets, floor and wall coverings from textiles or non-textiles materials (HS chapter 57, HS 39.18, 4016.91); and footwear (HS codes 64.01, 64.02, 64.03, 64.04, 64.05).

[34] Notified to the WTO in WTO document G/TBT/N/EGY/114, 1 February 2016.

[35] Since Egypt's last TPR in July 2005: WTO documents TN/RL/GEN/118-121, all 21 April 2006; TN/RL/GEN/122, 26 April 2006; TN/RL/GEN/136, 16 May 2006; TN/RL/GEN/139-140, 6 June 2006; and TN/RL/GEN/152, 5 October 2007.

disciplines should be provided to protect developing country firms from unnecessary investigations, particularly as these firms are generally small or medium-sized.

3.82. With respect to the proposals and discussions presented during the negotiations on fisheries subsidies, the authorities have stated that Egypt believes that it is important to clarify technical issues first taking into consideration that there is no consensus regarding such issues. It has also requested technical assistance for developing countries to meet any future WTO fisheries subsidies obligations.[36]

3.1.5.2 Anti-dumping and countervailing measures

3.83. After a preliminary determination of dumping/subsidy and material injury, or threat thereof, is made, provisional anti-dumping or countervailing measures, not greater than the margin of dumping or the subsidy rate, may be applied. The measures may be initiated 60 days after the date of initiation of the investigation and may be applied for a period of up to four months. This period may be extended to six months, on a case-by-case basis, depending on the need for extension. In the case of anti-dumping measures, if there is a possibility that a duty lower than the margin of dumping would be sufficient to remove injury, provisional measures may be applied for a six-month period, extendable to nine months, provided that the lower duty is applied.

3.84. After a final determination is made, final measures may be taken for a period not exceeding five years from the date of their publication. There are sunset review clauses: the investigating authority is mandated to carry out a review of the measure on its initiative or upon request by a concerned party. The review must commence six months before the expiry of the five year period from the date of the imposition of definitive duties and must be concluded within 12 months of the date of initiation. The investigating authority shall review whether the expiry of the duty is likely to lead to continuation or recurrence of dumping and injury. The duty remains in force pending the outcome of such review.

3.85. The Central Department, currently the Trade Remedies Sector, may recommend termination of an anti-dumping investigation if the volume of dumped imports from a particular country is less than 3% of the total of the volume of imports of the goods subject to investigation, unless countries accounting individually for less than 3% of the total imports of the like product collectively account for more than 7% of the total imports; or if the margin of dumping is less than 2% of the export price. For countervailing measures, termination of the investigation is recommended if the amount of subsidy is less than 1% of the value of the subsidized goods, or if the imposition of a countervailing duty is considered to be inconsistent with Egypt's WTO obligations.

3.86. As at 30 June 2017, Egypt had 11 definitive anti-dumping duties in force, on imports from five trading partners: China (5), India (2), Turkey (2), the Republic of Korea, and Pakistan. The products affected by the measures included: ball pens, tyres, blankets, tableware, match boxes, some organic compounds, wipes and coated electrodes (Table 3.18). This represents a decrease of 50% over the previous review period, when there were 22 measures in place.

3.87. Despite the decline in the number of measures in place, the number of investigations has substantially increased since 2016. As at 30 June 2017, 13 new anti-dumping investigations were ongoing, a higher number than over the previous review period. Investigations were on: flat-rolled iron or steel products from Belgium (2 investigations), China (2), the European Union, and the Russian Federation; bars and rods of iron or steel (from China, Turkey and Ukraine); trays made of urea from China; polyvinyl chloride from the United States; and tableware from China and Malaysia.[37]

3.88. Between January 2005 and 30 June 2017, Egypt initiated 31 anti-dumping investigations, 16 of which resulted in the imposition of definitive anti-dumping duties. Three anti-dumping measures were extended.

[36] WTO document TN/RL/GEN/179, 28 March 2011.
[37] WTO document G/ADP/N/300/EG, 20 July 2017.

Table 3.18 Definitive anti-dumping measures in force, as at 30 June 2017

Country/ customs territory	Product	Date of original imposition	Date of extension	Definitive duty
China	Porcelain or ceramic tableware	25.02.03	23.01.14	208% (c.i.f. value), US$967 per ton
	Ball point pens	22.01.07	16.10.12	US$0.0185 per pen
	Tyres for buses and lorries	06.03.08	20.02.14	3.8%-60% (c.i.f. value)
	Blankets (other than electric blankets) and travelling rugs of synthetic fibres	25.08.15		54%-77% (c.i.f. value), US$1.53-1.89 per kg
	Coated electrodes of base metal, for electric arc welding	05.10.16		30%-41% (c.i.f. value), US$0.21-0.28 per kg
India	Tyres for buses and lorries	06.03.08	20.02.14	46%-59% (c.i.f. value)
	Ball point pens	21.02.13		82%, US$0.02 per pen
Korea, Rep. of	Dioctylorthophthalates	29.11.16		6.2%-13.9% (c.i.f. value), US$72-145 per tonne
Pakistan	Match boxes	10.04.17		0% to 35% of CIF value
Turkey	Wet wipes	24.01.16		72% (c.i.f. value), US$0.04-0.31 per pack
	Coated electrodes of base metal for electric arc welding	05.10.16		23%-58% (c.i.f. value), US$0.36-0.95 per kg

Source: WTO document G/ADP/N/300/EG, 20 July 2017.

3.89. Between 2011 and 30 June 2017, Egypt conducted, upon request of the domestic industry, three sunset reviews. In all three cases the duties applied were maintained. A fourth review with respect to ball point pens from China was initiated in early 2017 and was still ongoing at the time of drafting this report.[38]

3.90. No countervailing measures were adopted by Egypt during the 2005-2017 period. However, there were eight investigation initiations, six in 2014 and two in 2016. Five of the 2014 initiations were related to polyethylene terephthalate (PET) from China, India, Malaysia, Oman and Pakistan and ended without the imposition of duties due to a lack of causal link between imports and injury.[39] The remaining 2014 investigation initiation, concerning imports of Edam cheese from the Netherlands, was terminated due to lack of cooperation of the domestic industry with the investigating authority.[40] Two investigations initiated in 2016 with respect to steel rebar for construction from China and Turkey were still ongoing in late 2017.

3.1.5.3 Safeguards

3.91. In accordance with Law No. 161/1998, provisional safeguard measures may be imposed in the form of tariff increases, for a maximum of 200 days. Any duties applied provisionally must be promptly refunded if the investigation shows that increased imports have not caused serious injury to the domestic industry. Definitive measures may be imposed in the form of quantitative restrictions or tariff increases or both. The measures are to be imposed to the extent necessary to prevent or remedy the injury caused, where "to the extent necessary" is determined by the magnitude of the injury, the adjustment programme proposed, and public-interest factors. Final measures are applied for up to four years and the period of application may be extended to up to 10 years (inclusive of the period during which provisional measures were applied).

3.92. Since its last TPR in 2005, Egypt has initiated 14 safeguard investigations, imposed provisional measures in all of them and final safeguard measures on three products: blankets,

[38] WTO document G/ADP/N/300/EG, 20 July 2017.
[39] WTO document G/SCM/N/298/EG, 25 January 2016.
[40] WTO document G/SCM/N/289/EG, 23 July 2015.

steel rebar, cotton and mixed yarns (Table 3.19). Although few final measures were adopted, the application of provisional measures could have acted as a deterrent to trade.

Table 3.19 Safeguard measures imposed, 2005-June 2017

Product	Countries concerned	Domestic legal instrument	Imposed duties (c.i.f. basis)	Notification	Situation as at 30 June 2017
Blankets made of synthetic fibres	All, except Saudi Arabia and Jordan where an annual quota was established for each of them	Ministerial Decree No. 721/2008	LE 22/kg (from 27/08/2008 until 11/02/2009) LE 20/kg (from 12/02/2009 until 11/02/2010) LE 18/kg (from 12/02/2010 until 11/02/2011)	G/SG/N/8/EGY/5 G/SG/N/10/EGY/5 G/SG/N/11/EGY/1, 22 August 2008	Duties eliminated by Decree No. 721/2008
Cotton and mixed yarns (other than sewing threads)	All	Ministerial Decree No. 19/2009	25% of c.i.f. value for a period of one year or not less than US$1/kg		Duties eliminated by Decree No. 336/2009
Woven cotton or mixed yarns	All	Ministerial Decree No. 20/2009	25% of c.i.f. value for one year period or not less than US$1/kg		Duties eliminated by Decree No. 336/2009
White or refined sugar, except those imported as an input of pharmaceutical industries	All	Ministerial Decree No. 21/2009	LE 500/tonne for one year		Duties eliminated by Decree No. 659/2009
Cold rolled or galvanized or coated steel sheets	All	Ministerial Decree No. 124/2009	Cold rolled (10% of c.i.f. value in not less than US$150/tonne) Coated or covered with zinc (10% of c.i.f. value in not less than US$200/tonne) Coated or varnished or covered with plastics (10% of c.i.f. value in not less than US$250/tonne)		Duties eliminated by Decree No. 336/2009
Cotton and mixed yarns (other than sewing threads)	All	Ministerial Decree No. 736/2011 (provisional) Ministerial Decree No. 589/2012 (definitive)	3.33 LE/kg for 200 days (provisional). LE 3.48 kg from 18/7/2012 until 30/12/2012, and LE 3.13/kg from 31/12/2012 until 30/12/2013, and LE 2/kg from 31/12/2013 until 30/12/2014.	G/SG/N/6/EGY/5, 5 December 2011; G/SG/N/7/EGY/5/Suppl1, 24 September 2012 G/SG/N/7/EGY/4 G/SG/N/11/EGY/4, 9 January 2012 G/SG/N/6/EGY/6 G/SG/N/7/EGY/5 G/SG/N/11/EGY/3, 5 March 2012 G/SG/N/8/EGY/6 G/SG/N/10/EGY/6 G/SG/N/11/EGY/5, 20 July 2012 G/SG/N/8/EGY/6/Corr.1 G/SG/N/10/EGY/6/Corr.1 G/SG/N/11/EGY/5/Corr.1, 8 August 2012	Duties expired on 30/12/2014

Product	Countries concerned	Domestic legal instrument	Imposed duties (c.i.f. basis)	Notification	Situation as at 30 June 2017
Woven cotton or mixed yarns	All	Ministerial Decree No. 116/2012 (provisional)	10% of c.i.f. value and not less than LE 3.33/kg	G/SG/N/6/EGY/5, 5 December 2011 G/SG/N/7/EGY/5/Suppl.1, 24 September 2012 G/SG/N/7/EGY/4 G/SG/N/11/EGY/2, 9 January 2012 G/SG/N/6/EGY/6 G/SG/N/7/EGY/5 G/SG/N/11/EGY/3, 5 March 2012 G/SG/N/8/EGY/6 G/SG/N/10/EGY/6 G/SG/N/11/EGY/5, 20 July 2012 G/SG/N/8/EGY/6/Corr.1 G/SG/N/10/EGY/6/Corr.1 G/SG/N/11/EGY/5/Corr.1, 8 August 2012	Duties eliminated by Decree No. 693/2012
Polypropylene	All	Ministerial Decree No. 430/2012 (provisional)	15% of c.i.f. value, at least LE 1,605/ton	G/SG/N/7/EGY/6/Suppl.1, 24 September 2012 G/SG/N/7/EGY/6/Suppl.2, 7 January 2013 G/SG/N/6/EGY/7 G/SG/N/7/EGY/6 G/SG/N/11/EGY/4, 6 June 2012	Duties eliminated by Decree No. 718/2012
Steel rebars	All	Ministerial Decree No. 944/2012 (provisional)	6.8% of c.i.f. value, at least LE 299/ton	G/SG/N/6/EGY/9 G/SG/N/7/EGY/8 G/SG/N/11/EGY/7, 5 December 2012	Duties eliminated by Decree No. 784/2013
White or refined sugar, except those imported as an input of pharmaceutical industries	All	Ministerial Decree No. 950/2012 (provisional)	Refined sugar: 17% of c.i.f. value, at least LE 591/ton. White sugar: 20% of c.i.f. value, at least LE 713/ton.	G/SG/N/6/EGY/8 G/SG/N/7/EGY/7 G/SG/N/11/EGY/6, 5 December 2012 G/SG/N/6/EGY/8/Corr.1 G/SG/N/7/EGY/7/Corr.1 G/SG/N/11/EGY/6/Corr.1, 7 December 2012	Duties eliminated by Decree No. 512/2013
Steel rebars	All	Ministerial Decree No. 765/2014 (provisional). Ministerial Decree No. 287/2015 (definitive).	7.3% of c.i.f. value, at least LE 290/tonne (provisional). 8%, at least LE 408/tonne from 19/4/2015 until 13/10/2015, and 6.5%, at least LE 325/tonne from 14/10/2015 until 13/10/2016, and 3.5% at least LE 175/tonne from 14/10/2016 until 13/10/2017.	G/SG/N/6/EGY/10 G/SG/N/7/EGY/9 G/SG/N/11/EGY/8, 15 October 2014 G/SG/N/7/EGY/8/Suppl.1, 4 December 2013 G/SG/N/8/EGY/7 G/SG/N/10/EGY/7 G/SG/N/11/EGY/8/Suppl.1 16 April 2015 G/SG/N/8/EGY/7/Suppl.1 G/SG/N/10/EGY/7/Suppl.1 8 June 2017	Cessation of the measure. Ministerial Decree No. 874, 6 June 2017
White sugar	All	Ministerial Decree No. 288/2015 (provisional)	20% of c.i.f. value, at least 700 LE/ton.	G/SG/N/6/EGY/12 G/SG/N/7/EGY/10 G/SG/N/11/EGY/9, 16 April 2015 G/SG/N/6/EGY/12/Suppl.1 G/SG/N/7/EGY/10/Suppl.1 G/SG/N/11/EGY/9/Suppl.1 22 April 2016 G/SG/N/7/EGY/7/Suppl.1 3 September 2013	Duties eliminated by Decree No. 101/2016

Product	Countries concerned	Domestic legal instrument	Imposed duties (c.i.f. basis)	Notification	Situation as at 30 June 2017
				G/SG/N/7/EGY/7/Suppl.1/ Corr.1, 11 September 2013	
Polyethylene Terephthalate (PET)	All	*Official Gazette*, 10 December 2015		G/SG/N/6/EGY/13, 14 December 2015	Terminated with no measures imposed. *Official Gazette* No. 5, 21 August 2016
Automotive batteries	All		Additional duty 16% of the CIF value and not less than LE 46 per battery	G/SG/N/6/EGY/11 on 17 December 2014. G/SG/N/9/EGY/1, 11 December 2015	Terminated with no final measure imposed. *Official Gazette* No. 278 supplement, 8 December 2015.

Source: Ministry of Trade and Industry and WTO notifications.

3.2 Measures Directly Affecting Exports

3.2.1 Customs procedures and requirements

3.93. Export customs procedures are governed by the Customs Law, as amended. The conditions to be fulfilled by exporters are laid down in Articles 52 to 65 of the Import and Export Regulations (Decree No. 770/2005). Law No. 121/1982 mandates that all persons or companies exporting goods from Egypt must register in the GOEIC's Exporters Register. To be included in the register, exporters require prior registration in the Commercial Register, a minimum capital of LE 10,000 for production companies and LE 25,000 for other companies, and a clean criminal record. Public sector or government employees are not allowed to be registered as exporters, pursuant to Ministerial Decree No. 770/2005. Unlike for imports, according to Ministerial Decree No. 770/2005, engaging in export is not restricted to Egyptian nationals.

3.94. Applications for registration in the Exporters' Register must include information on the type of activity or trade, and on the articles the applicant intends to export. For natural persons, a copy of the ID card, a copy of the criminal record, and a transcript of the registration record in the Commercial Register must be attached to the application. Legal persons must attach a copy of the criminal record of every joint liability partner, and the ID card of the director. Applicants or the person responsible for exportation must obtain an export practice certificate, issued from the Foreign Trade Training Centre at the Ministry of Trade and Industry or from accredited centres, or must hold a qualifying university degree. A decision to register the potential exporter must be made within two days of submission of the application, provided that all the relevant documents are in order. Registration must be renewed every five years; the fee for registration is LE 50, and 26,123 exporters are currently registered.

3.95. Certificates of origin, required by Egypt's trading partners under bilateral and regional agreements, may be issued by the GOEIC. Applications for a certificate of origin must be accompanied by copies of the invoice and the unified statistical form, as well as a declaration by the exporter that the consignment fulfils the rules of origin of the agreement under which the consignment is exported. The GOEIC is bound to issue the certificate of origin within 24 hours of submission of the complete application. The fee for the certificate ranges between LE 0.25 and LE 3.25, depending on the required form. The GOEIC is also responsible for verifying the authenticity of these certificates and the origin of the goods included therein.

3.96. Under the Investment Guarantees and Incentives Law (Law No. 72/2017), producers and exporters in free zones are exempt from all inspection and registration procedures.

3.2.2 Taxes, charges, and levies

3.97. Egypt imposes export taxes on a number of products, including sugar, waste plastic, some fertilizers, fish, sand, some skins, marble, and raw granite, among others (Table 3.20). Through Ministerial Decree No. 469/2017, Egypt introduced an export tax of LE 3,000 per tonne of sugar for an unlimited duration effective 30 March 2017. According to the authorities, export taxes are applied in all cases to ensure a sufficient domestic supply of those products.

Table 3.20 Exports duties imposed by Egypt, 2017

Product	Legal basis	Time frame	Tax rate
Fodder	Ministerial Decree No. 1320/2016	Applied until 22 December 2017	LE 600 per tonne
Waste plastic (except crushed)	Ministerial Decree No. 1164/2016	Applied until 29 August 2017	LE 5,000 per tonne
Sugar	Ministerial Decree No. 469/2017	Unlimited duration	LE 3,000 per tonne
Rags, rope, twine of textile materials	Ministerial Decree No. 1351/2016	Applied until 26 December 2017	LE 8,000 per tonne
Azotic fertilizers	Ministerial Decree No. 1353/2016	Applied until 26 December 2017	LE 125 per tonne
Aluminium scrap	Ministerial Decree No. 1157/2017	Applied until 26 December 2017	LE 7,000 per tonne
Copper scrap	Ministerial Decree No. 1157/2017	Applied until 26 December 2017	LE 20,000 per tonne
Iron scrap	Ministerial Decree No. 1354/2016	Applied until 26 December 2017	LE 1,300 per tonne
Lead scrap	Ministerial Decree No. 1354/2016	Applied until 26 December 2017	LE 6,000 per tonne
Waste paper	Ministerial Decree No. 612/2017	Applied until 26 December 2017	LE 3,600 per tonne
Zinc scrap	Ministerial Decree No. 1354/2016	Applied until 26 December 2017	LE 3,000 per tonne
Blocks of talc	Ministerial Decree No. 145/2017	Applied until February 2018	LE 900 per tonne
Feldspar	Ministerial Decree No. 145/2017	Applied until 8 February 2018	LE 400 per tonne
Marble and raw granite	Ministerial Decree No. 145/2017	Applied until 8 February 2018	LE 400 per tonne
Quartz ore	Ministerial Decree No. 145/2017	Applied until 8 February 2018	LE 150 per tonne
Sand	Ministerial Decree No. 145/2017	Applied until 8 February 2018	LE 100 per tonne
Talc powder	Ministerial Decree No. 145/2017	Applied until 8 February 2018	LE 500 per tonne
Blocks of talc and crushed talc	Ministerial Decree No. 145/2017	Applied until 8 February 2018	LE 900 per tonne
Fresh and refrigerated and frozen fish	Ministerial Decree No. 1106/2017	Applied until 24 August 2018	LE 12,000 per tonne
White crust leather pre tanned from bovine skin	Ministerial Decree No. 631/2017	Applied until 3 May 2018	LE 250/piece of skin
White crust leather pre tanned from calf skin	Ministerial Decree No. 631/2017	Applied until 3 May 2018	LE 150/piece of skin
White crust leather pre tanned from lamb skin	Ministerial Decree No. 631/2017	Applied until 3 May 2018	LE 15/piece of skin
White crust leather pre tanned from goat skin	Ministerial Decree No. 631/2017	Applied until 3 May 2018	LE 7.5/piece of skin

Product	Legal basis	Time frame	Tax rate
White crust leather pre tanned from camel skin	Ministerial Decree No. 631/2017	Applied until 3 May 2018	LE 150/piece of skin

Source: Ministry of Trade and Industry.

3.98. Under the Value Added Tax Law No. 67/2016, exported commodities and services are subject to a zero VAT rate.

3.2.3 Export prohibitions, restrictions, and licensing

3.99. Pursuant to Article 7 of Law No. 118/1975, the exportation of certain commodities can be prohibited or restricted through Ministerial Decree to meet local demand and for environmental purposes.

3.100. Exports of rice of any kind (HS10.06), including broken rice, are banned in accordance with Ministerial Decree No. 722/2016 issued on 1 August 2016; this measure has unlimited validity and was imposed due to the lack of water resources. In addition, and in accordance with Ministerial Decree No. 304/2011 issued on 20 June 2011, Egypt banned the exportation of raw or tanned hides, skins or leather in their wet state including the "wet blue"; this measure has unlimited validity and bans exports of all kinds of raw or tanned hides, skins or leather included in HS codes 41.01, 41.02, 41.03, 41.04.11, 41.04.19, 41.05.10, 4106.21, 4106.31 and 4106.91. Asses' hides and skins are excluded from the scope of this decree in accordance with Ministerial Decree No. 692/2012 as amended by Ministerial Decree No. 1036/2012, which allows the exportation of 8,000 asses' hides and skins annually, subject to prior approval of the General Organization for Veterinary Service in the Ministry of Agriculture. Approval is required for each consignment and within the imposed annual quota. Egypt does not impose any export licensing requirements.

3.2.4 Export support and promotion

3.101. Egypt maintained export subsidies for its textiles and clothing industry from December 2008 to June 2009. The subsidy amounted to 8%-10% of the export value and was paid by the Export Development Fund. The measure was not notified to the WTO. The authorities have noted that Egypt currently does not grant any form of export subsidy.

3.102. The duty drawback scheme, applied under Articles 102 to 106 of the Customs Law and Prime Minister Decree No. 1635/2002, allows a full refund of customs duties paid on imports of inputs and components used in the manufacture of finished products provided that the finished products are exported or shipped to a free zone within two years of the date of payment of the duties. All excise duties incurred on local inputs are also refunded. Drawback refunds have oscillated between 0.5% and 1% of the value of exports in the 2012-17 period. There has been a declining trend in recent years (Table 3.21).

Table 3.21 Total exports and drawback annual refunds

(LE million and %)

Year	Total exports	Total refunds	% of exports
2012/2013	13,743.4	165.7	1.2
2013/2014	18,422.2	184.3	1.0
2014/2015	24,791.8	206.0	0.8
2015/2016	22,549.3	205.2	0.9
2016/2017	34,642.2	163.0	0.5

Source: Information provided by the authorities.

3.103. The main government agency responsible for export promotion is the Export Development Authority (EDA). The EDA was activated in May 2017 and a number of agencies have been brought under its umbrella. The EDA includes the Foreign Trade Centre (FTTC), the International Trade Point and the Egyptian Export Promotion Centre. The EDA was originally established by Law No. 22/1992 to be the champion for export development in Egypt. The EDA is responsible for: the development of export strategies and policies; raising the export capabilities of exporters to support the penetration of Egyptian exports into international markets; facilitating trade policies and regulations; and providing comprehensive market research and export strategies for industrial enterprises, in parallel with technical assistance and business development services to help Egyptian products comply with international standards and market entry requirements. The FTTC, established in 2001, aims at developing Egyptian export competitiveness by providing training services to enhance exporters' skills, knowledge and capabilities. Other export-related agencies affiliated with the Ministry of Trade and Industry that work closely with the EDA include the Egyptian Commercial Service (ECS), the Egypt Expo and Convention Authority (EECA), the Coordination Council for Egyptian Sectoral Export Councils, and the GOEIC. The Ministry of Trade and Industry aims at increasing the annual growth rate of non-petroleum exports to 10% by 2020.

3.104. Egypt's Export Development Strategy, developed in the context of Egypt's Industry and Trade Development Strategy for the period 2016-2020, focuses on six main areas: (a) simplifying export and import procedures to facilitate trade; (b) enhancing the competitiveness of a wide range of small exporters; (c) improving the inspection and quality control of export projects; (d) improving the logistics system related to export projects; (e) raising exporters' awareness about current preferential agreements and implementing pending agreements; and (f) promoting Egyptian export projects. The authorities noted that no changes have been made to the strategy since its adoption. In cooperation with the private sector, the Ministry of Trade and Industry is currently engaged in addressing problems relevant to each industry so as to be able to move in the direction indicated by the Strategy. In this respect, sectoral strategies for the chemical and building material industries, which were given priority by the Ministry, have been completed. Strategies to promote exports in general and to the African market in particular have also been implemented. The authorities indicated that a project to develop new legislation to regulate export and import procedures, called EGYTRADE, is currently being developed.

3.105. The Export Promotion Law No. 155/2002 established an Export Development Fund with a view to increasing and diversifying exports of goods and services and raise their competitiveness. This is to be achieved by: (a) promoting the marketing of Egyptian products in foreign markets; (b) assisting producers in increasing their export capabilities by conducting technical and marketing research, setting up inspection laboratories, technical certification centres, marketing research institutes and training centres; (c) developing an electronic communications network with importing markets, national development institutes, organizations that stimulate exports, and other entities working in this field; (d) reducing the financial burden on exporters to put them on an equal footing with competitors in international markets; (e) strengthening the ability of exporters to market in the areas of goods and services exports; (f) financing export market studies, identifying their qualitative and quantitative needs, and introducing the demands of foreign markets and the controls they place on circulation of imported goods to exporters; and (g) providing other means and tools that work to achieve the objectives of the Fund.

3.2.5 Free zones and special economic zones

3.106. Since 1974, the Government of Egypt has been promoting the establishment of free zones. Currently, free zones may be established by the Council of Ministers under Article 33 of Law No. 72/2017. Free zones are located in Egypt but considered offshore areas. The incentives offered in them are meant primarily to attract investment, provide employment for Egyptians, and encourage exports. The general provisions of Law No. 72/2017 apply to investment in free zones; there are no specific eligibility criteria for enterprises. The body responsible for overseeing the free zone regime in Egypt is the General Authority for Investment and Free Zones (GAFI).

3.107. There are two types of free zones: public and private. Public free zones are established for several projects licensed in accordance with the provisions of Law No. 72/2017, whereas private free zones are confined to one specific project or company. Private free zones are established based on the decision of the Council of Ministers, provided that, *inter alia*: (a) there is no convenient site for the project's activity inside a public free zone; (b) the project is operated by joint-stock or limited liability companies; (c) the capital is not less than US$10 million; (d) there are no less than 500 permanent workers in the case of industrial projects; and (e) exports of the project amount to not less than 80% of the production value. Individual public free zones are managed by a Board of Directors, which is responsible for granting licences for projects within the zone. The GAFI is responsible for the overall management of the zones; the GAFI may also establish private free zones if deemed appropriate. There are currently nine major public free zones in Egypt, up from seven in 2005.[41] There is a customs office in each free zone. As of end December 2016, there were 212 private free zone projects. The GAFI is also responsible for the management of these projects.

3.108. Enterprises installed in free zones benefit from complete exemption from import tariffs and service charges, income taxes, and the value added tax. Similarly, with the exception of passenger vehicles, imports of all types of tools, supplies, machinery and all means of transportation necessary for exercising the activity licensed for all projects within a free zone are exempted from customs duties, VAT, and other taxes and duties. These taxes and duties must be paid if production from the free zones is sold in the customs territory of Egypt. Incentives provided under the Egyptian Free Zone system also include: no limitations in transferring profits and investing money; the right to import and export without the need to be included in the Register of Importers; and free price determination.

3.109. Enterprises in free zones are, however, charged a fee in lieu of taxes. Manufacturing and assembly projects established in public free zones are subject to a fee of 1% of the commodity value upon egress (exportation). Goods in transit are exempted from this fee. A fee of 2% of the c.i.f. value of imports (commodity value upon ingress) is charged in the case of storage projects. A fee of 1% of total revenue is charged in the case of projects whose main activity does not require the ingress or egress of goods. Also, projects in private free zones are subject to a fee of 2% of total revenues, with the exception of manufacturing and assembling projects, which are subject to a fee of 1% of total revenues achieved by exporting the products, and a charge of 2% of total revenues if the product is traded inside the country. Free zones companies are subject to charges for services rendered by the GAFI, at an annual rate not exceeding 0.001% of the project's capital, with a maximum of LE 100,000. This percentage is reduced to 0.0005% of the project's issued capital for manufacturing and assembly projects. They must also submit a financial guarantee to cover the project's liabilities, which is generally 1% of the project's investment costs with a maximum of US$75,000 for manufacturing and assembly projects, and 2%, with a maximum of US$125,000 for storage, services and other projects with more than one activity.

3.110. There are some restrictions on investment activities in free zones in the case of heavy or explosive industries. In 2015, further limitations were introduced for energy-related free zone investments, and licences are no longer granted in free zones for projects in the following sectors: fertilizers; oil and steel; petroleum; natural gas production, liquefaction and transport; or other energy-intensive industries.

3.111. Free-zone investors may sell all or part of their products on the Egyptian market after payment of the relevant customs duties on the goods. Production sold on the national market amounted to US$3.63 billion in 2016, up from US$1.53 billion in 2003. More than 85% of investment in free zones is of Egyptian origin. Cumulative investment in free zones reached US$10.77 billion at end 2016.[42] Employment at the same date totalled 183,657. There were 1,108 companies operating.[43]

3.112. With a view to attracting more investment to Egypt, Law No. 83/2002, amended by Law No. 27/2015, provides for the establishment of Special Economic Zones. In particular, the Law provides for a special customs system with simple and efficient procedures, tariff-free imports of inputs and equipment, a special taxation system with lower rates, and a special regime for labour relations. As at December 2016, one special economic zone had been established at the Gulf of Suez in Ain Sokhna.

3.2.6 Export finance, insurance, and guarantees

3.113. The Export Development Bank of Egypt (EBE), established in 1983, provides short- and medium-term loans to finance capital assets of export companies, and bank guarantees required

[41] The nine free zones are: Alexandria, Nasr City, Port Said, Suez, Ismailia, Damietta, Media Production City, Keft, and Shebin El Kom.

[42] Of which, US$3.57 billion went to Alexandria free zone; US$3.48 billion to Nasr City, US$991 million to Port Said, US$965 million to Media Production City, US$925 million to Suez, US$669 million to Ismailia, US$88 million to Keft, US$56 million to Damietta, and US$18 million to Shebin El Kom.

[43] Of which, 411 in Alexandria, 222 in Nasr City, 83 in Port Said, 188 in Suez, 87 in Ismailia, 66 in Media Production City, 23 in Damietta, 9 in Keft, and 19 in Shebin El Kom.

for financing exports. The guarantees are granted either directly to the exporter, or through other banks. The EBE also provides credit to finance imports primarily meant as inputs for export production, and acts as an insurer for exports against commercial and non-commercial risks, through its subsidiary the Export Credit Guarantee Company of Egypt (ECGE). By the end of 2016, credits disbursed amounted to LE 13.5 billion. The EBE currently offers four individual financing programmes each with its own financing conditions and eligibility criteria. The Agriculture Development Programme (ADP), for example, provides export loans of up to LE 16 million to agricultural companies.

3.114. The ECGE is a subsidiary of EBE, established in 1992, to help exporters reduce the risk of uncertainty when exporting to others countries. The ECGE underwrites political and commercial risks by offering export credit guarantees covering up to 90% of the loss incurred. The ECGE can also support the banking sector directly through the coverage of unconfirmed export letters of credit to enable exporters to obtain the necessary financing for their exports. It also provides export-factoring services including risk coverage and the purchase and collection of receivables. Other products offered to exporters include information reports on foreign buyers and assistance with export debt recovery. ECGE premiums range between 0.3% and 2%, depending on the importer's country and the buyer's position. Exporters can then sell the guarantee to their banks to obtain financing for their export operations. Between 2005 and 2016, the ECGE guaranteed export credits totalling LE 9 billion.

3.3 Measures Affecting Production and Trade

3.3.1 Incentives

3.3.1.1 Industrial incentives

3.115. The Industry and Trade Development Strategy 2016–2020, implemented by the Ministry of Trade and Industry, contains the main elements and goals of Egypt's industrial policy. The Strategy focuses on five key pillars: (a) industrial development; (b) micro, small and medium enterprises and entrepreneurship development; (c) export development; (d) the upgrading of technical and vocational education and training; and (e) governance and institutional development. With respect to its action plan, the Strategy has five main components: (a) determining targeted industrial sectors; (b) conducting legislative and procedural reform; (c) the development of industrial lands; (d) drawing a governorate industrial investment map; and (e) implementing an industrial clusters project.

3.116. The targeted industrial sectors under the Strategy are divided into: (a) sectors targeted for export (engineering, chemicals, textiles and clothing, information technology and software, and craft activities); (b) industries targeted for increasing value added (agriculture, textiles and clothing, iron and steel, leather, furniture, and natural product based industries); and (c) sectors targeted for deepening the industry, rationalizing imports and increasing exports (engineering, textiles and clothing, building materials and chemicals).

3.117. The Industrial Development Authority (IDA), created by Presidential Decree No. 350/2005 is the body in charge of implementing industrial policy, including incentives, in Egypt. The IDA is in charge of implementing land-development policies, including land servicing for industrial purposes and providing industrial lands for investors; establishing the necessary servicing plans and mechanisms for industrial zones; and establishing specialized industrial clusters, with the aim of raising the value-added of Egyptian industrial production. The IDA's goals include: attracting more foreign and local investments; restoring the Egyptian industry's ability to provide new job opportunities; increasing the contribution of industrial activity to GDP and export earnings; deepening local manufacturing; rationalizing the use of natural resources; and minimizing the trade deficit, especially in the area of engineering goods. The IDA is responsible for establishing factories, providing utilities, and issuing licences for investors. The General Authority for Investment and Free Zones (GAFI), the principal governmental authority concerned with regulating and facilitating investment in Egypt, is responsible for promoting the establishment of investment zones to accelerate the expansion of competitive strategic clusters. Law No. 83/2016 granted the IDA the exclusive authority over industrial land, including planning, development, installation of utilities and infrastructure, maintenance, and putting the land up for bids.

3.118. Article 10 of Presidential Decree No. 350/2005 established an Industrial Zones Support, Servicing and Development Fund, which is managed by the IDA. Total financial support granted by the Fund as of May 2017 reached LE 5.03 billion, involving 44 industrial zones in 25 governorates. During the period under review, the IDA has also provided support through its New Generation of Industrial Zones programme, which was carried out between 2008 and 2013.

3.119. Law No. 15 of 2017 for the Simplification of Industrial Licensing Procedures was approved by Parliament in March 2017 and entered into force on 3 May 2017. The new law simplifies requirements and shortens the length of procedures for issuing industrial licences. In accordance with the new law, the duration for issuing licences will be reduced to 7 days for low-risk industries and 30 days for high-risk industries. The law will also contribute to the activation of the Central Bank of Egypt's initiative to provide LE 200 billion for the financing of SMEs' activities, enabling these entities to benefit from available concessional financing. The law provides for the establishment of a Special Committee for Licensing Requirements, responsible for identifying all the requirements to obtain an industrial licence. Low-risk projects can be established by a simple notification to the IDA subject to a subsequent inspection and are granted a grace period of one year for compliance. SMEs are given a grace period of two years to comply. These projects are exempted from submitting an environmental assessment study.

3.120. Companies engaging in industrial activities may benefit from Egypt's investment legislation, which provides for various incentives. Incentives schemes were modified by Egypt's new Investment Law No. 72/2017 and its regulations, Prime Minister Decree No. 2310/2017. During most of the review period, incentives were mainly governed by the Investment Guarantees and Incentives Law No. 8/1997, (amended by Law No. 17/2015) aimed at promoting investment in targeted economic sectors including: agriculture; certain oil field services; financial services; hotels; infrastructure; manufacturing; medical services; mining; software development; tourism; and transport. The benefits granted included: a flat 5% customs duty rate on imports of equipment and machinery; exemption from stamp duties and notarization fees for three years from the date of registration; and exemption from registration and notarization charges. Other incentives under the Investment Guarantees and Incentives Law included tax holidays for company profits, personal income tax on dividends, and annual stamp duty on capital. Tax holidays were granted for five years for all investments; for up to ten years for companies established in the new industrial zones, new urban communities or remote areas; and for up to 20 years from the date of establishment for investments outside the Old Valley of the Nile.

3.121. Under Investment Law No. 72/2017 and its regulations, the contracts of registration of the lands required for the set-up of the companies and establishments are exempted from stamp duty and fees of notarization and registration for five years after inscription in the Commercial Register. The companies and establishments subject to the provisions of this Law may also benefit from Article 4 of the Customs Exemptions Law promulgated by Law No. 186 of 1986 related to the collection of a unified customs tax rate of 2% on the value of all the imported machinery, equipment, and devices required for the set-up of such companies. They are also exempted from the stamp tax, as well as from the payment of fees for the notarization and registration of their Memoranda of Incorporation and on credit facilities and pledge contracts associated with their business for five years from the date of registration in the Commercial Register. Investment projects set up under Law No. 72/2017 shall receive an investment incentive in the form of a discount from taxable net profits, of 30% or 50% depending on the zone where the investment takes place (Section 2.4). The discount period shall not exceed seven years from the activity's start-up date. Investors implementing investment projects of an industrial nature may import free of customs duties casts and moulds and other similar production supplies for their temporary use in manufacturing products and, thereafter, for re-export abroad.

3.122. Presidential Decree No. 17/2015 allowed the Egyptian government, for a period of five years to end on April 2020, to offer government-owned industrial land to serious qualified investors free or at discounted prices. In implementation of this, a Presidential Decision was issued in 2016, allowing the free allocation of certain industrial areas in Upper Egypt for financially and technically qualified investors. However, this Decree and all other Decrees allocating land were annulled by the Executive Regulations of the Investment Law No. 72/2017.

3.123. Law No. 19/2007 authorized the creation of investment zones, which require Prime Ministerial approval for establishment. They fall under the purview of the GAFI. The legal framework regarding investment zones was modified by Law No. 72/2017, which provides that investment zones must be specialized in an investment field, including logistic, agricultural, and industrial zones. Investment zones are established, built, and operated by the private sector and regulated by the Government through a board of directors. They enjoy the same benefits as free zones in terms of facilitation of licence issuance, but are not granted the incentives and tax/custom exemptions enjoyed in free zones. Projects in investment zones pay the same tax/customs duties applied throughout Egypt. The aim of the law is to assist the private sector in diversifying its economic activities. There are currently 13 investment zones specialized in various fields and distributed among seven Egyptian governorates.[44]

3.124. Although Egypt's investment legislation does not contain any performance requirements, and fulfilling local content requirements is not a prerequisite for establishing a business, in some cases, assembly industries must meet a minimum local content requirement in order to benefit from customs tariff reductions on imported industrial inputs. For instance, under Decree No. 184/2013 local producers may benefit from a reduction of customs tariffs on intermediate goods if the final product has at least 30% local content. The percentage of tariff reduction depends directly on the percentage of local content, with a maximum of 90% if local content is 60% or higher.

3.3.1.2 Special Economic Zones

3.125. Under the Special Economic Zones (SEZ) Law No. 83/2002, as amended by Law No. 27/2015, special zones for the exportation of industrial and agricultural products or of services may be established. The law allows firms operating in a SEZ to import capital equipment, raw materials, and intermediate goods duty free. Companies established in the SEZs are also subject to lower corporate taxes, are exempt from sales and indirect taxes and can operate under more flexible labour regulations. Foreign entities can participate in the infrastructure development of an SEZ; this may be achieved through contractual arrangements between the developer and the main development company, which is in charge of constructing the backbone utility services and necessary infrastructure in the public areas of the zone. Developers are responsible for the construction and operation of the necessary on-site infrastructure in order to deliver utility services to the end-users within the areas of the zone over which they have development rights. A foreign investor may invest in the main development company of the zone through a partnership.[45]

3.126. The first SEZ under Law No. 83/2002, the Sokhna Special Economic Zone (SEZone), was established in the northwest Gulf of Suez.[46] The SEZone was created mainly to utilize foreign investment, develop industries, especially new and high technology industries, and to export. It was considered an experimental zone for opening up and carrying out reform, and establishing and improving the structure of the market economy in Egypt.[47]

3.127. As a second step, the establishment of a Suez Canal Economic Zone (SCZone) was announced in 2014. The zone is expected to become a major industrial and logistics services hub built along the Suez Canal, and is anticipated to include upgrades and renovations to ports located along the Suez Canal corridor, including West and East Port Said, Ismailia, Suez, Adabiya, and Ain Sokhna (Section 4). The project is expected to be built in several stages, the first of which is scheduled to be completed by 2020. Investment is sought in particular in certain industries including: maritime services; pharmaceuticals; food processing; automotive production; electronics; textiles; petrochemicals; IT services; renewable energy; and logistics and commercial developments. The SCZone spans an area of 461 km^2; it consists of two integrated areas (Ain

[44] The zones are: CBC Egypt for Industrial Development (building materials), Giza; Polaris International Industrial Park (textiles), Giza; the Industrial Development Group (automotive-related industries), Giza; Pyramids Industrial Parks (engineering industries), Sharqiya; Al-Tajamouat Industrial Park (textiles), Sharqiya; Meet Ghamr (SME), Dakahlia; Al-Saf (SME), Giza; City of Scientific Research and Technology Applications (nanotechnology and biotechnology), Alexandria; Cairo University (higher education and scientific research), Giza; Ain Shams University (higher education and scientific research), Qalyubiya; Fayyoum University (higher education and scientific research), Fayyoum. GAFI online information. Viewed at: http://www.gafi.gov.eg/English/StartaBusiness/InvestmentZones/Pages/Investment-Zone.aspx.

[45] GAFI online information. Viewed at: http://www.gafi.gov.eg/English/Howcanwehelp/Pages/FAQ.aspx.

[46] SEZONE is located 120 kilometres south east of Cairo and 45 kilometres south of Suez city. It is adjacent to the New Port of Sokhna, the only privately managed port in Egypt, with direct access to the Mediterranean Sea and the Indian Ocean, which makes it an ideal location for transit operations.

[47] GAFI online information. Viewed at: http://www.gafi.gov.eg/English/StartaBusiness/InvestmentZones/Pages/Special-Economic-Zones.aspx.

Sokhna with Ain Sokhna, and Port East Port Said with East Port Said Port), two development areas (Qantara West and East Ismailia) and four ports (West Port Said Port, Adabiya Port, Al Tor Port, and Al Arish Port).

3.128. Companies operating in the SCZone enjoy a number of incentives and guarantees, including a 10% unified income tax rate, compared to 22.5% outside the zone, applicable on company profits and on the income of natural persons, as well as on revenues derived from land and non-residential buildings. Imports are exempt from customs duties and sales tax. Customs duties on exports to Egypt are imposed on imported components only, not the final product. The Zone will also provide a one-stop shop for investment with a special customs service. Also, the Zone has a Dispute Settlement Centre, and most disputes can be resolved at this level; in general, a dispute is referred to court only if a panel has rendered its decision or if, 60 days after the date a motion was filed to appeal the decision, the panel has not decided on the appeal. Companies operating within the SCZone are entitled to 100% foreign ownership of companies; and 100% foreign control of import/export activities.[48]

3.3.1.3 Promotion of small and micro enterprises

3.129. The development of small and micro enterprises (SMEs) is considered a fundamental pillar for further developing and modernizing the economy, and a major instrument for adjustment assistance. SMEs account for about 99% of private establishments in the non-agricultural sector and 85% of private sector employment.

3.130. For most of the period under review, the Social Fund for Development (SFD), a semi-autonomous governmental agency under the direct supervision of the Prime Minister, was the main policy tool for providing support to SMEs. On 21 April 2017, the Egyptian Government issued a decree transforming the previous SFD into the Micro, Small and Medium Enterprise Development Agency (MSME), a semi–autonomous governmental agency under the direct supervision of the Minister of Trade and Industry. The MSME is mandated to put in place a roadmap to encourage investment in SMEs and help smaller companies expand their exports. The Agency also aims at promoting the implementation of more SME-friendly land and licensing procedures. The MSME's board includes representatives from the Egyptian Ministries of Trade and Industry, Planning, Local Development, Finance, Social Solidarity, Investment and International Cooperation. The Agency has 31 regional offices nationwide. The MSME receives funding from the Government, and from multilateral and bilateral donors; its budget for the promotion of SMEs in 2017 is about LE 5 billion.

3.131. The SME Development Law (Law No. 141/2004) aims at providing incentives and facilitating the procedures required to establish and run a medium, small or micro enterprise. The MSME is the competent authority for implementing the Law, which includes various provisions to improve small and micro enterprises' access to capital and the establishment of trust funds in each governorate to finance small and micro enterprises.

3.132. Other incentives currently available to SMEs include) the One Stop Shop (OSS) Initiative, which consists of supporting the incorporation of businesses in the informal sector into the formal sector. Up to September 2017, 33 OSS outlets had been established in all the governorates simplifying and facilitating procedures and the acquisition of the necessary approvals and licences to start the projects, and enabling SMEs to obtain their share of government tenders, in accordance with Article 12 of the Small Projects Law No. 141 of 2004, which provides for the allocation of at least 10% of annual government purchases to small business owners. The authorities have noted that the Government is currently considering further legal amendments to improve the business environment for SMEs in Egypt, *inter alia*, by updating the definition of medium-sized projects by redefining small and micro enterprises, as well as by integrating several government incentives.

3.3.1.4 Support for research and development

3.133. Egypt does not provide explicit incentives to encourage investment by private companies in research and development (R&D) activities. The Government does, however, fund R&D directly

[48] SCZONE online information. Viewed at: https://www.sczone.eg/English/Pages/default.aspx.

through the Ministry of Higher Education and Scientific Research, as well as other ministries that provide R&D funding from the annual state budget and through scientific institutions and universities. According to the authorities, the annual budgeted assistance for R&D is less than 0.3% of GDP. Publicly funded R&D is geared towards the following priority areas: agriculture, biotechnology, environmental technologies, manufacturing technologies, information technology, energy, and standards and metrology. Tax rebates of up to 50% are available for investment in technological hubs. Tax rebates from the cost of investment upon inception range from 30% to 50% based on the geographical area, and are capped at 80% of the paid-up capital; this applies across different industries including technological hubs.

3.3.1.5 Regional support

3.134. There are a number of policy initiatives with a view to reducing population pressure in the Nile area and redirecting people to less densely populated areas of the country. This includes the development of so-called new communities and new industrial zones, and efforts to irrigate large parts of the Western Desert. The new communities and new industrial zones were established in desert areas. They offer subsidized land for all developments in order to attract investment. The incentives offered by the new community projects in some cases include a ten-year tax holiday period[49]; they have resulted in a significant increase in industrial activities in these areas. The corporate income tax law exempts profits of land reclamation or cultivation establishments for a period of ten years.

3.135. The South Valley Development project aims at achieving the integrated development of the South Valley region through the construction of an industrial zone which will largely depend on agricultural and cattle raising production and is expected to increase the cultivated and habitable areas.

3.136. The Investment Law No. 72/17 introduced regional incentives in the form of a discount on taxable net profits, depending on the region. Projects located in Sector A, which includes the geographic locations most urgently requiring development, receive a 50% discount off their investment costs; projects in Sector B, which covers all the remaining areas of Egypt, enjoy a 30% discount off their investment costs. In the latter case, projects must be at least one of the following: (a) labour-intensive; (b) implemented by small and medium enterprises; (c) dependent on or produce new and renewable energy; (d) defined as national and strategic projects defined under a decision issued by the Supreme Council; (e) a tourism project defined under a decision issued by the Supreme Council; (f) an electricity generation and distribution project; (g) a project that exports its production outside the geographical territory of Egypt; (h) an automotive manufacturing and auto feeding industry project; (i) a wood, furniture, printing, packaging, and chemical industry project; (j) an antibiotics, oncology drugs, or cosmetics industry project; (k) a food, agricultural products, or agricultural waste-recycling industry project; or (l) an engineering, metallurgical, textile, or leather industry project. In all cases, the investment incentive shall not exceed 80% of the paid up capital until the activity start date, in accordance with the provisions of the Income Tax Law No. 91/2005. The discount period may not exceed seven years from the activity start-up date.

3.3.2 Standards and other technical requirements

3.3.2.1 Standards and technical regulations

3.3.2.1.1 Standards

3.137. The Egyptian Organization for Standardization and Quality (EOS), a semi-autonomous body affiliated with the Ministry of Trade and Industry, is the national authority in all matters related to standardization, quality control, and metrology. While the EOS, with its more than 800 permanent staff members, formulates and sets standards, verification of compliance is the responsibility of agencies affiliated with different ministries, including the Ministries of Agriculture

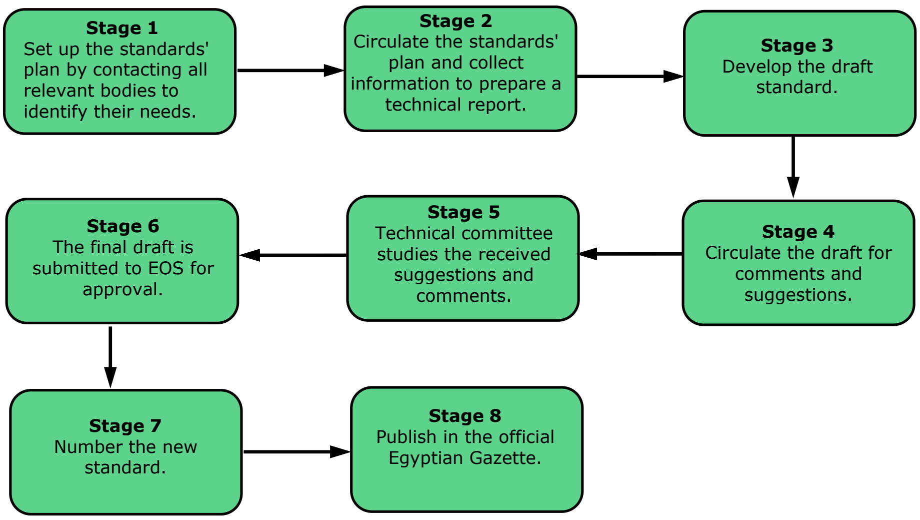
[49] Tax holidays as incentives were cancelled in principle by the Income Tax Law No. 91/2005 for these projects, with the exception of: (a) profits from land reclamation or cultivation enterprises, granted a tax holiday of 10 years from the date of activity inception; and (b) poultry farming, apiculture, livestock husbandry and fattening, fisheries, fish farming enterprises and fishing boats enterprises profits, for a period of 10 years from the date of activity inception.

and Health, the Atomic Energy Authority, the National Telecommunications Regulatory Authority and, for imported goods, the GOEIC. As the national standards body (NSB) in Egypt, the EOS is responsible for: (a) the preparation and issuance of Egyptian Standards; (b) licensing the award of Egyptian quality marks and conformity certificates for various products; (c) providing technical consultancy services in the areas of standards and quality; (d) conducting laboratory inspections and testing; (e) representing Egypt in international and regional organizations in the fields of standards and quality; (f) the calibration of measuring and testing equipment for industrial companies and establishments; (g) providing information in the fields and activities of standards and quality; (h) acting as the national WTO-TBT Enquiry Point and Notification Authority[50]; and (i) providing the Halal Mark according to Ministerial Decree No. 561 of 2012.[51]

3.138. Egypt has accepted the WTO Code of Good Practice for the Preparation, Adoption and Application of Standards.[52] It is a member of the International Organization for Standardization (ISO). The EOS has signed mutual recognition agreements in the field of standardization and related activities with most Agadir countries, China, France, Jordan, Kuwait, Lebanon, Libya, Morocco, Nigeria, Saudi Arabia, Sudan, Tunisia and Uganda.

3.139. Draft standards are developed by EOS technical committees; currently there are 138 committees. Within their scope, technical committees determine their own work programmes to identify the market requirements for individual work items. The committees include representatives from research organizations, control authorities, producers, consumers, and chambers of commerce and industry. A draft standard, once developed by a technical committee, is circulated to all interested persons for comments for a period of at least two months. Once all relevant comments have been incorporated and a final draft has been developed, the standard must be issued by the EOS Council and published. The EOS Council comprises, amongst others, heads of holding companies and control authorities, as well as representatives from the legal profession and the media (Chart 3.4).

Chart 3.4 Procedure for the preparation of Egyptian standards



Source: WTO Secretariat, based on information provided by the authorities.

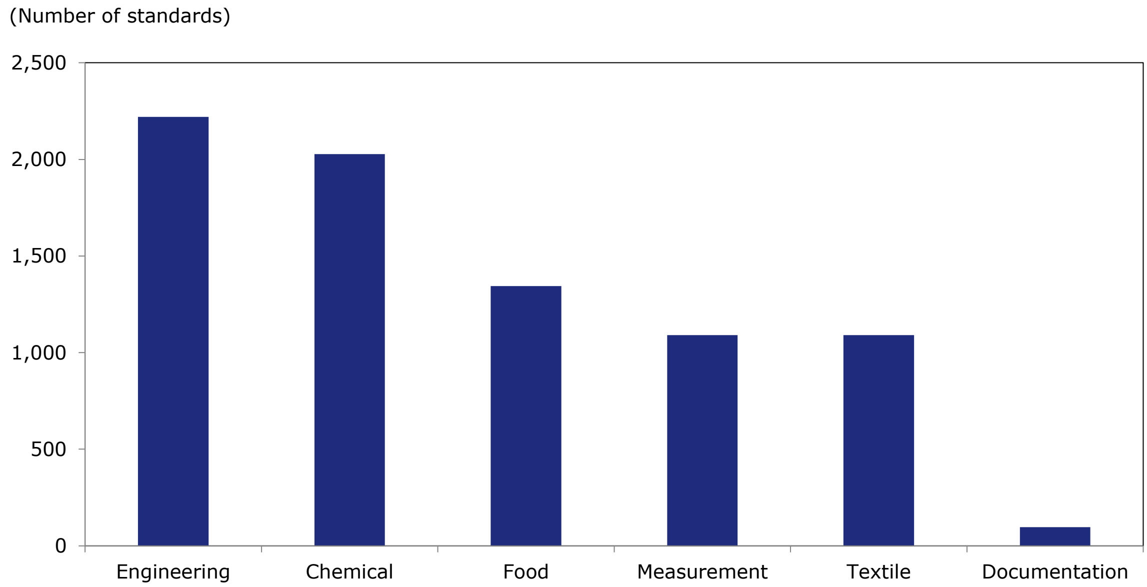
3.140. Egypt's standards do not distinguish between foreign and domestic goods. The majority of the mandatory standards (technical regulations) issued by ministerial decree concern chemicals, food products, engineering goods, measurement and textiles. In the absence of a mandatory Egyptian standard, importers may choose a relevant standard from among seven international standard systems.[53] Importers are usually required to inform the GOEIC of the standards to be

[50] WTO document G/TBT/ENQ/37, 15 June 2010.
[51] Ministerial Decree No. 561 of 2012 stipulates that the EOS is the sole entity with the authorization to provide the Halal mark on products according to the standard specifications issued in this regard.
[52] WTO document G/TBT/CS/N/17, 1 November 1995.
[53] These are standards either based on ISO or on the standardization systems of the European Union, the United States, Germany, Japan and the United Kingdom.

applied to imported goods, prior to importation. In the absence of a mutual recognition agreement between Egypt and the exporting country, the imported product is subject to inspection and testing in Egypt, even if covered by a certificate.

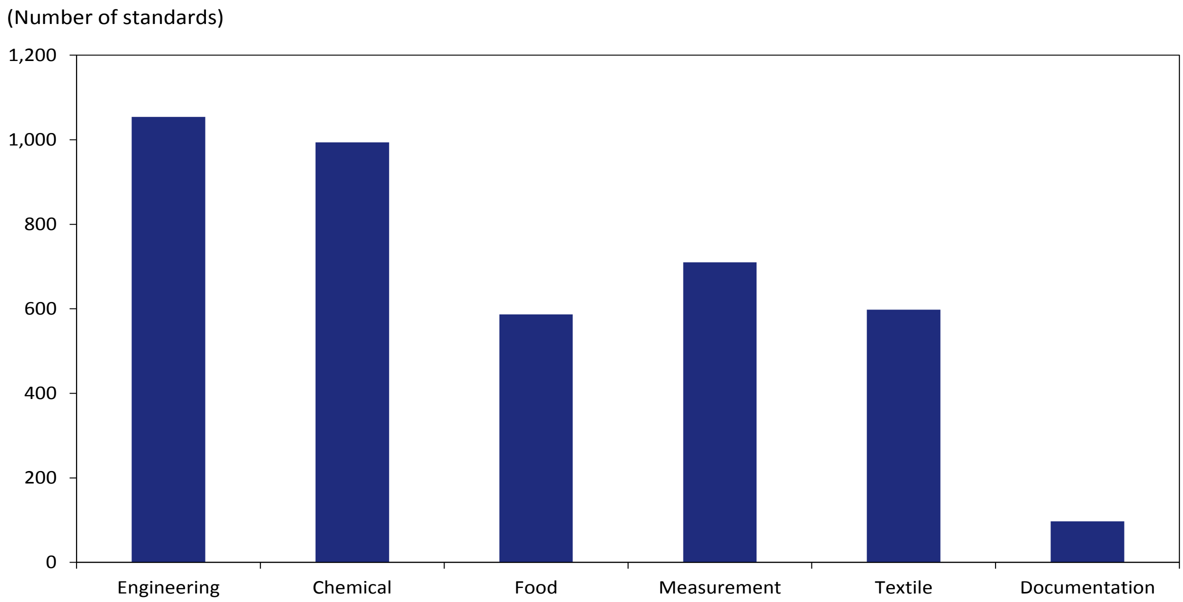
3.141. Egyptian standards are reviewed periodically, usually once every five years, to ensure their relevance to current requirements. As at November 2017, Egypt had issued more than 8,500 standards covering six sectors (Chart 3.5). In addition, according to the authorities, more than 7,000 national standards had been aligned with international standards in several sectors (Chart 3.6).

Chart 3.5 National Standards, 2017



Source: WTO Secretariat calculations, based on data provided by the authorities.

Chart 3.6 National standards aligned with international standards, 2002-16



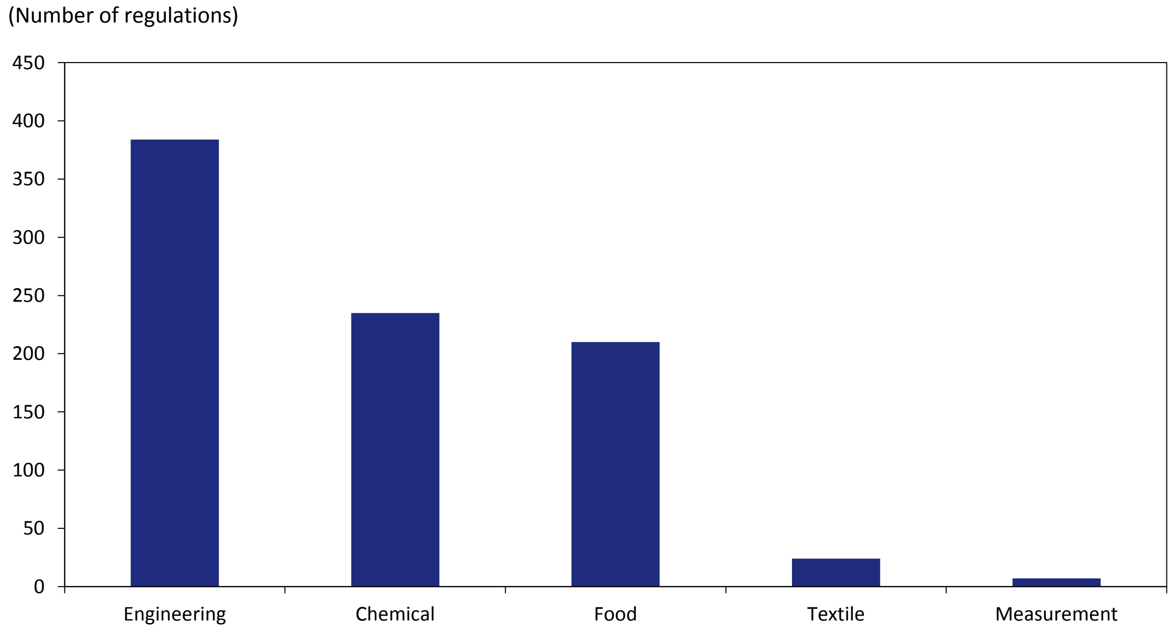
Source: WTO Secretariat calculations, based on data provided by the authorities.

3.3.2.1.2 Technical regulations

3.142. Apart from those standards developed by the EOS which become mandatory, and hence are technical regulations, various national line function departments in different ministries are responsible for drafting and implementing technical regulations. A technical regulation is issued by a Ministry when it requires that a product, or a group of products, complies with a particular production method or contains (or does not contain) particular elements such as residues, or food additives.

3.143. As at December 2016, Egypt had more than 860 technical regulations in place covering five sectors, with the largest number pertaining to engineering and chemical products, food, textiles and measurement products (Chart 3.7).

Chart 3.7 Technical regulations, 31 December 2016



Source: WTO Secretariat calculations, based on data provided by the authorities.

3.144. Egypt submitted its first TBT notification in 1997; between then and late October 2017, it had submitted 168 new notifications (221 notifications including addenda and corrigenda) to the WTO Committee on Technical Barriers to Trade.

3.3.2.2 Conformity assessment

3.145. As per Decree No. 392/1979, the EOS is the national authority for conformity assessment in Egypt. The EOS grants quality and conformity marks as well as conformity certificates for industrial commodities and products according to Egyptian and foreign standards. The main tasks of EOS in respect of quality are determined according to the decree establishing EOS as follows: (a) testing the conformity of raw materials, industrial commodities and products to approved standards including through technical research and studies, inspection, and sampling; (b) evaluating results and granting quality marks for local industrial products in conformity with Egyptian standards; (c) verifying the accuracy of measurement and testing instruments used in industrial units in all sectors; and (d) representing Egypt in international and regional organizations concerned with standards, following up their activities and coordinating quality activities in Egypt with their corresponding bodies abroad.[54]

3.146. A quality mark is issued by the EOS upon request by a producer and is valid for two years; goods carrying the mark are subject to random testing and must comply with a specified standard.

[54] EOS online information. Viewed at: http://www.eos.org.eg/en/page/31.

3.147. In addition to quality marks, the EOS also issues conformity marks after verifying the conformity of a product to the relevant mandatory Egyptian standard (technical regulation). The conformity mark system is of obligatory application on the products for which mandatory Ministerial Decrees have been issued in respect of engineering products. The EOS carries out periodical tests and inspections on those products to verify their conformity to the relevant Egyptian standards.

3.148. The EOS also grants quality conformity certificates to establishments upon the request of the applying establishment, indicating the conformity of a specified amount of a product to the relevant Egyptian standard after conducting the required relevant technical studies. The conformity certificate system aims at providing consumers with the certainty that the products used conform to the relevant Egyptian standards. To obtain a quality conformity certificate, a number of conditions must be met: (a) the establishment must obtain the approval of the GAFI or the IDA as the case may be and be registered in the Industrial Register; (b) a commitment must be made to produce in accordance with Egyptian or foreign standards approved by EOS; (c) the establishment must have manufacturing capabilities with modern and appropriate technology; (d) it must have available laboratory equipment and the capabilities necessary to conduct tests according to the standard specifications of the commodity to be licensed; and (e) there must be an effective control and quality assurance system in place, among others.

3.3.2.3 Other quality control measures

3.149. As mandated by Presidential Decree No. 106/2000[55] concerning inspection and control of imported and exported goods procedures, product inspections may be carried out by different authorities under the auspices of the General Organization for Export and Import Control (GOEIC), affiliated with Ministry of Trade and Industry.[56] The GOEIC's main mission is to inspect imported and exported commodities, and/or oversee the inspection of exported and imported commodities subject to specific rules. The GOEIC also carries out optional inspections of commodities upon the request of applicants, and issues certificates of origin for commodities of Egyptian origin or acquiring Egyptian origin.

3.150. Egypt has mandatory quality control requirements for a number of imports listed in Annex 8 of the Executive Regulations (Ministerial Decree No. 770/2005) of the Import and Export Law No. 118/75.[57] These products, which must be inspected by the GOEIC, include foodstuffs, handbags, furniture, electronic products, spare parts, consumer products, live animals, iron tubes and pipes, ceramic sanitary ware, stoves and heaters, steam boilers, washing machines, electrical equipment, motor vehicle parts, pencils, and textiles (Table A3.3). An inspection fee is charged in all cases. The authorities indicated that similar measures are applied to equivalent domestic products.

3.151. If relevant mandatory standards have been issued by the Egyptian authorities, the GOEIC must conduct the inspection in accordance with those standards. However, the GOEIC's inspection can be based on standards from other countries if there is no relevant Egyptian mandatory standard. When products are imported into Egypt, they are required to undergo verification of conformity. Products are held either at customs compounds or sealed on the premises of the importer, until testing is completed.

3.152. The GOEIC conducts the necessary tests on the samples in its laboratories no later than at the time mentioned in the test standard. In general terms, the GOEIC does not accept testing by any other body, except in the case of preshipment inspection. However, the authorities have indicated that 14 companies are registered with the GOEIC allowing them to issue inspection certificates for imports of the products mentioned in Ministerial Decree No. 961/2012. Despite this, the GOEIC has the right to carry out random inspections to ensure that the inspection performed by those companies is appropriate.

[55] Other related legislation included Decision of the Prime Minister No. 1186/2003; Law No. 21/1982 and Law No. 7/2017 on the importers register, and the corresponding implementing regulations, Ministerial Decree No. 342/1982.

[56] The GOEIC was established by Presidential Decree No. 1770/1971 as a service and executive agency.

[57] In accordance with Article 69 of Ministerial Decree No. 770/2005, products listed in Annex 8 to the same Decree constitute the scope of the GOEIC's inspection services.

3.153. In accordance with Article 79 of Ministerial Decree No. 770/2005, the Egyptian Customs Authority (ECA) shall abide by decisions taken by the GOEIC regarding inspection and control procedures for imported and exported goods. The ECA may not accept requests for inspection or inspection results released by any other entity. Customs is authorized to release exported or imported goods only upon the GOEIC's decision stating that all inspection and control requirements have been adequately met.[58]

3.154. The exporter or importer may appeal the final inspection results before the Appeals Committee Secretariat no later than one week from the date of being informed of the results. The Committee, which includes representatives from all the regulatory bodies responsible for imports and exports, shall examine the appeal submitted against the final inspection results. The Committee decides whether to accept the results of the final inspection, to amend or annul them, or to re-inspect the consignment or allow treatment.[59] The decision of the Committee is final.

3.155. As at July 2017, the GOEIC had 132 accredited quality testing laboratories (49 for food commodities and 83 for industrial and engineering products); most of these laboratories hold international accreditation. Inspection fees depend on the good. Collected fees per consignment may not exceed LE 10,000. The quality control examination for textiles is executed by a committee that includes representatives of the domestic spinning and weaving industries.

3.3.2.4 Accreditation

3.156. Accreditation in Egypt is the responsibility of the Egyptian Accreditation Council (EGAC), established by Presidential Decree No. 312/1996 and re-organized by Presidential Decree No. 248/2006. The EGAC is the sole national body for the assessment and accreditation of conformity assessment bodies and laboratories in Egypt performing testing and calibration, inspection and certification activities for products, systems and personnel. The EGAC is headed by the Minister of Trade and Industry and governed by a board of 14 members, representing all stakeholders and concerned bodies.[60] The EGAC is mandated with setting up a system for evaluation of conformity assessment bodies and continuous surveillance of the accredited bodies. The EGAC may issue, suspend, or withdraw accreditation certificates.

3.157. The EGAC provides accreditation services in accordance with accepted established principles of quality assurance and the internationally agreed requirements and recommendations for the operation of accreditation systems. In this respect, the EGAC operates in accordance with International Accreditation Forum (IAF) and International Laboratory Cooperation (ILAC) guidelines and ISO/IEC 17011:2004. The EGAC's target is to establish mutual recognition agreements with accreditation bodies in other countries operating with equivalent standards. The EGAC joined the International Accreditation Forum's (IAF) Multilateral Recognition Arrangement in May 2006 and the International Laboratory Accreditation Cooperation's (ILAC) Mutual Recognition Arrangement in October 2009.

3.158. EGAC accreditation is granted to the conformity assessment bodies (CABS) that meet the requirements of the following international standards: (a) testing and calibration including sampling: ISO/IEC 17025; (b) quality systems certification: ISO/IEC 17021; (c) product certification: ISO/IEC Guide 65; (d) personnel certifiers: ISO/IEC 17024; and (e) inspection bodies: ISO/IEC 17020. The accreditation process for CABS and its renewal follows a specified time schedule (Table 3.22). The process provides time for an assessment visit as well as for proposing and adopting corrective measures.

[58] The documents required, in the case of imports, are: bill of lading; commercial invoice; customs import declaration; delivery order; inspection certificate; compliance certificate; certificate of origin; Form 4; receipt of administration fees; cargo release order, and packing list.

[59] If the Committee opts for the re-inspection of the consignment, it shall name a specialized inspection laboratory to conduct it and give the complainant the chance to attend the inspection procedures. Results are then deemed final and may not be contested.

[60] EGAC online information. Viewed at: http://www.egac.gov.eg/.

Table 3.22 Accreditation process time limits for conformity assessment bodies (CABS)

Activity	Time limits for initial assessment	Time limits for extension of scope	Time limits for surveillance	Time limits for reassessment
Start of the accreditation process	9 months before accreditation is required	3.5 months before the date of surveillance	3.5 months before the date of surveillance	9 months before the expiry date of the accreditation certificate. CABs are encouraged to apply for reassessment 2 months before that date
Submitting application	9 months before accreditation is required	3.5 months before the date of surveillance	Not applicable	9 months before the date of reassessment and up to 8 months before the expiry date
Acceptance of assessment team	Within 7 working days maximum of receiving EGAC's notification letter	Within 7 working days maximum of receiving EGAC's notification letter	Within 7 working days maximum of receiving EGAC's notification letter	Within 7 working days maximum of receiving EGAC's notification letter
Answer to document review	Within 3 months maximum of receiving document review report	Within 2 weeks maximum of receiving document review report	Within 2 weeks maximum of receiving document review report	Within 2 weeks maximum of receiving document review report
Agreement on assessment visit date	Within 2 weeks maximum of receiving EGAC's notification letter	Within 2 weeks maximum of receiving EGAC's notification letter	Within 2 weeks maximum of receiving EGAC's notification letter	Within 2 weeks maximum of receiving EGAC's notification letter
Rescheduling of assessment visit date	Within 3 months maximum of receiving EGAC's notification letter	Within 1 month maximum of receiving EGAC's notification letter	Within 1 month maximum of receiving EGAC's notification letter	Within 1 month maximum of receiving EGAC's notification letter
Root cause and proposed corrective action	Within 7 working days maximum of the date of the assessment visit	Within 7 working days maximum of the date of the assessment visit	Within 7 working days maximum of the date of the assessment visit	Within 7 working days maximum of the date of the assessment visit
Completed corrective actions	Within 3 months maximum of date of assessment visit	Within 4 weeks maximum of date of assessment visit	Within 4 weeks maximum of date of assessment visit	Within 4 weeks maximum of date of assessment visit
Additional corrective actions	Within 1 month maximum of the date of receiving the refusal of corrective actions letter	Within 6 weeks maximum of the date of the assessment visit	Within 6 weeks maximum of the date of the assessment visit	Within 6 weeks maximum of the date of the assessment visit
Committee corrective actions	Within 4 weeks of the time of giving the notice to the CAB	Within 4 weeks of the time of giving the notice to the CAB	Not applicable	Within 4 weeks of the time of giving the notice to the CAB

Source: EGAC online information. Viewed at: http://www.egac.gov.eg/uploads/Information_Back/Regulations/R05G%20accreditation%20process%20timings%20and%20response%20actions.pdf.

3.159. The EGAC's application fees are LE 3,000 for testing CABS and for calibration laboratories and LE 5,000 for inspection bodies, certification bodies, and proficiency testing providers.

3.160. The EGAC has signed a Sub Licence Agreement with ILAC to use the ILAC Laboratory Combined Multilateral Recognition Arrangement (MRA) Mark. It has also signed an agreement with IAF to use the IAF Combined Multilateral Recognition Arrangement (MLA) Mark.

3.161. As at November 2017, there were 12 certification bodies (six Egyptian and six foreign, from Germany, India (4) and Italy) accredited by EGAC; there were also 10 inspection bodies (all Egyptian), 251 testing laboratories (238 Egyptian and 13 foreign), 45 calibration laboratories (all Egyptian), 28 medical laboratories (27 Egyptian and one from the United Arab Emirates), and two proficiency (Egyptian) testing providers accredited.[61]

3.3.2.5 Labelling requirements

3.162. Egypt imposes some labelling requirements. Finished goods imported for retail sale must specify the product's country of origin, the producer's name and must contain the product's

[61] EGAC online information. Viewed at: http://www.egac.gov.eg/egac.php?id=20.

description in Arabic in a clearly visible place on the packaging. Special regulations exist for some items, including foodstuffs, pharmaceuticals and textiles. In accordance with Ministerial Decree No. 770/2005, all foodstuff must be labelled with the following information, in Arabic and at least one other language: name of the producer, country of origin, description of the commodity, name and address of the importer, production date, expiry date for consumption, preservation and storing conditions for easily perishable goods, mode of preparation for goods to be prepared before consumption, net and gross weight, and additives and preservatives included.

3.163. Appliances, machinery and equipment must be accompanied by: a manual in Arabic containing illustrative drawings of the parts; assembly and operating instructions; maintenance; details of the electric circuitry for electronically operated appliances; and security precautions. In accordance with Ministerial Decree No. 770/2005, imported fabrics must have the name of the producer, country of origin, fabric type, percent of blend and name of the importer printed on the fabric; in the case of imported readymade garments, the required information (name of importer, type of fabric and country of origin) can be shown woven into the cloth or by a sticker fixed on it, or printed in Arabic, English or French.

3.3.3 Sanitary and phytosanitary (SPS) measures

3.164. The Central Administration for Foreign Agricultural Relations in the Ministry of Agriculture and Land Reclamation is Egypt's SPS enquiry point and National Notification Authority.[62] The National SPS Committee, under the auspices of the Ministry of Trade and Industry, established by Ministerial Decree No. 583/2003, is the body in charge of coordinating Egypt's SPS policies and monitoring Egypt's rights and obligations under the WTO's SPS agreement. The Committee is also in charge of evaluating and assessing the impact of other countries' SPS measures on Egypt. An SPS Steering-Committee exists under the Ministry of Agriculture and Land Reclamation, created in accordance with Ministerial Decree No. 1332/2005 and restructured following Decree No. 1606/2011 to ensure the internal coordination on issues related to SPS. This Sub-Committee operates in coordination and cooperation with the National SPS Steering Sub-Committee. Other bodies dealing with SPS issues include: the National Food Safety Authority; the Atomic Energy Agency; the Central Administration for Plant Quarantine (CAPQ); the General Organization for Veterinary Services (GOVS); the Agricultural Pesticides Residue Committee; the Central Laboratory of Residue Analysis of Pesticides and Heavy Metals in Food (QCAP Lab); the Egyptian Organization for Standardization (EOS); the GOEIC; and the Ministry of Health. Food safety issues are dealt with, in a coordinated manner, by the multi-agency National Food Safety and Control System, comprising the following agencies: the Ministry of Health and Population; the Ministry of Agriculture and Land Reclamation; the Ministry of Trade and Industry; the Ministry of Supply and Internal Trade; the Ministry of Tourism; the Ministry of Electricity; and the Ministry of Housing.

3.165. The main legislation with respect to SPS measures includes Law No. 48/1941 on Protection against Fraud and Deception and its amendments; Law No. 10/1966 on Control of Food and its Handling and its Amendments; Presidential Decree No. 187/1984 on Establishment of the General Organization for Veterinary Services; Decree No. 47/1967 on Veterinary Quarantine Regulations; Law No. 118/1975 Regulating Imports and Exports; Presidential Decree No. 106/2000 on facilitating measures on inspecting and controlling exported and imported goods; and Prime Minister Decree No. 1186/2003 on inspection and control of exports and imports. Other legislation, passed during the review period, includes: Prime Minister Decree No. 2992/2016 on the regulation of the importation of certain agricultural commodities and its implementing regulations; Ministry of Trade and Industry Decree No. 24/2017; Ministerial Decree No. 974/2017 on the registration, handling and use of agricultural pesticides in Egypt[63]; Joint Ministerial Decree No. 670/2017 on the new system for the production and export of agricultural products of export importance; and Law No. 1/2017 on the National Authority for Food Safety.[64]

[62] WTO document G/SPS/ENQ/25, 15 October 2009.

[63] The Decree updates and modifies some of the Ministerial Decrees concerning pesticides and the role of the Central Laboratory of Residue Analysis of Pesticides and Heavy Metals in Food, following discussions within the Agricultural Pesticide Committee.

[64] Law No. 1/2017 created a new authority to deal with food safety and its requirements. The idea is to centralize this work in one agency. Prior to the law, several ministries dealt with the issue and there were some 2,000 laws, decisions and regulations related in one way or another to food safety.

3.166. There are various controls and inspection procedures for food products, live animals, and animal and plant products. The controls are implemented by the corresponding responsible agency: the National Authority for Food Safety, established by Law No. 1/2017, for food products; the Atomic Energy Agency, for the examination of radiation levels; the Central Administration for Plant Quarantine (CAPQ), for plants and plant products; the Ministry of Agriculture and Land Reclamation for plants before harvesting; the Food Control Department of the Ministry of Health, the GOEIC, and the GOVS for live animals, animal health and any products of animal origin. The duration of inspections depends on the product.

3.167. The CAPQ acts as the National Plant Protection Organization (NPPO) as set by the International Plant Protection Convention (IPPC). Its work is guided by the Phytosanitary and Quarantine Rules and Regulations, Ministerial Decree No. 3007/2001. The CAPQ is in charge of conducting pest risk assessment and determining pest-free areas; it is also responsible for issuing phytosanitary certificates and participating in drafting bilateral phytosanitary agreements and protocols to strengthen the trade relations between Egypt and its trading partners. The CAPQ has signed memoranda of understanding with four research institutes and projects (the Plant Protection Research Institute, the Plant Pathology Research Institute, the Central Lab for Weeds Research Institute, and the Project for the Surveillance and Control of Brown Rot in Potatoes) through which it delegates some official activities of the NPPO related to the surveillance and control of plant pests.

3.168. Importers of plants must obtain an import permit from the CAPQ prior to importation. They are also required to notify the exporting trading partner of the corresponding import regulatory requirements, which are established according to the potential risk associated with pests.

3.169. One of the phytosanitary measures recently adopted is the temporary suspension of the importation of ornamental plants and seedlings of fruit trees from countries where Xylella fastidiosa is present.[65] Other recent measures include: a Joint Decree between the Ministry of Agriculture and the Ministry of Trade and Industry regarding the amendments to the system of production, preparation, and inspection of exported potatoes (Ministerial Decree No. 223/2012); Ministerial Decree No. 339/2013 amending the fees of procedures applied on import and export consignments; Ministerial Decree No. 1669/2016 on phytosanitary requirements and specifications for the importation of seed potatoes for growing year 2016/17; and Joint Ministerial Decree No. 670/2017 on the new system for the production and exportation of agricultural products of export importance.

3.170. The GOVS is in charge of setting SPS measures to protect human or animal life or health from food-borne risks (risks arising from additives, contaminants, toxins or disease-causing organisms in foods, beverages or feedstuffs). The GOVS is also responsible for protecting human life or health from diseases carried by animal products, and for protecting animal life or health from the entry, establishment or spread of disease-carrying or disease-causing organisms. In order to better protect the Egyptian territory from other damage arising from the entry, establishment or spread of diseases transmitted by animals, a Risk Assessment Unit geared at the implementation of Article 5 of the SPS Agreement was established in GOVS by Administrative Decree No. 398/2015.

3.171. The Central Administration of Veterinary Quarantine, within the GOVS, is responsible for setting the SPS measures required for the importation of live animals and any products of animal origin and to approve their importation. The Administration is divided into four regional departments or units. The Central Administration of Veterinary Quarantine studies the health status of the exporting countries, and sets SPS measures accordingly based on the recommendations of relevant international organizations such as the OIE and Codex and taking into account their consistency with the SPS Agreement. As a result of this, the SPS measures adopted by the GOVS may differ by country according to the health status of each exporting country at the time of exportation. Imports of live animals require an import permit issued by the Central Administration of Veterinary Quarantine. Decree No. 1647/1997 establishes that importers of live animals must submit an import request to the GOVS specifying the number and type of animals to be imported, the country of origin, the shipping port, the expected arrival date, and the means of transportation. The consignment must be accompanied by a veterinary certificate issued by the competent authority in the country of origin, and notarized at the corresponding Egyptian

[65] The measure was notified to the WTO (WTO document G/SPS/N/EGY/75, 9 November 2015).

Consulate. However, partners with which Egypt has trade agreements, such as the European Union and COMESA countries, are exempted from notarization requirements. Upon arrival, further veterinary procedures, including physical inspections, may be applied.

3.172. The GOVS adopted a number of SPS measures during the review period. Some of the measures adopted include the implementation of "zoning" on imports of day-old chicks from countries which have Avian Influenza, and the implementation of SPS measures on the importation of live cattle from countries which have Blue Tongue disease. The latter measures consist in quarantining the animals in a disease-free zone and testing and vaccinating them.

3.173. Importers of meat products and chicken must provide a number of certificates before the product is accepted; these include: a slaughter certificate proving that the animal was slaughtered in accordance with the Islamic ritual (halal), issued by an entity approved by the GOVS through the Commercial Office of the Egyptian Embassy or Consulate in the country of origin[66]; a veterinary certificate, issued in the country of origin, confirming that any animal used in the making of the product was examined before and after slaughter, and is free from contagious diseases; and a certificate of origin indicating the exporting country, number of parcels, type of meat, date of inspection, production and expiration dates, name of the exporter, port of entry, and name of the consignee. Frozen meat products require a further certificate, confirming that a temperature of –18°C was maintained before exportation and that each piece was wrapped in accordance with accepted international packaging standards.

3.174. Law No. 48/1941, as amended by Law No. 281/1994, specifies the different types of fraud and sets the corresponding penalties related to adulterations and deception in relation to food, animal feed and medicines. This law prohibits the importation of any spoiled food, animal feed or medicine. Law No. 10/1966 contains the Food Control and Handling Regulations; it specifies the cases in which the handling of food is prohibited, namely when: is does not comply with Egyptian standards; is unfit for human consumption; or is adulterated (containing harmful food additives, toxic substances, etc.) The Regulations also indicate that food must be free from any substances harmful to health in all handling steps and food additives must be within the limits determined by the Minister of Heath.

3.175. Ministerial Decree No. 204/2015 lists food additives allowed in Egypt. The Decree was an important step in the modernization of Egypt's sanitary legislation since it contains all types of food additives, compared to the previous legislation that allowed only three types of additives (colours, preservatives and antioxidants). Moreover, the list of additives is to be updated regularly.

3.176. Presidential Decree No. 106/2000 established that the control over imports and exports of food is the responsibility of the GOEIC, which carries out the inspection of imported and exported food. The GOEIC also participates, together with the EOS, in the amendment of specifications related to imported foodstuffs. The GOEIC maintains an integrated system of information technology to exchange information between testing laboratories and the GOEIC's different branches throughout Egypt. GOEIC's agricultural products traceability system allows the exporter to record all the data from the beginning of the agricultural production process to the exportation of the product.

3.177. The Food Safety and Control Department of the Ministry of Health and Population is responsible for the enforcement of national food laws and regulations and for inspecting all foodstuffs whether imported, exported or locally produced to ensure their fitness for human consumption and compliance with Egyptian standards. The Department, which employs some 1,800 food inspectors across all health offices/units and ports throughout Egypt, also performs controls and inspections of food-handling places to ensure their compliance with health requirements and Egyptian standards; it takes food samples from the food chain to ensure that the food is fit for human consumption.

3.178. The Central Public Health Laboratories (CPHL) are responsible for monitoring and controlling food safety, for both imported and locally manufactured foodstuffs, at all stages of preparation until final consumption. The CPHL has a laboratory network that includes a reference laboratory in Cairo and peripheral laboratories in all governorates. These laboratories conduct microbiological, chemical and toxicological analysis of food samples. The authorities have indicated

[66] The institution issuing the halal certificate should be approved by the GOVS.

that about 650,000 samples are analysed per year. The CPHL participate in elaborating and issuing Egyptians standards for the different food items in cooperation with the EOS; they participate in the International Codex Committee.

3.179. The National Nutrition Institute (NNI) is responsible for the registration of foodstuffs for special dietary uses, including infant and follow-up formula, weight control foods, herbal teas, and bottled water, among others. The NNI is responsible for the analysis of imported registered food products to ensure their compliance with registration data; it has reference laboratories for analysis of the chemical, microbiological and toxicological content of food samples. The NNI participates in developing and issuing Egyptian standards for the different food items in cooperation with the EOS and participates in the International Codex Committee. It has a role in research and interventions concerning food and nutrition and is a training centre for nutrition, including clinical nutrition, and runs several clinics for the management of malnutrition and non-communicable diseases (NCD).

3.180. Egypt currently lacks a comprehensive biosafety regulatory regime. The authorities have indicated that they are currently working on the draft of a National Biosafety Law, which would allow Egypt to have a fully operational National Biosafety Framework (NBF).

3.181. Egypt submitted it first SPS notification in September 2005; between then and November 2017, it has submitted 80 notifications to the WTO Committee on Sanitary and Phytosanitary Measures (Table A3.4).

3.182. Egypt maintains some packaging and labelling requirements for SPS reasons. For instance, wood packaging materials entering Egypt must be treated and certified in accordance with the standards established by the relevant International Standard for Phytosanitary Measures ("Guidelines for Regulating Wood Packaging Material in International Trade").[67] Wooden containers must be accompanied by an official certificate declaring the containers to be free of insects and pests. For imported non-food commodities, Decree No. 396/1994 establishes that the remaining shelf-life should be at least half the original shelf-life.

3.183. The Agricultural Pesticides Residue Committee (APC) is in charge of the registration, trading, handling and use of pesticides in Egypt, in accordance with Ministerial Decree No. 974/2017. This decree also introduced legislation regulating the exportation of pesticides by requiring special registration certificates to be able to export pesticides made locally. It also contains provisions regarding the handling and use of pesticides. Export control measures were recently reinforced: for instance, the APC's Resolution of 18 October 2016 emphasizes the importance of assessing all living and non-living contaminants on all food crops prior to exportation.

3.3.4 Competition policy and price controls

3.184. Competition policy is mainly regulated in Egypt by the following pieces of legislation: (a) the Egyptian Constitution of 2014; (b) the Egyptian Competition Law No. 3/2015 (ECL or Egyptian Law on "Protection of Competition and Prohibition of Monopolistic Practices"), which entered into force on 15 May 2005, and was amended in 2008 and 2014; and (c) the ECL's Executive Regulations (ER), adopted in August 2005 and amended in 2010 and 2016, to ensure consistency with the ECL amendments that were adopted in 2008 and 2014, and to guarantee a better application of the ECL.

3.185. The Egyptian Constitution of 2014 explicitly states that competition is one of the main pillars of the Egyptian Economy. In this respect, Article 27 provides that: "the economic system shall adhere to transparency and good governance, enhance the pillars of competitiveness, encourage investment, ensure balanced geographical, sectorial, and environmental growth, prohibit monopolistic practices, and maintain financial and trade balances and a fair tax system."

3.186. The Egyptian Competition Authority (ECA), a legally independent administrative body that was created in 2005 and started activities in 2006, is responsible for implementing the ECL. The ECA is managed by a Board of Directors with 10 members, including competition specialists,

[67] WTO document G/SPS/N/EGY/2, 6 September 2005.

representatives of various ministries, representatives of the State Council, representatives of the Consumer Protection Union, and representatives of the private sector. It is responsible for interpreting and applying the ECL under judicial review. The ECA has the right to receive and investigate complaints, to initiate its own investigations, and take decisions and necessary steps to stop anti-competitive practices.

3.187. The ECA has two main tools to defend competition: enforcement and advocacy, which, according to the authorities, are complementary. The ECA's enforcement powers include: conducting raids; using search warrants; requesting any type of data from anyone, including Ministries and affiliated bodies; and imposing "cease and desist orders" on violators of the ECL. The ECA can initiate an investigation based on complaints from any person, based on requests from Ministries and affiliated bodies or can opt for an ex officio initiation. In the case of agreements or practices perpetrated by businesses that harm or are likely to harm competition, ECA intervention may be through enforcement or advocacy. However, if the perpetrator of anticompetitive practices is a Government body through existing or new legislation, regulations or policies that harm or are likely to harm competition, the type of intervention by the ECA is limited to advocacy. Also, and although the ECA's enforcement powers have been enhanced through the amendments introduced to the ECL, as the authorities have noted, the main role of the ECA is to solve competition problems and promote a competitive environment, rather than building a strong enforcement record. Fines must be enforced by a court decision, upon recommendation from the ECA. The ECL does not include any imprisonment sanctions.

3.188. The ECL sets out prohibitions in respect of the abuse of dominant position, which is defined as a situation in which a company has a market share exceeding 25% and has the ability to effectively influence market prices or volumes while preventing competitors from limiting this effect. The ECL provides a list of nine different prohibited acts. It also prohibits vertical agreements or contracts between a person and its supplier or clients if they are intended to restrict competition. The ECL also forbids various agreements among competitors considered as anti-competitive *per se*, for example, price collusion, production-restriction agreements, market sharing, and arrangements in the tendering process. However, agreements among competitors that lead to cost reduction, improvement of production or distribution conditions, or the encouragement of new technology, that are not hard-core cartels, are exempt from the prohibition, after an ex-ante competition review concluding that the consumer's interest overrides the negative consequences of restraining competition. This is assessed on a case-by-case basis.

3.189. The ECL applies to all types of persons or enterprises carrying out economic activities, be they public or private.[68] This includes state-owned enterprises, except for public utilities managed directly by the State. However, the ECA may also exempt from the scope of the ECL agreements and practices related to public utilities managed indirectly by the State through private companies if they provide benefits to the consumers that exceed the effects of restricting the freedom of competition, or in the public interest. Such exemption was granted to a market player in the chlorine and aluminium-used-for-water-purification-processes market. By the same token, price-fixing regulations and circulars for essential products concluded by the Government are exempt from the prohibitions stated in the ECL only if the price-fixing decision complies with four cumulative conditions: (a) it was issued by the Cabinet of Ministers; (b) it concerns an essential product (neither the ECL nor its regulations provide an exhaustive list of products considered essential or strategic in the application of the ECL); (c) it is limited in time; (d) it was issued after taking into account the ECA's non-binding opinion.

3.190. The 2008 amendments to the ECL are contained in Law No. 190 of 2008 and *inter alia*:

- established a financial penalty ceiling and increased minimum penalty levels;

- established incentives to cooperate in investigations; more specifically, a Court may reduce the penalty for crimes under Articles 6 (cartels) and 7 (vertical agreements) of the ECL by up to 50% for violators who take the initiative to report the crime and submit supporting evidence to the Court, or for whomever the Court considers to have contributed to disclosing and establishing the elements of the crime at any stage of the case, including during the inquiry, search, inspection, investigation or trial;

[68] The ECL applies to natural and legal persons, economic entities, unions, financial associations and groupings, groups of persons, whatever their means of incorporation, and other related parties.

- established the imposition of a fine for failing to notify the ECA of mergers and acquisitions with an annual combined turnover exceeding LE 100 million (US$5.64 million at the current exchange rate); and

- established the imposition of a fine on persons refraining from providing the ECA with data and documents on specific target dates; the fine is doubled in cases where false information is provided.

3.191. In September 2012, the ECA formed a Committee to work on further amendments to the ECL. The Committee devoted 14 months to preparing a draft that introduced changes aimed at meeting ECA and market needs, taking into account international best practices together with the political, economic and social reality. In this process, the ECA conducted a series of public consultation sessions with various stakeholders and held an awareness event to touch on the suggested amendments and to receive feedback. The results of these consultations are reflected in Law No. 56/2014, passed in May 2014. The new Law amended 17 Articles of the ECL (out of 28) and introduced a new article. The authorities consider that the modifications introduced were intended to strengthen the ECA's independence, effectiveness and credibility.

3.192. The main amendments introduced to the ECL by Law No. 56/2014 include:

- endowing the ECA Board with the power to initiate criminal lawsuits and to settle with violators;
- introducing the inviolability of the ECA Board members, who cannot be compelled to leave office except in a few and specific cases;
- reducing the number of government representatives in the ECA Board from four to two;
- modifying appointment of the ECA's Executive Director so that it is done by the ECA Chair instead of the competent Minister;
- introducing revenue/sales value-based fines for anticompetitive practices so as to ensure fairness and act as a more effective deterrent;
- adopting full and mandatory leniency for the first applicant who comes forward to the ECA (instead of partial and discretionary leniency);
- imposing a mandatory prior consultation with the ECA on draft laws and draft regulations that are likely to harm competition;
- exempting from the scope of the ECL cooperation agreements among competitors that tend to be pro-competitive;
- endowing the ECA with more enforcement powers;
- adopting harsher sanctions for lack of cooperation with the ECA;
- relaxing the settlement system to become more attractive for violators of the ECL;
- widening the scope of the ECL so that it is applied to every contract instead of certain types of contracts (some provisions of the ECL dealt only with sale and purchase agreements/contracts prior to 2014);
- reducing the number of Board members to five from ten;
- relaxing the voting quorum for some types of decisions (to the majority of attendees instead of the majority of Board members);
- extending the confidentiality obligation of ECA officials to Board members; and
- adopting harsher sanctions for the breach of the said obligation.

3.193. The ECL stipulates that sanctions apply in respect of all prohibited activities that have an effect in Egypt, even if committed abroad. The 2008 amendment to the ECL (Law No. 190/2008) increased fines, which since then range from LE 30,000 to LE 300 million. The 2014 amendment changed the way sanctions are calculated by introducing two possible methods: (a) the original method, which must be applied if feasible, determines the fine as a percentage of the total revenue of the product subject to the violation; and (b) the alternative method, to be used in case of inability to calculate total revenue, consists of a fixed range of monetary amounts. Percentages and amounts of the criminal fines vary according to the type of infringement committed by the firms/persons as follows:

- Horizontal agreements (Art.6): (a) original test: 2-12% of the total revenue of the product(s) subject to the violation during the violation period; (b) alternative test: LE 500,000-LE 500 million;

- Abuse of dominance and vertical agreements (Arts. 7 and 8): (a) original test: 1-10% of the total revenue of the product(s) subject to the violation during the violation period; (b) alternative test: LE 100,000-LE 300 million;
- Failure to notify mergers and acquisitions to the ECA or to submit the required data or documents or refraining to cooperate with the ECA's officers: a fine of between LE 20,000 and LE 500,000.

3.194. Criminal cases are dealt with by Economic Courts which were established by the Economic Courts Law No. 120/2008.

3.195. In addition to the ECL, various provisions on competition are contained in a number of other legal instruments. The Companies Law No. 159/1981 contains provisions on mergers and acquisitions; the Law of Supplies and Commerce forbids competition-reducing activities such as collusion and hoarding; and the Telecommunications Law, the Intellectual Property Law, and the Insurance Supervision and Control Law also include provisions on competition. Despite this, and in accordance with the ECL, the ECA is the only competent competition authority responsible for protecting competition and prohibiting any of the monopolistic practices provided for in the ECL in all sectors in Egypt. The authorities indicated that none of the competition provisions contained in other laws may restrict the ECA's authority in conducting investigations and prohibiting any monopolistic practices in these sectors. Furthermore, in 2014 the Cairo Economic Court ruled in the ECA's favour regarding its jurisdiction with respect to monopolistic practice cases in the telecommunications sector.

3.196. Between the ECA's inception in 2006 and April 2017, it completed 124 investigations, 33 studies and 9 advisory opinions, using the two main tools at its disposal: enforcement of the ECL and advocacy through the dissemination of a "competition culture". Of the completed investigations, 61% resulted in a non-violation verdict, 20% in a violation decision and 22% in a "non-jurisdiction" decision. During this period, the ECA proved 41 violations of the ECL, 21 of which were during the 2012 to 2016 period. Horizontal agreements represented the largest percentage of violations (16, or 40% of the total)[69], followed by abuse of dominant position (12, or 29% of the total)[70], non-notification of mergers and non-cooperation with an investigation (11, or 27% each), and non-cooperation with ECA law enforcement officers and vertical agreements (1, or 2% each). During the same period, the ECA approved settlements in seven cases.[71]

3.197. During the period under review, the ECA collected LE 230.7 million in fines that were imposed on violators of the ECL either in cases that ended in a settlement or in those cases referred to courts and in which the court determined the imposition of a fine.

3.198. The authorities noted that, as part of its advocacy work, the ECA had succeeded in approaching the Constitutional Committee in 2013, and had been instrumental in the inclusion of competition provisions in the new Constitution. They also noted that the ECA succeeded in conducting extensive advocacy activities for the purpose of amending the ECL. The ECA also participated in discussions to amend legislation in a number of areas linked to competition policy, including provisions of the Government Contracts Law, the Consumer Protection Law and the new Investment Law.

3.199. Some of the major cases dealt with in the 2006-2016 period that had a major impact on consumers include a medicine distribution case, a fertilizers case, a cement case, a dairy products case and a poultry case. The medicine distribution (pharma) case, which led to an ECA ruling in December 2015, was related to four major medicines distribution companies that agreed to unify their marketing and sale policies by reducing credit periods and cash discounts granted to small and medium-sized pharmacies leading to: (i) higher costs of distribution services; (ii) market foreclosure for small and medium-size pharmacies in the long term; and (iii) diminished profit

[69] Cases dealing with cement (2007); cinemas (2010); dairy products (2011); poultry (2013); corn starch (2013); mobile phone operators (2013); car insurance (2014); glucose (2014); engineering insurance (2015); pharmaceutical products (2015); medical insurance (2016); fertilizers (4 violations, 2016); and medical supplies (2017).

[70] Cases dealing with molasses (2008); flat glass (3 cases, 2009 and 2011); sports events (3 violations 2013 and 2016); sports channels (2014); school textbooks (2014); carpets (2015); telecommunications Egypt (2016); and football associations (2017).

[71] More information on the activities of the ECA may be found at: http://eca.org.eg/ECA/Default.aspx. Most of the decisions and publications are available in Arabic only.

margins for pharmacies. This was ruled to constitute a violation of Article 6 a) and d) of the ECL by the ECA Board. The ECA did not consider settlement with these companies, and the file was transferred to the public prosecutors. The fertilizers case dealt with a distribution and production cartel among 24 fertilizer distribution companies. The ECA proved in August 2016, that the cartel was: (a) fixing sale prices of superphosphate fertilizers to consumers/farmers in a market with a supply surplus, which violated Article 6 (a) of the ECL; (b) agreeing on a specific price difference between the two main products in the market which would limit competition in the distribution market; and (c) that some of the companies were dividing markets among themselves thus violating Article 6 (b) of the ECL. The ECA Board rejected the settlement request, and referred the case to the public prosecution in October 2016. In parallel, the ECA also proved the existence of a price fixing cartel between the two main producers; the case was also referred to the public prosecution and was still under investigation in late 2017.

3.200. In the cement case, initiated in 2006, the ECA concluded that there was a cartel involving agreements on prices between cement companies in violation of Article 6 (a) of the ECL, as well as agreements to restrict the marketing of products in violation of Article 6 (d). The ECA's Board of Directors decided to refer the report to the Minister of Trade and Industry to request the filing of a criminal lawsuit in accordance with Article 21 of the ECL. The criminal lawsuit ended with the imposition of a fine of LE 10 million on each of the cement companies and their executives.

3.201. In the dairy products case, initiated in 2007, the ECA determined that the packed drinking-milk producers were agreeing on fixing purchase prices of raw milk provided by farms. The ECA concluded that the agreements violated Article 6 (a) of the ECL and referred the report to the Minister of Trade and Industry to request the filing of a criminal lawsuit against the producers. The case was settled in May 2013 and each violator was required to pay a LE 200,000 fine. In the poultry case, initiated in December 2010, the ECA determined the existence of a cartel and price fixing on a daily basis by General Union of Poultry members and issued a cease-and-desist order for this practice. The case was further referred to the prosecution who then referred it to the court.

3.202. According to Egypt's new Investment Law No. 72/2017, the Government shall not interfere in the pricing policies of firms operating in any market. Although there are no price controls, in cases of market failure or natural monopoly, prices may be set or guided. The Central Administration of Pharmaceutical Affairs, in the Ministry of Health, is responsible for setting the price of pharmaceutical products, certain medical devices and dietary supplements. Prices are set by a pricing committee, in collaboration with the Ministry of Trade and Industry. In accordance with the Electricity Law No. 87/2015, electricity tariffs are approved and fixed by the Egyptian Electric Utility according to the rules approved by the Cabinet. Tariffs are issued by a decree from the Minister of Electricity and Renewable Energy, and published in the Egyptian official newspaper as well as online. Sugar and edible oils are not subject to price controls, but are sold in the context of a ration-cards system at market prices.

3.3.5 State trading, state-owned enterprises, and privatization

3.203. Egypt has about 150 state-owned enterprises (SOEs), most of which were under the umbrella of the Ministry of Investment before the re-establishment of the Ministry of the Public Business Sector in 2016. They are engaged in activities in a number of sectors, including petroleum, transportation and industrial activities. Some of the main companies include: Egypt Air; Egypt Post; the Egyptian National Railways; Nile TV International; the Suez Canal Authority; Telecom Egypt; and three state-owned banks (Banque Misr, Banque du Caire, and National Bank of Egypt), which reportedly control some 40% of the banking sector's assets.[72]

3.204. In accordance with Egyptian law, SOEs and military-owned companies must compete directly with private companies in many sectors of the Egyptian economy. Public Sector Law No. 203/1991 states that SOEs should not receive preferential treatment from the Government, nor should they be accorded any exemption from legal requirements applicable to private companies. SOEs in Egypt are structured as individual companies controlled by boards of directors and are grouped under government holding companies arranged by industry. The holding companies are headed by boards of directors.

[72] U.S. Department of Commerce, International Trade Administration (2017), *Egypt Country Commercial Guide, section 8, State Owned Enterprises*. Viewed at: https://www.export.gov/article?id=Egypt-State-Owned-Enterprises.

3.205. Egypt conducted a privatization programme between 1991 and 2008 based on Public Enterprise Law No. 203/1991, which allowed the sale of state enterprises to foreign entities. During that period, Egypt engaged in the privatization of a large number of companies. A total of 148 companies were privatized through stock market flotation or direct sale to investors, or through the majority sale of some companies to employees through an Employee Shareholder Ownership Programme (ESOP). No new privatizations have been concluded since 2008. In May 2010, the Government announced a halt in the overall privatization programme in favour of an approach based on a partnership with the private sector with the aim of restructuring, transferring knowhow, modernizing public enterprises, and based on management agreements with revenue sharing without privatization of the ownership. All shares of SOEs may be listed and traded in the stock exchange; the listing decision is based on the companies' liquidity needs. The stock exchange may be used to provide the required financing for SOEs.

3.206. In the last few years, some privatization deals have been brought to court, and in a number of these cases, Egyptian courts have ruled to reverse the privatization, although most of these cases are still under appeal.[73] In response to this, and to reassure investors, Law No. 32/2014 was issued on 22 April 2014 to limit the appeal rights on state-concluded contracts, on the contract parties only, so as to reduce challenges to prior government privatization deals. In March 2016, the Government declared that it would cease efforts to privatize SOEs, and would concentrate on reforming them, for which it re-established a Ministry of Public Business Sector (separated from the Ministry of Investment) and declared a new programme for restructuring the remaining public enterprises. This programme includes financing the restructuring or rehabilitation of public enterprises through financial or non-financial services, with the possibility of a capital increase through the stock market.

3.207. In the telecommunications sector, the state-owned telephone company, Telecom Egypt, was the only provider of fixed-line services prior to October 2016, when the National Telecommunications Regulatory Authority (NTRA) started implementing a unified licence regime that allows a company to offer both fixed-line and mobile networks.

3.208. Egypt's most recent notification to the WTO Working Party on State Trading Enterprises was made in February 2016 and states that the Government of Egypt does not maintain any state trading enterprises in accordance with the working definition contained in paragraph 1 of the Understanding on the Interpretation of Article XVII.[74]

3.3.6 Government procurement

3.209. Egypt is not a signatory to the WTO plurilateral Agreement on Government Procurement.

3.210. Egypt has no central procurement body; each government agency has its own procurement department, which examines its own tenders and procedures, in accordance with the procurement law (see below) and its Executive Regulations. Procurement committees are established by the competent authority in each entity for each procurement transaction, to ensure the consistent and correct application of procurement rules and procedures. Each procurement transaction is conducted through these committees; the participation of a Ministry of Finance's representative in each procurement transaction's technical and financial evaluation committee is mandatory if the value of the purchase exceeds LE 250,000. If the value exceeds LE 500,000, participation by competent legal counsel from the Council of State is also required. Decisions with regard to tenders/reverse auctions are made by a single committee if the value of the transaction is of up to LE 50,000; above this amount, two committees examine all bids. The General Authority for Government Services (GAGS), an affiliate of the Ministry of Finance, plays an *a posteriori* role in the procurement process and its main function is to control the contracts to ensure that the prescribed guidelines and directives are followed. The GAGS may also provide technical assistance and training to departments or procurement units, and may represent the Ministry of Finance in procurement committees.

[73] U.S. Department of Commerce, International Trade Administration (2017), *Egypt Country Commercial Guide, section 8, State Owned Enterprises*. Viewed at: https://www.export.gov/article?id=Egypt-State-Owned-Enterprises.

[74] WTO document G/STR/N/16/EGY, 17 February 2016.

3.211. Public procurement is governed by the Tenders Law No. 89/1998, which aims at promoting deregulation, decentralization and flexibility in procurement procedures. The Tenders Law governs procurement by all civilian and military agencies unless they are specifically exempted from this law. Law No. 89/1998 was amended by Law No. 5/2005, Law No. 148/2006, Law No. 191/2008, Law No. 14/2009, Law No. 82/2013, and Law No. 48/2014. The 2005 Law dealt with instalment payment guidelines to contractors under works' contracts; the 2006 Law amended provisions regarding public land property; the 2008 Law amended the threshold for local tenders; the 2009 Law dealt with performance bonds under PPP projects; the 2013 Law amended some provisions of the law regarding the organization of tenders and auctions and with respect to contracts by direct agreement (see below); and Law No. 48/2014 introduced some specific tendering provisions. In addition to the previous laws, Law No. 5/2015 dealt with the preferences granted to Egyptian products supplied in government contracts.

3.212. To complement the previously mentioned laws, a number of Prime Minister decrees were issued during the review period, including: Prime Minister Decree No. 33/2010 regarding publication of the tender notice and tender document on the Government Procurement Portal, Decrees No. 800/2012 and No. 736/2012 on rationalizing government spending and encouraging the purchase of domestic production; Prime Minister Decree No. 463/2012 regarding the electronic publication of the results of the technical and the financial decision and the award of tenders, reverse auctions and auctions of all government agencies; and Prime Minister Decree No. 122/2015 on achieving financial and administrative discipline and raising the efficiency of government spending. The Minister of Finance also issued a number of circulars and decrees in the area of procurement during the review period, including Circular No. 21/2011 regarding the publication of tender documents in the Government Procurement Portal; Circular No. 7/2014 on the national budget including a section on pooled procurement (framework agreements) of items commonly used at ministry or governorate level; Circular No. 4/2014 on the requirements to be met before launching a tendering procedure; Circular No. 11/2014, also on publication in the Government Procurement Portal; and Circular No. 426/2016 on some amendments to the Tenders Law Regulations related to adjusting prices in works contracts.

3.213. The GAGS publishes guidelines for the procurement process to be followed across agencies. During the review period, it issued guidelines with respect to topics such as the procurement portal, the electronic publication of tenders, pricing adjustment policy in works contracts, SME support, and pooled (framework agreements) procurement, among others.

3.214. Procurement procedures under the Tenders Law require that contracts are awarded to the lowest priced technically acceptable bid. Purchases financed by international financial institutions, where specified criteria are considered, are awarded in accordance with the institutions' relevant procedures. In all procurement, a 15% price preference is given to Egyptian products. Egyptian subsidiaries of foreign companies can benefit from the preference. Additionally, pursuant to the Small and Medium Sized Enterprises Development Law No. 141/2004, SMEs must be given a 10% share of the entity's procurement.

3.215. The two main procedures for public procurement of goods and services in Egypt are public tender and public reverse auction. The purchasing entity is obliged to adhere to the procedures and guidelines for selecting the appropriate procurement method to be used. Both procurement methods are open to both Egyptian and foreign suppliers, and must be advertised in at least two daily newspapers of major circulation. Public tenders and public reverse auctions require offers to be submitted in two sealed envelopes, one with the technical offer and the other with the financial offer. The envelope with the technical offer is considered first; only financial offers corresponding to accepted technical offers are taken in consideration. In the case of public reverse auctions, bidders whose technical offers are deemed acceptable typically compete in an open manner by decreasing their offered prices. In contrast, in the case of public tenders, initial offers are final and cannot be negotiated after the bid is open. Tenders cannot be changed to reverse auction once the procedures have been launched, and vice versa. Bidders must be provided with the reasons upon which the decision was based in the case of both rejected and awarded bids. Bid bonds will be refunded immediately upon expiration of the tendering process or contract award.

3.216. In addition to the methods previously mentioned, public procurement may also be carried out through the following methods: limited tender, local tender, direct agreement or request for quotation (known as direct purchase), and limited reverse auction. The use of these methods requires a decision from the competent authority. Limited tenders are used where the nature of the product requires participation by selected available suppliers in Egypt or abroad that are considered to have technical and financial competence and a good reputation. Local tenders may be used for products with a value of up to LE 400,000; tendering is limited in this case to local suppliers from within a governorate. Limited reverse auction, based on the applicable competitive procedures with selected suppliers, may be used for: (a) products available only from specific suppliers in Egypt or abroad; (b) products whose nature dictates that they are brought from their production location; (c) products whose technical specifications require that they are purchased from certain suppliers; and (d) for national security reasons. Direct agreements are applied in emergency situations. They require the prior authorization of the competent authority depending on the purchase value: the Head of Administration for purchases not exceeding LE 500,000 (LE 1 million for works); or the competent Minister or Governor for contracts not exceeding LE 5 million for purchases of goods and services (LE 10 million for contractual work). In the case of direct agreements, buyers are advised to purchase from Egyptian SMEs. Both the Ministry of Defence and the Ministry of State for Military Production and their entities may use any of the limited methods of procurement when necessary. While using direct purchase methods, agencies are required to award contracts after comparing offers and selecting the lowest priced technically compliant offer between at least two offers.

3.217. An online government procurement portal was established in 2010.[75] The portal was developed to cover the entire life cycle of procurement. Tender documents, technical and financial evaluation results and contract award notices must be published and posted on the portal. This requirement was enforced through Prime Minister Decrees No. 1033/2010 and No. 463/2012, instructing government entities to use the e-tender portal for all procurement transactions, except those pertinent to national security and defence.

3.218. The authorities noted that the MOF/GAGS have successfully completed the amendments to the current procurement law, currently (November 2017) being revised by the Parliament for issuance. The amendments envisaged would include: developing new procurement methods; introducing the possibility of renting instead of purchasing if it is economically convenient and feasible; introducing hedging/forward and future contracts; promoting the further use of the e-procurement system; introducing framework agreements for procurement; introducing two-stage tendering; fostering coordination with the private sector and streamlining the review and complaints mechanism.

3.219. The volume of government procurement has increased strongly over recent years, from less than LE 11.2 billion in 2006/07 to LE 31.6 billion in 2015/16 (Table 3.23).

Table 3.23 Government procurement, 2006-16

(LE million)

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Goods	4,265	7,272	11,404	11,967	9,979	10,598	11,994	12,084	14,448	16,535
Services	6,984	7,625	9,805	11,442	10,716	11,517	11,297	11,786	13,549	15,029
Total	11,249	14,897	21,209	23,409	20,695	22,115	23,291	23,870	27,997	31,564

Source: Information provided by the authorities.

3.3.7 Intellectual property rights (IPRs)

3.3.7.1 Legal and institutional framework

3.220. The authorities have noted that Egypt fully recognizes the importance of IPR protection as a key factor in growth and development, as well as its effect on FDI. Through its IPR policy, the Government aims at: (a) promoting local industries by guiding local businesses in the effective use of the IPR system and encouraging them to fully utilize their inventions; and (b) promoting the effectiveness of the IPR system in order to encourage and attract FDI.

3.221. Egypt is a member of most of the main international treaties on intellectual property, namely: the TRIPS Agreement; the Berne Convention for the Protection of Literary and Artistic Works; the Geneva Convention for the Protection of Producers of Phonograms; the Convention establishing the World Intellectual Property Organization; the Madrid Agreement on the

[75] The address of the portal is: http://etenders.gov.eg/.

International Registration of Marks; the Hague Agreement Concerning the International Deposit of Industrial Designs; the Paris Convention for the Protection of Industrial Property; the Trademark Law Treaty; the Patent Cooperation Treaty; the Nairobi Treaty on the Protection of the Olympic Symbol; the Washington Treaty on Intellectual Property in respect of Integrated Circuits; the Protocol relating to the Madrid Agreement concerning the International Registration of Marks; the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods; the Nice Agreement concerning the International Classification of Goods and Services for the purposes of the Registration of Marks; and the Strasbourg Agreement concerning the International Patent Classification. In April 2008, Egypt notified the WTO that it had accepted the Protocol Amending the TRIPS Agreement.[76]

3.222. The Authority for Protecting Intellectual Property Rights, also known as the Contact Point Organization for IPR Protection, is the notified IPR contact point.[77] The contact point was established by virtue of Ministerial Decree No. 58/1997, in implementation of Egypt's commitments under the WTO TRIPS Agreement's Article 69. The authorities have noted that, following its establishment, several ministerial decrees were issued to reorganize the administration of the Contact Point Organization. The aim was to enhance the protection of IPRs and for the Contact Point Organization to be an effective and active contact point. These governmental decrees had the following four goals: (i) to make the Contact Point Organization the active contact between the WTO and governmental agencies and authorities in Egypt concerned with IPR protection; (ii) to have all ministries and governmental and non-governmental entities concerned with intellectual property, as well as the relevant associations and unions, represented in the contact point, in order to have sufficient expertize in all required issues; (iii) to maintain total separation between the executive duties and responsibilities of the Contact Point Organization on one hand, and the executive duties and responsibilities of ministries and authorities that enforce the law on the other hand; and (iv) to strictly observe the principle that the Contact Point Organization has no judicial jurisdiction in Egypt as far as the disputes and/or legal proceedings are concerned either by judgment or executive orders.

3.223. The Contact Point Organization is composed of nine committees: the Committee on Patents and Utility Models, and undisclosed information; the Committee on Trademarks; the Committee on Copyright and related rights; the Committee on Plant Varieties; the Committee on Drugs; the Foreign Relations Committee; the Media Committee; the Training Committee; and the Committee on Administrative and Financial Affairs.

3.224. The Trade Agreements and Foreign Trade Sector (TAS) office, in the Ministry of Trade and Industry, is responsible for the preparation of Egypt's negotiating position in the WTO TRIPS Council. It is also in charge of monitoring Egypt's compliance with its TRIPS obligations, negotiating trade agreements with Egypt's trading partners, and incorporating IPR provisions into these agreements. The TAS also has responsibility for implementing border measures for the protection of IPRs in coordination with the Egyptian Customs Authority, and for reviewing international IPR agreements and examining their compliance with the national IPR Law. In 2016, a Committee for E-Commerce was established within the Ministry of Trade and Industry by Ministerial Decree No. 943/2016. The Committee will address IPR issues in the online environment.

3.225. The Intellectual Property Law No. 82/2002 is a unified law that covers the major areas referred to in the TRIPS Agreement; it has been notified to the WTO.[78] Executive Statutes to Books 1, 2, and 4 of the Law were issued in 2004; Executive Statutes to Book 3, covering copyright and neighbouring rights, were issued in 2005. More recently, Presidential Decree No. 26/2015 amended the law's provisions regarding plant varieties in order to allow for accession to the UPOV. In March 2017, the Egyptian Parliament approved Presidential Decree No. 84/2017 concerning Egypt's accession to the International Union for the Protection of New Varieties of Plants (UPOV).

3.226. The authorities indicated that Egypt is considering accession to the Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (Rome Convention, 1961), and the Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the Purposes of Patent Procedure.

[76] WTO document WT/Let/617, 18 April 2008.
[77] WTO document IP/N/3/Rev.11, 4 February 2010.
[78] WTO document IP/N/1/EGY/I/1, 6 August 2004.

3.227. The Intellectual Property Law sets the criteria for the protection of all IPR fields, defines the protected subject matter, sets out the granted rights and their permitted exceptions, in addition to setting the time limits for protection (Table 3.24). Furthermore, this Law deals with remedial means and procedures and includes provisions on civil and administrative procedures, remedies, provisional measures, criminal procedures, fines and sanctions.

3.228. There are no provisions in Egypt's IPR legislation that expressly allow or prohibit parallel imports. However, Egypt's IPR Law adopts the principle of international exhaustion of IPRs according to Article 10 concerning patents, Article 71 concerning trademarks, Article 147 concerning copyright and Article 198 concerning plant varieties.

Table 3.24 Overview of IPR protection, 2017

Subject	Coverage	Duration	Selected exclusions and limitations
Patents and utility models	Any invention that is novel and susceptible of industrial application	20 years from the application filing date in Egypt (7 years for utility models)	No patent can be granted: (1) to innovations affecting national security, contradicting public morals and order, causing severe damage to the environment, or harming the life of humans, animals or plants; (2) to discoveries, scientific theories, mathematical methods, programs and drawings; (3) to diagnostics, therapeutic, and surgical methods for treatment of humans and animals; (4) to plants and animals however rare or unique, including biological processes for the production of animals and plants, with the exception of micro-organisms, non-biological processes and micro-biological processes; (5) to organs, tissues, viable cells, DNA, and genomes. Compulsory licences may be granted to exploit an invention if the utilization is for non-commercial public use, or will resolve a national emergency, or other circumstances of extreme urgency, or will support the national effort in a significant sector for economic, social and technological development. Compulsory licences may also be granted in the case of non-exploitation of a patent within 4 years following the application date, or 3 years from granting, or 1 year without a justified reason from the date of the last exploitation.
Layout-design of integrated circuits	New integrated circuits	10 years from the application filing date in Egypt, or from the first commercial exploitation in Egypt or abroad, whichever is earlier. In all cases, protection expires after 15 years from the date of its creation	Any natural or legal person has the right, and without a licence from the rightful owner, to engage in the following: personal use of a protected layout-design for the purpose of examination, inspection, analysis, education, training or scientific research; innovation of a layout-design identical to another protected layout design using independent efforts; reproduction or commercial exploitation of an integrated circuit including a protected layout design or a product incorporating such an integrated circuit on behalf of a person unaware of the existence of a protected layout design in such product. Compulsory licences to exploit layout-designs may be granted under conditions similar to those for patents.
Undisclosed information	Undisclosed information having a commercial value due to its secrecy	Competent authorities receiving the information must protect it against disclosure and unfair commercial use from the date of reception until expiration	Some acts of obtaining information are not considered contradictory to fair commercial practices, as obtaining the information from publicly available sources or by using personal and independent efforts through inspection, examination and analysis of products that are circulated in the market and that embody the undisclosed information; or from independent scientific research, innovation, invention, compilation, development, and improvement efforts exerted by independent persons.

Subject	Coverage	Duration	Selected exclusions and limitations
		of the secrecy classification, or for a period not to exceed five years, whichever is less	
Trademarks and geographical indications	Trademarks that distinguish a product or service from others and include names, figures etc. Trade marks must be visual	One or more periods of 10 years, indefinitely renewable	The non-effective use of a mark for five consecutive years can entail its cancellation through court order. Trade marks cannot be registered if they are contrary to public order or morality, or similar or identical to religious, Red Cross, or Red Crescent symbols. Individual portraits, public emblems, flags, and other special symbols cannot be registered.
Industrial designs and models	Compositions or arrangements of lines or three-dimensional figures with a specific appearance that are novel and industrially applicable	10 years from the application filing date. Protection may be renewed once for five years	Designs and models that cannot be registered include those which are dictated by technical or functional considerations; those comprised of logos, religious symbols, stamps, or flags; those which are contrary to public order or morality, etc. Registered industrial designs and models are not violated if they are used for scientific research, education or training purposes, non-commercial activities, etc.
Copyright and related rights	Literacy, scientific, and artistic works, including computer programs, databases, publications, lectures, speeches, and other oral works, phonographic works, applied and plastic art works, line or colour drawings, engravings, audio-visual and architectural work, illustrative pictures, geographical maps, sketches, topographies, designs	Authors, performers and their successors benefit from infinite literary rights. Financial rights for the authors and the authors of joint works are protected for their lives plus 50 years. For collective works, the protection is 50 years from the date of the first public display or performance. This protection is reduced to 25 years for authors of performing arts, and to 20 years for broadcasting organizations	Personal licences can be obtained for copying or translating, in return for fair indemnification to the author and observing certain conditions. After publication, third parties may copy, photograph, perform, or publish all or a part of the work, without causing a prejudice to the literary rights of the author, as long as they do not obtain any direct or indirect financial compensation. Any work not translated into Arabic within three years of its publication is public domain.
Plant varieties	Plant varieties that are novel, distinct, and uniform	25 years for trees and vines, 20 years for other agriculture crops from the date of granting	Some activities are allowed, for example: non-commercial activities and use for the purpose of personal propagation; scientific research activities; breeding, hybridization, and selection activities aimed at propagating new varieties; education and training activities.

Source: WTO Secretariat based on information provided by the authorities.

3.3.7.2 Patents

3.229. Patent protection is granted for a period of 20 years from the date of filing. To be considered for patent protection the invention must be novel, must involve an innovative step, and must be susceptible of industrial application. No patent can be delivered to innovations affecting national security, contradicting public morals and order, causing severe damage to the environment, or harming the life of humans, animals or plants, among others (Table 3.24). Patent protection cannot be extended to computer programs, or to plants and animals, with the exception of micro-organisms, non-biological processes and micro-biological processes.

3.230. Egyptian legislation allows for compulsory licences to be granted for the exploitation of an invention if the utilization is for non-commercial public use, or will resolve a national emergency, or other circumstances of extreme urgency, or will support the national effort in a significant sector for economic, social and technological development. Compulsory licences may also be granted in the case of non-exploitation of a patent within 4 years of the application date, or three years of granting, or within one year of the date of the last exploitation without a justified reason. No compulsory licences for patents have been granted since 2005.

3.231. Applications for a patent must be made to the Egyptian Patent Office, in the Academy of Scientific Research and Technology, ascribed to the Ministry of Higher Education and Scientific Research. The Egyptian Patent Office was appointed by the International Patent Cooperation Union Assembly as an International Searching Authority (ISA) and a Preliminary Examination Authority (IPEA) in 2009. The Egyptian Patent Office started operating as an ISA and IPEA on April 2013.

3.232. The cost of filing an application is LE 150 for patents or LE 100 for utility models, layout designs, and integrated circuits. Applications filed by students of educational institutes of any kind are exempt from fees. Filing can be done electronically. In addition, annual fees are levied; these increase gradually from LE 20 in the second year to LE 1,000 in the 20th year. Reduced fees are in place for natural persons, SMEs, and students. A 60-day period is granted to file any opposition to a patent. Oppositions are subject to a fee of LE 500, which is refunded if the opposition is accepted.

3.233. The number of patent applications has been relatively steady over the 2006-16 period: in 2016, there were 2,196 applications. The number of patents granted has fluctuated more, from 130 in 2006 to a peak of 634 in 2012; in 2016, 471 patents were granted (Table 3.25). The number of industrial design applications as well as the number of applications granted has been more volatile than in the case of patents. From a peak of 3,460 in 2010, the number of applications declined to about half in 2011, and has remained at around that level since. In 2016, there were 1,932 industrial design applications and 290 applications were granted.

Table 3.25 IPR activity, 2006-16

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Patent applications	1,966	2,167	2,130	1,942	2,230	2,201	2,163	2,010	2,112	2,080	2,196
Applications granted	130	299	361	321	321	484	634	465	415	472	471
PCT patents granted	..	..	..	..	..	29	36	42	43	49	40
Trade mark applications	13,652	16,080	15,134	14,077	18,371	13,936	14,280	13,583	15,327	16,215	11,782
Applications granted	7,103	9,161	6,780	7,126	6,179	6,556	5,369	7,462	6,333	5,905	4,919
Industrial design applications	2,285	2,413	3,092	2,044	3,460	1,785	1,598	1,750	1,951	1,711	1,932
Applications granted	509	994	510	546	531	615	519	536	352	675	290
Copyright applications	209	249	390	292	330	219	216	232	218	202	254
Applications granted	209	249	390	292	330	219	216	232	218	202	254

.. Not available.

Source: Information provided by the authorities.

3.234. The Egyptian Patent Office has signed cooperation agreements with the European Patent Office (EPO), with Japan's Patent Office (JPO) and with the State Intellectual Property Office of China (SIPO); it works in close cooperation with the World Intellectual Property Organization (WIPO).

3.3.7.3 Trademarks, geographical indications and industrial designs

3.235. Trademark protection is also regulated by Law No. 82/2002. Trademarks are protected for one or more periods of 10 years, indefinitely renewable. For protection, it is necessary that they are registered with the Egyptian Trademarks and Industrial Designs Office of the Ministry of Trade and Industry. Trademarks granted registration are published in the *Official Gazette*. If an application for registration of a mark is filed in a WTO Member, or a country which extends reciprocity to Egypt, the applicant, or his rightful successor, may, within six months of the date of filing the application, file in Egypt a similar application for the same mark, covering the same products included in the previous application. In such cases, the priority date is that of the first application in the foreign country.

3.236. Opposition against a trademark may be filed within five years of the mark's first registration or, if the registration was obtained in bad faith, at any time. In accordance with Law No. 82/2002, the person who has registered a trademark and who has made use of it for a period of five years from the date of its registration shall be deemed the owner of such a trademark, unless precedence of use by a third party is proven. A prior user of the mark may, within the said period of five years, challenge the validity of its registration. There is no previous use requirement to register a trademark.

3.237. The owner of a mark may license one or more natural persons or legal entities to use the mark on all or some of the products for which the mark was registered. Such licensing to a third party may not prevent the owner from using his mark, unless otherwise agreed.

3.238. The owner of a well-known trademark, worldwide and in Egypt, has the right to enjoy the protection conferred by the Law even if such a mark is not registered in Egypt. The right of the mark owner to prevent third parties from the import, use, sale or distribution of products distinguished by such a mark shall lapse when the owner undertakes the marketing of these products in any country, or authorizes a third party to do so.

3.239. Industrial designs and models are granted a protection term of 10 years from the application filing date (renewable once for five years). They can be registered with the Egyptian Trademarks and Industrial Designs Office.

3.240. At the end of September 2015, the Egyptian Trademarks and Industrial Designs Office began using WIPO's Industrial Property Administration System (IPAS) to support its business process related to trademarks (soon also industrial designs).[79]

3.241. Geographical indications are addressed and are protected as such in Articles 104 to 118 of Law No. 82/2002 establishing the rules governing their protection and the sanctions for violations. Article 104 defines geographical indication and stipulates that to be eligible for protection under Egyptian Law geographical indications must be protected in their country of origin.[80] Law No. 82/2002 also prohibits the use of a geographical indication in a manner that misleads the public as to the true origin of the good.

3.242. Trademarks may contain geographical indications if production of the good under consideration is consistently undertaken by the applicant in the area referred to. However, a trademark that includes a geographical indication must not be registered as a trademark if its use would mislead the public with regard to the true origin of the good.

3.3.7.4 Copyright

3.243. Copyright protection is covered by Book 3 of Law No. 82/2002. It is extended to: books, booklets, articles, bulletins and any other written works; computer programs; databases; lectures, speeches, sermons and any other oral works when recorded; dramatic and dramatic-musical

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[79] Information provided by the authorities and WIPO online information. Viewed at: http://www.wipo.int/global_ip/en/activities/technicalassistance/news/2015/news_0004.html.

[80] Article 104 states that "Where a geographical origin has become descriptive of the quality, reputation or other characteristics of a certain product so as to be largely instrumental in its marketing, such geographical indications shall be used to indicate the place of origin of such goods in a district or part in a country member in the World Trade Organization or a country according Egypt reciprocity."

works, and pantomimes; musical works with or without words; audiovisual works; works of architecture; drawings with lines or colours, sculpture, lithography, printing on textile and any other similar works of fine arts; photographic and similar works; works of applied and plastic arts; illustrations, maps, sketches and three-dimensional works relating to geography, topography or architectural designs; and derivative works, without prejudice to the protection prescribed for the works from which they have been derived. Protection also covers the title of the work if it is inventive.

3.244. Copyright protection is extended to authors, performers and their successors. They benefit from infinite literary rights. Financial rights for the authors and the authors of joint works are protected for their lives plus 50 years. For collective works, the protection is 50 years from the date of the first public display or performance. Protection is reduced to 25 years for authors of performing arts, and to 20 years for broadcasting organizations. Registration is not required for protection. However, registration helps in the case of disputed rights.

3.245. The body in charge of copyright issues in Egypt is the Permanent Office for the Protection of Copyright, Supreme Council of Culture, in the Ministry of Culture. Applications for copyright registration must be made, depending on the material, either to the National Centre for Cinema (under the Ministry of Information) for audiovisual works; the Cabinet Information and Decision Support Centre for computer works; or to the General Authority for Books and National Documents (under the Ministry of Culture) for written works and all other material.

3.3.7.5 Plant varieties

3.246. Under Book Four of Law No. 82/2002, protection is granted to plant varieties, derived inside or outside Egypt, whether developed through biological or non-biological means, when registered in the special register of protected plant varieties. Presidential Decree No. 26/2015 amended Book Four of the IPR Law in order to allow for accession to the International Union for the Protection of New Varieties of Plants (UPOV). The draft legislation was approved by the UPOV Board in March 2015. In March 2017, the Egyptian Parliament accepted Presidential Decree No. 84/2017 concerning the accession to UPOV. However, as at November 2017, Egypt was still an observer to UPOV.

3.247. Plant varieties must be novel, distinct, and uniform to be granted protection. The term of protection is 25 years for trees and vines, and 20 years for other agricultural crops from the date of granting. A variety, for which a breeder's right is requested, must be granted temporary protection starting from the date of the filing of the application and expiring on the date of the publication of the granting of the title.

3.248. Registration with the Plant Varieties Protection Office (PVPO) in the Central Administration for Seed Certification (CASC) of the Ministry of Agriculture's Agricultural Service Sector is required for protection. The CASC is the only agency of the Ministry of Agriculture authorized to assure the quality of seeds through a legislative framework. The PVPO within the CASC acts a monitoring authority that does not breed or produce plant varieties or engage in trading activities. The PVPO is tasked with: receiving and examining applications; following-up tests results; following-up the maintenance of the protected varieties; issuing an Annual Bulletin; issuing certificates granting rights; publishing the accepted applications; and preparing Ministerial Decrees for plant variety protection.

3.249. In the 2008-2016 period, there were 229 Egyptian applications and 282 foreign applications for plant variety protection. As at April 2017, 213 plant variety protection certificates had been granted, 95 requests had been rejected and 203 were under examination.[81] The species protected up to 2017 include: strawberry (52 types), grapes (42), maize (27), potato (15), rice (9), squash (9), plum (8), blueberry (7), nectarine (6), tangerine (6), wheat (5), peaches (4), apricot (3), avocado (3), flax (2), mango (2), orange (2), peas (3) watermelon (2), apple (1), artichoke (1), beans (1), beets (1), kiwi (1), and tomatoes (1).

[81] Of the requests granted protection, 56 were Egyptian, 102 were from the United States, 21 from South Africa, 9 from the Netherlands, 8 from Spain, 3 from Chile, 3 from Germany, 2 from Australia, 2 from France, 2 from Italy, 2 from the United Kingdom, 1 from Cyprus, 1 from Denmark, and 1 from Panama.

3.3.7.6 Enforcement

3.250. Chapter 9 of the Executive Regulations to Implement Import and Export Law (Border Measures for the Protection against the Importation of IPR Infringing Goods) handles IPR border measures in conformity with Articles 51 to 60 of the TRIPS Agreement.

3.251. The enforcement of the IPR law and its executive regulations is handled by various specialized authorities. Some of these authorities are entitled to act upon their own initiative (ex officio) regarding IPR crimes, while other authorities act upon complaints filed by right holders. Authorities entitled to take ex officio actions may use raids as a main element of enforcement; the authorities have noted that they are regularly engaged in conducting raids to seize products infringing IPRs.

3.252. The Ministry of the Interior (MOI) is the main ex officio enforcing authority for all laws applied in Egypt including the IPR Law. The Supply Investigation Department under the MOI plays a major role in combating counterfeited trademarks and industrial designs, and is regularly engaged in raids to seize counterfeited products. The Cyber Investigation Unit under the MOI is responsible for combating Internet copyright infringement. The Works Investigation and IP Protection Department within the MOI acts as a specialized department in combating artistic works crimes. With respect to software piracy, the Information Technology Industry Development Agency (ITIDA) is entitled to take ex officio actions against IPR infringements, and is also regularly engaged in conducting raids. The ITIDA also provides support in investigating IPR-related lawsuits, by providing technical reports.

3.253. Enforcement through border measures is carried out by the Trade Agreements and Foreign Trade Sector (TAS) office in coordination with the Egyptian Customs Authority (ECA). Border measures are applied to all forms of intellectual property, and are not limited only to pirated copyrights and counterfeited trademarks. The ECA may suspend goods when there is prima facie evidence of infringement. The TAS is competent for receiving complaints from right holders, inspection and decision making, while the ECA is responsible for implementing these decisions.

3.254. The Contact Point Organization for IPR Protection is considered as an expert body before economic courts. The Organization was reorganized by Ministerial Decree No. 203/2001, which entitles it to examine complaints of IPR infringements and to issue legal and technical opinions as an expert body. The authorities have noted that many lawsuits are referred to it for examination, technical reports and recommendations. The Contact Point also receives complaints submitted by right holders for examination and technical reports. The Contact Point, together with the ITIDA, is responsible for raising awareness regarding IPR issues through the organization of awareness campaigns. To this end, the Contact Point Organization has held a number of courses, seminars and workshops for judges of economic courts, prosecutors and experts of the Ministry of Justice, as well as for employees of IPR protection agencies.

3.255. Penalties for IPRs violations are detailed in Law No. 82/2002. These can be fines or imprisonment, depending on the violation. The fines range from LE 2,000 to LE 100,000; prison terms are for not less than one month. In the case of recidivism, penalties increase to fines ranging from LE 10,000 to LE 200,000; and prison terms of not less than three months.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture and Fisheries

4.1.1 Agriculture

4.1.1.1 Main features

4.1. Agriculture plays an important role for the Egyptian economy, both in terms of contribution to GDP and employment and as a source of foreign exchange earnings. In 2015/16, agriculture accounted for 11.9% of Egypt's GDP, 27% of employment and 22.8% of its total exports. Table 4.1 describes the evolution of the share of agriculture in GDP, employment and exports during the period under review.

Table 4.1 Evolution of the contribution of agriculture to GDP, employment and exports (2005/06-2015/16)

(%)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Share of GDP	14.1	14.1	13.2	13.6	14	14.5	11	10.9	10.9	11.3	11.9
Share of employment	31.2	31.7	29.5	29.9	28.2	29.2	27.1	28	27.5	25.8	27
Share of exports	11.1	7.3	8.7	10	14.7	14.0	12.4	15.2	17.6	19.3	22.8

Source: Information provided by the authorities.

4.2. Egypt's main exports are cotton, rice, vegetables and fruits, aromatic and medicinal plants, and cut flowers. Egypt is a net importer of agricultural products; it reaches about self-sufficiency level only for eggs and is a net importer of wheat (for which it had a self-sufficiency ratio (SSR) of 52.2% in 2015), sugar (SSR of 79.3%), red meat (SSR of 56.3%), white meat (SSR of 93.4%), fish (SSR of 84.6%), milk (SSR of 79.5%) and edible oils (SSR of 22.8%).

4.3. Table 4.2 describes land use by crops between 2005 and 2016. The use of land for the production of wheat has increased, by some 12%, and so has the use of land for the production of maize, by 14.4%, while for sugar beet it has risen by more than 235%. On the other hand, land dedicated to the production of sugar cane has remained stable, while there has been a decline in areas used to grow rice mainly in order to rationalize the use of irrigation water. The land use for cotton has also declined.

Table 4.2 Land use by crop, 2005-16

(Thousand feddans[a])

Crop	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Wheat	2,985	3,064	2,716	2,920	3,147	3,001	3,049	3,161	3,378	3,393	3,469	3,353
Maize	1,940	1,711	1,782	1,860	1,978	1,998	1,759	2,157	2,139	2,186	2,260	2,220
Rice	1,459	1,593	1,673	1,770	1,369	1,093	1,409	1,472	1,419	1,364	1,216	1,353
Sugar cane	321	363	335	330	317	320	325	326	329	332	328	326
Sugar beet	167	186	248	258	265	386	362	424	460	504	555	560
Cotton	657	536	575	313	284	369	520	333	287	369	241	131

a 1 feddan is equivalent to 0.42 hectares.

Source: Information provided by the authorities.

4.4. Table 4.3 describes the evolution of the production of the most important agricultural crops in Egypt between 2005 and 2016. As can be seen, the production of sugar beet has almost quadrupled during the period; the production of wheat has increased by 15%, and the production of meat, fruit and vegetables has also followed an upward path. However, during the period, Egypt has experienced a decline in the production of some traditional crops such as cotton and rice.

Table 4.3 Agricultural outputs, 2005-16

('000 tonnes)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Wheat	8,141	8,246	7,379	7,977	8,523	7,177	8,407	8,795	9,460	9,280	9,608	9,343
Cotton lint	202	602	222	364	95	137	181	109	94	113	160	114
Maize	7,085	6,150	6,243	6,930	7,686	7,041	6,876	8,094	7,957	8,060	7,803	7,818
Rice, paddy	6,125	6,744	6,877	6,877	5,520	4,330	5,675	5,911	5,724	5,467	4,818	5,308
Sugar beet	3,430	3,905	5,458	5,133	5,334	7,840	7,486	9,126	10,044	11,046	11,983	11,209
Sugar cane	16,317	16,656	17,014	17,014	15,482	15,709	15,765	15,550	15,780	16,055	15,903	15,558
Vegetables[a]	16,846	20,308	18,995	21,502	21,351	19,488	18,992	19,825	17,634	19,352	21,338	2,003
Fruit[b]	8,583	9,832	9,398	9,956	10,317	9,600	9,912	10,615	10,734	11,682	12,839	12,830
Meat	1,460	1,674	1,773	1,795	1,884	1,945	1,984	2,018	2,137	2,212	2,268	2,200
Edible oils[c]	198	207	235	175	285	337	392	398	359	381	164	..

.. Not available.

a Including melons.
b Excluding melons.
c Edible oils include cottonseed, groundnut, soybean, and sunflower oil, and virgin olive oil.

Source: Information provided by the authorities

4.5. Table 4.4 describes the evolution of livestock during the period 2005-16. As can be seen, growth in the number of livestock heads has been overall very moderate over the period. The number of heads has been relatively stable; except for cows and camels, whose numbers have registered a slight increase.

Table 4.4 Livestock, 2005-16

('000 of heads)

Year	Cows	Buffalos	Sheep	Goats	Camels
2005	4,485	3,885	5,232	3,803	142
2006	4,610	3,937	5,385	3,877	148
2007	4,933	4,042	5,467	4,211	137
2008	5,023	4,053	5,498	4,473	107
2009	4,525	3,839	5,592	4,139	137
2010	4,540	3,870	5,645	4,210	137
2011	4,780	3,983	5,365	4,258	137
2012	4,946	4,165	5,430	4,306	142
2013	4,745	3,915	5,564	4,153	153
2014	4,762	3,949	5,503	4,186	158
2015	4,883	3,702	5,463	4,046	153
2016	5,012	3,437	5,556	4,260	157

Source: Data provided by the authorities.

4.6. As was noted above, production of most crops (and the corresponding areas used) has generally increased during the period under review, with the exception of rice. Policies were implemented in 2015 to decrease the area under rice cultivation, due to the fact that it is a crop that uses large amounts of water. The policy instruments used include a ban that has been placed on the cultivation of rice in areas other than those specified by the Ministry of Water Resources and Irrigation each year, imposing a penalty of LE 3,000 per feddan for violations. Other measures included: accelerating the payment of penalties to prevent the recurrence of violations; requiring the payment of the equivalent cost of the water wasted by cultivating in other areas; and preventing rice exportation. In addition, the Egyptian Government has defined guaranteed prices for maize, a competitor product for rice, from 2011 to 2017 so as to encourage farmers to decrease the cultivation of rice and increase the production of maize. The fast growth of sugar beet production has been a result of policies that aim to replace the growing of sugar cane with that of another crop that requires less water.

4.7. As noted above and despite increases in the production of some crops, Egypt continues to be a significant overall importer of food. Egypt must meet the challenge of satisfying the demand of a fast-increasing population, which partly explains its growing trade deficit in agricultural products. Although this deficit has fluctuated considerably over the years, it is of a structural nature since it follows a trend that started back in 1974. The value of agricultural imports is about three times that of agricultural exports as described in Table 4.5. Overall, Egypt relies on imports for a considerable part of its food consumption and is vulnerable to changes in international food prices and supplies. In 2016, some 17.5% of all merchandise export earnings were spent on agricultural imports.

Table 4.5 Development of agricultural foreign trade in Egypt, 2005-16

(US$ billion)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Agricultural exports	983	930	1,193	2,075	2,915	3,131	3,026	2,684	2,867	2,954	2,852	2,676
Agricultural imports	2,408	2,269	3,647	4,819	4,390	5,632	8,211	8,806	5,133	4,165	4,100	3,840
Agricultural trade balance	-1,425	-1,339	-2,454	-2,744	-1,475	-2,501	-5,185	-6,122	-2,266	-1,211	-1,248	-1,164

Note: WTO agriculture definition.[1]

Source: Information provided by the authorities.

4.1.1.2 Policy developments

4.1.1.2.1 Overall strategy

4.8. The agricultural policy of Egypt has two main targets: (a) to provide support to farmers and more generally to the agricultural sector; and (b) to ensure the supply of food to the entire population at reasonable prices. The latter is to be achieved either through domestic production or through importation, by subsidizing basic foodstuffs for the poorer segments of the population and by trying to use comparative advantage as a means to arbitrate between domestic production and importation. To this end, according to the authorities, Egypt seeks production specialization in crops where it has a relative comparative advantage, such as fruits and vegetables, and to maintain a certain degree of self-sufficiency for all other crops for food security and social stability purposes; the remaining demand is to be met by imports.

4.9. The State intervenes in order to meet the targets described above. The State purchases crops such as wheat from farmers through the General Authority for Supply of Commodities (GASC), in addition to importing basic foodstuffs to form the country's strategic food stocks of the main commodities (wheat, flour, sugar, and edible oil). There is no state monopoly either for importing foodstuffs or for buying crops from farmers domestically. If a private sector operator buys crops from farmers it does so at market prices, the farmer always having the choice between selling to the State at guaranteed prices and selling to the private sector at market prices. The State has the obligation to buy at guaranteed prices if the farmer chooses that option, but there is no obligation for the farmer to sell to the State.

4.10. Egypt provides state support for production and consumption. However, in budgetary terms, the actual spending for direct farming support is much lower than the actual spending for food subsidies. According to information provided by the Egyptian Ministry of Finance, about US$4.19 billion were allocated in 2015/16 for food support and about US$367.8 million for support to farmers, including the partial subsidization by the Government of pesticides for cotton production.

4.11. The main agricultural policy orientation has been successively defined by the 1990 *Agricultural Strategy Towards 2017* and the 2009 *Sustainable Agricultural Development Strategy Towards 2030* (SADS 2030). Among the challenges identified by these strategies are the following: improving the efficiency of water resources used for irrigation; addressing the problem of agricultural land fragmentation; limiting the encroachment on agricultural land; strengthening agriculture with effective institutions for small farmers; increasing the effectiveness of agricultural research and extension institutions in supporting agricultural development efforts; taking

[1] WTO definition of agriculture: HS Chapters 01-24 less fish and fishery products (HS Chapter 3, 0508, 0511.91, 1504.10, 1504.20, 1603-1605 and 2301.20) plus some selected products (HS 2905.43, 2905.44, 2905.45, 3301, 3501-3505, 3809.10, 3823, 3824.60, 4101-4103, 4301, 5001-5003, 5101-5103, 5201-5203, 5301, and 5302).

advantage of the progress in the information and communications field; reducing postharvest agricultural production losses; and preparing the agricultural sector to adapt to climate change.

4.12. The objectives of the SADS 2030 are the following:

- Improving the living standards of the rural population and reducing rural poverty rates;
- Achieving sustainable use of natural agricultural resources;
- Increasing agricultural productivity;
- Achieving a higher degree of food security;
- Strengthening the competitiveness of agricultural products in domestic and international markets; and
- Improving the climate of agricultural investment.

4.13. Regarding, in particular, the improvement of the standard of living of the rural population, the SADS 2030 plans to use the following policy instruments:

- Diversifying production by encouraging the establishment of agriculture-related activities and projects in rural areas, such as marketing and manufacturing activities;
- Planning new agricultural activities encompassing multiple areas and projects, thus supporting the establishment of integrated agricultural industrial service communities;
- Supporting and developing small rural crafts and industries, thus creating new job opportunities and improving incomes;
- Maximizing farmers' use of agricultural residues, both from plants and animals, and turning them into useful materials with added economic value (fertilizers, feed and energy), also contributing to improving the cleanliness of the rural environment;
- Supporting and developing small farmers' institutions, especially in the field of agricultural marketing, to increase the marketability of their products at fair prices;
- Working to integrate small farmers into export activities; and
- Promoting the role of women in various areas of rural development.

4.1.1.2.2 Support to farming

4.14. Support to farming is under the responsibility of the Ministry of Agriculture and Land Reclamation (MALR). Since Egypt has been following an agricultural policy of reform based on liberalization and privatization over the past 30 years, direct government control on the agricultural sector has been eliminated and the role of the MALR is now confined to scientific research and agricultural extension activities, the reclamation of land, technical assistance, monitoring and control, data gathering, and the preparation of economic studies to help farmers make sound decisions.

4.15. The General Authority for Improving Land Support to Farmers and Young Graduates, a body affiliated to the MALR, plays an important operational role in the support of farmers by providing them with a number of services: soil and water analysis, primary surfacing by operational equipment, land laser surfacing, deep tillage under soil, establishing and clearing drains and small irrigation channels, contributing to environment protection through bridging swamps, and helping farmers face natural disasters such as floods. Table 4.6 below describes the evolution of actual spending for investments in land improvement projects between 2005/06 and 2015/16.

Table 4.6 Evolution of the spending on investments for land improvement projects in Egypt, 2005/06-2015/16

(LE million)

Years	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Investments executed	36.9	32.0	14.7	45.1	41.8	16.0	40.6	64.4	43.5	46.3	22.0

Source: Information provided by the authorities.

4.16. Arable land is a scarce resource in Egypt as most of the territory is covered by desert and agriculture is competing with urbanization for the use of land in areas such as the Nile Valley and the Delta. In addition, land suffers from excessive fragmentation, which slows down the adoption of modern water and crop management techniques. It is noticeable that the average area of an agricultural tenure in Egypt has recently decreased, from about 2.7 acres in 1989/1990 to 2.19 acres in 2009/2010. The number of holders of less than one feddan increased from about 1.05 million, representing about 36.1% of the total holdings in 1990, to about 2.14 million, representing about 48.3% of the total number of holdings in 2010. The area represented by holdings of less than one feddan, which totalled 508,100 feddans and represented about 6.5% of the total area of holdings in 1990, increased to about 924,000 feddans and represented about 9.5% of the total area of holdings in 2010.

4.17. Two types of agricultural land management policies are pursued in Egypt: "horizontal " and "vertical" expansion. Horizontal expansion is the reclamation of new land in the desert and its irrigation. The latter is done with groundwater in addition to the Nile water provided by the Field Irrigation Development Programme (see below), and by reducing the area assigned. The Sustainable Agricultural Development Strategy Towards 2030 aims at reclaiming 1.3 million hectares (3.1 million acres) by 2030. Under this programme, a part of the reclaimed lands will be exploited by foreign investors in the form of build-operate-transfer (BOT) agreements, while other lots will be attributed to investment companies, small farmers and young investors/farmers, with the aim of helping tenures acquire an economically viable size and to fully benefit from modern technologies.

Table 4.7 Evolution of the reclaimed land areas in Egypt, 2005/06-2015/16

('000 acres)

Years	2005/ 06	2006/ 07	2007/ 08	2008/ 09	2009/ 10	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16
Reclaimed land	38.8	231.6	95.2	22	14.7	15.5	39	22.9	22.6	14.5	38.5

Source: Information provided by the authorities.

4.18. The second type of land expansion mode, vertical expansion, consists in increasing the per unit productivity of the land. This includes:

- The development of salt-tolerant and drought-resistant crop varieties to face the problems associated with climate change (rise in temperature in the Middle East and North Africa region). The authorities consider that the development of highly salt tolerant varieties is necessary for the reuse of wastewater, as well as for the expansion of the use of marginal land with high salinity, as is the case of the horizontal expansion lands in North Sinai;
- The production of short-life varieties, to reduce water consumption on the one hand, and increase crop intensification rates on the other hand. In this respect, the authorities consider that where more than two crops can be grown per year water is saved for horizontal expansion; and
- The provision of integrated technological packages together with the required technical and advisory staff to manage various crops and transfer this knowledge to farmers.

4.19. As mentioned above, the GASC buys a share of the wheat crop at administered prices so as to guarantee a revenue to farmers and orient planting decisions, as well as to build up public stocks of basic foodstuff to be processed and sold to the general population at subsidized prices. The State fixes the guaranteed price and purchases the crop from farmers before the planting date, so that the farmer can make a decision on whether or not to produce wheat. Table 4.8 shows the evolution of the farm gate (guaranteed) price for wheat, the price of imported wheat and the quantity purchased from farmers by the Government through the GASC in the 2005-16 period. The authorities have indicated that purchases from the Government represent some 35% of the total crop. Also, the GASC is responsible for close to half of total imports, which are made for the subsidized wheat programme. A FAO study shows that the Government's share of imports has been declining, partly as a result of the increased procurement of domestic wheat.[2]

[2] Food and Agriculture Organization (FAO) (2015), *Egypt, Wheat Sector Review*. Country highlights, prepared under the FAO/EBRD Cooperation. Viewed at: http://www.fao.org/3/a-i4898e.pdf.

Table 4.8 Evolution of farm gate (guaranteed) and import prices of wheat and quantities purchased from domestic farmers by the GASC, 2005-16

Years	Farm gate price (LE/tonne)	Import price (LE/tonne)	Quantity purchased from farmers by the GASC (million tonnes)
2005	1,120.0	941.0	2.8
2006	1,126.7	954.1	1.8
2007	1,153.3	1,493.4	2.3
2008	2,553.3	2,822.6	2.5
2009	1,613.3	2,159.5	3.2
2010	1,813.3	1,264.6	2.1
2011	2,346.7	1,946.9	2.6
2012	2,520.0	3,292.0	3.7
2013	2,586.7	2,328.8	2.7
2014	2,740.0	2,816.3	3.7
2015	2,760.0	2,160.5	5.3
2016	2,773.3	2,080.2	4.9

Source: Information provided by the authorities.

4.20. With respect to water management, the goal is to improve water use by rationalizing it, particularly by lowering water utilization in agriculture, which currently represents some 85% of Egypt's water consumption. One of the SADS' goals is to lower the ratio of total (sustainable) water consumption from 107% in 2015 to 100% in 2020 and 80% in 2030.[3] The SADS also aims at reducing the percentage of loss in water transfer networks from the current 15% to less than 5% by 2030. Another goal is achieving water conveyance efficiency levels ranging from 70% to 80% and water distribution efficiency levels of between 50% and 60% by 2030. The Farm-Level Irrigation Modernization Project, a national programme for rationalizing water use in agriculture, is currently being implemented jointly by the MALR and the Ministry of Water Resources and Irrigation. The Ministry of Water Resources and Irrigation established the programme in 1987, which was implemented in cooperation with USAID and the World Bank. The Farm-Level Irrigation Modernization Project aims at achieving an equitable distribution of water, and timely access to water resources in the quantity needed. The savings in water due to the implementation of the project are estimated at about 15% of the amount of water used in agriculture. This is achieved through, for instance, the improvement and development of canals, setting up irrigation branches and water installations, the formation of water user associations, and the levelling of land with laser equipment. The water thus saved is intended for use in the reclamation and cultivation of new lands. The project also aims to achieve an increase of between 10% and 25%, depending on the crop, in the productivity of crops in the project area. The Farm-Level Irrigation Modernization Project currently works on an area of about 560,000 feddans in 11 districts in different governorates.

4.21. With respect to the management of labour, the Government supports education programmes and encourages farmers to form cooperatives or small farmers' organizations. In this respect, the Agricultural Cooperation Law was amended to encourage cooperatives to carry out their assigned role.

4.22. Investment in agriculture remains limited: funds directed to agriculture represented only 2.8% of total government investments and 5.3% of total private investment in 2015/2016. Similarly, funds devoted to agricultural extension and research are relatively low by international standards, having reached LE 285.9 million in 2015/2016. To facilitate access to funds, the Government is encouraging the development of rural credit and agricultural insurance. According to information provided by the authorities, credit may be granted at preferential interest rates. Access to insurance must be requested by the farmer: it may cover pests, catastrophes and diseases, but not price fluctuations.

[3] This ratio shows the total volume of fresh water consumed by humans (agriculture, industry, and home) as a percentage of total renewable fresh water resources available for the State. SADS 2030, Environmental Dimension (Ninth Pillar). Viewed at: http://sdsegypt2030.com/wp-content/uploads/2016/10/10.-Environment-Pillar.pdf.

4.1.1.2.3 Market access

4.23. Bound rates for agricultural products range from 1% to 3000%, which is the maximum rate for alcoholic beverages. The simple average MFN applied rate for agricultural products in 2017 was 51.6% (11%, if alcoholic beverages are excluded) (Section 3). Egypt does not use MFN tariff rate quotas. However, it applies tariff rate quotas in the context of some of its preferential trade agreements. Table 4.9 below describes the agricultural provisions of FTAs signed by Egypt.

Table 4.9 Main agricultural provisions in Egypt's FTAs

FTA	Main agricultural provisions
EU–Egypt Association Agreement	The two parties have amended the Protocols on Agricultural Products, Processed Agricultural Products and Fish and Fishery Products. These new protocols entered into force on 1 June 2010. Customs duties applicable on the importation into either party shall be fully eliminated, except for tomatoes, garlic, cucumbers, squash, artichokes, grapes, strawberries, rice and processed agricultural products containing 70% sugar content, which are subject to special treatment (they are either not subject to any preferential treatment or are subject to preferential treatment within tariff rate quota limits).
Egypt–Turkey Free Trade Agreement	The two parties have agreed to grant each other concessions either as tariff rate quotas or tariff reductions on a selected number of agricultural and fishery products. The two parties exchanged the same concessions on processed agricultural products.
Egypt–EFTA Free Trade Agreement	(a) Treatment of processed agriculture goods: both parties agreed on the list of Egyptian exports that is to be accorded preferential treatment by EFTA countries for a period of 5 years, renewable. This preferential treatment is not reciprocal. This unilateral preferential treatment granted to the Egyptian processed agriculture exports was extended to 31 July 2016. (b) Fisheries and marine products: upon entry into force of the agreement, both parties agreed on granting some Egyptian fisheries products, such as processed, canned fish, Mollusca, among others, a total exemption from tariffs.

Source: Information provided by the authorities.

4.24. Egypt currently imposes export duties on sugar and feed components. Pursuant to Minister of Commerce and Industry Decree No. 469/2017 of 30 March 2017, a fee of LE 3,000 per tonne was imposed on exports of sugar. Pursuant to Article 7 of Law No. 118/1975, the exportation of certain commodities can be prohibited or restricted by ministerial decree under certain circumstances. The Government did so for rice between 2008 and 2014.

4.25. The authorities have stated that Egypt follows an "open doors" policy with no restrictions on foreign investment in agriculture and the processing of agricultural production. In fact, there is considerable foreign investment in the reclaimed "new lands". Table 4.10 provides data on stocks of foreign investment and on foreign companies investing in various agricultural and agri-processing subsectors.

Table 4.10 Foreign investment in agricultural and agri-processing activities in Egypt, 2015

Activity	Number of companies	Percentage share	Capital inflow in LE million	Percentage in capital inflow
Land reclamation	5,008	77.1	38,743.4	78.1
Agro-industrial integration	39	0.6	3,525.0	7.1
Poultry production	168	2.6	3,034.8	6.1
Animal production, fisheries, poultry production and feed	725	11.2	1,728.5	3.4
Feed	391	6.0	1,484.7	3.0
Slaughter houses	53	0.9	862.3	1.7
Fisheries	98	1.5	251.9	0.5
Other	9	0.1	30.3	0.1
Total	**6,491**	**100.0**	**49,662.0**	**100.0**

Source: Information provided by the authorities.

4.1.1.2.4 The Food Subsidy Programme

4.26. As mentioned above, in view of the increasing gap between population growth and that of domestic agricultural production and for historical and social reasons, the Government subsidizes the prices of basic foodstuffs such as bread, wheat, rice, sugar and edible oils, including in certain instances (wheat/bread) subsidies to food processors. The number of beneficiaries of bread subsidies is 82.2 million.

4.27. The authority responsible for the administration of the Food Subsidy Programme is the General Administration for the Supply of Commodities (GASC). Table 4.11 shows the evolution of subsidies devoted to this programme between 2006/07 and 2015/16. As can be seen, these subsidies have increased fivefold over the period.

Table 4.11 Ration card subsidies under the Food Subsidy Programme, 2006/07-2015/16

(LE million)

Ration card subsidies	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	2,320	3,784	6,827	5,859	9,379	13,613	17,366	14,765	12,527	12,527

Source: Information provided by the authorities.

4.28. A reform of the ration card system so as to better target the poorest segments of the population and to avoid leakages and spillages is ongoing, through the deployment of smart cards.

4.1.2 Fisheries

4.29. The fishing industry remains of moderate importance to Egypt, which is a net importer of fish and fish products. There are four main fishing areas in Egypt: the Mediterranean Sea, the Red Sea, the lakes and the Nile River. Catches in the Mediterranean and the Nile have shown a declining trend while catches in the lakes and the Red Sea have been stable or have even grown slightly. Aquaculture has become increasingly the most important segment of the fishing industry, doubling between 2006 and 2015, while the volume of total catch has remained relatively stable (Table 4.12). Egypt had the tenth largest aquaculture production in the world in 2015. Consumption increased by some 50% between 2006 and 2015, while exports, although still modest, increased fivefold in volume terms.

Table 4.12 Production, consumption, imports and exports of fish (including aquaculture) in Egypt in volume terms, 2006-15

(Million tonnes)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total catch	0.38	0.37	0.37	0.38	0.39	0.38	0.35	0.36	0.35	0.34
Aquaculture production	0.6	0.64	0.69	0.71	0.92	0.99	1.02	1.1	1.14	1.18
Consumption	1.17	1.26	1,198	1.20	1.55	1.54	1.69	1.67	1.81	1.8
Exports	0.004	0.004	0.01	0.01	0.011	0.01	0.02	0.02	0.03	0.02
Imports	021	0.26	0.14	0.14	0.26	0.18	0.34	0.24	0.36	0.30

Source: Information provided by the authorities.

4.30. The value of aquaculture production more than tripled between 2006 and 2015, when it reached LE 17.14 billion. The value of exports of fish and aquaculture products, although still relatively moderate, increased twelvefold over the period, while the value of imports also increased (Table 4.13). Egypt runs a sizeable trade deficit in fish products, including aquaculture, which reached some LE 5.5 billion in 2015 (US$700 million at that year's exchange rate; some US$312 million at end-2017 exchange rates).

Table 4.13 Production, imports and exports of fish (including aquaculture) in Egypt in value terms, 2006-15

(LE billion)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total catch	3.94	4.26	4.09	4.14	4.69	5.17	5.47	5.28	5.98	6.27
Aquaculture production	5.37	6.56	6.73	7.52	9.81	11.65	12.19	14.35	16.3	17.14
Exports	0.02	0.03	0.06	-	0.09	0.14	0.11	0.16	0.24	0.24
Imports	0.59	1.22	2.04	-	2.78	3.12	4.77	2.98	5.35	5.75

Source: Information provided by the authorities.

4.31. As illustrated by table 4.14, the number of fishing vessels deployed in Egypt has slightly declined between 2010 and 2015, notably due to the modernization of the fleet. Vessels are granted fishing licences, which are renewed annually. Fishermen are granted "fishing cards" for periods of five years in the case of permanent fishermen, and for one year in the case of temporary fishermen.

Table 4.14 Employment and number of vessels in the fisheries sector, 2010-16

	2010	2011	2012	2013	2014	2015
Number of fishing vessels	38,522	33,488	32,020	31,214	32,049	34,292

Source: Information provided by the authorities.

4.32. The regulatory authority for fisheries and aquaculture in Egypt is the General Authority for Fish Resources Development (GAFRD), under the aegis of the MALR. The basic legislation for the sector is Law No. 124/1983 on fishing, aquaculture and the organization of fish farms (Fishing Law).

4.33. The GAFRD has set a goal for fish production, including aquaculture, of 2.2 million tons for 2020 and 3 million tons for 2030. Other goals include: achieving new employment opportunities for the sector; creating integrated production communities; providing fish to the population at reasonable prices, in particular to the low income population; exporting "luxury" fish such as sea bass, sea bream and shrimp to increase foreign exchange revenue; and developing fish production in line with population growth. In order to achieve the above-mentioned goals, the GAFRD has deployed a five-axis policy, which consists of: (a) the expansion of aquaculture projects across the whole chain of production (hatcheries, feed factories, farms, fish cages); (b) the exploitation of fish farming projects in desert areas; (c) the expansion of intensive aquaculture projects; (d) the development of resources by increasing the productivity of lake and Nile waters via the release of fish fry and the depollution of waters; and (e) the development and modernization of the Egyptian fishing fleet by equipping vessels notably with chilling and preservation systems, so as to allow it to fish in deep waters, in particular in the Egyptian Exclusive Economic Zone.

4.34. The GAFRD has also identified a number of challenges faced by the fishing industry. These challenges include: overfishing, in particular in the Mediterranean Sea; competition for the use of waters with other economic sectors; pollution; enforcement of national and international fishing rules; non-utilization so far of the resources of the Egyptian Exclusive Economic Zone; endemic disease; and lack of financial resources for further aquaculture projects. To take into account those challenges, a general overhaul of the basic fishing legislation, which dates back to 1984, is under examination in the Parliament. The main features of this legislative reform include: (a) tightening overfishing penalties to protect fish stocks – in case of illegal fishing, the Captain of the fishing vessel may face imprisonment of up to two years or/and shall pay a fine of between LE 10,000 and LE 200,000; and (b) irrigation of fish farms and granting them the right to use fresh water.

4.35. The Hurghada Declaration was signed in June 2009 with the purpose of combatting over-fishing in Egypt's Red Sea. This declaration of principles seeks to ban all trawling in the Red Sea with the exception of the area north of the Gulf of Suez and in the south of the Red Sea. It also seeks to establish "no-take" zones, which are areas free of fishing activity. The Hurghada Declaration was formulated and signed by the Hurghada Environmental Protection and Conservation Association (an independent NGO) in cooperation with the Governorates of the Red Sea, South Sinai, and Suez, along with the Ministries of Agriculture and Environment. Reflecting these goals and policies, and as a first step, Egypt has ceased to deliver licences for vessels using trawlers in this zone.

4.36. In the fisheries subsidies negotiations in the WTO, Egypt has stated that it is in favour of further technical work and of linking the results of the negotiations to those of other subjects, be they in the context of the Negotiating Group on Rules (anti-dumping, subsidies and regional trade agreements) or in the wider context of the Doha Development Agenda (agriculture, NAMA and services). The authorities have noted that Egypt is committed to prohibit certain forms of fisheries subsidies, which contribute to overcapacity and overfishing.

4.2 Mining and Energy

4.2.1 Overview

4.37. The mining sector, including the production of hydrocarbons, accounted for 8% of GDP in fiscal year 2015/16. Hydrocarbons account for most of the sector's production, the rest is comprised of phosphate and barite. The energy sector (production of hydrocarbons, refined petroleum products and electricity) accounted overall for 13.7% of Egyptian GDP in 2015.[4] The primary fuel mix of Egypt's energy sector for the same year was: gas (53%), oil (41%), hydroelectric (3%), coal (2%), and solar and wind (1%). Egypt is the largest oil and gas consumer in Africa, accounting for 20% of the continent's petroleum consumption and 40% of dry natural gas consumption. Despite this, consumption per capita remains at a relatively low level by international standards. On the production side, Egypt is the largest non-OPEC oil producer in Africa and the second largest dry natural gas producer on the continent. It also plays a major role in the transit of oil and gas from the Arab-Persian gulf to Europe and the United States via the Suez Canal and the Sumed pipeline.

4.38. The early part of the period under review was characterized by the creation of an energy gap due to the decline in the supply of natural gas, stagnant oil production and a shortfall in electricity generation capacity. More recently, however, this gap has been closed, particularly as of 2015, as Egypt started importing liquefied natural gas (LNG), new start-up power plants were built under an emergency programme, and numerous concession agreements for the exploitation and production of oil and gas were signed. Furthermore, new natural gas fields have been recently discovered in the Western Desert and offshore and will soon come into exploitation.

4.39. The Government is continuing its efforts to increase Egypt's electrical generation and distribution capacity through a combination of new investments and of regulatory reforms opening and partially unbundling the sector, with particular attention to renewable energies. The Government has also recently undertaken to progressively diminish (in certain instances, drastically) energy subsidies granted to consumers, which have traditionally been a heavy drag on Egypt's budget.

4.40. Energy is considered the second pillar of the 2016 "Sustainable Development Strategy: Egypt Vision 2030" which includes ten such pillars. Some of the main objectives set by this Strategy with respect to energy are: ensuring energy security for Egypt; maximizing the utilization of domestic energy resources; reducing the intensity of energy consumption; changing the energy mix by relying more on renewable energy sources, especially wind and solar power; initiating a legislative reform aimed at encouraging private sector participation in the renewable energy business; encouraging the use of coal in electricity generation or as an alternative fuel for some industries; building at least one nuclear power plant; encouraging the adoption of technological solutions and applications to rationalize energy consumption and to optimize the exploitation of available energy resources; and promoting the use of sustainable and environmentally friendly technologies. The Strategy aims at reducing greenhouse gas emissions from the energy sector by 5% between 2016 and 2020, and by 10% by 2030.

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[4] Sustainable Development Strategy: Egypt Vision 2030, Energy Pillar. Viewed at: http://sdsegypt2030.com/category/reports-en/?lang=en.

4.2.2 Oil and gas

4.2.2.1 Oil

4.41. The petroleum industry in Egypt is dominated by the state-owned Egyptian General Petroleum Corporation (EGPC), established in 1956, and whose regulatory framework of operations dates back to 1976 and is included in Law No. 20/76. EGPC is active in all segments of the petroleum industry: exploration, development, production, drilling, engineering, refining and processing, transportation, supply and distribution, trading imports and exports.

4.42. Exploration, development and production activities must be undertaken in joint ventures with foreign companies or through public sector affiliated companies which are also present in refining, processing, transportation and distribution activities. In 2017, there were 41 such joint ventures and public sector companies. In the case of joint ventures, private companies are generally allowed to sell directly up to 30% of production. A third legal form of establishment is through the so-called "investment law companies" with reference to the now repealed Investment Law No. 8/1997. As at November 2017, 87 such companies had been established under this law. EGPC is a shareholder of these companies, either directly or through affiliated companies. Investment law companies are active in areas such as drilling, engineering, construction, fabrication, maintenance, training, as well as refining and processing.

4.43. During most of the period under review, Egypt has been a net exporter of crude oil, as domestic production has generally outpaced domestic consumption (Table 4.15). The main domestic users of oil are: the transportation sector; heavy industries such as cement, steel and petrochemicals; and electricity generation companies. Oil production in Egypt takes place in seven main areas: the Western Desert, which accounts for 56% of production, the Gulf of Suez (20%), the Eastern Desert (9.5%), the Sinai Peninsula (10%), the Mediterranean Sea (3.3%), and the Nile Delta and Upper Egypt (1.2%). Production comes from relatively small fields. In recent years, foreign investment in the upstream oil sector has resumed and numerous exploration concessions have been granted. Proven oil reserves are estimated at 4.2 billion barrels (2017).

Table 4.15 Production, consumption, imports and exports of crude oil in Egypt, 2005/06-2015/16

(Million tonnes)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Production	31.1	30.8	31.6	33.3	32.7	33.3	33.4	32.9	33	33.7	33.2
Consumption	31.5	31.4	33.1	31.3	29.8	28.9	26.6	26.7	25.6	26.4	26.3
Imports	2.5	2.4	2.4	2.4	2.5	2.4	2.1	2.9	2.2	4.9	3.1
Exports[a]	2.6	2.9	3.4	4.1	4.1	4.3	4.3	5.2	4.2	5.9	5.5

a Excluding so-called "partner share exports and cost recovery excess", i.e. the share of oil that EGPC allows its partners to sell directly (generally 30% of total production) and the reimbursement in kind by EGPC of the initial development costs over a 20-year period, respectively.

Source: Information provided by the authorities

4.44. All oil refineries in Egypt are operated by EGPC or its subsidiaries. Refining capacity stood in 2015 at 700,000 barrels per day and output at 510,000 barrels per day. Production of refined petroleum has declined during the period under review, notably during the 2009-13 period when it fell by 14%. This decline was partly due to the permission given by the Egyptian Government to foreign oil companies to export crude oil as repayment of EGPC debt, which had an impact on the amount of petroleum left for refining. More recently, however, new projects that are expected to result in an increase in Egypt's refining capacity were put in place, most notably the privately financed Egyptian Refining Company project in Cairo which was expected to become operational at the end 2017, and the capacity expansion of the Midor refinery in Alexandria, which is 80% owned by EGPC and 20% by Egyptian private investors.

4.45. The local production of refined and processed petroleum products (including LPG from local fields) slightly declined during the review period, from 34.2 million tonnes in 2005/2006 to 29.8 million tonnes in 2015/2016; a peak of 35.9 million tonnes was reached in 2007/2008. The main refined products are: fuel oil, with a production level of 9.4 million tons in 2015/2016; gas oil (7.8 million tonnes) and gasoline/naphtha (6.7 million tonnes).

4.46. Local consumption of refined petroleum products presently exceeds national production capacities, a reversal of the situation as compared to the beginning of the review period. In 2005/2006, the production of petroleum products exceeded consumption by 6.7 million tonnes, although some products like gasoline and gas oil already exhibited a deficit, while in 2015/2016 consumption exceeded local production by 10.4 million tonnes, and all refined products exhibited a deficit. The authorities have noted that this was partly due to a strong increase in the local consumption of gas oil (of some 50% during the review period), fuel oil (40%) and gasoline (34%). As a result, imports of refined petroleum products (including bunker and aviation fuel sales) surged from 3.4 million tonnes in 2005-2006 to 16 million tonnes in 2015/2016, while exports declined from 8.25 million tonnes to 3.48 million tonnes.

4.47. The 2016 "Sustainable Development Strategy: Egypt Vision 2030" identifies the state monopoly on exportation and importation of petroleum products as one of the handicaps of the present energy situation and argues in favour of allowing the private sector to participate in these activities and to contribute to the achievement of the country's energy security. During the present review, the authorities stated that the recommendations mentioned in the Strategy are being implemented and the necessary approvals are under way.

4.48. Some petroleum products, namely liquefied petroleum gas (LPG), gasoline, kerosene, gas oil and fuel oil, benefit from government subsidies. Gas oil, fuel oil and gasoline accounted for the bulk of the subsidies granted during the review period. The level of total subsidies to petroleum products has fluctuated during the period under review: starting from LE 34.8 billion in 2005/2006, they reached a peak of LE 121.2 billion in 2013/2014 before being drastically reduced to LE 74 billion in 2014/2015 and LE 51 billion in 2015/2016 (Table 4.16). This represents an even more drastic cut in real terms taking into account the recent devaluation of the Egyptian pound. In the case of fuel oil and kerosene, no subsidies were granted in 2015/2016, although subsidies for these products were not definitively eliminated.

Table 4.16 Subsidies granted for the consumption of petroleum products and natural gas, 2005/06-2015/16

(LE billion)

Year	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Petroleum products	34.8	37.2	63.2	46.7	56.5	82.0	104.6	117.8	121.2	73.9	51.0
LPG	8.4	9.7	13.4	11.1	14.0	17.8	21.7	20.2	20.9	16.8	16.2
Gasoline	4.4	4.4	9.2	7.3	9.3	15.6	20.1	27.1	27.4	16.7	11.5
Kerosene	0.5	0.2	0.3	0.2	0.2	0.3	0.3	0.1	0.0	0.0	0.0
Gas Oil	16.6	18.2	32.8	23.5	24.8	37.2	50.1	56.1	60.5	36.2	23.3
Fuel Oil	5.0	4.7	7.5	4.7	8.2	11.1	12.4	14.3	12.4	4.2	0.0
Natural Gas	7.2	6.6	8.0	6.0	6.5	8.2	9.8	10.5	5.0	0.0	0.0
Total	**42.0**	**44.0**	**71.2**	**52.7**	**63.0**	**90.2**	**114.4**	**128.3**	**126.2**	**73.9**	**51.0**

Source: Information provided by the authorities.

4.2.2.2 Gas

4.49. The Egyptian National Gas Holding Company (EGAS), a state-owned company in which EGPC holds an 80% share, oversees the development, production and marketing of natural gas in Egypt. EGAS is also responsible for organizing international exploration bid rounds and awarding natural gas concession licences, with a duration that varies between 15 and 25 years.

4.50. The regulatory framework of the gas industry was modified by Law No. 196/2017 passed on 7 August 2017 with a view to liberalizing Egypt's domestic gas market and establishing an independent regulatory body to oversee the gas market. The new agency, to be headquartered in Cairo, is expected to regulate all activities of the gas market and monitor it with a view to securing gas production and the quality of services. In accordance with the new gas law, when established, Egypt's independent regulatory body will issue licences for the importation, transportation, and sale of natural gas. With the new legislation, the Government expects to create a competitive gas market, and lead to efficient services and continuous development and upgrades. The new law also aims at attracting investment to the gas industry. As at November 2017, executive regulations to implement the Law had not yet been adopted. The new law stipulates that they should be passed within six months of its enactment.

4.51. Under the previous legislative regime, EGPC was the owner of the concessions while EGAS was the contractor. The new gas law authorizes EGAS to own its concessions. It also allows the private sector to supply gas directly to end users hence competing with EGAS. Under the new law, private companies will pay a set fee for the use of public transit facilities and pipelines. Profits from these fees will be used to expand existing pipelines and to encourage investment in gas infrastructure and transportation networks.

4.52. Both EGAS and EGPC have joint ventures with international companies to develop and operate natural gas fields. For its part, the Egyptian Natural Gas Company (GASCO), a subsidiary of EGAS, operates all the gas processing plants either directly, as is the case for two of them, or in joint ventures, as is the case for the remaining 27 facilities.

4.53. Foreign companies operating in Egypt must direct all or part of their production to the domestic market and new discoveries have been earmarked for domestic needs. Major foreign players in Egypt's upstream natural gas sector include ENI, BG Group, BP, Shell, and Apache. Most of the gas consumed in Egypt is used to fuel electric power plants.

4.54. Although national production of gas has been increasing (Table 4.17), it remains insufficient to cover domestic needs. That partly explains the request for foreign investors to produce for the domestic market. Also, since 2012, the Government has put in operation two importing LNG facilities, signed numerous LNG import contracts, restricted gas supplies to the industry and diverted to domestic use gas previously designated for exportation. The start-up of major market gas projects in the offshore Mediterranean (notably the Zorh field) and in the Western Nile Delta was expected to increase the natural gas supply by 40% as of the end of 2017. In order to encourage production, the Government has raised the price at which it buys gas from operators, thereby encouraging investment and production. The Government aims at attaining self-sufficiency in 2020, and subsequently, at resuming exportation.

Table 4.17 Production of natural gas in Egypt, 2005/06-2015/16

(Million tonnes)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Production	25,061	28,000	29,777	31,225	32,992	35,235	39,081	39,205	37,578	35,335	36,755

Source: Information provided by the authorities.

4.55. Production of LPG has been relatively stable over the period under review, oscillating between 1.07 billion tonnes and 1.33 billion tonnes (1.12 billion tonnes in 2015/16). Consumption during the same period, on the other hand, has been much higher and has followed an upward trend, increasing from 3.54 billion tonnes in 2005/2006 to 4.26 billion tonnes in 2015/2016, and leading to increased imports. Consumption subsidies to LPG reached their peak in the period 2011/12-2013/14; they since diminished but remained substantial at LE 16.2 billion in 2015/16 (Table 4.16).

4.2.3 Electricity

4.56. Installed capacity in 2015/2016 reached 38.9 GW, while consumption (peak load) reached 29.2 GW. Installed capacity for the production of electricity increased by almost 90% between 2005/2006 and 2015/2016, while consumption increased by 68.7% (Table 4.18). Egypt is a net exporter of electricity.

Table 4.18 Main electricity indicators, 2005/06-2015/16

(MW)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Installed capacity	20,452	21,944	22,583	23,502	24,726	27,049	29,075	30,800	32,015	35,220	38,857
Consumption (GWh)	92,859	98,812	107,226	112,617	120,180	126,934	135,838	140,918	143,585	146,906	156,300
Consumption (peak load)	17,300	18,500	19,738	21,330	22,750	23,470	25,705	27,000	26,140	28,015	29,200
Imports (GWh)	168	208	251	126	183	152	102	77	61	51	54
Exports(GWh)	945	557	814	1,022	1,118	1,595	1,679	474	460	730	747

Source: Information provided by the authorities.

4.57. Faced with increasing demand, the Government is intent on expanding installed capacity and plans to practically double the electricity generation capacity by 2027 to reach 73.1 GW. To this end, it signed in March 2015, a contract with the German firm Siemens to install a total of 16.4 GW of thermal and renewable capacity at a total cost of US$6.7 billion. Most of this additional capacity will stem from three 4.8 GW combined cycle plants, which were expected to be operational by the end of 2017. There are also plans to add gas-turbine (combined cycle and conventional) plants, large coal fired plants, one or two nuclear power stations and a significant amount of solar and wind capacity.

4.58. During the period under review, Egypt's electricity generation, transmission and distribution were almost exclusively ensured by the state-owned Egyptian Electricity Holding Company, a vertically integrated utility. The Egyptian Electricity Holding Company is responsible for some 90% of generation through the six regional sites of the Egyptian Electricity Production Company, as well as for 100% of the transmission through the Egyptian Electricity Transmission Company, and 99% of the distribution through the nine regional distribution subsidiaries of the Electricity Distribution Company.

4.59. The remaining electricity generation activities, which represent some 10% of the market, are undertaken by nine private small-size electricity producers and by three power plants run under a 20-year build-own-operate-transfer (BOOT) scheme. These power plants are presently owned by two Malaysian companies: Powertek and EDRA. The respective expiry dates of these BOOT schemes are: January 2022 for the Sidi Krir power plant owned by Powertek; February 2023 for the Suez Gulf power plant, and July 2023 for the Port Said East power plant, both owned by EDRA. These projects benefit from the guarantee of the Central Bank of Egypt. The average tariff for the three projects is 2.8-2.9 US cents/kWh. In the case of distribution, the remaining 1% of activities are split among 15 private distributors.

4.60. The Ministry for Electricity and Renewable Energy, originally instituted in 1964, has as its stated goal to provide electricity to all consumers across the country. In order to fulfil that aim, the Ministry: (a) determines the general electricity plan and the levels of energy generation, transmission and distribution and follows up the different activities concerning the electrical network; (b) suggests electricity tariffs for all different voltage levels and different usages; (c) supervises the study and execution of essential electrical projects; (d) publishes statistics and data relating to electricity production and consumption; and (e) provides the needed technical services.[5]

4.61. The Ministry's goals include to: optimize the use of available energy sources taking into consideration environmental protection; provide electricity at a suitable price; expand the utilization of new and renewable energy sources; support electrification; interconnect the Egyptian electrical grid to African neighbouring countries; boost the local contribution in designing, implementing and manufacturing electrical equipment; optimize investments and improve electrical services; and use modern and advanced technical systems, among others.[6] The Ministry has adopted a programme to support local producers of electrical equipment, in particular it is seeking to promote the manufacturing of optical fibre cables, power transformers, measuring, insulators (up to 220 KV) and control equipment.

4.62. There are five authorities under the Ministry's aegis, supervising different areas of the electricity sector: (a) the New and Renewable Energy Authority (NREA); (b) the Hydro Power Plants Executive Authority; (c) the Nuclear Materials Authority; (d) the Atomic Energy Authority; and (e) the Nuclear Power Plants Authority.

4.63. The NREA was established in 1986 to act as the national focal point for expanding efforts to develop and introduce renewable energy technologies to Egypt on a commercial scale together with implementation of related energy conservation programmes. The NREA is entrusted with

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[5] Ministry of Electricity and Renewable Energy online information. Viewed at: http://www.moee.gov.eg/english_new/define.aspx.

[6] Ministry of Electricity and Renewable Energy online information. Viewed at: http://www.moee.gov.eg/english_new/strategy.aspx.

planning and implementing renewable energy programmes in coordination with other concerned national and international institutions.[7]

4.64. The Egyptian Electric Utility and Consumer Protection Regulatory Agency (EgyptERA), created by Presidential Decree No. 326/1997, is a supervisory body in charge of monitoring and regulating the relationship between the participants in the electricity market. Presidential Decree No. 339/2000 restructured EgyptERA, defining its terms of reference and establishing its Board of Directors.[8] The Electricity Law No. 87/2015 redefined EgyptERA's functions and enhanced its independence. EgyptERA is responsible for determining and enforcing the rules to be adhered to by the participants in the electricity market, so as to protect the interests of consumers and promote fair competition. It is also in charge of setting the rules and economic fundamentals to calculate electricity tariffs in the regulated market and fees for the use of the transmission network and the distribution networks. In this respect, EgyptERA prepares a study for approval by the Council of Ministers. EgyptERA is also responsible for monitoring the supply of electrical energy provided to consumers and reviewing the investment plans in coordination with the concerned authorities. The Authority receives consumer complaints and examines them, seeking solutions in cooperation with the competent distribution companies; it is also involved in creating awareness among consumers with respect to their rights and obligations in the electricity market.[9]

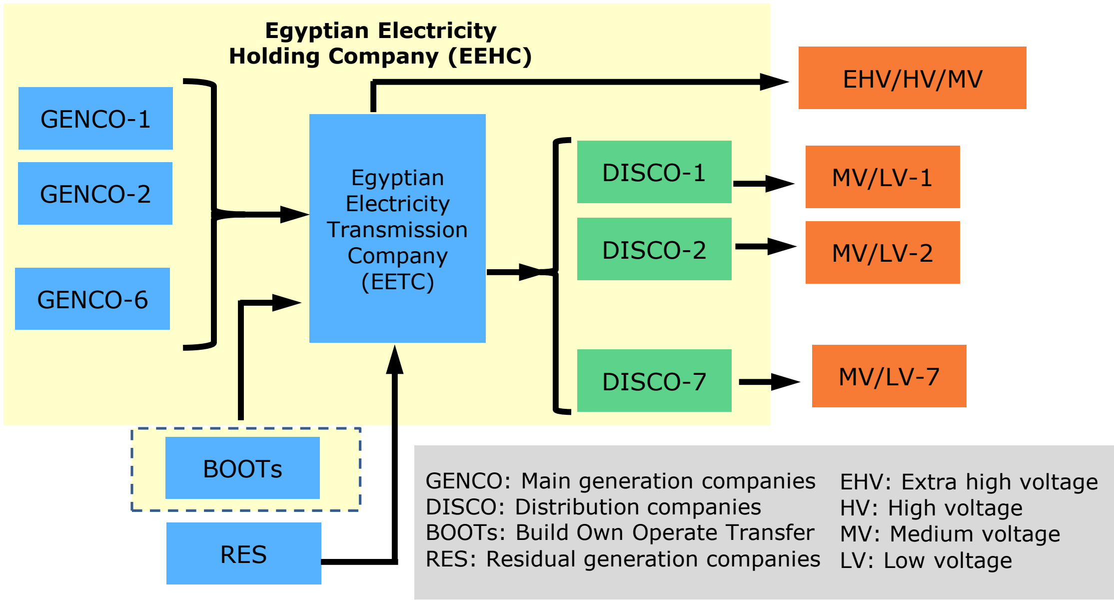
4.65. The main law governing the sector is the Electricity Law No. 87/2015. Minister of Electricity and Renewable Energy Decree No. 230 of 2016 promulgated the Executive Regulations of the Electricity Law. Other legislation regulating the electricity sectors includes Law No. 203/2014 on the stimulation of electricity production from renewable sources of energy; Law No. 164/2000 on the transformation of the Egyptian Electricity Authority into an Egyptian Joint Stock Company; Law No. 18/1998 with some provisions concerning the distribution of electricity, generation stations and transport networks and the amendment of some provisions of Law No. 12 of 1976 establishing the Electricity Authority of Egypt; Law No. 204/1991 on electricity sector facilities; Law No. 102/1986 establishing the Authority for the Development and Use of New and Renewable Energy; Law No. 55/1977 regarding the establishment and management of thermal machines and steam boilers; Law No. 12 of 1976 establishing the Egyptian Electricity Authority and its amendments Law No. 100/1996 and Law No. 36 of 1984; Presidential Decree No. 933/1976 transferring electricity facilities in some governorates to the Electricity Authority of Egypt; and Law No. 63/1974 concerning electricity installations.

4.66. The new Electricity Law No. 87/2015 seeks to reform in depth the structure of the sector. The aim is to progressively liberalize the market so as to address the rapidly growing demand and facilitate the addition of generation capacity either by the State or by the private sector as well as to create competition and raise efficiency while making investment attractive in the areas of production and sale of electricity. This liberalization is expected to be achieved, in a first phase, by distinguishing two segments of the market: (a) a regulated segment for customers of the medium and low voltage network where the Transmission System Operator (TSO) will be transformed into a wholesale public trader; and (b) a competitive market, where a new category of suppliers grouping both distribution companies and new intermediaries has been created; generation companies can sell their electricity through those suppliers or directly via bilateral contracts to eligible customers linked to the extra high voltage and high voltage networks. More than 100 such bilateral contracts have already been concluded.

4.67. Charts 4.1 and 4.2 illustrate the main features and changes of the electricity market reform introduced by Law No. 87/2015, describing the current market structure, the future regulated market and the future competitive market.

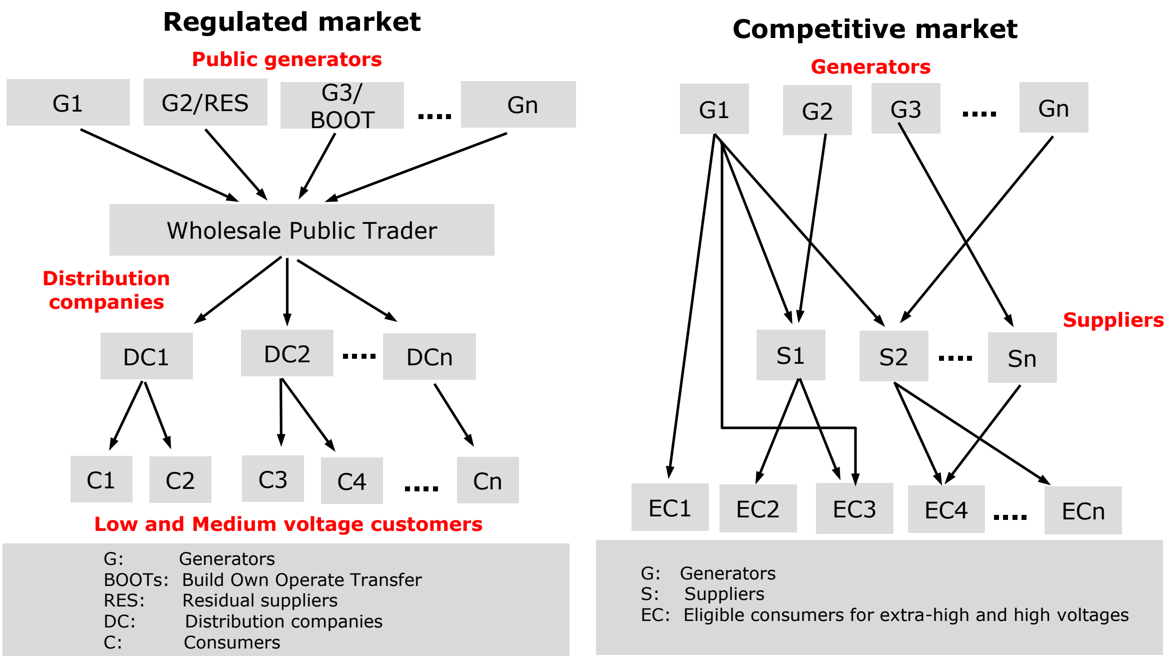
[7] NREA online information. Viewed at: http://www.nrea.gov.eg/english1.html.
[8] EGYPTERA online information. Viewed at: http://egyptera.org/ar/el5eta.aspx.
[9] EGYPTERA online information. Viewed at: http://egyptera.org/ar/el5eta.aspx.

Chart 4.1 The current electricity market structure



Source: Information provided by the authorities.

Chart 4.2 The future electricity market structure



Source: Information provided by the authorities.

4.68. As mentioned above, tariff reform and price adjustment must be ratified by the Cabinet, following recommendations by EgyptERA. Electricity tariffs in Egypt were kept constant between 1994 and 2003, and only slight increases were applied to some categories of consumption during the 2004-2008 period followed by increases in the tariff charged to the industrial sector. Keeping tariffs unmodified for a long time resulted in a distortion of the tariff structure, a lower performance of economic and financial indicators, a deficit in the cash flow of electricity companies, and a gap between the cost of energy supply and the selling prices. This gap was covered by high subsidies that reached LE 22.6 billion in 2013/2014, of which LE 19.3 billion corresponded to subsidies granted to residential customers. All these factors led the Government to decide a reform was needed and request a study from EgyptERA. To this end, EgyptERA was charged with preparing a study with recommendations, taking into consideration the protection of low income families and full compliance with energy conservation policies.

4.69. Following the recommendations of EgyptERA's study, Egypt undertook an Electricity Tariff Reform process, which seeks to arrive at pricing policies that: cover costs according to supply voltage; promote financial and economic efficiency of the electricity utility; and reflect the right indicator of electricity use, taking into consideration the social dimension (i.e. affordable prices to the customer). In July 2014, the Cabinet issued Decree No. 1257/2014 approving the study prepared by EgyptERA for the restructuring of electricity tariffs and the gradual phase out of energy subsidies. The Decree calls for a staged series of increases in the electricity tariff, with a view to reaching the real cost of generation, transmission and distribution of electricity and an elimination of subsidies over a five-year period starting on 1 July 2014 and ending on 30 June 2019. After the end of the implementation period, tariffs are to be revised on an annual basis in light of any major changes in costs elements or in the market situation.

4.70. Implementation of the restructuring programme began in 2014/15. The new tariffs were expected to achieve a financial balance for the electricity companies and cover the full cost of generation, transmission and distribution of electricity based on an assumed natural gas price. However, as from its second year (2015/16), it began to face some difficulties, since companies experienced a substantial increase in costs, compounded by the devaluation of the Egyptian pound[10], which caused an increase in the price of natural gas delivered to the generators. Responding to these increases, it was decided to exempt the first three categories of the residential sector from the approved tariff increase for 2015/16, and the demand charge was kept unchanged at 2014/15 prices for medium-voltage industrial customers to prevent the negative impact of a higher charge on their activities. In 2016, EgyptERA was entrusted with reviewing the approved tariff for the third year of the reform and price adjustment plan (2016/17) and introducing any amendment needed to achieve the balance between the financial situation of the electricity companies and their commitment towards continuity of electricity supply.[11] EgyptERA recommended maintaining the subsidy for tariffs charged to consumers of up to 1,000 kWh per month (mostly low income families). The expected subsidy was estimated at LE 28.9 billion. The tariffs to be applied in 2016/17 (that is, from 1 July 2016 to 30 June 2017) are contained in Minister of Electricity Decree No. 43/2016, issued on 8 August 2016.

4.71. Tariff reform was, to a large extent, prompted by the rapid increase in user subsidies and the consequent effect of this on public finances. As Table 4.19 shows, there was a tenfold increase in subsidies between 2011/12 and 2012/13, and then again a twofold increase the following fiscal year. This rapid increase in what appear to be subsidies is principally due to a change in the accountancy conventions of generation companies which show as subsidies the reduced prices at which they bought their fuel (oil and gas) from EGAS and EGPC. The modalities of how these subsidies are calculated have recently been reformed in accordance with the new Electricity Law No. 87/2015. As of financial year 2016/2017, upstream subsidies granted to generation companies were transformed into downstream subsidies granted to distribution companies designed to cover the difference between total costs and the selling price to consumers.

Table 4.19 Subsidies for electricity in Egypt, 2005-16

(LE billion)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Subsidy	0.769	0.901	0.924	0.946	1.150	1.031	1.054	11.409	22.586	25.657	27.626

Source: Information provided by the authorities.

4.72. Despite the modifications made to the tariff plan, Egypt continues to be committed to a gradual phase-out of all energy subsidies via annual price increments so as to adjust energy prices to cost recovery levels. However, the timetable of the reform has been extended, and the completion date moved from 2019 to 2022 so as to take into account the effects of the devaluation of the Egyptian pound.

[10] There was a 13% devaluation of the Egyptian pound in March 2016, followed by a further 86% depreciation in November 2016, when the currency was floated (Section 1).

[11] EGYPTERA (2016), Egyptian Power Sector Reform and New Electricity Law by Dr. Hafez A. El-Salmawy, Managing Director, Egyptian Electric Utility and Customer Protection Regulatory Agency. Viewed at: http://www.ecrc.org.eg/backend/uploads/documents/dr.Hafez%20El-Salmawy%20-%20EgyptEra.pdf.

4.73. Egypt's electricity generation is still heavily reliant on fossil fuels. In 2016, 91% of the electricity generated stemmed from oil and gas, while 7.4% came from hydro-electrical sources and 1.2% from solar and wind sources. The authorities are planning to reverse this situation and to rely increasingly on renewable sources of electricity generation as well as on coal. In fact, the objective set for 2030 in the 2016 "Sustainable Development Strategy: Egypt Vision 2030" is drastically different from the current situation as it foresees that in 2030 only 27% of the total electricity generated will stem from oil and gas, 29% from coal, 16% from solar sources, 14% from wind sources, 9% from nuclear and 5% from hydro-electrical sources.

4.74. Different policy approaches have been taken with respect to the various sources of electricity generation. For instance, Egypt is not planning to increase its reliance on hydro-electricity as Egypt's hydro-electrical potential is nearly fully exploited with an installed capacity of 2,800 MW. With respect to nuclear energy, the approach is to expand it in the medium run. To this end, in 2015 the Government signed a contract with the Russian firm Rossatom to build a four-reactor plant at El Dabaa. The project regarding the first pair of reactors, with an installed capacity of 1,200 MW each, is scheduled to be completed by 2024. The estimated cost of the project is US$20 billion. As far as wind-powered electricity generation is concerned, the Government is planning a tenfold expansion in capacity from 750 MW in 2016 to 7.2 GW by 2022. Regarding solar powered energy, the authorities are planning to expand capacity from 150 MW in 2016 to 3.5 GW by 2027, including 2.8 GW of PV (photovoltaic) power and 700 MW of CSP (concentrated solar) power. The tendering process for both wind and solar energy projects is likely to be based on a feed-in tariff[12] under the aegis of both the Egyptian Electricity Transmission Company and of the NREA. Also, to promote their activities, solar and wind producers will be entitled to long-term leases of land at 2% of the value of the energy produced and to a customs tariff of 2% for imported equipment and materials.

4.75. Egypt has adopted a number of measures to promote renewable energies and to facilitate public-private partnerships in renewable energies. In April 2007, the Supreme Council of Energy in Egypt adopted a resolution on an ambitious plan to cover 20% of the generated electricity with renewable energy by 2020, including a 12% contribution from wind energy, translating to about 7200 MW grid-connected wind farms. This plan gives enough room to private investments to play the major role in realizing this goal.

4.76. The July 2014 tariff reform guaranteed annual tariff increases for energy generated from renewable sources for the same five-year period and at the same rate as electricity generated by conventional sources. The use of feed-in tariffs was introduced in September 2014. The introduction of feed-in tariffs for renewable energies was accompanied by the institution of long-term purchase power agreements of a duration between 20 and 25 years. Also, to attract new investment, EgyptERA was granted the power to establish by itself or to enter in partnerships with the private sector to implement renewable energy projects. In September 2016, a new phase of the Fee-in Tariff system for PV & wind farm was announced to be applied by end October 2016.

4.77. Egypt has plans to develop further electricity power plants with private investors in the form of build-own-operate (BOO) projects.[13] The first such project is a 2,250 MW combined cycle power plant to be built and operated in Luxor by the Saudi company, ACWA Power Company, which was selected through a bid process. The second such project is a 2,640 MW coal power plant to be built and operated by the UAE company, ANI, in Ayoun Mousa, South Sinai. The third project is a 2,300 MW combined cycle power plant to be built and operated by an Egyptian private company, Benchmark International Company, at Towairat. The three projects are expected to enter into operation between 2022 and 2027 and their legal schemes will have a duration of 25 years.

[12] A feed-in tariff is a policy mechanism designed to accelerate investment in renewable energy technologies by offering long-term contracts to renewable energy producers based on the cost of generation of each technology. The goal is to provide price certainty and long-term contracts that help finance renewable energy investment.

[13] A build-own-operate (BOO) scheme is a project delivery mechanism in which a government entity grants to a private sector party the right to construct a project according to agreed design specifications and to operate the project for a specified time. Unlike the build-own-operate-transfer (BOOT) or the build-operate-transfer (BOT) structure, the private sector party owns the project and does not have to transfer it to the government entity at the end of the term.

4.3 Manufacturing

4.3.1 Overview

4.78. Manufacturing continues to be of great importance to the Egyptian economy; the sector is relatively diversified. During the period under review, the manufacturing sector's (excluding petroleum) share of Egypt's GDP averaged around 17.1% and it represented about 30% of employment. The most important subsectors are metallurgy, food processing, textiles, and chemical products (Table 4.20). According to the authorities, the private sector contributed about 90% of manufacturing output in 2016.

Table 4.20 Manufacturing output by activity, 2007-14

(LE billion)

Industry	2007	2008	2009	2010	2011	2012	2013	2014
Metallurgy	53.7	69.8	51.7	46.2	59.7	74.3	61.9	68.6
Food processing	43.9	50.4	51.9	55.7	68.2	76.5	86.7	105.2
Chemical products	19.1	24.6	22.7	25.3	29.2	35.6	37.1	38.5
Textiles	17.3	20.2	18.4	17.4	22.3	21.3	23.4	26.9
Papers products	6.2	7.6	6.3	7.4	8.3	9.5	11.1	11.1
Wood products	0.4	0.4	0.4	0.3	0.4	0.4	0.5	0.5
Other industries	183.7	234.6	208.9	251.2	603.7	626.4	667.3	419.7
Total	324.3	407.6	360.3	403.5	791.8	844.0	888.0	670.5

Source: Information provided by the authorities.

4.79. The Trade Development Strategy (ITD)[14] 2016-20, adopted by the Ministry of Trade and Industry, identifies industrial development as the engine for sustainable and inclusive economic development in Egypt. The ITD strategy aims to: (a) increase the annual industrial growth rate by 8%; (b) increase the contribution rate of manufacturing to GDP to 18-21%; (c) increase the micro, small and medium-sized enterprises sector's contribution to GDP; (d) increase the growth rate of exports to 10% annually; (e) provide three million productive job opportunities; and (f) promote institutional development.

4.80. Under the auspices of the Ministry of Foreign Trade and Industry, Export Councils offer technical and financial support to increase manufactured goods exports.[15] The Egyptian Export Promotion Centre provides aid in the form of tax rebates, for export producers in textiles and processed foods.

4.81. The average applied tariff on manufactured goods (ISIC Rev.2 definition) in 2017 was 20.3%, down from 21.1% in the preceding review. Tariff dispersion between the subsectors is considerable, and about 3% of Egypt's industrial tariffs are unbound.

4.3.2 Textiles and clothing

4.82. The textiles and clothing subsector continues to play an important role in Egypt's manufacturing sector and economy, accounting for 3% of GDP and about 30% of the total manufacturing workforce. Exports of textiles and clothing products reached US$2.53 billion in 2016. In the same year, there were 7,413 companies in the textiles and clothing industry, with another 196 operating in free zones. While the private sector roughly owned 99.5% of the companies, the number of state-owned companies was 40 in 2016. There are no specific restrictions on foreign investment in the textiles and clothing sector.

[14] MTI online information. Viewed at: http://www.mti.gov.eg/English/MediaCenter/News/Publishing Images/Pages/2017-Strategy/2017%20 Strategy.pdf.

[15] There are a number of Export Councils in Egypt, which seek to promote exports of their respective industrial sector or subsector. The main ones are: the Export Council of Medical Industries; the Leather Export Council of Egypt; the Agriculture Export Council; the Food Export Council; the Export Council For Building, Refractory and Metallurgy Industries; the Ready Made Garments Export Council; the Chemical and Fertilizers Export Council; the Egyptian Furniture Export Council; the Engineering Export Council of Egypt; the Home Textiles Export Council; and the Egyptian Export Council for Handicrafts.

4.83. Since the previous review, the average applied tariff on both textiles and clothing has declined, bringing it in 2017 to 16.2% for textiles (ISIC 321) and to 35.4% for clothing except footwear (ISIC 322).

4.84. The Qualified Industrial Zones (QIZ), which are designated geographical areas within Egypt, enjoy duty-free access to the United States. Companies located within such zones are granted duty-free access to the US market provided that at least 35% of the product's value is manufactured in an Egyptian QIZ, and that at least 10.5% of the total value consists of Israeli inputs. As at February 2017, 966 companies had been approved under this scheme in 15 designated QIZ, of which 773 were from the textiles and clothing sector. The majority of the companies are located in the greater Cairo area and in Alexandria. In 2016, total exports under this scheme amounted to US$674 million.

4.85. Companies operating within the boundaries of a QIZ are free to export within or outside the QIZ framework; they may be of Egyptian or foreign capital. Apart from the minimum value rule described above to grant origin, QIZ advantages may be enjoyed when manufacturers on both the Egyptian side and the Israeli side of the QIZ each contribute and maintain at least 20% of the total cost of production of goods eligible for duty-free treatment, excluding profits, even if the costs cannot be considered as part of the 35% minimum content requirement. For this purpose, costs may include originating materials, wages and salaries, design, research and development, depreciation of capital investment, overheads including marketing expenses, etc.[16]

4.86. The QIZ Unit, part of the Technical Office of the Ministry of Trade and Industry (MTI), serves as an executive and technical support unit for the Egyptian side of the Joint Committee that is vested with managing the implementation process of the terms of the Protocol Establishing the QIZ.[17] The QIZ Unit's goal is to maximize the value that qualified Egyptian companies can obtain from the flow of custom-free Egyptian goods to the United States. The Unit is mandated with: receiving applications from the Egyptian companies located in the QIZ designated zones and wishing to be included in the list of companies entitled to the US preferential treatment under the QIZ Protocol; reviewing the merits of such applications in terms of their meeting all geographic and rules of origin requirements of the Protocol; and auditing the compliance of the companies included on the QIZ list in order to determine whether they still meet qualification requirements. The Unit also serves as an information centre for local and foreign businesses interested in doing business under the terms of the QIZ Protocol.[18]

4.3.3 Food processing

4.87. Food processing is a major industry employing 25% of the total industrial sector's workforce in Egypt in 2016 and accounting for nearly 5% of the country’s GDP. The industry posted an average annual growth rate of 12% over the last five years. The main activities of the food processing industry in Egypt include wheat milling and bread making, edible oil production, and production of soft drinks. According to the authorities, the food processing sector increased its export sales from US$226 million in 2002 to US$2,719 million in 2016. Egypt's main exports of food products are dairy products, frozen vegetables, and processed sugar, with a majority of the sector's output sent to Arab and European countries.

4.88. Food processing is Egypt's second largest manufacturing industry, based on volume of production, following the coke and refined petroleum sector. There are 7,212 companies operating in the food processing sector in Egypt of which 28 are state owned; the remaining 99.6% are privately owned companies. During most of the period under review, there were no specific restrictions related to foreign investment in food processing; however, under the new Investment Law No. 72/2017, licences may not be issued for alcoholic beverages projects operating in free zones.

[16] Article II.D.1.b of the Protocol between the Government of the Arab Republic of Egypt and the Government of the State of Israel on Qualifying Industrial Zones. Viewed at: http://www.qizegypt.gov.eg/About_Textprotocol.aspx.

[17] The responsibilities of the QIZ Joint Committee are to: (a) supervise the implementation of the QIZ Protocol; (b) verify full compliance with the QIZ requirements; (c) issue and/or cancel certificates pursuant to Article E of the Protocol; (d) determine the lists of companies pursuant to Article F of the Protocol; and (e) prepare an annual report to be submitted to the relevant Ministers. The QIZ Joint Committee carries out its responsibilities on a quarterly basis.

[18] QIZ Egypt online information. Viewed at: http://www.qizegypt.gov.eg/.

4.89. In 2017, average applied tariffs on imports of food and beverages ranged from 13.6% on food products (ISIC 311) to 1,292.4% on beverages (ISIC 313). For religious reasons, Egypt maintains prohibitive tariffs of up to 3,000% on imports of alcoholic beverages; however, the tariff on alcoholic beverages imported under a licence issued by the Ministry of Tourism is 300%.

4.4 Services

4.4.1 Financial services

4.4.1.1 Banking

4.90. Egypt has a large banking sector, which has weathered successfully both the financial crisis and the recent political events through a consolidation movement and the effective supervision of the Central Bank of Egypt.

4.91. During the period under review, the number of banks has fallen from 59 (of which 13 foreign-controlled banks and 14 branches of foreign banks) in 2005 to 40 (of which 15 foreign-controlled banks and 6 branches of foreign banks) in 2015. Domestic banks accounted for 71.2% of the total balance sheet of the banking sector in 2015, while foreign-controlled banks accounted for 24.2%, and branches of foreign banks for 4.6%. The cumulative share of foreign-controlled banks and of branches of foreign banks has considerably increased over the period under review, from 15.4% in 2005 to 28.8% in 2015.

4.92. In late 2017, five large banks (National Bank of Egypt, Banque Misr, Banque du Caire, Agricultural Bank of Egypt, and Arab African International Bank) remained 100% state-owned. A number of banks have been privatized during the period under review. Alexbank was privatized and acquired by San Paolo Intesa (Italy) in 2006 and there are plans to partially privatize Banque du Caire in the near future. In the past few years, there have been several acquisitions in the foreign-owned banking sector. For example: BNP (France) sold its interests to the Emirates National Bank of Dubai (United Arab Emirates) in 2013; the Qatar National Bank acquired the local National Societé Générale Bank (NSGB) in 2013; Al Ahli Bank (Kuwait) acquired Piraeus Bank Egypt (Greece) in 2015; and Barclays (United Kingdom) sold its interest in Egypt to Attijariwafa Bank (Morocco) in 2017.

4.93. The banking system's financial soundness indicators appear relatively solid. The average capital adequacy ratio, including the capital conservation buffer, was 14.5% at the end of June 2017, against a mandatory minimum ratio, as of January 2017, of 11.25%. The leverage ratio was 6.2% at the same date, against an indicative ratio of 3%. There was a 1.5% return on average assets. The non-performing loan ratio remains relatively low (5.5% in June 2017) and has actually decreased over the period. However, financial penetration remains low, as only 14% of Egyptian citizens hold a formal bank account.

4.94. Box 4.1 below provides more details on the economic and statistical indicators of the banking services sector in Egypt.

Box 4.1 Main economic and statistical indicators for banking services in Egypt

Number of banks:
2005: 59 banks (of which, 12 foreign-controlled banks and 14 branches of foreign banks)
2010: 39 banks (of which, 14 foreign-controlled banks and 15 branches of foreign banks)
2015: 40 banks (of which, 15 foreign-controlled banks and 6 branches of foreign banks)

Concentration/share of the various types of banks in the total balance sheet for banks (%):
2005: domestic banks: 84.6%, foreign-controlled banks: 10.2%, branches of foreign banks: 5.2%
2010: domestic banks: 72.8%, foreign-controlled banks: 22.9%, branches of foreign banks: 4.3%
2015: domestic banks:71.2%, foreign-controlled banks: 24.2%, branches of foreign banks: 4.6%

State ownership: National Bank of Egypt (100%), Banque Misr (100%), Banque du Caire (100%), Agricultural Bank of Egypt (100%) and Egyptian Arab Land Bank (100%)

Total balance sheet (LE million): 2005: 705,146; 2010: 1,220,655; 2015: 2,198,979; June 2016: 2,846,094

Lending activities 2005: domestic lending: 75.7%; foreign lending: 24.3% 2010: domestic lending: 67.4%; foreign lending: 32.6% 2015: domestic lending: 66.6%; foreign lending: 33.4 % June 2016: domestic lending: 73.1%; foreign lending: 28.7% **Non-performing loans ratio**: 2011: 10.5%; 2015: 6.1%; 2016: 6%
Securities activities: (securities holding in bank accounts in million LE): 2005: 172,177; 2010: 405,895; 2015: 1,016,025
Banking rate: 14%

Source: Information provided by the authorities.

4.95. The banking sector's regulatory framework in Egypt is based on Law No. 88/2003 (Banking Law) and has remained largely stable during the review period. Regulatory action and reform during the period under review can be divided into three phases.

4.96. In the first phase, started in 2004, the Central Bank of Egypt (CBE) launched a package of reforms aimed at the privatization and consolidation of the banking sector, addressing the problem of non-performing loans, restructuring state-owned banks, and upgrading supervision.

4.97. In the second phase, from 2009 to 2012, the CBE initiated the second wave of reforms. The main pillars of the reform programme consisted in:

- Supervising and monitoring the launching of a complete operational and financial restructuring plan for the three state-owned specialized banks.
- Following up on the operational and institutional restructuring of public banks to ensure the sustainability of the achievements implemented in the first phase, and finalize the requirements necessary to improve their efficiency.
- Adopting an initiative promoting the development and growth of banking activities and services catering to various sectors, especially SMEs.
- Initiating the implementation of Basel II and III prudential standards.
- Revising the governance of banks by issuing Bank Governance Regulations in August 2011. These regulations define the relationship between a bank's management, the board, its shareholders, and other stakeholders, and define the authorities and responsibilities of each one of them. The regulations mandated the creation of compulsory committees on audit, risk management, remuneration and benefits, and governance. Another regulation was issued in September 2014 to reinforce the internal control system of banks, mainly by ensuring the effective segregation of duties and independence of the three main internal control functions (audit, risk and compliance) and defining the tasks and responsibilities of each of these functions.

4.98. In the third phase, started in 2015 and currently (November 2017) still in implementation, the regulatory efforts of the CBE concentrated on: (a) encouraging banks to finance SMEs by issuing a unified definition of SMEs in December 2015 and updating it in March 2017; (b) requiring banks to direct 20% of their total credit lending portfolio to loans to MSMEs by 2020; and (c) capping at 5% the interest rate applied to small-sized companies, at 7% the rate applied to medium-sized companies for the financing of their capital expenditures through long term loans, and at 12% the rate applied to medium-sized enterprises to finance their working capital.

4.99. Future plans for the upcoming fourth phase include:

- The preparation of a new banking law to increase the independence of the CBE and improve its governance structure as well as the internal control and governance of banks.
- The expansion of the role of credit guarantees by reinforcing the Credit Guarantee Company (CGC) so as to mitigate perceived risks by banks in lending to SMEs.
- The enhancement of financial inclusion, through the creation of a special department within the CBE to deal with the issue and through the issuance of financial inclusion reports.
- The reinforcement of customer protection through new regulations stating the rights and obligations of banks towards their customers and specifying more precisely the way of handling customer complaints.

- The promotion of digital financial services (DFS) through the establishment, at the beginning of 2017, of a National Payment Council, and through the preparation by the CBE of a law stimulating digital financial transactions.
- The planned reduction of the gender gap by half by 2021. To reach this target, the CBE will develop a set of supply-side indicators on women's access to and use of financial services to measure financial inclusion for women as well as determining the baseline gender gap. The CBE signed an MOU with the National Council for Women to capitalize on initiatives conducted by the Council and promote women entrepreneurship in the formal financial system.

4.100. Banks, both domestic and foreign-owned, must obtain a licence from the CBE to operate in Egypt. The CBE registers any establishment desiring to exercise the banking business or to open foreign-bank branches in Egypt in a special register prepared for this purpose. A number of conditions and procedures must be met prior to registration, as stated in Law No. 88/2003. In that regard, the applied regime echoes the GATS commitments which have been undertaken on a *status quo* basis, i.e. the application of an economic needs test for foreign bank branches but not for joint–venture banks.

4.101. There are no legal limitations of the numbers of licences that can be granted, but there is a deliberate policy of consolidation of existing banks and therefore of access through acquisitions only. Licences are open-ended. The owners of a bank may sell the licence granted to the bank subject to the prior approval of the CBE. The minimum capital requirement to obtain a licence for a joint stock company is LE 500 million, while for a branch of a foreign bank it is US$50 million or its equivalent in convertible currencies.

4.102. The policy followed for the administrative allocation of financial resources prioritizes programmes to finance MSMEs, as was mentioned above, as well as the allocation of mortgage credit to people with low income levels.

4.103. The overnight interbank interest rate is considered the operational target of monetary policy in Egypt. The CBE operates a "corridor system" with the overnight deposit and lending rates acting as floor and ceiling, respectively. These rates act as guidelines for the determination of other interest rates and fees which are market-determined following the movements of the CBE's key rates. Since March 2013, the CBE operates essentially though repository (repo) or deposit (reverse repo) auctions depending on the prevailing market liquidity conditions.

4.104. With respect to measures to ensure compliance with the Basel Committee's Core Principles for Effective Banking Supervision, the CBE and the European Central Bank in cooperation with seven European national central banks signed in 2008, the Basel-II Program Memorandum of Understanding. Egyptian banks have hence been applying a Basel II pillar one regulation since December 2012 and the CBE is in the process of implementing Basel III and studying the corresponding monetary policy requirements.

4.105. In 2016 the CBE started implementing a capital conservation buffer, according to which the total capital adequacy ratio, in addition to the capital conservation buffer was set at 10.625% in January 2016. This rate was revised and set at 11.25% starting in January 2017, at 11.875% starting in January 2018 and 12.5% starting in January 2019.

4.106. During the review period, Egypt strengthened its anti-money laundering (AML) policy: the AML Law No. 80/2002 was amended three times (by Law No. 78/2003, Law No. 181/2008 and Law No. 36/2014). The amendments were aimed at: adopting a comprehensive approach in determining offences (including any felony or misdemeanour); expanding the entities subject to key AML and CFT (combating the financing of terrorism) obligations to include designated non-financial businesses or professions (DNFBPs) and more financial institutions; expanding the reporting obligation to include transactions suspected of being proceeds of crime; and expanding the functions of the Egyptian Money Laundering and Terrorist Financing Combating Unit (EMLCU).

4.107. The Executive Regulations of the AML (Prime Minister's Decree No. 951/2003) were also amended on three occasions during the review period (by Decrees No. 1463/2006, No. 2367/2008 and No. 1569/2016) notably to establish the regulatory authorities for the DNFBPs and all financial institutions that are subject to key AML/CFT obligations. Law No. 8/2015 on Regulating the Lists of

Terrorists and Terrorist Entities established two national lists that name terrorist entities and terrorists, set measures to freeze the funds of the listed terrorist entities and terrorists and ban their activities, and established procedures to manage the frozen funds. The Counter Terrorism Law (Law No. 94/2015) defines terrorism financing, terrorist crimes and terrorist acts in line with the international conventions and standards ratified and adhered to by Egypt. Other regulatory measures regarding the AML include the issuance in 2008 by the EMLCU of customer due diligence (CDD) procedures for all financial institutions. The EMLCU amended the customer due diligence procedures for banks in 2011 and in 2012 for other financial institutions. Moreover, the EMLCU issued new customer due diligence procedures for mobile payments in 2016.

4.108. Article 87 of the Banking Law No. 88/2003 foresees a deposit insurance scheme. However, as at November 2017, no such insurance scheme had been created. The authorities indicated that the structure of this scheme will be elaborated in the planned new banking law.

4.4.1.2 Insurance

4.109. In spite of a relatively low rate of penetration (insurance premiums represented only 0.7% of GDP in 2015/16), Egypt has a well-developed insurance sector with 36 insurance companies and 61 insurance broking companies. Of these 36 companies, one is a state-owned insurance company (Misr Insurance Company), and 20 are at least partially foreign-owned companies. Unlike banking, this market still attracts new entrants, e.g. the French company AXA in 2015.

4.110. Box 4.2 below provides more detailed information on the main economic and statistical indicators of the insurance services sector in Egypt.

Box 4.2 Main economic and statistical indicators of the insurance sector

Number of insurance companies
2005: 5 life, 8 non-life, 6 both life and non-life, 1 reinsurance company, 1 society of cooperative insurance.[19]
2010: 9 life insurance companies, 14 non-life, 5 both life and non-life, 0 reinsurance company, 1 society of cooperative insurance.
2015: 14 life, 20 non-life, 0 reinsurance companies, 1 society of cooperative insurance (the category "both life and non-life" insurance companies disappeared due to a regulatory change[20] in 2008 with a transition period up to 2015).
2017: 15 life, 20 non-life, 0 reinsurance company, 1 society of cooperative insurance. There are in total nine takaful (Islamic insurance) companies, five of which are non-life and 8 of which are foreign-owned.

New entrants, acquisitions, closures and mergers (2005-15): In 2006 the Insurance Holding Company was established as the new owner of the state reinsurer and the three state insurers; in 2007 various new takaful companies were authorized in both the life and non-life segments. Royal and Sun Alliance withdrew from the market, leaving its local partners to continue operating as Royal Insurance Co (Egypt). In 2008 Egypt Re and Al Chark were both absorbed into Misr. In 2010 the merger of National's non-life business into Misr was completed; in 2015 AXA (France) acquired Commercial International Life.

Insurance brokers: 61 companies with 8,000 employees, no foreign-owned companies.

Total balance sheet of the insurance sector:
2005: LE 22.2 billion (of which life insurance: 39.8%, non-life: 60.2%
2010: LE 40.1 billion (of which life insurance: 52.7%, non-life: 47.3%
2015: LE 60 billion (of which life insurance: 58%, non-life: 42%

Gross premiums written and market shares of the top 5 life companies (2015/2016, in LE million and in %)
Misr Life Insurance Company: 2,804 (33.7%), Met Life (previously Alico Life) Insurance Company: 1,404 (16.9%), Allianz Life Insurance Co: 1363 (16.4%), Commercial International Life Insurance Company (CIL): 1,095 (13.2%), Suez Canal Life insurance Company: 432 (5.2%).
Total top 5: 7,098 (85.3%)

Gross premiums written and market shares of the top 5 non-life companies (2015/2016, in million LE and %):
Misr Insurance Company: 5178 (52.3%), Suez Canal Insurance Company: 616 (6.22%), Bupa Egypt 559 (5.6%), Arab Misr Insurance Group (GIG): 536(5.4%), Orient Insurance Company – Egypt: 350 (3.5%).

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[19] In the Egyptian insurance market, there are no branches of foreign insurance companies and no captives. The insurance or reinsurance company must take the form of an Egyptian joint stock company. However, it is permitted for the foreign ownership to be up to 100%.

[20] Law No. 118 of 2008 amending Law No. 10 of 1981 and its Executive Regulation Decree No. 245 of 2008.

Total top 5: 7,239 (73%)
Insurance penetration (insurance premiums as % of GDP): 2005: 0.80%; 2010: 0.90%, 2015: 0.67%.

Source: Information provided by the authorities.

4.111. The Egyptian Financial Regulatory Authority (FRA) is the supervisory authority of the insurance sector. The FRA was known as the Egyptian Financial Supervisory Authority (EFSA) until November 2017. The EFSA has signed bilateral agreements and MOUs with the United Arab Emirates, Germany, Iraq, South Africa, Ukraine, Malaysia, Bahrain, the United States, Libya, Yemen, Tunisia and Sudan.

4.112. The main regulatory developments regarding the insurance sector during the period under review are the following:

- Presidential Decree No. 246/2006 of 6 September 2006 set up the Insurance Holding Company as the new parent of the three state-owned insurers and of the state reinsurer, in order to merge these companies with a view to eventual privatization.
- Decree No. 72/2007 set up a guarantee fund to cover the victims of uninsured and hit-and-run vehicles.
- Law No. 118/2008, and its Executive Regulations, Decree No. 245/2008 made significant changes to Law No. 10/1981, which included: increasing minimum capital requirements for life and non-life companies to LE 60 million; tighter investment rules for all companies; minimum qualifications and registration details for individual and corporate insurance brokers (with the latter becoming authorized for the first time); and the application by the EFSA of a risk-based supervision approach.
- Law No. 10/2009 established the Egyptian Financial Supervisory Authority (EFSA) as the supervisory authority for all non-banking operations. The EFSA (now FRA) controls and supervises insurance operations, capital markets, real estate, commodities, finance leasing and factoring and replaced the various individual regulators, including the Egyptian Insurance Supervisory Authority (EISA). The EFSA also has jurisdiction over any new financial instruments or products which are not banking instruments. Accompanying regulations to Law No. 10 were embodied in Presidential Decree No. 192/2009.
- EFSA Resolution No. 122/2015 is the first step towards establishing a regulatory environment for online sales, and allows insurers to offer compulsory motor third party liability, travel and term life insurance online.
- EFSA Resolution No. 66/2015 on transactions with foreign reinsurance brokers, sets out the minimum capital requirements (US$60 million and a BBB grade) for their operation in Egypt.
- EFSA Resolution No. 14/2015 allows the marketing of insurance products and services through banks licensed by the CBE or through the National Postal Authority.
- Recent regulatory developments include the creation in 2016 of supervisory frameworks to allow micro insurance and the distribution of insurance policies through channels such as brokers, the post office and travel agencies. There have been discussions since 2015 to establish a new Egyptian reinsurance company with capital from both local and foreign investors.

4.113. Any company wishing to enter the Egyptian insurance market must take the form of an Egyptian joint stock company and obtain a new licence; it must have a minimum capital of LE 60 million, out of which the minimum paid–up capital should be LE 30 million. Foreign companies applying for a licence in Egypt must have licences from their home countries and must first obtain approval. Branches of foreign insurance companies are not allowed. The Prime Minister's approval is required for an individual or for any entity that intends to own 10% or more of an insurance company's shares. The criteria to assess licence applications include the qualifications of natural persons according to the "Fit & Proper" IAIS (International Association of Insurance Supervisors) principles. The licensing documents of the insurance company in its home country are also examined in the process. An insurance licence cannot be sold or disposed of. A holding company may hold both a life and a non–life insurance licence but the two businesses must be run separately.

4.114. Although they must incorporate locally, insurance companies may be 100% foreign owned. Risk insurance may be transacted outside Egypt. The managing directors of state-owned insurance companies may be non-Egyptians. There are no limitations on the number of providers. There are no differences of treatment between state-owned firms, other domestically owned firms, and foreign-owned subsidiaries. There is recognition of home country supervision for foreign-owned insurance companies. All products (insurance policies) must be approved by the EFSA before being put on the market.

4.4.1.3 Stock exchange and securities

4.115. Egypt has a well-developed stock exchange and securities market. The stock market has suffered in recent years as evidenced by the contraction of the market capitalization of the companies listed (from 40% of GDP in 2010 to 25% in 2015). The bond market is more stable, in particular due to state borrowing. Box 4.3 below provides the main economic and statistical indicators of the stock market and securities services sector in Egypt.

Box 4.3 Main economic and statistical indicators for stock exchange and securities in Egypt

Stock Exchange and Securities
Capitalization of the companies listed (% of the GDP the same year) 2010: 40%; 2015: 25%; 2017: 25.6% **Gross value of publicly issued bonds** 2010: LE 14.66 billion (of which domestic borrowers 100% as foreign borrowers can buy publicly issued bonds in Egypt, but only through domestic firms) 2015: LE 5.0 billion (of which domestic borrowers 100%)
Traded value of listed shares/market capitalization 2010: 41.0%; 2015: 27.0%

Source: Information provided by the authorities.

4.116. The supervisory authority for stock markets and securities is the Egyptian Financial Supervisory Authority (EFSA).

4.117. There are no foreign firms present *per se* as the companies must all take the form of an Egyptian stock company. However, foreign ownership in these companies is allowed up to 100%. In addition, if the firm is transacting business from outside Egypt, it must have a registration code in Egypt. There are no limitations to the number of providers and no restrictions on foreigners buying and selling on the stock market. In this case, the foreigners must buy and sell through registered "securities dealers" in Egypt. Capital markets in Egypt apply international accounting standards.

4.118. Egypt's GATS commitments regarding securities include no restrictions for the four modes of delivery. The market is therefore totally liberalized and this liberalization is fully bound. In terms of licensing, the formal criteria for securities dealers and for asset managers are contained in Law No. 95/1992.

4.119. Licensing criteria for mutual funds, which are likewise supervised by the EFSA, are also contained in Law No. 95/1992. An investment fund must be incorporated as a joint-stock company, the capital of which must be paid in cash. The fund must assign the management of its activities to a specialized entity, in accordance with the Executive Regulations. The statute of an investment fund must specify the ratio between its paid-up capital and investors' subscription, which shall not exceed the ratio specified by the Executive Regulations. Funds must issue securities in the form of investment certificates, holders of which will have a share in the fund's investment returns. The subscription of these investment certificates must be done through one of the banks to be authorized for this purpose. EFSA's Board specifies the procedures to issue these certificates and for the redemption of their value, and determines the information that must be contained therein, in addition to the rules governing their listing and trading on the stock exchange.

4.120. Foreign companies, when transacting business from their home countries, must be licensed in these countries. Law No. 95/1992 does not prevent foreign ownership: mutual funds may be 100% foreign-owned provided they are established in Egypt in the form of an Egyptian joint-stock company. There are no limitations on the number of providers. Licences cannot be transferred.

4.4.1.4 Pension funds

4.121. Egypt has numerous pension funds, although of small size and so far of a purely domestic nature. The market is not open to foreign investment because of the nature of the private pension funds in Egypt. The supervisory authority for pension funds is the EFSA. The criteria for licensing are contained in Law No. 54/1975.

4.122. Box 4.4 below provides the main economic and statistical indicators of the pension funds services sector in Egypt.

Box 4.4 Main economic and statistical indicators for pension funds services in Egypt

Number of pension funds: 2005: 625; 2010: 632; 2015: 672
Pension's funds' contributions (LE): 2005: 1.9 billion; 2010: 3.8 billion; 2015: 5.9 billion
Total assets (LE): 2005: 17 billion; 2010: 30 billion; 2015: 48 billion.

Source: Information provides by the authorities.

4.4.2 Telecommunication services

4.123. Egypt is an important market for telecommunication services in view of the size of its population. The fixed telecommunications penetration rate is relatively low while the coverage of mobile telephony already surpasses the population (110 subscriptions for 100 inhabitants), a result achieved during the period under review. Internet usage is also on the rise and reaches more than a third of the population.

4.124. Telecom Egypt (which is 80% owned by the State, the remaining 20% having been listed on the Egyptian stock market in 2005) is still the monopoly operator for fixed-line services. This in spite of having lost its exclusivity in 2009 for certain segments such as the provision of fixed services in closed residential compounds, for which the National Telecom Regulatory Authority granted a triple play licence to two operators that are currently able to provide fixed, data and value added services to end users in closed residential compounds. Moreover, in October 2016, the three mobile telephone companies (Vodafone, Orange, and Etisalat) obtained a fixed-line licence. They intend to provide fixed service through Telecom Egypt's Network.

4.125. As the sole provider of infrastructure leasing services, Telecom Egypt issued its Reference Interconnection offer that defines the technical, operational, and commercial terms and conditions for interconnection and wholesale services. These must be granted to other licensed operators in an open access manner and following non-discriminatory principles.

4.126. There are three providers in the mobile telephony market: Vodafone (41% of the market in 2016), Orange (34%) and Etisalat (25%). Etisalat is the last entrant, having entered in 2009. The mobile operators were granted, together with Telecom Egypt, a 4G/LTE licence in October 2016. Those three companies are majority-owned by foreign interests in various proportions; Vodafone (55.05%), Orange (98.92%), and Etisalat (80%). State ownership accounts for most of the rest of the shares with 44.95% of the shares owned by Telecom Egypt in the case of Vodafone, and 20% owned by the Egyptian Post Office in the case of Etisalat. In the case of Orange, 1.08% of total shares have been listed on the Egyptian stock market.

4.127. The same four companies intervening in the fixed and mobile provision of services are the main players in broadband internet services. Regarding fixed broadband services (xDSL), TE-Data, the data arm of Telecom Egypt, has the largest market share, while the three mobile operators are competing in the mobile broadband market. In addition, 20 licensed companies are competing in the value-added telecom services market.

4.128. Box 4.5 below provides more details with respect to the penetration rates of telecommunications services in Egypt, while Table 4.21 below provides the average price basket of the various main types of telecommunication services for 2015 as computed by the 2016 edition of the ITU's Annual Report "Measuring the Information Society".[21]

Box 4.5 Penetration rates of telecommunications services in Egypt

Total fixed telephone subscribers (per 100 inhabitants)
2005: 14.48
2010: 12.32
2015: 7.36

Mobile phone subscribers (per 100 inhabitants)
2005: 18.99
2010: 90.50
2015: 110.99

Internet users (per 100 inhabitants)
2005: 12.75
2010: 21.6
2015: 37.80

Fixed broadband internet subscribers (per 100 inhabitants)
2005: 0.20
2010: 1.86
2015: 4.52

Mobile broadband internet subscribers (per 100 inhabitants)
2005: 0
2010: 16.99
2015: 50.66

Source: Information provided by the authorities.

Table 4.21 ITU's 2015 telecommunication services price basket for Egypt

Type of services	Rank	Price as % gross national income per capita (GNIPC)	US$	Purchase power parity US$	Speed in MB/s	Cap per month in GB	Tax rate include d	Monthly data allowed in GB	GNI pc in US$
Fixed broadband sub-basket	82	2.56	6.5	22.61	1	10	0.0	n.a.	3.050
Mobile broadband prices, post-paid computer-based, 1 GB	69	1.28	3.25	11.3	n.a.	n.a.	n.a.	1	3.050
Mobile broadband prices, prepaid handset-based, 500 MB	73	1.18	2.99	10.40	n.a.	n.a.	n.a.	0.5	3.050
Mobile cellular sub basket	90	1.90	4.83	16.78	n.a.	n.a.	15%	n.a.	3.050

n.a. Not applicable.

Source: ITU.

4.129. Egypt has followed a progressive liberalization policy for the telecommunications sector during the period under review. The mains steps of this liberalization are the following:

- In 2005, 20% of the shares of Telecom Egypt were sold on the Egyptian stock market.
- In 2007, a third mobile telecom licence was granted to Etisalat.

[21] ITU online information. Viewed at: https://www.itu.int/en/ITU-D/Statistics/Documents/publications/misr2016/MISR2016-w4.pdf.

- In 2009, Telecom Egypt lost its fixed-line monopoly. Mobile operators were allowed first to provide fixed services in closed residential compounds, then wholesale services via interconnection offers.
- In 2010, fixed satellite services (FSS), mobile satellite services (MSS) and leased lines were fully liberalized while the wireless local loop was partially opened.
- In August 2016, Telecom Egypt obtained a 4G/LTE mobile licence as the fourth mobile operator in Egypt.
- In October 2016, the three mobile companies obtained a 4G/LTE licence and a fixed-line licence each. They intend to provide fixed services through Telecom Egypt's network using full local loop, bit stream, and call origination solutions.

4.130. As a result of these reforms, all but two of the 14 services of ITU profiles standard lists of telecommunications services available in Egypt are subject to full competition. The two exceptions are wireless local loop and international gateways, which are subject to partial competition.

4.131. There is currently no licensed mobile virtual network operator in Egypt, nor are there any plans to grant a licence in the near future. However, the regulator is planning (2017) to perform regular market analysis to define the needs of the mobile markets in Egypt.

4.132. The regulatory supervision of the telecommunications sector is ensured by the National Telecom Regulatory Authority (NTRA), created by the Telecommunications Regulation Law No. 10/2003. Its Board has 17 members and is chaired by the Minister of Communications and Information Technology, who has a decisive voice. The NTRA is in charge of: licensing telecommunications services; regulating prices; regulating interconnection; setting technical standards; allocating radio frequencies; assigning and monitoring the use of the spectrum; determining numbering; granting type approval to equipment; regulating universal service; monitoring the quality of the services; enforcing consumer rights protection; and carrying out research and development. The regulation of broadcasting content is under the supervision of the broadcasting regulator, while the entity in charge of information technology policies is the Ministry of Communications and Information Technology. There is no regulatory framework yet for over-the-top (OTT) or Internet Protocol TV (IPTV) Internet television providers such as Netflix.

4.133. Regarding the fixed interconnection regime, the termination rate into an operator is a percentage (65%) of this operator's on-net retail rate. This regime has been challenged by some operators and there are some cases still awaiting court decision. As at the end of 2017, the NTRA and the licensed operators were in the process of reconsidering the interconnection regime.

4.134. Infrastructure sharing is a right for licensed operators, not an obligation. Operators are allowed to negotiate for infrastructure sharing and sign the needed agreement subject to NTRA approval. Local loop unbundling is mandatory on the incumbent fixed operator, Telecom Egypt. The current types of unbundling are: full local loop unbundling, shared access (half line sharing), and bit stream service.

4.135. Number portability is mandatory for mobile and fixed licensees as per regulation and licences. International call termination is based on a revenue sharing model between the owner of the international gateway and the operator, which terminates the international call to its end user.

4.136. As at September 2017, there were 57 licensed companies that have been granted 73 licences including four mobile service licences and four fixed service licences. Some value added services are subject to authorization (such as the 200 Internet services providers and the so-called class C resellers) and others are subject to licensing according to the type of service.

4.137. All operators are subject to universal service obligations but they are not required to offer it below costs prices. Universal service is financed by a Universal Service Fund operational since 2005 and administered by the regulator; 5% of the Fund's resources stem from a 0.5% contribution of the operators' adjusted gross revenues and 95% from the regulator's budget.

4.4.3 Postal and courier services

4.4.3.1 Postal services

4.138. The designated operator of postal services is the National Postal Authority, under the Ministry of Communications and Information Technology. The Authority provides the usual postal services (letter post, postal parcels and express mail) and, in the financial field, savings, giro and money order services and the payment of pensions. It also issues motor vehicle licences and the mandatory insurance certificates for such vehicles, by Internet. In addition, the following new services have been recently added to its portfolio: sale of telephone cards; daily income current accounts (gold and silver accounts); electronic bill payments; payment of pensions and salaries by ATM; telephone bill payment at post offices; and electronic exchange of documents through the electronic document exchange centre.

4.139. There is no independent postal regulator *per se*. The Ministry of Communications and Information Technology directly supervises the activities of the National Postal Authority and prepares overall national postal policies.

4.140. The National Postal Authority has a large degree of autonomy in its decision-making process, pursuant to the postal reform implemented over recent years. Within the framework of Law No. 19/1982 on the postal field, the Authority has an independent budget annexed to the general state budget. It has administrative and financial independence, finances its own investment plan, and does not have to refer to any governmental body. The Authority is directed by a Board of Directors, most of whose members have experience in the various areas of postal activity. The Board of Directors maps out the policies, develops the strategies and makes the decisions it considers necessary for the conduct of the Authority's work. However, approval of the budget remains within the remit of Parliament.

4.141. The Board of Directors of the Authority determines the scope of the services provided and monitors and manages them. It is also empowered to make the decisions it considers necessary to achieve the targets set, including the development of the work plan and programme and the preparation of the organizational chart and personnel policies, without being bound by the rules laid down by the Government.

4.142. Table 4.22 describes both the universal postal services and the reserved area of the designated operator.

Table 4.22 Universal postal services and reserved area by weight, type of item and type of traffic

Item	Domestic	International
Letters (20 grams or less)	Reserved area. However, the private sector can operate in this category provided that the price billed does not exceed three times the price of the national operator	Reserved area. However, the private sector can operate in this category provided that the price billed does not exceed three times the price of the national operator
Letters (above 20 grams and up to two kilos)	Both the national operator and private companies can operate in this category on the condition that the minimum price is not inferior to the price offered by the national operator on the market	Both the national operator and private companies can operate in this category on the condition that the minimum price is not inferior to the price offered by the national operator on the market
Parcels	Parcels (of 50 kilos or less): Both the national operator and private companies can operate in this category on the condition that the minimum price is not inferior to the price offered by the national operator on the market	Parcels (of 20 kilos or less): Both the national operator and private companies can operate in this category on the condition that the minimum price is not inferior to the price offered by the national operator on the market

Source: Information provided by the authorities.

4.143. The operator itself ensures that the monopoly is applied. It can, however, entrust third parties to carry out certain services on its behalf, on the basis of contracts concluded in accordance with the legislation and statutes in force.

4.144. Licensed services are subject to the payment of fees. The minimum fee paid is LE 50,000 for each service category, in addition to LE 25,000 in the case of a request for an additional category. No fees are required to be paid upon the renewal of the contract.

4.145. Competition from private companies is authorized for the provision of express courier services (EMS). The National Postal Authority, i.e. the operator, issues authorizations for the provision of EMS. The regulator is a division inside the National Postal Authority structure that reports directly to the CEO and is independent from the functional areas responsible for postal service operations. The regulator is in charge of authorizing the handling of inward and outward EMS mail. A large share of the EMS market is outsourced to private companies.

4.146. With respect to the determination of charges for the different services rendered, the Board of Directors of the Authority proposes the charges for the services in accordance with its Rules for the Sound Calculation of Cost Prices, on bases drawn up by the Cabinet. The charges are then fixed by a Ministry of Communications and Information Technology Decision after consideration by the Cabinet. Charges of services affecting the majority of the general population are set in accordance with the plan drawn up by the Government with a view to switching to a market-based pricing system. They are set taking into account social considerations, particularly as regards rates for domestic letter-post items. The difference between the cost of postal services and the fees collected on these services is covered with the revenues generated by other profitable services such as the financial services and the licence fees collected from private companies.

4.147. Regarding the financing of postal services, the Postal Authority is required to balance its revenue and expenditure and even to make a profit. Profits are partly used to cover the accumulated deficit and for self-financing and are partly paid into the State Treasury. The Postal Authority retains the terminal dues owed to it. Postal services do not receive state subsidies.

4.4.3.2 Courier services

4.148. In accordance with Law No. 19/1982, private courier operators must obtain a licence to provide, by delegation, certain services under monopoly, such as the distribution of letters of up to 2 kg, and certain universal services, such as the handling of letter-post items of up to 2 kg, and of books, newspapers, periodicals and parcels of up to 20 kg. A licence is also required for other activities such as the handling of parcels of up to 50 kg for domestic traffic and of parcels of up to 20 kg for international traffic, as well as for express mail. However, in practice there is only one general licence for all types of services and no service-specific licences. This licence is valid for 5 years and subject to a fixed charge and to an annual charge calculated as a percentage of revenues. Licences are renewable with the consent of both parties. The licensed activity must be delivered by the operator itself.

4.149. The criteria with respect to registration and establishment requirements defined by the General Authority for Investment and Free Zones (GAFI, Section 2) apply. There are no additional criteria. In particular, there is no limitation on the number of suppliers, domestic or foreign. Similarly, there is no limitation placed on the volume and value of services, no restriction on foreign ownership, and no discriminatory requirements with respect to legal forms of establishment. There is no universal services fund. According to the authorities, there is no cross subsidization and hence no need for cross subsidization disciplines.

4.150. There were 36 licensed operators in April 2017, 8 of which foreign (UPS, DHL, ARAMIX, DHL, TNT, OCS, FEDEX, and SkyNet).

4.4.4 Transport services

4.4.4.1 Air transport services

4.151. Civil aviation's direct contribution to GDP is of about 1.2%; its indirect contribution is estimated to be 8%. According to the latest information available, in 2011, it supported 53,000 jobs directly and 197,000 indirectly in Egypt.[22] Egypt has nine national scheduled carriers in addition to its state-owned flag carrier Egyptair; some of them are of a small size, as detailed in Box 4.6. All domestic airlines are privately-owned and several of them have foreign investment participation. This responds to a policy that seeks to promote start-ups in order to multiply tourism arrivals and strengthen Egypt's connections in a region where aviation is a highly competitive sector.

Box 4.6 Main economic indicators for aviation services in Egypt

Main economic indicators
Number of jobs supported: direct: 53,000 and indirect: 197,000 (excluding tourism) in 2011
Contribution to GDP: direct: 1.2%, indirect: 8% (including tourism) in 2011
Scheduled airlines (name, fleet and ownership): - Egyptair, 70 planes, state owned via a holding company - Air Arabia Egypt, 1 plane, private, 60% Egyptian, 40% foreign (Saudi Arabia) - Nesma Airlines, 4 planes, private, 100% Egyptian - Air Cairo, 7 planes, private, 100% Egyptian - AMC Airlines, 5 planes, private, 100% Egyptian - Alexandria Airlines, 1 plane, private, 60% Egyptian, 40% foreign (Jordan) - Nile Air, 6 planes, private, 60% Egyptian, 40% foreign (Saudi Arabia) - El Masria Universal Airlines, 3 planes, private, 100% Egyptian - Air Leisure, 6 planes, private, 100% Egyptian - Flyegypt, 2 planes, private, 100% Egyptian
Number of passengers (departed and arrived) handled by the airport system: 2005: departed 12,381,042, arrived 12,287,045 2010: departed 20,354,220, arrived 20,093,034 2015: departed 17,650,864, arrived 17,156,469
Total tonnage of cargo handled by the airport system: 2005: 216,921 2010: 313,210 2015: 313,968
Maintenance and repair: 1 repair station certified by the U.S. Federal Aviation Administration (FAA) and by the European Aviation Safety Agency (EASA): Egypt Air M and E
Computer reservation systems present on the Egyptian market: Amadeus, Galileo, Worldspan, Sabre

Source: Information provided by the authorities.

4.152. The Ministry of Civil Aviation of Egypt (MCA) is responsible for policy formulation and implementation in the sector. The Egyptian Civil Aviation Authority (ECA) is the regulator, and is in charge of: (a) establishing a safety management system; (b) setting airworthiness standards for small and large airplanes; (c) granting licences for pilots, flight instructors, and ground instructors; (d) certifying flight crew members other than pilots; (e) certifying ground crew members; (f) establishing general operating and flight rules; g) regulating air cargo agents and air freight forwarders; (h) certifying air carriers and air taxi operations; (i) certifying heliports; (j) certifying and operating land aerodromes; (k) managing aviation training centres; (l) approving maintenance organizations or repair stations; (m) certifying and operating organizations providing air traffic services in the Egyptian Flight Information Region; (n) certifying and operating organizations providing aeronautical information services in Egypt; (o) certifying and operating Egyptian organizations providing aeronautical telecommunication services; (p) certifying aircraft ground handling service providers; and (q) issuing regulations on the transport of dangerous goods, aeronautical charts, passenger protection, and accident investigation standards, among others.[23]

4.153. Although air traffic experienced an important surge between 2005 and 2010, it has since then declined due to political and external events. Between 2010 and 2015, tourism traffic declined, while cargo traffic remained virtually unchanged.

[22] IATA online information. Viewed at: https://www.iata.org/policy/Documents/Benefits-of-Aviation-Egypt-2011.pdf.

[23] Egyptian Civil Aviation Authority online information. Viewed at: http://www.civilaviation.gov.eg/Regulations/solta.html.

4.154. Regarding the regulatory framework of aviation, the rules for establishing an aviation company are based on national substantial ownership (i.e. 51%) and effective control. There is a specific policy for charter flights. According to Ministerial Decree No. 52/1996, there are no restrictions on charter flights from any foreign city to Egyptian airports except for Cairo Airport. In the case of Cairo airport, permission may be granted to Egyptian and foreign air carriers if these flights depart from countries not served by Egyptair. Foreign air carriers operating charter tourist flights are not allowed to operate flights within the Egyptian territory.

4.155. To promote the use of airports operating at below full capacity, an incentives scheme consisting of granting rebates on airport charges to charter and low cost carrier flights to all tourist destinations was put in place. The scheme was operational between 1 November 2016 and 31 October 2017, with possibility of extension.

4.156. The operation of all-cargo flights is subject to MOU's signed between aeronautical authorities. With respect to scheduled passenger flights, the authorities describe Egypt's policy as one of gradual opening. Indeed, from analysing the table of bilateral agreements coded according to the WTO QUASAR method, emerges a clear pattern of partial liberalization through an active policy of renegotiation of, and introduction of amendments to, agreements (see Table A4.1). The main features of this liberalization policy, included in several of Egypt's bilateral aviation agreements are:

- The suppression of fifth freedom rights, which could appear *prima facie* as a measure counter to liberalization, but which actually responds to the fact that fifth freedom rights had increasingly been ensured by alliance partners through a codeshare, which could have hindered competition.
- The systematic inclusion of a cooperation clause, including code sharing, which can also be linked to the adhesion of Egyptair to the Star Alliance.
- The replacement of the dual approval clause by a free pricing clause.
- A flexible approach towards the needs of the partner country with regard to the ownership clause. For example, the principal place of business clause has been accepted for Switzerland and Serbia to take into account the non-national majority shareholder of their flag carrier. Egypt has also accepted the community of interest clause for the European Union members States, either directly in the bilateral agreements or via the horizontal agreement on the community clause concluded with the European Union.
- A switch to multiple designation of airlines.

4.157. The QUASAR methodology does not capture the increase in capacity granted, which is a key feature of air transport liberalization. However, the drop in inbound tourism passengers over the last six years, from 14 million in 2010 to 5.4 million in 2016 (Section 4.4.6), leaves ample overall capacity as compared to the peak of 2010. In addition, the considerable capacity expansion of Egyptian airports over recent years (from 28.3 million passengers in 2002 to 73 million in 2016, that is, a 282% increase) needs to be matched by further additional capacity granted to scheduled carriers via bilateral agreements, since charter traffic expansion alone will not suffice. In this context, the authorities have started studying the possibility of adopting an open skies policy.

4.158. Egypt's regime regarding auxiliary services (aircraft repair and maintenance, computer reservation services (CRS) and selling and marketing) is in practice quite liberal, although Egypt has not undertaken any GATS commitments in this area. In the case of maintenance and repair, national planes may be maintained and repaired in both domestic and foreign maintenance outlets, provided these facilities are approved by the ECA (rules ECA 43 and 145). The establishment in Egypt of foreign maintenance, repair and overhaul providers is permitted only for line maintenance and defect rectification and on the basis of reciprocity

4.159. There is no regulation restricting the choice of CRS providers by airlines and travel agents. Airlines have the right to establish offices for the purpose of engaging in the sale of air transport services. Symmetrically, customers have the right to purchase freely these services. Ground handling services are partially liberalized: Egyptair and EAC perform ground handling services in all Egyptian airports; designated foreign airlines can perform self-handling operations on a reciprocal basis.

4.160. All Egyptian airports are publicly owned and publicly managed, except for two that are managed under a BOT agreement. The Egyptian Holding Company for Airports and Air Navigation (EHCAAN) is the body responsible for airport management in Egypt. The EHCAAN has four subsidiaries, two of which manage and operate airports, namely the Cairo Airport Company (CAC) and the Egyptian Airports Company (EAC), which manages 21 regional airports (11 international airports and 10 domestic airports).

4.161. Private sector participation in the airport subsector is regulated by the Airport Build-Operate-Transfer (BOT) Law No. 3/1997. The Law allows private domestic or foreign investors to build and operate commercial airports through concessions for periods of up to 99 years. The Ministry of Civil Aviation has awarded BOT concessions to a group of private investors at Marsa Alam and El Alamein airports.

4.162. The EHCAAN has developed a Strategic Vision 2030, which aims at making Egyptian airports leading and pioneer airports in the Middle East and Africa and able to compete globally. The Strategy aims at optimizing EHCAAN's assets to provide aeronautical and air navigational services in a manner that complies with international standards and customers' and investors' expectations through an efficient and effective management based on human and technological capabilities and by adopting security, safety, quality and environmental protection policies to achieve sustainable development.[24]

4.163. The Vision's specific objectives are:

- Developing and expanding Egyptian airports to accommodate the expected increase in passenger traffic and converting the Cairo airport into a regional hub.
- Activating the integration of sea, air and land transport (Sea Air Cargo).
- Upgrading the security and safety of airports to reach the highest international standards.
- Achieving high local and international safety standards.
- Upgrading the performance of services provided to stakeholders.
- Making all Egyptian airports environmentally friendly.

4.4.5 Maritime transport

4.164. Maritime transport is the main means of transportation used for Egypt's international trade. The value of imports transported by maritime means reached US$60.6 billion in 2015 and that of exports US$12.8 billion the same year. Table 4.23 provides detailed data on the value and volume of cargo imported to and exported from Egypt between 2005 and 2016. The import value of merchandise transported by maritime means quadrupled between 2005 and 2015, while the value of exports more than doubled between 2005 and 2011 and then declined in the aftermath of the revolution; since 2015, lower exports via maritime transport also reflect lower oil prices.

Table 4.23 Value and volume of maritime trade, 2005-16

(US$ million and '000 tonnes)

YEAR	SEA PORTS					
	IMPORT		EXPORT		TOTAL	
	VALUE	VOLUME	VALUE	VOLUME	VALUE	VOLUME
2005	15,294	31,475	9,208	31,857	24,502	63,332
2006	15,825	28,037	11,631	36,747	27,456	64,784
2007	20,614	30,478	13,090	34,903	33,704	65,381
2008	45,583	25,806	23,601	32,610	69,184	58,416
2009	37,550	23,767	15,750	28,898	53,300	52,665
2010	38,836	34,127	16,837	33,041	55,673	67,168
2011	49,864	42,633	20,575	26,247	70,439	68,880
2012	59,312	42,217	19,762	27,492	79,074	69,709
2013	53,581	38,661	19,072	20,223	72,253	58,884
2014	59,589	44,800	17,161	17,853	76,750	62,653

[24] EHCAAN online information. Viewed at: http://www.ehcaan.com/mission.aspx.

YEAR	SEA PORTS					
	IMPORT		EXPORT		TOTAL	
	VALUE	VOLUME	VALUE	VOLUME	VALUE	VOLUME
2015	60,597	46,366	12,883	25,032	73,480	71,398
2016[a]	54,556	47,310	11,478	27,759	66,034	75,069

a Preliminary data.

Source: Information provided by the authorities.

4.165. Total container traffic almost doubled between 2005 and 2010, but declined somewhat thereafter (Table 4.24). Passenger traffic, on the other hand, has shown a declining trend since 2005; this reflects, in particular, a decline in cruise passengers.

Table 4.24 Passenger and container traffic

Traffic handled	Total passengers (million)	Total handed containers (million TEUs)
2005	3.7	3.65
2010	2.9	6.70
2015	1.1	6.40

Source: Information provided by the authorities.

4.166. Egypt has a sizeable fleet under its national flag, consisting of 114 vessels accounting for 906,000 gross registered tons (GRT). Most of this tonnage is deployed internationally. Egypt has encouraged foreign operators to fly the Egyptian flag by requiring, since 2009, that international ship owners willing to pursue maritime agency activities in Egypt have at least one Egyptian-flagged vessel. The foreign-controlled fleet under the Egyptian flag now stands at four vessels representing 131,118 GRT.

4.167. On the other hand, the Egyptian "beneficially owned" fleet under foreign flag is larger, with 232 vessels, representing 3.59 million dead weight tons[25] and 0.46% of the world fleet. One of the factors explaining this situation is that, unlike some other ship registers, the Egyptian register limits the age of cargo vessels to 15 years. Older Egyptian owned vessels are hence registered under foreign flags.

4.168. Egypt has 15 commercial sea ports on the Mediterranean and the Red Sea (the main ones being Alexandria, Damietta, East Port Said and El Sokhna) and 28 specialized ports in the fields of oil, mining, tourism and fishing. Egypt has opened the sector to private domestic and foreign investment over the last 15 years. There are now several terminals, including container terminals and specialized bulk terminals, managed and partially owned by foreign operators (e.g. the Spanish-Egyptian Company for Gas SEGAS in Damietta or Dubai Port World in East Port Said) in cooperation with local public and private partners.

4.169. Egypt made some commitments under the GATS with respect to maritime transport services. These commitments were regarding international passenger and freight maritime transport, for which commercial presence was bound, but only in the case of joint-venture companies, with foreign capital not exceeding 49% of the total. There are also domestic registration requirements to fly the Egyptian flag (MA). Egypt also bound port dredging services in the GATS, also only in the form of joint-ventures companies, with foreign capital equity not exceeding 75%. Limitations with respect to personnel and the members of the board of directors were also inscribed in the Schedule (Box 4.7). With respect to regional agreements, Egypt undertook maritime transport commitments in 2014 in the context of the COMESA services negotiations (Box 4.7).

[25] Statistics for the beneficially owned fleet are not available in GRT.

Box 4.7 Egypt's international obligations regarding maritime transport services

GATS commitments:
International passenger and freight maritime transport: mode 1: unbound (market access (MA) and national treatment (NT)), mode 2: unbound (MA) and none (NT), mode 3: commercial presence is only allowed for joint-venture companies; foreign capital should not exceed 49% of the total; all ships owned by established companies should be registered in the Egyptian ship register as a pre-requisite to fly the Egyptian flag (MA); none (NT); mode 4: 95% of the crew should be Egyptian nationals and their wages and salaries should be no less than 90% of the total paid up wages and salaries; the Chairman and majority of the Board of Directors must be Egyptian nationals.

Port dredging services: mode 1 and 2: unbound (MA and NT); mode3: commercial presence is only allowed in the form of joint-venture companies; foreign capital equity should not exceed 75% (MA); none (NT); mode 4: at least 25 % of both the personnel and the members of the Board of Directors should be nationals (MA); none (NT).

Regional trade agreements commitments:

COMESA: Egypt undertook maritime transport commitments in 2014 in the context of the COMESA services negotiations. These commitments echo the GATS commitments which reflect themselves the applied regime and the existing legislation.

Source: Egypt GATS schedules, WTO documents GATS/SC/30, 15 April 1994; GATS/SC/30, Suppl. 1, 28 July 1998; GATS/SC/30, Suppl. 2, 26 February 1998; GATS/SC/30, Suppl. 3, 5 June 2002.

4.170. Cabotage in maritime transport is reserved for national flag carriers in accordance with Article 8 of the Maritime Trade Law No. 8/1990. Waivers can be granted to foreign vessels to practice cabotage in case of the breakdown of an Egyptian vessel and when a supplier terminates its service. Three such waivers were granted in 2015.

4.171. Regarding the registration policy, the conditions to fly the Egyptian flag are the following:

- The vessel must be owned by an Egyptian national or by a legal person established in Egypt. In the case of partial ownership, the majority of the shares of the company owning the vessel must be owned by Egyptian nationals or by a business established in Egypt (Article 5 of the Maritime Trade Law No. 8/1990);
- The vessel must be registered in an Egyptian port;
- The percentage of national maritime labour shall be no less than 95% and the corresponding wages shall be no less than 90% (Maritime Transport Minister Decree No. 105 /1990);
- The age of the ship shall not exceed 20 years for a cargo ship and 15 years for a passenger ship (Article 3 of Law No. 232/1989 on safety of vessels).

4.172. Maritime transport projects established in the free zones are exempt from the stipulations related to the nationality of ship owners and of ship crews as well as from the stipulations regarding wages (Investment Law No. 72/2017, Article 42). The vessels owned by these projects are also exempt from the provisions of Law No. 12/1964 on establishing the Egyptian General Corporation for Maritime Transport. The Ministry of Investment is the competent authority for establishing the companies in the free zones. There are already two companies Misr and Pyramid, owning four vessels, established in such free zones.

4.173. Minister of Transportation Decree No. 451/2009 of 31 October 2009 and Decree No. 800/2016 regulate shipping agency services, among others. They stipulate that for the establishment of shipping agencies a joint venture is compulsory and that the share of the Egyptian partner shall not be less than 51%. However, these requirements are lifted for maritime transport companies that exercise a real investment activity in Egypt, own at least one Egyptian-flagged vessel and for whom shipping agency activities are only a partial activity to serve its own vessels (Egyptian or foreign).

4.174. Regarding support policy and cargo reservations, flying the Egyptian flag does not entail any grant of subsidies or financial support nor access to reserved cargoes such as Government or public cargoes. There is no second register and no tonnage tax and the recourse to those policy instruments is not envisaged.[26]

4.175. With respect to access to ports and port services, Egypt grants no preferential treatment for national flag vessels or to those from any partner States in terms of access to berths, ports dues, pilotage exemption, and pilotage fees. Foreign users pay their fees in foreign currencies.

4.176. The bilateral and plurilateral agreements signed by Egypt do not grant any reciprocal preferential treatment to partner States for cargo sharing. A past agreement with Saudi Arabia that contained a cargo sharing provision has been adapted and this provision suppressed. A similar revision is ongoing for the bilateral agreement with Bangladesh.

4.177. In accordance with Law No. 1/1998, the private sector (foreign or domestic) faces no restrictions for the exercise of onshore maritime transport activities and maritime auxiliary services (except for maritime agencies services).

4.178. There are no foreign ownership restrictions for cargo handing/maritime terminal activities or for specialized ports. The only conditions that must be met are registration in the Egyptian Commercial Register and that the percentage of national maritime labour be no less than 90%.

4.179. Egypt is not a party to the US-led Container Security Initiative (CSI).

4.4.5.1 Inland waterways transport

4.4.5.1.1 Suez Canal

4.180. The Suez Canal is of vital importance for Egypt's economy. In fiscal year 2015/16, it generated US$5.12 billion in revenue, accounting for 9.8% of total external account receipts (Table 4.25). As a share in total external current account receipts, revenue in fiscal year 2015/16 outpaced the previous 8.6% peak reached in 2005/2006. In money terms, however, there was a decline in revenue in both 2014/2015 and 2015/2016 with respect to the peak reached in 2013/2014 (US$5.37 billion). These diverging evolutions between the two indicators can be explained by a recent decline of overall foreign earnings in dollar terms, stronger than the one faced by the Canal.

Table 4.25 Suez Canal revenue, 2005/06-2015/16

Fiscal year	US$ million	Share in total external current account receipts (%)
2005/06	3,559	8.6
2006/07	4,170	8.4
2007/08	5,155	7.8
2008/09	4,721	8.3
2009/10	4,517	7.8
2010/11	5,053	8.1
2011/12	5,208	8.1
2012/13	5,032	7.4
2013/14	5,369	7.3
2014/15	5,362	8.1
2015/16	5,122	9.9

Source: Information provided by the authorities.

4.181. Table 4.26 describes the evolution of the Suez Canal's traffic by number, tonnage and types of vessels as well as the corresponding revenue generated. While in 2016 the number of ships transiting by the Canal had not yet caught up with its pre-financial crisis levels, the tonnage crossing it had well passed these marks, due to the growing size of container ships. As far as total traffic is concerned, several factors explain its recent evolution, including demand for maritime transport services, the enlargement of the Canal, and the fee policy of the Suez Canal Authority.

[26] Second registers have been introduced by a number of countries to, for example, waive restrictions on the nationality of the crew, or provide more favourable tax conditions than in the "first register".

Table 4.26 Suez Canal traffic, 2005 and 2010-16

Year	2005	2010	2011	2012	2013	2014	2015	2016
Total No. of ships	18,224	17,993	17,799	17,225	16,596	17,148	17,483	16,833
Total tonnage (million tons)	672.0	846.4	928.9	928.5	915.4	962.7	998.7	974.2
- of which bulk carriers	110.9	82.5	83.5	98.9	101.2	107.7	102.2	96.5
- of which container ships	321.4	465.9	519.3	507.1	508.2	536.3	555.6	552.4
Revenues from bulk carriers (US$ million)	537.9	489.2	487.6	558.3	574.6	630.5	551.0	493.0
Revenue from container ships (US$ million)	1,795.4	2,716.1	3,056.4	2,898.3	2,899.0	3,084.0	2,870.0	2,787.1

Source: Suez Canal Authority.

4.182. Container ships account for more than half of the tonnage of ships crossing the Suez Canal and represent some 85% of the revenue. Bulk carriers represent a significantly less important and slowly decreasing share of both revenues and traffic.

4.183. With respect to the cargoes transiting through the Suez Canal, there was a noticeable increase in the share of LNG, which rose from 5.3% in 2006 to a peak of 17.4% in 2011. Since 2012, the volume of LNG passing through the Suez Canal has fallen and its share declined to only 9.2% in 2016. This can be partly explained by a switch of Middle East exports of LNG from Europe to Japan; these LNG cargoes no longer cross the Canal.

4.184. Although bulk traffic has been slowing down in general terms, traffic of crude oil is an exception. In fact, traffic of these products nearly trebled between 2011 and 2016, from 37 million tons to 91 million tonnes. This increase can be partly explained by the effect of the cooperation between the Suez Canal Authority and the Arab Petroleum Pipelines Co. (SUMED), whereby very large crude carriers (VLCC) which cannot navigate the Canal with full load, can partially reduce their load at its entrance by sending the excess load through the SUMED pipeline and retrieving it on exiting the Canal. A complementary explanation is the enlargement of the Canal which has allowed the passage of larger crude carriers.

4.185. The expansion of the Suez Canal is indeed the most significant development that has taken place with respect to waterways transport in Egypt since the last Review. The expansion was inaugurated in August 2015 after one year of works. The total length of the expansion is 72 kilometres: 35 kilometres are a totally new waterway, and 37 kilometres correspond to the deepening and widening of the Canal and by-passes in the Great Bitter Lakes and Ballah Area. The enlarged Canal allows ships to sail in both directions at the same time as it increased the two-way navigable part of the Canal from 80.5 kilometres to 111.2 kilometres. Before that enlargement, much of the Canal was only one-way shipping lane wide. The project, which had a total cost of LE 31.1 billion (some US$4.2 billion) was entirely financed locally through interest-bearing investment certificates issued by the Suez Canal Authority with an interest rate of 12% that do not confer any ownership rights on investors. In November 2016, the interest rate was increased to 15.5%.

4.186. The expansion of the Suez Canal has raised its daily crossing capacity from 49 vessels to 97 and decreased the transit time from 18 to 11 hours. The standard draft of the Canal is now 66 feet. This allows the passage of 93% of the world dry bulk cargo fleet and more specifically of 63% of the tanker fleet, 100% of the container fleet and 100% of other types of ships.

4.187. The toll policy of the Suez Canal Authority is non-discriminatory and in constant flux to adapt to the market and to try to attract new traffic. It contains several incentives and fidelity rebate schemes.[27]

[27] For more elements of the fee policy of the Suez Canal Authority see: http://www.suezcanal.gov.eg/English/Tolls/Pages/MarketingPoliciesAndTollRebates.aspx.

4.4.5.1.2 Nile River navigation

4.188. Navigation on the Nile River is not subject to International Maritime Organization rules but to the Egyptian Law No. 10/1956. Investment rules in the sector are the general rules applicable to investment in Egypt. There is an Inland Waterway Shipping Register for all types of motorized vessels. Licences for all motorized vessels are issued by the River Transport Authority (RTA).

4.189. Inland waterways[28] passenger transport, inland water local tours and cruise ships are subject to some GATS commitments, namely: mode 1 was left unbound for market access (MA) and national treatment (NT); mode 2 was bound with no limitations for MA and NT; mode 3 was bound with the limitation that "the addition of (capacity) to the inland water passenger and/or local tours is subject to the physical capacity of the river Nile", for MA and with no limitation for NT.[29] However, for the time being there is no foreign provider operating in Egypt.

4.190. The fleet operating on the Nile is composed of four segments: (a) floating hotels and touristic restaurants, which account for 288 vessels, 138 of which static, and a capacity of 35,000 passengers; (b) ferry boats, which account for 94 vessels and some 1.8 million passengers annually; (c) small tonnage vessels for private passengers, accounting for 10,000 vessels and 5.5 million passengers yearly; and (d) cargo vessels, accounting for 1,290 vessels and traffic of 3.67 million tons in 2016.

4.4.6 Tourism services

4.191. Tourism is a key service in Egypt: in 2015, it employed 1.8 million persons directly and 4 million indirectly, which represents some 12.6% of the total work force. In the same year, it accounted for 11.3% of GDP, when totalling its direct and indirect contribution. Tourism is a major source of foreign currency earnings for Egypt, accounting for 12% of the total foreign currency earnings in 2014/2015 and for 7.2% in 2015/2016. In 2016, the geographical origin of inbound tourists was the following: Europe 48.2%, other Arab countries 37%, Asia 7%, America 5.3%, and other Africa 2.2%. Particular efforts have been deployed towards attracting new customers especially from other Arab countries and from Asia.

4.192. Tourism revenues and the number of visitors are highly dependent on political events and security concerns. In recent years, there has been an overall declining trend in international receipts due to these concerns, to the point that in 2014 domestic tourism receipts (US$3.1 billion) amounted to nearly half of inbound tourism receipts (US$7.2 billion). Overall tourism receipts have declined from US$12.5 billion in 2010 to US$6.2 billion in 2015 and US$2.6 billion in 2016. The average expenditure per tourist/night in 2016 was US$80.9, up from US$72.4 in 2015, but lower than the US$85 registered in 2010. Table 4.27 depicts the evolution of the number of inbound tourists and the tourism receipts stemming from these tourists between 2010 and 2016.

Table 4.27 Number of inbound tourists and the revenues stemming from inbound tourism, 2010-16

	2010	2011	2012	2013	2014	2015	2016
Number of inbound tourists	14.7	9.8	11.5	9.5	9.9	9.3	5.4
Inbound tourism receipts (US$ billion)	12.5	8.7	10.0	6.1	7.2	6.2	2.6

Source: Information provided by the authorities.

4.193. Total hotel capacity in 2016 was 206,054 rooms, of which a third each in the Red Sea and South Sinai areas, 14% in Cairo, 4% in Luxor and Aswan, 4% in Alexandria, and 12% in the rest of the country.

4.194. The authorities responsible for tourism activities are the Ministry of Tourism and its two administrative arms, the Tourism Development Authority (TDA) and the Egyptian Tourism Authority (ETA). The TDA is primarily in charge of setting and implementing regulations for tourism projects and investments, by assisting with the provision of land and facilitating access to

[28] Under the Egyptian legislation, the Suez Canal is not considered an inland waterway and is subject to special laws.
[29] WTO document GATS/SC/30, 15 April 1994.

loans for developing infrastructure projects. The ETA is responsible for promoting inbound and domestic tourism. It manages the development and diversification of the tourism product, both regionally and internationally.

4.195. In order to counterbalance the decline in the number of tourists, the Ministry of Tourism has developed a six-pillar Global Strategy that will be soon enshrined in a new Tourism Law, which as at October 2017 was still in the drafting process and is expected in the course of 2018. These six pillars are: reviving tourism activities; supporting aviation; upgrading the sector's infrastructures; developing new tourism products and improving services; attracting investment; and promoting green tourism. Particular efforts have been made and are further planned in the areas of safety and security, with actions such as: the deployment of control cameras and metal detectors in hotels and GPS systems to monitor tourist vehicles; the implementation of a road safety and welcome awareness campaign among the population in the zones concerned; promoting the Egypt brand; and promoting e-marketing. The Strategy acknowledges that traditional cultural tourism, and an all-inclusive seaside hotel, are just two segments among others, and seeks to develop other types of tourism products such as green tourism and to promote tourism in all governorates.

4.196. Concrete measures already adopted to promote tourism include the creation of a high-level Tourism Committee and the reduction in the numbers of permits required to open a hotel from 12 to 2 as per Decree No. 852/2014. Apart from the drafting of a new, unified Tourism Law, the authorities are working on seeking closer coordination between the Ministry of Tourism and the Ministry of Investment in order to facilitate the issuance of permits and licences.

4.197. Regarding incentives for the sector, they are contained in the new Investment Law No. 72/2017 (Section 3.3.1). Table 4.28 describes the regulatory framework applicable to tourism services in Egypt.

Table 4.28 Regulatory framework for tourism and travel-related services

Subsectors	GATS	Applied regime
9.A Hotels and restaurants (a) Hotels and motels (b) Resort hotels and accommodation facilities (c) Casino hotels 2. Restaurants, bars and canteens (a) Full service restaurants (b) Fast food restaurants and cafeteria	(1) Unbound (2) None (3) Market access: licence will be granted following an economic needs test. - Casino services can be provided only through 5-star hotels (gambling is allowed only for foreigners) - Limitations on the total number of services operations depend on an economic needs test. - Foreign capital equity should not exceed 49% in projects to be established in Sinai National treatment: The training of Egyptian employees should be performed by the foreign natural persons within the terms of the contract. (4) None	GATS commitments are based on the *status quo*, namely: - An economic needs test is applied in a non-discriminatory manner; its main criteria are market needs, geographical location, hotel categories and increase in number and categories of tourists. - The number of foreign natural persons necessary to supply services in any entity shall not exceed 10% of the total of number of persons employed. - In the Sinai peninsula, foreign capital participation should not exceed 49% (Law 14/2012). - The training of Egyptian employees should be performed by foreign natural persons.

Subsectors	GATS	Applied regime
9.B Travel agencies and tour operators services (CPC 7471)	(1) Unbound (2) None (3) Market access: Limitations on the total number of services operations depend on an economic needs test National treatment: The training of Egyptian employees should be performed by the foreign natural persons within the terms of the contract. (4) None	- A non-discriminatory economic needs test is applied based on the categories of tourists. - Some limitations apply depending on the type of travel agencies, A, B or C: (A): Agencies that carry out all tourist activities: inbound and outbound tourism, ticketing and transportation. (B): Companies providing ticketing and transportation services only. (C): Companies providing transportation services only. - The number of foreign natural persons necessary to supply services in any entity shall not exceed 10% of the total number of persons employed.
9.C Tourist guides services (CPC 7472)	No commitments	- A nationality requirement applies - Foreign translators of rare languages that Egyptian guides do not possess are given permission by the Ministry of Tourism to translate for Egyptian tourist guides.
9.D Other tourism and travel related services -1. Tourism management services (a) Tourism property management (b) Rental lease tourism property	(1) None (2) None (3) Market access: Bound only for representative offices. Limitations on the total number of services operations depend on the requirement of an economic needs test. National treatment: The training of Egyptian employees should be performed by the foreign natural persons within the terms of the contract. (4) None	A non-discriminatory economic needs test is applied based on the categories of tourists. - Training of Egyptian employees should be performed by foreign natural persons
Institutional Food Service Caterers (with the exception of airport catering facilities which are confined only to national air carriers)	(1) None (2) None (3) None (4) None	No restrictions (the New Norms for the Quality of Service approved by the UN World Tourism Organization apply)

Source: GATS schedule and information provided by the authorities

5 APPENDIX TABLES

Table A1.1 Basic economic indicators, 2005/06-2015/16 and estimates for 2016/17 and 2017/18

	2005/ 06	2006/ 07	2007/ 08	2008/ 09	2009/ 10	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18
Gross domestic product (GDP)													
Current GDP (LE billion)	617.7	744.8	895.5	1,042.2	1,206.6	1,371.1	1,674.7	1,860.4	2,130.0	2,443.9	2,708.3	3,496.0	3,789.9
Current GDP (US$ billion)	107.0	130.5	167.2	185.7	212.2	230.1	276.5	265.9	297.9	332.5	332.3	236.2	..
GDP per capita (US$)	1,513.6	1,807.7	2,271.4	2,469.2	2758.9	2,923.4	3,435.0	3,222.5	3,521.2	3,734.1	3,461.9	2,508	..
Real GDP, growth rate (%) at market prices	6.8	7.1	7.2	4.7	5.1	1.8	2.2	2.2	2.9	4.4	4.3	4.2	6.0
Real GDP, growth rate (%) at factor cost	6.9	7.1	7.2	4.6	5.1	1.9	2.2	2.2	2.9	3.4	2.3	..	..
By type of expenditure (in LE billion)													
Total consumption	512.0	623.6	745.1	911.4	1,034.5	1,193.1	1,538.9	1,713.9	2,019.0	2,301.9	2,551.3	..	..
Private consumption	436.1	539.2	647.6	793.1	899.8	1,036.1	1,351.7	1,502.7	1,766.6	2,014.5	2,241.7	..	..
Public consumption	75.9	84.4	97.5	118.3	134.7	157.0	187.2	211.2	252.4	287.4	309.6	..	..
Gross fixed capital formation	115.7	155.3	200.5	200.0	235.3	234.5	268.4	264.4	290.6	349.2	407.5	..	..
Exports of goods and services	185.0	225.3	295.9	260.1	257.6	282.0	274.6	316.6	303.4	322.2	280.4	..	..
Imports of goods and services	195.0	259.4	346.0	329.3	320.8	338.5	407.2	434.5	483.0	529.4	530.9	..	..
By type of expenditure (as percentage of current GDP)													
Total consumption	82.9	83.7	83.2	87.4	85.7	87.0	91.9	92.1	94.8	94.2	94.2	..	..
Private consumption	70.6	72.4	72.3	76.1	74.6	75.6	80.7	80.8	82.9	82.4	82.8	..	..
Public consumption	12.3	11.3	10.9	11.4	11.2	11.5	11.2	11.4	11.8	11.8	11.4	..	..

	2005/ 06	2006/ 07	2007/ 08	2008/ 09	2009/ 10	2010/ 11	2011/ 12	2012/ 13	2013/ 14	2014/ 15	2015/ 16	2016/ 17	2017/ 18
Gross fixed capital formation	18.7	20.9	22.4	19.2	19.5	17.1	16.0	14.2	13.6	14.3	15.0	..	..
Exports of goods and services	29.9	30.2	33.0	25.0	21.3	20.6	16.4	17.0	14.2	13.2	10.4	..	..
Imports of goods and services	31.6	34.8	38.6	31.6	26.6	24.7	24.3	23.4	22.7	21.7	19.6	..	..
By sector of economic activity (% of current GDP)													
Agriculture	14.1	14.1	13.2	13.6	14.0	14.5	11.0	10.9	10.9	11.3	11.9	..	..
Industry	17.0	16.1	16.3	16.6	16.9	16.5	15.8	16.1	16.2	16.5	17.1	..	..
Mining and quarrying	15.5	14.6	15.6	14.9	14.4	14.9	16.2	16.1	15.9	12.7	8.0	..	..
Construction	4.1	4.2	4.3	4.4	4.6	4.6	4.1	4.3	4.3	4.8	5.4	..	..
Electricity, gas, water, sewage, and urban cleaning	1.9	1.8	1.7	1.7	1.7	1.6	2.2	2.2	2.1	2.2	2.3	..	..
Services	7.3	7.0	7.1	6.2	5.7	5.4	4.5	1.7	3.8	4.0	3.4	..	..
Distributive trade	10.9	10.4	10.9	11.4	11.6	11.5	12.5	12.3	12.4	12.9	14.0	..	..
Transportation, storage, and courier	4.2	4.2	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.3	4.7	..	..
Information services	2.1	3.5	3.4	3.4	3.2	3.1	2.8	2.5	2.4	2.3	2.3	..	..
Financial intermediation and insurance	7.1	7.6	7.4	7.2	7.2	7.1	4.5	7.2	4.5	4.6	4.9	..	..
Real estate services	3.3	2.9	2.7	2.7	2.6	2.6	8.9	9.0	9.1	9.6	10.5	..	..
Public administration, education, and public health	12.6	13.6	13.2	13.9	14.0	14.1	13.4	13.6	14.3	14.8	15.5	..	..
Other economic indicators (% of current GDP)													
Gross national savings	17.1	16.3	16.8	12.6	14.3	13.0	8.1	7.9	5.2	5.8	5.8	..	..

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Gross domestic investment	18.7	20.9	22.3	18.9	19.2	16.7	14.7	13.0	12.4	13.7	14.5	..	..
Private sector	10.7	13.1	14.4	9.2	10.5	10.3	9.2	7.8	7.3	7.6	8.4	..	..
Public sector	8.0	7.8	7.9	9.8	8.7	6.4	5.5	5.2	5.2	6.0	6.1	..	..
Employment													
Urban unemployment rate (%, annual)	11.2	10.6	8.9	8.7	9.4	9	12	12.7	13.2	13	12.7	..	..
Structure of national employment (% of occupied population)													
Agriculture	..	..	29.1	28.2	28.1	29.6	26.9	27.5	26.5	25	22.9	..	..
Industry of transformation activities	..	..	12.2	11.9	12.2	9.7	11.2	11.3	11.7	10.7	12.8	..	..
Construction	..	..	12.2	10.9	11.1	11.7	12	11.2	11.4	12.4	12	..	..
Other activities	..	..	46.5	49.0	48.6	49.0	49.9	50.0	50.4	51.9	52.3	..	..
Memorandum items:													
Industrial production (% change)	..	..	9.9	1.0	-1.1	-5.4	2.5	-0.1	3.5	0.3	..	..	..
Economically active population (million)	19.3	20.4	21.7	22.5	23.0	23.8	23.3	23.6	24.0	24.3	24.9	..	..

.. Not available.

Note: Fiscal year ends on 30 June.

Source: Information provided by the authorities.

Table A1.2 Fiscal accounts, 2005/06-2016/17

(% to GDP)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
A. Budget sector												
Total revenue	**24.5**	**24.2**	**24.7**	**27.1**	**22.2**	**19.3**	**18.3**	**19.0**	**21.7**	**19.1**	**18.1**	**18.1**
- Taxes	15.8	15.3	15.3	15.7	14.1	14.0	12.5	13.6	12.4	12.6	13.0	13.1
Taxes on income and profits	7.8	7.9	7.5	7.7	6.3	6.5	5.5	6.4	5.8	5.3	5.3	4.8
Taxes on property	0.2	0.2	0.2	0.3	0.7	0.7	0.8	0.9	0.9	0.9	1.0	1.1
Taxes on goods and services	5.6	5.3	5.6	6.0	5.6	5.5	5.1	5.0	4.4	5.1	5.2	5.7
Taxes on international trade (customs)	1.6	1.4	1.6	1.4	1.2	1.0	0.9	0.9	0.8	0.9	1.0	1.0
Other taxes	0.6	0.6	0.5	0.3	0.3	0.2	0.2	0.4	0.5	0.4	0.4	0.5
- Grants	0.4	0.5	0.2	0.8	0.4	0.2	0.6	0.3	4.6	1.0	0.1	0.0
- Other revenue	8.3	8.3	9.2	10.7	7.7	5.2	5.2	5.1	4.8	5.5	5.0	4.9
Property income	5.9	6.1	5.9	5.1	4.5	3.0	3.4	3.1	2.7	3.4	2.6	2.7
Proceeds of selling goods and services	1.3	1.3	1.3	1.6	1.4	1.3	1.1	1.2	1.4	1.1	1.1	0.9
Financial investments	0.7	0.6	1.4	0.9	1.4	0.6	0.5	0.4	0.3	0.6	0.6	0.7
Total expenditure	**33.6**	**29.8**	**31.5**	**33.7**	**30.3**	**29.3**	**28.4**	**31.9**	**33.4**	**30.2**	**30.2**	**28.7**
Workers' wages and compensations	7.6	7.0	7.0	7.3	7.1	7.0	7.4	7.8	8.5	8.2	7.9	6.5
Purchases of goods & services	2.4	2.3	2.1	2.4	2.3	1.9	1.6	1.4	1.3	1.3	1.3	1.2
Interest	6.0	6.4	5.6	5.1	6.0	6.2	6.3	8.0	8.2	7.9	9.0	9.0
Subsidies, grants and social benefits	11.2	7.8	10.3	12.2	8.5	9.0	9.1	10.7	10.9	8.2	7.4	7.6
Subsidies	8.8	7.2	9.4	9.0	7.8	8.1	8.1	9.3	8.9	6.2	5.1	5.5
Grants	0.4	0.3	0.4	0.4	0.4	0.4	0.3	0.3	0.2	0.3	0.3	0.1
Social benefits	2.0	0.2	0.5	2.8	0.4	0.4	0.6	1.1	1.7	1.7	2.0	1.8
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other expenditure	3.2	2.8	2.7	2.6	2.4	2.3	1.9	1.9	2.0	2.1	2.0	1.7
Defence	2.6	2.4	2.2	2.1	1.9	1.9	1.6	1.6	1.5	1.7	1.7	1.4
Other	0.6	0.5	0.5	0.5	0.5	0.4	0.3	0.3	0.4	0.4	0.3	0.3
Purchases of nonfinancial assets(investments)	3.4	3.4	3.8	4.2	4.0	2.9	2.2	2.1	2.5	2.5	2.6	2.7
Budget overall balance	**-8.2**	**-7.3**	**-6.8**	**-6.9**	**-8.1**	**-9.8**	**-10.1**	**-13.0**	**-12.2**	**-11.5**	**-12.5**	**-10.8**
B. General government												
Total revenues	28.5	28.1	27.8	27.7	25.1	22.0	21.1	21.9	24.7	22.2	..	..
Total expenditures	36.2	33.4	34.1	34.2	32.9	32.1	31.2	34.9	36.2	33.2	..	..
Cash deficit/net acquisition of financial assets	-7.7	-5.2	-6.4	-6.6	-7.7	-10.1	-10.1	-13.0	-11.4	-11.0	..	..
Overall deficit	**-9.2**	**-7.7**	**-7.5**	**-6.9**	**-8.2**	**-9.8**	**-10.0**	**-13.4**	**-12.1**	**-11.7**	**..**	**..**

.. Not available.

Note: Fiscal year ends on 30 June.

Source: Information provided by the authorities.

Table A1.3 Main monetary indicators, 2005/06-2016/17

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Money												
Monetary base (12-month rate of change) %	14.8	15.6	26.7	3.1	16.0	23.6	5.1	20.6	14.6	33.3	-1.6	20.8
M1 (12-month rate of change) %	21.8	20.1	29.9	7.3	17.0	16.2	10.4	25.4	19.3	21.6	14.8	23.5
M2 (12-month rate of change) %	13.5	18.3	15.7	8.4	10.4	10.0	8.4	18.4	17.0	16.4	18.6	39.3
Interest rates												
Average lending rate (annual average)	..	..	..	..	..	10.84	11.63	12.20	11.92	11.71	12.12	15.75
Average deposit rate (annual average)	..	..	..	..	..	7.28	7.91	8.97	9	8.76	8.66	10.37
Inflation												
Consumer price index (period average, % change)	4.2	10.9	11.7	16.2	11.7	11.1	8.6	6.9	10.1	11.0	10.2	23.5
Consumer price index (end of period, % change)	7.3	8.6	20.2	9.9	10.1	11.8	7.3	9.8	8.2	11.4	14.0	29.8
Producer price index (end of period, % change)[a]	5.7	8.6	33.7	-12.0	8.6	19.4	-3.7	8.4	4.3	-2.2	5.7	..
Exchange rates												
Exchange rate (LE per US$, period average) buy rate	5.7204	5.6799	5.4594	5.5162	5.4939	5.8114	5.953	6.4459	6.9539	7.2502	8.0533	14.7867

.. Not available.

a The Producer Price Index replaced the Wholesale Price Index in September 2007.

Note: The fiscal year ends on 30 June.

Source: Information provided by the authorities.

Table A1.4a Balance of payments (f.o.b. basis), 2005/06-2016/17

(US$ million)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16[a]	2016/17[a]
Current account												
Balance on goods (f.o.b.)	-8,200.0	-11,520.4	-16,860.8	-18,934.0	-19,039.7	-20,401.2	-26,839.0	-23,581.8	-26,695.4	-31,440.1	-31,539.3	-28,325.30
Exports	18,455.1	22,017.5	29,355.8	25,168.9	23,873.1	26,992.5	25,071.9	26,988.1	26,022.6	22,245.1	18,704.6	21,687.0
Imports	-26,655.1	-33,537.9	-46,216.6	-44,102.9	-42,912.8	-47,393.7	-51,910.9	-50,569.9	-52,718.0	-53,685.2	-50,243.9	-50,012.3
Services and income (net)	4,404.8	6,728.1	8,411.5	6,263.0	4,258.7	1,176.5	-1,715.3	-2,073.5	-6,452.2	-2,578.3	-5,082.5	-4,721.7
Services	3,874.1	5,551.1	7,051.8	6109.4	8,623.4	7,226.0	4,764.1	5,332.9	810.5	3,122.6	-610.8	-298.7
Credit	15,436.1	17,410.8	23,921.6	21,864.6	22,733.9	21,454.3	20,626.1	22,026.6	17,437.2	21,811.8	16,079.3	16,597.0
Debit	11,562.0	11,859.7	16,869.8	15,755.2	14,110.5	14,228.3	15,862.0	16,693.7	16,626.7	18,689.2	16,690.1	16,895.7
Income	530.7	1,177.0	1,359.7	153.6	-4,364.7	-6,049.5	-6,479.4	-7,406.4	-7,262.7	-5,700.9	-4,471.7	-4,423.0
Credit	2,001.8	3,044.7	3,289.4	1,936.7	829.0	418.8	246.1	197.8	194.2	212.8	396.9	497.9
Debit	1,471.1	1,867.7	1,929.7	1,783.1	5,193.7	6,468.3	6,725.5	7,604.2	7,456.9	5,913.7	4,868.6	4,920.9
Current unilateral transfers	5,547.1	7,061.3	9,337.6	8,246.6	10,463.4	13,136.8	18,408.0	19,264.9	30,367.9	21,875.8	16,790.7	17,471.8
Of which remittances from Egyptians working abroad	5,034.2	6,321.0	8,559.2	7,805.7	9,753.4	12,592.6	17,970.9	18,668.0	18,518.7	19,330.0	17,077.4	17,453.0
Capital and financial account												
Capital account	-37.6	-39.0	2.3	-2.6	-36.2	-32.3	-96.0	-86.8	194.1	-122.9	-141.4	-113.3
Financial account	3,548.9	892.0	7,555.2	2,287.3	9,015.7	-4,166.3	1,118.9	9,859.8	4,995.4	18,051.8	21,318.1	29,147.5
Direct investments												
Abroad	-145.3	-535.6	-1,112.7	-1,340.5	-976.6	-958.0	-249.2	-183.6	-326.6	-223.3	-164.2	-175.1
In the reporting country	6,111.4	11,053.2	13,236.5	8,113.4	6,758.2	2,188.6	3,982.2	3,753.3	4,178.2	6,379.8	6,932.6	7,915.8
Portfolio investments												
Assets	-729.1	-557.5	-959.5	-410.8	-522.2	-117.7	-148.7	22.4	65.9	47.2	192.1	208.4
Liabilities	2,764.0	-936.7	-1,373.6	-9,210.7	7879.3	-2,550.9	-5,025.3	1,477.4	1,237.2	-638.6	-1,286.8	15,985.3
Other investments (net)	-4,452.1	-8,131.4	-2,235.5	5,135.9	-4,123.0	-2,728.3	2,559.9	4,790.3	-159.3	12,486.7	15,644.4	5,213.1
Error and omission	-2,009.8	2,160.3	-3,025.4	-1,238.0	-1,306.2	532.5	-2,155.0	-3,145.6	-931.2	-2,061.4	-4,158.6	258.2
Overall balance	3,253.4	5,282.3	5,420.4	-3,377.6	3,355.7	-9,753.9	-11,278.4	237.0	1,478.6	3,724.9	-2,813.0	13,717.2
Memorandum items:												
Current account (% of GDP)	1.6	1.7	0.5	-2.3	-2.0	-2.6	-3.6	-2.2	-0.9	-3.6	-5.9	-6.6
Gross official reserves (US$ million)	22,952	28,589	34,603	31,347	35,248	26,593	15,556	14,960	16,710	20,104	17,570	31,307.0

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16[a]	2016/17[a]
Official reserve assets	22,494.3	29,595.3	36,694.1	30,945.9	35,060.1	26,413.4	15,238.1	14,484.9	16,289.0	19,550.8	17,096.7	30,652.4
Month of imports (goods and services) in months of next year's imports (goods and services)	6.1	5.4	6.9	6.6	6.9	4.7	2.8	2.6	2.8	3.6	3.1	5.6

.. Not available.

a Provisional.

Note: Fiscal year ends on 30 June.

Source: Information provided by the authorities.

Table A1.4b Balance of payments (f.o.b. and c.i.f. basis), 2005/06-2016/17

(US$ million)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16[a]	2016/17[a]
Current account												
Balance on goods	-11,985.9	-16,290.6	-23,415.4	-25,173.3	-25,120.0	-27,103.0	-34,139.0	-30,694.7	-34,159.3	-39,060.4	-38,683.1	-35,435.1
Exports (f.o.b.)	18,455.1	22,017.5	29,355.8	25,168.9	23,873.1	26,992.5	25,071.9	26,988.1	26,022.6	22,245.1	18,704.6	21,687.0
Imports (c.i.f.)	-30,441.0	-38,308.1	-52,771.2	-50,342.2	-48,993.1	-54,095.5	-59,210.9	-57,682.8	-60,181.9	-61,305.5	-57,387.7	-57,122.1
Services and income (net)	8,190.7	11,498.3	14,966.1	12.502.4	10,339.0	7,878.4	5,584.7	5,039.4	1,011.7	5,042.0	2,061.3	2,388.1
Services	7,660.0	10,321.3	13,606.4	12,348.8	14,703.7	13,927.9	12,064.1	12,445.8	8,274.4	10,742.9	6,533.0	6,811.1
Credit	15,436.1	17,410.8	23,921.6	21,864.6	22,733.9	21,454.3	20,626.1	22,026.6	17,437.2	21,811.8	16,079.3	16,597.0
Debit	7,776.1	7,089.5	10,315.2	9,515.8	8,030.2	7,526.4	8,562.0	9,580.8	9,162.8	11,068.9	9,546.3	9,785.9
Income	530.7	1,177.0	1,359.7	153.6	-4,364.7	-6,049.5	-6,479.4	-7,406.4	-7,262.7	-5,700.9	-4,471.7	-4,423.0
Credit	2,001.8	3,044.7	3,289.4	1,936.7	829.0	418.8	246.1	197.8	194.2	212.8	396.9	497.9
Debit	1,471.1	1,867.7	1,929.7	1,783.1	5,193.7	6,468.3	6,725.5	7,604.2	7,456.9	5,913.7	4,868.6	4,920.9
Current unilateral transfers	5,547.1	7,061.3	9,337.6	8,246.6	10,463.4	13,136.8	18,408.0	19,264.9	30,367.9	21,875.8	16,790.7	17,471.8
Of which remittances from Egyptians working abroad	5,034.2	6,321.0	8,559.2	7,805.7	9,753.4	12,592.6	17,970.9	18,668.0	18,518.7	19,330.0	17,077.4	17,453.0
Capital and financial account												
Capital account	-37.6	-39.0	2.3	-2.6	-36.2	-32.3	-96.0	-86.8	194.1	-122.9	-141.4	-113.3
Financial account	3,548.9	892.0	7,555.2	2,287.3	9,015.7	-4,166.3	1,118.9	9,859.8	4,995.4	18,051.8	21,318.1	29,147.5
Direct investments												
Abroad	-145.3	-535.6	-1,112.7	-1,340.5	-976.6	-958.0	-249.2	-183.6	-326.6	-223.3	-164.2	-175.1
In the reporting country	6,111.4	11,053.2	13,236.5	8,113.4	6,758.2	2,188.6	3,982.2	3,753.3	4,178.2	6,379.8	6,932.6	7,915.8
Portfolio investments												
Assets	-729.1	-557.5	-959.5	-410.8	-522.2	-117.7	-148.7	22.4	65.9	47.2	192.1	208.4
Liabilities	2,764.0	-936.7	-1,373.6	-9,210.7	7879.3	-2,550.9	-5,025.3	1,477.4	1,237.2	-638.6	-1,286.8	15,985.3
Other investments (net)	-4,452.1	-8,131.4	-2,235.5	5,135.9	-4,123.0	-2,728.3	2,559.9	4,790.3	-159.3	12,486.7	15,644.4	5,213.1
Error and omission	-2,009.8	2,160.3	-3,025.4	-1,238.0	-1,306.2	532.5	-2,155.0	-3,145.6	-931.2	-2,061.4	-4,158.6	258.2
Overall balance	3,253.4	5,282.3	5,420.4	-3,377.6	3,355.7	-9,753.9	-11,278.4	237.0	1,478.6	3,724.9	-2,813.0	13,717.2
Memorandum items:												
Current account (% of GDP)	1.6	1.7	0.5	-2.3	-2.0	-2.6	-3.6	-2.2	-0.9	-3.6	-5.9	-6.6
Gross official reserves (US$ million)	22,952	28,589	34,603	31,347	35,248	26,593	15,556	14,960	16,710	20,104	17,570	31,307.0
Official reserve assets	22,494.3	29,595.3	36,694.1	30,945.9	35,060.1	26,413.4	15,238.1	14,484.9	16,289.0	19,550.8	17,096.7	30,652.4

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16[a]	2016/17[a]
Month of imports (goods and services) in months of next year's imports (goods and services)	6.1	5.4	6.9	6.6	6.9	4.7	2.8	2.6	2.8	3.6	3.1	5.6

.. Not available.

a Provisional.

Note: Fiscal year ends on 30 June.

Source: Information provided by the authorities.

Table A1.5 Merchandise exports by HS section and major HS chapter, 2011-16

HS Section	HS Chapter/Code	2011	2012	2013	2014	2015	2016
Total (US$ billion)		**31.6**	**29.4**	**28.8**	**26.8**	**22.0**	**22.5**
		(% of total exports)					
01 Live animals and products		1.8	1.5	1.6	1.8	2.0	1.8
02 Vegetable products		8.7	8.5	9.7	10.8	13.5	12.5
	08 Edible fruit and nuts; peel of citrus fruit or melons	3.2	3.4	3.5	3.9	5.1	5.3
	07 Edible vegetables and certain roots and tubers	3.1	2.7	3.6	4.6	5.2	4.3
03 Fats and oils		1.0	0.9	0.9	0.7	0.6	0.7
04 Prepared food, beverages and tobacco		4.2	4.2	4.9	5.4	6.2	6.6
05 Mineral products		31.4	32.7	28.5	24.9	19.8	15.7
	27 Mineral fuels	29.3	30.2	26.3	23.4	18.0	14.3
	2709 Petroleum oils, crude.	9.5	10.3	10.6	11.4	9.1	8.0
	2710 Petroleum oils, other than crude	11.1	10.7	8.9	9.1	6.8	4.2
06 Chemicals and products thereof		11.8	12.0	12.4	11.7	9.7	11.3
	31 Fertilizers	4.6	4.4	4.1	2.8	1.9	3.8
07 Plastics and rubber		3.8	4.6	5.6	6.6	6.8	5.6
	39 Plastics and articles thereof	3.5	4.3	5.3	6.1	6.3	5.2
08 Raw hides and skins; leather		0.5	0.4	0.6	0.7	0.7	0.5
09 Wood, cork, straw		0.1	0.1	0.1	0.3	0.2	0.2
10 Pulp of wood; paper and paperboard		1.6	1.6	1.4	1.2	1.2	1.1
11 Textiles and textile articles		10.9	9.9	10.8	11.3	13.5	11.2
	62 Articles of apparel and clothing accessories	3.1	2.6	3.0	2.9	4.0	3.4
	52 Cotton	2.0	1.8	1.9	1.8	2.2	2.1
12 Footwear, headgear, etc.		0.1	0.0	0.0	0.0	0.0	0.0
13 Articles of stone, plaster, cement		2.6	3.8	3.7	3.9	4.0	3.6
14 Precious stones and metals, pearls		5.5	4.5	3.2	2.5	2.9	11.8
15 Base metals and articles thereof		10.0	8.5	9.0	7.3	6.9	6.3
16 Machinery, electrical machines		4.5	4.7	4.8	8.2	8.6	7.3
	85 Electrical machinery and equipment	3.7	3.9	4.2	7.3	8.0	6.8
17 Transport equipment		0.3	0.4	0.6	0.5	0.5	0.7
18 Precision equipment		0.2	0.3	0.2	0.2	0.3	0.3
19 Arms and ammunitions		0.0	0.0	0.0	0.0	0.0	0.0
20 Miscellaneous manufactured articles		1.0	1.2	1.7	2.1	2.6	2.7
21 Works of art, collector pieces and antiques		0.0	0.0	0.0	0.0	0.0	0.0

Source: UNSD, Comtrade database.

Table A1.6 Merchandise imports by HS section and major HS chapter, 2011-16

HS Section	HS Chapter/Code	2011	2012	2013	2014	2015	2016
Total (US$ billion)		**62.3**	**69.9**	**66.7**	**71.3**	**74.4**	**58.1**
		(% of total imports)					
01 Live animals and products		3.4	4.0	3.8	4.5	4.8	4.5
02 Vegetable products		12.8	11.9	11.4	11.3	9.7	9.4
	10 Cereals	8.8	7.7	7.1	7.1	5.9	5.3
03 Fats and oils		3.3	2.3	2.4	1.6	1.0	1.3
04 Prepared food, beverages and tobacco		4.5	4.4	4.1	4.1	4.2	4.4
05 Mineral products		16.8	20.1	15.5	15.4	16.7	14.9
	27 Mineral fuels	14.9	18.7	13.9	13.9	16.0	14.2
	710 Petroleum oils, other than crude	8.2	11.0	8.3	7.8	9.6	5.7
	711 Petroleum gases and other gaseous hydrocarbons	3.3	3.2	2.4	1.4	3.3	5.5
06 Chemicals and products thereof		8.3	8.3	9.2	8.8	8.9	9.4
	30 Pharmaceutical products	2.2	2.4	2.7	2.6	3.1	3.3
	29 Organic chemicals	2.2	2.0	2.2	2.2	2.0	2.2
07 Plastics and rubber		6.0	5.9	6.4	6.0	5.7	6.0
08 Raw hides and skins; leather		0.1	0.1	0.1	0.1	0.1	0.1
09 Wood, cork, straw		2.2	2.4	2.2	2.6	2.3	2.3
10 Pulp of wood; paper and paperboard		2.3	2.2	2.4	2.1	2.1	2.3
11 Textiles and textile articles		4.7	4.2	4.8	5.1	5.7	5.0
12 Footwear, headgear, etc.		0.2	0.2	0.2	0.2	0.3	0.2
13 Articles of stone, plaster, cement		0.6	0.6	0.7	0.6	0.6	0.6
14 Precious stones and metals, pearls		0.1	0.2	1.5	1.3	0.2	0.1
15 Base metals and articles thereof		12.9	12.7	12.6	12.0	10.9	11.4
	72 Iron and steel	5.8	6.2	5.9	6.1	5.0	4.9
	73 Articles of iron or steel	4.2	3.7	4.0	3.6	3.6	4.1
16 Machinery, electrical machines		14.6	13.3	15.6	14.7	15.0	16.1
	84 Machinery and mechanical appliances	8.8	8.0	9.3	8.1	8.1	9.1
	85 Electrical machinery and equipment	5.9	5.3	6.3	6.6	6.9	7.0
17 Transport equipment		5.5	5.5	5.3	7.6	9.2	10.0
	87 Vehicles	5.0	5.1	5.0	7.3	8.4	7.9
18 Precision equipment		1.1	1.1	1.2	1.3	1.3	1.4
19 Arms and ammunitions		0.0	0.0	0.0	0.0	0.1	0.0
20 Miscellaneous manufactured articles		0.6	0.6	0.7	0.7	1.0	0.8
21 Works of art, collector pieces and antiques		0.0	0.0	0.0	0.0	0.0	0.0

Source: UNSD, Comtrade database.

Table A1.7 Merchandise exports by destination, 2011-16

	2011	2012	2013	2014	2015	2016
Total exports (US$ billion)	**31.6**	**29.4**	**28.8**	**26.8**	**22.0**	**22.5**
	% of total exports					
Americas	**7.3**	**8.5**	**7.4**	**7.1**	**8.6**	**5.7**
United States	5.8	6.9	4.1	4.2	5.6	4.5
Other America	1.6	1.7	3.3	2.9	3.0	1.2
Europe	**36.5**	**33.4**	**34.7**	**35.1**	**34.2**	**34.5**
EU-28	30.7	26.8	28.2	29.4	27.3	25.9
Italy	8.6	7.9	9.4	9.2	7.4	6.5
United Kingdom	3.1	2.9	3.4	3.8	4.3	4.7
Spain	4.2	3.4	2.2	2.2	2.1	2.9
Germany	2.5	2.2	2.2	2.5	2.5	2.4
France	4.1	3.9	3.4	3.1	2.2	2.2
Netherlands	2.2	1.4	1.1	1.4	1.8	1.5
Belgium	1.7	1.4	1.6	1.3	1.5	1.4
EFTA	0.9	1.2	0.4	0.2	1.1	2.2
Switzerland	0.9	1.2	0.3	0.1	1.0	2.2
Other Europe	4.9	5.4	6.1	5.5	5.9	6.4
Turkey	4.8	5.3	6.1	5.4	5.8	6.4
Commonwealth of Independent States	**1.6**	**1.2**	**1.3**	**1.6**	**1.9**	**1.4**
Africa	**13.6**	**15.5**	**15.2**	**14.6**	**15.2**	**15.2**
Libya	1.8	4.9	4.4	3.7	2.6	2.6
Sudan	1.7	1.5	1.9	1.5	2.5	2.4
Algeria	1.2	1.3	1.8	2.1	2.1	2.1
Morocco	1.6	1.4	1.4	1.8	1.6	1.5
Middle East	**22.2**	**20.7**	**22.5**	**25.5**	**28.3**	**34.5**
United Arab Emirates	2.7	2.5	2.7	3.7	5.1	12.6
Saudi Arabia, Kingdom of	6.3	6.2	6.9	7.4	9.2	7.8
Lebanese Republic	3.1	2.9	2.4	2.2	2.0	3.6
Jordan	2.7	2.4	3.0	2.3	2.6	2.3
Iraq	1.4	1.9	2.6	2.9	2.2	1.7
Kuwait, the State of	0.8	0.8	1.0	2.2	2.2	1.7
Asia	**15.2**	**16.4**	**15.7**	**12.8**	**9.4**	**8.1**
China	2.0	2.5	1.9	1.2	2.0	2.2
Japan	1.1	3.4	1.6	1.4	0.6	0.2
Other Asia	12.1	10.4	12.2	10.2	6.8	5.7
India	7.2	6.9	7.4	7.2	4.1	2.8
Other	**3.5**	**4.2**	**3.3**	**3.2**	**2.5**	**0.7**

Source: UNSD, Comtrade database.

Table A1.8 Merchandise imports by origin, 2011-16

	2011	2012	2013	2014	2015	2016
Total imports (US$ billion)	**62.3**	**69.9**	**66.7**	**71.3**	**74.4**	**58.1**
	(% of total imports)					
Americas	**18.6**	**14.1**	**14.8**	**13.0**	**12.4**	**11.9**
United States	10.4	7.6	7.8	7.3	5.9	5.3
Other America	8.2	6.6	7.0	5.7	6.5	6.6
Brazil	3.9	4.0	3.4	3.1	3.6	3.0
Argentina	3.0	1.6	2.4	1.6	1.9	2.5
Europe	**35.0**	**35.7**	**38.1**	**37.1**	**38.3**	**38.2**
EU-28	29.3	29.3	32.0	31.5	32.4	32.4
Germany	6.3	6.7	7.9	7.8	7.8	8.7
Italy	5.0	5.0	5.3	4.6	4.4	4.6
Spain	1.8	1.9	2.3	2.1	2.8	3.4
France	3.3	3.3	3.2	3.0	3.3	2.3
United Kingdom	2.0	1.8	2.1	2.3	1.7	2.0
Netherlands	2.7	2.1	1.6	1.5	1.7	1.4
Belgium	2.1	2.4	1.8	1.4	1.3	1.2
Greece	0.6	0.5	1.1	0.9	1.3	1.2
EFTA	1.5	1.3	2.1	1.5	1.3	1.3
Other Europe	4.3	5.1	4.0	4.1	4.6	4.4
Turkey	4.2	5.0	3.9	4.0	4.4	4.3
Commonwealth of Independent States	**7.9**	**11.5**	**7.7**	**8.6**	**8.0**	**7.7**
Russian Federation	4.2	5.7	2.8	4.1	4.5	3.8
Ukraine	3.1	5.5	4.7	4.2	3.3	3.7
Africa	**3.0**	**3.6**	**2.1**	**1.7**	**2.4**	**3.1**
Middle East	**11.6**	**11.4**	**12.3**	**13.4**	**11.3**	**11.8**
Saudi Arabia, Kingdom of	4.1	3.9	4.6	3.8	4.0	4.2
Qatar	0.2	0.1	0.1	0.1	1.0	2.7
Kuwait, the State of	4.5	3.9	3.9	4.9	2.4	1.9
United Arab Emirates	1.3	1.2	1.7	2.4	2.0	1.3
Asia	**23.7**	**23.8**	**24.8**	**26.2**	**27.6**	**27.3**
China	9.2	9.4	10.5	11.3	13.1	13.0
Japan	2.2	2.3	2.2	2.2	2.4	1.9
Other Asia	12.3	12.0	12.1	12.6	12.1	12.3
Korea, Republic of	2.8	2.5	2.3	3.1	3.3	3.7
India	2.6	3.2	3.4	3.5	3.1	3.2
Thailand	1.1	1.3	1.2	1.6	1.6	1.3
Other	**0.2**	**0.0**	**0.2**	**0.0**	**0.0**	**0.0**

Source: UNSD, Comtrade database.

Table A1.9 Trade in services, 2005/06-2016/17

(US$ million)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Balance	**3,874.1**	**5,551.1**	**7,051.8**	**6,109.5**	**8,623.4**	**7,226.0**	**4,764.1**	**5,332.9**	**810.5**	**3,122.6**	**-610.8**	**-298.7**
Services												
Transportation	703.5	1,282.2	695.9	997.6	1,122.5	1,322.3	1,370.1	1,838.5	1,777.6	2,219.0	2,480.5	2,088.1
Sea transport	-2,591.2	-3,328.5	-4,960.3	-4712.9	-4,473.5	-4,643.4	-4,749.6	-4,149.2	-4,267.2	-4,095.0	-3,560.4	-3,680.7
Air transport	95.5	525.8	613.2	800.4	689.2	627.4	515.2	686.9	506.7	693.4	643.0	518.5
Other transportation	3,199.2	4,084.9	5,043.0	4910.1	4,906.8	5,338.3	5,604.5	5,300.8	5,538.1	5,620.6	5,397.9	5,250.3
Of which Suez Canal revenue	3,558.8	4,169.6	5,155.2	4,720.6	4,516.8	5,052.9	5,207.8	5,031.8	5,369.1	5,361.7	5,121.6	4,945.3
Travel	5,615.0	6,265.4	7,931.2	7,748.3	9,263.8	8,476.1	6,921.4	6,823.0	2,028.8	4,032.2	-323.5	1,639.8
Insurance	-849.8	-1,045.3	-1,263.8	-1,400.4	-1,333.6	-1,361.8	-1,480.1	-1,491.0	-1,556.3	-1,581.2	-1,522.2	-1,545.9
Financial services	-37.7	35.1	54.6	804.2	681.7	245.2	99.2	164.7	126.0	139.4	192.2	121.4
Computer and information services	10.1	28.6	115.8	74.4	24.5	40.1	62.0	119.8	44.2	43.5	25.9	-29.9
Royalties and licence services	-10.5	-175.8	-286.3	-289.2	-286.4	-240.9	-284.0	-319.7	-286.5	-224.4	-206.0	-220.6
Government services	-961.7	-942.4	-1,125.5	-929.5	-1,316.6	-988.4	-875.7	-806.1	-419.5	527.4	-399.1	-347.7
Communication services	50.9	284.8	884.5	337.4	370.4	469.8	423.4	547.7	523.5	462.0	543.0	351.6
Construction services	357.2	386.8	1,140.7	458.0	383.3	242.9	231.8	401.8	324.5	-1,055.0	-85.4	237.7
Business, professional and technical services	-1,087.8	-629.7	-1,118.3	-1707.8	-308.6	-1,026.4	-1,760.5	-2,012.1	-1,844.5	-1,454.2	-1,385.1	-2,720.3
Personal, cultural and recreational services	84.9	61.4	23.0	16.5	22.4	47.1	56.5	66.3	92.7	13.9	68.9	127.1
Credit												
Services	15,436.1	17,410.8	23,921.6	21,864.6	22,733.9	21,454.3	20,626.1	22,026.6	17,437.2	21,811.8	16,079.3	1,6597
Transportation	4,947.1	6,371.3	7,559.7	7,481.0	7,216.5	8,069.1	8,585.0	9,187.5	9,466.0	9,850.3	9,534.6	9,108.1
Sea transport	583.2	665.1	646.5	717.0	905.7	1,296.9	1,784.8	2,410.4	2,580.4	2,713.5	2,778.5	2,632.1
Air transport	422.9	940.8	1,115.9	1,254.8	1,109.5	1,069.8	930.0	1,055.5	843.4	964.5	901.9	811.8
Other transportation	3,941.0	4,765.4	5,797.3	5,509.2	5,201.3	5,702.4	5,870.2	5,721.6	6,042.2	6,172.3	5,854.2	5,664.2
Travel	7,234.6	8,183.0	10,826.5	10,487.6	11,591.3	10,588.7	9,419.0	9,751.8	5,073.3	7,370.4	3,767.5	4,379.7
Insurance	34.6	53.8	233.3	66.9	94.5	122.1	118.0	100.7	86.8	137.5	233.1	179.5
Financial services	178.7	92.1	144.1	890.5	741.9	278.9	128.3	176.8	143.6	149.0	237.1	136.1
Computer and information services	40.9	59.4	164.7	194.4	170.6	141.3	175.2	221.5	173.7	176.4	152.7	178.1
Royalties and licence services	141.0	0	0	0	0	0	0	0	0	0	0	0
Government services	358.2	253.5	188.3	252.8	217.9	117.7	276.2	437.6	654.4	1,381.5	378.0	776.4
Communication services	383.2	650.0	1,585.0	885.0	801.0	815.7	788.2	875.3	781.3	703.1	732.7	598.2
Construction services	508.9	576.3	1,497.3	705.2	712.0	582.9	502.9	761.6	565.7	606.3	489.7	540.7
Other trade-related services												
Business, professional and technical services	1,488.8	1,086.7	1,641.0	813.1	1,089.0	635.0	530.5	412.6	363.6	1,345.4	440.5	500.1
Personal, cultural and recreational services	120.1	84.7	81.7	88.1	99.2	102.9	102.8	101.2	128.8	91.9	113.4	200.1
Debit												
Services	11,562.0	11,859.7	16,869.8	15,755.2	14,110.5	14,228.3	15,862.0	16,693.7	16,626.7	18,689.2	16,690.1	16,895.7
Transportation	4,243.6	5,089.1	6,863.8	6,483.4	6,094.0	6,746.8	7,214.9	7,349.0	7,688.4	7,631.3	7,054.1	7,020.0
Sea transport	3174.4	3993.6	5606.8	5429.9	5379.2	5940.3	6534.4	6559.6	6847.6	6808.5	6338.9	6,312.8
Air transport	327.4	415.0	502.7	454.4	420.3	442.4	414.8	368.6	336.7	271.1	258.9	293.3
Other transportation	741.8	680.5	754.3	599.1	294.5	364.1	265.7	420.8	504.1	551.7	456.3	413.9
Travel	1,619.6	1,917.6	2,895.3	2,739.3	2,327.5	2,112.6	2,497.6	2,928.8	3,044.5	3,338.2	4,091.0	2,739.9
Insurance	884.4	1,099.1	1,497.1	1,467.3	1,428.1	1,483.9	1,598.1	1,591.7	1,643.1	1,718.7	1,755.3	1,725.4
Financial services	216.4	57.0	89.5	86.3	60.2	33.7	29.1	12.1	17.6	9.6	44.9	14.7
Computer and information services	30.8	30.8	48.9	120.0	146.1	101.2	113.2	101.7	129.5	132.9	126.8	208.0
Royalties and licence services	151.5	175.8	286.3	289.2	286.4	240.9	284.0	319.7	286.5	224.4	206.0	220.6

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Government services	1,319.9	1,195.9	1,313.8	1,182.3	1,534.5	1,106.1	1,151.9	1,243.7	1,073.9	854.1	777.1	1124.1
Communication services	332.3	365.2	700.5	547.6	430.6	345.9	364.8	327.6	257.8	241.1	189.7	246.6
Construction services	151.7	189.5	356.6	247.2	328.7	340.0	271.1	359.8	241.2	1,661.3	575.1	303.0
Business, professional and technical services	2,576.6	1,716.4	2,759.3	2,521.0	1,397.7	1,661.4	2,291.0	2,424.7	2,208.2	2,799.7	1,825.6	3,220.40
Personal, cultural and recreational services	35.2	23.3	58.7	71.6	76.8	55.8	46.3	34.9	36.1	78.0	44.5	73.0

Note: Fiscal year ends on 30 June.

Source: Information provided by the authorities.

Table A2.1 Selected notifications to the WTO, 1 August 2004-1 November 2017

Agreement and article	Requirement	Frequency	Document (most recent if submitted regularly)	Date
Agreement on Trade Facilitation				
Article 15, Section II	Category A commitments	Once only	WT/PCTF/N/EGY/1	07/01/2015
Agreement on Agriculture				
Articles 10 and 18.2, ES:1 and ES:2	Export subsidies	On an annual basis	No notification made since 1999	
Article 18.2, DS:1	Domestic support	On an annual basis	G/AG/N/EGY/3	02/11/2017
Article 18.3, DS:2	Domestic support	On an annual basis	G/AG/N/EGY/3	02/11/2017
General Agreement on Trade in Services				
Article III:3	Laws/regulations	Ad hoc	S/C/N/862	14/03/2016
Article III:4 and/or IV:2	Enquiry and contact points	On an annual basis	S/ENQ/78/Rev.9	01/12/2006
GATT 1994				
Article XXVIII:5	Modification of schedules	Triennial	G/MA/319	23/12/2014
Agreement on Implementation of Article VI of the GATT 1994 (anti-dumping)				
Article 16.4	Anti-dumping actions (preliminary and final)	Ad hoc	G/ADP/N/302	18/07/2017
Article 16.4	Anti-dumping actions (taken during the preceding six months)	Semi-annual	G/ADP/N/300/EGY	20/07/2017
Article 16.5	Competent authorities and domestic procedures	As appropriate	G/ADP/N/18/Add.23	24/04/2007
Article 18.5	Laws and Regulations	Once and ad hoc (changes)	G/ADP/N/1/EGY/2/REV.1 /Suppl.1	22/08/2008
Agreement on Implementation of Article VII of the GATT 1994 (customs valuation)				
Article 22.2	Changes in laws/regulations and administrative arrangements	Ad hoc	G/VAL/N/2/EGY/1	30/04/2007
GATT 1994				
Article XVII:4(a)	State trading activities	Annual (triennial full notification and annual changes)	G/STR/N/16/EGY	17/02/2016
Article XXIV:7(a)	Regional trade agreement	Ad hoc	WT/COMTD/N/51 WT/COMTD/N/48 WT/REG232/N/1/Add.4 WT/REG177/N/1	09/01/2017 24/02/2016 25/03/2015 04/10/2004
Agreement on Safeguards				
Article 12.1(a) - initiation	Initiating an investigation relating to serious injury or threat thereof and the reasons for it	Ad hoc	G/SG/N/6/EGY/13	14/12/2015
Article 12.1(b) - finding	Finding of serious injury or threat thereof caused by increased imports	Ad hoc	G/SG/N/11/EGY/10	26/10/2015
Article 12.1(c) - decision	Application or extension of a safeguard measure.	Ad hoc	G/SG/N/11/EGY/10	26/10/2015
	Termination of a safeguard investigation with no safeguard measure imposed	Ad hoc	G/SG/N/9/EGY/2	02/09/2016
Article 12.4	Safeguard measures (provisional)	Ad hoc (prior to applying the measure)	G/SG/N/11/EGY/9	16/04/2015

Agreement and article	Requirement	Frequency	Document (most recent if submitted regularly)	Date
Article 9.1 footnote 2	Non-application of safeguard measures against a product originating in a developing country Member	Ad hoc	G/SG/N/11/EGY/10	26/10/2015
Agreement on the Application of Sanitary and Phytosanitary Measures				
Article 7, Annex B	Sanitary/phytosanitary measures	Ad hoc	G/SPS/N/EG/79 – G/SPS/N/EG/1	21/02/2017 – 06/09/2005
Agreement on Rules of Origin				
Article 5 and Annex II, paragraph 4	Changes in preferential rules of origin; new preferential rules of origin	Ad hoc	WT/COMTD/N/48	24/02/2016
Agreement on Technical Barriers to Trade				
Article 2.9	Technical regulations	Ad hoc	G/TBT/N/EGY/168 - G/TBT/N/EGY/1	22/06/2017 - 14/12/2005
Article 5.6	Conformity assessment procedures	Ad hoc	G/TBT/N/EGY/114	01/02/2016
Article 10.6				
Article 15.2	Administrative arrangements; laws/regulations	Once (upon entry into force of the WTO Agreement)		No notification made since 1999
Agreement on Subsidies and Countervailing Measures				
Article 25.1	Any subsidy defined as specific in the Agreement, or which causes increased exports or decreased imports	Annual (triennial full notification and annual changes)		No notification made since 1999
Article 25.11	Countervailing duty actions (preliminary and final)	Ad hoc (without delay)	G/SCM/N/316	21/02/2017
Article 25.11	Countervailing measures (adopted during the preceding six months)	Semi-annual	G/SCM/N/321/EGY	21/07/2017
Article 25.12	Competent authorities and domestic procedures	Once; ad hoc (changes)	G/SCM/N/18/Add.23	24/04/2007
Agreement on Trade-Related Aspects of Intellectual Property Rights				
Article 63.2	Main dedicated intellectual property laws and regulations	Once; ad hoc (subsequent modifications)	IP/N/1/EGY/I/1	06/08/2004
Agreement on Customs Valuations				
	Check list of issues	Once	G/VAL/N/2/EGY/1	30/04/2007

Source: WTO Secretariat.

Table A3.1 Summary tariff analysis, 2005, 2012, 2016, and 2017

	2005			2012			2016			2017		
	Average (%)	Range (%)	Share of duty free lines (%)	Average (%)	Range (%)	Share of duty free lines (%)	Average (%)	Range (%)	Share of duty free lines (%)	Average (%)	Range (%)	Share of duty free lines (%)
Total	**20.0**	**0-3,000**	**5.3**	**16.5**	**0-3,000**	**10.7**	**17.6**	**0-3,000**	**11.1**	**19.1**	**0-3,000**	**11.1**
HS 01-24	64.1	0-3,000	0.1	49.5	0-3,000	16.1	46.4	0-3,000	17.3	48.3	0-3,000	17.5
HS 25-97	12.8	0-3,000	6.2	10.2	0-3,000	9.7	11.5	0-3,000	9.7	12.9	0-3,000	9.7
By WTO category												
WTO agricultural products	66.4	0-3,000	2.6	50.4	0-3,000	16.4	49.5	0-3,000	15.6	51.6	0-3,000	15.8
Animals and products thereof	18.4	5-32	0.0	15.4	0-30	17.8	15.2	0-30	18.2	15.3	0-30	18.1
Dairy products	11.5	2-32	0.0	5.9	0-20	41.0	6.7	0-20	31.5	6.7	0-20	31.5
Fruit, vegetables, and plants	13.8	2-40	0.0	7.3	0-30	9.3	10.1	0-40	8.6	12.8	0-60	8.6
Coffee and tea	18.8	2-32	0.0	11.8	0-30	20.7	11.8	0-30	20.7	14.6	0-40	20.7
Cereals and preparations	46.9	2-3,000	0.0	31.6	0-3,000	14.8	29.7	0-3,000	17.5	30.3	0-3,000	17.8
Oils seeds, fats, oil and their products	6.3	0-32	1.0	4.6	0-30	23.9	4.6	0-30	21.8	4.7	0-30	21.5
Sugars and confectionary	14.1	2-32	0.0	8.9	2-30	0.0	15.5	2-40	0.0	17.2	2-60	0.0
Beverages, spirits and tobacco	1,003.0	12-3,000	0.0	892.0	2-3000	0.0	861.0	2-3,000	0.0	875.9	2-3000	0.0
Cotton	4.0	0-5	20.0	0.9	0-5	82.6	0.9	0-5	82.6	0.9	0-5	82.6
Other agricultural products, n.e.s.	4.2	0-32	12.5	3.0	0-30	17.7	3.1	0-40	17.0	3.1	0-40	17.0
WTO non-agricultural products	12.8	0-3,000	5.7	10.2	0-3,000	9.7	11.5	0-3,000	10.2	13.0	0-3,000	10.2
Fish and fishery products	8.5	2-32	0.0	5.3	0-30	26.0	9.2	0-40	33.3	9.2	0-40	33.3
Minerals and metals	9.8	0-40	2.2	8.4	0-30	8.0	9.2	0-40	7.9	10.7	0-60	7.7
Chemicals and photographic supplies	9.5	0-3,000	1.1	7.9	0-3,000	9.8	8.2	0-3,000	10.2	8.7	0-3,000	10.1
Wood, pulp, paper and furniture	13.6	0-40	0.4	11.1	0-30	8.3	13.0	0-40	8.2	14.2	0-60	8.1
Textiles	19.0	0-40	4.3	11.0	0-30	3.5	11.6	0-40	3.5	13.5	0-60	3.5
Clothing	38.1	12-40	0.0	27.7	5-30	0.0	37.0	5-40	0.0	38.2	10-40	0.0
Leather, rubber, footwear and travel goods	13.9	0-32	0.5	11.7	0-30	1.1	14.1	0-40	1.1	17.7	0-60	1.1
Non-electric machinery	6.2	0-40	15.2	6.6	0-30	19.3	7.7	0-40	19.0	9.3	0-60	19.0
Electric machinery	9.2	0-40	22.3	9.6	0-30	16.8	10.8	0-40	16.5	13.6	0-60	16.8
Transport equipment	16.3	0-135	6.1	17.4	0-135	6.6	17.9	0-135	7.2	19.0	0-135	7.1
Non-agricultural products, n.e.s.	13.9	0-40	10.4	11.9	0-30	10.3	14.6	0-40	10.1	16.1	0-60	10.1
Petroleum	6.1	2-12	0.0	4.2	0-5	10.0	4.2	0-5	9.5	4.2	0-5	9.5

	2005			2012			2016			2017		
	Average (%)	Range (%)	Share of duty free lines (%)	Average (%)	Range (%)	Share of duty free lines (%)	Average (%)	Range (%)	Share of duty free lines (%)	Average (%)	Range (%)	Share of duty free lines (%)
By ISIC sector												
ISIC 1 - Agriculture, hunting and fishing	5.8	0-40	4.7	3.9	0-30	22.2	6.3	0-40	20.9	7.3	0-60	20.8
ISIC 2 - Mining	2.7	0-22	2.0	2.3	0-10	7.0	2.3	0-10	7.0	2.3	0-10	6.9
ISIC 3 - Manufacturing	21.1	0-3,000	5.4	17.6	0-3,000	10.0	18.7	0-3,000	10.4	20.3	0-3,000	10.4
By stage of processing												
First stage of processing	4.8	0-40	7.4	3.3	0-30	21.6	4.3	0-40	24.1	4.8	0-60	24.0
Semi-processed products	10.6	0-3,000	1.5	6.7	0-3,000	9.0	6.8	0-3,000	8.6	7.1	0-3,000	8.6
Fully processed products	28.2	0-3,000	7.0	24.6	0-3,000	9.3	26.5	0-3,000	9.3	28.9	0-3,000	9.3

Source: WTO Secretariat calculations, based on data provided by the authorities.

Table A3.2 Tariff lines with the 2017 applied MFN tariff rates higher than the corresponding bound duties, 2017

Tariff code	Description	MFN 2017	Final bound rate
1602901010	Prepared and preserved tongues, of swine	30	25
1602901090	Other prepared or preserved meat offal or blood, of swine, other than livers and tongues	30	25
3302101000	Compound alcoholic preparations of a kind used for manufacture of beverages	3,000	40
3401110010	Health medical soap registered by the Ministry of health for toilet use	60[a]	40
ex 3604900000	Signalling flares, rain rockets, fog signals and other pyrotechnic articles	40[a]	30 or 40
ex 3922100000	Baths, shower-baths, sinks and wash-basins of plastics	40[a]	10 or 60
ex 8424300000	Steam or sand blasting machines and similar jet projecting machines	5	2 or 20
8451210000	Drying machines, each of dry linen capacity not exceeding 10 kg	40[a]	20
8501401000	Other AC electric motors, single phase, from 92 W and up to 552 W, of a single speed. (excluding generating sets)	30	2
8501402000	Other AC electric motors, single phase, of an output exceeding 37.5 W and up to 1,000 W, of different speed (excluding generating sets)	30	2
8501511000	Other AC electric motors (excluding generating sets), multi-phase of an output from 552 W and up to 750 W	30	2
8501522010	Other electric AC motors(excluding generating sets), multi-phase, of an output exceeding 750 W, up to 6 KW	30	2
8501522020	Other electric AC motors (excluding generating sets), multi-phase, of an output exceeding 6 KW, up to 18.4KW	30	2
8501522090	Other AC electric motors (excluding generating sets), multi-phase, of an output exceeding 18.4 KW and up to 74 KW	30	2
8508190010	Industrial vacuum cleaners with self-contained electric motor of a power exceeding 1,500 W or of a capacity exceeding 20 L	30[a]	10
8703239010	Motor cars tourism and motor-homes (caravan), with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity exceeding 1,600 CC up to 2,000 CC	135	70
8703249010	Motor cars tourism and motor-homes (caravan), with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity exceeding 3,000 CC	135	70
8703329010	Motor cars tourism and motor-homes (caravan), with compression-ignition internal combustion piston engine (diesel or semi diesel) of a cylinder capacity exceeding 1,600 CC but not exceeding 2,500 CC	135	70
8703339010	Motor cars tourism and motor-homes (caravan), with compression-ignition internal combustion piston engine (diesel or semi diesel) of a cylinder capacity exceeding 2,500 CC	135	70
8703909010	Other motor cars tourism and motor-homes (caravan), with other kind of engines	135	70
9405100050	Theatrical external lighting fittings of plastic and metal	60[a]	20
9405401000	Motion picture or theatrical electric spotlights	5	3
9405402000	Electric shadows spotlights commonly used in surgical operation rooms	5	3
9405403000	Electrical lighting equipment working with light diffusing dual valves LED, electrical lighting equipment working with regenerated power source	5[a]	3
9405409010	Electric chandeliers of a kind used for lighting public open spaces or thoroughfares	60[a]	3
9405409090	Other lighting fittings (including searchlights and spotlights), including those of a kind used for lighting public open spaces or thoroughfares.	60[a]	3
9503000010	Children's toys that can touch the mouth.	30[a]	20
9503000020	Children play with pistols or rifles, using projectiles from solid objects such as beads or arrows	30[a]	20
9503000030	Balloons (play)	30[a]	20
9503000050	Aircraft models complete or disjointed, or spare parts	30[a]	20

Tariff code	Description	MFN 2017	Final bound rate
9503000090	Tricycle, scooter, wheel-mounted trolleys and similar toys, and other toys, mini-size models (other than the above), similar entertainment models, which work or not; puzzles of all kinds	30[a]	20
ex 9504500000	Video games of a kind consoles and video game consoles other than of heading 9504.30	60[a]	20 or 40 or 60
9505100010	Articles of Christmas festivities of plastics	40[a]	30
9505100090	Articles of Christmas festivities of other materials	40[a]	30
9505900000	Other festive, carnival or other entertainment articles, including conjuring tricks and novelty jokes	40[a]	30
9603210000	Toothbrushes, including dental-plate brushes	60[a]	40
9603290010	Shaving brushes	60[a]	40
9608100050	Ball point pens of plastic	60[a]	50
9608100090	Other ball point pens	60[a]	40
9608200000	Felt tipped and other porous-tipped pens and markers	60[a]	40
9608300010	Chinese ink drawing pens	60[a]	40
9608300090	Fountain pens, stylograph pens, other than Chinese ink drawing pens and other than those made of precious metals	60[a]	40
9608400010	Propelling or sliding pencils, of precious metal	60[a]	40
9608400090	Propelling or sliding pencils, other than made of precious metal	60[a]	40
9608500090	Sets consist of articles from two or more of the forgoing subheadings, other than made of precious metal	60[a]	40
9609100090	Crayons, with leads encased in a rigid sheath	50[a]	40

a Tariff rates, reflected by Presidential Decree.

Source: WTO calculations, based on data provided by the authorities and CTS database.

Table A3.3 Goods subject to import quality control and inspection, 2017

Customs code	Commodity
68.02	Marble, granite, monumental or building stone and their products
25.23	Cement
27.10	Benzene, jet fuel, diesel
28.17	Zinc oxide
32.06.42	Lithopone and other pigments and preparations based on zinc
32.08, 32.09, 32.10, 32.12	Varnishes and paints
32.15	Printing and writing ink
34.01	Soap
34.02	Detergents (organic surface-active agents preparations)
3407, 4016.95, 9503	Modelling pastes, inflatable articles; bicycles, scooters and other pedal toys
35.03.0010	Gelatin (except for pharmaceutical items with a licence from the Ministry of Health)
35.06	Glue
36.05	Matches
38.13	Preparations and charges for fire-extinguishers; charged fire-extinguishing grenades
39.09.4010	Phenolic moulding compounds (Formaldehyde)
39.17, 39.22, 39.24	Pipes, household, kitchenware and toilet articles of plastics
39.17	Tubes, pipes and hoses and fittings therefor, of plastics.
39.24	Tableware, kitchenware, other household articles and toilet articles, of plastics
39.18, 39.21.90.10	Wall and floor coverings and floor Formica sheets
39.20.51, 39.20.59	Plastic sheets (acrylic)
39.26.90.10, 40.10, 42.02, 42.04, 59.10	Conveyor and transmission belts
39.26.90.10, 39.26.90.90	Conveyor and transmission belts, bolts and nuts; gaskets and friction articles for machines; clips for electrical harnesses and other similar articles for technical use
40.09, 59.09	Fire hoses
40.11, 40.12, 40.13	Pneumatic tires and tubes
40.16.93	Gaskets, washers and other seals
Chapter 44	- Wooden products, strips and friezes for parquet flooring and prepared for buildings and constructions; and prefabricated wooden facilities
Chapter 48	Paper (printing and writing paper, carbon paper, cellophane, Kraft paper, notebooks, cigarettes paper, waxed paper, graphic purposes paper, carbonizing base paper), boxes, sacks, bags and packs, toilet paper
Section 11	- Textiles and fabrics; carpets, rugs and tapestries; apparel; blankets and towels; curtains; bed linen and covers (except for imports for medical purposes); raw fabrics, raw yarn, dyes and colours used in textiles industries
Chapter 64	Footwear and their components
68.04	Cutting and polishing stones
68.05	Natural or artificial abrasive powder or grain on bases
68.10	Articles of cement
68.11, 68.12	Articles of asbestos or mixture or asbestos base
6813.10	Brake pads
681390	Friction material and articles thereof for brakes, for clutches or the like
69.06	Ceramic pipes, conduits, guttering and pipe fittings and parts made of porcelain and china
69.07, 69.08	Ceramics
69.10	Toilet articles of ceramics
69.11, 69.12, 70.13	Tableware, household articles of porcelain, china or glass
70.03, 70.09, 70.20, 87.08	Flat glass, glass mirrors prepared for transportation means, insulating glass and safety glass, other articles
72.07, 72.28	Flat-rolled products of iron and steel rods, bars, angles, shapes and sections; steel sections, rods and bars of construction reinforcing steel
73.03, 73.05, 73.06, 73.07	Tubes, pipes and fittings of iron
7310.21, 7310.29, 7612.90	Aerosol cans
73.11, 73.12	Containers for packing butane gas
73.20	Springs and leaves for springs, of iron or steel
73.21, 8516.50, 8516.60, 8516.90	Stoves, heaters, house cookers and parts and grates thereof
73.23, 75.08	Household steam cooking pots
73.24	Sanitary ware of cast iron or stainless steel
74.08, 74.13, 85.44	Cables and wires of copper
74.07, 74.11, 74.12	Copper bars, rods, profiles, angles, pipes, tubes and fittings
74.17, 74.18, 74.19, 76.15	Non-electric cooking or heating apparatus and parts
75.05, 75.07	Nickle rods, bars, angles, shapes, tubes and fittings
76.04, 76.05, 76.08, 76.09, 76.14	Aluminium bars, rods, profiles, pipes, tubes and fittings, aluminium wire
82.12	Razors and razor blades
82.15	Tableware (spoons, forks, ladles)
83.01	Padlocks, locks and parts thereof
83.02	Mountings and fittings for furniture and doors
83.07	Flexible pipes and tubes
83.11	Arc-welding electrodes
84.07, 84.08, 84.09	Engines and separate parts thereof
84.13	All types of pumps and parts thereof
84.14, 84.15, 84.18	Air conditioners and parts thereof
84.18.69.90	Refrigerators and refrigerating equipment for domestic use, as well as heat insulating containers and parts
84.14	Fans and electric ventilators and parts thereof

Customs code	Commodity
84.19	Instantaneous or storage water heaters, non-electric and parts thereof
84.24	Fire extinguishers and parts thereof
84.67	Tools
84.81	Taps (mixers, cocks and valves for domestic use) and similar appliances for pipes, boiler shells, tanks, vats or the like, and parts thereof
84.25.42	Jacks; hoists of a kind used for raising vehicles hydraulic
84.82	Roller (ball) bearings
84.83	Transmission shafts, bearing housings and plain shaft bearings; gears and gearing; ball or roller screws; gear boxes and other speed changers, flywheels, pulleys, clutches and shaft couplings and parts thereof
84.21.21, 84.21.31, 84.21.99	Filtering or purifying machinery and apparatus for liquids or gases and parts thereof
84.22.11, 84.22.90.10, 84.22.9090, 84.51	Washing machines of the household type and parts Drying machines of the household type and parts thereof
84.31	Elevators and parts thereof
84.50.11, 84.50.12	Washing machines, including machines which both wash and dry; parts thereof of a dry linen capacity not exceeding 10 kg:
85.01, 85.02, 85.03, 85.04	Electric devices (motors, generators and transformers) and parts thereof
8504.10	Ballasts
85.06	Electric primary cells
85.07	Electricity accumulators (batteries)
85.08	Vacuum cleaners
85.09	Electro-mechanical domestic appliances, with self-contained electric motor and parts thereof.
8511.10	Sparking plugs
8512.20	Other lighting or visual signaling equipment
85.16	Electric smoothing irons, electric heating plates, electric water immersion heaters, electro-thermic appliances of a kind used for domestic purposes, driers and hair driers and parts thereof.
85.19, 85.20, 85.21, 85.22, 85.27, 85.28, 85.29, 85.48	Reception apparatus for radio and television broadcasting, recorders, cassette-players radio cassette, video sets and television antennas (and parts thereof)
85.35, 85.36	Switches, plugs, twin switch and plug, fuses, lamp-holder, starter base, multi-outlets unit, circuit breakers, fluorescent lamp starters.
85.39	Electric lamps
85.23, 85.24	Prepared unrecorded media for sound and picture recording, magnetic discs prepared for recording by computers.
85.10	Shavers, hair clippers and hair-removing appliances, with self-contained electric motor
85.11	Electrical ignition or engine starting equipment, generators and engines current cut-outs
85.13	Portable electric lamps designed to function by their own source of energy.
85.18	Microphones, loudspeakers, audio-frequency electric amplifiers and electric sound amplifier sets.
85.31	Electric sound or visual signaling apparatus and burglar or fire alarm devices.
85.15, 85.32, 85.38, 85.42, 85.44	Electrical fixed or variable capacitors, resistors other than heating ones, printed circuits, electrical apparatus for cutting- out, switching or protecting electrical circuits, control panels and integrated circuits and parts thereof.
85.45.20	Carbon brushes
85.46	Electrical insulators
85.16.10, 85.16.90	Water heaters of a kind used for domestic purposes and parts thereof.
87.08	Motor vehicles parts and accessories of the
87.11	Motorcycles (including mopeds) and cycles fitted with an auxiliary motor
87.14	Parts of motorcycles including mopeds and bicycles with additional engines
87.12 , 87.14	Not motorized bicycles and their non- assembled parts and parts thereof
90.01.40, 90.01.50	Spectacle lenses
90.03, 90.04	Spectacles and parts thereof
9029.20	Speed indicators and tachometers, stroboscopes
9032.10	Thermostats
9032.20	Manostats
Chapter 91	All kinds of watches and parts thereof
9401,9402,9403,9404	Furniture
94.05	Lighting fittings, illuminated signs, illuminated name-plates and parts thereof
9405.50	Household lighting apparatuses of the kind function by burning petroleum gases
9603.21	Tooth brushes
9608.10	Ball point pens
9609.10	Pencils and crayons
96.13	Lighters
9608.20, 9608.60	Ball point pens; felt tipped and other porous-tipped pens and markers. Refills for ball point pens
96.09	Pencil leads, black or coloured
96.17	Vacuum flasks and other vacuum vessels, complete with cases; and parts thereof

Source: Decree No. 770/2005 and amendments.

Table A3.4 Egypt's notifications to the SPS Committee, 2005-November 2017

Agency responsible	Legal basis	Description	Date	Notification
GOVS	Decree No. 561/2005	Conditions of importing de-boned frozen beef from EU countries	6 September 2005	G/SPS/N/EGY/1
CAPQ	ISPM #15	Measures for the administration of imported wood packaging materials	6 September 2005	G/SPS/N/EGY/2
GOVS	Ministerial Decrees No. 1326-27/2005	Ban of importing live birds, their meat, feather powder and by-products of poultry slaughterhouses	2 November 2005	G/SPS/N/EGY/3
GOVS	Ministerial Decree No. 1389/2005	Ban of importing feather powders and poultry slaughterhouse by-products	11 November 2005	G/SPS/N/EGY/4
GOVS		Conditions for importing meat	11 November 2005	G/SPS/N/EGY/5
GOVS		Date of entry into force of measures notified in G/SPS/N/EGY/5	11 April 2006	G/SPS/N/EGY/5/Add.1
GOVS		Date of entry into force of measures notified in G/SPS/N/EGY/5	11 November 2006	G/SPS/N/EGY/5/Add.2
GOVS		Date of entry into force of measures notified in G/SPS/N/EGY/5	4 May 2009	G/SPS/N/EGY/5/Add.3
GOVS		Conditions of importing de-boned frozen beef and frozen bovine livers, kidneys and hearts from the United States.	25 January 2006	G/SPS/N/EGY/6
GOVS		Conditions of importing live cattle from Uruguay	27 January 2006	G/SPS/N/EGY/7
GOVS		Conditions for importing de-boned frozen buffalo meat from Uttar-Pradesh province, India	27 January 2006	G/SPS/N/EGY/8
GOVS		Importation of de-boned frozen buffalo meat from Andhra-Pradesh and Punjab provinces, India	2 August 2006	G/SPS/N/EGY/8/Add.1
GOVS	Ministerial Decree No. 38/2006	Continuation of banning of imported live birds, their meat and products.	20 February 2006	G/SPS/N/EGY/9
CAPQ	Ministerial Decree No. 1600/2005	Measures concerning the import of honey or honey bees	9 March 2006	G/SPS/N/EGY/10
CAPQ		Egyptian Phytosanitary Certificate	9 March 2006	G/SPS/N/EGY/11
CAPQ		Amendments to Phytosanitary Certificate	3 July 2006	G/SPS/N/EGY/11/Add.1
GOVS		Prohibition of importing live animals and their meat from the province of Corrientes, Argentina	24 March 2006	G/SPS/N/EGY/12
GOVS		Importation of de-boned frozen beef from certain provinces in Argentina	24 April 2006	G/SPS/N/EGY/13
GOVS		Importation of de-boned frozen beef from Canada	3 July 2006	G/SPS/N/EGY/14
GOVS		Import ban on de-boned frozen beef from British Columbia, Canada	3 July 2006	G/SPS/N/EGY/15
GOVS	Ministerial Decree No. 640/2006	Importation of one-day old turkey chicks	13 July 2006	G/SPS/N/EGY/16
GOVS	Ministerial Decree No. 766/2006	Excluding certain products from the ban mentioned in Ministerial Decree 38/2006	2 August 2006	G/SPS/N/EGY/17
GOVS		Conditions for importing food for pet animals	2 August 2006	G/SPS/N/EGY/18
GOVS		Condition of sex determination for imported beef	2 August 2006	G/SPS/N/EGY/19
CAPQ	Ministerial Decree No. 833/2006	Conditions for the importation and inspection of potato seeds	22 September 2006	G/SPS/N/EGY/20
GOVS	Ministerial Decree No. 1128/2006	Allowing importation of one-day parent ducklings	16 November 2006	G/SPS/N/EGY/21
GOVS		Importation of de-boned frozen beef from China	16 November 2006	G/SPS/N/EGY/22
GOVS		Importation of live animals (cattle, sheep) from Moldova, Ukraine, New Zealand, Australia, Hungary and Romania	16 November 2006	G/SPS/N/EGY/23
GOVS	Ministerial Decree No. 1409/2006	Importation of one-day old ducklings	31 January 2007	G/SPS/N/EGY/24

Agency responsible	Legal basis	Description	Date	Notification
GOVS	Ministerial Decree No. 246/2007	Ban of importation of one-day old ducklings	5 April 2007	G/SPS/N/EGY/24/Rev.1
GOVS	GOVS Decree No. 1/2007	Importation of de-boned frozen buffalo meat from Brazil	18 April 2007	G/SPS/N/EGY/25
GOVS	GOVS Decree No. 2/2007	Importation of dairy cows from Australia	18 April 2007	G/SPS/N/EGY/26
GOVS	GOVS Decree No. 3/2007	Importation of live cattle, frozen bovine semen and hides from Canada	18 April 2007	G/SPS/N/EGY/27
GOVS	GOVS Decree No. 4/2007	Importation of live cattle and pregnant heifers from Denmark	18 April 2007	G/SPS/N/EGY/28
CAPQ	Ministerial Decree No. 3007/2001	Conditions for importing plants and plant products	18 April 2007	G/SPS/N/EGY/29
CAPQ	Ministerial Decree No. 1275/2007	Conditions for importing potato seeds	30 October 2007	G/SPS/N/EGY/30
GOVS		Conditions for importing de-boned frozen cattle meat from Kenya	7 January 2008	G/SPS/N/EGY/31
GOVS		Conditions for importing pregnant heifers from the United States	8 April 2008	G/SPS/N/EGY/32
GOVS	Ministerial Decree No. 1102/2008	Import conditions for one-day old parent broiler chicks and one-day old broiler chicks;	16 March 2009	G/SPS/N/EGY/33
GOVS	Ministerial Decree No. 1409/2008	Import conditions for one-day old broiler ducks	16 March 2009	G/SPS/N/EGY/34
GOVS	Decree No. 205/2009	Conditions for importing heat-treated feathers powder	16 March 2009	G/SPS/N/EGY/35
GOVS		Conditions for importing whole herring fish	4 May 2009	G/SPS/N/EGY/36
CAPQ		Conditions for importing tomatoes, eggplants and other plant products	13 August 2009	G/SPS/N/EGY/37
MALR	Ministerial Decree No. 503/2010	Import requirements for potato tubers	25 May 2010	G/SPS/N/EGY/38
EOS	ES 1601-1/2010	Conditions for importing wheat	2 July 2010	G/SPS/N/EGY/39
CAPQ	Ministerial Decree No. 1146/2009	Import requirements for potato tubers	20 August 2010	G/SPS/N/EGY/40
CAPQ	New Ministerial Decree	Plant quarantine rules and regulations	2 November 2010	G/SPS/N/EGY/41
CAPQ		Import requirements of cotton lint	5 January 2011	G/SPS/N/EGY/42
CAPQ		Certificate for export and certificate of re-export	5 January 2011	G/SPS/N/EGY/43
CAPQ		Importation and exportation of honey bees	16 February 2011	G/SPS/N/EGY/44
CAPQ		Importation of plants for planting and/or propagation	11 July 2011	G/SPS/N/EGY/45
CAPQ	Ministerial Decree No. 1703/2011	Import requirements of potato seeds	14 October 2011	G/SPS/N/EGY/46
GOVS	Ministerial Decree No. 2128/2012	Import from countries classified as controlled BSE risk according to (OIE)	3 February 2012	G/SPS/N/EGY/47
GOVS		Importation of live animals and animal products from the European Union	4 April 2012	G/SPS/N/EGY/48
GOVS	Ministerial Degree No. 448/2012	Importation of heat treated feather meal	7 May 2012	G/SPS/N/EGY/49
CAPQ	Ministerial Decree No. 1448/2012	Requirements for potato seeds	17 October 2012	G/SPS/N/EGY/50
CAPQ		Requirements for potato for processing	17 October 2012	G/SPS/N/EGY/51
CAPQ		Declaration for imported wheat and other grains	29 January 2013	G/SPS/N/EGY/52
CAPQ		Exportation of plants/plant products	13 February 2013	G/SPS/N/EGY/53
CAPQ		New certificate models	4 June 2013	G/SPS/N/EGY/54
CAPQ		Requirements for potato tubers	23 August 2013	G/SPS/N/EGY/55
EOS	Ministerial Decrees No. 130/2005, 515/2005	Egyptian standards on meat and meat products	17 June 2014	G/SPS/N/EGY/56
EOS	Ministerial Decree No. 266/2011	Mandating Egyptian standards related to food products	17 June 2014	G/SPS/N/EGY/57
CAPQ	Ministerial Decree No. 1660/2014	Requirements for potato seeds	16 October 2014	G/SPS/N/EGY/58

Agency responsible	Legal basis	Description	Date	Notification
EOS	Ministerial Decree No. 515/2005	Draft standard for milk products	3 March 2015	G/SPS/N/EGY/59
EOS	Ministerial Decree No. 515/2005	Draft standard for canned tuna and bonito	3 March 2015	G/SPS/N/EGY/60
EOS	Ministerial Decree No. 515/2005	Draft standard for milk products	3 March 2015	G/SPS/N/EGY/61
EOS	Ministerial Decree No. 515/2005	Draft standard for non-carbonated sweeten drinks	13 August 2015	G/SPS/N/EGY/62
EOS	Ministerial Decree No. 266/2011	Draft standard for food contaminants	13 August 2015	G/SPS/N/EGY/63
EOS	Ministerial Decree No. 515/2005	Draft standard for edible fats and oil	13 August 2015	G/SPS/N/EGY/64
EOS	Ministerial Decree No. 130/2005	Draft standard for edible fats and oil	13 August 2015	G/SPS/N/EGY/65
EOS	Ministerial Decree No. 693/2015	Edible fats and oil	4 December 2015	G/SPS/N/EGY/65/Rev.1
EOS	Ministerial Decree No. 515/2005	Draft standard for milk products	13 August 2015	G/SPS/N/EGY/66
EOS	Ministerial Decree No. 515/2005	Draft standard for milk products	14 August 2015	G/SPS/N/EGY/67
EOS	Ministerial Decree No. 130/2005	Draft standard non-alcoholic beverages	14 August 2015	G/SPS/N/EGY/68
EOS	Ministerial Decree No. 536/2015	Requirements for vegetables and fruits	15 October 2015	G/SPS/N/EGY/69
EOS	Ministerial Decree No. 536/2015	Requirements for tomato concentrates	15 October 2015	G/SPS/N/EGY/70
EOS	Ministerial Decree No. 536/2015	Modified standard for food grade salt	15 October 2015	G/SPS/N/EGY/71
EOS	Ministerial Decree No. 536/2015	Requirements for food salt	15 October 2015	G/SPS/N/EGY/72
EOS	Ministerial Decree No. 536/2015	Requirements for tomato products	15 October 2015	G/SPS/N/EGY/73
CAPQ	Ministerial Decree No. 485/2015	Requirements for the importation of potatoes seeds	23 October 2015	G/SPS/N/EGY/74
CAPQ		Temporary suspension of the importation of ornamental plants and seedlings of fruit	9 November 2015	G/SPS/N/EGY/75
EOS	Ministerial Decree No. 256/2016	Requirements for fish and fishery products	11 August 2016	G/SPS/N/EGY/76
EOS	Ministerial Decree No. 244/2016	Maximum residue limits of pesticides in food	16 August 2016	G/SPS/N/EGY/77
EOS	Ministerial Decree No. 256/2016	Requirements for olive oils	16 August 2016	G/SPS/N/EGY/78
NFSA	Law 1/2017	Control and handling of food	21 February 2017	G/SPS/N/EGY/79
CAPQ	Ministerial Decree No. 1458/2017	Import phytosanitary requirements and specifications of potato seeds for the growing year 2017/2018	7 November 2017	G/SPS/N/EGY/80

Note: GOVS stands for General Organization for Veterinary Services; CAPQ stands for Central Administration of Plant Quarantine; EOS stands for Egyptian Organization for Standardization; MALR stands for Ministry of Agriculture and Land Reclamation and NFSA stands for National Food Safety Authority.

Source: Ministry of Trade and Industry and WTO notifications.

Table A4.1 Egypt's Air Transport Agreements

Partner	Date	Entry into force	5th	7th	Cabotage	Coop	Designation	Withholding	Pricing	Capacity	Stat	ALI
Australia	10/03/1997	10/03/1997	N	N	N	Y	M	SOEC	FP	PD	Y	15
Bahrain, Kingdom of	20/10/1993	22/01/1995	N	N	N	Y	M	SOEC	FP	PD	Y	15
Belgium	28/06/1960 Renewed/ initialled 23/10/2015	27/07/1977	N	N	N	Y	M	CoI	FP	PD	Y	19
Brunei Darussalam	08/11/1993		N	N	N	N	M	SOEC	FP	PD	Y	12
Bulgaria	09/07/1959 Renewed/ initialled 02/06/2016	17/06/1960	N	N	N	Y	M	CoI	FP	PD	Y	19
Cyprus	11/10/2016		N	N	N	Y	M	CoI	FP	PD	Y	19
Czech Republic	04/09/1991	19/12/1991	N	N	N	Y	M	CoI	FP	PD	Y	19
Denmark	14/03/1950 Renewed/ initialled 09/12/2012		N	N	N	Y	M	CoI	FP	PD	Y	19
Finland	17/10/1979 Renewed/ initialled 12/11/2014		N	N	N	Y	M	CoI	FP	PD	Y	19
France	06/03/1950 Renewed /initialled 13/11/2013		N	N	N	Y	M	CoI	FP	PD	Y	19
Germany	24/03/1975 Renewed/ initialled 12/08/2003		N	N	N	Y	M	CoI	FP	PD	Y	19
Ghana	28/08/1960		Y	N	N	Y	M	SOEC	FP	PD	Y	21
Greece	08/12/2015		N	N	N	Y	M	CoI	FP	PD	Y	19
India	09/04/1997		N	N	N	Y	M	SOEC	FP	PD	Y	15
Iraq	23/03/1955 Renewed/ initialled 11/08/2010		N	N	N	Y	M	SOEC	FP	PD	Y	15
Japan	10/05/1962		N	N	N	Y	M	SOEC	FP	PD	Y	15
Jordan	26/02/1986		N	N	N	Y	M	SOEC	FP	PD	Y	15
Luxembourg	05/10/1960 Renewed/ initialled 24/06/2014		N	N	N	Y	M	CoI	FP	PD	Y	19
Morocco	13/06/1999 Renewed/ initialled 23/04/2013	27/03/2000	Y	N	N	Y	M	SOEC	FP	PD	Y	21
Myanmar	08/05/1974		N	N	N	N	S	SOEC	FP	PD	Y	8
Netherlands	05/08/1965 Renewed/ initialled 27/11/2013		N	N	N	Y	M	CoI	FP	PD	Y	19

Partner	Date	Entry into force	5th	7th	Cabotage	Coop	Designation	Withholding	Pricing	Capacity	Stat	ALI
Nigeria	16/04/1966 Renewed/ initialled 30/10/2002	07/05/1967	Y	N	N	N	M	SOEC	FP	PD	Y	18
Norway	11/03/1950 Renewed/ initialled 09/12/2012	30/09/1950	N	N	N	Y	M	CoI	FP	PD	Y	19
Oman	08/02/1987		N	N	N	Y	M	SOEC	FP	PD	Y	15
Pakistan	08/05/1970		N	N	N	N	M	SOEC	FP	PD	Y	12
Philippines	17/11/1970		N	N	N	N	S	SOEC	FP	PD	Y	8
Romania	14/08/1958		N	N	N	N	S	CoI	FP	PD	Y	12
Russian Federation	20/12/1994		N	N	N	Y	M	SOEC	FP	PD	Y	12
Saudi Arabia, Kingdom of	21/02/2006	01/03/2006	N	N	N	Y	M	SOEC	FP	PD	Y	15
Serbia	28/05/2010		N	N	N	N	M	PPOB	FP	PD	Y	20
Singapore	07/05/1980		N	N	N	Y	M	SOEC	FP	PD	Y	15
South Africa	06/08/1997 Renewed/ initialled 20/10/2015		Y	N	N	Y	M	SOEC	FP	PD	Y	21
Spain	12/03/1991 Renewed/ initialled 22/10/2015	19/05/1993	N	N	N	Y	M	CoI	FP	PD	Y	19
Sri Lanka	19/10/2005		N	N	N	N	M	SOEC	FP	PD	Y	12
Sweden	11/11/1958 Renewed/ initialled 09/12/2012		N	N	N	Y	M	CoI	FP	PD	Y	19
Switzerland	30/07/1995 Renewed/ initialled 04/03/2010		N	N	N	Y	M	PPOB	FP	PD	Y	23
Syrian Arab Republic	10/02/1992 Renewed/ initialled 29/03/2009		N	N	N	Y	M	SOEC	FP	PD	Y	15
Turkey	12/01/1993	19/08/2001	N	N	N	Y	M	SOEC	FP	PD	Y	15
United Kingdom	14/05/1981 Renewed/ initialled 12/02/2013		N	N	N	Y	M	CoI	FP	PD	Y	19
United States of America	05/05/1964 Renewed/ initialled 14/06/1997	08/04/1965	N	N	N	N	M	SOEC	FP	PD	Y	12
Uzbekistan	16/12/1992		N	N	N	N	M	SOEC	FP	PD	Y	12

Note: "5th" = fifth freedom rights; "7th" = seventh freedom rights; "Cabotage" = domestic traffic; "Coop" = cooperation clauses; "Stat" = statistics; "ALI" = Air Liberalization Index.

"Y" = Yes; "N" = No; "S" = single designation; "M" = multiple designation; "FP"= free pricing; "PD" = pre-determination; "CoI" = community of interest, "PPOB" = principal place of business; and "SOEC" = substantial ownership and effective control.

Source: Information provided by the authorities.