

EU-EGYPT ASSOCIATION AGREEMENT

Implications for Business

Overall Objective of the AA

- Establish an appropriate **framework for co-operation and partnership** which will contribute to the economic and social development of Egypt
- **Not only trade and economics** (also includes a regular political dialogue, co-operation and social matters, migration, co-operation in cultural, audio-visual, media, information...)

Core of the AA

Establishment of an FTA between Egypt and the EU

Reciprocal tariff liberalisation for Industry
and Agriculture.

Quantitative restrictions and equivalent
measures will be removed

Core of the AA

- **Industrial Goods:** Egypt reciprocates the preferential treatment granted by the EU under the 1977 Cooperation Agreement by dismantling **all industrial duties** over a transitional period of up to 15 years from entry into force
- **Agricultural Goods:** the EU significantly improves **its concessions** for Egyptian agricultural exports by increasing/eliminating tariff quotas

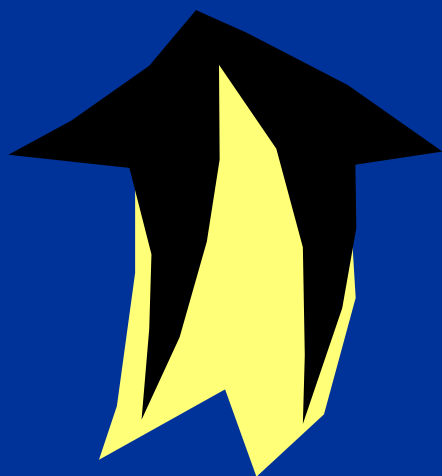
Entry into Force

- **Interim Agreement:** since **1.01.2004** trade and trade-related provisions of the AA
- **Association Agreement:** entered into force on **1.6.2004**

What does this mean for you in terms of **BUSINESS OPPORTUNITIES?**



**LOWER TARIFF
RATES**

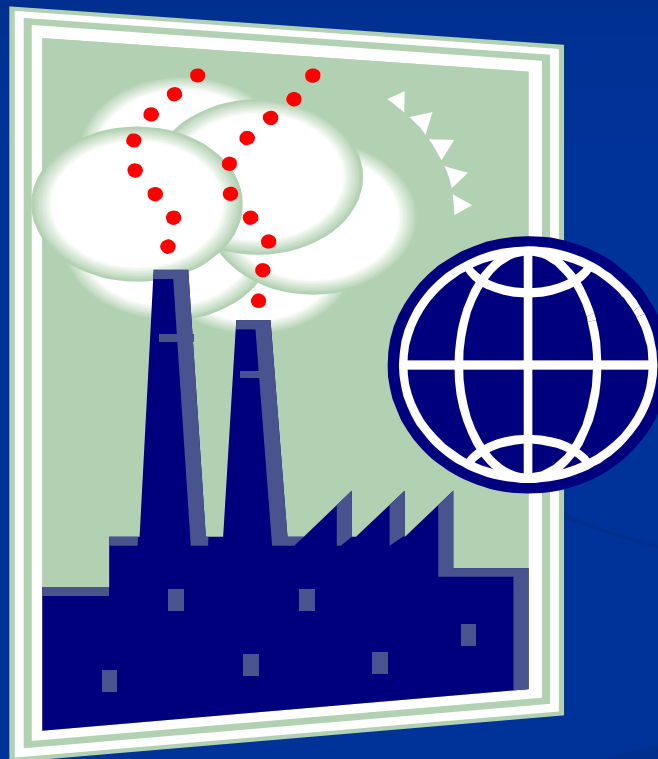


**INCREASED QUOTAS
FOR CERTAIN
PRODUCTS**

How?

Tariff Dismantling Schedule

Industrial Products



INDUSTRIAL PRODUCTS

For **Egyptian** Products into the EU:

- **Complete dismantling** of EU-customs duties and other charges having equivalent effect from **January 1st 2004**
- **NO** quantitative restrictions

INDUSTRIAL PRODUCTS

Examples (Egypt):

- **Mineral products** (cement, mineral fuels and oils)
- **Textiles** (ready-made clothes, cotton yarn, carpets, bed linen)
- **Base Metals** (iron, steel, aluminium or copper products)
- **Furniture** (office, kitchen or bedroom furniture, lamps, mattresses)



INDUSTRIAL PRODUCTS

Exceptional Measures-Egypt:

Increase or re-introduce customs duties for **infant industries or sectors under Restructuring:**

- Duties may not exceed **25% *ad valorem***
- No longer than **five** years (+4 additional years max)

INDUSTRIAL PRODUCTS

For EU-Products into Egypt:

- **Gradual abolition** of customs duties according to a schedule for some **European industrial products**
- From 2004 to 2019 (maximum transitional period: **15 years**)

INDUSTRIAL PRODUCTS

Examples (EU):

- **Raw materials, and industrial equipment,** from 1/01/2004 to 1/01/2007 (Annex II, 25% reduction each year)
- **Industrial supplies, semi-manufactured goods and construction materials,** from 1/01/2007 to 1/01/2013 (Annex III, 10% reduction first year, 15% reduction each successive year)



INDUSTRIAL PRODUCTS

Examples (EU):

- **Clothes, electrical domestic appliances, cosmetics, furniture and motor vehicles for the transport of goods, from 1/01/2009 to 1/01/2016** (Annex IV, 5% reduction first and second year, 15% reduction each successive year)
- **Motor vehicles designed for the transport of persons, from 1/01/2010 to 1/01/2019** (Annex V, 10% reduction each year)



Agricultural Products



AGRICULTURAL PRODUCTS

- Better access for **agricultural and processed agricultural products** from 1/01/2004 onwards (Protocols 1, 2 and 3)
- In **2006**, the EU and Egypt will examine the **situation** with the aim of establishing a **greater liberalisation** of their trade in agricultural, fisheries and processed agricultural products

AGRICULTURAL PRODUCTS

For **Egyptian** Products into the EU:

- **100%** customs duties reduction for a list of agricultural and processed agricultural **products** (Annex to Protocol 1 and Annex II to Protocol 3)
- **Higher quotas**

AGRICULTURAL PRODUCTS

Examples (Egyptian agricultural products):

Product	Duty Reduction	Tariff Quota 2004	Duty Reduction Beyond Quota
Onions (1/02 to 15/06)	100%	15,000	60%
Potatoes (1/01 to 31/03)	100%	130,000	60%
Pears	100%	500	Current duty
Tomatoes (1/11 to 31/03)	100%	Free quota	100%
Watermelons (1/02 to 30/04)	100%	Free quota	100%
Carrots (1/01 to 30/04)	100%	500	Current duty
Sweet Potatoes	100%	3,000	Current duty
Grapefruit (1/02 to 14/07)	100%	Free quota	100%

AGRICULTURAL PRODUCTS

Egyptian processed agricultural products:
100% customs duty reduction (Examples):

- Sugar confectionery
- Tomato sauces
- Soups and broths
- Waters
- Beer
- Cigars and cigarettes
- Mango chutney, coffee preparations...



AGRICULTURAL PRODUCTS

For **EU** Products:

- Reduction of customs duties between **25% to 100%** for a list of products, in some cases within the limit of a **quota**
- **Gradual** tariffs reduction for **processed agricultural products**

AGRICULTURAL PRODUCTS

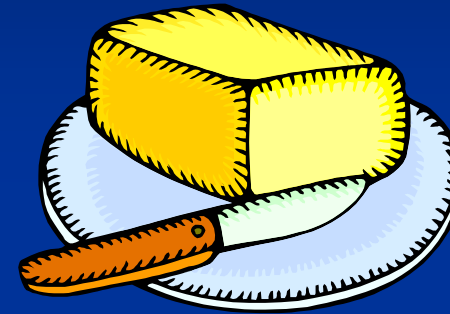
Examples (EU agricultural products)

Product	Duty Reduction	Tariff Quota
Milk powder	100%	Free Quota
Cream	25%	500
Cheese and Curd	50%	2,000
Apples (from 1/01 to 29/02)	25%	500
Cherries	25%	500
Soya beans	100%	Free Quota

AGRICULTURAL PRODUCTS

EU processed agricultural products (Examples):

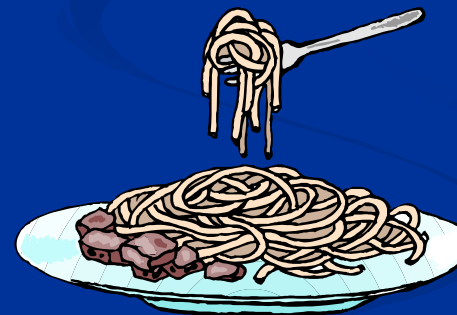
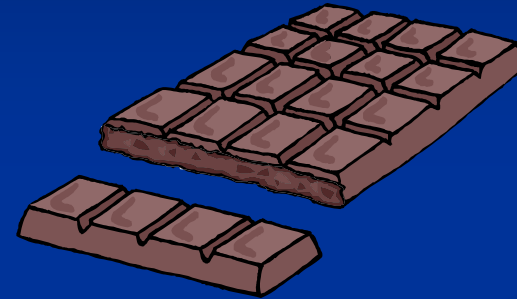
- **Natural sponges, cocoa paste and preparations for infant use:** on 1/01/2006 (Table 1 of Protocol 3) (100% reduction)
- **Yoghourt, margarine, tomato ketchup, soups:** from 1/01/2006 to 1/01/2008 (Table 2 of Protocol 3) (from 5% first year to 15% final reduction)



AGRICULTURAL PRODUCTS

EU processed agricultural products (Examples):

- **Sweet corn, pasta, chocolate, waters:**
from 1/01/2006 to
1/01/2008 (Table 3 of
Protocol 3) (from 5%
first year to **25% final
reduction**)



Other provisions in the fields of Trade and Economy included in the AA



Other Provisions

The AA will affect the regulatory landscape in Egypt:

- **State monopolies** to be adjusted by the end of the 5th year of the AA (2008) to ensure no discrimination
- **Competition rules:** The Association Council shall, within five years, adopt the rules to govern competition
- **Protection of IPR:** By the end of the 4th year of the AA (2007) Egypt shall accede to several Conventions on IPR (Annex IV of AA)
- **Transparency of public aid,** reporting annually the total amount and the distribution of the aid given
- **Services:** extending the scope of the AA to include the right of establishment of companies and liberalisation of the supply of services. First examination by the Association Council at the latest five years after the entry into force of the AA.
- **Capital Movements:** Full liberalisation of capital movements to be achieved

Other Provisions

The AA also provides for:

- **Intensification of Economic cooperation, Education, Training, Environment...**
- **Promotion of Industrial cooperation** (Egypt's access to the EU's networks for the rapprochement of businesses, modernisation of the economy...)
- **Promotion of Scientific and Technological cooperation** (strengthening research capacity in Egypt, stimulating technological innovation, transfer of new technologies, dissemination of know-how, access to Community R&D programmes...)
- **Promotion of Investments**
- **Standardisation and Conformity Assessment**
- **Approximation of Laws**

EU Current Support Programmes



Current EU-Support Programmes

- Total amount of grants to Egypt (1995-2004):
Commitments of **€ 1,037 mn**
- Total amount of EIB loans to Egypt (1995-2004):
Commitments of **€ 1,545 mn**

Current EU-Support Programmes - Eco/Trade

- **TEP-A** (€ 20 mn): Upgrade MFTI institutional and technical capacities in:
 - Commercial Diplomacy,
 - EU-Egypt AA,
 - WTO Agreements,
 - Export promotion,
 - Trade facilitation

- **TEP-B** (€ 40 mn):
 - Reduction of deadlines and costs of customs procedures;
 - strengthen export incentives;
 - reduction of deadlines and costs associated with checks on quality standards

- **TEP-C** (€ 6 mn):
 - Upgrade customs capacities;
 - implementation of a risk-assessment model;
 - improve customs valuation systems;
 - improve post-clearance controls

Current EU-Support Programmes - Eco/Trade

- **IMP** (€ 250 mn):
 - Improvement of business environment;
 - TA to SMEs;
 - creation of Business Resource Centres;
 - harmonisation of standards and certification of labs

- **FISC Financial** (€ 15 mn):
 - Improve regulatory role of CBE;
 - reduce role of public banks;
 - prepare the privatisation of one public bank;
 - support product portfolio development

- **Spinning and Weaving** (€ 80 mn):
 - Create a modern, market driven, competitive spinning and weaving sector;
 - improve regulatory framework;
 - restructure and upgrade public companies;
 - upgrade and reemploy redundant workers

Current EU-Support Programmes

Other major programmes:

- **Education Enhancement (€ 100 mn)**
- **Health Sector Reform (€ 110 mn)**
- **Social Fund for Development (€ 155 mn)**

Current EU-Support Programmes - Reg.

Regional Programmes (€ 93 mn 2002-2004):

- **UNIMED** (€ 2.5 mn): Strengthen industrial federations and employers organisations
- **Investment Promotion Agencies Support** (€ 4 mn): Create a Euro-Med network of IPAs to increase FDI in the region
- **EuroMed SMEs** (€ 2.8 mn): Working meetings between Med and Europeans enterprises
- **EuroMed Innovation, Technology and Quality Programme** (€ 15 mn): Facilitate the development and marketing of quality products by Med and European enterprises

Implementation of the AA



Implementation of the AA

- **Association Council:** at Ministerial level
- **Association Committee:** Responsible for the implementation of the AA
- **Subcommittees** (to discuss implementation in different areas, assess progress and examine problems that may arise in the specific sector)
- **Economic Dialogue,** yearly (first one took place in January 2004)
- **Political Dialogue**

Implementation

- Ambassador **ABDEL LATIF**, Secretary General of the Permanent Secretariat for the Implementation of the AA (Ministry of Foreign Affairs)
- Special Units in each Ministry (**Foreign, Trade, Agriculture...**) dealing with the implementation of the AA

Export opportunities used?

BUT: Are existing Export opportunities to the EU really used by Egypt?

- Are AA quotas really filled ?

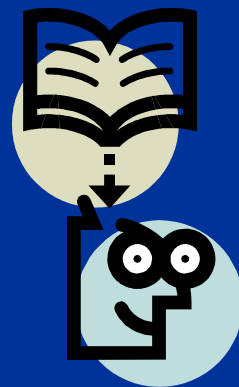
Cabbage, cauliflower (0%), carrots (13%), lettuce (21%), (23%), cut flowers (24%), melons (57%), garlic (83%),...

- Fish

- Potatoes

- ...

Useful Information



Useful Information

Customs Authority Decree 17/2004: **Complaint**

Committees in Customs points

- **Receive and follow** complaints in each one of the Customs Central Administrations
- Every week the Chairman of each Committee will present to the Head of Customs Authority a **report with the complaints** received and proposal to eliminate them in the future.
- If decision adopted is not satisfactory, the stakeholder can apply to the **Arbitration Process** under Article 57 of Customs Law.

Useful Information

- **EU-Egypt Association Agreement:**
www.eu-delegation.org.eg/en/eu_and_country/association.htm
- **Customs Website:** www.customs.gov.eg
- **World Customs Organisation:** www.wcoomd.org
- **Ministry of Foreign Trade and Industry:** www.mfti.gov.eg
- **European Information Correspondence Centre (EICC):**
Industrial Modernisation Centre, 1195 Cornish El Nil. Tel:+202 5770090, Fax:+202 5772870 E-mail: info@eicc.org.eg
- **Industrial Modernisation Programme:** www.imc-egypt.org.eg
- **EU Export Helpdesk for Developing Countries:**
<http://export-help.cec.eu.int>
- **EU Standards:** www.newapproach.org
- **EU Funded Programs:**
http://www.eu-delegation.org.eg/en/eu_funded_programmes/overview.htm
- **EU Delegation Funding Opportunities:**
http://www.eu-delegation.org.eg/en/eu_funded_programmes/opportunities.htm
- **EU tenders and grants:**
http://europa.eu.int/comm/europeaid/tender/index_en.htm
- **EIB loans and TA:** <http://www.eib.org/sitemap>
- **EIB FEMIP:** <http://www.eib.org/site/index.asp?designation=med>

Useful Information

Further information:

- **EU Commission Delegation Egypt**

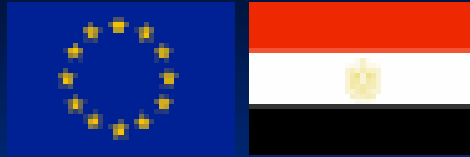
www.eu-delegation.org.eg

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End of Presentation