EGYPT: COMPANY PERSPECTIVES

AN ITC SERIES ON NON-TARIFF MEASURES

International Trade Centre

TRADE IMPACT FOR GOOD

EGYPT:
COMPANY PERSPECTIVES

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NON-TARIFF MEASURES

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The report on Egypt, part of a series of publications assessing the impact of non-tariff measures (NTMs) on the business sector, aims to increase transparency and help better understand the trade impediments faced by Egyptian exporters and importers. It analyses survey findings and compares them to other sources on NTMs to identify regulatory, procedural and infrastructural obstacles in Egypt; sectors covered include agri-food, engineering, chemicals, textiles and clothing, metals and basic manufacturing and furniture and wood products; types of measures include technical barriers to trade, sanitary and phytosanitary measures and rules of origin. It further includes bibliographical references (pp.98-99).

Descriptors: **Egypt, Non-Tariff Measures, SMEs, Trade Policy, TBT, SPS, Rules of Origin.**

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Acronyms

Unless otherwise specified, all references to dollars ($) are to United States dollars, and all references to tons are to metric tons.

The following abbreviations are used:

ATC	Agreement on Textiles and Clothing
CIF	Cost, insurance and freight
CIQ	Certificate of Inspection and Quality
COMESA	Common Market for Eastern and Southern Africa
EDF	Export Development Fund
EDI	Electronic data interchange
EFTA	European Free Trade Association
EOS	Egyptian Organization for Standardization and Quality
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FTA	Free Trade Agreement
FTTC	Foreign Trade Training Centre
GAFI	General Authority for Investment
GAFTA	Greater Arab Free Trade Area
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
GOEIC	General Organization for Export and Import Control
HS	Harmonized System
ICA	Industrial Control Authority
IDA	Industrial Development Authority
IPR	Intellectual property rights
IT	Information technology
ITC	International Trade Centre
MFN	Most favoured nation
QIZ	Qualifying Industrial Zone
REACH	Registration, Evaluation, Authorization and Restriction of Chemical Substances
SONCAP	Standards Organisation of Nigeria Conformity Assessment Program
TBT	Technical barriers to trade
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organization

Executive summary

Trade is a central pillar of Egypt's economic development

The Egyptian economy has been struggling through several downturns over the past decade. The majority of its revenues comes from the services sector, primarily tourism and the Suez Canal. As a result, Egypt has always been vulnerable to external shocks and crises. In 2011, Egypt entered a phase of instability following the collapse of the regime of Hosni Mubarak. Uncertainty, characteristic of transition periods, slowed down economic performance.

Trade is one of the central pillars of Egypt's economic development. Because the country has traditionally suffered from a chronic trade deficit, the government has pursued an outward-oriented trade policy, seeking further integration in international markets and improving market access for its exports. Egypt is an active member of the WTO and is engaged in several bilateral and regional preferential trade agreements.

Non-tariff measures' increase in importance

In the global context of increasing economic liberalization and a widespread tendency to reduce tariffs, the importance of trade barriers resulting from non-tariff measures (NTMs) has risen in recent decades. Importing countries are implementing more regulations, because consumers are demanding more information about products. Most of these regulations do not have protectionist objectives, but are implemented to protect health or the environment. Compliance with these regulations may be beyond the reach of companies seeking to export, particularly those from emerging, developing and least developed countries. Analyses of the commercial impact of NTMs, as well as technical cooperation with developing countries to build government and business capacities, are becoming increasingly important.

The International Trade Centre (ITC) is engaged in this research and cooperation. ITC is conducting comprehensive surveys of exporters and importers in developing countries to document their experiences with NTMs and related trade regulatory and procedural trade obstacles. In close collaboration with local partners, ITC has conducted the NTM Survey in more than 25 countries, including in Egypt.

ITC interviewed 869 Egyptian exporters and importers on their experiences with NTMs

The Ministry of Industry and Foreign Trade requested ITC to carry out the NTM Survey, which was officially launched in May 2011. The survey took place between May and November 2011, with all local interviewers and project managers trained by ITC on NTMs and the survey methodology. Other ITC principal counterparts in Egypt included export councils, the chambers of commerce and business associations.

Much effort was put into compiling a business register from several national sources and dispersed records. The result is a comprehensive business register of 3,022 active exporting and importing companies that lists contact details, location, size and ownership. As a first step, 869 companies participated in telephone interviews. Next, 189 of those companies that reported they were affected by NTMs or procedural obstacles participated in face-to-face interviews. These resulted in detailed reports of trade barriers experienced by companies, the products affected, their origin and destination. The survey covered all major export and import sectors and took into account the distribution of companies by size.

Nearly 40% of companies are affected by regulatory and procedural trade obstacles

The telephone interviews revealed that 38% of the companies were affected by burdensome NTMs or related procedural obstacles. The results indicate that significant differences exist across sectors. Agricultural companies experience more impediments to trade than manufacturing companies. Small companies are more affected than larger ones. No significant difference was observed between exporters and importers in terms of share of affected companies and procedural obstacles. As expected, regulatory barriers experienced by importers are different from those experienced by exporters, as explained below.

The primary focus of the face-to-face interviews was on the companies producing and trading their own goods. The remaining interviews captured similar views from trading agents providing trade-related services, such as agents, brokers, forwarders and transport companies. Producing companies report

NTMs more frequently than trading companies, particularly with technical regulations and conformity assessment. Three-quarters of the interviewed producing companies are responsible for their own trading operations and logistics, with an internal department that handled all logistical issues. Trading companies reveal fewer problems with NTMs.

The knowledge of trade regulations and the ability of Egyptian companies to comply with them strongly depend on their size. Large and medium-sized companies possess a higher level of knowledge and experience, which allows them to clearly identify their problems, report complete and detailed NTM cases.

The survey also provides insights on the ownership structure of interviewed exporters and importers. For example, 79% of the companies that participated in face-to-face interviews were domestically owned, while 21% had foreign capital investment. Companies with foreign ownership, especially multinationals, appear to be more efficient in handling NTMs based on their accumulated knowledge and strong network, while local companies were experiencing more problems with NTMs.

Exporters report many problems with regulations applied by trade agreement partners

Partner countries apply almost 83% of the burdensome NTMs reported by exporters, while the remainder refer to domestic regulations and a small number of private standards. Most of the NTMs that affect exporters were reported as burdensome because of the strictness of the regulations (39%), while the remainder refer to procedural obstacles stemming from inefficient implementation of the regulation (33%) or a combination of the above factors (28%).

There is a strong correlation between the number of reported NTMs and Egypt's main trading partners, signatories to regional or bilateral trade agreements currently in place. This is partially due to the sample composition of the face-to-face interviews, which is random with respect to partner countries and captures firms exporting to large markets more frequently. Greater Arab Free Trade Area (GAFTA) partner countries attract the highest share of complaints by exporters, followed by European Union (EU) and Common Market for Eastern and Southern Africa (COMESA) member states.

Agri-food exports are more affected than manufacturing exports

The share of the affected exporting companies that reported burdensome NTMs varies across sectors. The agri-food sector, which constitutes almost US$ 5.1 billion of the total Egyptian exports in 2010 and representing 28% of the total non-oil Egyptian exports, is the most affected sector. Almost 46% of the fresh food exporters and 41% of the processed food exporters interviewed by telephone reported that they suffered from burdensome NTMs. The face-to-face interviews revealed that agri-food exporters also encountered more problems than those in other sectors.

For manufacturing exports, the most affected sectors include engineering products (46% of the exporters from this sector interviewed by telephone reported barriers to trade), metals and basic manufacturing (40% of respondents), chemicals and clothing (both 38%).

The survey results reveal several recurring problems. The largest proportion of the reported NTMs refers to strict technical requirements and burdensome conformity assessments (48% of the NTMs applied by partner countries and 44% of the NTMs applied by Egypt on exports). Technical requirements establish product specifications that traded products need to comply with to gain market access. Conformity assessments refer to compulsory activities and certificates necessary to demonstrate compliance with technical requirements. Evidence from the survey suggests that many Egyptian exporters are familiar and compliant with the technical requirements imposed by partner countries, but they have difficulties demonstrating compliance. Certification, product registration and testing are the most commonly reported burdensome types of conformity assessment applied by partner countries on exports.

For importers, conformity assessments, charges and taxes top the list of challenging measures

Almost all cases reported by importers indicated NTMs imposed by Egyptian authorities. This is expected as the requirements of partner countries are generally handled by suppliers. The majority of domestic cases combine both regulatory and procedural barriers. The share of the affected importing companies that reported burdensome NTMs varies across sectors. Although agri-food imports do not constitute a big share of the total non-oil Egyptian imports, they appear to be the highest affected sector. Almost 63% of processed food importers and 55% of fresh food importers interviewed by telephone reported to suffer from burdensome NTMs. This is not surprising given that agri-food products are generally more regulated to ensure consumer protection.

Among manufacturing importers, the engineering and chemicals sectors stand out as strongly affected. For the engineering sector – constituting almost 29% of the total non-oil imports in 2010 – nearly 51% of the importers interviewed by telephone reported burdensome NTMs. For the chemicals sector, 41% of importers interviewed by telephone reported burdensome NTMs.

Conformity assessment, in particular certification and testing, is the most frequently reported NTM encountered by importers, totalling 41% of the reported cases for NTMs applied by Egypt to regulate imports. The second most frequent problem reported by importers related to charges and taxes, which constitute 28% of NTM cases affecting imports. Companies reported a significant number of charges levied on imports, which in their view were unjustified. Most frequently reported charges and taxes include consular invoice fees and customs valuation.

Inefficient administrative procedures and infrastructural challenges increase the difficulty to comply with NTMs

For both exports and imports, Egyptian companies unanimously identified delays as the most frequent and chronic obstacle encountered with all Egyptian authorities and partner countries, whether developed or developing, and irrespective of the product nature. Additionally, high fees and charges, infrastructural challenges and administrative burdens were also commonly reported.

The Egyptian Customs Authority was the most reported Egyptian agency associated with procedural obstacles. Almost 25% of all domestic cases affecting exports and 37% of those affecting imports related to customs. The recurrent reference to the Egyptian Customs Authority is in line with findings in other countries and to be expected, given that every exporter and importer must work with the Egyptian Customs Authority for every transaction.

Exporters also frequently mentioned the Ministry of Industry and Foreign Trade and its affiliated bodies, including the General Organization for Export and Import Control (GOEIC), the Industrial Control Authority (ICA), the Industrial Development Authority (IDA), the Egyptian Organization for Standardization and Quality (EOS), the Foreign Trade Training Centre (FTTC) and the Industrial Modernization Centre (IMC).

Zooming in on the agri-food sector

The agri-food sector is a key sector in the Egyptian economy with a significant weight in its trade balance. The agriculture sector alone employs almost 32% of the total Egyptian workforce, which in turn supports the livelihoods of almost 50% of the total population, and contributes to nearly 14% of GDP. The survey results show the agri-food sector to be highly impacted by NTMs, with exports affected more strongly than imports. Fresh food exports were relatively more affected than processed food exports.

Agri-food exporters struggle with strict tolerance limits in Europe and labelling requirements in Arab States

Among the reported NTMs applied by partner countries on Egyptian agri-food exports, most cases refer to product or sector-specific technical requirements and related conformity assessment. Reported non-technical NTMs include quantity control measures and pre-shipment inspections. Other frequently mentioned categories refer to non-technical cross-cutting NTMs unrelated to a specific product or sector, such as charges and taxes, rules and certificates of origin, and finance measures.

Strict technical requirements, comprising sanitary and phytosanitary measures and technical barriers to trade (TBT), were reported to be the biggest challenge for agri-food exporters. The most recurring technical impediments for fresh food are very strict tolerance limits for pesticides residues or contamination by certain substances. Such burdensome tolerance limits mostly affect exports of vegetables, fruits, spices and oil-seeds. EU member states and members of the European Free Trade Association (EFTA) were reported to impose the majority of these regulations, which impedes Egyptian exports to those markets. In addition, a number of transparency issues are linked to these technical requirements, including frequently changing tolerance limits that seem to become stricter over time, and very short implementation notices. Fresh food exporters also reported difficulty in demonstrating compliance with these technical requirements. Strict testing requirements represent the majority of the reported conformity assessment cases. Pesticides residue tests were frequently mentioned as expensive and time consuming, and exporters are frustrated with the lack of testing facilities and laboratories.

For processed food exports, the majority of reported NTMs refer to strict labelling requirements, which affect mainly exports of edible products, fish products, vegetable fats and oils. Most of these requirements are applied by GAFTA members, including Saudi Arabia, Kuwait and Lebanon. Exporters perceive that some labelling requirements are used intentionally to hinder exports. Customizing the product labels to fit specific requirements was reported to be difficult and costly.

Agri-food products are also subject to inspections, both for exports and imports

In addition to partner countries' requirements, agri-food exporters also reported challenges with domestically mandated export inspections. Exporters perceive that mandatory inspections by GOEIC of the five main agricultural products are unfit for product quality control. These products include fresh citrus fruit, garlic, onions, potatoes and peanuts. In many cases, the inspection reportedly failed to discover major issues such as fruit flies in citrus, brown rot disease in potatoes and aflatoxin in peanuts. Export inspection problems are exacerbated by limited and inappropriate inspection facilities at GOEIC, especially cooling and storage facilities, delay in inspection procedures, mishandling of perishables during the inspection process, and outdated X-ray devices used to detect explosives and smuggled goods at Cairo Airport.

On the import side, most problems are encountered at the procedural rather than the regulatory level. Generally, agri-food importers experienced difficulty in demonstrating compliance with Egyptian requirements. Most reported cases refer to mandatory testing requirements as part of the import clearance process. These testing requirements delay the clearance process and are relatively expensive. In addition, inadequate testing facilities result in further delays.

Zooming in on the manufacturing sector

In 2010, manufacturing output represented almost 38% of GDP, employing on average 23% of the active labour force. Manufacturing exports reached almost US$ 12 billion in 2010, representing 66% of the total non-oil exports. Manufacturing imports reached almost US$ 33 billion in 2010, representing 76% of the total non-oil Egyptian imports. The overall manufacturing trade balance was negative, positioning Egypt as a net importer.

Companies in Egypt's manufacturing sector reported a large number of burdensome NTMs. Similar to the agri-food sector, exports are affected more than imports, and NTMs applied by partner countries on exports exceed those applied by Egyptian authorities. In total, manufacturing exporters reported 607 NTM cases, which exceeds the number reported by agri-food exporters (415 cases). However, this is related to the larger number of manufacturing companies interviewed by telephone (470 manufacturing versus 226 agri-food companies), which in turn is linked to the larger value of manufacturing exports – US$ 12 billion non-oil manufacturing exports versus US$ 5.1 billion agri-food exports in 2010.

Rules of origin and related certification stand out as biggest problem for manufacturing exports

Compared to agri-food exporters, the manufacturing sector reported a larger variety of NTM types for regulations applied by partner countries. Problems associated with rules and certificates of origin account for 30% of NTM cases, primarily affecting the textiles and clothing and the engineering sectors. Technical requirements and conformity assessment are also significantly reported as sector-specific NTMs, primarily for the chemicals and engineering sectors. Frequently reported non-technical NTMs include quantity control measures and pre-shipment inspections. Other burdensome partner country regulations reported by manufacturing exporters comprise charges and taxes, finance measures, and anti-competitive measures.

A number of rules of origin cases involve GAFTA trading partners. Customs officials in most GAFTA member states reject the certificate of origin if any non-Arabic word appears on the certificate. However, exporters insist that some technical wordings, product descriptions, specifications, letters, initials and numbers are difficult to translate.

For textiles and clothing exports, a significant number of reported cases refer to strict preferential rules of origin applied under the EU-Egypt Association Agreement and the Pan-Euro-Mediterranean (Pan-Euro-Med) zone. Exporters indicated that double transformation of materials known as the 'Yarn Forward Rule' hinders the process of acquiring preferential origin. Additionally, customs authorities of Pan-Euro-Med countries rarely trust declared origin and require verification.

Other problems emerge as a consequence of overlapping agreements. For example, trade relations between the Sudan and Egypt are governed by both the GAFTA and COMESA agreements. Both agreements grant Egyptian exports preferential tariff preferences in the Sudan but apply different rules of origin. In several cases, the Sudanese Customs Authorities did not fully apply the preferential treatment within the framework of either COMESA or GAFTA, although the exported products complied with the equivalent rules of origin.

Conformity assessment is the second largest group of problems faced by manufacturing exporters. The majority of these cases refer to product registration requirements, affecting mainly the chemicals sector. The Registration, Evaluation, Authorisation and Restriction of Chemical substances (REACH) regulation is considered one of the major obstacles for exports of chemicals to the EU, and is commonly perceived as very difficult and expensive.

Engineering, metals and basic manufacturing exports also suffered from complicated and difficult compliance processes, mainly in Arab countries, notably Saudi Arabia. The Saudi Standards, Metrology and Quality Organization (SASO) requires almost all industrial products to be registered under the International Conformity Certification Program (ICCP) before being exported, which is reportedly very expensive, usually delayed for one year and must be renewed every two years. In addition to product registration, SASO requires an annual certification process in conformity with Saudi standards or any other accepted international standards. Certificates are only accepted from a single private company; an equivalent certificate from the Egyptian Standardization Organization (EOS) or the Egyptian Faculties of Engineering is not recognized.

Manufacturing exporters also cite challenges related to export licences required by Egypt

Manufacturing companies also pointed to problems related to domestic regulations applied by Egyptian Authorities. Almost 50% of these problems are related to the government's export support fund. According to the NTM Survey results, the export support mechanism suffered from major inefficiencies, which compromises its objectives. Exporters mentioned the large number of required documents, which are inadequately published and not disseminated, frequently changing procedures without prior notice, difficulty in obtaining the required documents, and general delays of six months to one year in receiving the expected support.

Another issue commonly reported by manufacturing exporters across all sectors and irrespective of the nature of the importing country concerns mandatory export licensing. According to the Import and Export Executive Regulation No. 770/2005, Egyptian products should be exported directly through the Customs Authority without prior export approval. However, manufactured goods cannot be exported unless they are produced in companies licensed to be established and to operate, which requires a valid industrial register. The issuance or annual renewal of the industrial register appears to be very complicated, involving many administrative windows and documents. The industrial register process usually takes at least three months, which interrupts any export activity during this period.

Egyptian companies subject to Investment Law No.8/1997 cannot apply for the exporters' register but instead need the approval or permit from the General Authority for Investment (GAFI). Originally, this procedure was meant to facilitate the export activity of these companies, but it is reported to have the opposite effect.

For imports, the quality certificate required for industrial imports from China poses problems

Egypt's manufacturing imports reached more than triple the agri-food imports in 2010, which is reflected in the number of reported NTM cases (290 manufacturing versus 63 agri-food reported NTM cases for imports). The three main sectors constituting the largest shares of imports – chemicals, engineering and metals, and basic manufacturing – are the most affected by burdensome NTMs. Importers of manufactured goods refer to challenging conformity assessment procedures in 42% of the cases. Difficult certification and testing requirements account for the majority of these cases and are primarily concentrated in the engineering and chemicals sectors.

Almost 95% of the certification cases refer to the Certificate of Inspection and Quality (CIQ) required for industrial imports from China. Interviewed importers agree that the CIQ certificate does not guarantee the product quality as expected and adds unjustified costs, ranging from US$ 200 to US$ 1,000 per shipment as well as delaying the clearance process from two to four weeks. In addition, importers complained about double inspection. Even after issuing the required CIQ pre-shipment inspection certificate, GOEIC reportedly undertakes additional testing before import clearance.

In conclusion: implement trade agreements, increase transparency of regulations and procedures, and clarify rules of origin

Three main observations emerge from the NTM Survey in Egypt: firstly, independently of the type of NTMs imposed by partner countries, many problems are attributed to inefficiencies in a number of Egyptian agencies. This is easier to tackle than the regulatory environment in partner countries. By handling common procedural obstacles and administrative inefficiencies, such as lack of transparency, delays and high fees, Egypt could overcome a significant share of the reported problems.

Second, Egyptian exporters may be able to produce up to the strict standards of lucrative markets, but require assistance and streamlined procedures for demonstrating compliance with these standards. The product quality and conformity assessment infrastructure in Egypt need strengthening.

Thirdly, many behind-the-border problems happen in partner countries with which Egypt has signed agreements, notably Arab States and the EU. Egypt needs to ensure the effective implementation of existing trade agreements.

The NTM Survey results were dicussed and validated in a stakeholder meeting in Cairo, Egypt, on 16 May 2013. The meeting was organized by ITC and the Egyptian Ministry of Industry and Foreign Trade. The participants, who came from both the public and private sector, jointly formulated a number of recommendations.

These include to:

- effectively implement existing agreements;
- improve mutual recognition of standards and related certification; and
- reduce procedural inefficiencies.

Specifically for the agri-food sector, it is important to:

- increase the transparency of regulations;
- improve the conformity assessment infrastructure in Egypt; and
- harmonize labelling requirements in Arab States.

For the manufacturing sector, it is recommended to:

- clarify rules of origin under overlapping agreements;
- simplify origin certification procedures; and
- increase recognition of certificates of origin.

The NTM Survey analysis provides a comprehensive picture of the challenges encountered by Egyptian exporters and importers in 2011/12. The stakeholder meeting built on this analysis by initiating a public-private dialogue and formulating policy options. Addressing the identified problems requires continuous cooperation between the ministries, agencies and the private sector. Since the NTM Survey, the country has undergone massive changes, both politically and economically, and new challenges have emerged. The survey results serve as a benchmark against which the changes in the trade environment that have happened over the past years and future progress and can be monitored and evaluated.

Introduction

The growing role of non-tariff measures in trade

Over several decades, trade liberalization has been used as a development tool based on evidence that benefits accrue to countries actively engaged in world trade. Multilateral, regional and bilateral trade negotiations as well as non-reciprocal concessions have led to a remarkable reduction in global, average tariff protection. With favourable market access conditions, international trade has soared to previously unseen levels, raising overall welfare and standards of living.

However, the effect of non-tariff measures (NTMs) may undermine the impact of falling tariffs. The sound use of NTMs to ensure consumer health, environmental protection or national security is legitimate and desirable. This said, evidence suggests that many regulations have, intended or unintended, trade-distorting effects, either due to the strictness of the regulation or the way in which they are implemented. NTMs have been negotiated within the General Agreement on Tariffs and Trade and at the World Trade Organization (WTO) since the Tokyo Round (1973–1979) and are increasingly dealt with in regional and bilateral trade agreements. NTMs have gained importance, with many practitioners considering they impede trade more than tariffs.

Being 'defined by what they are not',[1] NTMs comprise a myriad of policies other than tariff duties. NTMs are complex legal texts, specific to the product and applying country. As a result, they are more difficult to quantify or compare than tariffs.

NTMs particularly concern exporters and importers in developing and least developed countries (LDCs), which struggle with complex requirements. Firms in these countries often have inadequate domestic trade-related infrastructure and face administrative obstacles. NTMs that would not normally be considered as very restrictive can represent major burdens in LDCs. In addition, the lack of export-support services and insufficient access to information on NTMs put pressure on the international competitiveness of firms. Hence, both NTMs applied by partner countries as well as domestic burdens have an impact on market access and keep companies from seizing the opportunities created by globalization.

Non-tariff measures and other obstacles to trade

Obstacles to trade are a complex and diverse subject. Before going into a detailed analysis, it is worth looking at their terminology and classification.

The concept of an NTM is neutral. NTMs are defined as 'policy measures, other than customs tariffs, that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both'.[2]

In contrast, the term non-tariff barrier (NTB) implies a negative impact on trade. The Multi-Agency Support Team (MAST) and the Group of Eminent Persons on Non-Tariff Barriers (GNTB) proposed that NTBs be a subset of NTMs with a 'protectionist or discriminatory intent'.[3]

Given that legitimate reasons – including the protection of human, animal and plant health – may lead to NTMs, this report avoids making judgements on intentions. The term NTM is generally used. By design, the ITC NTM Survey only captures NTMs that cause major difficulties for trading companies. NTMs analysed in this report are referred to as 'burdensome NTMs'.

The diversity of NTMs requires a classification system. The ITC NTM Survey is based on an international classification developed by MAST, incorporating minor adaptations to the ITC business survey approach.[4]

[1] Deardorff and Stern (1998).

[2] Multi Agency Support Team (2009).

[3] *Ibid.*

[4] For further details on MAST NTM classification, see appendix II.

While the actual classification and data collection go into further detail, the following distinctions and terms are used in this report:

- Technical measures refer to product-specific requirements such as tolerance limits of certain substances, labelling standards or transport conditions. They can be subdivided into two major categories:
  - Technical requirements – technical barriers to trade (TBT) or sanitary and phytosanitary (SPS) measures;
  - Conformity assessment, like certification or testing procedures needed to demonstrate compliance with underlying requirements.

- Non-technical measures comprise the following categories:
  - Charges, taxes and other para-tariff measures – in addition to customs duties;
  - Quantity control measures such as non-automatic licences or quotas;
  - Pre-shipment inspections and other formalities such as automatic licences;
  - Rules of origin;
  - Finance measures such as terms of payment or exchange rate regulations;
  - Price control measures.

Apart from the aforementioned measures imposed by the importing country, those applied by the exporting country constitute a separate category. It must be noted that NTMs vary widely even within these broad categories.

To provide a richer picture of the problems companies face, the survey also looks at procedural obstacles and at the trade-related business environment.[5] Procedural obstacles refer to practical challenges directly related to NTMs. Examples include problems caused by the lack of adequate testing facilities to comply with technical measures or excessive paperwork in the administration of licences. Inefficiencies in the trade-related business environment may have similar effects, but occur unrelated to specific NTMs. Examples include delays and costs due to poor infrastructure or inconsistent behaviour of officials at customs or ports.

Why are company perspectives important?

In the literature, different methods have been used to evaluate the effects of NTMs. An early approach employed a concept of incidence with NTM coverage ratios. For example, Laird and Yeats (1990) found a dramatic surge of NTM incidence in developed countries between 1966 and 1986 – a 36% increase for food products and an 82% increase for textiles. These studies rely on extensive databases mapping NTMs per product and applying country. The largest database of official government-reported NTMs used to be the Trade Analysis and Information System (TRAINS) published by the United Nations Conference on Trade and Development (UNCTAD), but data have been incomplete and updates irregular.

In a multi-agency effort, ITC, UNCTAD and the World Bank are collecting data for a new, global NTM database with a focus on TBTs and SPS. The new ITC Market Access Map already features information about NTMs.[6] However, as complete as such a database may be, it does not reveal the impact of NTMs on the business sector, nor will it provide information about related procedural obstacles.

The two main approaches to evaluating the impact of NTMs include quantification techniques and direct assessment.

In the case of quantification techniques, several academic studies have quantitatively estimated the impact of NTMs on either trade quantities or prices. Such studies have either focused on very specific measures and individual countries[7] or have statistically estimated the average impact from large samples of countries

[5] For further details on the systematic classification of procedural obstacles and inefficiencies in the trade-related business environment used in the survey, please refer to appendix III.

[6] The new Market Access Map is available at http://www.macmap.org

[7] Calvin and Krissoff (1998); Yue, Beghin and Jensen (2006).

and NTMs.[8] Excellent overviews are provided by Deardorff and Stern (1998) as well as by Ferrantino (2006). These academic articles provide an important insight into the quantitative impacts of NTMs. However, these studies are too specific or too general to deliver a useful picture of NTM protection to the business sector and to national policymakers. Quantitative estimations of the effects of NTMs rarely allow for isolating the impact of NTM regulation itself from related procedural obstacles or inefficiencies in the trade-related business environment.

The second approach to evaluating the impact of NTMs is direct assessment through surveys. The Organisation for Economic Co-operation and Development (OECD) compiled the results of 23 business surveys on NTMs.[9] Overall, technical measures, additional charges and general customs procedures were identified as the most burdensome trade barriers. It is worth noting that of the 10 categories evaluated, quotas and other quantitative restrictions, an important trade policy instrument only a few decades ago, ranked fifth. While this survey-of-surveys gives a general indication of the business sector's concerns with NTMs, the majority of the surveys covered a restricted set of partner countries and products. In addition, the share of surveys from developing countries was generally low.

The ITC programme on NTMs fills the gap left by these studies as it provides detailed qualitative impact analysis and directly addresses key stakeholders. Launched in 2010, it incorporates large-scale company surveys on NTMs, procedural obstacles and inefficiencies in the trade-related business environment. Furthermore, the ITC NTM Surveys evaluate all major export sectors and all importing partners. To date, surveys were carried out in more than 20 developing and LDCs. This report presents results of the ITC NTM Survey in Egypt.

The ITC NTM Survey allows companies to directly report the most burdensome NTMs and the way in which these impact their business. Exporters and importers deal with NTMs and other obstacles on a day-to-day basis. They know best the challenges they face, rendering a business perspective on NTMs indispensable. At the government level, an understanding of companies' key concerns with regard to NTMs, procedural obstacles and the trade-related business environment can help define national strategies geared to overcome obstacles to trade.

This report is structured as follows: Chapter 1 provides an overview of Egypt's economy with particular focus on trade and trade policy. Chapter 2 presents the methodology and implementation of the ITC NTM Survey in Egypt. Chapter 3 analyses the results of the survey in three main sections: aggregate and cross-cutting results are presented in the first section, followed by two sections outlining the challenges faced by exporters and importers in agri-food and manufacturing. Chapter 4 concludes.

[8] Disdier, Fontagné and Mimouni (2008); Dean et al. (2009); Kee, Nicita and Olarreaga (2008); Kee, Nicita and Olarreaga (2009).

[9] Organisation for Economic Co-operation and Development (2005).

Chapter 1 Trade and trade policy overview of Egypt

Economic situation

This section provides an overview of the Egyptian economy with a historical overview since the 1990s until the time of the survey, conducted in 2012.

At a glance

In 1991, Egypt began implementing its Economic Reform and Structural Adjustment Program under the supervision of the World Bank and the International Monetary Fund to correct market distortions and restore global confidence in the Egyptian economy. Initially, the programme succeeded in stabilizing the Egyptian economy. However, the late 1990s witnessed negative developments affecting the reform process, including an appreciating currency and increased unemployment rates.[10] It worsened with the recession that swept the world following the events of 11 September 2001.

In 2004, the growth rates recoveredas a result of the government taking remedial actions, including devaluating the Egyptian pound, amending the tax and customs system, accelerating the privatization programme and raising the efficiency of financial institutions.[11] In addition, export development and foreign direct investment attraction became government priorities. During the period 2004–2008, Egypt pursued economic reform. However, the global financial crisis slowed its efforts. The budget deficit climbed to over 8% of GDP and Egypt's GDP growth slowed to 4.6% in 2009, mainly due to the decelerated growth in vital sectors, including exports, tourism and Suez Canal revenues. In 2010, exports were able to drive GDP growth back to more than 5%.

In 2011, Egypt entered a new phase following the collapse of Hosni Mubarak’s regime, which was triggered by the rising demand for freedom, social equality and a more equal income distribution. A major observation of the revolution (hereafter referred to as the 25th of January Revolution) was its quick pace and dynamic nature, predicting serious changes and raising expectations for a better future.[12] Despite the strong will for political and economic reform, the Egyptian economy has been suffering from uncertainty, described to be normal in any transitional period.

Important macroeconomic indicators

Egypt’s nominal GDP reached approximately US$ 218 billion in 2010, translated to almost US$ 499 billion in terms of purchasing power parity (PPP). With a total population of 81 million, the per capita GDP reached US$ 6,417 in terms of PPP in 2010.[13]

GDP growth has not had a significant impact on poverty. At least 25% of the population is estimated to be below the poverty line.[14] Unemployment rates have persisted at a relatively high level at 10.5% (total labour force) and 25% for young employees in 2010.[15] All these factors contributed to the collapse of the former regime and the beginning of a new era marked by the 25th of January Revolution. During 2011, Egypt’s economy signalled signs of economic recession. GDP growth slowed and official international reserves significantly declined. The Egyptian pound (EGP) observed a radical devaluation in relation to the US dollar crossing EGP 6 for the first time since floating the Egyptian pound in 2003.[16]

[10] Yamada, 2008.

[11] Egyptian Centre for Economic Studies, 2003.

[12] Ghoneim et al., 2011.

[13] International Monetary Fund (IMF), World Economic Outlook Database, September 2011 available at http://www.imf.org/external/ns/cs.aspx?id=28, accessed 22 March 2015.

[14] World Development Indicators, World Bank database, available at http://databank.worldbank.org, accessed 22 March 2015.

[15] Central Agency for Public Mobilization and Statistics (CAPMAS), available at www.capmas.gov.eg, accessed 22 March 2015.

[16] Central Bank of Egypt, available at http://www.cbe.org.eg/English, accessed 22 March 2015.

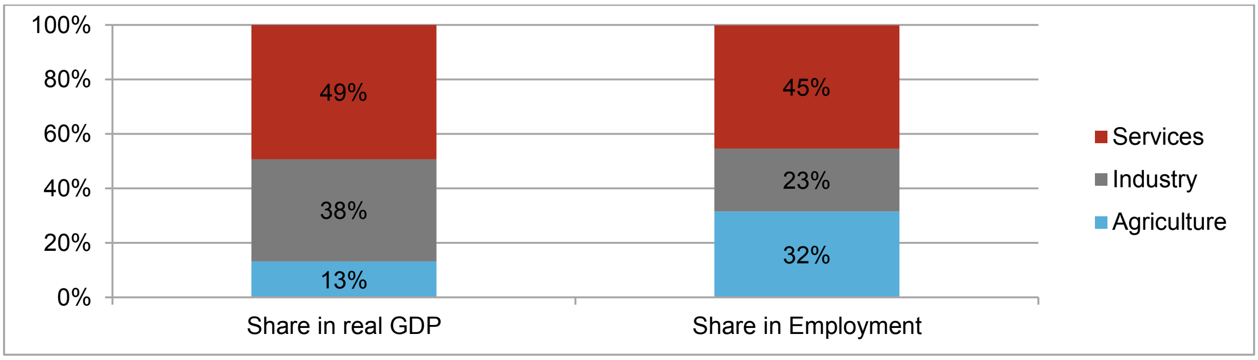
Sectors' contribution to GDP and employment

The share of agriculture in Egypt's GDP has oscillated around 14% of GDP in the recent past. However, if a longer time horizon is taken into account, the share of agriculture has been declining from almost 30% in the 1970s to 14% in 2010.[17] Despite its low share in GDP, agriculture plays a critical role in the Egyptian economy, as it employs 32% of the total Egyptian labour force (figure 1), provides livelihoods for the majority of the rural population and supplies raw materials for several manufacturing industries. The agriculture sector also generated about 20% of merchandise export earnings in 2010.

The industrial sector comprises manufacturing as well as mining and other utilities, such as construction, electricity, water and gas. On average, manufacturing's contribution to GDP has fluctuated at around 38%, corresponding to 23% of the total Egyptian labour force (figure 1). Processed food, basic manufacturing (mainly metal industries), chemicals, textiles and clothing are the leading contributors to industrial output. As a result, the export and import activities of these respective industries form a major part of the International Trade Centre (ITC) NTM Survey and of the analyses in this report. Production predominantly originates from private export-oriented factories, although utilities are widely state owned, with decreasing public sector presence after the privatization programme. Production of petroleum and natural gas alone accounts for almost 12% of GDP and 30% of Egypt's merchandise exports.[18]

The services sector constitutes the backbone of the Egyptian economy in terms of GDP share (49%) and employment (45%). The sector depends on two main sources of foreign exchange, tourism and the Suez Canal, which together constitute nearly two-thirds of Egypt's service receipts. Egypt's services balance has traditionally posted a strong surplus, amounting to over US$ 10.3 billion in 2009/2010.[19] Egypt's services receipts exceed by far those of merchandise exports.

Figure 1. Sectors' contribution to GDP and employment, 2008



Source: Share in real GDP – World Development Indicators, World Bank database, available at: http://databank.worldbank.org, accessed 22 March 2015. Share in employment – International Labour Organization, LABORSTA Labour Statistics Database, available at: http://laborsta.ilo.org, accessed 22 March 2015.

Trade patterns

This section provides a summary of Egypt's external trade. While more specific references to trade flows will be made throughout the report, this introduction presents those more disaggregated numbers within a broader picture.

Development of commodity trade

Egypt's total exports amounted to US$ 26 billion in 2010, with imports worth US$ 53 billion in the same year.[20] By the beginning of the 21st century, the exports of goods and services have been acting as an

[17] World Development Indicators, World Bank database, available at: http://databank.worldbank.org, accessed 22 March 2015.

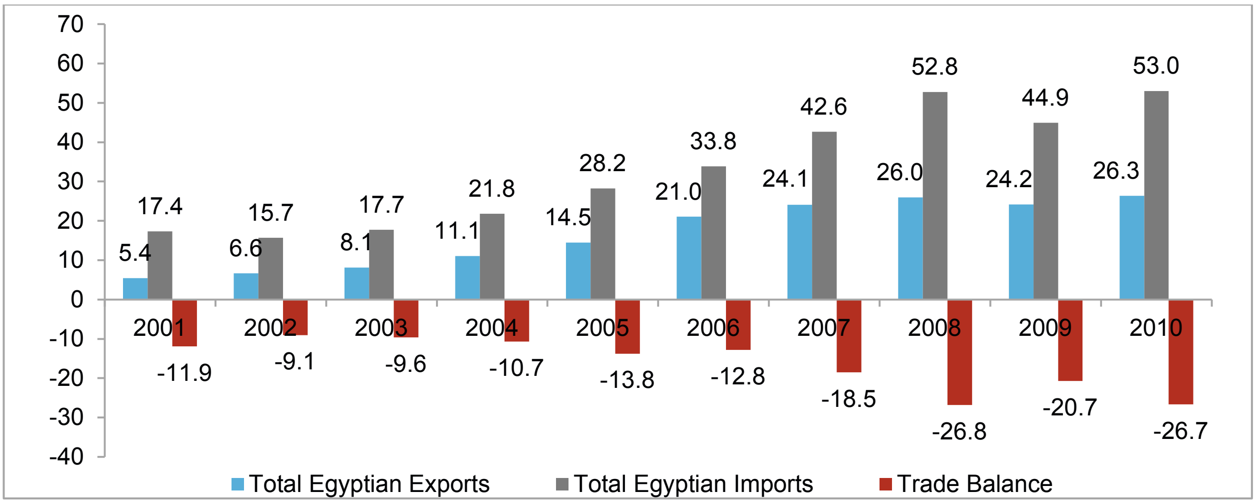
[18] Ibid.

[19] Central Bank of Egypt, available at: http://www.cbe.org.eg/English, accessed 22 March 2015.

[20] Calculations based on ITC Trade Map data available at: www.trademap.org, accessed 22 March 2015.

important contributor to Egypt's economic recovery.[21] Total Egyptian exports have witnessed a year-to-year boost with a total increase of 385% during 2001–2010, marking an average growth rate of approximately 20% during the same period (figure 2). Egyptian non-oil exports (excluding HS chapter 27-fuel products)[22] have increased steadily, reaching US$ 18.7 billion in 2010 and representing about 71% of the total Egyptian exports. Total imports have also increased by almost 205% during 2001–2010 with an average annual growth rate of approximately 14%, creating a chronic deficit in Egypt's trade balance of almost US$ 26.7 billion in 2010 (figure 2). After several years of steady growth in exports and imports, declines were recorded in 2009 due to real economy effects of the financial crisis, and thus low international and domestic demand. In 2010, exports and imports started to recover.

Figure 2. Total Egyptian exports, imports and trade balance (2001-2010), in US$ billion



Source: Calculations based on ITC Trade Map data (www.trademap.org).

Composition of commodity trade

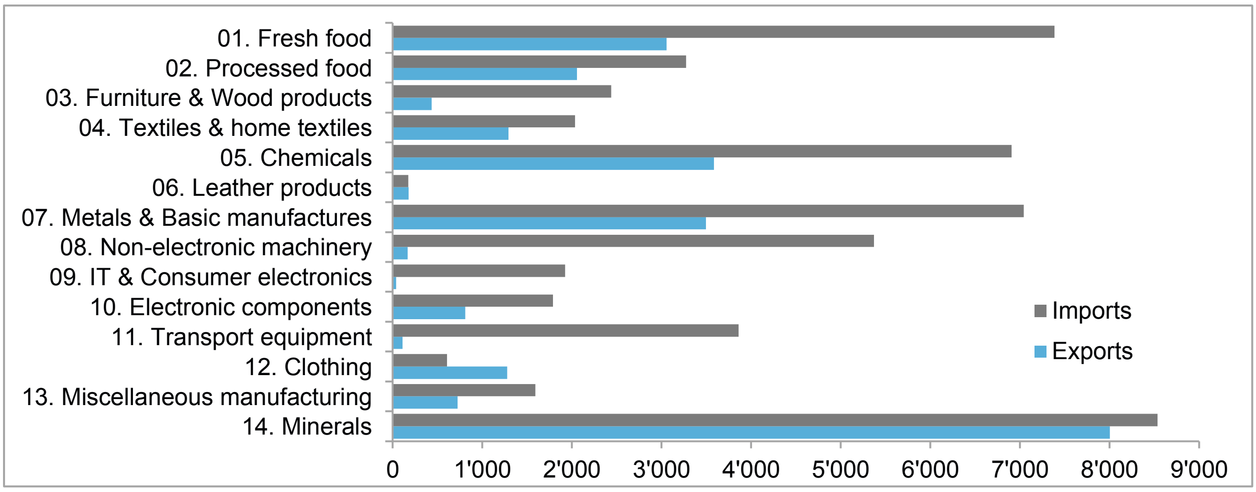
Minerals, consisting of mainly fuel and oil products, represent the major share of Egyptian exports, reaching 30% in 2010. Non-oil industrial products represent almost 55% of the total Egyptian exports and 95% of the total Egyptian imports. The Egyptian government has pursued several export-oriented industrial strategies to strengthen the manufacturing sector, focusing on a number of leading sectors including primarily chemicals, basic manufacturing, processed food, and textiles and clothing (Figure 4). Significant shares of total imports are observed for information technology (IT) and consumer electronics, chemicals, textiles, electronic components and leather products (figure 3). In 2010, the overall manufacturing trade balance was negative to an extent of US$ 58 billion.

The top 10 non-oil Egyptian exports in 2010 were fertilizers (HS Chapter 31), precious stones and metals (HS 71), edible fruits (HS 08), plastics (HS 39), iron and steel (HS 72), edible vegetables (HS 07), articles of apparel (HS Chapter 62), electrical and electronic equipment (HS Chapter 85), copper products (HS Chapter 74) and cotton (HS 52). The top 10 non-oil Egyptian imports in 2010 were machinery (HS 84), vehicles (HS 87), cereals (HS 10), electrical and electronic equipment (HS 85), iron and steel (HS 72), articles of iron and steel (HS 73), wood and articles of wood (HS 44), organic chemicals (HS 29) and pharmaceutical products (HS 30).

[21] WTO trade policy review, 2005.

[22] The Harmonized Commodity Description and Coding System generally referred to as 'Harmonized System' or simply 'HS' is a multipurpose international product nomenclature developed by the World Customs Organization. It comprises about 5,000 commodity groups; each identified by a six digit code, arranged in a legal and logical structure and is supported by well-defined rules to achieve uniform classification. The system is used by more than 200 countries and economies as a basis for their Customs tariffs and for the collection of international trade statistics. Over 98% of the merchandise in international trade is classified in terms of the HS. Source: website of the World Customs Organization (available at: http://www.wcoomd.org/en/topics/nomenclature/instrument-and-tools/hs-online.aspx accessed 22 March 2015).

Figure 3. Egypt's exports and imports by sector, 2010 (in US$ million)



Source: Calculations based on ITC Trade Map data (www.trademap.org).

Structure of exports by destination

During 2001–2010, Egyptian exports have become more diversified and the share of individual trading partners has gradually been diluted (table 1). Italy has always been Egypt's main trade partner, but while Egyptian exports to Italy have increased in terms of value from US$ 973 million in 2001 to US$ 2,199 million in 2010, Italy's share in Egyptian exports has declined significantly from 18% to almost 8%. Main non-oil Egyptian exports to Italy include aluminium products, fertilizers, cotton, iron and steel, and fresh produce. Similarly, the United States' share in total Egyptian exports has declined significantly from 18% in 2001 (US$ 939 million) to almost 6% between 2001 and 2010 (recording US$ 1,547 million). Main non-oil exports to the United States include textiles, ready-made garments, fertilizers, inorganic chemicals and fresh produce. Saudi Arabia moved up on the list of the top 10 importing countries, positioned as the third largest importer recording US$ 1,549 million in 2010. Main non-oil Egyptian exports to Saudi Arabia include iron and steel, fresh produce, dairy products, electrical and electronic equipment, copper products, furniture and ceramics.

Table 1. List of top 10 importing countries from Egypt, 2001 versus 2010

Importing countries	Export value in US$ million, 2001	Share in exports (%)	Importing countries	Export value in US$ million, 2010	Share in exports (%)
World	5,303	100%	World	26,332	100%
Italy	973	18%	Italy	2,199	8%
United States	939	18%	Spain	1,621	6%
United Kingdom	500	9%	Saudi Arabia	1,549	6%
Germany	255	5%	United States	1,547	6%
France	239	5%	India	1,228	5%
Spain	230	4%	Libya	1,220	5%
Saudi Arabia	186	4%	Turkey	985	4%
Republic of Korea	139	3%	France	924	4%
Netherlands	116	2%	United Kingdom	813	3%
Lebanon	106	2%	Syrian Arab Republic	801	3%
Other	1,620	31%	Other	13,444	51%

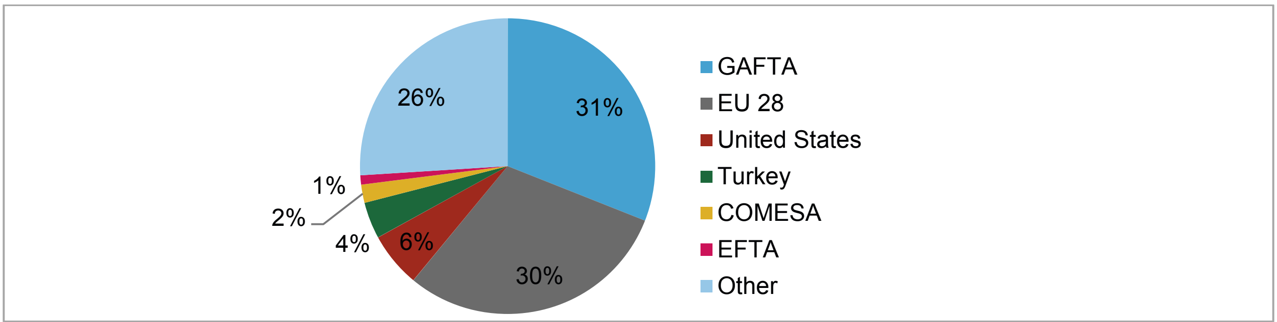
Source: Calculations based on ITC Trade Map data available at: www.trademap.org, accessed 22 March 2015.

Egyptian exports have been channelled towards trade partners implementing preferential trade agreements with Egypt, with a clear impact on trade diversification. Four main EU countries – Italy, Spain, France and the United Kingdom – are among the top 10 importing countries from Egypt in 2010, revealing the effect of implementing the EU-Egypt Association Agreement in 2004. Three Arab countries – Saudi Arabia, Libya and the Syrian Arab Republic – are among the top 10 importing countries from Egypt in same year, showing the effect of implementing the Greater Arab Free Trade Agreement (GAFTA) in 2005. Egyptian exports to Turkey have reached US$ 985 million in 2010 with Turkey now being ranked as the eighth largest importing country from Egypt, which relates to the implementation of the Egypt-Turkey Free Trade Agreement in 2007. In addition, Egyptian exports to United States have significantly increased by almost 65% from 2001 to 2010, which may relate to implementing the Qualifying Industrial Zone (QIZ) protocol in 2005 (figure 4).

In 2010, GAFTA was the largest importer from Egypt with a total of US$ 8,166 million, representing a share of 31% of total Egyptian exports. Imports by GAFTA members gradually outgrew imports by the European Union (EU), which has been Egypt's main trading partner for almost a decade (figure 4).

Egypt's national industrial and exports strategies have made substantial efforts to enhance and diversify its industrial output with some success: 95% of the Egyptian manufacturing exports to the EU are diversified to 186 products (at HS six-digit level), compared to only 58 products for agricultural exports (table 2). The Egyptian agricultural exports are particularly concentrated in trade with Saudi Arabia and the Russian Federation, with in both cases only seven products accounting for 95% of trade. Egypt's agricultural export baskets to other major partners – the EU, Jordan and the United Arab Emirates – range from 58 to 93 products (HS six-digit level). Increased export diversification in terms of products may still be desirable, as an expanded portfolio of products can help to mitigate adverse shocks and market risks.

Figure 4. Major export destinations of Egypt by preferential trading partners, 2010



Source: ITC Trade Map (www.trademap.org).

Note: Total Egyptian exports in 2010: US$ 26.3 billion.

Table 2. Trade and market diversification of Egypt's exports to major markets

Major markets for manufacturing	Egypt's manufacturing exports		Diversification 95% of trade value concentrated on (number of products)	
	Year	US$ million	HS 2-digit	HS 6-digit
EU	2009	7,457	36	186
United States	2009	1,954	13	57
India	2009	1,601	8	13
China	2009	724	6	9
Jordan	2009	692	42	188

Major markets for agriculture	Egypt's agricultural exports		Diversification 95% of trade value concentrated on (number of products)	
	Year	US$ million	HS 2-digit	HS 6-digit
EU	2009	866	17	58
Saudi Arabia	2009	388	6	7
Russian Federation	2009	184	3	7
Jordan	2009	166	15	58
United Arab Emirates	2009	146	18	93

Source: ITC calculations for the World Tariff Profiles 2011.

Trade Policy

This section highlights Egypt's trade policy, while a detailed analysis shall be further carried throughout the report reflecting the results of the survey. The trade policy is generally formulated through specific laws and regulations, multilateral commitments and negotiations, as well as preferential trade arrangements. All those factors have a direct impact on the tariff structure and non-tariff measures.

Trade laws and regulations

Egypt's trade policy is formulated and implemented by the Ministry of Industry and Foreign Trade (former Ministry of Trade and Industry), established in July 2004 through a merger of the Ministry of Foreign Trade and the Ministry of Industry and Technological Development. The Ministry coordinates implementation with other government entities, primarily with the Ministry of Finance responsible for the customs administration. For the past decade, Egypt's trade policymakers have been seeking liberalization on most-favoured-nation (MFN) basis through WTO negotiations and unilateral tariff reductions, and on a preferential basis through reciprocal agreements with trading partners of particular interest.

The main legislation relating to international trade are the Customs Law 66/1963 (amended by laws 88/1976, 75/1980, and 158/1997), and the Import and Export Law 118/1975 (known, together with its executive regulations, as the Import and Export Regulations 770/2005). The Ministry of Industry and Foreign Trade has taken some actions aiming at improving the Egyptian business environment. Customs reform came on the top of the reform priority list. In 2010, a new customs law was drafted, compatible with WTO customs valuation standards, providing for risk management, conditional release of goods, post audit, facilitation and transparency. The Customs Exemption Law 186/1986, as amended, and its executive regulations provide details of the various tax exemptions granted to certain sectors of the economy.

International agreements or conventions, after being ratified by the Egyptian Parliament, are published in the National Gazette – known as Government Bulletin 'Al Wakaye Al Mesrey' – to become legally binding. As a result international agreements require no further legislative implementation to be invoked before national courts. However, for implementation purposes, a revision, amendment or introduction of new legislation may be required to harmonize national laws with international commitments.[23]

Multilateral trading system and preferential trade arrangements

Egypt has been a contracting party to the GATT since 1970, a WTO Member since 30 June 1995 and an active member among other developing countries in the G20 since the Cancun Ministerial Conference. During the 7th Ministerial Conference held in Geneva in 2009, Egypt played a leading role in representing the African Group by introducing an important communication consolidating the position of those developing and least developed countries.[24] In the ongoing WTO negotiations, Egypt has been engaged on its own or with other members in areas of agriculture, non-agricultural market access (NAMA), special and differential treatment, dispute settlement, rules of origin, trade in services and trade facilitation. Egypt seeks meaningful multilateral liberalization of the agriculture sector. It also supports a 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 integrating developing countries into the multilateral trading system.[25] At the time the NTM Survey was conducted, Egypt had never filed a complaint against any member state at the WTO Dispute Settlement body. However, it has been a respondent to four complaints by Thailand, Turkey, the United States and Pakistan.[26]

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[23] WTO trade policy review, 2005.

[24] WTO document WT/MIN(09)/15, Consolidating the Development Dimension, Communication from Egypt, December 2009.

[25] WTO trade policy review, 2005.

[26] WTO document WT/DS205/1, Dispute Settlement: Dispute DS205 - Import prohibition on canned tuna with soybean oil from Thailand, September 2000; WTO document WT/DS211/7, Dispute Settlement: Dispute DS211- Definitive Anti-Dumping Measures on Steel Rebar from Turkey, August 2003; WTO document WT/DS305/1, Dispute Settlement: Dispute DS305 - Measures Affecting Imports of Textile and Apparel Products from United States, May 2005; WTO document WT/DS327/1, Dispute Settlement: Dispute DS327- Anti-Dumping Duties on Matches from Pakistan, March 2006.

In addition to its multilateral obligations in the WTO, Egypt has been active in signing and implementing several preferential trade arrangements granting Egyptian exports preferential market access in many important markets (table 3). Additionally, in July 1999, Egypt and the United States signed a Trade and Investment Framework Agreement, a preliminary step towards negotiating a Free Trade Agreement (FTA). In May 2009, both parties signed a strategic economic partnership after freezing the FTA negotiations.

Table 3. Egypt's preferential trade arrangements

Preferential trade arrangements	WTO member states	Signature date	Date of entry into force
Egypt-Syria FTA	Syrian Arab Republic	July 1991	December 1991
Egypt-Tunisia FTA	Tunisia	March 1998	March 1999
Egypt-Morocco FTA	Morocco	May 1998	April 1999
Egypt-Jordan FTA	Jordan	December 1998	December 1999
Egypt-Lebanon Executive Program to Support Trade	Lebanon	January 1999	March 1999
Egypt-Iraq FTA	Iraq	January 2001	July 2001
Egypt-Libya Trade and Customs Agreement	Libya	August 2003	April 2007
Greater Arab Free Trade Area	Algeria – Bahrain – Iraq – Jordan – Kuwait – Lebanon – Libya – Morocco – Oman – Palestine (State of) – Qatar – Saudi Arabia – Sudan – Syrian Arab Republic – Tunisia – United Arab Emirates – Yemen – Mauritania (signed only)	February 1997	January 1998
Common Market for Eastern and Southern Africa	Burundi – Comoros – Democratic Republic of the Congo – Djibouti – Eritrea – Ethiopia – Kenya – Libya – Madagascar – Malawi – Mauritius – Rwanda – Seychelles – Sudan – Swaziland – Uganda – Zambia – Zimbabwe	Egypt became a member in June 1998	October 2000
EU-Egypt Association Agreement (AA)	27: Luxembourg – France – Germany – Italy – Ireland – Belgium – Netherlands – Denmark – United Kingdom – Greece – Portugal – Spain – Austria – Finland – Sweden – Cyprus - Czech Republic – Estonia – Hungary – Latvia – Lithuania – Malta – Poland – Slovakia – Slovenia – Romania – Bulgaria	Signature: June 2001	Interim Trade Section: January 2004 Full AA: June 2004
Egypt-Turkey FTA	Turkey	December 2005	March 2007
Egypt-EFTA FTA	Iceland – Liechtenstein – Norway – Switzerland	January 2007	August 2007
Agadir FTA	Morocco – Jordan – Tunisia	February 2004	March 2007
Qualifying Industrial Zones	Israel – United States	December 2004	February 2005
Egypt-MERCOSUR FTA	Argentina – Brazil – Uruguay – Paraguay	August 2010	--
Egypt-Russian Federation FTA	Russian Federation	Initiation: January 2010 – Currently Egypt is offered GSP scheme for several agricultural products	--

Source: Ministry of Industry and Foreign Trade, available at: www.mfti.gov.eg, accessed 22 March 2015.

Egypt also benefits from non-reciprocal preferential treatment under the Generalized System of Preferences granted by selected countries including Australia, Belarus, Bulgaria, Canada, Japan, New Zealand, Norway, the Russian Federation, Switzerland and the United States. Egyptian exports of products covered by the GSP are totally or partially exempted from customs tariffs in those countries. As a participant in the Global System of Trade Preferences (GSTP), Egypt grants and enjoys tariff preferences to all GSTP developing countries signatories on a range of specified products.

Arab trade integration[27]

The idea of Arab trade integration was first introduced by the Agreement for Facilitation and Development of Intra-Arab Trade signed by 19 Arab countries in 27 February 1981 under the umbrella of the Arab League. The agreement's main objective was to achieve close cooperation among the member states in economic and financial affairs, including facilitating and expanding trade in the fields of agriculture, industry and related services.

However, the Agreement for Facilitation and Development of Intra-Arab Trade was more of a framework agreement with no clear map or steps towards implementing its objectives. To speed up the integration process, a number of bilateral trade agreements were signed and entered into force between a few Arab countries. During the 1990s, Egypt concluded seven bilateral FTAs with the Syrian Arab Republic, Tunisia, Morocco, Jordan, Lebanon, Iraq and Libya.

As a serious step towards trade integration and liberalization, the Greater Arab Free Trade Agreement (GAFTA) was established 19 February 1997 among 18 Arab member states by the Arab League's Economic and Social Council and entered into force 1 January 1998. The GAFTA acted as the executive programme for establishing an Arab Free Trade Area in accordance with the 1981 Agreement for Facilitation and Development of Intra-Arab Trade. Originally, the gradual phase-out was based on reducing customs duties and other charges and taxes by equal annual percentages, with full liberalization of all traded Arab goods by 21 July 2007. However, during the liberalization process member states were able to reach a zero level tariff rate by 1 January 2005.

The Barcelona process

The Euro-Mediterranean relations (known as the Barcelona Process) started in 1995 with the Barcelona Euro-Mediterranean Conference. The Barcelona Process is a unique and ambitious initiative, which laid the foundation for a new regional relationship and represented a turning point in EU-Mediterranean relations. It was organized by the EU to strengthen its relations with the Mediterranean countries. The Barcelona Process focuses on three main pillars: political, economic and social.

Since 1 January 2004, the relationship between Egypt and the EU has been governed by the EU-Egypt Association Agreement, which provides the legal basis for political, economic and trade relations, modelled on the network of Euro-Mediterranean Partnership Agreements and clearly reflecting the Barcelona Process. The core of the Association Agreement is the establishment of a free trade area between EU member states and Egypt, which implies reciprocal tariff liberalization for industrial and agricultural goods. The agreement with Egypt incorporates free trade arrangements for industrial goods, concessionary arrangements for trade in agricultural products, and opens up the prospect for greater liberalization of trade in services.

The EU also introduced a system of Pan-Euro-Med cumulation of origin, which acts as an extension to a previous system of pan-European cumulation of origin. The Pan-Euro-Med cumulation of origin aims to create diagonal cumulation among 42 countries. Accordingly, products that have obtained originating status in one of the 42 countries may be added to products originating in any other country of the 42 without losing their originating status within the Pan-Euro-Med zone.

In the Pan-Euro-Med zone, a possibility to cumulate origin diagonally is based on a 'variable geometry', related to a preferential agreement network, where the rules of origin protocols adopt identical rules and

[27] Sections 3.2.1-4 are based on information provided by the Ministry of Industry and Foreign Trade available at: www.mfti.gov.eg, accessed 22 March 2015.

also allow diagonal cumulation. Consequently, a country of the zone that is not linked by FTAs adopting the Pan-Euro-Med rules is practically outside cumulation benefits. According to the Pan-Euro-Med protocols, Egypt is entitled to cumulate origin with 35 countries of the 42 countries, which explains why Egypt has signed and implemented the EU-Egypt Association Agreement; the Egypt-Turkey FTA; the Egypt-EFTA FTA with Switzerland, Iceland, Norway and Liechtenstein; and the Agadir Agreement with Morocco, Tunisia and Jordan.

Economic cooperation with Africa

COMESA was first established in 1982 as the preferential trade area for Eastern and Southern African States and was transformed into the COMESA Treaty in 1994. The main goal is to establish a common market between 19 African member states fostering the free movement of factors of production (labour and capital). However, the common market has not yet been achieved. Gradually COMESA attained FTA status by progressively reducing tariffs for intra-COMESA trade to eliminate tariffs and quotas.

Currently, only 14 out of 19 member states (including Egypt) are participating in the FTA with 100% reciprocal tariff elimination among them. As a result, the average tariffs on intra-COMESA trade have fallen significantly but COMESA has not yet fully implemented the FTA.

Trade relations with the United States

The United States is Egypt's second largest importing market. As a step towards signing an FTA, Egypt has signed the Qualifying Industrial Zone (QIZ) Protocol with the United States in December 2004, which entered into force in February 2005. All Egyptian exports are granted duty-free access to the US market after meeting certain requirements: exporting companies should be located in one of the approved QIZs; companies within a QIZ should be registered first at the QIZ Unit residing at Egyptian Ministry of Industry and Foreign Trade; and most important, at least 10.5% of the ex-works price of the exported product should come from Israel where a Joint Committee is responsible for issuing a QIZ certificate that acts as a certificate of origin. Generally, the QIZ is viewed as a compensation for the phasing out of the WTO's Agreement on Textiles and Clothing (ATC).

Tariff structure

Egypt's tariff is based on the Harmonized Commodity Description and Coding System (HS 2007) and contains 16,661 lines at the HS eight-digit level, of which 99.8% carry ad-valorem duties. Only eleven tariff lines (mainly tobacco products) carry specific duties. Egypt does not apply compound, mixed, or seasonal MFN tariffs. Ad-valorem customs duties are applied on the CIF value of imports. The tariff revenue represented about 7.6% of total national tax revenues in the fiscal year 2011–12.[28]

Egypt's applied tariff was issued by the Presidential Decree No. 300/2004, further amended by Presidential Decrees Nos. 39/2007, 103/2008 and 51/2009 entailing significant across-the-board tariff cuts, reducing the number of tariff bands and clearly revealing a pattern of positive escalation. Accordingly, the average applied MFN tariff has reached 13.8%, down from 26.8% in the late 1990s. The number of duty-free tariff lines has considerably increased, representing 8% of the total tariff lines, up from 0.2% in the late 1990s. The Egyptian tariff structure has also been simplified to comprise six main tariff categories (2%, 5%, 10%, 20%, 30%, 40%),[29] representing 99.7% of the total tariff lines. The remaining 0.3% of tariff lines is subject to rates of 135%, 600%, 1,200%, 1,800%, and 3,000%, with the highest tariffs being on alcoholic beverages and cars with an engine greater than 1,600cc. MFN applied tariffs on industrial products (average 9.6%) are generally lower than agricultural products (average 47.7%).[30]

[28] Ministry of Finance, State's General Budget for fiscal year 2011/2012, Volume I: Central Administration Budget, available at: http://www.mof.gov.eg/English/Papers_and_Studies/Pages/budget11-12.aspx, accessed 22 March 2015.

[29] Ministry of Finance, Egyptian applied tariff schedule, issued by Presidential Decree 300/2004, further amended by Presidential Decrees 39/2007, 103/2008 and 51/2009, available at: http://www.mof.gov.eg, accessed 22 March 2015.

[30] ITC Market Access Map, available at: http://www.macmap.org, accessed 22 March 2015.

For agricultural commodities

Agricultural tariffs vary widely across the top five importing countries, where the trade-weighted MFN tariffs range between 1.7% and 19.1% (table 4). In almost all the major importing markets, the trade-weighted MFN tariff is lower than its simple average, showing that Egypt's agricultural exports tend to be less protected in those markets. Deviating downwards from the MFN duty, tariffs actually applied are then determined by preferences granted under preferential trade agreements. Those preferential margins also range between 1.7% and 19.1%.

For years, the EU has been one of Egypt's main trading partners in agricultural products, which is also reflected in the 2004 EU-Egypt Association Agreement. However, in 2009 only 28.7% of the total agricultural tariff lines directed to the EU was duty free, corresponding to 39.1% of the bilateral agricultural export value. Originally, Egyptian agricultural products under the EU-Egypt Association Agreement were subject to a tariff quota system negotiated upon a positive list approach where only a few products on this list were liberalized.[31] The situation changed in April 2010 when both parties agreed to liberalize agricultural products upon a negative list approach. Currently, 99% of Egypt's agricultural exports to the EU are duty free, while only seven selected tariff lines are subject to tariff quotas.[32]

According to GAFTA, all Egyptian agricultural products are granted duty-free access in 17 Arab markets, including Saudi Arabia, Jordan and the United Arab Emirates. Egyptian agricultural exports to the Russian Federation enjoy a weighted preferential tariff margin of 1.9%, mainly under the GSP system,[33] which is below the weighted average MFN rate of 7.8%.

For manufactured goods

The five largest markets for Egypt's manufacturing exports apply simple average MFN duties ranging between 4.3% and 14% (table 4). Similar to agricultural products, the trade-weighted MFN tariff in those major importing markets is lower than its simple average, indicating that Egypt's manufacturing exports tend to be less protected in those markets. Only for Jordan, the trade-weighted average MFN duties tend to be higher than the simple average, showing that the Egyptian manufacturing exports – mainly metals, chemicals, ceramics and electrical equipment – are generally sensitive to Jordan and accordingly more protected.

The EU remains Egypt's main trading partner for manufacturing products. In 2009, 99.4% of the total manufacturing tariff lines directed to the EU was duty free, corresponding to 99.9% of the bilateral manufactured export value. The remaining 0.6% of manufacturing tariff lines corresponds to primarily 16 tariff lines of processed agricultural products that are subject to a tariff quota system negotiated upon a negative list approach according to EU-Egypt Association Agreement. Main Egyptian manufactured exports to the EU are fertilizers, chemicals, metals and ready-made garments.

The United States is the second largest importing market of Egyptian manufacturing products. Egypt has signed the QIZ in December 2004, which entered into force in February 2005.[34] In 2009, almost 60.1% of the total manufacturing tariff lines directed to the United States was duty free, corresponding to 48.1% of the bilateral export value. Egyptian manufactured exports to the United States are primarily textiles and ready-made garments corresponding to almost 62% of total bilateral manufactured export value.

For India and China, the simple average MFN tariff for Egyptian manufactured exports are 8.3% and 9.1% respectively, while the trade-weighted MFN rates are much lower. Both countries do not grant Egyptian products any preferential treatment under any trade arrangements. However, the exported industrial Egyptian goods to both countries are characterized by being basically processed, which means they can be used as inputs in other industries. These exports include basic metals, marble and granite, semi-finished leather, glass and plastics.

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[31] EU-Egypt Association Agreement, available at: http://www.mfti.gov.eg/english/Agreements/EU-Partnership.htm, accessed 22 March 2015.

[32] Official Journal of the European Union, amendments to the Association Agreement, L 106/41, April 2010.

[33] UNCTAD, UNCTAD/ITCD/TSB/Misc.62/Rev.5, GSP List of Beneficiaries, September 2011.

[34] Ministry of Industry and Foreign Trade, Qualifying Industrial Zone Unit, available at: http://www.qizegypt.gov.eg/, accessed 22 March 2015.

Table 4. Applied tariffs and preferences granted by major importing partners

Major markets	Bilateral imports		Average MFN duty of traded tariff lines		Preferential margin (eligible)[b/]	Duty-free imports	
	Year	US$ million	Simple	Weighted [a/]	Weighted [a/]	Tariff lines (% of total)	Value (% of total)
Agriculture							
1. EU	2009	866	12.5%	9.9%	5.6%	28.7%	39.1%
2. Saudi Arabia	2009	388	3.6%	1.7%	1.7%	100%	100%
3. Russian Federation	2009	184	11.7%	7.8%	1.9%	1.3%	0.1%
4. Jordan	2009	166	19%	19.1%	19.1%	100%	100%
5. United Arab Emirates	2009	146	7.5%	3.5%	3.5%	100%	100%
Manufacturing							
1. EU	2009	7,457	4.3%	2.6%	2.6%	99.4%	99.9%
2. United States	2009	1,954	5.9%	7.4%	0.1%	60.1%	48.1%
3. India	2009	1,601	8.3%	1.6%	0%	2.1%	74.4%
4. China	2009	724	9.1%	1.7%	0%	8.9%	20.1%
5. Jordan	2009	692	14.0%	22.8%	22.8%	100%	100%

Source: ITC calculations for the World Tariff Profiles 2011.

a/ Weighted averages are calculated using actual bilateral trade values from the reference year.

b/ Preferential margin calculations look at the potentially eligible tariff lines under the relevant trade agreements, if any.

Non-tariff measures applied by Egypt

Since 1995, Egypt has notified the WTO of 35 technical measures and 162 sanitary and phytosanitary (SPS) measures.[35] Most notifications are technical standards concerned with general safety, food safety, human health and labelling requirements. The national focal point in this respect is the Egyptian Organization for Standardization and Quality (EOS), a member of the International Organization for Standardization (ISO). EOS is a semi-autonomous body affiliated to the Ministry of Industry and Foreign Trade, responsible for all matters related to standardization, quality control and metrology. It is also the national TBT enquiry point. EOS formulates, sets standards and harmonizes them according to international norms. Egypt's SPS notifications were reported heavily after its last Trade Policy Review in 2005. Notified SPS measures mostly concern agricultural products, food products and packaging materials. The Ministry of Agriculture, Ministry of Health and the Ministry of Industry and Foreign Trade represented in the General Organization for Export and Import Control (GOEIC) are the main Egyptian bodies for defining and implementing SPS regulations.

Egypt does not apply quotas or tariff quotas on imports. In general, imports are not subject to licensing or prior approval. However, an import registration is required by GOEIC and renewed every three years. The import of certain products is subject to specific administrative formalities. For example, permits from the National Telecommunications Regulatory Authority are required to import telecommunications equipment. Egypt maintains import prohibitions for economic, religious, environmental, health, safety, sanitary and phytosanitary reasons. These prohibitions apply equally to all trading partners. Accordingly, Egypt prohibits a number of selected products including goods bearing the marks of religious prejudice; edible poultry offal (including liver); hazardous chemicals; certain chemical pesticides; hazardous wastes; products using or containing ozone damaging substances, with the exception of medical products; asbestos of all kinds, including automotive brake oil using asbestos in its production; highly-polluting motor bikes; and canned tuna fish using genetically modified oils. Imports of used or second-hand products are not allowed with the exception of a few products that are subject to the approval of the Ministry of Industry and Foreign Trade.[36]

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[35] TBT Information Management System, available at: http://tbtims.wto.org/default.aspx, accessed 23 March 2015; Egypt and the WTO, available at: http://www.wto.org/english/thewto_e/countries_e/egypt_e.htm, accessed 22 March 2015.

[36] Import and Export Executive Regulation 770/2005, appendix 1 and 2.

Similarly, exports are generally not subject to licensing or prior approval but require an export registration, renewable every three years.[37] Before issuing a clearance certificate, all exports are subject to random inspection by GOEIC, ranging between 1% to 10% of each exported consignment to ensure compliance with export conditions and specifications, as well as quality control requirements.[38] A selected number of products are subject to mandatory inspection, including primarily raw or processed agricultural products. In addition to regular documentation and inspection procedures, Egypt also applies a number of NTMs to exports. The Minister of Industry and Foreign Trade retains the right to impose a temporary export tax or, in extreme cases, impose an export ban on strategic products, when the domestic production does not cover local consumption. Examples of such products include cement, rice, and marble and granite blocks.

Egypt's Law 161/1998 on the Protection of the National Economy from the Effects of Injurious Practices in International Trade, along with its executive regulations, establishes procedures to be followed in anti-dumping, countervailing or safeguard measures. The legislation was reviewed in the WTO Committee on Anti-Dumping Practices and the Committee on Subsidies and Countervailing Measures. Between 1995 and 2011, Egypt initiated 69 anti-dumping investigations, of which 53 resulted in the imposition of definitive anti-dumping duties, including against China, the EU, Hong Kong, India, Indonesia, Japan, Republic of Korea, Malaysia, Pakistan, Thailand, Turkey and Ukraine. The anti-dumping duties are mainly on plastics, machinery and electrical equipment, base metals and chemicals. Safeguard measures may be imposed in the form of a tariff increase for a maximum of 200 days. Egypt has imposed four such measures on cotton yarn, blankets, common fluorescent lamps, and powdered milk.[39] During the same period, Egypt initiated four countervailing investigations; however, they did not result in definitive measures.

National trade and development strategies

Export promotion and industrial development activities stand in close relation to NTMs. The following section will provide the background for further analysis throughout the report.

Export promotion framework and infrastructure

The Ministry of Industry and Foreign Trade established 14 export councils to act as the link between private sector exporters and the Egyptian government. They are dedicated to agriculture, food, ready-made garments, textiles, home textiles, construction, building material, engineering, leather, information technologies, furniture, chemicals, pharmaceuticals, and publishing. The councils aim to improve the legislative and business environment for Egyptian exporters by boosting the competitive advantage of their sectors and strengthening their positive image in the global market.

The Ministry of Industry and Foreign Trade depends on a comprehensive network of affiliated agencies and bodies. The main government agencies responsible for export promotion are the Commercial Representation Body, the General Organization for International Exhibitions and Fairs, the International Trade Point, and, until 2008, the Egyptian Export Promotion Centre (EEPC). EEPC was the executive authority established by the Ministry of Industry and Foreign Trade to support both the development and promotion of Egyptian exports. EEPC was the common platform for providing the services, information, and technical assistance needed to enhance export performance. It was designed to act as the central promotion agency for Egypt's manufactured exports and as a liaison between Egyptian exporters and international buyers. However, in 2008 the EEPC was suddenly deactivated for unknown reasons.

The government launched an Export Development Fund (EDF) in 2002 as an affiliated body to the Ministry of Industry and Foreign Trade per law No. 155/2002. EDF's main objective is to help enhance and increase exports, diversify the country's export portfolio and strengthen the competitiveness of exports. The objectives are expected to be achieved by compensating exporters for the anti-export bias they face in terms of high transport costs, high tariffs and/or taxes on inputs, inefficiency of duty drawback and/or

[37] Import and Export Executive Regulation 770/2005, article 39.

[38] Import and Export Executive Regulations 770/2005, article 109.

[39] Statistics on anti-dumping (www.wto.org/english/tratop_e/adp_e/adp_e.htm), subsidies and countervailing measures (www.wto.org/english/tratop_e/scm_e/scm_e.htm) and safeguard measures (www.wto.org/english/tratop_e/safeg_e/safeg_e.htm), accessed 23 March 2015.

temporary admission mechanisms. The system was designed to focus on those sectors that constituted the highest share of non-oil exports and contributed significantly to employment. The system had an embedded sunset clause foreseeing it to end after four years. The resources allocated to this programme were limited (US$ 72 million). Over time the number of sectors benefiting from the programme increased, the sunset clause was never implemented, and the resources allocated increased to US$ 720 billion in 2010–11. By 2011, EDF had implemented 26 programmes to support exporters. Since its inception in 2002 and by February 2011, the number of firms benefitting from EDF had reached almost 2,892 exporters with a total value of US$ 29 billion.[40]

Industrial development and export promotion strategies

The Egyptian government has undertaken several initiatives to accelerate the growth of Egyptian non-oil exports, including adopting new laws and regulations, establishing a Ministry of Industry and Foreign Trade, and improving the business environment. The government, donors, major stakeholders and business associations have undertaken several attempts to develop export promotion and industrial strategies. All of these ultimately aim to enhance the production capacity of the Egyptian industrial sector and further improve the country's international competitiveness. Egypt's Industrial Development Strategy, developed in 2006 by the ministry through the Industrial Modernization Centre,[41] has tried to link industry development with export development and foreign direct investment promotion. Egypt's Industrial Development Strategy was a genuine start towards development. However, the funds to implement the strategy remain scarce and insufficient.[42]

The main objective of Egypt's Industrial Development Strategy is to position the country as one of the leading industrial powers in the Middle East and North Africa region by 2025. The industrial sector is expected to be the engine of growth by expanding exports and creating job opportunities. Several targets were set. Industrial investments should reach US$ 41 billion, 1.9 million direct jobs to be created and non-oil industrial exports to reach US$ 52 billion. Strategic and potential sectors were at the centre of the Industrial Strategy due to their importance in terms of value added manufacturing. These sectors include engineering, processed food, chemicals and pharmaceuticals, textiles and ready-made garments, building materials, and furniture. These sectors go beyond simple assembly operations towards upgrading and maximizing value-added across the whole value chain.[43]

The strategy identifies three main phases to attain its objective and targets, while considering the following dimensions: a strong focus on export development and attracting foreign direct investment, leapfrogging in industrial productivity through a carefully designed set of policies and programmes, and a gradual shift in the industrial structure from resource-based and low-technology activities to medium- and high-technology industries. The first phase was to be carried out in the short term to realize an increase in both exports and employment. The focus in this phase is to improve the existing resource-based, low-tech industries and labour-intensive exports. In the medium term, the second phase aims at enhancing the industrial efficiency by building up the necessary institutions for high-quality industrialization. This phase is devoted to upgrading the technological content of both production and exports by moving to medium-tech industrialization. The third phase aims at building, in the long term, a unique innovation capacity focusing on high-tech production and exports. Egypt's manufacturing exports are dominated by resource-based and low-technology products with little potential for export. This underscored the importance of introducing medium and high technology manufactured exports in which Egypt can be globally competitive. However, identifying the industries that satisfy this target should be done within a longer time frame.

In 2009 and during the financial crisis, the government announced an Export Promotion Strategy for the period 2010-13, formulated by the Federation of Egyptian Industries in collaboration with the Egyptian Export Councils. The objective was to double the value of Egyptian non-oil exports by 2013 and to make

[40] Ghoneim et al., 2011.

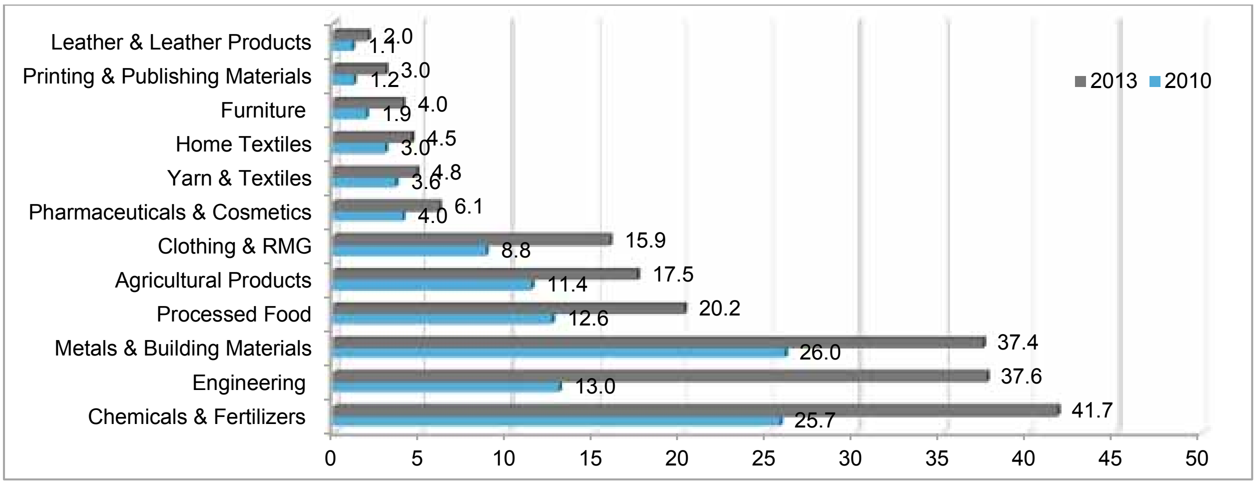
[41] The Industrial Modernization Centre (IMC) was established in 2000 as an independent body to implement and coordinate the modernization of the Egyptian industry under the Industrial Modernization Programme (IMP), jointly funded by the EU, the Government of Egypt and the Egyptian private sector with a total budget of €426 million. Today, IMC is part of the process to bring Egyptian industry to international competitiveness. See www.imc-egypt.org, accessed 23 March 2015.

[42] Ghoneim et al., 2011.

[43] Ministry of Industry and Foreign Trade, IMC, 2006.

Egypt a regional and international export hub.[44] Noticeably, this strategy did not set targets for export values only. It also set related targets accompanying the growth of exports such as industrial investments, direct job opportunities and number of new exporters. Although the Egyptian non-oil industrial exports are expected to double, this increase is unevenly distributed among sectors. Almost 68% of the estimated target should be realized by leading and fast-growing sectors such as chemicals and fertilizers, engineering, metals and building materials, and processed food (figure 5).

Figure 5. Egyptian non-oil export targets as set by the 2013 export promotion strategy, in EGP billion



Source: 2013 Export Strategy, 2009.

Egypt has taken advantage of a number of incentives and opportunities to help implement the Export Development Strategy, including maximizing the benefits of existing preferential trade agreements; concluding new agreements; enhancing the role of international marketing and trading services to be able to cater the supply of Egyptian industrial products; developing human resources and raising the productivity of the Egyptian labour force mainly through vocational and technical training; improving associated infrastructure, logistics and finance services; and facilitating the import of raw materials and components, while increasing the value-added and local content whenever possible across all sectors.

However, Egypt’s 2006 Industrial Development Strategy and 2010-13 Export Promotion Strategy were not clearly linked to each other despite reaching similar conclusions, especially in the areas of choosing the target sectors and industries, the geographical destination and the implementation plan. The Export Promotion Strategy followed a bottom-up approach, where the Export Councils and the Egyptian Federation of Industries compiled their concerns and challenges, set their own targets by sector and suggested the needed actions to reach the 2013 target of doubling non-oil industrial exports. However, stakeholders believe the targets were unrealistically inflated, set according to an unclear methodology, and based on conflicting sources of information. For example, while the ministry's Industrial Development Strategy set targets to reach US$ 13 billion of Egyptian non-oil industrial exports by 2015, the Export Promotion Strategy places higher targets to reach US$ 36 billion by 2013, within a shorter time span, even during the peak of the global financial crisis. The 25th of January Revolution made realizing both targets difficult and made reviewing both strategies a top priority for the government.

This is the economic and trade context in which the NTM Survey was undertaken. The next chapter turns to the presentation of the survey methodology. Survey results are presented in Chapter 3.

[44] Federation of Egyptian Industries and Egyptian Export Councils, 2009.

Chapter 2 Non-Tariff Measures Survey in Egypt

Survey implementation

The NTM Survey was undertaken following a request from the Egyptian Ministry of Industry and Foreign Trade. ITC trained a local partner, the International Company for Export Development (ExpoFront), to implement the survey according to the ITC's survey methodology and related quality requirements. The survey was official launched in a stakeholder meeting on 8 May 2011, held at the Ministry of Industry and Foreign Trade. Interviews were carried out between May and November 2011 and served as basis for stakeholder consultations, including a validation meeting on 26 May 2013. Principal counterparts of ITC in Egypt include the Ministry of Industry and Foreign Trade, the Egyptian Export Councils, chambers of commerce and various business associations.

This chapter describes the implementation of the NTM Survey in Egypt. Detailed methodological notes are provided in the appendices of this report. Appendix I describes the global methodology, which is identical in all surveyed countries. Appendix II on the NTM classification and appendix III on procedural obstacles provide the taxonomy for arranging reported measures into an organized hierarchical system. Appendix IV provides the agenda of the final stakeholder meeting held on 16 May 2013 in Cairo.

Process and modalities

To prepare for the NTM Survey, a comprehensive business register was compiled of the exporting and importing companies with their contact details, geographic location, size and ownership. The business register was obtained and validated from several national sources and records, primarily the Exporters/Importers Register developed by GOEIC,[45] Egyptian Industries Encyclopaedia developed by the Industrial Development Authority (IDA), the Investment Association Guides, the Egyptian Export Councils' Database, the Businessmen Associations' Directories and ExpoFront's Network Database.

Companies were categorized into 1 of 13 sectors, excluding minerals and arms. The survey consisted of two steps. First, companies were randomly selected within each sector and screened by telephone to identify those that experienced difficulties with NTMs. Companies were asked if they experienced burdensome regulations that seriously impacted their export or import operations during the past 12 months. Second, the companies that reported having experienced difficulties were invited to participate in face-to-face interviews to capture information at a very detailed level.

Sample frame and selection strategy

According to the compiled business register, there are 3,022 active exporting and/or importing companies (figure 6), out of which around 89% specialize in manufacturing goods and the remainder 11% in agricultural products.[46] The survey does not cover companies trading arms and minerals, as export of minerals is generally not subject to trade barriers due to high demand and the specificities of trade undertaken by large multinationals. Similarly, the export of arms is out of the scope of ITC activities. Companies trading in services are also excluded, as covering the service sector would require a different approach and methodology.

The companies were interviewed in four different geographic regions, focusing on Egyptian governorates with industrial or economic zones. Those geographic regions included (1) Greater Cairo and Giza region, (2) Alexandria and Delta region, (3) Suez Canal and region, and (4) Upper Egypt and Sinai region. According to the compiled business registers, these respectively represent 64%, 30%, 4% and 2% of all Egyptian exporters.

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[45] Import and Export Executive Regulation 770/2005, Articles1, 39 and 52-65.

[46] Companies exporting services and companies exporting arms and minerals are excluded from the survey in accordance with the global survey methodology (see appendix I for further details). Registered companies are officially and legally operating entities (formal economy) of all sizes and forms of ownership, which export and/or import goods. A company is considered an active exporting company if it has at least one export transaction in the preceding 2 years, to avoid interviewing sporadic exporters who may not have sufficient experience with NTMs.

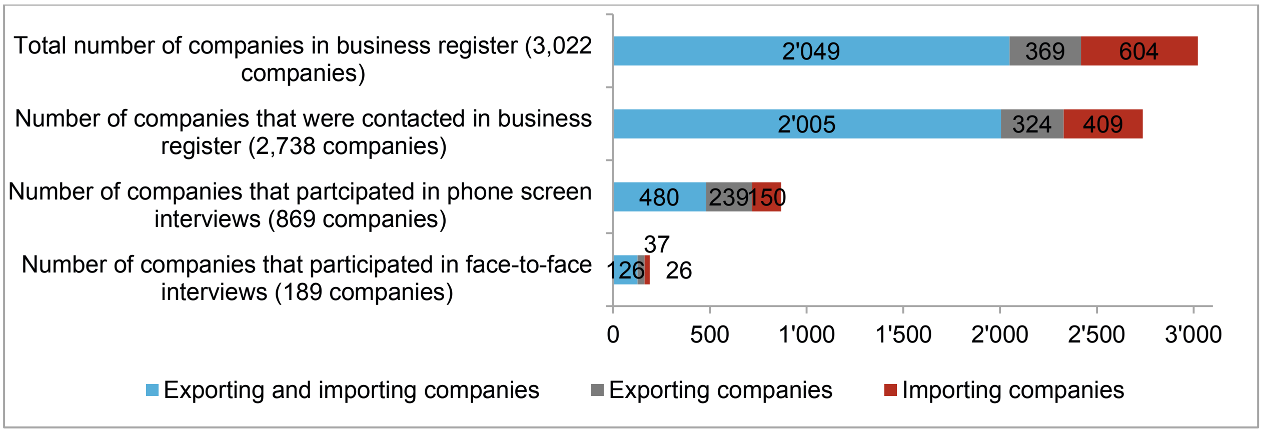
Stratified random sampling by the sector of activity was used to select companies for the telephone interviews. Figure 8 shows the distribution of the population and surveyed companies by sector. All export sectors accounting for more than 2% of exports were included in the survey. Accordingly, the leather sector as well as IT and consumer electronics are excluded as per the survey methodology. Within each export sector, the number of companies for telephone interviews was calculated as a function of the number of companies within each sector (see appendix I for the formula and further details). The export destinations of companies were not taken into account for the sampling.

The selection of companies for face-to-face interviews was based on the results of the telephone interviews. For the face-to-face interviews, ITC interviewed companies that reported to have difficulties with NTMs and were willing to share their experiences in more detail.

Survey coverage

In total, 869 companies participated in the telephone interviews. Among them, 480 exported and imported, 239 only exported and 150 were importing companies (figure 6). The survey included companies that export their own products; as well as trading agents specialized in export-import operations, such as brokers and forwarders.

Figure 6. Number of exporters and importers interviewed



Source: ITC business survey on NTMs in Egypt (2011).

38% of the companies interviewed by telephone (331 companies) reported to be affected by trade barriers. This share is relatively low compared to other countries surveyed by ITC.[47] Among the affected companies, 189 companies of various sizes and locations participated in face-to-face interviews to record the details of trade barriers they experienced, the products affected and their origin and destination.

Telephone interviews

In Egypt, telephone interviews lasted from 5 to 20 minutes and were recorded using a computer-assisted telephone interviewing system. As is usual in surveys, ExpoFront had to overcome numerous difficulties to execute the telephone interviews. A no answer or busy response was reported 41.3% of the time. Requests to call back at a later time and wrong contacts were also reported (21.4%, table 5).

Only 11.5% of all telephone calls resulted in a successfully finished telephone interview from the first attempt to call, where the respondent reported burdensome NTMs or related problems and agreed to a face-to face interview.

[47] See survey results of other countries on ITC's website dedicated to NTM Surveys: www.ntmsurvey.org.

Table 5. Results for the telephone interview attempts

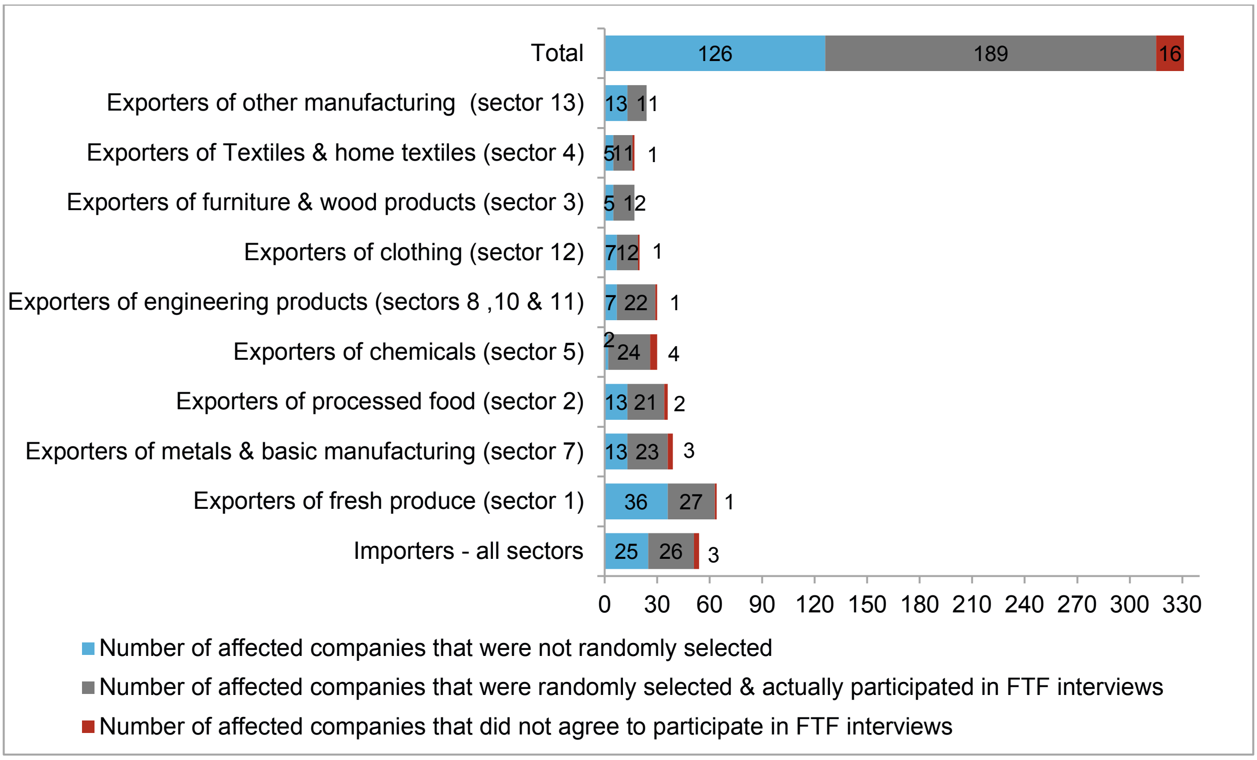
	Share in total
No answer or busy	41.3%
Reported not to have experienced burdensome NTMs or related problems	19.7%
Reported burdensome NTMs or related problems and have given an appointment for face-to face interview	11.5%
Wrong number	10.9%
Call back later	10.6%
Not interested or non-cooperative	5.5%
Reported to have experienced burdensome NTMs or related problems but refused to participate in face-to face interview	0.6%

Source: ExpoFront phone screen results, based on approximately 2,738 telephone interview attempts with exporting and importing companies.

Face-to-face interviews

The telephone interviews identified 264 exporting companies (including firms that both export and import) that have experienced burdensome NTMs and other obstacles. Among them, 163 companies (62% of affected companies) were selected for face-to-face interviews, providing the full account of the trade barriers affecting their exports and imports.

Figure 7. Willingness to participate in face-to-face interviews among the companies that indicated difficulties with NTMs during telephone interviews



Source: ITC business survey on NTMs in Egypt (2011).

Note: Sectors leather and IT and consumer electronics are excluded from the face-to-face interviews as per the survey methodology.

Only 5% of the affected exporting companies refused to participate in the face-to-face interviews (figure 7). Generally, exporting companies showed a high level of cooperation and willingness to participate, based on a strong belief that the NTM Survey results could support their position in highlighting those barriers to trade and gradually removing them.

Among exporting companies, the largest number of companies interviewed was from the fresh food sector (27 companies), while the lowest number of interviews came from exporters of textiles and clothing (11), and miscellaneous manufacturing (11, figure 7). Importing companies had a lower participation rate than exporting companies (26 out of 54 affected companies, or 48%).

The face-to-face interviews were conducted in English or Arabic, depending on the respondent. Most of the participants were senior managers, CEOs, directors, owners, partners or export/import specialists (table 6). Eight trained interviewers conducted the interviews using a predefined questionnaire. The surveys were recorded by the interviewers using paper-based questionnaires. The results were digitalized using Excel-based data capturing files provided by ITC.

Table 6. Positions of the face-to-face interviewees

Positions of respondents	Number of respondents
Manager	84
CEO, director	49
Proprietor, partner	18
Assistant manager	15
Chief of a section	13
Executive staff members	4
Senior staff members	4
Accountant	2
Total	**189**

Source: ITC business survey on NTMs in Egypt (2011).

Implementation challenges

There were some challenges implementing NTM Survey in Egypt. The survey was conducted soon after the 25th of January Revolution. It was the first company-level survey of such scale and nature in Egypt, which required ExpoFront to recruit trade-specialized interviewers and request intensive training from ITC. ITC provided ExpoFront's interviewers with comprehensive training on the NTM Survey methodology and NTM classification, in addition to providing survey-related materials.

ExpoFront invested considerable time and effort to construct the business register of Egyptian exporting and importing companies. The preparation process was fully documented and the final business register used for sampling translated from Arabic to English. ExpoFront was also responsible for obtaining all available and relevant business and export registers from different national sources; completing all missing data in those registers; and validating and verifying the data in those registers to overcome various limitations such as duplicate entries, over-coverage, under-coverage, lack of updates and cross-verifications of different registers.

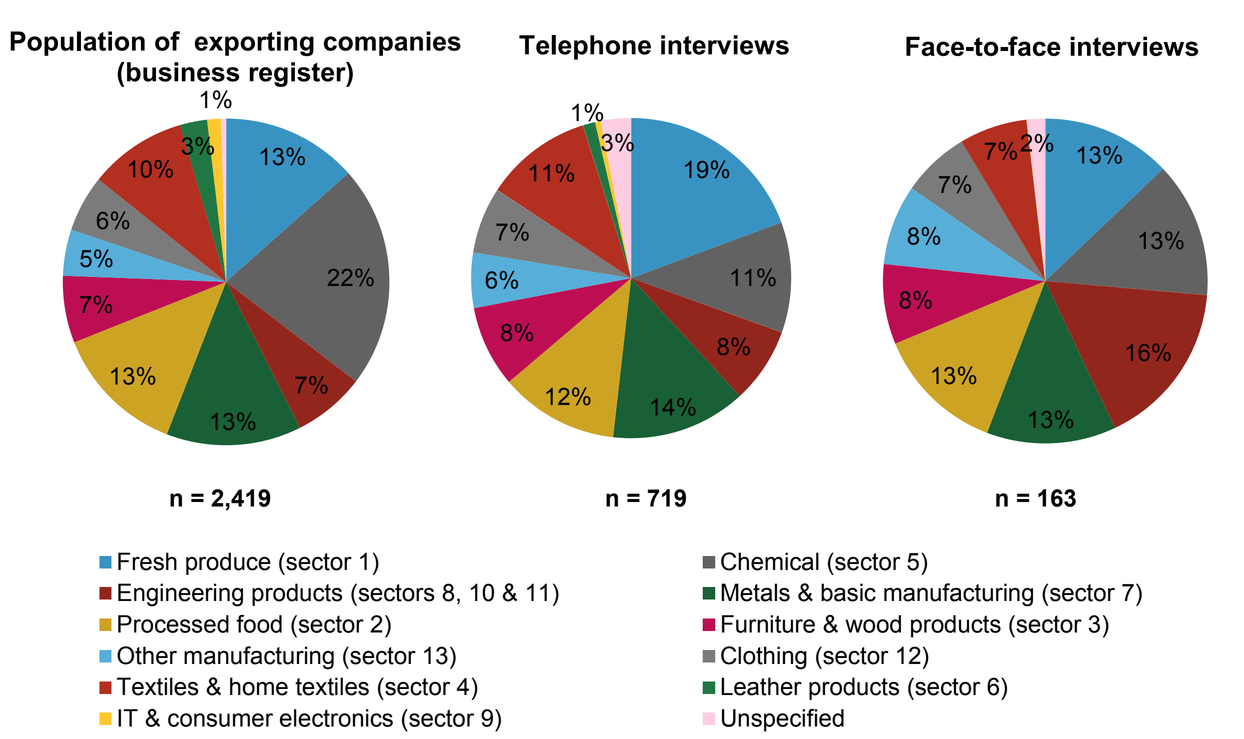
A comprehensive business register was not available in the country prior to the NTM Survey, but was critical for the success and representativeness of the results. This register has now been made available to ITC, the Ministry of Industry and Foreign Trade and local stakeholders, which makes future company surveys much easier to carry out.

Despite the difficulties encountered, the NTM Survey proved to be a valuable instrument for collecting information on NTMs and related trade barriers. The results are informative for policymakers, trade support institutions and businesses, highlighting the constraints with regard to NTMs.

Survey coverage

Despite difficulties related to the business register, the NTM Survey covers all sectors (figure 8), with the majority of the interviews undertaken with the companies in the largest sectors, such as fresh food, chemicals, engineering products, metals and basic manufacturing, processed food, textiles and clothing. The leather and the IT/consumer electronics sectors are excluded as they represent less than 2% of total exports. Representativeness is important, as it allows for the extrapolation of NTM Survey results to the entire population of companies.

Figure 8. Distribution of exporters by sector



Source: ITC business survey on NTMs in Egypt (2011).

Note: The leather and IT and consumer electronics sectors were excluded from face-to-face interviews as per the survey methodology (see appendix I).

The agri-food sector (fresh food and processed food) accounts for the largest number of surveyed companies among exporting companies in both telephone interviews (31%, representing 226 out of 719 exporting companies) and face-to-face interviews (29%, representing 48 out of 163 exporting companies). The chemical sector accounts for the second largest number of companies among surveyed exporting companies in both telephone interviews (11%, representing 76 out of 719 exporting companies) and face-to-face interviews (13%, representing 21 out of 163 exporting companies). Generally, chemical exports are subject to NTMs or prohibited in certain markets due to environmental and health concerns.

In general, the NTM Survey coverage in value terms is better for Egyptian exports than imports as the survey focus was primarily on reporting the obstacles faced by exporters rather than importers. According to the measures applied by the Egyptian authorities, the total share of the evaluated global exports is 30.7% versus 18.5% on the import side; while according to the measures applied by partner countries, the total share of the evaluated bilateral exports is 18.7% versus 7.1% on the import side (table 7).

Egypt's agricultural trade is better represented in value terms during the face-to-face interviews than manufacturing trade (table 7). According to the measures applied by the Egyptian authorities on exported products, the evaluated agriculture trade during the face-to-face interviews represents 55.6% (US$ 2.8 billion out of US$ 5.1 billion) of the total agriculture exports; while the evaluated manufacturing trade represents only 20.3% (US$ 2.5 billion out of US$ 12.1 billion) of the total non-oil manufacturing exports. Measures applied by partner countries on exported products showed that the evaluated agriculture trade during the face-to-face interviews represent 41.4% (US$ 1.9 billion out of US$ 4.6 billion) of the total Egyptian agriculture exports; while the evaluated manufacturing trade represent only 9.7% (US$ 1.1 billion out of US$ 11.7 billion) of the non-oil manufacturing exports.

Table 7. Survey coverage in value terms based on products reported during face-to-face interviews

Trade flow	Sector	Measures applied by Egypt		
		Total trade flow [1]	Evaluated trade flows to the world [3]	Share of evaluated trade (to the world)
Egyptian exports	Agriculture	5,112,360	2,841,567	55.6%
	Manufacturing	12,114,402	2,455,251	20.3%
	Total	**17,226,762**	**5,296,818**	**30.7%**
Egyptian imports	Agriculture	10,658,867	2,141,450	20.1%
	Manufacturing	33,742,248	6,069,164	18.0%
	Total	**44,401,115**	**8,210,614**	**18.5%**
		Measures applied by partner countries		
		Bilateral trade flow [2]	Evaluated bilateral trade flows [4]	Share of evaluated trade (bilateral)
Egyptian exports	Agriculture	4,637,240	1,921,042	41.4%
	Manufacturing	11,697,437	1,135,496	9.7%
	Total	**16,334,677**	**3,056,538**	**18.7%**
Egyptian imports	Agriculture	9,048,031	1,211,906	13.4%
	Manufacturing	31,970,467	1,692,027	5.3%
	Total	**41,018,498**	**2,903,933**	**7.1%**

Notes: Evaluated trade value is the sum of export or import values of all products traded by the business sector in Egypt as reported during the face-to-face interviews. (1) Total trade flow is the sum of all products (excluding minerals and other excluded products) exported or imported by Egypt to/from the world. (2) Bilateral trade flow is the sum of all products (excluding minerals and other excluded products) exported or imported by Egypt to/from countries the business sector reported to be trading with during the face-to-face interviews. (3) In cases where the measure is applied by Egypt, evaluated trade is the sum of export or import of the reported products to the world. (4) In cases where the measure is applied by partner countries, evaluated trade is the sum of export or import value of each reported to product to each reported partner country.

Egypt does not use a nation-wide definition of small and medium-sized enterprises. The ITC NTM Survey adopted the definition of micro, small and medium manufacturing enterprises published by the Small and Medium Enterprise Policy Development (SMEPOL) of the Ministry of Finance in January 2004 (table 8). For simplicity, only the employment aspect is considered. Headcount is preferable as companies are reluctant to disclose their financial information during the NTM Survey.

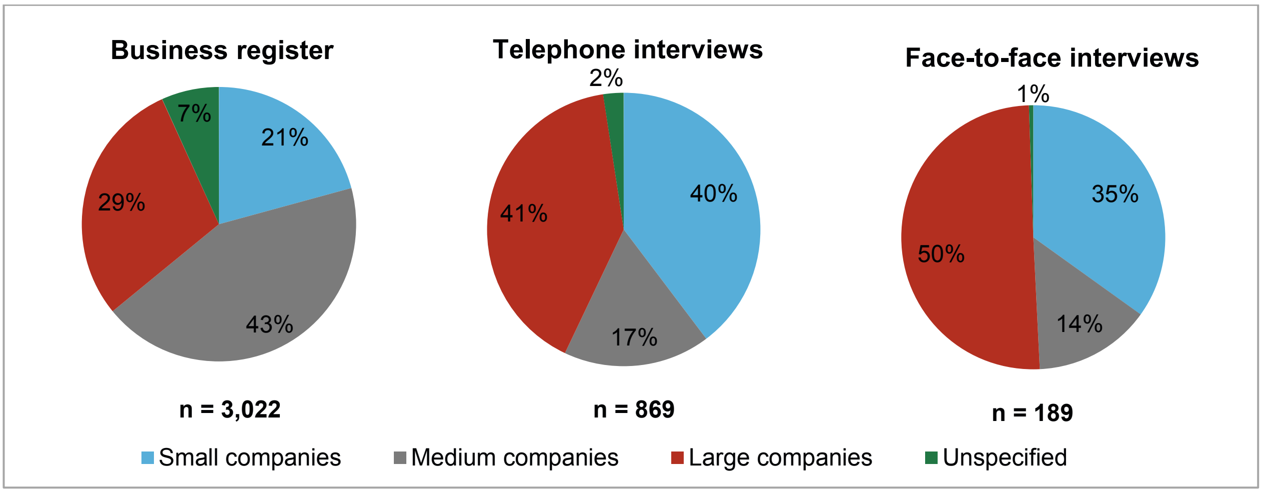
Table 8. Definition of micro, small and medium-sized manufacturing enterprises

Micro companies:	1 – 4 employees or workers 0 – 25,000 L.E in capital 0 – 100,000 L.E in annual sales
Small companies:	5 – 49 employees or workers 25,000 – 5,000,000 L.E in capital 100,000 – 10,000,000 L.E in annual sales
Medium-sized companies:	50 – 99 employees or workers 5,000,000 – 10,000,000 L.E in capital 10,000,000 – 20,000,000 L.E in annual sales
Larger companies:	100 or above employees or workers Above 10,000,000 L.E in capital Above 20,000,000 L.E in annual sales

Source: Small and Medium Enterprise Policy Development (SMEPOL), Ministry of Finance, 2004.

According to the compiled business register of 3,022 companies, the majority of companies are medium sized (43%); followed by the large companies (29%), while small companies represent the lowest share (21%, figure 9). However, the number of companies by size for telephone and face-to-face interviews is not decided during the survey design, but depends on the share of affected companies and their willingness to participate in the NTM Survey.

Figure 9. Distribuition of exporters and importers by size



Source: ITC business survey on NTMs in Egypt (2011).

The nature of the Egyptian business environment affected the telephone and the face-to-face interview sampling. Large and small companies were more cooperative and willing to participate in the NTM Survey than medium-sized companies. Despite being the majority in the business register, medium-sized companies were reluctant to participate in the survey. The company size ratio also holds well within each sector; the number of small companies is presented in the analysis of each sector.

Chapter 3 Survey results: companies' experiences with NTMs

Aggregate results and cross-cutting issues

This chapter analyses the NTM Survey findings. It starts with aggregate country-level results focusing on the characteristics of the interviewed companies' affected sectors, major export or import-related problems and their location. Next, the problems reported by exporting and importing companies are analysed sector by sector, focusing on product-specific survey findings.

A total of 869 companies participated in the telephone interviews. The agri-food sector, including fresh produce and processed food, is more affected by restrictive regulations and other obstacles to trade compared to manufacturing sector. This holds true for both exports and imports. Overall, 43.8% of exporters and 58.3% of importers in agriculture sector are affected, compared with 34.3% of exporters and 42.3% of importers in manufacturing sector (table 9).

Table 9. Companies affected by restrictive regulations or other obstacles to trade, based on telephone interview results

Company type	Sector	Number of companies that face restrictive regulations or other obstacles to trade	Number of companies interviewed by telephone	Share of companies facing restrictive regulations or obstacles to trade
Exporting	Agri-food	99	226	43.8%
	Manufacturing	161	470	34.3%
	Unspecified[1]	4	23	17.4%
	Subtotal	**264**	**719**	**36.7%**
Importing	Agri-food	28	48	58.3%
	Manufacturing	130	307	42.3%
	Unspecified[1]	58	275	21.1%
	Subtotal	**216**	**630**	**34.3%**
Total [2]		**331**[2]	**869**[2]	**38.1%**

Source: ITC business survey on NTMs in Egypt (2011).

Notes: (1) 'Unspecified' refers to companies such as freight forwarders, traders, agents, shipping lines that work in more than one sector as well as companies that both export and import but only specified the main sector for one direction of trade. (2) Companies that are active in both exporting and importing were interviewed about both activities. In the sample of Egyptian companies, 480 were both exporting and importing and are presented twice in the table – once for exporting and once for importing. A total of 869 companies have participated in telephone interviews.

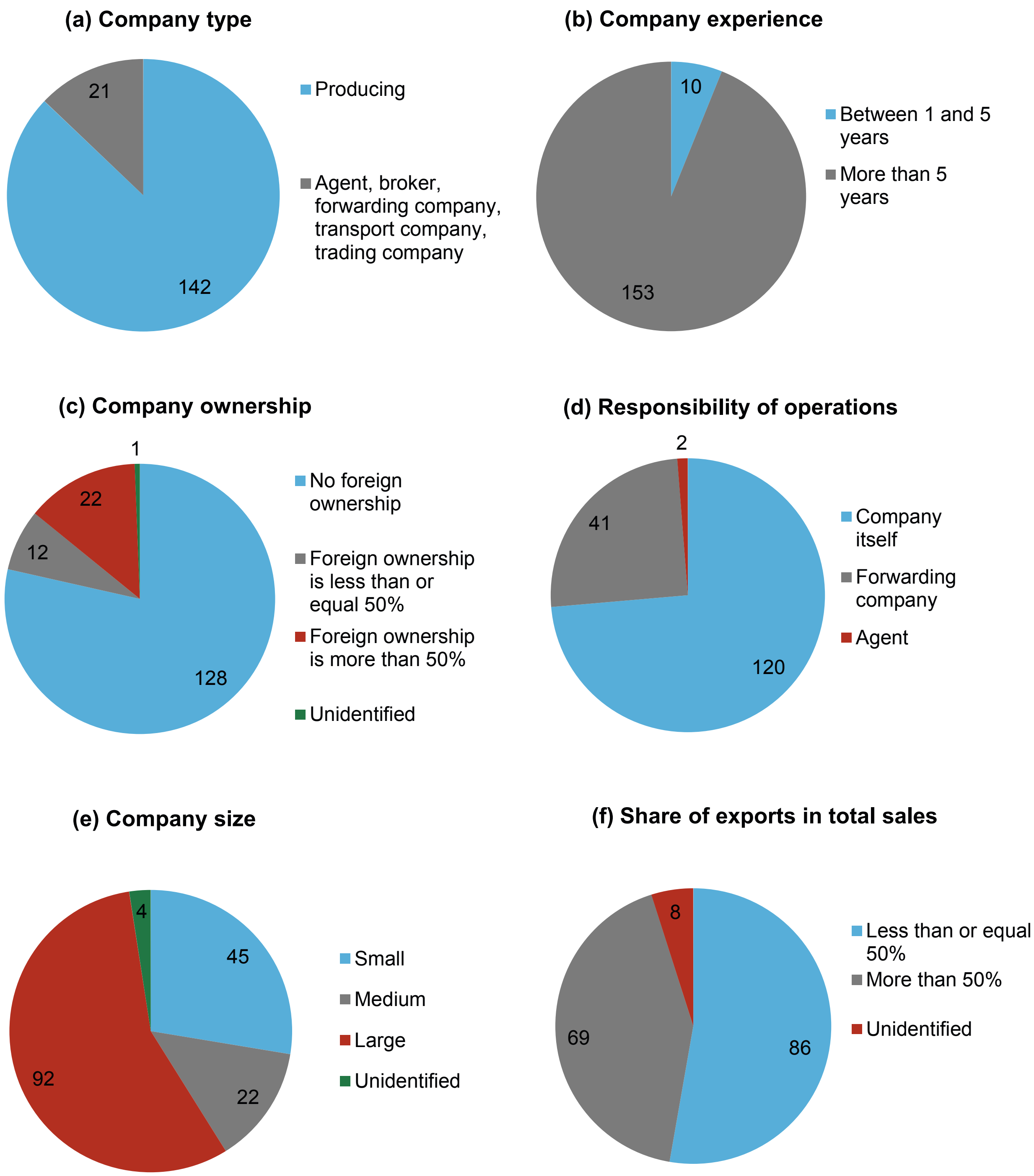
Characteristics of affected exporting companies

Results from the telephone interviews show that 331 companies (38% of the companies surveyed) were affected by burdensome NTMs. In the next stage, 189 of the affected companies participated in detailed face-to-face interviews. Among these, 163 were exporters: 37 companies were exclusively exporting while 126 were both exporting and importing. Almost 87% of the interviewed exporters are producing the goods they export, while 13% are either agents, brokers, forwarding companies, transport companies or trading companies (figure 10a). Producing companies tend to have a deeper understanding of NTMs related to technical regulations and conformity assessments (appendix I). This is because those companies have to deal directly with the technical requirements imposed either by Egypt or its partner countries.

The majority of the surveyed companies have been involved in the exporting business for many years and have considerable experience in this field. More than 94% of the companies that participated in face-to-face interviews had been in operation for more than five years (figure 10b). Most of the surveyed companies are Egyptian owned; 79% of the companies that participated in face-to-face interviews are fully Egyptian owned, while 21% involve foreign ownership with different shares (figure 10c).

Around 74% of the companies that participated in face-to-face interviews are responsible for their own trading operations and logistics (figure 10d), where an internal department handles all logistical issues without referring to external forwarding companies or agents. When companies handle the trading and logistical operations themselves, they are more familiar with the barriers and obstacles that might exist. Forwarding companies usually prefer to handle obstacles themselves without reporting them so as not to appear inefficient or unable to solve problems.

Figure 10. Characteristics of exporting companies interviewed face-to-face



n = 163 (126 exporting & importing companies + 37 exporting companies)

Source: ITC business survey on NTMs in Egypt (2011).

A company's size may also influence its ability to deal with various types of regulations. In the face-to-face interviews, 56% of the interviewed companies were large companies, as defined by the total number of employees. In contrast, 13% and 28% of the companies were medium and small-sized companies respectively (figure 10e). Larger companies tend to trade more products with more partner countries. As a result, they are more likely to report at least one NTM case in the multitude of their transactions.

When a company is more export oriented, it is more likely to face burdensome NTMs, simply because it deals with more transactions. In addition, the share of the value of exports in the total sales of the company typically affects its ability to identify and report NTMs (figure 10f).

Types of reported problems

The NTM Survey differentiates among burdensome NTMs, procedural obstacles related to NTMs and problems associated with the trade-related business environment. NTMs are mandatory regulations introduced by authorities of the exporting and/or importing countries. Procedural obstacles are problems related to the manner in which a regulation is applied or implemented, which can include inefficiencies, discrimination or delays. An inefficient trade-related business environment can cause similar problems but without being directly related to specific NTMs. From an aggregate perspective, the following paragraphs list the predominant burdensome NTMs and where they occur, before turning to procedural obstacles and difficulties with the trade-related business environment. Later sections in this chapter analyse the results sector by sector. The analysis will primarily focus on exporting companies (including firms that both export and import).

The problems captured during the face-to-face interviews are classified into four main categories:

- NTMs reported as burdensome because the regulation itself is too strict or difficult to comply with;
- The regulation is difficult to comply with because of the related procedural obstacles;
- Compliance is difficult because of both NTMs and procedural obstacles;
- Problems arise due to inefficiencies in the trade-related business environment with no specific relation to NTMs.

The exporters' perspective

Detailed face-to-face interviews with 163 exporting companies captured 1,058 cases of regulations being problematic due to a variety of reasons. Among them, the majority of reported cases concern regulations imposed by partner countries (83%), followed by regulations imposed by Egyptian authorities (16.5%). A negligible presence of private standards (five cases, table 10) was also captured.

Most of the problems faced by exporters are due to the regulations being too strict to comply with (39% of cases). In around one-third of the cases, exporters found compliance difficult not because of the regulations itself being too strict or difficult, but because of the related procedural obstacles only. The remaining 28% of cases were reportedly difficult due to a combination of strict regulations and procedural obstacles.

This result stands in contrast to the survey findings in other countries where the majority of the reported problems are related to procedural obstacles. It is noteworthy that in Egypt this result is mainly driven by the measures applied by partner countries, the strictness of which is in 72% reported as main or at least part of the problem. Among the NTMs applied by Egypt this figure stands at around 43% (75 out of 175) and the incidence of procedural obstacles dominates.

Each reported NTM can be difficult due to more than one procedural obstacle. Overall, Egyptian exporters reported 836 cases of procedural obstacles. While most burdensome NTMs are applied by partner countries, procedural obstacles appear to predominantly occur in Egypt (61% versus 39% in partner countries).

The survey also documented 150 cases of obstacles that exporters experienced in the wider trade-related business environment.

Table 10. Problems reported by exporters in face-to-face interviews

	NTM cases				Number of procedural obstacles related to NTMs	Cases regarding the trade-related business environment (Not related to NTMs)
	Only NTMs are burdensome	NTMs burdensome because of ptocedural obstacles	Both NTMs and procedural obstacles are burdensome	Subtotal		
Partner country	386	245	247	878	328	108
Egyptian authorities	21	100	54	175	508	42
Private standard	5	--	--	5	--	--
Total	**412**	**345**	**301**	**1,058**	**836**	**150**

Source: ITC business survey on NTMs in Egypt (2011).

The importers' perspective

Almost all burdensome NTMs reported by importers were applied by Egypt – only a single case was attributed to partner countries' regulations (table 11). This is not surprising given that under the common commercial contract terms, only domestic regulations fall into the responsibilities of the importer. As a result, importers are more likely to know and report on these. The majority of difficulties reported by importers were due to burdensome NTMs paired with procedural obstacles (162 cases). In addition, 86 reported cases were difficult exclusively due to regulations being too strict and 105 reported cases exclusively due to procedural obstacles. Finally, 73 cases concerned the trade-related business environment.

Table 11. Imports survey results by main problem category

Reported cases during face-to-face interviews	NTM cases				Number of procedural obstacles related to NTMs	Cases regarding the trade-related business environment (Not related to NTMs)
	Only NTMs are burdensome	NTMs burdensome because of procedural obstacles	Both NTMs and procedural obstacles are burdensome	Subtotal		
Partner country	1*	--	--	1	196	--
Egyptian authorities	85	105	162	352	263	73
Total	**86**	**105**	**162**	**353**	**459**	**73**

Source: ITC business survey on NTMs in Egypt (2011).

Note: Private standards are not reported on the import side. *The case refers to re-exporting.

Affected sectors

The following presents the general overview on affected sectors, both for exports and imports. The sector-specific NTMs and product-specific findings are discussed in more detail in section 2.

Export sectors

About 37% of interviewed exporting companies reported facing burdensome NTMs. However, the share of the affected firms varies across sectors. Agri-food exports, which are valued at almost US$ 5.1 billion or 28% of total Egyptian non-oil exports, appear to be the most affected sector. Around 46% of fresh food exporters and 41% of processed food exporters experience difficulties related to NTMs.

The fresh food and processed food exporters also reported the largest number of NTMs and procedural obstacles during the face-to-face interviews (table 12). As products in this sector consist mainly of food and feed, their control is essential for ensuring the health and well-being of consumers and protecting the environment. Accordingly, all import markets have established special control systems for products destined for direct consumption by people and animals, which partially explains the high number of NTMs experienced by agri-food exporters.

Companies from the manufacturing sector are slightly less affected by NTM-related trade obstacles, but differences between sub-sectors are pronounced. Exporters of engineering products are the most affected (46%), followed by metals and basic manufacturing (40%), chemicals and clothing (38% respectively). While the export share of engineering products is a modest 6% of total exports, companies exporting these products report the highest number of burdensome NTMs (144 cases) among industries in the manufacturing sector. According to Egypt's national trade and development strategies, the engineering sector possesses a high export potential, especially in low- or medium-tech and assembly industries. Chemical exports are one of Egypt's biggest exports, accounting for 20% of total exports. Around 38% of the companies exporting chemicals were affected by burdensome NTMs. Compared to other sectors, exporters of chemical products report a relatively high number of both NTM cases and procedural obstacles.

Table 12. Affectedness and number of reported trade obstacles, by export sector

Main export sector	**Export value in 2010** (US$ '000)	**Share in total non-oil exports, 2010**	**Number of exporters interviewed by telephone**[2]	**Share of exporters facing burdensome NTMs** (telephone interviews)	**Number of reported NTM cases** (face-to-face interviews)	**Number of reported procedural obstacles** (face-to-face interviews)
Agri-food exports						
Fresh food	3,055,350	17%	138	46%	284	272
Processed food	2,057,010	11%	88	41%	167	120
Manufacturing exports						
Engineering products[1]	1,130,746	6%	61	46%	144	91
Metals & basic manufacturing	3,494,806	19%	96	40%	104	81
Miscellaneous manufacturing	723,175	4%	44	39%	48	40
Chemicals	3,583,658	20%	76	38%	138	119
Clothing	1,277,122	7%	48	38%	88	41
Furniture & wood products	436,026	2%	58	28%	48	43
Textiles & home textiles	1,291,085	7%	78	19%	37	29
Leather products	177,784	1%	9	--	--	--
Other non-oil products	1,103,708	6%	--	--	--	--
Oil and minerals	8,001,098	--	--	--	--	--
Total non-oil exports	**18,330,470**	**100%**	**696**[2]	**37%**	**1,058**	**836**

Source: ITC business survey on NTMs in Egypt (2011).

Notes: Sectors are sorted according to share of affected companies. NTM cases include regulations applied by Egypt and by partner countries as well as private standards. Procedural obstacles include those occurring in Egypt and abroad. Cases regarding the trade-related business environment are not included. (1) Engineering products refer to products in SITC sectors 8 to11 as defined in appendix I. (2) Excluding companies for which a main export sector cannot be specified. This is the case for a total of 23 companies of special interest such as freight forwarders, traders, agents and shipping lines that work in more than one sector.

Import sectors

The disaggregation of survey results by import sector (for the subset of companies, for which a unique import sector could be specified) documents a similar heterogeneity (table 13). Around 63% of companies importing processed foods were affected compared with 21% of companies importing furniture and wood products. Additionally, face-to-face interviews with affected importing companies identified a total of 353 NTM cases and 459 procedural obstacles. The majority of those cases were sector-specific rather than generic.

Table 13. Affectedness and number of reported trade obstacles, by import sector

Main import sector	Import value in 2010 (US$ million)	Share in total non-oil imports	Number of importers interviewed by telephone[2]	Share of importers facing burdensome NTMs[2] (interviewed by telephone)	Number of reported NTM cases (face-to-face interviews)	Number of reported procedural obstacles (face-to-face interviews)
Agri-food imports						
Processed food	3,272,860	7%	19	63%	19	36
Fresh food	7,386,007	17%	29	55%	44	55
Manufacturing imports						
Engineering products[1]	12,941,593	29%	77	51%	102	142
Clothing	607,609	1%	7	43%	7	7
Chemicals	6,905,816	16%	73	41%	92	99
Textiles & home textiles	2,035,411	5%	46	39%	14	11
Metals & basic manufacturing	7,042,373	16%	49	35%	32	33
Furniture & wood products	2,439,730	5%	19	21%	7	26
Leather products	175,829	0%	4	0%	--	--
Other manufacturing	1,661,681	4%	32	59%	36	50
Oil and minerals	8,533,981	--	--	0%	--	--
Total non-oil imports	**44,468,909**	**100%**	**355**[2]	**45%**[2]	**353**	**459**

Source: ITC business survey on NTMs in Egypt (2011).

Notes: Sectors are sorted according to share of affected companies (except for “other manufacturing”). NTM cases include regulations applied by Egypt and by partner countries. Procedural obstacles include those occurring in Egypt and abroad. Cases regarding the trade-related business environment are not included. (1) Engineering products refer to products in SITC sectors 8 to11 as defined in appendix I. (2) Excluding companies for which a main import sector cannot be specified. This is the case for a total of 275 companies, including companies that both export and import and only specified the main export sector as well as freight forwarders, traders, agents and shipping lines that work in more than one sector.

The engineering sector is the biggest import sector in Egypt with 29% of total imports in 2010. Nearly 51% of the importers in this sector were affected by burdensome NTMs. Thes importers also reported the highest number of NTMs (102 out of 353 cases) and procedural obstacles (142 out of 459 cases) during the face-to-face interviews.

The chemicals sector – which accounted for 16% of Egyptian imports in 2010 – is also highly affected by burdensome NTMs, with almost 41% of the interviewed companies affected. The import of chemical products is usually subject to multiple regulations primarily related to environmental and health protection, and national security issues, which in some cases can include total prohibition. The domestic chemicals industry represents almost 9% of the total Egyptian industrial output valued at approximately US$ 7 billion in 2010 and accounts for about 3% of Egypt’s gross domestic product (GDP).[48]

Affected trade values

The survey results provide a comprehensive understanding of the affected trade value, representing the sum of export or import values of all products facing NTMs as reported by the business sector in Egypt (table 14). Affected exports by NTMs applied by Egypt are relatively higher (US$ 3.3 billion representing 63.2%) than affected exports by NTMs applied by partner countries (US$ 1.6 billion representing 53.2%), despite that the total number of export-related NTMs reflects an opposite result (878 NTM cases applied by partner countries versus 175 NTM cases applied by Egyptian authorities). From a qualitative point of view, the 175 NTM cases applied by different Egyptian authorities seem to have a significant effect on Egyptian exports, which underscores the priority of handling those cases.

[48] Chamber of Chemical Industries in Egypt, available at: http://www.cci-egy.com/, accessed 23 March 2015.

For exports affected by NTMs applied by Egypt, the share of affected agriculture exports (70.2% representing 2 US$ billion) is relatively higher than the share of affected manufacturing exports (55.1% representing 1.4 US$ billion). The situation is revered in case of exports affected by NTMs applied by partner countries, where the share of affected manufacturing exports (59.2% representing 0.7 US$ billion) is relatively higher than the share of affected agriculture exports (49.7% representing 0.9 US$ billion).

For total Egyptian imports, affected imports by NTMs applied by Egypt accounts for 74.8% of the total evaluated imports value during the survey (representing US$ 6.1 billion), while no NTMs cases were reported to be applied by partner countries. The share of affected agriculture imports (78.5% representing US$ 1.7 billion) is relatively higher than the share of affected manufacturing imports (73.5% representing US$ 4.5 billion).

Table 14. Affected trade value based on products reported during face-to-face interviews

Trade Flow	Sector	Measures applied by Egypt			Measures applied by partner countries		
		Evaluated trade flows to the world[1] US$'000	**Affected trade flows to the world**[2] US$'000	**Share of affected trade value in evaluated trade** (to the world)	**Evaluated bilateral trade flows**[3] US$'000	**Affected bilateral trade flows**[4] US$'000	**Share of bilateral trade** (bilateral)
Egyptian exports	Agriculture	2,841,567	1,993,921	70.2%	1,921,042	954,759	49.7%
	Manufacturing	2,455,251	1,353,034	55.1%	1,135,496	672,740	59.2%
	Total	**5,296,818**	**3,346,955**	**63.2%**	**3,056,538**	**1,627,499**	**53.2%**
Egyptian imports	Agriculture	2,141,450	1,680,343	78.5%	1,211,906	-	0.0%
	Manufacturing	6,069,164	4,462,326	73.5%	1,692,027	-	0.0%
	Total	**8,210,614**	**6,142,669**	**74.8%**	**2,903,933**	**-**	**0.0%**

Source: ITC business survey on NTMs in Egypt (2011) and Trade Map data.

Notes: Evaluated trade value is the sum of export or import values of all products traded by the business sector in Egypt as reported during the face-to-face interviews. Affected trade value is the sum of export or import values of all products facing NTMs as reported by the business sector in Egypt. (1) In cases where the measure is applied by Egypt, evaluated trade is the sum of export or import of the reported products to the world. (2) In cases where the measure is applied by Egypt, affected trade is the sum of export or import of the products facing NTMs to the world. Since Egypt is applying the measure it is assumed that it applies to all export or import of the product, irrespective of the partner country. (3) In cases where the measure is applied by partner countries, evaluated trade is the sum of export or import value of each reported to product to each reported partner country. (4) In cases where the measure is applied by partner countries affected trade is the sum of export or import value of each product facing NTM to/from each partner country applying the NTM. Since the measure is being applied by a specific partner country only the affected trade is only in a bilateral basis.

Types of NTMs and related procedural obstacles

Detailed face-to-face interviews with representatives of affected Egyptian exporters documented 1,053 cases of burdensome NTMs - 83% concern regulations applied by partner (importing) countries, compared to 17% applied by Egyptian authorities. The share of burdensome regulations applied by Egypt on its exports is lower than the average of 25% reported in other countries surveyed by ITC.

Measures applied by partner countries on Egyptian exports

Technical measures: product certification requirements and tolerance limits

Technical measures applied by partner countries, which include both technical requirements and conformity assessment, are the most common type of burdensome NTM experienced by Egyptian exporters, accounting for around 48% of cases (figure 11a). Difficulties with conformity assessments alone account for 28% of the NTM cases and difficulties with technical requirements represent 20% of the cases. While many Egyptian exporters may already be familiar and compliant with the technical requirements imposed by partner countries, they still face difficulties demonstrating compliance with the requirements (conformity assessment). Certification requirements, product registration and testing are the most common types of conformity assessment measures faced by exporters. These are most frequently reported as problematic by exporters in the agri-food sector and the chemicals industry (107 and 61 cases respectively).

Among cases related to burdensome technical requirements, strict tolerance limits for residues or contamination by certain substances is the most common type of measure faced by exporters (54 cases). This measure primarily affects exports of fresh food and hampers exports to several markets.

In addition, Egyptian exporters face difficulties with strict labelling requirements of several partner countries (29 cases). Exporters of furniture also find fumigation requirements of some partner countries difficult (17 cases). Fumigation is also required on wooden pallets used to export other products.

Agri-food exports have also been subject to geographical restrictions (31 cases including temporary restrictions); regulations on genetically modified organisms (GMOs) (8 cases) and microbiological criteria on the final product (5 cases); and restricted use of certain substances in food and feed (4 cases). Most technical requirements related to product quality and performance concern exports of manufactured products (14 cases).

Non-technical measures: rules of origin, consular invoice fees and inspections are most frequently reported

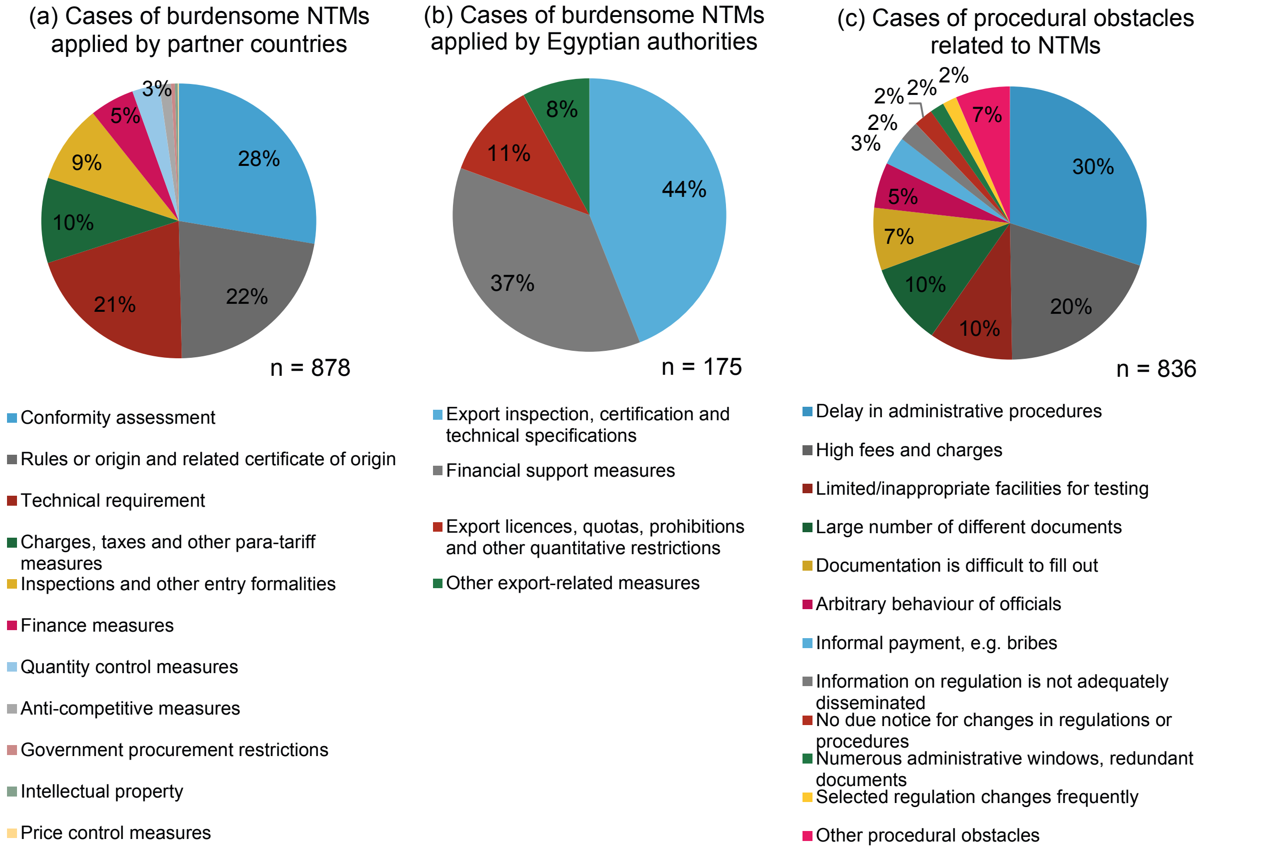
Difficulties with rules of origin comprise around 22% of burdensome NTMs applied by partner countries (figure 11a). Nearly 37% of the reported rules of origin cases involve preferential rules and certificates of origin under GAFTA while 14% involve preferential rules and certificates of origin under the EU-Egypt Association Agreement. Exporters find the majority of rules of origin cases (60%) difficult because of procedural obstacles associated with obtaining the certificate of origin from authorities. These include delays in issuing the certificates, difficult documentation requirements, translation requirements and refusals to grant the certificate with no clear justification even if all requirements are met.

Problems related to levied charges, taxes and other para-tariff measures represent almost 10% of the difficult NTMs applied by partner countries (figure 11a). Most of these problems (42%) concern consular invoice fees, which refer to charges levied on the grant of consular invoice issued by the consul of the importing country. The cases reported by exporters also highlight an additional aspect of those charges under a process known as legalization where many, if not all, export documents (usually the commercial invoice, packing list, certificate of origin, health certificate and inspection certificate) are required to be authenticated and stamped against fees by the embassy or consular of the importing country, and/or the Egyptian Ministry of Foreign Affairs. In addition to being burdensome, the legalization process is also accompanied by delays of at least a week. Almost 89% of the reported consular fees are imposed by GAFTA member countries and are not related to a specific product. Decree No 1859/3004 issued by the Minister of Finance states that legalization fees on certificates of origin and other commercial documents related to preferential trade agreements should be eliminated on reciprocal basis. However, the legalization process appears to still exist and causes a problem in implementing preferential trade agreements, especially GAFTA.

Non-technical inspections represent 9% of challenging NTMs imposed by partner countries on Egyptian exports, affecting predominantly manufacturing exports (74 cases, compared to four cases for agri-food exports). Many African and Arab countries require pre-shipment inspection by third party private bodies such as SGS and Bureau Veritas (see tables 20 and 32 for further details). This mandatory inspection is burdensome, entails relatively high fees and usually delays the export process.

Other burdensome regulations imposed by partner countries include finance measures (5%), for example regulations concerning official foreign exchange allocation and terms of payment. These types of problems were mainly experienced when exporting manufactured products to Algeria where payment are possible only through letters of credit. Quantitative restriction measures ranging from licences through quotas to prohibitions comprise 3% of the problems. Anti-competitive measures concerning mainly restrictive import channels and compulsory use of national services such as insurance and transportation comprise 1% of the difficulties faced by exporters.

Figure 11. Types of trade obstacles experienced by exporters



Source: ITC business survey on NTMs in Egypt (2011).

Note: Cases regarding the trade-related business environment are not included.

Regional issues

In general, there were more cases of burdensome regulations applied by partner countries that import the most Egyptian products due to the large number of transactions involved. To identify partners that are relatively more difficult to export to, this study compared the partner's share of Egyptian exports (table 15, column b) to the share of burdensome regulations reported by exporters (table 15, column g).

GAFTA countries together were the biggest importers of Egyptian exports accounting for 42% of Egyptian exports (US$ 7.1 billion). In terms of burdensome NTMs, 52% of all burdensome partner country regulations reported by exporters were applied by GAFTA countries. Egyptian exporters faced difficulties with the regulations of the Sudan, Saudi Arabia and Algeria, responsible for 10.5%, 9% and 6.6% of reported NTMs respectively.

Exports to Common Market for Eastern and Southern Africa (COMESA) countries accounted for 12.6% of total exports, but these countries apply more than 20% of NTMs reported by exporters. The EU is the second biggest importer of Egyptian products, importing products worth more than US$ 5 billion (29.4% of Egyptian exports) and was responsible for around 28% of the reported NTMs. These figures indicate that Egyptian exporters find regulations of the regional GAFTA and COMESA countries relatively more burdensome compared to the regulations of EU member states.

Countries that are signatories to the Agadir Agreement imported 5.5% of Egyptian exports and were responsible for 7.5% of the reported NTMs. Exports to United States also appeared to be relatively easier as it imports 7.2% of the exports, but were responsible for just 2.8% of the reported difficult NTMs.

Table 15. Who applies burdensome NTMs on Egyptian exports?

Region	Export destination	Export value		Surveyed companies			Reported NTM cases	
		(a) Egyptian export value in 2010 US$'000**	(b) Share in total exports	(c) Number of companies exporting to this destination	(d) Number of exporters affected by burdensome NTMs	(e) Share of affected exporters	(f) Number of NTM cases for regulations applied by this destination	(g) Share of total reported NTM cases
GAFTA	**GAFTA**	**7,190,226**	**41.7%**	**519**	**305**	**58.8%**	**453**	**51.6%**
	Sudan	*542,178*	*3.1%*	*58*	*47*	*81.0%*	*92*	*10.5%*
	Saudi Arabia	*1,482,202*	*8.6%*	*67*	*45*	*67.2%*	*79*	*9.0%*
	Algeria	*259,497*	*1.5%*	*34*	*22*	*64.7%*	*58*	*6.6%*
	Syrian Arab Republic	*663,043*	*3.8%*	*34*	*21*	*61.8%*	*31*	*3.5%*
	Libya	*1,166,362*	*6.8%*	*43*	*25*	*58.1%*	*30*	*3.4%*
	Qatar	*223,961*	*1.3%*	*26*	*15*	*57.7%*	*8*	*0.9%*
	Lebanon	*351,386*	*2.0%*	*29*	*16*	*55.2%*	*24*	*2.7%*
Agadir	**Agadir**	**951,055**	**5.5%**	**101**	**52**	**51.5%**	**66**	**7.5%**
	Tunisia	*160,281*	*0.9%*	*28*	*17*	*60.7%*	*24*	*2.7%*
	Jordan	*409,169*	*2.4%*	*36*	*20*	*55.6%*	*23*	*2.6%*
	Morocco	*381,605*	*2.2%*	*37*	*15*	*40.5%*	*19*	*2.2%*
COMESA	**COMESA**	**2,171,814**	**12.6%**	**173**	**116**	**67.1%**	**179**	**20.4%**
	Sudan	*542,178*	*3.1%*	*58*	*47*	*81.0%*	*92*	*10.5%*
	Madagascar	*357*	*0.0%*	*7*	*5*	*71.4%*	*6*	*0.7%*
	Kenya	*219,670*	*1.3%*	*24*	*17*	*70.8%*	*27*	*3.1%*
	Ethiopia	*42,028*	*0.2%*	*9*	*6*	*66.7%*	*18*	*2.1%*
	Libya	*1,166,362*	*6.8%*	*43*	*25*	*58.1%*	*30*	*3.4%*
	Uganda	*18,760*	*0.1%*	*9*	*4*	*44.4%*	*3*	*0.3%*
EU	**EU**	**5,069,574**	**29.4%**	**223**	**157**	**70.4%**	**245**	**27.9%**
	Greece	*217,017*	*1.3%*	*12*	*10*	*83.3%*	*15*	*1.7%*
	United Kingdom	*753,888*	*4.4%*	*21*	*17*	*81.0%*	*46*	*5.2%*
	Germany	*464,905*	*2.7%*	*35*	*28*	*80.0%*	*39*	*4.4%*
	Spain	*558,116*	*3.2%*	*22*	*16*	*72.7%*	*21*	*2.4%*
	Netherlands	*290,541*	*1.7%*	*23*	*16*	*69.6%*	*22*	*2.5%*
	France	*756,312*	*4.4%*	*26*	*16*	*61.5%*	*17*	*1.9%*
	Italy	*1,245,817*	*7.2%*	*40*	*23*	*57.5%*	*42*	*4.8%*
Other Agreements	**Other agreements**	**2,554,094**	**14.7%**	**74**	**47**	**63.5%**	**43**	**4.9%**
	MERCOSUR	*141,172*	*0.8%*	*8*	*6*	*75.0%*	*3*	*0.3%*
	Russian Federation	*210,915*	*1.2%*	*20*	*14*	*70.0%*	*11*	*1.3%*
	United States	*1,233,933*	*7.2%*	*26*	*17*	*65.4%*	*25*	*2.8%*
	Turkey	*902,294*	*5.2%*	*19*	*9*	*47.4%*	*4*	*0.5%*
Rest of the world (no trade agreements)	**Rest of the world**	**1,753,941**	**10.2%**	**113**	**60**	**53.1%**	**56**	**6.4%**
	Nigeria	*138,301*	*0.8%*	*14*	*12*	*85.7%*	*13*	*1.5%*
	Canada	*57,136*	*0.3%*	*9*	*5*	*55.6%*	*1*	*0.1%*
	Ukraine	*74,952*	*0.4%*	*8*	*4*	*50.0%*	*1*	*0.1%*
	Senegal	*27,710*	*0.2%*	*7*	*3*	*42.9%*	*1*	*0.1%*
	South Africa	*44,378*	*0.3%*	*9*	*2*	*22.2%*	*2*	*0.2%*

Source: ITC business survey on NTMs in Egypt (2011) and ITC calculations based on Trade Map data.

Note: Only selected export destinations are listed. Companies exporting to several destinations are counted once for every destination. Therefore, the total in this table is higher than the total number of companies interviewed. Countries falling under different regions are counted once for every region. For example, Libya is under both GAFTA and COMESA; all Agadir countries also belong to GAFTA. As a result, the sum of subtotals is not equal to the grand total. Exports exclude services, minerals and arms.

Measures applied by Egyptian authorities

Export-related measures applied by Egyptian authorities are relatively fewer than those applied by partner countries. Export inspection, certification and other technical specifications are the most frequently cited regulations (44%) applied by Egyptian authorities (figure 11b). Most reported cases are burdensome due to various procedural obstacles such as delays, relatively high fees, inconsistent or arbitrary behaviour of officials, and limited or inappropriate inspection facilities.

A frequently mentioned grievance of exporters relates to Egypt's export support measures (37%). According to the Export Promotion Law No. 155/2002, the government launched the EDF in 2002 as an affiliated body to the Ministry of Industry and Foreign Trade. The main objective of the EDF is to help in enhancing and increasing Egyptian exports, diversifying Egypt's export portfolio and enhancing the competitiveness of Egyptian exports. The objectives are to be achieved by compensating exporters for the anti-export bias they face in terms of high transport costs, high tariffs and/or taxes on inputs, inefficiency of duty draw back and/or temporary admission mechanisms.[49] The drawback and the temporary exemption systems[50] are other types of export support programmes provided by the Egyptian Customs Authority.

However, as stated by the Egyptian business community and specifically by the interviewed companies, these export support mechanisms suffer from major obstacles affecting their effectiveness. Exporters list numerous procedural obstacles, such as the large number of required documents, information that is inadequately published or not disseminated, frequently changing procedures without prior notice, and delays of more than six months in receiving expected support. Concerning the drawback and temporary exemption systems, interviewed companies state that the Egyptian Industrial Control Authority (ICA), which is responsible for monitoring the audit trail of the original importation of raw materials and inputs according to Decree No. 1625/2002, usually sets very low and unrealistic tolerance percentages of allowed waste or spoilage. They also report arbitrary and inconsistent behaviour of government officials. Companies also experienced delays in receiving refunds of duties paid on imported inputs.

Interviewed companies revealed various types of quantitative export restrictions (11%, figure 11b). Export prohibition cases mainly refer to export bans imposed by the Ministry of Industry and Foreign Trade on rice and sugar. The government has repeatedly imposed several export bans on a number of strategic products such as cement, rice, marble and granite blocks to safeguard supplies for local consumption.

In addition, several companies reported different types of export licensing requirements, which are usually associated with restrictive procedural obstacles. According to the Import and Export Executive Regulation No. 770/2005,[51] Egyptian products should be exported directly through the customs authorities without prior export approval. However, manufactured goods should not be exported unless they are produced in companies licensed to be established and operate. As a result, a valid industrial register is required to export any manufactured product. Interviewed companies stated that the issuance or annual renewal of registers are very complicated, involve many administrative windows and documents, and is usually delayed for at least three months, which holds up any export activity during this period.

Another common obstacle is related to completing the unified statistical form attached to each export consignment and delivered to the GOEIC field office before shipping.[52] Completing these statistical forms usually delays the export clearance process due to the large number of associated documents. As an export prerequisite, Egyptian companies are required to apply for an exporters' register that should be renewed every three years.[53] To apply for this register, a company representative must obtain an export practice certificate from the FTTC at the Ministry of Industry and Foreign Trade. Interviewed companies suggested that such trainings should be improved or otherwise it should not be part of the registering process. At the same time, Egyptian companies subject to Investment Law No. 8/1997 cannot apply for the exporters' register but instead must obtain the approval or permit of the General Authority for Investment (GAFI) per shipment. This procedure is supposed to facilitate export activity for companies; however it creates delays.

Finally, a number of other export measures were reported. A number of terminal handling charges at Egyptian ports and airports are generally unpublished and frequently change without prior notice. Trading companies are required to obtain a declaration or authorization from the producers of the exported

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[49] Ghoneim et al., 2011.

[50] Drawback is a system allowing exporters to recover duty paid on imports of raw materials and inputs provided that the final product is subsequently exported. Duties on imported raw materials and inputs must be paid and then redeemed. Temporary exemption is a system temporary exempting exporters from paying duties on importations of raw materials and inputs provided that the final product is subsequently exported. Duties on imported raw materials and inputs are not actually paid, instead the exporter provide a guarantee usually in the form of a bank letter of guarantee to ensure duties amount in case of non-exportation.

[51] Import and Export Executive Regulation 770/2005, Article 40.

[52] Import and Export Executive Regulation 770/2005, Article 45.

[53] Import and Export Executive Regulation 770/2005, Articles 52 to 65.

products as part of the export clearance process, which is usually difficult to obtain and delays the export process. Also, the Egyptian Customs Authority allegedly obliges exporters to re-issue the commercial invoice in any foreign currency instead of Egyptian pounds even if the transaction is originally in Egyptian pounds.

Procedural obstacles hindering exports

Procedural obstacles create numerous problems to the export process (836 cases, figure 11c). Egyptian exporters most frequently mention delays (30%) that are encountered across all Egyptian authorities and both developed and developing partner countries. These delays are primarily associated with conformity assessment requirements applied by partner countries, as well as export-related measures applied by Egyptian authorities.

Another major procedural obstacle faced by exporters is high fees and charges (20%), primarily associated with conformity assessment requirements applied by partner countries. Infrastructural challenges, especially those related to limited or inappropriate facilities such as storage, cooling, testing and fumigation were also frequently reported (10%). Limited testing laboratories and inappropriate X-ray inspection devices are of particular concern.

Administrative burdens also account for a large portion (17%) of procedural obstacles experienced by exporters. Companies faced difficulties with requirements to present numerous documents and with filling out the documents.

Most common importing problems: technical measures and high charges

Egyptian authorities imposed almost all burdensome regulations reported by Egyptian importers, a total of 353 reported cases.

Conformity assessment requirements, especially related to certification and testing, were the most common import measure (41%) that importers find difficult to comply with (figure 12a).

Around 28% of the reported measures relate to charges levied by Egyptian authorities on imports. Consular invoice fees and customs valuation are a major burden to importers, with 52 and 35 reported incidents. Egyptian authorities require import documents to be legalized from the Egyptian Embassy or Consular in the exporting country. In addition to the legalization fees, importers face delays of at least one week with the administrative process. Some companies also report high terminal handling charges and storage fees in most Egyptian ports, which adds to the price of the imported products.

Many importer concerns relate to customs valuatrion. Customs valuation refers to the procedures and related regulations that determine the value of imported goods, which is used to determine tariffs. Interviewed companies reported that the Egyptian Customs Authority usually over-valuates the price of the commercial invoice to increase the amount of tariffs without explaining or clarifying the valuation method. Importers complained that customs officials classify the product (by HS code) in an inconsistent and arbitrary manner to yield higher tariff rates. Customs valuation becomes even more difficult when importing goods were purchased on sale or with a discount. In principle, to the WTO Customs Valuation Agreement, which is reflected in Egyptian customs law,[54] clearly outlines customs valuation methods and processes. As the Egyptian Customs Authority pointed out during a stakeholder interview, importers have the right to consultation and arbitration in front of a special committee in case of disputes arising from customs valuation. However, this mechanism may have to be better promoted for importers to be aware of it and use it.

Although very few incidents of difficulties with internal taxes and charges, such as sales tax levied on imported products, are reported they are worth highlighting as the importers believe that sales tax levied on imports are calculated using an inflated method. According to Sales Tax Law No. 11/1991, the sales tax is calculated as a percentage of cost, insurance and freight (CIF) value of imported goods after adding the

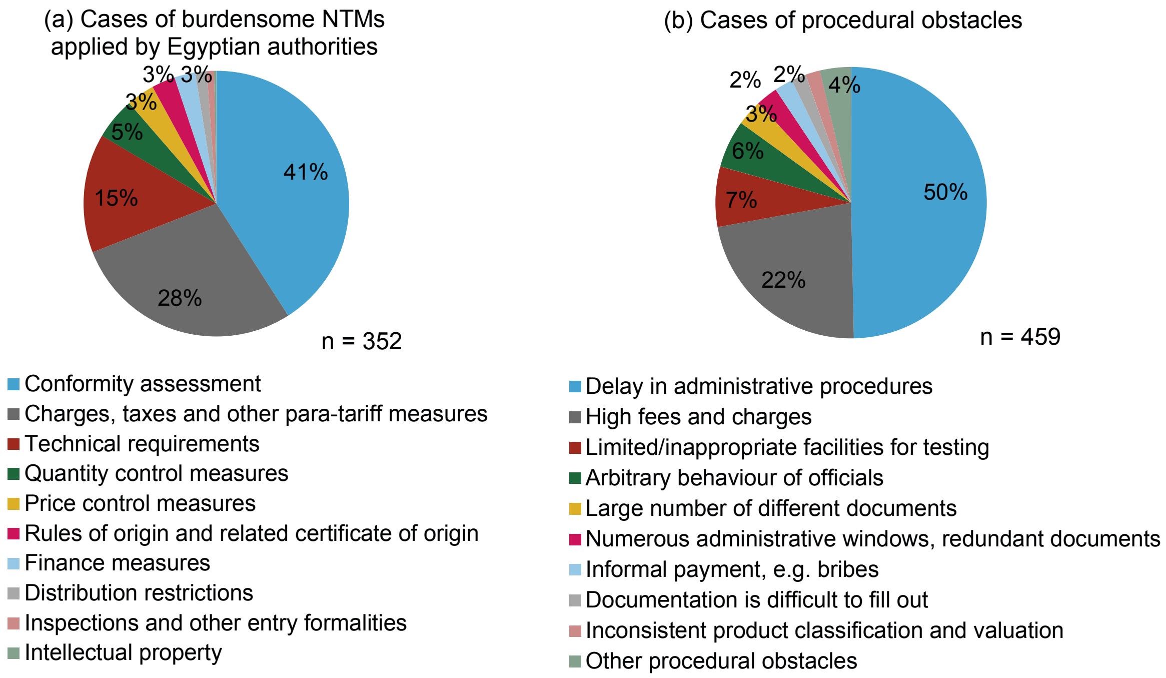
[54] Articles from 14 to 35 of the Customs Law Executive Regulation.

value of the levied tariffs; the tariff value is also taxed.[55] Companies also reported that sales taxes on imported goods are double counted when the Egyptian Ministry of Finance collects the sales tax first during the import clearance process and then again each time those goods are re-sold. However, according to the Ministry of Finance, the sales taxes are discounted or refunded when companies submit their annual sales tax declarations where the actual collected taxes would only cover their share of the trade cycle to avoid tax duplication. This is an informational gap that needs to be addressed by both sides.

Technical regulations account for 14% of the burdensome regulations faced by importers (figure 12a). Labelling requirements on products is a cause of concern to importers as GOEIC imposes very strict requirements subject to Egyptian standards. Importers usually find the labelling requirements difficult to comply with because of related procedural obstacles such as difficulties in translating technical information about the product into Arabic. Complying to this Egyptian requirement involves changes in the production process; writing down the expiry and production dates in specific formats; and clearly placing a physical mark of origin corresponding to the associated certificate of origin regardless the nature of the product, which sometimes does not accept such marking, for example furniture or metal products.

Companies are also faced with unnecessary obstacles when products are imported as inputs for further processing rather than retail sale because they are also subject to the labelling requirements. However, according to GOEIC, the labelling requirements for raw materials and intermediate goods usually include minimal information and allow English and French in addition to Arabic. Companies added that when labels do not comply with the requirements, they are subject to modification in a process known as 'label treatment' under supervision by GOEIC and the Egyptian Customs Authority. This results in delays from 20 days to two months and additional costs of up to EGP 5,000 per shipment in some cases.

Figure 12. Types of trade obstacles experienced by importers



Source: ITC business survey on NTMs in Egypt (2011).

Note: Cases concerning the trade-related business environment are not included. There is only one case of burdensome NTMs applied by partner countries, which is not displayed in this figure.

Importers also report a number of quantitative control measures (5%) imposed by Egyptian authorities. Licences linked with local production seem to be the main concern among importers. These licences are

[55] If CIF value of imported goods = US$ 1,000 and the applied tariff rate = 10%, then the applied tariffs = 1,000 x 10% = US$ 100 and if the sales tax on this imported item is 20% then the sales tax amount = 1,000 + 100 = 1,100 x 20% = US$ 220 instead of just paying US$ 200.

product specific and primarily related to the agri-food and chemicals sector. For example, the ICA licenses companies to import an annual limit of specific products such as alcohols, paints, hydrocarbons, certain acids, inorganic chemicals only if they are sold to manufacturers. The trading companies are required to present a declaration from the production facilities assuring that they will buy those chemicals and stating their purpose. An authorization of the licence is required every time a shipment is cleared and the import limit for the future is adjusted. This process usually delays clearance by at least one week.

Manufacturing companies importing raw agricultural products that are further used as inputs in the production process are required to have a valid industrial register. The issuance or annual renewal of the industrial register is very complicated, involving many administrative windows and documents, and is usually delayed for at least three months, which holds up any import activity during this period.

Two cases of licences combined with or replaced by special import authorization were reported. This occurred when Egyptian companies subject to Investment Law No.8/1997 did not apply for the importers' register but instead applied for the approval or permit from GAFI per shipment. This procedure is supposed to facilitate the import activity of companies. However, it appears to take unexpectedly long - up to two months. Interviewed companies also reported two prohibition cases. The first case described the prohibition of statues used in interior designing for religious reasons and the second case reported an import ban on frozen chicken parts despite allowing the importation of whole chicken.

Price control measures, where the Egyptian Customs Authority implements certain measures to control the prices of imported articles, comprised 3% of the problems faced by importers (figure 12a). Other import-related measures included rules of origin, finance measures, distribution restrictions, pre-shipment inspection and intellectual property measures.

Importers reported 459 incidents of procedural obstacles that hindered the import process (figure 12b). As for exporters, delay in administrative procedures (50%), high fees and charges (22%), and limited or inappropriate facilities (7%) top the list. A large number of reported delay cases are associated with conformity assessment requirements applied by Egyptian Authorities, especially testing and certification.

Egyptian agencies associated with procedural obstacles

Partner countries applied the vast majority (83%) of difficult regulations faced by exporters. However, many of the procedural obstacles that make these regulations difficult to comply with occur in Egypt. The same is true for imports.

Among the domestic Egyptian agencies, the most obstacles reported by exporters (25%) and importers (37%) occur with the Egyptian Customs Authority, which is affiliated with the Ministry of Finance. The high number of incidents in the Customs Authority compared to other agencies can be partially explained by the fact that almost all exporter and importer shipments must be cleared by the Egyptian Customs Authority. It is also important to note that the Egyptian Customs Authority is only responsible for implementing the regulatory and legislative instructions enforced by the Ministry of Industry and Foreign Trade, but is not responsible for issuing any of those regulations. However, as the Egyptian Customs Authority is the place where a considerable number of procedural obstacles occur, more effort may be required from the government to streamline customs procedures.

Exporters also frequently mention the Ministry of Industry and Foreign Trade and its affiliated bodies. Around 17% of the export-related domestic procedural obstacles occurred in the Ministry itself, 9% at GOEIC, 4% at ICA, 2% at the IDA, and less than 1% each in Egyptian Organization for Standardization and Quality, FTTC and the Industrial Modernization Centre.

Cairo Airport and Egypt's National Cargo Carrier (Egypt Air) account for 10% of the procedural obstacles affecting exports, notably related to air freight. Reported challenges include high handling, cooling and storage fees at Cairo Airport Cargo Village, as well as outdated X-ray inspection facilities used in obligatory export inspection, which cause ongoing delays.

Private inspection bodies, principally SGS, were reported by exporters for about 9% of procedural obstacles. Most African and many Arab countries require mandatory pre-shipment inspection by those private companies; however, high fees and continuous delays are constantly reported.

Table 16. Procedural obstacles reported to take place in Egyptian agencies

Obstacles affecting exports			Obstacles affecting imports		
Agency	**Number of times the agency was mentioned**	**Share in total obstacles**	**Agency**	**Number of times the agency was mentioned**	**Share in total obstacles**
Egyptian Customs Authority	128	25.1%	Egyptian Customs Authority	126	37.4%
Ministry of Industry and Foreign Trade (including the Export Support Fund)	86	16.9%	GOIEC	83	24.6%
Cairo Airport / Egypt Air (National Carrier)	51	10.0%	Ministry of Health	28	8.3%
Private Inspection Bodies (SGS, Bureau Veritas, Intertek)	47	9.2%	Ministry of Agriculture/ General Authority for Veterinary Services	22	6.5%
General Organization for Export and Import Control (GOEIC)	45	8.8%	Industrial Control Authority	14	4.2%
Ministry of Agriculture/ Egyptian Agriculture Quarantine	20	8.6%	Port authorities	14	4.2%
Industrial Control Authority	17	3.9%	Egyptian Atomic Energy Agency	9	2.7%
Chamber of Commerce	12	3.3%	Egyptian Embassy	8	2.4%
Ministry of Health	9	2.4%	Industrial Development Authority	5	1.5%
Port authorities	9	1.8%	National Security Agency (including the Central chemistry lab)	5	1.5%
Industrial Development Authority	7	1.8%	Egyptian Commercial Banks	3	0.9%
Ministry of Foreign Affairs	5	1.4%	Ministry of Interior Affairs	3	0.9%
Central Egyptian Laboratory	4	1.0%	Ministry of Investment (including GAFI)	2	0.6%
Egyptian Organization for Standardization and Quality	4	0.8%	Central Bank of Egypt	1	0.3%
European Chemicals Agency	4	0.8%	Egypt Air	1	0.3%
Shipping lines	4	0.8%	Egyptian Organization for Standardization and Quality	1	0.3%
Ministry of Investment (including. GAFI)	4	0.8%	Ministry of Environmental Affairs	1	0.3%
Foreign Trade Training Centre	3	0.8%	Unspecified	11	3.3%
Chamber of Food Industries	2	0.6%			
Centre of Agriculture Research (Cairo University)	1	0.4%			
Egyptian Atomic Energy Agency	1	0.2%			
Industrial Modernization Centre	1	0.2%			
Africa CTN	1	0.2%			
Unspecified	44	0.2%			
Total	**509**	**100.00%**	**Total**	**337**	**100.0%**

Source: ITC business survey on NTMs in Egypt (2011).

Note: The total number of times the agencies were reported in relation to procedural obstqacles can be higher than the total number of procedural obstacles because companies often report more than one agency involved in a given case. The table also includes cases related to the trade-related business environment.

For import cases, in addition to the Egyptian custom authority GOEIC is responsible for 25% of the obstacles, followed by other agencies of the Ministry of Industry and Foreign trade: ICA (4%), IDA (2%), and EOS (0.3%). The Ministry of Health and the Ministry of Agriculture were also reported for 8.3% and

6.5% of the procedural obstacles respectively. The following sections with sector analyses go into further detail, particularly with respect to the sector-specific agencies.

Results for agri-food trade

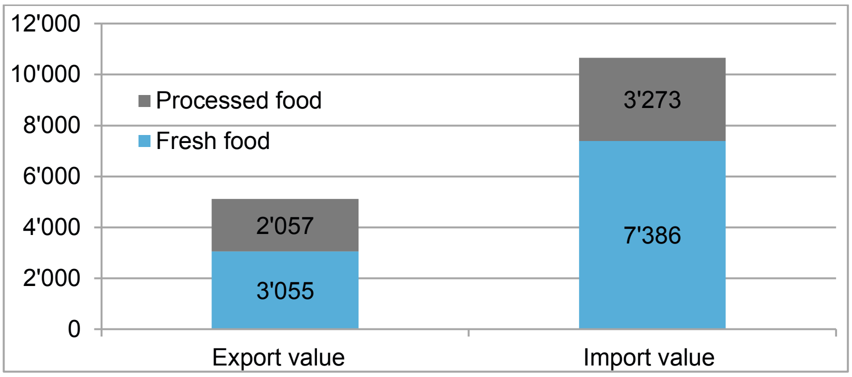
This section presents the NTM Survey findings for the Egyptian agri-food sector. It starts with the key role of the sector in the Egyptian economy, focusing on its trade performance. Then, problems reported by exporting and importing companies are analysed in detail, highlighting the NTMs and procedural obstacles reported by the fresh and the processed food sectors.

The role of the agri-food sector

The agri-food sector has always been a key sector in the Egyptian economy. The sector alone employs almost 32% of the total Egyptian workforce, which in turn supports the livelihood of almost 50% of the total population. It also contributes to nearly 14% of Egypt's GDP.

Exports of fresh food and processed food together amounted to US$ 5.1 billion in 2010, representing 28% of the total exports (excluding minerals and arms), growing from 23% in 2008. Similarly, imports of agri-food were valued at US$ 10.7 billion in 2010 representing 24% of the total imports, growing from 21% in 2008. Egypt has an overall trade deficit of nearly US$ 5.6 billion in the agri-food sector, making Egypt the country a net food importer (figure 13).

Figure 13. Fresh food versus processed food trade balance, 2010 (in US$ million)



Source: Calculations based on ITC Trade Map data (www.trademap.org).

Between 2008 and 2010, fresh food exports have grown by 46%, while export of processed food exports grew by 74%. During the same period, fresh food imports grew by 26% while processed food imports declined by 7%. The decline in processed food imports is attributed to the relative expansion of the domestic processed food industry in Egypt, capitalizing on the growth of the sector's production capacity that developed by almost 1.4% during the same period.[56]

According to the Food and Agriculture Organization of the United Nations (FAO), Egypt's fresh food production reached 96 million tonnes in 2010.[57] However, this sector does not seem to optimize its export potential. Its exports account only for four million tonnes, representing 4% of the sector's current production leaving the rest for domestic consumption and waste.[58] The production of processed crops and livestock reached almost five million tonnes in 2010, headed by sugar and sugar confectionery (2.4 million tonnes). Exports of processed crops and livestock reached 1.2 million tonnes with 0.9 million tonnes of sugar confectionery products exported. Noticeably, the share of exported quantities from actual production

[56] FAO Statistical Database, FAOStat, available at: http://faostat.fao.org/site/339/default.aspx, accessed 23 March 2015.

[57] Fresh food is defined as per FAOStat crops classification: http://faostat3.fao.org/home/index.html#METADATA_CLASSIFICATION; data source: http://faostat.fao.org/site/339/default.aspx, accessed 23 March 2015.

[58] According to the World Food Program (WFP), the on-ground waste and logistical waste for most Egyptian crops ranges from 20% to 60% depending on the crop type and the cultivation area.

increases as the value added increases; it does not cross 10% in fresh food yet reaches up to 37% in some of the proceeded food sub-sectors like fats and oils (table 17).

Table 17. Production versus exports quantities for selected agri-food products, 2010

Sectors	Subsectors	Actual production quantity (in tonnes)	Exports Quantity (in tonnes)	Export share
Fresh food	Vegetables, fresh, chilled, frozen or simply preserved (including dried leguminous vegetables); roots, tubers and other edible vegetable products, n.e.s., fresh or dried	29,908,702	1,403,142	5%
	Fruit and nuts (not including oil nuts), fresh or dried	12,321,471	1,119,145	9%
	Oil-seeds and oleaginous fruits of a kind used for the extraction of "soft" fixed vegetable oils (excluding flours and meals)	17,160,931	224,531	1%
Processed food	Sugar confectionery	2,425,000	882,604	36%
	Fixed vegetable fats and oils, ’soft‘, crude, refined or fractionated	330,100	122,501	37%
	Cheese and curd	940,154	201,768	21%

Source: Calculations for export quantities based on ITC Trade Map data, available at: www.trademap.org. Calculations for production quantities based on the FAOStat database available at: http://faostat3.fao.org/home/E, accessed 23 March 2015.

Agri-food exporters’ experiences with regulations in partner countries

Based on a sample of 226 exporting companies from the agri-food sector, 43% of the exporters are affected by burdensome regulations. The face-to-face interviews identified 451 cases of challenging NTMs, of which 77% were applied by partner (importing) countries, 21% by Egyptian authorities, and five cases related to voluntary standards. On the import side, around half of the companies importing agri-food products are affected by challenging NTMs. All of the 63 reported cases concern NTMs applied by Egypt (table 18). A total of 48 affected agri-food exporters participated in the face-to-face interviews, including 12 trading companies that were involved in the export process and not in producing the goods.

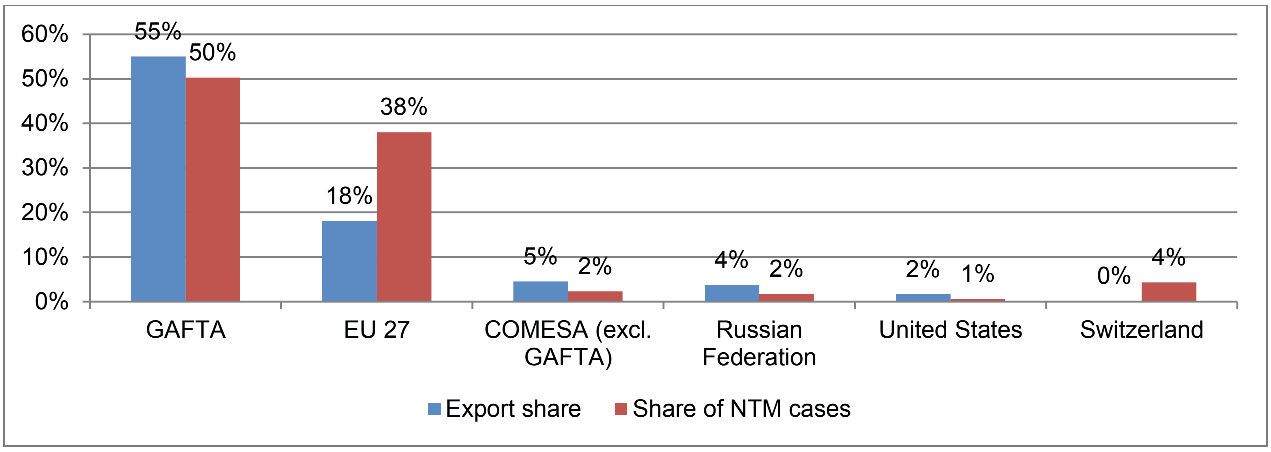
Table 18. Burdensome NTMs affecting the agri-food sector

Sector	Export				Import	
	NTMs applied by partner countries	NTMs applied by Egypt	Private Standards	Total	NTMs applied by Egypt	Total
Fresh food	214	65	5	**284**	44	**44**
Processed food	136	31	--	**167**	19	**19**
Total agri-food sector	**350**	**96**	**5**	**451**	**63**	**63**

Source: ITC business survey on NTMs in Egypt (2011).

GAFTA countries are the biggest importers of Egyptian agri-food products, with imports valued at more than US$ 2.8 billion or 55% of Egyptian agri-food exports. GAFTA countries were also responsible for half of all burdensome regulation reported by exporters of this sector (figure 14). Since 2005, the GAFTA Agreement has granted all Egyptian agri-food exports duty-free access in 17 Arab markets, replacing a number of quantity control measures in the form of negative lists and seasonal quotas. Saudi Arabia and Libya are the two biggest importers from the GAFTA region importing 12% and 9% of the exports respectively while applying 10% and 4% of the reported NTMs. Algeria imports less than 1% of the exports (US$ 33 million) but applies over 8% of the NTMs that agri-food exporters report as challenging.

Figure 14. Egyptian agri-food exports: exports and NTM cases for selected markets



Source: ITC business survey on NTMs in Egypt (2011) and ITC Trade Map (2012).

Table 19. Agri-food exports: types of burdensome partner country NTMs

Subsector		Exports to the world		Number of reported NTM cases							
	Subsector description	**Export value in 2010** US$'000	**Share in sector's export value**	Technical requirements	Conformity assessment	Pre-shipment inspections and other formalities	Charges, taxes and other para-tariff measures	Quantity control measures	Finance measures	Rules of origin	**Sub-total**
Measures reported by producing companies and trading companies											
Fresh food	Vegetables, fresh, chilled, frozen or simply preserved (including dried leguminous vegetables); roots, tubers and other edible vegetable products, n.e.s., fresh or dried	814,770	15.9%	45	18		7	4		7	**81**
	Fruit and nuts (not including oil nuts), fresh or dried	926,459	18.1%	22	23		7	1		4	**57**
	Oil-seeds and oleaginous fruits of a kind used for the extraction of "soft" fixed vegetable oils (excluding flours and meals)	58,151	1.1%	16	14						**30**
	Spices	33,884	0.7%	10	3		1	4	3	1	**22**
	Crude vegetable materials, n.e.s.	386,875	7.6%	9	5			2			**16**
	All other agricultural products	835,211	16.3%	2	4			2			**8**
Processed food	Sugar confectionery	126,328	2.5%	5	4	1	8	2	1	6	**27**
	Edible products and preparations, n.e.s.	160,048	3.1%	5	18		2				**25**
	Fixed vegetable fats and oils, 'soft', crude, refined or fractionated	74,010	1.4%	2	2		8		1	9	**22**
	Cheese and curd	471,680	9.2%	1	8						**9**
	All other food products	1,224,944	24.0%	18	8	6	10	3		8	**53**
Total		**5,112,360**	**100.0%**	**135**	**107**	**7**	**43**	**18**	**5**	**35**	**350**

Source: ITC business survey on NTMs in Egypt (2011) and ITC Trade Map (2012).

EU member states are the second largest importers of Egyptian agri-food products, importing around US$ 925 million worth of products. Figure 15 illustrates that among other countries, exporters perceive the EU to be a difficult market. While the EU's import share of Egyptian agri-food products is around 18%, over 38% of the burdensome NTMs are attributed to the EU's member states. Between January 2004 and March 2010, Egyptian agricultural products under the EU-Egypt Association Agreement were subject to a tariff quota system negotiated upon a positive list approach where only selected products were granted preferential treatment.[59] The situation turned around in April 2010 when both parties agreed to liberalize agricultural products based on a negative list approach. Currently, 99% of Egypt's agricultural products to the EU are granted duty-free access, while only seven selected tariff lines are subject to tariff quotas.[60]

Exporters also face difficulties exporting to Switzerland, which applies 4% of the reported NTMs while importing less than 1% of the exports. In other markets, such as COMESA, the Russian Federation and the United States, the proportion of NTM cases is much less compared to their import share. These markes hence appear relatively easy to access.

Most of the difficult NTM cases reported by agri-food exporters in partner countries are technical regulations (69% of the total), which includes technical requirements (38%) as well as conformity assessments (31%, table 19). These technical regulations are sector specific given that they deal with product properties and standards. Most challenges in agri-food exports to the EU concern such technical measures, with EU technical requirements appearing relatively more problematic to Egyotian exporters than measures of conformity assessment. The opposite holds true for trade with regional (GAFTA) partners, for which conformity assessment measures are perceived as more problematic than the technical requirements - and for which more such cases are reported than for trade with the EU (table 20).

The remaining 31% of the difficult NTMs reported by Egyptian agri-food exporters are non-technical measures, which include charges and taxes (12%), rules of origin (10%), quantity control measures (5%), pre-shipment inspection (2%) and finance measures (1%, table 19). Again, regional differences are pronounced: inspections are reported solely for trade with African countries; charges, quantity control and finance measures seem to be dominantly a problem of intra-Arab trade and also rules of origin are more frequently mentioned for trade with GAFTA partners than vis-à-vis the EU (table 20).

Table 20. Agri-food exports: countries applying burdensome measures

NTM Type	Number of cases	Partner country applying the measure
Technical requirements	**135**	EU (71), Algeria (14), Saudi Arabia (11), Switzerland (7), Kuwait (5), Lebanon (3), Russian Federation (3), Sudan (3), Australia (2), Jordan (2), United Arab Emirates (2), United States (2), Canada, Iran (Islamic Republic of), Kenya, Libya, Morocco, Nigeria, Palestine (State of), Somalia, Syrian Arab Republic, Ukraine
Conformity assessment	**107**	EU (44), Saudi Arabia (14), Jordan (8), Syrian Arab Republic (6), Libya (5), Switzerland (5), United Arab Emirates (5), Lebanon (4), Tunisia (3), Bahrain (2), Kuwait (2), Qatar (2), Russian Federation (2), Yemen (2), Bosnia and Herzegovina, Iraq, Japan
Pre-shipment inspections and other formalities	**7**	Madagascar (4), Kenya (3)
Charges, taxes and other para-tariff measures	**43**	EU (7), Libya (7), Saudi Arabia (5), Jordan (4), Syrian Arab Republic (4), Sudan (3), Switzerland (3), Algeria (2), Iraq (2), Tunisia (2), Yemen (2), Kuwait, Lebanon
Quantity control measures	**18**	Morocco (7), Algeria (5), Sudan (3), EU, Russian Federation, Saudi Arabia
Finance measures	**5**	Algeria (3), Sudan (2)
Rules of origin	**35**	EU (11), Tunisia (5), Algeria (3), Lebanon (3), Morocco (3), Saudi Arabia (3), Iraq (2), Libya (2), Sudan (2), Qatar

Source: ITC business survey on NTMs in Egypt (2011).

[59] EU-Egypt Association Agreement, http://www.mfti.gov.eg/english/Agreements/EU-Partnership.htm, accessed 23 March 2015.

[60] Official Journal of the European Union, amendments to the Association Agreement, L 106/41, April 2010.

Strict technical requirements

Technical requirements are the biggest challenge for agri-food exporters. In the majority of cases (73%), the regulation itself is found too strict or difficult to comply with. In another 19% of cases the strictness of the regulation poses problems in combination with procedural obstacles. In only 11 cases (8%), exporters had no problems with the regulation but encountered procedural obstacles in demonstrating compliance. Delay and red tape, high fees and charges, and short notice for changes are among the common obstacles cited as causing difficulties (table 21).

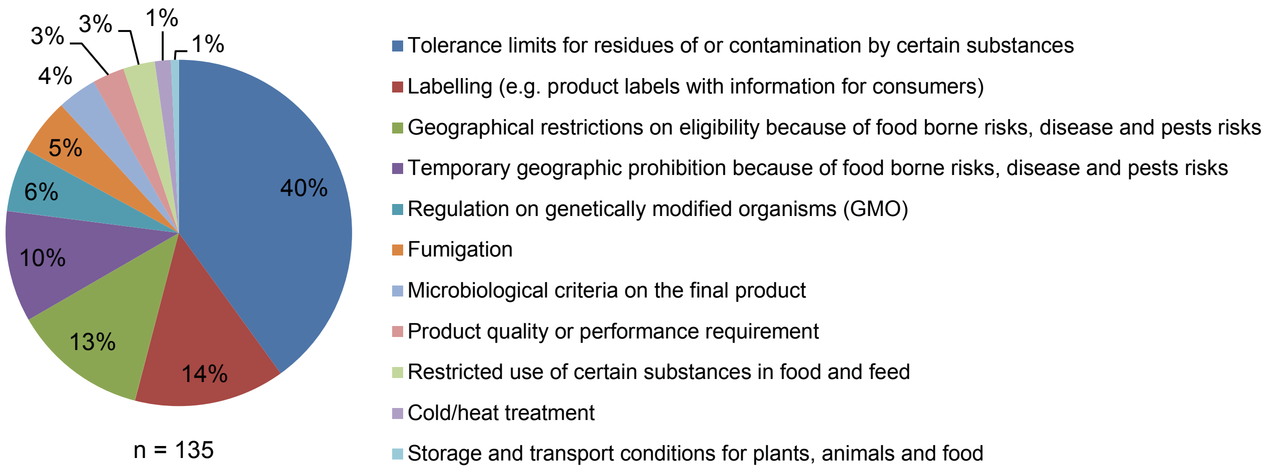
> EU and EFTA set very strict tolerance limits for pesticide residues in fresh produce and our company faces difficulties in complying with those strict regulations.
>
> Egyptian exporter of fresh vegetables and fruits

Strict tolerance limits for pesticide residues or contamination by substances such as aflatoxin are the most reported technical regulations (figure 15). Fresh food exports such as vegetables, fruits and oil seeds are affected by this regulation. EU and European Free Trade Association (EFTA) member countries impose the majority of these cases, particularly on organic products, hindering Egyptian exports to those markets. In addition, a number of transparency issues were regularly linked to these technical requirements including frequently changing tolerance limits becoming stricter over time and very short implementation notices.

Egyptian exporters were also affected by import bans based on product origin requirements imposed by several countries on specific products. These geographical restrictions are usually imposed to control food borne risks, diseases and pests. Temporary and long-term bans on the import of Egyptian food products based on geographical restrictions make up almost 25% of the technical problems reported by exporters. Almost all of these bans were imposed by EU and EFTA countries due to the fear of E. coli bacteria or brown rot disease (box 1 and 2). In July 2011, the EU and EFTA banned the imports of some Egyptian seeds and beans after the European Food Safety Authority (EFSA) linked fenugreek to the E. coli outbreaks in Germany and France. The banned items included seed, fruit and spores used for sowing; leguminous vegetables; fenugreek; dried leguminous vegetables; soya beans; other oil seeds and oleaginous fruit.[61]

Egypt had exported around 49,000 tonnes of these banned products, valued at close to US$ 81 million, to EU and EFTA countries in the previous year. The import ban was eventually lifted in April 2012 after analysis proved Egyptian exports to be E. coli free.[62] However, the nine-month ban caused heavy revenue losses to the companies and reduced the level of trust of European buyers in Egyptian agri-food products.

Figure 15. Burdensome technical requirements reported by agri-food exporters



Source: ITC business survey on NTMs in Egypt (2011).

[61] Source: http://www.efsa.europa.eu/en/efsajournal/pub/2390.htm, accessed 17 March 2015.

[62] Source: http://www.agr-egypt.gov.eg/En_NewsArticle.aspx?artID=820, accessed 17 March 2015.

Table 21. Export of agri-food products: types of procedural obstacles encountered in relation to partner country NTMs

Non-tariff measures		Procedural obstacles		
NTM chapter	**Number of NTM cases**	**Type of procedural obstacles rendering compliance with the NTM difficult**	**Number of cases in Egypt**	**Number of cases in partner country**
Technical requirements	135	Delay in administrative procedures	13	2
		High fees and charges	12	2
		No due notice for changes in procedure		12
		Limited/Inappropriate facilities	4	
		Regulations change frequently		3
		Information is not adequately published and disseminated		1
		Lack of recognition e.g. of national certificates		1
Technical requirements subtotal			**29**	**21**
Conformity assessment	107	Delay in administrative procedures	10	34
		High fees and charges	4	24
		Limited/Inappropriate facilities	6	15
		Regulations change frequently		6
		Information is not adequately published and disseminated	1	4
		Large number of different documents	1	3
		Documentation is difficult to fill out		1
		Numerous administrative windows/organizations involved	4	
		No due notice for changes in procedure		1
		Lack of recognition e.g. of national certificates		1
Conformity assessment subtotal			**26**	**89**
Pre-shipment inspection and other entry formalities	7	Delay in administrative procedures	3	4
		Difficulties with translation of documents		4
		Technological constraints		4
		High fees and charges	3	
Pre-shipment inspection and other entry formalities subtotal			**6**	**12**
Charges, taxes and other para-tariff measures	43	High fees and charges	6	
Charges, taxes and other para-tariff measures subtotal			**6**	**0**
Quantity control measures	18	Delay in administrative procedures		1
Quantity control measures subtotal			**0**	**1**
Finance Measures	5	Requirements of the regulation are too strict		
Finance measures subtotal			**0**	**0**
Rules of origin and related certificate of origin	35	Inconsistent classification of products		10
		Other inconsistent or arbitrary behaviour of officials		10
		Documentation is difficult to fill out	1	3
		Information is not adequately published and disseminated		3
		Delay in administrative procedures	3	
		Lack of recognition e.g. of national certificates		3
		Large number of different documents	1	
Rules of origin and related certificate of origin subtotal			**5**	**29**
Total	**350**		**72**	**152**

Source: ITC business survey on NTMs in Egypt (2011).

Note: Cases concerning the trade-related business environment are not included.

Box 1. E. coli outbreaks in Europe

The European Commission decided on 6 July 2011 to impose a temporary ban on imports of certain seeds and beans from Egypt, based on the investigation led by the EFSA with regards to the E. coli outbreaks in Europe. The decision also required products that were already imported and suspected to have links with E. coli outbreaks to be withdrawn from the EU market.

The investigation involved competent authorities from EU member states, as well as the World Health Organization and the Food and Agriculture Organization (FAO).

In 26 July 2011, Robert Koch Institute of Germany announced the end of the outbreak in Germany. No new cases were reported from other EU member states. Between 25 and 29 August 2011, the European Food and Veterinary Office (FVO) carried out an inspection to trace the possible source of E. coli inside Egypt. The investigation was carried out in collaboration with the Egyptian authorities.

Based on the report of the FVO inspection mission, the European Commission decided to ease the import ban imposed on 6 July. The amended decision was published on 6 October 2011. Fresh products (green beans and peas) from Egypt were eventually allowed for import into the EU.

On 21 December 2011, the European Commission also decided to lift the import ban on broken seeds and beans. For the remaining products, continuous exchange of information and new preventive measures designed by the Egyptian authorities have led to a positive reassessment.

On March 31, 2012 the ban expired and it was not renewed.

Source: European Union External Action - Delegation of the European Union to Egypt, http://eeas.europa.eu/delegations/egypt/eu_egypt/trade_relation/export_to_eu/index_en.htm, accessed 17 March 2015.

Exporters were also affected by import restrictions due to brown rot disease, which has affected potato production in Egypt since the 1990s. Potatoes are Egypt's largest horticultural export crop. Almost 300 thousand tons of potatoes valued at US$ 147 million were exported in 2010. The NTM Survey results suggest that potato exports to the EU, EFTA and the Russian Federation were affected by quarantine restrictions and a temporary import ban.

These markets also imposed another complementary geographical restriction, allowing only potatoes exports from what are known as pest-free areas, which are areas in which ralstonia solanacearum, the pathogen of brown rot, has not yet occurred. It includes certain areas on the Nile Delta and some virgin desert areas that have been approved as brown rot-clear.[63] For pest-free areas to be approved, extensive documentation including detailed maps, cropping patterns, irrigation sources and other relevant information must be submitted to the EU Standing Committee on Plant Health (box 2).

> EU countries restrict the imports of potatoes from certain areas in Egypt because of brown rot disease. They only allow exports from what are called pest-free areas. We believe this measure is taken to protect EU potato farmers. When the EU needs potatoes, it facilitates the import procedures and in their high season it complicates it.
>
> Egyptian exporter of potatoes

The EU-Egypt Association Agreement governs the export process to the EU, which is the largest market for Egyptian potatoes. The agreement of January 2004 initially granted Egypt an annual quota of 250,000 tonnes, which Egypt fulfilled. The regulations also gave Egyptian potatoes privileged duty-free access to the EU for three months during the high season (January to March). Since April 2010, the EU has granted Egyptian potatoes duty-free and quota-free access. However, access is only given to potatoes cultivated in one of the pest-free areas. In addition, only five interceptions per season are allowed, after which imports are not allowed. There is a disagreement between the EU and the Egyptian authorities on how these interceptions should be counted. According to the EU, counting is based on lots. For example, if the lot contains six potatoes that are affeced by the brown rot, the importing process stops immediately, regardless of the code number of the basin where the potatoes are cultivated. The Egyptian point of view is

[63] Kabeil et al., 2008.

different. In the past, interceptions were based on the infected basins, not on infected lots. In addition, EFTA, the Russian Federation, Ukraine and Croatia simply follow the same or similar restrictive measures.

Box 2. Potato Brown Rot

Ralstonia solanacearum, causing potato brown rot, has a quarantine status in the EU to restrict its spread, as infections can be very destructive and cause considerable yield losses. Therefore, the danger is of an economic type. Once Brown Rot gets into the soil or open water (ditches, canals, etc.) it spreads easily and is difficult to control. As chemicals are not available for this bacterium being hosted by soil, water and certain weeds, it is technically difficult to control.

Due to the fact that Potato Brown Rot is a major disease in Egypt, the EU had previously adopted a total import ban on Egyptian potatoes. As an exception to this ban, the EU adopted in 1998 the "pest-free-areas" system, whereby only potatoes coming from "pest-free-areas" in which Brown Rot was known not to occur are permitted, provided that exporters comply with applicable measures.

Potatoes coming from Egypt were allowed to enter into the EU only if the following additional measures were met:

- Potatoes should come from a list of villages from the Delta or basins from the desert, officially established by the competent Egyptian authorities, without outbreaks of Brown Rot;
- They should have been officially tested in Egypt and found free from Brown Rot symptoms;
- They should be harvested, handled and bagged separately and compiled in lots made up by potatoes harvested in one single area;
- They should be clearly labelled with the official code number of the area and acccompanied by an official phytosanitary certificate.

Source: EU External Action - Delegation of the EU to Egypt, http://ec.europa.eu/delegations/egypt/eu_egypt/trade_relation/export_to_eu/potato_export_regime/index_en.htm, accessed March 17, 2015.

> After the spread of avian flu in the Middle East many countries stopped importing impregnated eggs from Egypt.
>
> Egyptian exporter of birds' eggs

Survey results also show that geographical restrictions were imposed on import of impregnated birds' eggs from Egypt in several markets because of the avian flu risk. According to exporters, the United Arab Emirates, the Sudan, Somalia, Nigeria and Libya have imposed this restriction. Furthermore, exports of sugar confectionery products containing bovine gelatine were prohibited in Morocco, the State of Palestine, Syrian Arab Republic, and Jordan because of risks from swine flu and foot-and-mouth disease. The majority of these markets are GAFTA member countries. The interviewed companies believe that such geographical restrictions are burdensome because they do not involve a specific time limit on the restriction and continue even if the disease is proved to be contained.

> The Saudi customs authorities require each fish or very small package to display its weight, which takes a very long time and effort in the production process.
>
> Egyptian exporter of herrings

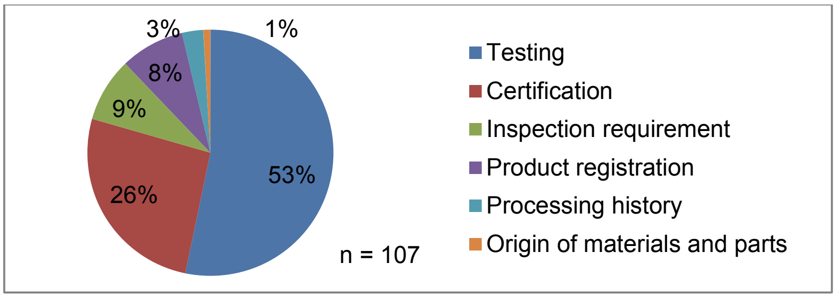
Difficulties with labelling requirements (14% of technical requirement cases) are mainly faced by exporters of processed food such as edible products and preparations (HS chapters 20, 21 and 22), fish products, and vegetable fats and oils. Most of the labelling measures are applied by GAFTA countries, especially Saudi Arabia, Kuwait and Lebanon. Some of the interviewed companies believe that non-critical labelling requirements are intentionally used to hinder imports of Egyptian products as some countries strictly insist on details such as font size. Others observe that customizing the product labels to fit specific labelling requirements is a difficult and costly process.

Burdensome conformity assessment measures

> All EU countries, especially the United Kingdom, require pesticide residue testing, which is very expensive and consumes too much time. They conduct the testing on a 10% random sample base from the whole shipment.
>
> Egyptian exporter of fresh vegetbles and fruits

Regulations related to proving compliance with various technical requirements (conformity assessment measures) are the second most difficult type of NTMs faced by agri-food exporters (table 19). Unlike the problems faced with technical requirements, procedural obstacles are associated with most of cases related to conformity assessment (85%) – about 30% of cases are problematic solely because to such obstacles while in the other cases both the NTM and the associated compliance procedure are experienced as challenging. Procedural obstacles include delays in administrative procedures, high fees and limited or inappropriate facilities (table 21).

Figure 16. Difficulties with conformity assessments faced by agri-food



Source: ITC business survey on NTMs in Egypt (2011).

Strict testing requirements are the most reported conformity assessment measure (53%, figure 16), mainly affecting fresh food exports such as vegetables, fruits and oil-seeds. The majority of these testing requirements are imposed by EU and EFTA members. According to exporters, pesticide residue tests are expensive and time consuming. In addition, the testing facilities and laboratories at the Egyptian Ministry of Agriculture are not well-equipped to undertake certain tests, such as for aflatoxin in peanuts, which affects the accuracy of the results.

> Peanuts are required to be tested for aflatoxin in Egypt before export. The labs at the Ministry of Agriculture are not appropriate and the results are not accurate. Many times the test results state that aflatoxin is not detected, but when we repeat the test in a private lab, it is detected. In addition, the testing is usually delayed for a week.
>
> Egyptian exporter of peanuts

In addition to the testing requirements, exporters, especially of processed food, report difficulties with product certification (26% of conformity assessment cases). Most of these requirements are applied by a number of GAFTA countries such as Saudi Arabia, the United Arab Emirates, Jordan, Lebanon, Syrian Arab Republic, Qatar, Bahrain and Kuwait (table 20). In these countries, the customs authorities require several certificates from the Egyptian Ministry of Agriculture and/or the Egyptian Ministry of Health, in addition to being further legalized from the Egyptian Ministry of Foreign Affairs.

In almost all reported cases, procedural obstacles are the primary cause of the problem, which made the process of obtaining the certificate difficult. These procedural obstacles included numerous different documents required, delays and prolonged procedures. The process of obtaining the required certifications delayed the export process by up to 10 working days. However, in addition to these certificates, many countries still conduct specific tests during the import clearance process.

> A health certificate is required by several Arab countries, to be issued by the Egyptian Ministry of Health. It takes from four to 10 working days to issue the required certificate due to the prolonged procedures and the numerous check points.
>
> Egyptian exporter of tomato sauces

Some Arab countries, such as Saudi Arabia and Yemen, require certain tests analysis from the Egyptian Organization for Standardization and Quality (EOS). The testing process usually takes one to two months after production, while the validity of the product itself is just a year. This affects the shelf life of the exported product and may cause it to be rejected in partner countries. Other Arab countries, such as Libya and Tunisia, require expensive and strict radioactive and/or bacterial tests.

Three GAFTA countries (Saudi Arabia, the United Arab Emirates and Jordan) were reported to impose burdensome registration requirements for products such as spices and oil-seeds (8%). In addition, countries such as the United Kingdom and the Russian Federation undertake random inspections of Egyptian exports of fresh fruits and vegetables, which usually delay the clearance process and results in high fees (9%).

> Tunisian customs requires all food products exported from Egypt to be tested for being free of radiation. The only lab for testing is the Egyptian Atomic Energy Authority (EAEA), where the testing process takes up to five working days and costs EGP 700 per sample.
>
> Egyptian exporter of pastries

The NTM Survey also identified a few cases of difficulties exporters of agri-food products face with private standards. These cases are reported by exporters of fresh vegetables and fruits exporting to Germany. Major retail chains such as LIDL and Kaisers require very strict tolerance limits for residues on agricultural products, which are stricter than the limits applied by the EU customs authorities.

Agri-food exporters' experiences with regulations in Egypt

One-fifth of the difficult regulations faced by agri-food exporters (96 cases) are export-related measures applied by Egyptian authorities. Five types of NTMs were reported (table 22). Most of the cases are related to difficult export inspection, certification and other technical specifications (65%) and are predominantly reported by exporters of fresh vegetables and fruits, which appear most affected by NTMs imposed by Eygpt. These issues are primarily sector specific and are explained in detail in the subsequent sections. Other reported NTMs are non-technical or cross-cutting generic issues, including export subsidies (24 cases), quantitative restrictions (8), and measures on re-export (1 case, see section 1 of this chapter).

Table 22. Export of agri-food products: burdensome NTMs applied by Egypt

Subsector		Exports to the world		Number of reported NTM cases					
	Subsector description	Export value in 2010 US$'000	Share in sector's export value	Export inspection, certification and other technical specifications	Export licences, quotas, prohibitions and other quantitative restrictions	Measures on re-export	Export subsidies	Other export-related measures	Subtotal
Producing and forwarding companies									
Fresh food	Vegetables, fresh, chilled, frozen or simply preserved (including dried leguminous vegetables); roots, tubers and other edible vegetable products, n.e.s., fresh or dried	814,770	15.9%	25		1	5		**31**
Fresh food	Fruit and nuts (not including oil nuts), fresh or dried	926,459	18.1%	24			5		**29**
Fresh food	Oil-seeds and oleaginous fruits of a kind used for the extraction of "soft" fixed vegetable oils (excluding flours and meals)	58,151	1.1%	1					**1**
Fresh food	Spices	33,884	0.7%						
Fresh food	Crude vegetable materials, n.e.s.	386,875	7.6%	1			1		**2**
Fresh food	All other food products	835,211	16.3%	1			1		**2**
Processed food	Sugar confectionery	126,328	2.5%	1			2		**3**
Processed food	Edible products and preparations, n.e.s.	160,048	3.1%						
Processed food	Fixed vegetable fats and oils, "soft", crude, refined or fractionated	74,010	1.4%				1		**1**
Processed food	Cheese and curd	471,680	9.2%	1			1		**2**
Processed food	All other food products	1,224,944	24.0%	8	8		8	1	**25**
TOTAL		**5,112,360**	**100.0%**	**62**	**8**	**1**	**24**	**1**	**96**

Source: ITC business survey on NTMs in Egypt (2011).

Mandatory export inspection by Egyptian authorities

Perishable fresh vegetables and fruits products are the most affected by export inspections and related technical measures. According to the Import and Export Regulation No. 770/2005, Egyptian exports of five main agricultural products are subject to mandatory inspection by GOEIC for quality control purposes. These products include citrus fruit, garlic, onions, potatoes and peanuts. Exporters of these goods must obtain GOEIC's approval in accordance with rules and procedures concerning exportation of goods.[64] However, interviewed exporters believe that such mandatory inspection is not effective in quality control and in most of the cases do not discover major issues such as fruit flies in citrus, brown rot disease in potatoes and aflatoxin in peanuts. In addition, they often represent a duplicate to – usually more effective – partner country inspections. This mandatory export inspection is usually associated with a number of procedural obstacles (table 23) including limited and inappropriate inspection facilities at GOEIC, especially cooling and storage facilities (41 cases); delay in inspection procedures for at least 14 days due to relying on physical examination (40 cases); and relatively high fees and charges (15 cases). In addition, according to some exporter testimonies, official inspectors do not handle the perishables goods carefully during the inspection process and they are likely to be damaged.

> GOEIC requires a mandatory inspection on all Egyptian orange exports to make sure they do not contain fruit flies. The inspection procedures require exporters to refrigerate their oranges for at least for 14 days, which may damage them.
>
> Egyptian exporter of oranges

In addition, exporting via Cairo Airport requires an obligatory X-ray inspection of every parcel to control for explosives and smuggled goods. Exporters complained that the X-ray devices are outdated and of very limited capacity, which usually delays the export clearance process by two-to-three days. The inspection is considered relatively expensive and adds at least EGP 300 per parcel.

Mandatory certification by Egyptian authorities

Some agri-food exporters also find mandatory certification burdensome which is required by Egyptian authorities (10 reported cases). These certificates are related to both technical and non-technical aspects of the product. For example, the Egyptian Customs Authority requires a sanitary certificate from the Ministry of Health for each shipment of processed fish to prove it is suitable for human consumption. It takes at least 15 days to issue the certificate causing delay and extra cost, while another test is again done in the importing country. Exporters are also required to have fumigation certificates required by the Egyptian Customs Authority for all palletized export shipments, which also delays the export clearance process by at least four days, mainly due to congestion.

> The Egyptian authorities require a sanitary certificate to make sure that the product is suitable for human use. This certificate takes 15 days for each shipment causing delay and extra cost.
>
> Egyptian exporter of processed fish

Quantitative export restrictions by Egyptian authorities

The NTM Survey results show a number of quantitative export restrictions imposed primarily by the Ministry of Trade and Industry to regulate the supply of certain strategic exported products in the domestic market (8 cases). These quantitative restrictions, which include export quotas and temporary export prohibitions, primarily affect exports of milled rice and refined sugar (box 3).

> During 2009 until the end of 2010, milled rice exports were restricted by a quota imposed by the Ministry of Trade and Industry to guarantee adequate supply in the domestic market. The export quota is determined by the level of quantity supplied to the Ministry of Supply and Internal Trade.
>
> Egyptian exporter of milled rice

[64] Import and Export Executive Regulation 770/2005, Article 70.

Table 23. Export of agri-food products: types procedural obstacles encountered in relation to NTMs applied by Egypt

Non-tariff measures		Procedural Obstacles	
NTM subchapter	**Number of NTM cases**	**Type of procedural obstacles rendering compliance with the NTM difficult**	**Number of cases in Egypt**
Export inspection, certification and other technical specification	62	Limited/inappropriate facilities	41
		Delay in administrative procedures	40
		Informal payment, e.g. bribes	19
		High fees and charges	15
		Other inconsistent or arbitrary behaviour of officials	4
		Deadlines for completion of requirements are too short	3
Export inspection, certification and other technical specification subtotal			**122**
Export licences, quotas, prohibitions and other quantitative restrictions	8	Delay in administrative procedures	1
Export licences, quotas, prohibitions and other quantitative restrictions subtotal			**1**
Measures on re-export	1	Requirements of the regulation are too strict	0
Measures on re-export subtotal			**0**
Export subsidies	24	Documentation is difficult to fill out	19
		Large number of different documents	13
		Delay in administrative procedures	10
		No due notice for changes in procedure	2
Export subsidies subtotal			**44**
Other export related measures	1	Delay in administrative procedures	1
Other export related measures subtotal			**1**
Total	**96**		**168**

Source: ITC business survey on NTMs in Egypt (2011).

Note: Cases concerning the trade-related business environment are not included.

Box 3. Export restrictions: rice and white sugar

Rice

As food prices soared, Egypt imposed a ban on rice exports in April 2008 that was extended until October 2009. On 20 September 2010, the Ministerial Decree 450/2008 imposing the ban on rice exports was extended until 1 October 2011. Any surplus rice after meeting domestic demand is allowed for export, with an export duty set at 2,000 EGP/ton (HS 100610 to 100640). Broken rice (HS 100640) is subject to export duty of 100 EGP/ton. Export quota for export of milled rice (HS 100630) has been set at 100,000 tonnes every two months. The system is managed through an export licence system. On 19 September 2011, Ministerial Decree 466/2011 prolonged the export ban on rice introduced by the decree 450/2008 until October 1, 2012.

'The government intends to continue banning rice exports to meet the needs of the local market,' a senior Agriculture Ministry official said, adding that some exporters are circumventing the export ban by alleging they are merely shipping out a low-quality form of the grain.

White sugar

According to the November 21, 2010 Ministerial Decree 1035/2010, the exports of white sugar (HS code 17019990) was ceased with the exception of white sugar exported in return for importing raw sugar that will be refined, which requires approval from the Head of Foreign Trade Sector.

Sources: EU External Action – Delegation of the EU to Egypt http://eeas.europa.eu/delegations/egypt/eu_egypt/trade_relation/export_to_eu/index_en.htm; accessed March 17, 2015; FAO – Regional Office for the Near East and North Africa http://www.fao.org/neareast/en/, accessed March 17, 2015; Government Bulletin "Al Wakaye Al Mesreya", issue no. 265 (supplement) dated on 21 November 2010.

Procedural obstacles and inefficient trade-related business environment

Exports are not only affected by NTMs but also by the manner in which those NTMs are implemented as well as issues in the trade-related business environment. Survey results show a significant number of procedural obstacles and issues in the trade-related business environment affecting agri-food exports (table 24). Agri-food exporters faced more difficulties with procedural obstacles in Egypt than in partner countries.

The majority of procedural obstacles occur in GAFTA members (42%) and the EU (37%), Egypt's largest trading partners, importing 53% and 18% of Egyptian agri-food exports, respectively. It needs to be borne in mind however that the NTM Survey is stratified by sector and company size, not by partner country, i.e. that important partner countries are more likely to be covered in the survey because the number of companies exporting is larger than the number of companies exporting to non-traditional markets.

Delays in administrative procedures

The majority of the reported procedural obstacles are directly or indirectly related to red tape and bureaucracy, with delays being the most pressing issue (29%, table 24). Among them, 77 incidents of cases of delays occurred in Egypt and 53 in various partner countries, primarily in EU member states or GAFTA countries. High incidents of delays were reported to occur in Italy, the United Kingdom and Saudi Arabia.

> Italy is considered Egypt's point of access into the EU. Customs procedures are usually delayed because of routine and bureaucracy (especially at the Port of Genoa) and can take up to three weeks.
>
> Egyptian exporter of fresh produce

> Though the export clearance process is supposed to be facilitated, it is still too bureaucratic and slow and sometimes entails informal payments to facilitate the process
>
> Egyptian exporter of groundnuts

Companies also reported cumbersome delays at almost all Egyptian agencies, organizations and authorities involved in the export clearance process, with most of the delays happening at the Egyptian Customs Authority. The Ministry of Industry and Foreign Trade and its affiliated bodies, the Ministry of Agriculture, and the Ministry of Health were also reported to be responsible for numerous incidents of delays.

Infrastructural challenges

Numerous infrastructural challenges (22%) were also reported to be a problem for Egyptian exporters. More than two-thirds of these issues occurred in Egypt and include limited or inappropriate export-related facilities, inaccessible or limited transportation systems and technological contraints cases (table 24).

In partner countries, the main concern expressed by agri-food exporters is the lack of adequate cooling and storage facilities at designated ports or airports (20 cases). Difficulties with limited or inaccessible transporation were experienced in some African countries such as Kenya and Mauritania, where Egyptian agri-food exports have a high export potential and competitiveness. However, the poor logistical infrastructure and the lack of direct shipping lines strongly hinder exports to these markets.

> Our exports are subject to mandatory export pre-shipment inspection by GOEIC. The problem is that GOEIC officials do not deal with the products in a careful way, ruining the products as they are perishables. Also there are no appropriate cooling or storage facilities at the majority of Egyptian ports or airports.
>
> Egyptian exporter of fresh vegetables

In general, most procedural obstacles that occurred in partner countries are not specific to the agri-food sector, yet they characterize the existing trade-related business environment in these countries. For example, several African and Arab countries were reported for lack of transparency, including inadequately published information, short notice for procedural changes and frequently changing regulations (table 24). Similarly, inconsistent or discriminatory behaviour of government officials, especially customs officials, were experienced in Italy, Libya, the Sudan, Algeria, Tunisia and Iraq (20 cases). These issues extend to the manufacturing sector as well.

Table 24. Export of agri-food products: procedural obstacles and business environment

Type of obstacle	Number of obstacles that occurred (incl. trade-related business environment)				
	In Egypt and agencies involved, if specified		In partner or transit countries		Total*
Delay in administrative procedures	77	Customs Authority, Ministry of Industry & Trade (including the Export Support Fund), GOIEC, SGS, Cairo Airport, Ministry of Agriculture, Ministry of Health, EOS, Ministry of Foreign Affairs, Egypt Air, Egyptian agriculture quarantine, Egyptian Atomic Energy Agency, Egyptian department of chemistry, GAFI, Industrial Development Authority	53	Italy (11), United Kingdom (10), Saudi Arabia (5), Netherlands (5), Madagascar (4), Switzerland (3), Qatar (2), United Arab Emirates (2), France (2), Russian Federation (2), United States (2), Libya, Germany, Bosnia, Denmark, Spain	**130**
Limited/Inappropriate facilities	54	Cairo Airport, Customs Authority, Ministry of Agriculture, Central Egyptian Laboratory, GOIEC, Port authorities, Ministry of Health	20	Mauritania (5), Netherlands (4), Italy (3), Switzerland (3), France (2), United Kingdom, Germany, Denmark	**74**
High fees and charges	39	Customs Authority, Cairo Airport, SGS, Ministry of Agriculture, EOS, Port authorities, Ministry of Health, Centre of agriculture research (Cairo University)	26	United Kingdom (12), Saudi Arabia (4), Libya (4), United States (2), Italy, Netherlands, Russian Federation, Spain	**65**
Documentation is difficult to fill out	20	Ministry of Industry & Trade (including Export Support Fund), Customs Authority, GOIEC	8	Tunisia (3), Qatar (2), United Arab Emirates (2), Jordan	**28**
Large number of different documents	14	Ministry of Industry & Trade (including Export Support Fund), GOIEC, SGS	7	Qatar (2), United Arab Emirates (2), Jordan, Lebanon, Syrian Arab Republic	**21**
Informal payment, e.g. bribes	21	Cairo Airport, Customs Authority, GOIEC, SGS, Ministry of Agriculture, EOS, Port authorities, Ministry of Health			**21**
Inaccessible/limited transportation system	13	Egypt Air	8	Mauritania (5), Kenya (3)	**21**
No due notice for changes in procedure	1	Ministry of Industry & Trade (including Export Support Fund)	13	Algeria (7), Sudan, Lebanon, Syrian Arab Republic, Croatia, Germany, Netherlands	**14**
Other inconsistent or arbitrary behaviour of officials	4	GOIEC	10	Italy (10)	**14**
Inconsistent classification of products			10	Libya (2), Sudan (2), Algeria (2), Tunisia (2), Iraq (2)	**10**
Information is not adequately published and disseminated	1	Unspecified	8	Libya (4), Tunisia (3), Sudan	**9**
Regulations change frequently			9	Libya (4), Saudi Arabia (2), Sudan, Germany, Netherlands	**9**
Low security level for persons and goods			6	Libya (3), Yemen (3)	**6**
Lack of recognition			5	Morocco (3), Germany, Saudi Arabia	**5**
Difficulties with translation of documents			4	Madagascar (4)	**4**
Need to hire a local customs agent to get shipment unblocked			4	Libya (4)	**4**
Technological constraints			4	Madagascar (4)	**4**
Deadlines set for completion of requirements are too short	2	GOIEC, Ministry of Agriculture			**2**
Large number of checks	1	Ministry of Health			**1**
Numerous administrative windows/organizations involved	1	Ministry of Agriculture, Ministry of Health, Ministry of Foreign Affairs			**1**
Total*	**248**		**195**		**443**

Source: ITC business survey on NTMs in Egypt (2011).

Note: *The table includes cases of procedural obstacles and inefficiencies in the trade-related business environment. Agencies or countries with the highest number of cases are listed first.

In Egypt, procedural obstacles include the lack of appropriate cooling, storage and inspection facilities (54 cases, table 24). Although the air cargo industry in Egypt almost relies exclusively on perishables as the main exported commodities (box 4), most of the reported cases involved Cairo Airport and Egypt's national cargo carrier Egypt Air. Cases of limited cooling and storage facilities at Cairo Airport Cargo Village, as well as outdated X-ray inspection facilities used in obligatory export inspection were frequently reported. Additionally, the lack of suitable cooling and storage facilities in almost all Egyptian ports is a common problem for exports of fresh produce, which must be protected against high temperature and humidity.

Box 4. Cairo Airport Cargo Village

Egypt's ambition is to develop its air cargo sector into a larger and more profitable industry with Cairo International Airport serving as an international cargo hub. The major objective of the national strategy for air cargo is to stimulate and develop a financial and healthy air cargo industry in Egypt over the long term. This requires airports with modern, well-organized and operated cargo facilities.

The Egypt Air cargo terminal is commonly referred to as the Cargo Village. This cargo terminal was constructed in 1980. Since then, Egypt Air established a full cargo operation at Cairo Airport. In the current terminal layout, approximately two-thirds of the available space is dedicated to imports and one-third to exports. The terminal can handle all types of goods. It is equipped with a cold room, a strong room for valuable items, a chemical materials store and a store for radioactive materials. A veterinary centre is located just outside the airport customs area for handling live animals.

Major export commodities are:

- Perishable goods (60% of the cargo), mostly destined to Europe;
- Textile goods (30% of the cargo), mainly to United States;
- Miscellaneous goods such as personal effects, handicrafts and equipment (10% of the cargo).

Source: http://www.cairo-airport.info/, accessed March 17, 2015.

Agri-food regulations affecting imports

Egypt is a net importer of many essential food products for final consumption as well as inputs for further processing. Egypt imported more than twice as much fresh food products in 2010 (US$ 7.4 billion) as processed food (US$ 3.3 billion).

Agri-food importers, including companies that both export and import, reported 62 cases of difficulties with regulations (table 25), all of them applied by Egypt. They also reported 85 incidents of procedural obstacles (table 26) as well as a few cases concerning the trade-related business environment. Most of the burdensome NTMs are related to difficult technical requirements (14 cases) and conformity assessments (21 cases). Other reported NTMs include non-technical or cross-cutting regulations such as charges and taxes, quantity control measures, and rules of origin.

Burdensome import testing requirements

Agri-food importers face the highest number of difficulties with the Egyptian conformity assessment requirements (21 cases). Among them, 17 cases refer to mandatory testing requirements as part of the import clearance process, which are primarily undertaken by the Ministry of Health and/or the Ministry of Agriculture through GOEIC. These tests verify if the imported goods comply with Egyptian standards and ensure they are safe for human consumption. Importers find these tests to be plagued by delays resulting in the clearance process taking up to a month. These delays are potentially damaging to the food imports. In addition, few importers also complain about the relatively high cost of these tests that ranging from EGP 1,000 to 8,000 per shipment, and the

> A testing requirement is mandatory by GOEIC as part of the import clearance process. The testing process causes a delay normally of eight days. Once it took 40 days. It is very expensive as it costs from EGP 1000 to 8000 per shipment. Adding to that, there are no appropriate testing facilities.
>
> Egyptian importer of processed cheese

lack of appropriate testing facilities (box 5).

Strict labelling requirements

Strict technical requirements were frequently reported by agri-food importers. The majority of these refer to complicated labelling requirements that are part of the import clearance process. In addition to information in an original foreign language, all information must also be written in Arabic. Any contradiction between the English and Arabic information may lead to product rejection. Labels can be printed on the package or on a permanent adhesive tape. Products cannot show more than one date of manufacture or expiration. For example, goods have been rejected if the inside package displays a different date than the outside carton. Information on the label cannot be erased, scratched, or altered in any way (box 5). Labelling requirements are even more restrictive for meat and poultry products.[65] The diffulties with labelling encountered by importers mirror those reported by exporters in relation to requirements in partner countries, especially in the Arab region.

The Egyptian Customs Authority asks for too many details, such as the slaughter number, producer name, exporter's name and expiry date. Customs is strict with the format and the way the expiry date should be written. If it happened that any details were not precisely captured or were missing, the product label is subject to a "treatment process".

Egyptian importer of frozen meat from Brazil

Table 25. Import of agri-food products: burdensome NTMs applied by Egypt

Subsector		Imports from the world		Number of reported NTM cases					
Subsector description		**Import value in 2010** US$'000	**Share in sector's import value**	Technical requirements	Conformity assessment	Charges, taxes and other para-tariff measures	Quantity control measures	Rules of origin and related certificate of origin	**Sub-total**
Fresh food	Vegetables, fresh, chilled, frozen or simply preserved; roots, tubers and other edible vegetable products, n.e.s., fresh or dried	430,335	4.0%	3	2	2	3		**10**
	Fruit and nuts (not including oil nuts), fresh or dried	197,595	1.9%		1	2			**3**
	Oil-seeds and oleaginous fruits of a kind used for the extraction of 'soft' fixed vegetable oils	780,229	7.3%				1		**1**
	Spices	69,263	0.6%	2	1	4	1		**8**
	Crude vegetable materials, n.e.s.	88,408	0.8%	3	5	4			**12**
	All other agricultural products	5,820,177	54.6%	3	4	2	1		**10**
Processed food	Sugar confectionery	13,953	0.1%						
	Edible products and preparations, n.e.s.	163,111	1.5%		1				**1**
	Fixed vegetable fats and oils, 'soft', crude, refined or fractionated	414,349	3.9%						
	Cheese and curd	87,812	0.8%		1	1		1	**3**
	All other food products	2,593,635	24.3%	3	6	4		1	**14**
TOTAL		**10,658,867**	**100.0%**	**14**	**21**	**19**	**6**	**2**	**62**

Source: ITC business survey on NTMs in Egypt (2011).

[65] Mansour, 2009.

Box 5. Food imports in Egypt: testing and labelling requirements

Testing

Food products are tested according to Ministerial decree No. 130/2005 and annexed decrees concerning compliance with Egyptian standards. According to the Decree, domestic and imported products have to meet 205 food-related specifications including labelling and testing, which is to be performed for essential product characteristics. For products not covered by the Decree and its annexes, importers identify the standard that the product must be tested against (this would be one of the Egyptian or international standards according to Decree No. 180/1996). It should abide by the following provisions:

- Microbiological levels, pathogenic microbes, parasites and its toxic secretions, limits of heavy metals, limits of pesticides residuals, medical drugs and radiation;
- Labelling information.

GOEIC's head offices or affiliate branches in all Egyptian ports are responsible for inspection of food stuff imports, where the final results must be released no later than seven days from the last sampling date. Frozen foodstuffs, canned food, bottled water and commodities subject to dioxin testing are exceptions for which results shall be released no later than 15 days from the date the last sample was taken.

Labelling

The label information provision in the Egyptian mandatory standards for each food product must be applied. In case there is no mandatory standard for the product, Egyptian specification No. 1546/1984 for labelling requirements and its amendments for the label information of the canned food are applied. For birds, poultry and meat in addition to the above, Article (102) of the Ministerial Decree No.770/2005 shall be applied, which includes the following:

a) Consignments should be shipped directly from country of origin to Egypt.

b) Products should be packaged in well-sealed bags that are hygienically authorized and every bag should contain a non-erasable label, which can be written in two languages. Arabic is mandatory. Labels must display:

- Product name and its commercial brand, if any
- Slaughterhouse name
- Country of origin
- Slaughter date
- Name and address of the importer
- The entity that supervised the slaughtering process according to Islamic Sharia law (halal), given that this entity is authorized by the Egyptian Commercial Office in the country of origin
- External packages of the products should be labelled with the Egyptian standards for meat No.1522/ 2005

Sources: General Organization for Exports & Imports Control - Inspection of foodstuff imports http://www.goeic.gov.eg/en/ex_newrecindex.asp?id=49, accessed March 17, 2015; World Trade Organization - Initiatives undertaken by the General Organization for Exports and Imports Control (GOEIC) related to trade facilitation http://www.wcoomd.org/en/topics/facilitation/activities-and-programmes/wto-trade-facilitation-negotiations/~/media/4D0336FDC8B34F7CBE9F9D1F61A9E150.ashx, accessed March 17, 2015.

Procedural obstacles hindering imports

Similar to exporters, agri-food importers indicated delay, high fees and charges, and limited or inappropriate facilities as the main procedural obstacles they face (table 26). Delays were reported to occur both in Egypt and various partner countries. In Egypt, most delays occur at GOEIC during mandatory testing (table 27). Other procedural obstacles experienced in Egypt are not sector specific but generic in nature, characterized by the overall business environment.

Most of the delays in partner countries occurred in GAFTA member states when legalizing the required import documents from the Egyptian embassies. Additionally, this legalization process usually involves high fees and charges. These problems mirror those experienced by exporters in other Arab States.

> The Egyptian Customs Authority requires the certificate of origin to be legalized by the Egyptian embassy in the exporting country for a fee. The process of legalizing the certificate of origin causes a delay of five days.
>
> Egyptian importer of juice from Greece

Table 26. Import of agri-food products: procedural obstacles related Egypt's NTMs

Non-tariff measures		Procedural obstacles			
NTM chapter	**No. of NTM cases**	**Procedural obstacles rendering compliance with NTMs difficult**	**Number of cases in Egypt**	**No. of cases in partner country**	**Total***
Technical requirements	14	Delay in administrative procedures	3		3
		High fees and charges	2		2
		Large number of different documents	1		1
Technical requirements subtotal			**6**	**0**	**6**
Conformity assessment	21	Delay in administrative procedures	17		17
		Limited/inappropriate facilities	7		7
		Other inconsistent or arbitrary behaviour of officials	4		4
		High fees and charges	3		3
		Information is not adequately published and disseminated	2		2
		Numerous administrative windows/organizations	2		2
		Informal payment, e.g. bribes	1		1
		Lack of recognition	1		1
Conformity assessment subtotal			**37**	**0**	**37**
Charges, taxes and other para-tariff measures	19	Delay in administrative procedures		20	20
		High fees and charges	6	4	10
		Large number of different documents	4		4
		Numerous administrative windows/organizations		2	2
		No due notice for changes in procedure		2	2
		Inconsistent classification of products	1		1
Charges, taxes and other para-tariff measures subtotal			**11**	**28**	**39**
Quantity control measures	6	Delay in administrative procedures	5		5
Quantity control measures subtotal			**5**	**5**	**5**
Rules of origin and related certificate	2	Delay in administrative procedures		4	4
Rules of origin and related certificate of origin subtotal			**0**	**4**	**4**
Total*	**62**		**59***	**32**	**91***

Source: ITC business survey on NTMs in Egypt (2011). **Note**: *Cases concerning the business environment are not included.

Table 27. Import of agri-food products: agencies related to procedural obstacles

Type of obstacle	Number of cases that occurred…				
	In Egypt and agencies involved, if specified		**In partner or transit countries**		**Total**
Delay in administrative procedures	25	GOIEC, Industrial Development Authority, Ministry of Agriculture, Ministry of Health, General authority for veterinary services, Customs Authority, Port authorities	24	EU (11), United States (3), Viet Nam (3), Brazil (2), India (2), Indonesia (2), Turkey	**48**
High fees and charges	11	Egyptian Embassy, GOIEC, Customs Authority	4	EU (4)	**15**
Limited/Inappropriate facilities	7	GOIEC, Ministry of Agriculture, Ministry of Health			**7**
Large number of different documents	5	Ministry of Agriculture, Customs authority			**3**
Numerous administrative windows/organizations	2	GOIEC, Ministry of Health	2	United States (2)	**3**
Other inconsistent or arbitrary behaviour of officials	4	Customs Authority, Ministry of Health, Customs Authority, Ministry of Agriculture			**3**
Information is not adequately published and disseminated	2	GOIEC, Ministry of Health			**2**
No due notice for changes in procedure			2	United States (2)	**2**
Inconsistent classification of products	2	Customs Authority			**2**
Informal payment, e.g. bribes	1	GOIEC			**1**
Technological constraints	1	Port authorities, Customs Authority			**1**
Lack of recognition	1	Ministry of Health			**1**
Total	**61***		**32**		**93***

Source: ITC business survey on NTMs in Egypt (2011). **Note**: The agencies or countries with the highest number of obstacles are listed first. *Includes cases concerning the trade-related business environment.

Agri-food sector: summary

The agri-food sector suffers from numerous burdensome NTMs. While most problems are related to the requirements of partner (importing) countries, the majority are due to procedural obstacles and inefficiencies that occur in Egypt. A good share of these problems could be solved domestically.

Fresh food exporters are relatively more affected by burdensome NTMs than processed food exports, which may also be a reason for the relatively low export share of fresh food compared to processed food. Eliminating NTM-related trade obstacles and extending value addition of products into processed food will contribute to realizing the export potential of the agri-food sector.

Survey results show the majority of difficult NTMs experienced by agri-food exports to be product-specific technical requirements and conformity assessments. Abolishing or minimizing the effect of these product-specific NTMs may require bilateral or regional solutions. Egyptian agri-food exporters suggested mutual recognition of technical requirements, harmonization of standards and international codes and as well mutual accreditation of testing laboratories, certification bodies and inspection facilities.

The majority of partner country regulations that exporters find difficult were imposed by GAFTA and EU member states, which are Egypt's largest trading partners. Trade agreements governing the trade relations between Egypt and these countries should be revised to incorporate better provisions related to NTMs and efforts should be made to activate and effectively implement already existing provisions.

Procedural obstacles are a considerable hindrance to agri-food exporters trying to comply with a given regulation. These obstacles are encountered in almost all Egyptian agencies or organizations involved in the export or import clearance process. The Egyptian Customs Authority accounts for the biggest share of these obstacles. In addition, ministries such as the Ministry of Industry and Foreign Trade and its affiliated bodies (GOEIC, EOS, for example), the Ministry of Agriculture and the Ministry of Health are also frequently reported. Despite ongoing efforts by the Egyptian government for reform, the NTM Survey results show a need for further improvement, especially in terms of increasing transparency of procedures, lowering fees and charges, improving equipment and facilities (especially testing, inspection cooling and storage facilities), automation, and training government officials.

Exporters unanimously identified delays as the most frequently occurring problem, encountered in almost all Egyptian agencies, as well as in developed and developing partner countries. A practical solution would be to implement an electronic customs clearance systems based on electronic data interchange. Automation would expedite the clearance process and help to avoid corruption and malpractice. A second large set of procedural obstacles is related to high fees and charges, and followed by infrastructural challenges, especially those related to limited or inappropriate facilities.

Results for the manufacturing sector

This section analyses the NTM Survey findings concerning the Egyptian manufacturing sector, with special focus on leading industries such as chemicals, engineering, metals and basic manufacturing, and textiles and clothing. It first describes the crucial and growing role of the sector in the economy, focusing on its trade performance. Next, specific problems reported by exporting and importing manufacturing companies are analysed in detail, highlighting the NTMs and procedural obstacles experienced by companies.

The role of the manufacturing sector

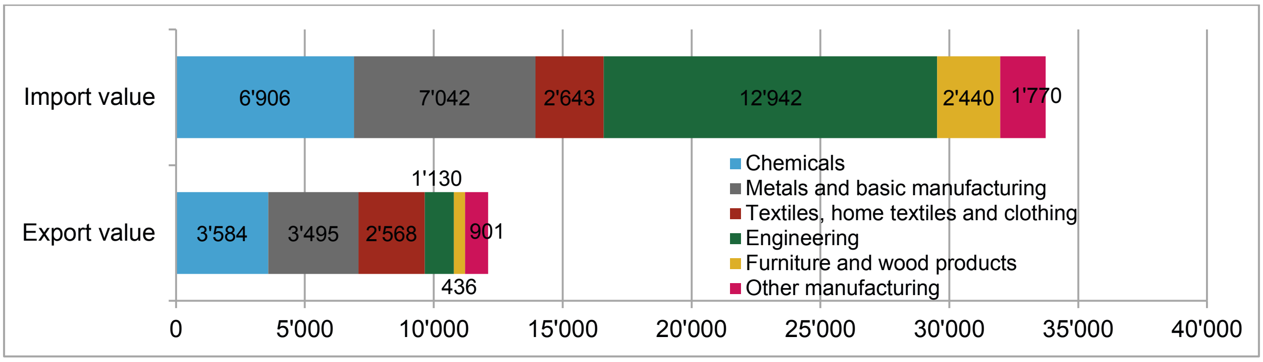
The Egyptian government has put much effort into improving the quality and productivity of the manufacturing sector due to its importance for economic and social development. In 2010, manufacturing output was valued at 38% of GDP and employed 23% of the active labour force.[66]

[66] World Development Indicators, World Bank database, available at: http://databank.worldbank.org, accessed 18 March 2015.

Manufacturing exports were valued at US$ 12 billion in 2010 or 66% of the total non-oil exports, dropping from 76% in 2008. Egypt imported manufacturing products valued at almost US$ 33 billion in 2010, or 76% of the total non-oil Egyptian imports, a percentage that has remained steady since 2008. Overall, Egypt is a net importer of manufactured goods. Imports of engineering goods alone exceed the country's total manufacturing exports (figure 17).

Manufacturing exports grew by 15% over the period of 2008 to 2010. However, not all manufacturing subsectors grew at the same pace. The textiles and clothing subsectors recorded the highest growth (72%), followed by the wood and furniture subsector (26%), and the chemicals subsector (20%). Engineering products, metals and basic manufacturing, and other manufacturing products experienced negative export growth. During the same period, import of manufacturing goods declined by 1% (table 28).

Figure 17. Manufacturing trade balance, 2010 (in US$ million)



Source: Calculations based on ITC Trade Map data (www.trademap.org).

Table 28. Manufacturing trade growth rates, 2008-2010

Manufacturing sub-sectors	Exports growth rate	Imports growth rate
Textiles, home textiles and clothing	72%	25%
Furniture and Wood products	26%	6%
Chemicals	20%	-1%
Engineering industries	-2%	3%
Metals and basic manufactures	-4%	-18%
Other manufacturing	-13%	16%
Total	**15%**	**-1%**

Source: Calculations based on ITC Trade Map data (www.trademap.org).

Table 29. Manufacturing establishments, labour, production and exports, 2010

Subsector	Number of companies registered with the Industrial Development Authority (IDA)	IDA-registered industrial labour	Actual production value (US$ million)	Exports value (US$ million)	Share of exports
Chemicals	3,505	206,012	7,091	3,584	51%
Metals and basic manufacturing	2,653	191,586	20,273	3,495	17%
Textiles, home textiles & clothing	6,480	450,281	11,274	2,568	23%
Engineering	5,810	301,558	14,427	1,130	8%
Furniture and wood products	4,350	99,042	2,893	436	15%
Other manufacturing	6,778	573,454	22,944	901	4%
Total	**29,576**	**1,821,933**	**78,902**	**12,114**	**15%**

Source: IDA (http://www.ida.gov.eg/Egmaly_en.html, accessed 23 March 2015) and ITC Trade Map (www.trademap.org).
Note: Data are sorted based on export values. Production value is converted using the exchange rate 1 US$ = 5.9 EGP.

Engineering

The engineering subsector is one of the largest industrial subsectors in Egypt and includes a number of important industries such as automotive, home appliances, feeding industries, machineries and equipment, medical devices, electronics, cables and lighting. These industries can be grouped into four main categories: non-electronic machinery, IT and consumer electronics, electronic components, and transport equipment. Vertical integration is an important objective for the engineering subsector, which focuses on increasing local content and improving Egyptian value added. The subsector is primarily dominated by small and medium-sized factories (almost 82%), with the majority of the factories located in Greater Cairo, Alexandria and the Delta region.[67] The production value of the engineering subsector exceeded US$ 14 billion in 2010, accounting for 18% of total industrial output. During the same period, just US$ 1 billion engineering products were exported. This represented 9% of the total manufacturing exports, excluding minerals, oil and arms.

Egyptian engineering companies represent 20% of the total registered industrial companies and around 17% of the total registered industrial labour force (table 29). Because of its important position in the domestic market, the government may have an incentive to protect the domestic engineering sector, which creates some obstacles for importers of similar products.

According to the NTM Survey results, the engineering subsector is the most affected by burdensome NTMs (table 30). The majority of NTMs affecting exports are applied by partner countries. Egypt's national trade and development strategies recognize that the engineering sector possesses high export potential, especially in the low or medium-tech and assembly industries.

Chemicals

The total output of the chemical subsector was valued at approximately US$ 7 billion or 9% of total Egyptian industrial output in 2010. An estimated 50% of chemical output was exported, which accounted for nearly 30% of the total Egyptian manufacturing exports, excluding minerals, oil and arms. The chemical subsector is facilitated by the strong oil industry and abundant availability of minerals, which is able to provide raw materials, feed stocks and manufacturing infrastructure. Egypt has considerable experience in this subsector as major industries were established in the late 1940s and early 1950s.[68] Egyptian chemical companies represented almost 12% of the total registered industrial companies and 11% of the total registered industrial labour force in 2010 (table 29). This subsector is dominated by small and medium-sized factories (almost 85%) and concentrated in Greater Cairo, Alexandria and the Delta region.[69]

According to the NTM Survey results, the chemicals subsector is the second most affected by burdensome NTMs, most of which are applied by partner countries (table 30).

Textiles and clothing

The textiles and clothing sector is one of the country's most dynamic industrial subsectors and plays an important role in the Egyptian economy, notably for its contribution to employment, value added and foreign exchange earnings. The sector has consistently been the top job creator, employing 25% of the total industrial labour force. Total output of this subsector was valued at US$ 11 billion in 2010 or 14% of the country's total industrial output. Around 23% of the output was exported, accounting for 21% of total non-oil manufacturing exports (table 29).

Egypt is a net exporter of clothing, exporting goods worth US$ 1.3 billion and importing goods worth US$ 0.7 in 2010. The government has long used this sector to absorb Egypt's growing labour force, help tackle unemployment and generate income for about 500,000 Egyptian families. Women represent about 40% of the labour force in this subsector - almost double the average female labour force share in other sectors.

[67] Industrial Modernization Centre, available at: http://www.imc-egypt.org/, accessed March 18, 2015.

[68] Egyptian Chamber of Chemical Industries, available at: http://www.cci-egy.com, accessed March 18, 2015.

[69] Industrial Modernization Centre, available at: http://www.imc-egypt.org/, accessed March 18, 2015.

For over 40 years, exports of textiles and clothing from developing countries, including Egypt, were subject to special preferential treatment, which deviated from the GATT. During the period from 1974 to 2004, global trade in textiles and clothing was governed by the Multifiber Arrangement (MFA), which imposed quotas on the amount developing countries could export to developed countries. In 1995, the WTO introduced the Agreement on Textiles and Clothing (ATC), which was created as a transition from the MFA to fully integrate textiles and apparel into the WTO framework. The ATC promised to drop quotas under the MFA according to a set schedule, with the total elimination of quotas by the end of 2004. Until January 2005, the Egyptian textiles and clothing industry was relatively protected. On the trade policy level, throughout the latter half of 2004 and before the MFA came to an end, there were efforts by the government with its main trading partners, such as the United States and the EU, to work around the existing WTO mechanism. The government was trying to alleviate the potential risks of the termination of MFA on clothing exports. Preferential trade arrangements became necessary to save the Egyptian textiles and clothing industry from the threats of the post-ATC period.

According to the NTM Survey results, textiles, home textiles and clothing is the third most affected subsector by burdensome NTMs (table 30).

Metals and basic manufacturing

Metals and basic manufacturing constitute the highest industrial production output with a value of US$ 20.3 billion in 2010, out of which 17% was exported. This accounts for nearly 29% of total Egyptian non-oil manufacturing exports. Key industries include metallurgical industries, insulation material, cement, marble and granite, ceramics, sanitary ware, and glassware.[70] These industries are capital intensive and usually require significant investments. The sector is mostly dominated by large and medium-sized factories (almost 80%), the majority of which are located in Greater Cairo, Alexandria and the Delta region.

According to the NTM Survey results, the metals and basic manufacturing sector is the fourth most affected by burdensome NTMs (table 30).

Table 30. Burdensome NTMs reported by the manufacturing sector

Sector	Exports			Imports		Total
	NTMs applied by Partner Countries	NTMs applied by Egypt	Subtotal	NTMs applied by Egypt	Subtotal	
Engineering	129	15	**144**	102	**102**	**246**
Chemicals	125	13	**138**	92	**92**	**230**
Textiles, home textiles & clothing	104	21	**125**	21	**21**	**146**
Metals and basic manufacturing	94	10	**104**	32	**32**	**136**
Furniture and wood products	37	11	**48**	7	**7**	**55**
Other manufacturing	39	9	**48**	36	**36**	**84**
Total manufacturing sector	**528**	**79**	**607**	**290**	**290**	**897**

Source: ITC business survey on NTMs in Egypt (2011).

Furniture and wood products

Over the past decade the Egyptian furniture and wood subsector has witnessed rapid progress and is one of the country's fastest growing and most promising subsectors. Egypt has a dynamic furniture industry, which has succeeded in international markets.[71] Between 2004 and 2010 production doubled driven by a surge in exports, reaching almost US$ 2.9 billion. The increase in the exports to production ratio during the

[70] Egyptian Export Council for Building Materials, available at: http://www.ecbm-eg.org/en/Default.aspx, accessed March 18, 2015.

[71] Egypt Furniture Outlook, available at: http://www.worldfurnitureonline.com/showPage.php?template=reports&id=81&masterPage=report-countries.html#purchase, accessed 18 March, 2015.

same period was also impressive, rising from 3% in 2004 to almost 15% in 2010 (table 29). Egypt's long tradition of craftsmanship and government supportive policies designed to build an internationally recognized furniture design and production industry has contributed to the growth and dynamism of this subsector. The subsector is mostly dominated by small factories (almost 95%) located in the Delta region, mainly Damietta.

Exporters from the furniture and wood subsector reported 48 cases of burdensome NTMs, 37 of which were applied by partner countries and 11 by Egypt. Importers from this subsector report seven cases of NTMs applied by Egypt that they find burdensome (table 30).

Manufacturing exporters' experiences with regulations in partner countries

Out of the 470 exporters from the manufacturing sector interviewed by telephone, 161 (34%) reported difficulties in complying with regulations of partner (importing) countries or Egypt. Overall, exporters from the manufacturing sector reported 607 NTM cases. Among them, 528 NTMs were applied by partner countries and 79 by Egyptian authorities on exports.

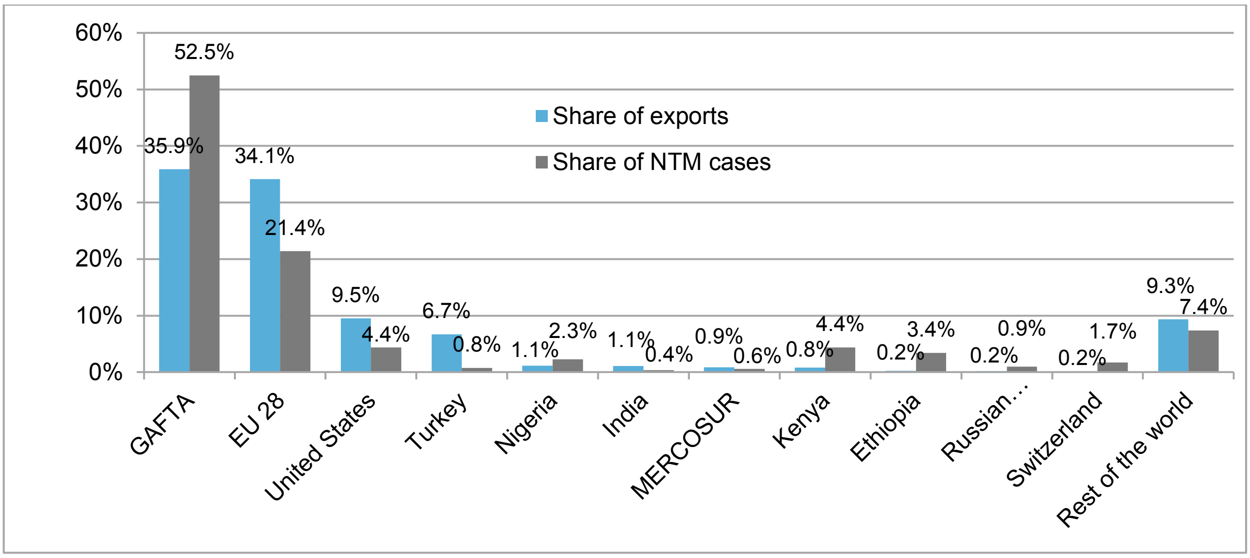
Among the NTMs applied by partner countries, around 30% of cases refer to rules of origin and related certificates of origin. The NTM Survey results showed the textiles and clothing and the engineering subsectors to particularly affected by problems related to rules of origin, with exporters reporting 82 and 47 cases respectively (table 31).

Exporters also faced difficulties complying with conformity assessment requirements of partner countries (26%). Technical requirements comprised 8% of the reported cases. The chemicals and engineering subsectors were highly affected by burdensome conformity assessments, reporting 61 and 26 cases respectively. Wood products were most affected by technical regulations (table 31).

Non-technical measures reported included pre-shipment inspections (74 cases, especially reported for chemicals and engineering products) and quantity control measures (10 cases), which appear to be sector specific. Other reported non-technical NTMs were generic, including charges and taxes (45 cases), finance measures (41 cases) and anti-competitive measures (19 cases).

Similar to the agri-food sector, the majority of reported NTMs by manufacturing exporters were imposed by Arab GAFTA and EU member states (52% and 21% respectively). These are Egypt's largest trading partners, importing 36% and 34% respectively of total manufacturing exports (figure 18).

Figure 18. Egyptian manufacturing exports in 2010 by destination versus NTMs applied by partner countries



Source: ITC business survey on NTMs in Egypt (2011) and ITC Trade Map data (www.trademap.org).
Note: Total Egyptian manufacturing exports in 2010 amounted to US$ 12,114,402.

Table 31. Manufacturing exports: types of burdensome partner country NTMs

Subsector	Exports to the world		Number of reported NTM cases											
Subsector description	**Export value in 2010** US$'000	**Share in sector's export value**	Technical requirements	Conformity assessment	Pre-shipment inspection and formalities	Charges, taxes and other para-tariff measures	Quantity control measures	Finance Measures	Price control measures	Anti-competitive measures	Government procurement restrictions	Intellectual property	Rules of origin	**Total**
Engineering	1,130,746	9.33%	8	26	16	11		10		6	3	2	47	**129**
Chemicals	3,583,658	29.58%	7	61	39	3	2	6		2			5	**125**
Textiles & clothing	2,568,207	21.20%	2	7	1	5	2	5					82	**104**
Metals & basic manufactures	3,494,806	28.85%	8	17	13	19	1	15	1	4	1		15	**94**
Furniture & wood products	436,026	3.60%	15	9	2	4							7	**37**
Other manufacturing	900,959	7.44%	4	16	3	3	5	5				1	2	**39**
Total	**12,114,402**	**100.0%**	**44**	**136**	**74**	**45**	**10**	**41**	**1**	**12**	**4**	**3**	**158**	**528**

Source: ITC business survey on NTMs in Egypt (2011).

Note: The table includes cases reported by trading agents and by producing companies. Product groups are selected and aggregated according to the number of reported NTMs.

Table 32. Manufacturing exports: countries applying burdensome measures

NTM Type	Number of cases	Partner country applying the measure
Technical requirements	**44**	EU (12), Saudi Arabia (7), Tunisia (5), Lebanon (3), Syrian Arab Republic (3), Algeria (2), Kenya (2), South Africa (2), United Arab Emirates (2), Brazil, Jordan, Qatar, Sudan, United States, Yemen
Conformity assessment	**136**	EU (43), Saudi Arabia (19), United States (15), Nigeria (11), Sudan (9), Libya (8), Syrian Arab Republic (6), Yemen (5), Tunisia (4), Jordan (3), United Arab Emirates (3), Algeria (2), Morocco (2), Angola, Equatorial Guinea, India, Kenya, Qatar, Turkey
Pre-shipment inspections and other formalities	**74**	Kenya (18), Algeria (6), Angola (4), Benin (4), Cameroon (4), Congo (4), Ethiopia (4), Iraq (4), Mali (4), Saudi Arabia (4), State of Palestine (State of) (3), Syrian Arab Republic (3), Lebanon (2), Madagascar (2), Yemen (2), Comoros, Ghana, Liberia, Sudan, United Republic of Tanzania, Uganda
Charges, taxes and other para-tariff measures	**45**	Sudan (13), Algeria (6), Saudi Arabia (4), Syrian Arab Republic (4), EU (3), Jordan (3), Argentina (2), Lebanon (2), Libya (2), Russian Federation (2), Mauritius, Morocco, Turkey, United Arab Emirates
Quantity control measures	**10**	Sudan (3), Turkey (2), Algeria, Angola, Nigeria, Senegal, Tunisia
Finance measures	**41**	Sudan (26), Algeria (5), Libya (4), Ethiopia (2), Syrian Arab Republic (2), Morocco, Venezuela (Bolivarian Republic of)
Price control measures	**1**	Sudan
Anti-competitive measures	**12**	Ethiopia (8), Algeria, India, Syrian Arab Republic, Venezuela (Bolivarian Republic of)
Government procurement restrictions	**4**	Ethiopia (4)
Intellectual property	**3**	Saudi Arabia, Tunisia, United Arab Emirates
Rules of origin	**158**	EU (55), Sudan (25), Saudi Arabia (10), Switzerland (9), Algeria (8), United States (7), Lebanon (6), United Arab Emirates (5),Morocco (4), Iraq (3), Oman (3), Qatar (3), Russia (3), Tunisia (3), Bahrain (2),Jordan (2), Kenya (2), Kuwait (2), Uganda (2), Libya, Palestine (State of), Rwanda, Syrian Arab Republic

Source: ITC business survey on NTMs in Egypt (2011).

Table 33. Export of manufactured products: types of procedural obstacles encountered in relation to partner country NTMs

Non-tariff measures		Procedural obstacles		
NTM chapter	**Number of NTM cases**	**Type of procedural obstacles rendering compliance with the NTM difficult**	**Number of cases in Egypt**	**Number of cases in partner country**
Technical requirements	44	Delay in administrative procedures		4
		No due notice for changes in procedure		3
		Information is not adequately published and disseminated		1
		Lack of recognition		1
Technical requirements subtotal			**0**	**9**
Conformity assessment	136	High fees and charges	5	52
		Delay in administrative procedures	8	15
		Documentation is difficult to fill out	12	3
		Other inconsistent or arbitrary behaviour of officials	1	10
		Limited/Inappropriate facilities		11
		Large number of different documents	3	3
		Deadlines set for completion of requirements too short		6
		Lack of recognition		6
		Information is not adequately published and disseminated	1	4
		Requirements and processes differ from information published		1
		Informal payment, e.g. bribes		1
Conformity assessments subtotal			**30**	**112**
Pre-shipment inspection	74	High fees and charges	26	
		Delay in administrative procedures	9	3
		Information is not adequately published and disseminated	1	
		Technological constraints		1
Pre-shipment inspection and other entry formalities subtotal			**36**	**4**
Charges, taxes and other para-tariff measures	45	Delay in administrative procedures	4	4
		High fees and charges	1	1
		Information is not adequately published and disseminated		1
		Limited/Inappropriate facilities		1
Charges, taxes and other para-tariff measures subtotal			**5**	**7**
Quantity control measures	10	Delay in administrative procedures		3
		Large number of different documents		1
		Difficulties with translation of documents		1
Quantity control measures subtotal			**0**	**5**
Finance measures	41	Delay in administrative procedures		16
Finance measures subtotal			**0**	**16**
Price control measures	1	Requirements of the regulation are too strict		
Price control measures subtotal			**0**	**0**
Anti-competitive measures	12	High fees and charges		4
		Limited/Inappropriate facilities		4
		Delay in administrative procedures		1
Anti-competitive measures subtotal			**0**	**9**
Government procurement	4	Requirements of the regulation are too strict		
Government procurement restrictions subtotal			**0**	**0**
Intellectual property	3	Poor intellectual property rights protection		3
Intellectual property subtotal			**0**	**3**
Rules of origin and related certificate of origin	158	Large number of different documents	6	6
		Delay in administrative procedures	15	
		Other inconsistent or arbitrary behaviour of officials		5
		Documentation is difficult to fill out	4	
		Difficulties with translation of documents	4	
Rules of origin and related certificate of origin subtotal			**29**	**11**
Total	**528**		**100**	**176**

Source: ITC business survey on NTMs in Egypt (2011).

Note: Cases concerning the trade-related business environment are not included.

The export markets for Egypt's manufacturing goods are geographically more diverse than those for agri-food exports. For example, export of agri-food to GAFTA exceeds 50% of total Egyptian agri-food exports, while for manufacturing exports this figure is only 33%. While manufacturing exports to GAFTA and EU countries are nearly equal, exporters experienced twice as many difficult NTM cases in GAFTA (277 cases) compared to the EU (112 cases). This suggests that Egyptian exporters experience exporting to GAFTA as more difficult than exporting to the EU.

According to the GAFTA Agreement all Egyptian manufacturing exports are granted duty free access. However, NTMs appear to remain a major obstacle to intraregional trade. The NTM Survey results show a total of 277 reported cases related to measures applied by GAFTA member states, among which regulations related to rules of origin were the most problematic (79 cases). Other reported NTMs applied by GAFTA member states include conformity assessments (62 cases), finance measures (38 cases), various charges and taxes (36 cases), technical requirements (26 cases), pre-shipment inspection (25 cases), quantity control measures (5 cases), anti-competitive measures (5 cases) and price control measures (1 case, table 31). GAFTA countries that imposed the highest number of burdensome NTMs include the Sudan, Saudi Arabia and Algeria.

Between 1977 and 2004, the EU-Egypt bilateral relations were governed by a Cooperation Agreement providing for economic collaboration between both parties and establishing provisions for non-reciprocal industrial trade liberalization and market access. According to this Cooperation Agreement, Egypt enjoyed free market access for its industrial exports to the EU, while EU exports of industrial products to Egypt enjoyed WTO most-favoured-nation (MFN) treatment. Since 2004, the relationship between Egypt and the EU has been governed by Egypt–EU Association Agreement, which has provided for reciprocal tariff liberalization for traded industrial goods. According to the EU-Egypt Association Agreement, the EU grants a complete dismantling of customs duties for Egyptian industrial exports, while Egypt implements a gradual reduction of customs duties for EU industrial imports up to January 2019. The NTM Survey results show 112 reported NTM cases applied by the EU, concentrated in four main categories: rules of origin (54 cases), conformity assessments (43 cases), technical requirements (12 cases) and different charges and taxes (3 cases, table 32).

Rules of origin and certificates of origin

Nearly one-third of the NTM cases applied by partner countries that manufactiuring exporters find burdensome are related to rules of origin. Many cases were reported to be problematic to exporters due to various procedural obstacles in obtaining the certificate of origin, with two-thirds of the procedural obstacles occurring in Egypt (table 33). Administrative hurdles such as the requirement to submit many documents, documents being difficult to fill out and difficulties with translation of documents were the most common cause of concern. Exporters also complained about delays in obtaining the required certificate of origin from Egyptian authorities. In partner countries, exporters reported problems with customs officials of Saudi Arabia, Lebanon, Morocco and Sudan who refuse to accept the GAFTA certificate of origin.

> Rules of origin are very strict under the Egypt-EU Association Agreement. To acquire the Egyptian preferential origin for ready-made-garments, fabrics must be weaved, not only cut, in Egypt or any other Pan-Euro-Med member states. We usually import fabrics from outside of this zone due to huge price differentials.
>
> Egyptian exporter of ready-made garments

Especially clothing exports, such as articles of apparel and clothing accessories are strongly affected. A large number of reported cases referred to strict preferential rules of origin applied under the EU-Egypt Association Agreement[72] and the Pan-Euro-Med zone[73] (59 cases). These rules require double transformation of materials for Egyptian exports to qualify for zero tariff preferences (commonly known as the 'yarn forward rule'). This requires garments to be made from textiles produced in Egypt, fabrics to be made from Egyptian produced yarns, and yarn to be made from Egyptian uncarded and uncombed natural

[72] Rules of origin under the EU-Egypt Association Agreement are governed by Protocol (4) concerning the definition of the concept of originating products and methods of administrative cooperation, where rules of origin are determined by HS headings 4-digits and are applied mutually for exports and imports from both sides.

[73] Egypt can apply diagonal cumulation under the PAN-EUR-MED Protocol with 35 countries members of the EU, EFTA, Agadir Agreement and Turkey; where Egypt has signed FTAs with those countries (see Chapter 1).

or manmade fibres. Diagonal cumulation of origin is allowed between Egypt and some of the Pan-Euro-Med member states. However, Egyptian exporters found the double transformation rule to be restrictive. Customs authorities of partner countries remain doubtful that Egyptian products are complying with the Pan-Euro-Med rules of origin and typically initiate a verification of origin process.

Textiles and clothing exports also faced difficulties with rules of origin under the QIZ Protocol. One exporter perceived the QIZ rules of origin to be strict, where the designated Israeli content is reported to be high (at least 35% of Egyptian origin of which 10.5% of Israeli origin, box 6). Other difficulties faced by exporters are related to the numerous different documents required by the United States Customs and Borders Protection Authority to prove that the product has met the rules of origin according to the QIZ protocol.

> Under the COMESA Agreement, rules of origin applied to Egyptian exports are very strict. The COMESA Agreement requires Egyptian exports to comprise at least 45% value added ex-works cost of the product to be granted preferential treatment while other COMESA states apply only 35%.
>
> Egyptian exporter of internal combustion piston engines

Box 6. Qualifying Industrial Zone Protocol

Qualifying Industrial Zones (QIZ) are designated geographic areas within Egypt that offer duty-free status with the United States provided they satisfy the agreed rules of origin in which 35% of the product's value must be manufactured in Egypt and of which 10.5% must be of Israeli origin.

Ready-made garments and textiles encompass the largest volume of exports to the United States under the QIZ Protocol. However, several Egyptian industrial sectors stand to gain from the QIZ Protocol. The agri-food sector presents a significant opportunity for Egyptian QIZ exports due to its comparatively high custom rates. For example, prepared vegetables as well as dried onions and garlic have US custom rates of 10–30%, which are eliminated under the QIZ Protocol. Similar opportunities also exist for leather products, footwear and glassware.

QIZs encompass four large geographical regions:

- Alexandria
- Greater Cairo Area, including Nasr City, Shoubra El Kheima, South Giza, 15th of May, 10th of Ramadan, 6th of October, El Obour, Badr City, Giza, Kalioub, Gesr Al Suez and other areas in Cairo
- Middle Delta Governorates: Dakahleya, Damietta, Gharbeya and Monofeya
- Suez Canal Area: Ismailia, Port Said and Suez.

To qualify under the QIZ Protocol, the following procedures must be followed:

- Location: ensure the company is located in a QIZ
- Registration: registration forms and supporting documents must be submitted to verify the activity and location of each factory
- Certification: completed applications are reviewed by the QIZ Joint Committee, which is held every quarter, after which a certificate (valid for a period of one year) will be issued for the beneficiary company granting eligibility for duty-free treatment in the US market

To register under the QIZ Protocol companies must:

- Fill out and submit the online registration form
- Send the supporting documents to the QIZ Unit, including commercial registry or a statement from the GAFI if the company is located in a free zone, industrial registry and tax card

Source: QIZ Unit – Ministry of Industry and Foreign Trade http://www.qizegypt.gov.eg/, accessed March 18, 2015.

For engineering exports, the majority of problems with rules of origin were reported by non-electronic machinery exporters (31 cases). These difficulties were primarily due to the related procedural obstacles, but a number of difficulties were due to strict COMESA rules of origin (seven cases). According to COMESA rules of origin, Egyptian exports are required to satisfy at least 45% value added ex-works cost for the products to be granted preferential treatment. However, other COMESA member states require 35%. Since Egypt's accession to COMESA in 1998, the government received an exception of 45% of the value of added ex-works cost due to its relatively advanced industrial base compared to other COMESA members. This also protects Egypt's domestic industry.[74] According to the Trade Agreements Section (TAS), this problem was resolved with the 35% value-added threshold adopted during the 15th COMESA Summit held in October 2011. This terminated the exception previously granted to Egypt. The NTM Survey results show that some COMESA member states refuse to accept the COMESA certificate of origin claiming that it needs verification of origin even if the products satisfied the required value-added conditions.

Half of the reported rules of origin cases were related to exports to Arab partner countries (79 cases). The GAFTA preferential certificate of origin is the only certificate of origin that obliges the exporter to provide both GAFTA's and the producer's contact details for the certificate to be issued by GOEIC. Exporters insist that information about the producers must be confidential as the buyer could potentially bypass the trader if provided with such valuable information. If the shipment contains more than one product (differentiated at the HS 4 level), GOEIC requires the exporters to apply for separate certificates for each product on the commercial invoice. This leads to additional time and cost for the exporters in the export clearance process, which they found unnecessary. In addition, the GAFTA certificate must be written in Arabic. However according to exporters some technical wordings, products descriptions, specifications, letters, initials and numbers are difficult to translate. Customs officials in most GAFTA countries typically reject the certificate of origin if any non-Arabic words appear on the certificate.

> According to the GAFTA Agreement, originating products should not contain any Israeli components. A certificate from the shipping line is required stating that the ship did not pass through any Israeli port, which is really unnecessary and hard to get.
>
> Egyptian exporter of electric lamps and lighting fittings

Arab partner countries also require exporters to obtain a certificate from the shipping line stating that the ship has not passed through any Israeli port. This certification is usually very difficult to obtain. According to the GAFTA Agreement, any traded goods should not contain any Israeli component. As a result, the customs authorities in GAFTA countries require the exporters to present numerous documents and declarations to prove that this requirement is fulfilled. In addition, it essentially forces exporters to choose whether to trade regionally or to focus on the United States as destination market as rules of origin under both agreements are mutually exclusive.

A specific set of problems relate to exports to the Sudan, one of Egypt's main trading partners. The bilateral trade relations are governed by GAFTA and COMESA preferential trade agreements. Both agreements grant Egyptian exports preferential tariff preferences in the Sudan, but are governed by different rules of origin. Under GAFTA, the Sudan is granted special treatment as a less developed country, while exports to the Sudan from GAFTA countries have not been subject to zero tariffs since 2005. The Sudan has been granted a longer time frame to reduce its tariffs, which required them to reduce their tariffs by 20% annually since 2006 to eventually reach 100% reduction by 2010. The time frame was extended to 2012.[75] In 2001, Egypt and the Sudan agreed on a 'negative list' of products that are not subject to preferential treatment under the COMESA Agreement. This list was modified in 2003 and so that a number of Egyptian products are totally or partially exempted from the preferential treatment under COMESA although they qualify for preferential origin treatment according to COMESA rules of origin (box 7). These exemptions granted to the Sudan are not clearly circulated to Egyptian exporters, which causes uncertainty in the customs clearance process.

> The Sudan does not accept the COMESA preferential certificate of origin even when the product satisfies the rules of origin. Many Egyptian home appliances end up in a Sudanese negative list.
>
> Egyptian exporter of home aplliances

Exporters also reported delays of at least one week in issuing preferential certificates of origin or the Chamber of Commerce non-preferential certificates of origin. These delays caused the certificate of origin to be issued retrospectively after the goods were shipped. For exports to neighbouring and Mediterranean countries shipments can arrive before the certificate of origin is issued in Egypt, which delays the import clearance process and forces the companies to pay demurrage. GOEIC, the only Egyptian body responsible for issuing Egyptian preferential certificates of origin, declared that the process to issue the certificates should take only 5-10 minutes provided all supporting documents are submitted (box 8).

[74] Exception granted to Egypt during the COMESA Summit held in the Democratic Republic of Congo in 1998.

[75] Similar special treatments are also granted to Yemen and the State of Palestine.

Box 7. Egypt's negative list with the Sudan under the COMESA Agreement

On May 23, 2001 Egypt and the Sudan exchanged and signed negative lists under the framework of the COMESA Agreement.

Negative List (A): Egyptian exports to the Sudan not subject to preferential treatment under the COMESA Agreement

- The list includes more than 130 tariff lines that are excluded from preferential treatment granted under COMESA, i.e. they are subject to Sudanese applied tariffs.
- The list includes the following products: sugar, wheat flour, cigarettes, carbonated water, tomato paste, jams and marmalades, juices, biscuits, tahini (sesame paste) and sweets, vegetable oils, soap, cotton yarns, cotton fabrics, mixed fabrics, medical cotton, ready-made garments, tricot, leather footwear, footwear of plastic material, footwear of textile material, footwear of sponge, paints (except for vessels and vehicles), matches, tires (except for truck tires, agriculture equipment, bicycles, motorcycles, forklifts and detached machineries), liquid batteries, dry batteries, plastic bags, sponge mattresses, candles, perfumes and cosmetics, pipes and tubes, zinc sheets, reinforcing steel bars, passenger cars, bars and rods, flat-rolled products, iron angles, refrigerators, air conditioning machines, water coolers, household washing machines, televisions, recorders, radios, telephones, electrical wires, cables, electrical switches, cartons and boxes of corrugated paper, cement, marble, wooden doors and windows, metal doors and windows, aluminium doors and windows, home furniture, office furniture and fabricated kitchens.

Negative List (B): Sudanese Exports to Egypt not subject to preferential treatment under the COMESA Agreement

- The list includes only five tariff lines that are excluded from preferential treatment granted under COMESA. They are subject to Egyptian applied tariffs.
- The list includes the following products: chickpeas, cotton fabrics, man-made fabrics, ready-made garments and tricot.

On July 20, 2003 at the request of Egypt, the Sudan reviewed the previously submitted negative list (A) and reduced the number of tariff lines. Egyptian products exported to the Sudan complying with COMESA rules of origin, are entitled for tariff reductions according to the stipulated reduction rates for each product listed below:

Commodity	Reduction rate
Marble	100%
Household washing machines	100%
Fabricated kitchens	100%
Recorders	100%
Radios	100%
Home furniture	30%
Electrical switches	30%
Candles	30%
Sponge mattresses	30%
Water coolers	30%
Telephones	30%
Metal doors and windows	30%
Televisions	30%
Cars and mini-buses	30%
Pipes (8,10 and 12 inches)	30%

In addition to the list of imported products by the Sudanese Government (government procurement):

- Agricultural equipment
- Human medicines and vaccines
- Animal medicines and vaccines
- Electric wires
- Seeds
- Pesticides
- Fertilizers
- Medium-sized cars
- Pipes (eight-, 10- and 12-inch)

The stakeholder interview with TAS held in November 2012 revealed that Egypt has omitted the negative list (B) of Sudanese Exports to Egypt not subject to preferential treatment, while the negative list (A) of Egyptian Exports to the Sudan not subject to preferential treatment is still under negotiation.

Sources: Trade Agreement Sector – Ministry of Industry and Foreign Trade, http://www.tas.gov.eg/English/Trade%20Agreements/Countries%20and%20Regions/Africa/comesa, accessed March 18, 2015.

Box 8. Egyptian preferential certificates of origin

GOEIC is the only Egyptian body responsible for issuing Egyptian preferential certificates of origin from its different branches at seaports, airports and governorates. According to GOEIC, the process should take no more than10 minutes provided that all supporting documents are submitted and should cost EGP 1 per certificate.

Forms of certificates of origin issued by GOEIC:

- GAFTA Certificate of Origin
- Arab Form for bilateral Free Trade Agreements
- Movement Certificate, EUR 1. issued to EU member states under the EU-Egypt Association Agreement where no cumulation of origin applies; Movement Certificate EUR-MED issued to EU member states under the Egypt-EU Association Agreement where cumulation of origin applies; Turkey under the Egypt-Turkey FTA; Agadir Agreement countries (Tunisia, Morocco and Jordan; EFTA Countries (Switzerland, Norway, Iceland and Liechtenstein) under the Egypt-EFTA FTA; Pan-Euro-Med Zone where cumulation applies
- Certificate of Origin Form A issued to countries of the General System of Preferences
- Generalized System of Trade Preferences Certificate of Origin issued to countries participating in the Generalized System of Trade Preferences
- COMESA Certificate issued to COMESA member countries

Pre-requisite documents for issuing the preferential certificates of origin:

- Certificate of Origin (Form 8 exports)
- Approved invoice from the exporter
- Certified copy of the unified statistics form
- The exporter affirmation of the adoption of the data validity and the completion of the shipment procedures according to the origin rules that are stated in the defined preferential trade agreement

Process of issuing certificates of origin:

- On exporting the consignment, the exporter applies for a certificate of origin with its form attached to the application. This form must be filled out in the appropriate language, meet the requirements of the rules of origin articulated in the designated agreement and indicate the importing country. All documents related to the consignment must be attached
- The certificate is reviewed in conformity with the attached documents to verify compliance with the issuance procedures
- Fees are collected
- The certificate is given the code number of the field office concerned, approved, stamped and delivered to the exporter

Source: GOEIC, http://www.goeic.gov.eg/en/ex_newrecindex.asp?id=65, accessed March 18, 2015.

Technical requirements

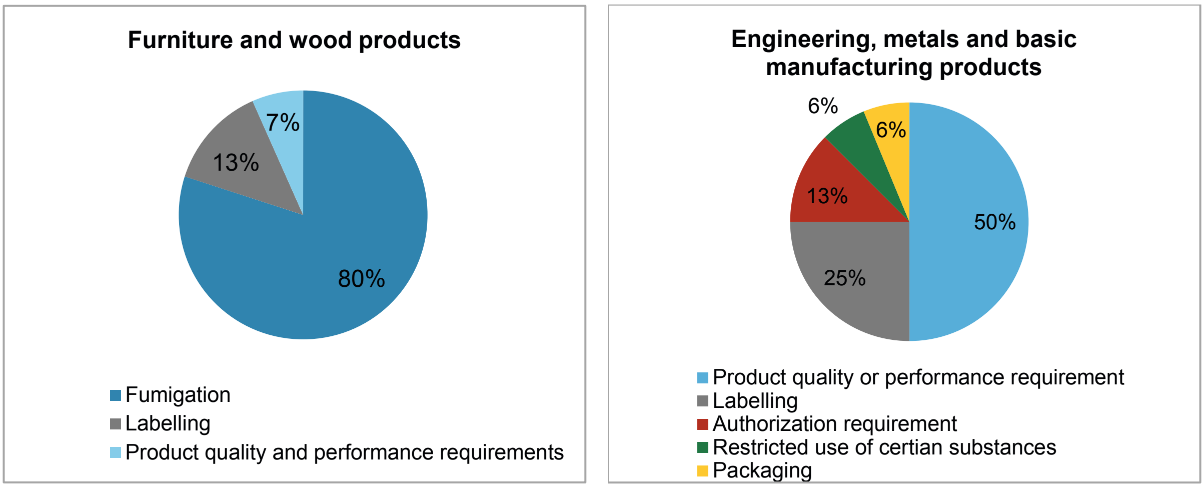
Strict technical requirements also pose a challenge to exporters of manufacturing products. Exporters reported difficulties with strict technical requirements, which accounted for 8% of burdensome regulations applied by partner (importing) countries (table 31). These regulations include fumigation requirements (12 cases), product quality and performance requirements (10), labelling requirements (10); product authorization or importers registration requirements (8), packaging requirements (3); and restrictive use of certain substances (1 case). In around 73% of these cases, exporters found compliance difficult because of the technical requirements being too strict or difficult. In the remaining cases it was due to both the regulation being strict and procedural obstacles.

All EU countries require a fumigation certificate for Egyptian wood products. However, all of our products are made of laminated medium-density fibreboard that is already treated.

Egyptian exporter of furniture

Most of the difficulties with technical requirements were reported by exporters of furniture and wood products. Several countries, including the EU, Syrian Arab Republic and South Africa require fumigation of all exported wood products even if it is made of laminated medium-density fibreboard that is already treated with an isolated coating. These countries require a fumigation certificate issued by a governmental body such as GOEIC. However, a clear stamp on the product itself is also required, which sometimes ruins the product.

Figure 19. Strict technical requirements faced by manufacturing exporters



Source: ITC business survey on NTMs in Egypt (2011).

The engineering, metals and basic manufacturing sectors also faced a large number of difficulties with technical requirements (table 31). Around half of the reported difficulties related to product quality or performance requirements (figure 19). For example, exporters of home appliances, such as refrigerators and gas cookers, are required to demonstrate low energy consumption rates and other safety features. The exporters find it difficult to comply with these requirements, which were applied by Saudi Arabia and Tunisia. Exporters also find it difficult to meet the high standards required by the the European Conformity (CE) mark certification, without which they cannot export to the EU market.

The United Arab Emirates Customs Authorities require an import authorization from the Ministry of Health for reasons of human health protection. We believe this authorization is too strict because our products are non-invasive products for external use and do not directly affect human health. Medical equipment and furniture are treated in the same way as medicines.

Egyptian exporter of surgical furniture

Companies also reported a few difficulties with receiving authorization or registering themselves with relevant authorities when exporting sensitive products. For example, to export medicaments to Arab countries such as the Sudan, Yemen, Saudi Arabia and the United Arab Emirates, companies are required to register at the Ministry of Health of the importing country. According to the surveyed companies, this registration process usually takes at least one year. In addition, medical instruments and appliances need an import authorization from the Ministry of Health of the importing country even if the products are for external use and do not directly affect human health, such as operating surgical tables, examination tables, and other medical, dental, surgical or veterinary furniture.

Conformity assessments

Burdensome conformity assessments were the second most reported type of NTM by the Egyptian manufacturing exporters (26% of the burdensome regulations faced by manufacturing exporters, table 31). Most of the reported NTMs referred to certification and product registration requirements (65 and 53 cases respectively). Other reported cases were related to inspection requirements (10 cases), testing (5) and origin of materials and parts (3).

Unlike technical requirements, measures of conformity assessment are in most cases associated with procedural obstacles such as high fees, delays in administrative procedures, difficulties in filling out the required documents, inconsistent or arbitrary behaviour of customs officials, and limited or inappropriate facilities (table 33). The majority of the procedural obstacles hindering compliance to conformity assessment requirements are experienced in partner countries (table 33).

Exporters from the chemicals sector reported the highest number of difficulties, predominantly related to product registration (figure 20). Most of these cases involved REACH registration when exporting chemicals to EU member states (box 9). Since 2010, REACH has become a major obstacle for most Egyptian companies exporting chemicals to EU member states. The survey results show that the REACH registration process is very difficult and expensive as it must be done per substance. The cost of registration per substance ranges between EUR 300 and EUR 500. Furthermore, the deadline for completing registration was perceived as too short.

> All EU countries require chemical products to be registered according to REACH. The product registration is very difficult as it is done substance by substance. Each substance costs at least 500 EUR and should be done before the end of 2010 or we will not be able to export to the EU market.
>
> Egyptian exporter of insecticides

> The Turkish Ministry of Health's product registration process is very difficult. The procedures are very complicated as they require in-depth studies even if it is a generic product worldwide with well-known formulas. The registration process is also very expensive, approximately US$ 15,000, and the renewal is done every five years.
>
> Egyptian exporter of human vaccines

Egyptian exporters of pharmaceuticals reported complicated, prolonged and expensive registration procedures related to health and/or environmental issues in most of the importing countries, including Turkey, Qatar, the Sudan and Jordan. Exporters must register with the Ministry of Health of partner countries to export.

The engineering, metals and basic manufacturing sectors also faced difficulties with burdensome conformity requirements. In most cases, exporters, particular of electronic components, found it very difficult to comply with certification requirements (figure 20), mostly applied by GAFTA countries.

Figure 20. Types of burdensome conformity assessments reported by exporters

Source: ITC business survey on NTMs in Egypt (2011).

In general, exporters are subject to multiple conformity assessment requirements, making the compliance process even more complicated and burdensome. For example, Saudi Arabia's standards body SASO requires almost all industrial products to be registered under the International Conformity Certification Program (ICCP) before allowing any imports (box 10). This product registration is reportedly very expensive, costing almost US$ 3,000 per product, and usually takes one year for the registration to be complete. In addition, it needs to be renewed every two years. Furthermore, an annual certification process is also required by SASO in conformity to the Saudi standards or any other accepted international standards. SASO only accepts certificates issued by Intertek, a private company, and refuses to

> According to SASO requirements the product must be registered each year and the registration fees are very high. In addition to the product registration, a SASO conformity certification is also required per shipment. The certification is granted by providing samples to SASO. The certification process is very expensive and takes too long.
>
> Egyptian exporter of household equipment

recognize or accept any equivalent certificate issued by the Egyptian Standardization Organization or the Egyptian Faculties of Engineering.

Box 9. The European Community Regulation on chemicals and their safe use

The European Community Regulation on chemicals and their safe use (EC 1907/2006) – REACH – deals with the registration, evaluation, authorization and restriction of chemical substances. The law entered into force on June 1, 2007.

The former EU legislative framework for chemical substances was a patchwork of many different directives and regulations. There were different rules for 'existing' and 'new' chemicals. However, this system did not produce sufficient information about the effects of the majority of existing chemicals on human health and the environment. The identification and assessment of risks covering the possible hazards of a substance as well as exposure of humans and the environment proved to be slow, as were the subsequent introduction of risk management measures.

The aim of REACH is to improve the protection of human health and the environment through better and earlier identification of the intrinsic properties of chemical substances. At the same time, REACH aims to enhance innovation and competitiveness of the EU chemicals industry. The benefits of this system will come gradually, as more and more substances are phased into REACH.

REACH places greater responsibility on industry to manage the risks from chemicals and to provide safety information on the substances. Manufacturers and importers are required to gather information on the properties of their chemical substances, which will allow their safe handling, and to register the information in a central database run by the European Chemicals Agency (ECHA) in Helsinki, Finland. ECHA acts as the central point in the REACH system and manages the databases necessary to operate the system. ECHA also coordinates the in-depth evaluation of suspicious chemicals and is building up a public database where consumers and professionals can find hazard information. REACH also calls for the progressive substitution of the most dangerous chemicals when suitable alternatives have been identified.

One of REACH's objectives is to fill information gaps about the substances manufactured and placed on the European market. REACH ensures that industry is able to assess hazards and risks of the substances, and to identify and implement the risk management measures to protect humans and the environment. There is a general obligation for manufacturers and importers of substances to submit a registration to ECHA for each substance manufactured or imported in quantities of 1 ton or above per year. If a company fails to register a substance, it will no longer be allowed to manufacture or import this substance. REACH provisions are being phased-in over 11 years.

Source: European Commission, http://ec.europa.eu/environment/chemicals/reach/reach_intro.htm, accessed March 18, 2015.

Box 10. The International Conformity Certification Program – Saudi Arabia

Mandatory standards in the Kingdom of Saudi Arabia are applied equally to imported and domestically produced products to protect health, safety, national security, public morals, and the environment and to prevent deceptive practices. Procedures for assurance of conformity to the applicable Saudi standards are enforced by the Ministry of Commerce and Industry (MoCI) for imported products. MoCI has implemented the International Conformity Certification Program (ICCP), as a combined conformity assessment, inspection and certification scheme on the basis of which consignments are allowed entry into the Kingdom and cleared more quickly through customs upon arrival.

Compliance with the relevant Saudi standards, or approved equivalent alternatives (for example, international and, exceptionally, national standards) results in the issuance of a Certificate of Conformity prior to shipment. Details of Saudi and alternative standards are contained in ICCP technical documents, available on request from Country Offices or Regional Licensing Centres such as Intertek.

ICCP applies to all consumer products exported to the Kingdom of Saudi Arabia. A wide choice of Saudi approved and/or nationally or internationally accredited laboratories is available to carry out testing to Saudi requirements. Methods of achieving these requirements vary according to the nature of the product, and the current level of compliance met by existing product certifications. Exporters may choose the route most appropriate to their product range and frequency of exports.

Source: The Export Process for Saudi Arabia, http://www.export2saudi.com/ accessed March 19, 2015.

Companies also reported difficulties with compliance process under the Standards Organisation of Nigeria Conformity Assessment Programme (SONCAP) when exporting engineering, metals and basic manufacturing products to Nigeria (nine cases). Some products require mandatory registration with SONCAP. The product registration process was reported to be relatively expensive, costing about US$ 600 on average. In addition, the registration process takes 2-3 months on average and is valid for 2-3 years. Registration can be renewed for additional fees. In addition to product registration, SONCAP certification is also required for each shipment, costing an additional US$ 300 per shipment, which the exporters found unnecessary (box 11).

Another problem that was repeatedly reported is the lack of accredited or recognized certification bodies and testing facilities in Egypt. The EU customs authorities, for instance, require the Restriction of Hazardous Substances Certificate, which restricts the use of certain hazardous substances in electrical and electronics equipment according to Directive 2002/95/EC. However, there is no accredited laboratory or body in Egypt to issue this certification, which forces Egyptian exporters to obtain it from an accredited EU laboratory. This process increases the cost. The United States customs authorities require a certification from Underwriters Laboratories (UL), an independent product certification body granting the UL mark. However, there is no representative of Underwriters Laboratories in Egypt, which makes it difficult for Egyptian exporters to comply with the requirements.

Box 11. Conformity assessment programme – Nigeria

Since September 1, 2005 the Standards Organisation of Nigeria Conformity Assessment Programme (SONCAP) is mandatory for products within its scope. These products are known as ‘regulated products’. If exporters fail to comply with SONCAP’s regulated products, goods could be rejected or be subject to additional testing and delays at Nigerian ports. SONCAP is independent of and additional to any existing import processes.

Demonstrating compliance with SONCAP is a two-stage process:

- Product certification is applicable the first time the exporter wishes to export a particular type or model of product. A product certificate is issued after the submission of an acceptable test report to the local SONCAP country office. The product certificate can be valid for up to three years, but is dependent upon the age of the test report.
- Shipment certification is applicable on a shipment-by-shipment basis. All certification is performed by the local SONCAP country office.

All products including all those already covered by the list of regulated products are allowed except the following:

- Food products
- Drugs
- Medical products other than equipment and machines
- Chemicals used as raw materials
- Military wares and equipment
- Aviation-related products
- Industrial machinery for manufacturing
- Used products other than automobiles
- CKD bicycle, motorcycle, automobiles for bonafide manufacturers/assemblers

Source: Standards Organisation of Nigeria (SON), http://www.son.gov.ng/son-services/soncap/ accessed March 19, 2015.

Anti-competitive measures

Manufacturing exporters also face difficulties with various anti-competitive regulations of partner countries. These regulations included restrictive import channels, compulsory use of national services like insurance and transportation, government procurement restrictions and poor intellectual property rights (IPR) protection.

Ethiopia applied almost 60% of the reported measures. For example, when exporting certain engineering and metal products such as electric conductors, transformers, and transmission towers to Ethiopia, Egyptian companies are required to partner with the Ethiopian Ministry of Electricity and to comply with strict government procurement restrictions. No other import channel is allowed for such products. The Ethiopian government requires imports to be shipped through the National Ethiopian Shipping Company and insured by the National Ethiopian Insurance Company. According to the Egyptian exporters the freight rates and insurance premiums charged by these companies are too expensive. In addition, Ethiopia does not have an adequate shipping fleet and does not provide the exporter with any credit facilities. This situation affects the overall competitiveness of the Egyptian exports. Similar cases were also reported for exports to Algeria, India, Syrian Arab Republic and Venezuela (Bolivarian Republic of).

> The government of the Syrian Arab Republic requires that exports to Syria should be shipped by the National Syrian Carrier, which may delay the shipment for about one month.
>
> Egyptian exporter of metals

> There are very strict government procurement restrictions in Venezuela (Bolivarian Republic of) as the purchase of our products can only be through a public agency.
>
> Egyptian exporter of pharmaceuticals

Poor protection of intellectual property rights was reported in Arab countries such as Tunisia, Saudi Arabia and the United Arab Emirates. For example, the Gulf Cooperation Council customs authorities was reported for its poor protection of trademarks and industrial designs, which enables counterfeit products to be sold in these countries. This affects the competitiveness of Egyptian exports.

Manufacturing exporters' experiences with regulations in Egypt

Egyptian exporters of manufactured goods reported 79 cases of burdensome regulations applied by Egyptian authorities on exports (table 34). Around one-half of these cases are related to export subsidies, which have been discussed in section 1 of this chapter. Exporters also reported difficulties with technical regulations and export restrictions as well as two cases related to export taxes and charges.

The textiles and clothing sector companies report the highest number of burdensome NTM cases applied by Egyptian authorities (27%). Similarly, the engineering and chemicals sector companies also reported that most of their difficulties were related to export subsidies.

Table 34. Export of manufactured products – burdensome NTMs applied by Egypt

Subsector description	Exports to the world		Number of reported NTM cases					
	Export value in 2010 US$'000	Share in sector's export value	Inspections, certifications and technical specifications	Export licences, quotas and other quantitative restrictions	Taxes and charges	Export subsidies	Other export related measures	Subtotal
Textiles & clothing	2,568,207	21.2%	3	4		14		**21**
Engineering	1,130,746	9.3%	2	2		10	1	**15**
Chemicals	3,583,658	29.6%	3			6	4	**13**
Furniture & wood products	436,026	3.6%	4	3		3	1	**11**
Metals & basic manufactures	3,494,806	28.9%	2	1	2	3	2	**10**
Other manufacturing	900,959	7.4%	1	2		4	2	**9**
Total	**12,114,402**	**100.0%**	**15**	**12**	**2**	**40**	**10**	**79**

Source: ITC business survey on NTMs in Egypt (2011).

Mandatory export inspection / certification required by Egyptian authorities

Exporters reported 15 cases related to export inspection, certification and technical specifications imposed by Egyptian authorities on manufacturing exports. Nearly all reported difficulties with these NTMs were associated with procedural obstacles including informal payments, delays in administrative procedures, inconsistent or arbitrary behaviour of customs officials, and a large number of checks (table 35). For example, Egyptian Customs Law allows customs officials to take random samples for inspection, but not the whole shipment unless for security reasons or to combat smuggling. However, according to several exporters, officials usually insisted on inspecting the entire shipment, which can delay the export clearance process. In addition, fragile products such as furniture and glassware risk being damaged during unloading and loading due to mishandling. During the stakeholder meeting in May 2013, the Egyptian Customs Authority insisted it reserves the right to inspect the whole shipment in case of any reasonable doubt as part of a risk management system.

> Export inspection procedures are bureaucratic and slow. The Egyptian Customs Authority inspects the whole shipment, which requires unloading the whole container causing serious damage to some pieces.
>
> Egyptian exporter of furniture

Table 35. Export of manufactured products: procedural obstacles associated with NTMs applied by Egypt

Non-tariff measures		Procedural obstacles	
NTM subchapter	**Number of NTM cases**	**Type of procedural obstacles rendering compliance with the NTM difficult**	**Number of cases in Egypt**
Export inspection, certification and other technical specification	15	Informal payment, e.g. bribes	5
		Numerous administrative windows/organizations involved	5
		Delay in administrative procedures	4
		Other inconsistent or arbitrary behaviour of officials	3
		Inconsistent classification of products	1
		High fees and charges	1
		Limited/Inappropriate facilities	1
Export inspection, certification and other technical specification subtotal			**20**
Export licences, quotas, prohibitions and other quantitative restrictions	12	Delay in administrative procedures	9
		Large number of different documents	3
		Informal payment, e.g. bribes	3
		Documentation is difficult to fill out	2
		Numerous administrative windows/organizations involved	2
		Deadlines set for completion of requirements are too short	1
Export licences, quotas, prohibitions and other quantitative restrictions subtotal			**20**
Export taxes and charges	2	Inconsistent classification of products	1
Export taxes and charges subtotal			**1**
Export subsidies	40	Large number of different documents	41
		Delay in administrative procedures	33
		Other inconsistent or arbitrary behaviour of officials	12
		Documentation is difficult to fill out	17
		Regulations change frequently	4
		High fees and charges	4
		Numerous administrative windows/organizations involved	3
		Information is not adequately published and disseminated	2
		Other obstacles	2
Export subsidies subtotal			**118**
Other export related measures	10	High fees and charges	5
		Information is not adequately published and disseminated	1
		No due notice for changes in procedure	1
		Regulations change frequently	1
		Delay in administrative procedures	1
Other export related measures subtotal			**9**
Total	**79**		**168**

Source: ITC business survey on NTMs in Egypt (2011).

Note: Cases concerning the trade-related business environment are not included.

Export licensing

Regulations related to mandatory export licensing are the third most reported NTMs manufacturing exporters faced difficulties with (table 34). These cases are generic in nature and occurred regardless of the manufacturing sector, the nature of the exported product or the importing country. According to the Import and Export Executive Regulation No. 770/2005 (article 40), Egyptian products can be exported directly through the customs authorities without prior export approval. However, manufactured goods cannot not be exported unless produced in companies with a valid licence to operate. As a result, a valid industrial register is required to export any manufactured product. The surveyed companies reported that the issuance or annual renewal of a valid industrial register is very complicated and involves many administrative windows and numerous documents. In addition, the entire process usually takes at least three months, which halts the export process. Another obstacle faced by exporters is completing the unified statistical form attached to each export consignment and delivering it to the GOEIC field office before shipping.[76] Completing this unified statistical form usually delays the export clearance process due to the numerous associated documents.

> As a requirement for exporting, the Ministry of Industry and Foreign Trade requires a valid industrial register. The register is renewed every year with a delay of at least one month in renewal procedures. The renewal is optional only when the registration expires.
>
> Egyptian exporter of carpets

As a prerequisite to export, Egyptian companies must apply for an exporter register that needs to be renewed every three years.[77] To apply for an exporter register, a company representative must obtain an export practice certificate from the FTTC at the Ministry of Industry and Foreign Trade. Companies reported that this training should be improved or should not be part of the registering process. Egyptian companies subject to Investment Law No. 8/1997 do not need to apply for the exporters' register but need the approval of or permit from GAFI for each shipment. In general, this procedure was supposed to facilitate the export activity of these companies. However, it was reported to take a considerable amount of time reducing the beneficial effect.

Export taxes and charges

Egypt levies a number of export taxes on industrial raw materials such as metal scraps, crude marble and granite. These taxes are the government's response to price inflation and as a means to protect the country's mineral wealth (box 12). The NTM Survey results include references to these export taxes that companies find too high and unnecessary.

Procedural obstacles and inefficient trade-related business environment

The NTM Survey results reveal numerous procedural obstacles that affect Egypt's manufacturing exports, with a total of 464 reported cases. Overall, 241 incidents occur partner countries compared with 223 cases in Egypt. Similar to the agri-food sector, the majority of obstacles experienced by the manufacturing sector in partner countries take place in GAFTA and EU countries (table 36).

Delay in administrative procedures

Similar to the agri-food sector, the bulk of the reported procedural obstacles by exporters of manufactured goods are directly or indirectly related to red tape and bureaucracy. Administrative delays are the most pressing concern (28%), many of which occur in Egypt and GAFTA partner countries, particularly Sudan, Algeria and Saudi Arabia. Companies exporting industrial products experienced cumbersome delays at almost all Egyptian agencies, organizations, and authorities involved in the export clearance process with the Egyptian Customs Authority and specialized industrial bodies, such as the ICA and the IDA, being mentioned most frequently (table 36).

> Due to economic sanctions imposed on the Sudan, foreign exchange transactions are problematic. Usually, this delays transactions at least one month.
>
> Egyptian exporter of glass

[76] Import and Export Executive Regulation 770/2005, article 45.

[77] Import and Export Executive Regulation 770/2005, articles 52–65.

Box 12. Export taxes on industrial raw materials

According to the Ministerial Decree no. 277/2011 dated on 13 June 2011, an export duty is imposed on metal scrap as follows:

HS Code	Description	Duty EGP per tonne
74.01	Copper mattes; cement copper (precipitated copper)	8,000
74.02	Unrefined copper; copper anodes for electrolytic refining	8,000
74.03	Refined copper and copper alloys, unwrought	8,000
74.04	Copper waste and scrap	8,000
7419.91	Cast, moulded, stamped or forged, but not further worked	8,000
78.01	Unwrought lead	3,000
78.02	Lead waste and scrap	3,000
7204.10	Waste and scrap of cast iron	650
7204.30	Waste and scrap of tinned iron or steel	650
7204.41	Turning, shavings, chips, milling waste, sawdust, fillings, trimmings and stampings, whether or not in bundles	650
7204.49	Other waste and scrap	650
7204.50	Re-melting scrap ingots	650
7204.49	Compressed tin scrap from food and chemicals materials cans	500
7204.21	Of stainless steel	750
7204.29	Waste and scrap of other alloy steel	750
7204.30	Waste and scrap of tinned iron or steel	750
7602.00	Aluminium waste and scrap	2,000
2620.11	Hard zinc spelter	1,000
2620.19	Other Ash and residues containing mainly zinc	1,000
79.01	Unwrought zinc	1,000
79.02	Zinc waste and scrap	1,000
79.03	Zinc dust, powders and flakes	1,000

An export duty amounting to EGP 1,500 per tonne is imposed on all wastes, paring and scraps of plastics. While another amounting to EGP 1,200 per tonne is imposed on paperboard (dashed paper) wastes and scrap.

According to Ministerial Decree No. 278/2011 dated 13 June 2011, export duties on crude marble (HS 2515.11) and granite (HS 2516.11) were raised from EGP 80 per tonne to EGP 150 per tonne.

Source: Government Bulletin, Al Wakaye Al Mesreya, Issue 135 (supplement), 13 June 2011.

High fees and charges

Manufacturing exporters reported 89 cases related to high fees and charges. Most of these occur in partner countries, particularly in the EU member states (35 cases). Among incidents reported to have occurred in Egypt, third party inspection or certification bodies such as SGS, Bureau Veritas and Intertek accounted for the majority of the cases (table 36).

> The Customs Authorities in Kenya require mandatory pre-shipment inspection. SGS is the only company approved to carry out inspections. This causes delays in procedures of at least one week and results in fees of almost 0.47% of the invoice value.
>
> Egyptian exporter of marble and granite

Other procedural obstacles

Egyptian exporters also reported a number of other administrative hurdles, such as the need to obtain or present numerous different documents (49 cases); difficult documentation processes (32) and difficulties with translating documents (14). The majority of theses procedural obstacles occur in Egypt, most frequently with the Ministry of Industry and Foreign Trade and GOEIC. Generally, most of the reported procedural obstacles that occurred in partner countries are not specific to the manufacturing sector, yet they characterize the overall business environment that governs trade with these countries. For example, inconsistent or arbitrary behaviour of officials was reported as common in most of the Arab countries (20 cases).

Table 36. Manufactured exports: procedural obstacles and business environment

Type of obstacle	Number of procedural obstacles and inefficiencies in the business environment				
	In Egypt and agencies involved, if specified		In partner or transit countries		Total
Delay in administrative procedures	72	Customs Authority, SGS, Ministry of Industry & Trade (including Export Support Fund), GOIEC, Industrial Control Authority (ICA), Shipping lines, Industrial Development Authority (IDA), Chamber of Commerce, Ministry of Foreign Affairs, Chamber of Food Industries, Ministry of Agriculture, Cairo Airport, Egyptian government, Ministry of Investment (including GAFI)	56	Sudan (13), Algeria (7), Russian Federation (6), Saudi Arabia (5), Libya (3), Syrian Arab Rep.(3), United States (3), Nigeria (2), State of Palestine (2), Brazil, India, Angola, Jordan, Equatorial Guinea, Tunisia, Qatar, Turkey, Madagascar, Senegal, Yemen, Venezuela (Bolivarian Rep. of)	128
High fees and charges	32	SGS, Bureau Veritas, Ministry of Industry & Trade (including the Export Support Fund), Intertek, port authorities, Ministry of Agriculture, Africa cargo tracking note (CTN)	57	EU (35), Saudi Arabia (7), Ethiopia (4), Nigeria (3), Sudan, Libya, India, Angola, Equatorial Guinea, Turkey, United Arab Emirates (UAE), Kenya	89
Large number of different documents	34	Ministry of Industry & Trade (including the Export Support Fund), GOIEC, Chamber of Commerce, Customs Authority, ICA, Ministry of Finance, IDA	15	United States (9), Algeria (3), Russian Federation (3)	49
Other inconsistent or arbitrary behaviour of officials	16	ICA, Customs Authority, GOIEC, Industrial Modernization Centre	20	Libya (6), Saudi Arabia (5), EU (3), Lebanon, Syrian Arab Rep., Morocco, Algeria, Jordan, Sudan	36
Documentation is difficult to fill out	26	GOIEC, European Chemicals Agency, Ministry of Industry & Trade (including Export Support Fund), Chamber of Commerce, Ministry of Finance, Customs Authority	6	United States (3), Russian Federation (3)	32
Limited/inappropriate facilities	3	Port authorities, Cairo Airport	16	Ethiopia (4), United States (4), Libya (3), EU (3), Sudan, Equatorial Guinea	19
Information is not adequately published and disseminated	4	Ministry of Industry & Trade (including the Export Support Fund), Cairo Airport, SGS	14	Libya (4), Algeria (2), UAE (2), India, Jordan, Kazakhstan, Saudi Arabia, Sudan, Syrian Arab Rep.	18
Difficulties with translation of documents	4	GOIEC	10	Algeria (4), Russian Federation (3), Tunisia (3)	14
Informal payment, e.g. bribes	10	Customs Authority, Port authorities, Foreign Trade Training Centre	3	Russian Federation (2), Libya	13
Inaccessible/limited transportation system	3	Unspecified	8	Sudan (7), Kazakhstan	11
No due notice for procedure changes	3	Customs Authority, Cairo Airport	6	Libya (3), Lebanon (3)	9
Low security level for persons and goods			8	Libya (3), Sudan (2), Nigeria, Chad, Iraq	8
Deadlines set for completion of requirements are too short	1	IDA	6	EU (6)	7
Lack of recognition			7	Saudi Arabia (2), UAE, Libya, Sudan, Jordan, Morocco	7
Regulations change frequently	3	Ministry of Industry & Trade (including the Export Support Fund), Cairo Airport	2	Algeria (2)	5
Numerous administrative windows/organizations	4	IDA, Ministry of Agriculture, Ministry of Health, Customs Authority, Ministry of Industry & Trade, Ministry of Investment, GOIEC			4
Inconsistent product classification	2	Customs Authority	2	Lebanon, Syrian Arab Republic	4
Poor IPR protection			3	Saudi Arabia, UAE, Tunisia	3
Other obstacles	3	Ministry of Industry & Trade (incl. Foreign Trade Training Center and Export Support Fund), Customs Authority			3
Large number of checks	2	Customs Authority			2
Technological constraints	1	Customs Authority	1	Madagascar	2
Requirements/processes differ from information published			1	Morocco	1
Total*	**223***		**241***		**464***

Source: ITC business survey on NTMs in Egypt (2011). *Includes cases concerning the trade-related business environment. Agencies or countries with the highest number of cases are listed first.

Manufacturing regulations affecting imports

Egypt's imports of manufactured goods were valued at US$ 33.7 billion in 2010, more than three times the value of agri-food imports (US$ 10.7 billiom). Importers of manufactured goods reported a much larger number of burdensome NTMs (290 cases) compared to agri-food importers (62 cases). In terms of company types, trading agents importing manufactured goods reported more NTMs (175 cases), compared with the producing companies (115 cases). Most of the manufacturing products, whether finished or intermediate, are imported by trading companies that typically trade in large quantities. Typically, large producing companies handle the import process themselves without using trading agents.

Importers in the three main manufacturing subsectors reported the highest number of burdensome NTMs (table 37). The chemicals sector, which accounts for 20.5% of manufacturing imports, accounts for 103 NTM cases, followed by the engineering sector (91 cases), which represents 38.4% of imports, and the metals and basic manufacturing sector (32 cases). Conformity assessments, charges, taxes and other para-tariff measures, and technical requirements are the major types of NTMs, which importers of manufactured goods reported to be burdensome (table 35). The subsequent sections will examine the sector-specific technical requirements and conformity assessment measures in more detail.

Importers of manufactured products also reported a considerable number of procedural obstacles (419 cases, tables 38 and 39). Most of the difficulties experienced by importers are directly or indirectly due to these procedural issues. Most of the reported procedural obstacles occur in Egypt compared with partner countries (table 39).

Burdensome import conformity assessments

The majority of the burdensome NTMs reported by importers (42%) are conformity assessment requirements. Difficulties reported with certification and testing requirements are the main cause of concern among importers, with 64 and 46 reported cases respectively. Importers in the engineering and chemicals sectors are the most affected. In more than one-half of the cases, regulations were reported as problematic because of the related procedural obstacles.

> GOEIC requires a CIQ pre-shipment inspection certificate for imported products from China. This causes a delay of three weeks, not to mention the issuing fees are high at US$ 500 per shipment.
>
> Egyptian importer of sanitary ware from China

Almost 95% of the reported certification cases refer to the pre-shipment Certificate of Inspection and Quality (CIQ) required for industrial imports from China as per Ministerial Decree No. 257/2010 (61 cases, box 13). Interviewed importers claimed that the CIQ does not examine product quality. According to the surveyed companies, the fees charged for the certificate, ranging from US$ 200 to US$ 1,000 (usually 0.15% of the commercial invoice value), are unjustified. There were some reported cases where after obtaining the required CIQ, GOEIC undertook additional testing before import clearance. It takes 2-4 weeks for the certificate to be issued, which delays the clearance process. According to GOEIC, the Egyptian importer should ask the Chinese exporter to have the goods inspected according to Egyptian standards, which would eliminate the need for GOEIC to require additional testing in Egypt.

> After the recent nuclear crisis in Japan, all imports from Japan must be tested by the Egyptian Atomic Energy Authority to ensure they are free from radiation. This testing process usually causes delays and costs EGP 1,500 per sample.
>
> Egyptian importer of pigments from Japan

The majority of cases related to testing requirements are neither specific to a product nor partner country. However, they were perceived as difficult because of several procedural issues in Egypt including delays in the testing process that take at least 10 days; lack of appropriate and equipped testing laboratories, especially at GOEIC and the Central Chemistry Laboratory; and the high testing fees that can be as much as EGP 1,000 per sample in some cases. Some of the difficulties in testing requirements were due to the requirement to test certain products for atomic radiation by the Egyptian Atomic Energy Authority for imports from Asian countries, including Japan and China.[78] Other

[78] Prime Minister's Decree no. 1348/2011, Government Bulletin "Al Wakaye Al Mesreya", issue no. 42 (supplement A) dated 20 October 2011.

problems include sophisticated testing for certain hazardous materials, performed by the Central Chemistry Laboratory; testing by the ICA and GOEIC to make sure products conform to Egyptian standards; and the testing of wooden pallets for fumigation by GOEIC even when a fumigation certificate is presented.

Table 37. Import of manufactured products: burdensome NTMs applied by Egyptian authorities

Subsector	Imports from the world		Number of reported NTM cases										
Description	**Import value in 2010** US$'000	**Share in sector's import value**	Technical requirements	Conformity assessment	Pre-shipment inspection and other entry formalities	Charges, taxes and other para-tariff measures	Quantity control measures	Finance Measures	Price control measures	Distribution restrictions	Intellectual property	Rules of origin	**Sub-total**
Producing companies													
Chemicals	6,905,816	20.5%	2	12		9	1	1	2			2	**29**
Engineering	12,941,593	38.4%	4	12		10		1	1				**28**
Metals & Basic manufactures	7,042,373	20.9%	2	8		4		4	1				**19**
Textiles & clothing	2,643,020	7.8%	1	4		5	1						**11**
Furniture & wood products	2,439,730	7.2%	5			1	1						**7**
Other manufacturing	1,769,716	5.2%	4	7		6	2		2				**21**
Producing companies (all)	**33,742,248**	**100.0%**	**18**	**43**		**35**	**5**	**6**	**6**			**2**	**115**
Forwarding companies													
Engineering	12,941,593	38.4%	5	37		20			6			6	**74**
Chemicals	6,905,816	20.5%	7	25	3	13	7	2		5	1		**63**
Metals & Basic manufactures	7,042,373	20.9%	2	8		3							**13**
Textiles & clothing	2,643,020	7.8%		2		7		1					**10**
Furniture & wood products	2,439,730	7.2%											
Other manufacturing	1,769,716	5.2%	5	8		2							**15**
Forwarding companies (all)	**33,742,248**	**100.0%**	**19**	**80**	**3**	**45**	**7**	**3**	**6**	**5**	**1**	**6**	**175**
TOTAL	**33,742,248**	**100.0%**	**37**	**123**	**3**	**80**	**12**	**9**	**12**	**5**	**1**	**8**	**290**

Source: ITC business survey on NTMs in Egypt (2011).

Box 13. CIQ pre-shipment inspection certificate

According to a Memorandum of Understanding (MOU) signed in February 2009 between the General Administration of Quality Supervision Inspection and Quarantine of China (AQSIQ) and the Ministry of Industry and Foreign Trade of Egypt (represented by GOEIC), all imported industrial products from China are required to have a pre-shipment Certificate of Inspection and Quality (CIQ).

Both parties agreed that the local China Entry-Exit Inspection and Quarantine Bureau (known as the local CIQ under AQSIQ) should conduct pre-shipment inspection of Chinese products shipped to Egypt and issue an inspection certificate that must be submitted to Egyptian authorities for customs clearance.

Without this certificate, Egyptian authorities have the right to reject the consignment. The inspection process should be concerned with quality, quantity, safety, health, environmental protection, value assessment based on ex-work price and surveillance on loading.

After the export contract is signed the exporter must submit the application for inspection to the local CIQ with all relevant documents. The local CIQ should issue the inspection certificate within 5 working days

Source: CIQ Memorandum of Understanding, available at: http://www.goeic.gov.eg/MainPageFiles/EgyptChina.pdf accessed March 19, 2015.

Table 38. Manufacturing imports: procedural obstacles related to NTMs applied by Egypt

Non-tariff measures		Procedural obstacles		
NTM chapter	**Number of NTM cases**	**Procedural obstacles rendering compliance with NTMs difficult**	**Number of cases in Egypt***	**Number of cases in partner country**
Technical requirements	37	Delay in administrative procedures	15	
		Informal payment, e.g. bribes	6	
		Large number of different documents	5	
		Difficulties with translation of documents	4	
		Other inconsistent or arbitrary behaviour of officials	3	
		High fees and charges	3	
		Limited/inappropriate facilities	1	
Technical requirements subtotal			**37**	**0**
Conformity assessment	123	Delay in administrative procedures	67	49
		High fees and charges	7	44
		Limited/inappropriate facilities	17	
		Other inconsistent or arbitrary behaviour of officials	12	
		Large number of different documents	3	
		Large number of checks	2	
		Documentation is difficult to fill out		1
Conformity assessment subtotal			**108**	**94**
Pre-shipment inspection	3	High fees and charges		3
Pre-shipment inspection and other entry formalities subtotal			**0**	**3**
Charges, taxes and other para-tariff measures	80	Delay in administrative procedures	3	36
		High fees and charges	14	14
		Limited/inappropriate facilities		8
		Documentation is difficult to fill out	7	
		Inconsistent classification of products	7	
		Numerous administrative windows/organizations involved		6
		Informal payment, e.g. bribes	2	
		No due notice for changes in procedure		1
		Other inconsistent or arbitrary behaviour of officials	1	
Charges, taxes and other para-tariff measures subtotal			**34**	**65**
Quantity control measures	12	Delay in administrative procedures	6	
		Large number of different documents	1	
		Informal payment, e.g. bribes	1	
Quantity control measures subtotal			**8**	**0**
Finance Measures	9	High fees and charges	3	
		Delay in administrative procedures	1	
Finance measures subtotal			**4**	**0**
Price control measures	12	Requirements of the regulation are too strict		
Price control measures subtotal			**0**	**0**
Distribution restrictions	5	Requirements of the regulation are too strict		
Distribution restrictions subtotal			**0**	**0**
Intellectual property	1	Poor intellectual property rights protection	1	
Intellectual property subtotal			**1**	**0**
Rules of origin and related certificate of origin	8	Other inconsistent or arbitrary behaviour of officials	6	
		Lack of recognition	6	
		Delay in administrative procedures		2
Rules of origin and related certificate of origin subtotal			**12**	**2**
Total*	**290**		**204***	**164**

Source: ITC business survey on NTMs in Egypt (2011).

Note: *Cases concerning the trade-related business environment are not included.

Strict technical requirements

Importers of manufacturing products also reported a number of technical requirements (table 37). In 76% of these cases, importers found them difficult to comply with because of procedural obstacles. The majority of cases involved product authorization and company registration requirements because of national security, protection of human health or safety, environmental protection, or the prevention of deceptive practices. Surveyed importers reported that the Ministry of Agriculture requires a product authorization before importation for certain inorganic chemicals and fertilizers. The responsible Committee at the Ministry of Agriculture meets once each month, which usually delays the import process. Imports of products such as printing machines, burglar or fire alarms and certain telecommunications equipment require an import authorization from the Ministry of Interior Affairs for security reasons. This authorization usually takes 3-4 months.

Companies also indicate that importing medical, pharmaceutical products and medical equipment tends to be complicated. Pharmaceuticals companies require product registration at the Ministry of Health as well as an authorization from the Central Administration for Pharmaceutical Affairs affiliated to the Ministry of Health at least one month before importation. This is done by the government to control the quantity being imported. However, companies incur high fees of almost 5% of the shipment value and are required to fill out numerous documents. Importers are also required register annually at the Ministry of Health, which involves submitting numerous documents. A general consensus is that a clear and transparent system is needed.

We are required to have authorization from the Ministry of Interior Affairs to import a specific type of printing machine for security reasons, specifically to avoiding money fraud. When we buy from a different provider, we have to repeat the authorization process which takes around four months.

Egyptian importer of printing machines from China

Importers of medicine must register with Egypt's Ministry of Health. To register, the company is required to submit numerous documents. The problem is the lack of a clear system to do so. Not all of the required documents are requested at the same time, which leads to lengthy delays.

Egyptian importer of medicine from Belgium

Procedural obstacles rendering NTMs burdesome

Importers experienced a wide range of procedural obstacles at GOEIC, the Egyptian Customs Authority and different port authorities and Ministries (table 39), which were mostly identical to those experienced in other sectors. Most of the reported obstacles include delays in the import clearance process, inconsistent or arbitrary behaviour of government officials, high fees and charges, and limited or inappropriate facilities. Around 70% of procedural obstacles in partner countries occurred in China (table 39). Most of these cases referred to chronic delays or high fees associated with issuing the CIQ pre-shipment inspection certificate for industrial products (box 13).

Manufacturing sector – summary

The Egyptian manufacturing sector experienced difficulties with a large number of NTMs. A total of 897 NTM cases were reported, most of which affected exports (607 cases). Burdensome NTMs reported by the manufacturing sector exceeded those reported by the agri-food companies. Exporters face more difficulties with NTMs applied by partner countries (528 cases) than those applied by Egyptian authorities (79 cases). Exporters are affected by a considerable number of procedural obstacles, experienced both in partner countries (176 cases) and in Egypt (268 cases).

The sectors most affected are engineering, chemicals, textiles and clothing, metals and basic manufacturing, and wood products. Almost 30% of the difficult reported NTMs applied by partner countries on exports are regulations on rules and certificates of origin required as part of preferential trade agreements. In addition to regular reviews, consultations and negotiations of these trade agreements policymakers should refer to the NTM Survey results to better understand the concerns of exporters. For example, most of Egypt's Free Trade Agreements (were introduced to strongly support the textiles and clothing sector following the abolishment of quotas under the ATC Agreement. However, strict rules of origin are restricting Egyptian textiles and clothing exports even with full elimination of tariffs.

Exporters and importers also face burdensome conformity assessments and technical requirements. In most cases these requirements are not strict per se, but the companies face difficulties in demonstrating compliance. Different types of conformity assessments are usually linked together: a complex process of product registration, testing and certification is usually required under a single compliance process, which is generally expensive, time consuming and difficult to fulfill. Interviewed companies urged to simplify the compliance processes into one step, which would serve the purpose but also save time and money.

Many burdensome regulations reported by the manufacturing sector are imposed by GAFTA and the EU, Bilateral and regional preferential trade agreements governing the trade relations between Egypt and these countries should be revised to incorporate better provisions related to NTMs and efforts should be made to activate and effectively implement already existing provisions.

Procedural obstacles are encountered at almost all Egyptian agencies, organizations and authorities involved in the export or import clearance process, with GOEIC and the Egyptian Customs Authority accounting for the largest cases. A substantial number of obstacles were also attributed to IDA and ICA. Despite the continuous efforts for institutional reform, the NTM Survey results show a need for further improvement, especially in terms of lowering fees and charges, improving equipment and facilities, automation, and training of government officials.

Table 39. Import of manufactured products: agencies related to procedural obstacles

Type of obstacle	Number procedural obstacles				
	In Egypt and agencies involved, if specified		In partner countries		Total*
Delay in administrative procedures	99	GOIEC, Customs Authority, Ministry of Health, Ministry of Agriculture, Egyptian Atomic Energy Agency, Industrial Control Authority, Ministry of Interior Affairs, General Authority for Investment, National Security Agency (including Central Chemistry Lab), Port authorities, Central Bank of Egypt, Egypt Air, EOS	87	China (56), France (7), United States (5), India (2), Germany (2), Italy (2), South Korea (2), Sweden (2), Belgium, Canada, Indonesia, Malaysia, Poland, Spain, Taïwan, Thailand, United Kingdom	**186**
High fees and charges	21	Port authorities, Egyptian Atomic Energy Agency, Customs Authority, Egyptian Commercial Banks, National Security Agency (including Central Chemistry Lab), Egyptian Embassy, GOIEC, Ministry of Health, Ministry of Environmental Affairs	61	China (47), France (3), Germany (2), South Korea (2), Italy, Belgium, Canada, Indonesia, Malaysia, Taïwan, Thailand	**82**
Other inconsistent or arbitrary behaviour of officials	29	Customs Authority, GOIEC, Industrial Control Authority, Egyptian Government			**29**
Limited/inappropriate facilities	16	GOIEC, Industrial Control Authority, port authorities, Ministry of Health, General authority for Veterinary Services	8	China (8)	**24**
Informal payment, e.g. bribes	18	Customs Authority			**18**
Numerous administrative windows/organizations involved	9	Customs Authority	6	China (3), India (2), United States	**15**
Inconsistent classification of products	12	Customs Authority			**12**
Large number of different documents	11	Ministry of Health, Ministry of Agriculture, GOIEC, Customs Authority			**11**
Documentation is difficult to fill out	9	Industrial Control Authority, GOIEC, Customs Authority	1	China	**10**
Information is not adequately published and disseminated	9	Customs Authority, Egyptian Government			**9**
Lack of recognition	6	Customs Authority			**6**
Large number of checks	5	Customs Authority, GOIEC			**5**
Difficulties with translation of documents from or into other languages	4	Unspecified			**4**
No due notice for changes in procedure	3	Customs Authority	1	United States	**4**
Technological constraints	2	Port authorities, Customs Authority			**2**
Regulations change frequently	1	Egyptian Government			**1**
Poor intellectual property rights protection	1	Customs Authority			**1**
Total*	**255***		**164**		**419***

Source: ITC business survey on NTMs in Egypt (2011).

Note: *The table includes cases concerning the trade-related business environment. The agencies or countries with the highest number of cases are listed first.

Chapter 4 Conclusions

NTMs are a major concern in international trade. Although imposed for legitimate reasons in most cases, NTMs often have a negative effect on trade. Due to their diverse nature and complexity, NTMs are notoriously difficult to evaluate. This lack of transparency also tends to aggravate the impact on the business sector, particularly small and medium-sized enterprises.

The NTM Survey in Egypt shows that Egyptian exporters and importers across all sectors struggle with problems related to NTMs, both with respect to the regulations themselves and procedural obstacles rendering compliance with regulations burdensome. The survey results show a negative correlation between the industrial value added and the number of reported NTMs per export sector. Agri-food exports are the most affected by burdensome NTMs whether applied by partner countries or different Egyptian authorities. Fresh food and raw agricultural exports are relatively more affected by NTMs than processed food exports. Manufacturing exports appear less affected than agri-food exports.

Three main observations emerge from the NTM Survey in Egypt: Firstly, independently of the type of NTMs imposed by partner countries, many problems are attributed to inefficiencies in a number of Egyptian agencies. This is easier to tackle than the regulatory environment in partner countries. By handling common procedural obstacles and administrative inefficiencies, such as lack of transparency, delays and high fees, Egypt could overcome a significant share of the reported problems.

Second, Egyptian exporters may be able to produce up to the strict standards of lucrative markets, but require assistance and streamlined procedures for demonstrating compliance with these standards. The product quality and conformity assessment infrastructure in Egypt need strengthening.

Thirdly, many behind-the-border problems happen in partner countries with which Egypt has signed agreements, notably Arab States and the EU. Egypt needs to ensure the effective implementation of existing trade agreements.

Public-private dialogue at the stakeholder meeting

A close cooperation and communication between Egyptian government representatives and private business is indispensable in order to identify a future agenda for reducing regulatory and procedural trade obstacles and, thus, to facilitate trade. The NTM Survey results were dicussed and validated in a stakeholder meeting in Cairo, Egypt, on 16 May 2013 (see appendix IV for the agenda and the list of speakers and discussants). The meeting was organised by ITC and the Egyptian Ministry of Industry and Foreign Trade. The participants, who came from both the public and private sector, jointly formulated a number of recommendations. The following paragraphs outline the key challenges and briefly delineate the recommendations and possible solutions.

Effectively implement existing agreements, improve mutual recognition and reduce procedural inefficiencies

The NTM Survey in Egypt identified a number of burdensome cross-sectional NTMs. The majority of reported problems relate to strict measures applied by partner countries, especially Egypt’s major trading partners which are members of regional or bilateral preferential trade agreements such as the EU and GAFTA. In order to address these problems, fast-track reporting mechanisms within the preferential trade agreement should be fostered and communication between Egyptian businesses and authorities on these NTMs needs to be facilitated: a permanent national trade barriers reporting system, e.g. the Egyptian Export Councils, could act as an observatory for regulatory and procedural trade obstacles. It is also important to facilitate the dissemination of information on frequently changing partner country requirements and increase harmonization efforts.

Moreover, conformity assessment, such as certification, product registration and testing, is sometimes more burdensome than compliance with technical requirements themselves. Thus, although the majority of requirements are imposed in the partner country, the problems are often rooted in the Egyptian agencies. Continued development of the trade-supporting infrastructure (e.g. testing laboratories), encouragement of private sector investment in internationally accredited certification and mutual recognition and accreditation agreements with key partner countries are crucial to enable less expensive and quicker conformity assessment.

The Egyptian authorities, however, also contribute to the obstacles faced by exporters. A considerable share of burdensome NTMs arises from related procedural obstacles at the domestic level due to lack of transparency of procedures, inconsistent behaviour of officials and lacking or insufficient inspection, cooling and storage devices. Capacity building in public institutions, a more efficient infrastructure (e.g. better inspection devices) and better training for customs officials can reduce delays and avoid mishandling of products. A more streamlined customs clearance and issuance of the industrial register as well as an unambiguous Customs Law will help to accelerate the import and export of products and reduce the room for arbitrary behaviour of officials.

Agri-food sector: increase transparency of regulations, improve the conformity assessment infrastructure and harmonize labelling requirements in Arab States

Egypt's agri-food sector is most affected by NTMs. Very strict tolerance limits for pesticide residues as well as associated procedural obstacles, such as frequently changing laws, short implementation notices and lacking testing facilities, hamper exports of fresh produce in particular. While the majority of requirements and limits are imposed by importing countries, most problems are caused by procedural obstacles and inefficiencies in Egypt and, thus, can be solved domestically. Greater cooperation with partner countries in order to communicate pesticide tolerance levels and give sufficient notice for implementation as well as improvement of inspection facilities, cooling and storage facilities and X-ray inspection devices will help to reduce burdensome NTMs for fresh food exports.

Another burdensome NTM affecting importers and exporters alike are the strict labelling requirements for processed food products in Arab countries. A coordinated initiative among GAFTA members for unifying and harmonising labelling requirements could help overcoming many related problems.

Manufacturing sector: clarify rules of origin under overlapping agreements, simplify origin certification procedures and increase recognition of certificates

Egypt's leading industries are less affected by burdensome NTMs than the agri-food sector but still face serious NTM-related trade obstacles, especially when exporting. Problems associated with rules or certificates of origin represent an important trade obstacle for the engineering, and textiles and clothes sector. They are associated with Egypt's main trading partners under the preferential trade agreements with Arab States (GAFTA) and the EU. The Egyptian authorities should adopt a regional NTM initiative to solve those issues and implement a coordinated reporting mechanism, e.g. in form of Joint Trade Committees or Trade Focal Points under the FTAs.

Moreover, the often delayed issuance or renewal of the industrial register causes major problems to exporters of manufacturing goods; a number of steps have already been taken by Egyptian government authorities to facilitate the initial issuance of the industrial register, but further improvement in terms of the renewal process to accelerate the export clearance process is needed.

Outlook

The NTM Survey analysis provides a comprehensive picture of the challenges encountered by Egyptian exporters and importers in 2011/12. The stakeholder meeting built on this analysis by initiating a public-private dialogue and formulating policy options. Addressing the identified problems requires continuous cooperation between the ministries, agencies and the private sector. Since the NTM Survey, the country has undergone massive changes, both politically and economically, and new challenges have emerged. The survey results serve as a benchmark against which the changes in the trade environment that have happened over the past years and future progress and can be monitored and evaluated.

Appendix I Global methodology of non-tariff measure surveys

Non-tariff measure surveys

Since 2010,[79] ITC completed large-scale company-level surveys on burdensome non-tariff measures and related trade obstacles (NTM Surveys hereafter) in over 25 developing and least-developed countries on all continents.[80] The main objective of the survey is to capture how businesses perceive burdensome NTMs and other obstacles to trade at a most detailed level – by product and partner country.

All surveys are based on a global methodology consisting of a core part and a country-specific part. The core part of the NTM Survey methodology described in this appendix is identical in all survey countries, enabling cross-country analyses and comparison. The country-specific part allows flexibility in addressing the requirements and needs of each participating country. The country-specific aspects and the particularities of the survey implementation in the State of Palestine are covered in chapter 2 of this report.

Scope and coverage

The objective of the NTM Survey requires a representative sample allowing for the extrapolation of the survey results to the country level. To achieve this objective, the survey covers at least 90% of the total export value of each participating country, excluding minerals and arms. The economy is divided into 13 sectors; all sectors with more than a 2% share in total exports are included in the survey.

The NTM Survey sectors are defined as follows:

1. Fresh food and raw agro-based products
2. Processed food and agro-based products
3. Wood, wood products and paper
4. Yarn, fabrics and textiles
5. Chemicals
6. Leather
7. Metal and other basic manufacturing
8. Non-electric machinery
9. Computers, telecommunications, consumer electronics
10. Electronic components
11. Transport equipment
12. Clothing
13. Miscellaneous manufacturing

Companies trading arms and minerals are excluded. The export of minerals is generally not subject to trade barriers due to a high demand and the specificities of trade undertaken by large multinational companies.

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[79] The work started in 2006, when the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) established the Group of Eminent Persons on Non-Tariff Barriers. The main purpose of GNTB is to discuss definition, classification, collection and quantification of non-tariff barriers – to identify data requirements, and consequently advance understanding of NTMs and their impact on trade. To carry out the technical work of the GNTB, a Multi-Agency Support Team (MAST) was set up. Since then, ITC is advancing the work on NTMs in three directions. First, ITC has contributed to the international classification of non-tariff measures (NTM classification) that was finalized in November 2009 and updated in 2012. Second, ITC undertakes NTM Surveys in developing countries using the NTM classification. Third, ITC, UNCTAD and the World Bank jointly collect and catalogue official regulations on NTMs applied by importing markets (developed and developing). This provides a complete picture of NTMs as official regulations serve as a baseline for the analysis, and the surveys identify the impact of the measures on enterprises and consequently on international trade.

[80] Pilot NTM Surveys were carried out in cooperation with UNCTAD in 2008–2009 in Brazil, Chile, India, the Philippines, Thailand, Tunisia and Uganda. The pilot surveys provided a wealth of materials allowing for the significant improvement to both the NTMs classification and the NTM Survey methodology. Since then, ITC has implemented NTM Surveys based on the new methodology in 25 developing and least developed countries.

The NTM Surveys are undertaken among companies exporting and importing goods. Companies trading services are excluded, as a survey on NTMs in services would require a different approach and methodology. Yet, the NTM Survey includes companies specializing in the export-import process and services, such as agents, brokers, forwarding companies (referred to as 'trading agents' for brevity). These companies can be viewed as service companies as they provide trade logistics services. The answers provided by trading agents are in most cases analysed separately from the answers of the companies that export their own products.

The NTM Surveys cover legally registered companies of all sizes and types of ownership. Depending on country size and geography, one to four geographic regions with high concentrations of economic activities (high number of firms) are included in the sample.

Two-step approach

The representatives of the surveyed companies, generally export/import specialists or senior-level managers, are asked to report trade-related problems experienced by their companies in the preceding year and representing a serious impediment for their operations. To identify companies that experience burdensome NTMs, the survey process consists of telephone interviews with all companies in the sample (step 1) and face-to-face interviews undertaken with the companies that reported difficulties with NTMs during the telephone interviews (step 2).

Step 1: Telephone interviews

The first step includes short telephone interviews. Telephone interviews consist of questions identifying the main sector of activity of the companies and the direction of trade (export or import). The respondents are then asked whether their companies have experienced burdensome NTMs. If a company does not report any issues with NTMs, the telephone interview is terminated. Companies that report difficulties with NTMs are invited to participate in an in-depth face-to-face interview, and the time and place for this interview is scheduled before ending the telephone interview.

Step 2: Face-to-face interviews

The face-to-face interviews are required to obtain all the details of burdensome NTMs and other obstacles at the product and partner country level. These interviews are conducted face-to-face due to the complexity of the issues related to NTMs. Face-to-face interactions with experienced interviewers help to ensure that respondents correctly understand the purpose and the coverage of the survey and accurately classify their responses in accordance with predefined categories.

The questionnaire used to structure the face-to-face interviews consists of three main parts. The first part covers the characteristics of the companies: number of employees, turnover and share of exports in total sales, whether the company exports their own products or represents a trading agent providing export services to domestic producers.

The second part is dedicated to exporting and importing activities of the company, with all trade products and partner countries recorded. During this process, the interviewer also identifies all products affected by burdensome regulations and countries applying these regulations.

During the third part of the interview, each problem is recorded in detail. A trained interviewer helps respondents identify the relevant government-imposed regulations, affected products (6-digit level of the Harmonized System – HS), the partner country exporting or importing these products, and the country applying the regulation (it can be partner, transit or home country).

Each burdensome measure (regulation) is classified according to the NTMs classification, an international taxonomy of NTMs consisting of more than 200 specific measures grouped into 16 categories (see appendix II). The NTMs classification is the core of the survey, making it possible to apply a uniform and systematic approach to recording and analysing burdensome NTMs in countries with very idiosyncratic trade policies and approaches to NTMs.

The face-to-face questionnaire captures not only the type of burdensome NTMs, but also the nature of the problem (so-called procedural obstacles [POs] explaining why measures represent an impediment), the place where each obstacle takes place, and the agencies involved, if any. For example an importing country can require the fumigation of containers (an NTM applied by the partner country), but fumigation facilities are expensive in the exporting country, resulting in a significant increase in export costs for the company (procedural obstacles located in the home country). The companies can also report generic problems not related to any regulation, but affecting their export or import, such as corruption and lack of export infrastructure. These issues are referred to as problems related to business environment (see appendix III).

Local survey company

Both telephone and face-to-face interviews are carried out by a local partner selected through a competitive bidding procedure. The partner is most often a company specializing in surveys. Generally, the NTM Surveys are undertaken in local languages. The telephone interviews are recorded either by a Computer Assisted Telephone Interview system, computer spreadsheets or on paper. The face-to-face interviews are initially captured using paper-based interviewer-led questionnaires that are then digitalized by the partner company using a spreadsheet-based system developed by ITC.

Open-ended discussions

During the surveys of companies and when preparing the report, open-ended discussions are held with national experts and stakeholders, for example trade support institutions and sector/export associations. These discussions provide further insights, quality check and validation of the survey results. The participants review the main findings of the NTM Survey and help to explain the reasons for the prevalence of the certain issues and their possible solutions.

The open-ended discussions are carried out by the survey company, a partner in another local organization or university or by graduate students participating in the special fellowship organized in cooperation with Columbia University in the United States.

Confidentiality

The NTM Survey is confidential. Confidentiality of the data is paramount to ensure the greatest degree of participation, integrity and confidence in the quality of the data. The paper-based and electronically captured data are transmitted to ITC at the end of the survey.

Sampling technique

The selection of companies for the telephone interviews of the NTM Survey is based on the stratified random sampling. In a stratified random sample, all population units are first clustered into homogeneous groups (‘strata’), according to some predefined characteristics, chosen to be related to the major variables being studied. In the case of the NTM Surveys, companies are stratified by sector, as the type and incidence of NTMs are often product-specific. Then simple random samples are selected within each sector.

The NTM Surveys aim to be representative at the country level. A sufficiently large number of enterprises should be interviewed within each export sector to ensure that the share of enterprises experiencing burdensome NTMs is estimated correctly and can be extrapolated to the entire sector. To achieve this objective, a sample size for the telephone interviews with exporting companies is determined independently for each export sector.[81]

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[81] The sample size depends on the number of exporting companies per sector and on the assumptions regarding the share of exporting companies that are affected by NTMs in the actual population of this sector. The calculation of a sample size is based on the equation below (developed by Cochran, W. G. 1963. *Sampling Techniques*, 2nd Edition, New York: John Wiley and Sons, Inc) to yield a representative sample for proportions in large populations (based on the assumption of normal distribution).

For importing companies, the sample size is defined at the country level. The sample size for importing companies can be smaller than the sample size for exporters, mainly for two reasons. First, the interviewed exporting companies are often involved in the importation of intermediate products and provide reports on their experiences with NTMs as both exporters and importers. Second, problems experienced by importing companies are generally linked to domestic regulations required by the home country. Even with a small sample size for importing companies, the effort is made to obtain a representative sample by import sectors and the size of the companies.

Exporting companies have difficulties with both domestic regulations and regulations applied by partner countries that import their products. Although the sample size is not stratified by company export destinations, a large sample size permits a good selection of reports related to various export markets (regulations applied by partner countries). By design, large trading partners are mentioned more often during the survey, simply because it is more likely that the randomly selected company would be exporting to one of the major importing countries.

The sample size for face-to-face interviews depends on the results of the telephone interviews.

Average sample size

The number of successfully completed telephone interviews can range from 150 to 1,000, with subsequent 100 to 350 face-to-face interviews with exporting and importing companies. The number of telephone interviews is mainly driven by the size and the structure of the economy, availability and quality of the business register and the response rate. The sample size for the face-to-face interviews depends on the number of affected companies and their willingness to participate in the face-to-face interviews.

Survey data analysis

The analysis of the survey data consists of constructing frequency and coverage statistics along several dimensions, including product and sector, NTMs and their main NTM categories (e.g. technical measures, quantity control measures), and various characteristics of the surveyed companies (e.g. size and degree of foreign ownership).

The frequency and coverage statistics are based on 'cases'. A case is the most disaggregated data unit of the survey. By construction, each company participating in a face-to-face interview reports at least one case of burdensome NTMs, and, if relevant, related procedural obstacles and problems with the trade-related business environment.

Each case of each company consists of one NTM (a government-mandated regulation, for example an SPS certificate), one product affected by this NTM, and partner country applying the reported NTM. For example, if three products are affected by the same NTM applied by the same partner country and reported by one company, the results would include three cases. If two different companies report the same problem, it would be counted as two cases.

$$n_o = \frac{t^2 * p(1-p)}{d^2}$$

Where

n_o : Sample size for large populations

t: t-value for selected margin of error (d). In the case of the NTM Survey 95% confidence interval is accepted, so t-value is 1.96.

p: The estimated proportion of an attribute that is present in the population. In the case of the NTM Survey, it is a proportion of companies that experience burdensome NTMs. As this proportion is not known prior to the survey, the most conservative estimate leading to a large sample size is employed, that is p=0.5.

d: Acceptable margin of error for the proportion being estimated. In other words, a margin of error that the researcher is willing to accept. In the case of NTM Survey d=0.1.

Source: Cochran, W. G. 1963. *Sampling Techniques*, 2nd Edition, New York: John Wiley and Sons, Inc.

The scenario where several partner countries apply the same type of measure is recorded as several cases. The details of each case (e.g. the name of the government regulations and its strictness) can vary, as regulations mandated by different countries are likely to differ. However, if the home country of the interviewed companies applies an NTM to a product exported by a company to several countries, the scenario will be recorded as a single NTM case. Furthermore, when an interviewed company both exports and imports, and reports cases related to both activities, it is included in the analysis two times: once for the analysis of exports and once for the analysis of imports. The distinction is summarized in the table below.

Dimensions of an NTM case

Dimensions \ Country applying the measure	Home country (where survey is conducted)	Partner countries (where goods are exported to or imported from) and transit countries
Reporting company	X	X
Affected product (HS 6-digit code or national tariff line)	X	X
Applied NTM (measure-level code from the NTM classification)	X	X
Trade flow (export or import)	X	X
Partner country applying the measure		X

Cases of procedural obstacles and problems with business environments are counted in the same way as NTM cases. The statistics are provided separately from NTMs, even though in certain instances they are closely related. For example, delays can be caused by PSI requirements. As many of the procedural obstacles and problems with business environment are not product-specific, the statistics are constructed along two dimensions: type of obstacles and country where they occur, as well as agencies involved.

Enhancing local capacities

The NTM Surveys enhance national capacities by transmitting skills and knowledge to a local partner company. ITC does not implement the surveys, but guides and supports a local survey company and experts.

Before the start of the NTM Survey, the local partner company, including project managers and interviewers, are fully trained on the different aspects of the NTMs, the international NTM classification, and the ITC NTM Survey methodology. ITC representatives stay in the country for the launch of the survey and initial interviews and remain in contact with the local partner during the entire duration of the survey, usually around six months, to ensure a high quality of survey implementation. ITC experts closely follow the work of the partner company, providing a regular feedback on the quality of the captured data (including classification of NTMs) and the general development of the survey, helping the local partner to overcome any possible problems.

ITC also helps to construct a business register (list of exporting and importing companies with contact details), which remains at the disposal of the survey company and national stakeholders. The business register is a critical part of any company-level survey, but unfortunately it is often unavailable, even in the advanced developing countries. ITC puts much time, effort and resources into constructing a national business register of exporting and importing companies. The initial information is obtained with the help of national authorities and other stakeholders (e.g. sectoral associations). In cases where it is not available from government sources or a sectoral association, ITC purchases information from third companies and in certain cases digitalizes it from paper sources. The information from various sources is then processed and merged into a comprehensive list of exporting and importing companies.

As a result, upon completion of the NTM Survey, the local partner company is fully capable of independently implementing a follow-up survey or other company-level surveys as it is equipped with the business register and has received training on the survey, trade and NTM-related issues.

Caveats

The utmost effort is made to ensure the representativeness and the high quality of the survey results, yet several caveats must be kept in mind.

First, the NTM surveys generate perception data, as the respondents are asked to report burdensome regulations representing a serious impediment to their exports or imports. The respondents may have different scales for judging what constitutes an impediment. The differences may further intensify when the results of the surveys are compared across countries, stemming from cultural, political, social, economic and linguistic differences. Furthermore, some inconsistency may be possible among interviewers (e.g. related to matching reported measures against the codes of the NTM classification) due to the complex and idiosyncratic nature of NTMs.

Second, in many countries, a systematic business register covering all sectors is unavailable or incomplete. As a result, it may be difficult to ensure random sampling within each sector, and a sufficient rate of participation in smaller sectors. Whenever this is the case, the survey limitations are explicitly provided in the corresponding report.

Finally, certain NTM issues are not likely to be known by the exporting and importing companies. For example, exporters may not know the demand-side constraints behind the borders, e.g. ‘buy domestic’ campaigns. Furthermore, the scope of the survey is limited to legally operating companies, and does not include unrecorded trade, e.g. shuttle traders.

Survey findings

The findings of each NTM Survey are presented and discussed at a stakeholder workshop. The workshop brings together government officials, experts, companies, donors, non-governmental organizations (NGOs) and academics. It fosters a dialogue on NTM issues and helps identify possible solutions to the problems experienced by exporting and importing companies.

The NTM Survey results serve as a diagnostic tool for identifying and solving predominant problems. This can be realized at the national or international level. The survey findings can also serve as a basis for designing projects to address the problems identified and for supporting fundraising activities.

Appendix II Non-tariff measures classification

Importing countries are very idiosyncratic in the ways they apply non-tariff measures. This called for an international taxonomy of NTMs, which was prepared by the Multi-Agency Support Team (MAST), a group of technical experts from eight international organizations, including the Food and Agriculture Organization, the International Monetary Fund, the International Trade Centre, the Organisation for Economic Co-operation and Development, the United Nations Conference on Trade and Development, the United Nations Industrial Development Organization, the World Bank and the World Trade Organization. The NTM classification was finalized in November 2009 and updated in 2012. It is used to collect, classify, analyse and disseminate information on NTMs received from official sources, e.g. government regulations; and for working with perception-based data, e.g. surveys of companies.

The NTM classification differentiates measures according to 16 chapters (denoted by alphabetical letters), each comprising 'sub-branches' (1-digit), 'twigs' (2-digits) and 'leaves' (3-digits). This classification drew upon the existing, but outdated, UNCTAD Coding System of Trade Control Measures, and has been modified and expanded by adding various categories of measures to reflect current trading conditions.

The structure of the NTM classification for ITC surveys

A to O. Import related measures

Measures imposed by the country importing the goods. From the perspective of an exporter, these are the measures applied by the destination country of your product. From the perspective of an importer, these are the measures applied by your own country on the goods that you import.

Technical measures

A. Technical requirements
B. Conformity assessment

Non-technical measures

C. Pre-shipment inspection and other entry formalities
D. Charges, taxes and other para-tariff measures
E. Quantity control measures (e.g. licences, quotas, prohibitions)
F. Finance measures
G. Price control measures
H. Anti-competitive measures
I. Trade-related investment measures
J. Distribution restrictions
K. Restriction on post-sales services
L. Subsidies
M. Government procurement restrictions
N. Intellectual property
O. Rules of origin and related certificate of origin

P. Export related measures

Measures imposed by the country exporting the goods. From the perspective of an exporter, these are the measures imposed by your own country on the goods you export from your country. From the perspective of an importer, these measures are imposed by the country of origin on the goods you import from this country.

Source: International Trade Centre, NTM classification adapted for ITC surveys, January 2012 (unpublished document).

Chapter A on technical regulations refers to product-related requirements. They are legally binding and set by the country where the product is exported to (or imported from). They define the product characteristics, technical specification of a product or the production processes and post-production treatment and also include the applicable administrative provisions, with which compliance is mandatory.

Chapter B on conformity assessment refers to technical procedures – such as testing, inspection, certification and traceability – which confirms and controls that product, fulfils the requirements laid down in technical regulations. Conformity assessments are requirements determining that a process or a product meets the relevant regulation and fulfils the relevant requirements.

Chapter C on pre-shipment inspection and other entry formalities refers to the practice of checking, consigning, monitoring and controlling shipment of goods before or at entry into the destination country – i.e. inspection, quarantine, etc.

Chapter D on charges, taxes and other para-tariff measures refers to measures other than customs tariffs that increase the cost of imports in a similar manner, i.e. by a fixed percentage or by a fixed amount, calculated respectively on the basis on the value and the quantity. Five groups are distinguished: customs surcharges; service charges; additional taxes and charges; internal taxes and charges levied on imports; and customs valuation.

Chapter E on quantity control measures refers to measures restraining the quantity of imports of any particular good, from all sources or from specified sources of supply, either through restrictive licensing, fixing of a predetermined quota or through prohibitions.

Chapter F on finance measures refers to measures that are intended to regulate the access to and cost of foreign exchange for imports and define the terms of payment. They may increase import costs in the same manner as tariff measures.

Chapter G on price control measures includes measures implemented to control the prices of imported articles in order to: support the domestic price of certain products when the import price of these goods is lower; establish the domestic price of certain products because of price fluctuation in domestic markets, or price instability in a foreign market; and counteract the damage resulting from the occurrence of ‘unfair’ foreign trade practices.

Chapter H on anti-competitive measures refers to measures that are intended to grant exclusive or special preferences or privileges to one or more limited groups of economic operators.

Chapter I on trade-related investment measures refers to measures that restrict investment by requesting local content, or requesting that investment be related to export to balance imports.

Chapter J on distribution restrictions refers to restrictive measures related to the internal distribution of imported products.

Chapter K on restrictions on post-sales services refers to measures restricting the provision of post-sales services in the importing country by producers of exported goods.

Chapter L on subsidies includes measures related to financial contributions by a government or government body to a production structure, be it a particular industry or company, such as direct or potential transfer of funds (e.g. grants, loans, equity infusions), payments to a funding mechanism and income or price support.

Chapter M on government procurement restrictions refers to measures controlling the purchase of goods by government agencies, generally by preferring national providers.

Chapter N on intellectual property refers to measures related to intellectual property rights in trade. Intellectual property legislation covers patents, trademarks, industrial designs, layout designs of integrated circuits, copyright, geographical indications and trade secrets.

Chapter O on rules of origin covers laws, regulations and administrative determinations of general application applied by the governments of importing countries to determine the country of origin of goods.

Chapter P on export-related measures encompasses all measures that countries apply to their exports. It includes export taxes, export quotas or export prohibitions, among others.

Appendix III Procedural obstacles

List of procedural obstacles (2011) related to compliance with non-tariff measures and to the inefficient trade-related business environment

A.	Administrative burdens	A1. Large number of different documents A2. Documentation is difficult to complete A3. Difficulties with translation of documents from or into other languages A4. Large number of checks (e.g. inspections, checkpoints, weighbridges) A5. Numerous administrative windows/organizations involved
B.	Information/transparency issues	B1. Information is not adequately published and disseminated B2. No due notice for changes in procedure B3. Regulations change frequently B4. Requirements and processes differ from information published
C.	Inconsistent or discriminatory behaviour of officials	C1. Inconsistent classification of products C2. Inconsistent or arbitrary behaviour of officials
D.	Time constraints	D1. Delay in administrative procedures D2. Delay during transportation D3. Deadlines set for completion of requirements are too short
E.	Payment	E1. Unusually high fees and charges E2. Informal payment, e.g. bribes E3. Need to hire a local customs agent to get shipment unblocked
F.	Infrastructural challenges	F1. Limited/inappropriate facilities (e.g. storage, cooling, testing, fumigation) F2. Inaccessible/limited transportation system (e.g. poor roads, road blocks) F3. Technological constraints, e.g. information and communications technology
G.	Security	G1. Low security level for persons and goods
H.	Legal constraints	H1. No advance binding ruling procedure H2. No dispute settlement procedure H3. No recourse to independent appeal procedure H4. Poor intellectual property rights protection, e.g. breach of copyright, patents, trademarks, etc. H5. Lack of recognition, e.g. of national certificates
I.	Other	I1. Other obstacles

Appendix IV Stakeholder meeting

16 MAY 2013
CITY STARS INTERCONTINENTAL, NASR CITY
CAIRO, EGYPT

Programme:

9:00	**Arrival and registration**
10:00	**Welcome remarks** Saeid Abdallah, Under Secretary, Trade Agreements Sector Ashish Shah, Acting Chief, Office for Arab States, ITC, Geneva. H.E. Mr. David Drake, Ambassador of Canada in Egypt H.E. Eng. Hatem Saleh, Minister of Industry and Foreign Trade
10:45	**Coffee break**
11:00	**Session i: Highlights of the ENACT project activities in Egypt, Results and lessons learned** Chaired by Dr. Hassan Abdelmajed, Chairman of the Egyptian Organization for Standardization (EOS) Speakers: Ashish Shah, Acting Chief, Office for Arab States, ITC, Geneva. Nermine Abulata, Lead Economist and Technical Assistant to the Minister Hala ElGedamy, Executive Director of the Foreign Trade Training Centre (FTTC) Alaa ElBahy, Chairman of the Food Export Council. Laila Elmaghraby, Executive Director of the Engineering Export Council.
12:15	**Coffee Break**
12:30	**Session II: Non-tariff measures in Egypt, NTM Survey results** Chaired by Ali Abdelghfar, Under Secretary, Foreign Trade Sector (FTS) Speakers: Mathieu Loridan, Associate Market Analysis and Research, ITC, Geneva. Shaimaa Medhat, Director, International Company for Export Development, ExpoFront Fouad ElKhabaty, Chairman of the Egyptian Customs Authority Osama Abdulmoneem, Under Secretary, General Organization for Export and Import Control Omar Eldereny, Chairman of the Joint Steering Committee of Foreign Trade and Origin Requirements, Egyptian Federation of Industries.
13:30	**Open discussion with representatives of the private sector**
14:00	**Concluding remarks and final recommendations** Ashish Shah, Acting Chief, Office for Arab States, ITC, Geneva.

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