

GROWING BUSINESS THROUGH REGULATION

N GAGE CONSULTING FOREIGN TRADE REPORT

N Gage Consulting

Public Strategy and Government Relations Specialists



Latest News

FOREIGN TRADE REGULATIONS

- The Ministerial decree No. 444 for the year 2015 by the Minister of Trade and Industry was issued to suspend the requirement to provide an inspection certificate from the Chinese local office for examination (CIQ) and the General Administration of Quality Supervision, Inspection (AQSIQ) for the release of industrial goods shipped from the People's Republic of China.
- The Ministerial Decree No. 232 of 2015 was issued on a moratorium on the importation of goods and products of the nature of folk art (National Folklore) and archaeological models of the Republic of Egypt.

FREE TRADE AGREEMENTS

- The Brazilian Senate ratified the free trade agreement between Egypt and the Mercosur grouping, which includes Brazil, along with Argentina, Paraguay, Uruguay, and Venezuela.
- The Technical Committee on Rules Of Origin meeting under the Pan Arab Free Trade Area (PAFTA) Will meet during the month of November of the year 2015 to finalize the outstanding work on the detailed rules of origin.
- The Implementation and Follow up Committee under the Pan Arab Free Trade Area (PAFTA) will meet in December 2015 to follow up on the implementation of the Ministers' decisions in many strategic areas that are related to the economic and social cooperation between the Arab countries.

- The COMESA Council Of Ministers will meet in December in Zambia to consider the report of the Trade and Customs Committee in preparation for the February Summit that will take place in Madagascar. Many technical issues are still outstanding since the last Council meeting especially the countries quota allocation for sugar exports to Kenya under the applicable safeguard measures. The Ministers will also receive updates on the progress on the Tripartite negotiations after the signature of the Agreement in Sharm-EL-Sheikh by the Heads of States in June 2015.
- The 96th session of the meeting of the Economic and social Council of the Arab League met during the period between the 30th of August to the 3rd of September to discuss and consider the different reports of the sub technical committees on customs unions and receive progress reports on the different programs of integration.
- A delegation from the COMESA Secretariat will visit Egypt during the period between the 9th and the 11th of November 2015. The COMESA Secretariat intends to conduct a field study in COMESA countries to assess the opportunities and stand on the restrictions that hinder the movement of intra-regional trade among COMESA countries. The visit will include meetings with various government and business stakeholders.
- The Tripartite Trade Negotiations Forum took place in Rwanda Kigali 17-20 Oct 2015 to consider the reports of the technical working groups and to review progress after the Sharm-EL-Sheikh summit. The meeting considered the recommendations of the 12th meeting of the technical working group on the rules of origin to transfer Annex 4 to the legal drafting committee, however no agreement was reached among the member states and the matter was escalated to the meeting of the senior officials for their guidance. No progress was achieved in terms of the tariff liberalization offers.

Multilateral issues

WTO Ministerial Meeting

The 10th World Trade Organization (WTO) Ministerial Meeting will take place in Nairobi, Kenya from the 15th to the 18th of December 2015. This meeting is considered to be the first of such meetings to be held in Africa since the signature of the Marrakech Agreement in 1995. The meeting comes with high expectations and tough challenges.

The 9th Ministerial Meeting at Bali in 2013 witnessed the first breakthrough in the WTO's history, the signature of the "Bali Package" which is considered the first comprehensive multilateral agreement in history. The Bali Meeting resulted in the announcement of five Ministerial Decisions; the TRIPS non-violation and situation complaints; work program on electronic commerce; work program on small economies; aid for trade; and trade and transfer of technology. It also resulted in the issuance of ten texts on: the agreement on trade facilitation; general services; public stockholding for food security purposes; understanding on tariff rate quota administration; export competition; cotton; preferential rules of origin for least-developed countries; operationalization of the waiver concerning preferential treatment to services and service suppliers of least-developed countries; duty-free and quota-free market access for least-developed countries; and monitoring mechanism on special and differential treatment. Even though last meeting witnessed such a momentous agreement, some loose remain which are expected to cause strong disagreements in Nairobi.

The issue that is expected to cause the most disputes is India's persistence on reaching a permanent solution for food security. The issue was at the center of the stage in Bali, with India demanding that it should be allowed to extend its food subsidy program indefinitely and the US fiercely opposing. The two countries decided to postpone reaching a permanent solution to save the agreement from collapsing. India looks set on reviving its demand in Nairobi, as evident by the statements of the Indian Prime Minister Narendra Modi at the Third India-Africa Forum Summit. India's position is likely to be supported by several African and other emerging and less developed countries, while opposed by the developing countries led by the US.

Another issue which is likely to cause tensions between the developed and less developed countries is the decision of whether to reaffirm the commitment to the Doha Development Agenda (DDA) or abandon it. Again, the US is leading a movement requesting to end the commitment to DDA, or at least limit ability of countries such as China and India from attaining differential treatment as a result of it. As expected, on the other side of the fray stands India, China and several other emerging and least developed countries. Other members are expected to propose new issues to be discussed at the Nairobi meeting. That is, the EU intends to propose discussing the topics of investment incentives and subsidies, SMEs and global value chains. The Nairobi meeting will prove to be a key milestone for the continuation of the WTO. Two scenarios are possible as follows; the first scenario is that members will be able to successfully negotiate and agree on the most heated topics, most importantly food security, to truly instill confidence in the WTO and its ability to achieve its objectives, the second scenario is that members will fail to agree, resulting in a collapse in the negotiations. This would take the WTO one step back, and cast serious doubt on its effectiveness and functionality.

Notifications by Egypt to WTO Secretariat on Trade Policies issues

- The initiation of the investigation against imports of the class welding wire originating in China & Turkey.
- Safeguard measures to be imposed on the Egyptian imports of car batteries and to notify the World Trade Organization.
- Draft Egyptian standards on food table salt, ketchup, tomato and saved taps products and which has already been deployed in the organization's website in October 15, 2015.
- The Egyptian requirements for the import of seed potatoes agricultural season 2015/2016 in accordance with the ministerial decision of 1485 to 2015 and which has already been published in the organization's website on October 23, 2015.
- Supplements notifications G / SPS / N / EGY / 62 and G / SPS / N / EGY / 63 to extend the comment period on the draft of the Egyptian own standard drinks non-alcoholic sweetened as well as the maximum limits for pollutants in food products, which have been deployed across the organization's website on October 26 2015 G / SPS / N / EGY / 62 / ADD.1 and G / SPS / N / EGY / 63 / ADD.1.

What you need to know about the Mercosur Agreement

- Currently, Mercosur is composed of five full members, five associated countries and two observer countries. The member states are Argentina, Brazil, Uruguay, Paraguay (All joined in 1991) and Venezuela (2012) . The Associate states are Chili, Bolivia, Peru, Colombia and Ecuador. The observers are New Zealand and Mexico.
- Egypt Signed a Free Trade Agreement with the Mercosur countries in Aug 2010. The Agreement was only ratified by Egypt in Jan 2013 and Brazil in Oct 2015, while the other members didn`t ratify it yet.
- The agreement consists of five chapters that regulate all issues related to trade liberalization between the two parties.
- The five chapters are as follows:
 - General Provisions.
 - Rules of Origin and detailed Rules of Origin.
 - Preferential Trade Remedies.
 - Dispute Settlement.
 - Final Provisions.
- The General Previsions include trade liberalization methodology between the two parties, and to emphasize the parties' commitment to the provisions of the World Trade Organization with regard to matters of national treatment, and general exceptions, and removal of quantitative restrictions and similar measures on exports exchanged between the parties and

imports, and technical barriers to trade, and procedures for sanitary and phytosanitary , procedures and anti-subsidy and dumping, and procedures for prevention, and the process of customs valuation.

- The tariff liberalization methodology between the two parties are divided into four lists to four lists that are gradually eliminated gradually within ten years, with the exception of a list of sensitive products that will gradually be eliminated and will be determined through future bilateral negotiations.
- The lists are as follows:
 - o Immediate elimination upon entry in to force.
 - o List two 25% annual tariff reduction upon entry in to force.
 - o List three 12.5% tariff reduction upon entry in to force.
 - o List four 10% tariff reduction upon entry in to force.
- The scope of the agreement covers cooperation for attracting investments and future liberalization of Trade in Services.
- The Rules of Origin Chapter consists of four sections; the first section is about the general provisions of the Rules of Origin, the second one covers the criteria of origin in which the two parties agreed on percentage of 45% value of foreign materials Ex-factory price in addition to detailed rules of origin. Paraguay asked for exceptional treatment to apply 55% value of foreign materials Ex-Factory price. Section two includes the proof of origin while section four is the about the procedures of verification of origin

- The Agreement will enter in to force after the ratification of all the member states of the Mercosur countries. (Uruguay announced that its close to finalize the ratification procedures).

Trade Dictionary

NON-TARIFF BARRIERS TO TRADE

Non-Tariff Barriers (NTBs) refer to restrictions that result from prohibitions, conditions, or specific market requirements that make importation or exportation of products difficult and/or costly. NTBs also include unjustified and/or improper application of Non-Tariff Measures (NTMs) such as sanitary and phytosanitary (SPS) measures and other technical barriers to Trade (TBT).

NTBs arise from different measures taken by governments and authorities in the form of government laws, regulations, policies, conditions, restrictions or specific requirements, and private sector business practices, or prohibitions that protect the domestic industries from foreign competition.

Examples of Non-Tariff Barriers

Non-Tariff Barriers to trade can arise from:

- Import bans
- General or product-specific quotas
- Complex/discriminatory Rules of Origin
- Quality conditions imposed by the importing country on the exporting countries
- Unjustified Sanitary and Phyto-sanitary conditions
- Unreasonable/unjustified packaging, labelling, product standards
- Complex regulatory environment
- Determination of eligibility of an exporting country by the importing country
- Determination of eligibility of an exporting establishment (firm, company) by the importing country.
- Additional trade documents like Certificate of Origin, Certificate of Authenticity etc.
- Occupational safety and health regulation
- Employment law
- Import licenses
- State subsidies, procurement, trading, state ownership
- Export subsidies
- Fixation of a minimum import price
- Product classification
- Quota shares
- Multiplicity and Controls of Foreign exchange market
- Inadequate infrastructure
- «Buy national» policy
- Over-valued currency
- Restrictive licenses
- Seasonal import regimes
- Corruption and/or lengthy customs procedures

Foreign Trade Statistics (Million USD)

| | 2010 | 2011 | 2012 | 2013 | 2014 | Jan-June 2015 |
|---------------------------------------|-------|-------|-------|-------|-------|---------------|
| Pan Arab Free Trade Agreement | | | | | | |
| Trade Balance | 2617 | 984 | -405 | 538 | -502 | -603 |
| Exports | 8.836 | 9.000 | 8.885 | 9313 | 9392 | 4201 |
| Imports | 6217 | 8016 | 9290 | 8775 | 9894 | 4804 |
| COMESA | | | | | | |
| Trade Balance | 1530 | 766 | 1570 | 1658 | 1292 | 601 |
| Exports | 2492 | 1672 | 2481 | 2385 | 1985 | 853 |
| Imports | 962 | 906 | 910 | 727 | 693 | 252 |
| Agadir | | | | | | |
| Trade Balance | 54 | 56 | 181 | 162 | 212 | 337 |
| Exports | 88 | 96 | 256 | 218 | 303 | 552 |
| Imports | 34 | 40 | 74 | 56 | 92 | 215 |
| Egypt-EU Association Agreement | | | | | | |
| Trade Balance | -8736 | -8460 | -1223 | -136 | -1430 | -7955 |
| Exports | 8358 | 9678 | 7832 | 8072 | 7886 | 3115 |
| Imports | 11070 | 22188 | 21231 | 20059 | 18141 | 17094 |
| EFTA | | | | | | |
| Trade Balance | -224 | -620 | -511 | -1285 | -1037 | -342 |
| Exports | 425 | 284 | 354 | 119 | 47 | 143 |

Foreign Trade Statistics (Million USD)

| | | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Imports | 648 | 904 | 865 | 1404 | 1084 | 485 |
| Egypt-Turkey FTA Agreement | | | | | | |
| Trade Balance | -851 | -1107 | 1823 | -885 | -1383 | -912 |
| Exports | 1033 | 1528 | 1558 | 1741 | 1449 | 608 |
| Imports | 1884 | 2635 | 3381 | 2626 | 2832 | 1520 |
| United States | | | | | | |
| Trade Balance | -3205 | -4652 | -3174 | -4024 | -4029 | -1752 |
| Exports | 1745 | 1819 | 2003 | 1179 | 1128 | 540 |
| Imports | 4950 | 6471 | 5177 | 5203 | 5157 | 2292 |
| Egypt and the World | | | | | | |
| Trade Balance | -24844 | -60652 | -39355 | -28549 | -44173 | -23447 |
| Exports | 28111 | 31567 | 29275 | 28717 | 26799 | 11221 |
| Imports | 52955 | 62219 | 68630 | 57266 | 70972 | 34668 |

Source: CAPMAS

FOCUS ON THE CHEMICALS SECTOR

Egyptian Chemical Exports to the World (Million USD)

| Chapter | 2014 | Jan-June 2015 |
|---------|---------|---------------|
| 30 | 352.08 | 127.85 |
| 33 | 468.77 | 227.97 |
| 28 | 418.66 | 138.18 |
| 29 | 291.05 | 17.40 |
| 31 | 744.25 | 147.03 |
| 32 | 143.81 | 67.96 |
| 34 | 224.65 | 100.64 |
| 35 | 64.92 | 26.53 |
| 38 | 418.48 | 150.76 |
| 39 | 1647.63 | 628.78 |
| 47 | 0.04 | 0.01 |
| 48 | 304.09 | 125.19 |
| 40 | 108.82 | 53.34 |

Source: CAPMAS



Egyptian Chemical Exports to COMESA (Million USD)

| Chapter | 2014 | Jan-June 2015 |
|---------|--------|---------------|
| 30 | 50.94 | 24.44 |
| 33 | 44.33 | 25.68 |
| 28 | 11.73 | 5.39 |
| 29 | 8.55 | 2.79 |
| 31 | 7.80 | 5.07 |
| 32 | 48.52 | 20.70 |
| 34 | 85.36 | 40.78 |
| 35 | 2.10 | 1.71 |
| 38 | 11.15 | 6.22 |
| 39 | 167.03 | 79.14 |
| 47 | 0 | 0 |
| 48 | 76.60 | 28.19 |
| 40 | 13.73 | 6.86 |

Source: CAPMAS



Egyptian Chemical Exports to PAFTA (Million USD)

| Chapter | 2014 | Jan-June 2015 |
|---------|--------|---------------|
| 30 | 207.50 | 78.48 |
| 33 | 302.83 | 145.36 |
| 28 | 48.56 | 19.96 |
| 29 | 11.07 | 4.83 |
| 31 | 33.38 | 14.18 |
| 32 | 90.32 | 44.14 |
| 34 | 121.99 | 60.87 |
| 35 | 15.49 | 7.41 |
| 38 | 84.53 | 41.13 |
| 39 | 450.61 | 201.57 |
| 47 | 0.01 | 0.01 |
| 48 | 153.61 | 73.19 |
| 40 | 32.54 | 16.75 |

Source: CAPMAS



Egyptian Chemical Exports to EU (Million USD)

| Chapter | 2014 | Jan-June 2015 |
|---------|--------|---------------|
| 30 | 60.33 | 24.86 |
| 33 | 29.65 | 11.31 |
| 28 | 184.80 | 61.11 |
| 29 | 207.73 | 4.53 |
| 31 | 595.36 | 89.80 |
| 32 | 2.97 | 1.66 |
| 34 | 4.52 | 1.40 |
| 35 | 14.25 | 2.72 |
| 38 | 161.45 | 43.44 |
| 39 | 648.30 | 234.62 |
| 47 | 0.02 | 0 |
| 48 | 50.46 | 15.67 |
| 40 | 25.89 | 12.06 |

Source: CAPMAS



Egyptian Chemical Exports to EFTA states (Million USD)

| Chapter | 2014 | Jan-June 2015 |
|---------|------|---------------|
| 30 | 2.86 | 0.24 |
| 33 | 1.72 | 0.69 |
| 28 | 0.05 | 0.01 |
| 29 | 0 | 0 |
| 31 | 0 | 0 |
| 32 | 0 | 0 |
| 34 | 0.31 | 0 |
| 35 | 0 | 0 |
| 38 | 2.10 | 0.32 |
| 39 | 1.46 | 0.71 |
| 47 | 0 | 0 |
| 48 | 0 | 0 |
| 40 | 0.14 | 0.23 |

Source: CAPMAS



Egyptian Chemical Exports to Turkey (Million USD)

| Chapter | 2014 | Jan-June 2015 |
|---------|--------|---------------|
| 30 | 13.82 | 5.33 |
| 33 | 2.91 | 1.57 |
| 28 | 116.26 | 38.38 |
| 29 | 53.51 | 4.76 |
| 31 | 18.65 | 8.33 |
| 32 | 1.08 | 0.74 |
| 34 | 15.88 | 5.14 |
| 35 | 26.68 | 12.87 |
| 38 | 155.80 | 45.58 |
| 39 | 349.90 | 112.90 |
| 47 | 0 | 0 |
| 48 | 3.72 | 0.94 |
| 40 | 15.30 | 11.90 |

Source: CAPMAS



Egyptian Chemical Exports to Agadir states (Million USD)

| Chapter | 2014 | Jan-June 2015 |
|---------|-------|---------------|
| 30 | 5.13 | 2.01 |
| 33 | 48.51 | 27.20 |
| 28 | 15.67 | 3.82 |
| 29 | 1.36 | 0.94 |
| 31 | 17.08 | 5.29 |
| 32 | 7.57 | 3.03 |
| 34 | 25.71 | 10.62 |
| 35 | 0.85 | 0.40 |
| 38 | 19.96 | 5.04 |
| 39 | 65.52 | 26.75 |
| 47 | 0 | 0 |
| 48 | 27.39 | 11.09 |
| 40 | 7.75 | 4.19 |

Source: CAPMAS

THANKS