

Voluntary Report – Voluntary - Public Distribution

Date: January 17, 2023

Report Number: EG2023-0002

Report Name: Egypt Extends the Implementation of Halal Certification on Milk and Dairy Product until April 1 2023

Country: Egypt

Post: Cairo

Report Category: Agricultural Situation, Dairy and Products, Special Certification - Organic/Kosher/Halal

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Report Highlights:

Egypt has notified new halal requirements and procedures for food products to the World Trade Organization (WTO) via a Technical Barriers to Trade (TBT) addendum notification. The notification postpones the halal certification requirement on milk and dairy products until April 1, 2023.

On December 20, 2022, the Government of Egypt issued a fourth WTO/TBT addendum (Annex 1), notifying an extension of their implantation of the halal certificate requirements for dairy and dairy products. The extension is granted for milk and dairy products until April 1, 2023.

BACKGROUND INFORMATION

This WTO/TBT notification comes after four communications from the Egyptian General Organization for Veterinary Services (GOVS), one notification and three addenda. The previous notification was issued in August 2022 ([GAIN EG2022-0021 Egypt Notifies New Halal Requirements and Procedures for Food Products](#)). Additionally, the previous notifications referred to a revised standard that was never officially published. While the last notification specified Harmonization System (H.S.) codes, there is still a lack of clarity on the range of products that would be covered, as the unpublished standard does not specify H.S. codes.

EGYPT IS FACING ECONOMIC CHALLENGES

Egypt, among other countries, was affected by the Russian war in Ukraine and the consequences of the COVID-19 period. As a result, the Egyptian Government struggled in 2022 to rein in inflation caused by rising food and energy prices.

In October 2022, Egypt decided to devalue the Egyptian pound sharply. The pound's core inflation rate reached almost 22 percent by the end of 2022, losing 57 percent of its value. The floating of the Egyptian pound and the removal of subsidies (most notably fuel subsidies) put upward pressure on prices across the food sector. Table 1 compares year-over-year official inflation rates during November 2022 (the latest available official data) and November 2021.

Table 1: Inflation Rates – Year over Year (November 2021 and 2022)

	Headline CPI	Core CPI	Regulated Items	Fruits & Veg
November 2021	5.556%	5.790%	7.796	-6.500%
November 2022	18.724%	21.528 %	10.639%	17.838%

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Nonetheless, Egypt is suffering from a lack of foreign exchange/U.S. dollars, which has put pressure on the Egyptian pound and has significantly slowed imports, on which Egypt is heavily dependent.

THE COST OF DOING BUSINESS

Importers and exporters of U.S. food and agricultural products to Egypt lament the high cost of shipping products to Egypt. Importers report extended port delays, which cause demurrage and storage fees chiefly due to the shortage of foreign exchange to complete transactions. As a result, supplies are low, putting upward pressure on prices.

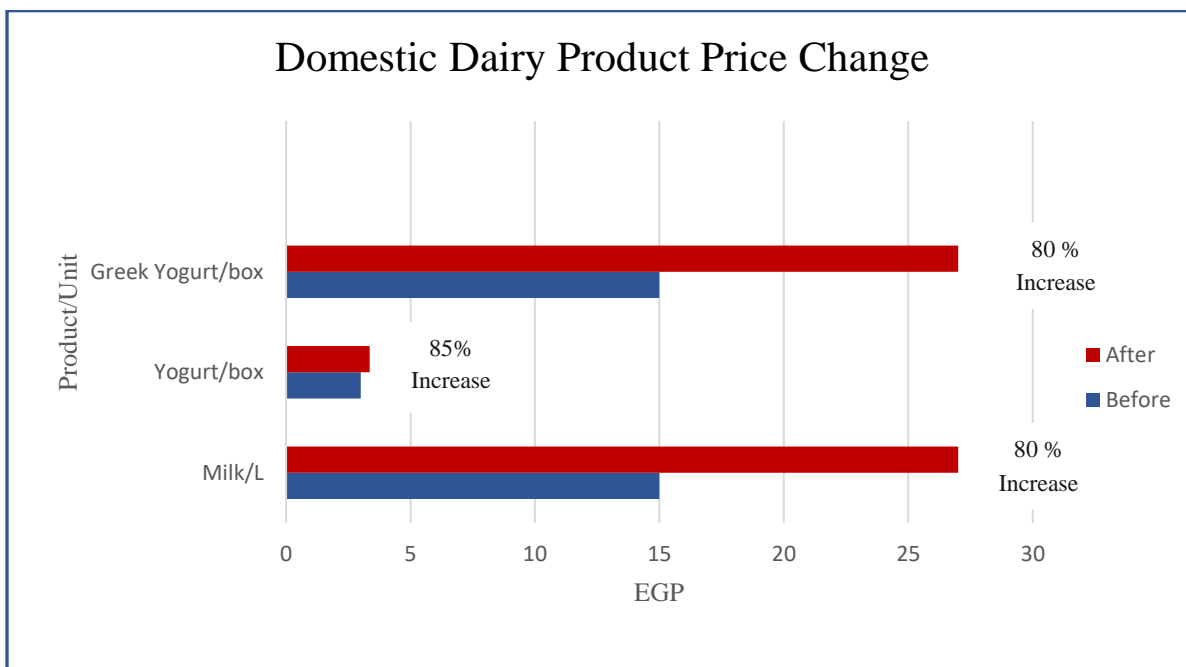
In addition to the fees related to the application of the halal certification scheme for dairy products, post reports additional price pressure coming from the general uncertainty of product coverage and the lack of clarity around the scheme's implementation. Industry representatives report that the certification service fees will be very high and, when applied, will add to the overall costs of exporting to Egypt.

EGYPTIAN RETAIL PRICES FOR DAIRY PRODUCTS

Domestic Dairy Products Retail Prices

Milk and dairy product prices have risen significantly over the last six months, increasing by 80 percent or higher. Figure 1 demonstrates the price increase in domestic products, including Greek yogurt, yogurt, and milk, before and after the economic challenges in Egypt.

Figure 1: Prices Changes in Domestic Dairy Products



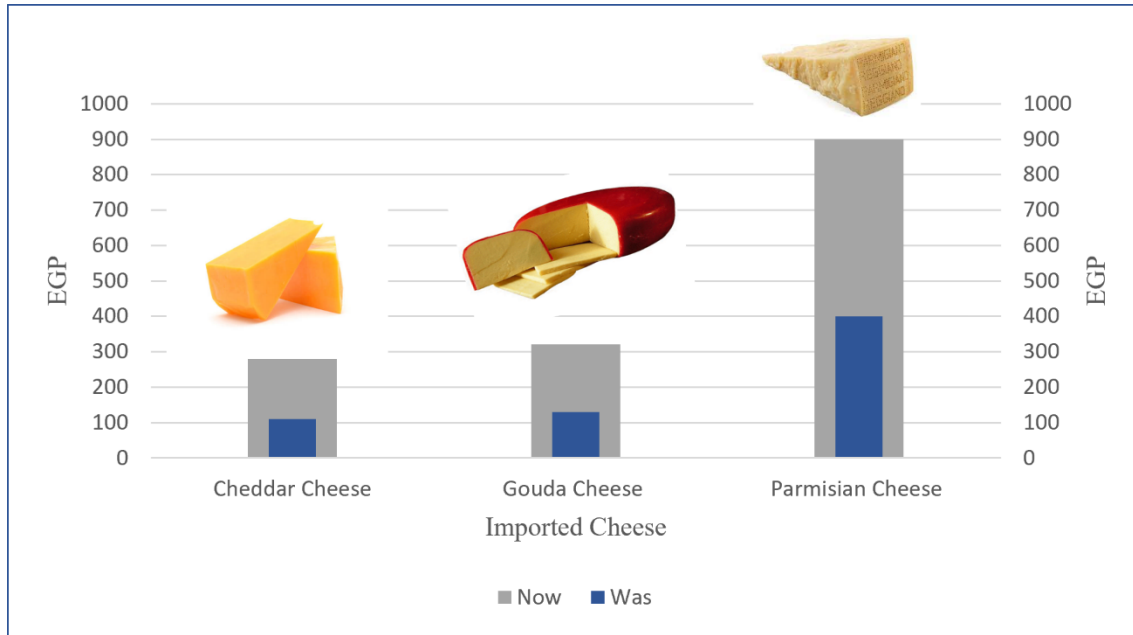
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**Note: Before February/March and After - represents the current prices*

Imported Dairy Products Retail Prices

Prices of imported products have surged. Figure 2 compares prices from February/March 2022 and now.

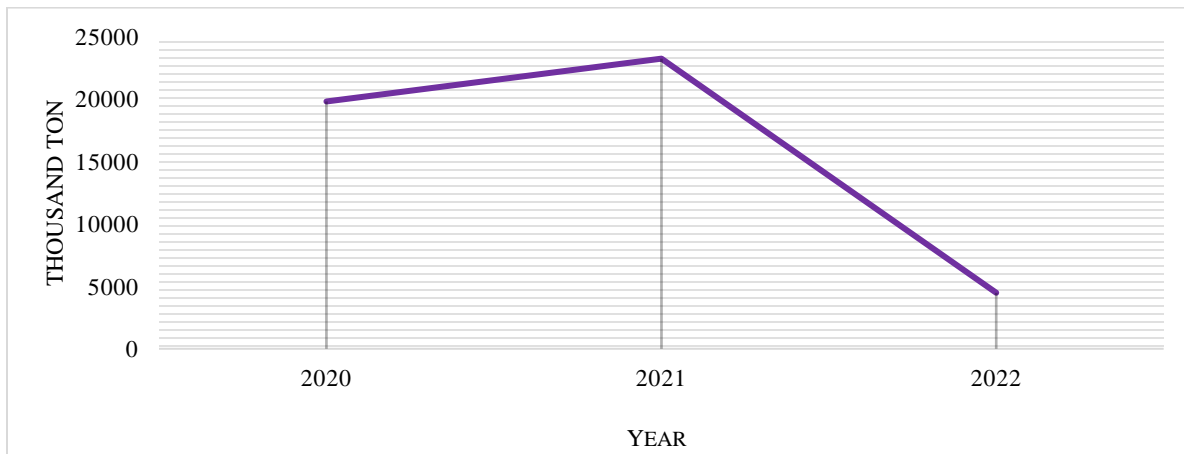
Figure 2: Imported Cheese Price Change



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Imported milk powder is one of the products affected. Importers report a 275 percent price increase from EGP 40,000 (\$1,500) to EGP 150,000 (\$5,700) per ton. It is worth noting that milk powder is considered an industrial input material used in a wide range of dairy products. Figure 3 shows the US exports of milk powder to Egypt in the last three years.

Figure 3: Egypt Imports of US Milk Powder 2020 – 2022



FAS Cairo research - Global Agriculture Trade System (GATS/ USDA)

20 December 2022

(22-9552)

Page: 1/1

Committee on Technical Barriers to Trade

Original: English

NOTIFICATION*Addendum*

The following communication, dated 20 December 2022, is being circulated at the request of the delegation of Egypt.

Title: Requirements for the importation of meat, poultry and their products, milk and dairy products applied by the General Organization for Veterinary services (GOVS) at the Ministry of Agriculture and Land Reclamation (MoALR).

Reason for Addendum:	
<input type="checkbox"/>	Comment period changed - date:
<input type="checkbox"/>	Notified measure adopted - date:
<input type="checkbox"/>	Notified measure published - date:
<input checked="" type="checkbox"/>	Notified measure enters into force - date: 1 April 2023
<input type="checkbox"/>	Text of final measure available from ¹ :
<input type="checkbox"/>	Notified measure withdrawn or revoked - date: Relevant symbol if measure re-notified:
<input type="checkbox"/>	Content or scope of notified measure changed and text available from ¹ : New deadline for comments (if applicable):
<input type="checkbox"/>	Interpretive guidance issued and text available from ¹ :
<input type="checkbox"/>	Other:

Description: Products covered: Milk and Dairy Products.

This addendum concerns the extension of the time period during which imports of milk and dairy products that are not accompanied by a Halal certificate are allowed to enter into Egypt. The time period has been extended till March 31, 2023 (date of arrival at Egyptian ports) as a trade facilitating measure.

Agency or authority designated to handle comments and text available from: National Enquiry Point

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¹ This information can be provided by including a website address, a pdf attachment, or other information on where the text of the final/modified measure and/or interpretive guidance can be obtained.

Attachments:

No Attachments.