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Trade Policy Monitoring

Trade Policy Monitoring

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Report Highlights:
Egyptian tariff and non-tariff barriers adversely impact bilateral trade. While Egypt is a key U.S. agricultural export market and a major purchaser of U.S. wheat and corn, certain imports, such as poultry parts, are banned, and others, including beef, apples, and pears are subject to sanitary and phytosanitary measures that are non-transparent and burdensome. Food imports are sometimes subject to quality standards that appear to lack technical and scientific justification and exports may have to comply with burdensome labeling and packaging requirements.

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Section I. Executive Summary

Tariff and non-tariff barriers in Egypt continue to pose challenges to the importation of a number of U.S. agricultural products. In 2004, the Egyptian government issued a new tariff rate decree to reduce customs on many products; however, tariffs on some products are still elevated. For example, import duties on most consumer-ready product imports are 32 percent. Tariffs on some fruits, such as apples and pears, are 40 percent. The tariff rate on cigarettes, beer, wine, and other alcoholic drinks continues to be very high.

In addition, Egypt continues to maintain stringent product standard requirements such as shelf life and labeling requirements and cumbersome customs procedures. These requirements often stifle trade and cause long delays at customs.

Section II. AGREEMENT COMPLIANCE

WORLD TRADE ORGANIZATION

Market Access

Over the past decade, the GOE has gradually implemented a number of import policies to promote greater trade liberalization. The list of goods requiring prior approval before importation was eliminated in 1993. Egypt became a member of the World Trade Organization (WTO) in 1995, and revamped its tariff regime in 2004 as agreed in its accession agreement. Though the GOE has taken positive steps, there are significant problems that remain and add to the cost of doing business in Egypt. The GOE must continue efforts to reduce red tape, reform its cumbersome bureaucracy, and eliminate unreasonable and excessive import standards.

Trade

Tariff barriers

In September 2004 the GOE announced a new tariff structure. The government reduced the maximum tariff rate for most imports from a high of 50 percent to 40 percent. In keeping with most of its Uruguay Round commitments, over 98 percent of Egypt's tariffs are bound tariffs. Egypt's average weighted tariff rate was 27.5 percent, which was relatively high when compared to other developing countries with large internal markets and diversified industrial economies. The government removed GATT-inconsistent service fees and import surcharges, reduced the number of ad-valorem tariff rates from 27.5 percent to 6 percent, dismantled tariff inconsistencies, including sharp escalation and reverse progression on tariff rates, and rationalized sub-headings above the six-digit level of the Harmonized System (HS). The new tariff structure includes six tariff rates, pegged to the degree of processing, that range between 2 percent on raw materials and primary feeding products and 40 percent on durable consumer goods. A number of exceptions still exist, including duties on imported alcoholic beverages.

In addition to tariffs, the GOE levied service fees on the value of imported shipments in exchange for inspection, listing, classification and reexamination of shipments. An inspection fee of one percent was levied on all imports. The GOE also applied an additional surcharge of two percent on goods subject to import duties of 5 percent to 29 percent and a surcharge of 3 percent on goods subject to duties of 30 percent or more. The government eliminated services fees and import surcharges ranging from 1 percent to 4 percent, which were considered GATT-inconsistent non-tariff barriers to trade. All goods are now subject to a 10 percent sales tax. The government of Egypt replaced its 10-digit structure with less than six thousand tariff lines. This change should reduce disputes over product classification for customs purposes. In addition, the GOE eliminated export duties on 25 products that were in short supply on the domestic market.

Non-Tariff Barriers

Sanitary & Phytosanitary Measures

Egypt is a key U.S. agricultural export market and is a major purchaser of U.S. wheat and corn. Trade in agricultural products could be expanded, however, through the elimination of tariff and non-tariff barriers. Shelf life standards required by the government are rigid and do not recognize quality, safety, and technological differences between producers. Many practices such as foodstuffs entering Egypt must have 50 percent or more of their shelf life remaining. Such shelf-life requirements and standards can have the effect of blocking U.S. exports, such as processed cheese products.

The GOE frequently resorts to sanitary and phytosanitary (SPS) measures restricting imports of agricultural products and live animals. U.S. exporters report that Egypt's application of sanitary and phytosanitary measures to some products such apples and pears are non-transparent and burdensome. Following are the restrictions imposed on the importation of cattle, poultry meat, and frozen beef:

a) Cattle

During 2004, no beef or dairy cattle were imported from United States due to high prices and quarantine requirement on cattle imports. Egyptian dairy farmers continue to favor U.S. dairy cattle for their higher milk production (27 Kg/day in their first lactation) compared with 16 Kg/day for other cattle from other sources**.**

In June 2001, Egypt lifted its ban on US dairy cattle imports following extensive negotiations between USDA and the General Organization for Veterinary Services. However, the veterinary authorities imposed a 90-day quarantine requirement on cattle imports from the U.S. because of EBL concerns. In addition to EBL, the stagnation of production is a direct result of the BSE import ban, which was imposed on cattle imports from all European countries except Bulgaria and Romania due to the existence of BSE.

b) Poultry Meat

In February 2006, the Egyptian government announced the presence of avian influenza (AI). Poultry meat consumption has fallen 40 percent, and egg consumption is down 30 percent. The United States does not export poultry or eggs to Egypt; however, decreased consumption threatens U.S. exports of corn, soybeans, and poultry meal, including feather meal used in poultry diets. It is expected that there will be a drop in grains imports of 25 percent. The Egyptian government may facilitate the importation of frozen poultry if the problem persists.

In September 2004, the Egyptian government reduced tariffs on imported poultry to 32 percent from 80 percent. The tariff applies to all categories of poultry: fresh, refrigerated, chilled, or frozen, and whether they are whole slaughtered birds or poultry parts. The tariff on live poultry is 5 percent.

Though the tariff rate has been reduced, U.S. exports are not expected to increase due to concerns over halal slaughtering practices. Egyptian officials claim that slaughter must be done by a hand held knife and without stunning the birds before slaughter. However, Egypt does not seem to be applying the same rigorous standard to beef that it seeks to apply to chickens, and it appears that the chicken restriction may be motivated more by protectionism than by religion.

c) Frozen beef

Egyptian imports of frozen beef in 2005 have increased. Such imports are expected to continue in 2006. The increase was due to the ban on imports of live cattle from certain countries, the stability of the Egyptian pound throughout most of the year, which encouraged the imports of frozen beef. Brazil and Argentina continue to be the major suppliers of imported frozen beef to Egypt, while briskets are imported from the European Union.

In March 2005, the government of Egypt removed its ban on imports of beef and beef products from the United States. This ban had been in place since December 2003, when a single case of BSE was discovered in the United States. The Egyptian Ministry of Agriculture is now issuing import licenses for U.S. beef and beef products that meet certain conditions related to the importation of chilled or frozen deboned beef and beef livers, kidneys, and hearts from the United States. In addition, the GOE eliminated its restriction on the import of frozen beef cuts with a fat content of more than seven percent. The restriction had been in place since 1995 as a health protection measure although this requirement was not applied to local producers.

In 2003, after intensive bilateral discussions with the GOE through the U.S.-Egypt Trade and Investment Framework Agreement (TIFA) and follow-up activities by post with the Egyptian Office for Standards, the government conducted a comprehensive review of its product standards regulations for food products. The objective of this review was to isolate and declare food product standards that are based on non-food safety concerns as “voluntary” standards. The GOE has completed its review and published a list of new standards.

d) Product Specification

Egypt maintains restrictions on the importation of health food products such as dietary goods. For example, import permits are not issued for such products that compete with local products.

Food imports face a number of burdensome labeling and packaging requirements. Poultry and meat products must be shipped directly from the country of origin to Egypt and sealed in packaging with details in Arabic both inside and outside the package. This requirement raises processing costs and discourages some exporters from competing in the Egyptian market.

Labeling Requirements

In February 2006, the Minister of Foreign Trade and Industry issued a decree No 120 stating that imported frozen meats must be packed in sealed bags according to sanitary standards. A printed label must be inserted inside the poly bag with the following data in the Arabic language:

a) Country of origin
b) Producer’s name
c) Name of the slaughterhouse
d) Date of slaughter
e) Importer’s name and address
f) Name of entity that supervised the slaughtering process according to Islamic rules. The Egyptian Commercial office at the country of origin must approve the entity.

Egypt requires restrictive labeling for imports of food products. With the exception of the production and expiration dates, information only in English (or other foreign language) is not allowed. Dates are accepted in English, but the word "Production" and "Expiry" must be written in Arabic. Arabic language is mandatory. Labels can be printed on the package or be of a permanent adhesive type. Products cannot show more than one date of manufacture or expiration on the package. For example, goods have been rejected if the inside package has a dfferent date than the outside carton. Information on the label cannot be erased, scratched, or altered in any way. Requirements are more restrictive for meat and poultry products.

Egypt has mandatory standards for a number of quality characteristics, moving beyond restrictions imposed for health and safety reasons. Many of these quality characteristics should be voluntary industry standards rather than mandatory government standards. These standards such as brix on fruit juice are unnecessary and their existence, coupled with arbitrary enforcement, lends credence to Egypt's reputation as one of the most difficult countries in the world in which to do business. This excessive regulation is unfair to trading partners, raises costs to Egyptian consumers, and discourages investment in Egypt.

The Ministry of Health issued decree 73 of 2001 regarding colors admissible for use on packaging materials. It is mandatory that colors used on internal and external packaging must not be harmful to human health. In addition, external-packaging colors should be fixed (not to be removed).

Shelf-Life

Egyptian shelf-life requirements for food products differ in many respects from the standards used by other countries. "Best-Used-By" dates are not acceptable in Egypt. Any product that exceeds its established shelf-life is not considered fit for human consumption. Frozen meat, which could easily be kept for a year, is permitted only seven months of shelf life from the date of manufacture. Product must arrive at the port of entry with at least 50 percent of its established shelf life remaining; otherwise the consignment will be rejected.

The shelf life of a product is calculated from the date of production until the date of completion of all customs procedures and import certification at the Egyptian port of entry.

In January 2006, EOS proposed new shelf life regulations to substitute the Egyptian standard No. 2613-1/2002. The standard is concerned with the general requirements that should be taken into consideration in respect of expiry data of processed food products intended for direct consumption and the period remaining in the shelf life at the time of arrival at Egyptian ports. Post has sent the draft to USDA and received comments and questions, which were forwarded to EOS authorities.

Product Standards

The Egyptian Organization for Standardization and Quality Control (EOS) in the Ministry of Industry and Trade has sole responsibility for establishing, adopting and publishing food standards and codes of practice. Interministerial committees may develop new standards adopted by EOS. It is up to the Ministry of Health and Ministry of Industry and Trade to apply the standards. However verification of compliance is the responsibility of agencies affiliated with various ministries, including the Ministry of Health, the Ministry of Agriculture and, for imported goods, GOEIC in the Ministry of Foreign Trade and Industry.

Egypt has increased efforts to bring mandatory regulations into conformity with international standards. Ministerial decree number 180/1996 allows importers to choose a relevant standard among seven international systems including:

- ISO
- European (EN)
- American (ANS)
- Japanese (JIS)
- British
- German
- Codex standards

Product testing procedures are not uniform or transparent, and inadequately staffed and poorly equipped laboratories often yield faulty test results and lengthy delays. Procedures seem to be particularly cumbersome for the products falling under the purview of the Ministry of Health.

Egyptian standards are reviewed periodically, usually once every five years, to ensure their relevance to current requirements. In December 2004, Egypt embarked on a program to ensure that all its standards comply with international standards. The EOS completed the examination of all 387 mandatory standards and 2,000 of the voluntary standards in 2005. It begins reviewing the remaining 1,000 voluntary standards at the beginning of 2006.

Egyptian authorities are stricter in enforcing product standards on imported food products than on locally produced food products. The border officials determine if there are any Egyptian or international standards that apply to the imported product. If there is no Egyptian or international product standard, the Ministry of Health withdraws a sample and checks it against the certificate of analysis, while GOEIC examines the product's visual appearance.

The Minister of Foreign Trade and Industry issued a decree # 130 in February 2005 concerning compliance with technical standards in the production of food commodities. It states that producers and importers of food commodities must comply with the following provisions related to the technical standards of food commodities:

a) Microbiological limits, pathogenic agents and parasites and their toxic secretion, and limits of heavy metals, pesticides, medical drugs and irradiation.
b) Label information

Testing:

Egypt's testing requirements improved with the issuance in October 2005 of new import/export regulations with more transparent and liberalized rules designed to facilitate trade. The new regulations reduced the number of imported goods subject to inspection by GOEIC. They also permitted importers to rely on conformity from internationally accredited Labaratory inside or outside of Egypt for those goods still subject to inspection by GOEIC. Although the inspection regime has been liberalized, the new regulations are not applied consistently or uniformly. Product testing procedures are not uniform or transparent; laboratories are inadequately staffed and poorly equipped. This situation often yields faulty test results. The USDA/USAID- sponsored laboratory in Dekhila port near Alexandria is now operational. It is a state-of-the art facility with international accreditation. The privately run port of Ain El-Sukhna also will soon have a qualified laboratory on its premises

Certification

A number of certificates are required for all imported food products. However, with Decree 106 of 2000, only one set of certificates will be presented to the General Organization for Export and Import Control (GOEIC) / Ministry of Trade and Foreign Economy. Also, since inspection is now centralized in GOEIC, a committee is formed with representatives from the Ministry of Agriculture, Health, and GOEIC to inspect the product. Each authority issues their results to GOEIC. If any authority rejects the product, GOEIC, in turn, will also reject the product. Centralizing the inspection with GOEIC resulted in reducing the number and quantity of samples taken.

Certificates of origin, (or invoices stating origin), must be countersigned by the Chamber of Commerce and notarized by the Egyptian Embassy or Consulate in the country of origin, or any other Arab consulate if there is no Egyptian Embassy or Consulate in the country of origin. The certification requirements for imported food products differ according to the product. For example, special veterinary certificates are required for meat, poultry, fish and dairy products.

Domestic Support

Egyptian subsidies on agricultural production are modest and well below levels allowed under its WTO commitments; thus Egypt has no requirement to reduce any of its subsidies. The government still maintains price controls on a number of agricultural commodities including cotton, wheat and sugar cane.

Cotton

The Egyptian government continues to provide some assistance to cotton farmers to help with the cost of production such as land preparation, pesticide and planting seed. For the 2005/06 cotton crop, the government announced a new subsidy program to help cotton traders minimize their losses due to a drop in world prices. The government approved a subsidy of LE 100 per kentar for local mills to purchase the affected varieties at the prevailing price.

In August 2004 the Ministry of Agriculture removed restrictions on exporting cotton. The Minister of Foreign Trade and Industry then announced that all types of cotton will be available for exporting in the 2004/2005 season, and that the government will not interfere in cotton pricing.

Wheat

The government has increased the procurement price for local wheat to LE 1,375/MT (or $237)/MT for the 2005/06 wheat crop up from Le 1,208 /MT ($208/MT) in 2004/05. This price is higher the current Russian and Ukrainian wheat prices ($140/MT C&F or LE 820/MT)

Sugar cane

The government's current pricing policy encourages farmers to continue growing cane. For MY 2004, the government increased the price for sugar cane delivered to Sugar and Integrated Industries Company "SIIC" to LE 160 per MT from LE 130 per MT in the previous year. Farmers receive 60 percent of funds when they deliver their cane to the mill, and the remaining 40 percent is paid out to them at the end of the season. Accordingly, growing sugar cane represents the most lucrative farming option for farmers in Upper Egypt.

The current government policy is also promoting the expansion of sugar beet production, which is suitable for cultivation on newly reclaimed land. The price of beet sugar depends on various factors such as sugar content, delivery time, etc. For sugar beet in MY 2004/05, the delivery price was set by the sugar beet companies at LE 120 per MT for sugar beet that had 16 percent sugar content. Farmers are paid a premium of as much as LE 15-75/ton for early delivery (during the first 10 days of the season).

B) OTHER TRADE AGREEMENTS

1) Trade Agreements With the U.S.

a- Free trade Agreement (FTA)

At present, Egypt does not have an FTA with the United States. The GOE has expressed its strong desire to enter into negotiations to establish an FTA between the two countries and a number of discussions have been held on policy changes required prior to implementation of an FTA.

b- Qualified Industrial Zone (QIZ)

Egypt, the United States and Israel signed the Qualified Industrial Zone (QIZ) trade agreement. This agreement will allow factories in three geographical zones to export their production, including textile products, to the U.S. market duty free. Three qualified industrial zones have been selected by the Egyptian government and approved by the U.S. government. The selected zones are Greater Cairo, Alexandria, and Port Said. The agreement stated that 35 percent of any product must be produced in one of the QIZs in order to gain duty free status. Egypt and Israel have agreed that at least 11.7 percent of the 35 percent requirement will come from each country.

c- Trade and Investment Framework Agreement (TIFA)

In July 1999 Egypt and the U.S. signed a Trade and Investment Framework Agreement (TIFA). The TIFA provides a mechanism for facilitating the concrete measures needed to continue moving the two countries to freer trade. The agreement enhances the bilateral economic relationship between the two countries and seeks to encourage and facilitate private sector contracts between them. The agreement consists of seven articles. The TIFA established a Council on Trade and Investment composed of representatives of both governments, and chaired by U.S. officials and Egypt’s Ministry of Economic and Foreign Trade. The Council meets regularly to discuss specific trade and investment matters, providing a valuable mechanism for promptly addressing these and other issues that may arise between the United States and Egypt.

2) Trade Agreements With Arab Countries

The total foreign trade between Arab countries is about $30 billion, however 70 percent of this trade is for oil. Intra-Arab trade ranged between 7-9 percent of their trade during the last five years. In February 1997, the Arab League launched a free trade program, known as the Greater Arab Free Trade Area or GAFTA, in which member states were asked to come up with specific commitments regarding elimination of tariffs, non-tariff measures and rules of origin.

The members agreed to bind their tariff schedules as of December 31, 1997. By September 1999, 14 countries had applied tariff reduction schemes and fulfilled the tariff commitments. For the rest of the members who did not ratify the agreement, the bound tariffs will be applied at the time they notify the Arab League of their endorsement of the program. Tariff reduction among the member countries reached 70 percent in 2003. Members have committed to establish a free trade area union in a three-year period starting in 2007, after the total abolishment of tariffs between them.

The program calls for tariff reductions over a ten-year period at a rate of 10 percent per year, meaning that tariffs would be reduced to zero by 2007, but the 17 Arab participating countries agreed to accelerate the process of eliminating the tariffs and decided to abolish it completely in January 2005. Although this agreement eliminated tariff barriers, it still requires a certificate of origin in order to clear customs. The certificate requires that 40 percent of the products traded between the participating countries originate from the exporting country in order to avoid the exports of non-participating countries in the trading process.

Each GAFTA country is allowed to submit ten produce items for exemption for a period of no more than 45 months. So far, 10 GAFTA countries have submitted a list of 30 fruits and vegetables. Although the program calls for a reduction of non-tariff barriers, at this point the GAFTA countries have not tackled this issue. A committee on non-tariff barriers has agreed on a list of goods that should be prohibited for religious, health, environment, and national security reasons, and the list is to be reviewed on a yearly basis.

The program calls for the application of international rules regarding subsidies, countervailing measures, safeguards, and antidumping measures. This should be possible under WTO agreements. However, the program does not explicitly refer to the WTO agreements since not all GAFTA members are in the WTO (Syria, Saudi Arabia, and Lebanon). The GAFTA program calls for tariff reduction, however the tariff structure among the members is uneven. Low tariff countries, namely the Gulf countries (Bahrain, Kuwait, Qatar, Oman, Saudi Arabia, and UAE) have simple average tariffs of four to twelve percent, while countries such as Egypt, Jordan, Morocco, Syria, and Tunisia have tariffs of 40 to 100 percent.

The tariff reduction could have significant impact on trade creation, but it has a serious shortcoming due to the exclusion of certain industrial and agricultural products. The exclusion of certain agricultural products during the harvest seasons for the full transition period of ten years would also substantially limit the trade creation effect.

The use of quotas has been declining in GAFTA countries partly as a result of unilateral trade reforms implemented by countries such as Morocco, Tunisia, Egypt, and Jordan. In these countries, non-tariff barriers take the form of import licensing for safety and health standards. The level of restriction decreases sharply for commodities that originate from and are produced within the GAFTA member countries.

At present there are at least 27 free zones in operation or under construction in the Arab countries. Egypt has seven with another in the planning stages. While Jordan has five free zones areas, Yemen had one of the oldest free zones in the region and now plans to develop another zone in Aden. Morocco and Djibouti each have one and Tunisia has two. Syria has six, UAE has one and Lebanon has two. New zones are under way in Beirut, Qatar, Bahrain, Kuwait and Sudan.

Following is a list of free and preferential trade agreements between Egypt and the Arab countries:

1) Tariff and Trade Agreement between Egypt and Libya (signed on December 3, 1990).
2) Trade Agreement between Egypt and Syria (signed in July 19, 1991).
3) Free Trade Agreement between Egypt and Tunisia (signed on March 5, 1998).
4) Free Trade Agreement between Egypt and Morocco (signed on May 27, 1998).
5) The executive program to support trade between Egypt and Lebanon (signed on Jan. 1, 1999).
6) The executive program to support trade between Egypt and Jordan (signed on Dec. 10, 1998).
7) The executive protocol to establish free trade area between Egypt and Iraq (signed On Jan 18, 2001).

3) Egyptian-European Partnership Agreement

The European Union is Egypt's largest trading partner, receiving approximately 40 percent of Egypt's total exports and 34 percent of imports in the last five years. Total EU exports to Egypt in 2003 exceeded 6 billion euros, in which 9 percent were agricultural products, 15 percent were textiles and clothing, and 38 percent were energy and mineral fuels. Egyptian exports were about 3 billion euros, of which 10 percent were agricultural products, 21 percent were power-generating machinery, 18 percent were chemicals, and 11 percent for transport equipment.

The agreement entered into force officially in June 2004. According to the agreement, a free trade area will be established during a 12-year transitional period, from the date the agreement enters into force. However, such free trade area has not been established or negotiated yet. During the third year both parties will decide upon the procedures (to be implemented on the following year) to further liberalize trade in agricultural products, maritime products and processed agricultural products. The agreement calls for better access for agricultural and processed agricultural products. By 2006, the EU and Egypt will re-open talks with the goal of establishing a greater liberalization of their trade in agricultural, fisheries and processed agricultural products.

The agreement permits Egypt to take certain exceptional measures for specific periods during the transitional stage, if and when certain domestic industries face a threat as a result of liberalization of imports of similar goods from the EU. The agreement includes implementation of WTO and GATT regulations against anti-dumping, subsidy and safeguard measures. The agreement allows each party to enjoy Most Favorite Nation (MFN) treatment from the other party in trading services.

While manufactured goods traded between the two countries are exempt from tariffs, agricultural goods and agricultural processed goods are not exempt but are treated according to the rules stipulated in the agreement, which defines certain quotas for specific goods with tariff privileges and certain market windows for exportation.

Fresh products listed in the agreement with Egyptian origin may be imported into the EU according to the following conditions:

a) For some products, tariffs are either eliminated or reduced.
b) For products, where the EU tariff system stipulated a value-based fee and a specific fee, reductions listed in the agreement shall only apply to the value-based fee.
c) For specific products, tariff will be eliminated within the quota specified. Beyond the set quotas for quantities, either full tariffs are applied or a tariff reduction is implemented.
d) Certain Products are subject to a 3-percent annual increase on tariffs listed for these products based o the volume of the preceding year.

The following table shows examples of quotas, windows and tariff duty within and outside the quota limits:

Product	**Window**	**Quota Tariff**	**Tariff quota 2004**	**Duty reduction beyond quota**
Onions	Feb. 1-June 15	0	15,000	60%
Potatoes	Jan 1-March 31	0	130,000 1st year 190,000 2nd year 250,000 3rd year and after	60%
Oranges	Dec 1-may 31	0	1st year: 50,000 2nd year: 55,000 3rd year: 60,000	60%
Tomatoes	Nov. 1- March 31	100%	Free quota	100%
Rice	No restriction	25% reduction	32,000	0
Fruit and vegetables juices	No restriction	0	1,000	0
Sweet potatoes	No restriction	0	Free quota	0

The agreement eliminates the customs duty on some Egyptian processed agricultural products such as:

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

For the European agricultural exports to Egypt, there will be a reduction of customs duties (between 25 percent to 100 percent) for a list of products, in some cases within the limit of a quota. There will also be gradual tariff reduction for processed agricultural products. Following are examples of EU agricultural exports to Egypt:

Product	**Within quota Duty Reduction**	**Tariff quota (tons)**
Milk powder	100%	Free quota
Cream	25%	500
Cheese and curd	50%	2,000
Apples (from Jan 1 to Feb 29)	25%	500
Cherries	25%	500
Soy beans	100%	Free quota

The EU does not consider frozen fruits and vegetables as processed products, but deals with them as fresh products for the purpose of customs duties and quota purposes. The EU also considers dried fruits and vegetables as fresh products. The industrial component of the agricultural processed food is entitled to full exemption of customs duties.

There are three food-processing lists:

a) Products exempted from duties starting October 1, 2006. Examples for EU processed agricultural products exports to Egypt are: natural sponges, coca paste and preparations for infant use. This is not a new list, and the products included in this list were also listed in the old agreement of 1977.
b) The second list includes a reduction in customs from 5 percent in the first year to 15 percent final reduction starts from Jan 1, 2006 to October 1, 2008. Tariff rates on processed agricultural products will be determined by the tariff rate set on the non-agricultural ingredients of these products.
c) The third list states a reduction in customs from 5 percent in the first year to 25 percent final reduction starting from Jan 1, 2006 to Jan 1, 2008. Examples are: sweet corn, pasta, chocolate, and waters.

4) Trade agreement with Russia:

The Russian Federation and Egypt have signed an agreement, and Russia had promised Egypt trade preferences on certain types of goods. The bilateral trade totaled $450 million in the first half of the year, with Russia's exports reaching 387 million and Egypt's $61 million. Cereals, oil derivatives, steel, and chemicals constitute the bulk of Russian exports to Egypt.

Section III. TRADE BARRIER CATALOG

TRADE BARRIERS (TB) IMPOSED	Products Affected	ANNUAL FOB VALUE OF U.S. EXPORTS WHEN TB REMOVED
Ban on poultry part imports due to Halal slaughter requirement Reference price $1500 MT	Chicken parts Chicken and parts	$20 million $5 million
Discriminatory Exchange Rate System	Most products, particularly wheat	$50 million
Abrupt Rule Changes without Public Comment	All imported Products	$50 million

Section IV. REFERENCE MATERIAL

Import Tariff Rates (Table A)

COMMODITY	IMPORT TARIFF
Wheat	2%
Barley	2%
Oats	2%
Corn	2%
Rice	2%
Grain sorghum	5%
Tobacco (manufactured/ un-manufactured)	LE 6.1/net kg, LE 100/net kg on cigarettes, and LE 150/net kg on cigars
Bovine meat, fresh, chilled or frozen	5%
Meat of bovine animals fresh, chilled, or frozen; Meat of sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen	5%
- Livers - Edible offal of bovine animals, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen	5% 5%
Meat and edible offal, of poultry, fresh, chilled or frozen	32%
Frozen fish	5%
Fish, dried, salted or in brine; smoked fish	32%
Lobsters, shrimps, crabs	5%

COMMODITY	IMPORT TARIFF
Prepared or preserved fish: -Whole or in pieces: Salmon, herrings, anchovies, tunas, sardines, mackerel, sea bass -Other: -Sardine, mackerel, belshard -Other - Caviar Prepared crab, shrimps, lobster, and other crustacean	5% 22% 12% 32% 32%
Dairy Cattle	5%
Yogurt	5%
Cocoa beans and	5%
Cocoa paste	2%
Cocoa powder	22%
Chocolate	32%
Pastas	32%
Breakfast Cereals	32%
Pastry, cakes, biscuits	32%
Jams	32%
Mushrooms (prepared or preserved)	32%
Canned vegetables, fruits	32%
Juices	32%
Nuts	12%
Apples, grapes, & pears	40%

COMMODITY	IMPORT TARIFF
Dried fruit	22%
Beer	1200%
Fresh fruit	5-22%
Sauces	32%
Sparkling wine, vermouth, whiskies, gin, rum	3000%*
Wine	1800%*

* Hotels and other tourist facilities may import wine at 300 percent duty.