

# EGYPT

TRADE AND  
INVESTMENT  
SECTION,  
CAIRO



## IMPORT PROFILE REPORT 2020

CAIRO, EGYPT

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## 1. INTRODUCTION

Historically, Egypt's location has made it a natural hub for trade routes; westward along the coast of North Africa, northwest to Europe, northeast to the Levant, south along the Nile to Africa and southeast to the Indian Ocean and Far East. The fact remains that Egypt possesses the most important maritime corridor in the world; The Suez Canal, where over 10 percent of the world's trade passes through.

Egypt's navigable waterways total approximately 3,000 km, where almost 90% of Egypt's international trade travels through its ports. Grand Alexandria (Alexandria and Dekheila) is the main port, handling approximately 60% of Egypt's foreign trade. Other significant major ports are Damietta and Port Said on Mediterranean Sea, in addition to Suez and Sokhna on the Red Sea. Total cargo handling capacity for all Egyptian ports was estimated to be 146.5 million tons for the year 2017.

Cairo International Airport is Egypt's largest airport and is the second busiest airport in Africa. Over 47 commercial and charter airlines and 12 cargo airlines use the Cairo airport, Egypt Air is the largest operator at the airport (joined the Star Alliance in July 2008), Cairo International Airport has 5 cargo terminals handle around 400,000 tons each year, 60% of which are exports from Egypt.

Foreign trade in Egypt has experienced significant developments in recent years. The Government has overhauled Egypt's customs legislation to streamline the process for importing and exporting goods. A number of regulations and decrees have been introduced to improve inspection and control procedures and liberalize trade movements. However, the country has a long way to go, with its ranking of 171 out of 190 on the 'Trade between Borders' scale on the Ease of Doing Business Index 2020.

A brief overview of Egypt is given asunder:

### FACTS AND FIGURES AT A GLANCE

<b>Location</b>	Northern Africa; bordering Libya and the Gaza Strip, and the red sea north of Sudan
<b>Area</b>	1,001,450 sq km
<b>Boundaries</b>	2,450 km
<b>Climate</b>	Desert; hot, dry summers and moderate winters
<b>Natural resources</b>	Petroleum, natural gas, iron ore, phosphates, manganese, limestone, gypsum, talc, asbestos, lead, zinc, rare earth elements
<b>Land use</b>	Agricultural: 3.6% (2011 estimate) Forest: 0.1% (2011 estimate)

	Others: 96.3% (2011 estimate)
<b>Irrigated land</b>	36,500 sq km (2012)
<b>Importance</b>	Controls Sinai Peninsula, only land bridge between Africa and remainder of Eastern Hemisphere; controls Suez Canal, the only sea link between Indian Ocean and the Mediterranean Sea
<b>Population</b>	104 million (July 2020 estimate)
<b>Languages</b>	Arabic (official)
<b>Religion</b>	Muslims 90% Christians 10%
<b>Unemployment</b>	29.6%
<b>Major bilateral agreements in trade</b>	GAFTA, COMESA, Agadir Free Trade Agreement, Egypt-EU Association Agreement, Egypt-EFTA Free Trade Agreement, QIZ, Egypt Turkey Free Trade Agreement, Egypt-MERCOSUR Free Trade Agreement
<b>GDP (purchasing power parity)</b>	\$1.204 trillion (2017 est.)
<b>GDP growth rate</b>	4.2% (2017)
<b>GDP per capita</b>	\$12,700 (2017)
<b>GDP by sector</b>	Agriculture: 11.7% Industry: 34.3% Services: 54% (2017 est.)
<b>Agriculture products</b>	Cotton, rice, corn, wheat, beans, fruit, vegetable; cattle, water buffalo, sheep, goats
<b>Industries</b>	Textiles, food processing, tourism, chemicals, pharmaceuticals, hydrocarbons, construction, cement, metals, light manufactures
<b>Inflation</b>	23.5% (2017)
<b>Exports</b>	\$29.38 billion (2018)
<b>Export partners</b>	Italy (7%), Turkey (6.9%), UAE (6.8%), USA (5.9%), Saudi Arabia (4.9%), UK (4.6%), Spain (4.4%), India (3.9%)
<b>Export commodities</b>	Crude oil and petroleum products, fruits and vegetables, cotton, textiles, metal products, chemicals, processed food
<b>Imports</b>	\$80.99 billion (2018)
<b>Import partners</b>	China (14.2%), Saudi Arabia (7%), USA (6.7%), Russia (6%), Germany (5.1%), Italy (4.3%), Turkey (4.1%), Brazil (3.8%), Kuwait (2.8%), India (2.8%)
<b>Import commodities</b>	Machinery and equipment, foodstuffs, chemicals, wood products, fuels

*Sources: CIA Factbook and ITC Trademap*

### 3. OVERVIEW OF IMPORTANT REGULATION

An overview of major trade bodies and the role they play in trade regulations and the legal framework of import and exports are given below:

Sr. No	Body/Entity	Procedures in scope of framework
1	Egyptian Customs Authority, Ministry of Finance ( <a href="http://www.customs.gov.eg">www.customs.gov.eg</a> )	1. Customs procedural certificate – Dealer Card 2. Certificate of practicing the profession of customs clearance 3. Import Declaration Form or SAD 4. Import Valuation Declaration 5. Export Declaration Form or “Form 13” 6. Import Release Certificate 7. Export Release Certificate
2	General Organization for Export and Import Control (GOEIC), Ministry of Trade and Industry ( <a href="http://www.goeic.gov.eg">www.goeic.gov.eg</a> )	1. Import License 2. Export License 3. Production Requirement Card 4. Certificate of Origin
3	Export Development Authority (EDA), Ministry of Trade and Industry ( <a href="http://www.expoegypt.gov.eg">www.expoegypt.gov.eg</a> )	Conducts all export development activities
4	Egypt Expo and Convention Authority (EECA), Export Development Authority, Ministry of Trade and Industry ( <a href="http://www.eeca.gov.eg">www.eeca.gov.eg</a> )	Responsible for all local and international exhibitions
5	Egyptian Tax Authority, Ministry of Finance ( <a href="http://www.eta.gov.eg">www.eta.gov.eg</a> )	1. Tax ID Card 2. VAT Registration Certificate
6	Foreign Trade Training Center (FTTC), Export Development Authority, Ministry of Trade and Industry	1. Certificate of “Practicing Importation” 2. Certificate of “Practicing Exportation”
7	Industrial Development Authority (IDA), Ministry of Trade ( <a href="http://www.ida.gov.eg">www.ida.gov.eg</a> )	1. Industrial Register (Manufacturing certificate)
8	Industrial Control Authority (ICA), Ministry of Trade and Industry ( <a href="http://www.ica.gov.eg">www.ica.gov.eg</a> )	1. Manufacturing Percentages Certificate
9	Federation of Egyptian Chamber of Commerce (FEDCOC) ( <a href="http://www.fedcoc.org.eg">www.fedcoc.org.eg</a> )	Umbrella representative of all chambers in the country, and possesses commercial register

10	Federation of Egyptian Industries (www.fei.org.eg)	Umbrella representative of all chambers of industries. It represents 20 chambers of the industrial sector and 24 committees.
11	Industrial Modernization Center (www.imc-egypt.org)	Offers courses and trainings to local industry
12	General Authority for Investment (GAFI), Ministry of Investment and International Cooperation (www.gafi.gov.eg)	Goods release letter for production projects
13	Central Laboratories, Ministry of Health (www.healthlabs.net)	1. Testing on Import Shipments of Food 2. Health certificates for export shipments of Food
14	Central Laboratory of Residue Analysis of Pesticides and Heavy Metals in Food, Ministry of Agriculture (www.qcap-egypt.com)	1. Testing on Import shipments of agriculture 2. Agriculture certificates for export shipments
15	Central Department for Agriculture Quarantine, Ministry of Agriculture	Notifications of prior arrival agro products
16	Egyptian Drug Authority (EDA), Department of Importers Registration Licensing, Ministry of Health (www.eda.mohp.gov.eg)	1. Importers Register for Pharma products 2. Pre-imports approval for pharma products and medical devices
17	National Telecom Regulatory Authority (NTRA), Ministry of Telecommunications (www.tra.gov.eg)	Pre-import approvals for telecommunication products
18	Egyptian General Petroleum Corporation, Ministry of Petroleum (www.egpc.gov.eg)	Pre-import and pre-export approvals for petroleum products
19	General Organization for veterinary services, Ministry of Agriculture (www.govs.gov.eg)	Pre-imports approvals for Livestock animals and veterinary quarantine
20	Egyptian Exporters Association (Expolink) (www.expolink.org)	Non-profit private sector association for export promotion
21	Central Administration of Plant Quarantine (www.capq.gov.eg)	Body awarding certificates for Sanitary and Phytosanitary measures in Egypt
22	National Food Safety Authority (www.nfsa.gov.eg)	Egyptian authority that sets food standards

#### 4. NON-TARIFF BARRIERS

Although trade is not restricted, importers are discouraged in Egypt in favor of domestic production through various measures relating to documentation, testing, inspection and certifications. This follows from Egypt's Ministry Industry and Trade Development Strategy (2016-2020) whereby "Industrial development to be the engine of sustainable and inclusive economic development in Egypt, which meet domestic demand and enhance exports growth, for Egypt to become a key player in the global economy and capable of adjusting to international developments."

This strategy comes from the economic pillar of the Egypt Vision 2030, whereby, "The Egyptian economy is a balanced, knowledge-based, competitive, diversified, market economy, characterized by a stable macroeconomic environment, capable of achieving sustainable inclusive growth. An active global player responding to international developments, maximizing value added, generating decent and productive jobs, and a real GDP per capita reaching high-middle income countries level."

Egypt is ranked 171 out of 190 economies on the "Trading Across Borders" component of the Ease of Doing Business Index 2020, which measures the time and costs of documentary compliance, border compliance and domestic transport.

##### **4.1 IMPORT LICENSES**

Local manufacturers may be permitted to import production inputs they require without mandating an entry into the Import Register. They may, on the other hand, apply for "Supplies/Needs Card" from GOEIC, the General Organization for Export and Import Control. Import licenses are required for all other entities that who engage in commercial/trading activities.

As of June 2017, it is now mandatory to have two years of business activities and a minimum annual turnover of EGP 2 million (estimated PKR 21 million), before even applying for an import license.

Steps for obtaining an import license differ according to the nature of the entity applying, asunder:

##### **1. Individual Trader**

1. An application form containing all details of the applicant and business history
2. An official transcript from the commercial register, showing importation as one of the business activities, with minimum capital of EGP 500,000

3. Certificate from relevant (geographical) chamber of commerce, authenticated from Egyptian Chambers Federation
4. ID copy
5. Official transcript of birth certificate
6. Tax card copy
7. A certificate of “Practicing Importation” under the name of the trader himself, issued by the Foreign Training Trade Center
8. An authenticated copy of tax declaration for the prior year, showing an annual turnover of atleast EGP 2,000,000
9. A depository receipt or a letter of guarantee by amount of EGP 50,000
10. A declaration from the trader that he has not been convicted of a felony or a penalty restricting his freedom in a crime that violates honor or trust
11. A declaration from the trader that no final judgement has been issued against him for committing a crime or bankruptcy
12. A declaration by the trader stating non-membership in the parliament or municipalities.

## **2. Individual Companies/Corporations**

In addition to the document cited above:

1. A copy from the “Companies Bulletin” editions, containing Memorandums of Association
2. A declaration from the managing director that atleast 51% from company’s shares are owned by Egyptian citizens

## **4.2 SANITARY AND PHYTO SANITARY REQUIREMENTS (SPS)**

The Central Administration for Foreign Agricultural Relations in the Ministry of Agriculture and Land Reclamation is Egypt’s SPS enquiry point and national notifying body. A steering sub-committee under the auspices of Ministry of Trade and Industry is the body that coordinates national SPS policies, and assesses their impact. Other related bodies dealing with SPS include National Food Safety Authority, the Central Administration for Plant Quarantine (CAPQ); the General Organization for Veterinary Services (GOVS); the Agricultural Pesticides Residue Committee; the Central Laboratory of Residue Analysis of Pesticides and Heavy Metals in Food (QCAP Lab); the Egyptian Organization for Standardization (EOS); the GOEIC; and the Ministry of Health.



The main legislation with respect to SPS measures includes Law No. 48/1941 on Protection against Fraud and Deception and its amendments; Law No. 10/1966 on Control of Food and its Handling and its Amendments; Presidential Decree No. 187/1984 on Establishment of the General Organization for Veterinary Services; Decree No. 47/1967 on Veterinary Quarantine Regulations; Law No. 118/1975 Regulating Imports and Exports; Presidential Decree No. 106/2000 on facilitating measures on inspecting and controlling exported and imported goods; and Prime Minister Decree No. 1186/2003 on inspection and control of exports and imports.

The agencies involve conduct various controls and inspection procedures: the National Authority for Food Safety is responsible for food products; the Atomic Energy Agency examines radiation levels, the Central Administration for Plant Quarantine (CAPQ), for plants and plant products; the Ministry of Agriculture and Land Reclamation for plants before harvesting; the Food Control Department (Ministry of Health), GOEIC and the General Organization for Veterinary Services for live animals, animal health and any products of animal origin. The duration of inspections depends on the product.

#### **4.3 IMPORT RESTRICTIONS AND MANAGEMENT OF QUOTAS**

All restrictions on imports are in accordance with the Import and Export Law No. 118/1975, and Executive Regulations of the Import and Export Law, Ministerial Decree No. 770/2005. Import prohibitions apply to chicken offal and limbs, fowl liver, goods bearing marks considered sensitive to religious beliefs, various hazardous chemicals and pesticides. In addition, the two-stroke motor bicycle engines, toys in the form of pistols or rifles, bracelets listed as organizing body energy, and some incandescent bulbs and laser pens are subject to import prohibitions. Hazardous material, used telecommunication material, Egyptian folk-art, most used automobile parts, natural products, all fall under the restricted category.

Certain imports are subject to administrative formalities: agricultural commodities, such as wheat, corn and soya bean must be approved from GOEIC before importing (unless imported from governmental bodies).

#### **4.4 PREFERENTIAL TREATMENT TO PARTNER COUNTRIES REGARDING NON-TARIFF BARRIERS**

Under the Global System of Trade Preference (GSTP), Egypt grants tariff preferences to all other GSTP signatories on a range of specified products since its entry. Egypt also offers improved market access to least developed countries (LDCs). This scheme includes tariff reductions on applied rates of 10% to 20% for around 100 products. In addition, duty-free access is granted to around 50 raw materials (mainly minerals).

Egypt grants tariff preferences to the EU, EFTA, Turkey with which it has Free Trade Agreements, as well as the members of PAFTA, Agadir Agreement and COMESA. Under these FTAs some 75% to 100% tariff lines have preferential access.

#### **4.5 PAYING VAT ON IMPORTS**

Egypt issued the VAT law no. 67 of 2016, whereby all local and imported goods are subject to VAT except those goods that are specifically exempted. The standard rate of VAT is 14%, while the goods and services listed in the second schedule attached to the Value Added Tax Law No 67 of 2016 are liable to schedule tax (at specific rates) in addition to the standard rate of 14 percent. The VAT will be levied on all goods and services imported from abroad, at each stage of their supply chain.

The machinery and equipment used in the production of a commodity or rendering of a service are subject to VAT at 5 percent, except for buses and passengers cars. Goods and services imported into the free zone projects for carrying our licensed business inside the free zone (except cars) are subject to 0 percent VAT.

Certain commodities and services listed in the First Schedule attached to the Value Added Tax Law No 67 are liable to schedule tax ranging from 0.5-10 percent and other specific rates.

All exported commodities and services are subject to 0 percent VAT.

In addition to VAT on imports, a schedule tax is a one-time charge applied on luxury goods. This includes, soft drinks beers, alcohol, wine, perfumes, cosmetics, televisions more than 32", refrigerator larger than 16 feet, air conditioners, golf cars, cars and mobile phones. Schedule tax ranges from 8% to 30%.

### **5. IMPORT PROCEDURES AND TARIFFS**

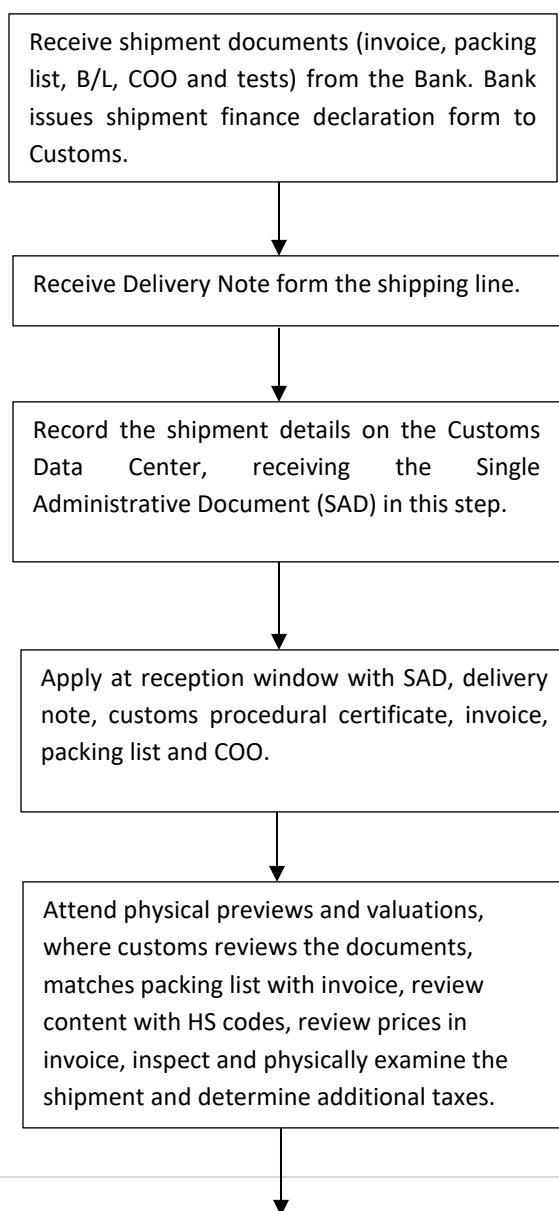
The Egyptian Department of Customs Authority is responsible for clearing merchandise into Egypt. Imported goods may not legally enter the country until shipment arrives within the port

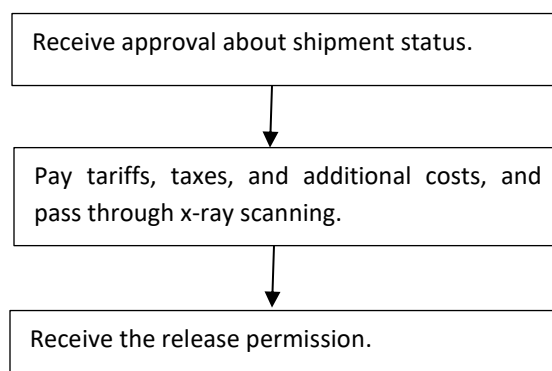
of entry and Customs authorizes delivery of the merchandise. Import declarations and other documentations must be filed by the Importer or their custom agent.

The standard form for import declaration is the SAD (K19 Import Declaration). The entry is registered with customs, and given a serial number. The customs accounting committee calculates the duty to be paid on the imported merchandise. At this point, Customs then generates a payment application and receipt, against which the importer is requested to pay duty and taxes. The application is then stamped with the government seal finalizing the customs clearance procedure.

Below shows a table depicting the process in more detail:

### **Steps for customs clearance**





### **5.1 TAXES AND DUTIES ON IMPORTS**

Customs duty rates on imported goods range from 5% to 40%, with the exception of vehicles, non-essential and luxury consumer goods, and alcoholic beverages, which may be as high as 135%. If entities import equipment as capital assets to establish the company's project, it may be subject to a reduced customs duty of 2%.

Machines, equipment and similar capital assets (excluding private motor cars) imported on a temporary basis are subject to fees at 20% of the original customs duty for each year/fraction of a year during which they remain in Egypt until they are exported. There are rules allowing reduced customs duties on component parts which are assembled in Egypt into a complete product. The tax regime in Egypt is summarized asunder:

Type of Tax	Details
Corporate income tax	Companies are liable for corporate tax at a rate of 22.5%, although there are different rates for the Suez Canal Authority, the Egyptian Petroleum Authority, Central Bank of Egypt, and oil and gas exploratory and production companies.
Withholding tax	<u>Local entities</u> The rates of WHT applicable to local payments for local services and supplies are as follows: <ul style="list-style-type: none"> <li>• Contracting and supplying 0.5%</li> <li>• All types of services 2.0%</li> <li>• Commissions 5.0%</li> <li>• Professional Fees 5.0%</li> </ul>

	<u>Foreign entities</u> Any Egyptian entity which makes payments of interest, royalties or for services to non-residents (whether individual or corporate) must apply 20% WHT at the time of payment.
Capital Gains Tax on shares	Capital gains realized from the sale of unlisted Egyptian shares by both resident and non-resident shareholders are subject to the regular tax rate for corporate shareholders (22.5%) and individual shareholders (progressive rate of up to 22.5%).
Personal Income Tax	EGP 0-6,500: 0% EGP 6,500-30,000: 10% EGP 30,000-45,000: 15% EGP 45,000-200,000: 20% More than EGP 200,000: 22.5%
Value Added Tax	VAT rate is 14%, applicable on all goods and services, except for machinery and equipment used for production purposes, which are subject to a 5% VAT.
Stamp Tax	The main situations in which stamp tax can arise are land registration/property transfers/transfer of deeds, banking transactions and payments by Governmental bodies
Real Estate Tax	The tax rate is 10% of the annual rental value of the taxable real estate.

## **5.2 VAT**

VAT rate is 14%, applicable on all goods and services, except for machinery and equipment used for production purposes, which are subject to a 5% VAT (see details in section 4.5).

## **5.3 IMPORT DUTY**

According to the World Integrated Trade Solution (WITS) database, the following is the average effectively applied tariffs on every product group:

Product Group	Average tariff in 2018 (%age)
All Products	9.57168496
Capital goods	2.63680664
Consumer goods	19.118486
Intermediate goods	5.2814539
Raw materials	2.91640089
Animal	2.26590614
Chemicals	7.84037379
Food Products	137.389778
Footwear	21.9274311
Fuels	1.5685654
Hides and Skins	20.7734354
Machinery and Electricity	3.58103958
Metals	5.44487586
Minerals	1.14023179
Miscellaneous	7.91649281
Plastic or Rubber	4.50251735
Stone and Glass	8.68641547
Textiles and Clothing	10.6117384
Transportation	7.12540257
Vegetable	3.58541204
Wood	5.4982593

#### **5.4 DEFER OR DELAY IMPORT CHARGES**

Storage of container can vary from 10 USD to 40 USD per day, given the time duration. Besides this on average, demurrage charges are anywhere between 30 USD to 130 USD per day, depending on the shipping line.

#### **5.5 RELIEFS ON IMPORTS FOR EXPORT OR RE-EXPORT**

Goods can be temporarily stored in warehouses without paying custom duties for six months, which may be extended for another three months with the approval of the Director General of Customs. The goods may not be accepted at the warehouses without a warehouse license. Prohibited goods, explosives, inflammables and goods that may cause damage are not permitted.

#### **5.6 TEMPORARY ADMISSIONS**

Customs duties and other taxes are exempted temporarily for imports of primary materials and intermediate goods used for processing, and for imports of parts to repair or complete the manufacture of finished goods. Customs requires a deposit equivalent to the import duties and other taxes assessed. The deposit is returned when the goods are transferred to a free zone or exported.

Temporary duty exemptions are granted to commercial samples and temporary imports for display purposes at exhibitions or for sales promotion activities, with exception to goods on the list of prohibited goods.

### **5.7 PROCESSING AND RE-EXPORTING**

According to Investment Law no. 72/2017, firms operating in free zones are exempt from customs duties, other taxes and import regulations on imported capital equipment, raw materials, and intermediate goods, to be used in the zones. Goods destined for the free zones may be sold domestically if customs duties are paid and applicable regulations are implemented.

Imports from the Ministry of Defense, and companies affiliated with Ministry of Military Production and the National Security Authority are also exempted. As are imports for the Presidency, gifts and donations to the Government, passenger cars of less than 1,800 CC with special medical equipment and articles with customs privileges for diplomats.

### **5.8 RECLAIMING TAXES ON REJECTED IMPORTS**

Egypt subscribes to the WTO's Trade Facilitation Agreement, or TFA, along with its article 10.8 pertaining to rejected goods.

### **5.9 LABELLING AND PACKAGING REQUIREMENTS**

Egypt imposes some labeling requirements: finished goods imported for retail sale must specify the product's country of origin, producer's name and must contain the product's description in Arabic in a clearly visible place on the packaging. Special regulations exist for certain items such as foodstuff must be labeled in Arabic and at least one other language with name of the producer, country of origin, description of the commodity, name and address of the importer, production date, expiry date for consumption, preservation and storing conditions for easily

perishable goods, mode of preparation for goods to be prepared before consumption, net and gross weight, and additives and preservatives included.

Appliances, machinery, equipment all must be accompanied by the following: a manual in Arabic containing illustrative drawings of the parts, assembly and operating instructions, maintenance, details of the electric circuitry for electronically operated appliances and security precautions. Imported fabrics must have the name of the importer woven into the cloth in Arabic, English or French, while for imported readymade garments name of importer, type of fabric and country of origin may be woven, affixed with sticker or printed.

### **5.10 TECHNICAL STANDARDS**

The national authority in all matters of standardization, quality control and metrology is the Egyptian Organization for Standardization and Quality, or the EOS. While under the Ministry of Trade and Industry, the EOS is affiliated with different ministries for the purposes of compliance. The National Food Safety Authority is a separate body that sets the standards for foodstuff. The EOS is responsible for preparing and issuing Egyptian standards, licensing award for quality marks, providing technical consultancy, conducting laboratory tests, calibrating equipment for industrial companies and in handing out Egyptian halal mark.

Egypt has accepted the WTO Code of Good Practice for the Preparation, Adoption and Application of Standards. It has mutual recognition agreements with most Agadir countries, China, France, Jordan, Kuwait, Lebanon, Libya, Morocco, Nigeria, Saudi Arabia, Sudan, Tunisia and Uganda in the fields of standardization.

Egypt's standards do not distinguish between foreign and domestic good. Most technical standards concern chemicals, food products, engineering goods and textiles. In the absence of a mandatory Egyptian standard, importers may choose a relevant standard from among seven international standard systems. This must be notified to GOEIC prior to importing. As Egypt and Pakistan do not possess a mutual recognition agreement, imported products are subject to inspection and testing in Egypt, even if covered by a certificate.

Egypt reviews its standards periodically, once every five years. It has over 8,500 standards for the sectors of engineering, chemicals, food, measurement, textile and documentation.

In terms of technical regulations, various bodies draft and implement their ministries technical standards. A technical regulation is issued by a Ministry when it requires that a product complies with a production method or contains particular elements such a residue or additives.



There are over 860 technical regulation (since 2017) covering engineering, chemicals, food, textiles and measurement products.

Besides this, the General Organization for Export and Import Control (GOEIC) are responsible to inspect imported and exported commodities. It inspects foodstuff, handbags, furniture, electronics, spare parts, consumer products, live animals, iron tubes, pipes, ceramic sanitary ware, stoves, heaters, washing machines, electrical equipment, motor vehicle parts, pencils, textiles and others. An inspection fee is charges, and if mandatory standards ate issued by Egyptian authorities, GOEIC must inspect accordingly. GOEIC does not accept testing by any other body, except in pre-shipment. Customs cannot release any shipment without the inspection and clearance granted from GOEIC.

### **5.11 SPECIAL REQUIREMENTS FOR IMPORT OF FOOD PRODUCTS AND PHARMACEUTICALS**

#### **Special Requirements for Import of Agricultural Products**

Before importing agricultural products into Egypt, a written request from the importer is sent to the Ministry of Agriculture. A response from the Ministry takes approximately two weeks, and if approval is granted, then an import can be transacted.

When imported goods arrive, the importer must inform the Ministry of Agriculture and assemble a committee of three agriculture experts to briefly inspect the goods before unloading. The committee will provide a Ministry of Agriculture Approval Letter for the said shipment, which will be part of entry documents submitted to Customs. After filling required documents, and when entry is registered with Customs, the Customs Accounting Committee calculates the duty to be paid; the committee consists of an Accounting agricultural inspector, an analyst, and a senior inspector (GOEIC) who must all give their approval. After paying duties and taxes, custom clearance may be finalized.

#### **Special Requirements for Import of Processed Food Products**

In addition to the steps mentioned above, a committee of three representatives from Ministry of Health, Ministry of Agriculture, and Customs are responsible for preliminary inspection. They “visually” inspect the shipment before taking samples for analysis in laboratories. If the committee rejects the shipment after “visual inspection” it is either re-exported or disposed.

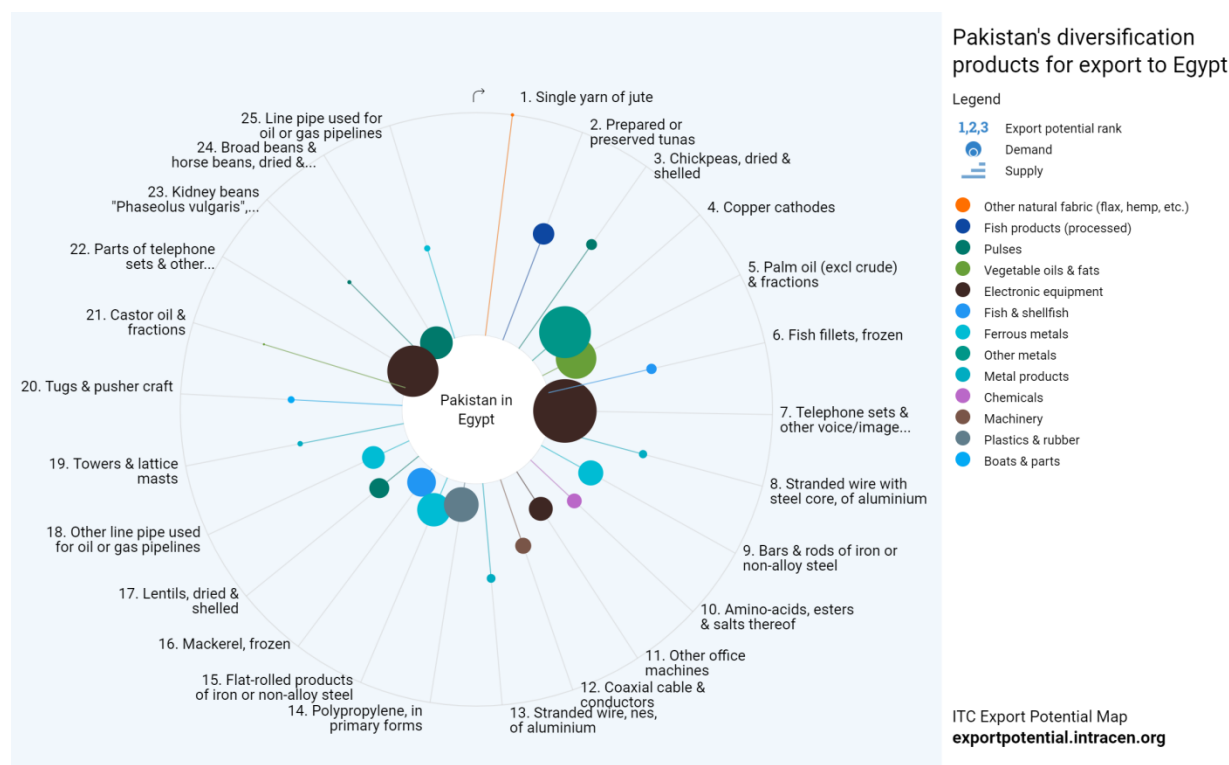
#### **Special Requirements for Import of Pharmaceutical Products**

For pharmaceutical products, importers must apply to the register of approved importers for pharmaceutical products at the Egyptian Drug Authority. A separate application must then be made for approving the products to be imported, where a full detailed prequalification file for the specific manufacturer and product is required. This is done at the Egyptian Drug Authority (EDA), and may take months or even years. After this, an approval letter is issued by the EDA, following which shipment documents are received from the bank, delivery note from the shipping line, while the record of the shipment is made at the Customs Data Center. A physical preview and valuation must be attended, physical inspection taken place, and approval of the shipment status is received. Release of the shipment is made following the payment of taxes and tariffs.

## 7. SUGGESTED STRATEGIES TO ENTER THE MARKET & OTHER RECOMMENDATIONS

While sectoral export strategies for market development are separately being developed by Trade and Investment Section, Cairo the following are some general strategies towards which the commercial relationship between both countries should take direction:

- Egypt has a sizeable population of 104 million, of which 5 million can be considered Grade A Consumers. These are quality-conscious consumers who are willing to pay high prices to buy quality foreign brands. Mostly, they prefer European and US brands, given its general association with quality. Quality is the tagline potential exporters must focus on.
- Egypt is also a trade hub, connecting continents to the rest of Africa. It considers itself a leader within the continent. Investment into establishing trade links with Egypt is a long-term investment into the region, while Egypt's many regional trade agreements grant it favorable tariff access in the region.
- Sectors of potential for entry into diversified products into the Egyptian market are demonstrated below:



- It is the observance of the Trade and Investment wing that surgical, rice, fish products, sports goods, and textiles how opportunities in the Egyptian market. Besides this, there are avenues to collaborate in Information Technology, fashion and tourism.
- There is a dire need to market Pakistan in the minds of Egyptians. The general perception is a negative one, and collaboration amongst government bodies has room for vast improvement. Focus should be on soft diplomacy skills through positive promotion, cultural events at the Mission in Cairo, and social media to portray a progressive image of the country.
- More government-to-government level exchange is needed – and repeat visits and delegations will ensure a strengthening of ties. This is important in expediting the vast amount of work that needs to be covered in collaborating ministries of IT, Agriculture, Supplies, GOIEC, Customs and many other relevant trade bodies back home.
- The personal side of business deals plays a big role, as Egyptians will not do a deal if they do not like you. It is easier to work through an Egyptian agent or counterpart, as processes will go more smoothly. Arabic is the core language in business, government and society. Majority of the business community speaks English well, but it would be advised to have an Arabic translator for understanding nuances.
- There is a need for exchange of business visitors especially in terms of trade fairs on both sides. More information needs to be disseminated amongst governmental bodies on this account.

- The Egyptian Organization for Standardization (EOS) is that national standard setting body in Egypt. It has over 138 committees for drafting local standards, and a lack mutual recognition agreement with Pakistan means it must meet every local standard. Work should be undertaken to establish a mechanism towards mutual standards recognition agreements.