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Welcome

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EU expansion and Egypt's economy

Strong economic variables have imposed themselves upon the map of the world economy after the accession of 10 new countries to the European Union (EU) early this month. Faced with this fact, a question is raised on the impact of these variables on the volume and nature of European investments to fly to the East European countries, which possess cheap labor and a large investment market closer to the European market?

Chairman of the Small Size Project Committee at the Egyptian Industries Federation Nader Riad, said that the accession by 10 new states to the EU will have its positive implications as they will open their markets before the Egyptian industries in conformity with the provisions of the Egyptian European Partnership Agreement in return for a phased-out opening of the Egyptian market during the interim period.

Elaborating, Riad noted that Egypt enjoys a privilege, which is not available to the East European states, namely, the customs exemption enjoyed by the EU products oriented to the Arab countries or the COMESA states.

He said that his expansion does not create problems but rather involves many challenges in the field of competitiveness of the Egyptian economy, given the fact that Europe is the first trade partner to Egypt, not to mention the fact that 40 percent of Egypt's foreign trade goes to the EU.

Egypt's strategic location, and the significance of its markets to world trade is indelible, Riad said, adding that this has pushed international blocs to seek to establish economic companies and entities with Egypt.

Riad further called on the government to open new exportation vistas for industries with added value. He said that the exportation of materials is no longer needed given that Egypt should export high quality and fully-manufactured products.

The upcoming stage would require further mechanisms to confront the challenges through increasing productivity, developing human resources, and paying wider attention to training, he elaborated. Chairman of the Federation of the Chambers of Commerce Khaled Abu Ismail, said that the East European states who recently joined the EU have distinctive economic relations with Egypt, not to mention sustained cooperation.

There are many domains, which should be discussed with the EU in order to benefit from its expansion, Abu Ismail noted, calling on officials to support manufacturers and cut down customs and taxes so as to bring down production costs.

He also stressed on providing training courses and skilled labor, along with clearing legislations, laws and facilities.

Director of the Industry Modernization Centre Selim Al-Ta1at1i said that Egypt has opted for globalization and the accession to the EU involves no risks, adding that there will be opportunities and markets in 25 states.

[Archi](#)


High quality and commitment to standard specifications are the only way to enter the expanded EU markets, he expounded.

The upcoming stage necessitates determining markets, which conform with our capabilities, he noted, referring to the Egyptian Industry Modernization Program (IMP), which aims at maximizing benefit from the expanded EU market.

Minister of Industry Dr. Ali Al-Saidi said that the expansion of the EU will pose a new challenge to the Egyptian economy adding that in the upcoming stage, exportation and modernization of the Egyptian industry will be considered a strategic objective.

He said that efforts must be exerted in order to overcome the new challenges, adding that the Egyptian exporters still have the chance to benefit from the stage of transformation in Europe. The Minister of Industry said that the accession of 10 states to the EU means a lot much for the Egyptian economy, a market with an 80 million population.

This will also mean a chance for doubling Egyptian exports, Al-Saidi cited, adding that the upcoming stage requires raising the quality of production noting that Egypt must have a program whereby Egyptian specifications would conform with the European ones.

The degree to which the Egyptian economy will benefit from the agreement with the EU depends on the capability of the Egyptian economy to develop itself and to cut down costs, he elaborated.

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