

New customs reductions

There is no doubt that removing the deformities of the customs tariff approved by the new government will redress defects, thus serving industry and the commercial community.

The government bears the bulk of the plan's cost, which is estimated at 3 billion pounds. This comes as a courageous initiative under the current finance minister, as his former career as a minister of economy and foreign trade made him the best to strike a balance between the cost and revenue.

Some wonder about the possibility of managing part of the industrial sector after removing part of the customs privileges, which the sector got before. This, undoubtedly, is wrong, but there should be a guarantee that these privileges were applied for some time and were not expected to continue forever.

On the other hand, the industrial sector should continue providing new products capable of competition.

It should also use state-of-the-art technology and provide finance for research and development.

The industries and factories, which do not have the capability of continuity and competition, should adjust their positions, change their business or resort to the market of distribution and services, as their lack of capability is dubious.

On the other hand, handling the problem this way will cost the public treasury a lot, which it may bear without return. Rather, the cost would be borne by the whole community in the form of taxpayers.

These new decisions have a direct effect on price reduction, as they cut down the cost, hence reduction of the final products' prices by 2-3%. However, competition has been and will remain the main factor in reducing the cost. Competition leads to industrial progress and cost reduction.

Some people wonder about the fact that prices increased when the dollar rate increased, while they did not decrease when the dollar rate decreased. Prices did not decrease as expected over the past period, as the industrial and commercial sectors were not assured about the stability of exchange rates.

As the exchange rate has stabled in a way that increased confidence in the Egyptian economy and stressed that balance, prices will decrease gradually by around 3%, particularly as the recent customs reductions on cars will not affect the prices of luxurious cars.

This step aims to prevent any sudden demand for funding the importation of these cars, thus adding further burdens on the foreign exchange market that may lead to the increase of dollar rate.

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