

**From EuroMed to European Neighbourhood policy
enlarging Egypt's stake in the EU internal market**

Alf Leila We Leila Ballroom, Nile Hilton Hotel, Cairo
Sunday, November 26th, 2007 at 12:30 PM

Programme

12:30 - 13:00 Networking

13:00 - 13:10 Welcome

- Dr. Nader Riad, CEEBA Chairman
- H.E. Klaus Ebermann, EU ambassador and head of EC Delegation

13:10 - 13:45 Keynote Addresses

- H.E. Rachid Mohamed Rachid, Egypt's Minister of Trade & Industry
- H.E. Peter Mandelson, EU Commissioner for Trade

13:45 - 14:00 Questions and answers

- Moderated by Dr. Alaa Ezz, CEEBA secretary General

14:05 - 15:00 Lunch interrupted by TV interviews

Business Lunch with H.E. Peter Mandelson
November 26 2006 – Alf Leila we Leila Ballroom, Nile Hilton Hotel, Cairo

Inauguration address by

Dr. Nader Riad
CEEBA Chairman

- Your Excellency, Peter Mandelson, EU Commissioner for Trade
- Your Excellency, Rachid Mohamed Rachid, Egypt's Minister of Trade & Industry
- Your Lordship, Lord Cunningham of Felling
- Your Excellencies, EU member state Ambassadors honoring us today.
- Distinguished Guests, ladies and Gentlemen

On behalf of Ceeba, its 25 bilateral Egyptian-European Chambers, and its 7,000 member companies, it gives me great pleasure, to welcome Your excellencies and this esteemed gathering with the prime Egyptian and European businesses, the pillars of our bilateral trade.

A time where the EU almost 27 countries is our prime trade and investment partner

A time where an association agreement is signed, sealed and considered to be in full go.

A time where tools and instruments for trade enhancement are in place, thanks to the European Commission initiations.

A time where the Neighborhood policy is in place with all what it can provide at all axis.

A time where our trade and investment relations are at their unperceived height.

A time where the Euro-Mediterranean Free trade agreement is only three years ahead

But today we have to pause, reflect and review

Have we already utilized fully the opportunities made available?

Are we prepared to the future??

The answer is unfortunately, NO or better said "not yet".

We have not yet utilized fully our existing agriculture quotas

We have not attracted enough technologies and investments to benefit fully from the industrial custom exemption and other benefits.

We have not yet sourced our suppliers to benefit from the cumulation of rules of origin.

However, though the ball is still in our court, and the road is long, we are doing our utmost, fighting against time, hand-in-hand with our private sector backed by a supportive government.

Yet to make our task faster and easier, we do urge for three things

First, the conduction of a number of sectorial enterprises and a Euro-Mediterranean partenariat which were one of the best tools ever created by the EC to enhance trade and investment between SMEs.

Second, we call upon our Government and the EC to initiate discussions for opening up trade in services which will be the locomotive for prospective trade and investment



The Confederation of Egyptian
European Business Associations

The Chamber of Euro Chambers in Egypt - *One Chamber, Twenty Five Countries*
The Chairman

Third, we call upon our government and the EC to speed up the ENP negotiations which will have a profound impact on our bilateral relationship.

Excellencies, ladies and Gentlemen,

We are committed to our Barcelona Businessmen Declaration that was ratified as declared, by the Euro-Mediterranean Heads of States, during their Barcelona plus ten summit.

Let us walk the talk, and start concrete actions. 2010 is already knocking on the door.

Thank you all

Dr. Nader Riad

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Peter Mandelson

Peter Mandelson was born in Britain in 1953.

He studied Philosophy, Politics and Economics at St Catherine's College, Oxford. As a young man he lived in Tanzania for a year, an experience which formed life-long impressions of Africa and the challenges of fighting poverty. A life-long pro-European, he led the British delegation to the first ever meeting of the European Communities Youth Forum in Strasbourg in 1979.

After working as an economist at the Trades Union Congress and as a current affairs TV producer, Peter Mandelson was appointed Labour Party Director for Campaigns and Communications in 1985. Later he was Tony Blair's Campaign Manager in the May 1997 election that brought Labour to power in Britain.

In 1992 he was elected as member of parliament for the Northern English constituency of Hartlepool. He served until 2004 upon his appointment to the European Commission.

Peter Mandelson was appointed to the British Cabinet as Secretary of State for Trade and Industry 1998. He had responsibility for the introduction of Britain's first ever National Minimum Wage and oversaw new measures to strengthen regional development through the creation of Regional Development Agencies. During his tenure, he published the Government's Competitiveness White Paper - "Building the Knowledge-Driven Economy".

In 1999 Peter Mandelson was appointed Secretary of State for Northern Ireland. Between 1999 and 2001 he negotiated the creation of Northern Ireland's power sharing government and the IRA's announcement that they planned to put their arms beyond use. He also introduced the radical overhaul of the police service in Northern Ireland.

Peter Mandelson is honorary Chair of Policy Network, a European and international think tank whose journal and conferences promote the exchange and debate of centre-left policy ideas and European social democratic thinking. He was UK chairman of the UK-Japan 21st Century Group, which brings together leading academics, politicians and business people. He has travelled widely and has lectured throughout Europe, in Asia and the United States.

Peter Mandelson was made EU Commissioner for Trade in 2004. At his confirmation hearing in the European Parliament in October 2004, he said: "I am convinced that trade policy, used well, can make a powerful contribution to economic development around the world, as long as we recognise the needs of the poorest."



H.E Rachid Mohamed Rachid
Egyptian Minister of Trade and Industry

H.E. Rachid Mohamed Rachid took up his duties as Minister of Trade and Industry in Egypt in July 2004, a member of the economic team appointed in the cabinet reshuffle. As Minister, his duties include his role as alternate Board Governor at the Arab Development Bank for Economic Development in Africa and member of the COMESA Bank Board of Governors.

H.E. Rachid Mohammed Rachid comes to Government from a prominent career spanning more than two decades in international business. During that time, the Minister served as President of Unilever North Africa, Middle East, and Turkey. He also acted as Chairman of the Board and consultant for a number of leading multinational companies based in the United Kingdom. His international activities currently include his membership of the Executive Committee of the Arab Business Council, the World Economic Forum (DAVOS), and the Investment Advisory council in Turkey, under the supervision of the Turkish Prime Minister.

Minister Rachid is a founding member, and a prominent participant, in many of Egypt's leading institutions and think tanks. He is founder and member of the Board of Directors of the Egyptian Center for Economic Studies and the Future Generation Foundation. He sits on the Board of Trustees of the Arab Academy for Technology and Science and was formerly a member of the Egypt-US President's Council, chaired by President Hosni Mubarak.

Rachid Mohammed Rachid is founder and Chairman of the Alexandria Development Center. He also chairs the Board of Trustees for the New Borg El-Arab City in Alexandria and the Egyptian Dutch Business Council. He is member of the Board of Directors for HSBC Bank, the Egyptian British Council, the Egyptian European Association at Cairo University, the Social Development Fund for Egypt, and the Finance and Administration Committee of the Alexandria Library.

The Minister received his B.Sc. in Mechanical Engineering from the Faculty of Engineering at Alexandria University in 1978. He has attended a number of management programs in the United States, including the Management Development Program at Stanford University in 1983, the Strategic Management Program at MIT in 1993, and the Advanced Management Program at Harvard Business School in 1996.

He is married with three daughters.



Trade between the EU and Egypt

The EU is Egypt's first trading partner, currently accounting for 42% of Egyptian imports and 37% of Egyptian exports, with the balance of trade still in the EU's favour. However, the EU witnessed a decreasing trend in the bilateral trade surplus with Egypt over the last five years, due both to increasing imports (€4.1 billion in 2004) and to decreasing exports to Egypt (€7.4 billions).

Trade between the EU and Egypt has risen by more than 5% in the last five years. With an average annual €10 billion of EU-Egypt bilateral trade since 2000 - and a record score of €11.5 billion in 2004 - the EU represents some 40% of Egypt's total trade, followed by the US (14%). Egypt ranks as the EU's 33th largest trading partner.

Trade in goods

Egypt's main exports to the EU in 2004 are energy (39%), textiles and clothing (15%), agricultural products (9%), and chemicals (5%). Major imports from the EU are power generating machinery (21%), chemicals (16%), transport equipment (16%), and food and agricultural products (10%).

Trade in services

Services accounted for 49.8% of Egyptian GDP in 2003. Egypt exported to the EU-25 mainly travel (57.9%) and transportation (32.9%, 2003) services. It imported from the EU notably business services (35.7%).

Foreign direct investment (FDI)

With FDI inflows to Egypt from the world stagnating over the last couple of years at around €400 million annually - and the EU-25 accounting for 20% of Egypt's world inward stock in 2003 - a FDI surge was recorded in 2005 as a result of privatisation and the new economic reforms, whereby overall FDI inflows neared €2 billions since the start of the reforms in late 2004. EU-25 direct investments to Egypt amounted for €1 billion out of the total inward stock of €5.3 billion.

BILATERAL AGREEMENT

The European Union's policy towards the Mediterranean region as a whole is governed by the Euro-Mediterranean Partnership, launched at the 1995 Barcelona conference between the European Union and its 10 Mediterranean partners. The Barcelona Process involves extending free trade across the Mediterranean region through a network of bilateral agreements between the EU and individual Mediterranean partners, together with free trade agreements between the partners themselves. Besides working to foster greater overall stability in the region, Association Agreements represent a key step in advancing bilaterally toward the eventual goal of establishing a Euro-Mediterranean Free Trade Area by 2010.

The EU-Egypt Association Agreement was signed in Luxembourg on 25 June 2001. Following its ratification by the Parliaments of the 15 EU Member States, the European

Parliament and the Egyptian Parliament, it came into force on 1 June 2004, replacing the 1977 Co-operation Agreement. The trade and trade-related provisions of the Association Agreement entered into force on a provisional basis on 1 January 2004 through an Interim Agreement in the form of an exchange of letters.

Under the Agreement's tariff dismantling provisions (tariff dismantling started on 1 January 2004), half of the EU industrial exports to Egypt will soon be fully liberalised, while bilateral preferences on agriculture have significantly boosted market access.

Mediterranean partners, including Egypt, have been invited to open negotiations on deepening liberalisation of trade in agriculture, including processed agricultural and fisheries products. Egypt expressed its interest to be a member of the first group of countries to start negotiations.

The Association Agreement foresees a widening of its scope to cover the right of establishment and the liberalisation of services. Services and establishment negotiations will be launched with a first wave of interested Mediterranean countries in early 2006. Egypt is likely to take part into such negotiations.

Institutional framework

Each Association Agreement is overseen by regular ministerial (Association Council) and senior official (Association Committee) level meetings. The first EU-Egypt Association Council took place in Luxembourg in June 2004. In the trade domain, cooperation will be enhanced once a sub-committee for Industry, Trade and Services is established (as well as other committees, in the following areas: internal market; transport, environment and energy; research and innovation; agriculture and fisheries and in matters of justice and security).

The MEDA programme

Financial assistance is being restructured in light of the Association Agreement and mainly channelled through the EU's Mediterranean programme MEDA. Egypt has been one of the largest recipients of the MEDA programme, with a total funding of €1 billion since 1995. Under the MEDA II programme (2000-2006), a total of €193.7 million was committed to Egypt, with the following strategic priorities:

- Promoting the EU-Egypt Association Agreement/Support to the preparation of the Neighbourhood Policy
- Support to the process of economic transition
- Support to sustainable socio-economic development.

SOUTH-SOUTH INTEGRATION

On 25 February 2004, Egypt signed a free trade agreement with Jordan, Morocco and Tunisia. The Agadir Agreement, as it is known, commits the parties to removing substantially all tariffs on trade between them and to intensifying economic cooperation, notably in the field of harmonising their legislation with regard to standards and customs procedures. It will soon enter into force, once the ratification process is completed. Egypt has also signed a free trade agreement with Turkey in December 2005.

Egypt has signalled its intention to swiftly implement the new Pan-Euro-Mediterranean system of cumulation of origin. When applied, the system will generate new opportunities for

economic operators to intensify the flow of trade in certain goods and to benefit from further regional integration.

WTO

As a GATT contracting party since 1970, Egypt is a founding WTO member since 30 June 1995. Egypt is an active participant in the multilateral trading system and it is fully engaged in the current Doha Development Agenda negotiations. In the WTO framework, it has bound over 98% of its tariff lines. The currently applied MFN tariff structure was implemented in September 2004, when the authorities cut significantly tariffs and reduced the number of tariff bands.

In the GATS framework, Egypt undertook commitments in 4 services sectors, i.e. construction and related engineering services, financial services, tourism, transport and telecoms.

THE NEW ENP FRAMEWORK

EU-Egypt co-operation is also pursued within the context of the new European Neighbourhood Policy. This policy aims to complement and support the commitments taken in the Association Agreement and in the Euromed regional context. The EU Country report on Egypt was finalised in March 2005. Following the Commission's Communication of March 2005, formal discussions are under way to agree an Action Plan with Egypt defining joint priority actions in all domains, including in trade-related areas. Agreement on the Action Plan is expected in spring.

A new financial instrument common for both the EU's southern and eastern neighbours will enter into force in early 2007, replacing the MEDA, TACIS and CARDS programmes. The European Neighbourhood Policy Instrument - ENPI - will be endowed with €14.9 billion for 2007-2013.

What is the European Neighbourhood Policy?

The European Neighbourhood Policy (ENP) was developed in the context of the EU's 2004 enlargement, with the objective of avoiding the emergence of new dividing lines between the enlarged EU and our neighbours and instead strengthening stability, security and well-being for all concerned. In this way, it also addresses the strategic objectives set out in the December 2003 European Security Strategy.

The European Neighbourhood Policy (ENP) was first outlined in a Commission Communication on Wider Europe in March 2003, followed by a more developed Strategy Paper on the European Neighbourhood Policy published in May 2004. This document sets out in concrete terms how the EU proposes to work more closely with these countries.

The EU offers our neighbours a privileged relationship, building upon a mutual commitment to common values (democracy and human rights, rule of law, good governance, market economy principles and sustainable development). The ENP goes beyond existing relationships to offer a deeper political relationship and economic integration. The level of ambition of the relationship will depend on the extent to which these values are effectively shared. The ENP is not about enlargement and does not offer an accession perspective.

Originally, the ENP was intended to apply to our immediate neighbours - Algeria, Belarus, Egypt, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine. In 2004, it was extended to also include the countries of the Southern Caucasus with whom the present candidate countries Bulgaria, Romania and Turkey share either a maritime or land border (Armenia, Azerbaijan and Georgia). Although Russia is also a neighbour of the EU, our relations are instead developed through a Strategic Partnership covering four "common spaces".

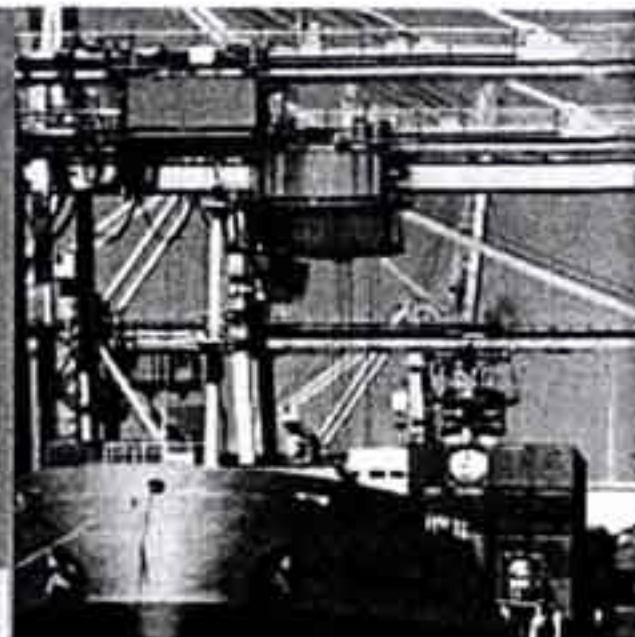
A key element of the European Neighbourhood Policy is the bilateral ENP Action Plans mutually agreed between the EU and each partner country. These set out an agenda of political and economic reforms with short and medium-term priorities. At present, the implementation of the first seven ENP Action Plans (agreed in early 2005 with Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine) is beginning. Their implementation will be promoted and monitored through sub-Committees and the Commission will report on progress in early 2007.

A further five ENP Action Plans are under negotiation with Armenia, Azerbaijan and Georgia, Egypt and Lebanon. Once they are agreed, similar implementation and monitoring will also begin for these countries. Finally, the entry into force of the Association Agreement with Algeria will allow work on a Country Report to begin. Since the ENP builds upon existing agreements (Partnership and Cooperation or Association Agreements or the Barcelona Process), the ENP is not yet 'activated' for Belarus, Libya or Syria since no such Agreements are yet in force.

II The EU's place in the global market

Shaping a more prosperous and equitable world

The European Union is huge: 450 million Europeans wake up each morning and switch on the world's biggest economic engine. Not only does the EU allow its citizens to trade freely with one another but it also allows them to deal with the world as a group.



To the uninitiated, economics can seem very much like mechanical engineering. For a start, you have the so-called 'market mechanism' – supply, demand and price – which governments are constantly trying to make run smoothly. Tighten supply in the right way and add a drop of oil to lubricate demand and voila the machine moves along without a hitch – at least, in theory.

However, there's more to it than theoretical models and hypotheses. The bottom line, to borrow a business metaphor, is that economics and trade is about people.

Properly functioning markets mean that consumers can obtain the goods and services they need at the most affordable prices. It also means that producers and workers can charge a fair price for their products and labour.

Markets galore

But what exactly is a market? In the modern world, that question is not as straightforward as it may appear. Traditionally, markets were physical places, such as a fruit and vegetable market, where people went to buy and sell physical goods.

We still have such markets, often in a more sophisticated form, such as supermarkets, hypermarkets, shopping malls, etc. But today, we also have virtual markets, such as internet shopping sites like e-Bay, on-line stock markets (where company shares are bought and sold) and commodity markets (where gold, cotton and other commodities are bought and sold electronically). The buyers, sellers and the items they trade no longer need to be in the same physical space but are linked across computer networks.

We also have what are called cross-border markets. This does not mean that the traders and their customers have one foot in a certain country and the other foot in another! What it means is that buyers (importers) and sellers (exporters) trade with people in other countries.

Internal market

The European Union is perhaps the world's biggest single market, especially after last year's historic enlargement from 15 to 25 Member States. The Union brings together 450 million citizens and four of the world's seven largest economies. It now has a common currency for 12 of its members and has drafted a common constitution.

In this 'borderless' Europe, people and products can move freely from one place to another. This means that, as a citizen, you can travel to any EU country without a visa and many without a passport. It also means that people and businesses can buy and sell goods wherever they want without having to pay special customs duties or taxes.

Although this 'internal market' has helped the Union to become one of the richest regions on Earth, things were not always this good. This year marks the 60th anniversary of the official end of World War II which killed about 50 million people.

European integration grew out of the ashes of this devastation and its main goals were to act as an insurance policy against future conflicts and to help Europe become more prosperous. Some 50 years ago, six pioneering European countries got together to form a small coal and steel union. Over the past half century, this has grown to become the biggest trading bloc (group of countries) in the world.

World tour

Modern technologies – computers, satellites, aeroplanes, etc. – are making the world a smaller place by allowing people to travel all over the globe and buy more and more things from other countries. Chances are you go on holiday abroad at least once a year and your wardrobe alone contains clothes from a dozen countries.



There was a time when every country was left to its own devices in this global market place. This meant that big countries often had an automatic advantage. To give themselves more weight, countries sometimes band together in, as mentioned earlier, blocs.

The European Commission – the executive body of the European Union – represents the interests of all its Member States – large and small – in trade talks with other countries and regional blocs. It also speaks on their behalf at the only world forum for international trade, the World Trade Organisation (WTO), which is based in Geneva, Switzerland, and has 148 member countries.

Trading on values

The EU believes that price is not the only value in trade and it has been working hard to conduct its business with heart and soul. It has achieved this by continuously integrating its citizens' values into its trade policy. This means that European trade policy is geared towards social solidarity, providing a social safety net to those who need it.

It also seeks to reduce the environmental impact of trade through such measures as reducing emissions, developing environmentally friendly technologies, using renewable energy sources, and more.

It also makes efforts to achieve sustainable development both for Europe and the rest of the world. One way it does this is by employing trade as a tool in aid policy.

When trade met aid

The EU is convinced that international trade can advance sustainable development and fuel prosperity. This vision is perhaps unsurprising given its own internal experience.

Although international trade has improved the lives of hundreds of millions of people around the world, a more competitive world has had its victims. Easing the pain of developing countries in the global market is essential for us all to gain from free trade.

"Trade policy, when used well, can make a powerful contribution to economic development all round the world," explains External Trade Affairs Commissioner Peter Mandelson, "as long as we recognise the need for special and differential treatment for the poorest."

The EU is crafting specially tailored Economic Partnership Agreements (EPA) – which blend trade with aid – for each of its developing country partners which enables them to improve the socio-economic well-being of their citizens.

Changing the world

The EU is dedicated to reforming the global trading system to spread prosperity and make development sustainable. The Union has been a major driving force behind reform at the WTO. An organisation under which governments hammer out changes and shifts in the rules of international trade in so called 'negotiation rounds'. The international community embarked on the current negotiation round in Doha (Qatar) in 2001.

The 'Doha Round' is built around sustainable development and covers a broad range of trade-related issues, including agriculture, services and intellectual property. Its main focus is on fine-tuning the world economy to the needs of its population. Doha has become the EU's number one foreign trade priority.

The Union is working hard to make Europe not only a better place for its citizens but also a better place for the world. It is gradually removing remaining non-competitive practices, opening its markets to products from poorer countries and giving them expanded trade preferences. It has also reformed the CAP, the EU's common agricultural policy which has been criticised for giving EU farming unfair advantages over their counterparts in developing countries.



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Volume 5

04/06



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Letter from the Ambassador

Trade and investment relations between the EU and Egypt have improved dramatically since the entry into force of the EU/Egypt Association Agreement: almost 21% increase of Egyptian exports to the EU and more than 12% increase in European exports to Egypt. The EU is the first trade partner for Egypt and represents more than 40% of Egypt's total trade with the world.

Improving the investment and business environment has also been a priority of the new Egyptian government since it took office and a lot of achievements can be registered. This could particularly be observed for trade and customs tariff reforms, financial sector and banking reform, privatisation and fiscal reform; all measures designed to enhance the investment climate. Customs reform and the creation of one-stop-shops are also important initiatives in order to improve the business environment.

EGYPT/EU:

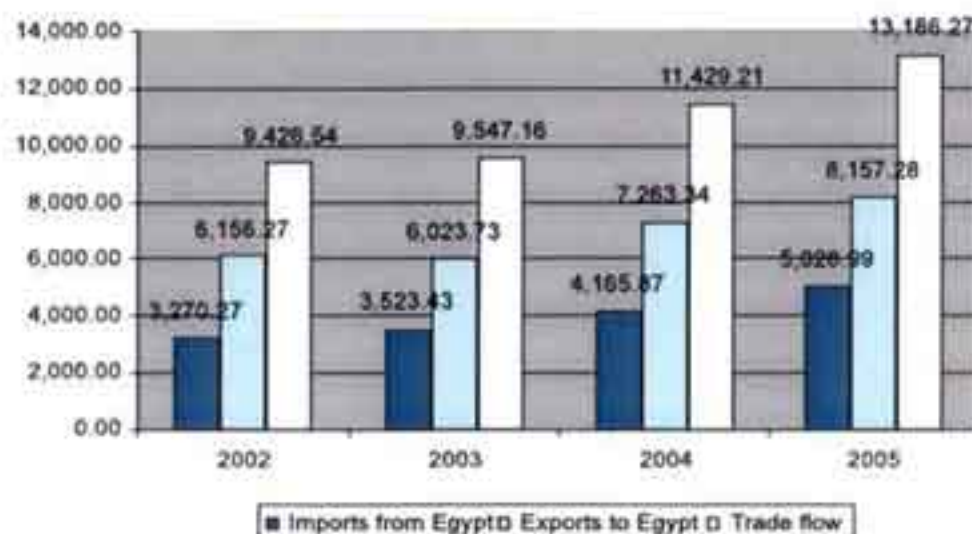
BUSINESS WITHOUT BORDERS

Following the entry into force of the EU/Egypt Association Agreement, EU/Egypt bilateral trade has been steadily increasing: €11.5 billion in 2004 and €13.3 in 2005 (compared to an average of €10 billion in previous years) with an upward trend for both Egyptian exports to the EU (20.7 % increase in 2005) and EU exports to Egypt (12.3% increase in 2005). The EU is the first trade partner for Egypt and represents more than 40% of Egypt's total trade with the world.

EU/Egypt relations are bound to become

stronger. With negotiations on the European Neighbourhood on the verge of completion, we will upgrade our relationship beyond "trade and aid" to a partnership dealing with all matters of common interest. The European Neighbourhood Action Plan will be the "work programme" of the Association Agreement, which provides the legal framework for EU/Egypt relations. Together with the development co-operation which is already well established, we have thus now prepared the foundations for much stronger Egypt/EU relations.

Trade EU 25 - Egypt



The European Commission strongly supports Egypt in its economic reform efforts with different programmes such as the Industrial Modernisation Programme, trade enhancement programmes as well as other programmes dealing with banking reforms, customs reform or textiles sector restructuring. The Delegation of the European Commission in Egypt also now has a research and technology counsellor to ensure that we exploit all possibilities of co-operation in a field with high potential. The EU is also very active in the social field, which is also important when undertaking a reform process, in particular on health, education and social development. Our overall ongoing co-operation programme is of €1.2 billion (approximately EGP 8.4 billion) in grants, plus €2.8 billion loans by the European Investment Bank over the last 20 years. Our programme with Egypt is the EU's 5th largest programme in the world.

Egypt is thus a major partner for us – and this will be more adequately reflected by a significant “upgrade” of our relationship, starting in 2006. With negotiations on the European Neighbourhood Action Plan between Egypt and the European Union on the verge of being concluded, we will have moved our relationship beyond “trade and aid” in a substantial way. The European Neighbourhood Policy Action Plan deals with many issues directly important for business, but also with issues vital for the general environment in which business operates; with questions of good governance, democracy and human rights, with foreign policy, education, energy, transport, science and cultural dialogue as well as migration and visa issues.

The European Neighbourhood Policy Action Plan will for all practical purposes be the “work programme” of the Association Agreement – one could say its “business plan”. Together with our well-established development co-operation, there is thus now a solid foundation for much deeper and ambitious Egypt/EU relations. The business community should be involved and help make the European Neighbourhood Policy a success. Let us seize this chance!

U. B. Ben

1- Association Agreement



The EU/Egypt Association Agreement entered into force on 1 June 2004. Its effects on trade were immediate. The Association Agreement reflects the approach of the Barcelona Process; it contains provisions with respect to the three pillars of the Euro-Mediterranean

partnership; political dialogue, trade and economic integration, and social and cultural co-operation.

The complete text of the Association Agreement is available on the following address: http://www.eu-delegation.org.eg/en/eu_and_country/association.htm

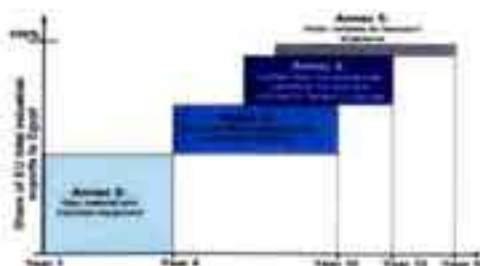
Trade provisions

The establishment of a Free Trade Area between the EU and Egypt implies reciprocal tariff liberalisation for industrial and agricultural goods, as well as provisions concerning other areas. In order to speed up the implementation of the trade part of the Association Agreement, the trade provisions of the Agreement entered into force on 1 January 2004.

Industrial Products:

A complete dismantling of customs duties and other charges having equivalent effect for Egyptian industrial products is in force from 1 January 2004. No quantitative restrictions apply.

Gradual abolition of customs duties for European industrial products according to a schedule of up to 10 years for the total elimination of customs duties for some European products:



Agricultural Products:

Egypt and the European Commission shall progressively establish a greater liberalisation of their trade in agricultural, fisheries and processed agricultural products of interest to both parties. During the third year of implementation of the Association Agreement, both Parties shall examine the situation in order to determine what further liberalisation measures can be applied.

Egyptian agricultural products (processed or not): For almost all products on the list, the Association Agreement grants a 100% reduction of customs duties, in many cases up to a certain tariff quota, in other cases free, such as grapes, watermelons, asparagus, etc. (*Annex to Protocol 1 and Annex II to Protocol 3*).

European agricultural products: Reduction of customs duties between 25% and 100% for a list of products, in some cases within the limit of a tariff quota, such as dairy products, seeds, etc. (*Annex to Protocol 2*).

European processed agricultural products: gradual reduction depending on the commodity from January 2006 to January 2008 (*Annex 1 to Protocol 3*).

How to benefit from preferential duties

In order to benefit from the Association Agreement provisions, namely preferential duties, the exporter should accompany the imported goods with a EUR.1 certificate of origin or an invoice declaration (if the value of the goods does not exceed €6,000 or the exporter is recognised by the Customs of the exporting country as an approved exporter). Articles 16 to 30 of Protocol 4 of the Association Agreement give all details on how to obtain these proofs of origin.

If an Egyptian exporter wants to know the customs duties applied to his/her products when exported to the EU, they can access the EU Customs Tariffs database: http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm.

If a European exporter wants to know the customs duties applied to his/her products when exported to Egypt, they can access the Egyptian Customs website (information available in Arabic): http://www.customs.gov.eg/dynamic/w_tarif/tarif.html

Rules of Origin

Preferential origin confers certain tariff benefits (entry at a reduced or zero rate of duty) on goods traded between countries which have agreed on such an arrangement or where one side has granted it autonomously.

In effect it means that goods must either:

- Be manufactured from raw materials or components produced in the beneficiary country.
- Undergo at least a certain amount of working or processing in the beneficiary country. Such goods are considered to be "originating".



Egypt has recently adopted the new Pan-EuroMed Protocol of Origin. This protocol will enable Egyptian industrials to import duty-free raw material from the vast majority of Mediterranean countries or the EU and re-export the finished products duty-free as

well. For example, it will be possible to import fabrics duty-free from Turkey, process them in Egypt, and export the finished garments duty-free to the EU, or one other country in the region which adopted the Pan-EuroMed Protocol of Origin.

2- European Neighbourhood Policy



The new European Neighbourhood Policy (ENP) also directly impacts business. In the Action Plan of the ENP (whose implementation will be overseen by the various committees created within the Association Agreement), issues such as convergence of

standards, approximation of relevant legislation and co-operation in major sectors such as transport, energy and research, will be undertaken.

Negotiations on the Action Plan are expected to be concluded soon.

3- Trade oriented technical assistance

In 2005, the EU has disbursed €145 million on co-operation programmes with Egypt. Trade oriented technical assistance is a major component of the EU's co-operation with Egypt.

Trade Enhancement Programme (TEP)

For a total amount of €46 million, the Trade Enhancement Programme (TEP) is a group of three different programmes which underline the EU's commitment to assist Egypt in meeting the globalisation challenge:

TEP A: The TEP-A is a €20 million techni-

cal assistance programme to the Ministry of Trade and Industry focusing on trade facilitation. The TEP-A contributes to the growth of trade and export activities, thus fostering economic growth and employment in five priority areas:

- Commercial diplomacy (Egyptian Commercial Service)
- Implementation of EU/Egypt Association Agreement
- WTO agreements
- Export promotion
- Trade facilitation (support to the General Organisation for Import and Export Control)

TEP B: The TEP-B is a €40 million budgetary support programme to support the trade reform implemented by the Egyptian government. The objective is to improve the access of Egyptian producers to international markets and the competitiveness of their products. The programme activities are:

- Modernising customs services
- Export promotion
- Improving standards

TEP C: The TEP-C is a €6 million technical assistance programme aiming at supporting the customs reform implemented by the Egyptian government. The objective is to reduce the cost of doing business with Egypt, especially as regards foreign trade transactions, to enhance economic efficiency and foster competitiveness of exports. There are five components of the programme activities:

- Customs valuation
- Risk management system
- Post clearance audit/control
- Capacity building with focus on Middle Management
- Internal/External communication

Industrial Modernisation Programme

The Industrial Modernisation Programme has been funded by the European Commission for an amount of €250 mil-

lion to promote GDP growth and competitiveness of the private enterprise sector, with special emphasis on small and medium-sized enterprises in the context of continued economic liberalisation. The specific objectives of the programme are:

- Assist private enterprises in their development,
- Strengthen business associations,
- Support institutions and services.

The Industrial Modernisation Programme is managed by the Industrial Modernisation Centre providing demand-driven services for the private sector companies and institutions



and support to the Ministry of Trade and Industry, notably in the policy-making area.

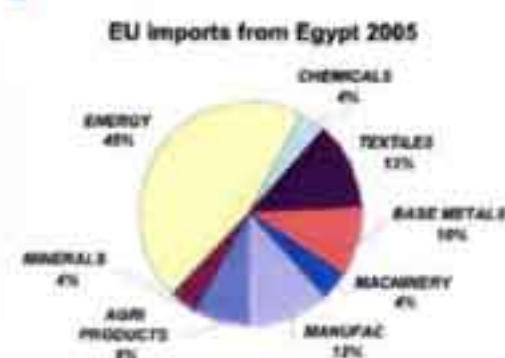
Business Resource Center

The Business Resource Centres are the regional and local delivery arm for the EC-funded Industrial Modernisation Programme offering a wide-range of business development services to local domestic-oriented manufacturers with clear growth potential. Business Resource Centres are operational in the cities of Alexandria, 10th Ramadan, 6th October, Tanta, Assiut, Borg El Arab, Demietta, Sadat and Obour.

Business Resource Centres clients can now access a portfolio of 90 business development services organised into seven service areas to provide for full business development support, including strategic management, production, quality, financial management, human resource development, IT, promotion, sales and marketing.

Since their launching, the Business Resource Centres have initiated over 2,500 interventions and served more than 1,000 local industrial enterprises. The Business Resource Centres interventions have often direct impact on the competitiveness of their clients. For instance, one food company in 6th October saw its sales increase by one-third immediately following marketing support and quality certification [ISO and HACCP].

4 Exports to the EU



Main Egyptian exports to the EU are energy (45%) and textiles (13%) followed by manufactured goods, base metals, agricultural foodstuffs and others.

The main export countries for Egyptian products to the EU are France (19.4%), Italy (18.7%) and Germany (17%).

The European Commission Export Helpdesk

The Export Helpdesk is a free online service for exporters, importers, trade associations and governments from developing countries to more easily access the EU market. The website provides imports tariffs to the EU, customs documents, Rules of Origin, trade statistics, useful links, market place, contacts section. It also gives detailed on-line information as to the EU and Member State specific requirements for each particular product (including SPS, labelling, and marketing) as well as the Member States internal taxes that apply (VAT and excise). In other words,

it turns the Export Helpdesk into a "one-stop shop" for information on exporting from a developing country to the EU.

Export Helpdesk for developing countries
Market Access Unit

DG Trade - European Commission

Website: <http://exporthelp.ec.eu.int>

E-mail: exporthelp@ec.eu.int

Fax: +32. 2. 29 67 393



General EU Food Law

Food law, both at national and EU level, establishes the rights of consumers to safe food and to accurate and honest informa-

tion. The EU food law aims to harmonise existing national requirements in order to ensure the free movement of food and feed in the EU. The food law recognises the EU's commitment to its international obligations and is developed and adapted taking international standards into consideration.

The system set in place to ensure the high level of quality required by EU consumers includes:

- Integrated approach (from the farm to the fork) through the food chain via a new set of rules covering animal feed, food hygiene, residues.
- Appropriate system of data collection to ensure traceability.
- Risk assessment based on scientific evidence and managed through public authorities.

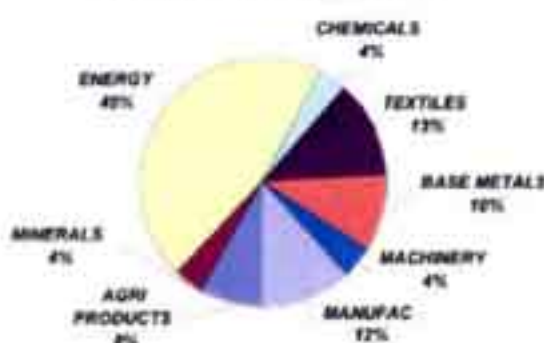
For third countries exporting food products to the EU, the relevant National Authority shall control that the provisions of the law is applied before exporting to the EU. All food business operators shall ensure that all stages for which they are responsible, from primary production up to and including the offering for sale or supply of foodstuffs to the final consumer, are carried out in a hygienic way in accordance with this Regulation.

In Egypt the competent authority is the General Organisation for Veterinary Services (GOVS), food businesses operators shall cooperate with the GOVS and in particular ensure that all establishments under their control are registered and keep this authority informed of any changes. Where required by national or Community legislation, businesses in the food sector must be approved by the competent authority and shall not export to the EU without such approval (fish products for example).



5 Imports into Egypt

EU imports from Egypt 2005



Main European exports to Egypt are machinery (35%) and manufactured goods (29%) followed by chemicals, base metals, agricultural foodstuffs and others.

The main export countries for Egyptian products to the EU are Italy (25%), Germany (20.6%) and France (12.9%).

Customs Complaint Unit

The Egyptian Customs Complaint Units exist in all Customs Office (Cairo, Alexandria, Damietta, Port Said, Suez, etc.). Complaints are viewed by a special committee whose constitution depends on the nature of the complaint. The committee's decision are to be applied by the Customs.

Complaints should be sent to the Office of the Head of the Customs.

6 Abolishing trade barriers between the EU and Egypt

Abolishing trade barriers between the EU and Egypt requires efforts on both sides. Some European or Egyptian legislation that can be seen as trade barriers could be improved by harmonising legislation with international standards. Here are a few examples of current trade barriers between the EU and Egypt:

On the EU side:

- **Phytosanitary (SPS) measures:** European consumers demand very high quality of food and health protection. No derogation can be granted to the EU food imports requirements.
- **Agricultural Quotas** are in place in the EU for some Egyptian agricultural products.
- **Industrial Standards:** although they may appear very strict for third countries, they are in place to ensure safety, quality and fair competition. The CE mark symbolises conformity to all applicable EU requirements.

On the Egyptian side:

- **Custom duties and procedure:** whereas Egyptian industrial products can access the EU market duty free,

European products are still charged with ad valorem duties. Customs procedures are lengthy and opaque.

- **Phytosanitary (SPS) measures:** Egypt has several different state bodies dealing with food and animal issues as well as different international and domestic SPS requirements. Egypt also has strict SPS requirements that are not scientifically based (ban on beef imports unless meat is frozen and boneless).
- **Industrial Standards:** Egypt still has different international and domestic standards, several different state bodies dealing with standards. Testing procedures are not uniform and transparent.
- **Agricultural quotas** still in place for European products.

The EU and Egypt have several ongoing opportunities to eliminate these trade barriers. Among them are the WTO negotiations, the EU/Egypt Association Agreement whose article 47 concerns co-operation on SPS and standards. The Barcelona Process and the current European Neighbourhood Policy negotiations also include, at the regional level, SPS issues, harmonisation of standards, liberalisation of agricultural products, etc.

7- Intellectual Property Rights

EU enforcement strategy

The amount of counterfeited and pirated articles seized at the EU's external borders every year demonstrates that counterfeiting is a growing and increasingly dangerous phenomenon. It is estimated then that counterfeits accounted for 5 to 7% of world trade and were responsible for the loss of 200,000 jobs in Europe.

The European Commission has presented a package of measures to strengthen protection for the EU and its citizens against counterfeiting and piracy. The measures proposed for action in 2005 and 2006 would increase Community level protection through improved legislation and

operational controls, strengthen the customs/business partnership and reinforce international co-operation in this area.

Egypt has not been identified as one of the major producing countries of counterfeited goods. Still a lot of counterfeited goods transit through Egypt before entering the EU market and on the Egyptian market some European brands suffer from illegal copying in the field of electronics, ready-made garments, pharmaceuticals, etc.

More information on EU strategy for IPR can be found at:

http://europa.eu.int/comm/trade/issues/sectoral/intell_property/index_en.htm
<http://www.iprhelpdesk.org>

8- Business community

CEEBA: Confederation of Egyptian European Business Associations

The Confederation of Egyptian European Business Associations (CEEBA) was created in 2004 as a coordinative body to guarantee the cooperation between the existing European bilateral chambers and act on behalf of the non-existent ones.

Activities:

- Create a forum for Egyptian pan-European dialogue.
- Coordinate between EU/Egypt bilateral associations and intensifying the cooperation at the pan-European level.
- Promote trade, investments and technology transfer between Egypt and the EU.
- Support the EU/Egypt Association Agreement.
- Act as a bilateral chamber for EU Member States which do not have a bilateral chambers.
- Support, co-ordinate, outreach and implement EU and Member States' economic programmes and projects.

Contact:

Dr. Alaa Ezz, Secretary General
21, Soliman Abaza St, off Gamaet El Dowal El Arabeya St.
Mohandessin, Cairo
Tel: +20-2-336-81-83,
Fax: +20-2-336-87-86 Email: eezt@redlink.net

Egyptian European Council

The Egyptian European Council is a non-governmental organisation of the Egyptian civil society, founded in June 2003. It aims at further strengthening relations between Egyptian institutions, corporations, organisations and their counterparts in the European Union Member States. It encompasses a group of high-level businessmen, bankers, industrials, diplomats, investors, academics and legal experts.

Contact:

6A, Moustafa Razaar St, Cairo Aviation Building, 5th Floor
Heliopolis, Cairo
Tel: +20-2-269-37-77, Fax: +20-2-269-48-88
Email: eeu@egyptcouncil.org
Website: www.egyptcouncil.org

Bilateral Chambers of Commerce

• British Egyptian Business Association (BEBA)

Ms. Laila El Maghraby, Executive Director
124, Nile St.
Agouza, Cairo
Tel: +20-2-749-14-21, Fax: +20-2-760-60-83
Email: lieba@beba.org.eg
Website: www.beba.org.eg

• German-Arab Chamber of Industry and Commerce (AHK)

Dr. Peter Gopfrich, Chief Executive Director
Ms. Marion Kusmann, Executive Officer
21, Soliman Abaza St, off Gamaet El Dowal El Arabeya St., GIC Tower
Mohandessin, Cairo
Tel: +20-2-336-81-83, Fax: +20-2-336-80-26
Email: info@ahk-mena.com
Website: www.ahk-mena.com

Alexandria Branch Office:

12, Champollion St.
El Azarita, Alexandria
Tel : +20-3-485-32-53, Fax : +20-3-485-42-66
Email : alex@ahk-mena.com
Website : www.ahk-mena.com

• Club d'Affaires Franco Egyptien (CAFÉ)

Mr. Atef Moukhtar, Director General
1, Wadi El Nil St. 4th Floor
Mohandessin, Cairo
Tel: +20-2-346-94-17, Fax: +20-2-346-94-19
Email: cafe@cafe.org.eg
Website: www.cafe.org.eg

• Egyptian Scandinavian Business Association (ESBA)

Mr. Mohamed Abou Alam, General Secretary
44, Gol Gamal St.
Agouza, Cairo
Tel: +20-2-346-67-50,
Fax: +20-2-346-38-90

Other useful business links

EU/Egypt Association Agreement

www.eu-delegation.org.eg/en/eu_and_country/association.htm

European Commission External Trade

http://europa.eu.int/comm/trade/index_en.htm

Export Helpdesk for Developing Countries

<http://export-help.ec.eu.int>

Relevant information concerning exports to the EU (import tariffs, customs documents required and Rules of Origin) plus trade statistics with the EU Member States. The information is displayed for the product requested by its HS Code.

European Standards and CE marking

www.newapproach.org

Customs Duties towards the EU

http://europa.eu.int/comm/taxation_customs/dds/cgi-bin/tarchap?Lang=EN

Industrial Modernisation Centre

Email: info@imc-egypt.org

Website : www.imc-egypt.org

European Information Correspondance Centre

www.imc-egypt.org.eg

E-Mail : info@eicc.org.eg

Egyptian European Council

Website: www.euegyptcouncil.org

Ministry of Trade and Industry

www.moft.gov.eg/English/trade/index.htm

General Authority for Investments and Free Zones (GAFI)

Email: gafi@idsc.gov.eg

Website : www.gafinet.org

Egyptian Customs

www.customs.gov.eg

Applicable duties are displayed only for the product requested by its HS Code. For the moment only the Arabic version is available.

General Organisation for Import and Export Control (GOIEC)

Mr. Osama Mohamed Abd Elmonem,
General Manager International Relations
1, Intersection of Ramesse and Maarouf St.
Email: osabdelmonem@yahoo.com

Egyptian Organisation for Standardisation and Quality Control (EOS)

Dr. Mahmoud Eisa, Chairman
16, Tadreeb El Modarrebeen St.
El Ameriya, Cairo
Tel: +20-2-259-34-79, Fax: +20-2-259-34-80
Email: moi@idsc.net.eg
Website : www.eos.org.eg

Egyptian Accreditation Council (EGAC)

Eng. Samia M. El Azazy, Executive Director
Riad Building, Cornish Maadi
Tel: +20-2-792-11-69, Fax: +20-2-792-12-21
Email: EGAC2000@idsc.gov.eg
Website:

Federation of Egyptian Industries (FEI)

Mr. Hani Hafez, Chairman's Counsellor
1195, Cornish El Nil
Cairo
Tel: +20-2-579-65-90, Fax: +20-2-579-65-93
Email: feind@idsc.net.eg
Website: www.fei.org.eg

Egyptian Chamber of Food Industries (CFI)

Mr. Tamer Badrawy, Business

Development Manager

1195, Cornish El Nil
Ramlet Boulak, Cairo
Tel: +20-2-574-86-27, Fax: +20-2-574-83-12
Email: info@egycti.org.eg
Website : www.egycti.org.eg

Chamber of Engineering Industries

Eng. Farouk M. Shalash, Executive Director
1195, Cornish El Nil
Cairo
Tel: +20-2-577-4334, Fax: +20-2-577-08-89
Email: ceii@idsc.net.eg

Chamber of Building Materials Industries

Mr. Yasser A. Rashed, Vice Chairman
1195, Cornish El Nil, 8th Floor
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Tel: +20-2-576-74-15, Fax: +20-2-576-73-04
Email: info@cbmegypt.com
Website : www.cbmegypt.com

Egyptian Centre for Economic Studies (ECES)

Mr. Ahmed Galal, Executive Director
Ms. Omneia Hemly, Principal Economist
Nile City Building, North tower, 8th Floor,
Cornish El Nil
Ramlet Boulak, Cairo
Tel: +20-2-461-90-37, Fax: +20-2-461-90-45
Email : ecses@ecses.org.eg
Website : www.ecses.org.eg

Economic Research Forum (ERF)

Mr. Daaa Nour El-Din, Economist
7, Bouls Hanna St.
Dokki, Cairo
Tel: +20-2-337-08-10, Fax: +20-2-761-60-42
Email: erf@erf.org.eg
Website: www.erf.org.eg

For further information:

Delegation of the European Commission in Egypt

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E-mail: thomas.viot@cec.eu.int

www.eu-delegation.org.eg



European Commissioner for External Trade
Mr. Peter Mandelson
visits Egypt 26-27 November 2006

European Commissioner for External Trade, Mr. Peter Mandelson will pay a bilateral visit to Egypt on 26/27 November. The Commissioner will meet H.E. President Mohamed Hosni Mubarak, H.E. Dr. Ahmed Nazif, the Prime Minister; H.E. Rashid Mohamed Rashid, Minister of Trade and Industry, and other ministers. Commissioner Mandelson will also meet with the Secretary-General of the Arab League, H.E. Dr. Amre Moussa.

Discussions will focus on EU/Egypt bilateral trade relations in the context of the Association Agreement, the Euro-Mediterranean Process and the European Neighbourhood Policy. Multilateral and regional trade issues will be equally on the agenda.

Mr Mandelson, European Commissioner for External Trade, said: *"Egypt is a key part of the Euro-Mediterranean Partnership and an important player in the WTO trade talks. This trip is an opportunity for Europe and Egypt to discuss growing areas of our relationship such as trade in services and to discuss the prospects for a successful conclusion of the Doha Round."*

The Commissioner will also meet with the Egyptian/European business community for an exchange of views on the business and investment environment in Egypt and will gather some first-hand information through field visits to companies.

For more information on EU/Egyptian trade relations, please visit:

http://ec.europa.eu/trade/index_en.htm

and

<http://www.eu-delegation.org.eg>

ENDS

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