

**Trade Policy Review Body**  
**26 and 28 July 2005**

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**TRADE POLICY REVIEW**

EGYPT

Minutes of Meeting

Addendum

*Chairperson: H.E. Mr. Don Stephenson (Canada)*

This document contains the advance written questions, and replies provided by Egypt.<sup>1</sup>

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**Organe d'examen des politiques commerciales**  
**26 et 28 juillet 2005**

**EXAMEN DES POLITIQUES COMMERCIALES**

ÉGYPTE

Compte rendu de la réunion

Addendum

*Président: S.E. M. Don Stephenson (Canada)*

Le présent document contient les questions écrites communiquées à l'avance et les réponses fournies par l'Égypte.<sup>1</sup>

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**Órgano de Examen de las Políticas Comerciales**  
**26 y 28 de julio de 2005**

**EXAMEN DE LAS POLÍTICAS COMERCIALES**

EGIPTO

Acta de la reunión

Addendum

*Presidente: Excmo. Sr. Don Stephenson (Canadá)*

En el presente documento figuran las preguntas presentadas anticipadamente por escrito, junto con las respuestas facilitadas por Egipto.<sup>1</sup>

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<sup>1</sup> In English only./En anglais seulement./En inglés solamente.



## REPLIES TO QUESTIONS

### Agriculture:

#### AUSTRALIA:

##### Agriculture:

Australia encourages Egypt to update its notifications to the WTO on domestic support, noting that according to the WTO Secretariat Report, its last notification was submitted in 1999 (pg. 56, para. 14).

*Australia, in particular, seeks further information about the financial assistance provided to the agricultural sector in the form of subsidised electricity and water, the latter being provided almost free of charge to farmers (Secretariat report, pg. 56, para. 14).*

##### **Reply:**

**There is no subsidy provided for the agricultural sector in the form of subsidized electricity.**

**Irrigation system does not make it possible to estimate the amount of used water. Paying for this water is an item included in taxes imposed on agricultural lands. There is no specific electricity subsidy to the farmers.**

#### USA:

##### Agriculture - Policy developments:

25. In paragraph 13 on page 56, the Secretariat Report indicated that Egypt maintains applied tariffs above WTO bound rates for two agricultural product groups. Although Table III.3 (page 31) is referenced, not all agricultural products described in footnote 2 of page 56 (prepared or preserved chicken meat, fats and oils derived from milk) appear on this Table.

*Please clarify the tariff lines for which Egypt maintain duties above bound rates.*

##### **Reply:**

**According to Egyptian legislation, WTO schedule of commitments have to be followed regardless of our applied tariffs rates in dealing with WTO members. If the WTO bound rates are less than the applied tariffs rates and the goods are imported from a WTO member country, the lower tariff rates are applied.**

**Applied rates that exceed bound rates are not on 19 tariff lines as indicated by (Table III.3).**

**For the agricultural products, Egypt is applying the bound rate as of May 1, 2005.**

**According to Egypt's schedule of commitments, the products with the following HS codes above WTO bound rates are:**

- **16029010.**
- **24039920.**

**Pursuant to the submission of the Ministerial Decree 1113/2003, bound rates are applied to WTO members in cases where applied rates exceed the bound rates.**

**THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN, AND MATSU:**

(2) AGRICULTURE:

(ii) Policy developments:

(Pgs. 55-56, paras. 12-13).

Egypt's single average bound tariff rate on agricultural products is 27%, which greatly exceeds applied rates (single average is 5.8%).

*Could Egypt please explain the reason for such a large gap, and under what conditions tariffs have been raised?*

**Reply:**

**The bound rate on agricultural products was 27% in 1995. Since the beginning of the economic reform program in 1995 we started the gradual reduction of the average tariff rate, which ensures Egypt's credibility in reducing the average tariff rate according to global changes and international trends towards reducing the customs barriers.**

**BRAZIL:**

Agriculture:

WT/TPR/150, Summary Observation, (3) Trade Policy Instruments, Page vii, paragraph 9:

*Why does import prohibition for poultry offal remain in place while most import prohibitions were lifted in 2004?*

**Reply:**

**Import prohibition for poultry offal remains in place due to cultural reasons as it is difficult to make sure that these parts are (Halal). In case that we reach a scientific basis that this condition is achieved, poultry offal imports prohibitions will be lifted.**

**Competition Policies:**

**AUSTRALIA:**

Competitive Neutrality:

Australia is concerned that non-market based pricing by public sector companies can be a deterrent to foreign investment in Egypt. For example, discharge, storage and handling fees at ports for commodities such as wheat must accord with fees set by public sector firms. This impedes new private investment in more efficient port facilities.

*What is the rationale for maintaining non-market based pricing by public sector companies in sectors where greater foreign investment and participation is being encouraged to enhance competitiveness and efficiency?*

**Reply:**

Port charges are an aspect of the role of public sector companies in the economy. This is under review and the privatization program is being strengthened. It could be pointed out that there has been private investment in new ports. (Ain Soukna).

Egypt's policy is to move towards the elimination of non-market based pricing. This is a policy that is being pursued increasingly in various sectors. This policy has been given a clear direction until the recent enactment of a new competition law ( No 3 of 2005 ) issued on February 15<sup>th</sup>, 2005. the law will provide a solid base for the elimination of all non-competitive practices, including public sector companies.

Currently the new Competition Authority is being set up and the Executive Regulation of the law are being finalized.

**EC:**

Competition policy:

*The EC should like Egypt to inform about the content of the newly adopted competition law and the timeframe foreseen to start the implementation of this law? Also with respect to which institutional arrangements are foreseen in this respect?*

**Reply:**

The law was issued on 15th February 2005 and it entered into force On May 15<sup>th</sup> 2005.

The executive regulations are currently under discussion and the Prime Minister will issue them once it will be revised.

As soon as the executive regulations are issued, the implementation of the Law will get into force.

As for the institutional arrangements, it is stipulated in the Law that a Competition Authority will be established to undertake the implementation of the Law. It will be an independent body. The Prime Minister is the competent authority overlooking its operation. The Authority has a Board made of representatives of different organizations (Article 12) a full time Chairman of the Board and Executive Director.

We have the members of the board of the Authority and a short list for the Chairman and Executive Director positions.

6. We will start holding roundtable discussions with stakeholders from the business community to discuss the Law and its regulations.

In short, by the end of August, we will have a running Egyptian Competition Authority in charge of implementing Law no 3/2005. The Law establishes that a company of a market share of greater than 25% is considered to be in a dominant position and could have an impact on prices of quantities supplied. Thus, the practices of these companies will be subject to investigation in case they engage in an anticompetitive practice.

**Customs:**

**USA:**

**Measures Affecting Production and Trade - Local-Content Requirement:**

*15. Referring to paragraphs 126 and 127 on pages 48 and 49 of the Secretariat Report, please explain how the local content requirement for the reduction of customs duties conforms to Egypt's obligations under Article 3.1(b) of the SCM Agreement.*

**Reply:**

**EC:**

**Tariffs:**

The EC notes that Egypt currently has a number of tariff lines with special rates that were excluded from the tariff cuts implemented in September 2004, some of which exceed corresponding bound rates (as referred to in paragraph 21 in the report prepared by Egypt).

*Could Egypt clarify the motivations for this?*

**Reply:**

**On the issue of applied tariffs being higher than the bound (which do not exceed 0.2% from the total tariff lines), we would like to refer delegations to Ministerial Decree No. 1113 for year 2003 which guarantees WTO members shall benefit from the lower rate, either bound or applied. These cases do not exceed 0.2% of the total tariffs.**

**Tariff peaks are applied on alcoholic products for cultural reasons taking into consideration that they are applied under GATT article 20 exceptions.**

**As for the issue of additional reduction in tariffs, and the simplification of the duty regime, an assessment of the impact of the 2004 reform is being undertaken based upon which further duty reform may be developed.**

**All services fees and surcharges have been eliminated by Presidential Decree No. 300 for year 2004.**

*Is there any intention, or any timetable planned for an upcoming customs tariff simplification aimed at reducing such tariff peaks, which would seem to be in contrast with the comprehensive tariff simplification and reductions implemented through Decree 300/2004?*

**Reply:**

**Tariff peaks are applied on alcoholic products for cultural reasons taking into consideration that they are applied under GATT article 20 exceptions.**

**Duty and tax concessions:**

Reference is made to pg. 14 para. 17 in the report prepared by the WTO Secretariat, concerning different tax incentives offered by the government.

*The EC should like Egypt to clarify its views on these tax concessions and also inform about how Egypt assesses the link to other policies aiming at increasing trade and economic growth.*

**Reply:**

**New Tax Law 91/2005 has reduced taxes rates and abolished taxes exemptions as it was proved that they have no relation with economic growth.**

*Could Egypt inform what specific sectors are covered by the various tax exemptions? Are there any specific criteria that need to be fulfilled in order for enterprises to take advantage of these exemptions?*

**Reply:**

**The enterprises that had been established in the new communities and cities were covered by the tax exemptions but the new tax law gives these projects grace period to abolish such exemptions.**

#### **NEW ZEALAND:**

2. We note that in the Report from the Government of Egypt (WT/TPR/G/150 p.7, para. 16), Egypt recognizes that there are legitimate roles for customs, food inspection, etc but these roles have to be conducted with the objective of reducing costs and uncertainties for exporters, and that policies to bring Egyptian procedures into conformity with international practice are on the agenda of all Egyptian agencies involved.

*What policies is Egypt developing on the mandatory border inspection of food imports? What policies is Egypt developing to ensure that its applied standards reflect defined sanitary and phytosanitary objectives and not arbitrary technical restrictions? Is Egypt developing a policy on recognition of equivalence, whereby the high standards applied by some food exporters are recognized by authorization of a certification regime by the competent authorities of the exporting country? Which agency is responsible for the development of this policy, and what is the outlook for finalization and rollout of the policy?*

**Reply:**

**The applied rules for customs and food inspections are consistent with the international standards. Rules applied for inspecting agricultural goods and food imports follow the sanitary and phytosanitary measures and health rules.**

**Inspection rules and standards are developed continuously according to international standards. In addition, Industrial modernization program exerts great efforts to enhance these standards.**

**The industrial modernization program is a shared responsibilities among the ministry of foreign trade and industry, research centres following the ministry of agriculture ,exporters & importers communities and exporting & importing councils.**

3. The Report from the Government of Egypt (WT/TPR/G/150 p.8, para. 31), states that the 1 - 4% customs surcharge on imports has been eliminated. New Zealand's experience is that this surcharge is still being applied by the customs authorities. What measures is Egypt taking to ensure that the surcharge is not levied?

*To what Egyptian quarter should exporters and their Governments turn for redress in the event that a surcharge is illegally levied?*

**Reply:**

**Egyptian Customs Authority abolished the service fees by virtue of ministerial decree No. 1230 in 8/9/2004 , since then no fees are being collected in the different customs posts, New Zealand has to submit its proof of such cases to the Egyptian Customs Authority.**

**SWITZERLAND:**

(ii) Customs Valuation:

Para. 15 of the Secretariat report indicates that *if the difference between the declared value and the assessed correct value of the goods exceeds 20%, fines are payable in addition.* Are fines also payable if the difference is smaller than 20%? According to article VIII GATT, no substantial penalties for minor breaches of customs regulations or procedural requirements shall be imposed.

*In particular, in the case of omissions or mistakes easily rectifiable and obviously made without fraudulent intent or gross negligence, the penalty must only serve as a warning. Does Egypt also foresee such cases even if the difference exceeds 20%?*

**Reply:**

**Fines are paid in case that the importer indicates that the difference between the declared value and the assessed correct value of the goods exceeds 20% and that he agrees to pay the fines.**

**Pursuant to the issuance of law 95/2005, payable fines become 15% of lost duties instead of 100%.**

(iii) Rules of Origin:

1. In para. 18, the Secretariat's report suggests that Egypt has not notified any rules of origin to the WTO. Egypt does not have precise non-preferential rules of origin. Article 19 of the Customs Law defines origin as the country where the goods are produced. Also, in para. 19, the Secretariat's reports indicates that Ministerial Decree 515 of October 2003 requires that all goods be clearly labeled and carry a certificate of origin, with any mistakes on the label or certificate being grounds for returning the goods to the country of origin. Self-certification is allowed and usually applied.

Switzerland expresses its concerns about the obligation to produce for all imports certificates of origin, above all the obligation to produce a certificate of origin from the country of origin. Also a certificate of origin issued by the competent authority of the intermediate country, where the new invoice by the trader is made out, should be sufficient to prove the origin. Switzerland has also been informed by its trading community that certificates of origin issued by the competent Chambers of Commerce in Switzerland, which always verify accurately the origin to certify, have to be restamped by other bodies like the "Chambre de Commerce Arabo-Suisse". This double certification is unnecessary, cumbersome and does not add any value in proving the origin.

*We would like to know if Egypt in the light of the latest positive trade facilitating measures and tariff cuts has foreseen to abolish such unnecessary documentary burden? Or does the self-certification substitute the obligation to produce a certificate of origin?*

**Reply:**

**Ministerial Decree 515 of October 2003 does not require that all imported goods be clearly labelled and carry a certificate of origin.**

**Labelling is only required for imported packaged products.**

**In addition, Certificates of origin are only required for imported goods for trading purposes. These are temporary procedures till the process of issuing legislations to protect domestic consumers is done.**

**If the imported raw materials, intermediate goods and capital goods are not shipped from the country of origin and carry a certificate of origin from the country of origin so there is no need for any additional proof.**

**But if these goods carry a certificate of origin from a country other than its country of origin so there is a need just to refer to country of origin not to submit a new certificate of origin.**

**It is not true that certificates of origin have to be restamped by other bodies like the "Chamber de Commerce Arabo-Suisse", they have to be verified only from our embassies abroad. In case of reciprocity among countries, this verification is not required as the case of European Community (EC).**

(iv) Tariffs:

(b) MFN tariff bindings:

Para. 32 and Table III.3: According to para. 32 Egypt still has 19 tariff lines whose applied duties exceed, sometimes substantially, the corresponding bound rates.

*Could Egypt specify why the applied rates for these 19 tariff lines exceed the bound rates? What does Egypt intend to do to remedy this situation as soon as possible? Although the Customs administration applies the bound rates to WTO members in cases where applied rates exceed the bound rates, which control mechanisms are in place to ensure that this will always be the case?*

**Reply:**

**According to the Egyptian legislation, WTO schedule of commitments have to be followed regardless of our applied tariffs rates in dealing with WTO members. If the WTO bound rates are less than the applied tariffs rates and the goods are imported from WTO member country, the least tariff rates are applied.**

**According to Egypt schedule of commitment, the products with the following HS codes are 160%:**

- ex 8703.23.90.
- ex 8703.24.90.
- ex 8703.32.90.
- ex 8703.33.90.
- ex 8703.90.90.
- 9603.30.90.

**According to Egypt schedule of commitment, the products with the following HS codes are bound at 60%:**

- **9405.40.10.**
- **9405.40.20.**
- **9405.40.90.**

**According to Egypt schedule of commitment, the product with the following HS code 3006.70.00 are bound at 20%.**

**For all these tariff lines the current applied rates are 135%.**

**Pursuant to the submission of the Ministerial Decree 1113/2003. The bound rates are applied to WTO members, in case where applied rates exceeds the bound rates.**

(d) Exemptions and concessions:

Para. 36. According to para. 36 numerous individual exemptions and concessions schemes and their wide scope, coupled with the possibility of discretionary decisions, reduce the transparency of Egypt's tariff regime.

*Could Egypt indicate which discretionary decisions have been taken, if any, since the last TPR, on which products, for which period of time, for which beneficiaries? Also what are the criteria used to take such a decision?*

**Reply:**

**Individual exemptions are applied only for certain agencies that are exempted from taxation according to their establishment laws and this is informed to WTO.**

**Procedures of Draw back, temporary exemption, temporary release and concessional duty are accepted internationally, so they do not reduce the transparency of Egypt's tariff regime.**

**No, Egypt did not take any discretionary decisions. On the contrary, the tariff structure abolishes them altogether.**

**AUSTRALIA:**

Customs:

The Secretariat reports notes that since Egypt's previous Review, the Customs Administration has stepped up efforts to improve inspection and clearance activities (pg. 24, para. 11). This is a welcome development, in light of concerns expressed by traders about overly burdensome procedures, and unduly time consuming paperwork.

*Could Egypt please provide more information on these reforms?*

**Reply:**

**Egypt has automated the customs posts, and applies nowadays the pre-processing system in some posts as goods is released before it's arrival , and also Egypt applies the risk management system and post clearance audit, taking into account that the documents that are required by the Customs Authority are:**

**Proforma invoice, packing list, and the certificate of origin.**

**Nowadays, Egypt is preparing to adopt the technology of Electronic commerce (e-commerce).**

Competitive Neutrality:

Australia is concerned that non-market based pricing by public sector companies can be a deterrent to foreign investment in Egypt. For example, discharge, storage and handling fees at ports for commodities such as wheat must accord with fees set by public sector firms. This impedes new private investment in more efficient port facilities.

*What is the rationale for maintaining non-market based pricing by public sector companies in sectors where greater foreign investment and participation is being encouraged to enhance competitiveness and efficiency?*

**Reply:**

**Port charges are an aspect of the role of public sector companies in the economy. This is under review and the privatization program is being strengthened. It could be pointed out that there has been private investment in new ports. (Ain Soukna).**

**Egypt's policy is to move towards the elimination of non-market based pricing. This is a policy that is being pursued increasingly in various sectors. This policy has been given a clear direction until the recent enactment of a new competition law (No 3 of 2005) issued on February 15<sup>th</sup>, 2005. the law will provide a solid base for the elimination of all non-competitive practices, including public sector companies.**

**Currently the new Competition Authority is being set up and the Executive Regulation of the law are being finalized.**

Tariffs:

*Is Egypt considering any reduction of the MFN tariffs on alcoholic beverages, which are largely prohibitive for Australian wine, and on cars over 1600cc capacity, which are prohibitive for Australian-made cars?*

**Reply:**

**It's not considered to reduce tariffs on alcoholic beverages whether imported from the most favored nation (MFN) or from any other country and that's due to religious reasons. Also, the rates imposed on cars are applied on all imported cars into Egypt , and there are no benefits granted to a certain country.**

**Economic Environment:**

**CANADA:**

*V. Enabling Policies Enhancing Foreign Trade Performance, (7) Tourism Sector Growth, paragraph 78:*

*The Report makes reference to business tourism as one of the non-traditional types of tourism to which attention is being paid by the Government of Egypt. Could Egypt please elaborate on the meaning of business tourism.*

**Reply:**

**Reference to Business Tourism, the report refers business tourism as one of the traditional types to which attention is being made government. Could Egypt please elaborate on the meaning of business tourism?**

**Business tourism in this context refers to the corporate/group events, meetings, conferences and incentive trips. Egypt seeks to be a destination for conferences, meetings, and incentive trips in region as well as at the international level.**

**SWITZERLAND:**

**I. ECONOMIC ENVIRONMENT:**

**(2) Recent Economic Developments:**

Para. 8: The Secretariat's report indicates that the primary objective of monetary policy in Egypt is price stability. It adds however that the concept of price stability has not yet been defined. Could the Egyptian authorities explain on what basis they conduct their monetary policy if their objective is to target price stability without defining what price stability implies in the context of the Egyptian economy? When do the authorities intend to define this concept of price stability?

**Reply:**

**Law no. 88 of 2003 of the "Central Bank, Banking Sector and Monetary System" entrusts the Central Bank of Egypt (CBE) with the formulation and implementation of monetary policy, with price stability being the primary and overriding objective. The CBE is committed to achieving, over the medium term, low rates of inflation which it believes are essential for maintaining confidence and for sustaining high rates of investment and economic growth.**

Table I.2, suggests that between FY 1998/99 and 2002/03, the rate of inflation fluctuated between about 2½ and 4%. For 2003/04, however, inflation appears to have jumped to 12.1%. What are the reasons for this sudden acceleration in inflation? At the same time, intriguingly, the short term interest rate represented by the average nominal three-month treasury bill rate seems to have stayed virtually unchanged during the whole period under review (i.e. from 1998/99 through 2003/2004), which implies that the real interest rate which had been largely positive (around 5%) until 2002/03 became largely negative (over 3%) in 2003/04. This would imply that the stance of monetary policy must have remained largely unchanged, e.g. passive, in spite of the sharp acceleration of inflation. Could the Egyptian authorities explain the reasons for the apparent passivity of monetary policy in the context of a sharply accelerating inflation, and how, in their view, such a behavior of monetary authorities can be reconciled with the primary objective of price stability?

**Reply:**

**Monetary Policy Framework:**

**The CBE intends to put in place a formal inflation targeting framework to anchor monetary policy once the fundamental prerequisites are met. This will further enhance the predictability and transparency of the monetary policy in Egypt. In the transition period, the CBE will meet its inflation objectives by steering short term interest rates, keeping in view the developments in credit and money supply, as well as a host of other factors which may influence the underlying rate of inflation. The CBE strongly believes that real negative interest rates are inconsistent with the ongoing effort to reduce inflation rates. The continued reduction of the**

inflation rates that Egypt has witnessed in recent months is important in order to guide long-term inflation expectations.

**Monetary Policy Implementation:**

Monetary policy decisions are taken by the CBE's Monetary Policy Committee (MPC), which has nine members comprising of the Governor of the CBE, the two Deputy Governors, and six members of the Board of Directors. Decisions are implemented through a set of policy instruments and procedures. The CBE will use two standing facilities (an overnight lending facility and an overnight deposit facility) as its main policy instruments, providing the outer bounds of a corridor within which the overnight inter-bank rate will fluctuate. The CBE will continue to manage market liquidity through its open market operations.

**Inflation acceleration:**

Among the first decisions made by the new Board of Directors at the CBE late 2003, was the adjustment and realignment to the basket of goods represented in the consumer price index (CPI), to reflect more accurately the true inflation in the Egyptian economy.

Early 2003 the EGP was declared a freely floating currency, the depreciation that followed took the \$/EGP to close to 7.00 EGP's to the \$. The devaluation of the currency did eventually lead to a sudden acceleration in inflation.

The CBE, however, did address the matter by adopting a non-expansionary monetary policy early 2004, followed by the introduction of a proper foreign exchange interbank system in December 2004. the result was dramatic declines in inflation that were mainly attributed to the following factors:

- a. Appreciation of the EGP foreign exchange rate.
- b. Favourable external shocks to foreign prices.
- c. Notable slowdown in food and agricultural prices.
- d. Containment of domestic demand as a result of non-expansionary policy.

**Conclusion:**

It is the view of the CBE that the adoption of the non-expansionary monetary policy during the past 18 months was no doubt the driving force behind the recent dramatic declines seen in the inflation figures, and that will inevitably result in achieving the objective of 'price stability'.

**EC:**

1. TRADE IN GOODS:

"Reference is made to page 14, para. 17 in the report prepared by the WTO secretariat concerning different tax incentives offered by the Government.

The EC should like Egypt to clarify its views on these tax concessions and also inform about how Egypt assesses the link to other policies aiming at increasing trade and economic growth.

*Could Egypt inform what specific sectors are covered by the various tax exemptions? Are there any specific criteria that need to be fulfilled in order for enterprises to take advantage of these exemptions?"*

**Reply:**

Since June 2005, the whole system of tax incentives has been eliminated in Egypt of tax incentives of the new Tax Law which no longer allows the grant by virtual, except with respect to ten year exemptions granted to (i) land reclamation projects, (ii) poultry, animal, bees and fish production, (iii) publishing and translation, and (iv) agricultural production.

This relates to a broader approach to investment promotion in Egypt based on the need to eliminate distortions and install a general level playing field that relies on the attractiveness of the economy as a whole and not on the need to provide exceptional openings into it.

For the sectors mentioned above where exemptions will be granted, there are no specific requirements for business licensing.

Referring to pg. 6, para. 14 and onwards, in report prepared by the WTO secretariat. The EC notes that Egypt has a rather diversified export portfolio of manufactured goods, however the main sector is fuel products representing over 43% of exports in 2003.

*The EC should like Egypt to express its views on the diversification of manufacturing sectors and also reflect upon the ways Egypt is seeking to secure sustainable development when increasing the manufacturing of goods.*

**Reply:**

Manufactured goods accounted for 30% of exports in 2003. Future expectations and Egypt's national strategies indicate that manufacturing percentage of GDP will increase from 5% to 15% through the coming five years. This will result in an increase of exports from \$ 3 billion to \$ 7 billion.

Egypt has diversified portfolios of manufactured sectors and qualified resources whether technical or human. That encourages further integration of Egypt into the global economy and entering free trade agreements with COMESA, Arab countries and EU.

*Please inform what is being done in order to ensure adequate protection of the environment, while maximizing foreign exchange earnings?*

**Reply:**

Egypt's national strategies aim at ensuring that developing production volumes and exports quantities is consistent with international environmental standards to ensure easy market access to international markets which require these environmental standards as a vital condition for importation.

According to the Industrial modernization program, Egypt does not grant any industrial licences for any project before the approval of the Agency for environmental issues. The standards of this agency are consistent with all environmental standards and regulations.

Commercial and business laws:

In the report prepared by Egypt, pg. 15 paras. 82-83, it could be read that a National Committee was established to review economic regulations. A tendency of over regulation and a complex legislation seem to make it difficult to identify the applicable measure.

*Could Egypt clarify its views on the legislation and also inform about effort taken, if any, in order to create a better transparency to give private operators consistent legislative information?*

*Would the National Committee at some point consider adopting consolidated compendia of economic, trade and investment legislation to facilitate transparency and application?*

**Reply:**

The establishment of a National Committee for the Review of Economic Legislation will provide the framework for the overall coordination between all elements of economic legislation, in order to bring consistency, and transparency in economic law. Various efforts at improving transparency of rules - such as those currently underway in the Investment Authority - will all be pooled. The Investment Authority is working on the production, before the end of the year, of Investor Guides directing investors to all rules and regulations governing various sectors.

Trade policy:

*How is the issue of trade being dealt within Egypt's national strategies? Are the strategies based on the possibilities for advancing the country's development objectives in the context of increasing globalization through trade?*

**Reply:**

Facilitating trade is an integral component to any country's successful participation in the global economy and Egypt is committed to this process. Several of Egypt's economic reform activities are focusing on the promotion of a fair and predictable business environment that encourages competition, including the ability to access and deliver of goods and services in an efficient and cost-effective manner. The benefits will extend to Egyptian consumers via lower prices and improved quality, thereby raising living standards. At the same time, political, financial, and economic stability will help attract foreign and domestic investors, which in turn, will impact productivity and employment in Egypt's economy.

Egypt's national strategies are developed according to what had been achieved in the growth rates, GDP, inflation rates variation and agricultural and industrial production. Strategies are assumptions that are based on what happened previously and what will happen in future.

With the objective of enhancing the integration in the global economy as a strategic target, Egypt's trade policy framework utilizes multilateral and bilateral agreements to expand market access for Egyptian exports and to facilitate access by domestic firms to inputs necessary for production.

A comprehensive reform and development plan could assist Egypt in the upgrading of the capacity of the Government of Egypt to undertake it's obligations in international trade related matters.

*Does the government's strategies, as set out in the priorities of short, medium and long-term objectives for the country, meet these aims? Which steps would be taken in order to attract coordinated donor involvement in support of the steps envisaged?*

**Reply:**

Yes, the government's strategies, as set out in the priorities of short, medium and long-term objectives for the country meet these aims.

Many procedures are taken in order to attract coordinated donors such as amending legislation and laws that are related to the economic and trade activities by reforming custom and tax system, developing the performance measures in various institutions and enhancing services quality provided by different sectors in addition to supporting the investment climate.

It should be noted that Egypt is executing a number of reforms that will increase its capacity to effectively undertake and implement its current and future international trade obligations. Currently Egypt is developing additional capacity on trade-related matters, as well as encouraging donor coordination in order to maximize support and avoid duplication of efforts.

The EC considers that the WTO and multilateral liberalization is the most certain way for small and medium sized countries to promote its interests.

*How does Egypt judge the relative importance and weight of bilateral/FTA policies and further development of the WTO system in terms of its own trade and development needs?*

**Reply:**

Egypt considers bilateral/FTA policies to be complementary with further development of the WTO system. Egypt seeks to ensure consistency in obligations assumed under both forms of agreement.

*How does Egypt see the development of its trade policies in the context of the multilateral system?*

**Reply:**

Egypt looks at both bilateral and multilateral systems as tools to help overcome vested interests that oppose trade liberalization both domestically and in its trading partners.

Egypt is a developing country with high growth and great development perspectives. Other countries in the global trading system are less fortunate.

*Has Egypt introduced arrangements aimed at increasing the integration of the least developed countries in the global trading system, e.g. through schemes increasing the market access of these countries? How does Egypt assess the development prospects of these countries?*

**Reply:**

Egypt has preferential trading arrangements with several groups of developing countries such as COMESA and AGADIR. Such agreements benefit lesser developed countries both by increasing access to Egypt's market and from the competitive pressure from Egypt's exports in their markets. Egypt believes that given correct policies, prospects for these countries are favourable.

**THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN, AND MATSU:**

**I. ECONOMIC ENVIRONMENT:**

**(2) RECENT ECONOMIC DEVELOPMENTS:**

(Pg. 3, para. 9).

In March 2003, the Government introduced a surrender requirement that obliged exporters to sell 75% of their foreign currency proceeds to a State-owned bank in Egypt; this requirement was eliminated in 2004.

*Please could Egypt advise whether there are any restrictions with regard to Egyptian exporters keeping their total export proceeds in foreign currency. In addition, are there any restrictions on the purchasing of foreign exchange for import payments?*

**Reply:**

**There are no restrictions with regard to Egyptian exporters keeping their total export proceeds in foreign currency.**

**There are no restrictions on the purchasing of foreign exchange for import payments.**

(Pgs. 59-60, para. 36).

To keep up with the growing demand for electricity, the government of Egypt plans to expand the installation of an additional 13.4 GW by the year 2012. The Report indicates, however, that the private generating companies' share of total installed capacity was just under 8% in 2003. This tends to imply that the future of BOOT financing in Egypt is unclear, and recent government statements also indicate that no new BOOT projects are likely in the near future. Accordingly, the government will have to invest more in electric power projects.

*Does the government of Egypt have any plans to adopt new incentives and supplementary measures to attract BOOT projects?*

**AUSTRALIA:**

**Taxation Anomalies:**

Australia is concerned that withholding tax arrangements in Egypt are excessively complicated and discriminatory. For example, project finance costs can be subject to variable rates of tax that lead to additional costs and complexity. Another anomaly is that withholding tax on royalty payments is imposed within free zones, which in principle are not meant to be subject to such taxation measures.

*What steps are being taken by Egypt to ensure that the taxation system does not operate as an impediment to enhanced foreign investment?*

**Reply:**

**The new income tax law, applied as at June 10<sup>th</sup>, 2005 represents a breakthrough in Egypt's tax system, especially in terms of simplicity and clarity, which should lead to a much more transparent process. The Law is complemented - when needed - by rules issued by the Tax Authority, which are published and made available to everyone.**

**In the cases mentioned above:**

**Project finance costs under the new law have been simplified to become a flat 20% withholding tax on interest, unless a lower payment is stated by bilateral tax treaty. This, however, applies only to finance of less than three years. Finance for longer than three years is not subject to withholding tax.**

**As for royalty taxation, projects in free zones are not themselves subject to taxation, but payments they made to non-free zone entities within Egypt are subject to taxation, and therefore subject to withholding. Payments to entities outside of Egypt are not subject to taxation.**

**We are confident that the application of the new law will eliminate all doubts about the clarity of the rules.**

**SWITZERLAND:**

(4) Mining, Petroleum and Natural Gas:

(i) Main Features:

Para. 24: The contribution of petroleum and natural gas production to Egypt's GDP increased from 4.6% in 1998/99 to 11.6% in 2003/04; the increase has mainly been due to rising oil prices. Output has increasingly shifted from crude oil production to natural gas (Table IV.5).

*The contribution of other mining activities to GDP is only about 0.3%. How can the simultaneous increase due to rising oil prices and the shift from crude oil production to natural gas be explained? Is the gas export price indexed to the crude oil price?*

**Reply:**

*Foreign Ownership of Oil & Gas Companies:*

**According to "Production Sharing Agreements" (a common contractual system in Oil & Gas operation as opposed to Royalty based system), Foreign Exploration Companies and Egyptian General Petroleum Cooperation have to establish a 50-50 % Joint venture to operate oil & Gas fields after Commercial Discovery. This Joint venture (for example Gupco, has EGPC and BP as shareholders) operates jointly the field according to the "PSA" protecting the interests of both shareholders.**

**Foreign Partner never "own" the oil or the gas in legal terms, they are rather "entitled" to a certain share of the production. This system is widely used and very common.**

*Monopoly on export and Import and other activities:*

**EGPC has according to the law (No. 167 of 1958, 2344 of 1959, 20 of 1976) almost a "monopoly" on sale, purchase, storage, distribution, import and export of petroleum Products in general. Nevertheless the above laws stipulate that they may do these activities by themselves or by an "Agent" on their behalf. In reality they use agents to import petroleum products on their behalf, but no private entity is allowed to purchase petroleum products for the purpose of trading or distribution. No one is interested anyway, since all prices are set by the government. With Regards to Distribution and resale as in the case of Exxon Mobil or TOTAL, they act as agents to EGPC, just as Misr Petroleum with fixed prices and margins.**

*General Position of the Private Sector within a heavy regulated Economy:*

There have been major advances of the private sector role in the Egyptian economy in terms of diversity of activities, which were solely reserved for the public sector, as well as in terms of its share in the GDP. Judging by the latter indicator, one can be misguided, since the public sector still acts as a player in competition with the private sector and as a regulator at the same time. In such a constellation, government's policy objective may deviate from market rationale, thus putting the private sector at disadvantage when competing with public sector firms. Another aspect is the heavy regulation targeting the private sector as opposed to the public sector. This again puts them at disadvantage and diminishes their effectiveness. Having said that, in the past year the Government has sought to align its strategies, objectives of market based economies with recent policies, indicating a further retreat of the public sector as a market player. A major obstacle is the huge subsidization system of many basic goods across the country, which affects all consumers and productive sectors. Private sector still refrains from that sector since prices are set by the government.

(5) Electricity:

In para. 33, the Secretariat's report suggests that about 86% of Egypt's generating capacity is thermal and in para. 37, it indicates that electricity prices vary according to the type of end-user (private, commercial, public) and that prices have remained unchanged since 1992. Presumably the thermal generation capacity is oil and gas based.

*How does the high oil price affect the electricity prices? Does the State subsidize the totality of the price increase?*

**Reply:**

*General Petroleum Company & Egyptian Electric Company:*

EGPC and or Government have two fully owned exploration and production companies, namely GPC and newly established Thrawa. As a matter of fact these companies act as a competitor to foreign exploration and production companies like BP, Apache and Shell. EGPC wears two hats in that regard, one as a regulator and the other as a player in the market. This has been widely criticized. However it is common in oil producing countries to have fully integrated National Oil Companies (NOC), working closely with the regulator like EGPC. As for Electricity there has been much deregulation and the private sector was allowed to generate and sell power through license issued by the Ministry.

**THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN, AND MATSU:**

(Pgs. 59-60, para. 36).

To keep up with the growing demand for electricity, the government of Egypt plans to expand the installation of an additional 13.4 GW by the year 2012. The Report indicates, however, that the private generating companies' share of total installed capacity was just under 8% in 2003. This tends to imply that the future of BOOT financing in Egypt is unclear, and recent government statements also indicate that no new BOOT projects are likely in the near future. Accordingly, the government will have to invest more in electric power projects.

*Does the government of Egypt have any plans to adopt new incentives and supplementary measures to attract BOOT projects?*

**Reply:**

**The Government of Egypt is considering a variety of options for allowing businesses new non tax - based incentives in view of the abolishment of tax incentives in June 2005.**

**Government Procurement:**

**Hong Kong, China:**

(WT/TPR/S/150, pg. 46, para. 115).

3. We note that in all its government procurements, Egypt gives a 15% price preference to Egyptian products.

*We are interested to know if Egypt has any plan to remove this preference and move towards a more non-discriminatory government procurement regime.*

**Reply:**

**Currently there are no plans to review these preferences.**

**USA:**

**Measures Affecting Production and Trade - Government Procurement:**

13. In Paragraph 114 on page 46, the Secretariat Report stated that Egypt is not a signatory to the WTO Agreement on Government Procurement (GPA).

*Does Egypt intend to join the GPA, or, to otherwise increase government procurement eligibility for foreign suppliers?*

**Reply:**

**Egypt is not a party of the WTO Plurilateral Agreement on government procurement.**

**JAPAN:**

(Pgs. 46 to 47, Paras. 114 to 119).

As for government procurement, we notice that there are some special problems in Egypt such as unilateral changes of the contracts by the government, additional costs in the private companies caused by the government's slow reactions, a special type of auction (ex. Momarsa), delayed approval of contracts by the State Council and re-negotiations after contract awards. Such problems prevent private companies from dealing smoothly with the government.

*7. In this regard, please indicate the current situation.*

**Reply:**

**Actually the current situation is quite different; Egypt has a well-organized system for government procurement ensuring the effective participation of the private sector. Private sector companies deal heavily with the government in the context of government procurement, and such problems are rare and do not prevent private companies from smoothly dealing with the government.**

**EC:**

Egypt is not a signatory to the WTO plurilateral Agreement on Government Procurement.

*Would Egypt consider becoming an observer to the WTO Agreement on Government Procurement (GPA)?*

**Reply:**

**Egypt is not a party of the WTO Plurilateral Agreement on government procurement.**

*Could Egypt provide statistics regarding awards of contracts for year 2004 or 2003, detailed by type of contracts (works, supplies, services), tendering procedure (open, selective) and origin (international, local)?*

**Reply:**

**This information is not available right now but the Agency for Governmental services is currently collecting the needed information from the relevant governmental bodies in order to establish a comprehensive database that will be published by the Agency and made available for the public.**

In paragraph 115 of the report of the WTO Secretariat it is noted that 15% price preference is given for Egyptian products or services.

*To what extent would the Egyptian authorities be willing to reduce or eliminate these restrictions and within which time frame?*

**Reply:**

**Currently there are no plans to review these restrictions.**

Furthermore, referring to paragraph 119, the experimental establishment of a Tender Board for 400 items from 5 ministries has rightfully shown that centralized purchases could be made cheaper by 20%.

*Do the Egyptian authorities consider generalizing this experiment?*

**Reply:**

**The Egyptian government has actually considered generalizing this experiment, and this is being currently done.**

**Investment:**

**CANADA:**

Report by The Secretariat (WT/TPR/150):

*Part II. Trade and Investment Regimes, (5) Investment Regime, Paragraph 18:*

1. Canada welcomes Egypt's efforts to encourage foreign investment, and believes that greater transparency would help the government's efforts to attract FDI.

*What are the measures that the government is undertaking to ensure more transparency (in terms of policies, strategies and regulations) to encourage and protect FDI in Egypt?*

**Reply:**

The issue of transparency is part of Egypt's ongoing efforts to improve the investment climate. This is important not only for FDI, but for the protection of local investors as well. Therefore, the current government has made the issue of transparency one of its priorities. Various ministries and agencies are increasingly posting procedures and requirements on their websites.

The Investment Authority is in the process of issuing Investors' Guides which will lay out in great detail the rules and regulations for undertaking business in Egypt in various sectors.

**EC:**

7. TRADE POLICY STRATEGY:

Foreign Investment regime:

On pg. 13, para. 67 in the government report of Egypt, the new Ministry of Investment and Public Enterprises is mentioned.

*Could Egypt clarify the main responsibilities for this new Ministry and also indicate the policy areas that will be prioritised?*

*The EC would be interested to be informed if further improvements are foreseen and if so within which time frame?*

*Could Egypt indicate that proportion of FDI goes to the different sectors of its economy, and specify the distribution of FDI within those sectors (e.g. for services: tourism, financial services, telecom, distribution, etc?) And in what way does the Government plan to attract more FDI.*

**Reply:**

The new Ministry of Investment was created in order to bring coherence and consistency between authorities and activities relating to investment, non-bank financial institutions and privatization. Non-bank financial institutions include the capital market, the insurance, mortgage finance, and financial leasing sectors. The Ministry is also the formal counterpart of the Institute of Directors which promotes corporate governance.

FDI participation in green-field investments in the year 2004/2005 as reported to the Investment Authority (excluding the petroleum sector and privatization) amounted to the following:

Sector	FDI participation in key sectors
Finance and other services	29.5%
Agriculture	22.4%
Industry	21.5%
Tourism	18.7%
Construction	7.2%

As regards the Government's plans to attract further FDI, this is currently undertaken by the Investment Authority which has been transformed from an investment regulator to an investor promoter. The Investment Authority has since last year (i) established new promotion and investor relations departments, (ii) established a one-stop-shop for investor servicing, (iii) launched an international campaign for investment promotion, (iv) undertaken studies for competitive sectors, (v) entered into a technical assistance agreement with the MIGA. Outside of the Investment Authority, the Egyptian Government is pursuing aggressive plans for simplifying and reducing the cost of access to land, and providing transparent pricing policies for various other inputs.

*The EC should like Egypt to inform about the content of the newly adopted competition law and the timeframe foreseen to start the implementation of this law? Also with respect to which institutional arrangements are foreseen in this respect?*

**Reply:**

The law was issued on 15th February 2005 and it entered into force On May 15th 2005.

The executive regulations are currently under discussion and the Prime Minister will issue them once it will be revised.

As soon as the executive regulations are issued, the implementation of the Law will get into force.

As for the institutional arrangements, it is stipulated in the Law that a Competition Authority will be established to undertake the implementation of the Law. It will be an independent body. The Prime Minister is the competent authority overlooking its operation. The Authority has a Board made of representatives of different organizations (Article 12) a full time Chairman of the Board and Executive Director.

We have the members of the board of the Authority and a short list for the Chairman and Executive Director positions.

We will start holding roundtable discussions with stakeholders from the business community to discuss the Law and its regulations.

In short, by the end of August, we will have a running Egyptian Competition Authority in charge of implementing Law no 3/2005.

The Law establishes that a company of a market share of greater than 25% is considered to be in a dominant position and could have an impact on prices of quantities supplied. Thus, the practices of these companies will be subject to investigation in case they engage in an anticompetitive practice.

#### **Intellectual Property Rights:**

##### **USA:**

#### **Measures Affecting Production and Trade - Intellectual Property Rights - Legal and Institutional Framework:**

16. According to Paragraph 129 and Table III.11 of the Secretariat Report, Law No. 82 of 2002 encompasses the intellectual property law, including trademark law. However, Law No. 82 of 2002 does not contain a provision outlining the rights conferred by a trademark. There is no Article

that corresponds to Article 16.1 of TRIPs. As such, no standard for infringement (likelihood of confusion) is established.

*How has Egypt implemented TRIPS Article 16.1?*

**Reply:**

**Rights granted by a trademark could be inferred from the whole context. For instance Article 71 states: "The right of the mark owner to prevent third parties from the import, use of the trademark section in the Egyptian IPR Law, sale or distribution of products distinguished by such a mark shall lapse when the owner undertakes the marketing of those products in any country, or authorizes a third party to do so."**

**Article 95 of the Law states: "The owner of a mark may license one or more natural or legal entities to use his mark on all or some of the products for which the mark was registered. Such license to a third party shall not prevent the owner from using his mark, unless otherwise agreed."**

**The owner of a mark may cancel or refuse the renewal of the license contract without valid reasons."**

17. According to Table III.11 on page 50 of the Secretariat Report, Egypt excludes organs, tissues, viable cells, DNA, etc. from patentability in Egypt.

*What is the basis for Egypt's exclusion from patentability of inventions within these categories? How is this consistent with TRIPS Article 27 which indicates that patents shall be available for any invention, in all fields of technology, with the exception of certain subject matter in paragraphs two and three of the Article.*

**Reply:**

**The conventional wisdom behind the Egyptian patent system is that the subject matter of the invention is the fruit of human ingenuity and hence, to be patentable, it should fulfill the three criteria of patentability as provided in Article 27.1 of the TRIPS Agreement. The Agreement introduced or enlarged the possibility of patent protection of certain life forms and processes. A distinct flexibility, however, has been provided in article 27.3.b by granting members the right to exclude from patentability certain other life forms and processes: Such exclusion is permitted without specifically requiring that the subject matter is to be a "whole" or a "part". It is difficult to think of an entire living organism, plant or animal, being unpatentable while a part of it is patentable. As it is well known, this matter is subject to debate and review, taking into account the ethical and religious considerations involved.**

18. According to the Secretariat's report, the Table on page 50, the protection of undisclosed information does not appear to be addressed. Clarification is requested as to how the government protects against unfair commercial use of information submitted for the marketing approval of pharmaceuticals.

*A) Is direct or indirect reliance on information submitted by another, or a resulting approval granted to another, permitted within the five year protection period in Article 56 of the Law on the Protection of Intellectual Property Rights?*

*B) Please explain the legal framework by which Egypt protects test data submitted for marketing approval against unfair commercial use for pharmaceutical and agricultural chemical products.*

*C) Please explain how the new IP Law mentioned in the Government Report will provide data protection consistent with TRIPS, and how the Egyptian Ministry of Health will enforce this provision in order to make sure that marketing approvals are not granted in a manner that constitutes unfair commercial use.*

*D) Please describe the steps being taken to ensure communication between the Patent Office and the Health Ministry in order to make certain that the health regulatory authority does not provide marketing authorization for unauthorized copies of products subject to patent protection, especially for patents being issued from the mailbox.*

**Reply:**

**This response concerns the manner in which Egypt's new law on the protection of IPR ensures that undisclosed test or other data are protected, in compliance with Article 39.3 of the TRIPS Agreement. The matter is addressed in article 56 of the law.**

**(a) The term "undisclosed test or other data", which is to be protected against unfair commercial use, embraces the undisclosed information which (i) concern pharmaceutical or agricultural chemical products; (ii) result from considerable effort; (iii) utilize new chemical entities; (iv) are submitted to the concerned authorities as a condition for approving the marketing of such products; and (v) are required for conducting the tests necessary for the marketing approval.**

**(b) The concerned authorities who receive such information are obliged to protect the information against disclosure and against unfair commercial use. This obligation starts from the date the information is submitted and continues until the information no longer becomes secret, or until the elapse of no more than five years, whichever occurs first. In anticipation of the formal passing of the law, a Prime Minister's Decree (No. 2211) was issued (dated 25 November, 2000) providing for the same obligation. A formal notification of this commitment was also communicated (under Article 63.2 of the TRIPS Agreement) to the Council for TRIPS, and is contained in document IP/N/1/EGY/1/Add. 1, dated 8 May, 2000.**

**(c) The exceptions provided for in article 56 of the new law are identical to those allowed in Article 39.3 of the TRIPS Agreement namely; (i) where the disclosure by the concerned authorities is necessary to protect the public; or (ii) where the concerned authorities use the test information in testing or evaluating other similar products; this being a situation where protection of the public is an issue.**

**(d) Additionally, the following must be clarified:**

**(i) The test and other data, which are required for the testing, examination and evaluation of the product, are handled by a responsible government authority, the National Organization for Drug Control and Research (NODCAR) which is an organ of the Ministry of Health and Population, where all operations are conducted in complete secrecy and guarded against any form of disclosure to outside bodies except when required by law, such as by court order.**

**(ii) A second applicant cannot, therefore, have access to such test data as submitted by a first applicant. It is only the concerned authority (in this case NODCAR) which can use the test**

**data for testing the product of the first applicant or, where deemed necessary, to protect the public.**

19. Table III.11 of the Secretariat Report, at page 51, stated that Egyptian law provides only 25 years of protection for collective works of "authors of performing arts."

*Please explain (1) whether the term "authors of performing arts" refers to "authors" as that term is used in the Berne Convention or "performers" as that term is used in TRIPS, and (2) how the 25-year term of protection complies with TRIPS Articles 9(1) and 14(5).*

**Reply:**

Article 138 of the Egyptian IPR Law defines authors as follows: "The person who creates the work and also the person whose name is indicated on, or attributed to, the published work as being its author, unless proven otherwise is considered author of the work".

The author may publish his work anonymously or under a pseudonym, provided that the identity of the author can be established without any doubt. In case of doubt, the publisher or producer of the work, whether a natural person or legal entity, shall be the representative of the author in the exercise of his rights until the identity of the latter is disclosed.

**Accordingly, the author of performing art is covered in the above mentioned definition.**

20. Table III.11 of the Secretariat Report, at page 51, stated that "Personal licenses can be obtained for copying or translating, in return for fair indemnification to the author and observing certain conditions."

*Please describe (1) the "certain conditions," (2) the circumstances under which this license is available, and (3) how this license is consistent with TRIPS.*

**Reply:**

Article 170 of the Egyptian IPR Law states that: "Any person may request from the competent ministry to be granted a personal license for the reproduction or translation, or both, of any work protected under this Law, without the authorization of the author and for the purposes indicated in the next paragraph, against equitable remuneration to the author or his successor, to the extent that such license is not in contradiction with the normal exploitation of the work or does not unduly prejudice the legitimate interests of the author or the copyright holders.

The license shall be granted, by a motivated decision, indicating the scope in time and place, for the purpose of meeting teaching requirements of all kinds and levels.

**The Regulation prescribes the terms and conditions for granting the license as follows:**

- **The grant of such a license shall be for educational purposes.**
- **The applicant for the license shall submit his request to the competent Ministry and fill an application that specifies his data.**

**The following conditions shall be taken into consideration.**

- **The author didn't withdraw his work from circulation.**

- **The licensee shall not assign the rights of the license to a third party.**
- **The name of the author and the title of the work shall be mentioned on any copy or translation of the work.**
- **The license shall not prevent issuing another license to a third party.**

21. Table III.11 of the Secretariat Report, at page 51, stated that "After publication, third parties may copy, photograph, perform, or publish all or part of a work, without causing a prejudice to the literary rights of the author, as long as they do not obtain any direct or indirect financial compensation."

*Please explain how this provision is consistent with TRIPS Article 13.*

**Reply:**

**Article 171 of the Egyptian Law is the concerned article. The question also relates the provisions of this Article to the three-step test provided by Article 13 of the TRIPS Agreement. Those 3 steps as provided by Article 13 of the TRIPS are as follows: "Members shall confine limitations or exceptions to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder."**

**Article 171 of the Law states: "Without prejudice to the moral rights of the author under this Law, the author may not, after the publication of the work, prevent third parties from carrying out any of the following acts:**

**(1) Perform the work in family context or student gathering within an educational institution, to the extent that no direct or indirect financial remuneration is obtained;"**

**(2) Make a single copy of the work for one's exclusive personal use, provided that such a copy shall not hamper the normal exploitation of the work nor cause undue prejudice to the legitimate interests of the author or copyright holders;**

**However, the author or his successor may, after the publication of the work, prevent third parties from carrying out any of the following acts without his authorization:**

– **Reproduction or copying works of fine, applied or plastic arts, unless they were displayed in a public place, or works of architecture;**

– **Reproduction or copying of all or a substantial part of the notes of a musical work;**

– **Reproduction or copying of all or a substantial part of a database or computer program.**

**(3) Make, with the consent of the legitimate owner of the program, a single copy or an adaptation of a computer program, even if exceeding the extent necessary for the use of the program inasmuch as it remains within the limits of the purpose for which consent was initially granted, for archiving purposes or to replace a lost, destroyed or invalid original copy. In either case, the original or adapted copy shall be destroyed upon expiration of the property title. The Regulations shall determine the terms and conditions of adaptation from the program.**

(4) Make an analysis of the work, or excerpts or quotations there from, for the purpose of criticism, discussion or information.

(5) Reproduction from protected works for use in legal or administrative proceedings, inasmuch as required by such proceedings, provided that the source and the name of the author are mentioned.

(6) Reproduction of short extracts from a work for teaching purposes, by way of illustration and explanation, in a written form or through an audio, visual or audiovisual recording, provided that such reproduction is within reasonable limits and does not go beyond the desired purpose, and provided that the name of the author and the title of the work are mentioned on each copy whenever possible and practical.

(7) Reproduction, if necessary for teaching purposes in educational institutes, of an article, a short work or extracts there from, provided that:

- Reproduction is made once or at different separate occasions;
- The name of the author and the title of the work are mentioned on each copy.

(8) Making a single copy of the work, through the intermediary of a documentation and archiving centre or through a bookshop not aiming at making any direct or indirect profit, and provided that:

- Where the reproduced work is a published article, a short work or an extract of a work, the aim of reproduction is to satisfy the needs of a natural person, the copy will be used only for study or research purposes, and that a single copy is made or at different occasions;
- Where the reproduction is made with the aim of preserving the original copy or, when necessary, replacing a lost, destroyed or has become invalid copy, and it was impossible to obtain such a substitute copy under reasonable conditions.

(9) Ephemeral reproduction of a work where such reproduction is made in relay, during a digital transmission of the work or in the course of a process of reception of a digitally stored work, within the normal operation of the device used by an authorized person.

The three conditions for limitations and exceptions that are imposed on copyrights by virtue of Article 13 of the TRIPS, are being met in all of the above. Some of the above paragraphs are even being explicitly provided by Articles 10 and 10bis of Berne Convention.

22. Table III.11 of the Secretariat Report, at page 51, stated that "Any work not translated into Arabic within three years of its publication is public domain."

*Please explain how this provision is consistent with TRIPS.*

**Reply:**

Article 148 of the Egyptian IPR Law states that: "The protection of an author's copyright and the translation rights of his work into another language shall lapse with regards to the translation of that work into the Arabic language, unless the author or the translator himself exercises this right directly or through a third party within three years of the date of first publication of the original or translated work."

The English version of the Law might imply a different meaning than that of the authentic Arabic version with respect to this specific Article. This Article didn't mention anything concerning copyrighted works falling into the public domain, where the copyright holder no longer enjoys any commercial rights in his work. The only right that lapses is the right of translation into Arabic, if the author doesn't carry out the translation by himself or through a third party. The duration of the term of protection of the literary or artistic works as provided by Article 12 of the TRIPS would, thus, be enjoyable by the right holder for all other rights pertaining to his work. The aim of this Article in the Law is to provide an opportunity for access to knowledge by enabling an Arabic translation of works.

Measures Affecting Production and Trade - Intellectual Property Rights - Enforcement:

23. Paragraph 139 of the Secretariat Report, at page 52, states that "Upon request of the right holder, the presiding judge of the competent court may order the seizure of infringing goods as well as the equipment used to produce them."

*Please explain whether, and under what circumstances, the judge also has the authority to order forfeiture and/or destruction of the infringing goods and the equipment used to produce them.*

**Reply:**

Article 181 authorizes the court to forfeit the infringing goods and the equipment used to produce them as follows:

Without prejudice to any more severe sanction under any other law, shall be punishable by imprisonment for a period of not less than one month and by a fine of not less than 5,000 pounds and not more than 10,000 pounds, or any of those sanctions, any person who commits any of the following acts:

(1) Selling, renting or putting in circulation under any form, a work, a sound recording or a broadcast program protected under this Law, without a prior written authorization from the author or the owner of the related right;

(2) Knowingly imitating, selling, offering for sale, circulation or rental, a work, a sound recording or a broadcast program;

(3) Knowingly imitating within the country, selling, offering for sale or circulation, renting or exporting to a foreign country a work, a sound recording or a broadcast program published in a foreign country;

(4) Dissemination through computer networks, Internet, information networks, communication networks and other means of technology of a work, an sound recording, a broadcast program or a performance protected under this Law, without a prior written authorization from the author or the owner of the related right;

(5) Manufacturing, assembling or importing for the purpose of sale or rent any device, tool or implement especially designed or made to circumvent a technical protection means, such as encryption or the like, used by the author or the owner of the related right;

(6) Removing, neutralizing or disabling, in bad faith, any technical protection device used by the author or the owner of the related rights;

**(7) Infringing any of the moral or economic copyrights or related rights provided for in this Law.**

**Sanctions shall be multiplied according to the number of infringed works, sound recordings, broadcast programs or performances.**

**In case of repetition, the punishment shall consist of imprisonment for a period of not less than three months and a fine of not less than 10,000 pounds and not more than 50,000 pounds.**

**In all cases, the court shall order the confiscation of the infringing copies, those obtained as a result of infringement, as well as equipment and implements used to commit the infringement.**

**In case of conviction, the court may also order the closure of the establishment used by the convicted person to commit his infringement, for a period of not more than six months. In case of repetition, the closure shall be mandatory in the cases of infringement provided for under items (ii) and (iii) of this Article.**

**The court shall order the publication of a summary of the judgment in one or more newspapers at the expense of the convicted person.**

24. Referring to paragraph 139 on page 52 of the Secretariat Report, please indicate whether Egyptian Customs may inspect goods imported into or exported from free trade zones such as Port Said, to determine whether they are in violation of IPR.

**Reply:**

**Section 4 of Part III of the TRIPS Agreement covers special requirements related to border measures, where WTO Members are obliged to apply them with respect to counterfeit trademarks and pirated copyright goods. The elaboration of border measures has been concluded in full compliance with the TRIPS provisions, and they are expected to be issued as part of the Regulations for Importing and Release of Goods in August 2005. IPR enforcement at the borders are, thus, expected to be satisfactory to Egypt's commitments under the TRIPS Agreement.**

**EC:**

**6. INTELLECTUAL PROPERTY RIGHTS:**

The EC has noted that Egypt has made significant progress within the area of Intellectual Property Rights. Although efforts have been made, a number of aspects need strengthening or, at least, clarification. For instance, the Egyptian Patent Office (EGYPO) recently stated that they will not be able to issue patents for medicines before 2008, which leaves pending applications vulnerable for infringements. Also, Egypt is mainly a target country and, to a lesser extent, a source country of counterfeited goods, many of which are imported from China via Dubai often with fake European certificates of origin. The absence of legislation on customs enforcement against pirated goods is making things worse.

– The EC should therefore like Egypt to clarify which steps are currently being taken in order to improve the situation?

– Which are the steps being taken or envisaged by the Government to address these mainly enforcement issues?

*The EC understands that Egypt is faced with some tough challenges such as smuggling of piratical imports and counterfeit merchandise.*

- *Could Egypt inform about the steps taken or future plans to tackle these issues?*
- *Would Egypt share its views on how the rights of IP holder could be secured through the legal system?*

**Reply:**

It is widely recognized that consideration of patent applications requires a period of time for examination that ranges from 2 to 3 years, the Egyptian Patent Office has established strategies to reduce patent granting period, since this process takes about 3 years.

Pharmaceuticals compounds examination started in January 1<sup>st</sup> 2005. It is expected that examination procedures could take at least 2 years. Certain actions have been adopted by the Egyptian Patent Office to reduce this period for instance, 11 pharmacists were hired and trained in 2004. In early 2005 other 5 pharmacists and physicians were hired and had in-service training to cover 3000 pharmaceutical product applications. The mailbox applications are being examined in packages according to serial numbers.

By the virtue of article 42 of Law no 82/2002 tackling Intellectual Property Rights and the decree of Minister of Justice no 1227/2003, technical examiners have the Judicial Authority. They passed a specialized training in The Ministry of Justice. Some cases, of counterfeit and infringements, which are protected by IP Law, were already confiscated.

In addition Section 4 of Part III of the TRIPS Agreement covers special requirements related to border measures, where WTO Members are obliged to apply them with respect to counterfeit trademarks and pirated copyright goods. The preparation of the border measures has been concluded in full compliance with the TRIPS provisions, and they are expected to be issued as part of the Regulations for Importing and Release of Goods. IPR enforcement at the borders are, thus, expected to be satisfactory to Egypt's commitments under the TRIPS Agreement.

Furthermore, in relation to paragraphs 131 and 135 of the report prepared by the WTO Secretariat and paragraph 61 of the report prepared by the government of Egypt:

*Could the Egyptian authorities indicate if they have already implemented the WTO Decision of 30 August 2003 on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health in order to allow its generic companies to manufacture pharmaceutical products under compulsory licence for export to countries with public health problems? If not, could the Egyptian authorities indicate when they intend to do so?"*

**Reply:**

Concerning the implementation of WTO decision of the 30<sup>th</sup> of August 2003 on the implementation of paragraph 6 of the Doha Declaration:

1. Egypt Law 82 for 2002 on the protection of IPR requires that the compulsory license should be issued predominately for the supply of the domestic market (Article 24.1).
2. In order to allow generic companies to manufacture pharmaceutical products under compulsory license for export to countries with public health problems, there is a need to introduce an amendment, as appropriate, in the law.

**3. This matter is currently under careful consideration and is expected to be resolved in the very near future.**

**SWITZERLAND:**

(vi) Intellectual Property Rights:

Protection of undisclosed test data - Para. 129 and Table III. 11. Article 56 of the new Egyptian IPR legislation provides protection to undisclosed information that involved a considerable effort, submitted on request to the competent authorities for marketing of pharmaceutical or agrochemical products, which utilise new chemical components necessary for the tests undertaken to allow such marketing. According to paragraph 2 of Article 56, protection of such undisclosed information/test data shall last five years or until it is no longer confidential, whichever comes first.

*Please confirm that during this five year term of protection, the undisclosed information/test data of the first applicant may not be relied upon for the marketing approval of products of subsequent applicants.*

**Reply:**

**This response concerns the manner in which Egypt's new law on the protection of IPR ensures that undisclosed test or other data are protected, in compliance with Article 39.3 of the TRIPS Agreement. The matter is addressed in article 56 of the law.**

(a) The term "undisclosed test or other data", which is to be protected against unfair commercial use, embraces the undisclosed information which (i) concern pharmaceutical or agricultural chemical products; (ii) result from considerable effort; (iii) utilize new chemical entities; (iv) are submitted to the concerned authorities as a condition for approving the marketing of such products; and (v) are required for conducting the tests necessary for the marketing approval.

(b) The concerned authorities which receive such information are obliged to protect the information against disclosure and against unfair commercial use. This obligation starts from the date the information is submitted and continues until the information no longer becomes secret, or until the elapse of no more than five years, whichever occurs first. In anticipation of the formal passing of the law, a Prime Minister's Decree (No. 2211) was issued (dated 25 November, 2000) providing for the same obligation. A formal notification of this commitment was also communicated (under Article 63.2 of the TRIPS Agreement) to the Council for TRIPS, and is contained in document IP/N/1/EGY/1/Add. 1, dated 8 May, 2000.

(c) The exceptions provided for in article 56 of the new law are identical to those allowed in Article 39.3 of the TRIPS Agreement, namely: (i) where the disclosure by the concerned authorities is necessary to protect the public; or (ii) where the concerned authorities use the test information in testing or evaluating other similar products; this being a situation where protection of the public is an issue.

(d) Additionally, the following must be clarified:

(i) The test and other data, which are required for the testing, examination and evaluation of the product, are handled by a responsible government authority, the National Organization for Drug Control and Research (NODCAR) which is an organ of the Ministry of Health and Population, where all operations are conducted in complete secrecy and guarded against any form of disclosure to outside bodies except when required by law, such as by court order.

(ii) A second applicant cannot, therefore, have access to such test data as submitted by a first applicant. It is only the concerned authority (in this case NODCAR) which can use the test data for testing the product of the first applicant or, where deemed necessary, to protect the public.

**CANADA:**

*Part III. Trade Policies by Measure, (4) Measures affecting Production and Trade, (vi) Intellectual property rights, Table III.11, page 50:*

*24. Canada notes that “compulsory licences may be granted to exploit an invention if the utilization (...) will support the national effort in a significant sector for economic, social and technological development”. Can Egypt elaborate on how this measure is consistent with Article 31 of the TRIPS Agreement?*

**Reply:**

Article 23 of the Egyptian IPR Law set out the cases, where compulsory licenses could be issued by the Egyptian government with respect to patents. The patent office, after the approval of a ministerial committee formed by a Prime Ministerial Decree shall grant compulsory licences to exploit an invention and this committee shall determine the financial rights of the patent owner while granting these licences in the following cases.

If the concerned minister considered, on a case-by-case basis, that the utilization of the patent shall achieve the following: (1) public non-commercial use, such as preserving national security, public health, food security, and environmental safety; (2) resolution of national emergencies or other circumstances of extreme urgency.

In line with the TRIPS Agreement, compulsory licenses granted under items (1) and (2) above may be granted without the need for prior negotiation with the patent owner, or the expiration of a certain negotiation period with him or her, or offering reasonable terms for obtaining his or her consent for exploitation.

Support for national efforts in vital sectors for the economic, social and technological development, without unreasonable prejudice to the rights of the patent owner and taking into account the legitimate interests of third parties."

Such a case is legitimate to constitute a ground for issuing compulsory licenses in accordance with paragraph 1 of Article 8 of the TRIPS agreement that states: "1. Members may, in formulating or amending their laws and regulations, adopt measures necessary to protect health and nutrition, and to promote the public interest in sectors of vital importance to their socio- economic and technological development, provided that such measures are consistent with the provisions of this Agreement".

Under items 1 and 3 above, the patent owner shall be notified immediately regarding the compulsory license decree, and under item 2 above within a reasonable period.

Members' right in resorting to measures provided for by paragraph 1 of Article 8, in the process of formulating or amending their laws and regulations, is being restricted by a condition that they are consistent with the provisions of this Agreement. This was reflected by the Law, taking into account the provisions of Article 30 of the TRIPS Agreement that provide exceptions to rights conferred by the patent as follows: "Members may provide limited exceptions to exclusive rights conferred by the patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably

prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties."

The Egyptian legislators, thus, in this particular case of issuing a compulsory licence, have made use of a right offered by Article 8 but was balanced by restrictions provided in Article 30. With respect to whether this provision in the Egyptian Law complies with Article 31 of the TRIPS Agreement, the question could be reverted to the issue of compliance to the whole Agreement. This provision in the Law has been drafted both in conformity with the TRIPS provisions, and taking into account the practicability of implementing Article 8. In this regard, issuing a compulsory licence would be a very practical way to make use of Article 8. And that's exactly the same practical approach adopted by the Egyptian IPR Law, at the same time, legal compliance to the TRIPS is also provided. Moreover, the Egyptian legislators wished to tight this case with conditions that would grant the patent owner his full right in his patented subject matter. That's why the balanced language of Article 30 of the TRIPS Agreement was being adopted by the Law.

*Part III. Trade Policies by Measure, (4) Measures affecting Production and Trade, (vi) Intellectual property rights, Table III.11, page 51:*

*25. As regards Copyright law, Canada understands that "after publication, third parties may copy, photograph, perform, or publish all or part of the work, without causing a prejudice to the literary rights of the author, as long as they do not obtain any direct or indirect financial compensation". Canada would like Egypt to elaborate on how this disposition complies with the three step test set out in section 13 of the TRIPS Agreement.*

**Reply:**

Article 171 of the Egyptian Law is the concerned article. The question also relates the provisions of this Article to the three step test provided by Article 13 of the TRIPS Agreement. Those 3 steps as provided by Article 13 of the TRIPS are as follows: "Members shall confine limitations or exceptions to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder."

Article 171 of the Law states: "Without prejudice to the moral rights of the author under this Law, the author may not, after the publication of the work, prevent third parties from carrying out any of the following acts: (1) Perform the work in family context or student gathering within an educational institution, to the extent that no direct or indirect financial remuneration is obtained; (2) Make a single copy of the work for one's exclusive personal use, provided that such a copy shall not hamper the normal exploitation of the work nor cause undue prejudice to the legitimate interests of the author or copyright holders.

However, the author or his successor may, after the publication of the work, prevent third parties from carrying out any of the following acts without his authorization:

- Reproduction or copying works of fine, applied or plastic arts, unless they were displayed in a public place, or works of architecture;
- Reproduction or copying of all or a substantial part of the notes of a musical work;
- Reproduction or copying of all or a substantial part of a database or computer program.

(3) Make, with the consent of the legitimate owner of the program, a single copy or an adaptation of a computer program, even if exceeding the extent necessary for the use of the program inasmuch as it remains within the limits of the purpose for which consent was initially granted, for archiving purposes or to replace a lost, destroyed or invalid original copy. In either case, the original or adapted copy shall be destroyed upon expiration of the property title. The Regulations shall determine the terms and conditions of adaptation from the program.

(4) Make an analysis of the work, or excerpts or quotations therefrom, for the purpose of criticism, discussion or information.

(5) Reproduction from protected works for use in legal or administrative proceedings, inasmuch as required by such proceedings, provided that the source and the name of the author are mentioned.

(6) Reproduction of short extracts from a work for teaching purposes, by way of illustration and explanation, in a written form or through an audio, visual or audiovisual recording, provided that such reproduction is within reasonable limits and does not go beyond the desired purpose, and provided that the name of the author and the title of the work are mentioned on each copy whenever possible and practical.

(7) Reproduction, if necessary for teaching purposes in educational institutes, of an article, a short work or extracts there from, provided that:

- Reproduction is made once or at different separate occasions;
- The name of the author and the title of the work are mentioned on each copy.

(8) Making a single copy of the work, through the intermediary of a documentation and archiving centre or through a bookshop not aiming at making any direct or indirect profit, and provided that:

a. Where the reproduced work is a published article, a short work or an extract of a work, the aim of reproduction is to satisfy the needs of a natural person, the copy will be used only for study or research purposes, and that a single copy is made or at different occasions;

b. Where the reproduction is made with the aim of preserving the original copy or, when necessary, replacing a lost, destroyed or has become invalid copy, and it was impossible to obtain such a substitute copy under reasonable conditions.

(9) Ephemeral reproduction of a work where such reproduction is made in relay, during a digital transmission of the work or in the course of a process of reception of a digitally stored work, within the normal operation of the device used by an authorized person.

The three conditions for limitations and exceptions that are imposed on copyrights by virtue of Article 13 of the TRIPS Agreement are being met in all of the above. Some of the above paragraphs are even being explicitly provided by Articles 10 and 10bis of Berne Convention.

*26. Canada also notes that according to Egyptian Copyright law, “any work not translated into Arabic within three years of its publication is public domain”. Canada would like Egypt to elaborate on how this disposition complies with Article 12 of the TRIPS Agreement.*

**Reply:**

Article 148 of the Egyptian IPR Law states that: "The protection of an author's copyright and the translation rights of his work into another language shall lapse with regards to the translation of that work into the Arabic language, unless the author or the translator himself exercises this right directly or through a third party within three years of the date of first publication of the original or translated work."

The English version of the Law might imply a different meaning than that of the authentic Arabic version with respect to this specific Article. This Article didn't mention anything concerning copyrighted works falling into the public domain, where the copyright holder no longer enjoys any commercial rights in his work. The only right that lapses is the right of translation into Arabic, if the author doesn't carry out the translation by himself or through a third party. The duration of the term of protection of the literary or artistic works as provided by Article 12 of the TRIPS would, thus, be enjoyable by the right holder for all other rights pertaining to his work. The aim of this Article in the Law is to provide an opportunity for access to knowledge by enabling an Arabic translation of works.

*Part III. Trade Policies by Measure, (4) Measures affecting Production and Trade, (vi) Intellectual property rights, Paragraph 128:*

*27. Canada understands that Egypt "is in the process of joining the International Union for the Protection of New Varieties of Plants (UPOV)". When does Egypt expect to ratify this treaty?*

**Reply:**

Egypt is currently in the process of acceding to the UPOV, and this is expected to be finalized before the 31<sup>st</sup> of May 2008.

*Part III. Trade Policies by Measure, (4) Measures affecting Production and Trade, (vi) Intellectual property rights, Paragraph 132:*

*28. Canada understands that, in Egypt, trade marks may contain geographical indications if production of the good under consideration is consistently undertaken by the applicant in the area referred to. With respect to applications submitted by foreign applicants, how is the test which determines whether production of the good under consideration is consistently undertaken by the applicant in the area referred to in the geographical indication applied? Are there any other provisions in Egyptian law which regulate the relationship between trade marks and geographical indications?*

**Reply:**

Article 104 of the Egyptian Law requires that "The protection in the country of origin is required to protect such indications". The only way to meet such a requirement is to provide the Commercial Registry Department of the Ministry of Supply and Internal Trade with a certificate proving the existence of that protection in the country of origin. Articles 67, 110, 112, 114 and 115 of the Egyptian IPR Law regulate the relationship between trade marks and geographical indications.

*29. Canada also notes that "a trade mark can be registered with the Commercial Registry Department of the Ministry of Supply and Internal Trade" and that "there is no previous use requirement to register a trade mark". Can non-registered trade marks be protected under unfair competition laws / regulations?*

Reply:

Article 65 of the Law combines between the registration of a trademark and its use, whereas: "The person who has registered a trademark and who has made use of it for a period of five years as of the date of its registration, shall be deemed the owner of such a trademark, unless precedence of use by a third party is proven. A prior user of the mark may, within the said period of five years, challenge the validity of its registration. The registration of a mark may, however, be challenged at any time, where the registration is made in bad faith."

In addition, Article 68 of the Law grants protection to marks that are well known in Egypt or globally known, even if such a marks are not registered in Egypt as follows:

– "The owner of a well-known trademark, worldwide and in Egypt, shall have the right to enjoy the protection conferred by this Law even if such a mark is not registered in Egypt.

– The Trade Registry Department shall, *ex officio*, reject any application to register any mark which is identical with a well-known mark and is intended for products which are identical with those of the well-known mark, unless the application is submitted by the owner of the well-known mark.

– The preceding provision shall apply to applications intended for products which are not identical with those of the well-known mark, where the well-known mark is registered in a country member of the World Trade Organization and in Egypt, and where the use of the mark in relation to those non-identical products is meant to lead people to believe that a connection exists between the owner of the well-known mark and those products, and that such a use may be prejudicial to the interests of the owner of the well-known mark."

*Part III. Trade Policies by Measure, (4) Measures affecting Production and Trade, (vi) Intellectual property rights, Paragraph 133:*

*30. Paragraph 133 states that "copyright protection under the new Intellectual Property law covers literary rights in addition to financial rights." Canada would appreciate receiving more detail on the "financial rights" referred to.*

Reply:

Article 147 of the Egyptian IPR Law states: "The author and his universal successor shall have the exclusive right to authorize or prevent any form of exploitation of his work, particularly through reproduction, broadcasting, re-broadcasting, public performance, public communication, translation, adaptation, rental, lending or making the work available to the public in any manner, including through computers, internet, information networks, communication networks and other means.

The exclusive right for computer program rentals shall only apply to the main rental enterprise; it shall not apply to renting audiovisual works inasmuch as the circulation of such copies does not cause material prejudice to the owner of the exclusive right in question.

The author and his successor shall also have the right to control any disposal of the original copy of the work, and shall consequently be entitled to a certain percentage of not more than 10% of the proceedings resulting from every disposal of that copy. The right to prevent third parties from importing, using, selling or distributing his protected work, shall lapse where the copyright owner undertakes to exploit or market his work in any state or authorize a third party to do so."

**Article 149 states that “The author shall have the right to transfer to a third party all or some of his economic rights stated in this Law.**

**Such a transfer shall be certified in writing and contain an explicit and detailed indication of each right to be transferred with the extent and purpose of transfer and the duration and place of exploitation.**

**The author shall be the owner of all economic rights other than what he has explicitly assigned. Authorization by the author to exploit any of the economic rights relating to a work shall not mean authorization to exploit other economic rights relating to the same work.**

**Without prejudice to the moral rights of the author provided for in this Law, the author shall refrain from any act that would hamper the exploitation of the rights disposed of”.**

**Article 150 states that the author shall be entitled to such remuneration, in cash or in kind, as he considers fair for the transfer of one or more of the economic rights of his work to a third party, on the basis of a percentage of the revenue made as a result of exploitation, a lump sum or a combination of both.**

**Article 151 states that where it appears that the agreement referred to in Article 150 is prejudicial to the author’s rights or became so due to circumstances that arose after the agreement, the author or his successor may request the court of first instance to reconsider the value of remuneration agreed upon, without prejudice to the rights and interests of the assignee.**

**Article 152 states that any disposal by the author of the sole original copy of his work, regardless of its form, shall not be considered as an assignment of his economic rights. Nevertheless, the assignee may not be required to enable the author to reproduce, copy or display the original copy, unless otherwise agreed.**

**Article 153 states that any disposal by the author of his future intellectual production shall be considered as null and void.**

**Article 154 states that the economic rights of the authors may be seized with respect to works that are published or made available for circulation. Such works may not be seized if the author dies before their publication, unless it has been proven that he intended to publish the work before his death.**

*Part III. Trade Policies by Measure, (4) Measures affecting Production and Trade, (vi) Intellectual property rights, Paragraph 138:*

*31. Canada notes that “the [Egyptian] Intellectual Property Law establishes that violations of intellectual property rights are subject to fines or imprisonment.” Canada would like to clarify whether intellectual property right violations are subject only to penal or criminal remedies, or whether the Law provides for civil remedies as well.*

**Reply:**

**In addition to penal or criminal remedies, there certainly are civil remedies that are provided for in Egypt’s IPR Law (No.82/2002). Among these, are the civil remedies associated with, for example, Patents (including compulsory licensing) and are provided for in Article 33 to Article 37, they have corresponding provisions in the other areas of IPRs covered in the Law.**

Civil remedies are also available in situations of IPRs violations under the civil code Article 163 addressing torts and the remedies that must be applied to correct or compensate for damages incurred.

Additionally, Egypt's Commerce Code (Law no. 17/1999) provides (in article 66) for civil remedies in case of violations of IPRs, particularly in the areas patent -protected inventions, trade marks and trade names, and trade/ industrial / business secrets.

*Part III. Trade Policies by Measure, (4) Measures affecting Production and Trade, (vi) Intellectual property rights, Paragraph 139:*

*32. Canada notes that "in the case of presumed copyright infringement, the judge may prevent the publication or performance of the work". Canada would like to know whether Courts may prevent infringement of other rights such as reproduction.*

**Reply:**

The judge is authorized by the Egyptian IPR Law to prevent infringement of the right of reproduction. Article 179 of the Egyptian IPR Law states that: "In case of infringement of any right provided for in this Book, the president of the competent court dealing with the merits of the case, upon a request made by an interested party, may order, by petition, one or more of the following conservatory measures: (...) discontinuance of publication, exhibition, reproduction or manufacturing of the work, the performance, the sound recording or the broadcasting program."

**JAPAN:**

ENABLING POLICIES ENHANCING FOREIGN TRADE PERFORMANCE:

(2) ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS LAW:

(Pg. 12, para. 58).

According to the Report by Egypt, piracy rates in software are already around 50%, down from over 70% five or six years ago.

*3. Please provide information on the specific basis for the estimation.*

**Reply:**

This estimation was based on the latest available data of the year 2003; it is also supported by submissions of representatives of the industry.

(Pg. 12, para. 62).

According to the Report by Egypt, regulations on IPR enforcement at the border are currently being drafted.

*4. Please provide detailed information on both the current IPR enforcement system and new regulations at the border, including the scope of rights and the procedures for rights holders to apply for an injunction for importation.*

*5. Please provide information on the results of enforcement at the border per each right such as trademarks, copyright, patents, industrial designs and plant breeder's rights and per each destination country for imports and exports.*

Replies on (4-5):

With regard to trademarks and geographical indications the law in article 115 (1, 2 & 3) stipulates that the president of the court having jurisdiction in respect of the original dispute and, at the request of any interested party, is entitled to give an order in writing to apply the precautionary measures he deems necessary regarding in particular:

(1) Substantiating the act of infringing the right covered by protection;

(2) Making an assessment and detailed description of what had been the object of the offence including the goods imported from abroad following their entry and being subjected the seizure; and

(3) Seizure may, as the case may be, be made by Customs Authorities before releasing such goods.

Article 179 relating to the protection of copyright and related rights does not preclude taking such measures. Likewise, this may include any other field of intellectual property rights if infringement has been committed in the form of imitated or falsified goods.

As for the possibility of taking such measure by Customs Authorities, *ex officio*, i.e. without the request of the interested party, and despite the fact that such act does not constitute an obligation pursuant to Article 50.2 of the TRIPS Agreement, the Egyptian Customs Regulations allow such authorities to open parcels for inspection purposes, if there is doubt that such parcels contain any infringing goods, without the presence of the concerned party (Article 51 of Customs Regulations no. 66/1963).

Section 4 of Part III of the TRIPS Agreement covers special requirements related to border measures, where WTO Members are obliged to apply them with respect to counterfeit trademarks and pirated copyright goods. The elaboration of the border measures has been concluded in full compliance with the TRIPS provisions, and they are expected to be issued as part of the Regulations for Importing and Release of Goods in August 2005. Results of IPR enforcement at the borders are, thus, expected to be satisfactory to Egypt's level of compliance with the TRIPS Agreement.

vi) Intellectual property rights:

(Pg. 52, para. 138).

*8. Please provide information on the results of IPR enforcement subject to fines or imprisonment in the past three years, including how many violations have been subject to fines or imprisonment, which rights have been infringed, and which penalties have been imposed.*

Reply:

The database for IPR cases filed before Egyptian courts per each of the IPR forms, as well as, the sentences issued per each, is currently under preparation. This database is being carried out as part of the overall process of re- adaptation that the Ministry of Justice adopts, to ensure that IPR is being fully protected in Egypt in the light of the provisions of the TRIPS Agreement. Once being accomplished, that database would be made available for the public.

**TURKEY:**

VI) Intellectual Property Rights:

According to the IPR section of the Secretariat's Report, Egypt is a member of most of the treaties on intellectual property and it has been continuously trying to improve its IPR legal framework. However, some of the Turkish electronic and home appliances companies are facing serious IPRs violations in Egypt. According to our Trade Mission in Cairo, some of the companies in Egypt are illegally using Turkish industrial design and brand names for some house hold appliances and electronic products by having them produced in the Far East to be marketed in Egypt. Although our authorities informed the Egyptian Ministry of Foreign Trade about these violations, we have not yet received any response from Egyptian Authorities.

*In this regard, can Egyptian Delegation kindly provide information on the issue of IPR enforcement?*

**Reply:**

**Law number 82 /2002 provides for the enforcement of all intellectual property rights, for the industrial designs the Law provides for the right of any interested party to file a case with the Administrative Tribunal with a view to revoke an unlawful registration of an industrial design, it also states that without prejudice to any more severe punishment stipulated under any other law, shall be punishable by a fine of not less than 4,000 pounds and not more than 10,000 pounds any person who: (1) imitates a protected industrial design registered according to the provisions of this Law; (2) knowingly, manufactures, sells, offers for sale, acquires for trade or circulation, products bearing imitated industrial designs; (3) unlawfully affixes on products, advertisements, trademarks, certain implements or the like, indications that may lead to believe that such a person has registered an industrial design. In case of repetition, the punishment shall be imprisonment for a period of not less than one month and a fine of not less than 8,000 pounds and not more than 20,000 pounds. In all cases, the court shall order the confiscation of the incriminated industrial design, the infringed products and the implements used in the infringement. The convicting order shall be published in one or more newspapers at the expense of the convicted party. Also the law mentioned that the president of the competent court considering the merits of the case may, upon a request of any interested party, and by an order issued on the basis of a petition, order one or more appropriate conservatory measures, and in particular: (1) Establish the infringement of a protected right. (2) Draw up an exhaustive inventory and detailed description of the infringed products and the implements used or may have been used in the infringement. (3) Order the seizure of the articles stated in item (2). In all cases, the president of the court may order the assignment of one or more experts to assist the bailiff in charge of the execution; and may order the requesting party to provide an appropriate security. The requesting party shall submit the merits of the case to the competent court, within 15 days of issuing the order, failing which such order shall cease to have effect.**

**The incriminated person may, within 30 days from the date of the issue or notification of the order, as may be the case, appeal [the order] to the president [of the court] who issued such an order. The president of the court may confirm or revoke the order, totally or partly. Finally The Minister of Justice shall, in agreement with the competent minister, appoint persons with judiciary powers for the implementation of the provisions of this Chapter.**

**THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN, AND MATSU:**

(vi) Intellectual property rights:

(a) Legal and institutional framework:

(Pg. 51, para. 130).

Paragraph 130 states that “The competence of the contact point is laid down in Ministerial Decree 99/2000 and includes cooperation with the Customs Administration with respect to border measures...”.

*We would appreciate knowing: (1) How the Customs Administration enforces border protection on trademarks and copyright, and (2) If a shipment of counterfeit or pirated goods has been identified, whether the Egypt Customs Administration could provide the rights owner with information on the shipper, exporter and importer, and on the quantity of counterfeit or pirated goods?*

*And, if the answer is “yes”, could Egypt please provide us with the relevant regulations?*

**Replies on (1) & (2):**

**With regard to trademarks and geographical indications the law in article 115 (1, 2 & 3) stipulates that the president of the court having jurisdiction in respect of the original dispute and, at the request of any interested party, is entitled to give an order in writing to apply the precautionary measures he deems necessary regarding in particular:**

**(1) Substantiating the act of infringing the right covered by protection;**

**(2) Making an assessment and detailed description of what had been the object of the offence including the goods imported from abroad following their entry and being subjected the seizure; and**

**(3) Seizure may, as the case may be, be made by Customs Authorities before releasing such goods.**

**Article 179 relating to the protection of copyright and related rights does not preclude taking such measures. Likewise, this may include any other field of intellectual property rights if infringement has been committed in the form of imitated or falsified goods.**

**As for the possibility of taking such measure by Customs Authorities, *ex officio*, i.e. without the request of the interested party, and despite the fact that such act does not constitute an obligation pursuant to Article 50.2 of the TRIPS Agreement, the Egyptian Customs Regulations allow such authorities to open parcels for inspection purposes, if there is doubt that such parcels contain any infringing goods, without the presence of the concerned party (Article 51 of Customs Regulations no. 66/1963).**

**Section 4 of Part III of the TRIPS Agreement covers special requirements related to border measures, where WTO Members are obliged to apply them with respect to counterfeit trademarks and pirated copyright goods. The elaboration of the border measures has been concluded in full compliance with the TRIPS provisions, and they are expected to be issued as part of the Regulations for Importing and Release of Goods in August 2005. Results of IPR enforcement at the borders are, thus, expected to be satisfactory to Egypt's commitment under the TRIPS Agreement.**

**Privatization and State owned enterprises:**

**SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN, AND MATSU:**

(iv) State-owned enterprises and privatization:

(Pgs. 47-48, paras. 120, 122 & 124).

*We would appreciate some further clarification of the following items in the Report by the Secretariat:*

*Paragraph 120 mentions that the General Authority of Supply Commodities (GASC) is responsible for the importation of wheat, sugar and edible oils. Could Egypt please provide further details of the procedures used for deciding on the import quality or price, to illustrate that the decision-making is purely on commercial basis?*

*According to paragraph 122, the Egyptian authorities indicate that foreign investors played an important role in the privatization programme; they were involved in 11 of the 29 sales to majority inventors. Are there any limitations that apply to foreign inventors?*

**Reply:**

**No limitations apply to foreign investors in the privatization process.**

*Paragraph 124 states that the programme envisages the privatization of 111 of the remaining 178 state-owned enterprises (excluding banks) during the period 2004-06. Could Egypt please explain the reason why banks are excluded from the state-owned enterprises to be privatized?*

**Reply:**

**Banks are not excluded from the privatization program. They are simply not quoted in the privatization figure stated above. The Government has already announced that one of the four commercial public sector banks will be privatized this year, which is Bank of Alexandria. An international advisor for the sale of the bank has already been selected and is undertaking its work. Moreover, the Government is actively pursuing a program to sell the state owned share in joint venture banks. Five banks have seen their public shares sold to the private sector and three are underway.**

**USA:**

Measures Affecting Production and Trade - State-owned enterprises and privatization:

14. We appreciate the summary of Egypt's state-owned sector and privatization plans in paragraphs 120-125 on pages 47-48 of the Secretariat Report.

*Please provide more details about privatization initiatives involving the banking sector, Telecom Egypt, and other state-owned enterprises.*

**Reply:**

**As for the privatization initiatives in the banking sector it should be noted that one of the four state owned banks (Bank of Alexandria) is currently underway for being fully privatized, Citi Group is responsible for the sale transaction. Telecommunication Sector is still**

considered as a strategic sector as it provides a public utility for citizens and therefore it is not currently included in the privatization program.

Other state-owned enterprises which are included under law 201 of 1991, are subject to privatization according to a declared program that incorporates different companies of different sectors.

**CANADA:**

*Report by Egyptian Government (WT/TPR/G/150):*

*V. Enabling Policies Enhancing Foreign Trade Performance, (4) Momentum in Privatization Programme, paragraph 67:*

*46. The Report states that the Ministry of Investment and Public Enterprises has announced the first batch of companies and assets for privatization during the 2004-2007 period. What are the bases for privatizing these enterprises and what criteria are used by the Ministry with respect to tourism enterprises? What types of tourism enterprises are covered by privatization and what types will remain public enterprises?*

**Reply:**

The base of privatization has two dimensions; first, the Ministry of Investment (MOI) is open to receive an expression of interest from a potential investor on any of the companies in its portfolio, regardless of the performance of this company (losing/profitable). Once this expression of interest is received, the Holding company starts the bidding process and we take it from there. Second, in the absence of an expression of interest, the MOI select certain companies primarily on the bases of profitability.

In this regard, we insure that there is no specific sector is subject to restrictions on eventual privatization, the timing of the offering depends on preparatory work required.

Profitable companies which are potentially accepted in the stock market are partially sold through public offering of 10 to 20 % of total transaction, the remaining stake is then sold to an anchor investor, this is applied to state owned enterprises and joint venture companies as well. Non-profitable companies are also targeted for privatization with a flexible and attractive package of incentives applied to increase the prospects of reaching a successful transaction.

Regarding the plans on Tourism enterprises, the strategy is still the same as in dimension one stated above. However, the only difference is that within the two companies we have left in the MOI portfolio of companies, namely; GOTH and Misr Travel we have certain assets in various forms; operating hotels, cruise ships, vacant lands, restaurants and other tourism assets where some of them are having interested buyers. In the case we sell these assets, we might be faced with a situation where the remaining assets might not be sufficient to keep the company in a profitable position. Accordingly, the thoughtful process currently in place is; float part of the company in the stock exchange, or perform in depth analysis on the future of these companies after the sale of some assets.

**Contingency trade remedies:**

**U.S.A:**

**Measures Directly Affecting Imports - Contingency Trade Remedies - Safeguards measures:**

3. According to paragraph 53 on page 37 of the Secretariat Report, Egypt reported that it has imposed final safeguard measures on powdered milk beginning in April 2001.

*Has this measure expired? What action has Egypt's domestic industry undertaken to adjust to new market conditions?*

**Reply:**

In response, Egypt would kindly like to confirm that the final safeguard measures on powder milk imposed in April 2005 expired in April 2004.

Concerning actions that Egypt's domestic industry has undertaken to adjust to new market conditions, Egypt would like to emphasize that the Egyptian domestic industry has implemented the following actions:

- **Production and Cost Reduction Development Plan.**
- **Importing artificial pollens to produce high-milking bovine races.**
- **Drawing small breeders' attention to the necessity of using artificial insemination instead of natural pollination to produce high-milking bovine races.**
- **Drawing small farmers' attention to the necessity of using machinery and modern equipment to promote production and reduce costs.**
- **Disseminating medical brochures issued by medical agencies and companies producing medications and pollens in order to protect animals against diseases.**
- **Advising breeders about using high-nutritive low cost feed to increase milk productivity and reduce costs.**
- **Holding seminars and training courses for workers in the field of milk production to be aware of the most modern products in the area of feeding and veterinary services as well as the use of modern milking technology.**

In addition, the industry has implemented adjustment policies in order to increase production and reduce costs and thus to increase profit margins.

**INDONESIA:**

(Pgs. 36-37. paras. 49-53).

3. Paragraph 49, 53 and table III.6 of Secretariat Report notes that imposition of contingency trade remedy on product originated from Indonesia is extremely high and looks beyond its objective sought to remove injury. Indonesia would be very much appreciate if Egypt could consider to make early review and or lower its duty for remedy purposes, especially to products common electric filament lamps and common fluorescent lamps originated from Indonesia.

*Please comment.*

**Reply:**

It is Egypt's policy to impose anti-dumping measures on the basis of the dumping margins established in its investigations.

Egypt notes that under the current WTO ADA there is no requirement for a member to apply an anti-dumping duty that is less than the established margin of dumping, regardless of whether the measure is applied on imports from developing country members or not.

Egypt notes that the comment alleged by Indonesia to be attributed to the Secretariat in its Report that "imposition of contingency trade remedy on product originated from Indonesia is extremely high and looks beyond the objective sought to remove injury" is not to be found in the Secretariat report. Egypt notes that the Secretariat Report referred to by Indonesia merely enumerates the anti-dumping measures taken by Egypt without making any comments whatsoever in this regard. Egypt would therefore like to ask Indonesia in what paper did the Secretariat allegedly make the comment quoted above?

In response to the request by Indonesia to make an 'early review' of the measures imposed by Egypt on common electric filament lamps and common fluorescent lamps originating from Indonesia.

With respect to common fluorescent lamps, Egypt would like to draw Indonesia's attention to the fact that the safeguard measures imposed on the importation of these products expired on 27/2/2002 and therefore asks how can such a review be made in these circumstances?

Concerning common electric filament lamps, Egypt would like to emphasize that a request to review anti-dumping measures in force is addressed by Article 11.2. of the WTO ADA which outlines the procedure and the steps that should be taken to initiate a review of such measures, in particular, it requires that a request should be presented by any of the interested parties in this regard together with positive evidence to substantiate such a request.

**HONG KONG, CHINA:**

Anti-dumping and Countervailing Measures(WT/TPR/S/150, pg. 35, para. 46):

*We note that under Egypt's system, review of final anti-dumping (AD) and countervailing (CV) measures must be initiated at least six months before the end of the five-year period and that such review must be completed within one year, during which time the final measures remain in force. In other words, final measures may be in place for five and a half year. We would like to know if and how Egypt can ensure compliance with Article 11.3 of the AD Agreement and Article 21.3 of the Agreement on Subsidies and CV Measures, which require any AD/CV final duties to be terminated not later than five years from its imposition unless the authorities determine that the expiry of the duty would be likely to lead to continuation or recurrence of dumping/subsidization and injury.*

**Reply:**

In response, Egypt kindly refers Hong Kong, China to the last sentence of Article 11.3 of the ADA and the last sentence of Article 21.3 of the ASCM. Egypt considers that these provisions allow for measures to remain in force pending the outcome of such a 'sunset review'.

**Trade in Services:**

**1. General:**

**CANADA:**

Part IV. Trade Policies by Sector, (7) Services, (i) Overview, Table IV.8, Summary of Egypt's Specific Commitments in Individual Service Sectors:

**Comment:** The legend used to indicate the nature of commitments is misleading. When a Member has scheduled "None" in its schedule, this indicates it is fully bound. In the table, it appears that Egypt is not fully bound in any of the modes and sub-sectors of tourism and travel-related services, when in fact it is in many modes and sub-sectors. We suggest that the legend be modified as follows:

- Fully shaded box - means Member has scheduled "None" in its offer.
- Partially shaded box - means Member has made commitments but with some limitations.
- Unshaded box - means Member has made no commitment or has inscribed "Unbound" in its offer.

Therefore, in Egypt's case and with respect to tourism, all its empty (unshaded) boxes should be replaced by black (fully shaded) boxes. Where the report has indicated, we suggest these be replaced by the empty box as Egypt has inscribed "Unbound" in its services offer.

**JAPAN:**

(i) Overview:

(Pgs. 63 to 66, paras. 52 to 59).

***9. Please indicate the specific measures by the Government of Egypt for the liberalization of the following services, in particular, including the current status of the improvement of market access and national treatment.***

***(a) Accounting, auditing and bookkeeping services.***

***(b) Computer and related services.***

***(c) Construction and related engineering services, including the current status of the requirement for the joint venture and the limitation on foreign participation.***

***(d) Distribution services, in particular in the areas of commission agents' services, wholesale trade services, retailing services and franchising.***

***(e) Maritime transport services including supporting services for maritime transport such as storage and warehouse services and customs clearance services.***

**Reply:**

**(a) Egypt submitted its revised conditional offer to the WTO in July 2005. The offer includes commitments in new sectors (computer services, air transport services, and courier**

services), in addition to the commitments in new subsectors of the construction services sector, and the elimination of some limitations in the insurance sector.

(b) The sectors covered in the offer are based on Egypt's national interest and is compatible with its status as a developing country.

(Pgs. 63 to 66, paras. 52 to 59).

As for trade in services, one of the important factors for the movement of natural persons is the visa and immigration system.

*11. In this regard, please answer the following questions:*

*(a) What are the procedures for a skilled worker to enter into Egypt and to start his/her job, including the procedures for work permission, application for a visa and immigration control?*

**Reply:**

Foreign employee who seeks to work in Egypt, or the company employing him, should apply for a license to the competent authority, attached with the application the following documents:

1. What indicates his/her payment of the specified fees.
2. Acceptance from the employer.
3. Professional license in some required cases.
4. Acceptance from the competent authority in the Egyptian Presidency, if the foreigner is a political refugee.

Procedures are as follow:

1. Visa for investor:

Service Beneficiaries:

The investment and the free zones projects:

This visa is provided to investors in order to fulfill company establishment procedures, and its duration is limited between one or two months, it is also provided in case of project establishment and its registration in the Commercial Registry in order to enable the investors to manage his business.

The Required Documents:

In case of the fulfilment of the establishment procedures:

1. A request directed to the Head of the sector of the investment assembly.
2. A copy of the passport of the visa applicant.
3. A copy of the company contract certified from the legal affairs.

**In case of the project establishment and its registration in the commercial registry:**

1. A request directed to the Head of the sector of the investment assembly.
2. A copy of the passport of the visa applicant.
3. A certificate of any new data of the applicant.
4. A copy of the official document of the commercial registry.

**Documents Presentment:**

These documents are submitted to the Investments Services Assembly Sector and then this sector will submit a visa recommendation that is directed to Tahrir Compound Passport.

**Services Delivery Duration:**

The requisites that are presented to the sector before 12:00 pm will be accomplished in the next day at 13:00 pm.

The requisites that are presented to the sector after 12:00 pm will be accomplished within 48 hours.

**Services:**

4. Attracting foreign employees (entrance visa) to work inside the country.

**Services Beneficiaries:**

Free zones and investment projects in which foreign labors work.

**The Required Document:**

1. A request presented to the head of the Investment Services Assembly that includes:

(The name of the employees/ nationality/ position/ the project address in details/passport number/the date of issuance/ the expiry date).

2. A copy of the employee passport.
3. If the visa applicant is an expert, the following conditions should be considered:

**A. For the Eastern Asian Countries:**

An experience certificate according the required qualifications indicated in the requisite should be exist.

**B. For the rest of the countries:**

There is no need for experience certificate.

4. If the applicant is an engineer, a certificate certified from the engineering syndicates should exist.

5. A letter from the competent sector about the executive position of the projects.

**6. Employee position should be taken into consideration in addition to the executive position of the project.**

**In case of the projects under implementation, the technical positions are required in order to support the project to be accomplished.**

**In case of the projects that have started their activities, positions should support the production process.**

**Document Presentment:**

**The documents should be presented to the investment services assembly sector to submit entrance visa recommendation to be directed to the Immigration and Labor Force Ministry.**

**Services delivery duration:**

**1. The requisites that are presented to the sector before 12:00 pm will be accomplished in the next day at 13:00pm.**

**2. The requisites that are presented to the sector after 12:00 pm will be accomplished within 48 hours.**

**Services:**

**5. licensing recommendation issuance for foreign business.**

**The services include only attracting foreign employees from outside the country.**

**Services Beneficiaries:**

**Free zones and investment projects in which foreign employees work.**

**The Required Documents:**

**A request from the company directed to the head of the sector includes the following:**

- 1. Foreigner employee name/nationality/passport number/position.**
- 2. The original passport in order to be informed about and a copy of it.**
- 3. A copy of application number 2 (insurance for the current year).**
- 4. A document to prove that the services have been paid for the free zones projects.**
- 5. 5 copies for the security information SAMPLE.**
- 6. A certificate proves that there is no disease (Aids) submitted by a government hospital.**
- 7. A letter from the competent authorities about the executive situation of the project.**

**Free zones projects that their requisites through territory that the projects pursued.**

**Document presentation:**

Documents are presented to the Investment Services Assembly Sector in order to issuance a recommendation of the licensing procedures submission process directed to work permit office in the Investment Services Assembly in the authority building, and another recommendation to grant a temporary residency for 6 months from the passport Office in the Assembly till finishing the security information results.

**Services delivery duration:**

The requisites that are presented to the sector before 12:00 pm will be accomplished the next day at 13:00 pm.

The requisites that are presented after 12:00 pm will be accomplished within 48 hours.

*(b) How is the skill of a worker entering into Egypt reviewed in the procedure raised in (a)?*

**Reply:**

Foreign experts should provide the following:

1. Documents reflecting the expert qualifications and his educational and practitioner experience notarized from the consulate of the Republic of Egypt in the foreigner country and from the Egyptian Ministry of Foreign Affairs.

2. A letter from the work he is applying to, indicating the extent to which the foreign expert is needed, his detailed profession, the required period for his stay on work, the name of his Egyptian assistant and his qualifications and experience, and to be committed to submit a report about the possibility of substituting the Egyptian assistant instead of the foreign expert.

*(c) In each procedure raised in (a) and (b), is the reason for refusal notified to the applicant?*

**Reply:**

The foreigner, or the company employing him/her, who want to challenge the refusal of his license could apply to the competent authority within a maximum period of a month from the refusal date, indicating the reasons for his challenge and supporting them by documents. And the competent authority should investigate and reach a decision within 15 days.

**Conclusion:**

Egyptian Law allows companies to have foreign employees up to 10% of their work force. The procedure is as follows:

The company needs to apply for a visa for the employee. This is submitted to the Investment Authority, including details of the employee, photocopy of his/her passport, relevant certificate of expertise for skilled labour (in case of engineers a certificate from the syndicate). Upon submission, the Investment Authority checks that the application is relevant with the state of completion or operation of the company's investment. A letter is issued within 48 hours for the Egyptian embassy to issue a visa. In case of security objection, or if the status of the company does not require the requested employees, the applicant is informed. No permissions are granted for drivers and domestic employees.

Upon the arrival of the foreign employee, the original passport is submitted, together with a health certificate, and social insurance contribution letter. Within 48 hours of submission of documents, a one year visa is issued, and is renewable.

**SWITZERLAND:**

(7) Services:

(i) Overview:

Para. 55 states that the Labor Code Law 137/1981 limits the number of foreigners in a company to 10% of total personnel. However, this limitation has been removed in the initial offer.

*Can Egypt indicate whether the text in the initial offer already corresponds to a revised regulation or whether, for the implementation of its initial offer, national law would need to be revised?*

**Reply:**

The text in the initial & revised offer does not imply the elimination of the 10% limitation.

**2. Financial Services:**

**2.1. Insurance:**

**HONG KONG, CHINA:**

4. We note that there are a number of limitations on the foreign supply of insurance services, including that foreign insurance companies may not sell their services through representative offices; Egyptian residents are not allowed to buy non-life insurance abroad; and insurance companies may not hold shares in other insurance companies engaging in other activities. However, it seems that these limitations have not been inscribed in Egypt's existing GATS schedule.

*We would therefore be grateful if Egypt would advise on the compatibility of these limitations with its GATS commitments.*

**Reply:**

As for representative offices; by definition they don't engage in any insurance services as their activities are limited mainly to research, public relations and marketing. In addition our schedules reflects this fact (see commitments related to Liaison offices).

As for the limitation on non-life insurance abroad it will be reconsidered by the competent authorities.

As for the measure which states that Insurance companies are not permitted to hold shares in other insurance companies transacting the same activities in Egypt; it is considered as a domestic regulation and since it is applied in a nondiscriminatory manner it should not be reflected in the Egyptian schedule.

5. We understand that up to 100% foreign ownership of Egyptian insurance companies is allowed and that the requirement for direct insurance companies to cede 30% of non-life and 50% of life insurance business to the Egyptian Reinsurance Company has been eliminated since 2003. We

however note that the de facto regime has not been fully reflected in Egypt's initial offer, in which foreign equity limitation and legal cession requirement still remain.

*We would therefore like to know whether Egypt would consider reflecting its more liberal de facto regime in its revised offer, so as to increase the predictability of the regime.*

**Reply:**

**In the Egyptian Revised offer the de facto regime is already reflected as follows:**

**a) Shareholding in the capital of Egyptian insurance companies is subject to no limitations, but the ownership of 10% or more is subject to the approval by the Prime Minister. It is applied in a non-discriminatory manner whether for foreign or Egyptian shareholders.**

**b) Concerning the mandatory cession for Egypt Reinsurance Company, the Egyptian Insurance Supervisory Authority EISA has enacted the decree 105/1999 for gradual elimination during a period of five years (1999-2003). Now the mandatory cessions are as follows:**

**Life insurance 50% after retention on risk premium basis.**

**10% of what exceeds retention limits in relation to branches of Fire, Oil, Engineering, Aviation and Marine.**

**Mandatory cessions for all other branches are totally eliminated.**

**USA:**

**Services - Financial Services - Insurance:**

26. The Secretariat Report notes in paragraph 71 on pages 67-68 that "all investment in the insurance sub-sector is subject to an economic needs test." It is the USG understanding that the economic needs test was removed for life, health and personal accident business.

*Please clarify which insurance sub-sectors are still subject to an economic needs test.*

**Reply:**

**There are no sub-sectors still subject to Economic Needs Test**

27. In the same paragraph, the Secretariat Report advised that, "pursuant to the Insurance Law, Egyptian residents are not allowed to buy non-life insurance abroad." It is the USG understanding that full commitments were made to allow the consumption abroad of non-life insurance products according to Egypt's GATS schedule.

*Please explain how the Insurance Law is consistent with Egypt's GATS commitments.*

**Reply:**

**As for the limitation on non-life insurance abroad, <according to our legislation> movable property can be insured outside the local market without discrimination.**

**EC:**

As regards insurance services, the Report from the Secretariat indicates that the Egyptian Government has taken steps to liberalise the market since 1999.

*Could Egypt indicate whether there are plans to continue to do so and specify to what extent the sector could be further liberalised?*

**Reply:**

**Egypt is planning to liberalize the public sector insurance and reinsurance companies and there are serious steps towards liberalization.**

*Could Egypt clarify whether direct branching in insurance is permitted (inside and outside free zones)?*

**Reply:**

**Direct branching in insurance is permitted only in free zones.**

The Secretariat Report states that all investment in the insurance sub-sector to an ENT, and those shareholders of more than 10% are subject to approval by the Prime Minister.

*Could Egypt explain the criteria that the authorities apply in the context, and whether they are applied in a non-discriminatory manner?*

**Reply:**

**Investments in insurance sector are not subject to an ENT.**

**ENT is already removed from the Egyptian schedule of commitments.**

**Shareholding in the capital of Egyptian insurance companies is subject to no limitations, but the ownership of 10% or more is subject to the approval by the Prime Minister. It is applied in a non-discriminatory manner whether for foreign or Egyptian shareholders.**

*Could Egypt confirm the accuracy of the Secretariat Report concerning the fact that in 2003 the government eliminated mandatory cessions to Egypt Reinsurance Company?*

**Reply:**

**Concerning the mandatory cession for Egypt Reinsurance Company, the Egyptian Insurance Supervisory Authority EISA has enacted the decree 105 / 1999 for gradual elimination during a period of five years (1999-2003). Now the mandatory cessions are as follows:**

- a. Life insurance 50% after retention on risk premium basis.**
- b. 10% of what exceeds retention limits in relation to branches of Fire, Oil, Engineering, Aviation and Marine.**
- c. Mandatory cessions for all other branches are totally eliminated.**

## **2.2. Banking:**

### **CANADA:**

Part VI. Trade Policies by Sector, (7) Services, (ii) Financial Services, Paragraph 63:

33. Paragraph 4 states that the licensing procedures, which are the responsibility of the Central Bank of Egypt, have been suspended with a view to restructuring Egypt's financial sector.

*When does Egypt expect to complete the restructuring of its financial sector and again allow applications for the establishment of commercial presence of foreign banks?*

**Reply:**

Egypt is in the process of restructuring its banking sector as the CBE has embarked on a complete structural and financial reform program, coupled with consolidations to create a strong, efficient and well supervised banking sector sustaining future domestic growth and competing regionally.

The strategy adopted to achieve the objectives of the reform program are:

- **Financial & organisational restructuring of public sector banks:** a program already initiated within the public sector banks.
- **Addressing the issue of non-performing loans:** A plan has already been laid out on the national level; to facilitate the handling of this complex issue.
- **Initially privatising one of the public sector banks:** Bank of Alexandria was named as the first public sector bank to be offered for sale. Citigroup was chosen to act as manager for the transaction.
- **Sale of public sector shares in joint venture banks :** Shares owned by public sector banks in joint ventures, are all offered for sale to local, regional or international banking firms.
- **Encouraging merger and acquisition activities :** With the aim of creating larger and stronger banking operations, transactions already have been done the like of Barcalys Bank (Egypt), Societe Generale (Egypt), Calyon and others.
- **Upgrading and strengthening the "Banking Supervision Unit" at the CBE.**
- **Establishing a "Banking Reform Unit" at the CBE to oversee this objective.** Concerning the licensing procedures for establishment of commercial presences of foreign banks it might be considered in the future.

**EC:**

The Report from the Secretariat describes the evolving situation of the banking sector with regard to the establishment of foreign banks in Egypt.

*Could Egypt indicate whether foreign banks are allowed to deal in local currency?*

**Reply:**

According to Law no. 882003 of the "Central Bank, Banking Sector and Monetary System" article no. (36); foreign banks operating in Egypt, are allowed to do business in local currency.

The Report from the Secretariat further states that licensing procedures for the establishment of foreign n banks have been suspended, "with a view to restructuring Egypt's financial sector".

*Could Egypt elaborate on this in general (objectives and timeline on the reform), and in particular indicate whether existing economic needs test on the establishment of foreign branches could be lifted?*

**Reply:**

The Central Bank of Egypt CBE has embarked on a complete structural and financial reform program, coupled with consolidations to create a strong, efficient and well supervised banking sector sustaining future domestic growth and competing regionally.

The strategy adopted to achieve the objectives of the reform program are:

- **Financial & organisational restructuring of public sector banks:** a program already initiated within the public sector banks.
- **Addressing the issue of non-performing loans:** A plan has already been laid out on the national level; to facilitate the handling of this complex issue.
- **Initially privatising one of the public sector banks:** Bank of Alexandria was named as the first public sector bank to be offered for sale. Citigroup was chosen to act as manager for the transaction.
- **Sale of public sector shares in joint venture banks:** Shares owned by public sector banks in joint ventures, are all offered for sale to local, regional or international banking firms.
- **Encouraging merger and acquisition activities:** With the aim of creating larger and stronger banking operations, transactions already have been done the like of Barcalys Bank (Egypt), Societe Generale (Egypt), Calyon and others.
- **Upgrading and strengthening the "Banking Supervision Unit" at the CBE.**
- **Establishing a "Banking Reform Unit" at the CBE to oversee this objective.**

### **3. Telecommunications and Postal Services:**

**USA:**

Services - Telecommunications:

28. Referring to paragraph 82, page 70 of the Secretariat Report,

*Please clarify whether or not Telecom Egypt will be able to meet the December 31, 2005 deadline to relinquish its monopoly status in the telecommunications sector.*

**Reply:**

**Yes.**

29. In the same paragraph, the Secretariat indicates that the "exclusive rights of Telecom Egypt to provide cross-border transmission should terminate no later than 31 December 2005".

*Is Egypt in a position to meet this deadline? In addition, what will be the process for determining the number of cross-border licenses that will be issued subsequent to this date?*

**Reply:**

**Egypt has awarded licenses for VOIP services for cooperate customer and have announced guidelines for fulfil liberalization of the sector.**

**Exact process shall be announced by NTRA within fall of 2005.**

**CANADA:**

Part IV. Trade Policies by Sector, (7) Services, (iii) Telecommunications, Paragraph 80:

34. The Secretariat Report states that the National Telecommunications Regulatory Authority (NTRA) is Egypt's semi-autonomous institution under the Ministry of Communications and Information Technology, with overall responsibility regarding the regulations of telecommunications.

*Could Egypt explain the semi-autonomous status of the NTRA and confirm whether or not it is consistent and complies with the principles relating to the independence of the regulator as found in the Reference Paper?*

**Reply:**

**Law No. 10, 2003 "Telecommunications Regulation Law" establishes NTRA as a national Authority to administer the telecommunication sector.**

**The general guidelines for NTRA scope of work include:**

- Transparency;**
- Universal service;**
- Open competition; and**
- Protection of user rights.**

**Ensure that telecommunication services reach all areas of the republic.**

**Protect national security and higher interests of the state.**

**Ensure optimum use of the spectrum and the maximization of the revenues derived from its use.**

**Ensure compliance with the provisions of prevailing agreements and resolutions of international and regional organizations.**

**Monitor processes of technical and economic efficiency programs for all telecommunications services.**

**The aim of NTRA is to guarantee the high quality of the telecommunication services at reasonable prices for all Egyptian citizens taking into consideration national interests while enabling sector growth and encouraging national and international investments.**

**Also, the head of the (NTRA) is the Minister of Telecommunications and the authority is fully dependent in taking regulatory decisions in the sector.**

Part IV. Trade Policies by Sector, (7) Services, (iii) Telecommunications, Paragraph 82:

35. The Secretariat Report mentions that Telecom Egypt is still a state-owned monopoly and that the Government has announced its intentions to offer up to 44% of the company to a strategic investor when market conditions are suitable. The Report also notes that the Telecommunications Law stipulates that Telecom Egypt will relinquish its monopoly status as domestic and international fixed-line operator by December 31, 2005.

*Could Egypt elaborate on the status of Telecom Egypt, its plans regarding the privatisation of the state-owned monopoly and the type of market conditions deemed to be suitable for relinquishing shares of the company?*

**Reply:**

**All information about the privatisation of Telecom Egypt is available on: <[www.mcit.gov.eg](http://www.mcit.gov.eg)>.**

**The Ministry of Telecommunications and Information Technology is currently in the process of selecting a financial consultant for the Initial Public Offering of Telecom Egypt.**

Part IV. Trade Policies by Sector, (7) Services, (iii) Telecommunications, Paragraph 85:

36. Canada is pleased to read in the Secretariat Report that Egypt has adopted, in April 2004, an Electronic Signature Law that regulates commercial operations through the use of the Internet. Canada believes that a direct linkage between the use of the Internet, e-commerce and computer and related services exists, and notes that Egypt has not made any commitments in this sector under the GATS.

*In view of the interaction between the telecoms and computer and related services sectors and the enabling role they play in relation to many other areas of economic activity, has Egypt considered making GATS commitments for computer and related services in the current phase of GATS negotiations?*

**Reply:**

**Yes, Egypt has already made new commitments for computer and related services within the Egyptian revised services offer.**

Part IV, Trade Policies by Sector, (7) Services, (iii) Telecommunication and postal services, Paragraph 86:

37. Canada notes with interest that private sector and foreign company participation is permitted with respect to express postal service activities. Given this situation, Canada would like to enquire whether Egypt is considering including commitments in its revised General Agreement on Trade in Services offer that reflect the current level of liberalization that exists for courier/express services in its economy.

*Could Egypt elaborate if it is subject to a universal service obligation with respect to postal services and how it fulfils this obligation? Specifically, does Egypt have a reserved area of mail services that only the ENPO may provide and, if so, what items/activities are included in that reserved area?*

**Reply:**

**Egypt has already made new commitments in postal sector within the Egyptian revised services offer.**

**JAPAN:**

(Pg. 70, para. 82).

According to the Report by the Secretariat, the Telecommunications Law stipulates that Telecom Egypt will relinquish its monopoly status as domestic and international fixed-line operator by 31 December 2005.

*12. After the relinquishment of the monopoly of Telecom Egypt, will the new facilities-based suppliers other than Telecom Egypt be able to provide wholesale telecommunications services to non-facilities-based suppliers in the domestic and international fixed-line market?*

**Reply:**

**After 31 December 2005, the Egyptian Telecommunications market will be liberalized, and any service provider can provide Telecommunication services after obtaining the required license from the NTRA.**

**EC:**

The Report from the Secretariat indicates that, as regards mobile telecommunications, a third licence was granted and then withdrawn due to non-use by the operator.

*Could Egypt indicate when it is planning to re-offer this licence?*

**Reply:**

**Regarding the third mobile phone licence, Egypt is in the process to launch an international auction for the services providers to establish the third mobile network in Egypt to provide the second and the third generation of the mobile services.**

**The auction will be launched within two months, and the services supplier to be decided in the first quarter of 2006, and the services to be launched by the second quarter of 2007. All info about the Third licence is available on: <[www.ntra.gov.eg](http://www.ntra.gov.eg)>.**

*Concerning the Information and Communication Technology Trust Fund, which is referred to in the Report from the Secretariat, could Egypt indicate how it is actually financed and whether possible funding requirements are applied on a non-discriminatory basis?*

**Reply:**

**All info about the trust fund is available on <<http://www.ictfund.org.eg/>>.**

**This includes existing projects and management style.**

**The fund is basically an open mechanism allowing all interested stakeholders in ICT for D to present their project proposals to a steering committee formed of UNDP, MCIT and the Egyptian ministry of foreign affairs.**

The process of selection is transparent and allows for NGOs, private sector and civil society in general the chance to apply on a non discriminatory basis as long as the project proves a relevance to developmental concerns.

The fund is also open to funding from different interested parties and is subject to UNDP rules and regulations.

Currently the fund is being funded by the Italian cooperation through the debt swap mechanism, with a contribution from MCIT. Details of existing projects and funding are available on the web site.

#### **4. Transport:**

##### **CANADA:**

Part IV. Trade Policies by Sector, (7) Services, (iv) Transport, Paragraph 87:

38. In light of recent increases in traffic and revenues in marine transport through the Suez Canal, as well as recent increases in fees charged by the Suez Canal Authority, *does the Egyptian government project that traffic through the Suez Canal will continue to increase over the short and long-term?*

Part IV. Trade Policies by Sector, (7) Services, (iv) Transport, (b) Air Transport:

39. *Do Egyptian laws permit the importation free of restrictions and exempt from custom duties, excise taxes, inspection fees and other national duties and charges printed ticket stock, air waybills and any printed material which bears the insignia of the airline and usual publicity material distributed without charge by the airline?*

40. *Do Egyptian laws permit sales of transportation in freely convertible currencies of other countries?*

**Reply:**

Egypt is a member of the Chicago Agreement for civil aviation. With regard to the customs exemptions, it is granted on the principle of reciprocity. The publicity materials are subject to a reduced rate of 12%.

41. *Can funds earned by a foreign airline in Egypt be transferred abroad or only to the airlines home country?*

**Reply:**

Yes, funds earned by a foreign airline in Egypt can be transferred abroad. There are no restrictions.

42. *Does Egypt have a market exchange rate for the conversion and remittance of funds by foreign airlines?*

**Reply:**

Foreign airlines remitting funds abroad use the market exchange rate.

**JAPAN:**

*10. Please indicate the specific views of the Government of Egypt on the model schedule on maritime transport services.*

**Reply:**

Regarding the maritime transport services, the competent authority is currently undertaking a comprehensive study for the sector and based upon the results of the study, the decision to improve current WTO commitments will be taken.

**EC:**

Maritime transport:

*Could Egypt provide detailed information on liberalisation steps taken in the area of maritime transport?*

**Reply:**

**Liberalization steps taken in maritime transport:**

**A- Ports:**

Egypt had adopted land lord concept 3 years ago it is gradually applied in commercial ports ( Main ) either in operating dedicated terminals like:

- Oil terminal in Alexandria (Med.).
- Container terminal in port said east & Alexandria.
- Fish basin in Sokhna port (red Sea).

Or in running complete small commercial port like:

- El Tor port in Red Sea.
- LNG port Edka in Med. Sea.

Or in complete private tourist port (BOT) like:

- Port GHALEP in Red Sea.
- Port TABA in Akaba Gulf.

**B- Ships:**

All offshore units, vessels are privately owned one Egyptian private company (Mara dive) is already No. 29 in the business worldwide.

Shipping companies are either completely private, one of them (El Salam) is already No. 1 world wide in passenger business or shore holders, or public and private owned (National Shipping Company).

**All fishing boats are private owned.**

**C- Services:**

**All stevedoring companies are private (except 2).**

**All shipping agencies (213) are private (except 4).**

**All forward agencies are private one.**

**The class societies are international, or private.**

**One shareholder IT Company.**

**Ship shindlres are private.**

**Banking is still public owned but some private companies are under construction.**

**Shipyard is public owned or shareholders, but no regulation prevent private sector from establishing shipyards.**

*In particular, could Egypt indicate whether, and if so where and to what extent, foreign operators are discriminated with respect to port and maritime fees?*

**Reply:**

**The Ministry Of Transport is running deep and thoroughly study to eliminate very few remaining privileges granted to some kind of Egyptian ships in view of GATT agreement and other privileges granted to some types of ships like container carriers or passengers ship.**

**5. Tourism:**

**CANADA:**

Part IV. Trade Policies by Sector, (7) Services, (v) Tourism, Paragraph 99:

43. The Secretariat Report states that the Tourism Development Authority (TDA) monitors individual tourism projects and ensures that they meet minimum standards.

*What are the minimum standards?*

Part IV. Trade Policies by Sector, (7) Services, (v) Tourism, Paragraph 100:

44. According to the Secretariat Report, the Ministry of Tourism rates all tourist establishments and approves prices of services.

*How are tourist establishments being rated and on what criteria?*

45. With respect to the pricing of services, *What are the rules or regulations governing pricing, and in which decree is this reflected - Decree 181/1973, covering conditions and procedures of licensing hotel and tourist establishments; Ministerial Decree 343/1974, on implementation of certain provisions of Law 1/1973 on hotel and tourist establishments; or in another piece of legislation?*

*Is the approval of prices required for all services, or specific types of services only?*

**EC:**

The Report from the Secretariat states that tourism is by far Egypt's most important source of foreign exchange and an important generator of employment.

*Could Egypt indicate whether, and if so how, it intends to further develop this sector notably with respect to the need for attracting foreign investors?*

**Reply:**

Definitely Egypt, is exerting its efforts to attract more foreign investor as an increase in foreign investment will contribute to improve growth rates and more job opportunities and this could be achieved through the following:

**First:** the ministry of tourism is working now on the development of the electronic side (portal), through which foreign investors would be cable of being provided with the investment opportunities in Egypt.

**Second,** the ministry of tourism is now promoting a new product in order to capture more foreign investors called "residential tourism". At a very reasonable price, foreigner could own a vacation home in Egypt and enjoy its climate, diversity of attractions.

**Third:** suggested business opportunities for foreign investors have taken place:

**First: Red Sea area:**

1) **Safaga El Kosar tourist sector:**

- **Suggested area for investment:** areas ranges between million and 10 million meter square, this sector is characterized by being close to Hurgada city (100 Km from hurghada airport, 60 Km from safags port) and this sector has no institution. Its depth does not exceed 600 Km between the Coast and Road, it is also placed close to diving region and the back area for sites suggested for safari tourist regions.

- **Suggested usage:** hotels, tourist villages, golf courses, conferences, and medical tourist.

2) **Wozor Tourist Center:**

- **Suggested areas for investment:** areas range between million and 5 million meter square.

- **Suggested usage:** hotels, tourist village, and the back area has regions for safari tourist.

3) **El Nabagh El Saghir tourist center:**

- **Suggested areas for investment:** almost million square available for development that was already assigned for some business companies, however ; this specialization has been cancelled as this matter requires some financial settlement for the company situation concerning the executive issues that took place within the site.

- **Suggested usage: tourist villages, conferences, recreational regions.**

**4) Abou Ghoson tourist center:**

- **Suggested areas for investment: the areas range between million and 5 million square , this region is close to dividing centers and safari tourist regions.**

- **Suggested usage: hotels, tourist villages.**

**Second: Northwest coast regions (Ras Al Hkma sector):**

**This sector includes Foka and Bagoush tourist center.**

**1) Foka tourist center:**

**This center is located on the east direction to Ras El Hkma sector. This center is composed of several hotels, tourist villages, green areas , sports region , service and recreational regions, marina for yacht, hotel capacity amounted between 10 and 12 thousand hotel room, the capacity for vacation villages amounted between 10 and 12 thousands unit for residential tourism.**

**2) Bagosh tourist center:**

**This center is located on the west direction for Ras El Hkma sector. This center consists of several hotels, tourist village, and center for desert & safari sports, golf courses, hospital service and recreational regions, and marina for yacht.**

**The ministry is currently organizing the strategic plan for tourist development for Ras Al Hkma sector.**

**3) Al Hkma Al Zahbi tourist center:**

- **Suggested areas for investment: areas ranges between million and 10 million meter -square, and it is located on the north coast for karon lake. This region is characterized by attractive nature, and several positive elements like: wide green areas, Romanian, Islamic and phoronic monumental regions.**

- **Suggested usage: projects assigned to environmental tourism, marine sports, safari tourism and international conference center.**

- **Suggested area for investment: areas ranges between million and 10 million meter square, and it is located on the north coast for Karon lake. This region is characterized by attractive nature, and several positive element like: wide green areas, Romanian, Islamic and Pharonic monumental regions. Suggested usage: project assigned to environmental tourism, marine sports, Safari tourism and international conference center.**

*Could Egypt provide additional information about existing plans to promote the tourism sector, and what measures the government is taking to ensure effective non-discrimination of foreign services suppliers?*

**Reply:**

**The ministry of Tourism is now concentrating on:**

- **Opening New Markets (India, China ....).**
- **Promoting New types of Tourism (residential, Yachting ...).**
- **Increasing promotional activities worldwide.**
- **Prevailing a tourism awareness campaign in Egypt which emphasizes concepts and values.**
- **Improving the tourism product quality (training, infrastructure and service).**
- **Encouraging Long - stay tourism (residential, combining, leisure and culture tourism).**
- **Encouraging the tourist repeated visits.**
- **Developing the current tourist destinations (Marsa Matrouh city, Mrsa Allam, North coast).**
- **Establishing new integrated tourist centers.**

*Could Egypt inform us about its plans for improving professional education and training related to the tourism sector?*

**Reply:**

**Definitely, Egypt is working on improving education and training related to tourism sector through:**

- **Implementing various training programs through the Ministry of tourism in order to develop the employees skills and qualifications.**
- **The Ministry of Tourism is now preparing and organizing a program called "Basic Business Skills Acquisition for tourism - BB SAT" with the cooperation of the Egyptian Federation of Tourism chambers which aims to train all employees working within the ministry and all institution related to it.**
- **The Ministry of Tourism is currently preparing an extensive national campaign for raising the tourism awareness. The campaign aims at carrying out some activities to familiarize all the society's categories with the importance of tourism and how to deal with tourists as well as attracting more tourist, its duration is five years. The five-year campaign will cost about LE 100 million, noting that the EU will contribute to financing other campaigns.**

*What is Egypt's assessment of the effect of the tourism sector in overall economic growth and employment, and in particular in other economic sectors like construction, transport, computer services, education and professional training?*

**Reply:**

**Tourism is consider one of the main source of foreign currency in Egypt beside Suez canal returns and petroleum services, it represents 22% of total foreign currency inflow, according Tourism is consider one of the main factors important for achieving economic development.**

Tourism earnings cover more than half of trade deficit (57.4%) and represent more than a third of total invisible exports (36.4 %). The tourism sector makes up 11.3% of GDP. Tourism is a main job provider generating 12.6% of total employment. It creates 2.2 million job opportunities (directly and indirectly) as each million tourists saves more than 20,000 job opportunities. Contribution to government revenues in taxes is around 19% of GDP.

*Could Egypt provide detailed information about the existing legislation applicable to tour managers (professionals accompanying groups of tourists in its travel through the country) and tourist guides? Could Egypt also indicate if the government plans to reduce or eliminate discrimination of foreign services suppliers in these fields?*

Reply:

Egypt has some regulations for foreign tour managers and guides, however, Egypt intends to review its discrimination measures against foreign services suppliers.

## **6. Distribution Services:**

**EC:**

*Could Egypt indicate the proportion of people working in the distribution sector and what has been the evolution in the last years?*

*Could Egypt provide detailed information about existing legislations applicable to retailing services?*

Reply:

We could not clearly understand the question and whether the EC would like to get a breakdown according to different economic sectors or in terms of nationals versus foreigners.

The EC is kindly requested to clarify the question and we are willing to provide an answer as far as the relevant data is available.

However it is to be noted that Egypt services schedule does not include commitments on distribution.

## **7. Business Services:**

**EC:**

*Could Egypt provide information about the legislation applicable to the following activities and the measures the government is taking to ensure non-discrimination of foreign service suppliers?*

- *Management consulting.*
- *Services related to management consulting.*

Reply:

The specific services mentioned above are parts of most of the services sectors, and the measures governing their implementation are stipulated in every relevant service's sector regulation. In other words, there is no specific law to regulate those services.

**SPS:**

**USA:**

**Measures Directly Affecting Imports - Standards and other technical regulations - Sanitary and Phytosanitary Measures:**

10. According paragraph 68 on page 39 of the Secretariat Report, Egypt disallows the import of foodstuffs with less than half of the validity period remaining.

*A) Please explain what sanitary concerns is Egypt seeking to address with this measure? Is such a measure applied to domestic products?*

*B) Mandatory shelf-life standards, especially on non-perishable food products, unnecessarily restrict trade and are not in accordance with Codex guidelines on the labeling of prepackaged food products. Other countries in the region have already agreed to remove mandatory shelf-life standards for most products. Will Egypt consider the removal of mandatory shelf-life standards on non-perishable food products?*

**Reply ( A & B):**

Shelf life for food products are under review by an intra-ministerial (interagency) committee of relevant bodies. The results of this review will be announced periodically and notified. Technical assistance from our advanced partners is required to expedite this process.

*C) Are there any other non-food items that are subject to shelf life standards (syringes, catheters)? What is the current policy regarding these goods?*

**Reply:**

Yes, syringes and catheters are subject to shelf life for health & safety reasons and for consumer protection.

**EC:**

**4. SANITARY AND PHYTOSANITARY MEASURES:**

In the report prepared by the WTO secretariat, it is stated, on page 39, paragraph 67, that frozen meat products require a further certificate, confirming that a temperature of -18°C was maintained before export.

*Please clarify in which Decree this requirement is stated.*

**Reply:**

This technical requirement is stated in the Ministerial Decree no. 349/1986, Ministerial Decree no. 524/2000, and the Egyptian standards for frozen meat no. 1522 for the year 2005.

**Standards:**

**HONG KONG, CHINA:**

**Standards and technical regulations:**

(WT/TPR/S/150, pg. viii, para. 9; and pg. 38, para. 58).

2. We commend Egypt's initiative of December 2004 to review and ensure that all its standards comply with international standards. Harmonization would facilitate exporting economies to conform to Egypt's requirements. We note that Egypt has finished the examination of all 387 mandatory standards in March 2005. 2000 out of the 3000 voluntary standards will be reviewed during the remainder of 2005 and the remaining 1,000 ones at the beginning of 2006.

*We are interested to know more details of the review programme, such as the number of non-conforming national standards and the plan to align them with international ones.*

**Reply:**

**There are currently about 5000 existing published Egyptian standards.**

**The current ongoing Egyptian standards harmonization programme aims at harmonizing a total of 3387 Egyptian standards and is divided to 3 main phases as follows:**

**Phase 1: harmonization of 387 mandatory Egyptian standards (195 standards in food sector, 89 standards in engineering sector, 13 standards in the textile sector, 89 standards in the chemical sector, & 1 standard in the measurement sector). This phase ended in December 2004.**

**Phase 2: harmonization of 2000 existing voluntary Egyptian standards. This phase will end in December 2005.**

**Phase 3: issuing 1000 new harmonized voluntary standard. This phase will end in mid 2006.**

#### **AUSTRALIA:**

Standards:

The Secretariat report states that in December 2004, Egypt embarked on a program to ensure that its standards comply with international standards and that by March 2005 the Egyptian Organisation for Standardisation and Quality (EOS) had completed the examination of all 387 mandatory standards (pg. 38, para. 58). Could Egypt please provide information on the results of the mandatory standards review and whether Egypt will seek to continue to bring mandatory product standards into conformity with international standards and risk-based approaches.

*Have any recommendations or changes been made to standards relating to food products?*

**Reply:**

**All 387 existing mandatory Egyptian standards have been harmonized on December 2004.**

**The harmonization methodology is based on using as a priority international references (ISO, IEC, codex, etc...) when they exist. In the case where there are no international references, standards are harmonized according to European standards and then other regional or foreign standards. This is also in accordance with the ministerial decree number 180 for the year 1996.**

In Australia's experience, food imports to Egypt can be subject to standards that are hard to justify on technical and scientific grounds and are sometimes not consistent with internationally accepted standards.

*For example, wheat suppliers to Egypt are expected to meet standards that are not consistent with internationally accepted thresholds in relation to weed seeds (both non-toxic and toxic), ergot and flag smut.*

**Reply:**

**Food standards have been re-structured and the clauses of the standards have been separated into two main parts.**

**The first part of clauses deals with the essential requirements related to health & safety to which manufacturer's / importer's exporters /etc... has to adhere to. The second part of clauses deals with informative characteristics.**

**As for the standards related to wheat : wheat standard has been amended in 2005 and no specific values for items mentioned in the question have been determined however, the regulations of agriculture quarantine issued in this connection which is subject to SPS should be followed.**

Testing:

Australia is concerned that food imports can be subject to testing procedures that are not uniform or transparent, and that are carried out by laboratories that appear to lack the technical capacity to fulfill the task. For example, dairy and wheat suppliers face testing irregularities that cannot be confirmed by other independent and certified testing. Also, there would appear to be some scope for applying risk management techniques in testing procedures and streamlining compliance requirements (for example, testing frozen meat on a random basis, rather than on every box). Australian traders have also encountered some inconsistencies in the handling of disputes about test results. For example, it is sometimes possible to re-test food products in an attempt to resolve testing discrepancies, but at other times no re-testing is permitted.

*Is Egypt taking any steps to improve its testing procedures and to overcome some of the deficiencies mentioned above?*

**Reply:**

**As regards cereals testing standards, they have been harmonized according to ISO.**

**As regards meat and dairy products testing standards, they are in the process of being amended within harmonization plan.**

**In conclusion and answering the last question:**

**Yes many steps have been taken to improve testing procedures and other improvements are in consideration.**

**CANADA:**

*Part III. A Coherent Trade Policy Framework, (2) Standards Harmonization, paragraph 24:*

1. Canada welcomes Egypt's efforts to harmonize its standards with international norms. Canada encourages Egypt to continue to base its mandatory standards on international standards developed by international standard setting bodies.

*Canada seeks further information on the expected timeline of Egypt's harmonization program.*

**Reply:**

**There are currently about 5000 existing published Egyptian standards.**

**The current ongoing Egyptian standards harmonization program aims at harmonizing a total of 3387 Egyptian standards and is divided to three main phases as follows:**

**Phase 1: Harmonization of 387 mandatory Egyptian standards (195 standards in food sectors, 89 standards in engineering sector, 13 standards in the textile sector, 89 standards in the chemical sector, & 1 standard in the measurement sector).**

**This phase ended in December 2004.**

**Phase 2: Harmonization of 2000 existing voluntary Egyptian standards.**

**This phase ended in December 2005.**

**Phase 3: Issuing 1000 new harmonized voluntary standard.**

**This phase will end in mid 2006.**

2. Egypt states that "...the Egyptian system allows Egyptian producers and importers to bring to the market commodities that are produced according to 6 other internationally recognized standards including those of the EU, Britain, the US, Germany and Japan." As stated, Canada seeks further information as to whether the standards referred to by Egypt are SPS and/or TBT related, as well as to what Egypt's objective is in adopting the standards of key trading partners.

**Reply:**

**The ministerial decree number 180/1996 doesn't conflict with the requirements of SPS and TBT. This decree is applied in case that there are no mandatory Egyptian standards. The objective of this decree is to cover the sectors for which no mandatory Egyptian standards have been issued.**

**Selecting the standard system stated in this decree basically encourages the use of international standards thereafter, the use of regional standards (EN) which is considered the most important regional standards. In addition, the rest of the standards stipulated in the decree comply with the requirements of Egyptian market and production. However, this decree doesn't prohibit the use of any other standards voluntarily with notifying that.**

*Part III. A Coherent Trade Policy Framework, (2) Standards Harmonization, paragraph 25:*

3. Canada welcomes Egypt's coordination efforts to address the concerns of WTO members regarding Egypt's SPS transparency issues. However, Canada requests further information on the implementation of Egypt's "coordination mechanism."

Egypt also states that "a Prime Ministerial Decree is currently being drafted." Canada seeks clarification on the expected timeline of Egypt's coordination process as well as the content of the decree.

**Reply:**

**Co-ordination mechanism is still under process.**

**The decree regulates the process of notifications issuance whether issued by or submitted to Egypt and the method of commenting on them along with co-coordinating and collaborating with interested parties in respect of notifications. This will be issued and notified soon.**

*Part III. Trade Policies and Practices by Measure, (2) Measures Directly Affecting Imports, (viii) Standards and other technical requirements, paragraph 54:*

4. Paragraph 54 states that the Egyptian Organization for Standardization and Quality (EOS) is the national authority in all matters related to standardization, quality control, and metrology. However, while the EOS formulates and sets standards, verification of compliance is the responsibility of agencies affiliated to different ministries.

*Does Egypt have a formal mechanism for information-sharing and decision-making among the Egyptian Organization for Standardization and Quality (EOS) and the different agencies responsible for conformity assessment?*

**Reply:**

**Yes, Egypt has a formal mechanism for information-sharing and decision-making. In addition, EOS has issued guides in the field of quality complying with the international requirements.**

*Part III. Trade Policies and Practices by Measure, (2) Measures Directly Affecting Imports, (viii) Standards and other technical requirements, paragraph 57:*

5. Paragraph 57 states that "in the absence of a mandatory Egyptian standard, importers may choose a relevant mandatory standard among seven international standard systems." This creates ambiguity as to whether Egypt is using international standards as the basis of setting regulatory requirements.

*Could Egypt elaborate upon this practice and explain the meaning of "mandatory international standards," as well as the reference to "seven international standards systems"?*

6. Paragraph 57 states that there are 3,387 standards, of which 387 are mandatory.

*Could Egypt provide details on its system of mandatory conformity assessment? For example, is the system based on any international system of recognition, such as accreditation? Further, does Egypt recognize international standards and guides in the performance of conformity assessment?*

7. Paragraph 57 states that "In the absence of a mutual recognition agreement between Egypt and the exporting country, the imported product is subject to inspection and test in Egypt, even if covered by a certificate."

*Could Egypt provide us with more information about mutual recognition agreements (MRAs), including sectors covered to which Egypt is a signatory. Has the WTO been notified of these MRAs?*

**Reply:**

**Egypt uses international standards as a basis for technical regulations and any deviation from such international standards is either for safety, health, environmental and geographical requirements or for the absence of relevant international standards for the same subject for which technical regulations are being developed.**

**Mandatory standard is the one for which a ministerial decree is issued by the minister of foreign trade and industry.**

**Using seven international standards systems is stipulated in the ministerial decree 180/1996 and this does not refer to international mandatory standards but voluntary standards to select among them.**

**Egypt applies international guides for conformity assessment and acknowledges the relevant international guides and standards.**

**A number of laboratories have been accredited and others are in the process of being accredited through industrial modernization program. In addition, Egypt's certification body is in the process of being internationally accredited by ILAC.**

*Part III. Trade Policies and Practices by Measure, (2) Measures Directly Affecting Imports, (viii) Standards and other technical requirements, paragraph 58:*

8. Paragraph 58 states that "Egyptian standards are reviewed periodically, usually once every five years, to ensure their relevance to current requirements. In December 2004, Egypt embarked on a programme to ensure that all its standards comply with international standards."

Having accepted the TBT Code of Good Practice, EOS is required to make available, at minimum every six months, information on its work program, which would be expected to review domestic standards, as well as any new standards and standards which are being withdrawn.

*The EOS website refers only to ISO standardization activity and does not appear to reference any activity at the national level. Is EOS making this information available? If not, when does it plan to do so?*

**Reply:**

**Egypt is among the first countries that accepted WTO/TBT code of good practice and applies its requirements.**

**EOS has its own data base on which information relating to standards work plan and stages of each project is available upon request and ISO information center (ISONET) has been notified with that and also through this year, Egyptian standards will be made available on the internet.**

**Egyptian standards harmonization program with international standards is carried out within the industrial modernization program in collaboration with European Union. In this respect, reports are submitted every three months to industrial modernization program and publicized in the mass media. Egyptian harmonized standards will be shown on EOS website by the end of this year.**

*Part III. Trade Policies and Practices by Measure, (2) Measures Directly Affecting Imports, (viii) Standards and other technical requirements, paragraph 59:*

9. Paragraph 59 states that “In addition to standards, the EOS also issues quality and conformity marks. The latter are mandatory for, inter alia, engineering goods, and address health and safety concerns.”

*Are EOS quality and conformity marks based on international practices, e.g. ISO/IEC 17030:2003?*

**Reply:**

**Yes, EOS quality and conformity marks are based on international practices.**

10. Also, it appears that quality marks are not mandatory.

*a. Is the process for allocation of quality marks at the request of a producer a completely transparent process?*

*b. What are the standards on which these marks are based?*

*c. What tests are conducted to determine continuing eligibility?*

*d. Is this information readily available to foreign suppliers?*

**Reply:**

**a. Yes, the process for allocation of quality marks at the request of a producer is a completely transparent process.**

**b. ISO GUIDE 28; ISO GUIDE 23; ISO/IEC 17030; ISO GUIDE 67.**

**c. Testing of product; quality assessment; periodic surveillance.**

**d. Yes, this information is available on EOS website.**

*Part III. Trade Policies and Practices by Measure, (2) Measures Directly Affecting Imports, (viii) Standards and other technical requirements, paragraph 60:*

*11. Could Egypt advise why it has not notified the WTO TBT Committee of any TBT measures since 1999, and why it appears that it does not plan to do so until at least 2007?*

*12. Would Egypt be able to notify the WTO TBT Committee immediately of those mandatory standards whose review has been completed?*

**Reply:**

**Coordination mechanism system has been designed and is about to be finalized through which some recent decrees to mandate standards will be notified.**

**There are some notifications are ready now to be submitted to WTO/TBT and not in 2007.**

*Part III. Trade Policies and Practices by Measure, (2) Measures Directly Affecting Imports, (viii) Standards and other technical requirements, paragraph 61:*

*13. Paragraph 61 mentions those products subject to mandatory quality control. As an alternative to its current approach, has Egypt considered a requirement, where appropriate, that listed products, whether imported or domestic, be produced by organisations certified to ISO 9000?*

**Reply:**

No.

*14. Does Egypt have a plan to reduce the long list of goods subject to mandatory quality control? If so, when will it implement this plan, and is it readily available to foreign suppliers?*

**Reply:**

Yes, Egypt has a plan to reduce the long list of goods subject to mandatory quality control and this is carried out directly after harmonizing Egyptian standards with international standards and notifying all interested parties.

Egyptian mandatory standards are very limited in number representing less than 1% of the total number of standards used for conformity assessment.

*15. Could Egypt further explain the meaning of the words "similar" and "equivalent" in the last sentence of paragraph 61, in the context of mandatory quality control for imports relative to measures imposed on domestic products?*

**Reply:**

"Similar" means "same" i.e. the same measures applied to imports are applied also to the same corresponding domestic products. Yes.

**USA:**

4. Egypt highlighted in paragraph 84 on page 15 of the Government Report that, as part of its effort to reform its regime for the imposition of technical regulations to trade, a draft for a new consumer protection law will be presented to Parliament.

*(A) Can Egypt give us more details about this new law? Which entity will be responsible for its enforcement?*

**Reply:**

Consumer protection law is in the process prior to be submitted to Peoples assembly and has been discussed by all interested ministries.

The role of EOS has been embodied in revising and commenting on the drafts of this law through the Egyptian/COPOLCO Committee.

*(B) Please elaborate on the implications of this law on requirements already in existence for imported products.*

**Reply:**

According to WTO/TBT regulations, domestic products are traded similarly as the imported products according to international trade agreements.

*(C) We would also appreciate an update on Egypt's plans for further initiatives in this area.*

**Reply:**

**In the field of consumer protection:**

- **Resolving through direct contact.**
- **Reinforcing the role of consumer protection societies.**
- **Developing consumer protection standards.**
- **Studying and handling consumer problems from the technical aspect through Egyptian/COPOLCO Committees.**
- **Holding seminars for raising consumer awareness.**

5. Referring to paragraph 55 on page 37 of the Secretariat, please elaborate on how Egypt implements the WTO TBT Agreement into its domestic law.

*Has Egypt established any additional guidance or administrative procedures to require relevant authorities to publish notice of proposed standards, technical regulations and conformity assessment procedures at an early stage for comment and provide copies of proposed measures to WTO Members upon request?*

**Reply:**

**Yes, Egypt is in the process of preparing coordination mechanism for this issue and this will include notification mechanism.**

6. The Secretariat Report noted in paragraph 56 on page 37 that once a draft technical regulation is developed by a technical committee it is circulated to all interested persons for comment for a period of at least two months.

*(A) Is notice published in Egypt's Official Gazette? To whom is the draft circulated?*

**Reply:**

**The draft standard is circulated for all interested parties which may reach more than 40 entities.**

*(B) How is it determined that a standard will be made mandatory? At what point is this determination made?*

**Reply:**

**According to the recommendations of technical committee and EOS Council, the Minister issues a decree to mandate this standard.**

*(C) Do sub-central administrative units in Egypt (governorates) develop their own technical regulations?*

**Reply:**

**No, sub-central administrative units in Egypt do not develop their own technical regulations.**

7. In paragraph 57 on page 38, the Secretariat Report discussed mutual recognition agreements between Egypt and third countries, but provides few details.

*Please list the mutual recognition agreements, including the sectors covered, that Egypt has concluded with third countries. Has the WTO been notified of these MRAs?*

**Reply:**

**Recently some mutual recognition agreements have been signed and not entered into force yet until accreditation of laboratories on both sides is fulfilled. Therefore, notifications are not required at this stage.**

8. The Secretariat Report advised in paragraph 60 on page 38 that Egypt has made no notifications to the WTO TBT Committee since 1999 and that it will resume submitting notifications once a review of its standards is complete (the end of 2006/beginning of 2007).

*(A) Please advise why Egypt has not notified any TBT measures since 1999.*

**Reply:**

**Coordination mechanism system has been designed and is about to be finalized through which some recent decrees to mandate standard will be notified. Some notifications are ready now and not into 2007.**

*(B) Please provide details regarding the mechanism that is being set up within the Egyptian government to provide better coordination and to facilitate notification to the WTO of technical regulations.*

*- What is the status of setting up this mechanism? In which government Ministry/agency will it be located?*

*- Will this entity be responsible for making notifications to the WTO and ensuring transparency obligations are met on an ongoing basis?*

*- What is the relationship of this entity to the enquiry point?*

*(C) Are the technical regulations issued by the Ministry of Foreign Trade the only ones that are notified to the WTO? Are technical regulations issued by the Ministry of Industry, Ministry of Agriculture, and Ministry of Health notified to the WTO? If not, why not?*

**Replies on (B) & (C):**

**Egypt is in the process of finalizing its coordination mechanism after been approved by the cabinet and will be applied for all stockholders of notification process noting that EOS is TBT Enquiry Point.**

**EC:**

Standards harmonization:

Reference is made to pg. 8, para. 24 and 25, in the report prepared by Egypt.

Egypt has launched a programme to harmonize Egyptian mandatory standards with international norms and separated essential safety requirements from other requirements.

*Will Egyptian standards, once harmonized with international practice, remain mandatory, or will they be applied voluntarily, based on compulsory regulatory essential safety requirements?*

**Reply:**

**Food mandatory standards have been restructured to essential requirements related to safety, health and environment. Other standards data are informative. Standards related to other sectors will be similarly followed.**

*Will the system of standards and technical regulations result in a system which is not only more compliant with international practice, but also more de-regulated? With a bigger role for manufacturers' responsibility in complying with relevant norms?*

**Reply:**

**Yes, the system of standards and technical regulation result in a system which is not only more compliant with international practice, but also de-regulated.**

It is mentioned in the report of Egypt that a coordination mechanism is in place to ensure consistency of all technical requirements in Egypt with TBT and SPS obligations, including notification.

*The EC should like Egypt to clarify exactly which kind of coordination mechanism is in place, or being developed?*

**Reply:**

**Coordination mechanism is now in process in collaboration with the ministry of foreign trade and industry, including all concerned Ministries to facilitate notifications process.**

*How will this affect the view of Egypt with respect to its notification obligations under the relevant provisions of the TBT and SPS?*

**Reply:**

Egypt applies and conforms to the relevant provision of the TBT and SPS.

*Are there plans for the future to regularly notify new or modified draft measures under the TBT and SPS agreements?*

**Reply:**

**Yes, there are plans for the future to notify regularly new or modified draft measures under the TBT and SPS agreement.**

**SWITZERLAND:**

**(viii) Standards and Other Technical Measures:**

Para. 54.

*Concerning the Egyptian organization for standardization and quality (EOS) what does the term "semi- autonomous" body exactly mean?*

**Reply:**

**This term means that EOS is the only national competent body in Egypt responsible for specified activities but it is affiliated to the ministry of foreign trade and industry ( not self financed ). These specified activities can be summarized as follows:**

- Standards' development and adoption.**
- Grant Egyptian quality marks and conformity marks.**
- Application of WTO/TBT agreement provision.**
- Representing Egypt in international, foreign and regional corresponding organizations.**

Para. 57.

*What are the criteria to designate a standard as mandatory?*

**Reply:**

**Health, safety, security, geographical requirements, consumer and environment protection (according to TBT requirements).**

Para. 61.

*What are the criteria taken into consideration to subject some product sectors to mandatory quality control?*

**Reply:**

**Health, safety, security, geographical requirements, consumer and environment protection (according to TBT requirements).**

Para. 72.

*Is it possible to use any kind of other language or is it restricted to languages of the importing country?*

**Reply:**

**According to item 72, it is stated that "All foodstuff must be labeled with the following information, in Arabic and at least one other language... etc" therefore, data inserted in the label must be written in Arabic beside any other language.**

**KOREA:**

Question 1 (WT/TPR/S/150, pgs. 37-38, paras. 54-60):

Korea welcomes the efforts of Egypt to ensure that all its standards comply with international standards. According to the Secretariat Report, while the Egyptian Organization for Standardization and Quality (EOS) formulates and sets the standards, agencies affiliated to several different ministries are responsible for verification of compliance. The lack of coordination among standards-related agencies and inconsistent testing procedures reduce transparency and efficiency in the administration of standards and testing.

*Does Egypt have any plans to enhance transparency and efficiency in the formulation and enforcement of its standards?*

**Reply:**

**Standardization process and issuance of Egyptian standards is shared responsibility among national committees, concerned ministries, industrial chambers and consumer associations. Circulation of draft standards include more additional entities.**

**Trade Agreements:**

**NEW ZEALAND:**

It is stated in the Secretariat Report that Egypt does not maintain tariff quotas on imports (WT/TPR/S/150 pg.35, para. 42). New Zealand understands, however, that Egypt applies different in- and out-of-quota tariffs to some EU agricultural products under the terms of its Association Agreement with the EU.

*We would be grateful if Egypt could provide clarification on this point.*

**Reply:**

**This is implemented according to Egypt - EU partnership. The agreement articles provide clarification in this point.**

**JAPAN:**

(3) THE COMESA AGREEMENT:

(Pg. 11, para. 50).

According to the Report by Egypt, although a protocol on free movement of persons is to be implemented in several stages in COMESA, Egypt did not sign the protocol, even on a reciprocal basis.

*1. Please indicate the specific content of the protocol on free movement of persons in COMESA.*

**Reply:**

**Attached is a copy of the protocol document (COM/CM/XVIII/2, Annex 2 ).**

*2. Please indicate the reasons why Egypt did not sign the protocol.*

**Reply:**

**Egypt has not signed the said protocol and is currently studying the possible impact of signing such protocol both in economic and social terms.**

**SWITZERLAND:**

(6) Trade Agreements:

(iii) Other Arrangements:

Paras. 48 and 49.

*Can Egypt be more specific on the kind of preferences (reduction percentage, products) it provides to the respective countries mentioned in paras. 48 and 49 and indicate the source where the information can be publicly consulted?*

**Reply:**

**All information related to COMESA Agreement are available in the official web site of the Ministry of Foreign Trade and Industry.**

**EC:**

Regional Trade Agreements:

The EC takes note of the important and encouraging improvements to the many different agreements made in recent years. In 2004, Egypt signed the Agadir Agreement which is also committing the parties to removing substantially all tariffs on trade between them.

*Could Egypt clarify if these tariff reductions have taken place, and if so to what extent?*

**Reply:**

**No these reductions did not take place yet, but they will take place as soon as Morocco ratifies the agreement which is expected to be done by the end of this year.**

*What level of harmonisation has now been achieved?*

**Reply:**

**The agreement has a protocol for the harmonization of administrative and customs procedures, this protocol states the basis for the establishment of a technical unit for this purpose, this unit has not been established yet and is expected to get established by the end of this year.**

**Trade Facilitation:**

**EC:**

3. TRADE FACILITATION:

The Egyptian report (para. 32) notes that measures are in place to facilitate customs procedures for large importers and that the adoption of these procedures will be generalized to cover

all port in the near future. The EC welcomes and supports measures to facilitate customs procedures for traders with a good track record of compliance.

*The EC would be grateful for information on the criteria to qualify for these procedures and the proportion of trade which benefits. The EC would also like to flag that it believes such systems should not exclude the participation of small- and medium-sized enterprises.*

**Reply:**

**Procedures on the expansion of this service are under preparation, as it started with 25 importers of top importers and it is expected that it would reach 200 importers, as the trade proportion for those importers is expected to reach 70%.**

On the other hand, the standards suits for dealing with the top importers service are the standards of risk management. This is implemented according to comprehensive program to develop qualified coordination techniques with customs. This is consequently will lead to accurate application in the light of evaluating the pros and cons of the performance.

*The EC would be grateful for more information on Egypt's experience with its customs reforms to date and its reforms in the pipeline.*

**Reply:**

**The accomplishments of the Egyptian Customs Authority in the field of customs reform cover the following:**

- **In the field of customs tariff.**
- **In the field of transparent treatment with customs dealers.**
- **In the field of service fees and other charges.**
- **In the field of developing customs manuals:**
  - **Simplify customs procedures.**
  - **customs manuals.**
  - **customs valuation.**
  - **legislative amendments.**
  - **customs website.**
  - **the Agreements.**
  - **upgrade human resources.**
- **Automation and the use of computers and modern programs:**
  - **Automated applications, electronic data exchange, information technology.**
  - **The application of risk management systems.**
  - **Pre-processing.**
  - **Post clearance audit.**
- **Complaints/ disputes. as for the plan of the customs authority in the next phase, it is represented in the following:**

- **Introducing the customs declaration, and obtain all customs information and services through the internet.**
- **The sound application of the risk management system.**
- **The sound application of post- release audit.**
- **Extending the distinct service to cover the top importers.**
- **Using one stop shop model as an alternative for the traditional customs complex in every sector.**

With reference to page 8 and 9 of the report prepared by Egypt. Although with Decree of Ministry of Finance n. 765/2001 Egypt appears to be in line with WTO rules on customs valuation, the practice at customs posts remains varied, with discretionary behaviours from customs officials often disregarding the transaction/invoice value and applying a higher one.

*Does Egypt envisage any action on the implementation side to enforce correct valuation at Egyptian customs in line with international rules and best practices?*

**Reply:**

**The Egyptian Customs Authority implements the provisions of article vii of GATT agreement moreover, the customs authority is very careful to follow up whichever new within the customs valuation committee in the WTO in addition , it conducts ongoing workshops to train employees to the best practices in the field of valuation and to follow the international provisions stated in the agreement, as a proof of that is the reduced numbers of appeals regarding customs valuation against the amounts of appeals used to be received previously.**

Referring to the WTO secretariat's report, pg. 25 para. 14, although major efforts have been made in order to ameliorate the customs valuation, the practice at customs posts remains varied, with discretionary behaviours from customs officials often disregarding the transaction/invoice value and applying higher rates.

*Does Egypt consider that ongoing training and awareness programmes are sufficient actions on the implementation side to enforce correct valuation at Egyptian customs in line with international rules and best practices? Are any additional initiatives foreseen to reinforce implementation?*

**Reply:**

**Egypt needs a lot of assistance, which would enable Egyptian Customs Administration to implement the customs valuation policies with the international standards, if training and software, communications equipment and connections with the world are available the awareness of the application of article 7 provisions would increase.**

Furthermore, the EC notes that some modern customs clearance centers have been established in several Egyptian entry points; however, they are still pilot programmes, from which only a limited number of users can benefit and limited traffic.

*When does the Egyptian government foresee the generalization of these pilot programmes in each specific entry point and to extend them to all entry points and users in Egypt?*

**Reply:**

**Advanced customs centers were established in Cairo, Alexandria, and its operational, Egypt Customs aims at generalizing these centers to cover all customs posts in the light of technical, financial and human resources availability.**

**The plan of the customs Authority during the next stage, as follows :**

- **Implement the e declaration and to make all customs information and services available via internet.**
- **The sound application of the risk management system.**
- **The sound application of post- release audit.**
- **Extending the distinct service to cover not only the top importers, but it will also cover small and medium importers.**
- **Using one stop shop model as an alternative for the traditional customs complex in every sector.**

*With regard to future reforms, what are the priorities and when are the reforms planned to be implemented?*

**Reply:**

**The customs reform is being done in collaboration with the international donors, it was answered.**

**INDONESIA:**

(3) Trade Facilitation and Customs Reform (pg.8. paragraph 31):

1. Paragraph 31 of the Government Report states in 2004, Presidential Decree 300 eliminated remaining export taxes and eliminated the 1 - 4% customs surcharge on imports. As a matter of fact, those surcharges must have been paid by Indonesian exporters in order to obtain document legalization from Egypt Representative Office in Jakarta. In connection with cocoa exportation, for example, Indonesian exporters must pay high economic cost for legalization fee at about Rp. 1.000.000, - for each page of document, and 9 other documents for about Rp. 9.000.000.

*Indonesia would like to address this concern that the Government of Egypt should promptly eliminate this legalization fee. Please comment.*

**Reply:**

**The Egyptian Customs Authority has initiated a reform programme aiming at improving and expediting customs clearance and procedures. This does not mean that it is 'sitting on its laurels'; rather its long-term plan will include:**

- **The implementation of E-declaration systems.**
- **The application of risk-management systems.**
- **The application of post-release audits.**
- **The extension of fast-track release mechanisms to small and medium-size importers.**
- **Adopting the 'One-Stop-Shop' model as an alternative to traditional complex customs procedures.**

**Trade Policies:**

**1. Import:**

**USA:**

**Measures Directly Affecting Imports - Import prohibitions, restrictions and licensing:**

2. Paragraph 42 on page 35 of the Secretariat Report noted that Egypt, in general, does not subject imports to licensing or prior approval. Egypt has never submitted a notification to the Committee on Import Licensing Procedures officially indicating, one way or the other, if it uses import licensing requirements in its trade regime.

*When does Egypt plan to submit its notification, and if such measures are used, copies of its licensing legislation and its response to the import licensing questionnaire to the WTO Committee on Import Licensing Procedures?*

**Reply:**

**The general principle is that imports are not subject to import licensing except for some commodity groups such as medicine, pesticides, seeds and vegetarian food in the area of sanitary and phytosanitary measures. Additionally, weapons, reserves, explosives and some products related to the environment are subject to import licensing in accordance with security measures.**

**Egypt plans to submit its notification, copies of its licensing legislation and its response to the import licensing questionnaire to the WTO Committee on Import Licensing Procedures in September 2005.**

**CANADA:**

*Part III. Trade Policies and Practices by Measure, (2) Measures Directly Affecting Imports, (vi) Import Prohibitions, Restriction, and Licensing, paragraph 42:*

1. According to the Secretariat Report “the import of certain products is subject to specific administrative formalities.” The Government of Egypt has adopted an import licence system, targeting especially agricultural and agri-food products, which is sometimes inconsistent with normal business practices and without clear and reasonable justifications.

*Could Egypt clarify the decision making process as well as the bases on which those import licence decisions are taken?*

**Reply:**

**The general principle is that imports are not subject to import licensing except for some commodity groups such as medicine, pesticides, seeds and vegetarian food in the area of sanitary and phytosanitary measures. Additionally, weapons, reserves, explosives and some products related to the environment are subject to import licensing in accordance with security measures.**

## **2. Export:**

### **USA:**

#### **Measures Directly Affecting Exports - Export prohibitions, restrictions, and licensing:**

11. Referring to paragraph 86 on page 41 of the Secretariat Report, does Egypt maintain any quantitative restrictions, including prohibitions, on the export of high-grade cotton?

#### **Reply :**

**Egypt does not maintain any quantitative restrictions or prohibitions on the export of high grade cotton.**

#### **Measures Directly Affecting Exports - Export Promotion and Marketing Assistance:**

12. The Secretariat Report stated in paragraphs 96 and 98 on page 43 that the Government of Egypt has adopted a new export development strategy, which will focus on “enhancing the performance of Egyptian exporters in traditional markets such as the EU, Arab countries, and the United States.” The Report added that the new “Export Promotion Law” is not used to subsidize exports. However it noted that the law provides an export promotion fund with a view to increasing exports.

*Please explain the eligibility criteria for and nature of the export promotion fund.*

#### **Reply:**

**The export promotion fund has the following objectives:**

- **Promoting national products marketing.**
- **Assisting producers to enhance their export capabilities through developing technical and marketing research and establishing laboratories and training centers.**
- **Enhancing the electronic telecommunication system with foreign markets, and the organizations promoting exports.**
- **Strengthening the exportation qualities in both commodities and services fees.**
- **Financing market research studies and informing exporters about global demands and restrictions imposed on imported goods.**

### **SWITZERLAND:**

#### **(3) Measures Directly Affecting Exports:**

##### **(ii) Export Taxes, Charges and Levies:**

Para. 85.

*Which are the criteria and the reasons to impose an export duty up to 100% of the value of the good, as mentioned in para. 85?*

**Reply:**

Only specific kinds of raw materials like junk and raw leather are considered vital inputs to domestic industries that have social dimension, so there is an essential need for providing such inputs domestically. Pursuant to the issuance of Law 118/1975, an export duty that are not exceeding 100% of the value of the good is imposed instead of preventing exporting such raw materials. This export duty is imposed by Ministerial Decree based on market researches to prove that there is no sufficient quantities of certain raw materials that are required for domestic industries and have a social dimension. These duties within the limit of no-prohibition of exports.

**3. Quality control:**

**AUSTRALIA:**

Testing:

Australia is concerned that food imports can be subject to testing procedures that are not uniform or transparent, and that are carried out by laboratories that appear to lack the technical capacity to fulfil the task. For example, dairy and wheat suppliers face testing irregularities that cannot be confirmed by other independent and certified testing. Also, there would appear to be some scope for applying risk management techniques in testing procedures and streamlining compliance requirements (for example, testing frozen meat on a random basis, rather than on every box). Australian traders have also encountered some inconsistencies in the handling of disputes about test results. For example, it is sometimes possible to re-test food products in an attempt to resolve testing discrepancies, but at other times no re-testing is permitted.

*Is Egypt taking any steps to improve its testing procedures and to overcome some of the deficiencies mentioned above?*

**Reply:**

**As regards cereals testing standards, they have been harmonized according to ISO.**

**As regards meat and dairy products testing standards, they are in the process of being amended within harmonization plan.**

**In conclusion and answering the last question:**

**Yes many steps have been taken to improve testing procedures and other improvements are in consideration.**

**USA:**

Measures Directly Affecting Imports - Standards and other technical regulations - Quality control measures:

9. In paragraph 61-63 on page 38, the Secretariat Report described Egypt's listed products subject to mandatory quality control and described the quality control system.

*A) How does inspection work? Does inspection take place at the import stage or retail stage or both?*

**Reply:**

The inspection system is as stated in the Prime Minister decree no. 1186 for year 2003 - article 2 - and the sample drawing system in annex 2. The importer submits an inspection application to a subsidiary of the General Organization of Export and Import Control (GOEIC) at the arrival port. After referral from customs authorities, the documents are reviewed, and a committee is established which includes all inspection-related parties. After this, the samples are withdrawn, all inspection procedures are completed, and the final result is issued.

It is important to state here that the goods imported by manufacturing or services projects are not subject to inspection. Only goods imported for trading purposes are inspected. Annex (8) is currently revised.

*B) Do any other Egyptian agencies or Ministries other than the GOEIC inspect the same goods?*

**Reply:**

The inspection of imported food goods is implemented as soon as the goods arrive at Egyptian ports to insure conformity with standards.

The GOEIC performs all inspection procedures in one step in cooperation with relevant control and supervisory authorities concerned with these procedures (e.g. Ministry of Health and Population, Foods Control Authority, Veterinary Quarantine, Plant Quarantine, Radiation Authority).

*C) What is the justification for imposing quality control on a mandatory basis?*

**Reply:**

Inspection of goods listed in annex (8) is applied only on goods imported for trading purposes not on goods imported for manufacturing or services projects. This is done with the objective to protect the consumers who are not able to distinguish between the fake and original goods.

These are temporary procedures till the process of issuing legislations to protect domestic consumers is finalized.

It is worth mentioning that goods imported from producers applying quality control system are not subject to inspection. Only selected samples are inspected.

*D) Under what regulation/legislation does Egypt ensure application of similar quality control measures on domestic products?*

**Reply:**

According to inspection rules within the TBT Agreement, there is no discrimination between imported and domestic products. Thus the domestic rules state that the domestic producers are subject to inspection to make sure that they are applying the relevant standards.

**4. Textiles:**

**EC:**

Textiles:

*The EC should like to ask Egypt to inform about its intension to modify the conditions for import of textiles/garments from whatever origin? If so, within what timeframe would this be modified?*

**Reply:**

**There is no restriction on imports of textiles/garments. Applied rules are only related to labelling in consistence with international rules.**

**5. Import licensing:**

**EC:**

Import licensing:

On page 35, para. 42 in the report prepared by the WTO secretariat it is explained that in general, Egypt does not subject imports to licensing or prior approval, but the import of certain products is subject to specific administrative formalities.

*Could Egypt inform what products or areas are subject to this specific administrative formality and also clarify what these formalities imply in reality?*

**Reply:**

**Importing general principle does not include import licensing except for some commodity groups such as medicine, pesticides, seeds and vegetarian food in the area of sanitary and phytosanitary measures. Additionally Weapons, reserves, explosives and some other products that are related to environment are subject to import licensing as security measures.**

**6. Trade policies and practices by measure:**

**JAPAN:**

III. TRADE POLICIES AND PRACTICES BY MEASURE:

(1) OVERVIEW:

(Pg. 23, paras. 114 to 119).

As for the letter of credit in trade, we notice that there are many problems with this system such as the high cost to make the letter of credit and the requirement for prior approval to the bill by buyers before the negotiations on a letter of credit, which critically harms the significance of the letter of credit and causes some troubles due to the delay of payment.

**6. *In this regard, please indicate the current situation.***

**Reply:**

**First of all, no reference to the letter of credit under the above mentioned paragraphs. However, the cost of letter of credit for trade in Egypt is subject to market force i.e. each bank's determination, there are no regulations with respect to it. The cost of conformation may be high due to a country risk issues.**

**7. Consular fee:**

**INDONESIA:**

**(2) Trade Policy Formulation and Implementation:**

(Pg. 12. paras. 8-11).

1. Paragraph 11 of the Secretariat Report notes that trade policy is implemented by Ministry of Foreign Trade and Industry and it coordinates implementation with other state entities. In relation with this policy implementation, Indonesia would like to have information from Egypt regarding SOM Bilateral meeting between Indonesia - Egypt in Kairo from 18-19 July 2005. Prior to that meeting both countries agreed not to put 'elimination of consular fee' issue within agenda of meeting, but Egypt promise to follow up such an issue. Indonesia would like to have assurance from Egypt that consular fee and legalization fee would be eliminated since this issue will only result in negative adverse impact to bilateral trade and Egyptian consumers itself. Please comment.

**Reply:**

**Consular fee and legalization fee do not have a significant impact on bilateral trade relations. Consular fee should not be assimilated to custom service fee or charges on imports. They are perceived in fulfilment of a service that provides enhanced security and confidence to trade transactions by ensuring an official authentication of appropriate documentation and procedures. Elimination of consular fees and legalization fee is subject to bilateral or regional agreements such as GAFTA or COMESA.**

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