EGYPT As A Trade Hub

(Supporting slides)

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ALEXBANK | بنك الإسكندرية

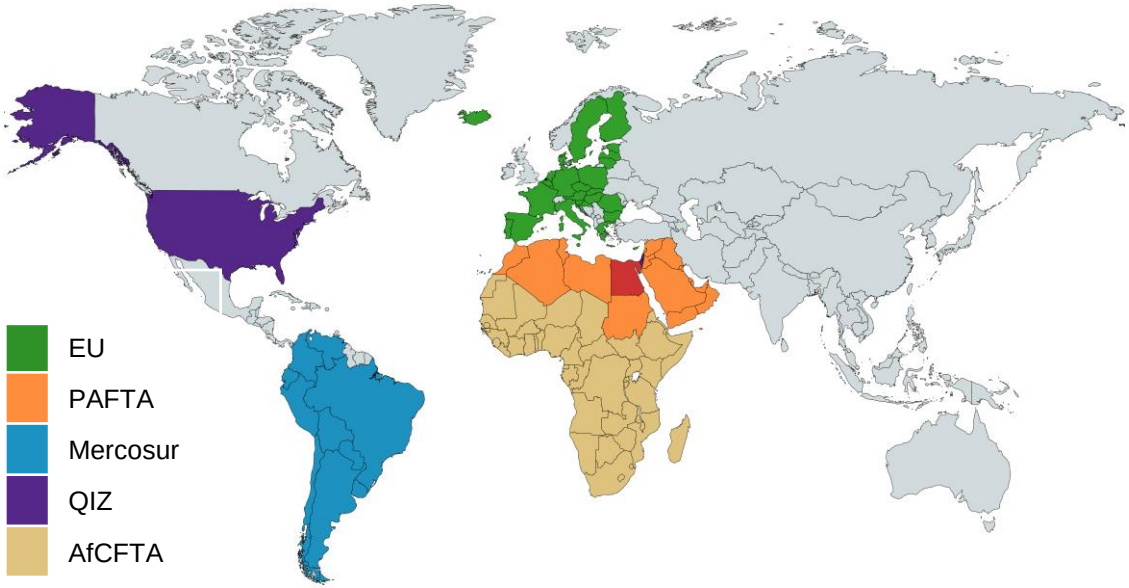
Egypt As A Trade Hub

Remarkable Economic Ties Worldwide

- Egypt has signed **16** preferential trade agreements with major economic blocs worldwide, covering almost **107** countries*. Egypt's **5** main trade agreements are:
  - **European Union (EU):** Egypt-EU Association Agree-ment.
  - **Arab Countries:** Pan Arab Free Trade Area (PAFTA).
  - **Latin America:** Mercosur.
  - **United States and Israel:** Qualified Industrial Zones (QIZ).
  - **Africa:** African Continental Free Trade Area (AfCFTA).

- Egypt is also in talks with the Eurasian Economic Union (EAEU) to establish a free trade zone. EAEU includes Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan.

Egypt's Main Trade Agreements



Egypt's Exports in 2018/19 (USD BN)		Egypt's Imports in 2018/19 (USD BN)	
EU	10.2	EU	17.8
Arab countries	6.1	Asian countries*	14.4
Asian countries*	3.4	Arab countries	12.8
US	2.9	Russian Federation & C.I.S.	6.0
Other European countries	2.1	Other European countries	5.3
African countries*	0.6	USA	3.4
Russian Federation & C.I.S.	0.2	African countries*	0.5

*Excluding Arab Countries / **Source:** Central Bank of Egypt

*Reference our research "Egypt: A Potential Hub for Commercial Activities"

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An Extended List of Egypt's Main Trade Agreements

Agreement	Countries	Tariffs on Egyptian Exports	Local component/value added requirement	Reciprocity
Egypt-EU Association Agreement	Egypt and EU member countries	0%	A minimum local component requirement of 60%	A gradual tariff reduction on imports from the EU is in force since 2004 to 0% in 2020
PAFTA (Pan Arab Free Trade Area)	Egypt and all Arab countries excluding Djibouti, Comoros, Mauritania and Somalia)	0%	Value added should not be less than 40% of ex- factory cost	Full tariff levy on all imports from participating Arab Countries
Agadir Agreement	Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia	0%	Applying the same Pan-Euro med rules of origin on the goods exchanged among the four members	Full reciprocity between participating countries in addition to EU countries
QIZ (Qualifying Industrial Zones)	Egypt, Israel and USA	0%	35% of the product's value must be manufactured in Egypt, of which 10.5% must be of Israeli origin	No reciprocity
Egypt - Mercosur (Common Market of South America)	Egypt and Latin American countries (Argentina, Brazil, Paraguay, Uruguay, Venezuela)	Reducing tariffs by more than 90%	A minimum local value-added of 55%	Full
COMESA (Common Market for Eastern and Southern Africa)	Egypt and Eastern and Southern African countries (about 20 countries)	0%	A minimum local value-added of 45%	Full

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African Continental Free Trade Area (AfCFTA)

The agreement aims at creating a single market for goods and services, through progressively eliminating tariffs and non-tariff barriers to trade in goods and liberalizing trade in services.

54 Countries

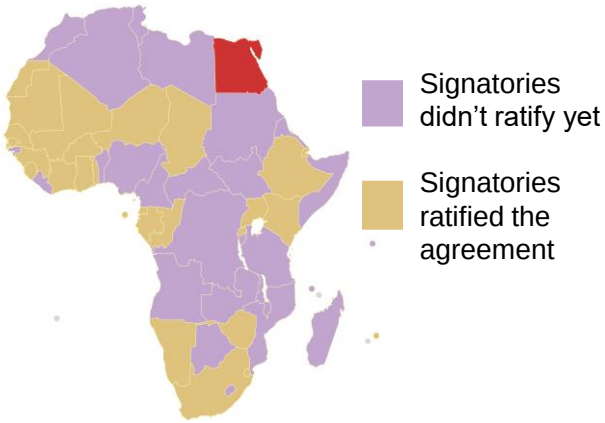
1.2 BN Citizens

3.4 USD Trn GDP

Agreement's Timeline

- **Jan. 2012** – Agreeing on establishing the AfCFTA
- **Mar. 2018** – Agreement was presented for signature *(54 countries signed the establishing agreement)*
- **2018/19** – 28 countries ratified the agreement & deposited it with the chair of AU Commision
- **Jan. 2021** – Date of commencing trading under the AfCFTA instead of 1 July 2020

AfCFTA MAP



Countries signed (didn't ratify yet)		Countries ratified the agreement	
Algeria	Liberia	Egypt	Gabon
Angola	Madagascar	Burkina Faso	Gambia
Benin	Morocco	Chad	Ghana
Botswana	Mozambique	Côte d'Ivoire	Guinea
Burundi	Nigeria	Congo	Rwanda
Cameroon	Seychelles	Djibouti	South Africa
Central Africa	Somalia	Eq. Guinea	Sahrawi R.
Cape Verde	South Sudan	Ethiopia	Senegal
Comoros	Sudan	Kenya	Sierra Leone
Congo D. R.	Tanzania	Mali	Sao Tome
G. Bissau	Tunisia	Mauritania	Eswatini
Libya	Zambia	Mauritius	Togo
Lesotho		Namibia	Uganda
Malawi		Niger	Zimbabwe