

COMMUNICATION FROM EGYPT

The following communication, dated 11 November 2005, is being circulated at the request of the Delegation of Egypt.

**EGYPT'S NATIONAL EXPERIENCE CONCERNING
MEASURES RELATED TO ARTICLES V, VIII AND X OF GATT 1994:
FUTURE NEEDS AND PRIORITIES**

I. ARTICLE V: FREEDOM OF TRANSIT

A. INTRODUCTION

1. This submission sets out Egypt's experience regarding GATT Article V – Freedom of Transit, and the measures that have been taken to comply with the GATT obligations of Article V. It explains Egypt's plans to modernize the transit system in the future. Transit systems contribute substantially to international goods movements provided that simple procedures are put in place that meet customs and other regulatory requirements and facilitate the movement of the goods.

B. CURRENT TRANSIT PROCEDURES

2. The Egyptian legislation contains legislative provisions, rules and procedures that are consistent with the provisions in the revised Kyoto Convention. Accordingly, goods in transit are not subject to any constraints or unnecessary barriers, not are they subject to any taxes or customs duties.

3. Egypt's current transit system is a paper based system with a data processing element. The process begins with the customs broker keying the data required for a transit declaration into the customs computer and printing off a hard copy which he signs. The declaration and accompanying documents, including a guarantee, are submitted to the customs reception office. The goods are released unless they are sent for examination. The guarantee is provided in the form of either a Letter of Guarantee (LG) or a cash deposit based on the estimated amount of Egyptian import duties. The majority of the traders present LGs. Our average clearance time is 30 minutes provided no examination of the goods is necessary. However, goods in transit are rarely examined, and only on the basis of customs' suspicion of fraud. For certain types of goods that pose a threat to society or are prohibited in Egypt, a customs official and a police escort are required to accompany the goods to the port of departure. Egypt also believes that these goods transit movements should be timed and the route specified. At the port of departure the transit movement is completed when the goods and transit documents are presented to customs, the Letter of Guarantee is rendered void and the cash deposit is repaid immediately.

4. On arrival in Egypt, if the goods are secured by commercial or customs seals and are intact no Egyptian customs seal is applied. However, if the goods are not secured by seals, or customs decide to examine the goods, Egyptian customs' seals will be applied to secure the goods to the border/place of departure. The goods are released provided that the seals are intact and there is no evidence of tampering. The LG is rendered void by returning a copy of the transit declaration to the office of arrival and the cash deposit is immediately repaid.

C. FUTURE VISION

5. In the future we hope to introduce an electronic system that removes paper handling to the extent possible, and provides interconnectivity between customs offices in order to facilitate the movement of goods in transit through Egyptian ports. This will be based on the most recent world customs systems in this regard. Technical assistance and support will be needed to develop an effective and efficient system that meets Egypt's requirements.

6. We are developing a risk management system that will be linked to the electronic transit system. This will help to identify consignments considered to be high risk and reduce inspections of legitimate consignments to a minimum.

7. Egypt believes that establishment of a cross border cooperation mechanism is fundamental to the assistance of neighbouring and landlocked countries and that this can be arranged on a regional level. The Egyptian Government is party to a number of regional arrangements with Arab League countries, but has not entered into any special arrangements with these countries in relation to transit. These arrangements are at a very early stage of development.

II. ARTICLE VIII: FEES AND FORMALITIES CONNECTED WITH IMPORTATION AND EXPORTATION

A. INTRODUCTION

8. This submission sets out Egypt's experience regarding GATT Article VIII – Fees and Formalities Connected with Importation and Exportation, and the measures that have been taken to comply with the GATT obligations of Article VIII. This submission would increase predictability for importers and exporters. Article VIII establishes certain obligations regarding fees and charges. It authorizes only those that are limited to the approximate cost of the services rendered, and prohibits the fees and charges that are aimed directly at protecting domestic products or that have a fiscal purpose.

B. CURRENT SITUATION

1. **General Disciplines on Fees/Charges Imposed in Connection with Importation and Exportation**

(a) Specific Parameters for Fees/Charges

9. The Egyptian Government carried out a review of customs duties, fees and charges related to importations and exportations in 2004. As a result, a Presidential Decree was issued on 9 September 2004 which reduced duty rates and eliminated a number of customs fees and charges at importation.

10. Consular fees and invoices were phased out by a Ministerial Decree earlier this year, and the consular fees were abolished in the context of our Association Agreement with the EU partnership, COMESA, and GAFTA.

11. Although there has been no detailed cost analysis carried out, it is evident that the fees and charges raised represent only a fraction of the actual costs of the services provided.

(b) Publication/Notification of Fees/Charges

12. The customs fees and charges are published in the customs manuals and will be on the website. The other fees and charges imposed by official bodies are covered by decrees, published in the Official Gazette, and are available in GOEIC local offices.

(c) Prohibition of Collection of Unpublished Fees and Charges

13. Egypt publishes all decrees, regulations and procedures relating to any fees and charges imposed by official bodies prior to implementation.

(d) Periodic Review of Fees/Charges

14. Egypt carried out a major review in 2004 which included fees and charges, and a number of customs fees were eliminated by Presidential Decree on 9 September 2004. We are assessing the impact of these changes and will not be carrying out any further review of fees and charges until this has been completed.

2. Disciplines on Formalities and Documentation Requirements Connected with Importation and Exportation

(a) Periodic Review of Formalities and Requirements

15. Egypt has an effective trade consultation mechanism in place. This is done through:

- Commodity Councils and the Industries Union composed of businesses including importers, exporters and interested parties that meet regularly with Government officials to discuss and exchange views or concerns that have arisen.
- In addition, traders can address their views and concerns to Heads of department within customs using a webpage. Customs respond to individual comments and review all of them on a 6 monthly basis with the view of improving the service provided to the trade.

(b) Reduction/Limitation of Formalities and Documentation Requirements

- Tariff headings were reduced from over 13,000 to less than 6,000 in the past year thus meeting the UN and WTO commitments.
- Egypt now conforms to the 6 digit Harmonized System.
- Egypt's new automated import system will streamline customs procedures. Exports will be included in the near future, followed by the transit system.
- Egypt is developing new computer systems that will streamline customs procedures and reduce customs clearance times to 2-6 hours.

- Customs and other Government departments and agencies are working together to achieve a more efficient, coordinated approach to the clearance of goods at importation and exportation.
- The new Risk Management System will help free up the release of legitimate consignments and allow us to concentrate our resources on high risk consignments.

C. FUTURE VISION

16. In the near future, Egypt is planning to carry out a further review of the fees and charges relating to importation and exportation with a view to simplifying and minimizing them in order to further speed up the movement of goods through Egyptian ports, airports and points of entry. In addition, customs is now in the phase of streamlining its import procedures and introducing the first stage of an electronic declaration system. Customs also is introducing an Account Management System that will identify compliant traders and provide facilitation, thus speeding up the release of their goods. This will allow more resources to be spent on targeting less compliant traders.

17. Egypt is also developing a computerized risk management system. It is drawing on the experience, expertise and best practice of countries that already have robust systems in place.

III. ARTICLE X: PUBLICATION AND ADMINISTRATION OF TRADE REGULATIONS

A. INTRODUCTION

18. This submission sets out Egypt's experience in the area of Publication of Trade-Related Regulations and the measures that have been taken to comply with GATT Article X obligations. The Egyptian customs administration is currently undertaking a number of reforms in order to streamline customs procedures and improve the flow of goods through its ports and other places of import and export. It recognizes that the information needed by businesses involved in importation and exportation about the regulatory requirements should be available and easily accessible. The Government is moving progressively to expand the development of computer systems to handle customs declarations and to maximize the use of websites to publicise its laws, regulations, procedures and rulings relating to trade in goods between Egypt and the rest of the world. Egypt has taken positive steps to take advantage of the benefits that information technology has to offer, but recognizes that there is still a long way to go.

B. SCOPE OF ARTICLE X

19. This Article obliges contracting parties to publish laws, regulations, judicial decisions, customs procedures and administrative rulings of general application relating to imports and exports of goods including classification, valuation, application of duty rates, taxes or other charges, prohibitions and restrictions and other requirements. Agreements between contracting parties or their agencies should also be published.

20. Paragraph 2 prohibits the enforcement of any measure impacting on imports before it is officially published.

21. Paragraph 3 requires a contracting party to administer its laws and regulations in an impartial and fair manner and to have in place an independent appeals system for individuals and businesses to challenge official decisions relating to customs matters.

C. CURRENT SITUATION

1. Publication and Availability of Information

(a) Publication of Trade Regulations

(i) *Publication of Laws, Regulations, Decisions, Rulings and Guidelines*

22. In Egypt all laws and decrees are required to be published in Arabic in the Official Gazette prior to implementation. These can be purchased by any person.

23. The Customs Tariff and Customs Manuals are available in paper form. These contain information on import and export requirements, goods classification, valuation, duties and taxes and customs procedures, including the appeals procedures.

24. Other Government departments and agencies, e.g., the General Office for Export and Import Controls (GOEIC) publish their own manuals and procedures and these are available in local GOEIC offices. Furthermore, the GOEIC has started to establish a website to be used in the near future.

(ii) *Publication on Website*

25. The Egyptian Government is planning to have all the information relating to importation and exportation available on the website. Customs are currently carrying out the experimental phase of placing the Customs Manuals on the customs website.

(iii) *Decisions and Judicial Reviews*

26. Egypt has an independent appeals system. At the end of the appeals process a decree is published in the Official Gazette explaining the decision.

(iv) *Enquiry Points*

27. Egypt has established enquiry points at the major ports, airports and points of entry to provide personal assistance and advice to importers and exporters free of charge.

28. Furthermore, the "comments" page on the website performs a similar, additional function. Comments and enquiries are addressed to the Head of the appropriate office and will be answered. There is a 6-monthly review of all the comments with a view to improving customs procedures.

29. Our embassies and representative offices abroad also provide information, advice and assistance to businesses wishing to trade with Egypt.

(b) Publication of Penalty Provisions

30. Egypt publishes the penalties that may be imposed, and the basis for the penalties, in the Official Gazette and Customs Magazine. They will be available on the website in the near future.

2. Time Period between Publication and Implementation

(a) Interval between Publication and Entry into Force

31. Decrees are published in the Official Gazette from variable periods prior to their implementation on a case-by-case basis.

(b) Consultation and Commenting on New and Amended Rules

(i) *Prior Consultation and Commenting on New and Amended Rules*

32. Egypt has an effective system for trade consultation with the regulatory bodies through meetings with exporters, importers and other interested parties in Commodity Councils and the Industries Union. Although the meetings are not organized on a regular basis, consultation with these bodies takes place when new regulations and procedures are being proposed and they are provided with the opportunity to influence the final outcome.

33. In addition, there is a comments page on the customs website where traders are invited to comment on any aspect of customs rules and procedures and to ask questions. These comments are directed to the Head of the customs department responsible for the issue in question. A review of all the issues raised is carried out every 6 months with the view of improving the law and procedures.

(c) Publication/Notification of Fees/Charges

34. In Egypt all fees and charges imposed by official bodies are covered by decrees and are published in the Official Gazette.

D. FUTURE VISION AND CONCLUSION

35. Egypt recognizes the need to have information available and easily accessible to assist foreign traders to trade with Egypt and Egyptian businesses to trade in other countries. Publication of trade-related regulations and procedures on the WTO website in one of the WTO official languages would greatly assist businesses seeking to expand their markets. Egypt hopes that it will receive adequate technical assistance and support needed to expand the use of the website and to translate the publications into one of the WTO official languages.
