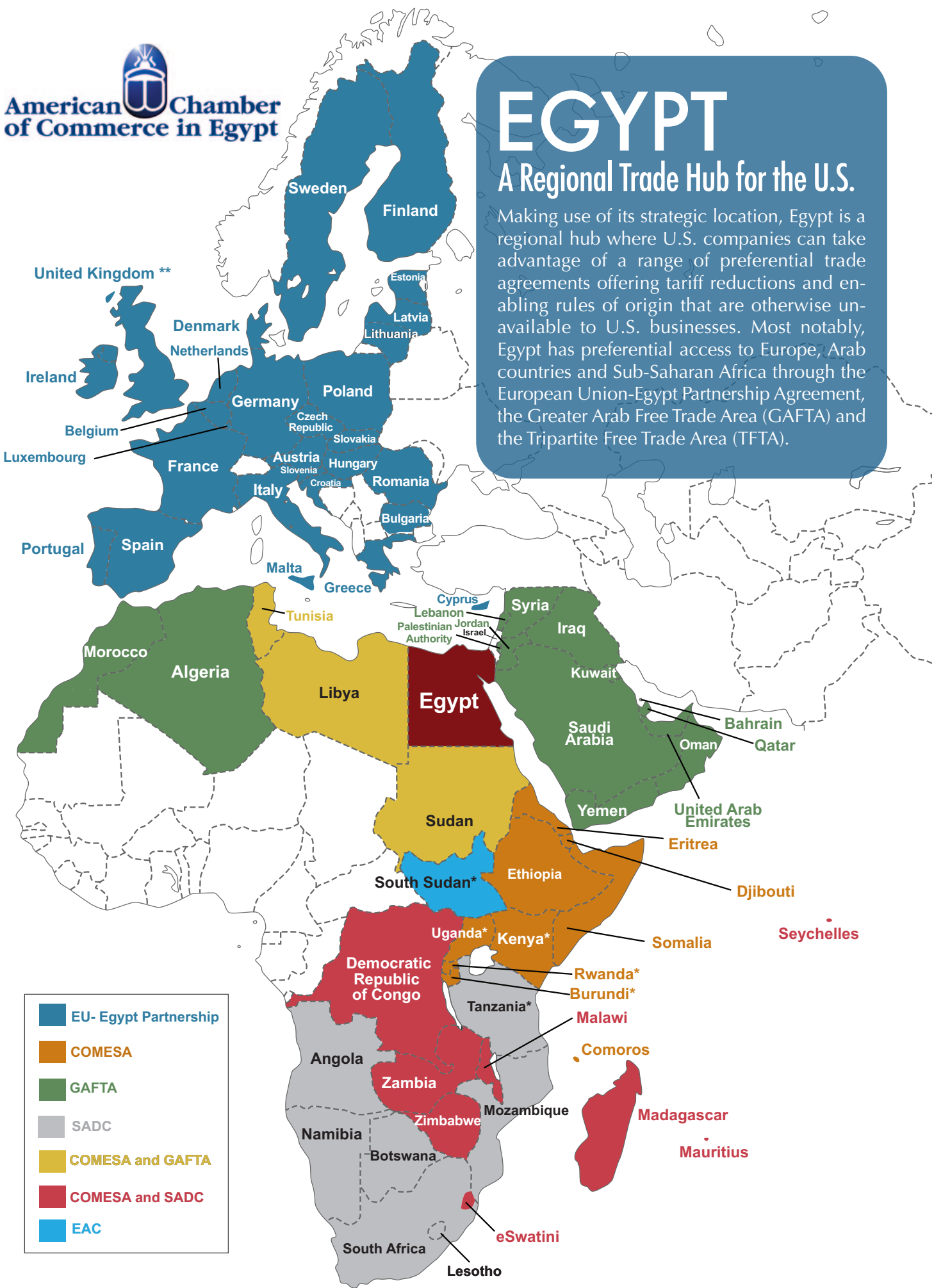


# EGYPT

## A Regional Trade Hub for the U.S.

Making use of its strategic location, Egypt is a regional hub where U.S. companies can take advantage of a range of preferential trade agreements offering tariff reductions and enabling rules of origin that are otherwise unavailable to U.S. businesses. Most notably, Egypt has preferential access to Europe, Arab countries and Sub-Saharan Africa through the European Union-Egypt Partnership Agreement, the Greater Arab Free Trade Area (GAFTA) and the Tripartite Free Trade Area (TFTA).



\*Note: All EAC countries (Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda) are members of either COMESA or SADC except for South Sudan.  
 \*\* The United Kingdom was due to leave the EU on March 29, 2019.

# EGYPT: A Regional Trade Hub for the U.S.

Egypt is party to the European Union-Egypt Partnership Agreement, GAFTA and the TFTA Agreement as well as the Agadir Agreement (a free trade agreement between Egypt, Jordan, Morocco and Tunisia), the EFTA (with Iceland, Liechtenstein, Norway and Switzerland), the Egypt-Mercosur Free Trade Agreement (with Argentina, Brazil, Paraguay, Uruguay, Chile, Bolivia, Colombia, Ecuador and Peru) and numerous bilateral trade agreements with individual countries.

## The EU- Egypt Partnership

- Egypt and the EU signed the Association Agreement in 2001, which came into force in June 2004 and establishes a free trade area as of 2019. An agreement on further liberalization of trade in agricultural products entered into force in June 2010.
- The EU is Egypt's biggest import and export partner, covering 29% of Egypt's trade volume in 2018. The agreement has doubled EU-Egypt trade from EUR 11.8 billion in 2004 to EUR 22.6 billion in 2018.
- All industrial goods exported from Egypt to the EU are exempt from tariffs.
- As of January 2019, all EU-imported cars are exempt from tariffs.
- While the EU's value-added criteria can be as high as 75% for sensitive products such as textiles and apparel, U.S. companies can benefit in sectors, such as agriculture and processed foods, where Egypt faces substantially lower tariffs on exports.
- Local component requirements (a minimum of 60% from Egypt or the EU) for the rules of origin under Mediterranean countries also allow for the use of inputs from third countries (diagonal accumulation of origin) for the remaining content.
- In October 2017, Egypt signed the Partnership for Research and Innovation in the Mediterranean Area (PRIMA) Agreement and became a PRIMA Participating State on March 15, 2018. PRIMA, which consists of 19 countries, seeks solutions for more sustainable management of water and agro-food systems.

## The GAFTA Agreement

- Egypt entered the GAFTA trading bloc, also referred to as the Pan Arab Free Trade Area (PAFTA), in 1998. As of 2005, all 18 GAFTA members are exempt from all customs duties and charges between the Arab countries.
- The percentage of value-added required to confer origin is 40% of the ex-factory cost. Local labor is counted as added value, and Egyptian assembly of U.S. parts constitutes transformation to meet the origin requirements under GAFTA.
- Local component requirements under the GAFTA rules of origin also allow for the use of inputs from all other members (diagonal accumulation of origin).
- GAFTA countries combined have an estimated annual GDP of USD 2.6 trillion and a population of 380 million people.

## Egypt-Africa Agreements

- The TFTA agreement was signed in June 2015 in Egypt to create a free trade area among members of the three African trade pacts—the Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) and Southern African Development Community (SADC)—stretching geographically from Cairo to Cape Town.
- TFTA gives Egypt access to seven additional African nations along with the other 20 countries of COMESA, to which Egypt has been a signatory since 1998.
- The 26 TFTA countries combined account for 56% of Africa's GDP (approximately USD 1.4 trillion) and 58% of its total population (709 million) and will open new markets for Egyptian engineering, textiles, chemicals, furniture and agricultural products.
- TFTA was scheduled to come into force in 2017 through gradual tariff alignments by member states before trade in goods becomes totally free. However, delays in implementation have pushed back that timeline. In December 2018, South Africa became the TFTA's fifth signatory, joining Egypt, Uganda, Kenya and Botswana. An additional 10 signatures are required out of 14 for its ratification.
- Egypt joined 43 other African countries in signing the African Continental Free Trade Area (AfCFTA) agreement in Kigali, Rwanda, in March 2018.
- As of February 2019, 19 countries had ratified the AfCFTA; the agreement will enter into force after 22 signatures. Egypt received parliamentary approval in February 2019 and seeks to put the AfCFTA into force during its current presidency of the African Union.
- Once the agreement is signed by all 55 member states of the African Union, it will create the largest single continental market for goods and services with a combined population of 1.2 billion people and an aggregate GDP of USD 3.3 trillion.