

## FREE TRADE AGREEMENT BETWEEN EGYPT AND EFTA STATES

### **Introduction :**

The 10th round of negotiations between Egypt and EFTA countries was held from 28-31 October 2006 in Cairo. During the meetings the final version of the agreement was agreed upon. The agreement was signed on the 27th of January 2007 in Davos, and it is expected that the agreement will enter into force in August 2007.

### **Treatment of industrial products**

Industrial products are treated as follows :

- *Egyptian exports to EFTA* : shall enjoy an immediate removal of all customs duties and other charges having equivalent effect, upon the entry into force of the Agreement.
- *Egyptian imports from EFTA states* : industrial products originating in EFTA shall be gradually abolished according to the schedules of four lists in which Egyptian tariffs are phased out differently over the years starting from the date of entry into force of the Agreement.

The tariff reduction on Egyptian imports could be summarized as follows:

**Table (1) shows the phasing out schedule applied on Egyptian imports of industrial products**

	Agreement Implementation Years													
	07	08	09	10	11	12	13	14	15	16	17	18	19	20
List 1	%75	%100	-	-	-	-	-	-	-	-	-	-	-	-
List 2	-	%10	%25	%40	%55	%70	%85	%100						
List 3	-	-	-	%5	%10	%25	%40	%55	%70	%85	%100			
List 4	-	-	-	-	%10	%20	%30	%40	%50	%60	%70	%80	%90	%100

List 1: includes the raw materials that are important as inputs for most of industries, this list enjoys 75% reduction from the day of entry into force, and it will be completely liberalized in the second year of entry into force ( year 2008).

The most important products included in this list are: Aluminum ores, sodium chloride, Sulphur, wood, parts of machines, aluminum oxide, copper alloys.

List 2: includes the intermediate goods, the tariff phasing out will start in year 2008 and it will be enjoy free access in year 2014.

Most important products included in this list are : carbon, chemical preparations, papers ,glasses fibers, Tubes and pipes of vulcanized rubber, Insecticides, and Vacuum flask

List 3 : includes the final goods, the liberalization of this list will be started in year 2010 and end in year 2017.

Most important products are as follows : apparel, textiles ,shoes, iron and steel, electrical equipments and machines .

List 4 : includes mainly vehicles and some of the electrical engines and generators . This list will be liberalized in ten years ( 2011-2020) .

### **Treatment of Agriculture goods**

It was agreed that the agriculture file would be dealt with on a bilateral basis. A List of agriculture exports to each EFTA member country was prepared , as well as lists of imports of agriculture products from member countries, in accordance with Egyptian interests.

### **Treatment of processed Agriculture goods**

Both parties agreed on the list of Egyptian exports that is to be accorded preferential treatment by EFTA countries, equivalent to the preferential treatment accorded to EU countries for 5 years. This preferential treatment will not be reciprocal. Negotiation is to take place by the end of the 4th year to the effect that Egypt accords the same preferential treatment to goods of EFTA.

### **Protection of Intellectual property rights**

An article was agreed upon regarding the protection of IPR according to the Egyptian interests.

### **Fisheries and marine products**

The annex regarding trade in fish was agreed upon, according to the Egyptian interests .

### **Rules of Origin**

Both parties of the Agreement apply the PAN-EURO-MED rules of origin, which allows products produced from materials originating in any of the Euro-Med countries to enter the EU market with Pan-Euro –Med preferences.

As Egypt-EFTA enters into force, Egypt and EFTA can benefit from the PAN EUR - MED by establishing originating integrative industries and export them into the EU market.

For a country to enjoy this cumulation the declaration requires some pre-conditions, these are:

- All participating countries must conclude FTAs among each other (such as Egypt-Turkey FTA).

- All participating countries must conclude FTAs or Association Agreement with EU (such as EU-Egypt Partnership Agreement and the custom union between Turkey and EU).
- All participating countries must employ the Euro-Med rules of origin.