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AGRICULTURAL TRADE AND THE NEW TRADE AGENDA: OPTIONS AND STRATEGIES TO CAPTURE THE BENEFITS FOR THE MIDDLE EAST

CASE STUDY FROM EGYPT

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Preface

This study is the result of fruitful cooperation between the United Nations Economic and Social Commission for Western Asia (ESCWA) and the World Bank. Mr. Gamal Siam served as consultant in the preparation of the study.

The next negotiating round of the World Trade Organization (WTO) will examine major issues under the three pillars of the Uruguay Round Agreement on Agriculture (URAA): market access, domestic support and export subsidies. It will also focus on key issues under the "new trade agenda" that have important implications for developing countries, such as intellectual property rights, trade-related environment and labour issues, food security, impact of trade policies on rural development, investment and competition policy.

In preparation for the next WTO round, many developing countries have requested assistance in the following areas of concern: (i) quantitative economic analyses to evaluate the implications of the new trade agenda in trade and agricultural policy reform; (ii) preparing and formulating appropriate negotiating positions on market access, domestic support and export competition; (iii) evaluating options under second-generation issues, such as State trading, sanitary and phytosanitary measures, standards and intellectual property; (iv) enhancing human and institutional capacity to implement commitments under the URAA; and (v) strengthening analytical capacity to effectively participate in the next round of WTO negotiations.

In response to that request, three country-specific case studies (on Egypt, the Syrian Arab Republic and Tunisia) were commissioned to address the issues identified above. In general, the preparatory analytical material will be used to directly assist policy makers in the Middle East to evaluate their interests and assess the effects of different negotiating modalities during the negotiations in 2001. More specifically, the background information and data contained in each country-specific study will provide useful qualitative and quantitative analyses of the relevant issues.

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ABBREVIATIONS

AD	anti-dumping
AMS	aggregate measure of support
ASME	agriculture sector model for Egypt
CAPMAS	Central Agency for Public Mobilization and Statistics
CGE	computable general equilibrium model
COMESA	Common Market for Eastern and Southern Africa
DEPRA	Development Policy Reform Analysis Project
DRC	domestic resource cost
ERF	Economic Research Forum for the Arab Countries, Iran and Turkey
ERP	effective rate of protection
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
fd	feddan, Egyptian area measure, 1 fd = 0.42 hectares
FTZ	free trade zone
GAFTA	Greater Arab Free Trade Agreement
GASC	General Authority of Supply Commodities
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GST	general sales tax
ha	hectares
HS	harmonized system
IMF	International Monetary Fund
LE	Egyptian pound
LDC	least developed country
MALR	Ministry of Agriculture and Land Reclamation
MD	Marrakesh Decision
MENA	Middle East and North Africa
MOF	Ministry of Finance
MFA	Multifibre Arrangement
mt	metric tons
NFIDC	net-food importing developing country
NPC	nominal protection coefficients
NRP	nominal rate of protection
OECD	Organization for Economic Cooperation and Development
PVP	Plant Variety Protection
SAP	structural adjustment programme
STE	State trading enterprise
TIFA	Trade and Investment Framework Agreement
TPR	trade policy review
TQ	tariff quota
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UPOV	International Union for the Protection of New Varieties of Plants
URAA	Uruguay Round Agreement on Agriculture
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
WTO	World Trade Organization

I. BRIEF OVERVIEW OF THE AGRICULTURE AND FOOD SECTOR

A. POPULATION AND IMPORTANCE OF AGRICULTURE

The Egyptian economy has traditionally relied heavily on agriculture as a source of growth and support for the non-agricultural sectors of the economy. This central role was reinforced by the strong performance of the sector in the 1960s and 1970s. During the 1980s and 1990s, this dominance declined, but agriculture still accounts for a significant share of growth, exports and employment. The share of agriculture in the gross domestic product (GDP) fell from 29.3 per cent in 1970 to 17.5 per cent in 1998 (see annex I for the structure of Egypt's economy). The share of agricultural employment declined substantially, from 54.0 per cent in 1960 to 51.1 per cent in 1970 and 30.8 per cent in 1997. Total population of Egypt reached 67.2 million people, of which 37.3 per cent were engaged in agriculture in 1999 (see table 1).

TABLE 1. EGYPT'S RURAL AND AGRICULTURAL POPULATION, 1990-1999

Year	Total population (*Thousands*)	Rural population		Agricultural population	
		(*Thousands*)	%	(*Thousands*)	% of total population
1990	56 333	31 581	56.1	24 708	43.9
1991	57 567	32 194	55.9	24 797	43.1
1992	58 758	32 779	55.8	24 856	42.3
1993	59 524	33 348	56.0	24 895	41.8
1994	61 092	33 913	55.5	24 926	40.8
1995	62 282	34 488	55.4	24 956	40.1
1996	63 497	34 995	55.1	24 987	39.4
1997	64 731	35 506	54.9	25 016	38.6
1998	65 978	36 015	54.6	25 041	38.0
1999	67 226	36 519	54.3	25 057	37.3
Growth rate 1990-1998	2.0%	1.63%		1.56%	

Source: Compiled from statistics of the Food and Agriculture Organization of the United Nations (FAO).

B. LAND-USE, FARMNG SYSTEM AND INSTITUTIONS

In 1999, farm population was estimated at 25.1 million, or about 37.3 per cent of the total population. On a per capita basis, Egypt's area of cultivated land, at 0.05 hectares (ha) per head, is among the lowest in the world. Farm sizes are small, with an estimated 70 per cent of holdings less than 0.42 ha. In addition, agriculture is almost entirely dependent on irrigation from the Nile River, which supplies a total of 55.5 billion cubic metres (m^3) annually, 80 per cent of which is used in agriculture. The agricultural land-base of Egypt, totalling about 3.3 million ha (table 2), consists of 3.0 million ha lying within the Nile basin and delta and about 80,000 ha of oasis and rain-fed land. Of the total area in the Nile basin and delta, some 2.5 million ha are "old" lands, and the remaining 0.72 million ha are new reclaimed lands. There are three cropping seasons, winter (November-May), summer (April-October) and *nili* (July-October). In the old lands, an elaborate crop rotation system is followed. The main winter crops are wheat, berseem (Egyptian clover) and broad beans. Among the summer crops, maize, rice and cotton are dominant. Vegetable crops, such as tomato, potato, cucumber, melons and others, are cultivated in the three seasons.

Mixed farming is common, with a variety of crops being combined with a few heads of cattle, sheep or poultry. Most agricultural land is privately owned. Reclaimed new lands, which were owned and operated by the Government through public sector enterprises, have gradually been sold. Around 80 per cent of this new land is currently operated by the private sector.

The Ministry of Agriculture and Land Reclamation (MALR) and the Ministry of Water Resources and Irrigation (MWRI) are the main institutions directly involved in agricultural performance. The MALR is now responsible for providing services such as research and extension, regulation of standards for farm inputs and outputs, and formulation of sectoral policy. The MWRI is in charge of water research, development and distribution.

TABLE 2. LAND USE IN EGYPT
(1,000 ha)

Year	Total area	Permanent crops	Forests	Agric. area	Arable land
1990	100 145	364	34	2 648	2 284
1991	100 145	376	34	2 643	2 267
1992	100 145	381	34	2 900	2 519
1993	100 145	399	34	3 246	2 617
1994	100 145	390	34	3 265	2 624
1995	100 145	466	34	3 283	2 817
1996	100 145	466	34	3 286	2 820
1997	100 145	466	34	3 300	2 834
1998	100 145	466	34	3 300	2 834
1999	100 145	466	34	3 300	2 834

Source: Compiled from FAO statistics.

In terms of area planted and crop output value, the 12 most important crops in Egypt are wheat, maize, cotton, rice, long and short berseem, tomato, broad beans, onion, potato, soybeans, sugar cane, and sugar beet. These crops account for 97 per cent of total crop output value, while half of them account for almost 90 per cent of total area planted. The most dominant crops are clearly cotton, wheat, rice and maize, which account for almost half of total cropped area (see table 3).

TABLE 3. CROPPING PATTERN IN SELECTED YEARS
(Area in thousands of fd)*

	1990		1995		1999	
Crops	Area (fd)	%	Area (fd)	%	Area (fd)	%
Cereals:	5 478 875	45.0	6 869 337	49.7	6 502 377	46.7
Wheat	1 954 696	16.0	2 511 814	18.2	2 379 995	17.1
Barley	191 669	1.6	447 780	3.2	224 332	1.6
Maize	1 975 815	16.2	2 079 937	15.1	1 844 802	13.2
Sorghum	319 234	2.6	362 224	2.6	393 659	2.8
Yellow corn	-	0.0	66 861	0.5	100 190	0.7
Rice	1 037 461	8.5	1 400 721	10.1	1 559 399	11.2
Cotton	993 047	8.2	710 207	5.1	645 417	4.6
Green fodders:	2 456 542	20.2	2 411 577	17.5	2 475 738	17.8
Short berseem	796 209	6.5	623 580	4.5	605 329	4.3
Long berseem	1 660 333	13.6	1 762 352	12.8	1 842 144	13.2
Sugar crops:	297 278	2.4	356 540	2.6	435 625	3.1
Sugar cane	263 190	2.2	306 478	2.2	307 221	2.2
Sugar beet	340 88	0.3	50 062	0.4	128 404	0.9
Legumes:	394 430	3.2	377 786	2.7	404 354	2.9
Broad bean	344 643	2.8	319 680	2.3	351 597	2.5
Lentil	14 009	0.1	10 945	0.1	5 025	0.0
Others	35 778	0.3	47 161	0.3	47 732	0.3

TABLE 3 (*continued*)

	1990		1995		1999	
Crops	Area (fd)	%	Area (fd)	%	Area (fd)	%
Oil seed crops:	170 050	1.4	239 865	1.7	224 932	1.6
Ground nut	29 338	0.2	106 097	0.8	140 628	1.0
Sesame	42 189	0.3	71 756	0.5	67 251	0.5
Soybean	98 523	0.8	62 012	0.4	17 053	0.1
Vegetables:	1 176 289	9.7	1 420 591	10.3	1 773 341	12.7
Potatoes	180 654	1.5	292 831	2.1	184 839	1.3
Tomatoes	370 977	3.0	355 433	2.6	450 799	3.2
Onions	38 889	0.3	65 554	0.5	110 130	0.8
Garlic	14 780	0.1	13 321	0.1	25 463	0.2
Others	570 989	4.7	693 452	5.0	1 102 110	7.9
Fruits	866 472	7.1	1 014 642	7.3	1 105 986	7.9
Other crops	348 131	2.9	439 561	3.2	399 030	2.9
Total cropped area	12 181 114	100.0	13 814 461	100.0	13 938 535	100.0
Agricultural area	6 917 883		7 812 743		7 847 873	
Cropping intensity	17 608		1 768		1 776	

Source: Ministry of Agriculture and Land Reclamation.

* Feddan, Egyptian area measure, 1 fd = 0.42 hectares.

C. PRODUCTION, CONSUMPTION, EXPORTS AND IMPORTS OF MAJOR AGRICULTURAL COMMODITIES

Table 4 provides data on production, consumption, import, export and self-sufficiency for the major agricultural commodities (wheat, rice, maize, sugar and edible oils) during the last decade. Rice is the only major food crop with an exportable surplus, but that surplus was relatively small, as it ranged from 3 to 13 per cent during the 1990s. The large increases in rice production were matched with equally large jumps in consumption, with no significant increases in exports. As for the other commodities, they are all imported, with varying self-sufficiency. Edible oil has the lowest self-sufficiency ratio, as local production of that commodity satisfies only about 15 per cent of total consumption.

D. FOOD AID

Egypt receives food aid from donors, such as Australia, Canada, the European Union and the United States. However, as table 5 shows, food aid to Egypt has been decreasing, as part of a global decline in food aid. Egypt's share of such aid declined from approximately 202 thousand tons in 1995 to 71,000 tons in 1999. Cereals is the main food product in food aid; the import of cereals declined from 190,000 tons to 64 000 tons over that period. The United States used to be the major source of food aid, particularly in terms of wheat and wheat flour (see table 6).

In the period 1986-1988, the total agricultural trade averaged US$ 3.62 billion annually, representing about a third (34.2 per cent) of Egypt's trade, but decreased both in absolute and relative terms in the period 1993-1994 to an average of US$ 2.97 billion, representing 23.8 per cent of the country's trade. In the last period, although total agricultural trade increased to US$ 4.26 billion, its share represented only 20.5 per cent of total trade. Agricultural exports, as table 7 shows, decreased from US$ 619 million on average in the period 1986-1988 to US$ 457 million in the period 1993-1994 and made a light increase in the period 1997-1998 to an average of US$ 501 million. The share of agricultural exports in total exports decreased from 26.2 per cent in the first period to 14 per cent in the second period and to 10 per cent in the third period. As to agricultural imports, they decreased between the first two periods from US$ 3.05 billion to US$ 2.51 billion, but increased to US$ 3.76 billion on average in the third period, with a share of 36.5 per cent, 27.4 per cent and 23.8 per cent of the total imports in the three periods, respectively.

TABLE 4. PRODUCTION, CONSUMPTION, IMPORTS, EXPORTS AND SELF-SUFFICIENCY FOR MAJOR FOOD COMMODITIES IN EGYPT, 1991-1998
(*Quantities in thousands of tons*)

Item	1991	1992	1993	1994	1995	1996	1997	1998	Average 1993-1994	Average 1997-1998	Change*%
Wheat											
Prod.	4 375	4 550	4 726	4 644	5 080	5 729	5 972	5 971	4 685	5 882	25.5
Total cons.	9 849	9 852	9 678	11 760	10 540	11 631	10 731	11 402	10 719	11 067	3.2
Imp.	5 474	5 302	4 952	7 116	5 460	5 902	4 939	5 431	6 034	5 185	-14.1
Self-suff. (%)	44.4	46.2	48.8	39.5	48.2	49.3	54.0	52.4	43.7	53.1	
Maize											
Prod.	4 799	5 122	5 073	5 081	5 701	5 356	5 825	6 076	5 077	5 951	17.2
Total cons.	6 096	6 566	6 773	7 120	8 260	7 652	8 463	9 119	6 938	8 791	26.7
Imp.	1 297	1 444	1 700	2 021	2 559	2 296	2 638	3 043	1 861	2 841	52.7
Self-suff. (%)	78.7	78.0	74.9	71.2	69.0	70.0	68.8	66.6	73.2	67.7	
Rice											
Prod.	2 226	2 424	2 749	2 925	3 222	3 367	3 444	3 852	2 837	3 648	28.6
Total cons.	2 157	2 233	2 603	2 673	3 076	3 138	3 237	3 413	2 638	3 325	26.0
Export surplus	69	191	146	252	146	229	207	439	199	323	62.3
Self-suff. (%)	103.2	108.6	105.6	109.4	104.7	107.3	106.4	112.9	107.5	109.7	
Sugar											
Prod.	1 040	1 025	1 019	1 760	1 362	1 125	1 131	1 215	1 390	1 173	-15.6
Total cons.	1 777	1 428	1 247	2 213	1 918	1 860	2 590	1 746	1 731	2 168	25.2
Imp.	737	403	228	453	556	735	1 459	531	341	995	191.8
Self-suff. (%)	58.5	71.8	81.7	79.5	71.0	60.5	43.7	59.6	80.3	54.1	
Edible oil											
Prod.	109	104	120	124	109	113	134	112	122	123	0.8
Total cons.	856	845	777	770	856	920	910	836	774	873	12.8
Imp.	747	741	657	646	747	807	776	724	652	750	15.0
Self-suff. (%)	12.7	12.3	15.4	16.1	12.7	12.3	14.7	13.4	15.8	14.1	

Source: Ministry of Agriculture and Land Reclamation.

* Change between the periods 1993-1994 and 1997-1998.

TABLE 5. FOOD AID TO EGYPT BY ITEM, 1990-1999
(*In tons*)

Year	Wheat[a]	Veg. oils	Coarse grains	Rice	Skimmed milk, evaporated	Other dairy products	Sugar	Pulses	Fish food	Butter oil	Other foods	Cereals Total	Non-cereals Total
1990	2 002 403	4 966		252	856	1 203	820		153	60	97	2 002 655	8 155
1991	725 647	10 468	300 001	424	4 440	1 694	66		108	6 325	14	1 026 072	23 115
1992	481 007	8 455		663	195	2 360	522	2 786	0	0	81	481 670	14 399
1993	228 016	8 250		1 568	150	859	1 376	2 834	0	1 190	125	229 584	14 784
1994	176 858	9 451		3 350	0	1 543	1 009	90	457		203	180 232	12 729
1995	187 698	3 990		2 640	270	32	6 177	722	796		43	190 381	11 987
1996	144 596	89		503	0	0	545	697	138		607	145 099	2 076
1997	58 860	815		494	0	0	6 708	298	12		6 721	59 354	14 553
1998	13 076	685		0	0	0	258	887	0		258	13 076	2 088
1999	64 157	3 544		0	0	0	645	2695	0		645	64 157	7 529

Source: Internet version.

a/ Includes wheat flour converted to wheat grains.

TABLE 6. AID OF WHEAT AND WHEAT FLOUR TO EGYPT AND RELATIVE SHARES OF DIFFERENT DONORS

Year	Wheat and flour (000 tons)	Percentage of which						
		USA	EU	France	Canada	Australia	Italy	Others
1990	2 002	72.9	15.3	5.9	1.9	3.0		0.9
1991	726	62.8	18.5	6.9	11.9	6.6		0.3
1992	481	59.4	12.5	10.4	13.6		4.2	-
1993	228	19.2	41.1	21.9	17.7			0.4
1994	177	0	45.2	28.2	23.7			2.8
1995	188	0.7	65.1	19.4			14.4	0.5
1996	145	5.3	62.3	31.0				1.4
1997	59	0		76.6				
1998	13	38.5			61.5			
1999	64			62.5	21.9			15.6

Source: Internet version.

TABLE 7. AGRICULTURAL EXPORTS AND IMPORTS AND THEIR SHARE OF NATIONAL EXPORTS AND IMPORTS, 1985-1998
(*Value in millions of US dollars*)

	Exports			Imports			Deficit		
Year	National	Agriculture	%	National	Agriculture	%	National	Agriculture	%
1985	3 715	662	17.8	9 965	3 708	37.2	(6 250)	(3 046)	48.7
1986	2 935	669	22.8	8 680	3 340	38.5	(5 745)	(2 671)	46.5
1987	2 037	673	33	7 596	2 605	34.3	(5 559)	(1 932)	34.8
1988	2 120	514	24	8 657	3 166	36.6	(6 537)	(2 652)	40.5
1989	2 648	532	20.1	7 448	3 169	42.5	(4 800)	(2 637)	54.9
1990	2 585	427	16.5	9 202	3 076	33.4	(6 617)	(2 649)	40.0
1991	3 659	391	10.7	7 862	2 531	32.2	(4 203)	(2 140)	50.9
1992	3 050	401	13.1	8 293	2 550	3.7	(5 243)	(2 149)	41.0
1993	3 110	360	11.6	8 184	2 266	27.7	(5 074)	(1 906)	40.6
1994	3 463	553	15.7	10 185	2 760	27.1	(6 722)	(2 207)	34.8
1995	4 957	554	11.2	12 810	3 671	28.7	(7 853)	(3 117)	30.3
1996	4 609	557	12.1	14 107	4 200	29.8	(9 498)	(3 643)	37.6
1997	4 930	414	8.4	14 718	3 907	26.5	(9 788)	(3 493)	32.8
1998	5 128	587	11.4	16 899	3 617	21.4	(11 771)	(3 030)	39.7
Av. 86-88	2 364	619	26.2	8 311	3 037	36.5	(5 947)	(2 418)	38.4
Av. 93-94	3 287	457	14	9 185	2 513	27.4	(5 898)	(2 056)	35.7
Av. 97-98	5 029	501	10.0	15 809	3 762	23.8	(10 780)	(3 261)	25.7

Source: Central Agency for Public Mobilization and Statistics (CAPMAS), Cairo.

TABLE 8. EGYPT'S EXPORTS OF FRESH AND PROCESSED VEGETABLES AND FRUITS, 1989-1996
(*Millions of US dollars*)

Year	Veg. and Fruits	Veg. fresh and simply presvd.	Veg. presvd. and prepared	Fruit fresh or dried
1989	149	56.2	8.7	6.8
1990	143.3	62.5	11.3	6.1
1991	162.0	87.1	12.3	7.6
1992	162.2	91.4	16.5	13.4
1993	140.8	87.6	14.3	12.6
1994	120.9	75.5	19.1	9.3
1995	206.8	152.8	25.0	8.0
1996	170.0	121.0	19.4	5.1
Av. 1989-1996	156.9	91.8	15.8	8.6
Growth rate 1989-1996	1.9 %	11.6%	12.1%	-4.0%

Source: United Nations, *1998 International Trade Statistics Yearbook*.

Egypt continues to record a large agricultural trade deficit, which grew from US$ 2.05 billion in 1993-1994 to over US$ 3.26 billion in 1997-1998. Egypt is a large net-food importer, with cereals as its principal import, including wheat, whose share declined from 31 per cent of total agricultural imports in 1994 to just over 25 per cent in 1997; and yellow corn, whose share increased slightly from 11 per cent to 12 per cent over that period. Other imports are edible oils, whose share almost doubled; and sugar and sugar confectionery, whose share increased from 5 per cent to 11 per cent.

E. ROLE OF AGRICULTURAL TRADE IN THE NATIONAL ECONOMY

In the early 1990s, cotton, oranges and tomatoes were the main agricultural exports, accounting for 90 per cent of agricultural commodity exports. Rice, onions, dates, tomatoes, lemons and artichokes accounted for 10 per cent. Increased private sector participation and the liberalization of cotton imports to meet local demand were considered important. During the mid-1990s, the Government completed liberalization of the production, export and marketing of cotton and the import of cotton from pest-free countries.

Egypt's export profile is concentrated not only in its export countries but also to some extent in the goods it exports. During the 1990s, overall agricultural exports and cotton exports expanded on the average, although they were very volatile during this period. The destination of Egyptian exports in general, and of cotton in particular, are almost exclusively the European Union and the United States. Thus, Egypt has most of its eggs in one basket, in terms of both products and trading partners. The European Union was the most important partner, receiving 30 per cent of cotton, 50 per cent of rice, 45 per cent of vegetables, and 2.5 per cent of fruits.

Exports of agricultural products have been declining in value since 1994, primarily because of lower cotton output and prices. This resulted in a sharp fall in the share of cotton in total agricultural exports, from 42 per cent in 1994 to almost 25 per cent in 1997. Vegetable exports, in contrast, have expanded; their share increased from just over 16 per cent to almost 23 per cent during the same period.

Egypt has excellent opportunities for expanding its horticultural crops, particularly processed vegetables (see table 8). Its main advantages are the quality of products, its strategic geographic location and, more importantly, the long seasons of production. Orange exports to the European Union market continue to be limited by a small export quota. In addition, there is strong competition from other suppliers, such as Spain and Morocco, which are closer to European markets and use land routes that are much cheaper than sea or air freight, which Egyptian exporters have to use to reach European markets.[1]

[1] United States Department of Agriculture, 1999, "Egypt: Citrus annual report".

II. AGRICULTURAL POLICY

A. Strategy of Agriculture in the 1990s

The overreaching objective of the agricultural strategy for the 1990s was to complete the policy reform programme which had already been initiated for the sector and to increase agricultural production and incomes, taking into consideration the overall changes taking place within both the Egyptian and international economy and the linkages between the agricultural sector and the other sectors of the economy. Within this context, the objectives were to increase agricultural productivity per unit of land and water, through more efficient use of those limited resources, and reduce unit costs of production, thereby increasing national output and the income of farmers. This drive for efficiency is expected to move forward in the context of equity and take into account issues of poverty alleviation, as well as the environmental sustainability of the overall agricultural development process. Growth in the agriculture sector, combined with programmes that particularly target women and the landless, would positively contribute towards the overall strategy to alleviate poverty.

In addition, growth in production and increased exports within a strongly liberalized environment is expected to contribute to the overall food security of the country. The targeted growth for agriculture for the 1990s was projected at an average of around 3.0 per cent per annum. This would allow realizing gross domestic product (GDP) growth targets of between 4-5 per cent by the end of the decade, as well as a positive per capita agricultural gain, given an annual population growth rate of around 2.1 per cent. The underlying focus of the strategy was to build on the momentum already created by the reforms initiated for the agriculture sector and by the comprehensive economic reform programme launched in 1991.

Certain key themes underlie the strategy articulated. The principal ones include the following:

(a) The need for measures aimed at ensuring efficiency and environmental sustainability in the management of the most important natural resources of the country; i.e., water and arable land;

(b) Emphasis on using free market considerations, in particular the promotion of the private sector, in resource allocation;

(c) The need for implementing an agriculture sector strategy within the context of overall rural development, which should encompass better involvement of rural development process, diversification of rural activities and provision of essential social programmes for health and education;

(d) Recognition of the social and political issues and the need for social safety nets to assist in absorbing some of the potential dislocations which would inevitably accrue through the implementation of the comprehensive reform programme;

(e) Initiating a programme of institutional reforms, so as to streamline the array of institutions presently serving the agriculture sector and make them more responsive to its needs.

B. Agricultural Price Policy

Wheat, maize and rice were subject to mandatory delivery quotas in the pre-reform period (i.e., before 1987) and subject to voluntary deliveries in the reform period. Prices are weighted averages of the prices received by farmers for the quantities delivered to the Government and for the quantities marketed through private channels. As for sugar cane, data on prices are official Government prices reported by the Ministry of Agriculture and Land Reclamation (MALR). Sugar cane is entirely procured by the Government and delivered by farmers to public sector sugar mills.

During the reform period (i.e., after 1987) guaranteed floor prices were set for wheat and rice (after removal of mandatory marketing). Wheat floor prices are determined by MALR in consultation with the Ministry of Supply and Trade, which is responsible for bread and other food subsidies. The floor price for wheat is announced at planting time, which makes it possible for farmers to respond during the prevailing season. Previously, administrative prices had been usually announced at harvest time. Because wheat is a major importable crop, the Ministry of Supply has a great deal of weight in the pricing decision. It supervises the activities of the General Authority of Supply Commodities (GASC), the agency responsible for importing the wheat needed to meet the demand for bread.

Import levels have some influence on domestic farm-gate prices, because part of the imported wheat is sold on the free market. The Government has been attempting to maintain relatively high farm-gate prices for wheat and to bring them closer to, or even higher than, international prices by increasing floor prices each year. Floor prices for maize have been set by MALR ever since the Principal Bank for Development and Agricultural Credit (PBDAC) began procuring maize through cooperatives. Maize farm-gate prices are also influenced by wheat prices (because maize is a close feed substitute for wheat). Floor prices for rice are set by MALR. Public sector rice-milling companies have control over the modern milling capacity in which export rice is milled. Although rice exports represent no more than 10 per cent of total rice production, rice farm-gate prices are affected by the international prices of rice and the levels of exports.

Prices for sugar are set by MALR. In fact, the Government has a monopoly to mill, refine and trade refined sugar through the government-owned Egyptian Sugar and Refining Company. Because sugar is subsidized for consumers, providing a higher price for growers has a negative impact on the government budget. Inefficiencies in the sugar mills, reflected in high milling costs, also undoubtedly contribute to the difficulty of raising producers' prices.

C. BORDER AND FARM-GATE PRICES AND NOMINAL PROTECTION COEFFICIENTS FOR THE MAJOR CROPS

Border prices at the farm gate were computed for wheat, maize, rice and cotton for the period 1985-1999. To obtain border-price equivalents at the farm gate, world prices of the commodities were first converted to domestic currency. Transportation, marketing and processing costs were then taken into account, to put world prices on a comparable farm-gate basis with domestic prices.

A border-price-equivalent price for rice, as an export crop, was obtained by subtracting marketing and processing costs from its FOB world price converted to domestic currency. Border-price equivalents at the farm gate for wheat, maize and sugar (importable) were obtained by adding market and processing costs to the CIF world prices converted to domestic currency. A shadow exchange rate was used to convert the world price in U.S. dollars to domestic currency. The results of computations of border-price-equivalent farm-gate prices for the four crops during the period 1980-1999 are reported in table 9.

Analysis of the relationship between domestic (producer) prices and border prices of the agricultural commodities studied reveals that the relationship changed more in the reform period than in the pre-reform period. The evaluation of crop farm-gate prices relative to their border price equivalents revealed that the gap between domestic and border prices began to decrease after 1987. In most cases, however, the actual farm-gate price increased even more. As a result, implicit taxation of the studied commodities diminished, as was verified by calculating nominal protection coefficients.

Nominal protection coefficients (NPC) also reflect the changing relationship between domestic and border prices. Coefficients at the producer level were computed for the four crops for the period 1985-1999, using the border price equivalents measured at shadow exchange rates. The results are reported in table 10. Computed nominal protection coefficients reveal that, with few exceptions, cereal crops (wheat, maize and rice) were taxed during the period 1987-1996. In the period 1998-1999, average nominal protection coefficients exceeded 1.0 for those crops, whereas cotton had coefficients that were near 1.0 on average in the three periods: 1986-1988, 1993-1994 and 1998-1999.

TABLE 9. FARM-GATE AND WORLD PRICES AT FARM FOR MAJOR CROPS, 1985-1999
(LE/ton)

Year	Wheat		Maize		Paddy rice		Cotton	
	Farm-gate price	World price at farm	Farm-gate price	World price at farm	Farm-gate price	World price at farm	Farm-gate price	World price at farm
1985	172.0	125.2	194.3	108.6	211.5	99.7	96.8	70.5
1986	224.7	143.3	219.3	117.3	247.3	133.9	97.1	80.4
1987	223.3	228.1	255.3	162.1	206.0	238.5	114.2	147.2
1988	237.3	362.8	324.3	278.5	256.5	407.3	146.5	175.4
1989	436.7	498.5	405.0	346.1	362.0	520.8	202.0	231.5
1990	473.3	478.2	428.0	396.8	267.0	522.1	262.7	289.1
1991	498.0	547.4	440.7	469.3	453.8	689.9	316.6	335.8
1992	526.7	645.8	435.7	455.0	482.8	687.1	377.7	288.7
1993	528.9	620.6	448.6	460.1	504.2	655.1	371.1	318.6
1994	534.5	650.9	476.4	477.3	605.4	879.1	316.8	398.0
1995	562.7	780.9	512.1	554.51	655.8	811.1	543.6	492.8
1996	640.4	916.8	535.7	735.6	702.2	893.9	511.3	432.1
1997	666.9	641.6	550.1	526.5	717.9	710.1	472.9	394.3
1998	680.0	504.1	579.1	457.7	723.8	714.1	348.9	394.3
1999	689.0	479.1	605.1	429.8	729.8	562.8	348.9	329.0
Average 1986-1988	228.4	244.7	266.3	186.0	236.6	259.9	119.3	134.3
Average 1993-1994	531.7	635.8	462.5	468.7	554.8	767.1	344.0	358.3
Average 1998-1999	684.5	491.6	592.1	443.8	726.8	638.5	348.9	361.7

Sources: M. Omran, 1997, "The impact of the liberalization of agricultural input and output prices on the cropping pattern", Ph. D. dissertation, Faculty of Agriculture, Suez Canal University. Calculations for the period 1997-1999 were made by the author.

TABLE 10. NOMINAL PROTECTION COEFFICIENTS FOR THE MAJOR CROPS, 1985-1999

Year	Wheat	Maize	Paddy rice	Cotton
1985	1.37	1.78	2.12	1.37
1986	1.56	1.86	1.84	1.20
1987	0.97	1.57	0.86	0.77
1988	0.65	1.16	0.62	0.83
1989	0.87	1.17	0.69	0.87
1990	0.98	1.07	0.51	0.90
1991	0.90	0.93	0.65	0.94
1992	0.81	0.95	0.70	1.30
1993	0.85	0.97	0.76	1.16
1994	0.82	0.99	0.68	0.79
1995	0.72	0.92	0.80	1.10
1996	0.69	0.72	0.78	1.18
1997	1.03	1.04	1.01	1.19
1998	1.34	1.26	1.01	0.88
1999	1.43	1.31	1.29	1.06
Average 1986-1988	0.93	1.43	0.91	0.89
1993-1994	0.84	0.99	0.72	0.96
1998-1999	1.39	1.33	1.38	0.96

Source: Calculated from table 9.

D. FOOD SUBSIDY POLICY

In 1995, four items remained in the food subsidy system: bread, wheat flour, sugar and edible oil. Bread and wheat flour are available to all Egyptians without restriction, while sugar and edible oil are distributed monthly to consumers through ration cards. The number of ration cardholders has been reduced moderately – from 79 per cent of the Egyptian population in 1994 to about 65 per cent in 1999. The ration cardholders are divided into fully subsidized (green card) and partially subsidized (red card) holders. As a result of its efforts to reduce the food subsidy, the Government appeared to have reduced the total budgeted cost of subsidies to 4 billion Egyptian pounds (LE), or around 1.5 per cent of GDP in 1999. This amount is distributed between the subsidized items as follows: LE 2 billion for bread and wheat flour, LE 0.5 billion for sugar and LE 0.5 billion for edible oil.

E. EXCHANGE RATE POLICY

In the period 1981-1986, just before the agricultural reform policy, exchange rates were overvalued by 95 per cent. Cotton was exported at the official rate. Mills were subsidized by the amount of the cost of domestic ginning and marketing and procured their raw materials at the depressed farm-gate price, equal to about one half the export price. The market exchange rate increased from LE 0.90/US$ in 1981 to 2.3/US$ in 1991, while the official exchange rate remained constant at LE 0.70/US$. The policy of taxing farmers through low procurement prices was enforced by the overvalued exchange rate, through the public trading companies.

In the period 1986-1989, the exchange rate was overvalued by over 200 per cent, following 47 per cent in 1990 and parity in 1991 and beyond. Cotton exports were made at the official rate and the procurement price did not fully reflect the overvalued exchange rate. If the full impact of exchange rate overvaluation had been passed to the farmer, procurement prices would have been less than 20 to 30 per cent of the true border price.[2] Annex VI provides estimates of the premium on the exchange rate, the shadow exchange rate and the standard conversion factor for 1999.

F. STRUCTURAL ADJUSTMENT PROGRAMME[3]

Economic reform in the Egyptian agricultural sector was initiated in 1987 by applying a series of procedures in the context of a structural adjustment programme (SAP), as presented in table 11. These included liberalization of pricing and the marketing of a number of major crops that were under administrative pricing and compulsory procurement. More liberalizing procedures were implemented during the early 1990s, including the freeing of rice cultivation, eliminating subsidies on agricultural inputs (i.e., chemical fertilizers, pesticides and seeds) and liberalizing input markets through a more effective role of the private sector. The elimination of input subsidies was completed by the end of 1993, as were the subsidies on the interest rates of agricultural loans. Another measure taken was to shift from mandatory crop rotation to farmer-decision-based rotation. The second half of the 1990s witnessed the liberalization of cotton marketing and trade and the liberalization of agricultural land rental values after a transition period of five years (1992 to 1997), within which to shift from old administrative to market-based rental values. In light of those developments, which took around ten years to occur (from 1987 to 1997), there are no longer any government controls remaining in agriculture, except for a few cases. Among those cases are: the production of sugar cane, which is totally and compulsorily procured by the Government at administrative farm-gate prices; the imposition of a maximum area for the cultivation of rice; and a varietal geographic distribution for cotton cultivation at the district level.

In analysing the impact of the SAP on Egyptian agriculture, it should be noticed that there are other non-SAP policies that also might have contributed to performance. It should also be born in mind that

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[2] H. Khedr, R. Ehrich and L. Fletcher, 1995, "The Egyptian agricultural policy reforms: an overview", Agricultural Policy Conference (Cairo, March 1995).

[3] This section draws upon G. Siam, 1999, "Impact of structural adjustment program on key performance indicators in Egyptian agriculture with reference to corrective policies", Working Paper No. 1, Centre for Agricultural Economic Studies, Cairo University.

necessary institutional reforms lagged behind SAP, taking longer than they should have. The impact of SAP in both the economic and social dimensions is reflected in key indicators. Among the economic indicators is the growth of agriculture in GDP, changes in cropping patterns, growth in crop yields, and changes in the structure of production costs and in output and input prices. The social impact is reflected in income distribution among the society and farming communities by changes in prices and the liberalization of land rental values, as well as in income stability and food self-sufficiency. With respect to cropping patterns, there has been an expansion of cereal, wheat, maize and rice acreage at the expense of the cultivated area of cotton and green fodder crops, while there has been no change in the relative importance of vegetable acreage to the total cropped area. The changes in the relative prices and profitabilities of crops that occurred because of SAP explain most of the changes in the cropping patterns. As for crop yields, cereal crops, particularly wheat, showed significant improvement in yield per feddan. These improvements have been achieved through technological advances, especially in the crop varieties encouraged by incentives provided through the SAP.

Differential changes in input prices under SAP have led to considerable changes in the structure of the production cost of different crops. The cost of both chemical fertilizers and mechanical power have increased by 100 per cent for the former and 30 per cent for the latter on average, coupled with a 30-per cent decrease in the cost of labour.

As for the social impact of the SAP, the study showed that, while SAP may have caused some negative effects in terms of income distribution within the farming sub-sector, as well as price and income instability, it has led to significant improvement in food self-sufficiency and food security at the national level. In the long run, the small-farmer strategy under SAP may tend to lead to higher crop intensification (with its environmental implications) to compensate for the losses incurred because of the SAP.

Correctionary policies and a more effective role of the Government are necessary to overcome the problems facing reform. Institutional support in the areas of finance, research and development, agricultural extension and marketing are needed, particularly in the case of small farmers. On the social front, an effective role of the State is also necessary in the areas of employment generation and income stability, through the implementation of relevant policies and the establishment of price stabilization funds.

TABLE 11. SPECIFIC ACTIONS OF THE STRUCTURAL ADJUSTMENT PROGRAMME

1987	Removal of compulsory procurement of all crops with the exception of paddy rice, cotton and sugar cane. Procurement made optional at floor prices for wheat, maize and other crops.
1990	Official exchange rate devaluated from US$ 1.43/LE to US$ 0.5/LE and free market exchange rate decreased to US$ 0.34/LE.
1991	Removal of compulsory procurement of paddy rice. Optional procurement with floor price for paddy rice. Elimination of exchange rate subsidy for imported inputs. Partial reduction of input subsidy (about one third). Official and free market exchange rates are unified at US$ 0.3/LE.
1992	Cotton procurement prices are increased to 66 per cent of the previous 5-year average of world prices. Elimination of all crop area controls except for minimum area requirements for cotton and maximum area for paddy rice. Further reduction of input subsidy (second third). Start of liberalizing long rental relationship (transition period 1992-1997).
1993	Elimination of the remaining input subsidy (the last third), with the exception of pest control subsidy. Elimination of cotton area control (however, regional allocation of cotton varieties among districts remains in the hands of the Government).

TABLE 11 (*continued*)

1994	Private sector is allowed to compete with the public sector in buying, selling and ginning seed cotton. The old administrative marketing system is allowed to continue until 1996, when complete liberalization takes place.
1995	Private sector is allowed to export cotton, as well as buy cotton from farmers. A minimum floor price policy for cotton is adopted, with the minimum price higher than the world price.
1997	Land rental relationship is fully liberalized as of September 1997 (the end of the 5-year transition period, according to the new law).

Source: G. Siam, 1999, "Impact of structural adjustment program on key performance indicators in Egyptian agriculture with reference to corrective policies", Working Paper No.1, Centre for Agricultural Economic Studies, Cairo University.

G. EXISTING SCHEMES OF CUSTOMS RELIEF FOR EXPORTS

The existing arrangements that attempt to relieve exported commodities from customs duties levied on imported inputs are the following:

(a) *Temporary admission*. This scheme, organized by Article 98 of Customs Law No. 66 of 1963 and Ministry of Finance Decree No. 894 of 1996, exempts raw materials and components imported by producing or assembling companies for the purpose of exporting final products;

(b) *Drawback scheme*. According to this system, the exporter is refunded all customs duties levied on the imported materials actually used in the exported products. Imported materials and parts obtained from domestic sources are not eligible for duty drawback. The sales tax on imported inputs, however, is not refunded. This system is embodied in Article 102 of Customs Law No. 66 of 1963 and Ministry of Finance Decree No. 894 of 1996;

(c) *Direct refund*. This arrangement is organized by Decrees No. 16 of 1989 and No. 26 of 1992 issued by the Head of the Customs Department. It allows the refund of tariffs and sales tax to the exporter;

(d) *Tax rebate*. Under this system, a certain percentage of the value of the exported goods is paid to the exporter. This percentage represents the average amount of custom taxes levied on inputs and parts used in the exported product. Naturally, this percentage varies from one product to another. This system, however, is applied to very few products. It has been recently introduced and is organized by Ministry of Finance Decrees No. 139 and No. 665 of 1997.

It has often been mentioned that although these schemes of customs relief are permissible by law, their implementation is so constraining that they become practically ineffective.

H. QUANTITATIVE EFFECTS OF POLICY REFORMS

As a result of reforms of agricultural policies, the gap between domestic and world market prices for major grain crops has narrowed, as has been discussed before. Technological progress has also led to significantly increasing yields for grains. Farmers could flexibly respond to such yield and price increases by changing cropping patterns, as evidenced in area increases of 108 per cent, 51 per cent and 6 per cent for wheat, rice and maize, respectively, from 1985 to 1995. Consequently, production increased by 206 per cent for wheat, 109 per cent for rice and 49 per cent for maize over the same period. Because of the sharp increase in domestic production, imports of wheat and wheat flour have declined in recent years, and maize imports have remained largely unchanged since the mid-1980s. The gross value of production increased in the period 1984/1994 by an average annual rate of 3.5 per cent, roughly in line with the average annual GDP growth of 3.4 per cent.

I. STATE TRADING ENTERPRISES

In Egypt, State trading enterprises (STEs) play a major role in wheat imports and cotton exports. Egypt is one of the largest importers of wheat in the world, and the General Authority of Supply Commodities (GASC) imports about three fourths of Egypt's imports of wheat. GASC is an STE, which is located at the Ministry of Supply and Trade and is designated to carry out the food subsidy programmes in Egypt. It deals with wheat, sugar and edible oils, which are the commodities included in the subsidy programme. GASC bears the responsibility of purchasing domestic wheat as well as wheat imports, both of which go into producing 82 per cent of the flour that is used in baking subsidized *baladi* bread. GASC provides wheat to the public and private sector mills which mill the flour and then distributes the flour to designated public and private *baladi* bread bakeries and warehouses (flour sales outlets). It also regulates the baking of the *baladi* bread. As for cotton, the public sector companies export three fourths of total Egyptian cotton exports. Other cotton products (yarn, fabrics and garments) are also largely exported or imported by STEs. Egypt does not have any import cartels.

III. EXPERIENCE GAINED FROM THE IMPLEMENTATION OF THE URUGUAY ROUND

According to the Ministry of Economy, 90 per cent of Egypt's trade is with WTO member States. WTO membership will not affect Egypt unduly, as its economic reform programme either meets the new guidelines for trade liberalization and the removal of non-tariff barriers or goes beyond them.

In theory, Egypt should benefit from a number of concessions, including improved access to markets of developed countries and a longer period of grace to abide fully by the Uruguay Round Agreement on Agriculture (URAA). Nevertheless, it is generally acknowledged that there will be some negative effects. The prime concern is the likely impact of the removal of subsidies to food producers in developed countries on Egypt's already large food import bill. On the other hand, the removal of agricultural subsidies should help Egyptian agricultural products become more competitive in international markets.

Improved market access, reduced export subsidies and diminished domestic support on the part of industrial countries should positively affect the net-exporting developing countries. From Egypt's perspective as a net-importer, the impact is likely to be negative, since (at least in the short run) trade liberalization is expected to trigger a rise in world prices. However, if changes in world prices are transmitted to domestic producers, the welfare of farmers, small or large, should improve.

There is also concern about the effect of trade liberalization on the long-protected industrial sector, as Egyptian products will need to become more competitive, both in price and quality. Local marketing skills will also need to improve. If the necessary improvements are made, Egypt should enjoy greater opportunities and better prices for its exports of textiles, cotton and food. [4]

A. Reduction of internal support

The agricultural SAP implemented in Egypt has reduced government support for agriculture. Much of the support is being currently provided in the form of general services, although some price support is still in place for such crops as wheat and maize.

Egypt, as all other countries with few exceptions, has reported a zero base total aggregate measure of support (AMS). In the next round of WTO negotiations, there would be an opportunity to implement the "green box" type of policies – supporting income rather than prices.[5]

The Uruguay Round requires the "amber box"[6] subsidies to be reduced 20 per cent over six years for developed countries and 13 percent over ten years for developing countries, as measured by the AMS. Egypt, as all other countries, has met its reduction commitments. No reductions are required for blue or green box[7] domestic subsidies.

Egypt's schedules submitted to WTO do not reflect any domestic support or total AMS reduction commitments. Egypt has never notified such domestic support programmes, neither existing ones nor new or modified ones, among its required periodic notifications to WTO.[8] In any case, Egypt as a developing country is not obliged to reduce domestic support measures that are "an integral" part of its development programmes.

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[4] *Egypt Country Profile 1998-99*, the Economist Intelligence Unit.

[5] N. Chaherli and M. El-Said, "Impact of the WTO Agreement on MENA agriculture", Working Paper No. 2007, Economic Research Forum for the Arab Countries, Iran and Turkey.

[6] Amber box includes most "coupled incentives" with a direct link to current production. Examples include administrated price supports, direct per unit payments and input subsidies.

[7] Blue box includes payments under production-limiting programmes, so long as they are based upon fixed areas and yields and are no more than 85 per cent of the base level of production. Green box includes direct payments decoupled from all production decisions.

[8] Nathan Associates, 1999, "Egypt: obligations and commitments under the GATT/WTO agreements", a report prepared by the DEPRA project for the Government of Egypt.

B. TARIFF REDUCTIONS

As a result of the Uruguay Round negotiations, Egypt bound 100 per cent of agricultural tariff lines compared with only 3 per cent before the negotiations. The overall bound rate, for agriculture is 47.8 per cent in 1998 (112.0 per cent, according to the Uruguay Round definition of agriculture). Egypt's bound tariff rates for agriculture are expected to decline to 27.5 per cent by the end of the implementation period in 2005.

The Government of Egypt introduced some measures in the last two years that reduced restrictions and liberalized the trade regime. First, in 1998 it reduced the maximum tariffs on most products from 50 per cent to 40 per cent and consolidated rates of 35 per cent and 45 per cent to 30 per cent. Second, it lifted the ban on most textiles in early 1998 in compliance with the WTO Agreement on Textiles and Clothing (the remaining import ban on apparel will be eliminated in 2003). Third, the tariff rate on rice imports was reduced from 20 per cent to 5 per cent. Fourth, the Government unified port inspections and testing in one entity in order to reduce the costs of importing and also approved the acceptance of certificates of accredited laboratories abroad. Those measures led to a tariff equivalent reduction in costs of importing.[9] Finally, Presidential Decree No. 429 issued in 2000 introduced tariff modification with respect to some items. Tariffs on raw sugar (cane and beet) for refinement have been reduced from 24 per cent to 5 per cent, and tariffs on pure sugar have been reduced from 24 per cent to 10 per cent.[10]

In addition, the Government has removed quantitative restrictions and many other non-tariff barriers to imports and, during the last several years, has been progressively reducing tariff rates, especially the general maximum rate. During the period 1994-1998, the maximum ad valorem tariff rate was reduced from 70 per cent to 40 per cent, except on poultry, alcoholic beverages, tobacco and cars. The tariff-weighted average was 28 per cent in 1996, down by about 20 percentage points from the 1989 rate. Table 12 summarizes the important tariff reforms that have been made since 1991.

Applied tariffs are, in most cases, considerably lower than bound rates. However, applied tariffs on some agricultural items (representing less than 7 per cent) exceed the current bound rates. The disparities between applied rates and base levels were mainly on dairy products (HS chapter 4) and on prepared and preserved meat and fish (HS chapter 16). See table 13 and annex II for more details.

Tariffs on imports of nearly all capital goods have been eliminated, and tariffs and quantitative restrictions on exports have been removed. The last restriction that was abolished was the effective controls on cotton exports imposed by the State trading monopoly. Administrative procedures for exports also are being streamlined.

There are still high tariffs on nitrogenous and phosphorus fertilizers (30 per cent), in addition to a 5-per cent sales tax. Tariffs on agricultural tractors were raised from 30 per cent in 1986 to 40 per cent in 1994, then reduced to only 10 per cent in 1998, in addition to a sales tax of 10 per cent (see table 14).

TABLE 12. SUMMARY OF IMPORTANT TARIFF REFORMS MADE SINCE 1991

Date	Action taken
2000	Tariff rates on raw sugar for refinement were reduced from 24 per cent to 5 per cent, and from 24 per cent to 10 per cent on pure sugar.
1999	Tariff rate on rice imports was reduced from 20 per cent to 5 per cent.
1998	Tariff rates were reduced by 5 to 10 percentage points, with the maximum rate of 50 per cent lowered to 40 per cent, rates of 45 per cent reduced to 40 per cent, and rates of 40 per cent and 35 per cent both reduced to 30 per cent. Rate changes did not affect those above 50 per cent and below 30 per cent.

[9] Nathan Associates, 2000, *The Economic Analysis of Tariff Reform in Egypt*, Volume II Annexes, a report submitted to USAID, Cairo University, Egypt, pp.1-10.

[10] Ministry of Economy and Foreign Trade, Presidential Decree No. 429, 2000.

TABLE 12 (*continued*)

Date	Action taken
1997	Tariff rates were reduced by 5 percentage points, with the maximum rate at 50 per cent (from 55 per cent); other rates above 30 per cent were reduced by 5 percentage points.
1996	Maximum tariff rate was reduced to 55 per cent (from 70 per cent); other rates were reduced by 10 to 15 percentage points.
1994	Maximum tariff rate was reduced to 70 per cent; tariffs between 30 and 70 per cent were reduced by 10 points; rates below 30 per cent were unaffected.
1993	Tariff rate dispersion was narrowed to a range of 5 to 80 per cent.
1991	Tariff rate dispersion was reduced from a range of 0.7 to 120 per cent to a range of 5 to 100 per cent.

Sources: Nathan Associates, 1999, " Annex: Egypt Export Enhancement Project: Economic analysis of five industries", report submitted to USAID, Cairo. For 1999 and 2000, Ministry of Economy and Foreign Trade, Presidential Decree No. 429, 2000.

TABLE 13. BOUND AND APPLIED TARIFF FOR MAJOR ITEMS
(*Percentage*)

HS code	Item	Before 4 January 1995	2000	Applied 1 January 2000
020710	Poultry	80	70	80
2010	Meat	100	90	50
0301	Live fish	15	12.5	5
0305	Fish, dried	50	45	30
0401	Milk	40	35	30
0603	Cut flowers	80	70	40
070110	Potato seed	15	12.5	5
071340	Lentils	5	5	1
071250	Broad beans	5	5	1
0803	Bananas	80	70	40
0805	Citrus	80	70	40
1001	Wheat	5	5	1
1003	Barley	15	12.5	5
1005	Maize (corn)	5	5	1
1006	Rice	30	25	20
1007	Grain sorghum	15	12.5	5
1101	Wheat flour	10	7.5	5
1201	Soya beans	15	12.5	1
120730	Cotton oil seeds	15	12.5	5
121291	Sugar beet	40	35	20-10
121292	Sugar cane	40	35	20-10

Source: Annex II.

TABLE 14. TARIFFS AND SALES TAX ON IMPORTS OF AGRICULTURAL INPUTS

Item	Tariff rates (*Percentage*)			Sales tax
	1986	1994	1998	
Nitrogenous fertilizer	10	30	30	5%
Phosphorus fertilizer	10	30	30	5%
Potash fertilizer	5	5	5	5%
Pesticides	10	10	10	5%
Tractors	30	40	10	10%
Harvesters	5	5	5	10%

TABLE 14 (*continued*)

Item	Tariff rates (*Percentage*) 1986	1994	1998	Sales tax
Threshers	5	5	5	10%
Partially refined oil	5	5	5	10%
Benzine	5	5	5	43.35 LE/ton
Kerosene	5	5	5	0.01 LE/litre
Solar	5	5	5	0.01 LE/litre
Diesel	5	5	5	0.08 LE/litre
Mazout	5	5	5	0.5 LE/litre
Sulphuric acid	20	20	20	10%
Limonic acid	10	10	10	10%
Sulphur	10	5	5	--

Source: Information and Decision Support Centre, Cabinet of Ministers, Cairo.

C. REDUCTIONS IN APPLIED IMPORT PROTECTION

Nominal and effective rates of protection coefficients were calculated for major crops in Egypt in the periods 1986-1988, 1993-1994 and 1998-1999. The results are presented in table 15, which shows that the major crops (wheat, rice, maize, cotton and sugar cane) were heavily taxed in the period 1986-1988, as the nominal rates of protection ranged between –0.01 to –0.64. With successive price reforms, implicit tax for the studied crops has been reduced. Nominal rates of protection calculated for the period 1998-1999 indicate that maize is .43, whereas those of wheat, rice, cotton and sugar cane are negative.

With respect to competitiveness, as shown in the table, Egypt has a strong comparative advantage in domestic resource cost for wheat, rice and cotton (less than 0.7), is moderately competitive in maize (0.74), but is at a disadvantage in producing sugar cane (greater than 1).

The development of improved short duration wheat varieties and the increased adoption of hybrid maize continue to encourage a shift towards the comparative advantages of those crops, thereby enhancing food security. In the new lands, there is strong advantage for vegetables and fruits and a clear disadvantage for traditional crops such as wheat, maize, berseem and beans.

TABLE 15. NOMINAL AND EFFECTIVE RATES OF PROTECTION COEFFICIENTS AND DOMESTIC RESOURCE COST (COMPARATIVE ADVANTAGE COEFFICIENT) FOR MAJOR CROPS IN EGYPT FOR SELECTED PERIODS

Crop	Nominal rate of protection			Effective rate protection			Domestic resource cost		
	1986-1988	1993-1994	1998-1999	1986-1988	1993-1994	1998-1999	1986-1988	1993-1994	1998-1999
Wheat	-0.07	-0.16	0.39	-0.38	0.14	0.85	0.81	0.60	0.49
Rice	-0.09	-0.28	0.38	-0.49	-0.46	-0.39	0.91	0.49	0.46
Maize	0.43	-0.01	0.33	-0.41	0.0	0.03	1.10	1.08	0.74
Cotton	-0.11	-0.04	-0.04	-0.75	-0.76	-0.77	0.40	0.48	0.54
Sugar cane	-0.64	-0.31	0.13	0.90	-0.36	0.27	2.08	0.41	1.07

Source: Calculated using PAM Spreadsheets from data of the Ministry of Agriculture and Land Reclamation.

D. REDUCTION OF EXPORT SUBSIDIES

Direct export subsidies do not exist in Egypt. Projects of exporting industries that are under the Investment Law No. 8 of 1997 may benefit from duty exemptions on imported inputs (under the temporary admission system) or receive rebates on duties paid on imported inputs at the time of export of the final products (under the drawback system).

Under its commitments to the World Bank, the Government of Egypt has increased energy and cotton procurement prices and has abolished privileges enjoyed by public sector enterprises (subsidized inputs, credit facilities, reduced energy prices and preferential customs rates), thus reducing the indirect subsidization of exports.

Egypt's schedules submitted to WTO do not indicate its maintenance of any "Export Subsidies: Budgetary Outlay and Quantity Reduction Commitments", nor has Egypt ever suggested the existence of such subsidies in any of its tables and notifications to WTO.

E. European Union anti-dumping practices and Egyptian exports

The European Union has become a major proponent of anti-dumping (AD) practices in the world economy. In this regard, the case of Egypt seems to be a good example of the use of AD regulations by the EU as a barrier instrument against foreign exports. The negotiation period of the Egyptian Euro-Mediterranean Partnership Agreement, which started officially in 1995, did not save Egyptian products from the EU's anti-dumping actions. Three AD cases were initiated by the EU: unbleached cotton fabrics (in 1996), cotton bed linen (in 1997) and cotton fabrics (in 1997).[11]

While AD practices by the EU in the field of agriculture have been limited, a potential threat exists in the future for Egypt's agricultural sector. Due to the opening up policy conducted by the EU in agriculture, according to its commitments under the last Uruguay Round, it is likely that the EU will increase its AD petitions against agricultural products.

Since a large number of Egypt's agricultural products are competitive to those of many EU member countries, the AD policy is expected to have a significant impact on its future exports. The likelihood of more AD cases against Egyptian exports will increase with the enlargement of the EU by the potential membership of the countries of central and eastern Europe, whose agricultural productivity is relatively inefficient and whose exports will be similar to those of Egypt to the European Union. The negative implications of the current and expected AD policy of the EU can seriously undermine the essence of the Euro-Mediterranean Partnership Agreement with Egypt. The use of AD measures creates a potential threat that could result in the withdrawal of the preferential duty-free access of Egyptian exports to EU markets.

F. Impact of sanitary and phytosanitary standards on Egypt's Exports

The use of sanitary and phytosanitary (SPS) regulations as trade barriers has been a problem for Egypt. In 1996, EU adopted an SPS regulation on brown rot as a way to keep Egyptian potatoes out of the EU market. At the same time, other countries exporting potatoes to Europe were not affected, even though their potatoes also had brown rot. In addition, potato brown rot exists in many areas in Europe and there are no restrictions within Europe on the movement of potatoes from infected to non-infected areas.

A survey of 92 developing countries, conducted by Henson and Associates, reveals that SPS requirements for exports were most important in the EU and least important in Canada and Japan, among the major developed countries. SPS rules and their application are considered to be a critical trade issue and even more important than other trade restrictions on the exports of developing countries, including transport costs, tariffs or quantitative restrictions. They are also more important for the EU than for other destinations.

Since the EU is such an important market for Egyptian agricultural exports, SPS issues must be placed near the top of the list of Egypt's agricultural export interests. There is overwhelming evidence that there is a very strong need for tightening SPS regulations and implementation procedures. Egyptian negotiators should make it a high priority to increase transparency in the implementation of regulations and it would be worthwhile for Egypt to seek technical assistance in dealing with the SPS issue.

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[11] A. F. Ghoneim, 2000, "Anti-dumping practice under the GATT and the European Union Rules: prospects for the Egyptian-European Partnership Agreement", in H. Nassar and A. Aziz. (eds.), *Egyptian Exports and Challenges of the 21st Century*, Centre for Economic and Financial Research and Studies, Cairo.

In addition to negotiating changes in the European or American application of SPS regulations, Egyptian exporters must improve their systems of quality assurance. For example, use should be made of a private sector proposal designed to assure quality control for potato exports, with the checks running from the seed and farm field to packing and the export container. A high level of quality control will be essential in the future if Egypt is to be able to compete effectively in the EU market.

G. STANDARDS AND OTHER TECHNICAL REQUIREMENTS

1. *Standards*

The Egyptian Organization for Standardization and Quality Control is responsible for setting standards, while verification of compliance is the responsibility of agencies affiliated to different ministries, including the Ministry of Agriculture and Land Reclamation, the Ministry of Health, the Atomic Energy Authority and, for imported goods, the General Organization for Export and Import Control (GOEIC) in the Ministry of Trade and Supply. Importers are required to inform the GOEIC about the standards applicable to imported goods, prior to importation. In 1997, there were around 1,000 standards in Egypt, of which 107 were mandatory. A considerable portion of the mandatory standards are concerned with food products.

Despite the stepped-up efforts to improve the conformity of Egyptian standards with international standards, only 25 to 30 per cent of Egyptian standards do so.

Sanitary certificates are required for a number of products; and plant and animal products are subject to inspection by the Central Administration for Plant and Veterinary Quarantine.[12]

2. *Quality control measure*

A number of previously banned items, including live animals and poultry, eggs and tobacco, were moved to a mandatory quality control list. The quality control list has been expanded, rising from 69 items in 1992 to 182 in 1998. The list covers a wide range of categories, including foodstuffs and others. Inspections are carried out by the GOEIC at set fees. Egypt is currently reviewing the system of mandatory standards. Quality control standards for exports are also applied to a number of products, including flax fibres, citrus fruit and juices and frozen and canned vegetables.

3. *Non-tariff import restrictions*

Product specification (Egyptian Standard No. 1522 of 1991 concerning inspection of imported frozen meat) requires that meat imported for direct consumption contain no more than seven per cent fat. In the view of some exporting countries, this level is considered so low that it could be a barrier to trade.

In June 1997, Egypt lifted the ban on poultry imports, developed specific standards and set an 80 per cent tariff. However, there is still a ban on imports of poultry parts unless they are derived from poultry slaughtered according to Islamic *shari'ah.*

A decree recently issued by the Ministry of Trade and Supply requires, inter alia, that the name and address of the Egyptian importer be included on the label, which must be attached to each package. That information often may not be available at the time the product is packed.

All imported goods are required to have a label on each package in Arabic stating the brand and type of the product, country of origin, date of production and expiry date, and any special requirements for transportation and handling of the product.

Some items, including meat, fruit and vegetables, were added to the list of commodities requiring inspection for quality control before importation. Agricultural commodities have been subject to quarantine inspection. Five Egyptian ministries or agencies make rules for agricultural imports and issue permits

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[12] WTO, 1999, "Trade policy review, Egypt", report by the WTO Secretariat.

(Agriculture, Health, Economy, Industry and Scientific Research). Recently, to save time, a one-stop shop was established under the authority of the Ministry of Economy and Foreign Trade to apply the rules of all ministries simultaneously.

H. TARIFF QUOTAS

Egypt does not apply any tariff quotas.

I. VARIABLE IMPORT LEVIES

Egypt does not have any variable import levies.

J. OTHER CHARGES AFFECTING IMPORTS (GENERAL SALES TAX)

A sales tax is levied on a number of imported and locally produced goods and services. The General Sales Tax introduced by Law No. 11 of 1991 and put into effect in 1992 stipulated levied rates of 5 per cent and 25 per cent on goods and 5 per cent and 10 per cent on services. The 30 per cent rate that had been levied on goods was removed, and a number of goods that had been subject to rates of 20 per cent and 30 per cent are now charged a sales tax of 25 per cent. Essential commodities such as basic foods are exempted from the sales tax. Food goods exempted from sales tax include: dairy products; vegetable oils (subsidized); milled products, except imported super or leavened flour; preserved, processed or prepared meat items; processed or prepared fish, except smoked fish and caviar and its substitutes; canned, fresh, frozen or preserved vegetables, fruits, legumes, grains, seeds, salt and other spices and condiments, except those imported; sesame (sweet and sauce) and *halawa tahiniyya*; food products sold to restaurants and the non-tourist industry; subsidized bread; macaroni made of ordinary flour; waste produced by the food; imported flour, fine or leavened flour (which used to be taxed 5 per cent); and macaroni made of semolina (which used to be taxed 5 per cent). Food goods taxed at 5 per cent include: all products made of flour and kneaded confectionery, other than subsidized bread; and coffee, including roasted, decaffeinated, husk and shuck of coffee and coffee substitutes containing any coffee.

K. IMPORT RESTRICTIONS AND LICENSING

1. *Import prohibitions and restrictions*

Among products subject to import bans, mainly for health and safety reasons, are a number of agricultural products, such as plants, animal hides and live animals. A previous ban (non-tariff barriers) on imports of whole poultry products was eliminated in July 1997 and replaced with a tariff rate of 80 per cent, reduced to 70 per cent in 1999. The ban on most textiles was lifted in early 1998 in compliance with the WTO Agreement on Textiles and Clothing and the remaining import ban on apparel will be eliminated in 2003.

2. *Import licensing*

Licences and prior approval for imports are no longer required.

L. IMPORT QUOTAS

Egypt has no import quotas.

M. BALANCE-OF-PAYMENTS RESTRICTIONS

Egypt revoked GATT Article XVIII-B on 30 June 1995 and made a commitment to remove its remaining conditional import prohibitions on fabrics and on apparel and made-ups no later than 1 January 1998 and 1 January 2002, respectively. The ban on fabrics was lifted in 1998 and tariffied at 54 per cent. Egypt's last consultation with WTO on balance-of-payments restrictions was held in June 1995.

N. Intellectual Property Rights in Agriculture

Conforming to the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) as quickly as possible is very important for Egypt. A draft law on intellectual property rights has been submitted by the Government of Egypt to the People's Assembly. Chapter 4 in the draft law deals with plant variety protection (PVP) (see annex IV).

According to this draft law, all farmers are granted the right to use saved seeds for replanting on their own lands. This allows farmers to maintain their traditional practice of saving seeds without paying royalties, even when they are using seeds of new varieties developed and protected by local researchers. The draft law gives authority to the Minister of Agriculture and Land Reclamation to decree which crops benefit farmers' privilege.

However, in order for the draft Egyptian law to conform with the stipulations of the International Union for the Protection of New Varieties of Plants (UPOV), it does not allow farmers to multiply and sell seeds of protected varieties without paying royalties—i.e., it does not allow them to set up a small seed pirating business. Note that current Egyptian law prohibits the selling of seeds without a commercial licence (Law No. 53/1966, article 56).[13]

The Council of UPOV has already examined the draft Egyptian law and the corresponding decree and found that they would bring Egypt's legislation on the protection of plant varieties into full conformity with the 1991 Act of the UPOV convention. The Council, in its letter to the Ministry of Agriculture and Land Reclamation in September 2000, stated that the Government of Egypt may, therefore, deposit an instrument of accession once the law has been enacted.[14]

O. Egypt's Trading Partners and Related Trade Agreements

1. *The Euro-Mediterranean Partnership Agreement*

Egypt signed the Euro-Mediterranean Partnership Agreement (EMA) in initial letters in January 2001. It follows the agreement signed in 1995 between the EU and Tunisia and Morocco and its basic objectives are to (i) support economic growth and integration throughout the Mediterranean region, (ii) achieve free trade in manufactured goods between the EU and Egypt, and (iii) grant preferential access to agricultural products. The Agreement offers a framework for significant increases in the export of fruits and vegetables to the European market. In recent years, fruits and vegetables accounted for 35 per cent of Egypt's total agricultural exports and vegetables accounted for 88 per cent of Egypt's agricultural exports to Europe. On the import side, imports only accounted for 0.25 per cent of the EU's total agricultural imports (Cassing et al, 1998).

The Agreement seeks to establish a free trade area for industrial products over a 12-year period. However, agricultural trade is given a special status, since exports to the European market are handled through preferential access clauses in the Agreement. The last version of the Agreement included increasing the quotas and widening the seasonal windows for Egyptian exports (see table 16 and annex III). Continuing restrictions on Egypt's access to the EU agricultural market are the most important barriers restricting expansion of Egypt's agricultural exports. Egypt tends to have comparative advantages, mainly in fruits and vegetables, but these products receive only limited access to the EU market.

As for processed food exports, in which Egypt also has comparative advantage, tariff escalation remains an important barrier to their entry to the EU. There tend to be higher tariffs on manufactured food than on the raw agricultural products. This is an issue that Egypt should put on the negotiating table, given its comparative advantage in processed products.

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[13] L. Kent, 2000, "Plant variety protection in Egypt: using breeders' rights as a stimulus to agricultural development", a policy brief, RDI.

[14] A letter from the Secretary-General of the UPOV to Dr. Yousef Waly, the Minister of Agriculture and Land Reclamation, dated 22 September 2000.

Access to European agricultural and food markets has been more restricted. The EU, through its Common Agricultural Policy (CAP), has extensively used trade instruments, such as variable levies and export subsidies, to restrict foreign access to the European market.

The Partnership Agreement, involving unilateral tariff reform and tariff elimination, has been studied by a number of researchers, in terms of its impact on the Egyptian economy. In this regard, Konan and Maskus (1995)[15] assembled a computable general equilibrium (CGE) model of the Egyptian economy, using benchmark data keyed to the 1989/1990 input-output table. The results indicate that tariff reform (i.e., setting a uniform tariff rate of 10 per cent) alone could raise Egyptian economic welfare by 0.5 per cent of the benchmark GDP. An agreement with the EU that does not provide further market access in agriculture and textiles could worsen Egyptian welfare, both through trade diversion and the need to raise other tax rates. The authors concluded that the greatest welfare gains are to be had from initially removing the distortion in indirect tax rates (making them uniform across sectors) and then engaging in trade liberalization (see table 17).

TABLE 16. QUOTAS AND SEASONAL WINDOWS OF MAJOR ITEMS OFFERED BY THE EUROPEAN UNION TO EGYPT UNDER THE PARTNERSHIP AGREEMENT COMPARED TO EXISTING PROTOCOL

	Existing preference 1977-1997		Partnership Agreement	
Product	Quantity (*tons*)	Calendar	Quantity (*tons*)	Calendar
Cut flowers	NI	NI	3 000	1/10–15/4
Potatoes	109 670	1/1–31/3	250 000[a/]	1/1–31/3
Fresh onions	12 120	1/2–31/3	15 000	1/2–15/6
Dried onions	5 880		16 000	
Leguminous vegetables	7 680	1/11–30/4	20 000	1/11–30/4
Garlic fresh	NI	NI	3 000	1/2–15/6
Frozen vegetables		15/8–30/4	3 000	
Sweet potatoes	NI	NI	3 000	
Fresh or dried oranges	7 840	1/1–31/3	50 000	12/1–31/5
Table grapes, fresh		1/2–30/6		1/2–15/7
Frozen fruit and nuts	NI	NI	3 000	
Molasses	NI	NI	350 000	
Fruit juices	NI	NI	1 000	
Rice	32 000		32 000	
Frozen and preserved vegetables			3 000	

Source: Annex III.

Note: NI indicates not included.

a/ Quota as of the third year.

The general equilibrium simulation conducted in 1999[16] reveals that the EU-Egyptian agreement would result in increased exports from Egypt to the EU. Overall Egyptian welfare improvement related to major agricultural export products also increases, although the large relative increase in exports translates into a relatively small increase in total welfare. However, all of the increase in welfare arises from producer surplus, whereas consumer surplus does not increase and may even decline. The results of the simulation also suggest that net welfare gains from lowering domestic tariffs are positive but smaller than the gains from removing European barriers to trade.

[15] D.E.Konan, and K.E. Maskus, 1995, " Prospects for trade cooperation between Egypt and the EU: a computable general equilibrium analysis", unpublished report, Department of Economics, University of Hawaii.

[16] Nathan Associates, 1999, "Egyptian food exports and European Union/Egyptian trade policies", report submitted to the Cairo office of the United States Agency for International Development.

TABLE 17. EGYPT'S TRADE POLICIES AND TRADE PARTNERS' POLICIES IN TERMS OF THEIR IMPACT ON THE EGYPTIAN ECONOMY

	Bigger gains	More damaging
Own policies	Implementation of much more stringent quality control of Egypt's exports. Strengthen transport and cold-storage and finance facilities. Remove the distortions in indirect tax rates.	Distortions in the economy in general and implicit tax on exports, in particular relative to tariffs.
Partner's policies	Stricter scientifically based SPS definitions and implementation, and more transparency in EU rules. Liberalization of agricultural trade (relaxation of non-tariff barriers).	Tough SPS regulations. Non-tariff barriers to trade, particularly in the EU. Misuse of anti-dumping practices by the EU (the textile cases).

2. *The Common Market for Eastern and Southern Africa*

In 1998, Egypt became a member in the Common Market for Eastern and Southern Africa (COMESA), which exposes Egypt to 19 new markets in Africa, with more than 350 million consumers. Since October 2000, zero-rate tariffs have been implemented for intra-COMESA trade, with a Customs Union to take effect in 2003. With expected competition from southern Africa, Egypt is forced to improve product quality and shipping facilities to bolster competitiveness and productivity and meet the anticipated increase in intra-regional trade. The first step in this direction was taken in August 1999, when the first direct maritime route to eastern Africa was established. The new shipping line will link the Suez Port to the eastern African borders of Mombasa, Kenya and Djibouti.

3. *Free trade zones*

Egypt's involvement in free trade zone agreements includes the following:

(a) The Egypt-Tunisia Free Trade Zone was created in 1998. It exempts 58 Egyptian and 42 Tunisian products from customs duties and a gradual exemption for all other items by 2007. A 20 per cent reduction in custom duties was also granted to a group of other commodities for five years;

(b) The Egypt-Turkey Free Trade Zone was also signed in 1998. It is intended to boost trade, investment ties and cooperation by using Turkey as a gateway for Egyptian products into European markets. In turn, Egypt will serve as a gateway for Turkish commodities to the Middle East and Africa;

(c) Free trade zones have also been created on a bilateral basis between Egypt and Jordan, Lebanon, the Libyan Arab Jamahiriya, Morocco and the Syrian Arab Republic;

(d) In May 1998, Egypt and the United States agreed to begin talks on a Trade and Investment Framework Agreement (TIFA), which is expected to be an intermediary step leading to strategy talks on a free trade agreement in the future;

(e) In January 1998, Egypt began implementation of the Greater Arab Free Trade Agreement (GAFTA), reached with member countries of the League of Arab States in connection with the Arab Common Market Treaty of the 1960s. According to this agreement, tariffs will be phased out over a 10-year period, starting 1 January 1998. An agricultural agenda and rules of origin are among the topics that are still subject to negotiation among the 14 Arab countries that signed the Agreement.

IV. QUANTITATIVE EVALUATION OF POLICY OPTIONS, TRADE-OFFS AND STRATEGIES

A. COMPUTABLE GENERAL EQUILIBRIUM MODEL

Since we do not intend to apply a computable general equilibrium (CGE) model, we present here the main conclusions of two research works that have addressed the potential impact of trade liberalization, including agriculture, on the Egyptian economy.

1. *A country-specific model*

A country-specific CGE model was used by Chaherli and El-Said[17] to quantitatively examine the broad economic effects of agricultural and manufacturing trade liberalization in Egypt. Given that agriculture plays an important role in the Egyptian economy, CGE provides a comparative advantage in assessing the impact of agricultural trade liberalization on the agriculture sector, its structure, welfare and income distribution. The agricultural sector is more desegregated relative to other sectors, and the model distinguishes between rural and urban household groups. Two trade liberalization simulations under different model assumptions were implemented. The first simulates the impact of trade liberalization by reducing the applied tariff rates on all agricultural commodities by 25 per cent. The second extends the tariff reductions from the first simulation to include manufacturing. Table 18 shows the main results. As a result of lower import prices of products, the first simulation indicates that rural households experience a loss, while urban households typically gain. Trade volumes, imports and exports expand as a result of lower tariffs. However, the expansion of agricultural imports outweighs that of exports and the end result is a real exchange rate depreciation to maintain the fixed current account deficit, which increases exports and reduces imports. Net food and agricultural imports increase, and the agricultural terms of trade deteriorate. In the second simulation, the effect of trade liberalization on household, covering agriculture and manufacturing, is similar to that in the first simulation. The volume of trade further expands with the exchange rate slightly appreciating to maintain the current account deficit (-0.1 per cent), which boost imports compared to the first simulation.

TABLE 18. AGRICULTURAL TRADE LIBERALIZATION SIMULATION RESULTS FOR A CGE MODEL FOR EGYPT

	Base	(1)	(2)
Real per capita household consumption			
Rural households	2 465.3	-0.3	-0.3
Urban households	4 318.1	0.4	0.4
Foreign trade (*US dollars*)			
Imports	15 565.3	0.2	1.1
Exports	5 345	0.3	1.3
Net food and agricultural imports			
Imports	2 885.0	2.2	2.8
Exports	372.5	4.3	6.8
Net other goods and services imports			
Imports	2 680.3	-0.2	0.8
Exports	4 972.5	0.2	1.1
Real GDP at market prices	257.6	0.1	0.0
Agricultural terms of trade	100	98.5	98.6
Real exchange rate	1.0	0.4	-0.1

Source: N. Chaherli and M. El-Said, "Impact of the WTO Agreement on MENA agriculture", Working Paper No. 2007, Economic Research Forum for the Arab Countries, Turkey and Iran.

Notes: (1) First simulation: reduces applied tariff rates on agricultural commodities by 25 per cent.
(2) Second simulation: extends tariff reduction to include manufacturing.

[17] N. Chaherli and M. El Said, "Impact of the WTO Agreement on MENA agriculture", Working paper No. 2007, Economic Research Forum for the Arab Countries, Turkey and Iran.

2. *An economy-wide model*

To explore the potential effects of shifts in Egyptian foreign trade policy towards a higher degree of trade liberalization on the economy, Khair El-Din et al used an economy-wide CGE model.[18] The results show that reducing tariff rates alone is inadequate to stimulate economic activity or competitiveness. However, the elimination of both tariffs and indirect taxes in the free trade experiment have substantial real and distributional effects on the overall level of efficiency and on the relative structure of price incentives. With higher degrees of trade openness and supply response, exports in general increase. This is accompanied by an improvement in the agricultural terms of trade. Unemployment rates fall. The results also show that both free trade and devaluation have favourable effects on the performance of the economy. However, to realize their full potential, foreign trade policies on free trade must be associated with complementary macroeconomic and sectoral adjustment policies.

B. AGRICULTURAL SECTOR MODEL FOR EGYPT

In order to analyse the impact of trade liberalization and to explore options for the future, a mathematical programming model of Egypt's agricultural sector (ASME) was developed and used.[19] The model, which is a static partial equilibrium model, simulates competitive market equilibrium behaviour through maximization of the sum of consumer and producer surplus across markets. Commodity prices, production, consumption, imports and exports are all endogenous, and the model is able to simulate market responses to changes in the economic environment, including those induced by trade liberalization policies.

The objective function of the model is thus to maximize the net consumer/producer surplus of agricultural commodities consumed by households, including crop and crop-based commodities and livestock commodities. It consists of demand and supply functions (in the form of costs). Equilibrium (maximal) prices, quantities (from the optimal solutions) and shadow values are calculated by the model. Demand functions in the model are for agricultural consumer commodities and are determined endogenously, using data introduced in the model concerning the base-year prices and quantities (domestic, import and export), as well as estimates of the own-price market demand elasticity for each commodity.[20]

The model includes a detailed regional specification of agricultural production, by region, soil conditions and project (i.e., Nile Valley, Upper Egypt, Middle Egypt, Fayoum, Eastern, Middle and Western Delta and the New lands; sandy soils, canal fed; clay/calciferous soils, canal fed; sandy soils, groundwater fed; the El-Salam Canal Project in Sinai and theToshka-Owynat East Project). There are 37 different types of cropping activities, with three water treatments and three planting dates each. Five types of livestock are included (buffalo, cattle, sheep and goats, broiler chickens and laying hens); and buffalo and cattle are divided into breeding and fattening units. The breeding units produce milk and calves, and calves not reared for replacements can be sold for veal or fattened into one-, two- or three-year old animals. Draft animals (donkeys, horses and camels) are included in the model on an exogenous basis to ensure that their feed and labour requirements are met. The processing of agricultural commodities is also included in the model, and many of those activities generate by-products for livestock feed.

The major resource constraints in the model are monthly land and labour supplies by region, an annual water constraint, seasonal feed requirements for livestock, technical constraints on crop rotations and maximum feasible areas for some individual crops (e.g., rice). Additionally, all markets are required to clear, whether they are markets for intermediate commodities, like calves or livestock feeds, or wholesale or retail markets for final products.[21]

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[18] H. Khair El-Din, T. Moursi and N. El-Megharbel, 1996, " Macroeconomic and sectoral effects of trade liberalization policies in Egypt: a general equilibrium approach", in Hanaa Kheir El-Din (ed.), *Implications of the Uruguay Round on Arab Countries*, Dar Al-Mostaqbal Al-Arabi.

[19] The ASME model was developed and used in its early version by P. Hazell, N. Perez, G. Siam and I. Soliman in 1994 and updated recently for the Ministry of Agriculture and Land Reclamation by a team of researchers, including the author.

[20] J. E. Keith et al, 1999, "Review of the agricultural sector model of Egypt (ASME 97): 1999 version", Report No. 27, submitted to the Cairo office of the United States Agency for International Development.

[21] P. Hazell, N. Perez, G. Siam, and I. Soliman, 1994, "Effects of deregulation of the agricultural production sector for food availability and resource use in Egypt", a study prepared by IFPRI and submitted to USAID/Egypt.

To use the ASME model for exploring the impact of further liberalization of agricultural trade, tariffs on imports of agricultural products were removed. This was done by setting a tariff equal to zero at calculating the import parity prices for importable commodities. At the same time, the constraint that restricts wheat and maize imports at the current level (i.e., in the base solution) was removed. The results of this scenario with respect to some agricultural sector indicators are presented in table 19. The total welfare (i.e., the sum of consumer and producer surpluses) increases by 22 per cent of the base solution. However, all the increase occurs in the consumer surplus, as the producer surplus decreases drastically. It should be born in mind that the model does not take into consideration that the consumers are already enjoying subsidized prices for major food commodities (wheat, sugar and edible oils), which protects the consumers from the negative effects of imposing trade restrictions.

TABLE 19. IMPACT OF LIBERALIZATION POLICIES ON SOME AGRICULTURAL SECTOR INDICATORS: ASME MODEL RESULTS

Sector indicators	Unit	Base solution	Liberalization of agricultural trade	Liberalization of trade in fertilizers and pesticides	Elimination of domestic support for wheat price –23 per cent
			Percentage of the base solution		
Consumer surplus	LE million	51 593	133.3	89.9	95.5
Producer surplus	LE million	6 967	35.5	139.7	85.5
Consumer and producer	LE million	58 560	121.7	95.9	94.3
Areas of major crops					
Fruits	'000 feddan	925	122.2	93.0	99.8
Cotton-ELS	'000 feddan	321	106.2	44.2	101.6
Cotton-LS	'000 feddan	1 003	131.3	61.6	106.0
Maize	'000 feddan	2 041	60.5	149.3	103.4
Rice	'000 feddan	1 768	102.0	89.5	101.0
Sorghum	'000 feddan	514	65.4	110.1	100.4
Sugar	'000 feddan	389	110.0	86.9	99.7
Vegetables	'000 feddan	993	106.4	89.3	100.1
Wheat	'000 feddan	1 096	0.0	220.1	57.5

Source: Results of ASME mode model runs.

C. PARTIAL EQUILIBRIUM ANALYSIS FOR SOME POLICY OPTIONS

1. *Domestic price policy*

At present, Egypt sets a procurement price for domestic wheat and imports world market wheat regardless of the price. The two markets are treated separately. In the past, the domestic price was lower than the import price. However, import prices today are considerably less than domestic prices. Using the United States Gulf prices of 1999 adjusted for shipping to Egypt, the nominal protection rate is about 44 per cent – which means that imported wheat is now about 44 per cent cheaper than domestic wheat at the official procurement price.

The total subsidy cost of wheat is about LE 2.108 billion, paid to producers and consumers in the form of price differences. The total amount of wheat administered by the Government and used for subsidized bread is 7 million tons, comprised of 5 million tons imported and 2 million tons procured from local production. The subsidized price for wheat flour is only LE 290 per ton or LE 237.8 per ton (with an extraction rate of 82 per cent). The Government pays LE 689 per ton as procurement price, while the world price at farm is LE 479 per ton. Therefore, the price difference in the case of locally procured wheat (with price support) is LE 451.2 per ton and in the case of imported wheat is LE 241.2 per ton. Payment (support) to farmers and consumers of subsidized bread amounts to LE 902 million and LE 1206 million, respectively, representing 42.8 per cent and 57.2 per cent, respectively, of the total payments.

The partial equilibrium model was used to analyse the impact of removing the price support provided to wheat growers, in the form of a government floor price for voluntary procurement that is higher than border price. To run the model, equivalent border price was calculated at the farm-gate to be comparable to the farm-gate price. Elasticities of supply and demand for wheat were introduced at 0.53 and –0.4, respectively. Wheat production and consumption at the current prices were introduced at their actual levels of 6.35 and 11.51 million tons, respectively. The results are presented in table 20.

The base run deals with the welfare impact of procurement price policy at the situation current in 1999. While the world price at the farm is LE 479.11 per ton calculated at the shadow exchange rate, the farm-gate price for wheat is LE 689.33 per ton, which means a nominal protection coefficient of 1.44. As the results of analysis show, this situation benefits the producers with welfare gains of LE 1226 million and hurts consumers with (negative) welfare gains of LE 2272 million. There are net economic losses on both the production and consumption sides—LE 108 million in the former and LE 148 million in the latter.

As for the second scenario, welfare impact was analysed, taking into consideration an alternative policy option under which the procurement price (the farm-gate price), is reduced to LE 579.11 per ton (16 per cent less than the base price). The nominal protection coefficient is thus 1.21. Under this scenario, welfare gains of both producers and consumers are reduced by 51 per cent.

Net economic loss in both production and consumption is smaller than in the base. This is, of course, explained by the reduced protection and the lower price distortion. However it should be born in mind that changes in world prices play an important role in this analysis. Increase in wheat world prices, given other constants, would lead to reducing protection (distortion) in the domestic market. This increase in wheat world price is expected to happen particularly under WTO commitments, with respect to export subsidies and domestic support. This scenario is examined in the next section.

Partial equilibrium analysis is also conducted for maize under similar scenarios. Maize is imported with a low tariff (only 1 per cent), but the procurement price is supported to encourage its production for the purposes of food security. Results of the analysis are presented in table 21.

2. *Impact of increase in world prices on welfare and food security*

The level and variability of world prices of wheat as the main staple food commodity are of major concern to Egypt, given its large import bill and the policy of maintaining subsidized bread and wheat flour at fixed prices. In this section, the partial equilibrium model is used to measure the impact of the increase in world prices on the welfare of producers and consumers, given that the procurement price is fixed.

In this scenario, the world price of wheat is increased by 30 per cent. It is assumed that the international price increases are transferred to domestic prices. The initial increases in the international wheat prices are translated into equivalent increases in domestic prices.

The results of this scenario are reported in table 20 under the scenario 4 column. The nominal protection coefficient decreases from 1.44 in the base run to 1.12; however, production remains unaffected, owing to the procurement price being higher than the world price equivalent. The welfare gain of producers decreases by 64 per cent, while the welfare gain of consumers increases by the same percentage.

On the consumption side, the consumers of subsidized bread will remain unaffected by the increase in the world price, since the Government keeps the subsidized price at a fixed level. Naturally, the Government surplus declines, as it maintains fixed consumer prices for subsidized bread and flour. However, the welfare of consumers of non-subsidized bread declines as a result of world price increase, particularly with high farm-gate prices led by procurement price.

However, because the Government keeps the wheat procurement price significantly higher than the world price at the farm, the increase in the world price would not transfer to farm-gate prices. Thus, wheat production would not be affected as long as changes in the world prices are within the range between the world price at farm and the farm-gate procurement price (upper limit).

As for maize, results under scenario 2 in table 21 present a welfare analysis of the world price increasing by 30 per cent. If world prices prevail, domestic production of maize would be less than the existing level, since the Government would keep the procurement price at a higher level. Contrary to the case of wheat, an increase in the world price of maize will not result in an additional burden on the public budget. This is because most of the imported maize (about 3 million tons) is imported by the private sector.

TABLE 20. ESTIMATING EFFICIENCY, WELFARE AND REVENUE EFFECTS OF THE IMPORT TARIFF FOR WHEAT

Steps		Unit	Base year 1999	Scenario 1	Scenario 1/ Base year	Scenario 2	Scenario 2/ Base year	Scenario 3	Scenario 3/ Base year	Scenario 4	Scenario 4/ Base year
1	Domestic price (Pd)	LE/ton	689.33	527.02	76%	689.33	100%	579.34	84%	689.33	100%
2	World price at US Gulf (Pf)	US$/ton	112.06	112.06	100%	112.06	100%	112.06	100%	145.68	130%
3	Equilibrium exchange rate (EER)	LE/US$	3.93 a/	3.93	100%	3.41	87%	3.93	100%	3.93	100%
4	Border price (Pb)	LE/ton	479.11 b/	479.11	100%	410.08	86%	479.11	100%	617.51	129%
5	Nominal protection coefficient (NPC)	Ratio	1.44	1.10	76%	1.68	117%	1.21	84%	1.12	78%
6	Tariff rate (t)	Rate	0.44	0.10	23%	0.68	155%	0.21	48%	0.12	27%
7	Modified tariff (t')	Rate	0.30	0.09	30%	0.41	133%	0.17	57%	0.10	34%
8	Elasticity of supply (esd)	Ratio	0.53	0. 53	100%	0.53	100%	0.53	100%	0.53	100%
9	Elasticity of demand (nd)	Ratio	-0.40	-0.40	100%	-0.40	100%	-0.40	100%	-0.40	100%
10	Elasticity of supply if Pb prevailed (esb)	Ratio	0.44	0.51	115%	0.40	91%	0.48	110%	0.50	114%
11	Elasticity of demand if Pb prevailed (nb)	Ratio	-0.25	-0.35	142%	-0.20	83%	-0.31	125%	-0.34	139%
12	Production at protection	Million tons	6.35	6.35	100%	6.35	100%	6.35	100%	6.35	100%
13	Production if Pb prevailed	Million tons	5.32	6.04	114%	4.98	94%	5.76	108%	6.00	113%
14	Consumption at protection	Million tons	11.51	11.51	100%	11.51	100%	11.51	100%	11.51	100%
15	Consumption if Pb prevailed	Million tons	12.91	11.93	92%	13.38	104%	12.31	95%	11.99	93%
16	Value of domestic production (with tariff) at domestic prices (V')	LE Million	4 375	3 345	76%	4 375	100%	3 677	84%	4 375	100%
17	Value of domestic production (with tariff) at domestic prices (V)	LE Million	3 041	3 041	100%	2 603	86%	3 041	100%	3 919	129%
18	Value of domestic consumption (with tariff) at domestic prices (W')	LE Million	7 935	6 066	76%	7 935	100%	6 669	84%	7 935	100%
19	Value of domestic consumption (with tariff) at border prices (W)	LE Million	5 515	5 515	100%	4 720	86%	5 515	100%	7 108	129%
	Welfare and revenue effects, given an import tariff:										
20	Net economic loss in production (NELp)	LE Million	108	7	7%	190	176%	29	27%	13	12%
21	Net economic loss in consumption (NELc)	LE Million	-148	-10	7%	-260	176%	-40	27%	-17	12%
22	Welfare gain of producer (WGp)	LE Million	1 226	297	24%	1 582	129%	607	49%	443	36%
23	Welfare gain of consumer (WGc)	LE Million	-2 272	-541	24%	-2 954	130%	-1 114	49%	-809	36%
24	Change in Government revenue (Δ GR)	LE Million	1 086	247	23%	1 442	133%	518	48%	371	34%
25	Change in foreign exchange (Δ FE)	LE Million	-1 164	-347	30%	-1 324	114%	-660	57%	-513	44%

Source: Annex V, table 1.

a/ Shadow exchange rate.
b/ Border price equivalent at the farm.

TABLE 21. ESTIMATING EFFICIENCY, WELFARE AND REVENUE EFFECTS OF THE IMPORT TARIFF FOR MAIZE

Steps		Unit	Base year 1999	Scenario 1	Scenario 1/ Base year	Scenario 2	Scenario 2/ Base year
1	Domestic rice (Pd)	LE/ton	605.00	517.42	86%	605.00	100%
2	World price at US Gulf (Pf)	US$/ton	90.15	90.15	100%	117.19	130%
3	Equilibrium exchange rate (EER)	LE/US$	3.93	3.93	100%	3.93	100%
4	Border price (Pb)	LE/ton	429.83	429.83	100%	552.89	129%
5	Nominal protection coefficient (NPC)	Ratio	1.41	1.20	86%	1.09	78%
6	Tariff rate (t)	Rate	0.41	0.20	50%	0.09	23%
7	Modified tariff (t')	Rate	0.29	0.17	58%	0.09	30%
8	Elasticity of supply at protection point (esd)	Ratio	0.38	0.38	100%	0.38	100%
9	Elasticity of demand (nd)	Ratio	-0.70	-0.70	100%	-0.70	100%
10	Elasticity of supply if Pb prevailed (esb)	Ratio	0.30	0.34	111%	0.36	118%
11	Elasticity of demand if Pb prevailed (nb)	Ratio	-0.41	-0.52	126%	-0.60	146%
12	Production at protection	Million tons	5.44	5.44	100%	5.44	100%
13	Production if Pb prevailed	Million tons	4.84	5.09	105%	5.26	109%
14	Consumption at protection	Million tons	8.43	8.43	100%	8.43	100%
15	Consumption if Pb prevailed	Million tons	10.13	9.43	93%	8.93	88%
16	Value domestic production (with tariff) at domestic prices (V')	LE Million	3 290	2 813	86%	3 290	100%
17	Value dom. production (without tariff) at border prices (V)	LE Million	2 337	2 337	100%	3 006	129%
18	Value dom. consumption (with tariff) at domestic prices (W')	LE Million	5 098	4 360	86%	5 098	100%
19	Value dom. consumption (without tariff) at border prices (W)	LE Million	3 622	3 622	100%	4 659	129%
	Welfare and revenue effects, given an import tariff:						
20	Net economic loss in production (NELp)	LE Million	52	15	29%	5	9%
21	Net economic loss in consumption (NELc)	LE Million	-150	-44	29%	-13	9%
22	Welfare gain of producer (WGp)	LE Million	900	461	51%	279	31%
23	Welfare gain of consumer (WGc)	LE Million	-1,327	-694	52%	-426	32%
24	Change in Government revenue (/\ GR)	LE Million	524	262	50%	156	30%
25	Change in foreign exchange (/\ FE)	LE Million	-991	-580	58%	-379	38%

Source: Annex V, table 2.

V. POLICY LESSONS AND RECOMMENDATIONS FOR THE NEXT WTO ROUND

Completion of the Uruguay Round of trade negotiations has resulted in broad-based tariff reductions and the easing of some of the important non-tariff barriers, strongly enhancing the prospects for reaping global welfare gains from further trade expansion.

The current round provides further opportunities for developing countries to be more active in the WTO to achieve greater recognition of their interests. In the next round of negotiations, Egypt should be concerned about the following issues. (i) the scope for increased agricultural exports; (ii) impact of world prices and potential implication on food imports; (iii) the overall effect on agricultural development in the context of a limited land and water resource base.

These issues should be added to the standard issues: market access, domestic support and export subsidy in the developed countries. The next round of negotiations will have to address issues related to additional market access provisions, further reductions in export subsidies, setting limits to quantitative restrictions and more discipline in the area of trade-distorting domestic subsidies.

Entry of agricultural and food goods should be no more restricted than entry of non-agricultural goods. In addition, Egypt and other developing countries have specific interest in the next round of negotiations concerning special and differential treatment, export restraints, price stability, food security, food aid and stock policies.

A. FOOD SECURITY AND THE WTO AGENDA

Egypt, as a net-food importing developing country (NFIDC), encounters difficulties on two fronts. First, heavy dependence on imports of food can lead to a series of financial difficulties, owing to a more vulnerable balance-of-payment situation, regardless of the price of food. Second, investing in domestic agricultural production activities to supplement imports, as well as competition from dumped imports due to export subsidies, will limit the few opportunities that similar products can enjoy in both the international and domestic markets. Dependency on a limited number of international suppliers, particularly for staple food, often exacerbates instability and shortages brought about by climatic and economic conditions.[22]

From a short-term perspective, the sole possible beneficiary of cheap imported food is the consumer, particularly the urbanite who has access to dumped food. In many situations, however, this benefit would be quickly eroded by balance-of-payment difficulties or by taxes paid to support domestic agriculture, both aggravated by the subsidized imports. From the medium- and long-term perspective, the entire society will suffer the highly negative consequences of food dependency and the external vulnerability of the country.

Egypt has been a net-agricultural importer and a net-food importer. Besides, it is one of the 52 countries belonging to the lower-middle income group. However, while classified as a food-deficit country, Egypt is not in the low-income food deficit group that is likely to capture most of the special and deferential treatment in the World Trade Organization negotiations.[23]

Food import capacity, ratio-defined as the actual value of imports to total export revenues (merchandise only), indicates the demand on foreign exchange needed to finance food imports. This ratio for Egypt is relatively high (0.80), which makes the country vulnerable, particularly in years of domestic harvest shortfalls or higher world prices, when this ratio can increase substantially.[24]

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[22] "WTO negotiations on agriculture 2000: export subsidies – food security or food dependency?" a discussion paper presented by Argentina. Brazil, Paraguay and Uruguay (MERCOSUR) Chile, Bolivia and Costa Rica (Document G/AG/NG/W/38, 27 September 2000).

[23] World Bank. 2000, "Egypt: agricultural export-oriented strategy", in *Toward Agricultural Competitiveness in the 21st Century*.

[24] Ibid.

Egypt is a country where increased food insecurity will have to be addressed in a more systematic way than through food aid and food subsidies. There are concerns about increases in world food prices, resulting from the market response to reduced subsidies and lower distortions for cereals, sugar, oil seeds and livestock products in developed countries.

Egypt should propose schemes to mitigate the impact of unstable food prices on food security, the balance of trade and the Government budget. In this regard, efforts should be made to include food security-related mechanisms as non-trade distorting instruments in the next round of negotiations, in order to avoid having market-stabilizing instruments brought to dispute settlement.

In this regard, the International Monetary Fund (IMF) and the Food and Agriculture Organization of the United Nations (FAO) have adequate programmes and facilities to deal with exceptional situations that could jeopardize the food situation in the least developed countries (LDCs) as well as in the NFIDCs. Prospects to add another multilateral structure to secure food import assistance should also be considered. [25]

B. ANTI-DUMPING LEVIES

Anti-dumping levies have been an important issue to trade for developing and developed nations alike. While the principles of the application of anti-dumping are clear, the calculation procedures leave much room for manipulation of the data. The United States and the European Union have been particularly aggressive in the application of anti-dumping duties.

A group of developing countries, led by Egypt and India, has submitted to WTO reasonable proposals on anti-dumping implementation issues. On the one hand, they call for a one-year moratorium on investigations following an anti-dumping case that was ruled valid. On the other hand, they call for some changes in the way prices and duties are calculated. The developing countries should be able to reach agreement with the United States and the EU on rules of anti-dumping. Tightening of the rules would make it more difficult for trade associations to present claims to their Governments and make it easier for Governments, should they need to avoid political embarrassment from imposing anti-dumping duties, to reject false claims. Some means of penalizing false claims may also be negotiated.

C. RESEARCH AND INSTITUTIONAL CAPACITY

While Egypt has reasonably qualified personnel and resources to assess various options with respect to WTO negotiations, Egypt ought to explore the establishment of a formal and permanent research unit that could evaluate not only the impact of specific WTO commitments but also monitor future developments associated with the agreed commitments. An "International Trade Evaluation and Monitoring Unit", with representation from different ministries and agencies, should be set up and charged with four objectives: (i) evaluate trade policy-related rights and responsibilities in the context of bilateral and multilateral arrangements, with regard to legal, economic and financial implications; (ii) provide updated information on food security, particularly with regard to seasonal and structural food and food gaps and policy recommendations compatible with WTO rules; (iii) coordinate efforts of domestic and international bodies involved in the trade of agricultural and food commodities; and (iv) study the impact of trade liberalization on the domestic level and on volatility in world agricultural markets.

D. MARKET ACCESS

For Egypt, as for many developing countries, market access has been hindered by tariff and non-tariff barriers and other measures, including anti-dumping and countervailing duties and safeguards.[26] There are two observations regarding tariff reduction: first, it has not been applicable to all products and sectors; and second, the practice of tariff escalation continues to plague some sectors.

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[25] N. Chaherli and M. El Said, 2000, "Impact of the WTO Agreement on MENA agriculture", Working Paper No. 2007, Economic Research Forum for the Arab Countries, Iran and Turkey.

[26] R. Safadi and S. Togan, "The MENA countries and the Uruguay Round and beyond", Working Paper No. 2006, Economic Research Forum for the Arab Countries, Iran and Turkey.

E. Tariff reduction and tariff rate quotas

Elimination of tariff peaks and escalations in developed countries must be addressed. An appropriate formula should be used to bring down those extremely high tariffs to reasonable levels. Tariff escalation should be reduced through a harmonization formula.

Tariff reductions should also be weighted in order to ensure that sensitive products in developed countries are not given higher protection.

Variable tariffs used by developed countries, such as price band schemes and seasonal tariffs, should only be allowed as special and differential treatment for developing countries.

Tariff rate quotas in developed countries need to be administered in a more simplified manner and made more transparent and equitable for all trading partners.

F. Sanitary and phytosanitary measures

The forthcoming round of negotiations should address the difficulties encountered by developing countries in the context of the SPS Agreement, particularly those inhibiting their ability to export agricultural products.

G. Domestic support

Developing countries (Egypt and others) hold the viewpoint that the excessive subsidy provided to agricultural production and agricultural exports in the developed countries, particularly in the EU, impede the sustainable development, agricultural production and agricultural exports of the developing countries.

Levels of agricultural support and market distortions continue to be extremely high, especially in the developed countries, and the needs for trade liberalization are as great today as they were in the mid-1980s when agriculture was finally given prominence in multilateral trade negotiations.

Domestic support under all types provided by developed countries should be substantially reduced so as to limit its trade-distorting impact.

H. Egypt's position with respect to negotiations on agriculture[27]

1. *General aspects*

The developing countries, among them Egypt and India, suggest that the new round should focus on topics that have previously been agreed upon. These topics are agriculture, services, intellectual property rights, follow-up on the implementation of Uruguay Round agreements, and the problems that have been facing GATT and its impact on growth and exports in the developing countries.

The new topics, among them labour rules, environment and others, should not be negotiated until they are carefully studied. Furthermore, labour rules should be negotiated within the International Labour Organization (ILO) rather than with WTO.

Grace periods given to the developing countries with regard to intellectual property rights in WTO should be fully utilized.

Egypt, India and other developing countries agree with the United States that protectionist agricultural policy in the developed countries, particularly in the EU, should be alleviated.

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[27] This part draws upon meetings with Egyptian officials concerned with trade negotiations for agricultural goods.

With the liberalization of agriculture and its comparative and competitive advantage in several agricultural products, Egypt has real interest in other countries liberalizing trade in agricultural products and in having increased market access for agricultural exports to those countries.

At the same time, Egypt supports the developing countries in requesting special and differential treatment.

2. *Market access*

(a) *Tariffs*

(i) Market access is of utmost importance to Egypt. In this regard, developed countries should be requested to make more effort to achieve deeper and wider liberalization for the exports of developing countries, particularly vegetables, fruits and processed agricultural commodities;

(ii) Developed countries should be committed to reconsider the results of the tariffication process, which has led to higher protection of the products of developed countries through tariffs that are even higher than those applied in developing countries. Thus, tariffs in the developed countries should be reduced to levels that are equal to or lower than tariffs in the developing countries;

(iii) Developing countries should not be required to make tariff reductions, since most of those countries impose extremely low tariffs on major imported food commodities. In addition, tariffs imposed on agricultural commodities should only be reduced on a voluntary basis, conforming to the development objectives of the agricultural sector in developing countries. Tariff reductions, if accepted, should be based on binding tariffs only and not on the actual tariffs.

(b) *Tariff quotas*

(i) Commitment to the elimination of certain trade practices in the developed countries that are complex, arbitrary and protectionist. A mechanism should be set up to deal with trade procedures with clear definition, transparency, simplicity and predictability. Examples of these are: variable levies, entry prices, compound rates and reference prices. This mechanism should be accomplished within a period of three years;

(ii) Do not use specific duties, but alternatively transfer them to ad valorem duties;

(ii) Eliminate or at least reduce tariff peaks and escalation tariffs, as well as reduce variation between tariffs;

(iii) Support countries that are for faster liberalization in the area of market access or countries requesting larger tariff reductions throughout the early years of implementation;

(iv) Egypt is willing to support countries that require more control as to quota administration and increased transparency. Quotas should also be applied on a commodity-by-commodity basis and not on an aggregate basis.

(c) *Safeguard mechanism*

Egypt proposes to apply the Safeguard Accord, embodied in the Uruguay Round, to agriculture. This agrees with the desire of countries requesting the elimination of the safeguard embodied in the URAA, as there is no justification for this procedure to be exceptional for agriculture.

3. *Domestic support*

(a) Domestic support provided by the developed countries takes several forms; the methods are complicated, the monitoring difficult, and their impact on other countries is difficult to assess. Therefore, Egypt would not oppose any proposal submitted by the Cairns Group, the United States or other exporting countries calling for simplifying the unification and/or reduction of that domestic support;

(b) Developed countries should be committed to reduce domestic support on a commodity-by-commodity basis and not on an entirety basis;

(c) The provision that prevents compensation duties on support or due restraint should be eliminated, as it represents differential treatment for the developed countries and provides them with a way to avoid their commitments.

4. *Export subsidy*

(a) Egypt requests substantial reduction in export subsidies that distort trade and weaken commitments concerning market access. Egyptian exports of some products, such as cotton and rice, have been facing significant losses due to the current domestic support in developed countries;

(b) While the current agreement prevents developing countries from providing new subsidies for their agricultural exports, the developed countries still have years to come to eliminate export subsidies completely. While this situation implies preferential treatment for developed countries, the developing countries that currently do not provide subsidies are prevented from doing so in the future. Therefore, developing countries should be allowed an equal position and be given the opportunity to provide a certain level of export subsidy according to their developmental needs, in a fashion similar to provision 27 in the subsidy accord;

(c) Egypt agrees with the proposal underscoring the need to set additional rules that prevent cheating in terms of the elimination of all forms of export subsidy in developed countries, such as export credit programmes (especially those available through OECD) and programmes of insurance on exports and others. In this regard, developing countries should be given preferential treatment.

5. *The Marrakesh Decision pertaining to net-food importing developing countries*

Egypt supports the developing countries in seeking a mechanism for the implementation of what was agreed upon at the Ministerial Meeting in Marrakesh in 1994 concerning compensating the LDCs and NFIDCs for the potential increase in their food bill as a result of reducing subsidies provided to agricultural products in the developed countries. Such a mechanism should be established to deal with the problems of the NFIDCs in the context of liberalization of agricultural trade.

The Marrakesh Decision has not been implemented so far, despite WTO actions. Therefore, in the interest of NFIDCs, the following steps should be considered:

(a) Reconsider the Marrakesh Decision in order to make it more obligatory; provision 6 indicated that the Decision may be reconsidered to identify implementation problems and modify provisions in order to increase its applicability;

(b) Faithful implementation of the Decision;

(c) To assure good implementation of the Decision, a fund should be established as a mechanism to assist the NFIDCs in financing their agricultural import needs when purchased from open, unsubsidized markets. The rules of export subsidy should not be overlooked;

(d) The proposed fund would be financed by the developed countries and international financial institutions;

(e) Countries producing and exporting basic food commodities should together establish a reserve which the fund can use to buy commodities at commercial prices to supply NFIDCs whenever the prices are up;

(f) Technical and financial assistance stated in the Decision should be directed to developing countries based on a case-by-case basis (i.e., according to needs of each country) to assist in improving domestic agricultural production, infrastructure and marketing capacities in those countries;

(g) Technical aid to developing countries should include conducting studies dealing with the impact of the WTO reform programme on agricultural development and food security in developing countries;

(h) Assurance of the aforementioned remarks concerning domestic support and export subsidy.

6. *Non-trade concerns of agriculture*

The proposals submitted by some countries calling for the "multifunctionality" of agriculture should include a clear definition of that concept. Without a clear definition, the concept could be misused by some countries to withdraw from their commitments. This attitude should be resisted, even if it is argued that non-trade concerns are in the interest of developing countries and that those countries could present their problems and envisioned solutions.

7. *Special and differential treatment of developing countries*

Special and differential treatment for developing countries is considered an integral part of the URAA, since agricultural sectors are of great importance in the economies of those countries. In addition, one of the most important lessons learned during the implementation period is that developing countries have not achieved the gains that were hoped for in the Agreement. On the contrary, the developed countries are those that have been enjoying special and preferential treatment, although implicitly in the form of export subsidy and domestic support. Therefore, Egypt requests improvement of the rules of special and differential treatment to benefit developing countries by allowing them greater freedom to re-evaluate and modify their tariff levels in order to overcome the negative effects of cheaper agricultural imports on domestic production.

Special and differential treatment should be provided in the area of domestic support to assist developing countries, including the LDCs and NFIDCs. Provision of special and differential treatment should enable developing countries to address their legitimate and varied needs in the areas of agricultural and rural development, food security and subsistence, and small-scale farming for the development of domestic food production.

It has been suggested by the Cairns Group that provisions for special and differential treatment relating to domestic support should build on the existing WTO provision and include:

(a) Enhanced green box provisions for developing countries that would address their specific concerns regarding food security, rural development and poverty eradication;

(b) A differentiated AMS formula and commitments for developing countries, including preserving *de minimis* provisions and exceptions for investment and input subsidies, as well as domestic support to encourage diversification and the eradication of illicit narcotic crops;

(c) Increased technical assistance and the promotion of international cooperation to assist agricultural and rural development and food security programmes in developing countries;

(d) Dealing with national regulations governing food safety and animal and plant health.

ANNEXES

ANNEX I

STRUCTURE OF EGYPT'S ECONOMY, 1970-1998

Year	GDP* (*LE millions*)	Percentage of which			
		Agriculture	Industry	Manufacture	Services
1970	2.63	29.3	28.1		42.2
1980	15.74	18.2	36.8		
1985	31.95	20.0	28.6	13.5	51.4
1986	36.23	20.8	26.8	13.3	52.4
1987	49.34	20.5	27.1	23.3	52.4
1988	58.63	19.0	28.8	24.4	52.2
1989	73.77	19.7	28.0	24.7	52.3
1990	91.58	19.4	28.7	24.4	51.9
1991	108.74	17.6	33.2	23.1	49.2
1992	131.06	16.5	33.3	23.4	50.1
1993	146.16	16.7	33.1	23.6	50.2
1994	162.97	16.9	32.8	24.5	50.4
1995	191.01	16.8	32.3	24.4	50.9
1996	214.19	17.3	31.6	24.3	51.1
1997	239.50	17.6	31.8	25.2	50.5
1998	262.22	17.5	32.3	25.7	50.2
Average:					
1986-1988	48.07	20.1	27.6	20.3	52.3
1993-1994	154.56	16.8	33.0	24.1	50.3
1997-1998	250.86	17.6	32.1	255	50.4

Source: Calculated from World Bank, 2000, *World Development Indicators*.

* At factor cost.

Annex II

MOST-FAVOURED-NATION TARIFF: AGRICULTURAL PRODUCTS

Tariff item number	Description of product	Ad valorem duty (*Percentage*) Basic rate 1/1/1995	Bound rate 1/1/2000	Bound rate 1/1/2005	Actual Current
01	Live animals				
0101	Live horses asses, mules				
0101.11	Pure-bred breeding animals	60	52.5	45	30
0101.19	Other	60	52.5	45	30
0101.20	Asses, mules and hinnies	30	25	20	20
0102	Live bovine animals	15	12.5	10	5
0103	Live swine	100	90	80	50
0104	Live sheep and goats				
0104.10	Sheep	15	12.5	10	5
0104.20	Goats	15	12.5	10	5
0105	Live poultry (fowls of the species *Gallus domesticus*, ducks, geese, turkeys and guinea fowls)				
0105.11	Fowls of the species *Gallus domesticus* (less than 185 gr.)	15	12.5	10	5
0105.19	Other	15	12.5	10	5
0105.91	Fowls of the species *Gallus domesticus* (more than 185 gr.)	100	90	80	40
0105.99	Other	100	90	80	40
0106	Other live animals	30	25	20	5
02	Meat and edible meat offal				
0201.30	Meat of bovine animals, fresh or chilled	5	B 10	10	5
0202	Meat of bovine animals, frozen				
0202.10	Carcasses and half carcasses	10	5	5	5
0202.20	Other cuts with bone in	10	5	5	5
0202.30	Boneless	5	B 10	10	5
0203	Meat of swine, fresh, chilled or frozen	11	90	80	40
0204	Meat of sheep or goats, fresh, chilled or frozen	10	B 5	5	5
0205	Meat of horses, asses, mules or hinnies, fresh, chilled or frozen	10	5	5	5
0206	Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen				
0206.10	Of bovine animals, fresh or chilled	5	B 5	10	5
0206.21	Tongues	5	B 10	10	5
0206.22	Livers	5	B 10	10	5
0206.29	Other	5	B 10	10	5
0206.30	Of swine, fresh or chilled	100	90	80	40
0206.41	Livers	100	90	80	40
0206.49	Other	100	90	80	40
0206.80.10	Other, fresh or chilled	5	B 10	10	5
0206.80.90	Other, frozen	5	B 10	10	5
0207	Meat and edible offal, of the poultry of No. 0105, fresh, chilled or frozen				
0207.10	Poultry not cut in pieces, fresh or chilled	80	70	60	80
0207.21	Fowls of the species *Gallus domesticus*	80	70	60	80
0207.22	Turkeys	80	70	60	80
0207.23	Ducks, geese and guinea fowls	80	70	60	80

Tariff item number	Description of product	Ad valorem duty (*Percentage*) Basic rate 1/1/1995	Bound rate 1/1/2000	Bound rate 1/1/2005	Actual Current
0207.31	Fatty livers of geese or ducks	80	70	60	80
0207.39	Other	80	70	60	80
0207.41	Fowls of the species *Gallus domesticus*				
0207.42	Turkeys	80	70	60	80
0207.43	Ducks, geese or guinea fowls	80	70	60	80
0207.50	Poultry livers, frozen	80	70	60	80
0208	Other meat and edible meat offal, fresh, chilled or frozen	100	90	80	40
0209	Pig fat free of lean meat and poultry fat (not rendered), fresh, chilled, frozen, salted, in brine, dried or smoked	100	90	80	40
0210	Meat and edible meat offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal	100	90	80	50
03	Fish and crustaceans, mollusks and other aquatic invertebrates				
0301	Live fish	15	12.5	10	5
0301.10	Ornament fish	80	70	60	40
0302	Fish, fresh or chilled, excluding fish fillets and other fish meat of No. 0304	15	12.5	10	5
0303	Fish, frozen, excluding fish fillets and other fish meat of No. 0304	15	12.5	10	5
0304	Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen	15	12.5	10	5
0305	Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process; fish meal fit for human consumption	50	45	40	30
0305.41	Salmon; specific, atlantic, danube	50	45	40	30
0305.51	Cod	50	45	40	30
0306	Crustaceans, whether in shell or not, live, fresh, chilled, frozen	80	70	60	50
04	Dairy produce; birds eggs; natural honey; edible products Of animal origin, not elsewhere specified or included				
0401	Milk and cream, not concentrated nor containing added sugar or other sweeteners				
0401.10	Of a fat content, by weight, not exceeding 1%	40	35	30	30
0401.20	Of a fat content, by weight, exceeding 1% but not exceeding 6%	40	35	30	30
0404.30	Of a fat content, by weight, exceeding 6%	80	70	60	30
0402	Milk and cream, concentrated or containing added sugar or other sweeteners				
0402.10	In powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5%				
0402.10.10	For children	5	5	5	1
0402.10.91	In packages less than 20 kg	5	5	5	5
0402.10.99	Others	5	5	5	20
0402.21.10	For children (half fat)	10	7.5	5	1
0402.21.20	Cream	80	70	60	40
0402.21.91	In packages less than 20 kg	10	7.5	5	5
	Others	30	25	20	20

Tariff item number	Description of product	Ad valorem duty (*Percentage*) Basic rate 1/1/1995	Bound rate 1/1/2000	Bound rate 1/1/2005	Actual Current
0402.21.99	For children (half fat)	10	7.5	5	1
0402.29.10	Cream	80	70	60	40
0402.29.20	In packages less than 20 kg	10	7.5	5	5
0402.29.91	Others	30	25	20	20
0402.29.99	For retail sale	40	35	30	30
0402.91.11	Others	20	17.5	15	10
0402.91.19	Cream	80	70	60	40
0402.91.20	For retail sale	40	35	30	30
0402.99.11	Others	20	17.5	15	10
0402.99.19	Cream	80	70	60	40
0402.99.20	Cream				
0403	Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, weather or not concentrated or containing added sugar or other sweeteners or flavoured or containing fruit, nuts or cocoa				
0403.10	Yoghurt	5	5	5	30
0403.90	Other	80	70	60	
0404	Whey, whether or not concentrated or containing added sugar or other sweetening matter, products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included				
0404.10.10	Powder or in blocks in pk. less than 20 kg	10	10	10	5
0404.10.91	For retail sale	10	10	10	30
0404.10.99	Others	10	10	10	10
0404.90		10	10	10	10
0405.00	Butter and other fats and oils derived from milk				
0405.10	In packages up to 20 kg	20	17.5	15	15
0405.90	Others	10	7.5	5	5
0406	Cheese and curd				
0406.10	Fresh cheese (including whey cheese) not fermented, and curd	40	35	30	30
0406.20	Grated or powdered cheese, of all kinds	25	22.5	20	30
0406.30	Processed cheese, not grated or powdered	25		20	
0406.40	Blue-veined cheese	25	22.5	20	30
0406.90	Other cheese	25	22.5	20	10
0407	Birds eggs in shell, fresh, preserved or cooked	80	70		
0408	Birds eggs not in shell and egg yolks, fresh, dried, cooked by steaming or by boiling in water, moulded, frozen or otherwise preserved or not containing added sugar or other sweetening matter				
0408.11	Dried	50	45	40	30
0408.19	Other	50	45	40	30
0408.91	Dried	50	45	40	30
0408.99	Other	50	45	40	30
0409	Natural honey	50	45	40	30
0410.00	Edible products of animal origin, not elsewhere specified or included	40	35	30	20

Tariff item number	Description of product	Ad valorem duty (*Percentage*) Basic rate 1/1/1995	Bound rate 1/1/2000	Bound rate 1/1/2005	Actual Current
05	Products of animal origin not elsewhere specified or included				
0501	Human hair, unworked, whether or not washed or scoured; waste of human hair	30	25	20	20
0502	Pig, hog or boar bristles and hair, badger hair and other brush-making hair, waste of such bristles or hair	15	12.5	10	10
0503	Horsehair and horsehair waste, whether or not put up as a layer with or without supporting material	15	12.5	10	10
0504	Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof	10	7.5	5	5
0505	Ns and other parts of birds, with their feathers or down, feathers and parts of feathers (whether or not with trimmed edges) and down, not further worked other than cleaned, disinfected or treated for preservation; powder and waste of feathers or parts of feathers				
0505.10	Feathers of the kind used for stuffing; down	25	B 22.5	20	20
0505.90	Other	3 750	B 33.75	30	20
0506	Bones and horn core, unworked, defatted, simply prepared (but not cut to shape), treated with acid or degelatinised; powder and waste of these products				
0506.10	Ossein and bones treated with acid	15	12.5	10	5
0506.90	Other	15	12.5	10	5
0507	Ivory, tortoiseshell, whalebone and whalebone hair, horns, antlers, hooves, nails, claws and beaks, unworked or simply prepared but not cut to shape; powder and waste of these products				
0507.10	Ivory, ivory powder and waste	30	25	20	20
0507.90	Other	30	25	20	20
0508	Coral and similar materials, unworked or simply prepared but not otherwise worked; shells of molluscs, crustaceans or echinoderms and cuttlebones, unworked or simply prepared but not cut to shape, powder and waste thereof	5	B 5	5	20
0509	Natural sponges of animal origin	40	35	30	30
0510	Ambergris, castoreum, civet and musk; cantharides; bile, whether or not dried; glands and other animal products used in the preparation of pharmaceutical products, fresh, chilled, frozen or otherwise provisionally preserved.	15	12.5	10	5
0511	Animal products not elsewhere specified or included; dead animals of Chapter 1 or 3, unfit for human consumption	10	7.5	5	5

Tariff item number	Description of product	Ad valorem duty (*Percentage*)			
		Basic rate	Bound rate		Actual
		1/1/1995	1/1/2000	1/1/2005	Current
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage				
0601	Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant, in growth or in flower; chicory plants and roots other than roots of No. 1212	5	B 5	5	5
0602	Other live plants (including their roots), cuttings and slips; mushroom spawn	5	B 10	10	5
0603	Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared	80	70	60	40
0604	Foliage, branches and other parts of plants, without flowers or flower buds, and grasses, mosses and lichens, being goods of a kind suitable for bouquets or for ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared	80	70	60	40
07	Edible vegetables and certain roots and tubers				
0701	Potatoes, fresh or chilled				
0701.10	Seed	15	12.5	10	5
0701.90	Other	30	25	20	20
0702	Tomatoes, fresh or chilled	30	25	20	20
0703	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled	30	25	20	20
0704	Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled	30	25	20	20
0705	Lettuce (*Lactuca sativa*) and chicory (*Cichorium spp.*), fresh or chilled	30	25	20	20
0706	Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or chilled	30	25	20	20
0707	Cucumbers and gherkins, fresh or chilled	30	25	20	20
0708	Leguminous vegetables, shelled or unshelled, fresh or chilled	30	25	20	20
0709	Other vegetables, fresh or chilled	30	25	20	20
0709.10	Globe artichokes	30	25	20	20
0709.20	Asparagus	30	25	20	20
0709.30	Aubergines (eggplants)	30	25	20	20
0709.40	Celery other than celeriac	30	25	20	20
0709.51	Mushrooms	3 750		7.5	
0709.52	Truffles	3 750		7.5	
0709.60	Fruits of the *Genus Capsicum* or of the *Genus Pimenta*	15	12.5	10	5
0709.70	Spinach, New Zealand spinach and orache spinach (garden spinach)	30	25	20	20
0709.90	Other	50	45	40	20
0710	Vegetables (uncooked or cooked by steaming or boiling in water), frozen	50	45	40	30

		Ad valorem duty (*Percentage*)			
		Basic rate	Bound rate		Actual
Tariff item number	Description of product	1/1/1995	1/1/2000	1/1/2005	Current
0711	Vegetables provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption	50	45	40	30
0712	Dried vegetables, whole, cut, sliced, broken	50	45	40	30
0712.30	Or in powder, but not further prepared	3 750		7.5	
0713	Dried leguminous vegetables, shelled, whether or not split				
0713.10	Peas (*Pisum sativum*)	5	5	5	1
0713.20	Chickpeas (garbanzos)	30	25	20	20
0713.13	Beans of the species *Vigna mungo L, Hepper* or *Vigna radiata L. Wilczek*	5	5	5	1
0713.32	Small red (*Adzuki*) beans (*Phaseolus* or *Vigna angularis*)	5	5	5	1
0713.33	Kidney beans, including white pea beans (*Phaseolus vulgaris*)	5	5	5	1
0713.39	Other	10	7.5	5	1
1713.40	Lentils	5		5	1
0713.50	Broad beans (*Vicia faba var. major*) and horse beans (*Vicia faba var. equina, Vicia faba var. minor*)	5	5	5	1
0713.90	Other	30	25	20	20
0714	Manioc, arrowroot, salep. Jerusalem artichokes, sweet potatoes and similar roots and tubers with high starch or inulin, fresh or dried, whether or not sliced or in the form of pellets; sago pith				
0714.10	Manioc (cassava)	15	12.5	10	10
0714.20	Sweet potatoes	40	35	30	30
0714.90	Other	25	22.5	20	30
08	Edible fruit and nuts; peel of citrus fruits or melons				
0801	Coconuts, Brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled				
0801.10	Coconuts	30	25	20	20
0801.20	Brazil nuts	50	45	40	30
0801.30	Cashew nuts	50	45	40	30
0802	Other nuts, fresh or dried, whether or not shelled or peeled	60	52.5	45	30
0803	Bananas, including plantains, fresh or dried	80	70	60	40
0804	Dates, figs, pineapples, avocados, mangoes and mangosteens, fresh or dried				
0804.10	Dates	50	45	40	30
0804.20	Figs	60	52.5	45	30
0804.30	Pineapples	50	45	40	30
0804.40	Avocados	50	45	40	30
0804.50	Guavas, mangoes and mangosteens	50	47.5	45	30
0805	Citrus fruit, fresh or dried	80	70	60	40
0806	Grapes, fresh or dried	80	70	60	40
0807	Melons (including watermelons) and papaws (papayas), fresh	80	70	60	40

Tariff item number	Description of product	Ad valorem duty (*Percentage*) Basic rate 1/1/1995	Bound rate 1/1/2000	Bound rate 1/1/2005	Actual Current
0808	Apples, pears and quinces, fresh				
0808.10	Apples	80	70	60	40
0808.20	Pears and quinces	80	70	60	40
0809	Apricots, cherries, peaches (including nectarines), plums and sloes, fresh	80	70	60	40
0810	Other fruit, fresh	80	70	60	40
0811	Fruit and nuts, uncooked by steaming or boiling in water, frozen, whether or not containing added sugar or other sweetening matter	80	70	60	40
0812	Fruit and nuts, provisionally preserved (for example, by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption	40	35	30	30
0813	Fruit, dried, other than that of Nos. 0801 to 0806; mixtures of nuts or dried fruits of this Chapter	80	70	60	40
0814	Peel of citrus fruit or melons (including watermelons), fresh, frozen, dried or provisionally preserved in brine, in sulphur water or in other preservative solution	40	70	60	40
09	Coffee, tea, mate and spices				
0901	Coffee, whether or not roasted or decaffeinated: coffee husks and ns; coffee substitutes containing coffee in any proportion				
0901.11	Not decaffeinated	15	12.5	10	5
0901.12	Decaffeinated	15	12.5	10	5
0901.21	Not decaffeinated	50	45	40	30
0901.22	Decaffienated	50	45	40	30
0901.30.10	Coffee husks and ns (not roasted)	15	12.5	10	3
0901.30.20	Roasted	50	45	40	30
0901.04	Coffee substitutes containing coffee	50	45	40	30
0902	Tea				
0902.10	Green tea (not fermented) in immediate packing of a content not exceeding 3 kg	50	45	40	30
0902.20	Other green tea (not fermented)	40	35	30	30
0902.30	Black tea (fermented) and partly fermented tea, in immediate packing of a content not exceeding 3 kg	50	45	40	30
0902.40	Other black tea (fermented) and other partly fermented tea	40	35	30	30
0903	Mate	40	35	30	30
0904	Pepper of the *Genus Piper*; dried or crushed or ground fruits of the *Genus Capsicum* or of the *Genus Pimenta*	15	12.5	10	5
0905	Vanilla	30	25	20	20
0906	Cinnamon and cinnamon tree flowers	30	25	20	20
0907	Cloves (whole fruit, cloves and stems)	30	25	20	20
0908	Nutmeg, mace and cardamom	30	25	20	20
9090	Seeds of anis, badian, fennel, coriander, cumin, caraway or juniper	30	25	20	20

Tariff item number	Description of product	Ad valorem duty (*Percentage*) Basic rate 1/1/1995	Bound rate 1/1/2000	Bound rate 1/1/2005	Actual Current
0910	Ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry and other spices	30	25	20	20
10	Cereals				
1001	Wheat and meslin				
1001.10	Durum wheat	5	5	5	1
1001.90	Other	5	B 5	5	1
1002	Rye	15		10	5
1003	Barley	15	12.5	10	5
1004	Oats	15	12.5	10	5
1005	Maize (corn)				
1005.10	Seed	5	B 5	5	1
1005.90	Other	5	B 5	5	1
1006	Rice	30	25	20	20
1007	Grain sorghum	15	12.5	10	5
1008	Blackwheat, millet and canary seed; other cereals	15	12.5	10	5
11	Products of the milling industry; malt; starches; inulin; wheat gluten				
1101	Wheat or meslin flour	10	7.5	5	5
1102	Cereal flours other than of wheat or meslin	15	12.5	10	5
1103	Cereal groats, meal and pellets	15	12.5	10	10
1104	Cereal grains otherwise worked (for example, hulled, rolled, flaked, pearled, sliced or kibbled), except rice of No. 1006, germ of cereals, whole, rolled, flaked or ground	15	12.5	10	10
1105	Flour, meal and flakes of potatoes	15	12.5	10	10
1106	Flour and meal of the dried leguminous vegetables of No. 0713, of sago or of roots or tubers of No. 0714; flour, meal and powder of the products of Chapter 8	15	12.5	10	10
1107	Malt, whether or not roasted	60	52.5	45	30
1108	Starches; inulin	50	45	40	30
1109	Wheat gluten, whether or not dried				
1109.00	Wheat gluten, whether or not dried	15	12.5	10	10
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medical plants; straw fodder				
1201	Soya beans, whether or not broken	15	12.5	10	1
1202	Groundnuts, not roasted or otherwise cooked, whether or not shelled or broken	50	45	40	30
1203	Copra	15	12.5	10	5
1204	Linseed, whether or not broken	15	12.5	10	1
1205	Rape or colza seeds, whether or not broken	5	5	5	5
1206	Sunflower seeds, whether or not broken	5	5	5	1
1207	Other oil seeds and oleaginous fruits, whether or not broken				
1207.10	Palm nuts and kernels	15	12.5	10	1
1207.20	Cotton seeds	15	12.5	10	1
1207.30	Cotton oil seeds	15	12.5	10	5
1207.40	Sesame seeds	15	12.5	10	1
1207.50	Mustard seeds	15	12.5	10	5

Tariff item number	Description of product	Ad valorem duty (*Percentage*)			
		Basic rate	Bound rate		Actual
		1/1/1995	1/1/2000	1/1/2005	Current
1207.60	Safflower seeds	15	12.5	10	5
1207.91	Poppy seeds	80	70	60	40
1207.92	Shea nuts (karite nuts)	15	12.5	10	5
1207.99	Other	15	12.5	10	5
1208	Flours and meals of oil seeds or oleaginous fruits, other than those of mustard	15	12.5	10	10
1209	Seeds, fruit and spores, of a kind used for sowing				
1209.11	Sugar beet seed	15	12.5	10	5
1209.19	Other	15	12.5	10	5
1209.21	Lucerne (alfalfa) seed	5	5	5	5
1209.22	Clover (*Trifolium spp.*) seed	15	12.5	10	5
1209.23	Fescue seed	15	12.5	10	5
1209.24	Kentucky blue grass (*Poa pratensis L.*) seed	15	12.5	10	5
1209.25	Rye grass (*Lolium multiflorum Lam., Lolium perenne L.*) seed	15	12.5	10	5
1209.26	Timothy grass seed	15	12.5	10	5
1209.29	Other	15	12.5	10	5
1209.30	Seeds of herbaceous plants cultivated principally for their flowers	15	12.5	10	5
1209.91	Vegetable seeds	15	12.5	10	5
1209.99	Other	15	12.5	10	5
1210	Hop cones, fresh or dried, whether or not ground, powdered or in the form of pellets; lupulin	40	35	30	30
1211	Plants and parts of plants (including seeds and fruits), of a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purposes, fresh or dried, whether or not cut, crushed or powdered	40	35	30	30
1212	Locust beans, seaweeds and other algae, sugar beet and sugar cane, fresh or dried, whether or not ground; fruit stone and kernels and other vegetable products	205	2.5	2.5	10
1212.10	Locust beans, including locust bean seeds	40	35	30	30
1212.20	Seaweeds and other algae	2.5	2.5	2.5	10
1212.30	Apricot, peach or plum stones and kernels	40	35	30	30
1212.91	Sugar beet	40	35	30	20
1212.92	Sugar cane	40	35	30	20
1212.99	Other	80	70	60	40
1213	Cereal straw and husks, unprepared, whether or not chopped, ground, pressed or in the form of pellets	15	12.5	10	10
1214	Swedes, mangolds, fodder roots, hay, lucerne (alfalfa), clover, sainfoin, forage kale, lupines, vetches and similar forage products, whether or not in the form of pellets				
1214.10	Lucerne (alfalfa) meal and pellets	5	5	5	5
1214.90	Other	15	12.5	10	5

		Ad valorem duty (*Percentage*)			
		Basic rate	Bound rate		Actual
Tariff item number	Description of product	1/1/1995	1/1/2000	1/1/2005	Current
13	Lacs; gums, resins and other vegetable saps and extracts				
1301	Lac; natural gums, resins, gumersins and balsams				
1301.10	Lac	15	12.5	10	10
1301.20	Gum Arabic	15	12.5	10	10
1301.90	Other	30	25	20	20
1302	Vegetable saps and extracts; pectic substances, pectinates and pectates; agaragar and other mucilages and thickeners, whether or not modified, derived from vegetable products				
1302.11	Opium	100	90	80	40
1302.12	Of liquorice	40	35	30	30
1302.13	Of hops	40	35	30	30
1302.14	Of pyrethrum or of the roots of plants containing rotenone	40	35	30	30
1302.19.10	Other (hashish)	100	90	80	40
1302.19.20	Extracts from beverage preparations	40	35	30	30
1302.19.90	Other	20	17.5	15	10
1302.20	Pectic substances, pectinates and pectates	15	12.5	10	10
1302.31	Agar-agar	15	12.5	10	10
1302.32	Mucilages and thickeners, whether or not modified, derived from locust beans, locust bean seeds or guar seeds	15	12.5	10	10
1302.39	Other	15	12.5	10	10
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included				
1401	Vegetable materials of a kind used primarily for plaiting (for example, bamboos, rattans, reeds, rushes, osier, raffia, cleaned, bleached or dyed cereal straw, and lime bark)	15	12.5	10	10
1402	Vegetable materials of a kind used primarily as stuffing or as padding (for example, kapake, vegetable hair and eelgrass), whether or not put up as a layer with or without supporting material	15	12.5	10	10
1403	Vegetable materials of a kind used primarily in brooms or in brushes (for example, broomcom, piassava, couchgrass and thistle), whether or not in hanks or bundles	15	12.5	10	10
1404	Vegetable products not elsewhere specified or included				
1404.10	Raw vegetable materials of a kind used primarily in dyeing or tanning	15	12.5	10	10
1404.20	Cotton linters	30	25	20	20
1404.90	Other	30	25	20	20
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes				
1501	Lard; other pig fat and poultry fat, rendered, whether or not pressed or solvent extracted				

Tariff item number	Description of product	Ad valorem duty (*Percentage*) Basic rate 1/1/1995	Bound rate 1/1/2000	Bound rate 1/1/2005	Actual Current
1501.00	Fats of bovine animals, sheep or goats, raw or rendered, whether or not pressed or solvent extracted	80	70	60	40
1502	Fats of bovine animals, sheep or goats,				
1502.00	Ready for retail sale	80	70	60	40
1502.10	Other	10	7.5	5	5
1503	Lard stearin, lard oil, oleostearin, oleo oil and tallow oil, not emulsified or mixed or otherwise prepared				
1503.00	Lard stearin, lard oil, oleostearin, oleo oil and tallow oil, not emulsified or mixed or otherwise prepared	80	70	60	40
1504	Fats and oils and their fractions, or fish or marine mammals, whether or not refined, but not chemically modified	40	35	30	30
1505	Wool grease and fatty substances derived therefrom (including lanolin)				
1505.10	Wool grease, crude	40	35	30	30
1505.90	Other	40	35	30	5
1506	Other animal fats and oils and their fractions, whether or not refined, but not chemically modified	80	70	60	40
1507	Soyabean oil and its fractions, whether or not refined, but not chemically modified				
1507.10.10	Crude oil, whether or not degummed	20	17.5	15	20
1507.10.90	For retail	20	17.5	15	20
1508	Groundnut oil and its fractions, whether or not refined, but not chemically modified	30	25	20	1
1509	Olive oil and its fractions, whether or not refined, but not chemically modified	30	25	20	20
1510	Other oils and their fractions, obtained solely from olives, whether or not refined, but not chemically modified, including blends of these oils or fractions with oils or fractions of No. 1509	30	25	20	20
1511	Palm oil and its fraction, whether or not refined, but not chemically modified	30	25	20	20
1512	Sunflower seed, safflower or cotton seed oil and fractions thereof, whether or not refined, but not chemically modified				
1512.11	Crude oil	20	17.5	15	20
1512.19	Other	20	17.5	20	5
1512.21	Crude oil, whether or not gossypol has been removed	20	17.5	20	20
1512.29	Other	20	17.5	20	5
1513	Coconut (copra), palm kernel or babassu oil fraction thereof, whether or not refined, but not chemically modified	30	25	20	20
1514	Rape, colza or mustard oil and fractions thereof, whether or not refined, but not chemically modified	20	17.5	15	20
1514.10.90	Others (other than for retail sale)				

Tariff item number	Description of product	Ad valorem duty (*Percentage*)			
		Basic rate	Bound rate		Actual
		1/1/1995	1/1/2000	1/1/2005	Current
1515	Other fixed vegetable fats and oils (including jojoba oil) and their fractions, whether or not refined, but not chemically modified	20	17.5	15	5
1515.11	Crude oil linseed	30	25	20	20
1515.19	Other	30	25	20	5
1515.21	Crude oil maize	20	17.5	15	20
1515.29	Other	30	25	20	20
1515.30	Castor oil and its fractions	30	25	20	20
1515.40	Tung oil and its fractions	30	25	20	20
1515.50	Sesame oil and its fractions	30	25	20	20
1515.60	Jojoba oil and its fractions	30	25	20	20
1515.90	Other	30	25	20	20
1516	Animal or vegetable fats and oils and their fractions, partly or wholly hydrogenated, interesterified, resterified or elaidinised, whether or not refined, but not further prepared				
1516.10	Animal fats and oils and their fractions	80	70	60	40
1516.20	Vegetable fats and oils and their fractions	60	52.5	45	30
1517	Margarine, edible mixtures or preparations of animal or vegetable fats or oils or fractions of different fats or oils of this Chapter, other than edible fats or oils or their fractions of No. 1516				
1517.10	Margarine, excluding liquid margarine	40	35	30	30
1517.90.11	For retail sale in packages less than 20 kg	40	35	30	30
1517.90.91	For retail sale	60	52.5	45	30
1518	Animal or vegetable fats and oils and their fractions, boiled, oxidised, dehydrated, sulphurised, blown, polymerised by heat in vacuum or in inert gas or otherwise chemically modified, excluding those of No. 1516, inedible mixtures or preparations of animal or vegetable fats or oils or of fractions of different fats or oils of this Chapter, not elsewhere specified or included	40	35	30	30
16	Preparations of meat, of fish or of crustaceans, mollusks or other aquatic invertebrates				
1601	Sausage and similar products, of meat, meat offal or blood; food preparations based on these products	60	52.5	45	30
1602	Other prepared or preserved meat, meat offal or blood	80			
1602.10.20	Of cattle or sheep	25	25	60	30
1602.20.20	Of cattle or sheep	25	25	25	30
1602.31.00	Of turkeys	25	25	25	30
1602.50.00	Of cattle	25	25	25	30
1602.90.00	Other incl. preparations of blood of any animal	25	25	25	30
1603	Extracts and juices of meat, fish or crustaceans, molluscs or other aquatic invertebrates	15		10	

Tariff item number	Description of product	Ad valorem duty (*Percentage*) Basic rate 1/1/1995	Bound rate 1/1/2000	Bound rate 1/1/2005	Actual Current
1604	Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs				
1604.11	Salmon	5	10	10	10
1604.12	Herrings	5	10	10	10
1604.13	Sardines, sardinella and brisling or sprats	5	10	10	10
1604.14	Tunas, pack and atlantic bonito (*Sarda spp.*)	5	10	10	10
1604.15	Mackerel	5	10	10	10
1604.16	Anchovies	5	10	10	10
1604.19	Other	5	10	10	10
1604.20	Other prepared or preserved fish	40	35	30	30
1604.30	Caviar and caviar substitutes	80	70	60	40
1605	Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved	80	10	60	40
17	Sugars and sugar confectionery				
1701	Cane or beet sugar and chemically pure sucrose, in solid form	30	25	20	24
1702	Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavouring or colouring matter, artificial honey, whether or not mixed with natural honey, caramel	50	45	40	20
1703	Molasses resulting from the extraction or refining of sugar	50	45	40	30
1704	Sugar confectionery (including white chocolate), not containing cocoa	80	70	60	40
18	Cocoa and cocoa preparations				
1801	Cocoa beans, whole or broken, raw or roasted	30	25	20	20
1802	Cocoa shells, husks, ns and other cocoa waste	30	25	20	20
1803	Cocoa paste, whether or not defatted	30	25	20	20
1804	Cocoa butter, fat and oil	30	30	30	30
1805	Cocoa powder, not containing added sugar or other sweetening matter	50	45	40	30
1806	Chocolate and food preparations containing cocoa	80	70	60	40
19	Preparations of cereals, flour, Starch or milk				
1901	Malt extract; food preparations of flour, meal, starch or malt extract, not containing cocoa powder or containing cocoa powder in a proportion by weight of less than 50%, not elsewhere specified or included; food preparations of goods of Nos. 0401 to 0404, not containing cocoa powder or containing cocoa powder in a proportion by weight of less than 10%, not elsewhere specified or included				
1901.10	Preparations for infant use, put up for retail sale	15		10	
1901.20	Mixes and doughs for the preparation of bakers' wares of No. 1905	80		60	
1901.90	Other	80		60	

Tariff item number	Description of product	Ad valorem duty (*Percentage*)			
		Basic rate	Bound rate		Actual
		1/1/1995	1/1/2000	1/1/2005	Current
1902	Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli, cannelloni; couscous, whether or not prepared	80		60	
1903	Tapioca and substitutes prepared from starch, in the form of flakes, grains, pearls, siftings or similar forms	15		15	
1904	Prepared foods obtained by the swelling or roasting of cereal products (for example, corn flasks); cereals, other than maize (corn), in grain form, precooked or otherwise prepared	80		60	
1905	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice and similar products	80		60	
20	Preparations of vegetables, fruit, nuts Or other parts of plants				
2001	Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar or acetic acid, frozen	60		45	
2002	Tomatoes prepared or preserved otherwise than by vinegar or acetic acid	60		45	
2003	Mushrooms and truffles, prepared or preserved otherwise than by vinegar or acetic acid	60		45	
2004	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen	60		45	
2005	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen	60		45	
2006	Fruit, nuts, fruit peel and other parts of plants, preserved by sugar (drained, glace or crystallized)	80		60	
2007	Jams, fruit jellies, marmalades, fruit or nut puree and fruit or nut pastes, being cooked preparations, whether or not containing added or other sweeteners	80		60	
2008	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirits, not elsewhere specified or included	80		60	
2009	Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirits, whether or not containing added sugar or other sweeteners	80		60	
21	Miscellaneous edible preparations				

Tariff item number	Description of product	Ad valorem duty (*Percentage*) Basic rate 1/1/1995	Bound rate 1/1/2000	Bound rate 1/1/2005	Actual Current
2101	Extracts, essences and concentrates, of coffee, tea or mate and preparations with a basis of these products or with a basis of coffee, tea or mate; roasted chicory and other roasted coffee substitutes, and extracts, essences and concentrates thereof	50		40	
2102	Yeasts (active or inactive); other single cell micro-organisms, dead (but not including vaccines of No. 3002); prepared baking powders	40		30	
2103	Sauces and preparations thereof, mixed condiments and mixed seasonings; mustard flour and meal, prepared mustard	60		45	
2104	Sauces and preparations thereof, mixed condiments and mixed seasonings; mustard flour and meal, prepared mustard, soups and broths and preparations thereof; homogenised composite food preparations	80		60	
2105	Sauces and preparations thereof; mixed condiments and mixed seasoning; mustard flour and meal and prepared mustard; soups and broths and preparations thereof; homogenised composite food preparations; ice cream and other edible ices, whether or not containing cocoa	60		45	
2106.10	Food preparations not elsewhere specified or included	40		30	
2106.90.10		20		15	
2106.90.90	Others	40		30	
22	Beverages, spirits and vinegar				
2201	Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweeteners, nor flavoured ice or snow	80		60	
2202	Waters, including mineral waters and aerated waters, containing added sugar or other sweeteners or flavours, and other non-alcoholic beverages, not including fruit or vegetable juices of No. 2009	100		80	
2203	Beer made from malt	1600		1200	
2204	Wine of fresh grapes, including fortified wines; grape must other than that of No. 2009	4000		3000	
2205	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances	4000		3000	
2206	Other fermented beverages (for example, cider, perry, mead)	4000		3000	
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% or higher; ethyl alcohol and other spirits, denatured, of any strength	100		80	

Tariff item number	Description of product	Ad valorem duty (*Percentage*) Basic rate 1/1/1995	Bound rate 1/1/2000	 1/1/2005	Actual Current
2208	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80%; spirits, liqueurs and other spirits, denatured, of any strength	4000		3000	
2209	Vinegar and substitutes for vinegar obtained from acetic acid	100		80	
23	Residues and waste from the food industries; prepared animal fodder				
2301	Flours, meals and pellets, of meat or meat offal, of fish or of crustaceans, molluscs or other aquatic invertebrates, unfit for human consumption; greaves	15		5	
2302	Bran, sharps and other residues, whether or not in the form of pellets derived from the sifting, milling or other working of cereals or of leguminous plants	15		10	
2303	Residues of starch manufacture and similar residues, beet pulp, bagasse and other waste of sugar manufacture; brewing or distilling dregs and waste, whether or not in the form of pellets	15		10	
2304	Oil cake and other solid residues, whether or not ground	15		10	
2305	Oil cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of groundnut oil	15		10	
2306	Oil cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of vegetable fats or oils, other than those of Nos. 2304 or 2305	15		10	
2307	Wine lees; argol	15		10	
2308	Vegetable materials and vegetable waste, vegetable residues and by-products, whether or not in the form of pellets, of a kind used in animal feeding, not elsewhere specified or included	15		10	
2309	Preparations of a kind used in animal feeding	50		40	
2309.90	Others	50		15	
24	Tobacco and manufactured tobacco substitutes				
2401	Unmanufactured tobacco; tobacco refuse				
2401.10.10	Tobacco, not stemmed/stripped		LE 12/kg		LE 9/kg
2401.10.90	Others		LE 8/kg		
2401.20.10	Tobacco, partly or wholly stemmed/striped		LE 12/kg		
2401.20.90	Leaf tobacco		LE 8/kg		
2401.30.10	Tobacco refuse		LE 12/kg		
2401.30.90	Tobacco refuse		LE 8/kg		
2402	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes				
2402.10	Cigars, cheroots and cigarillos, containing tobacco		110 or LE 195 Min.		

Tariff item number	Description of product	Ad valorem duty (*Percentage*) Basic rate 1/1/1995	Bound rate 1/1/2000	Bound rate 1/1/2005	Actual Current
2402.20	Cigarettes containing tobacco		110 or LE 130 Min.		
2402.90.10	Other		110 or LE 195 Min.		
2402.90.20	Cigarettes with or without filter		110 or LE 130 Min.		
2403	Other manufactured tobacco and manufactured tobacco substitutes; "homogenized" or "reconstituted" tobacco; tobacco extracts and essences				
2403.10	Smoking tobacco, whether or not containing tobacco substitutes in any proportion		LE 12/kg		
2403.91	"Homogenized " or "reconstituted" tobacco		LE 10/kg		
3403.99.10	Tobacco minced or pressed or for chewing				
3403.99.20	Tobacco essences or extracts	25			
3403.99.90	Other		LE 12/kg		
2403.99	Other		LE 10/kg		
2905.43	Manitol	5		5	
2905.44	Sorbitol	20		15	
3301	Essential oils	60		45	
3501-3505	Albuminoidal substance, modified starches, glues	30		20	
3809.10	Finishing agents	10		5	
3823.60	Sorbitol n.e.p.	10		5	
4101-4103	Hides and skins	40		30	
4301	Raw furs	60		45	
5101	Wool and animal hair	5		B 5	
5102		10		5	
5103		10		5	
5201-5203	Raw cotton, waste and cotton to carded or combed	10	5	5	10
5301	Raw flax	10		5	
5302	Raw hemp	10		5	

Annex III

CONDITIONAL EUROPEAN UNION AGRICULTURAL OFFERS TO EGYPT, 1977-1999, AND THE EURO-MEDITERRANEAN PARTNERSHIP AGREEMENT

			Existing preferences 1977-1997				Partnership Agreement				Trade statistics (1997)		
	HS Code	Description	Quantity	Duty	Calendar	O. Q. reduction	Quantity	Duty	Calendar	O. Q. reduction[c]	Total exports	Total exports to EU	Quota coverage
1	0601	Bulbs	NI[a]	NI	NI	NI	500[b]	0%		0			
2	0602	Cuttings and slips	NI	NI	NI	NI	2000[b]	0%		0			-
3	060310	Fresh cut and exotic flowers	NI	NI	NI	NI	3000 of which 1000 are exotic[c]	0%	1/10-15/4	0			
4	0604-99	Branches and other plants	NI	NI	NI	NI	500[b]	0%		0			
5	0701-9051	Early potatoes	109 670	0%	1/1-31/3	40%	Year (1) 130 000 (2) 190 000 (3) 250 000	0%	1/1-31/3	60%	232 949	190 549	0.7
6	070200	Tomatoes	Unlimited	0%	1/2-31/3	0%+34.70 ECU	Unlimited	0%	1/11-31/3	0	12 353	86	Unlimited
7	070310	Fresh or chilled onions	12 120	0	1/2-31/3	60%	15 000[b]	0%	1/2-15/6	60%	103 951	14 559	1.0
8	0703-2000	Garlic, fresh or chilled	NI	NI	NI	NI	3 000[b]	0%	1/2-15/6	50%	4 883	2 520	1.2
9	070410	Cauliflower	NI	NI	NI	NI	1 500[b]	0%	1/11-15/4	0	71	0	
10	0704-9000	Cabbage	NI	NI	NI	NI	1 500[b]	0%	1/11-15/5	0	0.425	0	
11	0705-1100	Cabbage, lettuce	NI	NI	NI	NI	500[b]	0%	1/11-31/3	0	12	5	100.0
12	0706-1000	Carrots, turnips	NI	NI	NI	NI	500[b]	0%	1/1-30/4	0	1 075	0	
13	070700	Cucumbers and gerkins	120	0%	1/1-29/2	100% if EP 67.9 ECU	500[b]	0%	1/1-29/2	0	0.15	0.15	3 000
14	070820	Leguminous vegetables, green beans and peas	7 680	0%	1/11-30/4	60%	20 000[b]	0%	1/11-30/4	0	6 200	0	
15	0709-2000	Asparagus	Unlimited	0%	1/11-29/2	100%	Unlimited	0%	1/11-29/2	0			Unlimited
16	0709-3000	Aubergines	NI	NI	NI	NI	Unlimited	0%	1/11-29/2	0	20	4	Unlimited
17	0709-4000	Celery	NI	NI	NI	NI	Unlimited	0%	1/11-29/2	0			Unlimited
18	0709-7000	Spinach	NI	NI	NI	NI	Unlimited	0%	1/11-29/2	0			Unlimited
19	070910	Fresh or chilled artichokes	120	0	1/10-31/12	100%	Unlimited	0%	1/11-29/2	0	2 914	1 308	Unlimited

	HS Code	Description	Existing preferences 1977-1997				Partnership Agreement				Trade statistics (1997)		
			Quantity	Duty	Calendar	O. Q. reduction	Quantity	Duty	Calendar	O. Q. reduction[c/]	Total exports	Total exports to EU	Quota coverage
20	0709-51	Mushrooms (other than agalicus)	NI	NI	NI	NI	Unlimited	0%	1/11-29/2	0			Unlimited
21	070990	Courgettes	Unlimited	0%	1/12-15/3	100%	Unlimited	0%	1/11-29/2	0	163	150	Unlimited
22	0709909	Sweet pepper	Unlimited	0%	15/11-30/4	100%	Unlimited	0%	1/11-29/2	0	289	208	Unlimited
23	0712	Dried vegetables		0%		100%	16 000[b/]	0%		0	1 343	440	36.4
24	0712-9090	Dried garlic	1 200	0%		100%		0%		0	50 338	48 268	
25	0710 (except 4000-8061)	Frozen and provisionally preserved vegetables		0%	15/8-30/4	100%	Year (1) 1 000 (2) 2 000 (3) 3 000	0%		0	16 902	614	1.6
26	0711 (except 9030-9040)	Canned vegetables		0%	15/8-30/4	100%		0%		0	15	0	-
27	0712	Dried onions	5 880	0%			16 000[b/]	0%		0	6 523	3 397	4.7
28	0713	Dried leguminous vegetables (except seeds)		0%			Unlimited	0%		0	12 968	1 680	Unlimited
29	071420	Sweet potatoes	NI	NI	NI	NI	3 000[b/]	0%		0	4 089	1 237	2.4
30	0804-1000	Dates	Unlimited	0%		100%	Unlimited	0%		0	561	73	Unlimited
31	0804-5000	Guavas, mangoes and mangosteens	Unlimited	0%		100%	Unlimited	0%		0	5 928	97	Unlimited
32	080510	Fresh or dried oranges	7 840	8.6 ECU/ 100kg	1/1-31/3	60%	50 000=34 000 (0% duty)+E.P. red, (27.1 ECU/100 kgs)		12/1-31/5	60%	44 301	8 420	5.9
33	080520	Mandarins (incl. tangerines, clementines, similar citrus)	Unlimited	0%	1/1-28/2	100%+ 12.8 ECU	Unlimited	0%		0	140	0.961	Unlimited
34	080530	Lemons and limes	Unlimited	0%	1/6-31/10	100%+ 30.9 ECU	Unlimited	0%		0	14 451	172	Unlimited
35	080540	Grapefruit	Unlimited	0%	1/1-31/4	100%	Unlimited	0%		0	325	171	Unlimited
36	080610	Table grapes, fresh	Unlimited	0%	1/2-30/6	60%	Unlimited	0%	1/2-15/7	0	830	305	Unlimited
37	08071100	Watermelons	Unlimited	0%	1/4-15/6	100%	Unlimited	0%	1/4-15/6	0	1 274	251	Unlimited

	HS Code	Description	Existing preferences 1977-1997				Partnership Agreement				Trade statistics (1997)		
			Quantity	Duty	Calendar	O. Q. reduction	Quantity	Duty	Calendar	O. Q. reduction[c/]	Total exports	Total exports to EU	Quota coverage
38	08071900	Melon	120	0%	1/1-31/5	100%	1 000[b/]	0%	1/11-31/5	0	1 879	293	3.4
39	080820	Pears and quinces	NI	NI	NI	NI	500[b/]	0%		0	2	0	
40	080930	Peaches, including nectarines	NI	NI	NI	NI	500[b/]	0%	15/3-31/5	0	611	12	41.7
41	080940	Plums and soles, fresh	NI	NI	NI	NI	500[b/]	0%	15/4-31/5	0			
42	081010	Fresh strawberies	NI	NI	NI	NI	500[b/]		1/11-31/3	0	600	29	17.2
43	08109085	Other fruit, fresh	NI	NI	NI	NI	Unlimited	0%		0			Unlimited
44	08110812	Frozen fruits and nuts	NI	NI	NI	NI	Year (1) 1 000 (2) 2 000 (3) 3 000	0%		0	486	0.25	4 000
45	0812	Canned fruits	NI	NI	NI	NI				0	499	0	-
46	0904	Peppers of the genus piper or ground fruit of the genus capsicum of pimenta	Unlimited	0%		100%	Unlimited	0%		0			Unlimited
47	0909	Various seeds	Unlimited	0%		100%	Unlimited	0%		0	7 147	2 402	Unlimited
48	0910	Ginger, saffron, thyme, cumin	NI	NI	NI	NI	Unlimited	0%		0	597	34	Unlimited
49	1006	Rice	32 000	0%		0%	32 000	25% reduction			120 000	0	
50	1209 (except 1100 and 1900)	Seeds, fruits and spores (except beet seed)	Unlimited	0%		100%	Unlimited	0%		0			Unlimited
51	1209 (except 12091100 and 12091900)	Vegetables seeds	Unlimited	0%		85%	Unlimited	0%		0			Unlimited
52	1211	Medicinal and aromatic plants	Unlimited	0%		85%	Unlimited	0%		0			Unlimited

	HS Code	Description	Existing preferences 1977-1997				Partnership Agreement				Trade statistics (1997)		
			Quantity	Duty	Calendar	O. Q. reduction	Quantity	Duty	Calendar	O. Q. reduction[c]	Total exports	Total exports to EU	Quota coverage
53	1212	Locust beans, seaweeds and other algae, sugar beet cane and other veg. products	Unlimited	0%		100%	Unlimited	0%		0			Unlimited
54	151560	Jojoba oil		0%		100%					0.36	0	-
55	1515-5011	Seasame oil	NI	NI	NI	NI	1 000[b]	0%			2	0	
56	1515-90	Other vegetables fats and oils	NI	NI	NI	NI	500[b]	0%			52	23	21.7
57	1703	Molasses	NI	NI	NI	NI	350 000[b]	0%			25 384	10 655	32.8
58	2009	Fruit juices	NI	NI	NI	NI	1 000[b]	0%					
59	20019010	Mango chutney	NI	NI	NI	NI	Unlimited	0%					Unlimited
60	2007	Jam and marmalade, fruit jellies	NI	NI	NI	NI	1 000[b]	0%					
61	200811	Peanuts/peanuts + C66 butter		0%		100%	3000[b]	0%					
62	2302	Residues derived from other working cereals of leguminous plants	Unlimited	0%		36%	Unlimited	60% reduction					Unlimited
63	5301	Flax	NI	NI	NI	NI	Unlimited	0%					Unlimited

a/ NI "not included" in the 1977 Agreement.

b/ To increase 3 per cent per year following the first year of the Agreement.

c/ Reduction of over-quota tariff beyond reductions given in 1977.

Annex IV

DRAFT OF CHAPTER 4 IN THE DRAFT LAW OF INTELLECTUAL PROPERTY RIGHTS

Article 1

A Plant Variety Protection Title shall be granted to any natural or corporate person, be he resident or non-resident in Egypt, who develops a new plant variety that meets the standard requirements of eligibility to such a title as stated clearly in a decree to be issued by the Minister of Agriculture and Land Reclamation.

Article 2

The office of "Breeder's Rights and Plant Variety Registration" of the Central Administration for Seed Certification/Ministry of Agriculture and Land Reclamation (MALR) shall assume the responsibility of registering the proved varieties and implementing the title protection system. The Office shall receive and examine the application and shall grant the title to protection to the eligible party. It shall, for this purpose, maintain a special register in accordance with the terms and conditions stipulated in a decree to be issued by the Minister of Agriculture and Land Reclamation.

Article 3

MALR shall publish a periodical bulletin on application field, titles granted and conditions of title annulment and cancellation. The explanatory note of the Ministerial Decree shall specify the appellate procedures, decision-making on appeals, time frame for filling and decision-making, and the period of prescription. The decree shall also specify cases under which the title is to be annulled or cancelled, such as incorrect information or any other specified circumstances.

Article 4

Plant Variety Protection titles are granted for 25 years for trees and vines and for 20 years for other crops, in accordance with a decree to be issued by the Minister of Agriculture and Land Reclamation.

No person or corporate body, other than the title-holder, shall be entitled to produce, multiplicate, handle, import or export the protected variety without prior written license from the title-holder, specifying the type, duration and conditions of utilization by the licensee. Since Plant Variety Protection falls under Intellectual Property Rights, the title can be transferred to one or more heirs. Each transfer of title must be entered into the aforementioned special register, in accordance with the procedures stipulated in the decree issued by the Minister of Agriculture and Land Reclamation.

Article 5

The Minister of Agriculture and Land Reclamation may, within reasonable limits and subject to safeguarding the legitimate interests of persons who develop new plant varieties, make regulations restricting the Plant Variety Protection title in relation to any variety, in order to permit farmers to make personal use of the variety on their own holdings for propagating purposes. Also, Plant Variety Protection does not extend to acts undertaken for experimental or research purposes, the conditions of which shall be stated in a decree to be issued by the Minister of Agriculture and Land Reclamation.

Article 6

The Minister of Agriculture and Land Reclamation may, through a Ministerial Decree, issue a temporary obligatory license to a non-holder of the title in the event it is necessitated by national interest. The obligatory license shall, however, include fair compensation from the non-holder to the original title-holder. The Minister of Agriculture and Land Reclamation shall issue a decree regulating the terms, conditions and procedures for granting an obligatory license, appeals made against it and the decision-making on appeal.

Article 7

Without prejudice to a more severe penalty stipulated under another law, any contravention to the provisions of this chapter or its implementing decrees may lead to imprisonment for a period of not less than three months and not more than one year and a fine of no less than LE Ten Thousand and no more than LE Fifty Thousand or by either or both penalties. In the case of a recurrent contravention (by the same violator), the penalty shall be doubled. The competent court of law shall provide in its verdict for confiscation of the seized planting seeds to the benefit of the Ministry of Agriculture and Land Reclamation. This shall not, however, negate the right of the title-holder to claim damages in the event his rights have been affected.

Annex V

WORLD WHEAT AND MAIZE PRICE EQUIVALENTS

TABLE 1. WORLD WHEAT PRICE EQUIVALENT AT FARM LEVEL, 1999 BASE YEAR

Item	Unit	Base year 1999	Scenario 2	Scenario 3	Scenario 4
US HRW#2 (US Gulf)	US$/ton	112.06	112.06	112.06	145.68
Freight (US Gulf to Alexandria)	US$/ton	14.68	14.68	14.68	14.68
Value at Alexandria	US$/ton	126.74	126.74	126.74	160.36
Import duties	%	2.0%	2.0%	2.0%	2.0%
Sales tax	%				
Other fees	%	8.3%	8.3%	8.3%	8.3%
Total duties, tax and fees	US$/ton	11.49	11.49	11.49	14.93
World price equivalent at Alexandria	US$/ton	138.23	138.23	138.23	175.29
Equilibrium exchange rate	LE/US$	3.93	3.41	3.93	3.93
World price equivalent at Alexandria	LE/ton	543.33	470.67	543.33	689.01
Transport from Alexandria to market (Cairo)	LE/ton	22.00	22.00	22.00	22.00
World price equivalent at market (Cairo)	LE/ton	521.33	448.67	521.33	667.01
Transport from market (Cairo) to farm	LE/ton	17.00	17.00	17.00	17.00
World price equivalent at farm	LE/ton	504.33	431.67	504.33	650.01
Quality adjustment	%	95%	95%	95%	95%
World price equivalent at farm (adjusted)	LE/ton	479.11	410.08	479.11	617.51
Domestic price	LE/ardab	103.40	103.40	103.40	103.40
Domestic price	LE/ton	689.33	689.33	579.34	689.33
Nominal protection coefficient (NPC)=Pd/Pb		Ratio	1.44	1.68	1.21

TABLE 2. WORLD MAIZE PRICE EQUIVALENT AT FARM LEVEL, 1999 BASE YEAR

Item	Unit	Base year 1999	Scenario 1	Scenario 2
US # 2 (US Gulf)	US$/ton	90.15	90.15	117.19
Freight (US Gulf to Alexandria)	US$/ton	14.68	14.68	14.68
Value at Alexandria	US$/ton	104.83	104.83	131.87
Import duties	%	2.0%	2.0%	2.0%
Sales tax	%			
Other fees	%	8.3%	8.3%	8.3%
Total duties, tax and fees	US$/ton	9.24	9.24	12.01
World price equivalent at Alexandria	US$/ton	114.07	114.07	143.89
Equilibrium exchange rate	LE/US$	3.93	3.93	3.93
World price equivalent at Alexandria	LE/ton	448.36	448.36	565.56
Transport from Alexandria to market (Cairo)	LE/ton	22.00	22.00	22.00
World price equivalent at market (Cairo)	LE/ton	426.36	426.36	543.56
Transport from market (Cairo) to farm	LE/ton	17.00	17.00	17.00
World price equivalent at farm	LE/ton	409.36	409.36	526.56
Quality adjustment	%	105%	105%	105%
World price equivalent at farm (adjusted)	LE/ton	429.83	429.83	552.89
Domestic price	LE/ardab	84.70	72.44	84.70
Domestic price	LE/ton	605.00	517.42	605.00
Nominal protection coefficient (NPC)=Pd/Pb	Ratio	1.41	1.20	1.09

Annex VI

ESTIMATING PREMIUM ON EXCHANGE RATE, SHADOW EXCHANGE RATE AND STANDARD CONVERSION FACTOR, 1999

Item	Unit	1993	Source of data
Taxes-International trade, transac. (TITT)[a/]	LE million	5 428	IMF (1995) *Government Finance Statistics Yearbook.*
Import duties (ID)[b/]	LE million	5 428	IMF (1995) *Government Finance Statistics Yearbook.*
Customs duties (CD)	LE million	4 894	IMF (1995) *Government Finance Statistics Yearbook.*
Other import charges (OIC)	LE million	534	IMF (1995) *Government Finance Statistics Yearbook.*
Export duties (ED)	LE million	0	IMF (1995) *Government Finance Statistics Yearbook.*
Exchange profits (EP)	LE million	0	IMF (1995) *Government Finance Statistics Yearbook.*
Exports (Exp)	US$ million	2 244	IMF (1995) *Direction of Trade Statistics Yearbook.*
Imports (Imp)	US$ million	8 184	IMF (1995) *Direction of Trade Statistics Yearbook.*
Official exchange rate (OER)	LE/US$	3.3718	IMF (1997) *International Financial Statistics.*
Shadow exchange rate (SER)[c/]	LE/US$	3.8923	Calculated
Premium on exchange rate (PER)[d/]	%	15.4%	Calculated
Standard conversion factor (SCF)[e/]	Ratio	0.87	Calculated

Notes:

a/ TITT = ID+ ED + EP

b/ ID = CD + OIC

c/ SER = (1+ PER) * OER

d/ PER = {(Exp + Imp + (TITT / OER)) / (Exp + Imp)} – 1

e/ SCF = 1 / (1 + PER)

Base Year (1999) data

Official Exchange Rate (OER) LE/US$ 3.4050
Shadow Exchange Rate (SER) LE/US$ 3.9306

Base Year (2001) data:

Official Exchange Rate (OER) LE/US$ 3.8500
Shadow Exchange Rate (SER) LE/US$ 4.4443

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