DRAFT OUTLINE FOR METHODOLOGY TO COMPILE EGYPTIAN FOREIGN TRADE BARRIERS REPORTS

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NATHAN ASSOCIATS

USAID/EGYPT POLICY AND PRIVATE SECTOR OFFICE

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AUTHOR: VICTORIA WAITE

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Draft Outline for Methodology to Compile Egyptian Foreign Trade Barriers Report

INTRODUCTION

The purpose of this outline is to suggest a methodology that the Central Department for Bilateral and Multilateral Agreements (CD/BMA) can adopt to use in the compilation of foreign trade barriers affecting Egyptian exports of goods and services. The current responsibilities of the CD/BMA consist of researching and writing country studies, coordinating and participating meetings and negotiations with trading partners on bilateral and regional issues, implementing bilateral and multilateral agreements (framework, preferential arrangements, regional and bilateral free trade agreements), and monitoring ratification and implementation of those agreements.

WHY PRODUCE A FOREIGN TRADE BARRIERS REPORT?

Currently the CD/BMA is responsible for developing country analysis reports that highlight import and export information with bilateral and regional trading partners. However, as Egypt continues to expand its relationships with important trading partners through bilateral and regional agreements, the scope of such negotiations is sure to also address additional disciplines, such as services and investment, where barriers are typically not encountered at the border (e.g., tariffs and customs duties), but are engrained in policies or practices found behind the border either in regulations, laws or business practices. These types of measures can have a significant impact on an Egyptian producer's ability to fairly and competitively access relevant markets, especially if these measures are applied in a discriminatory manner or are unnecessarily burdensome.

A primary objective is to reduce or eliminate barriers that Egyptian exporters face in international markets. The foreign trade barriers report will contain vital information that should be utilized by Egyptian trade negotiators, whether they are in CD/BMA, CD/BMA, European Office, or Egyptian Commercial Service as well as sectoral experts from other Ministries such as

CD/BMA Country Studies include:
- Baseline country information
- Overview of the economy, including principal production sectors and relative advantage
- Government pursued trade related policies, e.g., tariff rates, applied customs, duty-free procedures and constraints, and commitments in economic and trade organizations
- Membership within trade organizations and agreements, discussion on whether memberships will impact future trade with Egypt (e.g., size of trade volume, including its primary imports and exports and major trading partners).
- Existing trade relations with Egypt (i.e., existing agreements, common membership in regional and international organizations, trade volume for both exports and imports).
- Recommendations on whether to pursue bilateral relations either through a framework agreement, preferential arrangement, or bilateral free trade agreement taking into account previous analysis and studies.

Agriculture, Finance or Foreign Affairs, in preparation for trade negotiations, implementation and monitoring of trade agreements, and even in the resolution of disputes.

OVERVIEW OF FOREIGN TRADE BARRIER CATEGORIES

Egypt's foreign trade barriers report should primarily focus on restrictive practices, regulatory measures, government laws and policies designed to favor domestic products over foreign products These barriers are not always easy to identify and are sometimes extremely complex as they are 'behind the border' policies, often regulated and implemented by government agencies. An example of report coverage can be drawn from USTR's annual National Trade Estimate report, which addresses the following ten areas:[1]

- Import policies (e.g., tariff and other import charges, quantitative restrictions, import licensing, customs barriers);
- Standards, testing, labeling, and certification (e.g., unnecessarily restrictive application of SPS and TBT standards and environmental measures);
- Government procurement (e.g., buy national policies or closed bidding);
- Export subsidies (e.g., export financing on preferential terms and agricultural export subsidies);
- Intellectual property rights (e.g., inadequate patent, copyright, and trademark regimes);
- Barriers to services (e.g., limits range of services a firm can offer, regulation on flow of data, restrictions on the use of foreign data processing);
- Barriers to investment (e.g., limitations on foreign equity participation and on access to foreign government funded research and development (R&D), local content and export performance requirements, and restrictions on transferring earnings and capital);
- Anticompetitive practices (e.g., anticompetitive activities of both state-owned and private firms that restrict the sale of Egyptian products);
- Trade restrictions affecting electronic commerce (e.g., tariff and non-tariff measures, burdensome and discriminatory regulations and standards, and discriminatory taxation); and
- Other barriers (e.g., bribery and corruption, or barriers that affect a single sector).

It is important to note that barriers in all ten categories may not be found in every country. And in some cases, foreign trade barriers found in some trading partners may be so minor that they will not warrant a country chapter, rather notification of issue(s) to Egyptian negotiators should be

[1] Definitions of ten categories taken from USTR's NTE Report, available at www.ustr.gov.

sufficient. Although some barriers to trade are legal under trade agreements, e.g., tariffs, the report should also identify measures that are extremely high and/or burdensome (e.g., high tariffs on certain products) to be as comprehensive as possible.

FOREIGN TRADE BARRIERS AND CD/BMA

The compilation of foreign trade barriers is a very time and labor intensive process, and therefore, should have the buy-in and dedication from TAS management and staff. Taking into account CD/BMA's structural organization by country/region, one recommendation would be to organize regional teams responsible for the countries that fall within that territory, and within each team, individuals would be assigned responsibility over specific categories. This type of report will also require coordination with technical experts in other government agencies/Ministries, with departments within MOFTI, as well as with the private sector. Because a lot of the training and research will rely on sources most likely published in English, it is recommended that the report be produced in English and translated into Arabic.

Selection of Countries

The selection of countries examined for the Egyptian foreign trade barriers report should be significant markets for Egyptian exports of goods and services. A list of initial countries can be identified by examining the volume trade between Egypt and other countries. A final list of countries will be determined after research is completed and comments from the private and public sectors have been submitted.

CD/BMA Training Needs

There are a number of disciplines that may be new territory for some of the CD/BMA staff. To ensure that everyone understands the broad range of issues relating to the above categories, additional training may be required on specific topics.

Sources of Information

Several resources can be utilized to research and compile of foreign trade barriers to Egyptian exporters. CD/BMA staff should know what type of country information already exists, for example, WTO Trade Policy Reviews, policy reports on the OECD website, EU market access database and US NTE. Another critical source of information will be Egyptian exporters and Government officials.

Public Awareness

Private sector input is essential throughout the process. The private sector, and in particular, individual firms and trade/business associations, are in the best position to consult with CD/BMA because they face barriers on a daily basis in international markets and incur the financial impact of these barriers. Building public awareness will not only serve as a mechanism to gathering important input about international markets, but it will also inform the private sector on MOFTI's activities and

help them better understand trade agreements, including how to take advantage of opportunities presented through these agreements.

Coordination within Egyptian Government

When compiling information, CD/BMA should take advantage of resources that already exist within its government. For example, technical experts from CD/WTO, the Ministry of Agriculture, Ministry of Finance, or Ministry of Tourism may be in the best position to add input or verify whether a certain restriction is valid. Geneva-based representatives and the ECS should also be able to inform and/or verify market conditions in target countries.

Facilitating Input from Public and Private Sectors

The following activities are recommended to facilitate input from public and private sectors:

1. Develop a non-technical questionnaire to assist private sector in understanding and identifying possible barriers in foreign markets.
2. Post announcement on the TAS website with a direct link to CD/BMA page that will explain the objective of the report, deadlines to submit comments, dates on public meetings, and contact information for inquiries and submission of input.
3. Take advantage of relationship with the Federation of Egyptian Industries (FEI) and arrange to inform private (and private) sector through a series of briefing sessions to raise awareness of the report and its objective.

NEXT STEPS

Between now and April 2005, CD/BMA will identify

1. staff dedicated to producing the foreign trade report;
2. an initial list of target countries and seek approval from supervisor;
3. counterparts in Egyptian Commercial Service (ECS) who have responsibility for target countries and inform them of the impending report, including the objective and request for relevant information;
4. specific categories where additional explanation/training might be needed in order to execute research more effectively (e.g., services, investment, standards, or IP); and
5. initial sources of information (e.g., Trade Policy Review, websites, policy papers, private sector players, etc.)

In April 2005, CD/BMA will work with ATR trade specialist to devise a schedule of fixed deadlines and a strategy for the production of the report, e.g., submissions from private sector, drafts of country and category sections, review of drafts by peers in MOFTI, etc.