

EGYPT'S NEW EXPORT REBATES PROGRAM

As the 52nd largest export economy in the world, Egypt has had a negative trade balance for years. Egyptian non-oil exports reached USD 25 billion (2018) compared to USD 22 billion (2017). The Central Agency for Statistics reported a trade deficit of USD 40 billion in 2017.

Egypt's economic reform program has accelerated GDP growth (5.6% in FY2018/19), contained a parallel foreign currency exchange rate market, narrowed external deficits and increased international reserves (over \$44 billion). Private investment is picking up and net exports are improving. The Government of Egypt (GoE) is committed to reviving the industrial sector and enhancing exports.

The Ministry of Trade and Industry announced a refurbished export rebates program in July 2019 to enhance Egyptian exports with the support of the Export Development Fund (EDF). EGP 6 billion (USD 363 million) has been allocated for the fund in FY2019/20. The program will be reviewed every 6 months. Companies' export rebates arrears will be settled this FY.

Egypt's has the potential to become a regional/global services, production and re-export hub, with investment incentives and access to large key markets through various multilateral and bilateral trade agreements with the US, EU, Middle Eastern and African countries. Egypt is a signatory to COMESA, the Pan-African FTA, GAFTA, AGADIR. Egypt signed FTAs with Turkey and Mercosur.

WHAT'S NEW?

1. Exporters must fulfil a 40% local production input. (No local content obligation in the previous program.)
2. The new program will subsidize between 8-12% of the total exported value (10% under the previous program.)
3. The previous program was solely dependent on a cash back mechanism. The new program's funding (EGP 6 billion) will be allocated as follows:

40% as cash back payments to exporters

OR

30% as tax breaks/cuts of exporting company's arrears to the Ministry of Finance

OR

30% as technical and financial support to develop facilities and promote Egypt's exports.

4. Overdue export rebates from shipments prior to 30/6/2019 will be settled by the GoE.

REQUIRED DOCUMENTS?

Commercial, industrial and exporter registry/ Tax ID/ Valid ISO certificate from a Government authorized agency/ Certificate from the Industrial Development Authority (or an accountant) proving local production component/ Company budget

WHO IS ELIGIBLE FOR THE PROGRAM?



Engineering industries



Chemicals & fertilizers



Books & artefacts



Leather & leather products



Handicrafts products



Food industries



Furniture



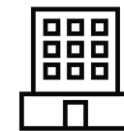
Medical & pharma



Agricultural crops



Building & construction materials



Real Estate investment



Spinning & textiles