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DETERMINANTS OF THE EGYPTIAN EXPORTS MARKET ACCESS TO THE EUROPEAN UNION

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Determinants of the Egyptian Exports Market Access to the European Union

(WORK IN PROGRESS)

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1. Introduction

While Egypt is in the process of negotiating a free trade area (FTA) with the European Union (EU)[1], hereinafter referred to as EU-Med, the issue of market access of the Egyptian exports to the EU has been not rigorously analyzed in the literature. Contrary to the findings of the literature on the theoretical aspects of regional trade agreements (RTAs) which emphasize the benefits of a better market access as an immediate gain likely to happen due to the trade creation effect between two partners pursuing an RTA (see for example: Viner, 1950; Balassa, 1961), it does not seem to be the case with the recent literature reviewed empirically on the EU- Med agreement between Egypt and the EU. The reasons were either viewing it as a by-product of the dynamic gains of FDI and technology transfer, which are only likely to appear in the long-term or arguing that achieving a better market access is not at least a short-term aim as Egypt already enjoys a preferential (mainly duty free) access for its manufactured exports in the EU market under the context of the General Cooperation Agreement since 1977 (Hoekman and Djankov, 1997; Petri, 1997). Moreover, agricultural exports are not likely to have a better market access as a result of the well known Common Agriculture Policy (CAP) policy of the EU. This led to the fact that market share and the market access issues broadly defined as gaining markets or preventing their loss were not dealt with in adequate terms.

This study has three major aims: to evaluate the performance of the Egyptian exports in the EU over the period 1987-1997; to analyze the reasons embedded behind this performance; and to provide some policy suggestions, based on the results obtained from the analysis, for the roles of the EU, Egyptian government and Egyptian business associations to enhance the market access of the Egyptian exports in the EU market within the context of the EU-Med agreement.

Following this introduction, *section two* provides an overall view of the performance of the Egyptian exports over the last two decades on a comparative basis with some of the other Mediterranean non-member countries (MNCs)[2] that have already signed

[1] The European Union was formerly named the European Economic Community (EEC) since 1957 till 1993. With the entry into force of the Treaty on European Union (Masstricht treaty) and the inception of the Single Market in 1993, the EEC was named European Union (EU) and the EEC Treaty (Rome treaty in 1957 establishing the EEC) was renamed EC Treaty . See Weidenfeld, Werner and Wolfgang Wessels (1997), *Europe from A to Z, Guide to European integration*, Luxembourg: Office for Official Publications of the European Communities, see esp. p. 228.

[2] The MNCs include 12 countries: Egypt, Morocco, Tunisia, Algeria, Syria, Lebanon, Jordan, Palestinian Authorities, Israel, Turkey, Cyprus and Malta. The EU-Med agreements aim towards implementing bilateral FTAs

analogous EU-Med agreements or are in the process of signing them. In *section three* some export data analysis measures are utilized to examine the performance and the development of the Egyptian exports in the world, EU[3] and US markets. A 3-digit level of SITC data is the level of data disaggregation used in the analysis. Based on the results obtained from such analysis, *section four* discusses a number of determinants that are highly related to the market access of the Egyptian exports to the EU. They are divided in two subsets of determinants (external and internal). The external determinants include: historical preferences given to the Egyptian exports by the EU; competition among some other MNCs; competition due to exports of Central and Eastern European competitors; non tariff measures (NTMs) included in the EU-Med agreement between Egypt and the EU and finally; the link between FDI and exports. Internal determinants include: non tariff barriers (NTBs) from the Egyptian side; inefficient services provided to promote exports; absence of active business association groups; absence of coordination among producers and; the "quality gap" problem of the Egyptian exports. *Section five* concludes and provides some policy suggestions to be adopted by the EU, Egyptian government and Egyptian business associations to promote exports within the context of the EU-Med agreement and increase their ability to penetrate the EU market.

2. An Overall View of the Performance of the Egyptian Exports (A Cross Country Comparative Perspective)

This section provides an overall view of the performance of the Egyptian exports compared to some MNCs, namely Morocco, Tunisia, Turkey, Jordan and Syria.

Table 1. reveals that Egypt's trade integration in the world economy is lagging behind other MNCs. It has the weakest performance among its competitors in the Mediterranean basin whether in terms of trade integration (column 4) and has experienced the worst development of exports regarding their ratio to GDP (column 1 and 2) compared to a positive development achieved among its competitors.

between the EU on one hand and each of the MNCs on the other hand as a first stage. At a latter stage, the EU-Med initiative aims toward extending the bilateral FTAs between the EU and each of the MNCs an overall FTA covering all the MNCs and the EU. It should be noted that the negotiations with Turkey (already concluded a customs union with EU), Cyprus and Malta aim towards future accession of these countries to the EU.

[3] The EU has experienced one enlargement during the period investigated. However, to avoid confusion and to maintain consistency, the 15 members of the EU were included in the analysis even though some of them were not members in 1987 (Austria, Finland And Sweden).

Table 1.: Some Indicators of the Performance of the Egyptian Trade and Exports Compared to Other Countries

	Ratio of Exports (goods and services) to GDP (1980)	Ratio of Exports (goods and services) to GDP (1998)	Trade to GDP ratio (1995) (Trade Openness)	Trade growth less GDP growth (1987-1997)
Egypt	*31*	*17*	*54.9*	*-0.6%*
Morocco	17	28	51.4	4%
Tunisia	40	42	91.7	1.3%
Turkey	5	25	45.2	6.1%
Jordan	40	50	125.1	6.5%
Syria	18	29	56.8	0.4%

Source: World Bank (1999/2000), World Development Report, p. 254 (Columns 1 and 2), Havrylyshyn, Oleh (1997), p. 3 (Column 3) and World Development Indicators CD ROM (1998) (Column 4).

Thus, the performance of the Egyptian exports can be clearly seen to have experienced a sluggish if not deteriorating development over the last two decades when compared to other MNCs in the sample shown. Such weak performance resulted in losing market shares whether in the world market or in the EU market. Table 2. traces the Egyptian market share in both world and EU markets compared to some other MNCs.

Table 2.: Exports Market Shares of Egypt and other MNCs in World and EU Markets

	Share in EU Markets*				Percent of world Exports			
	1980	1985	1990	1994	1980	1985	1990	1995
Egypt	*0.971*	*1.090*	*0.543*	*0.506*	*0.28*	*0.29*	*0.22*	*0.22*
Morocco	0.507	0.535	0.691	0.686	0.13	0.13	0.15	0.12
Tunisia	0.503	0.405	0.516	0.600	0.14	0.12	0.12	0.13
Turkey	0.409	0.983	1.443	1.449	0.15	0.46	0.47	0.56
Jordan	0.012	0.069	0.020	0.018	0.09	0.12	0.05	0.06
Syria	0.353	0.287	0.287	0.299	0.11	0.10	0.11	0.08

**imports from country/total EU imports excluding intra-EU trade*
Source: Havrylyshyn, Oleh (1997), p. 3 and p. 6.

Despite the relative moderate average annual rate of growth of the Egyptian exports (6.63 % over the period 1987-1992 and 9.33% over the period 1992-1997), it remained the country with the weakest performance in terms of preserving its market share in the total world exports market among the sample shown above in table 2. Contrary to Turkey, which increased its exports market share, and to Morocco and Tunisia that experienced slight erosion of their market shares, Egypt experienced a large decline in its exports share in world market. Although Jordan and Syria have experienced as well a decline in their world market share, Egypt has experienced a double amount of deterioration where its market share declined by 0.06 percentage points compared to only 0.03 percentage points in the case of Syria and Jordan.

When confining our analysis to the case of the EU market, the performance of the Egyptian exports, in terms of preserving their market share, did not show any positive development as well. This is in comparison to other MNCs, with the exception of Syria, that have all showed positive development, though in some cases insignificant as in the

case of Jordan. One interesting observation when comparing the relative development of the Egyptian exports in penetrating the world market (as shown in the last four columns of table two) with the share of the Egyptian exports in the EU market (as shown in first four columns of table two) is the extent of deterioration of the Egyptian exports in the EU market when compared with the world market. In the case of the EU market, the Egyptian exports market share deteriorated by more than 0.3 percentage points between 1980 and 1994 compared to less than 0.06 percentage points in the same period for the world exports market. The overall weak performance of the Egyptian exports implies that they suffer from certain supply deficiencies, especially if the performance of other competitors, which to a large extent enjoy the same export profiles, have performed differently as tables 1. and 2. reveal. The relative weak performance of the Egyptian exports in the EU market, in terms of improving their market access, when compared to its overall weak performance suggest that development of the Egyptian exports in different foreign markets could have useful insights for different aspects of the demand and the supply sides that need to be thoroughly investigated. This is maintained by undertaking a more deep analysis of export data in *section three*.

3. Analysis of the Development and the Performance of the Egyptian Exports in the EU Market

This section provides some measures and shows some characteristics of the Egyptian exports which help identifying the market access determinants to the EU. In other words the section portrays the Egyptian exports profile and its development during the period 1987-1997. Our main concern is the performance of the Egyptian exports directed to the EU. Moreover, a comparative dimension encompassing the performance of the Egyptian exports directed to the world and the US markets adds some useful insights for the analysis. Measures used include the average annual growth rates, the concentration ratio, compositional structure and compositional change, dynamic change, diversification, etc.

Rates of Growth:
Table 3. shows the simple annual average growth rates of the Egyptian exports to the World, EU and the US. It also reveals the development of the share of EU and US in the total Egyptian exports. As the table reveals the rate of growth of the Egyptian exports to the EU was performing slightly better than the rate of growth of the total Egyptian exports. However, the rate of growth of exports to the US surpassed the rate of growth of Egyptian exports directed both to the World and to the EU.

Another important insight that can be revealed from the table is that the performance of the Egyptian exports to the EU, as well to the world and US (in terms of average annual growth) has been better in the period 1992-1997 when compared to the period 1987-1992. Moreover, an important derived conclusion from table 3. is that the Egyptian exports directed to the EU, in terms of average annual rate of growth, have been performing moderately when compared to the performance of the Egyptian exports in

general. As a result, Egyptian exports directed to the EU have maintained a constant share over the period 1987-1997 (around 40%).

Table 3.: Average Annual Rate of Growth and Share in Total Exports (in %), 1987, 1992 and 1997

Average Annual Rate of Growth	1987-1992	1992-1997	Share in 1987	Share in 1992	Share in 1997
World (World-EU)	6.63% (6.53%)	9.33% (8.46%)	100%	100%	100%
EU	6.79%	10.66%	39.46%	39.69%	41.49%
US	12.35%	15.75%	7.73%	9.39%	11.44%

Source: Calculated from the EUROSTAT Database

Compositional Structure and Compositional Change:
Table 4. shows the compositional structure and compositional change of the Egyptian exports to the EU. The 228 items included under the 3 digit SITC classification were aggregated in the 10 SITC main major categories over the period 1987-1997. The percentages shown in table 4. are related to each market. For example, in the food and animals category in 1987, *11% of the Egyptian exports to the world* was concentrated in this category *whereas 7% of total Egyptian exports to the EU* was in this category and *1% of total Egyptian exports to the US* was in this category. As can be deducted from the table, Egyptian exports to the EU are concentrated in two main SITC groups, group 3 (mineral fuels, etc.) and group 6 (basic manufactures). Within those two main SITC groups there are 3 main 3 digit SITC group products that dominate the lion's share in group 3 (SITC 333 Crude Petroleum, SITC 334 Petroleum byproducts refined and SITC 335 Residual petroleum products, nes), and 3 main 3 digit SITC group products dominate the lion's share in group 6 (SITC 651 Textile yarn, SITC 652 Cotton fabrics, woven and SITC 684 Aluminum).

Regarding the compositional change, there are several trends that can be observed concerning the Egyptian exports to the EU. *First*: the decline in the share of food and animal products (including agricultural products) in the total exports to the EU. Such a trend was matched by a similar one in the Egyptian exports to the world, whereas exports to the US maintained a constant share. *Second*: there was a trend of declining share of crude materials excluding fuels in total exports to the EU. The trend was counterpart by similar ones in the case of exports to the world and US. *Third:* the share of minerals fuels in total exports to the EU has maintained a constant share (around 36% in average). *Fourth:* the share of chemical related products has been experiencing an increase in the total exports to the EU. This increase was matched by a parallel upsurge in the share of this commodity group in total exports to the world, whereas it was not the case in exports directed to the US. *Fifth*: the share of basic manufactures in exports directed to the EU has experienced a decline. Analogous performance was observed in the case of exports directed to the world and to the US. *Sixth:* the share of machines and transport has experienced an increase and represented a significant, though very small, share in total exports to the EU. *Seventh:* the share of miscellaneous manufactured products has experienced a great increase in total exports to the EU. This increase was

matched by similar increase in the case of total exports to world (though with a lesser degree) and to the US (with a higher degree).

Table 4.: Compositional Structure and Compositional Change of the Egyptian Exports

SITC Group		% Share in Exports to World % Share in Exports to EU % Share in Exports to US	1987	1992	1997
0	Food & Animals	World EU USA	11% 7% 1%	11% 7% 1%	7% 4% 1%
1	Beverage & Tobacco	World EU USA	0% 0% 0%	0% 0% 0%	0% 0% 0%
2	Crude Materials Excluding Fuel	World EU USA	11% 9% 3%	4% 3% 2%	5% 6% 1%
3	Mineral Fuels. Etc.	World EU USA	36% 36% 45%	44% 38% 56%	45% 35% 44%
4	Animal Vegetable Oil & Fat	World EU USA	0% 0% 0%	0% 0% 0%	0% 0% 0%
5	Chemicals Related Products	World EU USA	2% 1% 0%	5% 4% 1%	5% 4% 0%
6	Basic Manufactures	World EU USA	37% 47% 37%	27% 40% 16%	26% 39% 18%
7	Machines & Transport, etc.	World EU USA	0% 0% 0%	1% 0% 0%	1% 2% 0%
8	Miscellaneous manufactured Products.	World EU USA	3% 1% 9%	8% 6% 24%	10% 11% 35%
9	Others	World EU USA	0% 0% 0%	0% 0% 0%	0% 0% 0%

Source: Calculated from the EUROSTAT Database

Concentration Ratio:

The concentration ratio of the Egyptian exports to the EU was investigated by cumulating the percentage share of the largest ten exports (at a 3-SITC digit level) for the years 1987, 1992 and 1997. Table 5. shows the development of the concentration ratio of the largest 10 exports to the EU. As the table reveals, there are positive developments regarding the degree of concentration of the largest 10 commodities exported to the EU, where the concentration ratio declined from 93% in 1987 to 80% in 1992 and finally to 72% in 1997. Six products remained dominant as large exports, though sometimes with a change in their ranking regarding their relative share in total exports directed to the EU.

Table 5.: Concentration Ratio of the Largest 10 Commodity Groups Exported to the EU

1987 3 SITC digit level commodity groups	1987 Cumulative %	1992 3 SITC digit level commodity groups	1992 Cumulative %	1997 3 SITC digit level commodity groups	1997 Cumulative %
Textile Yarn	24%	**Crude Petroleum**	32%	**Petroleum products, refined**	23%
Crude Petroleum	46%	**Textile Yarn**	45%	**Textile Yarn**	36%
Aluminum	63%	**Aluminum**	59%	**Aluminum**	43%
Petroleum products, refined	76%	**Petroleum products, refined**	64%	Residual petroleum products, nes	48%
Cotton	82%	**Cotton Fabrics, woven**	68%	**Cotton Fabrics, woven**	53%
Cotton Fabrics, woven	86%	**Vegetables, etc. fresh, simply preserved**	71%	Clay, refractory building products	57%
Vegetables, etc. fresh, simply preserved	89%	Fertilizers, manufactured	74%	Textile articles, nes	62%
Crude vegetable material	90%	Mens Outwear not knit	76%	**Crude Petroleum**	66%
Rice	92%	Textile articles, nes	78%	Cotton	69%
Sugar and honey	93%	Outwear knit nonelastic	80%	**Vegetables, etc. fresh, simply preserved**	72%

Source: Calculated from EUROSTAT Database

Similar analysis was undertaken for exports directed to the world and to the US. Table 6. summarizes the results obtained. Accordingly, Egyptian exports to the EU have performed relatively worse than exports directed to the world in terms of the declining trend of the concentration ratio and relatively better in terms of the number of dominant products. Compared to the exports directed to the US, exports to the EU performed relatively better in terms of the decline of the concentration ratio and relatively worse in terms of the number of dominant products. To sum up, the concentration ratio of the largest 10 commodity groups exported to the EU has experienced a positive development, however not to the extent experienced by the performance of the Egyptian exports to the world.

Table 6.: Concentration Ratio of the Largest 10 Egyptian Exports to the World, EU and USA

Year	World	EU	USA
1987	88%	93%	95%
1992	70%	80%	95%
1997	67%	72%	93%
Number of Dominant Commodity Groups over the period 1987-1997	8	6	5

Source: Calculated from EUROSTAT Database

Diversification:

To analyze the diversification performance of the Egyptian exports a simple measure was utilized. The number of new products introduced in the Egyptian exports structure

was counted. This was done by calculating the number of zeros in 1987 for the 3 digit SITC commodity groups and then compared to other years. Thus, the less number of zeros that appear implies a positive development in terms of introducing new commodity groups for exporting. Caution was made regarding counting the exports whose values were less than ECUs 5000 as zeros. Reasons for neglecting such trivial exports include the level of degree of data disaggregation which is 3 digit SITC level. Thus, a commodity group with less than ECUs 5000 could be exported just for once and could be distributed among a larger number of products that make their contribution insignificant for the analysis. However, commodity groups that were still less than ECUs 5000 and showed persistent and continuos appearance were accounted for. Table 7. Shows the results obtained for that measure. When measuring the diversification of the Egyptian exports to the EU by that measure combined with the concentration ratio measure, we find that the performance of the Egyptian exports directed to the EU has been relatively well. On average 10.4 new products were introduced to the European market as new Egyptian products on yearly basis between 1987 and 1992 and 4 new products yearly between 1992 and 1997. Such performance have outscored the performance of the Egyptian exports directed to the USA in both periods (1987-1992 and 1992-1997) so as well the Egyptian exports directed to the World in the period 1992-1997 and have performed relatively similar (though with a slight weaker performance) to the Egyptian exports directed to the World in the period 1987-1992.

Table 7.: Diversification of the Egyptian Products

Number of zeros	World	EU	USA	Average annual of introducing new products World, EU, USA
1987	75	137	183	
1992	18	85	144	11.4 10.4 7.8
1997	29	65	127	-2.2 4 3.4
Number of products never exported or less than ECUs 5000 at 3 SITC digit level		27	64	

Source: Calculated from EUROSTAT Database

Combining the two measures together (the concentration ratio and the number of new products introduced to the exporting market) reveals that the Egyptian exports to the EU have been performing relatively well.

The Most Dynamic and Worst Export Performers:

The performance of the Egyptian export commodity groups directed to the EU varied widely in the period investigated (1987-1997). Where some commodity groups showed an unprecedented growth, thus increasing their share in total exports to the EU, others suffered negative growth rates. Moreover, the performance varied widely among the two sub periods (1987-1992 and 1992-1997) where exports that showed huge growth rates in the first period either declined afterwards or showed moderate growth rates. Table 8. identifies the top 20 performers in the two periods (1987-1992) and (1992-1997) and their market share in 1987, 1992 and 1997. As shown from the table non of the 20 best performers in the period 1987-1992 occurred as best performers in the period 1992-

1997. The top 20 performers in the period 1987-1992 increased their share in total exports directed to the EU by approximately 8 percentage points in five years and continued to increase their share by an extra 2 percentage points in 1997. The 20 best performers in the period 1992-1997 increased their share in total exports directed to the EU by approximately 3 percentage points and have been experiencing a very slight increase in the period 1987-1992.

Table 8.: The Top 20 Best Export Commodity Groups Performers to the EU Market

Top performers between 1987 and 1992 (3 digit Commodity Group)	1987 share in total exports to EU	1992 share in total exports to EU	1997 share in total exports to EU	Top performers between 1992 and 1997 (3 digit Commodity Group)	1987 share in total exports to EU	1992 share in total exports to EU	1997 share in total exports to EU
Iron, Steel Wire (excluding wirerod)	0%	0.924%	0.207%	Office supplies, nes	0%	0%	1.181%
Wire Products non electric	0%	0.858%	0.585%	Rubber tires, tubes, etc.	0%	0%	0.067%
Iron, steel tubes, pipes, etc.	0%	0.473%	0.007%	Zinc	0%	0%	0.045%
Office Machines	0%	0.221%	0.0001%	Hydrocarbons, nes, derives	0.038%	0%	0.043%
Base Metal manufactures, nes	0.0001%	0.152%	0.053%	Lime, cement, building products	0.006%	0%	0.035%
Leather	0%	0.160%	0.272%	Ships and boats,etc.	0%	0%	0.035%
Stone, sand and gravel	0.001%	0.465%	0.682%	Nonferrous metal scrap nes	0%	0.0004%	0.132%
Inorganic elements, oxides, etc.	0.0009%	0.176%	0.805%	Maize unmilled	0%	0%	0.020%
Sugar candy non-chocolate	0.0003%	0.0237%	0.003%	Television receivers	0%	0%	0.023%
Furniture, parts thereof	0.004%	0.207%	0.226%	Knitted, etc. fabrics	0%	0.002%	0.234%
Fertilizers, manufactured	0.057%	2.887%	0.627%	Mineral manufactures nes	0.0009%	0.001%	0.101%
Non-electric machine parts, accessories, nes	0.0007%	0.027%	0.034%	Shell fish fresh, frozen	0.002%	0.001%	0.068%
Base metallic household equipment	0.007%	0.214%	0.135%	Motor vehicle parts, accessories nes	0%	0.036%	1.423%
Floor coverings, etc.	0.040%	0.897%	0.619%	Cutlery	0.0009%	0.0008%	0.020%
Paper, etc. precut, arts of	0.001%	0.035%	0.078%	Zoo animals, pets, etc.	0.003%	0.001%	0.031%
Clay, refractory building products	0.005%	0.069%	4.410%	Perfumery, cosmetics, etc.	0.005%	0.005%	0.141%
Under Garments not knit	0.047%	0.568%	1.485%	Paper and paperboard	0%	0.001%	0.038%
Alcoholic Beverages	0.0006%	0.006%	0%	Textile clothing accessories nes	0.004%	0.0007%	0.015%
Essential Oils, perfume, etc.	0.030%	0.331%	0.493%	Toys, sporting goods, etc.	0%	0.001%	0.022%
Medicinal, pharmaceutical products	0.009%	0.140%	0.181%	Electrical machinery nes	0.011%	0.010%	0.152%
Total	0.209%	8.806%	10.387%		0.074%	0.065%	3.836%

Source: Calculated from EUROSTAT Database

Table 9. lists the most declining exports directed to the EU market in the two periods 1987-1992 and 1992-1997. The share of the worst declining exports in total exports directed to the EU went down from 45% in 1987 to 21% in 1992. Nevertheless, five of the worst performers in the period 1987-1992 appeared as best performers in the period 1992-1997. Moreover, the upsurge of the share of the petroleum products refined (SITC digit 334) from 5% in 1992 to 23% in 1997 resulted in an increased share for the worst performers in 1997 of 41% of total exports directed to the EU. Thus, if the share of the petroleum products refined was excluded, it appears the worst performers in the period 1987-1992 would have attained their overall share in 1992 which was around 16% (after excluding the share of petroleum products refined), especially that the 4 other declining products in the period 1987-1992, which appeared as best performers in the period 1992-1997, do not show to have a substantial share in the total exports directed to the EU. 3 of the worst performers in the period 1992-1997 were best performers in the period 1987-1992. The share of the worst declining exports in the total exports directed to the EU decreased from 37.5% in 1992 to 4.5% in 1997. However, most of this decline is attributed to the decline of the crude petroleum (SITC 333) whose share declined by about 27 percentage points, resulting in 5 percentage points decrease for all other 19 items together if this item is excluded between 1992 and 1997.

Table 9.: The Top 20 Worst Export Commodity Groups Performers to the EU Market

Worst performers between 1987 and 1992 (3 digit Commodity Group)	1987 share in total exports to EU	1992 share in total exports to EU	1997 share in total exports to EU	Worst performers between 1992 and 1997 (3 digit Commodity Group)	1987 share in total exports to EU	1992 share in total exports to EU	1997 share in total exports to EU
Iron, steel hoop, strip	0.149%	0%	0%	Fertilizers crude	0%	0.029%	0%
Synthetic fibers to spin	0.110%	0%	0.001%	Alcoholic Beverages	0.0006%	0006%	0%
Other man made fibers	0.002%	0%	0.004%	Animals oils and fats	0.003%	0002%	0%
Nitrogen FNCTN compounds	0.001%	0%	0.005%	Office Machines	0%	0221%	0.0001%
Hydrocarbons, nes derives	0.038%	0%	0.043%	Copper excluding cement copper	0.153%	0.507%	0.007%
Lime, cement, building products	0.006%	0%	0.035%	Iron, steel tubes, pipes, etc.	0%	0.473%	0.007%
Rice	1.049%	0.0941%	0.025%	outwear knit nonelastic	0.528%	1.720%	0.035%
Wool (excluding tops), animal hair	0.024%	0.003%	0.010%	Structures and parts, nes	0%	0.059%	0.001%
Textile clothing accessories nes	0.004%	0.0007%	0.015%	Glass	0%	0.006%	0.0001%
Cotton	6.465%	1.153%	3.054%	Fish, fresh chilled frozen	0.179%	0.563%	0.019%
Iron, steel primary forms	0.790%	0.258%	1.170%	Headgear non-textile clothing	0.030%	0.094%	0.003%
Zoo animals, pets, etc.	0.003%	0.001%	0.031%	Materials of rubber	0%	0.010%	0.0004%
Woven man-made fiber fabrics	0.008%	0.003%	0.003%	Wire products non electric	0%	0.858%	0.0585%
Other inorganic chemicals, etc.	0.149%	0.053%	0.082%	Synt dye, nat indgo, lakes	0.111%	0.168%	0.012%
Other inorganic compounds	0.014%	0.005%	0.0009%	Works of Art, etc.	0.004%	0.008%	0.0008%
Petroleum products, refined	12.659%	5.627%	23.670%	Sugar and honey	1.0003%	0.711%	0.077%
Vegetable fibers, excluding cotton, jute	0.331%	0.160%	0.211%	Seeds for other fixed oils	0%	0.032%	0.003%
Shell fish fresh, frozen	0.002%	0.001%	0.068%	Crude Petroleum	22.668%	32.002%	4.299%
Carboxylic acids, etc.	0.009%	0.005%	0.001%	Pigments, paints, etc.	0%	0.005%	0.0007%
Textile Yarn	24.014%	13.923%	12.901%	Sugar Candy non chocolate	0.0003%	0.023%	0.003%
Total	45.837%	21.291%	41.338%		24.681%	37.506%	4.532%

Source: Calculated from EUROSTAT Database

To summarize the performance of the Egyptian exports regarding their dynamic increase or decline, table 10 lists the best and worst performers according to the major SITC categories. The data reveal that the best performers are relatively concentrated in products with high value added (SITC 5, 6, 7 and 8) where 17 commodity groups (at 3 digit SITC level)were from these categories in the period 1987-1992 and 16 commodity

groups were derived from these categories in the period 1992-1997. This performance has been relatively better than that of exports directed to the world where the top performers belonging to those high value added SITC groups (SITC 5, 6, 7 and 8)were 15 in the period 1987-1992 and 9 in the period 1992-1997. Regarding exports directed to the US, the performance was almost the same in the period 1987-1992 where 18 products were related to the high value added SITC groups whereas the exported directed to the EU surpassed those directed to the US where only 12 commodity groups belonging to the high value added groups appeared in the period 1992-1997. The worst performers were distributed evenly in the case of EU among high value added SITC groups (5, 6, 7 and 8) and low value added SITC groups (0,1,2,3,4 and 9) where in the period 1987-1992 11 commodity groups (at 3SITC digit level) belonged to the high value added SITC groups compared to 12 commodity groups related to the same high value added groups in the period 1992-1997. Again, the performance was better than exports related to world where 13 commodity groups related to the high value group were worst performers in the period 1987-1992 and 15 in the period 1992-1997. Exports directed to the US performed slightly better than those directed to the EU where 10 commodity groups in both periods 1987-1992 and 1992-1997 belonged to the high value added SITC categories.

Table 10: Summary of the Best and Worst Performers Aggregated at 1-SITC Level

SITC Group		Number of Best Performers in the period 1987-1992	Number of Best Performers in the period 1992-1997	Number of Worst Performers in the period 1987-1992	Number of Worst Performers in the period 1992-1997
0	Food & Animals	World (4) EU (1) USA (2)	World (3) EU (2) USA (3)	World (3) EU (2) USA (4)	World (2) EU (3) USA (5)
1	Beverage & Tobacco	World (0) EU (1) USA (0)	World (0) EU (0) USA (0)	World (0) EU (0) USA (1)	World (1) EU (1) USA (0)
2	Crude Materials Excluding Fuel	World (0) EU (1) USA (0)	World (4) EU (1) USA (4)	World (3) EU (5) USA (3)	World (1) EU (2) USA (4)
3	Mineral Fuels. Etc.	World (0) EU (0) USA (0)	World (2) EU (0) USA (1)	World (1) EU (1) USA (2)	World (1) EU (1) USA (0)
4	Animal Vegetable Oil & Fat	World (1) EU (0) USA (0)	World (2) EU (0) USA (0)	World (0) EU (0) USA (0)	World (0) EU (1) USA (0)
5	Chemicals Related Products	World (3) EU (4) USA (2)	World (1) EU (2) USA (0)	World (4) EU (5) USA (1)	World (3) EU (2) USA (2)
6	Basic Manufactures	World (5) EU (9) USA (10)	World (3) EU (7) USA (8)	World (5) EU (5) USA (6)	World (1) EU (6) USA (4)
7	Machines & Transport, etc.	World (7) EU (2) USA (1)	World (3) EU (4) USA (0)	World (1) EU (0) USA (0)	World (8) EU (1) USA (1)
8	Miscellaneous manufactured Products.	World (0) EU (2) USA (5)	World (2) EU (3) USA (4)	World (3) EU (1) USA (3)	World (3) EU (3) USA (3)
9	Others	World (0) EU (0) USA (0)	World (0) EU (1) USA (0)	World (0) EU (1) USA (0)	World (0) EU (0) USA (1)

Source: Calculated from EUROSTAT Database

To sum up, the performance of the Egyptian exports directed to the EU has been relatively better than the performance of the Egyptian exports directed to the world and was almost matched by analogous performance for exports directed to the US (with the exception of rate of growth where the performance of exports to the US surpassed the performance of exports to the EU). This suggests that the performance of the Egyptian exports in the EU did not deviate largely from the performance of the Egyptian exports in general. Consequently, a number of the determinants of the market access of the Egyptian exports in the EU market will overlap with the determinants of the market access of the Egyptian exports to other markets and the to the world in general. Such overlapping of the determinants are more likely to be on the supply side of exports (internal determinants), whereas the demand side determinants (external determinants) are more likely to be market specific. The following section will underpin the importance of both external and internal determinants. Moreover, the causal link between the determinants of market access and the performance of the Egyptian exports in the EU market will be explored.

4. Determinants of the Egyptian Exports Market Access to the EU

4.1. External Determinants

In this subsection a number of external determinants of the Egyptian exports market access to the EU is investigated. They include: historical preferences given to the Egyptian exports by the EU; competition among some other MNCs; competition due to exports of Central and Eastern European competitors; non tariff measures (NTMs) included in the EU-Med agreement between Egypt and the EU and finally; the link between FDI and exports.

4.1.1. Historical Preferences under the Old General Cooperation Agreement

In January 1977 the General Cooperation Agreement (GCA) was signed between Egypt and the European Community (EC). Its main objective was to develop the economic, technical and financial cooperation between Egypt and the EC. This was to be achieved through the provision of an improved market access for Egyptian exports in the EC market accompanied by financial assistance within the context of Financial Protocols and technical assistance [4]. Similar GCAs were signed with other Mashreq and Maghreb countries (including Syria, Jordan, Morocco, Tunisia and Algeria). The GCAs were characterized by certain features: they were of unlimited duration; they provided trade concessions for exports from the aforementioned Maghreb and Mashreq countries to the Community market with duty free access for most of the industrial products and preferences for agricultural products; "sensitive" commodities as textiles, clothing and apparels were excluded from the duty free access treatment and were in most cases subject to quotas; reciprocal treatment for products of the EC exported to the Maghreb and Mashreq associated countries *was not required* and the application of the Most-Favored-Nation (MFN) tariff on the EC products exported to the associated Maghreb and Mashreq countries was applied; additional Protocols to mitigate the negative effects of the accession of Greece, Spain and Portugal to the EC on the agricultural exports of Maghreb and Mashreq countries in the Community market were signed bilaterally with each country (European Commission, 1995: p. 21). The GCAs had an objective to defuse criticism over market access especially for the agriculture imports, in which some EC concessions were made[5].

Consequently, most of the Egyptian industrial exports (excluding sensitive commodities as textiles and clothing as well as some processed agricultural products) entered duty-free to the EC markets and preferential access for some agricultural commodities was provided. Textiles were subject to a quota similar to that provided under the Multi-Fiber Arrangement (MFA)[6]. A number of additional protocols were signed afterwards to

[4]For more details on the Egyptian exports preferential treatment under the GCA see Ali, Maghawry Shalaby (1997), Chapter One.
[5] For a similar argument see Winters, L. A. (1993), see esp. pp. 118-119.

organize the trade relationship in certain sectors as Coal and Steel (which are also considered sensitive commodities) or to lessen the negative effects of the accession of new countries to the EC as Greece, Spain and Portugal on the market access of the Egyptian products, especially agricultural products, in the Community market (European Commission, 1995).

To judge whether Egypt was able to benefit from the preferential treatment provided by the EU within the context of the GCA, it is important to differentiate between the status of industrial and agricultural products.

The Industrial Products:

Regarding the effectiveness of the preferential treatment and despite the free access of the Egyptian industrial products to the EU, the low or zero MFN tariff applied by the EU to its industrial imports in general eroded part of the preferential treatment granted to the Egyptian products. For example, 58% of the Egyptian total exports to the EU directly before the Uruguay Round enjoyed zero MFN tariff rate, leaving only 14% out of total Egyptian exports to the EU enjoying a preferential treatment, probably zero tariff rate under the GSP[7], (see table 11.) (For more details see Shiells and Subramanian, 1996; Yeats, 1996),. The rest of exports, 27%, were either subject to quotas or other constraints as those applied to agricultural goods. Moreover, the 14% of Egypt exports to the EU which had a preferential treatment are likely to face either total or partial erosion of this treatment as a result of the liberal trade commitments that the EU has made in the last Uruguay Round where a reduction of 40% on average of MFN tariff rates were decided to be undertaken by OECD countries. This will reduce the margins of preferences that the Egyptian exports used to enjoy in the EU market and consequently the Egyptian products could be displaced by other competitors in the EU market which were denied similar preferences given to Egypt[8].

Table 11. Treatment of the Egyptian Exports in EU, US and Japan under Different Tariff Regimes, 1989

	Share of Egypt's	Exports Under	Different Tariff	Regimes
Import Market	Zero MFN Tariffs	Under Zero GSP Rates	Nonzero GSP Rates	Nonzero MFN rates
EU	58.3	14.4	0.2	27.1
Japan	40.8	3.7	0.1	55.4
US	12	3.9	0.0	84.1

Source: Yeats, Alexander (1996), p. 33

[6] The rules governing the access of Egyptian industrial exports to the EC market and the textile quotas were included under Article 9 and Article 34 of the General Cooperation Agreement respectively. The rules governing the agricultural exports were included under Articles 17, 18, 19 and 20 and amended by the additional protocol signed in 1987.

[7] There is a complication in that ceilings or quotas may be applied to products receiving GSP treatment in OECD markets. Once these quotas are exceeded further imports are taxed at the prevailing MFN tariff rate.

[8] For a similar argument see Yeats, Alexander (1994), p.33.

Apart from the preferential treatment for the Egyptian exports in the EU market that will be eroded, due to the EU GATT commitments regarding cutting down its MFN tariff rate on a large number of products, a major problem is embedded in the NTBs that EU applies against the Egyptian exports. The GATT described the GCAs with the Mediterranean countries to suffer from several NTBs, and few agricultural preferences that are mostly subject to ceilings[9] which indicate that the EU is partly responsible for the sluggishness of the Egyptian exports' market access. NTBs are mainly directed to the two group of commodities, namely, processed foodstuffs and textiles and clothing, besides high tariff rates that are imposed by the EU on those two types of products. For example, the highest tariffs in the EU are 35% duties on various pastry products exported from Egypt while several jam and fruit preserve products face tariffs between 27 to 30%. European quotas similar to MFA restrictions are applied to almost all of Egypt's textile and clothing exports with quotas on cotton yarns primarily responsible for the 98% coverage ratio for SITC 65(Yeats, 1996: p. 37). As a result of the EU restrictive policies towards Egyptian textiles, the share of the SITC 65 in the total exports to EU decreased substantially from 29% in 1987 to 22% in 1997 (calculated from EUROSTAT Database).

Despite the optimistic attitude of some prominent economists regarding the cutting down of the NTBs facing Egyptian exports as a result of the commitments made by the EU and other OECD countries in the last Uruguay Round[10], it does not seem to be the case in reality. Simultaneously with the decline and abolishment of quantitative restrictions, the Egyptian textile industry has faced other restrictive measures (including higher frequency of antidumping cases and restrictive rules of origin, see subsection related to EU-Med). The same is true in the case of processed food industry which faced other restrictive measures when the EU-Med was negotiated (see subsection related to EU-Med).

Agricultural Products:

According to the GCA and the additional protocols to this agreement, the Egyptian agricultural exports were subject to a number of rules and regulations: Some of the agricultural exports as green beans, dried onions, garlic and cucumbers were allowed a duty free entry during a specific period of the year and up to a fixed quota. Some products, as tomato, were allowed a duty free entry during a specific period, without

[9] cited by Winters, L. Alan (1993), op.cit., p.117.

[10] "As a result of the UR NTM concessions, the profile of protection facing regional countries' exports has been altered substantially. Post-Uruguay Round NTM coverage ratios should fall from their current 10% level to between 1and 2%. The average decline for Egypt will be dramatic- the ratio will fall from 32 to approximately 2%. Essentially, this is due to the fact that all NTBs formerly applied to Egyptian and other regional countries; agricultural products, textiles , clothing and ferrous metals have been removed" (Yeats, Alexander, 1994: p. 45).

any quantitative restrictions (Delegation of the European Commission in the Arab Republic of Egypt, 1996: pp. 4-5). As a result of these conditions the agriculture exports performed weakly when compared to the performance of exports directed to the EU. The average annual rate of growth of agricultural exports (SITC 04 and SITC 05) over the period 1987-1997 was 4.65% resulting in a declining share of the agricultural exports in total exports directed to the EU from 4.95% in 1987 to 3.53% in 1997 (calculated from EUROSTAT Database). The explanation of this weak performance is largely due to the protectioinist policy of the EU against the Egyptian agricultural products as explained below, however, Egypt was also partly responsible for this sluggish performance.

The role of the EU in hindering the market access of the agricultural exports is vivid in many cases as follows: the Egyptian agricultural exports had to follow the aforementioned rules which could not be described as fully free access to the European Union market as claimed by some European institutions[11]. There was a high degree of rigidity in changing the timing of entering the Egyptian agricultural exports duty free to the EU market. Such timings were set up in 1988 (due to the additional protocol in 1987 after the accession of Spain and Portugal) and did not change till the year 1997. Given the nature of the agricultural cycle, the production timing of such products was not coping with the duty free entry to the EU market. Another example revealing the bias of the European Union's agricultural policy against the Egyptian products is the case of potatoes in 1988. The customs union (CU) agreement of 1988 between the European Union and Cyprus had adverse implications for Egyptian exports of early potatoes that compete with those from Cyprus. Yet, the GCA did nothing to safeguard the Egyptian position. The total value of Egyptian exports of agricultural commodities fell from $127 million to $104 million during the period 1989-1992[12]. Other examples include the variable import levies facing cane molasses (Egypt's largest food export with over $9 million traded) and the reference import prices encountered by Globe Artichokes and fresh oranges. Moreover, tariff quotas are applied to most EU bovine meat imports while quotas are applied to coffee and coffee based food preparation (Yeats, 1996: p. 44). Such biased treatment against the Egyptian agricultural products led to a loss of the preferential treatment granted to them under the auspices of the GCA[13]. In general, the Mediterranean agricultural products are generally less favored than other regions' agricultural products by the protectionist Common Agricultural Policy (CAP). Moreover, southern accession (of Spain, Portugal and Greece) has increased internal

[11] Such terms for market access were ironically described by the Delegation of the European Commission in Egypt to have duty free access to the European market where the report argues that 70% of the Egyptian agricultural products are allowed a duty free access to the EU. It assumes that such rules and conditions do not affect the duty free access. See Delegation of the European Commission in the Arab Republic of Egypt (1996) op.cit., p. 4

[12] For more details on the potatoes case see Wilson, Rodney (1994), "The Economic Relations of the Middle East: Towards Europe or within the Region", *Middle East Journal*, Vol. 48, Nr.2, pp. 268-287, see esp. p. 271.

[13] for more details on the issue of the GCA rules rigidity in respect to Egyptian agricultural exports see Ali, Magwhary Shalabi (1997), op.cit., pp. 14-15.

opposition to the concessions provided for the Egyptian agricultural exports in the EU market[14].

On the other hand, Egypt was also partly responsible for losing the preferential treatment provided by the EU for its agricultural products. Egypt failed in many cases to meet the requirements and standards of the EU, which in turn lessened the capability of many products as potatoes, onions and oranges to penetrate the EU market[15]. As a result, Egypt was not able to exploit its quota for some of the agriculture products as onions and green beans in several years.

To sum up, the old GCA was not successful in increasing the market access of the Egyptian exports to the EU (whether industrial or agricultural products). The loopholes embedded in the GCA by excluding some of the most important Egyptian exports (e.g. textiles and clothing, processed agricultural foodstuff and several agricultural products) was partly responsible for this failure. Another important fact accounting for the failure of GCA in enhancing the market access of the Egyptian exports is the erosion of preferential margins due to the EU commitments in the last Uruguay Round in cutting down MFN rates, which is likely to result in other competitors, that were denied such preferential treatment, substituting the Egyptian exports in the EU market. A third important factor that anticipates the failure of reducing the quantitative restrictions imposed by the EU and other NTBs against Egyptian exports is their replacement by other protectionist measures as contingent protection measures (antidumping and countervailing duties) and restrictive rules of origin (see subsection on EU-Med).

4.1.2. Competition Among Mediterranean Non-member Countries

Work in progress

4.1.3. Competition due to Exports of Central and Eastern European Competitors

Work in progress

4.1.4. Conditions for Market Access in the EU-Med agreement

Work in progress

4.1.5. Link between FDI and Exports

Work in progress

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[14] For a similar argument referring to the exports of the MNCs in general see Winters, L. Alan, (1993) op.cit., pp.118-119.

[15] Noted in: Al-Bayomi, Gamal-El Din (1996), "Egypt-EU Partnership" Keynote speech for the Conference on "How Can Egypt Benefit from its Partnership Agreement with The EU" Cairo, June 26 & 27 1996, p. 6.

4.2. Internal Determinants

This subsection deals with the Egyptian "home grown" determinants of the market access of the Egyptian exports to the EU. They include: non tariff barriers (NTBs) from the Egyptian side, inefficient services provided to promote exports, absence of active business association groups, absence of coordination among producers and the problem of the "quality gap" of the Egyptian exports.

4.2.1. Non-Tariff-Barriers (NTBs) on the Egyptian Side

To start with, we have to confine our definition of NTBs within the framework of the study. Thus the NTBs include all the directly and indirectly related inefficient policies and institutions (excluding the provision of services as it will be dealt with in another subsection, as well as laws that promote FDI which will be dealt with in another subsection) in Egypt that hinder the promotion of exports and consequently affect their market access to the EU. However, such a definition is still too broad to encompass all the policies and institutions and thus the subsection will select some specific examples for elaboration of the major impediments. The examples discussed include export restrictions and quality control procedures for imports.

Regarding export restrictions, Egypt had performed relatively well in eliminating all export restrictions, which include three measures, namely export quotas, export bans and prior approvals on exports (Kheir El-Din and El Dersh, 1992). The trade reform started in 1991 under the auspices of the Economic Reform and Structural Adjustment Program (ERSAP). Export quotas were completely eliminated in 1993 whereas export bans which covered 20 items before 1991 were reduced to two items in 1993 which were further planned to be removed in 1998. Items requiring prior approvals for exporting were reduced to only one item in 1991 down from 37 items (Refaat, 1999: p. 10). Thus, all quantitative controls and prohibitions on exports of certain commodities have been eliminated, except for governmental monopoly control over Egypt's cotton exports, which is scheduled to be eliminated within Egypt commitments under the WTO agreement. (RIS and MOE, 1998: p. 43). Moreover, the abolishment of NTBs was complemented by the removal of export duties which disappeared from the costs structure of exporters. A survey undertaken to test the perceptions of the exporting community in Egypt towards a number of institutional impediments revealed that the customs procedures related to exports are insignificant and have improved substantially in the last five years (Ghoneim: forthcoming). The only impediment that remains significant for exporters regarding exporting procedures is embedded in the unofficial payments for customs officials which in turn increase the transaction costs of the exporting process and reduce the competitiveness of the Egyptian exports.

Having said that, NTBs affecting exports *directly* seem to have diminished and do not represent a major obstacle hindering the market access of the Egyptian exports to the world in general and to the EU in specific.

The NTBs that affect exports are mainly related to the imports side. Exporters depend on imports as inputs in their production process (especially if they are exporting manufactured products). Several obstacles are related to this issue, besides the high tariff rate on imports that Egypt continues to apply even after the latest tariff cuts in the Uruguay Round which resulted in a decline of the maximum tariffs by 20-25% (see table 12.). There are numerous NTBs that face exporters and hinder their ability to perform fast and efficient. Among the most significant NTBs is the non recognition of internationally known certification bodies or international standards which raises the costs for traders and consumers, and reduces the incentives for enterprises to employ services of certification entities and increase their awareness of the importance of quality standards in international trade. Prevailing procedures led to claims that standards are being used as technical barriers to trade. Governmental Organizations involved in the importing bureaucratic process are voluminous. Examples of the bodies involved include Customs Authority, the Ministry of Health (for imports of pharmaceutical and medical devices), the Ministry of Supply (for wheat imports), the General Organization for Veterinary Services (Ministry of Agriculture), the General Organization for Plant Protection and Quarantine (Ministry of Agriculture), the Atomic Energy Organization, the Industrial Control Authority (Ministry of Industry), and the General Organization for Export and Import Control (GOEIC). Quality control (inspection) by GOEIC is illustrative. It increases the transaction costs and raises the amount of time consumed by traders. The GOEIC inspects a sample of every consignment of goods entering Egypt that is on a list of products subject to quality control. Some 1,550 tariff lines (25% of tariff schedule) are subject to quality control. Testing of imports sometimes takes a long time, especially if the required equipment is not available. The GOEIC reportedly ignores internationally recommended methods of testing and certification, and in many instances does not recognize internationally known and accepted quality and certification marks (such as that of the EU or the International Standards Organization). (Hoekman, 1995: pp. 4-5; Delvin and Page, 1999: p. 4). Moreover, practices for valuing goods are burdensome and the assessed values are frequently reported to exceed invoice values with applied tariffs frequently a multiple of the statutory rate (Delvin and Page, 1999, p. 4).

Table 12: Egypt's Bound and Applied Tariff Rates After the Uruguay Round

	Industry	Agriculture
Post-Uruguay Round bound average tariff rates (unweighted)	31%	61%
Current applied average tariff rates (unweighted)	23%	52%

Source: World Bank (1995), p. 47

Thus, while the abolishment of NTBs affecting exports *directly* have been well implemented, the NTBs that affect the exporting process *indirectly* have become prominent. In general, the progress on simplifying bureaucratic procedures on the imports side has been slow. Administrative procedures and requirements associated with importing still remain burdensome, increasing the cost of imports substantially,

and thereby lowering the competitiveness of Egyptian firms in world markets in general and in the EU market, as the largest importer, in specific. The results of the survey testing the perceptions of exporters towards the government policies (Ghoneim, forthcoming) revealed that customs procedures related to imports remain one of the most major impediments affecting the performance of exporters. The urgency of overcoming such impediments is underpinned if Egypt want to increase the market access of its manufactured products (SITC 5,6,7,8 and 9). The moderate increase of the share of the manufactured products in total exports directed to the EU (from 49% in 1987 to 56% in 1997) could accelerate substantially if the procedures related to imports were suffice to create the needed "export friendly" environment. The proposed EU-Med Article concerned with harmonization of customs procedures and rules and regulations affecting trade could certainly have a positive impact on reducing the transaction costs faced by Egyptian exporters in their domestic territory. This is certainly one of the major institutional gains (though difficult to quantify) that Egypt can accrue from pursuing the EU-Med agreement with the EU where the importation of pre-tested internationally compatible institutions can decrease the transaction costs of Egyptian exporters and hence improve the market access of the Egyptian exports in the EU market.

4.2.2. Inefficient Services provided to promote Exports
Work in progress
4.2.3. Absence of Active Business Associations
Work in progress
4.2.4. Absence of Coordination Among Producers
Work in progress
4.2.5. The "Quality Gap" Problem of the Egyptian Exports
Work in progress

5. Roles of EU, Business Associations and the Egyptian Government*
Section five concludes and provides some policy suggestions to be adopted by the EU, Egyptian government and Egyptian business associations to promote exports within the context of the EU-Med agreement.

5.1. Role of EU
Work in progress
5.2. Role of Egyptian Government
Work in progress
5.3. Role of Egyptian Business Associations
Work in progress

* A large part of the analysis in this subsection is built on the analysis of another project that the author was engaged in dealing with the institutional impediments facing the Egyptian Exporters in the EU Market. See Ghoneim, Ahmed Farouk (forthcoming) "The Egyptian Exporting Community and the Institutional Setup: Assessment of the Last Decade Developments and Perspectives for the EU-Med Partnership"

Preliminary Findings:

- The performance of the Egyptian exports to the EU did not deviate largely from the performance of the Egyptian exports in general or to the exports directed to the US (with exception of rate of growth of exports directed to the US).

- Despite losing market shares in the world market and the EU market, indicators undertaken showed that the Egyptian exports directed to the EU have performed relatively well in terms of average annual growth rate, diversification, decreasing the concentration ratio and dynamism.

- Historical preferences granted to the Egyptian exports in the EU market did not succeed in enhancing the Egyptian exports and increasing their market access. Moreover, such preferences are likely to be eroded due to EU GATT commitments.

- NTBs that affected the Egyptian exports and which the EU committed to remove under its GATT/WTO commitments are likely to be replaced by other measures as antidumping and restrictive rules of origin.

- Egypt has successfully eliminated the NTBs that directly affect the performance of exports but failed to remove NTBs that indirectly affect the exporting process.

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