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## Controversy in Egypt's markets after writing off products of a thousand companies



The Egyptian government's decision to ban products of about 1,000 local and foreign companies from entering local markets caused controversy that extended beyond news sites to social media, amid expectations of higher prices for the companies' products and by extension, comparable commodities as well.

## Our Views

The General Organization for Export and Import Control (GOEIC) announced the writing-off of a total of about 1,000 local and foreign companies from the register of factories qualified to export to Egypt due to their non-compliance with the controls included in Decision of the Minister of Trade and Industry No. 43 of 2016. The Ministry explained in a later statement that the written-off companies did not provide the required documents and hence legal action was taken to cross them off.

- First, the repercussions of this decision were previously commented on in an earlier issue of VON, dated February 9, after the European Union submitted a complaint to the World Trade Organization against Egypt that the decision restricts imports, especially considering the difficulties facing companies that prevent them from registering, resulting in a convoluted supply process.
- The Ministry responded positively by trying to facilitate the procedures through issuing Decision No. 195 of 2022.

Next came the news of writing off non-compliant companies, which raises many questions:

- 1. To what extent has Decision No. 195 of 2022 facilitated procedures for implementing the rules governing the registration of factories qualified to export to Egypt, especially that several companies of international reputation and quality have not been registered, and some of them have already been written-off?**

- 2. Has communication taken place between the Ministry of Trade and Industry and the business community regarding the amendments contained in Decision 159 of 2022 to get a feel of the reaction to it? To what extent is it considered real facilitation?**
- 3. Is the period granted by the decision to companies to update documents (thirty days) sufficient and appropriate, considering the difficult and slow procedures for renewing the industrial registry, for example, or renewing the quality certificate?**
- 4. Is the timing appropriate to issue such a decision, at a critical period in which the business community suffers from sudden local developments, such as the decisions of the Central Bank regarding the replacement of collection documents with documentary credits, followed by the devaluation of the pound, raising interest rates, high inflation, and other global developments such as supply chain bottlenecks, shortage of raw materials, and disruption of container traffic, ..... and others?**

Finally, companies' reactions followed, with some companies indicating they have completed the required documents, thus confirming the absence of the business community from participating in such decisions. Also, repeated amendments to decrees disrupt the market and indicate that they were not sufficiently studied to begin with. This weakens the confidence of suppliers and investors, especially in light of current, difficult developments currently facing the private sector. In fact, an objective study of decrees is required before their issuance, alongside the effective participation of representatives of the private sector, and provision of all forms

of support and assistance to enterprises so that they can abide by the regulations.

## Worthy of Note:

- On January 16, 2016, the Ministry of Trade and Industry issued Decision No. 43 concerning amending the rules regulating the registration of factories qualified to export their products to Egypt. It stipulated the prior registration of foreign companies in the register of companies eligible to export to Egypt so that they could export their products, which range from foodstuffs and agricultural products to household appliances.<sup>1</sup>

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<sup>1</sup> <https://www.youm7.com/story/2020/2/16/%D8%B3-%D9%88-%D8%AC-%D9%83%D9%84-%D9%85%D8%A7-%D8%AA%D8%B1%D9%8A%D8%AF-%D9%85%D8%B9%D8%B1%D9%81%D8%AA%D9%87-%D8%B9%D9%86-%D9%82%D8%B1%D8%A7%D8%B1-%D8%AA%D8%B3%D8%AC%D9%8A%D9%84/4632584>