

Companies Excluded from QIZ Strive for Inclusion

Cairo, Sunday 12th December

The Government of Egypt is preparing for the signature, on Tuesday, of the Qualified Industrial Zones protocol with the United States and Israel. As the date of signature approaches, companies not included in these zones have been petitioning the Government for inclusion.

Under the terms of the protocol, a total of seven Qualified Industrial Zones will be created in specific geographical locations throughout Egypt. This number is larger than was the case in Jordan – the other country to have entered into a QIZ arrangement – which began its scheme with two zones.

Egypt's Qualified Industrial Zones scheme comes into force on December 15th, the day after the signing ceremony. After that date, companies within the Qualified Industrial Zones will enjoy duty free access to the US provided their products use 11.7% of Israeli inputs.

Yesterday, businessmen and workers from factories in areas not included under the protocol visited the Ministry of Foreign Trade and Industry in Cairo to petition the Government for inclusion in the new zones. This included a delegation from Ismailia. Petitioners argued that, for companies falling outside the QIZs, exclusion from the duty free access to US markets, afforded within the zones, would lead to factory closures and layoffs.

Egypt's government made its selection of Qualified Industrial Zones according to a set of clearly defined criteria. The aim has been to include companies that export significant volumes to the US, have the potential of increasing those exports and employ a large workforce.

Certain companies presently excluded from the scheme, but who have the potential to qualify for inclusion in future zones, will receive technical support from the Government during a transition period. (In the Jordan model, the number of zones has increased significantly since the arrangement began.) This technical support is intended to help these companies modernize their businesses, raising their standards in preparation for possible inclusion.