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## Prime Minister meets Heads and Representatives of Export Councils to Discuss their Proposals to Increase Exports



On Monday January 24th, Prime Minister Mostafa Madbouly held a meeting with heads and representatives of export councils, with the aim of discussing their proposals to increase Egyptian exports over the near future. The meeting was attended by Minister of Trade and Industry Nevin Jameh, Assistant Minister of Trade and Industry Ibrahim El Seginy, and Minister of Trade Plenipotentiary Yahya Al Wathiq Billah, Head of the Commercial Representation Authority.

At the beginning of the meeting, the Prime Minister welcomed the attendees and thanked them for the significant increase in the growth rate of Egyptian exports in the past year, as Egyptian exports exceeded \$32 billion, a good step towards achieving the dream target of \$100 billion.

[Link to the News Story](#)

## Our Views

- Despite improvement in Egyptian exports as indicated by the headline, this increase was largely related to the rise in exports of petroleum and its products, which achieved an estimated growth rate of 112% during January-September<sup>1</sup> 2021. This resulted in increasing the share of petroleum and its products in total Egyptian exports from 16% during the period January-September 2020 to 24% during the same period in 2021, while the share of semi-manufactured and finished products decreased from 73% to 67%.
- Egyptian exports suffer from several chronic problems, including:
  - The low value of Egyptian exports, especially when compared to other countries. For example, Bangladesh's exports of ready-made garments alone are estimated at \$36.4 billion in 2020, which exceeds the total value of Egyptian exports.

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<sup>1</sup> The last available detailed data from the Central Agency for Public Mobilization and Statistics is from- Foreign Trade Bulletin - December 2021. The annual foreign trade bulletin has not been issued until the date of this issue, accordingly the value of Egyptian exports and its structure was not available for the period (Jan- Dec) 2021

- Continuous fluctuation in export performance due to the absence of real export targets, as well as the lack of continuity in supportive policies.
- Its concentration in products with low/medium technological content, which puts limits on the potential increase in its value due to intense competition in these types of products.
- Limited diversity in Egypt's export markets, with Arab and European countries accounting for around two-thirds of Egyptian exports.
- The weak performance of Egyptian exports is linked to shortcomings in the policies applied to address the chronic problems facing exports, as follows:
  - The performance of Egyptian exports is assessed by comparing the value of the exports from year to year, rather than benchmarking against competitors, which results in an incomplete view of export performance.
  - Only a few export-development programs are implemented. The Export Support Program is considered to be the primary mechanism used by the Ministry of Trade and Industry for increasing industrial exports. Despite the program's importance and role in helping Egyptian exports, it has flaws that hinder its efficiency. Among the program's flaws are the following:
    1. Formulating the export support program in the absence of an industrial development strategy and detailed strategies for the development of targeted export industries.
    2. The newly announced program reduced the minimum value-added that must be met to benefit from the program from 40% in the previous program, to 30% in the new program, which contradicts the goal of increasing added value of Egyptian exports.

3. The program lacks specific measurable quantitative targets for increasing exports from the program's target sectors
4. Lack of clarity in the criteria used to define target markets, as well as the lack of differentiation between sectors when defining these markets.

The Export Support Program has continued to suffer from a number of institutional weaknesses since its inception, the most pressing of which is the need to develop the entity in charge of implementing the program, namely the Export Development Fund, as well as review the financial and operational relationships between the ministries involved in the program.

- Increasing Egyptian exports to \$100 billion is an ambitious, yet achievable goal. However, this general goal must be translated into a detailed export map by conducting studies for each sector that include a detailed analysis of products (at the level of 6-digit HS-code) and markets based on the most recent trade data and with a forward-looking perspective, as well as analyzing the response of each product's exports to changing trends in global demand.

Based on these studies, target products and markets are selected, and the targeted growth in exports from each product to each market is determined. This should be done while taking into account the strategic orientations of Egypt's most important competitors' in each product. Further, internal and external impediments related with those products and markets must be identified, and accordingly adopted policies must be reviewed to ensure the achievement of these targets.

The "Map of Export Opportunities for Food Industries," which was a study prepared by the Egyptian Center for Economic

Studies for the Chamber of Food Industries, is an example of this type of study.

- Finally, it is important to stress the need of having an independent monitoring and evaluation mechanism, to ensure a continuous review of the implemented policies and programs, in light of the progress towards reaching the targets, as well as local and global developments.

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