



Date: 9 March 2022 Issue: 669 Source: Youm, 8 March 2022

Ministry of Industry and Trade decides to amend some import clauses for legal persons



The Ministry of Trade and Industry decided to amend some provisions of import and export. The Official Gazette published in its issue yesterday, Decision No. 126 of 2022 regarding Article No. 17 of the rules implementing the provisions of Law No. 118 of 1975 regarding import and export.

[Link to the News Story](#)

Our Views

According to this decision, customs are allowed to directly release imported goods for the private use of natural or legal persons within the limits of the licensed activity, provided that the Agreements and Foreign Trade Sector follows up with the authorities supervising the activity, regarding compliance of the importing entities not to sell what it imported for private use, in accordance with the follow-up mechanisms set by the sector in coordination with the authorities overseeing the activity.

- Decision No. 126 of the Minister of Industry was issued on March 6 (i.e., a few days ago), but it needed further study before issuance because it is flawed in several aspects, as follows:
 1. Initially, the decision was untimely because it comes a few weeks after issuance of the Central Bank's decision to regulate imports, which created huge problems in the Egyptian market and in foreign transactions, resulting in a significant increase in prices, as well as canceling external deals and disruption of production processes in all sectors because of scarcity of raw materials. The Egyptian economy is still suffering because of that decision, despite the exceptions made to mitigate it. Therefore, issuance of a new defective decision related to import also certainly intensifies the atmosphere of mistrust.

2. The decision itself aims to prevent the resale of imported goods for the private use of natural and legal persons within the limits of the licensed activity, a reasonable goal that no one disputes. However, one needs to measure the actual extent of smuggling based on which the decision was drawn up. For example, the decision describes the specific field or type of smuggling observed in the market, but there is a need to assess the volume of this smuggling, and if it calls for intervention. Also, there are many other ways that can be directly tapped, such as marking the product itself that can be followed up later, among many other different means. Technology has advanced sufficiently to allow for many ways to facilitate the follow-up of products.
3. However, solving the problem this way slows down customs clearance procedures for all products, and includes exceptions whose classification alone leads to long discussions with the responsible authorities to convince them of the existence of these or other excluded goods. It also opens to the door to great corruption in attempts to speed up procedures in dealing with relevant employees. Finally, everyone will be penalized by slowing down the whole process and further restricting production.
4. The exceptions are related to foreign entities and embassies, as if the goal is always to punish local investors, who we should support in the first place, because they are the ones who produce, export, create job opportunities and bring in hard currency.

5. Practically, the decision places a great responsibility on the Ministry's Agreements Sector in the detailed follow-up, though it does not have the manpower or the necessary tools for that, which increases slowness and, consequently, chances of corruption in attempts to complete the procedures quickly.
6. We must also not forget that the same problem exists in the famous Decision No. 43, which provides for the pre-registration of companies qualified to export to Egypt, which has already put Egypt in a predicament with the EU due to associated slow procedures and corruption, and Decision 126 along the same lines.
7. The acknowledgment form attached to the decision was paper based in an era of digitization of government activity, and this itself contradicts the new orientation of the state and represents a step back.
8. Finally, like with all decisions, the Minister of Industry has the right to add new exceptions, and this is a problem because it links the exception to the person of the competent minister without setting standards, in addition to the variance in the ability of investors to reach the minister to convince him of the exception in the first place.
9. How long will we continue to issue decisions without serious cost-benefit analysis!? Though the intentions are always

good, there is a strong need to review the decision-making process.

[Previous Issues](#)

[Other Reports](#)



Disclaimer

This report was prepared for distribution to members of the Egyptian Center for Economic Studies only and may not be published or distributed without the written consent of ECES management. The data, analyses or information contained in this report do not constitute any form of recommendation or assurance of the commercial feasibility of the activity subject of the report or its ability to achieve certain results.

The data and investment analyses contained in this report were prepared based on the viewpoint of ECES, and rely on information and data obtained from sources we believe in their validity and integrity. We believe the information and conclusions contained in this report are correct and fair at the time of their preparation, and should not be considered as a basis for taking any investment decision. ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred at the time of preparing these data are accidental and unintentional.

Egyptian Center for Economic Studies (ECES)
All rights reserved

مركز الدراسات الاقتصادية
The Egyptian Center for Economic Studies