

QIZ EGYPT
Qualifying Industrial Zones



EGYPT

QIZ Protocol

June 2005



What are Qualified Industrial Zones (QIZs)?

- Geographically designated industrial areas in Egypt selected by the Egyptian government and approved by the U.S. government.
- Factories located within those areas are granted custom-free access to the USA.
- Products must comply with rules of origins stipulated in the agreement (including an 11.7% Israeli content).





Historical Background

- QIZ was first introduced in 1996, when the U.S. President, aiming at reinforcing peace in the Middle East, issued proclamation 6955,
- It authorizes duty-free entry into the U.S. for the industrial products manufactured jointly with Israel and originated in Israel's Arab neighboring country;
- In 1999, Jordan reached a protocol to enforce decree 6955.
 - Positive economic results seen in the Jordanian QIZ experience.
- The Egyptian Protocol was signed in 14 December 2004.





QIZ locations in Egypt

- Greater Cairo: Shubra Al Kheima, Nasr City, 10th of Ramadan City, South Giza and 15th of May City.
- Alexandria.
- Port Said.
- 5 Qualified factories: Cairo Cotton, Dice, E.T.C., Samir Flannels, Delta





Advantages of the QIZ Protocol

- Custom-Free access to the U.S. market, the largest consumer market in the world.
 - Survival in the post-quota world of Textile/Apparel trade.
 - Increased competitiveness for QIZ Companies.
- Positive impact on FDI in Egypt





Is QIZ for you?

1. If your company is located in a QIZ, Check the USA customs rate for your products.
2. Check what will you will buy as Israeli content [a little more expensive than your current suppliers].
3. Check if the remaining “margin” provides you with the needed competitive advantage.
4. The most important factor is whether you can produce up to the specifications/requirements of the USA market!

Some of the high tariff rates are for non-apparel products.



Industries that Can benefit from QIZ

- Textile/Apparel
- Food and Beverage
- Leather Products
- Footwear
- Glassware

QIZ is not just for Apparel.





QIZ Custom-Free Eligibility Criteria

- **Product must meet the country of origin criteria.**
 - Most rules of origins of the protocol are similar to those of the Generalized System of Preferences of the U.S. (GSP).
 - Special rules apply to textile and apparel as per Section 334 of Uruguay Round Agreement Act, 19 U.S.C. 3592.
- **Product must meet the value content requirements of 35%.**
 - The sum of materials and direct costs of processing in qualifying industrial zone and Israel must exceed 35% of the finished product's value (ex factory price).
 - QIZ factories and Israeli side each contribute and maintain at least one third (11.7%) of the minimum 35% of local content required, on a quarterly basis.
- **Product must be exported to the US directly from QIZ.**





Main QIZ Processes

- A Company, located in a Qualified Industrial Zone, will register with the QIZ unit.
- A QIZ certificate is issued to the company upon approval of the Joint Committee.
- QIZ Exported Goods to the USA enjoy custom-free access.
- QIZ Unit audits compliance of companies to rules of the protocol.





QIZ Chronicle of Events

- | | |
|----------------------|--|
| Dec. 14, 2004 | Protocol Signed |
| Feb 22, 2005 | Joint Committee met to approve 397 companies. |
| June 2005 | 50 more companies are approved. |
| July 15, 2005 | Qualified Companies will submit their documents for the first QIZ compliance audit. |



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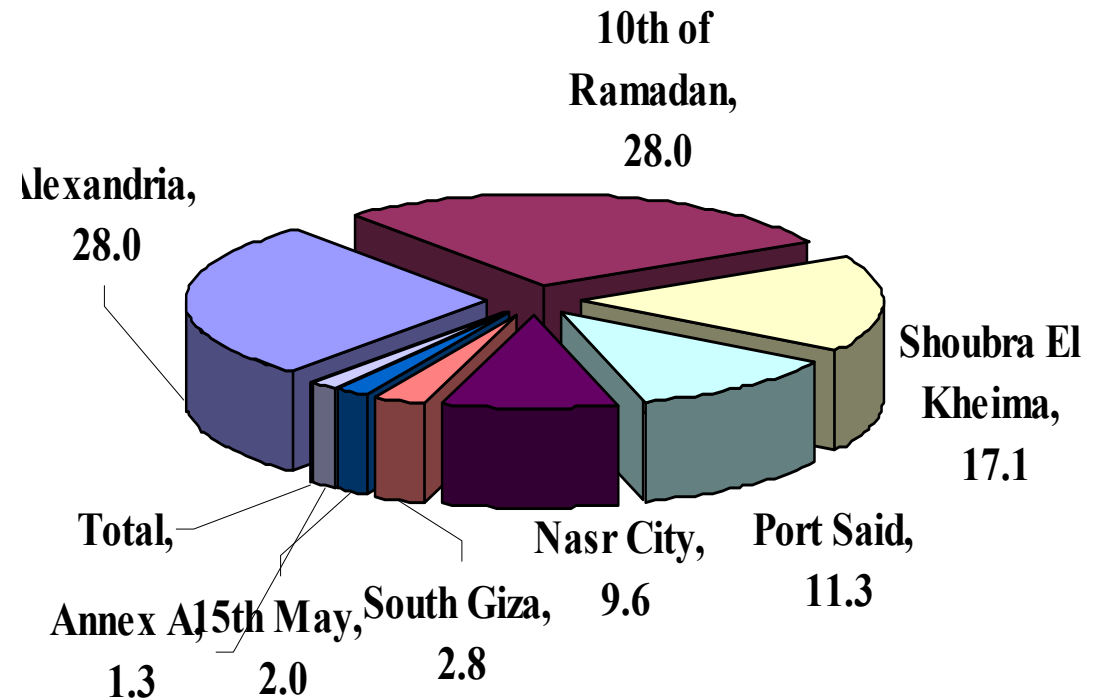
QIZ Qualified Companies



By Location

**Distribution of listed companies
by Location**

location	Freq
Alexandria	111
10th of Ramadan	111
Shoubra El Kheima	68
Port Said	45
Nasr City	38
South Giza	11
15th May	8
Annex A	5
Total	397



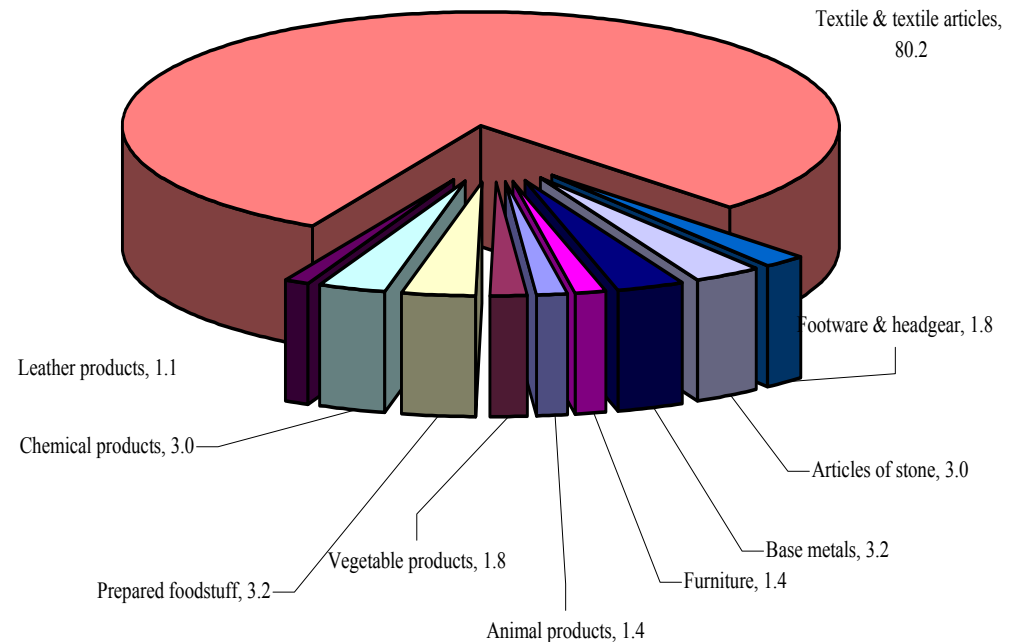


By Industry

Distribution of listed companies by main Chapter of HS code of products*

	Freq.	F
Animal products	6	
Vegetable products	8	
Prepared foodstuff	14	
Chemical products	13	
Leather products	5	
Textile & textile articles	355	
Footware & headgear	8	
Articles of stone	13	
Base metals	14	
Furniture	6	
Total	442	

* Repeated answers allowed

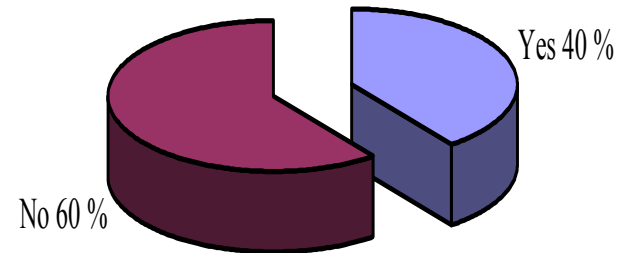




Export Experience

Distribution of listed companies by export Situation

Export	Freq.
Yes	157
No	240
Total	397

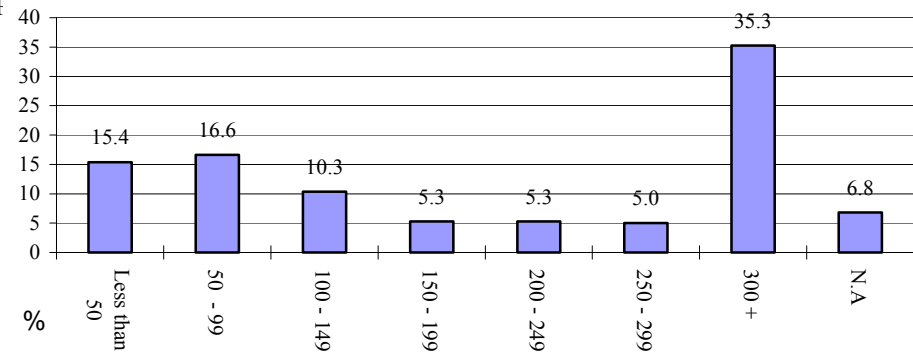




Labor Size

Distribution of Listed Companies by size of Labor (total no. of workers)

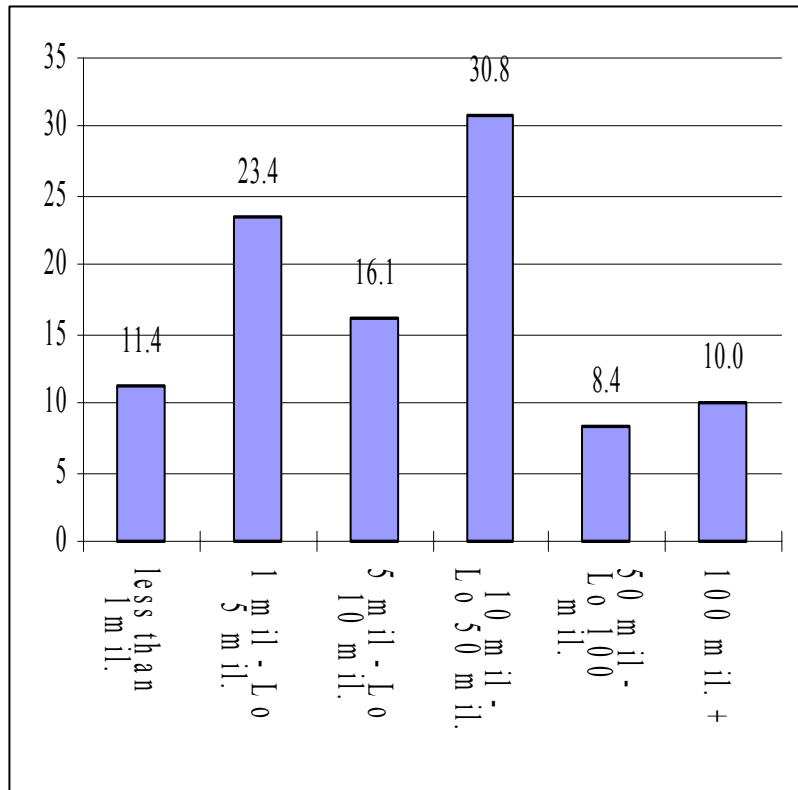
Workers Category	Freq.
Less than 50	61
50 - 99	66
100 - 149	41
150 - 199	21
200 - 249	21
250 - 299	20
300 +	140
N.A	27
Total	397



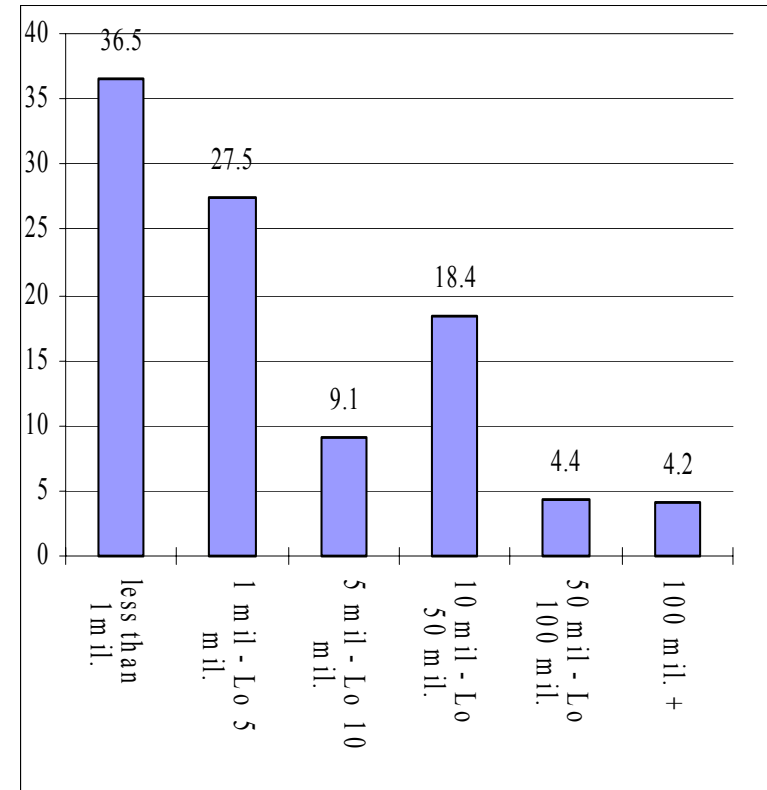


Size of Investment/Capital

Distribution of listed companies by size of investment



Distribution of listed companies by size of capital



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QIZ Unit at MFTI



Why a QIZ Unit?

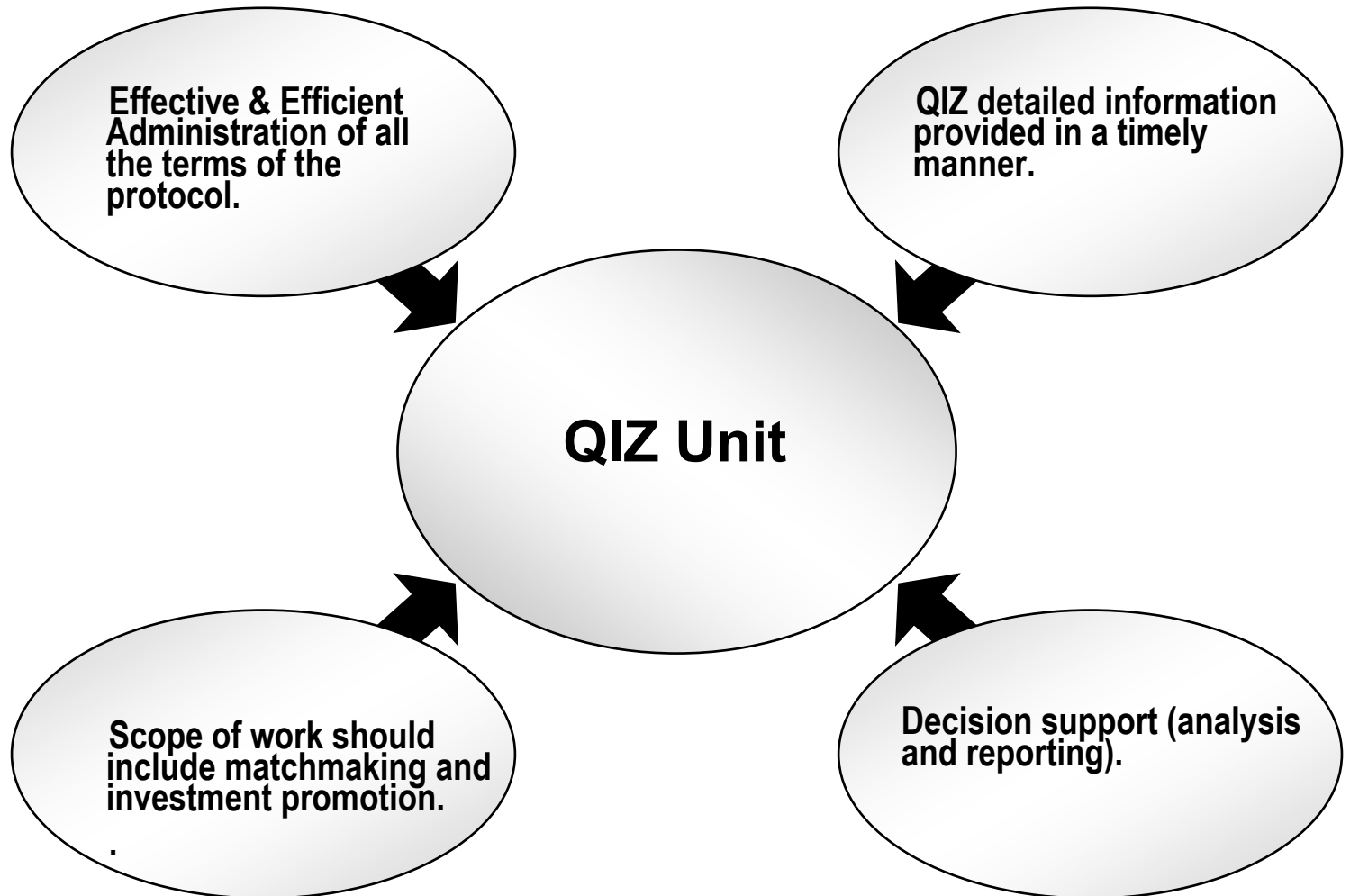
Our goal is to maximize the value that qualified Egyptian companies can obtain from the flow of custom-free Egyptian goods to the USA, the largest consumer market in the world.

Our mission is to enable the successful implementation of the QIZ protocol. The unit will serve as the implementation arm for the Egyptian member of the QIZ Joint Committee. The unit will work with all stakeholders to achieve our declared goal.



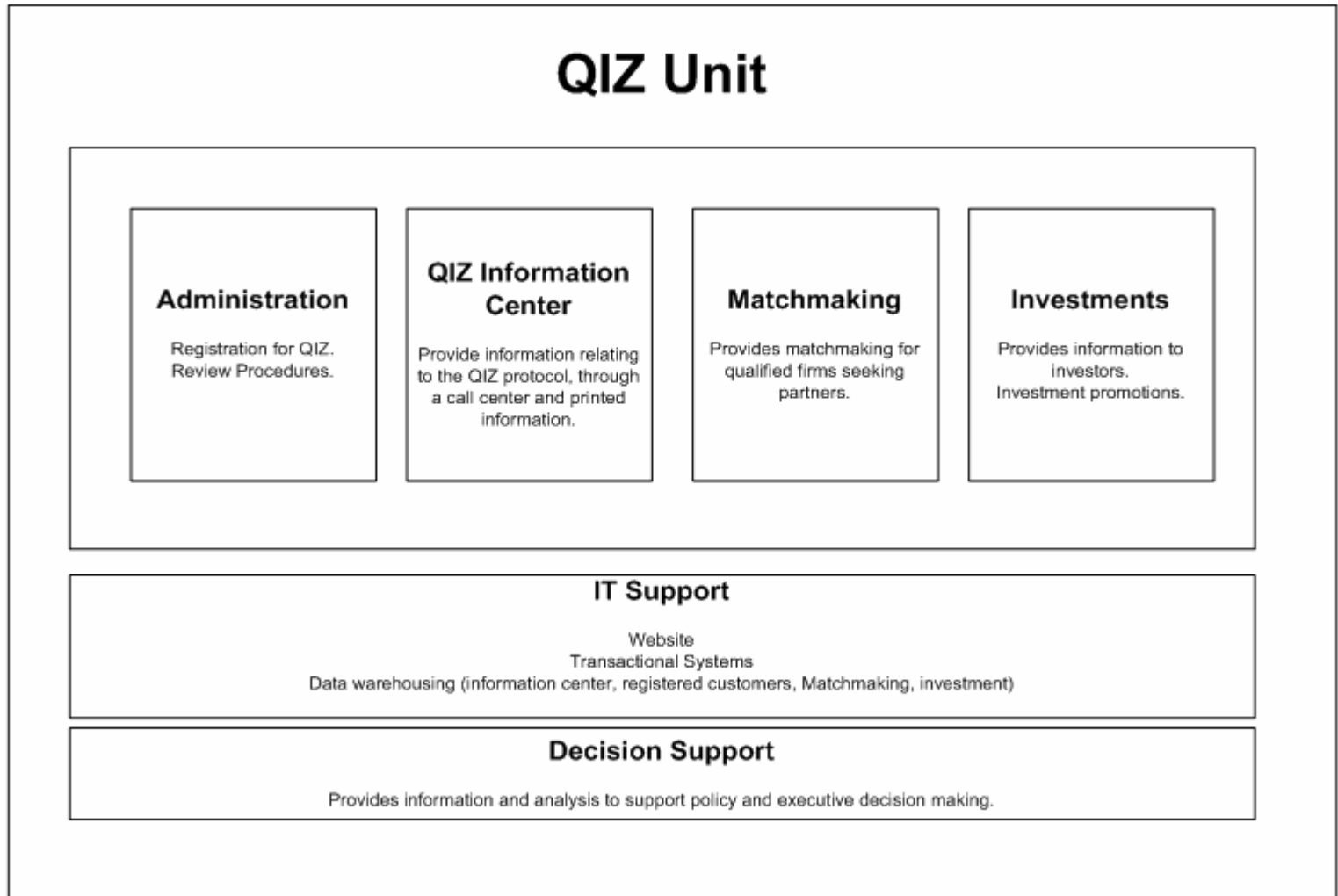


What is required?





Scope of Work





Contact Us ...

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