

Egypt approves the establishment of Qualified Industrial Zones with the United States and Israel.

Monday 6th December 2004, Cairo

The Egyptian government today announced its conclusion of a protocol on Qualified Industrial Zones (QIZ) with the United States and Israel. Egypt has long pursued the prospects of an FTA with the United States and sees its successful conclusion of a deal on QIZs as a stepping stone towards a broader US agreement.

As Egypt's largest single trading partner, unimpeded access to US markets will play a key role in generating economic growth, attracting foreign direct investment and encouraging job creation in Egypt. The government, therefore, welcomes this strengthening of commercial relations between the two nations.

QIZs are geographic locations within Egypt, designated by the government, that enjoy duty free status with the United States. Under the terms of the QIZ agreement, manufacturers located within the dedicated zones, are afforded unimpeded access to US markets. Companies are exempt from tariffs, quotas and other non-tariff barriers provided that a defined percentage of inputs used derive from Israel and that products comply with international rules of origin.

Egypt sees this QIZ agreement as a testament to its sustained program of economic reforms. Under a new Government, Egypt has begun its transition towards an open market economy and seeks to integrate competitively into the global arena. QIZs will act as a vehicle for this global integration exposing domestic industries to the standards and obligations of global competition. QIZ will also serve as a valuable catalyst for change, demonstrating to Egypt's citizens the 'benefits' of reform while signaling, to the US and the world at large, the credibility and sustainability of this reform.

Just as Egypt has long partnered with the US in pursuit of regional peace, so the country is now looking to work for regional prosperity through stronger trade relations.

