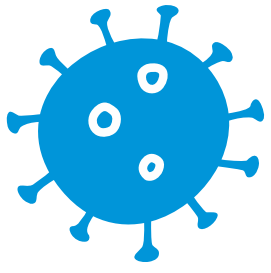


OBJECTIVES



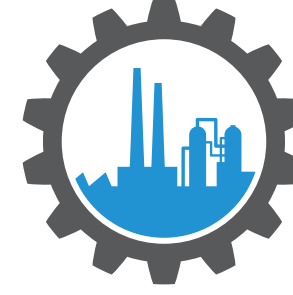
In the first stage: Keeping Egyptian exports afloat and mitigating the economic repercussion of the COVID-19 pandemic.



Later stage: Achieving a substantial increase in Egyptian exports, being an important source of foreign currency and the engine of growth for Egyptian industries.



Raising employment rates in various industries to compensate for the job losses resulting from the suspension of some economic activities due to the COVID-19 containment measures.



Achieving a fundamental shift in local and foreign investments in various industries in a way that accommodates the economic changes resulting from the COVID-19 pandemic.



Deepening the national industry by motivating manufacturers to increase the use of local inputs and raising the quality standards in a way that raises the competitive advantages of Egyptian products in foreign markets.

The program also aims to place Egypt on the global supply chain map because of its positive impact on economic growth rates.

MAIN PILLARS



1. INDUSTRY DEEPENING (VALUE-ADDED)

- Applying a value-added system is the basis of the export subsidy program, whereby the percentage of support extended to exporters increases with the increase in value-added with a minimum requirement of 30% as a condition to benefit from the program.
- This formula depends on the local component certificate that is issued by the Industrial Development Authority (IDA) and approved by the Federation of Egyptian Industries (FEI). It is worth noting that agricultural crops programs, textiles and handicraft industries are excluded from having to submit that certificate.

2. UPPER EGYPT AND BORDER AREAS DEVELOPMENT

An additional 50% on the basic support is granted to the exports of factories established in Upper Egypt governorates, border governorates, as well as Robeki City and Damietta Furniture City which shall be included in the new program.



3. DEVELOPMENT OF THE SUEZ CANAL ECONOMIC ZONE (SCZone)

Supporting projects in the Suez Canal Economic Zone (SCZone) by granting them the same percentage of basic export support as factories established in interior areas.

4. SMEs' EXPORT DEVELOPMENT

- Granting small exporters* an additional 2% on the basic support percentage.
- In case the SMEs succeed in increasing their exports, an additional percentage will be granted to them (more details on pillar 7).



*Definitions:

Small companies: Companies whose exports do not exceed USD 1 mn annually

Medium companies: Companies with exports of more than USD 1 mn up to USD 10 mn annually

Large companies: Companies with more than USD 10 mn in exports annually



5. ENHANCING ACCESS TO AFRICA AND NEW MARKETS

STRENGTHENING THE AFRICAN ORIENTATION

Exporters to African countries are granted an additional 50% on the basic support percentage.

NEW MARKETS

Exporters to new markets are granted an additional 50% on the basic support. These markets are: China, Hong Kong, Taiwan, Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan, Ukraine, Brazil, Mexico, Colombia, Argentina, Peru, Venezuela, Chile, Guatemala, Ecuador, Cuba, Bolivia, Haiti, Dominican Republic, Honduras, Paraguay, El Salvador, Nicaragua, Costa Rica, Panama, Puerto Rico, Uruguay, Guadeloupe, Martinique, French Guiana, Saint Martin, Saint Barthelemy, Australia, and New Zealand. There is also a possibility of adding Japan, South Korea, Canada, Indonesia, and Vietnam, according to a request by the Agricultural Export Council.

6. FREIGHT SUPPORT

AFRICA FREIGHT SUPPORT PROGRAM which benefits all exporting sectors except for excluded goods (oil and its derivatives, commodities subject to export duties, previously-imported commodities, natural raw materials such as marble blocks and granite blocks, raw aluminum, commodities excluded from support for agricultural crops in the 13th meeting such as beans, lentils, maize, wheat, barley, feed, and sugar). The included sectors will be granted up to 80% of the freight cost, and exporters will be given 100% of the freight cost to Tanzania starting from April 1, 2021 for a year.

AIR FREIGHT SUPPORT PROGRAM where support will be provided to the EgyptAir Cargo Company in order to help it announce lower prices, which will urge other airlines to reduce their freight prices. This will support the competitiveness of agricultural exports.



7. INCREASE IN EXPORTS

An additional percentage of the support is granted to companies who manage to increase their exports as follows:

Exports' Increase Rate	Big Exporter	Medium Exporter	Small Exporter
25% or more	25%	35%	50%
15% to less 25%	20%	30%	40%

8. SUPPORTING EXPORT INFRASTRUCTURE

This pillar focuses on establishing and providing services that benefit the various export sectors, and includes the following:

- Exhibitions support program: EGP 225 mn allocated annually
- Fruit fly control project: EGP 30 mn allocated annually
- Ro-Ro lines support: EGP 250 mn allocated annually
- Any projects proposed by business organizations in this regard.





9. ADDITIONAL INCENTIVES ON EXPORTS OF EGYPTIAN TRADEMARKS

Supporting Egyptian exports that bear Egyptian trademarks by an additional 2% on the basic percentage.

THE MOST IMPORTANT NEW POINTS



Proposed to reduce the local component percentage to 30% down from 40% in the current program.



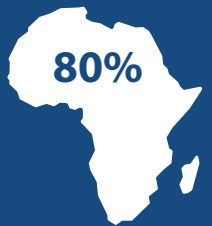
Excluding agricultural crops, textile industries, and handicraft industries from submitting local component certificates.



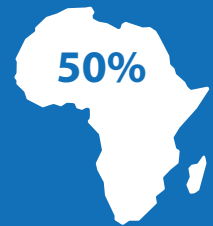
Re-inclusion of clothing and cut flowers supplies in the list of beneficiary exports.



Supporting the exports of energy-intensive goods.



Raising the freight cost support to Africa up to 80%.



Granting exports to Africa an additional 50% on the basic support rate.



Approval of a program to support exports of the automotive sector for 7 years.



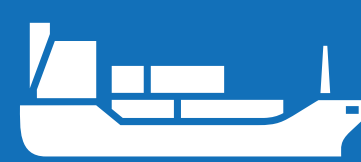
Approval of a program to support ceramic exports from July 1, 2021.



Inclusion of the pharmaceutical industry in the export sectors benefiting from the Export Support Program.



The new program includes industries feeding electronic and electrical devices, production lines, and molds.



Supporting projects in the Suez Canal Economic Zone (SCZone) by granting them the same percentage of basic export support as factories established in interior areas.



Supporting Egyptian exports that bear Egyptian trademarks by an additional 2% on the basic support percentage.



Obligating exporters to participate in the e-invoice system starting from July 1, 2021.



Requiring exporters to pay for administrative services starting from July 1, 2021.

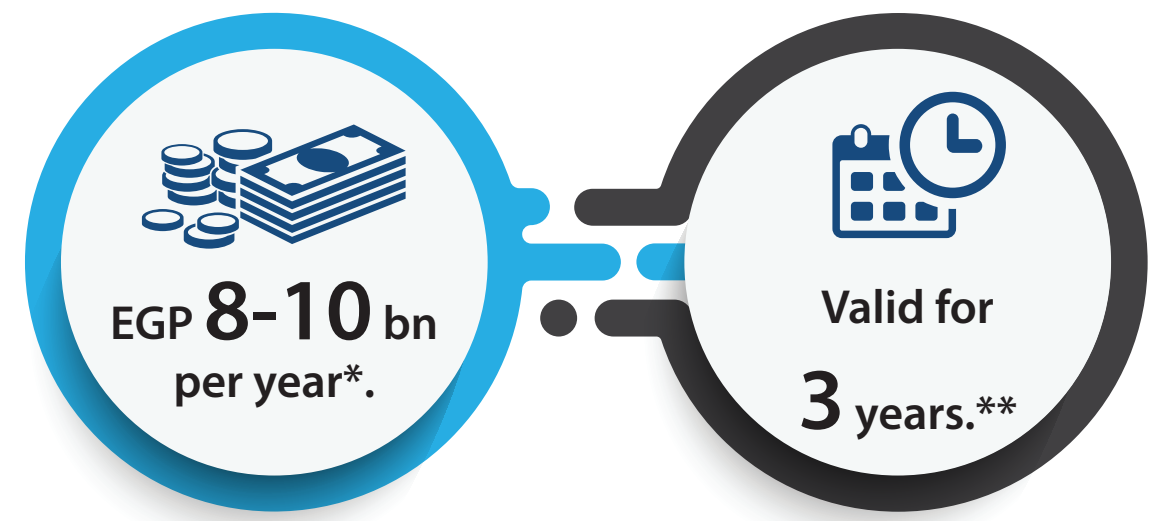
EXPECTED RETURN



Maintaining the current export growth rates during the first year of the program.

Increasing export growth rates during the following two years (10% in the first year, and 15%-20% in the following years).

ESTIMATED COST & DURATION



* EGP 8 bn in the first year, expected to reach EGP 10 bn in the third year.
 **An annual evaluation should be made to be presented to the board of directors, as well as a comprehensive evaluation of the results after three years.

SUPPORT DISBURSEMENT MECHANISM

EXPECTED SCENARIO: 70/15/15

CASH COMPONENT

70% is paid in cash

DUES FOR MINISTRIES

15% for the dues for ministries of finance, petroleum, electricity and insurance.*

EXPORT INFRASTRUCTURE

15% of the program budget to be spent on the export infrastructure as follows:

*In case of free-zone companies or if there are no claims on the company, these dues are paid in cash.

- ✓ EGP 225 mn for the exhibitions program
- ✓ EGP 30 mn for the fruit fly control program
- ✓ EGP 250 mn allocated for supporting Ro-Ro lines
- ✓ Any projects proposed by business organizations in this regard

SOURCES

Export Development Fund (EDF) - Proposed Export Support Program 2021
<https://economyplusme.com/67237/>
<https://www.almasryalyoum.com/news/details/2355633>
<https://bit.ly/3qeBQ6x>

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