

Principles for Automotive Vision and Strategy



Principles
1. Vehicles and Production Standards <ul style="list-style-type: none">• Apply UNECE automotive homologation regulations, 1958 on local production and imports• Study governance of vehicle life: economic, environmental and social impact• Introduce automotive standard ISO/TS 16949: qualification for Export Support
2. Trade Agreements <ul style="list-style-type: none">• Activate, GAFTA and COMESA• Activate AGADIR at some point to be agreed• Target export markets: settle during Strategy formulation
3. Customs Duty (Table 1) <ul style="list-style-type: none">• Apply Egypt's EU Association Agreement tariff reduction for all imports:<ul style="list-style-type: none">- Passenger cars (HS 8703) to zero by 2019- Buses (HS 8702) to zero by 2016- Commercial vehicles (HS 8704): 5 – 18 tonnes to zero by 2007; < 5 tonnes and > 18 tonnes to zero by 2016- Semi-trailers (HS 8716) to zero by 2016
4. Local Content (Table 1) <ul style="list-style-type: none">• Reduce local content from 45% to 15% over 7 years and replace with export content reaching 50% by 2014• If export content not possible increase local parts content from 32% to 50% to 2014
5. Incentives <ul style="list-style-type: none">• A six-year incentive plan for auto components exported or exported within vehicles. 10% for 3 years reduced by 1% for the following 3 years.• A six-year incentive plan for buses and semi-trailers exported 6% for 3 years reduced by 1% per year for each of the following 3 years.• Special incentive plan for vehicle brand owners who manufacture over 100,000 units annually (negotiated Anchor tenant package)• Additional refund of 50% paid on CBU valid from 2008 till 2014 if vehicle importer exports auto components to the value of 40% of customs paid.
6. Logistics <ul style="list-style-type: none">• Reduce current delivery periods of 15–25 days to the EU, to maximum 6–7 days• Develop logistics indicators to measure improvements in the delivery cycle• Create mechanism (an annual survey) to monitor and evaluate logistics indicators

Table 1: Customs Duty Strategy according to the Egyptian EU Association Agreement. (Came into force, June 1st 2004.)

Year	CBU Customs Duty %								Manufacture of Vehicles/Automotive Components			
	Passenger HS8703	Passenger HS8703	Buses HS8702	Commercial Vehicles HS8704				Semi-trailers HS87163900	Local Content %		Required export of cars/car components as a percentage of SKD/CKD Kit value	If unable to export: local parts content percentage
	> 1600 cc	≤ 1600 cc	All types	< 5 tonnes HS 87042190	5 - 9 tonnes HS 87042210	9- 18 tonnes HS 87042220	>18 tonnes HS 87042290	Main types of road semi-trailers	Assembly OEM	Local Parts		
2003	135	100/55/40	40	40	40	40	5	10	N/A	N/A	N/A	N/A
2004	135	40	40	32	30	30	5	10	N/A	N/A	N/A	N/A
2005	135	40	40	32	20	20	5	10	N/A	N/A	N/A	N/A
2006	135	40	40	32	10	10	5	10	N/A	N/A	N/A	N/A
2007	135	40	40	30	0	0	5	10	N/A	N/A	N/A	N/A
2008	135	40	40	30	0	0	5	10	13	32	0	32
2009	135	40	38	28.5	0	0	4.75	9.5	11	29	5	35
2010	121.5	36	36	27	0	0	4.5	9	9	26	10	38
2011	108	32	30	22.5	0	0	3.75	7.5	7	23	20	41
2012	94.5	28	24	18	0	0	3	6	5	20	30	44
2013	81	24	18	13.5	0	0	2.25	4.5	3	17	40	47
2014	67.5	20	12	9	0	0	1.5	3	1	14	50	50
2015	54	16	6	4.5	0	0	0.75	1.5	Policies to be defined going forward			
2016	40.5	12	0	0	0	0	0	0				
2017	27	8	0	0	0	0	0	0				
2018	13.5	4	0	0	0	0	0	0				
2019	0	0	0	0	0	0	0	0				
Customs duties per Egypt-EU Association Agreement: Came Into Force June 1st 2004. Duties fall according to schedules over the period shown in the highlighted cells.												