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Voluntary - Public

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Egypt

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Central Bank of Egypt Eases Import Procedures

Report Categories:

Trade Policy Monitoring

SP2 - Prevent or Resolve Barriers to Trade that Hinder U.S. Food and Agricultural Exports

Approved By:

Ali Abdi, Agricultural Minister Counselor

Prepared By:

Ibrahim Al-Habbal, Marketing Assistant, and Bret Tate, Agricultural Attaché

Report Highlights:

On May 03, 2018, the Central Bank of Egypt amended their requirements on transfer of import documents. The new policy removes the requirement that exporters transmit import documents bank-to-bank, allowing them to now use courier services or other transfer arrangements. It also waives micro/small/and medium-size companies from the 100 percent deposit on letters of credits when importing essential commodities. The policy shift should ease import restrictions.

On May 03, 2018, the Central Bank of Egypt issued a policy statement to ease import procedures. The new statement reverses the policy set December 2015, and allows Egyptian banks to accept import documents directly from importers.

On December 21, 2015, the Egyptian Central Bank issued a policy statement concerning the transfer of collection documents through banks. This policy aimed to minimize manipulation or alteration of customs documentation, in particular the manipulation of invoice values and product origins. The policy required the import documentation be transferred directly from the exporter's bank to the importer's bank. The policy also increased the deposits that local banks are required to hold on letters of credit opened to finance import transactions from 50 percent to 100 percent.

These measures affected both local importers and foreign exporters to Egypt. Importing firms had to comply with these policies in order to avoid customs delays or rejections. Under the 2015 policy, all transactions for imported goods mandated 100 percent deposit on letters of credit and bank-to-bank document collection. For more information, see FAS Cairo GAIN report: [Egyptian Further Increases the Cost of Imports as Central Bank Regulations Limit Payment Options for Incoming Goods](#).

The new policy statement issued by the Egyptian Central Bank on May 03, 2018, allows local banks to accept collection documents directly from the importers for all goods. The new policy also waives micro/small/and medium-size companies from the 100 percent deposit on letters of credits when importing essential commodities. The policy further allows banks to implement their own credit-risk evaluations.

A translation of the official policy statement follows:

First: *Cancel the instructions of article (1) of the above referenced circular which states: The execution of import operations can take place only based on collection documents shipped to the bank from banks abroad....."the execution can take place based on collection documents shipped directly to the clients and for all imported goods.*

Second: *Micro/small/and medium-size companies (as per the definition issued on March 05, 2017 and the follow-up instructions and guidelines) operating in the field of importing essential food commodities only, the cash-insurance is cancelled for import operation intended for trade based on letters of credit opened to finance the imports of goods for commercial companies or for government entities. The same applies in case of supplementing banknotes on suppliers facilities to import these goods for the above entities, or to offset any bank commitment, including issuing letters of credit for import operations for the benefit of traders or the government, and this is instead of the currently applied percentage of 100 percent and taking into account the credit analysis carried out by each bank.*