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Egypt

Egypt Imposes Export Tax on Sugar Exports but Lifts Tariffs on Raw Sugar Imports

Report Categories:

Sugar

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Report Highlights:

Egypt imposed an EGP 900 (\$101.35) per metric ton tax on exported sugar effective May 18 until the end of 2016. According to the Ministry of Industry and Trade, the decision is to protect country's strategic reserves of sugar. Egypt also removed the 20 percent tariff on raw sugar imports, also effective from May 20 until the end of 2016. Egypt produces close to 2.2 MMT of refined white sugar and imports around 830,000 MT of raw sugar to meet the country's yearly consumption of 3 MMT.

General Information:

Egypt's Minister of Industry and Trade (MoIT) has temporarily imposed barriers on sugar exports through an export tax while reducing those for raw sugar imports by removing its 20 percent tariff. According to Ministerial Decree number (455/2016), published in the Egyptian Gazette on May 18, 2016, Egypt's sugar exports are now subject to an export tax of EGP 900 (\$101.35) per metric ton. The decree is effective from the date of publication in the Egyptian Gazette until December 31, 2016.

According to a statement released by MoIT, the decision is intended to safeguard the country's strategic reserves of sugar after sugar prices increased worldwide. Based on reports, the Ministry added that some traders were planning to export huge amounts of Egyptian sugar to capitalize on the high market prices. MoIT confirmed that there is a huge price differential between local white sugar prices and international prices, encouraging some traders to capitalize on this arbitrage opportunity.

Egypt also temporarily opened the door to raw sugar imports by removing the 20 percent tariff rate on such imports from all origins. According to Prime Minister's Decision number 1364/2016 published in the Egyptian Gazette on May 21, 2016, Egypt exempted imports of raw sugar (HS 170112, 170113 and 170114) from the 20 percent tariff rate up to the end of 2016, which will be effective retroactively from May 20, 2016. However, the tariff rate on imported refined sugar (HS 170191) will remain at 20 percent.

Earlier this year, Egypt raised tariffs on imported raw and refined sugar. Presidential Decree number 25/2016, published in the Gazette on January 26, 2016, raised import tariffs on raw cane and raw beet sugar (HS 170112, 170113 and 170114) from 2 percent to 20 percent, and from 10 percent to 20 percent on refined sugar imports (HS 170191). Also, on February 8, 2016, MoIT published Decision Number 2/2016 in the Gazette rescinding the safeguard measures imposed on white sugar imports since April 2015. The safeguard measures imposed were a 20 percent tariff rate on white sugar imports, with a minimum of LE700 per ton (\$90/ton).