

A successful bidder will submit 10 percent performance loan guarantee valid for 30 days from the date of delivery. Payment is to be made by irrevocable, confirmed letter of credit payable 10 percent against shipping documents and 90 percent after the shipment is checked by Egyptian customs and health authorities. To guard against the risk of health rejection by Egyptian authorities, Canadian seafood exporters should obtain the appropriate insurance coverage.

## **TARIFFS**

In 1986, the cumbersome Import Rationalisation Committee was replaced by a simpler method of determining tariffs. Imports are now divided into four categories: prohibited, luxury, regular and necessary with the number of tariffs reduced from 43 to 10. Goods exported to Egypt are subject to differing rates of customs duties. The rates vary from nominal to excessive, as much as 500 percent.

In general, raw materials and various components not available in Egypt enjoy a lower rate of custom duty. However, medium custom duty rates are applied to goods which are similar, but not identical to those goods produced in Egypt, and higher customs duties apply to luxury and specialty items.

Import duties are based on cost, insurance and freight (CIF) value at the market exchange rate for private imports, and at the official exchange rate for government agency imports. An economic development tax and a statistical duty are levied on the CIF value at rates of 10 percent and 2 percent, respectively. Certain other taxes and duties are levied at nominal rates on the value of the aforementioned duties.

Products imported by fishing vessels possessing an Arab Republic of Egypt fishing license are exempt from payment of these duties. The agency responsible for these duties is the Customs Department, Ministry of Finance in Nasar City, Cairo. In June 1989, the special rate for customs valuations was abolished by the Egyptian government in favour of the daily set commercial rate. The rate of exchange for customs will be a monthly rate based on the average of the daily rates during the month.

## **FREE-TRADE ZONES**

Under the former Investment Law which was recently repealed in Egypt, public free zones have been established at Alexandria, Cairo, Ismailia, Port Said and Suez. Private free zones were also available for single projects, nevertheless, it is very difficult to obtain authorization for a private free zone. Rights acquired under the former law remain largely intact, however, free zones are now regulated by Law 230 of the 1989 Investment Law.

The public free zones are controlled and regulated by the respective individual governorate while private free zones are administered by the Investment Authority. Business entities operating in one of the free zones are exempt from all taxes, except for a fee equal to 1 percent of the cost, insurance and freight value of the commodities entering or leaving the free zone. Free-zone projects are entitled to the other incentives promulgated by Law 230 of 1989 and are exempt from the regulations pertaining to importation.