

Registration of Trademark Owners Under Egyptian Ministerial Decree 43/2016

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I. General Reform Framework

The Egyptian Government recently undertook a series of economic reforms in order to regulate a market that has been severely weakened since the 2011 uprising. The uprising and the security gap that followed drove away tourists and foreign investors, thus leading to a severe shortage in foreign currency reserves and a sharp decline of the value of the Egyptian pound. The Egyptian Government is therefore reducing foreign currency expenditures by controlling imports.

The Egyptian Ministry of Trade and Industry issued a Decree on the rules for the Registration of Factories and Trademark Owners eligible to export their products to the Arab Republic of Egypt in January 2016, 43/2016 (the 'Ministerial Decree'). Accordingly a new register has been created at the General Organization of Exports & Imports Control ('GOEIC'), where all said factories and trademark owners must register if they wish their products to be imported into Egypt.

The Egyptian Central Bank ('CBE') followed by adopting a series of measures aiming at reducing the Egyptian imports bill. The CBE has imposed strict rules on financing imports by giving priority to essential goods over luxury products. The CBE's action consisted of requiring importers to provide 100% cash deposits at banks on their letters of credit to make it very difficult for importers to open letters of credit and clear cargos.

Both reforms have been followed by a Presidential Decree issued to increase customs tariffs on a number of products 25/2016. This measure aims at increasing Egypt's revenues, encourage local production and enhance competitiveness of local companies against foreign companies. The products subject to the custom tariffs increase have all an equivalent local product in Egypt. Whether such measure is in conformity with the international agreements on tariffs remains to be seen.

II. Ministerial Decree 43/2016.

A. Scope of application.

The Ministerial Decree answers to a general policy of monitoring products that are being exported to Egypt in order to protect the end consumer from products of unknown source. All exporters who produce the products listed in the annex to the regulation must apply international standards of quality management control systems and make all their products and distribution centres that export the said products known to Egypt.

The following is the list of products for which registration is required:

- Milk and its products for retail sale;
- Preserved and dried fruits for retail sale;
- Oils and fats for retail sale;
- Sugar Confectionaries;
- Chocolate and food products containing cocoa for retail sale;
- Pastas and prepared foods from cereals and bread products and pastries;
- Fruit juices for retail sale;
- Natural, Mineral water and aerated water;

- Beauty and make-up products, preparations for oral and dental hygiene, personal deodorants and antiperspirants, perfumed preparations;
- Soap and washing preparations used as soap for retail sale;
- Cutlery and kitchen utensils;
- Bath tubs, sinks, wash basins, toilets, toilet seats and covers thereof;
- Toilet paper, cosmetic paper, diapers and towels;
- Tableware, cutlery and kitchenware;
- Table glassware;
- Reinforced steel;
- Household appliances;
- Home and office furniture;
- Regular bicycles, motorbikes, motorized bikes;
- Watches;
- Lighting devices for home use;
- Toys;
- Textiles, clothing, furnishing, carpets, blankets and footwear except PPE and medical use clothes;
- Carpets;
- Footwear.

B. Impact on imports.

All companies and factories that do not comply with the registration requirements will be prohibited from exporting their products to Egypt. The products of non registered entities have not been allowed to enter the territories of the Arab Republic of Egypt since mid-march 2016 after a two month grace period was granted to all exporters as from the issuance date of the Ministerial Decree in January 2016.

The GOEIC has constantly been deploying registrations as a deliberate practice to reduce demand on imports. The timeframe for completing registrations has increased from days or weeks to a time span of months.

It is expected that these measures will be abolished once the main problem of foreign currency is solved hopefully with the return of income generated by tourism and foreign direct investment.