

Voluntary Report – Voluntary - Public Distribution

Date: February 22, 2023

Report Number: EG2023-0001

Report Name: Egypt Extends the Implementation of Halal Certification on Milk and Dairy Product until April 1 2023

Country: Egypt

Post: Cairo

Report Category: Agricultural Situation, Dairy and Products, Special Certification - Organic/Kosher/Halal

Prepared By:

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Report Highlights:

Egypt notified of new halal requirements and procedures for food products. This was disclosed via a Technical Barriers to Trade (TBT) fourth addendum notification to the World Trade Organization (WTO). The notification waives the halal certification requirement on milk and dairy products until April 1st, 2023.

On December 20, 2022, the Government of Egypt issued a fourth World Trade Organization (WTO)/Technical Barriers to Trade (TBT) addendum (Annex 1) notifying an extension of halal certificates requirements. The extension is granted until April 1, 2023, for milk and dairy products.

BACKGROUND INFORMATION

This WTO/TBT notification comes after four communications from the General Organization for Veterinary Services (GOVS), one notification and three addenda. The previous notification was issued in August 2022 ([GAIN EG2022-0021 Egypt Notifies New Halal Requirements and Procedures for Food Products](#)). Additionally, the previous notifications referred to a revised standard that was never officially published. While the last notification specified Harmonization System (HS) codes, there is still a lack of clarity on the range of products which would be covered, as the unpublished standard does not specify HS codes.

EGYPT IS FACING ECONOMIC CHALLENGES

Egypt, among other countries, was affected by the Russian war in Ukraine and consequences from COVID-19. As a result, the Egyptian Government struggled in 2022 to rein in inflation caused by rising food and energy prices.

In October 2022, Egypt decided to sharply devalue the Egyptian pound. The pound's core inflation rate reached almost 22 percent by the end of 2022, while losing 57 percent of its value. Floating the Egyptian pound and the removal of subsidies (most notably fuel subsidies) put upward pressure on prices on the majority of products. Table 1 compares year-over-year official inflation rates during November 2022 (which is the latest available official data) and November 2021.

Table 1: Inflation Rates – Year over Year (November 2021 and 2022)

	Headline CPI	Core CPI	Regulated Items	Fruits & Veg
November 2021	5.556%	5.790%	7.796	-6.500%
November 2022	18.724%	21.528 %	10.639%	17.838%

FAS research - Central Bank of Egypt

Nonetheless, Egypt is suffering greatly from the lack US dollars, which has put significant pressure on the Egyptian pound and has significantly slowed imports, of which Egypt is heavily dependent.

THE COST OF DOING BUSINESS

Importers and exporters of U.S. food and agricultural products to Egypt are lamenting the added costs of shipping products to Egypt. Importers report extended port delays which caused demurrages and storage fees due to the shortage of US dollars. As a result, it has lowered supply and put upward pressure on prices, as well discouraged suppliers to trade with Egypt.

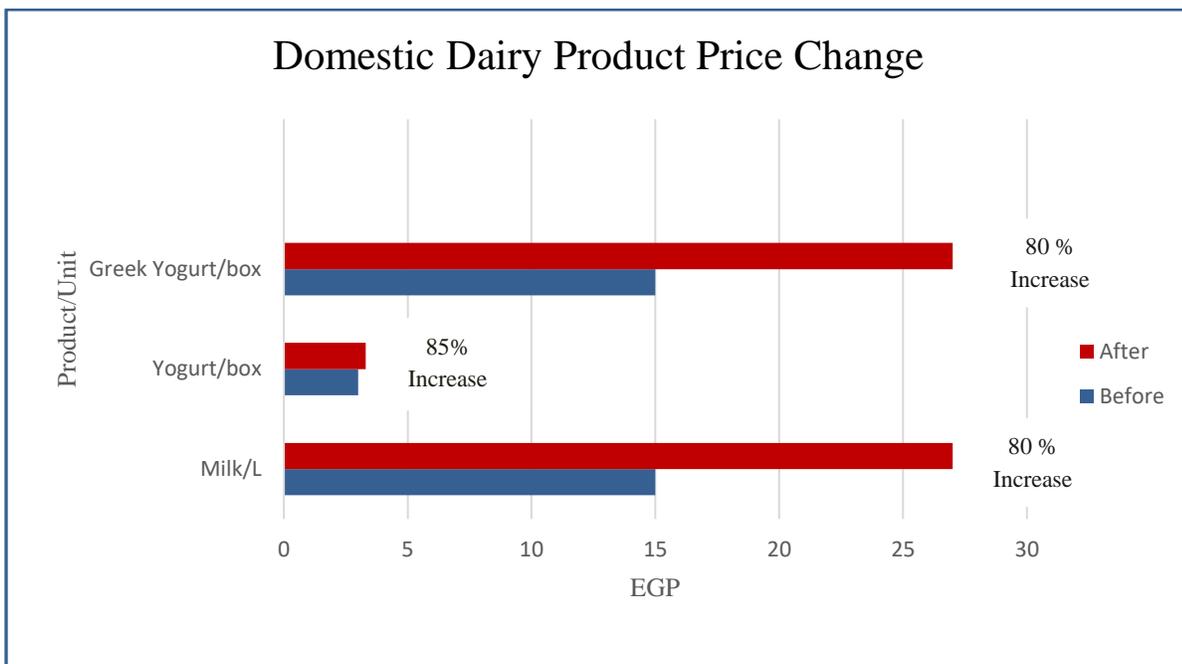
Post expects extra added costs from the application of halal certification in terms of uncertainty of product coverage, lack of clarity for implementation, and the fees related to certification. Anecdotally, industry representatives report that the certification service fees will be drastically high, if applied, which will add to the overall costs of exporting to Egypt.

EGYPTIAN RETAIL PRICES FOR DAIRY PRODUCTS

Domestic Dairy Products Retail Prices

Milk and dairy products’ prices have risen significantly, increasing by 80 percent or higher. Figure 1 demonstrates the price increase in the domestic products including Greek yogurt, yogurt, and milk before and after the economic challenges in Egypt.

Figure 1: Prices Changes in Domestic Dairy Products



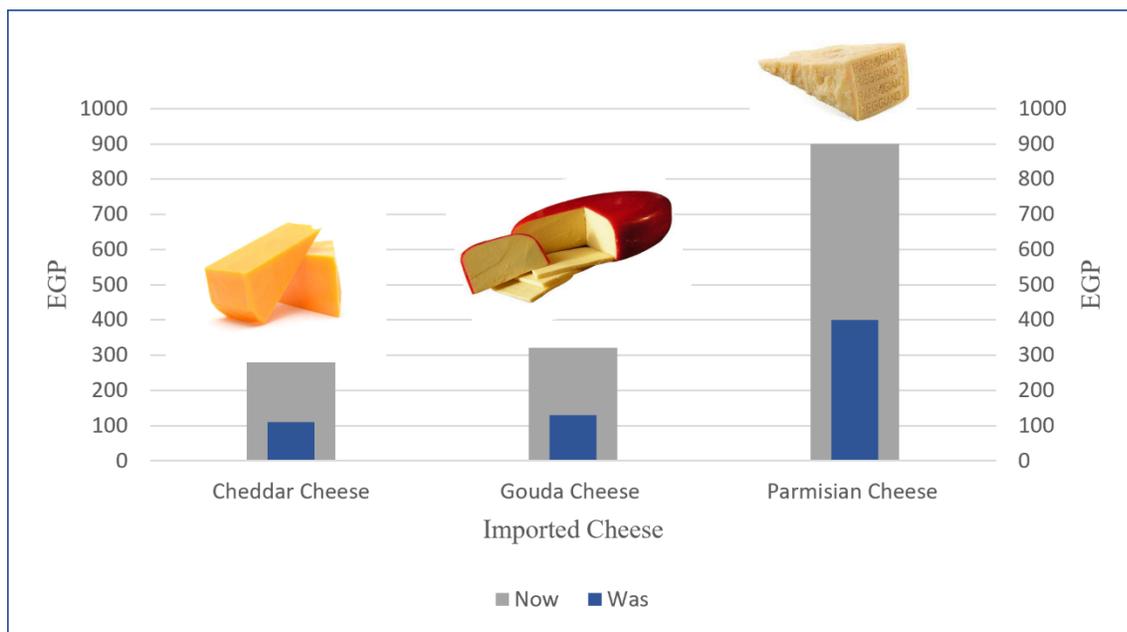
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**Note: Before February/March and After - represents the current prices*

Imported Dairy Products Retail Prices

Prices of imported products surged dramatically due to high inflation, import costs, and the shortage of US dollars which impacted the supply and prices greatly. Figure 2 compares the difference in prices before February/March 2022 and now.

Figure 2: Imported Cheese Price Change



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Imported milk powder was one of the products greatly affected. Importers reported a 275 percent increase from EGP 40,000 (\$1,500) to EGP 150,000 (\$5,700) per ton. It is worth noting that milk powder is considered an industrial input material which is used in a wide range of dairy products.

20 December 2022

(22-9552)

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Committee on Technical Barriers to Trade

Original: English

NOTIFICATION*Addendum*

The following communication, dated 20 December 2022, is being circulated at the request of the delegation of Egypt.

Title: Requirements for the importation of meat, poultry and their products, milk and dairy products applied by the General Organization for Veterinary services (GOVS) at the Ministry of Agriculture and Land Reclamation (MoALR).

Reason for Addendum:	
<input type="checkbox"/>	Comment period changed - date:
<input type="checkbox"/>	Notified measure adopted - date:
<input type="checkbox"/>	Notified measure published - date:
<input checked="" type="checkbox"/>	Notified measure enters into force - date: 1 April 2023
<input type="checkbox"/>	Text of final measure available from ¹ :
<input type="checkbox"/>	Notified measure withdrawn or revoked - date: Relevant symbol if measure re-notified:
<input type="checkbox"/>	Content or scope of notified measure changed and text available from ¹ : New deadline for comments (if applicable):
<input type="checkbox"/>	Interpretive guidance issued and text available from ¹ :
<input type="checkbox"/>	Other:

Description: Products covered: Milk and Dairy Products.

This addendum concerns the extension of the time period during which imports of milk and dairy products that are not accompanied by a Halal certificate are allowed to enter into Egypt. The time period has been extended till March 31, 2023 (date of arrival at Egyptian ports) as a trade facilitating measure.

Agency or authority designated to handle comments and text available from: National Enquiry Point

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¹ This information can be provided by including a website address, a pdf attachment, or other information on where the text of the final/modified measure and/or interpretive guidance can be obtained.

Attachments:

No Attachments.