

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

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Group of Negotiations on Services

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COMMUNICATION FROM THE ARAB REPUBLIC OF EGYPT

**Conditional Offer of the Arab Republic of Egypt concerning
Initial Commitments in the Services Negotiations**

Revision*

The following communication is circulated at the request of the Arab Republic of Egypt to the members of the Group of Negotiations on Services.

Egypt reaffirms its commitment to contribute to the progressive liberalization of Trade in Services by submitting herewith its revised conditional offer of initial commitments in the Services negotiations. This offer updates the conditional offer submitted on 27 September 1991, contained in document MTN.GNS/W/137.

Egypt's revised offer remains conditional upon satisfactory outcome for Egypt in the Uruguay Round negotiations, including balanced final text of the General Agreement on Trade in Services and satisfactory offers of Egypt's trade partners in services sectors and modes of supply of export interest to Egypt.

Egypt reserves the right to review, modify, reduce or withdraw in whole or parts of this offer at any time prior to closure of the Services negotiations. Furthermore, Egypt reserves the right to make technical changes to its offer and to correct omissions and inaccuracies.

This offer does not relate to any policy or measures in respect of trade in goods and IPRs.

Subject to the outcome of the services negotiations, Egypt is prepared to consider further initial commitments on other sectors/sub-sectors and modes of supply.

*This offer replaces and cancels the initial offer contained in document MTN.GNS/W/137.

Measures of General application to the Sectors/Sub-Sectors contained in this offer

The Egyptian specific commitments are subject to the following laws, rules and regulations, even where none is stated in the specific sector/sub-sector:

1. The Egyptian constitution.
2. Investment Law No. 230/1989 and its executive regulations.
3. Joint stock companies partnership limited by shares (limited liability companies) Law No. 159/1981 and its executive regulations.
4. All other domestic laws, rules, regulations and policies of the Egyptian government, as may be applicable.

The right of acquisition

Foreigners or a foreign service supplier, whether a natural or juridical person, may acquire land or real estate by an ordinance of the Prime Minister subject to the conditions stipulates in Law 56/1988.

Movement of personnel

This is governed by Law No. 137/1981, promulgating a labour code and its regulations. A foreign service supplier must obtain a work permit from the Minister of Manpower and Training and hold a residence permit. According to this law, the number of foreign personnel in any project, regardless of number of branches, shall not exceed 10 per cent of the total personnel employed.

The Minister of Manpower and Training shall, by order, prescribe the conditions and formalities for the issue and renewal of the work permit, the information they are to contain and the fees to be charged for them.

Measures of specific application

Financial services

- Banking and Credit Law 163/1957, as amended.
- Account Secrecy Law 205/1990.
- Central Bank of Egypt and Banking Law 120/1975 and 50/1984
- Law No. 37/1992 concerning amendments of some provisions of Bank & Credit Law, Central Bank and the Banking system law.
- Law No. 10/1981 and its by-laws, and their executive regulations, promulgating the supervision and control of Insurance.
- Capital market Law No. 95/1992 and its executive regulations.

The commitments undertaken in the Banking sector, shall apply to the foreign service suppliers who are permitted to exercise the activities specified in this respect and abide by the relevant Egyptian laws and regulations.

Tourism related services

Law No. 1 and 2/1973 and 3/1977, promulgating tourist Companies and Agencies, amended by Law No. 118/1983.

Foreign Investment

The regulations of law 230 of July 1989, include the following:

Setting-up a project: a request to establish a project will be decided on by the General Authority For Investment (GAFI) within a specific period of time provided in the law.

On capital valuation: a special committee will have the right to review documents relating to the valuation of capital equipment imported for a project.

On register of capital: a capital invested will be recorded in a register set up for this purpose at GAFI's headquarters. Customs release documents will be required for imported capital equipment, and audited returns will have to be submitted in cases of capital invested in the form of company profits or equity swapped for debts.

On profit remittance: net profits may be remitted within the limits of the credit balance of an investment company's foreign exchange account. The transfer will be at the highest announced exchange rate (sell) on the day of the transfer, on condition that the following documents are submitted: audited balance sheets; the report of the annual general meetings and the statement on distribution of profits; a copy of tax returns and a certificate showing the all outstanding tax bills have been paid; and an auditor's statement that statutory reserves have been set aside. GAFI will notify the project and its bank of the amount of profit permitted to be transferred. Similar procedures are laid out for the repatriation of capital.

Terminology

1 - None: Means that the Egyptian government does not impose conditions, limitations or qualifications on market access or national treatment in respect of a sector or sub-sector where a specific commitment is being undertaken other than the horizontal measures that apply to all sectors/sub-sectors.

2 - Bound: Means the binding of existing regulations on market access and national treatment solely in relation to the laws and provisions explicitly mentioned in this offer.

3 - Unbound: Means that the Egyptian government has not undertaken any commitment regarding the mode or modes of supply concerning market access or national treatment for the activity in question and reserves the right to introduce new regulations concerning modes of supply with respect to market access and national treatment.

4 - Unbound*: Means that the Egyptian government does not recognize a specific form of supplying a service as the relevant mode of supply is technically infeasible. It must be understood as no commitment being undertaken.

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
Tourism & Travel Related services	(1) Unbound*	(1) Unbound*
1 - Hotels & Restaurants	(2) None	(2) None
A. Hotels and other Commercial Accommodations:		
a. Hotels and Motels	(3) - A licence will be given according to the requirement of economic needs test (such as market needs and locating different categories of hotels.) - Casino services can be provided only through 5 stars hotels (gambling allowed only for foreigners) - Limitations on the total number of services operations depend on the requirement of economic needs test (geographical location, increase in the number and categories of tourists) - Foreign capital equity should not exceed 49% in projects to be established in Sinai.	(3) None
b. Resort Hotels and Accommodation Facilities		
c. Casino Hotels		
B. Restaurants, Bars and Cafeterias		
a. Full Service Restaurants		
b. Fast Food Restaurants and Cafeteria	(4) - Training of Egyptian employees should be performed by the foreign natural person within the terms of the contract.	(4) None
Key:	(1) Cross - Border supply (2) Consumption abroad	(3) Presence of Juridical Persons (4) Presence of Natural Persons

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
2 - Travel Agencies and Tour Operators		
a. Tour Operators, Packagers and Wholesalers	(1) Unbound (2) None (3)- Limitations on the total number of services operations depend on the requirement of economic needs test .	(1) Unbound (2) None (3) None
b. Travel Agencies	(4)- Training of Egyptian employees should be performed by the foreign natural person within the terms of the contract	(4) None
3 - Other Tourism Services		
A. <u>Tourism management Services</u>		
a. Tourism Property Management		
b. Rental / Lease Tourism Property	(1) None (2) None (3) - Bound for representative offices - Limitations on the total number of services Operations depend on the requirement of economic needs test.	(1) None (2) None (3) None
	(4)- Training of Egyptian employees should be performed by the foreign natural persons within terms of the contract.	(4) None

Key: (1) Cross - Border supply
(2) Consumption abroad
(3) Presence of Juridical Persons
(4) Presence of Natural Persons

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
B. Tourism Transport Services	(1) Unbound (2) None (3) None	(1) Unbound (2) None (3) None
a. Land Transport Services		
1- Long Distance tour buses 2- Short Distance tour buses	(4) Unbound	(4) Unbound
b. Inland Water Ways	(1) Unbound (2) None (3) The addition to the inland water passenger and/or local tours 3- Cruise ships is subject to the physical capacity of the Nile river	(1) Unbound (2) None (3) None (4) None
C. Tourism Training Institutions	(1) None (2) None (3) None (4) None	(1) None (2) None (3) None (4) None
		(3) Presence of Juridical Persons (4) Presence of Natural Persons

Key: (1) Gross - Border supply
(2) Consumption abroad

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
D. Tourism Related Conventions	(1) None (2) None (3) None (4) None	(1) None (2) None (3) None (4) None
E. Institutional Food Service Caterers <i>(with the exception of Airport Catering Facilities which are confined only to the national air carriers).</i>	(1) None (2) None (3) None (4) None	(1) None (2) None (3) None (4) None

Key: (1) Cross - Border supply
(2) Consumption abroad
(3) Presence of Juridical Persons
(4) Presence of Natural Persons

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT
Financial Services

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
INSURANCE & INSURANCE RELATED SERVICES 1- Life, Health, Personal accident.		
	(1) None (2) None (3) Foreign and joint venture Companies are allowed only to carry on business in free zones, provided that their activities shall be confined to the transactions carried out in convertible currencies. - Inland commercial presence, other than in free zones, will be allowed within five years from the entry into force of the GATS. Economic needs test shall apply then. - Foreign capital equity shall not exceed 49% of the total capital required for the project. - 50% in excess of the retention on the basis of risk premium of any Company must be ceded to the Egyptian Reinsurance Co., and 5% of the Company's treaties to the African Reinsurance Co.	(1) None (2) None (3) None
		(4) The managing directors and the technical executives must have minimum level of experience.

Key: (1) Cross - Border supply
(2) Consumption abroad

(3) Presence of Juridical Persons
(4) Presence of Natural Persons

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
2- Non-Life Insurance	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) Foreign and joint venture Companies are allowed only to carry on business in free zones, provided that their activities shall be confined to the transactions carried out in convertible currencies.</p> <p>- Inland commercial presence, other than in free zones, will be allowed within five years from the entry into force of the GATS. Economic needs test shall apply then.</p> <p>- Foreign capital equity shall not exceed 49% of the total capital required for the project.</p> <p>- 30% on proportional basis of the total transactions must be ceded to the Egyptian Reinsurance Co., and 5% of the Company's treaties to the African Reinsurance Co.</p> <p>(4) The managing directors and the technical executives must have minimum level of experience.</p>	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) None</p> <p>(4) None</p> <p>(3) Presence of Juridical Persons</p> <p>(4) Presence of Natural Persons</p>

Key: (1) Cross - Border supply
(2) Consumption abroad

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
3- Reinsurance and Retrocession	<p>(1) None</p> <p>(2) None</p> <p>(3) Foreign and joint venture Companies are allowed only to carry on business in free zones, provided that their activities shall be confined to the transactions carried out in convertible currencies.</p> <p>- Inland commercial presence, other than in free zones, will be allowed subject to economic needs test.</p> <p>- Foreign capital equity shall not exceed 49% of the total capital required for the project.</p> <p>- Insurance and reinsurance Companies are not allowed to deal with reinsurers not listed in the supervisory authority list.</p> <p>- 5% of the Company's treaties must be ceded to the African Reinsurance Co.</p> <p>- The Egyptian Reinsurance Co. pledges to accept the following shares:</p> <ul style="list-style-type: none"> - Life business: 5% in excess of the retention on the base of risk premium of any Company. 	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p>

Key: (1) Cross - Border supply
 (2) Consumption abroad

(3) Presence of Juridical Persons
 (4) Presence of Natural Persons

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
	- Non-Life business: 30% on proportional basis of the total transactions.	
	(4) The managing directors and the technical executives must have minimum level of experience.	(4) None
4- Auxiliary services other than intermediation:		
a) Actuarial services.	(1) Unbound (2) Unbound	(1) Unbound (2) Unbound (3) Foreign service supplier must be resident, authorised to perform this profession from a competent authority in his home country and registered with the Egyptian register for that purpose. (4) None
b) consultancy (Risk assessment and risk management only)	(1) None (2) None (3) Subject to the conditions and qualifications determined by the supervisory authority. (4) None	(1) None (2) None (3) Presence of Juridical Persons (4) Presence of Natural Persons (4) None
Key:	(1) Cross - Border supply (2) Consumption abroad	(3) Presence of Juridical Persons (4) Presence of Natural Persons

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
c) loss assessment	(1) Unbound (2) Unbound (3) Subject to the conditions and qualifications determined by the supervisory authority.	(1) Unbound (2) Unbound (3) None (4) None
d) liaison offices	(1) None (2) None (3) Commercial presence is bound only for public relations and researches.	(1) None (2) None (3) None (4) None
<u>5- Intermediation</u>	(1) Bound only for life insurance service and reinsurance services. (2) Bound only for life insurance service and reinsurance services.	(1) None (2) None (3) Unbound (4) Unbound
Key:	(1) Cross - Border supply (2) Consumption abroad	(3) Presence of Juridical Persons (4) Presence of Natural Persons

SECTOR: BANKING

General Remarks

- 1) The Classification of Banking services in this schedule is in accordance with the Annex on financial services attached to the General Agreement on Trade in Services.
- 2) All Banks allowed to exercise the activities specified in this offer are to be registered, controlled, and supervised by the Central Bank of Egypt.

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT
Banking Sector

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
<u>A- Joint Venture Banks (JVBs)</u>		
<u>JVBs Services</u>		
- Acceptance of deposits and other forms of repayable funds.	(1) Unbound. (2) Unbound.	(1) Unbound. (2) Unbound.
- All types of lending including consumer credit, and financing of commercial transactions.	(3) Foreign Capital equity should not exceed 51%. In the case where the share of the foreign partner exceeds 50% of the banks capital, a letter of guarantee must be submitted from the bank, whose head office enjoys a specified nationality and is subject to the control of the monetary authority in the country where the head office is located to secure the deposits and creditors' rights.	(3) A license should be obtained for a new branch if the bank is in compliance with regulations concerning minimum capital adequacy, asset classification and provisioning, single customer exposure, foreign exchange exposure and concentration ratios for foreign correspondents.
- All payments and money transmission services, including credit, charge and debit cards, traveller's cheques and bankers drafts.		
- Guarantees and Commitments.		
- Trading for own account or for account of customers in:		
a) A money market instruments (Cheques, Bills and Certificate of Deposits)	a) None.	
b) Foreign exchange	b) None.	
c) Securities	c) None.	
- Participation in share issues and the provision of services related to such issues		
- Money broking.		
- Portfolio management & advice.		
- Safekeeping of securities		
Key:	(1) Cross - Border supply (2) Consumption abroad	(3) Presence of Juridical Persons (4) Presence of Natural Persons

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT
Banking Sector (Cont.)

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
- Credit reference services and - Safe custody services		
B- Foreign Bank Branches (FBBs):		
Same activities specified under (A) above.	<p>(1) Unbound. (2) Unbound.</p> <p>(3) - Economic needs test. - Terms and conditions specified by the Minister of Economy and foreign Trade.</p> <ul style="list-style-type: none"> - To provide a statement indicating that the head office of the foreign bank is subject to the control of monetary authority in the country where the head office is located and enjoys a specified nationality. - To ensure that the head office of the foreign bank shall be responsible for the deposits, creditors's rights and all the liabilities that may be due 	<p>(1) Unbound. (2) Unbound.</p> <p>(3) - Branches of foreign banks established prior to June 5, 1992 (the date of enforcement of law No 37 of 1992) may be licensed to deal in local currency in addition to their foreign currency dealings, provided that such branches submit an application for license to the Central Bank of Egypt along with certain documents provided for in this law.</p> <ul style="list-style-type: none"> - Branches of foreign banks established after June 5th, 1992 are subject to the terms and conditions specified by the Minister of Economy and Foreign Trade.
Key:	(1) Cross - Border supply (2) Consumption abroad	<p>(3) Presence of Juridical Persons (4) Presence of Natural Persons</p>

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT
Banking Sector (Cont.)

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
		on the branch. The head office shall be also obliged to compensate for any losses that may be shown in the final accounts of the branch in any fiscal year within a maximum period of a month from the date of ratifying the balance sheets of the branch by the external auditors.
		- The procedures to open a foreign bank branch includes: a) an approval of the head office of the foreign bank for the establishment of its branch in Egypt. The head office should also guarantee the abidance of its branch by the laws, decisions and instructions in force and being issued by the Central Bank of Egypt concerning the control and supervision over banks. b) The allocated funds for the branch activities in Egypt shall not be less than 15 Millions US Dollars or the equivalent in other free currencies.
		(4) None.
		Key: (1) Cross - Border supply (2) Consumption abroad (3) Presence of Juridical Persons (4) Presence of Natural Persons

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT

Banking Sector (Cont.)	Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
C- Representative Offices of Foreign Banks (R.O's)			
		(1) Unbound*.	(1) Unbound*.
		(2) Unbound*.	(2) Unbound*.
		(3) Foreign banks which desire to set-up a representative office should not have branches in Egypt. - An authorization should be obtained from the Governor of the Central Bank of Egypt and the office shall be subject to its control. - Activities of R.O.'s should be confined to conducting studies on the Egyptian market and on potential investments. - They should act as liaison with their head offices and contribute to solving problems and difficulties that may encounter their head offices' correspondents in Egypt.	(3) Unbound*.
		(4) None.	(4) None.
Mode of Supply			
Key:			
(1) Cross - Border supply			
(2) Consumption abroad			
(3) Presence of Juridical Persons			
(4) Presence of Natural Persons			

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
OTHER FINANCIAL SERVICES : (Capital Market Services)		
1- Underwriting		
	<p>(1) None</p> <p>(2) None</p> <p>(3) A license should be obtained from the Capital Market Authority.</p> <ul style="list-style-type: none"> - The entity should take the form of a joint stock Company or a partnerships limited by shares. - Payment of insurance amount, to guarantee the rights of investors, specified by the Capital Market Authority Board of Directors. <p>(4) None</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) A license should be obtained from the Capital Market Authority.</p> <ul style="list-style-type: none"> - The entity should take the form of a joint stock Company or a partnerships limited by shares. - Payment of insurance amount, to guarantee the rights of investors, specified by the Capital Market Authority Board of Directors. <p>(4) None</p>
2- Brokerage		
	<p>(1) None</p> <p>(2) None</p> <p>(3) A license should be obtained from the Capital Market Authority.</p> <ul style="list-style-type: none"> - The entity should take the form of a joint stock Company or a partnerships limited by shares. - Payment of insurance amount, to guarantee the rights of investors, specified by the Capital Market Authority Board of Directors. <p>(4) None</p>	<p>(1) Presence of Juridical Persons</p> <p>(2) Presence of Natural Persons</p>
Key:	(1) Cross - Border supply (2) Consumption abroad	

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
3- Trading in Securities ('Buy and Sell by individual or institution on the stock-exchange)	(1) None (2) None (3) None (4) None	(1) None (2) None (3) None (4) None
4- Clearing and Settlement	(1) None (2) None (3) A license should be obtained from the Capital Market Authority. - The entity should take the form of a joint stock Company or a partnerships limited by shares. - Payment of insurance amount, to guarantee the rights of investors, speci- -fied by the Capital Market Authority Board of Directors.	(1) None (2) None (3) Presence of Juridical Persons (4) Presence of Natural Persons

Key: (1) Cross - Border supply
(2) Consumption abroad

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT

<u>Sector or Sub-sector</u>	<u>Limitations on Market Access</u>	<u>Limitations on National Treatment</u>
5- Marketing and Market Promotion	<p>(1) None (2) None (3) A license should be obtained from the Capital Market Authority. - The entity should take the form of a joint stock Company or a partnerships limited by shares. - Payment of insurance amount, to guarantee the rights of investors, specified by the Capital Market Authority Board of Directors.</p> <p>(4) None</p>	<p>(1) None (2) None (3) None</p> <p>- The entity should take the form of a joint stock Company or a partnerships limited by shares. - Payment of insurance amount, to guarantee the rights of investors, specified by the Capital Market Authority Board of Directors.</p> <p>(4) None</p>
6- Portfolio and Investment Management	<p>(1) None (2) None (3) A license should be obtained from the Capital Market Authority. - The entity should take the form of a joint stock Company or a partnerships limited by shares. - Payment of insurance amount, to guarantee the rights of investors, specified by the Capital Market Authority Board of Directors.</p> <p>(4) None</p>	<p>(1) None (2) None (3) None</p> <p>- The entity should take the form of a joint stock Company or a partnerships limited by shares. - Payment of insurance amount, to guarantee the rights of investors, specified by the Capital Market Authority Board of Directors.</p> <p>(4) None</p>

Key: (1) Cross - Border supply
 (2) Consumption abroad

(3) Presence of Juridical Persons
 (4) Presence of Natural Persons

SCHEDULE OF SPECIFIC COMMITMENTS OF EGYPT

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment
<u>7. Establishment of collective investment funds.</u>	<p>(1) None (2) None (3) A license should be obtained from the Capital Market Authority. - The entity should take the form of a joint stock Company or a partnerships limited by shares. - Payment of insurance amount, to guarantee the rights of investors, specified by the Capital Market Authority Board of Directors.</p>	<p>(1) None (2) None (3) None The Capital Market Authority. - The entity should take the form of a joint stock Company or a partnerships limited by shares. - Payment of insurance amount, to guarantee the rights of investors, specified by the Capital Market Authority Board of Directors.</p>
<u>8- Venture Capital</u>	<p>(1) None (2) None (3) A license should be obtained from the Capital Market Authority. - The entity should take the form of a joint stock Company or a partnerships limited by shares. - Payment of insurance amount, to guarantee the rights of investors, specified by the Capital Market Authority Board of Directors.</p>	<p>(1) None (2) None (3) Presence of Juridical Persons (4) Presence of Natural Persons</p>

Key: (1) Cross - Border supply
(2) Consumption abroad