



# Effect of Egypt's Modernized Food Import Control Strategy on U.S. Exporters & Producers

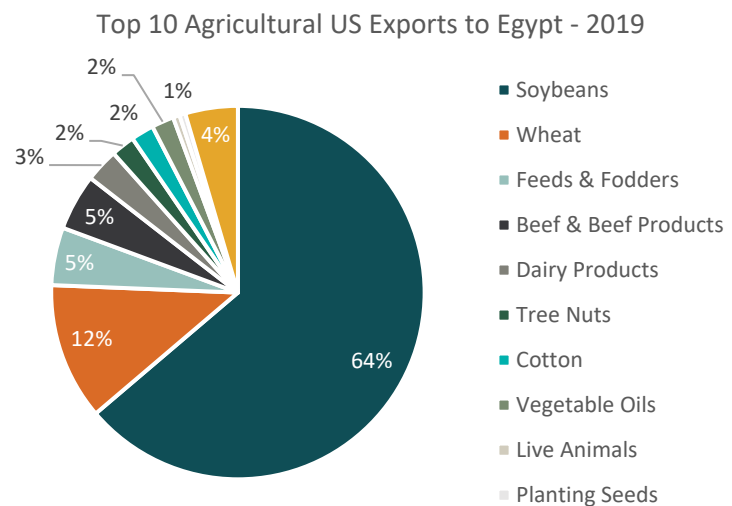
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## Highlights

- As of 2019, U.S. producers exported \$1.6 billion USD worth of food products to Egypt, the U.S.'s largest export market in Africa and the Middle East
- Egypt's outdated and complex technical regulations, a 100% sampling rate at the border, and subsequent heightened time to release imported food are major barriers to trade – increasing the cost, both in time and money, of export to Egypt, and reducing the transparency of the process.
- With support from the United States Department of Agriculture (USDA) funded Transforming the Inspection and Assessment of Food Business in Egypt (TAIB) project, the Egyptian National Food Safety Authority (NFSA) has developed a Modernized Food Import Control Strategy to reduce barriers to trade.
- The new approach transitions Egypt from applying 100% sampling and inspection towards a system that is based on preventative management, expedited clearance, and risk-based consignment sampling.

## Introduction

**Agricultural Trade:** Located on the borders of the Mediterranean and Red Seas, Egypt is the most populous country in the Arab region with 100+ million people and a population growth rate of approximately 2%. The need to feed such a growing population with safe, nutritious, and affordable food products, has increased the demand for agricultural goods. As of 2019, Egypt was the largest food export market in Africa and the Middle East, importing approximately 44% of its requirements. Of which, 11% comes from the United States, following closely behind Brazil and the European Union.



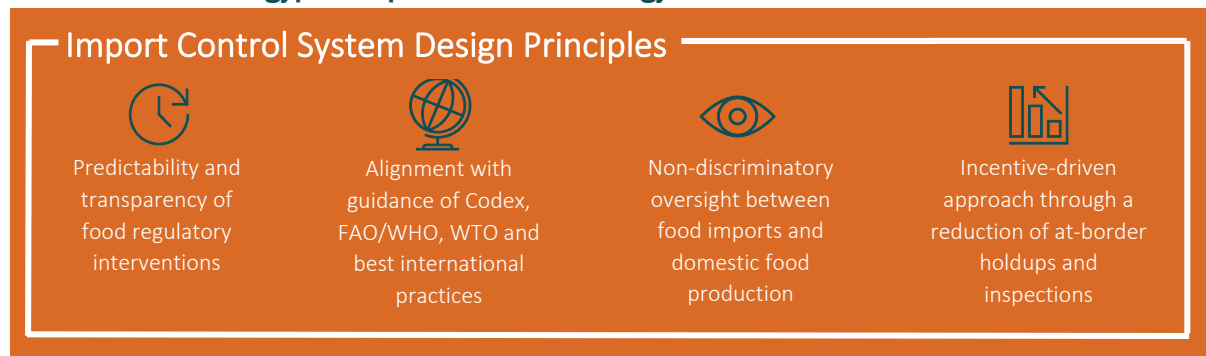
Egypt is currently the U.S.'s largest agricultural export market in Africa and the 15<sup>th</sup> largest agricultural market in the world for U.S. agriculture. In 2019, United States' exporters sold \$1.6 billion USD worth of food products to Egypt. Leading export commodities include soybeans, corn, feeds and fodders, beef and beef products, cotton, and corn. Serving as a key market for U.S. agricultural exports, any changes to Egypt's food import control system are important for U.S. exporters and industry to understand.

**The Egyptian National Food Safety Authority:** To support the safe and efficient trade of domestic, imported, and exported food and agricultural products, the Egyptian Parliament established the NFSA in 2017. Similar to the Food and Drug Administration of the United States, NFSA is a government agency tasked with protecting consumer health by ensuring that food products consumed, distributed, marketed or produced or sold in Egypt

meet their standards for food safety and hygiene. The agency is responsible for all food safety regulation for domestic production, import, and export through inspection, licensing, and certification.

Prior to the establishment of NFSA, Egypt lacked a unified regulatory authority to supervise food safety, and there was no clear mechanism for managing food safety crises and recalls, traceability, and assessing the risk of agricultural goods coming into the country. In addition, out-dated and complex technical regulations which were not based on science, and a mandatory 100% sampling rate at the border created numerous trade barriers, hindering the ability for importers, such as those from the United States, to efficiently and easily import their agricultural goods into Egypt.

## Modernization of Egypt's Import Control Strategy



With support from the TAIB project, NFSA leadership has designed a new, modern approach for food import control in Egypt, aiming to ensure the optimal protection of Egyptian consumers from risks associated with imported food, while enhancing the efficiency of import clearance at points of entry. The modernized structure will focus on preventative management, with a stronger emphasis on pre-border interventions, interventions proportional to the level of possible risk posed by the imported food commodity, and expedited clearance and simplified procedures for all food imports; in particular, for those consignments that are compliant with international standards and those considered lower risk. This will in turn reduce barriers to trade for U.S. exporters, and subsequently producers, through a more transparent process aligned with international best practices.

“ The new food import control system will promote transparency in regulatory oversight, reduce the time and cost of food import clearance, and allocate public resources more efficiently by focusing inspection and sampling efforts towards consignments that present the greatest risk to Egyptian Consumers. ”

- Dr Hussein Mansour, Chairman NFSA, 2020, *NFSA's Modernization of Egypt's Food Import Control System*, National Food Safety Authority of Egypt, May 2020

**Risk Based Sampling:** Currently, all imported food consignments are automatically sampled for compliance verification while the entire shipment is detained at the point of entry. However, under the new import control system, consignments will be categorized into four clearance channels based on inherent risk: green (low risk), yellow, orange, and red (high risk), and will be subject to varying levels of sampling and verification at the border based on set criteria. This criteria includes the inherent risk of the commodity, formal recognition by NFSA of the regulating authority of the food consignment's country of origin, confirmed compliance of the consignment through a registered third-party or a competent authority at the consignment's country of origin, and the history of compliance of the importer. Those consignments that have lower inherent risk being brought into the country by food importers with a documented compliance history will be less likely to be delayed at the border and could potentially be cleared immediately upon arrival at the Egyptian point of entry. Possible sampling rates extend to as low as 2% for lowest risk consignments and gradually increase to 100% for those deemed higher risk.

**Pre-Border Notification:** To enable the expedited clearance of food consignments, pre-border notification must be made to NFSA at least 72 hours prior to the shipment's arrival in Egypt under the new strategy. At this time,

necessary information for a risk determination must be provided and the consignment will be assigned a clearance lane corresponding to the risk classification (green, yellow, orange, or red).

**Timeline for Implementation:** The Egyptian NFSA has drafted and approved a strategic document for modernizing the import control system. This document outlines many of the principles found within this brief. NFSA plans to use an incremental approach to modernizing the Egyptian food import control system with aspects of the new food import control strategy set to begin implementation in 2021.

## Benefits for US Exporters and Producers

With Egypt moving away from 100% consignment inspection to a risk-based approach, in-line with international standard, U.S. exporters and subsequently producers are set to benefit from Egypt's new import control system.

### Greater transparency of the import process

For trade in agricultural goods to flow, exporters need full awareness of international rules and regulations. This transparency allows them to remain up to date in a rapidly evolving trade landscape and provides maximum clarity and understanding. Egypt's past food control system was difficult to comprehend and manoeuvre through, with numerous hurdles encountered by those looking to understand the regulatory framework. The new import control system, however, calls for increased transparency on the part of Egypt, in communicating forthcoming regulatory changes, and prioritizes consultation with stakeholders prior to enforcement.

### Reduced sampling rates and expedited release of consignments

U.S. exporters will benefit from a reduction in sampling rates applied to their consignments and a subsequent expedited release of consignments. Fewer required tests will allow goods into the market more quickly, saving US exporters and producers both time and money.

### Lowered cost of trade with Egypt

With lowered sampling rates and faster release of consignments into the Egyptian marketplace, the new modernized import control strategy will in-turn lower the cost of trade with Egypt. Goods will generally require less time in storage at the port, will be tested less frequently, and save money for all involved. This cost savings also has the potential to increase the trade of agricultural goods with Egypt, as a lower cost and ease of export to Egypt will encourage a positive trade relationship.

## Increasing US-Egypt Trade

“ Egypt is strategic for U.S. agriculture. Two-way trade between the two countries is expected to continue for the foreseeable future. NFSA has initiated significant reforms in the food safety regulatory system. It is crucial to contribute and support these efforts in order to ensure that rules are based on science, and consistent with international norms. The TAIB project has made significant contributions towards this effort to help strengthen trade facilitation. ”

– Ali Abdi, Minister Counsellor for Agricultural Affairs United States Department of Agriculture

## Acknowledgements

Venture37 would like to thank the USDA for their continued support to the Egypt TAIB project. In addition, they would like to acknowledge the Egyptian NFSA for their hard work and dedication to the people of Egypt.

## About TAIB

The USDA-funded TAIB project, seeks to build the capacity of the newly established NFSA in Egypt, creating a functioning entity to oversee food safety and expand the domestic and international trade of food products. Activities under the TAIB project include enhancing the organizational capacity of NFSA, developing workforce training for NFSA, and improving policy and regulatory frameworks. Assistance is aimed at harmonizing Egyptian food law and regulations with international standards, implementing robust inspection systems, managing outbreaks, conducting science-based risk assessments, monitoring Egyptian food safety systems, and reducing food borne illnesses.

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Publication details: ©Land O'Lakes Venture37, February 2021.