

EU-Egypt FTA

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EU-Egypt FTA

- **Modification to Peter Minor's study:**

- ❖ Shock tms to target rate of 0% for 2 parties;
- ❖ Shock txs to target rate of 0% for EU exports to Egypt

- **Similar Closure**

- ❖ Unemployment in Egypt
- ❖ Fixing the Trade Balance in all developing countries

- **Definition of Subtotals**

Subtotal of the Effects of the Removal of Export Subsidies in Europe

Subtotal of the Effects of the Removal of import Tariffs in the EU and Egypt

Interesting Findings

- Exports of **RICE** before shock: US\$ 8M, after shock: US243M, % ch. 2885%
- Trade Tax Effect (RICE, Egypt, EU)

	Welfare Change	Volume Change	Initial Rate	Final Rate
Rice	66	233	101	0

- $qo(i,r) = SHRDM(i,r) * qds(i,r) + \text{sum}(s,REG, SHRXMD(i,r,s) * qxs(i,r,s)) + \text{tradslack}(i,r);$
- $SHRDM=0.9, SHRXMD= 0.1$ ($SHRXMD, \text{Egypt, EU} =0.006$)
BUT
- $qo (\text{Rice, Egypt}) = 17.1 = -0.239 +17.4.$

«qxs makes all the difference»

Affected sectors

Processed food and beverages

	FTA	Protected
Import	708	-5.58
Export	15	12.98
Output	-632	0.11

market price of composite import of pfbev fell by 46% (FTA)

Share of output for domestic consumption over 98%

Country	Allo. Eff.		End. Eff.		TOT		IS_F		Total	
Egypt	195	-122	568	296	-225	-126	-102	-78	436	-29.15
EU	112	80	0	0	511	380	22	17	645	476

Interesting Findings

- Food processing and beverage sector would benefit from protection
- But it deteriorated output in some other sectors (i.e. apparel and leather)
- Careful approach needed for selections sectors for protection