REENGAGING EGYPT: Options for US-Egypt Economic Relations

Barbara Kotschwar and Jeffrey J. Schott
Contents

Preface ix
Acknowledgments xiii

1 Introduction 1

2 Current State of Trade and Investment Relations 9
   Evolution of US-Egypt Trade Initiatives: From Aid to Trade? 10
   Egypt’s Market Reforms: Enhancing Access and Bolstering Competitiveness 23
   Remaining Challenges: The Future Agenda 38

3 Moving Forward: Options to Enhance Economic Relations 45
   Enhancing Market Access in Goods: Expanding the QIZ 46
   Stimulating Services Trade through a US-Egypt Services Trade Agreement 58
   Modernizing the Bilateral Investment Treaty 67
   Cooperation on Trade Facilitation Measures 72
   Cooperation to Enhance Egypt’s Trade Capacity: Infrastructure, Education, and Beyond 82

4 Summing Up 97
3.11 Transparency indicators
3.12 Egypt’s scores on MCC indicators, 2005–08
3.13 Millennium Challenge Compact countries and projects
3.14 Infrastructure indicators, 2009
3.15 Education indicators, 2009
3.16 Gender equity in education indicators, 2009

Figures

2.1 US exports to and imports from Egypt, 1998–2008
2.2 US economic assistance to Egypt, FY2000–FY2009
2.3 US imports from Egypt: Role of GSP and QIZs, 1989–2008
2.4 US textile and apparel imports from Egypt, 2000–08
2.5 Egypt: Foreign direct investment stock and flows, 2000–07
2.6 Egypt: Foreign direct investment flows in the petroleum versus nonpetroleum sectors, 2004–08
2.7 US foreign direct investment position in Egypt (historical-cost basis), 1994–2007
2.8 Egypt’s trade as a percent of GDP, 1990–2007
2.9 Egypt: Annual GDP growth, 1990–2009
2.10 Inflation in Egypt, 1990–2009
3.1 US imports from Egypt, 2000–08
3.2 Intellectual property protection in MENA countries, 2009

Box

2.1 The qualifying industrial zones (QIZ) program: Jordan’s experience