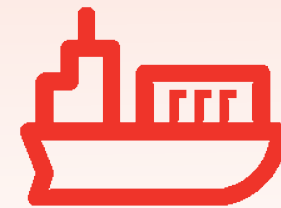


SHIPPING, TRANSPORTATION & STORAGE SERVICES

RESPONSIBLE ENTITIES:

- » The Ministry of Transportation:
 - The Ports Authorities;
 - The General Authority for Roads, Bridges and Land Transport;
 - The Egyptian National Railways Authority
- » The Ministry of Civil Aviation



CHALLENGE	RECOMMENDATION	STATUS/NOTES
<p>SEA TRANSPORTATION</p> <p>The low efficiency and productivity of port cranes —the container moves per hour in the Port of Alexandria is 10-12/hour, compared to a global average of 20-25/hour.</p> <p>The poor quality of many of the services offered, including the transporting of bulk goods, services for vessels carrying vehicles; and inadequate shipping lines.</p> <p>Some ports charge storage fees (while the convoys of trucks are waiting) even though the ports lack in warehouses.</p> <p>The Inland Ports Authority imposes loading and discharging charges even though, the responsibility for the loading and discharging of cargo falls on the transport operators.</p> <p>Rising freight rates due to several reasons, including increasing costs of transportation and marine fuel.</p> <p>The rising cost of shipping lines; and the mandate that payments be made in US dollars even though the service is provided on Egyptian territory (not a free zone).</p>	<p>Issue a comprehensive and uniform fee schedule for services provided at Egyptian ports to develop and modernize the maritime transport functions and services; prohibit the imposition of any extra fees or charges for services, under any name, except for taxes and fees prescribed by law or ministerial decrees.</p> <p>For maritime transport activities and services, give priority to companies that own ships flying the Egyptian flag in order to increase the trade volume, and stimulate exports.</p> <p>Take the necessary steps to remove abandoned cargo from the port area, and make available storage facilities outside ports to receive it.</p> <p>Develop the Port of Alexandria to address the widespread disorganization and lack of professionalism; upgrade the infrastructure, including roads, sewage, water, and electricity, and remove dilapidated buildings and waste, and constructing a new passenger terminal.</p> <p>Give priority to the national commercial fleet-owned vessels for shipping Egyptian cargoes; this preference does not conflict with GATT rules for the maritime transport sector or free market mechanisms.</p> <p>Enhance the performance of stevedoring companies operating in ports, and make appropriate facilities to licensed private sector stevedoring companies to enhance their technical competence and improve their access modern equipment so that they can provide high quality and speedy service; this will ensure a high quality of services offered by Egyptian ports, and maintain their reputation.</p> <p>Develop the shipyards and Egyptian ship repair companies, whether privately- or publicly- owned companies, in order to attract ship owners to have their ships (both the transiting and docking) renovated and repaired in Egyptian port, this will increase revenue. Additionally, design policies aimed at maximizing shipyard capacity utilization in construction and repair work to develop the Egyptian merchant fleet.</p> <p>Investigate the reasons behind the high costs of supplying provisions to ships in Egyptian ports compared to neighboring countries; higher costs in Egyptian ports result in ships seeking resupply in other ports, which leads to a waste of resources and reduced revenues.</p> <p>Mandate that payment for services rendered on Egyptian territory be made in Egyptian pounds.</p>	<p>In July 2019, the Cabinet approved the proposal of the Ministry of Transportation to amend a number of provisions of two decrees issued by the Minister of Transportation and to abolish a third. The first, Decree No. 488 of 2015, regulates the service fee charged to ships in Egyptian seaports, other user charges associated with utilizing floating and fixed facilities, e.g., structures, gear, and equipment, which belong to the Egyptian Ports Authorities and the Egyptian Authority for Maritime Safety, and fees charged for electronic services provided Egyptian Ports to their clients.</p> <p>The second, Decree No. 800 of 2016, regulates the conducting of sea transport activities and operations, and the user-related charges and fees.</p> <p>The third, Decree, No. 468 of 2018, which was abolished, sets out the incentives offered to customers in Egyptian seaports.</p> <p>Based on the Cabinet approval, in July 2019 the Minister of Transportation issued Decree No. 416 of 2019, which includes the following incentives:</p> <ul style="list-style-type: none"> - Reducing insurance fees from LE 10,000 to LE 5,000, and the licensing fees from LE 3,000 to LE 1,000, in addition to reducing the fees associated with vessel resupply services by 50%. - A 10% reduction in the lighthouse fees in the case that a ship passing through Suez Canal enters one Egyptian port, in the case the ship enters two or more ports, the fees are reduced by 20%. - Increasing the duration of the license granted for loading and unloading activities (currently 5 years) to 10- 15 years, with the possibility of renewal for other similar periods; increasing the duration of the license granted for storage and warehousing activities (currently 5 years) to 10 years, renewable for similar periods; reducing the amount of insurance that the licensee is obliged to pay from LE 10,000 to LE 5,000 (to be paid either in cash or under a bank guarantee letter); and reducing the license fees for marine works / marine supplies activities from LE 3,000 to LE 1,000, for each activity separately. - Reducing the fees for obtaining the ship supply services by 50%; reducing the annual fees paid by companies operating in the area of ship waste procurement to LE 1,000 (currently it is LE 10,000), eliminating the requirement that the Egyptian partner's share in the capital of joint venture shipping agencies should not be less than 51%.

AIR TRANSPORTATION

Shortage of cargo storage areas, and antiquated cold storage facilities (privately-owned) at Cairo Airport.

Loading and unloading operators lack the needed experience.

Allow foreign airliners operating in Egypt, and which serve international routes on regular basis to ship all types of Egyptian exports from all Egyptian international airports without any restrictions; accord foreign airliners the same treatment accorded to the national company and suspend the Tax Authority-imposed "Alj'ala" fees related to storage areas.

Allow all foreign airliners flying through the Egyptian airspace to land in Egyptian international airports for loading Egyptian goods, and accord them the same treatment as the national company, including the payment of fees and charges.

Allow the use of charter cargo and passenger planes to carry all kinds of Egyptian exports from all Egyptian airports, without any restrictions, and accord them the same treatment accorded to the national company, whether in Egyptian airports or airspace.

Introduce free and open competition into the air cargo sector (to and from Egypt)— Open Skies— to better serve the air transport industry. Under this policy, cargo can be shipped from all Egyptian airports on any airliner without any restrictions imposed on the operation of these flights; airliners should also be accorded the same treatment accorded to the national companies, without imposing any additional fees on their services.

Establish a specific pricing scheme, with a set maximum price, for ground service, and oblige EgyptAir and other companies to abide by.

Open the way for foreign companies and their agents to carry out ground services operations in all Egyptian airports without having to pay the Tax Authority-imposed "Alj'ala" fees or other administrative expenses to national companies; allow these companies to service their own planes, and provide this service to others.

Allow transiting or chartered flights to carry Egyptian exports without the need to obtain the approval of EgyptAir.

Expedite the acquisition of all cargo inspection equipment to satisfy security requirements in all airports; at the same time, allow all shipping companies and their agents to provide the needed equipment.

Provide concessional loans to finance the purchase of transport planes.

Grant tax exemptions to investors who purchase transport planes, even for a limited period of time.

Allow airlines and transport services companies to establish warehouses and offices within airports.

Expand cargo storage areas to facilitate the storing of exports while export procedures are being completed, or while they are awaiting space on planes.

ROAD TRANSPORTATION:

There is no distinct law that regulates road transportation, currently, it is governed by the Trade Law.

The road transportation sector in Egypt is dominated by 5 companies; the holding companies own approximately 5% of their shares, and the remaining 95% of shares are owned by company employees and several transportation cooperatives; the five companies account for 85% of the sector, while the private sector accounts for the remaining 15%.

Based on the latest available statistics, the total number of trucks owned by the Public Business sector companies is approximately 1,588 trucks.

The estimated capacity of the trucking fleet in Egypt is 5,480 million tons-kilometer.

The road transportation sector suffers from many problems that limit its efficiency and at the same time raise the cost of marketing. Among the key challenges are the following:

- The aging of the trucking fleet, particularly the refrigerated vehicles. The high costs of replacing dilapidated units (approximately LE 1million due to high customs duties and other taxes) on them) further aggravates the problem.
- Egyptian carriers lack an adequate fleet of refrigerated vehicles equipped to transport vegetables and fruits; in this regard, Jordanian and Syrian carriers are monopolizing the scene.
- Decree No. 28 of 2000, issued by the Minister of Transportation, imposes a fee of LE 10 per ton of licensed cargo (up to 40% of total licensed weight), and LE 50 per ton for every ton exceeding this threshold; imposition of these fees increases the costs of road transportation.

Enact a law to regulate the road transportation sector. Develop rules and regulations to govern companies operating in the sector taking into account categorizing companies according to the volume of investment and fleet size, and including occupational health and safety standards.

Strengthen the capacity of the General Authority for Roads, Bridges, and Land Transport to enable it to monitor the road transport activities, and develop appropriate mechanisms and guidelines for the efficient and effective management of the sector.

Regulate road user charges (tariffs) and ensure that the tariff information is disseminated to the public.

Adopt a multimodal transport system in all its aspects. This requires the establishment of a smoothly functioning customs system, and the adoption of the concept of door-to-door shipments, using a multimodal bill of landing. In this regard, bottlenecks associated with inland waterways and railways transportation should be addressed in order to take advantage of these important resources and optimize their use. This promises to revolutionize the transport and logistics system in Egypt, and greatly enhance the efficiency of supply chains.

Upgrade the Egyptian land transportation fleet, and reduce, to the great extent possible, the customs duties and sales tax imposed on trucks.

Fees imposed on vehicles should be commensurate with their design loads, so as not to increase the cost of road transport; minimal or no fees should be imposed on vehicles that do not to exceed 40-50 tons on the internal highways; LE 50 per ton should be imposed on loads that exceed this amount.

RAIL TRANSPORTATION:

Key challenges facing the sector include:

- The inordinate amount of time consumed in sorting freight cars is problematic, it is the main cause of the low efficiency of rail freight transport operations. Freight cars remain for a prolonged period of time in classification yards, in addition, too much time is wasted during the process of loading.
- Trains, especially on the main lines and suburban lines serving Cairo and Alexandria, are not running with sufficient frequency.
- In general, freight trains operate at a lower speed than trucks; more so, several passenger trains (on main lines, as well as branch lines such as Banha-Port Said-Tanta-Damietta) are slow.
- Freight cars operate at a low load factor, and freight car cycle time— length of time consumed by a freight car from one loading to the next again— reaches 14 days on average.
- An inefficient container transport system and the absence of an integrated transport system or a door-to-door shipping system.
- The contracting procedures employed by the Egyptian National Railways Authority are cumbersome; a complicated system for the classification of goods, with each class subject to different tariffs, is used, thus, determining shipping costs is a very complex process.
- The percentage of operational freight cars is very low due to the lack of due consideration to periodic maintenance of locomotives and railcars, as well as the lack of financial resources needed for carrying out maintenance programs.
- The lack of reservation and ticket agents, and shortcomings of the existing computerized ticketing system, specifically that it only covers two routes: Cairo - Alexandria, and Cairo - the High Dam.
- The low efficiency of cargo loading and unloading results in higher handling costs, and increased damage of goods during the shipping, stowage, and unloading operations.
- The prolonged periods of storage during the journey usually leads to damage or theft of goods.

Expand Egyptian National Railways Authority's scope of activities, and introduce new areas to improve profitability, e.g., investing the vast areas of land under its jurisdiction.

Increase the number of refrigerated railroad freight cars, and those equipped to carry containers to shorten the storage period and protect perishable freight.

RIVER TRANSPORTATION

The nature and characteristics of the waterway itself, and the structures constructed along the river undermines the efficiency of the inland waterway transportation system, for example:

- The prolonged periods of low water levels, reaching 150 cm, pose challenges for inland navigation and place limits on the size, weight, and type of water carriers, which negatively affect the economics of river transportation. Additionally, low water levels result in accidents.
- The presence of bridges and locks along the river slows down traffic and increases the total journey time; the long wait times, especially at locks, creates bottlenecks and affecting the smooth flow of traffic along the waterways.

Connect the various seaports (Damietta, Dakahlia, Port Said, and Suez) to the river transportation network.

Establish inland ports along the inland waterways.

Give adequate consideration to the load factors during bridge design so as not to impede the passage of ships.

Upgrade the navigable waterway as well as the inland waterway fleet, and provide the fleet with wireless communication devices which are connected to stations distributed along the waterway.

Adopt a multimodal inland waterway transportation system; this requires linking the various transportation modes, such as rail and road transportation, and

making available the needed material requirements for this integration.

Provide ports with the latest cargo handling equipment, including high-capacity floating cranes, conveyor belts for solid cargo, and pipelines for liquid cargo; consider linking these ports with other modes of transportation.

Equip the navigable waterways with the needed advanced navigation aids.