# Translation of the Import and Export Law No. 118 of 1975

ترجمة قانون الاستيراد والتصدير رقم ١١٨ لسنة ١٩٧٥

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### Law No. 118 of 1975 Concerning Import and Export

In the name of the people President of the republic

### Preamble

The People's Assembly has decided on the following law, and we have enacted it:

## **Promulgation Articles**

Chapter One –Concerning Import

### Article (1):

The importation of the country's commodity needs shall be carried out by both the public and private sectors in accordance with the general state plan. Individuals have the right to import their personal or private needs from their own resources, whether directly or through third parties. The Minister of Commerce shall issue a decision specifying the procedures and rules regulating the importation process.

The Minister of Commerce may restrict imports from countries with agreements or limit the importation of certain basic goods to public sector entities.

### Article (2):

The provisions of this chapter shall not apply to goods exempted from its provisions pursuant to laws, treaties, or international agreements to which the Arab Republic of Egypt is a party.





### Chapter Two – Concerning Export

# Article (3):

The Minister of Commerce shall issue a decision regulating export operations, whether from domestic production or previously imported goods, and the issuance of certificates of origin, as well as the procedures to be followed in this regard.

The Minister of Commerce may limit exports to countries with agreements or restrict the export of certain basic goods to the public sector.

# Article (4):

Export shall only be allowed by those whose names are registered in the relevant export register at the Ministry of Commerce. It is a requirement for those wishing to be registered in this register to be from one of the following categories:

- Joint-stock companies that are nationals of the Arab Republic of Egypt and have their headquarters located therein.
- Public institutions, cooperative associations, and their federations.
- Individuals and companies meeting the conditions specified by a decision from the Minister of Commerce.

Individuals exporting goods for personal use are exempt from being registered in the exporter register.





# Article (5):

The Minister of Commerce shall determine:

- The conditions, procedures, and documents related to registration, renewal of registration, modification of data, cancellation, and deletion.
- The registration fees, renewal, modification of data, issuance of certificates, and copies thereof, provided they do not exceed:
  - 50 EGP for registration in the exporters' register.
  - 15 EGP for registration renewal every three years.
  - o 5 EGP for data modification or recording.
- 3 EGP for the issuance of a copy from the register.

### Article (6):

An exporter's registration may be canceled by a substantiated decision if they violate the provisions of this law or its implementing regulations or if they fail to meet any of the conditions required for registration in the exporter register.

The Minister of Commerce may, in the event of a violation, issue a warning or suspend the exporter from operating for a period not exceeding one year.

A request for re-registration can only be considered after three years from the date of cancellation.

A decision to cancel or suspend registration shall not be issued until the exporter is notified by registered mail, accompanied by a receipt, to present their defense in writing within fifteen days from the date of receiving the notification.



# Article (7):

The Minister of Commerce may, by decision, prohibit or restrict the export of certain goods from the Arab Republic of Egypt abroad, and such export shall be subject to the conditions and terms set by the Minister of Commerce.

# Article (8):

A fee may be imposed on certain exports, not exceeding 100% of their value, in a manner that ensures a reasonable profit for the exporter.

The fee and its increase shall not apply to export licenses granted before the imposition of the fee. The Minister of Commerce shall issue a decision identifying the goods subject to this fee, its amount, how it is collected, and the cases of its refund or full or partial exemption.

By decision of the Minister of Commerce or their delegate, the exporter may be required to provide a guarantee for the execution of export operations, specifying the type of guarantee, its refund timeline, and the conditions under which it may be confiscated.

### Chapter Three – Concerning the Control of Imports and Exports

# Article (9):

Goods determined by the Minister of Commerce shall be subject to quality control on both exports and imports.



# Article (10):

Goods subject to control may not be exported before obtaining a certificate of inspection confirming their compliance with the conditions and specifications specified by a decision of the Minister of Commerce, in coordination with the relevant authorities.

The goods must be exported within the period specified in the certificate. If the export is not completed within this period, a new certificate must be obtained.

### Article (11):

Goods subject to quality control on imports may not be imported unless they have been inspected to ensure they meet the conditions and specifications set by a decision of the Minister of Commerce, or if accompanied by an inspection or audit certificate from Egyptian authorities proving compliance with these conditions and specifications.

### Article (12):

The Minister of Commerce, or their delegate, may, based on a request from the relevant minister, exempt some shipments from the conditions and specifications stipulated in Articles 9 and 10 as applicable.

# Article (13):

The Minister of Commerce shall issue a decision determining the procedures for inspecting shipments, notifying the concerned party of the results, the procedures for filing complaints regarding the inspection results, how these complaints are handled, and the authorities issuing the inspection and audit certificates mentioned in Articles 9 and 10.





### Chapter Four – General Provisions and Penalties

# Article (14):

The Minister of Commerce shall determine the fees for the inspection of exports and imports, which shall not exceed:

- 250 piastres per inspection of the shipment for each package or kilogram in the shipment.
- 2 EGP for inspection of the shipment outside official working hours.
- 1 EGP for issuing a certificate of inspection results, audit, certificate of origin, or a copy thereof, or for a lost certificate.
- 5 EGP as a deposit when filing a complaint regarding inspection or audit results and requesting arbitration, refundable if the shipment is accepted in its original condition.

### Article (15):

Anyone violating the provisions of Article (1) of this law or its implementing regulations shall be fined not less than 100 EGP and not more than 1,000 EGP. The court shall, in all cases, confiscate the goods subject to the offense.

The Minister of Commerce, or their delegate, may, before criminal proceedings are initiated, release goods imported in violation of Article (1) or its implementing regulations, upon payment by the violator of compensation equivalent to the value of the goods, as appraised by the Customs Authority, which shall be collected for the benefit of the Ministry of Commerce.

The Minister of Commerce, or their delegate, may, based on a request from the importer, permit the re-export of such goods upon payment of compensation equal to a quarter of their value, as appraised by the Customs Authority, and collected for the benefit of the Ministry of Commerce.



Criminal proceedings may not be initiated or any action taken regarding the mentioned offenses except based on a written request from the Minister of Commerce or their delegate.

# Article (16):

Without prejudice to any more severe penalties under the Penal Code or any other law, any person violating the provisions of this law, other than Article (1), or its implementing regulations shall be fined not less than 100 EGP and not more than 1,000 EGP, if they:

- Violate any provision of this law, except Article (1), or its implementing regulations.
- Provide incorrect information about shipments.
- Publish or intentionally cause the publication of incorrect information within or outside the Republic regarding exported goods.
- Provide false information, either intentionally or negligently, whether related to registration in the exporters' register, renewal of such registration, or modification of its data.

Additionally, the court may impose a fine equivalent to the value of the goods subject to the offense.

# Article (17):

In the event of a violation by a company, association, or other legal person, the responsible partner, manager, board member, or chairman of the board, as applicable, shall be held accountable.



# Article (18):

Employees of the Ministry of Commerce and the Customs Authority, appointed by a decision of the Minister of Justice in coordination with the relevant minister, shall have the status of judicial officers for the purpose of proving the crimes stipulated in this law.

# Article (19):

The following laws are hereby repealed:

- Law No. 9 of 1959 concerning imports,
- Law No. 203 of 1959 concerning exports,
- Law No. 95 of 1963 concerning the organization of imports, as well as any provisions that contradict the provisions of this law.

# Article (20):

The Minister of Commerce shall issue the necessary decisions to implement the provisions of this law.

### Article (21):

This law shall be published in the Official Gazette and shall come into effect one month after its publication.

This law shall be stamped with the State Seal and shall be enforced as one of its laws.





### **Economic Committee Report**

### On the Draft Law No. 118 of 1975 Concerning Import and Export:

The Honorable Speaker referred this draft law to the committee on June 25, 1975, for review and to provide a report. The committee met on Sunday, June 29, 1975, in the presence of Mr. Mohamed Ali Shata and Mr. Ahmed Wafa Saad El-Din, Deputies of the Ministry of Commerce, representing the government.

After reviewing the draft and its explanatory note, as well as considering Law No. 9 of 1959 regarding imports, Law No. 203 of 1959 regarding exports, Law No. 95 of 1963 concerning the regulation of imports, and Law No. 137 of 1974 regarding some provisions related to import, export, and currency, it became evident that the import and export laws have gone through different stages. The legislation governing exports was suitable for the nature and circumstances of each stage. At one-point, foreign trade activities were shared by both the public and private sectors without determining the scale of activity for each. Then, socialist laws were introduced in 1961, which limited most foreign trade activities to public sector companies.

The public sector "foreign trade agencies" were organized in several different forms, and import and export policies were adopted to suit the various stages that our national economy has gone through. During one phase, imports were funded by Egyptians' savings abroad. Later, a decision was made to establish a parallel market that allowed individuals to import in specific cases that did not undermine the public sector's role in achieving development goals. As a result, the private sector faced some bottlenecks that hindered its progress, limited its production capacity, and affected its ability to compete. This led to the need to restore balance between different economic sectors in both import and export activities.

The parallel market was developed, and Egyptians who held foreign currency could bring in goods in-kind according to lists defined by the Ministry of Commerce. Subsequently, Law No. 93 of 1974 was issued, granting citizens the right to represent foreign companies in Egypt. In implementation of this law, a Presidential Decision was issued regulating the operations of these agencies.

In line with Egypt's new economic policy of opening up to the outside world, both East and West, Law No. 137 of 1974 was enacted to allow individuals and private sector entities to import goods within the scope of the parallel market. This was aimed at addressing the bottlenecks in our national economy and providing multiple sources to meet our needs.

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Given that import and export operations are interconnected and involve dealings with foreign entities under the supervision of the Ministry of Commerce and its technical apparatus, there was a need to issue legislation that consolidates the regulations governing both import and export processes into a single law.

Therefore, this draft law was prepared to reconsider the provisions related to import and export, with the aim of making the necessary amendments to align with the current economic policy pursued by the Arab Republic of Egypt.

This draft law has taken into account the fundamental principles governing import and export activities, most importantly that the country follows a planning approach to achieve development. A plan for foreign trade is prepared based on estimates of production, consumption, and provision of production inputs. This means determining the basic needs necessary for the people within this plan, given that the available resources are insufficient to meet the country's needs. Otherwise, imports could be unrestricted, including luxury goods, which is not the intention of the draft law.

The draft law addresses import-related provisions in Chapter One (Articles 1 and 2). Article (1) stipulates that the import of the country's commodity needs should be through both the public and private sectors in accordance with the rules and procedures decided by the Minister of Commerce. The committee has introduced amendments to this article, which aim to allow individuals the right to import for personal or private use without imposing any obligations on the state to convert foreign currency. This amendment aims to reduce the use of illegal currency smuggling and unauthorized barter arrangements.

Chapter Two (Articles 3 to 7) addresses provisions related to export. These include regulations on organizing export operations, those authorized to engage in export, and the conditions they must meet. It also includes provisions related to export fees, which are based on uniform principles, taking into account the annual crop conditions and ensuring that production is not affected by fluctuations in global prices, thus achieving the greatest benefit for national production.

Chapter Three (Articles 8 to 12) addresses the provisions for controlling exports and imports, stipulating that no goods shall be imported or exported unless they meet the conditions and specifications to be issued by the Minister of Commerce, to protect the national economy and the reputation of Egyptian goods abroad. However, the draft law allows the Minister of Commerce or their delegate to exempt some shipments from these conditions and specifications to facilitate import and export operations.



Chapter Four (Articles 13 to 20) contains general provisions and penalties. Article (13) empowers the Minister of Commerce to issue a decision determining the inspection fees for exports and imports, not exceeding the limits stipulated in this article.

Article (14) introduces a new principle, allowing the release of goods imported in violation of the provisions of Article (1) of this law based on the importer's request, contingent upon payment of compensation equal to double the value of the released goods or allowing the reexport of the goods, based on the importer's request, contingent upon payment of compensation equal to half their value. This aims to address congestion at ports. Recognizing the severity of penalties for such violations, the committee recommends an amendment to the penalties in this article by making the compensation amount equivalent to the value of the goods imported in violation of Article (1) and by setting the compensation amount to a quarter of the value of goods in the case where re-exportation is allowed. The committee has considered that the court should order the confiscation of the goods involved in the offense in all cases and has ensured that the penalty is proportionate to the offense.

Article (16) identifies who is responsible for violations committed by companies, associations, or other legal entities. The committee felt that this article needed clarification and reworded it accordingly.

Article (17) assigns the Minister of Justice, in coordination with the relevant minister, the authority to issue a decision regarding the appointment of employees at the Ministry of Commerce and the Customs Authority, who shall have judicial officer status for proving the crimes specified in this law. The committee concluded that the phrase "and they, in this capacity, may examine records, books, papers, and anything else required for enforcing the provisions of this law and its implementing decisions" should be removed from the article, as it was deemed unnecessary.

The committee, having agreed to this draft law, respectfully requests the esteemed Council's approval with the modifications specified.

Committee Chairman

Mustafa Kamel Mourad



### Explanatory Note on the Draft Law No. 118 of 1975

Law No. 9 of 1959 concerning imports and Law No. 203 of 1959 concerning exports were issued, and during this period, foreign trade was a joint activity between the private and public sectors, without comprehensive coordination or planning.

Then, the socialist laws were issued in June 1961, and the number of commercial companies affiliated with the public sector or established by the public sector or through nationalization and mergers reached twelve commercial companies. This made the public sector the dominant force in the industrial, financial, and commercial production. This coincided with the preparation of the first five-year plan. To limit the smuggling of capital abroad as a reaction to nationalization, it became necessary for legislation to align with linking the production and development plans with foreign trade operations. Hence, Law No. 95 of 1963 was issued, restricting the importation of goods for trade or manufacturing purposes to public sector companies or those in which the public sector had shares.

In light of this policy, the public sector and foreign trade apparatus were organized in various administrative forms, and different import and export policies were adopted to align with the stages that our economy had passed through. There were also partial attempts to address some of the bottlenecks the economy had been suffering from, such as allowing imports without currency exchange for a period of time in 1968, which was later developed in 1971, and then imports through savings in 1972. A decision was made to establish a parallel market in 1973 and to develop this system further in 1974.

These steps were not based on legal grounds and, therefore, were carried out under the name of the public sector, except for personal belongings.

It should be considered that these decisions were necessitated by the circumstances starting from 1967, after the setback, during which the country's resources were drained due to the mobilization of all energies and resources for military reconstruction.

Additionally, the preparation for and endurance during the war consumed the country's resources to the point where there was insufficient capacity for development and reconstruction activities.



The issue of idle capacities then emerged, which became a burden on the national economy, leading to increased costs and a lack of competitiveness, while export potential remained underutilized. This also impacted reducing the import burden on the trade balance if these capacities were utilized. After the October 6th War, significant transformations occurred both in the international economy and the local economy. This included price hikes for raw materials and foodstuffs, inflation in those countries, and a five-fold increase in oil prices, which in turn doubled the value of imports, while the value of exports did not increase at the same rate, causing a widening gap and an increased deficit in the trade balance.

Additionally, there arose a need for the reconstruction of cities along the Suez Canal, which increased the volume of imports, as well as the necessity to face an ambitious development plan to meet the country's goals for raising the standard of living of the people and funding defense expenditures.

The private sector also suffered from numerous bottlenecks hindering its progress, limiting its production capacity, and thus its ability to compete.

In light of all these changes, it was inevitable for the country to adopt a more open approach to the world, especially as international relaxation had become a global fact. Therefore, opening up became essential and necessary to restore balanced growth to economic sectors.

In order to achieve this, and because amending laws takes time, Ministerial Decision No. 64 of 1974 was issued to develop the parallel market. According to Article 5, Egyptians holding foreign currency reserves within the scope of the parallel market were allowed to convert them into goods according to attached lists. Non-residents and Egyptians who are treated as nonresidents in terms of currency were also allowed to import goods listed in the decision to the country, and the equivalent of these goods was registered in Egyptian pounds based on preferential prices, used to pay for exports or local payments within the scope of the parallel market.

Furthermore, Law No. 93 of 1974 was issued, granting citizens the right to represent foreign companies in Egypt. A Presidential Decision was issued to organize commercial agency activities in implementation of this law to achieve economic openness.

This led to the issuance of Presidential Decree No. 137 of 1974, which allowed individuals and private sector entities to import goods from abroad within the scope of the parallel market's development.



These substantial amendments aimed to eliminate the bottlenecks facing the national economy and provide more than one source to finance our needs, thus diversifying the sources for funding our imports:

- Budget resources.
- Resources from the parallel market.
- Egyptians' savings.
- Non-residents, in exchange for exports or tourism expenses.

Thus, the sources for funding our imports diversified, resulting from the open-door policy.

It is worth noting that the progress our economy has reached and the flexibility it has gained represents a starting point for further development. Any regression would undermine trust in dealing with us. Therefore, it is necessary to amend the laws governing imports and exports to confirm the progress made and to gradually launch the process with the flexibility and objectives of the country's general plan. Additionally, this law will be implemented through Ministerial Decisions that consider the nature of the phases and developmental progress the country is undergoing, ensuring there is no stagnation in keeping pace with developments.

Since import and export operations are interconnected and involve the country's dealings with foreign entities under the supervision of the Ministry of Commerce and its technical apparatus, it was essential to issue a single law organizing import and export operations.

In line with this, the attached draft law was prepared, incorporating the most essential principles governing import and export operations and related matters, leaving the details to be regulated by decisions from the Minister of Commerce, in a way that ensures flexibility to address developments that may arise in the public interest.



The proposed law has taken the following considerations into account:

- The country follows a planning approach to achieve development and prepares a foreign trade plan based on estimates of production, consumption, and provision of production inputs. This necessitates determining the basic and necessary needs of the people within the framework of a foreign trade plan, ensuring that resources are managed effectively. Without this, imports could include all goods, including luxury goods, which would lead to profits that may not align with the country's essential developmental
- It was clear when preparing this law that it would be a step forward. Therefore, the omission of an import license requirement is a result of allowing both the public and private sectors to import their needs for goods.
- Chapter One addresses the provisions related to imports. Article (1) states that the importation of the country's goods should be through both the public and private sectors, with the Minister of Commerce issuing a decision specifying these needs and the procedures and rules that govern the import process. The Minister may also restrict imports from countries under agreements and basic goods to public sector companies.
- Article (2) states that the provisions of this chapter shall not apply to goods exempted under laws, treaties, or international agreements in which Egypt is a party.
- Chapter Two of the draft law deals with exports. Article (3) governs the organization of export operations by decision of the Minister of Commerce. The Minister may also restrict exports to countries under agreements and basic goods to public sector entities.
- Article (4) allows freedom of export for those registered in the exporter register and specifies the conditions for registration, fees for registration, renewal, and modification of data, while leaving further details to be regulated by the Minister of Commerce.
- Article (6) allows the Minister of Commerce to prohibit or restrict the export of certain products from Egypt by decision, while Article (7) sets the export fee not exceeding 100% of the value of exports to ensure a reasonable profit for the exporter.



The law also addresses the regulation of exports and imports, ensuring compliance with specific conditions to protect the economy, and provisions for facilitating the process. Furthermore, it includes penalties and the roles of judicial officers assigned to enforce the law.

This comprehensive review aims to align the country's import and export system with its broader economic goals and ensure legal flexibility for evolving market conditions.