

ELIMINATING EGYPT'S TARIFFS ON APPAREL-LEATHER TO EU

- Standard closure.
- Tariffs on apparel-leather from EU to Egypt decreased from %31.9 to %0.

WELFARE DECOMPOSITION FOR EGYPT

Main source of the decrease in the allocative efficiency is appreat. %85 of the decrease emanates from appreat.

DECOMPOSITION	USD (M)
ALLOCATIVE EFFICIENCY	-91.6
ENDOWMENT EFFECT	0
TECHNICAL CHANGE EFFECT	0
POPULATION EFFECT	0
TERMS OF TRADE EFFECT	-52.9
I-S EFFECT	-25.2
PREFERENCES	0
TOTAL	-169.7

IMPORTS OF EGYPT AT WORLD PRICES

Decreasing apparel tariffs to 0 increased Egypt's apparel leather imports by %495.2.

	Pre-shock	After-shock	%Change
1 AppLeat	125	744.1	495.2
2 cartrn	387	387.3	0.1
3 Chemical	1042	1037.5	-0.4
4 Lmf	166	164.6	-0.8
5 LVS	112.4	138.2	-1.0
6 MacElct	2183.9	2179.2	-0.2
7 Min	212.7	210.7	-0.9
8 Mtl	287.5	285.8	-0.6
9 OSR	242.4	239.7	-1.1
10 OthAg	42.8	46.7	-0.4
11 Textile	121.5	119.4	-1.7
12 TrdFinsvc	1216.1	1210.7	-0.5
13 Trncomsvc	235.4	234.4	-0.4
14 Wdpap	370.4	369.4	-0.3
15 Wheat	94.1	101.1	-0.9
Total	7081.8	7713.2	8.9

CHANGES IN EGYPT'S IMPORTS OF APPEAL FROM THE ALL REGIONS

While EU's exports are increasing after the shock all the other regions appeal exports to Egypt has decreased due to the lower prices of EU.

	Pre-Shock	After Shock	% Change
1 CENTAM	0.2	0.1	-28.50
2 China	879.5	629.1	-28.47
2 EU	125	744.1	495.16
51 India	12.6	9	-28.50
6 Japan	3.3	2.4	-28.50
7 LDC	0.7	0.5	-28.50
8 MERCOSUR	1.1	0.8	-28.50
9 MEXICO	0.3	0.2	-28.50
10 ROW	474.5	339.3	-28.49
11 USA	29.2	20.9	-28.50
12 XME	16.4	11.7	-28.49

DECOMPOSITION OF EGYPT'S IMPORT DEMAND FOR APPAREL LEATHER

Regional demand for disaggregated imported commodities by source

$q_{xs}(\text{appreat}, \text{EU}, \text{Egypt})$

$$= -\text{ams}(i, r, s) + q_{im}(i, s)$$

$$- \text{ESUBM}(i) * [\text{pms}(i, r, s) - \text{ams}(i, r, s) - \text{pim}(i, s)]$$

Technology shock (ams)	0.00
Aggregate Imports	6.44
Substitution Effect	146.32
Total	152.76

Substitution effect is larger than the expansion effect. Because, domestic export prices (pms) from EU to Egypt declined much more than the aggregate import prices (pim) of Egypt in appreat.

OUTPUT CHANGE OF APPAREL LEATHER

% Change of Output	EGYPT	EU
Apparel and Leather	-1.87	0.44

Output of Egypt decreased by 1.87 percent due to the 2.16 percent decrease of its domestic consumption. Due to the decreasing output of apparel, textiles imports decreased as well.

Decomposition of AppLeat Output Change in Egypt	
1 e1_SHRDM	-2.16
2 e1_SHRXMD	0.29
3 tradslack	0.00
Total	-1.87

EGYPT'S APPLEAT EXPORTS

Decreasing domestic and export prices increased Egypt's power of competition in international market. Since consumption in domestic market decreased firms concentrated on exports and Egypt's exports to all regions increased.

Region	pre-shock	after-shock	% change
1 CENTAM	0.3	0.4	3.0
2 China	13.8	14.2	2.9
4 EU	243.9	250.2	3.0
5 India	6.5	6.6	2.9
6 Japan	12.7	13	3.0
7 LDC	2.8	2.9	3.0
8 MERCOSUR	3.8	3.9	3.0
9 MEXICO	2.8	2.9	3.0
10 ROW	48.6	49.9	3.0
11 USA	350.1	358.7	2.9
12 XME	15.1	15.5	2.9

THANK

YOU