

New industrial zone declared, two others expanded in US-Egypt-Israel trade deal

**By Maggie Michael
Associated Press
November 1, 2005**

CAIRO, Egypt - The United States will designate a new Qualified Industrial Zone and expand two existing ones to strengthen Egyptian-Israeli trade and political relations, the U.S. Embassy said in a statement Tuesday.

Egypt signed a trade agreement with the United States and Israel last year to enable it to export Egyptian-made products to the United States duty-free as long as its products contain at least 11.7 percent input from Israel.

A new zone to be created in Egypt's central Nile Delta region north of the capital, Cairo, takes the number of so-called QIZs to eight, the statement said. Two existing QIZs in greater Cairo and Suez Canal will also be expanded.

The changes will see factories previously excluded now able to benefit from the zones, particularly in the provinces of Gharbiya, Daqahliya, Menoufia, Damietta - where Egypt's textile industry is concentrated.

U.S. Trade Representative Rob Portman said the QIZs have helped "dramatically increase trade" between Egypt and Israel, which signed a 1979 peace deal.

"Egypt's and Israel's desire to expand their QIZs underscores the success of this program in fostering closer ties between the people, businesses and governments of these two key Middle East countries," said Portman in the embassy statement.

Last December, garment workers in the Suez and Nile Delta regions protested after their factories were left out of the initial trade deal that set up the other zones.

The protesting workers in Ismailiya and Mahalla regarded the QIZ deal as a lifeline, especially as they face tough competition with the World Trade Organization lifting quotas on cheaper Chinese and Indian garment exports this year.

Egyptian manufacturers of clothes and textiles - the country's No. 1 export - say the QIZ agreement could create 250,000 jobs in 2005.

Political opponents dismiss the figure as exaggerated, but a similar QIZ agreement among Jordan, the United States and Israel has dramatically boosted Jordanian exports to America and created 40,000 jobs.

The trade deal faced some ideological opposition from Egyptians who condemn Israel for its policies against the Palestinians.

Despite their peace treaty, Egypt and Israel have had strained relations. Egyptian professional unions ban contact with Israelis and expel members who visit Israel or work with Israelis.