

# U.S. Country Commercial Guides



## Egypt

## 2017

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# Doing Business in Egypt

## Market Overview

Egypt is an important strategic partner and the United States continues to engage with Egypt on our mutually shared interests including strong commercial ties.

With a population of over 92 million and a GDP of USD 305 billion, there are solid opportunities for U.S. firms in the medium-to-long term. Egypt's strategic location offers companies a platform for their commercial activities into the Middle East and Africa.

In 2015, U.S. – Egypt bilateral trade decreased from USD 7.9 billion in 2014 to USD 6.2 billion. U.S. Exports to Egypt decreased 20% from USD 6.47 billion to USD 5.5, while Egyptian exports to the U.S. were constant at USD 1.41 billion. Egypt is the third-largest export market for U.S. products and services in the Middle East and the 39th-largest export market in the world.

U.S. investment in Egypt reached USD 21.3 billion in 2015, representing 33.2% of U.S. direct investment in Africa. In 2015, Egypt was the largest recipient of U.S. direct investment in Africa, and second in the Middle East.

The U.S. is Egypt's third largest-trading partner and the second-largest foreign investor after the United Kingdom.

Egypt's GDP grew approximately 4 percent in 2015 and foreign reserves rose to USD 17.5 billion in May 2016 from 14 billion in January 2015 with an injection from Gulf donors. Foreign reserves however remain at critically low levels and continue to negatively influence commercial operations. Egypt's credit rating is B.

Delays in government decision making and foreign currency availability continue to create challenges for foreign traders and investors.

## **Market Challenges**

Long-term monetary policy and fiscal reforms, including broadening of the tax base and subsidy reform, are critical to overall economic stability. Significant progress was made on reforms in 2016; the government floated the local currency and is finalizing an investment law in an effort to increase foreign direct investments.

Although the oil and gas sector presents opportunities, low energy prices, government arrearages to international oil companies and market-distorting subsidies have fostered under-investment and over-consumption.

Egypt is a signatory to international arbitration agreements; however Egyptian courts do not always recognize foreign judgments. Resolution of any dispute is very slow, with the time to adjudicate a case to completion averaging three to five years. As of mid-2016, the government of Egypt indicated a lack of willingness to include international arbitration clauses in commercial contracts and agreements, with the exception of the Petroleum Ministry

Other obstacles to trade and investment include excessive bureaucracy, a shortage of skilled labor, limited access to credit, limited access to foreign currency, slow and cumbersome customs procedures, intellectual property issues and non-tariff trade barriers.

## **Market Opportunities**

The renewable energy equipment market is worth several billion dollars. In 2008, the Egyptian Supreme Energy Council approved the Egyptian Renewable Energy National Strategy in an attempt to use renewable energy for 20 percent of generated electricity by 2022.

The construction market has been growing at a rate of 15 percent per year since the 1980s, resulting in a substantial boom in residential and commercial real estate. There is strong demand for infrastructure projects because of rapid population growth and housing shortages. The sector is expected to grow 70% between 2015 and 2020, to reach USD 12 billion.

Egypt is the largest oil producer in Africa outside OPEC and is also the largest oil and natural gas consumer in Africa. Between October 2013 and January 2015, 53 agreements were signed, with minimum investments of roughly USD 2.9 billion and a total of USD 432 million in signing bonuses for the drilling of 228 wells. Procedures are underway to ink three new agreements, with investments totaling USD 9.2 billion. In May 2016, a new international bidding round was announced, including 11 blocks for the Gulf of Suez and the Western Desert.

The Egyptian government is keen on improving the healthcare industry, especially relating to medical devices, and in 2015 announced plans for the development of 26 new hospitals. Nevertheless, challenges include the lengthy registration process and lack of IPR protection.

Egypt's economy is diverse, with agriculture, manufacturing, energy and services constituting the bulk of output. Agriculture accounts for 40 percent of employment and 14 percent of GDP. Egypt relies heavily on imported wheat, corn and soybeans, much of which is sourced from the U.S.

### **Market Entry Strategy**

U.S. small and medium-sized companies should find an Egyptian firm to represent them in the local market. The U.S. Commercial Service offers the Gold Key Matchmaking Service and International Partner Search programs to assist U.S. companies in identifying local agents/distributors for their products.

It is advisable to take a long-term approach to the Egyptian market rather than seeking immediate return.

U.S. firms should be aware of the current status regarding access to foreign exchange and make efforts to structure their business in a manner which will limit exposure to foreign exchange restraints.

The U.S. Commercial Service at the U.S. Embassy sends many Egyptian buyer delegations to designated International Buyer Program trade shows in the U.S. Trade missions and regional trade shows provide other opportunities to meet Egyptian buyers. See [Export Egypt](#) for upcoming events.

## **Political Environment**

### **Political Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

[State Department Report on Egypt](#)

## **Selling US Products & Services**

### **Using an Agent to Sell US Products and Services**

It is highly recommended that U.S. companies enter the Egyptian market via a well-placed agent or distributor, particularly for selling to government agencies. Established agents and distributors offer in-depth knowledge of local laws and regulations and they can offer key introductions in a society that is relationship-based. Agents can coordinate transactions with an Egyptian buyer, including after-sales service, and are committed to finalizing the transaction to their client's satisfaction. Additionally, agents and distributors play a public relations role, exposing the U.S. company brand, product or services to a wide network of contacts within Egypt. It is also advisable to take a long-term approach to the Egyptian market rather than seeking immediate return.

Egyptian law concerning commercial agency agreements is among the most liberal in the Middle East. The law, which is neutral concerning exclusivity and

compensation, does not require you to cancel an agency agreement once you enter into one, and there is no minimum notification period for cancellation. There is no requirement that the agent authorize the import of the foreign principal's products into Egypt or that the importation take place through the agent. Importers of any product must be separately registered. Commercial agents must register the existence of their agency with the Ministry of Trade and Industry Commercial Registry Department, giving basic facts about the agreement, including the amount of commission received on sales. The foreign firm itself faces no local registration requirement. The commercial agency law is also neutral concerning dispute settlement procedures, leaving this to the parties to decide, preferably in writing, at the time of appointment of the agent.

Commission rates vary according to the type of product or service, volume of sales and involvement needed by the agent. Typically, the larger the volume of sales, the smaller the commission. For commodities such as rice, wheat, sugar, lumber and cotton, the commission ranges between one and three percent; for chemicals and foodstuffs, 3-5 percent; for medical equipment, earthmoving equipment, and office/business equipment, about 10 percent; for expensive laboratory and scientific equipment, 15 percent. For major related projects such as a complete civil engineering project, the commission is typically 3-5 percent. In tenders, the commission is calculated in the quoted bid. If a bidder reduces the bid price, the agent typically is asked to share in the reduction. Commission rates must be reported in bid packages for government tenders, with the government reserving the right to reduce any commission it deems extravagant. Commission rates also must be noted in the Ministry of Trade and Industry Commercial Registry documents signed by the Egyptian agent. Agent exclusivity is not required by law; the majority of U.S. firms have one or two Egyptian agents for different products, although a few have more.

Agencies can be split geographically and/or by product, although this is generally avoided in Egypt, where activity is centered around the capital city of Cairo. If there is a geographic split, it is generally Alexandria, with or without the Delta cities on

one hand, and Cairo and the Nile Valley on the other. Agencies also can be split between private and public customers, with one agent specializing in tenders and others handling private-sector customers. Agents often appoint subagents to cover smaller cities.

The U.S. Commercial Service offers the Gold Key Matchmaking Service and International Partner Search programs to assist U.S. companies in identifying local agents/distributors for their products. For further information, U.S. business representatives should contact the nearest Department of Commerce Export Assistance Center in the United States.

Recommended business networks in Egypt include the American Chamber of Commerce in Egypt, Egyptian Businessmen's Association, the Egyptian Business Women Association, the Egyptian Junior Business Association, the Alexandria Business Association, the Federation of Egyptian Industries, the Egyptian Exporters Association and the Egypt-U.S. Business Council.

### **Establishing an Office**

The General Authority for Investments and Free Zones (GAFI) established a one-stop shop for registering companies, which can process all paperwork for setting up a business in Egypt in an estimated timeframe of three to nine months, depending on the business activity and the industrial licenses required. [General Authority for Investments and Free Zones](#)

As in other countries, companies doing business in Egypt should seek legal counsel early from one or more attorneys and tax counsel from a professional accounting/auditing firm. Lists of such firms are available on the U.S. Commercial Service website in Egypt. [Commercial Service in Egypt](#)

### **Franchising**

Franchising has developed quite extensively in Egypt over the past three decades, especially in the fast-food sector. There are around 600 franchises in Egypt at present, including food and non-food franchisees with hundreds of individual

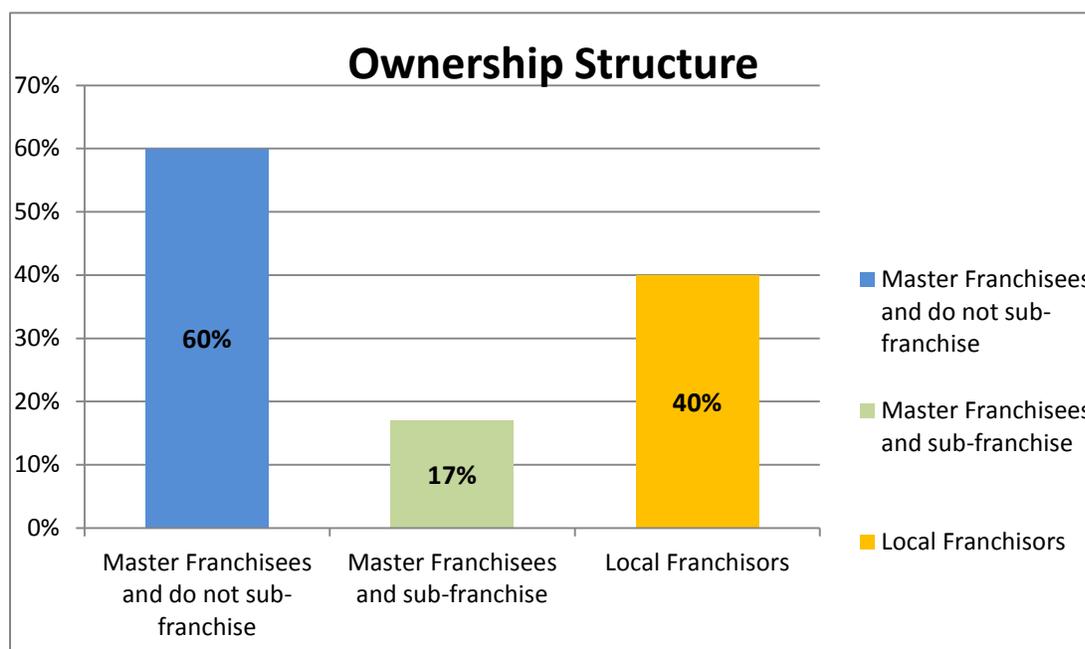
outlets. According to the Egyptian Franchise Development Association (EFDA), 42 percent of these are local brands and 58 percent are international brands. The U.S. market share is around 20 percent of the international brands, and estimated to account for 30 percent of total franchise revenues in Egypt.

The EFDA represents and serves the franchise industry in Egypt. It promotes the concept of investment through franchising, encourages training and quality control, and works to solve common problems in the industry. Moreover, EFDA sponsors a local franchise show every year in the spring or early summer. Please contact the U.S. Commercial Service in Egypt for more details about the franchise show.

Franchising is expanding in Egypt, as well as in the Middle East and North Africa (MENA) region. According to industry sources, direct investment is valued at around EGP 80 billion, with annual sales of EGP 12 billion. The industry provides 800,000 direct jobs and 1.5 million indirect jobs. Franchising has developed quite extensively in Egypt, and it has proven to be one of the most successful mechanisms for entrepreneurship.

The ownership structure of the franchising industry in Egypt is:

- 60 percent are Master Franchisees and do not sub-franchise
- 17 percent are Master Franchisees and sub-franchise
- 40 percent are Local Franchisors



### Food Franchises

The Egyptian fast-food market, dominated by American chains, has experienced notable expansion since it began in 1970, and market sources expect the growth to continue at an annual rate of 20 percent over the coming years. The current food franchise market size is estimated at more than USD 800 million. Some of the popular chains are: Auntie Annie’s, Baskin Robins, Burger King, Carvel Ice Cream, Dairy Queen, Domino’s Pizza, Hardees, KFC, McDonalds, Pizza Hut, Melting Pot, Papa John’s, Sbarro, Starbucks and Subway.

### Non-Food Franchises

The non-food franchise sectors began to emerge during the 1990s. These franchises have considerable market potential, and many American franchisors continue to enter the Egyptian market. For example, several companies in hotel management, car rental, language education, health and fitness, electronics and computer training are currently franchised in Egypt.

Some of the non-food franchises that currently exist include: Coldwell Banker, Curves, Gold’s Gym, Harley-Davidson, Hertz Rent a Car, Toys R Us, and Starwood

Hotels.

### Sub-Sector Best Prospect

Although dominated by the food sector, the non-food franchising sector has grown, primarily in the retail sector, in response to the increasing demand for clothing and lifestyle brands among the urban population.

Retail franchises account for 50 percent of the non-food franchising sector, making overall retail the highest ranked sub-sector. It is anticipated that demand will continue to increase for hypermarkets, home products, clothing and fashion.

The best prospects for U.S. non-food franchises are in the areas of childcare, department stores, fitness, education and training, specialty stores and home products.

### Opportunities

Egypt has an estimated five million “A class” consumers, who have an average monthly income of about USD 1,000. These consumers are well educated and familiar with foreign goods and services. They seek high-quality and well-priced goods, though price is not always the deciding factor in purchasing decisions. Because of their education and experience in travel abroad, these consumers have become very receptive to western products and services, particularly U.S. goods and services. Some of these consumers in Egypt include tourists from other Arab countries, which represents a strong seasonal demand factor.

Moreover, Egyptian consumers have become brand conscious thanks to the recent and growing trend of improved living standards, as well as increased exposure to western culture and media. The population of Egypt is around 92 million, and of this figure it is estimated that five million consumers are drawn to the increasingly popular name brands and convenience services. The median Egyptian age of 18-25 years also supports the growth potential of the fast-food and retail sectors. Egyptians have initiated their own retail franchising businesses domestically, especially in the apparel industry. This trend indicates that the franchise concept is culturally acceptable. Most of the franchises operating in Egypt are the result of

Egyptian entrepreneurs approaching foreigners, rather than as the result of the marketing efforts of foreign firms. While this may show an entrepreneurial spirit among Egyptian businesspersons, it also highlights missed opportunities on the part of foreign business.

## Web Resources

[Commercial Service in Egypt](#)

[U.S. Embassy Cairo](#)

[Egyptian Franchise Development Association](#)

Contact for the Commercial Specialist in charge of the Franchising Sector: Cherine Maher, [cherine.maher@trade.gov](mailto:cherine.maher@trade.gov)

## Direct Marketing

Direct marketing in Egypt, such as catalog sales or online sales, is also advancing as the use of credit cards gains increasing acceptance. In addition, the risks from mail and warehouse theft are decreasing along with high customs duties. Purchasing goods through the Internet is growing for the same reasons – great acceptance and lower costs. The Egyptian government encourages e-commerce and passed e-commerce legislation and an e-signature law to support it in 2004.

## Joint Ventures/Licensing

The details of joint venture or licensing agreements between Egyptians and their foreign partners are a matter of mutual agreement, defined by their contract, not by special law. Invested capital may be repatriated without prior approval of the government's investment authority, the General Authority for Investment and Free Zones (GAFI). Foreign equity in joint ventures can be as low as a few percentage points, depending upon mutual agreement. Egyptian Law No. 8, the Investment Incentives and Guarantees Law, allows foreign investors to own any amount, up to 100%, in projects in most sectors.

Approval is not required for licensing agreements involving trademarks and

technical know-how other than "process secrets." A stiff withholding tax is levied on royalty payments unless a double taxation treaty exists. There is a U.S.-Egyptian treaty for the avoidance of double taxation, which limits the tax on royalty payments to 15% of the gross amount of such royalty. Numerous government and private companies have licensing agreements with foreign firms under which royalties and other fees are freely transferred abroad pursuant to individual corporate agreements. Examples of licensed production in Egypt include name-brand clothing, personal care products, kitchen utensils, laser alignment equipment and military vehicles.

## **Selling to the Government**

In selling to the government of Egypt (GOE), companies will need to deal directly with the client agency. Egyptian government procurement is conducted using national budgetary funds, via the U.S. Foreign Military Sales (FMS) program or funds from other donors.

In the case of FMS, information can be obtained on [Federal Business Opportunities](#). For questions about upcoming procurements, contact the Office of Military Cooperation (OMC) via the U.S. Embassy in Egypt.

Other donor-funded projects open to U.S. bidders are from the Government of Japan's United Overseas Development Assistance (ODA) and multilateral assistance from entities such as the World Bank, the African Development Bank and the European Bank for Reconstruction and Development.

The following information pertains to contracting directly with the GOE. It is also relevant for donor-financed projects, to the extent that Egyptian law applies to them.

## **Tenders Law**

The Tenders Law No. 89/1998 now governs GOE procurement by all civilian and military agencies ("ministries, departments, local government units and public and

general organizations”) unless they are specifically excused from this law. A few key principles include:

(1) No negotiation of bids after bid opening, or “momarsa (“auction” in Arabic), referring to a common Egyptian business practice for determining a fair price for goods and services – sometimes called a Dutch auction, in which the price of an item is lowered until it gets the opening and winning bid. A tender may not be transferred into a momarsa;

(2) No cancellation of an order without reason. Moreover, rejected bids and awarded bids will contain the reasons on which the decision was based;

(3) Bid bonds will be refunded immediately upon expiration of tender;

(4) Open competition with publication for at least 30 days;

(5) Fifteen percent price preference for Egyptian bidders. The Tenders Law 89 of 1998 requires the government to consider both price and best value, however, the law contains preferences for Egyptian domestic contractors, who are accorded priority if their bids do not exceed the lowest foreign bid by more than 15 percent;

There is one exception, however: Ministry of Defense (MOD) tenders are treated differently due to the Reciprocal Defense Procurement Memorandum of Understanding. This rule allows Egyptian companies to compete as U.S. companies on DOD procurements and U.S. companies to compete for MOD tenders as Egyptian companies. If a U.S. company is competing with an Egyptian company on an MOD procurement, regardless of funding source, it must be treated the same. If an Egyptian company receives a 15% price preference, then so does the U.S. company. Not all Department of Defense procurement committees are aware of this requirement. In the event of a dispute, please contact the U.S. Embassy’s Office of Military Cooperation to inform it of MOD non-compliance with this provision of the Memorandum of Understanding;

(6) A two-phase decision-making process: in the first phase, a technical committee reviews submissions. Upon acceptance of a bid, it may require further discussions and/or samples from the bidder. During the second phase, a financial committee reviews prices as well as the terms and conditions. In some cases a bid-opening committee convenes a public session, to which all bidders are invited and bid prices are read aloud; the committee either makes a decision or, if the value is over USD 50,000, recommends a decision to the relevant minister;

(7) Bid bonds of one or two (generally two) percent are required; and a performance bond by the winning firm of (generally) five percent. Preference is given to Egyptian public sector companies and Egyptian cooperatives, both of which are exempt from the bonding requirements, provided they do the work themselves and do not request an advance payment;

(8) Fraud, bribery ("either personally or through a third party, directly or indirectly"), or bankruptcy by the contracting party annuls the contract and allows any outstanding bid or performance bond to be confiscated;

(9) Sole-source decisions are permitted in special instances: monopoly sources of supply; goods whose import is monopolized; specialized products or services; and goods and services needed urgently;

(10) Advance payments are permitted, against a letter of guarantee. U.S. standby letters of credit (which can be insured for political risk by the U.S. Overseas Private Investment Corporation) are acceptable in Egypt.

### **Practical Problems related to the Tenders Law**

There is no time limit for the decision-making committees to meet, make or announce their decision. If a bidder withdraws a bid prior to bid opening, the bid bond is forfeited. Bidders often are "held hostage" to a government agency that stalls the bid opening for various reasons, including running out of funds for the project. Costs of extending bid bonds are borne by the bidders. If a winning firm withdraws from a project before beginning or completing a project, its performance bond similarly will be confiscated. This has happened when a client delays the

start-up because of budget shortfalls, expecting the contractor/supplier to carry the burden of maintaining the performance bond.

Government agencies often delay giving the "final acceptance" of goods or work projects. This holds up final payment and final retirement of the performance bond. There are no time limits for making payment from the date of acceptance of a bid, nor any provision for implied or automatic acceptance of a supplied good or service. The client must explicitly acknowledge "final acceptance" before the contractor can receive final payment and retire the performance bond.

If award decisions are delayed beyond the validity date specified by a bidder, extra costs incurred by the delay cannot routinely be passed on. If the client adds new requirements to an ongoing contract, any extra monies requested by the supplier/contractor must be endorsed by a special "price study committee," which sometimes takes years to issue approval. In the meantime, of course, the supplier/contractor is expected to fulfill the revised contract without delay or complaint.

The Tenders Law makes no reference to dispute resolution, which therefore must be negotiated prior to contract signing. Arbitration in Egypt or abroad (the latter can include foreign law and foreign arbitral procedures) is preferred to the court system, although enforcement of arbitral awards is not assured because the losing party can appeal Egyptian or foreign arbitral decisions in Egyptian courts. If no specific dispute settlement procedure is mentioned, any future dispute with a government party will go to the government's Council of State. This is a government agency that both reviews the constitutionality of proposed laws and regulations and functions as a court for all non-criminal matters to which the government is a party. If the government party does not honor an arbitration decision, the Tenders Law does not permit the winning party to use the arbitration settlement documents to settle claims with other government entities (customs, tax, social insurance, etc.).

There is no provision allowing the supplier to delay work if payments are delayed. There is no provision to reduce the performance bond progressively according to the rate of completion of the work.

Recently, the Ministry of Defense (MOD) has been involved in many procurement decisions, especially national projects. The government views the military's efficiency, high standards, discipline, and promptness in implementing projects as justification for its involvement in procurement decisions. It has been awarded several infrastructure projects from the Ministries of Health, Transportation, Housing and Youth. Furthermore, the MOD has also concluded agreements with numerous foreign corporations.

For assistance with Egyptian tenders, you may engage the staff of the U.S. Commercial Service in Egypt, as well as the Advocacy Center at the U.S. Department of Commerce in Washington, DC.

**Other Practical Considerations in Selling to the Government:** Egyptian commercial agents are required for foreign firms to bid on most government tenders. By contrast, commercial agents cannot be used to bid on military tenders, although use of Egyptian "consultants or representatives" may be allowed if the arrangement is properly structured. Commercial agents are optional when bidding on tenders issued by the petroleum companies, or when selling to the private sector.

Poorly written specifications may force bidders to guess what the customer wants. U.S. firms must stay in close touch with client agencies to minimize doubts and uncertainties. Do not assume the "best" is desired, since superior features may not be understood or the price may be too high. The law is silent about who writes tender specifications and neither encourages nor discourages hiring of consultants to do so. Foreign firms that are trusted by government officials often voluntarily propose tender specifications to prospective bidders, which give them a chance to

determine the specifications. In the decision-making committee, the technical representative (typically an engineer) must concur in the award decision. Such qualified specialists have considerable influence.

An important element in conducting business in Egypt is establishing a relationship with decision-makers via frequent visits of foreign principals and their local representatives. Decision-makers must feel comfortable with a supplier, and will generally not select a low-bidder who is unknown to them. However, while “sweetheart deals” are known to take place, many Egyptian sources affirm that the majority of decisions are openly competitive and straightforward. While the decision-making process may seem opaque, details of bids are readily obtainable through informal channels.

Government entities expect performance bonds to cover the full warranty period for the product or work in question, and drawdowns proportional to work completed are not usual. U.S. suppliers, by contrast, generally want performance bonds limited to safe delivery and/or set-up.

### [U.S. Commercial Service Liaison Offices at the Multilateral Development Banks \(European Bank for Reconstruction and Development, African Development Bank, World Bank\)](#)

The U.S. Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the European Bank for Reconstruction and Development, the African Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education and advancing infrastructure development. The Commercial Liaison Offices help U.S. businesses learn how to participate in bank-funded projects, and advocate on behalf of U.S. bidders. Learn more by contacting the Commercial Liaison Offices to the European Bank for Reconstruction and Development, the African Development Bank and the World Bank.

[Commercial Liaison Office to the European Bank for Reconstruction and Development](#)

[Commercial Liaison Office to the African Development Bank](#)

[Commercial Liaison Office to the World Bank](#)

## **Distribution & Sales Channels**

Foreign firms can sell directly within Egypt if they are registered to make direct sales. Many do so as part of a manufacturing or assembly operation in Egypt. A few foreign firms use free zones or bonded warehouses to store goods and hire their own employees to sell door-to-door consumer goods. Most foreign firms, however, rely on Egyptian companies for wholesale and retail distribution. They ensure their effectiveness through staff training programs in Egypt and abroad. Foreign companies also train and support Egyptian staff via short-term assignments to Egypt, including periodic visits by marketing specialists and technical support staff from company headquarters.

Many retailers of consumer goods tend to import their own needs directly rather than pay high markups to wholesalers. A corollary is that many Egyptians prefer getting quotes directly from the overseas supplier rather than from the local agent on the theory that the price will be better. This habit suggests that U.S. principals be sensitive to the role and presumed cost of their Egyptian agents. One way to strengthen that role is to refer customer inquiries back to the Egyptian agent or to a regional representative outside Egypt.

The following stipulations relate to agents:

- All commercial agents and importers must have Egyptian nationality. If it is a company, the chairman and all members of the board must be Egyptian, and it must be 100% Egyptian-owned.
- All agents must have resided continuously in Egypt for at least five years, with the exception of expatriate Egyptians with an overseas work permit certified by a local chamber of commerce or professional association.

- The agent must not be a civil servant or an employee of a public sector company (i.e., not moonlighting), nor a member of the House of Representatives;
- The agent must not be a "first grade relative" (i.e. a member of the immediate family, or uncle, aunt, niece, or nephew) of a civil servant of the rank of Director General or higher, or of a member of the House of Representatives. However, this prohibition against agents with family members in government is rarely enforced.
- Public sector firms can be agents, as can private firms and individuals.
- Distributor-type companies with partial foreign ownership can market goods, including imported goods, in the following circumstances – although legally they cannot handle the import operation, as importation is permitted only for firms with Egyptian ownership.
- General Partnership Companies or Limited Partnership Companies: In these types of companies, there may be a foreign partner, provided that the Egyptian partner(s) have at least 51% of the capital and the General Manager or head of the company is an Egyptian national. In these instances, such a distributorship company cannot be an "importer" nor act as commercial agent unless it is 100% Egyptian owned and managed.
- Limited Liability Company: A foreign partner in this type of distributorship company faces no limit on the percentage of ownership, provided that at least one manager of the company is an Egyptian national (there can be one or more managers depending upon the articles of incorporation), there are at least two shareholders or partners, and the capital of the company is not less than LE 50,000 (USD 2,780). A distributorship company of this type also cannot be an "importer", nor act as commercial agent.
- Joint Stock Company: Provided that at least 49 percent of the shares are offered to Egyptians upon formation, foreign shareholders ultimately can own up to 100 percent of the company, provided that a majority of the Board of Directors is Egyptian, the capital of the company is not less than LE 250,000 (USD 13,900) and there are at least three shareholders. Again, a distributorship company of this type may not import or act as a commercial agent unless it is 100 percent

Egyptian owned and managed.

Foreign firms that form a distributorship as mentioned above often permit the Egyptian partners to form a separate company to act as "importer" or agent. The latter delivers the goods to the distributorship company for marketing within Egypt.

## **Selling Factors & Techniques**

Egyptians with whom an American will deal in business are often bilingual (English-Arabic), well-traveled individuals who pride themselves on making good deals at decent prices. Mid-level government officials with whom a foreigner may deal may be less well traveled, but no less sophisticated negotiators.

Negotiations for a sale, whether with a government agency or a private individual, will be bound by certain Egyptian cultural traditions. One is that there is no final best price that cannot be reduced further by negotiating. A corollary is that only a neophyte would offer one's best price, or anything close to it, early in negotiations. Government employees are judged on their ability to squeeze the final penny from the lowest bidder. This happens repeatedly, at every level of decision-making because it gives Egyptian officials the appearance of trying to get the best deal for Egypt.

## **eCommerce**

### **Overview**

Egypt's Electronic Signature Law 15 of 2004 established the Information Technology Industry Development Agency (ITIDA) to act as the e-signature regulatory authority and to further develop the information technology sector in Egypt. An e-government initiative has been implemented to increase government efficiency, reduce service-provision time, establish new service-delivery models, reduce government expenses and encourage e-procurement. In 2009, the government implemented the e-signature service, allowing public and private companies to offer e-signature authentication.

The Egyptian market has the largest population of internet users in the MENA region. There are around 48 million internet users, of which 8% make online transactions. Most online transactions are in the categories of electronics, entertainment, airline tickets and fashion. E-commerce faces numerous challenges in the Egyptian market: there is a low number of credit/debit card holders - around 10 million - hence 80 percent of e-commerce in Egypt relies on cash on delivery. However, the rate of credit card issuance is growing annually by around 40 percent, which indicates that cash dependency may decrease.

### **Trade Promotion & Advertising**

Strategically placed newspaper and magazine advertisements are good marketing tools in Egypt. Egyptians read newspapers voraciously, and all literate people will see advertisements placed in the widely circulating [Al Ahram](#) daily. Television is watched by all Egyptians, and advertisements reach and influence wide audiences. Television advertising has continued to increase in sophistication and prominence. Two partially privatized pop radio stations have also been created, and already have captured a large part of the youth market, namely [Nile FM](#) and [Nogoum FM](#).

Other forms of advertisement in Egypt consist of roadside billboards, flashing neon signs on building roofs, building walls completely painted with advertising signs, "junk mail" advertisements, online advertisements, social media and messenger/courier-delivered direct mail campaigns.

Trade promotion is becoming more sophisticated. Trade shows are frequent, aimed either at targeted business audiences or the general public. Several take place each month at one or more of the downtown hotels or the Cairo International Conference Center (CICC). The annual Cairo International Trade Fair, held in the spring, is the historical centerpiece of Egyptian trade promotion events.

For a listing of trade events and fairs in Egypt, please visit the U.S. Commercial Service in Egypt website at: [Commercial Service Trade Events in Egypt](#)

## **Pricing**

Although Egypt traditionally is a price-sensitive market, there is an increasing awareness and consideration of additional factors, such as quality, product life and operating costs. In terms of consumer goods: people will pay for quality. Egypt has an estimated five million "A class" consumers, and these end-users are well educated and familiar with foreign goods and services. They continuously seek high quality and well-priced goods, though price is not always the deciding factor. Because of their education and experience with travel abroad these end-users have become very receptive to western products and services, particularly U.S. goods and services. Some of these end-users include tourists from Arab countries, which represent a strong seasonal demand factor. However, the same affluent Egyptians who may buy a Mercedes will tend to outfit their new factories with used equipment if they can cheaply transport a "complete" factory from abroad.

## **Sales Service/Customer Support**

U.S. sellers should aim to create and support a sales/service network in Egypt by training their distributors and dealers. Firms that sell directly to government agencies need to do the same to ensure the workforce is trained in using the product. If it fails through ignorance of proper maintenance, the foreign supplier could be blamed for poor quality. Total Quality Management (TQM) interest has skyrocketed among producers in recent years, with a number of them now working toward ISO 9000 certification. The government of Egypt has established the [Consumer Protection Agency](#) to enforce binding consumer/trader laws and regulations.

## **Protecting Intellectual Property**

In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our article on [Protecting Intellectual Property](#) and also [Corruption](#).

## **IP Attaché Contact Egypt**

Mr. Raed Al-Hout

Intellectual Property Specialist for the Middle East & North Africa

U.S. Embassy in Kuwait

Tel: +965-2259-1247

Email: [raed.al-hout@trade.gov](mailto:raed.al-hout@trade.gov)

## **Due Diligence**

Due diligence is part of the array of services the U.S. Commercial Service provides for the benefit of U.S. business. It is recommended that U.S. firms take advantage of the U.S. Commercial Service International Company Profile (ICP) service before signing an agency agreement with a local concern, choosing a local partner to bid jointly on a major project, or doing business for the first time with a local company. ICPs are prepared at the request of U.S. firms and provide background data on Egyptian companies. U.S. firms can request an ICP through their local U.S. Export Assistance Center.

## **Local Professional Services**

Local service providers and professional associations can be viewed on the U.S. Commercial Service in Egypt's webpage at: [Business Providers in Egypt](#)

## **Principle Business Associations**

U.S. and Egyptian Organizations and Associations:

U.S.– Egypt Business Council

Steve Lutes, Executive Director

U.S. Chamber of Commerce

1615 H Street, NW

Washington, D.C. 20062

Tel: (202) 463-5830

Email: [slutes@uschamber.com](mailto:slutes@uschamber.com)

Website: [US-Egypt Council](#)

Egypt–U.S. Business Council

Omar Mehanna, Chairman

Tel: +2-02-3338-1050

Fax: +2-02-33381060

Email: [chairman@egyptuscouncil.com](mailto:chairman@egyptuscouncil.com)

Website: [Egypt-US Council](#)

National U.S.–Arab Chamber of Commerce

Mr. David Hamod, President

1023 15th Street, N.W., 4th Floor

Washington, D.C. 20005

Tel: (202) 289-5920

Fax: (202) 289-5938

Website: [National U.S.-Arab Chamber of Commerce](#)

American–Arab Chamber of Commerce

Mr. Fay Beydoun, Executive Director

12740 W. Warren Ave., Suite 300

Dearborn, MI 48126

Tel: (313) 945-1700

Fax: (313) 945-6697

Website: [American-Arab Chamber of Commerce](#)

American Chamber of Commerce in Egypt

Mr. Tarik Tawfiq, President

33 Soliman Abaza St., Dokki, Giza

Tel: +2-02-3338-1050

Fax: +2-02-3338-1060

Website: [American Chamber of Commerce in Egypt](#)

## Egyptian Chambers of Commerce

### Federation of Egyptian Chambers of Commerce

Mr. Ahmed Mohamed El-Wakeel, President

4 Midan El Falaki St., Bab El Louk, Cairo

31 Chamber of Commerce St., Mahtet El-Raml, Alexandria

Tel: +2-02-2795-3677, +2-02-2795-2983, +2-02-2795-1136, +2-03-483-7808

Fax: +2-02-2795-1164, +2-03-487-3806

Email: [info@fedcoc.org.eg](mailto:info@fedcoc.org.eg)

Website: [Federation of Egyptian Chamber of Commerce](http://Federation of Egyptian Chamber of Commerce)

## Cairo Chamber of Commerce

Mr. Ibrahim Mahmoud El Arabi, President & Second Deputy Federation President

4 Midan El Falaki St., Cairo

Tel: +2-02-2795-8261/2, +2-02-2794-0720

Fax: +2-02-2794-4328, +2-02-2797-9916

Email: [info@cairochamber.org.eg](mailto:info@cairochamber.org.eg)

Website: [Cairo Chamber of Commerce](http://Cairo Chamber of Commerce)

## Alexandria Chamber of Commerce

Mr. Ahmed Mohamed El-Wakeel, President

78 Abdel Salam Aref St., Gylim, Alexandria

31 El-Ghorfa El-Togareya Street, Raml Station, Alexandria

Tel: +2-03-483-7808, +2-03-582-5400

Fax: +2-03-483-7806, +2-03-583-7973

Email: [Alexandria\\_chamber@yahoo.com](mailto:Alexandria_chamber@yahoo.com)

## Federation of Egyptian Industries

Eng. Mohamed Zaki ElSewedy, President

1195 Corniche El Nil Street, Cairo

Tel: +2-02-2579-6590/1/2, +2-02-2579-7074/5/6

Fax: +2-02-2579-6694, +2-02-2576-6672

E-mail: [info@fei.org.eg](mailto:info@fei.org.eg); [mzaki\\_elsewedy@fei.org.eg](mailto:mzaki_elsewedy@fei.org.eg)

Website: [Federation of Egyptian Industries](#)

Alexandria Business Association (ABA)

Mr. Marawan El Sammak, President

52 Avenue El Horria, Fouad St., Alexandria

Tel: +2-03-484-8978, +2-03-484-8979

Fax: +2-03-487-2411, +2-03-487-2206

Email: [foreignaffairs@aba.org.eg](mailto:foreignaffairs@aba.org.eg)

Website: [Alexandria Business Association](#)

Egyptian Businessmen's Association (EBA)

Mr. Hussein Fayek Sabbour, Chairman

21 Giza St., Nile Tower, Giza, Cairo

Tel: +2-02-2573-6030, +2-02-2572-3020, +2-0100-538-4604, +2-0100-538-4605

Fax: +2-02-2572-3855, +2-02-2573-7258

Email: [eba@eba.org.eg](mailto:eba@eba.org.eg)

Website: [Egyptian Businessmen's Association](#)

General Authority for Export & Import Control (GOEIC)

General Mohamed Alaa Abdel Karim, Chairman

Cairo Airport Complex

Fax: +2-02-2576-6971, +2-02-2575-8195

Cairo AirPort Office:

Tel: +2-02-19591, +2-02-2268-3251/61/, +2-02-2268-1741

Email: [askadmin@goeic.gov.eg](mailto:askadmin@goeic.gov.eg)

Website: [General Authority for Export & Import Control](#)

### **Washington-Based Government Contacts**

U.S. Export-Import Bank (Ex-Im Bank)

811 Vermont Avenue NW

Washington, D.C. 20571

Tel: (202) 565-3946, (800) 565-3946

Fax: (202) 566-7524, (202) 565-3839

Website: [Ex-Im Bank](#)

Overseas Private Investment Corporation (OPIC)

1100 New York Avenue, NW

Washington, D.C. 20527

Tel: (202) 336-8400

Fax: (202) 336-7949

Website: [OPIC](#)

U.S. Small Business Administration (SBA)

740 15th Street NW, 3rd Floor

Washington, D.C. 20005-3544

Tel: (202) 272-0345

Fax: (202) 272-0344

Website: [SBA](#)

U.S. Trade and Development Agency (USTDA)

1000 Wilson Blvd., Suite 1600

Arlington, VA 22209-3901

Tel: (703) 875-4357

Fax: (703) 875-4009

Website: [USTDA](#)

## Web Resources

- [U.S. Commercial Service in Egypt](#)
- [U.S. Embassy](#)
- [USAID](#)
- [American Chamber of Commerce in Egypt](#)
- [Federal Business Opportunities](#)
- [Egyptian Government Web Portal](#)

- [Egyptian Businessmen's Association](#)
- [Alexandria Business Association](#)
- [Federation of Egyptian Industries](#)
- [Egyptian Exporters Association](#)
- [Information Technology Industry Development Agency](#)
- [General Authority for Investment and Free Zones](#)
- [Egyptian Franchise Development Association](#)

## Leading Sectors for US Exports & Investments

### Agricultural Sector

#### Overview

Forest Products (Wood):

Unit: USD million

	2015	2016	2017 (Estimated)
Total Market Size	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A
Total Exports	44.55	44.45	45
Total Imports	1559	1341	1100
Imports from the U.S.	32.5	31.2	25

Source: Global Trade Atlas

Egypt's imports of forest products dropped from USD 1.559 billion in 2015 to USD 1.341 billion in 2016, a change of almost 14 percent, mostly because of difficulty accessing foreign currency and the economic slowdown in furniture markets in the Gulf Region. Imports include wood in the rough, wood treated with paint, stains, creosote or other preservatives, sheets for veneering, coniferous wood and wood particle board.

In 2016, U.S. origin forest products had a market share of 2.3 percent, with a value of USD 32.5 million. U.S. exports to Egypt include hardwood, sawed or chipped lengthwise; sheets for veneering, including those obtained by slicing laminated wood, as well as surging volumes of southern yellow pine. Other suppliers include Russia, the EU, China and Turkey. Customs tariffs are zero, two, and five percent on tariff lines on imports from the U.S., Russia and China, while imports from EU and Turkey are duty-free. The government of Egypt has said that it hopes to revitalize the furniture sector and offers incentives to exporters to generate additional foreign exchange. These efforts could increase demand of U.S. wood species by 10 percent in 2017.

**Tree Nuts:**

Unit: USD million

	2015	2016	2017 (Estimated)
Total Market Size	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A
Total Exports	0.845	1263	1300
Total Imports	93	85.5	80
Imports from the U.S.	29	32	30

Source: *Global Trade Atlas*

Egypt's imports of tree nuts fell from USD 93 million in 2015 to USD 85.5 million in 2016, a drop of 8 percent. This drop is expected to be sustained in 2017 because of the increase in import tariffs and the devaluation of the Egyptian pound against the U.S. dollar, which makes imported goods more costly. Egypt tree nut imports include almonds, walnuts, pistachios and hazelnuts. In 2016, U.S. origin tree nuts had the highest market share at 37 percent, with a value of USD 32 million compared to USD 29 million in 2015. U.S. exports are mainly almonds, but also include walnuts,

pistachios and hazelnuts. Other suppliers include Iran, Vietnam, Turkey and India. In January 2016, Egypt increased its customs tariffs on most fresh, dried and shelled tree nuts from 10 percent to 20 percent. The tariff increase, the shortage of foreign exchange and the devaluation of the Egyptian pound against the U.S. dollar will affect Egypt’s imports in general. However, demand for tree nuts will remain stable throughout 2017 and 2018, as it will be difficult for Egypt to find an alternative supplier. Egyptian consumers’ perceptions of tree nuts are similar to those in the West: a healthy and nutritious snack. Additionally, they are a mainstay in local confectionary products, such as Kunafa, Umm Ali and Basbousa, and nuts are widely consumed during Ramadan festivities.

## Pet Foods

Unit: USD million

	2015	2016	2017 (Estimated)
Total Market Size	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A
Total Exports	0	17.4	0
Total Imports	6.2	6.9	5
Imports from the U.S.	0.886	0.699	0.500

Source: Global Trade Atlas

Imports of pet foods (for dogs and cats) increased from USD 6.2 million in 2015 to USD 6.9 million in 2016, an increase of 11 percent. U.S.-origin pet foods dropped from USD 886,000 in 2015 to USD 699,000 in 2016, a decrease of 21 percent. Egypt now allows imports of all pet food varieties, including products that contain ruminant materials. Before mid-2014, Egypt banned pet food with ruminant materials due to BSE concerns (bovine spongiform encephalopathy, and commonly known as mad cow disease) concerns. In January 2016, Egypt increased its custom

tariffs on pet foods (for dogs and cats) from 30 percent to 40 percent. In 2017, total imports are estimated at USD 5 million compared to USD 6.9 million in 2016 in 2017, U.S. exports are estimated at USD 500,000, compared to USD 699,000 in 2016.

#### General Agricultural Trade

Agricultural policy is generally consistent with the WTO. There are however some serious non-tariff barriers (NTBs), including application of non-science based standards and inappropriate inspection and testing requirements.

The following are the main agricultural products currently affected by NTBs:

- Poultry parts
- Feather meal
- Beef from cattle treated with synthetic animal growth promotants or hormones
- Soy for which sampling demonstrates the presence of ambrosia, a weed seed

Egypt has a free trade agreement with the EU, Arab countries, Turkey and COMESA. Egypt is currently negotiating agreements with Russia and others countries. In 2016, U.S. food and agricultural exports to Egypt dropped by USD 281,511 or 26 percent, reaching only USD 807,024 million, compared to USD 1.088 billion in 2015. Leading imports were corn, soybeans, wheat, beef and beef products, feeds and fodders, dairy products, soybean meal, vegetable oils, tree nuts and forest products.

U.S. exports of corn dropped by five percent or USD 8.218 million from USD 170.123 million in 2015 to USD 161.905 million in 2016. Similarly, U.S. soybean exports dropped by 23 percent or USD 40.16 million from USD 161.749 million in 2015 to USD 161.905 million 2016. U.S. wheat exports dropped by 80 percent, or USD 80.61 million, from USD 100.797 million in 2015 to USD 20.188 million in 2016. U.S. exports of cotton dropped by 16 percent or USD 6.542 million from USD 40.015 million in 2015 to USD 33.473 million in 2016. U.S. exports of beef and beef products dropped by 35 percent or USD 54.582 million from USD 153.834 million in 2015 to USD 99,252 million in 2016.

However, U.S. exports of soybean oil increased by 178 percent or USD 8,174 million, from USD 4.6 million in 2015 to USD 12.774 million in 2016. U.S. exports of planting

seeds increased by 42 percent, or USD 2.974 million, from USD 7.101 million in 2015 to USD 10.075 million in 2016. U.S. exports of tree nuts increased by 8 percent or USD 2.523 million from USD 29.286 million in 2015 to USD 31.809 million in 2016.

Egypt's major agricultural exports to the world are potatoes, cotton, and fresh fruit, primarily citrus. Most of Egypt's exports are destined for the EU, Russia, North Africa and the Middle East. In 2016, Egyptian exports of food and agriculture products to the United States remained stable at USD 115 million. Main exports to the U.S. included processed fruit and vegetables, spices, essential oils and herbs.

Import duties on most agriculture products remain minimal, with some notable exceptions (alcoholic beverages and tobacco). Although custom tariffs for fresh fruits and dried nuts that were raised twice in 2013 and 2016 are affecting U.S. exports, in general, the United States enjoys good access to this market. As cited above, some non-tariffs barriers persist, including non-science based standards and inappropriate inspection and testing requirements for some goods, which result in product detention and delayed shipments.

## **Electricity Power Systems**

### **Overview**

Electricity generation in Egypt has tripled since 1997 to over 180 TWh in 2015, according to the BP Statistical Review of World Energy. Energy output and consumption is expected to continue growing at remarkable rates as much of the country, particularly in Upper Egypt, remains underserved. The Ministry of Electricity and Renewable Energy (MOEE) acts as the owner of state entities in the power sector. The electricity industry has been traditionally structured both "vertically" (along the functional lines of generation, transmission, and distribution/supply) and "horizontally" into generation and distribution/supply segments, with a number of companies operating within each segment.

Egypt's Electricity Law, passed in 2015, and its implementing regulations, published in 2016, require the unbundling of "vertical" integration, with separate,

independent companies responsible for generation, transmission and distribution. However, this formally unbundled structure remains linked together under the umbrella of the Egyptian Electricity Holding Company (EEHC), which has 16 subsidiaries, including: one hydropower plant; five thermal electricity generation companies; nine electricity distribution companies; and a transmission-and-dispatch company, the Egyptian Electricity Transmission Company (EETC), which now functions as a transmission system operator.

All EEHC affiliates remain fully owned by the state. EEHC coordinates the plans and investments in the power sector and manages the sector's overall finances. In addition to the EEHC affiliates, there are six authorities operating in the electricity sub-sector, which report directly to MOEE. These are the: Rural Electrification Authority (REA); Hydropower Projects Executive Authority; New and Renewable Energy Authority (NREA); Atomic Energy Authority; Nuclear Power Plants Authority; and Nuclear Material Authority.

While MOEE is adding new energy-efficient generators and refurbishing old power plants in an effort to reduce the rate of fuel consumption, much of its generation capacity remains inefficient. Egypt's rate of electrical energy loss is relatively high, and MOEE is working to improve this rate. The Korea International Cooperation Agency (KOICA) in Egypt has been cooperating with the MOEE's Cairo North Electricity Distribution Company on introducing the Smart Grid concept. A grant from KOICA was used to implement the first phase of the Smart Grid project at the Shubra power station with the assistance of a Korean private sector company. The second phase will be conducted by the same company using the revenues generated from the savings in phase one.

In recent years, there have been electricity shortages in Egypt during the summer because of heavy consumption and shortage of fuel and generating capacity. While supplies to household consumers were less affected in 2015 and 2016, this has often been at the expense of heavy industry, where natural gas supplies can be shut off for months as the state diverts nearly all fuel to electricity generation to meet peak summer power demand.

In 2015, the GOE concluded an emergency plan to increase installed generation capacity. Under the plan, GE installed 2.6 gigawatts (GW) to the grid. Germany's Siemens also signed an agreement with the GOE to deliver three combined-cycle power plants with a capacity of 4.8 GW each in the medium term; these plants will begin to go online in summer 2017 and will have a total capacity of 14.4 GW.

### Leading Sub-Sectors

- Smart metering
- Smart Grid Technologies
- Transmission lines
- Energy efficiency technologies
- Products and services related to power industries, transmission lines and electricity grid

### Opportunities

To meet increasing demand, MOEE is planning to add 51.3 GW to the current installed capacity over the next three to five years, which will be diversified between oil, gas, solar, wind, hydro and nuclear resources.

An Egypt-Saudi interconnection is expected to begin operations in 2017-2018, with a total capacity of 3 GW. A study on upgrading the interconnection voltage between Egypt and other North African countries has been carried out, but implementation could suffer long delays because of instability in Libya. Interconnection studies are ongoing for an Egyptian-European direct interconnection through Greece. In addition, Egypt is considering other projects for the Eastern Nile Basin and an Egypt/Sudan interconnection.

### Web Resources

[U.S. Commercial Service in Egypt](#)

[U.S. Embassy](#)

[Ministry of Electricity and Energy](#)

[New and Renewable Energy Authority](#)

[Egyptian Electricity Holding Co](#)

[Egyptian Electricity Transmission Co.](#)

[Ministry of Investment](#)

[General Authority for Investment and Free Zones](#)

[Egypt State Information Service](#)

[American Chamber of Commerce in Egypt](#)

[Egyptian Government Web Portal](#)

[Egyptian Businessmen's Association](#)

[Alexandria Business Association](#)

[Federation of Egyptian Industries](#)

Contact for the U.S. Commercial Specialist in charge of the electric power sector: Mai Abdelhalim, [Mai.Abdelhalim@trade.gov](mailto:Mai.Abdelhalim@trade.gov)

## **Medical Equipment Supplies**

### Overview

The healthcare sector in Egypt, although large compared to its Middle East counterparts, has been relatively stagnant over the past few years. However, there are a variety of investment opportunities, as the Egyptian government is very keen on expanding the healthcare industry, especially relating to medical devices, and plans 26 new hospitals. Healthcare expenditures are currently 3 percent of GDP, but will increase to 5 percent of GDP in 2017. According to Egypt's Five Year Macroeconomic Framework and Strategy (fiscal year 2014-15 through 2018-19), Egypt's 2016-17 health budget is EGP 51.6 billion (USD 2.84 billion), which is 6.5 percent of the national budget. The Egyptian government recently launched Insurance coverage for qualified Egyptians as a pilot project in seven governorates in Upper Egypt. This is the first step toward a national project. This project includes the upgrade of several hospitals and clinics to be able to provide adequate level of service to Egyptians.

Consumer healthcare grew by 14 percent in 2014 and spending was USD 23.4 billion. The World Bank estimates that the average life expectancy for Egyptians has increased from 69 to 73 from 2005 to 2010. The Ministry of Health operates 1,300 hospitals or 60 percent of hospital beds. Universities, the army and the private sector constitute the remaining 40 percent.

Egypt's medical device market is the second largest in the Middle East. Sales in medical devices totaled USD 25 million in 2016. As Egypt produces very little medical equipment, the vast majority of the market is supplied by imports, with just one Egyptian company producing a limited range of ultrasound scanners.

Technical medical equipment, such as radiography and ultrasound apparatus, vital statistic monitors, dialysis machines and laboratory microscopes are imported and distributed by a handful of companies who benefit from low import tariffs, the biggest of which, El Gomhoureya, is wholly owned by the government.

Private healthcare providers are thus limited in choice and price, and often choose to personally import the equipment they need, which, according to customs laws, must be brand new and unused to be allowed into the country. This can be a complicated process, yet nonetheless Egyptian physicians who travel abroad for conferences often acquire devices in this manner that are not offered by El Gomhoureya.

Formerly the Egyptian healthcare system was predominantly controlled by the government. In the past decade the private sector has taken a more active role as the standard of care in the public sector has declined. Though disposable income is generally low in Egypt, making unavoidable healthcare spending a serious expense for a majority of Egypt's citizens (estimated per

capita GDP was USD 3,840 in 2015), the majority of Egyptian patients prefer to use private healthcare facilities.

The Ministry of Health is currently undertaking a plan to build new hospitals and renovating and refurbishing existing medical facilities with new technologies and up-to-date equipment, especially in rural, under-served areas. The public sector is expected to account for the majority of expenditure growth in upcoming years because the government’s Healthcare Reform Program target of universal access to healthcare. The private sector's demand for sophisticated medical equipment is also growing.

Government pledges to improve healthcare have resulted in a recent boost in the purchase of medical devices, and similarly the proliferation of privately owned hospitals and clinics has steeply raised the demand for high-tech medical equipment in the last 10 years. It is estimated that the market for medical devices will be worth USD 950 million by 2016, and this is almost entirely made up of imports, as Egypt produces very little medical equipment.

Although there have been some improvements in the registration process, red tape remains a business impediment in Egypt. Also, working directly with the government bureaucracy is time consuming and the tender announcement process is not transparent.

Unit: USD Million

	2014	2015	2016	2017 (Estimated)
Total Market Size	930	934	938	950
Total Local Production	46	46	46	46
Total Exports	17	17	14	14

	2014	2015	2016	2017 (Estimated)
Total Imports	650	868	860	860
Imports from the U.S.	50	52	48	48

(Exchange rate used: 1 USD = LE 18.15. Values are in millions of U.S. dollars. Figures listed are unofficial estimates.) N.B. The Egyptian pound has been floated against the dollar, so the exchange rate is not fixed.

### Leading Sub-Sectors

Best sales prospects in medical equipment and supplies include, but are not limited, to the following categories:

- Diagnostic imaging equipment
- Oncology and radiology equipment
- Disposables
- Surgical and medical equipment
- ICU monitoring equipment
- Laboratory and scientific equipment
- Mobile clinics

### Opportunities

The Egyptian government prefers investing in preventative medicine, which is a specialty that caters to medical devices. According to the World Bank, less than 5 percent of total investments are allocated toward health services. Considering the strong demand and fewer barriers to the market, the medical device sector will be ripe for substantial economic growth in the midterm.

In line with the country's efforts to upgrade the overall healthcare system, it is expected that there will be opportunities in the long term for U.S. firms that can offer the following services:

- Construction, management, and rehabilitation of hospitals and rural healthcare facilities
- Emergency care (ambulatory) services
- Training programs for nurses and physicians
- Establishment of quality control of biological and laboratory centers
- Development of quality standards for hospitals, laboratories, and healthcare institutions
- Providing plans for regulator and accreditation bodies
- Training programs to include FDA–drug classification for government officials.

#### Web Resources

[U.S. Commercial Service in Egypt](#)

[U.S. Embassy](#)

[USAID](#)

[World Bank](#)

[American Chamber of Commerce in Egypt](#)

[Egyptian Government Web Portal](#)

[Ministry of Health & Population](#)

Contact for the Commercial Specialist in charge of the Healthcare Sector: Rania Mekhail, [Rania.Mekhail@trade.gov](mailto:Rania.Mekhail@trade.gov)

## Oil and Gas Equipment

### Overview

Oil and gas is one of the most dynamic industries in Egypt, and hydrocarbon production is by far the largest single industrial activity, representing approximately 16 percent of Egypt's GDP.

Egypt has significant energy resources, both in traditional fossil fuels and in renewable energy. Egypt's proven hydrocarbon reserves stood at 3.5 billion barrels of oil and 65.2 trillion cubic feet (tcf) of natural gas at the end of 2015. The Egyptian

government encourages international oil companies (IOC) to participate in the oil and gas sector, and currently more than fifty IOCs are operating in Egypt.

Egypt plays a vital role in international energy markets through the operation of the Suez Canal and Suez-Mediterranean (SUMED) pipeline. Expanded in 2015, the Suez Canal is an important transit route for oil and liquefied natural gas (LNG) shipments travelling southbound from North Africa and along the Mediterranean Sea to Asia. Fees collected from the operation of these two transit points are significant sources of revenue for the Egyptian government.

Egypt has the largest refinery capacity in Africa at a nominal 840,000 barrels per day, although it operates well below this capacity, with 522,000 barrels per day processed in 2015. Currently the government is updating existing refineries, and a new private-sector refinery is also set to begin production. Egypt plans to invest USD 14.5 billion developing its petrochemicals sector over the next five years. The petrochemical sector represents about 12% of industrial production and generates revenues totaling USD 7 billion, equivalent to nearly 3% of GDP.

The petroleum industry in Egypt is managed by the Ministry of Petroleum, under which five companies function as government agencies.

- 1- The Egyptian General Petroleum Corporation (EGPC)
- 2- Egyptian Natural Gas Holding Company
- 3- Egyptian Petrochemicals Holding Company
- 4- Ganoub El-Wadi Holding Company
- 5- Egyptian Geological Survey and Mining Authority

The Egyptian General Petroleum Corporation (EGPC) concludes concession agreements in cooperation with IOCs in the form of production sharing agreements (PSA). Egypt grants concessions in a specific area through the promulgation of a “special law” by the Egyptian Parliament.

Since the 1990s, the Egyptian government has enacted laws aimed at attracting international, regional and domestic investments. These laws sought to address the

regulations and procedures that hindered production and facilitated investment resolutions.

One of the challenges that continue to hamper international investors in Egypt's oil and gas sector is the long history of delayed payments from EGPC. While the government has made efforts to pay out the remaining backlog of arrears to IOCs in order to encourage more foreign partners to invest in exploration and development activities, the government still lags behind. The government has reduced arrears from a peak of USD 6.3 billion in 2013 to USD 3.2 billion as of Mar. 31, 2016.

The oil sector in Egypt has signed 73 oil and gas exploration deals with IOCs in the past three years, worth at least USD 15 billion, and signing bonuses of more than USD1 billion for the drilling of 306 wells. In May 2016, a new international bidding round was announced, including 11 blocks for Gulf of Suez and Western Desert.

GOE investment in natural gas was expanded by 33% in FY 2016, adding to an expansion of 32% the previous fiscal year. Crude oil projects did not see a similar favorable return on investment, but that is not to say the opportunities are not there in 2017, as several multinational firms announced commitments to increase their investment to total USD 10 billion over the next five years.

In August 2015, Italian Energy Company Eni made a supergiant gas discovery at its Zohr Prospect in the deep waters off Egypt's Mediterranean coast, with a potential 30 trillion cubic feet (tcf) of lean gas in a reservoir of about 100 square km. Zohr is the largest gas discovery ever made in Egypt or the Mediterranean Sea. The Ministry of Petroleum announced that early production will take place in December 2017, with startup up to 1,000 mmscfd to reach full production of 2,700 mmscfd in 2019.

### Leading Sub-Sectors

- Compressed Natural Gas (CNG) Technology and Peripherals
- Drilling Rigs and Related Equipment and Accessories

- Hi-tech Test and Measuring Equipment
- Liquefied National Gas (LNG) Related Technology
- Natural Gas Vehicles (NGV) Technology and Peripherals

## Opportunities

There are opportunities for U.S. companies in exploration activities, services, sub-contracting, procurement and engineering services, as well as good opportunities with petrochemical projects.

## Web Resources

[U.S. Commercial Service in Egypt](#)

[U.S. Embassy](#)

[The Egyptian Ministry of Petroleum](#)

[Ministry of Investment](#)

[General Authority for Investment and Free Zones](#)

[Egypt State Information Service](#)

[American Chamber of Commerce in Egypt](#)

[Egyptian Government Web Portal](#)

Contact for the Commercial Specialist in charge of the Energy sector: Mai Abdelhalim, [Mai.Abdelhalim@trade.gov](mailto:Mai.Abdelhalim@trade.gov)

## Renewable Energy

### Overview

Egypt possesses an abundance of land, sunny weather and high wind speeds, making it a prime location for renewable energy sources. The renewable equipment market is potentially worth billions of dollars. Egypt intends to supply 20 percent of generated electricity from renewable sources by 2022, with wind providing 12 percent, Hydro power 5.8 percent, and Solar 2.2 percent. The solar energy plan aims to install 3.5 GW by 2027; including 2.8 GW of PV (photovoltaic) and 700 MW of CSP (concentrated solar power). The strategy also plans to generate 7.2 GW (12 percent of generated electricity) from wind by 2022. The plan envisions significant private

sector involvement, noting that the private sector will take the lead on 67 percent of the plan. Over the next three to five years, the Ministry of Electricity and Renewable Energy plans to add 51.3 GW to current installed capacity.

The New & Renewable Energy Authority (NREA) plays a strategic role in the government's renewable energy plans. It currently has about 500 MW of wind power plants in operation and 1340 MW under implementation and development, and is expected to contribute substantially to the rapid expansion of wind power capacity. There are also three privately owned independent power producers (IPPs) with total generation capacity of about 2.5 GW, which started operations in 2002-2003 under 20-year long power purchase agreements with EEHC. The Egyptian government renewable energy plans for 2015-2023 include 3.2 GW of government projects; 1.25 GW under BOO mechanisms, and 920 MW as IPPs. In January 2017, Egypt selected 67 companies to take part in developing 4.3 GW of renewable energy projects; currently, pre-qualified companies are in the land-allocation process.

### **Wind Energy**

Egypt enjoys excellent wind along the Suez Gulf with an average wind speed of 10.5 m/sec, and Egypt is just one of 38 countries in the world with a published National Wind Atlas. The Government of Egypt is planning to provide 12 percent of generated electricity (6.8 GW) through generated wind energy by 2022.

Since 2001, a series of large-scale wind farms have been established, with total capacity of 550 MW, in cooperation with Germany (KfW), Denmark (DANIDA), Spain, and Japan (JICA). Implementation of the Spanish project in Jebel El Ziet took place in 2013 which clarifies the huge increase in Egypt imports for renewables that year, which were mainly wind generators imported from Spain.

In 2014 the implementation of a JICA wind project started with expectations to raise imports by USD 200 million. Another 540 MW project is under construction at Gulf of Suez, a 580 MW project is in financing also at the Gulf of Suez and a feasibility study is under way for a 200 MW project at West Nile. Additionally, more projects are under preparation in cooperation with Germany, AFD, EIB and EU (200 MW), MASDAR (200 MW), Germany and AFD (200 MW), and Japan (200 MW).

Recently, the GOE allocated an area of about 7,845 square kilometers in the Gulf of Suez region and the Nile Banks for NREA to implement additional wind energy projects.

### **Solar Energy**

Egypt's Solar Atlas states that Egypt is considered a "sun belt" country with 2,000 to 3,000 kWh/m<sup>2</sup>/year of direct solar radiation. The sun shines 9-11 hours a day from North to South in Egypt, with few cloudy days.

The first Solar Thermal Power Plant at Kuraymat was built in 2011. It has a total installed capacity of 140 MW, with solar share of 20 MW based on parabolic-trough technology integrated with a combined-cycle power plant using natural gas. The power plant is financed from the Global Environmental Facility (GEF) and the Japan Bank for International Development. A 10 MW power plant has been operating in Siwa since March 2015, and the remaining plants are expected to be implemented and operated consequentially in 2016.

### **Leading Sub-Sectors**

- Wind turbines
- Wind towers
- Photovoltaic panels and related technologies
- Concentrated solar power equipment and technologies

### **Opportunities**

In 2012, GOE approved the Egyptian Solar Plan, which includes adding 3.5 GW (2.8 GW CSP and 700 MW PV) of solar energy by 2027. The Ministry of Electricity and Renewable Energy signed seven memoranda of understanding worth USD 500 million for solar and wind projects in Egypt. GOE announced an interim target for the first regulatory period (2015-2017) to contract 4,300 MW of both solar and wind energy, and a feed-in tariff (FIT) which will allow Egypt to procure 4.3 GW of solar and wind power production by 2017. Its breakdown is as follows: 300 MW for small solar systems, 2,000 MW of medium- and large-size solar plants, 2,000 MW of medium- and large-size wind plants.

Egypt is also considering financing options to conduct feasibility studies for the following projects:

- Solar-thermal power plant using CSP technology for both electricity generation and water desalination. Solar-thermal power plant for industrial purposes.
- Designing a technical-financial mechanism to promote the use of solar water heaters in Egypt's residential sector. Local manufacturing of renewable energy equipment.

## Web Resources

[U.S. Commercial Service in Egypt](#)

[U.S. Embassy](#)

[Ministry of Electricity and Energy](#)

[New and Renewable Energy Authority](#)

[Egyptian Electricity Holding Co.](#)

[Egyptian Electricity Transmission Co.](#)

[Ministry of Investment](#)

[General Authority for Investment and Free Zones](#)

[Egypt State Information Service](#)

[American Chamber of Commerce in Egypt](#)

[Egyptian Government Web Portal](#)

Contact for the Commercial Specialist in charge of the Renewable Energy Sector: Mai Abdelhalim, [Mai.Abdelhalim@trade.gov](mailto:Mai.Abdelhalim@trade.gov)

## Safety and Security

### Overview

There is steady growth of the safety and security market in Egypt with continuous demand for specialized, state-of-the-art technology to manage security issues ranging from security for the general public to transparency of commercial

transactions. Increased demand, of 15-20 percent, is expected over the next few years.

The Egyptian government has set an objective to dramatically enhance its safety measures, which will require security upgrades of all airports, seaports and public facilities. Both the government and the private sector are reevaluating and upgrading security systems and technologies at all sites. Overall imports were about USD 470 million in 2016. The U.S. market share is about 20 percent (non-governmental).

Major buyers are government entities such as the Ministry of Interior, the Ministry of Defense and the Intelligence Department. The Ministry of Interior is doing its best to create new potential for investment in advanced security technology and development of the sector in Egypt. Police agencies have as a primary goal staying abreast of the latest innovations, and strive to be familiar with the various manufacturers and corporations operating in the field. Companies with a reputation for cutting-edge technologies will have an advantage here.

Although Egypt has always been a price-sensitive market, quality is also an important factor, particularly in this field. The main suppliers to the market are from France, Russia, Germany, Italy, the UK and the United States.

It is highly recommended that U.S. companies enter the market gradually using a well-established representative. Agents and distributors are well-positioned to deal with both public- and private-sector concerns. They are also responsible for finalizing the transaction and can coordinate after-sales service with the buyer.

Unit: USD million

	2014	2015	2016	2017 (estimated)
Total Market Size	N/A	N/A	N/A	N/A
Total Production	N/A	N/A	N/A	N/A
Local				

Total Exports	N/A	N/A	N/A	N/A
Total Imports	366	450	470	260
Imports from the U.S.	90	90	93	50
Exchange Rate: 1 USD	7.5	8.89	9.0	18.05

### Leading Sub-Sectors

- Bomb detection equipment and jamming equipment
- Border and perimeter control equipment
- Search and rescue equipment
- Surveillance equipment
- Armored vehicles
- Improvised explosive device (IED) detectors and diffusers

### Opportunities

#### Market Demand

The Egyptian market has always been receptive to U.S. safety and security products. Governmental, industrial and tourism sector entities are legally obliged to install certain security systems. Shops, stores, schools and small companies do not generally rely on security equipment. In some cases, safety equipment may be used, but most commercial entities are not obliged to install safety and security equipment.

The Egyptian security market requires sellers to have local expertise as well as advanced awareness of the global market. Successful participants have enhanced working knowledge of the government and its bureaucratic regulations. Although plans for security upgrades exist, these plans were in some cases significantly delayed by Central Bank restrictions on the availability and movement of foreign currency.

## Market Data

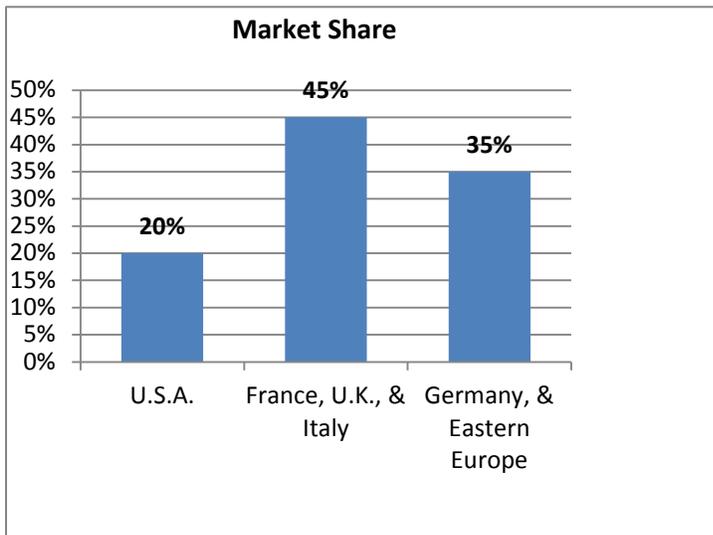
There are various ways for handling security products according to the place, sensitivity, nature of the target, security level needed, funding available, size of the project, rules and conditions for license and other factors. Generally, small projects with low-to-medium sensitivity levels are implemented via small in-country offices, which place direct procurement orders.

However, large projects with high-sensitivity levels may require more supervision in the design process, with cooperation from specialists in the Ministry of Interior, Intelligence Department, Ministry of Defense, and others. Product components of security systems may be obtained in the local market using direct procurement or a competitive bidding process, or they may be obtained totally via an open request for quotation (RFQ) issued by the Egyptian Procurement Office (EPO) in Washington, D.C.

Figures on defense spending are not released by the Egyptian government. However, various publications have estimated defense expenditures at approximately USD 5.5 billion in 2016. It is estimated that in 2017 defense expenditures will reach a total of USD 8 billion.

## Competition

The United States is very well known for its state-of-the-art technology, particularly in x-ray inspection machines and walk-through metal detectors. Sometimes European companies offer similar technologies without the need for an export license, limiting opportunities for U.S. companies. Also during the past two years U.S. companies have faced challenges obtaining export licenses for products sold to Egypt, leading to a decrease in market share.



French, British and Italian suppliers have captured 45 percent of the Egyptian market for complete lines of equipment. This is attributable to the fact that they operate through Egyptian agents. Another 35 percent belongs to Germany and Eastern Europe. The U.S. market share is about 20 percent (non-governmental).

There are numerous competitive factors, including, but not limited to, technological advancement, high quality and after-sale services (low-cost maintenance). U.S. products have a critical price advantage over European products. However, lengthy procedures in obtaining an export license disadvantages U.S. companies.

#### Prospective Buyers

There are three classes of end-users: governmental, industrial and commercial. Within the governmental sector, the Ministry of Interior and Ministry of Defense maintain the highest purchasing capacity.

The industrial sector includes oil and gas companies, chemical plants, manufacturing plants, ports and real estate contractors. The Ministry of Housing, Utilities & Urban Development requires these establishments to install fire-sensing and -detection equipment, fire alarm systems and extinguishing equipment. In addition, all public entities are legally obliged to install safety products. Some of the main commercial entities include banks, conference halls, hospitals, hotels, malls, museums, schools and universities, and theaters and entertainment facilities.

The market for security-sensing and -detection equipment is growing in Egypt, as both the Egyptian public and private sectors realize that such equipment enables them to combat security threats more effectively. As a result, prospects for future sales of high quality U.S. safety and security products, particularly sensing and detection equipment, are positive.

#### Web Resources

[U.S. Commercial Service in Egypt](#)

[U.S. Embassy](#)

[Ministry of Interior](#)

[Ministry of Defense](#)

[Ministry of Military Production](#)

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## Customs, Regulations & Standards

### Trade Barriers

#### Non-Tariff Trade Barriers

The Egyptian Minister of Industry and Trade issued a decree (992/2015) on Dec. 31, 2015, requiring foreign manufacturers of specific products to register for export with the Egyptian General Organization for Export and Import Control (GOEIC). This measure was superseded by a second decree (43/2016) on Jan. 16, 2016.

Under Decree 43/2016, listed products will only be allowed entry into the Egyptian market if they are registered by the owner of the manufacturing facility or the legal holder of the trademark in advance. This decree entered into force on Mar. 16, 2016.

#### Products for which registration is required:

- Milk and milk products for retail sale in packages of 2 kg or less
- Preserved and dried fruits for retail sale in packages of 2 kg or less

- Oils and fats for retail sale in packages of 2 kg or less
- Chocolate and food products containing cocoa for retail sale in packages of 2 kg or less
- Sugar confectioneries
- Pastries and food preparations of cereals, bread and bakery products
- Fruit juices for retail sale in packages of 10 kg or less
- Natural, mineral and carbonated water
- Make-up cosmetics, oral and dental care products, deodorants, toiletries and perfume preparations
- Soap and surfactants intended for use as soap, for retail sale
- Floor coverings
- Bath tubs, sinks, wash basins, toilets, toilet seats and covers thereof;
- Toilet paper, cosmetic paper, diapers, and towels
- Tableware, cutlery and kitchenware
- Table glassware
- Reinforced iron
- Household appliances (stoves, fryers, air-conditioners, fans, washing machines, blenders, heaters)
- Home and office furniture
- Regular bicycles, motorbikes, motorized bikes
- Watches
- Lighting devices for home use
- Toys
- Textiles, clothing, furnishing, carpets, blankets and footwear except personal protection equipment and medical use clothes
- Carpets
- Footwear

The product manufacturer, trademark owner or its legal representative may submit the application for registration in person or pre-check it online ([GOEIC](#)). U.S. exporters are encouraged to apply in person, through a local representative, if necessary, to ensure proper submission of the required documentation. All

documents submitted must be certified by the chamber of commerce at the location of issuance, legalized/notarized by the Egyptian embassy in the country of origin, and translated into Arabic.

In addition to the application form, the following documentation is required.

#### For factories:

Factories must submit a registration form together with the following documents:

- Certificate of the legal status and the license of the factory
- List of the manufacturer's products and its trademarks
- The trademark of the product and any licensed trademarks by the trademark owner
- A certificate to prove that the factory has a quality control system, issued by a body recognized by the International Laboratory Accreditation Cooperation (ILAC) or International Accreditation Forum (IAF) or from an Egyptian or foreign governmental entity approved by the Ministry of Foreign Trade.

#### For trademark owners:

Licensees must submit a registration form together with the following documents:

- A certificate to prove registration of the trademark and a list of products manufactured under this trademark
- A certificate from the trademark owner listing the distribution centers that are authorized to distribute products with this trademark
- A certificate to prove that the trademark owner has a quality-control system, issued by an entity recognized by the International Laboratory Accreditation Cooperation (ILAC) or International Accreditation Forum (IAF) or from an Egyptian or foreign governmental entity approved by the Ministry of Foreign Trade.

U.S. exporters of affected products must comply with all Egyptian laws and regulations to ensure customs clearance. Any products arriving after Mar. 16, 2016, will be subject to these requirements. Documents must be legalized at the local chamber of commerce and the Egyptian consulate or embassy.

For more information on documentation and registration to comply with the decree please contact: [Office.Cairo@trade.gov](mailto:Office.Cairo@trade.gov)

Useful Links:

[GOEIC Homepage](#)

[Ministerial Decree No. 992/2015](#)

[Ministerial Decree No. 43/2016](#)

For more information and help with trade barriers please contact:

International Trade Administration

Enforcement and Compliance

(202) 482-0063

[ECCommunications@trade.gov](mailto:ECCommunications@trade.gov)

[Enforcement and Compliance](#)

Service Barriers

**General Agreement on Trade in Services (GATS) Commitments**

Egypt restricts foreign equity in construction and transport services to 49 percent. In the computer services sector, larger contributions of foreign equity may be permitted, such as when the Ministry of Communication and Information Technology determines that such services are an integral part of a larger business model and will benefit the country. Egypt prohibits companies from employing non-nationals for more than 10 percent of their workforce. Limitations on foreign management also apply to computer-related services (60 percent of top-level management must be Egyptian after three years from the start-up date of the venture). A prohibition on the acquisition of land by foreigners for commercial purposes was amended in 2002 to allow such acquisition under certain circumstances.

## **Courier and Express Delivery Services**

Private courier and express delivery service suppliers seeking to operate in Egypt must receive special authorization from the Egyptian National Postal Organization (ENPO). In addition, although express delivery services constitute a separate for-profit, premium delivery market, private express operators are required to pay ENPO a "postal agency fee" of 10 percent of annual revenue from shipments under 20 kilograms. In 2010, ENPO requested private courier and express delivery services to pay a fee of EGP 5 (USD 0.83) on each imported consignment under 20 kilograms.

Civil Aviation Decree 607/2015 requires all courier and express delivery services to have at least 51% Egyptian ownership. Currently U.S. and European courier services operate in Egypt.

## **Transportation**

The GOE liberalized maritime and air transportation services in 1998. Since then, the Egyptian private sector has been conducting most maritime cargo activities, such as loading, supplying, ship repairs and container handling. Ninety percent of Egyptian trade moves through seaports. Egypt has 43 ports: 15 are commercial ports and 28 specialized ports, 11 serve the petroleum industry, 9 serve the mining industry, 5 serve the tourist industry, and 6 are used for commercial fishing. Seaports are located on both the Mediterranean and the Red Seas.

Forty percent of global oil shipments and over 10 percent of the world's trade passes through the Suez Canal. Political and economic unrest has raised concerns about the security of shipments in the Suez Canal area, and some shipping lines choose to bypass the area as a result, although the Egyptian military has taken full control of the Suez Canal area to protect Suez Canal transit.

Total containers handled in Egyptian ports was 6.5 million TEUs in 2015. Port Said handled 3.4 M TEU in 2015. The Port of Alexandria now handles about 65 percent of Egypt's trade. In 2015 the Port of Alexandria's handling capacity reached 49.8 million tons per year, up from 32 million tons per year in 2004. Recent renovations and improvements of the Port of Alexandria include: construction of deeper quays to

receive larger vessels; redesign of storage areas, warehouses, and associated infrastructure; installation of new fiber optic cables for data transmission; installation of a more automated cargo management system; and renovation of the passenger cruise ship terminal. While these renovations have resulted in a smoother flow of goods and services, the average time from arrival of a consignment to final release takes eight to nine days, including clearances by Customs and other agencies.

When shipments require approval from the General Organization for Export and Import Control (GOEIC), customs clearance takes from two to 20 days, depending on the type of cargo.

Egypt and the United States concluded an Air Transport Agreement in 1964. The countries have modified the agreement only twice since then, adding a security article in 1991, and in 1997 adding an amended route schedule, a limited agreement on cooperative marketing arrangements, and a safety article. The agreement remains restrictive and has no provisions for charter services. Private and foreign air carriers require approval of EgyptAir, the national carrier, to operate charter flights to and from Cairo. The United States remains interested in replacing the restrictive 1964 agreement with an Open Skies air services agreement.

EgyptAir joined the Star Alliance in July 2008 and entered into a code share agreement with United Airlines, operating the only direct link to the U.S., between Cairo International Airport and New York's John F. Kennedy Airport. EgyptAir has announced that it hopes to operate a direct flight between Cairo and Dulles International Airport in the near future.

A dedicated air cargo facility at Cairo International Airport serves as the main provider of airfreight services in the country. Five cargo terminals handle around 400,000 tons of cargo each year, 60 percent of which are exports from Egypt.

The airport sector requires significant upgrades, and the Government of Egypt plans to upgrade the airports of Cairo, Hurghada and Sharm El Sheikh, in addition to strengthening the security systems in all airports

## **Other Services Barriers**

Egypt maintains several other barriers to the provision of certain services by U.S. and foreign firms. Foreign motion pictures are subject to a screen quota, and distributors may import only five prints of any foreign film. According to Egyptian labor law, foreigners cannot be employed as export and import customs clearance officers, or as tourist guides.

## **Import Tariff**

On November 30, 2016, Presidential Decree 538/2016 was published in the official gazette, raising import tariffs for 364 tariff lines, including 53 lines of food and agricultural products. In the decree, the government described these goods as “provocative” or “unnecessary” - essentially luxury products. The food and agricultural items include fresh and dried fruits, chocolate and food preparations containing cocoa, crispbread, gingerbread, sweet biscuits, waffles and wafers, processed nuts, juices, and ice cream. Import tariffs for the majority of these lines were raised by 100 to 200 percent while the rest by 50, 125, 300, 500 and 700 percent.

According to a Cabinet’s spokesperson, the decree is intended to promote an environment that will attract investments, which would bring much-needed know-how to produce many more goods locally, substituting for imports that are a drain on the country’s foreign exchange reserves. U.S. exports of sugar confectionary (HS 170490), nuts and other seeds prepared or preserved (HS 200819), mixtures of fruits and nuts prepared or preserved (HS 20089910) and ice cream and other edible ice (HS 210500) would be the hardest hit.

In addition, Egypt’s Presidential Decree 25/2016, issued Jan. 26, 2016, raised import tariffs on a wide range of products, including household appliances, electronic devices, plastics, clothing, shoes, watches, as well as food for dogs and cats and some agricultural products. Among the agricultural products affected are fresh and

dried fruits and nuts, sugar cane and sugar beet and pet foods. The tariff increase will affect some U.S. exports to Egypt. U.S. exports of fresh apples and pears, for example, are subject to 40 percent tariffs, compared to 30 percent prior to the decree. U.S. dried nuts are now subject to 20 percent tariffs instead of 10 percent, and U.S. poultry continues to be subject to a duty of 30 percent. The decree also decreased the import tariff on goods such as raw cane and beet sugar (in solid form) by 2 percent to 20 percent and refined cane and beet sugar by 10 to 20 percent.

At the same time, the country maintains low applied import tariff rates on most other agricultural imports, levying a customs duty of 5 percent or less. Products from the European Union, such as apples, benefit from duty-free access, thanks to the EU-Egypt Free Trade Agreement (FTA). Egypt's agricultural import applied tariffs are set lower than the bound rate. Egypt levies prohibitive tariffs of 3,000 percent on alcoholic beverages. It also applies product specific duties of EGP 150 per net kilogram, equivalent to 211 percent, on tobacco and tobacco product imports.

For most U.S. food and agricultural exports, Egypt maintains import tariffs of 5 percent or less while U.S. processed and high-value exports face import tariffs of 30-40 percent. However, U.S. exports of wheat, beef and beef products, and cotton all continue to face sanitary, phytosanitary, and technical barriers to trade. Egypt maintains a de facto ban on imports of U.S. poultry parts, seed potatoes and feather meal.

For more information visit the [FAS website](#) and read the "Trade Policy Monitoring Report" for Egypt

### **Import Requirements & Documentation**

For an imported shipment to be accepted at Customs in Egypt, the shipment must have the following documents:

- **Commercial Invoice:** Two copies plus the original document are required. Legalization by the Egyptian consulate in the country of origin is required in most cases.

- **Certificate of Origin:** Two copies plus the original document are required. The Certificate of Origin must be authenticated by the Egyptian Consulate in the country of origin. Natural products are considered to originate in the country where the goods are extracted. The Certificate of Origin must bear a statement that the information given is true and correct to the best of the shipper's knowledge.
- **Packing List:** A packing list may be required by the consignee and is recommended in most cases.
- **Bill of Lading:** A bill of lading must show the name of the shipper, the address, and the number of bills of lading issued. There are no regulations specifying the form or number of bills of lading required for shipment. The number of bills of lading required depends upon the carrier.
- **Pro Forma Invoice:** This is an invoice required by the importer for submission along with the import license. It must show the country where the goods were manufactured.
- **Letter of Credit:** The Central Bank of Egypt advises all banks operating in Egypt that L/Cs must be covered 100 percent in cash by the importer, except for some food items. This replaces the previous procedure whereby banks and their clients reached their own agreements and usually covered 10-20 percent of an L/C's value. In general, the exporter may not ship the goods before the Egyptian bank has provided notification of the opening of a L/C. If the goods are shipped before the L/C is opened, the importer runs the risk of being fined up to a maximum of the value of the goods. If the importer does not bear the cost, then the exporter will have lost the value of such a shipment, and in the case of products with a limited shelf-life, the delay at Customs can mean that even if the exporter (e.g. a U.S. company) wanted to take back the shipment, it's no longer of any use. According to new regulations, the U.S. exporter must submit the invoice as well as export documentation to his bank and the U.S. bank should inform the Egyptian bank about a request to open the L/C. Import transactions are based on document collections. This should be bank to bank. Document collection incoming directly to clients will not be accepted.

- **Content Analysis of the Commodity:** Required for those products that may be subject to standards testing.

All certificates issued concerning the shipment of product, and the product description, must be countersigned by the Chamber of Commerce and notarized by the Egyptian Embassy or Consulate in the country of origin.

### Investment Barriers

Under the 1986 United States–Egypt Bilateral Investment Treaty (BIT), Egypt is committed to maintaining an open investment regime. The BIT requires Egypt to accord national and Most-Favored Nation (MFN) treatment (with certain exceptions) to U.S. investors, to allow investors to make financial transfers freely and promptly, and to adhere to international standards for expropriation and compensation. The BIT also provides outlines for binding international arbitration of certain disputes. Despite these assurances, in recent years U.S. pharmaceutical investors were repeatedly prevented from repatriating profits earned in Egypt.

Based on a review of Egypt’s investment policies, the OECD invited Egypt to join the OECD Declaration on International Investment and Multinational Enterprises. Egypt signed the Declaration in 2007, becoming the first Arab and first African country to join. During this process, Egypt agreed to review the restrictions on investors identified in the OECD’s 2007 Investment Policy Review of Egypt, such as certain limits in the tourism sector.

### Other Barriers

#### Pharmaceutical Price Controls

In 2009, the Ministry of Health and Population (MoHP) issued Decree 373 to replace Egypt’s “cost-plus” system of pharmaceutical pricing with a new “reference pricing” system that set the price of brand-name drugs in Egypt 10 percent lower than the lowest international sales price for the drug. The decree also sets a price

ceiling for generic drugs at 60-70 percent of the amount of the brand-name drug, which is higher than the average sales price for generics in Egypt.

In 2012 the decree was replaced by new pricing decree 499 using the same referencing system, with an increase of the pharmacy and distribution margins deducted from the ex-factory prices. The decree remains in force, though MoHP only enforces the reference pricing elements of the decree, but has not implemented pricing adjustments based on exchange rate fluctuations. Pharmaceutical companies have also not implemented the pharmacy or dealer compensation elements of the decree except for the products that enjoyed a price increase. Pharmaceutical companies are currently negotiating with MoHP to revise certain “reference pricing” elements of Decree 499.

### **Sanitary/Phytosanitary Standards**

Egypt has a complex array of sanitary and phytosanitary (SPS) measures and quality standards regulating its food imports. Inspection and testing procedures are often non-transparent. Its SPS and TBT measures are frequently not in compliance with Egypt’s WTO obligations and impede market access. U.S. poultry parts and offal, beef and beef products, wheat, soybeans, seed potatoes, and feather meal exports are impacted.

### **Anticompetitive Practices**

Under Egyptian competition law, a company holding 25 percent or more market share of a given sector may be subject to investigation if suspected of illegal or unfair market practices. The law is implemented by the Egyptian Competition Authority, which reports to the Ministry of Trade, Industry and Investment. However, the law does not apply to utilities and infrastructure projects, which are regulated by other governmental entities.

In 2008, Law 3 of 2005 on Protection of Competition and Prohibition of Monopolistic Practices was amended and passed by the People's Assembly under Law 190 of 2008. The amendment sets the minimum fine for monopolistic business practices at EGP 100,000 (USD 5,500) and the maximum at EGP 300 million (USD 16 million). It also provides for doubling the penalty in cases where violations are repeated. The first trial under both new laws involved a cement company, which was convicted in 2008 and fined EGP 200 million (USD 11 million), which was upheld on appeal.

### **Labeling/Marking Requirements**

Finished goods imported for distribution and sale in Egypt must be labeled in Arabic with the country of origin, the manufacturer's name and the product description. Specific additional requirements apply to foods, drugs and textiles.

Labels/stickers on imported cargo should contain all required information about the cargo. Importers are no longer permitted to fix printed labels to products after import.

Food imports face a number of labeling and packaging requirements. Poultry and meat products must be shipped directly from the country of origin to Egypt and sealed in packaging with details in Arabic both inside and outside the package. Appropriate packaging must be provided for food products. These should be clean and odorless to preserve the product and prevent damage. Production and expiration dates must be clearly displayed on the product's packaging in Arabic. The label must include:

- Name and address of manufacturer
- Brand or trademark (if applicable)
- Country of origin
- Type of product
- Name and address of importer
- Production and expiration dates
- Product use instructions (optional)
- Ingredients

- Storage instructions or storage temperature
- Net weight
- Gross weight and total number of packages per case or carton
- If preservatives are being used- percentages of each preservative must be indicated
- If meat or poultry, the statement that the meat "is slaughtered according to Islamic ritual or "Halal" must be included

For meat or poultry, all products must be in packaged and sealed bags. Labels must be inserted inside the package as well as on the outside. The label on the meat must include the following:

- Country of origin
- Producer's name and logo
- Name of slaughterhouse
- Slaughter date
- Name and address of importer
- Name of entity that issued the "Islamic slaughter" definition. The Egyptian Ministry of Health requires the batch number to be added to all consumer good products.

### Packaging requirements

Article 74 of Egypt's import and export regulations stipulates that the package should be fit for preserving the product, and the product should occupy the space of the container in full. If a container is wooden, the container itself should be accompanied by an official certificate that states it is free from wood-harmful pests and insects.

Data that appear on equipment, tools and machinery should be identical to those appearing on the package. The country of origin should be indicated on each item and be non-erasable. They should be accompanied with an Arabic-language catalogue indicating the following:

- An illustrative design of the parts

- Mode of assembly and operation
- Maintenance procedure
- Electrical circuits for electrical equipment
- Safety measures

Products prone to rust and corrosion should be painted with a special protective paint. Check that the labeling on the goods conforms to the current Egyptian labeling regulations for the product in question. Be aware that packaging and import description discrepancies can lead to payment default.

### Multiple product samples

Sampling and inspection duties are mainly carried out by GOEIC, however, some products may be subject to inspection by other relevant institutions. GOEIC has been authorized to assume inspection and certification functions without referral to any higher authority, but for the food industry, for example, there are several entities that have the right to take samples from any imported shipment:

- Radiation Department of the Ministry of Energy and Electricity
- Ministry of Health
- Ministry of Agriculture (Veterinary Office)
- Ministry of Trade, Industry, and Investment (Export and Import Control)

Each agency draws its own sample and tests it independently.

### Shelf-life standards and product specifications:

In 1994, the government issued a decree that all food products should have at least 50 percent of the established shelf life remaining at the time of importation into Egypt. Moreover, Egypt applies shelf life standards to certain non-food imports such as syringes and catheters. Milk and dairy products, meat and meat products, fish and fish products, and poultry and poultry products have a shelf life determined by the Egyptian Office of Standards (EOS). Exporters to Egypt must be aware that import and Customs procedures take a period of no less than two weeks; hence,

expiration dates must be at least twice that length of time.

## **U.S. Export Controls**

Egypt is not subject to special sanctions (such as those imposed on Sudan and Iran). Nevertheless, there are three aspects of U.S. export control regulations that should be considered in doing business with Egypt:

First, U.S. companies may not aid or abet the Arab League boycott of Israel. If there appears to be any request that might be in support of boycotts, companies should contact the Bureau of Industry and Security (BIS) in the U.S. Department of Commerce at <http://www.bis.doc.gov/index.htm>.

Second, BIS has a Denied Persons List and the Office of Foreign Assets Control (OFAC), U.S. Department of the Treasury, has a [Specially Designated Nationals List](#). Both of these lists can be checked online to ensure that the name of a prospective business partner is not on the lists.

Third, individual items may require specific export licenses. In particular, products used by the military and security professions, and high-technology equipment of interest to military and security services may be controlled commodities for export.

Contacting BIS will enable an exporter to determine if specific items require a license. If a specific license is required, one of the considerations will be the reliability of the end-user. Government agencies and companies with a solid business reputation are more likely to be granted a license.

## **The International Traffic in Arms Regulations (ITAR)**

The Department of State is responsible for the export and temporary import of defense articles and services governed by 22 U.S.C. 2778 of the Arms Export Control Act (AECA) and Executive Order 13637.

The International Traffic in Arms Regulations (ITAR) implements the AECA. The ITAR is available from the Government Printing Office (GPO) as an annual printed

copy or e-document publication as part of the Code of Federal Regulations (CFR) and as an updated e-document.

For more information please refer to the Department of State website at the following link: [International Traffic on Arm Regulations](#)

## Temporary Entry

In general, Egyptian customs allows for commercial samples and temporary imports for display purposes at officially recognized exhibitions or for sales promotion activities to enter the country duty-free, with the exception of goods that are cited on the list of prohibited imports. These goods are:

- Secondhand vehicles
- Bone-in-beef cuts
- Poultry parts
- Apparel
- Natural products, vitamins and food supplements
- Used and refurbished medical equipment

For more information on prohibited imports see [Prohibited and Restricted Imports](#).

Certain conditions do apply, however:

- Medical samples must comply with the rules for the importation of pharmaceuticals. Foodstuffs must comply with the relevant health regulations.
- In certain cases, goods imported on a temporary basis may be disposed of or sold in Egypt upon payment of the appropriate customs duty plus an extra tax of 10 percent per month after clearing customs.
- On re-exportation of goods imported under temporary import regulations, companies should ensure that correct documentation and return of the letter of guarantee is obtained from Egyptian Customs to avoid claims against the company later.

- Printed advertising materials, such as catalogs, posters, or films, may also be imported duty-free in small quantities.

## **Drawback System**

Exporters may also take advantage of the drawback system. This procedure is different from the temporary admission system in that full customs duties are paid on the imported materials and the manufacturer does not fill out a special form with Customs. However, there is a one-year time requirement to re-export these imports as part of a final product in order to have the right to reclaim the full amount of the duties paid as well as other taxes, such as the sales tax. There are bureaucratic challenges associated with both the drawback and the temporary entry systems. In particular exporters have experienced long waiting times for receipt of their tax rebates.

## **Prohibited & Restricted Imports**

### **Vehicles**

Egypt restricts the import of used passenger vehicles. Passenger vehicles may only be imported up to one year after the date of manufacture. Egyptian regulations allow foreign investors to import a vehicle duty-free for their private use in the year of manufacture, provided that approval is obtained from the Chairman of the General Authority for Investments and Free Zones (GAFI). In May 2014, the Egyptian Ministry of Trade and Industry issued a decree banning the importation of motorcycles and three-wheel vehicles, except for tricycles and chassis for trade. The decree bans the importation of CBUs (Completely Built Units) yet allows the importation of SKD (Semi Knocked Down) motorcycle chassis and engines. This ban remains in place today.

### **Beef and Beef Products**

In June 2014, Egypt made two notifications to the WTO TBT and SPS Committees—G/TBT/N/EGY/48 and G/TBT/N/EGY/63; and G/SPS/N/EGY/56 and G/SPS/N/EGY/57,

respectively – which amended Egypt’s meat and meat varieties standards by establishing a zero tolerance level for synthetic animal growth promotants (synthetic hormones) in foodstuffs of animal origin. The new regulations are not science based and not based on risk assessment as there is no scientific evidence that, in abundance with Codex MRLs, residues of synthetic hormones in beef present a health risk for consumers. In 2016, the United States exported USD 99,252 million of beef and beef varieties to Egypt.

### Poultry Parts

In 2005, Egypt banned the import of whole frozen poultry, parts and offal. In 2006, the ban was eased by restricting imports to whole frozen poultry, but continues to ban poultry parts and offal. To protect its domestic poultry industry, Egypt bans the import of poultry parts from all origins, including chicken leg quarters, claiming halal slaughter concerns. The concern over halal requirements is unfounded, as Egypt’s General Organization for Veterinary Services (GOVS) has already inspected and approved 22 U.S. poultry plants for export to Egypt. Inspection teams from GOVS have certified that U.S. slaughtering processes and food-safety measures are in accordance with halal practices. Opposition from domestic poultry producers blocks the import of more affordable, high quality U.S. poultry parts. As a result of the high cost of beef and beef products, lower- and middle-income Egyptians turn to poultry as an alternative protein source. Demand for poultry products outpaces supply, driving up prices beyond the reach of many lower-income consumers. The Foreign Agricultural Service (FAS) Cairo estimates the impact of the poultry ban on trade at approximately USD 100 million.

### Feather Meal

Ministry of Agriculture and Land Reclamation’s Decree 448 (Mar. 19, 2012) banned the import of heat-treated feather meal from all origins. Egypt cites contamination and nutritional value concerns as a justification for the ban. Although Egypt has notified the WTO, its notification omits references to it having similar concerns with its own domestic feather meal production. This ban is not science-based, contradicts OIE findings, and fails to meet Egypt’s WTO obligations. The OIE provides recommendations

for feather and poultry meals imports based on heat treatment. The OIE Terrestrial Animal Health Code (Chapter 10.4 on Avian Influenza, Article 24) recognizes that feather meal treated at sufficiently high temperatures ensures the elimination of the AI virus and other potential contaminants.

### Seed Potatoes

At present, Egypt imports seed potatoes exclusively from the EU, primarily the Netherlands and the UK. For five years, Egyptian and U.S. quarantine officials have worked on a bilateral market access package: concurrent market access for Egyptian oranges and tangerines to the United States and U.S. seed potatoes to Egypt. The U.S. has finalized its risk assessment for Egyptian citrus, and in February 2015 Egypt approved certified seed potato imports from the state of California, leaving 15 other U.S. states yet to be approved. The intent is to have market access requirements for seed potatoes finalized by 2017.

### Soybeans

Before 2017, Egypt applied zero tolerance for ambrosia weed seeds in soybean imports. In November 2016, the Government of Egypt (GOE) restructured its import procedures by issuing Prime Ministerial Decree No 2992 of 2016. The decree eliminated the zero-tolerance policy and allows maximum residue levels of up to 50 ppm (9-10 seeds per kilogram sample). The United States is challenging this regulation, requesting Egypt to accept processing as a means of mitigation for ambrosia weed seeds, which would negate the need for an MRL for ambrosia weed seeds. All soybean imports are used in processing for soybean oils and meals. The processing at the crushing facilities, which include sieving and heating, are sufficient to destroy any foreign materials, including ambrosia. The same practice is applied by most soybean importers around the world, including the EU. The EU accepts the processing done at a crushing facility as an acceptable mitigation practice.

The decree also declared the General Organization for Export and Import Control (GOEIC) as the lead authority for imported grain and soybeans inspections. The

Ministry of Trade and Industry's Decree No 24 of 2017 established the operational guidelines for the implementation of the aforementioned prime ministerial decree. Under the new rules, GOEIC became the sole government entity responsible for wheat, corn and soybean inspections at shipping origins and arrivals. For inspections at origin, GOEIC replaced the government's team of six inspectors, instead contracting the service to qualified international inspection companies.

Upon arrival, shipments are inspected by GOEIC's inspection teams. Importers must submit an import permit application to GOEIC, indicating the shipment's country of origin and the amount being imported. Approvals are to be issued within two working days of submission. Traders are optimistic about Egypt's new inspection system. The new process streamlines import regulation because instead of having to deal with up to three governmental bodies, at times at odds with each other, importers now need to engage with only one. The new system should result in lower costs, which will end up benefiting consumers.

### Medical Equipment and Supplies

The Ministry of Health (MoHP) prohibits the importation of used and refurbished medical equipment and supplies to Egypt. The ban does not differentiate between the most complex computer-based imaging equipment and the most basic of supplies. At present, even new medical equipment must be tested in the country of origin and proven safe before it will be approved for importation into Egypt. The importer must submit a form requesting the MoHP's approval to import medical equipment. The importer will also provide a certificate issued by official health authorities in the country of origin, indicating that the medical equipment, subject to importation, is safely used there.

The importer must also present an original certificate from the manufacturer indicating the production year of the equipment, and that the equipment is new. In addition, the importer must present a certificate of approval from the FDA or the European Bureau of Standards. The importer must prove it has a service center to provide after sales support for the imported medical equipment, including spare parts and technical maintenance. The MoHP's technical committee examines and

reviews the technical specifications of the equipment before granting approval for import. These regulations also apply to donated medical equipment.

### Pharmaceuticals and Nutritional Supplements

The Egyptian Ministry of Health prohibits the importation of natural products, vitamins and food supplements in their finished form. However, the Ministry of Health is currently looking at changing the multivitamins decree; this could lead to approved import of some multivitamin formulations into Egypt.

These items may be marketed in Egypt only through local manufacture under license, or by sending ingredients and premixes to a local pharmaceutical firm to be prepared and packed in accordance with Ministry of Health specifications. Only local factories are allowed to produce food supplements, and to import raw materials used in the manufacturing process.

In January 2017, the Egyptian parliament established the National Food Safety Authority (NFSA). Effective January 2018, the NFSA will assume the responsibilities for food safety currently held by as many as 40 government entities answering to multiple ministries.

The Nutrition Institute and the Drug Planning and Policy Center of the Ministry of Health register and approve all nutritional supplements and dietary foods. Approval takes from four months to one year. Importers must apply for a license for dietary products. The validity period of the license varies from one to five years, depending on the product. After the license expiration date, the importer must submit a new request for license renewal. License renewal costs about 3,000 EGP (USD 166). However, if a similar local dietary product is available in the market, registration for an imported product will not be approved.

### Customs Regulations

Current importing regulations require that every component of a product be inspected, regardless of the compliance history of the product, country of origin, exporter, shipper or importer. No import can be sold in Egypt without first proving

that it conforms to Egyptian standards if it is on the mandatory list. If there are no Egyptian standards that suit the imported product, then it must be defined using the standards of one of the international organizations that Egypt is affiliated with e.g. ISO, IEC and Codex Alimentarius.

In 2008, USAID assisted Customs in establishing a risk management system where commodities would be channeled into green (no inspection) or red (inspection) channels. Since January 2011, fewer commodities are being channeled through the green channel due to security concerns.

When a shipment arrives in Egypt, the Customs and Security Office conducts a security check for illegal products, and the importer presents Customs with the documentation required to clear the shipment. As described elsewhere in this report, certain categories of goods may not be imported into Egypt. Specific regulations apply to additional categories of goods, which may require registration of foreign factories and the products that they produce. After reviewing these documents, Customs either clears the shipments for release to the importer directly, or directs the consignment to other government entities for testing and inspection, coordinated by the General Organization for Export and Import Controls (GOEIC). In certain cases, the Egyptian military or security services may require additional laboratory tests of commodities beyond any testing previously required or performed in compliance with other laws and regulations. Custom duties are then assigned and are paid in Egyptian pounds.

Please see Standards Organizations and Conformity Assessment, for further inspection and standards determination issues affecting imported goods.

## Standards for Trade

### Overview

The official application of standards in Egypt began in 1957 when Presidential Decree 29 of 1957 established the Egyptian Organization for Standardization (EOS). In 2005, the name was changed to the Egyptian Organization for Standards and Quality.

Egypt has 8,500 standards, of which 5,000 are Egyptian technical regulations or mandatory standards. EOS reports that it harmonized mandatory standards with international standards, and that about 80 percent of its mandatory standards are based on standards issued by international institutions such as the Geneva-based International Organization for Standardization. In the absence of a mandatory Egyptian standard, Ministerial Decree 180 of 1996 allows importers to choose a relevant standard from seven international systems including ISO, European, American, Japanese, British, German, and for food, Codex standards.

Most of these specifications are optional except for those related to general health, public security and consumer protection. A ministerial decision issued by the Ministry of Trade, Industry and Investment is needed to require compliance to these specifications. Obligatory standards constitute around 15 percent of the total number of Egyptian specifications.

### Standards

There are three main official Egyptian governmental organizations involved in developing and enforcing the standards used and applied in Egypt:

#### Egyptian Organization for Standards and Quality Control (EOS)

The EOS was established in 1957 and is affiliated with the Ministry of Trade, Industry and Investment, and issues standards and technical regulations through a consultative process with other ministries and the private sector. Verification of compliance with standards and technical regulations is the responsibility of agencies including the Ministry of Health, the Ministry of Agriculture and, for imported

goods, the General Organization for Import Export Control (GOEIC) in the Ministry of Trade, Industry and Investment.

#### General Authority of Export and Import Control (GOEIC)

GOEIC is part of the Ministry of Trade, Industry and Investment. A 1999 Presidential Decree named GOEIC as the coordinator for all import inspections. GOEIC currently has 26 offices and laboratories located at all the major sea and airports for import inspection, as well as 11 others located throughout the country for export inspection. GOEIC is responsible for testing imported and exported products to ensure they meet EOS standards. Moreover, GOEIC may also indirectly generate standards through the use of an ad hoc technical committee. This committee provides recommendations for either creating or modifying a standard. These recommendations are then passed on to the Ministry of Trade, Industry and Investment to be authorized and formalized.

#### The National Institute for Standards (NIS)

NIS is part of the Ministry of Higher Education and Scientific Research. NIS is Egypt's primary standards laboratory. NIS is mostly concerned with measurements, testing, calibration, accreditation and consultation, and it also provides laboratory accreditation services.

#### NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at: [Notify U.S.](#)

#### Conformity Assessment

Current import regulations require that every component of a product be inspected, regardless of the compliance history of the product, country of origin, exporter,

shipper or importer. Imported products cannot be put up for direct sale on the Egyptian market without first conforming to Egyptian specifications or the standards of one of the international organizations that Egypt is affiliated with, e.g. ISO, IEC and Codex Alimentarius, if no Egyptian standard exists.

A conformity assessment problem which often takes place at the port of entry is a process called “standard creation at port.” When a new product enters the country that has not previously been imported, customs officials will often insist that there must be a written description or standard to qualify a product for import. Hence, even if there is no such standard for the new product, the customs inspectors will try to fit the product into a previously existing standards category. The EOS often tries to apply the same standards to products that seem to be “historically” common in nature.

Inspection and testing of imported goods will differ according to the nature of the consignment. Agricultural products, for example, are sent to special agricultural authorities in the Ministry of Agriculture for detailed chemical inspection. Industrial and manufactured commodities may be directed for control at the Ministry of Trade, Industry and Investment. Some medical products, for example, will be directed to the Ministry of Health, EOS and other accredited laboratories.

Inspection of all imported chemicals or “white powder” materials is directed by the General Organization for Export and Import Control (GOEIC) and conducted by laboratories authorized by GOEIC. Certificates of analysis performed previously or by other laboratories, or to demonstrate compliance of previous shipments will not be considered. Importers should abide by the following conditions and documents:

1. Issue a General Power of Attorney to the Customs clearance representative
2. Provide GOEIC with an original Safety Data Sheet
3. Provide GOEIC with a Ratification letter stamped by the bank, confirming the non-disposition of the consignment until a final analysis report is issued (which permits the shipment to be released under reservation)

4. If the consignment is LCL/FCL and mixed with other type of cargo, then the entire shipment may not be released under reservation.

It has been mandatory since the establishment of GOEIC that a sample be sent for laboratory analysis, usually for the sole purpose of classifying the product according to HS codes. This process is a vital procedure in cases where Customs is unsure about product classification and tariffs due. Therefore, a number of different entities have the right to take samples of the imported shipment for further inspection and testing.

A large number of items are repeatedly imported into Egypt. Previous rules specified that shipments must be tested to verify conformity to standards requirements, irrespective of whether the preceding shipments were accepted or rejected, meaning inspection and testing was repeated each time. For a period, the EOS used the past history of products, manufacturers, exporters and importers, in setting standards that are utilized by GOEIC for clearing imported goods. Under this system, a product underwent full inspection when it was first imported, and subsequent shipments required less rigorous testing to clear Customs.

### Accreditation

Presidential Decree 312 of 1996 established the Egyptian Accreditation Council (EGAC), a governmental organization, as the sole national body for the assessment and accreditation of conformity assessment bodies that perform testing/calibration (laboratories), and inspection and certification of products and systems as well as personnel. EGAC is headed by the Minister of Trade and Industry and governed by a board of 14 members, representing all stakeholders and concerned bodies.

### Publication of technical regulations

The Egyptian Accreditation Council (EGAC) plans to publish a directory for all the companies that have been accredited for ISO 9000 or ISO 14000 certificates.

The EOS library is the only library in Egypt specializing in the field of standard specifications and its related publications.

## Contact Information

Egyptian Organization for Standardization and Quality

16 Tadrib El Moalemeen St., Amirya, Cairo

Tel: +2-02) 2284-5528, +2-02-22845529, Fax: +2-02-22845504

Website: [EOS](#)

General Authority of Export and Import Control (GOEIC):

Airport Building, Heliopolis, Cairo

Hot Line: + 2-00-8006667666

Hot Line: 19591

Tel: +2-02-2266-9620/02, Fax: +2-02-2268-1731/02, +2-02-2266-6847/9342

Website: [GOEIC](#)

National Institute of Standards (NIS)

Tersa St., El-Haram, Giza

PO Box 136 Giza 12211

Tel: +2-02-3740-1113, +2-02-3388-9760, +2-010-0604-4616, Fax: +2-02-3386-7451

Website: [NIS](#)

U.S. Embassy Cairo

U.S. Commercial Service

Tel: +2-02-2797-2038, Fax: +2-02-2795-8368

Email: [office.cairo@trade.gov](mailto:office.cairo@trade.gov)

Website: [U.S. Commercial Service](#)

## Trade Agreements

Egypt is a signatory to several multilateral trade agreements:

- The General Agreement on Tariffs and Trade (GATT)
- The General Agreement on Trade in Services (GATS)
- European Union-Egypt Free Trade Agreement (Association Agreement)
- Free Trade Agreement with EFTA States
- Turkey-Egypt Free Trade Agreement
- Greater Arab Free Trade Area Agreement
- Agadir Free Trade Agreement among Egypt, Morocco, Tunisia and Jordan
- Egyptian-European Mediterranean Partnership Agreement
- The Common Market for Eastern and Southern Africa (COMESA)
- Pan Arab Free Trade Area (PAFTA)

Moreover, Egypt has signed several bilateral agreements with Arab Countries: Jordan (December 1999), Lebanon (March 1999), Libya (January 1991), Morocco (April 1999), Syria (December 1991), and Tunisia (March 1999). Additionally, in 1995, Egypt and China entered into a trade accord. Egypt also signed an economic treaty with Russia.

In June 2001, Egypt signed an Association Agreement with the European Union (EU) which entered into force on June 1, 2004. The agreement provided for immediate duty free access of Egyptian products into EU markets, while duty free access for EU products was phased in over a twelve-year period. In 2010, Egypt and the EU completed an agricultural annex to their FTA, liberalizing trade in over 90 percent of agricultural goods.

## **Web Resources**

[Commercial Service in Egypt](#)

[American Chamber of Commerce in Egypt](#)

[U.S. Embassy Cairo](#)

[U.S. Department of Commerce, Bureau of Industry and Security](#)

[U.S. Department of Commerce's Denied Persons List](#)

[U.S. Department of Treasury's Specially Designated National List](#)

[Egyptian Organization for Standards and Quality Control \(EOS\)](#)

[Ministry of Trade, Industry, and Investment](#)

[Egyptian Accreditation Council](#)

[Egypt's National Institute of Standards](#)

[Central Bank of Egypt](#)

[Egypt's Maritime Transport Sector](#)

## **Investment Climate Statement**

### **Executive Summary**

The Egyptian government understands that attracting foreign investment is key to addressing many of the economic challenges it faces, including low economic growth, high unemployment, current account imbalances, and hard currency shortages. Despite significant structural improvements since the floating of the Egyptian Pound (EGP) and the start of a three-year International Monetary Fund (IMF)-backed economic reform program in November 2016, Egypt's investment climate remains challenging.

The government continues to implement an economic reform agenda to address its fiscal and structural imbalances, which, in addition to floating the pound, has included the imposition of a new value added tax (VAT), fuel and electricity subsidy cuts, and a new civil service law. After establishing a more stable macroeconomic outlook, buttressed by IMF and other multilateral funds, a successful Eurobond issuance, and bilateral financing agreements, Egypt's government will focus on structural reforms to improve productive capacity, increase exports, and grow the economy. The next phase in its reform program will most likely include a new investment law and revised bankruptcy law, which should improve the ease of doing business and further increase clarity for foreign investors. The government is also hoping to attract significant international investment in several "mega projects" including a large-scale industrial and logistics zone around the Suez Canal, the creation of a new national administrative capital, a 1.5 million feddan (acre) agricultural land reclamation and development project, and the development of mineral extraction opportunities in a special 10,000 square kilometer zone.

Higher investor confidence and the restarting of Egypt's interbank foreign exchange (FX)

market since November 2016 has resulted in increased foreign portfolio investment and foreign reserves. Although FX is more available than before the floatation and the parallel market has all but disappeared, hard currency, especially for uses other than the import of commodities, can be difficult to access. Despite progress in working through the backlog in demand among companies for foreign exchange, investors report there can be delays of weeks to months for transfers of foreign exchange to be executed.

Egypt honors its laws, treaties, and trade agreements. It is party to 100 bilateral investment treaties, including a 1992 treaty with the United States, and is a member of the World Trade Organization (WTO), the Common Market for Eastern and Southern Africa (COMESA), and the Greater Arab Free Trade Area (GAFTA). In many sectors, there is no legal difference between foreign and domestic investors. Special requirements exist for foreign investment in particular sectors, such as upstream oil and gas development, where joint ventures are required, as well as real estate.

Egypt is a signatory to international arbitration agreements, although Egyptian courts do not always recognize foreign judgments. Dispute resolution is slow, with the time to adjudicate a case to completion averaging three to five years. Other obstacles to investment include excessive bureaucracy, regulatory complexity, a mismatch between job skills and labor market demand, slow and cumbersome customs procedures, and non-tariff trade barriers.

Labor rules prevent companies from hiring more than 10 percent non-Egyptians (25 percent in Free Zones), and foreigners are not allowed to operate sole proprietorships or simple partnerships. A foreign company wishing to import for trading purposes must do so through a wholly Egyptian-owned importer. Inadequate protection of intellectual property rights (IPR) is a significant hurdle in certain sectors to direct investment in Egypt. Egypt remains on the U.S. Trade Representative's Special 301 Watch List.

Table 1

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2016	108 of 176	<a href="http://transparency.org/research/cpi/overview">transparency.org/research/cpi/overview</a>
World Bank's Doing Business	2016	122 of 190	doingbusiness.org/rankings
Global Innovation Index	2016	107 of 128	globalinnovationindex.org/content/page/data-analysis page 19 – chapter 1 – The Global Innovation Index
U.S. FDI in partner country (\$M USD, stock positions)	2015	\$2.3 billion	<a href="http://www.bea.gov/international/factsheet/">http://www.bea.gov/international/factsheet/</a>
World Bank GNI per capita	2015	\$3,340	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">http://data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

## Openness to and Restrictions upon Foreign Investment

### Conversion and Transfer Policies

The floatation of the Egyptian Pound (EGP) in November 2016 and the reestablishment of Egypt's interbank foreign exchange (FX) market as part of the IMF program was the first major step in restoring investor confidence that immediately led to increased portfolio investment and may lead to increased FDI over the long term. As the government continues its economic reform agenda, a more stable macro-economic outlook should allow Egypt to focus on the structural reforms necessary to support strong economic growth. The next phase of reform will include a new investment law, a bankruptcy law and other reforms to reduce regulatory overhang and improve the ease of doing business. Successful implementation of these reforms should give greater confidence to foreign investors leading to increased FDI. Egypt's government has announced plans to improve its

business climate through investment promotion, facilitation, efficient business services and advocacy of investor friendly policies.

With a few exceptions, Egypt does not legally discriminate between nationals and foreign individuals in the formation and operation of private companies. The 1997 Investment Incentives Law was designed to encourage domestic and foreign investment in targeted economic sectors and to promote decentralization of industry away from the Nile Valley. The law allows 100 percent foreign ownership of investment projects and guarantees the right to remit income earned in Egypt and to repatriate capital. Despite this guarantee, companies have experienced difficulty remitting earned income.

The Tenders Law (law 89 of 1998) requires the government to consider both price and best value in awarding contracts and to issue an explanation for refusal of a bid. However, the law contains preferences for Egyptian domestic contractors, who are accorded priority if their bids do not exceed the lowest foreign bid by more than 15 percent.

The Capital Markets Law (law 95 of 1992) and its amendments and regulations govern Egypt's capital markets. Foreign investors can buy shares on the Egyptian Stock Exchange on the same basis as local investors. Foreign investors, both institutional and private, have reported difficulties obtaining hard currency for profit repatriation.

The General Authority for Investment (GAFI) is Egypt's investment promotion agency to facilitate foreign investment. GAFI is an affiliate of the Ministry of Investment (MOI) and the principal government body regulating and facilitating investment in Egypt. Although GAFI retains its traditional regulatory powers, today it is attempting to act as an effective, proactive investment promotion agency with

promotion, facilitation, business matchmaking, organizing events for Egyptian expatriates, investor aftercare, and research and market intelligence functions.

GAFI has developed a “One-Stop Shop” (OSS), designed to be Egypt’s one-stop shop for investment, easing the way for global investors looking for opportunities presented by Egypt's domestic economy and the nation's competitive advantages as an export hub for Europe, the Arab world and Africa. In addition to promoting Egypt's investment opportunities in various sectors, GAFI has announced new initiatives aimed at promoting the investment climate in Egypt including the adoption of new investment regimes (investment zones and special economic zones) and the establishment of the SME Entrepreneurial Center and Fund (Bedaya).

GAFI’s OSS was established to help investors obtain regulatory approval to facilitate start-up operations in Egypt. It has a mandate to coordinate with the 47 ministries and government agencies who control the issuance of the licenses and approvals required for the establishment of businesses in Egypt. Services offered through the OSS include: establishment services, legal services, technical services, governmental services, publication in Investment Gazette, and tax exemption services. Other services GAFI provides include:

- Advice and support to help in the evaluation of Egypt as a potential investment location;
- Identification of suitable locations and site selection options within Egypt;
- Assistance in identifying suitable Egyptian partners through the organization of business forums;
- Aftercare and dispute settlement services.

There are five OSS Branches, including Cairo (the main center), Alexandria, Ismailia, Asyut, and 10th of Ramadan City.

Egypt maintains ongoing communication with investors through formal business roundtables, investment promotion events (conferences and seminars), one-on-one investment meetings, and through the public [GAFI website](#).

### **Limit on Foreign Control and Right to Private Ownership and Establishment**

The Egyptian Companies Law does not set any limitation on foreigners, neither as shareholders nor as managers/board members, except for Limited Liability Companies where the only restriction is that one of the managers should be an Egyptian national. In addition, all companies, both foreign and domestic, are required to acquire a commercial and tax license. All foreign companies must pass a security clearance process. Although companies are able to operate while undergoing this often lengthy security screening, if it is rejected they must cease operations and undergo a lengthy appeals process. Businesses have cited instances where Egyptian clients were hesitant to engage in protracted business contracts with foreign businesses that have not yet received security clearance, and have expressed concern about seemingly arbitrary refusals, a lack of explanation when a security clearance is not issued, and a lengthy appeals process. Although the Government of Egypt has made progress streamlining the business registration process at the General Authority for Investment, lack of familiarity or experience working with foreigners has sometimes led to inconsistent and questionable treatment by banks and government officials, delaying registration.

Sector-specific limitations to investment include restrictions on foreign shareholding of companies owning lands in the Sinai Peninsula. Likewise, the Import-Export Law requires companies wishing to register in the Import Registry to be 51 percent owned and managed by Egyptians (the percent ownership was reduced from 100 to 51 percent by Presidential decree). In 2016, the Ministry of Trade prepared an amendment to the law allowing the registration of importing companies owned by foreign shareholders; as of April 2017, the law had not yet been submitted to Parliament.

Land/Real Estate Law 15 of 1963 explicitly prohibits foreign individual or corporate ownership of agricultural land (defined as traditional agricultural land in the Nile Valley, Delta and Oases). The ownership of land by foreigners is governed by three laws: Law No. 15 of 1963, Law No. 143 of 1981, and Law No. 230 of 1996. Law No. 15 stipulates that no foreigners, whether natural or juristic persons, may acquire agricultural land. Law No. 143 governs the acquisition and ownership of desert land. Certain limits are placed on the number of feddans (one feddan is equal to approximately one hectare) that may be owned by individuals, families, cooperatives, partnerships and corporations. Partnerships are permitted to own 10,000 feddans. Joint stock companies are permitted to own 50,000 feddans.

Under Law No. 230 non-Egyptians are allowed to own real estate (vacant or built) only under the following conditions:

- Ownership is limited to two real estate properties in Egypt that serve as accommodation for the owner and his family (spouses and minors) in addition to the right to own real estate needed for activities licensed by the Egyptian Government.
- The area of each real estate property does not exceed 4,000 m<sup>2</sup>.
- The real estate is not considered a historical site.

Exemption from first and second conditions is subject to the approval of the Prime Minister. Ownership in tourist areas and new communities is subject to conditions established by the Cabinet of Ministers. Non-Egyptians owning vacant real estate in Egypt must build within a period of five years from the date their ownership is registered by a notary public. Non-Egyptians cannot sell their real estate for five years after registration of ownership, unless the consent of the Prime Minister for an exemption is obtained.

[GAFI Business Laws](#)

## Other Investment Policy Reviews

Neither the Organization for Economic Cooperation and Development nor the World Trade Organization nor the United Nations Conference on Trade Development has conducted an investment policy review of Egypt in the past three years.

## Business Facilitation

The World Bank ranks Egypt among the easiest countries in the Middle East and North Africa in which to establish a business, although there are often significant delays obtaining required licenses, approvals, and permissions to engage in business after establishment. According to the World Bank, a business can be started in 8 days, compared to a regional average of 19 and a global average of 42. Business registration is unavailable online and must be done in person at the General Authority for Investment (GAFI), located in Nasr City, Cairo, or at GAFI's branch offices in Ismailia, Assyut, and Alexandria. In addition to administrative processes at GAFI, new business founders must open a company file and register employees at the National Authority of Social Insurance and obtain a bank certificate from an authorized bank in order to open a bank account. Businesses have reported registration times anywhere from 1-10 weeks. In addition to registering, businesses must obtain licenses authorizing business activity. Businesses have reported the time required to obtain business licenses ranges from 3-12 months.

The government seeks to facilitate the creation and operation of small and medium-sized enterprises (SME) in order to support job creation and entrepreneurship in Egypt. To support this government priority, the Central Bank of Egypt has directed banks present in Egypt to lend 20 percent of their loan portfolio to Egyptian SME's by the year 2020. In addition, microfinance institutions are now licensed and regulated by Egypt's non-bank financial regulator, the Egyptian Financial Services Authority (EFSA), in accordance with a new law to support lending to Egypt's smallest firms. The government defines small and medium-sized enterprises as follows: Enterprises with paid-up capital of less than 50,000 EGP and fewer than ten employees are classified as micro enterprises. Enterprises with paid-up capital

between 50,000 and 5 million EGP (for industrial establishments) or 50,000 and 3 million EGP (for non-industrial establishments) and fewer than 200 employees are classified as small enterprises. Enterprises with paid-up capital between 5 million and 10 million EGP (for industrial establishments) or 3 million and 5 million EGP (for non-industrial establishments) and fewer than 200 employees are classified as medium-size enterprises.

GAFI has an Arabic registration page on its website. Investors can create a username and password and interact with the Authority's staff to proceed with initial registration. Then, the investor must appear in person at GAFI to pay fees and receive incorporation documents. [GAFI Start a Business](#)

### **Outward Investment**

Egypt promotes and incentivizes outward investment. According to the FDI Markets database for the period from January 2003 to May 2015, outward investment featured the following:

- 64 Egyptian FDI projects were implemented by Egyptian companies. Estimated total value of projects, which employed some 41 thousand workers, was \$19.8 billion.
- Algeria, Saudi Arabia, United States, Georgia, Jordan, United Arab Emirates, Pakistan, Iraq, Sudan and Indonesia, respectively, received the largest sum of Egyptian outward investment in terms of total project value. Algeria, Saudi Arabia and the United States accounted for about 49 percent.
- The Orascom Group was the largest Egyptian company investing abroad, implementing 31 projects with total investment estimated to be \$9.5 billion.

The host country does not restrict domestic investors from investing abroad.

### **Bilateral Investment Agreement and Taxation Treaties**

Egypt has signed almost 100 bilateral investment agreements, including with Belgium, China, Finland, France, Germany, Greece, Italy, Japan, Libya, Luxembourg, Morocco, the Netherlands, Romania, Singapore, Sudan, Sweden, Switzerland,

Thailand, Tunisia, the United Kingdom, and the United States. The full list can be found at <http://investmentpolicyhub.unctad.org/IIA>. The U.S–Egypt Bilateral Investment Treaty provides for fair, equitable, and nondiscriminatory treatment for investors of both nations. The treaty includes provisions for international legal standards on expropriation and compensation; free financial transfers; and procedures for the settlement of investment disputes, including international arbitration.

In addition to bilateral investment agreements, Egypt is also a signatory to a wide variety of agreements covering trade issues. Egypt joined the Common Market for Eastern and Southern Africa (COMESA) in June 1998. In July 1999, Egypt and the United States signed a Trade and Investment Framework Agreement (TIFA). In June 2001, Egypt signed an Association Agreement with the European Union (EU) which entered into force on June 1, 2004. The agreement provided immediate duty free access of Egyptian products into EU markets, while duty free access for EU products was phased in over a 12-year period ending in 2016. In 2010, Egypt and the EU completed an agricultural annex to their FTA, liberalizing trade in over 90 percent of agricultural goods.

Egypt is also a member of the Greater Arab Free Trade Agreement (GAFTA), and a member of the Agadir Agreement with Jordan, Morocco, and Tunisia, which relaxes rules of origin requirements on products jointly manufactured by the countries for export to Europe. Egypt also has an FTA with Turkey, in force since March 2007, and an FTA with the Mercosur bloc of Latin American nations, which Egypt ratified in January 2013, but which is not yet in force. In 2004, Egypt and Israel signed an agreement to take advantage of the U.S. Government's Qualifying Industrial Zone (QIZ) program. The purpose of the QIZ program is to promote stronger ties between the region's peace partners, as well as to generate employment and higher incomes, by granting duty-free access to goods produced in QIZs in Egypt using a specified percentage of Israeli and local input. Under Egypt's QIZ agreement, Egypt's exports to the United States produced in

certain industrial areas are eligible for duty-free treatment if they contain a minimum 10.5 percent Israeli content.

The industrial areas currently included in the QIZ program are Alexandria, areas in Greater Cairo such as Sixth of October, Tenth of Ramadan, Fifteenth of May, South of Giza, Shobra El-Khema, Nasr City and Obour, areas in the Delta governorates such as Dakahleya, Damietta, Monofeya and Gharbeya, and areas in the Suez Canal such as Suez, Ismailia, Port Said, and other specified areas in Upper Egypt. Egyptian exports to the United States through the QIZ program have mostly been ready-made garments and processed foods. The value of the Egyptian QIZ exports to the United States was approximately \$851 million in 2015.

Egypt has a bilateral tax treaty with the United States. Egypt also has tax agreements with 59 other countries.

The Egyptian parliament passed and the government has implemented a value added tax (VAT) in late 2016, which took the place of the General Sales Tax, as part of the IMF loan and economic reform program. However, the Government decided to postpone the "Stock Market Capital Gains Tax" for three years as of early 2017. In 2016 there were a number of tax disputes between foreign investors and the government, but most of them were resolved through the Tax Department and the Economic Court.

## **Legal Regime**

### **Transparency of the Regulatory System**

The Egyptian government has made efforts to improve the transparency of government policy and support a fair, competitive marketplace. However, improving government transparency and consistency has proven difficult and reformers have faced strong resistance from entrenched bureaucratic and private interests. Significant obstacles continue to hinder private investment, including the often arbitrary imposition of bureaucratic impediments and the length of time needed to

resolve them. The impetus for positive change that the government reform agenda, strongly supported by the IMF loan program, is necessitating augurs well for improvement in policy implementation and transparency.

Enactment of laws is the purview of the parliament while executive regulations are the domain of line ministries. Under the Constitution, draft legislation can be presented by the President, the Cabinet, and any Member of Parliament. After submission, Parliamentary committees review and approve, including any amendments. Upon parliamentary approval, a judicial body reviews the legislation for constitutionality before referring it to the President for his approval. Although notice and full drafts of legislation are typically printed in the Official Gazette (similar to the Federal Register in the United States), in practice consultation with the public is limited. In recent years, the Ministry of Trade and other government bodies have circulated draft legislation among concerned parties, including business associations and labor unions. This has been a welcome change from previous practice, but is not yet institutionalized across the government.

While Egyptian parliaments have, historically held “social dialogue” sessions with concerned parties and private or civic organizations to discuss proposed legislation, it is unclear to which degree the current parliament, seated in January 2016, will adopt a more inclusive approach to social dialogue. Many aspects of the 2016 IMF program and related economic reforms stimulated parliament to engage more broadly with the public, marking some progress in this respect.

Accounting, legal and regulatory procedures are transparent and consistent with international norms. Egyptian Financial Supervisory Authority (EFSA) supervises & regulates all non-banking financial markets and instruments, including capital markets, futures exchanges, insurance activities, mortgage finance, financial leasing, factoring, securitization and microfinance. It issues rules that facilitate market efficiency and transparency. EFSA has issued legislation and regulatory decisions on non-banking financial laws “encyclopedia” which govern EFSA’s work and the entities under its supervision. ([Egyptian Financial Supervisory Authority](#))

The criteria for awarding government contracts and licenses are made available when bid rounds are announced and the process actually used to award contracts is broadly consistent with the procedural requirements set forth by law. Further, set-aside requirements for SME participation in GOE procurement are increasingly highlighted. There is a centralized online website where key regulations and laws are published.

[EFSA Laws](#)

[EFSA Laws](#)

The parliament, seated in early 2016, and the independent "Administrative Monitoring Authority" both ensure the government's commitment to follow administrative processes at all levels of government. Egypt does not have an online equivalent of the U.S. Federal Register and there is no centralized online location for key regulatory actions or their summaries.

No new regulatory system including enforcement reforms have been announced since the last ICS. In the time period covered by this report, Post is not aware of the full implementation any regulatory reform effort announced in prior years.

The Cabinet develops and submits proposed regulations to the President following discussion and consultation with the relevant ministry and informal consultation with other interest groups. Based on the recommendations provided in the proposal, including recommendations by the presidential advisors, the president issues "Presidential Decrees" that function as implementing regulations. Presidential decrees are published in the "Official Gazette" for enforcement.

The government agency responsible for enforcing the regulation leverages other departments for implementation across the government. Not all issued regulations are announced online. Theoretically, the enforcement process is legally reviewable.

Before a regulation is implemented, there is an attempt to properly analyze and thoroughly debate proposed legislation and rules using available scientific data. But

there are no laws requiring scientific studies or quantitative analysis of impacts of regulations. Not all public comments received by regulators are made public.

### International Regulatory Considerations

Egypt is not part of any regional economic block. Egypt follows its own norms and regulatory standards that have been influenced by its traditional trading partners including the United States and Europe. As part of its free trade agreement with the European Union, Egypt has recognized EU standards for imported goods. Egypt recognizes other international standards for certain imported products. For example, food and drugs imports are restricted to goods that have been approved by the following regulatory agencies: FDA, EMA, MHRA, Health Canada and TGA.

Egypt is a member of the WTO. The government has not always notified draft technical regulations to the WTO Committee on Technical Barriers to Trade. For example, the implementation date for controversial Decree 43/2016 did not leave adequate time for Egypt to receive and review comments or make any necessary changes to the measure. The comment period ended on April 1, 2016—two weeks after the decree's implementation.

### Legal System and Judicial Independence

Egypt's legal system is a civil codified law system based on the French model. If contractual disputes arise, claimants can sue for remedies through the court system or to seek resolution through arbitration. Egypt has written commercial and contractual laws. The country has a system of economic courts, specializing in private sector disputes that have jurisdiction over cases related to economic and commercial matters, including intellectual property disputes. The judiciary is an independent branch of the government.

Regulations and enforcement actions can be appealed through Egypt's courts, though appellants often complain about the very lengthy judicial process, which can often take years. To enforce judgments of foreign courts in Egypt, the party seeking to enforce the judgment must obtain an exequatur (a legal document issued by governments allowing judgements to be enforced). To apply for an exequatur, the

normal procedures for initiating a lawsuit in Egypt must be satisfied. Moreover, several other conditions must be satisfied, including ensuring reciprocity between the Egyptian and foreign country's courts and verifying the competence of the court rendering the judgment.

### Laws and Regulations on Foreign Direct Investment

Egypt's legal system is a civil codified law system. No specialized court exists for foreign investments.

In 2016, the Import-Export Law was revised to allow companies wishing to register in the Import Registry to be 51 percent owned and managed by Egyptians; formerly the law required 100 percent Egyptian ownership and management. In November 2016, the Supreme Investment Council also announced seventeen presidential decrees designed to spur investment or resolve longstanding issues. These include:

- Forming a “National Payments Council” that will work to restrict the handling of FX outside the banking sector;
- A decision to postpone for three years the capital gains tax on stock market transactions;
- Producers of agricultural crops that Egypt imports or exports will get tax exemptions;
- Five-year tax exemptions for manufacturers of “strategic” goods that Egypt imports or exports;
- Five-year tax exemptions for agriculture and industrial investments in Upper Egypt;
- Begin tendering land with utilities for industry in Upper Egypt for free as outlined by the Industrial Development Authority.

The Ministry of Investment has drafted a new Investment Law that has been discussed extensively with all stakeholders and is still under study. Drafts of new laws regarding Bankruptcy, Commercial Registration, and Companies' Law are also under discussion.

Egypt's investment law stipulates the establishment of a One-Stop-Shop (OSS) for investors at GAFI. The OSS's main functions are to (a) facilitate the procurement of business licenses, (b) offer technical advice and information to clients, (c) introduce a transparent and reasonable fee structure, and (d) improve the quality and timeliness of government related processes.

### [GAFI Press Releases](#)

### Competition and Anti-Trust Laws

The Egyptian Competition Authority (ECA) is the body tasked with ensuring free competition in the market and preventing anticompetitive practices. The Authority operates under the Egyptian Competition Law, which covers three categories of violations: (1) cartels; (2) abuse of dominance; and (3) vertical restraints. The ECA monitors the market, detects anti-competitive practices that are considered violations to the law, and takes measures to stop such violations. The Anti-Trust and Competition Protection Council (ACPC) monitors business practices of companies to ensure that they comply with the standards of the free market. The main challenges to competition in Egypt include a regulatory system that protects established companies and large companies, a significant informal sector, and the lack of availability of reliable information.

### Expropriation and Compensation

The Investment Incentives Law provides guarantees against nationalization or confiscation of investment projects under the law's domain. The law also provides guarantees against seizure, requisition, blocking, and placing of assets under custody or sequestration. It offers guarantees against full or partial expropriation of real estate and investment project property. The U.S.-Egypt Bilateral Investment Treaty also provides protection against expropriation. Private firms are able to take cases of alleged expropriation to court, but the judicial system can take several years to resolve a case.

## Dispute Settlement

### ICSID Convention and New York Convention

Egypt acceded to the International Convention for the Settlement of Investment Disputes (ICSID) in 1971 and is a member of the International Center for the Settlement of Investment Disputes, which provides a framework for the arbitration of investment disputes between the government and foreign investors from another member state, provided that the parties agree to such arbitration. Without prejudice to Egyptian courts, the Investment Incentives Law recognizes the right of investors to settle disputes within the framework of bilateral agreements, the ICSID or through arbitration before the Regional Center for International Commercial Arbitration in Cairo, which applies the rules of the United Nations Commissions on International Trade Law.

Egypt adheres to the 1958 New York Convention on the Enforcement of Arbitral Awards; the 1965 Washington Convention on the Settlement of Investment Disputes between States and the Nationals of Other States; and the 1974 Convention on the Settlement of Investment Disputes between the Arab States and Nationals of Other States. An award issued pursuant to arbitration that took place outside Egypt may be enforced in Egypt if it is either covered by one of the international conventions to which Egypt is party or it satisfies the conditions set out in Egypt's Dispute Settlement Law 27 of 1994, which provides for the arbitration of domestic and international commercial disputes and limited challenges of arbitration awards in the Egyptian judicial system. The Dispute Settlement Law was amended in 1997 to include disputes between public enterprises and the private sector.

Egypt's legal system is a civil codified law system. The judiciary is an independent branch of the government. To enforce judgments of foreign courts in Egypt, the party seeking to enforce the judgment must obtain an exequatur. To apply for an exequatur, the normal procedures for initiating a lawsuit in Egypt, and several other conditions must be satisfied, including ensuring reciprocity between the Egyptian

and foreign country's courts and verifying the competence of the court rendering the judgment.

Egypt has a system of economic courts specializing in private sector disputes that have jurisdiction over cases related to economic and commercial matters, including intellectual property disputes. Despite these provisions, business and investors in Egypt's renewable energy projects have reported significant problems resolving disputes with the Government of Egypt.

#### Investor-State Dispute Settlement

The U.S.-Egypt Bilateral Investment Treaty allows an investor to take a dispute directly to binding third-party arbitration. The Egyptian courts generally endorse international arbitration clauses in commercial contracts. For example, the Court of Cassation has, on a number of occasions, confirmed the validity of arbitration clauses included in contracts between Egyptian and foreign parties. There have been some claims by U.S. investors under this agreement.

Presidential Decree law No. 17 of 2015 added a new mechanism for simplified settlement of investment disputes aimed at avoiding the court system altogether. In particular, the law established a Ministerial Committee on Investment Contract Disputes, responsible for the settlement of disputes arising from investment contracts to which the State or a public or private body affiliated therewith, is a party. The decree also established a Complaint Committee to consider challenges connected to the implementation of Egypt's Investment Law. Finally, the decree established a Committee for Resolution of Investment Disputes that will review complaints or disputes between investors and the government related to the implementation of the Investment Law. In practice, Egypt's dispute resolution mechanisms are time-consuming but broadly effective. Businesses have, however, reported difficulty collecting payment from the government when awarded a monetary settlement.

Over the past 10 years, there have been several investment disputes that involved both U.S. persons and foreign investors. Most of the cases have been settled, though no definitive number is available. Local courts in Egypt recognize and enforce foreign arbitral awards issued against the government. There are no known extrajudicial actions against foreign investors in Egypt during the period of this report.

#### International Commercial Arbitration and Foreign Courts

Egypt allows mediation as a mechanism for alternative dispute resolution (ADR), a structured negotiation process in which an independent person known as a mediator assists the parties to identify and assess options and negotiate an agreement to resolve their dispute. GAFI has an Investment Disputes Settlement Center which uses mediation as an ADR.

The Economic Court recognizes and enforces arbitral awards. Judgments of foreign courts may be recognized and enforceable under local courts under limited conditions.

In most cases, domestic courts have found in favor of SOEs involved in investment disputes. In such disputes, non-government parties have often complained about the delays and discrimination in court processes.

There has been at least one reported instance of corruption within Egypt's arbitration system leading to a sham "award" and judicial procedures against a U.S. company. Delays in this case impeded swift resolution. The U.S. Embassy normally recommends that U.S. companies employ contractual clauses that specify binding international (not local) arbitration of disputes in their commercial agreements.

## Bankruptcy Regulations

As of April 2017, Egypt did not have a bankruptcy law per se, although Commercial Law 17 of 1999 includes a chapter on bankruptcy. The terms of the bankruptcy chapter are silent or ambiguous on several key issues crucial to the reduction of settlement risks. The Egyptian government has identified the lack of a functioning bankruptcy code as a significant impediment to investment. In 2015, in an attempt to help accelerate the bankruptcy process, the government amended Egypt's 1997 Investment Law, stipulating that if a company under liquidation has not received a statement of liquidation from the relevant administrative authorities within 120 days of the liquidator submitting the application, the company will be discharged from its liabilities. On January 4, 2017, the GOE Cabinet approved and submitted a draft bankruptcy bill to the parliament. When enacted, the law will speed up the restructuring and settlement of troubled companies. It will also replace the threat of imprisonment with fines in cases of bankruptcy.

In practice, the paperwork involved in liquidating a business remains convoluted and extremely protracted; starting a business is much easier than shutting one down. Bankruptcy is frowned upon in Egyptian culture and many businesspeople believe they may be found criminally liable if they declare bankruptcy.

## Industrial Policies

### Investment Incentives

Foreign investors can avail themselves of certain incentives under the 1997 Investment Incentives Law, which provides several guarantees and protections.

The 1997 Investment Incentives Law was designed to encourage domestic and foreign investment in targeted economic sectors and to promote decentralization of industry away from the Nile Valley. The law allows 100 percent foreign ownership of investment projects and guarantees the right to remit income earned in Egypt and to repatriate capital. Despite this guarantee, companies have experienced difficulty remitting earned income due to currency controls. Other key provisions include: guarantees against confiscation, sequestration, and nationalization; the right to own

land; the right to maintain foreign-currency bank accounts; freedom from administrative attachment; the right to repatriate capital and profits; and equal treatment regardless of nationality. Companies eligible to benefit from incentives provided under the Investment Incentives Law must operate in certain targeted sectors, including: infrastructure; manufacturing and mining; transport; software development; medical services; certain financial services; oil field services; agriculture; reclamation of desert land; hotels; and tourism. Other incentives for projects falling within the scope of this law include:

- Projects are exempted from certain labor requirements of the Egyptian Companies Law and the Labor Law.
- Foreign experts' salaries are exempted from income tax if their stay in Egypt is shorter than one year.
- Projects are subject to a flat rate of 5 percent in customs duties on imported equipment and machinery.
- Projects are exempt from stamp duties and notarization fees for 3 years from the date of registration with the commercial register.
- Projects are exempt from all registration and notarization charges normally levied.

The Tenders Law (Law 89//1998) requires the government to consider both price and best value in awarding contracts and to issue an explanation for refusal of a bid. However, the law contains preferences for Egyptian domestic contractors, who are accorded priority if their bids do not exceed the lowest foreign bid by more than 15 percent.

Decree No. 719//2007 by the Ministry of Industry and Foreign Trade and Ministry of Finance provides incentives for industrial projects in the governorates of Upper Egypt (Upper Egypt refers to governorates in southern Egypt). The decree provides an incentive of LE 15,000 (approx. US\$850) for each job opportunity created by the project, on the condition that the investment costs of the project exceed LE 15

million (approx. US\$850,000). The decree can be implemented on both new and on-going projects.

### Foreign Trade Zones/Free Ports/Trade Facilitation

Public and private free zones are authorized under the Investment Incentive Law and are established by a decree from GAFI. Free zones are located within the national territory, but are considered to be outside Egypt's customs boundaries, granting firms doing business within them more freedom on transactions and exchanges. Companies producing largely for export (normally 80 percent or more of total production) may be established in free zones and operate in foreign currency. Free zones are open to investment by foreign or domestic investors. Companies operating in free zones are exempted from sales taxes or taxes and fees on capital assets and intermediate goods. The Legislative Package for the Stimulation of Investment, issued in 2015, stipulated a 1 percent duty paid on the value of commodities upon entry for storage projects and a 1 percent duty upon exit for manufacturing and assembly projects.

There are currently 10 public free zones in operation in the following locations: Alexandria, Damietta, East Port Said Port Zone, Ismailia, Qeft, Media Production City, Nasr City, Port Said, Shebin el Kom, and Suez. Private free zones may also be established with a decree by GAFI but are usually limited to a single project. Export-oriented industrial projects are given priority. There is no restriction on foreign ownership of capital in private free zones.

In 2015, limits were introduced on energy-related free zone investments, and licenses will not be granted in free zones for projects in the following sectors: fertilizers; oil and steel; petroleum; natural gas production, liquefaction and transport; or other energy intensive industries.

The Special Economic Zones (SEZ) Law 83//2002 allows establishment of special zones for industrial, agricultural, or service activities designed specifically with the

export market in mind. The law allows firms operating in these zones to import capital equipment, raw materials, and intermediate goods duty free. Companies established in the SEZs are also exempt from sales and indirect taxes and can operate under more flexible labor regulations. The first SEZ was established in the northwest Gulf of Suez.

Law 19//2007 authorized creation of investment zones, which require Prime Ministerial approval for establishment. The government regulates these zones through a board of directors, but the zones are established, built, and operated by the private sector. The government does not provide any infrastructure or utilities in these zones. Investment zones enjoy the same benefits as free zones in terms of facilitation of license-issuance, ease of dealing with other agencies, etc., but are not granted the incentives and tax/custom exemptions enjoyed in free zones. Projects in investment zones pay the same tax/customs duties applied throughout Egypt. The aim of the law is to assist the private sector in diversifying its economic activities.

Progress is continuing on establishing the Suez Canal Economy Zone, originally announced by the Government of Egypt in 2014. The zone, a major industrial and logistics services hub built along the Suez Canal, is expected to include upgrades and renovations to ports located along the Suez Canal corridor, including West and East Port Said, Ismailia, Suez, Adabiya, and Ain Sokhna. The government has invited foreign investors to take part in the project, which is expected to be built in several stages, the first of which is scheduled to be completed by 2020. Reported areas for investment include maritime services like ship repair services, bunkering, vessel scrapping and recycling; industrial projects, including pharmaceuticals, food processing, automotive production, consumer electronics, textiles, and petrochemicals; IT services such as research and development and software development; renewable energy; and mixed use, residential, logistics, and commercial developments. Website for the [Suez Canal Development Project](#).

## Performance and Data Localization Requirements

Egypt does have rules on national percentages of employment. Egypt also has onerous visa and work permit issues that in this reporting period has led to at least one large foreign investor to move its MENA headquarters and 600 expat staff to a third country in the region. Application of these provisions that restrict access to foreign worker visas has been inconsistent. The government plans to phase out visas for unskilled workers, but as yet has not. For most other jobs, employers may hire foreign workers on a temporary six-month basis, but must also hire two Egyptians to be trained to do the job during that period. Only jobs where it is not possible for Egyptians to acquire the requisite skills will remain open to foreign workers. Application of these regulations is inconsistent. The Labor Law allows Ministers to set the maximum percentage of foreign workers that may work in companies in a given sector. There are no such sector-wide maximums for the oil and gas industry, but individual concession agreements may contain language establishing limits or procedures regarding the proportion of foreign and local employees.

No performance requirements are specified in the Investment Incentives Law, and the ability to fulfill local content requirements is not a prerequisite for approval to set up assembly projects. In many cases, however, assembly industries still must meet a minimum local content requirement in order to benefit from customs tariff reductions on imported industrial inputs.

Decree 184//2013 allows for the reduction of customs tariffs on intermediate goods if the final product has a certain percentage of input from local manufacturers, beginning at 30 percent local content. As the percentage of local content rises, so does the tariff reduction, reaching up to 90 percent if the amount of local input is 60 percent or above. In certain cases, a minister can grant tariff reductions of up to 40 percent in advance to certain companies without waiting to reach a corresponding percentage of local content. In 2010, Egypt revised its export rebate system to provide exporters with additional subsidies if they used a greater portion of local raw materials.

Manufacturers wishing to export under trade agreements between Egypt and other countries must complete certificates of origin and local content requirements contained therein. Oil and gas exploration concessions, which do not fall under the Investment Incentives Law, do have performance standards, which are specified in each individual agreement and which generally include the drilling of a specific number of wells in each phase of the exploration period stipulated in the agreement.

Egypt does not impose localization barriers on IT firms. Egypt does not make local production a requirement for market access, does not have local content requirements, and does not impose forced technology or IP transfers as a condition of market access. But there are exceptions where the government tries to impose controls by requesting access to a company's servers located offshore, or request servers to be located in Egypt and thus under the government's control. Companies not complying with such requests have found it impossible to continue operations.

## **Protection of Property Rights**

### **Real Property**

The Egyptian legal system provides protection for real and personal property. Laws on real estate ownership are complex and titles to real property may be difficult to establish and trace. According to the World Bank's 2016 [Doing Business Report](#), Egypt ranks 111 of 189 for ease of registering property.

A National Title Registration Program introduced by the Ministry of State for Administrative Development has been implemented in nine areas within Cairo. This program is intended to simplify property registration and facilitate easier mortgage financing. Real estate registration fees, long considered a major impediment to development of the real estate sector, are capped at no more than EGP 2000 EGP (US\$110), irrespective of the property value. In November 2012, the government postponed implementation of an enacted overhaul to the real estate tax and as of April 2017 no action has been taken.

Foreigners are limited to ownership of two residences in Egypt and specific procedures are required for purchasing real estate in certain geographical areas.

The mortgage market is still undeveloped in Egypt, and in practice most purchases are still conducted in cash. Real Estate Finance Law 148//2001 authorized both banks and non-bank mortgage companies to issue mortgages. The law provides procedures for foreclosure on property of defaulting debtors, and amendments passed in 2004 allow for the issuance of mortgage-backed securities. According to the regulations, banks can offer financing in foreign currency of up to 80 percent of the value of a property.

Presidential Decree 17/2015 permitted the government to provide land free of charge, in certain regions only, to investors meeting certain technical and financial requirements. This provision expires on April 1, 2020 and the company must provide cash collateral for five years following commencement of either production (for industrial projects) or operation (for all other projects).

The ownership of land by foreigners is governed by three laws: Law 15//1963, Law 143//1981, and Law 230//1996. Law No. 15 stipulates that no foreigners, whether natural or juristic persons, may acquire agricultural land. Law No. 143 governs the acquisition and ownership of desert land. Certain limits are placed on the number of feddans (one feddan is equal to approximately one hectare) that may be owned by individuals, families, cooperatives, partnerships and corporations. Partnerships are permitted to own up to 10,000 feddans. Joint stock companies are permitted to own up to 50,000 feddans.

Partnerships and joint stock companies may own desert land within these limits, even if foreign partners or shareholders are involved, provided that at least 51 per cent of the capital is owned by Egyptians. Upon liquidation of the company,

however, the land must revert to Egyptian ownership. Law 143 defines desert land as the land lying two kilometers outside city borders. Furthermore, non-Egyptians owning non-improved real estate in Egypt must build within a period of five years from the date their ownership is registered by a notary public. Non-Egyptians may only sell their real estate five years after registration of ownership, unless the consent of the Prime Minister for an exemption is obtained.

### Intellectual Property Rights

Egypt was on the Special 301 Watch List in 2016 and has been recommended for Watch List status in 2017 (Note: The annual Special 301 Report is published in late April and can be found at: <https://ustr.gov/issue-areas/intellectual-property/Special-301>). Egypt's IPR legislation generally meets international standards, but is weakly enforced, which is a major hurdle to direct investment. Shortcomings in the IPR environment include infringements to copyrights and patents, particularly in the pharmaceuticals sector.

Book, music, and entertainment software piracy is prevalent in Egypt, and a significant portion of the piracy takes place online. American film studios represented by the Motion Pictures Association of America are concerned about the illegal distribution of American movies on regional satellite channels, whose signal is widely stolen.

Multinational pharmaceutical companies complain that local generic drug-producing companies infringe on their patents. Delays and inefficiencies in processing patent applications by the Egyptian Patent Office compound the difficulties pharmaceutical companies face in introducing new drugs to the local market. The Egyptian government's convoluted bureaucratic structure represents a third barrier that must be overcome by pharmaceutical companies seeking to do business in Egypt. For example, the Ministry of Health has the power to issue permits for the sale of drugs, but generally issues these permits without cross-checking patent filings. The result is that a company which does not hold patent

rights to a certain drug can be given the right to sell that drug in Egypt.

Law 82/2002 reflects the provisions of the TRIPs Agreement. Article 69 of Egypt's 2014 constitution mandates that a "specialized body" be established to ensure IPR protection; however, such a body meets only on an ad hoc basis. The Egyptian Customs Authority (ECA) handles IPR enforcement at the national border and the Ministry of Interior's Department of Investigation handles domestic cases of illegal production. The ECA cannot act unless the trademark owner files a complaint. Moreover, Egypt's Economic Courts often take years to reach a decision on IPR infringement cases.

ECA's customs enforcement also tends to focus on protecting Egyptian goods and trademarks. The ECA is taking steps to adopt the World Customs Organization's (WCO) Interface Public-Members *platform*, which allows customs officers to detect counterfeit goods by scanning a product's barcode and checking the WCO trademark database system.

For additional information about treaty obligations and points of contact at local IP offices, please see [WIPO Country Profiles](#).

IPR Contact at Embassy Cairo:

Joon Lee

Economic Officer

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[LeeCJ1@state.gov](mailto:LeeCJ1@state.gov)

## Financial Sector

### Capital Markets and Portfolio Investment

The Egyptian Stock Exchange (EGX) is Egypt's registered securities exchange. By the end of 2016, more than 270 companies were listed on the EGX with well over 500 billion EGP in total valuation. There are more than 500,000 investors registered to trade on the exchange. Stock ownership is open to foreign and domestic individuals and entities. The government of Egypt issues dollar-denominated and Egyptian pound-denominated debt instruments. Ownership is open to foreign and domestic individuals and entities. The government has developed a positive outlook toward foreign portfolio investment, recognizing the need to attract foreign capital to help develop the Egyptian economy.

The Capital Market Law 95//1992, along with the Banking Law of 2003, constitutes the primary regulatory frameworks for the financial sector. The law grants foreigners full access to capital markets, and authorizes establishment of Egyptian and foreign companies to provide underwriting of subscriptions, brokerage services, securities and mutual funds management, clearance and settlement of security transactions, and venture capital activities. The law specifies mechanisms for arbitration and legal dispute resolution and prohibits unfair market practices. Law /2009 created the Egyptian Financial Supervisory Authority (EFSA) and brought the regulation of all non-banking financial services under its authority.

Settlement of transactions takes one day for treasury bonds and two days for stocks. Although Egyptian law and regulations allow companies to adopt bylaws limiting or prohibiting foreign ownership of shares, virtually no listed stocks have such restrictions. A significant number of the companies listed on the exchange are family-owned or dominated conglomerates, and free trading of shares in many of these ventures, while increasing, remains limited. Companies are de-listed from the exchange if not traded for six months.

The Higher Investment Council extended the suspension of capital gains tax for three years, until 2020 as part of efforts to draw investors back. In March 2017, the government announced plans to impose a stamp duty on all stock transactions with a duty of 0.125 percent on all buyers and sellers starting in May 2017, followed by an increase to 0.150 percent in the second year and 0.175 percent thereafter. Egypt's new stamp duty on stock exchange transactions will include for the first time a 0.3 percent levy for investors acquiring more than a third of a company's stocks.

Foreign investors can access Egypt's banking system by opening accounts with local banks and buying and selling all marketable securities with brokerages. The government has repeatedly emphasized its commitment to maintaining the profit repatriation system to encourage foreign investment in Egypt, especially since the pound floatation and implementation of the IMF loan program in November 2016. The current system for profit repatriation by foreign firms requires sub-custodian banks to open foreign and local currency accounts for foreign investors (global custodians), which are exclusively maintained for stock exchange transactions. The two accounts serve as a channel through which foreign investors process their sales, purchases, dividend collections, and profit repatriation transactions using the bank's posted daily exchange rates. The system is designed to allow for settlement of transactions in fewer than two days, though in practice some firms have reported significant delays in repatriating profits due to problems with availability. Foreign firms and individuals continue to report delays in repatriating funds and problems accessing hard currency for the purpose of repatriating profits.

The Egyptian credit market, open to foreigners, is vibrant and active. Repatriation of investment profits is still difficult; as there is not always enough available hard currency to execute FX trades. But the floatation of the Pound has made trading easier, given the re-establishment of the interbank foreign currency trading system.

### Money and Banking System

Benefitting from the nation's increasing economic stability over the past year, Egypt's banks have enjoyed both ratings upgrades and continued profitability. Thanks to economic reform, a new floating exchange system and talk of new

investment legislation, the project finance pipeline is recovering after a period of lower activity. Banking competition is improving to serve a largely untapped retail segment and the nation's challenging, but potentially rewarding, small and medium-sized enterprise (SME) segment. The Central Bank of Egypt (CBE) has mandated that 20 percent of bank loans go to SMEs within the next four years. Also, with only 14 percent of Egypt's adult population owning or sharing an account at a formal financial institution (according to a 2014 survey by the World Bank and Gallup), the banking sector has potential for growth and higher inclusion, which the government and banks discuss frequently. A low median income plays a part in modest banking penetration.

Egypt's banking sector is generally regarded as healthy and well-capitalized, due in part to its deposit-based funding structure and ample liquidity. Analysts estimate that approximately 8 percent of the banking sector's loans are non-performing. However, since 2011, a high level of exposure to government debt, accounting for over 40 percent of banking system assets, at the expense of private sector lending, has reduced the diversity of bank balance sheets and crowded out domestic investment. Given the floatation of the pound and restart of the interbank trading system, Moody's and S&P have upgraded the outlook of Egypt's banking system to stable from negative to reflect improving macroeconomic conditions and ongoing commitment to reform.

Forty banks operate in Egypt, including several foreign banks. The CBE has not issued a new commercial banking license since 1979. The only way for a new commercial bank, whether foreign or domestic, to enter the market (except as a representative office) is to purchase an existing bank. To this end, in 2013, QNB Group acquired National Société Générale Bank Egypt (NSGB). That same year, Emirates NBD, Dubai's largest bank, bought the Egypt unit of BNP Paribas. In 2015, Citibank sold its retail banking division to CIB Bank. In 2016, Egypt indicated a desire to partially (less than 50 percent) privatize at least two of state-owned banks

and other firms through listings on the Egypt Stock Exchange, though no action has been taken as of early 2017.

According to the CBE, banks operating in Egypt held EGP 2.485 trillion in total assets at the end of 2016, of which approximately EGP 1.481 trillion in assets were held by the largest five banks (the National Bank of Egypt, Banque Misr, the Commercial International Bank, Qatar National Bank Al-Ahli, and the Banque Du Caire). Egypt's three state-owned banks (Banque Misr, Banque du Caire, and National Bank of Egypt) control nearly 40 percent of banking sector assets.

## Foreign Exchange and Remittances

### Foreign Exchange

Despite progress in accessing hard currency due to the floatation of the pound and re-establishment of the interbank currency trading system in November 2016, businesses operating in Egypt continue to have difficulty obtaining hard currency for business purposes, such as importing inputs, and repatriating profits. In early 2016, the Central Bank lifted dollar deposit limits on households and firms importing priority goods which had been in place since early 2015. Businesses, including foreign-owned firms, which are not operating in priority sectors, continue to encounter difficulty accessing currency, as have importers. But the backlog for demand for foreign currency is declining and wait times to access hard currency is decreasing.

Funds associated with investment can be freely converted into any world currency, depending on the availability of that currency in the local market. Many firms and individuals report the process taking weeks to months with restrictions, even subsequent to the pound's floatation. But the interbank trading system works in general and currency is increasingly available as the foreign exchange markets

reacts positively to the floating exchange system, still maturing after only being in operation since November 2016.

The floating exchange rate operates on the principle of market supply and demand; the exchange rate is dictated by availability of currency and demand by firms and individuals. While there is some reported informal Central Bank window guidance, the rate generally fluctuates depending on market conditions, without direct market intervention by authorities. In general, the EGP has stabilized within an acceptable exchange rate range, which has increased the foreign exchange market's liquidity, though it is still difficult to access dollars in a truly "free" manner on demand.

### Remittance Policies

The 1992 U.S.-Egypt Bilateral Investment Treaty provides for free transfer of dividends, royalties, compensation for expropriation, payments arising out of an investment dispute, contract payments, and proceeds from sales. In practice, large corporations have been unable to repatriate local earnings for months at a time. Even after the pound's November 2016 devaluation, repatriation has remained difficult, depending on currency availability and CBE window guidance on currency allocation.

The Investment Incentives Law stipulates that non-Egyptian employees hired by projects established under the law are entitled to transfer their earnings abroad. Conversion and transfer of royalty payments are permitted when a patent, trademark, or other licensing agreement has been approved under the Investment Incentives Law.

Banking Law 88//2003 regulates the repatriation of profits and capital. The current system for profit repatriation by foreign firms requires sub-custodian banks to open foreign and local currency accounts for foreign investors (global custodians), which are exclusively maintained for stock exchange transactions. The two accounts serve as a channel through which foreign investors process their sales, purchases,

dividend collections, and profit repatriation transactions using the bank's posted daily exchange rates. The system is designed to allow for settlement of transactions in fewer than two days, though in practice some firms have reported significant delays in repatriating profits due to problems with availability.

### Sovereign Wealth Funds

Egypt does not have a sovereign wealth fund.

### State-Owned Enterprises

State-owned enterprises and military-owned companies compete directly with private companies in many sectors of the Egyptian economy. According to Public Sector Law 203 of 1991, state-owned enterprises should not receive preferential treatment from the government, nor should they be accorded any exemption from legal requirements applicable to private companies. In addition to the state-owned enterprises groups above, 40 percent of the banking sector's assets are controlled by three state-owned banks (Banque Misr, Banque du Caire, and National Bank of Egypt). In March 2014 the government announced that nine public holding companies will be placed under an independent sovereign fund. As of early 2017 this has not yet occurred.

In an attempt to encourage growth of the private sector, privatization of state-owned enterprises and state-owned banks accelerated under an economic reform program that took place from 1991 to 2008. Following the 2011 revolution, third parties have brought cases in court to reverse privatization deals, and in a number of these cases, Egyptian courts have ruled to reverse the privatization of several former public companies. Most of these cases are still under appeal.

The state-owned telephone company, Telecom Egypt, lost its legal monopoly on the local, long-distance and international telecommunication sectors in 2005. Nevertheless, Telecom Egypt held a *de facto* monopoly until late 2016 because the National Telecommunications Regulatory Authority (NTRA) had not issued additional licenses to compete in these sectors. But NTRA implemented a unified

license regime that now allows a company to offer both fixed line and mobile networks, a deal finalized in October 2016. The agreement allows Telecom Egypt to enter the mobile market and the three existing mobile companies to enter the fixed line market. The introduction of Telecom Egypt as a new mobile operator in the Egyptian market will increase competition among operators, which will benefit users by raising the bar on quality of services as well as improving prices.

Egypt is not a party to the World Trade Organization's Government Procurement Agreement.

#### [OECD Guidelines on Corporate Governance of SOEs](#)

SOEs in Egypt are structured as individual companies controlled by boards of directors and grouped under government holding companies that are arranged by industry, including Petroleum Products & Gas, Spinning & Weaving; Metallurgical Industries; Chemical Industries; Pharmaceuticals; Food Industries; Building & Construction; Tourism, Hotels & Cinema; Maritime & Inland Transport; Aviation; and Insurance. The holding companies are headed by boards of directors appointed by the Prime Minister with input from the relevant Minister.

#### [Privatization Program](#)

Egypt has not concluded significant privatizations of state-owned enterprises since 2008. Efforts to continue privatization since then have stalled. In March 2016, Prime Minister Sherif Ismail declared that the government would cease efforts to privatize the public sector, saying state-owned enterprises needed to be reformed instead. This statement followed the reestablishment of a Ministry of Public Enterprises in the same month.

Egypt's privatization program was based on Public Enterprise Law 203//1991, which permitted the sale of state enterprises to foreign entities. In 1991, Egypt began a privatization program for the sale of several hundred wholly or partially state-owned enterprises and all public shares of at least 660 joint venture companies (joint venture is defined as mixed state and private ownership, whether foreign or

domestic). Bidding criteria for privatizations were generally clear and transparent.

In 2014, the President signed a law limiting appeal rights on state-concluded contracts to reduce third-party challenges to prior government privatization deals. The law was intended to reassure investors concerned by legal challenges brought against privatization deals and land sales dating back to the pre-2008 period. Ongoing court cases had put many of these now-private firms, many of which are foreign-owned, in legal limbo over concerns that they may be returned to state ownership.

### Responsible Business Conduct

Responsible Business Conduct (RBC) programs have grown in popularity in Egypt over the last ten years. Most programs are limited to multinational and larger domestic companies and take the form of funding and sponsorship for initiatives supporting entrepreneurship and education. Environmental and technology programs are also garnering greater participation. The Ministry of Trade has engaged constructively with corporations promoting RBC programs, supporting corporate social responsibility conferences and providing Cabinet-level representation as a sign of support to businesses promoting RBC programming.

A number of organizations and corporations work to foster the development of RBC in Egypt. The American Chamber of Commerce has an active corporate social responsibility committee, and Apache Corporation was named a finalist in 2013 for the Secretary's Award for Corporate Excellence for its work building and maintaining village girls' schools throughout the country. Microsoft was named a finalist in 2012. Several U.S. pharmaceutical companies are actively engaged in RBC programs related to Egypt's hepatitis-C epidemic. The Egyptian Corporate Responsibility Center, which is the UN Global Compact local network focal point in Egypt, aims to empower businesses to develop sustainable business models as well as improve the national capacity to design, apply, and monitor sustainable responsible business conduct policies. In March 2010, Egypt launched an

environmental, social, and governance (ESG) index, the second of its kind in the world after India's, with training and technical assistance from Standard and Poor's.

Egypt does not participate in the Extractive Industries Transparency Initiative. Public information about Egypt's extractive industry remains limited in the government's annual budget.

### Corruption

Egypt has a set of laws to combat corruption by public officials, including an Anti-Bribery Law (which is contained within the Penal Code), an Illicit Gains Law, and a Governmental Accounting Law, among others. However, corruption laws have not been consistently enforced. Transparency International's Corruption Perceptions Index ranked Egypt 108 out of 176 in its 2016 survey, a drop of 20 places from its rank of 88 in 2015. Transparency International also found that approximately 50 percent of Egyptians reported paying a bribe in order to obtain a public service.

The Penal Code's provisions covering bribery apply to public officials. However, bribes are frequently transferred to third parties such as officials' family members and political parties as a means of ensuring an arms-length distance between the bribers and bribed, according to a 2009 report by the Steering Groups of the Middle East and North Africa–Organization for Economic Cooperation and Development's Initiative. The law does not regulate or sanction the involvement of third-parties in these corrupt transactions.

There are no rules on conflict of interest in competing for public tenders, according to an October 2012 report on the Commercial Laws of Egypt by the European Bank for Reconstruction and Development. The same report also noted that Egyptian legislation was in "medium compliance" with internationally recognized corporate governance principles and identified concerns regarding non-financial disclosure and transparency, especially in regards to conflict of interest situations.

Some private companies use internal controls, ethics, and compliance programs to detect and prevent bribery of government officials. There is no government requirement for private companies to establish internal codes of conduct to prohibit bribery.

Egypt ratified the United Nations Convention against Corruption in February 2005. It has not acceded to the OECD Convention on Combating Bribery or any other regional anti-corruption conventions.

While NGOs are active in encouraging anti-corruption activities, dialogue between the government and civil society on this issue is almost non-existent, the OECD found in 2009 and a trend that continues today. More broadly and increasingly over the past year, while government officials publicly asserted they shared civil society organizations' goals, they rarely cooperated with NGOs, and applied relevant laws in a highly restrictive manner against NGOs critical of government practices. Media was also limited in its ability to report on corruption, with Article 188 of the Penal Code mandating heavy fines and penalties for unsubstantiated corruption allegations.

U.S. firms have identified corruption as an obstacle to FDI in Egypt. Companies might encounter corruption in the public sector in the form of requests for bribes, using bribes to facilitate required government approvals or licenses, embezzlement, and tampering with official documents. Corruption and bribery are reported in dealing with public services, customs (import license and import duties), public utilities (water and electrical connection), construction permits, and procurement, as well as in the private sector. Businesses have described a dual system of payment for services, with one formal payment and a secondary, unofficial payment required for services to be rendered.

#### Resources to Report Corruption

Several agencies within the Egyptian government share responsibility for addressing corruption. Egypt's primary anticorruption body is the Administrative Control

Authority (ACA), which has jurisdiction over state administrative bodies, state-owned enterprises, public associations and institutions, private companies undertaking public work, and organizations to which the state contributes in any form. Observers do not judge the ACA to be sufficiently resourced, and the agency does not actively collaborate with civil society.

In addition to the ACA, the Central Auditing Authority (CAA) acts as an anti-corruption body, stationing monitors at state-owned companies to report corrupt practices. The Ministry of Justice's Illicit Gains Authority is charged with referring cases in which public officials have used their office for private gain. The Public Prosecution Office's Public Funds Prosecution Department and the Ministry of Interior's Public Funds Investigations Office likewise share responsibility for addressing corruption in public expenditures.

Contact at government agency or agencies are responsible for combating corruption:

Minister of Interior

General Directorate of Investigation of Public Funds

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Fax: +2-02-2792-2389

### Political and Security Environment

Late 2016 and early 2017 continued to see a decline in the number of small-scale terrorist attacks against security and civilian targets in Cairo and elsewhere in the Nile Valley. Militant groups have been able to commit significant acts of terrorism, however, including the bombing of the Cairo's Boutrousiya church in December 2016 that killed 29 women and children. In the Sinai Peninsula, militants affiliated with ISIL have conducted terrorist attacks against military installations and personnel, as well as civilians. The United States designated ISIL's Sinai affiliate as a Foreign Terrorist Organization in April 2014.

### Labor Policies and Practices

Official statistics put Egypt's labor force at nearly 32 million, with an official 2016 unemployment rate between 12 and 13 percent (depending on sources). More realistic estimates are that unemployment is most likely higher, but this is difficult to determine given the Egypt's large informal economy. The unemployment rate is significantly higher for women (at least double).

Unemployment is at its highest among educated youth, particularly graduates of vocational secondary education. Limited employment opportunities for youth remain a serious challenge to Egypt's social cohesion. While Egypt attracts some migrant workers – primarily seasonal agricultural workers from neighboring countries and some domestic laborers from Southeast Asia – it remains a net exporter of labor with millions of Egyptians continuing to seek employment abroad.

The government bureaucracy and public sector enterprises are substantially over-staffed compared to the private sector and other international norms. Egypt has the highest number of government workers per capita in the world. Businesses highlight a mismatch between labor skills and market demand, despite high numbers of university graduates in a variety of fields. Foreign companies frequently pay internationally competitive salaries to attract workers with valuable skills.

The Unified Labor Law 12//2003 provides comprehensive guidelines on labor relations, including hiring, working hours, termination of employees, training, health, and safety. The law grants a qualified right for employees to strike, as well as rules and guidelines governing mediation, arbitration, and collective bargaining between employees and employers. Non-discrimination clauses are included, and the law complies with labor-related International Labor Organization (ILO) conventions regulating the employment and training of women and eligible children (Egypt ratified ILO Convention 182 on combating the Worst Forms of Child Labor in April 2002). The law also created a national committee to formulate general labor policies and the National Council of Wages, whose mandate is to discuss wage-

related issues and national minimum-wage policy, but it has rarely convened.

Under the Unified Labor Law, workers may join trade unions, but are not required to do so. A trade union or workers' committee may be formed if 50 employees in an entity express a desire to organize. In March 2011, the Minister of Manpower and Migration (MOMM) issued a decree recognizing complete freedom of association and, subsequently, the Ministry of Manpower and Migration registered well over 1,600 independent trade unions without interference. However, the government stopped registering new independent trade unions in September 2015 and, in March 2016, issued a directive not to recognize documentation from any trade union without a stamp from the Egyptian Trade Union Federation (ETUF), the only official representative of trade unions recognized by the state.

The 2014 Constitution stipulates in article 76 that "establishing unions and federations is a right that is guaranteed by the law." Only courts are allowed to dissolve unions. The constitution maintained past practice in stipulating that "one syndicate is allowed per profession." The Egyptian constitutional legislation differentiates between white-collar syndicates (for professional workers e.g. doctors, lawyers, journalists) and blue-collar workers (e.g. transportation, food, mining workers). The government has drafted a "right to be collectively organized" law, but as of March 2017, negotiations on draft legislation continued. Employers complain that the incongruence between labor provisions in the 2014 Constitution, the 2011 Ministerial Decree, and the Trade Union Law of 1976 causes uncertainty when dealing with workers' representatives.

Workers in Egypt have the right to strike peacefully, but strikers are legally obliged to notify the employer and concerned administrative officials of the reasons and time frame of the strike ten days in advance. The law prohibits strikes in strategic or vital establishments in which the interruption of work could result in disturbing national security or basic services provided to citizens. In practice, however, workers strike often, in all sectors, without following these procedures, but at risk

of prosecution by the government. In 2016, for example, 26 leaders of a peaceful labor action in an Alexandria government-owned shipyard faced a closed military trial over alleged disruption of a “national security” facility.

The ILO Committee of Experts has criticized the 1976 Trade Union Law for mandating that only formerly government-controlled Trade Union Federation may organize strikes and that workers must notify employers in advance of strike actions. Strikes – especially in the textile sector – are typically organized and led by workers independently of the Trade Union Federation. For example, over 750 worker-led labor actions in textile mills in the Nile Delta were recorded in 2016 according to an independent NGO report.

Collective negotiation is allowed between trade union organizations and private sector employers or their organizations. Agreements reached through negotiations are recorded in collective agreements regulated by the Unified Labor law and usually registered at MOMM. Collective bargaining is technically not permitted in the public sector, though it exists in practice. The government often intervenes to limit or manage collective bargaining negotiations in all sectors.

MOMM sets worker health and safety standards, which also apply in public and private free zones and the Special Economic Zones (see below). Enforcement and inspection, however, are uneven. The Unified Labor Law prohibits employers from maintaining hazardous working conditions, and workers have the right to remove themselves from hazardous conditions without risking loss of employment.

Egyptian labor laws allow employers to close or downsize for economic reasons. The government, however, has taken steps to halt downsizing in specific cases. The unemployment insurance law, also known as the Emergency Subsidy Fund Law 156//2002, sets a fund to compensate employees whose wages are suspended due to partial or complete closure of their firm or due to its downsizing. The Fund allocates financial resources that will come from a one

percent deduction from the base salaries of public and private sector employees. According to foreign investors, certain aspects of Egypt's labor laws and policies are significant business impediments, particularly the difficulty of dismissing employees.

Egypt has a dispute resolution mechanism for workers. If a dispute concerning work conditions, terms, or employment provisions arises, both the employer and the worker have the right to ask the competent administrative authorities to start informal negotiations to settle the dispute. This right can be exercised only within seven days of the dispute. If within ten days from the time administrative authorities were requested to intervene a solution is not found, both the employer and the worker can resort to a judicial committee within forty-five days of the dispute. This committee is comprised of two judges, a representative of MOMM and representatives from the trade union, and one of the employers' associations. The decision of this committee is provided within sixty days. If the decision of the judicial committee concerns discharging a worker, the sentence is delivered within fifteen days. When the committee decides against an employer's decision to fire a worker, the employer must reintegrate the latter in his/her job and pay all due salaries. If the employer does not respect the sentence, the worker is entitled to receive compensation for unlawful dismissal.

Labor Law 12//2003 sought to make it easier to terminate an employment contract in the event of difficult economic conditions. The Law allows an employer to close his establishment totally or partially or to reduce its size of activity for economic reasons, following approval from a committee designated by the Prime Minister. In addition, the employer must pay former employees a sum equal to one month of the employee's total salary for each of his first five years of service and one and a half months of salary for each year of service over and above the first five years. Workers that have been dismissed have the right to appeal. Workers in the public sector enjoy life-long job security as contracts cannot be terminated in this fashion.

The Labor Law allows Ministers to set the maximum percentage of foreign workers that may work in companies in a given sector. There are no such sector-wide maximums for the oil and gas industry, but individual concession agreements may contain language establishing limits or procedures regarding the proportion of foreign and local employees.

Egypt has regulations restricting access for foreigners to Egyptian worker visas, though application of these provisions has been inconsistent. The government plans to phase out Visas for unskilled workers, but as yet has not. For most other jobs, employers may hire foreign workers on a temporary six-month basis, but must also hire two Egyptians to be trained to do the job during that period. Only jobs where it is not possible for Egyptians to acquire the requisite skills will remain open to foreign workers. Application of these regulations is inconsistent.

The Labor Law allows Ministers to set the maximum percentage of foreign workers that may work in companies in a given sector. There are no such sector-wide maximums for the oil and gas industry, but individual concession agreements may contain language establishing limits or procedures regarding the proportion of foreign and local employees.

The MOMM sets worker health and safety standards, which also apply in public and private free zones and the Special Economic Zones (see below). Enforcement and inspection, however, are uneven. The Unified Labor Law prohibits employers from maintaining hazardous working conditions, and workers have the right to remove themselves from hazardous conditions without risking loss of employment.

Egypt has a dispute resolution mechanism for workers. If a dispute concerning work conditions, terms, or employment provisions arises, both the employer and the worker have the right to ask the competent administrative authorities to start informal negotiations to settle the dispute. This right can be exercised only within seven days of the dispute. If within ten days from the time administrative

authorities were requested to intervene a solution is not found, both the employer and the worker can resort to a judicial committee within forty-five days of the dispute. This committee is comprised of two judges, a representative of the Ministry of Manpower and Migration (MOMM) and representatives from the trade union, and one of the employers' associations. The decision of this committee is provided within sixty days. If the decision of the judicial committee concerns discharging a worker, the sentence is delivered within fifteen days. When the committee decides against an employer's decision to fire a worker, the employer must reintegrate the latter in his/her job and pay all due salaries. If the employer does not respect the sentence, the worker is entitled to receive compensation for unlawful dismissal.

No U.S. company reported that strikes in 2016 posed an investment risk. Negotiations continue on a draft Trade Unions Law, which is being discussed in parliament. The Labor Law also is being revised. As of March 2017, no agreement has been reached on either bill.

#### [OPIC and Other Investment Insurance Programs](#)

The Overseas Private Investment Corporation (OPIC) has approved \$500 million in financing to support lending to small businesses in Egypt and Jordan, including the following: (1) \$150 million commitment in partnership with Abraaj Capital, a leading private equity group, to enable growth of smaller companies; (2) \$150 million investment guaranty with Citibank for a loan to Citadel Capital, the leading private equity firm in the Middle East and Africa, aimed at expanding its subsidiaries working in critical sectors in the MENA region and including \$125 million specifically for Egypt; and (3) a \$250 million 10 year partnership with Egyptian banks working directly with SMEs. There is an OPIC agreement between Egypt and the United States, signed in 1999.

#### [Foreign Direct Investment and Foreign Portfolio Investment Statistics](#)

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2016	\$330.8b	2016	\$330.8b	<a href="http://www.worldbank.org/en/country">www.worldbank.org/en/country</a>
Foreign Direct Investment	CBE*		IMF and World Bank		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2016	\$2.33b	2016	\$2.29b	BEA data available at <a href="http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm</a>
Host country's FDI in the United States (\$M USD, stock positions)	2016	\$3.43b	2016	\$3.43b	BEA data available at <a href="http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm</a>
Total inbound stock of FDI as % host GDP	2015	3.8%	2014	7.4%	

Measurements of foreign direct investment (FDI) in Egypt vary according to the source and the definitions employed to calculate the figure. The Central Bank of Egypt records figures on quarterly and annual investment flows based on financial records for Egypt's balance of payments statistics. They are reported in the table below. The Ministry of Petroleum keeps statistics on investment in the oil and gas sector (which accounts for the bulk of FDI in Egypt), while GAFI keeps statistics on

all other investments – including re-invested earnings and investment-in-kind. Statistics are not always current. GAFI's figures are calculated in Egyptian pounds at the historical value and rate of exchange, with no allowance for depreciation, and are cumulative starting from 1971.

*U.S. firms are active in a wide range of manufacturing industries, producing goods for the domestic and export markets. U.S. investors include American Express, AIG, Ideal Standard, Apache Corporation, Bechtel, Bristol-Myers Squibb, Cargill, Citibank, Coca-Cola, Devon Energy, Dow Chemical, ExxonMobil, Eveready, General Motors, Guardian Industries, H.J. Heinz, Johnson & Johnson, Kellogg's, Mars, Mondelez, Microsoft, Proctor and Gamble, Pfizer, PepsiCo, Pioneer, and Xerox. Leading investors from other countries include BG, ENI-AGIP, BP, Vodaphone, and Shell (in the oil/gas sector), Unilever, Al-Futtaim, (UAE), the M.A. Kharafi Group (Kuwait), and the Kingdom Development Company (Saudi Arabia).*

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions, 2016)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	8263	100%	Total Outward	N/A	100%
UK	5944	47.0	Algeria	3.0b	N/A
UAE	1328	10.6	KSA	2.5b	N/A
USA	883	7.0	USA	343m	N/A
Belgium	678	5.4	Jordan	312m	N/A
KSA	313	2.5	Georgia	300k	N/A

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets
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Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars, 2016)								
Total			Equity Securities			Total Debt Securities		
All Countries	1,886	100%	All Countries	888	100%	All Countries	998	100%
Cayman Islands	416	22%	Saudi Arabia	347	39%	Cayman Islands	406	41%
Saudi Arabia	392	13%	International Organizations	250	28%	United States	190	19%
International Organizations	250	12%	United Kingdom	45	5%	Qatar	103	10%
United States	219	5%	Italy	36	4%	Germany	48	5%
Qatar	103	5%	Switzerland	32	4%	Saudi Arabia	46	5%

Contact for More Information:

Jeffrey R. Rands

Economic Officer

Tel: +2-02-2797-2363

[randsjr@state.gov](mailto:randsjr@state.gov)

## Trade & Project Financing

### Methods of Payment

U.S. exporters typically request Letters of Credit (LOC's) from Egyptian buyers, arranged by the buyer through Egyptian banks and confirmed irrevocably by an American bank, though recent reports indicate that U.S. firms prefer payment in advance over LOCs. Wire transferring through SWIFT is another option. Other financing sources include: the U.S. Export-Import Bank (EXIM) and European Bank for Reconstruction and Development (EBRD). Tighter credit terms offered by the EU, Japan and China have required importers to seek full LOCs or cash-in-advance

payments for imports. According to new regulations, the U.S. exporter must submit the invoice as well as export documentation to his bank and the U.S. bank should inform the Egyptian bank about a request to open the LOC. Import transactions are based on document collections. This should be bank to bank. Document collection incoming directly to clients, will not be accepted.

## **Banking Systems**

According to the Central Bank of Egypt (CBE), the Egyptian banking system consists of 40 banks categorized as commercial, non-commercial public and private sector. ATM services are offered at all bank branches as well as many point-of-sale locations. In practice, the vast majority of these banks operate as commercial banks, although there are a few specialized banks (i.e. agriculture and real estate).

The National Bank of Egypt, Bank Misr and Banque Du Caire are large public-sector banks which control 40 percent of the banking sector.

All banks in Egypt are subject to supervision by the CBE; however the Arab International Bank, Nasr Social Bank and the National Investment Bank are exempted due to special provisions in law and treaty.

In 2003, Egypt reformed the banking system under Law 88/2003. In 2005, Presidential Decree No. 64 raised the minimum capital requirements for banks from LE 100 million to LE 500 million for domestic banks and from USD 10 million to USD 50 million for branches of foreign banks.

Citibank, formerly the only full-service American bank operating in the Egyptian market, sold its consumer and retail operations to CIB bank, though it maintains its commercial and investment banking operations in Egypt.

## **Foreign Exchange Controls**

Foreign exchange regulations fall under Law No 88/2003. According to this law, individuals and businesses can hold foreign currency in Egypt and can have local bank accounts denominated in foreign currency. Individuals can buy foreign currency and transfer it abroad. Any individual or business can engage in a foreign

currency transaction, but must use banks or foreign-exchange bureaus that are licensed to trade in foreign currencies. The banks and foreign exchange bureaus all submit statements of all their transactions to the CBE, which ultimately controls all foreign exchange transactions. Banks have been giving priority to imports of “essential” goods. Commercial transactions must be supported with specific documents to justify the transfer.

In November 2016, the Central Bank liberalized Egypt’s exchange rate and removed many of the capital controls that previously constrained access to foreign currency. Egyptian banks have revived inter-bank trade and withdrawal/deposit caps for foreign currency have been lifted for retail and corporate clients. However, importers of “non-essential goods” are still bound by the USD 50,000 monthly limit for deposits and a USD 30,000 daily limit for withdrawals. An importer cannot take foreign currency financing from the bank to cover its import requirements. Banks will not provide dollars to importers. The importer must come up with its own dollars. However, for goods deemed essential by the Egyptian government, (raw material for manufacturing, medical, pharmaceuticals, and IT), the maximum monthly limit to deposit USD in the bank is USD 250,000.

## **US Banks & Local Correspondent Banks**

Citibank

4 Ahmed Pasha St., Garden City, Cairo

Tel: +2-02-2791-0673, +2-02-27913-524 Fax: +2-02-2795-8056

Website: [CitiBank](http://CitiBank)

Bank of Alexandria

49 Kasr El Nil St., Downtown, Cairo

Tel: +2-02-2391-3822, +2-02-2399-2000, +2-02-2393-4999 Fax: +2-02-2390-7793

[Bank of Alexandria](http://Bank of Alexandria)

Bank of New York Mellon (rep. Office)

9 Abdel Moneim Riad St., Mohandeseen, Giza

Tel: +2-02-3336-5818, +2-02-3336-5822, +2-02-3336-5823 Fax: +2-02-3336-5816

[Bank of New York Mellon](#)

Bank Misr (Banque Misr)

151 Mohamed Farid St., Downtown, Cairo

Tel: +2-02-2391-4239/0656 Fax: +2-02-2393-5381

[Bank Misr](#)

National Bank of Egypt

1187 Corniche Al Nil, Boulak, Cairo

Tel: +2-02-2594-5000, +2-02-2594-5668, +2-02-2594-5600 Fax: +2-02-2574-7614

[National Bank of Egypt](#)

Arab International Bank

35 Abdel Khalek Tharwat St., Downtown, Cairo

Tel: +2-02-2397-0202, +2-02-2392-6749, +2-02-2391-6120/7133/2140

Fax: +2-02-2391-5922, +2-02-2395-5102

[Arab National Bank](#)

Cairo Barclays Bank

12 Al Sheikh Youssef Sq., Garden City, Cairo

Tel: +2-02-16222, +2-02-2366-2620/2700/2600 Fax: +2-02-2366-2814/2810/2811

[Cairo Barclays Bank](#)

Commercial International Bank (CIB)

Nile Tower Bldg., 4th Fl., 21/23 Charles DeGaulle St., Giza

Tel: +2-02-3747-2000, +2-02-3570-2690, +2-02-3570-3043 Fax: +2-02-3568-

3844

### [Commercial International Bank](#)

HSBC

306 Corniche El Nil St. Maadi, Cairo

Tel: +2-02-2529-8000, +2-02-2529-8751, +2-02-3535-9100 Fax: +2-02-2525-8080

[HSBC](#)

Ahli United Bank

1191 Corniche El Nil, Floor 9, Cairo

Tel: +2-02-2614-9500/9600/9700, +2-02-2580-1200/1201/1205

Fax: +2-02-2613-5160, Fax: +2-02-2619-0574

[Ahli United Bank](#)

## **Project Financing**

### **Obtaining Financing**

The emerging securities market, donor-assistance credit lines (i.e. bilateral aid, EU credits for the private sector, and the Social Fund for Development) offer alternatives to financing from banks. In 2004, the Ministry of Finance began allowing 13 financial institutions including banks and bond dealers, to underwrite primary issuance of government securities to trade in the secondary market through sale, purchase, and repurchase agreements of government securities based on a multiple-price auction system.

### **Egyptian Financial Mechanisms**

The local banking system in Egypt is the main source of finance for Egyptian exports. Export financing is usually short-term and is intended to cover the exporter's working capital during the production period. The period of financing ranges from three or four months to as long as one year. Banks normally do not finance long-term export contracts unless guaranteed by an export guarantee company. The exporter may use loans to finance imported inputs or locally produced

ones. Banks prefer to lend exporters the same currency they will receive in payment for its exports to reduce foreign exchange risk.

Banks may finance from 40 percent to 8 percent of the value of an export order, based on the form of a contract, shipping documents, insurance documents, or a Letter of Credit (LOC), and the credibility of the exporter. If an exporter is not well known in the market or does not have a proven track record, banks will request that the importer open an LOC to reduce risk.

Egypt has one export guarantee company, the Export Credit Guarantee Company of Egypt (ECGC), established by the Export Development Bank of Egypt, National Investment Bank, Misr Insurance Company, Al Shark Insurance Company, Misr Life Insurance Company and National Bank of Egypt. It provides guarantees against importer's risk or political risk to Egyptian or foreign exporters who export products that are totally or partially produced in Egypt. ECGC's guarantee also covers political risk (non-commercial), which includes the following: cancellation of the importer's license by his/her country's authorities; refusal of entry of goods by the importer's government; denial of permission to transit a country's territory; seizure or confiscation of exported goods by the importer's country or the transit country; insolvency of a public-owned importer; or military actions or civil disturbances that affect the importer's assets. The guarantee, on the other hand, does not cover foreign exchange risk and risks pertaining to the nature of the goods. The guarantee can reach up to 80 percent of the importer's outstanding debt. ECGC receives 0.5-2 percent premium depending on the importer's country and the product exported. The exporter can then sell the guarantee to his/her bank.

### **The Overseas Private Investment Corporation (OPIC) Egypt Enterprise Loan Guarantee Facility**

In 2011, OPIC launched a USD 250 million Enterprise Loan Guarantee Facility (ELGF) in Egypt to support bank lending to the enterprise sector and stimulate job creation. The ELGF provides partial loan guarantees to partner banks to stimulate lending to

enterprises that have potential for growth and to assist banks in increasing their portfolios at a lower credit risk level.

The Guaranty Facility Agreement was signed with the Al Watany Bank and the Commercial International Bank.

### **The U.S. Trade and Development Agency (USTDA)**

USTDA links U.S. businesses to export opportunities by funding project-planning activities, pilot projects and reverse trade missions, while creating sustainable infrastructure and economic growth in partner countries.

USTDA provides grant funding to overseas project sponsors for the planning of projects that support the development of modern infrastructure and an open trading system. The hallmark of USTDA development assistance has always involved building partnerships between U.S. companies and overseas project sponsors to bring proven private sector solutions to developmental challenges. Website: [www.ustda.gov](http://www.ustda.gov)

### **European Bank for Reconstruction and Development (EBRD)**

The EBRD's priorities in Egypt are financing and improving conditions for investment, enhancing the agribusiness value chain, and modernizing the financial sector. EBRD is also boosting the role of cleaner fuels and renewable energy; supporting reform and commercialization of the transport, fuels and power sectors; and upgrading and expanding municipal infrastructure.

EBRD focuses on the following sectors in Egypt:

- Financial
- Agribusiness
- Municipal Infrastructure
- Transportation
- Telecommunications

EBRD Egypt  
Ms Janet Heckman

EGID Building, First Floor  
Block 72, off Ninety Axis  
5th Settlement, New Cairo, Cairo  
Tel: +2-02-2399-5596, +2-02-2322-5900  
Email: [heckmanj@ebrd.com](mailto:heckmanj@ebrd.com)  
Website: [EBRD](#); [EBRD Egypt](#)

The U.S. Commercial Service Representative at EBRD Headquarters is:  
Ms. Mary Boscia  
Senior Commercial Officer  
EBRD  
One Exchange Square  
London EC2A 2JN  
United Kingdom  
Tel: +44-20-7338-7493  
Email: [bosciam@ebrd.com](mailto:bosciam@ebrd.com)

### **The World Bank Group**

The World Bank Group is a multilateral lending agency consisting of four closely related institutions: International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), and Multilateral Investment Guarantee Agency (MIGA). As a “middle income” country, Egypt is no longer eligible for loans from the World Bank's "soft" financing arm, the IDA, but it is still eligible for World Bank IBRD loans.

The IFC provides project financing for private investment in developing countries. IFC offers long-term loans and equity investments, as well as other financing services. IFC will generally invest up to 25% of the total project cost. In addition to project finance, IFC also provides legal and technical assistance to private enterprises. Unlike IBRD and IDA, IFC does not require government guarantees. Egypt is one of the largest users of IFC funds in the world. U.S. companies seeking direct investment funds should contact the IFC directly.

For further information and assistance contact the U.S. Commerce Department's Commercial Service Liaison Staff, Office of the U.S. Executive Director, The World Bank, 1818 H Street NW, Washington DC 20433, USA  
Tel: (202) 473-1000  
Fax: (202) 477-6391  
Website: [World Bank](#).

The U.S. Commercial Service representative at the World Bank is:  
U.S. Business Liaison  
Mr. Ased Alam, Country Director  
Email: [aalam@worldbank.org](mailto:aalam@worldbank.org)  
Tel: +2-02-2574-1670  
Fax: +2-02-2574-1676

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (European Bank for Reconstruction and Development, African Development Bank, World Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the European Bank for Reconstruction and Development, the African Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the European Bank for Reconstruction and Development, the African Development Bank and the World Bank.

- [Commercial Liaison Office to the European Bank for Reconstruction and Development](#)
- [Commercial Liaison Office to the African Development Bank](#)
- [Commercial Liaison Office to the World Bank](#)

## Financing Web Resources

[Export-Import Bank of the United States](#)

[Country Limitation Schedule](#)

[OPIC](#)

[Trade and Development Agency](#)

[SBA's Office of International Trade](#)

[USDA Commodity Credit Corporation](#)

[U.S. Agency for International Development](#)

[African Export-Import Bank](#)

[The World Bank](#)

## Business Travel

### Business Customs

Egyptian and foreign business community members who have broad experience in the market give the following suggestions:

- **Have Patience:** Unfamiliar paperwork processes and bureaucratic procedures can sometimes make business move slowly in Egypt. In light of this, contract negotiations can take more time than expected. It may take a year or more, but in the end, a mutually profitable contract is attainable.

- **Get Acquainted with Local Culture:** Egyptians are a proud people who trace their civilization back 5,000 years. Take time to learn the culture and develop an appreciation for the Islamic faith that is practiced by 90 percent of Egyptians. All private business leaders and most high-level government officials have a good command of English. Learn as much Arabic as possible - it pleases Egyptians if you know key phrases in Arabic ... Good Morning (Sabah El Kheir), Good Evening (Massaa El Kheir).

- **Be Personable:** When you visit a businessperson, don't just walk in, shake hands and get down to business. Get to know your business partners and if you have previously met with the person, chat about common friends; ask after their family, children..
  
- **Do Your Homework:** The Egyptian market is complex and highly competitive. You have to study the market thoroughly before starting a business. A competent Egyptian agent will be instrumental to success in the Egyptian market. Find yourself a good local representative with the help of the U.S. Commercial Service at the U.S. Embassy or a reliable business group.
  
- **Remain Flexible:** The Egyptian market, like anywhere in the Middle East, is constantly changing. It may not be advisable for the terms of a contract to remain the same during its entire duration. Changing conditions in the market may necessitate exploring different markets or changing from partnership to technology transfer or royalty provisions.
  
- **Send Your Best:** Your most experienced executive with knowledge of the area will be most successful in the Egyptian business community, particularly in a culture that respects age, social standing, experience and education.
  
- **Business Rules:** When doing business in Egypt, be prepared to adjust to Egyptian business expectations. While this process can be time consuming, most foreign companies, once they have established a base in Egypt, find the Egyptian market a worthwhile and profitable place to do business.

## **Travel Advisory**

For the latest security information, U.S. citizens traveling abroad should regularly monitor the Department of State's Internet website at [State Department](#) where the following information can be found:

Worldwide Caution: [State Department Travel Warnings](#)

Follow on Twitter at [@USEmbassyCairo](#) and the Bureau of Consular Affairs page on Facebook at [@USEmbassyCairo](#) as well.

Business travelers to Egypt seeking appointments with U.S. Embassy Cairo officials should contact the U.S. Commercial Service in advance at +20 (2) 2797-2340, fax at +20 (2) 2795-8368, or e-mail at: [Office.Cairo@trade.gov](mailto:Office.Cairo@trade.gov).

U.S. citizens are advised to maintain valid travel documents and register your visit to Egypt through the State Department's [Smart Traveler Enrollment Program](#)

### **Visa Requirements**

A passport and visa are required for all non-Egyptian visitors traveling to Egypt.

For specific requirements, consult the Egyptian Embassy in the United States, 3521 International Court, NW, Washington, D.C. 20008, [Egyptian Consult](#) (202) 895-5400) or nearest Consulate General: CA (415) 346-9700), IL (312) 828-9162), NY (212) 759-7120), or TX (713) 961-4915.

More information can also be found at the State Department's Egypt Country Specific Information sheet website: [U.S. Passports and International Travel](#)

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links:

State Department Visa Website: [State Department Visas](#)

United States Visas.gov: [united-states.visahq.com/](http://united-states.visahq.com/)

## Currency

In November 2016, the Central Bank of Egypt liberalized Egypt's exchange rate and allowed the Egyptian Pound (LE) to float, leaving it to the market to decide the currency's fair value. Since that time, the Egyptian Pound has traded between 15 LE and 19 LE to 1 USD.

Most businesses, restaurants and retailers accept debit cards, Visa, and MasterCard, however public service providers will not accept payment by credit cards. For example, utility bill collections, taxi services, smaller street kiosks will only accept cash payments.

## Telecommunications/Electric

The international dialing code for Egypt is +20. Calling landlines may require a city code such as (2) for Cairo and (3) for Alexandria. Cell phones have 11 digits. There are three companies providing cell phone services: Orange starts with 0122, 0127 or 0128. Vodafone starts with 0100, 0106, 0109 or 0101. Etisalat starts with 0111, 0114, 0112 or 0115. Should you dial a landline from a mobile phone; you need to dial 0 plus the city code.

The Government of Egypt offers free dial-up, and using these 0777 numbers accesses Internet through ISPs, and billing is the same as making a local phone call. Wireless Internet can be found in many of five-star hotels and some cafes.

## Transportation

**Air and Sea:** Egypt is an important air terminus for the Middle East, and Cairo is served by many major airlines. EgyptAir is the only airline with direct, nonstop service between Egypt and the United States. Egyptair is a Star Alliance member, and operates code-share flights with Lufthansa, Turkish Airlines and others. Other major international airlines represented in Cairo include: Air France, Alitalia, Austria Airlines, British Airways, , Qatar, Gulf Air, Emirates Airlines and Swissair.

Shipping lines serving Port Said and Alexandria (the largest port on the Mediterranean) are Adriatica, Farrel, Lykes, Ogden, Prudential, and American President Lines. Egypt has its own merchant fleet.

**Local:** In 2009, old taxis were replaced by white cabs with black-checked stripes due to safety concerns. Using Cairo's taxis effectively requires some basic Arabic phrases and practice. If you're going to an area you do not know well, ask about local landmarks, such as hotels or cross streets, to help you and the driver find the location. Negotiating the fare is best done before the trip. The price of riding in a cab includes a LE 4.00 (USD 0.17) base fair, including the first kilometer, and an LE 2.82 (USD 0.15) charge for every additional kilometer. There are a few taxi companies that may be called for pick-up. However, because of heavy traffic conditions these cabs are not very punctual. Additionally, there are alternative transportation options, such as renting a private car and driver from either a travel company or private limousine service. The average price to rent a car and driver for the day is around USD 60.

Uber entered the Egyptian market recently and it is commonly used in Cairo, Alexandria and some places in the Red Sea. Payment options for Uber include credit card and cash and no need to change the account details. There are other online applications also used in Egypt such as Kareem and Ousta. The Cairo Metro is a partly underground light rail system. One line runs from al-Marg in the north through the center of the city to Maadi and on to Helwan. Another line runs from Shoubra El Kheima, north of Cairo, to Ramses Station in the city center. A third line runs from Tahrir Square, passing by the Cairo Opera House, and ending at Cairo University in Giza. A new line runs from Heliopolis to Attaba Square, downtown.

The Cairo Metro , buses and commuter micro-buses are usually extremely crowded and poorly maintained. These are not recommended.

**Regional:** The Western Desert Highway, a high-speed toll road, and the busier Delta Road connect Alexandria and Cairo. Buses take 3½ hours between the cities, including a rest stop. A non-stop train takes just over 2 hours.

**Traffic Safety and Road Conditions:** Roads in Cairo are congested and traffic is a free-for-all. Egypt is one of the world's leaders in fatal auto accidents. It is strongly suggested that seatbelts be worn at all times. The roads in Egypt can be hazardous because they are poorly maintained and traffic rules are generally ignored. They are especially hazardous at night outside major cities because vehicles travel without headlights and at a high rate of speed. There are few, if any, areas for a vehicle with mechanical problems to pull off the paved surface, and no system for warning other motorists of a disabled vehicle. Wild and domesticated animals can regularly be found on the roads at night.

For those who prefer to go on foot, you should know that sidewalks are very badly maintained and often absent. Pedestrian crossings are non-existent and drivers do not yield the right-of-way to pedestrians.

Additionally, emergency and intensive care facilities are limited outside of Cairo.

For additional general information about road safety, including links to foreign government websites, see the [Department of State, Bureau of Consular Affairs](#). For specific information concerning Egypt's driving permits, vehicle inspection, road tax and mandatory insurance, please contact the Egyptian National Tourist Organization offices in New York at Egypt Tourist Authority, 630 Fifth Avenue, Suite 1706, New York, NY 10111; telephone (212) 332-2570 or toll-free, (877) 773-4978; internet website: [Egyptian National Tourist Organization](#) ; e-mail address: [info@egypttourism.org](mailto:info@egypttourism.org).

## Language

Arabic is the spoken language of Egypt. Colloquial Cairene Arabic, or Egyptian dialect, is expressive and rich in words with Coptic, European and Turkish origins. The written language, Modern Standard Arabic, differs from the spoken language. Based on the language of the Koran, Modern Standard Arabic is heard on radio, TV and in formal speeches. About 90% of Egyptians are Muslim, and Islam is the state religion. Most others are Christian, including Copts, Greek Orthodox, Roman Catholic, and Anglican Protestants. Indigenous minorities include about twelve million Copts, Nubians, Bedouin, and a very small Jewish community. Coptic continues to be the liturgical language of the Coptic Church. English, and to a lesser extent French, is widely spoken among the business community and at hotels and tourist destinations.

## Health

There are many Western-trained medical professionals in Egypt. The U.S. Embassy in Cairo can provide a list of local hospitals and English-speaking physicians. Medical facilities are adequate for non-emergency matters, particularly in tourist areas. Emergency and intensive care facilities are limited. There is one hospital in Egypt, [Dar Al Fouad](#), which has [Joint Commission International Accreditation](#).

Most Nile cruise boats do not have a ship's doctor, but some employ a medical practitioner who may have recognized qualifications. Hospital facilities in Luxor and Aswan are inadequate, and they are nonexistent at most other ports-of-call. The Egyptian ambulance service hotline is 123, but it is not reliable.

Beaches on the Mediterranean and Red Sea coasts are generally unpolluted. Persons who swim in the Nile or its canals, walk barefoot in stagnant water, or drink untreated water are at risk of exposure to bacterial and other infections as well as the parasitic disease schistosomiasis (bilharzia).

It is generally safe to eat thoroughly cooked meat and fruits and vegetables in tourist hotels, on Nile cruise boats, and in tourist restaurants. Eating uncooked fruits and vegetables should be avoided. Tap water is not potable. It is best to drink

bottled water or water that has been boiled and filtered. Well-known brands of bottled beverages are generally considered to be safe.

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's (CDC) hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747) or via the CDC website. For information about outbreaks of infectious diseases abroad, consult the infectious diseases section of the World Health Organization (WHO) website. The WHO website also contains additional health information for travelers, including detailed country-specific health information.

A list of local hospitals, medical facilities and physicians can be found at the American Citizen Services website: [Hospitals and Medical Facilities](#)

For the most current information and links on influenza and pandemic preparedness, please visit the federal government's [Flu Website](#).

### **Local Time, Business Hours and Holidays**

Typical work hours are Sunday through Thursday 8:00 am – 4:30 pm. The U.S. Embassy is open Sunday through Thursday, and is closed on American and Egyptian holidays. During the month of Ramadan, local employees work seven hours per day (one hour less than normal either in the morning or in the afternoon).

### **Temporary Entry of Materials or Personal Belongings**

**Customs Regulations:** Egyptian customs authorities enforce strict regulations concerning temporary importation into or export from Egypt of items such as firearms, religious materials, antiquities, medications, business equipment, currency and ivory.

Personal use items such as jewelry, laptop computers, and electronic equipment are exempt from customs fees and are allowed the country. Commercial merchandise

and samples require an import/export license issued by the Egyptian Ministry of Foreign Trade and Industry in Egypt prior to travel and should be declared upon arrival. It is advisable to contact the Embassy of Egypt in Washington, D.C. or one of Egypt's consulates in the United States for specific information regarding customs requirements.

**Criminal Penalties:** While in a foreign country, a U.S. citizen is subject to that country's laws and regulations, which sometimes differ significantly from those in the United States and may not afford the same protections available to the individual under U.S. law. Penalties for breaking local laws can be more severe than in the United States for similar offenses. Persons violating Egyptian laws, even unknowingly, may be expelled, arrested or imprisoned.

Penalties for possession, use, or trafficking in illegal drugs in Egypt are strict, and convicted offenders can expect jail sentences and heavy fines. The death penalty may be imposed on anyone convicted of smuggling or selling marijuana, hashish, opium, LSD, or other narcotics. Law enforcement authorities prosecute and seek fines and imprisonment in cases of possession of even small quantities of drugs.

**Consular Access:** U.S. citizens are encouraged to carry a copy of their U.S. passport with them at all times, so that, if questioned by local officials, proof of identity and U.S. citizenship is readily available. In accordance with Article 36 of the Vienna Convention on Consular Relations, to which Egypt is a party, competent authorities in the host country must notify a consular post of the arrest of one of its citizens without delay if requested to do so by the foreign citizen.

**Photography Restrictions:** There are restrictions on photographing military personnel and sites, bridges, and canals, including the Suez Canal. Please note, these locations are not always clearly marked. Egyptian authorities may broadly interpret these restrictions to include other potentially sensitive structures, including embassies, police stations, and other public buildings with international

associations, and some religious edifices. Visitors should refrain from taking photographs that include uniformed personnel.

**Children's Issues:** For information on international adoption of children and international parental child abduction, please refer to the website [State Department on Child Abduction](#) or telephone the Overseas Citizens Services call center at 1-888-407-4747. The OCS call center can answer general inquiries regarding international adoptions and will forward calls to the appropriate country officer in the Bureau of Consular Affairs. This number is available from 8:00 a.m. to 8:00 p.m. Eastern Standard Time, Monday through Friday (except U.S. federal holidays). Callers who are unable to use toll-free numbers, such as those calling from overseas, may obtain information and assistance during these hours by calling +1-317-472-2328.

**Embassy Location and Registration:** U.S. citizens living in or visiting Egypt are encouraged to register at [Smart Traveller Enrollment](#) or at the Consular Section of the U.S. Embassy in Egypt and obtain updated information on travel and security within Egypt. The American Citizens Services (ACS) office of the U.S. Embassy is located at 5 Latin America Street, Garden City, Cairo, and is open to the public from 9:00 a.m. until 12:00 noon. The work week in Egypt is Sunday through Thursday and ACS is closed the last Tuesday of each month and on American and Egyptian holidays. Those seeking routine services should schedule an appointment through the online appointment system. Those needing emergency services do not need an appointment.

The mailing address from the United States is: Consular Section, Unit 64900, Box 15, APO AE 09839-4900; in Egypt, it is 8 Kamal el-Din Salah Street, Garden City, Cairo. The main Embassy telephone number is +2-02-2797-3300. The Consular Section telephone number is +2-02-2797-2301, the fax number is +2-02-2797-2472, and the email address is [ConsularCairo@state.gov](mailto:ConsularCairo@state.gov). Consular information is available via the Internet at [U.S. Consult Cairo](#)

For U.S. citizens who work or study at the Cairo American College and the American University in Cairo, the consular section maintains a special appointment day on Thursdays. It is not obligatory to make an appointment online, however U.S. citizens should notify consular staff at the following email address: [ConsularCairoACS@state.gov](mailto:ConsularCairoACS@state.gov).

## **Travel-Related Web Resources**

Department of State Travel Sheet on Egypt: [Egypt Travel Sheet](#)

U.S. State Department's travel warnings and travel alerts: [Travel Warnings](#)

Embassy of the Arab Republic of Egypt in Washington, DC: [Egyptian Embassy](#)

Consular Section of the U.S. Embassy in Egypt: [U.S. Embassy Egypt](#)

State Department Travel website: [travel.state.gov/content/travel/en.html](http://travel.state.gov/content/travel/en.html)

Egypt Tourist Authority: [Egyptian Tourist Authority](#)

Smart Traveler Enrollment Program: [Smart Travel Enrollment](#)