



Doing Business in Egypt:

A brief presentation of the Egyptian economy
The economic and trade relations between Greece & Egypt
The perspectives for an enhanced bilateral cooperation

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EGYPT: The right choice as Greece's business partner

- One of the most important economic and trade partners of Greece in the Arab world
- Bilateral relations traditionally based on rock solid foundations and strong historic ties
- Geographic proximity and cultural similarities: A +factor
- Political stability
- Big and fast growing economy
- Positive business environment
- A serious portal to MENA and African markets



The Egyptian economy - macroeconomic indicators

Fiscal year: July/June	2015/16	2016/17*	2017/18*
GDP (in trillion EGP – current prices)	2,709	3,470	4,437
GDP (in trillion EGP – constant prices 2011/12 & 2016/17)**	1,918	1,998	3,654
Real GDP change(%)	4,3%	4,2%	5,3%
Inflation (end of June, %)	13,97%	29,76%	14,38%
Unemployment (%)	12,5%	12,0%	11,3%
Exports (\$ billion)	18,70	21,73	25,83
Imports (\$ billion)	57,39	59,00	63,10
Trade volume (\$ billion)	76,09	80,73	88,93
Trade balance (\$ billion)	-38,68	-37,27	-37,28
Trade deficit (% GDP)	-11,5%	-15,9%	-14,9%
Current account balance (\$ billion)	-19,83	-14,39	-5,96
Current account balance (% GDP)	-5,9%	-6,1%	-2,4%
Foreign exchange reserves (end of June, \$ billion)	17,55	31,30	44,26
Fiscal deficit (in trillion EGP)	339,49	379,59	432,70
Fiscal deficit (% GDP)	-12,5%	-10,9%	-9,8%
Primary fiscal balance (% GDP)	-3,5%	-1,8%	0,1%
Net foreign direct investment (\$ billion)	6,93	7,93	7,72
Remittances from Egyptians abroad (\$ billion)	17,08	21,82	26,39
Foreign debt (\$ billion)	55,76	79,03	92,64
Foreign debt (% GDP)	16,6%	33,6%	37,0%
Domestic debt (in trillion EGP)	2,621	3,161	3,695
Domestic debt (% GDP)	96,7%	91,1%	83,3%
Exchange rates EGP- \$ (end of June)	8,77	18,03	17,82

Sources: Central Bank of Egypt (CBE), Egyptian Statistical Service (CAPMAS)

*Provisional data for fiscal years 2016/17 & 2017/18.

**Starting with fiscal year 2017/18, constant prices of fiscal year 2016/17 are being used for the calculation of real GDP.



EGYPT: A portal of entry to the MENA region and Africa

- **Egypt, a member of COMESA and AfCFTA can serve as a portal of entry for Greek products and businesses to the Middle East, the rest of the Arab world and Africa at large**
- **Egypt has the ambition to lead the African nations into the path of development: Egypt holds the Presidency of the African Union in 2019; the Egyptian Government has undertaken quite a few initiatives to increase international investment flows towards the African continent, destined especially for the development of infrastructure**

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- **Egypt has an Association Agreement with the European Union, which is in force since 2004; the vast majority of bilaterally traded products are exempted from tariffs; the Association Agreement provides for the establishment of a free trade area**



Egypt: A land with a multitude of investment opportunities

- Egypt's consistent and seriously planned growth presents a broad multitude of opportunities for Greek investors, e.g.:
 - **The 1,5 million Feddan development project**
 - **Large infrastructure development projects: New Administrative Capital, the Suez Canal Economic Zone, New Cities, the Golden Triangle, development of the Sinai Peninsula, development of Upper Egypt, modernization & expansion of the transportation networks (Cairo metro, railways, roads and bridges, ports)**
 - **Energy projects (electricity production, renewable energy, oil & gas infrastructure, petrochemicals)**



The Egyptian legal framework for investment

- In May 2017, the Egyptian Government adopted a **new investment law (72/2017)**, which provides for targeted tax incentives, according to the geographical area, the domain of activity and the jobs created by investment projects
- **The new legislation replaced the previously basic Egyptian investment Law 8/1997**, as well as its latest amendment (Presidential Decree 17/2015)
- However, it adheres to the same principles: it guarantees the repatriation of profits, the ownership of lands and buildings, accounts on foreign currency, as well as equal treatment between domestic & foreign investors.
- **The Investment Law of 2017** provides for the following main categories of incentives:
 - ❑ Special Incentives: Tax discounts of between 30% and 50% for 7 years
 - ❑ In certain cases, refunds of 50% of the land acquisition cost for industrial projects
 - ❑ Payment of the cost for connection of new investment projects with utilities by the Egyptian State
 - ❑ Reduction of bureaucracy, reinforcement of the role of GAFI as a “one-stop-shop”
 - ❑ Granting of additional incentives by the Government, for example by offering lands for the development of strategic investment projects
 - ❑ Granting the investors the possibility to employ up to 20% foreign employees
 - ❑ Re-introduction of the “private free zone” regime
- **The Investment Law of 2017 also provides for: (1) basic guarantees & facilitation services to the investors, (2) general & special investment incentives, (3) additional investment incentives by Government decision, (4) Exemptions from tariffs, taxes, import / export regulations for free zones and (5) new mechanisms for investment dispute settlement**
- **Online Investment Map of Egypt:**
<http://www.investinegypt.gov.eg/English/Pages/explore.aspx?map=true>



The Egyptian legal framework for investment

- Decree 2310/2017 of the Prime Minister (October 2017), enacted the executive regulations of the new Investment Law
- Fields of activity specifically promoted by the Investment Law of 2017: (a) Industry, (b) Agriculture, (c) Domestic trade, (d) Education, (e) Health, (f) Transportation, (g) Tourism, (h) Housing & Construction, (i) Sports, (j) Electricity & Energy, (k) Oil, natural gas & natural resources, (l) Potable Water, (m) ICT
- **Free zones:** Their regime is governed by Law 72/2017. Imports of the majority of raw materials and goods are exempt from duties, restrictions and customs procedures.
- **The 9 public free zones**, which fall under the jurisdiction of GAFI, are concentrated in the regions of Alexandria, Suez, Port Said, Damietta, Ismailia and Cairo, while 2 zones, in Qeft and Shibin El Kom, are respectively located in Upper Egypt and the Nile Delta
- In 2017 & 2018, GAFI announced the establishment of new free zones, e.g. in Nuweiba (South Sinai) and Minya (Upper Egypt)
- **Special Economic Zones** (Suez Canal), **Investment Zones**, **Technological Zones**



Bilateral Trade between Greece and Egypt, 2016 – 2018

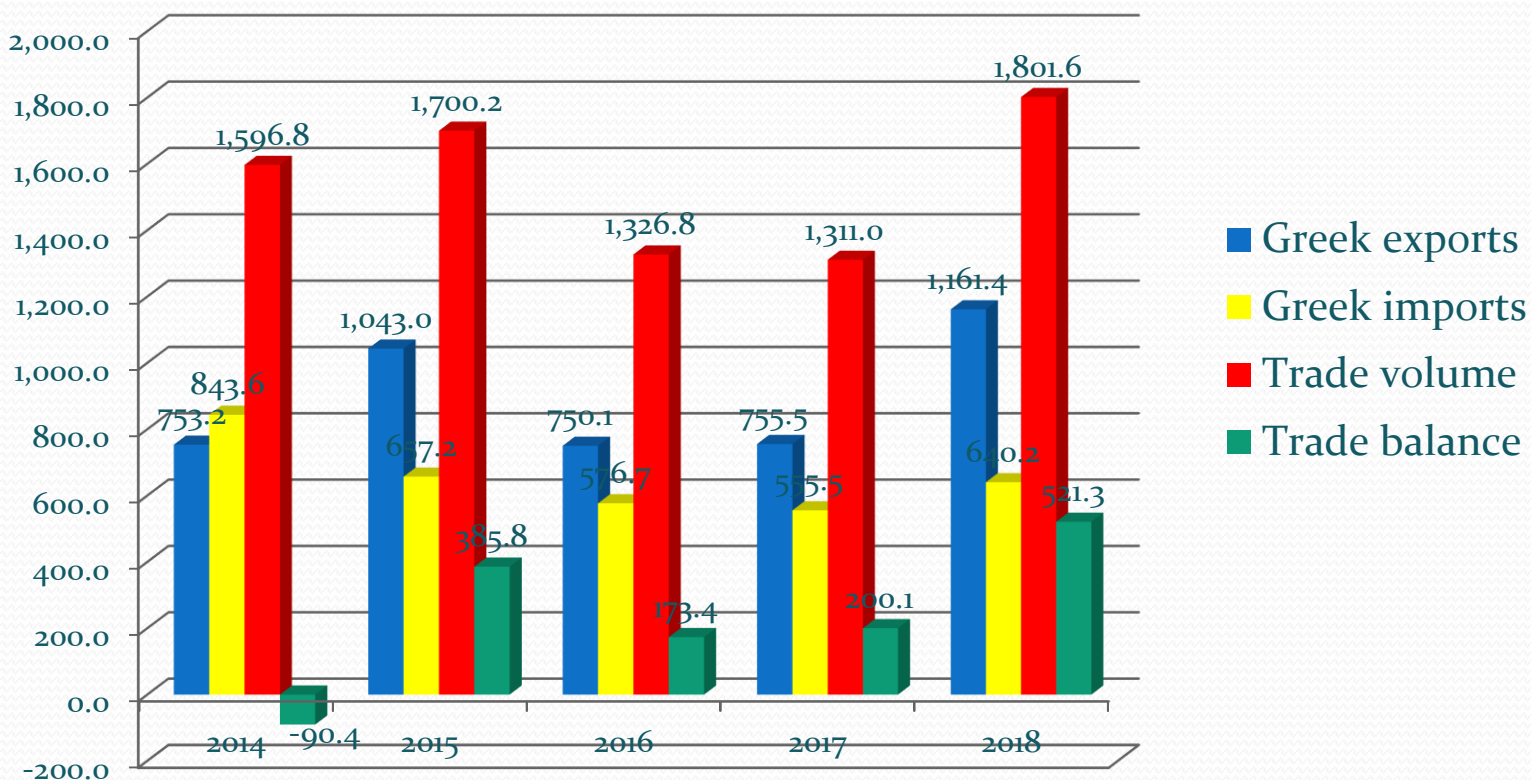
€ million	2016	2017	2018	% 17/18
Greek Exports	750,07	755,51	1.116,44	+53,7%
Greek Imports	576,72	555,45	640,19	+15,3%
Trade volume	1.327	1.311	1.801,63	+37,4%
Trade Balance	173,35	200,06	521,25	+160,5%

Source: Hellenic Statistical Authority (ELSTAT)



Greek – Egyptian Trade 2014-2018

(in million €)



Source: Hellenic Statistical Authority (ELSTAT)



Top Greek exports to Egypt (2016-2018)

(In 2018, Egypt was the 9th largest foreign market for Greek products)

- Refined oil products, fuels and by-products, Natural gas
- Cotton
- Fresh fruits & canned fruits
- Tobacco & processed tobacco products
- Building materials
- Plastic materials & chemicals
- Metal products
- Paper & paperboard
- Machinery & electrical equipment



Top Greek imports from Egypt (2016-2018)

(In 2018, Egypt was the 21st top foreign supplier of the Greek market)

- Crude petrol & processed oil products
- Fertilizers
- Various organic chemicals
- Potatoes, fresh & processed vegetables
- Plastic materials
- Building materials
- Paper for domestic use
- White linen, textile products, clothes



Trade with Egypt – Main impediments

- **“Registration” legislation** (Decrees 991/2015 & 43/2016) - **negative impact on imports from abroad since the beginning of 2016**
- **Extension of the scope of application of the registration legislation** (Decree 44/2019) , **as of January 2019** – more product categories affected
- **Lengthy inspection procedures at the ports of entry**, most of them conducted by GOEIC, the Ministry of Health, the Ministry of Agriculture (Quarantine & Veterinary Control)
- **Specific local inspection and pre-inspection procedures** for specific product categories, such as meat & poultry products
- **Specific packaging, labeling and shelf-life requirements for food products**
- **Incompatibility or Non-compliance of local standards with E.U.s and international ones**



Greek investment in Egypt

- Egypt is a top destination for Greek investment: The stock of Greek investment in Egypt is estimated at €1,2 billion
- Main fields of Greek investment in Egypt:
banking, cement manufacturing, oil & gas exploration and extraction, construction, food industry, manufacturing of building materials & paints, aluminum distribution logistics, irrigation systems, sea & air transportation, training services



Sectors of primary economic interest for Greece, in the scope of bilateral cooperation with Egypt

- **Agricultural cooperation**, cooperation in agricultural research (phytosanitary harmonization, exchange of information)
- **Energy, renewable sources of energy** (cooperation of public sector and companies, research, investment from both sides)
- **Transportation & logistics** (road, air, cooperation between Greek & Egyptian ports)
- **Environment** (exchange of information, research, promotion of joint projects)
- **Investment** (exchange of information, mutual protection & promotion of investments)
- **Services** (banking, tourism, ICT)
- **Industrial cooperation** (development of industrial zones, cooperation in the fields of certification, standardization)
- **Construction & technical services** (joint projects, Greek participation in Egyptian “Mega Projects”, project financing, exchange of know-how)
- **Cooperation in the fields of Culture, Education & Health**
- **Cooperation in the field of water resource management**



Sectors of primary economic interest for Greece, in the scope of trilateral cooperation with Egypt & Cyprus

Specific sectors of economic interest & opportunities in the context of the Tripartite Cooperation Greece-Egypt-Cyprus:

- **Maritime cooperation, cooperation between ports**, aiming at restoring and further developing a maritime network connecting the 3 countries
- **Tourism cooperation**, aiming at strengthening tourism flows between the 3 countries, organizing joint cruises & promoting joint tourism packages to third countries
- **Energy, particularly extraction & transportation of natural gas resources**, located in the Mediterranean Sea, between Egypt & Cyprus
- **Agricultural cooperation** (specifically transfer of know-how in the field of olive tree cultivation & fish farming)
- **Infrastructure development**
- **Cooperation in water resource management, desalination, flood protection & land reclamation projects**
- **Cooperation in the field of environmental protection** (mainly sea environment)



Joint effort towards a bright common perspective

- Jointly explore and identify new areas of mutual interest
- Encourage the two sides to entrust, among themselves, plans, ideas and information
- Establish an interface for interest matching information platform
- Disseminate essential information on tangible deliverables e.g. projects, tenders, regulatory issues etc.
- Utilize comparative advantages which may eventually benefit both parties by generating a win-win situation



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THANK YOU!

