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

3rd Workshop “Doing Business in the Arab World”
21 March 2019
Arab-Hellenic Chamber of Commerce & Development

Athanassios Makrandreou
Head of the Economic & Commercial Office
Embassy of Greece in Cairo
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

<table>
<thead>
<tr>
<th>Fiscal year: July/June</th>
<th>2015/16</th>
<th>2016/17*</th>
<th>2017/18*</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (in trillion EGP – current prices)</td>
<td>2,709</td>
<td>3,470</td>
<td>4,437</td>
</tr>
<tr>
<td>GDP (in trillion EGP – constant prices 2011/12 &amp; 2016/17)**</td>
<td>1,918</td>
<td>1,998</td>
<td>3,654</td>
</tr>
<tr>
<td>Real GDP change(%)</td>
<td>4.3%</td>
<td>4.2%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Inflation (end of June, %)</td>
<td>13.97%</td>
<td>29.76%</td>
<td>14.38%</td>
</tr>
<tr>
<td>Unemployment (%)</td>
<td>12.5%</td>
<td>12.0%</td>
<td>11.3%</td>
</tr>
<tr>
<td>Exports ($ billion)</td>
<td>18.70</td>
<td>21.73</td>
<td>25.83</td>
</tr>
<tr>
<td>Imports ($ billion)</td>
<td>57.39</td>
<td>59.00</td>
<td>63.10</td>
</tr>
<tr>
<td>Trade volume ($ billion)</td>
<td>76.09</td>
<td>80.73</td>
<td>88.93</td>
</tr>
<tr>
<td>Trade balance ($ billion)</td>
<td>-38.68</td>
<td>-37.27</td>
<td>-37.28</td>
</tr>
<tr>
<td>Trade deficit (% GDP)</td>
<td>-11.5%</td>
<td>-15.9%</td>
<td>-14.9%</td>
</tr>
<tr>
<td>Current account balance (% GDP)</td>
<td>-5.9%</td>
<td>-6.1%</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Foreign exchange reserves (end of June, $ billion)</td>
<td>17.55</td>
<td>31.30</td>
<td>44.26</td>
</tr>
<tr>
<td>Fiscal deficit (in trillion EGP)</td>
<td>339.49</td>
<td>379.59</td>
<td>432.70</td>
</tr>
<tr>
<td>Fiscal deficit (% GDP)</td>
<td>-12.5%</td>
<td>-10.9%</td>
<td>-9.8%</td>
</tr>
<tr>
<td>Primary fiscal balance (% GDP)</td>
<td>-3.5%</td>
<td>-1.8%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Net foreign direct investment ($ billion)</td>
<td>6.93</td>
<td>7.93</td>
<td>7.72</td>
</tr>
<tr>
<td>Remittances from Egyptians abroad ($ billion)</td>
<td>17.08</td>
<td>21.82</td>
<td>26.39</td>
</tr>
<tr>
<td>Foreign debt ($ billion)</td>
<td>55.76</td>
<td>79.03</td>
<td>92.64</td>
</tr>
<tr>
<td>Foreign debt (% GDP)</td>
<td>16.6%</td>
<td>33.6%</td>
<td>37.0%</td>
</tr>
<tr>
<td>Domestic debt (in trillion EGP)</td>
<td>2,621</td>
<td>3,161</td>
<td>3,695</td>
</tr>
<tr>
<td>Domestic debt (% GDP)</td>
<td>96.7%</td>
<td>91.1%</td>
<td>83.3%</td>
</tr>
<tr>
<td>Exchange rates EGP- $ (end of June)</td>
<td>8.77</td>
<td>18.03</td>
<td>17.82</td>
</tr>
</tbody>
</table>

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

- 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
- **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

<table>
<thead>
<tr>
<th></th>
<th>€ million</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>% 17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Greek Exports</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>750,07</td>
<td>755,51</td>
<td>1,116,44</td>
<td></td>
<td>+53,7%</td>
</tr>
<tr>
<td><strong>Greek Imports</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>576,72</td>
<td>555,45</td>
<td>640,19</td>
<td></td>
<td>+15,3%</td>
</tr>
<tr>
<td><strong>Trade volume</strong></td>
<td>1,327</td>
<td>1,311</td>
<td>1,801,63</td>
<td></td>
<td>+37,4%</td>
</tr>
<tr>
<td><strong>Trade Balance</strong></td>
<td>173,35</td>
<td>200,06</td>
<td>521,25</td>
<td></td>
<td>+160,5%</td>
</tr>
</tbody>
</table>

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
For further inquiries:

EMBASSY OF GREECE IN CAIRO
OFFICE FOR ECONOMIC & COMMERCIAL AFFAIRS
18, Aisha El Taymureya Street, Garden City
Tel.: +202-27948482, 27952036
Fax: +202-27940684
E-mail: ecocom-cairo@mfa.gr

THANK YOU!