



Doing Business in the Arab World

The economic and trade relations between Greece &
Egypt

The prospects for an enhanced bilateral cooperation

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Periklis Davanelos
Head of the Economic & Commercial Office
Embassy of Greece in Cairo



1. EGYPT as Greece's business partner

- * One of the most important economic and trade partners of Greece in the Arab world, as a strong bilateral strategic partnership thrives on every aspect.
- * Geographic proximity, cultural similarities.
- * A resilient economy despite the controversies of 2022, as the regional and international financing communities do not seem to pull out their trust and at the same time the Egyptian government is determined to safeguard the economic situation.
- * Egypt has an Association Agreement with the European Union, which is in force since 2004, which actually means no import duties.
- * Egypt as part of regional trade agreements: COMESA, AFCFTA, AGADIR, GAFTA
- * Egypt could serve as a gate of entry for Greek products and services to the Middle East, the rest of the Arab world and Africa



2. EGYPTIAN ECONOMY (I)

Brief History

- * The Egyptian economy, during the last three difficult years of the pandemic, was the only economy of the countries of the wider region of North Africa and the Middle East, which recorded a positive rate of growth, steadily decreasing of course, still positive, closing financial year 2021-22, last July, at a +6,6% rate and running at the present time with a solid 4% rate . The Russian invasion of Ukraine last February had a serious impact, as the country was affected in critical sectors, like import of grains and tourism flows.
- * The Egyptian Government in March 2022, to amend the situation, and control the foreign exchange exit, established the method of opening the letter of credit (L/c) as the exclusive method of payment for foreign exporters, a measure which influenced the import flows of many products.
- * In view of the upcoming loan Agreement with the IMF and listening to the concerns of both local and foreign business communities', the Government, already since the end of last October, gradually repealed the above l/c system, reviving the old and much preferred system of Cash Against Documents and decisively initiated the uploading of local ports from several accumulated pending orders.



EGYPTIAN ECONOMY (II)

Current situation - positive developments

- * IMF Executive Board finally approved on December 2022 Extended Fund Facility (EFF) loan agreement for Egypt, with a total financing of \$3 billion: A key turning point to transform the situation.
- * The IMF deal will not solve overnight the severe foreign exchange problem of Egypt, is expected to unlock, however, additional financing from Egypt's international and regional partners, restoring the country's image to the international financing system.

Pending cases of greek enterprises

- * At the present time, several requests of Greek interest enterprises, are pending at Egyptian banks for the release of considerable sums of l/c' s.
- * Most of them in priority system, some of them have been resolved, some remain pending.
- * We push every day for their settlement
- * Current trend : to gradually resolve all the pending cases and release due payments
- * Our estimate: In 3-4 months import trade activities will have returned to a normal level.

Other improvements related to importers ' activity: (despite ongoing problems)

- * Registration (old 2016 legislation) : drastically simplified
- * ACI (Advance Cargo Information System) preloading custom control, in effect since October 2021, minimized the time for the release of goods
- * National Food Safety Authority (NFSA): the last 2 years significantly matured
- * GAFI (General Authority For Foreign Investment) and IDA (Industrial Development Authority): both central for the foreign investor and businessman, they have more or less raised the level of offered services.



3. Greek exports to Egypt: still going strong, despite covid 19 and the russian invasion. Business interest remains alive, need to diversify our export portfolio

- * Our exports to Egypt for 2022 amounted to € 378.479.225 million, reduced by 13,76% compared to 2021, when it had reached € 439 million
- * Main Greek products: petroleum products and cotton, covering 55% of the total
- * Need to diversify our export portfolio with updated products and services
- * Greek exports to Egypt during 2022 account for the 0,69 % of total Greek exports
- * Greek imports from Egypt account of 1,8% of total Greek imports for 2022.
- * The value of imports from Egypt is steadily increasing, as it contains more and more hydrocarbons, including Natural Gas, contributing to reduce our reliance from Russian Gas.
- * The interest of Greek business community in the Egyptian market & economy remains strong, as we witness through their written requests , their frequent local visits , their participations in major international exhibitions, etc.



4. Greek investment in Egypt - A successful story with significant growth potential (I)

Egypt is considered a solid destination for Greek investment:

Main fields of Greek investment in Egypt (with established production sites and operation centers)

- ✓ cement manufacturing
- ✓ oil & gas exploration and extraction
- ✓ Renewable Energy Sources
- ✓ Construction (subcontracting in the modernization of central coastal highway)
- ✓ manufacturing of building materials & paints
- ✓ aluminium production, distribution & logistics
- ✓ food industry (production of biological orange juice)
- ✓ paper and paper production projects
- ✓ sea & air transportation
- ✓ training services
- ✓ Digital services
- ✓ Defense industry



4. Greek investment in Egypt - A successful story (II)

The current trend of investment environment in Egypt

- * Continuous announcements of necessary reforms in all aspects of the legislative package concerning foreign investment, which are gradually put to implementation mode.
- * The new IMF deal is expected to lead eventually to a higher participation of the private sector to the country's GDP, opening up a series of sectors for potential foreign investors
- * Such as: Construction, Chemicals, Pharmaceuticals, Financial Services, Farming, Food & Beverage, Accommodation.



5. Sectors of bilateral investment and trade cooperation with high growth potential, where our expertise meets the needs of the Egyptian market

- * Renewable energy sources
- * Construction - technical works
- * Environmental management and protection technology
- * Water resources management, processing of liquid and solid waste
- * Industrial equipment
- * Digital services
- * Real estate service
- * Personal Hygiene items - special medical disposables
- * Agriculture and agricultural equipment
- * Food & Beverage Industry



EMBASSY OF GREECE IN CAIRO
OFFICE FOR ECONOMIC & COMMERCIAL AFFAIRS

Contact Persons:

Mr Periklis Davanelos, Minister Counsellor

Ms Despina Tzova, Secretary for Economic & Commercial Affairs

Mr Dimitris Christou, Arab speaking scientific partner

Tel.: +202-27948482, 27952036

E-mail: ecocom-cairo@mfa.gr

Site: <https://agora.mfa.gr/ta-grafeia-oikonomikon-emporikon-upotheseon/grafeia-ana-xora/office/811>



APPENDIXES

- * The Egyptian economy - macroeconomic indicators
- * The Egyptian legal framework for investment (3 pages)
- * Bilateral Trade Greece-Egypt 2017-2022
- * Main products (Exports & Imports) 2022
- * Particularities of the Egyptian market, main features of business ethics in Egypt



Key Macroeconomic Figures of Egypt

	2018/19	2019/20	2020/21	2021/22
GDP (billion USD)	294.5	344.8	383.4	404.1
Growth as GDP %	5.6	3.6	3.3	5.2
GDP per capita (thousand USD)	3,065	3,613	3,982	4,504.
Inflation (%)	13.9	5.7	4.5	8.5
Unemployment (%)	7.5	9.6	7.3	7.5
Trade Balance (million USD)	-38.0	-36.5	-42.1	-41.7
Foreign exchange reserves (million USD)	44.5	38.2	40.6	33.4
FDI (% of GDP)	2.7	2.1	1.3	2
Primary Surplus (% of GDP)		1.8	2	7
External Debt (% of GDP)	36.0	33.9	34.2	33
Budget deficit (% of GDP)	8.1	8.0	6.3	6.1

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



The Egyptian legal framework for investment (1)

- * **Investment law (72/2017):** targeted tax incentives, according to the geographical area, the domain of activity and the jobs created by investment projects
- * The Egyptian investment legislation 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 General Authority For Investment as a “one-stop-shop”
 - ☐ Granting of additional incentives by the Government: 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
 - ☐ Exemptions from tariffs, taxes, import / export regulations for free zones
 - ☐ New mechanisms for investment dispute settlement



The Egyptian legal framework for investment (2)

- * Decree 2310/2017 (October 2017): enacted the executive regulations of the new Investment Law
- * Fields of activity specifically promoted by the Investment Law: (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 GAFl, are concentrated in the regions of Alexandria, Damietta, Port Said, Ismailia Suez and Cairo, Qeft located in Upper Egypt (South Egypt) and Shibin El Kom at the Nile Delta
- * In 2017, 2018 & 2019 GAFl announced the establishment of new free zones, e.g. in Nuweiba (port in South Sinai), Aswan and Minya (Upper Egypt)
- * Strategy: establishment of 7 new Free zones in: Minya, South Sinai, New Ismailia city project, Giza, Dakahlia, Aswan, Kafr El-Sheikh



The Egyptian legal framework for investment (3)

- * Special Economic Zones (Suez Canal), Investment Zones, Technological Zones
- * Industrial Zones

Investment Zones:

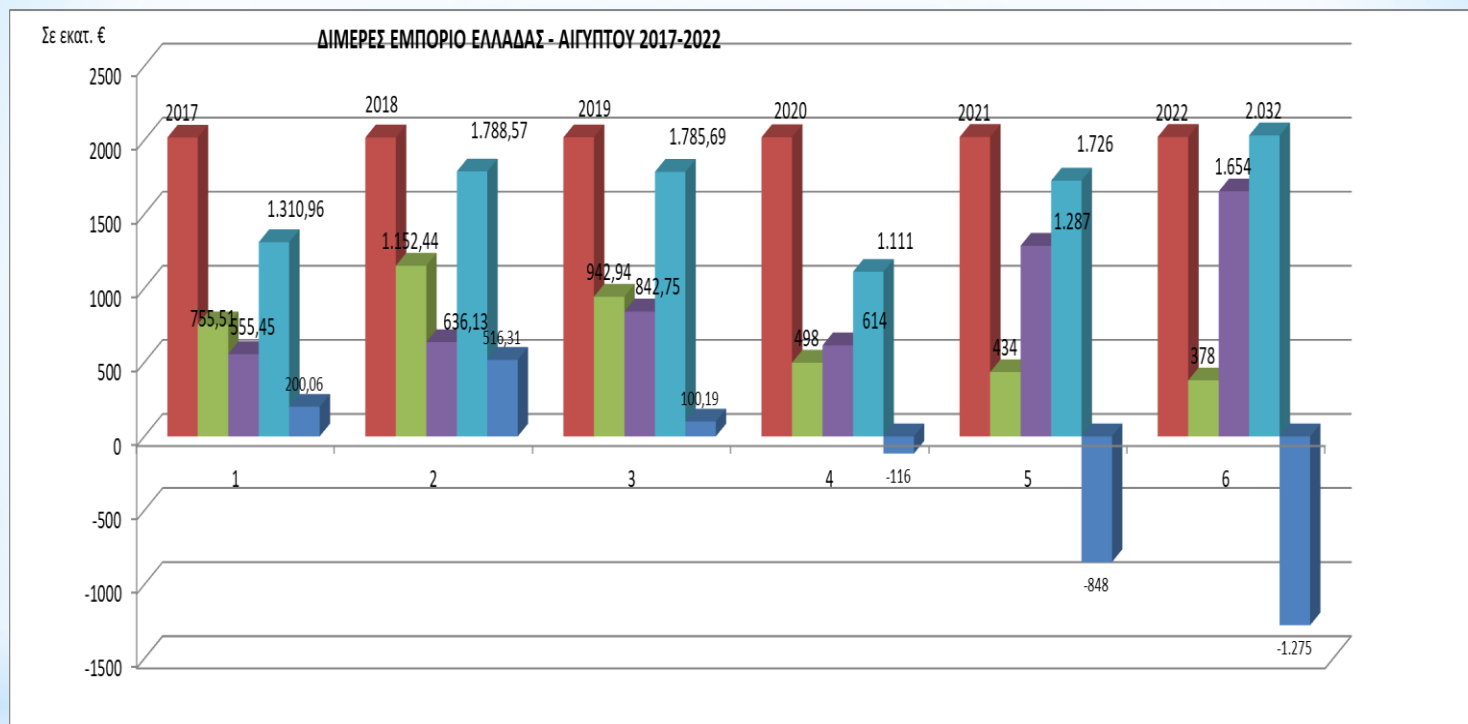
- * A geographical area, having a specific surface area and boundaries allocated for the establishment of one or more specialized investment activities and other ancillary activities. Such zones are established upon a Prime Minister decree.
- * Each investment zone shall have a developer authorized to establish, manage, develop or promote the zone in accordance with the time schedule specified in the construction decree.
- * Technological zones are considered one of the forms of investment zones, but such zones are specialized in the Information and Communication Technology (ICT) industry.

Explore Investment Opportunities Across Egypt. All sectors, All areas:

<https://www.investinegypt.gov.eg/english//pages/sectorandgeographies.aspx>



Bilateral Trade Greece-Egypt 2017-2022



Source: Hellenic Statistical Authority (ELSTAT)

Annual statistics for bilateral trade 2022/2021

YEAR/PERIOD	2021	2022	2022/2021
EXPORTS in million €	434	378	-13,76%
IMPORTS in million €	1.287	1.654	28,55%
TRADE VOLUME in million €	1.726	2.032	17,79%
TRADE BALANCE in million €	-848	-1.275	50,44%



Top Greek exports to Egypt (2022)

- * Oils from petroleum or from bituminous minerals.
- * Cotton
- * coke
- * Fresh fruits & canned fruits (mainly Apples, pears and quinces)
- * Cigars
- * Insecticides, pesticides
- * Tableware, other household or household goods
- * Paper and cardboard
- * Nuts, fresh or dried



Top Greek imports from Egypt (2022)

- * Crude oils, of petroleum or of bituminous minerals
- * Natural Gas and Hydrocarbons
- * Fertilizers
- * Potatoes, fresh or chilled, Onions, garlic
- * Acyclic alcohols
- * Ethylene polymers
- * Polyacetals, other polyethers and resins
- * Lead
- * Sodium hydroxide caustic soda. Potassium hydroxide caustic potash. Peroxides of sodium or potassium
- * Toilet (sanitary) paper, paper used for hand towels, for towels and similar household paper



Particularities of the Egyptian market, main features of business ethics in Egypt

- * Since there is limited access to market data, the foreign exporters have to pay attention when selecting their partners in Egypt and also need to study the Egyptian market before acting. Our Office can offer assistance on this field.
- * The foreign company that wishes to expand into the Egyptian market should be ready to modify in an expedited manner its entry strategies, according to the conditions which are often quite volatile.
- * Representatives of foreign firms must be patient with the complex and lengthy bureaucratic procedures, as well as with the -usually lengthy- commercial negotiations.
- * **Recommendation: companies should rely exclusively upon transactions through banks.** Typical payment methods for import financing: either through irrevocable letter of credit, or, cash against documents.
- * Over the past few years, the Central Bank of Egypt has lifted several restrictions that had been imposed on the domestic banking sector, aiming at economizing foreign exchange
- * Egyptians generally appreciate having a more personalized and friendly relationship with their commercial partners.