



Investing in Egypt:

Unlocking Opportunities at the Crossroads of Africa, Asia, and Europe



STATISTICS

- ◉ **Gross Domestic Product (GDP):** Approximately \$363 billion USD (2020).
- ◉ **GDP Growth Rate:** Projected growth of 5.7% for 2022.
- ◉ **Population:** Over 102 million people.
- ◉ **Official Language:** Arabic.
- ◉ **Currency:** Egyptian Pound (EGP).
- ◉ **Foreign Direct Investment (FDI):** FDI inflows reached approximately \$9 billion USD in 2020.
- ◉ **Memberships:**
 - ◉ African Union (AU)
 - ◉ Common Market for Eastern and Southern Africa (COMESA)
 - ◉ League of Arab States
 - ◉ World Trade Organization (WTO)
- ◉ **Ease of Doing Business Ranking:** 114th out of 190 countries (World Bank Doing Business Report 2020).
- ◉ **Literacy Rate:** Approximately 75%, with continuous improvements in education.
- ◉ **Time Zone:** Eastern European Time (EET), UTC+2.
- ◉ **Strategic Location:** Controls the Suez Canal, one of the world's most important waterways connecting the Mediterranean Sea to the Red Sea.

INTRODUCTION

Egypt, the land of ancient civilization and timeless wonders, stands as a beacon of economic opportunity at the crossroads of Africa, Asia, and Europe. With its strategic geographic location, large and growing domestic market, abundant natural resources, and a government committed to economic reform and development, Egypt offers a wealth of opportunities for global investors. This comprehensive report explores the myriad benefits of investing in Egypt, highlighting key statistics, relevant agencies, incentives for investors, and the sectors poised for significant growth. By unlocking the potential of this vibrant economy, investors can be part of Egypt's transformative journey towards sustainable prosperity.

BACKGROUND

Egypt boasts a rich history that spans millennia, making it a cultural powerhouse with global recognition. In recent decades, Egypt has embarked on an ambitious path of economic reform and modernization. The government's Vision 2030 strategy focuses on sustainable development, economic diversification, and improving the quality of life for its citizens.

The economy has shown resilience and adaptability, transitioning from a primarily agrarian society to a diversified economy with robust sectors such as tourism, energy, manufacturing, agriculture, and services. The strategically vital Suez Canal is a significant source of revenue and a critical artery in global trade.

Egypt's young and dynamic population provides a substantial labor force and consumer market. With over 60% of the population under the age of 30, there is a significant demand for goods, services, and employment opportunities. The government's commitment to infrastructure development, education, and technological advancement further enhances Egypt's attractiveness as an investment destination.

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BENEFITS OF INVESTING IN EGYPT

Strategic Geographic Location

- » **Gateway to Three Continents:**
 - » Situated at the nexus of Africa, Asia, and Europe.
 - » Provides unparalleled access to regional and global markets.
- » **Suez Canal Advantage:**
 - » One of the world's busiest shipping lanes.
 - » Connects the Mediterranean Sea to the Red Sea, facilitating international trade.
- » **Logistical Hub:**
 - » Modern ports, airports, and extensive road networks.
 - » The Suez Canal Economic Zone offers prime opportunities for businesses.

Large and Growing Domestic Market

- » **Population of Over 100 Million:**
 - » One of the largest consumer markets in the Middle East and Africa.
 - » Growing middle class with increasing purchasing power.
- » **Youthful Demographics:**
 - » Substantial labor force with a median age of around 25 years.
 - » High demand for education, technology, healthcare, and consumer goods.

Pro-Investment Economic Reforms

- » **Economic Liberalization:**
 - » Implementation of policies to encourage private sector participation.
 - » Deregulation and simplification of business procedures.
- » **Structural Reforms:**
 - » Fiscal consolidation to improve macroeconomic stability.
 - » Launch of mega projects to stimulate economic growth.

Abundant Natural Resources

- » **Energy Resources:**
 - » Significant reserves of natural gas and oil.
 - » Discovery of the Zohr Gas Field, one of the largest in the Mediterranean.
- » **Mineral Resources:**
 - » Rich in gold, phosphates, iron ore, and other minerals.
- » **Agricultural Land:**
 - » Fertile Nile Delta supports a thriving agricultural sector.

Advanced Infrastructure

- » **Transportation Networks:**
 - » Extensive railways, highways, and maritime facilities.
 - » Development of new cities and expansion of urban infrastructure.
- » **Energy Infrastructure:**
 - » Investments in power generation, including renewables like solar and wind.
 - » Ambitious projects like the Benban Solar Park.

Free Trade Agreements and Market Access

- » **Trade Agreements:**
 - » Access to markets through agreements like the African Continental Free Trade Area (AfCFTA).
 - » Free trade agreements with the EU, Arab countries, and others.
- » **Preferential Trade Terms:**
 - » Opportunities to export products with reduced tariffs.

Skilled Workforce

- » **Education Focus:**
 - » Large number of universities and technical institutes.
 - » Emphasis on developing skills in technology, engineering, and sciences.
- » **Multilingual Capabilities:**

- » Workforce proficient in Arabic and English, facilitating international business.

Government Support and Investment Incentives

- » **Investment Law No. 72 of 2017:**
- » Provides guarantees and protections for investors.
- » Offers incentives and reduced bureaucratic hurdles.
- » **Public-Private Partnerships (PPPs):**
- » Encouragement of private sector participation in infrastructure and public services.

RELEVANT AGENCIES

General Authority for Investment and Free Zones (GAFI)

- » **Role:** The principal government body responsible for regulating and facilitating investment in Egypt.
- » **Services:**
- » Acts as a one-stop shop for investors.
- » Provides information on investment opportunities and procedures.
- » Assists with company registration and licensing.
- » **Website:** www.gafi.gov.eg
- » **Contact:**
- » **Email:** info@gafinet.org
- » **Phone:** +20 (2) 2405 5400

Egyptian Investment Promotion Agency

- » **Role:** Promotes investment opportunities and supports investors throughout the investment process.
- » **Services:**
- » Offers guidance on investment laws and regulations.
- » Facilitates connections with local partners and authorities.
- » **Website:** www.investinegypt.gov.eg
- » **Contact:**
- » **Email:** info@investinegypt.gov.eg
- » **Phone:** +20 (2) 2405 5400

Industrial Development Authority (IDA)

- » **Role:** Oversees industrial development and supports investors in the industrial sector.
- » **Services:**
- » Issues industrial licenses and approvals.
- » Provides information on industrial zones and infrastructure.
- » **Website:** www.ida.gov.eg
- » **Contact:**
- » **Email:** info@ida.gov.eg
- » **Phone:** +20 (2) 2425 7630

Egyptian Commercial Service (ECS)

- » **Role:** Supports exporters and promotes international trade.
- » **Services:**
- » Provides market intelligence and trade opportunities.
- » Assists with trade missions and exhibitions.
- » **Website:** www.tas.gov.eg
- » **Contact:**
- » **Email:** info@tas.gov.eg
- » **Phone:** +20 (2) 2260 4850

Ministry of Trade and Industry

- » **Role:** Formulates trade policies and supports industrial growth.
- » **Services:**
- » Develops strategies for economic development.
- » Provides information on regulations and trade agreements.
- » **Website:** www.mti.gov.eg
- » **Contact:**
- » **Email:** info@mti.gov.eg
- » **Phone:** +20 (2) 2792 4082

INCENTIVES FOR INVESTORS

Tax Incentives

- » **General Incentives Under Investment Law No. 72 of 2017:**
- » 50% tax deduction on investment costs in underdeveloped regions.
- » 30% tax deduction on investment costs in other strategic sectors.
- » **Free Zones Incentives:**
- » Exemption from all import/export duties and taxes.

- » No sales tax or VAT on goods and services within the free zones.
- » **Special Economic Zones Incentives:**
- » Simplified customs procedures.
- » Reduced tax rates and exemptions.

Investment Guarantees and Protections

- » **Legal Protection:**
- » Protection against nationalization and expropriation.
- » Right to own land and real estate needed for the investment project.
- » **Repatriation of Profits:**
- » Freedom to transfer profits, dividends, and capital abroad without restrictions.
- » **Dispute Resolution:**
- » Access to arbitration through international bodies like ICSID.

Non-Tax Incentives

- » **Provision of Land:**
- » Allocation of land at reduced costs or favorable terms.
- » **Government Support:**
- » Assistance with infrastructure connections (utilities, roads).
- » **Facilitation Services:**
- » One-stop shop services through GAFI to streamline administrative procedures.

Sector-Specific Incentives

- » **Agriculture and Food Processing:**
- » Support for modern farming techniques and technology adoption.
- » **Renewable Energy:**
- » Guaranteed power purchase agreements and favorable tariffs.
- » **Tourism:**
- » Tax exemptions and support for hotel and resort development.
- » Opportunities for Investors

Energy Sector

- » **Oil and Gas Exploration:**
- » Investment opportunities in exploration and production.
- » Development of infrastructure for liquefied natural gas (LNG).
- » **Renewable Energy:**
- » Solar and wind energy projects, especially in the Benban Solar Park.
- » Government initiatives to increase renewable energy's share in the energy mix.

Infrastructure and Construction

- » **Transportation Projects:**
- » Development of new highways, bridges, and rail networks.
- » Expansion of the Suez Canal Economic Zone and associated logistics facilities.
- » **Urban Development:**
- » Participation in building new cities like the New Administrative Capital.
- » Housing projects to meet the demands of a growing population.

Manufacturing and Industrial Sector

- » **Automotive Industry:**
- » Assembly and manufacturing of vehicles and components.
- » **Textiles and Garments:**
- » Production for domestic consumption and export markets.
- » **Pharmaceuticals and Chemicals:**
- » Manufacturing of medicines, fertilizers, and petrochemicals.

Agriculture and Agribusiness

- » **Modern Farming:**
- » Investment in irrigation systems, technology, and high-yield crops.
- » **Food Processing:**
- » Establishment of processing facilities for fruits, vegetables, and dairy products.
- » **Export-Oriented Production:**
- » Cultivation of crops like cotton, rice, and wheat for international markets.

Tourism and Hospitality

- » **Resort Development:**
- » Construction and management of hotels and resorts in areas like Sharm El-Sheikh, Hurghada, and Luxor.
- » **Cultural Tourism:**

- » Promotion of Egypt's historical sites, including the Pyramids of Giza and Valley of the Kings.
- » **Eco-Tourism:**
- » Development of sustainable tourism projects in natural reserves.

Information and Communication Technology (ICT)

- » **Technology Parks:**
- » Investment in Smart Village and other tech hubs.
- » **Outsourcing Services:**
- » Establishment of call centers, software development, and IT services.
- » **E-commerce and Fintech:**
- » Opportunities in digital payment systems and online marketplaces.

Financial Services

- » **Banking and Insurance:**
- » Expansion of financial institutions to serve a growing economy.
- » **Investment Funds:**
- » Establishment of funds focusing on infrastructure, SMEs, and start-ups.
- » **Microfinance:**
- » Providing financial services to underserved markets.

CONCLUSION

Egypt stands as a land of immense opportunity, blending ancient heritage with modern ambition. With its strategic location, large domestic market, ongoing economic reforms, and a wealth of natural and human resources, Egypt presents a compelling case for investment. The government's commitment to creating a favorable business environment, coupled with incentives and support services, ensures that investors can navigate the market with confidence. By investing in Egypt, businesses can tap into a dynamic economy poised for significant growth, while contributing to the nation's journey toward a prosperous and sustainable future.

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