



Doing Business in Egypt: 2014 Country

Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Egypt

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Market Overview

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- 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 85 million and a GDP of USD 271 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 2013, U.S. – Egypt bilateral trade dropped to USD 6.8 billion from USD 8.5 billion in 2012 representing a decrease in exports from Egypt. The U.S. exported USD 5.2 billion in goods and services to Egypt in 2013; including USD 1.68 billion in food and agriculture exports. Egypt is the third largest export market for U.S. products and services in the Middle East and the 48th largest export market in the world.
- U.S. Foreign Direct Investment (stock) in Egypt reached USD 17.1 billion in 2012 (latest figures available). The U.S. is Egypt's largest trading partner and the second largest foreign investor after the U.K.
- Egypt's GDP grew approximately 2.1 percent in 2013 and foreign reserves grew to USD 17 billion in January 2014 from 13.6 billion in January 2013 with an injection from Gulf donors. Egypt's credit rating increased to B-/B in November 2013.
- Following a military-led change of government in July 2013, Egypt continued to struggle with slow economic growth and political instability. Since then, Egyptians voted to approve a new constitution in January 2014, and presidential elections were held in May 2014. The new president of Egypt, Abdel Fattah al-Sisi, was sworn in on June 8, 2014.
- Delays in government decision making and foreign currency availability continue to create challenges for foreign traders and investors.

Market Challenges

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- Subsidy reform is the most urgent requirement; the GOE spends over USD 20 billion per year on subsidies, or nearly one-third of its annual budget.
- Despite the short-term stabilization of Egypt's foreign reserves, the Central Bank's currency auction system and currency controls continue to restrict access to foreign currency.

- The oil and gas sector presents opportunities and most major companies have investment plans on the shelf ready to launch when the market is permissive, however government arrangements 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.
- Other obstacles to trade and investment include excessive bureaucracy, a shortage of skilled labor, limited access to credit, slow and cumbersome customs procedures, intellectual property issues and non-tariff trade barriers.

Market Opportunities

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- Egypt's economy is diverse, with agriculture, manufacturing, energy, and services constituting the bulk of output. Agriculture accounts for 40 percent of employment and 20 percent of GDP. Egypt relies heavily on imported wheat, corn and soybeans of which the U.S. is a supplier.
- The Egyptian government is keen on expanding the healthcare industry, especially relating to medical devices, and plans for the development of 26 new hospitals in 2014. Nevertheless, challenges include the registration process and IPR protection.
- ICT is one of the most active sectors of the Egyptian economy. Business opportunities include data centers and cloud computing farms, mobile broadband infrastructure, modern methods for data storage and management, cyber security, mobile health services, and education services.
- Once a new government is formed, we anticipate government tenders to be released for infrastructure improvement. The U.S. Department of State's [Business Information Database System](#) website lists current foreign government tenders.
- Other significant sectors of interest to U.S. companies include: construction, architectural and engineering services, water and waste water, renewable energy, electric power generation, franchising and safety and security equipment.

Market Entry Strategy

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- U.S. small and medium-sized companies should find an Egyptian firm to represent them in the local market. The U.S. Embassy has services to U.S. companies with Egyptian firms.
- The U.S. Embassy sends many Egyptian buyer delegations to designated International Buyer Program shows in the U.S. Trade missions and regional trade shows provide other opportunities to meet Egyptian buyers. Three U.S. Department of Commerce trade missions are scheduled to Egypt in 2014/15: Infrastructure (December 2014); Safety and Security (March 2015) and Healthcare (May 2015). See www.export.gov/egypt for the latest events.
- U.S. companies opening new relationships with Egyptian importers should be familiar with U.S. government resources available to their customers, like the U.S. Export Import Bank.

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Chapter 2: Political and Economic 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.

<http://www.state.gov/r/pa/ei/bgn/5309.htm>

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Using an Agent or Distributor

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It is highly recommended that U.S. companies enter the Egyptian market via a well-placed agent or distributor, particularly if working with 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 the Egyptian buyer, including after-sales service, and are committed to finalizing the transaction to their client's satisfaction. Additionally, agents and distributors perform a public relations role, exposing the U.S. company's 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 authorizes the import of the foreign principal's products into Egypt or that the importation takes 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, Industry, and Investment's 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 level of involvement of the agent. The larger the volume of sales is, the smaller the commission. For commodities such as rice, wheat, sugar, lumber or cotton, the commission ranges between 1-3 percent; for chemicals and food 3-5 percent; for medical, earthmoving, and office equipment about 10 percent; and for expensive laboratory and scientific equipment 15 percent. For major projects such as a major 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, Industry, and Investment's 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 a country like Egypt where activity is centralized 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 and International Partner Search programs that are designed 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 or the Commerce Department's Trade Information Center at 1-800-USA-TRADE (1-800-872-8723) or click on <http://www.export.gov>.

Recommended business networks in Egypt include the American Chamber of Commerce in Egypt and various associations of Egyptian entrepreneurs including the Egyptian Businessmen's 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. There are investor committees in the large industrial cities of Tenth of Ramadan, Sixth of October, Borg El Arab, and a chamber in Ismailia promoting projects in the Sinai. Please see the [Contacts Section](#) of this guide.

Establishing an Office

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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 three working days. <http://www.gafi.gov.eg/en/default.aspx>

As in other countries, companies should seek early legal counsel from one or more attorneys and tax counsel from a professional accounting/auditing firm. Lists of such firms are available on the Internet from the Commercial Service website in Egypt.
<http://export.gov/egypt/businessserviceproviders/index.asp>

Franchising

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Franchising has developed quite extensively in Egypt over a short time, especially in the fast-food sector. There are numerous international franchisees in Egypt at present, including food and non-food franchisees with hundreds of individual outlets.

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 27 percent over the coming years. The current food franchise market size is estimated at more than USD 750 million. Some of the popular chains include: Baskin Robbins, Caravel Ice Cream, Chili's, Cinnabon, Dairy Queen, Hard Rock Café, KFC, McDonald's, Outback Steakhouse, Pizza Hut, Ruby Tuesday, and TGIF.

During the 1990s, the non-food sector started to develop and now there is significant market potential. A limited number of companies in the fields of hotel management, car rental, language education, health and fitness, electronics, and computer training are currently franchised in Egypt.

The Egyptian Franchise Development Association (EFDA) represents and serves the franchise industry in Egypt. EFDA 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 Commercial Service in Egypt for more details.

Direct Marketing

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Direct marketing in Egypt, such as catalog sales or television sales, is also advancing as the use of credit cards and checking accounts from foreign banks is increasingly accepted. Purchasing goods through the Internet is growing for the same reasons. The Egyptian Government encourages e-commerce and passed e-commerce legislation and an e-signature law in 2004.

Joint Ventures/Licensing

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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 8, and the Investment Incentives and Guarantees Law, allow foreign investors to own any amount up to 100 percent 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 percent 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, pistols, laser alignment equipment, and military vehicles.

Selling to the Government

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In selling to the Government of Egypt (GOE), companies will need to deal directly with the client agency. Egyptian procurement is conducted utilizing either national budgetary funds, or aid funds from USAID, the Foreign Military Fund (FMF), or other donors.

In the case of USAID and FMF, information can be obtained on <http://www.fedbizopps.gov/>. USAID and the Office of Military Cooperation (OMC) can answer questions about upcoming procurements directly by contacting 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), or multilateral assistance from entities such as the World Bank, the African Development Band, 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

Tenders Law 89 of 1998 governs GOE procurement by all civilian and military agencies ("ministries, departments, local government units, and public and general organizations") unless they are excused from this law. A few key principles include:

- 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, in which the price on an item is lowered until it gets the opening and winning bid. A tender may not be transferred into a momarsa.
- No cancellation of an order is allowed without a reason. Moreover, rejected bids and awarded bids will contain the reasons on which the decision was based.
- Bid bonds will be refunded immediately upon expiration of the tender.
- Egyptian bidders receive a fifteen percent price preference. The Tenders Law 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 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, they must be treated the same. If an Egyptian company receives a 15 percent price preference, then so does the U.S. company. Not all DOD 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 them of MOD non-compliance with this provision of the Memorandum of Understanding.

- There is a two-phase decision-making process. A bid-opening committee convenes a public session to which all bidders are invited and bid prices are read aloud. Then a decision-making (settlement) committee reviews the technical bids and either makes a decision or, if the value is over USD 50,000, recommends a decision to the relevant minister.
- Bid bonds are required of one or two percent and a performance bond by the winning firm of 5 percent. Preference is given to Egyptian public sector companies and Egyptian cooperatives, both of which are exempted from the bonding requirements, provided they do the work themselves and do not request an advance payment.
- 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.
- 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 that are urgently needed.
- 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.

Tenders Law – Practical Challenges

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.

The new laws correct some of the most serious flaws in Egypt's current government procurement procedures. Egypt is also now playing a positive role in international discussions of procurement practices, including those of the World Trade Organization. You may also engage the staff of the Commercial Service in Egypt, as well as the [Advocacy Center](#) at the U.S. Department of Commerce in Washington, D.C. to advocate on your behalf for projects and in disputes. Please note that if you have retained legal counsel and began legal proceedings, the U.S. Government cannot intervene.

Other Considerations in Selling to the Government

Egyptian commercial agents are required for foreign firms to bid on most civilian 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 much 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 proportionally to work completed are not usual. U.S. suppliers, by contrast, generally want performance bonds limited to safe delivery and/or set-up.

Distribution and Sales Channels

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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 duty 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 assumption that the price will be better. This tendency 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.

Only registered commercial agents can work on government tenders. Often such persons have retired from the government agency to which they are now specialized in selling. This system is especially common among persons selling to the military, security, and police agencies. In the extreme, some of these people literally operate out of their homes and have neither office nor staff, but they can be effective.

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 percent 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 People's Assembly.
- 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 People's Assembly. This prohibition against agents with family members in government is rarely enforced.
- Public sector firms can be agents, as can private firms and individuals.
- General Partnership Companies, or Limited Partnership Companies, may be an agent, provided that the Egyptian partner(s) have at least 51 percent of the capital and the General Manager is an Egyptian national. In these instances, such a distributorship company cannot be an "importer" nor act as commercial agent unless it is 100 percent Egyptian owned and managed.
- Limited Liability Companies may be an agent, with no limit on the percentage of ownership, provided that at least one company manager is an Egyptian national (there can be one or more managers depending upon the articles of incorporation), there are at least two shareholders, and the capital of the company is not less than EGP 50,000 (USD 9,000). A distributorship company of this type also cannot be an "importer", nor act as commercial agent.
- Joint Stock Company may be an agent, 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 EGP 250,000 (USD 35,700) 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 establish a distributorship as described in the instances above often permit the Egyptian partners to form a separate company to act as "importer" or agent, as importation is permitted only for firms with Egyptian ownership. The latter delivers the goods to the distributorship company for marketing within Egypt.

Selling Factors/Techniques

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Egyptians with whom an American will deal in business are often trilingual (English-French-Arabic), well-traveled individuals who pride themselves on ferreting out good deals at decent prices. Mid-level government officials with whom a foreigner may deal

may be less sophisticated and less well traveled, but no less able to negotiate.

Negotiations for a sale, whether with a government agency or a private individual, will be bound by certain unspoken Egyptian cultural requirements. 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 Egyptian version of the Dutch Auction, which occurs repeatedly at every level of decision-making, is a popular method for reducing the appearance of cronyism on the part of government officials.

Electronic Commerce

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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. The Ministry of State for Administrative Development (MSAD) implemented an e-government initiative to increase government efficiency, reduce services provision time, establish new service delivery models, reduce government expenses, and encourage e-procurement. For example, the E-tender Portal, established in August 2007, allows all government tenders to be published online. In September 2009, the government implemented the e-signature service, allowing public and private companies to offer e-signature authentication. New legislative proposals on information security, cyber-crimes, and the right to information have been in drafting for some time, and it is unclear if they will be implemented.

Trade Promotion and Advertising

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Strategically placed newspaper and magazine advertisements are good marketing tools in Egypt. Egyptians read newspapers voraciously, and all literate people will see or hear advertisements placed in the widely circulated Al Ahram daily: <http://www.ahram.org.eg>.

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 captured a large part of the youth market, namely Nile FM, <http://www.nilefmonline.com/nile>, and Negoum FM, <http://www.nogoumfmonline.com/nogoum>.

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, faxed advertisements, 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). Though it has not been held in the last few years, it is expected that the annual Cairo International Trade Fair, the historical centerpiece of Egyptian trade promotion events, will be resumed next spring.

For a listing of trade events and fairs in Egypt, check Chapter 9 or please visit the

CS Egypt website at: <http://export.gov/egypt/tradeevents/eventsinegypt/index.asp>

Pricing

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Egypt traditionally is a price-sensitive market, where quality often takes second place to cost. Exceptions to the generalization that "price sells" are sales financed by USAID and other foreign/international donors such as the African Development Bank. Another exception is consumer goods: people will pay for quality. 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. Imported machinery is charged in addition to customs duty, a 10 percent sales tax, a 3 percent service tax, and a 1 percent industrial and commercial tax.

Sales Service/Customer Support

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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 as a result of ignorance or proper maintenance, the foreign suppliers 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.

Protecting Your Intellectual Property

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Intellectual Property Rights (IPR) Climate in Egypt

Egypt is a signatory to the WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, the Berne Copyright Convention, the Paris Convention for Protection of Industrial Property of 1883, the Madrid Agreement Concerning the International Registration of Marks 1954, the Nice Agreement Concerning the international classification of goods and services, the Stockholm Act of 1967, the Hague Agreement, the Geneva Act 1999, the Patent Cooperation Treaty (1970 as modified and amended), and the Trademark Law Treaty.

In recent years, Egypt has made some progress in strengthening its IPR regime although both legal protection and enforcement remain weak. In May 2002, Egypt enacted a new comprehensive IPR law (Law 82 of 2002) that met certain key TRIPS requirements, including providing data exclusivity and exclusive marketing rights for pharmaceuticals and enacting a patent mailbox. The law also addressed IPR protection in areas such as patents, copyrights (with enhanced protection for sound and motion-picture recordings and computer software), trademarks, plant varieties, industrial designs, and integrated circuit layout designs.

Although the law has certain shortcomings, its passage demonstrated a marked improvement in the major facets of Egypt's IPR regime. In July 2003, implementing regulations for the patent, trademark, and plant variety provisions of the law were issued. Implementing regulations for Copyright provisions were issued in 2005. Egypt also ratified the WIPO Patent Cooperation Treaty in 2003. Nonetheless, Egypt ranks poorly at international and regional levels. According to the 2013 intellectual

property rights index (IPRI), Egypt ranked 86 out of 130 globally and 17 out of 21 regionally.

Egypt's new 2014 constitution includes new language (Article 69) that calls on the state to protect intellectual property rights in all fields and to establish a body to regulate these rights.

Stemming from an IPR protection problem in healthcare in late 2004 when the Egyptian Ministry of Health apparently was complicit in the approval of a significant number of copies of registered pharmaceutical products for marketing in Egypt, the United States Trade Representative (USTR) elevated Egypt from the "Watch List" to the "Priority Watch List" in its annual Special 301 Report.

Despite having returned Egypt to the Watch List in 2008, USTR continues to keep Egypt on the Special 301 Watch List in the 2014 report. Reasons cited for this include a lack of deterrent-level sentencing for IPR violations, a need for training of IPR enforcement officials, a lack of regulations to clarify border procedures for the destruction of counterfeit and pirated goods, data exclusivity in obtaining marketing approval for pharmaceuticals, and bad-faith trademark filing.

A modern, computerized Egyptian Patent Office operating under the authority of the Ministry of Higher Education and State for Scientific Research processes patent applications and grants patent protection. Although Egypt is working to upgrade its trademark and registration system, rights holders have expressed concerns that Egypt has issued certain registrations improperly. In preparation for the new WTO patent regime, in effect as of January 1, 2005, the Ministry began hiring new technical examination staff in 2003.

Rights holders continue to express significant concerns that businesses offering pirated television content are impairing the ability of legitimate distribution outlets to operate in the market, and that print piracy continues to harm domestic and foreign publishers.

The International Intellectual Property Alliance's (IIPA) 2013 Special 301 Report submission indicates that the software piracy rate in 2011 was 61 percent, an increase over the previous several years, representing a commercial value of unlicensed software in the country of USD 172 million.

The following paragraphs summarize Egypt's IPR laws:

- Patents: The law increases the protection period for a patent term to 20 years, and for pharmaceutical patents, includes provisions on data exclusivity and exclusive marketing rights which had been adopted by Prime Ministerial decree in 2000.
- Egypt has elected to be treated as a Developing Country for pharmaceuticals and chemicals under the TRIPS Agreement. As of January 1, 2005, Egypt has been required to be in full compliance with its TRIPS patent obligations. There were estimated to be some 4,000 patent applications filed in its TRIPS "mailbox" for applications relating to pharmaceutical products.
- The patent authorities began to review these applications in 2005 as required. The Egyptian Patent Office now reports that all applications filed in the WTO

- TRIPs mailbox have been processed.
- On September 25, 2009, The World Intellectual Property Organization (WIPO) approved the Egyptian Patent Office as an International Searching Authority. Egypt became the first country in Africa and the Middle East and the third in the developing world to have acquired this authority. This step is part of the Patent Cooperation Treaty (PCT) under which the Egyptian Patent Office will accept patent applications from all countries that are signatories to the PCT. It came after years of preparations made by the Egyptian government with WIPO, a UN specialized agency.
- Since 1975, Egypt has been a member of WIPO, which is dedicated to developing a balanced and accessible international IPR system. It rewards creativity, stimulates innovation and contributes to economic development while safeguarding the public interest.

Data Protection

In January 2007, the Government of Egypt announced its enactment of a streamlined drug registration system for drugs carrying a USFDA or EMEA approval. Such a system would be useful to increase the effective pharmaceutical data protection period, which is counted as five years starting from the date the application for registration of a drug is filed at the Ministry of Health. The system does not yet operate as intended.

Copyrights

The law offers copyright protection to original artistic and literary works, including computer programs and audio-visual works. Books and computer programs are provided protection for the author's lifetime plus 50 years. Sound recordings are granted 50 years of protection from the recording date. The specified penalty for copyright infringement violations is a fine of EGP 5,000-10,000 per infringement or a prison term of not less than one month, or both. The 2005 implementing regulations for copyrights were amended twice in 2006 primarily to address procedural matters. Significantly, the latest amendments clarified that registration and enforcement authority for software and database IPRs rests with the Information Technology Industry Development Agency (ITIDA) under the Ministry of Communications and Information Technology (MCIT). Egypt is not a signatory to the WIPO Copyright Treaty (WCT) or the WIPO Performances & Phonograms Treaty (WPPT).

Trademarks

The IPR law offers trademark protection of ten years with the option to renew, in accordance with the Trademark Law Treaty. Penalties have increased to a maximum of 20,000 Egyptian pounds or imprisonment of not less than one month, or both.

Madrid Protocol

On December 24, 2008, a joint Shura Council and People's Assembly Committee agreed to the ratification of the Madrid Protocol relating to the Madrid Agreement Concerning the International Registration of Marks. The Committee approved the treaty. Egypt has been a signatory of the Madrid Protocol since June 28, 1989 but it never ratified the treaty, and as such it did not enter into force. Joining the Madrid Protocol

should improve US-Egyptian trade by opening the way for Egyptian businesses to register their marks in more foreign countries through a single filing, by simply designating the countries in which they want to register. Egyptian companies will have this advantage in an additional 27 countries or territories that have joined the Protocol but not the Madrid Agreement, including the United States and the European Union. In addition, U.S. businesses will now be free to designate Egypt on their single trademark filing under the Madrid Protocol, rather than having to hire a local agent and file directly in the Egyptian Trademark Office in the Commercial Registry Administration. There are also other advantages to the Protocol, including the option of conducting filings and correspondence in English.

Semiconductor Chip Layout Design

The law incorporates a chapter for protecting semiconductor chip layout designs. Previously there was no legislation protecting semiconductor chip layout designs, although Egypt had signed the Washington Semiconductor Convention.

In recent years the United States has provided significant assistance through USAID-funded projects to Egypt in order to establish and strengthen the Government of Egypt's IPR-related institutions. A modern computerized Patent Office is now capable of processing and ensuring the protection of patent applications, and the quality and transparency of the trademark and industrial design registration system has been improved. The Government of Egypt has also taken steps to ensure the use of legitimate business software by civilian government departments.

Although progress has been made, further steps must be taken to strengthen protection of copyrighted material and proprietary test data. High copyright-piracy levels continue to affect many categories of IPR, particularly book publishing, music recordings, and motion pictures.

Protecting Your Intellectual Property in Egypt

Several general principles are important for effective management of IPR in Egypt. First, it is important to have an overall strategy to protect your IPR. Second, IPR is protected differently in Egypt than in the United States. Thirdly, rights must be registered and enforced in Egypt, under local laws. Your U.S. trademark and patent registrations will not automatically protect you in Egypt. Most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, and rights holders should consider applying for trademark and patent protection even before selling your products or services in the Egyptian market. It is vital that companies understand IPR is a private right and that the U.S. government generally cannot enforce rights for private individuals in Egypt. It is the responsibility of the rightsholders to register, protect, and enforce their IPR where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IPR consultants who are experts in the Egyptian law. The U.S. Commercial Service can provide a list of local lawyers upon request. The list is available on Post's website: http://photos.state.gov/libraries/egypt/19452/pdfs/att_list.pdf

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to secure and enforce their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should the U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IPR. Consider carefully, however, whether to permit your partner to register your IPR on your behalf. Doing so may create a risk that your partner will list itself as the IPR owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Egypt require constant attention. Work with legal counsel familiar with Egyptian laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting and piracy. There are a number of these organizations, both in Egypt or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding IPR include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the United States and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the United States as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**. The USPTO's regional IPR Attaché for the Middle East & North Africa, Aisha Salem, is available at Aisha.Salem@trade.gov. For more information on the IPR Attaché program generally, please visit: <http://www.uspto.gov/ip/global/attache/index.jsp>.

- For more information about registering for copyright protection in the US, contact the U.S. Copyright Office at: **1-202-707-5959**.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits as well as how to evaluate, protect, and enforce IPR and how these rights may be important for businesses visit: www.StopFakes.gov. This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

Due Diligence

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Due diligence is part of the array of services the 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 Centers.

Local Professional Services

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Local service providers and professional associations can be viewed on the U.S. Commercial Service in Egypt's webpage at: <http://export.gov/egypt/businessserviceproviders/index.asp> or at the American Chamber of Commerce in Egypt: <http://www.amcham.org.eg/>.

Web Resources

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Commercial Service in Egypt: <http://export.gov/egypt/>
 U.S. Embassy: <http://cairo.usembassy.gov>
 USAID: <http://www.usaid.gov/egypt>
 American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>
 Federal Business Opportunities: <http://www.fedbizopps.gov/>
 Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>
 Egyptian Businessmen's Association: <http://www.eba.org.eg/>
 Alexandria Business Association: <http://www.aba.org.eg/>
 Federation of Egyptian Industries: <http://www.fei.org.eg/>
 Egyptian Exporters Association: <http://www.expolink.org>
 Information Technology Industry Development Agency: <http://www.itida.gov.eg/>
 General Authority for Investment and Free Zones: <http://www.gafinet.org/>,
<http://www.gafi.gov.eg/en/default.aspx>
 Egyptian Franchise Development Association: <http://www.efda.org.eg/>

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- [Architecture/Construction/Engineering Services \(ACE\)](#)
- [Electricity Power Systems \(ELP\)](#)
- [Franchising](#)
- [Medical Equipment and Supply](#)
- [Renewable Energy \(REQ\)](#)
- [Safety and Security Industry](#)
- [Telecommunications Equipment and Services](#)
- [Water/Wastewater Resources](#)

Agricultural Sectors

- [Top Prospects for U.S. Agricultural Export Opportunities to Egypt](#)

Architecture/Construction/Engineering Services (ACE)

Overview

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Unit: USD millions

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	11,600	10,700	12,800	14,000
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	0	0	0	0
Total Imports	N/A	N/A	N/A	N/A
Imports from the U.S.	129	110	115	121
Exchange Rate: 1 USD	6.00	7.00	7.00	7.00

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Industry sources, BMI, U.S. Census Bureau

The ACE market has been growing rapidly at a growth rate of 15 percent since the 1980s resulting in a substantial boom in residential and commercial real estate. It accounts for around 8 percent of total employment with a workforce of 1.2 million people.

The political unrest of January 2011 negatively affected the sector and led to very slow growth rates. However, by the end of 2012 the market started to show signs of a slight recovery. Business Monitor International (BMI) reported an estimated 4.6 percent growth in FY2014. The Central Bank of Egypt reported in December 2013 that cement consumption, which is used to monitor construction activity, reached 3.3 million tons, a year-on-year increase of 8.4 percent.

The industry has picked up momentum again and there is strong demand for infrastructure projects due to rapid population growth and housing shortages, particularly in the low- and middle-income segments. However, the lack of access to private capital for infrastructure development represents an industry deterrent, reinforcing the country's dependence on external loans and financial assistance from neighboring countries.

Sub-Sector Best Prospects

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- Road management systems
- Bridges
- Green building
- Power projects
- New cities
- Utilities and infrastructure
- Low income housing

The following projects represent business opportunities in different ACE subsectors:

- Arabtec Holding, Dubai's largest construction firm, signed a Memorandum of Understanding on March 9, 2014, with the Egyptian Army to build one million housing units for low income citizens. The project, worth USD 40.2 billion, is expected to cover 160 million square meters across 13 locations in Egypt. The project will begin in the third quarter of 2014, and should be completed by 2020.
- The Central Bank of Egypt (CBE) allocated USD 14 million for a SME loan fund to finance 60 thousand new housing units through CBE's mortgage finance initiative, which will half the interest rate on mortgage financing to 7 percent.
- The Emirati Group Al Futtaim plans to implement five projects across Egypt over the coming five years. Four malls will be built in 6 of October City, Almaza, Maadi and Alexandria. The value of the four projects combined is USD 1.6 billion, which will provide 38,000 jobs. The fifth project will establish 32 hypermarkets valued at USD 746.8 million, which will provide 4,500 jobs.
- The development of the Suez Canal Corridor project will transform the Suez Canal area into a world class economic zone and an international economic hub. The project is expected to increase Egypt's annual revenue by several billion USD.
- The Egyptian Ministry of Transportation allocated USD 574.5 million for the development of roads and bridges in Upper Egypt, a top government priority. The total length of the roads is expected to be roughly 427 kilometers, and the cost of constructing the roads and bridges is estimated to be USD 201.1 million.

The most critical of the projects are the 110 kilometer Toshka Road, the 110 kilometer Beni Suef-Minya Agricultural Road, and the 120 kilometer Assiut-Sohag Agricultural Road. Additionally a number of bridges will be built in Upper Egypt connecting the east and west sides of the Nile River at a total cost of USD 258.5 million. Furthermore, maintenance of 633 kilometers of roads in Upper Egypt will be carried out at a cost of USD 114.9 million.

- As for energy projects, the Egyptian Supreme Energy Council approved the Egyptian Renewable Energy National Strategy to satisfy 20 percent of generated electricity by 2020 using renewable energies (wind 12 percent, hydro power 5.8 percent, and solar 2.2 percent).

In July 2012, the Egyptian Cabinet approved the Solar Energy Plan to create a capacity of 3.5 GW by 2027. The plan includes 2.8 GW CSP and 700 MW PV. The strategy also lays out plans to generate 7.2 GW (12 percent of generated electricity) from wind by 2020. The plan suggests significant private sector involvement, noting that the private sector will take the lead on 67 percent of the plan.

- The Egyptian Holding Company for Airports and Air Navigation (ECHAAN) and the Cairo Airport Company are issuing a tender for the development of the Cairo Airport

City project, to be erected on 10 million square meters on the northeastern and southwestern areas of the Cairo Airport.

The new development will include retailing areas, commercial shopping malls, logistics, and a cargo terminal; as well as an air trade free zone to serve the sea-air concept, hotels, and medical and recreational activities. The project bidding model is based on the PPP/BOT/DBOT schemes. The total investment cost is USD 18 billion and the project is expected to create 100,000 jobs.

Web Resources

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Ministry of Housing: http://moh.gov.eg/en/en_design/Default_en.aspx

Egyptian Federation for Construction and Building Contractors:

http://www.tasheed.org/english/eng_home.aspx

Private Sector contractor OCI: <http://www.orascomci.com/index.php?id=home>

General Authority for Investment: <http://www.gafi.gov.eg/ar/Default.aspx#>

Contact for the Commercial Specialist in charge of the ACE Sector:

Mai Abdelhalim Mai.Abdelhalim@trade.gov or office.cairo@trade.gov

Electricity Power Systems

Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	2,400	2,600	2,900	3,190
Local Production	N/A	N/A	N/A	N/A
Total Imports	1,900	2,100	2,450	2,695
Total Imports from US	510	549	600	660
Exchange Rate 1 USD	6.00	6.99	6.99	7.10

Source: Egypt General Authority for Export and Import Control and Global Trade Atlas

Egypt is the largest energy producing country in the Middle East, with high population growth and a growing economy. Electricity consumption tripled over the last 20 years and demand is expected to grow by 10 percent over the next five years following 7.5 percent growth since 2009.

Energy Capacity and Needs

	2012	2013	2014 (Estimated)	2015 (Estimated)
Total Installed Capacity (MW)	27,049	31,090	34,199	37,619
Total Power Generated (GW)	146,796	157,406	168,740	185,614
Net Exported Power (GW)	1,443	1,576	1,633	1,733

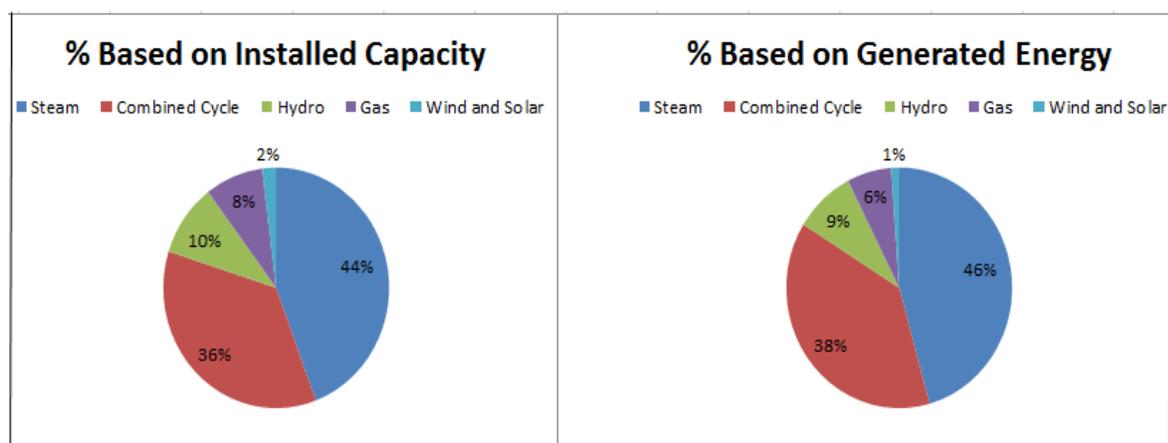
Source: Ministry of Electricity and Energy

The Ministry of Electricity and Energy (MOEE) acts as the owner of the state entities in the power sector. The electricity industry was vertically integrated under the Egyptian Electricity Authority (EEA) until 2000. It is now 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.

This unbundled structure is linked together under the umbrella of Egyptian Electricity Holding Company (EEHC), which has 16 subsidiaries including: 1 hydropower; 5 thermal electricity generation companies; 9 electricity distribution companies; and a transmission-and-dispatch company, the Egyptian Electricity Transmission Company (EETC).

All EEHC affiliates remain fully owned by the state. EEHC coordinates the plans and investments in the power sector as well as 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: (1) Rural Electrification Authority (REA), (2) Hydropower Projects Executive Authority, (3) New and Renewable Energy Authority (NREA), (4) Atomic Energy Authority, (5) Nuclear Power Plants Authority, and (6) Nuclear Material Authority.

Energy Resources 2011/2012



Source: Ministry of Electricity and Energy

MOEE reduced the rate of fuel consumption in 2013 to reach 212 gm/kwh. MOEE also improved the rate of electrical energy loss to reach 10.2 percent in 2012 and 11 percent in 2013 (an improvement of 21 percent over 2011). Nonetheless, Egypt's energy loss is still high compared to Korea's, which is just 4 percent waste (one of the lowest rates worldwide).

The Korea International Cooperation Agency (KOICA) in Egypt has been cooperating with MOEE's Cairo North Electricity Distribution Company on introducing the Smart Grid concept. A grant received from KOICA was used to implement the Smart Grid project phase one in the Shubra Power Station with the assistance of a Korean private sector company. The second phase of the project will be conducted by the same company using the revenues generated from the savings in phase 1.

In the last three years, there has been a 10-12 percent electricity shortage in Egypt during the summer months due to the heavy consumption. Two power stations in East Damietta and Abu Kir (Alexandria) were supposed to start operation in May 2012 to add 1,000 MW to the power grid, but instability has delayed the projects.

Sub-Sector Best Prospects

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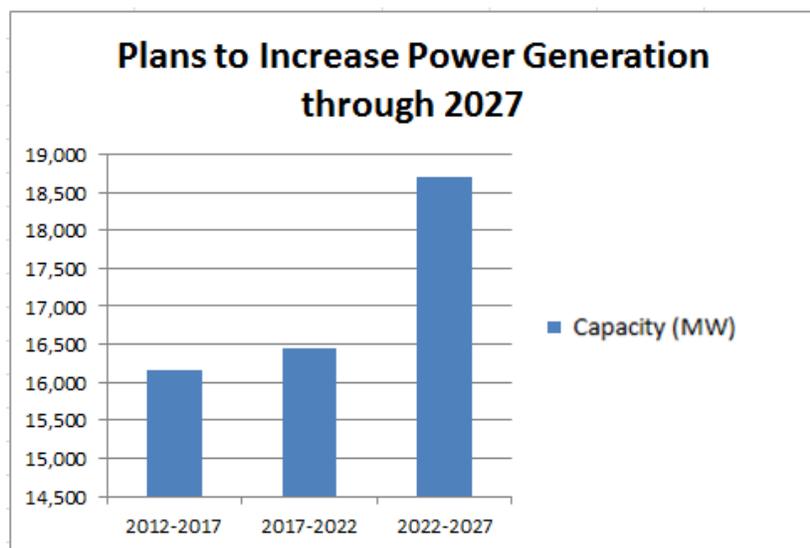
- Gas turbine units
- Steam turbine units
- Products and services related to power industries and electricity grid
- Smart grid technology
- Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG) technologies and peripherals

Opportunities

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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.

The study of upgrading the interconnection voltage between Egypt and the Arab Maghreb countries has been completed and the project is expected to be in operation in 2015. Interconnection studies are ongoing for the Egyptian-European direct interconnection through Greece. Procedures for starting the Egypt-Saudi interconnection are being finalized and the project is expected to begin operations in 2015 with a total capacity of 3GW and total investment of USD 570 million. In addition, Egypt is considering other projects for the Eastern Nile Basin and an Egypt/Sudan interconnection.



Source: Ministry of Electricity and Energy

Projected Power Plant Projects 2012-2017

	Government Projects	Private Sector Projects	
Thermal Power Plants	6,900 MW	5,800 MW (BOOT)	
Renewable Energy Power Plants	1,492 MW	1,250 MW (BOOT)	720 MW (IPP)

Source: Ministry of Electricity and Energy

Projected Thermal Power Projects Plan 2012-2017

Governmental Projects			
Project Name	Capacity (MW)	Type	Estimated Operation Date
Banha (under construction)	750	Combined Cycle	Simple cycle 3,4/2013 Combined cycle 2014
North Giza(1,2) (under construction)	1,500	Combined Cycle	Simple cycle 5,6,7/2013 Combined cycle 5,7/2014
North Giza(3) (under construction)	750	Combined Cycle	Simple cycle 5,6/2014 Combined cycle 5/2015

Suez (under construction)	650	Steam	11/2015
South Helwan	1,950	Steam	Steam unit (1) 5/2016 Steam unit (2) 8/2016 Steam unit (3) 11/2016
Safaga	1,300	Steam	5/2017 7/2017

Source: Ministry of Electricity and Energy

Projected Private Sector Projects (BOOT)

Project Name	Capacity (MW)	Type	Estimated Operation Date
Dairut	2,250	Combined Cycle	Simple cycle 7/2014 Combined cycle 5,10/2014
Qena	1,300	Steam	Steam unit 6/2016 Steam unit 9/2016
Ayat	1,950	Steam	Steam unit (1) 2/2017 Steam unit (2) 5/2017 Steam unit (3) 7/2017

Source: Ministry of Electricity and Energy

Web Resources

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Commercial Service in Egypt: <http://export.gov/egypt/index.asp>

U.S. Embassy: <http://cairo.usembassy.gov>

Ministry of Electricity and Energy <http://www.moee.gov.eg/>

New and Renewable Energy Authority <http://www.nrea.gov.eg/>

Egyptian Electricity Holding Co. <http://www.egelec.com/>

Egyptian Electricity Transmission Co. <http://www.eetc.net.eg/>

Ministry of Investment <http://www.investment.gov.eg>

General Authority for Investment and Free Zones: <http://www.gafinet.org/>

Egypt state information service <http://www.sis.gov.eg/En/Default.aspx>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Egyptian Businessmen's Association: <http://www.eba.org.eg/>

Alexandria Business Association: <http://www.aba.org.eg/>

Federation of Egyptian Industries: <http://www.fei.org.eg/>

Contact for the Commercial Specialist in charge of the Electrical Power sector: Mai Abdelhalim, Mai.Abdelhalim@trade.gov

Franchising

Overview

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Unit: USD billions

	2011	2012	2013	2014 (estimated)
No. of Concepts in Egypt	400	430	450	480
U.S. Concepts in Egypt	45	48	50	58
Direct Investments	5.5	6	7	7.5
Market Size (Food)	0.6	0.7	0.75	0.8
Total Annual Sales	1.8	2.0	2.5	3.0

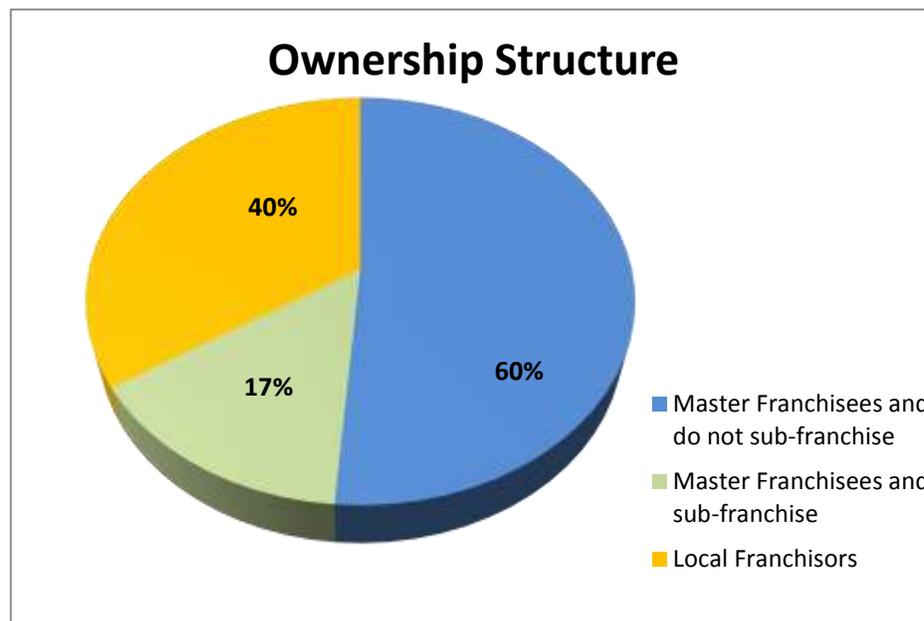
Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Source: Industry Sources and Egyptian Franchise Development Association

Franchising is expanding in Egypt, as well as in the Middle East and North Africa (MENA) region. According to industry sources, the franchise industry in Egypt is valued at over USD 14 billion and is growing at an annual rate of 27 percent. Franchising has developed quite extensively in Egypt over a short time, and it has proven to be one of the most successful mechanisms for entrepreneurship. The industry in Egypt is composed of 60 percent international franchises and 40 percent local franchises; 35 percent of the international franchises are American chains. U.S. franchisees are estimated to account for almost 30 percent of the total franchise revenues in Egypt.

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



Source: Egyptian Franchise Development Association

Food Franchises

The Egyptian fast food market has experienced notable expansion since it began in 1970. Market sources expect the growth to continue at an annual rate of 20-27 percent over the coming years. The current food franchise market size is estimated at more than USD 750 million. In 1993 there were seven operational chains in Egypt, now there are over 50 American franchises that are operational or have imminent plans to open.

Some of the popular chains include: Auntie Annie's, Baskin Robins, Burger King, Carvel Ice Cream, Chili's, Cinnabon, Dairy Queen, Domino's Pizza, Hard Rock Cafe, Hardees, KFC, McDonalds, Pizza Hut, Outback Steak House, Papa John's, Sbarro, Starbucks, Subway, and TGIF.

Non-Food Franchises

During the 1990s, the non-food sectors began to emerge. These franchises have considerable market potential, and many American franchisors continue to enter the Egyptian market. For example, several companies in the fields of 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, Gymboree, Harley Davidson, Hertz, Nike, Planet Beach Contempo Spa, Radio Shack, Starwood Hotels and Resorts, and Toys R US.

Sub-Sector Best Prospects

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Though dominated by the food sector, the non-food franchising sector emerged in Egypt in the past two decades, primarily in the retail sector in response to the growing demand for clothing and lifestyle brands among the urban population.

Retail franchises account for 49 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 and furniture, and clothing and fashion.

The best prospects for U.S. non-food franchises are in the areas of childcare, cleaning services, consulting, department stores, healthcare, hotel management, education and training, entertainment and recreational centers, gift shops, and home products.

Opportunities

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Egypt has an estimated 5 million "A class" consumers, who have an average monthly income of about USD 1800. 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 a factor. Due to their education and 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.

Moreover Egyptian consumers have become brand conscious due 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 85 million, and of this figure it is estimated that five million consumers

are drawn to the increasingly popular brands and convenient service. The median Egyptian age of 18-25 years old 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 acceptable within the Egyptian cultural setting. 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.

The Egyptian government is seeking to develop the franchise sector and is developing legislation to regulate the franchise sector nationwide. The Government of Egypt established a Small Enterprise Development Organization (SEDO) as part of its Social Fund for Development (SFD) program. The SFD created its Franchise Development Department (FDD). The main goal behind the creation of the FDD was to: 1) increase opportunities for Egyptian franchises in all economic sectors; 2) offer and increase attractive investment opportunities in franchising applications to both local and foreign investors; and 3) assist with market expansion.

According to the African Development Bank (AfDB), franchising has been one of the main mechanisms in developing small- and medium-sized enterprises (SMEs) within Egypt and other African countries. Franchising is a booming tool that has proven to benefit the economy: it has contributed to GDP; supported private sector development; and has raised the standard of services and products in the market. Hence the AfDB is collaborating with local Egyptian banks to promote franchising and is keen to provide entrepreneurs with successful business models and support from the franchisor. Additionally, the African Development Bank (AfDB) approved a USD 40 million loan to support the development of the franchising industry in Egypt.

Web Resources

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Commercial Service in Egypt: <http://www.export.gov/egypt/>

U.S. Embassy: <http://cairo.usembassy.gov/>

Egyptian Franchise Development Association: <http://www.efda.org.eg/>

Social Fund for Development: <http://www.sfdegypt.org/>

African Development Bank: <http://www.afdb.org/en/>

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

Medical Equipment and Supplies (MED)

Overview

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Unit: USD millions

	2012	2013	2014	2015 (Estimated)
Total Market Size	842	926	930	934
Total Local Production	38	42	46	46
Total Exports	15	17	17	17
Total Imports	355	390.5	650	868
Imports from the U.S.	42	46	50	52

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Exchange rate used: 1 USD = EGP 7.00. Industry Sources.

With a soaring population of over 85 million, the healthcare sector in Egypt offers significant opportunities for U.S. companies in both public and private sectors. Steady growth in the healthcare market, despite the economic downturn, is a strong indicator of increased demand. Substantial opportunities exist for U.S. exporters of medical equipment and devices, as well as for U.S. service providers in the long term, cutting across the entire spectrum of medical-related activities and requirements.

In 2013, healthcare was responsible for 7 percent of GDP and total spending amounted to USD 18.3 billion in 2013. Consumer healthcare grew by 12 percent in 2013 and spending amounted to USD 24.2 billion in 2013. The Ministry of Health operates 1,300 hospitals or 60 percent of hospital beds. Universities, the Army and the private sector constitute the other 40 percent.

The Egyptian government is very keen on expanding the healthcare industry, especially related to medical devices, and plans to develop 26 new hospitals in 2014. The Egyptian Government's Healthcare Reform Program and Egypt's burgeoning population are generating demand for high-tech medical equipment and healthcare items.

Egypt's medical device market is the second largest in the Middle East. Sales in medical devices totaled USD 484.7 million in 2013, a five percent increase from the previous year. 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 brought 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, whereas in the past ten plus years the private sector has taken on 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 3,146 in 2014), nonetheless the majority of Egyptian patients prefer to utilize private healthcare facilities.

The Ministry of Health is currently undertaking an ambitious plan of building new hospitals and renovating and refurbishing existing medical facilities with new technologies and up-to-date equipment, especially in the rural, under-served areas. The public sector is expected to account for the majority of expenditure growth in the upcoming years due to the government's Healthcare Reform Program target of achieving 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 970 million by 2016, and this is almost wholly made up from imports, as Egypt produces very little medical equipment.

Best Products/Services

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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

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In line with the country's reform 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

Commercial Service in Egypt: <http://www.export.gov/egypt>

U.S. Embassy: <http://cairo.usembassy.gov>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Ministry of Health & Population: <http://www.mohip.gov.eg/>

Contact for the Commercial Specialist in charge of the Healthcare Sector: Rania Mekhail,

Rania.Mekhail@trade.gov

Renewable Energy (REQ)

Overview

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Unit: USD thousands

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	N/A	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	2,412	4,257	4,342	4,516
Total Imports	22,480	140,657	340,657	440,657
Imports from the U.S.	3.321	4.978	6.713	7.183
Exchange Rate: 1 USD	6.00	6.99	7.10	7.10

Source: Egypt General Authority for Export and Import Control and Global Trade Atlas

Egypt possesses an abundance of land, sunny weather and high wind speeds, making it prime resource for renewable energy sources. The renewable equipment market is potentially worth several billion dollars. In 2008, the Egyptian Supreme Energy Council approved the Egyptian Renewable Energy National Strategy to satisfy 20 percent of the generated electricity by 2020 using renewable energies (Wind 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 CSP and 700 MW PV. The strategy also plans to generate 7.2 GW (12 percent of generated electricity) from wind by 2020. The plan suggests 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 Energy is planning to add 51.3 GW to the current installed capacity, the plan includes 16.2 GW from 2012-2017, 16.4 GW from 2017-2022 and 18.7 GW from 2022-2027.

The New & Renewable Energy Authority (NREA) is recently playing a more strategic role. It currently has about 500 MW of wind power plants in operation, 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 2012-2017 include 1.5 GW of Government projects, 1.3 GW under BOOT mechanisms, and 720 MW as IPP.

Wind Energy

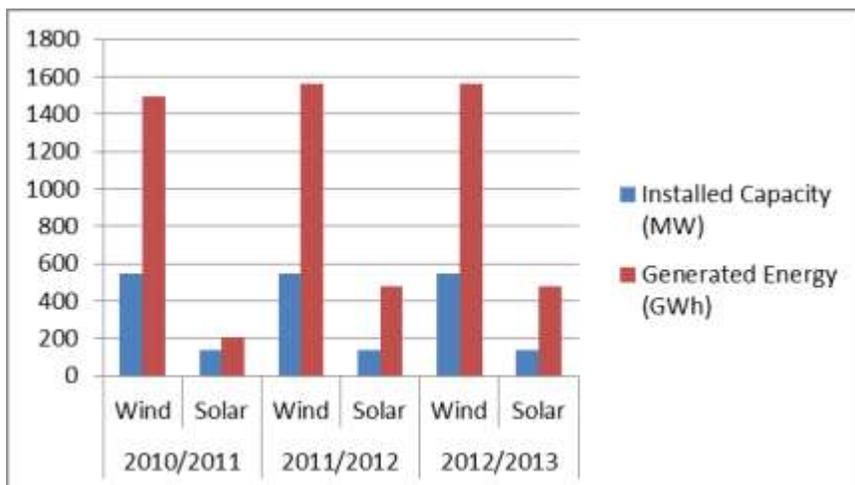
Egypt enjoys excellent wind along the Suez Gulf with an average wind speed of 10.5 m/sec and Egypt is just one of 38 countries in the world with a published National Wind Atlas. The Government of Egypt is planning to provide 12 percent of the generated electricity (7.2 GW) through generated wind energy by 2020.

Since 2001, a series of large scale wind farms have 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, hence the huge increase in equipment imports into Egypt for renewables projects. The majority of these imports were wind-powered generators imported from Spain.

The JICA wind project will start up in 2014. It is expected that USD 200 million of equipment imports will be needed. Another 540 MW project is under construction at the Gulf of Suez; a 580

MW project is in the planning stages at the Gulf of Suez; and a feasibility study is under way for a 200 MW project at West Nile. Recently, the GOE allocated an area of about 7,845 square kilometers in the Gulf of Suez region and the Nile Banks for the NREA to implement wind energy projects.

Wind & Solar Statistics



Source: Ministry of Electricity and Energy

Solar Energy

Egypt’s Solar Atlas states that Egypt is considered a “sun belt” country with 2,000 to 3,000 kWh/m²/year of direct solar radiation. The sun shines 9-11 hours a day from North to South in Egypt with only a few cloudy days.

In 2011, the first Solar Thermal Power Plant at Kuraymat was concluded, with a total installed capacity of 140MW including a solar share of 20MW, based on parabolic trough technology integrated with combined cycle power plant using natural gas. The power plant is financed by the Global Environmental Facility (GEF) and the Japanese Bank for International Development.

Sub-Sector Best Prospects

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

Opportunities

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In 2012, the 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. Currently, the GOE is studying a mega project to build and operate the “Valley of Renewables” project in southern Egypt to produce around 5 GW of solar energy. There are several additional initiatives for mega solar projects by the private sector.

Renewable Power Projects Plan 2012-2017

Governmental Projects

Project Site	Capacity (MW)	Estimated Operation Date
<u>Wind</u>		
Gulf of Suez (under construction)	200	2015
Gulf of Suez (under construction)	220	2015
Gulf of Suez (under construction)	120	2015
Gulf of Suez	180	2015
Gulf of Suez	200	2015/2016
Gulf of Suez	200	2015/2016
Gulf of Suez	200	2015/2016
<u>Solar thermal power</u>		
Kom Ombo	100	2016/2017
<u>Photo Voltaic</u>		
PV Hurghada	20	2015/2016
PV Kom Ombo	20	2016/2017
<u>Hydropower</u>		
Assiut (under construction)	32	2015/2016

Source: Ministry of Electricity and Energy

Private Sector Projects		
Project Site	Capacity (MW)	Estimated Operation Date
<u>Wind</u>		
Gulf of Suez (IPP)	120	2015/2016
Gulf of Zeitt (IPP)	6 X 100	2017
Gulf of Suez (BOO)	250	2017
Gulf of Suez (BOO)	500	2017
Gulf of Suez (BOO)	500	2017
<u>Solar PV Power</u>		
Kom Ombo (BOO)	10 X 20	2016/2017

Source: Ministry of Electricity and Energy

The Egyptian Government is also considering 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 various industrial purposes.
- Designing a technical-financial mechanism to promote for using solar water heaters in residential sector in Egypt.
- Local manufacturing of Renewable Energy equipment.

Web Resources

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Commercial Service in Egypt: <http://export.gov/egypt/index.asp>

U.S. Embassy: <http://cairo.usembassy.gov>

Ministry of Electricity and Energy <http://www.moee.gov.eg/>

New and Renewable Energy Authority <http://www.nrea.gov.eg/>

Egyptian Electricity Holding Co. <http://www.egelec.com/>

Egyptian Electricity Transmission Co. <http://www.eetc.net.eg/>

Ministry of Investment <http://www.investment.gov.eg>

General Authority for Investment and Free Zones: <http://www.gafinet.org/>

Egypt state information service <http://www.sis.gov.eg/En/Default.aspx>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Contact for the Commercial Specialist in charge of the Renewable Energy Sector: Mai Abdelhalim, Mai.Abdelhalim@trade.gov

Safety and Security Industry

Overview

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Unit: USD million

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	N/A	N/A	N/A	N/A
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A	N/A
Total Imports	278	305	335	345
Imports from the U.S.	84	88	95	98
Exchange Rate: 1 USD	6.00	7.00	7.00	7.00

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

There is steady safety and security market in Egypt with a 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 10-15 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 airports, seaports, and public facilities. Both government and the private sector are reevaluating and upgrading security systems and technologies at all sites. Overall imports were about USD 305 million in 2013. The U.S. market share is about 25 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 the primary goal of keeping 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.

Police and Customs authorities will also have an increased need for such systems. Egypt has eight major ports and three cross-country borders that require significant security measures. To support its fight against the smuggling of prohibited products, Egypt needs container scanning and shipment tracking devices. Egypt is also looking at seafarer identification cards for more secure identification, and synchronizing systems to coordinate security measures and responses.

Although Egypt has always been a price sensitive market, quality is also an important factor, particularly in this field. Therefore the main suppliers to the market are primarily from France, Germany, Italy, Japan, 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.

Sub-Sector Best Prospects

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Sub-sector best prospects include, but are not limited to:

- Search and rescue equipment
- Access control & alarm systems
- CCTV and electronic surveillance equipment
- Walk through and handheld metal detectors
- Border and perimeter control
- Bomb detection equipment
- Uniforms, protective apparel & accessories (industrial)
- X-ray and scanning equipment

Opportunities

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Market Demand

The Egyptian market has always been receptive to U.S. safety and security products in particular for walk-through metal detectors, handheld detectors, and surveillance C.C.T.V. systems. Shops, stores, schools and small companies do not generally rely on security equipment. In some cases, safety equipment may be procured, but most commercial entities are not obliged to install safety and security equipment. However, governmental, industrial, and tourism sector entities are legally obliged to install certain security systems.

The Egyptian security market requires players to have expertise from within as well as advanced awareness of the global market. Successful key players have enhanced working knowledge of the government and its bureaucratic regulations. Although plans for security upgrades exist, these plans are not always carried out regularly due to changes in the Cabinet and other government officials.

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 designing process with cooperation from specialists in the Ministry of Interior, Intelligence Departments, Ministry of Defense, and others. Product components of the security systems are obtained from the local market using direct procurement or a bidding process, or they may be obtained totally via an open request for quotation (RFQ) from abroad.

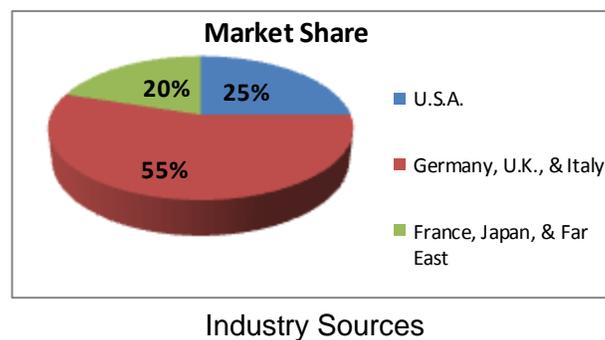
Figures on defense spending are not released by the Egyptian government. However, various publications have placed defense expenditures at approximately USD 3 billion per year. The United States provides USD 1.3 billion annually to the Egyptian military in the form of Foreign Military Financing (FMF) grants. The Ministry of Defense in Egypt uses FMF grant money to procure its needs government-to-government.

Modern advances in electronics and miniaturization have led to the wide availability of small, cheap and effective surveillance devices, as well as surveillance detectors. However, sales of all such equipment are restricted to the Egyptian government. In most cases, purchases of this type of equipment should be made by direct order to the foreign source and the Egyptian agent will only provide an introduction to the appropriate Egyptian government officials.

In Egypt, U.S. safety and security equipment manufacturers will find the best opportunities in the sales of metal detectors, both walk-through and hand held; desk-top x-ray equipment; letter and parcel bomb detectors; bug detectors; electronic victim search equipment and anti-theft sensing equipment.

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, impacting U.S. opportunities. Also during the past two years U.S. companies have faced challenges obtaining export licenses for products sold to Egypt, leading to a slight decrease in market share.



German, British and Italian suppliers have captured nearly 55 percent of the Egyptian market for complete lines of equipment. This is attributable to the fact that they operate through Egyptian agents, instead of trying to operate on their own. The remaining 20 percent belongs to Japan, France, and the Far East. The U.S. market share is about 25 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 different sectors of end-users which consist of governmental, industrial and commercial. Within the governmental sector, the Ministry of Interior and Ministry of Defense maintain the highest purchasing capacity.

Secondly, the industrial sector includes oil & gas companies, chemical plants, manufacturing plants, ports and real estate contractors. The Ministry of Housing & Urban Development requires these establishments to install fire sensing and detection equipment, fire alarm systems, and extinguishing equipment.

In addition, all commercial 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

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Commercial Service in Egypt: <http://www.export.gov/egypt/>

U.S. Embassy: <http://cairo.usembassy.gov/>

American Chamber of Commerce in Egypt: <http://www.amcham.org.eg/>

Ministry of Interior: <http://www.moiegypt.gov.eg/>

Ministry of Defense: <http://www.mod.gov.eg/mod/>

Ministry of Military Production: <http://www.momp.gov.eg/>

Contact for the Commercial Specialist in charge of the Safety and Security Sector: Cherine Maher, cherine.maher@trade.gov

Telecommunication Equipment and Services

Overview

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Unit: USD millions

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	12,150	13,500	15,000	16,000
Total Local Production	NA	NA	NA	NA
Total Exports	NA	2,000	NA	NA
Total Imports	NA	NA	NA	NA
Imports from the U.S.	160	104	109	114
Exchange Rate: 1 USD	EGP6.00	EGP7	EGP7	EGP7

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Sources: Ministry of Planning, ITIDA, UN Comtrade, Industry sources, U.S. Census Bureau, and estimates.

The Information and Communications sector grew annually at about 15 percent prior to the January 2011 events in Egypt, followed by a slow growth of 6 percent for the period 2011-12, a 3.2 percent contribution to the national GDP. The market regained its strength in 2013-14, reaching a growth rate of 10 percent, and generating 4 percent of the GDP. Ministry of Communications and Information Technology's (MCIT) officials expect the ICT sector to grow 7 percent by 2020.

The telecommunication sector is a well-developed and rapidly growing sector, which has a 3 percent annual growth rate. Total mobile subscribers of the three GSM operators – Mobinil, Vodafone Egypt, and Etisalat – is 99.7 million. In 2013, fixed line subscribers reached 6.82 million; Internet users 38.75 million (a 46 percent penetration rate); and ADSL subscribers 2.63 million.

The National Telecommunication Regulatory Authority (NTRA) has approved the Unified License System, which will increase Egypt's revenues. When implemented, it is anticipated that the system will provide job opportunities for youth, attract new foreign investments to the Egyptian market, and improve Egypt's ICT international indicators, thus benefiting users, the state, and the industry itself.

Another significant development in the industry occurred in May 2014, when the fixed line monopoly operator Telecom Egypt agreed to pay 2.5 billion Egyptian pounds (USD 356.7 million) for a mobile license. The agreement does not include new frequencies, such as 4G mobile broadband services, but Telecom Egypt will be able to offer mobile services through the networks of Egypt's three existing mobile phone service providers.

Sub-Sector Best Prospects

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- Broadband
- Cloud computing
- Digital dividend
- Electronics design and manufacturing
- Software

- Technology parks
- Cyber security
- eSignature
- eCommerce
- Green ICT

Opportunities

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- MCIT's strategy is to develop a national integrated Digital Platform and attain a digital society by 2020. To achieve this goal the government will need to upgrade existing aged infrastructure, increase broadband penetration, issue regulatory laws to control cyber security, e-signature, e-payment, and data privacy.
- It is anticipated that "mega" national projects will be undertaken to automate various government operations under the public-private partnership (PPP) revenue sharing model. The PPPs will present private sector information technology providers opportunities to engage in joint ventures to implement major government automation projects such as the national subsidy, education, health, tourism, justice, and others.
- The telecommunications sector presents opportunities in the National Broadband Initiative, the Unified License System, and the Digital Dividend.
- As MCIT develops and expands new technology parks in Maadi, Ismailia, Assiut, Mansoura, and Aswan, a number of business opportunities will be available in infrastructure development and fiber optic cable.

Web Resources

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Ministry of Communications and Information Technology: <http://www.mcit.gov.eg/>

Telecom Egypt: <http://www.telecomegypt.com.eg/home-en.asp>

National Telecommunication Regulatory Authority: <https://www.tra.gov.eg/english/Main.asp>

Information Technology Industry Development Agency: <http://www.itida.gov.eg/>

MobiNil: <http://www.mobinil.com/>

Vodafone: <http://www.vodafone.com/>

Etisalat: <http://etisalat.com.eg/>

NAB Show <http://www.nabshow.com/>

CES Show: <http://www.cesweb.org/>

Cairo ICT Show <http://www.cairoict.com/>

National Broadband Plan: <http://ntra.gov.eg/emisr/index.aspx>

Contact for the Commercial Specialist in charge of the Telecommunications Sector: Mai Abdelhalim, Email: Mai.Abdelhalim@trade.gov, and office.cairo@trade.gov

Water/Wastewater Resources

Overview

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	2012 (estimate)	2013 (estimate)	2014 (estimate)	2015 (estimated)
Total Market Size *	4.235	4.658	5.124	5.636
Total Local Production	N/A	N/A	N/A	N/A
Imports from the U.S.**	847	931	1.024	1.127
Exchange Rate: 1 USD	EGP 6	EGP 7	EGP 7	EGP 7

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

*Market size - USD billion, **Imports - USD million

The Egyptian market for water and wastewater equipment and services is growing and becoming more competitive due to renewed government focus on the sector and recently secured investments creating opportunities for foreign and domestic operators and investors.

Water-intensive agricultural methods also threaten Egypt's water resources. In response to the threat, the government has recommitted its focus on the sector and the efficient use of resources. For example, in April 2013 the government called for the prohibition of rice cultivation in desert lands. Moreover, the government is working to secure badly needed foreign investment.

The Egyptian government is also working to create a favorable, competitive landscape and may be ready to provide guarantees on payments for public-private partnership water projects to help mitigate the currency risk. In January 2014 the government announced the allocation of USD 468 million for water and sanitation projects.

Despite the presence of the Nile River, which spans the entire length of Egypt from South to North, Egypt has suffered from water scarcity problems in recent years. The Government of Egypt has launched a number of awareness campaigns to educate Egyptians concerning best practices for developing networks to ensure effective and responsible water distribution and usage.

There is also a strong need to expand networks of wastewater management to a huge number of rural areas throughout Egypt. The table below shows a comparison of various networks around the country that have been developed and constructed over the last eight years.

Year	2005	2013
Service region	12 governorates	27 governorates
Subsidiary companies	14 companies	25 companies
Water service coverage – millions	2.5 No coverage 7.5 Rotation system 15 Unacceptable Service	98 percent
Wastewater service coverage	40 percent	50 percent 90 percent Urban 10 percent Rural
Water production – annual average	18 million m ³ /day	22.8 million m ³ /day (max = 25 mil & min = 21 mil) m ³ /day
Water treatment plants	1005 Plants	2961 Plants
Wastewater treatment plants	149 plants	372 plants
Water distribution networks	74,000 km	144,000 km
Wastewater collection networks	28,000 km	38,000 km

TABLE SOURCE: Holding Company for Water and Wastewater.

A decade ago, the Government of Egypt established the public sector Holding Company for Drinking Water and Wastewater (HCDWW), which unified the various public sector and other water and sanitation companies across Egypt. According to the Presidential Decree that created the HCDWW, the company's mission is to purify, desalinate, sell and distribute drinking water; and to collect, treat, and safely dispose of wastewater. HCDWW also has responsibility for extending drinking water to villages, and maintaining, renovating, and replacing drinking and wastewater collection systems.

The Egyptian government practices a revenue generating method to raise funds for new sewage networks and potable water stations. The government plans to expand services in Upper Egypt and rural areas to reach the low and middle class population. The Government of Egypt has multiple projects planned through the public-private partnership model, including the Abu Rawash Water Plant and the 6th of October Plant.

The Egyptian Military Commercial Unit is active in the water sector and builds some of HCDWW's plants. The military also plays an active role in the desalination and reverse osmosis plants in areas adjoining the Mediterranean and the Red Sea.

The following is a list of the major ongoing projects funded by the Government of Egypt and international donors:

- The OPEC Fund for International Development (OFID) announced that it will fund two irrigation projects worth USD 65 million and the French Development Agency (AFD) granted a USD 75 million loan agreement for drinking water and sanitation projects in southern Egypt.

- An additional USD 2.6 billion was allocated by the government for sanitation projects in rural areas of southern Egypt.
- Egypt launched a national water campaign to reduce water usage.
- USAID has agreed to fund USD 42 million worth of water infrastructure projects in northern Sinai in early 2014.
- The German government announced a USD 225 million loan for infrastructure projects, including the USD 65.5 million Assuit Barrage irrigation project.
- In February 2014, the Islamic Development Bank announced it will provide USD 530 million for irrigation and power projects in Egypt.
- In January 2013, Egypt tendered a USD 1 billion wastewater project at Abu Rawash, Giza.
- In December 2013, Saudi Arabia lent Egypt over USD 80 million to rehabilitate its wells.
- In November 2013, the Egyptian government awarded Acciona Agua, with German company Passavant-Roediger, a USD 148 million contract to expand the wastewater at Gabal Al Asfar on the outskirts of Cairo. The largest wastewater plant in Africa will be operated by French company Degremont.

Wastewater management projections for 2014 include:

- Total water extraction will see a 9.4 percent increase in 2014, reaching 12.08 million cubic meters.
- Water consumption will increase by over 9 percent to over 9.8 million cubic meters in 2014, and household water consumption will see a corresponding increase to around 6.8 million cubic meters over this period.
- Water losses will increase to over 2.24 million cubic meters in 2014 as investment continues to be limited into new desalination and wastewater projects, rather than used for modernization and general upkeep.
- Total wastewater discharged into the sewage networks will increase from 19 million cubic meters in 2014 to 25.8 million cubic meters by 2018, largely due to the aforementioned focus on improving and expanding wastewater treatment facilities and sewage networks.

Best Products/Services

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- Sanitary wastewater projects
- Composting programs
- Water and sludge treatment projects, filters and services
- Reverse osmosis
- Water desalination equipment
- Design of water plants
- Solid waste management equipment and operation
- Water meters
- Water and sludge treatment projects, filters and services

Opportunities

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Egypt is interested in updating its technology in the water sector, in areas such as water desalination, reverse osmosis, and the design and construction of new water plants in rural areas. According to the HCDWW, there is a strong need in the following areas:

- Project design and construction of water treatment plants ranging in size depending on the population of the governorate;
- Project design and construction of desalinization plants; and
- Water and wastewater treatment equipment and technology.

The U.S. share of Egypt's water equipment and services market is currently estimated at approximately 20 percent.

Opportunities exist for U.S. companies in the fields of water resources consulting and the supply of water pumps and filtration equipment and devices.

Challenges

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The Egyptian market is a very price sensitive market. European products have dominated the water resources sector, with the exception of specific projects that were funded by USAID. The European Union and the Japanese are currently very active in Egyptian water and wastewater infrastructure projects. Their presence in the Egyptian water resources market makes market entry more challenging for U.S. companies.

Resources

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Commercial Service in Egypt: <http://export.gov/egypt>

U.S. Embassy: <http://egypt.usembassy.gov/>

USAID: <http://www.usaid-eg.org/>

World Bank: <http://www.worldbank.org/>

Egyptian Government Web Portal: <http://www.egypt.gov.eg/english/>

Ministry of State for Environmental Affairs: <http://www.eeaa.gov.eg/>

Holding Company for Water: <http://www.hcww.com.eg>

Contact for the Commercial Specialist in charge of the Water Resources Sector:

Rania Mekhail, Rania.Mekhail@trade.gov

Agricultural Sectors[Return to top](#)**DAIRY**

Unit: USD millions

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	754.4	878.4	1105.4	1375
Total Local Production	1.4	1.4	1.4	1.4
Total Exports	265.9	325	425	475
Total Imports	552	600	700	725
Imports from the U.S.	73.9	152.6	185	215

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: FAS Livestock and Products Annual Report 2013

Total Local Production: UN/FAO Statistics

Total Exports: World Trade Atlas

Total Imports: World Trade Atlas

Imports from U.S.: World Trade Atlas

RED MEATS

Unit: USD millions

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	510	510	510	510
Total Local Production	280	285	285	285
Total Exports	0	0	0	0
Total Imports	230	225	225	225
Imports from the U.S.	215	165	150	200

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: FAS Livestock and Products Annual Report 2013

Total Exports: FAS Livestock and Products Annual Report 2013

Total Imports: FAS Livestock and Products Annual Report 2013

Imports from U.S.: BICO Trade Database

TREE NUTS

Unit: USD millions

	2012	2013	2014 (estimated)	2015 (estimated)
Total Market Size	106	125	135	135
Total Local Production	0	0	0	0
Total Exports	1.1	1.2	1.2	1.3
Total Imports	52.7	106	125	135
Imports from the U.S.	24.8	28.2	27	28

Total Market Size = (Total Local Production + Total Imports) – (Total Exports) Data Sources:

Total Local Production: N/A

Total Exports: World Trade Atlas

Total Imports: World Trade Atlas

Imports from U.S.: World Trade Atlas

General Agricultural Trade:

Agricultural policy is generally consistent with the WTO except for non-tariff barriers and tariffs on alcoholic beverages, a ban on poultry part imports and on feather meal. Egypt has a Free Trade Agreement with the EU, Gulf Arab countries and COMESA and is negotiating with Russia, among others.

U.S. food and agricultural exports to Egypt in CY 2013 reached USD 1.68 billion, down USD 217 million or 51.4 percent compared to CY 2012. With Russia and Ukraine back in the market in 2013, the hardest hit bulk commodities have been corn and wheat. U.S. exports of corn plummeted from USD 61 million in 2012 to barely USD 22 million in 2013. Similarly U.S. soybean imports fell by 62 percent from USD 736 million in 2012 to USD 286 million in 2013. However, U.S. wheat exports increased by nearly 55 percent from USD 228 million in 2012 to USD 510 million in 2013.

In 2013, Egypt imported USD 1.68 billion in food and agricultural products. Leading imports in rank order of value were: 1) cereals (wheat and corn); 2) oilseeds; 3) forest products; 4) meat, poultry and offal; 5) vegetable oils; 6) sugar; 7) dairy products; 8) protein meals; 9) fish and fish products, and, 10) coffee, tea and spices.

Import duties on most agriculture products remain minimal, with some notable exceptions (beer, wine and spirits). In general, the United States enjoys good access to this market, although some barriers persist and non-science based inspection and testing requirements for some goods result in product detention. Poultry parts are banned to protect local industry. There are Halal certification and plant review requirements for beef and offal. Twenty-two U.S. plants have been approved for the export of poultry to Egypt, but the ban on poultry part imports negates the approved facility list. The FAS/Cairo office continues to promote chicken leg quarters as an affordable source of animal protein for Egypt's poor.

Egypt's major agriculture exports 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.

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Import Tariffs

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In the last ten years the Government of Egypt has significantly reduced import tariffs. Tariffs on the vast majority of goods entering Egypt are below 15 percent. One exception is clothing, which carries a tariff of 30 percent. Vehicles, alcohol, and tobacco are the only items on which tariffs are still 40 percent or greater. Passenger vehicles with engines under 1,600 are subject to an import tariff of 40 percent. Vehicles with engines over 1,600 cc are subject to an import tariff of 135 percent. Additionally, vehicles with engines over 2,000 cc are subject to an escalating sales tax of up to 45 percent.

In March 2013 the government issued a decree increasing tariffs from 5 percent to 40 on imports of over 100 “non-essential” and luxury goods, including boats, fireworks, shrimp, sunglasses, video games, and watches. Additionally, a 5 percent increase on the existing customs tariff on luxury items was imposed.

Egypt’s Presidential Decree 184 of 2013 increased import tariffs on some agricultural products including fish, dairy products, cut flowers, and fresh and dried fruits and nuts. The tariff increase will affect some U.S. agricultural exports to Egypt. U.S. exports of fresh apples are subject to 30 percent tariffs compared to 20 percent prior to the decree. Tariffs on U.S. dried nuts are now subject to 10 percent tariffs instead of 5 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 dairy products, sorghum, safflower seed, melon seed and cocoa butter.

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 like 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 products 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 20-30 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 at www.fas.usda.gov and read the “**Trade Policy Monitoring Report**” for Egypt.

Trade Barriers

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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 restricts 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. Currently both U.S. and European courier services operate in Egypt.

Transportation

The GOE liberalized maritime and air transportation services in 1998. For the past 15 years, the Egyptian private sector has been conducting most of the maritime cargo activities such as loading, supplying, ship repairs, and container handling. Ninety percent of Egyptian exports are moved through seaports. Egypt has 65 ports: 15 are commercial ports, 15 serve the petroleum industry, 9 serve the mining industry, 5 serve the tourist industry, and 21 are utilized for commercial fishing. Seaports are located on both the Mediterranean and the Red Seas.

40 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 areas, and some shipping lines choose to bypass the area as a result, although the Military has taken full control of the Suez Canal areas to protect Suez Canal transit.

The Port of Alexandria now handles about 65 percent of Egypt's trade. In 2013 the Port of Alexandria's handling capacity reached 36.8 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 total average time from arrival of a consignment to final release takes 8-9 days including the clearances by Customs and other agencies.

When shipments require approval from the General Organization for Export and Import Control (GOEIC), customs clearance takes from 2 to 20 days, depending on the type of cargo. Port Said East handles most of the transshipment containers, and in 2013 the port handled 3 million TEU.

Egypt and the United States concluded an Air Transport Agreement in 1964, and 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 on charter services. Private and foreign air carriers are not able to operate charter flights to and from Cairo without the approval of the national carrier, EgyptAir. 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.

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, Hurgkada, and Sharm El Sheikh.

Major seaports, such as El Dekheila Port in Alexandria, are expected to benefit from infrastructure projects currently under development. Yet the anticipated increase in tonnage capacity may not be all that is required for the port to regain its volume of activity lost since the 2011 political turbulence. Leading shipping line operators are reluctant to ship via El Dekheila.

Also, in March of 2013, four major container shipping lines shifted their cargo from the East Port Said facility to the Israeli Eilat facility. This occurred after a series of delays and workers strikes led to a halt of the facility's operations. Roads leading to the port were also blocked as a result of these strikes. It is expected that should such strikes occur once again, the port is likely to lose more business to neighboring ports.

Other Services Barriers

Egypt maintains several other barriers to the provision of certain services by U.S. and other 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.

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.

Based on a review of Egypt's investment policies, the OECD has 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.

For more information on Openness to Foreign Investment see [Chapter 6: Openness to Foreign Investments](#).

OTHER BARRIERS

Pharmaceutical Price Controls

In 2009, the Ministry of Health and Population (MoHP) issued Decree 499 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. The decree is currently 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. 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, 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 certain 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 14,320) and the maximum at EGP 300 million (USD 42.9 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 28.6 million), which was upheld on appeal.

Import Requirements and Documentation

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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 in March 1999 advised all banks operating in Egypt that L/Cs must be covered 100 percent in cash by the importer, except when importing some food items. This replaced the previous procedure whereby banks and their clients reached their own agreements and usually covered 10-20 percent of the 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 the 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.
- **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.

U.S. Export Controls

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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, American companies may not aid or abet the boycott against Israel that the Arab League has had on the books for years. 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 at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>. Both of these lists can be checked online to ensure that the prospective business partner has not been blacklisted.

Third, individual items may require specific export licenses. For a number of items, a specific license is required; in particular products whose high-tech nature implies that the export may involve a national security risk.

Contacting BIS will enable an exporter to determine whether or not 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 hardcopy 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: http://www.pmdtc.state.gov/regulations_laws/itar.html

Temporary Entry

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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:

- Second hand vehicles
- Bone-in-beef cuts
- Origin 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 in order to avoid claims against the company at a later stage.
- 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 referenced long waiting times for receipt of their tax rebates.

Labeling and Marking Requirements

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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 trade mark (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, which issued the "Islamic slaughter" definition.

The above-mentioned documents must be legalized and endorsed by the Egyptian consulate in the country where the product is originated.

Packaging requirements

Article 74 of the 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 appears 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 the GOEIC, however, some products may be subject to inspection by other concerned 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 3-4 bodies involved that have the right to take samples from any imported shipment. They are:

- The Radiation Department of the Ministry of Energy and Electricity
- The Ministry of Health
- The Ministry of Agriculture (Veterinary Office)
- The 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, each have a shelf life determined by the Egyptian Office of Standards (EOS). Exporters to Egypt must be aware that import and custom procedures take a period of no less than 2 weeks; hence, expiration dates must be at least twice that length of time.

Prohibited and Restricted Imports

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Apparel

Egypt lifted its ban on apparel imports on January 1, 2002, replacing it with excessive specific rate duties. In January 2004, the Egyptian Government issued a decree replacing these specific-rate duties with ad valorem (percentage of value) tariffs consistent with Egypt's commitments to the WTO.

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).

Beef

In August 2010, the United States negotiated access for U.S. beef to include all cuts, all ages. However, Egypt's new CVO subsequently is now restricting U.S. bone-in-beef to 30 months and under. Boneless variety meats are restricted to 48 months and under. The U.S. Embassy is working with Egypt to remove all age restrictions on U.S. beef and beef products in compliance with the World Organization for Animal Health (OIE) guidelines for "Negligible BSE Risk" status countries. The United States exported USD 165 million in beef and beef products to Egypt in CY2013.

Poultry

Since 2003, Egypt has maintained a de facto ban on imports of poultry parts and offal, restricting imports to whole, frozen birds. To protect its domestic poultry industry, Egypt bans the import of U.S.-origin poultry parts, including chicken leg quarters (CLQs) claiming halal slaughter concerns. The concern over the halal requirement 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 Islamic halal practices.

Opposition from domestic poultry producers blocks the import of more affordable, higher quality U.S. poultry. 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 outpace supply, driving prices upwards 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 (March 19, 2012) banned the import of heat-treated feather meal. 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 meal 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 avian influenza virus and other potential contaminants.

Rice

In September 2012, Egypt lifted its rice export ban. Milled rice exports are permissible, but require an export permit and the payment of export taxes. Exporters are only authorized to export rice through Ministry of Industry and Foreign Trade export tenders. The ministry allocates export quotas and quantities solely based on the availability of rice for domestic consumption. Egypt's recent poor performance on the international market is the result of difficulties in recapturing market share from more competitive U.S. and Australian rice after its five-year long self-imposed export hiatus.

Seed Potato

At present, Egypt imports seed potatoes exclusively from the EU, primarily the Netherlands and the UK. For four 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, but the Egyptian side has yet to approve imports of U.S. seed potatoes. The intent is to have market access requirements for seed potatoes finalized by August 2014.

Medical Equipment and Supplies

The Ministry of Health (MoHP) banned 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. 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.

With USAID assistance, the National Food Safety Management Unit (NFSMU) was established. The Ministry of Health, Agriculture, and Trade, Industry, and Investment are represented in the NFSMU. It is the equivalent of the U.S. FDA. The Egyptian Parliament is to approve this project.

The Nutrition Institute and the Drug Planning and Policy Center of the Ministry of Health register and approve all nutritional supplements and dietary foods. It takes from four months to one year for approval. Importers must apply for a license for dietary products. The validity period of the license varies from 1 to 5 years depending on the product. After the expiration date of the license, the importer must submit a new request for license renewal. License renewal costs about USD 500. However, if a similar local dietary product is available in the market, registration for an imported product will not be approved.

Customs Regulations and Contact Information

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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 the 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 whereby 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 checks for illegal products, and the importer presents Customs with the documentation required to clear the shipment. After reviewing these documents, Customs either clears the shipments for release to the importer directly, or directs the consignment to other bodies for testing and inspection, coordinated by the General Organization for Export and Import Controls (GOEIC). Custom duties are then assigned and are paid in Egyptian pounds.

Please see [Standards Organizations](#) and [Conformity Assessment](#), below, for further inspection and standards determination issues affecting imported goods.

Standards

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Overview

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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 Organizations

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

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 assigned 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 the stipulations of 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 Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

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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 the imported goods will differ according to the nature of the consignment. Agricultural products for example, are sent to special agricultural authorities for detailed chemical inspection in the Ministry of Agriculture. 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.

Since the establishment of GOEIC, it is mandatory that a sample be sent to the institute, most of the time for the sole purpose of classifying of 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 bodies legally 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. The EOS has recently used the past history of products, manufacturers, exporters and importers, in setting standards that are utilized by GOEIC for clearing imported goods. When the product is first imported, it has to go through full inspection. For products imported more frequently, then the product has a history file leading to reduced inspection afterwards.

Product Certification

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The Egyptian Quality Mark scheme is based on the international standards listed in the ISO/IEC Guide 28/1982.

Presidential Decree No. 392 of 1979 states that EOS is the designated national authority to grant licenses for the application of marks of quality to industrial goods and products. Such licenses are only available for domestically produced goods, since acquiring such a quality mark involves not only the testing of the product, but also the inspection of the whole production line, similar to ISO accreditation.

Accreditation

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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 of 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, Industry, and Investment and governed by a board of 14 members, representing all stakeholders and concerned bodies. EGAC has contracted with UKAS of the United Kingdom who provides technical assistance.

Publication of Technical Regulations

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The Egyptian Accreditation Council (EGAC) plans on publishing 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.

Labeling and Marking

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Please refer to [Labeling and Marking Requirements](#) under Import Requirements and Documentations.

Contacts

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Egyptian Organization for Standardization and Quality
Dr. Eng. Hassan Ahmed Abdel-Megeid, Chairman
16 Tadrib El Moalemeen St., Amirya, Cairo
Tel: +20 (2) 2284-5528 – 22845529, Fax: +20 (2) 22845504
Email: moi@idsc.net.eg
Website: <http://www.eos.org.eg/Public/en-us/Default>

General Authority of Export and Import Control (GOEIC):
General Alaa Abdel-Kareim, Chairman
Airport Building, Heliopolis, Cairo
Hot Line: + 20(0) 8006667666
Hot Line: 19591
Tel: +20 (2) 2266-9620/02, Fax: +20 (2) 2268-1731/02, +20 (2) 2266-6847/9342
Website: http://www.goeic.gov.eg/en/index_r.asp/

National Institute of Standards (NIS)
Dr. Adel Bassiouny Shehata, Chairman
Tersa St., El-Haram, Giza
PO Box 136 Giza 12211
Tel: +20 (2) 3740-1113, +20 (2) 3388-9760, +20 (10) 604-4616, Fax: +20 (2) 3386-7451
<http://www.nis.sci.eg/>

U.S. Embassy Cairo
U.S. Commercial Service
Tel: +20 (2) 2797-2340, Fax: +20 (2) 2795-8368
Email: office.cairo@trade.gov
Website: <http://export.gov/egypt/>

Trade Agreements

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Egypt is involved globally in several multilateral trade agreements:

- The General Agreement on Tariffs and Trade (GATT);
- The General Agreement on Trade in Services (GATS);
- Egyptian-European Mediterranean Partnership Agreement;
- The Common Market for Eastern and Southern Africa (COMESA);
- Trade and Investment Framework Agreement (TIFA);
- Pan Arab Free Trade Area (PAFTA);
- Free Trade Agreement between Egypt and Turkey, signed in 2005.

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.

Web Resources

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Commercial Service in Egypt: <http://export.gov/egypt/>
American Chamber of Commerce in Egypt: <http://www.amcham.org.eg/>
U.S. Embassy: <http://cairo.usembassy.gov/>

U.S. Department of Commerce, Bureau of Industry and Security:

<http://www.bis.doc.gov/index.htm>

U.S. Department of Commerce's Denied Persons List:

<http://www.bis.doc.gov/dpl/Default.shtm>

U.S. Department of Treasury's Specially Designated Nationals List:

<http://www.treas.gov/offices/enforcement/ofac/sdn/>

Egyptian Organization for Standards and Quality Control (EOS): <http://www.eos.org.eg/>

Ministry of Trade, Industry, and Investment: <http://www.mfti.gov.eg/>

Egyptian Accreditation Council: <http://www.egac.gov.eg/>

Egypt's National Institute of Standards: <http://www.nis.sci.eg>

Central Bank of Egypt: <http://www.cbe.org.eg/>

Egypt's Maritime Transport Sector: <http://www.mts.gov.eg/site/index/lang/en>

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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BUSINESS SECTORS

Banking

The Central Bank of Egypt 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. In 2013 QNB Group acquired NSGB and Emirates NBD, Dubai's largest bank, bought the Egypt unit of BNP Paribas. In 2009, the Central Bank announced that it had no plans to privatize the three remaining state-owned banks (Banque Misr, Banque du Caire, and National Bank of Egypt), citing poor market conditions. These three banks control at least 40 percent of banking sector assets.

Insurance

The government does not issue licenses for new insurance companies. As in the banking sector, foreign firms can only enter the Egyptian insurance market through purchase of a stake in an existing insurance company. Certain regulatory approvals are required for foreign and local investments in insurance companies (as with Egyptian banks) exceeding 10 percent of the issued shares. In 2006, the government began restructuring public insurance companies in preparation for privatization. In September 2007, the companies were merged and placed under an insurance holding company,

and real estate assets were stripped out of the companies and transferred to a newly established affiliate. The firms still have not been privatized.

Oil and Gas

The petroleum industry is one of the most dynamic industries in Egypt; hydrocarbon production is by far the largest single industrial activity. Petroleum, natural gas, and petrochemicals are Egypt's top exports. The Egyptian government encourages international oil companies (IOC) to participate in the oil and gas sector, and currently dozens of IOCs are operating in Egypt. The hydrocarbon industry is managed by the Ministry of Petroleum and Natural Resources, under which four state-owned companies function as government agencies. One of these is the Egyptian General Petroleum Corporation (EGPC), which concludes concession agreements in cooperation with IOCs, in the form of production-sharing agreements (PSAs).

Egypt grants concessions in specific areas through the promulgation of a "special law" by the Egyptian Parliament, which allows the Minister of Petroleum to conclude an agreement between the Egyptian Government on one side and a state-owned company such as EGPC acting as the concession holder and the foreign oil investor (IOC) acting as a contractor on the other side. This legislative act gives new agreements supremacy in application over contrary legislation or regulation. After concluding the agreement, any contractual changes are remedied through amicable adaptation of its provisions or arbitration. These safeguards were specifically devised by the GOE to help forge trust with foreign investors and improve investment in the hydrocarbon sector. In some cases, the Egyptian military needs to grant permission for firms to access and operate in their concession areas.

The Ministry of Petroleum is actively seeking investment from foreign investors in new oil and gas bid rounds. The government owes several billion dollars in payments to foreign oil and gas companies, however, and cannot easily repay its arrearages, due to ongoing fiscal challenges. Fuel is heavily subsidized in Egypt, with approximately 20 percent of government expenditures dedicated to energy subsidies. Egypt has become an energy importer, and absent energy subsidy reform and a reduction in domestic demand for energy, hydrocarbon exports may not increase in the short term. Should Egypt undertake these reforms, prospects for the industry will be bright, with untapped oil and gas resources and promising potential reserves.

Telecommunications

Egypt still has a single domestic fixed-line operator, Telecom Egypt (TE), despite Telecommunications Law 10 of 2003, which required TE to have relinquished its monopoly status by January 2006. Egypt has issued three mobile phone operator licenses, with the most recent acquired by Etisalat in July 2006 at a cost of USD 2.9 billion. Etisalat Egypt, Mobinil, and Vodafone Egypt continue to compete aggressively in the mobile telecommunications market, which now has an estimated 100 million mobile lines. A major focus of these companies will continue to be expansion of data services, which is still seen as an area with potentially high profit margins.

In December 2012, the National Telecommunications Regulatory Authority (NTRA) approved the issuance of a fourth mobile services license for Telecom Egypt, initially as a Mobile Virtual Network Operator (MVNO) allowing it to lease and resell capacity from

the three other mobile operators. Once implemented, this would make Telecom Egypt the first and only company to hold a unified license, pursuant to which it can offer both fixed-line, and internet and mobile services.

In April 2014, the National Telecommunication Regulatory Authority (NTRA) approved a unified license system under which Egypt's three mobile telecom operators can acquire rights to offer fixed-line services for a fee of EGP 100 million (approximately USD 14.3 million) as part of a unified license. As of April 2014, neither of these two NTRA decisions has yet received required approval from the cabinet of ministers.

Tourism and Travel

Prior to January 2011, tourism was Egypt's second-largest source of foreign currency and a significant source of employment. In 2010, the sector brought in USD 2.5 billion in revenue, and employed 2.5 million Egyptians --over 10 percent of the workforce. Political instability and security concerns since the 2011 ouster of former President Hosni Mubarak have led to a dramatic drop in foreign tourists, particularly in higher-end cultural tourism. Beach resorts have fared better, but have cut prices to attract business.

According to the Ministry of Tourism, Egypt received 11.5 million visitors in 2012, and the sector brought in nearly USD 10 billion in revenue. This suggests improvement over 2011, but business leaders note that government statistics may overstate actual tourist numbers. In 2013, the tourism industry took another hit with the political violence surrounding the removal of President Morsy from power and ongoing security concerns. The country's tourism revenues fell to USD 5.9 billion in 2013, a 41 percent drop compared to 2012.

In 2005, Egypt removed restrictions on foreign property ownership in a number of tourist areas, including resorts on the Red Sea and along the Mediterranean coast west of Alexandria. However, land ownership policies remain complex and unclear in many cases. Requirements to build on land to maintain tenure encourage rapid, large-scale development over conservation and more sustainable projects.

Since the 2011 ouster of Mubarak, many Western governments, including the United States, have advised their citizens to avoid travel to Egypt or to avoid travel to certain parts of the country such as the Sinai at various periods. The security situation in the Sinai, particularly in the north and including the major east-west coastal highway and the towns of El Arish, Shaykh Zuwayd, El Gorah and Rafah has been marked by ongoing violent attacks on Egyptian security personnel and by continuing, and frequently intense, security operations against the sources of violence. On February 16, 2014 a bomb was detonated on a tourist bus, killing four and injuring 14 people in Taba, a Sinai resort near the Israeli border.

RESEARCH AND DEVELOPMENT

The new 2014 constitution includes article 23 which explicitly states that the country can spend "no less than 1 percent of Gross National Product on scientific research." When implemented, this would double the government's current R&D budget. Large-scale R&D activities, however, are relatively modest. The majority of government-funded R&D programs are in agriculture, health, and, to a lesser extent, manufacturing. There are no reports of discrimination against U.S. or other foreign firms wishing to participate in R&D

programs in Egypt. Most Egyptian R&D programs are established by government initiative.

BROAD OVERVIEW OF INVESTMENT RELATED LAWS

Investment Incentives Law 8 of 1997 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. 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.

Law 94 of 2005 amended the Investment Incentives Law and made companies incorporated under the Investment Incentives Law subject to relatively simpler incorporation. It also granted companies established under the Companies Law or the Commercial Law certain incentives under the Investment Incentives Law, including protection from nationalization, imposition of obligatory pricing and cancellation or suspension of licenses to use immovable property. It also granted companies the right to own real estate required for their activities and the right to import raw materials, machinery, spare parts and transportation methods without being required to register at the Importers Register.

Companies Law 159 of 1981 applies to domestic and foreign investment in sectors not covered by the Investment Incentives Law, whether shareholder, joint stock, or limited liability companies, representative offices, or branch offices. The law permits automatic company registration upon presentation of an application to GAFI, with some exceptions. It also removed a previous legal requirement that at least 49 percent of shareholders be Egyptian, allows 100 percent foreign representation on the board of directors, and strengthens accounting standards.

Public Enterprise Law 203 of 1991 permits sales of state enterprises to foreign entities. Egypt began a privatization program under the Public Enterprise Law 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 defined as mixed state and private ownership, whether foreign or domestic). Bidding criteria for privatizations are generally clear and transparent. Since 2008, however, the GOE has not undertaken any new privatizations.

The President recently signed a new law Limiting Appeal Rights on State-concluded Contracts to limit third-party challenges to government privatization deals. The law is intended to reassure and attract investors unnerved by legal challenges brought against privatization deals and land sales dating back to the Mubarak government. Court cases have put many of these now private firms, many of which have foreign ownership, in legal limbo.

Tenders 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.

Capital Markets 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. Brokerage firms have capital requirements of EGP 5 million (USD 715,300), and same-day trading on the Egyptian stock market is allowed. As of January 2011, 47 brokerage firms have licenses for same-day or intra-day trading. Law 123 of 2008 amended the Capital Markets Law to allow local and foreign institutions to issue bonds at a par value of EGP 0.10 (USD 0.0143).

Decree 719 of 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 EGP 15,000 (USD 2,149) for each job opportunity created by the project, on the condition that the investment costs of the project exceed EGP 15 million (USD 2.15 million). The decree can be implemented on both new and on-going projects.

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).

Prime Ministerial Decree 548 of 2005 removed restrictions on foreign property ownership in a number of tourist and new urban areas, namely the Red Sea coast, including Hurghada, and the Mediterranean beach resorts of Sidi Abdel-Rahman and Ras Al-Hekma in the Matrouh Governorate. Foreign owners are still limited to a maximum of two residences in Egypt. Companies/citizens of other Arab countries have customarily received national treatment in this area.

Insurance Law 156 of 1998 removes a 49 percent ceiling on foreign ownership of insurance companies, allows privatization of state-owned insurance companies, and abolishes a ban on foreign nationals serving as corporate officers. Electricity Law 18 of 1998 allows the government to sell minority shares of electricity distribution companies to private shareholders, both domestic and foreign. A draft electricity law expected to be enacted in 2011 will further open electricity generation and distribution to the private sector.

Maritime Law 1 of 1998 permits private companies, including foreign investors, to conduct most maritime transport activities, including loading, supplying, and ship repair.

Commercial Law 17 of 1999 has more than 700 articles covering general commerce, commercial contracts, banking transactions, commercial paper, and bankruptcy.

Central Depository Law 93 of 2000 reduces risks associated with trading securities, enhances market liquidity, and tries to streamline the securities exchange process by standardizing registration, clearance and settlement procedures.

INVESTMENT TRENDS

Tables 1 and 1B

TABLE 1

The following chart summarizes several well-regarded indices and rankings.

Measure	Year	Rank/Value	Website Address
TI Corruption Perceptions index	2013	32 (114 of 177)	http://cpi.transparency.org/cpi2013/results/
HerFritage Foundation's Economic freedom index	2014	52.9 (135 of 177)	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	(128 of 189)	http://doingbusiness.org/rankings
Global Innovation Index	2013	(108 of 142)	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	USD 3000	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

TABLE 1B - Scorecards:

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a 2012 per capita gross national income (GNI) or USD 4,085 or less. A list of countries with MCC scorecards, and links to the scorecards, is available here: <http://www.mcc.gov/pages/selection/scorecards>.

Details on each of the MCC's indicators and a guide to reading the scorecards, are available here: <http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf>

Measure	Year	Index/Ranking	Year	Index/Ranking
MCC Gov't Effectiveness	2014	-0.38 (19%)	2013	-0.16 (38%)
MCC Rule of Law	2014	0.01 (54%)	2013	0.05 (56%)
MCC Control of Corruption	2014	0.00 (50%)	2013	-0.16 (31%)
MCC Fiscal Policy	2014	-9.6 (4%)	2013	-8.2 (13%)
MCC Trade Policy	2014	71.4 (29%)	2013	73.8 (41%)
MCC Regulatory Quality	2014	-0.17 (42%)	2013	0.01 (53%)
MCC Business Start Up	2014	0.969 (85%)	2013	0.978 (84%)
MCC Land Rights Access	2014	0.93 (95%)	2013	0.92 (96%)
MCC Natural Resource protection	2014	65.8 (65%)	2013	96.2 (84%)
MCC Access to Credit	2014	39.0 (54%)	2013	11.1 (3%)
MCC Inflation	2014	8.6 (16%)	2013	39 (59%)

Conversion and Transfer Policies

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After January 2011, the Central Bank issued restrictions on conversion and transfers of funds out of Egypt. Individuals were only permitted transfers up to a total maximum of USD 100,000. In January 2014, however, the Central Bank permitted individuals who

had already reached that limit to transfer an additional USD 100,000. Although businesses do not face these restrictions for transfers for legitimate business purposes, extensive documentation can be required. Foreign investors say that lack of availability of foreign exchange can result in delays of up to several weeks, although the situation is improving. Egyptian law allows individuals and businesses to conduct all normal foreign exchange transactions, including accepting deposits, and opening letters of credit.

The OECD Arrangement on Officially Supported Export Credits rates country transfer and convertibility risk on a scale of 0 to 7, with 7 being the most risky. For many years Egypt's rating had been at 4, but dropped to 5 in January 2012 and then to 6 in June 2013. The downgrades reflect higher risks from macroeconomic instability associated with the political transitions. (<http://www.oecd.org/tad/xcred/cre-crc-current-english.pdf>)

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. Transfers are to be made in a "freely convertible currency at the prevailing market rate of exchange on the date of transfer with respect to spot transactions in the currency to be transferred."

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 of 2003 regulates the repatriation of profits and capital. The government has repeatedly emphasized its commitment to maintaining the profit repatriation system to encourage foreign investment in Egypt. 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 less than two days.

Foreign Exchange

A growing gap between the demand and supply of foreign exchange in the market emerged following the institution of a new currency regime in January 2013, whereby the Central Bank of Egypt began a series of currency auctions in order to conserve foreign exchange. The government also instituted new capital controls limiting the amount of money that could be physically carried in and out of the country to USD 10,000 per person per trip. A parallel foreign exchange market exists in Egypt outside of the official banking system in which US dollars were trading at around a 7 percent premium over the official rate as of April 2014.

Expropriation and Compensation

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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 expropriation to court, but the judicial system is very slow and can take several years to resolve a case.

Dispute Settlement

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The U.S. Embassy recommends that U.S. companies put clauses specifying binding international arbitration of disputes in their commercial agreements. Egypt acceded to the International Convention for the Settlement of Investment Disputes in 1971 and is a member of the International Center for the Settlement of Investment Disputes (ICSID), which provides a framework for 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.

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.

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.

Bankruptcy

Egypt does not have a bankruptcy law per se, but Commercial Law 17 of 1999 includes a chapter on bankruptcy. The terms of the bankruptcy chapter are silent or ambiguous on several key issues that are crucial to the reduction of settlement risks. The Ministry of Industry and Foreign Trade has identified the lack of a functioning bankruptcy code as a significant weakness for investment in Egypt and has indicated in public statements that efforts are underway to initiate new bankruptcy legislation.

Duration of Dispute Resolution

The Egyptian judicial system functions extremely slowly, and cases can remain in the system for several years. Arbitral awards are made in the original currency of the transaction, via the competent court in Egypt, usually the Cairo Court of Appeals. A special order is required to challenge an arbitration award in an Egyptian court. 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 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.

Performance Requirements and Incentives

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No performance requirements are specified in the Investment Incentives Law. The ability to fulfill local content requirements is no longer a prerequisite for approval to set up assembly projects, but in most cases, assembly industries still must meet a minimum local content requirement in order to benefit from customs tariff reductions on imported industrial inputs.

Article 6 of Decree 420 of 2000 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. 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. See the section "Import and Export Policies" for more details on the export rebate system.

Manufacturers wishing to export under trade agreements between Egypt and other countries must fulfill certificate 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.

There are no formal geographical restrictions on investments. However, due to congestion in Cairo, the government generally denies approval for investments in manufacturing facilities in Cairo, unless a compelling economic rationale exists. The government offers incentives to move existing manufacturing facilities out of Cairo. Upon request, government officials assist investors in locating a site for a project, often in one of the new industrial sites located outside Cairo and sometimes provide necessary infrastructure.

In addition to the new industrial sites outside Cairo, the government has targeted Upper Egypt for development by private investors. Land in industrial zones in Upper Egypt is offered free of charge. The government also provides hookups to infrastructure (water, sewer, electricity, and gas) and transfers land title to the developer three years after project startup. As noted above, approval by the security services is generally required for investments in the Sinai Peninsula.

In July 2007, MOI finalized procedures for granting usufruct rights (use by an investor of a plot of land for a certain period of time to establish a project and profit from it, after which both project and land are given to public ownership) in the Sinai, with the aim of boosting investment levels in the region. The procedures include facilitation of real

estate registration; enabling use of usufruct rights as a guarantee for loans; and enabling banks to register pledges on real estate and foreclose in cases of non-payment.

Right to Private Ownership and Establishment

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By law, foreign and domestic private firms have the right to establish and own business enterprises and engage in all forms of remunerative activity, except for the restrictions on foreign business noted previously. Private enterprises may freely establish, acquire and dispose of interests in business enterprises. In practice, private firms sometimes find themselves at a disadvantage when competing for resources with state-owned firms. For example, state-owned firms often have easier access to bank credit from the state-dominated banking system than do private firms, whether domestic or foreign. Despite sufficient bank capitalization, access to credit is a particular issue for Small and Medium Enterprises, which are often not considered sufficiently well established to merit the risk. In addition, some companies have experienced difficulties in dissolving companies.

Protection of Property Rights

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Real Property

The Egyptian legal system provides protection for real and personal property, but laws on real estate ownership are complex and titles to real property may be difficult to establish and trace. Reforms in 2007 simplified the registration process for residential construction in new urban areas built on the outskirts of Cairo and Alexandria. According to the World Bank's 2014 Doing Business Report, Egypt ranks 105 out of 189 for ease of registering property.

(http://www.doingbusiness.org/data/exploreeconomies/egypt/~/_media/giawb/doing%20business/documents/profiles/country/EGY.pdf?ver=2)

A National Title Registration Program was introduced by the Ministry of State for Administrative Development and implemented in nine areas within Cairo. This program was 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, were capped in May 2006 at no more than EGP 2000 (USD 286), irrespective of the property value. In November 2012, the government decided to postpone implementation of an enacted overhaul to the real estate tax system until 2014, although no action has yet been taken. The Ministry of Finance plans to submit proposed amendments to the law to the new parliament once it is seated.

There is an extensive rent control system for older residential and commercial real estate property resulting in some apartment rents as low as USD 10 per month. However, these rent controls do not apply to real estate put into service in recent years. 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. Real Estate Finance Law 148 of 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.

Intellectual Property Rights

The lack of protection of intellectual property rights (IPR) is a major hurdle to direct investment in Egypt, which remains on the U.S. Trade Representative's Special 301 Watch List for IPR violations. Both legal protection and enforcement are weak.

Law 82 of 2002 reflects the provisions of the TRIPs Agreement. Egypt's new 2014 constitution includes new language (article 69) that calls on the state to protect intellectual property rights in all fields and to establish a body to regulate these rights.

Nonetheless, Egypt ranks poorly at international and regional levels. According to the 2013 intellectual property rights index (IPRI), Egypt ranked 86 out of 130 globally and 17 out of 21 regionally.

(<http://www.internationalpropertyrightsindex.org/profile?location=Egypt>)

2013 Intellectual Property Rights Index			
Category	Score	Global Rank	Regional Rank
Intellectual Property Right Index	4.8	86 of 130	17 of 21
Legal & Political Environment	4.0	90 of 130	16 of 21
Judicial Independence	5.9	49 of 130	13 of 21
Rule of Law	4.2	76 of 130	13 of 21
Political Instability	2.4	115 of 130	17 of 21
Control of Corruption	3.6	101 of 130	16 of 21
Physical Property Rights	5.7	85 of 130	15 of 21
Protection of Physical	5.7	80 of 130	18 of 21
Registering Property	7.7	97 of 130	15 of 21
Intellectual Property Rights	4.7	83 of 130	16 of 21
Protection of Intellectual Property Rights	5.5	87 of 130	9 of 21
Patent Protection	5.5	87 of 130	9 of 21
Copyright Protection	3.9	53 of 130	12 of 21

Egypt remains on the Special 301 Watch List in 2013, which cites a number of IPR challenges for Egypt: 1) the failure to issue deterrent-level sentences for IPR violations when offenders are convicted; 2) the need for additional training for enforcement officials; 3) the need to provide customs officials with the authority to take ex officio action; and 4) the need to finalize long-awaited regulations to clarify border procedures for the destruction of counterfeit products.

Although Egypt is working to upgrade its trademark registration system, rights holders have expressed concerns that Egypt has issued certain registrations improperly. Rights holders continue to express significant concerns that businesses offering pirated television content are impairing the ability of legitimate distribution outlets to operate in the market, and that print piracy continues to harm domestic and foreign publishers.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://wipo.int/directory/en/>.

IPR Contact at Embassy Cairo:
Veronica Torres
Environment, Science, Technology and Health Officer
20-2-2797-33300
TorresV@state.gov

Transparency of Regulatory System

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The Egyptian government has made efforts to improve the transparency of government policy. The process has proven difficult and has faced strong resistance from entrenched bureaucratic interests. Significant obstacles continue to hinder private sector investment, including the often-arbitrary imposition of bureaucratic impediments and the length of time needed to resolve them.

Law 89 of 1998 amended the Tenders and Bidding Law 9 of 1983 to improve equality and transparency in government procurement. Key provisions of the law include: a prohibition on reopening negotiations after final bids have been received; more transparency in the criteria for bid acceptance and rejection; equality among bidders, contractors, and government agencies; more weight given to the technical aspects of a tender or bid; protection of contractor rights; reduction of insurance fees; and immediate return of deposits once the government announces bid or tender results.

In 2005, parliament passed the Law on Protection of Competition and Prohibition of Monopolistic Practices. A new agency, the Egyptian Competition Authority, began operating in 2006 to implement the law. The MOI also issued corporate governance guidelines as Ministerial Decree 332 of 2005. The non-binding guidelines – formulated along the lines of OECD principles – apply to corporations and limited liability companies as well as brokerages. In 2006, MOI issued corporate governance guidelines for public sector companies.

Accounting standards in government entities are still not fully consistent with international norms, although efforts were underway to bring standards into conformity with International Financial Reporting Standards (IFRS). The MOI issued a directive in 2006 with new accounting standards for all companies listed on the Egyptian stock exchange, including public entities. The new standards, which came into effect in 2007, are close, but not identical to IFRS.

Egyptian law does not require that proposed legislation be published prior to consideration by the parliament. In practice, proposed legislation occasionally is circulated among concerned parties such as business associations and labor unions. On a number of occasions during the latest parliamentary term, parliamentary

committees held 'social dialogue' sessions with concerned parties and organizations to discuss proposed legislation; however, responsiveness on the part of legislators to feedback received from concerned parties has been limited.

After approval by parliament, new laws are referred to the President for approval, after which they are published in the Official Gazette, similar to the Federal Register in the United States. In the absence of a seated Parliament, Legislative Committees within each ministry are tasked with introducing new legislation to their respective Ministers, who in turn present it to the Cabinet during the weekly Cabinet meetings. After the legislation is discussed and approved by the Cabinet it is referred to the President for approval and is afterwards published in the Official Gazette.

Egypt has not had a comprehensive approach to regulatory reform. In the past decade, the Egyptian Government, led by the Ministry of Finance and the Ministry of Investment, made some strides to enhance the regulatory framework, particularly for businesses for the purpose of promoting investment and creating job opportunities. Such strides included tax and banking reform as well as facilitating start-up business registrations through "one-stop shops" where businesses could obtain start-up licenses without having to pass by and get approval from several different government offices. These "one-stop shops" were created by the Ministry of State for Administrative Development, which also set up e-government services.

The Egyptian Competition Authority is the body that ensures free competition in the market, prohibits anticompetitive practices, and serves consumer and producer interests. The Egyptian Competition Law was enacted in 2005 and covered three categories of violations: 1) cartels; 2) abuse of dominance; and 3) vertical restraints. Laws 190 of 2008 and 193 of 2008 have been amendments to the Competition Law and aim to protect competition and prohibit monopolistic practices and assure free competition and free entry and exit from the market based on economic efficiency. The main challenges to implementing the competition law, however, include the lack of competition policy at the country level, a significant informal sector, and the lack of availability of information and data. Some have questioned the independence and effectiveness of the Egyptian Competition Authority.

Efficient Capital Markets and Portfolio Investment

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The Egyptian Exchange (EGX) is Egypt's registered securities exchange. In April 2014, 182 companies were listed on the EGX, with a market capitalization of nearly EGP 500 billion. 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 Capital Market Law 95 of 1992, along with the Banking Law of 2003, constitutes the primary regulatory framework 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 also authorizes the issuance of corporate bonds and bearer shares, and makes income from most stocks and bonds non-taxable (compared to 20 percent tax rate on interest from Egyptian treasury bills). The law specifies mechanisms for arbitration and legal dispute resolution and prohibits unfair market

practices. Law 10 of 2009 created the Egyptian Financial Supervisory Authority (EFSA) and brought the regulation of all non-banking financial services under its authority.

The Central Securities Depository and Registration Law and its executive regulations, issued in 2000, eased registration and deposit of securities. Settlement of transactions takes one day for treasury bonds, two days 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.

In 2002, the then Minister of Foreign Trade added an additional chapter to the executive regulations of the Capital Market Law to allow margin trading to increase liquidity and trading in the market through brokerage firms and financially solvent licensed companies. In April 2003, the U.S. Securities and Exchange Commission included the Egyptian Exchange in its list of accredited stock exchanges, allowing U.S. financial institutions to invest in the Egyptian stock market without undertaking the cumbersome procedures previously required.

In May 2006, the CMA issued Decree 50 of 2006, organizing online trading on the CASE. The decree allows brokerage companies to receive requests for buying/selling of shares by clients via the Internet. The decree also mandates infrastructure requirements, mainly web security provisions, which brokerage firms must meet in order to provide online services. To date, 114 companies have obtained online trading licenses.

Leasing Law 95 of 1995 allows for the leasing of capital assets and real estate and was designed to reduce the high start-up costs faced by new investors. Notably, the law specifically allowed for the purchase of real estate assets through leasing mechanisms. The Leasing Law was amended in 2001 to make leasing more attractive for investors by exempting financial leasing activities from sales taxes and fees; specifying financial standards that leasing companies must adhere to; increasing the control, organization and efficiency of the leasing activities; and incorporating clear guarantees for the parties involved.

Competition from State Owned Enterprises

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State Owned Enterprises compete directly with private companies in several sectors of the Egyptian economy. They are structured as individual companies controlled by boards of directors and grouped under government holding companies that are arranged by industry, for example – 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.

According to Public Sector Law 203 of 1991, SOEs 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 SOE 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, but details are forthcoming.

In an attempt to encourage growth of the private sector, privatization of SOEs and state-owned banks accelerated under an economic reform program that took place from 1991 to 2008, but then stalled. After 2011, 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.

Corporate Social Responsibility

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Corporate social responsibility (CSR) programs have grown in popularity in Egypt over the last ten years. Most programs are limited to multinational and larger domestic companies. Education is the most popular sector for CSR investment, but environmental programs are garnering greater participation.

A number of organizations work to foster the development of CSR in Egypt. The American Chamber of Commerce has an active corporate social responsibility committee, and Apache Corporation was named a finalist in the 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.

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 corporate social responsibility policies. In March 2010, Egypt launched an environmental, social, and governance (ESG) index, the second of its kind in the world after India, with the training and technical assistance of Standard and Poor's.

OECD Guidelines for Multinational Enterprises

Egypt adhered to the OECD Guidelines for Multinational Enterprises as in 2007.

Political Violence

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Throughout the first half of 2013, Egypt witnessed regular protests against the government of President Mohamed Morsy, ultimately leading to his removal on July 3, 2013. In July, Muslim Brotherhood (MB) supporters staged two sit-ins in the Cairo metropolitan area to protest Morsy's ouster, which security forces forcefully dispersed on August 14, 2013, leaving at least 632 dead.

Since the July 3, 2013, transfer of executive power, pro-MB demonstrations have been commonplace throughout Egypt's cities and universities, often resulting in clashes with security forces. The November 24, 2013, adoption of a law that restricts protest activity without prior authorization by security authorities provided the legal basis for quashing demonstrations. In late 2013 and 2014, terrorists attacked military installations and personnel in the Sinai Peninsula in addition to police and military facilities and personnel in a few cities on the mainland, including Cairo.

Corruption is pervasive at all levels of Egyptian society. Giving and accepting bribes are criminal acts in Egypt, but corruption laws have not been consistently enforced. It is expected that companies might encounter corruption in meetings with public officials, as well as bribery, embezzlement, and tampering with official documents. Corruption and bribery are particularly reported in dealing with public services, customs, taxes, public utilities, and procurement. The law provides criminal penalties for official corruption, but the government did not consistently enforce the law, and there were allegations that members of prior governments engaged in corrupt practices with impunity.

After January 2011, a sizeable number of officials from the Mubarak regime and their close business associates were subject to criminal investigation, tried, and in some cases, convicted on corruption charges. Most of the cases were based on the sale of public assets (predominantly land) at allegedly below-market prices. The Office of the Public Prosecution has been the main entity investigating and prosecuting the recent corruption charges. The Central Agency for Auditing and Accounting is the government's anticorruption body and in the past submitted biennial reports to the People's Assembly that were not available to the public. The auditing and accounting agency stationed monitors at state-owned companies to report corrupt practices. Observers did not judge the agency to be effective, independent, or sufficiently resourced, and it did not actively collaborate with civil society.

A series of civil cases have been brought against private companies which concluded contracts with the Mubarak regime for the purchase of state-owned assets, as part of the regime's privatization drive. Most of the first-instance decisions in these cases have annulled the original sales contract, calling for the renationalization of the company and mandating that the individuals laid off following privatization be re-hired. These cases have caused considerable alarm among current and prospective investors in Egypt.

Transparency International's Corruption Perceptions Index ranked Egypt 114 out of 177 in its 2013 survey (<http://cpi.transparency.org/cpi2013/results/>), which is a slight improvement from the prior year, but is still a drop from the 2010 rank of 98 out of 178.

In addition, the World Economic Forum's Global Competitiveness Report 2013-14 identified corruption as the fifth most problematic factor to doing business in Egypt. (http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf)

The new 2014 constitution provides for the establishment of an Anti-Corruption Commission to focus on dealing with conflicts of interests, standards of integrity, and government transparency. It also addresses whistleblower protection.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Egypt ratified 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 convention.

Egyptian Government Agency Contact to Report Corruption

Ministry of Interior

General Directorate of Investigation of Public Funds
Telephone: 02-2792-1395/ 02-27921396
Fax: 02-2792-2389
Email: fasad@amalgov.eg

Bilateral Investment Agreements

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Egypt has signed a number of international agreements covering investment, including bilateral investment agreements 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 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 specific 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), a step toward creating freer trade and increasing investment flows between the U.S. and Egypt. In June 2001, Egypt signed an Association Agreement with the European Union (EU) which entered into force on June 1, 2004. The agreement provides for immediate duty free access of Egyptian products into EU markets, while duty free access for EU products will be 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.

Egypt is also a member of the General 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 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, U.S. imports from Egypt are eligible for duty-free treatment if the value includes not less than 35 percent U.S./Egyptian/Israeli content, with 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 U.S., ready-made garments in particular, have risen rapidly since the QIZ program was introduced in December 2004. The value of the Egyptian QIZ exports to the U.S.

amounted to USD 901 million in 2013, approximately 55 percent of Egypt's total exports to the United States (Data Source: USITC).

Bilateral Taxation Treaties

Egypt has a bilateral tax treaty with the United States.

OPIC and Other Investment Insurance Programs

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

The U.S. Trade and Development Agency (USTDA) also 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.

Labor

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Egypt sees upwards of 700,000 new entrants into the labor market each year. Official statistics put the labor force at 27.3 million, with 3.65 million unemployed. Following the ouster of Mubarak in 2011, Egypt's unemployment rate has gradually increased. The Q4/2013 unemployment rate stood at 13.4 percent, with unemployment significantly higher for women (25 percent) and for young people (60.5 percent for women between the ages of 20-24 and 32 percent for male youth).

Government statistics show that 69 percent of unemployed people were aged between 15 and 29; more than 82 percent hold diplomas and university degrees. More than one in three young people are unable to find work. Unemployment is at its highest among educated youth, particularly graduates of vocational secondary education. This issue was exacerbated by the 2011 ouster of Mubarak and concomitant political and economic instability. Many consider the limited employment opportunities for youth as a serious challenge to Egypt's social cohesion and democratic transition. Millions of Egyptians continue to seek employment abroad.

The government bureaucracy and public sector enterprises are substantially over-staffed compared to the private sector. Business 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 (Law 12 of 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. All trade unions are required by law to belong to the Egyptian Trade Union Federation. Though the law remains in place, in practice, employees may form independent worker organizations at the factory, governorate, and national level. In March 2011, the Minister of Manpower and Migration issued a decree recognizing complete freedom of association. The Minister decided that aspects of the Trade Union Law (Law 35 of 1976) violated, and were trumped by, Egypt's ILO and UNHRC commitments. Since March 2011, the Ministry has registered well over 1600 independent trade unions without interference, while hundreds more have formed, but have not yet registered.

The new 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 2014 constitution maintained past practice in stipulating that "one syndicate is allowed per profession," because 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 Freedom of Association Law, but not yet passed the legislation. 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. The ILO's Committee of Experts recognized Egypt's 2011 declaration on freedom of association as a positive step and emphasized that a law codifying these changes should be enacted as soon as possible.

Workers in Egypt have the right to strike peacefully, but strikers by law must 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.

The number of strikes increased significantly after January 2011. 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.

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 the Ministry of Manpower and Migration. 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.

The Ministry of Manpower and Migration 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 of 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.

The Labor Law 12 of 2003 requires that foreign workers account for no more than 10 percent of the total workforce of a firm, though this requirement can be waived by the Ministry of Manpower and Migration. This law's requirements do not apply to the oil and gas industry, but most or all individual concession agreements have some sort of requirement on percentage of local employees.

In 2011, the Ministry of Manpower and Migration enacted regulations designed to restrict access for foreigners to Egyptian worker visas, though application of these provisions has been inconsistent. Visas for unskilled workers will be phased out. 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. In practice, it is not clear how diligently the government is enforcing these provisions.

Foreign-Trade Zones/Free Ports

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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 in any sector, by foreign or domestic investors. Companies operating in free zones are exempted from customs duties, sales taxes or taxes and fees on capital assets and intermediate goods.

There are currently 10 public free zones in operation in the following locations: Alexandria, Damietta, East Port Said Port Zone, Ismalia, Koft, Media Production City, Nasr City, Port Said, Shebin el Kom, and Suez. Private free zones may also be established with a decree from 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.

The Special Economic Zones (SEZ) Law 83 of 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 of 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.

Foreign Direct Investment Statistics

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Foreign direct investment came to a virtual standstill following the 2011 ouster of Mubarak and is still well below pre-2011 levels.

Measurements of foreign direct investment (FDI) in Egypt vary according to the source and the definitions employed to calculate the figure. The Central Bank records figures on quarterly and annual investment flows based on financial records for Egypt's balance of payments statistics and 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, but 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. GAFI statistics indicated that U.S. investors had FDI in Egypt at a total of USD 5.8 billion for the period of 1971-2008 outside the oil/gas sector. The U.S. has historically ranked first in terms of FDI in Egypt, but starting in 2007 was outpaced by the EU.

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

Table 2: Annual FDI and Portfolio Investment (billions of USD)

Fiscal Year (starting July 1)	Net FDI	Net Portfolio Investment	US FDI Inflows
2003/04	0.4	-0.2	0.2
2004/05	3.9	0.8	2.0
2005/06	6.1	2.8	4.6
2006/07	11.0	-0.9	4.7
2007/08	13.2	-1.4	6.4
2008/09	8.1	-9.2	3.5
2009/10	6.8	7.9	1.4
2010/11	2.2	-2.6	1.8
2011/12	4.0	-5.0	0.6
2012/13	3.0	-1.5	2.2

(Source: Central Bank of Egypt for Net FDI and Net Portfolio Investment:
<http://www.cbe.org.eg/English/Economic+Research/Time+Series/>)

For U.S. FDI inflows:

[http://cbe.org.eg/CBE_Bulletin/2014/Bulletin_2014_3_Mar/48_32_Net_Foreign_Direct_Investment_In_Egypt_\(FDI\)_by_country.pdf](http://cbe.org.eg/CBE_Bulletin/2014/Bulletin_2014_3_Mar/48_32_Net_Foreign_Direct_Investment_In_Egypt_(FDI)_by_country.pdf))

TABLE 2B: Key Macroeconomic data, U.S. FDI in host country/economy

			Source of data
Economic Data	Year	Amount	
Egypt Gross Domestic Product (GDP) (Millions U.S. Dollars)	2012	262.8	http://www.worldbank.org/en/country
Foreign Direct Investment			
U.S. FDI in Egypt (Millions U.S. Dollars, stock positions)	2012	17,134	http://www.bea.gov <ul style="list-style-type: none"> • Bureau of Economic Analysis • Balance of Payments and Direct Investment Position Data • U.S. Direct Investment Position Abroad on a Historical-Cost Basis • By Country only (all countries) (Millions of Dollars)
Egypt FDI in the United States	2012	-303	http://www.bea.gov <ul style="list-style-type: none"> • Balance of Payments and

<p><i>(Millions U.S. Dollars, stock positions)</i></p>		<p>Direct Investment Position Data</p> <ul style="list-style-type: none"> • Foreign Direct Investment Position in the United States on a Historical-Cost Basis • By Country only (all countries) (Millions of Dollars)
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Contact Point at Post

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Michael F. Cavanaugh
 Deputy Economic Counselor
 Embassy of the United States of America
 8 Kamal El Din Salah
 Garden City, Cairo
 EGYPT
 Telephone (20-2) 2797-3300

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U.S. Department of State Investment Climate Statements can be found at the following link: <http://www.state.gov/e/eb/rls/othr/ics/>

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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U.S. exporters typically request Letters of Credit (LOCs) 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, for investors, the U.S. Overseas Private Investment Corporation (OPIC). Tighter credit terms offered by the EU, Japan and China have required importers to seek full LOCs or cash-in-advance payments for imports. In December 2012, the Central Bank of Egypt (CBE) began currency auctions to sell foreign currency which has, at times, created a scarcity of foreign currency in Egypt. Egyptian importers must apply for foreign currency from banks and can be delayed 15-20 days to access foreign currency.

How Does the Banking System Operate

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According to the CBE, the Egyptian banking system currently consists of 39 banks categorized by commercial, non-commercial, public and private sector banks. 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 of 2003. In 2005, Presidential Decree 64 raised the minimum capital requirements for banks sharply from EGP 100 million to EGP 500 million for domestic banks and from USD 10 million to USD 50 million for branches of foreign banks.

Citibank is the only full service, American bank operating in the Egyptian market although J.P. Morgan Chase and BNY Mellon have representative offices.

Foreign-Exchange Controls

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Foreign exchange regulations fall under Law 88 of 2003. Under the 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.

Following January 2011, the CBE established restrictions on transferring foreign currency out of the country. Each individual is allowed to only transfer USD 100,000 per person in a lifetime. Commercial transactions must be supported with specific documents to justify the transfer. Travelers exiting the country are allowed to carry a maximum of USD 10,000. There are no indications on how long these new restrictions will be in place.

In December 2012, CBE further restricted the availability of foreign currency by establishing an auction system to sell foreign currency based on a list of priority sectors which include food, medicines and fuel. Businesses report that they often must wait 15-20 days to obtain foreign currencies. Many small businesses have sought foreign currency on the parallel market but often have to pay a premium.

In 2003, a new profit repatriation system was announced by the CBE which requires sub-custodian banks to open two accounts for foreign investors, a foreign currency account and a local currency account, which will be exclusively maintained for stock exchange transactions only. The two accounts will serve as a channel through which foreign investors can process their sale, purchase, dividend collection and profit repatriation transactions using the official exchange rates.

Through 2012/2013 CBE has maintained the official exchange rate steady at 6.96 EGP/1 USD. However, the parallel market rate has increased over the first quarter of 2014 from 7.30 EGP/1 USD to 7.45 EGP/1 USD reflecting sustained unmet demand for foreign exchange. Given the demand, downward pressure on foreign reserves will likely continue.

U.S. Banks and Local Correspondent Banks

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Citibank

4 Ahmed Pasha St., Garden City, Cairo

Tel: +20 (2) 2791-0673, +20 (2) 7913 524 Fax: +20 (2) 2795-8056

Website: <http://www.citibankegypt.com/egypt/homepage/home.htm>

Bank of Alexandria

49 Kasr El Nil St., Down Town, Cairo

Tel: +20 (2) 2391-3822, +20 (2) 2399-2000 +20 (2) 2393-4999 Fax: +20 (2) 2390-7793

<http://www.alexbank.com>

Bank of New York Mellon (rep. Office)

9 Abdel Moneim Riad St., Mohandeseen, Giza

Tel: +20 (2) 3336-5818, +20 (2) 3336-5822, +20 (2) 3336-5823 Fax: +20 (2) 3336-5816

<http://www.bnymellon.com>

Bank Misr (Banque Misr)

151 Mohamed Farid St., Downtown, Cairo

Tel: +20 (2) 2391-4239/0656 Fax: +20 (2) 2393-5381
<http://www.banquemisr.com/sites/engbm/Pages/default.aspx>

National Bank of Egypt
1187 Corniche Al Nil, Boulak, Cairo
Tel: +20 (2) 2594-5000, +20 (2) 2594-5668, +20 (2) 2594-5600 Fax: +20 (2) 2574-7614
<http://www.nbe.com.eg>

Arab International Bank
35 Abdel Khalek Tharwat St., Downtown, Cairo
Tel: +20 (2) 2397-0202, +20 (2) 2392-6749, +20 (2) 2391-6120/7133/2140 Fax: +20 (2) 2391-5922, +20 (2) 2395-5102
<http://www.aib.com.eg>

BNP Paribas
3 Latin America St., Garden City, Cairo
Tel: +20 (2) 19267, +20 (2) 16664, +20 (2) 2795-7943 Fax: +20 (2) 2794-2218
<http://egypt.bnpparibas.com/en/home/default.asp>

Cairo Barclays Bank
12 Al Sheikh Youssef Sq., Garden City, Cairo
Tel: +20 (2) 16222, +20 (2) 2366-2620/2700/2600 Fax: +20 (2) 2366-2814/2810/2811
<http://www.barclays.com/africa/egypt/>

Commercial International Bank (CIB)
Nile Tower Bldg., 4th Fl., 21/23 Charles DeGaulle St., Giza
Tel: +20 (2) 3747-2000, +20 (2) 3570-2690, +20 (2) 3570-3043 Fax: +20 (2) 3568-3844
<http://www.cibeg.com/en/Pages/default.aspx>

HSBC
306 Corniche El Nil St. Maadi, Cairo
Tel: +20 (2) 2529-8000, 25298751, +20 (2) 3535-9100 Fax: +20 (2) 2525-8080
<http://www.hsbc.com.eg/1/2>

Ahli United Bank
1191 Corniche El Nil, Floor 9 [neighborhood], Cairo
Tel: +20 (2) 2614-9500/9600/9700, +20 (2) +02-25801200/1201/1205 Fax: +20 (2) 2613-5160, Fax: +20 (2) 2619-0574
http://www.ahliunited.com/egypt/egypt_about.html

Project Financing

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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 AND INSURANCE MECHANISMS

The local banking system in Egypt is the main source of financing for Egyptian firms. Egyptian banks provide import financing through letters of credits and guarantee as well as export financing. Export financing is usually short-term and is intended to cover the exporter's working capital during the production period. 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. Banks prefer to lend exporters the same currency they will receive in payment for its exports to reduce foreign exchange 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 the National Bank of Egypt. It provides guarantees against the importer's risk or political risk to Egyptian or foreign exporters who export products that are totally or partially produced in Egypt.

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

OPIC has 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.

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 transportation, 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

Mr. Philip ter Woort, Country Director

EGID Building, First Floor

Block 72, off Ninety Axis

5th Settlement, New Cairo, Cairo

Tel: +20 2 2399-5584

Terwoorp@ebrd.com

Website: www.ebrd.com; www.ebrd.com/pages/country/egypt.shtml

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

mary.boscia@trade.gov

THE WORLD BANK GROUP

The World Bank Group is a multilateral lending agency consisting of four closely related institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the 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 regular World Bank IBRD loans.

The IFC is an affiliate of the World Bank that 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 percent of the total project cost. In addition to project finance, IFC also provides legal and technical assistance to private enterprises. Unlike the IBRD and IDA, the 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 at the World Bank is:

U.S. Business Liaison

Mr. E. Scott Bozek

Advisor & Director of Business Liaison

Office of the U.S. Executive Director
U.S. Trade Advocacy Center
The World Bank
1818 H Street NW
Washington DC 20433
Tel: (202) 458-0120
Fax: (202) 477-2967
E-mail: ebozek@worldbank.org; scott.bozek@trade.gov
Website: www.worldbank.org.

USAID PROGRAMS

Background and overview of USAID Programs in Egypt

The United States Agency for International Development (USAID) began its on-going program in Egypt in 1976 during a period when Egypt was facing extreme economic and political challenges. After 1979, following the Camp David Accord, Egypt became one of the United States' largest economic assistance program partners in the world.

Procurement Opportunities

There are two main sources of information about procurement opportunities related to USAID programs in Egypt:

- The Fed Biz Opps website (<https://www.fbo.gov>) lists USAID direct and USAID-financed Egyptian Government procurement.
- USAID's website (<http://www.usaid.gov>) has background on USAID programs and their relevance to U.S. interests at home and abroad.

Most commodity procurement is done under subcontract or by Egyptian Government arrangements, rather than directly by USAID.

Web Resources

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccp/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

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Chapter 8: Business Travel

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Business Customs

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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 somewhat 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.
- **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 about their family, children, etc.
- **Do Your Homework:** The Egyptian market is complex and highly competitive. You have to study the market very well 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, 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

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For the latest security information, U.S. citizens traveling abroad should regularly monitor the Department of State's Internet website at <http://travel.state.gov/>. The link for Worldwide Caution is http://travel.state.gov/travel/cis_pa_tw/cis/cis_1108.html.

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

Travelers should check this link for any updates to the security situation before leaving the United States: http://travel.state.gov/travel/cis_pa_tw/pa/pa_5602.html.

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

U.S. citizens are advised to maintain valid travel documents and enroll with the Department of State or the U.S. Embassy Cairo through the State Department's Smart Traveler Enrollment Program website <https://travelregistration.state.gov/>.

Visa Requirements

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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, DC 20008, <http://www.egyptembassy.net/>, (202 895-5400) or nearest Consulate General: CA (415 346-9700), IL (312 828-9162), NY (212 759-7120), or TX (713 961-4915). American citizen holders of blue passports can obtain a visa at the airport upon arrival for 25 U.S. Dollars. Having exact change will expedite the process. Holders of official and diplomatic passports must obtain a visa before arriving in Egypt.

More information can also be found at the State Department's Egypt Country Specific Information sheet website: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1108.html. 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 will find pertinent information at the following links:

State Department Visa Website: <http://travel.state.gov/visa/>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Consular Section of the U.S. Embassy: <http://cairo.usembassy.gov/consular/index.htm>

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Telecommunications

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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: Mobinil 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 the 5 star hotels and some cafes.

Transportation

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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, British Airways, KLM, 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: Using Cairo's black and white 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. Although some taxis have meters, the official rate is so low, the obligation to pay something realistic is clear. While newer, larger taxis command higher fares, the cost is very reasonable, much less than in the U.S. In 2006 a new fleet of yellow taxis began operations. These taxis – bright yellow in color – can be found waiting at selected locations around Cairo, and may also be called for pick-up. These taxis charge based upon the meter. In April 2009, taxis that were 20 years or older were replaced by new white cabs with black-checked stripes. The price of riding in a new cab includes a EGP 2.50 (USD 0.37) base fare, including the first kilometer, and an EGP 1.25 (USD 0.18) charge for every additional kilometer.

The Cairo Metro is a light rail system, partly underground. 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 now from Abasseya Square to Attaba Square, downtown. The Cairo Metro (subway), 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: The roads in Egypt can be hazardous, particularly at night outside major cities. Cars and trucks frequently travel at night 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. Wild animals can regularly be found on the roads at night. Traffic regulations are routinely ignored. Roads in Cairo are congested and traffic is badly regulated. With such hazards, it is not surprising that Egypt is one of the world's leaders in fatal auto accidents. It also strongly suggested that seatbelts be worn at all times. For those who

prefer to go on foot, sidewalks and pedestrian crossings are non-existent in many areas 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 sites, see the Department of State, Bureau of Consular Affairs home page at http://www.travel.state.gov/travel/tips/safety/safety_1179.html. 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: <http://www.egypttourism.org>; e-mail address: info@egypttourism.org.

Language

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Arabic is the spoken language of Egypt. Colloquial Cairene Arabic is expressive and rich in words of Coptic, European, and Turkish origins. The written language differs from the spoken. Modern Standard Arabic, based on the language of the Koran, is heard on radio, TV, and in formal speeches. About 85 percent of Egyptians are Muslim, and Islam is the state religion. Most others are Christian, Copts, Greek Orthodox, Roman Catholic, or Anglican Protestants. Indigenous minorities include about twelve million Copts, Nubians, Bedouin, and a small Jewish community. Coptic has remained the liturgical language of the Coptic Church. English, and to a lesser extent French, is widely spoken amongst the business community and at hotels and tourist destinations.

Health

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There are many Western-trained medical professionals in Egypt. A list of local hospitals and physicians can be found at the American Citizen Services website: <http://photos.state.gov/libraries/egypt/19452/pdfs/hospitallist.pdf>

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 of uncertain qualification. 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 the Egyptian ambulance service 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 and the parasitic disease schistosomiasis (bilharzia).

It is generally safe to eat properly-prepared, thoroughly-cooked meat and vegetables in tourist hotels, on Nile cruise boats, and in tourist restaurants. Eating uncooked 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.

For the most current information and links on influenza and pandemic preparedness, please visit the federal government's flu website: <http://www.flu.gov/>.

Medical Insurance: The Department of State strongly urges U.S. citizens to consult their medical insurance company prior to traveling abroad to determine whether the policy applies overseas and whether it covers emergency expenses such as a medical evacuation. Most insurance companies will cover only life-threatening medevacs. For more information, please see the Department of State's medical insurance overseas page: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1470.html.

Local Time, Business Hours, and Holidays

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Egyptian government offices are generally open from 8:00 or 9:00 am – 2:00 or 3:00 pm, and private sector offices typically operate from 8:00 or 9:00 am – 4:00 or 5:00 pm. Egyptian public holidays can be found at the following link: <http://www.worldtravelguide.net/egypt/public-holidays>.

The U.S. Embassy is closed on American and Egyptian holidays. U.S. Embassy staff typically work from Sunday through Thursday, 8:00 am – 4:30 pm.

During the month of Ramadan, business activities slow down considerably. Local employees generally work reduced hours at the beginning or the end of the work day.

Temporary Entry of Materials and Personal Belongings

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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 into the country. Commercial merchandise and samples require an import/export license issued by the Egyptian Ministry of Trade, Industry, and Investment 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 protections available to the individual under U.S. law. Penalties for breaking the law 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. 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 http://travel.state.gov/abduction/abduction_580.html 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 <https://step.state.gov/step/> 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 +20 (2) 2797-3300. The Consular Section telephone number is 20-2-2797-2301, the fax number is +20 (2) 2797-2472, and the e-mail address is ConsularCairo@state.gov. Consular information is available via the Internet at <http://egypt.usembassy.gov/visas.html>.

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: ConsularCairoACS@state.gov.

Web Resources

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Department of State Travel Sheet on Egypt:

<http://travel.state.gov/content/passports/english/country/egypt.html>

U.S. State Department's travel warnings and travel alerts:

<http://travel.state.gov/content/passports/english/alertswarnings.html>

Embassy of the Arab Republic of Egypt in Washington, DC:

<http://www.egyptembassy.net/>

Consular Section of the U.S. Embassy in Egypt: <http://egypt.usembassy.gov/visas.html>

State Department Travel website: <http://travel.state.gov>

Egypt Tourist Authority: <http://www.egypttourism.org>

Smart Traveler Enrollment Program: <https://step.state.gov/step/>

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Chapter 9: Contacts, Market Research and Trade Events

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- [Trade Events](#)

Contacts

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Contacts

U.S. AND EGYPTIAN CONTACTS: (Note: From the United States, dial international long-distance access, then Country Code: 20, and City Code: 2 for Cairo, or 3 for Alexandria. When dialing from within Egypt, dial 02 for Cairo, 03 for Alexandria.)

[U.S. EMBASSY TRADE PERSONNEL:](#)

U.S. Commercial Service

Ms. Ann Bacher, Senior Commercial Officer for Egypt

Mr. Dennis Simmons, Deputy Senior Commercial Officer until July 2014

Ms. Diane Jones, Deputy Senior Commercial Officer from August 2014

8 Kamal El Din Salah St., Garden City, Cairo

Tel: +20 (2) 2797-2330, +20 (2) 2797-2340

Fax: +20 (2) 2795-8368

Email: cairo.office.box@trade.gov

Website: www.export.gov/egypt

U.S. Department of State

Mr. Marc J. Sievers, Chargé d' Affaires

Tel: + 20 (2) 2797-2032

Fax: + 20 (2) 2797-2000

Mr. David J. Ranz, Acting Deputy Chief of Mission

Tel: + 20 (2) 2797-2307

Fax: + 20 (2) 2797-2000

Mr. Andy Lentz, Acting Political Section Chief, Political Affairs

Tel: + 20 (2) 2797-2253

Fax: + 20 (2) 2797-3191

E-mail: cairopol@state.gov

Mr. Ian Campbell, Counselor, Economic Affairs until July 2014

Mr. William Weinstein, Counselor, from September 2014

Mr. Michael Cavanaugh, Deputy, Economic Affairs

Tel: + 20 (2) 2797-2685

Fax: + 20 (2) 2797-2181

Email: cavanaughmf@state.gov

Ms. Patricia Kabra, Counselor for Public Affairs (Cultural & Press) until July 2014
Mr. Adnan Siddiqi, Counselor for Public Affairs (Cultural & Press) from August 2014
Tel: +20 (2) 2797-3245
Fax: + 20 (2) 2797-3591
aboutalebh@state.gov
Website: <http://cairo.usembassy.gov>

U.S. Foreign Agricultural Service (FAS)

Mr. Ron Verdonk, Agricultural Counselor
Mr. Orestes Vasquez, Deputy Agricultural Counselor
8 Kamal El Din Salah St., Garden City, Cairo
Tel: +20 (2) 2797-2388/9
Fax: +20 (2) 2796-3989
E-mail: AGCairo@usda.gov
Website: <http://egypt.usembassy.gov/fas.html>, www.fas.usda.gov

U.S. Department of Homeland Security

Mr. Carl Jaigobind, Department of Homeland Security Attaché until July 2014
Mr. Douglass E. Eckhardt, Department of Homeland Security Attaché from August 2014
8 Kamal El Din Salah St., Garden City, Cairo
Tel: +20 (2) 2797-2126
Fax: +20 (2) 2797-2119
E-mail: cairodhscbp@state.gov
Website: <http://dhs.gov/>

U.S. Agency for International Development (USAID)

Ms. Mary Ott, Director
Plot 1/A off El Laselki Street, New Maadi, Cairo
Tel: +20 (2) 2522-7000, +20 (2) 2522-6520
Fax: +20 (2) 2516-4628
E-mail: mott@usaid.gov
Website: <http://egypt.usaid.gov>

U.S. Department of Treasury

Ms. Celine Senseney, Treasury Attaché
Tel: +20 (2) 2797-2371
E-mail: senseneycp@state.gov
Website: <http://treasury.gov/Pages/default.aspx>

EGYPTIAN GOVERNMENT CABINET:

Prime Minister's Office
Magles El Shaab St., Kasr El Aini St., Cairo
Tel: +20 (2) 2793-5000, +20 (2) 2795-8014, +20 (2) 2795-8035/6
Fax: +20 (2) 2795-8048, +20 (2) 2795-8016
E-mail: pm@cabinet.gov.eg; primemin@idsc.gov.eg
Website: <http://www.egypt.gov.eg>, <http://www.cabinet.gov.eg>

Ministry of Defense
23 July Street, Kobry El Obba, Cairo

Tel: +20 (2) 2260-2566, +20 (2) 2417-3040, +20 (2) 2403-2157/8
Fax: +20 (2) 2417-3040, +20 (2) 2290-6004, +20 (2) 2291-6227
E-mail: mmc@afmic.gov.eg
Website: <http://www.mmc.gov.eg>

Ministry of State for Military Production
5 Ismail Abaza Str., Lazoghly, Cairo
Tel: +20 (2) 2795-3063, +20 (2) 2792-1590, +20 (2) 2792-1599, +20 (2) 2795-1428
Fax: +20 (2) 2263-4427, + 20 (2) 2795-3063, +20 (2) 2792-1336
E-mail: minlog@momop.gov.eg
Website: <http://www.momp.gov.eg>

Ministry of Interior
El Sheikh Rihan St., Bab El Louk, Cairo
Tel: +20 (2) 2795-7500, +20 (2) 2795-2300, +20 (2) 2795-5005
Fax: +20 (2) 2795-8068, +20 (2) 2796-0682
E-mail: center@iscmi.gov.eg
Website: <http://www.moiegypt.gov.eg>

Ministry of Foreign Affairs
Maspero, Corniche El Nil, Cairo
Tel: +20 (2) 2574-9820/1, +20 (2) 2574-9816/7, +20 (2) 2574-6861, +20 (2) 2574-6871
Fax: +20 (2) 2574-8822, +20 (2) 2574-9533, +20 (2) 2576-7967
E-mail: mofainfo@idsc.net.eg; Contact.Us@mfa.gov.eg
Website: <http://www.mfa.gov.eg>

Ministry of Justice
Justice & Finance Bldg., Lazoughly Sq., Cairo
Tel: +20 (2) 2792-2263/5/7/9, +20 (2) 2795-1176
Fax: +20 (2) 2795-8103
E-mail: mjustice@moj.gov.eg; info@moj.gov.eg
Website: <http://www.moj.gov.eg>

Ministry of Parliament Affairs and Transitional Justice
Shoura Council - Peoples Assembly st.Cairo
Tel: +20 (2) 2792-2263/5/7/9, +20 (2) 2795-1176
Fax: +20 (2) 2795-8103
E-mail: mjustice@moj.gov.eg; info@moj.gov.eg
Website: <http://www.moj.gov.eg>

Ministry of Higher Education and Scientific Research
12 El Falaki St., Cairo
101 Kasr El Aini St., Cairo
Tel: +20 (2) 2794-9993, +20 (2) 2795-2155, +20 (2) 2795-0316, +20 (2) 2795-2575
Fax: +20 (2) 2794-7502, +20 (2) 2796-2952, +20 (2) 2794-1005
E-mail: info@mail.emoe.org; info@egy-mhe.gov.eg
Website: <http://www.emoe.org>; <http://www.egy-mhe.gov.eg>

Ministry of Civil Aviation
Airport Road, Cairo

Tel: +20 (2) 2267-8544, +20 (2) 2267-7610, +20 (2) 2267-7612, +20 (2) 2696-8389, +20 (2) 2268-8342/3/5
Fax: +20 (2) 2268-8378, +20 (2) 2267-9470
E-mail: info@civilaviation.gov.eg
Website: <http://www.civilaviation.gov.eg>

Ministry of Finance
Ministry of Finance Towers, Extension of Ramses Street, Nasr City, Cairo
Tel: +20 (2) 2686-0606/7, +20 (2) 2342-8830/40, +20 (2) 2342-8032/10
Fax: +20 (2) 2686-1761/1861, +20 (2) 2686-1680
E-mail: finance@mof.gov.eg; info@salestax.gov.eg
Website: <http://www.mof.gov.eg>

Ministry of Planning and International Cooperation
8 Adly Street, Cairo Or Salah Salem Road, Nasr City, Cairo
Tel: +20 (2) 2390-6027, +20 (2) 2393-5147, +20 (2) 2401-4615/4719, +20 (2) 2391-0008
Fax: +20 (2) 2390-8159, +20 (2) 2401-4733/4705
E-mail: mnafeh@idsc.net.eg; udardeer@hotmail.com
Website: <http://www.mop.gov.eg>

Ministry of Health and Population
3 Magles El Shaab St., Cairo
Tel: +20 (2) 2794-1507, +20 (2) 2794-0526, +20 (2) 2794-0233, +20 (2) 2794-2865, +20 (2) 2794-3462, +20 (2) 2795-7046
Fax: +20 (2) 2795-3966
E-mail: webmaster@mohp.gov.eg
Website: <http://www.mohp.gov.eg>

Ministry of Trade, Industry and Investment
2 Latin America Street, Garden City, Cairo
GAFI: 3, Salah Salem st.; Nasr City, Cairo
Tel: +20 (2) 2792-1193/4/5, +20 (2) 2794-0089, +20 (2) 2405-5628, +20 (2) 2405-5651, +20 (2) 2405-5452
Fax: +20 (2) 2795-7487, +20 (2) 2794-0554, +20 (2) 2794-8025, +20 (2) 2405-5425, +20 (2) 2405-5635
E-mail: moft@moft.gov.eg; inquiry@mfti.gov.eg; investorcare@gafinet.org
Website: <http://www.mfti.gov.eg>, www.mti.gov.eg, <http://www.investment.gov.eg>

Ministry of Education
12 El Falaki St., Cairo
Tel: +20 (2) 2794-7363, +20 (2) 2794-9993
Fax: +20 (2) 2794-7502, +20 (2) 2796-2952
E-mail: info@mail.emoe.org
Website: <http://www.emoe.org>

Ministry of Electricity and Renewable Energy
8 Ramses Str., Abbassia Square, Nasr City, Cairo
Tel: +20 (2) 2401-2361/2, +20 (2) 2401-2370
Fax: +20 (2) 2261-6302
E-mail: info@moe.gov.eg
Website: <http://www.moe.gov.eg>

Ministry of Water Resources and Irrigation
1 Gamal Abdel Nasser St., El Warrak, Imbaba, Cairo
Tel: +20 (2) 3544-9453/4, +20 (2) 3544-9420
Fax: +20 (2) 3544-9470, +20 (2) 3544-9534
E-mail: minister@mwri.gov.eg
Website: <http://www.mwri.gov.eg>

Ministry of Communication and Information Technology
KM 28 Cairo, Alexandria Road, Smart Village, Giza
Tel: +20 (2) 3534-1010, +20 (2) 3534-1020
Fax: +20 (2) 3537-1111
E-mail: ir@mcit.gov.eg
Website: <http://www.mcit.gov.eg>

Ministry of Agriculture and Land Reclamation
1 Nadi El Seid Str., Dokki, Giza
Tel: +20 (2) 3337-2677, +20 (2) 3337-3388, +20 (2) 3337-2970, +20 (2) 3761-5059
Fax: +20 (2) 3749-8128, +20 (2) 3337-2435
E-mail: info@agr-egypt.gov.eg
Website: <http://www.agr.gov.eg>

Ministry of Tourism
23 Ramsis Str., Conferences Center, Nasr City, Cairo
Tel: +20 (2) 2682-8456/7, +20 (2) 2682-8415, +20 (2) 2683-8777, +20 (2) 2683-9968,
+20 (2) 2684-1707, +20 (2) 2261-1732, +20 (2) 2262-3317
Fax: +20 (2) 2685-9551, +20 (2) 2685-9463, +20 (2) 2263-7199
E-mail: info@egypttourism.org
Website: <http://www.egypttourism.org>, <http://www.egypt.travel>

Ministry of Information
Radio and Television Broadcasting Building- Maspiro
Corniche El Nil, Cairo
Tel: +20 (2) 2574-8496, +20 (2) 2574-9542, +20 (2) 2574-7120, +20 (2) 2575-7164
Fax: +20 (2) 2575-8781, +20 (2) 2574-6928
E-mail: info@moinfo.gov.eg
Website: <http://www.minfo.gov.eg>

Ministry of Housing, Utilities and New Communities
1 Ismail Abaza St., off Kasr El Aini St., Cairo
Tel: +20 (2) 2792-1574/6, +20 (2) 2792-1440/1/2
Fax: +20 (2) 27921423, +20 (2) 3336-7179
E-mail: info@housing-utility.gov.eg
Website: <http://www.moh.gov.eg>

Ministry of Supply and Internal Trade
99 Elkasr Eleeny Street, Cairo
Tel: +20 (2) 2795-7606, +20 (2) 2795-7613, +20 (2) 2795-8481, +20 (2) 2794-4338, +20
(2) 2794-8224, +20 (2) 2794-8184
Fax: +20 (2) 2795-6835

E-mail: info@mss.gov.eg
Website: <http://www.msit.gov.eg>

Ministry of State for Antiquities Affairs
3 Al Adel Abu Bakr St. Zamalek
Tel: +20 (2) 2735-8761, +20 (2) 2735-6045, +20 (2) 2737-1724
Fax: +20 (2) 2735-7239

Ministry of Religious Endowments (Awkaf)
Sabry Abou Alam St., Bab El Louk, Cairo
Tel: +20 (2) 2393-3011, +20 (2) 2392-9403, +20 (2) 2392-6155
Fax: +20 (2) 2392-9828, +20 (2) 2392-6155
E-mail: askme@islamic-council.org; askme@islamic-council.com
Website: <http://www.awkaf.org>

Ministry of Environmental Affairs
30 Misr-Helwan Agricultural Road, Behind Sofitel Hotel, Maadi, Cairo
Tel: +20 (2) 2525-6442, +20 (2) 2525-6462
Fax: +20 (2) 2545-6450, +20 (2) 2525-6490
E-mail: eeaa@eeaa.gov.eg
Website: <http://www.eeaa.gov.eg>

Ministry of Culture
2 Shagaret El Dor St., Zamalek, Cairo
Tel: +20 (2) 2738-0761/2, +20 (2) 2748-5065, +20 (2) 2748-6957
Fax: +20 (2) 2735-3947, +20 (2) 2735-6449
E-mail: ecm@idsc.gov.eg
Website: <http://www.ecm.gov.eg>

Ministry of Manpower and Immigration
3 Youssef Abbas St., Nasr City, Cairo
Tel: +20 (2) 2260-9363/4/5/6, +20 (2) 2260-9359, +20 (2) 2260-2199
Fax: +20 (2) 2303-5332, +20 (2) 2261-8019
E-mail: info@mome.gov.eg; manpower@mome.gov.eg
Website: <http://www.emigration.gov.eg>, <http://www.manpower.gov.eg>

Ministry of Petroleum and Metallurgical Wealth
1 Ahmed El Zomor Str., Nasr City, Cairo
Tel: +20 (2) 2670-6401/2/3/4/5
Fax: +20 (2) 2670-6419, +20 (2) 2274-6060
E-mail: mop@egyptonline.com; info-emp@emp.gov.eg
Website: <http://www.petroleum.gov.eg>

Ministry of Social Solidarity
19 Maraghi St., Agouza, Giza
Tel: +20 (2) 3337-5404, +20 (2) 3337-0039
Fax: +20 (2) 3337-5390
E-mail: msi@idsc.gov.eg
Website: <http://www.ngolaw.org.eg>

Ministry of Local Development and Administrative Development
4 Shooting Club St., Dokki, Cairo
13 Salah Salem St., Nasr City, Cairo
Tel: +20 (2) 2401-4719, +20 (2) 3306-7082, +20 (2) 2749-7470, +20 (2) 2400-0226, +20 (2) 2402-3770, +20 (2) 2275-5086
Fax: +20 (2) 2401-4733, +20 (2) 3749-7788, +20 (2) 2262-8003, +20 (2) 2400-0146
E-mail: mld.eg@hotmail.com, info@ad.gov.eg
Website: <http://www.mold.gov.eg>, <http://www.mop.gov.eg>, <http://www.ad.gov.eg>

Ministry of Transportation
105 Kasr El Aini St., Cairo
Tel: +20 (2) 2795-5562/3/6/7
Fax: +20 (2) 2795-5564
Website: <http://www.mot.gov.eg>

Ministry of Youth and Sports
Road 26 July, Sphinx Sq., Al Mohandessin, Giza
Tel: +20 (2) 3346-5080, +20 (2) 3346-1113, +20 (2) 3346-8859, +20 (2) 3364-9661
Fax: +20 (2) 3302-5400, +20 (2) 3302-1855
E-mail: support@youth.gov.eg, info@emss.gov.eg
Website: <http://www.emss.gov.eg>

EGYPTIAN CHAMBERS OF COMMERCE:

Federation of Egyptian Chambers of Commerce
Mr. Ahmed Mohamed El-Wakeel, President
4 Midan El Falaki St., Cairo
31 Chamber of Commerce St., Mahtet El-Raml, Alexandria
Tel: +20 (2) 2795-3677, +20 (3) 483-7808
Fax: +20 (2) 2795-1164, +20 (3) 487-3806
Email: info@fedcoc.org.eg
Website: www.fedcoc.org.eg

Cairo Chamber of Commerce
Mr. Ibrahim Mahmoud El Arabi, President & Second Deputy Federation President
Mr. Hassan Soliman, Chamber Representative & Treasurer Assistant
4 Midan El Falaki St., Cairo
Tel: +20 (2) 2795-8261, +20 (2) 2794-0720
Fax: +20 (2) 2794-4328, +20 (2) 2797-9916
Website: www.cairochamber.org.eg

Alexandria Chamber of Commerce
Mr. Ahmed Mohamed El-Wakeel, President
Dr. Karam Kordy Abdel Fattah, Chamber Representative
78 Abdel Salam Aref St., Gylim, Alexandria
Tel: +20 (3) 483-7808, +20 (3) 582-5400
Fax: +20 (3) 483-7806, +20 (3) 583-7973
Email: Alexandria_chamber@yahoo.com

Assiut Chamber of Commerce
Mr. Ibrahim Abdel Nasr, President

23rd of July St., Assiut
Tel: +20 (88) 2332082, +20 (88) 229-8010
Fax: +20 (88) 234-6044

Aswan Chamber of Commerce
Mr. Mohamed Abo El-Qasem, President
77 Corniche El Nil St., Aswan
Tel: +20 (97) 232-3902, +20 (97) 230-3084
Fax: +20 (97) 230-3084, +20 (97) 230-1177
Website: <http://www.aswan.gov.eg/english/default.htm>

Beni Suef Chamber of Commerce
Dr. Ragaey Abdel Fattah Abdel Reheem, President
Mamdouh Fissal St., Mokebel District, Beni Suef
Tel: +20 (82) 232-2094, +20 (82) 232-2379
Fax: +20(82) 232-2094

Damietta Chamber of Commerce
Mr. Mohamed Ahmed El-Zeni, President
Saad Zaghloul St., Damietta
Tel: +20 (57) 223-0632
Fax: +20 (57) 223-0632
Website: <http://www.domyat.gov.eg/English/index.htm>

El Beheira Chamber of Commerce
Mr. Fathi El-Sayed Moursi, President
Midan El Seah, El Gomhouria St., Damanhour
Tel: +20 (45) 331-8207
Fax: +20 (45) 331-7531

El Dakahleya Chamber of Commerce
Mr. Abdel-Aziz Mostafa Al-Salab, President
El Bahr St, El Mansoura Box: 13C
Tel: +20 (50) 231-2720
Fax: +20 (50) 231-0670

El Fayoum Chamber of Commerce
Mr. Magdy Taha Mohamed, President
El Sad El Aley St., El Fayoum
Tel: +20 (84) 633-2148, +20 (84) 636-4011
Fax: +20 (84) 633-2148

El Giza Chamber of Commerce
Mr. Adel Abdel Fattah Nasr, President & Federation General Secretary
6 El Ghorfa El Tegarya St., Giza, Cairo
Tel: +20 (2) 3572-1761
Fax: +20 (2) 3776-5622

El Kaliobia Chamber of Commerce
Dr. Mohamed Attia Al-Fayoumi, President & Treasurer
El Moderia St., Midan Saad Zaghloul, Banha

Tel: +20 (13) 325-2177, +20 (13) 322-7541
Fax: +20 (13) 322-7760

El Menia Chamber of Commerce
Mr. Mohamed Hisham Nageeb, President
El Tegara St., El Menia
Tel: +20 (86) 236-3496, +20 (86) 236-3266
Fax: +20 (86) 235-6885

El Menofia Chamber of Commerce
Mr. Adel Ahmed El Ebiarey, President
Ibn El Fared St., Shebeen El Koum, Menofia
Tel: +20 (48) 222-1511, +20 (48) 222-8889
Fax: +20 (48) 222-6611, +20 (48) 222-6128

El Wadi El Gedid Chamber of Commerce
Mr. White Ahmed Mohamed, President
Port Said St., El Wahat
Tel: +20 (92) 792-1528
Fax: +20 (92) 793-6955, +20 (92) 792-1528

Gharbeya Chamber of Commerce
Mr. Mahmoud Mahmoud Aouarh, President
7 El Geish St., Tanta, Gharbeya
Tel: +20 (40) 330-4090, +20 (40) 335-4422
Fax: +20 (40) 330-3793

Ismalia Chamber of Commerce
Mr. Akram Hussein, President
163 Saad Zaghloul St., Ismailia
Tel: +20 (64) 391-1663
Fax: +20 (64) 391-5974

Kafr El Sheikh Chamber of Commerce
Mr. Ahmed Mahmoud El Reefai, President
Al Geesh St. Al Zawi Building, Kafr El Sheikh
Tel: +20 (47) 323-4191, +20 (47) 325-9529
Fax: +20 (47) 321-3434

Matrouh Chamber of Commerce
Mr. Kassem Taher Eissa, President
Port Said St., Marsa Matrouh
Tel: +20 (46) 493-6227, +20 (46) 493-5864
Fax: +20 (46) 493-5864

North Sinai Chamber of Commerce
Mr. Abdalah Kandeel, President
El Geish St., El Ariesh
Tel: +20 (68) 336-0327
Fax: +20 (68) 335-7834

Port Said Chamber of Commerce

Mr. Mohamed Abdel Fattah El Masri, President & First Deputy Federation President

Chamber of Commerce Building, Mohamed Ali St., Port Said

Tel: +20 (66) 322-2733, +20 (66) 323-6141

Fax: +20 (66) 334-5542, +20 (66) 334-9419

Qena Chamber of Commerce

Mr. Ismail Youssef Weshahy, President

El Goumhouria St., Qena

Tel: +20 (96) 533-2690

Fax: +20 (96) 533-2690

Sharkia Chamber of Commerce

Mr. Abdel Salam Soultan, President

18 El Galaa St., El Zagazig

Tel: +20 (55) 234-9744, +20 (55) 230-2423

Fax: +20 (55) 230-2423

Sohag Chamber of Commerce

Mr. Ahmed El-Nazer, President

El Kesaria El Sharki St., Sohag

Tel: +20 (93) 232-3036, +20 (93) 231-3542

Fax: +20 (93) 232-3036, +20 (93) 231-3542

South Sinai Chamber of Commerce

Mr. Gamal Abdel Wahab Omer, President

El Tour City

Tel: +20 (69) 377-3331, +20 (69) 366-1237

Fax: +20 (69) 377-6886, +20 (69) 377-3331

Suez Chamber of Commerce

Mr. Mohamed El Malah, President

47 Salah El Din El Ayoubi St., Suez

Tel: +20 (62) 333-1351, +20 (62) 333-1352

Fax: +20 (62) 333-1351

The Red Sea Chamber of Commerce

Mr. Hazem Mohamed Ali, President

Dahab Mall, Hurghada

Tel: +20 (65) 354-9298

Tel: +20 (65) 354-9298

EGYPTIAN CHAMBERS OF INDUSTRIES:

Federation of Egyptian Industries

Eng. Mohamed Zaki El Sewedy, President

1195 Corniche El Nil St., Cairo

Tel: +20 (2) 2579-6590/1/2, +20 (2) 2579-7074/5/6

Fax: +20 (2) 2579-6694, +20 (2) 2576-6672

E-mail: info@fei.org.eg; mzaki_elsewedy@fei.org.eg

Website: www.fei.org.eg

Chamber of Building Materials Industries

Eng. Ahmed Abdel Hameed, Chairman

1195 Corniche El Nil St., Cairo

Tel: +20 (2) 2578-4638, +20 (2) 2575-5166, +20 (2) 2576-7415

Fax: +20 (2) 2576-7304, +20 (2) 2575-5149

E-mail: cbmegypt@yahoo.com

Chamber of Cereals, Grains, & Related Products

Mr. Tareek Saeed Hassaneen, Chairman

1195 Corniche El Nil St., 7th Floor, Cairo

Tel: +20 (2) 2579-8901

Fax: +20 (2) 2579-8971

E-mail: info@cerealsegg.org

Chamber of Chemical Industries

Dr. Eng. Sherif Moustafa Al- Gabaly, Chairman

1195 Corniche El Nil St., 7th Floor, Cairo

Tel: +20 (2) 2579-7021

Fax: +20 (2) 2575-6117

E-mail: chamberchemicaeg_c@yahoo.com

Website: www.cci-egy.com

Chamber of Cinema Industry

Mr. Moneib Mahmoud Shafei, Chairman

1195 Corniche El Nil St., 11th Floor, Cairo

Tel: +20 (2) 2578-5111, +20 (2) 2578-5222

Fax: +20 (2) 2578-5999

E-mail: egy_cinemachamber@hotmail.com

Chamber of Engineering Industries

Eng. Mohamed Hamdy Abdel-Aziz, Chairman

1195 Corniche El Nil St., 10th Floor, Cairo

Tel: +20 (2) 2577-4334, +20 (2) 2577-4112

Fax: +20 (2) 2577-0889

E-mail: info@ceiegypt.org

Website: www.ceiegypt.org

Chamber of Food Industries

Eng. Mohamed Gamal El-Din Shoukry, Chairman

1195 Corniche El Nil St., 8th Floor, Cairo

Tel: +20 (2) 2574-8627

Fax: +20 (2) 2574-8312

E-mail: info@egyycfi.org.eg; yтинawy@egyycfi.org.eg

Website: www.egyycfi.org.eg

Chamber of Information Technology & Communication Industry

Eng. Kahled Saeed, Chairman

Address: 47, Dr.Hassan Aflatoun St., Golf ground, Cairo

Tel: +20 (2) 2690-8111, +20 (2) 3534-6078

Fax: +20 (2) 2690-8887, +20 (2) 3534-6061
E-mail: cit@cit-fei.org.eg
Website: www.cit-fei.org

Chamber of Leather Industry
Mr. Gamal Mohamed Alsamaloty, Chairman
1195 Corniche El Nil St., 7th Floor, Cairo
Tel: +20 (2) 2576-5632, +20 (2) 2576-5404, +20 (2) 2575-9338
Fax: +20 (2) 2576-5632, +20 (2) 2576-5404
E-mail: info@leatheregypt.com
Website: www.leatheregypt.com

Chamber of Leather Tanning
Mr. Mohamed Harbey, Chairman
1195 Corniche El Nil St., Cairo
Tel: +20 (2) 2577-3915
Fax: +20 (2) 2577-9676
E-mail: clt@idsc.net.eg

Chamber of Metallurgical Industries
Mr. Gamal Abdel Kader, Chairman
1195 Corniche El Nil Street, 10th Floor, Cairo
Tel: +20 (2) 2577-4667
Fax: +20 (2) 2577-4556
E-mail: cmieg@idsc.net.eg
Website: www.cmiegypt.org

Chamber of Petroleum & Mining
Dr. Tamer Abou Backr, Chairman
8 El Batal Ahmed Abdel Aziz Str., Abdeen, Cairo
Tel: +20 (2) 2392-6462
Fax: +20 (2) 2393-0098
E-mail: pet.min.ch@fei.org.eg

Chamber of Pharmaceutical, Cosmetics & Appliances Industries
Dr. Magdy Ellbah, Chairman
26A Sherif St., Immobilia Bldg., Cairo
Tel: +20 (2) 2393-7270, +20 (2) 2393-7260
Fax: +20 (2) 2393-7260
E-mail: pharmaceutical@hotmail.com

Chamber of Printing Industries
Mr. Khalid Mohammed Abdo, Chairman
1195 Corniche El Nil St., Cairo
Tel: +20 (2) 2577-0451
Fax: +20 (2) 2577-7925
E-mail: cpi@link.com.eg

Chamber of Private Sector Healthcare Providers
Dr. Alaa Odeen Abdelmageed, Chairman
Address: 34, Syria St., Mohandessen, Giza, 13th Floor

Tel: +20 (2) 33374307
Fax: +20 (2) 33374307
E-mail: hcp_chamber@fei.org.eg

Chamber of Textile Industries
Mr. Mohamed Abdel Reheem Al Morshedy, Chairman
1195 Corniche El Nil St., 6th Floor, Cairo
Tel: +20 (2) 2579-3289
Fax: +20 (2) 2579-3289
E-mail: ECTI@fei.org.eg

Chamber of Wood Working & Furniture Industries
Mr. Sherif Abd El Hady Abd El Moneim, Chairman
1195 Corniche El Nil St., 9th Floor, Cairo
Tel: +20 (2) 2577-1778
Fax: +20 (2) 2577-0358

EGYPTIAN TRADE ASSOCIATIONS:

Alexandria Business Association (ABA)
Mr. Marawan El Sammak, President
52 Avenue El Horria, Fouad St., Alexandria
Tel: +20 (3) 484-8978, +20 (3) 484-8979
Fax: +20 (3) 487-2411, +20 (3) 487-2206
E-Mail: foreignaffairs@aba.org.eg
Website: <http://www.aba.org.eg/>

Borg El Arab Investors Association
Eng. Mohamed Farag Amer, Chairman
First Industrial Zone, Borg El Arab, Alexandria
Tel: +20 (3) 459-3650, +20 (3) 459-2075, +20 (3) 459-1026
Fax: +20 (3) 459-3650, +20 (3) 459-2075, +20 (3) 459-1026
E-Mail: invest.borg@yahoo.com
Website: www.borgassoc.org

Egyptian Businessmen's Association (EBA)
Mr. Hussein Fayek Sabbour, Chairman
21 Giza St., Nile Tower, Giza, Cairo
Tel: +20 (2) 2573-6030, +20 (2) 2572-3020, +2-0100-538-4604, +20 (100) 538-4605
Fax: +20 (2) 2572-3855, +20 (2) 2573-7258
E-Mail: eba@eba.org.eg
Website: <http://www.eba.org.eg/>

Egyptian Small Enterprise Development Foundation
General. Youssef Zakrya, Chairman
13 Salem Salem St., El Agouza, Giza, Cairo
Tel: +20 (2) 3336-3980/1/2, +20 (2) 3336-0452
Fax: +20 (2) 3336-3983
E-Mail: esed00@hotmail.com
Website: <http://www.esed.org/>

Egypt's International Economic Forum
Mr. Mohamed Shafik Gabr, Chairman
509 Road 10, Off Road 9, Mokattam, Cairo
Tel: +20 (2) 25086925, +20 (2) 25086873 / 4
Fax: +20 (2) 2508-6859
E-Mail: eief@eieforum.org
Website: <http://www.eieforum.org/>

Sadat City Investors Association
Mr. Arafat Rashed, President
P.O. Box 104, Sadat City
Tel: +20 (2) 048 2601614/ 2602992
Fax: +20 (2) 048 2601468
E-Mail: info@sadat-city.com
Website: www.sadat-city.com

Tenth of Ramadan Investors Association
Dr. Moharam El Sebai Helal, Chairman
10th of Ramadan City, Banks District, Kafrawy Garden, P.O. Box 73
Tel: +20 (15) 372-750/1/2
Fax: +20 (15) 363-413
E-Mail: info_triaeg@yahoo.com

EGYPTIAN GOVERNMENT AGENCIES:

Arab Organization for Industrialization (AOI)
Marshal Abdel Aziz Sif Eldin, Chairman
Kilo 4.5, Cairo-Suez Road
Tel: +20 (2) 22673635; + 20 (2) 22672634; +20 (2) 22672297; 19334
Fax: +20 (2) 2482-6010
E-mail: ahihqer@gmail.com
Website: <http://www.aoi.com.eg/aoieng/>

The Egyptian Financial Supervisory Authority
Mr. Sherif Samy, Chairman
Smart Village, Building 5A-84B, Km 28 Cairo-Alexandria
Desert Road, Giza, Postal Code 12577
Tel: +20 (2) 3537 0040, 2576 2994, 2575 8822, 2579 0949
Website: http://www.cma.gov.eg/cma/jtags/english/default_en.jsp

Central Agency for Public Mobilization & Statistics (CAPMAS)
Mr. Abu Bakr El Gindy, President
Salah Salem St., Nasr City, Cairo
Tel: +20 (2) 2402-4632 2402-1559, 2402-2575, Fax: +20 (2) 2402-4099
Website: <http://www.capmas.gov.eg/>

Central Bank of Egypt
Mr. Hisham Ramez, Governor
31 Kasr El Nil St., Cairo
Tel: +20 (2) 2392-6211, +20 (2) 2392-6108, Fax: +20 (2) 2392-5045, +20 (2) 2392-6361
Website: <http://www.cbe.org.eg/>

Commercial Representation Office
Mr. Mohamed Ahmed Abdel Aziz Dawod , Director
Ministry of Finance, Tower # 5, Second Floor, Nasr City, Cairo
Tel: +20 (2) 2342-1550, +20 (2) 2342-4030, Fax: +20 (2) 2342-4010

Customs Authority
Mr. Mohamed El Salhawey, Director General
Ministry of Finance, Tower # 3, Third Floor, Nasr City, Cairo
Tel: +20 (2) 2342-2016, +20 (2) 2342-2014, Fax: +20 (2) 2342-2280
Website: <http://www.customs.gov.eg/>

EgyptAir Holding Company
Captain Sameh Zaki El Hefny
EgyptAir Administration Complex, Airport Road, Cairo
Tel: +20 (2) 2267-6542, Fax: +20 (2) 2696-3334
E-mail: ms001@egyptair.com
Website: <http://www.egyptair.com.eg/docs/inside/staff.htm>

Egyptian General Petroleum Corp. (EGPC)
Eng. Abdel Aalim Taha, CEO
Palestine St., 4th Sector, New Maadi, Cairo
Tel: +20 (2) 2518-4960, 2706-5345, 2703-1438/9/40/41/42
Fax: +20 (2) 2518-4963, 2706-5359
Website: <http://www.egpc.com.eg/>

Egyptian Radio & TV Union (ERTU)
Mr. Essam El Amir, Chairman
TV Bldg., Corniche El Nil, Cairo
Tel: +20 (2) 2578 7120, 2578 7029, 2574- 6881
Fax: +20 (2) 2575-9629, 2578- 9310, 2574-6989
Website: <http://www.ertu.org/>

Egypt Tourist Authority (ETA)
Ambassador Naser Hamdy, Chairman
Misr Travel Bldg., Abbassia, Cairo
Tel: +20 (2) 2683-9968, +20 (2) 2684-1970, Fax: +20 (2) 2685-4788
Website: www.egypt.travel

General Authority for Export & Import Control (GOEIC)
General Alaa Abdel Karim, Chairman
Cairo Airport Complex
Fax: +20 (2) 2576-6971, +20 (2) 2575-8195
Cairo AirPort Office:
Tel: +20 (2) 19591, +20 (2) 2268-3251/61/ +20 (2) 2268-1741
E-mail: askadmin@goeic.gov.eg
Website: <http://www.goeic.gov.eg>

General Organization for Int'l Exhibitions & Fairs (GOIEF)
Mr. Ahmed Abdel Khaleq El Dib, Chairman
Fair Grounds, Nasr City, Cairo

Tel: +20 (2) 2260-7846/52
Fax: +20 (2) 2260-4548/21
Website: www.eeca.gov.eg

Immigration & Egyptians Abroad Administration
Mr. Sameh Ibrahim Director
96 Ahmed Orabi St., Mohandessin
Tel: +20 (2) 3303-6431, +20 (2) 33036433, +20 (2) 33463496
Fax: +20 (2) 3303-5332, +20 (2) 3346-3497

New Community Authority
Eng. Abdel Raouf Shoky, Deputy Director
Housing Bldg., 1 Ismail Abaza St., Cairo
Tel: +20 (2) 3851 9875/6/9, Fax: +20 (2) 2792-1408

Sales Tax Authority
Mr. Mamdouh Omar, Director
4 El Tayaran St., Nasr City, Cairo
26 El-Obour Bldg., Nasr City, Cairo
Tel: +20 (2) 2403-4893 / 96, +20 (2) 2405-0536 / 35, Fax: +20 (2) 2401-2702
Website: <http://www.salestax.gov.eg/>

Social Fund for Development (SFD)
Dr. Ghada Waly, Secretary General
120 Mohey El Din Aboul Ezz St., Dokki, Giza
Tel: +20 (2) 16733, 3336 4371, +20 (2) 3336 4873, Fax: +20 (2) 333612985
Website: <http://www.sfdegypt.org>

Cairo Alexandria Stock Exchange
Dr. Mohamed Omran, Director
4A El Sherifien St., Downtown, Cairo
Tel: +20 (2) 2395-9200, +20 (2) 2392-8698, +20 (2) 2392-1402 / 47
Fax: +20 (2) 2395-5799
Website: <http://www.egyptse.com/English/homepage.aspx>

Suez Canal Authority
Marshall Mohab Mamish, Chairman
6 Lazoghly St., Garden City, Cairo
Tel: +2 064 3392473
Fax: +2 064 3392867
E-mail: planning@suezcanal.gov.eg
Website: www.suezcanal.gov.eg

Telecom Egypt
Eng. Omar El Shikh, Chairman
Smart Village, Building B7
Km 28 Cairo-Alexandria Desert Road, Giza
Tel: +20 (2) 3131-5011/12/13
Fax: +20 (2) 3131-5015
Website: <http://www.telecomegypt.com.eg/home-en.asp>

E-mail: Chairman@telecomegypt.com.eg

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
www.usegyptcouncil.org
slutes@uschamber.com

Egypt–U.S. Business Council
Omar Mohanna, Chairman
Tel: +20 (2) 267 137 30
Email: chairman@egyptuscouncil.com

National U.S.–Arab Chamber of Commerce
Mr. David Hamod, President
1023 15th Street NW, 4th Floor
Washington, DC 20005
Tel: (202) 289-5920
Fax: (202) 289-5938
Website: <http://www.nusacc.org/>

American–Arab Chamber of Commerce
Mr. Fay Beydoun, Executive Director
12740 W Worren Ave., Suite 300
Dearborn, MI 48126
Tel: (313) 945-1700
Fax: (313) 945-6697
Website: <http://www.americanarab.com/>

American–Egyptian Cooperation Foundation (AECF)
Dr. Terence P. Moran, Ph.D.
200 East 61st Street, Ste. 12B
New York, NY 10065 U.S.A.
Tel: (212) 867-2323
E-mail: mdulay@americanegyptiancoop.org
Website: <http://www.americanegyptiancoop.org/>

Egyptian–American Cultural Association (EACA)
Mr. Mohamed El Shinnawi, President
P.O. Box 9551, Washington, D.C. 20016
Website: <http://www.eacaonline.org/>

OTHER CHAMBERS OF COMMERCE IN EGYPT:

American Chamber of Commerce in Egypt
Mr. Anis A. Aclimandos, President
Hisham Fahmy, Executive Director
Sylvia Menassa, Acting Executive Director
33 Soliman Abaza St., Dokki, Giza
Tel: +20 (2) 3338-1050
Fax: +20 (2) 3338-1060
Website: <http://www.amcham.org.eg/>

British Egyptian Business Organization
Sameh Seif Elyazal, Chairman
2 Messaha Square (Alkan Building)
Dokki, Giza, Egypt
Tel: +20 2 374 91401, 374 91421
Fax: +2 02 3760 6083
<http://www.beba.org.eg>

German-Arab Chamber of Commerce in Egypt
Mr. Ulrich Huth, Chairman
21 Soliman Abaza St., Dokki, Giza
Tel: +20 (2) 3336-8183
Fax: +20 (2) 3336-8026
E-mail: info@ahk-mena.com
Website: <http://www.ahkmena.com/>

Greek Chamber of Commerce in Cairo
Mr. Antwan Diamantidis President
17 Soliman El Halabi St., Cairo
Tel: +20 (2) 2574-1190
Fax: +20 (2) 2575-4970
E-mail: info@greekchambercairo.com
Website: www.greekchambercairo.com

Italian Chamber of Commerce in Egypt
Dr. Soliman El Wazann Secretary General
33 Abdel Khalek Tharwat St., Downtown, Cairo
Tel: +20 (2) 2392-2275, +20 (2) 23937944
Fax: +20 (2) 2391-2503
Website: www.cci-egypt.org
E-mail: info@cci-egypt.org

Japan External Trade Organization
Mr. Junichi Takamiya
World Trade Center, 1191 Corniche El-Nil, Bolak, Cairo
Tel: +20 (2) 2574-1111
Fax: +20 (2) 2575-6966
E-mail: junichi_takamiya@jetro.go.jp
Website: www.jetro.go.jp/Egypt/

EGYPTIAN GOVERNMENT IN THE U.S.:

Embassy of the Arab Republic of Egypt
Ambassador Mohamed Tawfik
3521 International Court, NW
Washington, DC 20008
Tel: (202) 895-5400
Fax: (202) 244-4319, (202) 244-5131
Website: <http://www.egyptembassy.net/>

Office of Economic & Commercial Affairs
Embassy of the Arab Republic of Egypt
Anwar Al Sahragty, Minister Counselor for Economic & Commercial Affairs
2232 Massachusetts Ave., NW
Washington, D.C. 20008
Tel: (202) 265-9111, Fax: (202) 328-4517

Permanent Representative of the Arab Republic of Egypt to the United Nations
Ambassador Mootaz Ahmadein Khalil
304 East 44th Street, New York, NY 10017
Tel: (212) 503-0300
Fax: (212) 949-5999
Website: <http://www.egyptembassy.net/showmission.cfm?id=28>

Consulate General of Egypt
1110 Second Ave., Rm. 201
New York, NY 10022
Tel: (212) 759-7120, (212) 759-7121, (212) 759-7122
Fax: (212) 308-7643
Website: <http://www.egyptnyc.net/>

Consulate General of Egypt
3001 Pacific Ave.
San Francisco, CA 94115 -1013
Tel: (415) 346-9700, (415) 346-9702, (415) 346-7352
Fax: (415) 346-9480
Website: <http://www.egy2000.com/>

Consulate General of Egypt
1990 Post Oak Blvd., Suite 2180
Houston, TX 77056
Tel: (713) 961-4915, (713) 961-4916
Fax: (713) 961-3868
<http://www.egyptembassy.net/showservices.cfm?id=31>

Consulate General of Egypt
500 N. Michigan Ave., Suite 1900
Chicago, IL 60611
Tel: (312) 828-9162, (312) 8289164, (312) 828-9163
Fax: (312) 828-9167
<http://www.egyptembassy.net/showservices.cfm?id=30>

WASHINGTON-BASED U.S. GOVERNMENT CONTACTS:

U.S. Department of Commerce
Ms. Naomi Wiegler, Desk Officer
HCH Bldg, MAC/ONE, Room 2029B
Washington, D.C. 20230
Tel: (202) 482-1860
Fax: (202) 482-0878
Website: <http://www.ita.doc.gov/>

Mr. Salahuddin Tauhidi, Country Manager
HCH Bldg.
Washington, D.C. 20230
Tel: (202) 482-1322
Fax: (202) 482-5179
Website: <http://www.export.gov>

U.S. Department of Commerce
U.S. Commercial Service
Ms. Janice Corbett, Executive Director, Europe, Middle East, and Africa (EMEA)
HCH Bldg., Room 1223
Washington, D.C. 20230
Tel: (202) 482-4836
Fax: (202) 482-5179
Website: <http://www.export.gov>

U.S. Department of Agriculture
Mr. Phil Karsting, Foreign Agricultural Service Administrator
Jeanne Bailey, Director for Market Development
Room 4939-S, 1400 Independence Ave., SW
Washington, D.C. 20250
Tel: (202) 720-6343
Fax: (202) 690-4374
Website: <http://www.fas.usda.gov/>

U.S. Department of State
Egypt Desk
2201 C Street NW, Room 5256
Washington, DC 20520
Tel: (202) 647-6352
Fax: (202) 736-4458
Website: <http://www.state.gov/p/nea/>

U.S. Export-Import Bank (Ex-Im Bank)
Mr. Benjamin S. Todd, Business Development Officer Africa
811 Vermont Avenue NW
Washington, D.C. 20571
Tel: (202) 565-3946, (800) 565-3946
Fax: (202) 566-7524, (202) 565-3839
Email: ben.todd@exim.gov
Website: <http://www.exim.gov/>

Overseas Private Investment Corporation (OPIC)

Ms. Elizabeth Littlefield, President and CEO
1100 New York Avenue, NW
Washington, D.C. 20527
Tel: (202) 336-8400
Fax: (202) 336-7949
Website: <http://www.opic.gov/>

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: <http://www.sba.gov/>

U.S. Trade and Development Agency (USTDA)
Mr. Carl B. Kress, Regional Director
Ms. Heather K. Lanigan, Country Manager
1000 Wilson Blvd., Suite 1600
Arlington, VA 22209-3901
Tel: (703) 875-4357
Fax: (703) 875-4009
Website: <http://www.ustda.gov/>

MULTILATERAL INSTITUTIONS IN EGYPT:

African Export Import Bank (AFREXIM)
Dr. John Luis Ekra President
Dr. Oramah Okey, Vice President
72 B El Maahads El Eshtraky St., Heliopolis, Cairo
P.O. Box 613 Heliopolis, Cairo 11757, Egypt
Tel: +20 (2) 27701100
Fax: +20 (2) 2578-0276-9
Postal Address: P.O. Box 404 Gezira, Cairo 11568, Egypt
Website: www.afreximbank.com

African Development Bank
Egypt Country Office (EGFO)
Dr. Sibry Tabsoba, Resident Representative
72B Al Maahad Al Eshteraky St. Heliopolis, Cairo
Tel: +20 (2) 2256-3790/1 and 2256-3791 Ext. 6730 and 6759
Fax: +20 (2) 2256-3792
Website: www.afdb.org

European Bank of Reconstruction and Development (EBRD)
Mr. Philip ter Woort, Country Director
EGID Building, First Floor
Block 72, off Ninety Axis
5th Settlement, New Cairo, Cairo
Tel: +20 2 2399-5584
Terwoorp@ebrd.com

Website: www.ebrd.com; www.ebrd.com/pages/country/egypt.shtml

International Finance Corporation (IFC)

Mr. Mouayed Makhlof, Director for the Middle East and North Africa Region

Mr. Luke Haggarty IFC Advisory Services Senior Manager

Mrs. Nada Shousha, Country Manager

Nile City Towers, 2005C Corniche El Nil, North Tower, 24th Floor, Ramlet Boulac, Cairo

Tel: +20 (2) 2461-9140/45/50

Fax: +20 (2) 2461-9130/60

Website: www.ifc.org

Cairo Regional Center for International Commercial Arbitration

Dr. Mohamed Abdel Raouf, Director

1 Al Saleh Ayoub St., Zamalek, Cairo

Tel: +20 (2) 2735-1333/35/37, +20 (2) 737-3691/93

Fax: +20 (2) 2735-1336, +20 (2) 2736-4485

Website: <http://www.crcica.org.eg>

Commission of the European Communities Delegation in Egypt

Ambassador James Moran, Head of the Delegation

37 Gamet El Dowal St., El Fouad Office Building, 11th Floor

Mohandiseen, Giza, Egypt

Tel: +20 (2) 3749-4680

Fax: +20 (2) 3749-5363

Website: <http://delegy.ec.europa.eu/en/index.htm>

United Nations Development Program (UNDP)

Mr. James W. Rawley, Resident Coordinator & Representative

CEDARE Building, 2 El Hegaz Street, Roxy, Heliopolis, Cairo

Tel: +20 (2) 2256-1796/56/13/02

Website: <http://www.undp.org.eg/default.aspx>

E-mail: registry.eg@undp.org

World Bank

Mr. Hartwig Schafer, Country Director

World Trade Center, 1191 Corniche El-Nil,

Boulaq, Cairo, Egypt

Tel: +20 (2) 2574-1670/71

Fax: +20 (2) 25741676

Website: <http://worldbank.org/en/country/egypt>

Market Research

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- Trade Event: AGRENA
Date: June 5 – 7, 2014
Organizer: Crose Fairs Organizers
Website: www.agrena.net
Location: Cairo International Convention and Exhibition Center
Contact: Cherine Maher: cherine.maher@trade.gov
- Trade Event: AFRO PACKING / AFRO FOOD
Date: June 19 – 21, 2014
Organizer: Arab-African Exhibitions & Conferences (ACE)
Website: www.afrofood.net, www.afropackaging.com
Location: Cairo International Convention and Exhibition Center
Contact: Rania Mekhail: rania.mekhail@trade.gov
- Trade Event: INTER BUILD - EGYPT
Date: June 12 – 16, 2014
Organizer: Arabian Group for Development (AGD)
Website: www.agd-exhibitions.net
Location: Cairo International Convention and Exhibition Center
Contact: Mai Abdelhalim: mai.abdelhalim@trade.gov
- Trade Event: SUPERMARKET EXPO
Date: June 25 – 28, 2014
Organizer: Prestige Event Management
Location: Cairo International Convention and Exhibition Center
Contact: Rania Mekhail: rania.mekhail@trade.gov
- Trade Event: PLASTEX
The 14th International African Arabian Exhibition for Plastics Industries
Date: August 30 – September 1, 2014
Organizer: ACG-ITF TRADE FAIRS S.A.E
Website: www.plastex-online.com, www.acg-itf.com
Location: Cairo International Convention and Exhibition Center
Contact: Mai Abdelhalim: mai.abdelhalim@trade.gov
- Trade Event: SAHARA
Date: September 21 – 24, 2014
Organizer: Expo
Website: www.saharaexpo.com
Location: Cairo International Convention and Exhibition Center
Contact: Cherine Maher: cherine.maher@trade.gov
- Trade Event: PAPER ME
International Exhibition for Paper, Board, Printing and Packaging Industry
Date: October 22 – 24, 2014
Organizer: Nile Trade Fairs
Website: www.papermideast.com, www.nilefairs.com
Contact: Tarek Khodary: tarek.khodary@trade.gov

Trade Event: HACE HOTEL EXPO
International Exhibition for Hotel Supplies
Date: November 9 – 12, 2014
Organizer: Egyptian Group for Marketing (EGM Co.)
Website: www.hace.com.eg
Location: Cairo International Convention and Exhibition Center
Contact: Rania Mekhail: rania.mekhail@trade.gov

Trade Event: MACTECH / HANDLING EXPO / AIRTECH / TRANSPOT-TECH
Date: November 27 – 30, 2014
Organizer: International Fairs Group (IFG)
Website: www.ifg-eg.com, www.mactech.com.eg, www.handlingexpo.com,
www.airtech-eg.com, www.transpotech-eg.com
Location: Cairo International Convention and Exhibition Center
Contact: Mai Abdelhalim: mai.abdelhalim@trade.gov

Trade Event: MS AFRICA & MIDDLE EAST 2014 (MARMOMACC & SAMOTER)
Trade Fair for Stone Design, Earthmoving and Construction Machinery
Date: December 11 – 14, 2014
Organizer: ARTLINE for Organizing International Exhibitions and Conferences
Website: www.artline.com.eg, www.msafrika.net
Location: Cairo International Convention and Exhibition Center
Contact: Mai Abdelhalim: mai.abdelhalim@trade.gov

The Event: THE 46th CAIRO INTERNATIONAL BOOK FAIR
Date: January – February 2015
Organizer: General Egyptian Book Organization
Website: www.cairobookfair.org, www.gebo.gov.eg
Location: Fair Ground Nasr City
Contact: Tarek Khodary: tarek.khodary@trade.gov

Trade Event: THE 48th CAIRO INTERNATIONAL FAIR – CIF
Date: March 2015
Organizer: Egypt Expo & Convention Authority (EECA)
Website: www.cairofair.com, www.cicc.egnet.net, www.goief.gov.eg
Location: Cairo International Convention and Exhibition Center
Contact: Tarek Khodary: tarek.khodary@trade.gov

Please click on the links below for information on upcoming trade events:

<http://export.gov/egypt/tradeevents/index.asp>

<http://export.gov/tradeevents/index.asp>

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Chapter 10: Guide to Our Services

The President's National Export Initiative marshals Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities.**

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: <http://export.gov/egypt>

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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