



How to do business in Egypt

Improving Investment Climate

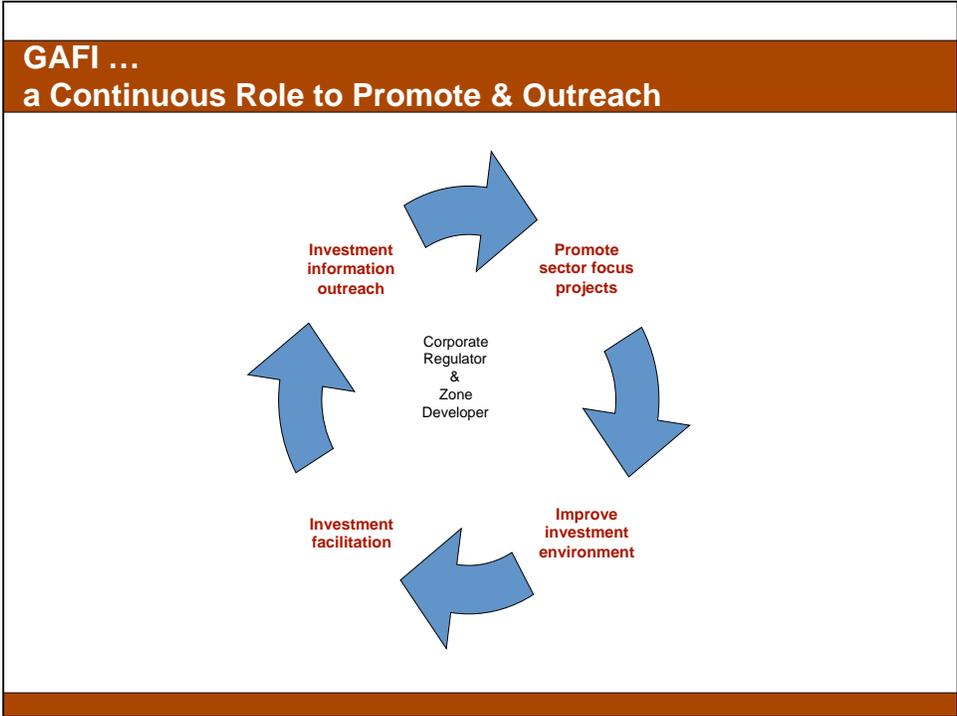


Hisham Labib's Office



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Developments in the Investment Climate

Pro-Business Investment Climate

Commitment to Lower Cost of Investment and Ease of Doing Business...

➤ Low Taxes and Customs

- 20% flat tax rate
- 6% weighted average tariff rate/streamlined tariff bands

➤ Financial Services

- Stable Banking system; resilient to financial crisis
- Growth of non-bank financial services
- Introduction of Nilex; the region's first small cap stock exchange

➤ Enabling legislation and institutional framework

- New economic (commercial) court system, Anti-money laundering, Anti-trust and consumer protection laws
- Incorporation time slashed to an average of 72 hours
- 45000 \$ minimum capital required for stock company establishment
- One stop shops introduced at multiple locations throughout the country

Investment Policy Framework

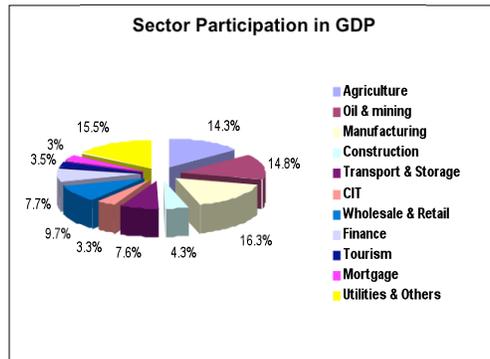
Category	Inland Investment	Investment Zones	Special Economic Zones
Income Tax	<ul style="list-style-type: none"> • 20% & 40.55% for oil and gas companies • 10 years Exemption for Agriculture and animal production activities. 	-	<ul style="list-style-type: none"> • 5% flat tax rate on personal income tax • 10% tax on all activities within the zone
Import Duties	<ul style="list-style-type: none"> • 2-32% depending on the product • Flat rate of 5% of the value of imported machinery and equipments 	<ul style="list-style-type: none"> • Custom procedures for production input will be administered in the zone • Equipment customs are paid in 5-10 years installments 	None
Export Duties and Sales Tax	<ul style="list-style-type: none"> • 5-25% of value of all sale transactions 	<ul style="list-style-type: none"> • Sales taxes are paid in 5-10 years installments • Exported goods are tax exempted 	<ul style="list-style-type: none"> • No duties when exported out of Egypt • No duties on domestic components when sold in Egypt • 10% of value of non domestic components when sold in Egypt
Payroll Tax	<ul style="list-style-type: none"> • 10-20% depending on salary level 	-	<ul style="list-style-type: none"> • 5% for all salary levels
Export Minimum	None	-	<ul style="list-style-type: none"> • Depending on zone board's decision
Other Incentives	<ul style="list-style-type: none"> • Protection against expropriation and compulsory pricing • Full right of profit and dividend repatriation 	<ul style="list-style-type: none"> • Companies established within the investment zones are to enjoy incentives given to both inland and upper Egypt investment regimes. 	<ul style="list-style-type: none"> • Egyptian certificate of origin for SEZ based exporters • Integrated custom and tax administration, licensing, and dispute settlement

Diversified Economy & Growing Consumer Market

✓ Egypt's economy is among the most diverse in the Middle East and North Africa

- Industry accounts for 32% of GDP
- Prominent service sectors CIT, tourism and financial services account for 12%
- Retail accounts for 11%
- Agriculture accounts for 14%

✓ With a population of 80 million and a 100% increase in per capita income, Egypt has the largest domestic market in the region



Source: Ministry of economic Development

Free Zones

- There are 9 free zones provided with utilities and infrastructure.
 - There are 244 private free zones are supervised by GAFL.
 - Public free zones occupancy has reached 92%.
- There are 1160 projects in free zone with total capital of 7.4 billion USD and investment cost of 14.1 billion USD providing 217 thousand work opportunities and 219 million USD total wages.
- Exports of Free Zone reached 6.7 billion USD and Exports of services reached 5.1 billion USD.

Global Market Access

Preferential access and geographic proximity to global markets ▶▶▶

A Global Trade and Investment Hub

- ✓ Accessing more than 1.5 billion customers through various multilateral and bilateral trade agreements
 - Direct connection through the Suez Canal between the Indian Ocean to the Mediterranean Sea.
 - EU through the Egypt-EU Partnership
 - US through QIZs
 - Middle East through GAFTA
 - Africa through COMESA
 - EGYPT-TURKEY Agreement
 - Egypt –Switzerland EFTA Countries Agreement



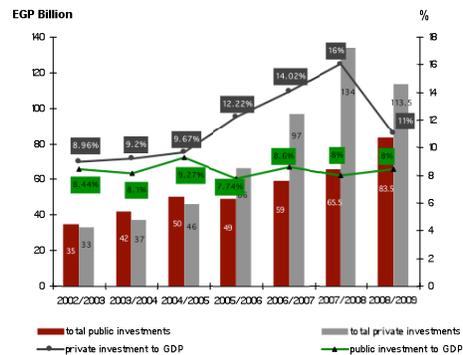
- Preferential Trade Agreements
- Proximity
 - Competitive Freight Cost
 - Time to market
- Competitive cost of production
- Export subsidy
- Natural Resources
- Human Resources

Stronger Engagement of the Private Sector

A Broadened Private Sector Contribution to Growth...

- Private Public Partnership (PPP)
- Privately-developed Investment Zones

Public and Private investment % of GDP*



*GDP Exceeded Trillion pound for first time = 1038.6 billion

Results of Reforms

Dynamic Sustainable Growth

- A sustained growth rate of 7% over the last 3 years
- Egypt is awarded a stable outlook by Moody's investor services (Aug. 09)
- In 08/09 Egypt witnessed a decrease in GDP growth rate and Export proceeds due to the financial crisis

Exports Proceeds

Year	Exports Proceeds (USD Billion)	Growth Rate (%)
2001/02	7.1	
2002/03	8.2	
2003/04	10.5	
2004/05	13.8	34%
2005/06	18.5	20%
2006/2007	22	33%
2007/2008	29.4	
2008/2009	25.3	13.9%

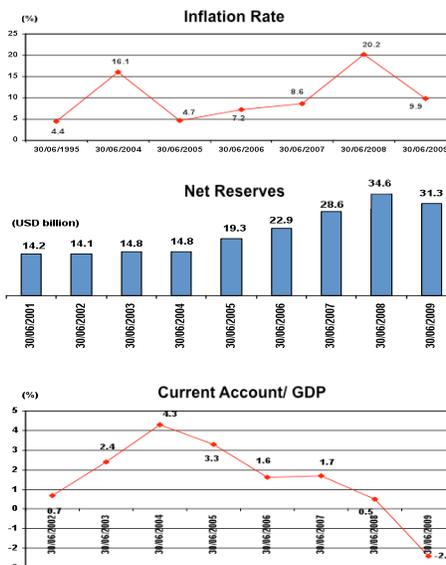
GDP Growth Rate

Date	GDP Growth Rate (%)
30/06/1995	4.4
30/06/1996	4.7
30/06/1997	4
30/06/1998	3.3
30/06/1999	4.9
30/06/2000	5.1
30/06/2001	3.5
30/06/2002	3.2
30/06/2003	3.2
30/06/2004	4.1
30/06/2005	4.6
30/06/2006	6.8
30/06/2007	7.1
30/06/2008	7.2
30/06/2009	4.7

Source: CBE

Dynamic Sustainable Growth – Cont'd

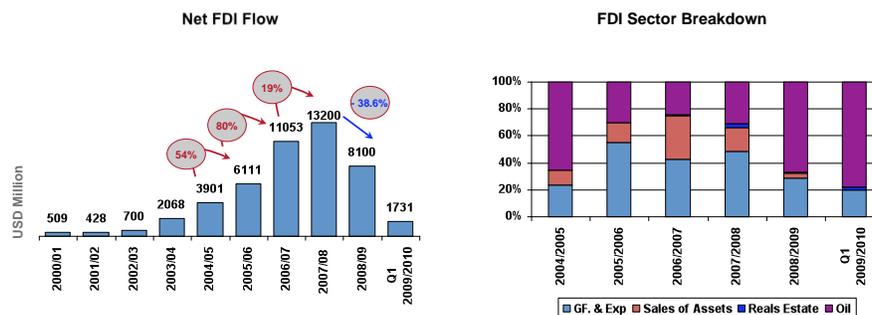
- Inflation rate fell by 10.3% between 2007/2008 and 2008/2009.
- Net reserve has been increasing since 2003/2004, yet it has witnessed a slight decrease in 2008/2009.
- Current account as a % of the GDP fell to -2.4% in 2008/2009



Source: CBE

FDI Stability

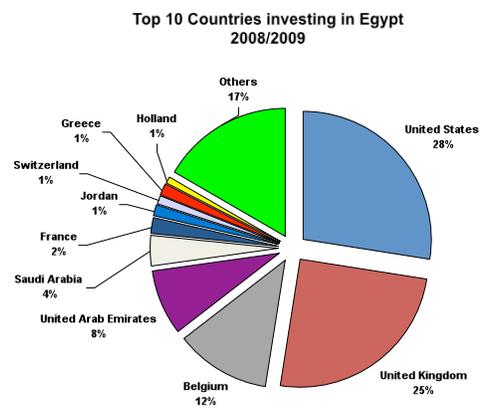
- FDI Inflows rose from US\$ 2.1 billion in FY 03/04 to US\$ 13.2 billion in FY 07/08.
- The recent increase in FDI has been flowing into a wide range of sectors.
- In 08/09 Egypt witnessed a decrease FDI inflows, and an increase in the contribution of the hydro carbon sector in the total FDI flow.



Source: CBE, Ministry of Investment

Egypt FDI Trends

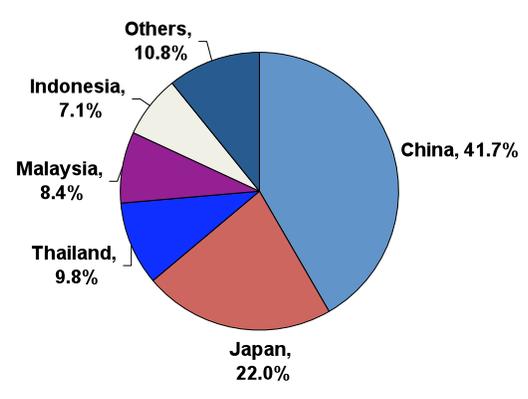
- The top ten countries share in FDI inflow is 83.4% in 2008/2009.
- 53% of the FDI inflows is from USA and UK combined; while 13% is from UAE, KSA, and Jordan.



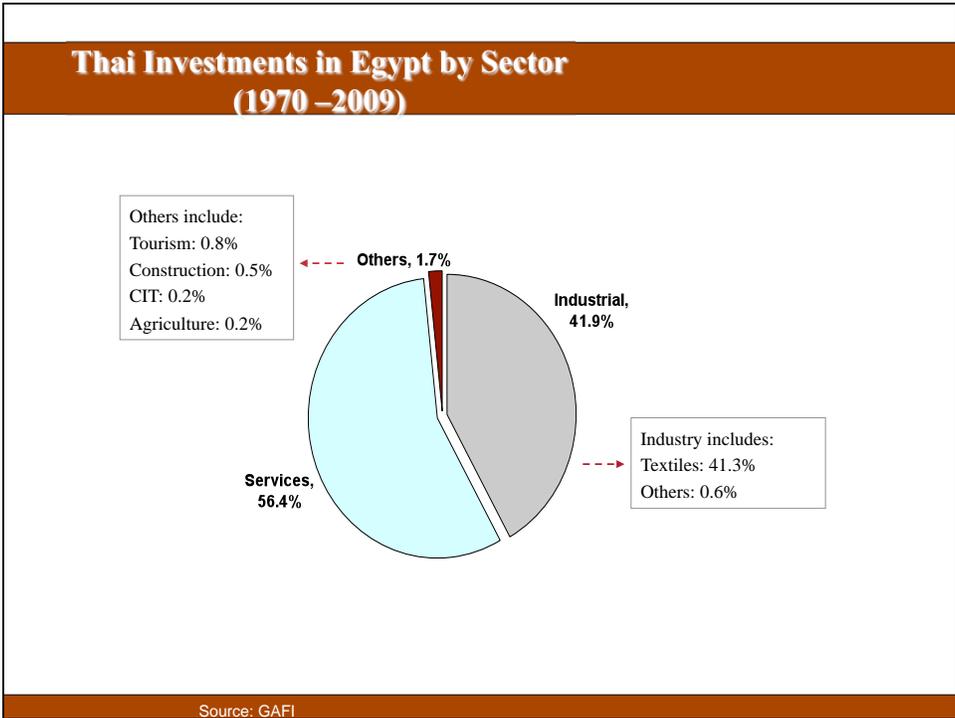
Source: CBE

South East Asian Investment in Egypt

Between 1970-October2009; China is ranked the first among the South Eastern countries investing in Egypt, followed by Japan.



Source: GAFI



Stimulus Package

National Stimulus Package

The GOE stimulus package aimed at achieving two objectives

Promote Investments

- Public spending of LE30 billion, LE15 billion of which are injected in PPP projects.
- The GOE further proposed an additional EGP 10 billion at the ruling party's annual conference to be spent on infrastructure projects.
- Waiver of sales tax on capital and intermediary goods
- Tariff waiver on capital goods & custom 250 specific production components
- Lending and deposit rate cut by the central bank to reach 9.75 for the lending rate and 8.25 for the deposit rate.

Promote Exports

- Increasing export subsidies and guarantees
- Reducing cost of acquiring land
- No energy price increases for industrial usage until the end of December 2009
- Reducing production costs through decreasing port service fees

Source: Ministry of Finance

Egypt's Position amongst Emerging Markets

Egypt's Position amongst Emerging Markets

Doing Business Report 2010 : Top Reformers

For the 3rd consecutive year, Egypt is among the top 10 reformers in the Doing Business Report issued by the World Bank.



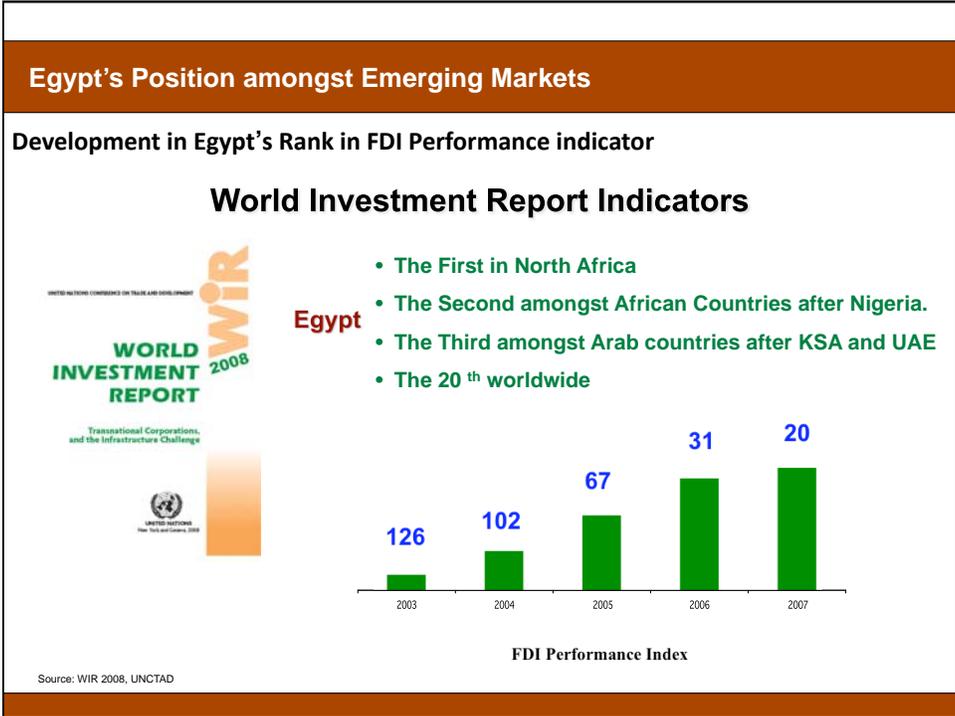
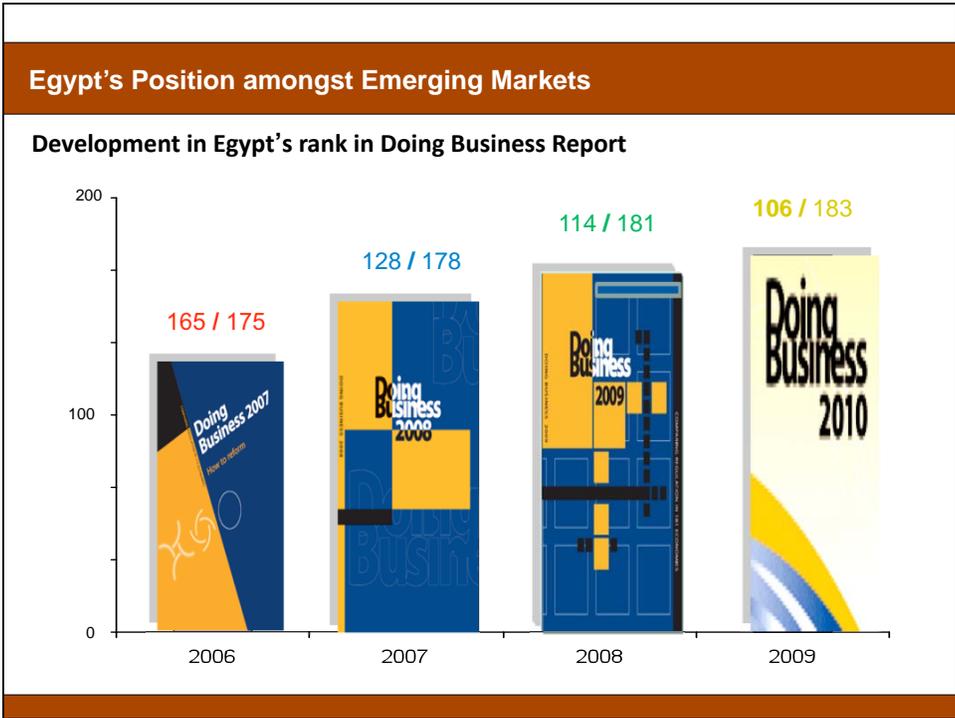
The top 10 reformers in 2008/09

Economy	Starting a business	Dealing with construction permits	Employing workers	Registering property	Getting credit	Protecting investors	Paying taxes	Trading across borders	Enforcing contracts	Closing a business
Rwanda	✓		✓	✓	✓	✓	✓	✓		✓
Kyrgyz Republic	✓	✓	✓	✓	✓	✓	✓	✓		
Macedonia, FYR	✓	✓	✓	✓	✓	✓	✓	✓		
Belarus	✓	✓	✓	✓			✓	✓		
United Arab Emirates	✓	✓						✓		
Moldova	✓			✓			✓			
Colombia	✓	✓	✓		✓	✓	✓	✓		✓
Tajikistan	✓	✓	✓		✓	✓	✓	✓		✓
Egypt, Arab Rep.	✓	✓	✓		✓	✓	✓	✓		✓
Liberia	✓		✓					✓		

Note: Economies are ranked on the number and impact of reforms. First, Doing Business selects the economies that implemented reforms making it easier to do business in 3 or more of the Doing Business topics. Second, it ranks these economies on the increase in rank on the ease of doing business from the previous year. The larger the improvement, the higher the ranking as a reformer. Source: Doing Business database.

The top 10 reformers in 2007/08

Economy	Starting a business	Dealing with construction permits	Employing workers	Registering property	Getting credit	Protecting investors	Paying taxes	Trading across borders	Enforcing contracts	Closing a business
Azerbaijan	✓		✓	✓	✓	✓	✓			✓
Albania	✓				✓	✓	✓			
Kyrgyz Republic	✓	✓								
Belarus	✓	✓	✓	✓	✓	✓	✓	✓		
Senegal	✓	✓	✓	✓			✓			
Burkina Faso	✓	✓	✓	✓			✓			
Botswana	✓				✓		✓			
Colombia	✓	✓	✓			✓	✓	✓		✓
Dominican Republic	✓	✓	✓	✓	✓	✓	✓	✓		
Egypt	✓	✓	✓	✓	✓	✓	✓	✓		



Egypt position amongst Emerging Markets

Egypt is a services provider for companies in other Middle Eastern countries



Egypt jumped from 13th rank in 2007 to 6th rank in 2008



A.T. Kearney Global Services Location Index, 2007



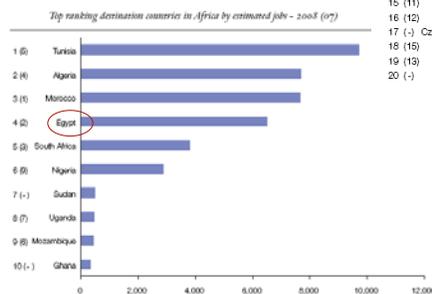
The 2009 A.T. Kearney Global Services Location Index

Rank	Country	Financial attractiveness	People and skills availability	Business environment	Total score
1	India	3.22	2.04	1.44	7.80
2	China	2.93	2.25	1.38	6.56
3	Malaysia	2.84	1.26	2.02	6.12
4	Thailand	3.19	1.21	1.62	6.02
5	Brazil	2.64	1.78	1.47	5.89
6	Indonesia	3.29	1.47	1.06	5.82
7	Chile	2.65	1.18	1.93	5.76
8	Philippines	3.26	1.23	1.26	5.75
9	Bulgaria	3.16	1.04	1.56	5.75
10	Mexico	2.83	1.49	1.61	5.73
11	Singapore	1.65	1.51	2.53	5.69
12	Slovakia	2.79	1.04	1.79	5.62
13	Egypt	3.22	1.14	1.25	5.61
14	Jordan	3.08	0.98	1.54	5.60
15	Estonia	2.44	0.96	2.20	5.60
16	Czech Republic	2.43	1.10	2.05	5.57
17	Latvia	2.64	0.91	2.00	5.56
18	Poland	2.59	1.17	1.79	5.54
19	Vietnam	3.33	0.99	1.22	5.54
20	United Arab Emirates	2.73	0.85	1.92	5.51
21	United States (Ser two)	0.48	2.74	2.29	5.51
22	Uruguay	3.95	0.98	1.54	5.47
23	Argentina	2.91	1.30	1.26	5.47
24	Hungary	2.54	0.95	1.98	5.47
25	Mauritius	2.94	1.04	1.56	5.46

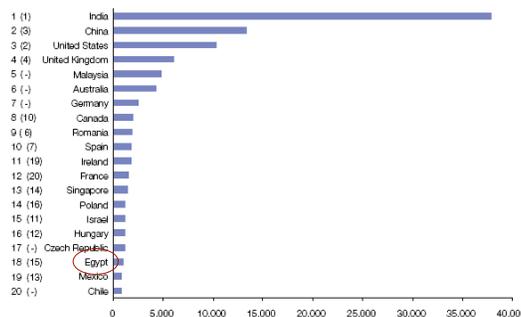
Rank	Country	Financial attractiveness	People skills and availability	Business environment	Total score
1	India	3.13	2.48	1.50	6.81
2	China	2.98	2.33	1.37	6.29
3	Malaysia	2.76	1.24	1.97	5.98
4	Thailand	3.05	1.20	1.61	5.77
5	Indonesia	3.23	1.47	0.99	5.69
6	Egypt	3.07	1.20	1.37	5.64
7	Philippines	3.19	1.17	1.24	5.60
8	Chile	2.41	1.20	1.89	5.50
9	Jordan	2.99	0.91	1.59	5.49
10	Vietnam	3.21	1.02	1.24	5.47
11	Mexico	2.64	1.50	1.45	5.43
12	Brazil	2.16	1.83	1.37	5.39
13	Bulgaria	2.83	0.89	1.62	5.34
14	United States	0.47	2.71	2.15	5.33
15	Ghana	3.28	0.79	1.38	5.32
16	Sri Lanka	3.13	0.95	1.17	5.25
17	Turkey	2.86	0.91	1.45	5.22
18	Estonia	2.96	0.83	2.20	5.19
19	Romania	2.83	0.91	1.58	5.12
20	Pakistan	3.12	1.08	0.91	5.11
21	Lithuania	2.31	0.81	1.99	5.11
22	Latvia	2.38	0.88	1.98	5.10
23	Costa Rica	2.67	0.89	1.50	5.07
24	Jamaica	2.77	0.79	1.49	5.06
25	Mauritius	2.32	0.95	1.77	5.04

Egypt is among the top Countries by Estimated Jobs

In 2008, Egypt is ranked 4th among the top destination countries in Africa by estimated jobs



Top ranking destination countries by estimated jobs in R&D - 2008 (07)



... and ranked 18th among the top destination countries by estimated jobs in R&D

Source: IBM PLI

Doing Business in Egypt - 2010

Egypt, Arab Rep.



- ▶ **Region:** Middle East & North Africa
- ▶ **Population:** 81,527,172
- ▶ **Download country report**
- ▶ **Income category:** Lower middle income
- ▶ **GNI per capita (US\$):** 1,801.25
- ▶ **View subnational data**
- ▶ **Visit the law library**
- ▶ **View local partners**
- ▶ **Enterprise Surveys snapshot**

Ease of...	Doing Business 2010 rank	Doing Business 2009 rank	Change in rank
Doing Business	106	116	+10
Starting a Business	24	43	+19
Dealing with Construction Permits	156	165	+9
Employing Workers	120	119	-1
Registering Property	87	84	-3
Getting Credit	71	84	+13
Protecting Investors	73	70	-3
Paying Taxes	140	142	+2
Trading Across Borders	29	27	-2
Enforcing Contracts	148	154	+6
Closing a Business	132	130	-2

Note: Doing Business 2009 rankings have been recalculated to reflect changes to the methodology and the addition of two new countries.

Source: Doing Business 2010

Real Investment Opportunities
Economy

Investment Strategy....Sectoral Positioning

Free economy approach yet with strategic direction to proactively promote sectors, investment opportunities & flagship projects that

<div style="background-color: #800000; color: white; padding: 5px; margin-bottom: 10px;">Leverage on Natural Resources</div>		Oil & Gas – Petrochemicals - Metallurgical Mining -Renewable Energy ...
<div style="background-color: #800000; color: white; padding: 5px; margin-bottom: 10px;">Leverage on Competitive Production Costs & Market Accessibility</div>		Positioning Egypt as a Production and re-export hub to Europe : <i>Agri business</i> – <i>Textiles</i> – <i>Auto components</i> ...
<div style="background-color: #800000; color: white; padding: 5px; margin-bottom: 10px;">Leverage on Growth Momentum & Up-scaling Consumer Needs</div>		Accommodating growing need for Infrastructure development and Service sectors : <i>Utilities & Infrastructure</i> - <i>Logistics</i> – <i>Healthcare</i> – <i>Pharmaceuticals</i> - <i>Retail</i> – <i>Tourism</i> ...

Tourisma diverse sector

A diverse and vibrant sector

- A **growth rate of 6% in 2008/09**
- Accounts **directly for 3.5% of GDP in 2008/09**
- Among the top 25 destinations worldwide
- Accounts for 25% of all visitors to the Middle East and 33% of those to North Africa

Core Areas for Investment

- ✓ Hotels,
- ✓ residential tourism,
- ✓ Leisure tourism
- ✓ nature/desert safari
- ✓ Eco tourism,
- ✓ medical/health tourism

Number of Tourists (Million)

Year	Number of Tourists (Million)
2008	12.3
2013 f	15.4

Source: CBE; AmCham report; WTO, BMI

Tourisma diverse sector

Tourism Statistics 2009

- Total number of beds 429.066 thousands beds.
- Total number of rooms 214.533 rooms.
- Total number of touristy villages, hotels 1458 thousands.
- Total number of tourists 12. 36 million tourists.
- Total number of touristic companies 1561 thousands.
- Total number of touristic nights 126.534 nights.
- Average of expenses of one tourist per night 85 \$ / night.
- Tourism total income 10.488 000 millions.

Petrochemicals ...a dynamic sector in Egypt

A dynamic sector in Egypt

- **Supplies petrochemical products to more than 38 countries worldwide**
- One of the largest markets for lubricants in Africa and is the **second largest refining center** on the continent
- Abundant reserves of natural gas...

Core Areas for Investment

- ✓ Upstream oil and gas
- ✓ Gas distribution (PPP)
- ✓ Downstream petrochemicals

Strong Policy Support

The government has set in motion a three-phase, 20 year master plan (2002-2022) with an investment budget of US\$20 billion. Phases 1 and 2 are underway through a set of projects with an investment cost of US\$ 6.8billion

- **First Ethylene Cracker- investment cost US\$700 mn**
- **Petroleum Refinery project- investment cost US\$16 bn**
- **Bio Ethanol from Molasses- investment cost-US\$100 mn**
- **Down stream Cluster**

Source: ECHEM

Retail... Increasing Demand

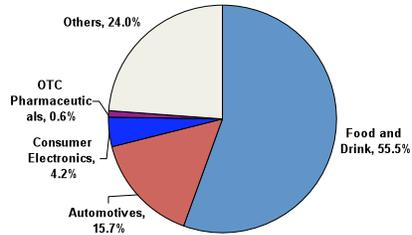
Increasing Demand on Hypermarkets

- Expectations for Retail Boom in Egypt due to the large and youthful population, vibrant tourism industry, and change in life style.
- Retail Sales reached USD 63.3 billion in 2008, expected to reach USD 119.6 billion in 2013
- Egypt Retail Sales Share accounts for 16.6% in MENA region

Core Areas for Investment

- ✓ Large shopping centers
- ✓ Modern grocery distribution
- ✓ Hypermarkets
- ✓ Supermarkets
- ✓ Retail and mixed up real estate development

Retail Sales Breakdown 2008



Source: BMLGAFI

Communications and Information Technology

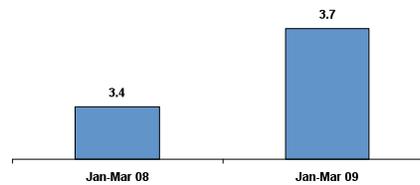
A leading global outsourcing destination

- The government has set a goal of US\$3 billion in annual revenue from the sector by 2010
- 3 advanced mobile phone networks serving more than 44.6 million subscribers-13 million internet users (Jan-Mar 09)
- A qualified and skilled multilingual workforce and fully funded training programs

Core Areas for Investment

- ✓ Business process outsourcing
- ✓ Call centers
- ✓ Localization and S/W Arabization

CIT Share in GDP



- Maadi CIT Park-Contact Center Park-(40,000 seats..mega, medium, and small clusters)

Source: ITIDA; BMI; MCIT

Renewable Energy...a prime source for energy

A prime source for energy

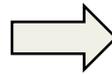
- Strategic geo-climatic location: abundance of land, sunny weather and high wind speeds
- Highest wind electricity generation in the Middle East-57% of the region,s total wind energy
- High intensity solar radiation (2000-2600 kWh/ m2)
- Long hours of sun and wind operation that in Europe (2400 hrs compared with 1900 in Spain and Italy)

Strong policy support

The government has set a goal to produce 20% of total power generation by 2020 from different renewable energy sources....priority sectors are wind farms

Core Areas for Investment

- ✓Wind energy
- ✓Solar energy
- ✓Biodiesel
- ✓Biomass



- Wind turbine manufacturing project
- Biomass plant in Upper Egypt

Source: GAFL

Healthcare and Medical services

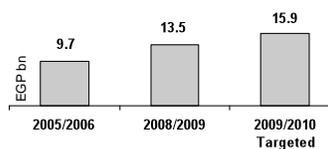
A window for opportunity

- Continuous increase of Expenditure on health care for the welfare of the Egyptian Society
- Rising individual share in health services
- A PPP vehicle for investment

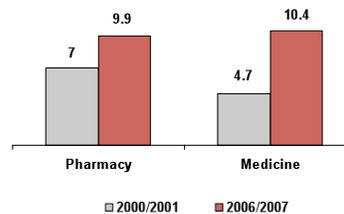
Core Areas for Investment

- ✓Clinics catering to the growing global medical tourism sector
- ✓Medical equipment and supplies
- ✓Pharmaceutical distribution
- ✓private hospitals

GOE Expenditure



Number of Graduates (000)



Source: Ministry of Economic Development, CAPMAS

Logistics and Transportation

A key global logistics hub

- Over 8% of the world maritime trade passes through Suez Canal
- Over 64,000 km of roads, 5,063 km of railways
- Globally ranked airports in major urban centers
- 5 ports on the Mediterranean and 3 on the Red Sea and extensive river transport network

Core Areas for Investment

- ✓ Roads and haulage terminals
- ✓ Railways expansion
- ✓ Value added logistics / SCM services
- Marine supplies and services
- ✓ Rail cargo management
- ✓ River port management & river transport

- Development of ports to enhance logistics network (Alexandria, Port Said, sokhna, Adabeya)

- Development of new river port terminals (PPP)

Source: GAFI

How to gain profits in the Egyptian market ?

1. Tourism

Egypt enjoys :

- Sunny weather.
- Magnificent coasts (Red Sea – Mediterranean Sea).
- The Nile River which is one of the longest rivers in the world.
- Investment in building (3 stars – 4 stars – 5 stars) hotels is not less than 50 % of profits in Hurghada, Sharm and Luxor which makes great profits since the costs are small specially the low wages of tourism employees that does not exceed 180 \$ / month / person.
- Different activities related to touristic services such as (Safari – Camping – Diving – Sea surfing).
- Many foreigners from (Italy – Germany – Denmark – Russia – Romania – Ukraine Etc.) own their residences specially in Hurghada & Sharm that caused great changes in demographics in these two cities by 40 %.

2. Monuments Tourism

- Egypt owns more than 50 % of the world monuments most of which are located in Luxor which was the old capital of the ancient Egyptians .
- Since there is a gap in the number of touristy nights especially in Luxor which is not less than 400 000 nights that demands more investments.
- Investors in Luxor may start with building 40 : 100 rooms / hotel.

3. Real-Estate Market

- Since Egypt enjoys a middle location between the Arabic world & the European world it benefits the real estate section due to the continuous demand on residency (Economic – Average – Luxury).
- To face the growing demand – Egyptian population 80 million person - due to the growing population which is not less than 1.5 % : 2 %
- The profit percentage is not less than 30 % : 40 % in the life time of any company's capital due to low currency prices.

Thank You
& we are looking forward to see
your investments in Egypt