A GUIDE

TO

DOING BUSINESS IN EGYPT

CONTENTS

1. EGYPT: AN ATTRACTIVE BUSINESS ENVIRONMENT

There are numerous advantages and opportunities available to foreign businesses for trade and investment in Egypt. Among them are:

- the largest market in the Arab world
- an established infrastructure
- a diversified, expanding economy
- a skilled labor force
- a positive balance-of-payments position

Perhaps most important of all is the dedication of the Egyptian government to the growth of the private sector and the encouragement of foreign business.

Recent Economic Reforms

In October 1981, following the death of President Anwar El Sadat and the election of Hosni Mubarak as President of Egypt, the "open door" policy instituted by President Sadat in 1974 was reaffirmed. This policy, which replaced rigid, centralized economic planning with a system emphasizing incentives, efficiency, and entrepreneurship, has revitalized both the public and private sectors with an infusion of technical know-how and management reforms and the encouragement of domestic capital formation.

The framework for private sector participation in Egypt's economic growth was provided by "Law Number 43 of 1974 Concerning the Investment of Arab and Foreign Capital and the Free Zones," which was instituted in June 1974. Later amended and complemented by Law 32 of 1977, this legislation encouraged the transfer of Western capital and technology in joint ventures operating either inland or in regional public or private "free zones." To promote, implement, and expedite foreign investment, Law 43 also provided for the establishment of the Investment and Free Zones Authority, which furnishes numerous investor services to the foreign business community.

Government Organization

Egypt, by constitution, is a democratic socialist state. As head of government, the president exercises executive authority with a cabinet. The executive branch also includes administrators at the central, governorate, district, and village levels. There is an independent judiciary, and a directly elected People's Assembly serves as the country's legislative body. The 26 provincial governors operate with considerable discretionary authority.

The cabinet is headed by the Prime Minister, Dr. Ahmad Fouad Mohieldin, and five Deputy Prime Ministers:

Fikry Makram Ebeid	Deputy Prime Minister for People's Assembly and Consultative Assembly Affairs
Ahmad Ezzeldin Hilal	Deputy Prime Minister for Production and Minister of Petroleum
Kamal Hassan Aly	Deputy Prime Minister and Minister of Foreign Affairs
Mohammed Nabawi Ismail	Deputy Prime Minister for Public Services and Minister for Local Governorates
Mohammed Abdel Fattah Ibrahim	Deputy Prime Minister for Economic Affairs and Minister for Investment and International Relations

The cabinet also includes 28 cabinet ministers. In addition, there are four cabinet committees, as follows:

- o Planning and Economic Policies Committee, headed by the Prime Minister and including the five Deputy Prime Ministers
- o Production Committee, headed by Anmad Ezzeldin Hilal
- o Public Services Committee, headed by M. Nabawi Ismail
- o Legislative Committee, headed by the Minister of Justice, Ahmed Samir Sami

Investment and Development Priorities

In addition to the promulgation of Law 43, Egypt has provided a variety of other incentives for private sector investors by decentralizing investment allocation authority to the governorates and allotting them some L.E. 280 million in the 1980-1981 budget, and by creating a National Investment Bank.

The Bank, which is represented in all the governorates, was established for the purpose of stimulating local financing and disbursing the governorates' allocations of public sector investment funds. With an authorized capital of L.E. 3.2 billion, the Bank serves as the country's development fund, assuring continuity in the financing of public sector investment projects from one fiscal year to the next.

Egypt's five-year Development Plan (1980-1984) has shifted the emphasis of government investment from basic industry to agriculture and infrastructure. Although the industrial sector will remain the economy's chief source of growth, the government has made this change of emphasis in recognition of the need to balance the various sectors of the economy. Accordingly, the current five-year plan accords priority to three specific sectors:

- Agriculture and food security

- Housing, utilities, and new communities
- Communications and transportation

In the public sector, investment priority is being given to agro-industry, new urban communities, power, communications, and transportation. Private sector emphasis is directed to housing, construction, agriculture, and light industry. Emphasis is also being placed upon sectors--such as tourism, the oil industry, and the Suez Canal--that, by generating foreign exchange, help support Egypt's balance of payments.

SECTORAL ALLOCATIONS UNDER FIVE-YEAR DEVELOPMENT PLAN (1980-1984)

Sectors of the Economy	Allocations (L.E. millions) Public	Private	Total	Percentage of Total
Agriculture and food security	3,600	775	4,375	19.7
Agriculture and land reclamation	1,000	200	1,200	
Irrigation and drainage	1,200	-	1,200	
Fertilizers, food processing, and storage	1,400	575	1,975	
Housing, utilities, and building materials industries	2,880	1,750	4,630	20.9
Reconstruction and new communities	900	300	1,200	5.4
Transport and communications	3,000	250	3,250	14.7
Power	1,500	-	1,500	6.8
Industry	2,000	500	2,500	11.3
Export sectors	1,800	300	2,100	9.5
Oil	800	-	800	
Suez Canal	500	-	500	
Tourism	500	300	800	
Social services	1,600	-	1,600	7.2
Education	1,000	-	1,000	
Health	300	-	300	
Other services	300	-	300	
Local governments	1,000	-	1,000	4.5
TOTAL	17,380	3,575	20,955	100.0

Source: Ministry of Planning.

The Growth of the Private Sector

Between 1960 and the mid-1970s, Egypt's public sector dominated an increasing number of productive enterprises until it generated approximately 75 percent of the country's gross domestic product. The "open door" policy began to neutralize this process. Private industry, which now contributes 30 percent of industrial production, is also expected to account for 17.5 percent of total investments between 1980-1984.

Today, although the government remains firmly committed to public enterprise in specific sectors, Egypt continues to emphasize private sector investment. The general pattern of the economy is now one of "privatization," a gradual but increasing reliance on the private sector for goods and services previously supplied by government-controlled public enterprises.

In addition to promoting private industry, the government is encouraging more public sector companies to join the private sector. Some joint ventures between public sector companies and foreign investors have already been undertaken, and the sale of public company shares to private investors is under consideration. Further, a new companies law, Law 159 of 1981, provides a more favorable environment for the incorporation of private sector companies. It also permits Egyptian public sector companies to form joint ventures with Egyptian companies in the private sector.

2. THE EGYPTIAN ECONOMY

A Growing Marketplace

In less than 30 years, Egypt's national production has almost quadrupled. The most dramatic advances have occurred in the industrial sector, which has achieved a growth rate of over 12 percent per annum. Gross domestic product in 1980, supported chiefly by agriculture, services, and industry (including mining, construction, and electricity), amounted to approximately L.E. 15.6 billion. The overall growth rate of gross domestic output (at constant prices) has been 5 percent per annum over the last 25 years. More recently, GDP has been growing at the rate of 8 percent per annum.

Egypt is committed to achieving even higher growth rates in both production and income. The current Five-Year Development Plan, which provides for total investment of L.E. 22 billion ($27 billion) projects an average annual growth rate of 10 percent through 1985. This ambitious target must be achieved in the context of a high population growth rate.

FIVE YEAR DEVELOPMENT PLAN:
GDP GROWTH TARGETS, 1979-1984

Sector	Average Annual Growth Rate, 1979-1984	Sectoral Structure (percent) 1979	1984
Agriculture	3.2	25.4	18.3
Other services	12.5	17.8	19.7
Oil and products	12.5	16.5	18.4
Industry and mining	10.2	14.5	14.5
Trade and finance	10.5	10.6	10.8
Transport and communications	11.1	4.3	4.5
Construction	14.9	4.1	5.1
Suez Canal	18.5	3.9	5.7
Housing and utilities	11.9	1.9	2.0
Power	10.3	1.0	1.0
GDP at factor cost	10.2	100.0	100.0

Source: Ministry of Planning.

Population

Egypt's population of over 43 million is concentrated on the relatively small area which comprises the Nile Delta and Valley. Population density in the Valley and Delta has reached over 1,000 persons per square kilometer, the highest in the Middle East. The country's population, the largest in the Arab world, is increasing at the rate of from 2.5-3.0 percent per annum.

Despite the importance of agriculture to the economy, Egypt is highly urbanized. Some eight million people live in Cairo and almost three million in Alexandria, the country's two principal cities.

In an effort to inhibit the acceleration of urban sprawl and achieve a better balance in the distribution of productive facilities, satellite cities--such as Nasr City near Cairo, Tenth of Ramadan City near Ismailia, and Sadat City on the desert road to Alexandria--have been established in a number of areas. These new urban areas, which are designed to provide convenient sites for the location of new business ventures, are encouraged by the Law of New Urban Communities. This law (Law 59 of 1979) provides ten-year tax holidays, customs duty exemptions on imports, and other benefits to concessionaires, developers, contractors, and consultants. Foreign participants also are covered by this law.

Labor Force

Egypt has an abundant supply of unskilled labor and semiskilled workers who can be rapidly trained. Its relatively advanced literacy rate and well-developed system of free higher education--including vocational training centers and universities--have generated a labor force of 13.8 million, the most skilled and trainable in the Middle East. As many as 2.5 million skilled Egyptian workers are employed in other Arab countries, and the equivalent of L.E. 900 in goods or transfers that each of them remits to Egypt annually constitutes a major contribution to the country's balance of payments.

Foreign demand for skilled labor and the opening of the economy to foreign investment have led to rapidly increasing wage and salary scales. However, because the government subsidizes basic food and housing requirements, the cost of labor in Egypt, even in private sector and joint-venture enterprises, is low in comparison to other countries in the region.

Sample salary ranges for key jobs in private sector companies are as follows:

SAMPLE SALARY RANGES, 1981

Job Title	Salary Range (L.E.)
Manager	400-600
Assistant manager	250-450
Bilingual secretary	300-450
Secretary	100-300
Accountant	100-300
Clerk	90-150
Purchasing agent	100-200
Sales area supervisor	200-350
Salesman	50 plus commission (normal range: 100-300)
Senior engineer	350-500
Engineer	150-350
Technician	100-250
Worker	60-150

Source: CTIC, based on field interviews.

It should be noted that, in addition to these base salaries, a company pays social insurance amounting to 20 percent of the base salary, all medical fees, bus transportation to and from work (or a transport allowance for senior personnel who use their own cars). No overtime is paid and bonuses are given on a merit basis only.

Consumption and Investment

Patterns of consumption and investment are changing dramatically in Egypt, and the government is taking numerous steps to rationalize resource allocation and decision-making and to reduce the gaps between production costs and the prices of commodities.

The country's relatively high rate of domestic inflation is attributed by most sources to the annual 30-percent increase in the money supply that is generated by government subsidies and related social benefits. Because of these subsidies, Egypt is undeniably subject to some apparent cost-price distortions. There have been strong pressures for price increases, for the gap between production or importation costs and government-subsidized prices for specific commodities has grown. There is great public sensitivity to price increases, however, and because of this the government has been unable to make, in a single dramatic move, the adjustments required to allow real economic costs to determine prices. Subsidized commodities (such as wheat, flour, sugar, rice, oil, tea, and butane gas), the products of public sector companies, increased minimum wages, and reduced electricity rates for some consumers therefore continue to impose a heavy burden on the government. In 1981-1982, this is expected to amount to some L.E. 1.5 billion.

Egypt is making a concerted effort to shift domestic resources from consumption to investment. In 1974, gross investment was only 16 percent of GNP (at market prices). Between 1978-1980, this percentage rose to 28 percent. Annual public sector investment under the current Five-Year Plan is expected to rise from L.E. 3.2 billion in 1980 to L.E. 5 billion in 1984, an increase of 61 percent. Private sector investment is also expected to increase--from about L.E. 800 million in 1980 to over L.E. 1 billion in 1984.

The private sector has played a dominant role in consumption. In 1979, private sector spending on consumption exceeded spending on investment by a 10-to-1 ratio. To encourage investment and the use of local content in production, the government recently established higher deposit requirements for the private sector when opening letters of credit covering imports of consumer goods.

Balance-of-Payments Position

From a $4.1 billion deficit in 1979, Egypt's balance of trade deficit (exports minus imports) shrank to $3.7 billion in 1980. In view of a 14-percent increase in the value of imports, this drop represents a remarkable achievement.

Egypt's oil exports are the major factor in its ability to reduce its trade deficit. In 1980, oil exports rose to $2.5 billion. In addition, although the trade balance deficit has been substantial, it was offset by

- o $2.7 billion in workers' remittances
- o $780 million from tourism
- o $660 million from Suez Canal tolls
- o $700 million in cotton and textile exports

In 1980, these contributions forced the current account deficit on the balance of payments down to $680 million.

The reduction in Arab aid after the Camp David accord in 1978 has been offset to a degree by substantial investment and foreign aid. This ranges between $2-2.5 billion and is contributed by OECD countries, the World Bank, and U.S. AID. U.S. AID, the major contributor, committed over $1 billion in fiscal 1981. Of this sum, $500 million represents grants and $600 million represents soft loans with an interest rate of 2-3 percent, repayable over 40 years with a ten-year grace period.

In 1980, Egypt's debit service on medium and long-term debt amounted to no more than 16 percent of earnings on goods and services. At the same time, the country's greater utilization of official (mainly concessional) aid has contributed to a better-balanced debit maturity structure.

3. BANKING AND FINANCE

That the banking and finance sector of the Egyptian economy has benefited greatly from the passage of Law 43 is attested to by the fact that over 45 new banks have been established since the law was passed in 1974. These banks have stimulated competition, improved services, and facilitated the financing of many new projects.

The Central Bank of Egypt

The Central Bank is responsible for controlling the country's banking system. It directs monetary credit and general banking policies, using the standard controls of discount and interest rates, and liquidity and reserve ratios. The Central Bank also sets the commission structure to be applied on letters of credit, letters of guarantee, loans, and so forth.

Specialized Banks

Three specialized banks have been established to provide specific financial services to the economy.

National Investment Bank

Founded in 1980 with an authorized capital of L.E. 3.2 billion, the National Investment Bank was established to fund the existing operations of public sector companies and to facilitate the financing of large-scale projects.

Development Industrial Bank

The Development Industrial Bank (DIB), founded in 1976, has paid-in capital of L.E. 15 million. It receives its funding chiefly from the World Bank and U.S. AID, and has committed L.E. 160 million to local projects.

National Bank for Development

Established in 1980 as a Law 43 joint venture between public sector banks and institutions and private Egyptian shareholders, the National Bank for Development (NBD) has paid-up capital of $50 million. It offers standard foreign commercial banking services, makes private equity investments backed by a line of credit from the Central Bank of Egypt, and serves as agent for the National Investment Bank in financing projects in the public sector. NBD also assumes responsibility for affiliated national development banks in the governorates.

Commercial Banks

State Commercial Banks

Egypt's banking sector is dominated by four state banks: the National Bank of Egypt, the country's largest bank; Banque du Caire; Bank of Alexandria; and Bank Misr. Nationalized in 1960-1961, these banks have significant foreign currency deposits, which, in June 1980, were estimated in excess of $3.3 billion.

Traditionally, these banks have enjoyed a monopoly of public sector business that has only recently been terminated. A significant proportion of their loans are made to public sector companies and are short term in nature.

Joint Venture Banks

Several international banks--including Chase Manhattan Bank, Barclay's Bank, Societe Generale, Credit Commercial de France, and Banque National de Paris--have entered into joint ventures with the four state commercial banks. If it wishes to conduct business in Egyptian pounds as well as other currencies, a joint venture bank must have a majority Egyptian partner, who holds 51 percent or more.

With the advent of joint venture banks, the banking system has developed an increased capacity to arrange medium-term financing in both local and foreign currencies. The joint venture banks have generally played a significant role in arranging major syndications for projects requiring substantial financing.

Private Banks

Several private banks established since 1974 engage in activities similar to those performed by the joint venture banks. In most cases, these banks, which include the Nile Bank, Al-Ahram Bank, and the Mohandes Bank, are owned exclusively by Egyptian shareholders.

Foreign Banks

In addition to joint venture banks, several international banks conduct other operations in Egypt which fall into two major categories: branches, such as Citibank and Credit Suisse, that can deal only in foreign currency, and representative offices, such as those of Chemical Bank and Societe Generale.

Insurance Companies

The large public sector insurance companies, Al-Chark, Misr Insurance, and National Insurance, are playing an increasingly important role in financing new industrial projects through equity participation. Insurance has been opened to privately owned Egyptian companies; reinsurance is open to foreign investors as well as to private Egyptian capital. Joint ventures in this field are regulated by Law 43 as amended by Law 32.

The Stock Exchange

Since 1958, the Cairo and Alexandria stock exchanges have played only a minor role in raising capital for general investment. The Capital Market Authority, established in 1979, is leading an effort to reinvigorate the trading of securities and is currently working with other agencies to make it attractive for companies to register their shares.

4. FOREIGN EXCHANGE

Overview

Egypt has made great efforts to rationalize its foreign exchange regulations. In the early 1970s a "parallel exchange rate" was put into operation alongside the "official exchange rate." In 1979, these two rates of exchange converged in the "unified exchange rate." The unified exchange rate applied to all foreign currency transactions is controlled by the Central Bank of Egypt. In July 1981, this rate was set at 0.84 Egyptian pounds to the U.S. dollar.

The "own exchange market" (occasionally referred to as either the "gray" or "free" exchange market) evolved after 1976 as a market in which Egyptians could use foreign currencies held in Egypt or abroad to finance the purchase of goods for importation into Egypt. In 1980, imports financed by the own exchange market accounted for over 20 percent of total imports.

The differential between the unified exchange rate and the own exchange market rates can be substantial. This is due in part to the gap between interest rates on dollar and pound deposits, which was one of the causes for the creation, in 1981, of a two-tier official currency valuation system--namely, 70 P.T. per U.S. dollar for Central Bank transactions and 84 P.T. for commercial bank transactions. Since June 1980, the government has taken several measures to reduce this differential, the most significant of these being the abolition of Decree 600, thus permitting customs duties previously payable only in foreign currency to be paid in Egyptian pounds. Subsequently, payment in pounds was also permitted for deposits on certain letters of credit.

By October 1981, the own exchange market rate was in excess of U.S. $ = L.E. 0.90.

Availability of Foreign Exchange

Foreign exchange control is administered by the Committee for Foreign Exchange, a department of the Ministry of the Economy. The ministry "authorizes" various banks to buy and sell foreign exchange at the unified exchange rate.

Each transaction must be approved as being consistent with the exchange control regulations. Each must also conform to annual foreign exchange allocations to government and public sector entities that are established by the Ministry of Economy.

Public sector companies and government authorities have been the principal beneficiaries of the unified exchange rate. These entities have not been allowed to deal with the own exchange market. On the other hand, private manufacturing and trading companies generally do not have access to foreign currency at the unified exchange rate.

As the own exchange market evolved under Law 97 of 1976, individuals became entitled to retain all foreign exchange earnings from transactions other than tourism and the export of goods. They were also allowed to undertake any foreign exchange transactions (including inward and outward transfers), provided these were carried out through registered banks.

The availability of these funds has been critical to the growth of finished goods imports by private sector traders. These funds have also been essential to purchases of raw materials by private manufacturing companies. Egypt's Law 156 of 1981 (dated October 1981) will give certain public sector companies access to the own exchange market.

Local Currency Accounts

Local currency accounts can be maintained only in banks 51 percent or more of which are Egyptian-owned.

Ordinary current and time deposit accounts may be opened in the name of any individual or company, Egyptian or foreign, to cover local expenses. For foreigners, such accounts can be funded either through the sale of goods or services paid for in Egyptian pounds or through the conversion of foreign currency into Egyptian pounds.

For Egyptians, these accounts can be freely funded from any source.

Foreign Currency Accounts

The various types of foreign currency accounts that may be maintained in banks with commercial operations in Egypt are outlined briefly below. Because the regulations governing these accounts may change, it is essential that any individual or company interested in opening a foreign currency account seek legal counsel and the opinion of an expert on foreign exchange.

"Free" Accounts

As the term implies, "free" accounts in foreign currency permit individuals and companies (except for government and public sector entities) of all nationalities to hold and utilize funds without restriction. Account holders are free to transfer these funds abroad.

Usually, free accounts can be funded only by means of transfers and checks in foreign currency from overseas sources or transfers and checks drawn on other free accounts held in Egypt. Foreign currency proceeds from exports or tourism may not be used to fund free accounts. Cash deposits may be made into the account if accompanied by a customs declaration.

Law 43 Corporate Accounts

The establishment and operation of Law 43 Joint Venture and Free Zone corporate bank accounts is covered by separate legislation. Before the legal establishment of a joint venture or free zone company, an "under formation" account must be opened with an Egyptian bank registered with the Central Bank of Egypt. This account receives the entity's subscribed share capital. Only one account is required if the subscribed capital is in foreign currency; a second account is required if part of the subscribed capital is in Egyptian pounds. Such accounts bear the proposed legal title of the company followed by the caption "under formation," and are "blocked accounts."

On receipt of the subscribed capital, the bank issues a certificate to the Investment Authority confirming that a subscribed capital payment has been received and is being held in an "under formation" account. This certificate is required as part of the process of establishing the company. Only after the company has been established can funds held in the "under formation" account be released.

Upon the establishment of the company, "capital" accounts are set up, in both currencies if required, to receive the subscribed capital as well as any loans that are being used to finance the investment costs of the project. Disbursements may be made from these accounts to cover the costs of plant, building, machinery, and working capital requirements.

"Operating accounts" are also established in both foreign and local currency. The foreign currency "operating accounts" are funded by revenues from export sales and foreign currency purchased through the own exchange market. Disbursement from these accounts can be used to pay for raw materials and spare parts purchased overseas, installments of principal and interest due on loans, and profits of the venture transferred abroad as approved by the Investment Authority.

Local currency "operating accounts" are used to receive sales revenues. The major disbursements from these accounts are for purchases of foreign currency through the own exchange market, purchases of locally sourced raw materials, and the payment of wages.

5. AGRICULTURE

Agriculture contributes about 25 percent of GDP to the Egyptian economy. Through exports of raw cotton and produce, it plays a major role in the economy as an earner of foreign exchange. It also provides the foundation of several major industries, such as textiles and food processing. Nevertheless, the agricultural sector of the Egyptian economy has grown slowly, and it is subject to severe pressures from population growth. Once a net exporter of food, Egypt now must import between 40-45 percent of its food requirements.

Resources

Population

In 1970, the population of Egypt was 45 percent urban and 55 percent rural. These proportions are now reversed. The implications for agriculture of this reversal are fairly serious, for despite the increasing population, agricultural labor is not always in abundant supply.

Land

Roughly 96 percent of Egypt is desert. Its primary land resources are located in the small area along the Nile Valley and Delta. Here water for irrigation is readily available, and the soil is fertile.
However, the very availability of water has led to over-

irrigation, which, when combined with inadequate drainage, has caused waterlogging, salinity, and alkalinity.

In the past, the government has attempted to increase production through extremely ambitious land reclamation projects and government-sponsored resettlement programs--costly approaches that have not been effective. Sixty-six percent of the over 900,000 acres reclaimed since 1952 have either reverted to wasteland or proven marginal.

The emphasis now, therefore, is on achieving higher productivity in existing cultivated areas, particularly in areas producing wheat, barley, maize, and legumes. Greater efforts also are being made to improve drainage, crop rotation, and extension services.

In addition, the government's role in agriculture is being refocused. Although it remains responsible for major canals, irrigation, drainage, and the reclamation of unpopulated desert land, it is strongly encouraging the private sector and foreign companies, cooperatives, and joint ventures to lease or buy reclaimed land and further develop production in populated areas.

Production

Government supervision of agriculture has been extensive in Egypt. It includes determining the type and timing of crops, and even nominally private enterprise has been subject to price controls, import allocations, and production controls.

International trade in all major agricultural commodities also is government-controlled: the Ministry of Supply controls all basic food imports, and the major state trading companies are the exclusive exporters of the country's cash crops.

The sectoral surveys on Egyptian agriculture which are being prepared for the Investment Authority provide detailed information on current activity and potential development in three major areas of Egyptian agriculture. These are:

- The Processing and Distribution of Food Crops
- The Production and Processing of Livestock, Poultry, and Fish Products
- Integrated Agribusiness

6. INDUSTRY AND TOURISM

Egypt's industrial output is increasing very rapidly. It now contributes about 15 percent to GDP and is considered the key to the country's development. Real industrial output has been increasing by over 10 percent per annum.

Egypt's rapid industrial growth has accelerated demand and stimulated the rest of the economy. Most industrial expansion has been in import substitutions, but this has not improved the country's overall balance-of-payments position inasmuch as the demand for imports in other areas has been stimulated simultaneously.

The Structure of the Industrial Sector

Virtually all large industrial factories were nationalized in the early 1960s. The public sector companies established at that time now report to the Ministry of Industry and coordinate their activities through High Sectorial Councils, each of which has a Technical Secretariat. Investment and expansion decisions are made at the ministerial level through the Government Organization for Industrialization (GOFI).

Private sector and joint venture enterprises have multiplied rapidly since 1974. Today, as shown in the following table, the leading industrial sectors of the

Egyptian economy are textiles, food processing, metallurgy, chemicals, and engineering industries.

ESTIMATED INDUSTRIAL OUTPUT, 1980
(L.E. millions)

Sector	Value Added
Textiles and apparel	439.3
Food processing	279.7
Metallurgy	277.2
Chemicals, leather, and rubber	199.2
Engineering industries	180.1
Wood and paper	101.9
Other	93.7
Mining	44.9
Total	1,616.0

Source: Ministry of Planning.

Individual surveys on important segments of these industries have been prepared for the Investment Authority. They are as follows:

Food Processing

- o The Processing and Distribution of Food Crops
- o The Production and Processing of Livestock, Poultry, and Fish Products

Chemicals

- Non-Food Chemical Process Industries
- Health Care Products and Supplies

Engineering Industries

- Non-Electrical Machinery and Equipment
- Electrical and Electronic Machinery and Equipment
- Automotive Components

Textiles

Historically, textiles have accounted for about 30 percent of Egypt's total industrial output. The spinning and weaving industries have been monopolized by the public sector since the early 1960s. Smaller private sector companies play a greater role in the production of finished goods and apparel.

Textile manufacture has attracted foreign investment on a large scale. Among the more notable undertakings are a major building program at the National Spinning and Weaving Company, funded by a $69-million World Bank loan; U.S. AID rehabilitation programs; and several joint ventures for large integrated mill projects and clothing manufacture.

Minerals and Metals

Among Egypt's mining and metals industries, the most important are phosphates, iron, and steel. Aluminum also is performing well.

Phosphates

Phosphates are produced and exported from operations in Esna, Upper Egypt. In 1980, an estimated L.E. 3 million in revenues were anticipated from the export of phosphates. Consideration is being given to the development of sites in Qena and in El Samedan (Eastern Desert) as well as to a project to develop a billion tons of phosphate ore in the Western Desert.

Iron and Steel

Egypt's considerable reserves of iron ore are estimated at 136 million tons. Iron and steel (rolled stock, billets, sheets, sections, wire, nails, etc.) play an important role in the country's industrial development, and a major effort is underway to increase, particularly, the production of steel.

The Egyptian Iron and Steel Company (HADISOLB) at Helwan runs the country's major steel plant. Over L.E. 500 million are being invested in this facility in an attempt to upgrade the production of pig iron and liquid steel and to increase production to its capacity of over 1.5 million tons.

A new steel rolling mill with a designed capacity of 750,000 tons is planned for Sadat City, and an integrated steel mill is to be completed at Dikheila, near Alexandria, in 1984. The latter project, which is expected to cost over $500 million, will be owned by the Egyptian government with participation by a Japanese consortium.

Aluminum

The cornerstone of Egypt's aluminum industry is the Nag Hammadi complex, which realized sales of $143 million in 1979. This plant, with a designed capacity of 100,000 tons, is being expanded to produce an additional 66,000 tons of aluminum alloy.

Joint ventures in the aluminum industry include the Arab Aluminum Company (Egypt, Kuwait, and the United States) and a project of Reynolds Aluminum and ICON, formerly Arab Contractors Employees Company.

Petroleum

Usually treated separately from the various industrial sectors, the petroleum sector, which is growing remarkably fast, has great potential and is one of the brightest spots on Egypt's economic horizon. As noted earlier, the petroleum industry has already had a major impact on the country's balance-of-payments position. As a result of both price and volume increases, export revenues rose from $1.8 billion in 1979 to $2.5 billion in 1980.

Proven recoverable reserves are estimated at about

4.3 billion barrels. In 1980, under the direction of the Egyptian General Petroleum Corporation (EGPC), production of crude oil reached 30 million tons. More than 80 percent of this production comes from the Gulf of Suez. Output by 1982 or 1983 is ambitiously projected to grow to some 50 million tons--about 350 million barrels, or 1 million barrels per day. L.E. 800 million have been allocated for investment in this sector between 1980-1984.

Unlike other areas of Egypt's economy, petroleum investments are not regulated by Law 43. In this sector, foreign investment is governed by individual concession agreements concluded between foreign companies and the EGPC.

Between 1973 and 1980, 79 such agreements were made (24 of them in 1980 alone), with a total commitment of $1.5 billion in exploration expenditure. These agreements also serve as umbrellas for contractors and subcontractors, who are eligible for all formal privileges of the concession, including

- o special tax treatment
- o arbitration of disputes
- o duty-free entry of machinery, equipment, vehicles, supplies, consumables, and movable property

Egypt's major petroleum fields are run by GUPCO, a joint venture between EGPC and Amoco. GUPCO, which accounts for about 80 percent of total production, takes some 475,000 barrels per day from the Gulf of Suez and 16,000 barrels per day from the Western Desert.

Among EGPC's joint ventures with other companies are the Suez Oil Company (SUCO), which it has formed in a 50-50 partnership with a consortium led by Deminex, and a joint venture in the Western Desert with Philips (WEPCO).

Foreign investment in petroleum generally takes the form of a production-sharing agreement in which the foreign company receives 40 percent of oil produced as cost recovery. After this, production is split 80 percent/20 percent between EGPC and the foreign partner. These percentages have differed in certain agreements on the basis of case-by-case negotiations. In the case of exploration and development of the Western Desert, additional incentive is offered to foreign participation by changing the ratio to 75 percent/25 percent.

Egypt also receives significant foreign currency earnings--approximately $70 million in 1978--from the Suez Mediterranean (Sumed) Pipeline, which runs from Ain Sukhna on the Gulf of Suez to Sidi Kreir, west of Alexandria.

Gas

To offset the natural decline in oil production and provide for the increasing consumption of fuel required by the country's economic development, Egypt is concentrating special attention on the production of gas.

Egypt's proven gas reserves are estimated at nearly 5.5 trillion cubic feet. Current gas production is approaching 300 million cubic feet per day. To encourage the use of gas rather than crude oil whenever possible, a large pipeline is now being laid between the Gulf of Suez and Suez City. Liquid petroleum gases will be extracted for domestic use, and associated gas will be used for industrial purposes. Because butane gas is a government-subsidized commodity, replacing imported butane with domestically produced LPG is expected to have a highly beneficial impact on the national budget.

Tourism

Tourism is one of Egypt's major earners of foreign exchange. The country's extraordinary combination of historical interest, geographical location, and mild climate have spurred the rapid expansion of this sector, which today has an annual growth rate of 25 percent.

Until recently, Egypt's tourist industry has been limited only by the lack of sufficient hotel accommodations. Hotel occupancy rates have ranged over 90 percent. However, almost 3,000 new rooms were added in

1980, and revenues jumped from L.E. 156 million in 1976 to L.E. 780 million in 1980, when the country was visited by over one million tourists.

The Ministry of Tourism is responsible for the development of this sector. Its principal operating agency, the Egyptian Company for Tourism and Hotels (EGOTH), owns and operates many leading hotels, participates as a partner in others, and maintains standards for the entire industry.

Government investments of L.E. 500 million are planned for the tourist industry between 1980-1984. Tourism is an attractive area for foreign investment, and the government provides many incentives towards this end--among them, the "Tourist Law," which provides a five-year tax holiday for certain hotel and tourist establishments designated by the Ministry of Tourism.

7. PUBLIC SERVICES

Housing

The current Five-Year Plan allocates a total of nearly L.E. 4.7 billion to the construction and housing sector. Of this amount, L.E. 2.9 billion comes from the public sector and L.E. 1.8 billion from the private sector.

Egypt's housing shortage, which amounts to some 1.5 million units, is acute. By the end of 1984, the government plans to build 615,000 units. In 1980, in its L.E. 245-million appropriation for infrastructure, Cairo alone provided for the building of 22,500 new homes.

As noted earlier, the government is attempting to delay the urbanization of further arable land and divert the increasing population from already congested cities by establishing new developments elsewhere. Major foci of the housing program are the Suez Canal area, the central zones of the Western and Eastern deserts, the Sinai peninsula, and the "satellite" desert cities around Cairo and Alexandria.

To encourage more foreign investment in housing and construction and strengthen moves to mechanize the industry, Egypt has liberalized its investment regulations. Thus, 1977 amendments to Law 43 permit approved projects in additional areas as well as the establishment of joint venture companies for construction contracting. Such companies require no less than 50 percent Egyptian capital.

Building materials industries--including cement, glass, brick, porcelain, lime, and gypsum--also are being given substantial encouragement. Despite the fact that cement output, for example, has increased (by 23 percent, to 3.7 million tons), it still cannot keep up with demand (six million tons). To help meet demand, innovative plans for a number of new cement plants therefore are now underway.

A notable venture in this area is the Suez Cement Company, which was established to build two cement plants under Law 43, with major assistance from U.S. AID. New facilities are also projected for Qattemaya and Sadat City, and investments of $100 million were planned in 1981.

Egypt is also building brick works; gypsum-processing facilities; ceramics plants; and other, related facilities such as a sheet glass plant in Tenth of Ramadan City. This Law 43 venture is also to receive funds from U.S. AID under its Private Investment Encouragement Fund.

A detailed survey on construction materials, components, and systems has been prepared for the Investment Authority.

Transport and Communications

The transportation and communications sector is to receive 15 percent of allocations under the Five-Year Plan, an investment of over L.E. 3.6 billion.

Roads

Egypt's road network of about 28,000 kilometers covers the Delta area and the coastline of the Red Sea. As it is upgraded and extended, special emphasis will be given to the links between the major cities and the new satellite towns. A number of highways (between Cairo, Port Said, and Ismailia, for example) are planned, and construction has started on a number of major tunnels.

Railroads

As for railroads, total track, with major links from Alexandria to Aswan and to the Libyan border and the Suez Canal, amounts to about 7,000 kilometers. Railroads carry about 50 percent of all freight and 30 percent of all passengers in Egypt. However, despite its importance, much of Egypt's rail system is in need of rehabilitation and new equipment. Over L.E. 140 million have been allocated for this purpose.

Waterways

Inland navigation, another important facet of Egypt's transportation network, is comprised of the 1,600-kilometer

Nile River system and another 1,600 kilometers of navigable canals.

Telecommunications

Egypt is making enormous investments in developing telecommunications systems. A major contract, worth $1.8 billion, for the development of the national network has been awarded to Siemens West Germany, Siemens Austria, and Thomson CSF (France). The governments of all three countries are expected to aid in financing a five-year project which calls for the installation of 500,000 new telephone lines and the rehabilitation of another 250,000 existing lines.

This program is of the utmost importance inasmuch as the country's telecommunications system is vastly overburdened. Interruptions in domestic service are not infrequent, and although the National Telecommunications Organization (ARENTO) can install about 10,000 new lines annually, waiting lists for telephones number in the hundreds of thousands.

In contrast, Egypt's international communications system, particularly telex, is relatively good.

Power

Energy is in good supply in Egypt. Two large hydroelectric stations (Aswan and Aswan High Dam) provide

50 percent of installed capacity and about 60 percent of the country's 16.5 billion KWH power output. By 1980, installed capacity amounted to 4,600 MW--a ten-fold increase over the 400 MW figure of 1952.

Thermal capacity of 2,250 MW is provided by ten thermal plants and five gas turbine plants. The current Five-Year Plan places great emphasis on the development of thermal power and projects a doubling of installed thermal capacity by 1984.

A number of new gas turbine and thermal plants are being constructed, and a rural electrification program to link 2,000 villages also is underway. It is estimated that, by the end of 1981, 900 villages received new or rehabilitated lines. Equipment also will be installed in satellite towns and in 34 cities. U.S. AID and the World Bank are involved in several of these programs.

There is a major project also to upgrade the Aswan station, add a 300 MW generator to the Shubra el Khaima thermal station, and add 7,000 kilometers of lines to Egypt's power infrastructure. But despite these improvements, over the next 20 years power output may have to be trebled to meet projected demand. The Egyptian government therefore is negotiating with the U.S., French, and German governments to construct between eight and ten nuclear power plants with a total capacity of 9,600 MW.

8. EGYPT'S INVESTMENT ENVIRONMENT

The "Open Door" Policy

The passage in 1974 of Law 43 ("Concerning the Investment of Arab and Foreign Funds and the Free Zones") heralded the beginning of a new chapter in Egypt's economic history.

With the understanding that foreign and private investment would have a profoundly beneficial effect on the nation's economy, Law 43 was adopted to encourage the transfer of Western technology and know-now to joint ventures with Egyptian capital. Although the law allowed in very exceptional cases for full foreign ownership, its full benefits originally were extended to Egyptian capital (i.e., Egyptian pounds) only when such capital was joined with foreign capital.

Under the amendments introduced by Law 32 (1977), projects established entirely with Egyptian capital now enjoy some privileges under specific articles. Subject to the approval of the Investment Authority, Law 43 can also apply to certain companies established before 1974 and subsequently expanded through an increase in equity shares.

Benefits under Law 43

Under certain conditions and with Investment Authority approval, Law 43 offers a broad array of benefits to prospective investors:

- specific regulations regarding the repatriation of profits
- repatriation of capital five years after its importation
- allowance to sell shares of a venture for foreign currency which can be repatriated immediately
- tax holidays for five years, with possibilities of extension
- the right to purchase foreign currencies in the own exchange market
- freedom from local taxes for free zones projects (except V.A.T.)
- freedom from duties on goods transported between free zones and foreign countries
- exemption from government regulations on labor participation in management, profit-sharing, and board composition
- expatriate wage repatriation of up to 50 percent of gross earnings
- customs exemptions or deferment for all or part of the capital assets of a

project (by presidential decree, on the recommendation of the Authority)

The General Authority for Investment and Free Zones

Since Law 43 was passed, outside of the petroleum sector, most foreign investment in Egypt has been made under the provisions of this legislation, which is administered by the Investment and Free Zones Authority. Well over 1,200 companies have been established, and it is estimated that, in 1980, approximately $1.1 billion in private foreign investment entered the country.

Although all kinds of foreign investment are encouraged, priority is given to projects with

- o foreign exchange earnings potential (exports, for example, or tourism)
- o foreign exchange savings potential (import substitution, for example)
- o advanced technology and product innovation

Under Law 43, foreign investors can undertake either "inland" projects or "free zones" projects. Although the former usually require the participation of Egyptian investors, the latter do not. All projects under Law 43 are considered private sector projects even though they include public sector equity. In fact, even if public sector participation is close to 100 percent, if any private sector equity is involved, a project is considered private. Because of the many advantages of Law 43, public sector companies have significant incentives to expand or to develop new projects as Law 43 joint ventures with private investors, both local and foreign.

The "New Economic Policy"

Shortly after the inception of Law 43, it became apparent that prospective investors, who frequently attempted to do business without expert advice, perceived a number of difficulties: bureaucratic delays in obtaining final government approval for a project, questions regarding the interpretation of customs regulations and lengthy clearing processes with customs, complicated tax interpretations and procedures, conflicts with public sector industries concerning market shares and pricing policies, difficulties determining site location, and conflicts over the provision of infrastructural services to projects.

To address these problems, a number of corrective measures have been taken. First, in June 1977, the People's Assembly amended Law 43 with Law 32. This amendment expanded the areas of activity for joint ventures, added new exemptions from the Companies Law, extended some of the benefits of Law 43 to enterprises utilizing Egyptian capital exclusively (whether or not in joint ventures), and established a single exchange rate (the unified exchange rate) for inflows and outflows of foreign currency.

Second, by Decree 375 of 1977, the Minister of the Economy, who serves as Chairman of the Investment Authority, stipulated that:

- o The Authority must submit its report on the application of a prospective foreign investor within two months after the completion of the application.
- o A project would be considered approved by any technically competent agency that failed to reply one month after the Authority's request for an opinion.

The Decree also clarifies the rules concerning transfer of profits and foreign currency accounts.

The Authority itself also has taken a number of steps to dispel confusion among investors. These include a simplification of the approval process so that applications can be processed by the Authority in conjunction with relevant government agencies and submitted for approval to the Authority's board.

Further, the Authority has set up offices at many of the agencies concerned with documentation (the General Notary and Commercial Registry, for example).

Since the institution of these economic reforms in mid-1980, the Egyptian government's intensive encouragement of private investment and its reduction of bureaucratic and regulatory obstacles to such investment has been referred to as Egypt's "New Economic Policy."

Considering a Joint Venture

Generally speaking, it is obviously extremely important to know in detail the government's role in the industry in which investment is being considered. The government often provides Egyptian companies (public and private) with subsidized inputs to which the Law 43 joint-venture company may not be entitled. These include electricity, fuel, and water as well as principal raw materials. The government may also directly or indirectly influence the prices that can be charged for the company's output as well as where or how the product can be marketed.

It may not always be appropriate to organize a joint venture under the terms of Law 43. For example, the New Companies Law (Law 159 of 1981) and the Law of New Communities may be more appropriate in certain cases. On the other hand, the Law 43 company has many advantages with regard to taxes, labor regulations, and other matters, as noted earlier in this chapter.

In any event, before deciding to invest in Egypt, the U.S. company should examine carefully the alternatives open to it.

A company considering a joint venture in Egypt must also be prepared to specify in a written proposal the terms necessary to make the investment attractive. These terms may include guarantees with regard to price, quantity, and quality of raw materials; availability and prices of utilities, land, and infrastructure; marketing terms, including prices of products and quantities to be purchased by government organizations and companies; sales and price policy in the open market in Egypt; import and export terms and constraints. A firm proposal covering these and other matters is of particular importance in food industries inasmuch as the government plays such an important role in that sector.

Aids to Private U.S. Investment

In addition to the new economic legislation, U.S. investment in Egypt has been facilitated by the Egypt-U.S. Business Council and U.S. AID.

The Egypt-U.S. Business Council was established in 1974 to provide a forum for business and government leaders to discuss and resolve problems of bilateral business cooperation. The Council, which has its U.S. headquarters at the Chamber of Commerce in Washington, D.C., has identified bureaucratic and other obstacles to U.S. investment in Egypt and has encouraged official efforts to remove them.

In addition, an office has recently been established in Cairo to assist U.S. firms in project analysis, approval, and implementation.

Among the most recent U.S. AID projects that have been designed to assist prospective foreign investors are:

- o an Investment Information Center to be established within the Investment Authority that will provide reliable information on economic, financial, and legal questions to private companies studying or implementing new investment projects
- o a Private Investment Encouragement Fund that provides concessionary dollar financing for private sector investment projects involving U.S. equipment
- o a Private Sector Feasibility Studies project that (a) will help the Investment Authority to identify investment opportunities for U.S. companies in ten sectors of the Egyptian economy, and (b) will provide direct reimbursement to these companies for part of the cost of making initial reconnaissance visits to Egypt and of doing full-scale feasibility studies

Examples of Private U.S. Investment

The following table lists examples of U.S. investment projects established in Egypt since 1977.

EXAMPLES OF U.S. INDUSTRIAL
INVESTMENT PROJECTS UNDER LAW 43

Sector	Number of Projects	Selected U.S. Companies
Agriculture and food processing	6	International Multi Foods, Warner Lambert
Oil and gas field services	6	J. Ray McDermott, McEvoy, Texas Instruments, Tri-State Oil Tools, Schlumberger
Chemicals and pharmaceuticals	7	Colgate Palmolive, Johnson Wax, Squibb, Union Carbide
Engineering, mechanical, and metallurgy	17	Ford, Otis Elevator, Xerox, Reynolds Metals, General Motors
Other manufacturing	11	Gillette, Warner Lambert
Construction and contracting	5	Brown and Root, Raymond International, Sam P. Wallace
Other services	26	Carrier International, Dynavision, I.B.M., N.C.R., Parsons Brinckerhoff
Total	78	

9. REGULATION OF FOREIGN INVESTMENT

Inland Investments under Law 43

For the most part, projects approved under Law 43 are joint ventures in participation with public or private Egyptian capital. Law 43 makes distinctions between foreign, Arab, and Egyptian capital, opening some fields to joint ventures only by the latter two (commercial housing projects, for example). On the other hand, some fields (such as industries with high technology) do not require Egyptian capital to enjoy the benefits of the law. Solely Egyptian projects in any business sector may enjoy limited benefits under Law 43.

The law contains provisions prohibiting nationalization and confiscation of projects or seizure of their assets. It extends very liberal benefits to projects such as those as listed above, and it classifies projects as being in the private sector, thus removing them from the regulations applicable to public sector companies.

Egypt is a signatory of the International Convention for the Settlement of Investment Disputes, and the right to arbitration of commercial disputes with the government is recognized by law

Since 1973, Egypt and the United States have had an investment guarantee agreement that provides for political risk insurance for U.S. private investment in Egypt. This is administered through the Overseas Private Investment Corporation (OPIC). In addition, a bilateral investment treaty is being negotiated between the two countries.

<u>Repatriation of Capital</u>

As amended by Law 32 of 1977, Law 43 provides that invested capital and profits are to be transferred abroad at "the highest rate prevailing and declared for freely convertible foreign currency by the competent Egyptian Authorities." Invested capital can be repatriated with the approval of the Investment Authority in five equal annual installments five years after it has been imported.

The application of this rule is flexible, and permits variation from the stipulations of five years, annual installments, and even Investment Authority approval. Thus, capital can be immediately repatriated-before five years have elapsed if

- o there is sufficient foreign currency in the foreign currency account
- o shares are sold for foreign currency
- o or, in exceptional cases, shares are accepted by the Investment Authority

In the first and second cases, capital is exempted from the five-year period before repatriation and from the five annual installments requirement. In the third case, only the five-year waiting period is waived, and repatriation takes place in annual installments.

Repatriation of Profits

The Investment Authority is most favorable to projects that maximize export earnings. However, even projects that do not generate foreign exchange can purchase their foreign currency requirements from the "own exchange market." (The buyer and seller negotiate the deal. After the terms are agreed upon, the execution of the transaction must take place over accounts with an accredited bank.) Prior to the enactment of Law 43, foreign currency could be obtained only by exporting or through sales in foreign currency to the local market. By enabling projects to purchase foreign exchange required for repatriation of profits, Law 43 greatly facilitates such repatriation.

Projects that are not export-oriented but that "limit the country's needs for imports" can transfer their net profits, in whole or in part, within the limits approved by the Authority and subject to currency regulations. Net revenue on housing paid in freely convertible foreign currency is transferable in full. Different percentages are allowed for other rentals, depending upon the type of housing project.

Forms of Investment

Although, under Law 43, the joint venture is usually the required form of organization, there are exceptions: projects, for example, that are established entirely with Egyptian capital and owned by Egyptian nationals, or projects established entirely with foreign capital and owned by foreign nationals.

In special cases, and only on the approval of two-thirds of the Investment Authority board, Egypt permits full foreign ownership of a project. Law 43 provides that the "investment of Arab and foreign capital in the Arab Republic of Egypt shall be for the purpose of realizing objectives of economic and social development. E.R. Squibb's sophisticated pharmaceutical production facility is an example of this type of venture.

Joint ventures may take a number of forms. These include joint stock companies, limited liability companies, partnerships limited by shares, and limited or simple partnerships. Some additional requirements apply to certain types of projects. For example, banks can engage in local currency transactions only if they are joint stock companies with a minimum of 51 percent Egyptian capital, and joint ventures in construction contracting must be joint stock companies with a minimum of 50 percent Egyptian participation.

Investment in the Free Zones

The concept of the free zones capitalizes upon Egypt's central geographical location in the Middle East and encourages the use of the country as an export platform to the surrounding region as well as to Europe.

Though physically located in Egypt (in Cairo, Alexandria, Port Said, and Suez), for legal purposes the free zones are regarded as being outside the country. As such, the free zones are used to conduct four categories of activities:

- <u>Storage and warehousing</u>. The most popular type of business in the free zones so far, these establishments include facilities for the storage of goods in transit through Egypt, local goods destined for export, and foreign goods arriving in Egypt.
- <u>Mixing and repacking</u>. This business includes facilities for sorting, cleaning, mixing, blending, and repacking, and for similar operations

that adapt goods warehoused in the free zones to trade requirements.

- **Assembly and manufacturing for export.** These facilities are engaged in the assembly of machinery or equipment with mounting, processing, renewing, or similar operations designed to capitalize on the location of Egypt and the free zones to re-export or otherwise service markets outside Egypt.
- **Service.** These facilities provide ancillary operations and services to firms located in the free zones.

Benefits of the Free Zones

Among the various benefits of doing business in free zones are the following:

- Goods entering or leaving free zones, and instruments, equipment, machinery, and transportation equipment needed by authorized establishments are exempted from usual customs procedures, taxes, and duties. Local goods entering free zones are subject to export formalities and other taxes unless permitted temporary entry for repair or complementary operations, in which case a customs tax is payable in respect of the repair or other operations. Goods withdrawn from the free zones for local consumption are subject to local customs and other import regulations (as though they were imported), with allowance made for whatever portion of such goods contains local material.

- Free zone projects, and dividends thereof, are exempt from all Egyptian taxes, paying only an annual duty not exceeding 1 percent of the value of goods entering or leaving the zone for account of the project (or, if no such activity is conducted by the project, an annual duty not exceeding 3 percent of the project's annual value added).
- Compensation and other payments to foreign employees of free zone projects are exempt from the general tax on income.

- The guarantee of Law 43 against nationalization of projects and against confiscation of assets, and so forth, except through judicial procedure, is extended to free zone projects.
- Free zone transactions, including those with other countries, are exempt from Egyptian exchange control.

10. TAXATION

Taxation of Corporations under Law 43

Projects under Law 43 are generally eligible for tax holidays of five years and, in exceptional cases, of holidays up to 15 years. Corporate taxation is regulated by Article 16, "without prejudice to more favorable tax exceptions provided for in any other law." Because corporate taxes can typically be as high as 40 percent, savings under Law 43 are significant.

For five years, projects are exempted from tax on commercial and industrial profits. Distributed profits are exempted from the tax on revenues from moveable capital and "as the case may be," from tax on commercial and industrial profits and other taxes. The law also provides for a five-year exemption for "proceeds of... profits which are reinvested in the enterprise." Special reserves that are debited to the distribution account and allocated to consolidate the company's financial position profits earned during the tax holidays are exempt from taxes even if distributed after the expiration of the holiday.

These exemptions apply for five years from the first fiscal year subsequent to "commencement of engagement in activities," or for five years after reinvestment. Projects relating to (1) reconstruction, (2) new cities outside the agricultural area or the perimeters of existing cities, (3) land reclamation, and (4) projects of special importance to the national economy are eligible for tax holiday of eight, ten, or even 15 years (the last by presidential decree).

Even after the expiration of tax exemption periods, profits distributed by a project are exempted from general income tax up to a maximum of 5 percent of the original amount of the taxpayer's share in the invested capital. Also exempted from "all taxes and dues" is interest due on loans in foreign currency concluded by the project (even if in the form of a deposit).

The law also provides for the possibility of relief (exemptions and deferments) from customs duties for "all capital assets and imported construction material and components necessary for founding projects." However, if such exempted assets are disposed of within five years, all taxes previously due are paid.

Personal Taxation under Law 43

Exemptions from taxation of profits under Article 16 of Law 43 (see Appendix) also pertain to those profits after their distribution--that is, when they constitute personal income. Such exempted profits are not subject to the "general tax on income," which is the annual tax levied on all personal income.

Under Egypt's general tax law (not Law 43), foreign employees working in Egypt for less than six months in any one year are only subject to a flat tax rate of 10 percent, and accommodations provided to such employees are tax-free.

Foreign employees of projects under Law 43 are permitted to remit 50 percent of their gross earnings. Payments subject to the Employee Earnings Tax are exempt from the general tax on personal income. For tax purposes, foreign employees are not generally considered residents. Residents are taxed on both domestic and foreign incomes.

The Egypt-U.S. Double Taxation Treaty

On August 24, 1980, Egypt and the United States signed a convention on "Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income," which was ratified by the People's Assembly of Egypt and the U.S. Congress in 1981.

Excerpts from the principal Articles of the Convention covering taxation of corporate and personal income are presented below. The following Articles also appear in the Convention:

Source of Income (Article 4), Income from Real Property (Article 7), Shipping and Air Transport (Article 9), Capital Gains (Article 14), Independent and Dependent Personal Services (Articles 15 and 16), Government Employees, Teachers, Students and Trainees (Articles 21, 22, 23), Investment of Holding Companies (Article 24), among others.

Egypt-U.S. Double Taxation Treaty: Selected Articles

The Government of the United States of America and the Government of the Arab Republic of Egypt, desiring to conclude a convention for the avoidance of double taxation of income, the prevention of fiscal evasion with respect to taxes on income, and the elimination of obstacles to international trade and investment, have agreed as follows:

Article 1 (Excerpts)

Taxes Covered

(1) The taxes which are the subject of this Convention are:

a. In the case of the United States, the Federal income taxes imposed by the Internal Revenue Code but excluding the accumulated earnings tax and the personal holding company tax, and
b. In the case of Egypt:
   1. Tax on income derived from immovable property (including the land tax, the building tax, and the ghaffir tax);
   2. Tax on income from movable capital;
   3. Tax on commercial and industrial profits,
   4. Tax on wages, salaries, indemnities, and pensions;
   5. Tax on profits from liberal professions and all other non-commercial professions,
   6. General income tax;
   7. Defense tax;
   8. National Security tax,
   9. War tax and
   10. Supplementary taxes imposed as a percentage of taxes mentioned above.

Article 2 (Excerpts)

General Definitions

a. The term "Contracting State" means the United States or Egypt, as the context requires.
b. The term "State" means any national State, whether or not one of the Contracting States
c. The term "person" includes an individual, a partnership, a corporation, an estate, or a trust.

Article 3 (Excerpts)

Fiscal Residence

In this Convention:

a. The term "resident of Egypt" means.
   1. an Egyptian corporation, and
   2. Any other person (except a corporation or an entity treated under Egyptian law as a corporation) resident in Egypt for purposes of Egyptian tax...

Article 5 (Excerpts)

Permanent Establishment

1. For the purpose of this Convention, the term "permanent establishment" means a fixed place of business through which a resident of one of the Contracting States engages in industrial or commercial activity.
2. The term "permanent establishment" includes but is not limited to
   a. A seat of management;
   b. A branch;
   c. An office;
   d. A factory;
   e. A workshop;
   f. A mine, quarry, or other place of extraction of natural resources; and
   g. The maintenance of a building site or construction or installation project which exists for more than 6 months.
3. Notwithstanding paragraphs (1) and (2), a permanent establishment shall not include a fixed place of business used only for one or more of the following [a list follows of activities].

Article 8 (Excerpts)

Business Profits

1. Industrial or commercial profits of a resident of one of the Contracting States shall be exempt from tax by the other Contracting State unless the resident has a permanent establishment in that other Contracting State. If the resident has a permanent establishment in that other Contracting State, tax may be imposed by that other Contracting State on the industrial or commer-

cial profits of the resident but only on so much of them as are attributable to the permanent establishment...

3. In the determination of the industrial or commercial profits of a permanent establishment, there shall be allowed as deductions expenses which are reasonably connected with such profits, including executive and general administrative expenses, whether incurred in the Contracting State in which the permanent establishment is situated or elsewhere...
5. The term "industrial or commercial profits" includes, but is not limited to, income derived from manufacturing, mercantile, banking, insurance, agricultural, fishing or mining activities, the operation of ships or aircraft, the furnishing of services, the rental of tangible personal (movable) property, and the rental or licensing of motion picture films or films or tapes used for radio or television broadcasting. Such term does not include the performance of personal services by an individual either as an employee or in an independent capacity.
6. For purposes of paragraph (1), industrial or commercial profits which are attributable to a permanent establishment include income from dividends, interest, royalties (as defined in paragraph (2) of Article 13 (Royalties), and capital gains and income derived from property and natural resources, but only if such income is effectively connected with the permanent establishment...

Article 11 (Excerpts)
Dividends

1. Dividends derived from sources within one of the Contracting States by a resident of the other Contracting State may be taxed by both Contracting States...
3. Dividends paid by an Egyptian Corporation to a resident of the United States shall in Egypt be subject (a) to the tax on income derived from movable capital, the defense tax, national security tax, war tax, the supplementary taxes on the foregoing, and substantially similar taxes enacted after the date of signature of this Convention (which taxes shall be deducted at source), provided that such dividends, if distributed out of the taxable profits of the same taxable year and not out of accumulated reserves or assets, shall be allowed as a deduction from the amount of the company's taxable income or profits subject to tax as industrial or commercial profits... The dividends payable to the United States corporation shall not be subject to any taxes other than those [so] described.
   [The above paragraph] shall not apply if such dividends are treated, under paragraph (6) of Article 8 (Business Profits), as industrial or commercial profits attributable to a permanent establishment which the recipient, a resident of one Contracting State, has in the other Contracting State. In such case the provisions of Article 8 shall apply...
6. Dividends deemed to be paid, according to the provisions of Egyptian taxation law, out of yearly profits by a permanent establishment maintained in Egypt by a United States corporation whose activities extend to countries other than Egypt shall in Egypt be treated in the manner provided by paragraph (3).

Article 12 (Excerpts)
Interest

1. Interest derived by a resident of one of the Contracting States from sources within the other Contracting State may be taxed by both Contracting States.
2. Interest derived by a resident of one of the Contracting States from sources within the other Contracting State shall not be taxed by the other Contracting State at a rate in excess of 15 percent of the gross amount of such interest.
3. Notwithstanding paragraphs (1) and

(2), interest beneficially derived by (a) one of the Contracting States, or by an instrumentality of that Contracting State, not subject to tax by that Contracting State on its income, or (b) a resident of such Contracting State with respect to loans made, guaranteed, or insured by that Contracting State or an instrumentality thereof, shall be exempt from tax by other Contracting State...
[The above paragraphs] shall not apply if the interest is treated, under paragraph (6) of Article 8 (Business Profits) as industrial or commercial profits attributable to a permanent establishment which the recipient, a resident of one Contracting State, has in the other Contracting State. In such a case, the provisions of Article 8 shall apply.

Article 13 (Excerpts)
Royalties

1. Royalties [as defined by the Treaty] derived by a resident of one of the Contracting States from sources within the other Contracting State may be taxed by both Contracting States. However, royalties shall not be taxed by the other Contracting State at a rate in excess of 15 percent of the gross amount of such royalty...
3. Paragraph 1. shall not apply if the recipient of the royalty, being a resident of one of the Contracting States, has in the other Contracting State a permanent establishment and the property or rights giving rise to the royalty is effectively connected with such permanent establishment. In such a case, the provisions of Article 8 (Business Profits) shall apply.

Article 25 (Excerpts)
Relief From Double Taxation

Double taxation of income shall be avoided in the following manner:

1. In accordance with the provisions and subject to the limitations of the law of the United States (as it may be amended from time to time without changing the general principle hereof), the United States shall allow to a citizen or resident of the United States as a credit against the United States tax the appropriate amount of taxes paid or accrued to Egypt and, in the case of a United States corporation owning at least 10 percent of the voting stock of an Egyptian corporation from which it receives dividends in any taxable year, shall allow credit for the appropriate amount of taxes paid or accrued to Egypt by the Egyptian corporation paying such dividends with respect to the profits out of which such dividends are paid. Such appropriate amount shall be based upon the amount of tax paid or accrued to Egypt, but the credit shall not exceed the limitations (for the purpose of limiting the credit to the United States tax on income from sources within Egypt or on income from sources outside of the United States) provided by United States law for the taxable year. For the purpose of applying the United States credit in relation to taxes paid or accrued to Egypt, the rules set forth in [the Double Taxation Treaty] shall be applied to determine the source of income. For purposes of applying the United States credit in relation to taxes paid or accrued to Egypt, the taxes referred to in paragraphs 1. b and 2. of Article 1 (Taxes Covered) shall be considered to be income taxes.

Article 31
Entry Into Force

This Convention shall be subject to ratification in accordance with the constitutional procedures of each Contracting State and instruments of ratification shall be exchanged at Washington as soon as possible. It shall enter into force 30 days after the date of exchange of instruments of ratification and shall then have effect for the first time:

a. As respects the rate of withholding tax, to amounts paid on or after the first day of the second month following the date on which this Convention enters into force.
b. As respects other taxes, to taxable years beginning on or after January 1 of the year following the date on which this Convention enters into force.

11. TRADING WITH EGYPT

The Context of Egypt's Foreign Trade

Egypt is a party to the GATT agreements of 1970. It also has a preferential trade agreement with the European Economic Community that provides for substantial tariff reductions on a wide variety of Egyptian exports to Europe.

In addition, Egypt is a member of the Arab Common Market. Although the Camp David agreements have somewhat reduced trade transactions between Egyptian and its Arab partners, these transactions traditionally have accounted for only 6.5 percent of Egypt's total trade.

Trade liberalization has changed Egypt's foreign trade picture over the last six years. Western Europe and the U.S. are now Egypt's major trading partners, buying 70 percent of its exports (versus 24 percent in 1973) and supplying 75 percent of its imports (versus 48 percent in 1973). The United States has granted Egypt most-favored-nation status.

The aggressive expansion of the private sector has, with the government's encouragement, extended to trade. For example:

- o Except for certain strategic (or security) commodities such as cotton, yarn, rice, and oil, the private sector can export anything.

- Except for war materiel and some two dozen "security" food commodities that would present a direct threat to locally produced goods, the private sector can import anything.

Nevertheless, the public sector, which accounts for some 75 percent of total foreign trade, is the country's major foreign trader.

Imports

Since 1973, Egypt's imports have grown steadily until, in 1980, they reached approximately $7.7 billion. The following table illustrates the value of the country's imports between 1974 and 1980.

VALUE OF EGYPTIAN IMPORTS, 1974-1980

Year	Value ($ millions)
1974	3,182
1975	4,304
1976	4,195
1977	4,502
1978	5,272
1979	6,670
1980	7,570

Sources: Central Bank of Egypt;
International Monetary Fund.

Total 1980 imports by country of origin are as follows:

TOTAL EGYPTIAN IMPORTS BY
COUNTRY OF ORIGIN, 1980

Country	Percentage of Imports
United States	19.6
France	13.7
West Germany	10.7
United Kingdom	8.4
Italy	6.9
Japan	6.8
Australia	4.8
Spain	2.6
Belgium	2.2
The Netherlands	2.2
Others	22.1
Total	100.0

Sources: Central Bank of Egypt; International Monetary Fund.

Payments for imports by the public sector are made either through sight or short-term letters of credit funded with unified market funds or with foreign exchange that is generated by public sector exports.

Payments for imports by the private sector are generally made through the own exchange market or by letters of credit, with the foreign exchange provided from the importer's own reserves.

To control the purchase of imports and to encourage the banks to finance investment, in June 1980 the government passed Decree No. 15. This decree established new rules for private sector imports. Private companies can now import into Egypt only if they first open a letter of credit with a registered bank and deposit, depending upon the category of import, 25 percent, 40 percent, or 100 percent of its value with the bank.

The following categories have been established:

- o <u>Category A</u>: a 25-percent deposit on foods and medicines
- o <u>Category B</u>: a 40-percent deposit on raw material, semi-finished goods, and capital goods
- o <u>Category C</u>: a 100-percent deposit on luxury goods

Since August 1981, deposits under Categories A and B are payable in Egyptian currency and Category C deposits are payable in foreign exchange. Companies established under Law 43 are exempted from this requirement.

Exports

Exports have increased dramatically since 1973. In 1980, they amounted to more than $3.8 billion. The following table shows the rising value of Egyptian exports between 1974 and 1980.

VALUE OF EGYPTIAN EXPORTS, 1974-1980

Year	Value ($ millions)
1974	1,672
1975	1,567
1976	1,609
1977	1,993
1978	1,984
1979	2,514
1980	3,850

Sources: Central Bank of Egypt; International Monetary Fund.

The overwhelming majority of Egypt's export revenues from commodities are generated by oil, cotton, and textiles. The remainder result from exports of machinery and smaller items. Total 1980 exports by country of destination are given in the following table.

TOTAL EGYPTIAN EXPORTS BY
COUNTRY OF DESTINATION, 1980

Country	Percentage of Exports
Italy	30.2
United Kingdom	15.1
Greece	10.2
United States	9.4
West Germany	4.1
USSR	3.7
Others	27.3
Total	100.0

Sources: Central Bank of Egypt; International Monetary Fund.

Channels of Distribution

The channels of distribution in Egypt are composed of, or complemented by, agents and distributors, wholesale and retail trade, government procurement systems, foreign assistance programs, and expositions such as the Cairo Fair.

Agents and Distributors

Agents can act either for the public or private sector. They must be of Egyptian nationality (born of an Egyptian father and grandfather), and have been residing in Egypt for at least five years.

Private sector enterprises can purchase goods either directly or through agents. Public sector companies can purchase goods only through agents, either private or public.

Agencies must be 100 percent Egyptian-owned, and all members of the Board of Directors must be Egyptian.

Agents must be registered with the Ministry of Foreign Trade and their commission revenues must be stated. An agent can be exclusive or not, represent a company throughout Egypt or only on a regional basis, and represent one product or several. A company can have different agents for different products.

By law, former government employees cannot be agents to foreign companies for a period of two years after leaving government service.

Wholesale and Retail Trade

Wholesale and distribution operations tend to be carried out by vertically integrated merchants or by public sector trading companies.

In contrast, Egypt's retail trade is dominated by a large number of small, privately owned shops and vendors.

Government cooperatives with hundreds of outlets also combine wholesale and retail activities by buying directly from importers, domestic cooperatives, or factories, and retailing through their own outlets. In addition, the government also operates large, relatively modern department stores in the major cities.

Government Procurement Systems

Various ministries establish their own priorities regarding specific imports and foreign exchange for the individual companies within their sector.

To import goods, a public company submits its request to its sector's foreign trade committee, providing details on price, means of payment, delivery date, and technical specifications. Approval by the foreign trade committee constitutes the necessary authorization for the execution of an import transaction. If purchases are of a wider magnitude, approval at a higher level may be required.

The purchasing company will usually issue a call for international tenders. Large tenders are announced daily in the Egyptian press. The U.S. Embassy receives copies of these large tenders, which are then published in the United States through the Department of Commerce.

For a fee, U.S. firms can purchase tender conditions and specifications from the Egyptian buyer or, in certain cases, from the Egyptian Embassy in Washington. Local agents representing U.S. companies should be alert to tender amendments. Credit terms are usually requested by public companies.

Bids can be telexed to a registered agent and presented in a sealed envelope. Bids not submitted through a registered Egyptian agent will not be accepted. Bid price should be clearly spelled out as CIF or FOB. Bid bonds are usually requested and, if the firm does not receive the award, they are returned.

In settling on a contractor, "auction bidding" is frequently used. In this case, the Egyptian purchaser may attempt to bargain with the two or three lowest bidders to negotiate better prices or terms. Once the contract is awarded, performance bonds of 5-10 percent of the contract value are frequently required.

Payment is generally accomplished through letters of credit.

Foreign Assistance Programs

Since 1974, total foreign aid allocations to Egypt from all sources have exceeded $12 billion, of which $7 billion has actually been disbursed.

The largest contributions have come from OECD countries, which have provided $7 billion in loans and grants. Arab countries have committed $3 billion, and the World Bank in excess of $1 billion. The contributions from the Arab countries were officially terminated in 1978 after the conclusion of the Camp David agreements. They have since been replaced to a large extent by increased financing from OECD countries. Direct project grants from a country are usually tied to a requirement that Egypt purchase equipment for the project from the donor country.

National export credit agencies play a significant role in financing the general importation of capital goods and large civil construction projects in Egypt. They often carry relatively low interest rates of 8-10.5 percent per annum and have long repayment periods.

The Cairo International Fair

The Cairo International Fair, with its many presentations on investment projects from a broad variety of economic sectors, offers an excellent source of information on investment in Egypt and an important opportunity to exchange ideas with other investors and trading partners. In 1981, the 14th Cairo Fair was participated in by over 1,000 companies from 30 countries.

U.S. Government Assistance

It should be noted by Egyptian companies and even the smallest American company interested in expanding its activities in Egypt that official U.S. assistance to Egypt is one of the largest U.S. economic aid programs anywhere in the world.

American economic assistance to Egypt consists of three major programs administered by two agencies: the Department of Agriculture (DOA) and the Agency for International Development (AID).

Since 1978, commitments of U.S. economic aid to Egypt have averaged over $1 billion per year. The annual budget has generally been allocated among three major programs:

	Fiscal Year 1981
Commodity Import Program	$ 250 million
Project Loans and Grants	500 million
Public Law 480	275 million
	$1,025 million

A fourth assistance program is military and calls for an additional $1,500 million annually.

In addition, U.S. business is supported by two other U.S. government institutions: The Export-Import Bank, which offers guarantees on supplier's credits and will consider applications for longer-term financing for U.S. exports, and the Overseas Private Investment Corporation (see below).

U.S. business firms interested in participating in AID-supported projects should be aware that most marketing efforts and decisions are made in Egypt. In the case of technical assistance and capital project loans and grants, the AID Mission in Cairo is a key decision-maker as to the character and size of a project. A contractor, however, is usually chosen by the Egyptian organization involved through competitive bidding procedures monitored by AID.

Special Components of the U.S. Aid Program

Several components of the U.S. aid program are designed specifically to support private business development in Egypt, both Egyptian and U.S. Four of these programs are described below.

(1) The Commodity Imports Program (CIP) finances the purchase by importers for the public and private sectors of a wide variety of American agricultural and industrial commodities and machinery. For a U.S. company, selling to Egypt under the CIP is best initiated by directly marketing to the Egyptian companies involved. AID serves as an advisor in these transactions and ensures that Egyptian companies get a fair deal from their U.S. counterparts.

A typical CIP transaction usually proceeds through the following procedures:

(a) Egyptian firm formulates tender for imports of goods or service.

(b) Tender is routed to appropriate Egyptian Ministry.

(c) AID/Cairo and AID/Washington review tender, its price, technical specification, and delivery date to assess eligibility.

(d) AID/Washington, through the Department of Commerce, notifies interested U.S. firms.

(e) U.S. firms submit bids to the Egyptian agency.

(f) Egyptian agency makes the awards to the lowest-priced offer.

(g) AID reviews the award.

(h) AID authorizes payment by letter of credit confirmed by a U.S. bank designated by the Egyptian government.

(i) U.S. supplier posts a performance letter of credit.

(j) Shipment is made.

(2) The Private Investment Encouragement (PIE) Fund is an Egyptian government organization established through a $30-million AID grant. It participates in medium- and long-term loans to enable Egyptian private sector enterprises and joint venture companies to import capital equipment from the United States. PIE Fund financing is very

attractive because, although disbursed in dollars, funds are repayable in Egyptian pounds. These funds are put together by a local commercial or joint-venture bank, to which interested Egyptian companies should direct their inquiries.

(3) <u>The Private Sector Feasibility Studies Project</u> has provided funds to the Egyptian Investment Authority to promote the participation of U.S. companies in investment projects in Egypt. With these funds the Investment Authority has established a program of new incentives, including partial reimbursement to any U.S. company for the cost of doing feasibility studies on investment projects, and to small U.S. companies for the cost of making an investment reconnaissance visit to Egypt. A brochure entitled "New Incentives for U.S. Investment in Egypt" describes this program in detail and is available from the Authority's New York Investment Bureau and from the offices of the Commercial Mission of the Egyptian Embassy in Washington, D.C.

(4) <u>The Overseas Private Investment Corporation (OPIC)</u>, a U.S. government agency, makes available insurance and financing programs to U.S. companies interested in considering investment in Egypt.

As of June 30, 1981, OPIC had issued, for projects in Egypt, $130 million in political risk coverage against expropriation; inconvertibility of currency; and war, revolution, and insurrection. OPIC also offers direct loans, loan guarantees, and assistance for feasibility studies.

Foreign Trade Regulations

As part of the government's efforts to facilitate trading and investment, Egypt's foreign trade regulations have been undergoing a process of streamlining and simplification.

Import duties and other customs duties and taxes are collected on the basis of CIF value of imported goods. Eight types of taxes and duties are applicable to imported goods:

(1) Statistical Duty or Tax. Applies to all imported goods except wheat and represents 1 percent of CIF value of imported goods.

(2) Subsidy Tax. Applies to most imported goods and represents 10 percent of the CIF value of imported goods. Certain articles have been exempted from the subsidy tax: for example, periodicals, books, newspapers, films, glue, angles and sections of iron or steel, cigarette paper, silver, gold, coffee, public service passenger vehicles with

eight or more seats and motor vehicles for transport of goods or materials, animal feed, industrial and agricultural machinery and equipment, sugar, and milk. Reduced rates of 2-5 percent have been applied to some food articles, specific machinery, certain chemicals, pulp for paper manufacture, and some metals, among others. These lists change frequently and should be checked on a regular basis.

(3) Marine Duty. Except for goods exempted from import duty, all goods imported or exported through any marine port will pay a duty of 0.5 percent of CIF value.

(4) Porterage or Handling Duty. Collected according to kind of goods.

(5) Additional Excise and Consumption Duty. Applicable to alcoholic beverages only.

(6) Municipality Tax. Represents 3 percent of the sum of the subsidy tax, the statistical tax, and the import tariff.

(7) Import Tariff. Collected on the basis of published individual tariffs applicable to each type of goods imported, for example, packing and wrapping paper, 30 percent; pianos, 25

percent; electric rail locomotives, 2 percent; light reflectors, 300 percent; and so on. The schedule of rates was revised in May, 1980.

(8) Excise and Consumption Duty. Applicable to some 40 articles, such as carpets, matches, refrigerators, television sets, washing machines, vacuum cleaners, and so on.

Licensing, Patents, and Trademarks

Licensing

The government encourages foreign companies to license their technology and know-how in Egypt. Exclusive or non-exclusive licenses by foreign companies to Egyptian companies have increased greatly since the introduction of Law 43.

International licensors to Egyptian companies cover a variety of sectors--for example, automotive, tires, blades, consumer goods, cosmetics, soft drinks, mineral water, batteries, shoes, paints, cables, chemicals, animal feed products, elevators, health care products, and pharmaceuticals.

Before Law 43 was introduced, almost all licensing agreements were made through the public sector. Today licensing is also done through the Egyptian private sector. Under Law 43, a license may be considered as a contribution in kind to the project's capital; royalties in such cases are forgone. More commonly, foreign partners to the venture provide the license in consideration for a royalty. If the licensee is a Law 43 company, the repatriation of royalties is facilitated. However, all royalties are subject to a withholding tax in Egypt.

Licensing fees are not legislated and are open for negotiations between the partners. Usually depending upon the size, type, and nature of technology of the project involved, the range is frequently from 1-5 percent of sales. The fee may also be a lump sum. Licensing fees do not normally include management or technical assistance fees, which are commonly based on profits.

It is worth noting that when licensing involves a joint venture, the foreign partner cannot require the Egyptian partner to buy raw materials from him.

Patents

A foreign individual or corporation seeking a patent in Egypt should submit application forms accompanied by a description, drawings, and supportive documents (all in Arabic) on the product/service to be patented. It takes an average of one year for approval to be granted or denied. Publication of approval in the Journal of Patents gives a patent official status.

Patents can last up to 15 years. In certain cases, they may be renewed for an additional five years. Fees related to patent registration are relatively low (in most cases under $100).

Trademarks

The government protects trademarks that have been submitted and filed with the Trademark Office. The process is similar to that followed for patents. Egyptian law enables the owner of a violated trademark to enforce his rights and inflicts severe penalties on violators.

12. PRACTICAL SUGGESTIONS

Sources of Information

For U.S. investors, information on prospective joint-venture partners is available from a number of sources, including:

- Egypt's General Authority for Investment and Free Zones
- Egyptian Investment Bureau, New York
- Offices of the Egyptian Commercial Mission in Washington, D.C., and in major cities around the world
- Commercial Office, U.S. Embassy, Cairo
- U.S. Department of Commerce
- Federation of Egyptian Industries
- Egyptian-American Chamber of Commerce
- Egypt-U.S. Business Council
- Special Trade Representative, Office of the President of the United States

Additional data on sources of information are listed in the appendixes.

Investors seeking joint-venture partners should keep in mind that whether the Egyptian partner in a joint venture is in the public or private sector, the venture itself will be treated as a private enterprise. The choice of partner can therefore be based on actual qualifications rather than on formal criteria.

Geography and Climate

Egypt, bounded by the Mediterranean and Red Seas, Libya, the Sudan, and Israel, covers a total area of one million square kilometers, of which 680,000 square kilometers are accounted for by the Western and Eastern Deserts.

Historically and geographically, the country has been divided into Lower Egypt (the northern area of the Nile Delta) and Upper Egypt (the southern area along the Nile Valley). The Delta covers about 26,000 square kilometers and the Nile Valley about 12,000 square kilometers.

North of Cairo, the Nile forks into two divisions, the Rosetta and the Damietta Rivers. Between the High Dam at Aswan and Cairo, the Nile Valley spreads over areas from between two to 16 kilometers wide. From the air, this land appears as a narrow green ribbon in the midst of a vast expanse of brown, parched land.

Egypt's climate is hot and dry. High precipitation areas, such as Alexandria, may receive some seven inches per year of rainfall. Aswan in the south, on the other hand, has an annual average of only 0.08 inches. Because of the warm temperatures in winter and the hot summer (reaching 50°C in some areas), year-round cultivation of crops is possible.

Practical Information for the Foreign Business Visitor

Language

Arabic is the official language of Egypt. Although English is widely used in international business correspondence, and French also is common, many official documents must be filed in Arabic.

Currency

The Egyptian pound (L.E. 1.00 = U.S. $1.23 at the unified exchange rate) consists of 100 piastres.

A visitor holding a foreign passport is not required to exchange a minimum amount of foreign currency on entering Egypt. However, if he extends his visit, he must transfer the equivalent of L.E. 120 for each month of extension. Upon leaving the country, he may convert Egyptian pounds into foreign currency only up to the amount for which he has receipts from an authorized bank showing his purchase of Egyptian pounds at the unified rate.

Entry and Exit Requirements

A valid passport and tourist or business visa issued by an Egyptian embassy or consulate is required for entry into the country. Visas are also issued at international ports of entry. Depending upon the entrant's point of origin, vaccination certificates for smallpox and/or cholera may be required. An airport tax of L.E. 4.00 is charged on leaving Egypt by airplane.

International Travel Connections

Cairo Airport, Egypt's only international airport, is served by Egyptair, by European and regional carriers, and by TWA from the United States. Connections to other destinations within Egypt are provided by Egyptair and the national railroad. Taxi service within Cairo and other urban centers is widely available, mainly at negotiated rates. In addition, Misr Tours provides fixed-price rental limousine services at major airports and hotels. Car rentals with or without drivers are also available through Avis, Hertz, Europcar, and other companies.

Hotels and Restaurants

International four- and five-star hotel accommodations are increasingly available in the Cairo area and in Alexandria. The five-star hotels in Cairo include the Hilton, two Sheratons, Meridien, El Salam, Holiday Inn, Mena House, Hyatt Prince, and Shepheards.

Room rates are controlled by the government and range from about L.E. 20-45 per night. All four- and five-star hotels have telex and international telephone facilities. Prices for meals at European-style restaurants range from very reasonable to very expensive.

Clothing

From April through October, tropical clothing is recommended in Cairo and the Delta. Winter evenings can be distinctly chilly and, even during the day, the general lack of central heating makes woolen clothing appropriate.

Business Hours and Holidays

Normal business hours in Egypt are Saturday through Thursday, 8 A.M. to 2:00 PM. Commercial establishments usually reopen in the evening from 4-8 P.M. Friday is the legal weekly holiday.

All Islamic religious holidays are also observed in Egypt, as are certain political holidays. Because the Islamic calendar is based on the lunar calendar, it is not possible to predict in advance corresponding dates on the Western calendar. For 1982, the estimated holiday dates are as follows:

o	January 6	El Mawled El Nabawy
o	March 8	Syrian Revolution Day
o	April 15	Sham El Nessim
o	June 18	Evacuation Day
o	July 23	Revolution Day
o	July 19-22	Eid-El-Fetr (Ramadan Bairam)
o	September 1	Libyan National Day
o	October 6	Army-Forces Day
o	Sept. 27-30	Eid-El-Adha (Courban Bairam)
o	October 24	Suez City Day
o	October 17	Moslem New Year

Information for Foreign Residents

Entry Requirements

Egyptian companies or foreign companies with offices in Egypt must obtain official work permits to employ expatriates. Once work permits are in hand, residence visas may be obtained.

Office Space and Housing

In Cairo and Alexandria, the market for modern real estate has been tight for a number of years. New office space in desirable central locations may cost up to $15 per square meter per month, not including key money.

One-to-four bedroom apartments or villas in quiet residential neighborhoods or suburbs like Maadi can be rented on either a long- or short-term basis. Substantial prepayment and some key money are usually required. Although office and residential units are usually classified as "furnished," additional furniture and appliances are often necessary.

Schools

Several primary and secondary schools in the Cairo and Alexandria areas offer American-accredited curricula. In addition, excellent British, French, and German schools are available.

The American University of Cairo offers highly respected undergraduate and graduate curricula in English.

Medical Facilities

Thanks to its nine state medical schools, Egypt's health care system is the most highly developed in the Middle East. The system includes 80,000 beds in a number of conveniently located hospitals.

Recreational Activities

Egyptians take a great interest in many sports, particularly soccer. In addition, most middle class residents belong to sporting clubs, which provide playing fields; swimming pools; facilities for riding, racquet sports, golf, and other activities. Membership is open to foreign residents.

Cairo and Alexandria boast many movie houses, international cultural events, and two channels of color television broadcasts with selected programs in English and French.

Appendix 1

LAW NO. 43 OF 1974
CONCERNING THE INVESTMENT OF ARAB AND FOREIGN FUNDS AND THE FREE ZONES AS AMENDED BY LAW NO. 32 OF 1977
(Selected Articles)

Chapter One: Investment of Arab and Foreign Capital

Art. 1: The term "project" in the application of the provisions of this Law shall mean any activity included within any of the spheres therein specified and approved by the Board of Directors of the General Authority for Investment and Free Zones.

Art. 2: The term "invested capital" in the application of the provisions of this Law shall be deemed to mean the following:

i—Freely convertible foreign currency duly transferred to the Arab Republic of Egypt through a bank registered at the Central Bank of Egypt for utilization in the execution or expansion of a project;

ii—Machinery, equipment, transportation equipment, raw materials and commodity requirements imported from abroad necessary for the establishment or expansion of the project, provided that such are compatible with modern technological developments and have not been previously used, unless the Authority's Board of Directors grants exemption from such condition;

iii—Intangible assets, such as patents and trade marks registered with member states of the International Convention for the Protection of Industrial Property, or in accordance with the rules of international registration contained in the international conventions concluded in this respect and held by residents abroad and pertaining to the projects;

iv—Freely convertible foreign currency spent by the investor on preliminary studies, research, and incorporation and paid within the limits approved by the Authority's Board of Directors;

v—Profits realized by the project if utilized in increasing its capital or if invested in another project, conditional on the approval of the Authority's Board of Directors in both cases;

vi—Freely convertible foreign currency transferred to the Arab Republic of Egypt through a bank registered at the Central Bank of Egypt and utilized to subscribe to shares of stock in Egyptian companies or to purchase same from the stock exchange in the Arab Republic of Egypt in accordance with the rules adopted by the Authority's Board of Directors; and

vii—Freely convertible foreign currency transferred to the Arab Republic of Egypt through a bank registered at the Central Bank of Egypt and utilized in purchasing land, whether vacant or not, for the construction of buildings thereon pursuant to the provisions of this Law, even if purchased before obtaining the Board of Director's approval so long as the act of purchase was effected according to the prevailing Laws and on a date subsequent to the entering into force of Law 65 of 1971.

The valuation of the invested capital referred to in items 2, 3 and 4 shall be subject to the approval of the Authority's Board of Directors and shall be made in accordance with the rules and procedures which shall be specified in the executive regulations.

Article 2—bis: *Invested capital shall be transferred to, and exported from, the Arab Republic of Egypt, and profits generated therefrom shall be transferred in foreign currency abroad in accordance with the provisions of this Law, at the highest rate prevailing and declared for freely convertible foreign currency by the competent Egyptian authorities.*

The provisions of the preceding paragraph shall apply to invested capital required to purchase land and property that represent an integral part of the capital assets of projects approved by the General Authority for Investment and Free Zones.

Art. 3: The investment of Arab and foreign capital in the Arab Republic of Egypt shall be for the purpose of realizing objectives of economic and social development within the framework of the State's general policy and national plan provided that the investment is made in projects in need of international expertise in the spheres of modern development or in projects requiring foreign capital. The projects, contained in the lists to be prepared by the Authority and approved by the Council of Ministers, shall be in the following fields:

i—Industrialization, mining, energy, tourism, transportation, and other fields;

ii—Animal production, water resources, and the reclamation and cultivation of barren and desert land.

The reclamation and cultivation of barren and desert land shall be under long-term tenancy not exceeding 50 years. On the recommendation of the Authority and by approval of the Council of Ministers, this period of tenancy may be extended for one or more periods not to exceed an additional 50 years;

iii—Projects for housing and for urban development, by which is meant investment in the subdivision of land into parcels and the construction of new buildings together with the provision of public utilities connected therewith;

The purchase of a building already in existence or of vacant land is not deemed to be a "project" in the context of the provisions of this Law unless intended for construction or for rebuilding and not for the purpose of resale in order to benefit from an increase in market value, without prejudice however to the regulations governing the disposal and repatriation of invested capital contained in this Law. The building shall be completed within the period specified by the Authority's Board of Directors, with no obligation on the part of the State to condemn real property for such project;

iv—Investment companies which aim at utilizing funds in the fields enumerated in this Law;

v—Investment banks and merchant banks and reinsurance companies whose activities shall be confined to transactions effected in freely convertible foreign currencies. The aforementioned banks and companies are entitled to directly undertake financing and investment operations, whether they are in projects in the free zones or for local, joint or foreign projects established within the Arab Republic of Egypt. They may also finance Egyptian foreign trade transaction;

vi—Banks engaging in local currency transactions, so long as they are in the form of joint ventures in which local Egyptian capital constitutes at least 51% of the total;

vii—Construction activities in regions outside the agricultural area and the perimeters of existing cities;

vii—Construction contracting activities undertaken by Joint Stock Companies in which there is a minimum Egyptian capital participation of 50%; and

ix—Technical consulting activities in the form of joint stock companies in partnership with foreign international consulting firms provided that they are related to any project within the fields of activity mentioned herein and that their activities are approved as an integral part of the project by the Authority's Board of Directors on a case-by-case basis.

Each operation shall have a special account in conformity with the system defined by the Minister of Economy and Economic Cooperation and approved by the Board of Directors of the Authority.

Special priority shall be given to those projects which are designed to generate exports, encourage tourism, or reduce the need to import basic commodities as well as projects which require advanced technical expertise or which make use of patents or trade-marks of worldwide reputation.

Art. 6: Irrespective of the nationality or domicile of their owners, *projects* in the Arab Republic of Egypt approved under the provisions of this Law shall enjoy the guarantees and privileges set forth in this Law.

Subject to the Authority's approval according to its rules and regulations, projects established in any of the fields set forth in Article 3 entirely with Egyptian capital and owned by Egyptian nationals shall enjoy the privileges and exemptions set forth in Articles 9, 14, 15, 16, 17 and 18.

Subject to the Authority's approval, such exemptions shall apply to joint stock companies existing at the time of the enactment of this law to the extent of new expansion in fields approved under the Law through an increase in capital by cash subscription.

Art. 7: Projects may not be nationalized or confiscated.

The assets of such projects cannot be seized, blocked, confiscated or sequestrated except by judicial procedures.

Art. 9: Companies enjoying the provisions of this Law shall be deemed to belong to the private sector of the economy, irrespective of the legal nature of the indigenous capital participating therein.

Legislation, regulations, and statutes applicable to the public sector of the economy and its employees shall not apply to said companies.

Art. 10: Projects enjoying the provisions of this Law shall not be subject to Law No. 73 of 1973 in connection with the conditions and procedures for electing labor representatives to the boards of directors of public sector organizations, joint stock companies, and private associations and establishments

The statutes of the company shall provide for a method of labor participation in the management of the project.

Art. 13: Without prejudice to the provisions of item (vi) of Article 3, the banks benefiting from the provisions of this law shall be excepted from the requirement that Egyptians should own all of its shares contained in paragraph (a) of Article 21 of the Law on Banks and

Credit issued by Law No 163 of 1957. Said banks shall also be excepted from the provisions of paragraph (c) of the same article.

Likewise, investment and merchant banks and reinsurance companies, referred to in item (v) of Article 3, hereof, shall be exempted from the provisions of the laws, regulations, and resolutions regulating control of exchange transactions.

Art. 14: By way of exception from the provisions of Law No. 97 of 1976 regulating transactions in foreign currency, projects shall have the right to maintain a foreign currency account or accounts with banks registered at the Central Bank of Egypt in the Arab Republic of Egypt. On the credit side of such account or accounts shall be entered the balance of the capital paid in foreign currencies, *loans and any other funds of the project so long as they shall be in freely convertible foreign currencies, funds purchased by the project from local banks at the highest rate prevailing and declared for foreign currency,* the proceeds of the visible and invisible exports of the enterprise *and the proceeds of sales to the local markets in foreign currency.*

The project shall have the right, without special permit or authorization, to utilize the said account in transferring the amounts authorized under the provisions of this Law for payments for imports of commodities and investment goods necessary for the operation of the project, for meeting invisible expenses in connection with such imports, for the payment of interest and principal on foreign currency loans, for settling any other expenses necessary for the project, *and for purchases of local currency at the highest rate prevailing and declared for freely convertible foreign currency.* The project shall undertake to submit to the Authority, *at the end of each fiscal year* a statement indicating the movement in such account, together with such documents and details as the Authority may request to ascertain that its utilization has been in compliance with the purposes set forth in this Law. *Such statement shall be certified by a certified public accountant.*

Art. 15: By way of exception from the provisions of the laws, regulations and resolutions governing imports, enterprises enjoying the provisions of this Law shall be allowed to import, on condition of inspection but without a license, whether by themselves or through a third party, the production facilities, materials, machinery, equipment, spare parts, and transportation equipment required for the installation and operation of the project, that are compatible with the nature of their activities. Such operations shall be excepted from the procedure requiring submission to a committee for the purpose of selecting the best tender, but there shall be no obligation on the part of the Government to provide the foreign currency necessary for such importing operations beyond the bank accounts mentioned in the preceding Article. *Projects shall be authorized to export their products whether by themselves or through an intermediary without a license and without such projects having to be registered in the Registry of Exporters.*

Art. 16: Without prejudice to more favourable tax exemptions provided for in any other law, projects shall be exempted from the tax on commercial and industrial profits and the taxes appendent thereto; likewise, the profits distributed shall be exempted from the tax on the revenues from moveable capital and the taxes appendent thereto, *and, as the case may be, from the tax on commercial and industrial profits and the taxes appendent thereto, as well as from the general tax on income, relative to the taxable proportion of such profits as set forth in this provision,* such exemption to be for a period of five years from the first *fiscal* year following commencement of production or engagement in activities, as the case may be. Such exemptions shall apply for the same period to the proceeds of the profits which are reinvested in the enterprise *and for special reserves that are debited to the distribution account after* *deduction of net profits and allocated to consolidate the company's financial position and undistributed profits earned during the exemption period and distributed after such period has elapsed.* The shares shall be exempted from the annual proportional stamp duty for five years following the date duties are legally due for the first time.

The exemption from the general tax on income is conditioned upon such income not being subject to similar in the investor's home country or in the country to which income is transferred, as the case may be.

On the proposal of the Authority's Board of Directors, with the approval of the Council of Ministers, the period of exemption shall be eight years, provided such period is required by consideration of public interest in view of the nature of the project, its geographical location, its importance to economic development, the volume of its capital, and the extent to which it participates in exploiting natural resources and increasing exports.

Exemptions for projects involving reconstruction, establishment of new cities outside the agricultural area and the perimeters of existing cities, and land reclamation shall be for a ten year period that may be extended to fifteen years with the approval of the President of the Republic upon recommendation of the Authority's Board of Directors.

Also, with the approval of the President of the Republic, upon recommendation of the Authority's Board of Directors, all capital assets and imported construction material and *components* necessary for *founding* projects approved under this Law may be exempted from, *or granted the privileges of deferred payments or installment payments for, all or part of* the customs duties and any other taxes or dues *provided that, in the case of exemption if such items are locally disposed of within five years from the date of import, all such taxes and duties previously exempted shall be paid. In the case of deferred or installment payments, if such items are locally disposed of within five years, or within the deferred or installment payments period if such period exceeds five years, all such taxes and duties shall be paid.*

Art. 17: *After the expiration of the tax exemption period established under Article 16, and without prejudice to the provisions of such Article,* the profits distributed by a project shall be exempted from the general tax on income up to a maximum of 5% *of the original amount* of the taxpayer's share in the invested capital.

Art. 21: The party concerned may request the repatriation or disposal of the invested capital after obtaining the approval of the Authority's Board of Directors, provided that five years shall have elapsed from the date of importation of the capital fixed in the registration certificate (the Authority's Board of Directors may waive this condition if it is evident that the accepted project, for which funds have been transferred, cannot be implemented or continued for reasons beyond the control of the investor or for other exceptional circumstances to be considered by the Authority's Board of Directors) in accordance with the following:

i—Invested capital may be transferred abroad at the *highest rate prevailing and declared for freely convertible foreign currency in five equal annual installments.* By way of exception, the invested capital, calculated under the provisions of this article, *shall be transferrable in full to the extent* of the credit *balance in the foreign exchange account referred* to in *Article 14 or* if the investors had disposed of such invested capital in exchange for freely convertible foreign currency *provided that the Authority is notified of this action,*

ii—If the invested capital was brought in kind, it may, with the approval of the Authority's Board of Directors, **be** *repatriated in kind; and*

iii—Transfer of the invested capital shall be within the limits of its value at the time of liquidation, or disposal thereof, as the case may be, and shall be on condition that the Authority approves the results of liquidation. The invested *capital registered with the Authority may be disposed of for freely convertible foreign currency after informing the Authority. Nevertheless the investor may with the approval of the Authority's Board of Directors dispose of his invested capital as registered with the Authority or dispose of part thereof in favor of another party in local currency in which case the party in favor of which such disposal has taken place shall not enjoy the right to transfer set forth in this Law. In both cases however, the party in favor of which such transfer has taken place shall replace the original investor in enjoying the provisions of this Law.*

In all cases, shares offered in freely convertible foreign currency may be sold at the Egyptian Stock Exchange for freely convertible foreign currency in which case the proceeds of sales may be transferred to the seller's account abroad.

Chapter Two: Joint Ventures

Art. 23: Joint ventures established under the provisions of this Law in the form of joint stock or limited liability companies shall specify in their articles of incorporation the names of their respective contracting parties, the legal form of the company, its name, purpose of activities, duration, capital, percentage of participation by Egyptian, Arab, and foreign parties, and methods of subscriptions.

Statutes of the company shall be patterned after the model issued by the Minister of Economy and Economic Cooperation on the basis of a proposal by the Board of Directors of the General Authority for Investment and Free zones, taking into consideration the privileges, guarantees, and exemptions laid down in this Law.

In all joint ventures the General Authority for Investment and Free Zones shall have sole competence to review and approve, in compliance with the provisions of the present law, the articles of incorporation.

Chapter Three: General Authority for Investment and Free Zones

Art. 27: Applications for investment shall be submitted to the Authority. An application shall specify the amount of capital to be invested, the nature thereof and any other such particulars as shall be required to indicate the form and nature of the project covered by the application. The Board of Directors of the Authority shall have the authority to approve applications submitted for investment. Such approval shall lapse if the investor shall fail to take serious steps to carry out the project within six months of approval, *unless the Board shall grant renewed approval for such further period as it shall deem fit.*

Chapter Four: Free Zones

Art. 36: With due regard to provisions in laws and regulations regarding the ban on the circulation of certain goods or materials, goods exported from, or imported into, the free zone, shall not be subject to the normal customs procedures applicable to imports and exports nor to customs duties and other taxes and dues, save insofar as is provided for in this Law. Likewise all instruments, machinery, equipment *and transportation equipment* necessary to establishments authorized within such zone shall be exempted from customs duties and other taxes and dues.

The executive regulations of the free zones shall specify the procedures for moving goods from the moment they are unloaded until their arrival at the free zones and vice-versa.

Export and other taxes and duties shall be levied on local goods and material upon entering the free zone after completion of export formalities.

The Deputy Chairman of the Board of the Authority or any authorized chairman of the board of the public free zones may permit temporary entry of local goods into the free zone for repair or complementary operations thereon, provided that a customs tax shall be exacted in respect of the repair or complementary operation in compliance with customs regulations.

Likewise, the Authority's Deputy Chairman of the Board or any authorized chairman of the board of a public free zone may permit temporary entry

of free zone goods into the country for repair or complementary operations thereon.

Art. 37: Customs duties and taxes shall be payable in respect of goods withdrawn from the free zone for local consumption as though such were imported from abroad and in accordance with their condition after manufacturing, with due regard to rules and procedures governing imports. Such customs duties and taxes shall be payable on goods containing local *components* in proportion to the *ad valorem* value of foreign *components* contained in the manufactured products. *Notwithstanding any of the foregoing, in the event that local components constitute 40% or more of the manufactured product, such dues as shall be payable in accordance with the provisions of this Article shall be reduced by 50%.*

Art. 46: Without prejudice to the provisions of this Law, projects established in the free zone, *and dividends thereof,* shall be exempted from the provisions of tax and duty laws in the Arab Republic of Egypt. *Arab and foreign funds invested in the free zones shall likewise be exempted from inheritance taxes and death duties...*

Art. 47: Payments subject to tax on income, such as wages, salaries compensation and the like, paid by projects existing within the free zones to their expatriate employees shall be exempt from the general tax on income.

Art. 49: Transactions carried out in the free zone or between such zones and other countries shall not be subject to the provisions of exchange control Laws.

Art. 51: Provisions of Law No. 173 of 1958 requiring an Egyptian to obtain a permit from the competent authorities prior to taking up employment with foreign organizations shall not apply to Egyptian employees engaged by projects and establishments enjoying the provisions of this Chapter.

Appendix 2

USEFUL ADDRESSES IN THE UNITED STATES

U.S. Department of Commerce
CAGNE-Commerce Action Group
for the Near East
Washington, D.C. 20230
Phone: (202) 377-3752

Egypt-U.S. Business Council
c/o U.S. Chamber of Commerce
1615 H Street N.W.
Washington, D.C. 20062
Phone: (202) 659-6000

U.S. AID Project Office
Egypt Desk Officer
Department of State
Washington, D.C. 20523
Phone: (202) 632-9048

U.S. Department of Agriculture
PL 480 Program
Office of the General Sales
Manager
Washington, D.C. 20250
Phone: (202) 447-6301

Egyptian Office of Economic &
Commercial Affairs
529 Fifth Avenue, 19 floor
New York, NY 10019
Phone: (212) 682-6390

U.S.-Arab Chamber of Commerce
One World Trade Center
New York, NY 10048
Phone: (212) 432-0655

Consulate General of Egypt
1110 Second Avenue
New York, NY 10022
Phone: (212) 759-7120

Consulate General of Egypt
3001 Pacific Avenue
San Francisco, CA 94115
Phone: (415) 346-9700

Embassy and Consular Section
of the Arab Republic of Egypt
2310 Decatur Place N.W.
Washington, D.C. 20008
Phone: (202) 232-5400

Commercial Office of the Arab
Republic of Egypt and the
Investment Authority
2715 Connecticut Avenue N.W.
Washington, D.C. 20008
Phone: (202) 234-1414

Permanent Mission of Egypt to
the United Nations
36 East 67 Street
New York, NY 10021
Phone: (212) 879-6300

Egyptian-American Chamber
of Commerce
One World Trade Center,
Suite 86041
New York, NY 10048
Phone: (212) 466-1866

Investment Bureau
Permanent Economic Mission of
Egypt to the United States
500 Fifth Avenue
New York, NY 10010
Phone: (212) 398-9130

Appendix 3

USEFUL ADDRESSES IN EGYPT

General Authority for Investment
and Free Zones
8 Adly Street, P.O. Box 1007
Cairo
Phone: 906796/906804
Telex: 92235

General Organization for
Industrialization (GOFI)
6 Khalil Agha Street
Garden City, Cairo
Phone: 24640/903444

U.S. Embassy and Consulate
5 America Al Latinia Street
Garden City, Cairo
Phone: 28211/755033

U.S. Consulate
110 Avenue Hourreya
Alexandria

U.S. Agency for International
Development
Cairo Center Building, 9th floor
Kasr El Aini Street
Garden City, Cairo
Phone: 28211/755033

Egypt-U.S. Business Council
Investment Promotion Office
1282 Immobilia Building
Cairo
Phone: 745822
Telex: 366 [illegible]IMOS

The Suez Canal Authority
Ismailia
Telex: 2153

Arab Foreign Trade Company
12 Youssef El Guindy Street
Cairo
Phone: 28562/26565

Federation of Egyptian
Industries
26(A) Sherif Street
Immobilia Building
Cairo, P.O. Box 251
Phone: 49488/54784

SUMED
9 Amin Yehia Street,
P.O. Box 2056
Alexandria
Phone: 64138/64521

Central Agency for Public
Mobilization and Statistics
(CAPMS)
Salah Salam Street
Nasr City, Cairo

Egyptian General Petroleum
Corporation (EGPC)
Nasr City, Cairo
Phone: 837388/835924
Telex: 2049

Central Bank
31, Sharia Kasr El Nil
Cairo
Phone: 40046/978661

Cairo International Fair
General Authority for
Exhibitions & Fairs
Gezira Exhibition Grounds
Cairo
Phone: 912366/801773

Technical Secretariats

Chemical Industries
49 Kasr El Nil Street
Cairo
Phone: 913644

Textiles
5 Tolombat Street
Garden City, Cairo
Phone: 207[illegible]

Foodstuff Industries
Issa Hamdi Salim Street
Azouza Street
Cairo
Phone: 918326

Metallurgical Industries
5, 26 July Street
Cairo
Phone: 915866

Government Ministries

Ministry of Agriculture
Sharia Wezaret El Zeraa
Dokki, Cairo
Phone: 703388/702677

Ministry of Economy and Economic Cooperation
8 Adly Street
Cairo
Phone: 920050/919278

Ministry of Finance
Magless El Shaab Street
Lazoghli Square
Cairo
Phone: 24857/24976/26790

Ministry of Industry
America El Latinia Street
Garden City, Cairo
Phone: 23247/25321

Ministry of Reconstruction & New Societies
1, Sharia Ismail
Abaza, Cairo
Central Agency for Reconstruction
Phone: 29578

Ministry of Supply
99, Sharia Kasr El Eini
Cairo
Phone: 848303/27832

Ministry of Tourism
110, Sharia Kasr El Eini
Cairo
Phone: 31636/31923

Ministry of Trade
Midan Lazoghli
Cairo
Phone: 914222