

Business Climate in Egypt

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Topics of Presentation

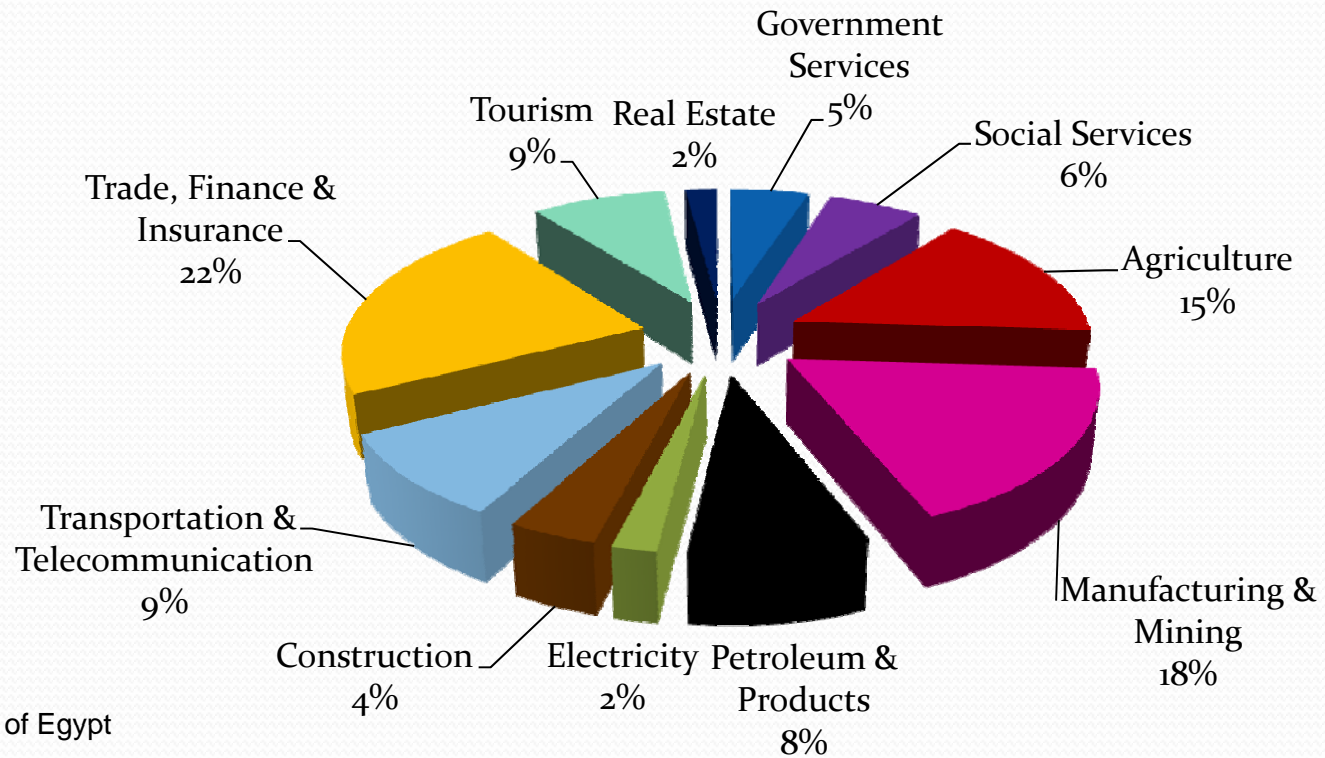
- Structure of Economy & Trade
- Why & How in Egypt

Structure of the Economy 2008/2009

- Sector Share of GDP -

Production Sector: 41%

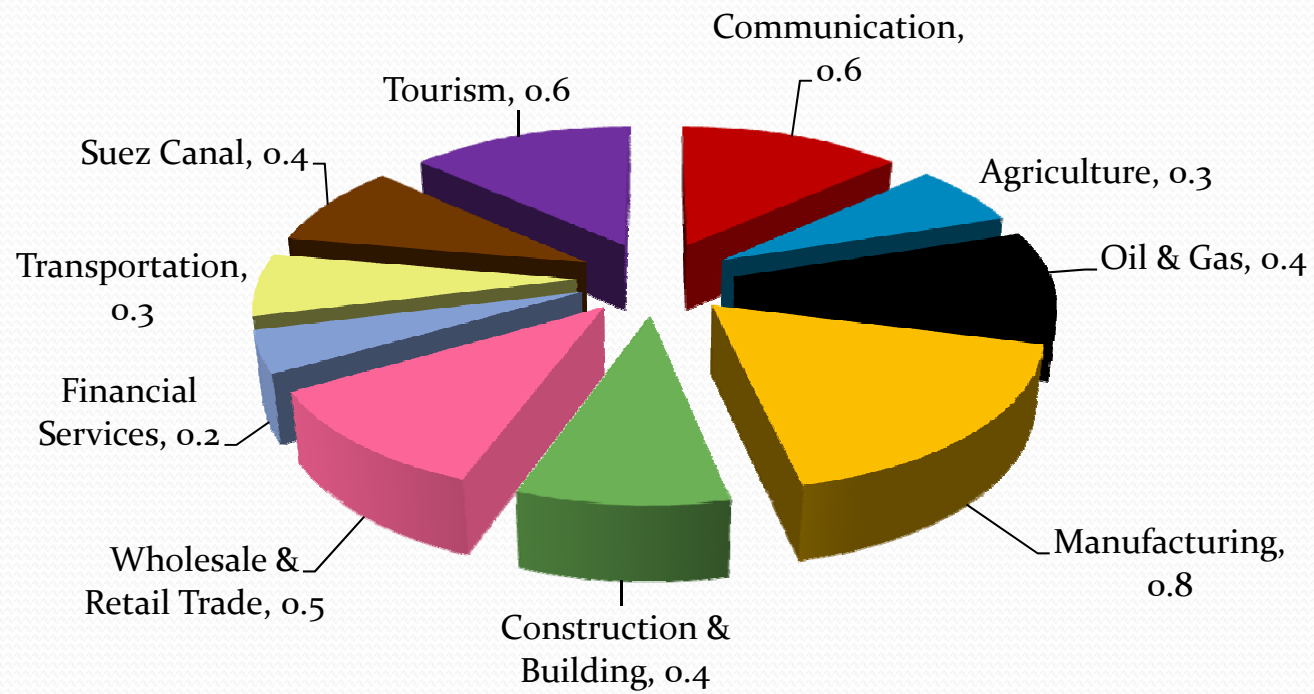
Services Sector : 59%



Source: Central Bank of Egypt

Egypt's GDP Growth Per Sector 2008/2009

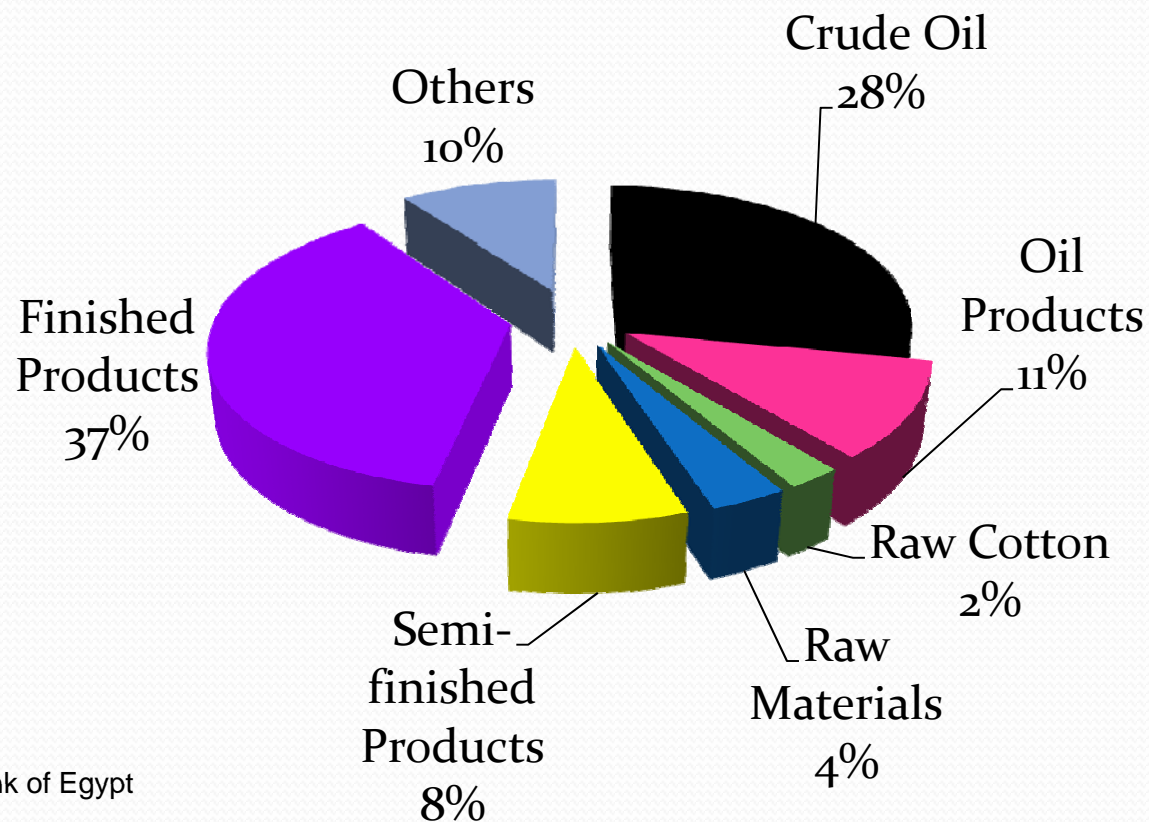
Total GDP Growth: 4.5%



Egypt's Exports Structure 2008/2009

High Value Added Exports: 56%

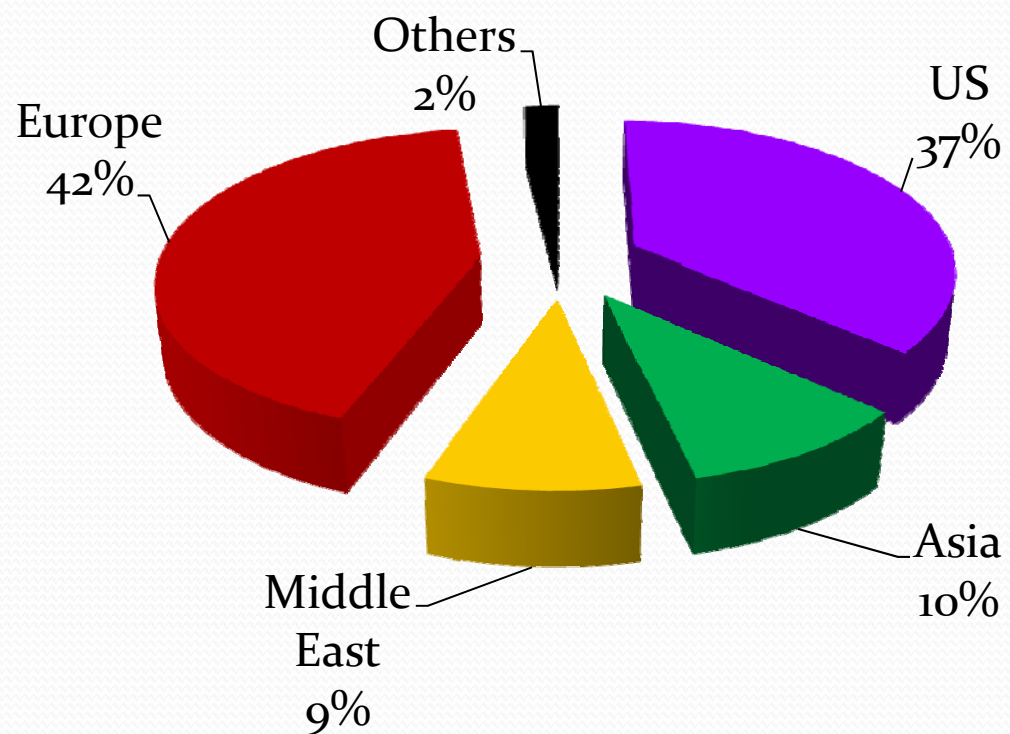
Low Value Added Exports: 44%



Source: Central Bank of Egypt

Egypt's Exports by Region 2008/2009

Europe & US: 79%

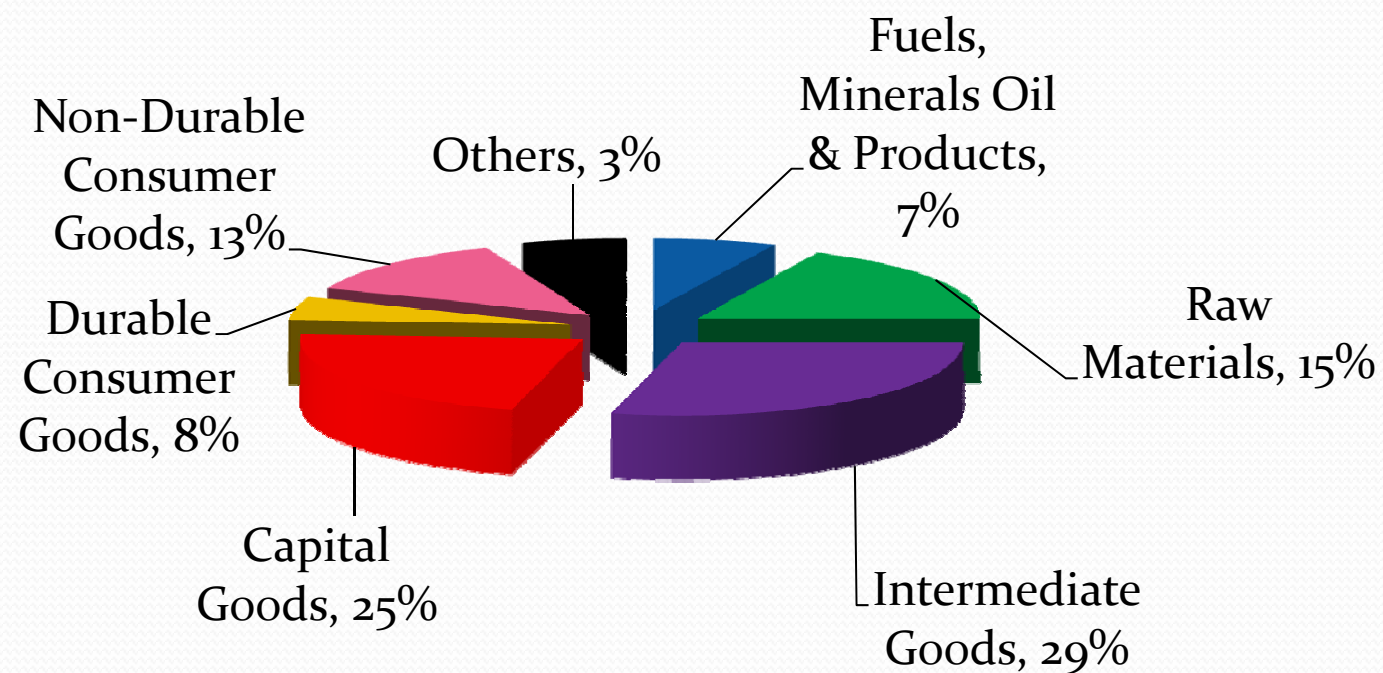


Source: Central Bank of Egypt

Egypt's Imports Structure 2008/2009

For Production Sector: 79%

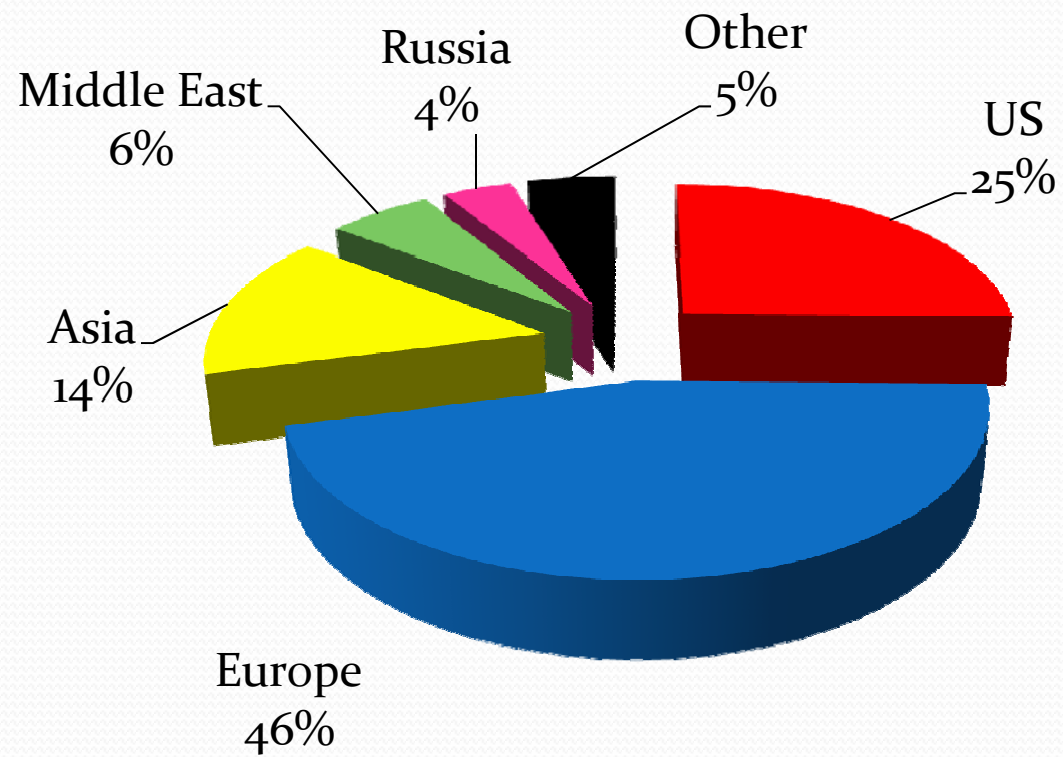
Consumer Products: 21%



Source: Central Bank of Egypt

Egypt's Imports by Region 2008/2009

Europe & US: 71%



Source: Central Bank of Egypt

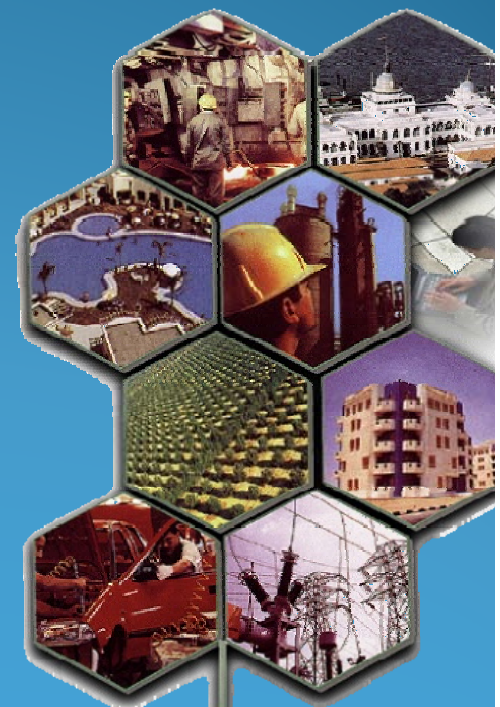
UK / Egypt Trade (in £ Million)

- | <u>Year</u> | <u>UK Exports to</u> | <u>UK Imports from</u> | <u>Trade Volume</u> |
|---------------|----------------------|------------------------|---------------------|
| 2006 | 547 | 677 | 1224 |
| 2008 | 909 | 617 | 1526 |
| Change | +66.2% | -8.9% | +24.7% |

Ranked 4th importer and 7th exporter among 20 MENA countries.
Ranked 2nd largest exporter after Israel if oil excluded.

Source: DTI Analysis of HM Revenue & Customs data.

Why & How in Egypt



Why Egypt?

- Supportive reforming government
- Access to a market of 78 million consumers
- Modern infrastructure (over \$200bn. investment in 25 years)
- Strong manufacturing base and fast-growing services sector
- Liberal foreign exchange and stock markets
- Encouraging Tax policies - 20% Income & Corporate Tax
- Availability of low cost semi-skilled, skilled and highly qualified labour
- Access to four major regional free trade agreements: EU, Comesa and Greater Arab, Turkey and shortly the U.S.
- Free zones, Investment Zones, Special Economic Zones & Qualifying Industrial Zones (QIZ)



Zones in Egypt

- Free Zones
- Investment Zones
- Special Economic Zones
- Qualifying Industrial Zones (QIZ)



Free Zones

- Developed and managed by GOE
- 9 public free zones
- Free customs tariff
- Tax free except for high energy consumption industries



Investment Zones

- Developed and managed by private enterprises
- Promote economic clusters for manufacturing, services, tourism, agribusiness, etc.
- Bureaucracy-free environment through a one-stop-shop for incorporation, licensing, and support services.
- Custom management through localized dry ports

Special Economic Zones (SEZ)

- North-West Suez Special Economic Zone
- 10% corporate tax on all activities
- 5% flat rate on personal income tax
- Integrated custom and tax administration
- Certificates of origin valid in all free trade agreement countries
- Dispute settlement service



Qualifying Industrial Zones (QIZ)

- Egypt QIZ agreement with the United States
- 15 zones within Egypt are enjoying a duty free status with the U.S.
- Business should import at least 11.7% of components from Israel
- Egypt's textile exports to the US quadrupled in 4 years

Infrastructure



Sector	2009
Telecom	
Telephone lines	15 million
Internet service providers	Close to 1000
Cellular phone users (3 operators)	50 million (63% of Population)
Electricity	
Installed power capacity	22 GW
Roads	
Lengths of paved roads	107,000 Km (67,000 Miles)
Railways	
Lengths of lines	5,063 Km (3,200 Miles)
Airways	
Airports	29
Number of flights	Close to 200.000
Air cargo capacity	400,000 tons annually
Maritime	
Sea ports	15 commercial/ 30 specialized
Total Capacity	76 million tons annually

Utilities and Labour Costs

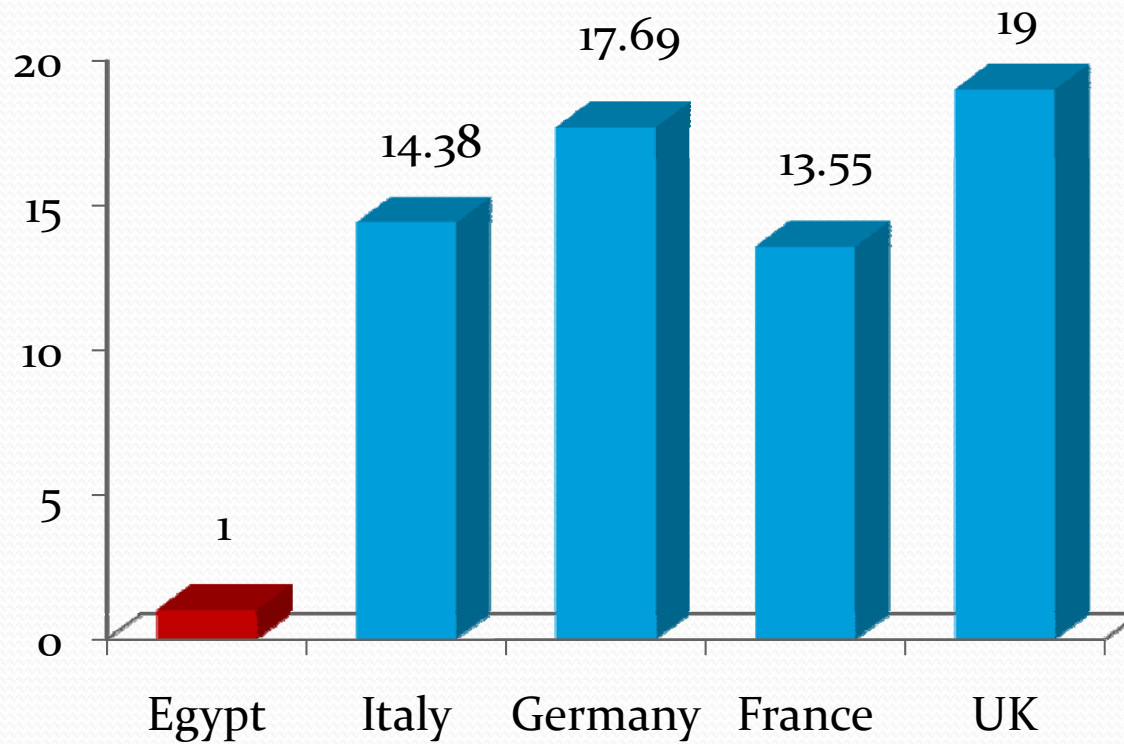
(Figures in US\$)

	Egypt	Ireland	UK
Electricity (per kilowatt hour)	0.044	0.093	0.054
Water (per cubic meter)	0.209	0.996	1.23
Unleaded petrol/ liter	0.300	1.72	1.72
Average hourly labour cost in manufacturing	1.089	15.93	19.37

Source: National Utility Services

Skilled Labour at Competitive Price

Labour cost in Europe is almost 16 times higher



Source: IFC

Tips -How in Egypt?



- Choose your right Egyptian partner
- Study the market and the market needs
- Choose your right location
- Arrange your finance
- Study the laws and regulations (investment , tax, labour, trade...etc)
- Use the available programmes in the regional and international trade agreements
- Stay in the market, and do not manage your business from afar
- Choose your competent local staff
- Build up your social life within the Egyptian friendly society

The image features a solid blue background with a gradient that is darker at the bottom and lighter at the top. The top edge is decorated with several overlapping, wavy lines in various shades of blue and cyan, creating a sense of movement and depth. Centered in the upper half of the image is the text "Thank You" in a clean, white, sans-serif font.

Thank You