Doing Business in Egypt: 2008 Country Commercial Guide for U.S. Companies

8/26/2008

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Chapter 1: Doing Business In Egypt

Market Overview Return to top

The U.S. is Egypt's largest bilateral trading partner. Egypt is a significant importer of American agricultural commodities, machinery, and equipment. The U.S. is also the second largest investor in Egypt. Roughly two-thirds of total U.S. investment is in the oil and gas sector, but also includes investment in areas such as consumer goods, pharmaceuticals, automobile production, and financial services.

With a population of 78 million, Egypt is by far the largest Arab country. It sits in the heart of the Middle East with a fast growing economy that has become much more diversified than in the past. It is a major oil and gas producer, with natural gas production increasing rapidly. Investment needs in power infrastructure remain substantial. According to the World Bank, the increase in demand for electricity averaged about 7% between 1997-2004 and is expected to remain in the 6–7% range over the next decade. The Government has set an ambitious target to have 20% of installed capacity in the form of renewable energy by 2020. Last year, the World Bank approved a US$327.57 million power project to finance a new hybrid power plant.

The government is putting in place an institutional framework for private-public partnerships (PPPs). PPP projects in the pipeline include building and maintaining 2,100 public schools, four hospitals, several potable and wastewater stations, and two freeways. Unmet demand for housing construction is currently estimated to be 200,000 units annually. Telecommunications is another bright spot in the economy. Mobile penetration rates by three mobile operators stand at 28 million or about 35 percent of the population. The Government is expected to grant a second fixed-line license in 2008. Other significant sectors of interest to U.S. companies include steel, cement, chemicals, pharmaceuticals, and light consumer goods. Agriculture, although shrinking as a percentage of GDP, still employs almost 30% of the population. Egypt imports most of its meat, and all of its wood and grains.

Egypt's economy had another year of impressive performance supported by sustained reforms. In 2007, the country received record foreign investment (FDI) along with official reserves exceeding US$30 billion. The Gross Domestic Product (GDP) grew by 7.1%, and is expected to expand at a similar rate in 2008. Most of the FDI has gone into construction and manufacturing resulting in lower unemployment. The government has also inked agreements with China, Jordan, Russia, Turkey and Qatar to construct industrial zones. Receipts from the Suez Canal and tourism brought in more than $11 billion in the first three quarters of last year. The Egyptian stock market has been one of the best performers in the region.

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Although the reformers have developed considerable momentum, red tape remains a business impediment in Egypt, including a multiplicity of regulations and regulatory agencies, delays in clearing goods through customs, arbitrary decision-making, high market entry transaction costs, and a generally unresponsive commercial court system.

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U.S. firms have competed successfully for major infrastructure projects in Egypt. More projects are on the way, some of which have regional impact, such as airports, telecommunications, TV broadcasting, and port projects. The petroleum, power generation and transmission, and telecommunications/information-technology sectors represent the most promising sectors in Egypt. Tourism, as the largest earner of foreign exchange and employer of more than 10% of Egyptian workers, also offers strong possibilities. Expansions in the Red Sea resorts provide increasing opportunities for exporters of hotel equipment and environmental management services. Airports and other infrastructure being built to serve the new resorts also represent additional opportunities for U.S. exports and investment. Tourism along the Red Sea coast continues to be a big draw and the government is pushing development along the Mediterranean coast as well. These opportunities are attracting U.S. project management expertise and quality U.S. building systems and equipment.

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A local partner is imperative to successful penetration of this market. There are several reasons for this. First, given the continuing bureaucracy, a local partner is necessary to shepherd business through the delays and obstacles. Second, foreign companies cannot bid directly on government tenders; they must act through local agents. Third, as the market becomes more sophisticated in Egypt, there is a growing demand for after-sales service requiring the services of a local agent.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of Egypt, please click on the link below to the U.S. Department of State Background Notes.

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Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor

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Egyptian law concerning commercial agency agreements is among the most liberal in the Middle East. The law is neutral concerning exclusivity, compensation is not required to cancel an agency, and there is no minimum notification period for cancellation. There is no requirement that the agent authorize the import of the foreign principal's products into Egypt, nor that the importation take place through the agent. Importers of any product must be separately registered, under another law. Commercial agents must register the existence of their agency with the Ministry of Trade and Industry's Commercial Registry Department, giving basic facts about the agreement, including the amount of commission to be received on sales. The foreign firm itself faces no local registration requirement. The commercial agency law is also neutral about dispute settlement procedures leaving this to the parties to decide, preferably in writing at the time of appointment of the agent, and in advance of a dispute and on the amount of commission due an agent.

Commission rates vary according to the type of product or service, volume of sales, and effort needed by the agent. The larger the sale volume is, the smaller is the commission. For commodities such as rice, wheat, sugar, lumber or cotton, the commission ranges between 1-3%; for chemicals and foodstuffs 3-5%; for medical equipment, earthmoving equipment, office/business equipment, about 10%; and for expensive laboratory and scientific equipment, 15%. For major projects such as a complete civil engineering project, the commission is typically 1-3%. In tenders, the commission is calculated in the quoted bid. If a bidder reduces the bid price, the agent typically is asked to share in the reduction. Commission rates must be reported in bid packages for government tenders, with the government reserving the right to reduce any commission it deems extravagant. Commission rates also must be noted in the Ministry of Trade and Industry's Commercial Registry documents signed by the Egyptian agent. Law does not require agent exclusivity; the majority of U.S. firms have one or two Egyptian agents for different products, although a few have more.

Agencies can be split geographically and/or by product, although this is generally avoided in a country like Egypt, where activity is centralized around the capital city of Cairo. If there is a geographic split, it is generally Alexandria with or without the Delta cities on one hand, and Cairo and the Nile valley on the other. Agencies also can be split between private and public customers, with one agent specializing in tenders and another handling private sector customers. Agents often appoint subagents to cover smaller cities.

The U.S. Commercial Service offers the Gold Key and International Partner Search programs that are designed to assist U.S. companies identify local agents/distributors for their products. For further information, U.S. business representatives should contact the nearest Department of Commerce Export Assistance Center in the United States or the Commerce Department's Trade Information Center at 1-800-USA-TRADE (1-800-872-8723) or click on http://www.export.gov.

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

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As in any other country, seek early legal counsel from one or more attorneys and tax counsel from a professional accounting/auditing firm. Lists of such firms are available on the Internet from the Commercial Service website in Egypt http://www.buyusa.gov/egypt/en/bsp.html?bsp_cat=80120000.

A newcomer's biggest and never-ending challenge is to learn, preferably in advance, what laws affect him/her and how to cope with them. Many of the laws reflect Egypt's socialist government of the 1950s-1970s and, if interpreted literally, do not favor private enterprise. However, newer laws and the policy of today's government favor entrepreneurship and the free market economy. Tension between political desire favoring entrepreneurs and bureaucratic reliance on old laws-on-the-books continues.

The General Authority for Investments and Free Zones (GAFI) has set up a one-stop shop for registering companies. In theory, this office is able to process all paperwork for setting up a business in Egypt and can do so in a manner of days. Companies here report, however, that in reality, other delays often result in the process taking up to 6 months.

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Franchising has developed quite extensively in Egypt over a short time, especially in the fast-food sector. There are 40 international franchisees in Egypt at present, including 22 American food franchises, 3 non-American food franchises and 15 non-food franchisees with hundreds of individual outlets.

The Egyptian fast food market, dominated by American chains, has experienced notable expansion since it began in 1970, and market sources expect the growth to continue at an annual rate of 10-20% over the coming years. The current food franchise market size is estimated at more than $300 million. Some of the popular chains include: Chili's, TGIF, Hard Rock Café, KFC, Little Caesars Pizza, McDonald's, Pizza Hut, and Baskin Robbins. From seven operational chains in 1993, there are now 45 American franchises either operational or with imminent plans to open.

During the 1990s, non-food sectors started to develop. Non-food franchises have a large market potential. Other American franchisors are actively planning to enter the Egyptian market, and opportunities exist for additional U.S. franchise development. A limited number of companies in the fields of hotel management, car rental, language education, health and fitness, electronics, and computer training are currently franchised in Egypt. 2005 saw the introduction of several retail-clothing franchises around Egypt.

Franchising has been proven to be a good mechanism for entrepreneurship and SMEs, and the concept has spread through numerous entrepreneur associations. However, the franchising mechanism, which was booming in the early 1990s in Egypt especially in the food sector, is now stagnate if not slowing down for various economic and socio – political reasons.

Numerous private companies are active in promoting awareness of the concept, including the Egyptian Franchise Development Association (EFDA). EFDA represents and serves the franchise industry in Egypt to encourage and promote the concept of investment through franchising, encourages training and quality control, and works to solve common problems in the industry. Moreover, EFDA sponsors a local Franchise show every year in the spring or early summer. Please contact the Commercial Service in Egypt for more details.

Egyptians have initiated franchising their own retail businesses to others, especially in the apparel industry. This trend indicates that the franchise concept is acceptable within the Egyptian cultural setting. Most of the franchises operating in Egypt are the result of Egyptian entrepreneurs approaching foreigners, rather than the result of a marketing effort by foreign firms.

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Direct marketing in Egypt, such as catalog sales or television sales, is picking up momentum. This is due in part to the fact that use of credit cards and checking accounts drawn on foreign banks is increasing. In addition, the situation of mailing goods into

Egypt that used to face the risks of mail theft, loss in the airport mail warehouse, and arbitrary and high customs duties is now improving. Purchasing goods through the Internet is growing for the same reasons. The Egyptian Government is interested in e-commerce and passed e-commerce legislation and an e-signature law in 2004.

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Egyptian entrepreneurs often prefer to have a foreign partner in a joint venture in Egypt. The foreigner supplies and ensures quality of the technology, as well as the cachet necessary to gain customer acceptance. Foreign equity in joint ventures can be as low as a few percentage points, depending upon mutual agreement. Egyptian Law No. 8, the Investment Incentives and Guarantees Law, allows foreign investors to own any amount, up to 100%, in projects in most sectors.

The details of joint venture or licensing agreements between Egyptians and their foreign partners are a matter of mutual agreement, defined by their contract, not by special law. Liberalized foreign exchange regulations since 1991 permit the free transfer abroad of profits and dividends. Invested capital may be repatriated without prior approval of the government's investment authority, the General Authority for Investment and Free Zones (GAFI).

Technology licensing that does not involve "investment" in Egypt by the foreigner, but that does involve using "process secrets" must receive manufacturing approval from the Industrial Development Authority, affiliated to the Ministry of Trade and Industry. Approval is not required for licensing agreements involving trademarks and technical know-how other than "process secrets." A stiff withholding tax is levied on royalty payments unless a double taxation treaty exists. There is a U.S.-Egyptian treaty for the avoidance of double taxation, which limits tax on royalty payments to 15% of the gross amount of such royalty.

Numerous government and private companies have licensing agreements with foreign firms under which royalties and other fees are freely transferred abroad pursuant to individual corporate agreements. Examples of licensed production in Egypt include name-brand clothing, personal care products, kitchen utensils, pistols, laser alignment equipment, and military vehicles. Service licenses include diving training, and franchised services including personal care and restaurants.

Inadequate patent protection has been so far the biggest barrier to licensing in Egypt despite the passage of a patent law, ratified by parliament in August 2003 (see Protecting Your Intellectual Property later in this chapter).

Some U.S. investors have looked to Egypt as an investment site in order to benefit from U.S. Government procurement preferences. Under the U.S. Federal Acquisition Regulations (FAR), Egypt is a "designated country" (among many others) from which certain goods theoretically could be procured by the U.S. Government as if they were made in America. However, this rule does not apply because the FAR requires such countries to sign the GATT/WTO Procurement Code, and Egypt has not done so yet.

Selling to the Government

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

In the case of USAID and FMF, information can be obtained on http://www.fedbizopps.gov/. While this site is comprehensive, it is very difficult to navigate to find specific projects in Egypt. USAID and the Office of Military Cooperation are willing to answer questions about upcoming procurements directly by contacting the U.S. Embassy in Egypt.

Other donor-funded projects open to U.S. bidders are from the Government of Japan's United Overseas Development Assistance (ODA), or multilateral assistance from entities such as the World Bank, African Development Bank, or Arab and Islamic development funds.

The following information pertains to contracting directly with the GOE. It is also relevant for donor-financed projects to the extent that Egyptian law applies to them.

TENDERS LAW

The Tenders Law No. 89/1998 now governs GOE procurement by all civilian and military agencies ("ministries, departments, local government units, and public and general organizations") unless they are excused from this law. It has replaced the former Law 9 of 1983. The improvement is evident mainly in these areas:

(1) No negotiation of bids after bid opening ("momarsa," in Arabic). A tender may not be transferred into a momarsa.

(2) No cancellation of an order without reason. Moreover, rejected bids and awarded bids will contain the reasons on which the decision was based.

(3) Bid bonds will now be refunded immediately upon expiry of validity of tender.

The law has not changed the following features:

(1) Open competition with publication for at least 30 days;

(2) 15% price preference for Egyptian bidders. There is one exception, however. Ministry of Defense tenders are treated differently due to the Reciprocal Defense Procurement Memorandum of Understanding. This rule allows Egyptian companies to compete as U.S. companies on DOD procurements and U.S. companies to compete for MOD tenders as Egyptian companies. If a U.S. company is competing with an Egyptian company on an MOD procurement, regardless of funding source, they must be treated the same. If an Egyptian company receives a 15% price preference, so does the U.S. company. Not all DOD procurement committees are aware of this requirement. In the event of a dispute, please contact the U.S. Embassy's Office of Military Cooperation to

inform them of MOD non-compliance with this provision of the Memorandum of Understanding;

(3) A two-phase decision-making process: a bid-opening committee that convenes a public session to which all bidders are invited and bid prices are read aloud; and a decision-making (settlement) committee that reviews the technical bids and either makes a decision or, if the value is over $50,000, recommends a decision to the minister concerned;

(4) Bid bonds of one or two (generally two) percent and a performance bond by the winning firm of (generally) 5%. Preference is given to Egyptian public sector companies and Egyptian cooperatives, both of which are exempted from the bonding requirements, provided they do the work themselves and do not request an advance payment;

(5) Fraud, bribery ("either personally or through a third party, directly or indirectly"), or bankruptcy by the contracting party annuls the contract and allows any outstanding bid or performance bond to be confiscated;

(6) Sole-source decisions are permitted in special instances: monopoly sources of supply; goods whose import is monopolized; specialized products or services; and goods and services needed urgently;

(7) Advance payments are permitted, against a letter of guarantee. U.S. standby letters of credit (which can be insured for political risk by the U.S. Overseas Private Investment Corporation) are acceptable in Egypt.

<u>Practical Problems of the Tenders Law</u>

There is no time limit for the decision-making committees to meet, make, or announce their decision. If a bidder withdraws its bid prior to bid opening, it forfeits the bid bond. Bidders often are "held hostage" to a government agency that stalls the bid opening for varied reasons, including running out of funds for the project. Costs of extending bid bonds are borne by the bidders. If a winning firm withdraws from a project before beginning or completing a project, its performance bond similarly will be confiscated. This has happened when a client has delayed start-up because of budget shortfalls, expecting the contractor/supplier to carry the burden of maintaining the performance bond.

Government agencies often delay giving the "final acceptance" of goods or works projects. This holds up final payment and final retirement of the performance bond. There are no time limits for making payment from the date of acceptance of a bid, nor any provision for implied or automatic acceptance of a supplied good or service. The client must explicitly acknowledge “final acceptance” before the contractor can receive final payment and retire the performance bond.

If award decisions are delayed beyond the validity date specified by a bidder, extra costs incurred by the delay cannot routinely be passed on. If the client adds new requirements to an ongoing contract, any extra monies requested by the supplier/contractor must be endorsed by a special "price study committee" which sometimes takes years to approve. In the meantime, of course, the supplier/contractor is expected to fulfill the revised contract without delay or complaint.

The Tenders Law makes no reference to dispute resolution, which therefore must be negotiated prior to contract signing. Arbitration in Egypt or abroad (the latter can include foreign law and foreign arbitral procedures) is preferred to the court system, although enforcement of arbitral awards is not assured because the losing party can appeal Egyptian or foreign arbitral decisions in Egyptian courts. If no specific dispute settlement procedure is mentioned, any future dispute with a government party will go to the government's Council of State. This is a government agency that both reviews the constitutionality of proposed laws and regulations and functions as a court for all non-criminal matters to which the government is a party. If the government party does not honor an arbitration decision, the tenders law does not permit the winning party to use the arbitration settlement documents to settle claims with other government entities (customs, tax, social insurance, etc.).

There is no provision allowing the supplier to delay work if payments are delayed. There is no provision to reduce the performance bond progressively according to the rate of completion of the work.

For Letters of Credit/Guarantee offered as a performance bond, it is advisable to have separate L/Cs for each procured commodity or distinct order, in order to avoid delaying the entire shipment if there is a dispute over one item. The Tenders Law has increased the ceiling on direct orders to LE 50,000 (approximately $9,090).

In the Tenders Law, tenders and bids are not to be transformed into “momarsa” unless otherwise explicitly mentioned in the tender advertisement. Maintenance and after-sales technical service is to be given significant consideration in deciding and evaluating offers. The job is to be given to the lowest bidder only if the requirements for technical and maintenance support are fulfilled.

Amendments to Dispute Settlement Law 27 of 1994 regarding contracts between public enterprises and private (domestic and international) sector suppliers allow both parties to agree to appoint any accepted legal body. In the past, the only body overseeing disputes with public enterprises was the State Council, which was taking years in some cases to settle disputes. Parliament approved these amendments in May 1997.

In July 2006, the Tenders Law was amended to allow state property to be sold by direct agreement in cases where a public auction would be impractical. In September 2006, the executive regulations of the Tenders Law were also amended, to streamline contracts procedures. The changes shorten the period required for announcing tenders and evaluating bids; lower charges for tender documents; oblige clients to hold pre-bid meetings to clarify items in tenders; and include model contract terms clearly establishing rights and obligations of contractors. The amendments allow small-and medium-sized enterprises to acquire tender documents at cost, in order to help such firms win business. An amendment to the Tenders Law was issued in May 2006, requiring the contracting governmental entity to change the agreement value with the contractor, pursuant to the increase or decrease in cost, which took place after the date determined for opening the technical envelopes or after the date of concluding the agreement. The amendments also require the contracting entity to disburse to the contractor advance payments for work-in progress. The amendment also stipulates compensating contractors for price fluctuations that might occur during the first year of the contract.

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

Other Practical Considerations in Selling to the Government

Poorly written specifications may force bidders to guess what the customer wants. U.S. firms must stay in close touch with client agencies to minimize doubts and uncertainties. Do not assume the "best" is desired, since superior features may not be understood or the price may be too high. The law is silent about who writes tender specifications and neither encourages nor discourages hiring of consultants to do so. Foreign firms that are trusted by government officials often voluntarily propose tender specifications to prospective bidders, which gives them a chance to determine the specifications. In the decision-making committee, the technical representative (typically an engineer) must concur in the award decision. Such persons have much influence.

Government entities expect performance bonds to cover the full warranty period for the product or work in question, and draw downs proportional to work completed are not usual. U.S. suppliers, by contrast, generally want performance bonds limited to safe delivery and/or set-up. Therein lie grounds for much misunderstanding and complaints over alleged delays in releasing performance bonds.

Influence peddling in procurement decisions is a much-discussed phenomenon. What is certain is that decision-makers must feel comfortable with a supplier. They will not select a low-bidder unknown to them. Personal friendships and frequent visits to decision-makers by foreign principals and their local representatives are important marketing factors. While "sweetheart deals" are known to take place, many Egyptian sources affirm that the majority of decisions are openly competitive and straightforward. While the decision-making process may seem opaque, details of bids are readily obtainable through informal channels.

Distribution and Sales Channels

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Foreign firms can sell directly within Egypt if they are registered to make direct sales. Many do so as part of a manufacturing or assembly operation in Egypt. A few foreign firms use free zones or bonded warehouses to store goods and hire their own employees to sell door-to-door consumer goods, such as vacuum cleaners.

Most foreign firms, however, rely on Egyptian companies for wholesale and retail distribution, ensuring their effectiveness through staff training programs in Egypt and abroad, supplying short-term home office personnel to work with the Egyptian firm, and making regular visits by marketing and technical support staff. Although the concept of "marketing", as compared to simply selling, or waiting for the customer to find and come to you, is new to Egypt and weakly practiced, there are a growing number of good Egyptian marketing firms who know how to market the products in which they specialize.

Egyptian commercial agents are required for foreign firms to bid on most civilian government tenders. By contrast, commercial agents cannot be used to bid on military tenders, although use of Egyptian "consultants" may be allowed if the arrangement is properly structured. Commercial agents are optional when bidding on tenders issued by the petroleum companies, when selling to the private sector, or when selling under USAID-financed programs.

There are many choices for distributors, dealers, and agents in Egypt. There are a few firms with modern management, including "profit center" staff responsible for success in specialized departments. There are more traditional "general trader" type companies, some of which have developed a certain specialization (e.g.: lumber, building products, canned goods, fresh and frozen meats), and some of which handle "everything." Also, there are smaller firms specializing in only a few product lines or only a handful of foreign suppliers.

According to Egyptian Customs authorities and the Ministry of Industry & Foreign Trade, in 2006 (the latest statistics available) Egypt had 5,600 registered importers, 9,700 exporters, 4,280 commercial agents representing 105,900 foreign firms, and 3,950 factories licensed to import components. Most of these firms are privately owned, but the government sector includes some 279 separate companies affiliated with 16 holding companies; nearly 30 military factories that also make civilian products; and 1,500 companies owned by one of the 26 provincial authorities (governorates).

Many retailers of consumer goods tend to import their own needs directly rather than pay high markups to wholesalers - sometimes a suitcase or trunk load at a time. A corollary is that many Egyptians prefer getting quotes directly from the overseas supplier rather than from the local agent on the theory that the price will be better. This habit suggests that U.S. principals be sensitive to the role and presumed cost of their Egyptian agents. One way to strengthen that role is to refer customer inquiries back to the Egyptian agent or to a regional representative outside Egypt.

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

In Egypt, as elsewhere, the artistry of appointing a representative requires a blend of many concerns and decisions. Will the prospective agent prominently feature your product line, or will it just be added to a dusty shelf along with many other product lines? Is his influence with government decision-makers generational and therefore subject to decline as the years pass? Does he have children or trusted staff being groomed for responsibility?

Egyptian law requires that all commercial agents and importers have Egyptian nationality. If it is a company, the chairman and all members of the board must be Egyptian, and it must be 100% Egyptian-owned. Agents also must have resided continuously in Egypt for at least five years with specified exceptions for expatriate

Egyptians having an overseas work permit; be certified by a local chamber of commerce or professional association; not be a civil servant or worker in a public sector company (i.e., not moonlighting), nor a member of the People's Assembly; not be a "first grade relative" (i.e., a member of the immediate family, or uncle, aunt, niece, or nephew) of a civil servant of the rank of Director General or higher, or of a member of the People's Assembly. This prohibition against agents with family members in government is rarely enforced. Public sector firms can be agents, as can private firms and individuals. Distributor-type companies with any foreign ownership can market goods, including imported goods, in the following circumstances (although they cannot handle the import operation, per se):

(1) General Partnership Companies, or Limited Partnership Companies: In these types of companies, there may be a foreign partner, provided that the Egyptian partner(s) have at least 51% of the capital and the general manager or head of the company is an Egyptian national. In these instances, such a distributorship company cannot be an "importer" nor act as commercial agent unless it is 100% Egyptian owned and managed.

(2) Limited Liability Company: A foreign partner in this type of distributorship company faces no limit on the percentage of ownership, provided that at least one manager of the company is an Egyptian national (there can be one or more managers depending upon the articles of incorporation), there are at least two shareholders or partners, and the capital of the company is not less than LE 50,000 (approximately $9,090). A distributorship company of this type also cannot be an "importer", nor act as commercial agent.

(3) Joint Stock Company: Provided that at least 49% of the shares are offered to Egyptians upon formation, foreign shareholders ultimately can own up to 100% of the company, provided that a majority of the board of directors are Egyptians, the capital of the company is not less than LE 250,000, and there are at least three shareholders. Again, a distributorship company of this type may not import or act as a commercial agent unless it is 100% Egyptian owned and managed.

Foreign firms that form a distributorship as mentioned above often permit the Egyptian partners to form a separate company to act as "importer" or agent. The latter delivers the goods to the distributorship company for marketing within Egypt.

Products enter Egypt through the main ports of Alexandria, Dekheila, Damietta, Port-Said, and the comparatively new port of Ain Sokhna. Goods are then cleared by the importer or end-user and are stored in the main distribution centers located in Alexandria and Cairo. From there, well-organized distribution companies with networks covering the entire country will distribute to wholesalers and retailers.

Selling Factors/Techniques

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Egyptians with whom an American will deal in business are often trilingual (English-French-Arabic), well-traveled individuals who pride themselves on ferreting out good deals at decent prices. Mid-level government officials with whom a foreigner may deal may be less sophisticated and less well traveled, but no less able to negotiate.

Cairo is the cultural capital of the Arab world. Thousands of affluent Arab tourists and investors travel to Cairo often throughout the year, enjoying the cinema, theater, television, live performances, and relaxed lifestyle not generally available in some other Middle East countries. Many of these persons have second or vacation homes and apartments in Egypt, as well as factories and real estate investments. Foreign suppliers/marketers are beginning to take advantage of Egypt as a locale from which to market to its audience of wealthy Arab visitors.

Some 18 million of the estimated 80 million Egyptians live in the greater Cairo metropolitan area. Seven million live in Alexandria permanently, and its population increases by 50% in the summer as vacationers flood in. Numerous important secondary cities offer market opportunities for agricultural, industrial, and consumer goods in the Delta (Tanta, Damietta, Mansoura, Mehalla el Kubra, Damanhour, Benha, Zagazig); along the Suez Canal (Port Said, Ismailia, and Suez); and along the Nile south to Upper Egypt (Assiut, Minia, Sohag, Qena, Luxor, Aswan).

Negotiations for a sale, whether with a government agency or a private individual, will be bound by certain unspoken Egyptian cultural requirements. One is that there is no final best price that cannot be reduced further by negotiating. A corollary is that only a neophyte would offer one's best price, or anything close to it, early in negotiations. Government employees are judged on their ability to squeeze the final penny from the lowest bidder. This happens repeatedly, at every level of decision-making, and is the Egyptian version of the "Dutch auction", called in Arabic "momarsa". Momarsas have been popular because they give Egyptian officials the appearance of trying to get the best deal for Egypt, and they reduce charges of cronyism.

Momarsas, however, are viewed by companies subjected to them as potentially unfair, without clear rules or procedures, and a violation of Tenders Law No. 8's mandate to negotiate with the lowest qualified bidder only. The U.S. Embassy and some business groups, including the U.S.-Egypt Business Council, have urged the government to ban "momarsas." A recent positive development is that the practice of "momarsas" has now been prohibited in the Public Tender new tenders law (Law 89 of 1998), approved in May 8, 1998, and enacted, effective June 9, 1998 (see Pricing, later in this chapter).

A marketing problem in Cairo is that it is often difficult to establish who offers what for sale and where to find them. The city is splayed across the Nile about 15 kilometers (9 miles) in diameter, with several distinct marketing districts that are an hour apart in normally heavy traffic. Yellow pages and the like are not available to the average consumer. As a result, people may only find a product they want by attending a trade show or fair, as it is too hard to find the single or handful of outlets maintained by official agents, distributors and dealers. A growing number of trade directories and commercial directories (including "Kompass - Egypt") have eased the problem of identifying existing companies (http://www1.kompass.com/kinl/static/en/index.htm).

The Commercial Service in Egypt publishes a Directory of U.S. Businesses in Egypt. The directory lists U.S. companies with offices and representatives in Egypt, as well as the Egyptian representatives and agents. To obtain a copy, please send an inquiry to Cairo.Office.Box@mail.doc.gov.

Electronic Commerce

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Egypt's Electronic Signature Law 15 of 2004 established the Information Technology Industry Development Agency (ITIDA) to act as the E-signature regulatory authority and to further support and empower the IT sector in Egypt. The executive regulations of this law were issued in 2005.

ITIDA's first mandate is to build and operate the Root Certificate Authority (Root CA). The Root CA will be the trust anchor for all relying parties within that domain. Furthermore, the Root CA will issue digital certificates to subordinate Certificate Service Providers (CSP) to provide the proper infrastructure for the use of E-Signature in Egypt. ITIDA's second mandate is to license a limited number of CSPs to issue digital certificates and corresponding electronic signatures for citizens and private sector companies' clients.

In July 2006, four certificate authorities (private-sector) were granted their licenses to provide e-signatures services to the public. In addition, the establishment of the "Root Certificate Authority" and a "Government Certificate Authority" are in progress and are expected to be completed during the first half of 2008. (Website: www.itida.gov.eg)

The Ministry of State for Administrative Development (MSAD) is taking a leading role in modernizing the Egyptian government through the implementation of an E-government initiative. This initiative has social and economical impacts. It will help increase government productivity, reduce services provision time, establish new service delivery models, reduce government expenses and encourage e-procurement. The implementation of the initiative implies new legislations that should be in place like E-signature (2004), Information Security and Cyber Crime (drafted, expected 2008), Right to Information (drafting phase).

E-Business websites:
http://www.otlobward.com/
http://www.otlob.com/
http://www.agrifoodegypt.com/
http://www.motoregypt.com/

Telecom Egypt:
http://www.telecomegypt.com.eg/

Real Estate Website:
http://www.realestateegypt.com/
http://www.egypthome.com/
http://www.betna.com/coldwellbanker/nu/eng/index.asp
http://www.e-dar.com/
http://www.eltamir.com/

Government Websites:
http://www.itida.gov.eg/
http://www.egypt.gov.eg/english
http://www.alhokoma.gov.eg

Trade Promotion and Advertising

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Strategically placed newspaper and magazine advertisements are good marketing tools in Egypt. Egyptians read newspapers voraciously, and all literate people will see or hear advertisements placed in the widely circulating Al Ahram daily (http://www.ahram.org.eg). Television is watched by all Egyptians, and advertisements reach and influence wide audiences. TV advertising has continued to increase in sophistication and prominence. The emergence of three privately owned television stations has created a new forum for advertisements in addition to the advancements on the public stations. Advertising agencies have begun to host entire programs, focusing on celebrity appearances for marketing purposes. While these programs had traditionally been shown only during Ramadan, they have recently begun to air year-round. Two partially privatized pop radio stations have also been created and already have captured a large part of the youth market. Stations now broadcast with advertisements. Radio Cairo and three other stations are allowed to air advertisements and, in the month of Ramadan, rates increase tremendously.

Other forms of advertisement in Egypt consist of roadside billboards, flashing neon signs on building roofs, building walls completely painted with advertising signs, "junk mail" advertisements, faxed advertisements, and messenger/courier-delivered direct mail campaigns. Flyers/stickers plaster Cairo's walls and lampposts just as in the United States. Street peddlers and hawkers shout the praises and prices of consumer products they offer for sale.

Trade promotion is becoming more sophisticated. Trade shows are frequent, aimed either at targeted business audiences or the general public; several take place each month at one or more of the downtown hotels or the Cairo International Conference Center (CICC). Most of these shows consist exclusively of Egyptian distributors/dealers/agents of foreign suppliers, or local manufacturers - not because they purposely exclude foreigners but because of poor marketing and last-minute preparations. A few Egyptian trade show organizers are now organizing professional shows and are working to attract international business participation.

The annual Cairo International Trade Fair, held in the spring of every year, is the historical centerpiece of Egyptian trade promotion events. It has evolved from its beginnings as a "required" government annual event to today's version of a county fair aimed at consumer purchasers. U.S. firms offering consumer products as diverse as office and business equipment, telephone credit cards, courier services, saunas and swimming pools, satellite dishes, educational toys, car care products, lawn furniture, recreational equipment, mobile phones, and satellite telecommunications have found success at this consumer extravaganza. (http://www.cairofair.com/Front/main.asp)

For a listing of trade events and fairs in Egypt, please visit the CS Egypt website at: http://www.buyusa.gov/egypt/en/tradeevents.html

SELECTED MEDIA LIST

DAILY NEWSPAPERS

Al Ahram: (circulation 750,000 Sunday - Thursday, 1,000,000 Friday)
---Egypt's most prestigious daily and most prosperous of the country's five largest publishing houses. In addition to publishing, the company has interests in many business services including computerization, billing services, and ID card services.

Al Akhbar: (circulation 780,000)
---More informal news (crime, human interest) than Al Ahram. Simpler language. Harshly antagonistic toward U.S. policies.

Al Gomhouriya: (circulation 200,000)
--- Less influential news coverage but with more local and sports news than other dailies.

Al Wafd: (circulation 180,000)
---Mouthpiece of the New Wafd Opposition Party. Leading opposition paper, but much smaller and limited in coverage and scope than the major pro-Government dailies above.

Egyptian Gazette: (circulation 4,000)
---The English-language daily. Part of the Gomhouriya publishing house. Caters almost exclusively to foreigners living in Egypt and tourists.

WEEKLY NEWSPAPERS AND MAGAZINES

Akhbar al Yom newspaper: (circulation 950,000)
---Saturday edition of Al Akhbar with many special interest sections, particularly women's and sports.

Akher Saa magazine: (circulation 50,000)
---Current events, sports, economics, history, arts, cinema, and theater.

Rose al Youssef: (circulation 50,000)
---Political magazine with human-interest stories.

Al Ahram Weekly: (circulation 20,000)
---English-language weekly newspaper from the Al Ahram publishing house. Read by foreigners and the Egyptian elite.

Al Ahram Hebdo: (circulation 15,000)
---French-language weekly from the Al Ahram publishing house.

Al Ahram Al Arabi: (circulation 5,000)
---General interest news magazine from the Al Ahram publishing house.

Al Mussawar: (circulation 50,000)
---Launched in 1924, one of Egypt's oldest publications. Well-respected news coverage and political and social commentary.

October: (circulation 25,000)
---Popular general interest magazine.

Sabah El Kheir: (circulation 20,000)
---Youth-oriented magazine from Rose al Youssef.

Nosf al Donia weekly magazine: (circulation 45,000)
---Women's issues.

Hawa'a weekly magazine: (circulation 50,000)
---Egypt's original women's magazine, first published in 1892.

Al Kawakeb: (circulation 30,000)
---Egypt's cultural magazine, specializing in cinema, theater, radio and television.

ECONOMIC PUBLICATIONS

Al Ahram Al Iktisadi weekly magazine: (circulation 10,000)
---Egypt's leading economic magazine, modeled after the British "Economist", is read by academics and government economic officials and has numerous readers outside Egypt.

Al Alam Al Yom daily newspaper: (circulation 25,000 in Egypt, 30,000 in Saudi Arabia).
---Economic, commercial and Arab affairs.

Business Monthly: (circulation 8,500)
---English-language magazine published by American Chamber of Commerce in Egypt.

Egypt Today and Business Today: (circulation 17,000)
---Glossy English-language magazines related to social/business life in Egypt published by International Business Associates.

Middle East Times: (circulation 4,400)
---English language weekly, part of the Washington Times group, edited in Cyprus and printed in Athens.

Pricing

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Egypt traditionally is a price-sensitive market, where quality often takes second place to cost. This mentality is slowly changing. One important example of that change is the Public Tender Law 89 of 1998 which requires compliance with terms, conditions and specifications of the tender, as well as a comparative consideration of technical and financial aspects in arriving at an award decision. Prior to the law, however, government tender rules had essentially required that the low bid win, regardless of quality. American firms sometimes had not understood this aspect of bidding and would mistakenly quote "better value" than was required by tender specifications. This approach was ineffective and generally produced losing bids. Many companies would bid strictly to the specifications, then, as an alternative, would provide a second, optional, value-based bid.

In the tender process, specifications are often unclear and poorly written, which allows for a wide divergence in interpretation by bidders as to just what the tender requires. Elaborate bid proposals often fail, passed over for cheaper, practical alternatives. U.S. firms that succeed in Egypt tailor their products to customers' specific needs.

Exceptions to the generalization that "price sells" are sales financed by USAID and other foreign/international donors such as the African Development Bank. When funds are provided by these donors, Egyptian decision-makers can afford (and the foreign donors often require) quality, efficiency, and endurance considerations to weigh heavily in buying decisions. Another exception is consumer goods: people will pay for quality if they perceive it. However, the same affluent Egyptians who may buy a Mercedes car will tend to outfit their new factories with used equipment if they can cheaply transport a "complete" factory from abroad. Imported machinery is charged in addition to customs duty, a 10% Sales Tax, 3% Service Tax, and 1% Industrial and Commercial tax.

Sales Service/Customer Support

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U.S. sellers should aim to create and support a sales/service network in Egypt by training their distributors and dealers. Firms that sell directly to government agencies need to do the same - ensure training of the workforce using the product or it will fail through ignorance of proper maintenance and the foreign supplier will be blamed for poor quality. Total Quality Management (TQM) interest has skyrocketed among producers in recent years with a number of them now working toward ISO 9000 certification.

Protecting Your Intellectual Property

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Introduction

Several general principles are important for effective management of intellectual property rights in Egypt. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Egypt than in the U.S. Third, rights must be registered and enforced in Egypt, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Egypt. It is the responsibility of the right's holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, lashes, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence in partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Egypt require constant attention. Work with legal counsel familiar with Egyptian laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, Egyptian, Regional, and U.S.-based. These include:
- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry organization (BIO)
- Business Software Alliance (BSA)
- The Egyptian Center for Intellectual Property and Information Technology (ECIPIT)

IPR Resources

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

- For information about patent, trademark, or copyright issues – including enforcement issues in the US and other countries – call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US patent and Trademark Office (USPTO) at **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual rights and market-specific IP Toolkits visit: www.StopFakes.gov. This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.
- The U.S. Commerce Department has positioned IP attache's in key markets around the world. The IP attache' who covers Egypt can be contacted at: Minna.Moezie@mail.doc.gov.

IPR Climate in Egypt

Egypt is a signatory to the WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, the Berne Copyright Convention, the Paris Convention for

Protection of Industrial Property of 1883, the Madrid Agreement Concerning the International Registration of Marks 1954, and the Nice Agreement Concerning the International classification of goods and services, the Stockholm Act of 1967, the Hague Agreement, the Geneva Act 1999 and the Trademark Law Treaty.
In recent years, Egypt has made some progress in strengthening its IPR regime through improvements in its domestic legal framework and enforcement capabilities. In May 2002, Egypt enacted a new comprehensive IPR law (Law 82 of 2002) that met certain key TRIPS requirements, including providing data protection and exclusive marketing rights and enacting a patent mailbox. The law also addressed IPR protection in areas such as patents, copyrights (with enhanced protection for sound and motion-picture recordings and computer software), trademarks, plant varieties, industrial design, and integrated circuit layout design.

Although the law has certain shortcomings, its passage demonstrated a marked improvement in the major facets of Egypt's IPR regime. In July 2003, implementing regulations for the patent, trademark, and botanical variety provisions of the law were issued. Egypt also ratified the WIPO Patent Cooperation Treaty in 2003.

From April 2001 until December 2003, the Government of Egypt did not approve any generic copies of internationally protected pharmaceuticals. Since then, however, the Minister of Health has approved local copies of pharmaceuticals, in violation of Egypt's international property protection obligations. The international property protection problem appeared to worsen in late 2004 when the Egyptian Ministry of Health apparently embarked on the approval of a significant number of copies of pharmaceutical products for marketing in Egypt. As a result, the office of the United States Trade Representative (USTR) in 2004 elevated Egypt from the "Watch List" to the "Priority Watch List" (where it had been until 2003) during its annual "Special 301" IPR review. While the problem appears to have been minimized in most recent times, the Embassy has been alerted to cases suggesting that difficulties in this area continued to a limited extent in 2006 and 2007.

A modern, computerized Egyptian Patent Office operating under the authority of the Ministry of Higher Education and State for Scientific Research processes patent applications and grants patent protection. The government has significantly improved the quality and transparency of Egypt's trademark and industrial design registration system. In preparation for the new WTO patent regime, in effect as of January 1, 2005, the Ministry began hiring new technical examination staff in 2003.

The International Intellectual Property Alliance’s (IIPA) 2007’s Special 301 Report estimated the level of business software piracy at 64% for 2005 and 63% for 2006. IIPA’S estimate of record and music piracy is 60% for 2005 and 70% for 2006. For entertainment software, IIPA estimates that the piracy level was 85% in 2005. False licensing, where a local unauthorized distributor receives and is permitted to rely upon Ministry of Culture approval to distribute pirated software, music, and films, remains a problem and undermines copyright protection in Egypt. The Egyptian government appears unable to effectively control sales of pirated software by such distributors.

The following paragraphs summarize the law's provisions on different types of IPR:

Patents and Data Protection: The law increases the term of a patent to 20 years from filing, and for pharmaceuticals includes provisions on data protection and exclusive marketing rights which had been adopted by Prime Ministerial decree in 2000. Egypt has elected to be treated as a Developing Country for pharmaceuticals and chemicals under the TRIPS Agreement. As of January 1, 2005, Egypt has been required to be in full compliance with its TRIPS patent obligations. Although Egypt's patent law is in effect, there have been estimated some 4,000 patents applications filed in its "mailbox." Its patent authorities began to review these applications in 2005 as required by TRIPS. Egyptian officials indicate that the backlog of these applications has been cleared, although this has not yet been confirmed.

Copyrights: The new law offers copyright protection to artistic and literary works, computer programs, and audio-visual works. Books and computer programs are provided protection for the author's lifetime plus 50 years. Sound recordings are granted 50 years protection from the recording date. The specified penalty for copyright violations is a fine of LE 5,000-10,000 per infringement or a prison term of not less than one month, or both. Implementing regulations for the copyrights section of the law were issued in 2005 and 2006.

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

Semiconductor Chip Layout Design: The new law incorporates a chapter for protecting semiconductor chip layout design. Previously there was no legislation protecting semiconductor chip layout design, although Egypt had signed the Washington Semiconductor Convention.

In recent years the United States has provided significant assistance through USAID-funded projects to Egypt in order to establish and strengthen the Government of Egypt's IPR-related institutions. A modern computerized Patent Office is now capable of processing and ensuring the protection of patent applications, and the quality and transparency of the trademark and industrial design registration system has been significantly improved. The Government of Egypt has also taken steps to ensure the authorized use of legitimate business software by civilian government departments. Although progress has been made, further steps must be taken to strengthen protection of copyrighted material and confidential test data. High copyright-piracy levels continue to affect many categories of intellectual property, particularly book publishing, entertainment software, music recordings, and motion pictures. Infringement of trademark, textile design and industrial designs also remains problematic.

For more information, please see Egypt's Intellectual Property Unit in the General Secretariat of the League of Arab States.

For English translations of Egypt's IPR laws, please see the World Intellectual Property Organization (WIPO) website at: http://www.wipo.int/clea/en/clea_tree1.jsp

For more information on Egypt's IPR protection and enforcement systems, please see the "IPR Toolkit" on the U.S. Commercial Service in Egypt's web page at: http://www.buyusa.gov/egypt/en/iprtoolkitegypt.html

Due Diligence

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Due diligence is part of the array of services the Commercial Service provides for the benefit of U.S. business. It is recommended that U.S. firms avail themselves of the International Company Profile (ICP) service before signing an agency agreement with a local concern, choosing a local partner to bid jointly on a major project, or doing business for the first time with a local company. ICPs are prepared at the request of U.S. firms and provide financial and background data on Egyptian companies. U.S. firms can request an ICP through their local U.S. Export Assistance Centers.

Local Professional Services

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Local service providers and professional associations can be viewed on the U.S. Commercial Service in Egypt's web page at: http://www.buyusa.gov/egypt/en/bsp.html or at the American Chamber of Commerce in Egypt: http://www.amcham.org.eg/

Web Resources

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Commercial Service in Egypt: http://www.buyusa.gov/egypt/en/
U.S. Embassy: http://cairo.usembassy.gov
USAID: http://egypt.usaid.gov
American Chamber of Commerce in Egypt: http://www.amcham.org.eg
Federal Business Opportunities: http://www.fedbizopps.gov/
Egyptian Government Web Portal: http://www.egypt.gov.eg/english/
Kompass Company Search: http://www1.kompass.com/kinl/index.php
Egyptian Businessmen's Association: http://www.eba.org.eg/
Alexandria Business Association: http://www.aba.org.eg/
Federation of Egyptian Industries: http://www.fei.org.eg/
Egyptian Exporters Association: http://www.expolink.org
Egypt's Intellectual Property Unit: http://www.mfti.gov.eg/IP/index.htm
Information Technology Industry Development Agency: http://www.itida.gov.eg/
General Authority for Investment and Free Zones: http://www.gafinet.eg/
Egyptian Franchise Development Association: http://www.efda.org.eg/

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

Commercial Sectors

Telecommunications Equipment and Services (TEL) (TES)

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	2006	2007	2008 (estimated)
Total Market Size	4,320	4,925	5,023
Total Local Production	864	950	969
Total Exports	363	400	408
Total Imports	3,456	3,975	4,054
Imports from the U.S.	1,728	1,988	2,087

(Exchange rate used: 1 USD = LE 5.5. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates in millions.)

The Egyptian telecommunications sector is one of the most developed in the Middle East/North Africa region. Forecasts expect the sector to grow significantly in the coming three years.

The telecommunications market was officially deregulated at the end of 2005, a move that opened the market for new entrants and created a competitive market. The deregulation created opportunity for equipment and services providers. A third GSM 3G license was awarded in April 2006 for $2.9 billion to the consortium led by the UAE Company Etisalat.

In line with the liberalization of the telecommunication services, the National Telecommunication Regulatory Authority (NTRA) has agreed to offer the international call service licenses to any of the current three mobile operators. Each mobile operator is allowed to extend this service to its customers only. Etisalat already acquired this service. Number portability for the 3 GSM operators is implemented. The NTRA is in the process of issuing a second license for a fixed line network.

As a result of the unprecedented success of Egypt's Smart Village high technology park, government officials announced a plan to establish on an area of 75 acres a new IT investment zone to be operational by 2012. The new zone will create 100,000 job opportunities.

U.S. companies will find good business opportunities in the telecommunication sector, with the launch of a second fixed land license, and the new technologies and equipment needed. The mobile market is growing and also represents a sizeable market niche. The three GSM operators will be awarded licenses to offer international calls and transmit voice and data. The call center business is booming in Egypt. AT Kearny has ranked Egypt as number 12 worldwide. The largest call center is located in the Smart Village located in 6th October City.

Best Prospects/Services Return to top

- Billing Solutions
- Call Centers Equipment
- Clearing houses for roaming
- DSL
- E-numbering
- Fiber Optic Cables
- GSM Solutions and Applications
- Media Convergence
- Mobile Number Portability
- Network Centers
- Triple Play
- Voice Over Internet Protocol (VoIP)
- Wi-Fi
- Wi-Max
- Wireless Networks and Solutions

Opportunities Return to top

With the deregulation of the industry and the subsequent growth and investment, a wide range of telecommunication equipment and components, including copper and fiber optic cables, central office switches, cellular stations, data communications satellite, and microwave communication equipment will be required. New entrants will find business opportunities in wireless technologies, 3 G, Wi-fi, Wi-Max, VoIP, CDMA, GSM solutions and applications. Wireless technology is being implemented around Cairo with hotspots installed in a number of hotels, coffee shops and restaurants.

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Commercial Service in Egypt: http://www.buyusa.gov/egypt/en/
U.S. Embassy: http://cairo.usembassy.gov/
USAID: http://www.usaid-eg.org/
World Bank: http://www.worldbank.org/
American Chamber of Commerce in Egypt: http://www.amcham.org.eg
Egyptian Government Web Portal: http://www.egypt.gov.eg/english/
Ministry of Communications and Information Technology: http://www.mcit.gov.eg/
Telecom Egypt: http://www.telecomegypt.com.eg/home-en.asp
National Telecommunication Regulatory Authority:
https://www.ntra.gov.egwww.ntra.gov.eg
Information Technology Industry Development Agency: http://www.itida.gov.eg/
MobiNil: http://www.mobinil.com/
Vodafone: http://www.vodafone.com/
Etisalat: http://www.etisalat.com/

Contact for the Commercial Specialist in charge of the Telecommunications Sector: Hend El Sineity, Email: Hend.El-Sineity@mail.doc.gov

Petrochemicals Industry (ICH)

Overview

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	2006	2007	2008 (estimated)
Total Market Size	2450	3000	3800
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	2450	3000	4000
Imports from the U.S.	621	450	621

(Exchange rate used: 1 USD = LE 5.50. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

Egypt's petrochemical industry is growing at a ten-fold pace, having increased from $328 million in 2004 to approximately $3 billion in 2007. Currently, four projects are in progress and are expected to produce 2.6 billion tons of petrochemicals in 2008 and 2009. The two projects to produce polypropylene and polystyrene are now under construction and are expected to cost $800 million. This is part of the Government's 20-year ambitious master plan to produce petrochemicals for export, in addition to covering the demands of the local market. The plan will be continuously updated to reflect changing conditions in these local and international markets, and to ensure flexibility in the planning and execution of investment projects. The master plan will be executed in three phases, at an estimated overall cost of $10 billion. The first phase will cost $3.8 billion and will be completed in 2008, with phase two running from 2009-2015, and phase three from 2016-2022.

U.S. technology is greatly in demand, the majority of the existing petrochemical plants are producing under-license from U.S. companies. The U.S. market share is approximately 25%. Polypropylene is produced under license from Union Carbide and the German Company Uhde; Polyvinyl Chloride from Oxy-Vinyl, while the 80,000 tons of the new Alkyl Benzene plant will produce under-license from Universal Operations Project (UOP Oleflex) and Polystyrene under license from the U.S. Company Inovene. On the other hand, BP Amoco was awarded the ethylene/polyethylene project in Alexandria, The Indian companies Agrim will produce fertilizers and Berla will produce the Acrylic fiber. Methanex, the Canadian company, however, has signed a joint venture to produce methanol under-license from the British company John Methy. Market demand for petrochemicals in Egypt is estimated at 6% annually.

Best Prospects/Services

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The National Petrochemical Master Plan

Phase I (2002-2008)	*Phase II (2009-2015)*	*Phase III (2016-2022)*
Linear Alkyl Benzene	Polyester	Vinyl's Complex
Propylene & Polypropylene	Aromatics Complex	Propylene & Polypropylene
1st Olefins Complex	2nd Olefins Complex	3rd Olefins Complex
Acrylic Fibers	Ethoxylates	Styrenic Complex
Polystyrene	Ethylene Expansion	Butadiene

Methanol **Ammonia/Urea** **Polyvinyl Chloride**	S B Latex Detergents

Opportunities
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The petrochemical industry is in an excellent position to accept feasibility studies, technology transfers, project and equity participation, and investment opportunities. Equipment for petrochemical factories have historically been imported primarily from the UK, US, Italy, and the Far East, often depending highly upon feasibility study requirements and/or recommendations. Egypt's ambitious plans for the petrochemical industry open the door for numerous opportunities for businesses in the coming years. With the Egyptian Government hoping especially to increase exports, the petrochemical industry's long-term goal is to produce quality products with 75% going to export markets, and 25% to the increasing local demand.

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Commercial Service in Egypt: http://www.buyusa.gov/egypt/en/
U.S. Embassy: http://usembassy.egnet.net
USAID: http://www.usaid-eg.org/
World Bank: http://www.worldbank.org/
American Chamber of Commerce in Egypt: http://www.amcham.org.eg
Egyptian Government Web Portal: http://www.egypt.gov.eg/english/
Echem: http://www.echem-eg.com/

Contact for the Commercial Specialist in charge of the Petrochemical Sector: Heba Abdel Aziz, Email: heba.abdel-azizl@mail.doc.gov

Environmental Equipment and Services (POL)

Overview

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	2006	2007	2008 (estimated)
Total Market Size	1,932	2,125	2,337
Total Local Production	185	203.5	223.85
Total Exports	0	0	0
Total Imports	1,748	1,922	2,224
Imports from the U.S.	698.5	768.3	845.13

(Exchange rate used: 1 USD = LE 5.50. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The Egyptian government is practicing a revenue generating method to be able to allocate budgets for new sewage networks and potable water stations. There is a plan to expand in Upper Egypt and rural areas to reach the low –middle class population. What the GOE is doing is selling land to investors and taking this income to add it the already allocated budget for this national projects.

The World Bank is still active and financing major projects in the environmental projects. In such projects U.S. businesses have a competitive advantage because of the advanced technology offered by U.S. companies.

The U.S. share of Egypt's environmental market is estimated at approximately 40%.

Best Prospects/Services

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- Solid Waste Management Equipment and Operation
- Incinerators
- Industrial Filters
- Landfills
- Equipment for Recycling Plants
- Kits for Converting Motor Vehicles to Use Natural Gas
- Filters to Reduce Particle Emissions from Cement Factory Smokestacks
- Equipment and Filters to Reduce the Pollution Coming from Power Plants
- Sanitary Wastewater Projects
- Composting Programs
- Water and Sludge Treatment Projects, Filters and Services

Opportunities

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Egypt is opening currently to the new technology offered in the environmental sector in areas such as recycling and the re-use of different industries. Waste management is also an active sector and one of the top governmental priorities.

Opportunities exist for U.S. companies in the fields of environmental consulting and the supply of environmental equipment and devices.

Resources

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Commercial Service in Egypt: http://www.buyusa.gov/egypt/en/
U.S. Embassy: http://usembassy.egnet.net
USAID: http://www.usaid-eg.org/
World Bank: http://www.worldbank.org/
Egyptian Government Web Portal: http://www.egypt.gov.eg/english/
Ministry of State for Environmental Affairs: http://www.eeaa.gov.eg/

Contact for the Commercial Specialist in charge of the Environmental Sector: Rania Mekhail, Email: rania.Mikhail@mail.doc.gov

Oil and Gas Field Machinery and Services (OGM)

Overview

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	2006	2007	2008 (estimate)
Total Market Size	1,621	1,750	2,000
Total Local Production	43	43	40
Total Exports	8	8	8
Total Imports	1,578	1,600	1,800
Imports from the U.S.	383	407	425

(Exchange rate used: 1 USD = LE 5.5. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates)

The oil and gas sector is believed to be the largest foreign currency generator in Egypt. The sector has created a sizable market for oil and gas field machinery and services, estimated above $1.5 billion. The Egyptian authorities are facilitating the presence of international joint venture companies for oil and gas exploration and production.

During the last five years, Egypt was able to identify more than 150 oil and gas discoveries across the country (both on and off shore), attracting major international oil and gas companies to the local market. With steadily rising domestic consumption, numerous opportunities exist in the local market for exploration, production and services.

Best Prospects/Services

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- Hi-tech Test and Measuring Equipment
- Liquefied National Gas (LNG) Related Technology
- Compressed Natural Gas (CNG) Technology and Peripherals
- Natural Gas Vehicles (NGV) Technology and Peripherals
- Tubes and Tubing Accessories
- Drilling rigs and related equipment and accessories

Opportunities

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- Natural Gas Liquefied (NGL) projects
- Delayed Cocker projects
- Gas to Liquid (GTL) projects
- Liquefying and Exportation of Natural Gas (LNG) projects

Resources

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Commercial Service in Egypt: http://www.buyusa.gov/egypt/en/

Contact for the Commercial Specialist in charge of the Oil and Gaz Sectors: Essam Tabarak, Email: essam.tabarak@mail.doc.gov

Packaging Equipment (FPP)

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	2006	2007	2008 (estimated)
Total Market Size	1000	1250	1562
Total Local Production	100	1251	156
Total Exports	0	0	0
Total Imports	900	1125	1406
Imports from the U.S.	59	74	92

(Exchange rate used: 1 USD = LE 5.50. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The Egyptian market for packaging equipment is estimated at $1 billion in 2007 and is expected to grow at an annual rate of 25% for the next three years. Egypt's packaging equipment market is supplied 90% from imports and 10% from domestic sources, mainly from Italy, Far East, Germany, Spain, U.K. and the U.S. The market is concentrated primarily in the rapidly growing food processing, pharmaceutical, and chemical manufacturing industries. Packaging equipment for the food processing industry represents 50% of the total market.

The U.S. share currently stands at seven percent, but the local market is very receptive to U.S. equipment because of its excellent reputation and perceived value. Also, with the current devaluation of the U.S. Dollar against other currencies, this has put American companies in a much more competitive position.

Specific product areas which, U.S. firms can target, include package production lines, vertical and horizontal filling equipment, sleeve packaging equipment, flow packaging, bar coding, multi-layer polyethylene bottling lines, polyethylene theraphthalate bottling lines and sheer packaging equipment.

The packaging industry in Egypt is still considered a new industry striving to grow and compete in international markets. For it to achieve these goals will require the acquisition of world-class packaging equipment.

Best Prospects/Services

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- Vertical and horizontal filling machines
- Flow-Packaging Equipment
- Sleeve Shrink Machine
- Sheer packaging equipment
- Bar coding
- Bottle filling lines
- Tetra-pack lines
- Opportunities

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Commercial Service in Egypt: http://www.buyusa.gov/egypt/en/
U.S. Embassy: http://usembassy.egnet.net
USAID: http://www.usaid-eg.org/

Contact for the Commercial Specialist in charge of the Packaging: Heba Abdel Aziz, Email: heba.abdel-aziz@mail.doc.gov

Automotive Parts and Service Equipment (APS)

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	2006	2007	2008 (estimate)
Total Market Size	1,334	1,390	1,500
Total Local Production	210	215	215
Total Exports	-	-	-
Total Imports	1,124	1,200	1,350
Imports from the U.S.	191	210	240

(Exchange rate used: 1 USD = LE 5.5. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates).

About 4 million vehicles and 20,000 more every month with an expected lifetime of more than 10 years occupy the roads of Egypt. This long ownership, partnered with rough road conditions, results in a deteriorating general vehicle condition and lends to an increase in the need for aftermarket products and services.

Best Products/Services
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- Modern Garage Equipment
- Service Equipment
- Comfort and Entertainment Accessories
- Tires and Wheels
- Spare parts

Opportunities
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The Egyptian authorities are currently taking aggressive steps to nurture a local automotive and parts market and increase vehicle safety. As an example, the Government lowered customs duties on car parts and accessories to a minimum of 10% in many cases. Lower customs duties will encourage Egyptians to purchase new car parts rather than have old parts rebuilt.

As a result of these changes, industry specialists and major players are expecting the auto parts industry to flourish in the coming years. These changes will provide growing opportunities for international companies to view Egypt as a promising sales channel, as well as consider Egypt as a regional production hub.

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Commercial Service in Egypt: http://www.buyusa.gov/egypt/en/
U.S. Embassy: http://usembassy.egnet.net

Contact for the Commercial Specialist in charge of the Automotive Industry Sector: Essam Tabarak, Email: essam.tabarak@mail.doc.gov

Electricity and Power Generation (ELP)

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	2006	2007	2008 (estimate)
Total Market Size	909	1,250	1,400
Total Local Production	239	275	300
Total Exports	48	53	60
Total Imports	784	900	1,000
Imports from the U.S.	306	315	350

(Exchange rate used: 1 USD = LE 5.5. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The demand for electrical power generation in Egypt is increasing by 10% annually and is expected to remain in the 6%-7% range over the next 10 years. The Ministry of Electricity announced that they have secured 90% of the financing for the upcoming five-year power expansion plan (2007-2012) with a total investment of $6.5 billion. This aggressive plan targets an increase in domestic electricity production by another 8.38 gigawatts (GW).

Power generation projects are capital-intensive. To obtain financing, credit support in the form of government guarantee of payment is provided, in addition to a Central Bank commitment on foreign currency availability and if necessary, a partial risk guarantee from the World Bank.

Best Products/Services

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- Turbine Generator Units with Associated Equipment
- Vibration Dampers
- Circuit Breakers For More Than 66kv
- Power Transmission Lines
- Power Transformers More Than 25MVA-66kva
- Nuclear related consultation and generation equipment and peripherals

Opportunities

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The Ministry of Electricity has more than ten future power plant projects to be implemented up to year 2010. All projects are financed through soft loans. U.S. companies are welcome to bid on any of these projects. For more details regarding the above projects, U.S. firms can contact the Power Generation Engineering and Services Company (PGESCO) Tel: +20 (2) 2417-5863, Fax: +20 (2) 2417-5862.

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Commercial Service in Egypt: http://www.buyusa.gov/egypt/en/
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Egyptian Government Web Portal: http://www.egypt.gov.eg/english/
Egytec Engineering Co.: http://www.egytec.com/
Ministry of Electricity and Energy: http://www.moee.gov.eg/
Egyptian Electricity Holding Company (EEHC): Email: necc@link.net

Contact for the Commercial Specialist in charge of the Electricity and Power Generation Sector: Essam Tabarak, Email: essam.tabarak@mail.doc.gov

Food Processing Equipment (FPP)

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	2006	2007	2008(estimated)
Total Market Size	760	950	1187
Total Local Production	60	76	95
Total Exports	0	0	0
Total Imports	700	874	1092
Imports from the U.S.	53	67	84

(Exchange rate used: 1 USD = LE 5.50. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The 2007 Egyptian market for food processing and packaging equipment was valued at nearly $950 million and is expected to grow at an annual rate of 25% over the next three years.

Egypt's food processing and packaging equipment market is comprised of 95% imports and 5% domestic goods. The food processing and packaging equipment sector covers the following: flourmills and silos, sugar milling equipment; slaughterhouses, edible oil crushing and refineries; agro-industries (vegetable and fruit processing, dairy processing, beverages and meat processing), confectionery and snacks. The local market is very receptive to U.S. equipment because of its excellent reputation and perceived value.

One specific area U.S. firms can target is the supply of agro-industry processing equipment which includes sugar crushing and refining plants, edible oil crushing and refining equipment, meat processing equipment, cake and biscuit lines, snacks, silos, slaughterhouses, and packaging equipment.

The majority of the vegetable and food processing equipment are imports, mainly from Italy, Germany, Spain, U.K., USA, and Far East. The U.S. has a market share of 7%; however, it can further increase its share by appointing local agents, offering improved after-sales service, and pricing more competitively. Egypt manufactures 5% of the market's vegetable and food processing equipment, mainly spare parts for the sugar milling industry, bakeries, packaging and filling machinery.

Best Products/Services

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- Sugar Mills
- Slaughter Houses
- Edible Oil
- Fruit and Vegetables processing
- Meat Processing
- Dairy Processing
- Confectionery
- Breweries

- Snacks
- Packaging Equipment
- Silos & Storage Facilities

Opportunities
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Egypt is going through an economic reform and is working on modernizing its food processing industry, specifically targeting exports. In addition, the Minister of Industry and Foreign Trade stated that they are focusing on selling public sector concerns, which opens opportunities for U.S. companies. In addition to the growing interest of purchasing poultry slaughter-houses after the Avian flu hit Egypt.

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Commercial Service in Egypt: http://www.buyusa.gov/egypt/en/
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American Chamber of Commerce in Egypt: http://www.amcham.org.eg
Egyptian Government Web Portal: http://www.egypt.gov.eg/english/

Contact for the Commercial Specialist in charge of the Food Processing Equipment Sector: Heba Abdel-Aziz, Email: heba.abdel-aziz@mail.doc.gov

Port Development Services (ACE)

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	2006	2007	2008 (estimated)
Total Sales	883	891	1066
Sales by Local Firms	662	728	800
Sales by Local Firms	0	0	0
Sales by foreign-owned Firms	221	242	266
Sales by U.S.-owned Firms	55	60	65

(Exchange rate used: 1 USD = LE 5.50. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

Until recently, port services in Egypt were almost entirely controlled by public sector entities. This state-owned management resulted in increasing overhead for both exported and imported commodities, thus making Egyptian products less competitive in international markets in addition to increasing the final costs for imported goods. The private sector is now allowed to participate in shipping services, including shipping agencies, warehousing, onshore stevedoring, and container handling.

Best Products/Services

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- Establishment Of Ports and Marinas on A BOT/BOOT Basis, including specialized terminals for oil, chemicals, molasses, lumber, and coke.
- Container Terminal Construction and Operation.

Opportunities

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Marketing of two new ports recently inaugurated: the Ain Sokhna Port, and the Suez Canal Container Terminal of the East Port-Said Port. Concession for operating and managing of a new passenger terminal and train terminal at Port of Alexandria. Establishing new multi-purpose quays, and completing of passenger terminals in Noweiba ports, Safaga, Hurghada, and Adabeya.

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World Bank: http://www.worldbank.org/
American Chamber of Commerce in Egypt: http://www.amcham.org.eg
Egyptian Government Web Portal: http://www.egypt.gov.eg/english/

Contact for the Commercial Specialist in charge of the Port Development Services Sector: John Abdelnour, Email: john.abdelnour@mail.doc.gov

Hotel and Restaurant Equipment (HTL)

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	2006	2007	2008(estimated)
Total Market Size	302	332	365
Total Local Production	45	49	54
Total Exports	0	0	0
Total Imports	257	282	310
Imports from the U.S.	66	73	80

(Exchange rate used: 1 USD = LE 5.75. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The Egyptian market for hotel and restaurant equipment in 2007 totaled $332 million with an expected annual growth of 10% for the coming three years due to developments in the tourism industry. The U.S. has captured a 22% market share in kitchen preparation and hot kitchen equipment, drying machines, tunnels and marking equipment. A major factor in the demand for hotel and restaurant equipment is the government of Egypt's effort to boost tourism, a top foreign exchange earner, by encouraging and giving incentives for the construction of resorts in newly developed areas such as the North Coast, Sinai, and the Red Sea coastal areas. In addition to privatizing government owned hotels, which will trigger a series of renovation and upgrading.

Best Products/Services Return to top

- Laundry Equipment
- Bakery Equipment
- Dishwashers and Kitchen Equipment
- Refrigeration Equipment.
- Boilers.

Opportunities Return to top

The Egyptian government is inviting investment in the tourism field. They plan to increase the number of tourists from 7 million to 10 million and to build 100,000 new hotel rooms, over and above other investments in the North Coast, Sinai and the Red Sea. This development will trigger an increase for hotel and restaurant equipment.

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Commercial Service in Egypt: http://www.buyusa.gov/egypt/en/
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World Bank: http://www.worldbank.org/
American Chamber of Commerce in Egypt: http://www.amcham.org.eg
Egyptian Government Web Portal: http://www.egypt.gov.eg/english/

Ministry of Tourism: http://www.visitegypt.gov.eg/

Contact for the Commercial Specialist in charge of the Hotel and Restaurant Equipment Sector: Heba Abdel-Aziz, Email: heba.abdel-aziz@mail.doc.gov

Medical Equipment and Supplies (MED)

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	2006	2007	2008 (estimated)
Total Market Size	255	275	300
Total Local Production	31	32	33
Total Exports	16	17	18
Total Imports	240	260	285
Imports from the U.S.	33	36	37

(Exchange rate used: 1 USD = LE 5.47. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

The medical equipment and supplies market in Egypt is estimated at roughly $300 million, with an expected annual growth rate of 10%. With little local production, the market relies heavily on imports and is steadily receptive to American products. Despite the solid reputation, U.S. market share is estimated at 13%. Import duty is 5% plus a sales tax of 10%. The USAID program has allocated over $44 million for improving healthcare and family planning in Egypt.

The ongoing healthcare reform project, as well as the increasing population, is generating major demand for high-tech medical and healthcare items. The Ministry and its donor partners are investing in renovating and re-equipping existing buildings with new technologies, and constructing new centers in priority, under-served areas. The private sector's demand for sophisticated medical equipment is also growing.

Best Products/Services Return to top

- Laboratory and testing equipment
- Oncology and radiological equipment
- Surgical and medical devices and supplies
- Software for hospital management/network
- Mobile clinics

Opportunities Return to top

Opportunities for U.S. exports to Egypt's medical equipment and services market are substantial and cut across the entire spectrum of medical-related activities and needs. In line with the country's reform efforts to upgrade the overall healthcare system, there are several opportunities for U.S. firms with business plans that can offer the following services:

- Construction, management, and rehabilitation of hospitals and rural healthcare facilities
- Emergency care (ambulatory) services
- Training programs for nurses and physicians
- Establishing quality control biological and laboratory centers

- Providing plans for regulator and accreditation body of quality standards for hospitals, laboratories, and healthcare institutions
- Providing training courses in FDA-drug classification for MOH officials

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World Bank: http://www.worldbank.org/
American Chamber of Commerce in Egypt: http://www.amcham.org.eg
Egyptian Government Web Portal: http://www.egypt.gov.eg/english/
Ministry of Health & Population: http://www.mohp.gov.eg/

Contact for the Commercial Specialist in charge of the Healthcare Sector:
Jihan Labib, Email: jihan.labib@mail.doc.gov

Educational Training and Equipment

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	2006	2007	2008 (estimated)
Total Market Size	226	260	299
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	226	260	299
Imports from the U.S.	90	103	119

(Exchange rate used: 1 USD = LE 5.50. Values are in millions of U.S. Dollars. Figures listed are unofficial estimates.)

As the Egyptian government is progressing with privatization of public sector entities, the private sector is equally striving to upgrade its efficiency through training. Hence, the development of a highly skilled and competitive workforce is becoming imperative to meet the needs of both employers and employees. The educational training and equipment market in Egypt is estimated at $299 million a year, with an annual growth rate of 15%. A leading source in the educational field estimates the number of potential clients at 10,000 companies of varying sizes in both the public and private sectors.

Best Products/Services

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- English Language Instruction
- E-based programs to enhance teacher performance
- Computer Software
- Management/Business Training Covering such Topics as Banking, Finance, Marketing, Customer Service, General Management, and Presentation Skills Either Using Multimedia Software or through Video Training
- Vocational Training with adaptable material including Textile Industry, Engineering Industries, Metal Industry, and Health Technology.
- Workshop Training Equipment, Including Training Simulators And Computers, Audio Visual and Video Equipment and Supplies, Educational Training Aids, Including Overhead and Slide Projectors, LCD Multimedia Projectors, Panels, and Data Shows, All Types of Screens Including Electric Screens, Projection Equipment and Easels
- Videoconference Equipment
- Educational Laboratory Electronic Equipment for Schools such as Medicine, Physics, Chemistry, and Biology
- Electronic Dictionaries

Opportunities

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The current (2008-2012) five-year plan allocated $8.6 billion for modernizing education and equipping schools with state-of-the-art equipment. USAID's support for Egypt's education and training needs has been ongoing since 1975. There are several active projects financed by USAID.

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American Chamber of Commerce in Egypt: http://www.amcham.org.eg
Egyptian Government Web Portal: http://www.egypt.gov.eg/english/

Contact for the Commercial Specialist in charge of the Educational Training Sector:
John Abdelnour, Email: john.abdelnour@mail.doc.gov

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Chapter 5: Trade Regulations and Standards

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The tariff structure has steadily been improving in Egypt. In 1998 the GOE reduced the maximum tariff rate for most imports from a high of 50 percent to 40 percent and over 98 percent of Egypt's tariffs are bound tariffs. On September 8, 2004 the Egyptian Government announced a new tariff structure. The government removed GATT-inconsistent services fees and import surcharges, reduced the number of ad valorem tariff rates from 27 to 6, dismantled tariff inconsistencies, including sharp escalation and reverse progression on tariff rates, and rationalized national sub-headings above the six-digit level of the Harmonized System (HS). The new tariff structure includes six tariff rates, pegged to the degree of processing, that range between 2 percent on raw materials, spare parts, and primary feeding products and 40 percent on durable consumer goods. A number of exceptions still exist, including duties on imported alcoholic beverages, tobacco and cigarettes and passenger vehicles with cylinder capacity (cc) above 2000. The changes in tariffs reduced the officially announced weighted average tariff rate from 9.1 percent to 6.9 percent. The government also eliminated services fees and import surcharges ranging from 1 to 4 percent, which were considered GATT-inconsistent non-tariff barriers to trade. The Egyptian Government replaced its 10-digit 13 thousand-line tariff structure with a six-digit structure with less than six thousand tariff lines. This change should reduce disputes over product classification for customs purposes. Additionally, the Egyptian Government eliminated import duties on 25 products that were in short supply on the domestic market.

In addition to the customs tariff, all imports are subject to sales tax ranging from 5% to 25%. Every importer is required to pay the tax and also to register for sales tax. Although like a VAT in many ways, the sales tax is not a full VAT. For example, no credit is paid for tax on inputs (e.g., on import of computers) unless the commodity subject to the charge is physically embodied in the output on which output sales tax is charged. Therefore, if the computer hardware and software is sold onwards, a credit will be given for the tax paid on input. If the computers are retained for use in the business, even if the importer is registered, no credit will be given. The Sales Tax Department confirms that the tax will be 10% on both hardware and software.

A list of recent tariff reductions for some major industries follows:

- Automotive industry and its feeding industries: The tariffs on the automotive manufacturing components have been reduced from the range of 5-12% to the range of 2-5%, in addition to around 10% sales tax.
- Passenger cars with engines under 1,600cc were reduced in September 2004 to a maximum of 40 percent, while engines over 1,600cc now have a tariff rate of 135 percent, cars with engines over 2,000 cc are subject to an escalating sales tax up to 45 percent.
- Paper manufacturing, printing and publishing: Tariffs on material for paper manufacturing have been reduced from the range of 5-32% to the range of 2-12%.
- Iron and steel industry: Some materials have been completely exempted from tariffs, while others have been reduced from 5% tariffs to only 2%.
- Food industry: Tariffs have been unified and reduced for the food and pharmaceutical industries to 5%.
- Tariffs on textiles have been reduced from 12-22% to the range of 5-10%, while garments have also been reduced to 30% down from 40%. Customs on yarns were reduced from 12-20% to be around 5%. Imported color stabilizers and similar textile chemicals were reduced from 2% to 0%.
- Customs on medical equipment, including dentistry, equipment used for treating fractures, cardiovascular equipment, hearing aides, and needles used for sewing wounds: Tariffs range between 2% and 5%.
- In June 2006, the Egyptian parliament approved amendments to some articles of the Stamp Duty Law that simplified procedures and halved the stamp duty tax rate for certain products and services.

In July 2006, Egypt reduced tariffs on whole chicken imports to zero, but arduous and unreasonable requirements continue to block U.S. imports. The duties on poultry were to remain at zero until December 31, 2006, but could be extended. In July 2006, Egypt reduced tariffs on whole chicken imports to zero. The reduction was due to the spread of the Avian Influenza and was for a period of six months. Currently, the import duties on whole chickens are 32%. It is permitted to import only whole chickens, yet not parts.

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SERVICES BARRIERS

Egypt participated actively in the Uruguay Round negotiations on services, but made commitments in only four sectors: construction, tourism, financial services, and international maritime transport. Egypt subsequently made commitments in the 1997 WTO Agreement on Financial Services and liberalized telecommunications services in 2002. In 2005, Egypt revised its services offer to include computer services, courier services, air transport services, some construction sub-sectors (building and finishing works), and some insurance sub-sectors.

Egypt has restrictions for most services sectors in which it has made GATS commitments. These restrictions place a 49 percent limit on foreign equity in construction and transport services. In the computer services sector, larger contributions of foreign equity may be permitted, such as when the Ministry of Communication and Information Technology determines that such services are an integral part of a larger business model and will benefit the country. Courier services require special authorization from the Egyptian National Postal Organization (ENPO). Egypt restricts companies from employing non-nationals for more than 10 percent of their workforce. Limitations on foreign management also apply to computer-related services (60 percent of top-level management must be Egyptian after three years of the start-up date of the venture). A prohibition on the acquisition of land by foreigners for commercial purposes was amended in 2002 to allow such acquisition under certain circumstances.

Egypt supported launching a new round of trade negotiations, including trade in services, at the WTO Ministerial meeting in Doha in November 2001.

In 1998, the Egyptian Government passed legislation allowing privatization of Egypt's four state-owned insurance companies. The law removed the prohibition on majority foreign ownership of Egyptian private insurance firms, permitting up to 100 percent foreign ownership. In addition, the law eliminated the prohibition on foreign nationals serving as corporate officers of insurance companies. There are currently at least nine foreign insurance companies operating in the market: Alico, AIG, ACE and ACE AIIC (U.S.), Legal and General (U.K.), and Allianz (Germany). There are eleven private sector insurance companies, three of which are joint ventures with U.S. firms. In 2005, the Ministry of Investment commissioned an international consortium to restructure the four state-owned insurance companies, opening the way for their privatization. The consortium submitted a final Diagnostic and Valuation report for the four companies in December 2006. The GOE report of Restructuring and Possible Execution of Privatization Scenarios has been finalized. Insurance officials recently announced that the GOE will merge El Shark and Egypt Reinsurance companies into Misr Insurance and that a portion of the new Misr Insurance will be offered for public subscription in March 2008. The fourth state-owned company, Al Ahlia, will be restructured and will remain state-owned.

Following the various asset sales, mergers, acquisitions and divestiture of state shares, there are currently 39 banks in Egypt. As a result of its 1997 WTO financial services commitments, Egypt does not limit foreign equity participation in local banks. Several foreign banks have majority shares in Egyptian banks, while other foreign banks are registered as branches of the parent bank (rather than subsidiaries). In all cases, these foreign banks can conduct all banking activities in Egypt. New foreign banking entrants face barriers, however. Because the government believes there are too many banks in Egypt, it has not issued a new banking license in at least ten years, and announced it plans in the next five years to reduce the number of banks in Egypt to 21 banks. As a result, the only way a foreign bank can enter the market in Egypt is to purchase an existing bank. In 2002, the Central Bank of Egypt (CBE) required that banks raise their capital adequacy ratios to meet Basel II standards. The 2003 banking law substantially raised minimum capital requirements for all banks mandating that banks unable to meet this requirement either merge with other banks or exit the market. The June 2005 deadline for banks to meet the capital increase was finally adhered to after several postponements. Six banks failed to achieve the new threshold and have or are still to undertake subsequent procedures such as merging with larger institutions. More progress was made in 2005 with the merger of the National Societe Generale Bank

(NSGB) with Misr International Bank. As of the end of 2005, 11 small banks had been merged into larger banks and the Central Bank had begun legal procedures to liquidate branches of three foreign banks that had not met the capital requirement. The GOE has also been proceeding with plans to divest its shares in joint venture banks. To date, eight joint venture banks have been divested of public shares.

In 1998, legislation was passed to allow privatization of the four state-owned banks that control over 50 percent of the banking sector's total assets. Until recently, however, progress on privatization has been slow. The government appointed new, western-trained senior management teams for the four banks. In October 2006, after a one year delay, the first public bank – Bank of Alexandria – was privatized through a multiple round auction, that concluded with the sale of 80 percent of the Bank's shares to the Italian bank, Sanpaolo IMI. In July 2007, the government announced it would sell an 80 percent stake in Banque du Caire to a strategic investor, while 15 percent will be put up for an IPO and 5 percent will be held by employees. The announced signaled the reversal of the government's original plan, announced in September 2006 to merge Banque du Caire with Bank Misr. The decision has been met with criticism from factions of parliament and the public concerned by the growing level of foreign ownership of Egyptian assets. This opposition has brought about a slowdown in the execution of the plan originally slated to be completed in September 2007, while the GOE is likely to reconsider the portion of shares offered in an IPO. The government has set a new timeline for the first quarter of 2008 to complete the sale. The downsizing and privatization of Egypt's banking sector should strengthen it and improve implementation of market-based financial operations.

Egypt's WTO financial services commitment in the securities sector provides for unrestricted market access and national treatment for foreign companies. International investors are permitted to operate in the Egyptian stock market largely without restriction. Several foreign brokers, including U.S. and European firms, have established or purchased stakes in brokerage companies. In May 2002, the Minister of Finance issued a decree to establish the Primary Dealers System which starting operating in July 2004. The new system allows financial institutions that are registered with the Ministry of Finance, currently including 13 banks, to underwrite primary issues of government securities and to activate trading in the secondary market through sale, purchase and repurchase of government securities. The government is using the primary dealers system to manage its public debt, secure non-CBE finance and create a market-based yield curve for public debt.

Telecommunications services have expanded rapidly in the past five years as the sector has been liberalized and opened to international competition. The GOE began dismantling its state-owned Telecom Egypt (TE) monopoly in December 2005 by privatizing 20 percent of its assets. Egypt acceded to the WTO Basic Telecommunications Agreement in 2002 and the WTO Information Technology Agreement in 2003. These agreements required the liberalization of telecommunication services, the phasing out of tariffs on all information technology imports from WTO members, and full autonomy of the National Telecommunications Regulatory Authority (NTRA). Egypt has made significant progress in meeting its WTO telecommunications-related commitments. More progress is required to achieve full autonomy in NTRA operations.

In February 2003, Egypt's parliament approved a new telecommunications law (Law 10). It stipulated, in compliance with Egypt's WTO commitments, that TE relinquish its monopoly status as Egypt's domestic operator and sole international operator by January 2006, provide for greater price flexibility for TE shares in a future public offering. Although the 2003 law stipulated the end of TE's monopoly of domestic and international telephone service by January 2006, TE continues to exercise this monopoly. The NTRA introduced a request-for-proposal for a second license for a fixed-line network early this year, which would end TE's monopoly when the new license becomes operational in 2009. On several occasions, officials indicated that a new international connectivity license will be offered soon, but that licenses will still be restricted to mobile operators, rather than being open for all to apply as is required under WTO agreements. International firms participate actively in Internet services and cellular services. They are eligible to bid on licenses for new telecommunication services and for contracts that TE offers to modernize its network and switching equipment.

The cellular service market currently consists of three private GSM operators (Mobinil, Vodafone Egypt, and Etisalat). The government awarded the third license through a public tender in July 2006. Currently there are more than 35 million mobile subscribers, and the wireless communication sector is growing at a rate of more than 20 percent per year.

Maritime and air transportation services are being liberalized. A 1998 law ended the long-held government monopoly in maritime transport, and the private sector now conducts most maritime activities, including loading, supplying, and ship repair, and, increasingly, container handling. The new Ain Sukhna port is the first privately owned and operated Egyptian port. Another private port, East Port Said port, was inaugurated in October 2004. Egypt Air's monopoly on carrying passengers has been curtailed, and several privately owned airlines now operate regularly scheduled domestic flights and international charter services, although the national carrier remains by far the dominant player in the sector. Private and foreign air carriers may not operate charter flights to and from Cairo without the approval of the national carrier, Egypt Air. Egypt has agreed to begin preliminary discussions regarding an Open Skies agreement although these talks had not begun as of November 2006.

Egypt passed laws in 1996 and 1997 permitting private firms to build and operate new airports. Private concessions can operate businesses and provide services in airports, but private ownership of airports is still not permitted. Six new build-operate-transfer airports were under construction at the start of 2001. One of these, at Marsa Alam, opened at the end of 2001. The Egyptian Government plans to increase the number of airports in the country from the current 18 to 25 over the next decade.

Egypt maintains several other barriers to the provision of certain services by U.S. and other foreign firms. Foreign motion pictures are subject to a screen quota and distributors are allowed to import only five prints of any foreign film. Foreign movies are subject to duties and import taxes of about 46 percent of the value of a film (32 percent for a copy of the movie, 12 percent on posters and 2 percent on the movie reel), as well as a 10 percent sales tax and a 20 percent box office tax (compared to a five percent box office tax for local films).

The Egyptian Government applies to private express mail operators a postal agency fee of 10 percent of annual revenue from shipments under 20 kilos, a fee that negatively affects their competitiveness. Shipments weighing more than 20 kilos are treated as freight and are not subject to the 10 percent fee.

According to the Egyptian labor law, foreigners cannot be employed as export and import customs clearance officers and tourist guides.

INVESTMENT BARRIERS

Under the 1992 U.S.-Egypt Bilateral Investment Treaty (BIT), Egypt committed to maintaining the critical elements of an open investment regime, including national and Most-Favored-Nation (MFN) treatment of investment (with exceptions limited by the treaty), the right to make financial transfers freely and promptly, and international law standards for expropriation and compensation. The BIT also establishes formal procedures to enforce the treaty, including international arbitration.

A 2005 income tax law reduced and simplified tax rates on corporate profits and personal income. The law reduced the corporate tax rate from 42 percent to 20 percent (but maintained at 40 percent for oil companies). The new legislation also eliminated all previous exemptions and tax holidays. The law included provisions to expand the tax base, including incentives aimed at encouraging individuals and companies in the informal sector to legalize their status. The Investment Incentives Law No.8 of 1997 was extensively amended in 2005, in conformance with the new income tax law. The preferences and incentives that had been offered to new investors in priority sectors, such as agriculture, housing, transportation, petroleum, and computer software, were eliminated. The amendments, however, allow for limited exceptions to be made for multinational firms or other large investors, subject to approval by the Prime Minister. Investment incentives granted to investors before the law was amended continue under a grandfather clause

Import Requirements and Documentation

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For an imported shipment to be accepted at Customs in Egypt, the shipment must have the following documents:

- ***Commercial Invoice***- 2 copies plus the original document are required. Legalization by the Egyptian consulate in the country of origin is required in most cases.
- ***Certificate of Origin***- 2 copies plus the original document are required. The Certificate of Origin must be authenticated by the Egyptian consulate in the country of origin. Natural products are considered to originate in the country where the goods are extracted. The Certificate of Origin must bear a statement that the information given is true and correct to the best of the shipper's knowledge.
- ***Packing List***- packing list may be required by the consignee and is recommended in most cases.
- ***Bill of Lading***- the number of bills of lading required depends upon the carrier. There are no regulations specifying the form or number of bills of lading required for shipment. A bill of lading must show the name of the shipper, the address and the number of bills of lading issued.

- ***Pro Forma Invoice***- this is an invoice required by the importer for submission along with the import license. It must show the country where the goods were manufactured.
- ***Letter of Credit***- The Central Bank of Egypt in March 1999 advised all banks operating in Egypt that L/Cs must be covered 100% in cash by the importer. This replaced the previous procedure whereby banks and their clients reached their own agreements and covered, usually 10-20% of L/C's value. In general, the exporter may not ship the goods before the Egyptian bank has notified the opening of a L/C. If the goods are shipped before the L/C is opened, the importer runs the risk of being fined up to a maximum of the value of the goods. If the importer does not bear the cost, then the exporter will have lost the value of such a shipment, and in the case of products with a shelf-life, the delay at the customs can mean that even if the exporter (e.g. a U.S. company) wanted to take back the shipment, it's no longer of any use.
- ***Content Analysis of the Commodity*** – Required for those products that may be subject to standards testing.

MINISTERIAL DECREE 619 OF 1998 - CERTIFICATION OF ORIGIN

Ministerial decrees over the past years have had an impact on U.S. trade with Egypt. Ministerial Decree 619 of 1998 required imports to be accompanied by a certification of origin and stipulated that consumer goods (durable and non-durable) be shipped directly from the country of origin. Decree 619 subsequently was adjusted in late 1999 to allow the shipment of imported consumer goods from the main branches of the producing company and its distribution centers. Regulations also were implemented to facilitate the ability of firms to meet the requirement for a certificate of origin. This requirement can now be fulfilled with a company invoice noting the country of origin and bearing the endorsement of an Egyptian overseas commercial office. Since May 1999, the Central Bank of Egypt has required 100% coverage for credit lines opened for goods imported by traders for resale purposes.

Egypt no longer requires import licenses for most products, although licenses are still required for some items, such as animal products.

U.S. Export Controls Return to top

Egypt is not subjected to special sanctions (such as those imposed on Libya and Iran). Nevertheless, there are three aspects of U.S. export control regulations that should be considered in doing business with Egypt.

First, the U.S. has stringent anti-boycott regulations. American companies may not aid or abet the boycott against Israel that the Arab League has had on the books for years. For instance, American companies are not allowed to certify that their products do not come from Israel. If there appears to be any request that might be in support of boycotts, companies should contact the Bureau of Industry and Security (BIS) in the U.S. Department of Commerce at http://www.bis.doc.gov/index.htm.

Second, there are numerous companies and individuals that have been blacklisted by the U.S. Government as a result of past violations of export regulations. The BIS has a

Denied Persons List and the Office of Foreign Assets Control has a Specially Designated Nationals List. Both of these lists can be checked online to ensure that the prospective business partner has not been blacklisted.

Third, individual items may require specific export licenses. In principle all exports require a license, though in practice the vast majority of our exports fall under a so-called general license that allows export without getting permission from the BIS. For a number of items, a specific license is required. These include products whose high-tech nature implies that export may involve a national security risk.

Again, contacting BIS will enable an exporter to determine whether or not specific items require a license. If a specific license is required, one of the considerations will be the reliability of the end-user. Government agencies and companies with a solid business reputation are more likely to be granted a license.

Temporary Entry

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Temporary Imports

In general, Egyptian customs allows for commercial samples and temporary imports for display purposes at officially recognized exhibitions or for sales promotion activities to enter the country duty free, with the exception of goods that are cited on the list of prohibited imports. Certain conditions do apply, however.

Goods must not exceed a value of LE 500 or be suitable for resale, which must be apparent from the forwarding documents. If the party concerned does not meet these conditions, a deposit may have to be paid along with a signed declaration on Customs Form 93 that the goods will be re-exported. A refund will be issued upon proof of exportation.

Medical samples must comply with the rules for the importation of pharmaceuticals, and samples of foodstuffs must comply with the relevant health regulations.

In certain cases, goods imported on a temporary basis may be disposed of or sold in Egypt upon payment of the appropriate customs duty plus an extra tax of 10% per month after clearing customs.

On re-exportation of goods imported under temporary import regulations, companies should ensure that correct documentation and return of the letter of guarantee is obtained from the Egyptian Customs in order to avoid claims against the company at a later stage.

Printed advertising materials, such as catalogs, posters, or films, may also be imported duty free in small quantities.

Drawback System

Exporters may also take advantage of the drawback system. This procedure is different from the temporary admission system in that full customs duties are paid on the imported materials and the manufacturer does not fill out a special form with Customs. However, there is a one-year time requirement to re-export these imports as part of a final product in order to have the right to reclaim the full amount of the duties paid as well as other taxes such as the sales tax.

This procedure is cumbersome and refunding may take up to six months for processing. The agencies administering the program are tasked with the responsibilities of determining and then repaying the drawback amount. The Industrial Surveillance Authority carries out the first task, while the Customs Authority carries out the second. A delegate from Customs has to be present during the manufacturing process. To refund the amount paid, several administrative requirements must be satisfied:

- Details, such as quantities and materials used in manufacturing a unit of the exported products, must be provided to enable Customs to calculate the drawback rate;
- Proof of duties paid on the imported quantities must be furnished in order to collect an allowance in the drawback rate for wastage and scrap, quantities of such must be verified.

In addition, the following documents must be provided:

- Customs import release certificate
- Certificate of export of product
- Export permit
- Registered deed of sale from the original importer
- Customs clearance certificate

To speed up the reimbursement process, the Egyptian Government introduced in October 1999 a new "tax rebate" system, by means of which exporters could be reimbursed according to pre-specified rates for each industry. The tax rebate system currently covers more than half of the major exported commodities.

Labeling and Marking Requirements

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Finished goods that are imported for retail sale must have the product's country of origin, the producer's name and product description in Arabic in a clearly visible place on the packaging. Special regulations exist for some items, including foodstuffs, pharmaceuticals and textiles.

Production and expiration dates must be clearly shown on the package. Information on the label cannot be easily erased, scratched or altered. Information must be written in Arabic as well, and weights and measures must be shown using the metric system. Dates are accepted in English, but the words "production" and "expiry" must be written in Arabic. The label must include:

- Name and address of manufacturer;
- Brand or trade mark (if applicable);
- Country of origin
- Type of product;

- Name and address of importer;
- Production and expiration dates;
- Product use instructions (optional);
- Ingredients;
- Storage instructions or storage temperature;
- Net weight;
- Gross weight and total number of packages per case or carton;
- If preservatives are being used- percentages of each preservative must be indicated;
- If meat or poultry, the statement that the meat "is slaughtered according to Islamic ritual" or " “Halal," must be included; and
- For meat or poultry, all products must be in packaged and sealed bags. Labels must be inserted inside the package as well as on the outside. The label on the meat must include the following:
  1) Country of origin
  2) Producer’s name and logo
  3) Name of slaughterhouse
  4) Slaughter date
  5) Name and address of importer
  6) Name of entity, which issued the “Islamic slaughter” definition.

The Commercial Office in the Egyptian Embassy or Consulate in the country where the product originated must then approve all these labeling requirements.

Packaging requirements:
Article 74 of the Import and Export regulations stipulates that the package should be fit for preserving the product, and the product should occupy the space of the container in full. If a container is wooden, the container itself should be accompanied by an official certificate that states it is free from wood-harmful pests and insects.

Data that appears on equipment, tools and machinery should be identical to those appearing on the package. The country of origin should be indicated on each item and be non-erasable. They should be accompanied with an Arabic-language catalogue indicating the following:

- An illustrative design of the parts.
- Mode of assembly and operation.
- Maintenance procedures.
- Electrical circuits for electrical equipment.
- Safety measures.

Products prone to rust and corrosion should be painted with a special protective paint. Check that the labeling on the goods conforms to the current Egyptian labeling regulations for the product in question.

Be aware that packaging and import description discrepancies can lead to payment default.

Food imports face a number of burdensome labeling and packaging requirements. Poultry and meat products must be shipped directly from the country of origin to Egypt and sealed in packaging with details in Arabic both inside and outside the package. This requirement raises processing costs and discourages some exporters from competing in the Egyptian market. Appropriate packaging must be provided for food products. These should be clean and odorless, so as preserve the product and prevent damage occurring. Production and expiry dates must be clearly displayed on the product's packaging. The information should be printed in Arabic on the package using indelible type, but stuck on labels will normally be accepted as well.

Textile fabric was also subject to costly and complicated labeling requirements. Egypt ended the requirement that the country of origin must be identified in a continuous band along the entire length of the imported fabric. However, imported textiles are subject to quality control examination by a committee made up of members representing the domestic spinning and weaving industries. This group also has some influence with Egyptian Customs in setting the duties that are imposed. The labeling requirement for textile fabric was canceled while labeling requirements for imported garments mandate basic information on tags similar to foreign garments. In addition, fabrics are no longer subject to testing, and measures requiring that apparel labels be written in Arabic to include importer information were eliminated. Egypt also committed to expedite the customs clearance process for apparel and textile imports.

Prohibited and Restricted Imports

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

In 1998, Egypt issued a decree stipulating that passenger vehicles can only be imported during their year of manufacture, effectively banning the importation of second-hand cars. In 2000, the decree was amended adding one year after the year of production to the period during which passenger vehicles can be imported. In November of 2005 the Minister of Trade and Industry issued a decree lifting the regulation restricting the import of cars from the country of origin. Egyptian regulations allow foreign investors to import a vehicle duty-free for their private use in the year of manufacture, provided that approval is obtained from the Chairman of the General Authority for Investments and Free Zones (GAFI).

In February 2005, Egypt lifted its ban on beef with a fat content greater than 7 percent. In March, 2005, it lifted its BSE ("mad cow disease") ban on U.S. beef imports, but only de-boned U.S. beef is allowed entry. U.S. live cattle imports remain banned. The ban on imports of live cows, meat and its products, from most European countries remains active. However, in September 2006, Egypt approved imports of live male slaughter beef from Moldova, Ukraine, Hungary and Romania. In 2006, Egypt also approved imports of deboned beef from China and Canada.

Egypt continues to block imports of U.S. poultry and poultry products based on concerns that U.S. industry does not meet Egyptian Halal requirements. Although a decree in July 2006 lifted the overall ban on poultry imports for six months, the Ministry of Agriculture (MOA) now requires that MOH officials be present to observe the slaughter process at U.S. plants to ensure Halal requirements are fulfilled. The Egyptian army (as an exception to the rule) is currently holding a tender for importing poultry parts, and some U.S. exporters are considering participation in it.

The Egyptian Ministry of Health prohibits the import of natural products, vitamins, and food supplements in their finished form. These items may be marketed in Egypt only through local manufacture under license, or by sending ingredients and premixes to a local pharmaceutical firm to be prepared and packed in accordance with Ministry of Health specifications. Only local factories are allowed to produce food supplements, and to import raw materials used in the manufacturing process.

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

The Ministry of Health (MOH) must approve the importation of used and refurbished medical equipment and supplies to Egypt in advance; without the approval, such imports are banned. The ban does not differentiate between the most complex computer-based imaging equipment and the most basic of supplies. At present, even new medical equipment must be tested in the country of origin and proven safe before it will be approved for importation into Egypt. The importer must submit a form requesting the MOH's approval to import medical equipment. The importer will also provide a certificate issued by official health authorities in the country of origin, indicating that the medical equipment, subject to importation, is safely used there.

The importer must also present an original certificate from the manufacturer indicating the production year of the equipment, and that the equipment is new. In addition, the importer must present a certificate of approval from the FDA or the European Bureau of Standards. The importer must prove it has a service center to provide after sales support for the imported medical equipment, including spare parts and technical maintenance. The MOH's technical committee examines and reviews the technical specifications of the equipment before granting approval for import. These regulations also apply to donated medical equipment.

Customs Regulations and Contact Information Return to top

Egypt announced implementation of the WTO customs valuation system in July 2001. The system has not been fully implemented yet due to its complexity, and importers sometimes face a confusing mix of the new invoice-based and old reference-price valuation systems depending on the type of imports. The Ministry of Finance has committed to a comprehensive reform of Egypt's customs administration. USAID has financed valuation training for nearly 200 customs officials and representatives of the private sector, and sponsored the publication and dissemination by the customs authority of a valuation reference manual, part of a six-year program by USAID to support reform efforts. The Ministry of Finance is currently reviewing a new customs law to improve the valuation system and otherwise facilitate trade.

The GOE has disbanded the Model Customs and Tax Center (MCTC), which was established in 2003 as a “one stop shop” to settle income taxes, sales taxes, and customs duties for goods passing through any of Egypt’s ports. In its place, the GOE established an Account Management System to streamline and facilitate the customs treatment of large importers. (The GOE has also established a Large Taxpayer Center to provide similar services for large sales and income tax payers.) Two model customs centers which offer simplified procedures were opened in Alexandria and Suez in 2005, in addition to one in Damietta. Another centers were inaugurated in Dekheila and Port Said in August 2006. Plans are ongoing to open additional model centers in El-Adabeya (near Suez), Nuweiba, Salloum, and Cairo Airport’s Cargo Village.

Customs procedures, designed to eliminate trading loopholes, are still cumbersome and rigid in areas such as duty rates. They are subjective when it comes to identifying whether a commodity fits in one tariff category or another.

Although on July 1, 2001, the Egyptian Customs Authority officially announced beginning of implementation of the invoice-or transaction value-based procedures in accordance with the WTO valuation agreement, the system is not yet being implemented, and customs agents have great discretion in valuating incoming shipments.

As under-invoicing is prevalent in Egypt as a means of tax-avoidance by local businesses, the Customs Authority has a tough policy regarding commercial invoices. Tariff valuation is based on either the worldwide price list received annually from foreign producers/distributors, or if that is not available, they take the highest price available in the local market. In cases where customs officials suspect under-invoicing, they usually add from 10% to 30% (called improvement percentage) to the invoice value. Importers have the right to take legal action against the Customs Authority in the event of a dispute regarding appropriate valuation, including arbitration that takes fifteen days or more. During that time, the disputed shipments are withheld and the importer has to pay fees as deposit until arbitration is over.

Customs officials suspect under-invoicing when legitimate sellers low-ball introductory prices of samples, then send larger quantities at higher prices; offer one price for a few items, and a quantity discount for subsequent shipments; or introduce a new product at a basic cost much cheaper than similar products previously imported from other sources.

The Egyptian Government has established a “white list” of importers who, under some conditions, are able to avoid full inspection of their shipments.

The ability to fulfill local content requirements is no longer required to obtain an approval to set up an assembly project. However, assembly industries must meet a minimum local content requirement of 45% in order to benefit from customs tariff reductions on imported industrial inputs.

A decree on computerized customs procedures has been issued for imported goods. The Customs Authority has begun applying a Computerized Customs Declaration Form (Bill of Entry) that intends to facilitate and simplify importers’ dealings with the Customs Authority and to avert problems or differences in customs evaluation.

Although the new adjustments were aimed at fixing impediments in the current Customs Law, businessmen state that there are a number of other problems still deforming the existing Customs Law which need to be fixed, including customs tariff discrepancies, application of exemptions, arbitration, valuation, wastage goods, preference agreements, export problems, slowness of guarantees and deposits procedures, cumbersome customs procedures, customs expediters and representatives problems, cancellation of immediate audits, and administrative problems.

Current importing regulations require that every component of a product be inspected, regardless of the compliance history of the product, country of origin, exporter, shipper or the importer. No import can be put up for direct sale on the Egyptian market without first proving that it conforms to Egyptian standards, if it is on the mandatory list. If there are no Egyptian standards that suit the imported product, then it must be defined using the standards of one of the international organizations that Egypt is affiliated with e.g. ISO, IEC, and Codex Alimentarius. On arrival of a shipment to the Egyptian ports, the process that takes place is as follows:

1) A committee from the Customs and Security office checks the shipment for security reasons and determines whether there are any illegal products.
2) The importer presents Customs with the documentation required to clear the shipment.
3) After reviewing these documents, Customs either clears the shipments for release to the importer directly or directs the consignment to other bodies for testing and inspection. Custom duties are then assigned and are paid in Egyptian pounds.

Standards Return to top

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Standardization's official application in Egypt started in 1957, when presidential decree number 29/1957 established the Egyptian Organization for Standardization (EOS). In 1997, the organization's name was modified to Egyptian Organization for Standardization and Quality Control. This organization is entrusted to test products, materials, and industrial calibrations. The organization singularly sets, accredits, and issues the Egyptian Standard Specifications, as well as modifies or cancels standards. Specifications are set by means of approximately 90 technical committees, each consisting of 10 to 15 members that represent all concerned parties (governmental, research, censorship/surveillance/ control, productivity, consumer safety, etc.).

The EOS issued 4000 specifications in 2001, and 500 new standards are currently in process. The organization regularly issues specifications according to the International Standards Organization (ISO). Egyptian specifications cover many fields such as the food industry, building materials, thermal equipment, engineering and electrical industries, mining, chemical industries, textile industries, environmental activities, etc. They focus on product quality and specifications, packing, wrapping, and documentation.

Most of these specifications are optional except for those related to general health, public security, and consumer protection. A ministerial decision issued by the Ministry of Industry is needed to require compliance to these specifications. Obligatory standards constitute around 15% of the total number of Egyptian specifications.

Standards Organizations

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

Egyptian Organization for Standards and Quality Control (EOS):
The EOS is affiliated with the Ministry of Trade and Industry. The organization is responsible for issuing and developing Egyptian standards for raw materials, industrial products, measuring and testing instruments, technical inspections, quality control, calibration, and technical classifications and terminology. Since its establishment in 1957, the EOS has been considered a national reference in all matters relating to standardization and quality control. EOS is declared the official and competent national authority in Egypt granting licenses permitting the application of the quality mark to domestic industrial goods and products i.e. EOS is the organization that issues conformity and The Egyptian Quality Mark. The EOS does not have the right to decide which commodities are subjected to import and export control. From a legal perspective, the Minister of Trade and Industry is the sole authority for making such decisions.

General Authority of Import and Export Control (GOIEC):
GOIEC is affiliated to the Ministry of Trade and Industry. GOIEC currently has 22 offices and laboratories located at all the major sea and airports for import inspection as well as 11 others located throughout the country for export inspection. GOIEC has the responsibility for testing imported and exported products to ensure they meet the stipulations of EOS standards. Moreover, GOIEC may also indirectly generate standards through the use of an "*ad hoc*" technical committee. This committee provides recommendations for either creating or modifying a standard accordingly, and these recommendations are then passed on to the Ministry of Trade and Industry to be authorized and formalized. Similarly, GOIEC also tests products for consumer protection against economic fraud and deceptive practices- not solely for quality purposes. A 1999 Presidential Decree assigned GOIEC as the coordinator for all import inspections.

In 2005, new import/export regulations increased transparency and liberalized procedures to facilitate trade. The new regulations reduced the number of imported goods subject to inspection by GOEIC and allowed importers to use certifications of conformity from any internationally accredited laboratory inside or outside of Egypt for those goods still subject to inspection by GOEIC.

The National Institute for Standards (NIS):
NIS is affiliated with the Ministry of Higher Education and Scientific Research. NIS is Egypt's primary standards laboratory. NIS is mostly concerned with measurements, testing, calibration, accreditation and consultation, and it also provides laboratory accreditation services.

> **NIST Notify U.S. Service**
> Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: http://www.nist.gov/notifyus/

Conformity Assessment Return to top

For an imported shipment to be accepted at customs in Egypt, the shipment must have the following documents: Commercial Invoice, Certificate of Origin, Packing List, Bill of Lading, Pro Forma Invoice, and Letter of Credit.

The current import regulations require that every component of a product be inspected, regardless of the compliance history of the product, country of origin, exporter, shipper, or importer. All products that fall under the category of obligatory standards cannot be put up for direct sale on the Egyptian market without first conforming to Egyptian specifications. If there are no Egyptian standards that suit the imported product then it must be defined using the standards of one of the international organizations that Egypt is affiliated with e.g. ISO, IEC, and Codex Alimentarius. On arrival of a shipment to the Egyptian ports, the process that takes place is as follows:

1) A committee from both the customs and security bodies checks the shipment for security reasons and for any illegal imports.

2) The importer presents the customs officials with the documentation required to clear the shipment.

3) After reviewing these documents, customs either clears the shipments for release to the importer directly or directs the consignment to other bodies, usually the GOIEC for testing and inspection. Customs duties are then assigned, and are paid in Egyptian pounds.

A problem that often takes place at customs is the process of what can be called “standard creation at port.” When a new product enters the country that has not previously been imported, customs officials will often insist that there must be a written description or standard to qualify a product for import. Hence, even if there is no such standard for the new product, the customs inspectors will try to fit the product into a previously existing standards category. The EOS often tries to apply the same standards to products that seem to be “historically” common in nature.

Inspection and testing of the imported goods will differ according to the nature of the consignment. Agricultural products for example, are sent to special agricultural authorities for detailed chemical inspection in the Ministry of Agriculture. Industrial and manufactured commodities may be directed for control at the Ministry of Industry and Trade. Some medical products, for example, will be directed to the Ministry of Health, EOS and other accredited laboratories. Since the establishment of GOIEC, it is mandatory that a sample be sent to the institute, most of the time for the sole purpose of classifying of the product according to HS codes. This process is a vital procedure in many cases where customs is unsure about product classification and tariffs due. Therefore, a number of different bodies legally have the rights to take samples of the imported shipment for further inspection and testing.

A large number of items are repeatedly imported into Egypt. Previous rules specified that every shipment must be tested to verify its conformity to standards requirements, irrespective of whether the preceding shipments were accepted or rejected, meaning inspection and testing must be repeated each time. The EOS has recently used past history of products, manufacturers, exporters and importers for clearing imported goods. When the product is first imported, it has to go through full inspection. If it is imported frequently within a year and each time all inspection procedures are cleared, then the product has a history file leading to reduced inspection afterwards. The exporter gains accreditation the more shipments are imported into Egypt.

Product Certification

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

Presidential Decree No. 392/1979 stipulates that EOS is the national authority in the Arab Republic of Egypt to grant licenses permitting the application of the quality to industrial goods and products. Such licenses are only available for domestically produced goods, since acquiring such a quality mark involves not only the testing of the product, but also the inspection of the whole production line, similar to ISO accreditation. Hence, it is not viable for imported products, since inspection of the actual production company will have to take place.

In 1996, a Ministerial Decree No. 180 stated that all imports must abide by Egyptian product standards. In the case where there are no Egyptian standards that fit in with a specific imported product then the international standards listed below, in order of precedence, are acceptable:

- International Standards- ISO/IEC
- European Standards (EN)- if there are none, then British Standards (BS), German (DIN), French (NF) standards are applied
- American Standards (ANS)
- Japanese Standards (JIS)
- Codex Standards for food products.

In the absence of an Egyptian or international standard, authorities often will refer to the Analysis Certificate accompanying the product.

Certification:

All certificates issued concerning the shipment's details, must be countersigned by the Chamber of Commerce and notarized by the Egyptian Embassy or Consulate in the country of origin.

Accreditation

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Presidential Decree 312/1996 established the Egyptian Accreditation Council (EGAC), a governmental organization, as the sole national body for the assessment and accreditation of conformity assessment bodies performing testing/ calibration Laboratories, inspection and certification of products & systems as well as personnel. EGAC is headed by the Minister of Trade & Industry and governed by a board of 14 members, representing all stakeholders and concerned bodies. EGAC has contracted with UKAS of the United Kingdom who provides technical assistance.

EGAC/UKAS joint accreditation will be practiced for a transition period. The accreditation activity is to be carried out according to the relevant international requirements (ISO/IES guides 58,61,62,65 and 66 as well as ISO/IEC TR 17010 and 17020). Accreditation activity covers: product certification, system certifiers, inspection bodies, and testing and calibration laboratories and personnel certifiers.

Publication of Technical Regulations

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The Egyptian Accreditation Council (EGAC) is currently publishing a directory for all the companies that have been accredited for ISO 9000 or ISO 14000 certificates.

The EOS library is the only library in Egypt specializing in the field of Standard Specifications and its related publications.

The library has more than 160,000 standard specifications in the form of complete groups, among these are 5000 Egyptian standards, and standards groups of more than 30 countries and regional and international organizations such as ISO, IEC, CODEX, and AIDMO as well as foreign standardization organizations. The library has also a large collection of catalogues, specification guides, bulletins, and magazines in the field of Standardization and its related activities alongside some references, books, and specialized dictionaries.

Labeling and Marking

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Most imports require certain labeling and packaging requirements, especially food products.

Labeling requirements:
Production and expiration dates must be clearly shown on the package. Information on the label cannot be easily erased, scratched or altered. Information must be written in Arabic also. Dates are accepted in English, but the words "production" and "expiry" must be written in Arabic. The label must include: -

- Name and address of manufacturer;
- Brand or trade mark (if applicable);
- Country of origin
- Type of product;
- Name and address of importer;
- Production and expiration dates;
- Product use instructions (optional);
- Ingredients;
- Storage instructions or storage temperature;
- Net weight;
- Gross weight and total number of packages per case or carton;
- If preservatives are being used- percentages of each preservative must be indicated;
- If meat or poultry, the statement that the meat "is slaughtered according to Islamic ritual" or "Halal," must be included; and
- For meat or poultry, all products must be in packaged and sealed bags. Labels must be inserted inside the package as well as on the outside. The label on the meat must include the following:
  1) Country of origin
  2) Producer’s name and logo
  3) Name of slaughterhouse
  4) Slaughter date
  5) Name and address of importer
  6) Name of entity, which issued the “Islamic slaughter” definition.

The Commercial Office in the Egyptian Embassy or Consulate in the country where the product originated must then approve all these labeling requirements.

Packaging requirements:
Article 74 of the Import and Export regulations stipulates that the package should be fit for preserving the product, and the product should occupy the space of the container in full. If a container is wooden, the container itself should be accompanied by an official certificate that states it is free from wood-harmful pests and insects.

Multiple product samples:
Sampling and inspection duties are mainly carried out by the GOIEC, however, some products may be subject to inspection by other concerned institutions. GOIEC has been authorized to assume inspection and certification functions without referral to any higher authority, but for the food industry, for example, there are 3-4 bodies involved that have the right to take samples from any imported shipment. They are:

- The Radiation Department of the Ministry of Energy and Electricity
- The Ministry of Health
- The Ministry of Agriculture (Veterinary Office)
- The Ministry of Trade and Industry (Import and Export Control)

Each agency draws its own sample and tests it independently.

Shelf-life standards and product specifications:

In 1994, the government issued a decree that all food products should have at least 50% of the established shelf life remaining at the time of importation into Egypt. Moreover, Egypt applies shelf life standards to certain non-food imports such as syringes and catheters. Exporters to Egypt must be aware that import and custom procedures take a period of no less than 2 weeks; hence, expiration dates must be at least twice that length of time.

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Egyptian Organization for Standardization and Quality
Dr. Mahmoud Eissa, Chairman
16 Tadrib El Moalemeen St., Amirya, Cairo
Tel: +20 (2) 22845528 – 22845529, Fax: +20 (2) 22845504
Email: moi@idsc.net.eg
Website: www.eos.org.eg

General Authority of Import and Export Control (GOIEC):
Mr. Mohamed Abdel Hamid El Banna, Chairman
1 El Sheikh Maarouf St. (Corner of Ramses St.) Downtown, Cairo
Tel: +20 (2) 2575-6031, +20 (2) 2575-0692, +20 (2) 2266-9627/71
Fax: 2+20 (2) 2576-6971, +20 (2) 2266-6847

National Institute of Standards (NIS)
Mahmoud Gharib El-Sherbiny, Manager
Tersa St., El-Haram, Giza
PO Box 136 Giza 12211
Tel: +20 (20) 10-604-4616, Fax: +20 (2) 3386-7451
http://www.nis.eg.net/

U.S. Embassy Cairo
U.S. Commercial Service
Ms. Hend El Sineity
Tel: +20 (2) 2797-3482, Fax: +20 (2) 2795-8368
Email: Hend.El-Sineity@mail.doc.gov
Website: www.buyusa.gov/egypt

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Egypt is involved globally in several intra and inter-regional trade agreements, both multilateral and unilateral, including preferential trade agreements with the E.U., the U.S., Arab, African and European countries, some of which are:

- Agreements with Arab countries;
- The General Agreement on Tariffs and Trade (GATT);
- The General Agreement on Trade in Services (GATS);
- Europe Mediterranean Partnership Agreement;
- The Common Market for Eastern and Southern Africa (COMESA);

- Trade and Investment Framework Agreement (TIFA);
- Pan Arab Free Trade Area (PAFTA);
- Free Trade Agreement between Egypt and Turkey, signed in 2005.

Moreover, Egypt has signed several bilateral agreements with Arab Countries: Jordan (December 1999), Lebanon (March 1999), Libya (January 1991), Morocco (April 1999), Syria (December 1991), Tunisia (March 1999). Additionally, in 1995, Egypt and China entered into a trade accord. Egypt also signed an economic treaty with Russia.

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Commercial Service in Egypt: http://www.buyusa.gov/egypt/en/
American Chamber of Commerce in Egypt: http://www.amcham.org.eg/
U.S. Embassy: http://cairo.usembassy.gov/
U.S. Department of Commerce, Bureau of Industry and Security:
http://www.bis.doc.gov/index.htm
U.S. Department of Commerce's Denied Persons List:
http://www.bis.doc.gov/dpl/Default.shtm
U.S. Department of Treasury's Specially Designated Nationals List:
http://www.treas.gov/offices/enforcement/ofac/sdn/
Egyptian Organization for Standards and Quality Control (EOS): http://www.eos.org.eg/
Ministry of Foreign Trade and Industry: http://www.mfti.gov.eg/
Egyptian Accreditation Council: http://www.egac.gov.eg/index.asp
Egypt's National Institute of Standards: http://www.nis.sci.eg
Central Bank of Egypt: http://www.cbe.org.eg/

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Chapter 6: Investment Climate

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The Egyptian government has made increasing foreign investment a major goal of its economic reform program and strategy for fostering private sector-driven growth. Egypt faces a significant challenge in improving living standards and increasing employment opportunities for its growing population. The Ministry of Investment (MOI) was established in 2004 and handles privatization of state-owned enterprises (except for banks, which are handled by the Central Bank) and oversees various regulatory agencies with investment-related areas of responsibility including the Capital Market Authority, the Egyptian Insurance Supervisory Authority, the General Authority for Real Estate Mortgage Affairs and the General Authority for Free Zones and Investment (GAFI).

Key Laws Governing Foreign Investment:

Investment Incentives Law 8 of 1997: This law was designed to encourage domestic and foreign investment in targeted economic sectors and to promote decentralization of industry from the crowded Nile Valley area. The law and its executive regulations and amendments provide over 20 investment incentives. The law allows 100 percent foreign ownership of investment projects and guarantees the right to remit income earned in Egypt and to repatriate capital. Other key provisions include: guarantees against confiscation, sequestration, and nationalization; the right to own land; the right to maintain foreign-currency bank accounts; freedom from administrative attachment; the right to repatriate capital and profits; and equal treatment regardless of nationality.

The Income Tax Law enacted in June 2005 (Law 91/2005) eliminated some of the incentives in the Investment Incentive Law, namely all corporate tax exemptions and tax holidays that the latter law had authorized for newly established companies. The 2005 tax law also repealed tax deductions extended to companies listed on the stock exchange. The tax incentives were not eliminated retroactively, however, so all existing companies will continue to receive their tax incentives until the end of the period stipulated when the company was established. Law 8 incentives for agricultural activities including reclamation, cultivation, irrigation, animal breeding, bee-hiving and fish farming were not removed by the Income Tax Law.

Under the Investment Incentives Law, qualifying investments in various fields are assured approval, effectively creating a "positive list." These fields include land reclamation; fish, poultry, and animal production; industry and mining; tourism (covering hotels, motels, tourist villages, and transportation); maritime transportation; refrigerated transportation for agricultural products and processed food; air transportation and related services; housing; real estate development; oil production and related services; hospitals and medical centers that offer 10 percent of their services free of charge; water pumping stations; venture capital; computer software production; projects financed by the Social Fund for Development; and leasing. Projects in certain fields, however, still require special approval (generally security clearance) from relevant ministries. Such projects include: any investments in the Sinai and any investments related to military production and related industries.

Procedures for obtaining approval to establish new companies are becoming simpler and waiting times shorter than in the past. GAFI's "One-stop-shop" brings together all the government ministries needed for establishment of a new investment and provides after-care services for existing companies. The One-stop-shop reportedly processes approvals for new investments on average within 72 hours. The approval system is computerized and in some instances regulations enable a company to begin operating pending security clearance. While not a legal requirement, in practice all proposed foreign investments are scrutinized by the security services, which has in the past caused significant delays in the approval process.

Law 94 of 2005 amended the Investment Incentives Law and made companies incorporated under the Investment Incentives Law subject to the relatively simpler incorporation provisions of the Companies Law 3 of 1998 (see below). Further, Law 94 limited the authority of the board of directors of each Public Free Zone (see below) to issuance of preliminary approvals for projects to be established in the free zone, with the final approval issued by GAFI.

Decree No. 719 for 2007 by the Ministers of Trade and Industry and Finance provides further incentives for industrial projects in the governorates of Upper Egypt (Upper Egypt refers to governorates in southern Egypt). The decree provides an incentive of 15,000 Egyptian Pounds (the Pound or LE) for each job opportunity created by the project, on the condition that the investment costs of the project exceed LE 15 million. The decree can be implemented on both new and on-going projects.

Companies Law 159 of 1981: This law applies to domestic and foreign investment in sectors not covered by the Investment Incentives Law, whether shareholder, joint stock, or limited liability companies, representative offices, or branch offices. The law permits automatic company registration upon presentation of an application to GAFI, with some exceptions. These exceptions include companies whose founders have failed to comply with procedures and laws in the past, as well as companies whose founders have demonstrated insufficient qualifications to operate a business. The law does provide a right to petition a denial of incorporation. It also removes a previous legal requirement that at least 49 percent of shareholders be Egyptian; allows 100 percent foreign representation on the board of directors; and strengthens accounting standards. Founders of joint stock and limited liability companies must submit a bank certificate to GAFI showing that 10 percent of the company's issued capital has been paid in.

Law 94 of 2005 (mentioned above) also amended some of the provisions of the Companies Law. It removed restrictions on board members representing other board members by proxy in board of directors meetings and made it possible for a board of directors to be formed of an even number of members. Law 94 also added a provision stipulating that companies operating in the Sinai do not acquire legal persona unless approved by a decree from the chairman of GAFI. It also granted companies established under the Companies Law or the Commercial Law certain incentives under the Investment Incentives Law, including protection from nationalization, imposition of obligatory pricing and cancellation or suspension of licenses to use immovable property. It also granted companies the right to own real estate required for their activities and the right to import raw materials, machinery, spare parts and transportation methods without being required to register at the Importers Register.

Other laws governing foreign investment:

Land/Real Estate Law 15 of 1963: This law explicitly prohibits foreign individual or corporate ownership of agricultural land (defined as traditional agricultural land in the Nile Valley, Delta and Oases). Prime Ministerial Decree No. 548 for 2005 removed restrictions on foreign property ownership in a number of tourist and new urban areas, namely the Red Sea coast, including the beach resort of Hurghada, the Mediterranean beach resort Sidi Abdel-Rahman and Ras Al-Hekma, also on the Mediterranean in Matrouh Governorate. Foreign individuals are still, however, limited to ownership of a maximum of two residences in Egypt. Companies/citizens of other Arab countries have customarily received national treatment in this area.

Public Enterprise Law 203 of 1991: Egypt has an ongoing privatization program under the Public Enterprise Law for the sale of several hundred wholly or partially state-owned enterprises and all public shares of at least 660 joint venture companies (joint venture defined as mixed state and private ownership, whether foreign or domestic). The law permits sales to foreign entities. Law 203 was amended in 1998 to allow the general assemblies of the public holding companies that manage public enterprises in a particular sector to accept bids below the initial reserve price. Although the amendment allows sales below the reserve price, very few assets have been sold below the reserve price since 1998.

MOI has made enterprises in all sectors subject to privatization, and has sold entities in the construction, petroleum, telecoms and chemicals sectors, all previously considered "strategic" sectors and therefore not part of the privatization program. Several of these companies have been sold to foreign investors, who are treated equally to local investors in the privatization process. MOI has also opened the privatization program to include services and some public utilities. Some infrastructure areas, including ports and airports, power generation, and cellular phone networks have also been opened to private investors on a build-own-operate-transfer (BOOT) basis. Foreign companies have won major BOOT tenders in power generation and airport and maritime port construction. Since 2002, however, the government has suggested that BOOT projects that require payment for their services in foreign exchange will also be required to generate foreign exchange revenues.

A variety of privatization methods are currently in use by MOI, including asset unbundling and leasing with options to buy. Incentives, including five-year tax exemptions (notwithstanding the 2005 tax law) and the removal of real estate value from company valuations, were provided for the sale of 53 distressed or loss-making companies in 2006 and 2007. MOI is also restructuring public enterprises that are facing difficulties in remaining afloat. The restructuring is tailored individually to lead to sale of the enterprises in the medium to long-term. Additional incentives have been used to make public enterprises more attractive to investors, including allowing the transfer of excess and idle assets, some working capital items, and liabilities to the public holding companies responsible for public entities in a particular sector. Bidding criteria for privatizations are generally clear and transparent.

Investors have traditionally identified valuation and commitment, as reflected in the pace of execution of deals, as the two primary obstacles to effective privatization in Egypt. While the government's commitment and the pace at which it has concluded privatizations have increased markedly since MOI took responsibility for the program, privatization remains controversial in Egypt. Starting in mid-2006, concerns were raised about potential price and supply problems in various industries under consideration for privatization, such as sugar and pharmaceuticals. Political opposition and pressure to slow the privatization program reached a head with outcry from parliament, the media and the public over sale in 2007 of the department store Omar Effendi to a Saudi investor. Accusations of undervaluation of the store's assets resulted in parliamentary investigations, which affirmed that there was no evidence of wrongdoing. Despite the flap over Omar Effendi, the government has proceeded with plans to privatize some major assets, and has reorganized the public insurance companies in preparation for privatization. Privatization has generated a total of LE 15 billion in revenue from July 2006 to March 2008.

Capital Market Law 95 of 1992: This law and its amendments and regulations govern Egypt’s capital markets. In 1998, the government made significant amendments and changes to the law to strengthen stock market regulations against fraud, price manipulation, and insider trading. Foreign investors can buy shares on the Cairo and Alexandria Stock Exchange (CASE) on the same basis as local investors. In April 2006, CASE announced new membership rules for brokerage firms, including an increase in their capital requirement from LE 250,000 to LE 5 million. Additional regulations prohibiting price manipulation and information exploitation were also issued in April 2006, on the back of a major stock market slump that began in February 2006.

In July 2007, the Capital Market Authority (CMA), the capital markets regulator, amended existing regulations to speed up the process of listing new shares of companies on the stock market. The new regulations stipulate that the primary source of a company's profitability should be income from continuing operations, while net profit for the last fiscal year before listing should exceed 5 percent of the company's capital. The CMA issued a decree in September 2007 to modify the capital adequacy criteria for securities intermediation companies to enhance management of market, settlement, liquidity, operational and credit risks.

In November 2007, MOI issued a decree adding the activity of market-makers to the functions of companies operating in the field of securities. The new activity allows the provision of permanent liquidity for stock exchange-listed securities for which the market maker is committed to guaranteed dealing during trading sessions.

In June 2008, the People's Assembly ratified Law No. 123/2008, amending certain parts of the Capital Market Law. The amendments provide local and foreign institutions with opportunities to issue bonds and also lower the minimum per value of shares to LE 0.10 from LE 1.00. The amendments also strengthen the administrative role of CMA by increasing its authority to maintain market integrity, enforce standards of fairness and transparency, regulate prices and prevent information exploitation.

Maritime Law 1 of 1998: This law amended the General Egyptian Maritime Organization Law 12 of 1964. The Maritime Law permits the private sector, including foreign investors, to conduct most maritime transport activities, including loading, supplying, and ship repair.

Electricity Law 18 of 1998: This law amended Law 12 of 1996 to allow the government to sell minority shares of electricity distribution companies to private shareholders, both domestic and foreign.

Tenders Law 89 of 1998: This law amended the Tenders and Bidding Law 9 of 1983 governing foreign companies' bids on public tenders. It required the government to consider both price and best value in awarding contracts and to issue an explanation for refusal of a bid. However, the law retained preferences for Egyptian domestic contractors, who are accorded priority if their bids do not exceed the lowest foreign bid by more than 15 percent. The law was amended in mid-2006, requiring contracting government entities to acknowledge price fluctuations in the first year of the contract or increases or decreases in cost, and to compensate contractors where necessary. In June 2008, another amendment was ratified by parliament requiring a revision of the value of contracts every three months for contracts having durations longer than six months.

Insurance Law 156 of 1998: This law amended Law 91 of 1995, removing a 49 percent ceiling on foreign ownership of insurance companies, authorizing privatization of state-owned insurance companies, and abolishing a ban on foreign nationals serving as corporate officers. Law No. 118, issued in May 2008, amended certain articles of Law 10 of 1981. The amendments lifted the ban on operation of foreign insurance intermediaries in Egypt and increased the minimum capital level for insurance companies from LE 30 million to LE 60 million. Executive regulations for this decree have not been issued yet.

Commercial Law 17 of 1999: This law has more than 700 articles covering general commerce, commercial contracts, banking transactions, commercial papers (including checks), and bankruptcy.

Central Securities Depository and Registry Law 93 of 2000: This law allows bookkeepers and companies dealing in central depository instruments to dematerialize shares (i.e. replace physical entries for securities to book entries).

Special Economic Zones Law 83 of 2002: This law authorized establishment of special zones for industrial, agricultural, and service activities that are mainly export-oriented. Firms operating in these zones enjoy incentives and facilities designed to encourage increased local and foreign investment in export-producing sectors.

Telecommunications Law 10 of 2003: This law stipulated that Telecom Egypt (TE) would relinquish its monopoly status as Egypt's sole domestic fixed-line operator and sole international operator by January 2006 and provided for greater flexibility in selling shares of TE through public offerings. Although the government did not meet the January 2006 deadline, the Ministry of Telecommunications and Information Technology announced that the license for a second fixed-line operator would be sold by auction in September 2008. The National Telecommunications Regulatory Agency (NTRA) blamed the delay on continuing negotiation over interconnection agreements and tumultuous global markets. The NTRA said the deferment would give the regulator more time to lay the foundations for a fixed-to-mobile interconnection agreement.

Banking Law 88 of 2003: This law replaced a number of laws regulating the Central Bank of Egypt, the banking sector, foreign exchange, account secrecy, and privatization of public sector banks. The law strengthened prudential banking regulations, raised minimum capital requirements for banks and foreign exchange bureaus, and re-affirmed the government's authority to privatize public sector banks.

Oil & gas exploration and development:

These sectors are subject to different procedures, with an individual law required for each investment. Companies are initially granted exclusive rights for exploration in a concession area. If commercial discoveries are found, a joint venture with the state-owned Egyptian General Petroleum Company is formed, based on a standard production sharing agreement that is specified in the law for the concession.

While the Nazif administration has taken significant steps to attract foreign investment, certain informal barriers still exist. Foreigners may function as commercial agents, but are prohibited from acting as importers for trading purposes. A foreign company wishing to import for trading purpose must do so through an Egyptian importer. In the banking sector, the Central Bank has not issued a new commercial banking license in almost 20 years. In practice, the only way for a new bank, whether foreign or local, to enter the market (except as a representative office) is to purchase an existing bank. As part of a plan to restructure the banking sector, the government has sold shares in several joint venture banks to foreign banking entities since 2004. The first public bank to be fully privatized was Bank of Alexandria, which was sold to a foreign banking entity, Sanpaolo Intesa of Italy in October 2006. In June 2008, the government postponed sale of Banque du Caire, a subsidiary of Banque Misr since 2006, when bids for 67% of Banque du Caire's shares did not reach the minimum valuation of the bank set by a government committee. The Central Bank had announced the short list of 5 potential buyers, all foreign banking entities, in March 2008. In preparation for its sale, Banque du Caire had sold investments accounting for LE 2.2 billion to Banque Misr in order to move the former's asset management and investment processes to the latter and separate the activities of the two banks. After the sale was postponed, the government announced plans to further restructure Banque du Caire to prepare for another attempt to sell the bank within the coming two years.

In the insurance sector, the government has stated that it will not issue licenses for new insurance companies, in order to focus investor attention on privatization of the existing firms. Therefore, as in the banking sector, foreign firms can only enter the Egyptian insurance market through purchase of shares in existing insurance firms. In 2006-07, MOI began restructuring the public insurance companies in preparation for privatization. In September 2007, the companies were merged and placed under an insurance holding company, and real estate assets were stripped out of the companies and transferred to a newly established affiliate, Misr for Real Estate.

Pharmaceutical prices remain controlled, although the government has decontrolled prices of many other industrial products. The government uses a standard cost-plus formula to determine pharmaceutical prices for new-to-market products. Most pharmaceutical companies rely heavily on imported inputs, so the devaluation of the Egyptian Pound in 2003 sharply reduced their profitability. The Ministry of Health and Population has revised prices on existing pharmaceuticals over the last few years, but in a selective manner that has precluded price adjustments for the majority of domestic and foreign pharmaceuticals. Due to price controls and a drop in profitability, some companies claim to be operating at a loss. During 2005-06, the government allowed an increase in the price of specific foreign and domestic pharmaceutical products. Between 2006 and 2007, the Minister of Health issued decrees increasing prices of various medicines, on the grounds that prices of international raw materials were rising. In March 2008, the Holding Company for Pharmaceuticals declared it would produce specific medicines and sell them below cost, to ensure availability of basic medicines to the poor. Pharmaceutical companies would also be allowed to produce other, more expensive medicines to increase profits.

Other obstacles to investment include excessive bureaucracy, a shortage of skilled mid-level managers, limited access to credit, slow and cumbersome customs procedures in some areas, and non-tariff trade barriers. The Egyptian judicial system, which generally upholds the sanctity of contracts, is extremely slow and can take several years to process cases. The judicial system is also subject, in some cases, to political influence.

The government's efforts to attract foreign investment have paid off, with foreign direct investment increasing during the first half of the fiscal year 2007/2008 (July – December 2007), reaching a net inflow of $7.8 billion, in comparison to $7.2 billion during the first half of fiscal year 2006/2007. Total net foreign direct investment for fiscal year 2006/2007 was $11.053 billion. Portfolio investment has on the other hand decreased. The CASE remains one of the best performing emerging market stocks in the world, and fared better than neighboring Gulf exchanges in the January 2008 correction that affected markets worldwide. The CASE took a hit, however, in May 2008 when the government announced a series of new revenue generating mechanisms. Media reports indicated the government was considering taxing stock profits, leading to a one day decline in value of 4.4% on May 15. The market recovered somewhat after the government confirmed it would not tax stock profits. The value of foreign investments in companies' capital totaled LE 34.2 billion in 2007 and LE 9 billion between January and May 2008.

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Since January 2003, Egypt's stated policy has been a free-floating foreign exchange rate regime, with all banks free to set their own rates. The Central Bank posts an average rate at the end of each day based on reported transactions, which serves as a market guideline. The Egyptian Pound depreciated significantly in 2003 and early 2004, reaching its lowest point of LE 6.22/$ in mid-2004. In late December 2004, the pound appreciated to LE 5.73-78/$, and remained steady for the next few years. The Central Bank's actions to improve liquidity, including abolishing the foreign exchange surrender requirement in December 2004, led to vastly improved access to foreign exchange and the complete elimination of the parallel market. As a result of strong foreign currency inflows in the last few years and less intervention by the Central Bank, the Egyptian Pound has continued appreciating slowly, reaching LE 5.3/$ in May 2008.

Egyptian law allows individuals and businesses to conduct all normal foreign exchange transactions, including establishing foreign exchange accounts and transferring foreign exchange in and out of Egypt. Authorized banks may provide the full range of foreign exchange transactions, including accepting deposits, executing transfers, and opening letters of credit. Foreign currency is available at banks and foreign exchange bureaus.

The 1992 U.S.-Egypt Bilateral Investment Treaty provides for free transfer of dividends, royalties, compensation for expropriation, payments arising out of an investment dispute, contract payments, and proceeds from sales. Transfers are to be made in a "freely convertible currency at the prevailing market rate of exchange on the date of transfer with respect to spot transactions in the currency to be transferred."

The Investment Incentives Law stipulates that non-Egyptian employees hired by projects established under the law are entitled to transfer their earnings abroad. Conversion and transfer of royalty payments are permitted when a patent, trademark, or other licensing agreement has been approved under the Investment Incentives Law.

Banking Law 88 of 2003 regulates the repatriation of profits and capital. The government has repeatedly emphasized its commitment to maintaining the profit repatriation system to encourage foreign investment in Egypt. The current system for profit repatriation by foreign firms, announced in late June 2002, requires sub-custodian banks to open foreign and local currency accounts for foreign investors (global custodians), which are exclusively maintained for stock exchange transactions. The two accounts serve as a channel through which foreign investors process their sales, purchases, dividend collections, and profit repatriation transactions using the bank's posted daily exchange rates. The system is designed to allow for settlement of transactions in less than two days.

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As noted previously, the Investment Incentives Law provides guarantees against nationalization or confiscation of investment projects under the law's domain. The law also provides guarantees against seizure requisition, blocking, and placing of assets under custody or sequestration. It also offers guarantees against full or partial expropriation of real estate and investment project property. The U.S.-Egypt Bilateral Investment Treaty also provides protection against expropriation.

While the national government does not generally expropriate property, there have been reports of local authorities in one governorate expropriating land from a private firm. While the governorate offered compensation, it was below market value for the land and has yet to be paid, more than 7 years after the expropriation. Private firms are able to take cases of expropriation to court, but as noted previously, the judicial system is very slow and can take several years to resolve a case.

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Although previous administrations had moved very slowly to resolve investment disputes, the Nazif administration has moved much more quickly to resolve some investment disputes. The government resolved the concerns of two major foreign investors through enactment of new legislation in mid-2005. A number of disputes with U.S. investors, however, remain unresolved. These involve widely differing issues, and do not appear to reflect a pattern or any discrimination against U.S. investments. The U.S. Embassy recommends that U.S. companies put clauses specifying binding international arbitration of disputes in their commercial agreements.

Egypt acceded to the International Convention for the Settlement of Investment Disputes in 1971 and is a member of the International Center for the Settlement of Investment Disputes (ICSID), which provides a framework for arbitration of investment disputes between the government and foreign investors from another member state, provided that the parties agree to such arbitration. Without prejudice to Egyptian courts, the Investment Incentives Law recognizes the right of investors to settle disputes within the framework of bilateral agreements, the ICSID or through arbitration before the Regional Center for International Commercial Arbitration in Cairo, which applies the rules of the United Nations Commissions on International Trade Law. The U.S.-Egypt Bilateral Investment Treaty allows for the possibility of an investor taking a dispute with a party directly to binding third-party arbitration. The Egyptian courts generally endorse international arbitration clauses in commercial contracts. For example, the Court of Cassation has, on a number of occasions, confirmed the validity of arbitration clauses included in contracts between Egyptian and foreign parties.

Egypt adheres to the 1958 New York Convention on Enforcement of Arbitrary Awards; the 1965 Washington Convention on the Settlement of Investment Disputes between

States and the Nationals of Other States; and the 1974 Convention on the Settlement of Investment Disputes between the Arab States and Nationals of Other States. An award issued pursuant to an arbitration that took place outside Egypt may be enforced in Egypt if it is either covered by one of the international conventions to which Egypt is party or satisfies the conditions set out in the Arbitration Law.

Egypt's Dispute Settlement Law 27 of 1994 also provides for the arbitration of domestic and international commercial disputes and limited challenges of arbitration awards in the Egyptian judicial system. The law was amended in 1997 to include disputes between public enterprises and the private sector. The Egyptian judicial system functions extremely slowly, and cases can often remain in the system for several years. Arbitral awards are made in the original currency of the transaction, via the competent court in Egypt, usually the Cairo Court of Appeal. A special order is required to challenge an arbitration award in an Egyptian court. To enforce judgments of foreign courts in Egypt, the party seeking to enforce the judgment must obtain an exequatur. To apply for an exequatur, the normal procedures for initiating a lawsuit in Egypt must be satisfied. Moreover, several other conditions must be satisfied, including ensuring reciprocity between the Egyptian and foreign country's courts and verifying the competence of the court rendering the judgment.

Egypt does not have a bankruptcy law per se, but the Commercial Law 17 of 1999 includes a chapter on bankruptcy. The terms of the bankruptcy chapter are silent or ambiguous on several key issues that are crucial to the reduction of settlement risks. According to the Ministry of Trade and Industry, the government is planning to amend the bankruptcy provisions of Law 17 of 1999, but these amendments are still pending.

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Performance requirements: No performance requirements are specified in the Investment Incentives Law. The ability to fulfill local content requirements is no longer a prerequisite for approval to set up assembly projects, but in most cases assembly industries still must meet a minimum local content requirement in order to benefit from customs tariff reductions on imported industrial inputs. Article 6 of Decree 420/2000 allows for the reduction of customs tariffs on intermediate goods if the final product has a certain percentage of input from local manufacturers, starting from 30%. As the percentage of local content rises, so does the tariff reduction. In certain cases, a ministerial approval can grant tariff reductions, up to 40%, in advance to certain companies without waiting to reach a corresponding percentage of local content. Manufacturers wishing to export under trade agreements between Egypt and other countries must fulfill certificate of origin and local content requirements contained therein. Oil and gas exploration concessions, which do not fall under the Investment Incentives Law, do have performance standards, which are specified in each individual agreement and which generally include the drilling of a specific number of wells in each phase of the exploration period stipulated in the agreement. The Labor Law 12 of 2003 requires that foreign workers account for no more than 10 percent of the total workforce of a firm. This law's requirements do not apply to the oil and gas industry, but most or all individual concession agreements have some sort of requirement on percentage of local employees.

Tax Incentives: As noted previously, parliament passed a new personal and corporate income tax law in July 2005. The law eliminated tax incentives for new businesses, but reduced all taxes by 50 percent. The law also changed the relationship between the Tax Authority and taxpayers, requiring taxpayers to do a self-assessment and then submit a tax return, which can be audited by the Tax Authority. Under previous legislation, the Tax Authority assessed all taxpayers' returns and presented a bill, a process that could take several years. The Minister of Finance has publicly stated that the new, reduced tax rates and a greater level of trust between taxpayers and the government will encourage economic actors in Egypt's large informal sector to register their enterprises and begin paying taxes. Revenue figures have borne this out to some extent, as tax revenues increased by 16.9 percent from LE 97.7 billion in fiscal year 2005/2006 to LE 114.3 billion in fiscal year 2006/2007. Domestic and foreign individuals and businesses are treated equally under the new tax law. The executive regulations of the new tax law were issued in late 2005.

Communities Law 3 of 1998: This law establishes a number of urban communities, built over the past two decades, to help shift population density out of major cities. All incentives under this law were removed with the new income tax law. While no new incentives have been stipulated in the form of legislation, as is the case with Upper Egypt (Law 719/2007), the government remains committed to provision of infrastructure and certain facilities in the new communities. Facilities provided include sale of land to investors through a closed auction system or on an installment basis and extension of infrastructure, such as gas, water, electricity to the new communities.

Pricing and Customs Preferences: By law, the government may not intervene to set the prices or profits of companies established under the Investment Incentives Law, except for pharmaceuticals, as noted previously.

Geographical Areas: There are no formal legal geographical restrictions on investments. However, due to congestion in Cairo, the government generally denies approval for investments in manufacturing facilities in Cairo, unless a compelling economic rationale exists. The government also offers incentives to move existing manufacturing facilities out of Cairo. Upon request, government officials will assist investors in locating a site for a project, often in one of the new industrial sites located outside Cairo, and will sometimes provide necessary infrastructure. In addition to the new industrial sites outside Cairo, the government has targeted Upper Egypt for development by private investors. Land in industrial zones in Upper Egypt is offered free of charge. The government will also provide hookups to infrastructure (water, sewer, electricity, and gas) and transfer land titles to the developer three years after project startup. As noted above, approval by the security services is generally required for investments in the Sinai Peninsula.

In July 2007, MOI finalized procedures for granting usufruct rights (use by an investor of a plot of land for a certain period of time to establish a project and profit from it, after which both project and land are given to public ownership) in the Sinai, with the aim of boosting investment levels in this region. The procedures include facilitation of real estate registration; enabling use of real estate as a guarantee for loans; enabling banks to register pledges on real estate and foreclose in cases of non-payment. The Ministries of Investment and Justice and the Central Bank are envisioning a legal framework for banks to finance projects through the usufruct system.

Research & Development (R&D) Projects: Large-scale R&D activities in Egypt are relatively modest. Information released during the World Science Forum held in Budapest, Hungary in November 2007, indicated that the Egyptian expenditure on R&D, had increased from 0.3 percent of the GDP in 1981/1982 to almost one percent in 2006/2007, reaching a total of LE 4.6 billion. The Economic and Social Development Plan of the government for 2007/2008 earmarked LE 450 million for spending on research and development, distributed among the Ministry of Scientific Research, the Scientific Research Academy and the Science and Technological Development Fund. . The majority of government-funded R&D programs are in agriculture, health, and, to a lesser extent in the manufacturing sector. There are no reports of discrimination against U.S. or other foreign firms wishing to participate in R&D programs in Egypt. Most Egyptian R&D programs are established by government initiative to target specific problems and/or opportunities. Donor support plays an important role in Egypt's R&D activities, constituting about 15 percent of total R&D spending.

Import and Export Policies: Shortly after taking office in July 2004, the new government cut tariffs sharply and simplified the customs regime to stimulate trade and economic development. The government removed GATT-inconsistent services fees and import surcharges, reduced the number of ad valorem tariff rates from 27 to 6, dismantled tariff inconsistencies, including sharp escalation and reverse progression on tariff rates, and rationalized national sub-headings above the six-digit level of the Harmonized System (HS). As a result of this reform, Egypt's number of ad valorem tariff rates was reduced from 27 to 6 and average weighted tariff rate fell from 14.6 percent to 9.1 percent. In February 2007, import tariffs were further reduced by a presidential decree, in conformity with the government's adoption of the World Customs Organization HS – 2007 for classifying commodities. The changes reduced the average weighted tariff rate from 9.1 percent to 6.9 percent. In April 2008, further reductions were introduced to custom tariffs on a score of items including processed foods, agricultural goods, paper products, cement and steel and related products and some durable household goods. Various items became exempt from custom tariffs. Tariffs on fabric imports were significantly reduced and tariffs on clothing were finally made consistent with Egypt's WTO commitments. A BSE-related ban on U.S. beef imports was lifted in early 2005, and a requirement that beef imported for direct consumption contain no more than 7 percent fat content was made voluntary.

In October 2005, new import and export regulations were issued, which reduced the number of imported goods subject to inspection by the General Organization for Export and Import Control (GOEIC) and permitted importers to provide their own certificates of health and safety conformity from any internationally accredited laboratory inside or outside of Egypt. The new regulations also transferred responsibility for issuing and reviewing certificates of origin from GOEIC to the Egyptian Customs Authority.

Despite the government's sweeping customs/tariff reform and easing of import restrictions, significant problems remain. Egypt adopted the WTO customs valuation system in 2001. Even though government officials report that Egypt has almost fully implemented the system, some importers face a confusing mix of new invoice-based and old reference price-based valuations depending on the type of imports. Acknowledging these problems, the Ministry of Finance (MOF) has committed to a comprehensive reform of Egypt's customs administration and is working in concert with USAID, which is funding a comprehensive six-year program to support reform efforts. The MOF is currently reviewing a new customs law to improve the valuation system and otherwise facilitate trade.

A number of non-tariff barriers or bans continue in force to protect local producers. Mandatory quality-control standards make importing certain products into the Egyptian market difficult. Over 130 categories of imports are still subject to mandatory quality-control inspections, including foodstuffs, appliances, electrical products, and auto parts. Although the government says that the quality control standards are applied equally to imports and domestically produced goods, in practice, imports are scrutinized more rigorously by multiple government agencies. Enforcement remains inconsistent.

Many U.S. agricultural products also face burdensome import licensing requirements. Although a ban on whole poultry was lifted in July 1997, imported poultry parts are still prohibited, ostensibly because they do not meet halal (religious) standards. Health food products such as low-calorie foods, diet pills, and vitamins also face informal barriers to trade. These products must obtain a special registration from the Food Institute of the Ministry of Health, which can take months to process. Products with domestic substitutes have experienced substantial delays, some as many as six months to one year. A large shipment of U.S. wheat for human consumption was denied entry to Egypt in June 2007, ostensibly due to bug infestation. Although such infestations are common and can be handled through a simple sanitization process, media reports circulated claiming the wheat was "cancerous." The Ministry of Trade and Industry bowed to political pressure and rejected the wheat, which was re-exported and sold for human consumption in Spain.

Shelf-life standards also act as an indirect trade barrier. Egypt sets the shelf life of many imported products using non-science-based standards that do not recognize quality, safety, and technological differences between producers. By government decree, imports (mainly food products) must have 50 percent or more of their shelf life remaining. The government is reviewing Egypt's shelf life standards to make them more science-based and WTO-consistent.

The import inspection process remains confusing, despite the designation of the GOEIC as the coordinator for all import inspections. The Ministries of Health and Agriculture maintain their own inspection units and procedures. Imported refrigerated containers of foodstuffs typically take 25 days to clear customs. While two-month delays were common in the past, overall customs clearance times are improving, and import inspections now typically take three to four weeks.

Ministerial Decree 619 of 1998 required a certification of origin for imports and stipulated that consumer goods (durable and non-durable) be shipped directly from the country of origin. The decree was amended in late 1999 to ease requirements for the certificate of origin and allow shipment of imported consumer goods from the main branches of the producing company and its distribution centers. Company invoices noting the country of origin and bearing the endorsement of an Egyptian overseas commercial office can now be used as certificates of origin. Ministerial Decrees 577 and 580 of 1999 require cars to be imported in the year of production. In 2000 the decrees were amended adding one year after the year of production to the period during which passenger vehicles can be imported. Since May 1999, the Central Bank of Egypt has required 100 percent coverage for credit lines opened for goods imported by traders for resale purposes.

The Export Promotion Law 155 of 2002 aimed to improve the duty drawback and temporary admission systems for exporters by establishing a central unit under the joint supervision of the Ministries of Finance and Trade and Industry to monitor and streamline the systems. The duty drawback system requires full custom duties to be paid on semi-finished imports. There is a one-year time limit for re-exporting these imports as part of a final product in order to claim a full rebate of the duties and taxes paid. In November 2002, the Ministries of Finance and Trade and Industry jointly inaugurated the first upgraded temporary-admissions unit at the Port of Alexandria. With assistance from USAID, three other central units for temporary admissions are now operational in Suez, Port Said, and Damietta.

The Export Promotion Law also established an "Export Promotion Fund," to promote Egyptian exports and increase their share in foreign markets. The Fund supports a number of sectors, mainly textiles and food industries, through financial incentive packages aimed at alleviating initial costs in the export process. The Fund’s annual budget currently stands at LE 2 billion. To date the fund has not been used to subsidize exports. Although there are no executive regulations for the Export Promotion Law, discreet implementing decrees have been issued. Financial and administrative regulations for the Export Promotion Fund were also issued and approved by the Ministry of Trade and Industry and published in the Official Gazette.

Egypt only rarely provides agricultural export subsidies and does not impose export performance requirements. Exports of scrap iron are subject to a levy of LE 225 per ton, cement exports LE 85 per ton and steel exports LE 160 per ton. These export levies are intended to ensure sufficient domestic supply. As noted above, exporting industries, including Investment Incentives Law projects, are required to pay the full customs rate on imported inputs but receive a rebate of duties and taxes when they export finished products. Although exporters had previously reported lengthy delays in the customs rebate process, recent rebate transactions have been processed faster and more efficiently than in the past. The paperwork process associated with import-export transactions also has been simplified and updated.

Right to Private Ownership and Establishment

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By law, foreign and domestic private firms have the right to establish and own business enterprises and engage in all forms of remunerative activity, except for the restrictions on foreign business noted previously. Private enterprises may freely establish, acquire and dispose of interests in business enterprises. In practice, private firms sometimes find themselves at a disadvantage when competing for resources with state-owned firms. For example, state-owned firms often have easier access to bank credit from the state-dominated banking system than do private firms, whether domestic or foreign. Lack of access to credit is one of the major complaints of the business community in Egypt as the interest rate is high and the banks have restrictive policies on lending. Lack of risk assessment capacity in the banking sector is also a factor in banks' overly cautious lending policies.

Protection of Property Rights

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The Egyptian legal system provides protection for real and personal property, but laws on real estate ownership are complex and titles to real property may be difficult to establish and trace. Reforms in 2007 simplified the registration process for residential construction in new urban areas built on the outskirts of Cairo and Alexandria. The new procedures will be introduced in older areas of the two cities and in other Egyptian cities over the next few years. A National Title Registration Program was introduced by the Ministry of State for Administrative Development and was implemented in 5 areas within Cairo. This program aims at simplifying the registration procedure, which in turn facilitates easier mortgage financing. There are price controls on older residential and commercial real estate property resulting in apartment rents as low as $10 per month. However, these rent controls do not apply to real estate put into service in recent years. There are no restrictions on foreign ownership and rental of non-agricultural real estate in Egypt although specific procedures are required in some cases depending on the geographical location and building codes in different governorates.

The mortgage market is still in its infancy in Egypt, though the MOI has made it a priority. The Real Estate Mortgage Law of 2001 established the Mortgage Finance Authority (MFA), and authorized both banks and non-bank mortgage companies to issue mortgages. The law also provides procedures for foreclosure on property of defaulting debtors and amendments passed in June 2004 allow for the issuance of mortgage-backed securities. Currently about 10 to 12 banks, 6 mortgage finance companies and Egypt's Mortgage Refinance Company offer mortgages. The total value of the mortgage market currently stands at LE 2 billion ($366 million), with LE 1.5 billion financed by banks and LE 500 million financed by mortgage companies. In 2007 the MFA set new regulations in order to allow mortgage finance companies to offer financing in foreign currency, with a ceiling of 65% of the value of the property. The funding will be from the foreign currency portion of the company's capital.

In 2006, a mortgage refinancing company began operation, with a paid-in capital of LE 200 million, and a license for up to LE 1 billion. The company plays the role of a market maker by providing long term finance to banks and mortgage financing companies at lower-than-market interest rates. The World Bank is reported to have provided a loan of LE 214 million for the new facility. Despite the efforts to foster a mortgage market, the concept of mortgage-based purchases has not fully taken hold in Egyptian society.

Real estate registration fees, long considered a major impediment to development of the real estate sector, were capped in May 2006 at no more than LE 2000, irrespective of the contract value. In August 2006, MOI issued the new schedule of property registration as follows: LE 500 for areas up to 100 square meters, LE 1000 for up to 200 sq. meters, LE 1500 for up to 300 sq. meters and LE 2000 for areas over 300 sq. meters.

Law No. 83 for 2006, issued in June 2006, amended certain provisions pertaining to notarization fees, which remain high, and the Land Register Law. In June 2008, the Egyptian parliament approved a new real estate tax law. The new law sets the tax rate at 10 percent on properties with market values above LE 500,000. Properties worth less than LE 500,000 are exempt from taxation, as are rental incomes below LE 6000 per annum. Property values are to be re-assessed every 5 years by an evaluation committee, with caps of 30 percent and 45 percent on residential and non-residential properties, respectively. Maintenance expenses up to 30% and 32% per annum for residential and non-residential units, respectively, are deductible. The law exempts all state-owned property, public service facilities and religious facilities from real estate taxes. The new real estate tax is expected to be implemented starting January 2009. For information on protecting your Intellectual Property Rights, **see Chapter 3 Protecting Your Intellectual Property.**[1]

Transparency of Regulatory System

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The Egyptian government has made considerable effort to improve the transparency of government policy. The process has proven difficult, however, given the extremely opaque policies in place prior to 2004 and resistance from entrenched bureaucratic interests. Significant obstacles continue to hinder private sector investment, including the often-arbitrary imposition of bureaucratic impediments and the length of time needed to resolve them. In October 2005, new import and export regulations were issued, completely replacing all prior regulations. The new regulations have reportedly sped up import and export clearance processes, but Customs officials still have significant flexibility in classifying goods. Enforcement of health and safety regulations remains uneven and is complicated by a multiplicity of laws, agencies, and opinions. For example, at least four ministries regulate the operation of restaurants.

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

In January 2005, parliament passed the Law on Protection of Competition and Prohibition of Monopolistic Practices. A new agency, the Egyptian Competition Authority, began operating in 2006 to implement the law. Funding for the new agency comes from direct government appropriations and/or donations from professional or academic bodies. The MOI also issued corporate governance guidelines as Ministerial Decree No. 332 in October 2005. The non-binding guidelines – formulated along the lines of OECD principles – apply to private sector share-holding and limited liability companies, in addition to brokerages. In July 2006, corporate governance guidelines for public sector companies were also issued by MOI.

Accounting standards in government entities are still not fully consistent with international norms, although efforts are underway to bring standards into conformity with International Financial Reporting Standards (IFRS). The MOI issued a directive in September 2006 with new accounting standards for all companies listed on the Egyptian stock exchange, including public entities. The new standards, which came into effect in January 2007, are close, but not identical to IFRS. Over the last two years the Ministry of Finance has also adjusted its own budget classification system according to the Government Finance Statistics Manual for 2001 of the IMF.

Egyptian law does not require that proposed legislation be published prior to consideration in parliament. In practice, however, proposed legislation is occasionally circulated among concerned parties such as business associations and labor unions. Responsiveness on the part of legislators to feedback received from concerned parties is questionable. After approval by parliament, new legislation is published in the Official Gazette.

Efficient Capital Markets and Portfolio Investment Return to top

The government has taken steps to streamline capital markets and overcome years of stagnation in the banking system, which had hampered economic growth. Credit in the banking system is increasingly allocated on market principles and policy interest rates are now more market-determined than under previous administrations. Although foreign investors have equal access to credit, the business community consistently cites lack of credit as a continuing impediment to economic growth. The public sector also still absorbs a significant portion of the available credit.

The Capital Market Law 95 of 1992, along with the Banking Law of 2003, constitutes the primary regulatory framework for the financial sector. The law grants foreigners full access to capital markets, and authorizes establishment of Egyptian and foreign companies to provide underwriting of subscriptions, brokerage services, securities and mutual funds management, clearance and settlement of security transactions, and venture capital activities. The law also authorizes the issuance of corporate bonds and bearer shares, and makes income from most stocks and bonds non-taxable. The law specifies mechanisms for arbitration and legal dispute resolution and prohibits unfair market practices. The law also established the CMA as an independent supervisor for the securities industry. The CMA is currently under the authority of the MOI. The CMA and the CASE regularly publish reports on trading and market conditions in Egypt.

The Central Securities Depository and Registration Law and its executive regulations, issued in 2000, eased registration and deposit of securities. Settlement of transactions now takes three days for dematerialized issues, four days for materialized issues and two days for 14 active stocks that are not bound by the 5 percent daily price movement ceiling.

Although Egyptian law and regulations allow companies to adopt bylaws limiting or prohibiting foreign ownership of shares, only one company listed on the stock exchange has such restrictions. A significant number of the companies listed on the exchange are family-owned or dominated conglomerates, and free trading of shares in many of these ventures, while increasing, remains limited. However, stocks are de-listed from the exchange if not traded for six months.

In 2002, the then Minister of Foreign Trade added an additional chapter to the executive regulations of the Capital Market Law to allow margin trading to increase liquidity and trading in the market through brokerage firms and financially solvent licensed companies. In April 2003, the U.S. Securities and Exchange Commission included the CASE in its list of accredited stock exchanges, allowing U.S. financial institutions to invest in the Egyptian stock market without undertaking the cumbersome procedures previously required. In May 2006, the CMA issued Decree No. 50 for 2006, organizing online trading on the CASE. The decree allows brokerages to receive requests for buying/selling of shares by clients via the Internet. The decree also mandates infrastructure requirements, mainly web security provisions, which brokerage firms must meet in order to provide online services. To date, two companies have obtained online trading licenses. Short selling was also introduced on the CASE in June 2006.

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

The Egyptian commercial banking system had total assets of LE 937.9 billion and total deposits of LE 649.9 billion for the fiscal year 2006/2007 according to the Ministry of Finance. Following privatization of Bank of Alexandria (BOA) – the smallest of the public banks – the remaining three state-owned banks (National Bank of Egypt (NBE), Bank Misr and Banque du Caire) account for around 42 percent of total assets, down from 65-70 percent in the early 1990's. Banque du Caire became a subsidiary of Banque Misr in 2006, and was put up for sale in early 2007. The bids of five foreign banking entities were rejected as insufficient in June 2008. The government announced plans to continue restructuring the bank for sale within the next two years.

The profitability of public sector banks remains weak, partly due to high provisioning requirements that have absorbed more than 50 percent of pre-provision profits in the past few years, reflecting the banks' poor asset quality. The banking sector as a whole, but particularly the public banks, face problems with non-performing loans (NPLs) granted to loss-making state-owned enterprises and private businesses. According to Central Bank government estimates, NPLs account for roughly 20 percent of total loans outstanding, but some outside analysts put it even higher. The 2006 IMF's Financial Sector Stability Assessment puts the number 24.7%. Despite the increases in provisioning, most analysts believe the state-owned banks are still significantly under-provisioned.

The government has taken some steps to resolve the NPLs of public enterprises to state-owned banks. Partial proceeds from issuance of a new mobile phone operator license issued in 2006 (approximately LE 17 billion), were used to settle LE 6.9 billion in NPLs at BOA before its sale in October 2006. Cash repayments of LE 9.1 billion were also made to the National Bank of Egypt, Banque Misr and Banque du Caire in December 2006. In 2007, an agreement was reached between the Central Bank and MOI setting the value of the remaining NPLs owed by public enterprises to state-owned banks at LE 26 billion. Proceeds from the sale of Banque du Caire were meant to be used to repay some of this amount. Following postponement of the sale, authorities announced that the debts would still be settled by the end of 2008. Banque du Caire obtained an LE 5.7 billion backup loan, which has helped it improve its level of loan provisioning.

In March 2007, the Central Bank announced a program to settle private NPLs of less than LE 1 billion in the manufacturing, trade and services sectors in coordination with NBE, Banque Misr, Banque du Caire and the Industrial Development Bank of Egypt. The program ended in June 2007 and resolved around 7600 cases or 63 percent of these NPLs. Seventy percent of all private sector debts have now been resolved, according to financial authorities.

Political Violence Return to top

Egypt suffered a number of terrorist attacks in the past few years, in Taba in October 2004, Cairo in April 2005, Sharm el Sheikh in July 2005 and Dahab in April 2006. These incidents appear to be aimed at undermining government authority via the tourism sector. The incidents were not directed at foreign investors or their property, though they targeted hotels and areas frequented by foreign tourists. Although tourist numbers decreased somewhat in the immediate aftermath of these events, the decrease was temporary and the inflow of tourists continues to increase steadily. The government has increased security in tourist areas following these incidents; all Americans are urged to be vigilant and exercise good security practices while in Egypt.

Recent reforms have fostered a more open public debate regarding Egypt's political future. This debate has generated frequent public demonstrations, most of which have remained peaceful. There have been incidents involving violence, however, but the violence was not directed toward foreigners or foreign investment

Corruption Return to top

While U.S. investors have reported corruption by lower-level government officials, they have not identified corruption as a leading obstacle to foreign investment. Corruption in Egypt is a crime. Two agencies oversee enforcement of corruption laws in the public sector – the Administrative Control Authority (ACA) under the authority of the Cabinet of Ministers and the Illicit Gain Office under the authority of the Public Funds Prosecution of the Ministry of Interior. In the private sector, there are two types of corruption cases, commercial and civil. Commercial cases are subject to the Commercial Law and the Dispute Settlement Law. The district attorney's office and the civil courts adjudicate civil cases. The ACA may intervene when corruption occurs in the private sector if public money and/or public interests are involved.

Giving and accepting bribes are criminal acts in Egypt. Penalties include pecuniary fines and imprisonment. Bribing foreign officials is also a crime in Egypt. High-profile corruption cases since 2002 have resulted in lengthy trials, and convictions in some instances, for several former government officials, including a former Minister of Finance, former head of the Egyptian Customs Authority, and the former Governor of Giza Province. Several businessmen and prominent bankers also have been charged (and some convicted) for alleged corruption related to non-payment of loans. Enforcement of corruption laws does not appear to be disproportional against foreigners, but evidence indicates that cases brought to court are often politically motivated, i.e., cases tend to be brought against individuals who have fallen out of favor with the government.

Egypt is a signatory to the UN Convention Against Corruption, but has not signed the OECD Convention on Combating Bribery or any other regional anti-corruption convention. Certain government officials have recently made public statements against corruption, and the MOI announced an anti-corruption initiative that will include a review of existing anti-corruption laws, and the functioning of enforcement efforts. The MOI has also identified the privatization program as part of the government's anti-corruption measures. In January 2008, a National Committee to Combat Corruption was established in the framework of implementing the UN Convention Against Corruption.

Transparency International's Corruption Perceptions Index ranked Egypt 105 out of 179 surveyed countries in its 2007 survey. In 2006, Egypt was ranked 70th out of 163 surveyed countries on perceptions of corruption.

Bilateral Investment Agreements

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Egypt has signed investment agreements with over 40 other countries, including Armenia, Belgium, China, Finland, France, Germany, Greece, Italy, Japan, Libya, Luxembourg, Morocco, the Netherlands, Romania, Singapore, Sudan, Sweden, Switzerland, Thailand, Tunisia, the United Kingdom and the U.S. The U.S-Egypt Bilateral Investment Treaty provides for fair, equitable, and nondiscriminatory treatment for investors of both nations. The treaty includes provisions for international legal standards on expropriation and compensation; free financial transfers; and procedures for the settlement of investment disputes, including international arbitration.

In addition to specific investment agreements, Egypt is also a signatory to a wide variety of agreements covering trade issues. Egypt joined the Common Market for Eastern and Southern Africa (COMESA) in June 1998. In July 1999, Egypt and the United States signed a Trade and Investment Framework Agreement (TIFA), a step toward creating freer trade and increasing investment flows between the U.S. and Egypt. In June 2001, Egypt signed an Association Agreement with the European Union (EU). Egypt's parliament ratified the agreement in March 2003, and it entered into force on June 1, 2004. The agreement provides for immediate duty free access of Egyptian products into EU markets, while duty free access for EU products will be phased in over a twelve-year period.

In recent years Egypt has worked on reaching agreements with 11 Arab League members in connection with the Arab Common Market Treaty of the 1960's. In February 2004, Egypt signed a free trade agreement with Jordan, Morocco and Tunisia. The Agadir Agreement, as it is known, committed the parties to removing substantially all tariffs on trade between them by January 1, 2006, and to intensifying economic cooperation through harmonization of standards and customs procedures. Ratification was completed and the agreement entered into force in 2006.

On December 14, 2004, Egypt and Israel signed an agreement to take advantage of the U.S. government Qualifying Industrial Zone (QIZ) program. The purpose of the QIZ program is to promote stronger ties between the region's peace partners by granting duty-free access to goods produced in QIZs in Egypt and Jordan using a specified percentage of Israeli input. Under the 2004 QIZ agreement, the US agreed to waive duties on imports from Egypt if they include 10.5% of Israeli components. At present, 689 Egyptian companies have registered to export under this program. The industrial areas currently included in the QIZ program are Alexandria, areas in Greater Cairo such as Sixth of October, Tenth of Ramadan, Fifteenth of May, South of Giza, Shobra El-Khema, Nasr City and Obour, areas in the Delta governorates such as Dakahleya, Damietta, Monofeya and Gharbeya, and areas in the Suez Canal such as Suez, Ismailia, and Port Said. In 2007 a request was submitted to the U.S. Trade Representative's office to designate eight new QIZ areas in Upper Egypt. Egyptian exports to the U.S., textiles in particular, have risen rapidly since the QIZ system was introduced in December 2004. Total value of the Egyptian QIZ exports to the U.S. amounted for $688 million in 2007.

In July 2007, Egypt signed the Declaration on International Investment and Multinational Enterprises with the Organization for Economic Cooperation and Development (OECD). The declaration implies a policy commitment to improve the investment climate in the country and encourage further contribution of foreign investors and multinational companies.

OPIC and Other Investment Insurance Programs

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In July 1999, Egypt and the U.S. signed an updated investment agreement to facilitate the U.S. Overseas Private Investment Corporation (OPIC)'s provision of political risk insurance for U.S. private investment as well as for bid, performance, and advance payments, and customs bonds and guarantees issued on behalf of U.S. suppliers and contractors in Egypt.

Egypt is included in a plan by OPIC to offer financing for construction of low cost housing in several countries in the Middle East and North Africa. OPIC is also currently considering a direct loan to a private financial entity in Egypt to issue low cost, long term mortgages.

Egypt is also a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

Labor

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Egypt's labor force has grown steadily in recent years, with upwards of 600,000 new entrants into the labor market each year. As of June 2007, official statistics put the labor force at 23.9 million, with 21.7 million employed. Unemployment officially stood at 8.9 percent in 2007. According to more detailed data for fiscal year 2006/2007, 5.5 million were government sector employees and 14 million were private sector employees. According to the Egypt Labor Market Panel Survey of 2006, informal employment increased from 7.5 million in 1998 to 12.2 million in 2006. Among wage and salary workers, the size of informal employment increased from 3.8 million in 1998 to 5.3 million in 2006.

There is universal agreement that the government bureaucracy and public sector enterprise are substantially over-staffed compared to private sector business. Skilled labor in most professions is in short supply, despite high numbers of university graduates in those fields, and foreign companies frequently pay internationally competitive salaries to attract workers with valuable skills. Millions of Egyptians continue to seek employment abroad on both a temporary and permanent basis, and the government is considering establishing an office to assist workers overseas.

The Unified Labor Law 12 of 2003 provides comprehensive guidelines on individual labor relations, including organization of recruitment, work and termination of employees, vocational guidance, training, health, and safety. The law established a qualified right of employees to strike, as well as rules and guidelines governing mediation, arbitration, and collective bargaining between employees and employers. Non-discrimination clauses are also included, and the law complies with labor-related International Labor Organization (ILO) conventions regulating the employment and training of women and eligible children (Egypt ratified ILO Convention 182 on Combating the Worst Forms of Child Labor in April 2002). The law also created a national committee to formulate general labor policies and the National Wage Council, which discusses wage-related issues and national minimum-wage policy. Over the past year, the National Wage Council conducted several meetings to discuss raising the minimum wage level in light of rising inflation. Law No. 53 for the year 1984 set the minimum wage at LE 35 per month. The National Wage Council will reportedly recommend amendment of the 1984 law to set a new minimum wage of LE 250 per month.

Under the Unified Labor law, workers may join trade unions but are not required to do so. A trade union or workers' committee may be formed if 50 employees in an entity express a desire to organize. Most union members, about 27 percent of the labor force, are employed by state-owned enterprises. All trade unions are required to belong to the Egyptian Trade Union Federation. The ILO's Committee of Experts has emphasized repeatedly that a law requiring all trade unions to belong to a single federation infringes on the freedom of association, but the government has not changed the law.

Regarding the right to strike, workers have the right to strike peacefully, provided the trade union organizes the strike in defense of vocational, economic, and social interests and announces it at least ten days in advance. Strikers must also notify the employer and concerned administrative officials of the reasons and time frame of the strike. The law prohibits strikes in strategic or vital establishments in which the interruption of work could result in disturbing national security or basic services provided to citizens.

Collective negotiation is allowed between trade union organizations and employers or their organizations when attempting to improve labor terms, conditions, and employment provisions; cooperating between labor parties to achieve social development for workers of an establishment; and settling disputes between workers and employers. Agreements reached through negotiations are recorded in collective agreements regulated by the Unified Labor law.

The Ministry of Manpower and Migration sets worker health and safety standards, which also apply in public and private free zones and the Special Economic Zones (see below). Enforcement and inspection, however, are uneven. The Unified Labor law prohibits employers from maintaining hazardous working conditions, and workers have the right to remove themselves from hazardous conditions without risking loss of employment.

The labor laws allow employers to fully or partially close down or downsize their firms for economic reasons. The unemployment insurance law, also known as the Emergency Subsidy Fund Law No. 156 of 2002, sets a fund to compensate employees whose wages are suspended due to partial or complete closure of their firm or due to its downsizing. The Fund allocates financial resources that will come from a 1 percent deduction from the base salaries of government, public enterprise, and private sector employees.

According to foreign investors, certain aspects of Egypt's labor policies are significant business impediments, particularly the difficulty of dismissing employees. The Unified Labor Law is somewhat more flexible in this area than the previous one, allowing employers and employees to terminate employment contracts under specific circumstances, but the process is still not easy. The privatization program in some cases also requires a company's new owner to retain all workers. The government has, however, used privatization proceeds to offer early retirement and/or other separation incentive packages to workers in some privatized companies.

Foreign-Trade Zones/Free Ports Return to top

Public and private free zones are authorized under the Investment Incentive Law and are established by a decree from GAFI. Free zones are located within the national territory but are considered to be outside Egypt's customs boundaries, granting firms doing business within them more freedom on transactions and exchanges. Companies producing largely for export (normally 80 percent or more of total production) may be established in free zones and operate in foreign currency. Free zones are open to investment in any sector, by foreign or domestic investors. Companies operating in free zones are exempted from customs duties, sales taxes or taxes and fees on capital assets and intermediate goods.

As part of a set of revenue-generating measures to offset a 30 percent public sector wage increase, the government announced in May 2008 that companies operating in free zones would be taxed on natural gas obtained at concessionary rates from the government. Warehouse companies are also subject to an annual fee of 1 percent on the imported product's value, and production and assembly profits are subject to an annual fee of 1 percent on the value added of the final product.

There are currently 10 public free zones in operation in the following locations: Alexandria, Damietta, East Port Said Port Zone, Ismalia, Koft, Media Production City, Nasr City, Port Said, Shebin el Kom, and Suez. The Port Said free zone was initially scheduled to be phased out by 2007, but a presidential decree issued in late March 2006 extended the time limit until January 2009. Private free zones may also be established with a decree from GAFI but are usually limited to a single project. Priority is given to export-oriented industrial projects. The investor has the freedom to select his activity and there is no restriction on foreign ownership of capital in private free zones.

In May 2002, Parliament approved the Special Economic Zones (SEZ) Law 83 of 2002, which provided for the establishment of special zones for industrial, agricultural, or service activities designed specifically with the export market in mind. The law allows firms operating in these zones to import capital equipment, raw materials, and intermediate goods duty free. Companies established in the SEZs are also exempt from sales and indirect taxes and can operate under more flexible labor regulations. The law's executive regulations were issued in September 2002 and the first SEZ was established in the northwest Gulf of Suez, though little development has taken place to date. In February 2008, a tender process was launched to attract private developers as partners in the developing, operation, management, commercialization and marketing of the SEZ's 20 square kilometer site in the Ain Sokhna area.

Law No. 19/2007 issued in May 2007 authorized creation of investment zones, which require Prime Ministerial approval for establishment. The government regulates these zones through a board of directors, but the zones are established, built and operated by the private sector. The government does not provide any infrastructure or utilities in these zones. Investment zones enjoy the same benefits as free zones in terms of facilitation of license-issuance, ease of dealing with other agencies, etc., but are not granted the incentives and tax/custom exemptions enjoyed in free zones. Projects in investment zones pay the same tax/customs duties applied throughout Egypt. The aim of the law is to assist the private sector in diversifying its economic activities.

Foreign Direct Investment Statistics

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Measurements of foreign direct investment (FDI) in Egypt vary according to the source and the definitions employed to calculate the figure. The Ministry of Petroleum keeps statistics on investment in the oil and gas sector (which accounts for the bulk of FDI in Egypt), while GAFI keeps statistics on all other investments. The Central Bank records figures on quarterly and annual investment flows based on financial records, for Egypt's balance of payments statistics. There are wide disparities between the three sources, and none can be considered definitive in assessing levels of foreign investment.

GAFI's figures are calculated in Egyptian Pounds at the historical value and rate of exchange, with no allowance for depreciation and are cumulative starting from 1971. GAFI statistics indicated that U.S. investors had FDI in Egypt at a total of $5.8 billion for the period of 1971 - 2008 outside the oil/gas sector. The U.S. ranked eleventh in terms of FDI in Egypt, following the UK, Saudi Arabia, Kuwait, Libya, Holland, Spain, Cayman Islands, Denmark, France and Iraq. In the oil/gas sector, where both the UK and U.S. are very active, the overall investment ranking of the two countries is probably the same. The Ministry of Petroleum estimates that investment in the oil/gas sector during fiscal year 2006/2007 amounted to $3.4 billion, largely the result of expansion in gas exploration and production. The Ministry estimates operation costs at $1 billion.

The U.S. Department of Commerce calculated the stock of U.S. foreign direct investment (FDI) in Egypt in 2006 at $5.91 billion. The stock of U.S. FDI in 2005 was $5.3 billion and $4.6 in 2004, with Apache Corporation the largest single U.S. investor. In addition to their major role in the energy sector, U.S. firms are active in a wide range of manufacturing industries, producing goods for the domestic and export markets. Examples of U.S. investors include American Express, AIG, American Standard, Bechtel, Bristol-Myers Squibb, Citibank, Coca-Cola, Commercial International Bank, Energizer, ExxonMobil, Eveready, General Motors, GlaxoSmithKline, Guardian

Industries, H.J. Heinz, Johnson and Johnson, Devon Energy, Microsoft, Procter and Gamble, Pfizer, PepsiCo, Pioneer, and Xerox. Leading investors from other countries include such companies as BG, ENI-AGIP, Shell, and Union Fenosa (in the oil/gas sector), Unilever, the M.A. Kharafi Group (Kuwait), and the Kingdom Development Company (Saudi Arabia).

INVESTMENT STATISTICS (USD billions)

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
Foreign Direct Investment (flow)	.509	.428	.701	.407	3.902	6.111	11.053
Portfolio Investment (flow)	.261	.999	-.41	-.2	.8	2.764	-.9367
US FDI (stock)	1.998	2.557	2.6829	3.524	4.644	5.354	5.911

* 04/05 and 05/06 figures include FDI in the energy sector.

** Provisional.

*** U.S. FDI figures are for calendar year.

Source: The Financial Monthly; U.S. Department of Commerce

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Commercial Service in Egypt: http://www.buyusa.gov/egypt/en/[2]
U.S. Embassy: http://usembassy.egnet.net[3]
American Chamber of Commerce in Egypt: http://www.amcham.org.eg/[4]
Ministry of Investment: http://www.investment.gov.eg/MOI_Portal/[5]
General Authority for Investment and Free Zones: http://www.gafinet.org/[6]
Ministry of Trade and Industry; http://www.mfti.gov.eg/[7]
OPIC: http://www.opic.gov/[8]
Capital Markets Authority: http://www.cma.gov.eg/cma/jtags/english/default_en.jsp[9]
Egyptian Insurance Supervisory Authority: http://www.eisa.com.eg/index.htm[10]
Ministry of Investment: www.investment.gov.eg[11]
Ministry of Finance: http://www.mof.gov.eg/english[12]

Links

1. http://www.buyusa.gov/egypt/en/ccg03.html
2. http://www.buyusa.gov/egypt/en/
3. http://usembassy.egnet.net/

4. http://www.amcham.org.eg/
5. http://www.investment.gov.eg/MOI_Portal/
6. http://www.gafinet.org/
7. http://www.mfti.gov.eg/
8. http://www.opic.gov/
9. http://www.cma.gov.eg/cma/jtags/english/default_en.jsp
10. http://www.eisa.com.eg/index.htm
11. http://www.investment.gov.eg/
12. http://www.mof.gov.eg/english

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Chapter 7: Trade and Project Financing

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U.S. exporters to Egypt typically rely on letters of credit from Egyptian buyers, arranged by the latter through Egyptian banks, confirmed irrevocably by an American bank. Other financing sources include: the U.S. Export-Import Bank (EXIM) and, for investors, the U.S. Overseas Private Investment Corporation (OPIC).

How Does the Banking System Operate Return to top

According to the Central Bank of Egypt (CBE), the Egyptian banking system currently consists of 39 banks, split between commercial and non-commercial, public and private sector banks.

In practice, the vast majority of these banks operate as normal commercial banks, although there are a few specialized banks (such as for agriculture and real estate). National Bank of Egypt is a large public sector bank, as is Bank Misr, which merged with Banque du Caire at the end of 2006. The other public bank, Bank of Alexandria, was sold to the private Italian bank San Paolo IMI for $1.6 billion in December 2006. Over the last two years, the government has also sold its shares in several joint venture banks. The downsizing and privatization of Egypt's banking sector should strengthen it and improve implementation of market-based financial operations.

All banks in Egypt are subject to supervision by the CBE. However, the Arab International Bank and the National Investment Bank are exempted due to special provisions in law and treaty. According to CBE officials, a third bank, Nasr Social Bank, is currently in the process of gaining exemption from CBE supervision.

Egypt has also been acting aggressively to promote bank consolidation. A new banking law passed in 2003 (Law 88 of 2003) and Presidential Decree (No. 64 for 2005) issuing the statute of the CBE raised the minimum capital requirements for banks sharply (from LE 100 million to LE 500 million for domestic banks and from $10 million to $50 million for branches of foreign banks). The new regulations have forced a major consolidation of the banking system, as many smaller banks have not been able to meet the new capital requirements. The banks that did not meet the new threshold are undertaking procedures to merge with larger institutions or exit the market. Because the government believes there are too many banks in Egypt, it has not issued a new banking license in at least ten years, and it plans in the next five years to reduce the number of banks in

Egypt to 21. Misr Exterior Bank merged with Banque Misr, and Credit Lyonnais merged with Calyon Bank-Egypt, which subsequently purchased Egyptian-American Bank and is now Credit Agricole. Mohandes Bank of Egypt merged with National Bank of Egypt, and Misr International Bank merged with the Arab International Bank, before being purchased by NSGB at the end of 2006. This consolidation and decrease in government ownership in the banking sector is a healthy development.

The banking system deposit base and loan portfolio totaled LE 577,208 million and LE 513,209 million respectively, at the end of July 2005. Banks are theoretically free to set their own interest rates, which the CBE closely monitors through a series of formal and informal guidelines. The CBE uses T-Bill auctions and discount rates in its monetary policy and regulates the banking system by setting reserve and liquidity requirements and rules for loan classification. A deposit insurance fund has been announced, but implementing regulations have yet to be issued. The CBE has expanded its use of monetary policy tools to affect mainly short-term interest rates, primarily through the inter-bank corridor system.

Citibank is the only American bank operating in the Egyptian market as a full service bank. J.P. Morgan Chase, Bank of New York, Wachovia and First Union National Bank have only representative offices.

Foreign-Exchange Controls

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In January 2003 a more flexible exchange rate policy was implemented and subsequently there was a 25-30% depreciation of the pound against the dollar. By late 2004 Egypt's foreign exchange regime had stabilized and the parallel market had disappeared. The currency has remained stable in relation to the international market and the CBE had accumulated $24,064.91 billion in net international reserves, as of late 2006.

A new profit repatriation system was announced by the CBE in June 2002 whereby sub-custodian banks are required to open two accounts for foreign investors (global custodians), a foreign currency account and a local currency account, which will be exclusively maintained for stock exchange transactions only. The two accounts will serve as a channel through which foreign investors can process their sale, purchase, dividend collection and profit repatriation transactions using the official exchange rates.

U.S. Banks and Local Correspondent Banks

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Citibank
Mr. Nuhad Saliba, Vice President & Country Corporate Officer
4 Ahmed Pasha St., Garden City, Cairo
Tel: +20 (2) 2795-1873/4/6 Fax: +20 (2) 2795-7743

Bank of Alexandria
Mr. Mahmoud Abdel Latif, Chairman

49 Kasr El Nil St., Down Town, Cairo
Tel: +20 (2) 2391-9686, +20 (2) 2391-3495 Fax: +20 (2) 2391-9805

Bank of New York (rep. Office)
Mr. Tarek El Refaie, Chief Representative
9 Abdel Moneim Riad St., Dokki, Cairo
Tel: +20 (2) 3336-5818 Fax: +20 (2) 3336-5816

Bank Misr (in the process of merger with Bank du Caire)
Mr. Mohamed Barakat, Chairman
151 Mohamed Farid St., Cairo
Tel: +20 (2) 2391-2263, +20 (2) 2391-4974 Fax: +20 (2) 2391-9779

National Bank of Egypt
Dr. Hussein Abdel Aziz Hussein, Chairman
Cairo Plaza Bldg., 1187 Corniche El Nil, Cairo
Tel: +20 (2) 2574-9101 Fax: +20 (2) 2574-8910

Arab International Bank
Dr. Atef Ebeid, Chairman
35 Abdel Khalek Tharwat St., Downtown, Cairo
Tel: +20 (2) 2391-6391, +20 (2) 2391-8021 Fax: +20 (2) 2391-6233

BNP Paribas
Mr. John Tomozeau, Chairman
3 Latin America St., Garden City, Cairo
Tel: +20 (2) 2794-8323/4/5 Fax: +20 (2) 2794-0619

Cairo Barclays Bank
Mr. Omar Elsayh, Managing Director
12 El Sheikh Youssef Sq., Garden City, Cairo
Tel: +20 (2) 2366-2600 Fax: +20 (2) 2366-2810/11

Commercial International Bank (CIB)
Mr. Hisham Ezz Al Arab, Chairman
Nile Tower Bldg., 4th Fl., 21/23 Charles Degol St., Giza
Tel: +20 (2) 3572-20690 Fax: +20 (2) 3568-3844

National United Bank
Mr. James Gold, Managing Director
1113 Corniche El Nil, Cairo
Tel: +20 (2) 2575-3492 Fax: +20 (2) 2576-2851

HSBC
Mr. Abdel Salam El Anwar, Deputy Chairman, and Managing Director
3 Aboul Feda St., Zamalek, Cairo
Tel: +20 (2) 2736-7425 Fax: +20 (2) 2736-4010

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OBTAINING FINANCING

The emerging securities market, donor-assistance credit lines such as USAID and other bilateral aid, EU credits for the private sector, and the Social Fund for Development, offer alternatives to financing from banks.

The CBE conducts open market operations to manage liquidity in the banking system using many tools including the primary dealers system for government securities. The new system, which began operating on July 6, 2004, allows 13 financial institutions listed with the Ministry of Finance, including banks and bond dealers, to underwrite primary issues of government securities and activate trading in the secondary market through sale, purchase, and repurchase agreement of government securities based on a multiple-price auction system. Interest rates on deposits are at an average of 8% and 9.5% for T-bills. Deposit rates dropped in banks in early 2004 then gradually increased in response to the CBE adoption of a tight monetary policy and a more flexible exchange rate without increasing dollarization. Interest rates for time deposits in commercial banks average 5%. Lending rate movement has not coincided with those of deposit rates. Lending rates have minor changes but they are still high at an average of 14%.

In 1992, the Egyptian stock market was reactivated by the GOE in order to allow alternative financing to private and public firms. The total volume of trading from January-September 2006 was 6.3 billion shares, with a trading value of LE 213.4 billion. The volume of trading on January 25, 2005 was 12,723,260 million shares, with a trading value of LE 354 million. In addition, there are currently about 21 mutual funds in Egypt with value exceeding LE 3 billion. This indicates the significance of the Egyptian stock market in terms of providing financing and an opportunity to build savings. The development of professional investment banking capabilities will definitely help encourage the private sector to tap the securities market more often.

EGYPTIAN FINANCIAL AND INSURANCE MECHANISMS

The local banking system in Egypt is the main source of finance for Egyptian exports. Export financing is usually short-term and is intended to cover the exporter's working capital during the production period. The period of financing ranges from between three to four months to as much as one year. Banks normally do not finance long-term export contracts unless guaranteed by an export guarantee company. The exporter may use loans to finance imported inputs or locally produced ones. Banks prefer to lend exporters the same currency they will receive in payment for its exports to reduce foreign exchange risk.

Banks may finance from 40% to 80% of the value of an export order, based on the form of a contract, shipping documents, insurance documents, or a letter of credit (L/C), and the credibility of the exporter. If the exporter is not well known in the market and does not have a proven track record, banks will request that the importer open an L/C to reduce their risk. Requesting an L/C constitutes an additional cost to the importer, which may reduce the competitiveness of Egyptian exports. On the other hand, creditworthy exporters are offered direct overdraft facilities. Interest rates on export financing range between 1-2% above LIBOR. Banks deduct loan repayments from the export proceeds. Egypt has one export guarantee company, the Export Credit Guarantee Company of Egypt (ECGC), established by the Export Development Bank of Egypt, National

Investment Bank, Misr Insurance Company, Al Shark Insurance Company, and Egyptian National Insurance Company. ECGC started operation in October 1993. It provides guarantees against importer's risk or political risk to Egyptian or foreign exporters who export products that are totally or partially produced in Egypt. "Importer's risk" is defined as the importer's inability to pay for the exported goods or his/her refusal to receive the shipping documents of exported goods, although the exporter fulfilled all obligations. ECGC's guarantee also covers political risk (non-commercial), which includes the following: cancellation of the importer's license by his/her country's authorities; refusal of entry of goods by the importer's government; denial of permission to transit a country's territory; seizure or confiscation of exported goods by the importer's country or the transit country; insolvency of a public-owned importer; or military actions or civil disturbances that affect the importer's assets. The guarantee, on the other hand, does not cover foreign exchange risk and risks pertaining to the nature of the goods.

Whenever ECGC receives a request for guarantee, it investigates the importer thoroughly. Based on the importer's financial status and estimated country risk, ECGC decides on a coverage limit and informs the exporter. The guarantee can reach up to 80% of the importer's outstanding debt. ECGC receives 0.5-2% premium depending on the importer's country and the product exported. The exporter can then sell the guarantee to his/her bank.

THE WORLD BANK GROUP

The World Bank Group is a multilateral lending agency consisting of four closely related institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). The World Bank provides loans to developing countries to help reduce poverty and to finance investments that contribute to economic growth. Because Egypt is now a middle-income developing country, it is no longer eligible for loans from the World Bank's "soft" financing arm, the International Development Association, but it is still eligible for regular World Bank (IBRD) loans. Loans are made only to governments or to agencies that can obtain a government guarantee. The IBRD also provides partial risk or partial credit guarantees (with a counter-guarantee from their government) to private lenders on development projects. The interest rates are variable, set at half a percentage point above the Bank's average cost of borrowing or LIBOR. Repayment is usually over 12 to 15 years, including a grace period of three to five years. The World Bank currently has an operating portfolio of $914.7million in Egypt, concentrated in Agricultural, Educational and Health Nutrition and Population projects. It provides up to $300 million in credit funding for the Cairo Airport expansion project. Opportunities for U.S. companies exist to supply goods and services in connection with these loans.

The International Finance Corporation (IFC) is an affiliate of the World Bank that provides project financing for private investment in developing countries. IFC offers long-term loans and equity investments, as well as other financing services. IFC will generally invest up to 25% of the total project cost. In addition to project finance, IFC also provides legal and technical assistance to private enterprises. Unlike the IBRD and

IDA, the IFC does not require government guarantees. Egypt is one of the largest users of IFC funds in the world. U.S. companies seeking direct investment funds should contact the IFC directly.

The Multilateral Investment Guarantee Agency (MIGA) was established in April 1988 to help investors overcome the problems of political risk. Investors' concerns about political risk had the effect of slowing down the flow of foreign direct investment, which in turn slowed the creation of jobs and the transfer of modern technology. MIGA's purpose is to promote the flow of foreign direct investment among member countries by insuring investments against non-commercial (political) risk and by providing promotional and advisory services to help member countries create an attractive investment climate. U.S. companies seeking investment guarantees should contact MIGA directly.

For further information and assistance contact the U.S. Commerce Department's Commercial Service Liaison Staff, Office of the U.S. Executive Director, The World Bank, 1818 H Street NW, Washington DC 20433, USA. Tel: 202-473-1000, Fax: 202-477-6391. Website: www.worldbank.org

SELLING THROUGH USAID PROGRAMS

BACKGROUND AND OVERVIEW OF USAID IN EGYPT

The United States Agency for International Development (USAID) began its on-going program in Egypt in 1976 during a period when Egypt was facing extreme economic and political challenges. The economy was at a standstill; much of its physical infrastructure had deteriorated; technical and scientific ties and relationships with the West had broken down; agriculture productivity was low; and basic health and welfare services were poor.

A few years later in 1979, following the Camp David Accords and recognizing Egypt's moderating role in the Middle East, Egypt became one of the United States' largest economic assistance program partners in the world. The USAID/Egypt budget for the 2006 fiscal year is $495 million and estimated is to be $455 million for FY07. Current planning is that economic assistance levels for Egypt will continue to be reduced by $40 million per year to a level of $407.5 million for 2009. More than $28 billion in economic assistance has been provided to date, enhancing the quality of life for many Egyptians and helping build a stronger, market-oriented economy.

Early assistance focused on the immediate needs of the economy, including clearing, repairing, and reopening the Suez Canal to restore to Egypt and the world this important trade artery. Egypt's infrastructure also claimed early attention. Expanded electric power, water and wastewater, grain storage, telecommunications, and port facilities became targets of assistance. Professional and institutional ties between Egypt and the United States were rebuilt. By the end of the 1970's USAID had broadened its assistance to give greater attention to agriculture, health and basic education, addressing quality of life problems facing Egypt's people, particularly those in the rural areas. In addition local development was promoted.

USAID also began helping Egypt rebuild its industrial and commercial base through U.S. imports of commodities, equipment, and intermediate goods. Working with the Egyptian government on structural adjustment and policy reforms opened up a greater role for the private sector and touched many enterprises both great and small. Whether the immediate target was regulatory changes and privatization or greater access to credit by small and micro entrepreneurs, the USAID investment in Egypt has facilitated market entry and increased the number of productive jobs.

Some results of these investments include dependable electricity, clean water, significantly improved health care, more schools, reliable telecommunications, improved village infrastructure and services, new technologies to build a more efficient and diversified agriculture base, and expanded farmer access to credit, seeds, and fertilizer. The portfolio of activities has shifted and grown, in response to Egypt's changing development needs based on the mutual goal of increasing both economic growth and the quality of life of Egypt's people.

PROCUREMENT OPPORTUNITIES

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

- Fed Biz Opps website, (http://www.fedbizopps.gov/) in which all USAID direct and USAID-financed Egyptian Government procurement is advertised;

- USAID's on-line website (http://www.usaid.gov). This on-line service also has background on the AID program and its relevance to U.S. interests at home and abroad.

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MULTILATERAL INSTITUTIONS ABROAD:

Multilateral Development Bank Office
U.S. Department of Commerce
International Trade Administration
Room 1107, 14th and Constitution, NW
Washington, DC 20230
Tel: 202-482-3399, Fax: 202-273-5179

African Development Bank
ADB temporary relocation agency (Tunis)
Angle des trois rues: Avenue du Ghana, rue Pierre de Coubertin, rue Hedi Nouira
BP. 323, 1002 Tunis belvedere, Tunisia
Tel: 216-71-333-511, 216-71-103-450, Fax: 216-71-351-933
Email: afdb@afdb.org

International Finance Corporation (IFC)
2121 Pennsylvania
Washington, DC 20433
Tel: 202-473-7711, Fax: 202-974-4384

World Bank
Office of the U.S. Executive Director
1818 H Street, N.W.
Washington, D.C. 20433
Tel: 202-477-1234, Fax: 202-477-6391

MULTILATERAL INSTITUTIONS IN EGYPT:

African Export Import Bank (AFREXIM)
Mr. Christopher Edordu, President
World Trade Center Bldg., 3rd & 8th Floors
1191 Corniche El Nil, Cairo
Tel: +20 (2) 578-0281 (6 Lines), Fax: +20 (2) 578-0276/9

African Development Bank
Egypt Country Office (EGCO)
Mr. Omar Awu, Resident Representative
1, Al-Gazayer Square, 1st floor, New Maadi, Cairo
Tel: +20 (2) 516-0906, Fax: +20 (2) 516-0868

International Finance Corporation (IFC)
Mr. Michael Essex, Director Middle East & North Africa
World Trade Center, 1191 Corniche El Nil St., 12th Fl., Cairo
Tel: +20 (2) 579-6565
Export-Import Bank of the United States: http://www.exim.gov

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

OPIC: http://www.opic.gov

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

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

USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm

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

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Chapter 8: Business Travel

Business Customs Return to top

Business in Egypt is personal. Egyptian and foreign business community members who have broad experience in the market give the following suggestions:

- Have Patience: Unfamiliar paperwork processes and bureaucratic procedures make business conduct somewhat slow in Egypt. Don't expect to breeze in for a week and leave with a contract. It may take a year or more, but in the end, it is usually profitable.

- Get Acquainted with Local Culture: Egyptians are a proud people who trace their civilization back 5,000 years. Take time to learn the culture and develop an appreciation for the Islamic faith. All private business leaders and most high-level government officials have a good command of English. Learn as much Arabic as possible - it pleases Egyptians if you know key phrases in Arabic ... Good Morning (Sabah El Kheir), Good Evening (Messaa El Kheir), etc.

- Be Personable: When you visit a businessperson, don't just walk in, shake hands, and get down to business. If you have previously met with the person, chat about common friends; ask after their family, children, etc.

- Do Your Homework: The Egyptian market is a complex and highly competitive one. At the same time, it is booming in some fields, such as real estate. You have to study the market very well before starting a business. A good Egyptian agent will help you a great deal in directing you to success. Find yourself a good local representative with the help of the U.S. and Foreign Commercial Service at the American Embassy or a reliable business group.

- Remain Flexible: The Egyptian market, like anywhere in the Middle East, is a changing one. It may not be advisable for the terms of a contract to remain the same during its length. Changing conditions in the market may suggest exploring different markets or changing from partnership to technology transfer or royalty provisions.

- Send Your Best: Your top experienced executive with knowledge of the area will do a better job with the Egyptian business community. Your young, enthusiastic representative may not be as effective with the local partner, particularly in a culture that respects age and experience.

- Business Rules: When doing business in Egypt, be prepared to play it in the Egyptian tradition, or you may waste your time. A few foreign firms come to Egypt and give up after a short stay; but most foreign companies, once established with a base here, find the Egyptian market a worthwhile and profitable place to do business.

Travel Advisory

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Current travel warnings and advisories can be found on the U.S. State Department's site: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1108.html. Travelers should check this link for any updates to the security situation before leaving the U.S.

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

U.S. citizens may refer to the Department of State's pamphlets, A Safe Trip Abroad and Tips for Travelers to the Middle East and North Africa, to promote a trouble-free journey.

Egypt suffered a series of deadly terrorist attacks in or near tourist sites. Occasionally, there are some public demonstrations in areas such as Tahrir Square. In general Egypt is considered a safe and well secured country.

Visa Requirements

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A passport and visa are required for all non-Egyptian visitors traveling to Egypt.
For specific requirements, consult the Egyptian Embassy in the United States, 3521 International Court, NW, Washington, D.C. 20008, http://www.egyptembassy.net/, (202/895-5400) or nearest Consulate General: CA (415/346-9700), IL (312/828-9162), NY (212/759-7120), or TX (713/961-4915). American citizens can obtain a visa at the airport upon arrival for 15 US Dollars. Having exact change will expedite the process.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

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

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

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

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The international dialing code for Egypt is +20. Calling landlines may require a city code such as (2) for Cairo and (3) for Alexandria. Mobile phones generally begin with 010, 012, 011, or 016. Should you dial a landline from a mobile phone, you need to dial 0 plus the city code.

Telecom Egypt (TE), Egypt's state telecommunications company, controls the landlines telephone system. The capacity of local public switching exchanges is 12.7 million lines. Telephone main lines in operation are 10.4 million. Installation of a city line for a residence costs about LE 850 ($150), and for companies about LE 1,500 ($260). ISDN and ADSL are available. Three private sector companies Mobinil, Vodafone Egypt and Etisalat provide all services for the country's GSM 900 cellular telephone system. The Government of Egypt offers free dial up, and using these 0777 numbers accesses Internet through ISPs, and billing is the same as making a local phone call. Wireless Internet can be found in many of the 5 star hotels and some cafes.

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Air and Sea: Egypt is an important air terminus for the Middle East, and Cairo is served by many major airlines. Currently, Egypt Air is the only airline serving Egypt non-stop from/to the U.S., with United involved under a code-sharing agreement with Lufthansa, Northwest with KLM, and Delta with Air France. Other major international airlines represented in Cairo include: Air France, Alitalia, British Airways, Japan Airlines, and Swissair. Shipping lines serving Port Said and Alexandria (the largest port on the Mediterranean) are Adriatica, Farrel, Lykes, Ogden, Prudential, and American President Lines. Egypt has its own merchant fleet.

Local: Using Cairo's black-and-white taxis effectively require some basic Arabic phrases and practice. If you're going to an area you do not know well, ask about local landmarks – such as hotels or cross streets – to help you and the driver find the location. Negotiating the fare is best done before the trip. Although some taxis have meters, the official rate is so low, the obligation to pay something realistic is clear. Other variables are your familiarity with the city, the driver's demeanor, and the taxi's physical attributes. Its age and size count. While newer, larger taxis command higher fares, the cost is very reasonable, much less than in the U.S. In 2006 a new fleet of yellow taxis began operations. These taxis – bright yellow in color – can be found waiting at selected locations around Cairo, and may also be called for pick-up. These taxis charge based upon the meter.

The Cairo Metro is a light rail system, partly underground. One line is now running from al-Marg in the north through the center of the city to Maadi and on to Helwan. Another line is now running from Shoubra El Kheima, north of Cairo, to Ramses Station in the city center. A new line now runs from Tahrir Square passing by the Cairo Opera House and ending at Cairo University in Giza.

Regional: the Western Desert Highway, a high-speed toll road, and the busier Delta Road connect Alexandria and Cairo. Buses take 3½ hours between the cities, including a rest stop. A non-stop Turbino train takes just over 2 hours.

Traffic Safety and Road Conditions: While in a foreign country, U.S. citizens may encounter road conditions that differ significantly from those in the United States. The information below concerning Egypt is provided for general reference only, and it may not be totally accurate in a particular location or circumstance.

Safety of Public Transportation: Poor
Urban Road Conditions/Maintenance: Poor
Rural Road Conditions/Maintenance: Poor
Availability of Roadside Assistance: Poor

The roads in Egypt can be hazardous, particularly at night outside major cities. Cars and trucks frequently travel at night without headlights and at a high rate of speed. There are few, if any, areas for a vehicle with mechanical problems to pull off the paved surface and no system for warning other motorists. Wild animals can regularly be found on the roads at night. Traffic regulations are routinely ignored. Roads in Cairo are congested and traffic is badly regulated. With such hazards, it is not surprising that Egypt is one of the world's leaders in fatal auto accidents. It also strongly suggests that, if available, seatbelts be worn at all times. As an alternative, the Cairo Metro (subway) system is good, but buses and commuter micro-buses are usually extremely crowded and poorly maintained. For those who prefer to go on foot, sidewalks and pedestrian crossings are non-existent in many areas and drivers do not yield the right-of-way to pedestrians. It should also be borne in mind that emergency and intensive care facilities are limited outside Cairo.

For additional general information about road safety, including links to foreign government sites, see the Department of State, Bureau of Consular Affairs home page at http://www.travel.state.gov/travel/tips/safety/safety_1179.html. For specific information concerning Egypt's driving permits, vehicle inspection, road tax and mandatory insurance, please contact the Egyptian National Tourist Organization offices in New York at Egypt Tourist Authority, 630 Fifth Avenue, Suite 1706, New York, NY 10111; telephone (212) 332-2570 or toll-free, (877) 773-4978; internet website: http://www.egypttourism.org; e-mail address: info@egypttourism.org.

Aviation Safety Oversight: The U.S. Federal Aviation Administration (FAA) has assessed the government of Egypt's civil aviation authority as Category 1 - in compliance with international aviation safety standards for oversight of Egypt's air carrier operations. For further information, travelers may contact the Department of Transportation within the United States at telephone 1-800-322-7873, or visit the FAA's internet website at http://www.faa.gov/avr/iasa.

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Arabic is the spoken language of Egypt. Colloquial Cairene Arabic is expressive and rich in words of Coptic, European, and Turkish origins. The written language differs from the spoken. Modern standard Arabic, based on the language of the Koran, is heard on radio, TV, and in formal speeches.

About 85% of Egyptians are Muslim, and Islam is the state religion. Most others are Christian, either Copts, Greek Orthodox, Roman Catholic, or Anglican Protestants. Indigenous minorities include four to six million Copts, Nubians, Bedouin, and a small Jewish community. Coptic has remained the liturgical language of the Coptic Church.

English, and to a lesser extent French, is widely spoken amongst the business community and at hotel and tourist destinations.

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There are many Western-trained medical professionals in Egypt. The U.S. Embassy in Cairo can provide a list of local hospitals and English-speaking physicians. Medical facilities are adequate for non-emergency matters, particularly in tourist areas. Emergency and intensive care facilities are limited. Facilities outside Cairo, Alexandria, and Sharm El Sheikh fall short of U.S. standards. Most Nile cruise boats do not have a ship's doctor, but some employ a medical practitioner of uncertain qualification. Hospital facilities in Luxor and Aswan are inadequate, and they are nonexistent at most other ports-of-call.

Beaches on the Mediterranean and Red Sea coasts are generally unpolluted. Persons who swim in the Nile or its canals, walk barefoot in stagnant water, or drink untreated water are at risk of exposure to bacterial and other infections and the parasitic disease schistosomiasis (bilharzia).

It is generally safe to eat properly prepared, thoroughly cooked meat and vegetables in tourist hotels, on Nile cruise boats, and in tourist restaurants. Eating uncooked vegetables should be avoided. Tap water is not potable. It is best to drink bottled water or water that has been boiled and filtered. Well-known brands of bottled beverages are generally considered to be safe.
- For new visitors it is very common to have traveler diarrhea because of changing the dietary habit and the nature of the food.
- After the avian influenza outbreak in Egypt, try to avoid any direct contact with living or dead birds.

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747); fax 1-888-CDC-FAXX (1-888-232-3299), or via the CDC's Internet site at http://www.cdc.gov/travel. For information about outbreaks of infectious diseases abroad consult the World Health Organization's (WHO) website at http://www.who.int/en. Further health information for travelers is available at http://www.who.int/ith.

Medical Insurance

The Department of State strongly urges Americans to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and if it will cover emergency expenses such as a medical evacuation. U.S. medical insurance plans seldom cover health costs incurred outside the United States unless supplemental coverage is purchased. Further, U.S. Medicare and Medicaid programs do not provide payment for medical services outside the United States. However, many travel agents and private companies offer insurance plans that will cover health care expenses incurred overseas, including emergency services such as medical evacuations. Please see our information on medical insurance overseas.

When making a decision regarding health insurance, Americans should consider that many foreign doctors and hospitals require payment in cash prior to providing service and that a medical evacuation to the U.S. may cost well in excess of $50,000. Uninsured travelers who require medical care overseas often face extreme difficulties. When consulting with your insurer prior to your trip, ascertain whether payment will be made to the overseas healthcare provider or if you will be reimbursed later for expenses you incur. Some insurance policies also include coverage for psychiatric treatment and for disposition of remains in the event of death.

Useful information on medical emergencies abroad, including overseas insurance programs, is provided in the Department of State's Bureau of Consular Affairs brochure http://travel.state.gov/travel/abroad_health.html, available via the Bureau of Consular Affairs home page.

List of Hospitals, Medical Facilities and Physicians

http://cairo.usembassy.gov/consular/acslist1.htm

Local Time, Business Hours, and Holidays

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The workweek in Egypt is Sunday through Thursday, and local time is GMT+2, or 7 hours ahead of Eastern Standard Time.

Typical work hours are Sunday through Thursday 9:00am – 3:30pm.

The following chart lists commercial holidays that will close most Egyptian business and government offices during 2008:

New Year's Day	American	Tuesday	January 1
Coptic Christmas	Egyptian	Monday	January 7
Islamic New Year	*Egyptian	Thursday	January 10
Martin Luther King's Birthday	American	Sunday	January 20
President's Day	American	Sunday	February 17
Moulid El Nabi	* Egyptian	Thursday	March 20
Sinai Liberation Day	**Egyptian	Friday	April 25

Sham El Nessim	Egyptian	Monday	April 28
Labor Day	Egyptian	Thursday	May 1
Memorial Day	American	Sunday	May 25
Independence Day	American	Thursday	July 3
National Day	Egyptian	Wednesday	July 23
Labor Day	American	Sunday	August 31
Eid al-Fitr	* Egyptian	Thurs/Fri	Oct 2/ 3
Armed Forces Day	Egyptian	Monday	October 6
Columbus Day	American	Sunday	October 12
Veterans' Day	American	Tuesday	Nov 11

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Customs Regulations: Egyptian customs authorities enforce strict regulations concerning temporary importation into or export from Egypt of items such as firearms, religious materials, antiquities, medications, business equipment, currency, and ivory. It is advisable to contact the Embassy of Egypt in Washington, D.C., or one of the Egyptian consulates in the United States for specific information regarding customs requirements.

Egyptian law allows for the imposition of duties on photographic and video equipment. However, such duties are rarely imposed, except when large quantities of photographic equipment or expensive video equipment are brought into Egypt. Persons bringing in such items should be prepared to comply with certain customs formalities.

Personal use items such as jewelry, laptop computers, and electronic equipment are exempt from customs fees. However, Egyptian customs authorities may enforce strict regulations concerning temporary importation into or export from Egypt of items such as computer peripherals, including printers and modems, which are subject to customs fees. For tourists, electronic equipment is annotated in their passport, and the person is required to show the same items upon exiting Egypt. For residents, a deposit, refunded upon departure, may be made in lieu of customs fees.

Commercial merchandise and samples require an import/export license issued by the Egyptian Ministry of Trade and Industry in Egypt prior to travel and should be declared upon arrival. It is advisable to contact the Embassy of Egypt in Washington, D.C. or one of Egypt's consulates in the United States for specific information regarding customs requirements.

Travelers are not required to convert foreign currency into Egyptian pounds or submit exchange currency statements on arrival. The maximum amount of Egyptian currency that can be brought in or taken out of Egypt is 1,000 Egyptian pounds.

Criminal Penalties: While in a foreign country, a U.S. citizen is subject to that country's laws and regulations, which sometimes differ significantly from those in the United States and may not afford the protections available to the individual under U.S. law. Penalties for breaking the law can be more severe than in the United States for similar offenses. Persons violating Egyptian laws, even unknowingly, may be expelled, arrested or imprisoned.

Penalties for possession, use, or trafficking in illegal drugs in Egypt are strict, and convicted offenders can expect jail sentences and heavy fines. The death penalty may be imposed on anyone convicted of smuggling or selling marijuana, hashish, opium, LSD, or other narcotics. Law enforcement authorities prosecute and seek fines and imprisonment in cases of possession of even small quantities of drugs.

Consular Access: U.S. citizens are encouraged to carry a copy of their U.S. passport with them at all times, so that, if questioned by local officials, proof of identity and U.S. citizenship are readily available. In accordance with Article 36 of the Vienna Convention on Consular Relations, to which Egypt is a party, competent authorities in the host country must notify a consular post of the arrest of one of its citizens without delay if requested to do so by the foreign citizen.

Photography Restrictions: There are restrictions on photographing military personnel and sites, bridges, and canals, including the Suez Canal. Egyptian authorities may broadly interpret these restrictions to include other potentially sensitive structures, including embassies, other public buildings with international associations, and some religious edifices. Visitors should refrain from taking photographs that include uniformed personnel.

Children's Issues: For information on international adoption of children and international parental child abduction, please refer to our website http://travel.state.gov/family/index.html or telephone the Overseas Citizens Services call center at 1-888-407-4747. The OCS call center can answer general inquiries regarding international adoptions and will forward calls to the appropriate country officer in the Bureau of Consular Affairs. This number is available from 8:00 a.m. to 8:00 p.m. Eastern Standard Time, Monday through Friday (except U.S. federal holidays). Callers who are unable to use toll-free numbers, such as those calling from overseas, may obtain information and assistance during these hours by calling 1-317-472-2328.

Embassy Location and Registration: U.S. citizens living in or visiting Egypt are encouraged to register at the Consular Section of the U.S. Embassy in Egypt and obtain updated information on travel and security within Egypt. The American Citizens Services office of the U.S. Embassy is located at 5 Latin America Street, Garden City, Cairo and is open to the public from 8:00 a.m. until 11:00 a.m. The workweek in Egypt is Sunday through Thursday. Telephone calls are accepted from 8:00 a.m. until 4:00 p.m.

The mailing address from the United States is: Consular Section, Unit 64900, Box 15, APO AE 09839-4900; in Egypt, it is 8 Kamal el-Din Salah Street, Garden City, Cairo. The main Embassy telephone number is +20 (2) 2797-3300. The Consular Section telephone number is 20-2-2797-2301, the fax number is +20 (2) 2797-2472, and the e-mail address is ConsularCairo@state.gov. Consular information is available via the Internet at http://cairo.usembassy.gov/consular/index.htm.

Once a month, American citizen services are available at the American Center, 3 Pharana Street, Azarita, Alexandria from 11:00 a.m. - 2:00 p.m. Please check the Embassy web site for a schedule of upcoming dates at http://cairo.usembassy.gov/consular/ACSALEX.htm. Every 5-10 weeks, American citizen services are available at the Cairo American College, Room 600, Maadi, from

11:30 a.m. to 1:30 p.m. Please check the Embassy website for dates and details of services available http://cairo.usembassy.gov/consular/ACSmaadi.htm.

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Department of State Travel Sheet on Egypt: http://travel.state.gov/travel/egypt.html
U.S. State Department's travel warnings/advisories:
http://travel.state.gov/travel/cis_pa_tw/cis/cis_1108.html
The Embassy of the Arab Republic of Egypt in Washington, DC:
http://www.egyptembassy.net/
Consular Section of the U.S. Embassy in Egypt: http://egypt.usembassy.gov/consular/
State Department Visa Website: http://travel.state.gov/visa/index.html
United States Visas.gov: http://www.unitedstatesvisas.gov/
Egypt Tourist Authority: http://www.egypttourism.org

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Chapter 9: Contacts, Market Research, and Trade Events

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

U.S. EMBASSY TRADE PERSONNEL:

U.S. Commercial Service
Mr. Amer M. Kayani, Regional Senior Commercial Officer for Egypt, Lebanon, & Libya
Mr. Mark Russell, Deputy Senior Commercial Officer
8 Kamal El Din Salah St., Garden City, Cairo
Tel: +20 (2) 2797-2330, +20 (2) 2797-2340
Fax: +20 (2) 2795-8368
Email: cairo.office.box@mail.doc.gov
Website: http://www.buyusa.gov/egypt/en/

U.S. Commercial Service – American Center Alexandria
Mr. John Abdelnour, Sr. Commercial Specialist
Mrs. Heba Abdel Aziz, Commercial Specialist
3 El Pharaana Avenue, American Center Building, Alexandria
Tel: +20 (3) 482-5607, +20 (3) 487-6330
Fax: +20 (3) 482-9199

U.S. Foreign Agricultural Service (FAS)
Mr. Peter Kurz, Agricultural Counselor
Mr. Christopher Rittgers, Senior Agricultural Attaché
8 Kamal El Din Salah St., Garden City, Cairo
Tel: +20 (2) 2797-2388/9
Fax: +20 (2) 2796-3989
Website: http://cairo.usembassy.gov/fas/index.htm

U.S. Agency for International Development (USAID)
Ms. Hilda Arellano, Director
Mr. John Groarke, Deputy Director
Plot 1/A off El Laselki Street
New Maadi, Cairo
Tel: +20 (2) 2522-7000, +20 (2) 25226500
Fax: +20 (2) 2516-4628
Website: http://egypt.usaid.gov

U.S. Department of State
Mr. William Stewart, Minister Counselor, Economic & Political Section
Mrs. Catherine Hill-Herndon, Counselor, Economic Affairs
Tel: + 20 (2) 2797-2252/3
Fax: + 20 (2) 2797-2181

Mr. Haynes Mahoney, Counselor for Public Affairs (Cultural & Press)
8 Kamal El Din Salah St., Garden City, Cairo
Tel: +20 (2) 2797-3198
Fax: +20 (2) 2797-3591
Website: http://cairo.usembassy.gov/pa/index.htm

U.S. CONTACTS IN EGYPT:

American Mideast Educational & Training Services, Inc. (AMIDEAST)
Mr. Stephen Hanchey, Country Director
23 Mossadak St., Dokki
Tel: +20 (2) 3337-8265, +20 (2) 3332-0400
Fax: +20 (2) 2795-2946
E-mail: egypt@amideast.org
Website: http://www.amideast.org/offices/egypt/cairo/

American Research Center in Egypt (ARCE)
Mr. Gerry Scott, Director
2 Kasr El Doubara Sq., Garden City, Cairo
Tel: +20 (2) 2794-8239, +20 (2) 2795-8683
Fax: +20 (2) 2795-3052, 2749-8622
Website: http://www.arce.org/aboutarce/aboutarce.html

American University in Cairo (AUC)
Mr. David Arnold, President
113 Kasr El Aini St., Cairo
Tel: +20 (2) 2794-2964 (9 lines)
Fax: +20 (2) 2795-7565

Website: http://www.aucegypt.edu/
Community Services Association (CSA)
Mrs. Julia Price-Dunn, Executive Director
4 Road 21, Maadi, Cairo
Tel: +20 (2) 2358-0754, +20 (2) 2358-5284
Fax: +20 (2) 2380-2838
Website: http://www.livinginegypt.org

Ford Foundation
Ms. Emma Playfair, Regional Rep. for Middle East & North Africa
1 Osiris St., 7th Floor, Garden City, Cairo
P.O. Box 2344
Tel: +20 (2) 2795-2121, +20 (2) 2794-4450, +20 (2) 2794-9635
Fax: +20 (2) 2795-4018
E-Mail: ford-cairo@fordfound.org
Website: http://www.fordfound.org/global/office/index.cfm?office=Cairo

Fulbright Commission
Dr. Bruce Lohof, Executive Director
21 Amer St., Messaha, Dokki, 12311, Giza
Tel: +20 (2) 3335-9717, +20 (2) 3335-7978, +20 (2) 3762-6306, +20 (2) 3762-6308
Fax: + (202) 2795-7893
Website: http://www.fulbright-egypt.org/

EGYPTIAN GOVERNMENT CABINET:

Prime Minister
H.E. Dr. Ahmed Nazeef
Magles El Shaab St., Kasr El Aini St., Cairo
Tel: +20 (2) 2793-5000
Fax: +20 (2) 2795-8048
E-mail: primemin@idsc.gov.eg
Website: http://www.egyptiancabinet.gov.eg/

Ministry of Defense & Military Production
H.E. Field Marshal Mohamed Hussein Tantawy, Minister of Defense
23 July St., Kobry El Obba, Cairo
Tel: +20 (2) 22916-227 +20 (2) 2403-2158/9
Fax: +20 (2) 2290-6004, +20 (2) 2291-6227
E-mail: mmc@afmic.gov.eg, mod@afmic.gov.eg
Website: http://www.mmc.gov.eg/

Ministry of Interior
H.E. Gen. Habib Al Adly, Minister of the Interior
El Sheikh Rihan St., Bab El Louk, Cairo
Tel: +20 (2) 2795-7500, +20 (2) 2795-2300, +20 (2) 2795-5005
Fax: +20 (2) 2795-8068, +20 (2) 2796-0682
E-mail: center@iscmi.gov.eg
Website: http://www.moiegypt.gov.eg/arabic/default

Ministry of Foreign Affairs
H.E. Mr. Ahmed Aboul Gheit, Minister of Foreign Affairs
Maspero, Corniche El Nil, Cairo
Tel: +20 (2) 2574-9816 / 7, +20 (2) 2574-6861, +20 (2) 2574-6871
Fax: +20 (2) 2574-9533
E-mail: minexter@idsc1.gov.eg
Website: www.mfa.gov.eg

Ministry of Information
H.E. Mr. Anas El Fekki, Minister of Information
Maspero, Corniche El Nil, Cairo
Tel: +20 (2) 2574-8496, +20 (2) 2574-9542, +20 (2) 2574-7120, +20 (2) 2575-7164
Fax: +20 (2) 2575-8781, 5746928
E-mail: Rtu2@idsc.gov.eg
Website: http://www.minfo.gov.eg/

Ministry of Culture
H.E. Mr. Farouk Hosny, Minister of Culture
2 Shagaret El Dor St., Zamalek, Cairo
Tel: +20 (2) 738-0761 / 2, +20 (2) 748-5065, +20 (2) 748-6957
Fax: +20 (2) 735-6449
E-mail: Scc_eg2007@yahoo.com
Website: http://www.scc.gov.eg/

Ministry of Petroleum
H.E. Eng. Sameh Fahmy, Minister of Petroleum
1 Ahmed El Zomor St., Nasr City, Cairo
Tel: +20 (2) 2670-6401/2/3/4/5
Fax: +20 (2) 2670-6419
E-mail: info-emp@emp.gov.eg
Website: http://www.emp.gov.eg/

Ministry of Electricity and Energy
H.E. Dr. Hassan Younis, Minister of Electricity and Energy
8 Ramses St., Abbassia Square, Nasr City, Cairo
Tel: +20 (2) 2401-2361, +20 (2) 2401-2362, +20 (2) 2401-2370
Fax: +20 (2) 2261-6302
E-mail: egy@idsc.gov.eg
Website: http://www.moee.gov.eg

Ministry of International Cooperation
H.E. Dr. Fayza Aboul Naga, Minister of International Cooperation
8 Adly St, Cairo
Tel: +20 (2) 2391-0008, +20 (2) 2393-5147
Fax: +20 (2) 2390-8159
E-mail: mnafeh@idsc.net.eg
Website: http://www.mic.gov.eg/

Ministry of State for Administrative Development
H.E. Dr. Ahmed Darwish, Minister of Administrative Development
Leadership Development Center, 13 Salah Salem Road, Cairo

Tel: +20 (2) 400-0100, +20 (2) 2402-3770, +20 (2) 2402-4143
Fax: +20 (2) 2262-8003, +20 (2) 2261-4126
E-mail: info@ad.gov.eg
Website: http://www.ad.gov.eg

Ministry of Communication & Information Technology
H.E. Dr. Tarek Kamel, Minister of Communication & Information Technology
KM 28 Cairo, Alexandria Road, Smart Village, Giza
Tel: +20 (2) 3534-1010, +20 (2) 3534-1020, +20 (2) 3353-1412
Fax: +20 (2) 3537-1111, +20 (2) 3534-1818
E-mail: info@mcit.gov.eg
Website: http://www.mcit.gov.eg/

Ministry of Investment
H.E. Dr. Mahmoud Mohie Eldin, Minister of Investment
2 Salah Salem St., Cairo
Tel: +20 (2) 2405-5653/2/1
Fax: +20 (2) 2405-5635/36/38
E-mail: info@mi.gov.eg
Website: http://www.investment.gov.eg

Ministry of Military Production
H.E. Dr. Sayed Meshaal, Minister of Military Production
5 Ismail Abaza St., Lazoghly, Cairo
Tel: +20 (2) 2795-2428, +20 (2) 2794-8739
Fax: +20 (2) 2795-3063
E-mail: mmpisscc@idsc.gov.eg
Website: http://www.mmc.gov.eg

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

Ministry of Justice
H.E. Counselor Mahmoud Abou Leil Rashed, Minister of Justice
Justice & Finance Bldg., Lazoughly Sq., Cairo
Tel: +20 (2) 2792-2263/5/7/9, +20 (2) 2795-1176
Fax: +20 (2) 2795-8103
E-mail: mojeb@idsc.gov.eg

Ministry of Water Resources & Irrigation
H.E. Dr. Mahmoud Abu Zeid, Minister of Water Resources & Irrigation
1 Gamal Abdel Nasser St., El Warrak, Imbaba, Cairo
Tel: +20 (2) 2544-9446/7/8
Fax: +20 (2) 2544-9449
E-mail: abouzeid@mwri.gov.eg
Website: http://www.mwri.gov.eg

Ministry of Awqaf
H.E. Dr. Mahmoud Hamdi Zaqzouq, Minister of Awqaf
Sabry Abou Alam St., Bab El Louk, Cairo
Tel: +20 (2) 2392-6155, +20 (2) 2393-3011
Fax: +20 (2) 2392-9828, +20 (2) 2392-6155
E-mail: mawkaf@idsc1.gov.eg

Ministry of Civil Aviation
H.E. Marshal Ahmed Shafik, Minister of Civil Aviation
Airport Road, Heliopolis, Cairo
Tel: +20 (2) 267-8544, +20 (2) 267-7610, +20 (2) 267-7612
Fax: +20 (2) 268-8378, +20 (2) 267-9470
Website: www.civilaviation.gov.eg

Ministry of Finance & Insurance
H.E. Dr. Youssef Boutros Ghali, Minister of Finance & Insurance
Ministry of Finance Towers, Nasr City, Cairo
Tel: +20 (2) 26861200/300/600/700
Fax: +20 (2) 2686-1561
E-mail: mofinance@idsc1.gov.eg
Website: http://www.mof.gov.eg

Ministry of Trade & Industry
H.E. Mr. Rachid Mohamed Rachid, Minister of Trade and Industry
2 Latin America St., Garden City, Cairo
Tel: +20 (2) 2792-1193/4/5, +20 (2) 2794-0089
Fax: +20 (2) 2794-8025
E-mail: moft@moft.gov.eg
Website: www.mfti.gov.eg

Ministry of State for Shura Council Affairs
Ministry of State for People's Assembly Affairs
H.E. Dr. Mufeed Shehab, Minister of People's Assembly Affairs
2 Magles El Shaab St., Kasr El Aini, Cairo
Tel: +20 (2) 2794-3000,3600, +20 (2) 2792-6335, +20 (2) 2794-3130, +20 (2) 2794-3116
Fax: +20 (2) 2794-2721, 2795-7681, 2794-8977
E-mail: parli@idsc.gov.eg
Website: http://www.assembly.gov.eg/

Ministry of State for Economic Development
H.E. Dr. Osman Mohamed Osman, Minister of Economic Development
Salah Salem Road, Nasr City, Cairo
Tel: +20 (2) 2401-4615, +20 (2) 2401-4719

Fax: +20 (2) 2401-4733
E-mail: udardeer@hotmail.com
Website: http://www.mop.gov.eg

Ministry of Housing, Utilities & New Communities
H.E. Mr. Ahmed El Maghrabi, Minister of Housing, Utilities & New Communities
1 Ismail Abaza St., off Kasr El Aini St., Cairo
Tel: +20 (2) 2792-1574/6, +20 (2) 2792-1440/1, +20 (2) 2794-4867
Fax: +20 (2) 2336-7179
E-mail: info@housing-utility.gov.eg
Website: http://www.housing-utility.gov.eg

Ministry of Manpower & Immigration
H.E. Mrs. Aisha Abdel-Hady, Minister of Manpower & Immigration
3 Youssef Abbas St., Nasr City, Cairo
Tel: +20 (2) 2260-9361/4/5/6, +20 (2) 2260-9359, +20 (2) 2260-2199
Fax: +20 (2) 2261-8019, +20 (2) 2260-9891
E-mail: mwlaboy@idsc1.gov.eg, info@mome.gov.eg , manpower@mome.gov.eg
Website: http://www.emigration.gov.eg/ http://www.manpower.gov.eg/f_contactus.asp

Ministry of Health & Population
H.E. Dr. Hatem El-Gabaly, Minister of Health & Population
3 Magles El Shaab St., Cairo
Tel: +20 (2) 2794-1507, +20 (2) 2795-7046
Fax: +20 (2) 2795-3966
E-mail: moh@idsc.gov.eg, webmaster@mohp.gov.eg
Website: http://www.mohp.gov.eg/

Ministry of Agriculture, Animals & Fish Wealth & Land Reclamation Affairs
H.E. Mr. Amin Abaza, Minister of Agriculture, Animals & Fish Wealth & Land Reclamation Affairs
1 Nadi El Seid St., Dokki, Giza
Tel: +20 (2) 3761-5059 / 2970, +20 (2) 3337-3388
Fax: +20 (2) 3749-8128
E-mail: Sea@idsc.gov.eg
Website: http://www.agri.gov.eg/

Ministry of Higher Education & Scientific Research Affairs
H.E. Dr. Hany Helal, Minister of Higher Education & Scientific Research Affairs
101 Kasr El Aini St., Cairo
Tel: +20 (2) 2795-2155, +20 (2) 2795-0316, +20 (2) 2795-2575
Fax: +20 (2) 2794-1005
E-mail: info@egy-mhe.gov.eg
Website: http://www.egy-mhe.gov.eg/

Ministry of Education
H.E. Dr. Yousry El-Gamal**,** Minister of Education
12 El Falaki St., Cairo
Tel: +20 (2) 2794-1591, +20 (2) 2794-7363, +20 (2) 2794-9939
Fax: +20 (2) 2796-2952
E-mail: info@mail.emoe.org / Moe@idsc.gov.eg / minister@email.emoe.org

Website: http://www1.emoe.org/

Ministry of Transportation
H.E. Mr. Mohamed Lotfy Mansour, Minister of Transportation
105 Kasr El Aini St., Cairo
Tel: +20 (2) 2795-5562/3/7
Fax: +20 (2) 2795-5564

Ministry of Tourism
H.E. Mr. Mohamed Zoheir Garnah, Minister of Tourism
23 Ramsis St., Conferences Center, Nasr City, Cairo
Tel: +20 (2) 2682-8456/7, +20 (2) 2404-7002/3/4, +20 (2) 2261-1732
Fax: +20 (2) 2263-7199
E-mail: info@egypttourism.org
Website: http://www.egypttourism.org/New%20Site/index.htm

Minister of State for Local Development
H.E. Mr. Mohamed Abd El Salam Mahgoub, Minister of State for Local Development
4 Shooting Club St., Dokki, Cairo
Tel: +20 (2) 3749-7656, +20 (2) 3749-7470
Fax: +20 (2) 3337-8597, +20 (2) 3761-6383

Ministry of Social Solidarity
H.E.Dr. Ali El-Sayed Al-Moselhi, Minister for Social Solidarity
19 El Maraghy St., Al-Agouza, Cairo
Tel: +20 (2) 3337-0039, +20 (2) 3337-5467
Fax: +20 (2) 3337-5390
E-mail: msi@idsc.gov.eg
Website: http://www.ngolaw.org.eg/

Supreme Council of Youth
H.E. Dr. Mohamed Safy El-Din Karbosh, Minister of Youth
Tel: +20 (2) 3346-5080, +20 (2) 3364-9661
Fax: +20 (2) 3302-5400
Website: http://www.alshabab.gov.eg/Contact_Us.aspx

Supreme Council for Sport
H.E. Mr. Hassan Sakr, Minister, Supreme Council for Sport
26th July St., Sphinx Square, Monhandessin, Cairo
Tel: +20 (2) 3346-1113, +20 (2) 3346-8859
Fax: +20 (2) 3302-1855

EGYPTIAN CHAMBERS OF COMMERCE:

(Affiliated with the Federation of Egyptian Chambers of Commerce)

Federation of Egyptian Chambers of Commerce
Mr. Mohamed Abdel-Fatth El-Masry, President
4 Falaky Square, Cairo
Tel: +20 (2) 2795-3677, +20 (2) 2795-2983, +20 (2) 2795-6066
Fax: +20 (2) 2795-1164, +20 (2) 2794-3801

fedco@menanet.net
www.fedcoc.org.eg

Cairo Chamber of Commerce
Mr. Ali Moustafa Moussa, President
4 Midan El Falaki St., Cairo
Tel: +20 (2) 2795-8261/2, +20 (2) 2794-8491
Fax: +20 (2) 2794-4328, +20 (2) 2796-3603

Alexandria Chamber of Commerce
Mr. Ahmed El-Wakeel, President
31 Chamber of Commerce St., Mahtet El-Raml, Alexandria
Tel: +20 (3) 480-8779, +20 (3) 480-8993
Fax: +20 (3) 480-8993

Assiut Chamber of Commerce
Mr. Ibrahim Abou El Eyoun, President
23rd of July St., Assiut
Tel: +20 (88) 233-2082, +20 (88) 234-2357
Fax: +20 (88) 234-6044

Aswan Chamber of Commerce
Mr. Mohamed Abo El-Qasem, President
Cornish El Nil St., Aswan
Tel: +20 (97) 232-3902, +20 (97) 230-1177
Fax: +20 (97) 230-3084

Beni Suef Chamber of Commerce
Mr. Ragaey Abdel Fattah Abdel Reheem, President
Mamdouh Fissal St., Mokebel District, Beni Suef
Tel: +20 (82) 234-6292, +20(82) 232-2094
Fax: +20(82) 232-2094

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

Damietta Chamber of Commerce
Mr. Mohamed Ahmed El-Zeni, President
Saad Zaghloul St., Damietta
Tel: +20 (57) 323-177, +20 (57) 322-799
Fax: +20 (57) 320-632

El Beheira Chamber of Commerce
Mr. Fathi El-Sayed Moursi, President
Midan El Seah, El Gomhouria St., Damanhour
Tel: +20 (45) 334-0207
Fax: +20 (45) 331-7531

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

El Giza Chamber of Commerce
Mr. Abdalla Ghorab, President
6 El Ghorfa El Tegarya St., Giza, Cairo
Tel: +20 (2) 3572-1761, +20 (2) 3569-9964/5
Fax: +20 (2) 3568-3971

El Kaliobia Chamber of Commerce
Dr. Mohamed Attia Al-Fayoumi, President
El Moderia St., Midan Saad Zaghloul, Banha
Tel: +20 (13) 325-2177, +20 (13) 326-0142, +20 (13) 326-0144
Fax: +20 (13) 326-2477

El Menia Chamber of Commerce
Mr. Ahmed Shehata Ahmed, President
El Tegara St., El Menia
Tel: +20 (86) 232-3232, +20 (86) 236-3266
Fax: +20 (86) 235-6885

Menofia Chamber of Commerce
Mr. Adel El Ebiarey, President
Ibn El Fared St., Shebeen El Koum, Menofia
Tel: +20 (48) 222-1511, +20 (48) 232-2761
Fax: +20 (48) 222-1511

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

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

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

Kafr El Sheikh Chamber of Commerce
Mr. Ibrahiem Ibrahiem Alzan, President
Borg El-Zawi, Kafr El Sheikh

Tel: +20 (47) 223-4191
Fax: +20 (47) 223-2916

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

Port Said Chamber of Commerce
Mr. Mohamed Abdel Fattah El Masri, President
Chamber of Commerce Building, Mohamed Ali St., Port Said
Tel: +20 (66) 334-5542, +20 (66) 322-2733, +20 (66) 333-6941
Fax: +20 (66) 323-6141

Qena Chamber of Commerce
Mr. Ismail Youssef Weshahy, President
El Goumhouria St., Qena
Tel: +20 (96) 533-2690
Fax: +20 (96) 533-2690

Suez Chamber of Commerce
Mr. Farouk Metwaly, President
47 Salah El Din El Ayoubi St., Suez
Tel: +20 (62) 333-1351
Fax: +20 (62) 333-1351

Sohag Chamber of Commerce
Mr. Mohamed Safwat Hashem, President
El Kesaria El Sharki St., Sohag
Tel: +20 (93) 232-3036, +20 (93) 231-0057, +20 (93) 230-5620
Fax: +20 (93) 232-3036, +20 (93) 231-0057

Sharkia Chamber of Commerce
Mr. Reda Alla Helmy, President
18 El Galaa St., El Zagazig
Tel: +20 (55) 230-2073
Fax: +20 (55) 230-2423

The Red Sea Chamber of Commerce
Mr. Sidi Ahmed Ibrahim, President
Dahab Mall, Hurghada
Tel: +20 (65) 354-9298
Tel: +20 (65) 354-9298

South Sinai Chamber of Commerce
Mr. Gamal Abdel Wahab Omer
El Tour City
Tel: +20 (69) 377-3331
Fax: +20 (69) 377-6886

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

EGYPTIAN CHAMBERS OF INDUSTRIES:

(Members of the Federation of Egyptian Industries)

Federation of Egyptian Industries
Mr. Galal El Zorba, Chairman
1195 Cornish El Nile St., Cairo
Tel: +20 (2) 2579-7074/5/6, 2579-6592, 2579-6590
Fax: +20 (2) 2576-6672, 25796694, 2576-1779
E-mail: info@fei.org.eg
Website: www.fei.org.eg

Chamber of Building Materials Industries
Mr. Samir Allam, President
1195 Cornish El Nile St., Cairo
E-mail: cbmegypt@yahoo.com
Website: http://www.cbmegypt.com/
Tel: +20 (2) 2578-4638, +20 (2) 2576-7415
Fax: +20 (2) 2576-7304

Chamber of Cereals, Grains, & Related Products
Mr. Kamel Zaki Emara, President
1195 Cornish El Nile St., 7th Floor, Cairo
E-mail: info@cerealsegg.org
Tel: +20 (2) 2579-8901
Fax: +20 (2) 2579-8971

Chamber of Chemical Industries
Dr. Eng. Sherif Moustafa Al-Gabaly, President
1195 Cornish El Nile St., 7th Floor, Cairo
E-mail: sompak@ yahoo.com
Tel: +20 (2) 2579-7021
Fax: +20 (2) 2575-6117

Chamber of Cinema Industry
Mr. Moneib Mahmoud Shafei, President
1195 Cornish El Nile St., 11th Floor, Cairo
E-mail: egy-cinemachamber@hotmail.com
Tel: +20 (2) 2578-5222, 2578-5111
Fax: +20 (2) 2578-5111, 2578-5999

Chamber of Food Industries
Eng. Safwan Thabet, President
1195 Cornish El Nile St., 8th Floor, Cairo
E-mail: info@egycfi.org.eg

Website: www.egycfi.org.eg
Tel: +20 (2) 2579-7331, +20 (2) 2576-0534, +2-012-782-5232
Fax: +20 (2) 2574-8312, +20 (2) 2576-0534

Chamber of Leather Industry
Mr.Yahya Zalat, President
1195 Cornish El Nile St., 7th Floor, Cairo
E-mail: info@leatheregypt.com
Website: www.leatheregypt.com
Tel: +20 (2) 2576-5632, 2576-5404
Fax: +20 (2) 2576-5404, 2576-5632

Chamber of Metallurgical Industries
Eng. Aly Hassan Hefzy, President
1195 Cornish El Nile St., 10th Floor, Cairo
E-mail: cmieg@idsc.net.eg
Tel: +20 (2) 2577-4667, +2-010-461-4106
Fax: +20 (2) 2577-4556

Chamber of Engineering Industries
Mr. Nabil Farid Hassanein, President
1195 Cornish El Nile St., 10th Floor, Cairo
E-mail: info@ceiegypt.org
Website: www.ceiegypt.org
Tel: +20 (2) 577-4334, +20 (2) 2577-4112
Fax: +20 (2) 2577-0889

Chamber of Petroleum & Mining Industries
Mr. Hady Samir Fahmy, President
8 El Batal Ahmed Abdel Aziz St., Abdeen, Cairo
E-mail: pet.min.ch@fei.org.eg
Tel: +20 (2) 2392-6462
Fax: +20 (2) 2393-0098

Chamber of Printing Industries
Mr. Ahmed Atef Abdel Rahman, President
1195 Cornish El Nile St., Cairo
E-mail: cpi@link.com.eg
Tel: +20 (2) 2578-6709, +20 (2) 2577-8345, +20 (2) 2577-0451
Fax & Tel: +20 (2) 2577-7925

Chamber of Leather Tanning Industries
Mr. Mamdouh Thabet Mekky, President
1195 Cornish El Nile St., Cairo
E-mail: clt@idsc.net.eg
Tel: +20 (2) 2577-3915
Fax: +20 (2) 2577-9676

Chamber of Woodworking & Furniture Industries
Mr. Redalla Mohamed Helmy, President
1195 Cornish El Nile St., 9th Floor, Cairo

Tel: +20 (2) 2577-1778
Fax: +20 (2) 2577-0358

Chamber of Textile Industries
Mr. Mohamed Ali Hussein El-Kalyouby, President
1195 Cornish El Nile St., 6th Floor, Cairo
E-mail: etmf@access.com.eg
Website: www.textile.com.eg
Tel: +20 (2) 2579-3289, 2577-4425
Fax: +20 (2) 2577-4329, 2577-4329

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

EGYPTIAN GOVERNMENT AGENCIES:

Arab Organization for Industrialization (AOI)
Marshal Hamdy Wahba, Chairman
2D Midan El Abbassia, Cairo
Tel: +20 (2) 2482-3377/94
Fax: +20 (2) 2482-6010
E-mail: aoihq@aoi.com.eg
Website: http://www.aoi.com.eg

Capital Market Authority
Dr. Ahmed Saad Abd Al-Latif, Chairman
20 Emad El Din St., Cairo
Tel: +20 (2) 2576-6603, 3534-5345/6/7
Fax: +20 (2) 2574-5598, 3534-5341
E-mail: cmaegypt@cma.gov.eg
Website: http://www.cma.gov.eg/cma/jtags/english/default_en.jsp

Central Agency for Public Mobilization & Statistics (CAPMAS)
Major General. Abu Bakr Mahmoud Al Gindi, President
Salah Salem St., Nasr City, Cairo
Tel: +20 (2) 2402-0574, 2403-2169
Fax: +20 (2) 2402-4099
E-mail: pres_capmas@capmas.gov.eg
Website: http://www.capmas.gov.eg/

Central Bank of Egypt
Dr. Farouk El-Okkda, Governor
31 Kasr El Nil St., Cairo
Tel: +20 (2) 392-6211, +20 (2) 2392-6108, +20 (2) 2392-6333
Fax: +20 (2) 23926361, 2392-5045, +20 (2) 2392-6361
E-mail: info@cbe.org.eg
Website: http://www.cbe.org.eg/

Commercial Representation Office
Eng. Mamdouh Mostafa, Plenipotentiary
Ministry of Finance, Tower # 5, Second Floor, Nasr City, Cairo
E-mail: info@tamseel-ecs.gov.eg
Website: www.ecs.gov.eg
Tel: +20 (2) 2342-1550, +20 (2) 2342-4030, 23424030
Fax: +20 (2) 2342-4010, +20 (2) 2342-1117

Customs Authority
Mr. Mohamed Hassan Salem, Director
Ministry of Finance, Tower # 3, Third Floor, Nasr City, Cairo
Tel: +20 (2) 2342-2016, +20 (2) 2342-2014
Fax: +20 (2) 2342-2280, +20 (2) 2342-2281
Website: http://www.customs.gov.eg

Egypt Air Holding Company
Eng. Atef Abdel Hamid, Chairman
Cairo Int'l Airport Road, Cairo
Tel: +20 (2) 2267-4500, +20 (2) 2267-2400, 2+20 (2) 2267-7099
Fax: +20 (2) 2696-4695, +20 (2) 2269-3334
Website: http://www.egyptair.com.eg/docs/inside/staff.htm

Egyptian General Petroleum Corp. (EGPC)
Eng. Abdel Aleem Taha, Chairman
Palestine St., 4th Sector, New Maadi, Cairo
Tel: +20 (2) 2518-5017, 2518-4960
Fax: +20 (2) 2706-5203, 2518-4963
E-mail: info@egpc.com.eg
Website: http://www.egpc.com.eg/

Egyptian Radio & TV Union (ERTU)
Major General Ahmed Anees, President
Ms. Suzan Hassan, TV President
TV Bldg., Cornishe El Nil, Cairo
Tel: +20 (2) 2575-6006, +20 (2) 2578-7132
Fax: +20 (2) 2575-9629
E-mail: sushassan@egyptradio.tv
Website: http://www.egyptradio.tv

Egyptian Tourist Authority (ETA)
Mr. Amr El Ezabi, Chairman
Misr Travel Bldg., Abbassia, Cairo
Tel: +20 (2) 2685-3576, +20 (2) 2685-4509
Fax: +20 (2) 2685-4363
Website: http://www.egypttourism.org/New%20Site/index.htm

General Authority for Export & Import Control (GOEIC)
Mr. Mohamed Abdel Hamid El Banna, Chairman
1 El Sheikh Maarouf St. (Corner of Ramses St.) Downtown, Cairo
Tel: +20 (2) 2575-6031, +20 (2) 2575-0692, +20 (2) 2266-9627/71

Fax: 2+20 (2) 2576-6971, +20 (2) 2266-6847

General Organization for Int'l Exhibitions & Fairs (GOIEF)
Eng. Sherif Salem, Chairman
Fair Grounds, Nasr City, Cairo
Tel: +20(2) 2260-7852; +20(2) 2260-7846
Fax: +20(2) 2260-7845; +20(2) 2260-7848
E-mile: goief@idsc.net.eg, info@cairofair.com
Website: http://www.goief.gov.eg

Immigration & Egyptians Abroad Administration
Mr. Magdi Osman, Director
96 Ahmed Orabi St., Mohandessin
Tel: +20 (2) 3303-6431, +20 (2) 33036433, +20 (2) 33463496
Fax: +20 (2) 3303-5332, +20 (2) 3346-3497
E-mile: egyptianabroad@mome.gov.eg
Website: www.immigration.gov.eg

New Community Authority
Eng. Ashraf Mahmoud – Deputy Director
Housing Bldg., 1 Ismail Abaza St., Cairo
Tel: +20 (2) 2792-1406
Fax: +20 (2) 2792-1408

Sales Tax Authority
Mr. Ashraf Al Arabi, Director
26 El-Abour Bldg., Nasr City, Cairo
Tel: +20 (2) 2403-4893 / +20 (2) 2403-4896
Fax: +20 (2) 2401-2702
E-mail: info@salestax.gov.eg
Website: http://www.salestax.gov.eg/

Social Fund for Development (SFD)
Dr. Hany Seif Al Nasr, Secretary General
120 Mohey El Din Aboul Ezz St., Dokki, Giza
Tel: +20 (2) 3336-4873/42 , +20 (2) 3336-4371
Fax: +20 (2) 3336-1985
E-mail: mailmaster@sfdegypt.org
Website: http://www.sfdegypt.org

Cairo & Alexandria Stock Exchanges
Mr. Magued Shawki, Director
4A, El Sherifien St., Postal Code 11513
P.O. Box 358 Mohamed Farid, Downtown, Cairo
Tel: +20 (2) 2395-9200, +20 (2) 2392-8698, +20 (2) 2392-1402/47
Fax: +20 (2) 2395-5799, +20 (2) 23924214
Website: http://www.egyptse.com/main.asp

Suez Canal Authority
Marshall Ahmed Ali Fadel, Chairman
6 Lazoghly St., Garden City, Cairo

Tel: +20 (2) 2794-0746 / 7 / 8 / 9, +20 (2) 2578-8350
Fax: +20 (2) 2795-1592

Taxation Authority
Mr. Ashraf Al Arabi, Chairman
5 Hussein Hegazi St., Lazoughly Square, Downtown, Cairo
Tel: +20 (2) 2792-0767 / 68, +20 (2) 2795-2128
Fax: +20 (2) 2792-0774

Telecom Egypt
Eng. Akil Hamed Beshir, Chairman
26 Ramses St., 2nd Floor, Cairo
Tel: +20 (2) 2577-7551, +20 (2) 2578-1414, +20 (2) 2574-4909, +20 (2) 2576-4888
Fax: +20 (2) 2574-4244, +20 (2) 2579-3444, +20 (2) 2576-0333
Website: http://www.telecomegypt.com.eg/home-en.asp

EGYPTIAN TRADE ASSOCIATIONS:

Alexandria Business Association (ABA)
Mr. Mohamed Abdel Fattah Ragab, Chairman
C/O Ragab Export & Import Company
52 Avenue El Horria St., Alexandria
Tel: +20 (3) 484-8978, +20 (3) 484-8979
Fax: +20 (3) 487-2411, +20 (3) 487-2206
E-Mail: aba@aba.org.eg
Website: http://www.aba.org.eg/

Borg El Arab Investors Association
Eng. Mohamed Farag Amer
First Industrial Zone, Borg El Arab, Alexandria
Tel: +20 (3) 459-3650
Fax: +20 (3) 459-1198
E-Mail: invest.borg@yahoo.com
Website: www.elborg.org

Egyptian Businessmen's Association (EBA)
Dr. Eng. Adel Gazarin, Chairman
21 Giza St., Nile Tower, Giza, Cairo
Tel: +20 (2) 3573-6030, +20 (2) 3572-3020, +2-010-538-4604
Fax: +20 (2) 3572-3855, +20 (2) 3573-7258
Website: http://www.eba.org.eg/

Egyptian Small Enterprise Development Foundation
Mr. Mohamed Mubarak Refai, Chairman
13 Salem Salem St., El Agouza, Giza, Cairo
Tel: +20 (2) 3336-3980/1/2
Fax: +20 (2) 3336-3983

Egypt's International Economic Forum
Ms. Annisa Hassona, Director General
Mr. Shafik Gabr, Chairman

509 Road #10, Off Road # 9, Mokatam, Cairo
Tel: +20 (2) 25086925, +20 (2) 25086873/4
Fax: +20 (2) 2508-6859
E-Mail: eief@eieforum.org
Website: http://www.eieforum.org/

Sadat City Investors Association
Mr. Sherif El Gably, President
P.O. Box 104, Sadat City, Menoufia Governate
Tel: +20 (48) 260-1614, +20 (48) 260-2992, +20 (48) 260-2968, +20 012-935-3960
Fax: +20 (48) 260-1468
Website: www.sadat-city.com

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

OTHER CHAMBERS OF COMMERCE IN EGYPT:

American Chamber of Commerce in Egypt
Mr. Omar Mohanna, President
33 Soliman Abaza St., Dokki, Giza
Tel: +20 (2) 3338-1050
Fax: +20 (2) 3338-1060
Website: http://www.amcham.org.eg/

German-Arab Chamber of Commerce in Egypt
21, Soliman Abaza St., off Gameat El Dowal El Arabia St. Mohandessin, Cairo
Tel: +20 (2) 3336-8183
Fax: +20 (2) 3336-8026, +20 (2) 3336-8786
E-mail: info@ahk-mena.com
Website: http://www.ahkmena.com/

Greek-Arab Chamber of Commerce in Egypt
17 Soliman El Halabi St., Cairo
Tel: +20 (2) 2574-1190
Fax: +20 (2) 2575-4970
E-mail: gccc@hotmail.com

Italian-Arab Chamber of Commerce in Egypt
33 Abdel Khalek Tharwat St., Downtown, Cairo
Tel: +20 (2) 2392-2275, +20 (2) 2393-7944
Fax: +20 (2) 2391-2503
Website: www.cci-egypt.org
E-mail: Egyptian-services@italchamber-egypt.org.eg

Japan External Trade Organization
7Th Floor World Trade Center Bldg. 1191, Corniche El Nile
P.O. Box: 1885 Cairo - Egypt
Tel: +20 (2) 2574-1111
Fax: +20 (2) 2575-6966
Website: www.jetro.go.jp/egypt

U.S. AND EGYPTIAN ORGANIZATIONS AND ASSOCIATIONS:

Chambers of Commerce in the U.S.:

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

American-Arab Chamber of Commerce
Mr. Nasser Beydoun, Chairman
12740 W. Warren Ave., Suite 101
Dearborn, MI 48126
Tel: (313) 945-1700
Fax: (313) 945-6697
E-mail: chamber@americanarab.com
Website: http://www.americanarab.com/main.cfm?location=12

New York:

American Egyptian Cooperation Foundation (AECF)
235 East 40th Street, Suite 22A
New York, NY 10016
Tel: (212) 867-2323
Fax: (212) 697-0465
E-mail: aecf32@aol.com
Website: http://www.americanegyptiancoop.org/id6.htm

Washington D.C.:

Egyptian-American Cultural Association (EACA)
Mr. Mohmaed El Shinnawi, President
P.O. Box 9551, Washington, D.C. 20016
E-mail: info@eacaonline.org.
Website: http://www.eacaonline.org/

The Council on Egyptian-American Relation
Dr. Ibrahim Oweiss, President
1250 24th Street NW Suite 350

Washington, D.C. 20037
Tel: (202) 835-1616, (202) 835-1680
Email: oweiss@councilea.org, info@egyptsotherpasts.com
Website: http://www.councilea.org/

EGYPTIAN GOVERNMENT IN THE U.S.:
Embassy of the Arab Republic of Egypt
Ambassador Mohamed Nabil Ismail Fahmy
3521 International Court, NW
Washington, D.C. 20008
Tel: (202) 895-5400
Fax: (202) 244-4319, (202) 244-5131
E-mail: embassy@egyptembassy.net
Website: http://www.egyptembassy.net/

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

Permanent Representative of the Arab Republic of Egypt to the United Nations
304 East 44th Street, New York, NY 10017
Tel: (212) 503-0300
Fax: (212) 949-5999
Website: http://www.un.org/Overview/missions.htm

Consulate General of Egypt
Mr. Sherif Riad El Kholy, Consul General
1110 Second Ave., Rm. 201
New York, NY 10022
Tel: (212) 759-7120, (212) 759-7121, (212) 759-7122
Fax: (212) 308-7643
E-Mail: info@egyptnyc.net
Website: http://www.egyptnyc.net/

The Egyptian Consulate General in San Francisco
Mr. Abdelrahman Salaheldin, Consul General
3001 Pacific Ave.
San Francisco, CA 94115 -1013
Tel: (415) 346-9700, (415) 346-9702, (415) 346-7352
Fax: (415) 346-9480, (415) 346-7352
Website: http://www.egy2000.com/

Consulate General of Egypt
Mr. Omar El Farouk Hassan, Consul General
1990 Post Oak Blvd., Suite 2180
Houston, TX 77056
Tel: (713) 961-4915, (713) 961-4916

Fax: (713) 961-3868

Consulate General of Egypt
Ms. Hoda Abdo Mohamed Goda, Consul General
500 N. Michigan Ave., Suite 1900
Chicago, IL 60611
Tel: (312) 828-9162, (312) 8289164, (312) 828-9163
Fax: (312) 828-9167
Website: http://www.eg2002.net

WASHINGTON-BASED U.S. GOVERNMENT CONTACTS:

U.S. Department of Commerce
Naomi Wiegler - Egypt Desk Officer
MAC/ONE, Room 2029B
Washington, D.C. 20230
Tel: (202) 202-482-1870
Fax: (202) 482-0878
Website: http://www.ita.doc.gov/

U.S. Department of Commerce
U.S. Commercial Service
Mr. Greg Loose, Regional Director, ANESA
HCH Bldg., Room 1223
Washington, D.C. 20230
Tel: (202) 482-4836
Fax: (202) 482-5179
Website: http://www.buyusa.gov/home/

U.S. Department of Agriculture
AgExport Services Division
Mr. David Salmon, Director for Market Development
Room 4939-S, 1400 Independence Ave., SW
Washington, D.C. 20250
Tel: (202) 720-6343
Fax: (202) 690-4374
Website: http://www.fas.usda.gov/

U.S. Department of State
H.E. Amb. David Welch, Assistant Secretary
Office of Egyptian and Levantine Affairs
NEA/ENA, Room 5250
Washington, D.C. 20520
Tel: (202) 647-4261
Fax: (202) 736-4458
Website: http://www.state.gov/p/nea/

U.S. Export-Import Bank (EXIM Bank)
Mr. Charles Barnett
811 Vermont Avenue NW
Washington, D.C. 20571

Tel: (202) 565-3946, (800) 565-3946
Fax: (202) 566-7524, (202) 565-3931
Website: http://www.exim.gov/

Overseas Private Investment Corporation (OPIC)
1100 New York Avenue, NW
Washington, D.C. 20527
Tel: (202) 336-8400
Fax: (202) 336-7949
Website: http://www.opic.gov/

U.S. Small Business Administration (SBA)
740 15th Street NW, 3rd Floor
Washington, D.C. 20005-3544
Tel: (202) 272-0345
Fax: (202) 272-0344
Website: http://www.sba.gov/

U.S. Trade and Development Agency (USTDA)
Mr. Carl Kress, Regional Director for Africa & Middle East
1000 Wilson Blvd., Suite 1600
Arlington, VA 22209-3901
Tel: (703) 875-4357
Fax: (703) 875-4009
Website: http://www.ustda.gov/

MULTILATERAL INSTITUTIONS ABROAD:

African Development Bank
ADB temporary relocation agency (Tunis)
Angle des trois rues: Avenue du Ghana, Rue Pierre de Coubertin, Rue Hedi Nouira
BP. 323, 1002 Tunis Belvedere, Tunisia
Tel: +216 (71) 333-511, +216 (71) 103-450
Fax: +216 (71) 351-933
Email: afdb@afdb.org
Website: http://www.afdb.org/

International Finance Corporation (IFC)
2121 Pennsylvania Avenue, NW
Washington, D.C. 20433
Tel: (202) 473-1000, 473-3800
Fax: (202) 974-4384
Website: http://www.ifc.org/

World Bank
Office of the U.S. Executive Director
1818 H Street, N.W.
Washington, D.C. 20433
Tel: (202) 473-1000
Fax: (202) 477-6391
Website: http://www.worldbank.org/

MULTILATERAL INSTITUTIONS IN EGYPT:

African Export Import Bank (AFREXIM)
Mr. Jean Louis Ekra, President
World Trade Center Bldg., 3rd & 8th Floors
1191 Corniche El Nil, Cairo
Tel: +20 (2) 2578-0281, +20 (2) 2578-0282, +20 (2) 2578-0286
Fax: +20 (2) 2578-0276-9
Website: www.afreximbank.com

African Development Bank
Egypt Country Office (EGCO)
Mr. Omar Awu, Resident Representative
1, Al-Gazayer Square, 1st floor, New Maadi, Cairo
Tel: +20 (2) 2516-0906, 2516-0546
Fax: +20 (2) 2516-0868
Website: www.afdb.org

International Finance Corporation (IFC)
Mr. Michael Essex, Acting Director for the Middle East and North Africa Region
Mr. Jesper Kjaer, General Manager for PEP-Middle East & North Africa
Mr. Gulrez Hoda, General Manager for Investment
Nile City Towers, 2005C Corniche El Nil, North Tower, Ramlet Boulac, Cairo
Tel: +20 (2) 2461-9140/45/50
Fax: +20 (2) 2461-9130/60
Website: www.ifc.org

OTHER INSTITUTIONS:

Cairo Regional Center for International Commercial Arbitration
Dr. Mohamed Ibrahim Aboul Enein, Director
1 Al Saleh Ayoub St., Zamalek, Cairo
Tel: +20 (2) 2735-1333/35/37, +20 (2) 2737-3691/93
Fax: +20 (2) 2735-1336, +20 (2) 2736-4485
E-mail: info@crcica.org.eg
Website: http://www.crcica.org.eg

Commission of the European Communities Delegation in Egypt
Amb. Klaus Ebermaan, Head of the Delegation
37 Gamet El Dowal St., El Fouad Office Building, 11th Floor
Mohandiseen, Giza
Tel: +20 (2) 3749-4680
Fax: +20 (2) 3749-5363
E-mail: delegation-egypt@cec.eu.int
Website: http://www.eu-delegation.org.eg/en/index.htm

United Nations Development Program (UNDP)
Mr. James W. Rawley, Resident Coordinator & Representative
1191 Corniche El Nil, World Trade Center, 4th Floor, Cairo
Tel: +20 (2) 2578-4840/1/2/3/4/5/6

Fax: +20 (2) 2578-4847
E-mail: registry.eg@undp.org
Website: http://www.undp.org.eg/default.aspx

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/marketresearch.html and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

`Trade Events

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Please click on the link below for information on upcoming trade events.

http://www.export.gov/tradeevents.html

http://www.buyusa.gov/egypt/en/tradeevents.html

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

http://www.buyusa.gov/egypt/en/ussvcs.html

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