Egypt

RISK & COMPLIANCE REPORT

DATE: March 2018

KNOWYOURCOUNTRY.COM

Executive Summary - Egypt	
Sanctions:	EU - Financial
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	US Dept of State Money Laundering Assessment Not on EU White list equivalent jurisdictions Corruption Index (Transparency International & W.G.I.) World Governance Indicators (Average Score) Failed States Index (Political Issues)(Average Score)
Medium Risk Areas:	Non - Compliance with FATF 40 + 9 Recommendations

Major Investment Areas:

Agriculture - products:

cotton, rice, corn, wheat, beans, fruits, vegetables; cattle, water buffalo, sheep, goats

Industries:

textiles, food processing, tourism, chemicals, pharmaceuticals, hydrocarbons, construction, cement, metals, light manufactures

Exports - commodities:

crude oil and petroleum products, cotton, textiles, metal products, chemicals, processed food

Exports - partners:

US 8.2%, India 7%, Italy 6.7%, Saudi Arabia 6.3%, Germany 4.4%, France 4.2% (2012)

Imports - commodities:

machinery and equipment, foodstuffs, chemicals, wood products, fuels

Imports - partners:

China 11.9%, US 8%, Turkey 5.3%, Italy 5.1%, Germany 4.6%, Russia 4.4%, India 4.1% (2012)

Investment Restrictions:

There are special requirements for foreign investment in particular sectors, such as upstream oil and gas development, where joint ventures are required.

Egypt's trade regulations prohibit foreigners from acting as importers for trading purposes and allow them to act solely as commercial agents. A foreign company wishing to import for trading purposes must do so through an Egyptian importer.

Egypt removed restrictions on foreign property ownership in a number of tourist areas, including resorts on the Red Sea and along the Mediterranean coast west of Alexandria. However, land ownership policies remain complex and unclear in many cases.

Land/Real Estate Law 15 of 1963 explicitly prohibits foreign individual or corporate ownership of agricultural land (defined as traditional agricultural land in the Nile Valley, Delta and Oases).

Contents

Section 1 - Background

The regularity and richness of the annual Nile River flood, coupled with semi-isolation provided by deserts to the east and west, allowed for the development of one of the world's great civilizations. A unified kingdom arose circa 3200 B.C., and a series of dynasties ruled in Egypt for the next three millennia. The last native dynasty fell to the Persians in 341 B.C., who in turn were replaced by the Greeks, Romans, and Byzantines. It was the Arabs who introduced Islam and the Arabic language in the 7th century and who ruled for the next six centuries. A local military caste, the Mamluks took control about 1250 and continued to govern after the conquest of Egypt by the Ottoman Turks in 1517. Completion of the Suez Canal in 1869 elevated Egypt as an important world transportation hub. Ostensibly to protect its investments, Britain seized control of Egypt's government in 1882, but nominal allegiance to the Ottoman Empire continued until 1914. Partially independent from the UK in 1922, Egypt acquired full sovereignty from Britain in 1952. The completion of the Aswan High Dam in 1971 and the resultant Lake Nasser have altered the time-honored place of the Nile River in the agriculture and ecology of Egypt. A rapidly growing population (the largest in the Arab world), limited arable land, and dependence on the Nile all continue to overtax resources and stress society. The government has struggled to meet the demands of Egypt's population through economic reform and massive investment in communications and physical infrastructure. Inspired by the 2010 Tunisian revolution, Egyptian opposition groups led demonstrations and labor strikes countrywide, culminating in President Hosni MUBARAK's ouster. Egypt's military assumed national leadership until a new parliament was in place in early 2012. That same year, Mohammed MURSI won the presidential election and a new constitution was affirmed. In July 2013, the military ousted MURSI and he was replaced by interim president Adly MANSOUR.

Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Egypt is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Egypt was undertaken by the Financial Action Task Force (FATF) in 2009. According to that Evaluation, Egypt was deemed Compliant for 5 and Largely Compliant for 20 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for 3 of the 6 Core Recommendations.

Key Findings from latest Mutual Evaluation Report (2009):

The Government of Egypt has taken significant steps to set up an AML/CFT regime, compared to 2002, when none existed. The AML/CFT Law criminalizes money laundering in Egypt, the material elements are broadly in line with the Palermo and Vienna Conventions, but participation in some forms of organized crime and adult human trafficking are not crim inalized. Terrorism financi ng is criminalized in the Penal code, but its provisions capture neither the financing of an individual terrorist, nor the collection of funds with the unlawful intention that they should be used or in the knowledge that they are to be used to carry out a terrorist act or acts. With regard to implementation of United Nations Security Council Resolutions, information provided to support the authorities' claim of implementing the Resolutions did not fully meet the requirements set out by the methodology.

The legal and regulatory framework that has been established for the EMLCU, the Egyptian financial intelligence unit, is sound and comprehensive. A strong effort has been made to put in place key customer due diligence (CDD) requirements for financial institutions but significant gaps remain (especially on beneficial ownership, on unusual transactions as defined by Recommendation 11 and for three institutions including a large bank, Arab International Bank). Significant efforts have been made to supervise banks and, more recently, brokers, efforts that need to be sustained and extended to other institutions, where AML /CFT supervision still appears weak. The outcomes, in terms of numbers of suspicious transaction reporting, are low, and even lower for cases that are referred to prosecution.

During the past four years, only four money laundering cases were taken to trial, and only one conviction was achieved. 6. Egypt has issued AML/CFT regulations for some sectors of the Designated Non Financial Businesses and Professions, DNFBPs (casinos are cov ered for some activities; real estate brokers and dealer of precious metals and stones were brought under coverage during the on-site mission,). Lawyers and accountants are not subject to AML /CFT regulations.

The Egyptian system is structured to ensure that legal entities are not used for unlawful purposes and legal provisions on the establishment, registra tion and monitoring of non-governmental organizations are strictly enforced. Egypt's domestic cooperation and coordination has been fairly robust and Egypt has a strong legislative framework for the provision of mutual legal assistance and extradition.

The assessors have identified the following recommendations as short term priorities to improve the effectiveness of the AML/CFT regime and help address the very low numbers of suspicious transactions reporting, ML and TF prosecutions and convictions: (i) develop a comprehensive data base on AML/CFT issues, and a set of indicators to assess the effectiveness of the AML/CFT regime, (ii) promulgate clear processes and procedures for implementing the UN Security Council Resolutions 1267 and 1373, (iii) criminalize participation in organized criminal groups and human trafficking, (iv) strengthen the AML /CFT supervisory regime for the three banks not supervised by the CBE and intensify their on-site supervision, (v) include the remaining DNFBPs in the AML /CFT framework, or develop safeguards so that their continued exclusion does not impair the effectiveness of the AML /CFT regime.

US Department of State Money Laundering assessment (INCSR)

Egypt is categorised by the US State Department as a Country/Jurisdiction of Primary Concern in respect of Money Laundering and Financial Crimes.

OVERVIEW

Egypt is not considered a regional financial center or a major hub for money laundering. The Government of Egypt has shown increased willingness to tackle money laundering, but Egypt remains vulnerable by virtue of its large informal, cash-based economy. There are estimates that as much as two-thirds of the population does not have bank accounts, and the informal economy accounts for approximately 40 percent of the GDP. Consequently, extensive use of cash is common. The central bank and the Federation of Egyptian Banks aim to promote financial inclusion by incentivizing individuals and small businesses to enter the formal financial sector. In February 2017, the president issued a decree establishing the National Council for Payments (NCP), tasked with limiting the use of cash, promoting the use of electronic payment mechanisms, and integrating citizens and enterprises into the banking system. In addition, the FIU issued regulations for mobile phone-based payments. There are now 9 million mobile payment accounts in Egypt.

Countering corruption remains a long-term focus. Investigations of public figures and entities have resulted in the arrests of Alexandria's deputy governor and the secretary general of Suez on several corruption charges, and the investigation into five members of parliament alleged to have sold hajj visas.

The government should continue to build its capacity to successfully investigate and prosecute money laundering offenses. In particular, Egypt needs to build the capacity of the judicial system related to money laundering. Egypt also should work to more effectively manage all aspects of its asset forfeiture regime, including identification, seizure, and forfeiture.

VULNERABILITIES AND EXPECTED TYPOLOGIES

Sources of illegal proceeds reportedly include smuggling of antiquities and trafficking in narcotics and/or arms. However, some organizations also have turned to funding sources based on new technologies and social media. The FIU started raising awareness among stakeholders within the government. Authorities also note increased interception of illicit cross-border fund transfers by customs agents in recent years.

KEY AML LAWS AND REGULATIONS

In October 2017, parliament approved and passed amendments to the Administrative Control Authority (ACA) law, which grants the ACA full technical, financial, and administrative authority to investigate corruption within the public sector (with the exception of military personnel/entities). The ACA further has the mandate to conduct investigations into suspected money laundering crimes in conjunction with the Anti-Money Laundering Unit in the Central Bank of Egypt. The law is viewed as strengthening an institution that was established in 1964.

The government is also increasing efforts to improve monitoring of remittances from abroad to ensure the remittance system is not used for money laundering or terrorist financing purposes. Remittances from Egyptian citizens abroad amount to some U.S. $17 billion per year, and authorities have worked to more fully integrate these remittances into the formal banking system. The floating of the currency has attracted remittance transactions back into formal market channels, with one economist estimating 80 percent of remittances are now in the formal banking system.

Egypt has KYC and STR regulations in place. The FIU, in coordination with the supervisory authorities, regularly issues regulations on a case-by-case basis. Egypt is a member of the MENAFATF, a FATF-Style Regional Body.

AML DEFICIENCIES

Egypt should improve its capacity to successfully investigate and prosecute money laundering offenses. In particular, the judicial system lacks the capacity to deal with complex financial crimes. During 2017, Egypt demonstrated that AML prosecutions are feasible and independent of action on the predicate offense. Previously, the penal code had obliged prosecutors to press charges on the most serious, readily provable offense and, because other offenses carried higher penalties than money laundering, prosecutors did not pursue money laundering. Now, judges are required to issue two penalties, one for money laundering and another for the predicate offense. However, different circuits of Egypt’s Court of Cassation, the country’s highest criminal court, have reportedly taken differing positions on whether a conviction for the predicate offense is required for a money laundering conviction. During 2017, there were instances when a predicate crime and a money laundering crime were simultaneously investigated without waiting for a court sentence on the predicate crime as well separate money laundering offenses investigated after a predicate crime had already been referred to court. Finally, Egypt’s asset forfeiture regime could more effectively identify, seize, and induce forfeiture of assets.

ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

The largest challenge is awareness and training among public prosecutors. The government is working to incorporate technical and analytical training on the investigation and prosecution of money laundering and related crimes into its judicial curriculum. To better align AML cases, the government drafted a plan, in coordination with the FIU, to train law enforcement officers and judges on financial analysis and investigation techniques.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Egypt does not conform with regard to the following government legislation: -

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

EU White list of Equivalent Jurisdictions

Egypt is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

To view historic Governance Indicators Ctrl + Click here and then select country

Failed States Index

To view Failed States Index Ctrl + Click here

Offshore Financial Centre

Egypt is not considered to be an Offshore Financial Centre

Reports

US State Dept Narcotics Report 2017:

While Egypt is not a major source country of illicit narcotics or precursor chemicals, there is a significant market for hashish and tramadol (a prescription opioid) within the country. Egypt also serves as a transshipment point for narcotics trafficked from Africa to Europe and is developing into a significant smuggling route for fenethylline (an amphetamine-type stimulant) produced in Lebanon and Syria destined for Saudi Arabia and other Gulf countries. The Government of Egypt does not encourage or facilitate illicit production or distribution of narcotic drugs or other controlled substances, nor does it encourage the laundering of proceeds from illegal transactions. Egypt has strict laws and penalties for officials convicted of involvement in narcotics trafficking activities.

The Anti-Narcotics General Administration (ANGA), under the Ministry of Interior, oversees counterdrug operations and cooperates with the U.S. Drug Enforcement Administration (DEA) to identify, detect, disrupt, and dismantle national and international drug trafficking organizations. While ANGA works on a limited budget, updates to its operating equipment occur on a systematic basis. Cooperation between ANGA, the Egyptian Armed Forces' Special Forces, and Border Guard units remains good, including on large-scale anti-drug campaigns.

ANGA continued to seize large quantities of cannabis and psychotropic pills in 2016. During the course of the year, DEA and ANGA coordinated investigations resulted in the seizure of over six metric tons of hashish, 194,730,000 tramadol tablets, and over 19,000,000 fenethylline tablets.
Most cannabis originated in Morocco and Lebanon. The volume of cocaine seized at Cairo International Airport remained relatively low at 13 kilograms, comparable to previous years, while seizures of MDMA (ecstasy) increased significantly, totaling 15,300 tablets in 2016.

Egypt oversees the import and export of all internationally-recognized chemicals through a committee composed of the Ministry of Interior (ANGA), Ministry of Finance (Customs), and Ministry of Health (Pharmaceutical). This committee approves or denies requests to import or export chemicals. Over the past few years, there was a spike in the importation of ephedrine, which is used in the legitimate production of cold and flu medicine but is also a precursor for methamphetamine. Based on the large amount being imported and comparing it to the population of Egypt, it is unlikely that all imported ephedrine is used for legitimate medicinal production. The Egyptian government, however, has stated that it has no reports indicating a large-scale diversion of ephedrine or other chemicals, and it has not made any significant seizures.

A U.S.-Egyptian mutual legal assistance treaty has been in force since 2001, and extradition between the two countries is governed in principle by an 1875 convention, though Egyptian cooperation under these instruments has been limited.

US State Dept Trafficking in Persons Report 2016 (introduction):

Egypt is classified a Tier 2 country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Egypt is a source, transit, and destination country for men, women, and children subjected to forced labor and sex trafficking. Egyptian children are vulnerable to sex trafficking and forced labor in domestic service, street begging, and agricultural work. Individuals from the Persian Gulf, including Saudi Arabia, United Arab Emirates, and Kuwait, purchase Egyptian women and girls for "temporary" or "summer" marriages for the purpose of commercial sex, including cases of sex trafficking, as well as forced labor; these arrangements are often facilitated by the victims' parents and marriage brokers, who profit from the transaction. Child sex tourism occurs primarily in Cairo, Alexandria, and Luxor. Egyptian men are subjected to forced labor in construction, agriculture, and low-paying service jobs in neighboring countries. In 2015, media reported migrant Egyptian children, including unaccompanied minors in Italy observed selling goods in marketplaces and streets, are vulnerable to sexual exploitation and forced labor.

Men and women from South and Southeast Asia and East Africa are subjected to forced labor in domestic service, construction, cleaning, and begging. Foreign domestic workers—who are not covered under Egyptian labor laws—from Indonesia, the Philippines, Sri Lanka, Bangladesh, and Ethiopia are highly vulnerable to forced labor, experiencing excessive working hours, confiscation of passports, withheld wages, denial of food and medical care, and physical and psychological abuse. Women and girls, including refugees and migrants, from Asia, sub-Saharan Africa, and the Middle East suffer sex trafficking in Egypt. Syrian refugees who have settled in Egypt remain increasingly vulnerable to exploitation, including forced child labor, sex trafficking, and transactional marriages of girls—which can lead to sexual exploitation, including sex trafficking, and forced labor. Irregular migrants and asylum-seekers from the Horn of Africa, who transit Egypt en route to Europe, are increasingly vulnerable to exploitation along this migration route. From 2011 to 2013, instances of forced labor and sexual servitude, smuggling, abduction, and extortion of African migrants in the Sinai Peninsula occurred at the hands of criminal groups; however, international organizations observed the flow of these migrants into the Sinai nearly ceased in 2015, due in part to continued Egyptian military operations. Anecdotal reports, however, suggest these criminal groups have relocated from the Sinai to Egypt's border with Libya, where migrants remain vulnerable to the same abuses, including trafficking.

The Government of Egypt does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. Although the government identified a substantially higher number of trafficking victims compared to the previous reporting period, protection services declined. The government's only trafficking-specific shelter permanently closed in May 2015, and it was unclear if identified trafficking victims received adequate protection services at other government-run facilities. Nonetheless, more than 300 identified victims were referred by government officials to and received services at government operated reception centers or NGO-run shelters. Many officials failed to identify victims systematically among vulnerable groups, and the government had no written procedures to do so. As a result, authorities continued to treat unidentified trafficking victims as criminals and punished them for unlawful acts committed as a direct result of being subjected to human trafficking. The government continued to prosecute trafficking offenders and convicted three offenders in 2015; however, many trafficking cases continued to be settled out of court, failing to adequately punish offenders. Although the government made some efforts to prevent trafficking, budget shortfalls impeded the government's efforts to effectively protect victims and combat trafficking, for which it relied on international donor assistance.

US State Dept Terrorism Report 2016

Egypt is currently identified by the US Secretary of State as a Safe Haven for International Terrorism

Overview: In 2016, the Egyptian government continued to confront active terrorist groups that conducted deadly attacks on government, military, and civilian targets throughout the country. While the overall number of attacks against civilian targets declined through the middle of the year, several high-profile attacks at the end of the year indicate the threat level remains high. Two ISIS affiliates, ISIL-Sinai Province (ISIL-SP) and a distinct group calling itself Islamic State Egypt (IS Egypt), continued to pose a threat. Egypt also faced anti-regime violence from groups, including Liwa al-Thawra and the Harakat Sawa'd Misr (HASM) organization; both have claimed responsibility for attacks in Egypt. The Revolutionary Punishment and Popular Resistance organizations were less active than they had been in the past. While ISIS-affiliated groups likely received some external support and direction, there is no evidence of a significant presence of foreign terrorist fighters in Egypt.

President Abdel Fattah Al Sisi remained focused on counterterrorism efforts in Egypt. The Egyptian Armed Forces (EAF) continued the counterterrorism campaign against ISIL-SP in North Sinai (known as Operation "Right of the Martyr") to defeat the terrorist threat and prevent the establishment of a terrorist safe haven. The Egyptian government claimed to have killed thousands of terrorists. Rights groups and international media reported allegations that the armed forces used indiscriminate force during military operations that targeted widespread terrorist activity in the northern Sinai Peninsula, resulting in killings of civilians and destruction of property. The government did not report any civilian casualties during operations in the Sinai. (There is no independent confirmation of these allegations as northern Sinai remains closed to U.S. officials, non-governmental organizations (NGOs), and the press.)

Further, the EAF sustained efforts to seize and destroy tunnels used for smuggling on the border between Egypt and Gaza but at a slower rate compared to last year due to the establishment of a border buffer zone, which significantly reduced tunnel activity in this area.

On August 4, ISIL-SP leader Mohamed Fereij Zeyada (aka Abu Doaa Al-Ansary) was killed in an operation south of Sheikh Zoweid. Improvised explosive devices (IEDs) continue to be the largest threat facing Egyptian security forces in North Sinai. To circumvent EAF telecommunication jamming, militants developed IEDs that detonate using pressure plates and wire triggers.

Egypt is a member of the Global Coalition to Defeat ISIS and its Counter-ISIS Finance Group.

Legislation, Law Enforcement, and Border Security: Egypt continued to implement two significant counterterrorism laws issued by Presidential decree in 2015 and ratified by Parliament in 2016: the "Terrorist Entities Law," which established a mechanism for designating organizations or individuals as terrorist entities; and a sweeping new counterterrorism law that significantly increased the penalties for terrorism-related crimes. The law also imposes a steep fine, equal to many times the average annual salary of most local journalists, for publishing “false news” that contradicts official government reports on terrorism, which some civil society organizations worry could be used to stifle dissent and lead to under-reporting on acts of terrorism.

In November 2016, the Legislative and Legal Affairs committee of the Parliament planned to discuss an amendment to Egypt’s criminal procedures law that would expedite judicial appeals procedures to ensure swift justice in terrorism-related cases; however, these planned changes were delayed. In the wake of the December attack against El-Botroseya Coptic church, the Egyptian government planned to convene a major conference to discuss amendments to the criminal procedures law, including initiatives to allow the Cassation Court to consider cases as soon as they are appealed and issue verdicts quickly instead of referring them for retrial in criminal courts. Several politicians have also called for Parliament to refer all terrorism cases to military courts.

The National Security Sector, a division of the Ministry of Interior (MOI), is primarily responsible for counterterrorism functions in the Nile Valley, but also works with other elements of the MOI, the Egyptian General Intelligence Service, and the EAF. There was limited interagency cooperation and information sharing among the various counterterrorism elements within the Egyptian government in 2016.

Egypt continued to take actions to improve its border security. At border crossings and airports, Egyptian authorities checked for the presence of known security features within travel documents, such as micro-printing, UV features, and digital schemes. They also scanned and cross-referenced documents with criminal databases that alert them when there is derogatory information present. Egypt maintains a terrorist watchlist with a simple listing provided to Egyptian immigration officials at the ports of entry and detailed information maintained by the security services. In response to the downing of Metrojet flight 9268 in October 2015, the United States issued enhanced screening requirements for cargo flying from or through Egypt to the United States. These restrictions remained in place during 2016. Egypt bolstered security procedures and updated screening equipment at all of its international airports, including cargo screening at Cairo International Airport.

Egypt’s most significant physical border security concerns were along the borders with Gaza and Libya, although smuggling was also a problem along the border with Sudan. The EAF aggressively sought to destroy underground tunnels that connect Gaza and Sinai. The EAF continued to maintain the de-populated buffer-zone along the border with Gaza, which extends to 1.5 kilometers from the border. Egypt maintained an increased military presence along the Libya border; the government used cargo and passenger vehicle x-ray scanning devices at the Libyan border crossing to inspect traffic traveling both into and out of Egypt. The EAF was also working to procure a suite of mobile surveillance technologies to improve its situational awareness along the border with Libya.

Countering the Financing of Terrorism: Egypt is a member of the Middle East and North Africa Financial Action Task Force, a Financial Action Task Force (FATF)-style regional body and also a member of the Coalition’s Counter-ISIS Finance Group. Egypt’s Financial Intelligence Unit, the Egyptian Money Laundering and Terrorist financing Combating Unit, is a member of the Egmont Group of Financial Intelligence Units. The Government of Egypt has shown increased willingness to improve its anti-money laundering/countering the financing of terrorism legal framework. During 2015, Egypt enacted a number of laws to strengthen measures to counter terrorist financing to align with international standards and to enhance its legal framework to identify terrorists and terrorist organizations.

Egypt enacted a criminalization system for terrorist financing, in accordance with international standards, and has comprehensive procedures to implement financial sanctions pursuant to the UN Security Council (UNSC) ISIL (Da'esh) and al-Qa'ida sanctions regime. Egypt remains vulnerable to terrorist financing, however, because of the large informal cash-based economy, undocumented small scale financial transactions, an estimated 90 percent of the population that does not have formal bank accounts, and the proximity to several terrorist organizations such as ISIL-Sinai. The Central Bank of Egypt and the Federation of Egyptian Banks have aimed to promote financial inclusion by incentivizing individuals and small and medium size enterprises to enter the formal financial sector. Additionally, Egypt enacted measures including digitization of government payments, introduction of smartcards, and increased banking services with mini-branches, more ATMs, and mobile phone applications. Despite legislative efforts, smuggling of antiquities and narcotics remained a concern, and exploitation of banking technologies and social media for terrorism funding also remained an issue. For example, ISIL-SP solicited funds using Twitter to finance terrorist activities in Egypt, relying on anonymous prepaid value cards.

International Sanctions

On 21 March 2011, the European Union adopted Council Regulation (EU) No 270/2011 ("Regulation") which placed restrictive measures on certain persons and entities identified as being responsible for the misappropriation of Egyptian state funds and persons and entities associated with them. The UK to give full effect to the EU Regulation enacted the Egypt (Asset Freezing) Regulations 2011 (2011/887) (the "UK Regulation"). The UK Regulation entered into force on 22 March.

The key provisions set out in the UK Regulation include:

- A person ("P") must not deal with funds or economic resources belonging to, or owned, held or controlled by, a designated person if P knows, or has reasonable cause to suspect, that P is so dealing;

- A person ("P") must not make funds or economic resources available, (1) directly or indirectly, to a designated person or (2) to any person for the benefit of a designated person, if P knows, or has reasonable cause to suspect, that P is so making funds or economic resources available. Funds or economic resources are made available for the benefit of the designated person only if that person thereby obtains, or is able to obtain, a significant financial benefit.

- No person may intentionally participate in activities knowing that the object or effect of them is (whether directly or indirectly) to circumvent any of the prohibitions, or to enable or facilitate the contravention of any such prohibition.

The Regulation states that it applies to nineteen designated persons including:

- Members of the Mubarak family including:

- Hosni Mubarak (former President);

- Suzanne Saleh Thabet (spouse of Mr Mubarak); and

- Alaa Mubarak and Gamal Mubarak (sons).

- Certain senior former officials in the former Mubarak-led government including in some case their spouses and children.

Companies, particularly financial institutions, should be aware that the sanctions regime has broad application beyond the designated persons. Article 2(1) of the EU Regulation states that the key provisions apply not only to the designated persons listed in the sanctions regime but also 'legal persons, entities and bodies associated with them'. Article 2(2) goes on to say that funds cannot be made available 'directly or indirectly'. As a result, firms should bear this in mind when looking at transactions which may involve entities which they believe or have reasonable cause to suspect may be associated with designated persons.

Arab League

November 28, 2011 - The Arab League (comprising 22 Arab member states), of which this country is a member, has approved imposing sanctions on Syria. These include: -

- Cutting off transactions with the Syrian central bank
- Halting funding by Arab governments for projects in Syria
- A ban on senior Syrian officials travelling to other Arab countries
- A freeze on assets related to President Bashar al-Assad's government

The declaration also calls on Arab central banks to monitor transfers to Syria, with the exception of remittances from Syrians abroad.

The Arab League has boycotted Israel in a systematic effort to isolate Israel economically in support of the Palestinians, however, the implementation of the boycott has varied over time among member states..

There are three tiers to the boycott. The primary boycott prohibits the importation of Israeli-origin goods and services into boycotting countries. The secondary boycott prohibits individuals, as well as private and public sector firms and organizations, in member countries from engaging in business with any entity that does business in Israel. The Arab League maintains a blacklist of such firms. The tertiary boycott prohibits any entity in a member country from doing business with a company or individual that has business dealings with U.S. or other firms on the Arab League blacklist.

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	32
World Governance Indicator – Control of Corruption	32

Corruption is an obstacle for businesses in Egypt. Bribery, embezzlement, tampering with official documents and extortion are among the forms of corruption encountered. A culture of nepotism and favoritism has tainted Egypt's economy and its investment climate. Baksheesh, literally meaning bribery, is part of Egyptians' everyday life. A poor legal framework and a widespread culture of corruption leave businesses reliant on strong connections and the use of middlemen (known as wasta) to operate, and well-connected businesses enjoy privileged treatment. Egypt's Penal Code criminalizes several forms of corruption such as active and passive bribery and abuse of office, but existing legislation is unevenly enforced, leading government officials to act with impunity. Facilitation payments and gifts are an established part of "getting things done," despite these practices being criminalized under Egyptian law. **Information provided by GAN Integrity.**

US State Department

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

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

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

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

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

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

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Egypt ratified United Nations Convention against Corruption in February 2005. It has not acceded to the OECD Convention on Combating Bribery or any other regional anti-corruption convention.

Corruption and Government Transparency - Report by Global Security

Political Climate

Following protests that started on 25 January 2011, Mohammed Hosni Mubarak stepped down as president on 11 February 2011. The protests were a response to many grievances held by the Egyptian people, chief among them was police repression, lack of free elections and the rampant corruption that pervades Egyptian society. Social media played a key role, providing a forum for citizens to share their discontent and to organise the initial protests. In June 2012, Mohamad Morsi was elected president of Egypt. In August 2011, Mubarak was sentenced to a lifetime in prison for complicity in the killing of protesters during the uprisings; nevertheless, the court acquitted Mubarak and his sons of charges of corruption, a decision that sparked fury amongst demonstrators.

Prior to the revolution observers agreed that corruption in Egypt was pervasive and anti-corruption measures were perceived to be mere cosmetic changes serving Mubarak's political agenda. Nevertheless, the uprisings spurred the surfacing of multiple official corruption cases as well as the trials of several ministers and businessmen with ties to the former regime. For instance, the former ministers of tourism and interior as well as the ex-Prime Minister all faced trial for corruption and abuse of power. However, the Morsi Administration has taken up the challenge of corruption and passed several laws to fight the phenomena. A 2013 report released by the Social Science Research Centre notes that the new Constitution, signed into law in 2012, guarantees more transparency in the government than the previous one. Amongst others, the Constitution stipulates the public's right to information, data, documents and statistics, and imposes annual financial disclosure on members of Parliament. The report further notes that the Constitution also establishes an Anti-Corruption

Commission designed to deal with conflict of interest, standards of integrity and transparency in government. Nevertheless, the US Department of State 2012 notes that the government of Egypt did not consistently implement anti-corruption legislation.

The measures undertaken by the new administration in office remain to be assessed; however, during the year, a 2012 report by Global Partners & Associates reports that corruption is still pervasive in Egypt. The report looks at the different sources of corruption and sites, amongst others, government interference in the economy, manipulation of subsidies, a lack of proper government accounting systems, and widespread nepotism. Some of the causes that fuels corruption in Egypt are the poor wages of public officials, which makes them more vulnerable to accepting bribes, especially amongst tax officials. Nepotism and favouritism are also described as widely accepted phenomena, where employment in public entities is often family or relative-based rather than merit-based. In a positive step towards combating bribery, the upper house of Parliament and the Shura Council presented a bill addressing minimum and maximum wages in Egypt, as reported by a February 2013 article by Egypt Independent. The bill sets the minimum wages for employees of the public and the private sector and requires that all earnings above maximum wages be reimbursed to the state treasury.

Business and Corruption

Companies wishing to invest in Egypt should be aware that several sources identify pervasive corruption as a major obstacle to doing business. According to an August 2011 article by Aljazeera, many in Egypt have raised the idea of re-nationalisation of land and state-owned assets due to the legacies of corruption that privatisation suffered. According to the World Economic Forum Global Competitiveness Report 2012-2013, the surveyed companies identify corruption as the fifth most problematic factor for doing business in Egypt. In the same vein, foreign investors have identified corruption as a major impediment to foreign investment and have also reported requests for bribes from Egyptian government officials, as reported by the US Department of State 2013. Other obstacles to investment include excessive bureaucracy, shortage of skilled labour, limited access to credit, slow and cumbersome customs procedures, and non-tariff trade barriers. In addition, the Heritage Foundation 2013 notes that Egypt has shown a decline in investment freedoms over the last year and that corruption is deteriorating investor's trust in the economic system.

According to the 2007-2011 UNDP Project, the civil service is marred by nepotism in hiring procedures and by general over-staffing. Companies are likely to encounter corruption in meetings with public officials, as officials in various government departments are known for bribery, embezzlement and tampering with official documents. According to the CIPE & Ahram Centre for Political and Strategic Studies Egypt SME Survey Report 2009, 42% of the surveyed SMEs report having paid bribes to obtain necessary licences in the establishment process, while 29% paid bribes to government officials during the operation of the company. On the other hand, the same study shows that those who did pay bribes spent more time establishing their companies and had to obtain more licences than those that did not. This indicates that bribes were not paid to speed up procedures but to receive other benefits, such as being awarded a licence despite failing to meet legal requirements. Another 2012 report by Chatham House, states that the informal sector accounts for 40-70% of the economy in Egypt. Employees from the informal sector resort to bribes in order to avoid the scrutiny of authorities. Nevertheless, the report found that the amounts paid in bribes in fact amount to the rate of taxes imposed.

The Ministry of State for Administrative Development has specified several areas where corruption and bribery are commonly found, including public services, customs and taxes, public utilities, and procurement. Foreign companies should note that they are required to go through a local agent in order to bid directly on a government tender. According to Transparency International's Bribe Payers Survey 2012, 41% of the surveyed companies report to have lost new business or contract because competitors resorted to bribery, and 32% of the surveyed companies believe that the anti-corruption laws of Egypt are not effective in fighting corruption. Nevertheless, on a more positive note, 73% of the companies are willing to get involved in the fight against corruption in Egypt. In this regard, companies are recommended to use a specialised public procurement due diligence tool in order to mitigate the corruption risks associated with public procurement in Egypt. Furthermore, companies are recommended to develop, implement and strengthen integrity systems and to conduct extensive due diligence when planning to do or when already doing business in Egypt.

Regulatory Environment

Since 2005, Egypt has been singled out as one of the world's top reformers by the World Bank & IFC's Doing Business 2013. The country has dramatically improved its performance in a number of areas, including starting a company and trading across borders, areas in which Egypt performs impressively compared to regional averages. Nevertheless, the report notes that major improvements were witnessed before 2009, and that 2012 was marked as the year where there was least focus on reform. According to Doing Business 2013, starting a company in Egypt now requires an entrepreneur to go through just 6 procedures, taking an average of 7 days at a cost of 10.2% of GNI per capita. According to the World Economic Forum Global Competitiveness Report 2012-2013, Egypt holds a competitive advantage with regard to the time and number of procedures required to start a company. However, the same source also states that corruption is considered to be one of the most problematic factors for doing business in the country by surveyed business executives. This is also supported by the Heritage Foundation 2013 which emphasises that an effective eradication of corruption along with a strengthened judicial system and better protection of property rights is crucial if Egypt is to sustain economic development, especially as the Egyptian economy has witnessed turmoil since 2011.

Despite Egypt's position as a top reformer between 2005 and 2009, Doing Business 2013 shows that companies continue to face time-consuming procedures, particularly in relation to taxation, registering property, contract enforcement, and dealing with construction permits. According to the same source, companies report that obtaining the necessary licences, permits and completing the required notifications and inspections requires 22 administrative steps and takes 218 days at a cost of more than 135% of income per capita - more cumbersome and time-consuming than the MENA region average. The US Department of State 2013 stresses that despite the government's efforts to the transparency of government policy, excessive bureaucracy is still considered an obstacle to investment, and notes that bureaucratic impediments are often imposed arbitrarily. Companies should know that Egypt's vast privatisation programme poses a licensing and entry barrier in certain sectors. Due to the privatisation process, no licences are issued for the establishment of new companies in the banking and insurance sectors. In effect, this means that companies can only enter into the insurance and banking market through acquisitions and mergers. The former government's privatisation process has been plagued by corruption and cases have surfaced in the post-revolution era. According to the US Department of State 2013, the court annulled contracts between private companies and the Mubarak regime, and renationalised the sold enterprises.

Egypt has established free zones and qualified industrial zones to attract foreign investment, whereas the General Authority for Investment and Free Zones (GAFI) operates as a one-stop shop for investment that offers a range of services, including company registration, partner identification, contracts and licences acquisition. These services are provided free of charge for investors. However, the Heritage Foundation 2013 notes that although services of the one-stop shop have made starting a business less time-consuming and costly, these services will fail to create real entrepreneurial growth without substantial reform in other areas. The Ministry of Investment's Egyptian Investment Portal provides business information concerning investment and joint venture opportunities. The government's Business Services Portal presents business related legislation (mostly in Arabic). The Egyptian government has also prioritised investment dispute resolution and has succeeded in resolving some disputes with foreign investors. However, companies should note that the resolution of disputes in Egypt is both costly and time-consuming due to an inefficient judicial system. Companies can access the Investment Conflict Resolution Committee (in Arabic) for information regarding decisions on commercial disputes. Egypt is a signatory to the International Centre for the Settlement of Investment Disputes (ICSID) and the related framework regarding dispute settlement is in place. The US Department of State 2013 advises companies to include clauses in their contracts specifying provisions for binding international arbitration of disputes. The Cairo Regional Centre for International Commercial Arbitration provides access to arbitration laws and information and services to companies seeking international arbitration solutions to commercial disputes. Access the Lexadin World Law Guide for a collection of legislation in Egypt.

Section 3 - Economy

Occupying the northeast corner of the African continent, Egypt is bisected by the highly fertile Nile valley, where most economic activity takes place. Egypt's economy was highly centralized during the rule of former President Gamal Abdel NASSER but opened up considerably under former Presidents Anwar EL-SADAT and Mohamed Hosni MUBARAK.

Cairo from 2004 to 2008 pursued business climate reforms to attract foreign investment and facilitate growth. Poor living conditions and limited job opportunities for the average Egyptian contribute to public discontent, a major factor leading to the January 2011 revolution that ousted MUBARAK. The uncertain political, security, and policy environment since 2011 caused economic growth to slow significantly, hurting tourism, manufacturing, and other sectors and pushing up unemployment.

Weak growth and limited foreign exchange earnings have made public finances unsustainable, leaving authorities dependent on expensive borrowing for deficit finance and on Gulf allies to help cover the import bill. In 2015, higher levels of foreign investment contributed to a slight rebound in GDP growth after a particularly depressed post-revolution period.

Agriculture - products:

cotton, rice, corn, wheat, beans, fruits, vegetables; cattle, water buffalo, sheep, goats

Industries:

textiles, food processing, tourism, chemicals, pharmaceuticals, hydrocarbons, construction, cement, metals, light manufactures

Exports - commodities:

crude oil and petroleum products, fruits and vegetables, cotton, textiles, metal products, chemicals, processed food

Exports - partners:

Saudi Arabia 9.1%, Italy 7.5%, Turkey 5.8%, UAE 5.1%, US 5.1%, UK 4.4%, India 4.1% (2015)

Imports - commodities:

machinery and equipment, foodstuffs, chemicals, wood products, fuels

Imports - partners:

China 13%, Germany 7.7%, US 5.9%, Turkey 4.5%, Russia 4.4%, Italy 4.4%, Saudi Arabia 4.1% (2015)

Banking

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 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, and Banque du Caire. All banks in Egypt are subject to supervision by the CBE. However, the Arab International Bank, Nasr Social Bank, and the National Investment Bank are exempted due to special provisions in law and treaty.

Egypt aggressively consolidated and reformed the banking system under the 2003 banking law (Law 88 of 2003) Presidential Decree (No. 64 for 2005 which 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).

Stock Exchange

The Cairo and Alexandria Stock Exchanges, now called the Egyptian Stock Exchange (EGX), is the only stock exchange in Egypt and it has grown significantly in volume and value in the past few years. The volume of listed securities has more than quadrupled from 5,311 in 2005 to about 25,556 in 2008 and the total value traded has more than tripled from LE 160,635 million in 2005 to LE 529,000 million in 2008.

Section 4 - Investment Climate

Executive Summary

Despite ongoing government efforts to court international investors, Egypt's investment climate remains challenging, with hard currency controls and shortages impeding the repatriation of profits and the importation of inputs necessary for domestic manufacturing and production. Some established companies that have been able to navigate Egypt's currency challenges and complex regulatory structure have been rewarded, however, by significant returns on investment, in part due to limited competition. The government continues to move ahead on the economic reform agenda announced at the March 2015 Egypt Economic Development Conference (EEDC), though progress has been delayed on energy subsidy reform and the replacement of the sales tax with a value-added tax. The government remains committed to attracting international investment, including launching a large-scale industrial zone around the Suez Canal designed to attract multinational manufacturing and logistics businesses along the major intercontinental shipping route.

The government has concluded the political roadmap adopted in July 2013. It ratified a new constitution in January 2014 and held presidential elections in May 2014. Egypt's first parliamentary elections under the new constitution took place in October 2015. The House of Representatives (Parliament) held its first session on January 10 2016 and has numerous economic and business-related items on its legislative agenda.

Egypt honors its laws, treaties, and trade agreements. It is party to 100 bilateral investment treaties, including a 1992 treaty with the United States, and is a member of the World Trade Organization (WTO), the Common Market for Eastern and Southern Africa (COMESA), and the Greater Arab Free Trade Area (GAFTA). In many sectors, there is no legal difference between foreign and domestic investors. Special requirements exist for foreign investment in particular sectors, such as upstream oil and gas development, where joint ventures are required, as well as real estate.

Investors report there can be delays of several months for transfers of foreign exchange to be executed. Labor rules prevent companies from hiring more than 10 percent non-Egyptians (25 percent in Free Zones), and foreigners are not allowed to operate sole proprietorships or simple partnerships. A foreign company wishing to import for trading purposes must do so through a wholly Egyptian-owned importer. Inadequate protection of intellectual property rights (IPR) is a significant hurdle in certain sectors to direct investment in Egypt. Egypt remains on the U.S. Trade Representative's Special 301 Watch List.

Egypt is a signatory to international arbitration agreements, although Egyptian courts do not always recognize foreign judgments. Dispute resolution is slow, with the time to adjudicate a case to completion averaging three to five years. Other obstacles to investment include excessive bureaucracy, regulatory complexity, a mismatch between job skills and labor market demand, slow and cumbersome customs procedures, and non-tariff trade barriers.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	88 of 175	transparency.org/cpi2014/results

World Bank's Doing Business Report "Ease of Doing Business"	2015	131 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	100 of 143	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country ($M USD, stock positions)	2014/ 2015	$2.1 Billion	Egyptian Ministry of Finance
World Bank GNI per capita	2011 - 2015	$3,050	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Millennium Challenge Corporation Country Scorecard

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) of $4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: http://www.mcc.gov/pages/selection/scorecards. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Encouragement of investment, including foreign investment, is a top priority of the Government of Egypt. The government has supported this policy through a series of pro-business reforms, including a third-party contract appeal law prohibiting third party interference in state-investor contracts; a competition law; and a presidential decree reforming Egypt's 1997 Investment Law by trimming customs duties, expanding corporate veil protection, establishing additional forums for investor-state disputes, and setting the foundation for a true one-stop business registration shop. The government is launching a Suez Canal Development Zone (http://www.sczone.com.eg/English/Pages/default.aspx) with simplified regulation and licensing aimed at attracting investors to develop manufacturing, logistics, and export industry along the Suez Canal.

Other Investment Policy Reviews

Neither the Organization for Economic Cooperation and Development nor the World Trade Organization nor the United Nations Conference on Trade Development has conducted an investment policy review of Egypt in the past three years.

Laws/Regulations on Foreign Direct Investment

In 2015, Egypt issued Presidential Decree 17/2015, reforming many of Egypt's investment-related laws, including the companies law, general sales tax law, investment guarantees and incentives law, and income tax law. The decree refined Egypt's one-stop shop system, establishing the Ministry of Investment's General Authority for Investment and Free Zones (GAFI) as a liaison between investors and government agencies when applying for business licenses. The one-stop shop remains to be implemented as of April 2016. The decree also offered new mechanisms for investor dispute settlement and improved corporate veil protection shielding senior executives from prosecution. Finally, the decree limits the expansion of free zones and gives the cabinet the exclusive right to choose fields of investment in free zones contingent on the state's economic strategy.

The 1997 Investment Incentives Law was designed to encourage domestic and foreign investment in targeted economic sectors and to promote decentralization of industry away from the Nile Valley. The law allows 100 percent foreign ownership of investment projects and guarantees the right to remit income earned in Egypt and to repatriate capital. Despite this guarantee, companies have experienced difficulty remitting earned income due to currency controls. 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 Investment Incentives Law as amended governs incorporation requirements and grants companies established under either the Companies Law or the Commercial Law certain incentives, including protection from nationalization, imposition of obligatory pricing, and cancellation or suspension of licenses to use immovable property. It also provides companies the right to own real estate required for their activities and the right to import raw materials, machinery, spare parts, and transportation methods without being required to register at the Importers Register. Companies eligible to benefit from incentives provided under the Investment Incentives Law must operate in certain targeted sectors, including: infrastructure; manufacturing and mining; transport; software development; medical services; certain financial services; oil field services; agriculture; reclamation of desert land; hotels; and tourism.

The Companies Law (law 159 of 1981) regulates 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. The law allows 100 percent foreign representation on the board of directors, and strengthens accounting standards.

The Tenders Law (law 89 of 1998) requires the government to consider both price and best value in awarding contracts and to issue an explanation for refusal of a bid. However, the law contains preferences for Egyptian domestic contractors, who are accorded priority if their bids do not exceed the lowest foreign bid by more than 15 percent.

The Capital Markets Law (law 95 of 1992) and its amendments and regulations govern Egypt's capital markets. Foreign investors can buy shares on the Egyptian Stock Exchange on the same basis as local investors. Brokerage firms have capital requirements of LE 5 million (US$656,200), and same-day trading on the Egyptian stock market is allowed. As of April 2016, 94 brokerage firms had licenses for same-day or intra-day trading. The Capital Markets Law allows local and foreign institutions to issue bonds at a par value of LE 0.10 (US$0.0131).

Decree No. 719 for 2007 by the Ministry of Industry and Foreign Trade and Ministry of Finance provides incentives for industrial projects in the governorates of Upper Egypt (Upper Egypt refers to governorates in southern Egypt). The decree provides an incentive of LE 15,000 (US$1,968) for each job opportunity created by the project, on the condition that the investment costs of the project exceed LE 15 million (US$1.97 million). The decree can be implemented on both new and on-going projects.

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

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

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

Business Registration

The World Bank ranks Egypt among the easiest countries in the Middle East and North Africa in which to establish a business, although there are often significant delays obtaining required licenses after a business is established. According to the World Bank, a business can be started in 8 days, compared to a regional average of 19 and a global average of 42. Business registration is unavailable online and must be done in person at the General Authority for Investment (GAFI), located in Nasr City, Cairo, with satellite offices in Ismailia, Assuit, and Alexandria. In addition to GAFI, new business founders must open a company file and register employees at the National Authority of Social Insurance and obtain a bank certificate from an authorized bank in order to open a bank account. Businesses have reported registration times anywhere from one to ten weeks. In addition to registering, businesses must obtain licenses authorizing business activity. Businesses have reported the time required to obtain business licenses ranges from 3 to 12 months.

In addition to processing business registrations, GAFI is responsible for assisting foreign investors wishing to invest in Egypt (http://www.gafi.gov.eg/English/Pages/default.aspx).

The government supports local organizations as well as government initiatives aimed at increasing entrepreneurship rates in Egypt. In an effort to direct lending to small and medium-sized enterprises, the Central Bank of Egypt has directed banks present in Egypt to lend 20 percent of their loan portfolio to SME's by the year 2020. In addition, microfinance institutions are now licensed and regulated by Egypt's non-bank financial regulator, the Egyptian Financial Services Authority (EFSA), in accordance with a new law to support lending to Egypt's smallest firms. The government defines small and medium-sized enterprises as follows: Enterprises with paid-up capital of less than 50,000 EGP and fewer than 10 employees are classified as micro enterprises. Enterprises with paid-up capital between 50,000 and 5 million EGP (for industrial establishments) or 50,000 and 3 million EGP (for non-industrial establishments) and fewer than 200 employees are classified as small enterprises. Enterprises with paid-up capital between 5 million and 10 million EGP (for industrial establishments) or 3 million and 5 million EGP (for non-industrial establishments) and fewer than 200 employees are classified as medium-size enterprises.

Industrial Promotion

Energy & Mining: The petroleum industry is one of the most commercially significant in Egypt, and hydrocarbon production is by far the largest single industrial activity. Although petroleum, natural gas, and petrochemicals have traditionally been Egypt's top exports, acute energy shortages in recent years have turned Egypt into a net importer of oil, gas and refined petroleum products. Feedstock shortages have hit the petrochemical sector. Other energy-intensive sectors, such as cement, steel and fertilizer production, have also suffered from natural gas and power shortages. The Egyptian government encourages investment by international oil and gas companies, and currently dozens of international producers are operating in Egypt. The hydrocarbon industry is managed by the Ministry of Petroleum and Natural Resources, under which four state-owned companies function as government agencies. One of these is the Egyptian General Petroleum Corporation (EGPC), which concludes concession agreements with foreign and domestic oil and gas producers in the form of production-sharing agreements (PSAs). The Egyptian Natural Gas Holding Company (EGAS) performs a similar function for investments in Egypt's offshore natural gas fields. Egypt grants concessions in specified geographical areas through the promulgation of a special law for each concession, which forms the legal basis for the PSA between the investor and the state-owned partner company. Basing each concession agreement in law gives the agreements supremacy in application over contrary legislation or regulation. After concluding the agreement, any contractual changes are remedied through amicable adaptation of its provisions or through arbitration. These safeguards were specifically devised by the Government of Egypt to help forge trust with foreign investors and improve investment in the hydrocarbon sector. In some cases, the Egyptian military needs to grant permission for firms to access and operate in restricted-access concession areas.

A lack of competition among internet service and fixed landline providers, such as TE Data, has led to high prices, low internet speeds (2-8 Mbit/s in downtown Cairo), unreliable service quality, and high numbers of customer complaints. Only 3G mobile data services are currently available in Egypt. The Ministry of Communications and Information Technology has stated that 4G and broadband services will be permitted once the unified license is announced.

Travel: Prior to January 2011, tourism was Egypt's third-largest source of foreign currency and a significant source of employment. Tourism has fallen significantly since the 2011 revolution, particularly higher-end cultural tourism. Beach resorts have fared better. As of fiscal year 2014/2015, according to the Ministry of Tourism, tourist visits have rebounded to 10.2 million, up from 7.9 million in 2013 but still below the 11.9 million tourist arrivals Egypt saw in fiscal year 2010/2011. Tourism income in 2014/15 was down 31 percent from the pre-2011 period, reaching $7.3 billion, according to the Ministry of Tourism. Tourism has fallen to sixth place as a source of foreign currency in Egypt.

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

Limits on Foreign Control and Right to Private Ownership and Establishment

Agribusiness: Land/Real Estate Law 15 of 1963 explicitly prohibits foreign individual or corporate ownership of agricultural land (defined as traditional agricultural land in the Nile Valley, Delta and Oases).

Energy & Mining: Electricity Law 18 of 1998 allowed the government to sell minority shares of electricity distribution companies to private shareholders, both domestic and foreign. A new electricity law enacted in 2015 will further open electricity generation and distribution to the private sector once it is implemented.

The Egyptian Companies Law does not set any limitation on foreigners, neither as shareholders nor as managers/board members, except for Limited Liability Companies where the only restriction is that one of the managers should be an Egyptian national. In general, this is not considered a limitation on foreign contribution in management as the Egyptian manager may be appointed with very limited authority and other authorities may be granted to other foreign managers. In addition, companies are required to acquire a commercial and tax license, and pass a security clearance process. Although companies are able to operate while undergoing this security screening, if it is rejected they must cease operations and undergo a lengthy appeals process. Businesses have cited instances where Egyptian clients were hesitant to engage in protracted business contracts with foreign businesses that have not yet received security clearance, and have expressed concern about seemingly arbitrary refusals, opaque explanations when a security clearance is not issued, and a lengthy appeals process. Although the Government of Egypt has made progress streamlining the business registration process at the General Authority for Investment, lack of familiarity or experience working with foreigners has sometimes led to inconsistent and questionable treatment by banks and government officials, delaying registration.

Sector-specific limitations to investment include restrictions on foreign shareholding of companies owning lands in Sinai. Likewise, the Import-Export Law requires companies wishing to register in the Import Registry to be 100 percent owned and managed by Egyptians. In 2016, the Ministry of Trade prepared an amendment to the law allowing the registration of importing companies owned by foreign shareholders; as of April 2016, the law had not yet been submitted to Parliament.

Privatization Program

Egypt has not concluded significant privatizations of state-owned enterprises since 2008. Efforts to continue privatization since then have stalled. In March 2016, Prime Minister Sherif Ismail declared that the government would cease efforts to privatize the public sector, saying state-owned enterprises needed to be reformed instead. This statement followed the reestablishment of a Ministry of Public Enterprises in the same month.

Egypt's privatization program was based on Public Enterprise Law 203 of 1991, which permitted the sale of state enterprises to foreign entities. In 1991, Egypt began a privatization program 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 is defined as mixed state and private ownership, whether foreign or domestic). Bidding criteria for privatizations are generally clear and transparent.

In 2014, the President signed a law limiting appeal rights on state-concluded contracts to reduce third-party challenges to prior government privatization deals. The law was intended to reassure investors concerned by legal challenges brought against privatization deals and land sales dating back to the pre-2008 period. Ongoing court cases had put many of these now-private firms, many of which are foreign-owned, in legal limbo over concerns that they may be returned to state ownership.

Screening of FDI

Egypt maintains de facto oversight of certain categories of FDI based on geography and sector. While there are no formal geographical restrictions on investments in Egypt, the government generally denies approval for investment in manufacturing facilities in Cairo due to congestion. Approval by the security services is also usually required for investments in the Sinai Peninsula. In addition, certain regulatory approvals are required in the financial sector. The government does not issue new licenses for banks or insurance companies. Foreign firms can only enter the Egyptian market by having their purchase of a stake in an existing bank or insurance company approved by the Central Bank of Egypt.

Competition Law

The Egyptian Competition Authority is the body tasked with ensuring free competition in the market and preventing anticompetitive practices. The Authority operates under the Egyptian Competition Law, which was enacted in 2005 and covers three categories of violations: 1) cartels; 2) abuse of dominance; and 3) vertical restraints. In 2008, laws number 190/2008 and 193/2008 introduced amendments to the Competition Law aiming at protecting competition, prohibiting monopolistic practices, and assuring free competition and free entry and exit from the market based on economic efficiency. The main challenges to implementing the Competition Law include the lack of competition policy at the country level, a significant informal sector, and the lack of availability of information and data.

2. Conversion and Transfer Policies

Foreign Exchange

Businesses operating in Egypt currently suffer from difficulty accessing hard currency for business purposes, difficulty repatriating profits, and a lack of long-term clarity about the rules governing currency transfers. In early 2016, the Central Bank lifted dollar deposit limits on households and firms who are importing priority goods which had been in place since early 2015. Businesses, including foreign-owned businesses, that are not operating in priority sectors have continued to encounter significant and shifting restrictions on dollar access, as have importers.

Following the January 2011 revolution, in order to conserve foreign exchange reserves, the Central Bank imposed restrictions on conversion and transfers of funds out of Egypt. Individuals were only permitted transfers up to a total maximum of $100,000. In January 2014, however, the Central Bank permitted individuals who had already reached that limit to transfer an additional $100,000. No specific guidelines from the Central Bank regarding fund transfer were issued in 2015. While businesses do not face these restrictions for transfers for legitimate business purposes, extensive documentation can be required. Foreign investors say that lack of availability of foreign exchange has resulted in delays of up to several months acquiring currency.

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

A parallel foreign exchange market exists in Egypt outside of the official banking system in which US dollars trade at a premium to the official rate of $1= LE 8.88 as of March 2016.

Remittance Policies

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. In practice, large corporations have been unable to repatriate local earnings for months at a time.

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

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

3. Expropriation and Compensation

The Investment Incentives Law provides guarantees against nationalization or confiscation of investment projects under the law's domain (Law 8 Article 8). The law also provides guarantees against seizure, requisition, blocking, and placing of assets under custody or sequestration (Law 8 Article 9). It offers guarantees against full or partial expropriation of real estate and investment project property (Law 8 Articles 11 and 12). The U.S.-Egypt Bilateral Investment Treaty also provides protection against expropriation. Private firms are able to take cases of expropriation to court, but the judicial system can take several years to resolve a case.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Egypt's legal system is a civil codified law system. The judiciary is an independent branch of the government.

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 has a system of economic courts specializing in private sector disputes that have jurisdiction over cases related to economic and commercial matters, including intellectual property disputes.

Bankruptcy

Egypt does not have a bankruptcy law per se, although Commercial Law 17 of 1999 includes a chapter on bankruptcy. The terms of the bankruptcy chapter are silent or ambiguous on several key issues that are crucial to the reduction of settlement risks. The Egyptian government has identified the lack of a functioning bankruptcy code as a significant weakness for investment. In 2015, in an attempt to help accelerate the bankruptcy process, the government amended Egypt's 1997 Investment Law, stipulating that if a company under liquidation has not received a statement of liquidation from the relevant administrative authorities within 120 days of the liquidator submitting the application, the company will be discharged from its liabilities. While this has accelerated bankruptcy proceedings to some extent, the government continues to indicate in public statements that efforts are underway to initiate new bankruptcy legislation to more permanently address continuing concerns over the cost and paperwork involved in bankruptcy. Those efforts remain ongoing.

In practice, the paperwork involved in liquidating a business remains convoluted and starting a business is easier than shutting one down. Bankruptcy is frowned upon in Egyptian culture and many businesspeople believe they may be found criminally liable if they declare bankruptcy.

Investment Disputes

U.S.-Egypt Bilateral Investment Treaty allows an investor to take a dispute directly to binding third-party arbitration. The Egyptian courts generally endorse international arbitration clauses in commercial contracts. For example, the Court of Cassation has, on a number of occasions, confirmed the validity of arbitration clauses included in contracts between Egyptian and foreign parties.

Presidential Decree law No. 17 of 2015 added a new mechanism for simplified settlement of investment disputes aimed at avoiding the court system altogether. In particular, the law established a Ministerial Committee on Investment Contract Disputes, responsible for the settlement of disputes arising from investment contracts to which the State, or a public or private body affiliated therewith, is a party. The decree also established a Complaint Committee to consider challenges connected to the implementation of Egypt's amended 1997 Investment Law. Finally, the decree established a Committee for Resolution of Investment Disputes that will review complaints or disputes between investors and the government related to the implementation of the Investment Law. In practice, Egypt's dispute resolution mechanisms are broadly effective, but businesses have reported difficulty obtaining payment from the government in the event of a monetary settlement.

International Arbitration

There has been at least one reported instance of corruption within Egypt's arbitration system leading to a sham "award" against a U.S. company. Delays in the judicial handling of the case have impeded swift resolution of the case. The U.S. Embassy recommends that U.S. companies employ contractual clauses specifying binding international, not local, arbitration of disputes in their commercial agreements.

ICSID Convention and New York Convention

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.

Egypt adheres to the 1958 New York Convention on the Enforcement of Arbitral Awards; the 1965 Washington Convention on the Settlement of Investment Disputes between States and the Nationals of Other States; and the 1974 Convention on the Settlement of Investment Disputes between the Arab States and Nationals of Other States. An award issued pursuant to arbitration that took place outside Egypt may be enforced in Egypt if it is either covered by one of the international conventions to which Egypt is party or it satisfies the conditions set out in Egypt's Dispute Settlement Law 27 of 1994, which provides for the arbitration of domestic and international commercial disputes and limited challenges of arbitration awards in the Egyptian judicial system. The Dispute Settlement Law was amended in 1997 to include disputes between public enterprises and the private sector.

Duration of Dispute Resolution – Local Courts

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

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Egypt is a member of the World Trade Organization (WTO). The most recent Trade Policy Review for Egypt prepared by the WTO was issued in 2005: https://www.wto.org/english/tratop_e/tpr_e/tp250_e.htm

Investment Incentives

Due to congestion in Cairo, the government offers incentives to move existing manufacturing facilities out of Cairo. Upon request, government officials assist investors in locating a site for a project, often in one of the new industrial sites located outside Cairo, and sometimes provides necessary infrastructure. The new amendments to the Investment Incentives Law (Article 20) stipulate that it is permissible, based on a Cabinet decree, to provide special non-tax incentives to projects that meet any of the following criteria: a) are labor intensive; b) maximize local content; c) invest in logistics, internal trade, energy, or transport; or, d) invest in remote or disadvantaged areas.

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

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

Research and Development

Research and Development (R&D): The 2014 constitution includes article 23 which explicitly states that the country can spend “no less than 1 percent of Gross National Product on scientific research.” If fully implemented, this would double the government’s current R&D budget. Large-scale R&D activities, however, are relatively modest. The majority of government-funded R&D programs are in agriculture, health, and, to a lesser extent, manufacturing. There are no reports of discrimination against U.S. or other foreign firms wishing to participate in R&D programs in Egypt. Most Egyptian R&D programs are established by government initiative.

Performance Requirements

No performance requirements are specified in the Investment Incentives Law, and the ability to fulfill local content requirements is not a prerequisite for approval to set up assembly projects. In many cases, however, 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 184/2013 allows for the reduction of customs tariffs on intermediate goods if the final product has a certain percentage of input from local manufacturers, beginning at 30 percent local content. As the percentage of local content rises, so does the tariff reduction, reaching up to 90 percent if the amount of local input is 60 percent or above. In certain cases, a Minister can grant tariff reductions of up to 40 percent in advance to certain companies without waiting to reach a corresponding percentage of local content. In 2010, Egypt revised its export rebate system to provide exporters with additional subsidies if they used a greater portion of local raw materials. See the section "Import and Export Policies" for more details on the export rebate system.

Manufacturers wishing to export under trade agreements between Egypt and other countries must complete certificates 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.

Data Storage

Egypt does not impose localization barriers on IT firms. Egypt does not make local production a requirement for market access, does not have local content requirements, and does not impose forced technology or IP transfers as a condition of market access.

Source: https://copyrightalliance.org/sites/default/files/resources/2013-localization-barriers-to-trade.pdf

6. Protection of Property Rights

Real Property

The Egyptian legal system provides protection for real and personal property. Laws on real estate ownership are complex and titles to real property may be difficult to establish and trace. According to the World Bank's 2016 Doing Business Report, Egypt ranks 111 out of 189 for ease of registering property. (http://www.doingbusiness.org/data/exploreeconomies/egypt/~/media/giawb/doing%20business/documents/profiles/country/EGY.pdf)

A National Title Registration Program introduced by the Ministry of State for Administrative Development is implemented in nine areas within Cairo. This program is intended to simplify property registration and facilitate easier mortgage financing. Real estate registration fees, long considered a major impediment to development of the real estate sector, are capped at no more than 2000 EGP (US$227), irrespective of the property value. In November 2012, the government postponed implementation of an enacted overhaul to the real estate tax system until 2014; but as of early 2016 no action has been taken.

There is an extensive rent control system for older residential and commercial real estate property resulting in some apartment rents as low as US$10 per month. However, these rent controls do not apply to real estate put into service in recent years. Foreigners are limited to ownership of two residences in Egypt and specific procedures are required for purchasing real estate in certain geographical areas.

The mortgage market is still undeveloped in Egypt, and in practice most purchases are still conducted in cash. Real Estate Finance Law 148 of 2001 authorized both banks and non-bank mortgage companies to issue mortgages. The law provides procedures for foreclosure on property of defaulting debtors, and amendments passed in 2004 allow for the issuance of mortgage-backed securities. According to the regulations, banks can offer financing in foreign currency of up to 80 percent of the value of a property.

Presidential Decree 17/2015 permitted the government to provide land, free of charge and in certain regions only, to investors meeting certain technical and financial requirements. This provision expires on April 1, 2020 and the company must provide cash collateral for five years following commencement of either production (for industrial projects) or operation (for all other projects).

Intellectual Property Rights

Egypt's IPR legislation generally meets international standards, but is weakly enforced. Egypt was included on the Special 301 Watch List in 2015 (Note: The Special 301 Report is published in early April). Shortcomings in the IPR environment include infringements to copyrights and patents, particularly in the pharmaceuticals sector.

Book, music, and entertainment software piracy is prevalent in Egypt, and a significant portion of the piracy takes place online. American film studios represented by the Motion Pictures Association of America are concerned about the illegal distribution of American movies on regional satellite channels. Market access impediments, including ad valorem duties on imported CD-based goods, a tax on imported goods, censorship certificate fees for foreign films, and a 20 percent entertainment tax on foreign films (versus five percent for Arabic-language films) remain challenges for U.S. firms selling in Egypt.

Multinational pharmaceutical companies complain that local generic drug manufactures infringe on their patents. Delays and inefficiencies in processing patent applications by the Egyptian Patent Office compound the difficulties pharmaceutical companies face in introducing new drugs to the local market. The Egyptian government's convoluted bureaucratic structure represents a another obstacle that must be overcome by pharmaceutical companies seeking to do business in Egypt. For example, the Ministry of Health has the power to issue permits for the sale of drugs, but generally issues these permits without cross-checking patent filings. The result is that a company, which has does not hold patent rights to a certain drug, can be given the right to sell that drug in Egypt.

Law 82/2002 reflects the provisions of the TRIPS Agreement. Article 69 of Egypt's 2014 constitution mandates that a "specialized body" be established to ensure IPR protection, however, at present such an agency is not in operation. The Egyptian Customs Authority (ECA) handles IPR enforcement at the national border and the Ministry of Interior's Department of Investigation handles domestic cases of illegal production. The ECA cannot act unless the trademark owner files a complaint. Moreover, Egypt's Economic Courts often take years to reach a decision on IPR infringement cases.

In January 2016, the Egyptian government began a media campaign to protect trademarks from counterfeit goods, however, the campaign has focused only on protecting Egyptian goods. ECA's customs enforcement also tends to focus on protecting Egyptian goods. The ECA is taking steps to adopt the World Customs Organization's (WCO) Interface Public-Members *platform,* which allows customs officers to detect counterfeit goods by scanning a product's barcode and checking the WCO trademark database system.

Resources for Rights Holders

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

IPR Contact at Embassy Cairo:

- Joon Lee
- Economic Officer
- 20-2-2797-3300
- LeeCJ1@state.gov

Local attorneys list: http://egypt.usembassy.gov/professional-services.html

7. Transparency of the Regulatory System

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

Under the Constitution, new laws are drafted by the cabinet and sent to the Parliament for amendment and debate. Upon parliamentary approval, the draft legislation is then referred to the President for approval. Although the notice of and full drafts of legislation in Egypt are typically printed in the Official Gazette (similar to the Federal Register in the United States), in practice consultation with the public is limited. In recent years, the Ministry of Trade and other government bodies have circulated draft legislation among concerned parties, including business associations and labor unions. This is a welcome change from previous practice.

Egypt's current Parliament was seated on January 10, 2016. Historically parliamentary committees have held 'social dialogue' sessions with concerned parties and organizations to discuss proposed legislation. However, responsiveness on the part of legislators to feedback received from concerned parties was limited. It remains to be seen if Egypt's new parliament will adopt a more inclusive approach to social dialogue.

Regulatory Reform: Over the past decade, the Egyptian Government, led by the Ministry of Finance and the Ministry of Investment, made progress enhancing the country's regulatory framework, particularly for businesses, for the purpose of promoting investment and creating job opportunities. Starting in 2014 the Government undertook to reform Egypt's economy in a plan that was to include broad energy subsidy reform; a new value-added tax; simplified business registration and licensing; and a series of large megaprojects, including the expansion of the Suez Canal, extensive construction of new highways, and a "one-million feddans" (acre) project to reclaim desert land for agricultural and residential use. Despite some initial success on reducing energy subsidies for fuel and electricity, as of 2016, reforms appear to have run into headwinds.

Law 89 of 1998 amended the Tenders and Bidding Law 9 of 1983 to improve equality and transparency in government procurement. The criteria for awarding government contracts and licenses are made available when bid rounds are announced and the process actually used to award contracts is broadly consistent with the procedural requirements set forth by law.

8. Efficient Capital Markets and Portfolio Investment

The Egyptian Exchange (EGX) is Egypt's registered securities exchange. In April 2016, 261 companies were listed on the EGX, with a market capitalization of about LE 500 billion. Stock ownership is open to foreign and domestic individuals and entities. The government of Egypt issues dollar-denominated and Egyptian pound-denominated debt instruments. Ownership is open to foreign and domestic individuals and entities.

The Capital Market Law 95 of 1992, along with the Banking Law of 2003, constitutes the primary regulatory frameworks 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 specifies mechanisms for arbitration and legal dispute resolution and prohibits unfair market practices. Law No. 10/2009 created the Egyptian Financial Supervisory Authority (EFSA) and brought the regulation of all non-banking financial services under its authority.

Settlement of transactions takes one day for treasury bonds and two days for stocks. Although Egyptian law and regulations allow companies to adopt bylaws limiting or prohibiting foreign ownership of shares, virtually no listed stocks have such restrictions. A significant number of the companies listed on the exchange are family-owned or dominated conglomerates, and free trading of shares in many of these ventures, while increasing, remains limited. Companies are de-listed from the exchange if not traded for six months.

In 2002, the then Minister of Foreign Trade added an additional chapter to the executive regulations of the Capital Market Law to allow margin trading to increase liquidity and trading in the market through brokerage firms and financially-solvent licensed companies. In April 2003, the U.S. Securities and Exchange Commission included the Egyptian Exchange in its list of accredited stock exchanges, allowing U.S. financial institutions to invest in the Egyptian stock market without undertaking the cumbersome procedures previously required. In May 2006, the Capital Market Authority (CMA) issued Decree No. 50 for 2006, organizing online trading. The decree allows brokerage companies to receive requests for buying/selling of shares by clients via the Internet. The decree also mandates infrastructure requirements, mainly web security provisions, which brokerage firms must meet in order to provide online services. To date, 114 companies have obtained online trading licenses.

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

In August, 2015, President al-Sisi reversed a new10 percent capital gains tax that had been implemented in May 2015 after being announced July 2014 following industry protest. The decree also stated that the government would reimburse investors for taxes paid since the May implementation.

Finance: Egypt's insurance regulator, the Egyptian Financial Supervisory Authority (EFSA), is undertaking reform of its legislative framework for insurance. As of April 2015, the EFSA Board was considering a draft proposal which was developed with significant input from the private sector and other relevant stakeholders.

The government does not issue licenses for new insurance companies. As in the banking sector, foreign firms can only enter the Egyptian insurance market through a purchase of a stake in an existing insurance company. Certain regulatory approvals are required for foreign and local investments in insurance companies (as with Egyptian banks) exceeding 10 percent of the issued shares. In 2006, the government announced that it would restructure public insurance companies in preparation for their privatization. While some steps were taken in 2007, the firms still have not been privatized.

Money and Banking System, Hostile Takeovers

Egypt's banking sector is generally regarded as healthy and well-capitalized, due in part to its deposit-based funding structure and ample liquidity. Analysts estimate that approximately 8 percent of the banking sector's loans are non-performing. However, since 2011, a high level of exposure to government debt, accounting for over 40 percent of banking system assets, at the expense of private sector lending, has reduced the diversity of bank balance sheets and crowded out domestic investment. In July 2015, Moody's upgraded the outlook of Egypt's banking system to stable from negative to reflect improving macroeconomic conditions and ongoing commitment to reform.

Forty banks operate in Egypt, and the Central Bank of Egypt has not issued a new commercial banking license since 1979. The only way for a new commercial bank, whether foreign or domestic, to enter the market (except as a representative office) is to purchase an existing bank. To this end, in 2013, QNB Group acquired National Société Générale Bank Egypt (NSGB). That same year, Emirates NBD, Dubai's largest bank, bought the Egypt unit of BNP Paribas. In 2015, Citibank sold its retail banking division to CIB Bank. In 2015, Egypt indicated a desire to privatize a number of state-owned banks and other firms through listings on the Egypt Stock Exchange, though no action has been taken as of early 2016.

The total assets held in Egypt's banking sector were approximately $250 billion in 2015. Egypt's three state-owned banks (Banque Misr, Banque du Caire, and National Bank of Egypt) control nearly 40 percent of banking sector assets.

9. Competition from State-Owned Enterprises

State-owned enterprises compete directly with private companies in several sectors of the Egyptian economy. According to Public Sector Law 203 of 1991, state-owned enterprises should not receive preferential treatment from the government, nor should they be accorded any exemption from legal requirements applicable to private companies. In addition to the state-owned enterprises groups above, 40 percent of the banking sector's assets are controlled by three state-owned banks (Banque Misr, Banque du Caire, and National Bank of Egypt). In March 2014 the government announced that nine public holding companies will be placed under an independent sovereign fund. As of April 2015, this has not yet occurred.

In an attempt to encourage growth of the private sector, privatization of state-owned enterprises and state-owned banks accelerated under an economic reform program that took place from 1991 to 2008. Following the 2011 revolution, third parties have brought cases in court to reverse privatization deals, and in a number of these cases, Egyptian courts have ruled to reverse the privatization of several former public companies. Most of these cases are still under appeal.

The state-owned telephone company, Telecom Egypt, lost its legal monopoly on the local, long-distance and international telecommunication sectors in 2005. Nevertheless, Telecom Egypt continues to hold a de facto monopoly, primarily because the National Telecommunications Regulatory Authority (NTRA) has not issued additional licenses to compete in these sectors. NTRA has been working on a unified license regime that would allow a company to offer both fixed line and mobile networks, but a deal has not been finalized. Adoption of a unified license regime would allow Telecom Egypt, currently operating in the fixed line market, to enter the mobile market and the three existing mobile companies to enter the fixed line market.

Egypt is not a party to the World Trade Organization's Government Procurement Agreement.

OECD Guidelines on Corporate Governance of SOEs

SOEs in Egypt are structured as individual companies controlled by boards of directors and grouped under government holding companies that are arranged by industry, including Spinning & Weaving; Metallurgical Industries; Chemical Industries; Pharmaceuticals; Food Industries; Building & Construction; Tourism, Hotels & Cinema; Maritime & Inland Transport;

Aviation; and Insurance. The holding companies are headed by boards of directors appointed by the Prime Minister with input from the relevant Minister.

Sovereign Wealth Funds

Egypt does not have a sovereign wealth fund.

10. Responsible Business Conduct

Responsible business conduct (RBC) programs have grown in popularity in Egypt over the last ten years. Most programs are limited to multinational and larger domestic companies and take the form of funding and sponsorship for initiatives supporting entrepreneurship and education. Environmental and technology programs are also garnering greater participation. The Ministry of Trade has engaged constructively with corporations promoting RBC program, supporting corporate social responsibility conferences and providing Cabinet-level representation as a sign of support to businesses promoting RBC programming.

A number of organizations and corporations work to foster the development of RBC in Egypt. The American Chamber of Commerce has an active corporate social responsibility committee, and Apache Corporation was named a finalist in 2013 for the Secretary's Award for Corporate Excellence for its work building and maintaining village girls' schools throughout the country. Microsoft was named a finalist in 2012. Several U.S. pharmaceutical companies are actively engaged in RBC programs related to Egypt's hepatitis-C epidemic. The Egyptian Corporate Responsibility Center, which is the UN Global Compact local network focal point in Egypt, aims to empower businesses to develop sustainable business models as well as improve the national capacity to design, apply, and monitor sustainable responsible business conduct policies. In March 2010, Egypt launched an environmental, social, and governance (ESG) index, the second of its kind in the world after India's, with training and technical assistance from Standard and Poor's.

Egypt does not participate in the Extractive Industries Transparency Initiative. Public information about Egypt's extractive industry remains limited in the government's annual budget.

11. Political Violence

Late 2015 and early 2016 saw a decline in the number of small-scale terrorist attacks against security and civilian targets in Cairo and elsewhere in the country. Militant groups have been able to commit significant acts of terrorism, however, including the bombing of the Italian Consulate and a National Security Services building in Cairo in the summer of 2015. In the Sinai Peninsula, militants have conducted major terrorist attacks against military installations and personnel. The October 31 2015 crash of Metrojet flight 9268 was claimed by ISIL's Sinai affiliate, casting a spotlight on airport security procedures. The United States designated ISIL's Sinai affiliate as a Foreign Terrorist Organization in April 2014.

12. Corruption

Corruption occurs at all levels of Egyptian society. Giving and accepting bribes are criminal acts in Egypt, but corruption laws have not been consistently enforced. Companies might encounter corruption in the public sector in the form of requests for bribes, using bribes to facilitate required government approvals or licenses, embezzlement, and tampering with official documents. Corruption and bribery are reported in dealing with public services, customs (import license and import duties), public utilities (water and electrical connection), construction permits, and procurement, as well as in the private sector. Businesses have described a dual system of payment for services, with one formal payment and a secondary, unofficial payment required for services to be rendered. The law provides criminal penalties for official corruption, but the government does not consistently enforce the law.

Transparency International's Corruption Perceptions Index ranked Egypt 88 out of 175 in its 2014 survey (http://cpi.transparency.org/cpi2014/results/) an improvement from the difficult 2011-2014 period. Recent ratings from the World Economic Forum's Global Competitiveness Report 2015-16 identified corruption as the twelfth most problematic factor to doing business in Egypt, behind Policy Instability (#1) and Inefficient Government Bureaucracy (#2) among other challenges more problematic than corruption. (http://www3.weforum.org/docs/gcr/2015-2016/EGY.pdf).

The government has been vocal about its desire to clamp down on corruption. In March 2016, in a presentation of Egypt's economic plan to Parliament, the Prime Minister declared that Egypt would not tolerate corruption and that he would work with Parliament and supervisory bodies to combat corruption. The 2014 constitution provides for the establishment of an Anti-Corruption Commission to focus on dealing with conflicts of interests, standards of integrity, and government transparency. It also addresses whistleblower protection. That same year, Egypt launched a four year national Anti-Corruption Strategy empowering the new National Coordinating Committee for Combating Corruption to develop a holistic government strategic for addressing corruption. The long-term effectiveness of the government's efforts remains to be seen.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Egypt ratified the United Nations Convention against Corruption in February 2005. It has not acceded to the OECD Convention on Combating Bribery or any other regional anti-corruption conventions.

Resources to Report Corruption

Several agencies within the Egyptian government share responsibility for addressing corruption. Egypt's primary anticorruption body is the Administrative Control Authority, which has jurisdiction over state administrative bodies, state-owned enterprises, public associations and institutions, private companies undertaking public work, and organizations to which the state contributes in any form. Observers do not judge the ACA to be sufficiently resourced, and the agency does not actively collaborate with civil society.

In addition to the ACA, the Ministry of Justice's Illicit Gains Authority is charged with referring cases in which public officials have used their office for private gain. The Public Prosecution Office's Public Funds Prosecution Department and the Ministry of Interior's Public Funds Investigations Office likewise share responsibility for addressing corruption in public expenditures.

General Contact Information:

- Ministry of Interior
- General Directorate of Investigation of Public Funds

- Telephone: 02-2792-1395/ 02-27921396
- Fax: 02-2792-2389

13. Bilateral Investment Agreements

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

In addition to specific investment agreements, Egypt is also a signatory to a wide variety of agreements covering trade issues. Egypt joined the Common Market for Eastern and Southern Africa (COMESA) in June 1998. In July 1999, Egypt and the United States signed a Trade and Investment Framework Agreement (TIFA), a step toward creating freer trade and increasing investment flows between the U.S. and Egypt. In June 2001, Egypt signed an Association Agreement with the European Union (EU) which entered into force on June 1, 2004. The agreement provides for immediate duty free access of Egyptian products into EU markets, while duty free access for EU products will be phased in over a 12 year period. In 2010, Egypt and the EU completed an agricultural annex to their FTA, liberalizing trade in over 90 percent of agricultural goods.

Egypt is also a member of the Greater Arab Free Trade Agreement (GAFTA), and a member of the Agadir Agreement with Jordan, Morocco, and Tunisia, which relaxes rules of origin requirements on products jointly manufactured by the countries for export to Europe. Egypt also has an FTA with Turkey, in force since March 2007, and an FTA with the Mercosur bloc of Latin American nations, which Egypt ratified in January 2013, but which is not yet in force. The Minister of Industry, Trade and SMEs announced during the Egypt Economic Development Conference (EEDC) that two new FTAs will be signed. The first will be in June with the three major African blocks: the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC) and the East African Community (EAC). The second will be with the Eurasian Economic Union, which includes Russia, Armenia, Belarus, and Kazakhstan.

In 2004, Egypt and Israel signed an agreement to take advantage of the U.S. Government's Qualifying Industrial Zone (QIZ) program. The purpose of the QIZ program is to promote stronger ties between the region's peace partners, as well as to generate employment and higher incomes, by granting duty-free access to goods produced in QIZs in Egypt using a specified percentage of Israeli and local input. Under Egypt's QIZ agreement, Egypt's exports to the United States are eligible for duty-free treatment if they contain a minimum 10.5 percent Israeli content.

The industrial areas currently included in the QIZ program are Alexandria, areas in Greater Cairo such as Sixth of October, Tenth of Ramadan, Fifteenth of May, South of Giza, Shobra El-Khema, Nasr City and Obour, areas in the Delta governorates such as Dakahleya, Damietta, Monofeya and Gharbeya, and areas in the Suez Canal such as Suez, Ismailia, Port Said, and other specified areas in Upper Egypt. Egyptian exports to the U.S., and ready-made garments in particular, have risen rapidly since the QIZ program was introduced in December 2004. The value of the Egyptian QIZ exports to the U.S. amounted to approximately $900 million in 2014, approximately 64 percent of Egypt's total exports to the United States (Data Source: USITC).

Bilateral Taxation Treaties: Egypt has a bilateral tax treaty with the United States.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

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 by foreign or domestic investors. Companies operating in free zones are exempted from sales taxes or taxes and fees on capital assets and intermediate goods. In 2015, the Legislative Package for the Stimulation of Investment stipulated a 1 percent duty paid on the value of commodities upon entry for storage projects and a 1 percent duty upon exit for manufacturing and assembly projects.

There are currently 10 public free zones in operation in the following locations: Alexandria, Damietta, East Port Said Port Zone, Ismalia, Koft, Media Production City, Nasr City, Port Said, Shebin el Kom, and Suez. Private free zones may also be established with a decree from GAFI but are usually limited to a single project. Export-oriented industrial projects are given priority. There is no restriction on foreign ownership of capital in private free zones.

In 2015, limits were introduced on energy-related free zone investments, and licenses will not be granted in free zones for projects in the following sectors: fertilizers; oil and steel; petroleum; natural gas production, liquefaction and transport; or other energy intensive industries.

The Special Economic Zones (SEZ) Law 83 of 2002 allows establishment of special zones for industrial, agricultural, or service activities designed specifically with the export market in mind. The law allows firms operating in these zones to import capital equipment, raw materials, and intermediate goods duty free. Companies established in the SEZs are also exempt from sales and indirect taxes and can operate under more flexible labor regulations. The first SEZ was established in the northwest Gulf of Suez.

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

Progress is continuing on establishing the Suez Canal Economy Zone, originally announced by the Government of Egypt in 2014. The zone, a major industrial and logistics services hub built along the Suez Canal, is expected to include upgrades and renovations to ports located along the Suez Canal corridor, including West and East Port Said, Ismailia, Suez, Adabiya, and Ain Sokhna. The government has invited foreign investors to take part in the project, which is expected to be built in several stages, the first of which is scheduled to be completed by 2020. Reported areas for investment include maritime services like ship repair services, bunkering, vessel scrapping and recycling; industrial projects, including pharmaceuticals, food processing, automotive production, consumer electronics, textiles, and petrochemicals; IT services such as research and development and software development; renewable energy; and mixed use, residential, logistics, and commercial developments.

Website for the Suez Canal Development Project:
http://www.sczone.com.eg/English/Pages/default.aspx

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) ($M USD)	2014/15	$331 billion	2015	$286.5 billion	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country ($M USD, stock positions)	2014/15	2,116	2014	28*	http://bea.gov/international/direct_investment_ multinational_companies_comprehensive_data.htm
Host country's FDI in the United States ($M USD, stock positions)	2014/15	N/A	2014	-105	http://bea.gov/international/direct_investment_ multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	2014/15	3.8%	2014	7.4%	N/A

Egyptian data source:
http://www.mof.gov.eg/English/publications/MOF_Publications/Pages/The_Financial_Monthly_Bulletin.aspx

* Data from the Bureau of Economic Analysis indicates a significant decline in U.S. FDI in Egypt in 2015. Data from the Government of Egypt for Egyptian Fiscal Year 2014-15 includes the period from July 1 2014 to June 30 2015 and is broadly consistent with FDI figures from the Bureau of Economic Analysis for this same period, which indicate that U.S FDI in Egypt was $2.47 billion between July 1 2014 and June 2015.

Table 3: Sources and Destination of FDI

Measurements of foreign direct investment (FDI) in Egypt vary according to the source and the definitions employed to calculate the figure. The Central Bank records figures on quarterly and annual investment flows based on financial records for Egypt's balance of payments statistics. They are reported in the table below. The Ministry of Petroleum keeps statistics on investment in the oil and gas sector (which accounts for the bulk of FDI in Egypt), while GAFI keeps statistics on all other investments – including re-invested earnings and investment-in-kind. Statistics are not always current. GAFI's figures are calculated in Egyptian Pounds at the historical value and rate of exchange, with no allowance for depreciation, and are cumulative starting from 1971. The U.S. has historically ranked first in terms of FDI in Egypt.

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, Ideal Standard, Apache Corporation, Bechtel, Bristol-Myers Squibb, Cargill, Citibank, Coca-Cola, Devon Energy, Dow Chemical, ExxonMobil, Eveready, General Motors, Guardian Industries, H.J. Heinz, Johnson & Johnson, Kellogg's, Mondelez, Microsoft, Proctor and Gamble, Pfizer, PepsiCo, Pioneer, and Xerox. Leading investors from other countries include BG, ENI-AGIP, BP, and Shell (in the oil/gas sector), Unilever, the M.A. Kharafi Group (Kuwait), and the Kingdom Development Company (Saudi Arabia).

Note that the IMF's Coordinated Direct Investment Survey (CDIS) is unavailable for Egypt.

Table 4: Sources of Portfolio Investment

Figures below are from June 2015. Data from the International Monetary Fund does not match information provided by the Government of Egypt due to differing methodologies.

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	1,886	100%	All Countries	888	100%	All Countries	998	100%
Cayman Islands	416	22%	Saudi Arabia	347	39%	Cayman Islands	406	41%

Saudi Arabia	392	13%	International Organizations	250	28%	United States	190	19%
International Organizations	250	12%	United Kingdom	45	5%	Qatar	103	10%
United States	219	5%	Italy	36	4%	Germany	48	5%
Qatar	103	5%	Switzerland	32	4%	Saudi Arabia	46	5%

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments

Legal system:

mixed legal system based on Napoleonic civil law and Islamic religious law; judicial review by Supreme Court and Council of State (oversees validity of administrative decisions)

International organization participation:

ABEDA, AfDB, AFESD, AMF, AU, BSEC (observer), CAEU, CD, CICA, COMESA, D-8, EBRD, FAO, G-15, G-24, G-77, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IDB, IFAD, IFC, IFRCS, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, LAS, MIGA, MINURSO, MONUSCO, NAM, OAPEC, OAS (observer), OIC, OIF, OSCE (partner), PCA, UN, UNAMID, UNCTAD, UNESCO, UNHCR, UNIDO, UNISFA, UNMIL, UNMISS, UNOCI, UNRWA, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

Egypt has a free market exchange system. Exchange rates are determined by supply and demand without interference from the central bank or the Ministry of the Economy.

Treaty and non-treaty withholding tax rates

Dividends paid to non-residents are not subject to withholding tax under Egyptian domestic law. Consequently, the following table sets forth maximum withholding rates provided in Egypt's tax treaties for interest and royalties only.

Egypt has signed double tax treaties with Armenia, Bangladesh, Greece, Ireland, Kazakhstan, Mongolia, Norway, Oman, Senegal, Seychelles, the Slovak Republic, Spain, Sri Lanka, Tanzania, Thailand, Uganda and Vietnam but these treaties have not yet been ratified.

Tax treaty negotiations are underway with Congo, Macedonia and North Korea.

	Interest (%)	*Royalties (%)*
Non-treaty countries	20	20
Treaty countries		
Albania	10	10
Algeria	5	10
Austria	15	0
Bahrain	–[1]	–[1]
Belarus	10	15
Belgium	15	15/20
Bulgaria	12.5	12.5
Canada	15	15
China	10	8
Cyprus	15	10
Czech Republic	0	10
Denmark	15	20
Finland[1]		
From Finland	0	20
From Egypt	20	20

	Interest (%)	*Royalties (%)*
France	20	15/20[3]
Germany	15	15/20[3]
Hungary	15	15
India	20	–[1]
Indonesia	15	15
Iraq:		
From Iraq	10	15
From Egypt	20	15
Italy	20	15
Japan	20	15
Jordan	15	20
Korea (South)	10/15	15
Kuwait	10	10
Lebanon	10	5
Libya	20	20
Malaysia	15	15
Malta	10	12
Morocco	20	10
Netherlands	12	12
Norway:		
From Norway	0	0
From Egypt	20	15
Pakistan	15	15
Palestine	15	15
Poland	12	12
Romania[4]	15	15
Russia	15	15
Singapore	15	15
South Africa	12	15
Sudan	20	10/3[5]
Sweden	15	14
Switzerland	15	12.5
Syria	15	20

	Interest (%)	Royalties (%)
Tunisia	10	15
Turkey	10	10
Ukraine	12	12
United Arab Emirates	10	10
United Kingdom	15	15
United States	15	15
Yemen	10	10
Yugoslavia[6]	15	15

1 According to domestic law in each country.

2 A final draft of a new tax treaty with Finland was initialled on 17 September 1997 but the new treaty has not yet been ratified.

3 The higher rate applies to trademarks.

4 The treaty with Romania is being renegotiated.

5 Films, otherwise 10%.

6 The treaty with Yugoslavia applies to the republics that formerly comprised Yugoslavia.

Methodology and Sources

Section 1 - General Background Report and Map

(Source: CIA World Factbook)

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: CIA World Factbook)

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: US State Department)

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: CIA World Factbook / https://www.cia.gov/library/publications/world-leaders-1/index.html)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: OECD Global Forum on Transparency and Exchange of Information for Tax Purposes PKF International)

DISCLAIMER

Part of this report contains material sourced from third party websites. This material could include technical inaccuracies or typographical errors. The materials in this report are provided "as is" and without warranties of any kind either expressed or implied, to the fullest extent permissible pursuant to applicable law. Neither are any warranties or representations made regarding the use of or the result of the use of the material in the report in terms of their correctness, accuracy, reliability, or otherwise. Materials in this report do not constitute financial or other professional advice.

We disclaim any responsibility for the content available on any other site reached by links to or from the website.

RESTRICTION OF LIABILITY

Although full endeavours are made to ensure that the material in this report is correct, no liability will be accepted for any damages or injury caused by, including but not limited to, inaccuracies or typographical errors within the material, Neither will liability be accepted for any damages or injury, including but not limited to, special or consequential damages that result from the use of, or the inability to use, the materials in this report. Total liability to you for all losses, damages, and causes of action (in contract, tort (including without limitation, negligence), or otherwise) will not be greater than the amount you paid for the report.

RESTRICTIONS ON USE

All Country Reports accessed and/or downloaded and/or printed from the website may not be distributed, republished, uploaded, posted, or transmitted in any way outside of your organization, without our prior consent. Restrictions in force by the websites of source information will also apply.

We prohibit caching and the framing of any Content available on the website without prior written consent.

Any questions or queries should be addressed to: -

Gary Youinou

Via our Contact Page at KnowYourCountry.com