

Ten key points about Egypt

- 1 > *Improving macroeconomic stability*
- 2 > *Large, qualified and competitive workforce*
- 3 > *Great consumer potential*
- 4 > *Developed infrastructure*
- 5 > *Attractive tax system*
- 6 > *Privileged access to key global markets*
- 7 > *Expanding sectors*
- 8 > *Diversified economy*
- 9 > *Climate of reform and investment*
- 10 > *Political stability and individual security*

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1 *Improving macroeconomic stability*

Egypt's GDP grew by 7.3% in 2007 and 2008, which is above average for Middle-Eastern and North African countries. It is also a few points above the global average, and should remain positive in 2009 despite the global economic crisis at 3.5 %. Among the most dynamic sectors are tourism, new communication and information technologies, construction, industry and transport.

2 *A large, qualified and competitive workforce*

Egypt has a solid reputation as a regional exporter of labour, but this substantial human potential is steadily transforming into a qualified workforce for internal employment.

Some of the key sectors of the Egyptian economy, such as information and communication technologies, **financial services** and tourism, are big employers of this qualified workforce. The salary levels in these sectors are significantly lower than in neighbouring countries and, in many cases, lower than in comparable countries around the world. A new national apprenticeship programme trains workers in 500 000 new positions in industry.

3 *Great consumer potential*

The very size of the population, as well as the doubling of its revenue per capita in six years (€701 in 2000/2001 and €2 271 in 2006/2007), has transformed Egypt into a large consumer market, as the arrival of dozens of big public global brands (Zara, Zegna, Cerrutti, Massimo Dutti, H & M, Sphera, Rolex, Carrefour, Mont Blanc) and the rapid increase in retail trade in the last two years attest. The fact that 56.5 % of the Egyptian population is aged between 15 and 60 has also encouraged investment.

4 *Developed infrastructure*

Egypt boasts a vast network of world-class infrastructure. Three independent mobile phone networks cover almost 100 % of the inhabited regions. More than 8 % of the world's freight passes through the Suez Canal each year. Every household equipped with a telephone line has low-bandwidth Internet access at the same tariff as local communication. High-bandwidth Internet is widely available in downtown areas. The country's 14 ports (Alexandria, Sokhna, Port Said, Damietta, Suez, Safaga) are available to importers as well as exporters, while a rapidly expanding airport network in the process of being modernised provides transportation for passengers and freight. A total of \$400 million has been invested, partly from the World Bank, into the Cairo Airport Company (CAC), to build Terminal 3 which was inaugurated in 2008 and officially opened to the public on the 27th April 2009. Other projects are taking shape around the airport, such as a luxury hotel near the terminal and the extension of the metro line.

5 *Attractive tax regime*

The Egyptian tax rates are competitive, and the recently revised tax code is easy to master. Tax is fixed at 20 % both for companies and for individuals and fiscal controls are carried out by random inspection. Furthermore, the biggest professional taxpayers are dealt with separately by a highly competent tax bureau.

6 *Privileged access to the key world markets*

The Euro-Egyptian Cooperation Accord signed on 25th June 2001, established a commercial agreement based on reciprocal liberalisation of industry and agriculture. Goods made in Egypt, from off-the-peg clothes to furniture to farm-produce, benefit from privileged access to EU markets.

Export companies based in Egypt also benefit from privileged access to the Arab world (thanks to the Arab free trade zone, ZALE), to Eastern and Southern Africa (COMESA) and to the signatories of the **Agadir agreement** (signed in 2004, which created an Arab free trade zone currently incorporating Egypt, Jordan, Morocco and Tunisia). Egypt has also signed free trade agreements with the European Free Trade Association (Switzerland, Norway, Liechtenstein and Iceland), and Turkey.

7 *Expanding sectors*

Tourism is increasing rapidly and represents a large source of foreign money for the country. This sector provided \$11 billion worth of revenue in 2008; an increase of 16 % on the preceding year. Global economic

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stagnation has not been an obstacle to the influx of tourists: the number of tourist visits grew by 15.3 % in 2008, which represents a total of 12.8 million people.

The information and communication technology sector is also dynamic. Investments reached 14.7 billion Egyptian Pounds in 2006/2007 (€1.86 billion), with a growth rate of close to 53 %. The **World Economic Forum** (WEF) Global Information Technology Report named Egypt the 'winning country' for having the highest rate of return for the period 2001 to 2007.

8 *Diversified economy*

The Egyptian economy is amongst the most diversified in the Middle East and North Africa. Industry represents 32 % of GDP, services 54 %, and agriculture 14 %. Industry is the sector under the most rapid development, and in fields as diverse as chemicals, food processing, spinning and weaving, off-the-peg clothes, and construction and engineering materials.

9 *Climate of reform and investment*

Egypt was the first Arab and African country to sign the OECD Declaration on International Investment and Multinational Companies. Direct foreign investments more than doubled between 2006 and 2008; they totalled \$13.2 billion in 2008 (€9 billion). In 2001, the Egyptian Central Bank gave total independence to the banks and the National Investment Bank has had more and more power to stimulate economic growth.

A government E-Registration programme, which aims to promote Egyptian and foreign investment, was launched by the government. There is also a new project from the **General Authority for Investment** (GAFI).

10 *Political stability and individual security*

Whilst war and instability unfortunately continue to form part of the regional landscape, Egypt is peaceful. Appealing economic measures which have attracted corporate investment are guaranteed by the country's political stability.

What is more, the crime rate in Egypt is low compared to any other country in the world by all the usual criteria and Cairo is one of the safest metropolises in the world; a decisive factor for the long-term expatriation of high-potential staff.

Code of Conduct

How to act during your first meeting.

Don't be offended by lateness because the majority of people are: the Egyptians are rarely on time despite the fact that business hours are very rigid. It is strongly advised to have a representative who speaks Arabic to understand certain practices and avoid certain errors. For example, the offering of gifts can often be wrongly interpreted. One thing to remember above all: never cross your legs at a business meeting or in any other formal situation. This is considered disrespectful and impolite.