

Your Guide to Industrial Investment in Egypt

2023 Edition



Part 4. Border Governorates

Sponsored by



THE BANK TO TRUST

cibeg.com



Industrial Development Group

idg-egypt.com

Contents

<u>Purpose of the Guide</u>	<u>3</u>	<u>Section 2. Special Information about the Region</u>	<u>56</u>
<u>Map of Egypt and Its Four Regions</u>	<u>4</u>	<u>Section 3. Detailed Information about Governorates of the Region</u>	<u>64</u>
<u>Section 1. General Information</u>	<u>5</u>	<u>Red Sea</u>	<u>65</u>
<u>1. Procedures for starting a business in Egypt</u>	<u>6</u>	<u>New Valley</u>	<u>74</u>
<u>2. Utility and energy prices</u>	<u>10</u>	<u>Matrouh</u>	<u>82</u>
<u>3. Laws and rules governing investment</u>	<u>18</u>	<u>North Sinai</u>	<u>89</u>
<u>4. Investment incentives</u>	<u>26</u>	<u>South Sinai</u>	<u>98</u>
<u>5. Tax structure and customs system</u>	<u>35</u>	<u>ECES Staff</u>	<u>104</u>
<u>6. Trade agreements</u>	<u>45</u>	<u>Important Notice</u>	<u>106</u>
<u>7. Defining the different types of zones</u>	<u>47</u>		

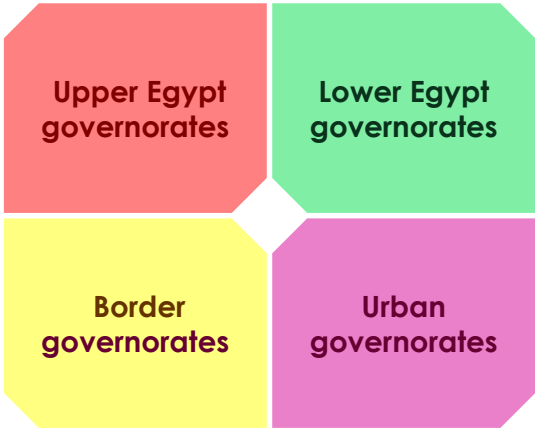
Purpose of the Guide

This guide provides basic information that any investor needs to invest in the various governorates of the Republic. It relies on several sources to provide this information (e.g., Ministry of Investment (General Authority for Investment and Free Zones (GAFI)), Industrial Development Authority (IDA), Central Agency for Public Mobilization and Statistics (CAPMAS), Ministry of Supply and Internal Trade).

The guide contains three sections:

- 1. General information
- 2. Special information about the region
- 3. Detailed information about the governorates of the region

The guide has been categorized by region:



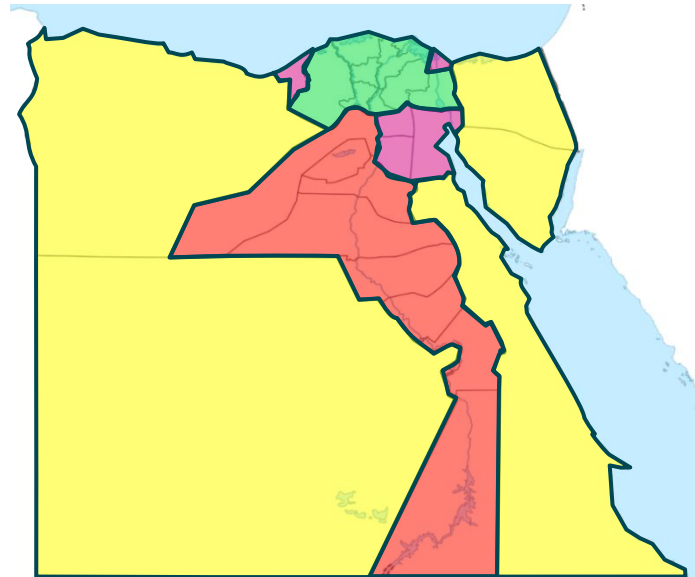
Map of Egypt and Its Four Regions

1 Urban Governorates

Cairo
Alexandria
Suez
Port Said

2 Lower Egypt Governorates

Damietta
Sharqeya
Dakahlia
Qalyubia
Kafir El-Sheikh
Gharbiya
Menoufia
Beheira
Ismailia



3 Upper Egypt Governorates

Giza
Bani Suef
Fayoum
Minya
Assiut
Sohag
Qena
Luxor
Aswan

4 Border Governorates

The Red Sea
New Valley
Matrouh
North Sinai
South Sinai

* The four regions are divided according to the Human Development Report, 2010.

Guide Sections

1. General information

2. Special information about the region

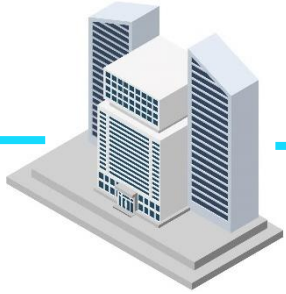
3. Detailed information about the governorates of the region

1. Procedures for starting a business in Egypt
2. Utility and energy prices
3. Laws and rules governing investment
4. Investment incentives
5. Tax structure and customs system
6. Trade agreements
7. Defining the different types of zones

1. Procedures for Starting a Business in Egypt

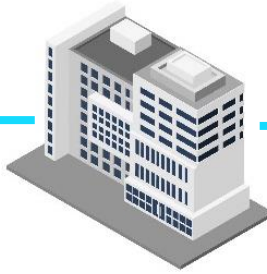


Types of Companies



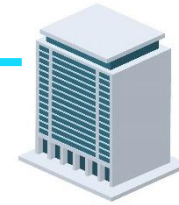
1. Companies

**Joint Stock
Limited By Shares
Limited Liability**



2. Partnerships

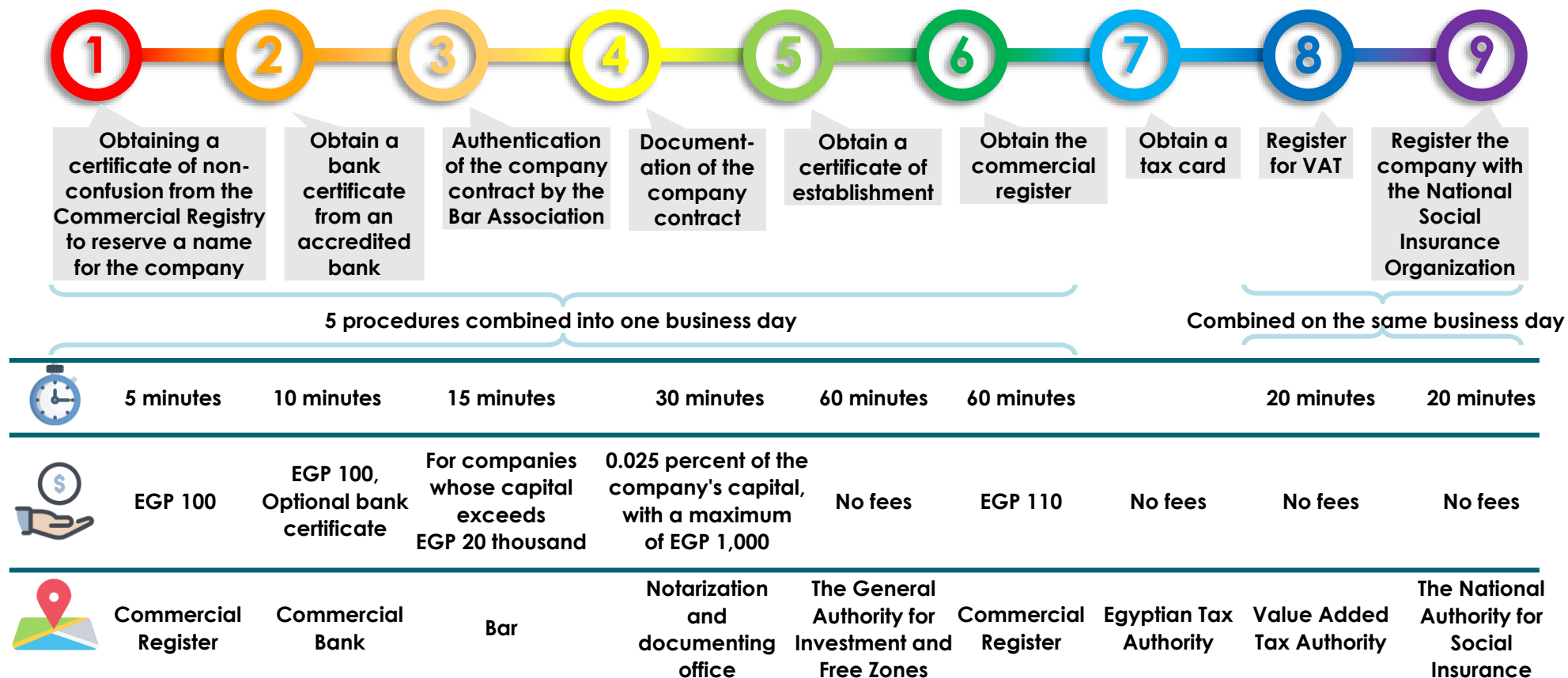
**General Partnership
Limited Partnership**



3. Sole Proprietorship

- The establishment, fees and required documents vary according to the type of company, but companies are similar in terms of the sequence of procedures

Summary of the Time, Costs, and Procedures Needed to Start a Business in Egypt



Source: GAFI.

Incorporation Fees

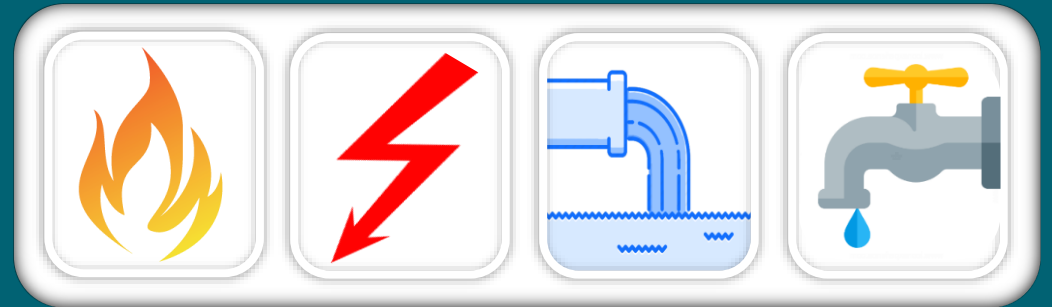
Incorporation Fees

Notary fees	xxx
Incorporation fees	xxx
Trade union fees	xxx
Publication fees	xxx
Commercial register	xx
Issuance of operation certificate	xx
Total fees	xxxx

Fees vary by
company type

Source: GAFI.

2. Utility and Energy Prices



Drinking Water and Wastewater Tariff in New Valley during FY 2022/2023 (EGP/m³)



Consumption	Service	Commercial	Industrial	Touristic	Sports clubs	Other
1:50		4.5	4.5	4.5		
51:100	4	5	5	5	3	12
More than 100		6	6	6		
Percentage of wastewater / water	80%					
Price per meter for wastewater	4	4.5	4.5	4.5	1.13	4.5

Source: The Holding Company for Drinking Water and Wastewater (HCWW)

Drinking Water and Wastewater Tariff in North Sinai, South Sinai, Red Sea & Matrouh during FY 2022/2023 (EGP/m³)



Consumption	Service	Commercial	Industrial	Touristic	Sports clubs	Other	
Unified Price		13			3.25	13	
Percentage of wastewater / water		80%					
Price per meter for wastewater		4.5			1.13	4.5	

Source: The Holding Company for Drinking Water and Wastewater (HCWW)

Tariff for Processing the Waste of Industrial Establishments during FY 2022/2023 (EGP/m³)



Contaminants	Absorbed bio-oxygen (BoD)			Absorbed Chemical Oxygen (CoD)		
	More than 600 and less than 660	660 or more and less than 2000	2000 or more	more than 1100 and less than 2000	2000 or more and less than 5000	5000 or more
Concentrations (g/m ³)						
Cost of purification (EGP/m ³)	3	9	18	6	18	30

Electricity Tariff Applied during FY 2022/2023



Purpose of Use/Voltage	Cost of Capacity (EGP/kW Month)	Off-peak (Piaster/kWh)	Within Peak (Piaster/kWh)	Average Energy Price (Piaster/kWh)	How to apply
Super Voltage (220,132 kV)	40	96.9	145.4	105	The capacity is applied on the basis of the subscriber's maximum load every three months
High Voltage (66.33 kV)	50	101.5	152.3	110	The time of use tariff is applied according to the smart meters program, and the peak period is 4 hours, the start of which is determined by the Ministry of Electricity and Energy
Medium Voltage (22.11 kV)	60	106.2	159.2	115	
Low Voltage (380v)				125	In case of unavailability, the energy price will be applied

Tariffs for Electricity Consumption Segments Applied during FY 2022/2023



Purpose of Use/Voltage (kVM)	Cost of capacity (Piaster/kW-Month)	Off-peak (Piaster/kWh-Month)	Within Peak (Piaster/kWh-Month)	Average Energy Price (Piaster/kWh-Month)	How to apply
Segment 0 - 100			65.0		The capacity is applied on the basis of the subscriber's maximum load every three months
Segment 0 - 250			123.0		The time of use tariff is applied according to the smart meters program, and the peak period is 4 hours, the start of which is determined by the Ministry of Electricity and Energy
Segment 0 - 600			140.0		
Segment 601 - 1000			155.0		
Segment (from 0 to more than 1000 kVM)			160.0		In case of unavailability, the energy price will be applied

Prices of Petroleum Products during the Second Quarter of 2023



Commercial Butane	Diesel	Kerosene	Petrol 80	Petrol 92	Petrol 95
150 Pounds/cylinder	8.25	7.25	8.75	10.25	11.50
	Pounds/liter				
Fuel oil (Mazut) (With fixed prices for the food and electricity industries)				Automotive gas	
6000 Pounds/Ton				4.50 Pounds/m ³	

A decree regarding quarterly pricing equation of fuel and petroleum products



The committee formed by Prime Minister's decree no. 2764/ 2018, whose members are determined by the Minister of Petroleum and Mineral Resources' decree no. 505/ 2019, referred to above, shall undertake the following:

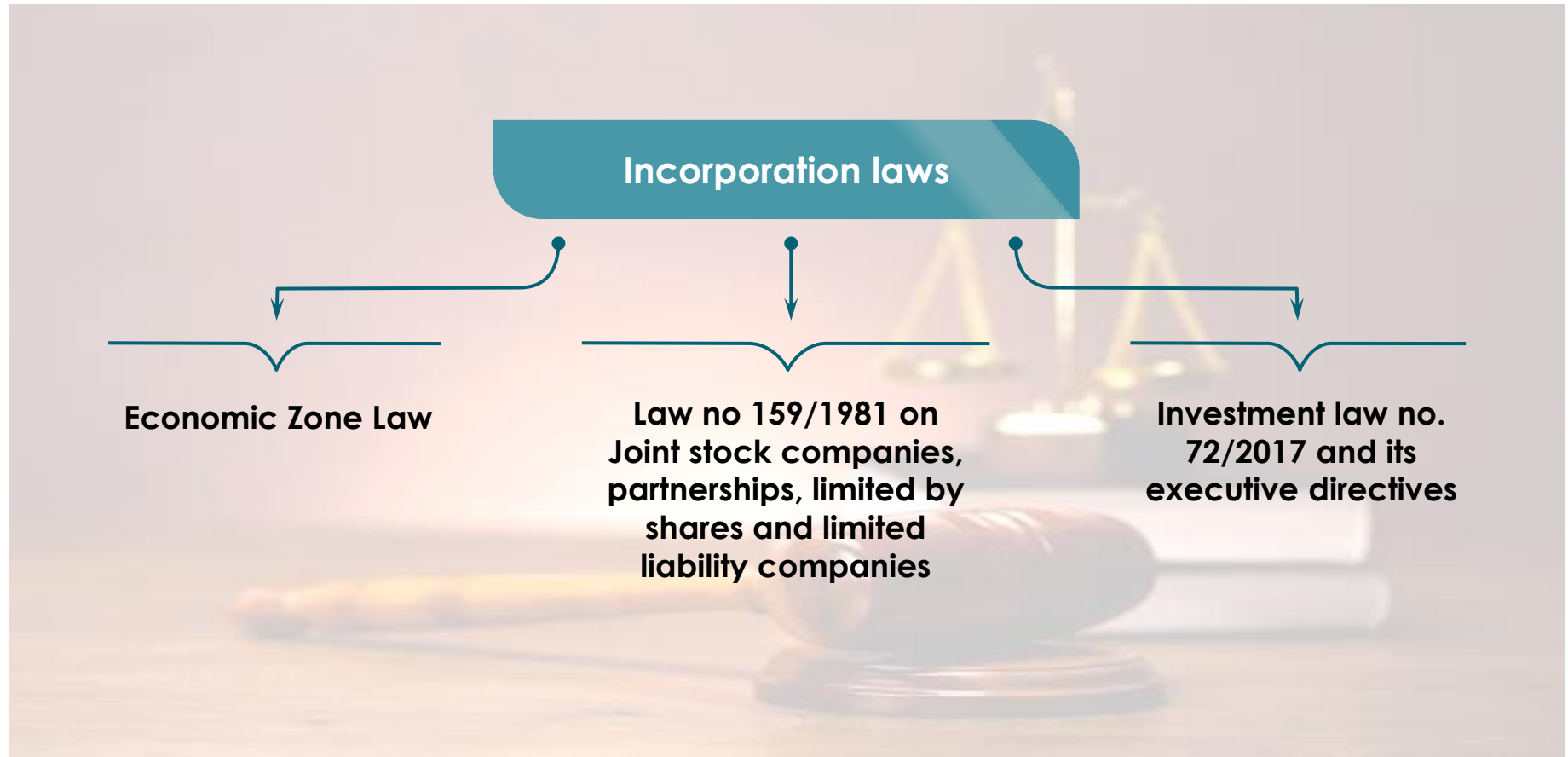
- Apply automatic pricing mechanism to petroleum products delivered to the consumer inclusive of value-added tax, with the exception of butane and petroleum products used by the electricity and bakery sectors, as of the end of June 2019, after reaching cost coverage. The selling price of these products in the local market will be reviewed as stated in Article 1 of this decree, provided that the percentage change in the consumer selling price, upwards or downwards, does not exceed (10%) of the selling price.

3. Laws and Rules Governing Investment

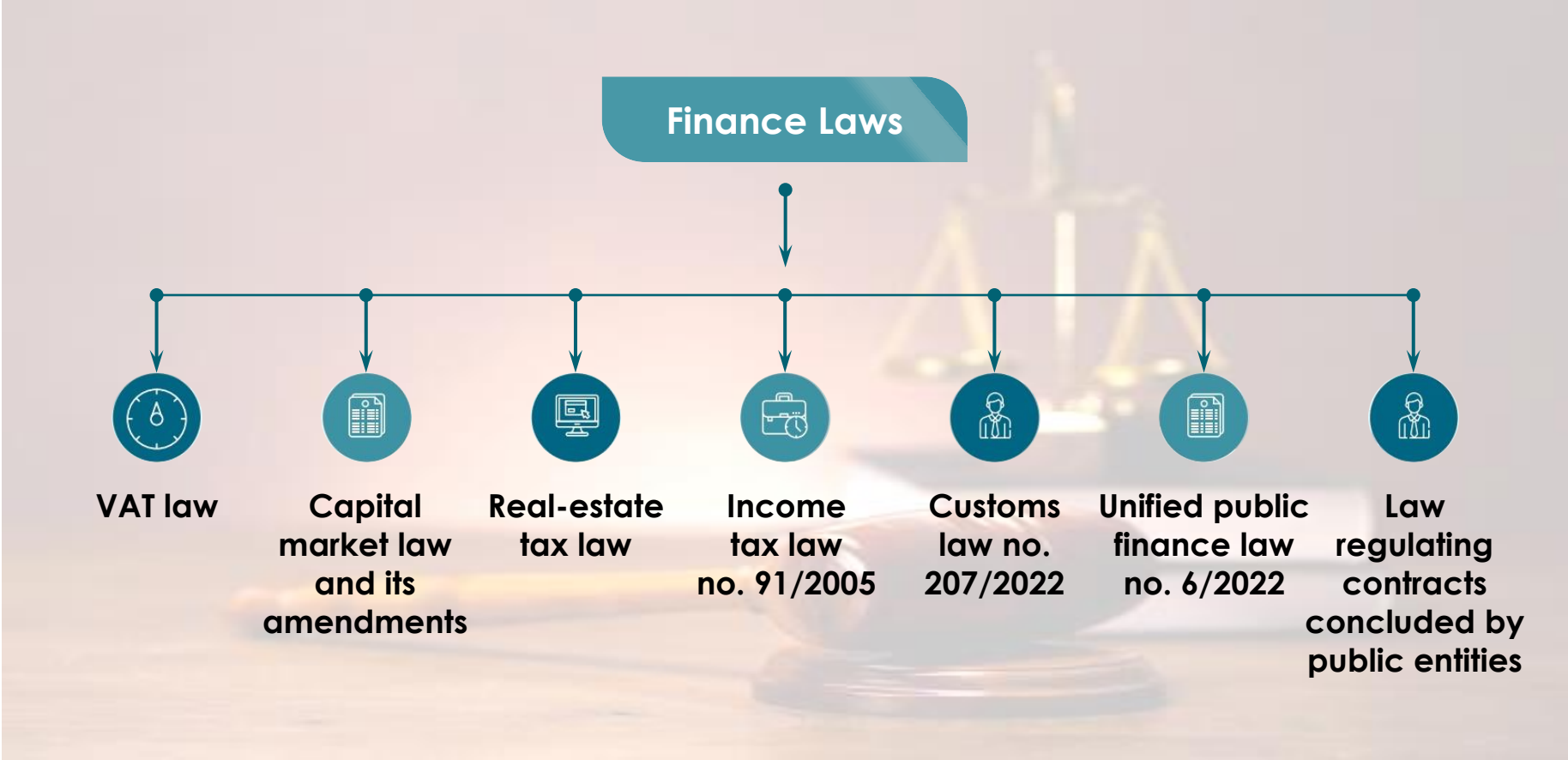
- I. Incorporation Laws
- II. Finance Laws
- III. Commercial Laws
- IV. Other Laws



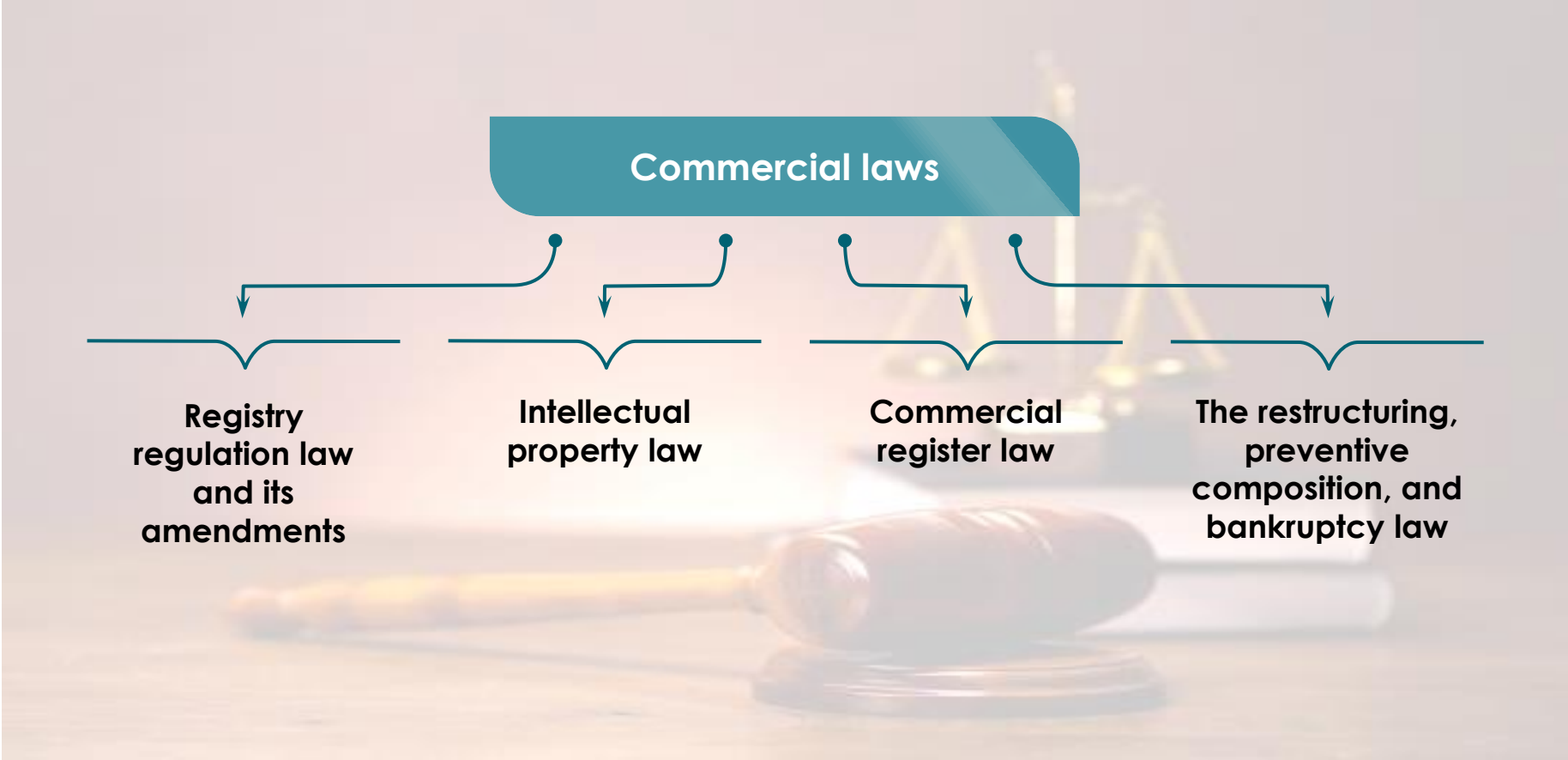
I. Incorporation Laws



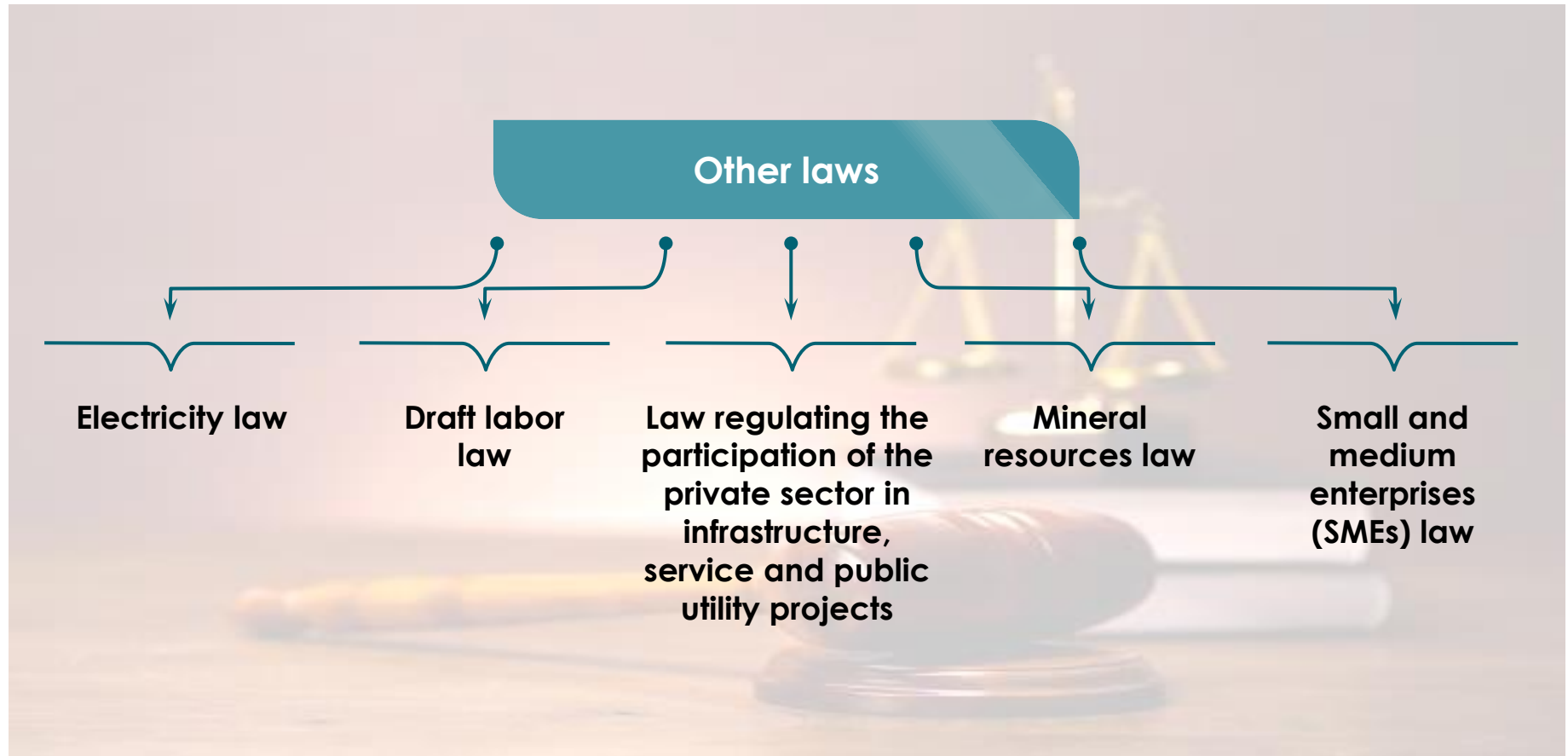
II. Finance Laws



III. Commercial Laws



IV. Other Laws



New
2023

Exceptional Law (Golden License)

Prime minister decree no. 56/ 2022

The decree specifies the criteria and conditions upon which an investment project can be considered national or strategic as per article 20 of the investment law no. 72 / 2017

The **Higher Council for Investment has issued** new decrees expanding granting of the golden license. It is now being considered not to limit granting the license to companies establishing strategic or national projects, and amend articles nos. (40), (41) and (42) regulating the golden license to ensure that companies established prior to the promulgation of the investment law no. 72/ 2017 may be granted the Golden License.

[Click here for the full text of the decree](#)

New
2023

Amendments issued on July 5, 2023 to certain provisions of the investment law no. 72/ 2017

Expanding the scope of projects benefiting from the incentives stipulated in the investment law and the single license, introducing an article that grants cash investment incentive to projects financed through foreign currency transfers by no less than 50%, in addition to many other incentives

[Click here for the full text of the resolution](#)

New
2023

A draft law abolishing the exemption of state agencies from taxes and fees in investment and economic activities

The law aims to unify the financial treatment of investors by abolishing exemptions from taxes and fees prescribed for state agencies in investment and economic activities. The law consists of two articles other than the publication article.

[Click here for the full text of the resolution](#)

4. Investment Incentives

* Investment Law no. 72/ 2017



Investment incentives: General incentives

All projects subject to the provisions of this law shall enjoy the general incentives mentioned in this chapter, with the exception of projects established under the free zones system. These incentives include:

- Establishment of companies and enterprises, contracts of credit facilities and related mortgages shall be exempted from the stamp tax, and authentication and notarization fees for a period of five years from the date of their registration in the commercial register.
- Land registration contracts necessary for the establishment of companies and enterprises are also exempted from the aforementioned tax and fees.
- Companies and enterprises subject to the provisions of this law shall be subject to the provisions of Article (4) of the customs law promulgated by law no. 186/1986 regarding the collection of a unified customs tax of two percent (2%) of the value of all imported machinery, equipment and devices necessary for the establishment thereof.
- This unified tariff also applies to all imports by companies and enterprises operating in public utility projects, such as machinery, equipment, and devices necessary for their construction or completion.
- Without prejudice to the provisions of the temporary release stipulated in the customs law promulgated by law no. 66/1963, investment projects of industrial nature subject to the provisions of this law may import molds and other production requirements of a similar nature without paying customs duties, for use for a temporary period in the manufacture of their products, and then re-exporting thereof.
- The release and re-export shall be according to the arrival documents, provided that the entry and reshipping documents are registered in records prepared for this purpose in the Authority, in coordination with the Ministry of Finance.

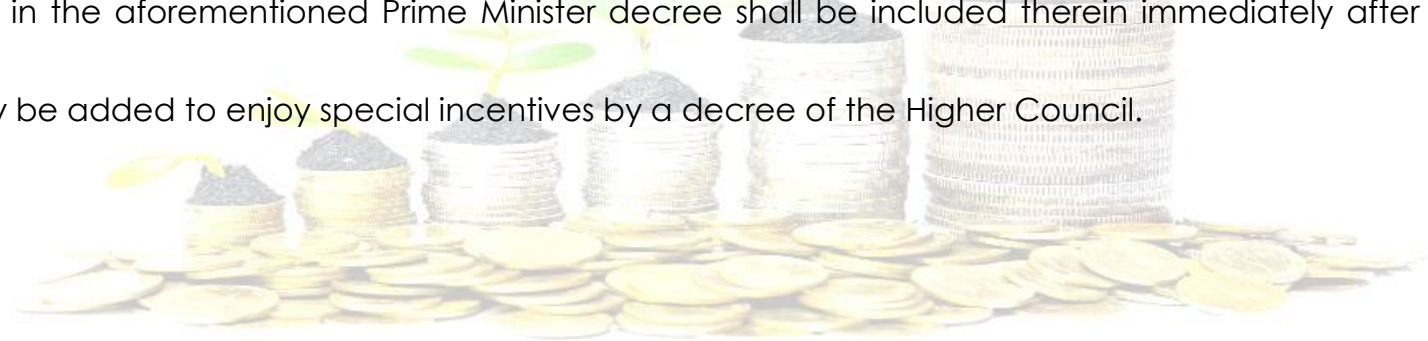
Investment incentives: Special incentives

Investment projects established after the enforcement of this law, in accordance with the investment map, shall be granted the investment incentive of a deduction from the net taxable profits as follows:

- 1. A 50% discount on the investment costs of sector (A)**, which includes the geographical areas most in need of development according to the investment map, and based on CAPMAS statistics, and according to the distribution of investment activities as indicated by the executive directives of this law.
- 2. A 30% discount on the investment costs of sector (B)**, which includes the rest of the Republic, according to the distribution of investment activities, for the following investment projects:
 - Labor-intensive projects in accordance with the criteria stipulated in the executive directives of this law
 - Medium and small enterprises
 - Enterprises that depend on or produce new and renewable energy
 - National and strategic projects determined by a decree of the Higher Council
 - Tourism projects specified by a decree of the Higher Council
 - Electricity production and distribution projects that are determined by a prime minister decree based on a joint proposal from the concerned minister, the minister concerned with electricity affairs, and the Minister of Finance.
 - Projects which exports their production
 - Automotive industry and its feeding industries
 - Wood industries, furniture, printing and packaging, and chemical industries
 - Manufacture of antibiotics, oncology drugs and cosmetics
 - Food industries, agricultural crops and agricultural waste recycling
 - Engineering, metallurgical, textile and leather industries

Investment incentives: Special incentives

- As per the provisions of the income tax law no. 91/2005, in all cases, the investment incentive shall not exceed 80% of the paid-up capital until the date of starting the activity.
- The deduction period shall not exceed seven years from the date of commencement of activity.
- The Prime Minister shall issue a decree upon a joint proposal by the concerned minister, the Minister of Finance and the minister with the relevant jurisdiction to determine the distribution of the sub-sectors of investment activities in the aforementioned sectors (A) and (B).
- The executive directives of this law shall clarify the concept of investment cost, the geographical scope of sectors (A) and (B), and the conditions and qualifying criteria for granting special incentives. The sub-investment activities included in the aforementioned Prime Minister decree shall be included therein immediately after its issuance.
- New activities may be added to enjoy special incentives by a decree of the Higher Council.



Conditions for obtaining special investment incentives

In order for investment projects to enjoy special incentives under this law, the following conditions must be met:

1. Establishment of a new company or facility to start the investment project.
2. The company or enterprise should be established within a maximum period of three years from the date of enforcement of the executive directives of this law. This period may be extended for one time by a decree of the Council of Ministers and based on the proposal of the concerned minister.
3. The company or enterprise shall maintain regular accounts; if the company or establishment operates in more than one region, it may benefit from the percentage determined for each region, provided that each region has separate accounts.
4. None of the shareholders, partners, or establishment owners have provided, contributed, or used any of the tangible assets of an existing company or enterprise in the establishment or incorporation of the investment project that benefits from the incentive at the time of the enforcement of the provisions of this law, or liquidated that company or enterprise within the period indicated in item (2) of this Article for the purpose of establishing a new investment project to benefit from the special incentives referred to. Violation of this shall result in the forfeiture of the aforementioned incentive and the company or enterprise shall be obliged to pay all tax dues.
5. Expansions of already existing investment projects may enjoy the incentives stipulated in Articles (11) and (13) of this law. Under this provision, expansions mean increasing the used capital by adding new assets that lead to an increase in the production capacity of the project, all in accordance with the rules and conditions determined by a decree of the Council of Ministers.

Investment incentives: Additional incentives

- Without prejudice to the incentives, privileges and exemptions stipulated in this chapter, and by a decree of the Council of Ministers, additional incentives may be granted to the projects stipulated in Article (11) of this law, as follows:
 1. Allowing the establishment of special customs outlets for the investment project's exports or imports, in agreement with the Minister of Finance.
 2. The state shall bear the cost incurred by the investor to connect the utilities to the real estate designated for the investment project or part thereof; after operating the project.
 3. The state shall bear part of the cost of technical training provided for workers.
 4. Refund half of the value of the land allocated for industrial projects in the event that production begins within two years from the date of handing over the land.
 5. Allocating land free of charge for some strategic activities in accordance with the controls prescribed by law in this regard.
- It is also permissible, by a decree of the Council of Ministers based on the proposal of the concerned minister, to introduce other non-tax incentives whenever the need arises.
- The executive directives shall indicate the rules for granting the additional incentives stipulated in this Article, as well as its qualifying criteria and conditions.

Conditions related to machinery and equipment

Equipment import

- Investment projects subject to the provisions of this law have the right to import on their own or through third party what they need for their establishment, expansion or operation, including raw materials, production requirements, machinery, spare parts, and means of transportation appropriate to the nature of their activity without the need to register them in the importers' registry.
- These projects are also entitled to export their products directly or through mediators without a license and without the need to be registered in the importers' registry.
- Investment projects that import and export in accordance with the provisions of this Article, whether on their own or through third parties, shall notify the Authority with a quarterly report on the quantities and types imported or exported, as the case may be.

Local equipment

- The link to local machinery and equipment production plants:



Source: Investment law no. 72/ 2017.

Special conditions for employing foreign labor

- Investment projects may employ foreign labor (maximum 10% of the total number of workers in the project, and this percentage may be increased to no more than 20% of the total number of workers in the project, in the event that it is not possible to employ national workers who have the necessary qualifications and in accordance with the conditions and rules set forth in the executive directives of this law.
- In some strategic projects of special importance that are determined by a decree of the Higher Council, an exception may be made from the aforementioned percentages, provided that the training of national manpower is taken into consideration.
- Foreign workers have the right to repatriate all or part of their financial dues.



Source: Investment law no. 72/ 2017.

New
2023

The facilities granted as part of the response to the global crisis caused by the Russian-Ukrainian war

Providing support to the most affected groups and sectors as follows:

- Allocating EGP 7 billion to raise the personal tax exemption limit from EGP 9000 to EGP 15000, and the total from EGP 24000 to EGP 30000, an increase of 25%
- The Treasury bears the value of the real estate tax for the industrial sector for three years (EGP 3.75 billion)
- Deduction of 50% of the capital gains upon the initial public offering in the stock exchange for two years
- Tax exemption of investment funds and instruments invested in the stock exchange
- Exemption of investment funds in debt instruments, shares, and venture capital funds and companies
- Reactivate the law to end tax disputes until December 31



5. Tax Structure and Customs System



Tax Structure

- Corporate taxes do not exceed 25%.
- The state conducts an audit on random samples.

Free zones	Investment in the country	Item
Exempt	<ul style="list-style-type: none"> • 25% flat rate • A ten-year exemption for agricultural activities and animal production 	Income tax
N/A	<ul style="list-style-type: none"> • 2-32%, depending on the product • A fixed rate of 2% of the value of imported machinery and equipment 	Import duties
N/A	N/A	Minimum exports

New
2023

Income Tax Amendment Law

Law no. 26/2020
Amending certain provisions
of the income tax law no.
91/2005

[Click here for the full text of the law](#)

Value Added Tax (VAT)

- The value-added tax (VAT) was promulgated by law no. 67/2016. It consists of ten articles that clarify the obligations of those subject to it.
- The law sets the general rate of tax on goods and services at 13% for FY 2016/2017, and 14% as of FY 2017/2018, with the exception of the tax rate on machinery and equipment used in the production of a commodity or the provision of a service, which is set by the law at 5%, with the exception of buses and passenger cars.

You can view the Value Added Tax Law via the following link:

www.eta.gov.eg/images/salestax/lownew/1.pdf



Source: Egyptian Tax Authority.

New
2023

Amendments to the VAT Law

**Law no. 3/2022
amending certain provisions of the
VAT law no. 67/2016 and the stamp
duty law no. 111/1980**

[Click here for the full text of the law](#)

**New
2023**

Amendments to the VAT Law

**Ministry of Finance
Decree no. 24/2023
amending certain provisions of the executive
directives no. 66/2017 of the VAT law.**

[Click here for the full text of the decision](#)

Real-estate Tax

- The real estate tax was imposed under law no. 196/2008, which specified the taxable types of real estate, and included a list of those exempted from the tax, as well as procedures for inventory, estimation, appeal, collection, and penalties for non-compliance with the provisions of this law.
- Unified tax rate: 10% of the annual rental value after deducting 30% and 32% as expenses for residential real estate and non-residential real estate respectively, from the total expenses incurred by the taxpayer, including maintenance expenses.

You can view the real estate tax law via the following link:

www.rta.gov.eg/Home/BuildingTaxType?Length=4



Source: Real Estate Taxation Authority.

At the time of preparing this guide, it was announced that the real estate tax would be revisited. Therefore, it is possible that there will be amendments.

New
2023

The Ministry of Finance bears the real-estate tax for a period of 3 years

Decree of the Council of Ministers
no. 61/2022

The Council of Ministers,
after reviewing the constitution, real-estate tax law no. 196/2008; based on what the Minister of Finance has provided; and after approval of the Council of Ministers, **Decreed:**

(Article I)

The Ministry of Finance (MoF) shall bear the entire real-estate tax imposed on buildings used in the following activities, effective January 1, 2022 for 3 years.

[Click here for the full text of the decision](#)

New
2023

Issuance of law no. 207/ 2020 promulgating the customs law

Law no. 207/ 2020 promulgating the Customs Law

**In the Name of the People,
President of the Republic,**

The parliament has passed this law, and we promulgated it:

[Click here for the full text of the law](#)

Customs System

- The presidential decree no. 218/2022 amending customs tariff was issued. Below are some of the key amendments to the customs tariff according to the decree:

Item	Customs tariff
Specialized laboratory devices in the field of tissue culture, tumors, vaccine and blood research	5%
Human and veterinary vaccine related items	Exempted from customs tax
Miscellaneous materials (copper - tin - zinc)	Exempted instead of 2%
Electric cars	Exempted to promote clean energy
Machines for harvesting crops	2% instead of 5%
Equipping vehicle fueling stations with electricity or natural gas and components for converting vehicles to work with electricity only or with natural gas	2%
Clothes made of cotton or wool	Fall under the customs tariff 40%

You can view the tariff via the following link:

<https://assets.mof.gov.eg/files/2022-06/1a73a060-e7cd-11ec-a1aa-057c35eb392e.pdf>



Source: Egyptian Customs Authority.

6. Trade Agreements



Trade Agreements

Egyptian policies seek to make Egypt a global and regional hub for services, production and re-export, which creates job opportunities and achieves economic growth by opening new markets for Egyptian products and at the same time attracts foreign direct investment from companies looking to benefit from Egypt's set of preferential trade agreements, highly competitive labor, utility costs, skilled labor and proximity to major global markets. Together, these advantages make Egypt an ideal center to export to Europe, the Arab world, the United States and Africa.



For further information,
contact
the Trade Agreements
Sector

tas.gov.eg



7. Defining the Different Types of Zones



Defining the Different Types of Zones

Zones are divided by governorates into several types, each of which has a definition, affiliation, and special conditions. and therefore projects that can be established differ in each of them.

1. Industrial Zones

2. Free Zones

3. Investment Zones

4. Economic Zones

5. Logistics Zones

1. Industrial zones

(Source: IDA.)

Zones that include specific plots of lands located inside or outside the control of the governorates, and the coordinates of their external borders are indicated on cadastral maps. They are allocated for industrial projects and service activities in accordance with the provisions of laws and decrees regulating the industry.

*Note: Industrial zones do not enjoy any special incentives other than the general incentives granted within the framework of the Investment law.

Defining the Different Types of Zones (cont.)

2. Free Zones

(Source: GAFI.)

2.1. Public Free Zone:

It is a zone subject to the sovereignty of the state and is located in most cases on one of the country's sea, land or air ports, and it is defined by walls to separate it from the rest of the state's territory. The public zone includes a group of investment projects that are established to take advantage of the incentives and advantages of investment in this zone, and the state provides the necessary infrastructure for carrying out activity within this zone.

2.2. Special Free Zone:

It is a single entity that represents one independent project (or more than one project in similar activities) as especially required. It must be located outside the scope of Public Free Zones according to the economics of the project and the nature of its activity that necessitates its presence in certain locations to capitalize on the advantages offered by this site in terms of proximity to sources of raw materials and production requirements, export markets, necessary labor, integration with nearby projects, or the need for proximity to a specific port or land road. The site of the special free zone is either owned or rented by the investor

Amendments to the executive directives of the investment law on special free zones

- The Council of Ministers may approve the establishment of special free zone projects, based on the proposal of the concerned minister, and after study and evaluation by the GAFI, in accordance with a number of conditions and criteria:
- The project shall take the form of a joint stock company or a limited liability company
- The proportion of the local content shall not be less than 30% within a maximum period of three years from the start of operation
- The percentage of exports shall not be less than 80%, and an exception may be made from this percentage in the case of strategic projects of special importance.
- The projects of free zones shall adhere to the conditions of industrial security, civil defense and firefighting, in accordance with the Egyptian code followed in this regard.
- The Authority shall monitor the activities of special free zone projects to ensure proper performance of their work and soundness of the procedures followed for carrying out such activities, in accordance with the mechanisms established by the Authority's board of directors and approved by the Council of Ministers.

Amendments also include:

The Council of Ministers may, based on a proposal of the concerned minister, and after study and evaluation by the Authority, approve the establishment of a special service free zone comprising a main service project for the establishment, development, management and provision of space for some subsidiary service projects that engage in similar activities, falling under any of the sectors mentioned in Article 1 of the directives, according to the special free zones system, and a number of conditions and criteria.

Advantages, guarantees and exemptions for free zones

Advantages, guarantees and exemptions:

1. Freedom to repatriate invested capital and project profits:
2. Freedom to choose the field of investment and the legal form of projects:
3. Freedom to set product prices and profit margins:
4. No minimum or maximum limits for the invested capital (for Public Free Zone projects only).
5. No limits on the nationality of the capital, as the foreign investor may be alone or contribute any percentage of the investment (with the exception of projects established in Sinai).
6. The possibility of operating on account of others to exploit the capacities of the project (according to the rules approved by the Authority in this regard).
7. Granting foreign investors residency facilities:
8. Granting foreign workers residence permits at the request of the project
9. It is not permissible to file a lawsuits against projects operating under the free zones system except after referring to the Authority
10. It is not permissible to nationalize or confiscate projects and establishments:
11. It is not permissible through administrative means to impose receivership on projects, seize or freeze their funds, or confiscate them by any means other than through the judicial route.

Advantages, guarantees and exemptions for free zones

12. Exempting all capital assets and production requirements necessary to carry out the project activity (except for passenger cars) from any customs duties, sales taxes or other taxes throughout the period of carrying on the activity, even if the nature of the activity required its presence temporarily outside the free zone.
13. Exempting the project's exports and imports from the applicable customs, taxes or fees.
14. The project and its profits are not subject to the tax law, customs laws, or legislation in force in the country throughout the period of practicing the activity.
15. The imports and exports of the project are not subject to any customs procedures or normal import rules that are in force in the country.
16. Exempting project imports from the local market from value-added taxes
17. Exempting transit goods with a specified destination from paying any fees on incoming and outgoing goods in accordance with the following conditions:
 - a. The project must be within the customs zone
 - b. The final destination should be specified in the bill of lading and invoice
18. Exempting all local components of goods produced by free zone projects from customs duties in case of selling to the local market

Defining the Different Types of Zones (cont.)

3. Investment Zones

(Source: GAFI.)

Investment zones are geographical zones with specific areas and borders that are designated for the establishment of one or more specialized investment activities and other complementary activities. A zone developer undertakes its promotion and development of its infrastructure.

The developer is every legal person licensed to establish, manage, develop or promote an investment zone.

Advantages, guarantees and exemptions:

1. Harmonization of investment activities in the one zone, which allows the investor competitive costs of operating and marketing economies as a result of industrial integration.
2. Exemption from stamp tax, notarization, and authentication fees for 5 years from the date of registration of projects in the commercial registry. Land registration contracts necessary for the establishment of companies and establishments are also exempted from said tax and fees.
3. Companies and establishments may not be nationalized or confiscated.
4. It is not permissible, by administrative means, to impose receivership on companies and establishments, seize or freeze their funds, or confiscate them.

Defining the Different Types of Zones (cont.)

5. It is not permissible for any administrative body to interfere in the pricing of the products of companies and establishments or in determining their profits.
6. It is not permissible for any administrative body to cancel or suspend the license to use the real estate that has been licensed for the use of all or part of the company or the establishment, except in the case of violation of the license conditions.
7. The board of directors of the investment zone is concerned with approving projects within it and issuing all necessary licenses for them in accordance with simplified procedures and nominal fees.

4. Economic Zones

(Source: GAFI.)

The North-West Suez Economic Zone is the first economic zone established in Egypt under law no. 83/2002 on economic zones of a special nature. The first objective of its establishment is to benefit from foreign investment, develop industries, and export to obtain foreign currency, as well as to develop new industries with advanced technology. It is an experimental zone for operating new projects, and establishing and improving the structure of the market economy in Egypt.

Defining the Different Types of Zones (cont.)

Incentives:

Companies operating in the Suez Canal Economic Zone have the right to:

- 1. 100% foreign ownership of companies
- 2. 100% foreign ownership of export and import activities
- 3. Exemption of imports from customs duties and sales tax
- 4. Customs duties on Egyptian imports imposed on imported components only and not on the final product
- 5. Express visa services

5. Logistics Zones

(Source: Ministry of Supply and Internal Trade.)

Logistics zones are integrated service zones that serve storage and other complementary activities to ensure the safety of products and their delivery to consumers with high quality. They include closed warehouses, open and equipped storage yards, cold stores (freezing), sorting and packaging activities, wholesale and semi-wholesale trade activities, and a center for sales outlets for neighboring factories.

Types of Logistics Zones:

1. External logistics zones	2. International logistics zones	3. Border logistics zones	4. Focal logistics zones	5. Regional logistics zones
------------------------------------	---	----------------------------------	---------------------------------	------------------------------------

Guide Sections

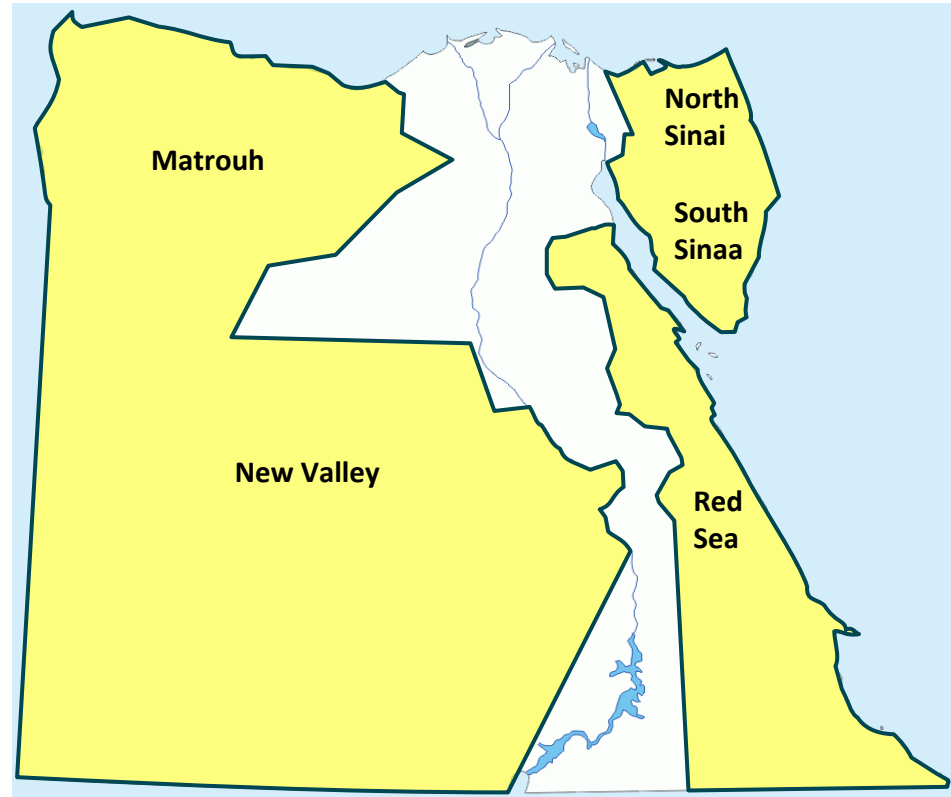
1. General information

2. Special information about the region

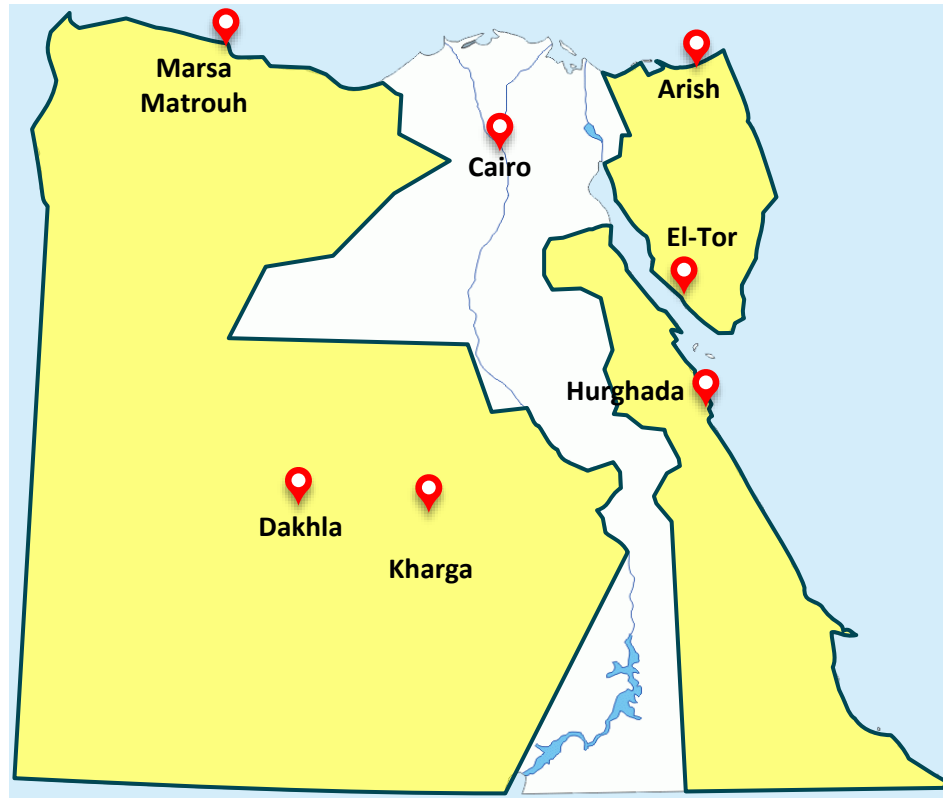
3. Detailed information about the governorates of the region

1. Map of the Border governorates and locations of governorates
2. Guide to distances between Cairo and Border governorate cities
3. Total area and population characteristics
4. Industrial zones in the territory of Border governorates
5. Commercial ports

1. Map of the border region and governorates

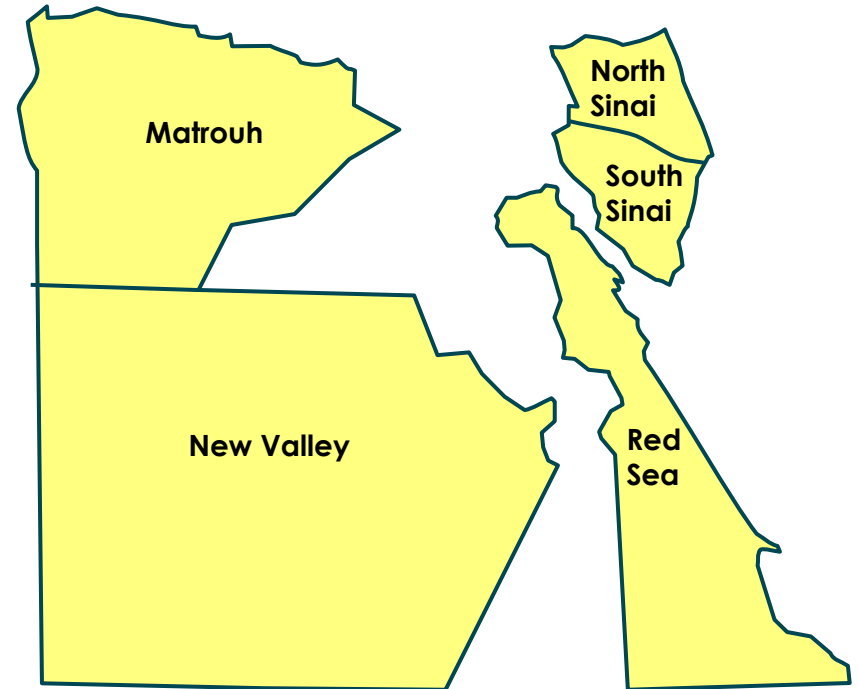
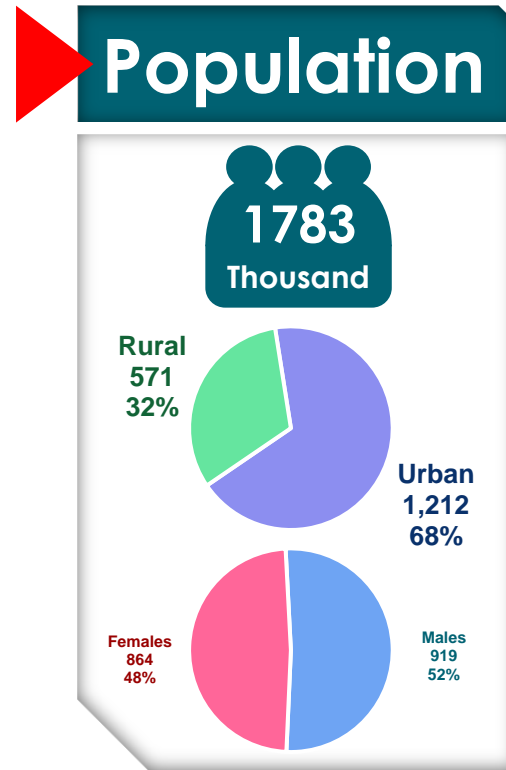
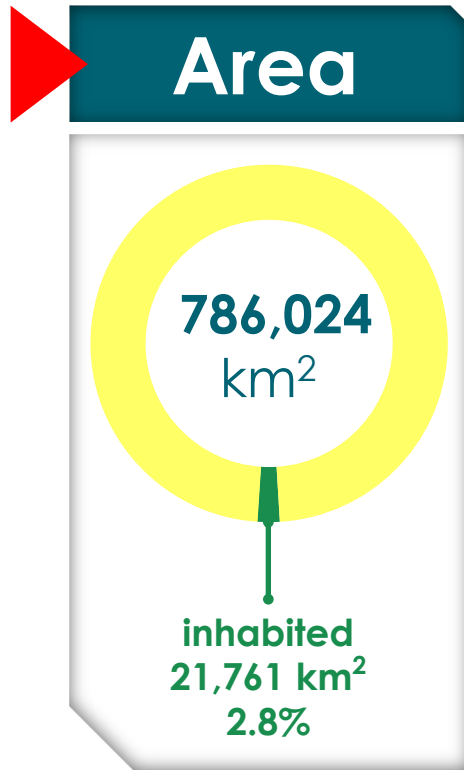


2. Guide to distances between Cairo and the cities of the border governorates



	Kilometer
New Valley (Dakhla)	766
New Valley (Kharga)	600
Matrouh (Marsa Matrouh)	499
Red Sea (Hurghada)	460
North Sinai (Al-Arish)	381
South Sinai (Al-Tur)	227

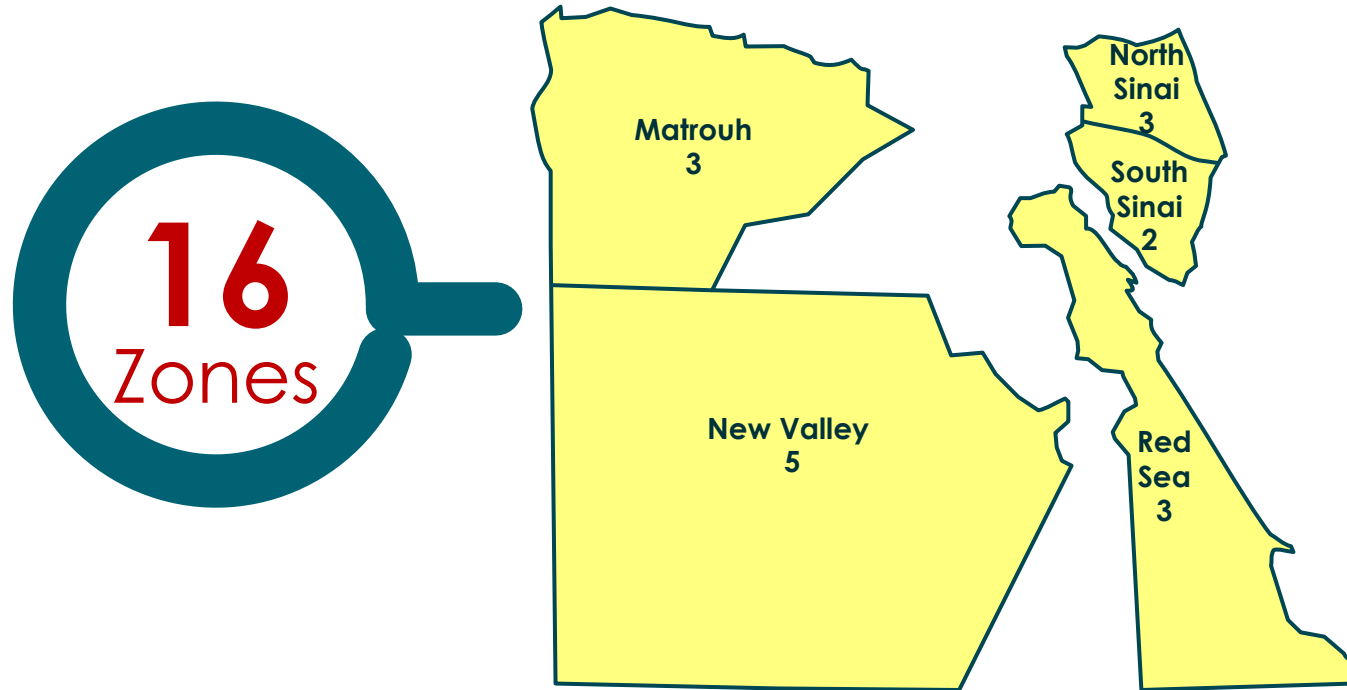
3. Total Area and Population Characteristics



Source: Egypt in Figures 2022; Statistical Yearbook 2022, CAPMAS.

4. Border Governorates

4. Total Industrial Zones in the territory of Border Governorates



Source: Industrial Development Authority (IDA).

For more information on industrial zones

For more information about the industrial zones in the region, you can contact:*



**Investment Services
Complex
16035**

<http://www.gafi.gov.eg>



**New Urban Communities Authority
(02)+2 38519875**

<http://www.newcities.gov.eg>



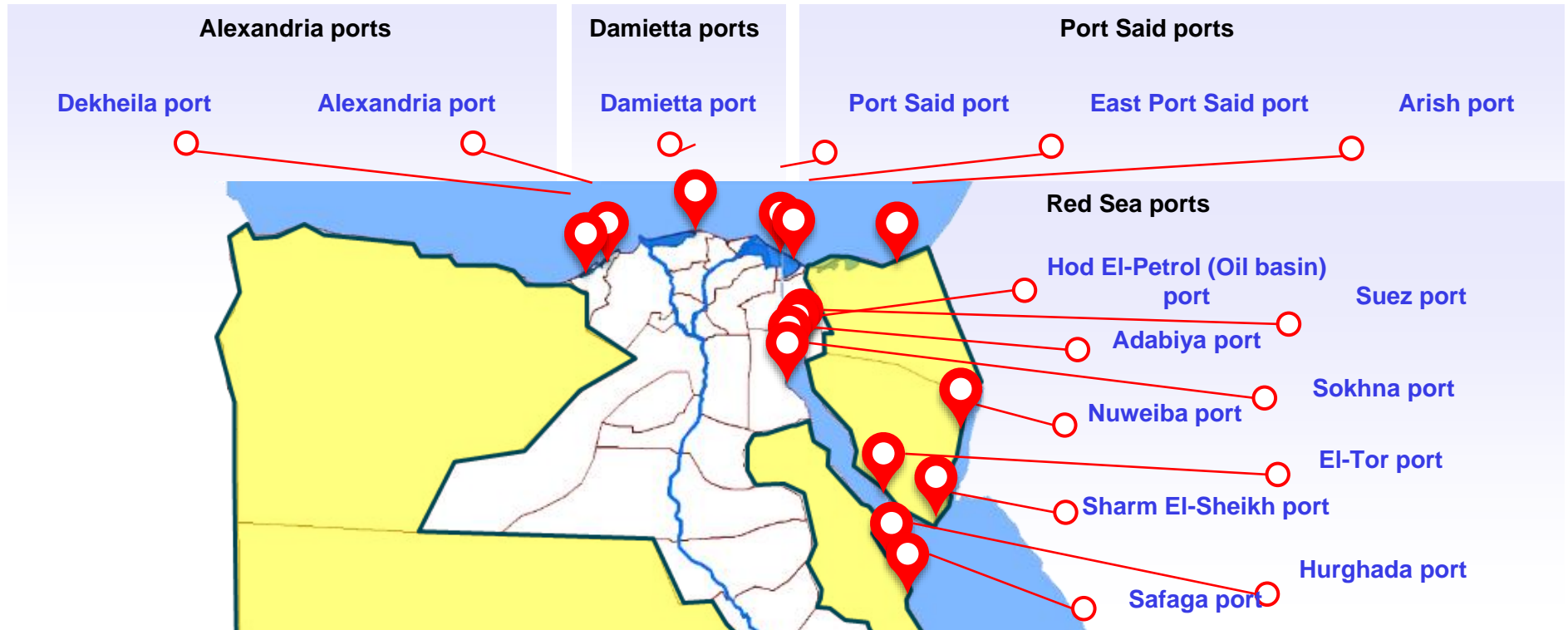
**Industrial Development
Authority (IDA)
19780**

<http://www.ida.gov.eg>



* To find out which entity is responsible for any industrial zone, please see the zones table for each governorate.

5. Commercial Ports near Border Governorates



Source: Ministry of Transportation.

Distances between governorates and commercial ports (km)*

Governorate	Commercial ports										
	Safaga	Hurghada	El-Tor	Nuweiba	Sharm El-Shaikh	Sokhna	Suez	Port Said	Damietta	Alexandria	El-Dekheila
Red Sea (Hurghada)	62	5	657	729	751	333	381	594	668	671	668
New Valley (Kharga)	595	650	985	1053	1075	697	724	807	794	792	790
Matrouh (Marsa Matrouh)	944	895	851	920	942	575	591	544	489	288	274
North Sinai (Al-Arish)	711	662	437	312	467	330	288	223	298	485	494
South Sinai (Sharm El-Sheikh)	823	767	107	150	15	436	376	528	602	730	727

Furthest distance  Closest distance

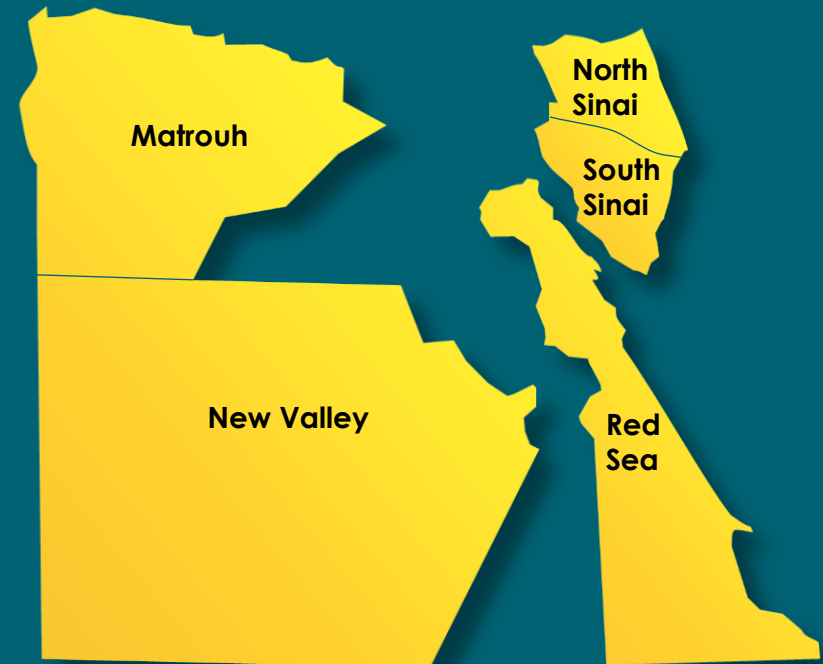
* Distances are approximate. Source: Google Maps.

Guide Sections

1. General information

2. Special information about the region

3. Detailed information about the governorates of the region



4. Border Governorates

Red Sea Governorate



- Area and Population Characteristics
- Labor Force Indicators
- Industrial Zones and Status of Infrastructure
- Governorate Challenges





Area and population

Area

119,099
km²

Inhabited
71 km²
0.1%

Population

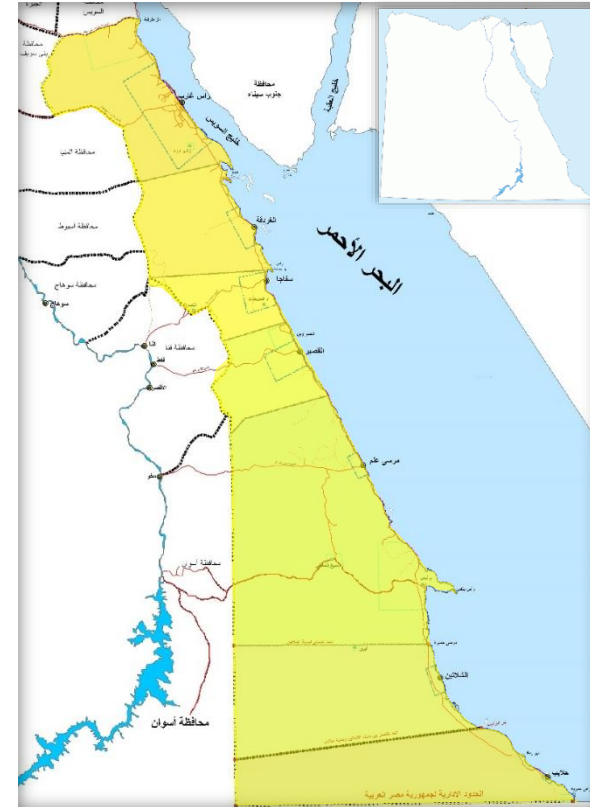
393
Thousand

Rural
12
3%

Urban
381
97%

Females
189
48%

Males
204
52%

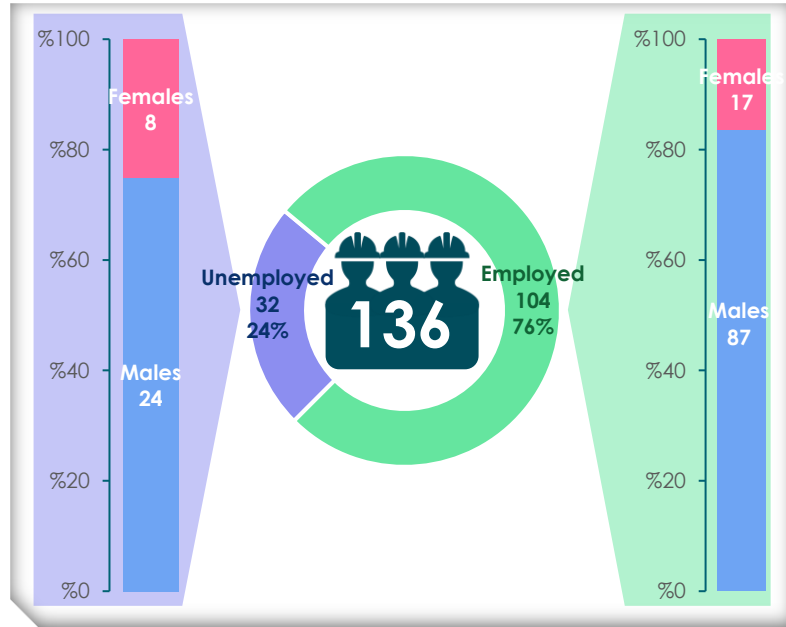


Source: Egypt in figures 2022; Statistical Yearbook 2022, CAPMAS.

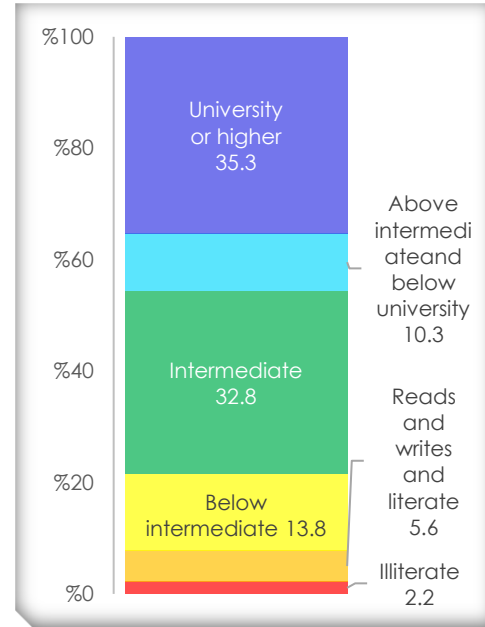


Labor Force Indicators

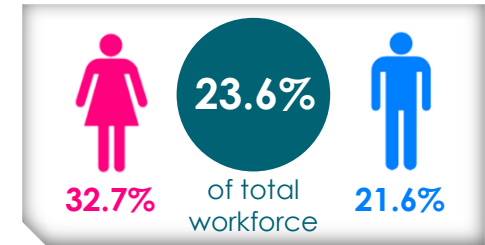
Total Work Force (thousands)



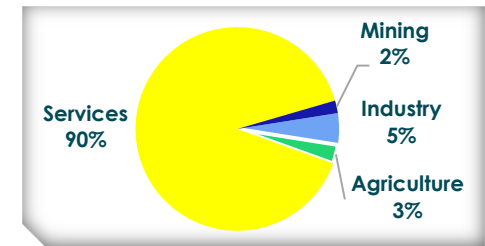
Distribution of the unemployed according to educational status (%)



Unemployment Rate (%)



Distribution of employment by sectors*

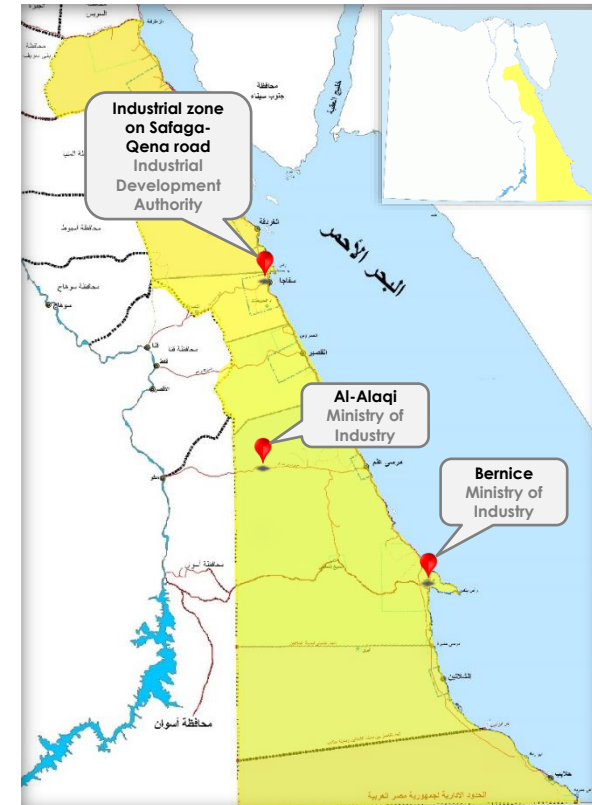


Source: Egypt in figures 2022; Statistical Yearbook 2022, CAPMAS.



Zones in the Red Sea Governorate

S	Area name	Affiliation
1	Al-Alaqi 1 Republican Decree 358 of 2008	Ministry of Industry
2	Al-Alaqi 2 Republican Decree 358 of 2008	Ministry of Industry
3	Bernice 1 Republican Decree 358 of 2008	Ministry of Industry
4	Bernice 2 Republican Decree 358 of 2008	Ministry of Industry
5	Industrial zone on Safaga-Qena road Establishment: Governor's Decision No. 820 of 2017 Amendment: Governor's Decision No. 1025 of 2017	Industrial Development Authority





Al-Alaqi Industrial Zone 1

Date created

2008

Surface Area

61,841 Feddans

259,730,940 m²

% Allocation

0%

Economic Activities

No Data Available

Percentage of Infrastructure Implementation

Roads

0%

Electricity

0%

Sewage

0%

Water

0%

Telecom

0%

Natural Gas

0%

*Non-updated data being updated by IDA.

Source: IDA, April 2023.



Al-Alaqi Industrial Zone 2

Date created

2008

Surface Area

306,750 Feddans

1,288,348,740 m²

% Allocation

0%

Economic Activities

No Data Available

Percentage of Infrastructure Implementation

Roads

0%

Electricity

0%

Sewage

0%

Water

0%

Telecom

0%

Natural Gas

0%

*Non-updated data being updated by IDA.

Source: IDA, April 2023.



Bernice Industrial Zone 1

Date created

2008

Surface Area

120,485 Acre

506,037,840 m²

% Allocation

0%

Economic Activities

No Data Available

Percentage of Infrastructure Implementation

Roads

0%

Electricity

0%

Sewage

0%

Water

0%

Telecom

0%

Natural Gas

0%

*Non-updated data being updated by IDA.

Source: IDA, April 2023.



Bernice Industrial Zone 2

Date created

2008

Surface Area

89,616 Acre

376,386,360 m²

% Allocation

0%

Economic Activities

No Data Available

Percentage of Infrastructure Implementation

Roads

0%

Electricity

0%

Sewage

0%

Water

0%

Telecom

0%

Natural Gas

0%

*Non-updated data being updated by IDA.

Source: IDA, April 2023.



Governorate Challenges

Challenges =
Investment
Opportunities

- **Overpopulation**
 - Population doubling, and related needs.
- **There is no** **Absence of a** permanent water source in the governorate.
- **Lack of** **Insufficient** investments in the mining sector, and the current lack of expansion **efforts**.
- **Not supporting** **Inadequate support for** quality medical tourism in the city of Safaga.
- **Not organizing** **Absence of organized** tourism conferences and festivals.
- Poor tourism advertising and marketing.
- Absence of any animal or poultry **activity husbandry** in the governorate; **and** dependence on imports of meat and dairy products and food commodities from the governorates of Qena and Luxor.
- Lack of plans to support investment in the agricultural sector.
- **Groundwater level rise** **Rising groundwater levels** in some areas.
- Incomplete **or insufficient utility services.utilities-** **not utilities-served**



Source: Strategies for development of governorates of the Republic in light of the new demarcation, 2014.

New Valley Governorate

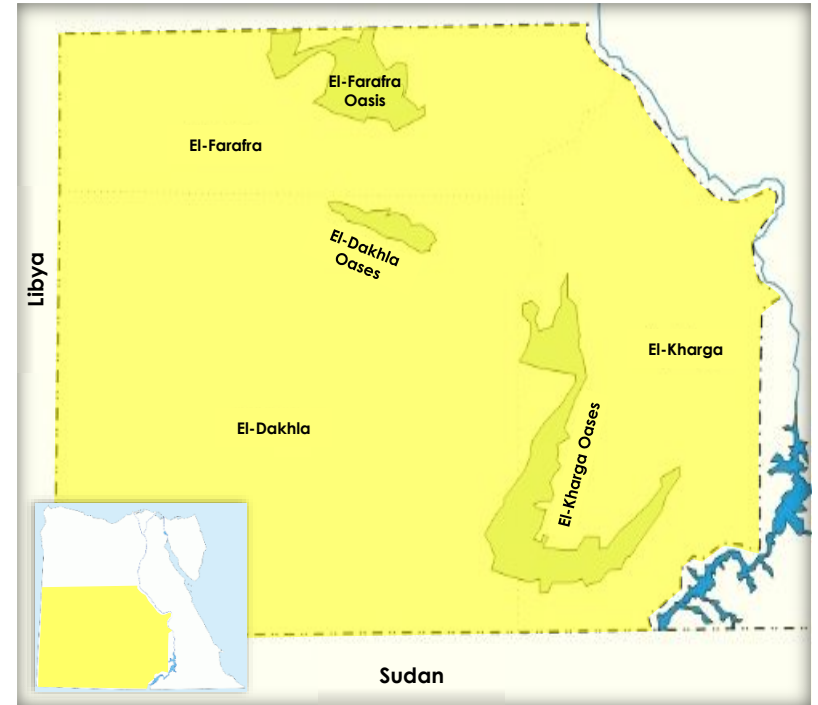
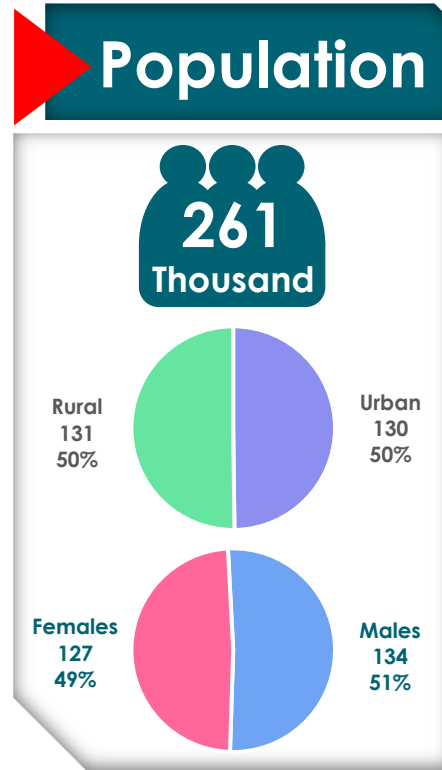
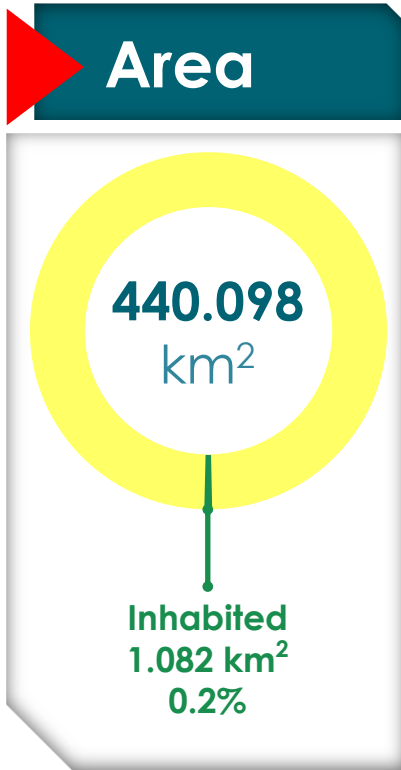


- Area and Population Characteristics
- Labor Force Indicators
- Industrial Zones and Status of Infrastructure
- Governorate Challenges





Area and Population

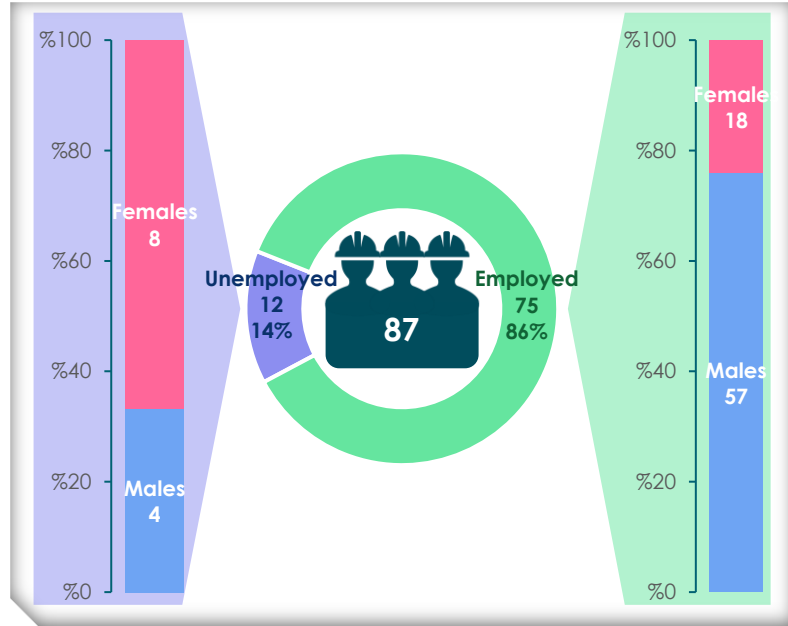


Source: Egypt in figures 2022; Statistical Yearbook 2022, CAPMAS.

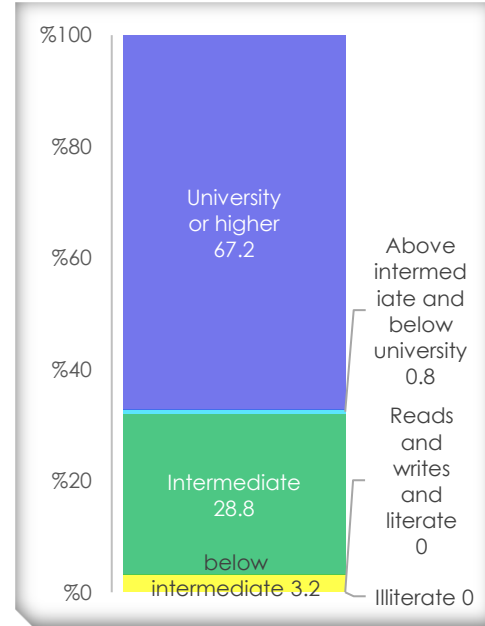


Labor Force Indicators

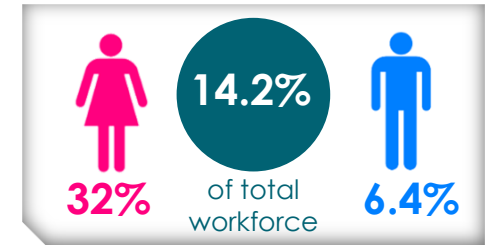
Total Work Force (thousands)



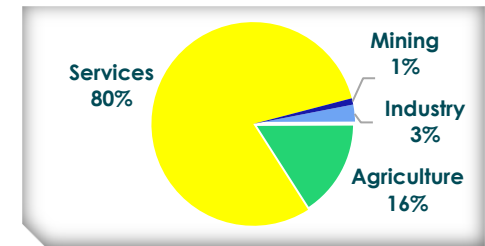
Distribution of the unemployed according to educational status (%)



Unemployment Rate (%)



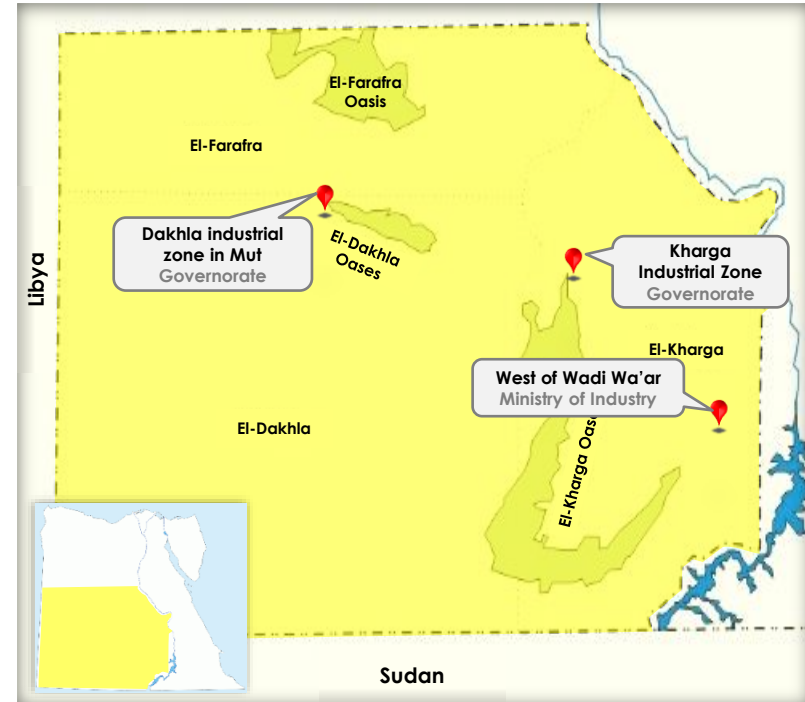
Distribution of employment by sectors*



Source: Egypt in figures 2022; Statistical Yearbook 2022, CAPMAS.

Zones in New Valley Governorate

S	Area name	Affiliation
1	Kharga Industrial Zone <i>Prime Ministerial Decision No. 2069 of 1996</i>	Governorate
2	Dakhla industrial zone in Mut <i>Prime Ministerial Decision No. 2069 of 1996</i>	Governorate
3	West of Wadi Wa'ar <i>Republican Decree No. 358 of 2008</i>	Ministry of Industry





Kharga Industrial Zone

Date created

1996

Surface Area

181 Feddans

760,200 m²

% Allocation

33%

Economic Activities

Food and beverages

Mineral

Mineral extraction

Chemical

Services

Percentage of Infrastructure Implementation

Roads

65%

Electricity

90%

Sewage

75%

Water

80%

Telecom

Connection is made upon submission

Natural Gas

N/A

Source: IDA, April 2023.



Dakhla Industrial Zone - Mut

Date created

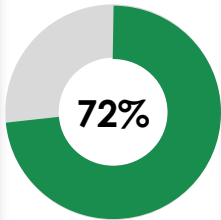
1996

Surface Area

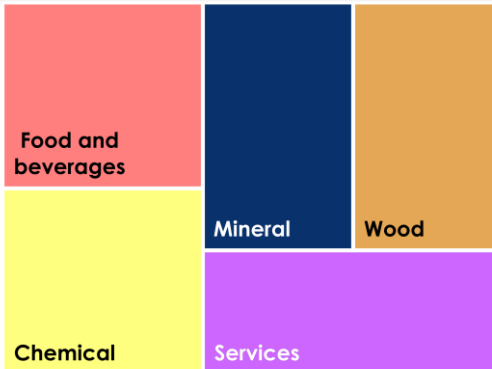
71 Feddans

298,200 m²

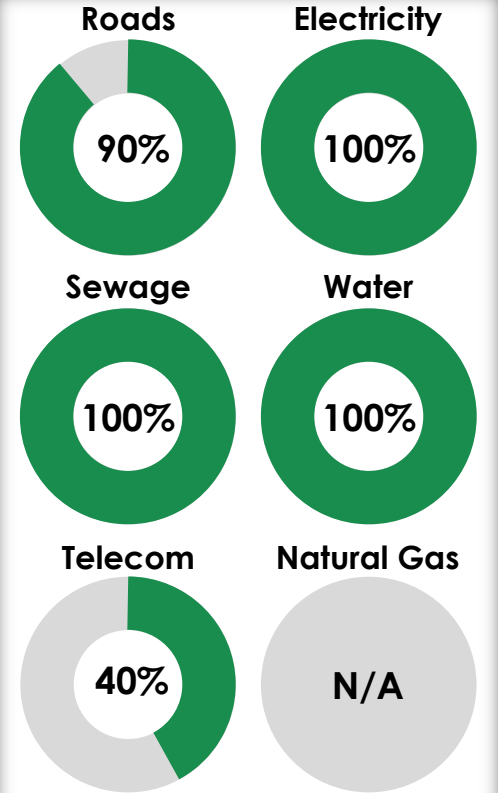
% Allocation



Economic Activities



Percentage of Infrastructure Implementation



Source: IDA, April 2023.



Industrial zone west of Wa'er Valley

Date created

2008

Surface Area

231,158 Feddans

970,861,920 m²

% Allocation

0%

Economic Activities

No Data Available

Percentage of Infrastructure Implementation

Roads

0%

Electricity

0%

Sewage

0%

Water

0%

Telecom

0%

Natural Gas

0%

*To be removed from industrial zones.

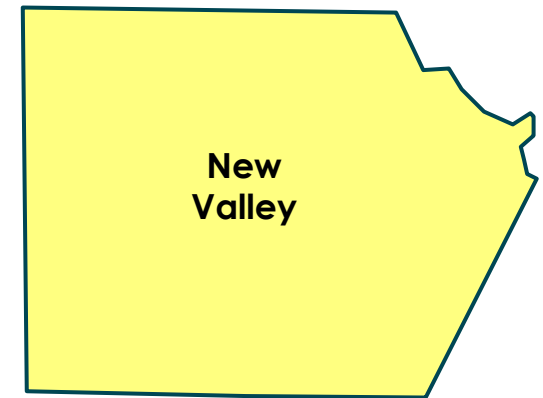
Source: IDA, April 2023.

*Non-updated data being updated by IDA.



Governorate Challenges

- The use of traditional irrigation systems that is detrimental to the aquifer.
- Low efficiency of some irrigation and drainage facilities.
- Pollution caused by sewage and agricultural waste.
- Difficulties in marketing agricultural products.
- Lack of trained personnel on new production systems.
- Spatial isolation and distance from the main urban centers.
- Lack of colleges or institutes in scientific and technological fields.
- Low industrial activity in the governorate.
- Shortage of the labor force and the low technical level of employment.
- Low purchasing power, which makes it difficult to market industrial products.
- Lack of markets for manufactured production.
- Poor communication and isolation of the area from other tourist areas.
- Poor tourism education and lack of skills
- Incomplete or insufficient utility services.



Source: Strategies for development of governorates of the Republic in light of the new demarcation, 2014.

Matrouh Governorate

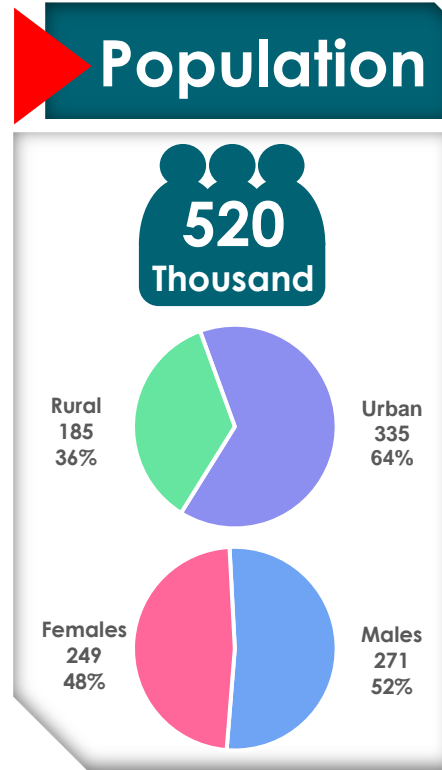
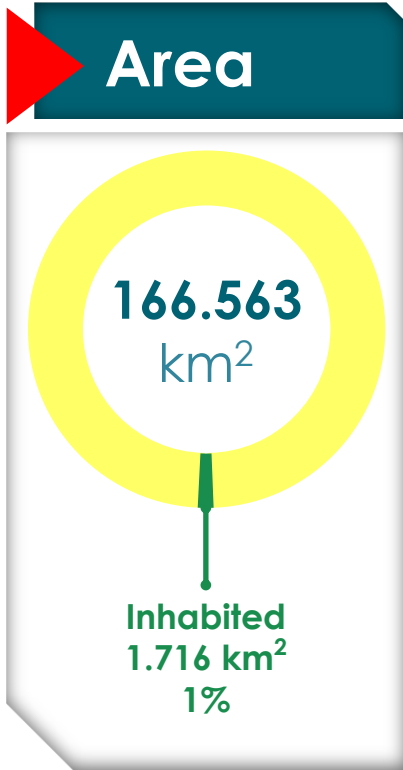


- Area and Population Characteristics
- Labor Force Indicators
- Industrial Zones and Status of Infrastructure
- Governorate Challenges





Area and Population

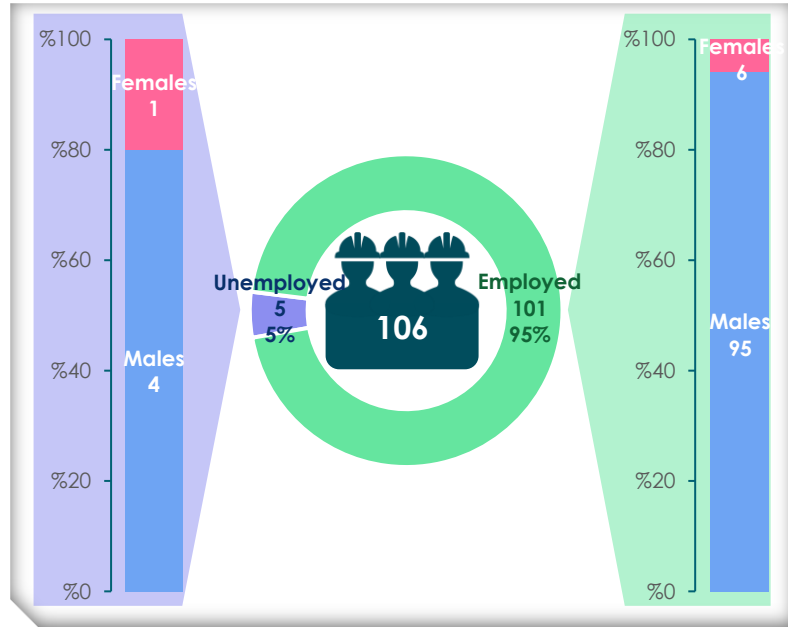


Source: Egypt in figures 2022; Statistical Yearbook 2022, CAPMAS.

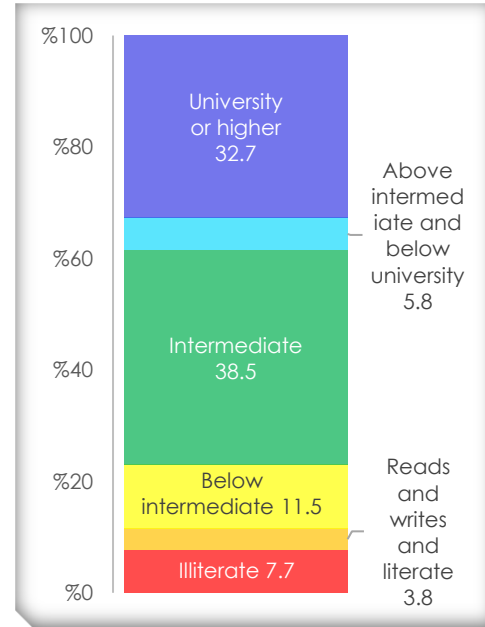


Labor Force Indicators

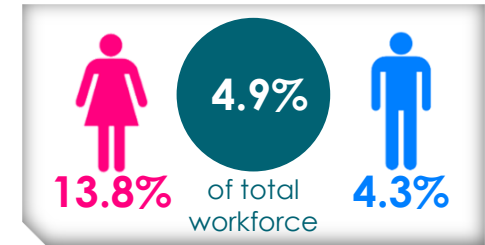
Total Work Force (thousands)



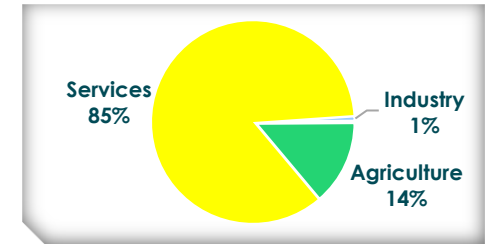
Distribution of the unemployed according to educational status (%)



Unemployment Rate (%)



Distribution of employment by sectors*

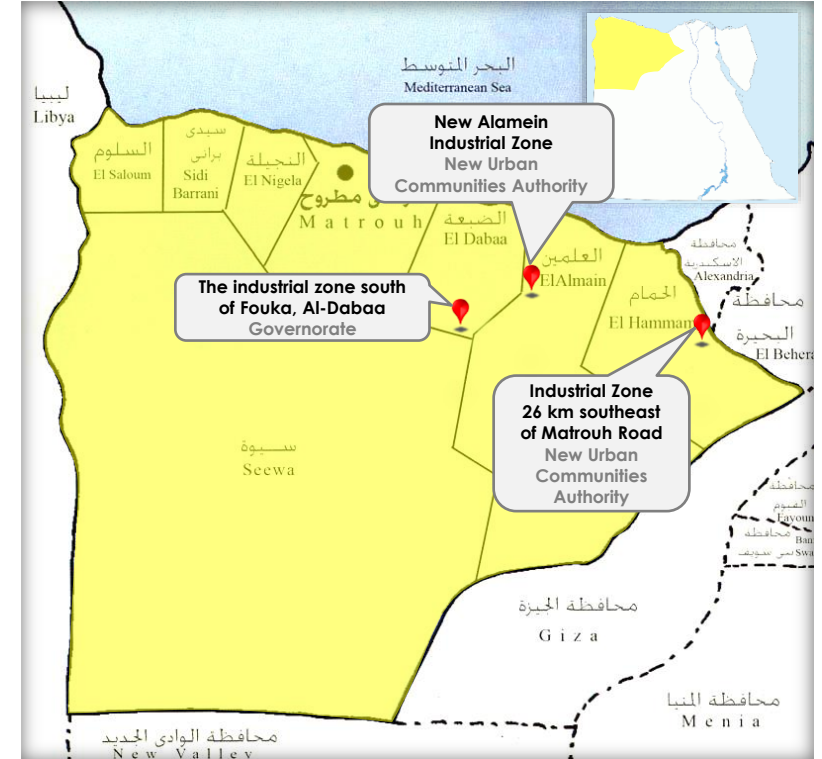


Source: Egypt in figures 2022; Statistical Yearbook 2022, CAPMAS.



Zones in Matrouh Governorate

S	Area name	Affiliation
1	Industrial Zone 26 km southeast of Matrouh Road <i>Establishment: Prime Ministerial Decree No. 463 of 1993 Amendment: Republican Decree No. 361 of 2020</i>	New Urban Communities Authority
2	The industrial zone south of Fouka, Al-Dabaa <i>Prime Ministerial Decision No. 1089 of 2015</i>	Governorate
3	New Alamein Industrial Zone	New Urban Communities Authority





Industrial Zone 26 km southeast of Matrouh Road

Date created

1993

Surface Area

803 Feddans

3,372,600 m²

% Allocation

0%

Economic Activities

No Data Available

Percentage of Infrastructure Implementation

Roads

0%

Electricity

0%

Sewage

0%

Water

0%

Telecom

0%

Natural Gas

0%

*Non-updated data being updated by IDA.

Source: IDA, April 2023.



The industrial zone south of Fouka, Al-Dabaa

Date created

2015

Surface Area

290 Feddans

1,216,446 m²

% Allocation

0%

Economic Activities

No Data Available

Percentage of Infrastructure Implementation

Roads

0%

Electricity

0%

Sewage

0%

Water

0%

Telecom

0%

Natural Gas

0%

*Non-updated data being updated by IDA.

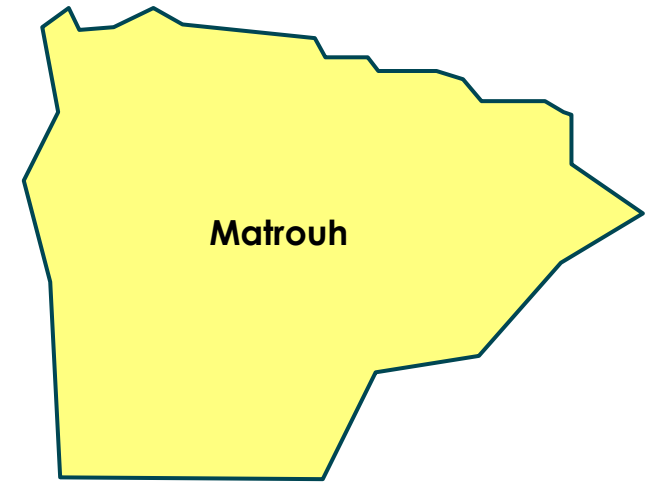
Source: IDA, April 2023.



Governorate Challenges

Challenges =
Investment
Opportunities

- Activity focused on traditional agriculture (on rainwater) for local consumption.
- Simple industrial activity and predominance of the crafts with spatial concentration.
- Commercial activity is concentrated in the cities of Matrouh and Salloum (land port).
- Economic activity is limited to domestic tourism for limited periods (summer months).
- The dominance of residential (non-hotel) accommodation facilities, lacking appropriate accommodation and services compatible with the preferences of international tourism.
- Infrastructure and social services don't satisfy the requirements of stable communities in the region.
- Lack of training and craftsmanship among large groups of youth in the Governorate.
- Failure to capitalize on the traditional craft skills of Bedouin women.
- Incomplete or insufficient utility services.



North Sinai Governorate

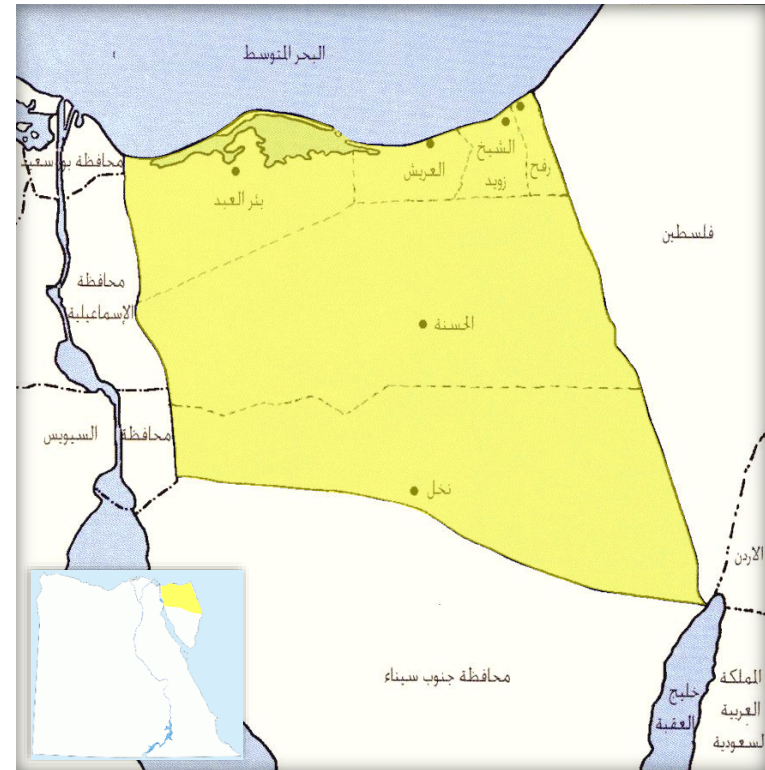
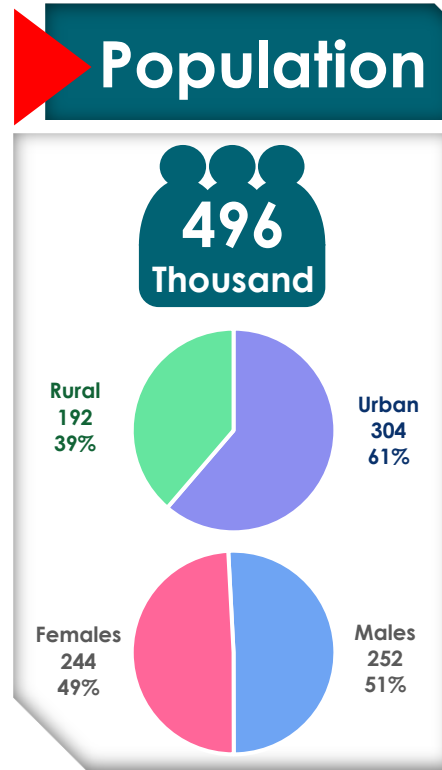
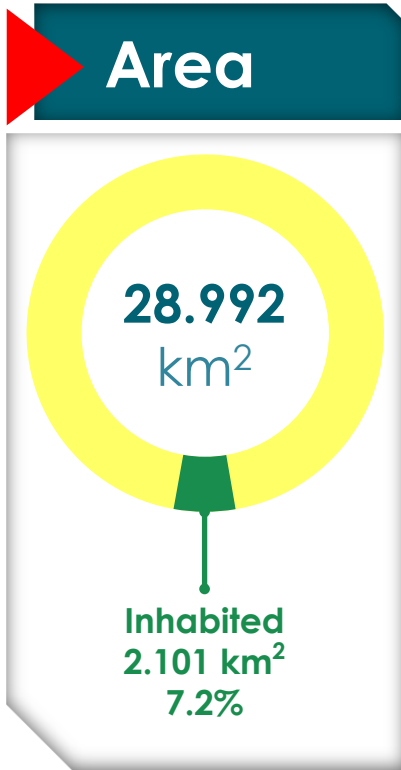


- Area and Population Characteristics
- Labor Force Indicators
- Industrial Zones and Status of Infrastructure
- Governorate Challenges





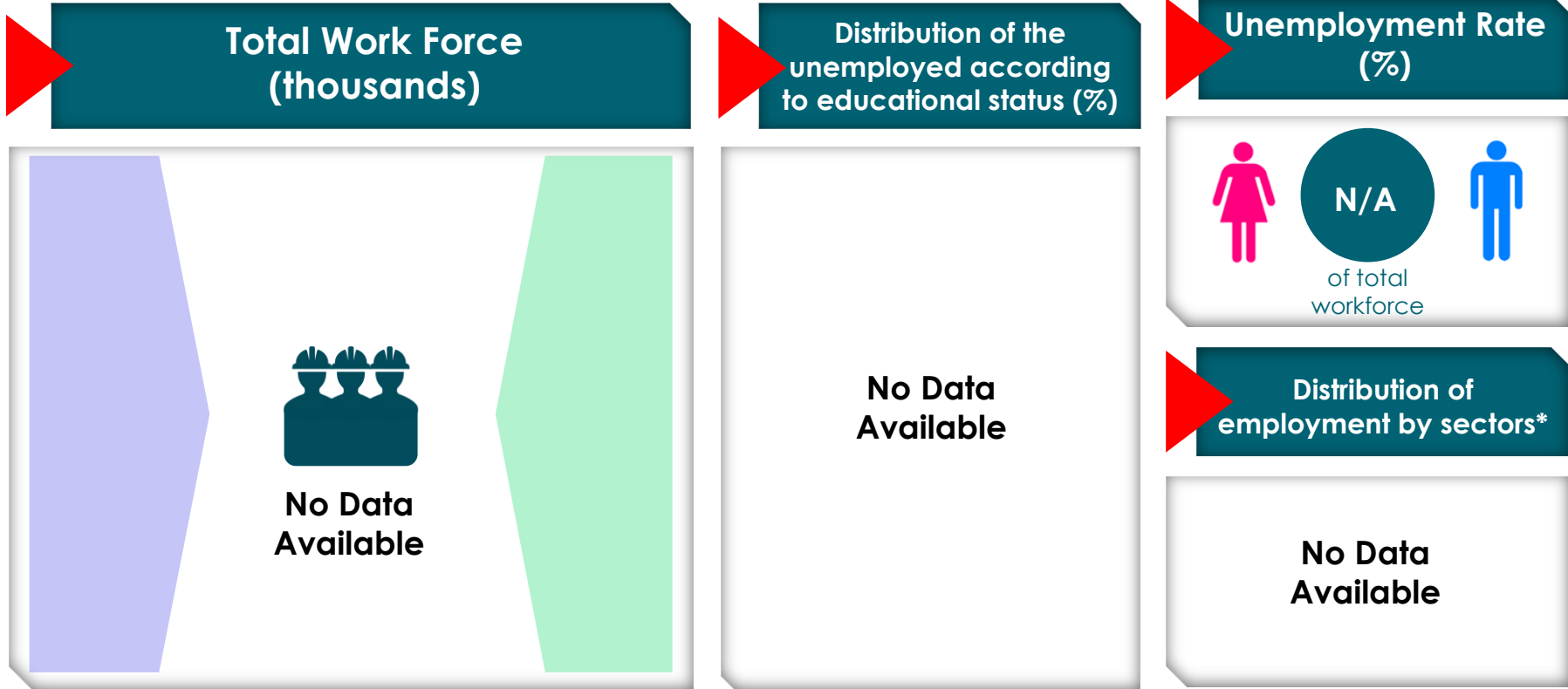
Area and Population



Source: Egypt in figures 2022; Statistical Yearbook 2022, CAPMAS.



Labor Force Indicators

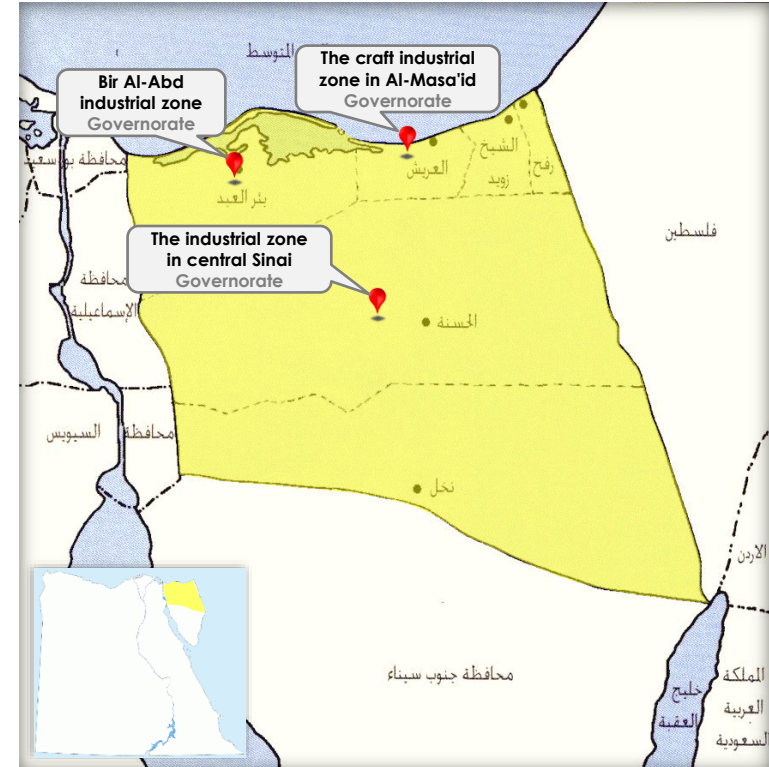


Source: Egypt in figures 2022; Statistical Yearbook 2022, CAPMAS.



Zones in North Sinai Governorate

S	Area name	Affiliation
1	Bir Al-Abd industrial zone Prime Ministerial Decision No. 271 of 1993	Governorate
2	The craft industrial zone in Al-Masa'id Establishment: Governor's Decision No. 20 of 1987 Extension: Governor's Decision No. 232 of 2010	Governorate
3	The industrial zone in central Sinai Presidential Decree No. 70 of 2017	Governorate





Bir al-Abd industrial zone

Date created

1993

Surface Area

238 Feddans

999,600 m²

% Allocation

3%

Economic Activities

Food and beverages

Mineral

Wood

Chemical

Engineering

Percentage of Infrastructure Implementation

Roads

60%

Electricity

60%

Sewage

60%

Water

60%

Telecom

N/A

Natural Gas

N/A

Source: IDA, April 2023.



The craft industrial zone in Al-Masa'id

Date created

1987

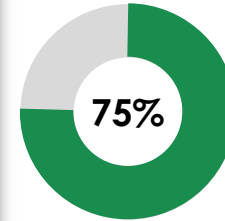
Surface Area

368 Feddans

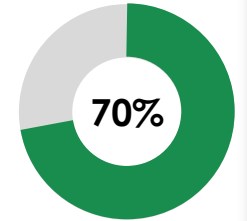
1,544,760 m²

Percentage of Infrastructure Implementation

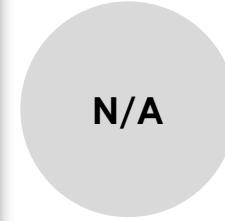
Roads



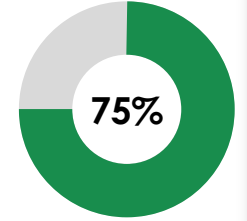
Electricity



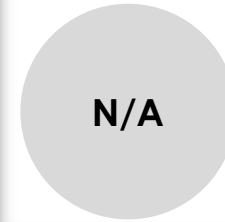
Sewage



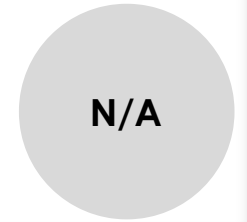
Water



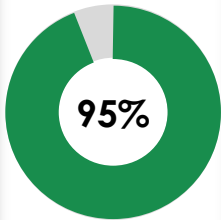
Telecom



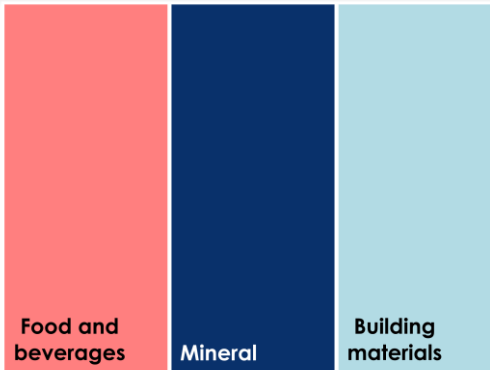
Natural Gas



% Allocation



Economic Activities



* Percentage of allocation and infrastructure for phase I only, with an area of 230 feddans
Source: IDA, April 2023.



The industrial zone in Central Sinai

Date created

2017

Surface Area

78,387 Feddans

329,223,300 m²

% Allocation

N/A

Economic Activities

Heavy and medium industries

Percentage of Infrastructure Implementation

Roads

Not utilities-served

Electricity

Not utilities-served

Sewage

Not utilities-served

Water

Not utilities-served

Telecom

Not utilities-served

Natural Gas

Not utilities-served

Source: IDA, April 2023.



Governorate Challenges

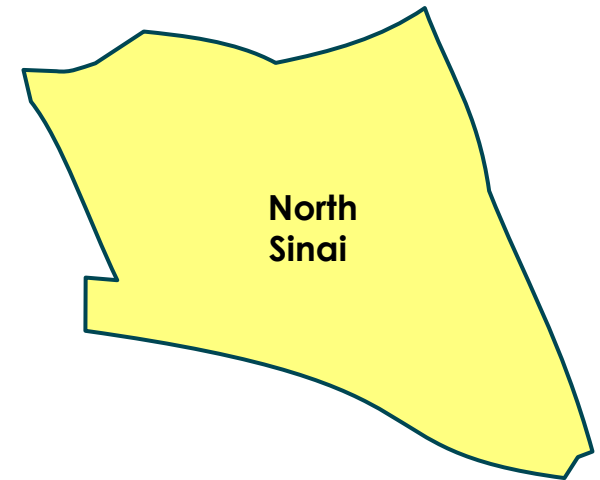
Challenges =
Investment
Opportunities

- **Limited water resources**

- Limited renewable water resources, which leads to slow development rates.
- Need to expand the industrial works of dams, artificial lakes and bridges of underground reservoirs for high rainwater harvesting.
- Need to exploit the water resources latent in the aquifer of soil and rocks in North Sinai.
- Absence of the use of modern technologies in dealing with renewable groundwater wells to prevent their depletion.

- **Energy challenges**

- Failure to exploit available resources of new and renewable energy to save energy.
- Low energy efficiency and resources.



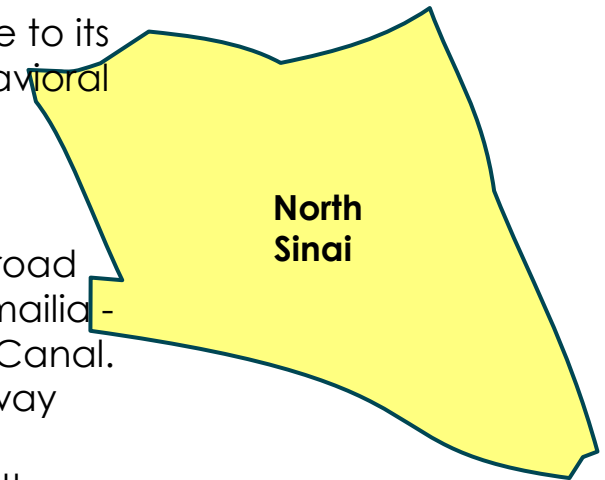
Source: Strategies for development of governorates of the Republic in light of the new demarcation, 2014.



Governorate Challenges (cont.)

Challenges =
Investment
Opportunities

- **Human development challenges**
 - Absence of attractive factors for residents from outside the governorate.
 - Difficulty of influencing the demographic variable due to its association with local Sinai culture and inherited behavioral habits.
- **Transportation-related challenges**
 - Failure to expedite the implementation of transverse road projects on the highway (Al-Qantara East - Rafah - Ismailia - Al-Awja) to support linkage with the west of the Suez Canal.
 - Delayed implementation of the expansion of the railway network in North Sinai governorate.
 - Need to develop the transportation system between the Gulf of Aqaba and the Mediterranean Sea.
- **Industrial development challenges**
 - Incomplete or insufficient utility services.



Source: Strategies for development of governorates of the Republic in light of the new demarcation, 2014.

South Sinai Governorate

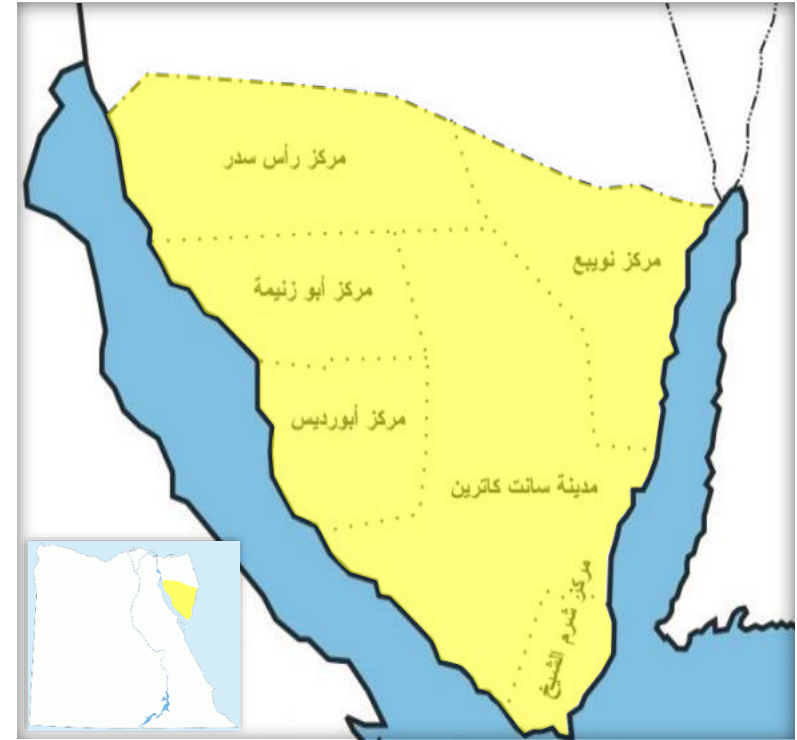
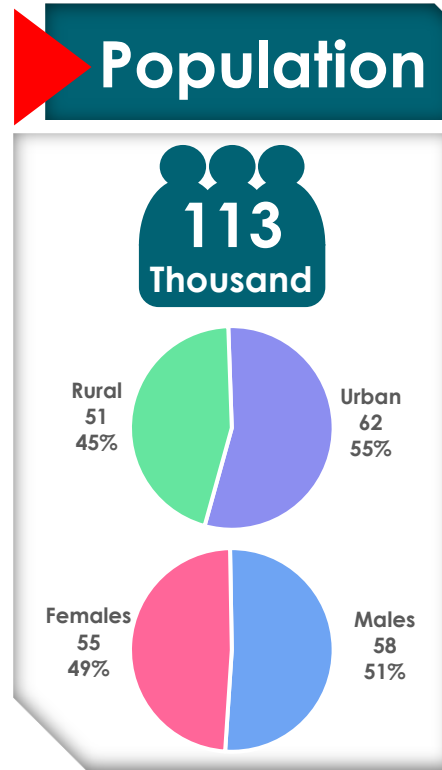
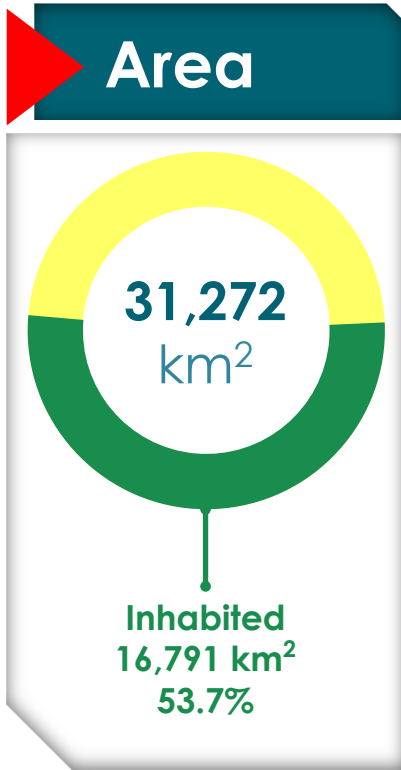


- Area and Population Characteristics
- Labor Force Indicators
- Industrial Zones and Status of Infrastructure
- Governorate Challenges





Area and Population

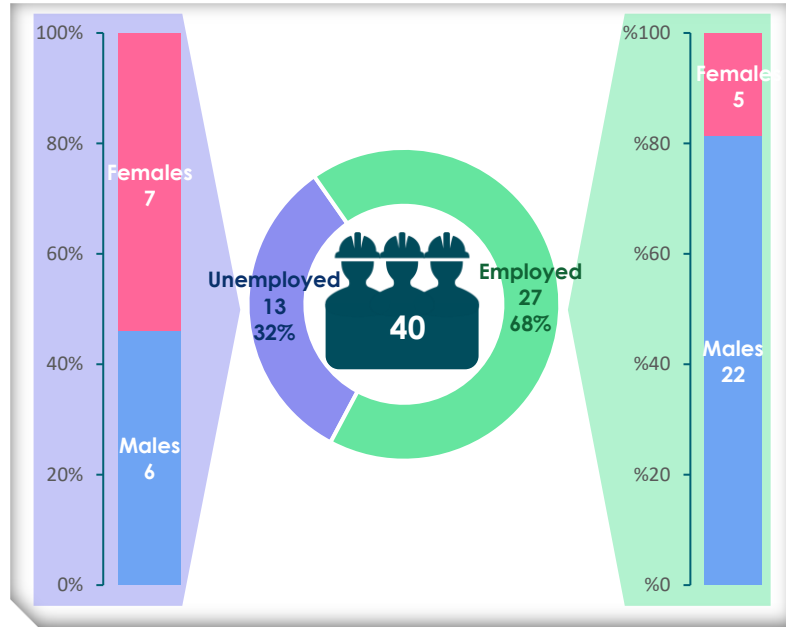


Source: Egypt in figures 2022; Statistical Yearbook 2022, CAPMAS.

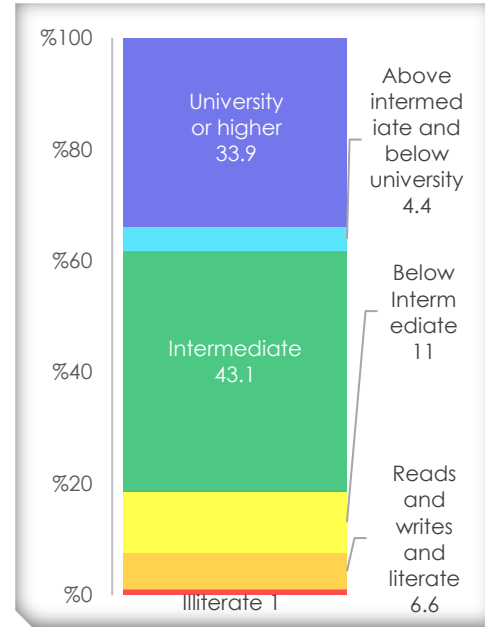


Labor Force Indicators

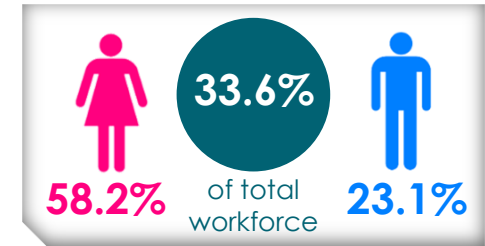
Total Work Force (thousands)



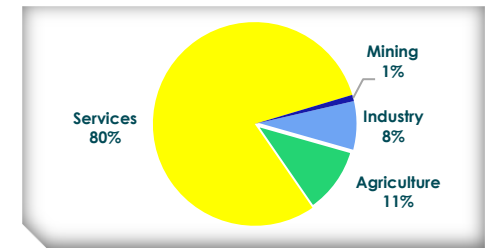
Distribution of the unemployed according to educational status (%)



Unemployment Rate (%)



Distribution of employment by sectors*

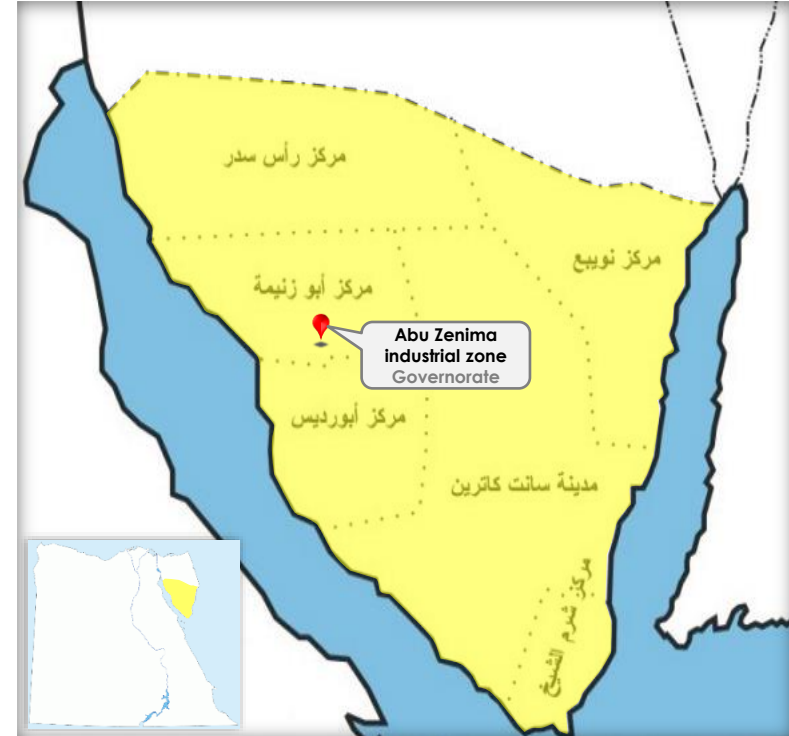


Source: Egypt in figures 2022; Statistical Yearbook 2022, CAPMAS.



Zone in South Sinai Governorate

S	Area name	Affiliation
1	Abu Zenima industrial zone Republican Decree No. 61 of 2015	Governorate





Abu Zenima industrial zone

Date created

2015

Surface Area

3,909 Feddans

16,417,506 m²

% Allocation

5.2%

Economic Activities

Building materials

Percentage of Infrastructure Implementation

Roads

Serving with utilities underway

Electricity

Serving with utilities underway

Sewage

There is an Unequipped Industrial Sewage station

Water

Serving with utilities underway

Telecom

N/A

Natural Gas

N/A

*Non-updated data being updated by IDA.

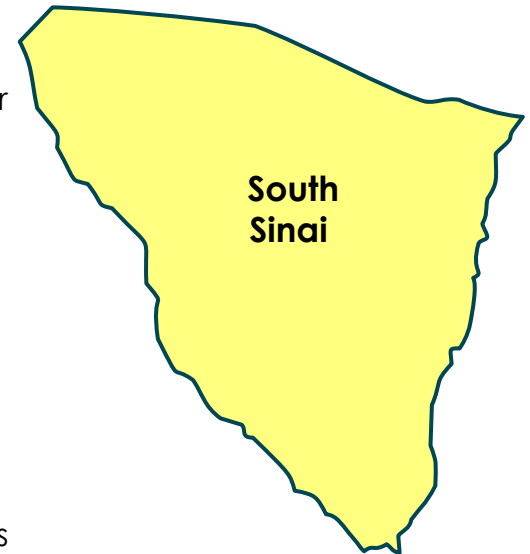
Source: IDA, April 2023.



Governorate Challenges

Challenges =
Investment
Opportunities

- **Water scarcity**
 - Limited renewable water resources, leading to slow development rates.
 - Underutilized water resources latent in the aquifer of soil and rocks in South Sinai.
 - Not using modern technologies in dealing with renewable groundwater wells to prevent their depletion.
 - The need to compare the costs of transporting Nile water with the desalination of sea water.
- **Energy challenges**
 - The high cost of producing new and renewable energy is a burden on urban development.
 - Low efficiency in the use of new energy technology and renewable resources.
- **Human development challenges**
 - Lack of skilled and trained labor, and the need to prepare and qualify technical cadres and trained labor as one of the most important factors in human development.
- **Industrial development challenges**
 - Incomplete or insufficient utility services.
 - Failure to take advantage of the existing natural resources in the governorate to generate added value



Source: Strategies for development of governorates of the Republic in light of the new demarcation, 2014.

ECES Staff

ECES includes a high-level group of economists, researchers, editors and administrators who are highly qualified and experienced. To learn more about the staff, please visit the following link: <http://eces.org.eg/en/eces-team>



Executive management:

Abla Abdel Latif – Executive Director and Director of Research

Research Department:

Sahar Abboud - Principal Economist (Consultant)	Ahmed Dawood - Economist
Rama Said - Senior Economist (Consultant)	Muhannad Mahdi - Economist
Racha Seif - Senior Economist	Marianne Adel - Economist
Salma Bahaa - Senior Economist	Habiba Mohsen - Economic researcher
Mohamed Hosni - Economist	AlHussein Essam - Economic Researcher

Statistics Department

Ahmed Fathi - Field researcher

Hossam Khater - Field researcher

Muhammad Khater - Field researcher

Editing and translation Department

Yasser Selim - Managing Editor

Fatima Ali - Senior Editor/Translator

Information technology Department

Ibrahim Al-Embabi - Senior Systems and

Information Officer

Digital Communications Department

Walied El-Torky - Digital Communication

Manager

Mohamed Abdel-Hakam - Communication

Specialist

Financial and Administrative Affairs

Mohamed Leheita - Financial and

Administrative Manager

Amani Medhat - Research and

Executive Assistant

Miral Michel - Assistant Executive Director

Mohamed Atef - Administrative Assistant

Hussein Muhammad - Assistant

Omar Mowafi - Assistant

Naji Tariq - Assistant

Tarek Attia - Assistant

Walid Ibrahim - Assistant

Amr Mohamed - Assistant

Important Notice

This guide is not the only publication in this regard, and it was prepared at the initiative of the Egyptian Center for Economic Studies (ECES) for the purposes of distribution, and it may not be published or distributed without the written consent of the ECES management. The information and data contained therein were collected from their official sources, and ECES is not responsible for the inaccuracy of any of these data or information, and we believe that they were correct at the time of preparing the guide, and updates or amendments are likely to be made later, so official sources need to be checked for verification. Any errors that may have been made in preparing these data are coincidental and unintended.

Your Guide to Industrial Investment in Egypt 2023 Edition

Sponsored by



THE BANK TO TRUST

cibeg.com



Industrial Development Group

idg-egypt.com

© 2023 The Egyptian Center for Economic Studies

All rights reserved.