Post-revolution investment initiatives in Egypt

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Before the 2011 Revolution, Egypt used to be the number one recipient of foreign direct investment (FDI) in the southern Mediterranean region. Following the Revolution and due to political unrest, FDI decreased drastically. However, in 2015, a conference in Sharm El Sheikh was held to draw the attention of foreign investors and encourage progress and development.

Alongside the Sharm El Sheikh Economic Conference, Presidential Decree 17 of 2015 was enacted and introduced to the participants of the conference. The decree provides for new amendments to Investment Law 8 of 1997 and other laws with the aim of improving the competitiveness of the investment climate in Egypt.

By virtue of the decree, a new section has been inserted into the Investment Law for the purpose of governing state-owned lands and real estate properties as well as providing less burdensome conditions for disposing of the same to investors. The level and extent of facilities granted to investors are to be based on the amount of invested funds, the size, and the nature of the project. In all events, the Investment Law focuses on facilitating the disposition and allocation of lands to those investment projects that most benefit the growth of the national economy.

Further, the Investment Law provides for several disposition and allocation routes from immediate sale, to the grant of usufruct rights, lease and vesting of ownership through lease. The amendments of the Law aim to avert the modification of land prices by the competent authorities after the intention to contract with the investor is given. It also aims to allocate those lands for new projects and develop legal mechanisms to activate the distribution of lands to potential investors.

On the same basis, lands, in addition to being allocated at usufruct right up to a period of 30 years, can also be allocated by the government to such investors at no or minimal consideration. Over five years starting from April 2015, the unremunerated disposal of state-owned lands and real estate properties will take effect.

It is to be noted that where several allocation applications by investors are submitted to the competent authorities to enjoy the above addressed investment incentives, the same will be considered and decided by a draw in light of the technical and financial capacities of the applicants. This creates a dynamic space for fairness between investors.

On a different note, the process of transferring foreign funds for these investments from abroad will be undertaken according to the terms set out by the Central Bank of Egypt. The creation of an effective mechanism is set to ensure the investor exits the market safely and at the lowest cost. We believe that parallel amendments on the strict limitations imposed on currency transfers would be adopted as part of the investment reformation.

The Law eliminates many obstacles for the investor. It paves the way to mitigating lengthy execution processes by appointing one competent authority to be in charge of coordinating and issuing the various operating licences. Being distinguished by several ministries, this law does not solely entrust the ministry of investment with the mission of increasing investments in Egypt.

A more coherent vision in respect of implementation mechanisms will gradually take place. We trust that the necessary modifications to existing laws will be undertaken to give an ultimate applicability to the amendments of the Investment Law and to further promote the investment climate of the new Egypt.

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