



EGYPT

What's happening in this economy

Egypt's population of 97 million people gives it the largest consumer market and the third largest (and one of the most diverse) economies in Africa. Egypt has a small, but very affluent upper class with the second highest number of ultra-high net worth individuals (individuals with USD \$30 million or more in assets, excluding primary residence) in Africa.

Following successful completion of an IMF loan and reform package in 2019, Egypt's macroeconomic picture continued to improve with economic growth reaching 5.5 per cent and inflation falling to 7.1 per cent by December 2019. GDP growth is expected to remain robust with the main drivers being tourism, oil and gas, infrastructure investment, construction and communications and information technology.

Foreign direct investment (FDI) while still healthy has continued to fall and reached USD \$6.8 billion in 2018. FDI flows are primarily concentrated in the oil and gas sector.

The Egyptian Government is undertaking a number of significant reform programs including education reform, introduction of universal healthcare, customs reform and reforms to improve public administration, including digitizing the public sector. Other priority sectors include infrastructure investment (roads, public transport, buildings, renewable energy and ports and airports) and improved water management and capacity projects (e.g. desalination).

Egypt has a complex regulatory and operating environment, which can make it challenging for foreign companies. The military's role in the economy has continued to expand in recent years with a dampening effect on the private sector. Increasing poverty and rising costs of living also increase risks of unrest and political instability.

The Australian Government has imposed prohibitions on the carriage of air cargo that has originated from or transited through Egypt.

Key facts and figures

- Population: 97 million (2018)
- GDP growth: 5.5% (2019)
- GDP per capita: USD \$3,020
- Political system: Presidential Republic
- Two-way trade goods and services traded: AUD \$813 million (2018)
- Two-way investment: AUD \$270 million (2018)

Trade, investment, and commercial opportunities and activities

- Two-way trade in goods and services stands at A\$813 million, though the real number may be higher due to the use of regional hubs. The Australian commercial presence in Egypt is relatively small and concentrated in mining and food and agricultural exports.
- An Australian company, Centamin, manages Egypt's only gold mine, while a number of others have exploration or development concessions, or **mining** equipment, training and services (METS) interests.
 - Egypt is in the process of reforming its mining law, which could make its substantial resources attractive for foreign investment and development.



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- Opportunities for Australian service providers may also exist in Egypt's growing offshore gas sector.
- WorleyParsons won a contract to advise Egypt on the construction of its first nuclear power plant.
- Egypt imports 40 per cent of its **food**, and a number of Australian companies supply meat, grains and pulses and vegetables to Egyptian retailers, while there are also Australian owned food and beverage companies operating in Egypt, including the supermarket chain Gourmet Egypt.
 - With a rapidly growing population, Egypt's demand for food and beverages will continue to grow.
- Egypt has a young population, with 34.2 per cent of the population (around 30 million people) under 15 years of age. Between 2011 and 2016 the number of primary school students grew by 40 per cent.
- The Egyptian Government's efforts to reform and improve the **education** system (both pre-K through secondary and tertiary education) includes an explicit agenda to attract foreign institutions
 - There may be opportunities for Australian providers to open branch campuses, or deliver Australian content through curriculum licencing or fly in/fly out teaching programs
 - There are Government and private initiatives to improve public administration and ICT capabilities, which may create opportunities for technology and vocational institutions.
- Many upper and middle class Egyptians send their children abroad to study and there are opportunities to attract Egyptian students to Australian branch campuses in the region or to Australia.
- According to UN Water Development Report for 2018, Egypt is below the **water** poverty threshold and heading towards absolute water poverty. Causes include climate change and wasteful water practices, such as flood irrigation in the agricultural sector.
 - Opportunities exist for Australian companies to provide training programs and equipment for modern irrigation techniques in agriculture production.
 - The Government also aims to increase water desalination production from current levels of 700,000 cu metres/day, to 2.5 million cu metres/day by 2022.
- Other sectors that may be of interest to Australian companies include defence industry, media and technology services, and medical devices.

Trade policy and negotiations

- Bilateral Investment Treaty with Australia – 2001
- Member World Trade Organisation (WTO) since 1995 and General Agreement on Tariffs and Trade (GATT) since 1970
- African Continental Free Trade Area (AcFTA)
- European Union-Egypt Free Trade Agreement (Association Agreement)
- Free Trade Agreement with EFTA States
- Greater Arab Free Trade Area Agreement
- Agadir Free Trade Agreement among Egypt, Morocco, Tunisia and Jordan
- Egyptian-European Mediterranean Partnership Agreement
- The Common Market for Eastern and Southern Africa (COMESA)
- Pan Arab Free Trade Area (PAFTA)



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- Bilateral trade or economic partnership agreements with: China, Russia, European Union, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia, Turkey.

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