



An Economic Renaissance

Egypt is moving forward with a wide range of vigorous efforts to jumpstart the economy with new investment and to accelerate growth through long-needed reforms and structural modernizations. After years of stagnation, Egypt is in the midst of an economic transformation. Building an accessible, effective and innovative 21st century economy in Egypt is crucial to expanding opportunity and prosperity for all.

A growing economy.

Egypt is experiencing an economic renaissance based on sound fiscal management, implementing long-delayed reforms, investing in the future and private sector growth:

- Moody's upgraded Egypt's economic outlook to stable.
- Foreign direct investment into Egypt over the first three quarters of fiscal year 2013/14 reached \$4.7 billion, up more than 20 percent from the corresponding period in the preceding fiscal year.
- Egypt ranks second after Brazil in terms of the highest rates of return on investment globally.
- Egypt aims to reach an economic growth rate of 6 percent in the next five years.
- In August 2014, Egypt's stock market closed above 9,000 points for the first time since 2008.
- HSBC's Egypt Purchasing Managers Index (PMI) reported Egypt's economy grew in August as "rates of expansion were sharp and the most marked in eight months" and that "purchasing activity increased at the fastest pace since data collection began in April 2011."
- The Suez Canal saw record revenue in August.

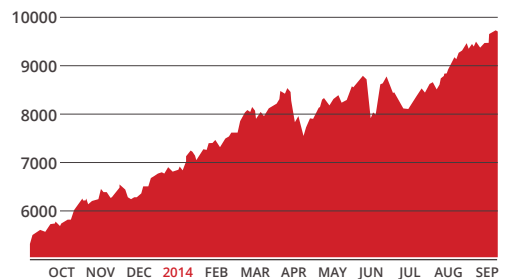
Invested in national infrastructure.

The government has launched a number of national megaprojects that will transform the economic landscape. These include the historic Suez Canal project, a groundbreaking \$8.6 billion endeavor to expand the Suez Canal. This is the first major expansion in the canal's 145-year history and will include an additional waterway, four new seaports, a new airport, a new industrial zone and a "technology valley" in Ismailia. Egypt is also developing a Golden Triangle industrial, mining, commercial and tourism center between Qena and the Red Sea. Finally, Egypt is expediting the development of new infrastructure projects that will upgrade transportation networks, schools and hospitals across the country.

\$4.7 BILLION

foreign direct investment committed to Egypt over the first three quarters of the fiscal year

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2nd

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Embassy of Egypt

WASHINGTON, D C



Reduced the budget deficit.

The new budget approved by President El Sisi this summer seeks to reduce the deficit to 10 percent of gross domestic product in the next fiscal year, a reduction from the 12 percent deficit during the 2013/14 fiscal year. The budget deficit was around 14 percent in the fiscal year ending June 2013. The government also projects lower inflation and debt reduction to within 80-85 percent of GDP in the next 5 years.

Reformed energy subsidies.

This summer, the President approved a new budget for 2014/15 that implemented long-awaited subsidies reforms. Spending on energy subsidies was cut by almost a third — \$6 billion — in the budget.

Increased revenue and new funds for health and education initiatives.

Egypt recently implemented a new 10 percent capital gains tax and a 5 percent levy on high incomes for three years. Egypt will also introduce a fairer value added tax during the first half of 2015, done in consultation with the IMF, to a range of goods and services. New revenues will allow the government to increase its allocations for health and education.

Improved the business environment.

The new government implemented a law aimed at respecting contracts between the government and the private sector. Egypt is proactively removing legal hurdles that previously caused lengthy and costly contract disputes and litigation, which impeded foreign investment. In addition, the IMF announced it will conduct Article IV consultations in November, the first such consultation since 2010.

Increased energy independence.

As Egypt continues to expand domestic energy production, the government expects to complete construction of a liquefied natural gas (LNG) import terminal by December 2014. Egypt is expediting repayment of debt owed to foreign energy companies, reassuring international investors. The government has also granted, for the first time, permission for private sector participation in new and renewable energy production as well as agreed to new tariffs, subsidies and incentives to drive renewable energy projects.

Attracted international investment.

The government's restoration of political stability and reforms to the economy have inspired international businesses to move forward with a number of large-scale investments in Egypt:

- BP plans to invest \$1.5 billion in 2014 to increase its production of natural gas in Egypt.
- Coca-Cola, which already exports to more than 40 countries from Egypt, plans to invest \$500 million, which will finance a new factory.
- International companies have completed 29 new agreements for oil and gas exploration, with a baseline worth over \$2 billion that will create over 100 new drilling wells.

“Egypt’s plans to reform its economy are succeeding...The U.S. administration values the successful steps taken by Egypt to reform structural imbalances in Egypt’s economy and proceed down the path to development in a practical and effective way.”

U.S. SECRETARY OF STATE JOHN KERRY

“I’m very impressed by what the Egyptian authorities are implementing in terms of reform.”

CHRISTINE LAGARDE, MANAGING DIRECTOR OF THE INTERNATIONAL MONETARY FUND

“We welcome these reforms and urge the Egyptian government to continue on this path. These steps will help Egypt invest in its people, so that all Egyptians can share in the country’s growth, while putting Egypt’s budget and debt trajectory on a more sustainable path.”

U.S. SECRETARY OF THE TREASURY JACK LEW

“We made a courageous decision in 2011 to double our investment in Egypt. That really paid off. We were very happy with that. And now we’re looking at another \$100 million we are going to put into the marketplace in 2013, and another \$100 million in 2014...It’s time now to invest, if you invest now we think we’re going to get the greatest rewards.”

CURT FERGUSON, PRESIDENT, MIDDLE EAST & NORTH AFRICA, COCA COLA

“Investing over \$150 million over the last 10 years in the country. The rationale has always been the potential – the consumer base of 90 million people represents a fantastic opportunity to any investor for that matter.”

KARIM CHABARA, EGYPT GENERAL MANAGER, MARS FOOD
