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Inward FDI in Egypt and its policy context

by
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Egypt, starting from the second half of the first decade of the 21st century, has begun to realize its potential as an important recipient of foreign direct investment (FDI) among developing economies. Having received only US$ 500 million of inward FDI (IFDI), amounting to 0.5% of GDP in 2001, Egypt attracted US$ 9.4 billion (approximately 5.7% of GDP), in 2008. While investment in oil and gas accounted for a large share of IFDI (over half in 2006-2009), the remainder is fairly well diversified. Developed economies account for three-quarters of Egypt's IFDI, but the share of emerging markets has risen recently. Largely because of the global financial crisis, inflows dropped in 2009, by 30%. IFDI is likely to be adversely affected in 2011 following the political turbulence associated with the January 25 Revolution. However, this democratic transformation carries the seeds of genuine political stability based on effective institutions and the rule of law, which would encourage long-term domestic and foreign investment.

Trends and developments

Country-level developments

In the 1990s capital inflows to developing economies, especially in the form of FDI, surged. Egypt, however, attracted low levels of IFDI, both in absolute and relative terms.[1] The low flows

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of FDI in the 1990s were mainly due to two factors. First, in the first half of the 1990s, contractionary domestic policies associated with the Economic Reform and Structural Adjustment Program (ERSAP) launched in 1991 to curb inflation reduce the government's deficit and eliminate various price distortions, inadvertently reduced Egypt's FDI attractiveness. Second, in the second half of the 1990s, adverse shocks (including the 1997 Luxor massacre and the 1997-1998 East Asian economic crisis) weakened the positive effects of the successful implementation of the ERSAP, resulting in modest IFDI flows.

The appointment of a new cabinet in 2004, and its efforts to improve the investment climate and encourage domestic and foreign investment[2] enhanced the attractiveness of Egypt as a business location. Consequently, annual IFDI flows rose to 7.5% of GDP in the period 2005-2008, which is reflected in an increase of Egypt's share in global IFDI flows to 0.6% during the same period, compared to only 0.06% in 2001. Egypt's IFDI stock grew from US$ 23.5 billion in 2004 to US$ 60 billion in 2008, recording an average annual growth rate of 26% (annex table 1).

In 2003, IFDI flows to Egypt, amounting to US$ 200 million, were much lower than those to comparable economies such as Argentina and South Africa (annex table 2). Yet, as the ascent of IFDI to Egypt started in 2004, and continued uninterruptedly until reaching its peak of US$ 12 billion in 2007, the situation changed. In 2008, although inflows to Egypt dropped to US$ 9.5 billion, they were still higher than flows to the Republic of Korea and South Africa. As 2009 figures show, IFDI inflows dropped by 30%, to US$ 6.7 billion, but were still ahead of those to Argentina and South Africa and only US$ 1.7 billion less than the IFDI received by Turkey. IFDI flows to Egypt fell a further 4.5% (to US$6.4 billion) in 2010 (annex table 2).

Most recently, the political uncertainty, unprecedented security challenges and widespread labor protests that accompanied the January 25 Revolution have interrupted the trend of IFDI to Egypt. In fact, according to the latest FDI figures, FDI outflows during the first quarter of 2011 were higher than FDI inflows, for a balance of US$163 million.[3]

Data on the sectoral distribution of IFDI have been compiled and made available only very recently by the Central Bank of Egypt (CBE).[4] Since 2004, FDI flows into Egypt appear to have been diversified somewhat from natural resources such as oil and gas. Nevertheless, petroleum and natural gas extraction and related activities accounted for 55% of total IFDI flows in 2006-2009 (annex table 3). Financial services have managed to attract sizeable amounts of IFDI, approximately 11% of the total over the same period, mainly as a result of large privatizations and mergers and acquisitions (M&As) in fiscal years[5] 2006/2007 and 2007/2008. Another industry group that shows a high variation of IFDI is information technology (IT) and

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[1] Egypt had begun an open-door policy in the 1970s, when it encouraged foreign enterprises to invest in the country, mainly through joint ventures, to take advantage of its large market (more on this point in the "The corporate players" section of this chapter).

[2] Strong fundamentals manifested themselves in strong and rising GDP growth, reaching 7.1% in fiscal year 2006/2007; a decreasing fiscal deficit relative to GDP, reaching 7.5% in 2006/2007; a current-account surplus, reaching 2.1% of GDP in 2006/2007; a stable floating exchange rate; and international reserves exceeding U$ 30 billion in 2007. All these factors played a key role in revitalizing investment.

[3] Central Bank of Egypt (CBE), *Monthly Statistical Bulletin*. (July 2011).

[4] The CBE is the official source of FDI data in Egypt.

[5] The fiscal year in Egypt starts on the first of July of one calendar year and ends on June 31 of the following calendar year.

communications, which soared to 15% of total IFDI in 2006/2007,[6] but dropped to a mere 2% in the three years that followed.

The industrial composition of Egypt's IFDI is fairly well diversified (annex table 3). However, following the global trend, high value-added activities such as manufacturing, financial services, IT, and communications were hit hard by the global financial and economic crisis of 2008-2009. Consequently, not only has there been a decrease in the absolute amount of FDI inflows attracted by these industries but also in their relative shares (manufacturing's share of inflows declined from 8% to 4%; financial services' share dropped from 18% to 8%; and the share of IT and communications plunged from 15% to 1%) (annex table 3).

Another classification of IFDI produced by the CBE divides FDI flows to Egypt into four categories: greenfield investment, M&As, flows to real estate, and flows to oil and gas.[7] The data on IFDI flows through greenfield investment and M&As show that, during the surge in IFDI in the three-year period 2005-2008, more than half of IFDI flows through these two modes of entry combined went to industries other than oil and gas and real estate (annex table 3a). However, IFDI flows through greenfield investment were consistently well above those for FDI through M&As, although there was a noticeable increase in cross-border M&As in the peak years of 2005/2006-2006/2007. During the period 2004/2005-2009/2010 as a whole, the share of greenfield investment was 77% of total IFDI flows into industries other than oil and gas and real estate.

On average, during the period 2005/2006-2009/2010, almost three quarters of IFDI flows to Egypt originated from developed economies (annex table 4). Within this group, two economies stand out: the United Kingdom and the United States, which together have contributed more than half of total IFDI. Inflows to Egypt from these two economies, however, display opposite trends: whereas the share of the United States, the top source of IFDI to Egypt in the past, has declined over the years, the share of the United Kingdom has gradually increased to surpass that of the United States, making it the number one source economy in 2009/2010.

Recently, emerging markets have grown in importance as a source of international investment. Their share in Egypt's IFDI flows doubled from 6% in 2005/2006 to 12% in 2009/2010, reaching its peak in 2006/2007 with an impressive 26% of total IFDI flows,[8] of which the United Arab Emirates provided 23%.[9]

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[6] This figure was the result of the sale of the third mobile operator licence for telecommunication services in Egypt to Emirates Telecommunication Corporation (Etisalat).

[7] The CBE terminology refers to the first two categories of FDI mentioned, greenfield investment as new establishments, and M&As as expansions and sales of assets to non-residents. Data on FDI flows into real estate and oil and gas, however, are not included in this classification of flows into greenfield investment and M&As.

[8] Following the above trend, much FDI from West Asia has been directed to Egypt. In 2005-2009, West Asia invested approximately US$ 4 billion in cross-border M&As in Egypt, representing almost 50% of West Asian M&As in Africa (see UNCTAD, *World Investment Report 2010: Investing in a Low Carbon Economy* (New York and Geneva: United Nations, 2010), p. 72).

[9] Among developing countries, the United Arab Emirates (UAE) is an important source of FDI flows to Egypt; flows from UAE to Egypt in 2006/2007 were exceptionally large as an Emeriti company won the third mobile licence in Egypt in that year (see footnote 3).

The corporate players

After the implementation of the open door policy (*Infitah*), which began in 1974, and with the influx of petrodollars, Egypt attracted a flood of foreign capital as many foreign companies, especially in the banking and consumer goods industries, established affiliates to exploit one of the largest markets in the Middle East. From the mid-1970s until the end of the 1980s, IFDI was concentrated in a few industries, including oil and gas and banks and consumer products; most of the establishments took the form of joint ventures with public-sector companies, as the public sector dominated the Egyptian economy.

When ERSAP (see above) was launched in 1991, privatization was an integral part of the program. During the mid-1990s, a significant portion of IFDI took the form of privatization transactions in which foreign banks started to buy public-sector bank shares, with public banks starting to dilute their ownership in these joint-venture banks. Banking continues to host some of the largest foreign affiliates in the country (annex table 5)**.** A few public-sector companies in other industries were also bought by multinational enterprises (MNEs), such as Henkel and Coca-Cola.

Recently, a more diversified group of MNE players has invested in Egypt (annex tables 5, 6 and 7). First, taking advantage of the country's low energy prices and environmental standards, several MNEs have started to acquire existing Egyptian firms through privatization, or to establish new projects in energy-intensive and highly polluting industries such as cement and fertilizers. Second, Egypt's large domestic market and the recent global communications revolution have provided an inducement to MNEs to invest in telecommunications and IT as well as financial-services-related projects. Third, much IFDI has been directed to real estate and retail projects capitalizing on Egypt's sizeable and growing population and Egypt's role as a prime tourist destination. The banking, real estate and cement industries accounted for a majority of the largest foreign affiliates in the country in 2010 (annex table 5)**.** As noted, in industries other than oil and gas and real estate, the dominant form of FDI entry is through greenfield projects, although there was a noticeable rise in M&As in 2005/2006-2006/2007 (annex table 3a)**.**

Effects of the recent global crisis

When the financial crisis hit the global economy in 2008, IFDI flows to Egypt started to slow down, reversing the surge of the preceding four years. The full impact of the crisis on global FDI was felt in 2009 as IFDI went down by 37%.[10] IFDI in Egypt dropped less sharply, by 30%. Egypt's IFDI prospects after the crisis seem relatively buoyant, as shown by Egypt's rank of 31 among the top priority economies for FDI in the world in UNCTAD's *World Investment Prospects Survey 2010-2012.*[11]

The decline in IFDI as a result of the crisis was not homogeneous across sectors. Flows to agriculture and to oil and gas were less affected than those to manufacturing industry; financial services seemed to suffer even more.

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[10] UNCTAD, *World Investment Report 2010*, *op. cit*., p. 2.
[11] UNCTAD, *World Investment Prospects Survey 2010-2012* (New York and Geneva: United Nations, 2010), cited in UNCTAD, *World Investment Report 2010*, *op. cit*., p. 33.

Since the onset of the crisis -- and consistent with worldwide FDI flows -- there has been a clear drop in FDI through cross-border M&As in absolute and relative terms in Egypt. From its peak of US$ 2.8 billion, 21% of IFDI in 2006/2007, the value of cross-border M&As in industries other than oil and gas and real estate dropped during the crisis to a mere US$ 173 million (or 1.6% of total IFDI) (annex table 6). According to the most recent preliminary estimates of UNCTAD, the value of net cross-border M&As dropped from US$ 1 billion in 2009 to US$ 0.2 billion in 2010.[12] Greenfield investments (annex table 7) have fallen as well with the crisis, but the drop was less severe than that observed in M&As.

The policy scene

In general, Egypt has a very open regime toward FDI. This is reflected in the economy's score on the OECD's most recent FDI Restrictiveness Index: in 2010, it was 0.104,[13] which is less restrictive than the average for non-OECD economies (0.157), though more restrictive than the OECD average (0.095).[14] Three industries – construction,[15] maritime transport[16] and airlines[17] -- have equity capital restrictions, with foreign ownership limited to 49%.[18] Foreign investment in courier services requires approval from the Egyptian National Postal Organization, decided by an economic needs test.[19] A nationality restriction is applied on commercial agents and intermediaries as well as companies engaged in imports into Egypt.[20] There is also a geographical restriction whereby land and real estate cannot be acquired in Sinai and its border zones without prior approval.[21]

Egyptian law grants the right to foreigners to remit income earned in Egypt and to repatriate capital and profits. Other key provisions include guarantees against confiscation and nationalization.

The General Authority for Investment (GAFI) is the main governmental entity responsible for regulating and facilitating investment. Recently, GAFI has evolved from a traditional regulatory authority to be a more dynamic promotion agency.

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[12] UNCTAD, *Global Investment Trends Monitor*, No. 5, January 2011, *op. cit*.

[13] The index ranges between 1 (most restricted) to zero (least restricted). See Blanka Kalinova, Angel Palerm and Stephen Thomsen (2010), "OECD's FDI Restrictiveness Index: 2010 update", *OECD Working Papers on International Investment*, No. 2010/3, OECD Investment Division, (available at: www.oecd.org/daf/investment).

[14] In fact, there are a number of OECD economies that adopt a more restrictive FDI regime than Egypt, such as the United States, Poland, Australia, Canada, and Mexico. Kalinova, Palerm and Thomsen, *op. cit.*

[15] Law 104 of 1992. Al-Tashriaat Al-Misriyyah (Egyptian Legislation): an Arabic language database. Retrieved from www1.aucegypt.edu/library/libdata/title.cfm#All

[16] Maritime Law 1 of 1998. Al-Tashriaat Al-Misriyyah, *op. cit.*

[17] Law 502 of 2005. Al-Tashriaat Al-Misriyyah, *op. cit.*

[18] In the case of airlines, this restriction is placed on companies directly involved in international and domestic flight but not extended to related services such as maintenance and repairing aircrafts, marketing of air services and ticketing.

[19] Egyptian National Postal Organization (Law 121/1982), *op. cit.*

[20] Commercial Law 17 of 1999, *op. cit.*

[21] Law 94 of 2005, *op. cit.*

Egypt has several investment instruments that cater to investors' needs. The oldest and the most widespread is the free zones policy. Free zones were introduced in Egypt in the early 1970s to guarantee the supply of some strategic products; however, the objectives soon changed to become more aligned with international practice, i.e. to "increase exports, attract FDI, introduce advanced technology and create more job opportunities".[22] The main incentives provided in the free zones are exemptions from taxes and custom duties for the lifetime of the project. There are nine public free zones in Egypt as well as dozens of private ones.

Another more recent investment regime is that of the Special Economic Zones (SEZ). Law 83 of 2002 provides a number of incentives for investors operating in SEZs including a flat 5% personal income tax; a 10% tax rate on all activities within each SEZ; and integrated customs and tax administration with an autonomous board of directors, which handles licensing and other investor services. Only one SEZ has been established to date, the North West Suez Special Economic Zone.

The latest investment policy introduced in Egypt relates to the investment zones established under Law 19 of 2007. This regime offers the administrative advantages of free zones in terms of dealing with a single regulator but without tax or customs duty holidays. According to GAFI, the private sector will "develop, manage and promote these zones",[23] creating integrated clusters in various sectors.

Another recent development aimed at encouraging private investment in infrastructure, public services and utilities was the issuing of the Private Public Partnership (PPP) law in 2010 (Law 67 of 2010). A PPP Central Unit was established in the Ministry of Finance to coordinate the relationship between line ministries and the private sector, and to oversee other PPP-related activities such as tendering, setting guidelines for project selection and insuring transparent and fair procedure for partner selection. So far, only one PPP project (New Cairo Wastewater Treatment Plant) is under way, expected to be completed in March 2012. According to the PPP Central Unit, another four projects are at different stages of development.[24]

Egypt is on the verge of transforming itself into a democratic country for the first time in its long history. The prior regime often used the stability argument to justify its existence and its decision to veto democratic reforms. However, legitimate stability, which thrives and is protected by democracy, strong institutions and well-respected rule of law, were largely absent in Egypt. In February 2011, Egypt began a historic process of transformation. Prior to February 2011, the union of money and politics in Egypt had given birth to layers of corruption and non-competitive practices, as well as major equity problems, which have damaged the investment climate and provoked social unrest. The revolution of January 25, 2011 is expected to remedy these problems.

It is premature to foresee the effect of the revolution on FDI; nevertheless, it is possible to identify potential short-run and long-run features and assess their probable impact. In the short-run -- and as confirmed by the latest FDI figures released by CBE (see section on Trends and

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[22] General Authority for Investment (GAFI). (2009), available at: http://www.gafinet.org
[23] GAFI (2009), *op. cit.*
[24] Ministry of Finance (2011). Retrieved from www.pppcentralunit.mof.gov.eg/

developments above) -- the effect on IFDI has been predominately negative. This is not the result of the revolution per se but rather of all the political upheaval, workers protests and security hazards that have accompanied it. The longer the transitional period and, more importantly, the greater the security hazards, the higher will be the cost in terms of investment and FDI retrenchment.

In the long run, the success of the revolution will be measured by whether the new system is capable of creating a country in which the rule of law is followed and respected, institutions are strong and effective, civil society is enabled and independent, and transitions of power are transparent and democratic. If these conditions are satisfied, Egypt will achieve economic and political stability,[25] enhancing the investment climate in Egypt and making the economy more attractive for IFDI.

Conclusions

During the second half of the past decade, Egypt became a major recipient of FDI among emerging markets. Favorable external conditions coinciding with major internal reforms were the main drivers of growing IFDI that reached a record high both in absolute terms and relative to GDP. During this period, Egypt was successful in diversifying its sectoral IFDI flows so that manufacturing industry, IT and communication, and financial services attracted sizeable amounts of IFDI. A growing number of emerging markets and developed economies have invested in Egypt through greenfield projects and M&A transactions. The recent financial and economic crisis brought an end to this upswing. Nevertheless, Egypt remains a favorable destination for IFDI flows with various kinds of motivations, including efficiency-seeking, market-seeking and resource-seeking FDI.

Egypt is witnessing a remarkable phase in its history with tremendous transformation potential. The rallying cry of the Revolution of January 25 “Life, Freedom and Social Equity” captures the main objectives of the revolution. Political freedom and democracy have been in the forefront of the demands of the Egyptian people. The Egyptian people are mobilized to build a new system with equitable opportunities for all, built on the basis of democracy and accountability. Such a system needs time to be institutionalized. In the interim, Egypt may appear to be not very stable and hence investment may be discouraged -- but, in the long run, domestic and international investment will be encouraged by the institutional stability emanating from democracy, accountability and respect for the rule of law.

Egypt has great investment potential that can be unlocked if the country manages to modernize its labor force by improving its education system, reinforcing its infrastructure base (especially in terms of roads and transportation), strengthening its institutions and public governance, and fighting corruption. This recipe is not new; but what is new in Egypt is that, for the first time in modern history, there is tremendous momentum and belief coupled with political will to make it happen.

[25] International Monetary Fund, *IMF Survey Magazine* (2011), available at: www.imf.org.

Additional readings

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Useful websites

Central Bank of Egypt: www.cbe.org.eg/

General Authority for Investment (Egyptian Investment Promotion Agency): www.gafinet.org/

Information and Decision Support Center (The Cabinet): www.idsc.gov.eg

Laws and regulations governing investment in Egypt:
www.investment.gov.eg/en/Investment/Pages/maininvestlaws.aspx

Ministry of Finance: www.mof.gov.eg

Ministry of Trade and Industry: www.mfti.gov.eg

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The Vale Columbia Center on Sustainable International Investment (VCC – www.vcc.columbia.edu), led by Dr. Karl P. Sauvant, is a joint center of Columbia Law School and The Earth Institute at Columbia University. It seeks to be a leader on issues related to foreign direct investment (FDI) in the global economy. VCC focuses on the analysis and teaching of the implications of FDI for public policy and international investment law.

Statistical annex

Annex table 1. Egypt: inward FDI stock, 2000-2010

(US$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Egypt	20.0	20.5	21.1	21.3	23.5	28.9	38.9	50.5	60.0	66.7	73.1
Memorandum: comparator economies											
Argentina	67.6	79.5	43.1	48.3	52.5	55.2	60.3	67.6	76.1	81.0	86.7
South Africa	43.5	30.6	30.6	46.9	64.4	79.0	87.8	110.4	68.0	117.4	132.4
Republic of Korea	38.2	53.2	62.7	66.1	87.8	104.9	119.1	119.6	94.7	117.7	127.0
Turkey	19.2	19.7	18.8	33.5	38.5	71.3	95.1	154.0	80.2	143.6	181.9

Source: UNCTAD, FDISTAT, available at: www.unctadstat.unctad.org.

Annex table 2. Egypt: inward FDI flows, 2000-2010

(US$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Egypt	1.2	0.5	0.6	0.2	2.2	5.4	10.0	11.6	9.5	6.7	6.4
Memorandum: comparator economies											
Argentina	10.4	2.2	2.1	1.7	4.1	5.3	5.5	6.5	9.7	4.0	6.3
Republic of Korea	9.0	4.1	3.4	4.4	9.0	7.1	4.9	2.6	8.4	7.5	6.9
South Africa	0.9	6.8	1.6	0.7	0.8	6.6	-0.5	5.7	9.0	5.4	1.6
Turkey	1.0	3.4	1.1	1.7	2.8	10.0	20.2	22.0	19.5	8.4	9.1

Source: UNCTAD, FDISTAT, available at: http:// www.unctadstat.unctad.org.

Annex table 3. Egypt: distribution of inward FDI flows, by industry, 2006/2007- 2009/2010[a]

(US$ million)

Sector / industry	2006/2007	2007/2008	2008/2009	2009/2010	Total (2006/2007-2009/2010)
All sectors/industries[b]	**13,084.3**	**17,802.2**	**12,836.1**	**11,008.1**	**54,730.7**
Primary					
Oil and gas	**4,904.5**	**8,098.3**	**9,666.6**	**7,577.4**	**30,246.8**
Agriculture	**29.5**	**123.3**	**76.3**	**261.6**	**490.7**
Secondary					
Manufacturing industry	**1,054.6**	**1,526.9**	**851.9**	**456.3**	**3,889.7**
Construction	**60.5**	**423.8**	**225.5**	**303.8**	**1,013.6**
Services					
Financial services	**2,314.7**	**2,187.6**	**440.7**	**873.9**	**5,816.9**
IT **and**communication	**1,923.7**	**18.5**	**727.3**	**62.8**	**2,732.3**
Tourism	**429.1**	**193.7**	**121.7**	**246.9**	**991.4**
Real estate	**39.0**,	**394.9**	**138.4**	**305.3**	**877.6**
Other services	**261.5**	**928.4**	**282.5**	**382.6**	**1,855.0**
Unclassified	**2,067.2**	**3,906.8**	**305.2**	**537.5**	**6,816.7**

Source: Central Bank of Egypt (CBE) (unpublished data).
[a] Data are reported on a fiscal year basis.
[b] Author's calculation, obtained by addition of industry data in each column.

Annex table 3a. Egypt: Inward FDI flows through greenfield projects and M&As to industries other than oil and gas and real estate, 2004/2005 - 2009/2010[a]

(US$ million)

	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010[b]
Greenfield	1,060.4	3,792.9	5,368.6	6,972.0	2,749.6	2,952.3
M&As	419.5	905.7	2,772.2	2,337.0	303.5	173.1

Source: Central Bank of Egypt (CBE) (unpublished data obtained from the CBE).

[a] Data are reported on a fiscal year basis. Data exclude FDI in oil and gas and real estate as they are treated as separate categories by the CBE.
[b] 2009/2010 data: preliminary.

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Annex table 4. Egypt: geographical distribution of inward FDI flows, 2005/2006-2009/2010[a]

(US$ million)

Region/economy	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
World	**9,097.9**	**13,080.3**	**17,790.6**	**12,814.6**	**10,989.7**
Developed economies	**7,599.8**	**8,809.6**	**12,181.2**	**9,407.1**	**8,338.2**
Europe	**3,035.0**	**4,110.6**	**5,668.2**	**5,738.7**	**6,880.7**
European Union	**2,954.3**	**4,061.0**	**5,430.1**	**5,578.4**	**6,763.2**
Austria	1.5	1.7	0.8	10.6	3.9
Belgium	0.0	8.7	326.9	1,541.6	930.1
Bulgaria	0.0	0.0	0.1	0.0	0.0
Cyprus	6.3	2.8	10.0	4.1	100.9
Czech Republic	0.0	0.0	0.3	0.3	0.0
Denmark	1.4	2.5	10.9	8.2	6.8
Estonia	0.0	0.0	0.0	0.4	0.0
France	565.7	36.7	1,302.7	254.3	286.2
Germany	113.6	97.2	250.3	102.6	109.7
Greece	140.2	22.2	109.3	153.4	64.7
Hungary	0.0	0.0	0.0	0.1	0.4
Ireland	0.0	0.0	1.3	1.6	4.9
Luxembourg	0.0	1.0	63.3	26.9	3.7
Malta	0.0	0.0	1.3	0.6	1.2
Latvia	0.0	0.3	0.2	0.6	0.1
Poland	0.0	0.0	0.6	10.0	1.3
Netherlands	8.4	39.6	55.7	134.0	128.8
Portugal	0.0	0.0	0.4	0.1	0.0
Italy	20.2	1,631.4	31.6	70.1	67.8
Romania	10.5	0.1	0.0	0.1	0.1
Spain	361.4	6.7	20.8	27.0	80.5
Sweden	0.4	0.5	4.3	0.0	46.0
United Kingdom	1,724.7	2,209.6	3,239.3	3,231.8	4,926.1
Other developed Europe	**80.7**	**49.6**	**238.1**	**160.3**	**117.5**
Norway	2.4	0.2	2.1	5.7	6.1
Switzerland	78.3	49.4	236.0	154.6	111.4
North America	4,554.3	4,686.1	6,485.8	3,615.9	1,433.1
Canada	0.8	4.8	38.0	100.9	8.2
United States	4,553.5	4,681.3	6,447.8	3,515.0	1,424.9
Other developed economies	**10.5**	**12.9**	**27.2**	**52.5**	**24.4**
Australia	6.3	9.3	4.7	7.6	1.4
Bermuda	0.0	3.0	7.1	0.0	10.0
Japan	4.2	0.6	15.4	44.9	13.0
Developing economies	**1,498.1**	**4,270.7**	**5,609.4**	**3,407.5**	**2,651.5**
Africa	**3.8**	**22.7**	**140.8**	**7.3**	**339.7**
North Africa	**3.8**	**22.7**	**140.8**	**7.3**	**339.7**
Libyan Arab Jamahiriya	3.8	20.6	137.3	2.6	337.1
Sudan	0.0	1.5	2.2	2.3	1.3
Tunisia	0.0	0.6	1.3	2.4	1.3
Asia	**555.0**	**3,346.0**	**3,119.3**	**2,184.7**	**1,145.1**

Region/economy	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
West Asia	**551.5**	**3,333.3**	**3,097.5**	**2,069.9**	**1,106.8**
Bahrain	65.6	18.6	39.6	20.5	64.1
Jordan	9.0	3.5	39.8	170.8	81.8
Kuwait	72.5	24.8	1,597.2	118.0	188.7
Lebanon	233.6	11.4	122.4	67.4	10.6
Qatar	6.4	2.5	184.8	53.0	70.4
Saudi Arabia	99.0	204.0	365.4	514.1	323.4
Turkey	0.8	8.6	14.3	69.0	25.4
United Arab Emirates	63.0	3,049.5	726.2	1,037.4	303.5
Other West Asian countries	1.6	10.4	7.8	19.7	38.9
South, East and South-East Asia	**3.5**	**12.7**	**21.8**	**114.8**	**38.3**
East Asia	**0.8**	**8.4**	**17.5**	**62.9**	**27.7**
China	0.8	8.4	17.5	60.0	26.9
Republic of Korea	0.0	0.0	0.0	1.0	0.4
Taiwan Province of China	0.0	0.0	0.0	1.9	0.4
South Asia	**0.0**	**4.1**	**4.3**	**51.4**	**8.7**
India	0.0	4.1	4.3	51.4	8.7
South-East Asia	**2.7**	**0.2**	**0.0**	**0.5**	**1.9**
Singapore	2.7	0.2	0.0	0.5	1.9
Other countries	**939.3**	**902.0**	**2,349.3**	**1,215.5**	**1,166.7**

Source: Central Bank of Egypt (CBE) (unpublished data).

[a] Data are reported on a fiscal year basis.

Annex table 5. Egypt: principal foreign affiliates in the economy, ranked by issued capital, as of end of 2010

	Company name	Nationality of foreign investor(s)	Industry	Foreign assets [1] (US$ million)	Issued capital (US$ million)
1	Etisalat Misr	United Arab Emirates Saudi Arabia	Communication	2,054 39	2,616.7
2	CIB – Egypt	Non-disclosed nationalities United States United Kingdom	Banking	1,206 189 174	1,885.1
3	Libyan Investment	Libya	Diversified	1,758	1,758.1
4	TMG for Real Estate Investment & Tourism	Saudi Arabia United Kingdom	Diversified	286 54	1,565.2
5	Bank of Alexandria	Italy	Banking	914	1,142.9
6	National Societe Generale Bank – NSGB	France	Banking	721	933.7
7	The Coca-Cola Bottling Company of Egypt	United Kingdom	Consumer goods	433	773.9
8	ASEC Cement	Saudi Arabia United Arab Emirates Kuwait	Cement	139 98 2	720.2
9	The Egyptian Company for Urea and Petrochemicals	Cayman Islands	Pharmaceutical	675	675.0
10	National Bank for Development	United Arab Emirates	Banking	412	641.6
11	Citadel Capital	England United Arab Emirates Saudi Arabia	Private equity	289 95 13	590.2
12	Giza New Development and Real Estate Development	Cayman Islands	Real estate	221	551.4
13	Golden Pyramids Plaza	United Kingdom Saudi Arabia	Real estate	303 196	539.0
14	HSBC – Egypt	Netherlands	Banking	457	483.5
15	Ahli United Bank (Egypt)	Kuwait United States Saudi Arabia Qatar Iraq	Banking	270 28 20 15 4	478.7
16	Alexandria for Portland Cement	England	Cement	409	464.2
17	Cimpor Egypt Cement	Spain	Cement	455	455.0
18	South Valley Cement company	United Kingdom	Cement	210	444.4

	Company name	Nationality of foreign investor(s)	Industry	Foreign assets [1] (US$ million)	Issued capital (US$ million)
		Saudi Arabia		38	
19	Egypt for the Production of Fertilizers MOPCO	Canada Saudi Arabia	Fertilizer	113 13	435.8
20	Suez Cement	France Morocco Saudi Arabia Italy	Cement	190 41 95 15	435.0

Source: General Authority for Investment (GAI) (unpublished data) and company websites.

[1]These figures represent the foreign ownership structure in each firm -- in other words, the cumulative values of FDI by the foreign companies over time.

Annex table 6. Egypt: main M&A deals, by inward investing firm, 2007-2009

Year	Acquiring company	Home economy	Target company	Target industry	Shares acquired (%)	Estimated/ announced transaction value (US$ million)
2009	Edison SpA	Italy	EGPC-Abu Qir Concession	Energy	100	1,405
2009	IFC	United States	Bank of Alexandria SAE	Banking	9.8	199
2009	Investor Group	United Arab Emirates	Oras Invest	Venture capital	100	180
2009	Alavesa de Promociones	Spain	El Masreyah Glass	Manufacturing	100	85
2009	HJ Heinz Co	United States	Cairo Food Industries SAE	Food processing	100	62
2008	Lafarge SA	France	OCI Cement Group	Cement	100	15,018
2008	DP World	United Arab Emirates	Egyptian Container Handling Co	Logistics	90.0	670
2008	Titan Cement Co SA	Greece	Lafarge Titan Egypt	Cement	100	513
2008	Dubai Capital Group	United Arab Emirates	Commercial Intl Bank Egypt SAE	Banking	5.2	147
2008	Abraaj SPV 62 Ltd	United Kingdom	Al Borg Laboratory	Medical services	76.9	143
2007	Abraaj Capital Ltd	United Arab Emirates	Egyptian Fertilizers Co SAE	Chemical	100	1,410
2007	National Bank of Kuwait	Kuwait	Al Watany Bank of Egypt	Banking	93.7	962
2007	France Telecom SA	France	MobiNil Telecommunications SAE	Communication	71.3	252
2007	Chemplast Sanmar Ltd	India	Trust Chemical Industries	Chemical	100	200

Source: The author, based on Thomson ONE Banker and Thomson Reuters.

Annex table 7. Egypt: main greenfield projects, by inward investing firm, 2007-2009

Year	Investing company	Home economy	Industry	Estimated/announced investment value (US$ million)
2009	British Gas Group (BG)	United Kingdom	Natural gas extraction	1,000
2009	Barwa Real Estate	Qatar	Construction	9,000
2009	Fomento de Construcciones y Contratas (FCC)	Spain	Manufacturing	427
2009	Al-Futtaim Group	United Arab Emirates	Construction	340
2008	Cementos La Union	Spain	Manufacturing	500
2008	Sultan Center Food Products (TCS Sultan Centre)	Kuwait	Retail	800
2008	Cayan Investment and Development	United Arab Emirates	Construction	408
2008	Alshoula	Saudi Arabia	Construction	1,000
2008	Emaar Properties	United Arab Emirates	Construction	1,000
2007	DAMAC Holding	United Arab Emirates	Construction	5,400
2007	Saint-Gobain	France	Manufacturing	176
2007	Reliance Industries	India	Manufacturing	1,000
2007	Emaar Properties	United Arab Emirates	Construction	700
2007	Savola	Saudi Arabia	Manufacturing	187

Source: The author, based on fDi Intelligence, a service from the Financial Times Ltd.