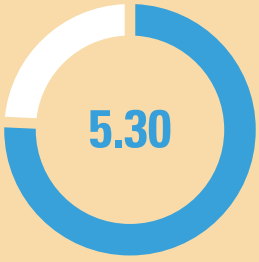
UNITED NATIONS
الاسكوا
ESCWA

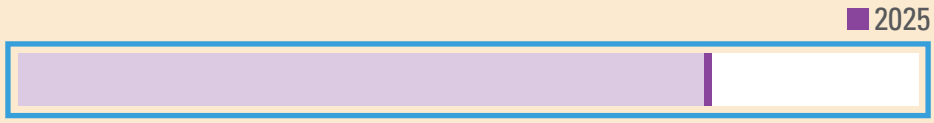
Shared Prosperity Dignified Life

Country profile
EGYPT

ARAB BUSINESS LEGISLATIVE FRAMEWORKS



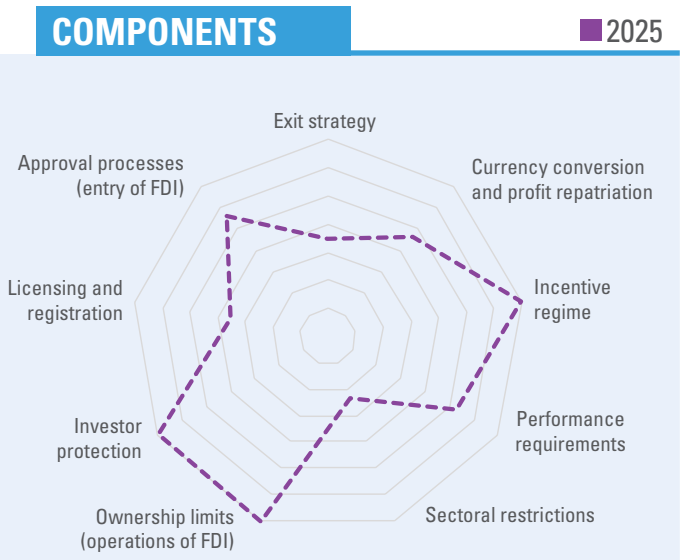
FOREIGN DIRECT INVESTMENT



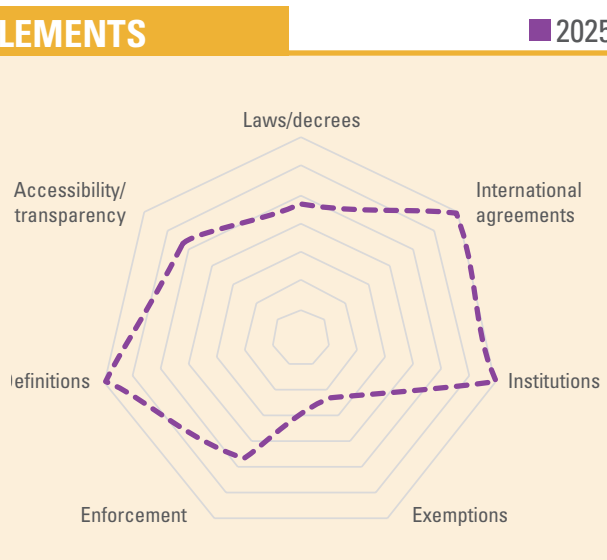
Very weak | Weak | Basic | Moderate | Developed | Strong | Very strong

COMPONENTS	2025
Approval processes (entry of FDI)	5.60
Licensing and registration	3.50
Investor protection	7.00
Ownership limits (operations of FDI)	7.00
Sectoral restrictions	2.33
Performance requirements	5.25
Incentive regime	7.00
Currency conversion and profit repatriation	4.67
Exit strategy	3.50

COMPONENTS



ELEMENTS



Note on methodology: The foreign direct investment (FDI) pillar was fully revised in 2023 following a legal and methodological review and first applied in the 2025 assessment. The 2020 edition assessed the macroeconomic enabling environment for investment. The revised methodology shifts to a business-conducting perspective, assessing the regulatory treatment of foreign investment.

2020 EDITION

Developed

Foreign direct investment framework assessment

Macroeconomic enabling environment lens

The 2020 assessment examined whether the country's **macroeconomic policies** provided a stable foundation for investment, whether the **investment regulatory framework** set clear rules of engagement, how far **incentivization schemes** attracted foreign capital, the extent to which **bilateral treaties** offered investors legal certainty, and whether **banking regulations** enabled the financial operations required for investment.



Macroeconomic policies



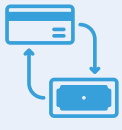
Investment regulatory framework



Incentivization schemes



Bilateral treaties



Banking regulations

This country profile is prepared based on the legal and regulatory framework in force as at April 2025.

This country profile assesses the foreign direct investment (FDI) framework of Egypt based on the nine FDI assessment components adopted under the Arab Business Legislative Frameworks methodology. The analysis is structured to ensure that each component is examined against its specific definition and indicators, supported by relevant legal and regulatory evidence.

The investment framework of Egypt is primarily governed by Investment Law No. 72 of 2017 and its Executive Regulation issued by Prime Ministerial Decree No. 2310 of 2017, which aim to promote economic growth, job opportunities, and boost competitiveness in the market. The framework is further clarified by subsequent decrees and complementary legislation, including regulations on land allocation and the Companies Law.



Approval processes

This assessment component examines the mechanisms and institutional arrangements governing the authorization of FDI, the applicable regulatory requirements, and the legal basis for international investment commitments and access to bank financing.

Investment Law No. 72 of 2017 establishes an institutional framework for the organization and monitoring of investment policies in Egypt. Article 68 provides for the establishment of the Supreme Council for Investment, chaired by the President of the Republic, and entrusts it with developing general investment policies and overseeing their implementation. Article 69 establishes the General Authority for Investment and Free Zones (GAFI) as a public economic authority responsible for implementing the provisions of the Investment Law, while article 71 grants it regulatory, executive and supervisory powers.

These functions are further operationalized under the Executive Regulation issued by Prime Ministerial Decree No. 2310 of 2017. The Executive Regulation authorizes the chief executive officer of the General Authority for Investment and Free Zones to monitor compliance with the Investment Law, issue formal warnings to non-compliant companies, suspend activities, suspend or withdraw investment incentives, and revoke operating licenses in cases of persistent or serious violations.

Article 23 of the Investment Law requires investors to pay the prescribed fees and charges for investment services provided by the competent authorities, and does not impose registration fees that specifically or discriminatorily target foreign investors.

Bilateral and multilateral investment agreements are governed by article 151 of the Egyptian Constitution, which provides that international treaties ratified and published by the State shall have the force of law. Within this framework, Egypt has negotiated, signed and ratified a wide range of bilateral and multilateral investment treaties, including agreements with the United States of America, France and Germany, which form part of the legal framework governing foreign direct investment and ensure the enforceability of related commitments.

However, Investment Law No. 72 of 2017 does not include provisions that regulate or expressly allow mortgages for foreign investors in relation to bank loans, as these matters fall under general banking and credit legislation.

Licensing and registration

This assessment component reviews the legal and regulatory framework for the licensing and registration of foreign investment projects in Egypt, with particular attention to transparency and predictability in administrative procedures, land use and ownership conditions, and streamlining of registration processes.

Investment legislation in Egypt allows investors to obtain the real estate required to carry out or expand their activities regardless of their shareholding percentage, subject to specific rules applicable to certain geographic areas, as provided under article 55 of Investment Law No. 72 of 2017. The Investment Law does not impose minimum capital thresholds specifically on foreign investors; instead, any capital requirements are determined by the applicable company form under the Companies Law and apply equally to domestic and foreign investors.

Licensing and registration procedures are streamlined through a one-stop shop mechanism and the application of binding timelines. Article 21 of Investment Law No. 72 of 2017 establishes the Investor Service Center within the General Authority for Investment and Free Zones to centralize company incorporation and licensing services, delegate approval powers from competent authorities, limit document requests to fixed deadlines, and provide services through progressively automated and electronic means. This framework is reinforced by Prime Ministerial Decree No. 982 of 2022, which imposes statutory decision deadlines, requires the General Authority for Investment and Free Zones to follow up on pending applications, permits notification through modern technological means, and mandates periodic reporting to the Council of Ministers, thereby strengthening coordination, predictability and prompt decision-making.

However, the investment legislation does not set out any legal requirement for conducting a cost-benefit analysis as part of licensing or registration procedures.

Investor protection

This assessment component reviews the legal protections available to foreign investors in Egypt, including statutory guarantees, access to dispute resolution mechanisms, and the role of domestic courts and arbitration frameworks in ensuring the enforcement of investor rights and investment-related obligations.

Egyptian investment legislation provides a framework for legal protections and enforcement mechanisms applicable to foreign direct investment. The Investment Law extends several guarantees to foreign investors. Article 3 guarantees fair and equitable treatment for all investments and ensures national treatment for foreign investors, while granting non-Egyptian investors the right to reside in Egypt for the duration of the investment project, subject to the applicable laws and the provisions of the Executive Regulation. Article 4 prohibits the expropriation or nationalization of investment projects, except for public benefit and in return for a prompt and fair compensation equivalent to the economic value of the expropriated property on the day preceding the expropriation decision, with such compensation being freely transferable. Article 5 protects investors by prohibiting administrative authorities from cancelling or suspending licenses or withdrawing allocated land except after notifying the investor of the alleged violations, hearing the investor's evidence, and granting a reasonable period to remedy the violation.

With regard to enforcement mechanisms, articles 85 and 87 of the Investment Law establish a ministerial committee for the settlement of investment disputes between investors and the State or its affiliated entities. Decisions made by this committee, once approved by the Council of Ministers, are binding on the competent administrative authorities and have executive force, without prejudice to the investor's right to resort to the judiciary.

Egypt is part of several preferential and regional trade agreements that contribute to an investment-friendly legal environment, including the African Continental Free Trade Area (AfCFTA), the Greater Arab Free Trade Area (GAFTA), and the Common Market for Eastern and Southern Africa (COMESA). Egypt is also a party to international agreements governing foreign investment and dispute settlement, including the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards and the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID). Article 90 of the Investment Law provides for arbitration as a means of resolving disputes between foreign investors and the State. It allows investment disputes related to the implementation of the Investment Law to be settled by agreement with the investor, including recourse to institutional or ad hoc arbitration in accordance with Arbitration Law No. 27 of 1994. Article 91 establishes an independent Egyptian Arbitration and Mediation Center to settle investment disputes should the parties agree to submit these disputes to arbitration or mediation before the center. The enforcement of arbitral awards and judicial decisions is governed by the general legal framework applicable to arbitration and the judiciary, including the country's international obligations under the New York and ICSID conventions.



Ownership limits

This assessment component examines the extent to which Egyptian legislation imposes ownership limits, foreign equity restrictions, or screening and prior approval mechanisms on foreign investment operations, including restrictions related to acquisition of real estate or participation in certain economic activities.

The Egyptian legislative framework does not establish a general rule imposing a nationwide cap on foreign ownership or a blanket 49/51 requirement on foreign direct investment. However, in specific areas, exceptional restrictions may apply due to security and geographic considerations, including limitations on company ownership structures, prior approvals for structural changes, and restrictions on foreign ownership of land and real estate, with ownership replaced by usufruct rights.

Law No. 14 of 2012 on Integrated Development in the Sinai Peninsula imposes a direct restriction on foreign ownership at the company level. Article 4 requires investment or development projects by non-Egyptians in the "area" specified by the law to take the form of an Egyptian joint-stock company in which Egyptian shareholders hold no less than 55 per cent of the capital. It provides that changes to founders' names, partners' ratios and shares, amendments to the articles of association or legal form, the establishment of branches, the trading of shares, or public or private offerings shall not be effective vis-à-vis third parties without the approval of the Board of the National Authority for the Development of the Sinai Peninsula and the relevant competent authorities, reflecting prior screening and approval requirements. The same law imposes strict real-estate restrictions. Article 2 limits ownership of land and built properties in the "area" specified in

the law to Egyptian nationals and Egyptian legal persons wholly owned by Egyptians, declares null and void any ownership contract concluded in violation thereof, and subjects in all cases any ownership, allocation, grant of usufruct, or other real or in-kind dispositions to the required approvals of the competent authorities.

Presidential Decree No. 128 of 2022 provides, in article 1, that Sharm El-Sheikh, Dahab and the Gulf of Aqaba tourism sector in South Sinai are exempted from all provisions of Law No. 14 of 2012, while remaining subject to the specific rules set out in the decree itself. Article 2 of the decree restricts ownership of land and built properties in these areas to Egyptian nationals and Egyptian legal persons wholly owned by Egyptians, regulates the disposition of State-owned land through usufruct rights with a maximum aggregate duration of 75 years, and prohibits ownership, allocation, grant of usufruct, or any real or in-kind disposition, whether to Egyptians or foreigners, without obtaining the approval of the competent authorities, with absolute nullity attaching to any contract concluded in breach of these requirements. The decree further reinforces restrictions at the company level and prior-approval requirements. Article 4 establishes that investment or development projects by non-Egyptians shall take the form of an Egyptian joint-stock company, and that any change in founders' names or shareholders' ratios or shares shall not be effective vis-à-vis third parties without obtaining the approvals of the ministries of defense and interior and the General Intelligence Service, in addition to the competent authority, as applicable.

Sectoral restrictions

This assessment component reviews sector-specific regulations that affect foreign direct investment in Egypt, focusing on market access limitations, competition-related considerations, and exceptions justified on grounds.

The legal framework of Egypt includes competition policies and legislation aimed at encouraging investment, including foreign direct investment. The Egyptian Competition Authority was established under the Competition Law and is responsible for preventing monopolistic practices and promoting free competition in the market, thereby contributing to the reduction of entry barriers and the encouragement of private and foreign investment.

As a general rule, Egyptian legislation does not establish a general prohibition or comprehensive restrictions on the entry of foreign direct investment into economic sectors.

Nevertheless, limited and specific exceptions apply, particularly in relation to certain activities of a strategic nature or those connected to national security. In this context, article 34 of Investment Law No. 72 of 2017 regulates the licensing of projects operating under the free zone system in certain strategic and energy- intensive industries. It permits the licensing of free zone projects in areas such as petroleum manufacturing and refining, fertilizers, iron and steel, and the manufacturing, liquefaction and transport of natural gas, subject to applicable special laws and existing legal positions. Conversely, the Law prohibits the licensing of free zone projects in the fields of alcoholic beverages, weapons, ammunition, explosives, and other activities related to national security.

Within the framework of investment promotion, Prime Ministerial Decree No. 20 of 2022 establishes a selective mechanism for projects of developmental priority. Under this mechanism, the General Authority for Investment and Free Zones coordinates with the relevant ministries and authorities to submit proposals for classifying certain projects as strategic or national projects pursuant to article 20 of the Investment Law. These projects cover priority developmental sectors, including the production, storage and export of green hydrogen and green ammonia, electric vehicle manufacturing and related infrastructure, environmentally safe alternatives to single-use plastic products, and integrated waste management activities, in line with the State's economic development plan.

Performance requirements

This assessment component examines whether Egyptian investment legislation or policies impose performance-related obligations on foreign investors, such as requirements related to employment, skills development, export promotion, or compliance with social and labour standards.

Regarding education and labour development policies, article 8 of Investment Law No. 72 of 2017, which was further implemented by article 6 of the Executive Regulation, allows investment projects to employ foreign workers within a ceiling of 10 per cent of the total workforce, which may be increased to a maximum of 20 per cent, where qualified national labour is not available. Any increase above the statutory threshold is subject to approval by a specialized committee formed within the General Authority for Investment and Free Zones, based on clearly defined criteria, including the investor's commitment to training Egyptian workers and to transferring expertise. These provisions link the use of foreign labour to skills development and workforce localization objectives.

Regarding social and labour market-related requirements, the Executive Regulation introduces a voluntary framework for community development. Article 2 of the Executive Regulation allows investors to allocate a portion of their annual net profits (up to 10 per cent) to community development activities outside the investment project, including vocational training, education support, research, environmental protection, and employment of persons with disabilities. Article 3 of the Executive Regulation requires investors who opt into this framework to submit an annual report to the General Authority for Investment and Free Zones documenting such activities. These measures do not constitute mandatory performance obligations but rather establish an incentive-based mechanism linked to tax deductibility.

With respect to export promotion, article 7 of the Investment Law allows investment projects to import production inputs and export their products directly or through third parties without the need for registration in the importers' or exporters' registers, subject to notification obligations to the General Authority for Investment and Free Zones. While this provision facilitates export activities, it does not impose export performance requirements on foreign investors.

However, no clear criteria are set out in Egyptian legislation or policies to evaluate the opportunity costs, effectiveness, or efficiency of foreign direct investment strategies at the State level.

Incentive regime

This assessment component reviews the legal framework governing investment incentives in Egypt, which includes defining incentive schemes in legislation, specifying the adopted incentive regime, and identifying the competent authorities responsible for administering and implementing these incentives.

In Egypt, incentive schemes are expressly defined within the legislative framework governing foreign direct investment. Articles 9 to 14 establish a structured incentive regime for investment projects, distinguishing between general, special (tax-based) and additional incentives, while excluding projects operating under the free zone system from general incentives.

General incentives:

All investment projects enjoy general incentives, except for projects in free zones. These include exemptions from stamp duty and notary fees for incorporation, contract fees and real-estate transactions for a 5-year period, as well as the application of a unified customs duty rate of 2 per cent on imported machinery and equipment necessary for establishment, rather than a full customs exemption.

Eligible sectors and geographic areas for these incentives are determined pursuant to decisions issued by the Council of Ministers and the Supreme Council for Investment, in accordance with the Investment Law and its Executive Regulation. Article 11 of the Investment Law provides special investment incentives in the form of tax deductions for eligible investment projects established in accordance with the investment map.

The incentive consists of a deduction equal to 50 per cent of the investment costs for projects located in Sector (A) and 30 per cent for projects located in Sector (B),[1] subject to a ceiling of 80 per cent of the project's paid-up capital until the start of activity and a maximum duration of seven years. Eligibility is limited to newly established projects that meet the statutory conditions set out in the Investment Law and its Executive Regulation, including the maintenance of regular accounting records, and applies to qualifying activities, including industrial and non-industrial projects.

Article 13 of the Investment Law authorizes the Council of Ministers to grant additional incentives to eligible projects, including support for technical training costs and land-related benefits for industrial projects. Eligibility for such incentives is subject to conditions and criteria specified in the Investment Law and its Executive Regulation, which include alternative qualifying factors such as reliance on foreign currency financing transferred from abroad, export performance, or Egypt being a principal production base, depending on the nature of the project.

These additional incentives are granted through decisions made by the Council of Ministers, based on proposals submitted by the competent ministers.

Incentives for industrial projects:

Following the 2022 amendments, article 11 bis of the Investment Law provides a cash investment incentive for eligible industrial projects operating in designated sectors and areas. The incentive ranges from 35 to 55 per cent of the income tax paid on profits generated from the project and is refunded after submission of the tax return. Eligibility is subject to conditions, including a requirement that at least 50 per cent of the project's financing up to the start of operations be in foreign currency transferred from abroad, as well as compliance with the criteria and durations set by decision of the Council of Ministers. With respect to implementation, article 14 of the Investment Law designates the General Authority for Investment and Free Zones as the competent authority responsible for administering the incentive regime and issuing the binding certificates required for investors to benefit from the incentives provided under articles 10, 11, 11 bis, and 13, which are enforceable vis-à-vis all administrative authorities without the need for further approvals.



Currency conversion and profit repatriation

This assessment component examines the legal provisions governing currency conversion and the repatriation of profits by foreign investors in Egypt, including guarantees for capital transfers, the role of financial and banking authorities, and applicable capital control measures.

Investment Law No. 72 of 2017 provides explicit guarantees regarding currency conversion and the transfer of investment-related funds. Article 6 grants investors the right to finance investment projects from abroad without restrictions and in foreign currency, and to collect and transfer profits abroad freely and without undue delay, in a freely convertible currency, without prejudice to the rights of third parties. The State further undertakes to permit all foreign investment-related monetary transfers to and from its territory freely and without delay, and to allow the conversion of local currency into freely usable foreign currency.

These guarantees are further clarified by article 9 of the Executive Regulation, which defines the scope of permissible investment-related monetary transfers, including foreign currency transferred through banks registered with the Central Bank of Egypt for the establishment, operation or expansion of investment projects; foreign currency used for subscription to or purchase of Egyptian securities in accordance with applicable rules; and transferable profits, whether repatriated or reinvested.

With respect to institutional oversight, the Central Bank of Egypt is the competent authority responsible for supervising the banking sector and monitoring compliance with foreign exchange and capital movement regulations applicable to investment-related transfers. The Investment Law and its Executive Regulation do not establish general capital controls or liquidity restrictions specifically targeting foreign investors. Capital transfers are permitted subject to the general regulatory framework governing the banking sector.



Exit strategy

This assessment component assesses the legal framework governing the exit of foreign investors from the Egyptian market, focusing on provisions related to divestment, liquidation, mergers and acquisitions.

The Egyptian investment framework provides for the exit of foreign investors through liquidation procedures. Article 6 of Investment Law No. 72 of 2017 establishes a binding mechanism requiring competent administrative authorities to notify the General Authority for Investment and Free Zones and the company under liquidation of any outstanding obligations within a statutory period of 120 days from the date of the liquidator's request. The lapse of this period without notification results in the discharge of the company's financial liability, without prejudice to criminal or disciplinary liability in cases of misrepresentation or failure to respond.

These provisions are further detailed in article 39 of the Executive Regulation, which sets out the procedural framework for voluntary liquidation of companies subject to the Investment Law, including the appointment of the liquidator, registration and publication requirements, settlement of liabilities, approval of final liquidation accounts, and the removal of the company from the Commercial Register.

Although the Executive Regulation refers to mergers and changes in legal form in the context of capital denomination, these provisions are limited to the financial and accounting treatment of capital and do not regulate mergers and acquisitions.

[1] Sector (A) includes the Suez Canal Economic Zone, the Golden Triangle Economic Zone, and other areas most in need of development, as designated by a Cabinet decree. Sector (B) covers the rest of the country's territories.

RECOMMENDATIONS

- Remove legal ambiguity regarding the eligibility of foreign investors to use banking financing instruments, including loans, mortgages and related security interests, by inserting an explicit provision to this effect in the Investment Law.
- Introduce a procedural provision specifying the cases in which a cost-benefit or economic-impact analysis may be required as part of licensing procedures, in order to ensure legal clarity.
- Consolidate and codify geographic restrictions through the issuance of a unified regulatory instrument clearly setting out ownership conditions, approval requirements, and the legal consequences of non-compliance.
- Publish an updated list of activities that are permitted, restricted or prohibited for foreign investment, clearly identifying the competent authorities responsible for granting the required approvals.
- Clarify the legal framework that applies to mergers and acquisitions involving foreign investors, in order to regulate exit through corporate restructuring.