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Executive Summary

During the reporting period, June 2023 to June 2024, the Egyptian economy experienced a series of significant developments that had substantial impacts on its economic landscape. The combination of high inflation, depreciation of the Egyptian Pound (EGP) and high interest rates led to a cost-of-living crisis, impacting the population's standard of living in the third most populous country in Africa (and the 14th worldwide). With the war in Sudan, the Gaza conflict and Houthis' attacks in the Red Sea, new external shocks added to the already distressed economic situation.

In March 2024, Egypt secured a multi-prawned economic bailout plan comprising of a coastal development project in Ras El Hekma with the Abu Dhabi Developmental Holding Company worth USD 35 billion (the "Ras El Hekma Deal"), an IMF loan increase from USD 3 to 8 billion coupled with floating of the exchange rate, as well as substantial support packages by the World Bank of USD 6 billion and the European Union of EUR 7.4 billion. The influx of money allowed the government to address its hard currency shortage, pay back some of the debts, and to release goods held at customs.

After multiple downgrades and negative outlooks, global rating agencies regained some optimism regarding the Egyptian economy. However, in terms of real GDP, the economic developments are not too bright. According to a recently published study by the World Bank, Egypt's real GDP growth is expected to further slow down to 2.8% in the FY2023/2024. Albeit the fact that Egypt has taken significant steps during the reporting period to address key economic challenges, an acceleration of structural reforms remains necessary to achieve the objective of a sustainable and private-sector led growth.

By aligning with Egypt's strategic priorities and leveraging Swiss strengths in technology, innovation, and quality, Swiss companies can tap into numerous opportunities across different sectors. Swiss companies can benefit from various incentives offered by the Egyptian government to attract foreign direct investment, particularly in priority sectors. Doing business in Egypt remains demanding. The private sector faces a legacy of complex, burdensome business regulations and challenges related to evening the level-playing fields.

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1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

During the reporting period June 2023 to June 2024, the Egyptian economy has experienced a series of **significant developments** that had substantial impacts on its economic landscape.

In recent years, Egypt has been grappling with **high inflationary pressures**. Annual inflation hit **39.7% in August 2023**, an all-time high as Egypt was struggling with a profound economic crisis. **Food and beverage prices rose 71.9% year-on-year** according to the state statistics agency CAPMAS. Reasons for the high inflation were 1) **currency devaluations**, making imports more expensive and directly increasing the cost of goods and services, 2) **global price increases** and 3) **unavailability of US-Dollars (USD) in the market**.

The Egyptian Pound (EGP) had been struggling against the USD for months, leading to significant imbalances, with a **widening gap between the official rate**, which remained fixed at around 31 EGP/USD, **and the black market rate** which reached levels beyond 70 EGP/USD. The black market was a significant driver of inflation. As businesses and individuals turned to the black market for foreign currency, the elevated rates there contributed to increased overall prices.

In the second half of 2023, Egyptian banks were no longer able to conduct bank transfers in EUR or USD, because they were **not receiving enough hard currency from the CBE**. Deliveries thus remained unpaid, even though the customers, whether state-owned or private, had the means to settle them. All bank transfers were heavily affected, be it payments for imports of goods, repatriation of profits to foreign parent companies or private citizens requesting hard currency for travel purposes. This led to shipments not being able to be released from ports which led to even higher consumer prices, especially for imported goods.

To combat high inflation, the Central Bank of Egypt (CBE) **raised interest rates** multiple times. In June 2023 the key interest rate was at 18.25% and was gradually increased to 27.25% in May 2024. The goal was to curb inflationary pressures resulting from currency devaluation, high import costs, and global commodity price increases. Low-income households with existing debts faced higher repayment costs as interest rates increased, further straining their budgets and **increasing financial distress**.

The combination of high inflation, depreciation of the EGP and high interest rates led to a profound **cost-of-living crisis**, impacting the population’s standard of living and affecting a formerly large middle class in the third most populous country in Africa (and the 14th worldwide). In summer 2023, Egypt’s poverty rate was reported to be close to 30%, although the true figure is believed to be higher. The **influx of over 500’000 Sudanese refugees** since April 2023 coincided with this cost-of-living crisis, adding to the **public discontent,** as the increased demand for housing drove up prices.

It is against the backdrop of this tense economic landscape that, on 20 September 2023, the National Elections Authority announced that the **presidential elections** would take place in December 2023.

Shortly after, the **Gaza conflict and Houthis’ attacks in the Red Sea**, new external shocks added to the already distressed economic situation: On one hand, freight passing through the **Suez Canal has dropped by almost half** since the onset of the Houthi attacks in early 2024, according to reports by UNCTAD, causing an important revenue loss for Egypt that reached 6 billion USD in FY2023/24. This, after having achieved a growth from the Suez Canal in FY2022/23 that had reached **8.8 billion USD**, surpassing the 7.0 billion USD recorded in FY2021/22. **Tourism revenues reached around 13.6 billion USD in FY2022/23** compared to 10.7 billion USD in the previous year, yet were impacted by the events of 7 October to drop to 7.8 billion USD in the period ending December 2023 (compared to 7.3 billion USD in the same period of the previous year).

The decrease in Liquified Natural Gas (LNG) exports to Europe further strained Egypt's economy. In FY2021/22, **LNG exports** reached 8.2 billion USD then declined to **7.2 billion USD in FY2022/23, while LNG imports climbed 47% to 2.2 billion** due to the challenges faced following reduced production from the country's largest gas field, Zohr, coupled with the growing energy needs as a result of heat waves, and disruption in the delivery of gas from Israel. Faced with frequent power outages in the country, Egypt suspended LNG exports during the summer months. By **December 2023,** LNG exports **plunged to 298 million USD** as Egypt heavily relied in imports of 1.1 billion USD – turning Egypt into a **net importer of LNG.**

Suez Canal, tourism and LNG exports are Egypt's three most important sources of foreign currency besides remittances. In the presence of a USD black market and the resulting gap between official and unofficial exchange rates, **remittances** fell to **22.1 billion USD in FY2022/23** (compared to 31.9 billion USD in FY2021/22) and recovered to 31.80 billion USD as of April 2024 following the floating of the Egyptian Pound by the CBE in March.

The **total external debt** went up to USD 164.7 billion in 2023 (from USD 155.7 billion in 2022). In line with the global environment of surging sovereign liabilities stoked by the government's response to the COVID-19 pandemic, the Ukraine war, and ongoing conflicts in Sudan and Gaza, and the Red Sea attacks, Egypt experienced a **significant rise in its debt to GDP ratio**. This ratio escalated to 92.7% in 2023 from 88.5% in 2022. While projections point to a slight decline to 88.1 % in 2024, Egypt's debt stock is expected to remain above 80% over the medium term.

In 2022, the Government of Egypt had turned to the IMF to seek help and negotiate a new deal under the Extended Fund Facility (EFF). Finally, by **March 2024, Egypt secured a multi-prawned economic bailout plan** comprising the following four simultaneously executed elements:

1. **Ras El Hekma Deal**

   In February 2024, the Abu Dhabi Developmental Holding Company (ADQ) acquired the development rights to Ras Al Hekma for USD 35 billion, out of which USD 11 billion were deposits in the Central Bank of Egypt that were converted "for investment in prime projects across Egypt to support its economic growth and development". Egypt will retain a 35% stake in the project which is expected to attract USD 150 billion in total investments, as it shall turn into "a leading Mediterranean holiday destination, financial center and free zone", according to ADQ. With the "Ras El Hekma Deal", the United Arab Emirates (UAE) has reaffirmed its position as the largest Arab investor in the country. The deal paved the way for the new agreement with the IMF by providing the financial cushion to introduce a flexible exchange rate regime.

2. **IMF loan increase coupled with floating of the exchange rate**

   Soon after the Ras Al Hekma deal, the IMF completed the 1st and 2nd reviews of the Extended Fund Facility (EFF) for Egypt, approved the increase of the current loan program from USD 3 to 8 billion and allowed Egypt to immediately access about US 820 million. The agreement came hours after the CBE's announcement on 6 March to raise interest rates by 6%, followed by the floating of the exchange rate. At the end of the first day (7 March), the exchange rate reached roughly 49 EGP/USD, down from 31 EGP/USD. The revised IMF program focuses on the following reform areas: exchange rate flexibility, tightening monetary policy, financial consolidation (responsible government spending), creating safety nets for disadvantaged groups and creating a fair business environment by reforming state-owned enterprises and monitoring infrastructure spending. Besides eliminating the parallel exchange rate market, the new agreement seeks to restore price stability and maintain debt sustainability while continuing to push for deep structural reforms to boost private-sector-led growth and job creation.

After the deal was signed, instructions were given to clear the backlog of commodities that were blocked at the ports. Additionally, the CBE lifted foreign currency spending limits on national credit cards. The 3rd EFF review was completed end of June 2024. Once it is approved by the IMF's Executive Board, Egypt will receive another US 820 million. The reduction of subsidies for fuel and petrol is a precondition for the 3rd review which is yet to be fulfilled. Subsequent reviews will occur every six months, unlocking payments of US 1.3 billion each, subject to meeting specific conditions.

3. **World Bank Support**

On 18 March 2024, the World Bank announced that it intends to provide over USD 6 billion to Egypt, including USD 3 billion for financial support to government programs and USD 3 billion for the private sector (including mobilization). In support of the Government's development priorities, this 3-year program will focus on increasing opportunities for private sector participation in the economy, strengthening the governance of state-owned enterprises, and improving the efficiency and effectiveness of public resource management. The program comes under the umbrella of the Country Partnership Framework with Egypt (2023-2027)

4. **Strategic Partnership between Egypt and the European Union**

On 17 March 2024, the EU Commission and the Government of Egypt concluded a Joint Declaration on the Strategic and Comprehensive Partnership that includes a financial assistance package of EUR 7.4 billion in loans, investments and grants. The first EUR 1 billion in emergency financing was signed during the EU Investment Conference on 29 June 2024. EUR 4 billion will be released over the period 2024-2027. The EU package also includes EUR 1.8 billion in investments and EUR 600 million in grants. The Strategic Partnership Document identifies specific areas of cooperation, namely: political relations, macroeconomic stability, sustainable investment and trade, including energy, water, food security and climate change, migration, security and human capital development. In addition, the EU announced that it will also allow Egypt to negotiate accession to Creative Europe, Horizon Europe, Digital Europe Programme and others.

All of the above measures led to **a "breakthrough" in the economy** to **address its hard currency shortage**, starting with the **immediate release of all goods** still held at customs with the aim to **help stabilize prices**. After the announcement a quick **decline was observed in the black market** (from ca 60 EGP/USD to about 45 EGP/USD) as well as the local gold market.

While a weaker currency typically acts as a catalyst for cost increases, this anticipated **inflationary pressure did not materialize**. In May 2024, the Central Agency for Public Mobilization and Statistics (CAPMAS) announced that Egypt's inflation rate has maintained its downturn for the fourth consecutive month, dropping to 28.15% from 32.54% in April. Food and beverages price inflation dropped from 48.5% in February to 42% in March 2024. Despite this improvement, inflation rates remained at high levels.

After multiple downgrades and negative outlooks, **global rating agencies regained optimism regarding the Egyptian economy**. For example, on 18 March 2024, S&P Global Ratings revised its outlook on Egypt to positive from stable. In terms of real GDP, the economic developments have not had a significant impact yet. **In FY 2022/23, Egypt's GDP growth reached 3.8% down from 6.6% in the previous fiscal year**. According to a recently published study by the World Bank, **Egypt's real GDP growth is expected to further slow down**

to 2.8% in FY2023/24, which ended on 30 June, before rebounding to 4.2% in the FY2024/25. In January 2024, the World Bank downgraded its forecasts for the country's real GDP growth for 2024 to 3.5% from 3.7% in a previous estimate.

2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES

Egypt's GDP in 2023 (most recent World Bank numbers) stood at USD 395.93 billion and its GDP per capita at USD 3'512.6 for the same time period. Egypt's economy is primarily driven by the services industry, which accounts for approximately 51% of the GDP, manufacturing industry 15.9% and agriculture11.2%. The services sector is also the main source of jobs, employing 51% of the workforce, outperforming the manufacturing industry with 13% and agriculture with 19%. **In 2023, Egypt emerged as the top contributor to Africa's GDP, accounting for 13.9%, surpassing Nigeria with 13.6% and South Africa with 13.3%.**

Egypt's evolving economic landscape presents several priority sectors and opportunities for Swiss companies. In January 2024, the government of Egypt published its very comprehensive economic strategy for the years 2024-2030. Therein, following areas are mentioned as **leading economic sectors for Egypt**:

Agriculture

With a fast-growing population (growth of 1,7 million people from 2022 to 2023), ensuring a stable and sufficient food supply is critical for Egypt. In addition, being the biggest importer of wheat from Russia and Ukraine has demonstrated the importance to diversify food security risks. Furthermore, agricultural products are key exports. Improving agricultural output can increase export revenues, improve the trade balance and provide foreign exchange earnings. In the agriculture sector, Egypt aims at expanding agriculture land, elevating vegetable and fruit exports, enhancing productivity and providing better health care coverage to farmers.

Swiss aggrotech solutions, particularly those focused on water efficiency, crop yield improvement, and sustainable farming, can help address Egypt's agricultural challenges. Opportunities also exist for Swiss companies in advanced food processing technologies and packaging solutions, catering to Egypt's large consumer market and export potential.

Industry

Egypt aims at developing its industrial production, mainly in view of enhancing exports and reducing imports. Industrial goods often have more stable international markets compared to services or agricultural products. Strong industrial exports help improve trade balances and reducing reliance on foreign goods. Furthermore, a strong industrial base is often linked to national security, providing the means to support and sustain critical sectors in times of need. According to its ambitious economic strategy, Egypt aspires to boost local production, to elevate the contribution of manufacturing industries from 15.9% to 20% of GDP to produce half a million cars a year, to create one million STEM jobs, and to increase annual Egyptian merchandise exports to Africa.

Swiss companies can support Egypt's manufacturing sector with automation, precision engineering, and advanced manufacturing technologies. A good example is the successful project for the modernization of Egypt's textile factories, where renowned Swiss textile machinery manufacturers play a crucial role in this process.

Telecommunication and IT

Telecommunication and IT infrastructure increase productivity across all sectors. Egypt aims at expanding mobile network towers, increasing outsourcing exports, establishing a free zone for telecommunication and IT at the Suez Canal Economic Zone, improving Egypt's global cyber security and network readiness ranks and augmenting the number of trainees in the telecommunication and IT field to from 265'000 to 1'000'000.

The growing need for digital solutions in various sectors creates opportunities for Swiss IT companies specializing in software development, cybersecurity and cloud computing. Swiss companies can contribute to the development of digital infrastructure, including broadband connectivity and data centers, supporting Egypt's digital transformation agenda.

Oil and mineral resources

Oil and mineral exports not only provide significant revenue in foreign exchange, helping to stabilize the balance of payments. Taxes, royalties and fees from oil and mineral extraction also contribute to government revenues. In its 2024-2030 economic strategy, Egypt seeks to double oil and gas exports, reduce the sector's emissions by 65% and expand exploration and reducing gas flaring projects.

This opens new opportunities for Swiss companies who provide automation and efficient solutions for oil, gas and mining operations, bearing in mind that this sector is closely linked to the national security authorities and subject to special regulations.

Tourism

Egypt achieved a record-breaking figure of 14.9 million incoming tourists in 2023, marking a 33% growth in its share of global tourism compared to 2019. There is still a huge untapped potential. In its strategy, Egypt declares its ambitious goal to double the number of annual visitors to 30 million, to increase number of hotel rooms to 500'000 and to increase the annual tourism revenue by 20% each year to reach USD 45 billion in 2030. Egypt further wants to launch free tourist zones exempting investors from corporate taxes and to position Egypt as a key destination for medical tourism.

It has undertaken significant efforts to privatize hotels. The Egyptian company Talaat Moustafa Group's subsidiary Icon Investments has acquired a 51% stake in Legacy Hospitality a group of seven historic hotels across Egypt (Marriott Hotel Zamalek, Marriott Mena House, Steigenberger Hotel Cairo, Steigenberger Cecil in Alexandria, Sofitel Legend Old Cataract in Aswan, Mövenpick Aswan, and Sofitel Winter Palace in Luxor). The above-mentioned Ras El Hekma development could also offer potential for investment in tourism.

Swiss companies can offer their expertise in luxury and sustainable tourism development, aligning with Egypt's efforts to attract high-end tourists and promote medical and eco-tourism. Opportunities exist in hotel management, training, and hospitality services.

Aviation

A robust aviation sector not only facilitates international tourism, it also plays a vital role in connecting Egypt to global markets. Egypt aspires to increase its cargo plane fleet, improve the global rank of Egyptian carriers, enhance the capacity of airports nationwide and transform the Cairo International Airport into an international transit airport. In view of this strategy, the government has launched an international tender for the management and operation of all airports in the country in February 2024.

Swiss companies could enhance ground and cargo handling operations, assist deploying renewable energy solutions at airports and develop efficient airport rail connections.

Electricity and renewable energy

Egypt faces several energy security challenges, including a growing domestic demand, reliance on natural gas for electricity generation, and the impact of climate change on energy supply and demand. To address these challenges, Egypt has been exploring various renewable energy sources, such as solar, wind, but also green hydrogen. Accordingly, Egypt is working on developing infrastructure to support the transition to a more sustainable and diverse energy sector. It aims for a share of renewables of 42% of total electricity production by 2030. At the same time, Egypt wants to raise its electricity exports to 1.5 giga watts per day and aims at finalizing the power connectivity projects between Egypt, Saudi Arabia, Jordan, Greece, Italy, and Sudan.

Egypt's ambitious renewable energy targets, particularly in solar and wind power, provide opportunities for Swiss companies specializing in renewable energy technology, infrastructure, and project management. There is growing demand for expertise in energy efficiency, waste management, and sustainable building solutions as Egypt moves towards greener policies and infrastructure. Among the 15 MoUs inked during the reporting period between the Egyptian government and local and international companies to develop green hydrogen, there is one Swiss company.

Transportation

Egypt further pursues the aim of increasing investments in the transport and storage sectors, constructing axes over the Nile as well as over 1000 additional bridges. Egypt also wants to complete its high-speed electric train, monorail and Cairo metro development projects. Swiss expertise in transport infrastructure, including railways, ports, and urban transit systems is highly valued in Egypt. With the development of new administrative and smart cities, there is a demand for Swiss technology in smart city planning, urban mobility and digital infrastructure.

In May 2023, Egypt awarded the first bunkering license for international firms to a Swiss company to provide marine refueling services in Egyptian ports. The company is licensed to operate in Suez Canal waiting anchorages and 12 Egyptian ports. In March 2023, Egypt signed a US 1.6 billion investment agreement with a consortium of companies, including a Swiss company, for the development and management of the Sokhna Port container terminal on the Red Sea. The project intends to establish a comprehensive logistical container axis between the Red Sea and the Mediterranean, which is set to serve as the largest logistical corridor for global trade between East and West and secure more than 2,000 direct and indirect jobs.

Further opportunities continue to exist in the areas of large infrastructure projects, healthcare and pharmaceuticals as well as waste and water treatment.

Large Infrastructure

Egypt has embarked on massive infrastructure projects as part of its economic development plan and has allocated significant funds for infrastructure development in the past years. Beyond the large mega projects, the New Administrative Capital, and the expansion of the Suez Canal, a large share of public investments went to the transport sector, aiming to connect cities with decent means of transport and develop roads and ports for industrial expansions. Significant investments have also been directed to the water, education, petroleum, electricity and healthcare sectors.

Early 2023, the government decided to cut non-essential spending and postpone any new national projects as a way to reduce foreign currency spending (the health, interior, foreign, and defense ministries in addition to spending on subsidized food products and energy were exempted from this decision). Additionally, following recommendations by the IMF, the government has put a ceiling on public spending in large infrastructure investments in its FY2024/25 budget to create more room for the private sector. Despite that, Egypt remains committed to investing in the infrastructure sector. The government announced in March

2024, that around 521 million USD will be allocated in FY2023/24 into local development projects covering roads, environment, energy, general development and other projects. The construction in state-led mega-projects, such as the 100-kilometre-long monorail project and the second phase of the New Administrative Capital, will also continue.

A comprehensive study on the potential of large-scale infrastructure projects in Egypt will be conducted by the Embassy this year, to identify the opportunities, challenges and risks involved in such projects, together with a comparative analysis of the involvement of non-Swiss investors in such projects.

Healthcare and Pharmaceuticals

The pharma sector remains center stage in the Swiss-Egyptian trade relations. Egypt aims to increase local pharmaceutical production to cover about 95% of the market's needs by 2030, up from about 75% in 2022. After parliament's approval, the government also issued a law that allows private (including foreign) investors to secure concessions to manage and operate public health facilities for a time period between 3 and 15 years. The new law will allow investors to take over the management of up to 526 public hospitals.

Swiss companies are at the forefront of localizing production of pharmaceuticals in Egypt. With ongoing investments in healthcare infrastructure and the new law allowing private investors to manage and operate public hospitals, Swiss companies can offer high-quality medical expertise, equipment and devices. Egypt's expanding pharmaceutical sector offers opportunities for Swiss firms in drug manufacturing, biotechnology and research collaborations.

Water and Waste Management

With water scarcity being a critical issue, Swiss technologies in water treatment, desalination and efficient water use are highly sought after. Opportunities exist for Swiss companies in waste management technologies, including recycling, waste-to-energy solutions and sustainable waste disposal methods.

Challenges

By **aligning with Egypt's strategic priorities and leveraging Swiss strengths** in technology, innovation, and quality, Swiss companies can **tap into numerous opportunities** across these sectors. Swiss companies can benefit from various incentives offered by the Egyptian government to attract foreign direct investment, particularly in priority sectors.

However, it is important to note that doing business in Egypt also **bares some important challenges**. The private sector suffers from a legacy of complex, **burdensome business regulations** and **challenges related to evening the level-playing fields**. The size of Egypt's **informal economy** – approximately 40% of GDP – is a reflection of the high costs associated with formalization and interaction with the complicated regulatory environment. Non-tariff measures and privileges protecting state-connected enterprises distort competition. It is therefore recommended to form partnerships with trusted local companies to leverage local expertise and to navigate the Egyptian market.

3 FOREIGN ECONOMIC POLICY

3.1 Host country's policy and priorities

Egypt's foreign economic policy and priorities are shaped by its strategic goals of fostering economic growth, enhancing trade relationships and attracting foreign investment. Egypt seeks to **expand and diversify its trade relationships through free trade agreements** (FTAs) with key economic partners. It has agreements with the European Union, African nations under the African Continental Free Trade Area (AfCFTA) and various Arab countries. Egypt prioritizes strengthening trade ties with major economies such as the United States, China, the European Union, and Gulf Cooperation Council (GCC) countries. At the same time, there is a focus on exploring new markets in Africa, Latin America and Asia to diversify its export destinations and reduce dependency on traditional markets.

Egypt officially **joined the BRICS group on 1 January 2024**. From an economic perspective, being part of the BRICS does not only mean expanded market access to growing markets, but also allows Egypt to tap into the New Development Bank's funding for large scale infrastructure projects.

Egypt also aims to **create an attractive environment for foreign investors** by implementing regulatory reforms, offering incentives and enhancing infrastructure. Key sectors targeted for foreign investment include energy (especially renewable energy), manufacturing, technology, and tourism. The development of special economic zones and industrial parks, like the Suez Canal Economic Zone (SCZone), attracts investment and stimulate economic activity.

Egypt pursued the goal **on becoming a regional energy hub by leveraging its oil and gas resources**. Significant investments have been made in exploration and production, and in developing LNG export capacity. Following the discovery of the Zohr gas field in 2015, Egypt transitioned from being an importer to a net exporter, endorsing its plan to become a reliable gas supplier for Europe. Yet, in view of declining gas production of the Zohr gas field and rising energy demand domestically, the country finds itself compelled to return to importing LNG. In June 2024, the government had to import two cargoes of LNG and anticipates importing three more cargoes per month between July and October to meet domestic demand. At the same time, there's a strategic shift towards renewable energy, with major projects in solar and wind energy and in capacities to produce green hydrogen aiming to diversify the energy mix and promote sustainable development.

Egypt aims at promoting its rich historical and cultural heritage **to attract a broader range of tourists**, with investments in restoring and promoting key archaeological sites with efforts to diversify tourism offerings, including eco-tourism, medical tourism, and luxury tourism.

3.2 Outlook for Switzerland (potential for discrimination or comparative advantage)

Switzerland and Egypt share a **comprehensive economic framework** that includes a free trade agreement (FTA) via the European Free Trade Association (EFTA), an investment protection agreement, and a double taxation agreement.

The FTA with the EFTA entered into force in 2007 in order to support and increase bilateral trade between **Egypt and EFTA states** and to promote the economic integration into the Euro Med Zone through the liberalization of trade in industrial and processed agricultural products. Accordingly, Egyptian exports of industrial products are liberalized and Egyptian customs tariffs on industrial imports from the EFTA States were gradually reduced.

4 FOREIGN TRADE

4.1 Developments and general outlook

The trade volume in 2023 reached 51.6 billion USD (exports: 16.4 billion USD; imports: 35.1 billion USD), which is 13.2% of GDP. In December 2023, the **trade deficit** reached USD 18.7 billion, which is a 20% increase tan the previous year. The increase in trade deficit can be attributed to a significantly lower export of a number of products, including petroleum products (decrease of 68% compared to last year) due to local consumption needs.

Positively, Egypt's **non-petroleum trade deficit experienced a notable decrease of 10.6%** during the fourth quarter of 2023, reaching USD 9.3 billion down from USD 10.4 billion in the same period of 2022. This reduction stems from a decrease in non-petroleum imports and an increase in non-petroleum exports.

4.1.1 Trade in goods

Egypt's top **trading partners in terms of exports** are: Türkiye, Italy, Saudi Arabia, UAE, USA, Libya and Spain. These countries combined account to almost half of Egypt's total exports. In 2023, Egypt's **top exports** were: mineral fuels, mineral oils and products (17.53%), electrical machinery and equipment (6.29%), fertilizers (5.84%), iron & steel (5.54%), plastics (5.46%), edible fruit & nuts (5.27%), natural or cultured pearls, precious stones and metals (4.42%), edible vegetables (4.09%), apparel & clothing accessories (3.87%). Exports of mineral fuels, mineral oils and products declined from 37.3% in 2022 to 17.53 % in 2023.

Egypt's main **import partners** were: China, USA, Saudi Arabia, Russia, Germany, Italy and India. In 2023 **top imports** were: mineral fuels, mineral oils & products (15.21%), nuclear reactors, machinery and mechanical products (8.39%), cereals (7.68%), electrical machinery & equipment (6.13%), plastics (5.11%), iron & steel (5.07%), pharmaceutical products (4.35%), vehicles (4.27%).

4.1.2 Trade in services (if data available)

Trade in services is a key driving sector for the Egyptian economy as it represents 51.4% of GDP in the FY 2022/23. It also accounts for 51% of Egypt's total employment (Q2 of 2023). It includes travel, transportation, insurance, construction and IT services.

In FY 2022/23, the service surplus doubled to 21.9 billion USD, which reflects the notable growth in tourism and Suez Canal revenues. Yet the surplus in the services balance fell by 15.7 % to around 9.2 billion USD in the period from July to December 2023 (compared to 10.9 billion USD in the same period of the previous year), as payments for services rose by 11.5 % to 7.7 billion USD and income from services fell by 5.1 % to 16.9 billion USD. This is attributable to the impact on tourism and Suez Canal revenues due to the Israeli-Gaza conflict.

Official remittances from Egyptians abroad witnessed a decreasing trend before March 2024, due to the higher USD exchange rates, leading Egyptian abroad to either hold onto their money or use alternative channels to the banking system. As a result of the latest currency floatation and the elimination of the parallel market, remittances sent from the UAE to Egypt has witnessed a notable increase again. Egypt targets to boost remittances from Egyptian expatriates to reach USD 53 billion by 2030 (from USD 28.3 billion in 2022).

4.2 Bilateral trade

4.2.1 Trade in goods

The **total bilateral trade volume** in 2023 amounted to CHF 1.646 billion (up from CHF 1.4 billion in 2022). Imports from Egypt to Switzerland jumped to CHF 486.1 million (from CHF 83.9 million in 2022) due to spike in gold imports. Exports from Switzerland to Egypt decreased to CHF 1.16 billion (from CHF 1.3 billion in 2022).

Gold exports helped to significantly decrease Egypt's trade deficit with Switzerland. The **Sukari Gold Mine** is currently the only active gold mine in Egypt. After a change to the mining law in 2020, which created an additional model without compulsory joint ventures and instead license fees and profit taxes, a tender was published. 13 companies (including 9 foreign ones) were awarded contracts for gold exploration. Egypt is considered to be “under-discovered” and inadequately mapped. With this change in the law, it is hoped that gold extraction will be brought to a level that would make own refining capacities worthwhile. At the moment, Egypt does not have its own refineries. According to the Egyptian authorities, all unprocessed gold coming from the Sukari Gold Mine is exported abroad (also to Switzerland since July 2023) and refined there.

In 2023, **main Swiss exports** to Egypt were: products of the chemical and pharmaceutical industry (967.08 million CHF / 83.35% of total export volume), machines, appliances and electronics (95.68 million CHF / 8.25%), Precision instruments, clocks, watches and jeweler (40.47 million CHF / 3.49%), precious metals and gemstones incl. gold and silver bars (19.18 million CHF / 1.65%).

Main **Egyptian imports to Switzerland** were precious metals and gemstones incl. gold and silver bars (398.89 million CHF / 82.1% of total import volume), textiles, clothing and shoes (42.86 million CHF / 8.82%), forestry and agricultural products and fisheries (23.75 million CHF / 4.89%), products of the chemical and pharmaceutical industry 11.85 million CHF / 2.44%).

4.2.2 Trade in services (if data available)

No data available

5 DIRECT INVESTMENTS

5.1 Developments and general outlook

Net FDI of non-oil sector registered a net inflow of 11.0 billion USD (11.6 billion USD in 2022). The oil sector showed a net FDI outflow of 982.5 million USD (2.6 billion USD in 2022). Hence, the FDI in Egypt showed an **overall net FDI inflow of USD 10.0 billion** (USD 8.9 billion in 2022).

5.2 Bilateral investment

Swiss investments remain considerable and well-diversified, and have grown significantly in the last year. According to the CBE, Switzerland ranked **7th per FDI net inflows and 9th as per FDI stock** in Egypt.

Swiss FDI inflows to Egypt increased by 45.3% year-on-year in the FY 2022/23 to reach 676.4 million USD in FY 2022/23 compared to 490.8 million USD in 2021-2022. This is attributed to extensive inter-company transactions. The **Swiss FDI stock** stood at USD 1.30 billion in 2023, compared to USD 1.28 billion in 2022, despite the exchange rate effect due to the depreciation of the EGP. If the exchange rate effect is not taken into account, the Swiss FDI stock would have increased by 45.73%.

The top companies with Swiss investment by FDI stock are: Orascom Development Holding, Egyptian International Containers, Holcim Group, Novartis Pharma AG, ABB, United Agencies Limited SA (MSC), Nestle S.A., Regency Administration Limited, Sika AG, Swiss Steel Holding AG. According to the latest figures issued by the General Authority for Foreign Investment (GAFI), **the total number of established companies in Egypt that include Swiss investments reached around 448 companies**, two of which are listed on the Egyptian stock market, representing 24.12 % of total Swiss FDI stock.

6 ECONOMIC AND TOURISM PROMOTION

6.1 Swiss foreign economic promotion instruments

The Embassy, in close coordination with the State Secretariat for Economic Affairs (SECO), **supports Swiss companies in Egypt on a case-by-case basis**. The principle of subsidiarity applies: The Embassy may support a company if the latter cannot reasonably be expected, or is not in a position, to safeguard its interests itself or with the help of a third party. In its support, the Embassy applies the principle of competitive neutrality.

In November 2019, the Swiss Federal Council decided to increase and further **promote the participation of Swiss companies in international infrastructure projects**. The option to include Egypt as a priority country for large infrastructure projects in the MENA region is currently being evaluated.

In January 2022, with the support of the Embassy, **SwissCham Egypt** replaced the Swiss Egyptian Business Association. SwissCham Egypt is registered as a non-profit organization at the Ministry of Social Solidarity and currently has 54 corporates and 21 community members. In 2023, SwissCham has organized various gatherings such as the roundtable discussion with the President of the General Authority for Investment and Free Zones (GAFI), and the meeting with the Chairman of the Egyptian Customs Authority. SwissCham also successfully convened a Gala event for networking purposes. It has created a new website that makes it easier for the 88 Swiss companies, subsidiaries, and partners of Swiss companies present in Egypt.

6.2 The host country's interest in Switzerland

Switzerland benefits from a positive image in Egypt. It is recognized for its world-class education and solid economic performance. Swiss products and services are perceived to be of particularly high quality. Upper and middle-class Egyptians often choose Switzerland as a tourism destination. In 2023, the Embassy issued a total of 3,221 type “C” short-term visas, 25.61% of which were for tourism, 34.12% for business, 24.62% for personal visits, 11.43% for official visits and 4.22% for other reasons, including study visas. Some PhD candidates and post-doc students profit from a scholarship by the Swiss government.

Orascom Development Holding AG is the biggest Egyptian investor in Switzerland, known for its “Andermatt Swiss Alps” development. Beyond that, Egyptian investment in Switzerland remains limited. Swiss financial centers continue to attract an Egyptian clientele. Egyptian clients are loyal to Swiss banks. The automatic exchange of information on financial accounts (AEOI) to promote tax transparency is not yet in place between Switzerland and Egypt.

Switzerland also enjoys a positive reputation thanks to its longstanding cooperation work. In 2024, Egypt and Switzerland commemorate 45 years of international cooperation. The cooperation programme 2021-2024 for Egypt has a budget of CHF 84 million and focuses on 1) good governance, human rights, and gender; 2) green economy and urban development; 3) skills development and decent work in an inclusive and business-friendly environment; and 4) better access to quality basic social services and protection for populations in vulnerable situations, including migrants.

ANNEX 1 – Economic structure

Economic structure of the host country

	Year *2018-19*	**Year *2022-23***
Distribution of GDP		
Manufacturing sector	**16.4%**	**15.9%**
Services	**51.6%**	**51.4%**
Agriculture	**11.0%**	**11.2%**
Construction	**6.6%**	**8.3%**
General Government	**6.5%**	**5.9%**
Suez Canal	**1.9%**	**2.4%**
Communication & Information	**2.4%**	**2.9%**
Distribution of employment		
Manufacturing sector	**16%**	**13%**
Services	**51%**	**51%**
Agriculture	**12%**	**19%**
Construction	**14%**	**14%**
Education, health, social works	**17%**	**11%**
Transportation and storage	**8%**	**9%**
Wholesale and Retail Trade	**9%**	**15%**

Source:
Egypt Centre for Economic Studies (ECES) – Egypt Economic Profile and Statistics 2023 & 2018

ANNEX 2 – Main economic data

Host country's main economic data

	2020-*21*	2021-*22*	2022-*23*
GDP (USD bn)*	**427.67**	**476.75**	**395.93**
GDP per capita (USD million)*	**3'886.7**	**4'295.4**	**3'512.6**
Growth rate (% of GDP)*	**3.253**	**6.653**	**3.760**
Inflation rate (%)*	**5.2**	**13.9**	**33.9**
Unemployment rate (%)*	**7.4**	**7.3**	**7.3**
Fiscal balance (% of GDP)***	**-6.8**	**-6.1**	**-7.0**
Current account balance (% of GDP)**	**-4.355**	**-3.483**	**-1.196**
Total external debt (% of GDP)***	**32.6**	**32.6**	**40.3**
Debt-service ratio (% of exports)***	**35.5**	**37.1**	**34.3**
Reserves (months of imports)***	**4.6**	**3.7**	**4.1**

* Source: World Bank Group: https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=EG

** Source: IMF Country Report Egypt April 2024

*** Source: CBE Economic Review Report 2022-23

ANNEX 3 – Trade partners

Trade partners of the host country   Year: 2023

Rank	Country	Exports *from the host country* (USD million)	Share	Change[1]	Rank	Country	Imports *to the host country* (USD million)	Share	Change[10]
1	Türkiye	3707	8.9%		1	China	12940	15.5%	↑
2	Italy	2938	7.5%	↑	2	USA	5400	6.5%	↓
3	Saudi Arabia	2582	6.4%	↑	3	Saudi Arabia	5210	6.3%	↑
4	UAE	2163	5.3%	↑	4	Russia	4960	5.9%	
5	USA	1911	4.6%		5	Germany	4100	4.9%	↑
6	Libya	1636	4.3%	↑	6	Italy	3230	3.9%	↓
7	Spain	1623	1.8%	↓	7	India	3230	3.9%	↑
25	*Switzerland*	*486.1*	*0.4%*	↑ *+479.2*	*21*	*Switzerland*	*1'160*	*1.1%*	↓ *-15.4%*
	EU	12'313	34%	↓		EU	14'881	22%	↓
	Total	34'800	100%	-23.5%		Total	83'200	100%	-5.3%

Source(s):
*Exports 2023 https://data.imf.org/?sk=3d578b82-4922-4268-bbe3-a010f2b1714c&hide_uv=1
(Last updated May 2024)
**Imports 2023: United Nations COMTRADE database (last update July 2024)

[1] Change from the previous year in %

ANNEX 4 – Bilateral trade

Bilateral trade between Switzerland and the host country

	Export (CHF million)	*Change (%)*	**Import** (CHF million)	*Change (%)*	***Balance** (in million)	**Volume** (in million)
2017	902'183'829	3.9	329'914'353	-29.5	-326.82	1'232'098'182
2018	972'064'456	7.7	153'535'064	-53.5	-786.43	1'125'599'520
2019	1'211'937'642	24.7	73'452'225	-52.2	-896.84	1'285'389'867
2020	1'177'662'084	-2.8	88'909'651	21	-612.63	1'266'571'735
2021 *(Total 1)**	**1'223'989'777**	**3.9**	**77'464'622**	**-12.9**	**-890.01**	**1'301'454'399**
2022 (I-VI)**	**1'370'823'311**	**12**	**83'927'641**	**8.3**	**N/A**	**1'454'750'952**
2023	**1'160'324'148**	**-15.4**	**486'089'102**	**479.2**	**N/A**	**1'646'413'250**

Source: Swiss Federal Customs Administration (FCA) – Aussenhandel Schweiz-Ägypten 2023

***) Trade Balance Source: World Bank – World Integrated Trade Solutions (WITS)
https://wits.worldbank.org/CountryProfile/en/Country/EGY/Year/2017/TradeFlow/EXPIMP

*) 'Economic' total (total 1): not including gold bars and other precious metals, currencies, previous stones and gems, works of art and antiques

**) Change (%) from the previous year

Exports	**2022** (% of total)	**2023** (% of total)
1. Products of the chemical and pharmaceutical industry	90.28	83.35
2. Machines, appliances, electronics	4.70	8.25
3. Precision instruments, clocks and watches and jewellery	2.80	3.49
4. Precious metals and gemstones (incl. gold and silver)	N/A	1.65
5. Metals	0.78	0.82
6. Paper, articles of paper and products of the printing industry	0.02	0.80
7. Forestry and agricultural products, fisheries	0.60	0.75
8. Leather, rubber, plastics	0.29	0.28
9. Energy source	0.20	0.27
10. Vehicles	0.17	0.16

Imports	**2022** (% of total)	**2023** (% of total)
1. Precious metals and gemstones (incl. gold and silver)	N/A	82.06
2. Textiles, clothing, shoes	39.61	8.82
3. Forestry and agricultural products, fisheries	27.42	4.89
4. Products of the chemical and pharmaceutical industry	22.58	2.44
5. Machines, appliances, electronics	3.58	0.47
6. Precision instruments, clocks and watches and jewellery	0.68	0.46
7. Works of art and antiques	2.29	0.28
8. Stones and earth	0.92	0.22
9. Leather, rubber, plastics	0.57	0.17
10. Music instruments, home furnishings, toys, sports equip.	0.74	0.08

Source: Swiss Federal Customs Administration (FCA) – Aussenhandel Schweiz-Ägypten 2023

ANNEX 5 – Main investing countries

Main investing countries in the host country **Year: 2023**

Rank	Country	**Direct investment** (billion USD, stock) Wir warten noch auf die Zahlen von GAFI	Share	**Variation** (stock)	**Inflows over past year** (million USD)
1	UK	20.43	38.8%	N/A	N/A
2	UAE	16.88	32.1%	N/A	1’271
3	Saudi Arabia	6.44	12.2%	N/A	2’138
4	Italy	4.72	8.9%	N/A	N/A
5	Kuwait	4.48	8.5%	N/A	411
6	USA	3.81	5.1%	N/A	691
7	Qatar	2.70	6.7%	N/A	461
8	France	1.80	3.4%	N/A	N/A
9	***Switzerland***	***1.30***	***2.4%***	***+1.56%***	***676***
10	China	1.12	2.1%	N/A	748
	EU	N/A	N/A	N/A	1’857
	Total	52.6	100%		10’038.7

Source(s): GAFI Investment Figures 2022-23