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Foreign Investment in Egypt

Legal Framework, Investment Guarantees, Incentives, and Foreign Investment Restrictions Across Key Economic Sectors

Table Of Content

Introduction

The Arab Republic of Egypt has adopted a legislative framework aimed at establishing a stable and attractive investment environment, encouraging domestic and foreign capital inflows, and supporting the State's economic and social development objectives.

The principal legislative framework governing investment activities in Egypt is Investment Law No. 72 of 2017 and its Executive Regulations. The law establishes a comprehensive system of investment guarantees, incentives, and procedural mechanisms intended to protect investors and regulate the relationship between investors and the State.

The legal framework applicable to foreign investment, however, extends beyond the Investment Law. Depending on the nature of the investment, its location, the assets involved, and the relevant economic activity, investors may also be subject to sector-specific legislation governing matters such as land ownership, real estate ownership, licensing, foreign ownership percentages, employment, importation, transportation, media, and regulated professions.

Accordingly, assessing a foreign investment opportunity in Egypt requires an integrated review of both the general investment framework and the specific legislation applicable to the relevant activity and project.

I. General Investment Framework in Egypt

1. The Investment Law

Investment Law No. 72 of 2017 constitutes the principal legislative framework governing investment in Egypt. It addresses investment guarantees, investors' rights, investment incentives, investor services, free zones, investment zones, and technological zones, among other matters.

The Executive Regulations of the Investment Law were issued by Prime Ministerial Decree No. 2310 of 2017, providing detailed rules and procedures for implementing the law.

The investment framework operates alongside other legislation governing companies, taxation, customs, labor, land, real estate, and regulated economic activities, depending on the nature of each project.

II. Investment Regimes in Egypt

Investment activities in Egypt may be conducted under several legal regimes, most notably:

1. The Inland Investment System

This is the general regime under which investment projects are established and operated within the Arab Republic of Egypt outside the free zones, with projects benefiting from the guarantees and incentives prescribed by the Investment Law where the relevant conditions are satisfied.

2. The Free Zones System

Projects established under the free zones system are subject to a special legal, tax, and customs framework, particularly designed to support activities connected with exports and international trade.

3. The Investment Zones System

Investment zones are established pursuant to decisions of the competent authorities and provide an integrated regulatory framework for projects operating within the relevant zone.

4. The Technology Zones System

This regime is intended primarily for activities relating to telecommunications, information technology, and associated technological industries and services.

5. Special Economic Zones

Certain areas are governed by special legislative regimes, most notably the Suez Canal Economic Zone, which operates under a distinct regulatory framework.

The applicable regime depends on the nature of the activity, geographical location, investment structure, and applicable sector-specific legislation.

III. Fundamental Guarantees Granted to Investors

The Investment Law provides investors and investment projects with a number of fundamental legal guarantees.

1. Fair and Equitable Treatment

All investments established in Egypt are entitled to fair and equitable treatment in accordance with the Investment Law.

2. Equal Treatment of Foreign and Egyptian Investors

Foreign investors are generally entitled to treatment equivalent to that afforded to Egyptian investors. Preferential treatment may nevertheless be granted to foreign investors pursuant to the principle of reciprocity and by a decision of the Council of Ministers.

3. Protection Against Arbitrary and Discriminatory Measures

Invested funds may not be subjected to arbitrary measures or discriminatory decisions.

4. Respect for Contracts

The State is committed to respecting and enforcing contracts concluded with investors. Investment projects established through fraud, misrepresentation, or corruption do not benefit from the statutory protections, guarantees, or incentives where such circumstances have been established by a final judicial judgment or arbitral award.

5. Reasoned Administrative Decisions

Administrative decisions relating to investment projects must be reasoned and notified to the relevant parties in accordance with the applicable legal procedures.

6. Prohibition of Nationalization

Investment projects may not be nationalized.

7. Protection Against Expropriation

The assets of an investment project may only be expropriated for public benefit and against fair compensation paid in advance. The compensation is determined on the basis of the fair economic value of the expropriated asset immediately preceding the issuance of the expropriation decision and is transferable abroad.

8. Judicial Protection Against Seizure and Confiscation

Sequestration, precautionary attachment, freezing, or confiscation of investment project assets may only be imposed pursuant to a judicial order or judgment and within the limits prescribed by law.

9. Protection Against New Financial or Procedural Burdens

Administrative authorities may not impose new financial or procedural burdens relating to the establishment or operation of investment projects except in accordance with the procedures and safeguards prescribed by law. These safeguards are intended to ensure that any new burdens are assessed through the competent institutional framework and do not undermine the investment environment.

10. Protection of Licenses and Allocated Land

Licenses and approvals granted to investment projects may not be revoked, suspended, or withdrawn, nor may allocated land be repossessed, except in accordance with the applicable legal procedures. As a general principle, the investor must be notified of the alleged violations, given an opportunity to present a defense, and granted an appropriate period to remedy the violation where legally permissible.

11. Freedom to Establish and Operate Investment Projects

Subject to applicable laws and regulations, investors have the right to establish, own, manage, finance, expand, and dispose of investment projects. They may also transfer profits, dividends, and liquidation proceeds abroad, without prejudice to third-party rights.

12. Freedom to Transfer Funds

The State guarantees the transfer of funds relating to foreign investments into and out of Egypt without delay and in freely convertible currency, subject to the applicable regulatory framework.

13. Liquidation

The Investment Law establishes procedures governing the liquidation of investment projects and seeks to provide greater clarity and certainty concerning the rights and obligations associated with companies during liquidation.

14. Importation

Investment projects may import the raw materials, equipment, machinery, spare parts, and means of transportation required for their establishment, expansion, or operation, in accordance with the applicable rules and without registration in the Importers Register where the Investment Law so provides.

15. Exportation

Investment projects may export their products directly or through third parties, in accordance with the applicable rules and without registration in the Exporters Register where the Investment Law so provides.

16. Employment of Foreign Workers

Investment projects may employ foreign workers within the limits prescribed by the Investment Law and its Executive Regulations. As a general rule, foreign workers may constitute up to 10% of the total workforce, with the possibility of increasing this percentage to 20% where qualified Egyptian workers are not available, subject to the applicable requirements. Investment projects are also required, where applicable, to support the training and development of Egyptian workers.

17. Transfer of Foreign Employees' Entitlements

Foreign employees working in investment projects are entitled to transfer their financial entitlements abroad in accordance with the applicable rules.

IV. Investment Incentives

The Investment Law provides for several categories of incentives, including:

- General incentives
- Special incentives
- Additional incentives
- Cash incentives introduced for certain industrial projects

V. General Incentives

Projects subject to the Investment Law benefit from the general incentives prescribed by law, subject to the statutory exclusions applicable to free zone projects.

1. Exemption from Certain Incorporation and Registration Fees

Incorporation contracts, credit facility agreements, and related security documents may benefit from exemptions from stamp duty and certain notarization and registration fees for a period of five years from the date of registration in the Commercial Register, subject to the applicable conditions.

2. Customs Treatment of Machinery and Equipment

A unified customs duty rate of 2% applies to machinery, equipment, and devices imported for the establishment of investment projects, subject to the applicable rules.

3. Temporary Importation of Production Inputs

Industrial investment projects may benefit from temporary importation arrangements for molds, dies, and similar production inputs without payment of customs duties, provided that such items are re-exported after their use in production and the applicable requirements are satisfied.

VI. Special Incentives

Special incentives are available to projects established in accordance with the Investment Map and are generally granted in the form of a deduction from taxable net profits based on investment costs. The applicable percentage depends on the geographical location and nature of the project.

1. Sector (A)

Projects established in geographical areas most in need of development may benefit from an investment incentive equivalent to 50% of the investment costs, subject to the applicable statutory and regulatory requirements.

2. Sector (B)

Projects established in the remaining areas of the Republic may benefit from an investment incentive equivalent to 30% of investment costs, provided that they operate in sectors and activities qualifying under the applicable legislation. These may include, subject to the relevant requirements, labor-intensive industries, small and medium-sized enterprises, renewable energy projects, strategic industries, and certain manufacturing and productive activities.

Limits and Duration

The investment incentive is subject to the statutory limits applicable to the paid-in capital prior to commencement of operations. The incentive period may not exceed seven years from the commencement of the project's activity, subject to the applicable conditions and implementing rules.

VII. Additional Incentives

Certain qualifying projects may be granted additional incentives by decision of the Prime Minister. These may include:

1. Dedicated Customs Outlets

Dedicated customs outlets may be established for the project to facilitate the handling of its imports and exports.

2. Contribution to Infrastructure and Training Costs

The State may contribute to part of the costs of utilities, infrastructure, or technical training for employees.

3. Reimbursement of Part of the Land Cost

A portion of the value of land allocated to industrial projects may be reimbursed upon commencement of production within the period and subject to the conditions prescribed by law.

4. Exemption from Usufruct Consideration

Projects may be granted exemptions from usufruct consideration for allocated land for a specified period, subject to the applicable requirements.

5. Contribution to Infrastructure and Utilities Costs

The State may contribute to part of the costs of infrastructure, utilities, or public services, in accordance with the applicable rules established by the competent authorities.

Eligibility for Additional Incentives

Eligibility depends on satisfying the statutory and regulatory requirements. Depending on the nature of the project, these requirements may include export orientation, increasing local content, reliance on foreign currency financing, the use or transfer of advanced technology, or the achievement of specific economic and developmental objectives.

VIII. Cash Incentive for Industrial Projects

Law No. 160 of 2023 introduced a cash incentive aimed at supporting certain qualifying industrial projects.

The incentive ranges from 35% to 55% of the value of income tax due and paid on income generated from the investment activity, subject to the statutory criteria and conditions.

The Ministry of Finance is responsible for disbursing the incentive within the legally prescribed period.

The cash incentive is not treated as taxable income in accordance with the applicable statutory provisions and subject to the relevant eligibility requirements.

This incentive represents a significant recent development in Egypt's investment incentive framework, particularly for qualifying industrial projects.

IX. Foreign Ownership of Land in Egypt

Land ownership in Egypt is governed by a number of different legal regimes. The ability of a foreign investor to acquire land cannot therefore be assessed solely on the basis of nationality.

The applicable rules depend principally on the legal classification of the land, its location, its designated use, and the authority having jurisdiction over it.

X. Agricultural Land

As a general rule, foreigners, whether natural or legal persons, are prohibited from owning agricultural land and land treated as agricultural land under the applicable legislation.

The relevant restrictions extend to agricultural land and certain categories of barren, desert, and cultivable land falling within the statutory protection.

Certain land located within municipal boundaries or governed by special statutory regimes may fall outside the definition of agricultural land for purposes of the relevant prohibition.

Accordingly, before assessing whether a foreign investor may acquire a particular parcel of land, it is essential to determine its legal classification, designated use, location, and competent authority.

XI. Desert Land

The legal framework governing foreign ownership of desert land has undergone significant legislative developments, particularly following Law No. 11 of 2024, which amended certain provisions of Law No. 143 of 1981 concerning desert land.

Under the current framework, the restrictions concerning Egyptian ownership percentages do not apply in the same manner where the investor obtains land necessary to conduct or expand its investment activity pursuant to the Desert Land Law or Investment Law No. 72 of 2017.

In other cases, the applicable requirements concerning Egyptian ownership, the maximum individual ownership percentage, and restrictions on transferring land owned by cooperative associations or companies remain subject to the relevant legislation.

The law also permits, in specified circumstances, nationals of Arab countries to be treated as Egyptians pursuant to a Presidential decision following approval by the Council of Ministers.

Accordingly, ownership or allocation of land required for an investment project must be distinguished from general real estate ownership, and the legal basis upon which the land is acquired or allocated must be determined before assessing the applicable foreign ownership structure.

XII. Foreign Ownership of Real Estate

Foreign nationals may own built properties and vacant land in Egypt subject to the statutory requirements governing foreign ownership of real estate.

In general, the legislation regulating foreign ownership of built properties and vacant land establishes certain conditions for residential ownership, including:

- Limits on the number of properties that may be owned for private residential purposes
- The requirement that the property be intended for the private residence of the purchaser and their immediate family
- Statutory limits concerning the permitted area of the property
- Restrictions concerning properties classified as antiquities

The Prime Minister may, within the powers granted by law, exempt certain cases from specific conditions and may establish special rules governing ownership in designated tourist areas and new urban communities.

Special provisions also apply to properties owned by foreign governments and allocated to diplomatic or consular missions, as well as certain properties owned by international or regional organizations, subject to the applicable rules.

XIII. Ownership and Usufruct Rights in Certain Residential Areas

Special rules apply to the ownership and usufruct of residential units by non-Egyptians in certain designated tourist and urban areas.

These areas include, subject to the relevant regulatory decisions, Hurghada, the Red Sea, Sidi Abdel Rahman, Ras El Hekma, and certain areas administered by the Tourism Development Authority.

Under the applicable regime, non-Egyptians may, after obtaining the required approvals, be treated in the same manner as Egyptian nationals for purposes of owning residential units in designated areas.

The availability of ownership in each case remains dependent on the precise location of the unit, the nature of the development, the competent authority, and the approvals required by law.

XIV. Foreign Investment in Selected Economic Sectors

1. Maritime Transport — Maritime Agency Activities

Maritime agency activities are subject to special requirements concerning the legal form of the operator and Egyptian ownership.

As a general rule, the activity must be carried out by an Egyptian company or sole proprietorship having its principal headquarters in Egypt, and the Egyptian partner's share in the capital of a joint company principally carrying out maritime agency activities may not be less than 51%.

Certain shipping companies may benefit from an exception where they conduct genuine investment activities in Egypt through ownership of at least one vessel flying the Egyptian flag, provided that the maritime agency activity is ancillary to their principal business and subject to the applicable conditions.

XV. Air Transport and Civil Aviation

Foreign ownership requirements vary depending on the specific civil aviation activity.

Air Transport Activities

Egyptian ownership may not generally be less than 51% of the company's capital. An exception applies to non-scheduled air transport of passengers or cargo, whether international or domestic, where foreign ownership may reach 100%, subject to the applicable regulatory requirements.

Aircraft Services

These activities may include:

- Aircraft maintenance
- Ground handling services
- Maintenance of aircraft operated by the operating company
- Aircraft catering services

Depending on the activity, Egyptian ownership in the capital and on the board of directors may not be less than 51%.

Design and Manufacture of Civil Aircraft

Activities relating to the design and manufacture of civil aircraft, engines, or components are subject to a minimum Egyptian ownership requirement of 51%.

Air Navigation and Air Traffic Services

These activities are subject to a more restrictive regime requiring 100% Egyptian capital and 100% Egyptian workforce, subject to the applicable legislation.

Training Services

Egyptian participation in the capital may not be less than 51%.

XVI. Postal Services

Egypt Post retains statutory authority over the transportation of letters and postal parcels, postal financial services, and postal savings activities.

The authority may, however, entrust third parties with the performance of certain postal services on its behalf.

Accordingly, Egyptian and foreign investors may participate in certain postal service activities subject to obtaining the required approval or license from Egypt Post and complying with the contractual and regulatory requirements imposed by the competent authority.

XVII. Commercial Agency and Import Activities

1. Commercial Agency

Commercial agency and commercial intermediary activities are subject to specific registration requirements.

Registration in the Commercial Agents and Intermediaries Register is subject to requirements concerning nationality and, in certain cases, ownership of the company's capital.

Historically, Egyptian ownership requirements applied to registration of companies in the relevant register in specified circumstances.

2. Import Activities

The regulatory framework governing registration in the Importers Register has undergone significant legislative reform, allowing companies wholly owned by non-Egyptians, as well as companies in which Egyptian ownership is below 51%, to engage in import activities subject to the applicable requirements.

Under the current framework, foreign investors may establish wholly foreign-owned companies to conduct import activities and register such companies in the Importers Register, subject to the statutory conditions.

Such registration is granted for a limited period of up to ten years from the date of registration, with the possibility of renewal for an additional period of ten years in accordance with the applicable procedures and approval requirements.

Accordingly, the former 51% Egyptian ownership requirement no longer constitutes an absolute barrier to foreign investment in import activities.

XVIII. Construction and Contracting Sector

The legislation governing the Egyptian Federation for Construction and Building Contractors previously contained a requirement relating to Egyptian nationality for registration and membership.

The Supreme Constitutional Court subsequently ruled unconstitutional the statutory provision requiring Egyptian nationality, resulting in the invalidation of the corresponding restriction contained in the Executive Regulations.

Accordingly, the nationality requirement contained in the unconstitutional provision no longer operates as a restriction on conducting construction and contracting activities.

Nevertheless, the practice of such activities remains subject to applicable registration, classification, licensing, technical, and regulatory requirements.

XIX. Employment and Recruitment Services

1. Recruitment and Employment Within Egypt

The provision of recruitment and employment services within Egypt is subject to special ownership and management requirements.

The company's capital must be wholly owned by Egyptians, and its board members and operations managers must be Egyptian nationals, in accordance with the applicable rules.

2. Recruitment and Employment Abroad

Foreign investors may participate in companies providing recruitment and employment services abroad, provided that foreign shareholders' ownership does not exceed 49% of the company's capital.

XX. Press and Media

Press and media activities are governed by a special legal framework due to their nature and public importance.

With respect to news agencies and newspapers, non-Egyptian shareholders, whether natural or legal persons, may not hold shares granting them the right to manage the relevant agency.

Similarly, non-Egyptian shareholders in media entities may not hold a majority of shares or any shareholding that grants them management rights.

These activities are subject to regulation and supervision by the Supreme Council for Media Regulation and the competent authorities according to the nature of the activity.

XXI. Regulated Professions and Professional Membership

The incorporation of a company in Egypt does not, by itself, authorize a foreign investor to practice every regulated profession.

Certain professions require membership in a professional syndicate or association and may be subject to nationality requirements.

1. Legal Profession

Membership in the general register of the Egyptian Bar Association requires the applicant to be an Egyptian national.

The Minister of Justice, in agreement with the Egyptian Bar Association, may authorize a foreign lawyer to handle a specific case or matter in Egypt, subject to reciprocity.

Accordingly, the establishment of a commercial or professional entity does not, by itself, grant a foreign lawyer the right to practice law in Egypt without satisfying the applicable professional requirements.

2. Engineering Profession

Membership in the Egyptian Engineers Syndicate is generally available to Egyptian nationals who satisfy the statutory requirements.

Subject to reciprocity, the Board of the Egyptian Engineers Syndicate may admit nationals of Arab countries who satisfy the applicable membership requirements.

3. Applied Arts Professions

Membership in the professional body governing applied arts professions is subject to the applicable nationality requirements.

Subject to reciprocity, nationals of Arab countries who satisfy the relevant conditions may be admitted in accordance with the applicable rules.

XXII. What Does This Mean for a Foreign Investor?

Egypt does not operate under a single rule either permitting unrestricted foreign investment or prohibiting it.

Rather, the legal framework is based on a general principle of permitting foreign investment, subject to specific sectoral, geographical, ownership, licensing, and regulatory restrictions.

Accordingly, any foreign investment opportunity should be assessed through four principal levels.

1. Identifying the Activity

The actual activity to be conducted must be clearly identified rather than relying solely on a broad commercial description.

2. Identifying the Location

The applicable legal regime may vary according to the location of the project, particularly in relation to desert land, tourist areas, special economic zones, and new urban communities.

3. Determining the Ownership Structure

The investor must determine whether the relevant legislation:

- Permits 100% foreign ownership
- Requires a minimum percentage of Egyptian ownership
- Imposes a maximum foreign ownership percentage
- Establishes separate requirements concerning management or control

4. Identifying Licensing and Regulatory Approvals

Even where full foreign ownership is permitted, the relevant activity may remain subject to licensing, regulatory approvals, or other requirements imposed by the competent sectoral authority.

XXIII. Legal Conclusion

Egypt's foreign investment framework is not limited to Investment Law No. 72 of 2017. It extends across a broad range of legislation governing land and real estate ownership, import and export activities, transportation, media, employment, regulated professions, and strategically regulated economic activities.

In recent years, the Egyptian legislator has moved toward reducing a number of restrictions affecting foreign investment, expanding foreign ownership opportunities in certain sectors, developing investment incentives, and facilitating the establishment and operation of investment projects.

At the same time, certain activities remain subject to specific restrictions relating to Egyptian ownership, management, nationality, licensing, or regulatory approval.

Accordingly, the legal soundness of a foreign investment structure in Egypt depends not merely on whether a foreign investor may establish a wholly or partially foreign-owned company, but on the compatibility of the ownership structure, business activity, project location, underlying assets, licenses, regulatory approvals, investment regime, and applicable incentives with the broader Egyptian legal framework.

For this reason, a sector-specific legal due diligence review should be undertaken before committing to a foreign investment transaction or project in Egypt.

Sources and Legislation

Editorial Note: The legal sources are consolidated in this section rather than placed alongside individual provisions, in order to preserve the readability and professional presentation of the Guide.

I. General Investment Legislation

- Investment Law No. 72 of 2017, as amended.
- Prime Ministerial Decree No. 2310 of 2017, issuing the Executive Regulations of the Investment Law.
- Law No. 141 of 2019, amending certain provisions of the Investment Law.
- Law No. 160 of 2023, amending certain provisions of the Investment Law and introducing a cash incentive for qualifying industrial projects.

II. Desert Land

- Law No. 143 of 1981 concerning Desert Land, as amended.
- Law No. 11 of 2024, amending certain provisions of Law No. 143 of 1981 concerning Desert Land.

III. Foreign Ownership of Real Estate

- Law No. 230 of 1996 concerning the Regulation of Ownership by Non-Egyptians of Built Properties and Vacant Land.
- Prime Ministerial Decree No. 548 of 2005, concerning ownership and usufruct rights in residential units by non-Egyptians in certain areas, as amended.
- Prime Ministerial Decree No. 686 of 2013.
- Prime Ministerial Decree No. 1237 of 2018.

IV. Maritime and Air Transport

- Minister of Transport Decree No. 800 of 2016, regulating maritime transport activities and the utilization thereof.
- Civil Aviation Law and its Executive Regulations.
- Minister of Civil Aviation Decree No. 60 of 2022.
- Minister of Civil Aviation Decree No. 744 of 2022.

V. Postal Services

- Law No. 16 of 1970 concerning the Postal System.
- Executive Regulations of Law No. 16 of 1970, issued by Decree No. 55 of 1972.

VI. Commercial Agency and Import Activities

- Law No. 120 of 1982, regulating commercial agency activities and certain commercial intermediary and brokerage activities, as amended.
- Law No. 121 of 1982 concerning the Importers Register, as amended.
- Law No. 7 of 2017, amending certain provisions of the Importers Register Law.
- Law No. 173 of 2023, concerning the exemption of companies wholly owned by non-Egyptians and companies in which Egyptian participation is below 51% from certain provisions of the Importers Register Law.

VII. Construction and Contracting

- Law No. 104 of 1992, establishing the Egyptian Federation for Construction and Building Contractors.
- Executive Regulations of Law No. 104 of 1992.
- Supreme Constitutional Court Judgment in Case No. 68 of Judicial Year 25.

VIII. Employment and Recruitment

- Labor Law No. 12 of 2003, as amended, particularly the provisions governing recruitment and employment services.

IX. Press and Media

- Law No. 180 of 2018, regulating the Press and Media and the Supreme Council for Media Regulation.

X. Regulated Professions

- Law No. 17 of 1983 concerning the Legal Profession, as amended.
- Law No. 66 of 1974 concerning the Egyptian Engineers Syndicate, as amended.
- Law No. 67 of 1974 concerning the Establishment of the Association of Applied Arts Professionals, as amended.

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