

A Peek into the New 2016 Draft Egyptian Investment Law

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In 2015, a presidential decree (Law No. 17 of 2015) (the 'Presidential Decree'), amending provisions of existing laws including the Law of Investment Guarantees and Incentives (Law No. 8 for 1997) (the 'Investment Law'), was enacted, unfortunately, without much impact on the economy or investment

Further, by the end of 2016, a new Egyptian investment law draft (the 'Draft Law') was being drafted. It plans to introduce new incentives for investors and is intended to replace the Investment Law.

The Draft Law aims to provide a clearer view and a better understanding, free from established misconceptions. It proposes to provide investment guarantees and incentives to investors, including foreigners. It aims to provide the investor with opportunities to advance their business by minimising the obstacles that currently exist. The Draft Law is being drafted mainly to foster a setting that would encourage foreign investment and remove difficulties that foreigners currently face when investing in Egypt.

Some of the additions currently included in the Draft Law are as follows. In cases where the disposition of the real estate properties is pursuant to usufruct authorisation against consideration, the authorisation is proposed to be for a period not exceeding 50 years, renewable according to the terms agreed upon so long as the project continues to operate. Such duration is proposed to be increased from 30 years under the current Investment Law.

Further, The Draft Law provides that the General Authority for Investment and Free Zones ('GAFI') controls the allocation of lands and follows up on the implementation of projects. Moreover, it prohibits the importation of hazardous substances and wastes into the free zones, whether the aim is to transfer them or dispose thereof in accordance with the Egyptian environmental law.

The Draft Law also proposes to require the competent authorities to review the investment applications submitted thereto through the investment window and verify the satisfaction of the conditions required for its acceptance, in the manner outlined in the Draft Law. The applications are to be decided on within a period not exceeding 60 days from the date of submission of the completed application.

It is expected that these amendments aiming to clarify the requirements for investment in Egypt, and the additions made to provide better investment opportunities, would encourage investors, whether local or foreign, to invest in Egypt. We see that the new additions and amendments to the Draft Law aim to widen the investment opportunities in Egypt, by removing previous obstacles and vagueness, and trust it will be undertaken to further promote investment opportunities in Egypt.