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Egypt's Economic Brief Updates

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Energy Sector:

PM Announces National Low-Carbon Strategy



The Egyptian Prime Minister, Mostafa Madbouly asserted the importance of the national low-carbon hydrogen strategy announced by the government as part of steps to attain Sustainable

Development Goals "Egypt Vision 2030".

The move comes as part of Egypt's efforts to achieve transition to low-carbon economy and boost environmental sustainability, added Madbouly. The strategy will be mainly contributing to boosting the country's efforts to having different clean and sustainable energy sources as well as curbing carbon emissions in accordance with international obligations to combating climate change, he added.

The Cabinet's spokesman said the strategy calls for benefiting from Egypt's unique and strategic geographical location, and the country's various natural resources, with special focus on solar energy and wind power to produce low-carbon hydrogen. It is aiming to promote cooperation with international partners and financial institutions to support search, development and investment in this vital sector.

The strategy is expected to play a pivotal role in activating the energy sector in Egypt and lure more foreign investments along with providing new job opportunities and improving economic efficiency in using local resources. This strategy is a forward-looking plan seeking to position Egypt as a global leader in the low-carbon hydrogen economy.

Egypt Launches Int'l Bid for Oil, Gas exploration

The Egyptian Natural Gas Holding Company (EGAS) announced launching a new International Bid Round for Oil and Gas Exploration for 2024 in 12 blocks in the Mediterranean and Nile Delta, according to the Ministry of Petroleum and Mineral Resources.

The bid includes 10 offshore and two onshore regions, the ministry said, adding that bids could be submitted through the Egyptian Upstream Gateway (EUG) by visiting the following hyperlink (<https://eug.petroleum.gov.eg>). The bid falls within the framework of Petroleum Ministry's efforts to attract further oil and gas investments, particularly in the Mediterranean. The launch of the bid comes in line with Egypt's vision towards intensifying natural gas exploration activities in the Mediterranean, said Minister of Petroleum and Mineral Resources, Karim Badawi.

He added that the bid is the eighth to be launched using the latest digital platforms via the EUG, which was introduced by the Petroleum Ministry in 2021.

Masdar to Advance Solar, Battery Projects in Egypt

Egypt's Cabinet gave the green light to UAE-based renewables developer Masdar to advance solar and energy storage projects in the country. A Cabinet meeting chaired by Prime



Minister Mostafa Madbouly approved the implementation of a project to add 1,200MW of solar energy capacity in combination with 240MW of battery storage in Egypt.

In addition, Masdar is now allowed to launch studies related to the implementation of a solar energy project with a capacity of up to 4GW. Egypt agreed to cooperate with the UAE to add 4GW of renewable energy capacity to the power grid in the North African country starting next summer. The agreement was reached by Madbouly and UAE's Industry Minister and Masdar Chairman, Sultan Al Jaber.

30% of Egypt's Dabaa Nuclear Project Completed by year-end: Rosatom Chief

Director General of Russia's Rosatom Alexey Likhachev announced that the Dabaa nuclear power plant project is being implemented



according to the set timetable, affirming that 30% of the project will be accomplished by year-end.

Likhachev affirmed that the Dabaa project represents a top priority for Russia, highlighting taking all needed measures to accomplish the project according to the set timetable. PM Madbouly stressed the importance of the Dabaa project within the state's vision to diversify energy resources by depending on new and renewable energy resources until 2030. The 4.8GW plant is being built by Rosatom in collaboration with Egypt's Nuclear Power Plants Authority (NPPA) and is expected to be fully operational by 2030. The project is set to provide about 10 percent of Egypt's energy consumption with an annual production of up to 37 billion kWh of electricity.



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Egypt: Eni Confirms Accuracy of Zohr Reserves Estimates

The Italian Oil and Gas company, Eni has denied reports circulating in various media regarding an alleged error in the estimates of the deposit that entered production in 2015. The estimates of the reserves of Zohr, the field in the Egyptian concession north of Port Said, were not incorrect and stand at 30 tcf in volume of gas in place at the time of discovery.

This is specified by "Nova Agency" Eni, denying the news circulating in various media regarding an alleged error in the estimates of the field that entered production in 2015 and the drop in production. Eni clarifies that "in recent years, both industry operators and energy consultants have consistently confirmed our view on Zohr's recoverable reserves".

In particular, "the 30 tcf refers to the volume of gas in place, estimated at the discovery time of the field (2015)", Eni continues, clarifying that "the volumes of gas in place are higher than the volumes of gas that can actually be produced". Overall, the resources that Eni has already produced and those that it will produce "are significantly higher than 10 tcf".

Scatec Signs PPA for 1GW Solar & 100MW/200MWh Battery Storage Project

Scatec ASA signed a USD denominated 25-year power purchase agreement (PPA) with Egyptian Electricity Transmission Company (EETC) for a 1GW solar and 100mW/20mWh battery storage hybrid project in Egypt, the first of its kind in the country.



This will be the first hybrid solar and battery project in Egypt and demonstrates Scatec's strong position as one of the largest renewable energy producers in the country. We are pleased to have entered the PPA with EETC. We will now finalise land lease agreements, grid connection agreements, and financing, and prepare for construction of the project", says Scatec CEO Terje Pilskog.

Scatec has signed a mandate letter with several development financing institutions for concessional financing and expects to reach financial close with the lenders and start construction of the solar and BESS hybrid project in the first half of 2025. Scatec will provide Engineering, Procurement & Construction (EPC), Asset Management (AM) and Operations & Maintenance (O&M) services for the project.

ACWA Power secures \$1.5B Wind Energy Project in Egypt's Suez

ACWA Power, a KSA company, is set to secure \$1.5 billion for a wind energy initiative in Egypt's Suez by November. The project, boasting a total capacity of around 1,100mW, will be situated in Suez Gulf region along the Red Sea coast.



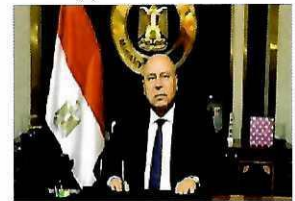
All necessary studies for the project have been finalized. The signing of the final contracts is anticipated by the close of 2024 to pave the way for project commencement. The project spans 146 km², with ACWA Power being granted land by the New and Renewable Energy Authority under a usufruct system, entailing a 2% share of the annual energy yield.

Expected to offset 1.1 million tons of carbon dioxide yearly, the initiative will roll out in two 550mw phases, incorporating a total of 138 turbines. Each turbine will wield an approximate 8mw capacity and stand at a towering height of about 210M. Construction is slated to start before 2024 concludes, with an estimated 30-month timeline for the project's launch, culminating in full operational status expected before 2027.

Automotive Sector:

Egypt Committed to Support Automotive Industry

The Egyptian Minister of Industry, Kamel El Wazir reaffirmed the government's commitment to supporting the automotive industry growth in Egypt, emphasising the significance of backing global automotive companies as they expand within the Egyptian market and boost exports. To further this effort, Egypt's 15% industrial financing initiative remains in place, with a focus on prioritizing key sectors for development.



El Wazir praised General Motors Egypt's plans to expand its operations in Egypt, increase exports, and implement the National Automotive Development Program, beginning with the Chevrolet Optra. The government is also exploring export incentives for the sector, including support for transport costs, to enhance exports from industries with high local added value.



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Proton Starts CKD Ops in Egypt as its North African Export Hub



Proton Holdings Bhd announced the start of operations for the assembly of its own completely-knocked-down (CKD) Proton Saga in Egypt to expand its international footprint, which the national automaker envisioned would pave the way for Egypt to become its export hub for the North African markets in partnership with Ezz Elarab Elsewedy Automotive Factories.

“Locally assembling the Proton Saga in Egypt allows the company to meet the aim of the Egyptian government to limit the number of CBU (completely-built-up) imports into the country while also encouraging local assembly activities. This in turn creates the potential for greater future capacity expansion in the country, especially after we launch new models, with the aim to make Egypt the hub for Proton vehicle exports in the North African region,” said Proton’s director of international sales Steven Xu.

Finance Sector:

Finance Ministry: New Chapter Btw. Tax Authority & Business Community

The Egyptian Ministry of Finance has released an infographic stating that a new chapter will soon begin between the Egyptian Tax Authority and the business community, and this new approach will treat taxpayers as essential partners, aiming to protect their rights, support, and assist them in growing and expanding their investment, production, and development activities, which aligns with Egypt’s commitment to empower the private sector and foster sustainable economic growth.

The Ministry highlighted efforts to improve relationships with the tax community by building trust and credibility and utilizing technological advancements to ensure tax fairness. It also mentioned a comprehensive enhancement, relying on a qualitative leap in the service quality offered to the taxpayer’s community, confirming that it will work on maintaining market competitiveness through tax neutrality.



The Ministry reaffirmed that tax revenues will be allocated to essential public services such as health, education, and social support.

Egypt Int’l Reserves Reach \$46.5 billion at End-August

Egypt's Net International Reserves (NIRs) rose to \$46.597 billion at the end of August from \$46.3 billion in June, according to the Central Bank of Egypt. The NIRs surged to \$41 billion at the end of April compared to \$40.4 billion at the end of March. The surge is reportedly driven by a series of investment projects and international financial support packages. This included the \$35 billion Ras El Hekma deal signed in February, which marked the largest FDI deal in Egypt’s history. Egypt secured over \$57 billion in financial packages from international financial institutions and development partners.

New Tax Facilitation Package to Boost Small Businesses in Egypt

The Egyptian government unveiled a new tax facilitation package aimed at supporting small businesses, startups, and freelancers. The Minister of Finance emphasized the initiative's objective: to foster a more accessible and investor-friendly environment. This integrated tax system is specifically designed for businesses with annual revenues not exceeding LE15mn, benefiting small and micro enterprises, entrepreneurs, freelancers, and professionals. The new framework will simplify the tax filing process, allowing businesses to submit or amend tax returns for the years 2021 to 2023 without incurring penalties.

To ease compliance, the government will adopt a gradual approach to legal requirements for non-tax return submissions, contingent on the annual business volume. This strategy aims to enhance flexibility and lessen administrative burdens.



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Additionally, the exemption threshold for international companies needing to submit pricing studies will be raised to LE30mn, alleviating compliance challenges for smaller businesses involved in international trade.

The initiative seeks to promote the transition of informal economy projects into the formal sector by establishing a more supportive tax environment. Prime Minister noted that the IMF has confirmed the government's ability to manage inflation. He highlighted that Standard & Poor's index for the Egyptian economy surpassed 50 points for the 1st time in four years.

Entrepreneurship, PPP:

Egypt Gov't Forms Ministerial Cluster to Boost Entrepreneurship Landscape

The Prime Minister issued a decree to form a ministerial cluster for entrepreneurship. The cluster will be headed by Minister of Planning, Economic Development and International Cooperation Rania Al-Mashat and includes Minister of Communications and Information Technology Amr Talaat, Minister of Higher Education and Scientific Research Ayman Ashour, Minister of Finance Ahmed Kouchouk, Minister of Supply and Internal Trade Sherif Farouk, and Minister of Investment and Foreign Trade Ahmed ElKhatib.

The cluster will also include the MSMEs Development Agency CEO, Bassel Rahmy, and representatives from the Ministry of Industry, the Central Bank of Egypt, and the Financial Regulatory Authority. This cluster aims to support the entrepreneurship environment to achieve and accelerate sustainable economic growth. It also allows the boosting of the entrepreneurship environment and the creation of adequate job opportunities. In addition, the cluster will establish and manage joint programmes to support startups that combine the resources and experiences of different ministries.

Egypt Set to Invite Bids for \$165mn PPP Projects before Year-end

Egypt plans to invite bids for three public-private partnership (PPP) projects with a total estimated investment cost of \$165 million before 2024 ends. The PPP projects include a wastewater treatment facility, advanced language schools and a first-of-its kind Investors Services Centre.

1- 6th of October Wastewater Treatment Plant

The invitation to bid for a 150,000 m³/day capacity wastewater treatment plant in 6th of October City is expected to be issued during September, according to Atter Hannoura, Director, PPP Central Unit, Ministry of Finance, Egypt.

2- Phase 2 of PPP Schools' Programme

The invitation to tender for the 2nd phase of the PPP schools programme will be issued in 2024's Q4. The 2nd phase involves financing, designing, building, equipping, operating, and maintaining advanced language schools for 22 schools in various governorates with an estimated investment cost of \$60mn. 16 consortia/companies were prequalified for the project, which has a 30-year concession contract. "We finished the draft contract for the 2nd phase, which was amended from the previous tender," said Hannoura, adding that the 1st phase was successfully operationalised 3 years ago.

3- Investors Services Centre

The first-of-its-kind project involves financing, designing, building, utilising, and maintaining a 9-storey Investors Services Centre in Shaa El Tebaan, Madi. This new facility, covering 5,000 m² will cater to the 1,600 small, medium, and large factories and workshops in the area, specialising in marble and granite. The centre will provide a range of essential services, including finance and banking, shipping, health and emergency facilities, showrooms, conference areas, meeting rooms, administrative units, postal services, and a real estate office.

Egypt Set to Invite Bids for 1st of PPP Mega Desalination Projects in Q4

Egypt is set to begin inviting bids for phase I of sea water desalination projects under its ambitious PPP water desalination programme in the fourth quarter of 2024. The multi-stakeholder programme managed by The Sovereign Fund of Egypt with the Ministry of Finance's PPP Central Unit aims to establish renewable energy-powered desalination plants across the country with a targeted total capacity of 8.85 million cubic metres/day (m³/day) by 2050.

Phase I involves the development of 15 desalination plants with a total capacity of 3.35 million m³/day by 2025. The 1st batch will consist of 4 desalination plants. Phase I plants will be developed with an estimated total investment of \$3bn and backed by 30-year concessions.

The tendering will commence with two desalination plants: one in Dabaa with a capacity of 40,000 m³/day and another in El Hamam with a capacity of 190,000 m³/day. The estimated total investment for these plants is \$210mn. The tender documents are in preparation to issue the invitation to bid in 2024's Q4.



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Investment Sector:

Egypt to Offer Ras Banas among 5 Spots on Red Sea for Major Investment Projects: PM



Prime Minister Mostafa Madbouly announced that the Egyptian government have identified 5 spots on the Red Sea, including Ras Banas peninsula, to attract new investments in fully integrated cities similar to the Ras El-Hekma deal in February. In the weekly press conference, PM Madbouly said, "There are several other regions plotted for complete urban development, which will include all types of activities and infrastructure, such as airports, ports, and marinas for international tourism."

"This falls within the government's efforts to attract FDIs to create job opportunities and boost the economy," he added. Egypt and UAE investors signed in February a historic deal to build a multi-billion new state-of-the-art city of Ras El-Hekma as a new massive urban, business, and tourism centre in Egypt's North Coast.

Tourism Sector:

Egypt's Jaz Hotel Group to Invest \$215mn to Open Six New Hotels in 2025

Travco subsidiary Jaz Hotel Group plans to set up six new hotels, scheduled to open their doors next year, under a \$215 mn investment plan, CEO and Chairman Alaa Akel told Al Mal. The new hotels will add over 2.1k rooms to the company's portfolio, pushing it to 20k.

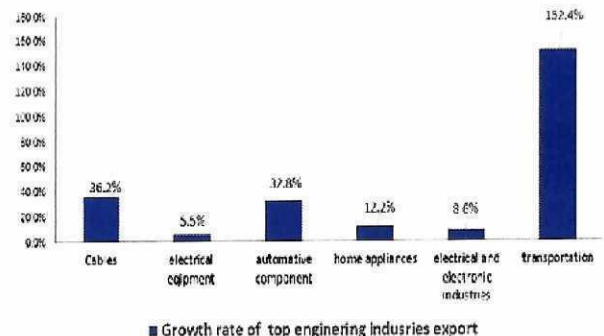


The breakdown: The hotel group will set up 2 new hotels in the North Coast, 2 in Hurghada, and 2 in Marsa Alam. The company will make use of the government's subsidized loan program for hospitality companies to help it fund the new projects alongside its own resources.

The government is offering hospitality players an EGP50 bn subsidized loan program to help them build and operate new hotels, expand existing properties, and repurpose buildings into hotels. The program offers financing at a reducing interest rate of 12%.

Industrial Sector:

Egypt Engineering Industry Exports Grow by 29.9% in 7 Months



Engineering Export Council of Egypt revealed engineering industry exports increase by 29.9% since the beginning of the year till July, reaching \$3.052 billion compared to \$2.35 billion during the same period in 2023. Top engineering exports during that period were cables, electrical equipment, automotive components, home appliances, electrical and electronic industries, and transportation.

Additionally, cable exports increased by 36.2%; electrical equipment by 5.5%; automotive components by 32.8%; home appliances by 12.2%; electrical and electronic industries by 8.6%; and transportation by 152.4%. The UK, Turkey, and France topped the European markets receiving engineering industry exports from Egypt. Meanwhile, KSA, the UAE, and Iraq topped the Asian markets receiving engineering industry exports. Among African countries, Libya, Morocco, and Tunisia came at the forefront of the markets receiving engineering industry exports. Furthermore, the sector employs 19% of Egypt's workforce.



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PM Inaugurates Beko Complex in 10th of Ramadan with \$110m Investments



Prime Minister Mostafa Madbouly inaugurated the first industrial complex of the Turkish home appliances manufacturer Beko, which covers an area of 14,000 sqm in the industrial zone of 10th of Ramadan City. He underscored the state's commitment to the industrial sector at this stage, which reflects the government's aim for the industrial sector to meet Egypt's market needs, especially for durable goods and home appliances, while also localizing various industries and deepening industrial production.

He pointed out that the complex efficiently meets local market needs, while Beko plans to export 60% of its production to markets in the Middle East, Africa, and Europe, with an annual export value of up to \$250m. Hakan Bulgurlu, CEO of Beko, emphasized that Egypt has always been a key part of Beko's journey over the years, stating: "We have witnessed significant growth in this vibrant country, and today marks the beginning of a new chapter for Beko in the Egyptian market with the opening of this industrial complex. By combining our manufacturing strengths with the strategic opportunities Egypt offers, we are confident this complex will become a regional manufacturing hub."

Suez Canal Sector:

Government Acts to Boost SCZONE Investments Infrastructure



SCZone Chairman Walid Gamaleddin was speaking at the Egypt-UK Investment Forum, which was being held in London to review aspects of economic cooperation between Cairo and the business community in Britain.

In his speech during the opening session of the forum, Gamaleddin said: "The SCZONE's assets consist of 4 industrial zones and 6 seaports on the Mediterranean and Red Sea." "Egypt's vision aims to maximize the benefits of these capabilities and equip them with a world-class infrastructure," he added. This would contribute to qualifying the SCZONE to become a hub for green fuel industries, Gamaleddin noted.

He also touched upon what he called "a competitive investment environment within the SCZONE", which primarily aims to present Egypt's economic vision meant to deepen international economic cooperation and attract more investments in the targeted sectors.

Gamaleddin said that 21 industrial and service sectors are targeted and have been studied in line with the SCZONE capabilities, as well as the needs of regional and international markets. Gamaleddin made it clear that the SCZONE was able to accommodate many international companies through its attractive investment environment, financial and non-financial incentives such as its strategic location, the availability of labor and energy at competitive prices, and the one-stop service.