

ECONOMIC PERFORMANCE

General Setting

Egypt is strategically located in the northeast corner of Africa at the junction of Asia, Europe and Africa, covering an area of about 1 million Km². More than 17 million people live in Greater Cairo alone. The young population structure Egypt provides a dynamic consumer market and a large pool of human resources.

2006 Population Census*

• Population	72.79 million	
• Population Density (inhabited area)	920 person/km ²	
• Population Growth Rate (2007 estimate)	1.721%	
• Inhabited Land (% of total area)	7.83	
• Number of Establishments	4.59 million	
• Labor Force	22.014 million	
Age Groups	million	%
• Under 15	23.1	32
• 15-under 45	36.3	49.9
• 45-under 60	9	12.4
• 60 and over	4.4	6.1
	Top Governorates by Area (% share in total population)	
	• Cairo	9.93
	• Sharqiya	7.35
	• Dakahliya	6.85

* Revised

Source: CAPMAS

Pro-Business Reforms

In the *Doing Business 2009* report, Egypt was among the top 10 global reformers for the third time in the last four years. It was also top regional reformer of the year. Egypt made starting a new business easier by reducing the paid-in minimum capital requirement by more than 80%, abolishing bar association fees, and automating tax registration. A new building code, introduced in 2008, aimed at reducing the procedures and time required to deal with construction permits by establishing a single window for processing construction-related approvals.

Other recent reforms include successive customs reforms since September 2004, the slashing of corporate income tax to 20%, and the reduction in the weighted average tariff to 6.9%. Also, a free-float exchange rate system was adopted since January 2003.

"The authorities are to be commended for their determination to maintain the reform momentum in the difficult circumstances. That Egypt, so far, has withstood the international crisis better than many other economies, and the fact that it has some room for maneuver to protect output and employment, is in large part because of the achievements under the reform program."

IMF, Article IV Consultation,
November 2008

Growth Outlook

Recent reforms have allowed Egypt to achieve high growth rates, averaging 7% over the past three years (since 2005/06). Even with the onset of the global economic recession, with many regions failing to maintain even positive growth rates, most forecasts show that Egypt will be able to approach a 3.3% annual growth rate in 2008/09. In the first quarter of 2008/2009 year-on-year growth slipped to 5.8% and further down to 4.1% in the second quarter as opposed to 7.6% for the same comparable period of last year – but still exhibiting positive growth.

Inflation rates averaged 18.3% in 2008, having peaked at 23.7% in August as a result of the rise in food, fuel, and rent prices. The rate is expected to decline substantially in 2009; already it has dropped to 14.3% in January 2009 for the fifth consecutive month; owing to falling international commodity prices and the lagged effect of the tight monetary policy adopted by the Central Bank of Egypt (CBE) during 2008.