The Construction Sector in Egypt: Development and Competitiveness

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The construction sector is one of the most dynamic sectors in the Egyptian economy and has been growing rapidly since the 1980s. In 2000, the Egyptian construction market ranked 36th in the global construction market, constituting 0.4% of this market, for a value of $12.711 billion. Despite its fall from its 1998 ranking of 33rd, the Egyptian construction market actually increased in size by 23%.

The sector has a significant impact on GDP, employment and investment. In 2001/2002 its GDP share reached a value of LE16.56 ($3.84) billion, representing 4.7% of the total GDP. It also employed 8.3% of the workforce in the same year. Construction investments reached LE41.2 ($9.5) billion in 2001/2002 which represents 48.2% of the country’s total investment.

The development and competitiveness of the Egyptian construction sector in the local and international markets is affected by factors that can be classified under five main categories: construction companies, government policies and strategies, available resources, institutional backing and supporting industries. Modifications and developments within these categories will lead to further growth and greater competitiveness for the sector.

Official forecasts indicate that the Egyptian construction sector is expected to experience higher average annual growth rates, at 8.3%, than those of the total GDP (7.4%) and of the total commodity sector (7.8%) during Egypt’s fifth five-year plan from 2002/2003 through 2006/2007. The forecasted total investment in construction for that period is LE257 ($59.24) billion.

* Dollar values are based on the 2001/02 Central Bank of Egypt average rate of LE4.338 to the Dollar.
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