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Economic Report 2020-2021

Contents

1 Executive summary

Since 2013, the government of the Arab Republic of Egypt has focused on recovering the economy that suffered significantly in the years following the revolution in 2011. In November 2015, the IMF granted Egypt a credit worth USD 12 billion in response to an ambitious reform program. The Egyptian authorities implemented structural reforms to stabilize the macroeconomic fundamentals as well as the business climate. They included the introduction of a floating exchange rate, which led to a sharp decline in the Egyptian pound – aiming at boosting exports and limiting high imports – as well as subsidy cuts especially in energy and electricity prices.

Since then, inflation rates dropped from a record of almost 30% in 2017 to 5.9% in 2020. The current pandemic year shows an increase in inflation with an estimated 8.2% (October 2021). Fiscal stabilization measures – mainly by the containment of civil servants' wages and streamlining energy subsidies – a VAT increase and an increase in tariffs led to a gradual reduction of the state budget deficit, reaching 8.0% of GDP in 2019 (latest official figures). The measures taken by the government during the COVID-19 pandemic halted the trend to reduce the fiscal deficit further. The government accelerated public investment in health and education, which was also one of the targets of the IMF agreement. The mega-projects in infrastructure remained a major source of employment throughout the pandemic. Overall, Egypt was one of the few countries worldwide to keep a growth rate with an estimated 3.3% for 2021.

As two of the main sources of foreign revenues – tourism and the Suez Canal – declined during the pandemic, public debts increased. The debt-to-GDP ratio currently stands at 83.2% of GDP (2021). In May 2021, Egypt requested another two IMF loans to cushion the pandemic-related deficit. The Stand-By Arrangement (SBA) and Rapid Financing Instrument (RFI) amounted to USD 5.2 billion, respectively USD 2.7 billion. They are exceeding Egypt's quota. The IMF underlined its confidence in Egypt's economy by approving this contingency package.

Since 2019, the government is in the second wave of reforms with the following priorities: (1) capitalizing on the progress and strengthen the resilience of the economy further, (2) fostering private sector development and gradually opening state-owned enterprises (SOE) shares, and (3) promoting the transfer of resources to vulnerable social groups. The reform efforts paid off. Between 2015 and 2020, Egypt's economic performance improved. The country moved from the 119th to the 93rd position on the Global Competitiveness Index and from the 114th to the 52nd position on the Quality of Overall Infrastructure Index (both issued by the World Economic Forum, WEF). On the World Bank's Ease of Doing Business Index, Egypt moved up from position 131 to 114. Egypt has further returned to the bond market and is now the most important issuer of sovereign bond on the African continent.

The ambitious macroeconomic reform agenda, the dynamic growth, the big domestic market, its unique position as a "gateway to Africa", substantial energy reserves and large investments in infrastructure all contribute to a positive outlook. The "Economist Intelligence Unit" expects annual average real GDP growth forecast at 5.4% until the year 2026.[1] Egypt is the second largest economy on the African continent behind Nigeria and ahead of South Africa. It remains the largest recipient in Africa of foreign direct investments (FDI), albeit with a significant reduction (-35%) from USD 9 billion recorded in 2019 to USD 5.9 billion in 2020 due to the pandemic.[2] Along with South Africa, Egypt is also one of the most diversified economies on the continent with mining, manufacturing, tourism and agriculture present.

Challenges remain. The construction, infrastructure and energy sectors are expected to stay the main engines of growth for the next years. SOEs and military companies are present in the market not only in these sectors and the private sector is not yet used to its full potential. Public debts continue to be high and foreign debts are increasing. FDI keeps being directed to the extracting industry. "The strengthened macroeconomic fundamentals have restored confidence in the economy, but the reforms have yet to trigger a marked and sustained increase in non-extractives private investment and exports."[3]

For Switzerland, Egypt is the largest export market in Africa (CHF 1.2 billion in 2020). Switzerland and Egypt have a comprehensive economic agreement architecture, consisting of a free trade agreement (via the European Free Trade Association, EFTA), an investment protection agreement and a double taxation agreement. Egypt is a priority country for SECO's economic cooperation.

[1] Economist Intelligence Unit: Egypt Country Report (13 October 2021)
[2] UNCTAD's 2021 World Investment Report
[3] Worldbank: "COUNTRY PRIVATE SECTOR DIAGNOSTIC – Realizing the full potential of a productive private sector." (December 2020)

2 Economic problems and issues

The government invests significantly in several dozen “mega projects.” They include the New Administrative Capital (NAC), Al Alamain City on the north coast, several industrial cities, a large-scale industrial and logistics zone around the Suez Canal, a 1.5 million-Acres agricultural land reclamation project, renewable energy projects, upgrading of the country’s ports and airports, and exploiting mineral resources in the Golden Triangle economic zone. The government is further working to improve the railway network, including building a Monorail in Cairo. There is a lack of information about the financing of these mega-projects and about the return on investment. It is assumed that they are mainly financed through loans. China, for example, is establishing an electric train in the NAC against a USD 740 million loan.[4]

Consequently, Egypt relies heavily on loans and the debt-to-GDP ratio stands high at 83.2% (in 2021). Foreign holdings of debts are on the rise. By August 2021, they contributed to 13% of the total debt (USD 33 billion). Massive growth in Egyptian government bonds held abroad with interest rates of up to 14% flanks these debts. The rating agency “Standard and Poor’s” (S&P) warns that “the world's highest real interest rates”[5] leave Egypt vulnerable to large outflows of money if interest rates in developed countries were to rise. Egypt’s debt service constitutes a significant part of the public budget, currently standing at 36%. It is important to note that the government has reduced debt service from 40% last year and is aiming to reach 32% next year by increasing tax revenues.

Foreign reserves remain restrained, also as a result of the pandemic. In August 2021, Egypt had USD 40.7 billion in foreign reserves, covering just above 7 months of imports.[6] S&P estimated that Egypt’s total external public and private debt rose to nearly 220% of current account revenues in the fiscal year that ended in June 2021, from 176% in fiscal year 2020 and 110% in the fiscal year 2016.[7] However, due to the overall positive economic outlook, S&P kept the rating at B/B and Moody’s also maintained the B2 rating for Egypt with a stable outlook.

Egypt’s labor force participation remains below potential at 41.9% of the working-age population.[8] This reflects a longstanding problem that will likely increase in the future due to the exponential population growth. The role of the state in job creation was always important, but has become even more evident in the aftermath of the revolution in 2011. During this period, it was difficult to convince investors to engage in Egypt. As a result, the country relied more on SOEs, in addition to the economic and engineering departments of the Egyptian Armed Forces. SOEs and military companies continue to play a central role in the Egyptian economy. Currently, each year around 700’000 people enter the labor market. These arrivals cannot be absorbed by the SOEs and military companies alone. There is a need for job creation in the private sector. Promoting start-ups and private small- and medium-size enterprises (SMEs) proofs to be challenging. Complex tax and business regulations are a hurdle for foreign investors.[9]

The Egyptian government is keen to increase the share of the private sector and attract more FDI. Currently, the public sector accounts for 70% of the Egyptian economy and the private sector for only 30%. The aim is to increase this share to 50% in the near future. An initial public offering (IPO) committee is currently listing the shares of several SOEs. The largest state-owned Fintech platform and payment infrastructure provider "E-Finance" was offered on the Egyptian stock exchange in October 2021. Other state-owned companies in the fertilizer, banking and insurance sectors shall be listed before the end of the current financial year. The listing of these companies also aims to strengthen the Egyptian stock market, revitalize the flow of capital and trading on the Egyptian Stock Exchange and increase market capital to become more attractive to investors.

Bureaucratic procedures remain another holdback for the development of a flourishing private sector. In 2021, the Egyptian Ministry of Finance launched a new digital Customs System called “Advance Cargo Information (ACI)”. It is a major improvement at customs that simplifies the procedures and shortens the clearance times and that is in place since 1 October 2021. This important new introduction also has a

[4] General Authority for Investment and Free Zones: The New Capital
[5] https://www.egypttoday.com/Article/3/107583/Standard-Poor-s-warns-of-risks-of-cost-of-Egyptian
[6] https://www.worldbank.org/en/country/egypt/overview#1
[7] https://www.bnreport.com/en/foreign-holdings-in-egypts-debt/
[8] https://www.worldbank.org/en/country/egypt/overview#1
[9] Worldbank: “COUNTRY PRIVATE SECTOR DIAGNOSTIC – Realizing the full potential of a productive private sector.” (December 2020).

positive effect for Swiss export companies. Despite the considerable progress, changing interpretations and applications from different authorities continue to exist in several fields.

3 International and regional economic agreements

3.1 Country's policy and priorities

Egypt's main economic partners are the USA, the UAE and Saudi Arabia, China and Russia, the European Union – mainly Italy, Germany and the UK – and Turkey. Egypt does derive large economic benefits from its ties to Saudi Arabia and the UAE. Several million Egyptians work in the Gulf and send remittances. In October 2021, the Saudi finance ministry informed that the Kingdom deposited USD 3 billion with Egypt's central bank and extended the term of another USD 2.3 billion in previous deposits.[10] Egypt continues to receive a yearly military aid of USD 1.3 billion from the USA. At the same time, it has devoted much efforts to developing strategic relations with other important global players, notably Russia and China, who are both attributed to infrastructure projects.

Under the Egyptian presidency of the African Union in 2019, the African Continental Free-Trade Agreement (AfCFTA) entered into force. Egypt is a prime location as "gateway to Africa" for European and the US markets. AfCFTA offers new opportunities for Egyptian exporters and workforce. Egyptian SOEs enjoy a positive reputation and increasingly win tenders to build infrastructure projects in Africa and the MENA region. National banks are establishing substitutes in key African capitals. Promising markets beyond infrastructure are agricultural products, pharmaceuticals, logistics and services (notably in the economic zones on the Suez Canal). Accompanied by diplomatic efforts, the volume of trade between Egypt and the rest of Africa has risen significantly in recent years. The AfCFTA provides for the removal of 90% of tariff lines within five years. However, there is a long way to go. Most of the tariff lines and particularly non-tariff barriers to trade still exist.

Since mid-2016, Egypt has increasingly turned to international financial institutions such as the World Bank, the African Development Bank, the European Bank for Reconstruction and Development (EBRD) and the IMF for loans. Other important agreements are the EGY-USA Trade and Investment Framework, Egypt-Turkey Free Trade Agreement, the Greater Arab Free Trade Agreement (GAFTA), the Agadir Free Trade Agreement, the Egypt-MERCOSUR Agreement and the Common Market for Eastern and Southern Africa (COMESA). In November 2021, Egypt took over the chairmanship of COMESA for one year.

3.2 Outlook for Switzerland (potential for discrimination)

None of the Free Trade Agreements (FTAs) currently ratified or negotiated with other countries and regions have the potential to lead to discrimination for Swiss products. There are certain concerns by most of its trade partners on the compliance of certain regulations issued by Egypt, not only with the EFTA FTA and with other FTA partners, but also with Egypt's obligations under WTO law. Since the entry into force of the EFTA FTA in 2007, the EFTA States have granted Egypt unilateral tariff preferences for Processed Agricultural Products (PAPs). Despite two extensions of the corresponding Protocol A, it was not possible to start negotiations with Egypt on mutual concessions. Therefore, on 11 June 2021, the Federal Council decided – in agreement with EFTA partners Norway and Iceland – to allow the unilaterally granted concessions to expire. The EFTA Secretariat informed Egypt about the decision and the preferential agreement expired in Switzerland and Iceland on 31 July 2021 and in Norway on 1 October 2021.

On 18 and 19 October 2021, representatives of the EFTA States and Egypt met to discuss re-negotiating Protocol A. The parties agreed that the EFTA States would submit to Egypt a list of demands covering key export interests, for which the EFTA States would like to receive duty-free market access in exchange for the renewal of the PAPs concessions under Protocol A. Additionally, an exchange of trade data and applied tariff rates shall achieve a better mutual understanding of the current use of the FTA. To this end, Egypt's request for the negotiation of the PAP concessions bilaterally with all EFTA States shall be taken into consideration.

[10] https://www.reuters.com/world/middle-east/saudi-deposits-3-bln-egypts-central-bank-extends-previous-facilities-2021-10-31/

4 Foreign trade

4.1 Development and general outlook

Trade represents 43% of the country's GDP (World Bank, 2019). Ever since the 1980s, Egypt has shown a trade deficit. Since 2010, the country imports around 50% more than it exports. The large depreciation of local currency as part of the IMF program was expected to reflect positively on exports performance, but export competitiveness remains weak. There are several areas, where historic lack of reforms has impeded Egypt's ability to fully exploit the recent competitiveness gains from currency depreciation and shift towards an exports-oriented model of growth. These are the concentration of exports in traditional areas of comparative advantage (as opposed to goods that are subject to high global demand), trade barriers (especially non-tariff), as well as connectivity and infrastructure challenges.

Exports remain below those of comparator countries. The recent decrease in the trade deficit was mostly due to the increase of oil exports with a +11.2% increase, and also due to an increase in gold export. The number of exporting firms is low, only 9% of manufacturing firms export directly.[11] The discovery of the Zohr offshore gas field in the Eastern Mediterranean will likely further reinforce this pattern. Due to the COVID-19 pandemic, the volume of exports of goods and services declined by -1.6% in 2020 compared to 2019, and the volume of imports declined by -6.2%. For 2021, the IMF forecasts an unprecedented fall in volume of -21.8% for exports and -17.7% for imports.

The EU is Egypt's biggest trading partner, covering 24.5% of Egypt's trade volume in 2020. 25.8% of Egypt's imports came from the EU and 21.8% of Egypt's exports went to the EU. Apart from the EU, according to the Central Agency for Public Mobilization and Statistics (CAPMAS), Egypt's main export partners in 2020 were the UAE (10.4% of total exports), Saudi Arabia (6.1%), Turkey (6%), United States (5.9%). Egypt's main suppliers apart from the EU are China (16.5% of total imports), the USA (6.7%), Saudi Arabia (5.4%) and Turkey (4.6%).[12]

4.1.1 Trade in goods

Petroleum products (Crude Petroleum, Petroleum Gas) are the most traded items, both for imports and exports. Egypt's most valuable exported products are gold, processed petroleum oils, crude oil, nitrogenous fertilizers and miscellaneous fresh or dried citrus fruits. Collectively, the five top exports represent almost a third (32.7%) of overall exports by value in 2020. Mineral fuels including oil (17.6% of total exports), Gems, precious metals (11%), Plastics (6.5%), Electrical machinery, equipment (5.8%), Fruits, nuts (5.4%), Fertilizers (4.3%), Vegetables (3.9%).[13]

Imports are driven again by petroleum, as Egypt's reserves are less significant than those of Gulf countries. Egypt imports mineral and chemical products (25% of total imports), agricultural products, livestock and foodstuff (24%, mainly wheat, maize and meat), machinery and electrical equipment (15%) and base metals. The country imports around 40% of its food requirements according to FAO and is the largest importer of wheat worldwide.

4.1.2 Trade in services

Egypt's economy heavily depends on the services sector (47.6% of GDP). The travel and tourism industry has traditionally been an important source of foreign exchange, with millions visiting Egypt each year pre-COVID. Tourism accounted for about 12% of GDP in 2019. This percentage dropped dramatically due to the pandemic. Revenues from tourism were down by 70% to about USD 4 billion in 2020. Meanwhile, the information and communication technology (ICT) sector in Egypt is growing fast, achieving a growth rate of an estimated 16%. The ICT sector's contribution to the GDP is currently about 4.4%.[14]

[11] Worldbank: "COUNTRY PRIVATE SECTOR DIAGNOSTIC – Realizing the full potential of a productive private sector." (December 2020).
[12] Central Agency for Public Mobilization and Statistics (CAPMAS)- December 2020
[13] https://www.worldstopexports.com/egypts-top-10-exports/
[14] https://mcit.gov.eg/en/Media_Center/Press_Room/Press_Releases/63435

4.2 Bilateral trade

Egypt is an important trade partner for Switzerland in the region. The total trade volume – including gold bars and other precious metals, coin, precious stones and gems as well as works of art and antiques – between Switzerland and Egypt amounted to CHF 1.2 billion in 2020. Overall, we can observe a boost of trade between the two countries. The total trade volume between the Switzerland and Egypt used to be lower, with CHF 869 million in 2016.[15] Export from Switzerland to Egypt remained relatively stable despite the pandemic. During January – October 2021 alone, exports from Switzerland amounted to around CHF 1 billion.

4.2.1 Trade in goods

The main Swiss exports to Egypt continue to be chemical and pharmaceutical products (CHF 1 billion), machineries and electronic devices (CHF 85 million) and precision instruments and watches (CHF 43 million). Total imports from Egypt accounted for CHF 89 million. The main export goods from Egypt to Switzerland are textile products, agricultural products and products of the chemical and the pharmaceutical industry. Egypt's exports of precious metals and gemstones (including gold and silver bars) amounted to CHF 22 million in 2020.

4.2.2 Trade in services

Trade in services volume stood at CHF 337 million in 2019, which represents 10% of the trade in services volume with Africa. The volume of exports reached CHF 244 million and the volume of imports reached CHF 93 million. Regarding the tourism sector, the total number of Swiss tourists visiting Egypt for 2019 was 119'550 Swiss tourists. Due to the COVID-19 pandemic these figures substantially diminished and stood at around 37'000 arrivals in 2020.

5 Direct investments

5.1 Development and general outlook

According to UNCTAD's 2021 World Investment Report, Egypt remained the largest recipient of FDI in Africa. Over the last years, inflows of FDI to Egypt have increased, mainly attributed to increases in the oil and gas investments. During the pandemic, inflows of FDI have suffered a significant drop. Egypt recorded a reduction of (-35%) from USD 9 billion in 2019 to USD 5.9 billion in 2020. Around three-quarter of FDI is directed to the extracting industry. Remittances remain the most important sources of foreign revenues in Egypt, exceeding the value of exports. They are several times higher than the FDI or the revenues from the Suez Canal. Remittances in Egypt increased during the pandemic to a record high of USD 31.4 billion in the fiscal year 2020/2021.[16]

The Egyptian government is attracting FDI outside the oil and gas sector by creating new economic zones, modernizing the existing ones, as well as the expansion of mega-projects in infrastructure. In 2017, it presented an investment law that reestablished the Economic Free Zones and stated that foreign investors receive the same preferential treatment as Egyptian nationals. The free zones are overseen by the General Authority for Investment and Free Zones (GAFI). They benefit from exemptions from customs and duties, as well as taxes on imports of capital goods, raw materials and intermediate inputs. Other benefits include reduced income tax rates for businesses and individuals, a one-stop-shop for completing bureaucratic procedures, special customs services and proximity to ports. The products imported or exported by the investment projects inside any of the free zones are not subjected to the importation and exportation regulations that are usually applied outside the free zones, nor custom duties or any other tax regulations. There are no restrictions on capital transfers, relaxed labor regulations or simplified customs procedures.

There are now public free zones in Alexandria, Nasr City, Port Said, Suez, Ismailia, Damietta, Media, Shebin, Qeft, Port Said East Port and Sokhna. The Suez Canal Economic Zone (SCZone) has four zones alone: 1) Ain Sokhna for heavy industry and renewable energy manufacturing, 2) East Port Said allocated to light industry and logistics, 3) Qantara West reserved for logistics, 4) East Ismailia targeted at agri-business, textiles and ICT industries. The Golden Triangle Special Economic Zone (GTZone) is the second economic zone created by the Egyptian government and has the same benefits like the

[15] https://www.swiss-impex.admin.ch/
[16] https://dailynewsegypt.com/2021/09/15/egyptian-remittances-record-31-4bn-in-fy-2020-21-cbe/

SCZone. GAFI is further establishing 12 new investment zones, including in Cairo, Qalyubia, Sharkia, Alexandria, Fayoum, Giza, Dakhalia and Damietta. They shall include different sectors from nano- and bio-technology, higher education and scientific research to smaller handicrafts and furniture industries, agricultural and food industries, as well as women centers. These zones aim to create several hundred thousand jobs and to attract investments worth over EGP 100 billion (CHF 5.8 billion).[17]

The Egyptian authorities also work to strengthen public-private partnerships (PPPs) and private domestic investment. In November 2021, the parliament approved amendments to the law regulating the participation of the private sector in infrastructure, service and public utility projects. The amendments shall “allow the state's administrative system to award contracts to private sector companies in a much easier way to implement most infrastructure projects in transport, electricity, communications, information technology, water, sanitary drainage, education, etc.”[18]

5.2 Bilateral investment

Compared internationally, Switzerland is an important investor in Egypt. According to the Central Bank of Egypt, FDI from Switzerland amounted to USD 471.2 million (inflows) in the fiscal year 2020/2021. Thus, Switzerland was the 8th biggest investor in the fiscal year 2020/2021. Almost 70 Swiss companies are present in the country. They employ around 10,412 people. According to the latest statistics by GAFI, in June 2020, Switzerland came in the 12th rank of FDI stock in Egypt and there are a total of 484 companies that include Swiss investors. Three of the Egyptian companies with Swiss shareholders are listed in the Egyptian stock market. Total Swiss injected capital until June 2020 was about USD 792 million, while the total investment and FDI stock reaching USD 1.95 billion and USD 1.8 billion, respectively. There was only one oil and gas partner from Switzerland in Egypt, which engaged in two concessions with total expenditures and FDI stock reaching about USD 161 million and USD 31 million, respectively.

6 Trade, economic and tourism promotion "Country advertising"

6.1 Foreign economic promotion instruments

The Swiss Egyptian Business Association (SEBA) was established in 2004 as a non-governmental organization. SEBA’s mission is to support business-to-business networks between Egypt and Switzerland, whereas the Embassy supports the business-to-government relations. SEBA and the Embassy prepare, among other things, factory visits and regular roundtables to discuss the latest economic developments in Egypt. After a series of internal reviews and adjustments, SEBA constituted itself in 2020 with a new board. In the same year, SEBA’s members supported the Association with bridge funding during the pandemic. SEBA officially registered the association with the Ministry of Social Solidarity. As of November 2021, a new Executive Director manages SEBA. Switzerland Global Enterprise (S-GE), SECO and SEBA regularly share information. They had an exchange during the ministerial visit of Federal Councillor Guy Parmelin in February 2020. In addition, a Memorandum of Understanding (MoU) between S-GE and GAFI was signed during this visit.

In November 2019, the Federal Council decided to increase and further promote the participation of Swiss companies in international infrastructure projects. For this purpose, various actors, including S-GE, SECO, SERV and the industry associations are to improve coordination and cooperation in the Engineering, Procurement and Construction (EPC) sector. The Embassy regularly provides information on infrastructure projects in Egypt to headquarter. Following the launch of a World Bank tender in Egypt for the modernization of the Cairo-Beni-Suef railway line (RICE Project), Switzerland identified Egypt as an interesting target market for members of the Swissrail Industry Association. For this purpose, S-GE, Swissrail and SERV will conduct a fact-finding mission in early 2022 to identify Egyptian railway projects that could be of interest to Swiss suppliers.

6.2 The host country's interest in Switzerland

Switzerland benefits from a positive image in Egypt in terms of tourism, education and economy. This is particularly due to the perceived quality of Swiss products and services. Upper- and middle-class

[17] https://www.egypttoday.com/Article/3/66765/GAFI-to-establish-12-new-investment-zones-Min
[18] https://english.ahram.org.eg/News/439692.aspx

Egyptians often choose Switzerland as a destination for holidays and health treatments. In 2019, Switzerland issued a total of 4’537 C visa, of which 30% accredit for tourism, 38% for business and 18% for visits. In 2020, due to the pandemic, the issuance of visa declined significantly. A total of 924 visa were issued, 26% for tourism, 22% for business and 22% for visit purposes. In the field of education, Switzerland offers yearly scholarships for Egyptian citizens under certain conditions. Egyptian Ph.D. and post-doc students wishing to conduct a research project in Switzerland are the main beneficiaries. The interest for these scholarships is strong.

In 2008, the Egyptian company Orascom Development Holding AG launched an important tourism investment project in the Swiss Alpine town of Andermatt. This project accounts for the biggest investment from Egypt in Switzerland. Apart from the “Andermatt Swiss Alps development”, Egyptian investment in Switzerland remains limited. Swiss financial centers continue to exert a strong attraction for clients residing in Egypt. The good reputation of Swiss banking services, a stable political environment, and the stability of the Swiss currency continue to attract capital deposits to Switzerland. The image of Swiss banks in Egypt is mostly positive, and loyalty of Egyptian clients towards the Swiss banks appears solid. The automatic exchange of information (AEOI) on tax information is not yet in place.

Switzerland also enjoys a positive reputation thanks to its longstanding development work. In 2019, Egypt and Switzerland celebrated 40 years of international cooperation. The new cooperation programme 2021-2024 for Egypt focuses on 4 main outcomes with a foreseen budget of CHF 84 million: 1) Good governance, human rights and gender, 2) Green economy and urban development, 3) Skills development and decent work in an inclusive business friendly environment, 4) Better access to quality basic social services and protection for populations in vulnerable situation including migrants.

In the new cooperation programme Switzerland has added a specific outcome on environmental action. Potentials for Swiss private sector engagement can be possible in green investment projects and in public-private partnerships (PPPs) in a variety of sectors, such as transport, energy, waste and water management. Switzerland is engaged in supporting the improvement of waste management capacities and infrastructure, the promotion of a circular economy, the development and promotion of green building codes and the adoption of ESG (environment, sustainability, governance) reporting of the private sector.

The "Human Development Report 2021” highlights the continuous need for development cooperation in Egypt. It shows that notwithstanding progress in overall poverty reduction, health care and education, Egypt has moved down from position 112 to 116 on the Human Development Index over the past ten years.[19] The exponential population growth is a major challenge. In 2021, 32.5% of Egyptians lived below the poverty line, compared to 27.8% in 2015.[20] GDP per capita remains below the global average and the percentage of the population slipping into the informal economy is increasing. The government of Egypt is aware of these challenges and launched the large social initiative “Haya Karima”. It aims at social development across Egyptian villages.

[19] Human Development Report Egypt 2021

[20] Central Agency for Public Mobilization and Statistics (CAPMAS)

7 Annexes:

ANNEX 1: Economic structure

Distribution of GDP (%)	2018/2019	2019/2020	2020/2021
Agriculture	11.4	12.1	11.8
Construction	6.2	6.7	6.9
Industry	30.5	26.8	24.6
Services	43.2	45.4	47.6
General Government	6.8	7.3	7.3
Suez Canal	2	1.7	1.6

Source: IMF Egypt SBA review July 2021

Distribution of Employment (%)	2019
Agriculture	20.62
Industry	26.94
Services	52.44

Source: https://www.statista.com/statistics/377950/employment-by-economic-sector-in-egypt/

ANNEX 2: Main economic data table

	2019	2020	2021
GDP (USD bn)*	302.26	353.00	376.54
GDP per capita (USD)*	3,047	3,478	3,627
Growth rate (% of GDP)**	5.6	3.6	(est. 3.3)
Inflation rate (%)*	13.9	5.9	8.2
Unemployment rate (% of the Labor Force)*	8.6	10.3	11.6
Fiscal balance (% of GDP)**	-8.1	-8.0	(est. -7.5)
Current account balance (% of GDP)**	-3.6	-3.1	-4.1
General government net debt (% of GDP)*	74.2	79.5	83.2

**IMF, World Economic Outlook Database, Egypt October 2021*
***World Bank, World Economics, Egypt October 2021*

ANNEX 3: Trade partners table including Switzerland

Trade Partners January-December 2020

Rank	Country	Exports from Egypt (thousand USD)	Share	Change	Rank	Country	Imports to Egypt (thousand USD)	Share	Change
1	UAE	2,872,843	10.4%		1	China	11,489,216	16.5%	
2	KSA	1,686,388	6.1%		2	USA	4,693,503	6.7%	
3	Turkey	1,662,419	6%		3	Germany	3,945,469	5.7%	
4	USA	1,622,728	5.9%		4	KSA	3,749,257	5.4%	
5	Italy	1,445,244	5.2%		5	Italy	3,207,248	4.6%	
6	India	1,322,506	4.8%		6	Turkey	3,179,291	4.6%	
7	Spain	809,859	2.9%		7	Russia	2,933,202	4.2%	
8	UK	788,461	2.8%		8	India	2,608,312	3.7%	
9	Canada	701,378	2.5%		9	Brazil	2,170,833	3.1%	
10	Greece	659,082	2.4%		10	Kuwait	1,984,148	2.8%	
11	Germany	646,100	2.3%		11	Ukraine	1,903,351	2.7%	
12	China	616,647	2.2%		12	France	1,704,645	2.4%	
13	Libya	607,118	2.2%		13	Spain	1,545,126	2.2%	
14	Jordan	588,938	2.1%		14	UAE	1,492,637	2.1%	
15	France	530,513	1.9%		15	UK	1,407,649	2%	
16	Algeria	511,795	1.8%		16	Argentine	1,199,433	1.7%	
17	Sudan	498,941	1.8		17	Japan	1,180,508	1.7%	
18	Netherlands	481,205	1.7%		18	South Korea	1,170,617	1.7%	
19	Morocco	467,642	1.7%		19	Netherlands	1,058,879	1.5%	
20	Iraq	435,117	1.5%		20	Belgium	1,046,229	1.5%	
					21	***Switzerland***	**970,053**	**1.4%**	**+0.2%**
39	***Switzerland***	**135,210**	**0.5%**	**+0.4%**					
	Total	**27,578,636**	**100%**			**Total**	**69,623,510**	**100%**	

Source: The Central Agency for Public Mobilization and Statistics (CAPMAS) - December 2020
https://www.capmas.gov.eg/Pages/Publications.aspx?page_id=5107&Year=23614

ANNEX 4: Bilateral trade table

(Value in CHF)

Period	Import Value (CHF)	Value +/- %	Export Value (CHF)	Value +/- %
2016	468’278’034	513.9	868’626’139	-2.6
2017	329’914’353	-29.5	902’183’829	3.9
2018	153’535’064	-53.5	972’064’456	7.7
2019	73’452’225	-52.2	1’211’937’642	24.7
2020	88’909’651	21	1’177’662’084	-2.8

Source: Swiss Federal Customs Administration FCA

Exports	2019 (Value in CHF)	% of Total	2020 (Value in CHF)	% of Total
Total	**1’211’937’642**		**1’177’662’084**	
Products of the chemical and pharmaceutical industry	980’387’825	80.9%	1’021’075’706	86%
Machines,appliances, electronics	114’489’962	9.4%	85’227’258	7.2%
Precision instruments, clocks and watches and jewellery	68’342’980	5.6%	42’317’611	3.6%
Metals	12’977’381	1.1%	11’709’104	1%
Forestry and agricultural products, fisheries	15’614’095	1.3%	8’553’653	0.7%
Leather, rubber, plastics	6’552’843	0.5%	3’845’783	0.3%
Vehicles	2’095’601	0.2%	1’320’367	0.1%
Stones and earth	1’129’408	0.09%	1’251’596	0.1%
Textiles, clothing, shoes	1’715’304	0.14%	926’793	0.1%
Energy source	1’833’815	0.15%	518’957	0.04%
Various goods such as music instruments, home furnishings, toys, sports equipment, etc.	6’185’472	0.5%	424’208	0.03%
Paper, articles of paper and products of the printing industry	605’941	0.04%	284’574	0.02%
Works of art and antiques	6’994	0	199’504	0.02%
Precious metals and gemstones (including gold and silver bars since 1.1.2012)	21	0	6’970	

Imports	2019 (Value in CHF)	% of Total	2020 (Value in CHF)	% of Total
Total	**73’452’225**		**88’909’651**	
Textiles, clothing, shoes	34’008’985	46.3%	25’826’998	29%
Forestry and agricultural products, fisheries	20’749’073	28.2%	23’305’850	26.2%
Precious metals and gemstones (including gold and silver bars since 1.1.2012)	(not available)		22’199’545	25%
Products of the chemical and pharmaceutical industry	12’833’408	17.4%	12’144’749	13.6%
Works of art and antiques	652’523	0.9%	2’220’559	2.5%
Precision instruments, clocks and watches and jewellery	1’153’819	1.6%	821’029	0.9%
Machines, appliances, electronics	1’688’609	2.3%	675’460	0.7%

Leather, rubber, plastics	730’840	1%	560’029	0.6%
Various goods such as music instruments, home furnishings, toys, sports equipment, etc.	622’594	0.8%	504’587	0.5%
Stones and earth	265’758	0.4%	308’490	0.3%
Metals	554’871	0.7%	221’369	0.2%
Vehicles	87’791	0.11%	84’223	0.09%
Paper, articles of paper and products of the printing industry	102’935	0.14%	36’380	0.04%
Energy source	1’019	0.001%	383	

Source: Swiss Federal Customs Administration FCA

ANNEX 5: Main investing countries table including Switzerland

Fiscal Year 2020/2021

Rank	**Country**	**Direct Investment Inflows over past fiscal year** (USD)	**Share**
1	Italy	2,249	16.2%
2	UK	1,770	12.7%
3	USA	1,625.3	11.7%
4	UAE	1,411.1	10.1%
5	Netherlands	1,329.4	9.5%
6	Qatar	507.9	3.6%
7	China	485.2	3.5%
8	Switzerland	471.2	3.4%
9	Kuwait	353.5	2.5%
10	KSA	325.3	2.3%
	Other countries	3,386	24.3
	Total	**13’914.8**	**100%**

Source: Central Bank of Egypt – Monthly bulletin October 2021
https://www.cbe.org.eg/en/EconomicResearch/Publications/Pages/MonthlyStatisticaclBulletin.aspx