

**LAW OF INVESTMENT GUARANTEES AND
INCENTIVES
& ITS EXECUTIVE REGULATIONS**

**(G.A.F.I)
THE GENERAL AUTHORITY
FOR INVESTMENT**

**LAW NO. 8 OF 1997
CONCERNING
INVESTMENT GUARANTEES
AND INCENTIVES**

IN THE NAME OF THE PEOPLE
PRESIDENT OF THE REPUBLIC

The People's Assembly has sanctioned the following Law and it is hereby promulgated:

ARTICLE 1

The provisions of the attached Law concerning Investment and Incentives shall be applied.

ARTICLE 2

Subject to the provision of Article 18 of the attached Law, the provisions of the Law shall not affect the tax privileges or exemptions, or other guarantees and incentives granted to companies and establishments existing at the time the Law comes into Force. These companies and establishments shall continue to enjoy such privileges, exemptions, guarantees and incentives until their respective entitlement periods expire in accordance with the legislation and agreements from which they are granted.

ARTICLE 3

The administrative authority concerned with implementing the provisions of the attached Law shall replace the General Authority for Investment, the Authority's Board of Directors, and the Chief of its Executive Department. The President of the Republic shall by a decree determine this Administrative Authority, its powers and the regulations governing its work. As well as the regulations remuneration of personnel such that they are not restricted by the provisions of the Government employee remuneration systems.

The General Authority for Investment shall remain the competent administrative authority under the provisions of the attached law until the issue of the above Presidential Decree. And the rules regulating the personnel affairs of the authority also shall remain in force.

ARTICLE 4

Without prejudice to the provisions of the previous article. The Investment Law No. 230 of 1989 shall be canceled except for Article 20 Clause (3). Likewise. Article 5 and 5 (bis) of Law No. 1 of 1973 concerning Hotel and Tourist Establishments. Articles 21. 24 and 25 of Law No. 59 of 1979 concerning New Urban Communities, and Article 30 of Law No.95 of 1995 on Financial leasing. And any other provisions in breach of the attached Law. Shall be repealed.

ARTICLE 5

The Prime Minister shall issue the Executive Regulations of the attached Law within three months from the date it enters into force, and pending the issue of such regulations, the present regulations and decrees shall continue to apply in so far as they are not in breach of the attached Law.

ARTICLE 6

This Law shall be published in the Official Gazette and shall enter into force on the day following its publication.

This Law shall be sealed by the states Stamp, and shall be applied as one of its laws.

Issued at the Presidency of the Republic on 4 Moharam 1418 Hijira, corresponding to 11 May 1997.

HOSNI MUBARK

LAW CONCERNING INCENTIVES AND GUARANTEES SECTION

1 GENERAL PROVISIONS

ARTICLE 1

The provisions of this Law shall apply to all companies and establishments of any legal structure which are established following the date of enforcement of the Law, whose activities include any of the following :

- Reclamation and cultivation of barren and/or desert lands.
- Industry and mining.
- Hotels, motels, hotel flats, tourist resort, tourist transportation.
- Transport of goods in refrigerated vans; refrigerators for the preservation of agricultural crops and products; industrial products, food materials, containerdepots, and grain storage towers.
- Aviation transportation and directly related services.
- Overseas maritime transport.
- Affiliated oil services in support of digging and exploration operation, and the transport and installation of natural gas.
- Housing projects whose units are to be leased unfurnished for non-administrative purposes.
- Infrastructure operations concerning drinking water, sewage, electricity, roads and communications.
- Hospitals and medical centers which offer 10% of their service capacity free of charge.
- Financial leasing.
- Underwriting subscriptions to securities.
- Venture capital.
- Production of computer software and systems.
- Projects funded by the Social fund for Development.

The Cabinet of Ministers may add other fields to the above provided such are in the interests of the country.

The Executive Regulations of this Law shall determine the conditions for and limits of the above fields.

ARTICLE 2

Companies and establishments which carry out several activities, shall only enjoy investment guarantees and incentives, including tax exemptions, in respect of activities within the fields set out in the previous article and other fields which may be added by the Cabinet of Ministers.

ARTICLE 3

The provisions of this Law shall not affect any tax privileges or exemptions or other better guarantees or incentives provided for under other legislation or agreements.

ARTICLE 4

The competent administrative authority shall verify the articles of incorporation and statutes of companies. The deeds of incorporation and statutes of companies shall specify, the names of the contracting parties, the company's legal structure, name, activities, duration, capital, percentages of

Egyptian and non-Egyptian participation, methods of subscription, and the parties' obligations and equity.

The forms for the articles of association of joint stock companies, partnerships, limited by shares, and limited liability companies shall be in accordance with models and forms to be issued by a decree of the Prime Minister.

The parties signatures on the articles of association of companies of whatever legal form shall be legalized in consideration of notarization fees equal to a quarter per cent of the paid up capital, provide that such fees shall not exceed five hundred Egyptian pounds if legalized in Egypt, or the equivalent in foreign currency if legalized by the Egyptian Authorities abroad.

The competent administrative authority shall issue, a decree licensing the incorporation of companies established according to the provision of this Law and enjoying the privileges set out herein, and such companies shall have their juridical entity as of the privileges set out herein, and such companies shall have their juridical entity as of the date of registration in the commercial Register. The articles of association and statues of the companies shall be determined by the Executive Regulations of this Law.

The above provisions shall apply to all amendments made to such companies articles of association.

ARTICLE 5

The administrative authority, specified by the Executive Regulations of this Law, shall allocate land owned by the State or public entities to companies and establishments as required and shall conclude the contracts in concerned authorities. Such authorities shall provide the said administrative authority with all maps and data concerning the lands available for purpose, together with the terms and conditions in respect of concluding the contracts related thereto.

The said administrative authority shall obtain from the concerned authorities, on behalf of the owners of the copanies and establishments, any licenses required for the establishment, management, and operation of such companies and establishments.

ARTICLE 6

A request for bring a criminal action in connection with the crimes prescribed under the provisions of Article 124 of the Customs Law No. 66 of 1963, Article 191 of the Income Tax Law No. 157 of 1981, Article 45 of the General States Tax Law No. 11 of 1991 and Article 9 of Law No. 38 of 1994 concerning the regulation of dealings with foreign currencies, shall be submitted after consulting the competent administrative authority in case the person accused of committing the crime is affiliated to one of the companies or establishments subject to the provision of this Law.

The competent administrative authority shall provide its opinion within fifteen days from the receipt of the letter of consultation, failing which the case may be brought.

ARTICLE 7

Disputes concerning the implementation of this Law shall be settled in manner agreed upon with the concerned investors.

The concerned parties may agree to settle such disputes according to the terms and conditions of treaties between the Arab Republic of Egypt and the country of the concerned investor, or according to the provisions of the Agreement on Settlement of Litigation in respect of investments concerning one country and citizens of another country, to which the Arab Republic of Egypt adhered by virtue of Law No. 90 of 1971, as applicable, or according to the provisions of the Law No. 27 of the year 1994 concerning Arbitration in Civil and Commerical Metters, also agreement coneering settling such disputes and litigation may be reached by means of arbitration before the Cairo Regional Center for International Commercial Arbitration.

LAW CONCERNING INCENTIVES AND GUARANTEES
SECTION
2 INVESTMENT GUARANTEES

ARTICLE 8

Companies or establishments shall not be nationalized nor shall their property be confiscated

ARTICLE 9

Administrative Guardianship shall not be imposed on companies or establishments, nor shall their property and funds be detained, seized, retained in protective custody, frozen or confiscated.

ARTICLE 10

No administrative authority shall interfere in respect to the pricing of a company's or establishment's products, nor in determining their profits.

ARTICLE 11

No administrative authority shall cancel or suspend in whole or in part a license granted to a company or establishment for the use of real estate, except in case of a breach of the license conditions.

A decree suspending or canceling a license shall be issued by the Prime Minister upon the proposal of the competent administrative authority. The party concerned shall have the right to contest such decree before the administrative courts within thirty days from the date of notification to him or to the date he becomes aware of such decree.

ARTICLE 12

The companies and establishments shall have the right to possess and own land for building and built premises as required for the exercise of their activities and to expand the same, regardless of the nationality or domicile of the partners, or the percentage of their shareholding.

ARTICLE 13

Without prejudice to the provisions of Laws, regulations and decrees concerning import activities, companies and establishments shall have the right to import by themselves or via third parties, without registration in the Register of Importers, whatever they require for their establishment, expansion or operations, such as production requirements, materials, machines, equipment, replacements and means of transport suitable for the nature of their activities, the companies and establishments shall also have the right to export their products by themselves or through third parties without being licensed and without registration in the Register of Exporters.

ARTICLE 14

Joint stock companies, partnerships limited by shares or limited liability companies whose activities are within the fields set out in Article 1 of this Law, shall not be subject to the provisions of Articles 17, 18, 19, 41, 77 Clauses (1) & (4), 83, 92 and 93 of the Law No. 159 of 1981 concerning Joint Stock Companies, Partnerships Limited by Shares or Limited Liability Companies.

Founders shares and stocks may be traded during the first two financial years the company subject to the approval of the Prime Minister or his authorized representative.

With regard to the foregoing companies, the competent administrative authority shall replace the Companies Department in applying Law No. 159 of 1981, as referred to above, and its Executive Regulations.

Joint Stock companies shall not be subject to or governed by Law No. 73 of 1973 in respect of specifying the conditions and procedures for electing the workers representatives to the boards of public sector units, joint stock companies, private societies or establishments. The company's statutes shall set out the workers role concerning participation in its management in accordance with the Executive Regulations of this Law.

ARTICLE 15

Joint stock companies shall be exempted from the application of the provisions of Law No. 113 of 1958 concerning appointment to positions in joint stock companies and public enterprises. They shall also be exempted from the provisions of Article 24 of the Labor Law No. 137 of 1981.

LAW CONCERNING INCENTIVES AND GUARANTEES SECTION 3 INVESTMENT INCENTIVES

CHAPTER 1- TAX EXEMPTIONS

ARTICLE 16

profits of companies or establishments and the partners shares in such profits shall be exempted from Tax on the Revenues of Commercial and Industrial Activities. Or the Tax on stock Companies Profits, as applicable, for a period of five years starting from the first fiscal year following the beginning of production or exercise of activities.

The exemption period shall be for ten years in respect of companies and establishments established in new industrial zones and new urban communities as well as established in remote areas as determined by decree of the Prime Minister. The same provision shall apply to new projects financed by the Social Fund for Development.

ARTICLE 17

Profits of companies and establishments maintaining their activities outside the Old Valley as well as profits on partners shares in such profits, whether the establishment was originally established outside the Old Valley or transferred there from, shall be exempted from the Tax on Revenues of commercial and industrial Activities or the Tax on Stock Companies Profits, as applicable, for a period of twenty years, starting from the first fiscal year following the beginning of production or exercise of activities.

A decree of the Cabinet shall be issued determining the areas to which this provision shall apply.

ARTICLE 17

Companies, establishments and projects financed by the Social Fund for Development and existing at the time this Law comes into force which carry out activities within the fields referred to in Article 1 of this Law and for which the current prescribed exemption periods have not expired shall be entitled to complete the exemption periods set out in the two previous articles.

ARTICLE 19

In applying the provisions of the previous articles, the first year of exemption shall include the period from the date of commencement of production or exercise of activities, as applicable, up to the end of the following fiscal year. The company or the establishment shall notify the competent administrative authority of the date of starting production or exercise of activities within one month from such date.

ARTICLE 20

The incorporation deeds of the companies and establishments together with any loan and mortgage contracts related to their activities shall be exempted from stamp Duty. Notarization in the Commercial Register.

The registration of land contracts necessary for establishment of the companies or establishments shall also be exempted from the aforementioned tax and fees.

ARTICLES 21

An amount equivalent to a percentage of the paid-up capital, to be determined in accordance with the Central Bank of Egypt's lending and discount rates for the fiscal year, shall be exempted from the Tax on Profits of Stocks Companies, provided the company is a joint stock company whose stocks are listed with one of the stock exchanges.

ARTICLE 22

Returns on bonds, finance deeds, and income from other similar securities issued by joint stock companies shall be exempted from the Tax on Revenue of Movable Capital. Provided such are issued for public subscription and are registered with one of the stock exchanges.

ARTICLE 23

The provisions of Article 4 of Law No. 186 of 1986 regulating customs exemptions, and collection of customs tax at a unified rate 5% of the value shall apply to the companies and establishments in respect of any machines, equipment, and instruments they import provided that such machines, equipment, and instruments are necessary for their establishment.

ARTICLE 24

Profits resulting from the merger, division or change of legal structure of the companies shall be exempted from any taxes and duties payable in connection therewith.

ARTICLE 25

Merging and merged companies or establishments, and companies or establishments which are divided, or whose legal structure is changed shall continue to enjoy the exemptions stipulated for them before such merger, division, or change of legal structure shall not result in any new tax exemptions.

ARTICLE 26

The value resulting from the evaluation of in-kind shares incorporated in a joint stock company, partnership limited by shares, or limited liability company, partnership limited by shares, or limited liability company, or comprising part of a capital increase, shall be exempted from the Tax on Revenues of Commercial and Industrial Activities or the Tax on Stock Companies Profits, as applicable

ARTICLE 27

The Executive Regulations of this Law shall determine the conditions, rules and procedures regulating the tax exemptions to be enjoyed automatically without administrative approvals, provided that such exemptions shall be withdrawn in the event of any violation of such conditions and rules.

Withdrawal of exemptions shall be by decree of the Prime Minister upon the proposal of the competent administrative authority. The concerned party may object to such decree before the administrative courts, within thirty days from the date such decree is notified to the party or become aware of it.

CAPTER 2- ASSIGNMENT OF LAND

ARTICLE 28

A decree of the Cabinet of Ministers may be issued upon the proposal of the concerned Minister to assign state-owned land, or land owned by public bodies, to companies and establishments incorporated in certain defined areas and in the fields set out under the

provisions of Article 1 above, free of charge and in accordance with the procedures set out under the provisions of the Executive Regulations of this Law.

CHAPTER 2 - FREE ZONES

ARTICLE 29

A free zone which encompasses an entire city shall be established by a law.

Public free zones shall be established by decree of the Cabinet of Ministers upon the proposal of the competent administrative authority, for the establishment of licensed projects incorporated under any legal structure.

A decree of the competent administrative authority may be issued concerning the establishment of private free zones each of which shall be limited to a single project, if the nature of such projects so necessitates. The competent administrative authority may approve changing the status of a project established inside the country to a private free zone in accordance with the parameters to be determined by the Executive Regulations of this Law.

A decree issued for the establishment of a free zone shall include a description of its location and borders.

A public free zone shall be managed by a board of Directors and its Chairman to be formed and appointed respectively by decree of the competent administrative authority.

The Board of Directors shall be concerned with implementing the provisions of this Law, its Executive Regulations, and decrees issued by the aforesaid authority.

ARTICLE 30

The competent administrative authority shall be responsible for establishing the policy to be followed by the free zones. It shall have the power to issue whatever decisions it considers necessary for realizing the purpose for which such zones were established, and, in particular, the following:

- (a) Establishing the systems and regulations necessary for administering the free zones.
- (b) Setting the conditions for the grant of licenses and possession of goods. And storage changes for goods, examination of documents as well as verification procedures in connection therewith and the system concerning the control and security of such zones, in addition to collecting dues payable to the State.

ARTICLE 31

The board of directors of a public free zone shall be responsible for licensing the establishment of projects therein. Licensing a project to exercise an activity shall be by decree of the chairman of the board of directors of the zone.

The license shall include the purposes for which it is granted, its duration, and details of any financial guarantee payable. The license shall not be assigned wholly or partially except with the approval of the issuing authority. A refusal to grant a license or its assignment shall be issued for justifiable reasons. In such case the concerned party may file a complaint against such refusal or disapproval, as the case may be, with the competent administrative authority in accordance with the rules and procedures stipulated by the Executive Regulations of this Law.

The licensee shall not enjoy the exemptions or privileges stipulated by this Law except within the limits of the purposes indicated in the license.

ARTICLE 32

Subject to the provisions prescribed in the laws and regulations prohibiting dealings in certain goods or materials, goods which are exported abroad by free zone projects for imported in order to maintain their activities shall not be subject to the rules concerning imports and exports or customs procedures for imports and exports, neither shall such goods be subject to Customs Tax, General Sales Tax or any other kind of Tax or duties.

All instruments, equipment, machines, and means of transport, other than passenger cases, which are necessary for maintaining the licensed activities of a project within the free zones shall be exempted from Customs Tax, General Sales Tax and any other tax or duties.

The Executive Regulations of this Law shall determine the procedures for the transport and insurance of goods from the commencement of unloading operations until their arrival at the free zones, and vice versa.

The competent administrative authority shall have the power, in accordance with the provisions of the Executive Regulations of this Law, to allow the entry of local and foreign

goods, materials, spare parts, and raw materials, owned by the project or by third parties. From inside the country to a free zone on a temporary for repair or to carry out industrial processes on such goods before return to inside the country, and such goods or materials shall not be subject to the applicable import rule.

Customs Tax shall be collected on value of repairs according to the provisions of the Customs Law.

The provisions of Article 33 below shall apply to industrial processes.

ARTICLE 33

Import into the country from the free zones shall be in accordance with the general rules concerning import from abroad, and Customs Tax shall be payable on goods which are imported from a free zone to the local market as though they were imported from abroad.

With regard to the customs treatment for products imported from free zone projects which include local components and foreign components, Customs Tax shall be levied on the value of the foreign components provided that the total amount of tax due does not exceed the tax payable for similar finished products if they were imported from abroad

The customs tax treatment for foreign components shall be based on their condition upon entry into the free zone, regardless of the operating or assembly costs while in the free zone.

In respect to freight costs, a free zone shall be considered the country of origin in respect to products manufactured within it.

ARTICLE 34

The head of the free zone customs department. Shall notify the head of the free zone in respect of any unjustified discrepancies whether such represent an excess or a deficit in respect to any unjustified discrepancies whether such represent an excess or a deficit in respect to amounts indicated in the bill of lading concerning the number of parcels and their contents, preserved or bulk goods, in case such goods are received in the name of the free zone.

A decree of the competent administrative authority shall be issued regarding responsibility for the cases set out in the pervious clause and shall determine the tolerance rates permitted in such regard.

ARTICLE 35

Profits and dividends of projects established in free zones shall not be subject to the provisions of Egyptian tax and regulations.

Such projects, however, shall be subject to an annual free amounting to 1% (one percent) of the value of commodities entering the free zone for storage in respect of warehousing projects, and 1% (one percent) of the value of commodities on their exit from the free zone in respect of manufacturing and assembly projects. Goods in transit with a specified destination shall be exempted from this duty.

Projects maintaining activities which require no entry or exit of goods shall be subject to an annual fee amounting to 1% (one percent) of their total revenue, to be based on accounts approved by a certified auditor.

In all cases, projects shall pay a service charge as determined by the Executive Regulations of this Law.

ARTICLE 36

Companies maintaining their activities in public free zones shall not be subject to the provisions of Law No. 73 of 1973 or Law No. 159 of 1981.

ARTICLE 37

Maritime transport projects established in free zones shall be exempted from the terms and conditions concerning the nationality of the ship owner and its crew, as stipulated by the Maritime Trade Code, and Law No. 84 of 1949 concerning the registration of merchant vessels.

Ships which are owned by these projects shall not be subject to Law No. 12 of 1964 concerning the establishment of the Egyptian General Organization for Maritime Transport.

ARTICLE 38

The licensee shall be obliged to insure all construction, machines and equipment against all accident. The licensee also shall remove such construction, machines and equipment at his own cost within the rules to be prescribed by the competent administrative authority.

ARTICLE 39

Entering or residing in the free zones shall be in accordance with the conditions and terms to be stipulated by the Executive Regulations of this Law.

ARTICLE 40

The provisions of Law No. 173 of 1958 concerning the obligation to obtain a work permit before working with a foreign entity, and Law No. 231 of 1996 concerning certain provisions regulating the work of Egyptians with foreign entities, shall not apply to Egyptian workers employed by free zone projects.

ARTICLE 41

No person shall permanently exercise a trade or profession in a public free zone, for his own account unless he has obtained a permit in connection therewith from the chairman of the free zone according to the terms and conditions to be stipulated by the Executive Regulations of this Law and after payment of the relevant fees which shall be determined in such Executive Regulations and which shall not exceed Five Hundred Egyptian pounds per year.

ARTICLE 42

Employment contracts concluded with employees in the free zones shall be drawn up in four copies, of which one copy shall be handed to each of the two parties, a third copy shall be deposited with the free zone administration department, and the fourth copy with the free zone labor office. If the contract is drawn up in a foreign language, an Arabic translation must be attached to the last two copies referred to above.

ARTICLE 43

Projects set up in public free zones shall not be subject to law No. 113 of 1958, or to the provisions of Article 24 chapter 5 of part III of the Labor Law.

The board of directors of the competent administrative authority shall issue the rules regulating the personnel affairs of such projects.

ARTICLE 44

The provisions of the Social Insurance Law No. 79 of 1975 shall apply to Egyptian workers employed by projects maintaining activities in the free zone.

ARTICLE 45

Whoever violates the provisions of Article 41 of this Law shall be subject to a fine of not less than Two Thousand Egyptian Pounds.

No criminal action shall be brought concerning such crimes except upon a written request from the competent administrative authority.

The said authority may agree to settle with the violator during its examination of the supposed violation, in return for payment of an amount equivalent to the minimum limit of the potential fine, and such settlement shall end the criminal action.

ARTICLE 46

The provisions of Articles 8,9,10,11 and 20 of this Law shall apply to investments in the Free Zones.

**DECISION OF THE PRIME MINISTER
NO. 2108 OF 1997
ISSUING THE EXECUTIVE REGULATIONS
FOR LAW NO. 8 OF 1997
ON
INVESTMENT GUARANTEES
AND INCENTIVES**

The Prime Minister.

Having reviewed the Constitution.

The Commercial Code.

The Civil Code.

The Maritime Commerce Code.

Law No. 68 of 1947 on Authentication.

Law No. 84 of 1949 on the Registration of Merchant Ships.

Law No. 308 of 1955 on Administrative Attachment.

Law No. 113 of 1958 on the Appointment to Posts with Joint Stock Companies and Public Corporations.

Law No. 173 of 1958 on the Requirement to Obtain Work Permit Before Joining Work with Foreign Bodies.

Law No. 89 of 1960 on Entry into, Stay in and Exit from the territory of the Arab.

Republic of Egypt by Foreigners.

Law No. 66 of 1963 on Customs.

Law No. 12 of 1964 on the Establishment of the Egyptian Public Corporation for Maritime Transport.

Law No. 70 of 1964 on Authentication and Registration Fees.

Law No. 53 of 1966 on Agriculture.

Law No.84 of 1968 on Public Roads.

Law No. 1 of 1973 on Hotels and Tourist Facilities.

Law No. 2 of 1973 on the Supervision of the Ministry of Tourism on Tourist Sites and the Exploitation Thereof.

Law No. 73 of 1973 on Conditions and Procedure for Election of Labour Representatives to the Boards of Directors of Public Sector Units. Joint Stock Companies, Societies and Private Institutions.

Law No. 97 of 1975 on Social Insurance.

Law No. 118 of 1975 on Import and export.

Law No. 12 of 1976 on Establishment of the Electricity Authority of Egypt.

Law No. 34 of 1976 on Commercial Registry.

Law No. 43 of 1979 on Local Administration System.

Law No. 59 of 1979 on the Establishment of new Urban Communities.

Law No. 137 of 1981 on Employment,

Law No. 143 of 1981 on Deserts,

Law No. 157 of 1981 on Income Tax.

Law No. 159 of 1981 on joint Stock Companies, Partnerships and Limited Liability Companies,
Law No. 186 of 1986 on Custom Exemptions,
Law No. 7 of 1991 on Certain Provisions Concerning Special State Property.
Law No. 11 of 1991 on General Sales Tax,
Law No. 95 of 1992 on Lease Financing,
Law No. 5 of 1996 on Rules of Free of Charge Disposal or Nominal-Rent Lease of State - Owned or Public - Legal - Personality - Owned Desert Lands for the Purposes of Establishing or Expanding Investment Projects Thereon,
Law No. 231 of 1996 on Rules Governing Ownership Employment of Egyptians by Foreign Parties,
Law No. 3 of 1997 on the Granting of Public Facility Undertaking to Establish, Run and Exploit Airports and Landing Pools,
Law No. 8 of 1997 on Investment Guarantees and Incentives, President's Decree No. 84 of 1979 on the Delineation of Sinai into Two Governorates, President's Decree No. 40 of 1991 on the Establishment of the General Authority of investment and free zones.
Prime Minister's Decision No. 1531 of 1989 issuing the Executive Regulations for Law No. 230 of 1989 on Investment.

Is pleased to decide the following:

PART FIELDS OF INVESTMENT :
CONDITIONS
1 AND LIMITATIONS

Article 1:

Activities in the fields stated Article 1 of Law on Investment Guarantees and Incentives referred to above, shall be implemented subject to compliance with conditions and limitations as explained hereunder:

- 1) Reclamation and / or cultivation of wasteland and desert lands:
 - a) Reclamation of lands and installation of infrastructure facilities that render the same cultivable:
 - b) Cultivation of reclaimed land in question should have been already earmarked for reclamation and cultivation and subject to the condition, in the case of cultivation, that advanced irrigation methods. Not irrigation by submerging, be used).
- 2) Animal Husbandry, Poultry and Fishery Production:
 - a) Breeding of all kinds of red meat cattle, be it for the purpose of raising new breeds or for dairy or for dairy products or for slaughtering.
 - b) Breeding of all kinds of white meat poultry, be it for the purpose of slaughtering.
 - c) Fishing and development of fish-breeding ponds.
- 3) Manufacturing and Mining:
 - a) Industrial activities as engaged in the transformation of substances and raw materials and in changing their forms by blending, mixing, treating or shaping them, and packaging them, as well as assembling parts and

components, and mounting them for production of intermediary or end products.

(This shall include petroleum refining the separation and treatment of petroleum derivatives and products: it shall not include industries of cigarettes, raw tobacco, molass-treated tobacco or snuff neither shall it include any kind of alcoholic beverages or liquors) .

- b) Design of machinery and industrial equipment,
- Three) The full array of cinema industry activities including the construction, or renting and running of motion picture studios and laboratories and movie theaters, running being understood as covering shooting, developing, printing, production, screening and distributions (Subject to the business being effected through a joint stock company or a big venture of which the minimum working capital is not less than LE 200 million).
- Four) Activities connected with exploration for mining ores and metals, and with the extraction cutting and preparation thereof, but shall not sand pebbles quarries.
- 4) Hotels, motels, hotel apartments, tourist villages and tourist transportation:
 - a) Stationary and floating hotels and motels, hotel apartments and suites, tourist villages and complementary or related services, recreational, sport, commercial and cultural activities and the additions to and expansion of related facilities, subject to hotels, motels, hotels apartments and suites and tourist villages being of not less than three-star level and subject to the total areas sold off not exceeding half total constructed areas thereof .
 - b) all land, Nile ,sea and air means of tourist transport.
- 5) Refrigerated transportation of goods, refrigerators for purposes of storing crops, manufactured products and foodstuffs, container stations and grain silos:
 - a)Transport of cold or frozen products, cold stores for preservation of agricultural produce, industrial products, food stuffs as well as for refrigerating and freezing them.
 - B)Container operation and handling stations:
 - e)Grain - silos:
(including all related loading and unloading activities).
- 6) Air transport and directly related services:
 - a)Regular and chartered passenger and goods transportation:
 - b)Construction, equipping, operation, management, maintenance and exploitation of airports and landing pads thereof, operation, management, maintenance and exploitation of existing airports and landing pads and other related air transport services including maintenance, repair, catering:
- 7) Overseas maritime transport (the transportation of material, goods and passengers beyond territorial waters by means of ships and others maritime means of transport such as tankers. Steamers and ferries):
- 8) Petroleum and gas drilling, exploration, transportation and delivery support services:
 - a)Provision of petroleum drilling and exploration support services, including;
 - oil-well maintenance and enhancing;
 - Maintenance of drilling equipment & oil pumps;
 - drilling of water wells and shallow wells related to oil industry;
 - civil works complementing drilling and maintenance operations;

- treatment of surfaces against deposits;
 - down hole operations related to cover pipes and production tubes;
 - services related to oil exploration;
- b) Transportation and delivery of gas from production points to consumption points through specialized thinkers or pipelines, excluding petroleum transportation;
 - 9) Housing complexes for the purposes of full, unfurnished leasing for non-commercial uses (Subject to the number of housing units being not less than fifty. Whether in one or more complexes).
 - 10) Infrastructure including potable water, wastewater drainage, electricity, road communications systems:
 - a) Construction. Operation or management of potable water desalination and filtering plans, distribution systems and transportation lines;
 - b) Construction, operation or management of domestic or industrial wastewater drainage and treatment and related connections;
 - c) Construction, management, operation and maintenance of power plants and distribution grids;
 - d) Building, management, exploitation and maintenance of free roads, highways and main roads;
 - e) Installation, operation and management of able and wireless communications stations;
 - 11) Hospital, medical and therapeutic centers that offer 10% of their capacities free of charge;
Specialized, integrated or general hospitals along with related indoor therapeutic or service activities.
(Subject to offering, free change, 10% of beds occupied per annum in the case of a hospital, and 10% of the cases bring attended to with medical or therapeutic services in the case of a center, medical and therapeutic center);
 - 12) Financial Leasing
Activities stipulated in Article 2 of Law No. 95 of 1995 referred to above subject to terms and conditions stated therein;
 - 13) Underwriting of subscription to securities;
Underwriting of entire or partial security issues as the case may be after bids have been made by the public, in compliance with term and conditions may offer the same again for bidders without compliance with the nominal value of the issue;
 - 14) Venture capital;
Investment in projects or firms with a view to developing the same, eventually transforming them into joint stock companies or partnerships in case such projects and firms are short of financing.
 - 15) Production of computer programs and systems;
Design, production, operation of , and training on all kinds of computer programs, system and applications; and
 - 16) Social fund for development-funded projects;
All projects in the fields of small-scale. Ancillary or feeding industries for which the majority of financing is provided by the Social Fund for Development.

Article 2:

Any activity that is effected in any of the fields stated in the proceeding article shall complete all procedures required for permits related to the nature and location of activity as may be stipulated in relevant laws, regulations and decisions.

Article 4:

A company or a firm that desires to inter into an activity in the fields stated in Article 1 of the present Regulations in any of North or South Sinai Governorates has to notify the General Authority of Investment and Free Zones in advance.

PART 2

PROCEDURE FOR INCORPORATION COMPANIES SECTION 1 WITH ACTIVITIES CONFINED TO FIELDS IN ARTICLE 1

Article 5:

The General Authority for Investment and Free Zones shall review the Articles of Incorporation and Statutes of a company whose activity shall be confined to one or more of the fields stated in Article 1 of the present Regulations at a request to be made by the promoters, partners or their representative .

Article 6:

An application for review of Articles of Incorporation and Statutes of a joint stock company or a partnership limited by shares, or the Statues of a limited liability company, shall be submitted to the General Authority for Investment and Free Zones along with a copy of Articles of Incorporation and/or Statues, as the case may be, on forms defined by Prime Minister's Decision.

Article 7:

An application for review of a partnership agreement of a simple or limited partnership shall be submitted along with a copy of the partnership agreement, stating the following:

- 1) Partnership's purpose and field of activity;
- 2) Names of partners; their titles, nationalities and domicile and capacity as partners with unlimited liability, limited partners or commandite partner .
- 3) Partnership's name, head office address in Egypt and branch addresses;
- 4) Partnership's paid-in capital; its type; equities and currencies in which capital is contributed to;
- 5) The stated term of the partnership;
- 6) Partnership's form of management;
- 7) Profit distribution / loss sharing; and
- 8) Dissolution and liquidation.

Article 8:

After review is completed. Attestation of promoters or partners, as the case may be, is made and after the company has submitted a certificate from

an authorized bank that is registered with the Central Bank of Egypt stating that at least fourth of the company's cash capital - in the case of a joint stock company and a partnership limited by shares-or the full amount of capital - in the case of a limited liability company - in the name of the said company as one under formation. A license to incorporate a company . stating the particulars of the same. Shall be issued by the General Authority for Investment and Free Zones.

Article 9:

Having obtained an incorporation licence , a company shall be entered in the Commercial Registry. A company's representative shall submit a copy of the Commercial Registry's entry to the General Authority for Investment and Free Zones.

Article 10:

Decisions on incorporation licences along with Articles of Incorporation and Statutes shall be published in bulletins issued by the General authority for Investment and Free Zones at the expense of the licensed companies.

Article 11:

Provisions stipulated in this Section shall apply to all amendments of the Statutes of a company.

SECTION 2 COMPANIES WITH MULTIPLE PURPOSES AND ACTIVITIES

Article 12:

A company that does business in activities that are partially covered by fields stated in Article 1 of the present Regulations shall be incorporated within the legal framework originally governing that company.

A company's representative in charge shall submit a copy of Articles of Incorporation, Statutes, a copy of the resolution of founding shareholders if any, and an adequate description of the activities of the company in the said fields to the General Authority for Investment and Free Zones.

Separate books and financial status shall be kept for such an activity.

PART 3 SOLE PROPRIETORSHIPS

Article 13:

A natural person that does business in an activity that is covered by any of the fields stated in Article 1 of the present Regulations shall submit an adequate description of such an activity showing its legal domicile, capital allocated thereto. Any other relevant data that are required, to enter the said activity in the Commercial Registry and amendment thereof and a copy of the

entry in the Commercial Registry, to the General Authority for Investment and Free Zones.

Separate books and financial status shall be kept for such an activity.

PART 4 EMPLOYEE PARTICIPATION IN THE MANAGEMENT OF JOINT STOCK COMPANIES

Article 14 :

The Board of Directors of a joint stock company, whose activated cover one or more of the fields stated in Article 1 of the present Regulations, shall form an "Assistant. Administrative Committee" to be constituted from among the employees.

Article 15:

The aforementioned Committee shall undertake the study of all matters relating to employment programs of the Company considering economic management and sound utilization of available resources, as well as matters relating to raising to raising and development of production and all other matters as may be referred to it by Board of Directors or the Managing Director. The Committee shall submit the findings of its studies along with recommendations.

Article 16 :

The Committee shall appoint from among its members a Chairman. In the event of the absence of the Chairman, the Committee shall appoint a member to carry out the function of the Chairman temporarily.

The Committee's Meetings shall be attended by the Managing Director or a member of the Board of Directors delegated by the Company, as well as a number of managers in charge of the Company to be selected by the Board of Directors, but without having a vote in the deliberations of the Committee.

Article 17:

The Board of Directors shall lay down the rules and conditions for the selection of the Assistant Administrative Committee, for the tenure and renewal of membership, the organization of the Committee's work and remuneration of its Members.

The Committee shall meet at least once every two months, In order to have a quorum, a meeting has to be attended by at least half the members. Decisions shall be adopted by a majority of the members present at the meeting. In the event of a draw, the side for which the chairman voted shall have the deciding vote.

Article 18:

The Committee shall prepare an annual report within three months of the end of fiscal year of the Company and shall submit the same to the Board of Directors, The Report shall show the subjects which the committee had Studied, its recommendations relating thereto and suggestions the adoption of which it deems will promote the interests of the Company.

PART 5

AUTOMATIC TAX EXEMPTIONS

Article 19:

Companies and Firms doing business in any of the fields stated in Article 1 of the present Regulations shall automatically enjoy tax exemptions only after they have met their obligations under Articles 2,9,10,11,12, and 13 of the Present Regulations as may be applicable.

Article 20:

A company or firm starting production or business shall notify the General Authority for Investment and Free Zones within one month of the date such a production or business has been started. The General Authority for Investment and Free Zones, upon verifying the data shown in the side notification and the starting of business in any of the fields stated in Article 1 of the present Regulations, shall-within fifteen days from the date of the receipt of the said notification- provide the party concerned with a certificate showing the field of business and date of starting such a production or business. The General Authority for Investment and Free Zones shall communicate a copy of such a certificate to the Ministry of Finance. Provisions of the preceding paragraph shall apply to additions to, or expansion of, facilities pertaining to hotels, motels, hotel apartment and suites, tourist villages and complementary activities relating thereto. Tax exemptions apply with effect from the date such added facilities or the expansion thereof operate. The aforementioned certificate shall be honored by all authorities of the state insofar as availing of investment guarantees and incentives is concerned without having to go into any other procedure.

Article 21:

If a company or a firm enters into business in more than one of the field stated in Article I of the present Regulations, tax exemption shall separately apply with regard to each respective activity with effect from the date such a production or activity operates.

Separate accounts shall be kept and a separate financial status shall be maintained for each activity.

PART 6 ALLOTMENT OF LAND

Article as applications of the provisions of Article 5 of the Law on Investment Guarantees and Incentives, subject to the approval of the competent minister of land allotment and land use royalties under applicable rules and regulations, a governor or his duly authorized representatives shall be the competent authority in charge of concluding, on behalf of authorities concerned, contracts relating to state-owned or public-legal-person-owned land required for companies and firms.

A governor, or his duly authorized representatives, shall, on behalf of the proprietors of companies and firms, obtain all necessary licences for the establishment, running and operation of such companies and firms from authorities concerned.

Article 23:

At the beginning of every fiscal year, the competent minister shall furnish, free-of-charge, detailed maps of state-owned and public-legal-person-owned land that is offered for allotment to companies and firms to be established in specific areas as provided for in Article 28 of the law on Investment Guarantees and Incentives. Such maps shall show locations, boundaries and areas of such land. A memorandum on proposed tenure and terms and conditions of allotment including the cut-off date for starting production or activity for each of the field stated in Article 1 of the present Regulations failing which an allotment approval shall be rendered null and void.

Article 24:

Maps mentioned in the preceding Article shall be submitted to the Council of Ministers for approval of free-of-charge-land allotment and tenure and terms and conditions of allotment.

A copy of a decision of the Council of Ministers in this respect shall be communicated to the General Authority for Investment and free Zones

Along with a copy of such detailed maps and memorandum on the tenure and terms and conditions allotment.

Article 25:

Applications for land allotment-for land which the council of Ministers approves to allot free of charge- shall be submitted by parties concerned to the General Authority for Investment and Free Zones showing the required area, size and nature of proposed activity and monies to be invested therein.

The Authority shall decided on an application for allotment within two weeks from the such an application has been submitted, and shall inform the principals of such a decision within two days of the adoption thereof at maximum.

An allotment approval shall state the tenure and terms and conditions relating thereto.

Article 26:

The General Authority for Investment free Zones shall, every three months, issue a bulletin showing the locations, boundaries and for whom allotment approvals have been issued and their respective fields of activity.

Article 27:

In case of a violation of allotment terms and conditions the Council of Ministers, upon a submission by the Chairman of the General Authority for Investment and authoritatively restore the land under question.

PART 7 FREE ZONES

Article 28:

The annual free stipulated in Article 35 (page 2) of the Law on Investment Guarantees and Incentives shall be realised upon the entry of goods addressed to a Free-zone warehousing project and shall be calculated on the basis of the CIF value of such goods.

Insofar as manufacturing or assembly projects, the said free shall be realised upon the exit of goods of such projects from a free zone and shall be calculated on the basis of the cost of the value added materializing as a result of such manufacturing or assembly.

Article 29:

Subject to compliance with the following guidelines and subject to the approval of the General Authority may be transformed into a private free zone:

- that a project has already started operation:
- that the exports thereof shall not be less than 50% of its production; and
- that the project under question shall satisfy requirements relating to buildings fences and security as specified in free zone administrative rules and regulations.

Article 30:

In case of refusal by the General Authority for Investment and free Zone to grant a Licence to project to operate in a public free zone or refusal of withdrawal therefrom, the principals may submit a petition to the Authority on which they shall decide within fifteen days from the day of the submission thereof. A decision of the Authority in this respect shall be final.

Article 31:

Goods imported under Free Zone system shall be entered in their respective manifests with an explicit statement therein and in bills of lading invoices relating thereto that such goods are addressed to a free zone.

A free-zone authority may waive this condition if goods are addressed to a project for its own purposes or on behalf of a third party, if the said project or such a third party does not business within the country.

Article 32:

The following procedure shall apply to transit goods as well as those addressed to a free zone that is established within a duty free area:

- 1) A Project shall submit to the authority in charge of the free zone a declaration on the prescribed form stating that said goods are imported into the free zone. Such a declaration shall be filled in duplicated and shall be submitted along with the maritime bill of lading relating to the said goods.
- 2) The competent authority in charge of the free zone shall approve the original of the said declaration stating in their notarization that the project under question operates under the free zone system and that the goods listed in the said declaration are items that are required for the licensed business of the said project. Thereafter, the original of the declaration shall be referred to the competent customs department to check and tally freight documents. Thereafter, the said customs departments shall authorize the transport by, and under the full liability of, the shipping agency concerned, of the goods under question into the free zone under direct transit system.
- 3) The authority in charge of the free zone shall, randomly or in a detailed manner as the case may be, inspect the said goods upon arrival into the free zone. A copy of the inspection report shall be given to the customs department concerned, and the said goods then shall be handed over to the principals concerned who shall take custody of, and have full liability for the same.

Article 33:

The following procedure shall apply to goods addressed to free zones with private parts:

- 1) Ship and aircraft captains or their representative (namely; shipping agencies or airliner offices) shall submit to the customs department concerned the relevant manifests of goods addressed to a free zone within twenty-four hours of the landing of a ship or an aircraft.
- 2) The competent authority in charge of the free zone shall notify principals mentioned in the said manifest of the arrival of their respective consignments and order that such consignment be cleared within forty-eight hours of the date of the said notification, failing which the competent authority in charge of the free zones shall at the expense of the principals, clear such consignments to such location as the competent authority in charge may deem proper.
- 3) The project concerned shall submit to the customs department in charge a declaration of the import items, duly approved by the competent authority in charge of the free zone, along with the bill of lading related to the goods under question, for registration and applicable formalities relating to transit goods.
- 4) Upon the registration of the said declaration, the same - along with documents relating to the consignment under question shall be referred to the authority in charge of the free zone for a random or detailed inspection. As the case may be. The said goods then shall be handed over to the principals

who shall take custody of, and have full liability, for the same. A copy of the check report shall be provided to the customs department concerned.

Article 34:

The following procedure shall apply to consignments addressed to a free zone established within the country:

- 1) A principal shall submit the following documents to the competent in charge authority of the free zone:
 - a) A declaration, in triplicate, of the goods important into the Free Zone, on the prescribed form issued by the General Authority for Investment and free zones; and
 - b) Invoice (s) and the packing list (s) of the consignment (s) under question.
- 2) The competent authority in charge of the free zone shall approve the original of the said declaration. Stating in their notarization that the project under question operates under the free zone system and that the goods listed in the said declaration are items that are required for the licensed business of the said project. Thereafter, the said declaration shall be handed over to the Principal in duplicate.
- 3) The said declaration shall be submitted in duplicate to the customs department concerned for completing customs formalities. Thereafter, goods shall be freighted into the free zone upon a customs transit certificate.
- 4) Goods shall be handed over to the principal along with the customs-house note and a copy of the declaration duly notarised by the customs department concerned to the effect that transit formalities for the goods addressed to the free zone concerned have been completed, for the onward freight of the said goods to the area under the direct control of the competent in charge of the free zone for inspection and the ensuing issuance of inspection report in duplicate by the said authority in the presence of the principal. The customs-house note counterfoil, duly notarized, along with a copy of inspection remarks shall be returned to the customs department concerned.
- 5) The principal, in all cases, shall be responsible for any short delivery, loss of, or damage to the goods under question during freight from the customs area to the free zone.

Article 35

Upon a request of the principals concerned, the General Authority for Investment and Free Zones shall issue a guarantee covering the value of, taxes and duties on, good (for banned items) or a guarantee covering the taxes and duties on goods (for non-banned items) while being freighted from the customs area to a free zone or back or between free zones.

The Authority shall issue a guarantee the payment of one per thousand of the total value thereof as well as the provision by the project of an insurance policy for the total value of the guarantee covering the damage and fire risks.

Article 36:

In all cases when a consignment is imported from abroad and is cleared from the customs area as addressed to a free zone, the competent authority in charge of free zone shall inspect such consignment in the presence of the principal or the representative thereof. The two parties shall fill in, and sign, a statement showing remarks of the inspection after tallying with the invoice or packing list. Thereupon, the consignment shall be handed over to the principal who shall take custody of, and have full liability for, the same. The inspection and tallying remarks shall be intimated to the customs department concerned.

Upon a request of the principal inspection of goods imported may be effected within the free zone boundaries by a joint committee on which both the free zone and the customs department concerned shall be represented and in the presence of the principal. In such a case, only an exterior survey of the consignment shall be effected within the customs area.

Article 37:

In case of a need for provision of basic requirements for the country and subject to the completion of all customs and importation formalities and the payment of due taxes and duties and dues payable to the General Authority for Investment and Free Zones, the Chairman of the Authority may decide to allow the entry of commodities, material, equipment and appliances, imported for a free zone, directly from a customs area into the country, and to allow the release same as a transaction made in favor of one client and delivered thereto in one batch.

Article 38:

The following procedure shall apply to consignments export overseas by projects that are licensed to operate in free zones with private parts or by projects that are established within customs areas or within the country:

1) The principal shall submit to the competent authority in charge of the free zone concerned a declaration of exports, in triplicate, on the form prescribed by the General Authority for Investment and Free Zone, along with evidence of payment of guarantee fees provided by the Authority at his request and the relevant invoice, for review and approval.

2) A joint committee, on which the customs department concerned and the competent authority in charge of free zone concerned shall be the same with documents submitted by the project in the presence of an representative thereof. Remarks of such an inspection shall be notarized on the original of the declaration which is then submitted to the customs department concerned for the completion of applicable customs procedure and the issuance of an exportation clearance.

3) Parcels shall be taped and sealed with customs-house lead. Thereafter, they shall be forwarded to the export port under customs control.

4) The export customs notaries the copy of the export declaration that is submitted along with the goods stating that exportation process is completed. The said declaration shall be handed over to the principal for onward submission to the free zone concerned.

Article 39:

Transactions involving many by effected between projects within a free zone, or between a free zone and another, insofar as this is deemed to be in the interest of purposes for which such projects have been licensed.

Transactions among projects within a public free zone shall be effected upon an approval by the Chairman of the Board of Directors of the free zone concerned and across various free zones upon an approval by the General Authority for Investment and Free Zones.

Article 40:

A Project or a firm that is licensed to operate in a free zone shall be fully liable for any short delivery, loss of , or change in the items, number or weight recorded at the entry into a warehouse of, goods and products unless such a short delivery, loss or change is normally related to nature of the items under question, or that such as a short delivery, loss or change is the result of a free force major or a contingent case. The competent authority in charge of the free zone concerned is invested with the legal power to order the payment of due taxes and duties as well as applicable fines for any short or excess delivery of such goods and products in a way that is not deemed justifiable by the said competent authority, within rules and limits decided on by the General Authority for Investment and Free Zones.

The Proceeding provisions shall not apply to a loss that results from manufacturing process within applicable technical rations in this respect.

Article 41:

Except for banned and inflected plants and agricultural products, there shall be on time limit for keeping goods and products within a free zone

Article 42:

By way of exception from the provisions of the proceeding Article the authority in charge of a public free zone may, in the following case, order the exit and sale of same such goods, commodities or products on behalf of the proprietors thereof subject to deduction of due taxes and duties, or order the destruction thereof:

- 1) If such items are deemed by public authorities concerned as non-fit for further storage or hazardous to public health:
- 2) If further storage of the said items within a free zone is deemed detrimental to consignments stored therein: and
- 3) If the activity of a project or a firm is halted- for whatever reasons- for a period that dose not justify further storage of such items in a free zone.

In all cases, the authority in charge of a free zone shall not carry out such an order at the expense of a project or a firm unless the latter fails to comply with an order in writing to transport such items outside the free zone or to destroy the same within the notice decided by the authority in-charge of the free zone.

Article 43:

Upon a request of a project or a firm the authority in charge of a public free zone is invested with the legal power to permit the destruction of goods and products stored. An application permission shall be submitted to the authority in charge of the free zone stating the reason deemed justifying for such a destruction, the type, description, quantities, weights, value and date of import of goods and products requested to be destroyed.

The Chairman of the Board of Directors of the free zone concerned, after considering the side application, verifying the reasons and details thereof, forming a committee that shall survey the goods or products requested to be destroyed and report their recommendation on what may be destroyed, when and where it may be destroyed in a way that would observe safety, security and public health, shall decide on the said application.

If necessary, specialized technical expertise may be invited to join the survey committee in verifying the details of the said application and the recommendation on how requested destruction could be effected.

Article 44:

The destruction of the said goods and products shall be effected according to permit's particulars related to time location and method, on the presence of representatives of both authorities concerned and the project or the firm.

Quantities thus destroyed shall be deducted from the inventory of the project or the firm concerned as entered in their books. An affidavit on the same shall be issued.

Article 45:

The General Authority for Investment and Free Zones, upon an application in writing from the principal, may allow a provisional entry into the free zone of local and foreign goods, material and parts from within the country for repair or for effecting industrial processes thereon and the subsequent return thereof into the country out of the purview of applicable importation rules and regulation.

The same rules shall apply to goods and materials subjected to manufacturing processes when the same are returned into the country.

Article 46:

The said application shall be submitted along with a declaration stating the description and quantities of items and the type of processes intended to be effected thereon. Whether such processes shall be for the purposes of repair or for effecting industrial processes thereon, and the value thereof, an assessment of loss and depletion in case of such industrial processes within applicable technical ratios, a description of the type and value of foreign material used in such industrial processes and a time estimate for completing such repair or industrial processes, and a time estimate for recovering such items after the completion of the said repair or processes.

The competent authorities in charge of the free zone concerned shall approve the original of the said shall retain a copy thereof.

A commitment by the project to return the said times into the country from the free zone concerned after such repair or manufacturing is effected, or else the completion of custom exportation and fiscal formalities if the project opts to export the same overseas, shall be attached to the said application.

The General Authority for Investment and Free Zones shall decide on the said application within three days of the completion of documents and necessary surveys.

Article 47:

An application for the exit from a free zone and the return into the country of the said items shall be submitted by the principal to the general Authority for Investment and Free zones. After the completion of repair or industrial processes, stating work done, its value as well as the value of foreign material used therein, time taken for the same, and the description of such items after completion of repair or processes. A copy of the application for entry, a declaration stating that such items are the ones that had been allowed to enter the free zone and an invoice stating the value of such repair or processes, shall be attached to the said application. The authority in charge of the free zone shall approve the original of such a declaration and shall retain a copy thereof.

Article 48:

Items referred to in the proceeding Article shall be surveyed by a joint committee on which the customs department concerned and the authority in charge of the free zone concerned shall be represented and in the presence of the principal to verify details and to tally the same with documents submitted.

A release permit shall be issued upon the payment of due taxes and duties. The project concerned shall submit the original of the already approved declaration to the customs department concerned to complete necessary customs formalities. The project concerned shall have a copy of the same for submission along with relevant documents when the said items are returned into the country.

A representative of the project concerned shall be handed over the items. He shall take custody of, and shall have full liability for, the same till such a time when items are returned.

Article 49:

Projects licensed to repair or industrial process within a public free zone shall have separate warehouses, other than those of the project, for goods, material, parts and raw material that are repaired or processed.

They shall keep a separate account for such an activity, other than that of the main activity for which the said project is licensed, and that shall be

effected in a way that shall secure a separate statement of the outcome of such works for cash activity.

Article 50:

The General Authority for Investment and Free Zones shall approve the application for the exit of the waste and empty packs and packages as well as the average products that are not fit for exportation, resulting from manufacturing processes, from a free zone into country, The project concerned shall submit to the customs department concerned a statement giving the description of such items after having the same approved by the competent authority in charge of the free zone concerned, upon obtaining such an approval, for the completion of customs formalities, survey, tallying, collection of due taxes and duties and the permission for exit of the said items.

Article 51:

A project operating within a public free zone shall pay to the General Authority for Investment and Free Zones an annual service fee at the rate of a half per thousand of the capital cost of the project concerned, the minimum charge being three hundred Egyptian pounds and the maximum charge being three thousand Egyptian pounds, or equivalent amount in a convertible currency.

A service fee shall be calculated a full calendar year except for the first year for which the calculation shall be proportionate for the period from the date of the issuance of a license to operate till end of the year.

Article 52:

The General Authority for Investment and Free Zones, or the Chairman of public free zone concerned as the case may be, shall issue permits for the entry into a free zone:

- 1) Patrons or their representatives for receiving application submitted thereby: valid for a period equivalent to that of the license of operation;
- 2) Employees of patrons: valid for one year and renewable;
- 3) Employees of the General Authority for Investment and Free Zones or those of a free zone concerned whose mandates require the entry into a free zone; and
- 4) Persons whose interim, irregular, entry into a free zone may be deemed necessary under rules issued a decision by the General Authority for Investment and Free Zones.

Article 53:

An entry or stay permit shall be invalidated in any of the following cases;

- 1) That a person so permitted is in a law of court for a felony, a crime of smuggling, theft or attempted smuggling or theft;
- 2) That the services or work of person so permitted with a project or a firm are terminated; or

- 3) That an activity done by a permitted is terminated or suspended in a free zone.

Article 54:

A permit may be invalidated in any of the following cases;

- 1) That a person so permitted transgresses against, resists an agent of public authorities or an investigative officer or disrupts the work of employees of the General Authority for Investment and Free Zones; or
- 2) That a person so permitted violates the provision of law these or other regulations, decisions or instructions issued by the General Authority for Investment and Free Zones.

Article 55:

A party that desires to perform a profession or a trade on his own on a permanent basis in a public free zone shall apply for the same to the chairman of the Board of Directors of the free zone concerned.

A permit for the same shall be issued against an annual fee of three hundred Egyptian pounds for each of the first three years, then an annual fee of five hundred Egyptian pounds for each subsequent year for free professions, an annual fee of two hundred Egyptian pounds for each of the first three years, and annual fee of four hundred Egyptian pounds for each subsequent year for other professions and trades.

Article 56:

A person so licensed shall, within sixty days for the date of issue of such a license, submit to the General Authority for Investment and Free Zones his Commercial Registry Number or the license to perform a profession as the case may be and a copy of his Taxation Card stating his new activity in a free zone.

A license so issued shall stand invalid a person so licensed fail to submit the aforementioned on time.

Article 57:

A person so licensed shall employ any person for work with him in a free zone only after the conclusion of a contract of service therewith. He shall retain the Criminal Record and a duly notarized copy of the personal or family Identity Card of such an employee and shall apply to the authority in charge of the free zone concerned for obtaining an entry permit for the free zone for such an employee.

Article 58:

In areas where the Prime Minister delegates administrative powers to an authority on a body other than the General Authority for Investment and Free Zones, jurisdiction and rights of the General Authority for Investment and Free Zones, as stated in the present Regulations, are concerned.

Article 59:

Prime Minister's Decision No. 1531 of 1989 issuing Executive Regulations relating to Law No. 230 of 1989 on Investment shall stand invalid.

Article 60:

These Regulations shall be published in the official Gazette and shall come into force with effect from the day after the date of publication thereof.

Done at the Council of Ministers on 5th of Rabeel-A'kher, 1418 (A.H.) 9th of August, 1997.

PRIME MINISTER

DR. KAMAL EL-GANZORI