

The Arab Republic Of Egypt

**THE GENERAL AUTHORITY FOR
INVESTMENT & FREE ZONES**



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

PROMULGATED ON 11 MAY

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**In Case Of Any Discrepancy, The Arabic Version Of This Law
Shall Prevail**

The Arab Republic Of Egypt

LAW NO, 8 OF 1997 ON INVESTMENT GUARANTEES AND INCENTIVES



(G.A.F.I.)

THE GENERAL AUTHORITY FOR INVESTMENT & FREE ZONES

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THE PROMULGATION ARTICLES

In the name of the people,

The President of the Republic

The People's Assembly Passed The Following Law And It Has Been Promulgated:

DECIDED

(First Article)

The provisions of the attached Law shall govern investment guarantees and incentives.

(Second Article)

With due regard to the provision of Article 18 of the attached Law, which provisions shall not affect the tax privileges and exemptions, and other guarantees and incentives established for the companies and the existing establishments at the time of its enforcement. Such companies and establishments shall continue to maintain such privileges, exemptions, guarantees and incentives, until expiry of their specified terms, and in accordance with the legislations and agreements wherefrom they emanate.

(Third Article)

The General Authority for Investment and Free Zones is the competent Authority, which shall exclusively apply the provisions of this Law, and the Laws of Joint Stock Companies, Partnerships, and Limited Liability Companies promulgated by Law No.159 of 1981, and Law No. 95 of 1995 concerning Financial Lease, and its Executive Regulations. The aforesaid shall be without prejudice to the provisions of the Capital Market Law promulgated by Law No. 95 of 1992, and Law No. 148 of 2001 regarding Real Estate Financing. The Authority shall not be restricted

to the governmental rules and regulations concerning the financial and administrative matters, which shall be regulated by a decree issued by the President of the Republic.

The Authority's Board of Directors shall issue the Internal Regulations and Executive Resolutions pertaining to the Authority's financial, administrative and technical matters, and shall set up its organizational structure, and shall take all necessary procedures to manage the Authority and organize its work. The Authority's Board of Directors may establish offices for the Authority, in the country or abroad.

To such end, the Authority may seek the assistance of the best national and international professionals and expertise with no restrictions to the limitation provided in any legislation concerning the remuneration of employees, directors and expert advisors.

The Authority shall have a private account in which its proceeds shall be deposited, and the balance of such account shall be carried forward from one year to another.

The Authority's Board of Directors shall approve its draft budget and final accounts prior the approval of the Prime Minister and submittal before the People's Assembly.¹

(Fourth Article)

Without prejudice to the provisions of the preceding Article, the Investment Law promulgated by Law No. 230 of 1989 shall hereby be repealed, except for paragraph (3) of Article 20 of the aforementioned Law, and Articles 5 and (5 bis) of Law No.1 of 1973 concerning hotel and tourist facilities, and Articles 21, 24 and 25 of Law No. 59 of 1979 concerning New Urban Communities, and Article 30 of Law No. 95 of 1995 concerning Financial Lease.

¹ Article Three (3) has been amended by Law No. 13 of 2004 issued on April 22, 2004.

Any other provision in breach of the provisions of the attached Law shall, likewise; be repealed.

(Fifth Article)

The Prime Minister shall issue the Executive Regulations of the attached Law within three (3) months from date of its enforcement. Pending the issuance of such Regulation, the prevalent regulations and decrees on the date of the enforcement of this Law shall continue to apply where they do not conflict with its provisions.

(Sixth Article)

This Law shall be published in the Official Gazette, and shall come into force the day following the date of its publication. This law shall bear the State Seal and shall be enforced as one of its Laws.

Issued by the Presidency on 11th of May 1997

Hosny Mubarak Issued

By The Presidency On 4 Muharram 1418 A.H.

Corresponding To 11th of May 1997 A. D.

THE INVESTMENT GUARANTEES

AND INCENTIVES LAW

PART ONE

GENERAL PROVISIONS

ARTICLE I

The provisions of this law shall apply to all companies and establishments to be incorporated after the date of its enforcement regardless of the legal form governing them, for exercising their activities in any of the following fields:

- ** Reclamation and cultivation of barren and desert land, or either of them.
- ** Animal, poultry and fish production.
- ** Industry and mining.
- ** Hotel, motels, hotel apartments, tourist villages and tourist transport.
- ** Goods' reefers; refrigerators for the preservation of agricultural crops, manufactured products, foodstuffs, container's depots and grain silos.
- ** Air-transport and services directly related thereto.
- ** High-seas maritime transport.
- ** Petroleum services supporting drilling and exploration operations, and the transport and supply of natural gas.
- ** Housing of which all units are leased unfurnished for other than administrative housing purposes.
- ** Infrastructure including drinking water, sewage, electricity, roads and communications.
- ** Hospitals, medical and therapeutic centers which offer 10% of their service free of charge.
- ** Financing lease.
- ** Guarantee subscription of securities.
- ** Risk capital.
- ** Production of computer software and systems.

** Projects financed by the Social Fund for Development.

The Council of Ministers may add other fields as deemed needed for the country.

The Executive Regulations of this Law shall determine the conditions and limits of the fields referred to herein.

ARTICLE 2

The investment guarantees and incentives, including tax exemptions, enjoyed by the companies and establishments with multi-purposes and activities, its activity shall be limited to the fields defined in the preceding Article and those which the Council of Ministers may add.

ARTICLE 3

The provisions of this Law shall not prejudice any tax privileges or exemptions or other favorable guarantees and incentives established by other legislations or agreements.

ARTICLE 4¹

Corporations established according to the provisions of this Law shall be subject to the provisions of Articles 17, 18 and 19 of the Law on Joint Stock Companies, Partnerships Limited by Shares, and Limited Liability Companies promulgated by Law No.159 of 1981 and the statutes of said corporations shall be published according to the rules and procedures determined by the Executive Regulation of this Law.

License for the establishment of personal companies according to the provisions of this Law, shall be issued by a decree from the competent Administrative body after reviewing the principal data of the incorporation contracts of these companies. These companies shall acquire their legal entity, from the date of registration in the Commercial Register. The Articles of Incorporation shall be published according to the

¹ - Article (4) has been amended by virtue of Law No. 94 for 2005. Official Gazette – edition No 24 (bis) on 21/6/2005.

rules and procedures determined by the Executive Regulations of this Law.

Irrespective of the legal form, the signatures of the partners or their representatives on the Articles of Incorporation must be notarized against payment of a notarization fee equal to one quarter percent of the value of the paid-in capital with a maximum limit of L.E. 500 (Five Hundred Egyptian Pounds), or its equivalent in foreign currency, as the case may be, whether notarization is effected in Egypt or before the Egyptian Authorities abroad.

The foregoing provisions shall apply to every amendment made to the company statutes.

ARTICLE 5

The Competent Authorities shall assume the appropriation of lands owned by the State to investors according to the governing legislations through the offices established at the Authority and its branches. Such offices shall establish a database on the lands available for appropriation, its areas, location, prices, and the conditions of its disposal. Such information shall be periodically updated and whenever so required. Such offices shall also maintain maps issued by the National Center for Planning the use of State owned lands.

The Authority shall take all measures to have such information available to investors.

Lands for investment may not be offered before ascertaining non-existence of any dispute thereon. Also the offered areas and prices may not be modified after an announcement thereof has been made. Neither amendment of prices nor addition of improvement fees may be to these prices after disposal; unless expressly provided in the agreement.

Moreover, execution or announcement concerning the disposal contracts of State owned lands concluded with its organizations, public authorities, public sector companies or public business sector companies may not be terminated based on to the existence of a dispute between such bodies concerning these lands.

ARTICLE 6

Application for the filing of criminal claim for the crimes provided in 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 Sales Tax Law No. 11 of 1991 and Article 9 of Law No.38 of 1994 regulating transactions of Foreign Currencies, shall be submitted after seeking the opinion of the Competent Administrative Authority in case the accused of committing the crime is affiliated to one of the companies or establishments subject to the provisions of this Law.

The Competent Administrative Authority shall express its opinion in this regard within fifteen (15) days from date of receiving the letter seeking such opinion, otherwise; application for filing the claim may be processed.

ARTICLE 7

The investment disputes regarding the implementation of the provisions of this Law may be settled in the manner agreed upon with the investor. The parties concerned may also agree to settle such disputes within the framework of the agreements in force between the Arab Republic of Egypt and the country of the investor, or within the framework of the Convention for the Settlement of Disputes arising from investments between the States and nationals of other countries, which the Arab Republic of Egypt has adhered to by Law No. 90 of 1971, and pursuant to the conditions, terms and cases where such agreements do apply, or according to the provisions of Law No .27 of 1994 concerning Arbitration of Civil and Commercial Issues. It may also be agreed to settle said disputes through arbitration before the Cairo Regional Center for International Commercial Arbitration.

PART TWO
INVESTMENT GUARANTEES

ARTICLE 8

Companies and establishments may not be nationalized or confiscated.

ARTICLE 9

Companies and establishments may neither be sequestrated nor may their assets be subject to administrative attachment, seized, restrained, frozen, or expropriated.

ARTICLE 10

No administrative authority may intervene in pricing the products of companies and establishments nor in determining their profits.

ARTICLE 11

No Administrative Authority may cancel or suspend, in whole or in part, a license for usufruct of real estate, which the company or establishment is licensed to utilize, except in case of breach of the conditions of the license.

A decree terminating or canceling a license shall be issued by the Prime Minister upon a proposal of the Administrative Authority. The involved party may challenge such decree before the Administrative Courts within thirty (30) days from date of notification or acknowledgement thereof.

ARTICLE 12¹

Without prejudice to the disposals that occurred prior to the effective date of this Law, companies and establishments shall have the right to own land and realty which are necessary for the performance of expansion of their activities regardless of the nationality of the partners and shareholders, their domicile or the percentage of their partnership or shareholding in the capital. This is with the exception of land and realty

¹ -Article (12) has been amended by virtue of Law No. 94 for 2005.Official Gazette – edition No 24 (bis) on 21/6/2005.

located in areas which are determined pursuant to the issuance of a decree by the Council of Ministers wherein the conditions and rules for disposal are determined

ARTICLE 13

Without prejudice to the laws, regulations and decrees governing importation, and without need for their recordal on the Importers' Register, the companies and establishments shall have the right to import, by themselves or through third parties, all production requirements, materials, machinery, equipment, spare parts and means of transport suited to the nature of their activity, as may be required for their construction, expansion or operation.

Companies and establishments may also export their products, by themselves or through intermediary, without license nor the need for recordal on the Exporters' Register.

ARTICLE 14

Joint Stock Companies, partnerships limited by shares or limited liability companies whose activities are limited to the fields mentioned in Article 1 of this Law shall not be subject to the provisions of Articles 17,18. 19 and 41, and the first and fourth paragraphs of Article 77 and Articles 83. 92 and 93 of Law No. 159 of 1981 concerning Joint Stock Companies, Partnerships Limited By Shares and Limited Liability Companies.

Equity portions and shares may be negotiated during the first two fiscal years of the company upon the approval of the Prime Minister or his authorized designee.

The Competent Authority shall replace the Companies' Department in applying the provisions of Law No. 159 of 1981, referred to herein, and its Executive Regulations with regard to the aforementioned companies.

Joint Stock Companies shall not be subject to Law No. 73 of 1973 determining the Conditions and Procedures for Election of the Workers' Representatives on the Boards of Public Sector Units, Joint Stock Companies, Private Societies and Establishments. The Statutes of the Company shall specify the method of the workers' participation in its management and in the manner determined by the Executive Regulation of this Law.

ARTICLE 15

Joint stock companies shall be excepted from the application of Law No. 113 of 1958 concerning employment in the Joint Stock Companies and Public Organizations, and Article 24 of the Labor Code issued by Law No . 137 of 1981.

PART THREE
INVESTMENT INCENTIVES
CHAPTER ONE
TAX EXEMPTIONS

ARTICLE 16

Profits of companies, establishments and participants' shares therein shall be exempt from the tax on revenues of commercial and industrial activities, or the tax on corporate profits, as the case may be, for a period of five (5) years starting from the first fiscal year following the beginning of production or of practicing the activity. Such exemption period shall be for a period of ten (10) years in respect of companies and establishments set up in the new industrial zones, new urban communities and remote areas to be determined by a decree from the Prime Minister, as well as the new projects financed by the Social Fund for Development.

ARTICLE 17

Profits of the companies and establishments exercising its activity outside this old valley, and participants' shares therein shall be exempt from the tax on revenues of commercial and industrial activity or the tax on corporate profits, as the case may be, whether they be established outside this valley or transferred therefrom, for a period of twenty (20) years, starting from the first fiscal year following the beginning of production or of exercising activity.

The Council of Ministers shall issue a decree designating the areas to which this provision shall apply.

ARTICLE 18

Companies, establishments and projects financed by the Social Fund for Development existing on the date this Law comes into force, and which exercise their activity within the fields referred to in Article 1 hereof shall complete the periods of exemption provide in the two preceding Articles if the periods of exemption determined for them had not expired on that date.

ARTICLE 19

In application of the provisions of the preceding articles, the first year of exemption shall include the period from date of start up of production or of practicing activity, as the case may be, till the end of the following fiscal year. The company or establishment shall notify the Competent Administrative Authority of the date of start up of production or of practicing activity within one (1) month from such date.

ARTICLE 20

Contracts of incorporation of companies and establishments and loan and mortgage contracts related to their business shall be exempt from the stamp tax as well as notarization and publication fees for a period of five (5) years from the date of recordal on the Commercial Register.

Contracts of registration of lands necessary for the establishment of companies and establishments shall also be exempt from the above mentioned tax fees.

ARTICLE 21

A tax exemption on corporate profits shall apply to an amount equivalent to a percent of the paid-in capital determined by the loan and discount rate of the Central Bank of Egypt for the accounting year; provided the company is a joint stock company and its shares are recorded at one of the stock exchanges.

ARTICLE 22

Returns on bonds, financial debentures, and other similar securities issued by Joint Stock Companies shall be exempt from the tax on movable capital revenues; provided that such are offered for public subscription and are recorded at one of the stock exchanges.

ARTICLE 23

The provisions of Article 4 of Law No. 186 of 1986 regulating Customs' Exemptions, concerning the collection of customs duty at a fixed rate of 5% of the value shall apply

to the companies and establishments to all of their imports of machinery, equipment, and appliances necessary for their establishment.

ARTICLE 23 Bis :

Expansions approved by the Administrative Authority shall be exempt for five (5) years from the tax provided in Article 16 of this Law, and exemptions stipulated in Articles 20 and 23 shall also apply to such expansions.

Expansion shall mean increase in the capital used in the addition of new assets for the purpose of increasing the production capacity of the project.

The Executive Regulations shall determine the kinds of assets, rules and controls used as basis in calculating such increase.¹

ARTICLE 24

Profits resulting from merger, division or change of the legal form of companies shall be exempt from taxes and duties owing by reason of merger, division or change of the legal form.

ARTICLE 25

The merging and merged companies and establishments, and those which are divided or whose legal form is changed, shall enjoy the exemptions prescribed for them before such merger, division or change of legal form until the period of such exemption has expired.

The merger, division or change of the legal form shall not ensue any new tax exemptions.

ARTICLE 26

The resultant evaluation of in-kind participations contributed to the incorporation of joint stock

¹ Article 23 (bis) added by Law No. 162 of 2000 issued on June 18, 2000.

companies, partnerships limited by shares and limited liability companies or to their capital increase , shall be exempt from the tax on commercial and industrial activity revenues, or the tax on corporate profits as the case may be.

ARTICLE 27

The Executive Regulations of this Law shall define the conditions, rules and procedures related to enjoying tax exemptions automatically and without dependence on any administrative approval, provided the exemption shall be cancelled in case of breach to any of such conditions and rules.

The Prime Minister shall issue a decree canceling the exemption upon a presentation from the Competent Administrative Authority. The party concerned may challenge such decree before the Administrative Courts, within thirty (30) days from the date of notification or acknowledgement thereof.

CHAPTER TWO ALLOCATION OF LAND

ARTICLE 28

The Council of Ministers may, upon the proposal of the Competent Minister, issue a decree allocating the lands owned by the State or by public legal bodies to companies and establishments to be constructed in certain areas in the fields specified in Article 1 hereof, and free of charge pursuant to the procedures provided in the Executive Regulation of this Law.

CHAPTER THREE FREE ZONES

ARTICLE 29

The establishment of the free zone covering an entire city shall be established by a Law.

Public free zones shall be established by a decree from the Council of Ministers upon the proposal of the Competent Administrative Authority for the purpose of setting

up duly licensed projects, whatever their legal form.

The Competent Administrative Authority may issue a decree for the establishment of private free zones, each of which shall be confined to one project, if the nature thereof shall so require.

In light of the controls set forth in the Executive Regulations of this Law, the Competent Administrative Authority may also approve the transformation of inland projects into a private free zone. The decree issued for the establishment of a free zone shall indicate its location and boundaries.

Public free zone shall be managed by a board of directors formed and its Chairman appointed by a decree issued by the Competent Administrative Authority.

The board of directors shall have competence over the implementation of the provisions of this Law, its Executive Regulations, and the decrees issued by the said Authority.

ARTICLE 29 (Bis)¹

An authorization may be issued for the transfer of companies and establishments located inside the Public and Private Free Zones to conduct activities under the Internal Investment System. Companies and establishments that have been transferred shall be exempted from the payment of any taxes or custom duties on imported equipment, machinery, devices, production lines, components thereof and spare parts, that are required for the activity, at the depreciation rates thereof and provided that twelve months have lapsed from the date of commencement of the activity or of production inside the Free Zone.

The authorization and exemption referred to in the preceding paragraph, shall take place in accordance with the conditions, controls and procedures determined in the Executive Regulations of this Law.

¹ - the whole Article (29) bis has been added by virtue of Law No. 94 for 2005. Official Gazette – edition No 24 (bis) on 21/6/2005.

ARTICLE 30

The Competent Administrative Authority shall lay down the policy to be pursued by the free zones, and may adopt such resolution as it deems necessary to achieve the purpose for which such zones have been established, particularly:

- (a) Laying down the systems and regulations necessary for management of free zones.
- (b) Laying down the conditions for granting licenses, and occupancy of lands and buildings, the rules governing ingress and egress of goods and their recordation, the fee for the warehousing of such goods, the examination of documents and auditing, the system of controlling and guarding these zones and collecting dues owing to the State.

ARTICLE 31¹

The Board of Directors of the Free Zones shall issue a preliminary approval for the establishments of companies and establishments inside said Zones. The competent administrative body shall issue a decree for the incorporation of such companies and establishments. The chairman of the Board of Directors is authorized to issue licenses for these companies and establishments to practice their activities.

The license shall indicate the purposes for which it is granted, its term and the amount of financial guarantee to be paid by the licensee. This license may not be assigned, in whole or in part, except upon the approval of the authority issuing the same. Denial of license or of assignment thereof shall be by a causative resolution. The party concerned may lodge a complaint there-against with the Administrative Authority Concerned in accordance with the rules and procedures set forth in the Executive Regulation.

The licensee shall not enjoy the exemptions or privileges provided for in this Law except to the extent of the purposes indicated in the license.

¹ - the first paragraph of Article (31) has been amended by virtue of Law No. 94 for 2005. Official Gazette – edition No 24 (bis) on 21/6/2005.

ARTICLE 32

With due regard to the provisions set in the laws and regulations banning dealings in certain goods or materials, goods exported abroad by the free zone projects or imported for the pursue of their activity, shall not be subject to the rules governing import and export, nor to the customs procedures related to exports and imports. Such goods shall also not be subject to customs taxes, the general sales tax and other taxes and duties.

With the exception of passengers' cars, all types of tools, supplies, machinery and all different means of transportation, necessary for pursuing the activity licensed for all kinds of projects existing inside the free zones, and if the nature and necessity for pursuing such activity requires its temporary exist from the free zone inside the country and return thereto.

The aforesaid shall apply to the tools, supplies and machinery, according to the cases, guarantees, conditions and procedures as specified by a decree issued by the Prime Minister based on the proposal of the Minister of Finance and Head of the Authority.¹

The Executive Regulation of this Law shall determine the procedures of moving and securing the goods from the point of unloading until its arrival at the free zone and vice versa.

The Competent Administrative Authority may, in the manner specified by the Executive Regulation of this law, allow the temporary ingress of local and foreign goods, materials, parts, and raw materials, owned by the project or by third parties, from inside the country into the free zone, on a temporary basis, for repair, or for conducting Manufacturing processes thereon and thereafter return inside the country, without being subject to the applicable import rules. Customs' duties shall be collected in respect of the repair cost pursuant to the provisions of the Customs' Laws

The provisions of Article 33 of this Law shall apply to manufacturing processes.

ARTICLE 33

Import from the free zones into the country shall be subject to the general rules applicable to

¹ Paragraph two (2) of Article 32 has been amended by Law No. 13 of 2004 issued on April 22, 2004.

imports from abroad. Customs taxes on goods imported from the free zone into the local market, shall be paid as if they were imported from abroad.

As for the products imported from free zone projects, and which comprise local and foreign components, the customs tax base therefor shall be on the value of the foreign components at the prevalent prices at the time of their egress from the free zone into the country; provided the customs tax due on the foreign components shall not exceed the tax due on the final product imported from abroad.

The foreign components shall consist of the imported foreign parts and materials as per its condition upon ingress into the free zone, exclusive of the operating costs in that zone.

In determining freight costs, the free zone shall be deemed the country of origin for the products manufactured therein.

ARTICLE 34

The director of the free zone customs shall notify the zone Chairman of any unjustified cases of shortage or overage, as compared with the bill of lading to the number of packages, or their contents, or to the packed or loose (bulk) goods, if they were consigned to the free zone.

The Competent Administrative Authority shall issue a decision regulating liability for the cases provided for in the preceding paragraph and the ratio of tolerance therein.

ARTICLE 35

Projects established in the free zones, and dividends to be distributed, shall not be subject to the provisions of the tax and duty laws valid in Egypt.

Such projects, however, shall be subject to an annual fee of 1 % (one percent) of commodity value upon ingress with respect to the storage projects and of commodity value upon egress concerning the manufacturing and assembly projects. Transit trade goods with fixed destination shall be exempt from this duty.

Projects whose main activity does not necessitate the ingress or egress of commodities, shall be subject to an annual fee of 1% (one percent) of the aggregate revenues thereby realized based on accounts accredited by one of the chartered accountants.

In all cases, projects shall pay a services charge determined by the Executive Regulation of this Law.

ARTICLE 36¹

Companies conducting their activities under the Free Zones Systems shall not be subject to the provisions of Law No. 73/1973 determining the conditions and procedures of electing labor representatives to the board of directors of public sector units, joint stock companies and non-governmental organizations and private societies and organizations.

ARTICLE 37

Maritime transport projects established in free zones shall be exempt from the conditions related to the nationality of the vessel owner and its crew as are provided for in the Merchant Marine Law, and in Law No. 84 of 1949 concerning Registration of Merchant Vessels.

Vessels owned by such projects shall also be excepted from the provisions of Law No.12 of 1964 Incorporating the Egyptian General Organization for Maritime Transport.

ARTICLE 38

The licensee shall insure all buildings, machinery and equipment against all accidents, and shall remove the same, at his own expense within the period to be determined by the zone board of directors in accordance with the rules laid down by The Competent Administrative Authority.

ARTICLE 39

Entry or residence in the free zones shall be in accordance with the terms and conditions set forth in the Executive Regulation of this law.

¹ - the reference to the companies Law No.159 for 1981 made in Article (36) has been cancelled by virtue of Law No. 94 for 2005.Official Gazette – edition No 24 (bis) on 21/6/2005.

ARTICLE 40

The provisions of Law No. 173 of 1958 requiring obtainment of a work permit prior working with foreign bodies and Law No. 231 of 1996 concerning certain provisions regulating the work of Egyptians with foreign organisms, shall not apply to Egyptians working in projects established in the free zones.

ARTICLE 41

No person may pursue on permanent basis, in a profession or craft in the public free zone for his own account, except after obtaining a license therefor from the chairman of its board of directors in accordance with the terms and conditions determined by the Executive Regulation of this Law, and after payment of the fees determined by such Regulation provided it shall not exceed L.E. 500 (Five Hundred Egyptian Pounds) per year.

ARTICLE 42

Employment contracts concluded with employees in the free zones shall be drawn up in four copies; one copy for each of the parties, a copy to be deposited to the free zone management, and another copy with the area labor office. If a contract is drawn up in a foreign language, the latter two (2) copies shall be accompanied by a translation into Arabic.

ARTICLE 43

Projects established in public free zones shall not be subject to the provisions of Law No. 113 of 1958, and Article 24 and Chapter 5 of Part III of the Labor Code.

The Board of Directors of the Competent Administrative Authority shall establish the rules regulating the personnel affairs in these projects.

ARTICLE 44

The provisions of the Social Security Law No.79 of 1975 shall apply to Egyptians employed in projects exercising their activity in the free-zones.

ARTICLE 45

Any infringer of the provisions of Article 41 of this Law shall be punished by a fine of not less than L.E. 2000 (Two Thousand Egyptian Pounds) and shall not exceed L.E. 5000 (Five Thousand Egyptian Pounds).

Criminal suit related to such crimes shall not be filed, except upon a written request from the Competent Administrative Authority. The said Authority may effect conciliation with the infringer in the course of proceedings in return for an amount equivalent to the minimum required fine. Such conciliation shall result in the lapse of the criminal suit.

ARTICLE 46

The provisions of Articles 8, 9,10,11 and 20 of this Law shall apply to investment in the free zones.

CHAPTER FOUR FACILITATION OF INVESTMENT PROCEDURES

ARTICLE 47¹

The capital of companies that are governed by this Law may be determined in any convertible currency, and their financial statements prepared and published in same currency, provided that subscription to its capital must be in that same currency, and the entire amount of the issued capital shall be paid, and shall be deposited at any one of the recognized banks in foreign currency accounts.

¹ -Article (47) has been amended and a second paragraph has been added by virtue of Law No. 94 for

The designated capital, in Egyptian pounds, of these companies may also be transferred into any convertible currency, according to the prevailing exchange rates at date of transfer, provided the controls specified by the Executive Regulations of this Law are adhered to.

ARTICLE 48

The government shall submit to the Authority's Board of Directors, the drafts of laws, regulations and decisions related to investment issues for consideration thereon.

ARTICLE 49

Decisions regulating the establishment and operation of projects may not be issued, and charges and fees may not be imposed in return for services thereon or amendment thereof, except after obtaining the opinion of the Authority's Board of Directors and approval of the Council of Ministers.

ARTICLE 50

The Authority shall be the competent body to collect, provide and update investment data and information and to regularly disseminate same through various means of dissemination via its local branches, internet websites, and offices abroad.

All State agencies shall adhere to providing the Authority with such data and information, and any updates made in respect thereof, and shall also provide the Authority with charts related to the available investment programs, plans and potentialities.

Each year, on July first, the Authority shall issue a guiding bulletin of all projects, to which it invites all investors to establish in light of the preliminary studies, which verify their feasibility. The Authority shall take all measures to ensure that such bulletins and studies are available to interested investors.

The Authority, moreover, shall issue quarterly bulletins regarding investment flows, guarantees, incentives and services provided to investors.

ARTICLE 51

All Government bodies, economic and service authorities dealing with investors, determined by a decree from the Prime Minister, shall establish offices at the Authority and at every one of its branches and it is only these offices that shall receive applications, conclude transactions, draw up contracts and grant the necessary licenses for establishing projects and conducting activity.

The Investment Services' Units affiliated to the Authority and its branches, shall be equipped to receive investors, and to provide them with all required services through offices set up at one specific location. Such offices shall maintain all data pertaining to each service, including its type, cost, the required documents and procedures, and time schedule for accomplishment thereof, together with adherence to fully perform such services within the time determined.

The Chairman of the Authority shall issue a decision establishing work rules and procedures at such offices, and determining the functions of the Authority branches to achieve coordination between such branches and the Central Investment Services Unit.

The branches of the Authority shall submit semi-annual reports concerning their activities and issues that disrupt their functions, and recommendations to rectifying recommendations to the Chairman of the Authority and the Competent Governor.

ARTICLE 52

The Authority shall prepare standard forms for the investment applications according to the nature of each activity; and shall incorporate all data necessary for the activity, and the required documents, in particular, the list of the type of activity, project investment cost and requirements thereof concerning services, energy sources, and all licenses, approvals and documents required from various bodies to establish the project, conduct activity and liquidation thereof.

An original of the document shall be sufficient to submit to the Authority or its branch, as the case may be, and the Authority or its branches shall assume responsibility to provide the body requesting the document with a certified copy.

The Authority, moreover, shall prepare a booklet comprising the legislation regulating the investor's activities, and in light of any amendments shall update and publish same on its

internet website.

The Authority and its branches, on behalf of the investor, shall complete of all procedures, and furnish all competent bodies with data and copies of the documents required from the investor.

ARTICLE 53

The investors shall submit to the Authority or its branches, on the forms approved by the Chairman, applications for incorporation and registration of companies and establishments, and obtainment of all licenses and approvals from all the competent governmental bodies, as well as applications for allocation of lands and extension of utilities thereto.

ARTICLE 54

The investor shall submit to the Authority or its branch an application on the form prepared for such purpose accompanied with the documents determined by the Authority. Following immediate submission of his application and at his own responsibility, the investor shall be given a temporary license to establish the project, and the body that received the application, shall be responsible for providing the investor with the documents bearing the approvals and licenses of the competent bodies. The temporary license shall remain valid until a final license is issued.

The rights of the investor may not be encroached on or his activities stopped nor may the investor be prevented from obtaining the necessary facilities and approvals by reason of delay in issuing the final license.

ARTICLE 55

The Authority shall be in charge of issuing the final license within a period not to exceed (15) days from date of issuance of all licenses and approvals required by the competent bodies through its employees at its offices and branches, who are authorized to issue such licenses; on condition that the documents stated in the application and stipulated in Article 54 of this Law are completed. If said period has lapsed, without the issuance of the final license, the Chairman of the Authority, within one (1) week, shall submit the matter to the committee mentioned in Article 65 of this Law, to take the proper decision within a maximum of fifteen (15) days, in accordance with the rules and procedures specified in the Executive Regulation.

Companies, which are incorporated for the purpose of integrated development shall be granted a single approval for establishing and operating all of their projects, and each of the company's projects shall enjoy the investment guarantees and incentives established from date of start up of the activity, which shall be determined in accordance with the provisions of this Law.

ARTICLE 56

Bodies entrusted with granting licenses for establishment of projects and conducting activities, in accordance to the provisions of this Law, shall have the right to inspect the licensed projects in compliance with its provisions, in order to ensure adherence to the licensing conditions as well as the provisions of the law that govern the conduct of their activities and take the necessary procedures upon breach of such conditions and provisions as stipulated in the law.

Inspection shall take place in accordance with programs duly prepared and implemented in a manner that does not affect the smooth operation of the projects

The inspection shall follow the rules, parameters and procedures set by the Executive Regulations of this Law.

ARTICLE 57

In accordance with the rules drafted by its Board of Directors, the Authority, pursuant to the rules set by its Board of Directors, may issue licenses to foreign companies to establish their representatives offices and branches in the free zones. These offices and branches shall receive the same status as projects licensed by the Authority to be established in such zones.

ARTICLE 58

The investor shall, pay in one installment all fees and other payable amounts due to any bodies that provide investment services. The Authority shall collect these fees for the account of such bodies.

The Authority shall be entitled to a fee for the actual services it renders to the investors. A resolution by the Authority's Board of Directors shall define the rates, and the rules and conditions and procedures regulating the collection of such fees. The proceeds of such fees shall revert to the Authority's resources.

ARTICLE 59

Contracting for the necessary utilities for implementation of the projects, shall be made through the Authority's offices and branches, authorized by the competent bodies to effect same.

The Authority shall establish a database to comprise information pertaining to the utilities and services necessary for the projects or to be provided to investors. The database shall indicate the requirements for contracting for these utilities or the costs and procedures and documents for obtaining services. Such information shall be periodically updated as required. The Authority shall take measures to ensure that such data is available to investors.

Contracting shall be concluded pursuant to the published rates, and the price list may not be applied to investors till after publication. Furthermore, no amendment may shall be made to the conditions of the contract, or to the rates throughout its validity of , unless the contract includes an express condition permitting such amendment.

ARTICLE 60

The Chairman of the Authority or his representative shall be authorized to issue the necessary certificates to the companies and establishments, which enjoy tax and customs exemptions, and any other exemptions applicable to companies subject to this law, in light of the Laws governing such exemptions.

Such certificates shall be final and shall be effective without the need for any approvals from other bodies. All bodies shall act in accordance with said certificates and shall comply with the data mentioned therein.

ARTICLE 61

Owners of industrial establishments, which are governed by the provisions of this Law shall import, without any customs duties, the casts and moulds for temporary use in manufacturing products, and, thereafter reshipped abroad.

Such customs release and reshipment abroad shall be effected by virtue of the bill of lading; provided that ingress and reshipment documents are registered on the register prepared for such purpose at the Authority.

ARTICLE 62

The Council of Ministers upon a proposal by the Chairman of the Authority shall decide additional incentives to the internationally renowned companies, which aim to establish their main domicile in Egypt to produce and cover the neighboring markets as well as the companies working in one of the fields of the developed high technology, and to the international companies specialized in developing international trade.

The Council of Ministers upon a proposal by the Chairman of the Authority, shall grant investors the facilities it deems appropriate to encourage them to invest and reside in Egypt.

The Council of Ministers shall decide on the validity of the incentives provided in this Investment Law to upgrade one of the public sector companies, public business sector, or companies the ownership of which reverts to banks.

The Council of Ministers shall conduct their functions provided in the preceding paragraphs in accordance with the rules and procedures issued by a Presidential Decree.

ARTICLE 63

The administrative bodies, in case the project is in breach of any provision of the laws, regulations and decrees, shall notify the investor together with a copy of such notice to the Authority, to rectify the causes of the breach within a period to be defined in the notice in light of the extent and nature of such breach. In case such period lapses without rectification of the breach, the Authority shall issue a causative decision to terminate the activity of the project.

The investor may file a grievance before one of the committees to be formed at the Authority and branches thereof, against the termination order within ten (10) days from receipt of the termination notice, submission of the grievance shall result in the suspension of the enforcement of the decision except for enforcement as regards violation that threaten citizens' security.

The committee, within seven (7) days from the grievance date, shall issue a decision to enforce the decision subject of the grievance or continue to temporarily suspend its enforcement until grievance is adjudicated.

The Prime Minister shall issue a decree to form the committees and work procedures; provided that a counselor from the State Council chairs such committees. The party that submitted the grievance or that party's representative shall participate in the committee. The committee's decision shall be valid and binding to all governmental bodies without prejudice to the right to resort to the Courts.

ARTICLE 64

The investor shall notify the Authority of the starting date of the activity at the new establishments, and expansion of the existing ones. The Executive Regulation shall define the rules and requirements that govern the start of the activity.

The Authority shall be, exclusively, competent for determining the starting, suspension and termination dates for enjoyment of incentives and privileges as well as the settlement of any disputes among Ministries, their Authorities and Agencies concerning said dates or the starting date of the activity.

ARTICLE 65

By way of exception to the provisions of Law No. 7 of 2000 concerning the conciliation committee of certain disputes, a committee formed at the Authority shall manage the dispute settlement efforts between the investor and any of the administrative bodies. Said committee shall be chaired by a member of the judiciary with at least the grade of counselor, who shall be selected in accordance with the provisions of the Judicial Authority Law. Members of such committees shall include a representative of the union of the activity subject of the investment and a representative of the Authority. The committee shall pursue the settlement efforts as per the investor's request, and shall issue their recommendations concerning the dispute after inviting their parties to a hearing to listen to their statements. Should one of the parties disagrees with the committee's recommendations, the dispute shall be submitted to the ministerial committee provided in Article 66 of this Law.

The Chairman of the Authority shall issue a resolution on the rules, procedures and of the conciliation committee.

ARTICLE 66

The Prime Minister shall issue a decree to form a ministerial committee to review the complaints and

disputes brought and submitted by the investor against the administrative bodies, and the committee's decrees shall be valid and binding on the administrative bodies; after such decrees are approved by the Council of Ministers. The above shall be without prejudice with the right to resort to Courts. The Executive Regulation shall define the work procedure of said committee.

ARTICLE 67

The Authority shall have a Board of Trustees to include representatives of investors, experts and bodies that provide services to investors. This Board shall examine investment issues and solutions thereto and shall render advice and opinion to the Authority's Chairman and Board of Directors, as to what it deems necessary to attract additional investments.

A decree by the Prime Minister shall form the Board of Trustees, define their authority, determine their work procedures, and specify their required expertise and their remuneration .

ARTICLE 68

Every land, sea and airport shall have a Board of Sponsors, which shall monitor the implementation of the development program of the ports' administration and customs department, . This board of sponsors shall examine problems related to such ports and propose the necessary solutions, and means of upgrading the services provided by such ports. The Competent Minister shall issue a decree to form the Board of Sponsors, which shall include a representative of the port's Authority, experts in the field of land, maritime or air transport, as the case may be, a representative of the General Authority for Investment and Free Zones, representatives of the companies and establishments operating at the port.

ARTICLE 69

The regulations governing public sector companies, public business sector and their employees shall not apply to companies established in accordance with the provisions of this Law, irrespective of the nature of the capital contributed or the capacity of the Shareholders contributing thereto

ARTICLE 70

Any provision contrary to the provisions of this chapter shall hereby be repealed.

