



Policies for business in the Mediterranean Countries

Arab Republic of Egypt



Luciano Loffredo

C.A.I.MED.

Centre for Administrative Innovation in the Euro-Mediterranean Region

c/o Formez - Centro Formazione Studi

Viale Campi Flegrei, 34

80072 Arco Felice (NA)

Italy

Tel +39 081 525 0211

Fax +39 081 525 0312

e-mail gpennella@formez.it

nvolpe@formez.it

The views expressed do not imply the expression of any opinion whatsoever on the part of the United Nations and of Italian Department for Public Administration, Formez and the Campania Region Administration

Introduction

In the early 1990s, the Government of Egypt launched an Economic Reform and Structural Adjustment Program (ERSAP) supported by a Standby Arrangement with the International Monetary Fund and a Structural Adjustment Loan from the World Bank, in addition to bilateral debt pardon/debt service relief from the Paris Club. This comprehensive programme, designed to achieve macroeconomic stability in the wake of partial reforms implemented in the early 1980s and debt rescheduling in 1987, included: financial sector reform, interest rate liberalization, reductions in subsidies and price controls, exchange rate standardization, foreign trade liberalization, and public sector reform. The overarching goal was to create an open, market-oriented, decentralized economy receptive to foreign direct investment and private-sector participation.

The following indicators summarize the main developments in the macroeconomic framework during the past decade. As a result of the comprehensive economic reform program launched in 1990/1991, the Egyptian economy had displayed positive trends.

Selected Macroeconomic Indicators

	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03
Real GDP Growth Average Annual	2.5	3.9	4.7	5	5.3	4.1	5.4	5.9	3.4	3.2	3.2
Inflation %	11.1	9.1	9.3	7.3	6.2	3.8	3.8	2.8	2.4	2.4	2.9
Unemployment Rate	10	9.8	9.6	9.2	8.8	8.8	8.1	7.7	8.3	9	8.7
Fiscal deficit (% GDP)	3.5	2.1	1.2	0	0.9	1	2.9	3.9	5.5	5.8	6.4
Foreign Debt (% GDP)	64.6	59.9	54.8	45.9	36.7	33.2	31.2	28.2	28.5	32.6	36.4

Source: Ministries of Finance, Planning and Foreign Trade; Central Bank of Egypt

Economic growth accelerated from 2.5% in 1992/93 to 3.2% in 2002/03. The fiscal deficit decreased from 3.5% of GDP in 1992/93 to 2.9% of GDP in 1998/99. In addition, foreign debt as a percentage of GDP has decreased markedly, from 64.6% in 1992/93 to 36.4% in 2002/03. Moreover, the current account deficit witnessed a drastic improvement, declining to 2.4% in 2002/03 from 4.9% in 1992/93¹.

¹ *Investing in Egypt 2004*, report by MOFT, www.economy.gov.eg ;

1 - The importance of investment

The above illustration being the general economic framework of the Arab Republic of Egypt, we will analyze in these pages the two main targets of the current Egyptian government economic policy, that is to say, the promotion of investment and the development of the M/SME sector (for the latter see paragraph 5) .

To foster attractive an climate for local and foreign investment the Egyptian government is strongly committed to streamlining investment procedures, dismantling bureaucratic obstacles and liberalizing business.

On the one hand, the Government offers direct incentives to investors who carry out commercial activities in Egypt:

- Investment Guarantees and Incentives Law (8/1997), provides tax holidays, reduced custom duties, guarantees against expropriation and sequestration, guarantees regarding foreign exchange and guarantees regarding repatriation of capital and profit. It also regulates the regime of the Free Zones (public and private).
- Law No 83 of 2002 establishes special economic zones (SEZ) in non-urban areas for the purpose of setting up industrial, agricultural and services.

On the other hand, the Government offers indirect incentives to promote and protect investment by amending existing legislation and introducing new laws in different sectors, and by facilitating procedures and de-bureaucratizing the setting up of investment projects:

- Law 158/1998 amended the Capital Market Law (95/1992), instituted protection for investors against fraud, price manipulation, and insider trading.
- Law 3/1998 made it possible for companies to be established by notification instead of acquiring prior approval.
- The Commercial Law enacted in 1999 governs issues related to general commerce, commercial contracts, banking transactions, commercial papers (including checks), and bankruptcy.
- The new E-Signature law, which was approved by Parliament on April 17, 2004, contains thirty articles. It will allow the use of electronic documents by government and by businesses
- a One Stop Shop" for investment, The General Authority For Investment and Free Zones (GAFI), has been created
- the Ministry of Finance in late September opened a one-stop shop for customs and tax expedition in Nasr City. ²

² For all the latest news about Egyptian laws and reforms regarding economic issues, see: www.us-egypt.org Us - Egypt Business Council;

1.2 - Investment Incentives

Law no. 8/1997 regulates investments in Egypt. It provides favourable incentives and guarantees for investors. To qualify for these benefits and privileges and in order to receive the requisite Egyptian Government approvals, certain specified procedures must be followed. These procedures are set out in detail in the executive regulations of the investment law - PM Decree 2108/1997. The General Authority for Investment (GAFI) is the Government agency concerned with the review of all investment applications.

a) Qualifications

Projects carried out by companies in Egypt must come within the areas of investments permitted under the Investment Law.

Investment fields include among others:

- Manufacturing and mining
- Tourist and agricultural projects
- Aviation and transport services
- Overseas maritime transport
- Oil exploration services
- Housing and infrastructure projects
- Information technology
- Computer software and high-tech products

b) Guarantees and Incentives

- Companies may not be confiscated or nationalised
- Companies and their assets cannot be sequestered, seized or expropriated by way of an administrative order.
- No administrative body can interfere in setting prices or profits margins.
- Profits are exempted from corporate income taxes for five years, extended to 10 years for projects in new industrial zones and new urban communities, as well as projects financed by the Social Fund for Development. Projects located in remote areas (outside the old valley) enjoy a 20 year tax break.
- Projects are subject to a flat rate of 5% as customs duties on equipment and machinery imported for the project. The Investment Authority must approve all imports. Procedures for such approvals are set out in the Executive Regulations for the Investment Law.
- Projects are allowed to repatriate their capital and profits.
- Projects are exempted from certain labour requirements under the Egyptian Companies Law and the Labour Law. Foreign experts' salaries are exempted from income tax if their stay in Egypt is for less than one year.

- Projects are exempted for 3 years from stamp duties and notarisation fees from the date of registration with the commercial register.
- Projects are exempted from all registration and notarisation charges levied on contracts.

2- Free Zones

Egyptian Free Zones, are also regulated by the Investment Law and considered as being located offshore. For almost three decades the government has been establishing and promoting free zones to capitalize on Egypt's strategic geographical location seeking to attract foreign investors³.

Incentives include:

- Most goods and materials imported to a Free Zone project are not subject to import duties or customs regulations.
- Goods and materials exported from Egyptian Free Zones are also not subject to export duties or regulations.
- Free Zone projects are subject to a duty of 1% of the value of goods entering or leaving the Free Zone, or to an annual duty of 1% of the annual value added in the project.
- A company formed to operate in a Free Zone is exempt from all Egyptian income taxes for an unlimited period.

There are two types of Free Zones:

- **Public Free Zones:** The Investment Authority has established Public Free Zones in Alexandria, Suez, Port Said, and Nasr City (Cairo), (with 582 companies operating). There is also a new Media City Free Zone.
- **Private Free Zones:** They are established exclusively for a specific project or company (with a total of 165 companies operating).

3 - Special Economic Zones

In a second effort to attract investors from abroad, the Egyptian government has introduced the concept of special economic zone. These are regulated by Law No 83 of 2002 and enjoys considerable autonomy and operates away from bureaucracy.

According to the law each SEZ will be self-governing through an independent authority which will be established by presidential decree and the head of the authority will be a presidential appointment.

³ *Free Zones & Special Economic Zones in Egypt*, John van der Zande, 2003, www.hollandemb.org.eg :

The authority will report directly to the Prime Minister, and its 17-member board will include 9 members representing various ministries, one representing the governorate and six members from the private sector (legal & financial experts, development company and investors). Decisions will be made by majority vote. The board will possess the powers of a cabinet of ministers and will issue all licences and set its own customs and tax regulations, import and export rules as well as civil and social matters. However, the authority customs and tax systems will require Ministry of Finance approval and the registration and notarisation systems will need approval from the Ministry of Justice.

The authority will take possession of the land and all state assets within its zone.

- Investment incentives include a more flexible labour code that permits multiple contracts and allows the employer to terminate the contract against compensation. Imports of capital goods, raw materials and spare parts are exempt from custom duties, sales tax and stamp duties but all duties will be paid on the imported components of products exported to Egypt and sold locally.

- Projects established within SEZ will be subject to corporate profit tax of 10%. Income of individuals is subject to a 10% tax and tax on real estate revenue is 10%. Salary tax is a flat 5%.

- The law protects against nationalisation or sequestration of funds and prohibits mandatory pricing.

- There is no condition on the percentage of output to be exported but the law is hoped to boost exports by making Egyptian products more competitive on international markets. SEZ-based exporters would qualify for Egyptian certificates of origin usable under international trade agreements.

- Four zones will be designated as SEZ in Toshka, the Gulf of Suez, East Port Said and Damietta.

After the entry of the law into force, an economic zone has already been established by Presidential Decree No. 35 of 2003 in North West the Suez Gulf and a One Stop Shop service for providing assistance for investors including setting up of new investment projects and granting them licenses has been set up (General Authority for the special economic zone North West Gulf of Suez). The investors services centre addresses easing procedures for luring new foreign direct investments (FDI) and international high-tech.

Main differences and equalities among Egyptian business regimes⁴

	Companies Law No. 3/1998	Investment Law No. 8/1997	Investment Law No. 8/1997	Investment Law No. 83/2002
	Traditional Regime	Favourable Non Free Zone Regime	Free Zone Regime	Special Economic Zone Regime
Income tax	- Standard rate is 40% - 32% of profits arising from exports and for industrial companies	-Tax holiday ranging from 5 to 20 years depending on location and sector -After tax holiday see traditional regime	-Storage project: 1% of total value of incoming goods -Industrial project: 1% of value added of outgoing goods -Service project: 1% of profits	-10% of profits for all projects
Import duties	-Basically ranging from 5 % to 70 % depending on product	-5% of value of incoming fixed capital assets -No duties on other imports	-No duties	-No duties
Export duties & Sales tax	-10% of value of all sales transactions	-No duties when exported outside Egypt -No duties on domestic components when sold in Egypt -10% of value of non-domestic components when sold in Egypt	-No duties when exported outside Egypt -No duties on domestic components when sold in Egypt -10% of value of non-domestic components when sold in Egypt	-No duties when exported outside Egypt -No duties on domestic components when sold in Egypt -10% of value of non-domestic components when sold in Egypt
Payroll Tax	-Ranging from 20% to 32% depending on salary level	- See traditional regime	- See traditional regime	- 5% for all salary level
Export Minimum	-No export minimum	-No export minimum	-Ranging from 50% to 80% depending on zone board's decision and GAFI's approval	-Depending on zone board's decision

⁴ *ibidem*

4 - GAFI's role as a One Stop Shop investment authority

The General Authority For Investment and Free Zones (GAFI) represents the only authority responsible for incentives and guarantees for all investments, foreign included, established under Investment law no. 8/97⁵. It constitutes the most tangible step taken by the Egyptian Government to streamline investment procedures.

Thanks to the amendments to Investment Law 8 of 1997, introduced by Law no. 14/04, GAFI is now the sole body to which investors will have to turn in order to have their proposed projects approved.

Services provided by GAFI range from company registration to site location to partner identification to contracts and licenses acquisition. GAFI's services are provided at no cost to the investor.

GAFI assists investors in a variety of ways and acts on behalf of investors with related governmental agencies and provides the following:

- All licenses required for the establishment and operation of a project are procured by GAFI on behalf of the investors e.g notarization of related deeds, issuance of residence permit and work permits.
- GAFI assists investors in site selection and land acquisition - whether for agricultural, industrial or touristic activities.
- GAFI certifies the production start dates and helps the investor to take full advantage of the tax holiday granted according to location.

In this regard a One Stop Shop has been established in GAFI's headquarter to carry out aforementioned services.

GAFI, according to the new law no.14/04, will also be entrusted with issuing licenses on certain tax and custom exemptions granted to investors and preparing essential investment maps and statistics⁶.

The table below illustrates the proliferation of registered companies according to economic sector, and demonstrates that industrial activities attract most investment in-land than in free zones. At the end of June 2003, the total cumulative number of companies registered at GAFI amounted to 13,788, of which 13,041 registered in-land and 747 in free zones; total issued capital was recorded at LE154 billion, creating 1,152 million job opportunities.

*Total number of Companies registered under GAFI, Investment law 8/97
by economic sector (end June 2003)*

⁵ All the information about GAFI can be found at: www.gafi.gov.eg ;

⁶ It also worth noting that the EU and GAFI approved a project to create an Internet-based Mediterranean Investors Guide. The project, approved by the European Commission and signed by GAFI aims at facilitating access to relevant investment-related information. It will implement a Web site for organizations, which already publish or wish to publish Internet-based investor's guides, while providing financial and technical support.

www.us-egypt.org

billion LE⁷

Sector	No. of Companies	Issued Capital	Employment (thousand)
Industry	8948	51.33	652
Agriculture	960	4.85	85
Construction	364	8.14	73
Tourism	1352	32.73	184
Finance and Services	1,417	27.66	64
Total in-land	13,041	124.7	1,058
Total Free Zones	747	29.3	94
Grand Total	13,788	154	1,152

Total cumulative foreign direct investments of companies registered with the General Authority for Investment (GAFI) amounted to LE38.4 billion at the end of June 2003. Of this sum, 78% (LE29.8 billion) was directed to in-land investments, with the remaining 22% (LE8.6 billion) directed to off-shore/free zone investments. Foreign investment constituted 53% of the total amount, with Arab investment accounting for the remainder.

Industrial activities rank highest in attracting foreign investment, with a share of 32%, followed by free zones, finance and tourism, which account for 22%, 19%, and 15% respectively, as per companies registered with the GAFI.

Foreign direct investment distributed by sector⁸

Industry	32%
Free Zones	22%
Financial	19%
Tourism	15%
Construction	6%
Agriculture	3%
Services	3%

5 - Structure and Role of the Ministry of Foreign Trade (MOFT) for the M/SME Sector

Small and Medium and Micro Enterprises (M/SME) are the second critical component of the Government of Egypt's (GOE) economic reform and trade liberalization programs.

M/SME constitute the bulk of private sector activity and approximately 99% of the non-agricultural private sector, three quarters of the total labour force in

⁷ *Investing in Egypt 2004*, report by MOFT, www.economy.gov.eg ;

⁸ *ibidem*

the private sector. About 71% of the total M/SME are micro-enterprises, the rest being divided between small (19%) and medium (10%)⁹.

Distribution of SME in private non-agricultural economic activities¹⁰:

Wholesale & Retail Trade, & Vehicle Maintenance	60.60%
Manufacture	16.80%
Community, Social & Personal Services	7%
Hotels and restaurants	5.10%
Real Estate, Renting & Business Services	3.20%
Health and social work	3.1%
Others	3.98%

Source Campas 1996 Establishment census

Given the growing need for employment creation that can absorb the high unemployment rates, in addition to the various challenges posed by global economic development, M/SME development became a focus for attention of the Government of Egypt (GOE), donor agencies, and non-governmental organizations (NGOs).

However, despite the importance of M/SME development, no coherent policy for M/SME development was developed until 1997, as a consequence of this M/SME contributions to employment creation, productivity improvement, and income generation are still underutilized in Egypt .

Many bottlenecks and regulatory hurdles hamper their advancement¹¹.

Among these hurdles are:

- the diversity of institutions concerned with M/SME development;
- lack of a national and consolidated policy for these enterprises under one institution;
- complex loan collateral and tiresome governmental procedures;
- inadequacy of entrepreneurial skills and qualifications;
- absence of flexible laws and regulations to encourage a free enterprise;
- defaulting cases, which are largely attributable to insufficient managerial and marketing capabilities.

⁹ *Increasing Competitiveness For Sme Exports In Egypt: General Framework and Action Plan*, Ministry of Foreign Trade, 2004, www.sme.gov.eg ;

¹⁰ *Investing in Egypt 2004*, report by MOFT, www.economy.gov.eg

¹¹ *Enhancing Sme Competitiveness In The 21st Century : A Proposed General Policy Framework for SME Development In Egypt* , Tamer El-Meehy, 2003, www.sme.gov.eg ;

The M/SME sector suffers also from inadequate resources, M/SME support efforts reaches no more than 5% of the total number of M/SME, direct subsidy programs cannot satisfy the sector's needs¹².

With the general aim of incorporating M/SME development efforts in the functioning of the Egyptian economy and its regulating policies and institutions. the Ministry of Foreign Trade (MOFT) in 1997 began to tackle the constraints facing M/SME.

In doing so, the MOFT began work in two different directions:

- developing a policy framework for M/SME development;
- institutionalizing a coordinating mechanism that will ensure the development of the necessary policies and their smooth implementation;

In fulfilling its mandate the MOFT has:

- established the "M/SME Development Unit";
- established the "General Department for M/SME affairs" in March 1998 which then became the "Central Department for Commodity Councils and M/SME"
- issued a "Draft National Policy Framework for M/SME Development".

6 - SMEPOL project

With the aim of improving the operating environment in the M/SME sector and strengthening the Ministry's capability to manage the policy formulation process, the MOFT approached the Canadian government for support to initiate a process of institutional and capacity building.

The Government of Canada and the Government of Egypt agreed on the establishment of a project named "Small, Medium and Micro Enterprises Policy Development" (SMEPOL)¹³. The project partners designated by the Government of Canada are:

- The Canadian International Development Agency (CIDA)
- The International Development Research Center (IDRC),

The projects partners designated by the Government of Egypt:

- The Ministry of International Cooperation (MIC) as the Egyptian agency responsible for the implementation of the Memorandum of Understanding.
- The Ministry of Foreign Trade (MOFT), designated to assume responsibility related to project implementation.

The duration of the project was four years from July 2000 to July 2004.

The general aim of the project was to improve policy environment, reducing financial and non-financial constraints and increase opportunities for M/SME

¹² *ibidem*

¹³ See: www.sme.gov.eg

development. According to the MOFT the outcomes of the project have been particularly significant.

The MOFT has provided strategic vision for overall M/SME policy, and has developed specific policies, legislation and regulations that facilitate M/SME development:

- Overall M/SME policy framework strengthened.
- M/SME policy development process at MOFT regularized.
- Policy development carried out on priority issues.

The human and institutional capabilities of the MOFT to develop M/SME policies, legislation and regulations have been strengthened:

- MOFT staff have acquired the knowledge, skills and attitudes (KSAs) necessary for policy development through training, mentoring, and participation in other project activities.
- MOFT has developed a base of in-house capability to transfer KSAs on M/SME issues on an ongoing basis.
- Manuals of Standard Operating Procedures (SOPs) developed and updated regularly.

The knowledge and information base available to the MOFT on M/SME development issues has been improved:

- Completed research and analysis on priority policy issues.
- Capacity of decision-support system at MOFT strengthened to address M/SME policy issues.

Collaborative relationships between MOFT and other stakeholders have been enhanced to support M/SME policy development and implementation:

- Regular channels of consultation with stakeholder groups at local and national levels established.
- Results of research and other information on MOFT M/SME activities shared with stakeholder groups and the public.
- Collaboration with international groups in the M/SME field enhanced.
- Increased public awareness and support for M/SME development policies.

It is worth noting, as a positive conclusion of this collaboration, that on May 29 2004 the Parliament approved in principle a new government-drafted bill aimed at boosting the contribution of medium small and micro enterprises to annual economic growth rates, and paving the way for M/SME to soak up a larger share of new arrivals on the job market (see paragraph 9).

7 - Financial and Regulatory constraints for M/SME development

As stressed above M/SME in Egypt currently face a lot of obstacles which include inability to obtain credit from financial institutions, increased governmental red-tape as well as marketing problems.

a) Financial Constraints

M/SME have limited access to the capital and financial services needed to meet their working and fixed capital needs which constitute a major constraint to their development.

Due to these constraints they face in obtaining financing through formal lending institutions and organizations the majority of M/SME rely on informal financing mechanisms to support independent entrepreneurship.

The need to develop and expand formal financing options for these entrepreneurs is critical to the ongoing growth of the M/SME sector¹⁴.

In Egypt M/SME can have access to capital and financial services through:

- The two main national initiatives
 - Social fund for Development (EDP program)
 - Credit Guarantee Company
- The Formal Lending Institutions and Banks
 - National Bank for Development, the most relevant
- The NGO & Donor Organizations
 - Alexandria Business Association (ABA), the most relevant

The Enterprise development program of the SFD is the largest single loan support for M/SME its aim is to support new and existing small enterprises using an integrated package of credit and business support service.

The Credit Guarantee Company (C.G.C.) is an Egyptian private joint stock company. It was established to guarantee a percentage of loans and credit facilities offered by banks to Small Scale Enterprises which lack sufficient collateral for establishing new venture.

The ABA is an NGO, the NBD is a registered bank; both cater almost exclusively to urban borrowers.

b) Regulatory constrains

The second important aspect of M/SME support services is streamlining the requirements for their entry into the market and reducing their costs of registration, licenses and permits.¹⁵

¹⁴ Small Medium and Micro Enterprises Policy Development, Project (SMEPoL), *A Background paper relative to increased accessibility of finance for M/SME: Credit Scoring and Credit Bureaus*, George E. Penfold, David Pinel, 2001, www.sme.gov.eg ;

¹⁵ *Streamlining the Regulatory procedures for Small and Medium Enterprises " The One Stop Shop Model"*, Repot by MOFT, 2002, www.sme.gov.eg ;

M/SME face significant and numerous problems with regards to establishment and licensing, operation, taxes, registration, export and import permits, and compliance with the different directives of various governmental entities.

The complexity of the regulatory system is further exacerbated by several other problems. These include the overlapping jurisdictions across government institutions and overlapping central and local government codes, the lack of coordination among government entities, the inconvenient location of some of these entities and the low quality of the information available to the officials. In order to get the required licenses and approvals, the small entrepreneur has to prove his/ her compliance with at least 18 laws, and has to acquire as many as 32 approvals before being granted the licence to operate. In addition, licensing and registration are regulated by more than 100 presidential, prime ministerial or ministerial decrees. It should be noted that this regulatory setup is managed by some twenty- four government entities.

M/SME operations also suffer from regulatory constraints. Local level regulations (especially on health, safety, and workplace conditions) prescribe in great detail procedures, operational standards, and administrative setups (committees, staffing, periodicity of meetings, etc.) that businesses must adhere to. Changes in production techniques or the introduction of new products require a reapproval of the establishment and operations license.

The resultant interruptions of the production process and waste of management time constitute a significant burden the firm has to bear. Moreover, given the lengthy and cumbersome procedures of obtaining export and import permits, M/SME face difficulties in gaining access to adequate inputs and export markets. As M/SME try to expand they can be faced with regulatory requirements that, since they manage to avoid while remaining small (and, in most cases, informal), provide an incentive against growth.

Conclusions

The strong commitment of the Egyptian Government to promote a favourable climate for investments has indeed produced some positive outcomes.

The business environment, i.e. the result of the measures taken under the ERSAP and the set of laws concerning the attraction of investments issued in these latest years, has fostered the creation of several companies, as is shown in paragraph 5. Thus, even if some of the initiatives undertaken by the Government in this regard are still far from being carried out completely, (such as the SEZ), it appears clear that Egypt's efforts in this field are consistent and also well diversified (direct and indirect incentives).

On the other hand there is an urgent need to improve the operating environment in the M/SME sector. Concrete steps have to be taken in order to tackle the several financial and regulatory constraints that hamper the M/SME development.

A new law governing the M/SME sector is currently being discussed in parliament to overcome the obstacles M/SME face now days.

This draft law stipulates that temporary M/SME licences are to be granted within 30 days of application. The bill defines small and micro enterprises, and also states that a unit will be established in each of Egypt's 26 governorates to deal with licensing M/SME. Under the new bill, however, a provisional licence will be granted as soon as an application has been submitted. The M/SME authority will then obtain the required approvals which will be supplied with the final licence. The law also designates the Social Fund for Development (SFD) as the main coordinator between ministries and local administration units taking charge of sponsoring M/SME. According to the bill, a fund will be set up in each of Egypt's governorates to assist M/SME with credit and finance. The proceeds of these funds will flow from various agencies ranging from the SFD, local finance institutions, non-governmental institutions, local administration donations, foreign grants, to state budgetary allocations. The SFD is also required by the bill to establish a general risk insurance fund to cover the risks of finance provided to M/SME. Finally, the bill entrusts the SFD with providing M/SME with an integrated network of services such as preparing feasibility studies and providing information on marketing facilities, project cost risks¹⁶.

It is hoped that this new law will boost the role of M/SME in national development plans.

¹⁶ "Sweet reform for SMEs", Gamal Essam El-Din, 6-12 May 2004, weekly.ahram.org.eg; *Investing in Egypt 2004*, report by MOFT, www.economy.gov.eg ;

REFERENCES:

El-Meehy Tamer, *Enhancing Sme Competitiveness In The 21st Century : A Proposed General Policy Framework for SME Development In Egypt*, 2003, www.sme.gov.eg

Gamal Essam El-Din, "Sweet reform for SMEs", Al-Ahram Weekly on-line, 6-12 May 2004, weekly.ahram.org.eg

Ministry of Foreign Trade of Arab Republic of Egypt report, *Increasing Competitiveness For Sme Exports In Egypt: General Framework and Action Plan*, , 2004, www.sme.gov.eg

Ministry of Foreign Trade of Arab Republic of Egypt report, *Investing in Egypt 2004*, www.economy.gov.eg

Ministry of Foreign Trade of Arab Republic of Egypt report, *Streamlining the Regulatory procedures for Small and Medium Enterprises " The One Stop Shop Model"*, 2002, www.sme.gov.eg

Pinel David and E. Penfold George, *Small Medium and Micro Enterprises Policy Development, Project (SMEPoL), A Background paper relative to increased accessibility of finance for M/SME: Credit Scoring and Credit Bureaus*, 2001, www.sme.gov.eg

Van der Zande Jhon, *Free Zones & Special Economic Zones in Egypt*, 2003, www.hollandemb.org.eg