





## EXECUTIVE SUMMARY

### AUTOMOTIVES AS YOUR INVESTMENT OPPORTUNITY

- Global electric vehicle stock is forecasted to reach 270MN units by the year 2030, up from 18MN in 2021
- Egypt's National Strategy for Developing The Automotive Industry (AIDP) has shown strong commitment to the industry and has already engaged several local and global partners, with special focus on EV manufacturing
- EVs assembled in Egypt can supply rising global demand and will benefit from the support of the Egypt-EU Association Agreement among other trade agreements
- Light vehicle assembly to cater for local demand is a secondary investment opportunity in Egypt

### EGYPT AS YOUR LONG-TERM BUSINESS PARTNER

- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% (2022-2025)
- EGP2.3TN invested into infrastructural developments over the past 7 years
- A trade and investment hub that is supported by the country's large domestic market, strategic geographic location, and large and educated talent pool
- The country boasts some of the most competitive labor & electricity prices amongst its peers, alongside various free trade agreements that facilitate profitable production & exports

### SCZONE AS YOUR UNIQUE INVESTMENT DESTINATION

- Well-connected to the modern road network of Egypt and enjoys direct connection to the new Suez-canal tunnels
- Boasts direct financial incentives such as a 0% customs tax, a 0% VAT tax, and an export support program among other indirect incentives
- Enjoys special customs regime and trade regulations on top of being a one-stop shop for registrations, permits, licenses, and bureaucratic processes in general



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ONE DESTINATION



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## 001

CHAPTER ONE

WHY INVEST IN  
AUTOMOTIVE  
MANUFACTURING



Powered by the Egyptian  
Automotive Industry  
Development Program  
(AIDP), car assembling and  
manufacturing offer vast  
opportunities in Egypt



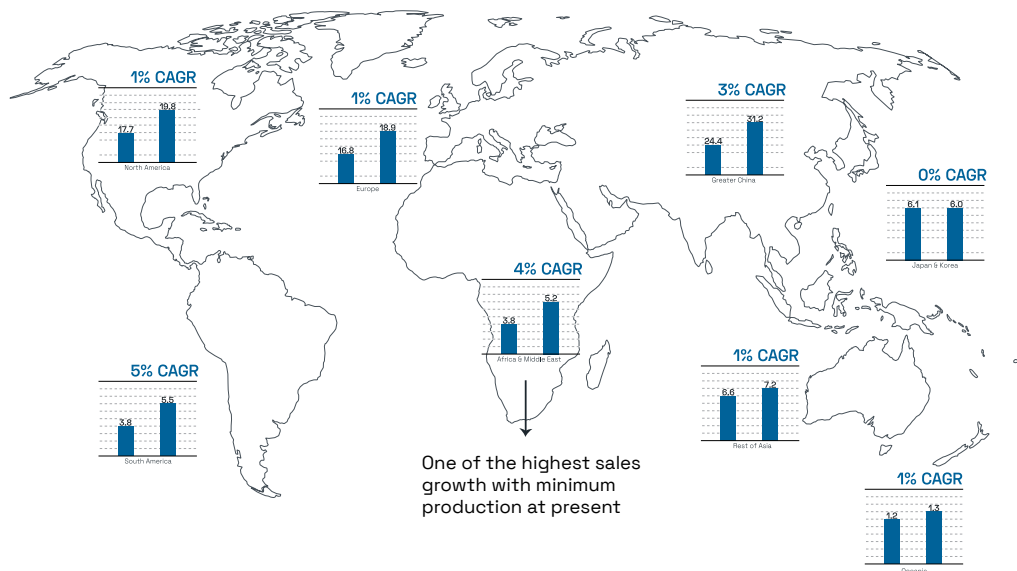
SC°Z■NE'

■ UNIQUE LOCATION

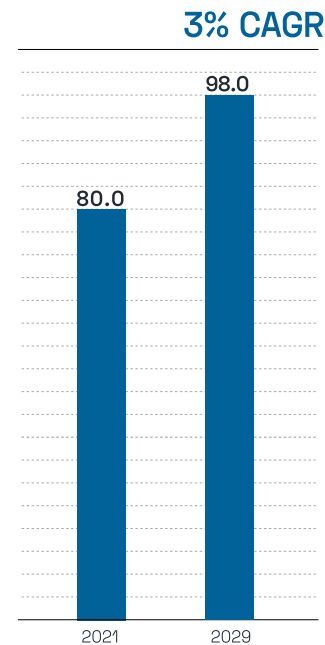
■ HIGHEST QUALITY STANDARDS

■ RESILIENT ECONOMIC GROWTH

## THE GLOBAL AUTOMOTIVE & COMPONENT MARKET IS GROWING AT 3%, WITH MEA EXPERIENCING HIGH GROWTH RATES

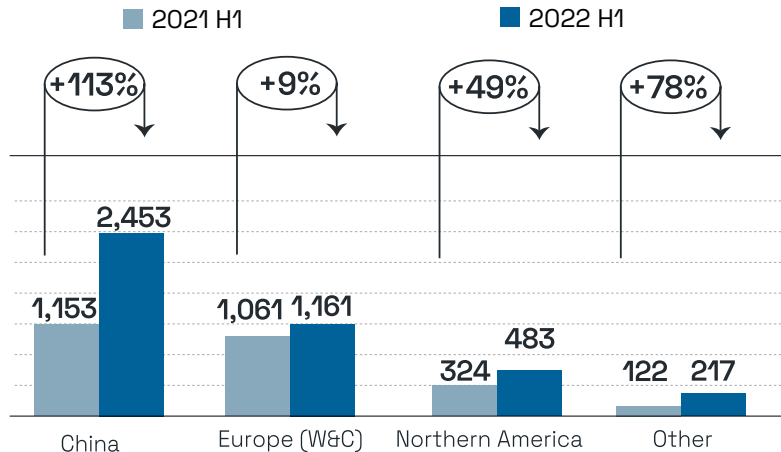


### GLOBAL LIGHT VEHICLE MARKET (MN UNITS)

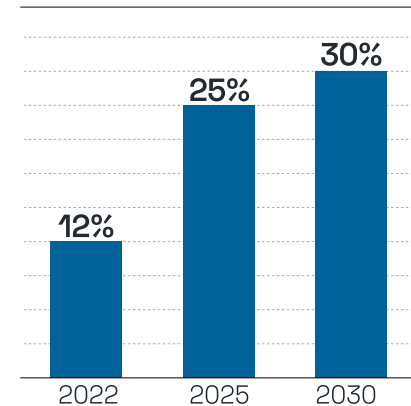


## THE GLOBAL MARKET IS SHIFTING TOWARDS ELECTRIC VEHICLES

### BEV & PHEV SALES IN TOP MARKETS (THOUSAND)



### GLOBAL EV SALES (% OF TOTAL CAR SALES)



- Consumer interest in electric vehicles (EVs) is driven by lower fuel costs, environmental consciousness, a better driving experience, and strong support from government policy
- The number of electric vehicles sold globally has grown from 55,000 vehicles in 2011 to **7MN** vehicles in 2021
- **4.3MN** new BEVs and Plug-in Hybrid Electric Vehicles (PHEVs) were sold in H1 2022 with a y-o-y **increase of 62%**

The government of Egypt  
launched The National Strategy  
for Localizing the Automotive  
Industry in June 2022

Egypt is on track to become  
the main gateway for vehicle  
manufacturing and assembly in  
Africa and emerging markets



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■ UNIQUE LOCATION

■ HIGHEST QUALITY STANDARDS

■ RESILIENT ECONOMIC GROWTH

# EGYPT'S NATIONAL STRATEGY FOR DEVELOPING THE AUTOMOTIVE INDUSTRY (AIDP) EMPHASIZES ELECTRIC VEHICLES MANUFACTURING AND SEEKS TO LOCALIZE CAR PRODUCTION

[1/2]

## ANNOUNCED PARTNERSHIPS FOR EV MANUFACTURING:



Local production of e-bus fleet started in 2020 as part of an agreement between China's Foton Motor and Egypt's Ministry of Military Production



Chinese company Geely signed an MoU with the National Organization for Military Production for local production of electric LVs



Al Mansour Automotive and General Motors signed an MoU concerning electric LV production



Stellantis, owner of Peugeot, Citroen, and Chrysler announced plans to build a factory for electric cars production



Egypt's first electric car distributor set up by state-owned firms El Nasr Automotive and the National Automotive Company (NATCO)



The Arab Organization for Industrialization launched an electric smart bus manufacturing system in cooperation with China's Wanxiang Group



## EGYPT'S NATIONAL STRATEGY FOR DEVELOPING THE AUTOMOTIVE INDUSTRY (AIDP) EMPHASIZES ELECTRIC VEHICLES MANUFACTURING AND SEEKS TO LOCALIZE CAR PRODUCTION [2/2]

### EGYPT'S AIDP REFLECTS SERIOUS COMMITMENTS TO ESTABLISH LOCAL AUTOMOTIVE MANUFACTURING













- The government signed a four-way MoU to establish a joint car manufacturing complex in East Port Said, with a capacity to manufacture **75,000 vehicles annually** as a first stage
- SCZONE aims to create an **assemblage of feeding industries as part of AIDP**
- Multinational automotive companies have expressed their interest in joining the complex with an increase in capacity of up to 100,000 within five years

The Supreme Council for Automotive Industry has established a fund to finance the environmentally friendly car industry

The International Energy Agency, in which Egypt is one of its association countries, has acknowledged Egypt as one of the handful new EV market entrants in 2021, highlighting its bright prospects in being a key player in global EV trade

## EGYPT'S GLOBAL-LOCAL PARTNERSHIPS HAVE PROVEN SUCCESSFUL AND PRESENT MORE ROOM FOR GROWTH

[1/2]

Manufacturer	Capacity	OEMs	Plant type
El Mansour	 120,000		CKD CKD
Ghabbour Auto	 75,600		CBU/CKD CBU/CKD CBU/CKD CKD
Egyptian German Automotive	 45,000		CBU/CKD CKD
Seoudi - Renault/Nissan	 36,000		CBU/CKD
Arab American Vehicles	 17,500		CKD CKD
Bavarian Auto Group	 15,000		CBU/CKD CKD

## EGYPT'S GLOBAL-LOCAL PARTNERSHIPS HAVE PROVEN SUCCESSFUL AND PRESENT MORE ROOM FOR GROWTH

[2/2]

Manufacturer	Capacity	OEMs	Plant type
Geyushi	11,000	FAW	CKD
Seoudi-Suzuki	9,600	SUZUKI	CBU CKD
Al Amal	5,000	BYD LADA	CBU/CKD CBU CKD

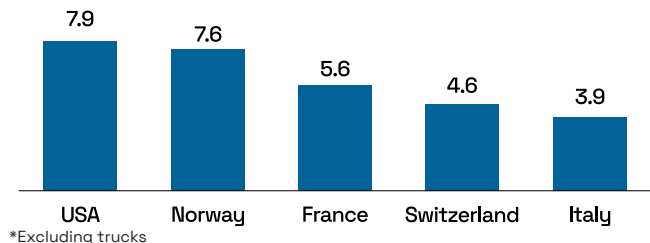
**SCZONE's consortium with its MoU partners will strengthen public-private partnerships and engage its growing global partner base**

**The SCZONE recently formed an agreement as part of a Japanese- French alliance to implement a rollover vehicle station (RORO) to facilitate the on-loading and off-loading of manufactured vehicles**

## ELECTRIC VEHICLES ASSEMBLED IN EGYPT HAVE THE POTENTIAL TO SUPPLY GLOBAL DEMAND

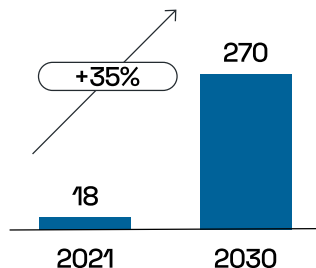
### TOP GLOBAL NET IMPORTERS OF EVs\* 2021 (\$BN)

TOTAL IMPORTS: \$174BN



### GLOBAL EV STOCK 2021-2030 (MN)

Global EV stock may surpass 270MN to reach 350MN if the 2050 Net Zero Emissions goal is implemented



### THE EGYPTIAN AUTOMOTIVE INDUSTRY HAS THE POTENTIAL TO CONTRIBUTE TO GLOBAL EV MANUFACTURING

- Governments around the world have announced pledges and targets that promise rapid increase in the number of EVs
- The global EV stock (excluding two and three-wheelers) will rise significantly from 18MN in 2021 to 270MN vehicles by 2030 and may reach 350MN if the 2050 Net Zero Emissions goal is implemented

## ELECTRIC VEHICLE SALES IN EUROPE HAVE INCREASED BY 65% IN 2021, SIGNALING A HUGE OPPORTUNITY FOR EGYPT

**\$150BN**

Current European EV market size

**17.8% CAGR**

2022 - 2027

- **Egypt's trade agreements with Europe**, such as the **Egypt-EU Association Agreement** and the **Egypt-EFTA Free Trade Agreement**, as well as other regions set the ground for export opportunities of EVs
- Establishing an **EV assembly factory** that exports to the EU as well as to emerging and growing markets, such as the MEA, is an appealing proposition given the sustained growth of global demand

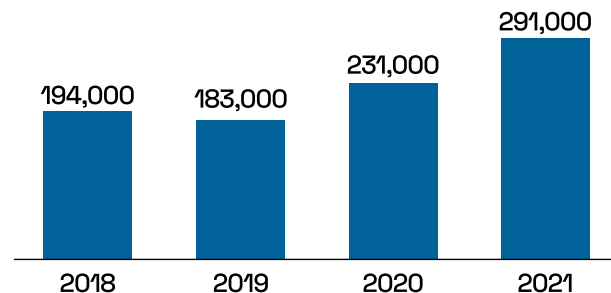


## LIGHT VEHICLE ASSEMBLY TO CATER FOR LOCAL DEMAND IS A SECONDARY INVESTMENT OPTION

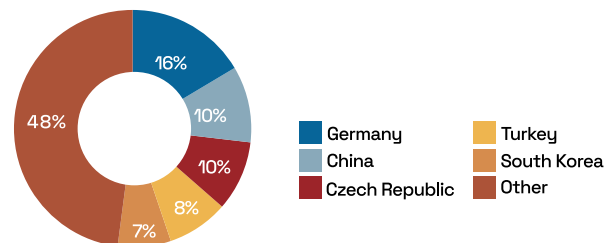
### LOCAL AUTOMOTIVE ASSEMBLY IS A NECESSARY STEP TO MEET LOCAL DEMAND

- While demand for automotives continues to grow, supply chain disruptions and import restrictions have created a market gap
- Egypt surpassed Nigeria to become the **top passenger car importer** in Africa in 2021 when its imports stood at **\$3.4BN**
- The estimated revenue earned by Egyptian automotive retail and wholesale trade and repair was valued at EGP788BN in 2020

### AUTOMOTIVE UNIT SALES IN EGYPT, 2018-2021

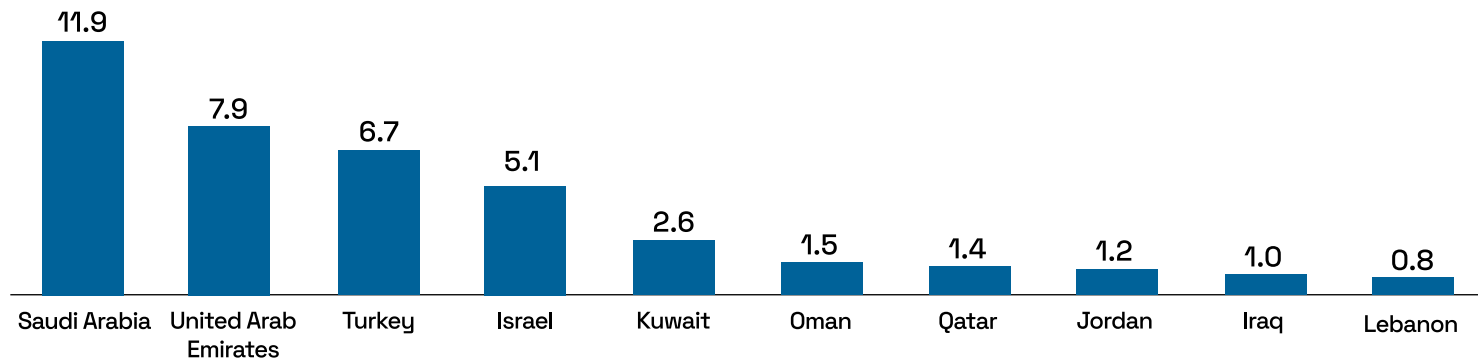


### MAIN IMPORT ORIGINS OF AUTOMOTIVES FOR EGYPT, 2021

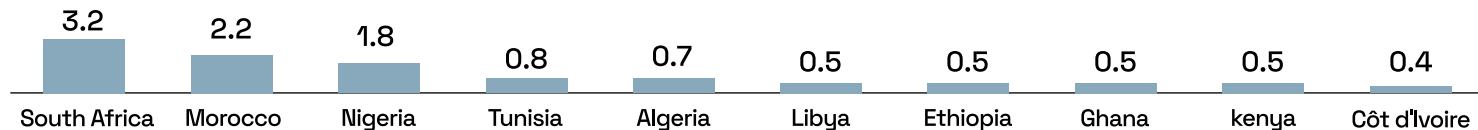


## REGIONAL TRADE PARTNERS ARE POTENTIAL DESTINATIONS FOR EGYPTIAN AUTOMOTIVE EXPORTS

TOP IMPORTERS OF PASSENGER CARS IN MIDDLE EAST\* 2021 (\$BN)



TOP IMPORTERS OF PASSENGER CARS IN MIDDLE EAST\* 2021 (\$BN)



\*Excluding Egypt

## YOUR FACTORY WILL BE LOCATED AT THE HEART OF EAST PORT SAID'S INTEGRATED ZONE

**EAST PORT-SAID (EPS) INDUSTRIAL ZONE IS ON A TOTAL AREA OF 64 KM<sup>2</sup> DESIGNATED TO RECEIVE VARIOUS MANUFACTURING ACTIVITIES AND A WIDE RANGE OF INDUSTRIAL CLUSTERS :**

- Automotive Assembly, Feed industry and Rolling stock
- Textiles & Ready-made Garments
- Home Appliances & Electronics
- Construction & Building Materials
- Engineering Equipment & Machinery
- Electric Power Industry
- ICT / Hardware
- Pharmaceuticals
- Food Processing
- SME Cluster Park Development
- Logistics HUB & Services

### UTILITIES

- Sea Water Desalination Plant (New EPS City) 150,000 M<sup>3</sup>/day
- A Wastewater Treatment Plant (capacity of 100,000 M<sup>3</sup>/day)
- Sewage Lifting Stations / 4 X 500 Ltr/s
- Electricity Substation (125\*2 MVA)
- **Electricity Substation** under construction (175\*2 MVA) +
- **3 Electricity networking Projects**
- Fiber Optics Cables
- Natural Gas is available





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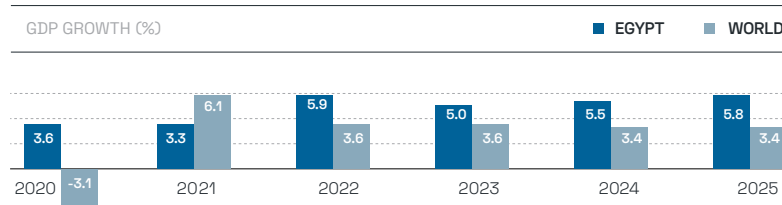
CHAPTER TWO

WHY EGYPT



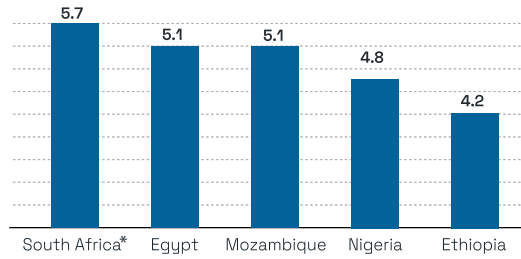
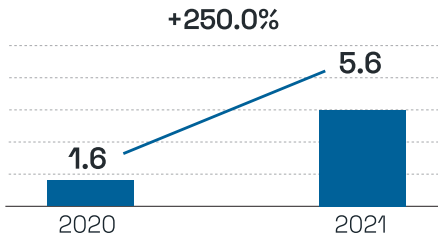
## EGYPT IS ONE OF THE LEADING ECONOMIES AND GROWING INVESTMENT HUBS IN AFRICA AND THE MIDDLE EAST

### GROWTH RATE EXCEEDING GLOBAL AVERAGES



- Strong GDP growth outpacing global markets with an average growth forecast of 5.5% until 2025

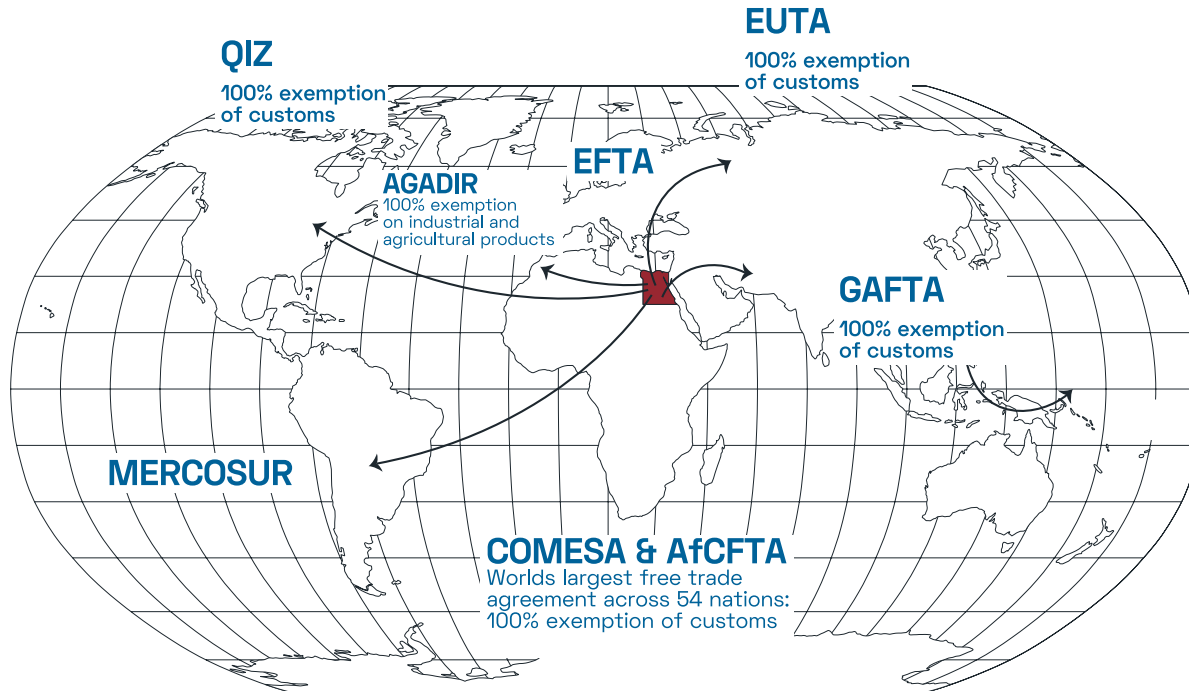
### GREENFIELD INVESTMENTS (\$BN) FOREIGN DIRECT INVESTMENT (\$BN)



\*South Africa FDI excludes Naspers & Prosus \$35 BN deal

- A trade and investment hub that is supported by the country's large domestic market, strategic geographic location, and large and educated talent pool

## WITH 12% OF GLOBAL TRADE PASSING THROUGH THE SUEZ CANAL, EGYPT IS STRATEGICALLY LOCATED AND SUPPORTED BY REGIONAL FREE TRADE AGREEMENTS



EGYPT IS THE  
**2nd**

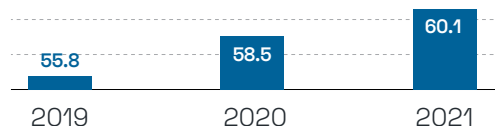
LARGEST  
FDI RECIPIENT  
IN AFRICA

## THE GOVERNMENT'S RECENT ECONOMIC AND STRUCTURAL REFORMS ARE BEARING FRUIT

### LEGISLATIVE AND INSTITUTIONAL REFORMS

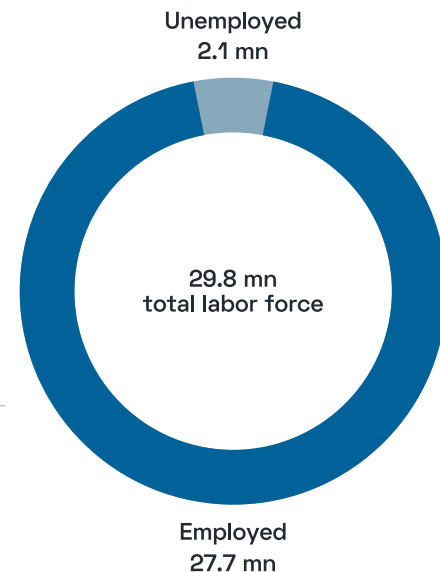
- Facilitating trade by automated customs system "Nafeza" [2021]
- Online system for filing and paying taxes [2020]
- Strengthening minority investors protection [2020]
- One-stop investor shops to obtain necessary approvals and licenses

### EASE OF DOING BUSINESS SCORE



### LABOR MARKET AND TALENT DEVELOPMENT

- Large and skilled labor force of 29.8 million people
- 85.8K graduates from higher technical institutes
- >150,000 teachers registered in TVET system
- >2 million students enroll in the Technical Education & Vocational Training (TVET) program annually



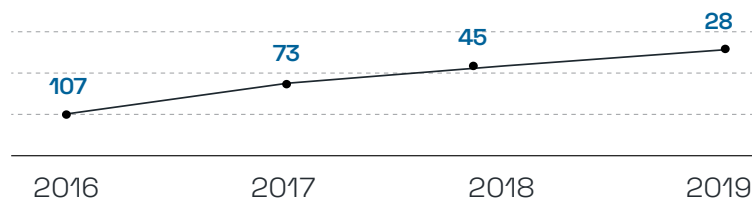
## EGYPT HAS ACHIEVED HISTORICAL AND UNPRECEDENTED ACHIEVEMENTS IN THE FIELD OF INFRASTRUCTURE PROJECTS

### INFRASTRUCTURE AND CONNECTIVITY

- EGP2.3tn invested into infrastructural developments over the past 7 years
- EGP1.1tn designated for road network development between 2014-2024, resulting in the construction of 7000km of newly developed roads and maintenance of 5000km of existing roads
- EGP387bn invested into the energy sector between 2014-2021, which saw Egypt achieving an electricity production surplus of >25% in 2022
- EGP50bn invested in upgrading existing airports, alongside the construction of 5 new airports in key areas across Egypt
- \$12.4bn allocated to the "National Ports Development Plan" launched in 2017 to increase total cargo tonnage handled per year from 120mn tons to 370mn tons by 2030
- 28% of total government investments allocated to the transportation sector in FY 2022/2023, of which EGP176bn are earmarked for the National Authority for Tunnels
- National high speed electric train spanning 1000 km, connecting sea- and land ports to cities and industrial areas, set to have its first phase completed in early 2023 at an investment cost of about \$8.7bn



### QUALITY OF ROADS INFRASTRUCTURE, RANK



Latest publication of GCI is of 2019

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CHAPTER THREE

## WHY SCZONE



## THE SCZONE PROVIDES AN INVESTOR-FRIENDLY BUSINESS ENVIRONMENT THAT IS A CORNERSTONE FOR EGYPT'S NATIONAL DEVELOPMENT PLANS

455

MILLION SQM2  
TOTAL LAND AREA

6

SEA PORTS

4

INDUSTRIAL ZONES

3

MAIN OPERATORS IN  
THE PORT

14

INDUSTRIAL  
DEVELOPERS

&gt;95

OPERATIONAL  
COMPANIES IN THE  
PORTS

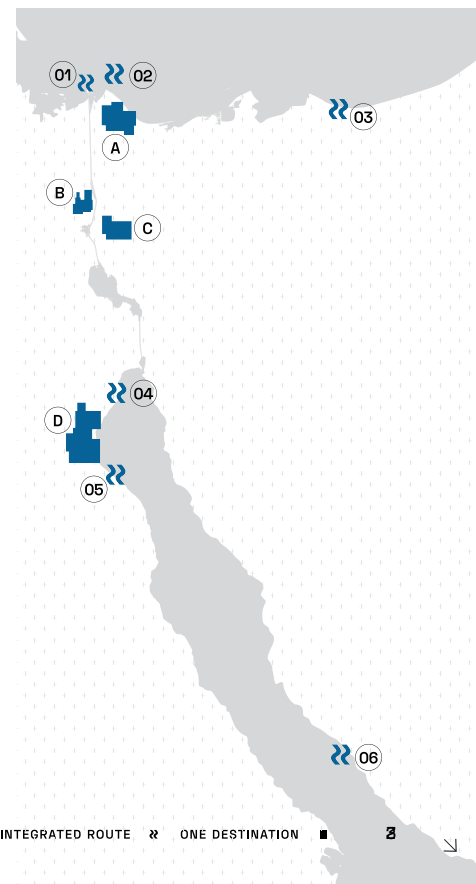
&gt;300

OPERATIONAL  
ESTABLISHMENTS

100K+

DIRECT JOBS  
CREATED

- |   |   |
|---|---|
| 31°14'33" E 32°18'19" N<br>← بورسعيد<br>ميناء غرب ← WEST<br>PORTSAID PORT     | 31°05'56" E 32°22'15" N<br>← بورسعيد شرق → EAST<br>PORTSAID INDUSTRIAL ZONE<br>المنطقة الصناعية |
| 31°12'28" E 32°21'25" N<br>← بورسعيد شرق → EAST<br>PORTSAID PORT<br>ميناء شرق | 30°45'40" E 32°16'56" N<br>← قنطرة غرب → WEST<br>QANTARA INDUSTRIAL ZONE<br>المنطقة الصناعية    |
| 31°03'02" E 32°49'46" N<br>← الميناء العربيش → EAST<br>ALARISH PORT           | 30°57'14" E 32°21'35" N<br>← بورسعيد شرق → EAST<br>ISMAILIA INDUSTRIAL ZONE<br>المنطقة الصناعية |
| 29°53'23" E 32°27'40" N<br>← الأديبة ميناء → ADABYIA<br>PORT                  | 29°59'12" E 32°18'37" N<br>← السخنة المنطقة الصناعية → SOKHNA<br>INDUSTRIAL ZONE                |
| 29°39'15" E 32°21'13" N<br>← السخنة ميناء → SOKHNA<br>PORT                    | 29°42'47" E 32°18'18" N<br>← الطور ميناء → ALTOR<br>PORT  |



## SCZONE IS A PROMISING INVESTMENT ZONE LOCATED AROUND THE GLOBAL TRADE ROUTE [SUEZ CANAL] WITH

### REGIONAL CONTEXT

1.3<sup>BN</sup>

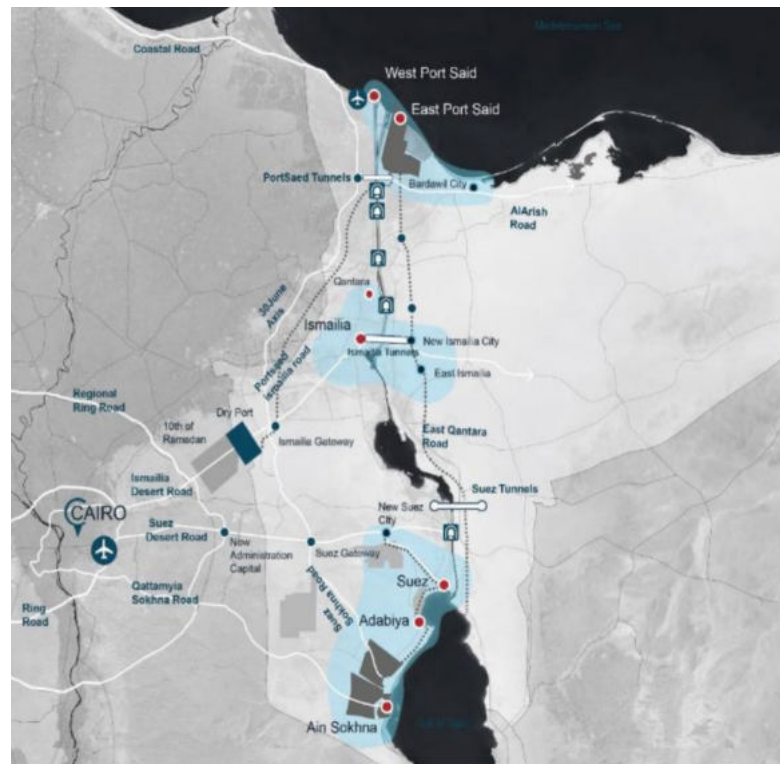
GROSS CARGO  
TRAFFIC/YEAR

12%

INTERNATIONAL  
TRADE/YEAR

>20K

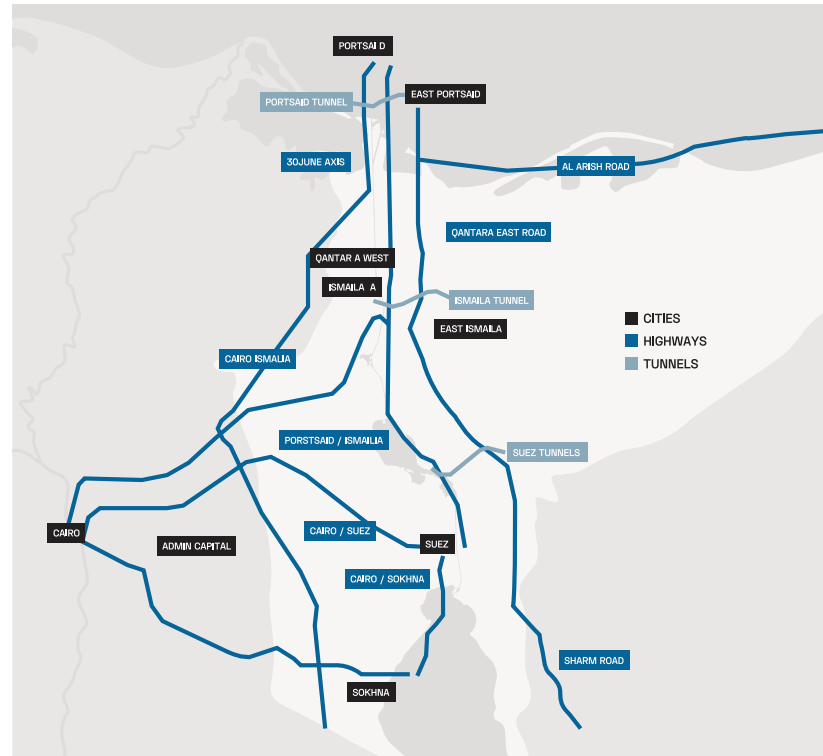
SHIPS/YEAR





## THE SCZONE IS WELL CONNECTED TO EGYPT'S MODERN ROADS, RAIL AND AIRPORT NETWORK

SCZONE is well connected to the modern roads network of Egypt and enjoys direct connection to the new Suez Canal tunnels, facilitating transportation between its two banks



## THE SCZONE'S SERVICES FACILITATE KEY PROCEDURES FOR INVESTORS



### SPECIAL CUSTOMS REGIME AND TRADE REGULATIONS

- Create an integrated industrial community
- Establish a logistic platform to serve international trade
- Reduce costs and time of shipments release
- Simplify and ease import/export regulations

### ONE-STOP SHOP

Providing convenient integrated services under one ceiling

- New Establishments & Companies registrations
- Issuing all Licenses (construction & operation... etc)
- Extracting the work permits
- Issuing residency permits for the foreign investors

## ATTRACTIVE INCENTIVES AND BENEFITS FOR GLOBAL INVESTORS BUILD A CONDUCTIVE BUSINESS ENVIRONMENT IN THE SCZONE [1/2]

### DIRECT FINANCIAL INCENTIVES

#### 0% CUSTOM TAX



- 0% customs on all projects' components imported from abroad under the condition of exporting the final products

Custom tax applied on imported components only

- when exporting to the local market

#### 0% VALUE ADD TAX



- 0% VAT applied on all local and foreign imports required for manufacturing, production and operation
- 14% VAT is only applied when exporting final products from SCZONE to the domestic market

#### CORPORATE TAX REFUND ( INCENTIVES FOR 7 YEARS )



- Discount on Tax (net profit) equivalent to 50% of the project investment costs such that the incentive does not exceed 80% of the paid-in capital

#### EXPORT SUPPORT PROGRAM



- Industrial manufacturers for export purposes at SCZONE will benefit from the program
- Enhancing the price competitiveness at foreign markets

## ATTRACTIVE INCENTIVES AND BENEFITS FOR GLOBAL INVESTORS BUILD A CONDUCIVE BUSINESS ENVIRONMENT IN THE SCZONE [2/2]

### INDIRECT INCENTIVES

#### “THE LEGAL FRAMEWORK”



- SCZONE established and empowered by the special economic zones Law No. 83/2002 which gave a legal framework that reinforces; Flexible, Autonomous and Decision in a single place

#### “ONE-STOP-SHOP SERVICES”



- New Establishments & Companies registrations
- Issuing all Licenses (construction & operation.. etc)
- Extracting work permits
- Issuing residency permits for foreign investors

#### EXPORT & IMPORT REGULATION



- Special rules governing imports and exports from the SCZONE
- Reduced cost & time of regulatory examination of shipments
- Treating end industrial products as local products

#### NEW CUSTOMS GUIDE 2020 & DIGITAL TRANSFORMATION



- Creating an integrated industrial community
- Establishing a logistic platform to serve international trade
- Reducing release time of shipments

#### 5-YEAR RESIDENCY PERMIT FOR THE FOREIGN INVESTORS



- Foreign investors have the right to obtain residency for a period of 5 continuous years, renewable for similar periods throughout the duration of the project

## CONTACT US TO LEARN MORE ABOUT INVESTMENT OPPORTUNITIES

WE WILL SUPPORT YOU EVERY STEP IN THE WAY, FROM CONCEPTUALIZATION TO IMPLEMENTATION

001

**CONSIDER**

002

**EXPLORE**

003

**PLAN**

**CONTACT US**  
**INVEST@SCZONE.EG**

المنطقة الاقتصادية  
القناة السويسية

سُوءِ سَاوَالِ عَوْنِو مِوِو زَوْنِو

AUTOMOTIVE

2022

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SUZ "49'42°29N "17'18°32E |

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