

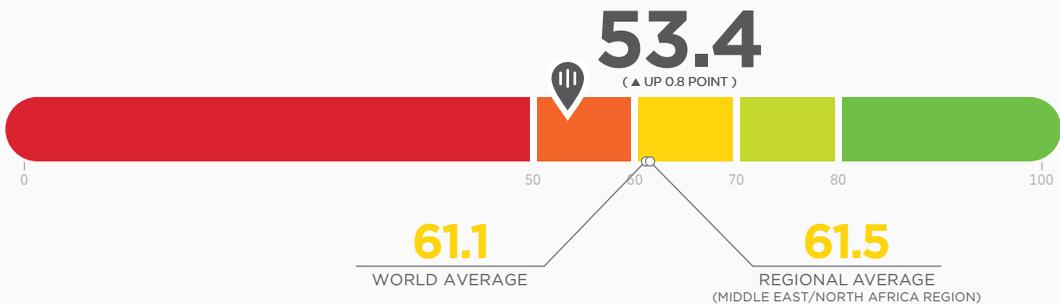
EGYPT

Egypt's economic freedom score is 53.4, making its economy the 139th freest in the 2018 *Index*. Its overall score has increased by 0.8 point, with increases in **financial freedom**, **investment freedom**, and **business freedom** outweighing lower scores for **judicial effectiveness** and **property rights**. Egypt is ranked 11th among 14 countries in the Middle East and North Africa region, and its overall score is below the regional and world averages.

The government is trying to restore financial stability and improve the business environment after years of political turmoil by consolidating public finances through fiscal reforms and allowing market forces to determine the exchange rate. Reform of fuel and electricity subsidies has been a notable achievement. The next phase is likely to include a new investment law and revised bankruptcy law. Nevertheless, weak institutional capacity and stiff opposition from interest groups has stymied some necessary economic reforms.



ECONOMIC FREEDOM SCORE



NOTABLE SUCCESSES:
Tax Policy and Trade Freedom

CONCERNS:
Rule of Law, Fiscal Health, and Financial Freedom

OVERALL SCORE CHANGE SINCE 2014:
+0.5

FREEDOM TREND



QUICK FACTS

POPULATION:
90.2 million

GDP (PPP):
\$1.1 trillion
4.3% growth in 2016
5-year compound annual growth 3.4%
\$12,554 per capita

UNEMPLOYMENT:
12.0%

INFLATION (CPI):
10.2%

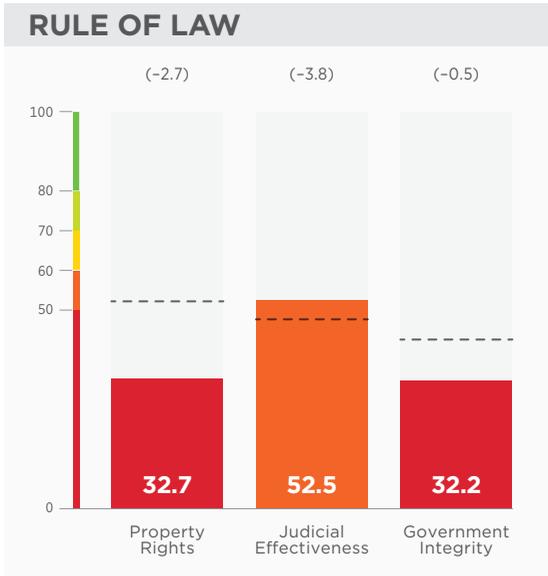
FDI INFLOW:
\$8.1 billion

PUBLIC DEBT:
97.1% of GDP

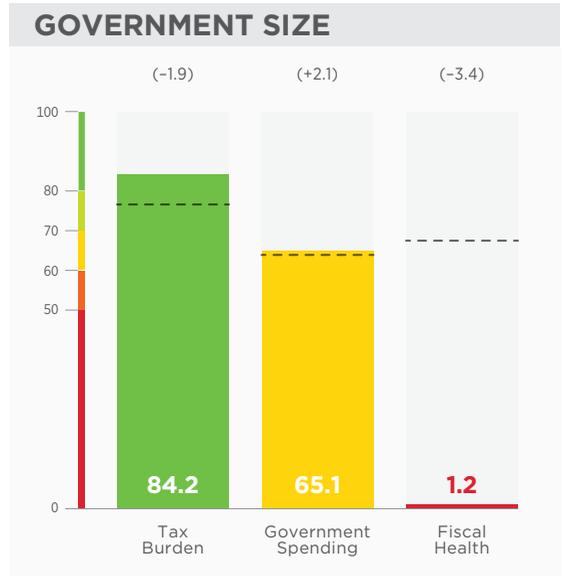
2016 data unless otherwise noted. Data compiled as of September 2017

BACKGROUND: In 2011, the army deposed longtime President Hosni Mubarak after the Arab Spring protests. The ensuing political instability included dissolution of parliament in 2012, recurring street demonstrations, and an army coup that ousted the unpopular government of Mohamed Morsi of the Muslim Brotherhood's Freedom and Justice Party in 2013. Under a new constitution, current President Abdel Fattah el-Sisi was elected to a four-year term in 2014. The next presidential election is scheduled for May 2018. Most economic activity takes place in the highly fertile Nile Valley. Despite continued terrorist attacks, the vital tourism industry has begun to revive, but economic growth continues to lag, and Cairo has become more dependent on aid from Saudi Arabia and other sources.

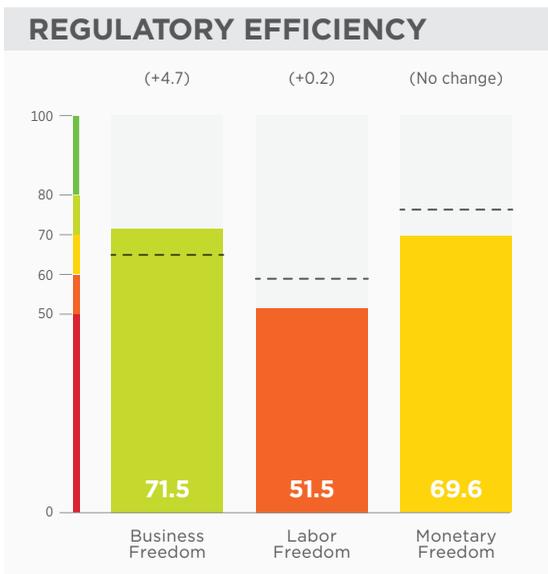
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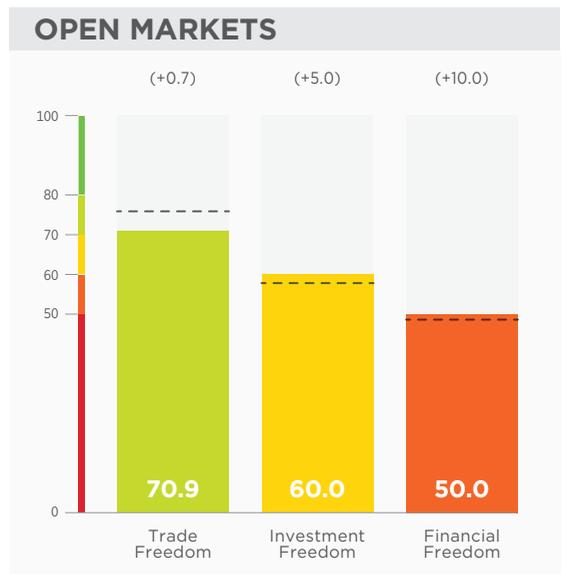
The rule of law is arbitrary and unstable. The legal system that governs property rights is complex and makes titles to real property difficult to establish and trace. The judiciary has gained some autonomy but remains highly politicized. Corruption remains a hallmark of governance, pervasive at all levels of government, and official mechanisms for investigating and punishing it are very weak.



The top individual and corporate income tax rates are 25 percent. Other taxes include property and general sales taxes. The overall tax burden equals 18.2 percent of total domestic income. Over the past three years, government spending has amounted to 34.1 percent of total output (GDP), and budget deficits have averaged 12.1 percent of GDP. Public debt is equivalent to 97.1 percent of GDP.



In 2016, Egypt eased requirements for starting a business and getting electricity. In addition, protections for minority-stake investors were increased. Nonetheless, high unemployment and a large informal economy persist. In 2017, the government continued its three-year program to increase prices for petroleum products and electricity as part of an effort to reduce the burden of energy subsidies on the state budget.



Trade is moderately important to Egypt's economy; the combined value of exports and imports equals 30 percent of GDP. The average applied tariff rate is 7.0 percent. Nontariff barriers impede trade. Government openness to foreign investment is above average. The state's presence in the financial sector has been phased out, but modernization of the sector has progressed slowly.