

# EGYPT

**E**gypt's economic freedom score is 54.0, making its economy the 142nd freest in the 2020 *Index*. Its overall score has increased by 1.5 points, primarily because of a higher **property rights** score. Egypt is ranked 11th among 14 countries in the Middle East and North Africa region, and its overall score is well below the regional and world averages.

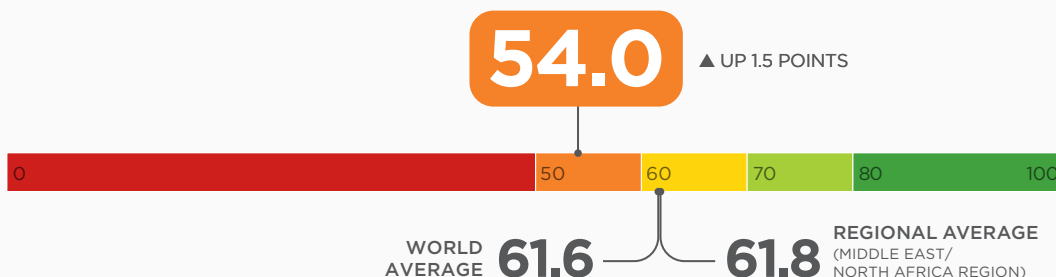
The Egyptian economy has languished in the mostly unfree category for more than two decades. Growth of GDP over the past five years, however, has been healthy. The construction and energy sectors are the main engines of growth.

To begin making real progress in expanding economic freedom, the government should pursue pro-business policies to improve the investment climate, hold fast to its schedule of cuts in subsidies, and continue fiscal reforms (such as the pension reform passed in 2019) to reduce Egypt's crippling level of public debt.

WORLD RANK: **142** REGIONAL RANK: **11**

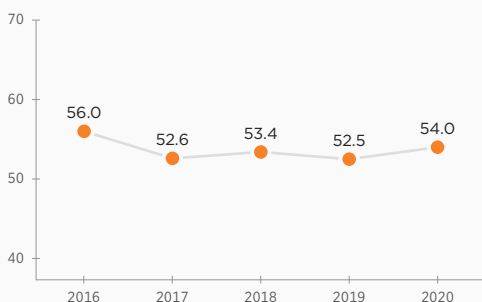
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +8.3

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
97.0 million

**GDP (PPP):**  
\$1.3 trillion  
5.3% growth in 2018  
5-year compound  
annual growth 4.2%  
\$13,366 per capita

**UNEMPLOYMENT:**  
11.4%

**INFLATION (CPI):**  
20.9%

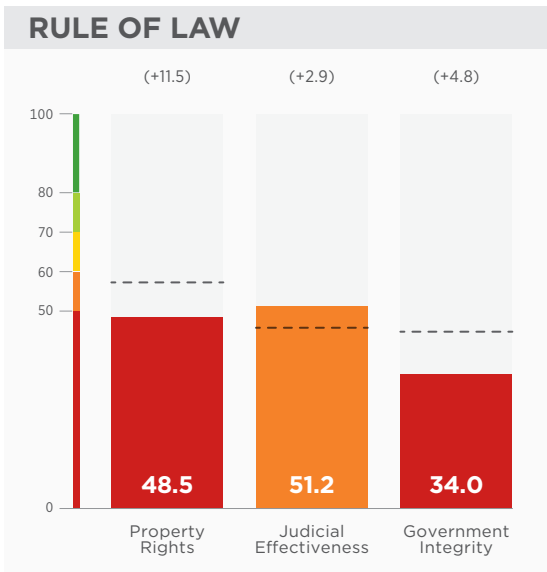
**FDI INFLOW:**  
\$6.8 billion

**PUBLIC DEBT:**  
92.6% of GDP

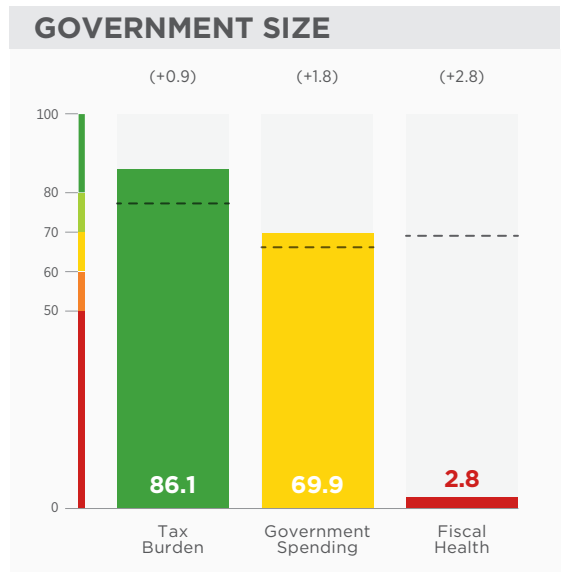
2018 data unless otherwise noted. Data compiled as of September 2019

**BACKGROUND:** After the army deposed longtime President Hosni Mubarak in 2011 amid the Arab Spring protests, the ensuing political instability ultimately led the army to oust Mubarak's elected but increasingly unpopular successor, Mohamed Morsi of the Muslim Brotherhood. Under a new constitution, President Abdel Fattah el-Sisi was elected to a four-year term in 2014 and reelected in 2018. Constitutional amendments approved in April 2019 strengthened presidential authority and could permit el-Sisi to rule until 2030. Most economic activity takes place in the highly fertile Nile Valley. Despite sporadic terrorist attacks, the vital tourism industry has rebounded, but Egypt remains dependent on aid from Saudi Arabia and international financial institutions.

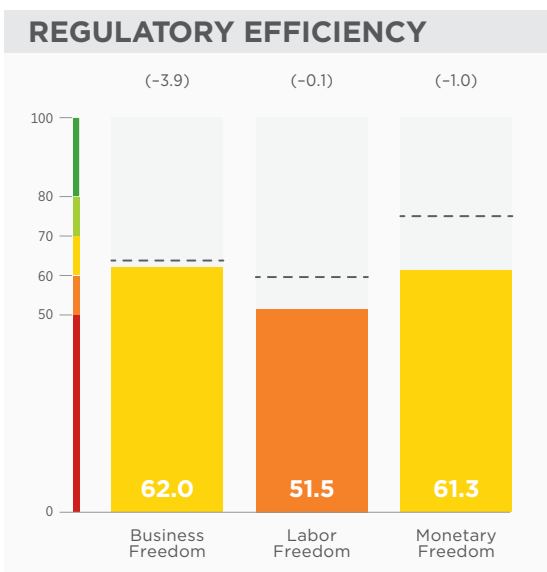
# 12 ECONOMIC FREEDOMS | EGYPT



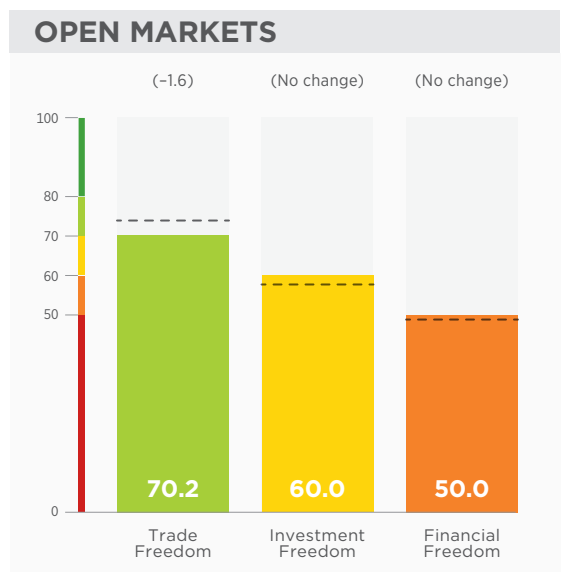
The Egyptian legal system provides protection for real and personal property, but complicated real estate laws make it difficult to establish and trace property titles, causing enforcement to be delayed. The judiciary has a proud history of independence, but the system's slowness and dependence on paper processes hurt its overall competence and reliability. Corruption remains pervasive at all levels of government.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 23 percent. Other taxes include property and general sales taxes. The overall tax burden equals 15.2 percent of total domestic income. Government spending has amounted to 31.7 percent of the country's output (GDP) over the past three years, and budget deficits have averaged 10.8 percent of GDP. Public debt is equivalent to 92.6 percent of GDP.



Progress has been made in the ease of starting a business, getting credit, protecting minority investors, paying taxes, and resolving insolvency. Dispute resolution, however, takes three to five years. Most of the nonagricultural workforce works informally. The unemployment rate is especially high among women. In 2019, the government took the fifth and final step in a multiyear program that has now fully eliminated all petroleum product subsidies.



The total value of exports and imports of goods and services equals 48.3 percent of GDP. The average applied tariff rate is 7.4 percent, and 154 nontariff measures are in force. The government has focused on improving the investment environment and restoring financial stability. The state's presence in the financial sector has gradually been phased out, but modernization of the sector has progressed slowly.