



The Suez Canal Economic Zone: An Emerging International Commercial Hub

August 2016 marks the one-year anniversary of President Abdel Fattah El Sisi's inauguration of the Suez Canal expansion—an \$8.6 billion upgrade to the nearly 140-year-old waterway to increase capacity, allow two-way maritime traffic for the first time, reduce waiting and transit time and create new jobs and revenue. This was accompanied by the establishment of the Suez Canal Economic Zone (SCZone) – an innovative and self-sustaining industrial development corridor that will transform 461 square kilometers and six maritime ports strategically located along one of world's most main trading routes into an international commercial hub. Through an innovative and integrated development strategy that is being implemented today, the SCZone promises to expand Egypt's competitive economic edge by connecting 1.6 billion consumers across Europe, Asia, Africa and the Gulf and Egypt's own growing market of 90 million people. Poised to support nearly one million new jobs and two million new residents, the SCZone will transform and modernize Egypt's economy while creating a new center for global commerce.



CUTTING EDGE COMMERCIAL CENTERS

The SCZone represents a new chapter for Egypt's economic progress. With work underway, the project is expected upon completion to create millions of new jobs while offering Egyptian and foreign investors with top-class infrastructure, market access and streamlined administrative procedures. The regional strategy of the SCZone entails the development of lands, facilities and ports adjacent to and in the proximity of the Canal, mainly in Ain Sokhna, East Port Said, Ismailia and Qantara.

Ain Sokhna is slated to become one of the largest industrial port complexes in the world. The industrial development of 16,250 hectares will be made available for light, medium and heavy manufacturing activities with the capacity to host over 85,000 jobs. The establishment of new integrated communities at Ain Sokhna and new Suez City will create homes for more than 60,000 residents. Further, as the southern entrance to the Canal, Ain Sokhna Port will be transformed into an ultra-modern, multi-purpose facility capable of handling large ships by increasing container capacity to 5.1 million TEUs per year.

East Port Said will be the country's premier transshipment hub and trade gateway, The development includes an industrial zone spanning 4,000 hectares for light and medium manufacturing, commercial and business activities with the capacity to support 80,000 jobs. New urban areas will also be established to accommodate 250,000 residents. Further, the expansion of East Port Said Port for maritime services includes new facilities capable of generating over 105,000 jobs.

Ismailia and West Qantara will serve as the administrative center of the SCZone. Specialized clusters for R&D activities in renewable energies and information and communications technology (ICT) will be established in Ismailia while light manufacturing activities such as agricultural processing will be supported at Qantara. Additionally, the development of urban areas in the region will eventually be capable of accommodating over 350,000 residents.

East Qantara will be established as **Technology Valley** – an innovative center for high-tech industries that will transform 70 square kilometers along the east bank of the Suez Canal. Envisioned to become a new urban center, Tech Valley will serve as an axis for investment, education and research.



LINKING EGYPTIANS TO EACH OTHER—AND THE WORLD

Transportation and infrastructure logistics play an integral role in strengthening ties between the domestic and global markets and facilitating the movement of goods in and out of the region. Several projects are already in progress that will support the regional development strategy of the SCZone:

- › A new major expressway linking East Port Said to the regional network
- › Six new road and rail tunnels to increase cross-canal connectivity
- › Seven underwater tunnels under the Canal to link Sinai Peninsula to Egypt's mainland
- › Power, water and telecommunications networks to support integrated development
- › Dry port projects at Ismailia and 10th Ramadan to boost the region's logistical capacity



COMPETITIVE EDGE

The benefits and incentives provided under law to global investors in the SCZone go beyond maritime transit. These include:

- › **Preferential market access** for foreign companies to use Egyptian certificates of origin on products that are to be exported. In practice, this means that businesses can take advantage of Egypt's international trade agreements, including bilateral and multilateral agreements connecting Egypt's trade to Africa, the Middle East, Europe and the U.S.
- › **Autonomous governance** by the Authority of the Suez Canal Economic Zone, which acts as an independent body with executive powers of regulation and approval, including the full authority to oversee all areas of operation, budget, funding, partnership development and business facilitation services
- › **Customs benefits** permitting firms operating in the SCZone to import capital equipment, raw materials and intermediate goods duty-free
- › A true **one stop shop** for commercial registry, designed to minimize delays and costs to the investor, with the capacity to issue new commercial registers for new companies
- › **Competitive labor costs** for Egypt's skilled workforce of approximately 27.6 million, which is considered to be one of the largest and youngest in the region

