




ULANDSSEKRETARIATET – DTDA  
DANISH TRADE UNION DEVELOPMENT AGENCY



# LABOUR MARKET PROFILE

**2016**

**EGYPT**



Danish Trade Union Development Agency,  
Analytical Unit  
Copenhagen, Denmark



## PREFACE

The Danish Trade Union Development Agency (DTDA) presents this Labour Market Profile as a yearly updated report that provides a comprehensive overview of the labour market's situation.

The report is divided in eleven thematic sections including: trade unions, employers' organizations, tripartite structures, national labour legislation, violations of trade union rights, working conditions, situation of the workforce (with subsections such as unemployment, sectoral employment, migration, informal economy, child labour, gender, and youth), education (with subsection vocational training), social protection, general economic performance, and trade. Additionally, Appendix presents new approved labour market related legislations and status of ratification of International Labour Organization (ILO) Conventions.

Estimations are based on data from international databanks (e.g. ILO's Key Indicators of the Labour Market (KILM) and NATLEX as well as the World Bank's World Development Indicators), national statistical institutions and ministries. Information is also collected from the International Trade Union Confederation (ITUC), U.S. Department of State, media sources (e.g. LabourStart, The Guardian, national news, etc.) along with trade unions centers, employers' organizations, NGOs, among others.

Several indexes such as the Global Rights Index, the Doing Business Index, the Governance Indicators, the Human Development Index and the Global Competitiveness Index are used as proxy indicators of the labour market's environment. The indexes'

methodologies and the data quality can be followed by the sources' websites.

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## ACKNOWLEDGMENT

The DTDA is the Danish trade union council for international development co-operation. It was established, under a slightly different name, in 1987 by the two largest Danish confederations: the Danish Federation of Trade Unions (LO) and the Danish Confederation of Salaried Employees and Civil Servants (FTF). The organization activities are related to: i) support democratic development of the trade union movements in Africa, Middle East, Asia and Latin America; and ii) contribute to democratic development in the societies in which the unions operate.

This Labour Market Profile is prepared by the DTDA's Analytical Unit in Copenhagen with support from our Middle East and the Northern Africa (MENA) Office.

All other labour market profiles of the countries where DTDA operates are available at our website: <http://www.ulandssekretariatet.dk/content/landeanalyser>

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Cover Photo: Carsten Snejbjerg.



## EXECUTIVE SUMMARY

The Arab Republic of Egypt represents worrisome outlook on the labour market and the economy. Since 2010, the Gross Domestic Product (GDP) per capita growth fell coupled by an upsurge of the government budget deficit. The relatively high inflation in consumer prices was hollowing wages' purchasing power. Working poor, including child labour, is on a rise while human development demonstrated a decreasing trend.

There were several labour market legal reforms approved from 2014 to 2015 but none in 2016. A new draft labour act and draft trade union act are in the pipeline. The latter has raised critical observations by Egypt's independent trade union movement as well as international labour organizations. Equally important the country is ranked with no guarantees of trade union rights, according to the International Trade Union Confederation (ITUC) and a wide range of violations of rights are registered.

Minimum wage has not been raised since 2014 and it has a limited coverage among all workers. For example, businesses that employ less than 10 workers as well as workers from the informal economy are excluded from the minimum wage regulation.

An evolution of the labour force was stalled during the 2010s, so far. Especially the youth participation rate is dropping. It has been related to an increasing enrolment in schools on all levels. Not to mention, large segments of youth are inactive, and those who are active have high unemployment rates. Data reveal that men cover 80% of the total employment. In contrast, Egyptian women are confronting difficulties in entering the labour market that is interrelated to rooted cultural gender roles. An unusual status is that Egyptian women have a higher unemployment rate than participation rate on the labour market.

Wage and salaried workers, which could be interpreted as the more regulated formal sector employment, stayed on a flat growth from 2009 to 2013 at 61%. Data suggest that the informal economy in Egypt is widespread and with a growing unregulated employment. This has been connected to the economic downturn, changes on the migration flows as well as deteriorating governance environment.

Sectoral employment has relatively small structural changes during the last two decades. The agricultural sector and social sector remain covering the largest employment relatively to the total employment share, 28% and 23%, respectively. These two sectors also have the lowest GDP share per worker.

On the positive side, enrolment in the education system was generally on a rise, including more pupils in vocational training. On the other hand, the Technical Vocational Education Training system (TVET) is confronting low labour market efficiency as well as misalignment between the economic development plans and labour policies.

The complex social protection systems promoted changes from 2014 and programs that include steps to make it easier for women to work outside the home. It has not yet curbed the poverty upsurge and the system confronts financial challenges. Overall, active contributors to a pension covers slightly more than one out of two (55%) but with deep gender gaps. The increasing informal economy points towards that the social insurance coverage is waning.

Social dialogue on the labour market is conflictive in Egypt. According to employers, the country's labour market is quite rigid with weak cooperation in labour-employer relations. The application of collective bargaining is often intervened by the government, which, to some extent, is illustrated by a low share of workers covered by collective bargaining agreements (CBAs) at 2.1%.

The number of trade union members has been on a rise in Egypt. In the aftermath of the 2011 revolution, many organized workers' social status was deteriorated. This is reflected in a fragmented trade union movement that struggle with legal and political confrontations between the still only official recognized trade union federation, Egypt Trade Union Federation (ETUF), and new independent trade union federations. Trade union density relatively to wage and salaried workers remains high at 42%, but since many former ETUF members are moving towards independent organizations they are losing some bargaining power.



## COUNTRY MAP



Source: Google



## TABLE OF CONTENTS

<b>PREFACE</b>	<b>II</b>
<b>ACKNOWLEDGMENT</b>	<b>II</b>
<b>EXECUTIVE SUMMARY</b>	<b>III</b>
<b>COUNTRY MAP</b>	<b>IV</b>
<b>TRADE UNIONS</b>	<b>1</b>
<b>EMPLOYERS' ORGANISATIONS</b>	<b>3</b>
<b>CENTRAL TRIPARTITE STRUCTURES</b>	<b>3</b>
Collective Bargaining Agreements	4
<b>NATIONAL LABOUR LEGISLATION</b>	<b>4</b>
Observations on the labour legislation	5
Ratified ILO Conventions	6
<b>TRADE UNION RIGHTS VIOLATIONS</b>	<b>6</b>
<b>WORKING CONDITIONS</b>	<b>6</b>
<b>WORKFORCE</b>	<b>8</b>
Unemployment	9
Sectoral employment	10
Migration	12
Informal Economy	12
Child Labour	13
Gender	13
Youth	14
<b>EDUCATION</b>	<b>15</b>
Vocational training	15
<b>SOCIAL PROTECTION</b>	<b>16</b>
<b>GENERAL ECONOMIC PERFORMANCE</b>	<b>18</b>
<b>TRADE</b>	<b>20</b>
Trade Agreements	21
Special Economic Zones (SEZ)	22
<b>APPENDIX: ADDITIONAL DATA</b>	<b>23</b>
Table 32: List of approved labour related legislations in Egypt, 2014-2016	23
Table 33: Ratified ILO Conventions	24
<b>REFERENCES</b>	<b>25</b>





## Tables

Table 1: Trade union facts in Egypt, 2016 .....	1
Table 2: Trade Union Centres in Egypt, 2016 .....	1
Table 3: Labour market efficiency in Egypt.....	3
Table 4: Status of CBAs in Egypt, 2016 .....	4
Table 5: Number of approved national labour, related legislations in Egypt, 2014-2016 .....	5
Table 6: Global Rights Index, Egypt, 2014-2016 .....	6
Table 7: Freedom of Association cases in Egypt, 2016 .....	6
Table 8: Wages and earnings in Egypt.....	7
Table 9: Average of work hours in Egypt, 2010-2014, men and women.....	7
Table 10: Working Conditions in Egypt.....	8
Table 11: Employment-to-population ratio in Egypt and North Africa, 2016.....	8
Table 12: Skill mismatches between job requirements and qualifications in Egypt, 2013 .....	9
Table 13: Inactivity rate in Egypt, 2016 .....	9
Table 14: Unemployment Rates in Egypt, 2016, %.....	9
Table 15: Unemployment by level of educational attainment in Egypt, men and women, 2013, % .....	10
Table 16: Employment distribution in Egypt, 2013 .....	11
Table 17: GDP share by sector (2015) and GDP per worker (2013) in Egypt.....	11
Table 18: Status of Migration in Egypt and Middle East & North Africa (MENA).....	12
Table 19: Status of informal economy in Egypt.....	12
Table 20: Working children proportion of all children in age group (age 5-17) .....	13
Table 21: Gender gaps among workers in Egypt, 2016 .....	14
Table 22: Youth gender labour gaps among workers in Egypt, 2016 .....	14
Table 23: Labour force by level of educational attainment in Egypt, 2009-2013, % .....	15
Table 24: Vocational Training facts.....	16
Table 25: Social protection facts in Egypt, 2010.....	17
Table 26: Benefits, coverage and contributions to pension schemes, 2011 .....	17
Table 27: Key Facts on General Economic Performance in Egypt, 2015 .....	18
Table 28: Working poor and middle-class trends in Egypt, 2000-2008.....	19
Table 29: Egypt's Ease of Doing Business .....	20
Table 30: Egypt's Governance Indicators, 2010-2015 .....	20
Table 31: Trade and Foreign Direct Investment (FDI) in Egypt, 2015 .....	20
Table 32: List of approved labour related legislations in Egypt, 2014-2016.....	23
Table 33: Ratified ILO Conventions .....	24



## Figures

Figure 1: Trade union federation members in Egypt, 2013-2016 .....	1
Figure 2: Trade union density trend in Egypt .....	2
Figure 3: Minimum and nominal wage trends in Egypt, 2012-2016, Egyptian Pound .....	7
Figure 4: Labour force participation rate in Egypt and North Africa, 1995-2015 .....	8
Figure 5: Labour productivity trend, 1995-2016.....	8
Figure 6: Status of employment in Egypt, 1989-2013, % .....	9
Figure 7: Trend of unemployment rates in Egypt and North Africa, 2007-2016, %.....	10
Figure 8: Unemployment by level of educational attainment in Egypt, 2009-2013, % .....	10
Figure 9: Employment by aggregate sector in Egypt, 1998-2013 .....	10
Figure 10: Egypt sectors' value added, % of GDP, 1995-2015 .....	11
Figure 11: Net migration in Egypt trend, 1998-2012 .....	12
Figure 12: Enterprise Survey in Egypt.....	14
Figure 13: Youth unemployment in Egypt, 2007-2016, by sexes, % .....	14
Figure 14: Enrolment in Primary, Secondary and Tertiary schools .....	15
Figure 15: Ratio of pupils in vocational training to all pupils in secondary education, 2009-2014, Egypt and MENA, % .....	16
Figure 16: Distribution of secondary school in Egypt, 2012-2013, Number of schools, %.....	16
Figure 17: Total health-care expenditure not financed by private household's out-of-pocket payments, 1995-2011, % .....	17
Figure 18: GDP growth per capita in Egypt and Middle East & North Africa (MENA), 2006-2015, Annual growth, % ...	18
Figure 19: GDP per capita in Purchasing Power Parity (current international \$) and Gini Index, 2005-2015 .....	18
Figure 20: Inflation in consumer prices trend, 2007-2016, %.....	19
Figure 21: Gross Fixed Capital Formation trend, 2006-2015 .....	19
Figure 22: Trade and Foreign Direct Investment trends, 2006-2015, % of GDP .....	21
Figure 23: Egypt's main products share of exports, 2015 .....	21
Figure 24: Egypt's main export markets, 2016 .....	21

## TRADE UNIONS

The trade union movement was confronting many challenges on both organizational and legal issues during the last decade in Egypt. Therefore, trade union affairs have turned into a much wider political struggle.

First, the official trade union organization, the Egyptian Trade Union Federation (ETUF), was challenged by a growing effort by activists organizing workers outside the existing state-controlled government unions. As an impact of the 2011 revolution in Egypt, the government issued a declaration recognizing complete freedom of association. Also the Constitution integrated the right to form trade unions in 2012. A high influx of new trade unions was registered: up to 2,600 since 2011. Many new unions were generally independent of the government and political parties. Many other members left ETUF that entered independent organizations. As an impact of the political struggle, there were no new independent unions able to be registered since September 2015. Not to mention, many new unions were often hastily established. Antiunion discrimination occurred, particularly against organizers of new independent unions. In addition, some employers from the private sector asserted they were not legally obligated to recognize new unions.

Second, during recent years there were discussions of the legislation that protect workers' trade union rights among the government, workers and trade unionists. A numerous draft laws to replace the Trade Union Act from 1976, including amendments, were crafted. After delays, the Parliament ratified the draft Trade Union Federation Act in July 2016. It has been controversial with a wide range of legal drawbacks, e.g. only EFTU is recognized while independent union federations were not just as stamps of independent unions were not valid on official documents. Representatives from the independent trade unions have claimed that the draft law contradicts constitutional articles and severely deviating from the international labour standards. Also the Arab Trade Union Confederation (ATUC) and the International Labour Organization (ILO) raised concerns of violating labour rights (see section: National Labour Legislation). Campaigns were launched that aimed rejecting the draft law along with massive labour protests during 2015 and 2016. In June 2016, the Supreme Constitutional Court accepted the examination of a case filed by ETUF to reverse the registration of independent trade unions. Ruling has been postponed.

The trade union movement covered around 7.1 million workers and with at least 3,000 trade unions. The trade

union member share of the total labour force was estimated at 23% and 42% among wage and salaried workers in 2016, which is relatively high in comparison with other countries in Africa (Table 1).

**Table 1: Trade union facts in Egypt, 2016**

Number of trade unions	< 2,600
Dues (ETUF)	2 EP / month
Members of trade unions	7,086,000
Trade union members share of labour force	23 %
Trade union members of waged workers	42 %

Source: [Issam Fares Institute for Public Policy and International Affairs](#); [The Asfari Institute for Civil Society and Citizenship](#); and [ILO, KILM](#).

Although ETUF has lost many members, it remains the largest trade union federation in Egypt followed by the Egyptian Federation of Independent Trade Unions (EFITU) and the Egyptian Democratic Labour Congress (EDLC) (Table 2). The International Trade Union Confederation does not have an affiliate in Egypt.

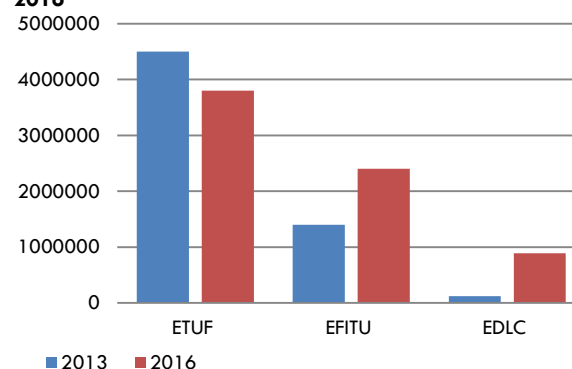
**Table 2: Trade Union Centres in Egypt, 2016**

Trade Union Centre	Total Members
ETUF - Egyptian Trade Union Federation	3,800,000
EFITU - Egyptian Federation of Independent Trade Unions	2,400,000
EDLC - Egyptian Democratic Labour Congress	886,000

Source: [Issam Fares Institute for Public Policy and International Affairs](#); [The Asfari Institute for Civil Society and Citizenship](#).

Based on available data, ETUF membership experienced a declining number of members trend, while EFITU and EDLC increased significantly during the period from 2013 to 2016 (Figure 1).

**Figure 1: Trade union federation members in Egypt, 2013-2016**



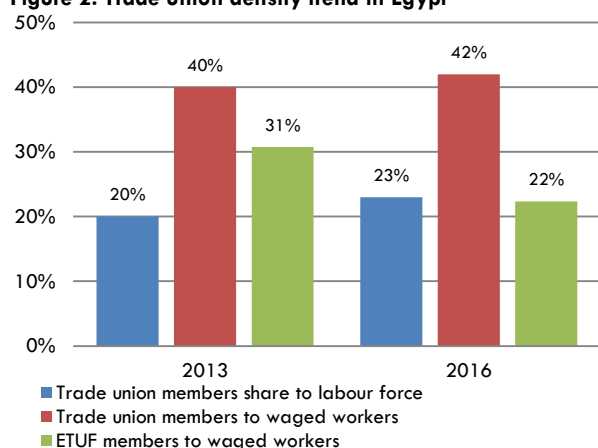
Note: Data from 2013 could underestimate the real number of the independent trade union members. Thus, the growth estimations should be interpreted with some reservations and as proxy indications of the changes.

Sources: [younionize](#), ITUC list of affiliated organizations [Issam Fares Institute for Public Policy and International Affairs](#); [The Asfari Institute for Civil Society and Citizenship](#).



Estimations suggest that the trade union density on total labour force as well as wage and salaried workers was on a rise. This was related to the rapid rise in the trade union membership in the independent trade unions. However, trade union density based on ETUF membership was decreasing from 31% in 2013 to 22% in 2016 (Figure 2). Point often overlooked was the number of wage and salaried workers that dropped due to political turmoil and weak economic performance during the 2010s, so far (see sections: Workforce and General Economic Performance). Thus, the trade union density to wage and salaried workers grew slower than the total labour force. Not to mention, ETUF trade union density to wage and salaried workers fell from 31% in 2013 to 22% in 2016. Since the latter organization benefits its bargaining power relatively to the independent trade unions, it points that the total trade union movement has lost some bargaining power (Figure 2).

**Figure 2: Trade union density trend in Egypt**



Source: younionize, ITUC list of affiliated organizations [Issam Fares Institute for Public Policy and International Affairs](#); [The Asfari Institute for Civil Society and Citizenship](#).

### **Egyptian Trade Union Federation (ETUF)<sup>1</sup>**

Since its establishment in 1957, ETUF has by law been the only recognized trade union federation in Egypt. All trade unions were obliged to affiliate with one of ETUF's 24 general trade unions. The accurate number of members is not readily available, but ETUF itself claim 3.8 million members while other say it is only 10% of that. Members' contributions (EGP 2; US\$0.27) are monthly subtracted from workers' salaries by the employers and the state had subsidised the federation with 78 million Egyptian pounds (EGP) (US\$15 million) each year.

The federation also owns several educational institutions, including the Labour University, the Labour Culture Institution, the Egyptian Private School, Al-

Moaasa Social and Sports Club and Dream Resort along Egypt's North Coast. It was also heavily controlled by the National Democratic Party (NDP).

Based on the reforms on the trade union rights, ETUF's monopoly was strengthened. As an example, in June 2016, the government did not include independent trade unions in its official delegation to the International Labour Conference in Geneva. Instead several independent trade unions participated in the conference by invitation from ILO.

ETUF continues to struggle against independent trade unions' right to represent workers and attacked the latter unionists in the media. ETUF filed a case to reverse the registration of independent trade unions that was brought to the Supreme Constitutional Court in June 2016. A key issue is that it remains difficult for workers to disassociate themselves from the formerly state-affiliated ETUF unions, which continue to control worker certifications as well as retirement, medical, and social security benefits.

### **Egyptian Federation of Independent Trade Unions (EFITU)**

EFITU was founded in January 30, 2011. It was brought together by 4 independent organisations: the Real Estate Taxes Authority Union (RETA), the Independent Healthcare Technician (IHT), the Independent Pension Holders Union (IPHU), and the Independent School Teachers' Trade Union (ISTT). These organisations received assistance from the Centre for Trade Union and Workers Services (CTUWS) and the International Trade Union Confederation (ITUC). The aim of EFITU was to establish an independent federation of trade unions with the purpose to differentiate themselves from the prior years of forced membership in the ETUF.

Up until late 2013, EFITU claimed a membership of nearly 300 unions that covered 1.4 million workers. Today, it has an estimated 2.4 million workers affiliated with the organization.

EFITU awaited the full legal recognition and the modifications of the Trade Union Act from 1976. The Act prohibits the establishment of more than one trade union in Egypt. This negatively affected collecting dues from independent members, who formally were required to contribute to ETUF. EFITU was instead financed through private donations and operated with limited financial resources. In the Cairo headquarter members worked voluntary. It has been registered that during 2013 new unions achieved some improvements

with regard to the collection of dues from workers through salary deductions at their respective workplaces, including some governmental agencies, but on a case-by-case basis.

### Egyptian Democratic Labour Congress (EDLC)

The Centre for Trade Union and Workers' Services (CTUWS) played an instrumental part in the establishment of EFITU. Kamal Abu Eita and CTUWS's director Kamal Abbas, had long fought side by side for safeguarding workers' rights to establish independent trade unions. A conflict in July 2011 between the directors regarding the development of EFITU led to CTUWS withdrawing from the process of establishing EFITU and ultimately starting a parallel organisation, the EDLC. This organization is an attempt to build a federation based on strong grassroots and a loose structure. EDLC held its first congress in April 2013 with an estimated membership of 120,000 people. It also changed the name to the Egyptian Democratic Labour Federation, but keeping the acronym EDLC for daily use.<sup>2</sup> Today, EDLC claims 886,000 members.

## EMPLOYERS' ORGANISATIONS

The Global Competitiveness Index provides employers' view of a wide range of aspects, including labour market efficiency. The latter is elaborated upon surveys among employers in Egypt. They consider the labour market as rigid, scoring with a low ranking of 135 out of 138 countries (1 is highest scoring). According to surveys, some of the main issues are the low women participation in the labour force (see Table 11), reliance on professional management, high redundancy costs, as well as, pay is somewhat distressing the productivity. The labour market efficiency highest scoring is in hiring and firing practices as well as flexibility of wage determination (see more on Table 3).

**Table 3: Labour market efficiency in Egypt**

Indicator	Rank	Value
Cooperation in labour-employer relations	96	4.1
Flexibility of wage determination	72	5.0
Hiring and firing practices	61	3.9
Redundancy costs (weeks of salary)	129	36.9
Effect of taxation on incentives to work	104	3.4
Pay and productivity	125	3.2
Reliance on professional management	133	3.1
Country capacity to retain talent	104	2.9
Country capacity to attract talent	103	2.7
Women participation in the labour force	133	0.31

Note: Rank from 1 to 135 (1 is highest). Value is estimated: 1 = lowest, 7 = highest.

Source: [The Global Competitiveness Report, 2016-2017, 7<sup>th</sup> pillar: Labour market efficiency](#)

### Federation of Egyptian Industries (FEI)

Employers' organisations are mainly represented by the FEI, organized for industries. They are automatically subscribers. Up to 1/3 of its membership is appointed by the state. Just as mandatory trade union affiliation, employers are registered to one sole federation that is regulated by law, i.e. affiliation to FEI.

FEI was established in 1922. It works through 20 Chambers as members and 24 Decision Support Committees. It represents over 60,000 industrial enterprises out of which more than 90% belong to the private sector, thus accounting for around 7 million workers.<sup>3</sup>

As indicated, the federation is strongly state-controlled. There are some initiatives taking place in forming a new independent employers' organisation. These other organisations are still small and face similar challenges as the independent trade unions, including legal impediments.

During 2016, FEI reviewed the government's latest decision to establish a committee to set profit margins on essential products and commodities. However, the government's aim to control prices by monitoring the market is quite difficult in practice.<sup>4</sup>

Since many Egyptian companies were unable to repay U.S.-dollar denominated debts after the devaluation of the pound in the end of 2016, they were allowed to negotiate fixed exchange rates with banks. On this background, FEI argued that the situation hurts companies by the loss in value of the pound to make repayments.<sup>5</sup>

## CENTRAL TRIPARTITE STRUCTURES

### Mediation and Arbitration

Collective labour disputes are governed by the Labour Code.<sup>6</sup> First the two parties enter 30 days of negotiation then a mediator is elected. If mediation fails either party may request arbitration. An arbitration panel is made up of an arbiter, each from the court of appeal, the ministry, employers and the trade unions; the latter appointed by the general trade union.

Strike and lockout is allowed but must not be conducted when a collective bargaining is in force. In the case of strike, they must be approved by ETUF. This legal framework is still in place after the 2011 revolution attempt, but in practice the situation is more fluid.

According to sources, the government seldom follows the requirement for tripartite negotiations in collective disputes. Workers negotiate often directly with employers, usually after resorting to a strike. When the government become involved, it most often is for dispute resolution rather than for genuine collective bargaining.<sup>7</sup>

The Ministry of Manpower and Immigration (MOMM) registered 283 complaint cases that were mediated and resolved in 2015; of these 62 amicable settlements, 43 inspection notice, 1 social insurance notification, 44 individual requests for referral to labour court, and 133 'others'.

### Consultative Council for Work<sup>8</sup>

This Council was adopted in 2003 and provides advice concerning: draft laws on work relationships and ratification of international conventions; methods to avert collective labour disputes and to enhance cooperation between workers' organizations and employers' organizations; vocational and productive relations; and proposals made by the MOMM concerning work relations.

### National Council for Wages

There is only one minimum wage declared by the government on national level. It is determined by the National Council for Wages. This council has been criticised for failing to carry out a comprehensive salary review, instead only intervening when the situation becomes acute in a specific sector. The institution was studying restructuring the wages of government employees, especially bonuses and incentives, and separating bonuses from the main salary. The results have not been available, though. In addition, there were not registered activities in this council in 2016 in relation to wage negotiations (see also the section: Working Conditions).

### Collective Bargaining Agreements

In Egypt, collective negotiation is allowed between trade union organizations and private sector employers or their organizations. MOMM oversees and monitors collective negotiations and agreements. Albeit collective bargaining is technically not permitted in the public sector, it exists in practice. According to sources, the government often intervenes to limit or manage collective bargaining negotiations in all sectors.<sup>9</sup>

Workers from the independent trade unions confront challenges to settle disputes through bargaining. This

indicates the tendency for organized workers to resort to protests and strikes.

It was registered that 29 new Collective Bargaining Agreements (CBAs) were reached in 2016. They cover almost 25,000 workers; a coverage of 856 workers per CBA on average. Broader estimations of CBAs coverage suggested a share of all workers covered by CBAs of 2.1% in 2008 (Table 4).

**Table 4: Status of CBAs in Egypt, 2016**

Number of CBAs	29
Workers covered by CBAs	24,828
Share of workers covered by CBA (2008)	2.1 %

Sources: [ILO, Social Dialogue Indicators, Technical Brief, November 2011](#); [Egypt Independent](#)

Many employers avoid collective bargaining and/or fail to respect government decisions on the minimum wage, social security and other issues.<sup>10</sup>

There are initiatives in progress to activate a national strategy of the social dialogue in Egypt for mainstreaming the social dialogue policies in the agenda of the social partners and developing the existing institutions for ensuring their vitality and sustainability.<sup>11</sup>

## NATIONAL LABOUR LEGISLATION

### Constitution<sup>12</sup>

After several constitutional reforms in recent years, the Egyptian Constitution of 2014 was passed in a referendum in January 2014. This constitution has been assessed as less ambiguous as the previous constitution, including protecting right to social security, employment opportunities, collective bargaining, safeguards against punitive sackings of workers, and punitive dissolutions of labour organizations. The constitution also outlines the right to establish trade unions.

Several reservations of the Constitution have been noted. First of all, a controversial amendment was scrapping of the '50 percent quota' for representatives of workers and farmers in both houses of parliament. This was related to the Supreme Constitutional Court of Egypt (SCCE) declared the lower house of parliament dissolved and established a unicameral parliament. Second, forced labor is still stipulated in the national constitution. Third, "public and vital facilities" under military jurisdiction was set for two years, paving the way for further military trials of civilians. Fourth, vague provision stipulates that unions may not be established

within governmental bodies. Finally, not more than one professional syndicate may be established for each profession, which is a violation of ILO Conventions 87 and 98, guaranteeing employees the right to establish any professional organization, union or syndicate for all legally recognized professions.<sup>13</sup>

#### Labour Act<sup>14</sup>

The Labour Act of 2003 regulates vocational training and guidance; occupational safety, health and the work environment; and individual labour relations such as working hours and wages. It regulates collective bargaining, collective labour relations, labour disputes and the right to strike. It also establishes the Consultative Council and the labour inspectorate.

The Labour Act entitles workers to an annual increment of 7% to their basic salary by which the subscriptions of the social insurances are calculated, until the National Assembly for Wages shall issue the regulating decrees for such a raise.<sup>15</sup> The Act's latest amendment was from 2015 granting government employees special allowance.

The Act excludes agricultural and fisheries workers, as well as domestic workers, from regulations concerning wages, hours, and working conditions.

The government launched a new draft Labour Code in August 2015 to find a balanced relationship between the rights and duties of employees and employers. It aims to improve the country's existing legislation. The draft law is still not approved by the parliament.

#### Trade Unions Act<sup>16</sup>

Trade unions are governed by the Trade Union Act number 35 of 1976 which covers freedom of association, collective bargaining and industrial relations.

Several legal reforms of the Act were promoted in recent years. First of all, independent labour activists' pushed for legal reforms in 2011 but they were resisted by the interim government (February 2011-June 2012) as well as Morsi's government. A decree was approved in March 2011 criminalizing protests that disrupt work. The law was also reformed in November 2012 to prohibit people over 60 from serving in executive boards of unions; and giving the Ministry of Labour the power to fill vacancies. It was feared that this was a move to give the government control over trade unions. In the end, the amendment did not change the old provision.<sup>17</sup> The transitional government, installed by the military in July 2013, has

also enacted a controversial protest law that places restrictions on workers' ability to organize and puts them at risk of imprisonment for their involvement in strikes. Finally, the Ministerial Order promulgating the Trade Union Organizations Statute Model and Regulation was approved in July 2014.

The government also announced several proposals of a new Trade Union Act since 2014. The latest draft was launched in February 2016. It aims to not recognize and even dissolve all independent unions. The draft law is still not approved by the parliament. As already described, leaders from the independent trade union movement have raised concerns on the reforms claiming it ignores the basic rights of workers to organize independently and maybe even unconstitutional.<sup>18</sup> ILO also called attention to the Egyptian government to revoke a ban prohibiting official recognition of independent trade unions.<sup>19</sup>

#### Other labour related legislations

ILO registered a total 558 national labour related legislations in Egypt in May 2017. Thirteen new legal pieces were approved in 2014, eight in 2015 and none in 2016 (Table 5; see also more on Appendix Table 32).

**Table 5: Number of approved national labour, related legislations in Egypt, 2014-2016**

	2014	2015	2016
Number of new legislations	13	8	0

Source: [ILO, NATLEX, Egypt](#)

#### Observations on the labour legislation

The labour legislations have several flaws in terms of freedom of association, right to collective bargaining and right to strike. The International Trade Union Confederation (ITUC) registered, among others:<sup>20</sup>

- Restrictions on workers' right to form and join organisations of their own choosing.
- Restrictions on trade unions' right to organise their administration.
- Restrictions on the principle of free and voluntary bargaining.
- Undermining of the recourse to collective bargaining and his effectiveness.
- Limitations or ban on collective bargaining in certain sectors.
- Barriers to lawful strike actions.
- Undue interference by authorities or employers during the course of a strike.

- Undermining of the recourse to strike actions or their effectiveness.
- Limitations or ban on strikes in certain sectors.

Other sources registered that the government enforcement of applicable laws is inconsistent.<sup>21</sup>

### Ratified ILO Conventions

In Egypt a total 64 conventions of international labour standards are ratified (see also Appendix Table 33):<sup>22</sup>

- Fundamental Conventions: 8 of 8.
- Governance Conventions (Priority): 3 of 4
- Technical Conventions: 53 of 177.
- Out of 64 Conventions ratified by Egypt, of which 63 are in force, 1 Convention been denounced; none has been ratified in the past 12 months.

The latest ratified Convention was the Repatriation of Seafarers (C166) from May 2004.

Report of the Committee of Experts on the Application of Conventions and Recommendations from 2016 registered observations on Convention No. 105; and direct requests on Conventions 2, 63, 88, 105, 150, and 159. On the list of observations made by employers' and workers' organizations recorded none.<sup>23</sup>

## TRADE UNION RIGHTS VIOLATIONS

Egypt was ranked 5 out of +5 on ITUC's Global Rights Index and registered with 'no guarantees of rights' (Table 6). According to ITUC, this is interpreted as one of the worst countries in the world to work in. While the legislation may spell out certain rights, workers have effectively no access to these rights and are therefore exposed to autocratic regimes and unfair labour practices.<sup>24</sup>

**Table 6: Global Rights Index, Egypt, 2014-2016**

	2014	2015	2016
Ranking on the Global Rights Index	5	5	5

*Note: Five clusters in total with ratings from 1 to 5. A country is assigned the rating 5+ by default, if the rule of law has completely broken down.*

*Source: ITUC, Global Rights Index*

ITUC noted six cases of violations of trade union rights in 2016 in Egypt- They were related to: Ten workers of trade union committee of Ceramica Cleopatra fired in retaliation for union activity; the Treasurer of Exxon Mobil Independent Union fired for denouncing corruption;

six trade unionists of the Independent Trade Union of Public Transport Workers abducted by police and disappeared; three workers of Al-Basel Palace sugar factory were arrested and detained for trade union activity; murder of PhD student, who was researching the independent trade union movement in Egypt; and doctors' union activist imprisoned.<sup>25</sup>

Other sources argued that the government occasionally use its powers to arrest striking workers and rarely reversed arbitrary dismissals. Moreover, authorities arrested or subjected to other legal sanctions several labour organizers, often following the dispersal or end of a labour strike. Authorities arrested 27 shipyard workers in Alexandria after a sit-in in May 2016 to protest delayed bonuses and other work-related grievances. They were being tried by a military court on the grounds that the shipyard, a former state-owned enterprise, remains under Ministry of Defense administration. In November 2016, authorities ordered the workers released on bail after they resigned from the shipyard.<sup>26</sup> Not to mention, some employers subject men and women to forced labour in domestic service, construction, cleaning, begging, and other sectors. Some initiates provide some assistance to victims of human trafficking, including forced labour.

Egypt has no active or follow-up complaints procedures cases with reference to ILO Freedom of Association.

**Table 7: Freedom of Association cases in Egypt, 2016**

ILO Complaints Procedure	Number of cases
Active	0
Follow-up	0
Closed	7

*Source: ILO, NORMLEX, International Labour Standards country profile, Egypt*

## WORKING CONDITIONS

The minimum wage was raised gradually from EGP 35 (US\$6.3) in 2009 to EGP 400 (US\$74) per month in 2010, to EGP 700 (US\$115) in 2011 and has stayed since then. The interim government implemented a monthly minimum wage of EGP 1,200 (US\$169) for government employees and public sector workers in January 2014, which includes bonuses and pay-raises. This latest minimum wage increase was only applied to direct government employees and included benefits and bonuses in calculating total salaries. It has not been raised since then, including for the private sector.



Minimum wage revisions are long overdue and the real minimum wage loses its practical meaning. As a matter of fact, it also has a relatively narrow coverage. For example, workers in the public administration and defence with compulsory social security, covers 7.9% of the total employment. Stated differently, slightly more than nine out of ten in employment were excluded from the updated minimum wage. Also most government workers already earned income equal to or more than the announced minimum wage. One other issue is that the minimum wage applies to businesses that employ more than 10 workers. It directly affects many small businesses that operate in the informal economy that are outside the minimum wage regulation (see the section: Informal Economy).

**Table 8: Wages and earnings in Egypt**

Monthly average, median and legal minimum wages

	Current EGP	Current US\$
Nominal average wage (2014)	3,493	493
Minimum wage (2014-2016) (Public sector workers)	1,200	120
Ratio of minimum wage to value added per worker (2016)	0.0 *	
Growth of real nominal average wage (2012-2014)	26 %	
Growth of real minimum wage (2012-2016)	71 %	

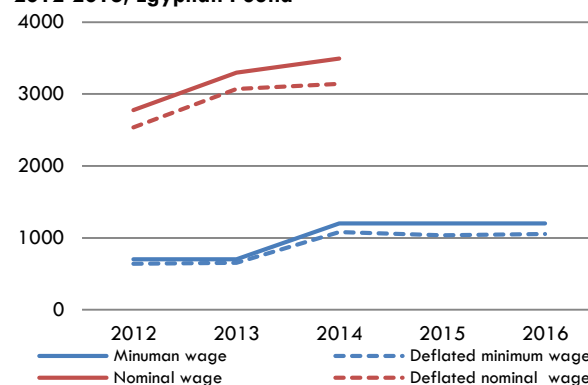
\* Ratio of minimum wage to value added per worker denotes the minimum wage share of labour productivity.

Sources: [ILO, Earnings and labour costs](#); [IFC & World Bank, Doing Business 2017, Egypt](#)

The minimum wage is higher than the latest poverty line that was estimated of EGP 482 (US\$48) per person per month in 2016.

The real minimum wage has experienced a relatively high purchasing power drop since 2012 due to inflation in consumer prices hovering above 10% (see also Figure 20). The average nominal wage was estimated much higher than the minimum wage on a steady wage increase. There was not available nominal wage data from the period 2015-2016.

**Figure 3: Minimum and nominal wage trends in Egypt, 2012-2016, Egyptian Pound**



Note: Deflated wages equals nominal wage divided by inflation in consumer prices.

Sources: [ILO, Earnings and labour costs](#);

Employees working in private sector were entitled to a special allowance of 10% of their basic salary in June 2014 or on the date of appointment after that date.<sup>27</sup> The legislation excluded agricultural, fisheries workers and domestic workers from regulations concerning wages, hours, and working conditions. These latter segments and other parts of the informal economy are most likely to be subject to hazardous or exploitive conditions.

Number of injury cases of workers demonstrated a slight decrease from 17,954 in 2012 to 16,996 in 2013, which equals a drop of 5.3%. A majority (72%) of the cases were registered in the public sectors, 15% from the government sector and 13% in the private sector. And 90% of the total injury cases were men workers in 2013.

During recent years, the average of work hours increased, expect for women in the public sector that dropped by 4% (Table 9).

**Table 9: Average of work hours in Egypt, 2010-2014, men and women**

	2010	2014	Percentage point change
Public - Men	52%	53%	+ 1%
Public - Women	54%	50%	- 4%
Private - Men	58%	59%	+ 1%
Private . Women	58%	62%	+ 4%

Source: CAPMAS, *Statistical Yearbook on Labour, 2016*

An overview of the working conditions in Egypt is available on Table 10.



**Table 10: Working Conditions in Egypt**

Normal weekly hours limit	48 hours
Overtime limit	2 hours per day (10 hours per day total including overtime)
Maximum weekly hours limit	60 hours
Minimum mandatory overtime premium/time off in lieu of overtime wages	35% increase; no universal national entitlement to compensatory time off
Minimum annual leave	18 days
Duration of Maternity Leave	3 months
Amount of maternity leave benefits	100%
Source of maternity leave benefits	Mixed (75% social insurance, 25% employer)

Source: [ILO, Working Conditions, Laws Report 2012, 2013](#)

## WORKFORCE

Egypt is the most populous Arab country with a total 95 million people. Of these, 27 million workers are in employment with an estimated employment-to-population ratio of 44% in 2016. There are similar rates on the employment-to-population ratio relatively to the North Africa averages. The country's men in employment have a much higher employment-to-population ratio of 70% than women that was estimated at 17%. Youth, especially among women, have very low rates. Many are instead in education or in inactivity. Egypt sees upwards of 800,000 new entrants into the labour market each year.

**Table 11: Employment-to-population ratio in Egypt and North Africa, 2016**

Total and by age and sex distribution

Sex	Age		Egypt	North Africa
Men & Women	Total 15+		44 %	40 %
	Youth 15-24		22 %	20 %
Men	Total 15+		70 %	64 %
	Youth 15-24		35 %	32 %
Women	Total 15+		17 %	16 %
	Youth 15-24		7.3 %	7.2 %

Note: Estimations based on Upper-middle income level.

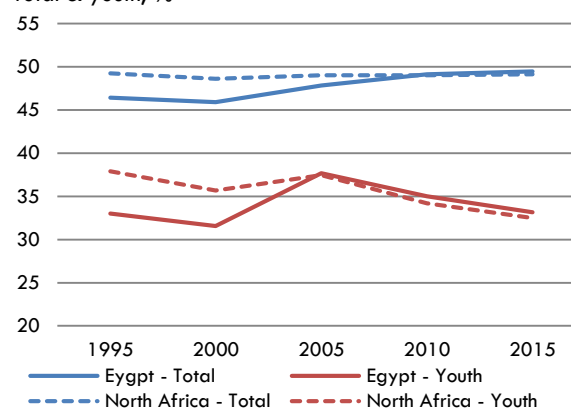
Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#).

The total labour force participation rate in Egypt experienced a slight increase from 46% in 1995 to 49% in 2015. The rate is in par with the North Africa average. The youth participation rate grew rapidly in the beginning of the 2000s, but it dropped since 2005, reaching 33% in 2015. Again, it is in line with the

region average (Figure 4). Not to mention, it was related to increasing school enrolment.

**Figure 4: Labour force participation rate in Egypt and North Africa, 1995-2015**

Total & youth, %

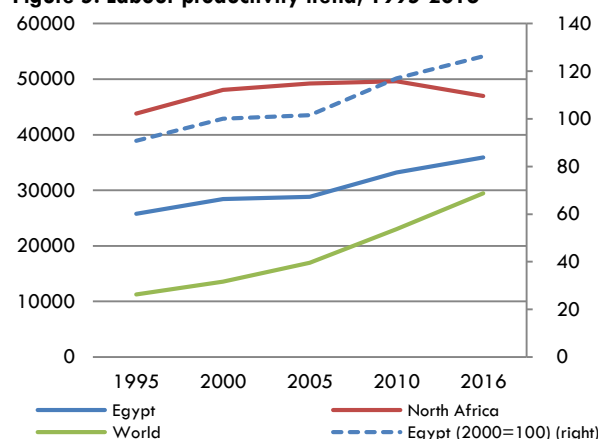


Note: Estimations based on lower-middle income level.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#).

Egypt's labour productivity is relatively high in comparison with the World average. It is lower than the North Africa average, though. The country did not experience a similar labour productivity downturn as in the region since 2010, but the tempo dropped slightly due to lower capital formation and foreign direct investment (Figure 5).

**Figure 5: Labour productivity trend, 1995-2016**



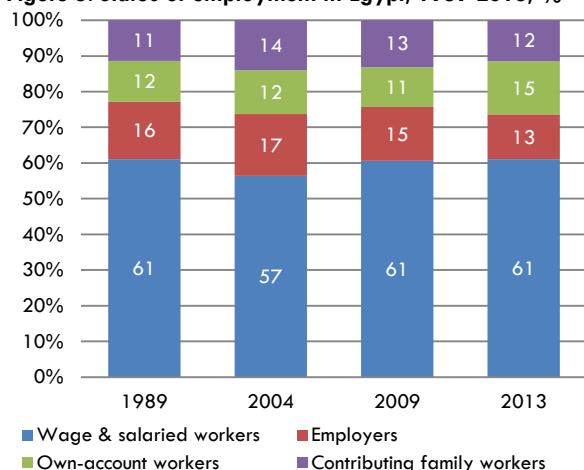
Note: Labour productivity is defined as output per worker (i.e. GDP constant 2011 international US\$ in Purchasing Power Parity (PPP)); and indexed year 2000 (=100).

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

Looking towards the status of employment in Egypt, it has been noted that very limited structural changes happened in the period from 1989 to 2013. A majority stays among wage and salaried workers, estimated at 61%. The country has a relatively high rate of employers that was estimated at 13% in 2013. Own-account workers and contributing family workers

covered 15% and 12%, respectively; which are the segments of workers in vulnerable employment (Figure 6). This could also be interpreted as the formalization of the working conditions did not enter an improving evolution.

**Figure 6: Status of employment in Egypt, 1989-2013, %**



Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#)

Skill mismatches between job requirements and qualifications is confronting some challenges on the labour market in Egypt. This is mainly related to that skill mismatches are affected by 43% incidence of under-education. This estimation illustrates very limited gender gaps. Over-education is less present, but should not be underestimated (Table 12).

**Table 12: Skill mismatches between job requirements and qualifications in Egypt, 2013**

By sex and age group 15-29 years old, %

	Total	Male	Women
Incidence of over-education	8.2 %	8.7 %	6.3 %
Incidence of under-education	43 %	43 %	43 %

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#)

### Inactivity on the labour market

One out of two (50%) of the working age population (WAP, 15+) and two out of three (67%) of the youth population (15-24 years old) are estimated as inactive on the labour market. There are vast gender gaps between men and women (Table 13). Another key point is that both total and youth inactive women have very high rates at 72% and 82%, respectively. This suggests that a majority of women do not enter on the labour market despite the relatively high school enrolment on all levels (see also Figure 14).

**Table 13: Inactivity rate in Egypt, 2016**

	Total	Men	Women
Inactivity Rate	50 %	24 %	72
Inactivity Rate, youth	67 %	52 %	82

Note: Inactivity is measured as the proportion of a country's working-age population that is not engaged actively in the labour market, either by working or looking for work.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#)

### Unemployment

An estimated 3.5 million people were unemployed in Egypt in 2016, which equals 12% of the labour force. Around 1.8 million youth are unemployed with a youth unemployment rate of 34%. There is a deep gender gap in total and youth unemployment as well as long-term unemployment. Egypt's total unemployment is in line with the North Africa averages; but is significantly higher among youth (Table 14). The estimation of total unemployment rate in Egypt is quite similar with the Central Agency for Public Mobilization and Statistics (CAPMAS) that also registered a total unemployment rate at 13% in 2014.<sup>28</sup>

**Table 14: Unemployment Rates in Egypt, 2016, %**

		Egypt	North Africa
Unemployment	Total	12 %	12 %
	Men	7.7 %	9.0 %
	Women	24 %	20 %
Youth Unemployment (15-24 years old)	Total	34 %	28 %
	Men	26 %	23 %
	Women	59 %	43 %
Long-term unemployment * (2013)	Total	12 %	N/a
	Men	8.5 %	N/a
	Women	22 %	N/a

\* Two separate measures of long-term unemployment are included: i) those unemployed one year or more as a percentage of the labour force; and ii) those unemployed one year or more as a percentage of the total unemployed (the incidence of long-term unemployment).

Note: Estimations based on lower-middle income level.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#)

Unemployment was a major cause for the political turmoil in 2011. Protesters were often young and highly educated without any realistic job prospects. Data show that the youth unemployment rate increased from 25% in 2010 to 31% in 2011 and peaked at 37% in 2014 (Figure 7). This is an impact of the increased political and economic instability not only in Egypt but in the region.

**Figure 7: Trend of unemployment rates in Egypt and North Africa, 2007-2016, %**

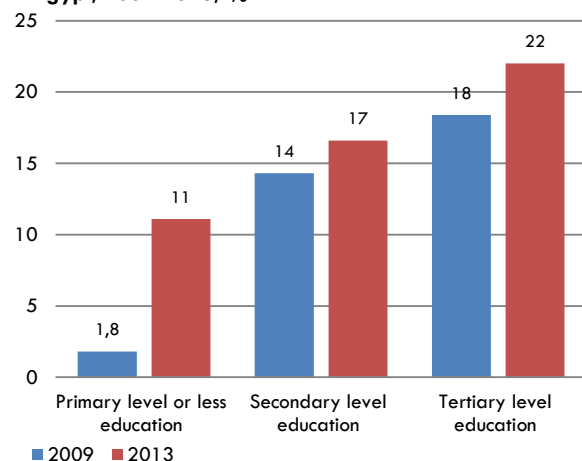


Note: Estimations based on lower-middle income level.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#).

In Egypt it is clear that especially people with secondary and tertiary education have very high unemployment rates that were on a rise in the period from 2009 to 2013 (Figure 8). It is also noteworthy to mention that the primary level or less had a very low unemployment rate in 2010 of 1.8% but it skyrocketing reaching 12% in 2013. This was a negative impact of the 2011 revolution along with the political and economic aftermath.

**Figure 8: Unemployment by level of educational attainment in Egypt, 2009-2013, %**



Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#).

Not to mention, there are deep gender gaps in terms of the unemployment by level of educational attainment, e.g. on the tertiary education level 34% of men are unemployed while it is 73% among women (see more on Table 15).

**Table 15: Unemployment by level of educational attainment in Egypt, men and women, 2013, %**

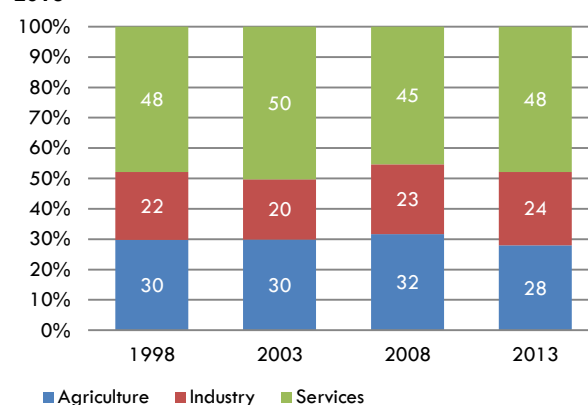
	Primary	Secondary	Tertiary
Total - Men	11 %	12 %	15 %
Total - Women	27 %	32 %	55 %
Youth - Men	15 %	35 %	34 %
Youth - Women	15 %	67 %	73 %

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#).

## Sectoral employment

Employment in Egypt went through a narrow structural change during the last decade. The agricultural sector dropped from 30% in 2003 to 28% in 2013 along with the service sector from 50% to 48%, respectively. Instead the employment in the industry sector increased by 4 percentage points (Figure 9).

**Figure 9: Employment by aggregate sector in Egypt, 1998-2013**



Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

Total employment consisted of 23.8 million workers in 2013. It increased of 4% from 2009 to 2013. The agricultural sector has the highest employment share of 28% of total employment which equals 6.7 million workers. This sector's employment fell by 3% in the mentioned period. The next highest sector share is within the public sector (i.e. community, social and personal services) that was estimated at 23% followed by trade, hotel and restaurants sector at 14%. This latter sector had an increase in the employment by 10% in the period from 2009 to 2013. Also the construction sector was growing fast from 2.4 million workers in 2009 to 2.7 million in 2013 which represents 12% of the total employment. In contrast, the sector with the lowest employment is in the mining sector (0.2%) and finance sector (0.8%). Employment is very dominated by men with up to 80% of the total employment. Women's participation is mainly in the public sector (37%) and the agricultural sector (31%) (see more on Table 16).

**Table 16: Employment distribution in Egypt, 2013**

Sector	Total sector employment	Sector employment share, %	Ratio of men in sector employment, %
Agriculture	6,702,483	28%	69%
Mining & quarrying	41,269	0.2%	99%
Manufacturing	2,570,563	11%	92%
Electricity, gas & water	440,468	1.9%	93%
Construction	2,727,852	12%	100%
Trade, restaurants & hotels	3,213,232	14%	89%
Transport, storage & communication	1,699,394	7.1%	98%
Finance, real estate & business services	193,104	0.8%	78%
Community, social and personal services *	5,350,752	23%	63%
Other sources **	845,457	3.6%	89%
Total	23,784,574	100%	80%

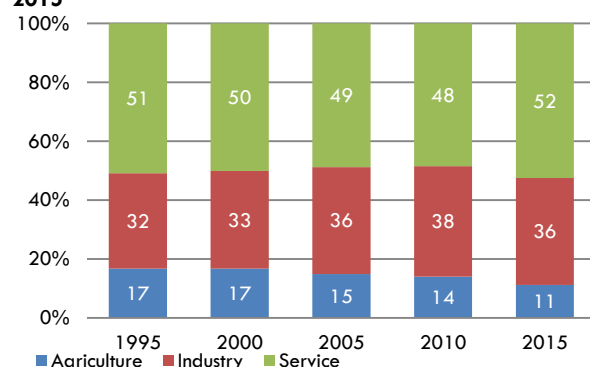
\* This sector include: Professional, scientific and technical activities; administrative and support service activities; public administration and defence; compulsory social security; education; human health and social work activities.

\*\* Other sources include: Arts, entertainment and recreation; other service activities; activities of households as employers; undifferentiated goods- and services-producing activities of households for own use; activities of extraterritorial organizations and bodies.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#).

Just as the limited structural changes in the employment structure, the sectors' value added of Gross Domestic Product (GDP) experienced some narrow evolutions. Variations in the economy during the 2010s, so far, the service sector is on a rise while the industry and agricultural sector are dropping (Figure 10).

**Figure 10: Egypt sectors' value added, % of GDP, 1995-2015**



Source: [World Bank, World Development Indicators](#)

On average the GDP share by sector per worker was estimated at US\$12,025 per year. Going more in depth of the GDP value added per sector, the manufacturing sector has an important role that constitutes 11% of the total employment, 17% of the value added of GDP and a GDP share per sector close to US\$19,000 per workers per year. The lowest GDP share by sector per workers is in the agricultural sector that employs 28% of the total employment, producing 11% of the GDP with a share of US\$4,694 per worker per year. Also the construction sector has a relatively low GDP share by sector per worker of US\$5,033 followed by the public sector with US\$5,880.

In contrasts, the very low mining and quarrying sector in terms of 0.2% of the total employment contributes by up to 13% of GDP value added; thus, a massive GDP share of US\$900,000 per worker per year. This level is related to very high capital intensive production. Also the financial sector has a very high GDP share by sector and per workers in comparison with the very low sector employment share (see more sector details on Table 17).

**Table 17: GDP share by sector (2015) and GDP per worker (2013) in Egypt**

Sector	GDP share by sector, %	GDP share by sector per worker, US\$
Agriculture	11 %	4,694
Mining & quarrying	13 %	900,954
Manufacturing	17 %	18,915
Electricity, gas & water	2.2 %	14,285
Construction	4.8 %	5,033
Trade, restaurants & hotels	15 %	13,352
Transport, storage & communication	7.6 %	12,791
Finance, real estate & business services	14 %	207,358
Public administration, education and health	11 %	5,880
Not classifiable by economic activity /other services	4.7 %	15,900
Total / average	100 %	12,025

Note: GDP share by sector per worker is calculated by the total GDP (current US\$) divided by GDP share per sector origin which then is divided in number of workers per sector.

Source: Estimations based on data from [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#) and [AfDB, OECD & UNDP, African Economic Outlook 2016, Egypt](#)



## Migration

Egypt is the largest migrant sending country in the region in absolute terms: There are estimations that 4.3 million Egyptians are living abroad. The vast majority of Egyptian expatriates resided in Arab countries (86%), most in Saudi Arabia (around 1.3 million); 4.8% in Europe, and 4.5% in USA, and the rest spread around the world.<sup>29</sup>

More people are leaving the country than entering it: With a negative value of the net migration of around 43,000 people per year. It is relatively low in comparison with the Middle East and North Africa (excluding high income) average net migration to the population. This is without a doubt related to the aftermath of the Arab Spring from 2011; civil wars in Syria and Libya, and general political and economic turmoil. A fully impact of migration flows in recent years have not yet been registered in the net migration data.

The Egyptian diaspora has become an important part of the country's economy. It contributes with a high remittance rate of 6.3% of GDP and hovering above the region average (Table 18). It has contributed to the reduction in working poor during the 2000s (see also Table 28). However, in recent years the remittance received rate was declining while at the same time the extreme poverty increased (see more in section: General Economic Performance).

**Table 18: Status of Migration in Egypt and Middle East & North Africa (MENA)**

	Net Migration (2008-2012)	Net migration to average population (2008-2012)	Remittances received, % of GDP (2012-2015, average)
Egypt	- 215,681	-1 : 1,905 Inhabitants	6.3 %
MENA *	- 3,615,666	-1 : 459 Inhabitants	3.6 %

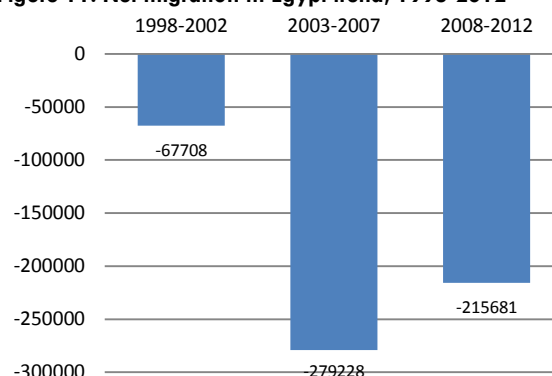
\* Middle East & North Africa (excluding high income).

Note: Net migration is the rate of people moving into a country less the number of people moving out of the same country.

Source: [World Bank, World Development Indicators](#)

Net migration increased dramatically during the 2000s. Egypt's economic slowdown and high youth unemployment made many workers moving towards the Gulf's job creating which was supported by high oil prices. As just mentioned, it was slowly decreasing in the end of 2000s and beginning of 2010s with changes on the migration patterns (Figure 11).

**Figure 11: Net migration in Egypt trend, 1998-2012**



Source: [World Bank, World Development Indicators](#)

The Sinai Peninsula is largely lawless, and the security situation has been deteriorating.<sup>30</sup> And the region has a large number of migrants passing through it, many of these are forced, victims of trafficking and children.<sup>31</sup> In the last couple of years, Egypt turned from a transit hub country for refugees to a residing country particularly for many Syrian refugees.

Internal migration flow is mostly directed towards the Canal governorates and Cairo. Former are attractive for internal migration in relation to the Suez Canal Area Development Project that aims an expansion of existing ports and new industrial zones (see also the sub-section: Special Economic Zones).<sup>32</sup>

## Informal Economy

Informal economy in Egypt is widespread and growing. First of all, the number of persons in informal employment to the total number of employed persons in the non-agricultural sector was estimated at 36% in 2009. Other more recent estimations from 2011 to 2013 of informal employment were ranging from 48% and 70% of Egypt's non-agricultural private sector workers depending on the type of survey (Table 19).

**Table 19: Status of informal economy in Egypt**

Persons in informal employment (2009)	8,247,200
Ratio of persons in informal employment to total number of employed (ILO) (2009)	36 %
Informal employment (depending applied methods*) (2011-2013)	From 48% to 70%
Informal economy contribution to GDP	From 37% to 68%

\* Employed outside establishments (48%); not subject to national labour legislation or entitled to social protection or employment benefits (51%); casually employed (63%); and/or paid below minimum wage (70%).

Sources: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#); and [AfDB, Addressing informality in Egypt, Working Paper, North Africa Policy Paper, 2016](#)



Second, Census data indicate that informal employment have increased from 4.8 million in 1996 to 10.8 million in 2008, representing 48% of total employment.<sup>33</sup> Also a new study from 2014 suggested that the informal employment increased from 40% in 2012 to 45% in 2013; which is significantly higher compared to 30 percent in 1998.<sup>34</sup> The results from the latter study were related to the political and economic turmoil in the beginning in 2010s, so far. The data deviate from ILO's due to methodology survey differences. Some of the major causes of the increasing informality in Egypt are related to: i) flaws in the labour legislation; ii) the state's insufficient capacity to implement regulations to doing business (see also the section: General Economic Performance); iii) declining role of the state in initiating new job generation; iv) the increasing number of the unemployed; and v) the accumulative level of rural migration to urban areas. In practice, the authorities do not attempt to apply labour standards to the informal economy.

Third, informal activities account for around 61% of GDP on average (estimations from 51% and 70%) in Egypt, depending on the applied methodology. Data suggest that informality is more prevalent in Egypt than in most other MENA countries; staying more approximated to East and Southeast Asia (61% average) or sub-Saharan Africa (66% average).

Forth, informal enterprises in Egypt are characterized by individual based enterprises, small size in terms of scope of production and number of workers, with small capital, and manual oriented enterprises. Data reveal that between 77% and 93% of all private enterprises are informal, depending on the methodology.<sup>35</sup>

A dilemma is that high costs and burdensome procedures for registering and operating in the formal sector have blocked many entrepreneurs and workers from entering the formalized economy. On the other hand, there were raised concerns that the formal sector's competition is weakening against enterprises operating in the informal economy,; the latter economy compete by lower product prices due to avoiding paying taxes and custom fees, lower salaries and pension savings.

## Child Labour

The Child Law sets the minimum age for regular employment at age 15 and at 13 for seasonal employment. The Labour Code explicitly excludes domestic work, work in family businesses, and work in

non-commercial agriculture from minimum age. However, authorities do not enforce child labour laws effectively, and particularly in the informal economy.

It is worth mentioning that authorities implement a wide range of social, educational, and poverty reduction programs to reduce children's vulnerability to exploitive labour.

According to the most recent official data on child labour from 2010, around 11% of all children were in employment (Table 20). In numbers, 1.6 million children worked, primarily in the agricultural sector in rural areas followed by domestic work and factories in urban areas. This is often under hazardous conditions. Working children are also operating in light industry, the aluminium industry, construction sites, and service businesses such as auto repair.

Several sources argue that the child labour has increased since the 2011 revolution's aftermath of aggravated economic hardships making working children even more important to many families. Based on conservative unofficial estimates working children has reached 2.2 million today.<sup>36</sup>

**Table 20: Working children proportion of all children in age group (age 5-17)**

Region	Year	Type	Rate
Egypt	2010	Children in employment	11 %
		Child labourers	9.3 %
		Hazardous work	8.3 %
Average for Middle East, North Africa, Europe and North America	2008	Children in employment	8.4 %
		Child labourers	6.7 %
		Hazardous work	5.7 %

Note: Children in employment include all children who conduct some kind of work, whereas child labourers are a narrower term without mild forms of work. Hazardous work is the worst form of child labour as defined in ILO C182.

Source: [ILO, IPEC, Working Children in Egypt: Results of the 2010 National Child Labour Survey, 2012](#); and [ILO, Accelerating action against child labour, International Labour Conference, 99<sup>th</sup> Session 2010](#)

## Gender

Egypt's women have a low labour force participation rate in comparison with men; in contrast, with a much higher unemployment rate than men (Table 21). This does often not mean they are not working. Many are



instead doing domestic work, which is statistically not recognized as labour participation.

**Table 21: Gender gaps among workers in Egypt, 2016**

% in total labour force and gender percentage point gap

	Men	Women	Men/women, percentage point
Participation rate	76 %	23 %	53 %
Unemployment rate	7.7 %	24 %	- 16 %

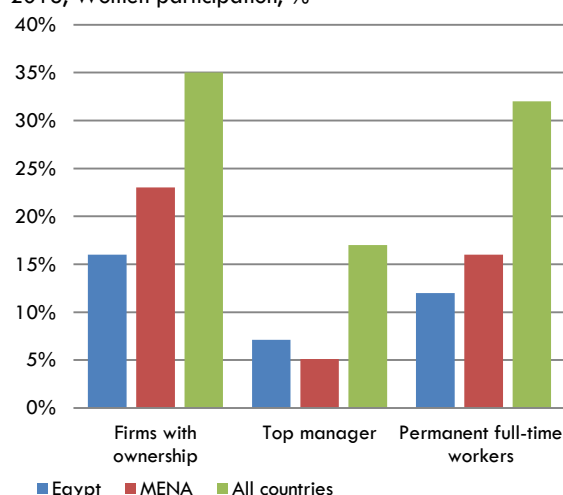
Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#)

According to a survey, young women in Egypt perceive incompatibility between work and their social roles. This is related to that marriage is strongly associated with low labour force participation for women in Egypt. It has, among others, been demonstrated by that two out of three (66%) of young women, who were not on the labour market, were due to their role as housewives; and 87% of young women with a university education who were not in the labour force, listed the same reason.<sup>37</sup>

With reference to the most recent Enterprise Survey, Egypt has the lowest rate of firms with women ownership in the Middle East & North Africa (MENA). As just shown above, it does not surprise that it is much lower than the average by all countries. On the other hand, the country has a slightly higher rate of women as top manager in enterprises. The graph below also outlines that permanent full-time women workers are also very low (Figure 12).

**Figure 12: Enterprise Survey in Egypt<sup>38</sup>**

2013, Women participation, %



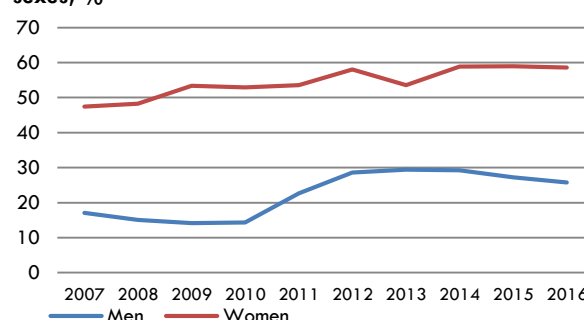
Source: [World Bank, Egypt Enterprise Survey, 2013](#)

## Youth

It was the younger generation that sparked changes in Middle East and North Africa in 2011. Aspirations remain unmet. Many youth think they have been unable to secure a role in decision-making and feel that they are not consulted on issues that directly affect them.

The youth unemployment rate faced an upward trend, higher than what the North Africa's average. In 2011, the youth unemployment rate increased for both sexes, especially for young men. Afterwards, the latter's unemployment rate dropped slightly while young women's basically stayed flat. A very high gender gap on the youth unemployment rates continues to be present (Figure 12 & Table 22).

**Figure 13: Youth unemployment in Egypt, 2007-2016, by sexes, %**



Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#)

Equally important, among young women more are unemployed than participating on the labour market. This is a rare and grave situation. This is less stark among young men; they have a higher participating rate than the unemployment rate. This is moreover exemplified by a significant higher ratio of men to women in participation on the labour market. By the same token, the proportion of youth not in employment, education or training (i.e. NEET rate) is especially high for young women with a gap of 24 percentage points (Table 22).

**Table 22: Youth gender labour gaps among workers in Egypt, 2016**

% in youth labour force (aged 15 to 24) and gender percentage point gap

	Men	Women	Men/wome, percentage point
Participation rate	48 %	18 %	30 %
Unemployment rate	26 %	59 %	- 33 %
NEET * (2013)	17 %	41 %	- 24%

\* The proportion of youth not in employment, education or training (i.e. NEET rate)..

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#)

It has been noted that no national youth policy is operating in Egypt.<sup>39</sup> But, as demonstrated, youth unemployment is a serious policy challenge in Egypt. The unemployment figures presented in this report clearly show that the labour market is confronting dysfunctional structures. Many young men and women choose unemployment over a job with compromised benefits within the informal economy.

## EDUCATION

Egypt has both secular education system and the Al-Azhar system. The country has one of the largest school enrolment in the Middle East and North Africa. It has grown rapidly since the early 1990s and related to males and females are required by law to complete primary and secondary education. Many do not complete the education, though.

The educational attainment is confronting a wealth gap and a gender gap. As an example, up to 39% of the total population have less than primary education. And this segment was on a rise. Since the secondary and tertiary educational attainment levels grew quite modest, the primary education level fell. This suggests that more were dropping the educational system on an early stage into poverty (see more on Table 23).

**Table 23: Labour force by level of educational attainment in Egypt, 2009-2013, %**

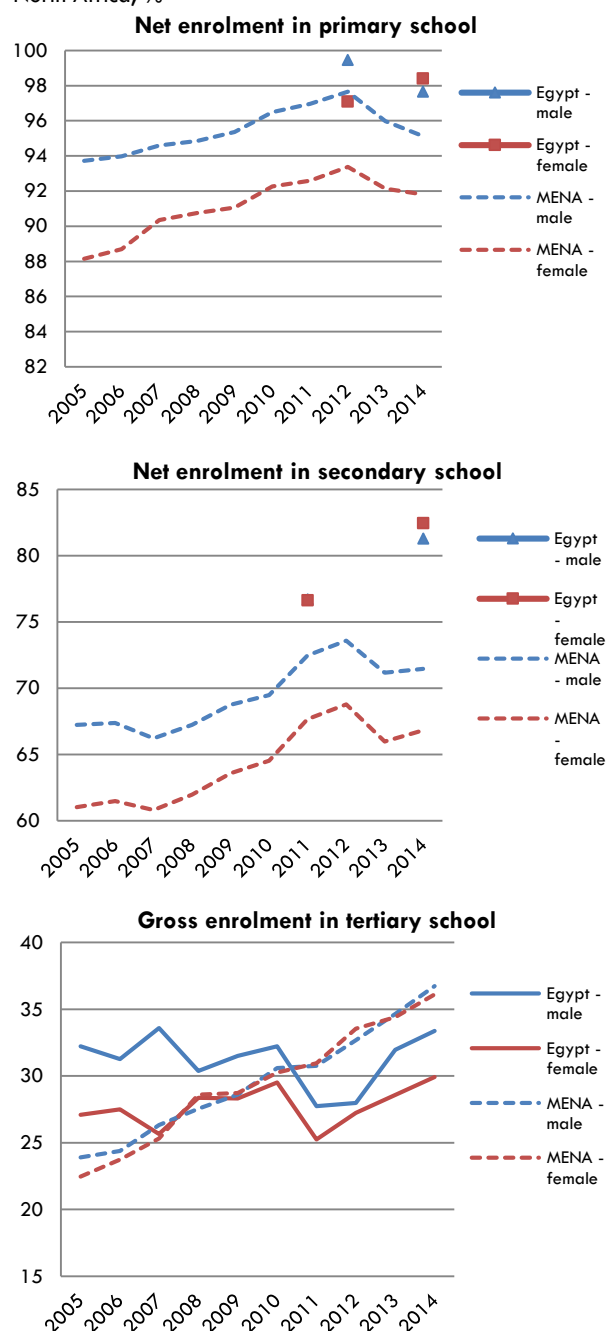
Year	Less than primary	Primary	Secondary	Tertiary
2009	36 %	10 %	37 %	18 %
2013	39 %	5 %	38 %	19 %

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9th Edition](#)

As mentioned, school enrolments are slightly higher in Egypt than the Middle East and North African average, except in the tertiary level. Net enrolment in primary education stays on a high rate of 98%. Net enrolment in secondary education increased rapidly since 2009 and hovering high above the region average; and females have a higher rate than males. Gross enrolment in tertiary education dropped in 2010 but rebounded fast afterwards. On the latter level, females have a lower enrolment than men (see more on Figure 14). Many 2011 revolution protesters were university educated youth with few job prospects.

**Figure 14: Enrolment in Primary, Secondary and Tertiary schools**

2005-2014, male and female, Egypt and Middle East and North Africa, %



Note: Net enrolment is the ratio of children of official school age, who are enrolled in school to the population of the corresponding official school age. Gross enrolment is the ratio of total enrolment, regardless of age, to the population of the corresponding official school age.

Source: [World Bank, DataBank, Education Indicators](#)

## Vocational training

The Egyptian secondary school education system includes Technical Vocational Education Training system (TVET). This system provides in three-year and five-year

programs, includes schools in three different fields: industrial, commercial and agricultural.

TVET has a very high enrolment in vocational training reaching a ratio of pupils in vocational student to all secondary education pupils at 27% in 2014. This is more than double as high as the region average. Many females are also in enrolment on the vocational training but have experienced a slight decrease in the period from 2011 to 2014. Egypt has a similar ratio of vocational student in terms of people aged 15-24 than the Northern Africa region (see more Table 24).

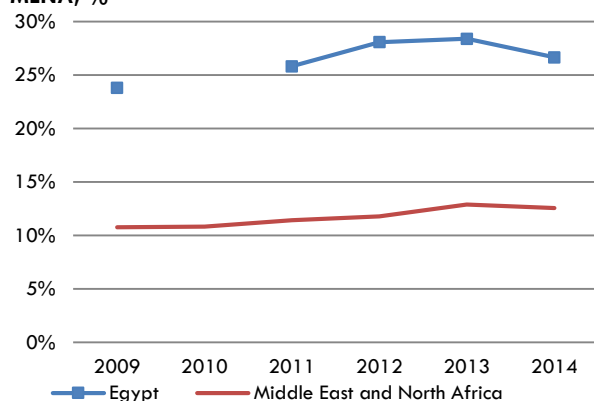
**Table 24: Vocational Training facts**

Egypt	2011	2014
Pupils in Vocational Training	1,589,500	1,726,961
Enrolment in secondary vocational, females (%)	46 %	43 %
Ratio of teachers in secondary vocational education to pupils in vocational training	N/a	12
Comparative estimations	Country/region	%
Ratio of pupils in vocational student to all pupils in secondary education (2014)	Egypt	27 %
	MENA	12 %
Ratio of pupils in vocational training out of 15-24 year olds (2014)	Egypt	11 %
	MENA	10 %

Source: [World Bank, Education Statistics](#)

Ratio of pupils in vocational training to all pupils in secondary education trend has stayed above 25% since 2010, peaking in 2012-2013 by 28% (Figure 15). The slightly ratio drop in 2014 was not related to a decreasing enrolment in vocational training but rather higher general enrolment in secondary school, as shown on Figure 14.

**Figure 15: Ratio of pupils in vocational training to all pupils in secondary education, 2009-2014, Egypt and MENA, %**



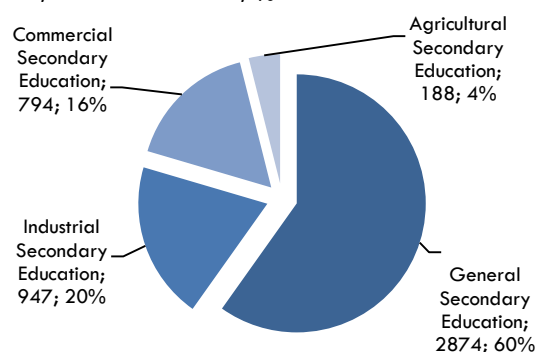
Source: [World Bank, Education Statistics](#)

The TVET is complex with more than 30 institutions (public and private) relevant for this sector. A report assessed the main problems that the TVET sector is confronting are: i) inappropriate mechanisms for an effective and efficient governance and financing of the TVET system; ii) problems in the quality and relevance of the TVET provision; and iii) difficult transition to employment, in particular for girls and women.<sup>40</sup>

As already explained, youth unemployment is higher among the better educated than the lower educated, which includes vocational students. There has been observed that the TVET is confronting low labour market efficiency; poor training system performance; and misalignment between economic development plans' priorities along with labour policies and practices. By the same token, employers have asserted that the right skills are lacking and it is a major barrier to expanding the business, and therefore hire new workers.<sup>41</sup> This does not imply too little vocational training, rather the quality and design of the TVET.

Although TVET providers cover a wide scope of specialties, the focus has been on industry sector that provides formal technical education through an apprenticeship system. Data below suggest that the secondary educational level favors General Secondary Schools, which is more directed towards an academic path to university education (Figure 16).

**Figure 16: Distribution of secondary school in Egypt, 2012-2013, Number of schools, %**



Source: [Egypt Network for Integrated Development, Recommendations for Technical and Vocational Education and Training in Egypt, Policy Brief 004, 2013](#)

## SOCIAL PROTECTION

Egypt's social security system is also complex. There are different schemes for different groups of workers. The system covers several laws that provide coverage for public and private sector wage workers, employers and self-employed, Egyptians working abroad, and



irregular or “unorganized” workers. Eligibility for these benefits differs across the schemes, which are managed by the National Organisation for Social Insurance (NOSI). Schemes provide pensions for old age, disability and survivors, and benefits for sickness, work injury, maternity, and unemployment.

The unemployment insurance law, also known as the Emergency Subsidy Fund Law 156 of 2002, sets a fund to compensate employees whose wages are suspended due to partial or complete closure of their firm or due to its downsizing. The fund allocates financial resources that will come from one percent deduction from the base salaries of public and private sector employees. Unemployment must not be the result of voluntary leaving, misconduct, or the refusal of training or a suitable job offer. In practice, the unemployment benefits give 60% of previous earnings for up to 16 or 28 weeks.

Egypt's social protection system covers 12% of GDP (excluding health) and a large share of the state's annual budget. A majority of the total social protection expenditure has been directed towards social protection programs and subsidizing food, fuel and electricity prices. To curb fiscal deficit, the government introduced social protection reforms, e.g. a gradual liberalization of energy prices over a period of 5–10 years was launched in 2014. Overall, the system has not a positive impact on poverty and human development (see also the section: General Economic Performance).

About half of the population in Egypt is insured by its government health insurance schemes and another 30% are enrolled in private health insurance, while the remaining 20% has no health insurance. The public health care expenditure is much lower than the North Africa average.

**Table 25: Social protection facts in Egypt, 2010**

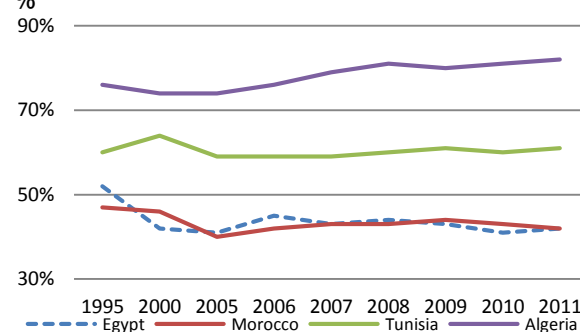
Indicator	Measure	Egypt	North Africa
Total social protection expenditure	% of GDP	13 %	10 %
Public health care expenditure	% of GDP	1.4 %	3.2 %
Health social protection coverage	% of total population	51 %	25 %*
Trends in government expenditure in health	% change per year	2.0 %	N/a

\* The average covers the entire Africa region.

Source: [ILO, Social Protection, Statistics and indicators](#)

Figure 17 below illustrates that the total health-care expenditure not financed by private household's out-of-pocket payments has stayed relatively low at 42% with a slowly declining trend. This was, to some extent, related to the government expenditure in health is growing slower than the population growth.

**Figure 17: Total health-care expenditure not financed by private household's out-of-pocket payments, 1995-2011, %**



Source: [ILO, Addressing the Global Health Crisis: Universal Health Protection Policies, Social Protection Policy Papers, Paper 13, 2014](#)

For the pension's scheme, employees contribute 10% of salary and the employers 15%. The sickness and maternity scheme is 1% of salary from the employee and 4% from the employer.

The old age effective pension scheme coverage of active contributors (age 15+) was estimated at 29% in Egypt. It is slightly higher than the North Africa average. These schemes have deep gender gaps, e.g. the just mentioned old age pension scheme covers men by 45% and women by 13% (see more on Table 26).

**Table 26: Benefits, coverage and contributions to pension schemes, 2011**

Theme	Measure	Egypt	North Africa
Social benefits for active age	% of GDP	N/a	1.1 %
Pensionable age receiving an old age pension (age 60+) (2008)	Proportion of total	33 %	22 % *
Active contributors to a pension scheme	15+	55 %	47 %
Active contributors to a pension scheme	15-64 years	29 %	24 %

\* The average covers the entire Africa region.

Source: [ILO, Social Protection, Statistics and indicators](#)

ETUF holds a monopoly on funds that provide social security and pensions for members of affiliated trade unions. Contributions to the funds are included in workers' membership fees, which are usually deducted automatically from their salaries.<sup>42</sup>

The quality of social security services is questionable. For example, social insurance is available only to employees in the formal sector.<sup>43</sup> Workers, who do not contribute to social security, are estimated at 43% in urban areas and 70% in rural areas. In addition, social security and labour regulations have a bias favouring public sector employment.

Changes of the social protection system were part of an economic reform from 2014. This includes an increase in social spending on programs such as cash transfers, social pension, school meals, health insurance and free medicine for the poor by at least 1% of GDP out of the achieved fiscal savings.<sup>44</sup> As previously indicated, these savings is part of gradual liberalization of energy, fuel and food subsidies. Social conditions remain a concern, though; many working people in Egypt are confronting a rising inflation in consumer prices.

## GENERAL ECONOMIC PERFORMANCE

Egypt's real economic growth was estimated at 4.2% in 2015 and 4.3% on average over the last decade. The public finances are unsustainable which depends on expensive borrowing for deficit finance, increasing debt, and an economic growth that does not spur sufficient new jobs and curbing unemployment. Doing business experienced some small improvements while the human development is dwindling (see more on Table 27).

**Table 27: Key Facts on General Economic Performance in Egypt, 2015**

GDP	US\$331 billion
GDP real growth (2006-2015, av.)	4.3 %
Government budget balance, % of GDP	-12 %
Doing Business * (2017)	4 change in rank 122 of 190 countries
Human Development Index **	3 change in rank 111 of 188 countries
Gini Index *** (2010)	30.8 116 of 145 countries

\* A high ranking on the Ease of Doing Business Index means the regulatory environment is more conducive to the start-up and operation of a local firm.<sup>45</sup> Doing Business ranking change is in the period 2016-2017.

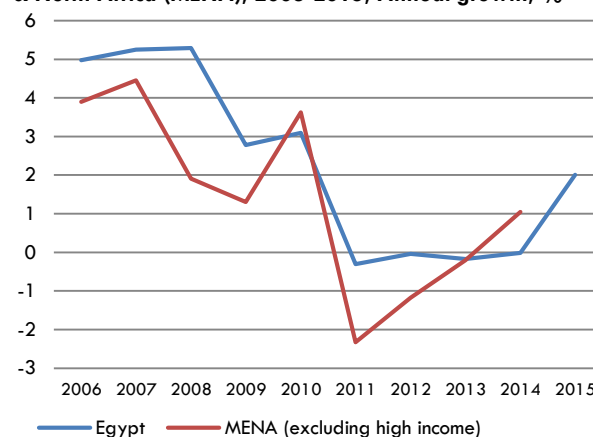
\*\* The Human Development Index (HDI) measures the average of a long and healthy life, access to knowledge, and a decent standard of living. HDI ranking change is in the period 2010-2015.

\*\*\* A Gini coefficient of 1 (or 100 percent) expresses maximal inequality among values. This Gini Index ranks the first country with the highest inequality while the number 145 has the highest equality.

Sources: [CIA, The World Factbook, Egypt](#); [World Bank, World Development Indicators](#); [World Bank & IFC, Ease of Doing Business 2016/2017 in Egypt](#); and [UNDP, Human Development Index trends](#)

Data reveal that GDP per capita growth entered a slowdown in 2008, which was related to the global financial crisis from 2007-2008. The decline plummeted in 2010 triggered by political turmoil and 2011 revolution attempts. During the post-revolutionary period, the growth stayed on a flat growth of 0% from 2011 to 2014, and an upsurge in 2015 reaching 2% (Figure 18).

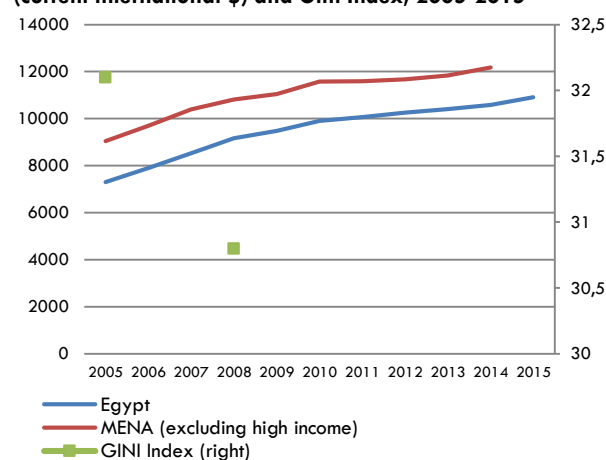
**Figure 18: GDP growth per capita in Egypt and Middle East & North Africa (MENA), 2006-2015, Annual growth, %**



Source: [World Bank, World Development Indicators](#)

On a different perspective, Egypt's GDP per capita measured in Purchasing Power Parity (PPP) is below the MENA average; the country is ranking of 125 out of 230 countries (1 is highest). According to the Gini Index - the inequality in the distribution of family income - has experienced a drop from 32.1 in 2005 to 30.8 in 2008 (Figure 19 and Table 27). Thus, Egypt has a relatively high-medium income equality ranking of 116 out of 145 countries (145 highest), situated next to European Union average and Hungary.

**Figure 19: GDP per capita in Purchasing Power Parity (current international \$) and Gini Index, 2005-2015**



Note: Gini Index measures the area between the Lorenz curve and a

Source: [World Bank, World Development Indicators](#)

The latest measurements of working poor in Egypt were from 2008. Data revealed that 10% were 'extremely poor' living with less than US\$1.9 per day and 38% were 'moderately poor' living between US\$1.9 and US\$3 per day. Stated differently, 48% of the working population lived below US\$3 per day. The relatively high working poor rates were, among others, a reflection of the high unemployment rates, weak targeting of social protection schemes and few women active on the formal labour market. In comparison, 8.2% were extremely poor in North Africa on average. On the positive side, Egypt's working poor below US\$3 per day experienced a fall by 6 percentage points in the period from 2000 to 2008. This was an impact of the rise of wage and salaried workers which was previously demonstrated.

In the light of the middle-class, it was registered that the 'near poor' increased in the period from 2000 to 2008 by 4.8 percentage points in Egypt. The region average is slightly lower than the country's. The 'near poor' and 'growing developing' middle-class segments increased by 6.1 percentage points in the just mentioned period, peaking with an aggregate 50% of the total employment. In comparison, the two middle-class segments aggregated 61% of employment in North Africa average (Table 28).

As mentioned, the human development has confronted difficulties in recent years. This suggests that the evolution of a growing developing middle-class is most likely stalled or maybe many are dropped into near poor or even extremely poor. This is in line with other recent estimations of extreme poverty with an increase from 17% in the Fiscal Year (FY) 1999/2000 to about 28% in FY 2015/2016.<sup>46</sup>

**Table 28: Working poor and middle-class trends in Egypt, 2000-2008**

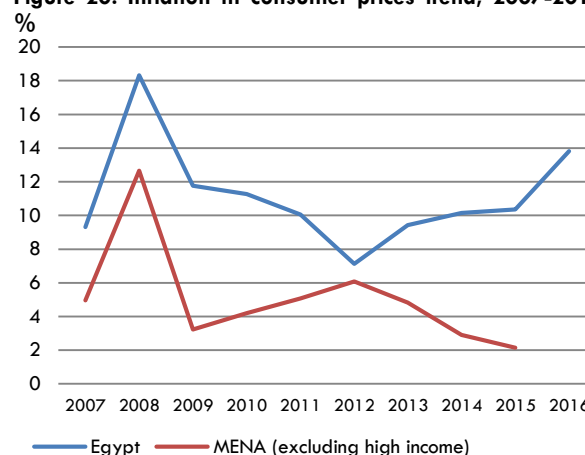
Estimated poverty line	2000	2008	Growth Percentage points 2000-2008
Extremely poor (<US\$1.9 a day)	12 %	10 %	↓ 2.6 %
Moderately poor (≥US\$1.9 & <US\$3 a day)	41 %	38 %	↓ 3.3 %
Near poor (≥ US\$3 & <US\$5 a day)	31 %	35 %	↑ 4.8 %
Developing middle class (≥US\$5 & <US\$13 a day)	14 %	15 %	↑ 1.3 %
Developed middle class and above (≥US\$13 a day)	1.3 %	1.2 %	↓ 0.1 %

Note: "Working poor" presents the proportion of persons living with their families below the poverty line.

Source: [ILO, Key Indicators of the Labour Market \(KILM\), 9<sup>th</sup> Edition](#)

The inflation in consumer prices stayed high during the last decade by 11% on average hovering above the region average (Figure 20). Especially fluctuations in foreign currency rates were challenging the inflation. Not to mention, high inflation had negatively affecting the salaries purchasing power and challenging the evolution of a middle-class.

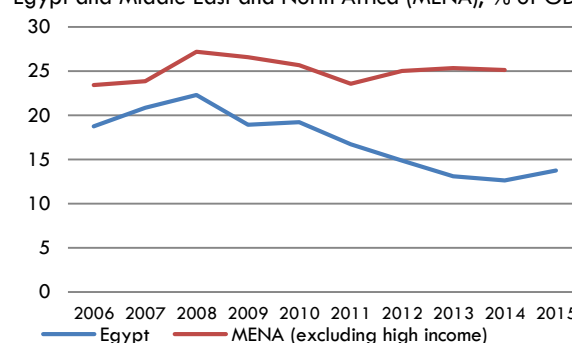
**Figure 20: Inflation in consumer prices trend, 2007-2016,**



Source: [World Bank, World Development Indicators](#)

Egypt's capital formation fell since 2008 only slowly rebounding in 2014, placed far below the Middle East and North Africa average (Figure 21). Capital formation signals how much of the new value added in the economy is invested rather than consumed; therefore, Egypt is not improving in terms of strengthening its economy and increasing the productivity.

**Figure 21: Gross Fixed Capital Formation trend, 2006-2015**  
Egypt and Middle East and North Africa (MENA), % of GDP



Source: [World Bank, World Development Indicators](#)

The doing business milieu is not easy in Egypt. First of all, the country was ranked 122 out of 190 countries in 2017, increased from 126 ranking in 2016 (1 is highest). The country is scoring in line with the Middle East and North Africa average; better ranking than Lebanon and Syria, but lower than Jordan and Tunisia.



Out of ten indicators, the country still scores quite low on trading across borders (168 out of 190), Paying Taxes (162) and enforcing contracts (162). Starting a business (39) and dealing with construction permits (64) have the highest rankings. Especially starting a business and getting electricity experienced high ranking changes (see more on Table 29).

**Table 29: Egypt's Ease of Doing Business**

Topics	2017	2016	Change
Starting a Business	39	70	↑ 31
Dealing with Construction Permits	64	63	↓ 1
Getting Electricity	88	129	↑ 41
Registering Property	109	105	↓ 4
Getting Credit	82	78	↓ 4
Protecting Minority Investors	114	129	↑ 15
Paying Taxes	162	162	No change
Trading Across Borders	168	157	↓ 11
Enforcing Contracts	162	162	No change
Resolving Insolvency	109	105	↓ 4

Note: Ease of doing business index (1=most business-friendly regulations). Doing Business 2016/17 indicators are ranking from 1 (top) to 190 (bottom) among other countries. The rankings tell much about the business environment, but do not measure all aspects of the business surroundings that matter to firms and investors or that affect the competitiveness of the economy. Still, a high ranking does mean that the government has created a regulatory environment conducive to operating a business. This Doing Business Index has been controversial due to flawed data in some sections, e.g. undervalued paying taxes.<sup>47</sup> However, the table above can still be used as indicative measurement with reservations.

Source: [World Bank & IFC, Ease of Doing Business 2016/2017 in Egypt](#)

A similar Business Barometer Index (BBI) demonstrated a slight rise from 44 points in the quarter (July-September 2016) to 45 points in the last quarter of 2016. However, it is still near its lowest level in two years, reflecting overall uncertainty among the business community.<sup>48</sup> According to the survey's assessments, export development, attracting more investments and investment climate challenges due to fluctuations in foreign currency rates are central issues that require attention (see also the section: Trade).

The political, economic and social turmoil during the last five years have shown a negative impact in the governance environment. On the negative side, the environment of political stability, government effectiveness, regulatory quality and rule of law deteriorated. Voice and accountability as well as control of corruption improved on a narrow margin;

especially the former ranked on a low level (see more on Table 30).

**Table 30: Egypt's Governance Indicators, 2010-2015**  
Score, Percentage and Change

Year	Voice & Accountability	Political Stability	Government Effectiveness
2010	-1.15/14%	-0.91/19%	-0.38/43%
2015	-1.10/18%	-1.34/8.6%	-0.76/22%
	↑	↓	↓
Year	Regulatory Quality	Rule of Law	Control of Corruption
2010	-0.16/47%	-0.12/51%	-0.55/34%
2015	-0.80/25%	-0.50/36%	-0.56/35%
	↓	↓	↑

Note: The Governance Indicators score from -2.5 to 2.5 while the percentage ranks from 0 (lowest) to 100 (highest).<sup>49</sup>

Source: [World Bank, Worldwide Governance Indicators](#)

## TRADE

Egypt is the 61st largest export economy in the world. In 2015, the country exported US\$44 billion (13% of GDP) and imported US\$72 billion (22% of GDP), resulting in a negative trade balance of US\$28 billion (Table 26). Both export and import flows are significantly lower than the MENA average (Figure 22).

The export sector is relatively well diversified into different products, making it less vulnerable to global changes in demand. The export productions also have a somewhat good composition of skill requirements that make it more possible for skilled labour to be used in new sectors.

The foreign direct investment (FDI) - which is the sum of equity capital, reinvestment of earnings, and other capital - was low at 2.1% of GDP in 2015 (Table 31). To point out, direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy. It suggests that there is a limited external control of FDI in Egypt.

**Table 31: Trade and Foreign Direct Investment (FDI) in Egypt, 2015**

Exports	US\$44 billion 13 % of GDP
Imports	US\$72 billion 22 % of GDP
FDI Flow	US\$6.9 billion 2.1 % of GDP
FDI Stock (2016)	US\$94 billion 28 % of GDP *

\* FDI stock in % of GDP is estimated by GDP official exchange rate.

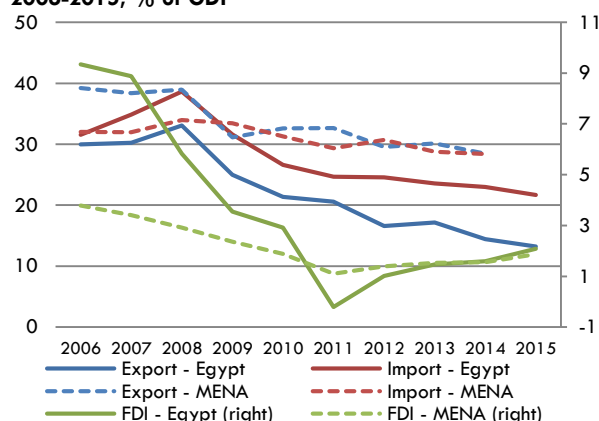
Note: FDI data do not give a complete picture of international investment in an economy, e.g. balance of payments data on FDI do not include capital raised locally, an important source of investment financing in some developing countries.

Source: [CIA, The World Factbook, Egypt](#); [World Bank, World Development Indicators](#)

The flow of trade in Egypt deteriorated during the last decade, especially during the global financial crisis and an aftermath of internal political and economic turmoil. This was exemplified by a fall in the share of exports in GDP from 30% in 2006 to 13% in 2015, and imports from 32% to 22% of GDP, respectively.

The trade sector in Egypt is confronting various challenges. First of all, the investment climate suffers from bureaucracy, corruption and absence of legal legislation that attracts investment. Secondly, the economy's deterioration due to low domestic savings rates, increasing domestic debt, a widening budget deficit as well as up surging trade and the balance of payments deficit that erodes the state's foreign exchange reserves. This is exemplified by the FDI trend that peaked at 9.3% of GDP in 2006 and plummeted to a negative value of -0.1% of GDP in 2011. This rate rebounded and slowly reached the region average (Figure 22).

**Figure 22: Trade and Foreign Direct Investment trends, 2006-2015, % of GDP**

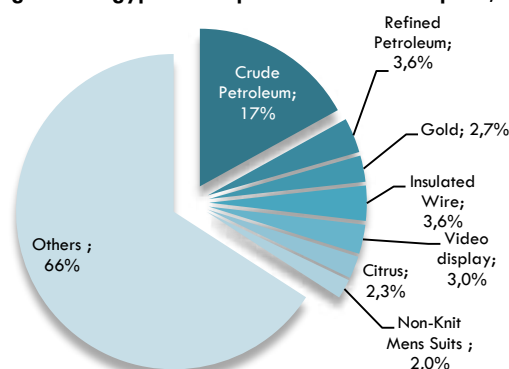


Source: [World Bank, World Development Indicators](#)

In recent years, the government was promoting reforms directed towards to improve the governance and investment climate. This includes the previously mentioned Civil Service Reform Law from October 2016, along with reforms targeting to removing investment barriers and attracting local and foreign investments, such as the Industrial Licensing Law, the Investment Law and the Company Law.<sup>50</sup>

Albeit the export is quite diversified, the main product share comes from crude petroleum (Figure 23).

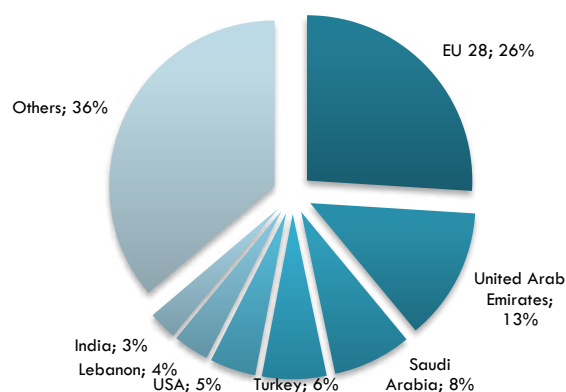
**Figure 23: Egypt's main products share of exports, 2015**



Source: [MIT, The Observatory of Economic complexity, What does Egypt export](#)

Egypt's main export market is the European Union (EU) followed by the United Arab Emirates (Figure 24).

**Figure 24: Egypt's main export markets, 2016**



Source: [European Commission, DG TRADE, Bilateral Relations, Statistics](#)

## Trade Agreements

According to the General Authority for Investment (GAFI), Egypt is involved by in several multilateral Trade agreements:

- Egypt-EU Association Agreement.
- Egypt-EFTA Free Trade Agreement.
- EFTA (Iceland, Liechtenstein, Norway and Switzerland).
- Qualified Industrial Zones (QIZ).
- Agadir Free Trade Agreement.
- Greater Arab Free Trade Agreement (GAFTA).
- Pan Arab Free Trade Agreement.



- Common Market for Eastern and Southern Africa (COMESA).
- Egypt Turkey Free Trade Agreement.
- Egypt-MERCOSUR Free Trade Agreement.

Egypt has also signed several bilateral agreements with Arab Countries: Jordan (1999), Lebanon (1999), Libya (1991), Morocco (1999), Syria (1991), and Tunisia (1999). Additionally, in 1995, Egypt and China entered into a trade accord. Egypt also signed an economic treaty with Russia. The country likewise operates with bilateral trade agreements with Singapore.

Egypt benefits from the United States' Generalised System of Preferences. This operates with unilateral trade benefits from the U.S. government, allowing duty and quota free access for some product. Each country is reviewed annually, by the U.S. government.<sup>51</sup>

Tripartite Free Trade Area (TFTA) is an economic integration plan that was signed by 26 African countries in June 2015. It assembled three regional economic communities (RECs) into a single free trade area that establishes a framework for preferential tariffs to ease the movement of goods and people in the region.<sup>52</sup> Some issues remain in the new arrangements, though. For example, within FTAs trade is governed by rules of origin which ensure that only goods produced in the region, benefit from the preferential trading arrangement. In addition, trade in the TFTA will always be limited if production and trade in industrial goods remains low in the region.

### Special Economic Zones (SEZ)

Egypt operated with SEZs since the 1970s. Today, Egypt has 10 public SEZs and 43 other types. An estimated 200,000 workers were employed in these zones and were exporting for US\$1.3 billion (3.3% of total export).<sup>53</sup>

The 2002 Special Economic Zones Law exempt newly established investment companies from legal provisions on the right to organise, depriving workers of the right to set up local union committees. This explains that before 2011, there were only two enterprise-level unions in the industrial zone of Sadat City, a Special

Economic Zone where 50,000 workers are employed in two hundred enterprises. The low trade union presence was promoted by the Mubarak regime to entice capital investment in such zones. As part of the 2011 revolution, by the end of 2011 it was home to at least twelve new unions and a citywide labor council affiliated with EFITU. According to a study, such apparent successes do not mean the system has been quick or eager to adjust to workers' newfound empowerment.<sup>54</sup>

Private employers in Egypt's SEZs continue to show very little respect for labour rights. For example, most workers in the Tenth of Ramadan City zone are forced to sign letters of resignation before beginning employment so that they can be fired at the employers' convenience. Working conditions are with long hours, low pay and poor safety standards. It is difficult for labour activists to do anything about it, given the restrictions on collective bargaining and the ban on strikes.<sup>55</sup>

On the positive side, a bipartite agreement on strengthening social dialogue in the free zone of Port Said was signed by EDLC and the Port Said Investor's Association in March 2014. It has been viewed as an important step in facilitating respect for freedom of association, according to the Bureau for Working' Activities.<sup>56</sup> During 2015, the government reviewed terms controlling the work of these private free zones and the application of new controls for their work. There is no news on the impact of this review.

A recent study has argued that the 'Chinese model' has been involved in shaping some of Egypt's SEZs projects from the beginning. While these policies have attracted FDI, some of them undermine Egypt's domestic production, while clearly working in favour of China's export policy. Means exist for Chinese companies to bypass Egypt's labour legislation.<sup>57</sup>

The Ministry of Manpower and Migration sets worker health and safety standards, which also apply in public and private free zones and the SEZs. According to sources, enforcement and inspection are uneven, though.<sup>58</sup>



## APPENDIX: ADDITIONAL DATA

**Table 32: List of approved labour related legislations in Egypt, 2014-2016**

Type of legislation	Legislation
<b>2014</b>	
General provisions	Law No. 50 of 2014 amending Law No. 58 of 1937, promulgating the Penal Code
	Law No. 45 of 2014 to regulate the exercise of political rights
	Law No. 22 of 2014 regulating Presidential Elections
	Egyptian Constitution 2014
Freedom of association, collective bargaining and industrial relations	Ministerial Order No. 117 of 2014 promulgating the Trade Union Organizations Statute Model and Regulation
Elimination of child labour, protection of children and young persons	Council of Ministers Order No. 208 of 2014 amending Ministerial Order No. 2075 of 2010 promulgating the Executive Regulation on Child Law.
Social security (general standards)	Ministerial Order for the year 2014 granting special allowance for employees working in the private sector
	Law No. 120 of 2014 on amending some provisions of Law No. 79 of 1975 on Social Insurance and Law No. 108 of 1976 concerning Social Insurance for Employers and Self-Employed
	Minister of Finance Order No. 263 of 2014, concerning the rules of the special monthly allowance payment provided by Law No. 42 of 2014
	Presidential Decree No. 190 of 2014 On Increasing Pensions as of 1 July 2014
Specific categories of workers	Law No. 127 of 2014 Regulating Health Insurance for Farmers and Agricultural Workers
	Law No. 42 of 2014 granting government employees special allowance
International agreements	Mémorandum d'entente de coopération entre le Gouvernement de la République algérienne démocratique et populaire et le Gouvernement de la République arabe d'Egypte dans le domaine de la formation professionnelle, signé au Caire, le 13 novembre 2014
<b>2015</b>	
General provisions	Law No.105 of 2015 amending some provisions of the Environmental Law No.4 of 1994
General provisions	Law No. 92 of 2015 Amending some provisions of the Political Rights Law No. 45 of 2014 And the House of Representatives Law No. 46 of 2014
Elimination of child labour, protection of children and young persons	Law No. 7 of 2015 amending Law No. 12 of 1996 concerning the Child Law
	Law No. 6 of 2015 amending Law No. 12 of 1996 concerning the Child Law
Social security (general standards)	Law No. 117 of 2015 amending some provisions of Law No. 79 of 1975 on Social Insurance
Social security (general standards) & Specific categories of workers	Law No. 99 of 2015 granting government employees special allowance
Social security (general standards)	Law No. 29 of 2015 On Increasing Pensions as of 1 July 2015.
Specific categories of workers	Law No. 18 of 2015 concerning the Civil Service
<b>2016</b>	
N/a	N/a

Source: [ILO, NATLEX, Egypt](#)

**Table 33: Ratified ILO Conventions**

Subject and/or right	Convention	Ratification date
<b>Fundamental Conventions</b>		
Freedom of association and collective bargaining	C087 - Freedom of Association and Protection of the Right to Organise, 1948	1957
	C098 - Right to Organise and Collective Bargaining Convention, 1949	1954
Elimination of all forms of forced labour	C029 - Forced Labour Convention, 1930	1955
	C105 - Abolition of Forced Labour Convention, 1957	1958
Effective abolition of child labour	C138 - Minimum Age Convention, 1973	1999
	C182 - Worst Forms of Child Labour Convention, 1999	2002
Elimination of discrimination in employment	C100 - Equal Remuneration Convention, 1951	1951
	C111 - Discrimination (Employment and Occupation) Convention, 1958	1958
<b>Governance Conventions</b>		
Labour inspection	C081 - Labour Inspection Convention, 1947	1956
	C129 - Labour Inspection (Agriculture) Convention, 1969	2003
Employment policy	C122 - Employment Policy Convention, 1964	Not ratified
Tripartism	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	1982
<b>Up-to-date Conventions</b>		
Working time	C014 - Weekly Rest (Industry) Convention, 1921	1960
	C106 - Weekly Rest (Commerce and Offices) Convention, 1957	1958
Social Security	C118 - Equality of Treatment (Social Security) Convention, 1962	1993
Specific categories of workers	C149 - Nursing Personnel Convention, 1977	1982
Wages	C094 - Labour Clauses (Public Contracts) Convention, 1949	1960
	C095 - Protection of Wages Convention, 1949	1960
	C131 - Minimum Wage Fixing Convention, 1970	1976
Occupational Safety and Health	C115 - Radiation Protection Convention, 1960	1964
	C139 - Occupational Cancer Convention, 1974	1982
	C148 - Working Environment (Air Pollution, Noise and Vibration) Convention, 1977	1988
Industrial Relations	C135 - Workers' Representatives Convention, 1971	1982
Vocational Training	C142 - Human Resources Development Convention, 1975	1982
Seafarers	C145 - Continuity of Employment (Seafarers) Convention, 1976	1983
	C147 - Merchant Shipping (Minimum Standards) Convention, 1976	1983
	C166 - Repatriation of Seafarers Convention (Revised), 1987	2004
Labour Administration	C150 - Labour Administration Convention, 1978	1991
Dockworkers	C152 - Occupational Safety and Health (Dock Work) Convention, 1979	1988
Employment policy and promotion	C159 - Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983	1988

*Note: Fundamental Conventions are the eight most important ILO conventions that cover four fundamental principles and rights at work; equivalent to basic human rights at work.*

*Governance Conventions are four conventions that the ILO has designated as important to building national institutions and capacities that serve to promote employment. In other words, conventions that promotes a well-regulated and well-functioning labour market.*

*In addition, there are 71 conventions, which ILO considers "up-to-date" and actively promotes.*

Source: [ILO, NORMLEX, Country Profiles](#)

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