



New Law Amending Importation Companies' Foreign Ownership Restriction

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Many foreign investors have increasingly experienced difficulties with registering in the Importers' Registry due to the existing ownership requirements whereby at least 51% of the ownership of an importation company must be Egyptian (whether Egyptian natural persons or legal entities). As a result, various foreign investors are either bound to comply with the foreign ownership through partnering up with Egyptians to avoid such restriction or face corporate structuring challenges in attempting to comply, which has ultimately resulted in companies not registering with the Importer's Registry and opting for alternative routes, usually costly, to undertake their relevant importation activities.

In order to encourage foreign investors and facilitate their increasing interest in importing products into Egypt, Law No. 173 for the year 2023 (the "**Amendment**"), published in the Official Gazette on 29 October 2023, amends the foreign ownership restriction provided in the Importers' Registry Law No. 121 for the year 1982 (the "**Law**").

We highlight below the main aspects of the foreign ownership restrictions prior and subsequent to the Amendment.

The Law Pre-Amendment

Since its previous amendment, the Law has provided a foreign ownership restriction on companies wishing to register in the Importer's Registry whereby at least 51% of an importing entity's direct shareholders must be Egyptian nationals. This can either be natural persons holding Egyptian nationality or legal entities incorporated in Egypt.

Recently, the General Organization for Export and Import Control (the competent governmental authority granting the requisite registrations for entities wishing to undertake importation activities), has further practically required that in the case of legal persons, the 51% Egyptian ownership requirement applies to the shareholding of such legal persons up to the ultimate beneficiary owner.

The above restriction has proved to be significantly burdensome on entities with complex corporate structures.

The Law Post Amendment

Pursuant to the Amendment, entities wishing to register at the Importer's Registry will no longer be required to comply with the 51% Egyptian ownership requirement. Instead, entities may be granted registration at the Importer's Registry with Egyptian capital of less than 51%. That said, such registration will be limited to a total period of 10 years, subject to renewal for an additional period not exceeding 10 years by virtue of a resolution issued by the Cabinet.

It is unclear at this stage when the Amendment will be practically enforced or the parameters of such enforcement, as an amendment to the executive regulations of the Law has yet to be published.

Market Reaction

Parliament Representative, Mr. Mohamed Abd ElHamid, representative of the Economic Committee within the Parliament, [explained](#) that the Amendment would avoid a major hindrance to the flow of foreign investments and would help with achieving equality between Egyptian investors and foreign investors.