

House of Representatives Approves Draft Law to Transform EMRA into an Economic Authority

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The Egyptian Parliament's Industry Committee has recently approved a draft law seeking to transform the Egyptian Mineral Resources Authority ("**EMRA**") from a service authority into an economic authority (the "**Draft Law**"). The approval followed discussions by representatives from several key ministries, including Finance, Industry, Petroleum, and Justice.

The Draft Law aims to optimize the exploitation of Egypt's untapped mineral resources and support Egypt's economic development.

Economic and Service Authorities in Egypt

Service authorities and economic authorities differ primarily in their operational structures and objectives. Service authorities are established to provide services to the public without having profit generation as a primary objective. Service authorities are directly financed by the state and are subject to extensive government oversight, with their budgets attached to the general state budget.

Conversely, economic authorities are independent legal entities created to manage public resources and operate with more administrative flexibility. These authorities are designed to generate profit, manage their own resources, and have greater autonomy in decision-making, which allows them to operate more efficiently.

Overview of the Draft Law

The Draft Law is a significant part of Egypt's broader efforts to reform its mining sector. Parliament member Mohamed Ismail pointed out that there are several issues within Egypt's mining sector, with one of the most pressing being the current organizational structure of EMRA. EMRA is a public service authority that is financially affiliated with the Ministries of Finance and Planning, and technically with the Ministry of Petroleum and Mineral Resources. This structure has led to inefficiencies, as EMRA's and the mining sector's contribution to GDP is currently at 1%.

Therefore, the transformation would allow EMRA to better manage its resources and adopt a more flexible approach to meeting Egypt's growing demand for industrial mineral raw materials.

The Draft Law outlines a series of reforms, including the facilitation of establishment of national companies to undertake all mining activities, including drilling, mine construction, sample analysis, and engineering consultancy. In addition to the creation of an internationally accredited refinery. Further, the Draft Law is expected to significantly raise the mining sector's contribution to GDP and generate job opportunities. Over the next seven years, the Draft Law aims to increase government revenues from EGP 2 billion to EGP 12 billion annually, expand exports from USD 1.5 billion to USD 7 billion, and create 200,000 direct and indirect jobs. The transformation of EMRA into an economic authority is seen as a crucial step in unlocking Egypt's full mineral potential and positioning the country as a global mining hub.

The Draft Law is yet to be enacted into law by the Egyptian Parliament.