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## Minister of Trade & Industry: 890 unused industrial plots in 12 governorates to be recalled



Nevin Gamea, Minister of Trade and Industry, said that the Committee for Inventorying Unused Industrial Lands will complete its work within a month, noting that President Abdel Fattah El-Sisi is following up on the work of the Committee. She added that an initial inventory in 12 governorates resulted in identifying 890 unused industrial land plots. They will be recalled for lack of seriousness on the part of investors.

## Our Views

**Obtaining industrial land is one of the biggest obstacles facing any investor wishing to establish an industrial activity. Therefore, the existence of this number of unused industrial plots raises eyebrows, which in turn raises many points that require clarification and consideration:**

- **It is only normal for the State to pay attention to the exploitation of its lands in their designated purposes. However, protecting the investment climate requires clarity regarding the mechanism of the committee. The aim is to ensure that the evaluation is objective and that there is no conflict of interest, especially that the authority that allocates the land—the General Authority for Industrial Development—is the same one that evaluates and recalls the land, with no mechanism for the investor to defend himself.** Also, the reasons could be attributed to the Authority itself, local government, or another government agency, such as complexity of procedures, intransigence and abuse of workers, or misinterpretation of laws.
- **It is important for the Committee's mechanism to be clear if the stagnation of the activity is due to reasons beyond the investor's control and related to government agencies.** For example:
  - **The investor could have received the land with no utilities,** while the time schedule is calculated from the date of allocation of the land. In other words, the time

between land allocation and provision of utilities is not considered.

- The **multiple government agencies** by whose requirements the investor must abide for the establishment of industrial activity. In the case of some of them, such as civil defense and the environment, the approval takes nearly a year without taking that into account for the investor's timetable.
- **Difficulty of obtaining financing** due to banks' not recognizing the letter of assignment as a title deed that can be used to obtain collateral.
- **Low liquidity because of the repercussions of the Covid-19 pandemic**, which led to the default of many investors; it has also led to tightening of banking credit availability.
- **The role of the Industrial Development Authority and the Ministry of Industry and Trade should mainly be to support investors** during this difficult time. Considering more intense competition and countries' support of investors, the efforts of the Ministry and the Authority should be directed toward facilitating procedures and coordination with other authorities so that the **investment opportunity is offered ready with all utilities, approvals, and licenses from various government agencies at final cost, and with available financing opportunities.**
- The news did not include any **clarification of the State's intention regarding the land** that will be recalled: Will it be reallocated to industrial activities or to other unstated activities?

- **Recall of industrial land means the loss of an investment opportunity that the country desperately needs** to achieve its strategic goals to increase Egyptian exports and reduce the trade balance deficit. Therefore, meticulousness and objectivity should be exercised, and all means of support should be exhausted before reaching this point.
- **The state land administration system still suffers from many forms of imbalance** to the extent that acquiring land has become a major investment dilemma in Egypt. Therefore, repeatedly announcing investment encouragement and offering many incentives will not tangibly bear fruit unless these imbalances are radically addressed.

### Worthy of Note:

ECES published Working Paper No. 196 on the status of the state land administration system and put forth proposals for its improvement. The paper can be downloaded from the following link on the ECES website:

<https://www.eces.org.eg/PublicationsDetails>

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