

# What does the Covid-19 crisis mean for Egypt

## Current effect of COVID-19

### A) Special Legislations:

Egypt has taken several safety measures in attempt to control the outbreak of COVID-19 while reducing the drastic effects such decisions could take on the economy and the Egyptian people. Due to confirmed cases in Egypt being estimated around 2200 people and deaths not exceeding 200 the Egyptian government has not seen it necessary yet to have a complete shutdown. That being said, the Egyptian government has issued a strict curfew set between 8pm and 6 am. The Government has also ordered the closing of all schools, borders, restaurants, cafes, cinema halls, theaters, malls, bars and clubs and sporting facilities.

There has been special legislation effected due to the crisis. From these ministerial decrees is the strict curfew set from 7pm to 6am and later changed from 8pm to 6am and the mandatory closure of several entities. There has also been legislation preventing the exportation of medical face masks and all medical protective gear and alcohol with all its medical products as well as some essential dietary products like legumes.

### B) Effect on the Courts

Another effect of all the mandatory closures around the country to push for social distancing is the closure of courts. It has been announced that all the court hearings are to be suspended till the 30th April 2020, except for urgent matters with limited attendance. All hearings that were set in the time of the closure are to be postponed and to be rescheduled after the courts reopen. However, administrative procedures shall be active as normal with minor delays due to the cut on the number of employees. However, these delays do not hold any effect on prescription periods hence any cases should still be filed in their due times.

That being said, there are delays in all public services due to the enforcement in social distancing in all public entities – hence there may be delays in any documentations or procedures that require governmental approvals. Having said that, there major activities to try to implement dealing through the internet in a number of governmental entities.

As to enforcement of judgments, it has not technically stopped, but due to the situation there are major delays and, in many cases, it can be considered practically on hold.

As for arbitral procedures, The Cairo Regional Centre for International Commercial Arbitration (“CRCICA”) announced that it is closing its premises as a precautionary measure to curb the spreading of COVID-19. Nonetheless, CRCICA allows the management of the arbitration process virtually in various respects (witness examination, filing documents and submissions, procedural hearings, and deliberations). Given the confidential nature of arbitration, suspension of arbitral proceedings is not normally disclosed. That said, we are aware of several arbitrations that are continuing normally. Soft copies of written submissions

are submitted without any interruption to the procedural timeline. As for scheduled hearings on the merits, some have been postponed. Also, CRCICA opens one day per week, each Wednesday, to receive and deliver any hard copy documents.

### **C) Effect on the private sector**

As to Work in the private sector, there is no mandatory closures set by the government, except for the abovementioned closures. However, the government has been advising social distancing practices in all situations to limit infection. Hence several companies and entities have established work from home practices where possible or created a shift structure to decrease the exposure between people. Most law firms have taken the decision of working from home while others have been permanently closed.

### **D) Effect on banks**

As for the banks, the banks have reduced their working hours and they close between 1 and 2 pm. There has been a restriction on the cash withdrawal of EGP 10,000 per day and EGP 5000 from ATMs. There has also been a central bank order delaying penalties and payments on loans for companies that are economically struggling for a period of 6 months. That being said, there has been no update on any changes to insolvency laws or insolvency procedures.

## **Forecast: after the crisis and long-term effects**

### **A) Post effects of COVID-19 crisis**

The COVID-19 pandemic had huge consequences on the economy, companies and businesses as a whole. Several businesses were forced to shut down and several businesses lost or had to let go of part of their workforce due to the tough times they are going through. We believe that post the ending of this crisis there shall be an issue of unemployment and a struggling middle and lower class. Under the Egyptian Employment Law, when an employer faces force majeure and extreme hardship he has the right to reduce the salaries of the employees by a maximum of 50% and do partial or full closures in extreme circumstances.

However, there is currently huge private and governmental efforts to aid non consistent employment workforce and people in – one of these ways was to issue them debit cards without the need of having a bank account to be able to receive a government grant of EGP 500 a month.

If COVID -19 cases increase, there may be more restrictive measures to be taken by the Government. Having said that, several reports have stated that the Egyptian economy should go back to normal by 2021. As to the direct effect post pandemic or in the short term, the courts will go to business as usual however, there will be hearing delays due to the courts being shut for over a month. Flights will probably take a while to go back to normal due to fear of reintroduction of the pandemic and people being afraid to travel again, which will have an impact on tourism which is one of the main revenue sources for Egypt.

Also, it would be expected that a number of business will need to go through a restructure to be able to deal with the financial distress they suffered.

### **B) Corruption and economic crime**

There has been several measures of prevention of corruption and economic crime taken to stop people or entities from taking advantage of people in these hard times. There has been control and supervision on market prices for necessity goods and good protecting from the outbreak. Egypt has gone through a similar scenario of full closure and has to abide by the same curfew rules during the January 25<sup>th</sup>, revolution. After such strict rules and poor economic stability several corruption cases were raised due to people taking advantage of a bad situation.

It is worth noting that, with the increase of the use of internet transactions in this short term while people are not technically ready, it would be expected that cybercrimes will increase.

### **C) Third party funding**

Third party funding of disputes is not a big trend in Egypt; however, it has been more present in the last couple of years. It is believed that due to the unforeseen circumstances and the disruption of trade many trade disputes and breach of contract disputes are to arise and with the economic position many companies may require or need third party funding to raise or defend such disputes arising from these unforeseen circumstances.

### **Contact details:**

Hazim Rizkana – Managing Partner  
Email: [hazim.rizkana@rizkanapartners.com](mailto:hazim.rizkana@rizkanapartners.com)  
Mobile: +20 01222131871

Ahmed Sallam – Senior Associate  
Email: [ahmed.sallam@rizkanapartners.com](mailto:ahmed.sallam@rizkanapartners.com)  
Mobile: +20 01224200026

Youssef Rizkana – Associate  
Email: [youssef.rizkana@rizkanapartners.com](mailto:youssef.rizkana@rizkanapartners.com)  
Mobile: +20 01001624231