

Summary Notes on the Roundtable entitled:

## **Announcing Results of the 2017-2018 Global Competitiveness Report in Egypt and Presenting the Tourism Competitiveness Observatory**

in collaboration with the Egyptian National Competitiveness Council (ENCC)

held at Cairo Conrad Hotel, Nile Ballroom

on Thursday, September 28, 2017, From 09:00 AM to 1:30 PM

### **Session I: The Global Competitiveness Report (GCR), 2017-2018**

#### **Moderator:**

Mr. Omar Mohanna, the Egyptian Center for Economic Studies

#### **Speakers:**

- Dr. Hossam Badrawi, Honorary Chairman, ENCC
- Dr. Abla Abdel Latif, ECES Executive Director & Director of Research
- Dr. Ahmed Fekry Abdel Wahab, Board Member of the Suez Canal Economic Zone
- Mr. Seif Fahmy, ENCC Chairman
- Eng. Tarek Tawfik, President, American Chamber of Commerce in Egypt
- Dr. Ziad Bahaa-Eddin, Lawyer and Former Deputy Prime Minister

#### **Main Points:**

In this session, Dr. Hossam Badrawi described Egypt's rating in the human development index as the worst among all indicators. The results for inflation, primary education and quality of primary education have been among the worst since 2010/2011 to date. Attention should therefore be given to education and health as well as poverty alleviation. He stressed that the best we can aim for is equal opportunities rather than equality among individuals, as equality is not feasible nor advisable among individuals with distinct mental, psychological and physical capabilities. Also, equal opportunities are not just about announcing opportunities, but enabling citizens to qualify for these opportunities.

- In this regard, Dr. Abla Abdel-Latif pointed out that countries, which achieved significant economic progress had education as their starting point. Singapore, for example, allocates 20 percent of its budget to education. In Egypt, the Constitution allocates 4 percent of GDP to education, a percentage that has not been reached yet.

- Dr. Badrawi added that the competitiveness profile should be read with a forward-looking perspective. We must determine where we stand now and where we want to be in the next five years.
- Dr. Badrawi wished that Egypt would have an annual competitiveness report for governorates to be developed in cooperation with the various governorates and ministries in order to track the state of education, health, employment, hygiene, etc. in each governorate to identify the sectors that urgently need development within each governorate.
- Dr. Ziad Bahaa El Din pointed to the need to benchmark Egypt's ranking in the report against that of other countries. "What counts is to improve faster than other countries not just to improve compared to past results," he said, stressing the need to use available elements of efficiency so as not to relapse to the group of countries that depend on factors of production.
- On Egypt's low ranking in the transparency of government policymaking, Dr. Ziad noted that improving Egypt's position in that pillar does not require resource allocations from the State budget, while the gains are unlimited. Transparency is mainly concerned with reliability and confidence; i.e., confidence in the views of the community of trade unions, syndicates and consumer rights associations, etc. Engaging citizens in the decision-making process helps mitigate their criticism of the government and increases their understanding of the nature of the decisions made, being participants in making these decisions.
- Dr. Ahmed Fikri Abdul Wahab stressed the importance of looking at the Global Competitiveness Report in light of the fourth industrial revolution and the use of artificial intelligence in all walks of life. Autonomous cars are now a reality. The technological revolution will undoubtedly create new potentials and challenges for which the government must plan. Such challenges include rising unemployment in parallel with artificial intelligence replacing man in many fields. This supports Dr. Badrawi's idea of reading the competitiveness profile with a forward-looking perspective rather than in light of the past.
- Dr. Fikry was puzzled at the decrease in Egypt's ranking in the effectiveness of anti-monopoly policy pillar from 78 to 115, wondering how our policies differed to that extent? It is worth mentioning that according to the report, impediments to doing business include corruption, inflation, tax levels, lack of adequately educated labor, policy unpredictability, and finally bureaucracy.
- Engineer Tarek Tawfiq said that Egypt's improved ranking in the report is not coincidental, but is mainly attributed to the government's recent bold decisions to reform the economy, to an extent that exceeded the expectations of the IMF. He pointed out that global perceptions that the Egyptian economy is moving in the right direction is very important. Although China does not have a strong infrastructure or legislative structure, the good impression about the Chinese economy helped attract investment.
- Mr. Omar Mohanna, ECES Chairman, commended the improvement in Egypt's position by 15 ranks compared to last year, noting that although fourth industrial revolution would have an impact on unemployment, it would lead to a boom in tourism and overall welfare. He added that the report is based on personal opinions and Egyptians tend to criticize and are fond of self-flagellation, noting that Egyptians' views about many public policies are not positive. He pointed out that decision makers in Washington and New York praised Egypt's economic

reforms, and “for the first time in so long we have not heard one single rumor of corruption among senior public administration,” he said.

- Dr. Abla Abdel-Latif concluded that the Global Competitiveness Report’s methodology is based on the personal opinions of questionnaire respondents. Therefore, results should be taken with great caution. Moreover, the results of the report concern two years not just one year, and so is Egypt’s improved overall ranking, which is mainly due to the effective role of the Egyptian Financial Supervisory Authority (EFSA). “We need to look at what we want to be in the future and benchmark our current position against that of other countries. We need to pay attention to sustainable development. Sustainability means that indicators begin to improve and continue to do so. Attention should also be paid to structural and institutional reforms along with financial reform, and to completing databases for all economic activities in Egypt,” she stressed

### Main discussion points:

- Rep. Abdul Hameed Kamal supported Dr. Hossam Badrawi’s idea, pointing out the possibility of devoting the national day of each governorate to announcing the competitiveness profile of the different sectors in each governorate, provided that such a report be prepared by an NGO.
- Rep. Kamal El-Din Hussein, member of the parliament’s Education Committee, emphasized the importance of increasing education appropriations in the State budget. The Ministry of Education estimated its budget for the current fiscal year at LE 130 billion, but the Ministry of Planning has approved a budget ceiling of LE 80 billion only, with LE 70 billion for wages alone, leaving a remainder of LE 10 billion. He wondered whether this amount is enough to finance the ministry’s ambitious plans to develop infrastructure and improve the quality of the educational process.
- Rep. Sylvia Morris pointed to the need for systematic cooperation between civil society and decision-makers. However, attention must be paid to the problems afflicting civil society in Egypt. In this regard, the Parliament must revisit the new civil associations law to prevent directing baseless accusations of betrayal without due investigation and verification.
- On his part, Eng. Amr Fathy said that talking within closed doors is futile, stressing the need to avail such important conferences to the people, engaging them in their most important results.

## Session II: Presentation on the Sectoral Competitiveness Observatory – Tourism Industry

### Moderator:

Mr. Elhamy El Zayat, Chairman, EMECO Travel

### Speakers:

- Dr. Adla Ragab, Deputy Minister of Tourism
- Mr. Ayman Abdel Aziz, Conrad Owners Representative & Former Chairman, EGOTH
- Mr. Mohamed Al Hassanein, Chairman Galaxia Tours
- Dr. Mohamed Fathi Sakr, Professor of Economics, Cairo University
- Ms. Sahar Talaat Mostafa, Head of Tourism Committee in the Egyptian Parliament

### Main Points:

- Egypt's ranking as the second among the selected countries, in terms of lower prices in the tourism sector, is not a good thing. Low prices make the quality of the service questionable.
- Prior to attracting tourists' attention, attention must be paid to preparing the tourism sector to receive that tourist. The ability of the country to increase the number of incoming tourists is rather limited by the capacity of infrastructure in Egypt, including hotels, roads and airports, etc.
- Egypt ranked 35th worldwide in terms of the number of tourist arrivals in 2015, with a total number of tourists of 9.1 million compared to the 18th position and a total of 14.1 million tourists in 2010.
- Air transport accounts for the largest share of tourist arrivals (91.3 percent), while Egypt has 27 airports, of which only five are profitable.
- Attention should be paid to the sector's resources and increasing thereof; and a long-term development plan should be formulated for the sector. This plan should not change with each ministerial shakeup.
- An adhoc ministerial group on tourism is needed to discuss the sector's problems and develop solutions in collaboration with all relevant ministries.
- Leisure tourism accounts for 95.1 percent of all tourist arrivals to Egypt compared to 0.6 percent for cultural tourism, which is a very small percentage, given Egypt's rich cultural and historical heritage. Luxor alone has about one-third of the world's ancient monuments.

- Egypt ranked 131th out of 136 countries in the index of women's participation in the tourism sector. This is mainly attributed to the lack of appropriate conditions in tourist areas for women. Women cannot be crammed by the dozens in one room. In this regard, the Ministry of Tourism is working with the International Labor Organization (ILO) to improve working conditions in the Red Sea region. The Ministry is also working with the Egyptian National Competitiveness Council (ENCC) to develop a strategy for promoting the tourism sector and benefiting from previous strategies in the sector.
- It is necessary to focus on the quality of service provided to the tourist.
- Workers in the tourism sector should be properly trained, and the private sector should play an active role in this regard.