

Summary notes on the ECES roundtable discussion:

Launching the ECES Initiative "Your Guide to Industrial Investment in Egypt" & Announcing the results of the Global Competitiveness Report 2018 in Egypt

Wednesday 17 October 2018, Fairmont Nile City Hotel
From 9:00 am to 1:00 pm

Participants:

- Dr. Gehan Saleh, economic advisor to H.E. Prime Minister Dr. Mustafa Madbouli and attending on his behalf
- Dr. Ahmed Kamali, Deputy Minister of Planning, Follow-Up and Administrative Reform, attending on behalf of H.E. Minister Hala Al-Saeed
- Dr. Saif Allah Fahmy, Chairman of the Egyptian National Competitiveness Council
- Dr. Hossam Badrawi, Chairman of Nile Badrawi Foundation for Education and Development
- Mr. Hani Tawfiq, former head of the Egyptian Direct Investment Association and the Arab Private Equity and Venture Capital Association
- Dr. Ahmed Fikry Abdel Wahab, General Manager and CEO of the Egyptian German Automotive Company (EGA)
- Dr. Abla Abdel Latif, Executive Director and Director of Research, the Egyptian Center for Economic Studies

Chair:

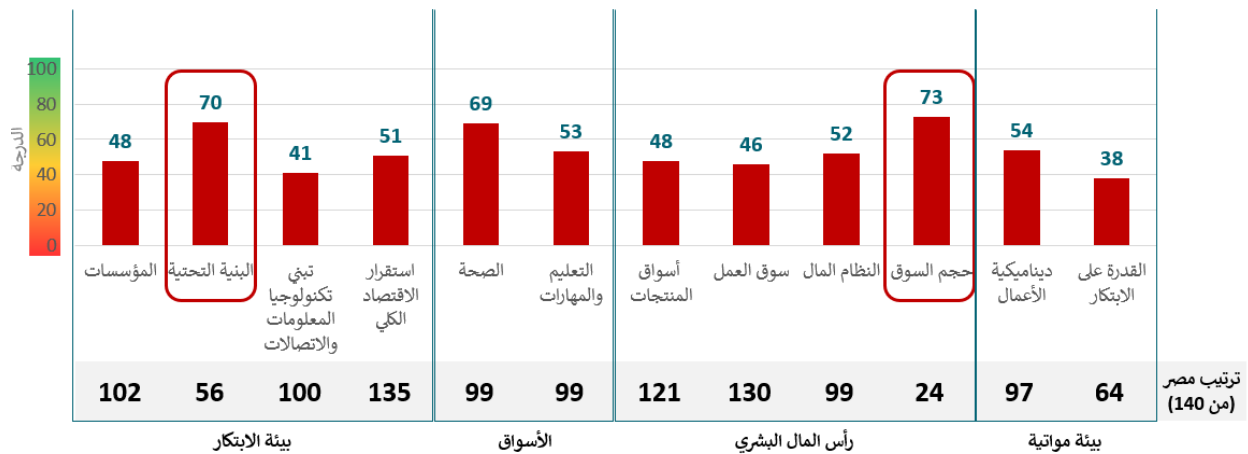
- Mr. Omar Mohanna, Chairman, the Egyptian Center for Economic Studies

The main points addressed by Speakers:

- Recognizing the importance of compiling and communicating information for accelerating responses to the development process, ECES launched "Your Guide to Industrial Investment in Egypt" aiming to fill the information gap in Egypt.
- The Guide provides fundamental information about Egyptian governorates and provinces, including Lower and Upper Egypt, urban and border governorates. It also comprises detailed maps of these governorates and the prices of utilities and energy, investment rules and incentives, taxation system, customs regulations, trade agreements and the procedural steps

necessary for establishing any project. Needed by investors, such information are usually not found in one single place. The initiative was presented to the Prime Minister as a contribution from ECES to his efforts towards achieving development. ECES also promised to translate the Guide into English, French, German and Chinese.

- It is necessary to pay attention to the industrial sector going forward. The lack of such attention in the past limited the benefits to exports from the depreciation of the pound (exports increased by about 17 percent only).
- Egypt's position in the index improved slightly by 0.4, to occupy the 94th position out of 140 countries, compared to 94th out of 135 countries in 2017 (after recalculating 2017 data using the new methodology). However, this does not mean an improvement in Egypt's situation, as it has not changed compared to the Middle East and North Africa.
- The Global Competitiveness Index (GCI) has come to rely more on statistics than on questionnaires. New pillars have been introduced, and others reordered and reorganized. Also, the 2017 data were recalculated using the new methodology for comparison purposes. Key new pillars include ICT adoption, financial system and business dynamism.



- The size of the Egyptian market offers ample opportunity for growth. However, there is room for improving the efficiency of the supply chain to benefit from the infrastructure.
- Egypt declined in the sub-index of debt dynamics, scoring 37.7/100 according to the report.
- Budget deficit is a financial instrument that avails funding for specific development goals. However, reducing the deficit has turned into a target in itself, which is cause for concern.
- The budget deficit dropped due to reduced subsidies, but government expenditure must be reduced through institutional reform.
- Steps should be taken to improve Egypt's ranking in the competitiveness report.
- Runaway population growth is a constraint to the development process, and should be controlled.
- The need to identify obstacles faced by different sectors to remove them while emphasizing the role of the private sector in the economic development process.

- The need to pay attention to tourism as one of the most important drivers of growth that does not need increased spending on infrastructure.
- The importance of drawing on the Moroccan model. Morocco has taken serious steps to improve its indicators, and managed to raise its ranking by 20 positions in three years by forming an empowered ministerial committee whose task was to achieve a leap in Morocco's ranking in the competitiveness report thanks to real reforms such as institutional reform.
- Egypt's decline in the pillars of health, education and human development shows the need to work on improving these sectors. It is wrong to believe that the new health insurance law will improve healthcare service provision, because it only ensures the sustainability of healthcare financing rather than service quality.
- Efforts exerted on the side of education, despite their importance, do not measure up to an integrated written and documented strategy for the development of education, similar to the strategy developed by some 70 experts for the development of education up to 2030, a strategy that achieves clear objectives, namely, availability, quality, equity and governance of the ministries of education, digital thinking, and building a normal personality through close interaction with the students in the school.
- The importance of completing real reforms of the economy, including institutional reform, which is primarily responsible for the weak performance in the competitiveness pillars.