Interview: Hisham A Fahmy – CEO, American Chamber of Commerce, Egypt



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Egypt is back in business, with economic growth and investor confidence in Egypt nearly back to levels seen in 2010, GDP growth up to four percent, and several high profile deals with multinationals. PharmaBoardroom spoke to Hisham A Fahmy, the CEO of the American Chamber of Commerce, about keeping Egypt a business friendly, a well-managed, regulated market economy.

Nearly one year ago, AmCham organized its largest ever trade delegation, bringing over 160 executives from more than 65 leading American companies to Egypt in November 2014. One year later, how would you assess the success of this mission?

The trade mission in itself was highly successful, however more important is the follow up to that mission. Many of the delegates returned to Egypt several times in the last year to pursue different deals and projects. In March 2015, the Egypt Economic Development Conference in Sharm El Sheikh drew over 2500 delegates from around the world, including many heads of state and global CEOs of large multinational companies. A number of large deals were signed; the most prominent U.S. investment came from General Electric.

Overall, the business relationship between the US and Egypt has been very robust, and this business mission was certainly a catalyst in reinvigorating this important business relationship.

What are some of the specific key results of this mission?

Several companies entered Egypt in a significant way recently. One of the higher profile contributions came from AbbVie, which has made a significant investment in Egypt's future by offering their innovative hepatitis C treatment at a significantly discounted price, so as to combat this disease that is highly prevalent in Egypt.

General Electric has been monumentally successful in the power sector; a year ago we had several power shortages and instability, but since then General Electric, alongside other companies, made significant investments to increase our power-generation capacity to the extent that we didn't have any power cuts this summer, which is really an absolute achievement.

Blumberg Grain has helped to improve Egypt's grain storage capacity and capability significantly, as large quantities of grain are lost due to weather conditions when stored in traditional open-air 'shouna', so going forward, our agricultural productivity will be greatly enhanced. Several other projects are now underway, with others on the horizon. The acquisition of Amoun Pharmaceuticals by the American giant Valeant is another example of new U.S. investments. This deal once concluded, will be one of the highest investments in terms of value in the non-oil sector.

In terms of the mood of the Egyptian-US business relationship, how have the dynamics changed over the last two years?

The political dynamic was dominant throughout this period. Following the 30th of June 2013 protests and subsequent end of Mohamed Morsi's Presidency, a rift emerged between the US and Egypt.

Over the last two years, the Egyptian business community and our American partners have assisted in clarifying many misconceptions and as a result, the US has revisited its position and recognized that Egypt is the only country in the region with stable, secure borders, a developed and open-market economy, and a functional government. This has led to a much better Egyptian-US relationship on all levels.

How would you describe Egypt's role in the MENA Region today?

Egypt plays two roles in the Mena region; a political and an economic role. First of all, Egypt strives to be a pillar of stability amongst the turbulence in neighboring countries, and to promote peace as much as possible. Egypt, as such, is at the forefront of fighting the ISIS terror, which is engulfing the region, hand-in-hand with the US.

Through its geographic location and its excellent free trade agreements with the Common Market for Eastern and Southern Africa (COMESA) or Mercado Común Del Sur (Mercosur), the Arab Free Trade Agreement as examples, Egypt is also emerging as a leading economic hub in the MENA region.

What are the current issues that AmCham is working to resolve on behalf of its members in Egypt?

Our overall ambition is to ensure that Egypt has a business friendly environment that caters the need of all businesses, meaning a well-managed, regulated market economy where companies are free to operate.

Egypt is a dynamic market, which experiences constant change that results in different challenges every few months. Last year, we had an energy supply issue, however the government quickly responded with a strategy effectively addressing this issue with an energy mix of natural gas and coal. In addition, recent natural gas discoveries of energy companies in Egypt have been communicated to other multinationals, more concessions have been given, and further investments will likely be announced soon. The number of new energy power plants and the program to increase power stations is another good signal that the government strategy is indeed effective and shows the commitment of the to address key issues in the Egyptian business environment.

The lack of foreign currency, is a major issue affecting the private sector nowadays; since it disrupts the supply of necessary industrial imports. However this will hopefully be resolved in the coming months.

What is your assessment of Egypt’s economy at present, and current levels of growth?

The economic development of Egypt throughout recent years proves that Egypt is on the right track. When we compare current growth to a strong year like 2010, we are not yet in the position we would like to be at, but we see strong fundamentals being there and some momentum, and thus we are confident that Egyptian growth and development will continue and even accelerate in the coming years. Investing in Egypt right now is like buying a stock when it is down, there is some low risk there, but it is a great opportunity!

The healthcare sector benefits immensely from effective public-private sector collaboration; how do you assess the quality of this collaboration in Egypt?

The ministry of Health not only works with the ambition to help the private sector to a better performance, however, it realizes the significance of a good balance between regulation and the freedom to operate. . For instance, the multinationals in Egypt have worked immensely with the ministry of health to shorten the duration of the drug registration process in Egypt. For that to happen it needs close cooperation, discussion and keen listening from both sides.

Egyptian regulatory authorities have an equal interest in this collaboration too; Egypt faces a lot of poverty and its population is very price sensitive.

It is worth mentioning that there is significant interest in investing in this sector. UAE's Abraaj has acquired a number of hospitals and labs and other investors continue to eye investments in this important sector.

We have seen the term 'New Egypt' used in a variety of places. What does 'New Egypt' mean to you?

At one point during President Morsi's tenure, Egypt's vision for the future was not clear; a time when its identity has been altered. Following this period and with the start of a new phase, a new passion and hope for the future was born among many Egyptians. They moved forward, developed and changed, and are embracing new goals and new ways of doing things. Egyptians will no longer be spectators, but will rise to make their aspired dreams come true.

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