Hassan Behnam – Managing Director, French Chamber of Commerce and Industry in Egypt



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Hassan Behnam, managing director of the French Chamber of Commerce and Industry in Egypt explains the investment opportunities Egypt has to offer, examines the close relationship between Egypt and France and highlights the recent visit of French President Emmanuel Macron to Egypt.

How have you seen the trade relationship between France and Egypt evolve and how can this relationship further improve?

France and Egypt's relationship goes back 200 years and has been developing further, especially in the past four years. The economic ties have strongly tightened due to the friendly relations between the authorities and the people of the two countries. Today, France is one of the main economic partners of Egypt. France's leaders consider Egypt as a strategic partner. Official talks are frequent between the two countries and President Emmanuel Macron's visit to Egypt in January was the sixth presidential visit in the past 4 years. This proves that relations between the two countries are excellent and constantly improving.

The French Chamber plays an essential role in developing bilateral trade and economic relations. We collaborate with all actors involved, such as the economic department of the French Embassy, as it is essential to have proper coordination in order to reach our goals.

After January 2011, Egypt went through a period of around two years of instability and chaos which naturally impacted the economy. Nevertheless, I should stress that during this period, not one French company closed down or left Egypt. This shows the strong relations and the confidence French enterprises have in the Egyptian market and its potential.

What is the footprint of French companies in Egypt?

Presently, there are beyond 160 French companies established in Egypt, operating in various sectors. If we take into account French companies that have partners, agents or distributors in Egypt, the figure reaches 550. Compared to other countries, French investments in Egypt are the most diversified and represent more than EUR 5 billion. Due to the fact that during the recent presidential visit, 32 MOUs (memorandums of understanding) and other agreements were signed, I personally expect the French investments to increase by EUR 1.5 billion in the near future.

Regarding bilateral trade that amounts to EUR 2.6 billion, it concerns mostly French exports to Egypt. Egyptian exports to France (around EUR 900 million) increased last year by 21 percent, in line with the Egyptian government’s policy to focus more on exports.

What are the major imports and exports between the two countries?

The main exports from Egypt to France are fruits and vegetables, oils, electric appliances, textile, whereas French exports to Egypt deal mainly with equipment, wheat, new technologies, pharmaceutical products, agribusiness, telecommunications, energy. During the recent presidential visit, several French companies such as Sanofi and Schneider electric that were among signatories of the 32 agreements, announced that they intend to increase investments in Egypt.

We at the French Chamber firmly believe that is important to take advantage of the momentum and increase French presence and investment. Even though French products might be more expensive than those of the Far East, Egyptians are keen on French quality products, as was proven in the recently-signed bilateral agreements.

Egypt was an attractive investment market before 2011 but saw a sharp decline in FDI following the crisis. However, FDI is on the rise again, amounting to USD 7.3bn in 2017. Why is Egypt a good investment opportunity for French and other foreign companies?

There are many reasons why France considers Egypt as a strategic partner and why it is an investment opportunity. First of all, its geographical location, with access to two seas; 18 airports; 65 seaports; proximity to the African market and easy access to the Gulf countries. Secondly, Egypt has many treaties with Arab countries, Latin America, Asia and especially Africa. The main one is COMESA, a treaty between Egypt and 19 East African countries that have 510 million inhabitants or potential consumers. This in itself makes Egypt a serious platform to export to African countries. Thirdly, its population: 98 million Egyptians with demands that need to be supplied, with a big pool of labour and comparatively cheap manpower and workforce.

In a joint press conference held during President El Sisi's visit to France October 24, 2017, President Macron announced that the Agence Française de Développement (AFD) that has an office in Cairo since 2007, will increase its financial help to projects in Egypt, a decision that was highlighted again during the recent visit.

On the other hand, four years ago, the IMF conducted a thorough survey on Egypt's potential, at the end of which it announced the approval of a loan of USD 12 billion. Actually, I consider this announcement as a message to the global community, giving the green light for investments in Egypt. It meant that Egypt is safe, promising for the future and a promising market to invest in. According to analysts, we are starting to witness the results of this message.

What are some aspects that investors are looking for and what is Egypt doing to cater to them?

Around four years ago, whenever we spoke with French small and medium-sized enterprises (SMEs), they would touch on four main aspects. Firstly, about the security and stability in the country, of which there was not much at the time. Secondly, about bureaucracy and having long delays in obtaining permits and necessary licenses to work. Thirdly, concerns about corruption in the country. And last, the fact that they could not transfer their benefits abroad.

This was the panorama around four years ago. Now the story is quite different. Security and stability are back. There is an ongoing fight against bureaucracy and corruption which the government is dealing with very seriously. The Ministry of Investment is working hard on creating one-stop shops for licenses and permits and improving the timeframes of delivery. Lastly, the Central Bank of Egypt implemented relevant measures and since then, foreign companies can transfer their benefits abroad. All these commitments and decisions make investors feel at ease and confident, encouraging them to invest in Egypt.

Other factors looked at by investors include infrastructure, telecommunications, industrial areas, etc. In regard to infrastructure, there is currently 114 thousand kilometres of roads, of which the majority was built in the last three years. Egypt has four major telecommunication companies, including French company Orange. Furthermore, there was a recent announcement made by the Minister of Investment and International Cooperation Dr Sahar Nasr about the creation of 19 new industrial zones, in addition to others that already exist such as the economic zone of the Suez Canal.

Egypt jumped eight spots in World Bank's 2019 "Ease of Doing Business" report but still remains 120th out of 190. What is your assessment of the recent reforms that made this improvement possible?

Jumping further needs time and patience. Reforms do not give results rapidly. We all witness that it is very hard for a big segment of Egyptians to sustain the reforms that were implemented, but I should point out that they are relatively able to accept them, with a touch of wisdom and understanding. To give you a flashback, the authorities announced in 1977 a ten percent increase on basic goods and utilities. People took to the streets to protest, there was looting, robberies, etc. As I mentioned before, this time, people accept the reforms to a certain extent. No mass demonstrations and public frustration. Compared to other countries that have gone through reforms, Egyptians took it very well, a behaviour that shows their passivity and wisdom. They are pretty aware of the commitment and the actions taken by the government, along with the trust that the reforms will work and give positive results. This was not the case in the past.

Could you give us a brief snapshot of the French Chamber of Commerce and Industry in Egypt and its main activities?

The French Chamber is 25 years old. It is located in Cairo, with an office in Alexandria, employing a total of 22 persons who provide wide range services to around 630 members. Part of a network of 120 French Chambers in 90 countries, its mission consists of further developing bilateral trade between France and Egypt, such as promoting Egypt's attractiveness through conferences, seminars, sectorial committees, visits to industries, organizing business trips for Egyptians to France, etc. Our communication department produces different publications, the most recent being a special issue of the Chamber's magazine covering President Macron's visit to Egypt. We also assist our members in planning trips abroad, obtaining Schengen visas, using our marketing tools,

organizing employment fairs, and other services. The Chamber has naturally a close relationship with the French Embassy and its economic department, as well as the Egyptian embassy in Paris and its commercial section. To sum it up, we are glad and honoured to contribute to the development of bilateral trade between the two friendly countries.

What are some of the new projects of the Chamber?

We recently got involved in a nation-wide project that will be launched soon: Clean Egypt. The Chamber was approached by a well-known journalist and writer who published many articles about the necessity of having a cleaner Egypt, asking for each and everyone's contribution. We backed her and seized the opportunity, emphasizing on the need to start a national awareness campaign for cleaning. Our aim is to proceed step by step and have different phases that target different segments of the population, starting with awareness in schools all over Egypt. We also aim at targeting local and foreign companies that could be partners. These are just a few examples of activities that we have thought of so far, but although it is a complex national-scale long term project, we are determined to continue.

You have been the managing director of the French Chamber for the past four years. What drives you personally to keep going?

I shall answer with one word: faith. Faith in my mission, faith in Egypt, faith in France and faith in the future of French-Egyptian relations. I firmly believe in Egypt's tremendous potentials and France's will and capacity to contribute to building a modern Egypt.

I am proud and honoured to be in a position to serve these two great countries that have given me a lot on a personal level. It is somehow my way of expressing heartfelt gratitude to both countries.

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