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Tarek Tawfik, managing director of AmCham Egypt, explains how Egypt's latest economic reforms have transformed the country into an attractive destination for foreign investors. He highlights the special role of Egypt in the region and shows how the public and the private sectors are collaborating to achieve economic growth.

According to the most recent data from the US Department of Commerce, Egypt was the largest recipient of US direct investment in Africa and second in the Middle East after the United Arab Emirates. What makes Egypt such an attractive destination for investment?

There are many different factors why Egypt has become an attractive investment destination in the last three years. Most of them are linked to the extensive economic reforms by the government, the most important being the floating currency and the IMF support package worth USD 12 bn. The country has been one of the very few cases, where the IMF programs went through very smoothly without any political or social unrest. Egypt has stood out in the MENA region as a politically and socially stable country in the last three years, which has continued to implement reforms to open the market to world standards and attract foreign investors. Financial institutions and private equity funds have taken notice of this progress and are now willing to invest.

Moreover, Egypt is not seen as an adventurous country as it has not been involved in military conflicts in recent years as opposed to other countries in the region. The change of mindset of having an inward focus and getting the economy back on track is now starting to pay off. The government has been breaking up monopolies, primarily in the oil and gas sector as well as in the transportation and logistics sector. Alongside these baseline issues, the country has managed to stabilize the macroeconomy, a fundamental issue in attracting any foreign investment. Chronic structural problems like electricity generation and infrastructure have been addressed thoroughly in recent years and are now no longer impeding development. All these factors combined give Egypt an advantage over other regional players in attracting investors. For us, this comes not as a surprise, as it is the result of a concerted political, economic and social effort over the last three years.

Egypt jumped 8 spots in World Bank's 2019 Ease of Doing Business report but still remains 120th out of 190. What recent reforms have been implemented to improve the ease of doing business and what are the next steps to improve this ranking?

The Ease of Doing Business report is about the fundamental prerequisites for the activities of a company in a country. These are issues that the government is addressing now with its second wave of reforms, which include streamlining bureaucracy on a cross-cutting basis and addressing the operative problems Egypt still has. This includes inefficiencies regarding customs clearances, tax collection and land allocation. We have several instrumental laws that have been implemented addressing these issues, for instance, the fast-track industrial licensing act, which has been lingering for almost 15 years. Once the implementation process has been successfully completed, Egypt's rank in the Doing Business report will improve significantly. The good news at this point is that in previous years there has been a reversed trend, with Egypt falling down the ranking. The improvement in 2018 shows that we are on the right way and we expect it to climb the ranking by more than eight places in the upcoming years.

How would you describe Egypt's role in the MENA Region today to our international audience?

Egypt has historically been the biggest player in the region, both economically and culturally. The mere fact of being the most populous nation in the Arab world and being a civilization with almost 7000 years of history, means that Egypt has always been a leader, which has influenced other

countries. Having a growing population and a great pool of talent gives a great deal of momentum, which will positively impact both Egypt and the region. Other countries with a similar potential like Iran, Iraq or Syria face other issues that Egypt does not have. The first one is the political stability and the second one is the dependency from oil. Egypt has been an agricultural country, which dramatically is reflected in the Egyptian society until today. We are very open-minded and welcoming to foreigners; this is ingrained in our culture historically, as we have always been used to trading with other civilizations and being in contact with people from outside.

Our diverse society still reflects this, for instance, the largest Christian population in the entire Middle East is living in Egypt. In contrast, the surrounding countries were built on a tribal basis, with other societies being integrated to a far lesser extent. While the oil boom has put other countries at the forefront of foreign investment in the region in the past, Egypt now has the potential to become one of the region's powerhouses exceeding our neighbours. However, we are a strong believer in co-operational growth and Egypt's partnerships with Cyprus, Greece and Israel really show that there are no limitations to partnerships, in contrast to the dogma that has been in the region before. Egypt currently has free trade agreements with nations with a total population of 2 billion, such as the COMESA members, as well as countries of the Arab region and South America.

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

They have changed dramatically in a positive way, especially in the last six months, due to the concentrated efforts from both sides. Without good relations with the US, Egypt would not have been able to secure the IMF, World Bank and African Development Bank funding. With the Trump administration, the relations between the countries have been warming up and this is also reflected economically. Last October we received a business mission from the US with 45 companies visiting and we have seen many newcomers become interested in investing in our country. Moreover, there are many businesses already in Egypt that are reinvesting or planning to reinvest, such as Mars, Cisco, P&G, PepsiCo and Boeing. Pfizer, Gilead and Abbott have signed an agreement with the government, to scan and treat 50 million Egyptians on a fast-track basis. This kind of momentum was not there one year ago, so it clearly has been a consequence of the most recent reforms.

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

Egypt has a very complex and diversified economy, with some industries being very mature and some of them being in the early stages. Hence, there is not one model of how businesses can be supported, as companies in different industries have very different needs. Moreover, the government's reform process is continuing, so we need to ensure to convince potential investors that these reforms will materialize five to ten years down the road. We can observe the general agreement within the industry that the country is serious on the reforms, so there is an incentive for us, as an investment community, to contribute to the government's plans. We have a membership base of almost 950 companies, some of which are the most important players in this country, and 20 committees, which are facilitating the dialogue between the industry and the government. All the reforms that have taken place in the last four years have been talked through with us and our members. The government has understood that it is crucial to communicate with the industry to understand best practices but also to avoid mistakes. AmCham has been an integral part of this process.

The government highlighted the need for the private industry to play a leading role in its plan to transform Egypt's healthcare system. How is AmCham promoting these public-private partnerships and what will they look like?

The healthcare reform includes the whole value chain, from financing over legislation to distribution, so it is a monumental task. AmCham has input from different angles and from different institutions, which helps decision makers in the implementation process. Companies can help the government in identifying glitches, as they have hands-on experience and deal with the legislation on a day-to-day basis. As highlighted, the reform process is ongoing, and it needs both sides to collaborate to achieve the best result.

Any concluding words?

You cannot fool the business community and the government has understood the message and has implemented economic reforms. The reality will dictate the sentiment we have on potential investors, so we are very positive that Egypt, with its diversity and creativity, is on the right path.

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