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January 2024

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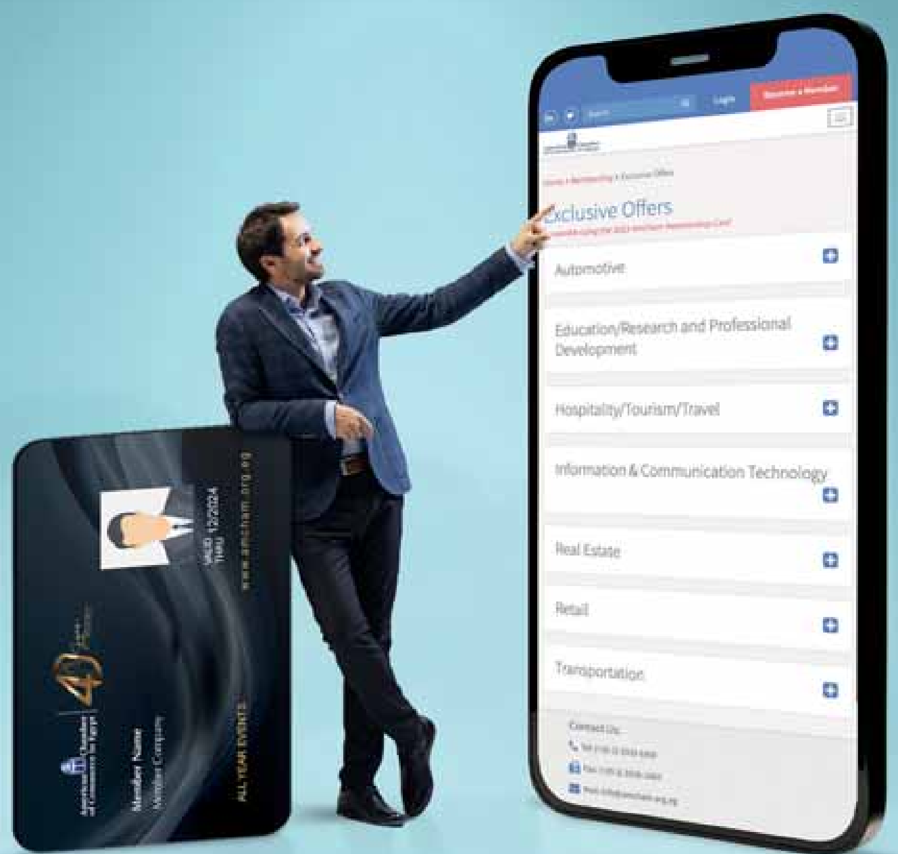

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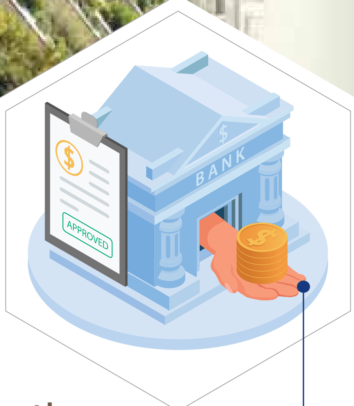

2024: NEW CHAPTER OR 2023 PART II?

Having said our goodbyes to 2023, we need to turn our attention to 2024, which I think will hold unprecedented uncertainty and confusion over Egypt's medium and long-term economic future.

First of all, we have just concluded a presidential election process that will see Abdel Fattah el-Sisi remain in office until 2030. That may prove to be the only constant in Egypt's economic future, as it is unlikely he will upend policies and strategies he has implemented since 2015 or that there will be confusion over his financial targets and philosophy.

As for the rest, little is certain. Debt levels, installment and interest repayments, and increasing foreign currency inflows are high on the government's agenda. However, it is unclear how much foreign currency revenue Egypt can generate and how fast the money will come in to pay installments and interest on time. Will that revenue be enough, or will the government use a new loan to pay installments for the old one?

Alternatively, how much money will the IMF give Egypt? Would it be enough to dent the country's foreign currency deficit? And would it remain a "vote of confidence" that attracts investors?

Another uncertainty is the widening gap between official and unofficial (black market) foreign currency exchange rates. At the end of 2023, the black market rate was nearly 73% higher than the official one. If that gap continues, it would harm Egypt's private sector more in 2024 than it did in 2023.

There also will be lingering questions over green projects and whether international funds pledged to those projects in emerging countries could overlook other persistent business risks in Egypt.

Finally, will Egypt financially crack the African market and export more products to increase foreign currency revenue?

Internationally, the 2024 U.S. election results and what happens next are the big talking points. If Democrats win, it should be international economic policies as usual. If Republicans win, they may adopt more aggressive versions of their 2016 to 2020 foreign economic policies.

Tamer Hafez
Managing Editor

Business monthly

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Managing Editor
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U.S. address: 2101 L Street, NW Suite 800 • Washington, D.C. 20037
Please forward your comments or suggestions to the Egypt editorial office:
Business Monthly
American Chamber of Commerce in Egypt
33 Soliman Abaza Street, Dokki 12311 • Cairo • Egypt
Tel: (20-2) 3338-1050 • Fax: (20-2) 3338-0850
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CHARTING A NEW COURSE

It finally looks like help is on the way. We have all been hearing about a new amended agreement with the International Monetary Fund, along with a possible package from the World Bank tied to the IMF deal that could include support for our foreign reserves. And news is also circulating that the European Union is repackaging its financial support to Egypt to address the current situation, notably with an immigration component to the package. Nothing is certain yet when it comes to details, but the fact remains that a package of support is being negotiated.

Now the key questions are: How will we manage the money once it is in place? And is there going to be a new economic team to manage the transition, or will it be the usual suspects? This is a rescue package that requires a competent rescue team capable of navigating through a delicate transition. It is not business as usual. The current economic situation is in dire straits, unnecessarily so, an outcome of poor monetary and fiscal discipline. We need new hands at the helm, with the skills and economic acumen to stand firm and steer the country to safety. If, God forbid, we squander this opportunity this time with fiscal recklessness, one cannot imagine where Egypt will end up.

This transition will require tight monetary policy in action, fiscal discipline and fiscal consolidation, and tightening the belt, notably with projects that yield no returns. Close and timely coordination between the Central Bank of Egypt and the Cabinet will guide us through the crisis.

At the AmCham special briefing last month, the IMF resident representative was clear in his assessment. Egypt has a resilient and diversified economy. We have the tools and talent, and a vibrant services economy that is well underpriced. What we need is a team with a mandate to govern the economy and to rein in the parallel economies. The transition will be hard, with interest rates rising and the currency rate overshooting. Battling inflation will be challenging, and a social safety net to buffer against the impact of transition will require prioritization and skillful management.

COVID and the Ukraine crisis first exposed the cracks in the system. Now the Gaza crisis is adding insult to injury. Tourism is impacted, and the Suez Canal revenues are in question. Egypt has never been compromised economically like this, with mounting local and foreign debt, runaway inflation, and a devalued currency reaching levels that were deemed imaginary just a few months earlier. How much worse could it get? We don't want to find out.

This is a final wakeup call. Persistent denial will not help anymore. Now we are past the presidential elections, and President Abdel Fattah Al Sisi has a new six-year term. It is time to steer the ship back to safety.

TAREK TAWFIK
President, AmCham Egypt

EGYtrans

EGYTRANS AND LINKS INVESTMENT
AGREE TO ESTABLISH A JOINT LOGISTICS AND TRANSPORT COMPANY IN LUCRATIVE SAUDI ARABIAN MARKET

Cairo, Egypt – 17th December 2023 - Egytrans, a leading Egyptian logistics and transport provider renowned for its comprehensive integrated solutions, and Links Investment, a prominent Saudi-based investment firm committed to fostering economic growth and sustainable development, have finalized an agreement to establish a limited liability company (LLC) in the Kingdom of Saudi Arabia (KSA). Both entities will hold an equal 50% equity stake in the newly formed company, which is projected to have a total capital of 10,000,000 SR. The establishment of this joint venture is set for completion by the end of Quarter 1, 2024 with initial capital of 500,000 SR.

Strategically headquartered in Riyadh, KSA, the new company will be poised to enter the transport and logistics industry, offering comprehensive services. Leveraging Egytrans' expertise in project logistics, particularly in the oil, gas, and renewables sectors, the company intends to align with KSA's upcoming large-scale renewable energy projects scheduled for implementation in 2025 under Vision 2030. This move aims to meet the growing logistics demands and renewable energy initiatives in the region. The collaboration will draw upon Links Investment's significant business diversification, extensive asset base, international partnerships, and substantial land bank across KSA, enabling the expansion of operations and enhancement of logistical capabilities.

"Egytrans has long pursued a strategic approach to expansion, aiming to seize growth prospects not only in Egypt but on a broader international scale," remarked Abir Leheta, CEO of Egytrans. "Our recent acquisition of NOSCO, a significant heavy transport player in Egypt, highlights our commitment. The collaboration with Links Investment, a dynamic Saudi Arabian enterprise, to establish a pioneering company focusing on wind farm and other specialized transport solutions is a strategic move. This collaboration, based on shared objectives, aims to capitalize on the burgeoning Saudi market. "Saudi Arabia stands as the largest potential market for logistics providers in the region, with analysts estimating up to $240 billion as the total value of projects under execution in the country, and $1.8 billion available for third-party logistics providers. The country's logistics sector shows significant growth potential driven by economic diversification, increased trade activities, substantial infrastructure projects, and government initiatives positioning KSA as a regional logistics hub.

"We are excited about the vast potential of the Saudi market and look forward to a collaborative partnership with Egytrans," expressed Mr. Mansour Al-Mobty, CEO of Links Investment. "Our vision aligns with an era of transformative growth, aiming to leverage Links Investment's assets to establish cutting-edge logistics facilities, further enhancing our market capabilities. This partnership is built upon shared values, common goals, and a collective pursuit of success, positioning us for sustained expansion and progress." The new company signifies a significant advancement, combining Egytrans' logistical proficiency with Links Investment's strategic investments to capitalize on the projected growth opportunities in the logistics sector in Saudi Arabia.

The planned joint venture strategically harnesses Egytrans' celebrated 50-year market leadership and its comprehensive integrated services, spanning transport, logistics, and project management. With a strong industry foothold and extensive expertise, Egytrans stands uniquely positioned as a market leader to expand its operational capabilities, including its robust asset structure, into the Kingdom of Saudi Arabia. This collaboration will empower the combined entity to provide an all-encompassing solutions package across multiple sectors in the burgeoning logistics and transport landscape of the kingdom, capitalizing on Egytrans' established excellence and expertise.

About Egyptian Transport and Commercial Services Company (Egytrans):

The Egyptian Transport and Commercial Services Company (Egytrans) is a leading integrated transport and logistics company with a comprehensive portfolio of services in Egypt. With experience dating back to 1939, the company was established in 1973 under the name Egytrans. It has since developed a number of subsidiary and affiliate brands consisting of Egytrans Depot Solutions (EDS), Egyptian Transportation & Logistics S.A.E. (ETAL), Wilhelmsen Ports Service Egypt and Scan Arabia. Working across 8 branches in Egypt, the mission of Egytrans is to make integrated transport easy, safe, timely and cost-effective. Egytrans enables and facilitates global and national supply chains through its extensive range of services including Sea Freight, Air Freight, Land Transport, Customs Clearance, Project Logistics, Exhibitions, and Storage. The Egytrans group employs around 350 employees across its operations in Egypt and is publicly traded on the Egyptian Stock Exchange (EGX) as [ETRS.CA] for Reuters and [ETRS EY Equity] for Bloomberg. For more information please visit: http://ir.egytrans.com

About Links Investment Company:

Links Investment, headquartered in Riyadh, Saudi Arabia, is a dynamic and diversified group committed to delivering innovation and breakthrough developments through its network of integrated subsidiaries. With operations across the country, Links Investment employs a holistic approach to consistently offer attractive returns on investment and quality solutions. The company's subsidiaries, renowned for their excellence in energy, railways, technology, services, real state, trading, architecture, interior design and landscaping, and construction, form the solid links that underpin its success. These trusted leaders in the market provide high-quality products and services while enriching core competencies and capabilities. Links Investment's commitment to offering a wide range of exceptional products and services reflects its dedication to serving diverse client needs and delivering world-class projects. For more information, please visit: www.linksinv.sa

THE NEWSROOM

CIB GETS $148 MILLION FINANCIAL PACKAGE

Commercial International Bank of Egypt (CIB), whose shares account for 40% of tradable stocks in EGX30, has received a financial support package worth $148 million from the African Development Bank (AfDP) to boost CIB efforts to strengthen small and medium enterprises (SMEs) and facilitate trade.

The AfDB statement said the package includes a $10 million line of credit and a $90 million subordinated loan with a term of 10 years. Furthermore, there is a $32 million trade finance line of credit and $16 million from the Africa Growing Together Fund (AGTF) with a tenor of 3.5 years.

The financial support "provides CIB with long-term resources for onward lending to businesses, strengthens CIB's capital position, and enables CIB to meet the trade finance needs of its clients," the AFDB said.

In November, the AFDB also approved a $131 million loan to Egypt to support the private sector and boost green projects. The loan is expected to increase private investment from 3.3% of GDP in 2021/2022 to 4.3% in 2024/2025.

MASTERCARD PARTNERS WITH MDP

MasterCard has announced it will work with Egyptian digital payment company MDP to enhance the e-payment landscape in Egypt. Under the partnership, MDP will act as a one-stop shop integrating MasterCard's digital assets and white-label applications with its products.

"This collaboration aims to equip businesses with cutting-edge payment solutions that enable them to participate in digital commerce and drive financial inclusion," said Gaurang Shah, MasterCard executive vice president for Eastern Europe, the Middle East, and Africa.

This strategic alliance provides accessible credit options via mobile apps and enhances SME lending and buy-now-pay-later consumer lending.

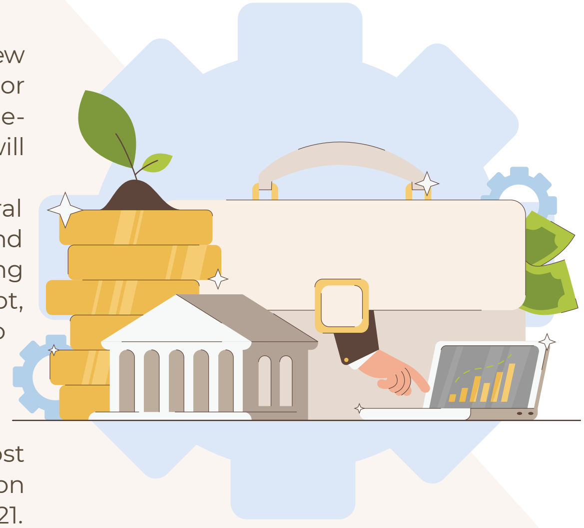
The agreement comes after another partnership made in November between MasterCard and e-commerce platform MaxAB to enhance digital services to small and medium enterprises.

MUBADALA ENERGY COMPANY TO EXPAND IN EGYPT

Emirati energy company Mubadala intends to invest in new projects in Egypt after a meeting between CEO Mansoor Al-Hamed and Tarek El-Molla, Egyptian minister of petroleum and mineral resources. The new investments will be in energy and decarbonization projects.

Mubadala's current projects in Egypt focus on natural gas exploration and production in the Mediterranean and Red seas. The energy company holds a 10% participating interest in the offshore Shorouk Concession in Egypt, which contains the giant Zohr gas field. Mubadala also acquired a 20% interest in the Nour Concession in the North Sinai offshore area.

According to the Central Agency for Public Mobilization and Statistics, the new projects will boost Emirati investments in Egypt, which reached $5.7 billion in FY 2021/2022 compared to $1.4 billion in FY 2020/2021.



SCHNEIDER, LMD COOPERATE IN SMART BUILDING

On the sidelines of COP28 in Dubai, French energy technology company Schneider Electric partnered with LMD, an Egyptian real estate developer, to deploy sustainable solutions across properties in Egypt and the UAE.

The deal aims to integrate intelligent building management technologies for LMD's projects in Egypt, including One Ninety, an EGP 42 billion mixed-use district in New Cairo, and the Stei8ht complex, which encompasses 2,000 villas on 1.5 million square meters in New Cairo.

Integrating intelligent technologies in the designated properties will optimize energy and water consumption and reduce emissions.

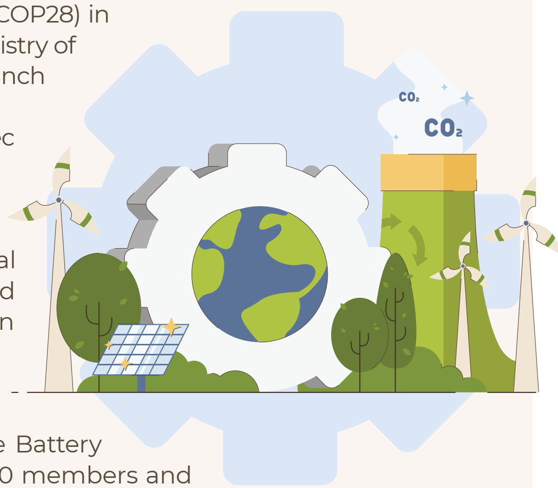
Schneider will provide the programs to manage the building, the Unified Operations Centre platform, and components from medium voltage panels to escalators.

"Our mutual aim is to enhance sustainability and act for a climate-positive world using technology," said Sebastien Riez, cluster president of Schneider Electric Northeast Africa and Levant.

WORTH FOLLOWING

EGYPT PARTNERS FOR GREEN ENERGY PROJECTS AT COP28

On the sidelines of this year's UN Conference of the Parties (COP28) in Dubai, the Suez Canal Economic Zone (SCZONE) and the Ministry of Electricity and Renewable Energy signed agreements to launch three green energy projects in Egypt.



The agreements are with Norwegian energy company Scatec and multiple international financial institutions, including the African Development Bank (AfDB) and British International Investment (BII).

According to a statement by the Ministry of International Cooperation, one of the projects will be in the SCZONE and produce green methanol to fuel ships, while another will be in Damietta to produce green ammonia.

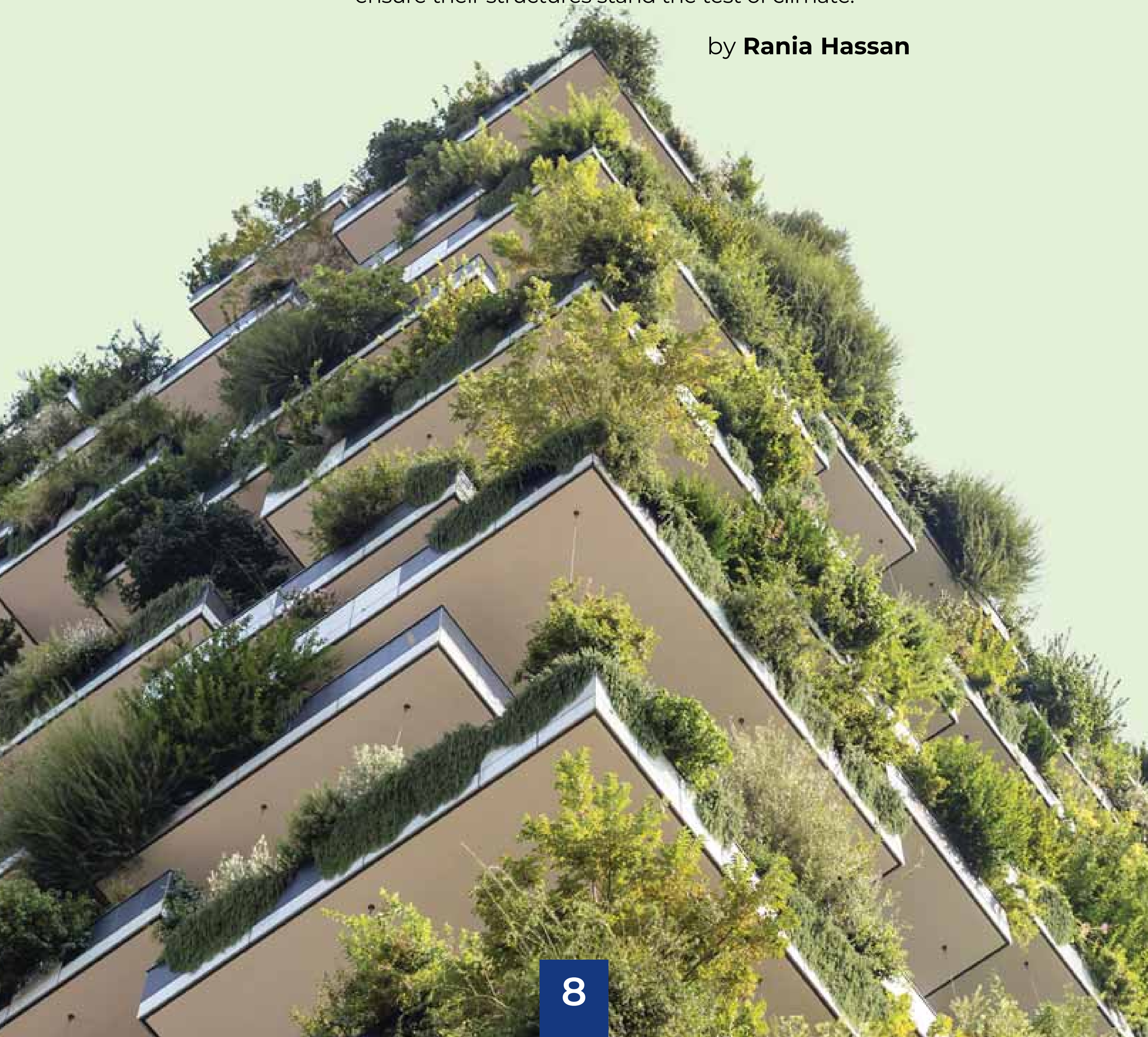
Egypt's Minister of International Cooperation, Rania Al-Mashat, and Minister of Electricity and Renewable Energy, Mohamed Shaker, also signed a letter of intent to join the Battery Energy Storage Systems (BESS) alliance. The alliance has 10 members and targets storing 5 gigawatts of renewable energy by the end of 2024.

Al-Mashat also signed another letter of intent for Egypt to join the Blue Mediterranean Partnership Agreement. The agreement offers financing opportunities for expanding blue economy projects, which target the sustainable use of ocean resources for economic growth.

Climate Architecture

Destructive climate events are shaping architectural designs. Real estate developers need to take notice to ensure their structures stand the test of climate.

by **Rania Hassan**



Like other countries, Egypt is witnessing longer and hotter summers. Air conditioners remain on longer, using more electricity. One reason the Ministry of Electricity cited for extending rolling blackouts from the end of August to the end of October was higher-than-normal electricity consumption because temperatures were noticeably higher than last year.

Green and sustainable architectural concepts when designing new homes can keep new homes and developments cooler, thus requiring less power. “It is always cost-efficient to introduce best practice at the start of the project brief and integrate climate resilience in the construction and operational functions, says Sarah El Battouty, Chairman and Founder of Egypt-based ECOnsult Architecture. “This has to be communicated and made clear from the architectural concepts and all throughout.”

Local developers should integrate those sustainable architecture concepts into all new projects and invest in upgrading existing ones. ”The negative effects of climate-induced stresses are felt in all sectors and income strata, all of which inhabit buildings,” says El Battouty. “Architecture is responsible for achieving programmatic and human needs inside spaces and cannot ignore the necessity to respond to heat stress, water scarcity, rising utility bills and complex technology.”

MENA climate

In a January report, the U.N. Environment Programme (UNEP) cited the MENA region as particularly vulnerable to the effects of climate change. When average temperatures reach 2 degrees Celsius above pre-industrial levels, heat extremes will occur during about 30% of the summer, it said.

If warming is not reduced by 2030, the UNEP report projects MENA countries will be 4 degrees Celsius hotter, creating a "new norm of extreme temperatures, up to 56 degrees Celsius." Some regions could see temperatures 8 degrees higher throughout the year.

Along with rising heat, there is likely to be 10% to 20% less rainfall along the Mediterranean coast, according to the report. That would raise temperatures further and increase the risk of sandstorms and the accumulation of more desert dust in the atmosphere. The UNEP report said that would likely "limit solar generation potential."

ABC resilience

The first step toward designing sustainable homes is that "it should not aggravate the environmental problem," said Martínez Euklidiadas, a reporter for Tomorrow City, an online specialized platform, in August. "There is no point implementing [climate-resilient design] that does not take into account the need to reduce environmental impact."

The American Institute of Architects (AIA) noted developers should "understand and communicate a project's local hazards and climate risks as well as social, environmental and economic challenges and opportunities." However, it warned of “maladaptation that may unintentionally increase vulnerability.”

Architects and developers need to be inclusive when designing climate-resilient developments and facilities to protect entire communities. One way of making climate-resilient homes more affordable is "selecting durable, low-maintenance building systems and materials."

El Battouty adds, “It’s a myth to assume all buildings designed to be green [in Egypt] are 30% more costly,” says El Battouty. “This was due to imported components and rating systems that were not suitable for local markets and emerging economies.”

She added, “This has now been revised, and localized design and appropriation of rating systems to suit country-led market needs are available. The missing components is architecture practices that offer this hired locally.”

Heat construction

Najlaa Rachidi, an architect and project manager at Morocco-based CMK Architects, told Rethinking the Future, a specialized online platform, that builders should abandon conventional paint and building materials that absorb heat and re-radiate it back to the atmosphere. She said lighter, reflective surfaces would help reduce “heat loading and indoor temperatures."

Developers need to include such shades in membranes, coatings and pavement materials, thus lowering energy costs when managing temperatures inside homes. Lighter shades increase the lifespan of roofs, roads and other paved surfaces, Rachidi said, adding that more insulation in colors should also be used like external paints.

Selection of materials "plays a crucial role" in resilient architecture, Elsa Olivetti, associate director of the MIT Climate and Sustainability Consortium, told Rethinking the Future. Rachidi said building designs need to accommodate characteristics of locally sourced materials. "This significantly reduces both embodied energy and transportation energy," she explained. "Sustainably produced materials should be prioritized."

Gleky, a design advisory, noted in a June LinkedIn that

sustainable materials include "bamboo, reclaimed wood and recycled steel [which] reduce the carbon footprint of building materials and decrease waste. Combining different ... materials reduces the probability of them all being affected by the same event or phenomenon."

El Battouty adds, “It is critical now that we revisit the needs of inhabitants of buildings and seek local solutions and materials to tailor-make buildings that work for the people using them as well as the context and climate they are in.”

Another way to make homes climate resilient is using techniques such as prefabrication and modular construction [to] reduce construction waste and lower energy consumption, Gleky added.

Developers have multiple options to select what works best for their projects. "There are numerous material choices, construction implementation approaches and construction techniques that allow designers and city planners to meet the climate goals,” said Rachidi.

Heat design

Another way a building can mitigate heat waves is how it is designed inside and out. "Passive design strategies such as natural ventilation ... can help reduce energy consumption and promote sustainability,” Gleky noted.

Rachidi explained that taking full advantage of breezes requires ideal positioning of windows and vents to circulate and eject hot air quickly from inside the home. The most influential factor is identifying wind direction on the construction site, particularly during summer.

She noted this means main rooms should face north "to lessen heat gained from the sun throughout the day. Bathrooms, storage or utility rooms [should be] on the building's east and west sides," thus protecting the building's insides from hot air.

Meanwhile, a building's internal and external design and shapes can accelerate airflow "through the strategic creation of positive and negative pressure zones to provide a cooling effect," according to Rethinking the Future.

Gleky also advocated incorporating "green roofs," where grass planted on top of the homes reduces indoor temperatures.

"Complex systems are more resilient than simple ones because the latter tend to fail," said Euklidiadas. "Architecture should be rich and varied instead of monotonous and repetitive." The AIA also stressed the importance of "designing the project to accommodate and adapt to changing social, economic and environmental conditions."

Heat landscape

Rachidi said architects need to create space around buildings for trees, shrubs and other plants.

Euklidiadas said merging vegetation in the ecosystem has "proven to be one of the best [sandstorm] breakers imaginable. Mangrove [trees] are a fantastic example of potential urban adaptation to catastrophic climate events."

Meanwhile, Euklidiadas said "dense and lush woodland" areas around cities would make them "more capable of withstanding hot summers." They provide "shade and evapotranspiration, which helps prevent heatstroke deaths and excessive energy use."

Nevertheless, the AIA stressed the importance of "planning for disruptions." That includes integrating systems that "support the operation and occupants of the buildings. Consider emergency preparations, safe shelter, physical protection and mental well-being."

Gleky stressed that "sustainable land use and transportation are also key areas where architects can contribute to reducing greenhouse gas emissions." That requires developments to adopt a "compact" design philosophy, creating "walkable communities" or ones where residents prefer using public transport.

Form versus function

Adrian Welch of Godwin Austen Johnson, a Dubai-based architecture firm, in a February 2020 blog on Cityscape Intelligence, said, "Contextual architectural design in the Middle East (and generally in non-Western areas) comes with baggage."

It started when Western international style modernism developed and found its way into MENA's architectural language in the 1960s and 1970s. Welsh noted such influence came despite designs "not always appropriate to the climate and traditions of the region."

MENA architects and developers widely adopted them because there was little concern about climate change. Additionally, following Western trends displayed modernity in a region still catching up to wealthy nations' way of life. "They represented a whiff of cultural imperialism," said Welsh.

That is changing. Welsh noted there is a growing focus on authenticism, instigating a return to historic designs as there is an increasing need for building designs appropriate for MENA's climate.

One potentially significant design departure is how buildings maximize natural ventilation.. Welsh pointed to wind towers, which make air from

outside circulate inside the building quickly to cool it, and then exit from the top, as the traditional MENA solution. Meanwhile, the latest technological findings feature vents and windows strategically placed to move air through a structure, making it look generic.

Another example is solar panel placement. "Should they be hidden on the roof or expressed within a facade?" Welsh asked. New technology often hides panels by using solar panel roof tiles or integrating them into the building's cladding. Such solutions likely would result in even more generic designs.

Location imperative

Euklidiadas stressed that "resilient architecture and the resilient urbanism in which it falls [share] the territory or the region" where they are located.

Accordingly, ensuring that entire territories adopt climate-resilient architecture and designs is vital. "It is not feasible to develop sustainable building policies without considering its urban impacts," noted Euklidiadas. "For example, making climate control more efficient in a detached household that is dependent on private vehicles [makes it] extremely difficult if not impossible to achieve resilient and sustainable cities."

That could prove a challenge in MENA, given that adaptation in the construction sector is still in its early stages, said the UNEP report. A rapid scale-up to cope with increasingly intense climate impacts requires increased investments and a friendly ecosystem.

Pushing policy

Government policies play a significant role in expanding the construction of climate-resilient buildings. Gleky noted such incentives "can include advocating for policies that incentivize sustainable design and green building practices, such as tax credits and building codes that promote energy efficiency and renewable energy."

Another factor driving climate-resilient design is that individual architects are promoting sustainable design and prioritizing energy efficiency in their projects, said Gleky.

The think-tank also noted the importance of cooperating with specialized organizations, such as the AIA, to advocate and promote sustainable materials, energy efficiency, and renewable energy sources.

Expediting the implementation of sustainable architectural designs is essential for any country's green ambitions. El Battoury says, "Climate resilience in architecture is the only way to transition and decarbonize the industry starting from the supply chain of industry manufacturing of building materials, to design and construction and eventual post occupancy measuring and monitoring." ■

EGYPT IN 2024

Key sectors and factors will shape the country's economic future in 2024: Oil price forecasts will be vital, as Egypt is a net importer; local manufacturing of engineering products (electronic devices and machines) can meet local demand and increase exports; bank credit ratings will dictate lending costs; and exports to Africa will be crucial for companies to survive and grow.

By **Tamer Hafez**

HOOKED ON OIL

With nations still heavily relying on oil over renewables, forecasting its price for 2024 is more critical than ever.

Despite increasing calls from activists, private-sector narratives, and government efforts to use more renewable energy sources (sun, wind, hydropower, and geothermal) over fossil fuel, yet oil still powers most of the global economy.

The Energy Institute, a global association, estimated that nearly 82% of the world still relied on fossil fuels as of 2022. Eco-friendly renewable sources accounted for 14.2%, with the rest coming from miscellaneous sources.

For Egypt, forecasting oil prices in 2024 will be vital, as Central Bank of Egypt (CBE) data shows that more than a fifth of the nation's total import bill in fiscal year 2022/2023 went for oil and its derivatives.

Energy Information Administration

In its October Short-Term Energy Outlook, the U.S. Energy Information Administration (EIA) predicted that the annual average Brent spot price in 2024 will be $95 per barrel. It could spike to $96 in the first quarter, up from $91 in the last quarter of 2023.

The October 2023 forecast is $7, $8, and $19 higher than the September, August, and June STEOs. The EIA said that was primarily due to Saudi Arabia's decision in September to extend its voluntary crude oil production cuts until the end of 2023, news that the U.S. commercial crude oil inventory is at its lowest level since early 2022, and geopolitical tensions, specifically in Gaza and Ukraine.

For 2024, the EIA forecasts that OPEC+, a cartel of the world's 23 biggest producers, will decrease oil production by an additional 300,000 barrels daily over the 1.4 million cut in 2023. Meanwhile, "non-OPEC production is projected to grow by 1 million barrels a day in 2024, with new projects ... contributing to the supply, alongside increased production in the U.S. and Canada."

The EIA also anticipates the decrease of global oil inventories by 200,000 barrels a day during the second half of 2023 will remain in place throughout the first quarter of 2024 due to the OPEC+ cuts, which "maintain global oil production levels below global demand."

However, the EIA noted some "uncertainties." The first is increasing tensions due to wars near major oil producers. That will likely influence OPEC+ decisions once the current oil production agreement expires at the start of 2024.

The EIA also said, "Uncertain and unexpected changes in GDP growth in the coming months could affect oil demand" and, with it, prices.

International Energy Agency

In October, the International Energy Agency (IEA) said global oil demand in 2024 would increase by 880,000 barrels daily, nearly 120,000 barrels less than an earlier forecast. "Harsher global economic conditions and progress on energy efficiency will weigh on consumption," the agency said.

The IEA also said increased adoption and use of clean energy and oil price volatility in 2022 and 2023 are vital factors that would push lower-income countries — like Nigeria, Pakistan, and Egypt — and rich OECD nations to use more renewables in 2024. "Crude rose close to $100 a barrel in September before falling on economic concerns, only to jump on [Oct. 7] on concern the clashes between Israel and Palestine Islamist group Hamas could escalate to disrupt supply," Alex Lawier of Reuters said in October.

Those developments would increase global supply relative to international demand in 2024. "The global oil market will see a slight surplus of supply in 2024, even if the OPEC+ nations extend their cuts into next year," Toril Bosoni, head of the oil industry and markets division at the IEA, told Reuters in November.

The IEA report didn't forecast average prices for 2024, saying, "Global stocks are at low levels, which means that you risk increased volatility if there are surprises on either the demand side or supply side."

OPEC, OPEC+

Accounting for 36% of international oil production and 73% of proven reserves, the global oil producers' cartel OPEC said oil demand in 2024 would be almost equal to what it was in 2023 despite global economic growth expected to surpass 2023's 2.8%. "Emerging economies in Asia, notably India, as well as Brazil and Russia, may outperform expectations with improvements in domestic demand and international trade," said an OPEC report in September. "China is expected to further boost oil consumption."

They forecast oil demand will increase by 2.25 million barrels a day in 2024 compared to 2.44 million barrels a day in 2023.

To keep oil prices up in the face of lower demand growth rates, the OPEC report said its strategy to cut output, announced in April, will extend through 2024. OPEC also forecasts that non-OPEC nations will add 1.4 million barrels daily to their production, down from 1.7 million in 2023.

Wood Mackenzie

Ann-Louise Hittle, vice president of oil markets at Wood Mackenzie, a think tank, noted in a September blog, "The fundamentals suggest there is some scope for OPEC+ to increase production over the next two years." She added, "non-OPEC producers are poised to account for over half of the 3.4 million barrels per day of [additional] demand we forecast for 2024 and 2025 combined." She expects oil prices in 2024 to average $90 per barrel.

For her, the most significant risk to oil price forecasts is political decisions to appease citizens. "The economic impact of higher oil prices is felt almost immediately at the gasoline pump, hitting voters' pockets," Hittle said. "That opens the possibility of political" manipulation.

Sovereign rating agencies

In a November note, Fitch Ratings expects "supply restrictions" to push average oil prices to $120 per barrel in 2024 and $100 in 2025. That is significantly higher than its September forecast of $75 and $70, respectively.

Fitch Ratings' concern is Gaza violence could cause supply disruptions, as seven of the 13 OPEC members, including the cartel's de facto leader Saudi Arabia, are political stakeholders in that war.

Meanwhile, Russia, the world's third-largest oil producer and an OPEC+ member, is at odds with the United States, the world's top oil producer and not part of OPEC+, meaning their diverging political agendas will likely cause oil price uncertainty in 2024 and 2025.

Standard & Poor's (S&P) Global Commodity Insights predicted prices would drop from October ($93 per barrel) until March 2024, reaching $81 per barrel. In the following three quarters, S&P expects prices to hit $85 per barrel.

That forecast is mainly due to a persisting "weakening demand outlook in the U.S. and China" throughout 2024. However, S&P warns, "The potential for volatility owing to wars and economic uncertainty" could result in price volatility due to logistical disruptions or political decisions from top oil producers with diverging stances regarding the war in Gaza.

Moody's Investors Services' Associate Managing Director of Corporate Finance Vikash Halan told CNBC in October, "Oil prices will [average] $85 in 2023 ... Our medium-term prices have remained [unchanged] at $55 to $75."

He cited decisions by OPEC members and the ineffectiveness of Russian oil embargos in 2024 as the primary sources of price volatility.

KEYS TO LOCALIZATION

Egypt has big plans to increase manufacturing, just as corporations prioritize diversifying and near-shoring supply chains.

China's nickname, "The World's Factory," says almost everything governments need to know about how the country sustains economic growth. "From 1992 to 2002, China implemented a series of very attractive incentives to attract foreign companies to its growing manufacturing sector," said Blacksmith International, a management consultancy.

Those incentives were compelling enough for some of the world's biggest engineering industries, including Apple, Nike, L'Oreal, and Samsung Electronics, to build factories there. According to data aggregator Statistica, China raised its contribution to global GDP from 2.5% in 1980 to 18.44% in 2022.

Egypt's government also is working hard to promote manufacturing, notably engineering industries. Over the past year, it has amended regulations, introduced new ones, and offered incentives to reduce operational and bureaucratic costs. Meanwhile, international shifts in strategies are working to Egypt's advantage as multinational companies look to diversify their supply chains.

Localization, so far

During the early 2000s, engineering industries came into the spotlight as local media focused on Egypt's auto assembly boom. In the following decade, 19 auto assemblers built international car brands, including Jeep, Mercedes-Benz, BMW, and Nissan, mainly to meet local demand.

Smartphones were the latest to join the influx of locally made engineering industries in 2023, with Samsung, Nokia, Infinix, Oppo, and Xiaomi either starting production or building factories to meet local and international demand. According to local media reports, their combined investment exceeds EGP 2 billion ($67 million), producing as many as 20 million smartphones annually.

According to International Data Corporation, a data aggregator, a significant portion of that output likely will be exported, as local smartphone sales reached an all-time high of only 2.9 million units in the third quarter of 2021.

Smartphones join other electronic device manufacturers, including white goods, machinery, computers, transportation-related hardware, and medical and health equipment. Egypt also has "basic" engineering industries, such as cooking utensils, metalworks, and furniture.

According to Sherif El Sayad, head of the Engineering Industries Export Council, locally sourced components account for 20% to 70% of domestically manufactured finished products.

In December, the State Information Service (SIS) said manufacturing accounted for more than 16% of Egypt's GDP in fiscal year 2021/2022, making it the most significant contributor to the economy. It also comprised 85% of the nation's "non-oil peaceful" exports.

Favorable environment

In 2023, the government has been busy reforming and introducing new laws to create a better business environment for local and foreign investors.

In May, the Supreme Council for Investment, created just a month earlier, announced 22 law amendments to facilitate FDI.

The General Authority for Investment and Free Zones (GAFI) introduced updates to expedite the approval process when establishing a company, targeting a 10-day time frame. According to data curator Statistics, Egypt's approval window averages slightly longer than 14 days.

Other amendments this year allow GAFI to establish a digital "one-stop shop" platform for investors to obtain all required permits. Another update involves legalizing digital signatures when dealing with the government.

GAFI also created a new department to restructure state enterprises, and the authority's chairman heads a new internal unit that develops new policies, laws and regulations for startups and receives their grievances.

Also in 2023, Egypt's top investment authority amended provisions for the Golden License, a comprehensive approval granted to eligible companies, announced in September 2022. The updates expand eligibility to "companies that are not establishing strategic [developmental] or national projects." Other changes make companies established before the "Investment Law of 2017" eligible to apply.

The Ministry of Justice and Ministry of Trade and Industry introduced several reforms last year. The first was removing restrictions for non-Egyptians and foreign companies related to land ownership for investment purposes. They also allowed foreigners to register as importers for up to 10 years.

The Ministry of Finance issued several legislative amendments to level the playing field for private-sector companies competing with state-owned businesses, which used to get more favorable tax treatment.

Other amendments from the Cabinet in 2023 aim to facilitate working with the International Finance Corp. on individual projects, help the government develop a national manufacturing strategy, and make it easier to do business in Egypt.

Manufacturing targets

In December, the SIS said it aims to boost "industrial production" by 19% this fiscal year (FY) compared to FY 2022/2023. That is nearly 4.5 times the GDP growth rate the government forecasts for FY 2023/2024. By 2026, the government wants "industrial output" to increase by an average annual rate of 18%.

Such an expansion should significantly cut Egypt's imports of engineering industry products. According to communications from the Chamber of Engineering Industries (CEI) in the Federation of Egyptian Industries, the country has the resources to localize 140 product types out of the 152 it currently imports.

In August, CEI Chairman Mohamed El Mohandes told the media most of those 140 imported product categories are intermediate goods for local producers. "The key to increasing localization is matchmaking, which is what the Chamber of Engineering Industries is prioritizing," he said. "There is a lot of potential for new business links as rising prices of electronics equipment in Egypt and import restrictions in recent months are driving all local manufacturers to lower costs by using more locally made components."

Meanwhile, the government wants to exit the manufacturing sector by selling a significant portion of state-owned enterprises (SOEs) to private foreign and local investors. In November, the Cabinet's Information and Decision Support Center said it sold stakes in 13 SOEs, raising $5 billion from March 2022 to July 2023. It added that it wants to raise another $5 billion by selling another batch of SOEs by the end of June 2024.

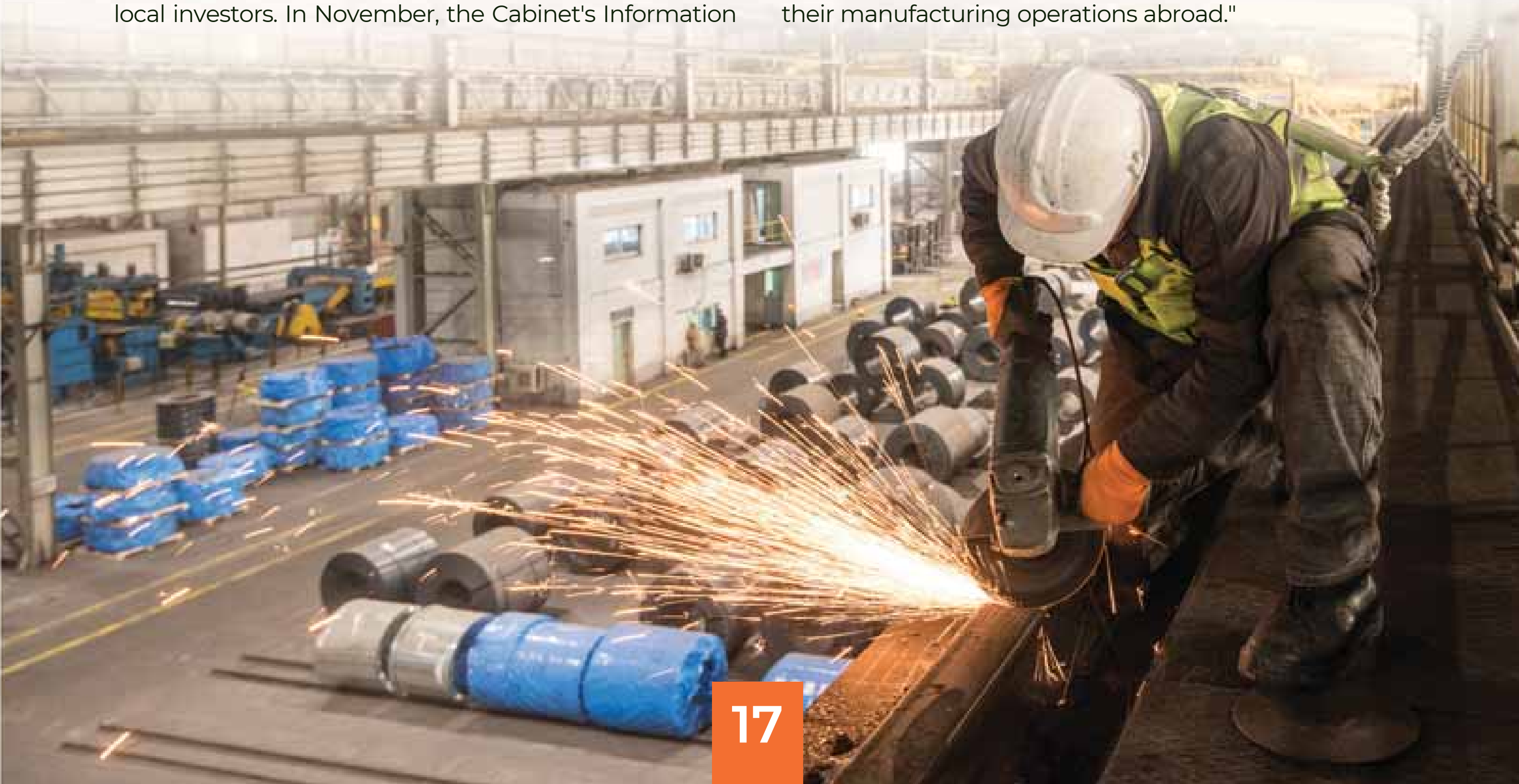
Advantage Egypt?

An analysis note published by Singapore's Nanyang Technological University (NTU) said Egypt is becoming particularly attractive to engineering industries' brands.

The paper highlighted the interest of Chinese and other Asian manufacturers looking to open factories in Egypt. It singled out Haier, a Chinese white goods producer, which announced in April plans to build a new factory in Egypt. "Haier aims to leverage the North African country as a central hub for exporting its products," the NTU paper said. It will "benefit from Egypt's trade agreements that facilitate easier access to markets across Africa, the Middle East and Europe."

The paper also noted, "Several other Asian appliance manufacturers have recognized the potential of the Egyptian market." NTU highlighted that South Korea's LG plans to add a $200 million refrigerator factory in Egypt. The university analysis also noted that Midea, another Chinese maker of home appliances, invested over $25 million on a dishwasher factory in the Suez Canal Economic Zone, primarily for export.

Lu Yucong is chairman of Guangdong Vanward New Electric, a Chinese water heater manufacturer that plans to build a facility in Egypt in 2024. "Growing concerns about China's relations with Russia and the potential for sanctions are influencing decision-making," Lu told NTU. "Rising tariffs on Chinese-made goods are also prompting companies ... to shift some of their manufacturing operations abroad."



CREDIT AND THE ECONOMY

Commercial banks are the primary financiers of governments, businesses, and individuals. Their health is essential for robust economic growth.

Amid Egypt's ongoing foreign currency shortage, commercial banks are borrowing more dollars from abroad to finance local businesses that depend on imports. According to the Central Bank of Egypt (CBE), commercial banks' net foreign asset deficit jumped from the equivalent of EGP 219 billion in June 2022 using the official exchange rate to EGP 529 billion a year later.

Within three months of the news, credit rating agencies Fitch Ratings, Moody's Investor Services, and Standard & Poor's Global Ratings downgraded some of Egypt's most prominent banks. Those downgrades were expected, as all three agencies had a "negative" outlook for the sector since 2022.

Downgraded banks "face higher borrowing costs ... because investors consider them riskier bets," Jay Menozzi, chief investment officer and portfolio manager at Orange Investment Advisors, told Investopedia. "The banks' cost of capital will go up [meaning] consumers would face higher borrowing costs." That could ultimately lead to economic stagnation or even recession.

Fitch: Risks, upside, forecast

In November, Fitch Ratings downgraded the "operating environment" score of the three biggest state-owned banks by deposits: National Bank of Egypt (NBE), Banque Misr (BM) and Banque Du Caire. They also downgraded Commercial International Bank (CIB), Egypt's biggest listed private-sector bank, whose shares comprise 40% of the EGX30's tradable stocks.

All four dropped from "B" with a "negative" outlook to "B-" with a "stable" outlook, keeping them in the "high credit risk" category. They are now just one rank above the "very high credit risk" classification.

Fitch explained, "The operating environment score is in line with [Egypt's] sovereign rating as operating conditions for banks are highly correlated with sovereign profits." The rating agency "estimates [exposure] to be almost 50% of the banking sector's total assets, and around 8x banks' capital at the end [of] July 2023."

Fitch also noted the risks associated with "persisting foreign currency shortages weighing on credit demand" and "high core inflation."

That combination means "rising input costs for corporates underpinning weak business conditions." Fitch cited the Purchasing Managers Index score, which shows new purchasing orders by the Egyptian private sector have been shrinking since November 2020.

Despite the elevated financial risks corporate borrowers face, those banks' "non-performing loans ratio was stable at 3.3%" in the first half of 2023. Fitch said CBE regulations to give SMEs more time to pay overdue obligations "helped contain the loan quality deterioration."

The other upside is that "yields on sovereign securities have increased sharply since March 2022 -- by more than 1,300 basis points ... as the CBE has increased its policy rates by 1,100 basis points."

In 2024, Fitch said, increasing income from treasuries should offset losses from the inevitable pound devaluation. It is "the main risk to banks' capital ratios, ... as around 45% of banks' [risk-weighted assets] are denominated in foreign currency."

Another factor those local banks must contend with is too much SME funding. Fitch says it is "the sector most affected by current liquidity issues, and we expect it to [weaken] credit performance in 2024."

Overall, "foreign currency liquidity conditions [will] remain tight [in 2024], widening the banking sector's net foreign liability." The biggest threat will be the portfolio size of nonresidents investing in the government's local currency securities (hot money).

Moody's: Risks, upside, forecast

In October, Moody's Investor Services "downgraded the long-term bank deposit ratings of NBE, BM, Banque Du Caire, CIB and Italy's Intesa Sanpaolo's Bank of Alexandria (AlexBank).

The first four entered the "very high credit risk" (Caa1) from "high credit risk" (B3). AlexBank remained in the latter category, dropping from B2 to B3. Moody's said its higher grade is "driven by affiliate support ... from Intesa Sanpaolo." All five have a "stable" outlook, an improvement from their previous "negative" outlooks.

Meanwhile, all five's "standalone strength, without external support" (baseline credit assessment) dropped from "high risk" (B3) to "very high risk" (Caa1). Their profiles, which "capture systemic risks that can influence a bank's creditworthiness," went from "very weak+" to "very weak."

That downgrade came from "elevated foreign currency funding and liquidity pressures, renewed credit challenges [due to] high interest rates and inflation and weakened fiscal conditions."

Moody's said those factors hurt the quality of bank assets, earnings, capital buffers, and their ability to meet foreign-currency-denominated obligations.

Like Fitch, Moody's cited "significant holdings of sovereign debt securities" as another reason for the downgrade. Their exposure ranges from eight to 2.4 times their reserves and equity (Tier-1) capital. "These banks' standalone credit profiles and ratings are effectively constrained by the rating of the government," which is currently "very high credit risk" (Caa1).

The upside is those banks "demonstrated defensive characteristics," said Moody's analysis. "[They] enjoy a growing deposit-based funding profile, reporting resilient profitability metrics, [with] non-performing loans … contained at 3.5% of gross loans as of March 2023."

Looking to 2024, Moody's said it would downgrade those banks' ratings if Egypt's sovereign credit rating declines. Additionally, Moody's would downgrade those banks' baseline credit assessments if there are "more acute foreign currency liquidity pressures or a rise in problem loans [or] rising funding costs that materially reduce their profitability and capital metrics."

S&P: Risks, upsides, forecast

In October, S&P downgraded three local banks: NBE, BM and CIB. Their "long-term" rating dropped from B to B-, similar to Fitch. Their "short-term" rating remains at B, in the middle of the "high credit risk" classification. All those ratings come with a "stable" outlook.

The main reason S&P cited for the downgrade was the "lack of progress on key monetary and structural reforms [which] exacerbated imbalances in the [currency] market, deteriorated the net foreign asset position of systemic banks and delayed disbursement of IMF and other multilateral and bilateral financing."

The rating agency also attributed the downgrade to the government's ongoing import restrictions and shipping delays, which hinder local businesses. S&P also noted the proliferation of the dollar black market, which creates multiple exchange rates, confusing businesses and investors.

S&P said local banks will be noticeably affected if the government devalues the pound, as international markets expect. A "weaker pound and toughening operating conditions will hit banks' creditworthiness," S&P said. "The largest effect from this scenario will be on banks' capitalization by inflating foreign currency risk for weighted assets."

The rating agency said the upside is "limited direct effects on private borrowers' creditworthiness because foreign currency is granted to companies that generate revenue in the same currency, and households do not borrow in foreign currency."

S&P expects local commercial banks to be flush with local currency deposits in 2024, allowing them to buy government treasuries. However, they will likely "liquidate foreign assets and increase borrowing from abroad at increasing costs, to face high demand for foreign currency via official channels from households and companies … weighing on their funding portfolios."

In 2024, S&P forecasts that credit losses will be higher by 33.3% in 2024 and 41.6% in 2025 than during the past four years. However, those losses may prove temporary, as S&P believes "the Egyptian banking sector is in a correction phase."

SAFETY IN AFRICA

For many Egyptian companies, exporting could be an ideal way to secure foreign currency to finance their manufacturing needs. Africa will be essential for that in 2024.

For the past few years, Egypt has been in dire need of foreign currency inflows, leading the pound to officially lose almost half its value against the dollar from March 2022 to press time. However, EgCurrency, a digital platform reporting on black market rates for the pound against 18 foreign currencies, reported the rate at which dollars are bought and sold on the ground is around 73% higher than the Central Bank of Egypt's (CBE).

For local companies, that is unsustainable. In an Op-Ed published in Shorouk News in February 2022, Mohamed Youssef, a principal researcher at UAE-based TRENDS Research & Advisory, said the sustainable solution is for local companies to increase exports or work on projects overseas, using those dollar revenues to cover local needs.

Local companies can find potentially lucrative opportunities to do business in Africa, as the continent remains the most underserved worldwide with optimistic economic growth prospects. "Six of the world's 12 fastest-growing countries are in Africa," said Ayodele Odusola, chief economist at the UN Development Programme Regional Bureau for Africa. "Investing in Africa is sound business and a sustainable corporate strategy."

However, each African nation has unique entry barriers. That means companies need support from institutions like the African Export-Import Bank (Afreximbank) and the implementation of free trade deals, such as the African Continental Free Trade Agreement (AfCFTA). "Growth of Egyptian companies in Africa has been arbitrary," says Ayman El Zoghby, director of Intra-Africa trade, investment and corporate finance at Afreximbank. "They must have a deliberate plan to capitalize on opportunities fully."

Afreximbank

Founded in 1993, Afreximbank is a pan-African institution whose mission is "to stimulate a consistent expansion, diversification and development of African trade."

To achieve that, the bank has expanded its mandate over the years. El Zoghby says it "evolved from being a trade finance bank to a commercial bank platform offering trade finance, project finance, syndications, agencies, advice, capital market finance and export development finance."

He says the bank's capital is $7 billion and owns $34 billion in assets. Its financial statement for the first nine months of 2023 reported "interest income" increased by 91% compared to the same period the previous year. Net loans to African companies rose 8.2%, while non-performing ones remained unchanged from the first nine months of 2022, at 3.85% of the bank's loan portfolio. Overall, Afreximbank saw net profits jump 62% throughout the reporting period.

Egypt's construction companies, in particular, benefited the most from Afreximbank. El Zoghby said half of the $12 billion in projects it financed in the sector "went to Egyptian companies."

He says the bank's ultimate target is to increase intracontinental trade from the current 18% of total trade in Africa closer to 60%, which is what more-developed regions report. "Regional integration in Africa is historically low," notes El Zoghby. "Some African nations are small and need regional integration to survive."

One of the "significant problems" that Afreximbank attempts to overcome is that "most of the 52 African nations export raw material and import finished goods from outside Africa as the continent's manufacturing capacity is low," says El Zoghby.

Another problem is the lack of accurate and timely market data published for African investors and businesses. "That means people in Egypt don't know what Nigerians want, and vice versa," says El Zoghby. "We are trying to bring African markets together by offering business-to-business and business-to-government matchmaking and market intelligence to give a clear picture of what each nation wants."

He also noted the lack of a unified transport infrastructure among all African nations may be a problem to regional integration, "but it is not the main obstacle."

Egypt in Africa

One of the first Egyptian companies to enter African markets was Elsewedy Electric Group. They have been in the continent since 1998, starting with a Sudan facility that produces wires,

cables and transformers. Mohamed Atef, the group's Africa chief commercial officer, says the company now has 31 facilities in eight African nations.

El Sewedy Electric Group also has commercial operations in Africa. "We have six hubs, each serving a region," says Atef. There is one for North and West Africa and the Francophone region. Another serves Central Africa, a third for Sub-Saharan nations, and three more doing business in Nigeria, South Africa, Tanzania, and their neighbors. According to Atef, Elsewedy Electric Group has about "1,000 project management and execution projects in Africa."

Key to the company's success is it offers a diverse range of products and services, all related to infrastructure. The company's "dynamism" has enabled it to bid and win a diverse range of projects, including laying fiber optic cables, executing green energy projects, building the first five-star hotel in Comoros in East Africa and upgrading Togo's utility company with digital solutions and supplying them with 250,000 electric meters, "bringing the company from the brink of bankruptcy to profitability," says Atef.

Despite those successes, Atef says there are challenges with each project. "Domestic politics makes everything slower than normal," he notes. "The other issue is we must understand each region's, and each country's, culture and priorities, and tailor a financing solution for each project."

Free trade imperative

Atef says Elsewedy Electric Group's operations in Africa benefited greatly from the various free trade agreements signed over the years between countries operating in the region, such as "COMESA, SADC, and EcoWes."

He says AfCFTA, brokered in 2018 but not yet fully implemented, will be a "game changer. It is the largest in the world in terms of the number of countries it includes (52) and total population (1.3 billion), with a total GDP of $3.5 trillion."

He expects it to increase "intra-Africa trade by 50% by 2035, creating 17 million jobs across the continent. There will be a lot of development projects in the coming years."

However, El Zoghby warns implementing AfCFTA like any other free trade agreement could backfire. "Applying the deal without any protections will likely mean a lot of suffering for smaller African nations, and even some bigger ones," he says. "The first problem is that almost all African nations rely on customs and tax income as part of national revenue, and not as a trade policy tool to regulate imports and exports, like what happens in more advanced nations."

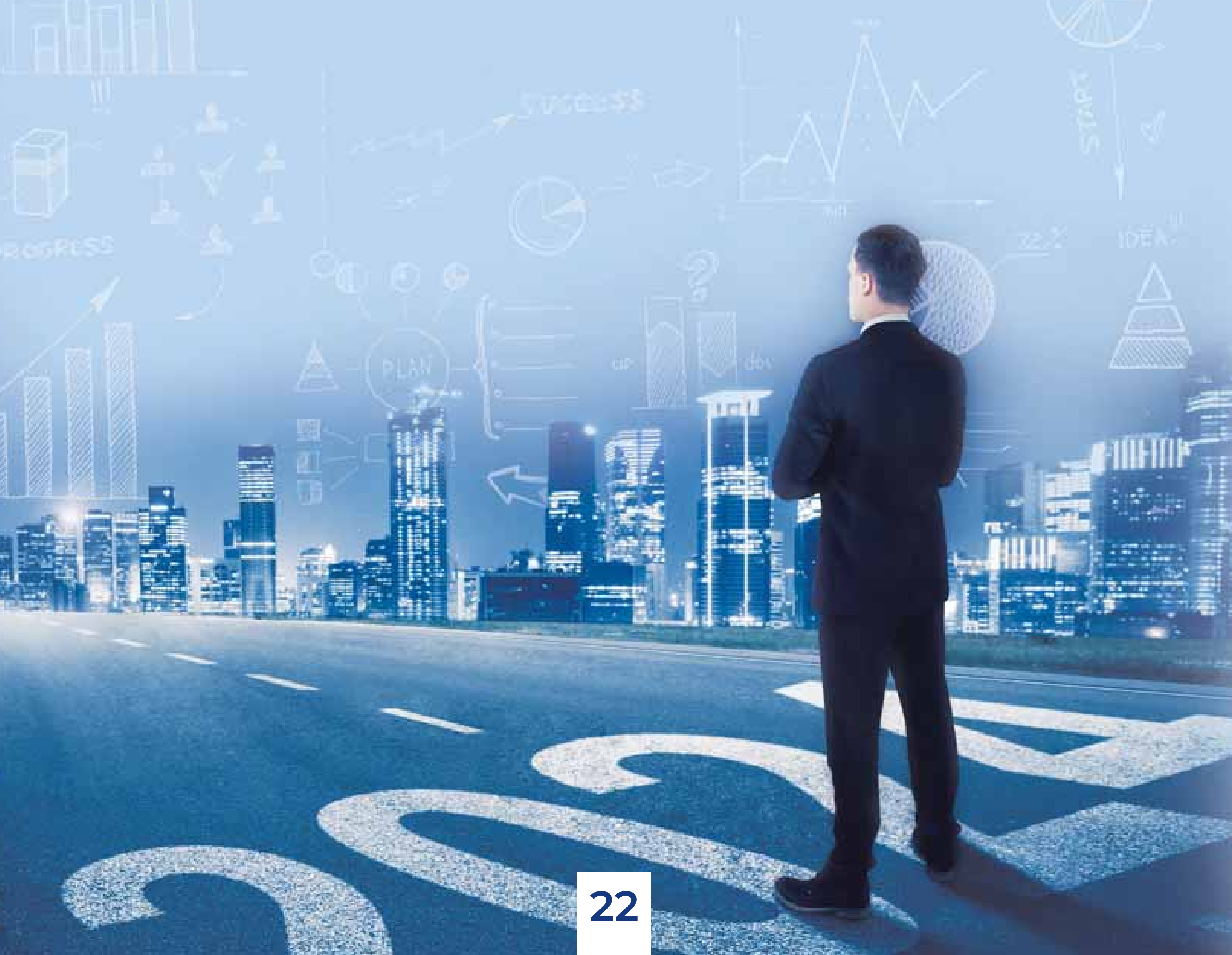
The other challenge to the free implementation of AfCFTA is that most African companies are small and less sophisticated than their counterparts in countries like Egypt or South Africa. Accordingly, they need protection until they upskill their workers, improve technology and build capacity to cope with increased competition from outside their borders. "We have allocated a $1 billion 'adjustment facility' to be leveraged to $8 billion for AfCFTA to solve any implementation fallouts," El Zoghby says.

He believes that Egyptian companies are well-positioned to benefit from all that potential. "The country has a solid industrial base and capable companies with strong track records," El Zoghby says. "They just need to adopt a bullish attitude on Africa and seek partnerships with organizations like Afreximbank and local companies." ■

GDP OUTLOOK 2024

As we head into another year, there is significant confusion over global economic growth prospects. Annual reports published by the IMF in October highlight the stakes for the global economy, MENA and Egypt.

Compiled by: **Fatma Fouad**



Throughout 2023, the global economy has encountered an array of volatilities due to the war in Ukraine, inflation, rising international debt, the crisis in the Gaza Strip, and others. In October, the IMF published three annual reports: World Economic Outlook 2023, Regional Economic Outlook for the Middle East and Central Asia, and a special issue on Africa analyzing economic growth outlooks in 2024.

Egypt's economic prospects in 2024 and beyond are closely linked to the global economy, with important trade relations with the United States, the EU, China, Russia, and the GCC. "Egyptian manufacturers … depend heavily on imported inputs whose costs have risen significantly, both due to global inflation and the now much weaker pound," said Timothy Kaldas, the Deputy Director of the Tahrir Institute for Middle East Policy, in January.

Accordingly, anticipating what may happen in 2024 on global and regional levels in the Middle East and Africa will be necessary to forecast what may happen to Egypt's economy in the coming 12 months.

Global outlook

Despite signs of resilience and efforts to recover from disruption in energy and food markets, economic activity is still generally falling short of projections. The 2023 IMF World Economic Outlook projects global growth to be 2.9% in 2024, compared to 3% in 2023.

The IMF expected world trade growth to decline from 5.1% in 2022 to 0.9% in 2023 before rising to 3.5% in 2024. "The projected decline in 2023 reflects not only the path of global demand but also shifts in its composition toward domestic services; lagging effects of dollar appreciation, which slows trade owing to the widespread invoicing of products in dollars; and rising trade barriers."

There also were positive signs in terms of plummeting inflation. "Global headline inflation has more than halved, from its peak of 11.6% in the second quarter of 2022 to 5.3%." The IMF report attributed the drop to a fall in food and, to a lesser extent, energy prices. "Crude oil prices have declined during 2023 and are well below their June 2022 peak, on the back of lower global demand partly driven by tighter global monetary policy."

Curbs on oil production by OPEC are a sign prices will drop. The IMF report projected prices of fuel commodities to fall by 36% and oil prices by about 17%. That reflects a slowdown in economic activity and a decline in coal and natural gas prices after 2022 surges of 51% and 61%, respectively.

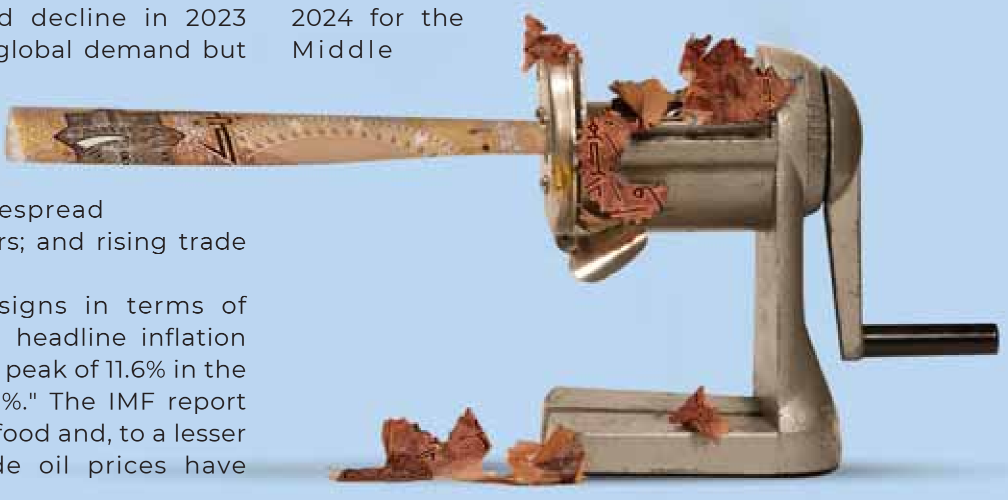
The outlook expects fiscal policy to ease in advanced economies while remaining neutral in emerging and developing economies with fiscal tightening expected to deepen in economies with high government debt levels.

The IMF global report noted that in 2023, emerging and developing economies "have seen even weaker recoveries, especially low-income countries, where output losses average more than 6.5%." The slowdown has been due to higher interest rates and depreciated currencies.

Low investment rates accompany the slowdown seen across various regions. "Businesses have shown less enthusiasm for expansion and risk-taking," particularly amid rising interest rates, withdrawal of fiscal support, low product demand, stricter lending conditions, and growing uncertainties.

The Middle East

With many developments happening worldwide, the IMF said the MENA region should build resilience in 2024. The outlook projects GDP will rise to 3.4% in 2024 for the Middle



East and Central Asia after a decline from 5.6% in 2022 to 2% in 2023, reflecting improvement in overall economic conditions.

MENA mainly drove the economic slowdown in 2023, "reflecting oil production cuts, tight macroeconomic policies, and country-specific factors," noted the IMF regional outlook.

The report added that recurrent shocks in the Middle East "have reduced policy space to support economic activity in many economies, and slow progress in implementing reforms is holding back investment, job creation, and inclusion while undermining resilience to shocks. Rising climate challenges are adding to the urgency of action."

The Middle East's decline is mainly due to dramatically slower growth in Saudi Arabia, from 8.7% in 2022 to 0.8% in 2023. "The downgrade … reflects announced production cuts, including unilateral cuts and those in line with an agreement through OPEC," the report said.

Lower forecasts for 2023 in the Middle East also reflect cuts of nearly 20% to Sudan's GDP growth rate forecast. The slowdown is attributed to the "outbreak of conflict, deteriorating domestic security, and the worsening humanitarian situation." The report projects Sudan's GDP will be 0.3% in 2024.

On the upside, the report said slowing inflation will ease pressure on central banks to raise interest rates. However, inflation will remain high in some countries, exacerbating food insecurity.

The report said ongoing moderation in commodity prices "should help alleviate pressures on food prices worldwide." The IMF projected food prices to decline by 1.9% in 2024, following a 6.8% decline in 2023.

Africa

The IMF saw signs the African economy would gradually strengthen in 2024. The IMF African outlook titled "In Pursuit of Stronger Growth and Resilience" noted that a few of Africa's large economies witnessed "a pickup in tourism, stronger-than-expected remittance inflows, improved agricultural output, and increased resource extraction."

According to the report, the continent's growth is set to strengthen to 3.8% in 2024, "supported in part by a modest easing of global financial conditions and reflecting a normalization of demand."

The IMF report says private investment and consumption should grow enough to "lift growth in 2024 for about three-quarters of the region's economies." However, growth in non-resource countries [those that don't rely on exporting oil or are not classified as natural-resource-intensive] in North Africa is expected to decline to 3.5% from 3.7% in 2023, mainly reflecting a slowdown in Egypt, the document noted.

The IMF said the continent should focus on macroeconomic stability. The report suggests that African nations "guard against any premature monetary policy easing and remain committed to their fiscal consolidation plans."

Egypt

The IMF's Egypt report said the country faced unprecedented implications of foreign currency rationing and import restrictions in 2023, reflecting deteriorating macroeconomic conditions.

That is despite export growth rates outpacing those of imports in 2023. In December, CAPMAS said Egypt's imports increased by nearly 8% in 2022, reaching $96.2 billion. On the flip side, exports surged 19.4% in 2022 to $52.1 billion, with petroleum exports increasing by 50.1%.

In October, the IMF updated forecasts for Egypt's GDP growth to 4.2% in 2023 and 3.6% in 2024. That compares with the government's December revised forecast, which went from 4.2% growth in 2024 to 3.5%. "This forecast may increase a little or decrease a little depending on the impact of the war on our borders," Hala El Said, the Minister of Planning, told international media.

The IMF report on Egypt projected the annualized inflation rate would reach 32.2% in 2024. That is mainly due to the projected devaluation of the pound, which some pundits in December 2023 expected could reach EGP 40, if not EGP 45, to the dollar. That is still short of the average black market rate registered in 2023, which is over EGP 50 to the greenback.

The country report added that as a highly indebted country, Egypt would continue to face deteriorating external funding conditions in 2024. That resulted in foreign-currency sovereign bonds substantially expanding in Egypt and other vulnerable emerging markets and middle-income countries.

"While sovereign spreads have generally narrowed since last March's financial turmoil, as of August, they remain at distressed levels (more than 1,000 basis points) for Egypt, Pakistan, and Tunisia," says the report.

In 2024, Egypt, among other nations, will face significant external financing needs, with only enough reserves to cover about 70% of short-term external debt.

Common Challenges

Climate-related shocks are one of the biggest challenges in the Middle East and Africa. It could result in worsening drought conditions in places whose economies have long depended on rain, as flash floods hit other dry regions with little to no infrastructure to deal with rain downpours.

The IMF global report stressed that global warming will significantly impact "infrastructure, agricultural output, and food prices."

The IMF's regional report notes that "effective climate change adaptation requires including climate risks and policies in all relevant policy frameworks and structural reform agendas, adopting measures that help boost climate resilience and infrastructure investments."

Regional economic growth will also be affected by lower production in oil-exporting countries. However, decisions by those oil-exporting nations will not be solely financial, as geopolitical tensions in MENA and Southern Europe, plus each of those countries' economic agendas, will influence decisions to raise or cut oil production to reduce or increase prices.

Those decisions will invariably impact how governments in emerging markets and middle-income countries, such as Egypt, manage their monetary policies to curb inflation without hurting economic recovery potential.

Additionally, country-specific factors such as currency devaluation and import restrictions add to the urgency of action to alleviate inflation across the region.

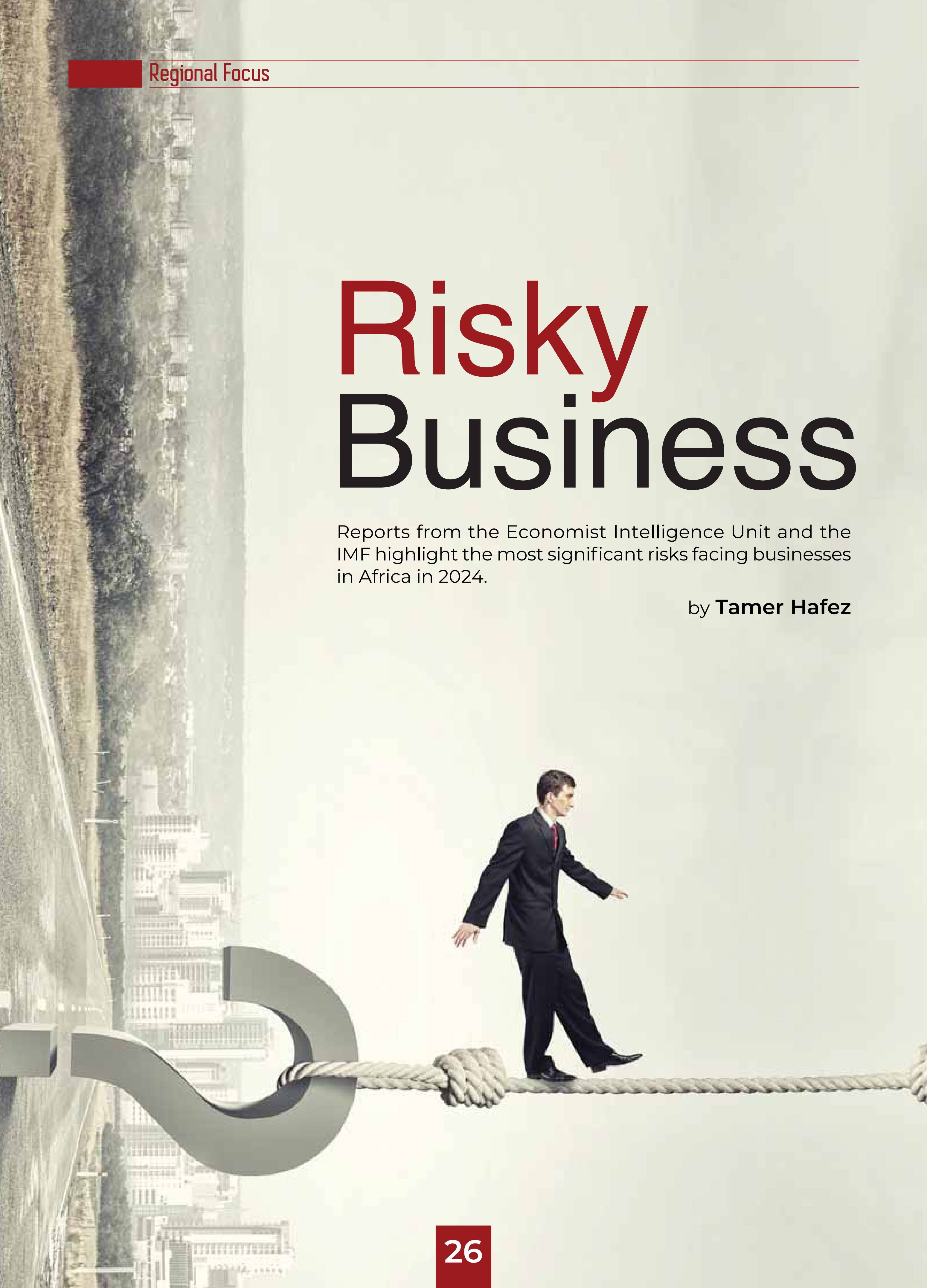
Implications of the war in Ukraine will further pressure food, fuel, and fertilizer prices, posing the risk of "worsening food insecurity, with the potential differential effect on inflation across countries determined by their import or export dependence," the IMF report highlighted.

Near-term policies

The IMF World Economic Outlook suggests policies to maintain growth in those uniquely challenging times. Central banks should adopt a restrictive stance in economies where high inflation persists "until clear signs emerge that underlying inflation is durably cooling," said the report.

Government spending cuts or tax increases can also achieve price stability to ensure public debt sustainability. Reducing aggregate demand would further ease inflation. "Tilting government spending toward items more supportive of demand, such as targeted household transfers, may be necessary" in economies where inflation is below targets.

Weather conditions – heat waves, floods, and wildfires – accompanied by other factors, such as the war in Ukraine, are exacerbating risks to the global supply of staple crops. Hence, the global report suggested lifting bans on food exports "to safeguard the global flow of food supplies" and improve food security. ■



Risky Business

Reports from the Economist Intelligence Unit and the IMF highlight the most significant risks facing businesses in Africa in 2024.

by **Tamer Hafez**

As investors witness rising competition and fewer lucrative opportunities in developed and traditionally attractive emerging markets, such as those in South Asia, Africa is increasingly in the spotlight.

In September, McKinsey Global Institute, a U.S.-based management consultancy, said, "With its population expected to nearly double to 2.5 billion people by 2050, [Africa] presents myriad opportunities for robust, inclusive growth that harnesses rich natural resources and abundant human potential."

However, Africa faces economic, structural, and foreign risks. An IMF paper titled "Managing Fiscal Risks in the Middle East and North Africa," published in June, said, "When risks materialize, they often have major and lasting implications on fiscal deficits and debt as well as the conduct of fiscal policy going forward."

Making matters worse is that most African "countries and policymakers are often caught off guard, forcing them to adopt ad-hoc measures," the International Monetary Fund (IMF) said. That limits African governments' abilities to implement long-term policies, instead acting as economic firefighters, the IMF added.

Legacy of risk

Africa has always been a high-risk investment environment that is difficult to forecast. The IMF paper noted that between 2011 and 2021, two-thirds of fiscal deficits were wider and debt ratios higher than predicted the previous year.

Even during its good economic spells, forecasts were off. "Absolute actual debt realizations have deviated from the previous year's forecast by a median of 3.8% of GDP," the IMF paper said. "Government deficits have deviated by a median of 1.3% of GDP."

The continent also "has a track record of comparatively volatile economic growth and sharp exchange rate movements," the IMF paper said. "Many of the factors associated with the materialization of fiscal risks in [Africa] are likely to remain sources of vulnerability."

Another risk the IMF cited is the continent's dependence on fossil fuels, as global price fluctuations dramatically affect the economic outlook of net importing and exporting African nations.

The IMF said the other incumbent risk in the continent is "high government involvement in the economy and large state ownership of firms and banks." The result is a crowding out of the private sector and startups from many potentially lucrative opportunities.

Risk in 2023

Africa has been on an economic roller coaster since the COVID-19 pandemic, mainly because of supply chain disruptions. Meanwhile, the war involving Russia and Ukraine, both significant suppliers of grain and fuel for Africa, has been raising risk levels throughout the continent since the February 2022 invasion.

In a September report from the Economist Intelligence Unit (EIU) titled "Africa's Operational Risk Outlook," 16 of the continent's 52 countries have seen their risk levels rise compared to 2022. Egypt is one of those nations. That higher risk score was driven mainly by increasing macroeconomic risks, it said.

That is more worrying for African nations compared to other countries as positive GDP growth rate outlooks are the top reason foreign investors are drawn to invest in the continent. According to the EIU report, the "macroeconomic subcategory" always had the best scores compared to other subcategories. The report said that status is mainly due to "relatively fast economic growth that comes with expanding populations."

Investors considering Africa face other substantial challenges. "Political stability and government effectiveness [are still] the biggest risks," the EIU explained. Meanwhile, the continent's financial sector is witnessing "high risks of ... distress" from "rising public debt levels and comparatively low levels of banking supervision and autonomy."

The EIU said the "five best-rated African countries" are Mauritius, Cabo Verde, Botswana, South Africa and Morocco. That is due to their "comparatively business-friendly tax and trade policies and relative political stability and government effectiveness."

The "worst-rated" are Sudan, Somalia, Guinea, Eritrea and the Central African Republic. The EIU blamed their "entrenched political instability, pervasive graft, and uncertain government policy ... with regard to foreign businesses."

Rising debts

African governments have struggled to attract fresh investments over the past few years, meaning states had to issue more local and foreign debt. "Given the well-defined challenges these economies are facing ... we are saying there is a silent debt crisis that has been taking place," Ayhan Kose, deputy chief economist at the World Bank Group, told The Financial Times in November.

Investopedia, an economic glossary, says that is worrying, as a sovereign default makes it "expensive or impossible for [the country] to borrow money in the future."

That scenario also hurts local banks, pension funds and individual sovereign bond investors. They "could face ... risks through their heavy exposure to local-currency sovereign bonds, which could ... be subject to write-downs as part of restructuring strategies."

The EIU report added that sovereign defaults make public and private commercial banks reluctant to give loans to individuals and businesses. That causes GDP growth rates to stall or contract. Investopedia added that inflation would rise as a result of those disruptions.

Uncomfortably high debt levels are expected in African nations. The IMF's paper noted that "on average, a large macroeconomic shock occurs once every eight years and causes government revenues to drop by 2.8% of GDP, while debt increases by almost 12% of GDP."

For next year, the EIU warns, "Africa is approaching a maturity wall on its Eurobonds that begins in 2024, with most of the continent unable to tap international markets to roll over maturing debts." As a result, an "increasing number of countries are seeking restructuring deals ... ahead of an expected spike in debt servicing in 2024 [and] 2025," the report said.

The IMF report said such developments raise the probability of defaults in the coming two years. That means governments are more likely to bail out private and public-owned businesses if their bankruptcy would threaten the economy at large, putting more pressure on the state's budget.

Those pressures are exacerbated by government exemptions and support programs designed to protect or promote industries like tourism in Egypt in the wake of COVID-19 lockdowns.

Too many public-private partnerships (PPPs) and power-purchase agreements (PPAs) add to a government's fiscal risks. They "create debt-like obligations on the government, as they commit the [national] budget to regular payments far into the future," the IMF report said. "Similarly, when faced with the possible bankruptcy of a PPP or PPA, operators of critical infrastructure, the government may have little choice but to organize and financially support a bailout."

The EIU said Africa's sovereign debt risks have a "high probability [and] very high impact."

Commodity concerns

Unexpected and aggressive changes in global commodity prices, particularly fossil fuels and food, are a significant risk to those who want to invest in Africa. The IMF report said such volatilities are particularly damaging to the continent as external forces influence their prices. "Fluctuations in commodity prices typically generate unforeseen significant deviations in fiscal outcomes," it said.

To maintain prices during inflation, net importing and exporting African nations subsidize locally sourced and imported commodities for businesses and individuals.

The IMF report said that approach increases fiscal risks as "subsidy outlays rise with the market price of oil and other inputs." In Africa, subsidy risks are amplified further due to the continent's low economic resources. The EIU report warns that eventually, "subsidy regimes [will] buckle under the fiscal strain." That has been most evident in Angola, Malawi, Nigeria, Ethiopia, Sudan and Madagascar.

The IMF report noted that while structural reforms would ensure that African nations limit commodity price volatility risks, "in several countries, reform implementation has been uneven and spending on subsidies has therefore remained elevated or reduced only gradually."

Cost risk

Government and central bank decisions can amplify or calm investors' concerns over investing in Africa. The EIU report said the top consideration for investors is how the state deals with inflation. "High regional inflation drives up business input costs and fuels widespread social unrest," it explained. [It is a "high probability, high impact" factor.

The EIU report said national inflation factors include "lingering supply-chain tightness, high regional food prices and local currency weakness" against the dollar. The EIU said inflation risks are particularly evident in Ghana, South Africa, Kenya, Tunisia, and Madagascar.

Keeping prices in check is particularly critical to African countries, as rampant inflation depresses household and business spending. That results in worse GDP growth rate outlooks, which the EIU said is the top reason FDI comes to the continent. Inflation "is especially crucial against a backdrop of entrenched, widespread poverty and high unemployment across most of Africa," they said.

The IMF report also noted the risks of rising interest rates in Africa to slow, or at least limit, inflation. "It is another fiscal risk, increasing the cost of borrowing and servicing debt, reducing economic activity [as people save rather than spend], and thereby [decrease] government revenue," the IMF explained.

Exchange rate volatility is another risk for investors. The IMF report said it increases the cost of imports and foreign currency sovereign debts. It also lowers confidence in the local currency, resulting in businesses and individuals converting their savings to dollars to preserve its value (dollarization), leading to further devaluations in the local currency. The IMF report said, "Exchange rate volatility has been comparatively high [due to recent] adjusting foreign exchange rates and floating previously fixed currencies."

Corruption impact

The EIU report also noted "widespread corruption in public services, bureaucratic red tape, a lack of accountability among civil servants and limited government control beyond key urban capital centers." Such corruption leads to a "lack of judicial independence, excessive state authority, infrastructure deficiencies, shallow financial markets and [low] skill labor."

The result is that development projects and investments are likely compromised on the ground. The EIU report said, "Weak governance and entrenched corruption in the region could also exacerbate mismanagement, [causing] cost overruns and delays."

Corruption and bureaucracies have caused progress on the African Continental Free-Trade Area (AfCFTA) to "remain slow," noted the EIU report. The result is that even if investors find an African country they can invest in, they still need to overcome trade barriers to access the continent despite AfCFTA.

Big government risk

"Large government ownership and public sector balance sheet interlinkages further contribute to fiscal risks from banks in the regions," said the IMF

The most prominent example is the domination of state-owned banks (SOBs) in various African countries. The IMF cited Algeria (89% of the national banking sector) and Egypt (74%) as prime examples. "SOBs in the region are usually highly exposed to [state-owned enterprises (SOEs)] and the public sector (about half of total bank assets in Algeria and Egypt)," the report said.

The IMF also noted that nonfinancial SOEs pressure the state budget due to their "loss-making activities, poor dividend performance, non-repayment of loans, calls on government guarantees, recapitalizations or asset sales below book value."

The report also pointed out that government involvement in business could "lead to complex crossclaims between government and SOEs, hindering fiscal management."

Informed decisions

Regardless of the extent of the risks, the IMF report stressed the importance of "ensuring the collection of regular, timely and comprehensive fiscal data covering the entire public sector, as well as other macroeconomic data [to become] the foundation for analysis."

That likely will require governments to develop new systems to "seek out relevant information that may not currently be systematically collected," the EIU report said, "transparent recording and assessment of fiscal risks, such as exposure to various economic shocks, financial information on guarantees and SOEs, and information on the likelihood and impact of natural and climate disasters."

Such data would enable policymakers to "strengthen firewalls between different fiscal risks," the EIU report said. That increases "the chance that risks can be contained when they materialize." ■

Strategic alliances crucial for healthcare policymakers

By **Ossama Shaheen**
A 32- year veteran marketer and business expert in healthcare, finance, and manufacturing.

In the rapidly evolving healthcare landscape, effective decision-making and policy planning are crucial for addressing the global challenges facing governments. Given the complexity of the healthcare sector, strategic alliances between the government and private sector have emerged as powerful tools for driving innovation and ensuring the efficiency of health policies. This article explores the importance of these alliances and highlights their impact on improving healthcare outcomes.

Harnessing expertise and resources

Strategic public-private alliances bring together diverse expertise and extensive resources. The government, with its regulatory power and significant social perspective, possesses the institutional knowledge and ability to establish policy frameworks. Simultaneously, the private sector brings industry-specific knowledge, technological advancements, and investment capabilities. Collaboration enables the pooling of resources, eliminating redundancies, and leveraging collective knowledge to drive innovative solutions in healthcare.

Advancing health technology and innovation

The private sector plays a pivotal role in healthcare technology and innovation. Strategic alliances allow governments to tap into private research and development capabilities, accelerating the adoption of cutting-edge technologies for better patient care. By collaborating on research, developing standards, and sharing information, governments can harness advances in medical technology, telemedicine, data analytics, and digital health solutions. These alliances also facilitate the translation of innovations into the mainstream healthcare system, benefiting both patients and providers.

Enhancing data collection and analysis

Data is the lifeblood of evidence-based decision-making in healthcare. Strategic alliances bolster the government's capacity to collect, analyze, and interpret various health-related data. Private sector expertise in data analytics, artificial intelligence, and machine learning can empower governments to design effective health policies based on robust evidence. By leveraging these alliances, governments can access comprehensive datasets from various sectors, creating a more accurate and informed foundation for health policy planning.

Expanding access to quality care

Strategic alliances offer opportunities for more affordable and accessible healthcare solutions. The private sector's commercial expertise and the government's regulatory role can foster collaboration to address critical healthcare gaps. By working together, governments and private stakeholders can develop public-private partnerships to expand healthcare infrastructure, optimize supply chains, and ensure the availability of essential medical supplies. Alliances also encourage the development of localized health solutions tailored to the specific needs of communities, ultimately improving access to quality care in underserved areas.

Solidifying public trust and accountability

Collaboration between the government and private sector can enhance transparency and accountability. Governments can benefit from private sector best practices in organizational governance, risk management, and patient safety. Moreover, strategic alliances enable civil society and public oversight by promoting dialogue, effective communication channels, and mechanisms for public participation in decision-making processes. By establishing these relationships, governments demonstrate their commitment to inclusivity, fostering public trust and confidence in health policies.

Navigating healthcare challenges

The healthcare sector continuously faces unprecedented challenges, such as pandemics, emerging diseases or natural disasters. Strategic alliances can provide a framework for effective crisis management and response. By leveraging the private sector's agility, governments can rapidly scale up healthcare services, mobilize resources efficiently, and deploy innovative solutions to these challenges. The private sector's adaptability complements the government's capacity to swiftly establish regulatory measures while ensuring the continuity of essential healthcare services.

In conclusion, strategic alliances between the government and private sector are integral to effective decision-making and health policy planning. Collaboration harnesses expertise, resources, and innovative solutions that can improve healthcare outcomes for individuals and communities. As the healthcare industry evolves, alliances will be increasingly critical in addressing emerging challenges and growing demand. By fostering these partnerships, governments can proactively shape forward-thinking policies prioritizing public health, accessibility, and equity in healthcare systems worldwide.

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Market Watch

Stock Analysis

Another good year for stocks

As 2023 drew to a close, both of the market's leading indices were on their way to registering yet another good year in terms of performance. By mid-December, the EGX 30 (up 69% year-to-date) and EGX 70 EWI (up 91.5%) were embarking on their third and fourth positive years, respectively, in a row. However, since the end of 2020, the EGX 30 was up 16% and EGX 70 EWI 27% in U.S. dollar terms versus 128% and 150% in Egyptian pound terms.

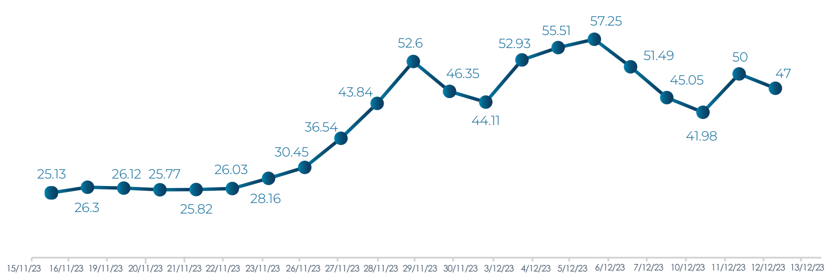
During the Nov. 15 through Dec. 15 period, the EGX 30 added 2.4%, while EGX 70 EWI jumped 11.3%, with advances outnumbering declines by 5 to 2. As noticed on the top gainers' list during the period, small caps took a front seat, led by ASEC Mining (ASCM, up 87%), which by then was the best-performing EGX-listed stock on a year-to-date basis, up some 440%! Meanwhile, other small caps flickered across the screen in green, the likes of Modern Education Systems (MOED, up 60%), International Agricultural Products (IFAP, up 58%), and Atlas Investment & Food Industries (AIFI, up 58%). Still, no events were announced to justify such rallies.

On the other end of the spectrum, another small-cap stock tailed the losers' list. Shares of United Arab Shipping (UASG, down 25%) suffered after the company's extraordinary general assembly held on Dec. 7 after trading hours agreed to liquidate the company as its retained losses exceeded half its paid-in capital. In the following five trading sessions, the stock fell 24%. Ironically, this should not have come as a surprise as the company has long been unable to generate profits, with its retained losses registering EGP 440 million, or more than double (not just half!) its capital. Unfortunately, this is another stock to bite the dust after Egyptian Iron & Steel (IRON) suffered the same fate more than two years ago.

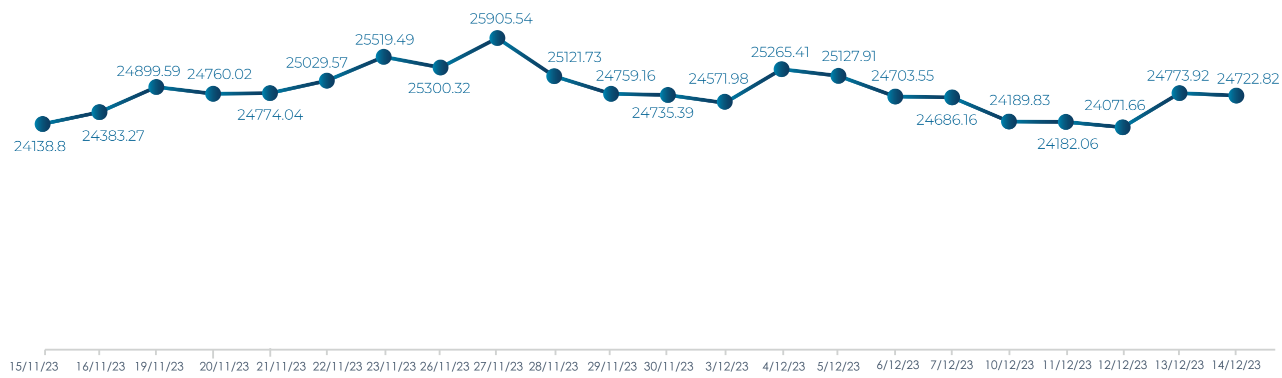
Overall, investors should generally be happy with the EGX 30 hitting an all-time high of 25,945.58 during trading on Nov. 27. Investors, mainly individual Egyptians, have been bidding stock prices higher as they look for cover from stubbornly high inflation to preserve their purchasing power. Also, Egyptian institutions have been window-dressing for the year's end, firming up their positions in certain large caps. But with the presidential election concluded and the IMF putting another pound devaluation on the back burner, the question is whether stocks can have another good year. High interest rates should bode well for banks, but absent a significant pound devaluation, they could lead certain stocks to unwind some of their gains.

ASEC Mining (ASCM)

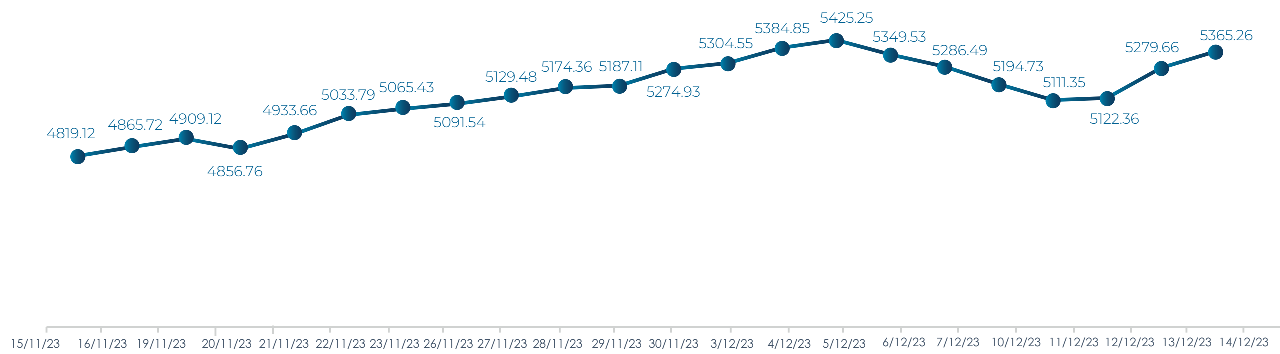
ASEC Mining (ASCM), or ASCOM, has long been considered an underdog. Only recently did the company's stock, a 54% owned subsidiary of Qalaa Holdings (CCAP), buck that trend. The reason? The company announced its wholly owned subsidiary is selling the remaining 35% it owned in an Ethiopian gold mine to Allied Gold Corp., a Canadian company, for nearly $100 million. That was equivalent to ASCOM's market cap at the time of the announcement. The stock rose 87% during the period, with 64 million shares worth some EGP 2.9 billion changing hands.



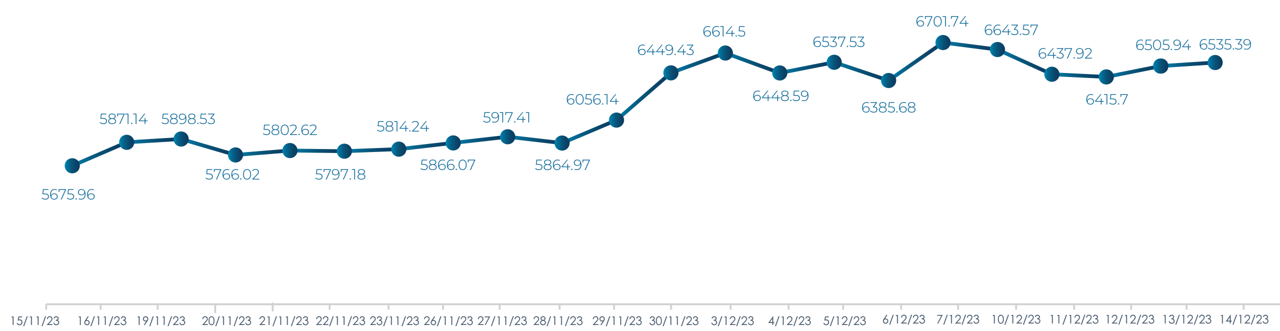
EGX 30



EGX 70



Tamayuz



Tamayuz index is an all-new weighted index, launched on June 23rd. It comprises companies with high free cash flows from operations. EGX stresses that this is not an endorsement of those stocks.

WHAT DOES THE IMF WANT?

IMF money is proving to be essential for Egypt's economic prospects. Alex Ubiergo, the IMF's senior representative for Egypt, talked to AmCham Egypt about what the organization expects from the government.

By **Rania Hassan**

Alex Ubiergo,
the IMF's senior representative for Egypt

Since 2016, Egypt has been almost entirely dependent on the IMF's money to provide foreign currency and a "vote of confidence" to attract overseas direct and portfolio investments.

It started with the IMF approving a $12 billion loan after the government "developed a homegrown economic program, which will be supported by the IMF's [money], to address longstanding challenges in the Egyptian economy," said the November 2016 announcement. The primary conditions were liberalization of the exchange rate regime, reduction of fiscal deficits, and structural reforms.

In 2020 and 2021, Egypt got additional assistance worth $5.2 billion over 12 months with almost no restrictions to help the country recover from COVID-19 lockdowns.

The resulting "vote of confidence" enabled the government to rely heavily on attracting foreign investors to government short-term debt (T-bills) despite delaying promised policy reforms. "These inflows from portfolio investors (have been) going into the local currency market, and that has financed the current account deficit," Renaissance Capital economist Yvonne Mhango told Reuters in March 2022.

That strategy backfired in February 2022 when Russia invaded Ukraine. Anxious foreign investors in short-term government debt pulled out $20 billion within weeks, as Egypt depends on Russia and Ukraine for wheat, oil, and tourism.

In December, Egypt secured a $3 billion extended arrangement fund, to be paid over 46 months by promising reforms similar to what was promised in 2016. To date, the government has missed the first two reviews. Each would have seen $347 million enter Egypt and a "vote of confidence" that the country is moving in the right direction.

In December, Alex Segura Ubiergo, the IMF's Senior Representative for Egypt, told AmCham members,YY "We are in intense discussions with the authorities for the first and second reviews." If the country can pass them, Ubiergo said, the IMF can move forward with modifications in response to the projected economic impact of the violence in Gaza on Egypt.

Factors at play

Calling it the "impossible trinity," Ubiergo said governments can never simultaneously fix their foreign exchange rate, attract FDI and foreign currency and have the government or president influence central bank interest rates.

Another impossibility is separating economics from a country's culture, politics and other social "non-measurable" factors. "Economics focuses on technical solutions, [as it] is about scientifically measurable metrics, such as inflation, debt, growth and employment," said Ubiergo. "Politics is about power, order and other intangible factors. We can't understand one without the other."

For Egypt, Ubiergo highlighted four main challenges the government needs to tackle politically and economically.

The first is ongoing inflation. The problem with those persistently high rates is that "developed nations" have already overcome them while Egypt lags. "It is a serious problem in developing nations, as it distorts prices, hurts the large vulnerable [part] of society and causes economic uncertainty."

The other big problem in Egypt is increasing sovereign debt from local and foreign lenders. "It is becoming increasingly expensive [for Egypt] to take on more," he said. "Advanced nations are beyond that point."

He added Egypt needs to stimulate GDP growth by attracting foreign investment (FDI and portfolio). However, economic growth requires relatively high inflation as the economy strengthens due to increasing demand and, therefore, prices. Additionally, governments could take on more debt to finance short-term capacity building to meet new demand.

That is the opposite of what needs to happen to control inflation and debt, as those factors require a "stable macroeconomic policy" with little to no inflation and national debt hikes to relieve pressure on government finances.

Accordingly, finding the right balance between economic growth and stability is essential.

Ubiergo said that in emerging markets, in particular, "every country is different, requiring customized programs" due to its unique mix of economic models and natural and human resources.

What Egypt needs to do

Ubiergo said for Egypt to pass the first and second reviews of the outstanding $3 billion extended agreement fund, the government must not focus solely on adjusting the pound's foreign exchange rate versus the dollar.

He noted fiscal, monetary, and investor-friendly policies are "equally important" and a "prerequisite for success." Egypt's proposed plan to the IMF also needs to integrate social, cultural, political, and other unquantifiable factors.

The top priority of that proposal should be to achieve single-digit inflation. "Having double-digit inflation rates in any economy is not sustainable," said Ubiergo. According to the Central Bank of Egypt (CBE), inflation rates have been in double-digit territory since early 2022, hovering above 30% since February and above 35% since June.

Ubiergo stressed the only solution for lowering inflation is boosting interest rates (tighter monetary policy). However, that would mean lower GDP growth as consumption decreases, reducing prices.

That is where investor-friendly fiscal policies and other reforms are essential to counter the drop in GDP rates by making Egypt a more attractive destination for FDI. There must also be fiscal programs to protect the most vulnerable and affected by a new policy shift," Ubiergo said.

He noted the last part of that puzzle is inflation targeting, where central banks need to be "transparent with backup plans in case they miss their targets."

Another IMF requirement is that the government and state-owned enterprises don't compete with the private sector on dollar inflows. "That will never improve any country's economy or macroeconomic indicators," said Ubiergo. "The majority, if not all, of foreign currency inflows must go to the private sector."

Ubiergo noted the government has several clear-cut options. The first is to reduce its own demand for dollars. The other is to decrease allocations given to the public sector and state-owned enterprises (SOE). The third is to shrink the government's investment and manufacturing capabilities by selling SOEs to the private sector.

However, he stressed that no one size fits all, requiring the government to correctly adapt solutions suggested by the IMF to best suit Egypt.

Managing debt

CBE reported that Egypt's national debt went from $171.68 billion in 2020 to $308.15 billion in 2023. Data aggregator Statistica forecasts that without action to curb national hikes, debt levels will double by 2027, swelling to $715.89 billion in 2028.

Ubiergo said Egypt can't borrow from the local market anymore. "Egypt has some of the highest domestic debt levels of any emerging country," he said. "Interest payments are hampering, what is otherwise, a prudent Minister of Treasury budget."

Additionally, despite not being subject to foreign exchange risks, continuing to borrow from local creditors invariably means the CBE would print more currency to meet government obligations, causing further devaluation. "That would fuel further inflation," Ubiergo said.

Enter prudent and effective fiscal policies. "It is not important for the size of the debt," Ubiergo said. "It is important to make debt levels and their management sustainable to establish credibility with outside parties and keep investors confident in the government."

On the flip side, Egypt has some room to take on more foreign-currency debt. "However, we must also consider that foreign currency loans could get significantly more expensive if the pound depreciates against the dollar," he said.

He noted the government's current policies make foreign currency debts riskier than they have to by "fixing the exchange rate in the official market" and "not adapting monetary policy ... to counter shortages."

Ubiergo said the country has two options to manage its foreign currency debt sustainably. "If Egypt wants to fix its foreign exchange rate, then it must change its monetary policy to mirror that of the U.S. "Otherwise, the government should completely float it," and fiscal and monetary policies and effective investment policies would deal with the fallout of a depreciated currency.

Egypt in 2024

Ubiergo stressed the IMF can't forecast Egypt's macroeconomic metrics for 2024, given the uncertainty of the economic fallout from the war in Gaza. "We are still assessing the economic cost of the conflict ... and trying to assess the amount of additional funding Egypt might need from the IMF, assuming they apply prudent fiscal and monetary policies."

He explained they are looking at the impact on tourism, long a top source of foreign currency for Egypt; the perception and sentiment of foreign investors toward the entire region; and how they perceive Egypt's economic fundamentals.

In the short term, Ubiergo stressed the government needs to provide an effective and sustainable incentive for locals to hold onto assets denominated in local currency. That would likely require interest rates to be near or above inflation so that converting wealth to local currency would preserve its value against inflation.

The government also needs to introduce long-term policies and strategies to get over its macroeconomic woes sustainably. "Inflation is not a month-to-month solution that you can switch on and off," Ubiergo said. "It needs years to bring about results."

Combating inflation with interest rate adjustments will cause "some movements in the FX rate and inflation," said Ubiergo. "They will be temporary." He expects the FX rate to hold between the current official rate and the EGP 50 to the dollar black market rate.

That floating — accompanied by correct fiscal, monetary and investment policies —- will not likely increase the national inflation rate beyond the levels seen in 2022 and 2023. "Many private sector companies are already pricing the dollar based on the black-market rate, as it is the only market for them to secure the dollars they need," said Ubiergo.

He stressed the key to correctly forecasting Egypt's economic future in 2024 and beyond will rely on "identifying what the country can and cannot do. Sometimes there is the capacity to do something, but not the political consensus." ■

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Chair: Manal Hussein AbdelRazek, New City Housing & Development
Co-Chairs: Sherine Nehad, Shell Egypt

Pharmaceuticals

26 November

AmCham leading Egypt's healthcare development

On Nov. 26, AmCham Egypt's Pharmaceuticals Committee, the Egyptian Healthcare Authority (EHA), and AmCham Egypt's Career Development Center celebrated the successful completion of Healthcare: Explore, Innovate, and Change (HEIC) Program.

It launched on Sept. 27 as a four-week training program targeting over 100 employees from EHA in Sharm El Sheikh, Port Said, Ismailia, and Luxor.

The program covered innovation, investment, quality assurance, and patient-centric training. At the end, all participants gathered at AmCham's CDC premises in Greater Cairo to attend Assembly Day, where they were divided into groups to pitch and present their projects to different panels. During that day, the top five projects were announced.

During the EHA's Annual General Meeting that took place on Nov. 26, AmCham participated in the Recognition Ceremony to award the top five winners of the HEIC Program in the presence of senior leadership from the program's patron sponsors: Amoun Pharmaceuticals, Astellas, AstraZeneca, MSD, Novartis, Parkville, Roche, Sanofi, and Viatris.

At the event, Ahmed El Sobky, Chairman of the EHA, stressed the role of the private sector in assisting the Authority in advancing its crucial mandate.

Sobky added that EHA is undertaking a significant expansion to Universal Healthcare Insurance, expanding it into six new governates in alignment with the Egypt 2030 Vision strategy. That required the upskilling of EHA civil servants to realize that ambitious strategy.

International Cooperation

30 November

Export to Africa as an opportunity for growth

The recent International Cooperation session focused on the potential opportunities and benefits for Egyptian businesses in exporting to African countries.

The session, held on Nov. 30, titled "Export as an Opportunity for Growth: Expanding Exports to African Countries, Leveraging the African Continental Free Trade Agreement (AfCFTA)" highlighted the importance of Afreximbank in promoting intra-African trade.

Ayman El Zoghby, Director of Intra-African Trade, Investment and Corporate Finance, Afreximbank, pointed out the existing obstacles to intra-African trade, including the lack of market information instead of just infrastructure. He also spoke about Afreximbank's customized financial solutions to aid export trading companies.

The bank has also assisted many Egyptian construction companies through the intra-African Engineering, Procurement and Construction (EPC) platform. Furthermore, Afreximbank has committed $1 billion towards the AfCFTA Adjustment Fund to support countries adopting the AfCFTA.

The session then delved into the specific opportunities for Egyptian companies, emphasizing the potential for market expansion across Africa, tapping into diverse consumer bases and emerging sectors.

Mohamed Atef, Africa Chief Commercial Officer, Elsewedy Electric, highlighted that Egyptian companies could leverage their expertise in critical areas such as manufacturing, agriculture, construction, energy, and services. He also encouraged investment and joint ventures in other African countries, promoting technology transfer, knowledge sharing, and value chain integration.

Atef stressed the need for regulatory harmonization and infrastructure development to facilitate trade and investment. He also emphasized capacity building and information sharing to equip Egyptian businesses with the necessary skills and knowledge.

The session concluded with strategies for success, including market research, identifying opportunities, and customizing products and services to meet target market needs.

Marketing

6 December

Real-time insights into consumer behavior

On Dec. 6, John Saad, CEO and co-founder of AIM Technologies, spoke at AmCham's Marketing Committee session titled "Assessing Consumer Behavior: Real-Time Insights."

Saad said Egyptians have become accustomed to constant price increases, with fewer mentions of price changes this year compared to the previous year.

Saad noted that telecommunications companies, NGOs, banks, and other service providers dominated ads. There was also elevated ad activity from fintech companies, which are becoming an integral part of the economy.

For products, Saad said consumer purchases are decreasing significantly due to increasing prices, with over 95% of consumers impacted. Yet, despite changes in purchasing patterns for essential products, their sales stayed relatively high, whether due to the lack of alternatives or that they are hard-to-substitute products.

On another note, Saad said they found that 80% of consumers who intend to alter their purchasing habits are apprehensive about the repercussions on the Egyptian economy. Meanwhile, 72% of the surveyed pool intend to change their purchasing behavior and habits irrevocably due to high prices.

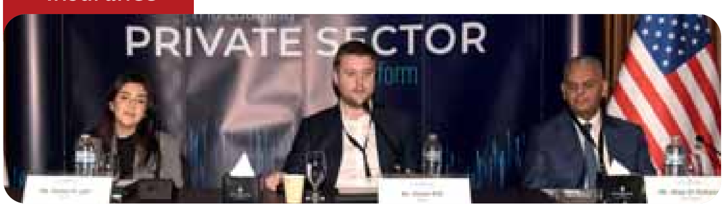
Saad added that the FMCG and F&B sectors recently decreased their social media footprint, anticipating negative feedback fueled by neighboring geopolitical disruptions.

However, regional brands that adapted their strategies to address public sentiment experienced enhanced favorable perception and growing brand preference.

Lastly, Saad noted that company problems in 2024 include product shortages, supply chain complications, and customer service complaints due to the heightened desire for regional brands.

In conclusion, he noted brands should demonstrate promptness in response, empathy through actions, and assume responsibility for conversations with consumers.

Insurance



13 December

Mitigating digitalization risks in insurance

On Dec. 13, the Insurance Committee hosted a session addressing "Cyber Insurance: Mitigating Digitalization Risks" with guest speakers Simon Bell, Cyber Practice Leader at IMEA Region Marsh, and Zaina Oughli, Cyber Broker for the MENA Region at Marsh.

Bell explained the role of cyber insurance and how it protects companies against digital risks. He emphasized the constantly evolving nature of cyber threats.

The placement and definition of different cyber insurance forms are essential to developing the proper insurance coverage program. Bell explained that physical and non-physical cyber attacks are categorized into different placements.

Within Egypt's market, a growing trend of cyber attacks is extortion and ransom demands, with cyber attackers demanding financial compensation for not releasing sensitive information.

Bell elaborated on misconceptions of what falls under cyber insurance, highlighting that theft of funds falls under the crime insurance policy rather than cyber insurance. He added that companies should refrain from paying ransom fees to cyber attackers as accepting to pay the ransom typically leaves banks vulnerable due to cyber attackers identifying paying companies as easy targets.

Oughli noted that Cyber insurance may not address every aspect of cyber risk, as various risks are covered under different policies.

He said cyber insurance addresses three vital cyber impacts: Data confidentiality, data integrity, and availability of data and connected technology devices and computer systems. They protect companies' internal data in case of loss, breach, or ransoming of information.

Cyber insurance worldwide has decreased pricing due to increased competitiveness and the availability of cyber insurance divisions in various companies. In the MENA market, an average decrease of 3% was witnessed in Q1 2023, reaching 22% by Q3.

Talent Management (HR)

14 December

Managing Employees' Well-being and Mental Health

On Dec.14, the Talent Management (HR) Committee organized a session on "Managing Employees' Wellbeing and Mental Health" with guest speakers Amira Badawey, Leadership and Wellbeing Coach; Ashraf Bacheet, CEO of O7 Therapy, and Laila Aboulenein, Executive and Mental Health Coach and Managing Partner of MTC GrowHub.

Badawey explained that burnout is a prolonged psychological response to chronic stress, with exhaustion, indifference, and reduced self-efficacy being its three manifestations.

To prevent burnout and other mental health issues, it is crucial for employers to proactively communicate with their employees regarding available support for work-related stress and provide education on recognizing and managing stress and deteriorating mental health, as emphasized by Aboulenein.

Organizations exhibit enhanced performance when their workforce is healthy, motivated, and focused. Consequently, forward-thinking employers play an important role in assisting employees grappling with mental health challenges, thereby influencing the speed and effectiveness of their recovery and helping them to re-achieve their peak performance.

Bacheet highlighted the importance of adhering to industry standards and international frameworks while delivering recovery services related to mental health. Companies and business associates specializing in mental health must comply with HIPAA regulations governing maintaining, transferring, or sharing mental health data.

The HIPAA Privacy Rule also requires healthcare organizations to maintain the privacy and security of mental health information. Organizations increasingly prioritize employee wellbeing and mental health by offering benefits such as flexible work hours, health insurance plans, and yoga classes.

However, some organizations choose to outsource mental health care to third-party providers. While this external support grants organizations access to expert assistance, guidance, and training, it's essential to integrate mental health support firmly within the organization.

Customs and Taxation

18 December

An Update on Egypt's Tax Landscape and Reforms

On Dec. 18, AmCham Egypt's Customs and Tax Committee hosted Ramy Youssef, Deputy Minister of Finance for Tax Policy and Reforms, to discuss the latest updates on international tax and reforms the Egyptian Tax Authority's (ETA) is planning for 2024 and 2025.

He said they "saw a lot of global developments in international taxes, and we have updated our internal procedures to meet the minimum standards. We are now working on complying with the 'advanced standards.'"

ETA is also working on transfer pricing and implementing Egypt's unified tax procedures. "As a result, we saw a significant increase in compliance," Youssef said.

He also noted the Ministry is working on streamlining, institutionalizing, and simplifying internal procedures in line with international standards. "We want to ensure individual auditors don't interpret the same data based on their personal views," said Youssef.

He added that the ETA and Finance Ministry will be working in 2024 on taxing digital platforms that generate revenues in foreign markets yet pay taxes only in their home country. "A portion of the tax those digital services companies pay in their home country must go the nation where they generate the revenue," Youssef said. "We are working with OECD on that."

Also in 2024, the Ministry and ETA will raise 2019's transfer pricing lower limit. "We must take into consideration inflation since then," Youssef said.

Combating aggressive tax planning and tax havens are also critical. "That work will extend to 2025 and even 2026," says Youssef. "We will also continue updating our internal and domestic procedures to anticipate challenges and shortfalls despite getting fewer complaints."

CONDOLENCES

Mohamed Emaish,
President, Misr Cosmetics, joined the Chamber in 2002 and was active in representing the Pharmaceuticals sector.

He will be dearly missed. May he rest in peace.

NEW MEMBERS

Membership Type:
Associate Resident

INSURANCE

Mohandas Insurance Company
Khaled Abd El Sadek
CEO

Address:3 El-Mesaha Square, Floor 5, Dokki, Giza
Tel: (20-2) 3335-7368/ 3335-2547
Website:www.mohins.com

Membership Type:
Associate Resident

CONSULTANCY

N Gage Consulting
Karim Refaat
Chairman & CEO

Address: Unit F4- Building H1, First Floor - 5 A by the Waterway, Fifth Settlement, New Cairo
Website:
www.ngage-consulting.com

Membership Type:
Associate Resident

CONSTRUCTION ENGINEERING SERVICES

Chehab Egypt Co.
Mahmoud Aboulhoda
CEO

Address: 14 Saray El Azabkia Street, Downtown, Cairo
Tel: (20-2) 2591-8346
Website: www.chehabegypt.com

For any change to contact information, please contact the Membership Services Department at the Chamber's office

Tel: (20-2) 3333-6900, ext. 0016
Fax: (20-2) 3336-1050
E-mail: membership@amcham.org.eg

NEW AFFILIATE MEMBERS

Accounting

Ahmed Fawzy
Audit Partner, PwC

Hany El Gamal
Tax Partner, PwC

Consultancy

Nada Rashed
Group HR and Admin Director, N Gage Consulting

Sherif Fahmy
Chief Operating Officer, N Gage Consulting

Chemical Products

Tamer Ghaly
Chief Human Resources Officer, Evergrow for Specialist

Construction Engineering Services

Ranim Itani
Chartered Financial Analyst, Chehab Egypt Co.

Education/Research and Professional Development

Adel Badr
CFO, Egypt Education Platform

Fadia Fadel
HR Director

Amr Sherif
Marketing, Corporate Communications & Enrolment Director, Egypt Education Platform

Hala Barakat
Director, AUC CEI, The American University in Cairo

Food & Beverage

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People Lead Egypt & MENAP, MSC, Mondelez Egypt Foods

Engy Basiouny
Head of Corporate and Regulatory Affairs, Middle East and Africa, Heinz Egypt

Information & Communication Technology

Sayed Fathelbab
CFO, Digital Sphere Solutions

Pharmaceuticals

Dina Ragaii Mekkawi
Senior Human Resources Director, North Africa, Procter & Gamble Egypt, Ltd.

NEW REPLACEMENTS IN MEMBER COMPANIES

Medhat ElShenawy
Sales, Marketing & Aftersales Director, General Motors Egypt, SAE
Category: Affiliate
Sector: Automotive

Mohamed El Maraghi
Food Commercial Lead, Cargill
Category: Affiliate
Sector: Agriculture

Yasmine El Shalakany
Credit Leader, Dow Chemical IMEA, GmbH
Category: General
Sector: Chemical Products

Wael Sami
Cluster Director of Sales and Marketing, InterContinental Cairo Citystars
Category: General
Sector: Hospitality/Tourism/Travel

Amr Gad
Group Chief Financial Officer, Hassan Allam Properties (HAP)
Category: Affiliate
Sector: Real Estate

Contact:
Ahmed Yousry
Tel: (20-10) 3088-0008
Ahmed Gaber
Tel: (20-10) 9914-4618

B.TECH

1-Seasonal offers:
-The MC Mega promotion is running now, with product discounts of up to 75% on 5-year payment plans.
-Buy on a 2-year payment plan & pay the interest of a 1-year plan.
-Buy on a 4-year payment plan & pay the interest of a 2-year plan.
-Exclusive offers, running all month long| Product discounts based on payment plan tenure: 10% on 2 years, 15% on 3 years & 20% on 4 years.

2.Get an instant 250k EGP credit line
This exclusive offer for AmCham Egypt Members applies at the following stores:
·Mall of Arabia Branch | Contact Hazem: 01283182276 or Mohamed: 01284070426
·CFC Branch | Contacts Yasmin: 01284070455 or Islam: 01155967108

This offer is valid until December 31, 2024

Contact:
Bassel Youssef
Tel: (20-11) 1002-2470
Email:
byoussef
@comptia.global

Computing Technology Industry Association Inc. (CompTIA)

Computing Technology Industry Association Inc. (CompTIA) is pleased to offer an exclusive discount on certification and career pathway products.

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Contact:
Mohamed Abdel Hamid,
Mohamed Shaker
Tel: (20-2) 2565-6383
Email:
m.mohamed
@dcodeefc.com

Dcode Economic and Financial Consulting (Dcode EFC)

Dcode EFC is pleased to offer a special discount to AmCham Member on Annual Economic Advisory Subscription.

All new clients who sign up for Dcode EFC's Annual Economic Advisory Package and Cost of Living Package will receive a bundled discount of 15%. Furthermore, clients who subscribe before the 31st of January will receive an additional 10% discount, applicable on all packages, bringing 2024 packages back to 2023 prices.
This offer is valid for both the standard Economic Advisory package (without the Cost of Living Study) and the combined package (which already includes a 15% bundling discount). The offer also applies to purchases of just the Cost of Living package (Three reports per year).

This offer is valid until January 31, 2024

Contact:
Samer Elhamy
Tel: (20-2) 2754-4974/94
or (20-10) 6210-1998
Email:
info@unitedsons.org

United Sons Moving Services

United Sons is pleased to offer AmCham members the following exclusive benefits:

- 15% Discount on any local move within Cairo city limits (up to a 50 km radius)
- 10% Discount on any local move within Egypt
- 5% Discount on any international move
- Priority booking for member companies' requests
- No overtime charge for services provided after working hours
- Free storage at our warehouse for all international moves

This offer is valid until December 31, 2024

AmCham members can claim these discounts by presenting their AmCham 2024 membership card.

For more offers, please visit AmCham Cyberlink on www.amcham.org.eg

A Glance At The Press

Don't panic, next year won't be dark for you... the crystal ball just needs charging.

Al Masry Al Youm, Dec 31

Media Lite collates a selection of some the most entertaining offbeat and lighthearted news items published in the local press. All opinions and allegations belong solely to the original source publications and no attempt has been made to ascertain their veracity.

El Gouna Film Festival

The recently held El Gouna Film Festival showcased 90 films competing in the "Short Film" and "Feature Narrative" categories from Dec. 14 to 21.

The festival awarded the best Arab Short movie title to LES CHENILLES, directed by Michelle & Noel Keserwany from Lebanon in the Short Film category.

João Salaviza and Renée Nader Messora's movie THE BURITI FLOWER won the Feature El Gouna Green Star Award, while OLLYWOODGATE, directed by Ibrahim Nash'at, won the top Documentary Film Award.

The Cinema for Humanity Audience Award went to GOODBYE JULIA (WADA'N JULIA), directed by Mohamed Kordofani from Sudan.

In the Feature Narrative category, Bottsooj Uortaikh won the Best Actor Award for his role in IF ONLY I COULD HIBERNATE, and Parwin Rajabi won the Best Actress Award for her role in TRANSIENT HAPPINESS. Guto Parente's film, STRANGE PATH, from Brazil, won the top prize in the Feature Narrative category.

El Gouna Film Festival website, Dec. 21

Axis road named after acting legend Mahmoud Abdel Aziz

The Egyptian government has announced that an axis in New Alamein City will be named after the late iconic actor Mahmoud Abdel Aziz in recognition of his outstanding artistic career.

This move is part of the government's efforts to honor and celebrate the country's veteran artists. Born in the Wardeyan neighborhood of Alexandria in 1946, Abdel Aziz graduated from the Faculty of Agricultural Sciences at Alexandria University in the 1960s.

He began his acting career in the 1970s with the soap opera "Al-Dawama" (The Whirlpool) alongside famous actors Nelly and Mahmoud Yassin, which showcased his talent and attracted much attention.

Abdel Aziz's popularity rose significantly during the late 1970s and early 1980s, as he starred in over 25 movies. His first film was the classic Egyptian movie "Al-Hafeed" (The Grandson) in 1974.

The government's decision to name an axis in New Alamein City after him is a testament to his exceptional contribution to the Egyptian film industry.

Egypt Today, Dec. 23

Imhotep Museum in Saqqara Necropolis restored

The Imhotep Museum in Saqqara Necropolis has undergone a complete restoration and rehabilitation project and is now open to the public.

The reopening ceremony was attended by dignitaries, including Egypt's Minister of Tourism and Antiquities, Ahmed Issa; Secretary-General of the Supreme Council of Antiquities, Mostafa Waziri; and Director of the Imhotep Museum, Mahmoud Farouk.

The museum is a remarkable archaeological site that explores the legacy of Imhotep, the celebrated architect who revolutionized Egyptian architecture by constructing the Step Pyramid of Djoser.

The museum's location within the Saqqara archaeological area, a UNESCO World Heritage Site, further enhances its significance.

Daily News Egypt, Dec. 4


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1 The Economy
Trade, investment & capital markets
2 Goods
Agriculture, industry & energy
People-powered sectors
3 Services
EGYPT ECONOMIC 2023 Report


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