Business monthly

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November 2022

NOT FOR SALE

NO OTHER WAY
DOLLAR OR YUAN

How will the foreign exchange rate of major currencies affect Egypt's trade and economy?

In this Issue

• The government's need for regulatory and ethical frameworks to manage the flow of "big data."

• A look at how companies can standout in the increasingly crowded ecommerce space.

REDCON and Schneider Electric
Sign Two Memorandums of Understanding in **COP27**

Cairo, 9th of November 2022: As part of the company's efforts to integrate sustainability into construction projects, REDCON signed two memorandums of understanding with Schneider Electric in COP27; the first was with REDCON Construction and the second with REDCON for Offices and Commercial Centers for its flagship project "Golden Gate".

The signing ceremony was attended by Eng. Tarek El Gamal, Chairman of REDCON, Mr. Ahmed Abdalla, Vice Chairman of REDCON, Mr. Sebastian Riez, North East Africa & Levant Cluster President of Schneider Electric, and Fouad Zayed, Vice President for Schneider Electric Digital Energy & EcoStruxure North East Africa & Levant.

The first MOU aims to build smart buildings and sustainable projects by cooperating with Schneider Electric, one of the leading firms in sustainable development globally through the use of their EcoStruxure TM platform. This is an open platform that allows for interactive use at homes, buildings, data centers, infrastructure and industries and is considered as one of the latest and most modern systems for control that include tried and tested programs and systems on a global standard. The platform will help to control and maintain the infrastructure of the project, which includes electricity, heating, air conditioning, water, gas, data centers, databases, DCIM, traffic, security, and command and control centers. This is all aiming to create a model that suits the Egyptian economy, its environment, and social and cultural norms; this will help REDCON Construction to better integrate sustainable development in engineering and construction.

The second MOU will aim to use the BMI-6D model as a new and innovative way to manage and design projects, incorporating sustainability, as well as energy use in all aspects of the flagship project Golden Gate.

Eng. Tarek El Gamal, Chairman of REDCON, stated that "The cooperation will serve to better build a greater understanding of what green buildings are and how can REDCON Construction implement them using sustainable development models. We see this as the way forward in the construction field. REDCON for Offices & Commercial Centers is working to implement the concept of green standards and sustainable development in its Golden Gate project whilst working to adhere to the EDGE Certification, which is a green buildings rating certification endorsed by IFC and recognized in more than 130 countries. In addition, Golden Gate's rooftops are all covered in solar panels to help reduce energy consumption from the public grid."

Mr. Sebastien Riez, North East Africa & Levant Cluster President of Schneider Electric stated "The MOU being signed with REDCON will allow for the use of sustainable technologies that reduce power consumption, streamline power usage and use sustainable development to build a strong data center and futuristic industries". He further clarified that "Digital Transformation and efficient power consumption are intertwined paths for the future requiring further innovation to digitalize and ensure operational efficiency to make a real impact on the global efforts to combat climate change."

REDCON for Offices and Commercial Centers is a founding member of the Egyptian Green Building Council (EGBC), a member of Chapter Zero, UN Global Compact Network in Egypt as well as a member of African Business Leaders. The company's vision focuses primarily on sustainable development through its green building design, that covers 9 of the 17 UN SDGs.

REDCON for Offices and Commercial Centers is a REDCON Construction subsidiary that specializes in the development of mixed-use real estate projects. It is one of the leading companies in the real estate field to implement sustainable development in Egypt, through its flagship project Golden Gate. REDCON Construction has been working in the real estate construction field for 30 years and is one of the top 5 companies in construction in Egypt. It has delivered over 200 projects since its inception in 1993.

Schneider Electric is leading the Digital Transformation of Energy Management and Automation in Homes, Buildings, Data Centers, Infrastructure and Industries. With global presence in over 100 countries, Schneider is the indisputable leader in Power Management – Medium Voltage, Low Voltage and Secure Power, and in Automation Systems, providing integrated efficiency solutions, combining energy, automation and software. In our global ecosystem, we collaborate with the largest Partner, Integrator and Developer Community on our Open Platform to deliver real-time control and operational efficiency.

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In Depth

Companies need to look beyond decarbonizing their operations if the world is to meet the UN's climate ambitions.

Cover Story

A four-part article on the future of foreign currencies that will shape Egypt's trade and economy.

White Collar

How can companies standout in the increasingly crowded eCommerce space.

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The government's plans to digitize the economy mean it needs regulatory and ethical frameworks to manage the flow of "big data."

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Al Ahram Beverages Company
is fighting Climate Change through its Production and Serving Community

Al Ahram beverages company has been operating in Egypt since 1897 as one of the leading beverage companies, "Brewing a Better World" has always been Al Ahram Beverages' identity for sustainability, saving our planet Earth, and fighting climate change. ABC does not only work on sustainable projects for the communities we operate in, but we start our journey from the inside.

ABC continuously works on efficiently using resources and improving production technicalities to serve the community and improve responsible consumption of our community and planet's resources. Al Ahram beverages company focuses on many fields regarding sustainability, most important, water, energy, and carbon, integrated under three primary pillars environment, social, and responsible behavior.

We are on the right track because these sectors are the most prominent focus at COP27, which we have worked on for over a decade.

On top of the priority list are environment-related issues like water, energy, carbon, and plastic; ABC has achieved farfetched results in various projects starting with the production process through enhancing the effect on the community.

IN WATER FIELD, ABC achieved an entire, healthy water shade triangle, Balancing, Circulatory, and efficiency.

Through several projects whose lifetimes are over 10 years, ABC succeeded in balancing 114% of the total water used in production.

1. With the continuous calculations of the production cycle to rationalize spending and maximize benefits, ABC discovered the amount of water loss and leaks caused by inefficient water and drainage infrastructure in Behiera, where we operate. Through installing flowmeters and measuring equipment in cooperation with Beheira Water and Drainage Company at the District Metered Area inlet and outlet, we halted the leaks by repairing the network and managing pressures to reduce physical losses from the system saving about 671.4 ML of water/yr. ABC managed to ensure that wastewater is 100% reusable
2. Protecting water in SIWA (Marsa Matrouh governorate) by Constructing the following in 4 villages:
   A. ground tank capacity of 100 m3 + room and supply unit for chlorine injection
   B. room + supply of chlorine injection unit
   C. Ground tank capacity of 100 m3 + room and supply of chlorine injection unit
   D. Overhead water tank capacity of 100m3

We achieved "Water Balancing" by enhancing barley agriculture through best practices for efficient pivot irrigation instead of traditional flood irrigation. We also identified the best barley seeds that produce malting quality barely with a high crop yield and with a shorter growing season, saving about 635ML of water/ yr.

Al Ahram Beverages improved water resources in SIWA by constructing three water treatment units, three chlorine sterilization units, and three water storage tanks in three villages. Combined, they provide more than 350 cubic meters of water that benefit more than 6k individuals. Every person receives about 180l of water daily, and this value will increase by 35% each year until 2031.

IN ENERGY FIELD, ABC started to use green electricity only from renewable sources, which helped achieve a 55 % reduction of carbon emissions versus 2018, targeting to land on Net zero in 2030.

IN WASTE MANAGEMENT FIELD, Al Ahram Beverages Company targets to recycle 100% of its PET plastic production by 2025 through a reverse credit system that serves as the first socially inclusive model for Extended Producer Responsibility (EPR) in Egypt to work with informal waste recyclers in 15th of May area.

ABC has long ago channeled most of its internal and external projects to serve the greatest cause that's now the focus of COP27, to meet the 2030 global mission in all fields of water, energy, waste management, women empowerment, community support, etc.

PRIDE, PRESSURE, PROMISE … AND A PLAN

The world finally comes to Egypt this month. The 27th iteration of the UN's Conference of the Parties (COP27) presents unprecedented promises, expectations and challenges. Conference outcomes will determine the success of last year's COP26 pledges, signaling the likelihood of nations hitting their climate targets.

However, what happens at COP27 will not be the only factor shaping the Egyptian — and global — economy for the next few years. This month's cover story highlights how geopolitics merged with the pandemic's economic fallout to significantly and uncharacteristically influence the foreign exchange rates of the most important currencies for Egypt's economy (the U.S. dollar, Russian ruble, Chinese yuan and the EU's euro).

Those exchange rates, along with how closely Egypt links its pound to the dollar, will help define the economic future of those countries and Egypt. Further complicating matters is that conventional monetary and fiscal policies won't be enough to counter the rising influence of geopolitics on currencies.

Adding more twists and turns is the fact that many major countries are concerned about "stagflation," where the economy contracts due to low consumption as prices rise. For governments and central banks, that is "the nightmare scenario" that no one wants to deal with. Such concerns could spill over to other nations as well; Egypt might be at risk if a major trading partner suffers stagflation for any prolonged period of time.

Egypt's response? As widely anticipated, the Central Bank of Egypt (CBE) finally devalued the pound against the dollar to curb inflation, at press time, reaching nearly EGP 25 to the dollar, up from EGP 19.7. The CBE also raised interest rates after holding steady from mid-May to the third week of October. That comes with plans to revise the CBE's inflation targets by year's end and introduce new currency trading tools to attract investors.

How might these variables impact Egypt's economic and currency outlook? The jury is still out. But the good news is the International Monetary Fund (IMF) has green-lighted a $3 billion loan to be repaid over 46 months. That should be enough to "catalyze a large multi-year financing package, including about $5 billion in FY 2022/23 that reflects broad international and regional support for Egypt," said the IMF.

The next step: Secure as much as $1 billion from the IMF's newly created Resilience and Sustainability Facility.

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Business monthly

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COOPERATING ON CLIMATE CHANGE

COP27 is a remarkable event. It is hard to explain how an event like this brings together the world. For two weeks in Sharm El Sheikh, there was a diversity of ideologies, nations and ethnicities all coming together for a common cause: saving Planet Earth from an accelerating supercycle of climate change. There is little room for our planet's ecology to catch up and adjust without serious intervention from all participants, regardless of our different agendas and conflicting priorities. It looks like the climate change deniers are starting to take a back seat.

What makes this U.N. Climate Change Conference different is that the United States of America, under the leadership of the Biden administration, is finally stepping up to take the lead on multiple fronts. This I believe will set the stage for many countries to follow suit, notably with the U.S. acting as an accelerator of technologies that can put green energy solutions in reach for countries with financial limitations and varying priorities.

Having said that, I cannot emphasize enough the role Egypt played in hosting this well-organized event. By all international standards – access to Sharm El Sheikh, registration procedures, accommodation, security, transportation – it was exemplary. The conference had a record attendance from all nations, with enriching discussions and high engagement. The United Nations has yet to communicate the outcome of discussions and actions to be taken, which will be a daunting task, to say the least.

AmCham Egypt, in collaboration with the U.S. Chamber of Commerce, hosted a dinner in honor of U.S. Special Presidential Envoy for Climate John Kerry, which was also attended by an impressive group of senators, congresspeople, White House senior officials and several state governors, as well as UN Climate Change High-Level Champion for Egypt Mahmoud Mohieldin and five Egyptian Cabinet members. This was truly the highlight of AmCham's participation at COP27. Kerry gave an inspiring and captivating speech, expressing his appreciation for Egypt's role leading the green transition in the region.

AmCham's Board and other select members also engaged in one-on-one discussions with Speaker of the U.S. House of Representatives Nancy Pelosi and a delegation of Democratic Congressional leaders. We embraced this opportunity as a mini-Doorknock, opening the door for more engagement and dialogue with the Democratic Party.

Our discussions with the president of the EXIM Bank and separately with the leadership of the U.S. International Development Finance Corporation clarified a multiplicity of issues, which I believe will open the door to more accelerated engagements by U.S. companies in Egypt.

Finally, I cannot omit the attendance of U.S. President Joe Biden and its significance. His one-on-one meeting with Egypt's President Abdel Fattah Al Sisi, as we heard, was candid and constructive. Biden praised Egypt hosting COP27 and noted the close cooperation between the two countries on climate initiatives. Most significantly, the U.S., along with the European Union and Germany, pledged $500 million to accelerate Egypt's green energy transition. This is part of a total $10 billion to decommission five gigawatts of fossil fuel-powered electricity, freeing up natural gas to be exported to Germany.

The entire message signals warming relations between the U.S. and Egypt and more emphasis on the strategic importance of Egypt in the region.

We have ample opportunities ahead of us. It is now time to walk the talk.

TAREK TAWFIK
President, AmCham Egypt

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What is it that drives someone to greatness? To take on the unknown, venture into the unseen and dare all? This is the spirit that gave birth to TUDOR, a spirit carried forward by every woman and man who wears this watch. Without it, there is no story, no legend and no victory. This is the spirit that drives **David Beckham** every single day. This is the spirit embodied by every TUDOR Watch. Some are born to follow. Others are born to dare.
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WORTH FOLLOWING

ECONOMIC CONFERENCE OUTCOMES

INDUSTRY

Throughout the two-day Economic Conference 2022 held in the New Capital, Minister of Trade and Industry Ahmed Samir outlined his incentivization strategy for the coming period.

The first batch of sectors will be chemicals, engineering, textiles, building materials, food and agriculture, medicine, and furniture. They will enjoy a 55% tax cut on income generated from projects where foreign currency accounts for at least half of the total investment cost.

Another incentive is opening the fifth round of the export support fund with a budget of EGP 5.5 billion. The Ministry of Finance paid out EGP 4.4 billion in export support throughout the past four phases. The new phase, Samir said, would see late subsidies paid in one installment and faster processing compared to earlier iterations of the program.

Lastly, the minister said he would be signing an e-finance agreement to create a platform exclusively for businesses and factories to access the government services they need the most.

PRIVATIZATION

By the end of the two-day conference, the government hadn't published the much-touted "State Ownership Policy" document, as promised. During the last day of the conference, Prime Minister Mostafa Madbouly said it would be ready within weeks, probably after the 27th Conference of the Parties (COP27) this month in Sharm El Sheikh.

The policy document will likely detail how the government plans to increase the private sector's contribution to the economy to 65% of GDP in the coming three years. It will also outline how the government intends to attract $40 billion in investments in the next four years and identify which sectors will be open to the private sector.

Madbouly said the government prefers to list state-owned and military-owned enterprises on the stock exchange rather than sell them to foreign investors. "The priority exit strategy for the state privatization program moving forward will be toward [initial public offerings] on the EGX, he said. The most likely candidates for the first wave of privatization are expected to be hospitals.

However, for the time being, government officials at the conference indicated the Sovereign Fund of Egypt might temporarily seize ownership of state companies ready to go public to list them at the optimal time.

MONETARY POLICY

The Central Bank of Egypt's (CBE) policies have been in the spotlight throughout the year, and new CBE Governor Hassan Abdallah made several announcements throughout the conference.

Abdallah said the CBE's inflation target would likely be revised upward from 7% by the end of the year. At press time, inflation ran at an annual rate of 16.2%. He also said the CBE will not introduce financing initiatives for specific sectors but could support those proposed by the government.

Finally, the CBE governor announced the introduction of a new currency indicator to "wean people off the idea that the Egyptian pound should be pegged to the U.S. dollar," according to Reuters. Abdallah also said the CBE would soon introduce currency hedging and offer futures contracts.

ENERGY

Electricity and Renewable Energy Minister Mohamed Shaker's speech at the conference focused on the feasibility of planned green hydrogen projects. He said that by the time Egypt starts production in 2025, it would cost $2.68 per kilogram. But by 2050, it would go down to $1.70.

Shaker added the green hydrogen pipeline projects aim to supply 8% of global demand for the fuel, generating $18 billion in revenue annually. Additionally, the government plans to announce its "Hydrogen Strategy" at COP27 Nov. 6-18, along with an estimated $64 billion worth of investments in green hydrogen.

ELSEWHERE IN THE NEWS

IMF'S FOUR REQUIREMENTS

On Oct. 15, the IMF concluded its meeting with representatives from the Egyptian government to secure a loan that should help balance the government's foreign currency finances. The IMF described the meeting as a "very productive in-person discussion" during the IMF and World Bank Annual Meetings.

The first of four points the IMF highlighted was "a continued fiscal consolidation path that will safeguard public debt sustainability and ensure a steady decline of the debt-to-GDP ratio over the medium term."

The second point of discussion was Egypt's "monetary and exchange rate policies that would anchor inflation expectations, improve monetary policy transmission, improve the functioning of the foreign exchange market and bolster Egypt's external resilience."

Next were discussions on "the implementation of the authorities' comprehensive structural reform agenda [that] would gradually enhance the competitiveness of the economy, reduce the role of the state in the economy, level the playing field for the private sector, improve the business climate and foster transition toward a greener economy."

Accordingly, the IMF said it should finalize the negotiations and reach a "staff-level agreement very soon."

Greening supply chains

To accelerate decarbonization, companies need to ensure their suppliers also operate sustainably and don't hurt the environment. That may prove challenging, but it could be costly if companies don't do it.

by **Rania Hassan**

Focusing on a company's own emissions targets is proving insufficient to reach the U.N.'s 2030 and 2050 climate goals. "To reach net zero ... supply chain emissions must be addressed by businesses globally," said the World Business Council for Sustainable Development (WBCSD), a CEO-led organization, in a paper published in June. "Decarbonization within the supply chain plays a critical role in realizing net-zero ambitions."

In July, Siemens-sponsored content published in the Harvard Business Review estimated "up to 90% of a product's emissions occur directly in the company's supply chain rather than in its own operations." In a May blog, Mike Hayes, KPMG International's climate change and decarbonization leader, said supply chains "can often constitute more than half of a company's total [emissions] footprint."

The World Economic Forum (WEF) noted in a May article. "Unless you are an energy-intensive heavy-industry player such as steel and manufacturing," it said, "chances are greenhouse gas emissions from your operations are only one part of the emissions generated as a whole."

Accordingly, it stressed, "It's time that organizations start to proactively implement a strategy to decarbonize their supply chains."

Local and multinational companies may have no option but to help suppliers "go green" to comply with international environmental requirements. In Egypt, that could be both a challenge and an opportunity. The country's GDP is driven by construction, an industry with many feeders. Additionally, there is an increased focus on raising local manufacturing. "The government gives top priority to industrial development," Prime Minister Mostafa Madbouly said in April. That opens the door for more investment in feeder industries across multiple sectors.

Challenging transition

Hayes of KPMG indicated suppliers often need support from their large customers when they want to lower their harmful emissions: "Many suppliers are small and medium-sized businesses, and lack the expertise or financial strength to independently put in place decarbonization initiatives."

That brings up the first "thorny issue of who should pay," said Hayes. That is critical for procuring companies as they "often have to persuade thousands of suppliers to participate in a net zero program."

Another problem facing big companies is their suppliers may have to alter internal operations to generate accurate environmental data. "Working with general numbers (such as spending or volumes of goods purchased multiplied by emissions factors) helps create a general understanding of the supply chain [carbon] footprint," Jeroen Scheepmaker, an associate director at Guidehouse, a consultancy, wrote in a post on news portal GreenBiz in November. This will "help identify the suppliers with the largest carbon exposure."

To help decarbonize, suppliers must produce accurate emissions data to identify the most effective measures to reduce their carbon footprint. "Web-based instruments, such as Guidehouse Papaya, will bring the level of detail needed to start [decarbonizing] successfully," said Scheepmaker.

Scaling those efforts to include all of a company's suppliers would be more challenging than supporting a single feeder. According to Scheepmaker, multinationals can have 10,000 suppliers, which makes decarbonizing them all a nearly "impossible mission." Accordingly, "identifying the complete supply chain by mapping all the actors involved might already be challenging," he said. "But making a robust inventory of all greenhouse gases is even more challenging."

Further complicating supply chain decarbonization is that "most emissions [they generate] are related to [their own] suppliers." A WEF report said suppliers of suppliers can have "a significant [environmental] multiplier effect." Scheepmaker stressed that companies feeding feeder industries "must be included ... in a meaningful way."

Those challenges become even more significant if a supply chain involves several countries. "Global supply chains are complex, opaque and constantly shifting," said Engie Impact, a management consulting company, in a March 2019 paper. "So it is not surprising that these emissions remain massively under-reported... and difficult to measure."

Leading the way

Despite the challenges, some companies and industries are working with their suppliers to realize the U.N.'s climate ambitions. In January 2020, Microsoft announced plans to be "carbon negative" by 2030. Brad Smith, the company's president and vice chairman, said on Microsoft's website that environmental plans would include "our direct emissions and those for our entire supply and value chain." That would consist of "expanding our carbon fee ... to start charging not only our direct emissions, but those from our supply and value chains." They would also make "carbon reduction" an explicit requirement in purchase agreements with suppliers.

Retail giant Walmart launched Project Gigaton in

2017 to "engage suppliers in climate action, along with NGOs and other stakeholders," according to the Walmart website. "Through Project Gigaton, we aim to reduce or avoid one billion metric tons ... of greenhouse gases from the global value chain by 2030." So far, Walmart says it has achieved 57% of that target.

PepsiCo integrated efforts to decarbonize its supply chains with its environment, social and governance (ESG) framework, which "begins with the crops grown by our farmers and suppliers," the company said on its website. "Our climate action strategy is focused on mitigation to reduce emissions and decarbonize our supply chain, and [building] resilience to reduce the vulnerability of our supply chain to climate change."

Meanwhile, TetraPak provides "all its base material suppliers with training, support and material for [emissions] data collection," said Scheepmaker.

In its sponsored article in July, Siemens said, "Many large corporations are already committing voluntarily to the decarbonization of their supply chains." Most follow the Science Based Target (SBT) initiative, a global organization that sets environmental standards to generate "sufficient and reliable data to manage the transition efficiently."

According to SBT, nearly 1,000 companies worldwide committed to the initiative's guidelines. As a result, they have to apply those principles to their suppliers, ultimately creating a decarbonization roadmap. The Engie Impact report stressed that "by cascading SBT commitments, companies can drive consistency and accelerate progress" guided by science, "which tells us we only have a short time to address emissions."

Building the ecosystem

The Engie Impact report highlighted the importance of encouraging and selecting suppliers that use clean energy to capitalize on their resources more efficiently and effectively than their counterparts.

The WEF outlined several steps large companies can take to help suppliers decarbonize quickly, as well as over the long term. The first is to connect suppliers to the Carbon Disclosure Project, SME Climate Hub, or the World Business Council for Sustainable Development.

Others are industry specific, such as Supplier Leadership on Climate Transition, a food and beverage initiative to coach suppliers on climate action and solutions. LEGO Group's Engage2Reduce program is an in-house initiative to reward the toy block maker's suppliers that reduce emissions.

Such partnerships would "provide insights into suppliers' climate action maturity, enabling organizations to set [decarbonization] expectations," noted the WEF paper. They would work in tandem with the SBT initiative.

Companies that want to decarbonize their supply chains should also consider their own strategy and resources. The WEF report said that includes having tools and resources to "leverage ... data-driven [environmental] insights when selecting preferred suppliers."

Additionally, companies and suppliers must work together, as the WEF stressed that they operate in the same industry "so it's often relatively easy to identify opportunities for decarbonization." Companies also should incentivize their suppliers to decarbonize. The WEF paper said that includes public recognition, favorable payment terms, and other financial stimuli.

Meanwhile, companies need to pursue new business models where they reuse their waste, which would likely encourage suppliers to adopt sustainable business models. A case in point is Philips, which refurbishes and remanufactures medical equipment, and reuses previously purchased parts. That changed how suppliers operate, as

they buy and recycle used materials, and resell them to Philips for use in upcoming products.

The WEF also noted that companies should aggressively market and publicize efforts to decarbonize their supply chains and even sign binding agreements to ensure suppliers reduce their emissions. Such contracts also could include financing for suppliers' eco-friendly projects or equipment.

The Engie Impact report highlighted "carbon insetting," where companies incentivize suppliers to adopt more eco-friendly technologies or practices that "result in a demonstrable reduction in carbon emissions."

Tech factor

The foundation for any decaronization initiative is data. Siemens' promoted content in the HBR stressed that digitizing a supplier's operations to generate accurate climate data and sharing it with customers would not be sufficient to combat climate change. "We have to establish open, cross-industry standards to exchange trustworthy and secure [carbon footprint data] by using technologies such as crypto verification," Cedrik Neike of the managing board at Siemens AG said in the article. "Only then can we act efficiently to reduce emissions in a sustainable way."

However, that would require significant investment from the company. Neike stressed the importance of a "distributed [database] architecture with peer-to-peer data exchange using crypto-based trust technologies." That system would ensure emissions data is accurate and available only to authorized parties.

The other investment would be developing a distributed storage system to collect all relevant environmental data from suppliers regardless of where they operate. Neike said the challenge is ensuring "local regulators verify that data stores comply with data-sovereignty requirements."

The third challenge is to develop a standard user interface, authentication method and data transfer protocols for those with access to this global network. That includes the company, its suppliers, and suppliers of suppliers.

Expensive and mandatory?

Hayes of KPMG said many companies mistakenly believe that because decarbonizing supplier operations is complicated, it will automatically be costly to implement. "Such solutions may be far less expensive than imagined," he said. "In some cases, no additional cost, particularly when it comes to a circular economy, energy efficiency and long-term renewable energy power purchase agreements that stabilize electricity supplies and prices."

That erroneous perception might be hindering climate ambitions, as it makes companies more inclined to be "responsible for their own emissions," leaving suppliers to decarbonize on their own. "A collaborative effort across the supply chain will produce a far greater reduction than the sum of each player's individual efforts," said Hayes.

Another major factor is ESG reporting guidelines, which will require companies to report on their efforts to help decarbonize their supply chains. Hayes said this would create "additional pressure."

Egyptian listed companies must apply ESG reporting standards starting next year. That means they, too, must disclose their efforts to decarbonize supply chains. Patrick Mitchell, who has worked in shareholder intelligence for 30 years, stressed that companies should report progress regarding supporting supplier decarbonization. He told EQS Group, an international cloud provider, that "if companies do not engage in ESG properly … the cost of capital will go through the roof."

Mitchell added that banks and other financing institutions are "already looking at ESG ratings," and the lowest-rated companies will likely see their cost of debt rise significantly. The worst-case scenario, he said, would be that non-compliant companies "lose access to the green bond market."

PRELUDE TO CURRENCY FRICTIONS

The U.S. dollar, Russian ruble, Chinese yuan, dollar-pegged GCC currencies, and the EU's euro are vital for Egypt's international trade transactions. However, each currency faces various unpredictable headwinds, causing uncharacteristically volatile exchange rates.

That has forced central banks to take unconventional monetary policy steps to ensure that exchange rate movements don't hurt their economies.

Unfortunately for Egypt, those foreign policies could impact the trade balance and exchange rate in extreme and unpredictable ways. That means atypical policies could be on the horizon to maintain balance.

Prolonged friction among those major currencies could ultimately lead to an all-out global currency war.

by **Tamer Hafez**

CHANGING OF THE GUARD?

Egypt might have to adapt to the fact that some of its most important trade partners are exploring alternatives to the U.S. dollar as payment for goods.

For many, the dollar is the de facto global currency. Based on IMF data, it accounted for 59% of central banks' foreign exchange reserves in the second quarter of 2022. The euro, used by 27 nations, accounts for 19.8% and the Japanese yen 5.9%.

The dollar's dominant position means almost all governments are affected by changes in its exchange rate and overnight interbank interest rates. "The Federal Reserve [Fed] is ... at the center of a system of central banks that are under pressure to follow its decisions, whether locally appropriate or not," John Kemp, a Reuters market analyst, said in September. "If countries try to deviate too far from the Fed's easing and tightening cycle, they tend to run into an inflation crisis, a currency crisis, a debt crisis or all three."

China, Russia, India and the EU, among others, increasingly worry about the possible repercussions of reliance on the dollar. Accordingly, they have been more vocal about not using the greenback in international transactions. Gal Luft, the co-director of the Institute for the Analysis of Global Security, told CNBC in March that central banks are beginning to wonder if reliance on the dollar "is a smart idea."

That could significantly affect Egypt, which uses the dollar for all its trade transactions. Meanwhile, the Central Bank of Egypt data shows that China, Russia, and the EU are among the country's most important trading partners.

Walking away

Calls among major economies to trade with their partners using local currencies are not new. Anne Korin from the Institute for the Analysis of Global Security told CNBC in October 2019 that countries with politics that don't align with those of the United States never liked the idea of having their international trade linked to the dollar.

That is because, as per U.S. law, "when the dollar is used, or transactions are cleared through American banks, entities are subject to U.S. jurisdiction," Korin said, "even if they have nothing to do with the U.S."

Additionally, the "United States now monitors all U.S. denominated transactions," Chris Devonshire-Ellis, founder of Dezan Shira & Associates, said in a November op-ed on Silk Road Briefing, a trade publication. Bypassing the dollar "is also ... a means to get around sanctions placed on various countries to discourage trade."

China is a case in point, given its economic and trade fallout with the United States since 2015. In March 2018, Reuters reported China wanted to introduce yuan-denominated oil futures contracts and was negotiating with its suppliers to pay them in yuan instead of dollars. An

anonymous source speaking to Reuters noted, "Being the biggest buyer of oil, it's only natural for China to push for the usage of yuan for payment settlement." It also promotes the yuan as an alternative currency in international trade deals.

Saudi Arabia, the world's biggest oil exporte, pegs its currency to the dollar to eliminate foreign exchange risks. However, they are reportedly in talks with China to allow oil payments in yuan. According to a Wall Street Journal article in March, "Saudis have grown increasingly unhappy with decades-old U.S. security commitments to defend" their country. That includes a lack of support in the Yemen civil war, the current administration's openness to signing a nuclear deal with Iran, and the U.S. withdrawal from Afghanistan that led to the rise of Islamic extremist groups, mainly the Taliban.

Similarly, India wants to pay for oil from Iran in rupees rather than dollars because U.S. sanctions prevent the transfer of dollars to Iran. The separation from the greenback also would benefit Iran, which imports most of its agricultural goods from India.

Throughout 2018, Russia talked with Turkey about using their respective currencies for trade, as the U.S. had sanctions on both nations. Russian Trade and Industry Deputy Minister Alexei Gruzdev told the media in 2018 that "Turkey and Russia can protect their firms and become independent from the actions of third countries by using national currencies in bilateral trade."

Devonshire-Ellis said in his op-ed that if Russia and China use their local currencies, that transition could "filter through to other economies throughout Eurasia."

The EU also has contemplated reducing dependence on the dollar. In November 2018, Bloomberg reported French President Emmanuel Macron said that relying on the dollar is an "issue of sovereignty."

In 2022, those sentiments are growing stronger, primarily because of the United States sanctioning Russia in retaliation for the invasion of Ukraine and persistent trade friction with China.

"The United States has extended itself," said Luft of the Institute for Analysis of Global Security. "It has been extremely trigger-happy when it comes to the use of sanctions and other economic punishments." He estimated 10% of national governments are under some form of U.S. sanctions that limit their trade options.

New world order?

For the time being, the dollar remains the world's most influential currency, particularly with the help of major oil exporters like GCC countries pegging their currencies to the greenback. Further cementing that status is that all commodity prices are in dollars.

Desmond Lachman, a resident fellow at the American Enterprise Institute, believes the dollar's status as the primary trade currency will wane but not be replaced. "Over the past two decades, there has been a steady decline in the U.S. dollar's role as an international reserve currency," he told Xinhua, a Chinese news portal, in July. "This steady decline has been largely a reflection of the relative decline of the U.S. economy in the world economy as emerging market economies have increased their relative role."

Accordingly, the government and Central Bank need to diversify the currencies in Egypt's international reserves account to ensure uninterrupted international trade. That would be particularly beneficial when trading with China, Egypt's largest source of goods, and Russia, which supplies most of the country's wheat. It would also facilitate trading with the EU, one of the country's largest trade partners, according to CBE.

Luft said there has been a realignment in the global energy, financial and geopolitical systems and the emergence of a "new world order." However, he warns, "the transition is never a happy one ... It's always painful."

BATTLE-HARDENED

Russia's ruble is defying sanctions, appreciating versus the dollar. How might that affect Egypt?

Russia is vital to Egypt's food security. CAPMAS data shows Moscow supplied nearly 80% of Egypt's wheat prior to the invasion of Ukraine. The country also is a significant contributor to Egyptian tourism, with the Russian Agency for Tourism estimating that 1 million tourists visited Egypt in the last four months of 2021 after Russia lifted the six-year ban on charter flights.CAPMAS data shows that 8 million foreign tourists came to Egypt in 2021.

That makes the Russian ruble (RUB) foreign exchange rate vital to Egypt's national budget, inflation rates, and monetary and fiscal policies. Since the start of the war in Ukraine prompted sanctions on Russia, the ruble's value has fluctuated widely, mostly beating experts' forecasts. "The ruble cemented its unlikely status as the world's best-performing currency, rising to new multiyear highs this week," said Jason Karaian, New York Times business news director in London, in June.

What's happening?

Anticipating the Russian invasion of Ukraine, currency traders started dumping the ruble on February 9, according to data aggregator Trading Economics. As a result, the ruble's value decreased from RUB 75.3 to the dollar to RUB 80 by February 23, when the EU and United States announced the first round of sanctions.

On February 28, the Central Bank of Russia (CBR) doubled interest rates from 10% to 20% and enforced capital controls to discourage foreign businesses and individuals from repatriating their wealth to dollars. But the ruble continued to depreciate, reaching an all-time low of RUB 132 to the dollar by March 7.

Since then, despite fresh sanctions, the ruble started to appreciate fast. It reached nearly RUB 50 to the dollar by the end of July. That hurt Russia's economy as its exports became too expensive. "The profitability of many industries, even export-oriented, has become negative at the current exchange rate," Economic Development Minister Maxim Reshetnikov told Russian news agencies in June. "I think many enterprises may … curtail investments [and] reduce production."

To avoid that high-risk scenario from playing out further, the CBR started purchasing foreign currencies with rubles in May to increase the local supply in circulation. On June 10, the bank slashed interest rates to 11%.

Fueling the ruble

Charles Lichfield, deputy director of the Atlantic Council's GeoEconomics Center, wrote in a May op-ed that the ruble's "resilience is down to oil and gas revenue." According to the International Energy Agency (IEA), Russia is the world's top natural gas exporter and second-largest oil exporter.

Francesco Sassi, a researcher on energy geopolitics and markets at Italian Ricerche Industriali ed Energetiche (RIE), wrote in The Diplomat in September: "The hydrocarbon sector still represents between 30% and 40% of the Russian budget while other sectors struggle in the face of the sanction regime."

The Russia-Ukraine war sent the Brent crude oil price from $78 a barrel at the start of 2022 to more than $100 from March to July. It then hovered around that benchmark until August 9, then fell to $89 at press time. Meanwhile, international natural gas prices spiked from $3.5 million British Thermal Units (MMBtu) to $9.7 MMBtu by August 22, settling at $6.80 at press time.

The rise in global oil and gas prices has kept Russia's economy afloat, despite trading with fewer wealthy nations due to sanctions. "Although Russia may be selling slightly less to the West right now … they are selling a ton at all-time high oil and gas prices," Max Hess, a fellow at the Foreign Policy Research Institute, told CNBC in June. That "is bringing in a big current account surplus." In September, the CBR said its account surplus was three and a half times what it had been a year earlier.

The other major contributor to the ruble's resilience is that Russia has had a trade surplus since the mid-1990s, according to the CBR. That allowed the country to accumulate foreign reserves aggressively. Western sanctions and capital controls in 2022 only amplified that situation. "Authorities implemented pretty strict capital controls as soon as sanctions came on," Nick Stadtmiller, director of emerging markets strategy at U.S.-based Medley Global Advisors, told CNBC in June. "The result is money is flowing in from exports while there are relatively few capital outflows. The net effect of all this is a stronger ruble."

Lichfield of the Atlantic Council said: "Russia is earning money it can't spend."

Losing steam

In the long term, the ruble might devalue to a lower level than before the Ukraine war. Interfax Information Services Group said in April the Russian Finance Ministry aims for the ruble to hit RUB 81.4 to the dollar by the end of 2022. By 2025, it should reach RUB 86.9 to the dollar.

That scenario looks increasingly likely, as Sassi noted that "revenues from hydrocarbons recorded their worst performance in the past 14 months." Additionally, he reported the Kremlin is "planning" to introduce levies on oil and natural gas production and export. They also reduced discounts they give to friendly nations from $30 to $40 a barrel during the spring to $18 to $25.

Nevertheless, Sassi noted, "the aim is to collect 1.4 trillion rubles from commodity exporters in 2023, likely from doing more business in Asia and emerging markets. In September, the government confirmed it would depend on "friendly" nations to fuel the economy.

To Egypt's benefit?

Ruble exchange rate fluctuations will increasingly affect Egypt's cost of imports as trade relations with Russia have grown throughout 2022. World Grain, a global data aggregator, reported that Egyptian imports of Russian wheat increased 84% from March through May compared to 2021. Additionally, Bloomberg said in June that Egypt's imports of Russian oil should reach 1.8 million barrels this year, "the most since at least 2016." For Egypt, that would mean spending more on Russian grain and oil as the pound depreciates.

However, a stronger ruble would benefit Egypt's tourism, as more Russians find Egypt a cheaper destination. In August, the Egypt Independent reported the country was the second most popular destination for Russians in 2022. The head of the Russian Agency for Tourism (Rostourism), Zarina Doguzova, told the media in June that "Egypt is one of the most preferred tourist destinations for Russians."

In the long term, Sassi believes the "most important" factor in determining the ruble exchange rate will be "the consistency and reliability of Asian buyers of Russian oil, [liquified natural gas] and coal." He singled out political affiliations and demand from China and India, the two biggest Asian economies and the most dependent on fossil fuels, as the leading players.

MANAGING THEIR AGENDA

As the biggest supplier of goods to Egypt, China's yuan exchange rate significantly affects state finances.

Nicknamed "The World's Factory," China is the biggest trading partner of more than 64 nations, according to the 2016 CIA World Factbook. The Central Bank of Egypt data shows that China accounted for 8.8% of total trade as of March. That percentage is almost entirely due to imports from the Asian giant, which equaled 11.6% of Egypt's imports.

The Chinese yuan's foreign exchange rate is vital in balancing Egyptian government finances. "Trade and financial linkages have significantly strengthened between China and other emerging markets, prominently over the past decade," Phoenix Kalen, head of research at Société Générale, told Bloomberg in September. "These deeply embedded relationships [make it] more difficult for .. emerging-market currencies to decouple from China."

For most of 2022, the yuan has been depreciating against the dollar. That has been a boon for Egypt by helping stabilize the country's imports as the pound devalues.

However, forecasting what the yuan will do next is tricky. That is because the Chinese central bank's agenda and monetary policy are driven by politics, economic fundamentals, and global economic influence.

Weak yuan?

The yuan's foreign exchange (FX) rate started depreciating on Apr. 18. By the end of the month, industrial output had declined 2.9% compared to a year earlier, the biggest percentage drop since February 2020. A Reuters poll showed participants expected 0.4% growth in industrial output in April.

Additionally, consumption declined throughout the month. The Chinese National Bureau of Statistics (CNBS) reported year-on-year retail sales fell 11.1%, car sales 31.6%, and manufacturing 4.6%.

That slowdown has persisted. The Caixin China General Manufacturing PMI monthly score was over 50 points (the threshold indicating growth in purchase orders) only three times in the first nine months of 2022.

China's ongoing "zero-COVID" policy that shuts down cities if a handful of cases are reported is a primary culprit. In April, the CNBS said, "As the impact of the increasingly grim and complex international environment and greater shock of COVID-19 pandemic at home obviously exceeded expectations, new downward pressure on the economy continued to grow."

As a result, the yuan's devaluation has continued throughout 2022, crossing the threshold of CNY 7 to the dollar on Sept. 21. A Bloomberg market report in September said, "The weakening in the yuan to 7 or more to the [dollar] piles on the costs for importers, depressing demand and forcing prices lower." The report added this threshold has been a "key line of defense for China's central bank in recent years."

However, China has yet to act forcefully to protect the yuan. One reason is all currencies not pegged to the dollar also are depreciating. "If yuan went to 10 and the euro and yen were stable against the dollar, that would be much more problematic," Jim O'Neill, senior adviser to Chatham House, told Bloomberg in September. "But if the dollar is rising against all currencies because of Fed tightening, there is not a huge amount China can do."

In reality, the yuan is appreciating against other currencies, including South Korea's won (up 6% in 2022) and Japan's yen (12%). For Egypt, the yuan appreciated against the pound from EGP 2.47 on Mar. 19 to EGP 2.91 on Mar. 22 before settling at EGP 2.77 at press time.

Sofia Horta e Costa, Bloomberg's chief China markets correspondent, explained in a September report that Chinese authorities are not likely to take any steps to disrupt the current trend "as long as it doesn't cause financial or social instability."

Rising costs, nevertheless

China, like most nations, trades with the United States and countries with currencies pegged to the greenback, particularly member states of the Gulf Cooperation Council. As a result, the yuan's depreciation against the dollar is causing imports from those countries to rise.

In 2021, China imported a record $180 billion in U.S. goods, primarily electrical and electronic equipment; fuels, oils and distillation products; machinery, nuclear reactors and boilers; and oil seeds, fruits and grains.

Meanwhile, China Briefing, a news portal, reported Saudi Arabia, whose riyal is pegged to the dollar, is China's biggest oil supplier, accounting for 17% of its oil imports in 2021. Qatar, whose currency is also pegged to the dollar, is China's fourth biggest natural gas supplier, according to U.S. Energy Information Administration data. The China Briefing article added that "a huge portion of oil exports from Kuwait, Iraq, the United Arab Emirates and Oman are directed to China."

Meanwhile, rising global commodity prices due to the war in Ukraine hurt China. As a result, China's annualized inflation rate rose from 0.9% in January to 2.5% in August.

Different strategy

Unlike most countries, including the United States, China has focused on growth rather than inflation. China's baseline interest rate, called the Loan Prime Rate, declined from 3.8% at the start of 2022 to 3.6% in October.

That is a double whammy for the yuan. "The [U.S. Federal Reserve] is increasing the pace of rate hikes, while [China] is moving toward further incremental easing," Peter Kinsella, global head of forex strategy at Union Bancaire Privee, told Asia Financial in June. "This puts further pressure on the exchange rate."

China did, however, allow banks to reduce foreign currency reserves from 8% to 6% as of Sept. 15. Joe Mcdonald, AP's former China bureau chief, said in September such a move increases the dollars available to buy yuan and strengthen the currency."

The Chinese central bank has also set lower-than-expected average FX guidance rates, aka midpoint guidance rates. In September, economist Bruce Pang of Jones Lang Lasalle told Reuters the strategy should "cool down" bets against the yuan and alleviate the pressure of a fast depreciation.

However, Horta e Costa of Bloomberg noted that "none of these measures has come across as forceful enough or stopped traders from expressing more entrenched bearishness about the yuan." The Economy Forecast Agency, a think tank, expects the yuan to stabilize against the dollar by March 2024, reaching CNY 8.2.

Yet, those forecasts are contingent on Chinese political sentiment. "Having a managed currency, there's much more of a signal in what policymakers are doing or not doing," Viraj Patel, a strategist at Vanda Research, told Bloomberg in September. "Too much [movement] is often a red flag ... as it suggests that ... officials may know something that we don't."

GRASPING AT STRAWS

The euro has long fueled the economies of the European Union. Now it is depreciating fast. For Egypt, that may be problematic as the bloc is a major trade partner.

For the past 20 years, the EU has relied on the euro to be worth $1 or more and fuel GDP growth. While that had pros and cons for member nations, EU economic performance was reliable overall. Trading Economics, a data curation portal, shows GDP annual growth rates of as much as 5% since the EU's inception in 1993. It contracted in 2008 during the Global Financial Crisis, in 2013 when Ukraine refused to join the EU and in 2020 when the COVID-19 pandemic hit. GDP rebounded in 2021, growing 15% after shrinking 14% the previous year.

Now the euro is depreciating as the U.S. Federal Reserve raises interest rates, reaching parity with the dollar on July 12 for the first time in two decades. At press time, it was 1.03 euros to the dollar.

The euro also has depreciated against other major currencies that are losing value against the dollar, including the Swiss franc and Japanese yen. "This is now starting to become a bit more of a broad-based euro weakness," Viraj Patel, foreign exchange strategist at Vanda Research, a think tank, told DW in September. In July, the World Economic Forum (WEF) estimated the euro fell 3.6% against its "trade partners" currencies versus 12% against the dollar.

That resulted in the WEF "forecasting a recession for the euro area as soon as the third quarter" of the year. Because the EU is its biggest trade partner, that is problematic for Egypt. In the third quarter of fiscal year 2021/2022, the bloc accounted for 28% of Egyptian exports and 19% of imports, according to the Central Bank of Egypt.

EU economy

The bloc's economic model generally relies on importing essentials, such as oil, gas, chemicals, and machinery. EU nations also import high-end tech products.

Their foreign currency revenues come from exporting finished goods, such as machinery and equipment, pharmaceutical products, cars, chemicals, computers, and electronic devices.

Eurostat, the EU statistics bureau, shows the bloc had a trade surplus until July 2021. After that, it began running a deficit as global logistics bottlenecks disrupted production output and, with it, exports. That deficit caused a gradual decline in the euro's exchange rate versus the dollar, weakening from EUR 0.85 to the dollar in July 2021 to 0.96 in July. Meanwhile, inflation quadrupled to an annual rate of 8.9%.

During the second half of 2022, the euro's exchange rate fell further. "The parity level is often a point of resistance at which the euro bills and bread lock horns to determine which way the currency goes from here," said a September DW article.

In July, the European Central Bank (ECB) played down those worrying stats: "The ECB does not target a particular exchange rate ... However, we are always attentive to the impact of the exchange rate on inflation, in line with our mandate for price stability." Reuters said the statement was "the ECB's long-standing line."

Crunch time

The main reason the euro is depreciating against the dollar is the ECB's failure to raise interest rates as quickly as the Fed, which has increased them seven times from 0.25% to 3.5% since March. The ECB started in June, raising rates twice from 0% to 1.25%.

An article by Balazs Koranyi, Thomson Reuters chief correspondent, said, "Fed Chair Jerome Powell ... made [it] clear [he] was willing to risk a recession with oversized rate hikes to bring down inflation. The ECB continues to take baby steps."

Investors see the United States as a better investment destination, giving them higher rates in the world's global reserve currency (See Changing of the Guard? for more details). Lucio Sarno, a finance professor at the University of Cambridge, told Al Jazeera in July, "The increasing interest rates in the U.S. attract further investment in dollar assets, and this is in addition to the strong demand for dollar driven by its safe haven status at times of war," referring to Russia's invasion of Ukraine.

Another factor weakening the euro is its geographic proximity to the war in Ukraine and dependence on both combatants for essential goods. In 2021, CNBC reported that the EU imported 155 billion cubic meters of natural gas from Russia of the 412 bcm the bloc consumed.

Koranyi described it as a "huge energy dependence" that hurts the EU economy more the longer the war lasts. "Between December 2020 and December 2021, the import price for energy in the euro area more than doubled," according to the European Council of the European Union.

That meant "domestic producer prices for energy" increased by 138%, while consumer prices jumped 54.2%, according to Eurostat.

Another major player affecting the EU's economy is China. According to an EU Commission report, China accounted for 16.2% of EU trade in 2021, the bloc's biggest partner. Luis Costa, head of CEEMEA strategy at Citibank, told CNBC the world's second-largest economy introduces an "additional layer of complexity." That is because China's GDP growth in July was the second lowest since 1990, according to Trading Economics. In 2020, GDP contracted 6.8% after the government shut down the economy to combat COVID-19.

What happens next

The ECB faces tough decisions ahead. "The ECB is caught in the worst dilemma a central bank can face: on the one hand, inflation is soaring and requires an increase in interest rates. On the other ... the eurozone's growth is anemic and would benefit from low interest rates," said Sarno.

On the plus side, if EU manufacturers can keep operating, their products would be more competitive in the global market due to the weaker euro. The bloc's tourism sector should benefit, as well.

Costa of Citibank said in the short term, the outlook, trades and positions are "definitely biased toward further euro depreciation." Capital.com, a think tank, estimated the euro could bottom out at 1.084 to the dollar by 2025. However, the WEF said in September that "shorting the currency is already a popular trade in currency markets ... and the bearish position is approaching historic levels. That might prevent the euro from falling sharply," allowing the EU to avoid a prolonged recession. ■

BIG DATA
CANCER OR CURE

While "big data" may seem like a way to solve most things in business lately, ethical quandaries mean some regulations need to be in place

By **Nada Naguib**

There has been increasing interest in big data in the past few years as companies work on collecting and using data. For example, marketing company TechTarget's Bridget Botelho wrote at length in a January blog about big data's ability to help small businesses by "improving operations, providing better customer service, and creating personalized marketing campaigns." Big data also has been embraced by educators and healthcare providers, among others.

However, a distinction should be made between "data" and "big data." Oracle, the world's third-largest software company by revenue and market capitalization, defines big data as data that has the three Vs: "contains greater variety, arriving in increasing volumes and with more velocity." Another way to make the comparison is that while data can be generated at a company level, big data is generated outside the enterprise level and with massive volumes. It can reach exabytes (one with nine zeros gigabytes) of information.

Big data first appeared in 2005 when Facebook, YouTube, and others started generating big amounts of data from their users, according to Oracle. Taking notice of this, Apache Hadoop, a developer of open-source software utilities to manage such data flows, was founded. However, it wasn't well-received at the time. The Economist reported that one Microsoft executive called such programs a "cancer," given they were free to use and developed by non-established software companies. Undeterred, other utilities such as Hadoop, including NoSQL and Spark, appeared. The Oracle blog noted they were necessary "because they make big data easier to work with and cheaper to store."

In the 17 years since the origin of the concept, Microsoft embraced big data, according to The Economist. Since 2018, they have been working on AI technologies to aid big data analysis to cure cancer, according to a Microsoft blog.

However, the case for big data remains a gray area. For example, while the European Union has stringent data laws, some argue that is an impediment and that big data could be the solution to several of today's problems, according to The Economist.

The new oil?

The case for big data and the mass sharing of information has been described as so financially lucrative that it is the "new oil." Media outlets, including Forbes magazine, Wired, and The Economist, use that phrase to illustrate the potential profits to be gained. The comparison originated with mathematician Clive Humby's observation in 2006 that "like oil, data is valuable, but if unrefined, it cannot really be used."

In 2016, the Organization of Economic Cooperation and Development (OECD), which includes the United States, Japan, and the United Kingdom, found that broad data sharing could translate to a GDP increase of 2.5%. An April 2020 Economist article said some "Eurocrats argued that data-sharing could speed up efforts to fight COVID-19."

Expectations were high. However, like oil, though, big data comes with some drawbacks. "Early on ... there was a perception that there would be almost like a magic moment where the data would materialize, and it would answer our questions," said Andrew Schroeder, a researcher who helped lead the Covid-19 Mobility Data Network.

However, that moment never came. "Unfortunately, what is collected is decided by entities whose priorities are different than that of the general public's health," said Nishant Kishore, who worked in one of the network's labs. It's possible the data just never made it to the researchers because the "public health goals ran headlong into the business interests of the companies that provided their data for analysis," wrote Katie Palmer of Stat News.

Another drawback is that if life-saving data is controlled by tech companies that gather and analyze it, the world might become a technocracy. It is when an elite of technical experts and companies control government decisions, society, and industry. Delft University of Technology researcher Marijn Janssen said more should be done to "harness the merits and utilities of a computational form of technocratic governance."

That means governments need laws to govern the use of big data. "Like commonplace regulations on oil, big data also needs some regulations in place," said Forbes magazine's Nisha Talagala. "It needs a data practice - a commonly understood and consistently executed set of principles for managing data."

Managing big data

In the United States, there is "no single, comprehensive federal law regulating how most companies collect, store, or share customer data," wrote Thorin Klosowski of the New York Times.

Instead, the country has "a bunch of disparate federal [and state] laws," said Amie Stepanovich, executive director at the Silicon Flatirons Center for Law, Technology, and Entrepreneurship at the University of Colorado Law School. For example, U.S. laws tackle specific types of big data, such as health or credit card information. They can also look at particular population groups, such as children or the elderly, then "regulate within those realms," said Stepanovich. When it comes to big data and its three Vs, this makes it more vague, giving "more possibilities for data to be leaked or breached in a way that causes real harm," Klosowski wrote.

Some lobbyists argue that areas that should be covered include data collection and sharing rights, the right to see what was collected and by which companies, and opt-in consent to data collection. In addition, companies should limit the amount of data collected and never charge extra or offer financial compensation to encourage more data sharing.

In the EU, however, it's quite a different story. In 2016, the EU passed the General Data Protection Regulation (GDPR) on which Egypt's data protection law is based. It covers most areas U.S. lobbyists aim to protect, such as data minimization, opt-in consent, and other areas.

However, the GDPR and other laws are comprehensive. One example was data concerning COVID-19. Some Europeans argue that massive data, even with its potential problems, can still be useful and serve a purpose. The EU's role so far in tech may be considered more of a mediator. They "force companies to comply with stringent data protection regulations, merrily fining big tech for antitrust violations and periodically scolding various honchos for not doing enough about privacy, disinformation, and terrorism," wrote Gian M. Volpicelli of Wired magazine. Guntram Wolff, director of Brussels-based economic think tank Bruegel in an op-ed for Politico, said the EU has positioned itself as the "world's tech referee," but the problem is that "referees don't win."

Ethical access

To address the ethical issues that come with big data, it might become a priority to put rules on the access of that data. However, the problem would become how to regulate the mass gathering of big data while ensuring that the most important information arrives at its intended target. "Consumer data privacy laws can give individuals rights to control their data, but if poorly implemented, such laws could also maintain the status quo," wrote Klosowski.

The European Commission (EC) is trying something new. Given the United States and China's strong presence in tech, Volpicelli speculated the EU may have opted to compete in a different race entirely rather than focusing on personal data. It wants to help companies and startups access data gathered from connected objects, then make sharing compulsory. He explained that connected objects "such as cars, home appliances or manufacturing robots, and in computing facilities close to the user ('edge computing')" represent just 20% of data processed today. This figure is likely to move closer to 80% by 2025.

In February, the EC launched a draft data act that offers "harmonized rules on fair access to and use of data" and "to make Europe a leader in the [big] data economy by harnessing the potential of the ever-increasing amount of industrial data in order to benefit the European economy and society," according to the commission's website.

"Data spaces,"' as Volpicelli calls them, offer "a mechanism to pool, access and share industrial data across companies in strategic sectors." The incentive to share would then come in the form of a tit-for-tat situation, where accessing other companies' data is based on every company sharing its own data. It is implied in the commission document that new legislation might be introduced that makes data sharing compulsory so everyone can benefit.

There are thornier parts to the issue. If the EU's compulsory data-sharing initiative moves forward and is extended to U.S.-based tech companies, it might draw a backlash, according to the Financial Times. "Unleashing data is valuable, but we are walking a fine line here," Benedikt Blomeyer, director for EU policy of Allied for Startups, a small-business advocacy group, told the Financial Times in February 2020. "Entrepreneurs who have spent money to gather their data might very well be reluctant to share it."

While the EU's regulations won't likely be an instant fix for big data issues, they might be an essential step toward ethical and fair data sharing. However, the type of company that will be affected by this is still unclear. Jack Hardinges, a policy adviser at the Open Data Institute in London, thinks it might be better to address traditional industries rather than social media. "An argument for doing so is that there's latent value in data held by firms that might not think of themselves as data organizations or technology firms," he said. ■


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In partnership with Dcode 10

CLIMATE CHANGE EFFECTS ON EGYPT ....

With COP27 few days away, it is important to understand the extent of Egypt's vulnerability to climate change effects and which areas and sectors are at most risk. In its updated Nationally Determined Contribution (NDC), several significant climate change effects on Egypt were identified ranging from negative repercussions on water levels to agriculture land and coastal zones along with multiple adaptation measures that aim for minimizing such risks and sustaining long-term economic growth.

Egypt's Climate Change Risks:

WATER

114 BCM
Egypt's annual total water needs

80.5 BCM Egypt's annual total water resources:

- **55.5** BCM Nile River supplies per year
- **21** BCM Reuse of the agricultural drainage and treated wastewater supplies per year
- **2.1** BCM Deep non-renewable groundwater aquifers supply per year
- **1.3** BCM Rainfall supplies per year
- **0.35** BCM Desalination supplies per year

117% Egypt's water stress levels as of 2017

Billion Cubic Meters (BCM)

Climate change impacts, water pollution, and geopolitical factors are expected to exacerbate water stress in Egypt. The climate change scenarios indicate that the Nile inflow at Aswan will decrease as result of the impact throughout the Nile Basin.

NILE DELTA & SEA LEVEL RISE (SLR)

Nile Delta is considered one of the three extreme vulnerable hotspots mega-deltas directly affected by climate change by 2050, according to the IPCC.

30% of the Nile Delta is a lowland area (levels lower than +2.0 m)

60% of Egypt's food production is secured from agricultural land in the Nile Delta

30% of the Delta's food production is expected to be lost by 2030 because of SLR

Sea level rise (SLR) may reach about 1.0 m by 2100 which would sink several coastal areas in the Nile Delta, the Northern Coast, and Sinai. SLR might lead to sinking at least 1% of Egypt's area where most of its residents live on only 5.5% of its total area.

Increased areas of salinization of groundwater and estuaries is expected, because of:

- SLR, thus saltwater intrusion
- Higher evapouration rates with increased tempratures
- Reduced recharge rates

.... AND THE ADAPTATION MEASURES AS PER THE NDC

Water Resources & Irrigation

The adaptation policy actions and measures in water resources and irrigation are planned to address both the expected decrease and increase of water flows in the Nile River resulting from water shortages due to climate change and flash flooding, primally through:

01 Water conservation measures in agriculture, industry, and municipal supplies

02 Development of non-conventional water resources

03 Expansion in the reuse of agricultural drainage and treated wastewater

Agriculture

The adaptation policy actions and measures in agriculture are planned to develop flexible agro-economic structures efficient in land resource management, focused on agricultural inputs and production, and enable climate change data monitoring, primally through:

01 Use of modern surface irrigation techniques

02 Preserving and expanding the biodiversity

03 Building an effective institutional system for crisis and disaster management

04 Close the animal feed gap

05 Altering agricultural systems or lands to adapt to new climate conditions

Coastal Zones

The adaptation policy actions and measures in coastal zones are highly site-dependent which adopts accommodation and protection approaches to the risks resulting from climate change such as sea level rise and extreme weather events, primally through:

01 Develop a climate resilient Integrated Coastal Zone Management (ICZM) Plan for the North Coast of Egypt

02 Structural and architectural interventions of conventional and unconventional engineering protection work

03 Reinforcement of nature-based solutions for land protection through sand dune stabilization

04 Strengthen the implementation of good fishing practices

05 Capacity building and enhancing national partnership for the effective management and response to climate change associated risks and disasters

Urban Development & Tourism

01 Directing city planning and architectural design towards meeting the requirements of green architecture and construction

02 Review of the road network to determine potential areas vulnerable to flooding

03 Maintain and expand the protectorates to cover 17% of the national marine and wildlife areas

04 Assessing the degree of fragility and vulnerability of touristic sites, marine, and wildlife protectorates

OTHER ADAPTATION MEASURES

- Develop weather forecast and early warning systems
- Promote scientific research and demographic studies
- Raise the efficiency of the health care sector to deal with climate change

Market Watch

Stock Analysis

Back to Earth

The market took a breather with its two main indices slipping in the Sept.15 to Oct.15 period. The EGX 30 fell 2.2% to 9,853.7 and the EGX 70 EWI lost 5.1% to 2,151.9. While the two indices are still down on a year-to-date basis (-17.5% and -2.3%), they are up over the past three months (12% and 27%). Declines outnumbered advances by a ratio of 2 to 1.

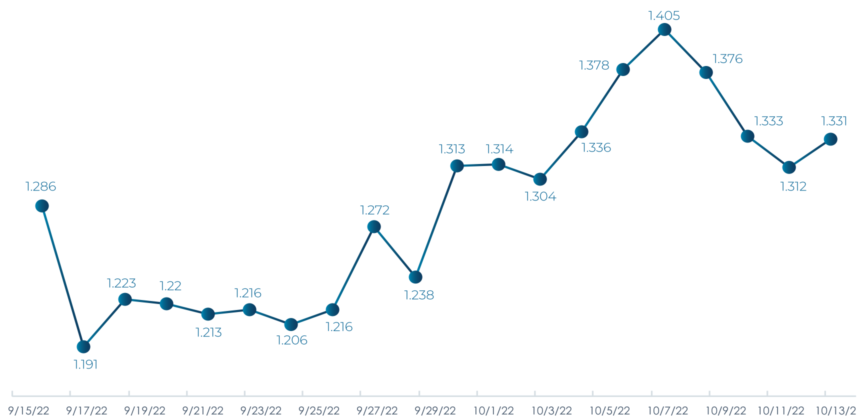
As usual, QNB Alahli (QNBA) kick-started the third quarter earnings season, posting 7% growth in net income to EGP 2.5 billion. Later, Obour Land for Food Industries (OLFI) posted strong results, hitting its highest-ever quarterly net profits and revenue with revenue reaching EGP 1.34 billion (up 64% year-on-year) and earnings growing to EGP 146 million (up 31%). Also, Egypt Aluminum (EGAL) reported a historic jump in net income to EGP 2.5 billion versus only EGP 28 million a year earlier as revenue grew on significantly higher aluminum prices as well as a stronger U.S. dollar.

Financial and strategic investors have been busy snapping up stakes in both listed and unlisted companies in view of cheap market valuations. For instance, Kuwait's sovereign wealth fund, through Ekuity, increased its stake in Rameda (RMDA) from 2.8% to 8.2% at an average price of EGP 2.96 per share. On the other hand, the Saudi Public Investment Fund (PIF), through its wholly-owned subsidiary Saudi Egyptian Investment Co. (SEIC), bought a 34% stake in electronics retailer B.TECH, reportedly for $150 million. Also, Sustainable Capital Africa Alpha Fund raised its stake in Orascom Construction (ORAS) from 15.13% to 16.16%. Elsewhere, Egypt Kuwait Holding Co. (EKHO) launched a one-year $20 million share buyback program (representing 1.5% of its market capitalization) applicable to its shares traded in either the U.S. dollar or Egyptian pound. Similarly, Elsewedy Electric (SWDY) extended the period for its share buyback program to Jan.5. Alternatively, Sidi Kerir Petrochemicals (SKPC) is studying the full acquisition of its 20%-owned Ethydco through a share swap.

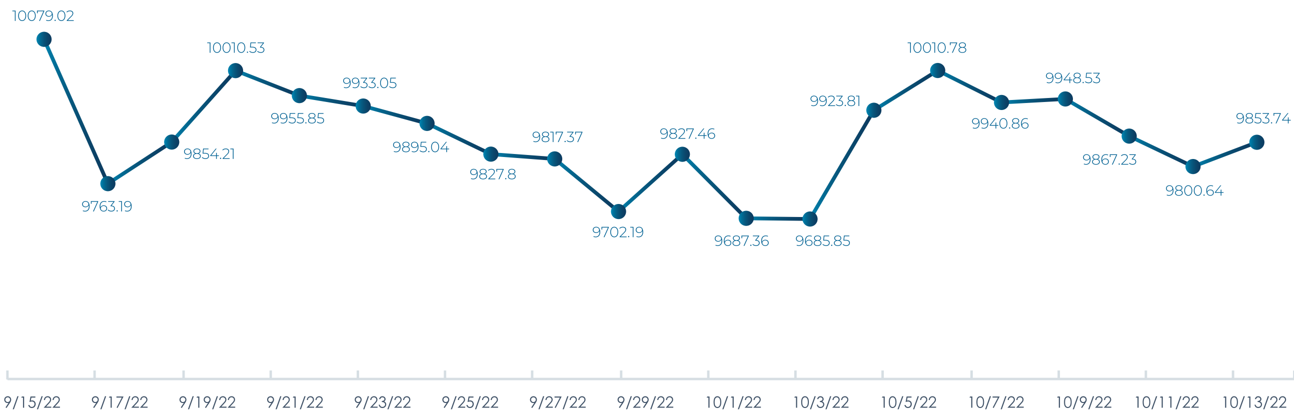
As for macro news, investors were still awaiting the result of discussions between the Egyptian government and IMF concerning a new support package. Meanwhile, the government vowed to raise as much as $6 billion by the middle of next year by selling stakes in state-owned assets. The Sovereign Fund of Egypt plans to float the oil marketing company Wataniya and water bottler Safi on the EGX, both being restructured. Indeed, until more liquidity is pumped into the market, foreign investors will likely tiptoe around Egyptian stocks.

Qalaa Holdings (CCAP)

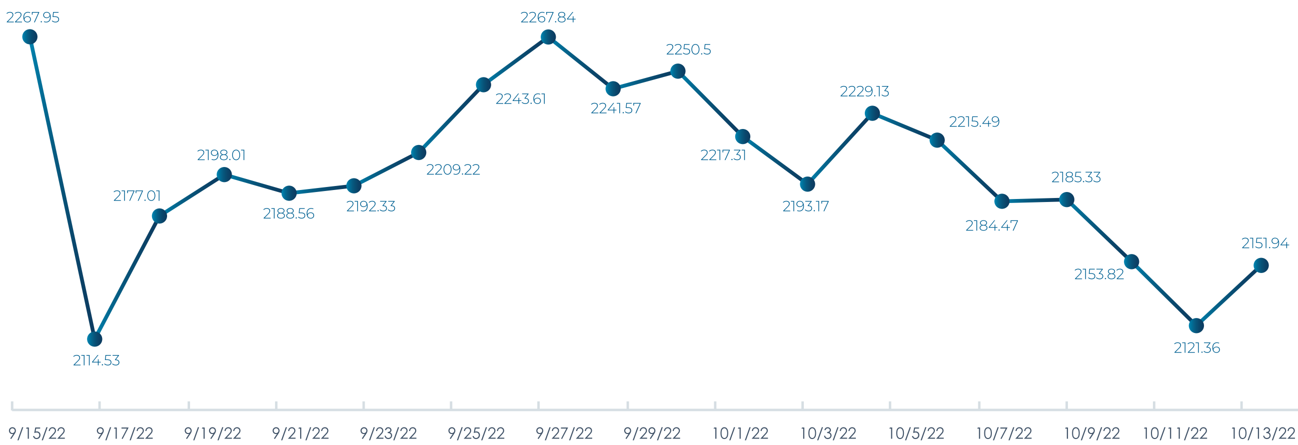
Qalaa Holdings (CCAP) managed to turn back to profitability with a net income of EGP 362 million in the second quarter vs. a net loss of EGP 402 million a year ago. With a 13.1% effective stake, Egyptian Refining Co. (ERC) drove CCAP's earnings improvement as the gross refining margin doubled to $5.4 million a day versus the previous quarter. Strong revenue growth and wide spreads between high-sulfur and low-sulfur fuel oil helped margins expand. CCAP's stock rose 3.5% during the period to EGP 1.33, extending its year-to-date gain to 10.4%.



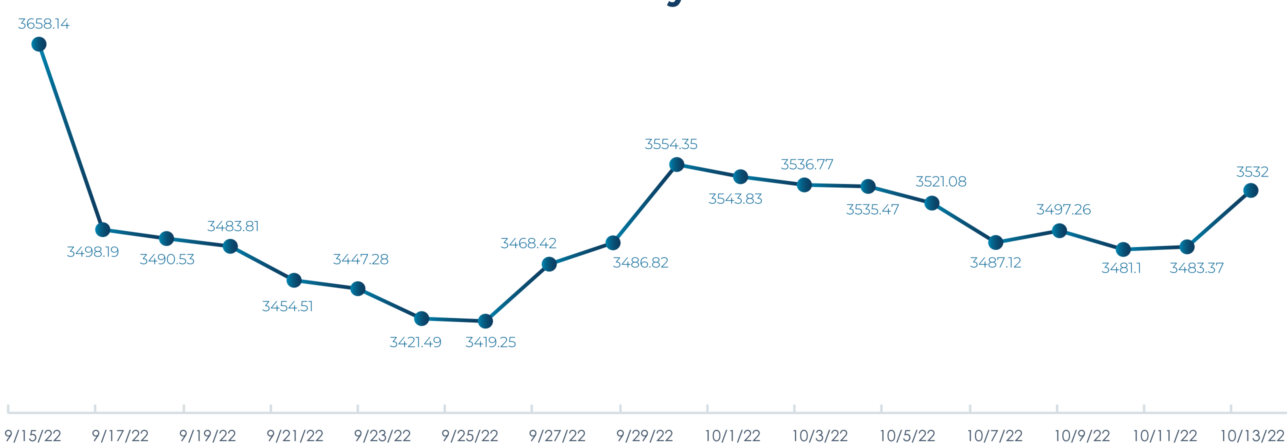
EGX 30



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.

Building
a digital presence

Having an e-commerce platform to drive sales has become an integral part of most businesses, and standing out is more challenging than ever.

By **Rania Hassan**

With an expected growth rate of 30% this year, e-commerce in Egypt is outpacing almost all other economic activity. "E-commerce is the future of trade activity, and it is expected to expand in conjunction with opening more markets around the world," Sherif Makhlouf, CEO of BOOST for Consultations, a local think tank, told Al Ahram in January. "Ready-made garments, food and electronic devices are the most prominent sectors likely to achieve a boom by the end of 2022."

According to a report by Shopify, a major e-commerce platform, that growth trend is everywhere. "There have never been as many opportunities," said the report. "There has never been as much competition." That makes standing out from the crowd to attract advertisers increasingly difficult. In addition, unique ideas have an ever shorter lifespan as competitors copy and improve on promising ones.

Meanwhile, social media, where the Shopify report says "online consumers spend most of their time," is another dimension sellers must manage. And online companies find it more challenging to target their ideal customers as data protection laws increase and become stricter.

Such challenges seem unlikely to slow ad spending on e-commerce platforms. Statistica, a data aggregation portal, forecasts advertising spending will more than triple from $12.5 billion in 2019 to $38.4 billion in 2024. However, competition and regulations can affect profitability, said the Shopify report, "particularly plummeting returns" on ad dollars spent.

Accordingly, the report highlights several factors that could make or break online sellers whose goal is "prioritizing customer lifetime value and promoting brand loyalty."

Overcrowded landscape

Despite almost all governments lifting Covid-19 restrictions imposed in 2020 and early 2021, more consumers still prefer online shopping. "As businesses came online during the … pandemic, the global trend toward digitization surged … at lightning speed," noted the Shopify report. "Even as regions begin to reopen, e-commerce sales are still climbing."

Insider Intelligence's January 2022 forecast predicted e-commerce sales will reach $5 trillion this year and $6 trillion in 2024. Meanwhile, the Global E-Commerce Market 2021-2025 report estimates growth of $11 trillion over the five-year period.

That means an increasing number of online e-commerce platforms will open yearly, with most catering to a global audience. "Online stores are popping up daily," said the Shopify report, with 12 million to 24 million e-commerce sites" currently operating.

"As more businesses are online, it's harder and harder to be found by new customers," said Mei Ho, senior product marketing lead at Shopify, in September 2021. "Because it's so easy to start online now, there are definitely rising costs of customer acquisition. Digital advertising is more costly and less lucrative than ever before." Ben Jabbawy, founder and CEO of Privy, noted that in 2021, "some brands saw ad costs go five times higher … to drive the same amount of traffic."

Meanwhile, individual ads reach fewer customers in target markets. Simon Kemp, founder and CEO of Kepios, a think tank, said the company's "July 2021 report showed a 15%-20% drop in the advertising reach of Instagram in Europe. This is huge. Tens of millions of impressions disappeared."

Question of privacy

Further complicating marketing are data privacy laws and tech companies enforcing their own policies and technologies that prevent access to personal data, regardless of the local laws.

That comes as more users express concern over how third parties use their data amid fast-rising cyber threats fueled by rapid digital transformation across almost all economies and sectors. "Privacy is gaining more visibility," Olga Andrienko, VP of brand marketing at Semrush, an online services company, wrote on Tech Radar in October 2021. "Users are starting to increase their number of inquiries regarding laws regulating the exchange of personal information and its protection."

Egypt's data privacy law, published in October 2020, imposes penalties ranging from fines to prison time. Others with data protection regulations include China, Brazil, the U.S. state of California, and the EU. Unfortunately, those laws don't align on many aspects and definitions. That forces e-commerce platforms to adjust their operations to comply with various requirements and procedures.

Additionally, some private sector tech firms have taken the initiative to make it harder for e-commerce and data aggregator companies to harvest users' information. A prominent example was Apple's 2020 operating system updates, which prevented third-party apps from collecting any of its users' data without explicit consent. Firefox and Brave, two independent search-engine providers, followed in Apple's footsteps. Meanwhile, Google's Chrome will do the same next year.

That affected the results from the 2021 Shopify e-commerce Market Credibility Study, which reported "at least 28% of technology decision-makers around the world expect changes to customer data and privacy regulations to hinder their 2022 growth goals."

Further complicating the data privacy situation for e-commerce firms is their customers still expect personalized and relevant services. That forces online companies to ask explicitly for their data in a transparent, non-threatening way without breaking national laws and bypassing the technological barriers that tech companies erected to attract customers with their data protection promises.

However, companies that want to customize products or services must be careful how much information they gather and how it is used.

"Consumers are over three times more likely to abandon brands that over-personalize," said Alex de Fursac Gash, a senior director at Gartner's Marketing, in an October 2021 blog.

Social sphere

The rise of social media platforms has proved lucrative for purveyors of goods and services. According to eMarketer, a market research firm, half of the Chinese who shop online do so through social media platforms rather than dedicated e-commerce portals. In the United States, 30% used social media websites to purchase goods in 2021. Jasmine Enberg, a principal analyst at eMarketer, a research firm, predicts sales on social media platforms will triple by 2025.

However, there is no "one-size-fits-all" or blueprint for companies who want to integrate social media into their online presence. "Businesses that try to take China's social commerce blueprint and translate it directly to other regions will struggle," the Shopify report noted.

Vanhishikha Bhargava, the founder of Contensify, a business-to-business content creation company, stressed companies that want to sell successfully on social media platforms should invest. That includes spending on social media, whether static content, such as the "About" section, or developing and updating videos and posts about products and services. Such companies also must link their business contacts and e-commerce databases with their social media platforms and employ "user-generated content as social proof" of the quality of their offerings.

Another challenge is integrating real-world operations with dedicated e-commerce portals and social media platforms. Bhargava's April blog on Shopify noted, "Business owners and marketers are not able to sync the efforts they make on their online stores and social media accounts." Bhargava likened it to working in "silos and not being able to add value to the other."

Brand building

Investing in a brand image is essential to successful selling in the digital space. If potential customers trust a brand, they are more likely to buy because they are less worried about scams, fraud, or cyber threats, compared with obscure platforms. According to a Forrester Consulting survey, "consumers are [four times] more likely to purchase from a company with strong brand values." The Shopify report said such trust would significantly reduce retention and loyalty costs.

The report also noted "44% of consumers say they're OK with brands they like using their personal information to deliver relevant content and offers." That is essential as more countries and companies clamp down on data harvesting in the name of privacy. "Brands are turning to first-party data to fill the void," the Shopify report said. "In 2022, 42% of [surveyed] brands plan to offer customers personalized product recommendations through ... quizzes, custom mobile apps, and ... behavioral data."

The Shopify report stresses the need for companies to invest in creating an online community to rise above the "noise" in the digital realm. "Strong communities don't emerge by accident. They are a significant commitment of time and resources."

Companies that want to create such communities must start with defining a purpose, creating and maintaining "community rituals and traditions," creating a feeling of exclusivity and finding ways to make customers own a "piece of the brand."

Such activities need to accommodate the company's sales and marketing targets. For example, the Shopify report says companies can use a "hero product to reach new customers, then incentivize shoppers to move to your site by creating store-only offers."

Lastly, companies that want e-commerce to be a growing part of their sales need to balance long-term marketing for brand building with short-term marketing that directly fuels sales. The Shopify report stresses companies need to "experiment with the exact [budget] split based on industry and current level of brand awareness."

Chamber News

AmCham Committee Leadership
for August 2022 to June 2023
have yet to be announced

American Chamber of Commerce in Egypt – Tel: (20-2) 3333-6900 – Fax: (20-2) 3336-1050
For more information about AmCham services and news, please visit www.amcham.org.eg or our US mirror site www.amcham-egypt.org

AmCham Luncheon

25 Sep

Minister outlines Egypt's Structural Reform Program

In the fiscal year 2021/20222, Egypt posted GDP growth of 6.6%, $11.4 billion in FDI, and an unemployment rate of 7.2%, said Minister of Planning and Economic Development Hala El-Said during a Sept. 25 luncheon event titled "Egypt's Economic Development Efforts Amidst Global Uncertainties: Partnerships With the Private Sector."

El-Said was blunt yet optimistic regarding the challenges ahead, touching on the lingering threat of stagflation given the sluggish and declining gross domestic product (GDP) forecasts and rising inflation worldwide.

She highlighted Egypt's structural reform plan, which started in 2016, focusing on four areas: resilience, production, reforms, and employment in several leading sectors such as ICT, manufacturing, agriculture, education, and healthcare.

El-Said framed Egypt's population growth as a "gift" rather than an economic burden. She highlighted the promotion of family planning initiatives and concerted efforts to obtain accreditation for various technical schools across the nation as a long-term boon for the labor market. El-Said also mentioned the importance of investing in human capital by developing training programs in collaboration with leading international educational institutes.

"A big part of the national reform agenda is not only economic, it is also to enhance social protection," she said. About EGP 50 billion ($2.2 billion) is budgeted to finance healthcare, infrastructure, employment, and family planning initiatives to serve rural communities. These are "unprecedented in terms of investment, scope, and services," she said.

El-Said also touched on Egypt's transition to a green economy in anticipation of hosting COP27 in Sharm el Sheikh, with an ambitious target of 40% green projects in the current fiscal year and 50% next fiscal year. Spearheading that transition are monorails, solar parks, natural gas-powered vehicles, and water treatment projects, she explained.

Egypt has embarked on a comprehensive plan to upgrade its domestic infrastructure from transportation to electricity with the help of private sector players. El-Said said the private sector's role is already "substantial," accounting for 72% of GDP. Boosting private-public partnerships is vital for Egypt to expand further projects. "This is the most significant policy change that needed to be made," she said.

El-Said lauded the establishment of the Sovereign Fund of Egypt (SFE) in 2018, which, although severely affected by the pandemic, will seek to optimize the use of underutilized assets to create wealth for future generations and turn unique opportunities into lucrative investment products. The SFE focuses on five investment spheres; infrastructure (transportation, energy, urban renovation, and green projects), IPOs, fintech, healthcare, and antiquities.

El-Said talked about how private sector companies revamped Egypt's antiquated railway system. The next step is to produce the first locally made railway cars by 2024 in partnership with a South Korean consultancy. "When you localize industries, you need to transfer technologies," she concluded.

Special Briefing and Discussion

29 Sep

Expanding private sector opportunities

Minister of International Cooperation Rania Al-Mashat, stressed the importance of development institutions as well as contributions by the private sector in the face of global challenges and economic shocks.

The AmCham Special Briefing and Discussion event on Sept. 29 marked the publication of a report titled "Expanding Opportunities for the Egyptian Private Sector in the Post-COVID Era." The Japanese government sponsored it, while the United Nations Development Programme (UNDP), European Bank for Reconstruction and Development (EBRD), and AmCham conducted the survey.

Attendees included the Japanese Ambassador to Egypt, Oka Hiroshi, and UNDP and EBRD representatives. Al-Mashat described them as "important partners for Egypt."

Al-Mashat praised Egypt's work with development partners (whether with bilateral or multilateral institutions), highlighting that many of these efforts benefit private sector engagement. That was especially true during the COVID-19 pandemic. "I believe COVID-19 was a very practical example of where two words come up: agility and resilience," she said. That comes from governments, the private sector, and citizens adapting quickly to change. That can be through policies, behavior, or business models. She added that resilience follows reforms, which are a "continuous process; they don't end."

The past three years have shown the world the frequency of shocks is increasing, and they're changing in nature, she said. "We've seen that both developing and developed economies are intertwined in very significant ways, not just as economies, but as people," she said.

Al-Mashat said the report is vital because it clarifies the lessons learned over the past three years. It also shows what objectives remain on the reform agenda "in order to be resilient in the face of any shocks to come in the future."

She explained how similar reports and subsequent reforms could be vital in the face of global shocks such as the COVID-19 pandemic. Egypt entered the pandemic with "very important buffers, both on the monetary and fiscal sides." That allowed the country to increase its social safety net through a social stimulus package. That was relatively easy following the social reforms in the previous few years through tools such as databases of those eligible for government support.

Egypt's strong relationship with development institutions made it easier to weather previous storms, highlighting that "every institution wanted to create solidarity packages to private companies around the world to mitigate the impact on employment and the impact on cash flows." She mentioned the EBRD and its work with the Egyptian banking sector, which made credit lines available through the Egyptian banking sector to Egypt's private sector, particularly to SMEs.

These measures have helped Egypt in the past in the face of a global crisis. She said maintaining and improving relationships and partnerships will help face future shocks.

Special briefing and discussion

27 Sep

U.S. financing tools and resources

To discuss how the United States can finance sustainable projects, AmCham hosted a Sept. 27 webinar titled: "Egypt's Green Growth Priorities: U.S. Financing Tools and Resources in Support of the Private Sector."

The U.S. International Development Finance Corporation (DFC) promotes private sector investment in emerging economies. Merryl Burpoe, a senior adviser at DFC, said the agency offers direct loans of up to $1 billion. The DFC lends via a financial institution for loans less than $2 million.

The Export-Import Bank of the United States (EXIM) finances the sale of American commodities to overseas projects. It provides financial assistance, including direct loans, loan guarantees, export credit insurance, working capital, and supply chain guarantees. Its main customers are commercial banks and foreign buyers — sovereign, corporate, or joint ventures.

EXIM gives loans of $1 million or more and doesn't have country quotas, said Cassie Rowlands, EXIM's climate outreach and engagement director. Its loans are long-term with fixed rates for clean energy, energy storage, and energy efficiency projects. Other priority sectors include electric vehicles, wastewater treatment, and abatement technology.

The U.S. Trade and Development Agency (USTDA) is the government's project planning arm, developing safe and sustainable infrastructure in emerging economies and connecting U.S. companies with foreign partners to achieve sustainable infrastructure goals.

USTDA's priorities are clean energy, information and communications technology (ICT), telecommunications, transportation, agriculture, and healthcare. It offers project preparation grant funding for feasibility studies, technical assistance, or pilot projects to companies, ministries, and agencies.

Mais Abousy, attorney-adviser of the International Commercial Law Development Program at the Department of Commerce (CLDP), said the program provides government-to-government assistance. The focus is to improve and develop the "business legal environment to [facilitate] business, trade, and investment." In Egypt, the CLDP works to improve customs, sustainable public procurement, methane reduction, and food safety.

Customs and Taxation

28 Sep

Session examines tax law updates

On Sept. 28, AmCham's Customs and Taxation Committee hosted a session titled "Egyptian Tax Authority: Latest Updates and Developments." Guest speaker Mokhtar Tawfik, head of the Egyptian Tax Authority (ETA), discussed the ETA's achievements, plans, automation efforts, and enhancing compliance and dispute settlement.

The Ministry of Finance cooperates with the private sector in studying their concerns and considering their proposals and recommendations to develop a framework of action. The ETA will witness significant developments in the coming period that will require the help of the private sector in encouraging the collection of taxes and integration of the informal sector into the formal system.

The government will not resort to a further increase in tax rates but will exert maximum effort in urging every citizen and company to pay their fair share, said Tawfik. Government officials said in January and again in April that the Ministry of Finance will take further action to link all companies to the electronic invoice system.

Tawfik requested the help of large corporations in encouraging others to abide by the law, indicating large companies must follow the government's regulations and not deal with those not bound by the electronic invoice system.

He said the ETA would launch awareness campaigns and address various unions, federations, and entities to raise awareness of the importance of the e-invoicing system. In addition, the ETA will not only provide companies with channels of communication but offer technical assistance and training sessions.

Membership Type:
Associate Resident

BUILDING MATERIALS

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Tarek Youssef
CEO

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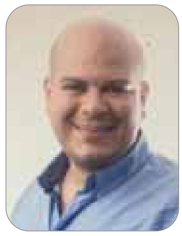

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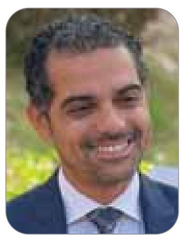

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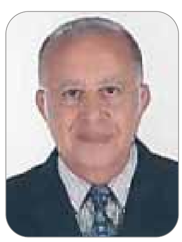

Membership Type:
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TEXTILES

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REAL ESTATE

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Senior Manager, PwC

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Corrado Foschi
Chairman of the Board of Directors, Younexa Egypt for Frits and Glazes SAE

Construction Engineering Services
Sarah Elsayyad
Marketing Associate, Hassan Allam Holding

Education/Research and Professional Development
Ahmed Sherif
Director External Funds Accounting, The American University in Cairo

Financial Sector
Mostafa Gad
Head of Investment Banking, EFG Hermes Holdings, SAE

Ihab Rizk
CHRO and Investment Director Education Food and Agriculture, The Sovereign Fund of Egypt

Hospitality/Tourism/Travel
Inas Fouad
Director of Sales, Cairo Marriott Hotel

Information & Communication Technology
Doaa Mahmoud
IBM Project Manager, IBM

Petroleum
Ibrahim Hamdy
Chief Financial Officer, Carbon Holdings - Egypt Hydrocarbon Corporation

Tarek Zener
Chief Executive Officer, Intro Group

Pharmaceuticals
Youssry ElHowary
Professor of Spine and Orthopedics, Alameda Healthcare

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Amr Nasr
Country Public Affairs Head, Novartis Pharma SAE Company SAE.

Hamada Abdelhamid
Managing Director, Cleopatra Hospital Group

Power and Renewable Energy Services

Ahmed Saleh
Business Director for Honeywell Building Technology North Africa, Honeywell Egypt

Food & Beverages

Heba ElBazz
Regional Senior HR Business Partner Middle East and Africa, MARS North Africa and Levant

NEW REPLACEMENTS IN MEMBER COMPANIES

Kamel Abdallah
CEO, Canal Sugar
Category: Associate Resident
Sector: Agriculture

Dina Ghanem
Group Director- Human Capital, Samcrete Egypt Engineers & Contractors, SAE
Category: Affiliate
Sector: Construction Engineering Services

Ghada Kandil
Chief Director, BNY Mellon
Category: General
Sector: Financial Sector

Ahmed Khaled Sakr
Breadfast Coffee Head, Breadfast LLC
Category: Affiliate
Sector: Food & Beverages

Shams Eweis
Corporate Affairs Manager, MARS North Africa and Levant
Category: Affiliate
Sector: Food & Beverages

Mohamed Elmahdy
Director of Data Science, Raisa Egypt, LLC
Category: General
Sector: Information & Communication Technology

Youssef Abouseif
General Manager, Uber Technologies Egypt LLC (UTE)
Category: General
Sector: Information & Communication Technology

Amr Salah
Regional Director for North Africa and Levant (NALE) Region, VMware,
Category: General
Sector: Information & Communication Technology

Mohamed Tawakol
Operations Director, National Transport & Overseas Services Co. (NOSCO)
Category: Associate Resident
Sector: Transportation

Change in Member Company

Nevine Ahmed Abdelkhalek
Dean os School of Continuing Education, Nile University
Category: Affiliate
Sector: Education/Research and Professional Development

CONDOLENCES

On behalf of AmCham Egypt's members, Board of Governors and staff, we extend our deepest condolences to the family and friends of Mr. Mohamed Shawki.

Mohamed Shawki,
Chairman, Melco-Mec Egypt for Elevators & Escalators, SAE, joined the Chamber in 2002 and was active in representing the Construction Engineering Services sector.

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

EXCLUSIVE OFFERS

Aramex International Egypt

Special offer on Shop & Ship Membership & a 30% Discount on all Personal Domestic Services and a 20% discount on the international cash rates.
"Shop & Ship" are an international shipping service that allows you to shop from the US, the UK, China, Turkey, UAE, India, South Africa, Hong Kong, Germany, Italy, Spain, France, Singapore, Canada and Malaysia and then we deliver it to you with the best rates."
Membership fee for AmCham member will be only $5 instead of $45.

Discounts will be granted for 2022 membership card

For more information, please contact:
Shop & Ship: Sara Khalil
Short No.16996
Email: SaraK@aramex.com

Please visit AmCham Cyberlink on http://www.amcham.org.eg/ for more information on AmCham benefits

This offer is valid until December 31, 2022

Baron Hotels & Resorts

Baron Hotels & Resorts has the pleasure to offer a 15% Discount on Online Accommodation Rates, to AmCham members.

The offer is applicable on Baron Palace Sahl Hasheesh, Baron Resort Sharm El Sheikh, Baron Palms Sharm El Sheikh and Baron Cairo.

Discounts will be granted for AmCham members upon presenting their AmCham 2022 membership card

For more information, please contact:
For the reservations in Baron Palace Sahl Hasheesh and Baron Resort Sharm El Sheikh): Emad Fathy
Tel: (20-2) 2241-9206/207 Ext: 225/ 286/ 117; 2414-0929; 2290-1836
For the reservations in Baron Hotel Heliopolis, Cairo:
Abdalla Hussein
Tel: (20-2) 2291-5757
Emails: reservation@baronhotels.com; reservation@baron-sharm.com; reservation@baronpalacesahlhasheesh.com; reservation@baroncairo.com

Please visit AmCham Cyberlink on http://www.amcham.org.eg/ cyberlink for more information on AmCham benefits

This offer is valid until December 31, 2022

Conrad Cairo Hotel

Is pleased to extend its offer of 10% discount on room rates, 50% discount on car parking in addition to 20% discount on Food & Beverages in the below restaurants:
- Solana's unique Friday Brunch
- Kamala, Asian Bar and Dining Restaurant
-Oak Grill
- Jayda Nile Terrace, on Thursday & Friday
- Stage One Bar & Lounge on Weekends
* Discount is not applicable on public holidays, special occasions, Christmas and New Year's Eve
* Discount is not applicable on alcoholic beverages

Discounts will be granted for AmCham members upon presenting their AmCham 2022 membership card

For more information, please contact:
Karim Nagy
Telephone: (20-2) 2580-8481 Reservation: 202 2580-8888
Email: dining.conradcairo@conradhotels.com

Please visit AmCham Cyberlink on http://www.amcham.org.eg/cyberlink for more information on AmCham benefits

This offer is valid until December 31, 2022

DHL Express

DHL Express is proud to offer all AmCham members an exclusive **30% discount on DHL published rates for outbound international shipping services, and a 15% discount on shipping cost with DHL MENA eShop** (To be used with AmCham Promo Code from AmCham Cyberlink).

N.B:
- The discount is not available for domestic shipping.
- The discount is not to be used in conjunction with other promotions from DHL.
- Pick up service is now available.

Discounts will be granted for AmCham members upon presenting their AmCham 2022 membership card

For further information about the nearest **DHL location** visit our website **http://www.dhlegypt.com/en.html** or call **DHL hotline** 16345

Please visit AmCham Cyberlink on http://www.amcham.org.eg/cyberlink for more information on AmCham benefits

This offer is valid until December 31, 2022

Egyptair

Egyptair is pleased to extend the protocol agreement for the year 2022-2023. This agreement entitles all AmCham members and their first degree family members to a special preferential reductions on Egyptair INTERNATIONAL flights ONLY.
Up to 16% Discount over Egyptair's special fares, depending on the booking class.
2% Additional Discount on New York & Washington flights

**This deal is applicable on trips from and to Egypt.*
**All discounts are not applicable to Jeddah/ Al Madina during Hajj and Omra season during the months of Ragab, Shaaban & Ramadan.*

Discounts will be granted for AmCham members upon presenting their AmCham 2022 membership card

For more information, please contact:
Call Center from mobiles: 1717 / from land lines: 090070000
Contact: **Astra Travel**
Downtown Adly Branch:
Tel: 2390-6078/ 2392-7680 Tel: (20-2) 3333-2200
Fax: (20-2) 2391-1256
Zamalek Club Fence Branch:
Tel: (20-2) 3347-2027/ 3347-5193/ 3305-1431 Fax: (20-2) 3346-4501
Email: elzamalek@egyptair.com
Shobra Branch: Tel: (20-2) 2206-9071/3/5
Heliopolis Korba Branch: Tel: (20-2) 2418-3722

Please visit AmCham Cyberlink on http://www.amcham.org.eg/ for more information on AmCham benefits

This offer is valid until June 2023

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

Discounts will be granted for AmCham members upon presenting their AmCham 2022 membership card

For more information, please contact: **Samer Elhamy**
Tel: (20-2) 2754-4974/ 94/ Mobile: (20-10) 6210-1998
Emails: info@unitedsons.org

Please visit AmCham Cyberlink on http://www.amcham.org.eg/cyberlink for more information on AmCham benefits

This offer is valid until December 31, 2022

A Glance At The Press

The world right now

Small bottle: "The pandemic."

Big bottle: "Cost of living crisis."

Al-Masry Al-Youm, Oct.16

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.

Hawass mobilizes to retrieve artifacts

Renowned Egyptologist and former minister of antiquities Zahi Hawass has published an international petition on his website and Instagram account on Change.org calling for the return of the Rosetta Stone from the British Museum in London and the Dendera Zodiac from the Louvre in Paris.

"It was planned to ask for these two pieces in 2011, but circumstances at that time impeded their immediate return," Hawass said, adding that the two pieces were stolen. "Returning these two iconic artifacts to Egypt would be an important acknowledgment of the commitment of Western museums to decolonize their collections and make reparations for the past."

In the petition, he called on the international community to demand repatriation. "We need to show that the world knows these objects belong to Egypt," the petition read.

In 2005, as secretary-general of the Supreme Council of Antiquities, Hawass said at a meeting of the Intergovernmental Committee for Promoting the Return of Cultural Property to its Countries of Origin, held at the U.N. cultural agency UNESCO in Paris, that Egypt had been deprived of five essential items of the country's cultural heritage.

The Rosetta Stone was discovered in 1799 in the Nile Delta town of Rosetta by Napoleon's soldiers. In 1801, the French surrendered to Britain, and the stone fell into British hands, who sent it to London. The following year, it was presented to the British Museum, where it is still the most popular exhibit.

Dating from 196 BCE, the stone is inscribed with a royal decree of Ptolemy V in three scripts, hieroglyphic, demotic, and ancient Greek. In 1822, French scholar Jean-François Champollion made a breakthrough in deciphering hieroglyphics. As a result, two modern inscriptions on the stone now record critical moments in its modern history — "Captured in Egypt by the British Army in 1801" and "Presented by King George III."

Hawass said the loss of the Dendera Temple zodiac ceiling to the Louvre was felt not only for its artistic value but also because it demonstrates astrology's debt to the ancient Egyptians.

When the Frenchman Sebastien saw the zodiac ceiling, he decided such a remarkable piece should belong to France. But, because he did not want others to hear of his plan, Saulnier said he was excavating at Thebes, where he bought some mummies and antiquities to cover his tracks.

Ahram Online, Oct. 19

Scholarships for aspiring comedians

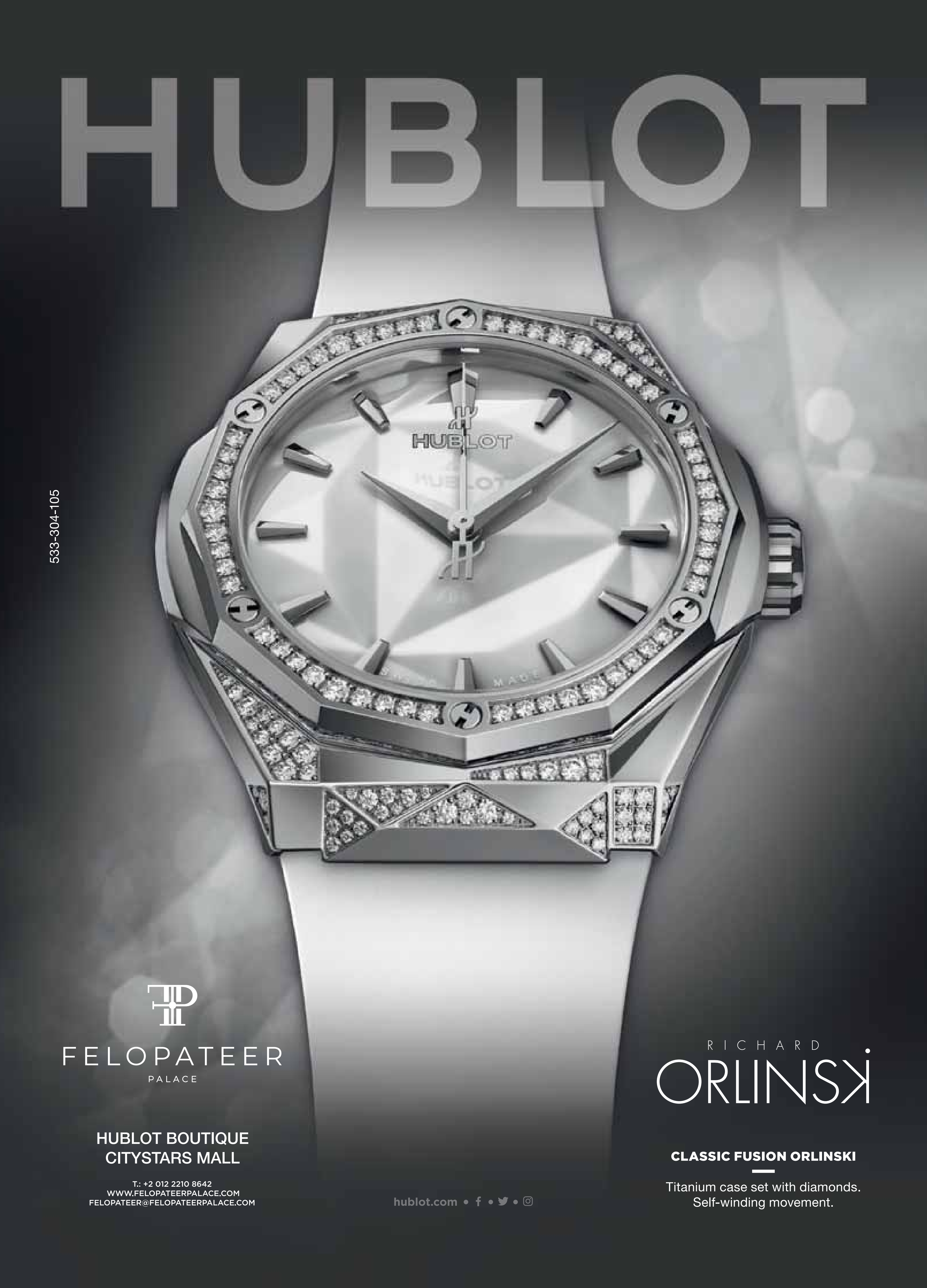
Egypt prides itself on its comedy, which came to life with the rise of films such as "Asal Eswed" (Bittersweet) in 2010, "Al-Nazer" (The Principle) in 2000, and "Esha'et Hob" (Rumor of Love) in 1961.

As Egypt's creative industry evolves, so does its sense of humor. Today, standup comedy is on the rise.

To support this creative boom, valU, the MENA region's leading "buy now, pay later" fintech platform, and Al Hezb El Comedy, Egypt's first platform for standup comedians, are partnering to provide young performers scholarships for a standup comedy class.

The collaboration is the first-of-its-kind partnership to support up-and-coming comedians, providing both a life-changing opportunity and a means to grow Egypt's comedic and creative industry. In addition, the unique program offers scholarships to 10 talented youths selected through an online competition.

Egyptian Streets, Oct. 12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