Business monthly

THE JOURNAL OF THE AMERICAN CHAMBER OF COMMERCE IN EGYPT

September2024

NOT FOR SALE

MADE IN EGYPT STRAWBERRY EXPORTS VS. GEOPOLITICAL TENSIONS

BEYOND A BANK:
ATTIJARIWAFA BANK GROUP CEMENTS ITS POSITION AS A PILLAR TO AFRICAN ECONOMIES

On June 27th and 28th, under the High Patronage of His Majesty King Mohammed VI, Attijariwafa bank Group held the 2024 International Africa Development Forum with the support of the pan-African investment fund Al Mada Group, under the theme "Here, We Invest", through Attijariwafa bank's Africa Development Club.

This Forum gathered over 2,200 business leaders and political decision-makers from 30 countries and aimed at fostering network opportunities and supporting strategic projects. It has become a cornerstone for African economic operators, offering recommendations to governors.

The inaugural ceremony witnessed speeches by Mr. Mohamed El Kettani, Chairman and CEO of Attijariwafa bank Group, Mr. Hassan Ouriagli, Chairman and CEO of Al Mada Group, H.E. Mr. Ryad Mezzour, Moroccan Minister of Industry and Trade, H.E. Mr. Wamkele Mene, Secretary General of the African Continental Free Trade Agreement, H.E. Mr. Siandou Fofana, Côte d'Ivoire's Minister of Tourism and Leisure and Mrs. Mouna Kadiri, Director of Africa Development Club, in addition to plenary sessions discussing eminent topics aiming to promote trade & regional integration.

It marked a significant annual gathering, emphasizing the collaboration between Attijariwafa bank Group and the broader business community to promote social solidarity and economic development across the continent.

Now in its 7th edition, the Forum has solidified its position as a pivotal platform for trade, investment, and intra-African cooperation, illustrating a commitment to actionable and unified plans addressing global and African challenges.

The Forum has attracted African and international professionals from 40 countries throughout its history. It is a continuous testament to the significance of facilitating meaningful collaboration and partnership in the African private sector.

This year, it achieved a record in collaborations between the Group and its partners, underscoring the event's ongoing success and impact.

TRADE WITH AFRICA

During the Forum, Attijariwafa bank Group and the African Continental Free Trade Area (AfCFTA) Secretariat culminated their collaborative endeavors by signing a Memorandum of Understanding (MoU).

This ambitious agreement is poised to enhance the effects of the AfCFTA, streamlining trade and investment across the continent for accelerated economic advancement. Mohamed El Kettani, Attijariwafa bank Group Chairman and CEO and H.E. Wamkele Mene, the Secretary-General of the AfCFTA Secretariat propelled the initiative.

The MoU underscores a shared commitment to leveraging mutual resources to support and realize key projects in vital sectors, including infrastructure, energy, agriculture, agro-industry, automotive, pharmaceuticals, and transport and logistics. Central to this collaboration is the empowerment of African Trading Companies to boost intra-African trade.

The partnership leverages Attijariwafa bank Group's Africa Development Club as a premier platform for South-South exchange, benefiting the continent's entrepreneurial ecosystem.

The principles of cooperation outlined in the memorandum reflect a comprehensive alignment between both parties, focused on Elevating the visibility and accessibility of AfCFTA trade and investment prospects; active participation in mutual events, forums, and sector-specific missions facilitated by the Africa Development Club; engagement in the Sufawe initiative by the Africa Development Club, aimed at bolstering its programs; joint organization of webinars exploring AfCFTA opportunities in critical sectors; sharing and disseminating valuable market intelligence and reports pertinent to trade and investment in Africa.

Mene hailed the MoU as a pivotal step forward, highlighting the synergy between the AfCFTA Secretariat and the Attijariwafa bank Group in amplifying the impact of the African banking sector in identifying and capitalizing on cross-continental business opportunities, thereby significantly contributing to Africa's economic buoyancy.

El Kettani underscored the transformative potential of the AfCFTA in reshaping intra-African trade dynamics by removing trade barriers and fostering foreign direct investment. "As a staunch advocate for Pan-African economic growth and integration, the Attijariwafa bank Group is eager to drive forward this momentum. This collaboration is not merely a stride in our organizations' journeys but a golden opportunity to capitalize on our combined strengths."

STRENGTHENING MOROCCAN ECONOMY

Also at the Forum, Attijariwafa bank Group and the Moroccan Agency for Investment and Export Development (AMDIE) have sealed a partnership agreement to promote the Investment Charter, provide support to investors in Morocco, and facilitate exportations.

This agreement is a response to the Royal High Instructions for establishing a more competitive investment charter and encouraging investments, particularly those from Moroccans living abroad (MLA).

Signed by Mr. Mohamed El Kettani and Ali Seddiki, Director-General of AMDIE, the agreement signifies the commitment of both entities to collaborate and support Moroccan residents, Moroccans living abroad, foreign investors, and exporters.

The collaboration is focused on several cooperation axes, including supporting investors in their projects, promoting exportation to strengthen Morocco's economic growth, and facilitating access to international markets for Moroccan companies.

El Kettani insisted that the partnership underscores the ongoing dedication of Attijariwafa bank Group and AMDIE to contribute to the national initiative aimed at promoting and supporting private investments, both domestic and foreign, and efforts to enhance export activities.

EGYPT PARTICIPATION AT INTERNATIONAL AFRICA DEVELOPMENT FORUM

The forum saw active participation from Attijariwafa bank Egypt's top management, including the Managing Director, Deputy Managing Director, and key senior executives. The Egyptian delegation also featured top customers, VIPs and media representatives. Attijariwafa bank Egypt successfully on-boarded 131 companies & 184 customers during the forum.

This year, the Investment Marketplace hosted an exceptional delegation from 11 African countries, including Egypt. This space is dedicated to promote investment in the Continent, allowing the countries to present their ambitious national development plans, and showcase their investment opportunities with the aim of stimulating economic growth and foreign direct investment (FDI). Worthy to mention, a distinguished delegation from Egypt's General Authority for Investment and Free Zones (GAFI) was present at the Egyptian booth in the investment market space

ENGAGING IN COOPERATION WITH EGYPT

Also during the Forum, El Kettani alongside Yahya El Wathek Bellah, First Undersecretary and Head of the Egyptian Commercial Service Office, officially signed a Protocol Agreement between Attijariwafa bank Group and the Egyptian Ministry of Trade & Industry.

This strategic alliance is set to bolster Egyptian economic operators by facilitating the development of their trading ventures and investments across African nations where Attijariwafa bank Group holds a strong presence.

IGNITING INNOVATION

The Young Entrepreneurs Awards ceremony organized by the Al Mada Foundation marked a notable highlight of the 2024 International Africa Development Forum.

This initiative underscores the Foundation's aim to position these emerging talents as beacons of inspiration for African youth. The awards unveiled four remarkable entrepreneurial feats: Congo Plast clinched first prize, receiving MAD 250,000. This Congolese venture excels in advanced technological approaches to plastic waste collection and recycling.

Deepecho, steered by Youssef Bouyakhf, secured the second prize of MAD 200,000. This Moroccan company pioneers the use of artificial intelligence to enhance prenatal diagnostics.

The third prize of MAD 100,000 was awarded to Innovative Clan, a Cameroonian initiative led by Ako Joelle Agborndang, dedicated to developing digital payment solutions tailored for the education sector.

Fourth place was Gaz-tech, a Congolese service led by Andress Bellina Loemba that provides disadvantaged families with a mobile payment solution for LPG gas, which received MAD 50,000.

Ouriagli lauded this initiative as a testament to the Al Mada fund's unwavering commitment to nurturing entrepreneurship.

He emphasized that inclusion and entrepreneurial support resonate at the core of their endeavors through both investments and the foundational work of Al Mada.

In his concluding remarks, Ouriagli heartened the African youth, acknowledging their talent, passion, and diligence.

He urged them towards entrepreneurship -- a journey he deems the beacon of prospects, laden with challenges yet rich with opportunities for sustainable and inclusive growth across Africa.

UNPRECEDENTED SUCCESS

As a pivotal event for economic and trade exchanges in Africa, the 2024 edition of the Forum exceeded all expectations, bringing together more than 2,200 economic actors, institutions, and government officials from 30 African countries to discuss the challenges and opportunities related to the continent's development.

The Forum strengthened existing relationships and opened new avenues for cooperation and growth in Africa, resulting in at least 6,000 business meetings.

In his closing speech, Mr. El Kettani expressed his pride in the record number of participants: "More than 2,200 economic actors have left their mark on this forum, which makes us extremely proud and even happier with the exceptional commitment of all participants in the 2024 edition."

This overwhelming presence obliges us to redouble our efforts to make this African platform accessible to as many beneficiaries as possible at a time when the mobilization of Africans for their continent is more deeply rooted in our DNA than ever before.

Regarding the B2B meetings, Mr. El Kettani stated, "This enthusiasm and thirst for entrepreneurship make us extremely proud, as it testifies to the dynamism we have witnessed since the beginning of this Forum."

NAVIGATING LEGAL COMPLEXITIES WITH
TAWFIK & PARTNERS

Tawfik & Partners Law Firm

AHMED TAWFIK

FORMER CHIEF PROSECUTOR, PRESIDING JUDGE AND JUDICIAL OFFICER WITH THE UNITEDNATIONS, IN AFGHANISTAN

At Tawfik & Partners, we are committed to understanding and meeting our clients' unique legal needs. As a leading law firm in Egypt, we provide comprehensive legal solutions across various practice areas, ensuring our clients receive the attention and care they deserve.

With a team of experienced and dedicated legal professionals, Tawfik & Partners is distinguished by its unwavering commitment to excellence. Our firm is well-regarded for its ability to provide top-notch legal services to a diverse clientele, including prominent organizations and institutions such as the Italian Embassy in Egypt, Wadi Degla Real Estate Development Company, Al-Rateem Group for Development and Urbanization, Smart Village, Must University, IBIS & Concordia Schools and many others.

Our professional associations and memberships include the Egyptian Bar Association, the American Chamber of Commerce, the International Association of Public Prosecutors in The Hague, and the Egyptian Jackie's Club. These affiliations reflect our commitment to maintaining the highest standards of legal practice and staying connected with the global legal community.

Counsellor Ahmed Tawfik, a former chief prosecutor, presiding judge, and judicial officer with the United Nations in Afghanistan, is at the helm of Tawfik & Partners. Tawfik is a seasoned legal professional and a devoted academic, lecturing at various universities in Egypt and Europe.

His extensive experience includes drafting laws and legislation, particularly in Afghanistan, where he was a member of the legislation committee as part of the UN delegation. Tawfik has also served in the legislative department of the Egyptian Ministry of Justice. With over 32 years of legal experience, he specializes in white-collar crimes and complex commercial economic disputes that have garnered public attention in Egypt.

He is renowned for handling investment and commercial agent conflicts, representing major manufacturers and developers in their business and financial transactions in Egypt and globally. Tawfik represents clients before different courts and arbitration panels and handles transactions with governmental entities and institutions. Esteemed companies such as Wadi Degla Holding, Smart Villages, and the Italian Embassy in Cairo rely on Tawfik as their legal advisor.

Tawfik is proficient in multiple languages, including Arabic, English, French, and Persian, enabling him to effectively communicate and serve a diverse clientele. His contributions to the legal field include various publications, such as "The Concept of Crime in the Afghan Criminal Justice System: The Paradox Between Secular, Tradition, and Islamic Law" and "Gender, Islam, and Judgeship in Egypt." His impressive educational background includes an LL.B. and B.A. from the Policy Academy in Egypt, a Diploma in Commercial and International Arbitration from the Faculty of Law, Cairo University, a Diploma in Financial Markets and Stock Exchange from Harvard University, an LL.M. specializing in International and European Economic Law from the University of Paris (Sorbonne), and a PhD in Law from Leiden School of Law, Leiden University, The Netherlands.

At Tawfik & Partners, we are committed to providing our clients with the highest level of legal expertise and personalized service. Trust us to be your legal partner in navigating the complexities of the legal landscape in Egypt and beyond.

Business monthly

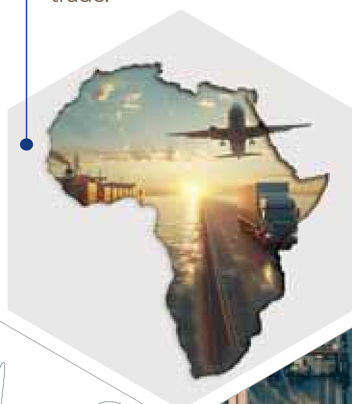
September 2024
VOLUME 41 | ISSUE 9

Cover Design:
Nessim N. Hanna

Regional Focus

Cover Story

Op-Ed



In Depth

Market Watch

The Newsroom

The Chamber

Media Lite

Special Topics

American Chamber of Commerce in Egypt

The Leading Private Sector Platform

EXCLUSIVE OFFERS
For AmCham Members

Automotive | Education/Research and Professional Development | Hospitality/Tourism/Travel | Information & Communication Technology | Real Estate | Retail | Transportation

SCAN THE CODE for instant access to AmCham Egypt's *Gateway* to **special offers and promotions**

FOREIGN RELATIONS

International trade has always been the backbone of Egypt's economy. The reliance on imported food commodities like wheat and corn to meet local demand and the dependence on exports to bring in enough foreign currency to pay for the imports influence almost all economic and political decisions.

This month's cover story examines what Egypt needs to do to realize its potential as a regional trade hub.

Additionally, we highlight the most recent geopolitical updates causing partial blockage of the Red Sea's southern strait, which significantly hurts Suez Canal revenues. Lastly, we reveal how artificial intelligence impacts companies' and governments' trade and investment decisions.

Elsewhere in the issue, we look at the reasons and challenges preventing intra-African trade from reaching its full potential despite the presence of the African Continental Free Trade Agreement.

We also examine the future of sports investment in Egypt and consider how adapting relevant content to streaming platforms could transform the local sports landscape.

Additionally, we examine the International Energy Agency's July 2024 global electricity update and highlight how linking the national grid to Europe could benefit Egypt.

Lastly, we reveal how top executives and CEOs can assess macroeconomic risks affecting their businesses and make the best decisions to avoid being burned by those risks.

Tamer Hafez
Managing Editor

Business monthly

Director of Publications & Research
Khaled F. Sewelam

Managing Editor
Tamer Hafez

Contributing Editor
Kate Durham

Consulting Editor
Bertil G. Peterson

Writers
Fatma Fouad
Rania Hassan

Digital Editor
Ola Noureldin

Creative Manager
Nessim N. Hanna

Graphic Designer Team Leader
Marina Emad

Senior Graphic Designer
Monica Mokhles

Graphic Designers
Nourhan El Bakry
Naglaa Qady

Photographer
Said Abdelmessih

Production Supervisor
Hany Elias

Market Watch Analyst
Amr Hussein Elalfy

Chamber News Contacts
Dina El Mofty, Susanne Winkler,
Azza Sherif

Director of Business Development
Amany Kassem

Business Development Coordinators
Sara Amer
Malaka Mashhour
Omar Zain

U.S. address: 2101 L Street, NW Suite 800 • Washington, D.C. 20037
Please forward your comments or suggestions to the Egypt editorial office:
Business Monthly
American Chamber of Commerce in Egypt
33 Soliman Abaza Street, Dokki 12311 • Cairo • Egypt
Tel: (20-2) 3338-1050 • Fax: (20-2) 3338-0850
E-mail: publications@amcham.org.eg
www.amcham.org.eg/bmonthly

@BusinessMonthlyEg @BusinessMonthly @BusinessMonthly

American Chamber of Commerce in Egypt
Career Development Center - CDC

AMCHAM EGYPT 22ND EMPLOYMENT FAIR

MORE THAN A JOB FAIR

6-7 DECEMBER 2024 | NILE RITZ CARLTON

Motivational Talks

Job Opportunities

Career Coaching

CV Reviews

THE CAREER EXPO

Mock Interviews

Job Matching

Technical Seminars

BOLD STEPS FORWARD

We have some positive news for a change. The S&P Global Egypt Purchasing Managers' Index (PMI) is finally in growth territory, signifying more confidence in the private sector. The Central Bank of Egypt is finally in the black, an indication that concessionary finance is receding, and our International Monetary Fund (IMF) reviews are in order. The Egyptian Pound's value is fluctuating on a supply and demand basis, probably also related to the inflows and outflows of hot money.

More importantly, some long-awaited reforms championed by the Minister of Transport and Industry are moving forward. For one, industrial land allocation has been awarded to the Industrial Development Authority (IDA), a major correction that will help accelerate industrial investments. The ministry is also unifying inspections of factories under the umbrella of the IDA. In essence, the IDA is being reactivated after going dormant when the former Trade and Industry Minister Tarek Kabil left the Cabinet. Another promising sign is the reactivation of the 15%-interest industrial loans that were put on hold by the previous Cabinet.

And this is only the start. There is an elaborate laundry list of industrial reforms that are well under way. It is understood that the Minister of Investment and Foreign Trade and Minister of Finance are working diligently on the first batch of reform packages expected to be announced in September.

The question is, why now? These reform measures have been discussed over and over with the previous Cabinet all the way up to the Prime Minister level. Obviously, it takes the right person in the right place to take action. Even one man can make a difference.

I would say it's a sigh of relief, but we are still not out of the woods. The biting reforms called for by the IMF are still a long way from where they should be. Electricity and fuel prices are going to gradually and progressively rise. The government is considering substituting in-kind subsidies with conditional cash handouts – a touchy issue, to say the least. Still, one has to admit the country's leadership has guts, and we'll be seeing more of that sooner than later.

We can't ignore the fact the regional situation is volatile and not helping. Suez Canal traffic is down more than 60%. And after being a net exporter of natural gas a year ago, our bill for our energy imports is on the rise – an additional burden on the state budget.

All this sends a message that I believe is being well received by the decision makers: We must properly manage our numerous resources and prioritize our expenditures.

The government's main priorities should be to rebuild trust and confidence with existing investors and make sure that the economic file is not mismanaged as it has been time and again over the past decades. Confidence will rise when the current investors, both foreign and local, see their pending issues are being fixed, which will reassure them about the way forward.

For now, it is only fair to give the new Cabinet ministers the benefit of the doubt. In a few more months, we'll see more clarity about how serious this Cabinet is about walking the talk. The first signs are positive, so let's wait and see.

TAREK TAWFIK
President, AmCham Egypt

American Chamber of Commerce in Egypt

ANNUAL CORPORATE PARTNERS 2024

البنك العربي الأفريقي الدولي
arab african international bank

ADIB مصرف أبوظبي الإسلامي

amazon.eg

Apache

التجاري وفا بنك
Attijariwafa bank

بنك القاهرة
Banque du Caire

bp

Capgemini

Coca-Cola

Emirates NBD

e& etisalat and

ExxonMobil

gm

Saleh, Barsoum & Abdel Aziz
Grant Thornton

IBM

المشرق
mashreq

PEPSICO

Shell

VIATRIS

VISA

vodafone

WHITE & CASE

The **American Chamber of Commerce in Egypt** would like to thank its 2024 **Corporate Partners** for their generous support

THE NEWSROOM

200-MEGAWATT WIND FARM PLANNED FOR GULF OF SUEZ

Egyptian Electricity Transmission Co., the New and Renewable Energy Authority, and a consortium comprising Masdar and Infinity, two local clean energy generation companies, have signed an agreement to establish a 200-megawatt wind farm in the Gulf of Suez.

Masdar and Infinity will develop, finance, and run the project, which should begin operation in October 2026.

"These agreements are part of the government's plan to execute more targeted projects in the field of renewable energy to expand the generation of electricity from these sustainable sources and decrease dependence on traditional energy sources," said Prime Minister Mostafa Madbouly.

Earlier in August, Minister of Electricity and Renewable Energy Mahmoud Esmat said the ministry's goal is to add 30 gigawatts of renewable energy, which would save the treasury $4.1 billion annually in fuel prices.

SCZONE, TURKISH PARTNER, ANNOUNCE $40 MILLION APPAREL FACTORY

The General Authority for Suez Canal Economic Zone (SCZONE), in partnership with the Turkish group Eroğlu Global Holding, announced a $40 million garments project in West Qantara Industrial City.

According to SCZONE's statement, the project will focus on ready-made garments and is expected to begin operating in January. It will create 2,750 jobs.

The project's first phase will cover 64,000 square meters. The second phase is planned to expand the project to 400,000 square meters.

According to the statement, the project aligns with the government's strategy to localize industrial projects and attract FDI, with a focus on exporting abroad.

Waleid Gamal Eldien, the chairperson of the SCZone, emphasized the importance of Eroğlu Global Holding's investment, noting it is the first Turkish project in Qantara West. He underscored SCZone's dedication to enhancing and preparing adequate infrastructure in Qantara West to establish it as a prime industrial investment hub in Egypt.

"Qantara West offers unique advantages, including the availability of skilled technical labor and raw materials, making it an ideal location for the textile and apparel industry," said Eldien.

HAIER TO INVEST $50 MILLION IN EGYPT

Haier Egypt, a subsidiary of the Chinese home appliance giant Haier, is pursuing a $50 million investment to expand production and boost exports, according to Ahmed El-Gendy, the company's director in Egypt.

El-Gendy said the company hopes to start producing refrigerators and deep freezers at its recently opened factory complex in the 10th of Ramadan City by September 2025.

He added Haier Egypt invested $165 million in the first two phases of its factory complex and plans to pump $65 million into the third phase. The complex's first phase began operations in May 2023, with President Abdel Fattah el-Sisi attending the opening ceremony.

Egypt's appliance market is projected to generate $6.77 billion in revenue in 2024, with an expected annual growth rate of 9.32%, according to Statista, a data aggregator platform.

During the meeting with Haier Egypt, Prime Minister Mostafa Madbouly stressed the government's role in facilitating land allocation, licensing, and incentives for the company.

UK FIRM PLANS $7 BILLION PETROCHEMICAL PROJECT

The Ministry of Petroleum and Mineral Resources announced that Shard Capital, a UK-based wealth and asset manager, has proposed building a $7 billion petrochemical complex in the New Alamein Industrial Zone.

The project is part of the Egyptian Petrochemicals Holding Company's strategy to boost petrochemical production.

In a meeting with Shard Capital, Minister of Petroleum and Mineral Resources Karim Badawi emphasized his ministry's support for projects that enhance the value of Egypt's oil and gas resources, especially those working in the petrochemical sector.

SINGAPOREAN OLAM TO RAISE INVESTMENT IN EGYPT TO $55 MILLION

Managing Director Prakash Jhanwe of Singaporean Olam, a food and agri-business company, said they plan to increase investments in Egypt by $22 million to reach $55 million. That is to take advantage of the available natural resources, qualified Egyptian labor, and advanced infrastructure.

Jhanwe addressed the importance of developing trade and investment between Egypt and Singapore. Attending the meeting were Singaporean Ambassador Dominic Goh; Hossam Heiba, CEO of the General Authority for Investment and Free Zones; and Investment and External Trade Minister Hassan ElKhatib.

The meeting highlighted the economic opportunities in both countries and ways of turning them into cooperation projects. Jhanwe praised Egypt's reforms, saying they have transformed the country into an attractive destination for investors.

The ambassador announced in September 2023 that Singapore's investments in Egypt exceeded $1 billion. According to the CBE, FDI inflows from Singapore amounted to $432.8 million, while FDI outflows from Egypt to Singapore totaled $31 million in 2023.

BUILDING A SPORTS ECONOMY

The government has modified the sports investments law and announced a new strategy for the sector through 2032. Will that be enough to allow Egypt to compete for the right to host the Olympics in 2036?

by **Tamer Hafez**

The government has ambitious goals for building the sports industry in the coming 12 years. "Egypt [is] preparing to table a proposal to the International Olympic Committee for the 2036 games."

Competing for the right to host the Summer Olympic Games would cost "a pretty penny" to build the necessary infrastructure and facilities to accommodate athletes and millions of visitors. The BBC reported nearly 15.3 million people entered host nation France this summer to watch the games live. According to Market Watch, an economic platform, the country spent about $8.2 billion preparing the country for the tournament.

To secure sufficient investments for Egypt to compete for the right to host the 2036 Olympics, the government has reformed the sports investment law to allow the private sector to invest in the industry for the first time and launched a strategy through 2032.

In addition to the challenge of securing investments, the government faces rising competition from cash-rich GCC countries, especially Saudi Arabia, which is investing heavily in sports. Additionally, local sports coverage and shows need to evolve to attract viewership on streaming platforms beyond mirroring their cable programming on YouTube.

New law

The government took its first steps to develop the local sports industry in 2017 when it introduced a heavily revised sports law to replace the 1975 one.

The modified legislation allows the creation of limited-liability corporations in Egypt that own and manage sports teams and clubs. Pre-2017, sports clubs had to comply with the 2002 Civil Organizations Law, which allowed only local individuals to own and operate a sports club. They could only establish a board of trustees composed of members representing themselves, not their corporations.

The 2017 law allows private-sector investors and corporations to establish "specialized sports clubs, health and fitness clubs, [and] sports teams financed by corporations based in Egypt, regardless of their original nationality," the transcript said. It also allows sports investors to build or finance specialized facilities, develop and air sports-related marketing material, establish a licensed sports media outlet, and work with tourism companies to organize sports events.

The modified regulation also allows corporate owners to select the financing model for their projects and incentivizes sports investors to build infrastructure as they see fit.

The law also allows sports companies to list all or part of their shares on the stock exchange or in a private listing. However, that move would deprive them of several incentives in Entry 9 of the 2017 law, such as exemptions from paying real estate tax, various registration and licensing fees, and customs for imported equipment used in the sports establishment.

Additionally, listed sports companies must pay the entertainment tax when selling game tickets.

Lastly, listed sports establishments would not be eligible for a 75% discount on their water and electricity bills and a 50% to 66% deduction when using government-owned transport facilities and state-owned carriers.

The law includes additional restrictions. First, sports companies applying for a license can't operate in any other sector. They can only establish sports clubs, build or manage sports stadiums or pools, open and operate health and fitness clubs, or operate sports academies.

The 2017 regulation retains Ministry of Youth and Sports "supervision rights" over sports clubs established by corporate investors to ensure compliance with local laws. One such example is sports betting, which is thriving in non-Muslim and some Muslim nations, but remains outlawed in Egypt.

The other restriction is privately owned sports establishments must comply with global conventions governing sports investment and activities, which the 2017 Egyptian law doesn't address.

Research from Ra Center for Strategic Studies, a local think tank, said, "The 2017 law aims to balance the empowerment of the government as a sports regulator while ensuring independence for private-sector funded and managed sports activities and facilities."

New strategy

In 2022, the Ministry of Youth and Sports announced a new sports investment strategy through 2032. Minister Ashraf Sobhy told the media the private sector already accounts for 21% of Egypt's sports investments.

"The private sector is mainly focusing on construction, real estate development and contracting of sports facilities on behalf of the government," said Sobhy. "We aim to have [them] invest in developing sports clubs and complexes to host international events as well as improving low-key facilities like youth clubs targeting the less privileged athletes."

One of the first steps to realize the 2032 strategy was creating a state-owned company that links corporate sponsors with amateur athletes. "The idea is that all athletes are 'managed with the private sector,' giving them equal access to trainers, psych-doctors, dietitians, and other health and education facilities," the sports ministry's statement said.

The ministry also created a specialized medical company to treat and develop treatments for athletes and equip hospitals to treat their injuries. It also established a maintenance services company to maintain, manage and develop local sports facilities.

New money

Government efforts to attract private sports investments come amid a noticeable shift in how people watch sports. That change was evident during this year's Olympics. "A third of viewers of the Paris games will watch not via broadcast, but online streaming," The Economist said in July. "In some ... countries, streaming will be the main way ... young audiences tune in."

That transition aligns with the changes impacting entertainment viewership worldwide. "The TV business has been turned upside down in the past five years by the migration of viewers from broadcast and cable to streaming," The Economist said. "Big media firms ... yanked their best shows from cable and put them online to attract subscribers."

That transition was evident for Egypt-based viewers when Disney revoked the rights to broadcast its content on OSN, a paid cable service in the country, transferring it to its streaming Disney+ platform.

Meanwhile, Watch It and Shahid platforms have streaming-exclusive content, including Egyptian movies, series, cartoons and documentaries. Additionally, their entire catalog of cable content is available on their platforms.

However, local sports content lags. Government-owned free cable channel ONTime Sports is the only outlet authorized to air live local sports events. It mirrors its content on YouTube, cutting up chunks of its programming and games into short video segments as well as streaming games live.

That generic streaming strategy is missing out on significant potential revenue by not increasing engagement with young audiences. "Streaming services need to prioritize user experience, innovative content delivery and ensure robust technological infrastructure," Paul Myers, head of EMEA at Brightcove, a streaming platform developer, told Broadcast, a U.K. news platform, in July.

Innovations include offering exclusive content alongside matches and post- and pre-match analysis, Myers said. Such material must be compelling, insightful and unique, with high quality production, for existing streaming platforms to pay for the right to air that content or for the cable channel to find sufficient financial feasibility to develop its own streaming platform.

A case in point is Netflix's 2019 Drive to Survive, an ongoing documentary about behind-the-scenes developments and political power plays during every Formula 1 season. "Years ago, when you went [to Formula 1 races], people were hardcore racing car enthusiasts, and now it's like people just like the vibe of Formula 1... the entertainment factor," Guenther Steiner, then principal of the MoneyGram Haas team, told GQ in March, commenting on the show's popularity.

That success is despite Netflix not having the rights to stream races live or even put them on the platform after they end.

Instead, the show's popularity comes from how it covers the sport's technical and human behind-the-scenes aspects to satisfy informed fans and casual viewers alike. "Our sport is drivers with gloves and a helmet inside the car. You don't know anything [about them or what they do]. So the way to be attractive is to show behind the scenes, in a sort of narrative way," says Stefano Domenicali, F1's chief executive.

Regional competition

Another obstacle facing Egypt's attempts to attract sports investment is increasingly stiff competition from GCC countries. In August 2023, Control Risks, a consultancy, noted that GCC nations "have made several high-profile investments in international sports."

They see the opportunity to generate revenue from "rising global interest in international sport a-nd associated broadcasting and merchandising opportunities," Control Risks explained. “[Additionally,] external and internal investment in sport and entertainment will continue to support [their] domestic economic diversification plans.”

GCC nations' focus is naturally on football, the world's most popular sport, in addition to sports popular in the United States. Their strategy is to either buy minority stakes in international sports organizations or attract top-tier talent to their local clubs.

In June 2023, the Qatar Investment Authority purchased a 5% stake — paying over $4 billion — in the parent company of the Washington Wizards basketball team, Washington Capitals hockey team and Washington Mystics women's basketball team.

The decision followed the country organizing the most profitable men's Football World Cup. FIFA, football's regulator, earned a "record $7.5 billion in ... commercial deals tied to the [event]," AP reported in November 2022.

In June 2023, Saudi Arabia announced that LIV Golf, a professional men's tour backed by the Saudi Public Investment Fund (PIF), merged with the PGA Tour, the US organizer of men's professional golf tournaments. "The two entities signed an agreement that would combine the PGA Tour's and LIV Golf's commercial businesses and rights into -a new ... for-profit company," reported David Faber, a journalist for CNBC. "PIF is prepared to invest billions of new capital into the new entity."

Saudi Arabia also has invested heavily in football, paying significant amounts for top talent to play in the local league. According to Sportico, a football stats platform, the three most expensive players in the European football leagues saw their annual salaries increase from between $19 million and $35 million in Europe to $110 million to $218 million in Saudi Arabia.

Sportico noted that other GCC states have invested in international football clubs. "Governments across the Gulf have bought up stakes in various European football clubs in recent years." One of the most prominent deals was the UAE royal family buying UK-based Manchester City. "Meanwhile, footballer Lionel Messi has signed a contract with Saudi Arabia's tourist board to promote tourism in the Kingdom," Sportico added.

PIF is "reportedly in talks with [The Association of Tennis Professionals] to ... expand the events calendar to new markets," report Control Risks.

Meanwhile, publicly listed Saudi Aramco, the world's biggest oil company, has had sponsorship deals in Formula 1 since 2020, while Qatar Airways entered the sport as a sponsor in 2022.

"These developments are not just deepening the familiarity of sports fans with the Gulf region ... but disrupting the sports themselves," Control Risks' paper noted. That is creating a global buzz for the region as "many fans are keen to see what new opportunities these investments will bring."

To cope with the fast-paced growth of sports investment in the GCC, Egypt needs to "transform sports ... into a real industry," Mohamed Morgan, chairman of Estadat, the state-owned firm developing local sports facilities, told Ahram, the national newspaper. "It needs to be managed by a professional investment mindset, as we have seen that sports are no longer just for entertainment. It is fertile ground for investment and part of the backbone to create an investment-driven economy for future generations."

THE MUCH-NEEDED INVESTMENTS IN PRESERVING CULTURAL HERITAGE

By **Ziad Bahaa Eldin**

We Egyptians always think of our cultural heritage as a major asset, an advantage that few other countries enjoy on our scale, and a potential source of tourism and wealth that remains largely untapped.

Well guess what - the bad news is that nothing comes for free, and that the sheer number, scale and diversity of our cultural heritage sites requires a lot of resources to simply maintain and preserve, let alone open to tourists. And with the continuously rising prices of building material, and skilled labor, specialized conservation has become an extremely expensive proposition. Now if you imagine multiplying that cost by literally thousands of times - if we are to preserve, restore and open all our cultural heritage for display - the inevitable conclusion will be that our cultural heritage sites may be an unmatched asset from one angle, but a huge liability from another - and one which cannot be borne by the state alone.

The good news is that there is a way forward, and it is not so much "out of the box", in fact it is the most logical and straightforward idea. - Yes, it is, once more, private sector investment. I am not talking here about selling cultural heritage sites, nor privatizing assets. I'm talking about simply allowing specialized private investment to employ its resources, innovation, entrepreneurship and market skills to turning heritage sites into income and labor generating opportunities, all while availing the resources needed to restore, preserve, and maintain for posterity the heritage sites that are currently at risk.

"Adaptive use" is the term used to describe the commercial, legal, and regulatory set-up which permits a private investor to be granted the right to take hold of a heritage site, restore it, upgrade it, maintain it, and use it in a manner that is commercially viable, while remaining respectful of the architectural and historical integrity of the site. Whether such use is for a boutique hotel, exhibition hall, shops and outlets, music concerts, or corporate events, there is a "sweet spot" where investment and preservation become complimentary and not contradictory. This is not a new idea; in fact, it has been extensively applied in Morocco, Spain, Turkey, Greece, and elsewhere with resounding success to the growth of tourism, the creation of employment opportunities, and of course the preservation of heritage.

This has been the premise of an ongoing collaboration between the US and Egyptian governments throughout the past few years. One such project, funded by the USAID, focused on launching an experimental modality for cultural heritage adaptive use in eight sites around Historic Cairo and Luxor. Alongside site restoration efforts, the project's vision was essentially to design an integrated model for cultural tourism in Egypt – leveraging historic assets, active local communities and existing demand from both public and private sectors to create an enhanced tourist experience.

I had the pleasure of being involved in this project for more than a year. My role entailed proposing legal and regulatory frameworks, building on existing legal and regulatory frameworks, to ensure they are conducive to private sector engagement. Proposed reforms aimed to contribute to the establishment of a pilot model for integration, including preserving heritage assets, actively engaging the private sector, empowering local communities, and creating an enhanced tourist experience.

The key findings and proposals made were the following:

1.Enhance and modernize the contractual modalities used to grant private sector investors the rights to preserve and commercialize the eligible heritage sites,

2. Grant the Ministry of Tourism and Antiquities the rights to supervise and upgrade the neighborhoods adjacent to the sites,

3.Create a new funding mechanism that can support maintenance and renovation costs where international and local donors alike can direct some of their resources,

4.Empower the growth of NGOs that are able to bring about resources and efforts in promoting the heritage sites, and

5.Encourage the involvement of local communities in the preservation efforts as well as subsequent commercial and touristic activities, making them beneficiaries and stakeholders in their success.

And now that that project has come to a successful conclusion, I have to say that my biggest and most pleasant surprise was the amount of goodwill I have seen by all parties involved: private sector investors willing to risk their money and time for this noble cause, NGOs keen on preserving and showcasing our unique cultural heritage, and most importantly senior officials of the Supreme Council of Antiquities who are as adamant as ever to protect the heritage sites but also conscious of the financial resources needed to achieve this goal and willing to contemplate new ideas and innovative approaches as long as they do not compromise the integrity of the sites.

This was the beginning of a long but potentially very rewarding exercise, one which could avail the resources needed for preservation, create new job opportunities, open up closed sites, increase tourism, and, above all, turn potential liabilities into magnificent assets that would bring our heritage to the forefront. Tgoing US- Egyptian partnership, The continuous efforts under this partnership have set the foundation for potentially engaging partnership opportunities, presenting mutually beneficial value-added for both the public and private sector with more to be done moving forward.

NEW TRADE ORDER

The world's economies, politics and technology are changing like never before. For Egypt, that brings unprecedented opportunities as well as critical risks.

Opportunities will arise from making Egypt a regional trade hub, supported by significant changes in global dynamics as major economies rethink political relations with some of their biggest trading partners.

One of the biggest obstacles to realizing that vision is the fact the Red Sea and Suez Canal no longer represent the preferred trade route between Asia and Europe. Geopolitical tensions between Israel and Yemen's Houthi rebels put freights at risk of getting caught in the literal crossfire.

Meanwhile, artificial intelligence is influencing how companies assess trade opportunities, putting governments under pressure to find the best way to regulate the technology without fragmenting trade relations with top partners.

By **Tamer Hafez**

BUILDING A REGIONAL TRADE HUB

An IDSC report highlights the important factors it believes could make Egypt a center for trade.

With 3,000 kilometers of shoreline on the Mediterranean and Red Sea, a canal that has witnessed up to 12% of global trade traverse it, and a location that connects Europe, Asia, and Africa, Egypt has all the makings of a regional trade hub.

However, the country is not capitalizing on its full potential. It ranked 84th out of 88 nations in the International Trade Barrier 2023 report published by the Tholos Foundation, a U.S. educational nonprofit. The World Bank's Logistics Performance Index 2023 ranked Egypt 57th out of 138.

A report by the Information and Decision Support Center (IDSC) in September 2023 highlighted some factors that could enable Egypt to realize its full cross-border trade potential. At the core is the government's "comprehensive strategy to transform the country into a center for international trade and logistics," the IDSC said.

Local infrastructure

Last year, more than $105 billion worth of imported and exported goods moved through Egypt. According to the IDSC, the busiest local trade route was the Sokhna-Alexandria railway, which passes through several distribution hubs, including the 10th of Ramadan Dry Port, Greater Cairo Metropolitan Area (GCMA), and the industrial zone and dry port in Sixth October City.

Another busy route is the Arish-Taba railway, which connects "industrial areas in Sinai." The IDSC said it is part of an under-construction rail line that will eventually connect Al-Ferdan and Bir Al-Abd with Arish.

In the Delta region, the main commercial railway links Tanta, Mansoura and Dammietta, passing through New Damietta's dry port. The route mainly moves vegetables and fruits.

The Cairo-Alexandria logistics corridor passes through the dry ports of Sixth October City and 10 Ramadan City. Finally, there is the Gargoub-Salloum railway route.

The IDSC report said those major routes, as well as lesser-used ones, suffer from a lack of investment in trade-related facilities and services, making local transportation and logistics increasingly inefficient.

It calculated the financial cost of such inefficiencies at 20% of GDP, nearly double the global average. Meanwhile, low digitization means logistics and transport are still labor-intensive, "employing millions of workers, particularly those in informal work circles."

Another problem is most local modes of commercial transport use fossil fuels (diesel, mazut, natural gas) that "contribute heavily to local air pollution and [are] considered the second-largest and fastest-growing source of carbon emissions," the IDSC said. Also, rising fuel prices directly increase transportation costs.

Fixing transport

Revamping the local transport and logistics sectors started in 2014 with the announcement of a "comprehensive strategy [until 2030] to transform the country into a center for international trade and logistics," the IDSC report said.

The first component of the strategy is developing infrastructure, including roads, railways, ports (sea, river and dry), logistics, warehouses, and transport and cargo equipment.

The plan is "to achieve several comprehensive developmental logistics corridors [rail and river] connecting several types of production areas (industrial, agriculture, mining, [and] services)." Those channels would link to "seaports through clean, speedy and safe modes of transport," the report said.

Those infrastructure developments will mainly focus on Greater Cairo, "which accounts for about two-thirds of Egypt's GDP and half the country's jobs." The second priority region is Upper Egypt, which "accounts for a significant percentage of the population and share of agricultural production," the IDSC noted. Projects will mainly be "developing dry ports and logistics centers."

The government's strategy also includes capacity-building training courses focusing on developing better management skills and employee competencies, the IDSC said.

It will introduce regulatory reforms "for safe and punctual delivery goods at the right price, improvement of customs procedures, [digitization, and] effective administrative systems, etc." The plan also includes "enhancing the role of the General Authority for Land and Dry Ports in managing and controlling all logistics activities.

The Ministry of Transport also will facilitate access by private sector companies, particularly SMEs, to provide services for the transportation and logistics sectors.

It aims to upgrade existing "second-generation ports" — receiving only incoming and outgoing goods — to "fourth- or fifth-generation ports," the IDSC said. These ports integrate into supply chains and offer real-time data sharing and coordination with other parts of the network. Fifth-generation ports use artificial intelligence, incorporate eco-friendly technologies and are ultimately more digitally secure.

The strategy's second target is to build more logistics centers and transport channels to ease overcrowding, as those facilities have "reached their designated capacity, which inflicts many losses on the state ... because of the demurrages paid in hard currency to the shipping lines and ship owners."

Hitting the targets

The strategy's first phase, which concludes this year, focuses on "increasing the efficiency of [existing] ports and their hinterlands" through state-led investments, said the IDSC. That would be achieved by "developing transport networks, including roads, railways and inland water navigation. The goal is to ensure the smooth transport of people, raw materials and final products while amending the related legislation if necessary."

The second short-term target is "increasing the capacity of the main Egyptian commercial ports by [improving] the work environment of the customs system, regulation and clearance." The plan also targets simplifying navigation for arriving and departing freights and docking procedures, updating the equipment on berths and docks, and digitizing procedures.

The IDSC said the government's focus until 2030 will be "sustainable and green infrastructure simulating international standards." Achieving that requires "strategic partnerships with the best shipping lines and terminal operators willing to invest in Egypt's logistics development plan."

Another long-term target is merging "Egyptian logistics corridors ... into the global supply chains. Eventually, this will create integrated logistics corridors connecting the production areas (industrial, agricultural, mining, services) with the seaports and dry ports."

International ties

Being a signatory on international trade agreements is vital. "Egypt's accession to and endorsement of bilateral, trilateral and multinational agreements ... give it a tremendous competitive advantage from an economic and trading perspective," the IDSC said.

The report noted one important agreement is the Vienna Convention on Road Traffic, which Egypt signed in 1968. It "facilitates international road traffic [by] obligating signatory states to recognize the legality of vehicles from other signatory states."

That agreement is the foundation of the roll-on, roll-off system (RoRo), where loaded trucks from one country can "roll off" the freight once it arrives at a transit destination and drive directly (without any stoppages or inspections) to another local seaport, where it "rolls on" another cargo transporter.

Ship Universe, a specialized publication, says RoRo's advantages include "increased loading efficiency, lower labor costs, improved safety, enhanced cargo capacity and reduced environmental impact."

The IDSC noted other important agreements, including the Customs Convention on the International Transport of Goods, which Egypt signed in 2020. It unifies procedures for dealing with broken customs seals and damaged products.

Other international trade-related agreements include the European Agreement concerning the Work of Crews of Vehicles Engaged in International Road Transport, the Agreement on the International Carriage of Perishable Foodstuffs and on Special Equipment to be Used for such Carriage, and alternatives for dispute resolution.

The IDSC sees the government "aiming to magnify competitiveness with neighboring ports." That could increase domestic and foreign trade-related investments, ultimately "transforming Egypt into a global center for ... trade and logistics, regionally."

GLOBALIZATION UNDER THE GUN

The global trade system established in 1947 with the General Agreement on Tariffs and Trade and refined in 1995 with the World Trade Organization looks increasingly precarious.

Free cross-border trade has long fueled global economic growth. It also has significantly shortened recessions (when an economy's GDP shrinks in two consecutive quarters) and helped nations overcome supply and demand shocks. "Countries have become successful because they chose to participate in global trade, helping to attract the bulk of foreign direct investment in developing countries," the IMF said. "Over the past 20 years, the growth of world trade has averaged 6% per year, [nearly] twice as fast as world output."

The march toward lowering trade barriers took a U-turn in 2016. "We reject globalism and embrace the doctrine of patriotism," then-US President Donald Trump told the United Nations in 2018. "Aggressively pursuing a policy of globalization [resulted in] moving our jobs, our wealth and our factories ... overseas," he told the media in 2016.

Globalization took another hit after COVID-19, as governments and businesses suffered logistics bottlenecks when some countries lifted lockdown restrictions before others. "The economic turmoil caused by the pandemic has exposed many vulnerabilities in supply chains and raised doubts about globalization," Harvard Business Review said in 2020.

To protect their global operations, multinationals started remapping their manufacturing footprints to ensure suppliers and manufacturers are close to target markets (aka regionalization or localization).

"Deglobalization is still only a risk, not a current reality," a 2024 DHL report noted. Yet, governments and corporations should take note of increasing trade fragmentation. "Geopolitical threats and public policy shifts have led many to predict a fracturing of the world economy along geographic or geopolitical lines, or even a retreat from international to domestic business," the document added.

One world, still?

"Peak globalization happened ... around the time of the global financial crisis of 2008," said Larry Elliot, The Guardian's economic editor, in January. Research from The World Economic Forum in January found global trade and capital flows rose moderately between 2012 and 2022.

In 2023, the pace of global trade growth halved versus 2022, according to research from IMD, an academic institute. Reasons included "rising inflation, high interest rates and simmering geopolitical tensions." The DHL report estimated the "depth of global connectedness [was] 25% on a scale from 0% (no flows cross national borders) to 100% (borders and distance no longer matter at all)."

This year, the "connectedness index depth" level will likely fall below 25%. The report also forecasted that cross-border trade would drop by three-quarters of a percentage point in 2024. Meanwhile, information exchange would moderate, if not decrease slightly, reversing almost linear growth since 2001.

Conversely, DHL expects capital flows to rise from 27% in 2021 to over 30% by the end of this year.

Declining trade and information exchange coupled with more capital movement indicate multinationals are geographically diversifying their suppliers and manufacturing to reduce dependence on distant nations. "The ratio of trade between blocs to trade within blocs has been decreasing since the second half of 2020," said the DHL report. Cross-bloc trade went from 42% in 2020 to about 33% in 2023. The report expects further decreases in 2024.

Elections this year will also significantly shape globalization—positively and negatively. "Nearly 2 billion people living in some of the most important economies on Earth will vote [in 2024] in elections," said the IMD note. Elliott of The Guardian noted this "super-election cycle" comes as "Washington and Beijing are in a grim struggle for economic supremacy. [Meanwhile,] the gap between north and south [parts of the globe] is widening."

Growing protectionism

Countries ranging from wealthy advanced nations to small emerging economies are reassessing cross-border trade policies. Their primary goal is to curb foreign currency outflows by denying importers of nonessential goods access to dollars, ultimately lowering imports.

"A number of slow-burn trade policy pressures [have] come to the fore during 2024, [such as the] European Union's Carbon Border Adjustment Mechanism," said IMD. "This scheme will impose additional taxes on imports from outside the EU that cannot show they have paid enough charges for the carbon generated during a good's production."

According to IMD, the EU plans to further increase trade barriers by imposing new "regulations on sourcing products from areas with extensive deforestation and plans to impose extensive regulation on cross-border supply chains operating into and out of the European Union."

Meanwhile, the United States is decreasing its dependence on imports via "the Chips Act and Inflation Reduction Act," Eliott said. They are "examples of American determination to rebuild the industrial base through active government intervention." The US also is raising customs and fees, and even banning products from individual nations, such as China and Russia.

In response, other nations could retaliate by imposing additional fees on imports from the EU or US under any pretense. "Expect headline-grabbing standoffs," IMD said.

Geopolitics also can influence trade decisions. "Wars are now raging in two regions critical to the world's food and energy supply -- Eastern Europe and the Middle East," said the Brookings Institution.

That has resulted in a "sharp" increase in the number of policy measures restricting trade in 2023, Brookings added. "Trade restrictions and 'friend-shoring' and 'near-shoring' might seem like logical policy responses to national security concerns. However, such policies could postpone the rebound that is much needed in global trade."

On the ground, "some businesses in advanced economies [retreated] from global value chains and diverted investment instead to domestic or regional supply chains," Brookings said. "These trends bode ill for developing economies, for whom trade has been a key force for greater productivity and improved living standards."

Potential climate change disruptions are another reason "globalization is not dead, [but] fading," said Eliott of The Guardian. Like geopolitics, avoiding unexpected climate events requires short supply chains and manufacturing facilities close to target markets.

Warning signs?

Eliott assessed the current "mood," saying globalization is "not doing badly, but not great, either." He explained it was "not bad" because most countries have outperformed expectations compared to 2023. Additionally, rising interest rates didn't plunge the biggest economies into recession and the ongoing violence in Gaza hasn't pushed oil prices to $100 a barrel.

However, globalization is "not doing great," as central banks are still balancing volatile inflation and economic growth. Also, the Gaza situation still threatens regional stability, disrupting trade via the Red Sea and Suez Canal. Lastly, the 2024 "Davos [meetings] showed the global economy was deeply fractured," Eliott said.

"Despite these concerns, the much-feared split of the world economy into separate trading blocs is unlikely to happen during 2024," said IMD. Nevertheless, fragmentation looks increasingly inevitable. The geopolitical alliance of Brazil, Russia, India, China, and South Africa are increasingly encouraging the use of local currencies in cross-border trade. African governments are pushing for more cooperation via Africa's continental free trade agreement. Lastly, there is a growing closeness among members of the Association of Southeast Asian Nations.

"Given the dynamism of the new era of globalization, the 'shelf life' of a supply-chain strategy … becomes short," a 2024 Economist survey said. "This underscores the importance of a near-constant reconsideration of what is the best … strategy for each business, given its unique demands based on regions of operation, industry trends and internal structure of operations."

TROUBLED WATERS

The fight between Israel and Yemen's Houthi rebels, coupled with conflicts in the Horn of Africa, makes it increasingly risky for ships to use the Red Sea and Suez Canal.

Inaugurated in 1869, the Suez Canal, which connects the Red Sea and the Mediterranean Sea, has always been essential for Egypt's economy, consistently ranking among the top sources of government revenue, according to the Central Bank (CBE).

Since December, that income has been declining as a result of Yemen-based Houthi rebels firing on Israel-affiliated freighters crossing the Red Sea's southern strait (Bab el-Mandeb), demanding an end to the war in Gaza.

That has led freighters to seek alternatives. A July note from Maersk estimated that freight traffic on the Red Sea has dropped 66% since January 2022, when freight companies began diverting their ships from the route.

In July, state-owned Ahram English reported revenue from the Suez Canal dropped 23.4% in the fiscal year (FY) 2023/2024 compared to a year earlier. That decrease came as the number of freighters using the canal declined 37.7%, carrying 33.3% less cargo than in FY 2022/2023.

Such worrisome developments could last a long time, as disruptions in the Red Sea are no longer limited to the Houthis. "Multiple wars ... in the Horn of Africa ... are causing deep instability ... contributing to the crisis in the Red Sea," said a July report from the US Institute of Peace (USIP), a Congress-funded body.

The Maersk note said instability "underscores the need for businesses to develop strategies to enhance supply chain resilience ... to better protect themselves from disruptions in [the] future."

Hitting hard

Aside from the 23.7% decline in foreign currency revenues from crossing the Suez Canal, disruptions to the Red Sea trade route are hurting Egypt's exports.

A March paper from the US Department of Agriculture (USDA) said: "Before the Houthi attacks, most Egyptian ... exports transited through the Red Sea, whether directly across to the Port of Jeddah for the Saudi Arabian market or through the Bab al-Mandab Strait for other Middle Eastern and Asian markets." Now, they sail east toward the Gibraltar Strait and around the Cape of Good Hope toward Asia's southern shores.

That will hurt exports of perishables, in particular. A case in point is Egypt's citrus fruit exports, which USDA forecasts will decline 12.5% this year, revising earlier projections of 25% growth. The longer Cape of Good Hope route results in shorter shelf-life at destinations.

That will significantly impact Egypt's foreign currency inflows. According to the CBE, the Asian (Arab and non-Arab) and Australian markets accounted for more than a third of Egypt's exports in FY 2023/2024.

Meanwhile, Egyptian products that reach Asia will be noticeably more expensive. "Longer routes mean more ships are needed to transport the same amount of cargo," said the July note from Maersk. That is because freighters need

to allocate more space for additional fuel and resources for crews on extended journeys, which increases the transportation cost per shipped unit.

Further raising transportation costs are "capacity shortages with ships tied up on extended voyages," Maersk said. Available capacity was down between 15% and 20% in the second quarter of 2024.

Rising tensions

Disruptions in the Red Sea are flaring once more. In July, Israel – at the Red Sea's northern tip – exchanged missile and drone attacks with the Houthis at the southernmost tip for the first time since October.

Such are a significant threat for freighters, increasing their exposure to missile and drone attacks for the length of the Red Sea route. The Israeli-Houthi skirmish could also expand geopolitical tensions if attacks violate neighboring nations' sovereign waters and space or, worse, accidentally hit targets there.

That escalation comes as the US Navy has continued to confront the Houthis since December, "hitting [their] launch sites and batting down incoming drones and ballistic missiles," reported ABC in July. That further increases the risk for freights traversing the Bab al-Mandab Strait.

Permanently risky?

USIP said that while Yemen's Houthis rebels are "at the center of the storm," broader conflicts across the Horn of Africa "could bring unprecedented chaos [threatening] a free and open Red Sea."

Sudan, with its 853-kilometer (530-mile) Red Sea shoreline, significantly influences freight traffic. The country is on the verge of a civil war, and the Port of Sudan is the only viable gateway for landlocked net oil exporters South Sudan and Chad, as well as the diamond-exporting Central African Republic. An unfriendly leadership in Sudan could cut off those nations' access to the Red Sea, further reducing traffic.

Meanwhile, landlocked Ethiopia's efforts to secure permanent ports in Djibouti (which shares control of the Bab El Mandeb Strait with Yemen and Eritrea) and the Gulf of Aden in Somaliland, a breakaway region whose sovereignty is recognized only by the government in Addis Ababa, could make it harder for cargo affiliated with unfriendly nations to use the Red Sea.

Eritrea, with a Red Sea shoreline of nearly 3,400 kilometers, also is politically volatile. The country is "on the verge of a change in political leadership for the first time in 30 years, with few viable mechanisms for managing succession," the USIP report said.

Amplifying conflicts in the Horn of Africa are non-African countries' agendas for this region, USIP said. The list includes the UAE, Iran, Qatar, Saudi Arabia and Turkey.

Those conflicts are unlikely to recede soon. "For four years, geopolitical competition between China, Russia and the United States has thwarted any serious UN Security Council actions on the wars in Sudan and Ethiopia," said the USIP. "Power brokers at the African Union [are] doing little of substance to address [cross-border] conflicts."

Finding options

Gordon Feller, a member of the Strategic Advisory Board of Parsons Corp., a defense and intelligence consultancy, wrote on the Tomorrow's Affairs platform in April that shipping companies have several alternatives to traversing the Red Sea and Suez Canal.

Aside from the Cape of Good Hope route, the Panama Canal is one alternative. But it faces temporary problems as authorities there "reduced the number of daily ship crossings due to a severe drought impacting water levels," Feller said.

Land freight is another alternative. One popular option is the "China-Europe Railway Express, [which] Chinese exporters are increasingly shifting to," Feller said. "This intermodal option has seen a 30% increase in volume compared to previous years." It is faster but more expensive than sea freight.

Lastly, Feller said air freight is the fastest and likely most secure option as it usually only enters sovereign spaces of trading nations. However, it is expensive, "often five to six times higher … than ocean shipping," he said.

Despite the high cost, air freight is increasingly popular. "Airlines and freight forwarders have reported spikes of 20% [to] 30% in air freight volumes on routes impacted by the Red Sea blockages," Feller said.

However, it is not a feasible long-term solution as "the air cargo industry has limited additional capacity to absorb large-scale modal shipping shifts."

Having multiple viable choices to move products to target markets is essential to sustain long-term business success. "No one knows how long it will take for the effects of the Red Sea shipping disruptions to ease," Maersk's report said, "or how long a return to 'normal' could take."

TRADE'S NEXT EVOLUTION

Using artificial intelligence (AI) to promote cross-border trade involves unique challenges compared to AI use cases focusing on domestic markets.

The launch of ChatGPT in late 2022 made AI a staple tool for business executives and corporate decision-makers. It is "not something businesses can simply ignore," said a February research note from Thomson Reuters.

It is especially critical for companies with international footprints, as they plan and manage operations in diverse geographies where governments can have diverging policies and strategies. "It's important to understand what [AI] is and how it can help companies that engage in global trade," the report noted.

Benefiting fully from AI in global trade will prove more difficult than in other uses, said a white paper on "AI in Trade Facilitation" from the UN Economic Commission for Europe (UNECE). For one, the cross-border dimension adds new complexities and urgency to the use and regulation of AI.

Bigger challenges

The most prominent challenge facing AI, in general, is having sufficient "amounts of structured and labeled data to effectively learn and identify patterns and build accurate predictions," the UNECE said. Using AI in global trade requires even more data and more sophisticated classification and organization structures, as data from foreign markets can be more diverse and nuanced.

Another is the "lack of skilled staff, [as] AI systems are relatively new and not many professionals have the [necessary] skills," the UNECE said. That issue is amplified if the AI operates in foreign emerging markets where locals have the necessary social and economic insights, but few technical skills to train AI systems.

A third factor is how much governments rely on AI. The UNECE explained a "lack of government strategy and legal clarity" means state bodies like customs or port authorities still have paper-based bureaucracies and outdated laws that stifle the benefits companies gain by using AI.

More uncertainty

Global trade amplifies the risks of AI. "There is a reason to believe AI systems will make more mistakes as they cross borders," said Anupam Chander, a professor at Georgetown University Law Center. "First, AI might be designed for different environments, [making it] unsuited in new social, cultural and legal contexts." That makes "AI transplants ... problematic."

Another risk comes from "immense commercial pressures to claim the first mover advantage — attracting both media and venture capital," Chander said. That means "AI is being rolled out before it is ready." The cross-border scope would only accelerate rollouts as local companies must compete with regional or even global players.

Ultimately, that hurts "the quality of AI's judgments. [making it] hard to assess because firms have incentives to proclaim the effectiveness of their AI, while individual users cannot amass the overall data necessary to evaluate it," Chander said.

Another major challenge that AI faces is determining "who is responsible for the consequences resulting from misuse of AI systems [and] actions," the UNECE said. In global trade, that responsibility is split among stakeholders in different countries, regulated by diverging laws. Accordingly, the arguments over responsibility will likely change based on where and how the AI system is applied, the UNECE said.

Regulating AI

In his book "Big Data and Global Trade Law," Chander said AI lawlessness, in general, means "your phone [can] listen in without permission and push advertising based on what it hears, [the] music app is selling your movements [and] the social network's algorithm promotes hate speech because it [gets] more engagement."

Accordingly, regulating AI use is essential, particularly if it sends its findings to a company overseas. "AI [in global trade] changes the nature, scope and scale of foreign decision-making," Chander said. "We are entering into a world in which your credit, your job prospects, your insurance claim, the news you read and even the dates you go on are determined by faceless computers in a distant land."

AI regulation across borders is always tricky, as it only exists in the virtual world, making compliance enforcement difficult, Chander said. Nevertheless, legal oversight is relatively straightforward when local companies use AI to better understand their home markets, as the organization and training data fall under the same legal jurisdiction.

The big difficulties arise when harvesting data from foreign jurisdictions, said Chander. On the one hand, the AI doesn't need to comply with home country laws as it does not collect data from locals. It also is not regulated by the foreign country where it collects data, as the AI only uses digital data in the public domain or those shared by local data collection companies.

Lastly, correctly classifying AI as a product or a service is essential to properly regulate it in international trade agreements. A policy analysis note on "International Trade and Artificial Intelligence" from the International Institute for Sustainable Development (IISD) said, "AI is incorporated into ... goods [such as] self-driving cars and AI robotics ... as well as services like e-commerce or mobile phone apps."

Accordingly, the technology is sometimes classified as a product, while at other times it is part of a service. That causes confusion as AI usage would need to comply with different regulations depending on where it is used.

Challenging integration

Chander noted that integrating AI regulations into trade agreements will be difficult on a "textual [and] conceptual level." The main issue is that existing trade agreements almost never mention AI. Therefore, adding such regulations would require renegotiating nearly all existing contracts.

On a fundamental level, AI is a "method of doing things," Chander said. Regulating it under international trade agreements changes its underlying concept as "trade agreements focus on what is actually provided rather than the process used to provide it. If trade law does not scrutinize whether a particular decision made by a company is made by an individual or committee, then why should it pay attention to the decision-making process at all?"

Another problem with regulating AI in international trade agreements is that "an importing government may not be able to inquire about the process by which a product is produced, only evaluating its quality as it arrives at the border."

One AI law

Another critical challenge facing AI regulation, in general, is the technology constantly "reshapes industries and transforms the global economy," the IISD policy paper said. That means "trade policy must [continually] evolve to keep pace and ensure equitable growth." Accordingly, regulations need to be flexible and adaptive as "technological innovation [almost always] progresses too quickly for legislation to keep up."

Those fast-paced changes cause governments to react differently and at different speeds. IISD said that to "prevent [inevitable] international fragmentation," it is vital to standardize laws related to using AI in global trade.

That should ultimately fall to the World Trade Organization (WTO). "As the only organization with a near-global mandate to regulate trade, [it] seems like the logical place to forge trade agreements to deal with these policy gaps," IISD's paper said.

Additionally, giving the WTO that responsibility would align with the organization's efforts to boost its free trade vision and mandate. The IISD noted that AI "brings unbridled productivity if only trade barriers can be stemmed as the technology spreads from developed economies" to developing ones. ■

UNLOCKING AFRICA'S TRADE POTENTIAL

Although AfCFTA presents significant opportunities, African countries have yet to fully leverage its potential to bolster intra-continental trade.

by **Fatma Fouad**

Ongoing political and economic instability in Ukraine, Gaza, and elsewhere has dampened global trade activity, fostering the urge to achieve continental self-sufficiency in Africa.

Intra-African trade is key to the continent's economic progress and integration. "Enhancing intra-African trade presents a multitude of benefits for our region," Olumide Olatunji, managing director of Access Bank Ghana, said in March. "By reducing our reliance on external markets, we fortify our resilience against global economic upheavals."

In that regard, the African Free Continent Trade Agreement (AfCFTA), which came into force in May 2019, is essential for promoting regional trade. According to the African Trade Report 2024 released in June by Afreximbank, AfCFTA aims to eliminate tariffs on 97% of goods traded among African countries, liberalize the trade in services, and improve the infrastructure of regulation and trade.

Intra-African trade potential is enormous as AfCFTA is the largest free trade area in the world, connecting 1.3 billion people across 55 countries with a combined GDP of $3 trillion.

Alongside significant economic returns, AfCFTA can support advancing the continent's climate adaptation efforts. As highlighted in an August policy brief by ODI, a global affairs think tank, "Implementation of the AfCFTA is instrumental in supporting adaptation to climate change through industrialization." That encompasses investment in green infrastructure, agricultural modernization, and enhancement of climate-friendly manufacturing.

However, despite being ratified by 47 countries and taking effect in January 2021, the AfCFTA's "meaningful trade has only begun in eight countries," according to a November article by Charles Dietz in African Business. That means it may take years before the AfCFTA reaches its full potential.

Africa's overview

According to the Afreximbank report, Africa recorded a growth rate of 3.2% in 2023 compared to 4% growth in 2022, reflecting less output in the region's three largest economies: Egypt, Nigeria, and South Africa.

In 2024, growth in Africa is projected to reach 3.5%, with Africa's export volume growing faster than any other region at a rate of 5.3%, up from 3.1% in 2023, noted the report.

The continent's slowdown in 2023 was attributed to several reasons, such as weather shocks that affected crop yields, a global economic slowdown driven by the Ukraine crisis and its disruption to energy and food supplies, and the Gaza-Israel violence, which continues to affect the flow of goods through the Red Sea.

Additionally, the high cost of living has limited consumption growth. According to the African Development Bank in November, Africa's average inflation was 18.5% in 2023 and is expected to decrease to 17.1% in 2024.

These factors led to the underutilization of intra-African trade, which saw a modest growth of 3.2% in 2023, a significant slowdown from the 10.9% growth in 2022.

Promising gains, delayed action

With manufactured goods dominating intra-African trade, Hippolyte Fofack, chief economist and director of research and international cooperation at the African Export-Import Bank, noted in February that expanding regional trade could boost the continent's industrialization efforts. He said intra-African trade will drive the "operationalization of the commodity-based industrialization model."

Intra-African trade also can unlock agricultural potential. Daniel Njiwa, head of regional food trade and resilience at AGRA, said African nations should harness their unique agricultural resources and create a self-reliant food network. "This shift away from heavy reliance on external markets empowers African nations to tap into their capabilities and address food security challenges," he said.

The development of resilient agricultural supply chains on the regional level limits Africa's vulnerability to external disruptions. "Robust supply chains facilitate the efficient distribution of agricultural products, minimize post-harvest losses, and ensure timely access to nutritious food for all Africans," said Njiwa.

Despite promising projections, Africa's regional trade remains low. In 2023, Njiwa stated that low regional trade numbers "indicate an underutilization of trade opportunities within the continent."

Therefore, African nations should effectively leverage the power of AfCFTA to reach their full trade potential. Sunil Kaushal, CEO of Standard Chartered Africa and the Middle East, said in an interview with African Business in January that AfCFTA could boost intra-African trade by 3.9% annually, reaching $140 billion by 2035.

He added that the bank expects robust intra-regional trade for West Africa, with a projected growth of 13.3% annually over the next decade, "driven by a great potential for agricultural products such as shea butter and cocoa beans."

Furthermore, East Africa will be a key beneficiary of AfCFTA. He said this region is set to grow at 15.1% annually, driven by large-scale cross-border infrastructure developments such as the Lapsset Corridor Project connecting Ethiopia, Kenya, and South Sudan.

Overall, AfCFTA plays a critical role in boosting revenues. The World Bank estimates AfCFTA trade activities could increase the continent's real income by as much as 9% by 2035.

In addition, AfCFTA should attract substantial investment. According to a World Bank study on AfCFTA and investment in 2022, Africa could see an increase in foreign direct investment of between 111% and 159%.

Roadblocks

AfCFTA has been underperforming throughout the past five years. According to an OECD report titled "Production Transformation Policy Review of Egypt: Spotlight on the AfCFTA and Industrialization" in November, intra-regional trade in Africa still stands at 15%, much lower than for Europe (61%) and Asia (59%).

High trade costs and inadequate infrastructure are obstacles. "The continent's road and rail infrastructure has remained relatively underdeveloped, making intra-African trade both slow and expensive," said Dietz.

Olatunji added that inadequate infrastructure is seen in roads, railways, and ports, making transportation of goods costly and inefficient. Other challenges, he said, include complex customs procedures and regulatory hurdles, and limited access to finance, "particularly for SMEs, which, while being the backbone of our [African] economies, face an annual trade finance gap of approximately $81 billion."

Dietz said traders can submit online complaints about factors that affect their business to the Continental Non-Tariff Barrier Mechanism. However, he said, few submissions have been made.

In Africa, the rules of origin under the trade in goods and services protocol have also proved to be a sticking point because tariff reductions apply only to goods produced in member states. Thus, ambiguities arise when products contain inputs from non-AfCFTA countries, Dietz added.

AfCFTA needs to learn from other free trade areas to streamline transportation and diversify its options. Implementing efficient transport systems within Africa will also increase intra-African trade by 40% to over 50% by 2040, Philippe Scalabrini, president of Europe and Africa at VistaJet noted in July.

Scalabrini said that the North American Free Trade Agreement (NAFTA) and the European Union (EU) could be examples for Africa. "Transportation, especially by air, has continued to propel economic growth in those regions," he said.

In that sense, the OECD report highlighted that the experience of other regional integration processes "has shown the importance of having mechanisms to manage divergences between countries, as well as between actors within countries, to ensure no one is left behind and all are given the possibility to benefit from the newly created market."

Greening AfCFTA

Despite being the lowest contributor to greenhouse gas emissions in the world, climate change has had a devastating impact on Africa. Notably, economies on the continent today contribute only about 3.78% of greenhouse gas emissions, compared to 14% and 9% of global emissions in the economies of the United States and European Union, respectively, according to the Afreximbank report.

While pushing for industrialization, Africa should be careful not to harm itself with accompanying carbon emissions. Teniola Tayo, a trade policy fellow at the Africa Policy Research Institute, noted in December, "Africa is the least industrialized region globally, and the current push for sustainability means that African nations have fewer environmental allowances toward structural transformation." Thus, joining forces for industrialization in Africa allows it to learn from others' mistakes regarding climate responsibility.

Tayo stressed the need to adopt sustainable approaches in the early stages of African industrialization, which in turn "could give the region a competitive advantage in the near future."

Effective environmental responsibility measures should accompany the implementation of AfCFTA. "As we strive to harness the potential of the AfCFTA, it is essential that we do so in a manner that safeguards our natural ecosystem, promotes renewable energy, and mitigates the impact of climate change," Claver Gatete, executive secretary of the UN Economic Commission for Africa (ECA) noted in December 2023.

By increasing intra-continental trade and minimizing the necessity to export to or import from distant locations, AfCFTA will likely have a minor impact on Africa's carbon emissions. According to a February working paper titled "Greening the implementation of the African Continental Free Trade Area Agreement" by CEPII, the adoption of climate policies in line with African countries' Nationally Determined Contributions (NDCs), in addition to implementing the AfCFTA Agreement, "would enable a 25% decrease in greenhouse gas emissions by 2045."

In addition to improving the climate, African governments could generate income from their efforts to lower emissions, as the IMF is proposing an international carbon price floor that would benefit low-income countries. "[The world needs to cut emissions rapidly in this decade," the report said. "Carbon pricing is a central decarbonization instrument."

EGYPT AND-AFRICAN TRADE

The Egyptian government is actively promoting African integration in terms of trade and investments. An OECD report showed Egypt is Africa's top producer in manufacturing value added (MVA), accounting for approximately 22% of the African total.

Egypt is also a large exporter, accounting for about 6% of African exports and 11% of manufactured ones. However, only 12% of Egypt's exports go to African markets, a share similar to other big exporters such as Nigeria (11%) but noticeably lower than Ghana (19%) and South Africa (20%). Conversely, the country's share of intra-African imports is negligible at about 2%.

During the third Intra-African Trade Fair (IATF) in November held in Cairo, Egyptian President Abdel Fattah el-Sisi said, "Africa's huge natural resources and its agricultural, educational, and mineral potential should be leveraged to drive intra-African trade."

In line with that, Egypt has taken steps to promote trade and investment in the continent. The government created a national committee for the implementation of the AfCFTA, headed by the Ministry of Trade and Industry, with the participation of relevant agencies and the private sector, according to the OECD report.

In addition, Egypt has promoted trade facilitation and infrastructure development, including the advanced cargo information (ACI) system as part of the single window system (the NAFEZA platform), an Egyptian trade facilitation portal. The ACI is a customs procedure that requires having the cargo data at least 48 hours before shipment.

According to the NAFEZA platform, the ACI enables stakeholders to monitor any risk to the state through the Risk Management System (RMS), with the highest priority given to the security of Egyptian citizens.

Rebounding from a global hiccup

The period from July 15 to Aug. 15 was an example of how global markets have become intertwined, more often than not, for no specific reason. If some investors got into the market at the start of the period then took off for a vacation on a deserted island, only to come back one month later, they would have been quite happy with the market rising 6%. But had they been trading on a daily basis, they might have sold too soon when the market plummeted in the wake of what could be considered a global hiccup.

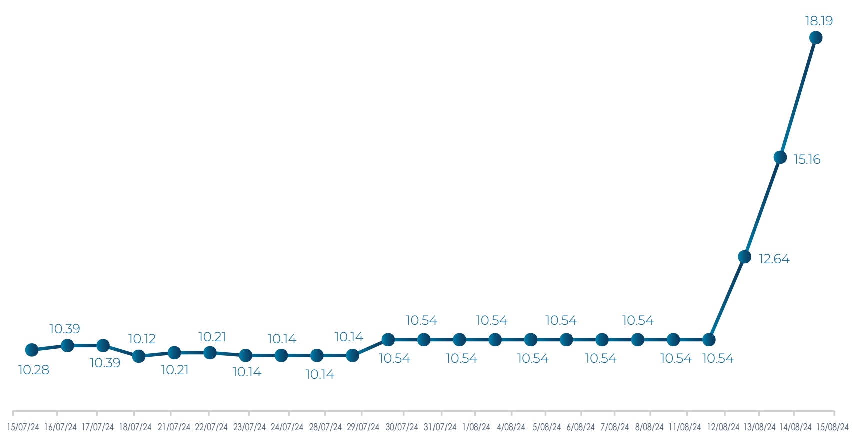
All three major indices ended the period up 6%. However, if we take the market's bellwether EGX 30, it rose 5% by Aug. 1 before taking a nosedive the following Sunday, Aug. 5, to pare its gains. This negative performance was instigated by a worldwide panic after the Bank of Japan began to raise rates on the yen, leading carry trades to be unwound. That coincided with what investors deemed weak economic data from the United States, primarily related to the labor market. It was like a premonition of an imminent hard landing for the U.S. economy. However, after another set of economic data suggesting otherwise, it only took the EGX 30 one week to recoup its losses and push even higher.

This period also coincided with the second-quarter earnings season, during which most EGX-listed companies reported strong double-digit and, in some instances, triple-digit earnings growth. Meanwhile, company-specific news drove other stocks higher. For example, Sinai Cement (SCEM) came back into the limelight, rising by 77% after divesting an investment.

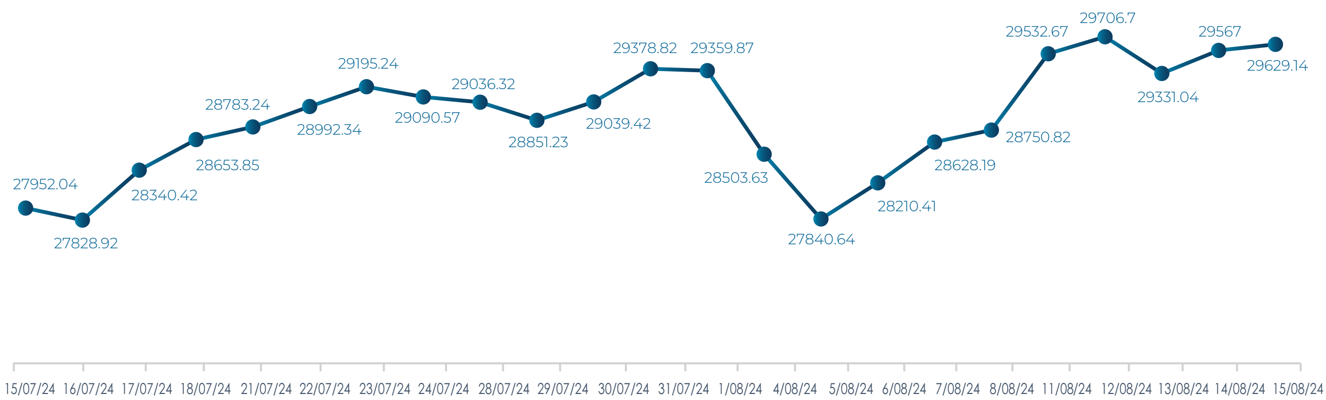
However, with the dollar moving upward slightly closer to the EGP 50 mark, Egyptian stocks linked to the U.S. currency may soon come back into play. Meanwhile, investors will await the Central Bank of Egypt's next move to cut interest rates, which — given the sustainably high inflation rate — may not be anytime soon. Even if it were, it would likely not be that much of a rate cut.

Sinai Cement (SCEM)

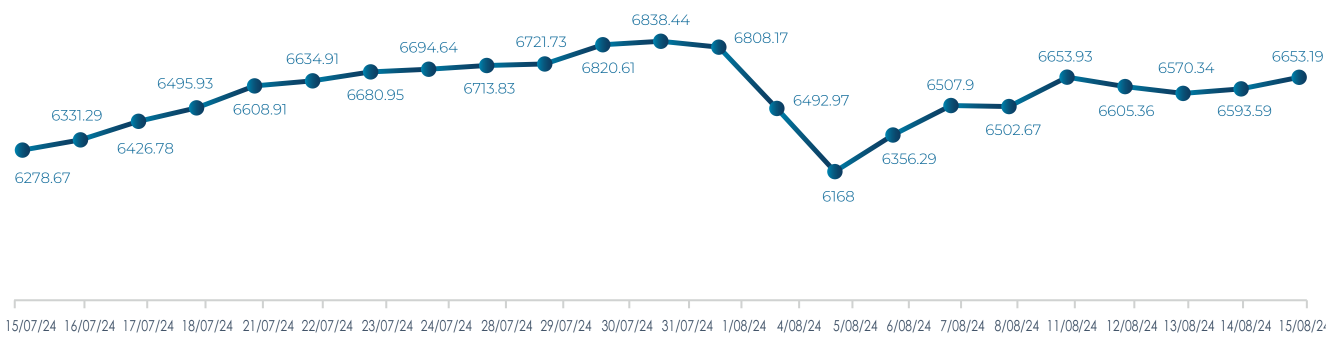
Sinai Cement (SCEM) shares have been in the doldrums for the past decade. They fell as much as 89% from mid-August 2014 through mid-May 2024. But all this changed after the company said it would divest its 25% stake in Sinai White Cement for 30 million euros. The stock rose 20% daily for seven trading sessions, three of which were from July 15 to Aug. 15, which saw shares jump 77% from EGP 10.28 to EGP 18.19. It later hit an intraday high of EGP 45.22 (a 340% move since mid-July).



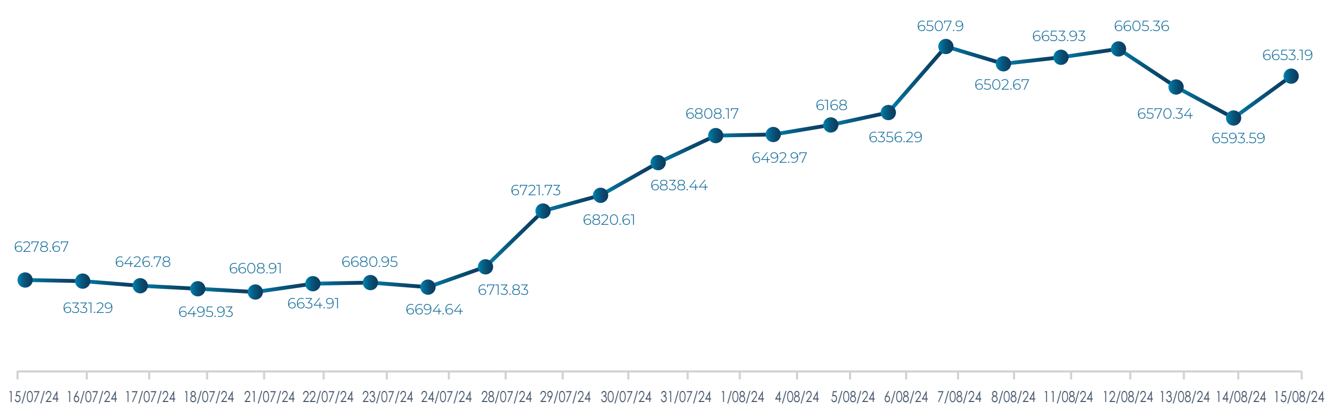
EGX 30



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.

POWERING EGYPT

A July report from the International Energy Agency forecasts the electricity generation trends for the rest of the year and 2025.

by **Tamer Hafez**

Electricity generation and prices in Egypt have been hot topics this summer. In August, Reuters reported the government increased residential electricity prices for the second time this year. This time, the hike was between 14.8% and 50%.

The news wire service said the move came as "the country grappled with power shortages [and] high cooling demand driving up consumption." The other big issue that led to "load-shedding to keep the grid functioning" was that Egypt only "received five cargoes ... of liquefied natural gas out of 21 cargoes ... it had contracted for."

The increase in electricity prices is also part of Egypt's "commitment to slashing energy subsidies as part of an agreement [with] the IMF ... in March," Reuters said.

A July report from the International Energy Agency (IEA) offered a mixed outlook for electricity generation. On one hand, the world's biggest economies will see significantly higher demand as their GDP growth rates increase. On the other, increased reliance on clean energy should reduce the demand for fossil fuels, decreasing global electricity prices.

Rising global demand

The IEA report said that until the end of 2025, "global electricity consumption is expected to increase at the fastest pace in years ... The 4% growth expected in 2024 is the highest since 2007, with the exception of the strong rebounds ... after the global financial crisis and in 2021 following COVID-induced collapse."

That growth pace should continue into next year, the IEA report said. "In both 2024 and 2025 ... electricity use [will] be higher than predicted global GDP growth of 3.2%."

China, India and the United States will drive this increase in demand. China should see "electricity demand ... increase by 6.5% in 2024, similar to its average between 2016 and 2019." India is "the fastest growing major economy in the world," the IEA said. "[Its] electricity consumption in 2024 ... is forecast to post an 8% rise."

Meanwhile, US electricity consumption will almost double in 2024 compared to 2023. The IEA said that jump would likely be necessary to counter higher temperatures this year versus 2023.

The EU forecast is uncertain. "Electricity demand ... is expected to increase by 1.7% in 2024, as economic difficulties ease, but uncertainty over the pace of growth remains." The report explained that "EU electricity consumption had contracted over the two previous years" because of economic sanctions on Russia, the continent's biggest natural gas and oil supplier, in retaliation for starting the war in Ukraine.

Fueling consumption

Fueling global electricity consumption in 2024 and 2025 is that "some energy-intensive industries are restarting operations as energy prices stabilize," the IEA said. Those sectors, particularly in the EU, "cut back [production] amid soaring energy prices [in] 2021 and 2022" as sanctions on Russia meant Western-affiliated businesses and governments could no longer use its natural gas and oil.

The other driver of higher electricity demand is "heatwaves that continue to strain power systems around the world ... From January to May, the world registered its warmest surface temperature on record at 1.32 degrees [Celsius] above the 1901 [to] 2000 average ... May was the hottest month since global records began and the 12th consecutive month of record high temperatures."

The IEA report also expects electricity consumption by data centers (excluding those used to store cryptocurrency data) to increase between 50% and 100% between 2022 and 2026. That is due to the increasing number and utilization of those facilities thanks to "AI applications becoming more prevalent, ... digitization gaining pace in many regions" and increased reliance on cloud services, such as Microsoft's Azure and Google's Docs and Gmail services, to store ever-increasing amounts of data.

In the long term, data centers aim to be energy self-sufficient, relieving some pressure on national power grids. "To circumvent grid connection challenges or to reduce dependency on the grid, ... data center providers are increasingly looking into on-site [electricity] generation."

That is already happening in China, where data centers are designed to use on-site solar power stations. Meanwhile, a private fossil fuel-powered electricity generation company in Ireland "has received 20 formal connection inquiries from data centers," noted the IEA report. Amazon Web Services uses "Talen Energy's data center [which] is connected to [a] nuclear power plant."

AI algorithms also consume electricity when “learning” from information stored in data centers to generate answers to user queries. In 2024, research by Alex de Vries, a PhD candidate at VU Amsterdam, forecasted that by 2027, the AI sector could consume as much electricity as the Netherlands. "You're talking about AI electricity consumption potentially being half a percent of global electricity consumption by 2027," de Vries told The Verge in February. "That's a pretty significant number."

Green supply

The growth in electricity demand will be unlikely to cause higher carbon emissions. "Power sector emissions are plateauing, with a slight increase in 2024 followed by a decline in 2025," said the IEA report.

This year’s slight increase in emissions is because growth in fossil-fuel-powered stations will slightly outpace that of renewable electricity generation stations. The IEA estimates that "global coal-fired output [should] increase by less than 1% in 2024."

Those fossil-fuel-powered stations will mainly be in emerging markets, especially China and India. "US power sector emissions are expected to increase ... by slightly below 2%." Europe will "make up most of the total [global] contraction ... of emissions from electricity generation," the report said.

Next year should see a reversal, as the IEA expects carbon emissions from electricity generation to drop 1%

"This will be driven by a modest fall in coal-fired output due to further expansion of clean energy sources and the continued decline in oil-fired generation."

However, the IEA report said "extreme weather conditions such as heatwaves and droughts, as well as economic shocks or changes in government policies, can cause an uptick in emissions in individual years. [Yet,] the structural trend of clean energy sources constraining fossil fuels will remain robust."

Losing hydropower

In the long term, hydropower's contribution to renewable electricity generation will dwindle significantly. "Hydropower output was reduced in various regions in [the first half of] 2024 due to [extreme] weather," the IEA report said,

It noted that while China and the EU saw a 21% and 20% growth in hydropower in the first half of 2024, "numerous other regions were [hit] by droughts, [halting hydropower stations]."

In India, water “reservoirs had fallen to their lowest level in five years." In Vietnam, electricity from hydropower fell 20% in the first five months of 2024 compared to 2023. "Colombia hit record lows of 30% in April in the wake of ... droughts," the IEA report said.

The decline in Colombia created an electricity shortage in Ecuador, which imports hydroelectricity, and caused the government to ration usage. Meanwhile, droughts and heatwaves that hit Mexico, Canada and South Africa caused hydropower supplies to drop as electricity demand increased to counter higher temperatures, the report said.

Pricing electricity

Global electricity price trends in 2024 and 2025 are essential to the Egyptian government’s plan to remove all electricity subsidies by the end of 2025, as the move would significantly impact tens of millions of families. "As many as 60% of Egypt's 106 million citizens are estimated to be below or close to the poverty line," Aidan Lewis, Thomson Reuters bureau chief for Egypt and Sudan, wrote in March.

The good news is "energy commodity markets experienced a slight easing in the first half of 2024 compared to 2023 ... supported by robust generation from renewables," IEA said.

Beyond 2025, wealthy economies could face "negative electricity prices," where supply outstrips demand, forcing producers to pay potential consumers to take the excess electricity instead of shutting down production. "Negative prices are an important market signal that encourages [electricity generators] to reduce production and increase consumption," the report said.

According to the IEA report, "negative prices have become the new normal in some markets, while in others, the first cases are appearing."

Several US states and Southern Australia saw negative electricity prices 20% to 40% of the time. In Europe, "the record for maximum duration of negative price events was broken in 16 countries" last year. In Japan and New Zealand, regulations prevent negative electricity prices, which are currently near zero.

However, negative prices don't yet mean lower costs for consumers, noted the IEA report. "The impact of negative prices on the overall wholesale electricity cost is small, [as] most of the negative prices are only slightly below zero."

In the coming few years, Egypt could greatly benefit from Europe's negative electricity prices. In November, Egyptian Electricity Transmission Co. signed an agreement with Jan De Nul Group, a Belgian civil engineering firm, to "conduct a feasibility study for the construction of an undersea cable [to connect] with Europe."

Energy Capital Power, a specialized news platform, reported in November that construction of the 2-gigawatt undersea cable should start in 2027. Once complete, the new infrastructure would enable Egypt, a net electricity importer since 2013 (except in 2019), according to data aggregator Statistica, to import the continent's excess electricity at relatively low prices. ■

Chamber News

The AmCham Committee Leadership for September 2024 to June 2025 have yet to be announced.

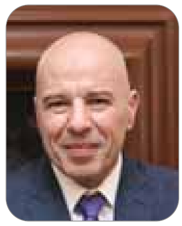
American Chamber of Commerce in Egypt – Tel: (20-2) 3333-6900 – Fax: (20-2) 3336-1050
For more information about AmCham services and news, please visit www.amcham.org.eg or our US mirror site www.amcham-egypt.org

Membership Type:
Associate Resident

CONSTRUCTION ENGINEERING SERVICES

Electro Tharwat
Hossam Helmy,
CEO

Address: 18 Refaa Street, Manshiyat Al Bakry 11341, Heliopolis, Cairo
Tel: (20-2) 2452-0381
www.electro-tharwat.com



Membership Type:
General

HEALTHCARE

GE Medical Systems Egypt LLC
Mohamed Haroun,
Africa Region General Manager

Address: Summit Building, Plot 44, Street 90 North, First District, City Center, Fifth Settlment, New Cairo
www.gehealthcare.com/middle-east

Membership Type:
Associate Resident

CONSTRUCTION ENGINEERING SERVICES

Geos for Trading and Contracting
Hisham Mitwally,
Board Member

Address: 4 Dr. Khaled Teama, Massaken Sheraton, Heliopolis, Cairo
Tel: (20-2) 2268-0062
www.geosegypt.com

Membership Type:
Associate Resident

LEGAL SERVICES

Bahaa Eldin Law Office in Cooperation with BonelliErede
Ziad Bahaa-Eldin,
Managing Partner

Address: 16 Mohamed Thaqeb Street, Iconia Building, Floor 9
Zamalek,Cairo
Tel: (20-2) 2586-7500/ 01091223914
www.belex.com

Membership Type:
Not-for-Profit

HEALTHCARE

Children Cancer Hospital Foundation 57357 (CCHF)
Ahmed El Fendi,
Board of Trustees Member

Address: 1 Sekket Elemam-Elsayeda Zeinab ,Cairo
Tel: Short No: 19057
www.57357.org/en/home-page/

Membership Type:
Associate Resident

MINING/MINERALS AND PRECIOUS METALS

Centamin Mining Services Egypt LLC
Amr Hassouna Ahmed,
Country Manager

Address: F-1-5 Agora Commercial Complex, El-Nasr Street Fifth Settlement, New Cairo
www.centamin.com

Membership Type:
Associate Non-Resident

HEALTHCARE

Egypt Cancer Network 57357 (ECN)
Sherif Abouelnaga,
General Manager

Address: 14 Forest AVE New Jersey,USA
www.egyptcancernetwork.org/contact-us/

Membership Type:
Foreign/ Regional Non-Resident

POWER AND RENEWABLE ENERGY SERVICES

GE Aerospace
Nasser Bakkar,
Government Relationship Director

Address: Dubai Airport FreeZone, 7W Building, B-Block, Ground Floor, GE Aerospace Office, UAE
Tel: (00-971) 4-253-7852
www.geaerospace.com

NEW MEMBERS

Membership Type:
Associate Resident

REAL ESTATE

Abu Soma Development Company - Somabay
Ibrahim El Missiri,
Group CEO

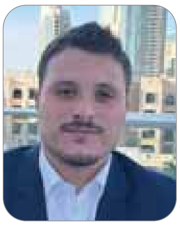
Address: Capital Business Park - Sheikh Zayed - Building B4 - First Floor Sixth of October City,Giza
www.somabay.com

Membership Type:
Associate Resident

TRANSPORTATION

DSV - UTI Egypt Ltd.
Ayman Aboeleinen,
Managing Director

Address: Plot 3, Building E, Mostafa Kamel Road, First Settlement Commercial Center, First Settlment, New Cairo
Tel: (20-2) 2246-0128
www.dsv.com



Membership Type:
Associate Resident

TRANSPORTATION

AK-SHIPS
Youssef El Akkad,
Head of Operations

Address: 8 Lumumba Street (in front of Alexandria Stadium) Bab Sharky, Alexandria
Tel: (20-3) 393-8883
https://ak-ships.com

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

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

NEW AFFILIATE MEMBERS

Accounting
Passant ElTabei
M&A & International Tax Partner, PwC

Construction Engineering Services
Noorhan Helmy
Business Development Manager, Electro Tharwat

Omar Helmy
Business Development Manager, Electro Tharwat

Hossam Mohamed
Head of Finance - Overseas Projects, Electro Tharwat

Consultancy
Mayada El Zamel
Consultant, John Snow Inc.

Financial Sector
Hebatallah AbouRabia
HR Director, The Egyptian Credit Bureau I-Score

Ihab Haggag
Sector General Manager - Head of Restructuring & Workout Sector, Banque Du Caire

Hisham Mohei
Head of Debt & Structured Finance, Banque Du Caire

Food & Beverage
Mohamed Wahdan
CEO - Agricultural Sector, Linah Farms

Fahmy Mostafa Fahmy
Chief HR Officer, Linah Farms

Ricardo Hoffmann
Finance Director Egypt & Levant Cluster, Philip Morris Misr, LLC

Industrial Machinery
Georgette Salah
Business Manager, Rotana for Hotels Supplies

NEW AFFILIATE MEMBERS

Information & Communication Technology
Wessam Soliman
Partner, Khwarizm Consulting

Dina Eissa
Marketing Director, Mideast Communication Systems

Dawlat Hashem
Strategic Industry Consultant, Mideast Communication Systems

Rasha Mahmoud
Head of Legal and Compliance, Vodafone Egypt Telecommunications, SAE

Samer Salem
VP Business Development, ZINAD for Information Technology

Investment
Mona Barakat
Senior Investment Banker, BPE Partners

Petroleum
Sarah Khalil
Commercial Manager, Chevron Egypt Marketing LLC

Bassem Battisha
Regional Manager - EMED Marketing, Chevron Egypt Marketing LLC

Pharmaceuticals
Carole Sarkis
Corporate Communications and Brand Ops Director - P&G EG, Procter & Gamble Egypt, Ltd

Real Estate
Marie Kyriakos
Group CEO Executive Assistant and Director of Corporate Affairs, Abu Soma Development Company - Somabay

Transportation
Hanaa El Sammak
Marketing & Business Development Supervisor, Ship & Crew - Egypt

REPLACEMENTS IN MEMBER COMPANIES

Mohamed El Leithy
HR Lead, Soyven

Category: Affiliate
Sector: Agriculture

Ghimar Dib
UNDP Deputy Resident Representative, United Nations Development Programme UNDP - Egypt Country Office

Category: Public & Diplomatic
Sector: Diplomatic Missions

Justin Barch
Managing Director, Association for Financial Professionals

Category: Associate Non-Resident
Sector: Education/Research and Professional Development

Hussein Refaie
CEO and Managing Director, Industrial Development Bank

Category: General
Sector: Financial Sector

Ehab Eissa
Director - Head of Multinationals - Global Banking, HSBC Bank Egypt, SAE

Category: Affiliate
Sector: Financial Sector

Nadeem Habib
Director- Head of FIG & Public Sector and Government Related Entities, HSBC Bank Egypt, SAE

Category: Affiliate
Sector: Financial Sector

Ahmed Awad
Chief Executive Officer, Upper Egypt for Food Industries
Category: Associate Resident
Sector: Food & Beverage

Aziz Mohamed
Director of Government Affairs and Public Policy for Cisco Middle East, Cisco Systems International
Category: General
Sector: Information & Communication Technology

David Meads
Vice President - Middle East, Africa, Romania & CIS, Cisco Systems International
Category: Associate Resident
Sector: Food & Beverage

Wael Hanafy
Chief Financial Officer, Telecom Egypt
Category: Affiliate
Sector: Information & Communication Technology

Adam El Shalakany
Senior Partner, Shalakany Law Office
Category: Affiliate
Sector: Legal Services

Liza Mamdouh
Office & HR Manager, Soliman, Hashish & Partners
Category: Affiliate
Sector: Legal Services

Nora Harb
Partner, Legal and Regulatory Consultant, Thebes Consultancy
Category: Associate Resident
Sector: Legal Services

Sami Mohamed
Senior Commercial Manager, Chevron Egypt Marketing LLC
Category: Affiliate
Sector: Petroleum

Heba El Karrar
Communications & Social Investment Lead, Shell Egypt
Category: Affiliate
Sector: Petroleum

Adel El Khabiry
Chairman of the Board, Sedico Pharmaceuticals
Category: Associate Resident
Sector: Pharmaceuticals

Faten El Mankabady
Human Resources Manager, Sadko Group
Category: Affiliate
Sector: Power and Renewable Energy Services

Riham Saleh
Corporate Communications Senior Manager, Mountain View
Category: Affiliate
Sector: Real Estate

Avnash Iyer
Chief Operations Officer, DP World Sokhna SAE
Category: Associate Resident
Sector: Transportation

Change in Member Company

Mennan Awadallah
Deputy CEO & Managing Director & Board Member, Industrial Development Bank
Category: Affiliate
Sector: Financial Sector

Yousri Nawar
Board Member, Al Andalous For Pharmaceutical Industries
Category: Affiliate
Sector: Pharmaceuticals

Abou Ghaly Motors

Abou Ghaly Motors Group (AGM) has the pleasure to extend its exclusive benefits to AmCham members on various products as follows:

- Automotive:
Test drives, priority on delivery, periodic promotions & special offers on the following brands: Jeep, Mercedes, Chrysler, Dodge & Ram, Alfa Romeo, Subaru.
Competitive price on trade-in deals.
Fast-lane "quick and priority service" on AGM Brands.
Accessories voucher worth EGP 2,000 when purchasing Subaru, Jeep, Chrysler, KTM and Alfa Romeo.

- Vehicle Services:
3.5% discount on insurance; 5% discount on spare parts; 10% discount on labor work, free of charge in case of accident on towing to AGM service center; 20% discount on vehicle detailing and polishing; and 20% discount on rental during services.

- Transportation:
10% discount on short-term car rentals from SIXT.
London Cab: 10% discount and 20% discount on second leg for airport shuttle.
5% discount on Limozeenak.

This offer is valid until December 31, 2024

Contact:
Ahmed Gad
Tel: 01001351152
for London Cab reservation: 19670
Email: ahmed.gad@aboughalymotors.com

ALDAU Development

ALDAU Development is pleased to offer AmCham Members a 15% discount on the hotels listed below.
-Hyatt Regency Cairo West based on accommodation and F&B.
- Steigenberger Pure Lifestyle Hotel (adults only / 16+) based on Hard All Inclusive
- Steigenberger ALDAU Beach Hotel based on Hard All Inclusive
- Steigenberger Aqua Magic Hotel based on Hard All Inclusive

This offer is valid until December 31, 2024

Email:
-reservation@steigenbergerpurelifestyle.com
-reservation@steigenbergeraldau.com
-reservation@steigenbergeraquamagic.com
-reservation@steigenbergerpurelifestyle.com

Aramex International Egypt

Aramex International is pleased to offer AmCham Members a special discount on Online Shopping & Shipping Membership plans: A 50% off on FLEX annual subscription.
And a 30% discount on all Personal Domestic Services, and a 20% discount on the international cash rates.

This offer is valid until December 31, 2024

Contact:
Short No.16996
Email: SaraK@aramex.com

B.TECH

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

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

This offer is valid until December 31, 2024

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

CONDOLENCES

On behalf of AmCham Egypt's Members, Board of Governors and staff, we extend our deepest condolences to Afifi family and their friends.

Afifi Ahmed Afifi,

Managing Director, ProTrade Co., joined the Chamber in 1991 and was active in representing the Industrial Machinery Sector.

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

EXCLUSIVE OFFERS

DHL Express

DHL Express is proud to offer all AmCham members an exclusive 30% discount on DHL published rates for outbound international shipping services.

N.B:

- The discount is not to be used in conjunction with other promotions from DHL.

-Pick up service is now available

Membership card or at least a copy of it to be available to apply the discount.

For further information about the nearest DHL location visit our website www.dhlegypt.com

This offer is valid until December 31, 2024

Contact:
Victor Salah: (20-10) 6882-8300
Ekram Hemat: (20-12) 2544-4450
Email: victor.saleh@dhl.com

Hurghada Marriott Beach Resort Hotel

Marriott Hurghada is pleased to offer AmCham members a 15% discount on published rates.

This discount is valid till 23/12/2023 excluding public holidays.

This offer is valid until December 31, 2024

Contact:
Tel: 0653404420/ 01201788882
Email: reservation.hurghada@marriott.com

A Glance At The Press

Prices Racing

Al Masry Al Youm, Aug 21

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.

Toronto Festival features two Egyptian films

The Egyptian films "Drama 1882" and "Perfumed with Mint" will screen at the 49th edition of the Toronto International Film Festival, held Sept. 5 to Sept. 15. Both films will be screened in the festival's Wavelengths section.

Wael Shawky directed, choreographed, and wrote the music for "Drama 1882." The story is based on a musical of the same name set between 1879 and 1882 during the nationalist Urabi revolution. The film conveys themes of colonialism and resistance and fuses narrative and dramatic components against the backdrop of history.

"Drama 1882" is sung entirely in classical Arabic in eight chapters. It had its world premiere at the 60th International Venice Art Biennale 2024.

Mohamed Hamdy's "Perfumed With Mint" features two friends grappling with the harsh realities of survival, depicted through mint growing on their bodies. The film reflects the anxieties of an entire generation haunted by doubts about the future, which generates a sense of fear that appears in the form of a contagious disease.

In promotional material, Hamdy said the film is "a ghost story, but the ghost here is not a scary one that can penetrate walls; on the contrary, it can be as delicate as a mint leaf in a strange world that allows unbearable feelings to resurface and expose wounds."

Ahram Online, Aug. 13

Ministry, USAID unveil Islamic Cairo renovations

The Ministry of Tourism and Antiquities and USAID have unveiled restorations of nine heritage sites across Islamic Cairo, including the 18th-century Sabil Kuttab of Ruqayya Dudu and the 14th-century Gate of Manjak al-Silahdar.

Egyptian and U.S. officials convened at the restored Bimaristan al-Mu'ayyad al-Shaykh, a hospital complex built in 1420 A.D.

"The project aligns with global trends toward experiential and authentic tourism," said Yomna El Bahhar, deputy minister of tourism and antiquities. "It focuses on historic Cairo and Luxor and establishes a more sustainable approach to managing cultural tourism sites, enhancing Egypt's strategic position for the future."

Over the past four years, the USAID-funded Integrated Management of Cultural Tourism (IMCT) Activity has worked on rehabilitating cultural heritage sites throughout Egypt. The project stresses the importance of sustainable tourism that prioritizes local communities.

Cairo Scene, Aug. 22

Spanish Actor headlines new Egyptian movie

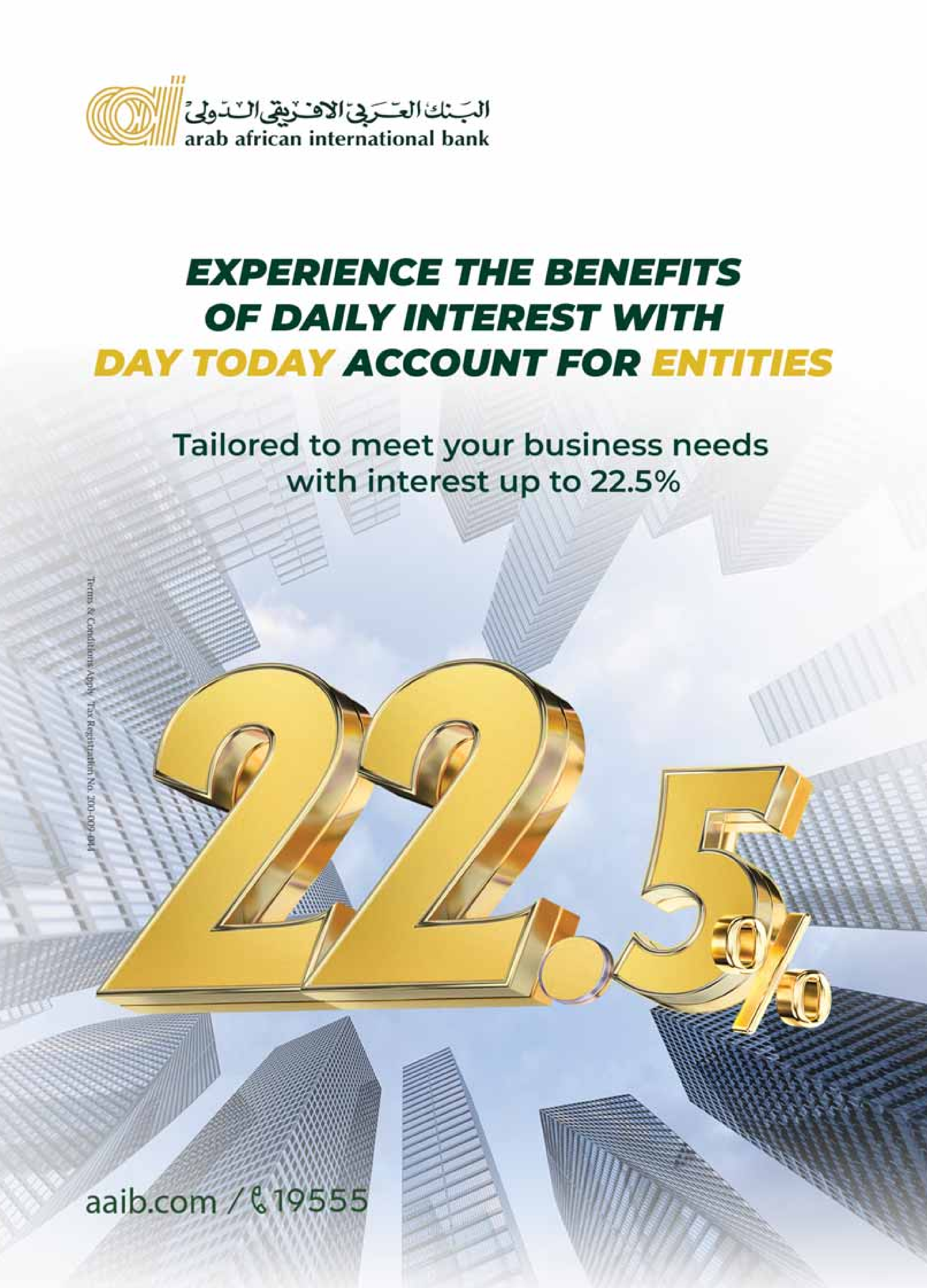
"La Casa De Papel" star Enrique Arce has joined the cast of the Egyptian action-comedy movie "Mosem Hasad al-Kaka" (Kaka Harvest Season).

Producers Mohamed Emad and Mohamed al-Komy announced Arce will portray El Goliador, a Spanish mobster in his 40s with a reputation as one of the most dangerous figures in the criminal world.

The movie also features Egyptian stars Mohamed Tharwat, Mahmoud Hafez, Hamza El-Eily, and Wizo. It is produced by Claquette Arts and 100 Media Production, written by Mohamed Emad, and directed by Moataz Hossam.

Cairo Scene, Aug. 18


DON'T OVERTHINK IT WITH YOUR CIB VISA BUSINESS PLATINUM CREDIT CARD WORK HAS NEVER BEEN EASIER!
CIB
VISA BUSINESS PLATINUM
credit
4000 1234 5678 9101
12-28
KARIM ADEL
BUSINESS COMPANY
VISA
To know more,
SCAN ME
Terms and conditions apply
Tax Registration No. 204-891-949
VISA | CIB | BUSINESS BANKING
WWW.CIBEG.COM
/CIBEgypt
THE BANK TO TRUST


البنك العربي الأفريقي الدولي
arab african international bank
EXPERIENCE THE BENEFITS
OF DAILY INTEREST WITH
DAY TODAY ACCOUNT FOR ENTITIES
Tailored to meet your business needs
with interest up to 22.5%
Terms & Conditions Apply. Tax Registration No. 200-009-004
22.5%
aaib.com / 19555