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CANADA EGYPT BUSINESS COUNCIL  
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# CANADA EGYPT BUSINESS COUNCIL NEWSLETTER

MARCH - APRIL 2017

ISSUE 50



Egyptian Council for Sustainable Development  
Conseil Egyptien pour le Développement Durable  
المجلس المصري للتنمية المستدامة

## WAS THE GOVERNMENT READY FOR THE FLOTATION'S CONSEQUENCES?

CANADA 150





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## CHAIRMAN'S MESSAGE

Dear Reader,

I welcome you to a new issue of our bimonthly online newsletter.

This past month has been busy with the Council's activities, most importantly, the events that we held considering the Communication information technology sector featuring H.E Yasser El-Kady and the petroleum and mineral resources sector featuring H.E Tarek El-Molla who met with members and guests of the council to discuss the current challenges and future opportunities of these sectors, and what future plans and strategies we must undergo in order to achieve sustainable development goals.

These two sectors were chosen to address, as they are considered to be of the most important sectors that can enhance the Egyptian economy if well promoted and encouraged. The ICT sector, after the introduction of the 4G license, it strongly can contribute the Egyptian GDP; especially if multinational companies in this sector become powerfully encouraged to invest in Egypt. While for the petroleum sector, after the exploration of several oil fields in the north of Alexandria, investors became enthusiastically searching for natural gas in favor of Egypt. So, we wanted to have a deeper look on the consequences of such factors on the current and future Egyptian economic indicators.

Fortunately, Egypt's budget deficit shrank to 5.1% of GDP in 1H FY16/17, registering EGP174bn, down from 6.1% of GDP the earlier year, This was announced by the Minister of Finance, Amr El Garhy, at a press conference;

and revenues grew to 14.5% of GDP, coming in at EGP220bn, up from EGP192bn the previous year. (Bloomberg, January 16, 2017)

I could go on and on to show the successful stories highlighted during our activities, thanks to the vital role played by our members. However I would rather leave you to read these important topics raised and discussed during our events, recorded in the following pages.... with my new hopes and desires to witness more of the Egyptian problems being solved by the help of its citizens and respected decision makers.

*Notax Daslan*



# EGYPT YEAR IN REVIEW 2016

The acceleration of a long-awaited reform programme and continued economic recovery, particularly in the retail and energy sectors, made 2016 a transitional year for Egypt.

## FUNDING APPROVAL

On the back of the government making progress on economic reforms, including allowing the Egyptian pound to trade freely, in mid-November the IMF approved a \$12bn bailout package.

Aimed at reducing external imbalances, bringing down public debt and boosting growth, the IMF deal initially provides \$2.75bn – with the remainder to be released in tranches over the course of three years, contingent on five reviews of the government's reform drive.

## GETTING WITH THE PROGRAMME

The conditions for disbursement stipulated by the IMF included changes to the tax system and subsidy reductions, as well as the currency float.

At the end of August the Egyptian parliament approved a value-added tax (VAT) of 13%, which will be increased to 14% at the start of the next financial year. The introduction of VAT should help broaden the tax base and bolster government revenues.

In the same month the government trimmed petrol subsidies and revealed plans to increase fuel prices to 65% of their cost during FY 2016/17.

The country's ballooning subsidy bill has drained financial resources needed for developing infrastructure, health and education, while also distorting economic incentives.

## CURRENCY DEPRECIATION

Following the anticipated currency float in November, the Egyptian pound lost half its value against the dollar. Despite fears that a weaker pound could drive inflation even higher, Egyptian stocks jumped following the announcement. Many stakeholders also point to the fact that the devaluation will increase the competitiveness of the country's exports and make it an even more affordable tourism destination.

The move should also help trim the current account deficit – something that remains a risk factor for economic stability. Egypt's current debt is hovering around 100% of GDP, according to the IMF, with the budget deficit coming in at around 12.2% of GDP in FY 2015/16. The government aims to reduce this to below 10% of GDP by the end of FY 2017/18.

## RETAILERS ON THE REBOUND

Several sectors were already regaining momentum in 2016. In September the country was reinstated onto AT Kearney's Global Retail Development Index for the first time since 2011.

The management consultancy company forecast that the modern retail segment will enjoy a compound annual growth rate of 10% this year and next, potentially doubling by 2021 on the back of decreased risk and a growing population – expected to reach 100m by 2020.

Egypt's retail sector continues to evolve as modern retailers' develop a stronger market presence and consumers increasingly turn to supermarkets and hypermarkets, rather than traditional stores.





## BOOSTING POWER CAPACITY

A drive to increase power generation has been another feature of 2016, with an eye on rapidly rising household demand and Egypt's growing industrial sector.

The Egyptian authorities set a target of adding 3.5 GW of capacity by the end of this year through investments totalling LE52bn (\$2.8bn), while a further LE12bn (\$643.3m) was allocated to transmission and LE10bn (\$536.1m) to distribution.

Germany's Siemens continued to push ahead with its three 4.8-GW combined-cycle gas-fired power plants, with the first 400-MW unit at the Beni Suef power plant commissioned in November. Five more units should be added to the site by the end of the year.

The Ministry of Electricity and Renewable Energy (MERE) has also set out plans to increase the proportion of energy generated from renewable sources from 12% to 20% by 2022.

In November the government announced it had signed power-purchase agreements (PPAs) worth 600m (\$637.4m) for solar plants with around 400 MW of capacity.

The fall in the value of the Egyptian pound slowed the implementation of Egypt's renewable strategy, with international investors concerned about currency risk. However, changes to Egypt's favourable feed-in tariff programme have strengthened the investment case.

In the medium term, MERE aims to add 870 MW of installed capacity from wind power and 2.5 GW from solar photovoltaic production by 2018.

## UPSTREAM AMBITIONS

The upstream energy sector has also moved forward in 2016, despite sustained low global commodity prices.

In late August Shell announced that it had discovered 142bn cu metres of natural gas at its Alam El Shawish concession in Egypt's Western Desert, one of the largest finds in the region in recent years.

Egypt's low operating costs mean that onshore production typically costs less than \$10 a barrel, while the drop in the Egyptian pound and an environment conducive to investment have drawn interest during a slow period for the global upstream sector.

Going into 2017, Egypt faces substantial structural challenges, including double-digit inflation, a large budget deficit, high unemployment, and the difficulties caused by the reduction in subsidies, as well as the drop in the value of the Egyptian pound.

However, investors in a number of sectors remain optimistic about the country's fundamentals, and continuing reforms could prove vital in driving a sustained recovery.





# CANADA CELEBRATES 150 YEARS

2017 marks a significant moment in the History of Canada. 150 years ago, the nation was officially born when the Constitution Act joined three provinces into one country: Nova Scotia, New Brunswick, and the Canada province, which then split into Ontario and Quebec. However, Canada was not completely independent of England until 1982. The holiday called Dominion Day was officially established in 1879, but it wasn't observed by many Canadians, who considered themselves to be British citizens. Dominion Day started to catch on when the 50th anniversary of the confederation rolled around in 1917. In 1946, a bill was put forth to rename Dominion Day, but arguments in the House of Commons over what to call the holiday stalled the bill.

The 100th anniversary in 1967 saw the growth of the spirit of Canadian patriotism and Dominion

Day celebrations really began to take off. Although quite a few Canadians already called the holiday Canada Day (Fête du Canada), the new name wasn't formally adopted until October of 1982.

Planning for the anniversary celebration began in 2010. The Institute of Public Administration of Canada held a conference bringing together public servants, business leaders and non-governmental organizations at the National Arts Centre in Ottawa. More than 300 delegates heard from 25 speakers, with the goal of developing an action to celebrate Canada's sesquicentennial.

The Canadian federal Government announced it would be spending an estimated half billion dollars on 150th anniversary events and projects. \$300-million was to be spent by Canadian regional development agencies through a

Canada 150 Community Infrastructure Program. The fund was set up by the ministry headed by Stephen Harper and originally assigned a \$150-million budget prior to the 2015 Canadian federal election. The new Liberal ministry under Justin Trudeau doubled the program's size in its first budget.

The 150th anniversary of Confederation gives us the opportunity to celebrate together our shared values and our country's place in the world. This year, the Celebrate Canada festivities will be bigger than ever! They will highlight the evolution of our country from its Indigenous origins (with National Aboriginal Day); the contact with the French and the birth of our Francophone heritage (with Saint-Jean-Baptiste Day, Fête nationale du Québec et de la Francophonie canadienne); through to more recent waves of immigration that have led to the development of a diverse and inclusive society (with Canadian Multiculturalism Day). These major celebrations will culminate with celebrating Canada Day.

Throughout 2017, communities across the country will be celebrating the 150th anniversary of Canada's Confederation. From arts and culture festivals, to fireworks, exhibitions and sporting events, the country will come together to toast the nation's sesquicentennial birthday, and show our national spirit and pride! Canadians are being encouraged to explore their own country, but the "Canada 150" celebrations are a great

time for all travellers to discover this country. ACROSS THE COUNTRY - Canadian national parks, historic sites and marine conservation areas are free to everyone this year as a way of celebrating the big 1-5-0. There's also no charge to use Parks Canada locks on our historic canals, including the Rideau. Things are going to get mighty crowded at the big boys like Banff and Jasper, and any parks close to major population centres.

Many of the celebrations will be focused around Canada Day on July 1, but throughout the year you'll find plenty of reasons to raise a glass to Canada and wish her a happy birthday.



**What's a patriotic celebration without a parade? There will be parades held in cities, towns, and villages all over Canada.**



# الكنز

“شهادة الادخار ذات العائد الثابت بالدولار الأمريكي”

تمنحك أكثر من إختيار



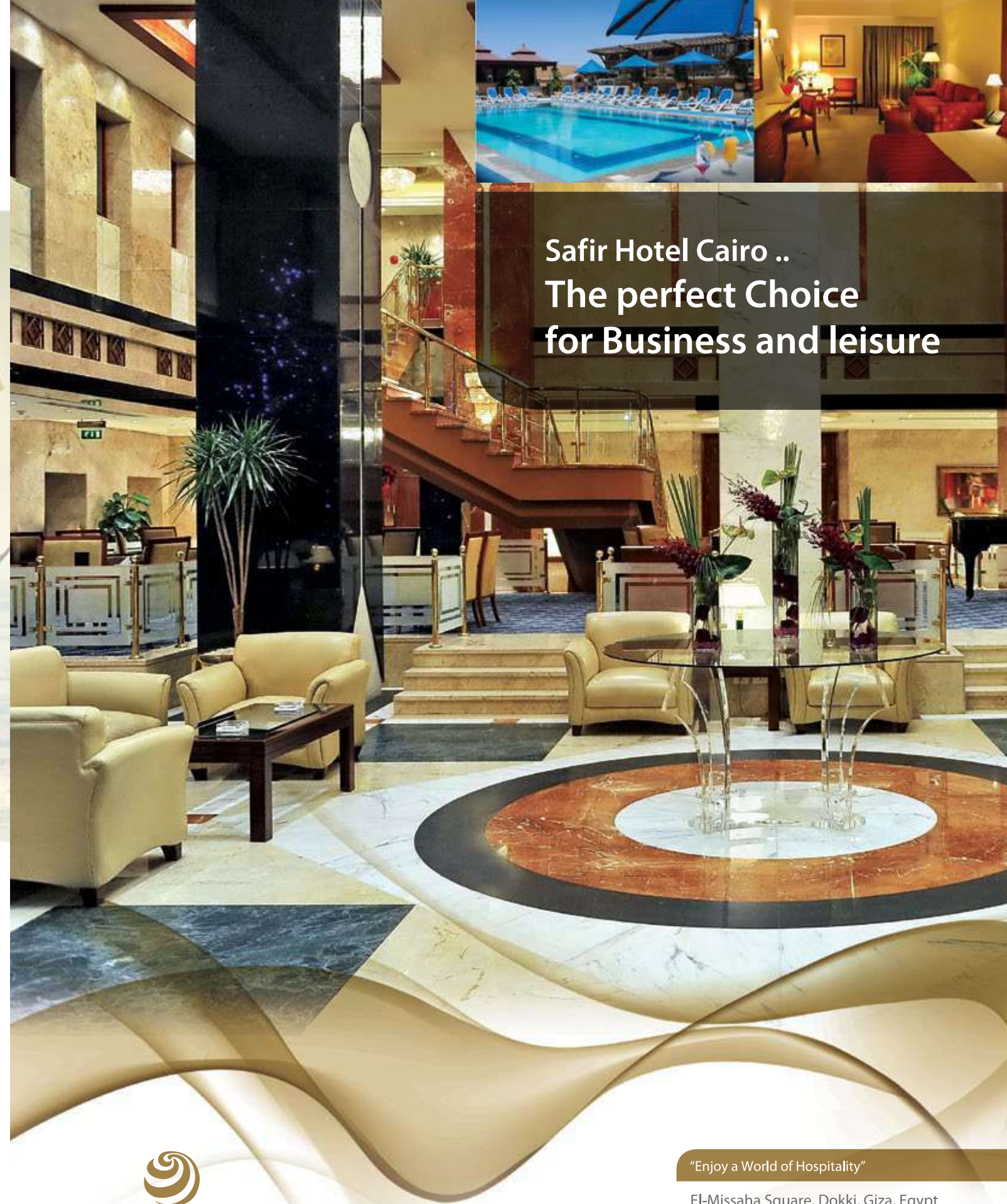
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- أسعار عائد متميزة تصل حتى ٤,٥٪ سنوياً
- آجال الشهادة تتراوح من سنة إلى ٥ سنوات حسب إختيارك
- دوريات صرف عائد متنوعة تناسب كافة إحتياجاتك
- فئات الشهادة تتراوح من ١٠٠٠ دولار حتى ١٠٠٠٠٠ دولار.
- يتم إحتساب العائد إعتباراً من اليوم التالى للشراء.
- الشهادة متاحة للأفراد والشخصيات الإعتبارية.
- يمكن الإقتراض بضمانها حتى ٨٠٪ من قيمتها الإسمية.
- الحد الأدنى للإسترداد ستة أشهر للشهادة ذات أجل سنة، وعام لباقي آجال الشهادة.

\* تطبق الشروط والأحكام

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# FOOD FOR THOUGHT

Call it Forth  
Advent means "the coming."  
Advent means the state of coming into  
being  
When something is coming we watch for  
it  
We anticipate it  
We call it forth  
We bring it into manifestation

When a storm is coming we watch the  
clouds and the sky  
Based on our experience  
We look to the horizon  
We feel the difference in the air  
We smell the rain before it hits  
We get ready to take cover  
We watch and wait

For we have no idea  
Despite the signs  
The time of its arrival  
The intensity of the experience  
Or how it will affect us

For although we see it coming  
It may blow around us  
And never connect with us at all

Anticipation is to taste before eating  
It requires that we let go of the past  
and use the present  
to prepare for the future.

When we anticipate we create our  
destiny.  
What we focus on becomes our reality.

If we focus on the past it will repeat  
itself  
In our minds and emotions  
We bring it into the present  
And cast its line into the future  
Baited with whatever will attract  
What we have in mind.

Whatever we focus on becomes all  
encompassing.  
We surround ourselves with whatever  
Will reinforce it.  
We pick through options and make  
decisions  
Based purely on that perspective.

Freedom is the ability to choose and  
trust  
what we anticipate with our focus.  
Anticipate a great day ... It's Yours!  
Gail Pursell Elliott

# منتشروك عندنا

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• شروط وإجراءات ميسرة وخدمات إستشارية مجانية  
• بجميع فروعنا المنتشرة في أنحاء الجمهورية



\* تطبق على المشروعات الصغيرة و الصغيرة جداً طبقاً لشروط وأحكام مبادرة البنك المركزي



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# WILL THE IMF LOAN SAVE EGYPT?

By Tamer Hafez

In early 2015, the Egyptian government spent some LE 300 million on a splashy economic development conference in Sharm el-Sheikh that aimed to win back the confidence of foreign investors. A few months later, President Abdel Fattah el-Sisi unveiled a LE 64-billion upgrade to the Suez Canal, which not only aimed to dramatically increase canal revenues (despite the predictions of skeptical analysts who pointed to a decline in worldwide shipping traffic) but promised to transform the canal region into a global shipping industry hub, attracting private developers to the special new Suez Canal Economic Zone, where businesses would enjoy all kinds of investment incentives. However, to date, the SCZone has attracted just one firm, China's state-owned TEDA, a developer that has been in talks with Egypt about the plan since before the 2011 revolution. Despite the state's high-profile efforts, new foreign investment to Egypt in fiscal 2015/16 totaled \$112 million less than the year before.

In recent months, with no cards left to play, Egypt finally went ahead with painful but long-awaited economic reforms that had long been recommended by the International Monetary Fund. With a new value-added tax and a free-floating, much devalued pound, Egypt hopes to send a strong message to foreign investors by finally gaining IMF approval for a three-year extended fund facility worth \$12 billion, the largest such loan to a MENA country. "This loan gives foreign investors the right message and assurances that we are committed to reforms, and that these reforms are the right ones," said finance minister Amr el-Garhy at a November press conference. While both the IMF and the government have taken pains to portray the recent austerity measures as 100-percent Egypt's idea, it's broadly accepted that the IMF conditioned the money on pulling the trigger on politically sensitive measures like subsidy cuts and devaluation of the currency. "The IMF will heavily influence the government's economic policies in the coming period," says Sherif el Diwany, former head of Egyptian Center for Economic Studies.



The IMF's prescription for healing Egypt's economy—which has suffered deeply in the wake of the political turmoil that began in 2011—centers on cutting bloated government costs and increasing revenue. In September, a new 13-percent VAT replaced Egypt's old 10-percent general sales tax. Then there was the Central Bank's surprise decision to allow the beleaguered pound, which had sunk to record lows against the dollar on the forex black market, to trade at market rates. In just one day after the Nov. 3 float, the currency plummeted 73 percent—from LE 8.8 to the dollar to more than LE 15. Not coincidentally, the following day, the government hiked fuel prices by 30 to 47 percent. A month later, for the second time in 2016, Egypt sharply hiked customs duties on some 320 categories of goods deemed "non-essential,"—including cosmetics, refrigerators and electric shavers—in an attempt to encourage domestic production and curb a ballooning trade deficit. This only added to the anxiety of Egyptian consumers, who were already facing double-digit inflation.

In the wake of all this, some analysts and local officials have opened fire on the IMF, arguing that such austerity policies which will lead Egypt to ruin, essentially throwing out the baby with the bathwater by obliterating local purchasing power. However, former Minister of Finance Ahmed Galal—who argued against a proposed \$4.8 billion IMF loan during his tenure in 2013 because he believed the austerity measures it prescribed would ultimately keep the local economy from flourishing—points out that the IMF is simply an international lending agency focused on macroeconomic stability; it's the state's job to provide a social safety net, to "come up with an agenda to achieve social justice and protection in addition to economic growth."

Price increases are hitting all walks of life, but, as always, the poor will feel the impact the hardest. "Low-income, and now middle-income individuals are the ones who are paying the price for such fast-paced reforms," says Mohamed Reda, CEO of Solid Capital, which is working on a report for a local restaurant chain on local consumer patterns. Trade Economics, a website, predicts that inflation could pass 20 percent by mid-2017. "For the first half of 2017, the expectation is for inflation to be over 20 percent," agrees Amr el Alfy, global head of research at Mubasher Financial Services.

Businesses will have to weigh how much of these cost hikes they can pass on to their customers without risking a substantial drop in sales. "My costs have gone up by 100 percent on the back of recent 'reforms' ending with the floating of the pound," grumbles Ahmed Zaghloul, the CEO of October Pharma, which, like many local firms, depends on imported raw and semi-finished materials to produce medicines, mainly for the local market. Some analysts believe the government's strategy may indeed be a boon to local industry, as manufacturers are driven to use cheaper inputs from local suppliers as the cost of imports skyrockets. "We might actually see higher demand for local products as imports become too expensive," says Alfy.



He believes that the adverse economic impact of higher prices, though painful, will be temporary. “A short-term drop in consumption will not be a major deterrent,” says Alfy. This sentiment was echoed by, Philippe Le Houérou of the International Finance Corp., who visited Egypt mid-December for the first time to sign three financing agreements to support local enterprises, including \$20 million to developer Hassan Allam Holding plus \$10 million for Algebra Ventures and \$2 million for Flat6Labs, outfits that encourage local startups. “Egypt has tremendous long-term potential, given its large workforce, strategic location and well-established manufacturing sector,” Le Houérou told reporters during his visit. “The country’s recently announced economic reforms will help it capitalize on that promise by breathing new life into the private sector, which can drive innovation and employment and create lasting opportunities for all Egyptians.”

Mainly, the idea of the IMF loan is that it’s a signal to potential investors that Egypt is serious about making economic reforms. “The government for the past five years has consistently failed to pass meaningful reforms due to societal pressure and weak political will,” says Ihab el Desouky, head of the Economics department at the Sadat Academy for Management Sciences. He cites Egypt’s recent foreign currency and commodities shortages as some of the unfortunate consequences of such dithering. “With the IMF program, the government is a student and the IMF is the teacher. And the student needs to follow the instructions of his instructor,” says Desouky, adding, “This is a good thing.” Unconditional aid such as the assistance Egypt received from the Gulf in recent years only encouraged the government to kick the can further down the road without solving any of its fundamental problems.

And of course, the \$12 billion will at least provide some more wiggle room. According to the finance minister, the first tranches of IMF cash will go directly to the national treasury to support Egypt’s foreign reserves, which stood at around \$23 billion by the end of November—up from a critical level of \$15.5 billion at the end of July but still well below the \$36 billion of the pre-2011 era. In interviews with local

media, CBE Governor Tarek Amer stressed that the money would not be spent defending the pound in order to prevent devaluation and runaway inflation, as it was in recent years. “Intervene? No. Absolutely not. This is history. There will be no intervention,” Amer told state-owned Al Ahram in December. In an interview with Enterprise, an online business news round-up, the CBE governor said: “We want this newborn child to start standing on its own feet and supporting itself.”

However, some worry about how Egypt will manage when the time comes to repay the IMF loan, which will be paid back over 10 years at an interest rate of between 1.55 and 1.65 percent. Egypt has also borrowed an additional \$7 billion from other international sources such as the World Bank and the African Development Bank as part of the overall international financial aid program. This should bring Egypt’s total foreign debt to around \$75 billion, up from \$39.8 billion at the start of 2016. “This is an unprecedented level of foreign debt,” says Adly. “The government doesn’t really address the elephant in the room, which is from where will this money be paid back, with interest? We are now in a loop where we’re taking out new loans to pay for old loans.” On top of its general foreign debt, Egypt is also imminently planning to borrow \$25 billion from Russia to build a nuclear power plant.

Mohamed Zakaria, a member of parliament, adds that Egypt needs to do a lot more to make its business climate attractive to international investors than “pass laws and restrictions that increase the cost of doing business in Egypt.” He notes that Egypt was ranked a lackluster 122nd out of 190 countries in the World Bank’s latest Doing Business Report. “Encouraging existing and potential investors, at home or abroad, doesn’t happen just because we have a lot of foreign currency reserves in the Central Bank,” says Zakaria, who mentions that Egypt needs to improve business procedures pertaining to things like paying taxes, enforcing contracts and trading across borders.

So far, the government hasn’t launched any comprehensive plan to protect the poor from rising prices in the wake of recent measures. Hany Helmy, chairman of Al Shorouk Securities,

says that the government could have done much to reassure Egyptians and the business community following the slew of recent reforms by simply presenting some contingency plans. “Having any sort of solid ground is vital for potential investors, and they are definitely eager to come given how favorably the stock exchange reacted to the news,” says Helmy, who nonetheless cautions that the health of the stock market is not necessarily indicative of longer-term investment enthusiasm or the health of the overall economy.

Khaled Abdel Fattah, a finance professor at Ain Shams University, raises the dark example of Argentina’s economic collapse at the turn of the 21st century, which many blamed the IMF for helping set off the crisis. “I am worried because I am seeing similarities between what is happening now in Egypt and what happened in Argentina,” says Abdel Fattah. The South American country’s public debt grew enormously during the 1990s, but the IMF kept lending it money and extending its payment schedules. A 2004 report by the Independent Evaluation Office of the IMF criticized the international lender for supporting Argentina’s exchange rate policy that pegged the peso to the dollar for too long—which caused its debt to balloon out of control and ultimately forced the government to declare the largest sovereign debt default in history in early 2002. Despite concerns raised by others, for now, Egypt’s foreign debt is still at a relatively reasonable level, argues Alfy. “Egypt’s debt is almost equal to its GDP, but only about 15 percent of that debt is in foreign currency,” he explains.

Analysts say much depends efforts to promote investment in Egypt that complements the IMF loan, which officials hope to do with a proposed new comprehensive investment law, for example. “Right now Egypt is set for massive economic growth,” says Passant Fahmy, a retired banker who lectures on economics in local universities pointing to positives like the 2015 discovery of a “supergiant” natural gas field off Egypt’s Mediterranean coast and “the fact that Egypt’s exports are cheaper than they have ever been.” She says: “The government now has a very simple task: create what investors perceive as a business-friendly environment.”





## GOVERNMENT OF CANADA ANNOUNCES SUPPORT FOR TWO COMMUNITY PROJECTS IN THE TOWN OF ATIKOKAN

January 27, 2017 – Atikokan, ON – Canadian Heritage and Federal Economic Development Initiative for Northern Ontario - FedNor

The Government of Canada is investing more than \$47,000 to enable the Centennial Museum and the Royal Canadian Legion Branch 145 in Atikokan make much-needed improvements to its facilities.

Don Rusnak, Member of Parliament for Thunder Bay–Rainy River, on behalf of the Honourable Mélanie Joly, Minister of Canadian Heritage, today announced that the Centennial Museum will receive \$31,500 from the Canada Cultural Spaces Fund (CCSF) to upgrade and replace its roof.

In addition, MP Rusnak, on behalf of the Honourable Navdeep Bains, Minister of Innovation, Science and Economic Development, and Minister responsible for FedNor, announced a Canada 150 Community Infrastructure Program (CIP 150) investment of \$15,606 to enable the Atikokan's Royal Canadian Legion Branch 145 to renovate its washrooms, replace ceiling tiles and put a fresh coat of paint on the interior of the facility.



## CANADIAN ARMED FORCES SUPPORTING EMERGENCY RESPONSE TO ICE STORM IN NEW BRUNSWICK

January 29, 2017 – Ottawa – National Defence / Canadian Armed Forces

The Canadian Armed Forces (CAF) is sending approximately 200 personnel tomorrow to support the ongoing emergency response to the ice storm in New Brunswick.

The Province of New Brunswick has requested Government of Canada assistance in the form of CAF personnel and assets to conduct a variety of tasks, including delivering emergency supplies, assisting in re-establishing existing road networks, and supporting door-to-door residential wellbeing checks in the Northeast of the province.

The CAF stands ready to provide highly-trained personnel and unique resources tailored to help Canadians during periods of uncertainty and distress following natural disasters.





# SERBIA

Economic Overview By Ian Townsend, Economic Policy and Statistics The conflicts and crises of the 1990s hit Serbia's economy hard, but since then the country has seen a sustained period of economic growth. However, the current financial crisis has exposed Serbia to economic uncertainty, primarily because of its large current account deficit. Serbia also suffers from high levels of unemployment and poverty.





## SERBIA'S ECONOMY

A Foreign Office profile notes that since 2000 "Serbia's economy has been going through recovery from conflict and isolation in the 1990s".<sup>21</sup> The Economist Intelligence Unit states that Serbia has seen "a succession of crises after the break-up of the former Yugoslavia in 1991, which also severed established economic links; the imposition of international sanctions; and the damage to industry and infrastructure caused by the 11-week air bombardment by NATO in 1999."

"<sup>22</sup> Unemployment is also a key issue, with a rate of over 20%. As well Serbia's current account deficit and unemployment (which it puts at 14% of the labour force on an internationally comparable basis), the World Bank also highlights the country's external debt, at around 60% of GDP "as private external liabilities continue to grow quickly." It also notes that while 6.6% of the country is below the poverty line, a third are "barely above" that level, "and remain in danger of slipping into poverty if any adverse economic developments occur."

## AS EUROPEAN COMMISSION REPORT NOTED THAT SERBIA'S

<sup>24</sup> growing level of external debt creates important external financing needs requiring significant capital inflows. To that extent, the external imbalances render the Serbian economy vulnerable to possible disruptions in capital flows. The risks of a sudden stop or reversal of capital flows have recently grown and/ higher risk premiums and refinancing costs could put further pressure on the external side. In particular, a decline in cross-border lending, which has become an important financing source for the domestic corporate sector, could be affected.

## SIZE OF ECONOMY

Serbia had the 72nd largest economy in the world in 2007 according to the International Monetary Fund (IMF), with Gross Domestic Product (GDP) valued at \$39.9 billion. This is slightly larger than the economies of Bulgaria and Lithuania. On a per capita basis, the IMF ranked Serbia's economy 75th globally.

<sup>25</sup> The World Bank classifies Serbia as an 'upper middle income' country based on a per capita Gross National Income (GNI) of \$4,730 in 2007, ranking 95th in the world on this measure.<sup>26</sup> On total economic output, the World Bank ranks Serbia 69th in the world (\$41.6 billion).

<sup>27</sup> World Bank data on the structure of Serbia's economy are limited to the period from 2000 to 2005, but over that period there was a gradual decline in the contribution of agriculture and industry to the Serbian economy (from over 19% to under 13% for agriculture, and from around 30% to 25.5% for industry, while services' share increased from 51% to nearly 62%.

## ECONOMIC GROWTH

While economic growth data from the IMF are only available from 1999 onwards, the Serbian economy suffered under UN sanctions in the early 1990s, and by 2000 the economy was 40% of its pre-war size.<sup>28</sup> After a 10% contraction of Serbia's economy in 1999 it has seen continuous real GDP growth averaging 5.4% in each year between 2000 and 2007.

IMF projections for Serbia's economy from October 2008 suggested that it would grow by 6% in 2008 to reach GDP of \$52.2 billion. However, the financial crisis has developed since that time, and growth may therefore be lower than previously expected. Indeed, IMF staff forecasts released in January 2009 suggest 3.5% growth in 2009 and 4.5% in 2010,<sup>29</sup> compared with previous forecasts of 6% and 6.5% in those years. This suggests that the next IMF World Economic Outlook forecasts due in April will see growth revised downwards.

In January 2009 the Economic Intelligence Unit was forecasting real GDP growth of 1% in 2009. This is one sixth of the rate projected by the IMF back in October 2008, and reflects the likely effects on Serbia of the global economic crisis. The EIU suggested that economic growth would be seen in 2010, with 3% forecast.

## INFLATION

Having experienced consumer price inflation of over 90% in 2001, Serbia has since brought inflation under control, and it averaged 6.8% in 2007.

In October 2008, the IMF forecast inflation to increase in 2008 to 10.7%, then to fall to below 8% thereafter.<sup>31</sup> The Economic Intelligence Unit notes that annual retail price inflation fell in December 2008 to 6.8%, the third monthly fall in a row (down from 9.2% in November and 10.5% in October). The EIU also forecasts inflation at the end of 2009 to stand at 7%, then 5.2% at the end of 2010, although it notes risks "related to the impact of dinar depreciation."<sup>32</sup>

## TRADE, INVESTMENT & EXTERNAL BALANCES

The share of Serbia's trade in goods as a proportion of the country's GDP increased between 2000 and 2005, from 60.4% to 65.1%. Taken together, exports of goods and services as a share of GDP increased from under 17% in 2000 to 28% in 2007. Over the same period, imports of goods and services as a proportion of GDP more than doubled (from 24% to over 48% in 2007).

Serbia has been running a current account deficit since at least 1998 (the earliest year for which IMF data are available). This deficit has grown from \$500 million in 1998 to a forecast \$9.7 billion in 2008. As a share of GDP (see chart below) the deficit has gone from 1.8% of GDP in 2000 and was expected to reach almost 19% in 2008.

October 2008-based IMF forecasts were for the deficit to widen in 2009 to over 19% of GDP, then to narrow gradually to reach 15.4% of GDP by 2013.





# WAS THE GOVERNMENT READY FOR THE FLOTATION'S CONSEQUENCES?

Squeezed by economic and political turmoil following the 25 January Revolution that toppled former president Hosni Mubarak, Egyptians are now facing a new era of hardship and austerity. The government's adopted economic reform programme, backed by the International Monetary Fund (IMF), included the flotation of the Egyptian pound, subsidy cuts, high interest rates, and the implementation of the value-added tax (VAT).



CBE Governor Tarek Amer

The Central Bank of Egypt (CBE) decided to free-float the Egyptian pound on 3 November, in a move aiming to improve Egypt's competitiveness and attractiveness to foreign direct investments, as well as giving a change to the CBE to restore Egypt's international reserves to pre-2011 levels.

The decision was followed by a series of challenges, such as the pricing of medication disputed between the government and pharmaceutical companies, and the investors' problem with banks demanding that they pay for the exchange rate gap before and after the flotation from letters of credit issued to cover imports.

Hence, the government's readiness to tackle the consequences of flotation comes into question, as well as the absence of a centralised economic strategy that can achieve the main goals of the economic reform programme, which can be summarised into improving the investment climate, creating job opportunities, reviving tourism, and supporting exports.

Almost all pharmaceutical companies import a large portion of their production needs in US dollars, and following the liberalisation of the pound's rate against the dollar, the latter has increased by more than 100%, which in turn increased the production costs for these companies.



## Medicine shortage crisis

Almost all pharmaceutical companies import a large portion of their production needs in US dollars, and following the liberalisation of the pound's rate against the dollar, the latter has increased by more than 100%, which in turn increased the production costs for these companies. These companies used to get their dollar needs directly from the CBE at the official exchange rate before the flotation.

As a response to the crisis, which indicates that it had not been taken into consideration before the flotation, the minister of health suggested imposing a 50% annual increase on 10% of the pharmaceutical companies' products, with promises of cuts in customs, water, electricity, and gas costs, in addition to an exemption from the VAT. However, the minister's suggestion was rejected by the companies.

Both foreign and various local companies insisted that prices be increased by 60% in order to avoid losses, especially as the official US dollar exchange rate increased by 100% in the wake of the pound's flotation. This forced the minister to change the price increases period from one year to six months.

Later on, Minister of Health Ahmed Emad El-Din presented a proposal to the cabinet to increase the prices of 15% of domestic medicines that currently cost between EGP 1 and EGP 50 by 50%, and medicines that cost between EGP 50 and EGP 100 by 40%, while medicines that are priced at over EGP 100 by 30%.

From their side, the Pharmacists Syndicate sent an official letter to President Abdel Fattah Al-Sisi in December, calling on him to prevent any potential price increases for medication and asking for the establishment of a presidential committee which includes all the concerned parties to suggest solutions for the crisis.

Moreover, the syndicate notified Emad El-Din of their rejection of any ministerial decision that may stipulate any form of increase in the

cost of medication without prior consultation with the syndicate, state-run newspaper Al-Ahram reported. This can be considered a clear warning that any price increases will be met with legal opposition from their side.

It further noted that the rapid issuance of price increases without carrying out accurate studies or consultation with specialists in the field from the syndicate's members may be a sign that medicine companies are looking to maximise profits at the expense of citizens.

Another sign of the absence of government planning is the suggestion to increase the budget of EGP 3.5bn currently allocated to treatment at the expense of the state by EGP 5bn in preparation for the price increase.



## Investment climate

Although the government expressed its plans to facilitate investments in Egypt, their actions following the flotation came in contradiction to the announced plans. Two major incidents in less than a month could be considered a huge setback. The first was the cancellation of Le Marché exhibition and the second was the letters of credit issued to multiple investors before the flotation.

The decision to cancel Le Marché exhibition just two days before its expected inauguration has led to outrage in Egypt's the furniture sector. The exhibition was supposed to be held on the Cairo International Fair Grounds in December.





## Le Marché

The decision to cancel Le Marché exhibition just two days before its expected inauguration has led to outrage in Egypt's the furniture sector. The exhibition was supposed to be held on the Cairo International Fair Grounds in December.

Le Marché is Egypt's largest furniture and decoration exhibition. It takes place on an area of 30,000 sqm with the participation of about 250 exhibitors, with companies placing hopes on it to conclude major contracts for one year.

Tarek Nour, chairperson of the advertising agency organising the exhibition, was informed by the Interior Ministry just two days before the planned opening that the exhibition was canceled for security reasons.

Mostafa Ismail, technical adviser to Apex, the company organising Le Marché, said that security forces told the company on Tuesday morning that the exhibition was canceled, despite being informed by official executive bodies on the previous day that the exhibition will be held as scheduled.

"We were surprised on Tuesday at 10am to find security forces of the Nasr City police department evacuating halls, closing the doors, and informing us that they had received instructions to halt the exhibition," Ismail said.



The estimated initial losses to the company are about EGP 60m after the cancellation of Le Marché, in addition to EGP 500,000 for each participating company.

According to the executive director of Meuble for French Furniture Co. Ahmed Al-Iraqi, canceling the exhibition is an unstudied decision, especially since companies were notified the Monday before that security apparatuses agreed to the exhibition, which made companies double the number of workers to finish preparing the pavilions on time.

"The state restricted imports and floated the national currency, forcing companies to produce for the local market," Nour said. "Then, they shut down the conference where those companies sold their production."

From his side, the head of the Chamber of Wood Working and Furniture Industries at the Federation of Egyptian Industries, Ahmed Helmy, said that the size of furniture production in Egypt amounts to EGP 10bn per year, wondering about the message the government sent to investors by cancelling the exhibition.

## Letters of credit

Following the CBE's decision to float the currency on 3 November, the Egyptian pound dropped in value from EGP 8.88 per US dollar to over EGP 18, which caused the value of the letters of credit issued to cover imports to spike.

Banks then demanded companies to pay the difference in the exchange rate before and after the flotation. The demand was refused by companies, attributing their refusal to their inability to pay.

Consequently a number of Egyptian investors took out a full-page advertisement in Egypt's daily newspaper Al-Ahram, calling for Al-Sisi to take "emergency measures" to save Egyptian companies and industries after the recent floating of the local currency.

The advertisement, which was signed by nine investors associations, explained that Egyptian companies are at the risk of bankruptcy if they pay back bank loans at the new exchange rate, since they have already sold their products based on the old exchange rate. The Joint Stock Companies Law states that companies should declare bankruptcy if losses surpass 50%.

A drop in imports, accompanied by a shortage in basic goods and higher unemployment rates are expected if the Egyptian companies go bankrupt, adding that various company owners and investors will face legal action due to their inability to repay bank loans.

The ad was published by various associations that represent Egypt's prominent industrial zones, such as the 10th of Ramadan, 6th of October City, Obour, and Sadat cities investors associations.

Moreover, nine investor associations held a meeting in order to explain their situation. Mohamed Khamis Shaaban, head of the 6th of October City Investors Association, explained that the liberalisation of the foreign currency exchange market increased import costs, adding that the government should have studied the negative impacts associated with the decision before implementing it.

However, these issues get resolved. The government's response to the consequences came as a reaction, which confirms the absence of a thoroughly studied plan, and the lack of homogeneity and collaboration between different governmental bodies, which in turn led to contradictory actions. In the case of Le Marché, all efforts by the ministries of industry and investment to reassure and attract investors were wasted by the actions of the Ministry of Interior.







# ROTARY EGYPT PROFILE

## 87 YEARS OF SUSTAINABLE DEVELOPMENT

### About Rotary International

Rotary is a Service voluntary organization founded in Chicago in 1905 to serve the community and serve its members through fellowship among members with different professions through their membership in any Rotary Club.

Rotary members increased over time to reach approximately one million and two hundred thousand members in 33000 Club and 200 countries.

The Rotary Foundation was formed in 1917, to be the financial arm to collect donations & contributions. Through Rotary, it offers scholarships, professional and humanitarian service projects. The most important projects supported by Rotary are eradication of polio in the world in partnership with the Bill and Melinda Gates Foundation and the World Health Organization.



### About the Rotary in Egypt

The first "Rotary club of Cairo" was founded in Egypt in 1929 including well known and prominent personalities throughout its history. In 2013, the Thematic Federation of Rotary clubs in Egypt under the No. 11 of 2013. Was established and is chaired annually by an elected President of the Federation who is at the same time the Governor of the Rotary District 2451- Egypt.

This year 16/17, Rotary District of Egypt elected its First Lady Governor, Dr. Mayan Raslan one of the pioneers of voluntary work and the first lady governor of the Rotary District in the Middle East since 1929

Rotarians in Egypt now are more than 2,200 member forming 91 (clubs) Association, established according to the Law 84 of 2002 for associations and civil institutions of the Egyptian Ministry of Solidarity. They all

share their classifications of professional development and service of Egyptian society.

Rotary clubs do not have any private or hidden agendas. Clubs operate in accordance with Egyptian laws concerned with the activity of voluntary associations. Rotary budgets are supervised directly by the administrative authorities concerned. Rotary meetings in Egypt are public and announced via the electronic media sites.

Rotary do not adopt any political or religious issues as Rotary and it holds the permanent theme "Service above self ". It adopts a 4-Way test for the truth, the fairness and the friendship of things we think, say or do.

The Rotary clubs in Egypt achieve humanitarian service and development projects in the poor villages in all the governorates of Egypt. It provides Youth Programs, women empowerment and scholarships in many aspects.



Rotary Egypt works in several sustainable development axes serving 6 areas of focus; including, but not limited to:



Motherhood and Childhood



Education



Water for Life Project



Roofing Houses



Wheel Chairs



Disaster Relief



Artificial limbs



Health

The development of  
Fayoum General Hospital

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[www.rotary.org](http://www.rotary.org)

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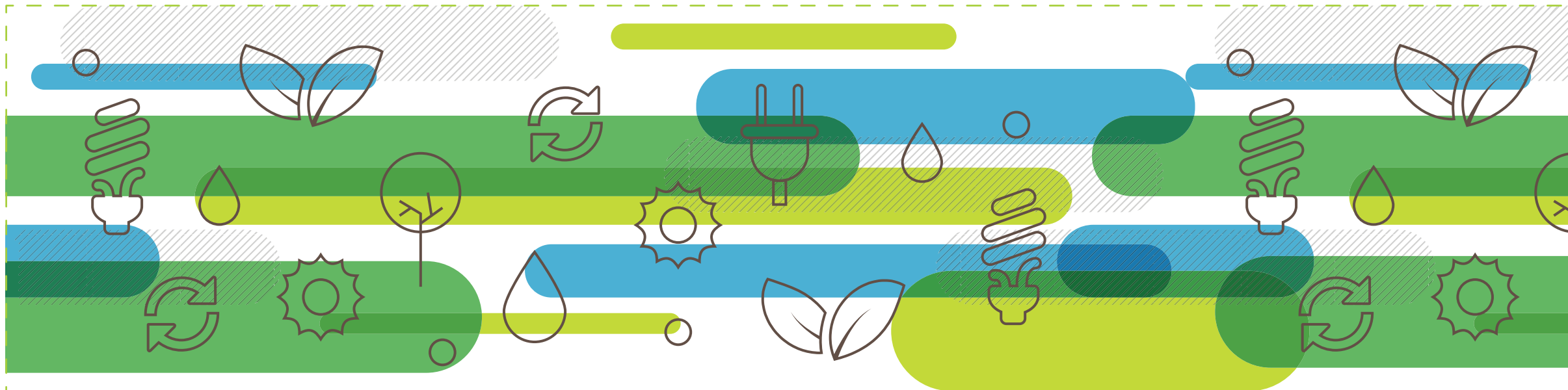


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• تطبيق الشروط والأحكام





**We believe in providing integrated sustainable development solutions for our customers, as a one-stop shop.**

Eng. Mohamed A.Hassan is the founder of SDSmena (Sustainable Development Solutions for the Middle East and North Africa), which is a multidisciplinary consulting firm. He has over 20 years of experience in the development of energy and environment projects across the Middle East & North Africa (MENA) region. He has a proven track record in successfully starting up sustainable businesses as Co-founder of Komex Egypt (1997) developing it into a high profile regional franchise with other business partners in the Middle East and North Africa. Post-acquisition of Komex by WorleyParsons in 2006, Mr Hassan was appointed regional director for environment and water resources at WorleyParsons,

playing a key role in starting up WorleyParsons operations in Egypt and North Africa (2006 – 2013) across different sectors including Upstream/ Downstream Hydrocarbons, Infrastructure, Environment, Power, Minerals, Metals, and Chemicals. Mr Hassan has extended experience in securing, managing and directing specialized projects across the MENA region including Egypt, Algeria, Libya, Mauritania, Lebanon, Syria, Jordan, Iran, Qatar, Saudi Arabia, Kuwait, Oman, and the UAE dealing with the technical and B2B and B2G business aspects of any project model.

In SDSmena, we help our customers, employees, and community meet their needs of the present without compromising the ability of

future generations to meet their own needs. Our services cover the full lifecycle of the project starting with feasibility studies, environmental, social & health impact assessments (ESHIA) and ending with decommissioning and remediation of contaminated sites, in addition to other tailored solutions to suit customers' needs. Our scope in other non-energy & environment fields encompasses Organizational Development (OD), economic and financial consulting services. SDSmena key personnel have over 20 years of experience in their relevant areas of expertise across the Middle East & North Africa region.

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# The Egyptian ICT sector between Economic Challenges and Opportunities of Development

**In spite of all the challenges facing the Egyptian economy, the CIT sector remains one of the strongest assets supporting the Egyptian economic development plans, and the tool towards the information economy transformation. However and in spite of this sector's successful inventions and achievements, there are still few impediments to face such as the exchange rates, saturation of the mobile market and the economic fuel. In this context, the CEBC& ECSD organized an event with H.E. Eng.Yasser El Kady, the Minister of Communications and Information Technology To discuss the topic of the Egyptian CIT sector between Economic Challenges and Opportunities of Development.**

The event was attended by CEBC guests, members and government officials, as excellencies Alaa Fahmy, Hassan Younis, Osama Heikal and Amr Ezzat Salama, as well as ambassadors of Afghanistan, Malta, Zambia and Vietnam were among the guests.

In his opening remarks Eng. Motaz Raslan mentioned that over the past five years the telecommunication sector in Egypt was able to maintain its position, even though the economic conditions experienced by the country were facing several challenges. The sector had a significant role in supporting the economy through its contribution to the national GDP by more than a billion dollars, in addition to 10 billion pounds, and the fourth-generation licenses. Also, through accommodating the requested capacity of the telecommunications in Egypt, and facilitating the civilians' life by providing modern services to the community. The ICT sector can be a significant tool used to push a new step of growth as well as an opportunity for achieving sustainable development in Egypt.

There are about 96 million Egyptian cellphone users, who spread with average rate of 108%, and about 48 million internet users, which led the sector to witness a fierce competition among the global telecom companies to invest in Egypt, and exploit the wide Egyptian market.

Eng. Raslan further illustrated that we should measure our success by quality not quantity, because we are not getting the full benefits of our achievements in the telecommunication sector to reach the targeted sustainable development; in spite of having a strong structure, still the outcomes are limited to the social media. In addition, there are about 30% of the Egyptian population using the social networking, but many Arab countries had preceded Egypt in the telecommunication sector to serve the development of their countries. He then mentioned the biography of the minister of communications, praising him and his role in developing the sector and completing the contract for the fourth generation license, despite some doubts in his ability to complete the sale of it to the telecommunication companies.

Minister El-Kady mentioned that he would like to share his future plans considering the communication and information technology sector, he explained that the outcome of the fourth generation license reflects the trust and the importance of the telecommunication companies in the Egyptian market, and the market's ability to receive new investments and expand the existing ones, he added that the value of the fourth-generation license was estimated to be \$1.1 billion and 10 billion Egyptian pounds, which was evaluated to be paid 50% in local currency and the rest in US dollars, so the total price of the license amounted to be 2.1 US billion dollars. He then added that the ministry is working to maintain the investment of the existing companies, and to keep the quality of the services provided to the citizens, through supplying the sector with the tools that have the capability of achieving the targeted outcome.





## Photos Description

(from left to right)

1. Eng. Motaz Raslan, Chairman, CEBC, Mr. Saïid El Derini, General Manager and Partner, Tam Oilfield Services
2. Dr. Effat El Sadat, Chairman, Sadat Group, Eng. Motaz Raslan, Chairman, CEBC, H.E. Moustafa Hadhoud
3. Eng. Motaz Raslan, Eng. Khaled Motaz Raslan, General Manager, Raslan Group
4. Eng. Motaz Raslan, H.E. Eng. Yasser El Kady, Minister of Communications and Information Technology
- 5-9 Part of the attendance
- 10-13 CEBC Guests
- 14-15 The Attendees
16. The Panelists



Minister El-Kady demonstrated that businesses integrated in the fourth generation system, stressing on what he described as traction and pull with the mobile operators, are reaching a common ground and maintaining a proper corporate investment and service quality; which shows that what happened in the telecommunications sector indicates the existence of a clear and strong strategy for implementation and a good act to a large extent. He added that considering the telecom companies, they will provide the latest integrated technological services, pointing out that Egypt delayed applying the fourth-generation services for 5 years, where Egypt was within the 6 countries that did not provide the fourth generation out of 154 countries in the world services, but today the existing telecommunication companies are competing in their marketing and advertising services on providing the fourth generation license in the Egyptian market.

During the seminar, it was mentioned that the ministry is working on a multidimensional strategy in cooperation with the ministry of planning to transform the Egyptian society into a fully digital society, depending on the provision of services to the citizens via internet and technology, and aiming to transform the government system at the beginning of 2017 to a smart e-government system by providing 50 applications that will facilitate the citizens' life.





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The ministry of communications also collaborated with the ministry of health in the provision of health data for citizens and provided applications that show and locate the empty rooms, intensive cares, and the hospitals base. The minister also stressed on the importance of localization of technology in the provinces, through the diffusion of technological areas which will also open two new technological areas soon in Burj Al Arab region in Alexandria and in Assiut, where those areas will provide 30 thousand job opportunities for the youths and build contacts with 5 private technological factories by the end of this month.

Minister El-Kady explained that the ministry is currently working on several initiatives in the manufacture of electronics, education and training that will allow about 17,000 trainees to receive international certificates and enable them to work inside and outside Egypt, pointing out that Egypt is in deep need to create electronic factories after serving the fourth-generation services, because only 5% of Egypt's mobile systems are currently providing the service of the fourth generation.

He described the deployment of smart villages in the governorates of Egypt as the beacon for development, revealing that there will be five Chinese factories in new technological areas for the manufacturing of electronics, in addition to other ten companies that we will sign agreements with them in the following year.

Finally, the minister pointed out that the telecommunications sector also focuses on the development of education, he commended the efforts of the ministry employees and their support in the implementation and improvement of plans and strategies, pointing out that they are establishing strong databases to support and guarantee the delivery of subsidies to reach the poor.

The floor was then opened for questions session, where wide range of vital topics were raised concerning the sector, how to promote it and the future plans of the ministry towards the development of Egypt.



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# The Egyptian Petroleum sector between Current Challenges and Future Opportunities.

Over the past years, the petroleum sector in Egypt has faced significant challenges affecting most of the Egyptian economic indicators and the development plans, due to growing consumption, high import bills and dues of the foreign partners. However, the ministry is introducing a new vision as well as an ambitious strategy aiming at developing explorations and attracting foreign investment, to shift to the center of a regional trading power. In this context the CEBC& ECSD organized an event with H.E. Eng. Tarek El Molla, Minister of Petroleum & Mineral Resources to discuss the topic: “The Egyptian Petroleum sector between Current Challenges and Future Opportunities”.

In the opening remarks, Eng. Motaz Raslan mentioned that the petroleum sector had suffered from consecutive crises that not only affected the petroleum sector, but the overall economic indicators, as a result of the wide gap between supply and demand, slowdown in investment and new explorations and delaying the implementation of many projects; due to the circumstances experienced by Egypt in the recent years. In a short period of time, the petroleum sector was able to overcome these challenges and has achieved a state of stability in the availability of fuel, positive indicators began to increase especially with the excessive gas explorations in north Alexandria, which was followed by a great competition from major international companies to enter the Egyptian market.

There are still some obstacles which limit the acceleration of achievements in this sector, most importantly the continuous increase in consumption rates, which creates higher import bills approaching billion dollars a month. In addition to the entitlements of

foreign partners, rising subsidy bills especially after doubling the value of the dollar, the impact on the foreign reserves and ending the supply of Saudi Aramco to Egypt. So we must search for new alternatives to generate electricity and run factories to reduce the import bills and rationalize consumption rates.

Eng. Motaz then welcomed H.E. Eng. Tarek Al-Molla Minister of Petroleum and mineral resources, thanking him for accepting the invitation, also welcoming Mr. Saïd EL-Derini chairman of Tam Oilfield Services, Mr. Sherif EL-Gabaly chairman for of Polyserve Group and Mr. Muhammad Zaher president of Quartz Core for Mineral Resources.

Minister Tarek Al-Molla began his speech mentioning that the current investment in the petrochemical sector is amounted to be about \$ 7.3 billion. He added that the ministry is working with several companies in the fields north of Alexandria, which will enter the service by the middle of 2017, also the 1.5 billion cubic feet of natural gas explored will





Photos Description

(from left to right)

- 1. Eng. Motaz Raslan, Chairman, CEBC
- 2. Eng. Motaz Raslan, Chairman, CEBC, H.E. Eng. Tarek El Molla, Minister of Petroleum & Mineral Resources
- 3. Dr. Muhammad Zaher, President, Quartz Core for Mineral Resources, Eng. Motaz Raslan, H.E. Eng. Tarek El Molla, Mr. Saiid El Derini, General Manager and Partner, Tam Oilfield Services, Dr. Sherif Mostafa El-Gabaly, Chairman, Polyserve Group
- 4. Part of the attendance
- 5. Part of the attendance
- 6. The Attendees
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- 8. Part of the attendance
- 9. CEBC Guests
- 10. CEBC Guests
- 11. Mos Guests
- 12. Acwatab Guests
- 13. The Panelists

increase the production rates by the end of 2017.

There are also major companies who are enthusiastically searching for natural gas in favor of Egypt, and there is a ministerial committee headed by the Ministry of Petroleum, aiming to raise our capabilities of production in the petroleum sector, pointing out that the dues of foreign oil companies operating in Egypt are \$ 3.6 billion and we are working with the central bank on rescheduling them.

Minister Al-Molla said that there are eight major companies operating in the coastal areas in Egypt, pointing out that by 2022,

20% of the production of the new electricity-powered is expected to be generated, thus contributing to energy subsidies in Egypt. Also, the Egyptian gas stations can be used in liquefaction the gas from Cyprus and exporting it in exchange for a financial stake, or it can be used locally to provide Egyptian gas, he also mentioned that a new law on the use of gas is expected to be approved in the following period, with the goal of adjusting procedures to ensure good utilization of resources and their conservation; it will also arrange trading and exploration operations, as well as the trade of the private sector in gas, to ensure the rights of future generations controls. Adding that the ministry is ready to face the future





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challenges through a vision strategy planned with major petroleum sector advisory offices to overcome any problematic challenge.

The Minister explained that we should be hardly prepared for the development plans, saying: "We are able to make the sector in its best form through development, production, research, exploration and marketing of wealth by 2020", pointing out that the Gulf countries raised their hands for fuel subsidies such as the UAE and tied the oil price to the international world price, and soon Saudi Arabia and Kuwait will end fuel subsidies, which shows that we must be well prepared to follow the same route.

Finally, he pointed out that the energy subsidies had cost L.E 500 billion pounds during the past five years, stressing that the state will not end oil subsidies, but it will be

rationalized and will end the wrong targeting so as to promote the reform of the distorted financial structures and to deliver subsidies to those who need it.

The floor was then opened for questions session, where wide range of vital topics were raised concerning the development of local companies' needs, as it must be put on the priorities list for the companies that produce raw materials, the wrong targeting of subsidies as the current situation reflects the state unacceptable deformity, in which the upper class gets the wider share of oil subsidies instead of the lower class. Other ideas were suggested to promote the sector and how applying them will contribute to the development of Egypt.

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# The Future of Education in Egypt

Education is representing the biggest challenge in the development of Egypt; given the serious repercussions currently facing education, affecting the future of the coming generations, and disturbing the economic and social development plans, it is time to build a national project to reform education and improve its quality to catch up with the developed countries.

In this context, Canada Egypt Business Council & The Egyptian Council for Sustainable Development organized an event with the Ministry of Education and Technical Education to discuss the topic: “The Future of Education in Egypt”, with the participation of Ms. Gihan Kamal, Mr. Mohamed Saad from the Ministry of Education, Dr. Gaber Nassar President of Cairo University, Dr. Hossam Badrawy President of Nile Badrawy Institution, Dr. Salma El-Bakry Chairperson of Education First Foundation and Mr. Amr Khafagy Publisher and Editor in Chief at Al Shorouk Newspaper.

In the opening remarks, Eng. Motaz Raslan chairman of Canada Egypt Business Council mentioned that it is time to adopt a national project to reform education and improve its quality, so that we can make up for what we missed and develop the educational system in Egypt. Fortunately, the political leadership gave the educational sector special attention in the first national youth conference; which recommended the formation of a committee to develop the educational system and take advantage of the presence of a leadership which believes in the importance of education to the nation and to accelerate the completion of this plan.

He then cited a quote which states that: “Education is the most powerful weapon you can use to change the world”, the argument assures that all countries which have made progress and huge spikes in economic, military power or political growth have started with developing education; as since the dawn of humanity until today, international experience has proved beyond any reasonable doubt that the beginning of real progress only starts with education. Eng. Raslan further explained that despite our certainty of this fact, we did not put education on our list of priorities and it was neglected by consecutive governments over the decades. So, we must put it in the priority of the governmental concerns, and remain focused on achieving educational progress as it is known that it is the cause of a lot of problems we are currently facing; whether economic, social or political issues are the legacy of neglecting education for many years, which negatively affect the youths, as they fall prey to the thought of the extremist, and cause the spread of crime and violence rate.

It was pointed out that the Egyptian human capital amounts for more than 21 million students in pre-university education which can put Egypt in the ranks of the developed countries if there was an appropriate provision of scientific environment and an ambitious education reform program, but it is strange that this human wealth turned from a blessing to a curse when we fail to provide them the adequate housing, health and educational services.

Ms. Gihan Kamal started her speech mentioning that each citizen has the right for education and the new constitution of Egypt ensured proper education to every citizen, so as to consolidate the Egyptian identity, and achieve greater development, she added that the real competition between the countries is in the development of education. Also, the state is concerned with providing crucial mechanisms to offer good quality of educational service to the citizens, the government also is exerting efforts through putting a strategic plan to develop the educational material, technical education, school activities and national schools to promote the Egyptian educational system and take a further step towards sustainable development.

Mr. Mohamed Saad discussed the problem of the huge number of students per class, and said that the ministry is working on increasing and developing the number of classes to 150,000 class where 30,000 have been completed, and 20,000 will be delivered this year; in order to absorb more students and create a better environment for the students to learn and understand. The ministry is also investing in several projects with the ministry of investment to build 200 new schools in the following 3 years.

Dr. Salma El-Bakry introduced five ideas to develop the educational system in Egypt, most importantly, the institutions of civil society’s contribution to the development of the educational process, through the adoption of a limited number of schools to develop the learning techniques for students and teachers. Moreover, the educational system in Egypt suffers from several challenges, as the pre-university education which has about 21 million students who are receiving educational



services in only 45 thousand schools, from 2 million teachers; which is a real disaster, hurting the sustainable development goals. There are also 37,600 civil society organizations in Egypt that provide services in all sectors, from where only 68 institutions provide support to the development of the educational sector.

Dr. Hossam Badrawy said that the educational sector in Egypt is facing a number of scenarios where the current situation can remain as it is, or to develop for the following ten years and lose control again, or to invest in a golden opportunity for a change as the world has adopted, especially that all countries of the world are interested in changing educational policies. He also called for the integration of information, education, youth and culture in order to ensure real sustainable development based on enlightenment and integrity.

The floor was opened for questions and answers session, where several ideas, suggestions and strategies were expressed to improve the sector, most of them indicated that the main focus of the educational system should be on the equal distribution of quality as well as on the provision of the quality of education.

## Photos Description

(from left to right)

1. Eng. Motaz Raslan, Chairman, CEBC
2. Dr. Hossam Badrawy, President, Nile Badrawy Institution
3. Dr. Salma El-Bakry, Chairperson, Education First Foundation
4. Dr. Hossam Badrawy, Eng. Motaz Raslan, Dr. Gaber Nassar, President, Cairo University
- 5-7. Part of the attendance
8. Mr. Saiid El Derini, General Manager and Partner, Tam Oilfield Services, Dr. Hossam Badrawy, Ms. Nevine Osman, Canadian Embassy, Dr. Effat El Sadat, Chairman, Sadat Group
9. The Attendees
10. CEBC Guest



2



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10



# WELCOME OUR NEW MEMBERS



**Ingy Omar Rasekh**  
Mena Associates



**Sameh Ahmed Khodeir**  
Zaki Hashem & Parteners



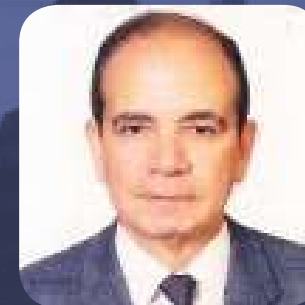
**Maged Abdel Messih Zekry**  
Dignity Care of NY.



**Mohamed Ibrahim Ahmed Shimy**  
The Petroleum Projects & Technical  
Consultations Comppany - Petrojet



**Mohamed Abdelgawad Hassan**  
SDSmena Ltd.



**Amr Hassan Mostafa**  
Oasis Clinics



**Hazem Mosalem Metwally Aly**  
Etisalat



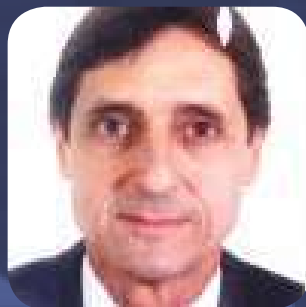
**Ramy Ashraf Amin Sadek**  
Ashraf Sadek Associates



**Khaled Mahmoud AbdelAziz Attia**  
Sarie-Eldin & Partners



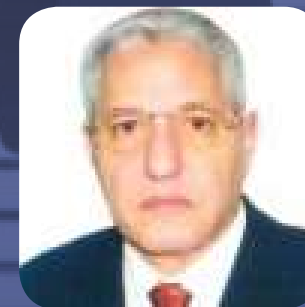
**Ahmed Emad Ismail**  
PetroServices GMBH



**Yasser Zaki Hashem**  
Zaki Hashem & Parteners



**Ahmed Mohamed Ahmed**  
Mena Associates



**Sarwat Abd El-Shahid**  
Sarwat A. Shahaid Law Firm



## CEBC MEMBER'S BIRTHDATES

# MARCH

# 2017

SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

### MARCH 01"

**MR. OSAMA EL NOMANY**

**CEO**

CATEC

[Consulting and Technical Engineering Co.]

### MARCH 03"

**MR. MOHAMED GAMAL EL DIN**

**Chairman**

Al Fotouh Engineering Co.

### MARCH 05"

**ENG. KHALED MOTAZ RASLAN**

**General Manager**

Raslan Group

**MR. BAHAA EZZALARAB**

**Legal Consultant**

Thebes Consultancy

### MARCH 06"

**MR. TAREK BADAWY**

**Attorney at law / Solicitor & Barrister**

Sarwat A. Shahaid Law Firm

### MARCH 09"

**MS. INGY OMAR RASEKH**

**Managing Partner**

Mena Associates

### MARCH 11"

**MR. NAWAL NAGUIB KELADA**

**Management Consultant**

Middle East Courier Services

### MARCH 14"

**ENG. ATEF HELMY**

**Chairman**

Egyptian Company for Mobile Services

[Orange]

**MR. YVES GAUTHIER**

**CEO**

Egyptian Company for Mobile Services

[Orange]

### MARCH 15"

**MR. GAMAL MOHARAM**

**Chairman**

MGM Financial and Banking Consultants Co.

### MARCH 18"

**MR. TAMER MOUSTAFA SABET**

**CEO**

Eco Egypt Group

### MARCH 20"

**MS. MAYAN WASSEL RASLAN**

**Vice President**

SpeedoTrans Co.

### MARCH 31"

**MR. ALAA MOHAMED EL-ZOHAIRY**

**Managing Director**

Arab Misr Insurance Group / gig



## CEBC MEMBER'S BIRTHDATES

# APRIL

# 2017

SUN	MON	TUE	WED	THU	FRI	SAT
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

### APRIL 01"

**MR.EMAD EL DIN TAYMOUR**  
**President**  
Ament

### ENG.RAOUF ABDEL MESSIH

**Chairman and CEO**  
Technoram Holding

### APRIL 03"

**MR.MAGED EL MENSRAWY**  
**Chairman and CEO**  
Manapharma

### APRIL 05"

**ENG.MOHAMED SAAFAN**  
**Chairman & CEO**  
Egyptian Petrochemicals Holding Co.  
(ECHEM)

### APRIL 06"

**MR.NICK FRANCIS GLIDDON**  
**Enterprise Business Unit Director**  
Vodafone Egypt Telecommunications

### APRIL 16"

**ENG.AMR ABOUALAM**  
**Chairman**  
Lotus Rea Management & Consulting

### APRIL 24"

**MS. LAMISE ALY NEGM**  
**Vice President**  
Citibank N.A

### MR.ASHRAF ELARMAN

**General Manager**  
Xerox Egypt

### APRIL 25"

**ENG.MOHAMED YEHIA BAHNAS**  
**Chairman**  
BIC for Contracting Construction

### DR.DIAA M. ELMONAYERI

**Chairman**  
Environmental Civil Engineering  
Consulting Center

### APRIL 26"

**ENG.AHMED HAMDY M. ZAKI**  
**Architect Engineer**  
Private Electrical Consultants

### APRIL 27"

**ENG.MINA MORCOS GUIRGUIS**  
**Chairman**  
EBKOT for Development and Tourism

### APRIL 29"

**MR.EREN SARI**  
**Business Development Consultant**  
Green & Spiegel LLP

### APRIL 30"

**MR. MOHAMED ABDEL AZIZ YOUNIS**  
**Managing Director**  
Delta Trading & Commercial Agencies