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Wednesday 30 September 2009

Keynote Address

HE Dr. Tarek Kamel, Minister of Communications and IT, Arab Republic of Egypt

I am delighted to welcome you all here today. I will be talking about the developments in the IT sector in Egypt. It is very interesting to see where Egypt ICT sector stands now, during these difficult financial times. The ICT sectors real GDP contribution is around 3.8% or \$7 billion. There is a growth in the mobile and broad band sector and other sectors in the ICT. In the mobile phone sector there was a 37% increase in growth between 2008 and 2009. There is 70% mobile penetration in Egypt. However, despite this growth we still have challenges. We have not yet finished the overall infrastructure and renovation of the ICT sector. Due to the crisis this had to be postponed, but we are committed to continuing to renovate the sector and to attract FDI.

The regulatory authority has approved two licenses for the telecom sector who will work in the market alongside Telecom Egypt and this will be announced tomorrow in newspapers. This will take us a step closer to opening up this sector and providing added value for the consumer. We know that there are some areas in Egypt that have problems networking, but we are hoping that this new move will help with this issue. We have invited international players to come in with their expertise and to provide value added services to this sector. Egypt has to be a leader in terms of value added services. I am taking this opportunity of being here in this conference to make this announcement. The detailed terms of the tender will be announced in the next 48 hours by the head of the Telecom Regulatory Authority.

In addition to these licenses, we will continue to work in the international arena on the policy level. Egypt is delighted to host a multi stake holder forum on internet services, in Sharm El Sheikh. The forum will reflect hotly debated issues relating to cyber security, the internet as media for value added, and domain services, as well as a number of other topics. This forum is becoming the forum for dialogue between Egypt and other countries. It seems that the forum might only be of interest to technical people, but I tell you ladies and gentlemen this will be of use to everyone. We will continue with our international partners and stakeholders to look towards the future of the internet, by working together to open up this sector.

In addition to all of this, we are developing ICT as an industry for off-shoring and outsourcing. Since ICT was established, we have committed ourselves to a policy of privatization. We are fully aware that one of our assets in Egypt is our human resources. There are 20,000 students from the ICT sector graduating each year. We are trying to make use of this resource. Egypt is becoming a leader in off-shoring and outsourcing. This leadership has been achieved through the special incentives provide by ITADA. ITADA provides incentives to companies coming from outside, for off-shoring and outsourcing. The government is also providing incentive packages in training.

Last year we had an approach to establish an outsourcing zone in Maadi. We have dedicated 75 acres in a zone in Maadi and the first buildings are now up, with the first companies expected to be there within the next few months. I also don't need to tell you about the success of Smart Village. There are 25,000 employees working in the Smart Village and approximately \$1 billion where investment in Smart Village.

Egypt is number 4 worldwide, in off-shoring services, according to reports. This will create jobs and add value to our economy. The world is also talking about research and we are committed to that, which is why we are creating innovation centers. We started with the Microsoft Innovation Center, but it is not only Microsoft that invested in innovation. BMI has also started its own innovation center and Intel is also working in the area of innovation. Egypt is trying, via its policies, to put out a call for innovation, and help us become part of the movement taking place worldwide.

I also want to highlight quickly what we are doing to utilize ICT in education and health services. ICT can play a big role in providing better education and health services. We are working with both ministries to try and provide better quality services in schools and universities. We're also trying to introduce technology based components to the higher education curriculum. We are doing this in order to make sure we are providing the right people with the right skills. We are doing this in close cooperation with our partners and the Ministry of Higher Education. We as a government are committed to working on all of these things on the multi-stakeholder level.

So more or less, ladies and gentlemen, this is what I wanted to share with you this morning. The Telecom Regulatory Authority is opening up a tender and I wanted to announce this and we are sure this will contribute positively to the overall telecommunication sector. Thank you.

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Q&A

RE: In terms of revenue sharing, do you see this as being a long term policy change or are you just being pragmatic for the time being?

TK: Honestly I can't say this is a policy change, when it comes to inviting two players to come in, in this case we are looking for someone to bring in technology, know how, and valued added services. This is why for the time being, we are looking to revenue shares.

Floor: The zone in Maadi, can you shed some light on what kind of investment this zone is attracting and will it have a special status or benefits?

TK: This project is being implemented together with the Ministry of Investment and will be implemented in accordance with the changes made in the laws governing investments. We are looking for investors to take the 75 acres and develop around 40 buildings, providing large and medium enterprise facilities. There primary concern will be in providing exporting services. We will provide incentives for those who utilize it for off-shoring and outsourcing. So there is an overall package between developers and the government in a private public partnership framework. Due to the financial crisis the response was slow at first, so we decided as a ministry to develop the first buildings to speed up this process and we have started doing this now. The first three buildings are finished but we need a developer to come in and make an investment. We will issue the tender again in 2010. From a finishing point of view, we decided to go with a simpler design, than Smart Village, for financial reasons.