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Tuesday 29 September 2009

Panel I

### Global and Regional Macroeconomic Outlook and Egypt

The panel was moderated by **Richard Banks** (RB), Director, Middle East, Euromoney Conferences, with panelists: **Hisham Ezz Al Arab** (HEA), Chairman, Commercial International Bank; **Hatem Dowidar** (HD), Chief Executive Officer, Vodafone Egypt; **Marwan Elaraby** (ME), Managing Director, Citadel Capital; **Marc Franco** (MF), EU Ambassador to Egypt; **Taher Helmy** (TH), Senior Partner, Helmy, Hamza & Partners. Below are excerpts from the session.

**RB:** A new vision for Egypt? Will the country change its strategy going forward, in light of the changes the world is seeing? Is there a change in the psychology of people in Egypt?

**TH:** We have avoided the financial meltdown, but things will change, and now what we have to do is closely monitor what happened during the crisis and the effects it has had on countries across the globe. We should be part of the global market and should direct our economy towards exports and investments. Everyone was relying on the US market, as an important export market for Egypt and then the crisis happened. This is why we need to make sure that we diversify our export markets and I'm pleased to say that we have already started working on this.

Our economic growth rate stands at 4.2% which is not that bad, actually it is quite positive when compared to the rest of the world. We are strong domestically and have not been hit directly because our capital markets were not as sophisticated as that of other markets. We need to learn from the mistakes of other markets, such as the US.

**HEA:** There should be less focus on the capital markets. We should be smart enough to know that the world has changed. We must put greater emphasis on Egypt seeking domestic opportunities, like for example, working to help the mortgage finance sector grow. I'd like to share with you the expected growth rate for emerging markets from 2008 to 2009. Egypt comes in third, standing just behind China and India, at 5%. Having regulations is important, but implementing them is even more important. We should rely more on our own market. Raising wages is not the solution, if we raise production either in the private or public sector then wages will automatically go up.

**ME:** The psychology of people in Egypt has changed. The banking sector in Egypt has never gotten to the stage where it was sophisticated and this has protected the country. People will look towards focusing more on domestic opportunities.

**HEA:** Despite global repercussions there is still growth in Egypt. In terms of investment we have remained the same. As global and local companies try to lower costs, there will be a definite impact on service providers, and this will also affect recruitment.

**MF:** Unemployment would have been much worse if we didn't have precautions in place. What about our economic relationships with Egypt? This will not change. It is more a question of what we can do together in order to stimulate further growth, and this will involve co-investment programs for the public and private sectors.

### Q & A:

**Floor:** The government relies on SME's; who they believe will stimulate development, especially since Egypt has a large informal sector. What is CIB doing for SME's?

**HEA:** There are about 7 official definitions for the SME's. CIB will need to work on our strengths. We're currently changing our model to be involved in SME's financing.

**Floor:** What about G20 and emerging markets?

**MF:** Most developed markets are under a great deal of pressure because of costs. Behind every crisis there is an opportunity. Over the next 20 years there will be continued cooperation between the EU, emerging markets and those involved in the G20 project. Over the next couple of year there will be more investments going into infrastructure.

**Floor:** There is reluctance amongst private equity funds, to bring money to Egypt. Where do you see this money going, specifically in the Middle East?

**HEA:** First there is less money. We are better off placing money in publicly traded firms. Within this part of the world, Egypt will get more than its share of money, but it'll take a few years. People will eventually start investing in infrastructure and literature, and call centers.

**Floor:** Do you think 2010 will be better or worse than 2009?

**HEA:** All panelists are optimistic about 2010 and believe Egypt has advantages over other countries in the region. 2010 will be better than 2009.