

Egypt special

Bright new dawn attracts major FDI

Africa's third-largest economy embarks on massive infrastructure investment program

Six decades of positive Sino-Egyptian diplomatic relations received a fresh boost in January 2016 when the leaders of the two economic powerhouses signed investment and aid deals worth \$15 billion in a move that underlined the continental giants' mutual respect.

Chinese President Xi Jinping said the 21 landmark agreements and fiscal packages for a string of major power generation, infrastructure and transport projects would provide "a new impetus to the economic development of Egypt" and further tighten the strong bonds between the pair.

"China supports Egypt's efforts to maintain stability, develop the economy and improve livelihoods, and ... play an even greater role in international and regional affairs," Xi said during the visit to Cairo in January.

During the signing ceremony, Xi said 32 Chinese companies and their combined investment of \$400 million were currently involved in the new Suez Canal economic zone, and the next stage of the project would see those figures climb to 100 firms and \$2.5 billion.

His Egyptian counterpart Abdel Fattah El Sisi hailed the substantial investment program as the "best evidence of the two countries' determination to improve their levels

of cooperation", adding the deals included a \$1-billion financing agreement for the central bank and a \$700 million loan to State-owned National Bank of Egypt.

The massive investment package underlined the high regard in which each republic holds for the other and will further improve foreign confidence in the Egyptian economy, which has yet to reach top gear despite greater political and economic stability under the current administration.

Bilateral trade between Egypt and China totals almost \$12 billion per year, 90 percent of which involves imports from China. More than 1,200 Chinese enterprises operate in Egypt, mainly in the construction, financial and commercial arenas.

Ahead of his first overseas visit of 2016 to Cairo, Xi wrote a long article in the local press in which he underlined just how important Egypt is for China's political, economic and trade ties in the region. Under the headline "Let China-Arab friendship surge forward like the Nile", Xi wrote: "Since late 2014, I have had two meetings with President El Sisi in Beijing. Our agreement to elevate China-Egypt relations to a comprehensive strategic partnership led bilateral relations onto a fast track.

"Over the past six decades, China-Egypt relations have stood the test of changing international and regional landscapes and have moved forward steadily. The two sides have treated each other with mutual understanding, respect, trust and support. China supports the government of Egypt in restoring social stability and economic development. China supports Egypt in playing an active role in regional and international affairs.

"China will continue to view and develop its relations with Egypt from a strategic and long-term perspective. President El Sisi and I will work together to comprehensively deepen the political trust and strategic cooperation between our two countries, so that China and Egypt will achieve common development and progress and China-Egypt relations, already a shining example of South-South cooperation, will continue to play its exemplary role."

Xi continued: "China-Egypt interaction and cooperation over the years are guided by the principles of mutual trust, mutual assistance, mutual benefit and mutual prosperity. The two countries are indeed each other's good friend, good brother and good partner that can be counted on.

"I am convinced that with our joint efforts, the friendship between



Cairo, the capital of industry and commerce.

China and Egypt and between China and Arab countries as a whole will surge forward like the Nile and bring us to our desired destination of national renewal."

To mark the 60th anniversary of close cooperation in economic, social and diplomatic fields, Egypt and China have designated 2016 as Sino-Egyptian Culture Year.

The presidents of both countries marked the occasion by attending a concert at the Luxor Temple in late January.

With roots that stretch back to

the birth of civilization, Egypt has long been a popular destination for foreign tourists seeking to step back in time and explore ancient wonders of the world such as the Lighthouse at Alexandria and the Great Pyramid of Giza. Combined with beautiful beaches, great climate, fine cuisine and the warm nature of Egyptians, it is clear to see why Chinese tourists are flocking to the cities and Red Sea resorts and taking advantage of its wonderful natural and cultural assets.

According to official data, Chinese

tourist numbers nearly doubled year-on-year to 125,000 visitors last year and that total is expected to jump by at least a further 50 percent in 2016 as more than a dozen flights arrive at various international airports each week. However, sightseers from China still comprise a relatively small fraction of total visitor numbers as more than 12.2 million tourists arrived in Egypt in 2015, leaving with precious memories and having spent nearly \$6.2 billion.

Reforms are core pillars for robust growth

During the El Sisi administration's first two years in office, ministers have undertaken a series of reforms to reduce energy subsidies and the national deficit, increase the tax base and improve social safety nets, while at the same time introducing attractive tax incentives for investors.

Not only have the initiatives boosted GDP growth into single-digit territory, they have been warmly received by major financial institutions such as the World Bank and International Monetary Fund. In addition, several leading credit rating agencies have lifted their evaluations and outlooks for the country's economic prospects and fiscal climate.

"The government exerts great efforts to accelerate the achievement of economic take-off to be reflected in standards of living," said former

minister of finance Hany Kadry Dimian in a positive update on a new financial program that rearranges spending priorities and supports social protection.

"Spending rationalization policies are based on procedures to assure expenditures fulfill the purposes of funding social-dimensional programs, and so increase spending on education and health to fulfill constitutional entitlements," Dimian said.

In October 2015, President Abdel Fattah El Sisi appointed Tarek Amer as governor of the Central Bank of Egypt (CBE) following the resignation of Hisham Ramez. The bank's main objectives and functions include realizing price stability and ensuring the soundness of the banking system; formulating and implementing monetary, credit and

banking policies; and supervising the banking and financial services sector.

Solid progress

The appointment was well-received as Amer is well respected within the banking and financial sector through his previous time with the CBE and his impressive resume features roles that have seen him develop extensive administrative and banking knowledge and expertise.

A few weeks before Amer's appointment, a team of financial experts from the IMF spent a week in Cairo assessing the country's economic performance and holding high-level talks with government officials, leaders from the private sector and bosses of public authorities.

Following the visit, mission head Chris Jarvis said: "There have been positive economic developments since the mission's last visit. Some of the pledges made at the Egypt Economic Development Conference in March 2015 are already in the implementation phase. In August, the parallel Suez Canal was opened after just one year of work; and a major gas find in Egyptian waters bodes well for the country's outlook in the medium term.

"The country's return to international markets was marked by the successful issuance of a \$1.5-billion Eurobond. Macroeconomic figures also point to some improvement, with growth rebounding to 4.2 percent in 2014-15, and inflation has declined. Financial soundness indicators point to the continued



Hany Kadry Dimian, former minister of finance



Tarek Amer, governor of the Central Bank

resilience of the banking sector, and the authorities are making efforts to deepen financial inclusion," Jarvis said.

"The authorities succeeded in significantly reducing the underlying budget deficit despite a decline in

foreign grants, thanks to a wide-ranging set of reforms including energy subsidy reforms, and progress in containing the wage bill and increasing tax revenues."



Concord International Investments Group, L.P.



Winner of Best Asset Manager - Egypt 2015
by cfi.co - Capital Finance International

Egypt proves a great destination for stock market investors

CONCORD GROUP FUNDS INVESTING IN LISTED EQUITIES ON THE EGYPTIAN EXCHANGE FROM 1 JAN.2014 TO 31 DEC.2014

Fund Name	Inception Year	2014 Change in NAV (including distribution)
Open Ended Funds		
The Egypt Investment Company (EGP)	1996	+41.80%
The Egypt Investment Company (US\$)	1996	+37.71%
Concord Egypt (Euro)	2003	+45.79%
Concord Egypt (US\$)	2003	+28.03%
Closed Ended Funds		
The Egyptian International Fund (EGP)	1997	+33.06%
The Misr Alexandria Fund (EGP)	1998	+30.45%
EGX 30 Index (US\$) % change	--	27.89%
EGX 30 Index (EGP) % change	--	+31.61%

New York

Cairo

Tokyo

www.concordus.com



Emirates NBD

A leading bank in the Middle East.
A trusted name across the world.

Emirates NBD, a leading bank in the Middle East is delighted to serve you through more than 65 branches and 200 ATMs across Egypt including the major districts of Greater Cairo, Giza, Alexandria, Delta, Upper Egypt, Sinai and the Red Sea. We offer our customers a broad range of innovative and sophisticated products and services in Corporate Banking, Retail Banking and Investment Solutions. At the core of our mission, is the ambition to keep our customers' interests before everything else. Our attentive and speedy customer service has brought us many global accolades; but more importantly, it has won us the smiles of satisfied customers, which is what we truly strive for.

For more information, call 16664 Visit www.emiratesnbd.com.eg

Move puts banking sector on sound footing

Competitive climate in diversified economy means financial operators face a golden future

Egypt's banking and financial services sectors have undergone a period of consolidation over the past decade. Mergers and acquisitions have reduced the number of operators by around a third to less than 40. The industry is now leaner and private and State-owned institutions have been a major beneficiary of the foreign direct investment that continues to flow into various sectors from multiple sources.

Dubai-based bank Emirates NBD, having extended its reach from the United Arab Emirates to Egypt in 2013, has demonstrated remarkable growth, and now employs more than 1,500 people and runs over 70 branches in Egypt.

"Egypt is a market with massive business opportunities, including tourism which has various challenges in the short term, but massive opportunities in the long term," said Giel-Jan M. Van Der Tol, CEO of Emirates NBD.

"This market is under-banked and under-housed, so there are massive opportunities in infrastructure, telecoms and industrial expansion. The government is taking the right steps and you see improvements in fiscal defi-

cits and the introduction of new investment law. There is a set of comprehensive measures that is generating a master plan.

"Emirates NBD is a leading bank in the Middle East and a top, pivotal player in Egypt. We can assist companies from China with projects and give advice with our connections to these large projects. We are very keen to help finance these Chinese companies."

Another example is Bank Audi, founded in 1830 in Lebanon and which has a range of products and services for corporate, commercial and individual clients. It has more than 1.2 million customers and nearly 6,000 employees.

"We have many sectors and contacts where Chinese technical assistance, partnerships and investment would be of mutual interest, like in telecommunications, power – especially electricity – transportation, and infrastructure," said Hatem, Sadek, chairman and managing director of Bank Audi.

"We are an innovative and dynamic financial services partner looking to share our local expertise for project financing and syndication and provide tailored services for the potential Chinese business

community in Egypt. Bank Audi is the financial services partner to facilitate investment requirements."

Banque du Caire blends its heritage of more than half a century with Egyptian banking expertise and modern practices and technology.

The group has 1.9 million customers and 229 branches.

"The involvement of key players from China, whether in terms of risk sharing arrangements or co-financing larger transactions, would be beneficial to everyone," said Mounir El Zahid, chairman and CEO of the bank.

"We are very pleased to establish closer relationships with Chinese corporations and increase the utilization of Chinese technology. China always has been a good friend of Egypt. Chinese technology is also affordable and cost-efficient. We are happy to work with any Chinese people as they are serious and reliable – our relationship with them have been always stable. They are good partners."

Foreign and domestic banks are not the only financial service companies benefiting from Egypt's resurgent economy, with overseas insurance companies, international



Mohamed S. Younes, chairman of Concord International Investments



Giel-Jan M. Van Der Tol, CEO of Emirates NBD



Mounir El Zahid, chairman and CEO of Banque du Caire

investment groups and investment funds also reaping rich rewards.

Headquartered in New York, Concord International Investments Group is an investment management company and a leading fund manager of Egyptian securities in the world. The group possesses widely recognized expertise in portfolio management, investment strategy, corporate finance and strategic planning. Concord currently has approximately \$1.34 billion invested in Egyptian equities.

"Our role is to understand Egypt,

how to do business in Egypt, so as to help foreign companies," said Concord Group Chairman Mohamed S. Younes.

"The very important role we play is as adviser to international companies on how to do business here, because it is not easy. There is no sense in investing money without proper intelligence, we do our own research. When we build a portfolio, we have to follow our own rules on how much risk we take and where to take it. We are following this system very systematically and it is working very well.

"Our interest lays in creating long-term relationships with companies. To do so, we need to know these companies well. We try to establish long-term relationships with a limited amount of companies and build upon that. For Concord, we are looking for partners in a long-term relationship and are not interested only in a few deals. We want ongoing investments to help each other out in the most possible ways."

New homes to open future for millions

Officials have pledged to create 1 million new housing units in Egypt by 2020, the vast majority of which will be for low-income families. The ambitious project is one of the largest in the world.

The scale of the project is driven by demand as Egypt requires 300,000 homes per year for newly formed households and a further 254,000 units to clear a backlog partly caused by an overall lack of coordination in housing projects.

This drive to increase the quantity and quality of housing across the

country is being supported by a significant infrastructure investment plan to create highways, transport systems, power and communications networks, schools, medical facilities and offices. Construction and housing are among the largest and most labor-intensive employment sectors in Egypt.

Chinese firms form an integral part of the latest construction program, whether in logistics, industry, trade, residential and urban development spheres, said Mostafa Madbouly, minister

of housing, utilities and urban communities.

The minister said the "sky is the limit" for Egyptian-Sino cooperation given the vast potential for major infrastructure projects in Egypt over the next decade.

"China has stated explicitly that Egypt should be the entry point to Africa and we look forward to working with the country on a plan to boost their engagement on the African continent," he said.

"Egypt is extremely eager to establish strong and sustainable

relations with Chinese companies – and work with them on several mega projects. We are implementing projects that will contribute to the generation of employment, developing new settlements, new cities along the Suez Corridor, like East Port Said, the North West of Suez Gulf. The Chinese are very welcome here and we are excited about the positive contribution they can make to the Egyptian economy and the country."

“Egypt is extremely eager to establish strong and sustainable relations with Chinese companies – and work with them on several mega projects.”

Mostafa Madbouly, minister of housing, utilities and urban communities



Your reliable partner of choice in Africa

Future Pipe Industries is a world leader in providing durable fiberglass pipes for the infrastructure, oil and gas, and power/diesel sectors. We offer an impressive high quality product range, as well as engineering and project management services to keep client projects on-time. Contact us to see how we can be part of your success story in Egypt and Africa.

FPI FUTURE PIPE INDUSTRIES

Future Pipe Industries SAE Industrial zone 5, 6th of October City, Cairo, Egypt
Tel: +202 2528 5880 | Fax: +202 2528 5890 | sales-egypt@futurepipe.com | www.futurepipe.com

WADI DEGLA HOLDING

BUILDING ON HERITAGE TO ENGRAVE OUR OWN HISTORY

IN **AFRICA. EUROPE & THE MIDDLE EAST**

WADI DEGLA HOLDING

TOGETHER, WE BUILD A BETTER TODAY

www.wadidegla.com - info@wadidegla.com

بنك القاهرة Banque du Caire
بوابة القاهرة .. طريق النجاح

Banque du Caire
INSPIRED BY HISTORY .. COMMITTED TO FUTURE ..

For over 6 decades, Banque du Caire has been immensely contributing to the Egyptian economy, a significant role that BDC superbly demonstrates as an instrumental key player supporting the National Economy.

16990
www.banqueducaire.com

BANK AUDI
A GREAT LEAP FORWARD IN THE WORLD OF FINANCE

Total Deposits 23% CAGR

Net Loans 21% CAGR

EGP 000	2010	2011	2012	2013	2014	CAGR (%)
Total Assets	15,677,027	17,795,503	18,888,791	22,849,771	30,571,797	22%
Net Loans	7,202,881	7,916,304	9,455,033	10,903,163	12,779,165	21%
Total Deposits	13,715,297	15,697,040	16,217,670	19,772,523	27,182,541	23%
Paid in capital	1,123,437	1,123,437	1,337,025	1,543,359	1,843,243	10%
Net Income	174,614	127,491	251,070	371,208	444,656	33%

16555

Bank Audi

Egyptian construction boom powered by FDI

Foreign direct investment from countries such as China is driving rapid growth in the nation

Foreign direct investment in Egypt jumped by nearly 50 percent year on year in 2015 to \$6.4 billion and that impressive performance is forecast to continue as the country embarks on a massive infrastructure construction program with the help of investors from countries such as China.

Egypt, which has a population of 82 million people, has also experienced a positive trend in GDP growth, with an uptick of around 5 percent forecast for 2016.

The recent expansion of the Suez Canal — one of the world's most famous and important waterways — has repositioned Egypt as a trade and logistics hub and prompted a flood of investment in new trade and industrial zones.

Chinese investors are among those taking advantage of the many opportunities the enlarged canal will offer and have acquired 6 million square meters of prime industrial real estate in the north-west vicinity of the Suez Canal.

Headquartered in Cairo, Orascom Construction is a global engineering and construction giant primarily focused on infrastructure, industrial and high-end commercial projects in the Middle East, North Africa, the United States and the Pacific Rim for public and private clients.

With around 53,000 employees in more than 20 countries, Orascom Construction is listed on NASDAQ Dubai and the Egyptian Exchange. The company operates under three distinct and separate brands:

Orascom, Contrack and the Weitz Company.

The firm targets large, complex and demanding industrial, commercial and infrastructure projects that by their nature attract fewer competitors and have higher margins. With an emphasis on turnkey contracting, Orascom's track record ranges from water treatment plants and power stations to five-star hotels and office skyscrapers. Orascom has earned a reputation for safely delivering quality work under difficult conditions on-schedule and at competitive prices. The company prides itself on the groundbreaking quality of its work.

"If Egypt decides to develop its infrastructure, we see ourselves as a catalyst for the growth and development (of the country), and if you look at it from the business perspective, we are one of the major beneficiaries of this development," said Orascom CEO Osama Bishai. "We are working on the power sector and are satisfied that we completed a mentionable portion of the fast track power generation program launched in late 2014.

"We are also taking a decent share of about 20-30 percent from the 4,000-kilometer road network improvement plan the government launched. In addition, we are awaiting a concession to start a wastewater treatment plant which will reach a wide audience and, of course, will improve the quality of life."

Orascom is keen to play its part



The expansion of the Suez Canal is an engineering feat that will allow more vessels to use the vital waterway.

PHOTOS PROVIDED TO CHINA DAILY

in further enhancing Sino-Egyptian cooperation. "We are already in contact with some Chinese partners who are particularly related to the transport sector, as in railways," Bishai added. "We also have met with some contractors from the energy sector."

Diverse, but sport focused

Wadi Degla Holding is another highly successful and diversified group and it is known as much for its football clubs as its prime real estate portfolio. The company has a broad range of operations, including sports facilities, telecommunica-

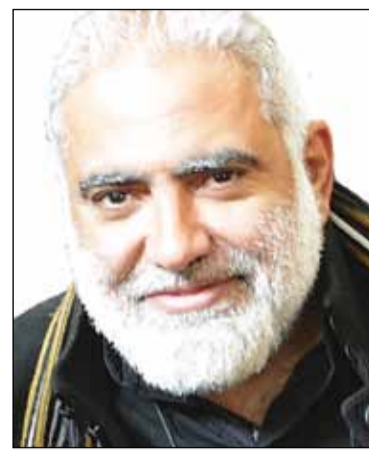
tions, real estate developments and industrial projects.

Nestled strategically in some of Egypt's most prime locations, Wadi Degla Holding's integrated real estate operations comprise five high-end residential compounds and five weekend housing getaways. The projects are located at Ain El Sokhna, New Cairo, Maadi, 6th of October City, Hurgada, and North Coast, with similar developments in the pipeline.

"Egypt has one of the strongest economies in the region, which has enabled our company to grow because of the stability and secu-

rity of the country, its large population and significant resources," said Adel Samy, president of Wadi Degla Holding. "This is why I would encourage investors to come and invest in Egypt, especially as the government is encouraging substantial FDI and trying to reduce bureaucracy and taxes.

"Our major business is sporting clubs — real estate came as a complementary offering to our members — so I would categorize Wadi Degla as a sports brand. We have made some comparisons between our turnovers and profitability and are in the top 10



“Our company is open to joint ventures with Chinese companies or firms from other countries.”

Adel Samy, president of Wadi Degla Holding

related to other sports brands.”

Moving forward, the company is eager to team up with foreign partners. "Our company is open to joint ventures with Chinese companies or firms from other countries," Samy said, before commenting on where such opportunities may exist. "We have an agricultural company that started five years ago. We bought 2,500 acres of land and cultivate and export some of the products. We are now investing both in food business and education."

Silk Road revival paves way for trade bonanza

An integral part of the Egyptian government's overall economic development strategy is substantial spending on modern transport infrastructure to improve the movement and flow of people and goods.

The showcase project is undoubtedly the long-awaited \$8.2-billion expansion of the Suez Canal, which has seen the construction of a 72-kilometer waterway parallel to the existing canal. This expansion means vessels can now travel both ways along the length of the canal.

In addition to almost halving transit times, the doubling of the canal's daily capacity will generate vast revenues for the government, perhaps as much as \$13.5 billion per year by 2024.

To optimize the expanded canal's additional potential, pub-

lic and private-sector enterprises are investing huge sums in new trade and manufacturing bases, including the China-Egypt Suez Economic and Trade Cooperation Zone. Once finished, the zone will have consumed \$2 trillion in investment in sectors such as manufacturing, logistics and agricultural goods processing.

The zone supports proposals for the Silk Road Economic Belt and the 21st Century Maritime Silk Road that complements the economic corridor strategy for the widened Suez Canal. Known as the Belt and Road Initiative, the goal of the initiative is the creation of an integrated logistical and financial trading network that stretches thousands of kilometers from eastern China to Western Europe. It is envisaged that the Maritime Silk Road will

stretch from the Indian Ocean via the Red Sea and into the Mediterranean from the Suez Canal, thus making Egypt a vital partner in this challenging project.

Since 2006, Chinese enterprises have invested more than \$5 billion in Egypt and generated at least 10,000 jobs. Improved trade access to vast consumer markets in most regions of the world has further enhanced the country's reputation as the perfect place to establish business operations. Foreign enterprises are assisted locally by entities including the Egyptian Businessmen's Association, headed by Chairman Hussein Fayek Sabbour.

Khaled Hanafy, minister of supply and internal trade, said that by regaining the confidence of the international community, Egypt

had elevated its status among Egyptians.

"This confidence encourages Egyptians to do business in Egypt and to invest in Egypt," Hanafy said. "Once Egypt became more stable, investors started to return. We treat obstacles as opportunities here. We do not occupy more than 6 or 7 percent of our land, and this is both a problem and an opportunity. Because we have an abundance of land, there is great potential for investment; utilizing not only the strategic location, but also the land. Whoever comes here with capital to invest will enjoy relatively high returns on their investment."

Win-win collaborations

"We are approaching a strategic alliance between Egypt and China," Hanafy added. "When we

talk about the Silk Road, Egypt is a great stop, it is a hub, so it is very important for China. China is a very important destination for Egyptian products and also a source, so we will have many win-win collaborations."

Future Pipe Industries is a leading manufacturer of durable fiberglass pipes for use in construction and civil engineering projects. Driven by the ever-increasing need for energy and water resources, the global pipe market is growing rapidly, and the switch to fiberglass is the main driver of this growth.

The company estimates the pipe market is worth approximately \$130 billion with an estimated growth rate of 5 percent per annum. With the demand for fiberglass outpacing traditional pipe materials, 2015 forecasts

put the total global pipe requirement at 31 billion meters. Given the scale of Egypt's infrastructure investment program, FPI is well placed to take advantage of the many opportunities created by the fresh capital expenditure.

"There is still work to be done by the government to provide sewerage services in villages because the population keeps growing," said FPI managing director, Saad H. Elkhadem. "All these projects will need our pipes."

Kuraymat Solar Power Plant, Egypt

6th of October Power Plant, Egypt

New Cairo Waste Water Treatment, Egypt

Cairo Metro, Egypt

Orascom Construction is a leading global engineering and construction contractor primarily focused on infrastructure, industrial and high-end commercial projects in the Middle East, North Africa, the United States and the Pacific Rim. The Group also develops and invests in infrastructure opportunities and holds a construction materials and property management portfolio. OC is listed on NASDAQ Dubai and the Egyptian Exchange under the symbols OC and ORAS.

We take pride in our shared achievements on every project and welcome the contribution our success makes towards social and economic progress.