Business monthly

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June 2023

NOT FOR SALE

... AND IT KEEPS *Rising*

Lessons from Brazil, Argentina, and Turkey on dealing with rampant inflation?

REDCON'S TRAIL OF SUCCESS CONTINUES IN 2023

Building on the 30-year heritage of REDCON Group and continuing its strong results in 2022, REDCON Group extended its pioneer stature in the construction and real estate sectors with new milestones to its rich portfolio.

Led by construction and investment giants, the group also upholds its commitment to sustainability across all its companies, both internally on the organizational levels and externally in its projects and partners.

REDCON has managed lately to reach new achievements across its seven companies, solidifying its name as a leader across its sector.

EXPANDING REGIONALLY

REDCON Construction, the mother company of REDCON Group, grew across 30 years of operations in Egypt to become one of the region›s top 5 Egyptian EPC contractors. With a diversified portfolio across different industries, the company serves various Egyptian and multinational clients, public and private sectors, across the entire construction services landscape.

REDCON Construction currently has a running volume of work equivalent to EGP 47 billion and a backlog of anticipated projects of EGP 39 billion. Such a portfolio enabled the company to implement its plans for regional expansion, with the first step taken in the Kingdom of Saudi Arabia, with the establishment of REDCON Saudi.

REDCON Saudi operations started earlier in March 2023, and the company is seeking participation in projects with approximate budgets of SAR 2-3 billion.

BREAKING RECORDS

Recently, REDCON Properties, the development arm of REDCON Construction, achieved EGP 4 billion in sales in the first quarter of 2023 with Golden Gate, its first project in New Cairo. That follows a previously successful year in 2022, recording EGP 1 billion in sales in its first nine months of operations in 2022 and finalizing leasing agreements for 3000 square meters with 23 international brands.

The success in attracting various international brands before the completion of construction reflects the confidence in Golden Gate as a leading and sustainable mixed-use project in Egypt, which guarantees the highest return on investment for customers and provides an exceptional experience in shopping, work environment, and entertainment.

Achieving such a milestone is supported by the project›s unique features, in applying sustainable construction and green architecture principles that aim to reduce carbon emissions by improving energy and water consumption efficiency, contributing to the overall improvement of the community›s environmental quality. We implement those principles throughout the whole construction process of the project, from planning and site selection to design, construction, operation, and building maintenance.

BUILDING SMART COMMUNITIES

To develop the project into a smart community, REDCON Properties signed a Memorandum of Understanding (MoU) with Honeywell outlining plans to incorporate advanced smart community and sustainability solutions at Golden Gate in New Cairo.

The MoU provides a framework for collaboration between both companies, paving the way for delivering smart cities and communities and providing sustainable solutions and consultation services for Golden Gate, REDCON Properties› first mixed-use development, which will become Egypt›s benchmark for smart communities.

This cooperation aligns with the REDCON Group policy of collaborating with the best partners in their respective fields to build smart communities across Egypt.

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MADINET MASR

TO USHER IN A NEW ERA OF REAL ESTATE DEVELOPMENT

Abdallah Sallam
President and CEO

The real estate market is a thriving and dynamic sector in Egypt that has proven its resilience. With a fast-growing population, a need for urbanization, and favorable investment opportunities, the demand for real estate products continues to soar. For over 64 years, Madinet Masr has been a leading urban community developer in Egypt with a solid legacy and track record of successful projects. To capitalize on the emerging opportunities in both local and regional markets, the company has made a bold step to rebrand itself. “Madinet Masr is now more focused on the expansion in diverse geographical areas across local and regional markets. The company had an innovative strategy for all the products we offered before the rebranding, and we will follow the same strategy under the new brand name,” said Abdallah Sallam, President and CEO.

Please note, the following Q&As have been edited for length and clarity.

Can you give us a brief on the company?

Madinet Masr was founded as a public real estate company in 1959 to develop 40 million sqm of land in Nasr City, which became home to three million residents. Since 1995, the company has been publicly traded on the Egyptian Stock Exchange and has continued to grow with a team of over 450 professionals.

For almost six decades, Madinet Masr has developed mass projects and infrastructures across Egypt and recently expanded its audience to capitalize on potential opportunities in the upper-end class of the real estate market. The company's two flagship projects, Taj City and Sarai, have been gaining ground in East Cairo since its inception.

What are your biggest developments?

Along with Nasr City neighborhood, we have two flagship projects strategically located in East Cairo; Taj City and Sarai.

Taj City is a mixed-use development built over 3.7 million square meters in the heart of New Cairo facing Cairo Airport, right on the Suez and Ring Roads. It connects old and new Cairo. It offers luxurious living with splendid residential units, commercial areas, an upscale hotel, a strip mall, and exceptional medical facilities. It is positioned as Cairo's cultural destination.

In 2019, we launched Sarai as an aesthetic business district spanning 5.5 million sqm leveraging its unique location near the New Administrative Capital in front of Cairo International Airport. The project offers residential units with exceptional facilities and impressive spaces of fountains and greenery, rooftop restaurants, and a commercial area. With its master plan developed by the iconic architecture company Benoy, Sarai is a full-service project that owns Cairo's largest lagoon.

Reflecting the core of our rebranding and future plans, we launched, Zahw, our first project outside of Cairo. Zahw is situated in West Assiut in close proximity to important landmarks in the governorate. The project features diverse residential units, a commercial area, and a sports club, promising its residents an inclusive modern lifestyle and a unique opportunity for investment in Upper Egypt.

Why did you decide to rebrand the company?

Our decision to rebrand the company is a reflection of our expansion strategy and growth vision.
Our goal is to build an Egyptian city in each of our projects, as we aspire to become a source of national pride under our new slogan, 'Proudly Building for Egypt'. The new move comes at a time when the company intensifies its efforts to develop its landbank, launch more projects, build integrated sustainable communities in different geographies, and explore regional opportunities.

Our new brand "Madinet Masr", embodies the heritage, excellence, and stability that have define our past and will shape our future growth. As we aim to expand our footprint, we are committed to setting the benchmark for excellence in the real estate market.

Have you considered exploring new products that cater to different unmet needs and filling a market gap?

We always strive to introduce innovative concepts that cater to the customers' different needs and fill market gaps. In addition to the strategic location, state-of-the-art master plans and top-notch amenities introduced in Taj City and Sarai, we diversify the residential component to meet the various needs of homebuyers in terms of space, design, and finishing. For instance, we introduced, Z-Villa, a conjoined villa that offers privacy for each resident while allowing them to share a villa. We also introduced 'SAFE' (Secure Assets for Fixed Earnings), a revolutionary investment opportunity in The Hoft utilizing the "Fractional Property Ownership" concept.

We set our sights on Upper Egypt, an unserved area lacking mixed-use projects, and we launched Zahw in West Assuit.

We regularly study the market, monitor clients' demands, and work meticulously to tailor projects and concepts that meet their needs.

What are the challenges and opportunities you see in the local real estate market?

There are some challenges in the market such as keeping up with the ever-changing demands of clients and fluctuations in construction material prices that affect unit prices and delivery timelines.

However, despite these challenges, the real estate market presents immense opportunities and poses itself as a safe haven for investment as well as a significant contributor to the local economy. The real estate market demonstrated resilience and significant growth, and this is evidenced by our FY2022 business results achieving a total revenue of EGP 5,155.3 million and a net profit of EGP 747.4 million, and we anticipate seeing the same trend for FY2023.

I am optimistic about the future of real estate in Egypt. With a growing population and increasing demand, innovation in both product and business models will keep emerging. In my opinion, we will soon witness an era of collaboration among multiple stakeholders to counter the turbulence in construction material prices and their availability. The government has already taken steps to support local real estate developers including offering co-development business models. More, however, needs to be done to support developers in terms of enacting supportive regulations, providing favorable interest rates, promoting mortgage feasibility, and other incentives to further support developers.

TATWEER MISR EXPANDS REGIONALLY TO REPLICATE ITS UNIQUE EXPERIENCE IN URBAN DEVELOPMENT

TATWEER MISR'S PARTNERSHIP WITH NAIF ALRAJHI INVESTMENT IS A FIRST AMONG MANY STEPS TOWARDS THE BIRTH OF A NEW GIANT REAL ESTATE DEVELOPER IN THE WORLD

With almost a decade of experience under its belt, Egyptian leading real estate developer, Tatweer Misr, embarked on a new joint venture entering the Saudi Arabian construction and real estate market alongside Saudi conglomerate Naif Alrajhi Investment to develop integrated urban projects and tourist resorts in the kingdom.

TATWEER MISR'S REGIONAL EXPANSION STRATEGY

Boasting a wealth of industrial and technical expertise, Tatweer Misr has successfully placed its real estate footprint across all strategic locations in the Egyptian real estate market through six projects and effectively delivering, operating, and managing two flagship ventures. Moreover, the real estate icon has quickly evolved as a robust leading trendsetter in the region recognized for creating added value providing its clients, Stakeholders & investors with a great return on investment.

Since inception, Tatweer Misr has fostered an aspiring Local & International expansion strategy, which entails enhancing its investment portfolio in diverse and strategic locations in Egypt as well as replicating its success in developing smart and sustainable communities in other regional markets – following an in-depth study on potential markets, concluding the Saudi Market as the gateway to regional & International expansion.

And in order to achieve this aspiration, Tatweer Misr signed an MoU with the Saudi Arabian Ministries of Investment & Municipal and Rural Affairs and Housing in the Kingdom, to discuss investment opportunities in the Kingdom, and promote government initiatives that facilitate the procedures of real estate development.

This Signing took place early this year on the sidelines of Tatweer Misr's participation in the MIPM exhibition – which was held in Cannes, France last March , the MoU was signed by Dr. Ahmed Shalaby, President and CEO of Tatweer Misr, and from the Saudi Ministry of Investment; Mr. Fahad J. Alnaeem, Deputy minister of Investments Development, and from the Ministry of Municipal, Rural affairs and housing; Mr. Abdelrahman AlTawil , Deputy minister for Real Estate Development.

A JOINT VENTURE WHICH REPRESENTS THE BIRTH OF A NEW GIANT REAL ESTATE DEVELOPER IN THE WORLD

And recently in May, Tatweer Misr signed a strategic partnership with Naif Alrajhi Investment - one of the largest Saudi companies working in real estate, financial markets, partnerships and acquisitions - to establish a joint venture for construction and real estate investment. This partnership aims to develop integrated urban projects and tourist resorts in KSA according to the highest international standards, in order to create added value to the Saudi real estate market through the expertise of both entities, and help contribute to achieving the Kingdom's Vision 2030.

The partnership was signed in the Saudi capital Al Riyadh, at the Fairmont Ramla Serviced Residences, one of Naif Alrajhi Investment's projects. The contract was signed by Naif Saleh Alrajhi, the Founder and CEO of Naif Alrajhi Investment, and Dr. Ahmed Shalaby, President and CEO of Tatweer Misr. The ceremony was graced by the presence of esteemed dignitaries; Abdulrahman Al-Tawil, Deputy Minister for Real Estate Development at the Ministry of Municipal and Rural Affairs and Housing, and Ammar Mohammad nour Altaf, Assistant Deputy of Services Sectors in the Investment Development Deputyship at the Ministry of Investment. The event also witnessed the presence of officials from both companies and representatives from major media institutions in Egypt and Saudi Arabia.

In line with the strategic vision of the two companies, this partnership reinforces cooperation and exchange of expertise in real estate to establish integrated urban development. The cooperation entails developing projects that provide a distinctive quality of life, while providing multiple services, including operation and facility management, to offer creative values to residents, visitors, and neighboring areas. This partnership aims at supporting the real estate development process and working on establishing residential, commercial, administrative, educational, entertainment and hospitality projects, as well as promoting investment within KSA at the current stage, in Egypt at a later stage, & eventually in other regional and international markets.

Dr. Ahmed Shalaby, President and CEO of Tatweer Misr said, "This strategic partnership with Naif Alrajhi Investment is a first among many steps towards the birth of a new giant real estate developer in the world. We aspire to replicate our unique experience in urban development in KSA together with our partner. The company chose to start in KSA, owing to economic and urban booming in the Kingdom; in addition to investment advantages and incentives the kingdom offers to investors".

"Our selection of the Nayef Al-Rajhi Investment Group stems from its extensive expertise across diverse sectors, coupled with its significant stake in the Saudi real estate domain." Shalaby added.

Nayef Saleh Al-Rajhi, Chairman and CEO of Nayef Al-Rajhi Investment Group, expressed his delight at the strategic partnership, stating, "We are pleased to enter into this collaboration with Tatweer Misr, a renowned company in the field. Leveraging our extensive experience in investment and real estate development, we will steer strategic partnerships towards new horizons, in alignment with the goals of the Kingdom's Vision 2030. Our focus on vital sectors that support the national economy, particularly the real estate sector, which has experienced remarkable growth in recent years, reflects our commitment to propelling comprehensive urban development."

Emphasizing the robust support extended to the real estate sector in Saudi Arabia, Mr. Alrajhi highlighted the array of administrative and investment facilities available to attract local and international investments. The Saudi market presents a myriad of investment opportunities within the real estate sector.

SAUDI ARABIA'S THRIVING ECONOMY

Tatweer Misr has long set its eyes on the Saudi market due to its fast-growing economy and booming real estate industry described as business-friendly, pro-trade and a highly popular location for foreign investors. In addition, the kingdom offers foreign companies a number of benefits, incentives, guarantees and support.

Characterized by many competitive elements, Saudi Arabia has succeeded in creating a stimulating investment environment that contributes to driving more urban projects, as well as plans to promote private sector investments to contribute to raising the percentage of home ownership to 70% by 2030.

Moreover, in line with Tatweer Misr's sustainable strides, the Saudi 2023 vision emphasizes sustainability as a main axis in planning and developing infrastructure with ambitions to accelerate the energy transition, achieve sustainability goals, and drive a new wave of investment.

A PROMINENT PARTNER

Headquartered in Riyadh, Naif Alrajhi Investment manages a diversified investment portfolio with its unique expertise and capacity in 13 different sectors including real estate, contracting, interior design solutions, financial markets, marketing, and many more making it the ultimate step in Tatweer Misr's expansion plan in the region.

The Saudi conglomerate brings forth a vast real estate experience that began in 2003, in addition to a significant stake in the kingdom's real estate domain. Moreover, Naif Alrajhi operates through 40 companies in six countries including the United Kingdom and the United Arab Emirates. Over the years, the company went on to add more projects to its portfolio in real estate complementary industries varying between residential, commercial, hospitality, mixed-use projects, and a luxury food and beverage complex with four international restaurants.

A SIGNIFICANT MILESTONE

Marked as a significant milestone in Tatweer Misr's journey, the joint venture with Naif AlRajhi Investment will essentially foster substantial advancements in both companies' collaborative endeavors through the exchange of invaluable insights to deliver exceptional real estate offerings and cater to evolving demands and the revolutionary real estate trends of the 21st century.

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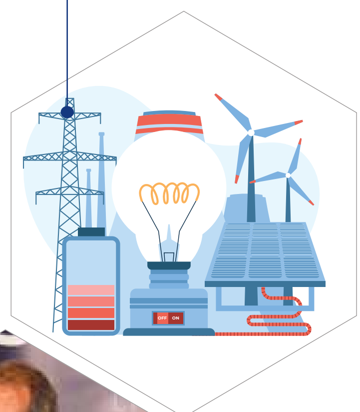

THE ART OF FORECASTING

Few would deny that Egypt's economy faces massive uncertainty. That includes when and even whether the Central Bank devalues the pound once more, how businesses can survive the shortage in foreign currency, and whether Egypt's GDP will shrink due to rising inflation.

There also is uncertainty about less vital issues, such as when the government will fully relocate to the New Administrative Capital, what will happen to the vacated offices in Cairo, and who will follow the state to its new headquarters.

For businesses and decision-makers, forecasting what may or may not happen is more important than ever.

This month, we question whether Egypt is on the road to a "hyperinflation" or "rampant inflation" scenario and, accordingly, how companies and governments in three emerging economies (Argentina, Turkey and Brazil) are surviving soaring prices.

Anticipating what international infrastructure investors want and need in 2023 and beyond would be vital for the current administration. We summarize a KPMG report on said topic.

For new-age tech firms investing and developing cutting-edge technologies like artificial intelligence, their business model could change drastically with the advent of rules and regulations that limit usage. This month, we look at ongoing efforts to regulate those technologies worldwide, which will eventually impact local firms if they want to be part of the global system.

A significant factor fueling change is technology. This month, we had the pleasure of a one-on-one interview with ICT Minister Amr Talaat.

Lastly, our White Collar story looks at how managers can build entrepreneurial teams that can anticipate and react to change in proactive ways.

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MAINTAINING MOMENTUM

Welcome to a new Board of Governors, with a select group to carry the flag in the new term. It is a challenging task in these challenging times. On behalf of my colleagues on the Board, I want to offer my appreciation for the Members' vote of confidence in us. I am truly honored to accept the position of Board President once again.

We had an intense yet successful Doorknock Mission in May, with more than 60 meetings covering a wide spectrum of institutions, including the White House, House of Representatives, Senate, State Department, Department of Defense, International Monetary Fund (IMF), World Bank, think tanks and many others. It is an interesting period in Washington DC, with the haggling over U.S. spending limits, the Iran-Saudi Arabia rapprochement, Syria welcomed back in the Arab League, the crisis in Sudan, elections in Turkey, and of course the Russia-Ukraine War.

Amid all that buzz in Washington, we were discussing the situation in Egypt. One must accept that the solutions for Egypt's economic crisis rest in its own hands. The sentiment in DC is positive and supportive, yet there are still concerns and skepticism about whether the Egyptian government will truly walk the talk.

Our task was to share concerns, highlight opportunities and share a narrative from the ground that otherwise might not be seen in DC. There is a consensus that it is in no one's interest to see Egypt fail economically. The discussions centered on how and when the government is going to use the tools and assets available to bail out the economy, and whether the IMF program will stay on track or be delayed to September.

Communication is key, and more frequent visits are necessary and appreciated.

It is June and we have yet to see deliverables from the government to break this economic deadlock. The backlog of foreign currency is still building up, with no constructive signs of reprieve. In the meantime, a high-level IMF delegation is in Egypt, but not for a review; they are here to announce a newly created IMF fiscal instrument. In a private meeting, the delegates signaled that the timing of the review is not a target in itself as much as building confidence that the government is moving on track. The discussion was conciliatory, more fact-finding and assuring in nature.

I have to admit that over the past few weeks, we have sensed a new resolve that is giving a powerful boost to the government's plans to divest state-owned enterprises. We hope to see the results in a few more weeks.

Given the gravity of the economic situation, it is not a moment too soon. There are more threats looming, notably Moody's rating review and the J.P. Morgan Index review, both of which are to be announced in June. If, God forbid, these reviews are negative, it will exacerbate the situation. We don't have the luxury of time – it is time to deliver.

TAREK TAWFIK
President, AmCham Egypt

NON-EGYPTIAN INVESTORS GET ANOTHER INCENTIVE

The General Authority for Investment and Free Zones (GAFI) announced that foreign investors could get a year-long, multiple-entry tourist visa by sharing their plans.

That visa would be extended by at least six months, depending on how long it takes to establish the business.

When the business is operational, foreign owners can receive an Egyptian passport if its capital is over $350,000 and it deposits $100,000 in the state's bank account.

WORTH FOLLOWING

EGYPT-OMAN FUND IN THE WORKS

According to the General Authority for Investment and Free Zones, Oman's investment authority and the Sovereign Fund of Egypt are discussing the creation of a joint fund to invest in state and military-owned firms the government plans to sell to private investors, either directly to a strategic investor or by listing them on the EGX.

In November 2019, Minister of Planning and Economic Development Hala El Said made a similar announcement. However, nothing came of it.

Chances are better that both parties agree to create such a fund this time around. In May, finance ministers of both nations signed a "dual taxation agreement" that prevents tax evasion and ensures foreign investors don't pay the same taxes twice.

The same month, the two countries signed an MoU to align financial policies to make establishing joint ventures and investments easier. Both parties signed that agreement during the two-day Egyptian-Omani business forum in Cairo.

GREEN YUAN BONDS ARE NEAR

The African Development Bank (AfDB) said it has agreed to provide coverage of up to $345 million of the $500 million issuance of Egypt's first yuan-dominated (panda) bonds.

The statement said proceeds would finance projects in green transportation, renewable energy, and energy efficiency. The money also could go to water treatment projects, micro, small and medium enterprises, and healthcare.

The government has discussed issuing panda and yen-denominated (samurai) bonds since mid-2022. It is still unclear when the Ministry of Finance will take the next step to bring those panda bonds to the market.

GOVERNMENT EARMARKS FUNDS FOR PHARMA

Prime Minister Mostafa Madbouly in May said the government is allocating $100 million monthly to help local pharmaceutical companies import their needs from raw materials to semi-finished products. Madbouly added that an additional $150 million a month would support imports for hospitals.

During the announcement, the prime minister said he would talk with the Central Bank governor to give pharma producers enough foreign currency to release materials stuck at ports.

The news comes after Gamal El Leithy, head of the pharma division at the Federation of Egyptian Industries, told the media in May the sector has two months' worth of raw material reserves. That is significantly lower than the ideal three to four months.

About 88% of market needs are covered by local pharmaceutical companies.

WORTH FOLLOWING

EGYPT BOOSTS ENERGY AMBITIONS

Electricity Minister Mohamed Shaker told Parliament last month he plans to generate 60% of the country's electricity output from renewable sources — mainly solar and wind — by 2040.

Last year, Shaker announced that about 40% of Egypt's electricity would come from renewables by 2030 instead of the original deadline of 2035.

However, those targets won't be enough for Egypt to start exporting electricity. Shaker was adamant, "We will not be able to export electricity to Europe and generate FX revenues in just one year. We will need five to seven years to do so."

That hasn't stopped the media from reporting on electricity infrastructure and projects that connect Egypt's electricity grid with Europe's, which expects an energy crisis if the war in Ukraine continues.

In February, SATEC, a developer and manufacturer of power solutions, said it wanted to lay a three-gigawatt cable between Egypt and Italy. Meanwhile, a few days ahead of his appearance before Parliament, Shaker said Infinity Power and Coupelouzos, a Greek infrastructure company, were discussing investing in clean energy projects that would exclusively power the European country.

INFRASTRUCTURE'S EVOLUTION

Egypt is on an infrastructure investment spree. A report from KPMG on the sector's latest trends could help the government cater to international players' expectations.

by **Rania Hassan**

As with many sectors in 2023, infrastructure development is seen by international investors as on the threshold of an unprecedented transformation. This year may represent "an epoch unlike any other," said a KPMG report titled Emerging Trends in Infrastructure, 2023 Edition. "Future generations may look back at 2023 with deep admiration or deep scorn," it said

Driving that transformation is not technology but decisions by government officials and businesses. Future generations "may praise leaders for their foresight or damn them for their inactions," KPMG's report said.

Attracting international infrastructure investment is vital for Egypt. In November, Minister of Planning Hala El-Said told the media the country had spent $400 billion on infrastructure projects since 2015. Investments jumped 340% in fiscal year 2020/2021 compared to 2015/2016.

Projects included building 7,000 kilometers (4,350 miles) of roads, tunnels and bridges between 2015 and 2021, a new capital city, 15 fourth-generation cities, and logistics facilities highlighted by the new Suez Canal. In addition, the government is upgrading the country's digital infrastructure to fuel the economy's digital transformation.

El-Said said the government also developed a "convenient infrastructure and legislative environment" to attract private investment, citing the Sovereign Fund of Egypt."

However, the key to the government's success likely will be understanding and catering to the new trends affecting global infrastructure investments.

Global forces

The KPMG report said that in 2023, geopolitical uncertainty and the new realities it creates would play a significant role in attracting infrastructure FDI. "The foundations of globalization are eroding," it said. "Protectionism is rising. Populism is turning into unilateralism. And the ties that have bound the old geopolitical world are weakening."

The KPMG report said cross-border infrastructure investments would likely be the sector least affected by geopolitical tensions. "Everyone agrees on the need for new and improved infrastructure." It is "one of the few things governments provide their citizens that they can actually see, touch and use."

However, attracting infrastructure FDI in the current climate could be more complicated than usual. "The fracturing and shift to continuously shifting allegiances [creates] complexity," the report said. That includes unpredictable costs, prices, and regulatory changes.

Implications for global infrastructure companies could prove "massive." On the ground, geopolitical considerations would determine which countries they invest in. "Work with the wrong parties, and you could find yourself blacklisted by other parties." Additionally, countries could impose new laws and regulations requiring unprecedented transparency and disclosures from foreign investors.

KPMG said decisions by the U.S. administration could single-handedly determine the future of domestic and cross-border infrastructure investments. "Did Janet Yellen [U.S. treasury secretary] ring the death knell on globalization [by] calling on companies and governments to rethink their global supply chains and trade flows to prioritize allies and trusted partners?"

Adding more complications, allegiances might change based on each nation's agenda, priorities and interests, and infrastructure projects take years to build and finance. "Organizing around cost was fairly straightforward; organizing around the strength of one market's relationship to another is more challenging. There may be no simple decisions."

The KPMG report predicted global events would impact infrastructure companies' strategies in 2023 and beyond. "Expect to see infrastructure players start to rework their supply chains ... And don't be surprised to see some significant fallout as less-friendly markets and companies get dropped."

Environment, environment

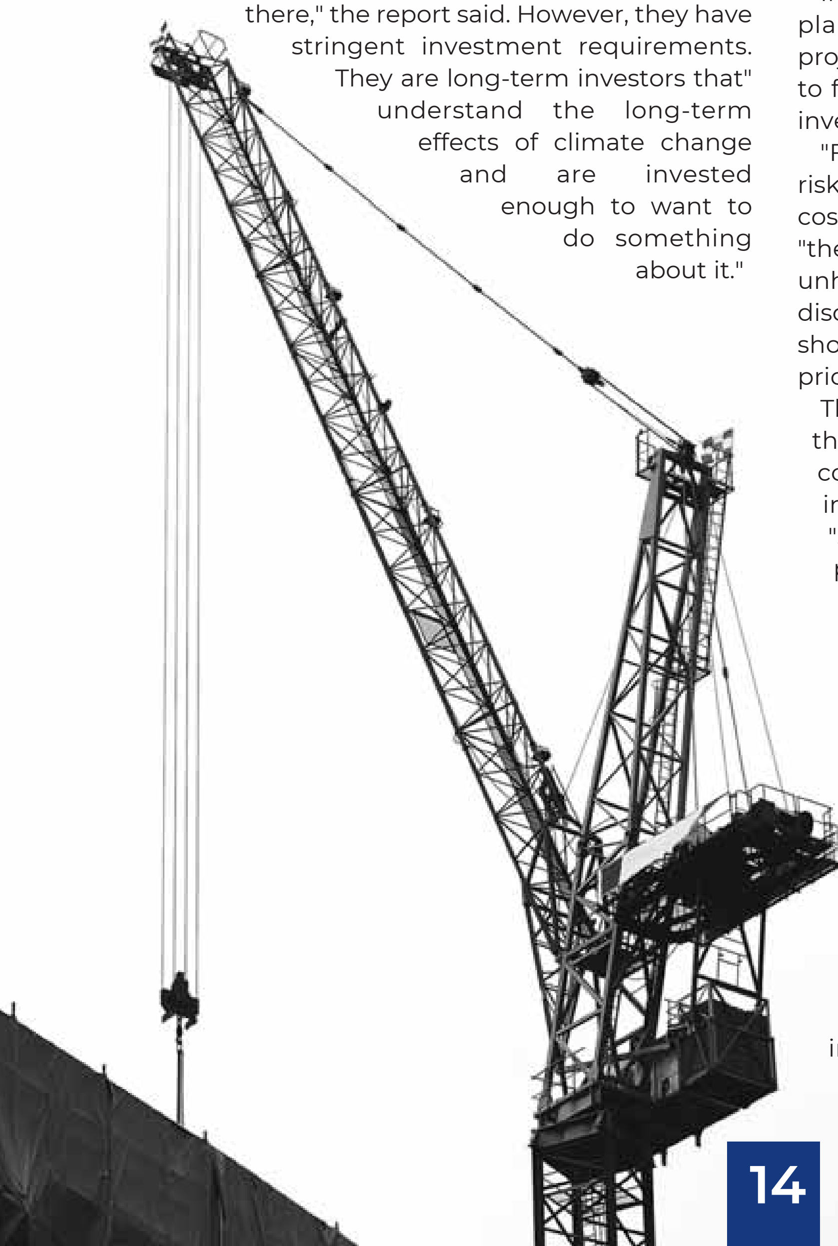
Running parallel to geopolitical uncertainty is the inevitability of making new infrastructure projects eco-friendly while "greening" existing infrastructure. "Timelines have shrunk. The potential impacts of climate change are no longer someone else's problem."

The focus will be on infrastructure projects that help adaptation as "people come to terms with what it means to live in a climate-stressed world." That will create a new challenge for governments and investors. Their approaches need to help solve the "trilemma of security, affordability, and sustainability at pace."

However, those divergent needs will create new opportunities in infrastructure for "cleaner fuels, abatement and energy efficiency ... along with innovations in new green technologies, like green hydrogen."

One major challenge facing "green" infrastructure investors will likely be the disparity between government talk and action. "Governments — having stated lofty goals and attended high profile conferences — have been maddingly slow to move their feet." Their main concern is the "cost of the transition and who is going to fund it."

Another factor that will play a significant role in infrastructure investments this year will be investors' priorities. "Institutional investors command some $100 trillion in assets under management ... From a pure capital perspective, it's clear the money is there," the report said. However, they have stringent investment requirements. They are long-term investors that" understand the long-term effects of climate change and are invested enough to want to do something about it."



If governments "are not actively decarbonizing, [they risk] some asset managers raising the cost capital." Others may pull out completely. Throughout 2023 and beyond, "institutional investors, governments, and owners [will] become much more comfortable allowing the power of capital to drive climate outcomes."

The report also sees "sustainability" becoming more formalized as a fundamental prerequisite for all new infrastructure development." That means infrastructure investors will "start to think not just about financial budgets, but also about carbon allocation ones."

Localization

The KPMG report noted the effects of domestic economic factors in determining whether international infrastructure investors consider one country over another.

Inflation tops the list. "We are seeing infrastructure planners and owners struggling to budget for projects that will take years to deliver and decades to finance." Such investors will find their "return on investments ... rapidly changing [with] rising costs."

"For years, costs have remained stable and price risk was generally considered a symptom of poor cost management." That is no longer the case, as "the link between risk and discipline has become unhinged," KPMG said. "No amount of cost or price discipline can protect margins during ... inflationary shocks, supply constraints, and volatile commodity prices."

The key to attracting infrastructure FDI is to accept there will be a "rethink [of] who should ... own the cost and price risk [of infrastructure] assets and investments." The second factor is there must be "strong trust and cooperation between public and private sectors, owners and contractors, developers and operators, and buyers and suppliers."

A city's resources, requirements and future demands also could determine if investors commit to projects. "Even before the pandemic struck, city leaders knew they were in tight competition for resources, investment, and talent." Major cities have lost their "magnetism" in favor of newer, less populated, and better-planned metropolises with built-in digital and entertainment infrastructures.

That means more investment in high-tech infrastructure and attracting investors who can meet those needs. That ultimately results in higher investment costs. A case in point is that infrastructure when building "smart cities" is significantly costlier, more complex, and technology-dependent.

The KPMG report said demand for high-tech infrastructure is more prevalent in emerging economies, as they are building new cities with greenfield infrastructure rather than attempting to upgrade legacy brownfield ones in existing cities. One reason that justifies the feasibility of building new metropolises in those economies is "brownfield infrastructure is notoriously difficult to digitize. The business case doesn't always stack up."

The key to successfully upgrading and greening brownfield infrastructure is determining who is "willing to pay for it and whether the [government] can offer the right incentives ... to encourage it." Another major factor is having the "right skills and experience" to manage those upgraded facilities.

Another rising trend is "customized infrastructure." It is where infrastructure investors customize their projects to meet specific and evolving social demands. "In the past, infrastructure was all about building monolithic [facilities] where people could receive standard service," the report said. They include healthcare facilities, schools and mass transit. That is changing thanks to the advent of technology, which opens the door to new options, such as ride-sharing, and choosing between online and in-person education programs. However, "there may be massive opportunities for the private sector" as each city can have different investment options for infrastructure developers.

KPMG says such customization affects physical assets and how residents use them. The challenge is governments are not on the same page as citizens. "The problem is that this [transformation] is happening despite existing infrastructure and policy, not because of it." That is evident as the "shift is being driven by private players who have spotted a need in the market."

Human element

A significant challenge in most countries is decision-makers are usually reluctant to shift or upgrade a country's infrastructure.

The report explained, "Infrastructure assets are expensive, ... made to last for decades. So there is an obvious reluctance to abandon them early." Complicating matters is "humans are sentimental creatures" who don't like to abandon assets, even if the new ones are better. The "obsession with sunk costs ... and abandoned assets ... is slowing the ability to transform."

That creates a new type of problem that will get harder to solve with time. "The potential risks of trying to solve new problems within an old context and mindset are huge," KMPG said. "It limits imagination, ... stifles innovation, ... slows investment from flowing into new ideas and technologies, ... increases costs, encourages waste and creates redundancy." Ultimately, that prevents the move to customized infrastructure, which could deter international investors who use the latest infrastructure innovations and solutions.

Changing the mindset of decision-makers is paramount. A case in point is EVs. People criticize them because their production is not yet environmentally friendly, the raw materials they need (rare earth minerals like lithium and cobalt) are not sustainable, and the electricity they consume still comes mostly from nonrenewable fossil fuels. "Perhaps the better question is, do we still need to own cars to move around?"

Alternatively, policymakers and investors could "pour more capital into [existing infrastructure], incrementally improving its footprint until it ... falls within parameters." That would avoid the need to change decision-makers' mindsets regarding sunk costs and abandoned assets. However, it would "require" a mindset change to allow for "new ways of thinking and new approaches to financing, funding, and regulation."

Regardless of a government's approach to attracting infrastructure FDI, it must change its thinking. "The willingness to let go of the past may largely dictate how societies move into the future," the KPMG report said. "They won't innovate if they can't open their minds to new ideas and approaches. They won't adapt if they aren't looking ahead."

A BETTER WAY

Egypt has seen unprecedented inflation since the start of 2022, and the cost of goods and services is still rising. Without effective measures to curb prices, the country could go into hyperinflation. Economists agree that would be hard but not impossible to overcome.

For employers, the key will be to take lessons from Argentina, Turkey and Brazil on how to modify salary and pay policies to attract the best talent.

By **Tamer Hafez**

THE ROAD TO HYPERINFLATION

Egypt's economy is showing signs that inflationary pressures could lead to hyperinflation.

It has been nearly three decades since inflation was this high in Egypt. In June 1986, CAPMAS reported urban inflation had reached 35.1%. In April, the Central Bank (CBE) said annual urban inflation was 30.6%, and annual core inflation, which includes basic foodstuffs and other essentials, hovered around 38.6% for the second consecutive month.

For consumers, prices of imported goods have soared beyond those official figures, primarily because the pound lost half its value (from EGP 16 to nearly EGP 31) against the dollar from January 2022 until press time. "Based on purchasing power parity and factoring in black market exchange rates ... Egypt's real inflation rate [is] 101%," Johns Hopkins University economist Steve Hanke told France24 in January.

And inflation could increase further, as many investors believe the Egyptian pound is still overvalued. In March, Reuters reported that the pound's non-deliverable forward contracts, which reflect investors' predictions of foreign exchange rates, crossed EGP 40 to the dollar. By contrast, the CBE's official exchange rate still hovers between EGP 30 and EGP 31.

If that trend continues, Egypt could be heading toward hyperinflation, which Investopedia defines as "rapid, excessive and out-of-control general price increases in an economy ... Hyperinflation is an extreme case of inflation, not just a high inflation rate."

Hyperinflation roadmap

Throughout history, hyperinflation scenarios haven't happened often, though there is disagreement over how many times it has occurred. Investopedia says it has happened 43 times in 28 countries since 1796. Hanke documented 57 occurrences from 1796 to 2018.

Cullen Roche, author of "Pragmatic Capitalism," told Oracle Netsuite business development blog in December that "hyperinflations have generally occurred in nations with rampant corruption, war, regime change, a ceding of monetary sovereignty, output collapse or other extreme exogenous factors."

The effect of hyperinflation on economies is profound. Kimberly Amadeo, former president of WorldMoneyWatch, a think tank, says it starts with hoarding durable goods, such as automobiles and washing machines. If prices continue to climb at the same uncontrollable rate, people will hoard perishable goods, like bread and milk. "These daily supplies become scarce and more expensive, and the economy falls apart," she wrote in The Balance in July 2022. "People lose their savings as cash loses its value ... Soon, banks and lenders go bankrupt because their loans lose value. They run out of cash as people stop making deposits."

One of the top causes of hyperinflation is governments printing more money. Real Vision, an economic research firm, says excess supply is usually the easy way for governments to get out of a recession -- defined as two consecutive quarters where GDP contracts. Printing "helps consumers and businesses access capital, [which] can increase spending and spur economic growth," noted Real Vision's May 2022 blog. However, "printing more money reduces the value of the currency, which can lead to ... hyperinflation."

Another cause of hyperinflation is "demand-pull" inflation. Investopedia explains it as a "scenario in which ... there are not enough goods and services available to meet the increase in overall demand from consumers and businesses." That happens when "circumstances and poor monetary decision-making [come] together."

Oracle Netsuite also points to "deficit monetization" as a driver of hyperinflation. It is when the government's bond issuances to "reduce [the] budget deficit are purchased by the country's central bank." Peter Bernholz, author of "Monetary Regimes and Inflation," said 30 of the 43 reported hyperinflation cases were caused by public deficits financed by money creation.

In 2023, hyperinflation is more likely than ever, fueled by global events that started with lockdowns to curb the COVID-19 virus, which resulted in global supply chain bottlenecks a year later. Last year, the war in Ukraine hurt supply further.

The result is nearly 25% higher oil prices since the start of 2022, according to Trading Economics, a data curation portal. IndexMundi, another data aggregator, said food commodity prices are 42.5% higher during the same time frame.

Another major factor contributing to hyperinflation is how governments manage their economies, particularly during troubled times. "Consumers and businesses may ... lose faith in the country's economy or the government's ability to regulate the flow of currency during times of crisis, such as war, a global health crisis, or a natural disaster," said Real Vision.

Compounding the lack of confidence in governments is a perception by consumers and businesses that the state's policies are increasing the cost of living and reducing disposable income. Real Vision says this skepticism would exacerbate the "sense that the government doesn't have the public's best interest at heart."

A July report from Accenture said fast-rising prices could become a permanent feature of the global economy. "We have entered a high inflation environment that is fundamentally challenging business leaders and the way companies operate," the report said. "New dilemmas emerge every day."

Coming to Egypt?

Egypt is not in an enviable position as international confidence in the pound wanes. Throughout the pandemic in 2020 and 2021, none of the top three sovereign rating agencies (Standard & Poor's, Moody's, and Fitch) changed Egypt's credit rating or outlook.

In May 2022, three months after Russia invaded Ukraine, Moody's changed its outlook from "stable" to "negative." In November, Fitch followed suit.

In February, Moody's dropped Egypt one grade, from "B2" to "B3," but returned to the country's "stable" outlook status. By April, S&P changed its outlook for Egypt from "stable" to "negative," a sign that it will likely decrease Egypt's credit rating if the economic situation deteriorates further.

In the latest sovereign rating report, S&P justified its decision by saying, "The negative outlook reflects risks that the policy measures implemented by Egyptian authorities may be insufficient to stabilize the exchange rate and attract foreign currency inflows to meet the Sovereign Fund's high external financing needs."

If the government fails to reverse that sentiment, inflation will likely continue to increase, bringing the country one step closer to hyperinflation.

In March, Fitch forecast that "Egyptian inflation will average 34.3% in 2023 against our previous forecast of 25.9%."

Fitch noted that price increases would be "most pronounced in the food [and] non-alcoholic beverages component, which represents 32.7% of the consumer price index basket."

TALENT & INFLATION

Hyperinflation in Argentina is causing top talent to leave in search of better pay. Egyptian businesses might find themselves in a similar predicament.

Egypt and Argentina have similar economic structures. Both countries have dollar-dependent, diverse economies, and they are net importers with young, increasingly demanding workforces. The difference is in how long their governments have dealt with rampant inflation.

Central Bank data shows Egypt's annualized inflation rate went into double-digit territory in March 2022, reaching 30.6% by April 2023. Argentina's inflation rate crossed 10% at the start of 2015, reaching 104.3% in March 2023.

Triple-digit inflation rates don't just increase prices, they push top talent to leave their employers, if not the country, in search of higher incomes. In an October 2022 tweet translated by Bloomberg Linea, former Argentine president Mauricio Macri wrote, "They are frustrated at not being able to develop their lives here, while in other countries jobs, studies, housing, credit and a future await them."

To curb that exodus, a May 2019 Radford Data and Analytics report found Argentinian companies have created internal "inflationary programs [that] respond to the high level of inflation and its unpredictability."

Egyptian employers and HR departments could face a similar situation if the government cannot contain inflation. In 2018, the Egyptian Center for Economic Studies found that "employees with higher wages ... will witness higher levels of job satisfaction, and accordingly firms will witness less turnover." To retain the most valuable workers, local companies may have to develop their own "inflationary programs" fast.

Step one: Salary

Argentinian HR consultancy firms stress that raising salaries is the first step to retaining employees in a high-inflation environment. However, increasing it by a predetermined annual percentage may not be enough.

According to research by Willis Towers Watson Public Limited Co. (WTWco), an insurance provider, companies need to review salary budgets regularly. "Because of the variation between Argentina's projected inflation as compared to real inflation, many organizations review salary budgets multiple times each year."

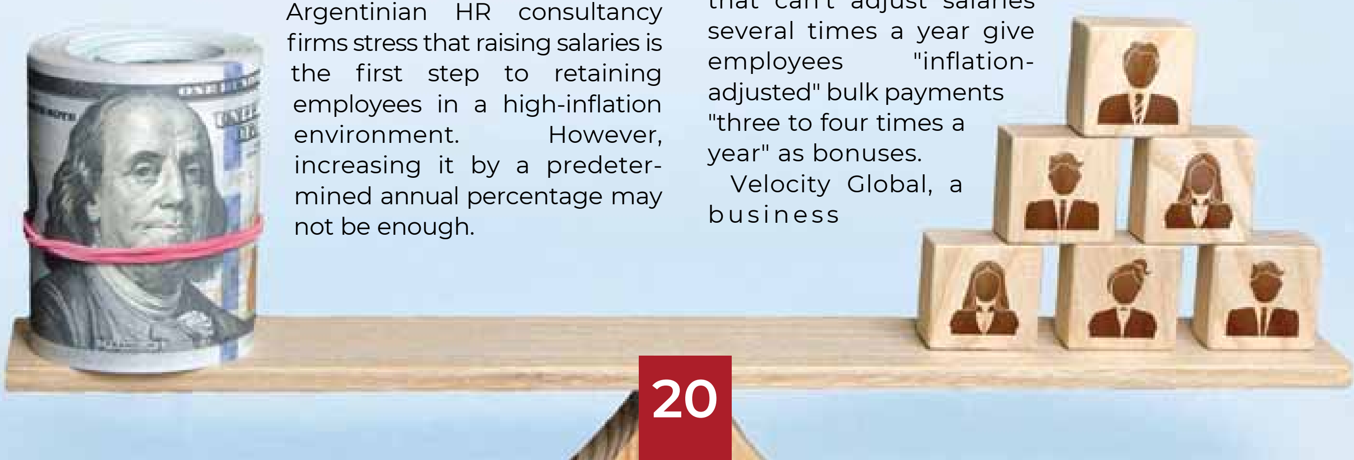
Flexibility and resilience are essential. "HR and compensation executives in Argentina have been forced to permanently monitor the impact of unexpected changes on salaries," WTWco's research noted. They "must be prepared to change compensation decisions several times a year, rather than annually." A WTWco survey showed "more than 60% of organizations granted three to five annual adjustments from 2014 to 2019" rather than the customary two.

That survey showed that "companies started the year with an approved [salary bump] of 38% to 40%, but ended up with an average salary adjustment of 47.5%." It was a similar situation a year earlier when Argentinian companies expected their salary budgets to increase 30% to 34% but ended up at 37.4%.

Those adjustments and raises are regulated. Argentina's Committee for Minimum Wages includes government representatives, employers and employees. It stipulates that "every year, employers with more than 300 employers must submit a social balance report" that contains information about wages and benefits, among other financial information.

GoGlobal, an international hiring company, said in a blog that companies operating from Argentina that can't adjust salaries several times a year give employees "inflation-adjusted" bulk payments "three to four times a year" as bonuses.

Velocity Global, a business



consultancy, said in a May 2019 blog that those outlays could be classified under "retention bonus" or "performance bonus." Employers also awarded their most valuable employees shares in the company.

Decision makers also offered top talent "additional benefits like the use of a company car, a company-provided cell phone, meal allowances or school accommodation."

In dollars, not pesos

One significant weakness in Argentina's economy is that the local currency, the peso, "revolves around the American dollar and how one gets one's hand on it," GIS, a think tank, noted in a November white paper. "Citizens have always sought refuge in United States dollar assets as a defense mechanism against instability."

Recently, the peso's value has become so volatile that "media report the gap between the official dollar and black market rate daily, like the weather," GIS said. Making matters worse is that "dollar purchases have been restricted to such an extent that almost no one can [buy the greenback] at the official exchange rate."

INS Global, another think tank, said international firms operating in Argentina have been trying to pay top talent and executives in dollars, circumventing local labor laws. "Some employers ... compensate employees in an overseas account ... in a stable market ... from which the employee transfers only the amount [they need] at the prevailing market rate."

The other solution INS Global highlights is that Argentine nationals sign agreements to become "independent contractors for [the] international business to avoid being paid in the volatile currency."

The third solution Argentina-based companies use is "payroll outsourcing" to a firm operating in a country with a stable currency. They pay Argentinian employees in pesos based on the prevailing exchange rate. The employer also could choose to index the peso against the dollar. GoGlobal said those two solutions "keep both the worker and the employer happy and in compliance."

New mindsets, strategies

Ignacio de Maroc, CEO of BariesDev, an Argentinian ICT company, stressed that local companies, particularly in the youthful, high-skill-centric ICT sector, find it more challenging to retain top talent than international counterparts.

"One of the ways we dealt with [that] problem was by expanding to different countries," he told Nearshores America, a news portal, in March 2018. The idea is not to be "tied exclusively to one economy."

The other approach is ensuring "transparency and visibility about what will happen [to salaries] in the near future," Matt Kendal, founder and managing director of Cognitive Copy, a consultancy, wrote in Nearshore Americas in March 2018. "This approach reduces the anxiety that comes with the fear of no salary bumps."

Lastly, tackling rampant inflation requires quick decisions. "Not many companies [in Argentina] adapted ... fast enough, so many ... just started switching jobs," noted de Marco. "Once a tendency like that starts, it becomes a rule of thumb for the industry and not an exception. [As a result] everyone has to work much harder to keep attrition low."

FIRST COMES GOV'T

Anticipating stubbornly high inflation, the Turkish government acted quickly and decisively to protect citizens and investors.

Since the economic fallout from the COVID-19 pandemic and the Russia-Ukraine war, inflation worldwide has soared. Turkey's inflation rates quadrupled from an annualized 21.3% in November 2021 to 85.5% in October 2022 for the first time since 1995. Turkey-based think tank ENAGrup estimated the country's consumer price index reached 176% in October.

One reason those rates spiraled upward in those 13 months was because Turkey's central bank lowered interest rates from 19% to 12%, which increased spending and, therefore, prices. President Recep Tayyip Erdogan was betting the economy could overcome inflation if economic and commerce activity accelerated fast enough. "Inflation is not an insurmountable economic threat," he said in September when inflation was 82.45%. The strategy worked. By April, it had nearly halved from its October highs to 43.68%, as interest rates declined further to 8.5%.

Turkey's hyperinflation was under control because the government acted to protect the wealth of all citizens and businesses, not the lira's exchange rate, nor did it try to curb inflation.

Meanwhile, private sector companies changed their compensation policies and strategies. Berker Sakir, practice leader of executive compensation and board advisory at WTWco, an insurance provider, wrote in an August blog, "This year is the beginning of a different era in pay strategies."

Government push

Cem Oyvat, an economics professor at the University of Greenwich, told Euronews in November that one of the biggest worries for the Turkish government is "brain drain." He stressed it has the "potential to damage Turkey's economy long into the future, with the economy losing out on the jobs and businesses these individuals could have created."

The Turkish government's first step to prevent an exodus of locals and foreigners was to protect the value of all lira-denominated bank deposits against the currency's depreciation. That "prevented ... citizens who evaluate their savings in Turkish lira-denominated accounts from being negatively affected by changes in the exchange rate," Minister of Treasury and Finance Nureddin Nebati told the media in December. Also, it "strengthens their trust in our financial system." Protected deposits are available until the end of 2023.

The move also prevented locals from exchanging their depreciating lira-denominated savings for dollars. "The initiative sought to keep dollarization at bay and curb demand for foreign currency by compensating depositors," Nebati said,

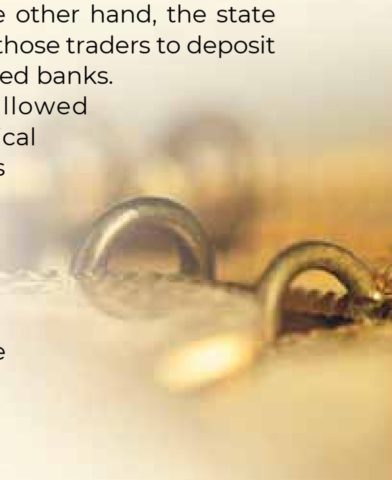
Additionally, "protected deposits" had higher interest rates than unprotected ones. That attracted foreign currency holders to convert their deposits to lira. As a result, according to Nebati, the ratio of foreign currency deposits to total bank deposits decreased by 21 percentage points.

In April, the government introduced tougher restrictions on commercial lenders whose lira-denominated deposits are less than 60% of their entire portfolio. That includes depositing the excess foreign currency in the Turkish central bank and buying more lira-denominated treasuries to meet the 60% limit.

Goksel Asan, the head of the Turkish president's finance office, told the media the government also has several non-bank financial instruments indexed to inflation rather than to the lira's exchange rate.

Turkey also regulated gold holdings more tightly. In April 2021, the government clamped down on gold traders, requiring them to certify all the gold they trade, prove their scope of operation, and that they are not evading taxes. On the other hand, the state removed the requirement for those traders to deposit half a kilo of gold in state-owned banks.

The government also allowed individuals to "exchange physical gold stashed under mattresses for certified gold products," reported Nikkei Asia, the Japanese stock exchange's news service, in January 2022. "The measures are designed to inject fresh blood into the financial system."



Revenue and regulations

The Turkish government also decided to lower VAT rates on some essential products. The Borgen Project, a Turkish nonprofit, said the list included "basic food items" from 8% to 1%. The government also decreased VAT on "all kinds of certified seed, seedling and sapling deliveries" from 18% to 1%, while VAT on hygiene products is now 8%, rather than 18%.

The government also increased energy subsidies to lower the cost of living. In 2021, the Turkish government announced additional subsidies on energy to cover 50% of the consumer price of natural gas and 25% of the consumer price of electricity. According to the Borgen Project, the government allocated $12.2 billion in 2021 for that subsidy. For 2023, that budget rose to $32 billion to ensure that 80% of natural gas and 50% of electricity used by households will be subsidized.

For 2023, Erdogan raised minimum monthly wages by 55%, reaching $455 (Over EGP 14,000 as of May 5). That comes after a 50.4% increase in minimum wages for 2022. The government also caps rent hikes at 25% annually, gives social transfers to poor households, and reduced taxes on utility bills.

Private sector

Still, government efforts to maintain the cost of living within tolerable levels and protect wealth against inflation proved insufficient to keep the brain drain under control. According to Birches Group, a think tank, international companies operating in Turkey began improving pay packages to remain attractive for top talent.

It started by raising salaries between 15% and 30%, improving allowances for meals and transportation, and giving additional cash incentives or bonuses. "We as a business can't fix the global economy," Mustafa Tonguc, CEO of DHL Express in Turkey, told Birches Group in November. "But we can take care as much as we can of our people."

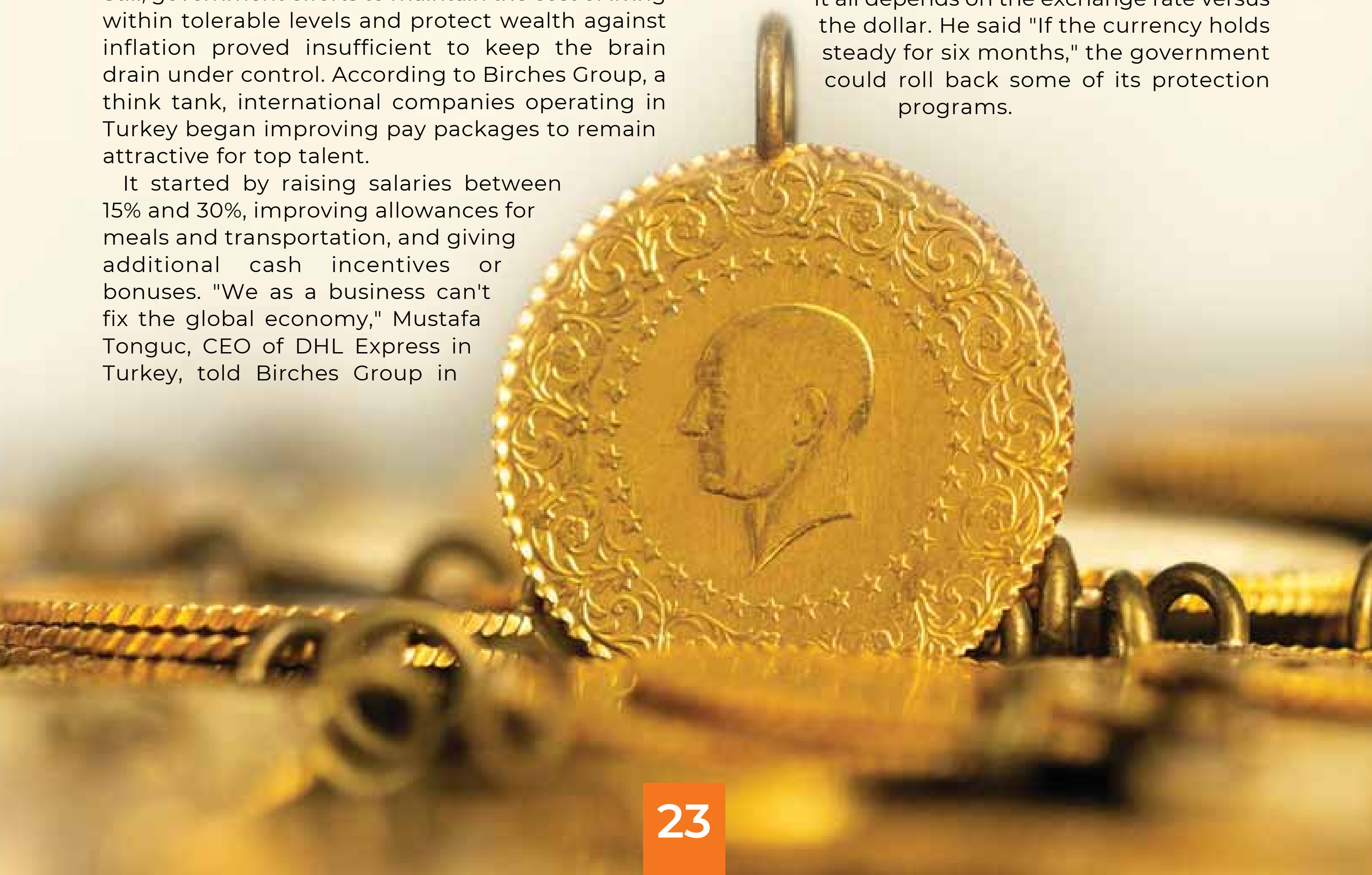
Turkey-based companies also are changing their salary policies. An August 2022 WTWco survey showed 48% of companies in the country "plan to provide a mid-year salary increase." Sakir said this trend is "becoming prevalent" since the start of the war in Ukraine. Meanwhile, 66% of those surveyed said they "plan to review salaries twice per year [but not necessarily increase it at the same pace], while [25%] will review it every three months."

The other strategy private-sector companies use to raise salaries is agreeing with trade unions on sector-wide guaranteed annual salary bumps for workers.

In January 2022, three labor unions representing workers in metallurgical industries met with the national employers' association (MESS) to discuss average sector wages in 2022 and 2023.

The agreement required all metallurgical employers under MESS to give a 65.67% salary increase by the end of 2022. Meanwhile, social benefits increased by 35% in the first year. In the second, the salary and benefits will increase depending on the annualized inflation rate.

Asan of the president's finance office believes Turkey's economy and inflation will stabilize soon. It all depends on the exchange rate versus the dollar. He said "If the currency holds steady for six months," the government could roll back some of its protection programs.



KEEPING INFLATION IN CHECK

Changes to wage and salary policies in Brazil helped stave off hyperinflation in the 1990s. Their effect is still evident in 2023.

As central banks worldwide scramble to bring inflation down from record highs by raising interest rates and applying other monetary tightening policies, Brazil is bucking the trend. Its annual inflation rate was 4.65% in April, which is within the target range of its central bank (3.25% with a tolerance of 1.5 percentage points higher or lower).

Alternatively, the U.S. inflation rate was 5% in April, significantly higher than the 2% Federal Reserve target. The EU recorded 7% inflation, also targeting 2%. Japan was closer to its 2% target, with a 3.2% inflation rate in March. China suffers the opposite, reporting a 0.7% inflation rate in April, much less than the country's central bank's target of 3%.

Deloitte, a U.S. research firm, said in an April paper that Brazil's "outlook has proved more resilient than previously expected." It forecasts inflation to come down to the 3.25% target this year, which means faster GDP growth in 2024 and 2025 as the Brazilian central bank decreases interest rates to pre-2020 levels.

The Brazilian government's ability to keep inflation rates under control goes back to how it changed its wage policies and regulations between 1990 and 1994 to overcome a hyperinflation episode. Brazil saw inflation reach nearly 7,000% in the first quarter of 1990 and 5,000% in the first quarter of 1994.

Reaching hyperinflation

According to a 1968 report from the IMF, during the 1950s Brazil's "wages seemed to have lagged behind prices." In the first half of the 1960s, "real wages eroded more quickly and wage [increase] demands became more frequent."

The state introduced heavy indexation of prices and wages in 1965. That policy determined how much prices and salaries increased annually based on inflation rates in the previous two years. The overarching aim was to maintain the public's purchasing power in the face of rising prices.

The IMF said the policy aimed to "moderate and ultimately ... eliminate the inflation-mindedness that had pervaded the Brazilian economy for years when almost anything could be sold at almost any price."

It started with government "wages and salaries, [which] could be increased no more than once a year and by no more than the amounts needed to restore real incomes," the IMF explained. "These wage trends inevitably spilled over into the private sector."

Results of the policy were mixed. João Ayres, an Inter-American Development Bank senior economist, described it as a period of "fast economic growth with high inflation."

The indexation alignment between prices and salaries lasted nearly 15 years until 1980. The reason was the Brazilian government had to increase its spending to curb rising prices of foodstuffs to avoid increasing national and private sector payroll accounts. Failing to keep prices in check meant Brazil would become a more expensive destination for investors and businesses than the rest of Latin America.

Despite the government's best efforts to limit price hikes, Ayers said, indexation "led to a vicious cycle in which the central bank would issue money, which would lead to price increases." Additionally, Jérôme Sgard, author of the 2010 book "Money Reconstructed: Argentina and Brazil After Hyperinflation," said the policy required the public and private sectors to "accept and trust" one another.

Neither printing money nor maintaining trust was sustainable. By 1981, Brazil was heading toward a hyperinflation scenario, with month-on-month inflation above 10%. Ayres said the following 13 years (until 1994) saw "slow [GDP] growth with hyperinflation and high deficits." Another factor during that period was that most other central banks were increasing interest rates to combat domestic inflation, which forced most into recession, Aryes noted.

Finding the way

With annual inflation rates rising, Brazil's government introduced the "Cruzado Plan" in February 1986. It froze public and private sector wages for a year. It also updated the price and wage indexation system starting in 1987. It used bonuses to retain real wage growth. The new version also dismantled indexation mechanisms of financial assets. The Cruzado Plan also replaced the Brazilian currency -- the cruzeiro -- with the cruzado by removing three zeros.

That proved a temporary solution. It "brought inflation down ... but it wasn't enough," said Ayres. "After 10 months, Brazil was back to double-digit monthly inflation rates because policymakers had failed to deal with the real problem behind inflation: high fiscal deficits."

In June 1987, the government introduced the "Bresser Plan." It froze the price of goods and communicated its plans for future hikes to the public. It also removed indexation clauses on public and private sector wages. According to a 1995 article by Nader Nazmi in The Journal of Developing Areas, published by the College of Business at Tennessee State University, the Bresser Plan "collapsed" within three months because the government gave civil servants "significant raises" as compensation for the increase in inflation in 1986.

By January 1989, the government announced the "Summer Plan," introducing price and wage freezes and a new currency -- the Cruzado novo. It failed by the end of the year due to protests against wage freezes.

In March 1990, the government announced the "Collor Plan." It unfroze wages but kept prices capped, publishing a price revision schedule. It also froze bank accounts and restricted financial market transactions. According to Miguel Kiguel, director of EconView, a think tank, the "plan effectively froze 80% of all liquidity." The Collar Plan also reintroduced the cruzeiro, last used in 1986. Month-on-month inflation levels went from 81.3% in March 1990 to 11.3% in April 1990.

However, when the government removed price controls in July 1990, annual inflation rates rose 5,000% by 1994.

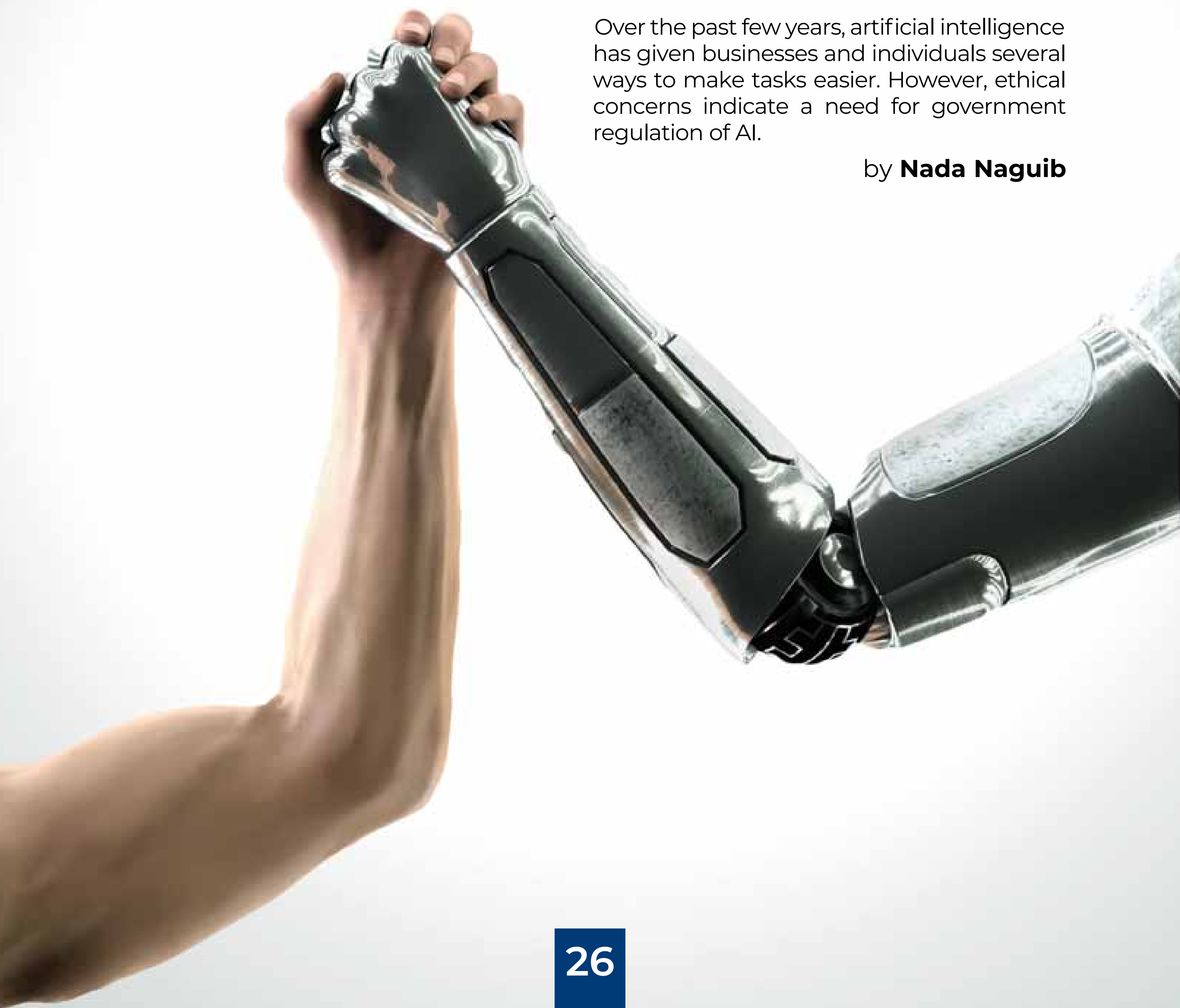
Brazil's last attempt to fight hyperinflation came in 1994, with the introduction of the" Real Plan" and a new currency called the "real." It deindexed the economy, giving temporary exemptions to the public sector. That meant price movements of goods, services and wages were left to market forces and business acumen.

The government instead focused on raising real minimum wages, which automatically adjust according to inflation projections. Statistics from the Institute for Applied Economic Research (IPEA), a government agency, show "real minimum wages" in Brazil rose nonstop from 1995 to May 2023, reaching the highest year-on-year increase of 7.5% at the start of 2023. It stands at the equivalent of EGP 7,951 (about $260) a month.

That increase in real wages didn't boost prices, despite workers having more disposable income. Instead, inflation decreased from 45% month-on-month in the second quarter of 1994 to just 1% in 1996. Government stats show that month-on-month inflation mostly remained below 1% from 1996 to 2023.

New President Luiz Inácio Lula da Silva increased real minimum wages by 1.3% in May to spur economic activity, risking higher inflation. His government also is preparing an indexation mechanism for real wages based on the previous year's inflation rate and GDP growth over the past two years. ■

GOVERNMENT WRESTLE WITH AI



Over the past few years, artificial intelligence has given businesses and individuals several ways to make tasks easier. However, ethical concerns indicate a need for government regulation of AI.

by **Nada Naguib**

The latest AI software to draw attention is ChatGPT. Hundreds of articles, webinars and podcasts have tackled the subject since the release of its free version in November. However, ChatGPT is just one example of how artificial intelligence is shaping lives, industries and social understanding.

Experts and news outlets have celebrated its potential advantages, as the capabilities of AI allow it to function in a much more efficient way than human beings, said Rashi Maheshwari of Forbes. He added that AI has "pushed the boundaries of the way computer machines used to operate and functions to make human lives easier."

There are several reasons to celebrate this technological development and its potential. For example, AI can reduce human errors, automate repetitive tasks and processes, smoothly handle big data, and facilitate quick decisions, according to Maheshwari.

However, as with many new technologies, there is a lot that could go wrong with AI. While there are drawbacks to AI's use in business, there also are ethical concerns. The developing technology poses "challenges to our freedoms and standard of living," wrote Alice Norga of the Civil Liberties Union for Europe.

Egypt is ranked second in Africa, after Mauritius, according to a research paper by Draya on the readiness of world governments to implement AI technology in 2022. As Egypt tackles its own AI implementation and challenges, it is essential to look at what other countries are doing.

Robot apocalypse?

AI poses several risks for businesses, such as expensive implementation, damage to infrastructure, reputation-damaging mistakes, and increased vulnerability to cyberattacks, according to Tyler Weitzman of Forbes.

However, most individuals, institutions, and policymakers seem to be most concerned about ethics and the potential "loss of control of our civilization," according to an article in The Economist.

While a "robot apocalypse" is an extreme view, it is not entirely without merit. The "nightmare" scenario, according to The Economist, is "advanced AI causes harm on a massive scale by making poisons or viruses, or persuading humans to commit terrorist acts." Ultimately, researchers worry "that future AI may have goals that do not align with those of their human creators."

However, these scenarios require "a leap from today's technology," according to The Economist. Additionally, they would need advanced AI to have unlimited access to energy, money, and computing power, which are scarce resources in today's world and far from a guarantee for the future.

Most computer engineers, philosophers and policymakers agree AI will not take over the world (only 10% believed AI's effects would be "extremely bad," according to a survey of AI researchers in 2022).

However, experts are concerned about the more minor effects the technology might have on people's lives and livelihoods.

AI risks assessed today are more closely related to bias, privacy, and intellectual property rights. One example found in a report by the U.S. Department of Commerce is that some facial recognition AI software tends to misidentify people of color. If used by law enforcement, these biases could potentially lead to wrongful arrests. According to Bernard Marr of Forbes, that is mainly because human programmers choose the datasets and information used to train AI software and algorithms. He adds that without "extensive testing and diverse teams, it is easy for unconscious biases to enter machine learning models."

The risks AI could pose to privacy are closely related to those it poses to business: mistakes and vulnerability to cyberattacks. These pose a risk due to "the potential for data breaches and unauthorized access to personal information" that increases due to increasing volumes of data that companies are able to collect through AI, according to an article by the Economic Times of India. Information falling into the wrong hands is a risk for a spectrum of reasons, from unwanted spam calls and emails and all the way to identity theft.

For generative AI software such as ChatGPT and DALL-E, copyright infringements are a significant issue. The least of them is it "poses legal questions," said Gil Appel, Juliana Neelbauer and David A. Schweidel for Harvard Business Review.

Generative AI can blur the lines of ownership of art, they explain, as it is unclear who owns poems or artwork software produces. Is it the artist whose work was used (without consent, which is an additional ethical concern) to train the software? Or is it the company that trained the software? Is it the user who inputs the prompt?

Until these issues are resolved, Appel, Neelbauer and Schwiedel suggest companies and individuals "need to take new steps to protect themselves."

Governing AI

While not a sci-fi movie's version of a robot apocalypse, existing risks of AI still show "regulation is needed," according to The Economist.

Business leaders agree. DataRobot's State of AI Bias report shows 81% of business leaders want government regulation to define and prevent AI bias. Legislation could clear up a lot of ambiguity and allow companies to move forward and step into the enormous potential of AI, explained Ted Kwartler, vice-president of trusted AI at DataRobot.

The approach to regulations the United Kingdom, United States, Europe and China are taking right now is on the governmental and legislative levels. However, those countries are divided in how to approach regulation, The Economist article said.

For example, the U.S. and UK have taken "light touch" measures, "with no new rules or regulatory bodies, but applying existing regulations to AI systems," said the article. The UK hopes the steps will "boost investment and turn Britain into an "AI superpower." However, the U.S. might already be bowing out of its light touch approach, as the "Biden administration is now seeking public views on what a rulebook might look like," according to The Economist.

A stricter approach is the one investigated by the EU. It categorizes the different types of AI according to their degree of risk and applies "increasingly stringent monitoring and disclosure as the degree of risk rises," The Economist article said.

For example, under the EU's AI Act, self-driving cars would be more scrutinized than in other countries. Subliminal advertising and remote biometrics are banned under the EU's measures. However, these measures are criticized by some as too "stifling." Others criticize them as not stringent enough, especially regarding their use in medicine.

The toughest of all governmental approaches might be China's requirement that AI products be registered and undergo a security review before release, The Economist article said. However, that approach also is criticized for having less to do with safety than more to do

with politics, as a condition of approval is to reflect the "core value of socialism."

Other alternatives fall more on the company level. For example, Stability. AI, which developed Stable Diffusion, a text-to-image model, said it would allow artists to "opt out" of having their work used as part of the training dataset.

However, this "puts the onus on content creators to actively protect their intellectual property rather than requiring AI developers to secure the IP," wrote Appel of Neelbauer and Schwiedel. Other companies are applying measures to ensure "data is collected and processed transparently and securely and that individuals have control over it," according to Vipin Vindal, CEO of Quarks Technosoft.

The Associated Press has developed its own strategy to "leverage artificial intelligence and automation to bolster its core news report." However, it is not clear how that might address ethical issues in journalism.

Complications

While there is a near consensus on the need to regulate AI, what regulations should look like is going to be "an important and complicated problem," wrote Harvard Professor Noah Feldman in an editorial for Bloomberg. He anticipated that complexity would make this a topic of debate for months, if not years, to come.

The main complication with regulations is vagueness. "Imagine if someone asked, 'When should we start putting regulations on computer software?'" was how Intelligent Artifacts, a software developer, attempted to explain it in an editorial for Medium, a digital magazine. "That's not a very precise question. What kind of software? Video games? Spreadsheets? Malware?" While we now know enough about software to distinguish its types and regulate them accordingly, there is still a lot that we do not know about AI.

That can cause significant issues when drafting regulations, as subtle differences can shift the meaning entirely. For example, researchers often refer to software that infers patterns from large data sets as "machine learning," explained Matt O'Shaughnessy, a visiting fellow in the technology and international affairs program at Carnegie Endowment for International Peace.

However, in policy, it is generally referred to as "AI," "conjuring the specter of systems with superhuman capabilities rather than narrow and fallible algorithms," he added.

Defining AI and its types delves into very technical territories on complex and classical algorithms that suggest Feldman is likely right in that it will take a long time to discuss and debate.

However, while regulating AI might span years, The Economist believes implementing a "measured approach today can provide the foundations on which further rules can be added." Especially with new AI categories and software entering the mainstream daily, "the time to start building those foundations is now." ■

Try to expect the unexpected

The market took a breather in the April 15 to May 15 period, which had fewer trading days due to Eid El-Fitr. Still, year-to-date gains were sustained. The EGX 30 and EGX 70 EWI ended up 17.4% and 8.4%, respectively. However, the main index's heavyweights were down 3%, and the EGX 70 EWI was up 2.3%. CIB (COMI, down 11%), Egypt Kuwait Holding Co. (EKHO, down 12%), and EIPICO (PHAR, down 15%) all fell, while Delta Sugar (SUGR, up 43%), Misr Hotels (MHOT, up 36%), Ibnsina Pharma (ISPH, up 32%) and Credit Agricole Egypt (CIEB, up 31%) rose. The market was almost evenly split between advances and declines.

The period was full of events that drove the market performance. All three major rating agencies turned negative on Egypt over concerns about its ability to pay off its mounting external debt amid pressure on the Egyptian pound. S&P revised its outlook to negative from stable, although it affirmed its B rating. Also, Fitch Ratings downgraded Egypt from B+ to B, with a negative outlook. Even Moody's placed Egypt's B3 rating under review for a possible downgrade. Agencies also cited slow implementation of economic reforms.

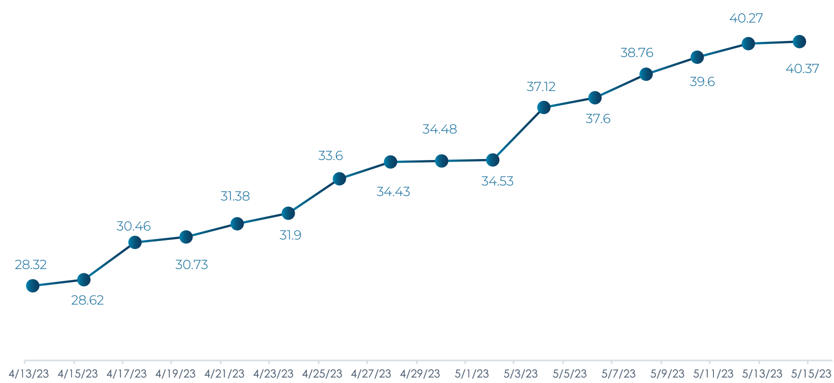
But the Egyptian government partially cut off diesel subsidies, raising its price by 14% in early May. The government also kicked off its privatization program with two transactions, albeit not as sizable as investors would have hoped. First, over 80% of PACHIN's (PACH) shareholders agreed to sell to U.A.E.-based National Paints Holding at EGP 39.8 per share, including the Egyptian government. Second, the government sold a 9.5% stake in Telecom Egypt (ETEL) for EGP 23.11 per share and a total of EGP 3.95 billion.

As for other corporate events, quarterly results were strong across many sectors. For instance, banks continued to report strong earnings, led by COMI which reported yet another all-time high quarterly net income of EGP 6 billion. Elsewhere, Taaleem Management Services' (TALM, up 21%) net profits rose 38% year-on-year in its first-half ended in February on higher revenues and improved margins. Egypt Aluminum (EGAL, up 19%) and Sidi Kerir Petrochemicals (SKPC, up 8%) both reported strong 9-month earnings growth of 132% and 107%, respectively, thanks in part to a stronger U.S. dollar.

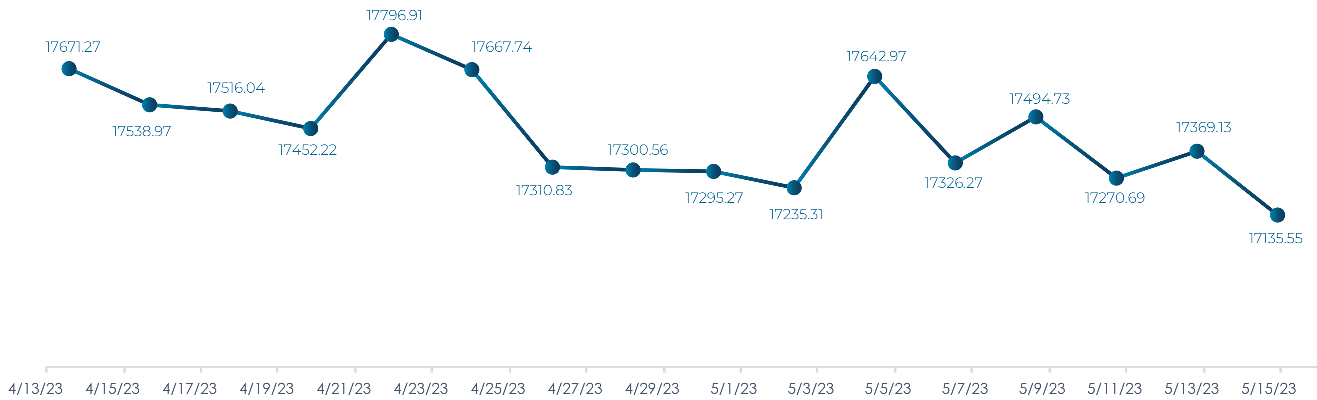
Meanwhile, with urban inflation cooling off from an annual rate of 32.7% in March to 30.6% in April, the Central Bank decided on May 18 to keep key policy rates unchanged, which was widely expected. However, what is really difficult to expect is how the Egyptian pound will fare vis-à-vis the U.S. dollar over the coming period.

Delta Sugar (SUGR)

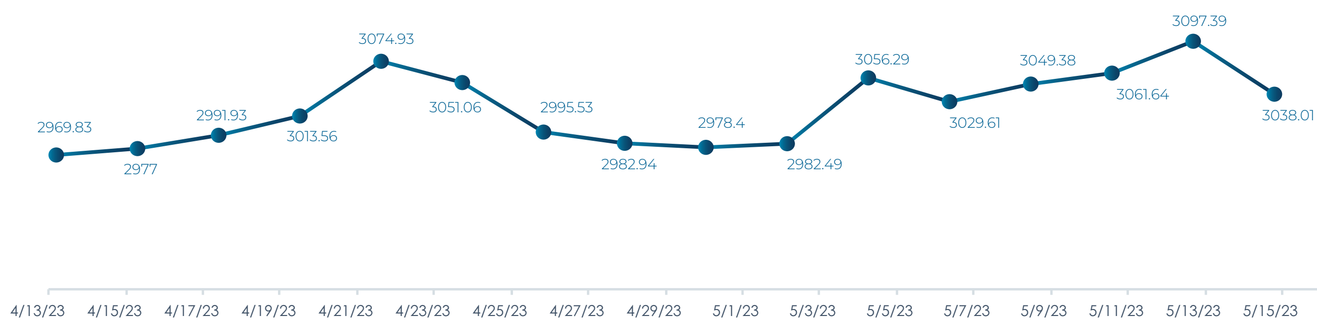
Delta Sugar (SUGR) was the top performer during the period, up 43%. The company, which produces beet sugar, delivered outstanding earnings in 2022 and more recently in the first quarter of 2023. The company reported earnings of EGP 324 million, up a staggering 321% year-on-year, driven by 29% higher revenue of EGP 775 million and a wider gross profit margin of 30%, in addition to a huge FX gain of EGP 216 million vs. only EGP 10 million the previous year. By end of the period, the stock was up 86% on a year-to-date basis before losing some of its steam.



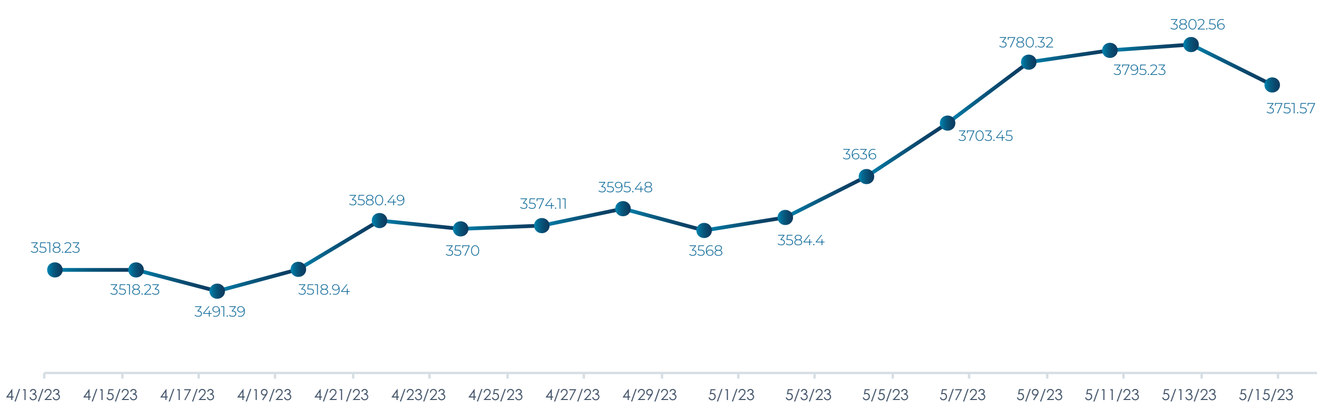
EGX 30



EGX 70



Tamayuz



Tamayuz index is an all-new weighted index, launched on June 23rd. It comprises companies with high free cash flows from operations. EGX stresses that this is not an endorsement of those stocks.

H.E. Amr Talaat
Minister of Communications and Information Technology

OUTPACING GDP

ICT is the fastest-growing sector in Egypt, achieving annual double-digit growth rates over the past five years. In a one-on-one with ICT Minister Amr Talaat, he outlines the plan to sustain that growth pace.

By **Tamer Hafez**

Home to more than 100 million, mostly young, citizens, Egypt sees that leveraging digital technologies, tools, and solutions are imperative to creating a sustainable economy. They would ensure government services conveniently reach all residents, create jobs and increase digital exports.

Despite the fast-paced nature of the sector, Minister of Communications and Information Technology (ICT) Amr Talaat believes that maintaining the same vision is essential. "It is imperative that our strategy and strategic goals remain the same," he told Business Monthly on the sidelines of the AmCham Egypt Pre-Annual General Meeting held May 5. "It reflects positively on long-term planning, helping our partners in the sector understand what we are trying to do. That forges better long-term cooperation with Egypt's ICT ecosystem."

The ministry's strategic priorities are digitizing Egypt's economy, ensuring locals have the necessary digital skill sets, and promoting digital innovation. "The programs and initiatives change, but the pillars remain the same," said Talaat. "Enablers are the ICT infrastructure, legislation and governance."

That strategy has yielded satisfactory results. "One of the things our sector is proud of is that throughout the past five years, ICT has been the fastest growing sector in Egypt at over 16% year-on-year," Talaat said. "That reflects a conviction within the government and the entire country of the necessity to rely on technology in all sectors to achieve real and sustainable development."

Pillar one: Digital Egypt

Talaat said in his speech to AmCham Egypt that when the ICT ministry launched the government's digital platform in June 2020, citizens could access 34 services. Now, there are over 170, with a plan to make almost all government services accessible digitally.

Available services pertain to agriculture, civil affairs, traffic, courts and document registration, subsidies and entitlements, health insurance, social housing, commercial registry, real estate taxes, and social security.

Those services are available through several channels, including a mobile app and www.digital.gov.eg. Talaat also noted the Egyptian Post Authority and a dedicated call center play a vital role in ensuring those who don't have access to the internet, don't know how to use it, or don't trust it can still get those services digitally. "They are digital intermediaries whose job is to help them deal with technology."

The other part of MCIT's digital transformation strategy is digitizing how government agencies operate and communicate. Talaat said connecting the government's 33,000 agencies and offices nationwide got a significant boost by relocating to the New Administrative Capital (NAC). "Moving to the new capital is not just a physical or geographic move. It is a leap forward to a different way of operating and rendering services to citizens."

The vision is to become a "collaborative, paperless government, exchanging data between one authority and another. It would be a citizen's one-stop shop, where they only need to visit one government agency" for paperwork, approvals and licenses. That authority would access the resident's entire file, which other agencies update.

Digitization also would create a more accurate institutional memory of how work is done in the government, as digital records outlast civil servants and state employees. For companies, that transformation also makes compliance with government health insurance regulations significantly less complicated. Lastly, digitization ensures the government can account for and properly manage all its assets, recording them in a unified database.

The next step for the government is to "revamp its entire software infrastructure to make it citizen-centric." The ICT ministry calls this project Ahmose, after the pharaoh who founded the 18th Dynasty, the first dynasty of the New Kingdom of Egypt.

That move is imperative as government agencies digitized operations and services at different times. That means they used different technologies, creating some data-sharing incompatibilities.

The Ahmose project divides government services into 15 bundles, depending on the nature of the services. Talaat said there are currently three bundles. The first is for "companies and establishments." with all the relevant services bundled into it. Another is "social protection," and the third is "real estate wealth."

Pillar two: Digital skills

The next part of the ministry's strategy is capacity building, where the workforce gets trained to work in a digital environment to capitalize on all its benefits. According to Talaat, a huge number of trainees is necessary to meet demand in the government, large local and multinational corporations at home and abroad, and startups.

Reaching that critical mass would directly boost offshoring services, in particular. It makes Egypt a "viable and feasible attractive destination for international companies FDI to set up their offices." That would ultimately mean more digital exports. Talaat said the ministry had already attracted 29 offshoring companies to establish 34 centers, creating 34,000 jobs and increasing exports by $1 billion annually. In fiscal year 2021/2022, digital exports topped $4.9 billion.

Those training programs also should increase freelance opportunities with companies serving international markets. "There are workers with skills beyond the local market's needs," said Talaat. As a percentage of the population, Egypt ranked fourth globally in the number of freelancers by the end of 2022.

Talaat said his ministry offers a broad range of specializations, starting with basic "data annotation" and "digital marketing" to more sophisticated and highly specialized cybersecurity, artificial intelligence, and electronics design (IC design). The other part of capacity building is soft skills and linguistic training. Talaat noted that capacity-building initiatives and programs are in "partnership with top-tier companies."

Capacity building starts from Grade 4, where the ministry identifies students showing promise in eligible schools to give them more advanced curriculums. By the end of this year, 20 schools are expected to have been enrolled in that program.

The ICT ministry also has specialized universities. The first is Egypt University for Informatics, which is collaborating with three U.S. and Canadian institutions. Talaat also highlighted the ministry's post-graduate programs. The top-tier one is Digital Builders Initiative.

Outside the formal education system, there are several capacity-building programs offered by Egyptfwd, Mahara-Tech, Information Technology Institute (ITI) and the National Telecom Institute (NTI). Those programs accept non-IT graduates who wish to make a career shift. "We have made sure there is room for everyone to join this growing industry," said Talaat.

Pillar three: Digital innovation

The ministry's strategy extends to building an "ecosystem conducive to digital innovation." That includes supporting entrepreneurs by offering everything from ideation camps, where they take "learn by doing" classes, to matchmaking with investors when they finish their incubation period.

That happens in incubators under Creativa Innovation Hub, launched in November 2021. They are present in nine governorates, and Talaat said the plan is to have at least one in all 27. The flagship center will be in NAC's Knowledge City, which is also the home of Egypt University for Informatics and, eventually, ITI and NTI.

There is also an R&D center under construction in the complex focusing on the Internet of Things and AI for agriculture, healthcare and climate change applications.

Supporting legislation

Another vital component in building Egypt's ICT sector is favorable laws. The first category of regulations supports tech startups and entrepreneurs. They include allowing companies to register without having physical office space. That process can also be done remotely via the government's digital platform. Thirdly, the government lowered capital requirements from EGP 50,000 to EGP 1,000. Talaat also said the ministry is creating a "White List" for electronics R&D companies and exemptions for those operating under the Social Development Fund.

The other category of laws relates to overseeing and managing technology use. Examples include regulations for data classification, digital signature, cloud-first policy, data protection and anti-cybercrimes. The ICT ministry also is working closely with the Central Bank and Egyptian Financial Regulatory Authority to develop laws to govern fintech startups, National Post Authority services and digital services offered by commercial banks. "Cooperation and alignment are essential," said Talaat. "Offering financial services digitally is gaining traction. Some have substantial volumes and capacity."

However, Talaat stressed the need for a delicate balance to ensure government oversight doesn't stifle innovation. "We are trying to limit the number of regulations to avoid complexities. Having more than one bill affecting aspects of the same technology can cause confusion or conflict."

Accordingly, the ministry is very careful when drafting new regulations. "We study the objectives. We ask: Do any current laws cover those objectives? Then we study successful applications in other countries." A case in point is how the local data privacy law takes many of its provisions from the EU's regulations. "We saw that the EU data privacy law had many relevant and effective regulations, so we used it as a base," said Talaat.

The resulting draft gets approval from other relevant ministries, then discussed with local and international ICT firms in Egypt and lastly goes to Parliament for approval and eventually ratification by the president.

Regional leader

Talaat's ultimate goal is to increase the contribution of the local ICT sector to Egypt's GDP. By the end of 2023, the industry should account for 5% of GDP, with plans to reach between 7% and 8% "in a couple of years." "That would align Egypt with developed nations."

Helping Egypt reach that target is the country's "Category A" classification in the World Bank's latest GovTech Maturity Index. Also, the nation has the fastest digital infrastructure in Africa as of the first quarter of 2023.

The second priority is to have an impactful role in Africa. Talaat stresses, "We are establishing partnerships via the Africa Union with other African nations to benefit and learn from them." Currently, Egypt heads a continental committee working on AI ethics. "That work will integrate with the global movement to issue [a unified] AI ethics code."

Further cementing Egypt's leading role in the ICT sector is its location. Nearly 90% of data traffic from Asia to Europe passes through the country via 14 submarine cables and 5,335 kilometers of optic fiber cables stretching inland from the Red Sea to the Mediterranean. "We are investing heavily in increasing the capacity of those cables and landing stations to meet the rising demand for faster and more reliable internet access in those two economically-thriving regions."

Talaat is "very" optimistic about the country's ICT future. "Egypt's global status makes it an essential player in meeting the growing demand for internet speeds and connectivity of two of the world's biggest and most vibrant economic blocks," he said. "That ensures a constant stream of new investment and capacity-building opportunities." ■

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AmCham Egypt Annual Doorknock Mission to Washington D.C.

May 7-12, *2023*

A delegation of Board Members and senior executives representing AmCham Egypt visited Washington, D.C. for the Annual Doorknock Mission, during the period from May 7th till May 12th, 2023.

Over the course of five days, delegates took part in more than 65 meetings with Members of the U.S. Congress, Administration and Executive Branch officials, think-tanks, and leaders from the U.S. business community. These comprised of 31 meetings with Members of Congress and their staffers, nine meetings with the Executive Branch, including meetings with senior officials at the Departments of State, Commerce, and Defense. In addition to meetings with the Export-Import Bank of the United States (Ex-Im), United States Development Finance Corporation (DFC), Office of the United States Trade Representative (USTR), United States Trade Development Agency (USTDA), U.S. Patent and Trademark Office, and the Agency for International Development (USAID).

The delegation also had several meetings with senior representatives at Washington's prominent Think-Tanks and Multinational Financial Institutions, including; the World Bank, and its Multilateral Investment Guarantee Agency (MIGA), the International Monetary Fund (IMF), Center for American Progress, Council on Foreign Relations, Washington Institute for Near East Policy, Congressional Research Center (CRS), Atlantic

Council, Arab Gulf States Institute in Washington, Center for Strategic and International Studies (CSIS), and Middle East Institute (MEI).

Doorknock meetings took place against a backdrop dominated by the “debt ceiling” crisis, where the U.S. Federal Government is running large annual budget deficits, and indicating the debt ceiling needs to absolutely be extended to avoid a U.S. default.

During their meetings, delegates promoted dialogue on important commercial issues as well as shared their perspective on social and political issues of bilateral importance.

The impact of external global shocks on Egypt’s economy was a common topic discussed during all meetings. Delegates explained that Egypt has been negatively impacted by the Russia Ukraine war, given it is the world’s largest importer of wheat sourced from Russia and Ukraine. Additionally, 20% of Egypt’s tourist inflows originate from those two countries. In 2022, imbalances started building amidst a stable exchange rate, high public debt, and delayed structural reforms, and the war crystallized the country’s vulnerabilities, triggering capital outflows, and, in the context of a still-stabilized exchange rate, reduced the central bank’s foreign reserves and banks’ net foreign assets and widened the exchange rate misalignment. The Egyptian pound was devaluated by almost 50% in the past few months, triggering a foreign exchange crunch and inflation spiked to 40%.

Additionally, other pressures imposed on the economy as a result in the recent influx of refugees from Sudan, adding to more than 10 million refugees already residing in Egypt and integrated within the economy, is said to be further exacerbating Egypt’s economic burdens. The delegation called for the U.S. to consider these pressures in assessing potential support programs to Egypt.

The delegation shared that the IMF’s recently approved Extended Funding Facility of three billion dollars envisages the implementation of a comprehensive policy package to preserve macroeconomic stability, restore buffers, and pave the way for sustainable, inclusive, and private-sector-led growth. The importance of expediting the reforms set forth by the government, and guided by the IMF was stressed during almost every meeting. The delegation explained that the divestments of state owned assets was well underway and that the increased role of the private sector is now a national priority.

The visit of the Congressional Delegation headed by U.S. Speaker of the House Kevin McCarthy during the first week of May and their meeting with President Sisi was discussed with Members of Congress and other stakeholders.

Additionally, the launch of the U.S. -Egypt Joint Economic Commission (JEC) on May 17th in Cairo, as an outcome of the Strategic Dialogue was

discussed during Doorknock meetings with the Department of State and the Department of Commerce. According to U.S. Government officials the delegation met with during the Mission, JEC discussions are to be

hosted by the Ministry of Foreign Affairs and would address ways of deepening the bilateral economic relationship, and focusing on key sectors including Sustainable Infrastructure, digital transformation, renewable energy and healthcare. The JEC is set to become an annual event.

Egypt's role as a hub for green and renewable energy was also discussed during several meetings, shedding light on the country's efforts to engage the private sector in achieving its ambitious commitments, and targeting a level of energy mix of new, renewable and green energy of 42.5% of its total energy supply by the year 2035.

During their discussions, delegates highlighted the fact that European companies have continued to expand their presence in Egypt within the renewable and power sectors, and that many opportunities exist for U.S. investors to explore and leverage. The potential role of the U.S. Development Finance Corporation (DFC) in supporting projects in these sectors was discussed during the meeting with Mr. Scott Nathan, CEO of DFC. Also during their meeting with the Director of U.S. Trade Development Agency (USTDA), the delegation learnt about the organizations priority areas for engagement with Egypt being; methane abatement, decarbonization, digital transformation and healthcare.

With regards to the future of the US-Egypt trade relationship, during the meeting with the Office of the United States Trade Representative (USTR), it was discussed that a round of Trade and Investment Framework Agreement (TIFA) talks is planned for next December. Delegates discussed that the recent agreement between both Egypt and Israel, related to goods exported to the U.S. under the QIZ agreement, according to which the Israel component may be reduced, which will further encourage exports.

During several meetings with prominent think tanks, the delegation continued to stress on the importance of maintaining a strong and robust bilateral relationship; given Egypt's strategic role as an influential regional power. They highlighted the country's pivotal efforts towards maintaining security and stability in the Middle East; being first in the region to sign a peace treaty with Israel, and its ongoing cooperation with countries of the Eastern Mediterranean region under the umbrella of the East Med Gas Forum (EMGF). On the issue of the Ethiopian Dam, delegates were keen on clarifying

Egypt's position, and outlined the likely impact of filling the dam on its national security. Accordingly, delegates urged the U.S. to resume its mediation efforts to assist in reaching an acceptable agreement.

On the general business environment, the delegation outlined the main features of the economic program adopted by the government, and some of the challenges facing the private sector including foreign exchange shortage, and the need for more clarity when it comes to economic policies. Delegates also emphasized the fact that the government is increasingly lending the private sector a carefully listening ear with respect to what is needed to improve the business environment, which is a positive signal.

Delegates also shared their perspective on the unmatched opportunity which Egypt represents for U.S. manufacturers and investors. Egypt is a strategically located, young and dynamic market of more than 100 million consumers, offering competitive access to the international markets of Africa and Europe through its existing trade agreements, thereby spreading the demand for American products across the region, lowering exporting costs and ultimately creating more jobs in the U.S.

During their meetings and discussions, the U.S. side made several notable observations regarding the deep need to continue communicating the positive story of Egypt, including; political and social stability; economic growth; sustainable development; social services like health and education; civil service reform; gender equality; entrepreneurship; and the revival of Egypt's cultural heritage.

With regards to potential investments, representatives from the US Export-Import Bank expressed their interest in extending the Bank's loan guarantee program for Egypt, as a potential supporting arm to the private sector. AmCham Egypt will be collaborating with the Bank in order to promote bilateral investments and highlight opportunities available for Members.

Several events were held on the margins of the visit;

• A Special Networking Reception was hosted by the U.S. Chamber of Commerce on May 10th on the Rooftop. The Reception featured remarks by Ambassador Moataz Zahran, Ambassador of Egypt in the United States, and was attended by H.E. Dr. El-Sayyed El-Qusair, Minister of Agriculture and Land Reclamation, who was on an official visit to Washington.

• A Limited Dinner for the AmCham Egypt Inc. Advisory Board and the AmCham Egypt Board was hosted on May 11th, in honor of Mr. Tom Friedman, New York Times renowned columnist.

• A Special Breakfast Briefing hosted by the U.S. Chamber, jointly with AmCham Egypt Inc., and in honor of the Doorknock Delegation. The event featured remarks by Mr. Curtis Dubay, Chief Economist, and Ms. Ashlee Rich Stephenson, Senior Political Strategist.

Overall, the delegation ended their mission with a sense of optimism that Egypt has a lot of support on the highest levels. The delegation noted that Congress, the Executive Branch and the think tank community, continue to perceive AmCham Egypt as an independent and credible voice with which they can have an honest and open dialogue. AmCham Egypt's U.S. affiliate – AmCham Egypt, Inc. - will be maintaining regular dialogue with stakeholders in Washington, as well as ensuring the Egypt economic developments are adequately communicated.

U.S.-Egypt Joint Economic Commission

17 May

Meet-and-greet reception

On May 17 the U.S.-Egypt Joint Economic Commission (JEC), AmCham Egypt and the U.S. Chamber of Commerce hosted a Members' Networking Reception on May 17th at the Nile Ritz Carlton.

The event gathered a distinguished audience, including members of the delegation, esteemed U.S. and Egyptian dignitaries, and senior executives from the private sector.

That focus was on promoting further Egypt-U.S. economic cooperation in vital sectors in Egypt, such as sustainable infrastructure, finance and investment, and empowering women by improving healthcare.

U.S.-Egypt Joint Economic Commission

18 May

Leaders explore infrastructur opportunities

Since 2020, Egypt has been hit hard by COVID-19, the Ukraine war, climate change and the fighting in Sudan, said Whitney Baird, principal deputy assistant secretary in the Bureau for Economic and Business Affairs of the U.S. Department of State, during the U.S.-Egypt Joint Economic Commission roundtable meetings held May 18.

As the biggest trade partner and recipient of FDI in Africa, Braid stressed, "We are working to mitigate those negative impacts." That will come by encouraging U.S. companies to invest in Egypt.

Ahmed Korayem, vice-chairman of the General Authority for Investment and Free Zones (GAFI), highlighted the incentives offered to investors. The first is the Golden License, granting investors all necessary approvals. "It takes only 20 days to issue," Korayem said. "We are expanding eligibility requirements." He discussed the Supreme Council for Investment's role in creating an investor-friendly business environment. "You will see significant changes soon," he stressed.

Ayman Soliman, the head of the Sovereign Fund of Egypt, highlighted work to "crowd-in the private sector into the economy" by monetizing opportunities. He said Egypt's "no-brainer" investment opportunities include banks, exports, food processing, education, logistics, green industrialization and tourism. "Egypt needs long-term investors," he said.

Marwa Mahgoub, senior operations officer at the IFC, said Egypt "is a nascent market with huge potential," particularly in green finance. However, she said the state needs to do "a lot of work ... laying rules, regulations and institutional foundations" to capitalize on those green funding opportunities.

Mark Ahern of the World Bank Group, stressed that while the Egyptian government is "heading in the right direction," the challenge will be in implementation. The government should exit the economy and introduce investor-friendly laws and find similarly lucrative opportunities other than green hydrogen. "It must not be the only focus," he said.

U.S.-Egypt Joint Economic Commission

18 May

Investing in Egypt's infrastructure

Since 2015, the administration has focused on expanding Egypt's infrastructure to create a solid base to capitalize on the country's resources and business potential.

That has created significant opportunities for the U.S. Trade and Development Agency (USTDA). According to Carl Cress, USTDA's regional director for MENA, Europe and Eurasia/East Asia, "Desalination, smart cities and electric transport options [are] potential projects that USTDA finds attractive." He spoke during the U.S.-Egypt Joint Economic Commission roundtable meetings May 18. Cress also highlighted opportunities for methane reduction in state-owned enterprises.

Reda Ismail, head of the maritime sector at the Ministry of Transport, highlighted several infrastructure investment opportunities in Alexandria, Damietta, Port Said, New Sohag in Upper Egypt and Sadat City. He said there are still opportunities for foreign investors in monorail and high-speed train projects connecting Cairo and the New Administrative Capital with other parts of Egypt.

The private sector already is investing in those government-led infrastructure projects. Alfred Assil, general manager of Menarail Transport, praised the government's strategy since 2015 -- building almost 7,000 kilometers of roads, industrial parks and logistics hubs. "It's what we were dreaming of eight or nine years ago," he said. "The USTDA can significantly help with those projects, especially rail."

Karim Badr, SWF's CEO of the utilities and infrastructure sub fund, outlined various infrastructure projects Egypt is working on, such as desalination and renewable energy. He stressed that the sustainability component is present in each project. Badr singled out clean energy, as Egypt wants to generate 42% of its electricity from green sources by 2030. He also highlighted government efforts to attract investments in green hydrogen and incentives for investors.

Khaled Hashem of Honeywell International stressed the importance of Egypt's Sovereign Wealth Fund (SWF) in creating bankable infrastructure projects.

U.S.-Egypt Joint Economic Commission

18 May

Roundtable examines women's health

AmCham Egypt and the U.S. Chamber of Commerce hosted a roundtable discussion on "Empowering Egyptian Women Through Advanced Healthcare" on May 18

Guest speakers were Keith Kirkham, regional minister counselor for commercial affairs at the U.S. Embassy in Cairo; Leslie Reed, mission director at USAID; Ahmed Morsy of the Ministry of Health and Population, and Naglaa El Adly of the National Council for Women.

Other speakers were Mohamed Haroun, general manager Northeast Africa, GE; Hazem Abdel Samie, managing director Egypt cluster at U.S.-based pharmaceutical company MSD; Ahmed El Shazly of Pfizer; and Tarek Abou El Einein, country lead, Organon.

President Abdel Fattah el-Sisi launched the Egyptian Women's Health Initiative (WHI) to help maintain healthy households and society. One of its aims is to improve early detection of breast cancer, hypertension, diabetes, osteoporosis and heart disease. The WHI targets nearly 30 million women 18 and older. Since its inception in 2019, 21 million women have benefited from it.

The WHI also focuses on reproductive health, family planning and healthy lifestyles. Detection of noncommunicable diseases such as diabetes, blood pressure and obesity is integral to this initiative.

Many U.S. private sector companies have established a longstanding partnership with Egypt. The public-private partnerships in healthcare were evident during the roundtable. The companies have helped to train practitioners. They also have contributed by providing the latest oncological treatments.

Some companies have helped establish rapid breast cancer diagnosis clinics in Egypt to accelerate this initiative for early detection and treatment. Others train clinical and administrative staff and support implementation of standard operating procedures and clinical algorithms. This private-sector collaboration aims to improve the speed and quality of diagnosis and reduce the costs of care.

Pre-Annual General Meeting

18 May

Unleashing Egypt-U.S. investment opportunities

This year, AmCham Egypt's, Pre-Annual General Meeting on May 18 at theConrad Cairo Hotel, focused on investment opportunities in Egypt for the U.S. private sector, particularly in the information and communications sector, which will transform all other sectors.

Tarek Tawfik, AmCham Egypt's president, stressed the crucial steps the United States and Egypt are taking to "strengthen the ongoing strategic dialogue, trade and investment.".

He highlighted that service providers, such as Amazon and Netflix, contributed more than 17% of non-oil imports to Egypt. He also said American ICT companies account for 3% of U.S. capital investments in Egypt and 16% of local companies.

Strengthening relations

John Desrocher, charge d'affaires at the U.S. Embassy in Cairo, said U.S. companies see many investment opportunities in Egypt, particularly related to climate change and green energy "in everything from supply chains to digital transformation." He noted that five U.S. agencies (Department of Commerce, Department of State, USAID, Department of Agriculture, and USTDA) are communicating with Egypt to discuss such investment opportunities.

"U.S. companies can provide technology, products, and services that amplify Egypt's environmental leadership, becoming a modern economic powerhouse," he said.

Hazem Fahmy, assistant to Egypt's minister of Foreign Affairs, said domestic investment opportunities are abundant and diverse. They include energy, the environment, sustainable infrastructure, digital transformation, food security and women's empowerment.

He's optimistic that strengthening ties with the United States could enable both to deal with "unforeseen circumstances, such as the food crisis, energy crisis, inflation jumps, debt crises and GDP slowdown, among others."

Creating prosperity

Marisa Lago of the U.S. Department of Commerce, stressed creating a "prosperous, inclusive and equitable economy by increasing the competitiveness of U.S. companies, promoting trade and investment, and fair trade practices globally." That can only happen when there is a collaboration between governments and businesses. Lago said the latter are "the eyes and ears on the frontlines of trade."

She also discussed the importance of the U.S.-Egypt Joint Economic Commission (JEC) as a "forum that can bring together [both] countries to deepen economic, trade and investment ties and promote shared prosperity."

Lago added that investment avenues discussed during JEC meetings focus on bilateral investment, energy and the environment, sustainable infrastructure, women's empowerment, supply chains, digital transformation and food security. Participants also highlighted new investment avenues, such as sustainable aviation fuel and reducing the carbon footprint of electricity generation.

ICT in Egypt

Amr Talaat, minister of information and communication technology, stressed that ICT is essential to transforming Egypt into a sustainable and dynamic economy.

To achieve that, Talaat highlighted his three-pillar strategy: the digital transformation of Egypt's economy; capacity building for IT and non-IT individuals; and promoting digital innovation. (See our In Person for more details.)

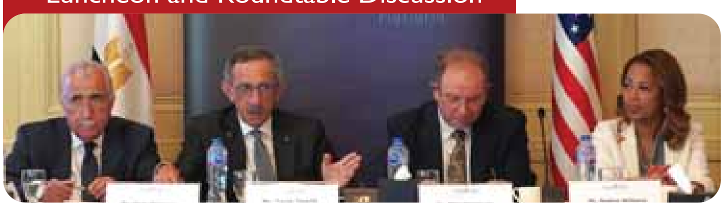
Talaat also highlighted his ministry's investments in constructing five fiber-optic marine cables that transfer data between Asia and Europe, bringing the total to 19.

The ministry also doubled the size of inland network cables carrying international traffic from 2,700 kilometers to 5,335 kilometers. It also increased the number of landing stations from seven to 11 to ensure high-speed data transfer between Asia and Europe.

To strengthen the domestic infrastructure, the Ministry of Communications and Information Technology increased the number of cellphone towers by 30% and used advanced solutions to improve network strength and capacity. The ministry also connected 18,000 of 33,000 government buildings. It extended fiber optic cables to 3.5 million homes, connecting 58 million citizens to the internet as part of the government's "Decent Life Initiative." Talaat also highlighted work to upgrade all 4,300 branches of the Egyptian National Post, and adding 117 notary offices and 100 new post offices.

Lastly, Talaat highlighted his ministry's targets. The primary goal is to ensure the sector continues to double-digit growth, increases exports and improves Egypt's international ICT ranking.

Luncheon and Roundtable Discussion



3 May

U.S. initiative targets investment in Africa

On May 3, AmCham Egypt hosted a high-level luncheon and roundtable discussion with the Prosper Africa delegation. Prosper Africa is a U.S. trade and investment initiative that brings together services from across the U.S. government to help companies and investors do business in U.S. and African markets.

The roundtable aims to better understand opportunities available in Egypt; develop relationships with local investors, asset managers and other key stakeholders; and assess a viable pipeline of deals. Atter Hannoura, director of the PPP central unit at the Ministry of Finance, and Abdallah El Ebiary, chief investment officer, Sovereign Fund of Egypt, guided the discussions on available opportunities in Egypt.

Attendees talked about challenges Egypt has been facing and the available investment opportunities. The country is going through a financial crisis triggered by international circumstances, supply chain bottlenecks, COVID, the Ukraine war and a significant correction of monetary policy.

One challenge is the untenable level of government debt to GDP, while private sector debt to GDP is very low. There is a role and an opportunity for the private sector to participate in several areas, primarily in the infrastructure sector.

There have been great success stories in renewables and green energy. Egypt is very competitive in green hydrogen; the Sovereign Fund of Egypt has advanced twenty-four MoUs for green hydrogen. Egypt has the second-largest green hydrogen pipeline in the world, as well as an excellent appetite for projects in Infrastructure, desalination and power generation.

Mining and Mineral Resources

16 May

Minister digs into mining potential

The Mining and Mineral Resources Committee hosted a Closed Roundtable Meeting on "Unlocking the Potential of Egypt's Mining Sector Challenges and Recommendations" on May 16 with Tarek El Molla, minister of petroleum and mineral resources.

El Molla said energy and mining tenders aim to attract the private sector to engage in several exploration activities, adding that investors are eligible for tax exemptions on rent for exploration land.

However, the challenge facing the mining industry continues to be the royalties system. Several countries, such as Congo and Saudi Arabia, have capitalized on their potential via favorable legislation in licensing, rent rates and royalties.

AmCham's mining committee suggested issuing a license similar to the Golden License to become a one-stop shop for all mining activity processes.

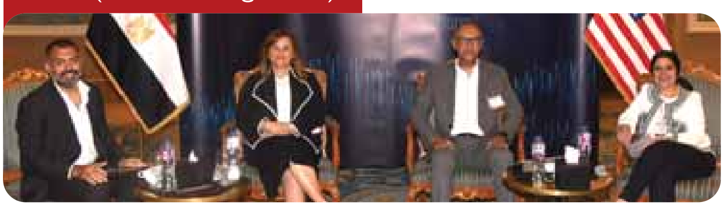
Attracting glass production to Egypt also was discussed, given that the necessary raw material (white sand) is widely available in Zaafarana and Abu Zenima and could be processed into silicon in Alamein.

Egypt has the potential to significantly increase the export of silica sands used to manufacture microchips, and the government is keen to maximize the private sector's role in this vital industry over the period ahead.

Committee members said the ministry should promote existing incentives rather than introducing new laws or regulations to attract investment. That could be achieved by introducing models that meet investors' standards with limited government intervention.

Legislative amendments, support for training programs and initiatives to attract glass production and locally manufactured sodium carbonate are all steps toward unlocking Egypt's mining potential.

HR (Talent Management)



9 May

Tackling organizational transfomation

The HR (Talent Management) Committee hosted a May 9 session on "Organizational Transformation: The Secret to Success" with guest speakers Amr Fawzi, business transformation consultant; Mohamed Swilam, general manager of Roche Egypt; and Sherine Amr, HR director of Banque Du Caire; and Marwa El-Abassiry, HR Director at Cleopatra Hospitals Group

El-Abassiry noted the significance of implementing business transformation strategies that enhance an organization's structure and operational framework.

Swilam stressed the importance of systemic change, which ensures companies can't return to less efficient yet tested models.

Amr emphasized the importance of organizational alignment at every step of the transformation effort, as a change in structure requires all departments to work together and cannot function solely on HR policies.

Fawzi said alignment isn't the only factor in a successful company transformation and a shared common objective must be created. For example, an organization embarking on significant structural changes must first ask, "Why are we doing this and what are we doing in order to answer how are we going to do this"

Amr highlighted that any changes, especially structural ones, will always be met with significant resistance. The speakers agreed it's critical for top leadership to showcase their passion and belief in the changes. Fawzi emphasized the importance of creating a culture to act as a backbone for business transformations and the significance of top management supporting these changes.

Lastly, the speakers shared their thoughts on traditional "sales" systems focusing on key performance indicators and sales targets, with Swilam explaining how such systems can hinder progress.

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Magdy El Wahsh
Shareholder

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Membership Type:
Associate Resident

INFORMATION & COMMUNICATION TECHNOLOGY

Aydi Technologies
Hassan Fayed
CEO

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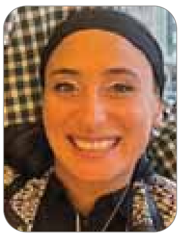
Tel: (20-12) 8180-4367
Website: www.aydi.com



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Associate Resident

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Vice General Manager

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Website: www.egydairy.com

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Website: www.DLAPiper.com

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Associate Resident

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Yodawy Egypt
Karim Khashaba
Chief Executive Officer

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Website: www.yodawy.com

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

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

On behalf of Business Monthly, we sincerely apologize for placing the wrong photos of some of our members in our May issue. We promise to take additional steps to ensure such mistakes do not happen again.

CONDOLENCES

Farid El Tobgui,
AmCham mourns the loss of its longstanding Member, a Member of its Trade and Industry Committee, and a loyal Corporate Partner representing Bavarian Auto Group for many years, Mr. Farid El Tobgui. May his soul rest in peace, and may God grant peace and patience to his family and friends.

Ibrahim Moomen,
Chairman, Ibramar Shipping Group, joined the Chamber in 2005 and was active in representing the Transportation sector, as part of the Transport & Logistics committee. On behalf of the Chamber's Members, Board of Governors and staff, we extend our deepest condolences to his family and friends.

EXCLUSIVE OFFERS

Baron Hotels & Resorts

Baron Hotels & Resorts has the pleasure to offer a **15% Discount on Online Accommodation Rates,** to AmCham members.

The offer is applicable on Baron Palace Sahl Hasheesh, Baron Resort Sharm El Sheikh, Baron Palms Sharm El Sheikh and Baron Cairo.

Discounts will be granted for AmCham members upon presenting their AmCham 2023 membership card

For more information, please contact:
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Please visit AmCham Cyberlink on http://www.amcham.org.eg/cyberlink for more information on AmCham benefits

This offer is valid until December 31, 2023

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This offer is valid until May 5, 2024

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N.B:
- The discount is not available for domestic shipping.
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For further information about the nearest **DHL location** visit our website **http://www.dhlegypt.com/en.html** or call **DHL hotline** 16345

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This offer is valid until December 31, 2023

Fashion Retail Group

FRG (Fashion Retail Group) is honored to present its special offer to AmCham Members at the below stores.
-20% off at all SKECHERS stores.
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-This offer is not applicable in case of any other promotional offers for the above-mentioned brands.
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This offer is valid until December 31, 2023

Cairo Marriott Hotel

Is pleased to extend its offer of **15% discount on the best available room rates and a 15% discount on Food and Beverages at all Cairo Marriott outlets**
(This offer does not require having a room at the hotel)
- 25% discount on laundry during your stay
- Rate is for Bed and Buffet Breakfast at Omar's Cafe, subject to availability and prior reservation, valid at any day of the week.
- Rate is subject service charge and taxes.
- Offer is valid for the members only and has to be reserved through and used by the member for a maximum of two rooms per stay.
- Members can only accompany their spouse and children during their stay.
-This discount is not applicable for more than 5 pax

Discounts will be granted for AmCham members upon presenting their AmCham 2023 membership card

For more information, please contact: **Mai Moenes**
Phone: (202) 27394647 Ext. 8808
Mobile: (20-12) 0434-0648
Email: mai.moenes@marriotthotels.com

Please visit AmCham Cyberlink on http://www.amcham.org.eg/cyberlink for more information on AmCham benefits

This offer is valid until December 31, 2023

United Sons Moving Services

United Sons is pleased to offer AmCham members the following exclusive benefits:
- 15% Discount on any local move within Cairo city limits (up to a 50 km radius)
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- 5% Discount on any international move
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For more information, please contact: **Samer Elhamy**
Tel: (20-2) 2754-4974/ 94/ Mobile: (20-10) 6210-1998
Emails: info@unitedsons.org

Please visit AmCham Cyberlink on http://www.amcham.org.eg/cyberlink for more information on AmCham benefits

This offer is valid until December 31, 2023

A Glance At The Press

Patience

"I'm full! I'm full!"

May 23, Al-Masry Al-Youm

Media Lite collates a selection of some the most entertaining offbeat and lighthearted news items published in the local press. All opinions and allegations belong solely to the original source publications and no attempt has been made to ascertain their veracity.

Egyptian Fashion Designer Sara Onsi Honored at Forbes Middle East Women's Summit

Forbes Middle East honored Sara Onsi as a success story in the region at the prestigious Forbes Middle East Women's Summit on May 23, per her official social media pages. The summit was held in Riyadh, Saudi Arabia, from May 21 to 23.

Onsi participated in numerous fashion weeks, including Milan, London, Paris, and New York. Her designs have garnered attention and praise from critics, fashion enthusiasts, and industry insiders.

The annual summit, which Princess Noura Bint Faisal Al Saud chaired over, aims to shed light on the achievements of women, providing them with a platform to discuss their specialized expertise.

After a fruitful attempt at designing her wedding dress, Onsi launched two brands. The first is couture 'Sara Onsi Fashion House.' The second is 'ONSI,' a ready-to-wear brand.

Onsi dressed Egyptian artists like Amina Khalil, Hend Sabry, and Sawsan Badr and international artists at the Cannes Film Festival, such as Sofia Saidi, Zara McDermott, and Fagun Thakar.

Egyptian Streets, May 25

Egypt Challenges Netflix, Announcing Local Cleopatra Documentary

Egypt has announced a high-budget documentary about Queen Cleopatra VII, challenging Netflix's controversial documentary, African Queens, about the same subject. According to the channel's Facebook page, the documentary will be produced by the newly-launched channel Al-Watha'eqeya (The Documentary).

"Al-Watha'eqeya has started preparations for the production of a documentary film about Queen Cleopatra, the daughter of Ptolemy XII, the last king of the Ptolemaic dynasty that ruled Egypt following the death of Alexander the Great," the post said, indicating the documentary's focus on Cleopatra's Macedonian-Greek origins.

The channel said the aim is to provide a detailed and accurate view, primarily through sessions with archaeology, anthropology, and history specialists.

The decision came after the trailer release of Netflix's tendentious 'Queen Cleopatra' (2023) docudrama, which casts black actress Adele James as Cleopatra.

The Netflix documentary became the subject of a global debate and backlash from Greeks and Egyptians on the ethnicity of Cleopatra, given that her heritage is Greek-Macedonian.

Egyptian Streets, May 1

Egyptian-Palestinian May Calamawy to join the cast of Oscar-winning Gladiator sequel

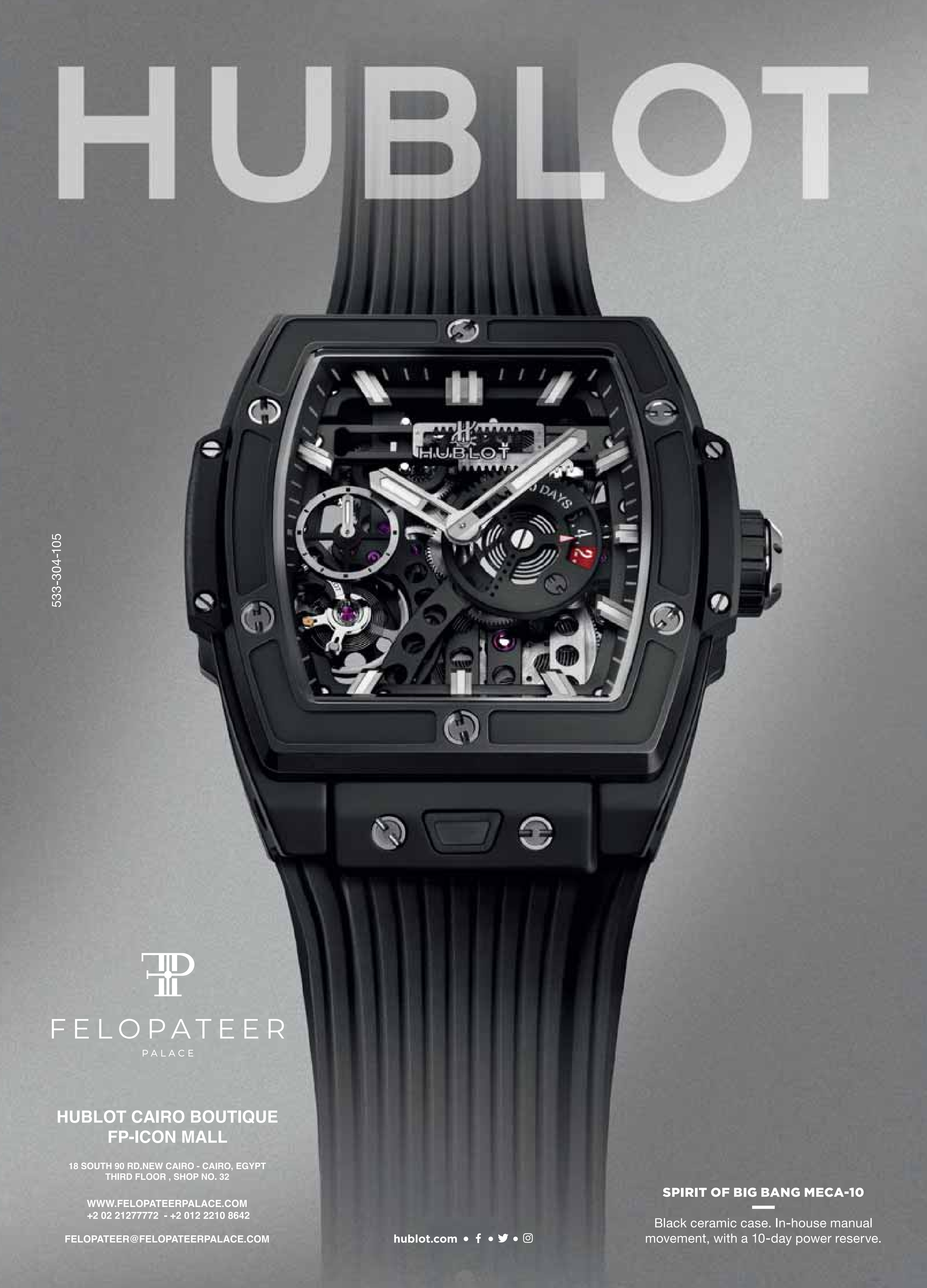
Egyptian-Palestinian actress May Calamawy will be the female lead in the Gladiator's sequel, performing beside Pedro Pascal, Denzel Washington, Connie Nielsen, Lior Raz, and Derek Jacob.

Directed by Ridley Scott, the Gladiator sequel is scheduled for release in 2024.

Calamawy is known for the award-winning Hulu show Ramy, National Geographic's The Long Road Home, CBS' FBI, Madame Secretary, and NBC's The Brave. In 2021, she joined the cast of Moon Knight, directed by Egyptian Mohamed Diab for Disney+.

Besides the Gladiator sequel currently in production, Calamawy is also working on a film titled The Actor, directed and written by Duke Johnson and scheduled for release in 2024.

Ahram Online, May 22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