Business monthly

THE JOURNAL OF THE AMERICAN CHAMBER OF COMMERCE IN EGYPT

August 2023

NOT FOR SALE

COME IN Luxury

Egypt is gradually becoming a frontier for luxury travel

Also inside:
Changing local consumption
AI in the GCC
Tax management trends

UNMATCHED RETAIL & OFFICE SPACES

10% DOWNPAYMENT

7 YEARS PAYMENT PLAN

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IT'S TIME TO MEET YOUR FUTURE EMPLOYER!

ADAPTATION

With the government struggling to secure foreign currency inflows and under pressure to combat inflation that has reached all-time highs, Egypt's future in the near term increasingly looks like an adaptation to the status quo rather than overcoming challenges.

This month's issue examines how consumers are adapting their buying habits as rising prices force them to compromise and how packaged-food companies are responding.

Meanwhile, tourism increasingly looks like a sector that could save the government in the short term, as visitors bring foreign currency into Egypt. However, tourism companies and the government should adapt to prioritize attracting Chinese holiday-goers, who accounted for a quarter of the world's tourists in 2019, and only 2% of visitors to Egypt.

Adapting to a new generation of travelers also is essential to make Egypt an attractive destination for ever-younger visitors.

Lastly, keeping companies and government agencies agile and adaptable to new technologies is essential. This month's White Collar looks at reimagining tax functions in emerging-market companies. We also look at how Egypt, with its developing AI strategy, might cooperate with regional leaders -- Saudi Arabia and the UAE -- to improve those tools and develop a shared regulatory framework.

The key to unlocking such potential will ultimately depend on meeting more uncompromising foreign standards regarding technology, governance, and flexibility. That will come from strong political will to make the necessary changes to cater to the needs of foreigners, be it investors, governments, decision-makers in international finance, or just holiday visitors.

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MIXED MESSAGES

We are receiving conflicting news on where the economy is headed. On one hand, the S&P Global PMI for Egypt is inching towards a growth trend, hitting the 49.2 mark in the July reading. Egypt's projected GDP growth is still around the 4.0% mark. And there is July's announcement of $1.9 billion in deals to sell stakes in state-owned enterprises (SOEs), with revenues to be realized by the end of August.

There is also a pipeline of divestitures or asset sales and possible monetization of SOEs that would yield even more billions in dollar returns by year end or before the presidential election date, which is still a well-kept secret but would likely be before year end. The government of Egypt is announcing more targeted assets almost daily, including dollar-yielding assets held by state-owned banks or agencies for foreign investors.

On the other hand, there is no shortage of alarming signs. Banks' foreign assets slumped to $27.0 billion in the negative, and banks are scrambling to attract dollars by issuing CDs with 7-9% interest. The rolling blackouts have come as an unpleasant surprise, given all the propaganda about our energy self-sufficiency and surplus capacity in power generation. That in itself raises many questions on who and what to believe. And now we are borrowing $400 million to cover late wheat buying dues.

Even more disturbing news is the exit of the Swedish appliance manufacturer Electrolux from Egypt, despite a profitable and growing operation mostly geared to regional exports. The rationale cited was primarily a lack of clarity from their head office and Egypt's foreign currency crunch. The timing couldn't have been worse.

The question is: Have we reached the bottom yet? Are we ready to move resolutely forward?

I have to admit that the government is racing to push onward with reforms and to sell assets to conform with the IMF program in due time. The most recent interest rate increase of 100 basis points is a sign of flexibility in light of rising interest rates globally and the growing inflationary pressures locally. It is yet to be seen when all these initiatives will bear fruit and set the stage for freeing the currency's tradability.

There are several milestones coming up, most notably the IMF review expected in September and the presidential elections, which can be potential accelerators toward a true free float of the EGP—a badly needed correction to put the economy on track.

Time is of the essence: More delays mean more backlog, more economic uncertainly and more investor anxiety about Egypt. While the prime minister is making efforts to respond to specific currency issues raised by AmCham member companies, what we really need is more reassuring signs from the Central Bank of Egypt. We need the CBE to rebuild investor trust and confidence by gradually and periodically releasing foreign funds for business, rather than the current state of inaction that does the contrary. We will wait and see, hoping for the better.

TAREK TAWFIK
President, AmCham Egypt

THE NEWSROOM

SURVEYS ASSESS ECONOMIC OUTLOOK

According to a Cabinet Facebook post in July, Egypt's preliminary GDP growth rate in the fiscal year (FY) 2022-2023 will be 4.2%, compared to 6.6% the previous year.

By the end of FY 2023-2024, a Reuters Poll predicted GDP growth will remain the same. That projection is lower than Reuters' April poll, when economists surveyed expected growth this fiscal year to reach 4.5%. Those forecasts exceeded the government's expectations of 4.1%. In FY 2024-2025, the Reuters poll sees GDP growth reach 4.8%.

Other expectations from the July Reuters poll point to the exchange rate reaching EGP 36.95 to the dollar by the end of FY 2023-2024, settling at EGP 38.9 by the end of FY 2024-2025. That is significantly weaker than in Reuters April poll, in which economists said the pound would reach 35.07.

The July poll expects inflation to drop to an annual rate of 22% by the end of FY 2023/2024, cooling to 13% the following fiscal year. In the April Poll, surveyed experts said inflation should reach 20.9% this fiscal year and 9.3% in the next.

SAUDI COMPANY SIGNS WIND FARM AGREEMENT

Saudi-based ACWA Power announced it signed a land allocation agreement with the Ministry of Electricity for a planned 10-gigawatt wind farm. The final deal will be subject to a feasibility study.

According to ACWA's press release, the plot is in Sohag. Once completed, it would be Egypt's largest wind farm by a significant margin, as the biggest is in Zafarana, producing 545 megawatts.

ACWA estimates the project will eliminate 25.5 million tons of harmful emissions annually and provide electricity to 11 million households. The company didn't publish an estimated investment cost.

The project aligns with Egypt's efforts to produce 42% of its energy from renewable sources by 2030 and 60% by 2040.

GOVERNMENT DOWNPLAYS FOOD SECURITY RISK

Several ministers talking to the media in July have downplayed concerns over wheat supplies to Egypt after Russia hit several ships from Ukraine carrying wheat via the Black Sea. About 80% of Egypt's wheat comes from Ukraine and Russia.

"It is now too early to decide what the repercussions are of stopping the grain agreement between Russia and Ukraine," Assistant Supply Minister Ibrahim Ashmawy told Russian state-owned Sputnik. "Egypt is closely monitoring what is happening in the global markets and carefully following commodity changes."

Analysts believe Egypt is confident its diversification strategy and increased dependence on locally grown wheat will be enough to deal with potential delays and disruptions involving shipments from Russia and Ukraine.

FIVE INVESTORS GET GOLDEN LICENSES

Prime Minister Mostafa Madbouly announced in July five requests for Golden Licenses had been approved for new companies. The document is a single-approval license from the Cabinet, allowing companies to start operating immediately.

Those approved for licenses were:

— Gennecs, a local producer of medicines, serums, and vaccines. It aims to produce 300 million vaccine doses annually and as many as 700 direct jobs.

— Midea Electric, a Chinese maker of home appliances. The company's $105 million plant could create as many as 3,100 jobs.

— Fayoum Company for Storage and Warehouses. The local company plans an EGP 1.34 billion project employing 250 people.

— BALM & Africa, a packaging plant in Ismailia. The local company's EGP 885 million project could create 350 jobs.

— EnviroProcess, a local company whose EGP 73.5 million recycling plant in Minya is expected to create 170 jobs.

WORTH FOLLOWING

UAE MAY COVER EGYPT'S WHEAT IMPORTS

During an interview with Bloomberg, Minister of Supply and Internal Trade Ali El Moselhy said the ministry is "in talks" with the Abu Dhabi Fund for Development to secure a $400 million loan to pay for Egypt's wheat imports.

The money would be part of a $100 billion revolving loan agreement. The funds would be used to buy wheat and other commodities from UAE-based Dahra. During the interview, El Moselhy didn't say when the agreement would take effect.

It is not the first time Egypt has sought international help to pay for its wheat. In the aftermath of the Russia-Ukraine war, the World Bank and International Islamic Trade Finance Corp. provided Egypt with a $1.2 billion loan to pay for imported wheat.

SPENDING DILEMMAS

Consumers are carefully managing their spending as inflation reaches record highs. That means companies need to have suitable offerings.

by Rania Hassan

It's official: Inflation in Egypt is the highest since records began in the 1950s. In June, it reached an annual rate of 35.7% compared to 32.7% in May. Core inflation, which excludes energy and food, reached 41%. Analysts speaking to Reuters forecast the record reading, citing an "unfavorable base effect" since the previous year and greater demand during the Eid al-Adha holiday.

Amplifying domestic inflation is the Central Bank (CBE) keeping its overnight interest rate at 18.25% (The second-highest since 2017) since April. That and inflation negatively affect GDP growth prospects, deflating consumer sentiment. "Real GDP growth is expected to slow down in fiscal year 2022/2023 compared to the previous fiscal year," said a June note from the CBE's Monetary Policy Committee.

Businesses warn of a worse situation on the ground. "People say we are in a recession," Hesham Radwan, general manager and managing director at Danone Egypt and Northeast Africa, told AmCham Egypt in June. "In the first quarter of the year, we saw stagflation [rising prices, dwindling demand], which is most challenging for any corporation."

Regional context

Nihal El Koussi, managing director of NielsenIQ for North Africa and the Levant, said her company's research shows Egypt is in the global "mid-tier" (66%) when it comes to consumers thinking there is a recession, about the same as the worldwide average.

Singapore has the lowest global score (43% of residents surveyed say the country is in a recession). Meanwhile, South Korea, Turkey, and Chile have the highest, at 79%. In the Middle East and Africa, Saudi Arabia (41%) and South Africa (43%) are below Egypt.

This perception is shaping "spending realities," said El Koussi. NielsenIQ research shows 53% of surveyed residents in Egypt said they "only have enough for food, shelter, and basics." That is significantly higher than the global average (38%), Saudi Arabia (24%), and South Africa (26%). It is lower than in Turkey, where 58% of respondents feel their budget have tightened.

Stressful times have affected spending priorities in "unexpected ways," said El Koussi. NielsenIQ Research shows the top global spending priority is on "mental wellness" and "physical wellness." Nearly 46% of those surveyed globally said they would invest in one. Those two categories "include work-life balance, entertainment, eating healthy and working out," she said. "It is not just about going to doctors."

The NielsonIQ report found half of Egyptian residents surveyed prioritized at least one of those, if not both. Saudi Arabia, Turkey and South Africa also registered above the global average. El Koussi said, "What was news is that Egypt residents prioritized mental and physical health."

A close third was "financial and job security," with just under 46% of those surveyed saying it was a priority. In Egypt, it was 60%. Saudi Arabia, Turkey and South Africa also surpassed the global average.

"Saving for unforeseen circumstances" came in fourth, averaging 44% of respondents globally. That compared to 58% for Egypt. Turkey and Saudi Arabia reported lower scores than Egypt but higher than the global average. South Africa had a higher score on both priorities. "The financial part is natural, given the economic situation," said El Koussa.

Shaping those sentiments and priorities is concern about food, where 40% globally are worried about it versus 50% in Egypt. Only Saudi Arabia (36%) is less concerned than Egypt. Turkey and South Africa registered 54% and 51%, respectively.

Utility costs, the economic downturn, COVID-19, and fuel and transportation are minor concerns, never exceeding 22% globally or regionally in the NielsonIQ report. Only Turkey (52%) registered significant concern over the economic downturn, 52%, compared to the global average (20%), Saudi Arabia (12%), Egypt (17%) and South Africa (19%).

Egyptian consumers

In Egypt, rising prices are putting pressure on consumers to maintain their lifestyles and habits.

Egyptians cut spending on eating out, entertainment, home improvement, and food delivery by 50% or more. The category least affected was clothes and apparel (43% drop).

Local consumers also said they are scrutinizing grocery spending. The NielsenIQ report said the affected categories include snacks, preserved food and meal kits, frozen food and personal care products, in favor of fresh fruits and vegetables, dairy and baby products.

Those cuts are likely in anticipation of higher utility bills and groceries (fresh produce, fresh meat and dairy, among others), transportation and education. The NielsenIQ report says local consumers expect to pay as much as 39% more on those product categories.

Those budget cuts haven't been enough to reduce consumers' monthly spending in 2023. NielsonIQ estimated the "average monthly [spending] increased 8.5% from last year across social classes." That is mainly because of rising prices for food and vegetables, which comprise 29% of Egyptians' spending budget, making it the dominant component.

Despite tightening budgets, changes in consumption patterns and spending aren't affecting purchases of luxury (at least twice as expensive as average prices) and super premium (at least 60% more expensive) food and non-food items.

However, demand for premium food and non-food items (at least 20% more expensive than average prices) dropped in favor of mainstream goods costing between 80% and 120% of average prices. Less expensive mass and economically priced products saw weaker demand as some consumers upgraded to the mainstream category despite rising costs.

El Koussi added that surveyed Egyptians with families "will not compromise when spending on their kids." That means tightening their budgets elsewhere.

The report found that in the first quarter of this year, more Egyptians were shopping at wholesale outlets or shops with store-exclusive offers. They also were less likely to buy in bulk.

Additionally, the preference was for local brands, especially when buying "biscuits, noodles, diapers, skin care products, cheese, and ice cream." "They are usually cheaper, and imported brand availability is low," said El Koussi.

She said those consumption patterns "show Egyptian consumers don't downgrade just because prices increase." Instead, NielsonIQ's report found they prefer to stop buying a product altogether or look for smaller packages of their favored brands. "They are demonstrating agile adaptation to inflation," said El Koussi. "They are outsmarting the situation."

Reacting to change

Egypt-based companies are familiar with shifting consumption patterns. "Since 2011, realities have been changing and headwinds increasing," said Dalia Salib, Mars Egypt's general manager. "Resilience among producers to navigate those challenges has been increasing. But so has the magnitude and scale of changes."

Salib said the first step is to "identify the lessons we learned from past changes, particularly after the 2016 devaluation," citing continuing to invest in brands even when the economy suffers. "We made that mistake in 2016," she said. "We will not do it again."

Another critical factor is "anticipation, to stay two steps ahead with detailed scenarios." Each company needs to carefully identify potential risks and how to mitigate them. Companies operating in dire economic conditions should "not do everything at once to recover. They need to [seamlessly] feed into the next

phase of their plan."

Lastly, those plans and scenarios need to be flexible. "In the second and third quarters of 2022, we expected volumes to drop because of rising prices. They didn't," said Salib. "That happened suddenly in the last quarter of 2022 and the first quarter of 2023. We make our forecasts and analysis for every quarter. This time next year, I may have completely different insights given the unpredictability of the economic outlook and consumer sentiment."

Mars, whose products are usually impulse purchases, focuses on increasing sales volume rather than raising prices to increase revenue. That meant increasing the products' visibility in existing shops. It also increased the size of its distribution network and offered more affordable products, new flavors, and packages to appeal to a broader market segment.

The company also offered limited edition products before the start of Ramadan. Additionally, Mars adapted its branding, themes, and CSR marketing strategy for the customer to "fully interact with the brand."

For Hesham Radwan, Managing Director of Danone Egypt and Northeast Africa, the key strategy is "focusing the innovation" on particular products. "Being selective creates value for the consumer," he said. "It changes with the nature of the product and consumer income and geography."

On the ground, Danone has two product lines. One is for rural areas, the other for urban ones. "There is a difference in products, sizes, and price points to cater to varying purchasing powers."

The company also developed an innovative micro-distributor model to ensure its products reach Egypt's most remote and impoverished areas where there is almost no competition. Radwan also stressed his company varies investments in distribution channels to balance volume and profitability.

Danone also started raising prices and decreasing package sizes to manage its portfolio amid inflation. However, Radwan warned it is a tricky balance, as downsizing too much could drive customers away. On the other hand, increasing prices to retain package sizing could make the product too expensive.

He also noted the importance of having constant promotions to reduce the price per unit and being "brutal and honest" when discontinuing low-volume or unprofitable products.

Danone also innovates in specialized or niche products, such as yogurt that helps with digestion or sweet treats for kids with vitamins. "A company needs to increase and drive the superiority of such products, making bold claims and ensuring they deliver," he said.

While exports could help maintain a company's production levels, Radwan said, the benefits are limited in some cases, such as with Danone, which produces dairy products.

Uncertainty

Despite companies' best efforts, there is significant uncertainty when forecasting what local consumers might do next in response to Egypt's economic uncertainties. "What is unclear is whether [those consumption trends] will be a [new] reality or temporary," said El Koussi. "Earlier, we saw in Turkey ... their spending started growing back, supporting the argument that those drops were temporary and contingent on high prices and salaries that are unable to cope."

That uncertainty means that when companies innovate and experiment with new directions to sustain sales, they "must approach such innovation very carefully," El Koussi said. "Ideally, companies should first test their new ideas on non-key products with low penetration."

TOURISM bandwagon

The tourism industry is experiencing a boost this summer, with some media outlets dubbing it "revenge tourism" due to restrictions during COVID-19 lockdowns. After two years of losses, Egypt's tourism sector has bounced back to pre-pandemic levels.

The challenge now is to surpass previous records and increase foreign currency inflows, which the government sorely needs.

By Tamer Hafez

A WAY **OUT?**

Attracting more tourists from abroad will likely prove vital for increasing Egypt's foreign currency inflows.

For Egypt, tourism has long been a major source of foreign currency. The Central Bank (CBE) said that in 2022, the tourism sector brought in more dollars ($12.2 billion) than FDI ($6.7 billion) or the Suez Canal ($8 billion).

According to the CBE, last year the sector was the fastest-growing source of foreign currency (up 37% compared to 2021), outpacing the Suez Canal (up 26.9%), exports (up 18.2%), remittances (dropped 10%) and FDI (down 72.7%).

Tourism's growth trajectory continues in 2023. Amr El Kady, CEO of the Egyptian Tourism Promotion Board, a government body, told CNBC in May that tourist numbers increased by 33% in the first four months of 2023 compared to a year earlier. He estimated the country would see 15 million tourists by the end of the year, 28.2% more than in 2022.

The government has ambitious plans for the coming five years. "The maximum number of tourists Egypt can attract per year ranges between 14 million and 15 million," Minister of Tourism and Antiquities Ahmed Issa told Al Ahram English in January. "We [aim] to double that figure to 25 [million] to 30 million by 2028."

That means increasing inbound tourism "25% to 30% annually."

Issa said that would require "a lot of incentives," favorable regulations, and government support for companies in the sector. Achieving those ambitions will also demand more capacity to receive and cater to those additional visitors.

Easier entry

One of the government's main priorities has been to simplify the process of issuing entry visas.

In March, Issa announced that seven new nationalities could get visas upon arriving in Egypt. In the past, those nationals had to apply for entry visas before traveling and wait for approval.

Now, Chinese and Turkish visitors can unconditionally get a visa upon arrival in Egypt. Indians with a GCC residency visa can now get one at any of Egypt's airports. Iranians can get visas if a certified tourism company sponsors them and they remain in South Sinai governorate during their visit. The same applies to Israelis traveling to Hurghada. Meanwhile, Algerians and Moroccans must be part of a tourist group for a visa on arrival.

Nationalities still not eligible can apply for a visa on Egypt's E-Visa portal, launched in June 2021, instead of going to the nearest Egyptian embassy.

Additionally, the Ministry of Interior in July introduced a five-year, multiple-entry tourist visa option for $700. However, visitors must leave the country at least once within 90 days of arriving.

Issa also met with his Chinese counterpart in April and Nikolas Garilidis, Greece's ambassador to Egypt, in June to discuss attracting more visitors from those countries. Garilidis told the media that encouraging yacht tourism and joint promotion campaigns were discussed.

Destinations, destinations

The government has increased the number of nonstop flights to Egypt's airports. In December, national airline EgyptAir announced it would increase direct flights from Moscow to Red Sea destinations from 18 to 28 per week.

It also announced new routes. In May, it introduced nonstop flights to Dhaka, Bangladesh. In June, it announced new direct routes between Cairo and Newark, N.J., to complement existing nonstop flights to New York, Washington, D.C., and Los Angeles. In July, the national airline started operating a direct flight to Manchester in the U.K. In August, it will offer nonstops to Delhi in India.

In June, Wiz Air, a Hungarian low-cost airline operating mainly in Central and Eastern Europe, said it has weekly flights from Rome and Milan in Italy to Sphinx Airport in Giza.

Since its operation in November 2022, Sphinx Airport has received budget airlines that don't land at Cairo International Airport. The list includes Saudi Arabian Flynas, Kuwait's Jazeera, Spanish Air Europa, and German Condor Airlines.

Another essential dimension to attracting more foreign tourists to Egypt is increasing the number of plane seats. Air Cairo, a 60%-owned subsidiary of EgyptAir that flies to Southern Europe and domestic destinations, added four new aircraft to its fleet in January. It plans to add six more by year's end to bring the total to 30 planes.

In March, the airline announced it signed a three-year cooperation protocol with Sun Express, a Turkish-German airline, to market Air Cairo to tourists from Germany, Switzerland, and Australia flying to Egypt.

Private sector

Having thriving private-sector tourism companies that operate in a favorable environment is vital to increasing the number of tourists visiting. In June, President Abdel Fattah El-Sisi ratified Law 27 for 2023, which protects tourism associations and union funds from seizure. It also gives them more power to self-finance their operations, self-regulate, and resolve disputes outside the courts.

In June, sector experts talking to Daily News Egypt said the new law should improve the tourism ecosystem. That will come from limiting the ministry's role to regulation, oversight, and licensing. Meanwhile, associations would focus on developing the sector by lobbying the government for more favorable laws, programs, and initiatives. Another focus will be offering training programs for small tourism companies, developing funding programs and initiatives for them during crises, and even helping them exit the market.

The 2023 law also makes it easier to establish tourism think tanks and have them publish their findings and policy recommendations.

In April, Prime Minister Mostafa Madbouly said the government will allocate EGP 10 billion ($323.6 million) to support the tourism sector in FY 2023/2024. The money would come from the Productive Sectors Initiative, which supports industries that generate foreign currency inflows, such as manufacturing and agriculture. Madbouly said the fund's total FY 2023/2024 budget is EGP 160 billion.

The government also is seeking support from well-heeled private-sector tourism businesses in Egypt to finance a fund created in 2022 to support companies with fewer resources. In March, the government announced new fees on hotels, coffee shops, tourism operators, restaurants, and bazaars. They range from fixed amounts paid annually based on the business type and revenues to a percentage of income from core operations. For example, hotels must pay 1% of their revenue from room reservations.

Ensuring those efforts work as the government intends is essential, as it could prove an immediate, if partial, solution to Egypt's foreign currency supply crunch. "Tourism arrivals have a big potential to absorb other external funding volatility ... to maintain sufficient international reserves as well as [a] stable exchange rate," noted research from the Faculty of Economics at the State University of Jakarta in 2014. "Improving the competitiveness of [the] tourism sector should be an integral part of the exchange rate stabilization program."

GREAT **EXPECTATIONS**

Chinese are fueling a global tourism boom. Yet few visit Egypt. What should local tourism companies know about their preferences?

One outcome of China's urban household disposable income per capita increasing by 480% from 2003 to 2023, as per data aggregator Trading Economics, is that more Chinese than ever can afford to travel abroad. A 2018 note from Fliggy, an online travel agency owned by Chinese tech giant Alibaba Group, said, "The wealthy, the middle class, the young, the old -- everyone is heading abroad."

In 2019, just before COVID-19 lockdowns, "Mainland China had the largest outbound travel market in the world, both in number of trips and total spent," said Guang Chen, a partner at McKinsey & Company's Hong Kong Office, in research published in May.

Egypt never really captured that booming segment. According to CBE, in 2018, Chinese leisure tourists accounted for just over 2% of total visitors that year. Sherifa Issa, Four Season Egypt Director of Sales and Marketing, says "the percentage of Chinese business for us is quite small [despite seeing an increase year over year."

To capitalize, local tourism companies need to meet Chinese tourists' expectations. Research from Chinese marketing firm YIVA published in May on Linkedin said, "In this ... stage of China's tourism market recovery, it is important to identify the market demand earlier and [align] with the ... trends."

Establishing rapport

Trifon Tsvetkov, head of content at EU-based online tour booking company Regiondo, said Chinese tourists want to connect to destinations even if they have never visited them. "Chinese tourists love storytelling," he wrote in a March blog. "Do some background research on what is known in China about your product in general."

That includes finding relationships between the product on offer and Chinese society and culture. "Did the scenery of your destination appear in a Chinese movie or ... was it described in a poem, like the Cambridge King's College willow in Xu Zhimo's poem?" Tsvetkov said. "These pieces of information can make a difference to help Chinese tourists create a close relationship to [the] product as well as pay more attention ... during the tour."

Another important step is to have content written in Mandarin. An April report by Chinese Marketing Agency (GMA) said tourism companies should have a version of their website and marketing content translated. "This will help potential customers find your business online and feel more comfortable with you."

An extra step would be to hire someone who speaks Mandarin to communicate with the tour group. "It's all about ... acknowledging the importance of Chinese travelers," said Tsvetkov.

To facilitate that step, the GMA recommends tourism companies partner with Chinese travel agencies, websites, and social media platforms like WeChat or Weibo. The report also suggests working with travel influencers to promote the destination.

Tourism companies also should understand Chinese values. “You can tell that fast and diligent are two words that describe how everyday life [in China] works,” said Tsvetkov. “This mentality is also expected when buying and receiving tourism services.”

Travel companies should streamline booking processes and respond quickly. Tsvetkov noted, “Forget about 9-5 schedules and be prepared to respond 24-7.”

Know-your-tourist

Accounting for 18.5% of the world’s population, according to data aggregator Worldometer, plenty of Chinese from diverse walks of life travel every year. Each has preferences and expectations.

The May McKinsey report expects a significant portion of Chinese travelers who are approaching or just crossed the age of 60. “They have been working … for a long time and are curious about the world beyond their familiar surroundings,” noted Chen of McKinsey. Additionally, they have “stable disposable incomes through pensions and low expenses … mobility, [and] willingness to travel abroad.”

The report added those senior travelers “may feel more dependent on travel agencies [given their] physical decline.” They likely will travel outside “peak seasons such as Golden Week Holiday and summer/winter vacations.”

Chinese millennials (born between 1981 and 1996) and Gen Z (born from the late 1990s to early 2010s) also are traveling to foreign destinations as their disposable incomes increase. A report from Dragon Trail’s 2022 Consumer Sentiment said the young generation of Chinese “seek local experiences, [particularly] local foods and want to experience local life … over package sightseeing tours with large groups, which appeals mainly to rural and older generations of Chinese.”

A note from the Australian government said experiences young Chinese travelers seek include skiing, sailing, event-filled cruises, national parks, botanical gardens, heritage buildings, landmarks, and social events. They usually travel during their country’s official holidays, as they hold jobs.

Regardless of age, Tsvetkov stressed Chinese travelers prioritize value for money. “Deal hunting is a national sport … especially those newcomers, [where] prices play a more important role than the experiences per se.” He added that offers and discounts are generally more effective if they align with Chinese national holidays.

Shopping is another priority. “China is the largest source of duty-free consumption in Asia-Pacific [in] quantity and scale,” according to YIVA’s research. Chen of McKinsey noted department store shopping comes in second, adding that both account for about half of those travelers’ “cash outlay.”

The Australian government said they usually buy “luxury brands that may be unavailable or cost more in China due to tariff and consumption taxes.” McKinsey’s report singled out “clothing, handbags and beauty products [as] the most popular categories.”

Digital interface

Chinese tourists generally want to manage and make decisions about their vacations from their smartphones. “Over 98% of Chinese internet users access the internet via mobile devices,” said the GMA. “Online platforms play a significant role in shaping … decisions.”

Companies catering to the Chinese should be aware of online reviews as they will almost certainly determine whether a Chinese tourist visits a particular destination. “Social media plays a significant role in shaping travel decisions among Chinese tourists,” GMA’s research stressed. Tourism companies should be on multiple Chinese platforms that are equvilant to Facebook, Instagram, and Twitter.

Another critical factor is whether the destination country accepts Chinese cards. It also needs to allow Chinese apps to make local reservations, display domestic products, and be updated with relevant information and offers. “About 65% of Chinese tourists have used mobile payments while traveling abroad,” said the GMA. Of those, “91% are willing to spend more if overseas merchants accept Chinese mobile payment platforms like Alipay.”

The influence of China on the global tourism market will only grow in the foreseeable future. After dropping 86.4% and 83.4% in 2020 and 2021 versus 2019 due to COVID-19 lockdowns, Julia Simpson, World Travel Tourism Council president and CEO, told CNBC in May that Chinese tourism “in 2024 would exceed 2019.”

Issa of Four Seasons is optimistic Egypt could capitalize on that growth. “I see the trend will continue to increase especially with the government's focus on this market and the hotel's commitment to put resources towards attracting more business from China.”

FUTURE TRAVELERS

This year could be an inflection point for tourists and the venues that attract them.

Climate change, GDP growth prospects, and awareness of environmental and sustainability issues are redefining tourists' expectations worldwide. "Several emerging trends are shaping the way people approach travel in the post-pandemic era," Adir Ron, chief marketing officer for Duve, a tech solutions provider to hotels, wrote in an April blog on the International Luxury Hotel Association website. "These trends are reshaping the travel industry and providing exciting opportunities for both travelers and the travel industry alike."

Facilities targeting tourists, such as hotels and developments serving leisure travelers, are responding to those changing needs. In February, Michael Parker, co-founder and CEO of Roadbook, a digital travel platform, said on the company's website that new facilities could cause "disruptions [and] raise the stakes on better user experience to defend positions and attract more savvy travelers."

Local tourism establishments should catch up with those trends to attract the new generation of international travelers. "I think 2023 will [be] about our industry becoming exponentially more flexible and creative," Jeremy Selman, operating partner at Hotel Per La in Los Angeles, told Roadbook in February. "That would help to better respond to individual traveler's wants and needs."

Changing attitudes

A report from Booking.com on travel predictions for 2023 found 88% of those surveyed would go to a "nostalgic" destination, especially if it is their first trip since COVID-19's lockdowns.

Harnoor Channi-Tiwary, Global Editor at Elite Havens Luxury Villa Rentals and Management (Dusit Thani Group), explained in a December blog that such a preference is due to "so many recent upheavals; people seek the comfort of the familiar."

However, this time, those "tourists [are] increasingly aware of the impact they make," Zurab Pololikashvili, secretary-general of the UN World Tourism Organization, told Roadbook in February. They are "determined to travel more responsibly and sustainably."

Ron of Duve said travelers equate sustainability with being eco-friendly. "We can expect to see a rise in eco-tourism, which focuses on environmentally responsible travel," he said. "This could include activities such as volunteering on conservation projects, staying in eco-friendly accommodations and supporting local sustainable businesses."

Another increasingly popular trend is tourists want to avoid crowded places. "The rise of conscious consumers seeking more meaningful travel experiences two years after the pandemic is a movement that's slowly changing tourism," Lily Girma, a travel journalist, told Roadbook. "There's a desire to give back to local businesses as well as minimize one's footprint and be immersed in the destination in respectful ways. This [trend] will only intensify in the coming years."

Channi-Tiwary noted this trend will be dominated by the "wealthy who have 'seen it all before,' [and have] a growing appetite to see previously unheard of or overlooked places."

Another rising trend among tourists with high travel budgets is they "are turning to television and movies to seek travel inspiration," she added. "We expect to see a lot more of that."

The popularity of travel destinations that specialize in stress relief is also rising. Ron of Duve said wellness travel goes beyond beaches and

mountains. "In 2023, we are seeing a rise in [traveling to] yoga retreats, spa treatments, and wellness-focused culinary experiences."

Meanwhile, an increasing number of travelers go to foreign countries for their culture and art. Jon Gieselman, president of brands at Expedia, said, "Most destinations seeing the largest increases are all culture-rich cities where cultural festivities are getting back in full swing."

For non-jet- set travelers, being cost-savvy is a priority due to global inflation and low GDP growth prospects. Laura Lindsay, a global trends and destination expert at Skyscanner, a U.K.-based online travel agency, told Roadbook in February, "We predict price-driven travel will be a priority. [That includes] checking out an emerging destination that offers ... value, making work [pay] for a blended trip or [doing affordable] trending activities."

Meanwhile, mixing business with leisure will become increasingly common as technology allows for remote work. "More people are embracing digital nomadism, which involves traveling and working remotely," said Ron.

New facilities

Hoteliers are investing in facilities to cater to tourists' changing demands and needs, finding "new ways to immerse in nature" to integrate and benefit indigenous societies," said Girma. "Hotels are ... increasingly more immersed in the outdoors and are transparent about their footprint with customers while encouraging engagement with the local culture and businesses."

Additionally, those facilities are investing in becoming genuinely eco-friendly. Brune Poirson, chief sustainability officer at hospitality group Accor, told Roadbook in November, "Entirely sustainable hotels will ... become a reality." That means "using green energy, improving energy efficiency, transforming menus and food offerings, creating sustainable supply chains."

Phil Hospod, CEO and founder of Dovetail + Co, a recreation real estate developer, noted, "By partnering with local organizations, hotels can offer authentic and enriching experiences, which help protect [indigenous] places."

Some tourist accommodations focus on offering luxury for an ever-younger generation of visitors. "Guests continue to get younger and, as a result, place greater value on luxury as a lifestyle," Vlad Doronin, chairman and CEO of the Aman Group, a hotel developer, told Roadbook in December. "They are ... set to represent the majority of the global luxury market imminently."

Part of that luxury is having high-end concierge services that handle visitors' logistics and itinerary requirements. A survey by Virtuoso, a global network of agencies specializing in luxury and experiential travel, found "76% of travelers [demand and see the value of] an expert adviser who can save [them] time, energy and the headache of sitting on the phone for hours with customer assistance."

Accommodating the needs of a new generation of digital nomads within hotel facilities also is increasingly common. Ron said this "demographic of guests ... values convenience, flexibility, and the ability to work remotely while traveling."

He said catering to those nomads usually includes ensuring high-speed internet, co-working spaces integrated into the hotel, and more flexible check-in and check-out times. "Hotels [are even organizing] social events and networking opportunities [with] other travelers and professionals in [those digital nomads'] industries," added Ron.

Another rising trend post-COVID-19 is travelers going on holiday with more friends and family members. Ron said it is "a growing market segment that values quality time spent with loved ones." In response, newly built family-oriented facilities "offer [more] spacious [rooms] that can accommodate larger families, with facilities like connecting rooms or suites with separate living areas."

Creating an environment that appeals to the new generation of tourists is paramount. Tsvetokov said that transformation is a "much-needed headstart to help ... emerge above [the] competition."

GCC AI ROADMAP

GCC nations, particularly the UAE and Saudi Arabia, are diversifying their economies by investing heavily in artificial intelligence and creating new uses for the technology. Egypt should take notice.

by Rania Hassan

Digital transformation across the Arab World is driving GDP growth, finding solutions for incumbent problems, and creating new investment and job opportunities. "The Arab region has experienced remarkable growth and transformation across all sectors with the support of digital transformation," the Information Technology Union (ITU), a UN agency, said in September. "Governments in the region have launched ambitious ... plans [to create] an inclusive and sustainable digital economy for their citizens."

The next step is allowing artificial intelligence (AI) and machines that "learn and adapt without following explicit instructions" to recommend actions and make decisions. A PricewaterhouseCooper report estimates AI technology could add $15.7 trillion to the global economy by 2030. Oxford Business Group said in April that 2% of that ($320 billion) could go to the MENA region. To realize those gains, AI's contribution to the region's GDP should "range between 20% and 34% [from] 2018 to 2030."

A McKinsey report in May said GCC countries, especially the UAE and Saudi Arabia, are ahead in adopting AI. The report cited their unrivaled commitment to the technology, having introduced dedicated strategies, government agencies, national celebrations and awards, and laws.

That could prove to be an opportunity for Egypt, which announced its AI strategy in 2021. Cooperating with the GCC could accelerate the development of homegrown AI tools via knowledge transfer. It also could significantly reduce barriers when using such AI apps across the region by standardizing use guidelines.

GCC and AI

GCC-based companies and government agencies are embracing AI implementation. According to McKinsey's report, 88% of surveyed retailers and consumer packaged goods producers use AI. Meanwhile, 61% of those offering professional services said they benefit from it. In energy and materials, it was 60% of respondents; financial services, 55%; and capital projects and infrastructure, 50%.

The report said AI pioneers in the region adopted the technology "because they operate in an internationally competitive market and are keen to capture the opportunities AI offers to raise efficiency in production, distribution and maintenance."

"At first glance, the [statistics are] relatively encouraging," said Vinay Chandran, a partner at McKinsey. A closer look shows that may not be the case because "few companies are using more advanced machine learning analytics and AI models. Companies [in the GCC] typically use linear, regression-based analytics techniques, [rather than] machine learning models to optimize end-to-end processes."

The other problem is implementation tends to be in departments with limited links to other parts of the business. McKinsey's report said marketing and sales departments saw the highest adoption rates. That means little benefit from AI is seen in manufacturing, R&D, and other core functions.

Challenging implementation

On the ground, that limited rollout is because "capturing that potential is never ... easy," said Chandran. "It requires a high level of organizational change to embed AI technology and new ways of working."

The McKinsey report said the first challenge is "linking AI strategy to the enterprise strategy." That is evident in low "senior leadership buy-in," which could secure funding and support business-led use.

Even if top executives are on board, company AI advocates may also need to "overcome resistance" from rank-and-file employees. That would require investing in making "analytics user-friendly, establishing collaboration between IT and business teams, [and] embarking on a change management program."

McKinsey said another challenge for GCC countries is attracting and building "AI talent." That includes finding the right caliber of people, organizing internal training, and cooperating with international AI service providers and academia.

Collecting and storing significant sufficient data for AI software to forecast patterns and trends correctly also can be challenging. It requires investment in infrastructure and operational changes. McKinsey said companies that want to capitalize on AI need to "manage data as a product to deliver short and long-term value [and] build a flexible technological architecture."

To entice more use, Niklas Berglind, an Emblasoft Group AB board member, wrote in a July 2022 McKinsey article, "Governments ... play an active and critical role in capturing the many benefits of implementing AI technology." Their efforts include increasing awareness and supporting and incentivizing existing and new companies to use AI technology by creating a "vibrant AI ecosystem,"

UAE efforts

The UAE was the first Arab country to take concrete steps to use AI to build its economy. In 2017, it created the region's only AI ministry. Omar Bin Sultan Al Olama, minister of state for artificial intelligence, digital economy and remote work applications, said the purpose is "enhancing the government performance levels by investing in the latest technologies and tools of artificial intelligence and applying them in various sectors."

In 2018, the ministry created the UAE Council for Artificial Intelligence and Blockchain to oversee AI integration in government and education. The council "proposes policies to create an AI-friendly ecosystem, encourage research in the sector and promote collaboration between the public and private sectors, including international institutions, to accelerate the adoption of AI."

Three years later, the ministry announced its Artificial Intelligence Strategy 2031. The official document said it "aims to enhance the UAE's reputation in this field by attracting AI companies and coders from around the world." Al Olama told the media the plan is to use AI to increase the UAE's ICT sector contribution from 11.7% of non-oil GDP in 2021 to 20% by 2031.

In March 2022, Dubai International Finance Center (DIFC) and the UAE Artificial Intelligence Office, which operates under the AI Ministry, introduced licenses for local and foreign companies that work in AI and coding. "Companies holding the license will be able to work within a stimulating environment at the DIFC Innovation Hub ... representing over 60% of all GCC fintechs," said the office. Foreign employees in licensed companies are eligible for the "UAE Golden Visa," which offers "long-term residence ... within three months" of applying.

Two months later, Al Olama published the Generative AI Guide. According to the official blurb, it "explores the challenges and opportunities of various digital techniques and recommends best approaches for effectively managing them ... across various fields." The document also emphasizes "data privacy" when using such apps.

The guide also highlights "100 use-cases and applications of Generative AI for new business owners, students, fresh graduates, job seekers [and] new employees." It also showcases how AI technology can "facilitate development of healthcare, education and transport services [by] automating customer service queries, improving response time and efficiency."

The government also celebrates UAE Codes Day on Oct. 29. Mohammed bin Rashid Al Maktoum, vice president and prime minister of the UAE and ruler of Dubai, said on the state's portal the day is "to honor the contributions of coders and programmers."

The UAE also presents the annual UAE AI & Robotics Award for Good to "raise awareness [of] positive opportunities [and] encourage innovative research and application solutions ... to meet challenges in ... health, education and social services." It is open to "individuals, teams, universities and companies."

There also is the National Program for Artificial Intelligence (BRAIN), a "comprehensive and consolidated compilation of [AI and robotic] resources" and software. It also curates the "various initiatives, collaborations, partnerships and breakthroughs in ... AI, and the impact of all these on humankind."

Saudi Arabia efforts

The Saudi government first discussed developing AI-enabled tools and solutions in its 2030 Vision of the Kingdom of Saudi Arabia, launched in 2016. A year later, it invited Sophia, an AI-powered humanoid developed by Hanson Robotics, to talk at the annual Future Investment Initiative forum. At the event, the Saudi government granted the humanoid "citizenship."

It was only in 2018 that the state announced the first steps to build its AI ecosystem by establishing the Saudi Data and Artificial Intelligence Authority (SDAIA). It is the "central authority responsible for organizing, developing and overseeing all AI-related matters." In parallel, the government announced plans for 5G networks to realize the full potential of AI-powered apps.

In 2020, the SDAIA launched the country's National Strategy for Data and AI to "unify efforts and launch national initiatives in data and artificial intelligence and make optimal use of them." At the same time, the government said it would allocate $20 billion to develop AI through 2030.

Also that year, the National Center for Artificial Intelligence (NCAI), a branch of SDAIA, signed an MoU with Huawei. At the launch event, Majid Altuwaijri, CEO of NCAI, said the agreement would see Huawei train Saudi AI engineers and students to localize solutions to meet the country's 2030 vision. Sharaf Al-Ghamdi, SDAIA president, stressed, "This initiative will play an important role in supporting the Kingdom in achieving its 2030 vision goals, of which 70% are directly impacted by ... data and AI."

The SDAIA, in 2020, also signed agreements with IBM and Alibaba to support the development of AI solutions in health, energy and other sectors, said Al-Ghamdi. Two years later, the Saudi goverment an agreement with the ITU to collaborate on AI policies and initiatives to accelerate the UN's 2015 Sustainable Development Goals.

In July 2023, Saudi Arabia ranked first in the government category of the Global AI Index, published by Tortoise Intelligence, a think tank specializing in AI. The country had perfect scores in all of the category's sections: strategy, resolve, development, talent, infrastructure, operating environment, and commercial. Saudi's overall rank was 31st out of 60 countries.

Also this year, the SDAIA announced a draft law to allow existing intellectual property law to cover "innovative" solutions developed by AI-powered software.

The Saudi government also supports other nations that want to develop homegrown AI-based solutions. Al-Ghamdi told the Middle East Political and Economic Institute, a think tank, his agency wants to ensure "no one is left behind."

To realize that vision, the SDAIA signed an agreement with the World Bank in 2020. At the announcement event, Makhtar Diop, World Bank vice president of Infrastructure, said, "The technology ... comes with risks which, if left unattended, can threaten to inflate the widening AI divide between — and within — developing countries, increasing social inequality and leaving millions, if not billions, even further behind. This initiative aims to help governments harness AI technologies while adopting the appropriate safeguards for ensuring privacy and protection, as well as inclusivity and unbiased algorithms."

Egypt to benefit?

In May 2021, Egypt announced its own AI strategy to cover government applications and operations, development projects, training and infrastructure. It also focuses on developing frameworks for AI governance to prevent misuse and ensure transparent metrics. Other priorities are data creation and collection, growing the ecosystem by attracting organizations working in AI to operate locally and improving digital infrastructure.

According to the Information and Decision Support Center (IDSC), the target is for AI to contribute to 7.7% of Egypt's GDP by 2030. The IDSC's 2022 Vision on Road to Development paper said, "That requires ... tangible progress in digital transformation and collecting useful data on which the AI applications depend."

Working with GCC countries could prove beneficial in realizing that goal. According to 2021 research from Brookings Institution, "Cooperation among governments ... can maximize the advantage of scale and exploit comparative advantages for mutual benefit." That includes maximizing AI R&D, ensuring responsible and ethical use to build trust, finding common regulatory ground for cross-border data exchanges and developing more effective AI-based solutions. n

COMBATING STAGFLATION

Promoting GDP growth amid rising prices and falling disposable incomes is an increasingly difficult yet necessary task for the government to get right.

by **Rania Hassan**

Much like the pandemic accelerated emerging trends in 2020, including hybrid workplaces and reliance on digital communication, the war between Russia and Ukraine is amplifying the economic aftermath of COVID-19.

The most significant fallout from the pandemic is runaway inflation due to product shortages, supply chain bottlenecks, and rising energy prices. Those factors jeopardize economic recoveries worldwide, as importers and exporters lose business due to late deliveries and increase consumer prices to account for spiraling costs. "Mounting inflationary pressures and the lurking specter of recession come as no surprise," Mahmoud Mohieldin, then World Bank Group senior vice president, wrote in an October op-ed on Ahram Online. "When following current global economic developments ... one term that often comes across is stagflation [stagnant GDP growth coupled with inflation].'"

The Russia-Ukraine war further disrupts food and energy supplies from both countries. A Bank of America Securities survey published in April shows GDP growth expectations at their lowest, with 71% of respondents pessimistic. Meanwhile, inflation in the United States continues to hold steady above the Federal Reserve's 2% benchmark, despite two years worth of interest rate hikes. "Expectations of stagflation have risen to the highest level since August 2008," noted the bank's analysis accompanying the survey.

So far, rising prices haven't hurt global consumption significantly. "Retail sales are roughly 10% above their pre-pandemic level. New home sales are about 6% above their January 2020 level ... Low sales as the single biggest concern [for SMEs] has rarely been lower than it is today: 4%," wrote Neil Dutta of Renaissance Macro Research in a March op-ed for Business Insider. "This current level of growth is simply unsustainable."

If and when stagflation hits, it could be a significant blow to Egypt's foreign currency inflows in the long term. According to the Central Bank of Egypt, the United States was Egypt's biggest non-oil export market in the first quarter of the fiscal year 2021/2022, accounting for over 21.8% of outgoing non-oil goods.

Balancing act

In economic literature, when GDP grows rapidly, unemployment rates drop as companies make more money and expand their operations. As more businesses become more competitive, they give higher wages to attract the best talent. That results in more employees earning higher incomes who can afford more luxury and non-essential goods and services.

That results in rising prices of goods and services to compensate for higher demand and payrolls. Eventually, inflation will become too high, making those non-essential goods and services less affordable, ultimately reducing consumption. That cools GDP growth and could result in slightly higher unemployment.

The cycle repeats itself when prices of luxury and non-essential products and services are low enough to encourage more consumption.

Central banks can exercise control over this cycle by setting inflation rate targets. In Egypt, a fast-growing emerging economy, that target is 9%, plus or minus 2%, while in the United States, an advanced slow-growing economy, the inflation target is 2% or less.

When inflation increases, central banks raise interest rates to maintain those targets — enticing individuals to save. That reduces consumption and, therefore, inflation. The balancing act ensures that interest rates don't increase too much, making credit to businesses and individuals expensive and causing consumption to dwindle further — leading to a recession.

Worst-case scenario

In 1973 and 1974, global oil prices rose after GCC countries halted supplies to Europe and America in support of Egypt during the Six-October War with Israel. In addition, then-President Richard Nixon ended price controls on essential food commodities, and extreme weather during those two years reduced crop yields. The Iranian Revolution in 1978-79 further disrupted oil supplies to those advanced economies.

Those food and energy supply shocks caused inflation to rise from 5% in 1972 to 15% by 1980, according to the U.S. Bureau of Labor Statistics. Meanwhile, GDP contracted by 4.8% at its worst in 1974. It recovered in subsequent years but was consistently below its historical averages until 1980.

Economists characterized that period as stagflation. "It happens when there is a so-called negative supply shock," Veronika Dolar, an economist at SUNY Old Westbury and visiting professor at Stony Brook University, told Yahoo! News in March. "That is when something that is crucial to an entire economy suddenly becomes in short supply or ... more expensive."

"Households feel the sting of a weakening economy ... but don't see the corresponding relief on costs ... because shortages or other problems cause businesses to keep their prices high," said Dutta of Renaissance Macro Research.

As a result, recovering from stagflation is complex. "In this scenario, the tradeoffs are worse than what we'd normally see in a recession, making it tricky to break a streak of stagflation," said Dutta. Reducing interest rates to spur GDP growth and employment would encourage further spending and inflation. Meanwhile, rising interest rates would further plunge the economy into stagnation or even recession. "This makes a difficult needle to thread for policymakers," he said.

History repeating

Some experts see the war in Ukraine as a precursor to stagflation in America. "There are enough similarities between our current moment and the 1970s disaster that it's time to take stagflation seriously," said Dutta.

Those signs appeared long before the conflict in Ukraine. "The past few months have brought successive price increases in a variety of goods and commodities," said Mohieldin of the World Bank in his October 2021 op-ed. For example, cotton prices increased 43.9% from July until the war began. Meanwhile, IBISWorld, a market research firm, estimated the cost of semiconductors and electronic components has jumped by nearly 10% in 2022, compared to a fall in prices in 2020. Since rising in 1986, semiconductor prices have increased only three times: 1988, 1989 and 1993, with the highest annual jump less than 2% annually.

One cause of those hikes is that companies limited or halted production throughout 2020 and 2021, in line with lockdown measures. That disrupted the flow of exports, as evidenced by the ongoing global microchip shortage. As a result, cargo spent more time at the docks waiting to be loaded and that ultimately caused logistics bottlenecks, which further delayed deliveries, simultaneously causing inflation and slower sales.

Additionally, government policies contributed to trade disruptions and spiraling global inflation. "It is easy to cast the blame for the problems in supply chains and logistics on COVID-19," Mohieldin wrote. "This only makes it easier to overlook the protectionist practices that existed before and after the pandemic and that continue to hamper the movement of trade, drive up prices and reduce supply."

In 2022, the rift between the United States, EU and other rich countries, on the one hand, and Russia will only add to the disruption of the global flow of goods. For example, U.S. sanctions ban the sale of any Russian-made products and the import of oil and natural gas. That could hurt American importers who had business with Russian producers.

Nearly 345 U.S. companies froze business operations in Russia after the conflict started. They operate across numerous sectors, including energy, food, textiles and clothing, banks and entertainment, according to Yale School of Management information updated April 20.

"Firms are cutting ties and, in doing so, earning good press," Joel Naroff, president and founder of Naroff Economic Advisors, a consulting firm, told the Philadelphia Inquirer in March.

Soon, though, those companies, their suppliers, and supply chains may see revenue shortfalls. A case in point is Shell Oil, which cut all ties with Russia starting in April, including not buying oil or natural gas and pulling out of a joint venture with Gazprom, Russia's state-owned oil and gas company. Experts told the BBC in April the move could cost Shell $5 billion. "Sometimes, firms slip up and don't understand ... a potential tradeoff between corporate image and the short and long-term financial impact of certain actions," wrote Naroff.

The conflict also affects exports of food and energy commodities, such as oil, wheat, sunflower oils, and other grains from Ukraine and Russia. That resulted in skyrocketing prices and their biggest importers, including Egypt and Germany, scrambling to find alternative suppliers.

To calm global oil prices, the United States said it would

release 180 million barrels from its strategic reserve over six months starting in March. It is the first such move since the reserve's creation in 1974 — one year after the GCC's oil embargo to the West ended. The announcement dropped international oil prices from nearly $120 to $93.60 a barrel. At press time, crude oil stood at $103.20 a barrel, up from $90 before the war.

Meanwhile, India, the world's second-largest wheat producer with exports accounting for 1% of international wheat trade, is looking to replace Ukraine as a global supplier. "We are working with several other ministries ... as well as exporters and state governments to increase our wheat exports significantly," Piyush Goyal, minister for commerce and industry, told the media in April. After the announcement, wheat dropped about 11.7% from its all-time high on March 7. However, the press-time price was still 40.6% higher than before the war.

Those price jumps were happening as the International Monetary Fund (IMF), in April, downgraded its global GDP growth forecasts from 4.4% in 2022 and 3.8% in 2023 to 3.6% for both years. "We are still some ways away from stagflation and are only looking at its early warning signs," said Mohieldin. "We still have opportunities to avert it."

What next?

Predicting policies the U.S. Fed might enact to avert stagflation at home could prove vital, particularly for poor and less developed countries whose macroeconomic policies change with America's. Egypt, for example, increased interest rates by 100 basis points to 19.25% in response to the Fed's hike a few days earlier.

Governments could take other steps to combat stagflation. In March, Nouriel Roubini, chief economist at Atlas Capital Team, highlighted a possible policy shift in a blog on Project Syndicate. "Governments ... under pressure from disgruntled citizens ... may be tempted to come to the rescue with price and wage caps and administrative controls to tame inflation," he said.

However, that solution would likely backfire, plunging economies into stagflation territory. "These measures have proved unsuccessful in the past (causing, for example, rationing) - not least in the stagflationary 1970s -- and there is no reason to think that this time would be different," noted Roubini. "If anything, some governments would make matters ... worse by, say, reintroducing automatic indexation mechanisms for salaries and pensions."

On the other hand, John Williams, president and CEO of the Federal Reserve Bank of New York, said the wave of rising prices and slowing GDP growth rates are temporary. Therefore, overcoming them won't require significant policy alterations. "It may boost near-term inflation, but household savings and strong economic growth should help limit the damage," he told Reuters in April.

His confidence stems from Americans receiving three stimulus checks between April 2020 and March 2021, worth a combined $3,200 per person. "The economy is coming into this with a lot of forward momentum," said Williams. He likened the increase in oil prices to a "tax" on American consumers that limits spending. "But savings accumulated during the pandemic may help offset higher costs," he added.

That should reduce consumption of non-essentials, dropping their prices, as a more significant portion of households' budgets goes to pay for basics. "Inflation [should] come down later this year but remain well above the [Federal Reserve's] 2% target," he said.

In a February blog on Investopedia, Sean Ross, founder and manager of Free Lances Ltd., a hub for freelance editors, researchers and writers, said the solution that worked in the 1970s was to let stagflation resolve on its own. "Over time, the cost of oil returned to more normal levels, and the economy began to emerge from its slump," he said.

Partial solutions

However, Roubini said this time "policymakers may [have to] abandon one of their objectives [of meeting inflation, economic growth, interest targets]" in favor of the other two. He added that would work in tandem with strict sanctions on Russia and accommodate a prolonged conflict.

Alternatively, Central Banks could "settle for partially achieving each goal, leading to a suboptimal macro output of higher inflation, lower growth, higher long-term rates," said Roubini. However, that would require "softer sanctions" on Russia, a speedy conclusion to the conflict and poor stock market performance.

Regardless of the approach, a paper from Fitch Ratings in April warned that emerging markets "would face the highest risks of negative rating actions." Middle Eastern and African countries with massive exposure to the United States will have to cope with higher commodity prices and weaker local currencies as America's economy returns to normal. "In particular, Egyptian and Jordanian banks appear susceptible to rating changes," said the report.

Mohieldin sees the best way forward for Egypt is for the government to resign itself to a global. economy with high prices and depressed GDP growth for the foreseeable future. "Ignoring [a stagflation scenario in America] or making generous assumptions about the corrective capacities of the market is not the way to go about it." n

Market Watch

Stock Analysis

One in, one out

June 15 through July 15 was the third period in a row that small-cap stocks took the lead. On a year-to-date basis, the EGX 70 EWI was up 22.3% and the EGX 30 only 18.8%. However, both indices fell during the period, with the former losing 1.1% and the latter 3% as declines outnumbered advances 5 to 2. But the period saw two opposite moves. One stock stepped in, while another stepped out, or is about to soon.

Interestingly, the market witnessed some bizarre performance, led by TAQA Arabia (TAQA), which began trading on the EGX July 9. All of the stock's trades that day were canceled by the EGX. The stock ended the period down 37% off its July 10 closing price, and CCAP (given its 55.3% effective stake) saw its stock slip 15%.

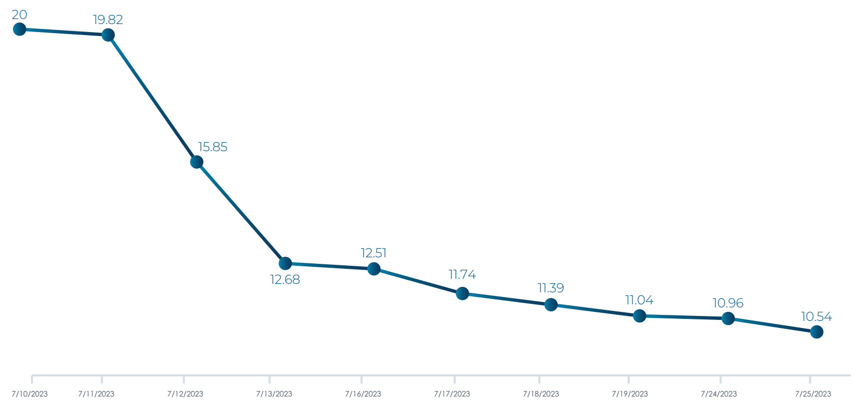
Some investors rejoiced, seeing their thinly traded stock jump 42.5% in four days! Al-Ezz Dekheila (IRAX) jumped from EGP 815.73 to EGP 1,162.57 because the company's board decided to de-list voluntarily by buying back its freely traded shares for a hefty 53% premium or EGP 1,250 a share. In fact, this was more a matter of state-owned shareholders exiting the company at a premium paid in U.S. dollars. With IRAX taking on a U.S.-denominated loan to finance just that, it sounded like a leveraged buyout in disguise, all to the benefit of Ezz Steel (ESRS), its majority owner with a 64% stake whose stock rose 11% during the period. Eventually, IRAX will become almost wholly owned by ESRS.

Circling back to last month's main story, Beltone Financial Holding (BTFH) managed to go through with the second largest capital increase in EGX history, raising about EGP 10 billion in cash and changing its logo once again. What Beltone will do with the cash is anyone's guess, but management says it will be the cornerstone of its transformation strategy. Beltone denied submitting any written or verbal offer to acquire Orascom Financial Holding (OFH). OFH was approached recently by B Investments Holding (BINV) with an acquisition offer of a 51%-90% stake via a share swap that valued the stock at EGP 0.36 a share. It closed at EGP 0.27 July 13 or a 19% discount to BINV's offer at its market price.

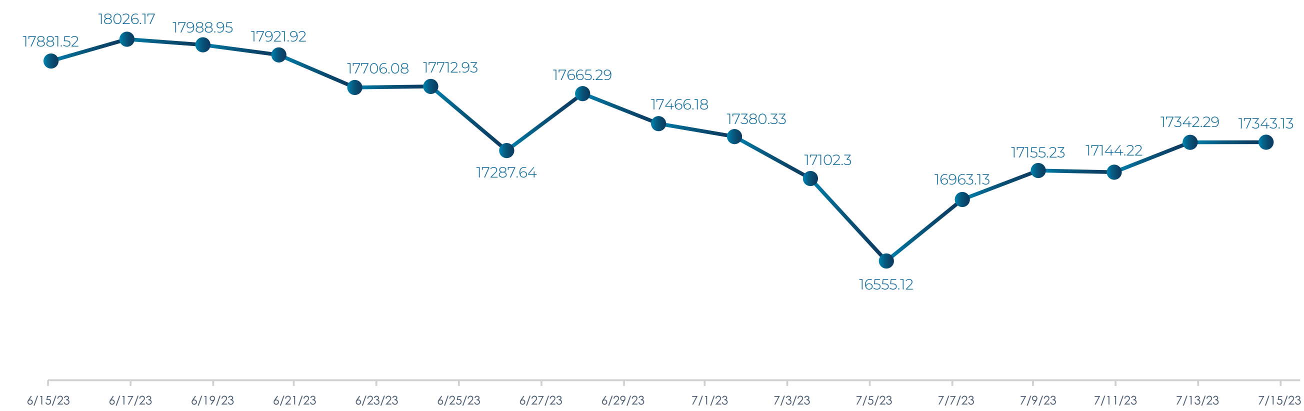
Meanwhile, investors will be looking forward to second-quarter earnings results and weighing the odds of the Central Bank of Egypt's next move in early August.

TAQA Arabia (TAQA)

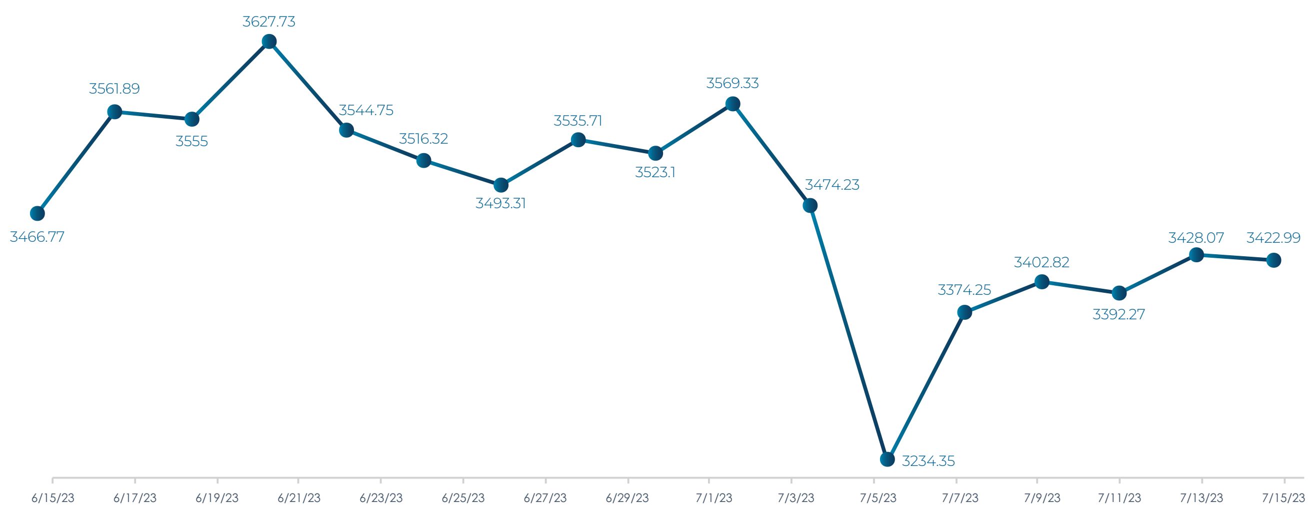
Almost everyone was excited about TAQA. After all, it is that long-awaited direct listing (a de facto IPO, for what it's worth) that Qalaa Holdings (CCAP) was set to cash in on somehow. However, citing wrong trades by brokerages, the EGX canceled all trades on TAQA's first day. The stock still hit a high of EGP 24 and a low of EGP 10.30 during the period before closing at EGP 10.54 July 25, down 47% from July 10. From July 10-25, the stock traded at a total of EGP 62 million.



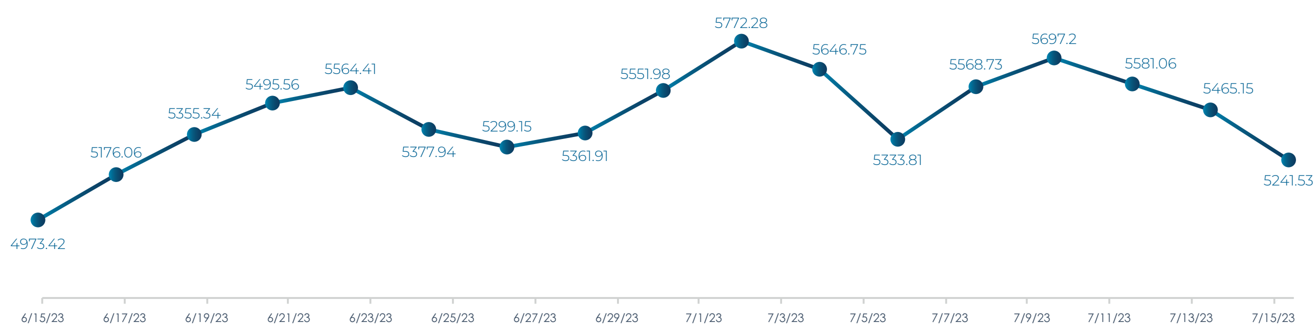
EGX 30



EGX 70



Tamayuz



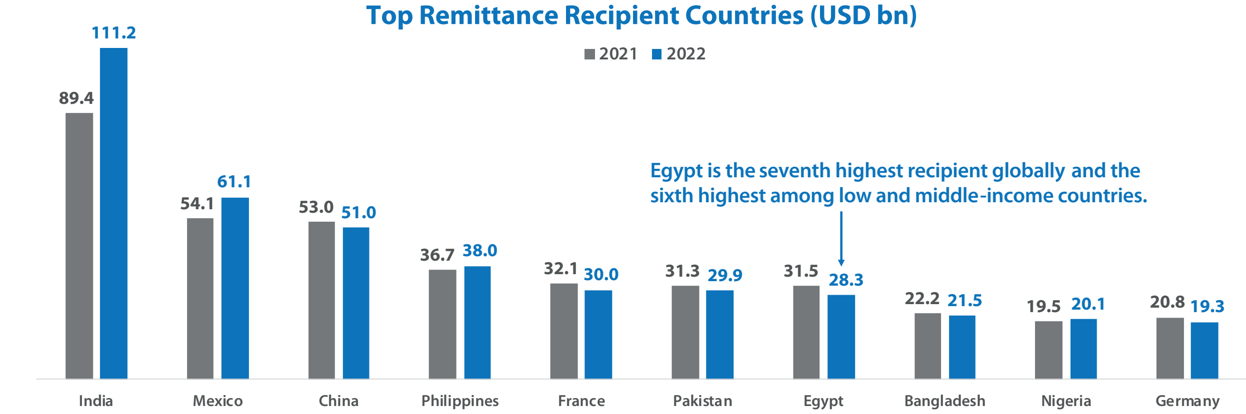
Tamayuz index is an all-new weighted index, launched on June 23rd. It comprises companies with high free cash flows from operations. EGX stresses that this is not an endorsement of those stocks.

In partnership with Dcode Economic & Financial Consulting

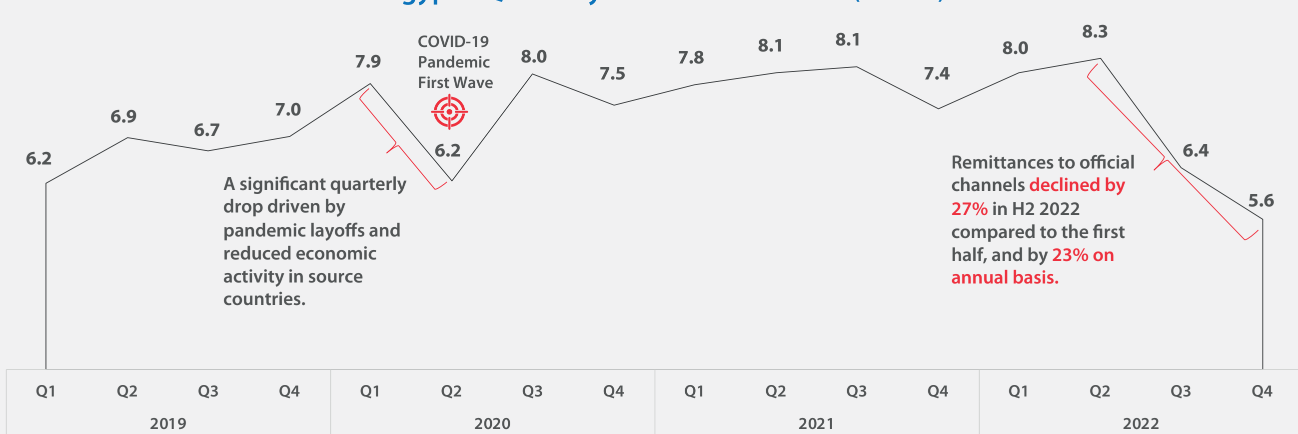
DISSECTING REMITTANCES FLOWS

Egypt's remittances inflows dropped by 10% in 2022 on annual basis driven highly by the increasing usage of informal channels and the FX parallel market that provide a significant premium compared to the official banking system. **In fact, Egypt's Q4 2022 remittances inflows of USD 5.6 bn was the lowest level since Q3 2016**. However, the World Bank still expects remittances to Egypt to rebound modestly in 2023 to register a growth rate of 3.1% (around USD 29.2 bn) and 1.4% growth in 2024 (about USD 29.6 bn).

Top Remittance Recipient Countries (USD bn)



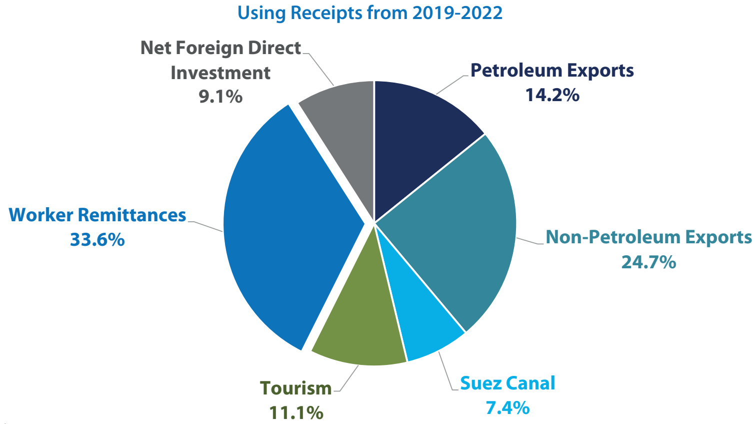
Egypt's Quarterly Remittance Inflows (USD bn)



Distribution of Egypt's Main Sources of Foreign Currency (Excluding Debt)

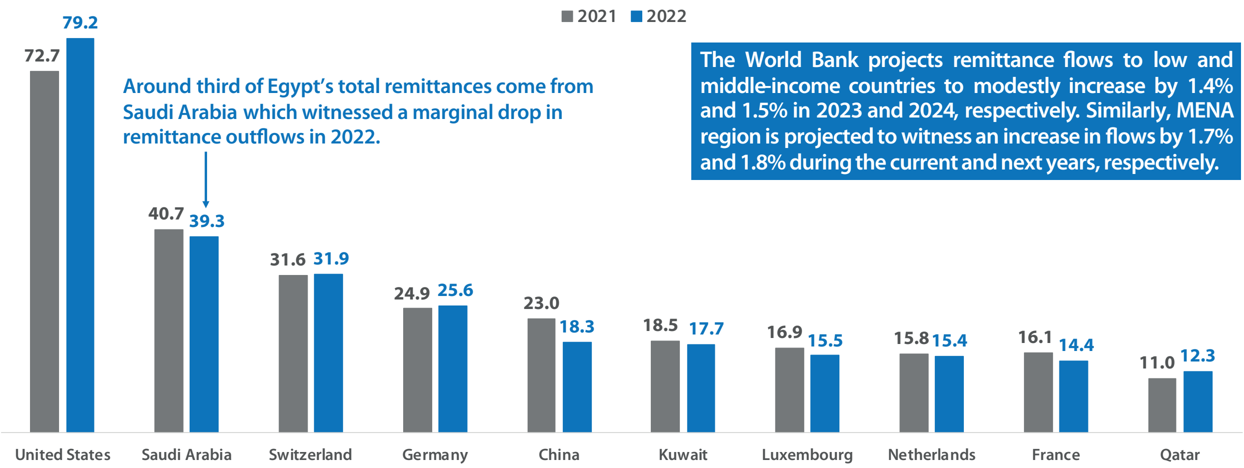
Using Receipts from 2019-2022

Remittances account for third of Egypt's (non-debt) main FX receipts over the period 2019-2022.



Sources: CBE & World Bank-KNOMAD, June 2023

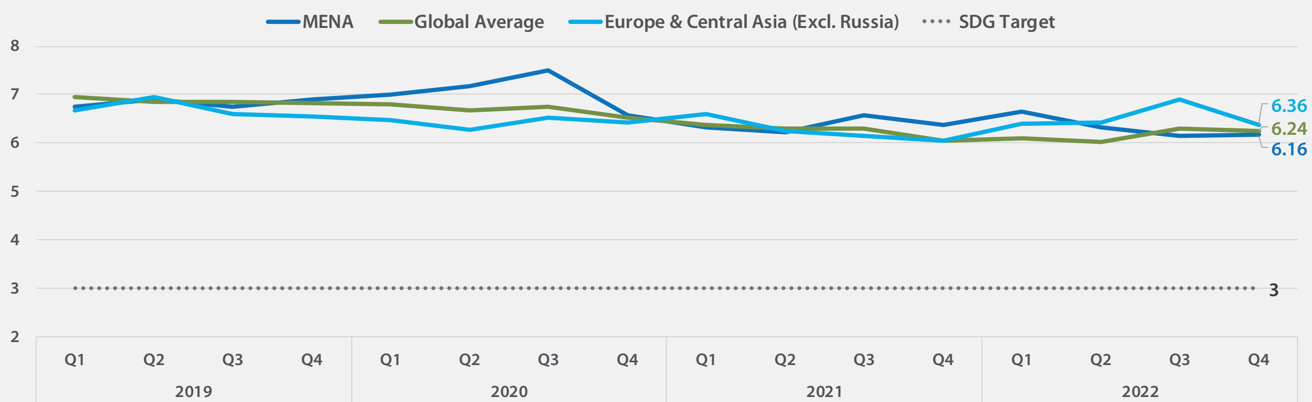
Top Remittance Source Countries (USD bn)



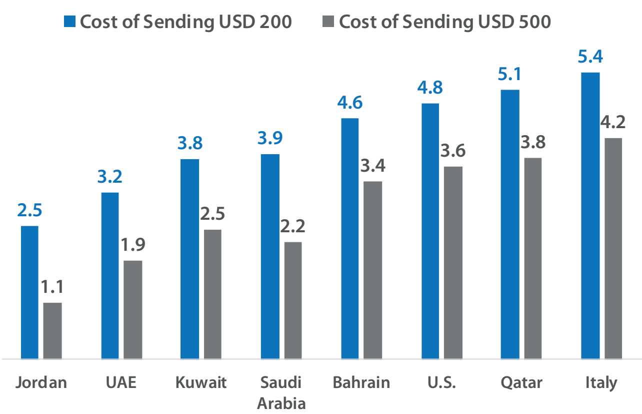
The World Bank projects remittance flows to low and middle-income countries to modestly increase by 1.4% and 1.5% in 2023 and 2024, respectively. Similarly, MENA region is projected to witness an increase in flows by 1.7% and 1.8% during the current and next years, respectively.

The cost of sending money to Egypt is relatively cheaper compared to regional and global averages, yet still higher than the SDG target of 3% by 2030. Overall, the cost of sending money has just slightly improved on a global scale and in the MENA region over the past 4 years, with Europe relatively more expensive to send money from. Banks continue to be the costliest channel for sending remittances with a global average cost of 11.8%. While mobile operators are the cheapest, they account for less than 1% of total transactions volume.

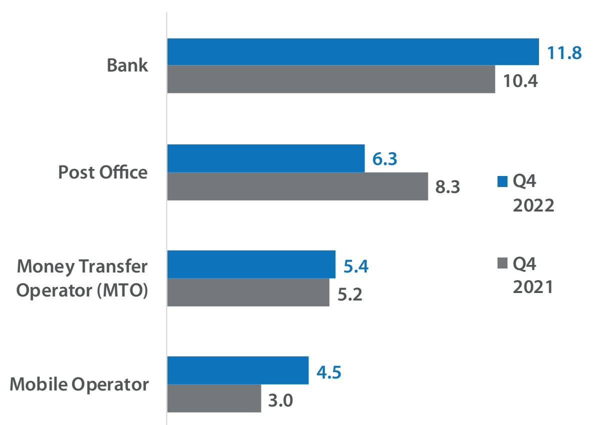
Average Cost of Sending USD 200 – Selected Regions
(% of Transaction Value)



Average Cost of Sending Money to Egypt from Selected Countries – Q4 2022
(% of Transaction Value)



Global Average Cost of Sending USD 200
(% of Transaction Value)

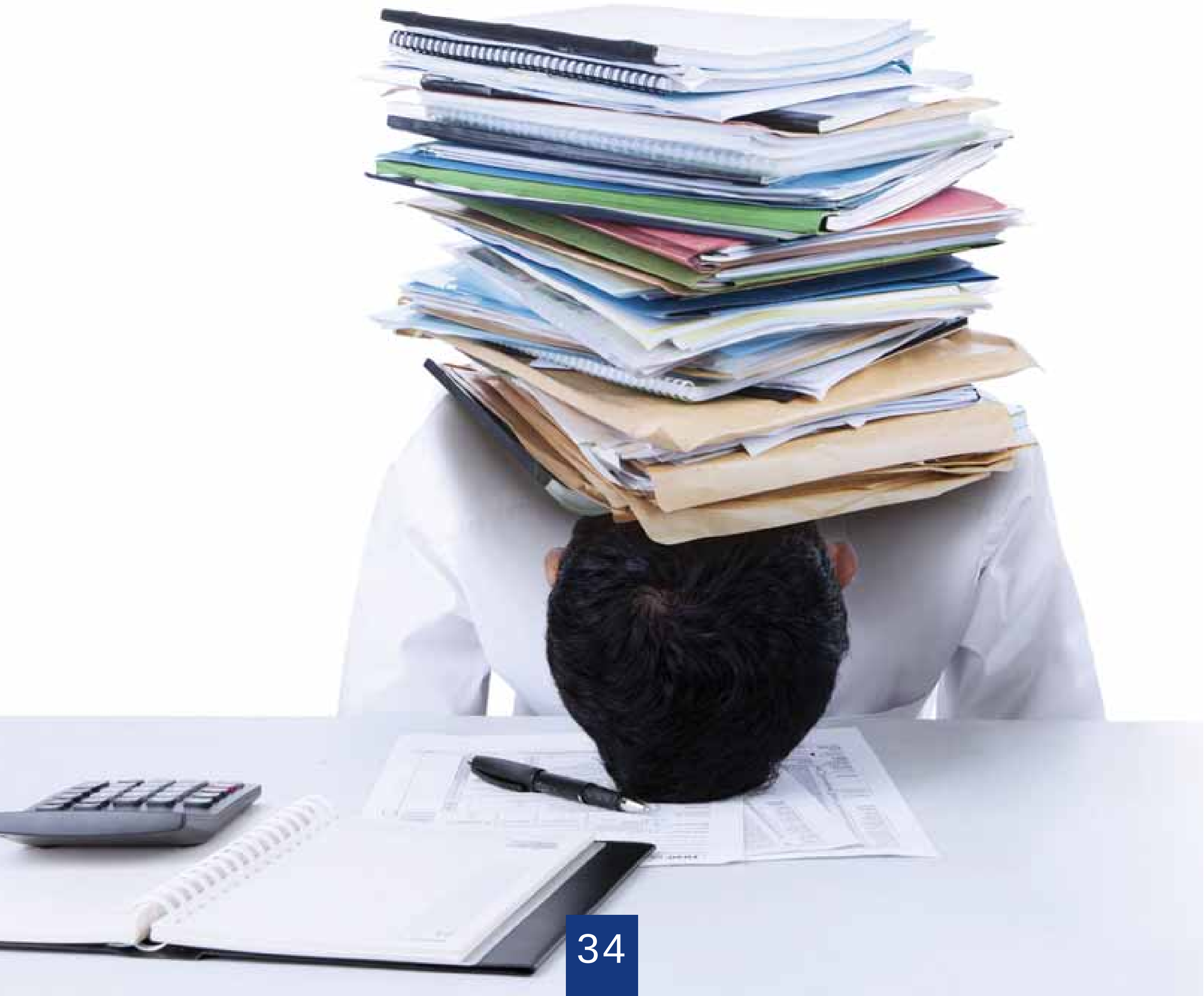


Sources: World Bank-KNOMAD, June 2023 & World Bank Remittance Prices Worldwide Database (Dec 2022)

UPGRADING
TAX FUNCTIONS

Companies with ambitious growth plans need to upgrade and digitize their tax departments to ensure they comply with national and international requirements.

Summarized by Tamer Hafez



For companies, the pandemic was a watershed moment, changing how they operate "by leaps and bounds compared to five years ago," said an Ernst & Young (EY) report published in July on "Reimagining Tax Functions" in emerging markets. "What seemed to be a forced adaptation to alternate ways of working is now a reality and opens opportunities that organizations wish to realize."

Companies in developing markets are eager to implement such change. Almost 57% of respondents to the attached EY survey said they "are welcoming this change."

An integral part of the adaptation process is ensuring a company's tax functions cope with the latest local and international standards and benchmarks. The EY report said advanced "tax functions ... act as an enabler to support [corporate] growth." Those surveyed added that tax departments are "called upon to play a stronger role in helping [top executives and managers] determine the next steps and beyond."

However, corporations face challenges when advancing their tax functions. They include "[tax] risk management, talent management, digitization by the tax administration, constant legislative and regulatory changes, and transparency initiatives."

Government driven

The first point the EY report highlighted was government intent to "bring transparency and simplification in the tax laws." That almost always results in a "multitude of legislative and technological amendments [and] initiatives."

Accordingly, companies need to advance their tax functions to comply with local and foreign tax authorities' regulations. That requires an organization to have "full visibility [and] control over tax data and operations, [and] ensure consistency in filings across legislations."

Additionally, companies should have their own "proactive validation and analytics" to compare results with the tax authority's findings and reports. Tax-paying firms also need a robust and authenticated "real-time data gathering process" to ensure that information sent to tax authorities in real-time is correct.

Thirdly, companies need to upgrade their digital infrastructure "to handle large volumes of data [and] regular and timely tax reconciliation." The functions most affected are almost always "routine compliances and reporting requirements, [rather than] strategic [and] value-adding activities."

The EY report recommends companies stay ahead of government requirements via innovation and investing in their tax functions to ensure compliance with changing regulations. "Financial and reputational risks arising from inaccurate [or] delayed compliance could significantly outweigh any perceived saving in tax function costs."

Tax function 2.0

As governments seek higher tax revenue and a broader taxpayer base, top executives and decision-makers need to "consider ... the role of tax functions" within their organizations.

"Historically, tax has been ... a passive function, limited to grabbing the back seat in most board meetings," the EY report said. That is changing as "in today's evolving tax space, tax is ... driving business decisions."

Companies seeking foresight are "clearly shifting from routine compliance activities to higher value-adding activities, collaborating with other business functions and supporting organization growth through innovation."

When developing a company's tax function to produce value-adding insights, the entire organization should adjust. Tax functions need "access to quality data, use of technology to undertake the right level of analytics and, most importantly, best-in-class talent to understand, evaluate trends and build ideas, solutions, insights for business."

Tax managers and top executives must grow departments handling their tax functions. The goal is to "free up [tax-department employees'] time and divert them from manual, repetitive tasks to move value-added analysis, without a major dent in the budget."

Tax departments could achieve the necessary expansion without hiring significantly more people. The document's recommended solution is using "best practices, strategies adopted during the pandemic phase, [including] leveraging technology, automating or outsourcing some or all the tax activities. Process and technology skills ... augment technical skills in the tax and finance function."

Sophisticated environment

Like all other departments, advancing the tax function in a company is only possible with skilled employees. "Tax [management] is a very specialized area and requires deep technical expertise," the EY report said. "With a multitude of changes being introduced across various facets of tax legislations including ... transfer pricing, direct tax, international tax, etc., there is an increasing need for tax functions to carry specialized knowledge and in-depth expertise in each of these domains."

That increasing sophistication means companies need to create highly specialized and focused teams within the tax function. "One person [or team] single-handedly specializing across all facets of tax does not seem realistic, especially in the current environment of fast-changing domestic and international tax laws."

To find the correct calibers, the report said the ideal solution would be to "first assess the existing talent in the organization, understand the core skill sets of your team, provide them the enablers to sharpen their capabilities through challenging experiences and growth environment so they stay connected to the organization."

If top executives find it too difficult, inefficient, or expensive to upskill their tax function employees, the company should consider hiring outside professionals with specialist skill sets that could act as an extension of in-house teams.

Data spotlights

With growing complexities in the tax landscape, good data management supported by a secure and comprehensive infrastructure becomes necessary. "It is crucial for organizations to understand the importance of data management during all stages of the data lifecycle — data gathering, data analytics, data transformation, data reporting, and data storage."

The government is a significant driver of such investments by companies. Regulations requiring digital tax reporting, processing, and payment require taxpayers to have a competent digital infrastructure that interacts with the digitized tax authority. In Egypt, the Egyptian Tax Authority (ETA) requires large and medium-sized companies to register, file their taxes papers and make payments digitally.

Additionally, the e-billing system means ETA receives communication from taxpayers in real-time, giving companies 14 days to make any adjustments. There also are e-receipts used during ETA audits and e-invoicing.

That means a significant increase in data flows from all the company's functions and departments to the tax function. That data needs to be homogenous, structured, curated, and processed into meaningful information for the tax department to file and send to relevant tax authorities. "It is important to stay one step ahead [of national requirements] when collecting, analyzing, using, reporting and storing data."

The EY document recommends companies develop an "enterprise-wide data strategy" that ensures a "single source of data extraction [and] usage." The report said the result is "reduced people dependency, [inceased] institutionalization of knowledge [and] improved data analytics." Those outputs should loop back to all the company's departments, benefiting decision-making processes.

Future proof

In the current economic and financial crunch, companies that intend to grow regionally and globally need to find "the right balance between building a best-in-class and best-in-cost tax function ... to achieve readiness to respond to the future."

To achieve that strategy, top executives, decision-makers, and tax function employees need to constantly invest in the organization's tax divisions and departments. "Finding this balance could involve the transformation of specific processes, investment in the right technology on a sustained basis, continuous upgrading to tackle change management, continuous training and upskilling of people, preparedness to respond to uncertainties, etc."

One critical issue is ensuring the company's tax function constantly evolves with technological advances and new laws and regulations to clamp down on tax evasion via digitization," the EY report said. "Various approaches are being adopted to achieve a best-in-class tax function, including in-house transformation, bespoke automation solutions or outsourcing."

Choosing one of those approaches has its positives and risks. In-house transformation brings in greater control of the tax function. However, the report said it requires significant effort in terms of time and capital. "Successful [transformation] would require significant investments ... as well as specialist talent."

On the other hand, "outsourcing can ... achieve stronger processes, strategic business partnering, risk-managed framework, access to industry best practices. [It would also] improve data architecture, [achieve] greater visibility and control while leveraging on the investments of outsourcing partners from a people, process and technology perspective," the EY report said. "[That] could help reduce risks of fallout and achieve better economics."

DRIVING CHANGE IN EGYPT

The Tax Authority's latest updates

The government has been on a mission to update Egyptian Tax Authority (ETA) operations to meet international business-related standards. "We have always had plans to improve our interaction with all taxpayers in Egypt," said Atef Hamdy, head of ETA's Joint Stock Companies Tax Office, at an AmCham Egypt meeting in March. "This time, our goal is to meet international benchmarks in advanced economies."

That target would come by making ETA an entirely digitized authority when dealing with taxpayers, audits, and tax-related submissions. "Such automation will benefit everyone," said Hamdy. "Taxpayers could access all our services from anywhere, though we still have physical offices for those who prefer them. Our strategy has helped revenues increase, evasion cases drop, and the taxpayer base increase."

The new ETA

As with new ideas, employees and even taxpayers resisted the ETA's transformation. "That was the first challenge we faced," said Hamdy. "I believe we have now crossed that obstacle and see that the ETA can contribute to attracting FDI."

One benefit of ETA's upgrades is the authority can audit a company's tax filing within 24 hours versus weeks under the old system. "We are seeing a lot of companies increasingly willing to use the automated system," Ashraf El Zayat, head of ETA's Large Taxpayer Center (LTPC), told AmCham Egypt in March. "We have also seen record-low evasion."

The ETA's strategy should ensure no unsolved problems are in the system while under development. "If we don't catch issues in the development phase, they would be increasingly hard to solve once the system is up and running," El Zayat said.

The ETA's strategy is twofold. The first is deciding on a slow and steady implementation of the new automated solutions -- bit by bit on a limited sample of taxpayers. "Our aim is stability and security," El Zayat said. "Therefore, our sample didn't cover all the 'large taxpayers,' but only a handful of ... companies nationwide."

The other aspect is the creation of hybrid complaints and escalation systems (combining automation and human intervention) to ensure the ETA can resolve problems and update the system if needed in the shortest time possible.

The ETA's strategy is to ensure all employees are familiar with all of the ETA's latest laws, processes, and procedures. El Zayat said. "We get complaints from outside the LTPC. I don't know who [those companies] are and which set of laws applies to them. But I need to give them the correct reply or at least direct them to the correct department."

The other step is to increase the size of the ETA and dedicate more staff to individual functions and departments. El Zayat said, "It starts with the front-end office meeting with the taxpayer to tackle his problem, transferring it to the back-end office if the problem is complicated or related to the system."

According to El Zayat, that has enabled the ETA to respond to 85% of complaints within 24 hours. Almost 10% are resolved within a week, while the rest are almost always related to the system. "It also ensures no bias when dealing with those problems."

In 2023, Hamdy said they are drafting new laws and regulations "to keep up with the ETA's digitization and digital transformation." They won't change policies, such as tax rates and other provisions. Instead, they focus on "leveraging the benefits of digitization," Hamdy said. "That would allow the ETA to enter the next phase of its digital transformation journey." n

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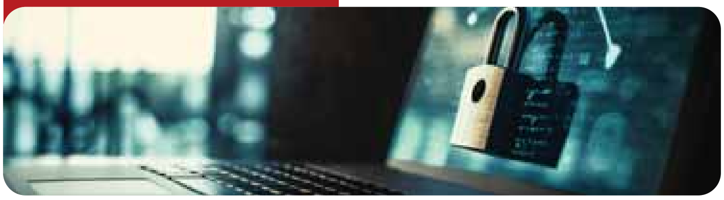

21 June

Rethinking cybersecurity in the new normal

On June 21, AmCham's Banking and Digital Transformation Committees held a joint session titled "Rethinking Cyber Security in the New Normal."

Speakers were Sabine Holl, vice president of technical sales and CTO at IBM Middle East and North Africa; Sherif Eldeeb, national security officer for the Middle East at Microsoft; and Abeer Khedr, group head of the National Bank of Egypt.

Sharing IBM's perspective on the new normal, Holl focused on the time aspect of cybersecurity and the importance of beginning the process to "catch up" to attackers.

While Holl showed examples of how cybersecurity has been reducing the time needed to stop cyberattacks, she emphasized the need to continue to get faster, saying, "There is no way around AI."

Eldeeb said there is no simple solution to cybersecurity problems, emphasizing that human ingenuity with AI could be an effective defense.

Khedr shared the National Bank of Egypt's perspective on the new normal, stressing the importance of collaboration among users, banks, and the government in stopping cybercrime directed toward banking organizations.

Data collected by the Bank of Egypt, Khedr said, showed "the user is becoming the attacker," and banks are building cybersecurity systems to combat the challenge. Through more than 300 cybersecurity controls and governmental regulations, the National Bank of Egypt works to build effective cybersecurity systems, Khedr said.

Entrepreneurship and Innovation

20 June

Experts discuss untapped potential of AI

On June 20, AmCham's Entrepreneurship and Innovation Committee hosted a networking reception and AI talk with guest speakers Ahmed Abaza, CEO of Synapse; Hicham Arafa, COO of Brightskies; Nouri Sakr, founder of Data Science Hub; and Zeinab Kamel, founder of iConnect.

The discussion highlighted the importance of AI and its potential to transform many aspects of society, from healthcare and education to finance and transportation.

AI can automate many tasks humans perform, increasing efficiency and productivity. The technology also can perform tasks with high accuracy and precision, especially in areas such as image recognition and data analysis.

As AI technologies continue to advance, new applications and opportunities emerge. The Egyptian government has shown a commitment to investing in AI research and development, and several initiatives are underway to promote the industry's growth. One such initiative is the Egyptian AI Council, launched in 2020 to promote the development and adoption of AI technologies.

The council aims to support AI research, development, and innovation and encourage the use of AI in various sectors of the economy. In addition, several universities and research institutes in Egypt are conducting cutting-edge research in AI, and there is a growing community of AI startups and entrepreneurs in the country.

Some hindrances to adopting AI in the region include a lacking infrastructure and a limited talent pool. In some cases, there may be cultural barriers to AI adoption, such as privacy and data security concerns. There also are regulatory challenges to AI adoption, such as uncertainty around data privacy laws and intellectual property rights.

There needs to be a coordinated effort from policy-makers, academia, investors, and the government to ensure a vibrant, competitive ecosystem in the region. Data partnerships also are needed among banks, companies, and the government to allow for a pool of information that can be used to advance startups.

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- Kamala, Asian Bar and Dining Restaurant
-Oak Grill
- Jayda Nile Terrace
- Stage One Bar & Lounge on Weekends

A complimentary upgrade to Nile Suite with exclusive services and privileges, in addition to early check-in and late check-out.
* Discount is not applicable on public holidays, special occasions, Christmas and New Year's Eve
* Discount is not applicable on alcoholic beverages

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

For more information, please contact:
Karim Nagy
Telephone: (20-2) 2580-8481 Reservation: 202 2580-8888
Email: dining.conradcairo@conradhotels.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

Computing Technology Industry Association Inc. (CompTIA)

Computing Technology Industry Association Inc. (CompTIA) is pleased to offer an exclusive discount on certification and career pathway products.

-A 65-85% discount on any CompTIA course material.
-A 25% discount on any CompTIA course exam voucher.

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

For more information, please contact:
Bassel Youssef
Mobile: (20-11) 1002-2470
Email: byoussef@comptia.global

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

This offer is valid until May 5, 2024

DHL Express

DHL Express is proud to offer all AmCham members an exclusive 30% discount on DHL published rates for outbound international shipping services, and a 15% discount on shipping cost with DHL MENA eShop (To be used with AmCham Promo Code from AmCham Cyberlink).

N.B:
- The discount is not available for domestic shipping.
- The discount is not to be used in conjunction with other promotions from DHL.
- Pick up service is now available.

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

For further information about the nearest DHL location visit our website http://www.dhlegypt.com/en.html or call DHL hotline 16345

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

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.
-20% off at all ECCO stores
-20% off at all ANTA SPORTS stores.
-20% off at all INTERSPORT stores, except for treadmills and electric bikes (which are eligible for 10% off).
-20% off at SPORT AVENUE – B.GOAL stores.
-Outlet stores are excluded from this offer.
-This offer is not applicable in case of any other promotional offers for the above-mentioned brands.
-This discount is not valid during Black Friday.

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

For more information, please contact:
Phone Number: (20-2) (20-2) 2273-1405

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

This offer is valid until December 31, 2023

Hurghada Marriott Beach Resort Hotel

Marriott Hurghada is pleased to offer AmCham members a 15% discount on published rates.

This discount is valid till 23/12/2023 excluding public holidays.

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

For more information, please contact:
Phone: 0653404420
Mobile: 012 0178 8882
Email: reservation.hurghada@marriott.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

Pearson Education

Pearson Education is pleased to offer a special discount on English Language Assessment to AmCham Members.
The Pearson Corporate Connected English Learning Program provides companies with solutions for every aspect and stage of the learning journey, supporting a continuous loop of learning and success. Pearson's connected suite of courses, assessments and certifications boosts the learners' motivation to learn English, builds their confidence and fast-tracks their progress in a variety of contexts - personal, academic and professional.

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

For more information, please contact:
Ali ElSabban
Phone Number: (00-971) 55725-5388
Emails: Ali.elsabban@pearson.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

Travco International Holding, SAE

Travco International Holding, SAE, is pleased to offer AmCham Members a 15% discount on the published rates for the Jaz Almaza Beach Resort.
The offer is valid only when booked directly through the hotel's website, front desk or reservations department; it is not applicable for reservations made through external channels such as Expedia, Booking.com and others. This offer is limited to Egyptian and foreigners with valid Egyptian residence visas; the discount does not apply to foreign tourist bookings.

Reservations are based on hotel availability.

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

For more information, please contact:
Reservation Department
Phone Number: (20-2) 3854-2055
Emails: centralreservation@jazhotels.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)
- 10% Discount on any local move within Egypt
- 5% Discount on any international move
- Priority booking for member companies' requests
- No overtime charge for services provided after working hours
- Free storage at our warehouse for all international moves

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

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

Hey Doc, I want you to remove all the information I learned during Thanawya Ama ... I already passed the exams with top marks.

Al Masry Al Youm, July 30

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.

AI reimagines modern pharaonic Cairo

Egyptian Architect Hassan Ragab has used MidJourney, an AI-powered tool that can generate images from various criteria, to imagine what Cairo would look like if the pharaonic dynasties had continued to rule the country.

Images the program produced ranged from pyramid-style apartment buildings to buildings with rooftop Sphinx heads as motifs. The AI program also imagined what homes would be like inside, including decorated walls and high ceilings, local plants, and oversized statues.

"One of the obstacles I faced when I started using AI was when I put in certain prompts," Ragab told the media in July when he exhibited the images for the first time. "For example, when I'd put in a prompt for Zaha Hadid, it would come out accurately. However, if I put in Alexandria or a prompt that had to do with pharaonic structures, the image would not be accurate. Sometimes, it would not even be able to generate the image based on my prompt."

Egyptian Streets, July 20

Tennis star Mayar Sherif cracks world's top 35

Mayar Sherif's impressive rise in the tennis world continued as she won the Women's Tennis Association (WTA) 125 title at the BBVA Open Internacional de Valencia in Spain. The victory propelled her into the Top 35 world singles ranking for the first time.

The victory was Sherif's second consecutive title, as she previously won the Makarska Open trophy in Croatia on June 11.

Throughout the tournament, Sherif maintained a winning streak that eventually saw her defeat Spain's Marina Bassols Ribera 6-3, 6-3. Sherif now boasts an impressive 6-0 record in finals.

No. 31 in the world, Sherif is the highest-ranked Egyptian tennis player ever, surpassing the legendary Ismail El Shafei, who was once ranked 34th.

WTA Tour, July 18

110-year-old story plays on the National Theater

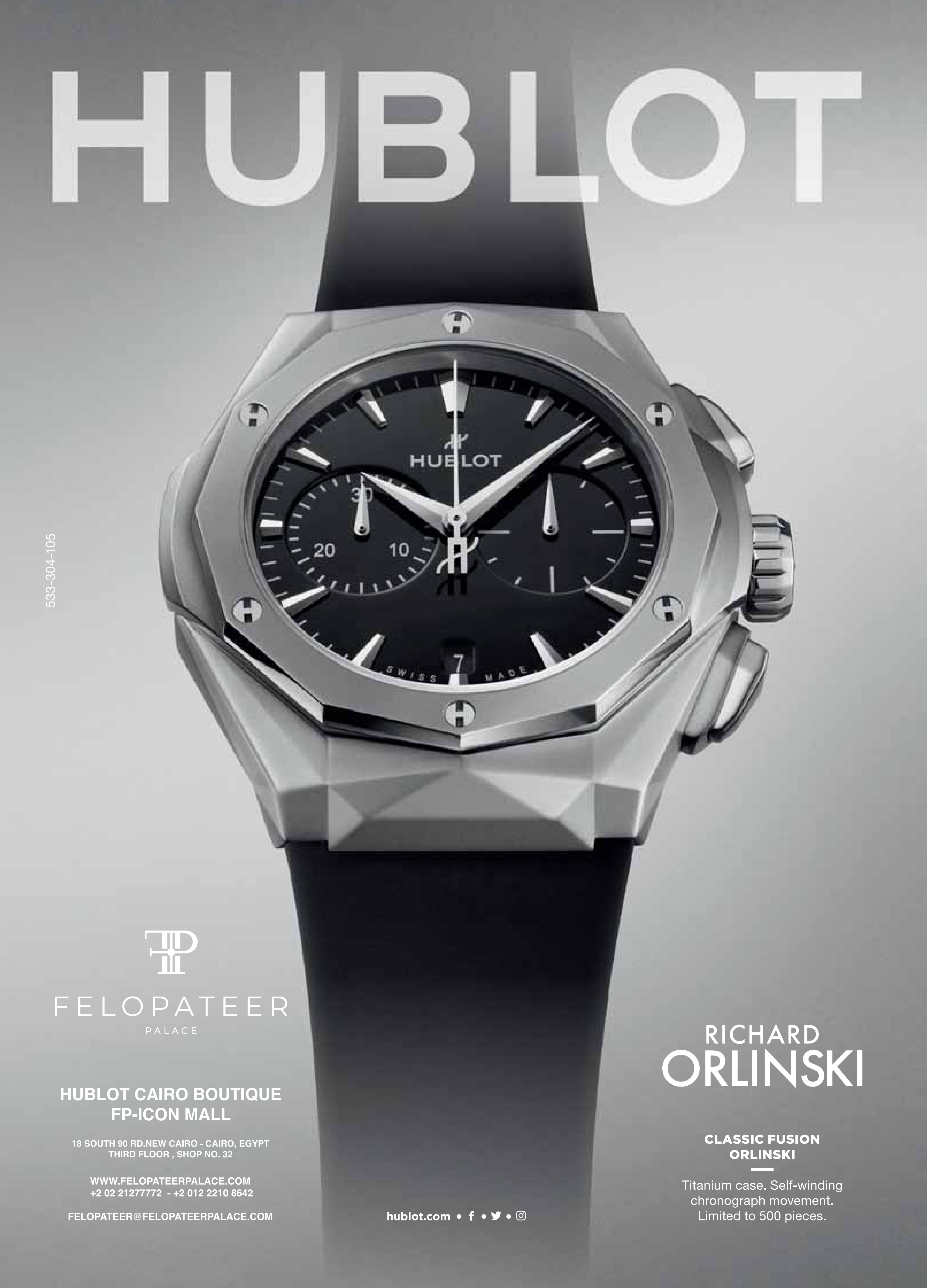
"Pygmalion" by George Bernard Shaw has been a source of criticism about social stratification for more than a century.

Over the years it has been adapted for different cultures and audiences, such as "My Fair Lady" and Egypt's "Sayadity Al Gamila." However, the National Theater in Cairo is showcasing a new production of the play, "Siyadatai Ana," starring Dalia Al-Buhairi and Nidal Al-Shafei.

What sets it apart is its faithfulness to the original. Director Mohsen Rizk believes it's appropriate for our current time and different from the previous Egyptian version by Bahjat Qamar, Fouad El-Mohandes, and Shweikar.

The play relies heavily on music in the colloquial Egyptian language, while the clothes, style, and graphics are set in London.

Daily News Egypt, July 7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