



Hisham FAHMY

The American Chamber of Commerce (AMCHAM) has been promoting trade and investment between Egypt and the US for over 27 years. AMCHAM in Egypt is very active in increasing awareness among its members and assisting them through a variety of services and training programmes it offers through AMCHAM Career Development Centre.

The Oil & Gas Year: *With affiliated American Chambers of Commerce from China to Panama how does the Egypt branch go about promoting the interests of your members?*

Hisham Fahmy: For 27 years we have worked with our core membership, which has grown to 1,700 American companies working in Egypt and Egyptian companies working in the US. Our main mission is to promote trade and investment between the US and Egypt.

We work on that through three main tracks; firstly, we work on making our members aware of issues that could affect their businesses, we host many networking opportunities with Egyptian government officials as well as with visiting dignitaries from the US. Our flagship monthly luncheons are attended by prominent members of the business community, government officials, and members of the diplomatic core.

Secondly, we advocate on behalf of our members, making their voice heard by the government, as well as assist in making Egypt a more business friendly country. Thirdly, we offer a variety of business services to our members, such as online training, web development, video conferencing, as well as assisting their marketing efforts. AMCHAM's Career Development Centre is the examination site for 16 certificates in the field of financial management, and it also offers a large number of management workshops and computer courses.

While remaining independent, we do work closely with the US Embassy and American foreign commercial services. The Chamber is independent from both governments and so it can express its independent opinion in support of its members.

TOGY: *Advocacy on behalf of your members is important in raising awareness and giving feedback to the Egyptian government. How much has the*

Right place, right time

TOGY talks to

Hisham FAHMY, Executive Director
**AMERICAN CHAMBER OF COMMERCE
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current economic situation affected the scope of your campaigning work?

HF: We have 26 sectarian committees in different fields including industry, human resources and energy. Some of the issues, such as quicker judicial conflict resolution, intersect multiple fields while issues such as taxes and Customs duties obviously relate to a single field.

"I would love to see more US companies put their regional headquarters in Egypt. If you want to pick the right place, Egypt it is."

Economic reform is a real priority and, because of the economic crisis we are working especially hard on this issue. Our biggest concern is that the current financial crisis will become an excuse to halt years of positive moves towards a more democratic and transparent business environment.

Aside from this, it is important to note that Egypt is one of few countries to reduce general customs duties. Especially noteworthy in a time when others are raising their duties, Egypt has tackled a list of 250 items.

Lastly, we are proceeding in our ultimate aims of closing the skills gap, limiting Customs levies and bringing duty on raw materials as close to zero as possible.

TOGY: *In 2004 Ahmed Nazif's government came to power with a mandate of wide-ranging economic reforms. Has this complex aim been realised in the intervening years?*

HF: The best thing about the current government is that its most important ministers are former industry stalwarts. Given this, they have first hand knowledge of the problems facing both domestic and foreign partners and thus are partial to the advice of organisations like us.

This being said, there is a tremendous bureaucracy below ministerial level that persistently resists reform. The ministers do what they can and we give them the tools to justify the reforms both parties are looking for.

TOGY: *Privatisation is a key element of the liberalisation process. How has liberalisation progressed in Egypt and how well is the much vaunted Public Private Partnership (PPP) policy programme advancing?*

HF: Privatisation, particularly in the banking sector, was going well until it hit a brick wall. There are still many lessons to be learnt and many government institutions are unaware of the true market value of the assets they intend to sell. Overall, I doubt that we will see many prominent privatisation measures in the near future.

The problem with PPP is that the legal and financial framework is still not complete. There is a PPP department in the Ministry of Finance and they are pushing for improvements to the framework. The Ministers of Transport and Education are very keen on the idea, but for instance in power generation the consensus is to move more towards government owned and

run plants. PPP remains a viable option and is obviously the way to go, but it needs a flagship success otherwise no one is going to try it.

TOGY: *The retraction of the free zone status and its subsequent reinstatement for energy intensive industries has affected the refining and petrochemicals industries. How has this affected your members and the views of investors on Egypt as a stable contractual environment?*

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HF: Extra high commodity prices worldwide and the immediate need to raise the salaries of government employees by 30 percent put a huge burden on the government budget which made the May 5, 2009, decisions a necessity. Although those decisions were accepted by most of our members, many members opposed the changing of the rules for the free zones. The government listened to the opposing views and reinstated the incentives.

Minister of Trade and Industry, Rashid Mohamed Rashid, delivering a speech for AMCHAM



TOGY: *Talk of a comprehensive free trade agreement between the US and Egypt began in 2000 under the Bush administration. How did the Chamber approach these talks and, now that the talks have stalled, is there any possibility of them re-emerging under the Obama Presidency?*

HF: In 2005, we launched the USAID-backed Trade-Related Assistance Centre, a trade resource for both local and international businesses that works to ensure that the private sector's interests and potential gains are maximised in case a free trade agreement is signed, and that Egypt complies with World Trade Organisation regulations. The centre is headed by Ambassador Dr Magda Shahin, Former Ambassador of Egypt to Greece, and Egypt's WTO negotiator in Geneva.

Due to the fact that there is now both a Democratic Congress and president, the free trade agreement is dead in the water. In the private sector, the Chamber and an assortment of US think tanks are discussing alternative ideas to increase co-operation between Egypt and the US now that the free trade agreement is off the table.

TOGY: *The alternatives you mention are to include Qualified Industrial Zones (QIZ). How successful are QIZ in counteracting the lack of a comprehensive free trade agreement?*

HF: They are not a substitute for a free trade agreement or a real alternative, but they are the best we have so far. Without QIZ the situation

would be dire. Certain industries have taken real advantage of the opportunities QIZ offer, such as the textile industry. Overall not many Egyptians are taking advantage of QIZ which maybe a symptom of a lack of awareness of the opportunity.

TOGY: *Egypt has a goal to generate 20 percent of its energy through alternative means by 2020. How viable is that vision and how might US companies contribute?*

HF: We have the necessary natural resources in Egypt to make that vision come true. All we need is the financing and the legal framework to achieve the target. While there are many European competitors in areas such as wind power, our members are well situated to bring the technology. Meanwhile, under the auspices of Vice-President Al Gore, we are holding a conference in October 2009 on climate change to address energy efficiency, transportation and infrastructure issues.

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TOGY: *How effective has the Obama administration's “Yes, We can” rhetoric been in enhancing both social perceptions and business relationships between Egypt and the US?*

HF: You cannot separate economics from politics. Over the previous eight years both businessmen and the ordinary Egyptians have had a very negative perception of the US. When we have invited our Egyptian members to the US, some people did not want to go. Because of the missed opportunities of meeting face to face, bilateral trade was suffering.

President Obama has certainly reversed this attitude by saying the right words. We went to Washington in March 2008 and the change in congressional attitudes was noticeable. At least 50 of our members went to the US, they felt the change and they saw it in person.

As for a direct and tangible link between Obama and increased bilateral trade, we are still waiting. Resolving the Middle East crisis would do wonders for the image of the US here.

Finally, I would love to see more US companies put their regional headquarters in Egypt; the companies that have already done so, such as Coke, Procter & Gamble and others, have proved that Egypt is the best place to be. We have the “genius of the location.” If you want to pick the right place, Egypt it is.

The CNN Event in AMCHAM attracted a lot of attention from Egyptian businessmen

