



**Flanders Investment & Trade**

Government of Flanders - Belgium

## **A new Egypt?**

Doing business with Arab countries

Wednesday, 12 October  
2011

# Agenda

1. Flanders Investment & Trade
2. Economy after the political turmoil
3. Doing business in Egypt
4. Conclusion



# 1. Flanders Investment & Trade

- Flanders government agency
- Mission: supports home-based companies doing business abroad and foreign companies looking to set up or expand operations in Flanders, the northern region of Belgium.
- Flanders Investment & Trade has a network of foreign offices in more than 90 cities worldwide.



# 1. Flanders Investment & Trade Cairo

- **Cooperation agreement with other regions: all Belgium-based companies can count on support for doing business abroad**
- **Jurisdictions:**
  - Egypt
  - (Palestine territories)
  - (North Sudan)
  - (South Sudan)
  - (Chad)
  - (Ethiopia)
  - (Eritrea)
  - (Djibouti)



## 2. After the political turmoil: Macro- economic effects

	<u>2010</u>	<u>2011 (Estimate)</u>
• <b>BNP Growth</b>	5.1%	1.2%
• <b>Inflation</b>	11.1%	16.2%
• <b>Unemployment</b>	9.0%	10.1%
• <b>Government reserves</b>	36 bn \$	26.5 bn \$
• <b>Fiscal deficit of GDP</b>	7.9%	9.5-10%

*Return to the levels of 2010 will take at least one year*



## 2. After the political turmoil: Business effects

- **Immediate**

- Interruption of the supply chain
- No international moneytransfers
- Social uproar in companies
- Lack of security
- Freezing of foreign investments
- ...

- **And after**

- Strict application of rules on international moneytransfers
- Higher wages
- Social unrest remains
- Less trust in security
- ...

*Appearance of a return to normal*



## 2. After the political turmoil: Shaping the future



### 3. Doing business in Egypt: Elements of uncertainty

- **Legal environment**
  - Changes in laws, but how long will they stay?
  - Transparency and equal application are still an issue
  - Change in import requirements but on which authority?
- **Political environment**
  - Changes within the government
  - Return to Tahrir?
  - Timing and effect of the elections?
  - Other demands
- **Society**
  - Image of the police
  - Internal differences

Effect on the slowdown  
of business and  
investments  
But there are still  
opportunities



### 3. Doing business in Egypt: Opportunities

- **Location: Just at the border of the EU**
- **Market potential : middle east most populous nation**  
**People not only long for democracy but want also to have a normal and comfortable life**
- **Growth expected to return to 3.9% in 2012**  
**Export from Flanders to Egypt +12,24% (jan-april 2011)**
- **Element of Risk: Less competition for the moment, more support, more possibilities, but within uncertainty**
- **Nationalism: Proud to be an Egyptian**



### 3. Doing business in Egypt: Unchanged

- **World Bank 'Doing Business' - Reforms still in place, like liberalization of investment rules and lower tax rates**
- **Important restriction: import card**
- **Bi- and multilateral trade agreements with:**
  - EU-Egypt association agreement
  - EFTA
  - GAFTA (Greater Arab Free Trade Area)
  - Agadir declaration
  - Egypt-Turkey Free Trade Agreement
  - Common Market for Eastern and Southern Africa (COMESA)



### 3. Doing business in Egypt: How can we help?

Examples of support that we provide:

- List of potential importers/partners
- Appointment schedule (takes time!)
- Customs/import related data
- Verification of information
- Basic market information
- Establishing a company (General Authority for Investment and Free Zones – GAFI)
- Planning of mission to Egypt: spring 2012

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Flanders Investment & Trade

## 4. Conclusion

**“Nothing new about Egypt,  
the Egyptians just created history as usual”\***

\*Italian prime minister, Silvio Berlusconi