

Former CMA chairman on economic growth, reforms and the future

By Christopher Le Coq
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CAIRO: At a time when many world markets were in recession, Egypt's economy consistently recorded positive growth figures, above both analysts' forecasts and government expectations.

Despite the better-than-expected numbers, projections for growth were higher before the onset of the crisis — around 7-8 percent for this period, and continuing over the next several years, Hani Sarie-Eldin, former chairman of Egypt's Capital Market Authority, said.

These are the growth rates officials say are necessary in order to create the number of jobs required annually in the market.

Egypt has performed rather well notwithstanding the financial crisis that has rocked most of the world, with solid growth figures ranging between 4-5 percent. In the three months ending March, the economy grew by 5.8 percent, with officials predicting growth to come in at 5.3 percent for the fiscal year.

Sarie-Eldin, former chairman of the CMA (which now falls under the supervision of the Egyptian Financial Services Authority), spoke to *Daily News Egypt* about where the economy is heading and how to face existing challenges.

His two-year-old law firm Sarie-Eldin & Partners recently received an award for its legal services provided to the financial and banking sector, which was bestowed by Global Trade Matters in partnership with the Egyptian Stock Exchange CASE Awards Committee and Advisory Board.



Sarie-Eldin (center) receiving an award for his law firm's legal services.

"Bringing together talent and effectively integrating it into the firm was key to our latest success," said Sarie-Eldin.

Powered by a 30-member staff and led by four partners, the firm has a client base that is both local and international, offering legal services ranging from banking and finance to trade and infrastructure issues as well as litigation and arbitration.

Assessing reform

To maintain sustainable growth, unemployment must be addressed as well as the increasing poverty rate, which makes it harder to bring the informal sector into the fold, he said.

The current deficit the government is running and fluctuating inflation must be kept in check, he added, underlining fiscal responsibility as vital to a well-managed, competitive economy.

Egypt has implemented several reforms over the past few years that many say have helped drive growth, streamline business procedures and encourage investment.

Reforms focusing on taxation and banking — for ex-

ample, the recently adopted public-private partnership (PPP) law, which allows the private sector to play a significant role in developing part of the country's infrastructure — have contributed to creating an attractive investment climate for foreign investors and, Sarie-Eldin predicts, will increase the standard of living of Egyptian citizens over the long-term.

On the other hand, he adds, "These initiatives were on the mark, but came about 10 years too late. What is more, I have genuine concerns that those responsible for putting into place the PPP law lack comprehension of how it works, risking ineffective implementation."

Informing government officials on how to implement new legislation is not the only impasse to overcome, "bureaucracy needs to be reduced, corruption checked, and SME policy and training in corporate governance must be supported via public financing," said Sarie-Eldin.

"Broadly speaking institutional reform, which includes both the private and public sectors, is primordial," he

surmised.

Addressing these essential points are critical to ensuring that foreign investment enters and remains in the country.

This is especially imperative today, as "every country is competing for this type of investment, from emerging market countries to the Gulf and even in Europe," he explained.

Regarding the future development of talent in Egypt, Sarie-Eldin said that one of his dreams "is to have established firms in the legal field in Egypt — found, for example, in the UK — which are based upon generations of knowledge and experience."

"In Egypt, there is still much to be learned about respecting deadlines, and striving to work in an efficient manner. As well, businesses need to better understand the needs of their clients, something which I have instilled in my firm and has proven dividends," he opined.

"There is a wealth of talent here in Egypt, but it is indispensable that it be collected, concentrated, and then institutionalized in such a way so as to exploit its full potential," he said.