

At the 1<sup>st</sup> Interview with Nagdy after assuming the position of IDA Chairman

## There is a strong trend from foreign investors and businessmen to invest into Egypt at the coming period

It is my pleasure, on the occasion of your assumption of the position of the Chairman of IDA, to congratulate you on my behalf and on the behalf of IDA employees for choosing you to carry out this important responsibility, especially in such difficult circumstances which the country faces...

**Q1: First of all, and before talking about main topics, let's talk a little about you...**

Thanks a lot for this introduction...I am a major-general engineer in the Corps of Engineers, my last job was a Chief of Staff of the Department of Military Works to the armed forces and I graduated from Engineering Faculty since 1978, Department of Electrical and hold a Master of Military Science, a Colleague of the war Supreme College of Nasser High Military Academy, a Colleague of the National Defense College, South Africa and a Colleague of American Engineers Corps...assumed all engineering positions and has served at the armed forces till the rank of Major General (served about 4 years)...concerning my personal life, I married and have four children.

**Q2- The Egyptian Revolution and the fall of Mubarak regime has become the concern of every political forums in the world, we enter the ninth month after the revolution of January 25, what is your assessment of the situation in Egypt...How do you see the future...To Worse or better?**

(I'm here talking to you as Ismail Nagdy as an Egyptian citizen and not as an official at civil or military institution)

I am always optimistic and I have a reason to be, you may wonder when I tell you that in these circumstances there is a strong tendency of foreign investors and businessmen to invest in Egypt during the coming phase, and there are many investors who intend to start new investments in Egypt during



IDA is a service authority protecting Egyptian industry & each serious investor

the short coming period, especially, Turkish, Korean, Japanese, German, Spanish and English investors. They are all serious to invest in Egypt, surely, along with Arab investments. I agree that there are demonstrations, chaos, sectarian classified demands but I believe situation will go to stability, all of these will end and only Egypt will be.

**Q3- after the assuming of the position of IDA Chairman...What do you say about IDA? What is the first decision taken by Eng. Ismail Nagdy after this position?**

From the beginning I know that IDA is one of the most influential institutions in the strategic decision on in Egypt...IDA bears great responsibility towards the development of Egyptian industrial sector, a matter that I truly understand..The first decision was to revive the name of IDA and to change its image at the investors' minds and I to clarify that we are not industrial police, or disabling the industry..IDA is a service authority which defends industry, and investors and every one who is serious in the field of industry.

**Q4- assuming this position at this time..is a great burden to you, isn't it? For me, not a burden at all, but a responsibility..And an honor for me to undertake it.**

**Q5- So.. What are the main obstacles or problems you faced since your assumption of this responsibility which you think a real challenge for you? And how will you overcome them?**

There were internal problems represented in a wide gap between the large segment of IDA employees and another few employees, but thank Allah we were able to reach a satisfied settlement for both parties, besides external problems with the public and Egyptian and foreign investors who deal with IDA. In most of our meetings

with any industrial bodies, whether the Federation of Egyptian Industries or industrial chambers, or investors unions, we faced a lot of criticisms and accusations that we do not represent a support of the Egyptian industry and that IDA is a collection Authority and this was the real challenge, we all face about how to improve the image of IDA to investors.

**Q6- recently, many launched a fierce attack to IDA...from your point of view, why this attack? How will this affect the growth of local industrial sector and the rate of foreign flow of investments to Egypt?**

Thanks Allah, image began to change in many aspects..I think that the relationship between IDA and small and large investors are in a continuous improvement..We were furiously attacked, but now, there is an understanding because investors found us serious about solving their problems as much as possible..few days ago, a decision was issued by of Dr. Mahmoud Eisa, Minister of Industry and Foreign Trade, with new package of facilities, which was the third within three months..We were able to reduce the letters of guarantee of LE 200 for the meter to LE 30 and LE 50 for the meter..Industrial registry, which was issued for temporarily 3 months, 6 months and a year now it is up to 5 years..Certificates which were impeding the investor to have industrial registry..We determined the guarantee letters through facilitating payments, once the investor set up the foundations of the enterprise, he recovers at least 75% of the guarantee letter.. These procedures will retroactively be applied to the valid previous letters according to the regulations and procedures of IDA and depending on the seriousness of the project in order to solve the problem for investor

who is in insolvency in addition to preventing liquefaction of the guarantee letter in any stage.

**Q7- in an earlier meeting...You said "We have a lot to offer for the Egyptian industry"...What IDA an offer for the Egyptian industry? Please explain to us the features of your strategy in IDA management during the coming period?**

Yes..We can offer a lot for industrial development, we have a lot of ideas, policies and strategies that we adopt in IDA for the development of Egyptian industry in, we want to reach in the very near future to the self-sufficiency in cement and iron..Self-sufficiency in fertilizers and in heavy industry..We support many feeding, complementary, heavy industries..We adopt the small investor and factory and give them priority in the facilities to support small and medium industries..We have a program for marketing and promoting investment opportunities in Egypt in all fields..Also we are interested in utilizing industrial land and solving problems with other authorities such as the Urban Communities or Localities, or the Ministry of Electricity or the Ministry of Environment and others.

**Q8- What is your evaluation of the development of Egyptian industry now?**

In spite of selling public sector companies and relying on private sector, which creates a problem in labor, but thank Allah, the volume of industry and investment in Egypt, and the items required to be provided are promising and calls for optimism and we do our best to restore the State's role in owning a share of the factories set up even in the private sector.

**Q9- The industrial cities in Upper Egypt suffer a great delinquency.. In which level Upper Egypt cities listed in Eng. Ismail Nagdy list of concerns?**

Upper Egypt is the half of Egypt, during the last period the whole State was interested in Upper Egypt..If you reviewed the last 4 iron licenses, you would find that two iron factories were in Upper.. For example in the field of ceramics, in the coming period we will depend on Upper Egypt starting from Minya and following South governorates in Upper South, also industrial zones, industrial cities and industrial lands located in Upper Egypt witnessed a very high allocation through the Fund of a Support and Utilizing for Industrial Cities.. there are also incentives industry in

Upper Egypt, where investor could receive lands free of charge..the technological development adopted by Kima Aswan factories will represent a significant support for Aswan..Granting LE 15 thousand for those who provides job opportunities, is also a kind of support...Upper Egypt is the promising map road of development.

**Q10- It is known that you came from a military background, what are the positive aspects of this background on you especially after assuming such leading position?**

Military man is characterized by discipline, order and clarity of vision.. He also knows the value of time..I think that any organization seeks to achieve success will not need more than these..

**Q11- Ismail Nagdy recent decisions concerning some of IDA leaders met with welcome and satisfaction from IDA employees..What is your comment and do you follow up these reactions?**

When I started recognizing IDA problem, I found great gap between the main leaders of IDA the employees, in fact I have found a kind of arbitrariness to them..In the end, and employees are the tools of work..they are the tools of productivity so we should be close to them..my exclusionary to a number of IDA leaders was necessary.

**Q12- Apart from politics and industry.. Whichever is closest to your heart, Major General. Ismail Nagdy or Eng. Ismail Nagdy?**

Better to say Ismail Nagdy..Titles end

**Q13- What are your hobbies, how do you spend your time away from work?**

I am very fond of reading ..

**Q 14- Would you like to send a last message to..**

1- Egyptian and foreign investors

2- IDA employees

### Upper Egypt is the promising map road of development

I call upon Egyptian and foreign investors and businessmen to invest in Egypt and I agin confirm that we will seek to provide all forms of support and care for investor..Egypt is a promising land..Safe.. and Egypt will never be omit from the memory of history..Egypt is the security, stability and the future..

To IDA employees, I address them that the responsibility is great and it is honor for us to bear..we have all to be on the rank of responsibility and we are Thank Allah so..I advise all of you to serve the investor and the love of Egypt..We are Egypt ambassadors to investors.

## New facilities for investors



In the framework of the efforts to encourage industrial investment and facilitate constructing projects, Dr. Mahmoud Essa, Minister of Industry and Foreign Trade issued a ministerial decree contains a series of decisive actions, including reducing the value of letters of guarantee on all lands within industrial zones in new cities and governorates, where it shall be applied retroactively and extending the additional grace period for all industrial projects. The minister announced that such decree aims to reduce the value of letters of guarantee on all lands within industrial zones in new cities and governorates according to the area to become (Thirty

pounds per a meter for a space less than one thousand square meters instead of 50 pounds per a meter and fifty pounds per a meter for a space more than one thousand square meters instead of 70 pounds per a meter). The previous procedures on the earlier letters will be applied retroactively in accordance with the applicable regulations and procedures in the Industrial Development Authority.

The decree also included extending the additional grace period given to all industrial projects to 31 \ 12 \ 2011 instead of 09.30.2011. Everyone meets the requirements of industrial register has the right to extract a permanent industrial register but shall be reviewed every five years according to the applicable rules and procedures. So that

all inspections carried out by the Industrial Development Authority are canceled however, IDA Chairman may determine the inspection in some cases. The ministerial decree included also exempting applicants from the clause required presenting product conformity certificate to the specifications when submitting the application to obtain the industrial register, the controlling of Industrial Control Authority shall be enough to determine applicants compliance with the specifications and they shall be exempted from the clause required presenting a technical assistance contract, where they shall provide the project's feasibility study.

Dr. Mahmoud Issa, said that the present decree comes within the government's keenness to encour-

age and support national, Arab and foreign investors to increase their current investments as well as pushing new investments, whether in the expansion of existing projects or to create new projects in order to provide job opportunities. The Egyptian minister said that the ministry is ready to take all rapid and necessary measures and to develop practical and serious solutions to return production to its normal estate during the current phase and to provide more employment opportunities. The industry sector is the locomotive of economic development in Egypt, the primary contributor to production, exports and employment as well as consider as one of the most important sectors that achieve high growth rates, the minister added.

## Annual Report of IDA Achievements

### During the Period from 1/7/2010 to 30/6/2011

#### First: Industrial Investments

##### 1- Allocating Lands within Industrial Zones

The number of projects that obtained new lands (Factories-Storehouses) during the period from July 2010 to June 2011 had reached 237 projects to be established on a total area of 938.4 thousands m<sup>2</sup> & distributed on 13 city & governorates.

The indicators show that the highest number of projects is concentrated in the 10th of Ramadan City (60 projects) representing 25.3% of the total projects number to be established on an area of 131.8 thousands m<sup>2</sup>, followed by Borg Al Arab City (54 projects) representing 22.8% of the total number of projects to be established on an area of 162 thousands m<sup>2</sup>, followed by Al Sadat City (40 projects) representing 16.9% of the total number of projects to be established on an area of 416 thousands m<sup>2</sup>, which represent 44.3% of the total area.

##### 2- Situation of Private Tender Applications (4<sup>th</sup> Phase)

977 land plots were offered to be distributed to 16 industrial cities, considering that 3694 applications were submitted by investors. 6<sup>th</sup> of October City has the lion's share of applications submitted (1132 applications "Industrial-Storehouses"), & 172 land plots were offered, followed by 10<sup>th</sup> of Ramadan City where 10000 applications were submitted & 42 industrial land plots were offered. With regard to New Beni Sueif City, 110 applications were submitted & 338 industrial land plots were offered.

##### 3- IDA's Fund for Subsidizing Establishment, Servicing & Development of Industrial Zones

L.E300 million were spent from IDA's Fund for Subsidizing Establishment, Servicing and Development of Industrial Zones to be provided to 13 industrial zones within 13 governorates.

The following chart states the subsidy provided to each governorate which shows that Assuit governorate was provided the highest subsidy estimated at L.E60 million, followed by Beni Sueif governorate estimated at L.E59 million.



With regard to the industrial zones, Abou Khalifa Industrial Zone in Ismailia was provided the largest subsidy; 19% of the total subsidy, followed by Robbiki zone for leather which is provided 14.33% of the total subsidy.

##### 4- Industrial Developer

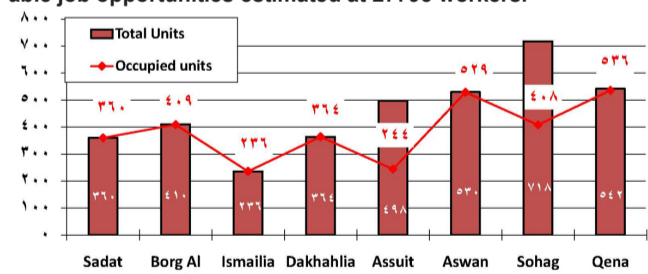
Situation of Industrial establishments owned by the Developers within the framework of the 1st phase of the New Generation of Industrial Clusters Program till 2011.

Total number of factories established within the 1st phase is estimated at 176 factories; 18 factories of which started production, 57 factories are under construction & 4 factories were obtained licenses but not started establishment yet.

In addition, there are 15 factories are to obtain licenses & not started establishment, 82 factories are in design stage. It is worth mentioning that 75% of the 1st phase total establishments are being sold & reserved.

##### 5- Small-Scale Industries Complex Units

5-1 Affiliated to the Ministry of Trade and Industry till June 2011: 3086 units out of 3658 units in the Cities & Governorates of Al-Sadat, Borg Al Arab, Ismailia, Dakkahlia, Assuit, Aswan, Sohag & Qena have obtained the housing approval. 572 units are currently available and 1873 projects are contracted on with available job opportunities estimated at 27795 workers.



The previous chart states that Dakkahlia, Ismailia & Sadat City are the most occupied governorates & cities with an occupancy rate of 100%, & that Sohag Governorate has the lowest occupancy rate of 56.8%.

##### 5-2 Affiliated to the New Urban Communities Authority till June 2011

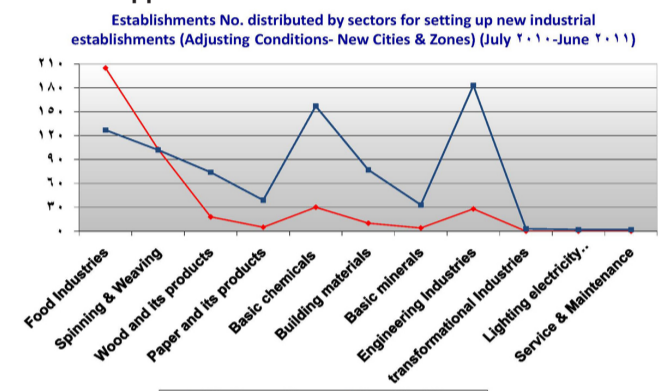
936 units out of 1152 units distributed to 11 industrial zones in 8 industrial cities (10<sup>th</sup> of Ramadan, 15<sup>th</sup> of May, Salheya, Noubaria, Badr, Damietta, Sadat, Borg Al Arab) have obtained the housing approval. 216 units are currently available and 820 projects are contracted on with available job opportunities estimated at 3692 workers.

##### 6- Industrial Approvals & Licenses

###### 6-1 Instant Approvals (July 2010- June 2011)

Total number of instant approvals during the period from July 2010 to June 2011 had reached 1553 approvals, 183 of which were obtained in October 2010 to record the highest month in getting approvals, followed by July 2010 where 181 approvals were obtained, followed by January 2011, where 165 approvals were obtained, whereas February 2011 records the lowest month in getting approvals, where 53 approvals were obtained.

###### 6-2 Final Approvals



The previous chart states that the highest number of projects (Adjusting conditions) is concentrated in the food industries activity (205 projects), followed by the spinning & weaving activity (103 projects) which is providing 3465 job opportunities.

With regard to expansion (Adjusting conditions), number of establishments had reached 207 ones with investment costs of about L.E 3674.458 million & production value of L.E15345.935 million.

The previous chart shows that the engineering industries activity (New cities & zones) includes the largest number of projects (183 Projects), followed by the chemical industries activity (157 projects), then food industries (127 projects).

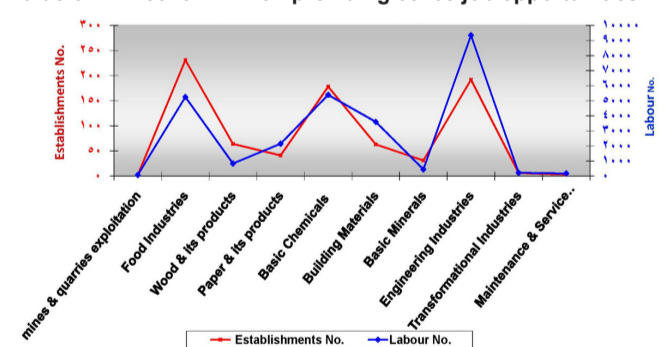
With regard to expansion (New cities & zones), number of establishments had reached 385 ones with investment costs of about L.E 21967.052 million & production value of L.E43763.192 million.

##### 6-3 Licenses of Industrial & Commercial Chemical Storehouses

Total number of approvals provided for establishing industrial & chemical storehouses during the period from July 2010 to June 2011 had reached 291 approvals (177 industrial storehouses & 114 commercial storehouses). It is clarified that the largest number of approvals for establishing industrial & commercial storehouses were provided in June 2011 (38 approvals), followed by January (33 approvals) & then May, with a percentage of 10.3% of the total approvals.

##### 7- Registering projects in the Industrial Registry

Number of establishments recorded for the 1st time in the industrial registry (As shown below), reached 1053 industrial establishments with investment costs of L.E15346.7 million & production value of L.E25046.2 million providing 63768 job opportunities.



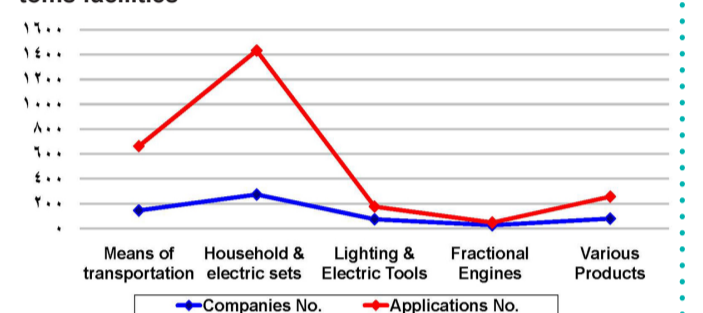
Number of establishments of which their registrations were renewed during the period from July 2010 to June 2011 is 2189 establishments.

It is clarified that the total number of large-scale establishments, (registered for the 1st time in the industrial registry) had reached 154 establishments with investment costs of L.E13.1 billion providing 44942 job opportunities. In addition, the total number of medium-scale establishments had reached 156 with investment costs of L.E1.2 billion providing 7246 job opportunities. Moreover, the total number of small-scale establishments had reached 743 with investment costs of L.E0.9 billion providing 11580 job opportunities.

It is worth mentioning that the small-scale factories represent 70% of the total establishments, whereas the medium-scale factories represent 15% & the large-scale factories represent 15% of the total establishments.

#### Second: Enhancing & Developing Local Manufacturing

##### 1- 597 companies with 2573 applications obtained customs facilities



The previous chart indicates that the largest number of applications is focused on the household & electric sets products (273 companies with 1432 applications), followed by the means of transportation; 25.7% of the total applications for 145 companies, followed by the various products; 9.9% of the total applications & finally the lighting & electric tools; 6.8% of the total applications.

##### 2- Geographical Distribution of Companies Obtained Custom Facilities

During the period from July 2010 to June 2011, 597 companies on the level of the Governorates obtained customs facilities. Sharkia Governorate has the lion's share of companies obtained custom facilities (238 companies which represent 39.8% of the total companies), followed by 6<sup>th</sup> of October Governorate; 17.5% of the total companies.

**N.B:** The aforementioned data were collected before 6<sup>th</sup> of October & Helwan became part of Giza & Cairo Governorates once again.

##### 3- Value of Local Savings Due to Local Manufacturing (July 2010 to June 2011)

Value of local savings due to local manufacturing had reached L.E9.2 billion. L.E5091.6 million was saved in the transportation sector as the highest value (55%), followed by the household & electric sets sector (39%), followed by the lighting & electric tools sector (3%) & then the various products sector (2%).

##### 4- E-Government Portal

410 companies are available on the E-portal of Industrial Products during the period from July 2010 to June 2011 & the total number of products studied & entered into the E-portal are 1065 products.

#### Third: Environmental Protection Field

Studying the Applications of Customs Release of Hazards Chemical Consignment.

Studying 361 applications of customs release of hazards chemical exported consignment during the period from July 2010 to June 2011 & 268 application were approved in return for L.E547.8 thousands for IDA.

Issuing 79 letters in return for L.E7900 for IDA.

#### Forth: Solving Investors' Problems Field

During the period from July 2010 to June 2011, 148 complaints were received of which 117 complaints were solved.

## Chamber of Metal Industries: Deciding the percentage increase in the prices of energy to factories

During its meeting with the representatives of Federation of Industries last month, the Ministry of Industry and Foreign Trade asked for developing a appropriate vision to determine percentage increase in the prices of energy on energy intensive factories, and how can it be calculated, to enable the industrial sector to play a key partner in the decision-making, in order not to harm the interests of manufacturers, the matter which negatively affects on the industry in general.

Mohamed Hanafi, Chairman of Chamber of Metal Industries in Federation of Industries said that the representatives of the Federation of Industries will hold a meeting with the ministry during the next week to discuss how



to calculate the percentage increase in prices of energy on energy intensive factories, noting that manufacturers would seek to agree on a mediate price between the world prices and the prices by which the factories be accounted at the present time.

## Al Suwaidi: A map for economy advancement

Eng. Mohammed Al Suwaidi, Undersecretary of the Federation of Industries pointed out that the second economic conference will be organized to map the advancement of the Egyptian economy after the revolution, for that an invitation will be directed to the President of the Republic of Brazil in order to dialogue with him about the experience of Brazil, which was close to bankruptcy and then turned into a powerhouse. The federation will organize a visit to Malaysia to get closely acquainted with its experience, especially after the invitation directed by Mahathir Mohamad, former Prime Minister of Malaysia during the first economic conference, He said. Al Suwaidi revealed the

re-formation of the boards of the Export Support Fund, Councils of Export and the IMC, adding that the committee which was formed in participation with the Ministry of Industry and Foreign Trade and the Federation of Industries has completed the prioritization of the industry's problems and was presented to Dr. Mahmoud Essa, Minister of Industry to find quick solutions and to take necessary actions. Al Suwaidi pointed out that the most important problem is the payment of government arrears, especially in contracting sector, which amount to about 10 billion pounds, in addition to prioritizing domestic product in comparison to the imported one in bids and tenders.