

Assal's Speech

On behalf of the Industrial Development Authority I am pleased to welcome you all here this morning.

Since the inception of the new Government of Prime Minister Dr. Ahmed Nazif in 2004, the Ministry of Trade and Industry has been actively promoting the attraction of investment to Egypt's industry.

We welcome this opportunity today to convey to this large audience the value proposition of investing in Egypt and in the Medical Devices sector in particular.

IDA is one of the seven implementation pillars of the Ministry of Trade and Industry.

The Industrial Modernization Centre support to industry covers so many aspects of industry capacity building, which they will explain in the next presentation.

Other organizations in the Ministry provide specialist support to Industry for Training Development, Finance, Technology Transfer and national Quality programs.

I would also like to mention the Egyptian Commercial Services with whom the Industrial Development Authority works closely when visiting its target markets across the globe. IDA identifies target companies that have expressed interest in meeting IDA and coordinates the meeting logistics with the local ECS office.

In addition IDA responds daily to ECS enquiries on behalf of potential industrial investors that are interested to look more closely at opportunities in Egypt.

The Industrial Development Authority's was established in 2005 by Presidential Decree with the objective of realizing the

Government's objective of economic growth through export-lead and FDI-lead industrialization.

IDA has been active since March, 2006 with the appointment of the Board of Directors who assigned the top management.

One of the first tasks of the new organization was to develop a three year corporate plan which we launched in January 2007 after a thorough process of dialogue between the different IDA departments.

The corporate plan has been reinforced by a process of Management by Objectives which IDA uses for all its annual planning as well as monitoring and evaluation of objectives.

A key output of the corporate planning was IDA's Vision and Mission.

IDA like all organizations within the Ministry of Trade and Industry, works to achieve Industrial Goals to the year 2011.

As of 2008 these goals were firmly on track to achieve their 2011 targets.

Industrial Gross Domestic Product reached 8%

The Job Creation status in 2008 reached a cumulative nine hundred and seventy thousand.

Cumulative Industrial investment has reached over two-thirds of the over Thirty Billion Dollar 2011 target

Finally industrial exports continue to exceed expectations reaching Sixty Three Billion Egyptian Pounds last year.

One of the main responsibilities of the Industrial Development Authority is to make sure that there is sufficient industrial land

for the expansion of existing industry and to accommodate new investors. Of course this land has not only to be available but in the right place.

Egypt has 119 industrial zones located throughout Egypt.

The Industrial Development Authority is well placed to work with investors to advise them which industrial zone is most beneficial to their purpose depending on which markets they are targeting, the location of minerals resources and the availability of needed infrastructure.

One of IDA's challenges is to ensure the supply of enough land located where investors want to invest.

Egypt's challenge is to market the advantages of locating in parts of Upper Egypt.

This area to-date has sometimes not been considered attractive but an increasing number of informed investors are building new factories in Beni Sueif, Minya, Assiut and even Aswan as they realize that the infrastructure they are seeking is available and the challenge of distance to seaports is less than they imagined.

In 2007 IDA launched its Public Private Partnership program to attract private investment to develop up to 42 million square metres of new industrial zones.

In the same year IDA contracted six developers who are responsible for the first 7.5 million square metres.

In line with the requirements of the tender each of these developers has dedicated a majority of their land to one specific industrial activity whilst also covering other sectors.

Since the establishment of IDA's Marketing Department in September 2007, close working relationships have been developed with the PPP Developers. IDA refers to the developers its potential investors seeking land for their new factories.

In addition IDA has cooperated with them on its overseas investment missions targeting the attraction of new investors.

In 2008 IDA launched its second phase of the PPP developer program. In the first half of 2009 negotiations were concluded for another 4 industrial zones covering a total of just over five million square meters of land.

Again these developers are distributed between Cairo's prime industrial cities of the Sixth of October and the Tenth of Ramadan, within one hour's drive of Cairo centre.

To-date no developers from either phase have decided to create a new industrial zone specifically for medical device manufacturers.

We expect an announcement on this subject later today. These photographs show the standards of architecture and engineering employed in these new industrial zones.

In February 2008 the Industrial Development Group 'engineering square' Two Million square metres industrial zone was the first Public Private Partnership developer to inaugurate its industrial zone in the Sixth of October Industrial City; with the foundation stone being laid by the Prime Minister accompanied by the Minister of Trade and Industry.

Also in 2008 the Prime Ministers of Egypt and Turkey inaugurated the Polaris Industrial Parks industrial zone in Sixth October Industrial City. This consortium includes investors from Turkey.

This massive industrial and port development is located at the northern end of the Suez Canal with its own dedicated spur to the port. This development is of strategic importance to Egypt to which it plans to attract investors wishing to establish a manufacturing base for export to the European Union, the Mediterranean Basin, the Black Sea as well as Russia.

In 2008 DHV consultants from the Netherlands delivered a master plan for the development of both the port and the industrial zone.

IDA's 87 million square meters of land exceeds the total amount of land currently used for all industrial investment in Egypt.

This project remains a priority development for the Industrial Development Authority.

IDA's Marketing Department was formed only 21 months but in that time it has developed its reputation for being a serious participant in the attraction of industrial investment to Egypt.

I would like to briefly share with you their targeted approach to investment attraction and the importance of this conference.

After the success of IDA's first investment promotion conference in June 2008, I asked the Marketing Department to expand the number of sectors being promoted to attract targeted industrial investment. At that stage the marketing department designed criteria to select new sectors. Medical Devices was chosen for the following main reasons:

Of most importance to IDA was the sector's commitment to the development of a sector strategy and the close involvement of the Medical Devices section of the Chamber of Engineering during the formulation stage.

The strategy underlines the importance of addressing the streamlining of procedures for both industrial licensing and

product registration in order to deliver an enhanced business environment.

These ongoing reforms will enable the existing sector investment of nearly half a billion US Dollars, invested in over one hundred and thirty companies that employ twenty thousand skilled professionals, to continue their strong expansion, supplying the domestic market and a continued dramatic growth of exports.

Later today we will be hearing presentations from the Ministry of Health and my colleague from the IDA, addressing these reforms.

IDA's creation of Public Private Partnership industrial zones and its methodology developed for the attraction of industrial investment is based on the principle of targeting specific industrial sectors.

Currently IDA's marketing department is working with four industrial sectors with different levels of activity. In addition to the automotive industry the development of shipbuilding, repair and maintenance industry is based on strategic parameters which reflect not only the location of Egypt and the Suez Canal traffic but also the fundamentals of the Egyptian economy, its strong demographics and attractive free trade market agreements.

These two industries can provide Egypt with the strategic opportunity to develop two engineering industry pillars, which offer the opportunity to add significant value added to manufacturing.

In addition IDA is focused on the Medical Devices and Textile sectors.

One important underlying principle for IDA's targeting of new investment is promoting the attraction of companies that

strengthen the supply chain in all industries. This approach delivers immediate as well as long-term benefits.

I would like to emphasise that a key part of IDA's mandate, delivered in Presidential Decree 370 of 2005, is coordination between Government and Private Stakeholders in the development of industry. This conference and all the actions leading up to it are a clear display of IDA's commitment to this mandate.

The Industrial Modernization centre was instrumental in working closely with the sector to develop their recently launched sector strategy and during the current implementation phase.

IDA is a strategic partner with the General Authority for Investment in the attraction of industrial investment to Egypt. IDA and GAFI recently worked closely together on a mission to Brazil where one of the targeted sectors was medical devices.

In Brazil IDA targeted meeting with many companies and we are pleased to see some of you sitting in the audience today. We wish you good business and a long term relationship with Egypt, using not only its competitive cost base but also its free trade agreements with the Arab World, East and Southern Africa and especially the European Union.

Business Association's are the back-bone of any industry and the Chamber of Engineering Industry's Medical Devices section has become a close partner since IDA begun to research this sector.

I would like to underline the importance of this conference to IDA's marketing program for the medical devices sector and its place in the process of attracting new investment.

Last year the Cairo International Automotive Conference signaled to the business community and to other parts of the

Egyptian Government that IDA was not only serious but that it was working in close collaboration with key stakeholders of the automotive industry's to attract investment to this industry.

We approach this conference with the same objective and expectations: the fact that we have in the audience today one hundred companies including thirty from overseas is testimony to the domestic and international interest in this sector. Another key indicator is that this industrial sector has increased its exports by over 250% since 2004 to reach two hundred and twelve million US Dollars last year

After this conference IDA will build on the experience of recent investment missions to Spain, Korea and Brazil and continue the implementation of its marketing plan for this sector by arranging to visit markets that have shown themselves most interested to invest in Egypt as a manufacturing export base as well as bringing new products to the domestic market.

Finally I thank you all for attending today and I look forward to the continued strong development of this sector in the service of the Egyptian healthcare consumer and serving more markets in proximity to Egypt.