

# EGYPTIAN CABINET RESHUFFLE

CRITICAL FILES AND PERIORITIES



JULY 2024

# SYNTHESIS

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The government of Egypt has recently undergone a significant restructuring of its ministries, The most important features of the change in the new government formation in 2024 include **changing 15 names**, retaining 6 ministers, and merging a number of ministries. This change aims to address internal problems and challenges, especially in sectors such as **health, electricity, and supply, in addition to the global challenges that affect the Egyptian market.** IPA will focus on the **Economic group**. This reformation comes as part of a broader effort to enhance the efficiency and effectiveness of governmental operations, particularly in the economic sector, by creating and merging ministries to better align with the nation's priorities.

## KEY CHANGES IN EGYPT'S GOVERNMENT MINISTRIES



The Ministry of Planning has been merged with the Ministry of International Cooperation to form the Ministry of Planning, International Cooperation, and Economic Development.



The industry sector has been merged with the Ministry of Transport to enhance industrial development and logistics efficiency.



The trade sector is now integrated into the New Ministry of Investment and Foreign Trade



The Ministry of foreign affairs has merged with the Ministry of Emigration

The new Egyptian government faces numerous challenges and has set forth several urgent priorities to address them. Key among these is the continuation of economic reform, which includes focusing on attracting and increasing both domestic and foreign investments, encouraging private sector growth, and controlling inflation and market prices.

# FOCUS AREAS

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## Manufacturing and Exports

The government's economic strategy also prioritizes enhancing Egypt's manufacturing capabilities and increasing exports. Notably, trade between Egypt and the European Union amounted to \$31.2 billion in 2023, compared to \$38.6 billion in 2022, reflecting a decrease of 19.2%. This underscores the need for the new government to implement policies that maximize the impact of international agreements and boost export volumes.

## Significant Economic Agreements

A pivotal aspect of the government's strategy involves leveraging international partnerships to bolster economic growth. Recently, Egypt signed an agreement with the European Union, under which the EU will invest up to one billion euros as part of a larger strategic partnership. This funding is part of an overall package worth 7.4 billion euros, which will be directed towards sectors such as clean energy, manufacturing, and food security. The focus will be on promoting investment opportunities in renewable energy, including renewable hydrogen, the circular economy, manufacturing (pharmaceutical and automotive sectors), agriculture, food and water security, innovation, and digitalisation. These sectors have been identified for their potential to contribute significantly to sustainable development and economic diversification in Egypt.

# FOCUS AREAS

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## Internal Challenges

One critical challenge is **solving the electricity problem and stopping load shedding**. The Ministry plans to quickly integrate large amounts of renewable energy into the grid, requiring coordination between ministries. The government has allocated \$1.2 billion to purchase petroleum materials to operate power stations this summer and promises a final solution by year-end. This includes increasing petroleum production to ensure a steady supply for the electricity sector, aiming to eliminate power outages.

## Drug Crisis

The medicine crisis, characterized by significant price increases in certain medicines, is another pressing issue. The government must implement stringent regulatory measures to ensure the affordability and availability of essential medicines. This involves addressing the factors contributing to price hikes and ensuring that medicines are accessible to all segments of the population.

## Market Supervision

Another strategic priority is the supervision of food commodity markets to control prices. There have been significant discrepancies in prices due to a lack of oversight over some merchants. Effective market supervision is crucial to ensure fair pricing and protect consumers from exploitation. This will involve stringent regulatory measures and active monitoring to maintain price stability in the market.

**In the subsequent sections, we will explore the specific roles and responsibilities of each ministry in detail, highlighting the key issues and critical files they are tasked with addressing.**

# CRITICAL FILES

## Ministry of Investment and Foreign Trade

- **Streamlining Bureaucratic Processes** : The Ministry should prioritize creating a conducive environment for **both local and foreign investors** by streamlining **bureaucratic processes** and enhancing regulatory clarity to attract a diverse range of **foreign investments** across various sectors.
- **Empowering Exporters**: To achieve the \$100 billion export strategy by 2030, the Ministry will focus on supporting Egyptian exporters by enhancing product quality and competitiveness in international markets. Key initiatives include the **Export and Shipping Subsidy Program and the automation of the Export subsidy Fund** to expedite payments and streamline support processes.
- **Forging Pathways to Global Markets** : By leveraging international **agreements** and partnerships, the ministry can open **new avenues for Egyptian exports**, contributing significantly to economic growth and reducing the trade deficit. These initiatives are crucial for positioning Egypt as a favorable investment destination and promoting sustainable economic development in the region.

## Ministry of Planning, International Cooperation and Economic Development

- **Facilitating Integration for Long-Term Planning**: The Ministry aims to integrate planning efforts between departments to develop cohesive economic and social development plans up to 2030. Challenges include harmonizing diverse departmental priorities and ensuring effective communication across ministries to achieve unified goals.
- **Optimizing State Assets for Sustainability**: Collaborating with stakeholders to optimize state assets for sustainable development, challenges include balancing economic growth with environmental conservation and ensuring equitable resource distribution.
- **Fostering Global Partnerships**: Exploiting collaborations with financing agencies to maximize Egypt's benefit from existing financing plans. This involves strategically directing current agreements to enhance economic growth and reduce dependence on loans, aligning with the government's goals for sustainable development.



Hassan Al-Khatib



Dr. Rania Al-Mashat

## Ministry of Investment and Foreign Trade

- **Expand the Scope of the Golden Licenses:** Amend the current legislation to broaden the eligibility criteria for the Golden License, allowing **all types of investment projects, not just strategic ones**. This change will make the License more accessible and attractive to a diverse range of investors, encouraging more widespread investment.
- **Integrate Advanced Technologies:** Develop and implement AI-driven systems within the **regulatory framework to automatically review and approve standard investment applications**. This integration should be enshrined in the **investment law** to ensure applications are processed within a defined timeframe, improving efficiency and reducing delays.
- **Export Promotion:** Actively pursue new **bilateral and multilateral trade agreements** to expand market access for Egyptian products. This involves negotiating favorable terms for Egyptian exports and reducing trade barriers in key markets.

## Ministry of Planning, International Cooperation and Economic Development

- **Enhancing Economic Planning:** Implement advanced data analytics and forecasting tools to improve economic planning and decision-making, including developing a centralized economic data repository and using predictive analytics for trend forecasting.
- **Strengthening International Cooperation:** Actively pursue international partnerships and agreements to attract foreign aid, investment, and expertise by establishing a dedicated unit for international cooperation and developing a strategic plan for international partnerships.
- **Facilitating Private Sector Growth:** Develop policies to support private sector growth, such as providing incentives for SMEs, improving access to finance, and reducing regulatory burdens that hinder business operations.

## Ministry of Finance

- **Enhancing Financial Discipline:** Upholding stringent financial management practices to ensure transparency, accountability, and effective utilization of public funds.
- **Debt Management and Reduction:** Developing comprehensive strategies to manage and reduce national debt levels, balancing fiscal responsibility with economic growth imperatives.
- **Stimulating Economic Recovery:** Implementing policies to stimulate economic recovery and sustainable development, amidst global economic uncertainties and local fiscal constraints.
- **Investment Promotion:** Fostering a conducive environment for domestic and foreign investments through strategic incentives and regulatory reforms to spur economic growth and job creation.

## Ministry of Transportation and Industry

- **Addressing Challenges Facing Manufacturers:** Resolve current issues impacting manufacturers to boost productivity and efficiency.
- **Positioning Egypt as a Competitive Manufacturing Hub :** Make Egypt an attractive destination for both local and foreign manufacturers, surpassing neighboring countries in competitiveness.
- **Integrated Logistics Landscape:** Develop a seamless logistics network to link industrial, agricultural, mining, and service zones with maritime ports, enhancing transport efficiency.
- **Promoting Heavy Industries:** Draw inspiration from successful industrial models worldwide to develop policies that encourage the establishment of heavy industries. Provide financial incentives and infrastructure support to attract investments in heavy industries.



Ahmed Kajouk



Kamel AL Wazir

## Ministry of Finance

- **Tax Incentives and Simplification:** Collaborate with the **Ministry of Investment and Foreign Trade** to design and implement tax incentives for key investment sectors, including tax holidays, reduced corporate tax rates, and VAT exemptions.
- **Access to Finance:** Enhance access to finance for investors by developing financial instruments such as investment funds, credit guarantees, and low-interest loans in collaboration with the Central Bank and the Ministry of Investment and Foreign Trade.
- **Enhancing Support for Exporters:** Implement trade facilitation measures and export promotion policies in partnership with the Ministry of Trade and Industry. Streamline customs procedures and negotiate trade agreements to reduce barriers for Egyptian exports. Enhance the disbursement of export support dues by establishing a streamlined, transparent, and efficient system for timely payments.

## Ministry of Transportation and Industry

- **Unifying the System of tolls:** Implement a unified system for toll collection across all major roads and highways.
- **Logistics and Supply Chain Management:** Reduce logistical bottlenecks and improve the overall efficiency of the supply chain network.
- **Modernizing Expropriation Laws for Public Benefit:** Update and streamline expropriation laws to facilitate infrastructure development projects.
- **Issuing a Unified Industry Law:** Simplify and harmonize the regulatory environment for industrial operations, reducing bureaucratic hurdles.
- **Regulation of Production Inputs:** Implement regulations to ensure the availability, quality, and affordability of production inputs for industries.



## Ministry of Petroleum and Mineral Resources

- **Ensuring Efficient Petroleum Product Supply:** Addressing the challenge of providing petroleum products for electricity generation and industrial operations with enhanced efficiency is paramount.
- **Attracting International Oil Companies:** Encouraging international companies with robust financial capabilities to invest in multiple drilling operations within Egypt.
- **Renegotiating Contracts with Foreign Companies:** Initiating renegotiations with foreign firms engaged in natural gas and oil exploration and production to optimize mutual benefits.
- **Resolving Financial Obligations:** Settling financial arrears owed to foreign partners to bolster credibility and attract future investments in Egypt's petroleum sector

## Ministry of Electricity and Energy

- **Power Outages and Load Shedding:** Implementing definitive solutions to the ongoing power outage crisis and halting load shedding caused by fuel shortages essential for power plant operations.
- **Network Losses and Financial Obligations:** Prioritizing the reduction of national electricity network losses, which amounted to approximately 3 billion pounds in fiscal year 2024. Addressing outstanding financial dues totaling 30 million pounds owed by the Ministry to government entities and institutions.
- **Promoting Renewable Energy Integration:** Executing Egypt's integrated and sustainable energy strategy, aiming to increase the contribution of renewable energy sources to the energy mix to approximately 42% by 2030. This aligns with updated Nationally Determined Contributions (NDC) as of June 2023.



Karim Badawi



Mahmoud Esmat

## Ministry of Petroleum and Mineral Resources

- **Secure and Sustainable Fuel Supplies:** Update the Petroleum Law and relevant ministerial decrees to ensure stable and sustainable fuel supplies.
- **Transition and Diversification:** Introduce amendments to the **Renewable Energy Law (Law No. 203 of 2014)** to support the integration of renewable energy sources.
- **Legislation on Thermal Units and Gas Pricing Mechanisms:** Revise the Natural Gas Act (Law No. 196 of 2017) to include updated policies on gas pricing mechanisms and the provision of thermal units.

## Ministry of Electricity and Energy

- **Implementation of the State ownership document:** Increasing private sector participation in the electricity sector by encouraging investments in this sector and exiting the state from electricity production and distribution activities.
- **Restructuring electricity companies:** separating the management and operation of generating units to create a competitive environment and implementing Virtual Power Plant Auctions (VPP) to enhance effectiveness and competitiveness.
- **Legislation on Thermal Units and Gas Pricing Mechanisms:** Revise the Natural Gas Act (Law No. 196 of 2017) to include updated policies on gas pricing mechanisms and the provision of thermal units.

## Ministry of Health and Population

- **Medicines Shortages:** Implement measures to ensure a consistent supply of essential medicines, improve inventory management, and boost local production through collaboration with pharmaceutical companies.
- **Pricing :** Develop a transparent pricing model for pharmaceuticals, implement policies to control the cost of essential medicines, and ensure affordability and accessibility for all.
- **Privatization:** Explore opportunities for enhanced service delivery efficiency, increased investment in infrastructure, and improved access to specialized healthcare services through strategic partnerships and **innovative financing models**.
- **Infrastructure Development:** Investments in medical equipment and infrastructure are crucial to enhance treatment capabilities. Prioritizing modern technology adoption, fostering innovation, and improving workforce training are essential for advancing healthcare services.



Khaled Abdel Ghaffar

## Ministry of Housing, Utilities & Urban Communities

- **Projects Implementation Delays:** Companies are delaying project implementations due to escalating project costs, increased auction prices for building plots, and higher construction material costs, posing a threat to market stability.
- **Financing Constraints:** The shortage of financing for real estate projects is a major hurdle. Banks and financial institutions may hesitate to provide necessary loans, impeding sectoral growth.
- **Streamlining Permit Procedures:** The Ministry is committed to enhancing the efficiency of construction permit processes by improving bureaucratic systems and leveraging technology to expedite approvals.
- **Reconciliation Law Implementation:** Implementing Law No. 187 of 2023 and its executive regulations (Prime Minister's Decision No. 1121 of 2023) to address building violations and establish legal frameworks is crucial for regulatory clarity and market stability.



Sherif El-Sherbiny

## Ministry of Health and Population

- **Revise Egypt's clinical trials law ( No. 214 of 2020) :** to lift restrictions on patient sample travel abroad, except in necessary cases approved by a new high-level committee, and Adopt a national document outlining patient rights in Egypt within this regulatory framework.
- **The law on Privatization and Partnership in Healthcare Management:** promotes private sector involvement in healthcare administration to boost efficiency, expand service access, and utilize private sector expertise, while exempting essential healthcare services under specific safety and quality regulations.
- **Accelerating Implementation of Universal Health Insurance Nationwide by 2030:** Establishing procedures to accelerate the implementation of the new The Universal Health Insurance Project nationwide by 2030, including signing cooperation protocols with each governorate to provide a designated building to serve as the authority's regional headquarters, and to address the problem of the shortage of medicines and supplies and their fair pricing.

## Ministry of Housing, Utilities & Urban Communities

- **Mechanism for dealing with small developers:** The need to extend the decision of the Board of Directors of the Central Bank of Egypt to oblige banks to grant 25% of their credit portfolios to companies and micro, small and medium enterprises, and to **direct 10% of it to small companies for an additional year.**
- **Governance of the drinking water network:** by setting an independent budget for the drinking water and sanitation system in each city in order to achieve financial balance between revenues and expenditures.

## Ministry of Tourism and Antiquities

- **Mitigating Geopolitical and Economic Challenges:** Develop robust strategies to counteract the impact of regional geopolitical tensions on tourism. Focus on sustaining tourism revenue growth, which saw a 4.8% increase in the first half of 2024, and work towards attracting 30 million tourists by 2028.
- **Combating Illegal Hajj Practices:** Implement stringent regulations to combat illegal Hajj practices, ensuring the safety and rights of Egyptian pilgrims. This includes revoking licenses of offending tourism companies, prosecuting those responsible for illegal activities, and providing compensation to affected families.
- **Implementation and Promotion of Umrah Plus:** Accelerate the rollout of the Umrah Plus program to boost inbound tourism from Islamic markets.
- **Preserving and Promoting Egyptian Antiquities:** Prioritize the preservation of Egyptian antiquities and the successful opening of the Grand Egyptian Museum. Leverage these assets to enhance Egypt's tourism appeal.



Sherif Fathy

## Ministry of Communications and Information Technology

- **Infrastructure Development:** Enhance service quality by connecting fiber optic cables and replacing copper cables. This includes constructing 2,000 booster stations for mobile phones in new cities and governorates.
- **Investor Services Automation:** Work with the Ministry of Investment to automate and make 77 services available online for investors to facilitate the establishment and management of companies electronically, and access all services online.
- **Comprehensive Health Insurance Digitization:** Complete the mechanization of the first phase and initiate the second phase of the comprehensive health insurance project.
- **Expansion of Digital Government Services:** Increase the number of mechanized government services available on the Egypt Digital platform from 170 to 200 by the end of the year.



Amr Talaat

## Ministry of Tourism and Antiquities

- **Upgrade Infrastructure and Safety in Tourist Areas:** implement stricter regulations for infrastructure development around key tourist sites, such as the Giza Pyramids area and the Grand Egyptian Museum.
- **Revamp Legislative Framework:** revise and update existing tourism laws to streamline processes for new tourism ventures, focusing on reducing bureaucratic hurdles and fostering a business-friendly environment.

## Ministry of Communications and Information Technology

- **Resolution of Cloud Hosting Issues:** Develop and enforce national standards for cloud hosting and storage that ensure data sovereignty, security, and compliance with international best practices.
- **Adoption the EU Digital Regulations:** Formulate policies and strategies to align with the European Union's Digital Markets Act (DMA) and Digital Services Act (DSA) to promote fair digital competition and responsible digital platform governance, to empower the Egyptian tech companies to penetrate EU markets.

## Ministry of Agriculture and Land Reclamation



Alaa Farouk

- **Import Regulations and Input Supply:** reassess the restrictions on importing crop seeds and address the shortages and high costs of fertilizers to improve the quality and quantity, which is crucial for both local consumption and exports.
- **Agricultural Cooperatives:** Revitalizing agricultural cooperatives is crucial for enhancing the support network for farmers. By promoting the formation of small cooperatives that focus on unified crop cultivation over substantial areas.
- **Alleviation of Farmers' Burdens:** ensure that farmers have access to essential agricultural inputs such as seeds, fertilizers, and equipment at reasonable prices.
- **Agricultural Research and Infrastructure:** Minister Farouk must support key projects at the Agricultural Research Center, such as the national project for vegetable seed production and the covered drainage project. These initiatives are essential for overcoming challenges related to limited land and water resources.

## Ministry of Supply & Internal Trading



Shrief Farouk

- **Enhancing Distribution Networks:** Improve distribution channels to ensure equitable access to essential goods across all regions, including remote areas.
- **Regulatory Oversight:** Strengthen regulatory frameworks to combat price increases, monopolies, fraud, and smuggling, fostering a fair market environment.
- **Promoting Transparency and Trust:** Foster cooperation with traders to stabilize prices and ensure consistent availability of goods, enhancing market trust.
- **Strategic Reserves Management:** Expand strategic reserves of essential goods to mitigate supply disruptions during emergencies and maintain market stability.

Influence Public Affairs (IPA), established in 2015, is a key part of Influence Communications Group, a leading marketing communications consultancy in the Middle East and Africa. Serving over 90 local and regional clients, IPA is recognized as a top public policy and public affairs firm. With a team of seasoned professionals, IPA shapes government policies and fosters stakeholder communication, acting as a thought leader in the region's political, regulatory, and socioeconomic landscape.

*As Egypt enters a new governmental phase, IPA is optimistic that the new administration will tackle key issues and implement reforms to improve the business environment. By collaborating closely with policymakers, IPA seeks to ensure that the regulatory framework fosters sustainable economic growth and makes Egypt an attractive destination for both local and international investors.*



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