



Date: 27 April 2022 Issue: 675 Source: Al-Watan newspaper (20-4-2022)

Government: Specialized ministerial group to develop plan for recovery from the repercussions of the global crisis



Prime Minister Dr. Mostafa Madbouly affirmed that a specialized economic group of ministers has been assigned the task of developing a recovery plan from the effects of the global crisis, through a package of measures aimed at stimulating foreign and domestic investments, in accordance with the directives of President Abdel Fattah El-Sisi.

In today's cabinet meeting, Dr. Mostafa Madbouly announced that a press conference is scheduled after the Eid Al-Fitr holiday to announce details of the «State Ownership Policy Document» as a national strategy aimed at expanding the base of private

sector participation, pointing out that comments are currently being received from various ministries regarding this strategy.

[Link to the News Story](#)

Our Views

The news story deals with two important decisions related to economic performance and its current problems. The first relates to the «State Ownership Policy Document», while the second deals with assigning a specialized economic group of ministers the task of developing a plan for recovery from the effects of the global crisis.

- Both decisions are in the right direction in terms of their importance. Determining the boundaries of the State's role in investment is an urgent matter until State competition with the private sector comes to an end. The State is largely responsible for reluctance of both Egyptian and foreign investors, due to inability to predict their investments' profitability or sustainability in the current market. Also, planning to recover from the crisis is a promising step, typifying what serious countries should do in response to crises.
- But it is important that orientation in both cases be conducive to positive targeted results. Hence, a series of questions are in order:
 - *Regarding the first decision:*
 1. What is meant by the public sector specifically? There are two types of public sector: The traditional public sector

affiliated to the Ministry of Business Sector, and the new public sector in the form of investments by the army and various security agencies in all fields, which are not subject to the laws and procedures that control private sector investments locally and abroad. This creates a business environment in which justice and healthy competitiveness are not achieved. So, it is also important to determine:

2. What is meant by the concept of national security? There is an urgent need to define what is meant by the concept of national security, because it is one of the governing elements in determining what sectors the State intends to exit from or remain in. Expanding the concept of national security could result in the entry of the State in areas that the private sector can otherwise easily undertake.
3. Why go into precise details regarding the groups of commodities in which the private sector is allowed to invest in, or in which the State insists on sustaining? The details raise questions related to the State's seriousness in allowing the private sector to invest in the first place. This may unintentionally lead to complete reluctance of local and foreign investors to invest.
4. Was it not better to have a brief directive that allows the private sector to invest in all sectors, and on this basis the State invests in those sectors in which the private sector is reluctant to invest in because of high cost or risks? As such, there will be a clear decision or announcement about opening all areas to the private sector and facilitating procedures to that end, while opening the way to partnerships between public and private sectors (PPPs) in areas of infrastructure. This is provided that the State contributes land, which is least costly to the state, especially in the current circumstances.

As for the second decision, the group of ministers required to draw up the urgent plan are the same ones responsible for economic performance in the previous and current periods, a performance that was marred by many errors and economic policies that did not lead to the required success. Will it be possible for the same people to think outside the box until we arrive at real solutions to problems, or will matters be governed by the same thinking? We hope for the first scenario.

[Previous Issues](#)

[Other Reports](#)



Disclaimer

This report was prepared for distribution to members of the Egyptian Center for Economic Studies only and may not be published or distributed without the written consent of ECES management. The data, analyses or information contained in this report do not constitute any form of recommendation or assurance of the commercial feasibility of the activity subject of the report or its ability to achieve certain results.

The data and investment analyses contained in this report were prepared based on the viewpoint of ECES, and rely on information and data obtained from sources we believe in their validity and integrity. We believe the information and conclusions contained in this report are correct and fair at the time of their preparation, and should not be considered as a basis for taking any investment decision. ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred at the time of preparing these data are accidental and unintentional.

Egyptian Center for Economic Studies (ECES)
All rights reserved