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Cabinet concludes dialogue on the State ownership policy, discusses targets of tourism and hotels

The Cabinet's Information and Decision Support Center (IDSC) concluded, on Tuesday, the societal dialogue sessions launched by the Government on the state ownership policy, by holding a session to discuss the bill's objectives in the tourism and hotel sector. The session was attended by several members of parliament, representatives of the Egyptian Federation of Tourist

Chambers, as well as a number of companies operating in the field of tourism and hotel investment.

Link to the News Story

Our Views

With the Cabinet concluding the dialogue on the State ownership policy bill that took place starting last June, and with the still undeclared amendments that resulted from this dialogue, the common goal should be to improve the bill, and to ensure it achieves its intended purpose. The aim is to reassure the domestic and foreign private sector that the State is not a competitor to any industry, and to urge it to invest in various fields without worry and to seek investment opportunities in Egypt, primarily because of the full transparency achieved in this highly sensitive issue that many other countries prefer to avoid.

At this stage in Egypt's economic history, these important and pivotal goals enhance the importance of the proposed bill. Therefore, great care should be taken to present it in the right manner. Any shortcomings in this respect may reverse its positive results and lead to irreversible alienation of the domestic and foreign private sector at a time where countries are frantically competing to attract investment.

This issue of View on News raises specific points that deserve thorough consideration when amending the bill before submitting it for final approval.

1. First, it is important to clarify in the bill what is meant by state or public sector investments, as there are two types of public sector: The traditional public sector affiliated with the

Minister of Public Business Sector., and the new public sector in the form of investments by the Army and the various security agencies in all areas, leading to oligopoly and the absence of healthy competition in doing business. The merger of the two sectors that was put forth for societal discussion violates the rules of governance and does not solve the problem, but rather complicates it. The reason is that it may be seen as formalizing a situation that is not necessarily sound.

2. In the same context, it is important to clarify the different definitions in a transparent manner that does not allow for confusion or misuse. For example, clarifying the concept of national security, which is one of the governing elements in the distribution of sectors in the bill; specifically, what exactly the State intends to exit from and what it intends to stay in, because some sectors maintained by the State have nothing to do with national security, or seem to have a tenuous connection. For example, why exclude vegetable food industries, but operate in meat and dairy?
3. Likewise, the mere usage of profitability as one of the drivers of the decision suggests that the State retains what is profitable and leaves the rest to the private sector. The governing principle should be that the State leaves implementation to the private sector and collects taxes without interfering as an investor, except in cases where the private sector is reluctant to invest due to lack of profitability or high risk. This is mentioned as one of the specific criteria for the sectors that will be forgone. Therefore, there is a need for review so that the details of the sectoral bill agree with the preamble of the bill itself.
4. There is a need to review certain terms. For example, the term “allowing the private sector to enter any of the fields”

immediately suggests that the main investor is the State and not the private sector. This certainly disagrees with the State's conviction as indicated by all official statements.

5. It is also important to define the future role of the State in the sectors from which it will exit. Can it return to these sectors? Will there be new investments in the same field? It is important to emphasize the complete exit of the State. This way the document becomes useful and indicative.
6. It is necessary that the document, after review, be accompanied with a clear decision or announcement about opening all areas to the private sector and facilitating relevant procedures, along with opening the door for PPP projects in areas of infrastructure. This is provided that the State's contribution be in the form of land in a way that incurs the lowest possible cost to the State, especially in the current circumstances. The State should gradually exit current projects that are distant from the areas of the military or defense, that is, national security in its narrow sense.

Finally, it must be emphasized that taking these points into account will make it a historical document and achieve the long desired institutional reform.

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