Preface by H.E. the Minister of Investment, Mahmoud Mohieldin, of the Arab Republic of Egypt

The global economy has witnessed several crises during the past few years, ranging from a crisis in food prices, an energy crisis, and finally the financial crisis and its aftermath. These successive crises have posed challenges, yet created opportunities for developed and emerging economies. The world economy is now reshaping itself, and countries that work to create a balanced and stable investment environment for recovery and growth will be in a better position in the future.

During the various crisis situations in recent years Egypt has positively differentiated itself from its peers in the Middle East and North Africa, demonstrating its economic resilience and commitment to macroeconomic stability through relentless reform efforts. The government has implemented significant structural reforms in recent years. These include reforming the financial sector to enhance its soundness and stability, strengthening the supervisory and regulatory framework, modernising the institutional infrastructure, liberalising trade, strengthening the monetary policy framework, continuing fiscal consolidation, and a complete overhaul of the tax system. These reforms have led to a friendlier investment climate, enhancing private sector-led growth, and giving birth to a new trajectory of sustained and better diversified growth of the Egyptian economy. Egypt is one of the most open and dynamic economies among the emerging markets with real GDP growth increasing from an average of 3.5% during 2001–04 to around 7% between 2006 and 2008 – a national record compared to the previous twenty-five years. The Egyptian economy managed to maintain real economic growth of approximately 5% in 2009, despite the global crisis and, with a broad-based strong performance, growth is estimated to have reached more than 5% in the fiscal year which ended on 30 June.

This progress has been reflected in international and regional agencies' confidence in the Egyptian economy's performance. Egypt was, again, for the fourth consecutive year, ranked amongst the Top 10 Reformer in the IFC/*World Bank Doing Business Report*. According to the World Investment Report 2010, Egypt was ranked first in North Africa and second in Africa in terms of FDI inflows, ranking 31st on the global level. Despite the difficult global environment, FDI inflows to Egypt in 2008/09 far surpassed levels in 2005/06 and were more than double the levels achieved in 2004/05.

The key to ensure that growth benefits the whole population and trickles down to the less privileged will be to speed up reforms on the social front, especially with regard to health and education. Providing citizens with good-quality and sustainable education will enable them to exploit job opportunities and compete in a rapidly changing marketplace. This should be done in partnership with the private sector that is keen to develop the skills of their populations as part of their corporate social responsibility.

Throughout the years, the Egyptian government, and in particular the Ministry of Investment, have worked closely with the MENA-OECD Investment Programme, in order to develop the Business Climate Development Strategy (BCDS). In its first of three phases, the BCDS has carried out an in-depth analysis of the Egyptian investment climate and has assessed the efforts made by the Egyptian government to improve its Business Climate, in accordance with the OECD's Policy Framework. The BCDS has also highlighted areas that need further development.

The speed and magnitude of reforms will help prepare for the eventual sustainable economic recovery. The path for high growth is paved by five fundamentals–openness and integration with the rest of the world; macroeconomic stability and controlled budget deficits; accumulation of savings allowing for infrastructure and human capital investments; encouraging efficient markets and regulating them effectively; and maintaining a strong state that protects citizens' rights and ensures sustainable development. However, such efforts are not going to be sufficient without global cooperation, including within trade regimes, and they could be undermined by protectionism, resistance to the freedom of investments, and the risk of a global crowding-out effect from the large budget deficits of big developed economies that will need refinancing over the next couple of years. The small open economies of North Africa and the Middle East need more than ever before a benign global environment in order for them to sustain growth and development.

I would like to take this opportunity to thank the OECD for collaborating with the Ministry of Investment, through the MENA-OECD Investment Programme, over the past few years to assess and shed light on the efforts we as the Egyptian government have exerted to improve our business climate. It is an outstanding document on both the national and international fronts.

Mahmoud Mohieldin
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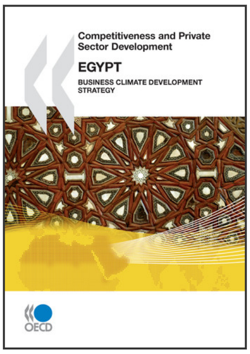

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