

Egypt and the UAE: The opportunities that lie ahead

Essam Al Tamimi - Chairman - Private Client Services / Arbitration / Litigation / Family Business
e.tamimi@tamimi.com - Dubai International Financial Centre

April 2015

In the legal arena, although Egypt was always the source of legislation in the wider Arab world, today the UAE experience has a lot to share with Egypt, particularly when it comes to timely delivery of mega projects.

The Challenges

When Al Tamimi, along with other firms in the community, was supporting the creation of the Dubai international Financial Centre (“DIFC”) initiative, no one could have imagined the rapid growth and success the DIFC would achieve in such a short time. The DIFC is one of Dubai’s key initiatives in its ambition of becoming a business hub in the Middle East. The DIFC is one example of similar initiatives that can be fostered in Egypt in line with the new capital project that has already commenced.

The challenges Egypt faces are somewhat different from the UAE. Its bureaucracy needs to be firmly restructured and all corruption rooted out. The admirable new approach adopted by the Egyptian government focuses on the rule of law and working with all stakeholders on an equal footing, and this is starting to attract investors’ appetites. In addition, the Egyptian government has taken solid steps to resolve investor disputes, and this has also been instrumental for Egypt’s attempts to regain investor confidence.

Egypt will also have to take macro social and economic reform decisions in the long run as well, such as reducing subsidies on fuel products.

Egypt is rich in manpower, talent and resources. Throughout history it has led the Middle East out of many crises. The UAE has established the model of leadership and for management of a modern state, with an excellent track record for preserving resources and attracting investment. The two countries have worked together with other friends and allies and will no doubt be an excellent recipe for progress and security for the region. However, Egypt has just come out of a revolution and needs to organise their ways and work in an unprecedented fashion. They need firm decisions and leadership, which Egypt seems to be committing to.

Key to Economic Development

What needs to be done in Egypt for economic development is no secret and has already been touched upon. Egypt needs to restore the rule of law and engage in as many mega projects as possible whilst adopting creative financing solutions. One example to highlight is the Egyptian government’s interest in reviving the dormant Public Private Partnership law and amending it to allow for more contractual flexibility with investors as a non-conventional financing mechanism.

The Sharm el-Sheikh conference has been a useful initial step to launch several projects. The most challenging aspect in this regard, however, is the bureaucracy, which the Egyptian officials acknowledge is a real problem. If the bureaucracy is not changed and government officers do not act at the same pace and with the positivity the government is fostering, this could be detrimental for the future of influx

investments into Egypt. With reforming steps on the regulatory side supported by the leadership the Egypt top officials are delivering, it is expected that bureaucracy will have to respond positively.

Regulatory wise the Egyptian government should treat investment as being in “isolation”. In other words, investment enabling laws and regulatory bodies implementing such laws must be kept in isolation from the long-standing bureaucracy using different qualified individuals who are up to the standards of investors’ expectations.

Opportunities for the UAE and the region

The Egyptian opportunities for the UAE are massive as well. UAE investors will have greater access to a huge market, with endless investment opportunities throughout Egypt. Not to mention with Egypt’s initiatives to restore relations with Africa, Egypt can also be a gateway to the rest of Africa for UAE and GCC investors. Moreover, its geographical location will revive investors not only from the GCC, but worldwide.

Having said that, we envisage many opportunities for Egypt to benefit from what the UAE has achieved as one of the leading business hubs worldwide. A few concrete examples are quality of government services; free and special economic zones; developing logistics services; and creative legal treatment permitting fresh financing options.

Al Tamimi’s Role

Al Tamimi has vast expertise in these areas and a long track record with the UAE and regional governments, developers and investors from across the globe as to how to facilitate expedited implementation of mega projects successfully. Drafting regulations, agreements and negotiating the same with all constituencies while in parallel assisting in resolving disputes involving investors is part of the experience Al Tamimi can use to support Egypt’s initiatives. Al Tamimi already has a number of leading Egyptian lawyers within the firm in various offices, all of which will no doubt contribute to the development of the new office.

Therefore I am proud to launch the operation of our new venture in Egypt with our Egyptian partners, which I believe will be an intrinsic part of Egypt’s development plans. We will put in all resources needed to share our experiences with a country that is dear to the hearts of all UAE citizens, including myself.

In closing I find no better words to confirm my belief that being part of Egypt’s future is not an option, than to quote His Highness Sheikh Mohammed Bin Rashid Al Maktoum’s words from Sharm el-Sheikh:

“What we invest in Egypt today is for the stability of the region”.