

Business delegation to Egypt explores construction sector

by May Elmahdi and Alexander Rieper

Egypt is one of the most interesting markets in the Near and Middle East. Even during the global financial crisis and its impacts on the real economy, the country witnessed growth rates of 5%. In addition, especially the construction sector is very dynamic since the demand for housing and infrastructure projects is huge. Within this setting, on behalf of the German Federal Ministry of Economics and Technology, NUMOV organized a business delegation trip to Cairo and Alexandria from 19th to 23rd June 2010. The aim was to give German small and medium sized enterprises (SME) a firsthand impression of the business opportunities in the country, by



f.l.t.r.: Said Youssef, SEHLHOFF GmbH; Werner Huck, Form & Technik GmbH and H.E. Michael Bock, German Ambassador to Egypt in the garden of the German Embassy in Cairo

meeting relevant stakeholders from government institutions and companies.

On 19th June 2010, German Ambassador to Egypt, **H.E. Michael Bock**, welcomed the delegation together with **Oliver Mombartz**, responsible for Economic Affairs. H.E. Michael Bock emphasized the strong bilateral relations between the two countries and encouraged the business representatives to search business opportunities in Egypt, since German products were highly appreciated in the country. From the German side, **Roman Steffens** from HKL Baumaschinen GmbH and Head of Delegation thanked Ambassador Bock for giving insight into Egypt.

On 20th June 2010 the delegation met with different company representatives

of the National Company for Construction and Development (NCCD) at the Egyptian Federation for



f.l.t.r.: Daniel Mertens, TRACTO TECHNIK GmbH & Co. KG; Dr. Alaa Ezz, Secretary General of the Federation of Egyptian Chambers of Commerce and Werner Huck, Form & Technik GmbH

Construction and Development.

Mohamed Youssef Hussein explained that NCCD owns 20 public companies from the construction sector. In the fiscal year 2008/2009 the company's revenues reached around EUR 1.4 bn, with a net profit of around EUR 130 mn, a growth of 30% compared to the previous year. Together with **Mostafa Nassrat Gaballah**, Chairman of Misr Concrete Development Co., **Mostafa**

Fahmy, Head of Foreign Branches Department of Nasr General Contracting Co, Eng. **Magda El Falawy**, Sectors Director at NCCD, **Fouada El Awady Fouada**, Vice Chairman of the Board at The Egyptian Contracting Co. and **Fathy Ali Esmail Elyazbi**, Member of the Board for Execution at Société Egyptian D'Entreprises, the group discussed the construction sector in Egypt and the possible need for German products.

At the fair Interbuild Egypt 2010, that took place for the 17th time, the delegation was welcomed by **Dr. Essam El-Haddad**, Chairman of the Arabian Group for Development (AGD), organiser of the Interbuild. With over 30,000 sqm and 1030 exhibitors INTER BUILD EGYPT is the largest annual construction event of the Middle East & North Africa (MENA) region. **Essam Moustafa**, International

Marketing Manager at AGD, guided the delegation around the fair. On 21st June 2010, the delegation visited the Ministry of Housing, Utilities and Urban Development. **Prof. Dr. Eng Aly Sherif Abdel Fayad**, the Minister's Senior Assistant, explained the ministry's new policy to implement more projects as public private partnerships. A first project for wastewater has just been finalized, and two

more were in the prequalification stage. Furthermore, there was a prequalification for a highway project. The meeting was also attended by **Eng. Mamdouh Raslan**, Dp. Chairman of the Holding Company for Water and Wastewater. At the Federation of Egyptian Chambers of Commerce, **Dr. Alaa Ezz**, Secretary General of the Federation, gave an insight to the overall business climate in Egypt, with a major focus on the construction sector. Following the presentation, bilateral business talks between German and Egyptian companies took place. Being one of the biggest private construction companies in the Middle East, the visit at Orascom Construction Industries (OCI) gave interesting insights into the Egyptian market dynamics. **Tamer Shafik**, Dp. Commercial Director at OCI, gave an overview of the company's activities.



Khaled Bakier, Elsewedy Cables and Markus Ehrlich, Bairo GmbH & Co. KG during the bilateral business talks

OCI is active in construction, building materials manufacturing and infrastructure development. The company is organized into three operating groups: the Construction Group, the Gas indu-

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The delegation at the premises of The Arab Contractors

tries Group, and the infrastructure/ services Group. OCI's 2009 consolidated revenue is around USD 3.8 bn. **Farag Ayoub**, Buildings Business Unit Director at OCI, pointed out that OCI was active throughout the region and constantly expanding its portfolio. **Eng. Ibrahim Mahlab**, President and CEO of Arab Contractors, welcomed the delegation on its premises and outlined the possibilities of German companies in Egypt. In the last six years, Arab Contractors was able to significantly raise its total turnover as well as to double its profit to around LE 1.5 bn (around EUR 215 mn) in 2009. The company is active in the whole construction market. One quarter of the company's activities take place in other countries. In the evening, the delegation was invited by

Eng. Ibrahim Mahlab to a business-dinner on the company owned river boat and continued the fruitful talks of the afternoon.

On Tuesday, 22nd June 2010, the delegation visited Alexandria, the second largest city in Egypt. At Intermaint, **Eng. Mohamed Darwish**, Chairman and Managing Director of the company, welcome the delegation together with his Vice Chairmen **Mahmoud Haron** and **A. Taleb**. Intermaint was founded in 2003 and is a bright example for the strengthening of the private sector in Egypt. Eng. Mohamed Darwish explained that thanks to the reformation process taking place in Egypt, it has become interesting for Egyptian to establish private companies, especially

in the construction sector. Nevertheless, competition with international competitors was high.

At the Alexandria Business Association (ABA), the delegation met with **Hayssam El Kayar**, Head of the foreign Affairs Committee at ABA, **Eng. Hesham Aboul-Ela**, Assistant Secretary General and Head of the Members Affairs Committee and further members of the ABA. Founded in 1989, the purpose of the ABA is to provide support to the private sector in Alexandria. A major project within this engagement is the project for small and micro finance to enhance private business activities with smart scale loans. In addition, ABA published a reform index to indicate the economic reform process for enterprises in Egypt. After the presentation, the company representatives sat together for bilateral business talks.

At the end of the trip, the delegation participants agreed that the construction sector in Egypt was worth coming to the country to establish new business contacts. Even within the global competition, German products are highly recommended in the country. ●