

**Dr. Mohamed Younes, the Chairman of Concord International for “Al Ektesadi”:  
**The Economy Will Not Rise By Looking Backwards****

Privatization, Stock Market, Private Sector, National Industry, The Role of Banks towards Development, The Nation’s Ability to Pump Investments to Revitalize the Market...all these terms state the true suffering and crises the national economy experiences... They were all an initiation for questions/investigation searching for the truth behind what is happening now, to find the real prescription to dismiss the pitfalls of these sectors.

- **Taking into consideration your international experiences in the field of economy, how do you see the economic situation in Egypt?**

Unfortunately, the situation is bad and there are outdated things which I find there is insistence to bring back.

- **Like what?**

We have not seen the result of the statement regarding the return of the Iron and Steel plant to life again. This plant was founded in the sixties with investments of 90 million pounds and reached 350 million. It has over 5 thousand workers. And it has never made real profit, not even once.

- **You founded the first Funds Management Company in Egypt in 1994 after the reopening of the Egyptian Stock Market, how do you see the Egyptian Stock Market now?**

-40% of the market value of the companies registered in the stock market is delisted. Which means that a number of the big companies have left the Egyptian Stock Market to other stock markets, starting with OCI. And if we have a look at the companies market’s development, we can see it has fallen back. Also in the last years, the stock market has not seen except three proposals: Juhayna, Amer Group and finally Al Arabyia for Cement on which the public offering and private placement on part of the capital was executed just a few days ago.

Unfortunately the Egyptian Stock Market has not succeeded to become, as all stock markets around the world, as the most important source for funding new projects and increasing capitals for existing projects. Since 150-200 years ago when it started, it was the place to exchange goods and services, then it evolved to what we see and know now. It’s failure in Egypt to do it’s natural known role, came due to the misunderstanding of the people who deal with the market as a place for speculation.

- **I have heard you criticize the different governments that passed through Egypt in the last 40 years, why?**

All governments have used the easy ways, throwing the burden on the common citizens. Also we have a waste in everything; water, electricity and even garbage which is considered an added value has become a problem that several governments were unable to solve. We also have a permanent complain that we have shortage in potentials and lack of resources.

Also we have failed, unfortunately, in recognizing an important difference between two main activities; the first is providing capital for new projects and establishing new extensions for existing projects, and we have not worked on facilitating the trading process so that the entrance and exit from the market would be easy and attainable without complications.

- **Do you support the voices calling for issuing taxes on profits made through trading in the Stock Exchange?**

There is no country in the world where it's citizens avoid paying taxes as with the Egyptian citizens. We have to know that the taxes paid by the citizen are recovered through services given by the government for him. There are no taxes neither on estates nor stocks. And if the citizen paid taxes, he is creative is evading the real tax value requested of him.

- **How can you request giving the full opportunity to the national and/or foreign private sector and at the same time accuse them of creatively evading paying taxes?**

There must be a full chance for the private sector and irreversibility to the totalitarian nation economy. It is not a shame for the private sector to make profit or pay his taxes. And if a bypass occurred, it should be handled by the law.

- **How do you see the possibility of solving the problems facing the national industry, beginning with the textile industry?**

This industry specially should benefit from it's comparative advantage, as we own the long staple cotton, by producing special textiles and clothing inside Egypt and exporting them to the world. This requires updating the industry. I agree with the nation's concept in using the short staple cotton imported now as this will provide lots of money, but providing that this industry operates with high efficiency.

- **We complain of lacking potentials, how do you think we can solve this dilemma?**

We have to open the field for competition between individuals, to upgrade only qualified skilled subjects and importantly develop specific criteria for choosing leaders and announcing it.

- **A lot of talk was referring to the role the banks should play to help Egypt come out of the current economic crisis. How do you see this role?**

Banks are not capable of leading projects as this is not their original job. Also the Banks do not have the expertise that can help in managing projects. Talat Harb had succeeded in choosing the leaders that managed the companies he founded through Banque Misr. Also

there is the problem represented in the 90% short term deposits in banks which make the banks lose the ability to provide funds for projects for long terms.

Also most of the problems between banks and investors are due to the inability of the investors to pay back their debts to the banks.

- **Is the Nation capable of pumping investments in new projects or existing ones that need modernization and development?**

We have reached a stage where 25% of the Nation's budget dedicated to paying debt and 30% dedicated to subsidies with its different form and types. What is left is not sufficient for anything else, above all investments.

All malpractice and abuses that had happened during the last 40 years, we pay its price as nation and as citizens. For the knowledge, we have great potentials and resources that we have failed in using. We have not used the Egyptian sea ports on both the Mediterranean Sea and the Red Sea nor the Suez Canal as should be used. We have not used the River Nile as transportation means. We have not provided a good modern road network to help facilitate the movement of citizens and products, and to minimize cost and minimize the loss of products especially the agricultural. Also we have neglected agriculture totally, although we have numerous advantages and we can compete in the agricultural products worldwide. It does not make sense that the rate of our agricultural growth is only 2%.

- **Despite all the crises we mentioned, is the Egyptian economy still coherent?**

We must praise the unofficial economy that has protected this Country for all the previous years.

I am astonished of the sever conflict in the published data for all the economic situations. Every side declares figures which I see has nothing to do with the reality and also conflicting. I excuse the Minister of Finance and pity him from the numbers that are not based of truth which are being handed to him for usage.

Here the Ex. Chairman of the Egyptian Stock Market who witnessed the El Ektesadi interview with Dr. Mohamed Younes since the beginning, Mr. Sherif Raafat, intervened saying: "Who asks the Egyptians to be loyal to their country, I would like to ask them how can I be loyal to my country when my ownership is not guaranteed, how can I be loyal to my country when the law is abused every second by hundreds of thousands of violations? Violations of constructions in cities, violations in agricultural lands, violations in occupation of streets and squares in every city in Egypt, violations in theft of electricity lines and dozens of other scenes, all against the feeling of loyalty to the country."

- **Your company was the first funds management company in Egypt. How do you see the reality of funds in Egypt now? Does the market need more Funds?**

There is a market for all kinds of investments. The funds are in charge of collecting part of the savings of the citizens and managing them through purchase and sale of stocks and bonds. These funds are managed professionally and for every category there is a suitable investment, knowing that the Egyptian citizen and especially the elders prefer guaranteed investments as bank deposits.

The Egyptian market can absorb a team of funds providing that the management is more professional and that there is an offering of shares and new securities to fund new companies and new projects or increase investments in existing projects.

- **Concord started in 1994 by managing Banque Misr funds and it was the first funds management company known to Egypt. Why did it backup?**

We have not backed up. We manage 11 funds and we come in the second place after Hermes. We have managed the most successful fund in Egypt and that is the Misr Alexandria Fund. It is the first close ended fund in Egypt and it was established several years ago and achieved an annual return on the investment rating 42% and the net asset value of the certificate became six thousand while the basic price was one thousand. We have made a request to the Financial Supervisory Authority to extend the duration of the fund another 5 years.

- **You have a successful experience in one of the business sector companies, Bisco Misr. What are the most important features of this experience which was done through the Stock Market?**

January 2005, the purchase of Bisco Misr was done through the Stock Market and we changed the management in May of the same year. It's sales were 135 million pounds and profits were 20 million pounds from which 50% were interests on deposits and dividends owed by the company. In 2013, Bisco Misr made 62 million net profit from all products and made sales for 480 million pounds. We have spent 174 million on investments in 2005 and until 2013 the company is self funded. We have sold the portfolio and used the income in developing and modernizing the machinery and we added new product lines. We also increased and updated the transportation fleet. In 2008 we raised the minimum wage salaries for workers to 500 pounds and we were the first company in Egypt to do so. We again raised the minimum wage to 700 pounds in 2011. And now the wage of the worker has exceeded a lot the minimum wage the government is trying to implement.

We have concentrated on products that achieve excellence in the market and can face competition and achieve real profit.

We have to confess that our exports have been affected by what is called the Arab Spring revolutions. Now it is only 4-5% of our total production. We have also been approved by the

USA Food and Drug Administration and that confirms that what we produce meets the international standards and that the world trust the Egyptian products.

- **I come back looking for an answer to an important and pivotal question; How can we get out of this bad economic situation? Is the Arabic support from our brothers in Saudi Arabia, Emirates and Kuwait helping in solving the Egyptian economic dilemma?**

The Arabic support has been generous and important. I believe it will last for years but not long and have helped in alleviating the economic problem. But to get out of this crisis, real solutions are needed away from imagination. We need to motivate the majority of the Egyptians to go back to hard actual work and to help enforce the law and applying it firmly and strongly.