

Egypt Korea Online Business Forum

Post-COVID19 Korea-Egypt Economic Cooperation

25 June 2020

EBA in cooperation with KCCI have held Egypt – Korea Online Business Forum chaired by Eng. Magd El Manzalawi – Board Member EBA and Mr. Woo Tae Hee – KCCI Vice Chairman (Former vice Minister of Ministry of Trade, Industry and Energy in Korea), H.E. Amb. Hong Jin Wook – Korean Ambassador to Egypt, H.E. Amb. Hazem Fahmy – Egyptian Ambassador to Korea, Mr. Joo Si-Bo – Chairman Korea – Egypt Business Council and Mr. Khaled Nosseir – Chairman Egypt – Korea Business Council . The main objective of the meeting was to highlight the major sectors of cooperation (Medical Cooperation – Transportation – Railways & Metro & Maritime transport – Energy – Waste recycling).

Mr. Woo Tae Hee KCCI Vice Chairman (Former Vice Minister of Ministry of Trade, Industry and Energy in Korea) started by mentioning that President Moon Jae-in was initially scheduled to visit Egypt in March to discuss political and economic cooperation between Korea and Egypt. Unfortunately this plan was delayed due to the COVID pandemic. At the time, the KCCI was hoping to take advantage of President Moon Jae-in's visit to dispatch an economic mission, and work with EBA to invite the two Heads of State, government officials and business leaders of both countries to discuss cooperation in such fields as health and medicine, automobiles, energy, construction. Although the presidential trip was postponed to counter risks related to the outbreak, he mentioned that he is thrilled that EBA & KCCI were able to continue their conversation through this Online Business Forum. He added that Egypt being located at a critical juncture of the East and the West, it has long been a vital foothold of trade among Asian, European, and African nations. In modern days, Egypt has become an essential part of the Maritime Silk Road, with the Suez Canal connecting the Mediterranean Sea and the Indian Ocean, allowing economic and cultural exchanges between Eastern and Western civilizations. Egypt is the second most populated nation in the African continent. It also holds a wealth of resources, with abundant reserves of crude oil and natural gas. The intensive economic restructuring started in 2016 achieved remarkable results, as testified by the growth rate of the Egyptian

economy that surpassed 5% in 2018 and made Egypt the fastest-growing country in the MENA region. The AfcFTA that took effect last July is the largest FTA in the world, thanks to the participation of 54 African nations. The AfcFTA will provide the Egyptian economy with further momentum for growth. The advantages of Egypt's geographic position and its robust manufacturing base make up an ideal environment for businesses who want to enter the African market. This includes Samsung Electronics, who chose Egypt as the basis for its expansion to the Middle East and Africa, announcing a 5-year investment plan worth USD 84 million. in June 9. The Egyptian government is pursuing the Sustainable Development Strategy (SDS) 2030, in view of becoming the world's 30th economy based on institutional and infrastructure development. Egypt's SDS will provide directions for Egypt and Korea's future economic cooperation. The Egyptian government is aspiring to create an attractive environment for foreign investors through systemic changes such as tax law revisions and investment incentives. To achieve such goals, it has selected 10 areas of cooperation including urban development, health, environment, and energy. Egypt's infrastructure is also undergoing major transformations through large-scale national projects such as the construction of a new administrative capital and the Cairo metro project. The Egyptian government is joined in these efforts by Korean companies such as Hyundai Rotem, GS E&C, Doosan Heavy Industries & Construction. *scale of Egyptian projects (2018) : USD 598 bn./ worth of contracts obtained by Korean companies (2018) :USD 135 million. Egypt's waste management and recycling industry was deemed to have a growth potential of 20% per year by the World Bank. The Korean prevention system against the coronavirus was hailed as highly successful by the international community. These two fields can be a potential area of focus in the bilateral cooperation agenda. The Korea-Egypt Online Business Forum's importance lies in the fact that this is the first event taking place since the Korea-Egypt Business Council was established last October. But it is also significant in the sense that the Forum provides a platform for our two countries to continue advancing our economic cooperation agendas. He added that based on today's Online Business Forum, the governments and business communities of Korea and Egypt will be able to expand their discussions to government cooperation, such as the Korea-Egypt FTA. It is his sincere wish that Korea and Egypt will join hands and march together to overcome the COVID outbreak and advance each other's economies.

Eng. Magd El Manzalawi – Board Member EBA stated that it is a great honor and pleasure for him to address this distinguished gathering on behalf of the Egyptian business community at large and the Egyptian businessmen's Association in specific. He started by giving an introduction about the long lasting relations between EBA and Korea since the foundation of the joint business council in 2001, which has played a key role in expanding economic relations and deepening partnership between Korea and Egypt. From that time, EBA has held more than 40 events throughout the past years, EBA had the honor to host Korea's Head of State in 2006 in Egypt, as well as, organizing the business conference that was held in Korea in the presence of H.E. Mr. Abdel Fattah El Sisi the President of Egypt in 2016, through such fruitful events with many business organizations in Korea such as KITA, KEDA, KOIMA, FKI, some potential sectors of cooperation has been raised , chief among which are the sectors on this conference agenda namely : Medical sector , Energy and Transportation , in addition to other fields like smart cities and AI, etc... that might be discussed in separate sectoral meetings to be conducted in cooperation with our great counterpart KCCI. No doubt that trade and investment are complementing each other, therefore boosting the bilateral trade will lead to the increase in the investment figures and joint investments in third countries, especially with the African countries using the African Continental Free Trade Agreement which is the largest free trade area in the world since the creation of the World Trade Organization in 1995, and will cover more than 1.2 billion people and over \$3 trillion in GDP. He added that this online conference is to confirm the solidity of the historical ties between Egypt and South Korea, and to build a new bridge to consolidate friendship and cooperation between both countries, through the establishment of mega projects of commercial, economic and social importance, hoping that this will contribute to strengthening cooperation and partnership between the Korean and Egyptian sides on the basis of mutual respect and common interests.

Mr. Joo Si-Bo Chairman Korea – Egypt Business Council stressed on the importance of the council playing a vital role in pushing the trade and investment movement between the two countries and maintaining the flow of supply chains in light of the current challenges due to the spread of the Corona virus. He also focused that the council should work to ease trade restrictions and encourage joint

investments, especially in the electronics and agricultural sectors, and in food and medical products.

Mr. Khaled Nosseir Chairman Egypt – Korea Business Council said that it is with great pleasure to welcome all attendees to Korea-Egypt Business Conference. He added that the Business Council aim is to work diligently with both governments & businesses to facilitate trade & investment between the two great nations, to bring our two nations even closer together. There are plenty of opportunities on both sides for greater win-win, even more so during the current changing international landscape. All businesses are reviewing their business models, their supply chains & their business practices. As a result of the bold reforms & the huge infrastructure investments done in Egypt over the last 4 years, Egypt today offers many win-win opportunities to Korean businesses which want to expand in this region, to those who need to relocate their manufacturing bases, & to those who need to partner with low cost based partners to jointly tackle other markets specially with Egypt's extensive set of FTAs with so many nations. Various Korean Firms already invested in Egypt and are reaping the benefits of their decision, paving the way for others to follow. Meanwhile Egyptian exports to Korea are increasing, still with room to grow, & exports of Korean products out of Egypt are benefitting both sides. The prospects of a free-Trade-Agreement and an investment plan into Egypt makes the opportunities even more attractive & a good base for further economic cooperation.

H.E. Amb. Hong Jin Wook – the new Korean Ambassador to Egypt said that Egypt is one of the countries that witness a positive move on the economic level besides the distinguished political relations that spanned 25 years, pointing out the importance of the economic relations moving to new levels to boost trade and investment numbers. The Korean Ambassador affirmed the serious desire of the Korean government and the private sector to increase investments and expand the scope of partnership, praising the measures taken by the Egyptian government to solve any obstacles facing Korean companies investing in Egypt. He added, that he is waiting for the start of a new phase of negotiations to establish the Korean Free agreement in Egypt and for the joint business council to continue to see its vital role in advancing the level of economic relations during the next stage.

H.E. Amb. Hazem Fahmy – Egyptian Ambassador to Korea said that medical cooperation is one of the most important areas of cooperation between the two

countries under the Corona virus, noting that Korea's experience in facing the pandemic is a role model in the health field and crisis management, as it witnessed a remarkable decrease in the number of infections and control of Medical condition. He affirmed that Korea is one of the developed countries in the medical sector, which represents an important cooperation for Egypt to benefit from the experiences in this important and vital field, as well as what Egypt is witnessing in investments in technological infrastructure, in implementation of Vision 2030, which aims to expand the projects of digital transformation and artificial intelligence, this represents a promising opportunity for cooperation between the two countries. He pointed out that Egypt is a gateway for Korean products to enter the African markets, stressing the importance of exploiting the strong presidential relations in promoting trade and joint investment, and taking advantage of the upcoming visit of the Korean President to Egypt, which was scheduled for the beginning of this year and was postponed due to the consequences of the Corona virus.

Medical Cooperation

Mr. Kim Joon Hyoung – VP – LG International talked about the different production sectors of the company in the fields of electronics and petrochemical industries besides information technology, indicating that the company has manufactured devices to detect corona by blood testing alongside PCR manufacturing, besides the possibility of manufacturing and supplying mobile laboratories, health care carts, medicines and medical supplies for patients with coronavirus.

Dr. Sherif Ezzat – Head of the Medical Supplies Industry Division – Federation of Egyptian Industries said that there is a strong desire for the Egyptian private sector to jointly invest with Korea in the field of manufacturing medical supplies, especially for export. He pointed out that the number of Egyptian companies in the field of supplies and medical devices is about 350 manufacturer, besides that Egypt is covering 95% of the of the pharmaceuticals and imports as well, we are more than 100 million inhabitants in Egypt, we have a very good potential for a lot of international and African nations with zero tariff custom.

Dr. Ezzat gave an overview on the new and upcoming laws for instance the health insurance law that was implemented last year for all Egyptians for 10 years, a new regulation for the law for medical device and pharmaceutical authority, he mentioned that by the end of the year Egypt will have its own regulations for the medical devices, he also added that we have in Egypt a global purchase authority that is responsible by law for all purchases for the governmental hospitals and the

private sector can make use of it as well, He added that they have finalized a strategic vision for the sector in the coming 10 years based on the following pillars:

- Crisis management industries
- Infection control industries
- Tele medicine and Information systems
- Elderly care and geriatrics

Dr. Ezzat added that there is room for cooperation in monitors and medical TVs. as we need the components for manufacturing the medical devices in Egypt.

Dr. Ahmed Kelani – Chairman & Managing Director – EIPICO said that the company signed a cooperation protocol with a Korean company (SK) to establish a new facility to produce blood plasma in Egypt to cover the domestic market and also to export to the MENA region. The project consists of 3 phases:

1st phase will be commercialization of plasma starting manufacturing from the Korean side after establishing a new company between the Korean side and ACDIMA and some other partners,

2nd phase will be transferring technology from the Korean side to the joint stock company that will be established between the three parties, the Korean side which is SK Company, ACDIMA and other investors, and the Korean side will be responsible for training the Egyptian technicians in Korea for fractionation

3rd phase is to establish a fractionation facility to manufacture the plasma in Egypt and SK Company will be managing the established facility through technical assistance and transfer of know-how from SK Company to the joint stock co.

The project will take from 3 to 4 years and he added that they have started working on it a couple of month ago and will start phase one after the collection by the support and help of Ministry of Health, we have already now 11 center for collection of plasma and ongoing are other 10 centers.

Transportation – Railways & Metro & Maritime transport

Mr. Kim Jeong Hoon – VP – Hyundai Rotem declared that there is joint cooperation with the Egyptian government in the project of the second subway line with the National Authority for Tunnels, adding that despite the consequences of the Corona crisis, the company committed to implement all stages of the contract. He pointed out that during the month of June, 30 train cars have been supplied, and it is expected to update 32 additional trains next to the work on the Alexandria - Abu Qir Line project.

Mr. Adel El Lamei, Chairman of Transport Committee at EBA gave an overview on the sector in Egypt as follows:

1- Total vessels calls on Egyptian seaports

- 2018: 13,949 vessel
- 2019: 14,027 vessel

2- Total Container Handling in the Egyptian Seaports

- 2018: 6,701,763 container
- 2019: 7,245,547 container

3- Egyptian Maritime Transport in Numbers

- Total number of Egyptian seaports: 48 ports: 15 commercial, 33 specialized.
- Total lengths of the Egyptian coast: about 3000 km (Mediterranean Sea 1000 km, Red Sea 2000 km).

SC-Zone achievements:

- 1- The New Suez Canal
- 2- 4 new tunnels under the Canal (Ismailia 2 tunnels, Port Said 2 tunnel, 1 Ahmed Hamdy Tunnel).
- 3- 5 km length Quays

First : Ports overview:

1- East Port Said

- a. Port Area 20 Km²- 5 km new Quays
- b. Logistic Area 24 Km² - 5 Km² new Log. Center
- c. Industrial Area 40 Km²

2- Sokhna Port

- Multi-Purpose Terminal
(2000 ML - 700000 M2)

3-Adabya Port

- Proposed Liquid Bulk Terminal
(600 ML - 120.000 M2)
- Proposed Dry Bulk Terminal 2
(800 ML - 250.000 M2)

4-Alexandria Port

- The multi-purpose terminal, which costs 6 billion pounds, will be ready to receive large-sized vessels in the first quarter of 2022

5-Damietta Port

- Deepening the container berths to a depth of 17m
- Developing and operating RORO Terminal
- Constructing the second container terminal

6-Safaga Port

- Establishing a new multipurpose quay 4

Second : Railways

- 1- A full-service transportation complex will be implemented in an area of 15 acres which link Cairo International Airport by BRT bus line with a length of 3 km with a total cost of \$ 280 million
- 2- A plan to invest 55 billion pounds for implementing new projects. For improving railway services
- 3- Accomplishment of 642 gliding units
- 4- Projects for developing 705 stations in the railway.
- 5- Arrival of the first new subway train to manufacture and supply 32 new air-conditioned trains imported from Hyundai Korean Rotem company with a total cost of 6361 million pounds
- 6- New investments at the railway sector around the period 2020 – 2022, also manufacturing & importing new wagons.
- 7- A new highway road 7000 km has been implemented within the period of 2014-2020 with total cost 13 billion \$.

Third River Transportation

- 1- The development of the waterway Cairo / Alexandria, development of the waterway Cairo / Damietta, development of the waterway Cairo / Aswan
- 2- Manufacturing and supplying / 500 buoy in Aswan navigation line / Cairo, developing the information environment project for the Nile River RIS

- 3- Project for establishing river ports and container port
- 4- Construction of the infrastructure for the new river ports and Nile Taxi Anchors

Gen. Dr. Eng. Essam Wally – Chairman of the National Authority for Tunnels (NAT) – Ministry of Transport spoke about the Egyptian-Korean joint projects and cooperation in the Egyptian transport sector, indicating that there is a cooperation in the manufacture and supply of 20 train cars in the first line of the metro with a value of 338 million pounds, with the provision of spare parts and maintenance for 8 years , Besides 11 trains, including 9 trains, were manufactured within the Arab Organization for Industrialization in order to deepen the local industry and benefit from the Korean experience. He added that there is also a contract to supply 32 trains for the third line of the subway, at a value of 640 million pounds, including 10 trains that were manufactured within the Arab Organization for Industrialization. ([Presentation attached](#))

Energy – Waste recycling

Mr. Joo Ian Hyun – CMO – JST said that there are many chances and challenges in Egypt to cooperate in waste treatment, and added that the company pays attention to expanding its investments in Egypt in the field of industrial waste recycling and medical waste incinerators, noting that the company has signed a contract with military production in the field of industrial waste recycling, treatment and return manufactured, and manufacturing is scheduled to start soon.

In addition, there are 50 waste treatment branches in 27 governorates in Egypt.

He added that the company is working in the field of recycling and burning medical waste and treating industrial waste and converting it into energy besides developing incinerators, pointing out that the company got projects in recycling and burning waste in Mahalla, Gharbia, Sohag and Minya.

Dr. Tarek Elaraby – E-waste Management Project Manager – Ministry of Environment said that cooperation in the field of medical waste recycling is a "necessity" at the current stage in light of the spread of the Corona virus, pointing out that there are about 300 tons per day of medical waste, which requires disposal in a safe way without any environmental damage. He added that the Ministry is

ready to cooperate with the Korean side in the establishment of crematoriums and projects to treat and recycle medical waste and waste, pointing out that the ministry is working in coordination with the Ministry of Health and Population to develop special incentives for investors in this field.

Eng. Ossama Guenedy – Chairman of the Energy Committee at EBA mentioned that Egypt's economy is currently one of the most stable in the region, thanks to the reform policies undertaken by the government over the past few years. One of the major outcomes of this reform is the expansion in mega infrastructure projects, offering investment opportunities in a multitude of industries, with one of the main sectors being the energy sector. One of the key strategic investments was the expansion of the country's power generation capacity, as the Egyptian government heavily invested in the country's generation capacity over the past 5 years, which now stands at 55.2GW. In parallel, the government initiated a plan to expand and upgrade the out-aged power grid to a smart grid, in order to absorb and fully utilize the incremental capacities. This is opening up opportunities to private investors to participate in the energy transmission & distribution works. As part of the government's relentless efforts exerted over the past 5 years to liberalize the energy sector, which included the passing of the Unified Electricity Law No. 87 in 2015, paving the way for the market liberalization of the power generation and distribution services. Moving to another very promising opportunity, which is sustainable renewable and clean energy. Egypt is now aiming to go green, one of the key milestones in the development of Egypt's renewable energy network, was the Benban solar park. Benban is a power complex of 41 solar power plants developed in Benban, in Aswan governorate. It has a capacity of 1.8GW. When operating at its full capacity it produces 4TWh of power, and prevents 2 million tons of carbon dioxide emissions a year. The implementation of this strategy is also reflected in the intention of the government to replace the traditional commercial transportation vehicles with electric ones, a project towards which the government has taken serious steps. Moreover, the government is also seeking cost-efficient energy solutions such as waste to energy projects, whether via incineration or landfill. As per the prime minister Decree, #41 – 2019 stating the rate for purchasing the Government of Egypt the electrical energy generated through the thermal treatment of the municipal solid waste (MSW), the biogas of the sanitary landfilling, and the

sludge of the waste water treatment plants. Having said this, I see this as an excellent opportunity for investors to enter the Egyptian market; and given the technological advancement that South Korea has in the energy industry; I would like to encourage South Korean companies/investors to capitalize on this opportunity.