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The Honorable Ambassador David Welch

Assistant Secretary of State for Near Eastern Affairs

Congratulations to Mr. Omar Mohanna on your election to AmCham's presidency. I'm a big supporter of AmCham. Many of my friends from AmCham are here, both those associated with the chamber itself and also some who are members. Mr. Minister, it's very nice to see you here. I won't say it's my second favorite city as you've said Washington DC is for you; my second favorite city is Sharm Al Sheikh.

I'd like to say a few things about Egypt. First, I think it's important to credit the reform team that has such a prominent role in the current government of Egypt. When I arrived in Cairo in 2001, this team was there. I knew of them and that they had some very serious ideas, some big ambitions, and an awful lot of energy.

Today, I see their position in government enhanced and their results on the ground measurable. The rate of economic reform is impressive, ladies and gentlemen. Tariff cuts, exchange rate changes, simplified customs, reduced taxes and major financial sector reforms. I know that in any country these are not easy issues to decide. All public policy choices involve a cost, but also a benefit, and I appreciate the political leadership of Egypt for undertaking these. I think it's had a major impact not only in the country itself, but also outside it.

The strength of the economy is impressive. I visit Cairo quite regularly and I can see the changes. The numbers Mr. Mohanna referred to are real. Growth rates are impressive and in an economic sense are important because they're well above the population growth rate. There's growth in the natural gas sector, construction, IT of course, and tourism. Despite disturbances in the area, happily, growth in Egypt in that sector has been strong. Exports and imports are doing well, the current account is impressive, US-Egyptian trade is growing and the QIZs we established a number of years ago are functioning well.

The one sector the US government was not all that deeply involved with was the IT sector and there's a reason for that because I think it's one of the flagship parts of the Egyptian economy. We tended to add our emphasis and our assistance where we thought it might have the greatest value added and that was in recognition of your success Mr. Minister not of our lack of attention. I first met Mr. Tarek Kamel when he was working with the former minister [of communications and information technology] Prime Minister Mr. Ahmed Nazif. I have to say that this outfit was small and capable, and always impressed me as having a real visionary belief in the potential of Egypt in this area. I was talking to one of the members of the audience earlier about how advances in this field are so important to advances that might occur in other fields. Obviously there's a connection to economic growth, as well as social change and even to political participation. A more open and wired society has benefits for every one – communication helps.

When I got to Egypt in the year 2002 everyone was reading the Arab Development Report about how Arab societies are not wired. It's hard to say that Egyptian society is not wired. Internet and computer usage are way up. When I left Cairo, I had broadband access I didn't have to pay a heck of a lot for. I won't criticize my current provider; that wouldn't be fair. It took me, however, three months to get a high-speed Internet connection to my home in McLean, Virginia, which is about two months and 27 days longer than it took me in Cairo, Egypt. Internet usage in Egypt is huge. My numbers say 7 million; Mr. Kamel was saying at lunch that he calculates about 8 million. The growth is impressive – this is the key.

In telecoms there's enormous new investment. I think it's tremendously exciting that there's now a third mobile provider. What is really interesting to me is the creative use of new



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technologies in the field of streaming video to cell phones. I've always thought that to criticize the Arab world, particularly Egypt, as not being wired was particularly odd because it's one of the most social societies that I've ever lived in and the use of wireless is hugely important to everybody. I could only guess how many mobile phone users there are in Egypt today and I can only imagine that that number will grow by leaps and bounds.

There are challenges to growth and I commend AmCham for, again I hope, leading the way and addressing the public policy issues in the economic and business area. There are some important ones still in front of us. Liberalizing the economy is a challenge that continues, removing protection barriers and addressing intellectual property remain issues, and I hope our colleagues in the Egyptian government will continue to press the case for change in these areas. I think the more openness there is, the more attraction there will be to foreign investors and businesses and this is a benefit to everybody.

We, the United States, remain a strong and proud supporter of growth in Egypt. The significant US assistance program of course has changed character over the 27 or so years since its establishment, but the commitment to bettering the lives of the Egyptian people in the interest of the United States remains very, very strong with excellent congressional support I have to say.

We're trying to highlight job creation, infrastructure growth, education, democracy in governance, and health. These are all critical issues for a country whose population still remains economically challenged, where there are important education needs and where, as I said, the trend to openness is present but can still be developed further. Our ambition of course with Egypt, which I think is being realized, is to transform what is traditionally been viewed as a normal assistance relationship to a more trade-based relationship. My experiences in Cairo have taught me that we have no greater supporters of that than the American and Egyptian business communities, who have benefited from the interaction in fora such as this. We'll continue these areas of emphasis. I can only imagine that our relationship will get warmer in the years to come. I thank you for having this gathering and my congratulations to you Mr. Minister and welcome to your second favorite city. I hope you invite me to mine. Thank you all very much.

HE Dr. Tarek Kamel

Egyptian Minister of Communications & Information Technology

Thank you all very much for coming to this wonderful gathering, which has really become an annual event. I would like to start by thanking our sponsors and special thanks is due to AmCham, whether in Washington or in Egypt. Congratulations Omar for winning the election as the president of AmCham Egypt. I would like to thank you and your staff specifically for the organization of this special event. Indeed I love to come to the US in June; we have long days and we can enjoy the mix between work and fun.

Indeed we come every year to see our friends in the federal government as well as in Congress and to share with you our outlook for the overall reform process in Egypt whether politically, economically or in the ICT sector. This is exactly why I'm here today. So I'll be giving an overview of Egypt's political and economic reform process, the ICT strategy through 2010, and tackle a number of partnership agreement opportunities between the US and Egypt, specifically in infrastructure development and deployment in innovation and human resource development programs as well as in export opportunities.

Egypt, as we definitely all know, is the hub linking the Mediterranean, Europe, Africa, Asia and the Arab world. This unique geographical location has allowed Egypt to play an excellent role over the last 20 years as the voice of moderation politically in the Middle East. It has played this role successfully under the leadership of President Hosni Mubarak and will continue to play



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this role of moderation in the very turbulent region.

We have 76 million inhabitants; 72 million are living within Egyptian borders and 4 million are living outside Egypt. I know from Ambassador Fahmy and from others that you have a good Egyptian American expat community here in the US and we believe that the 4 million Egyptians that live abroad really bring value back to their country in one way or another by transferring technology or by building ventures with Egyptian players. [Further] good news [came in the form of] statistics released a couple of months ago that show that 60 percent of the Egyptian population is under the age of 30. This means that we're a young population. In workforce, it puts the pressure on us, for the government to find jobs for all of these people, but at another point it's an asset that we're building on while we're putting in place our overall social economic development strategy.

We have strong and balanced diplomatic relations with all our neighboring countries – again this enables us to play a balanced role in the Middle East as the voice of moderation. The support that we've received from our American friends over the last 25 years is definitely one of the cornerstones that has helped us to move forward with this balanced approach.

Our political reform process started many years ago and we're still moving forward. We had the first multi-candidate presidential election in September 2005 and the most competitive parliamentary election also in 2005. The new cabinet under the leadership of Dr. Nazif has a lot of reformers and came into power in January 2006 and got its mandate by President Mubarak. For the first time it included a number of young talents to provide a mixture of expertise, [including] reformers. Our most comprehensive constitutional amendment happened last March – amending 32 articles of our constitution. It was the first since the early 1980s, [strengthening] female participation in the political process, in the Shura Council as well as in parliament. It also gave parliament, for the first time, oversight into the work of government, specifically in budget amendment as well as casting a vote of no confidence in government. There were many other amendments as well, including a new anti-terror law in order to ensure Egypt will continue to be safe and stable – as I have mentioned we are a cornerstone for stability in the Middle East. We are trying as well to empower the decentralization process in the country and to provide the municipalities more oversight, specifically in some of the utility sectors in Egypt. Our economic reform process has been quite successful. We're fully convinced that the economic reform process is a catalyst for the political process and for political stability.

In Egypt and in the region we have now more or less a functioning free market economy and we're building the various institutions and regulatory frameworks to make this free economy really work. For the first time we have a Competition Commission Agency and a Consumer Protection Agency. We are empowering both in order to have an oversight of the various multidisciplinary sectors of the economy in Egypt. We have continuous improvement in the investment climate, and the success of customs reform that took place in September 2004 and tax reform in June 2005 has really been contributing positively to overall economic growth. The investment law was amended again last May and all these reforms are really playing a positive role in attracting foreign direct investments and in bringing new, innovative ideas to Egypt.

Tax reform has cut corporate tax from 42 percent to 20 percent – one of the lowest tax rates in the region – and we are now sure that the economic reform process is paying off. Our GDP growth for the third quarter of 2006-07 exceeded 7.4 percent and we're hoping to target 9-10 percent growth in 2009-10. As David has rightly indicated, double-digit growth is witnessed in ICT, tourism and housing in addition to the classical growth in the oil sector. So we see that the economy is becoming diversified and there are other sectors that are leading in addition to the oil sector.



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Reduction of the inflation rate is one of our problems at the same time. With GDP growth it happens very often that we get higher inflation and unfortunately it exceeded 12 percent in fiscal year 2006-07. We've managed now to get it close to 10 percent and the target is that by the end of 2007-early 2008 we will be in the neighborhood of 7-8 percent.

Our tax reform has built a real trust between the government and the taxpayers. With the reduction that happened in taxes, specifically corporate taxes, we've seen that revenues have increased by approximately 60 percent and the number of taxpayers has also increased by 40 percent – another token of appreciation from the community that reflects that whenever trust is built it provides positive results for the government as well as individuals and corporations. Our FDI has doubled within the last two years, exceeding \$10 billion, and again most of this is from non-oil investments, which really shows the diversification of the economy.

Unemployment is still a challenge in the neighborhood of 10 percent. We're working on getting below 10 percent, hopefully by the end of the year, and we saw our exports growing by a factor of 40 percent. But we still have challenges that we need to face. We need to make sure that the economy continues to grow. In order to do that, we need to work on the competitiveness of our young talent. We have 250,000 graduates from universities each year and they need to get the right skills in order to be able to compete in a global economy. Egypt is being integrated into the global economy and in the global knowledge society but in order to make sure that this happens successfully and that we really get our share of the growth in the region, we need to make sure that we improve the competitiveness of our young graduates so that they have the right skills – the right entrepreneurship skills and the right skills in languages and ICT.

We need to improve and expand the social services offered to citizens. Special focus is being placed on education, transport, health and housing. These are the areas where the government is investing a lot and making sure that it improves the basic infrastructure in the various governorates. In order to meet those challenges we need to work further not only on political and economic reform but on a social reform process as well that provides new mechanisms for optimizing the use of government subsidies in housing, transport, education and health, in addition to the [traditional] food subsidies. A special ministry has been created for this portfolio of social solidarity headed by Dr. Aly Al-Moselhi, one of our IT colleagues as well.

The reform process in the healthcare system is another area information technology can play an excellent role. Education is one of our priorities and again the ICT sector is playing a crucial role. In addition to that we are confirming that public-private partnership mechanisms are really the platform for change and the platform for social reform in the country. Because the government alone cannot complete the reform, we need the support and partnership of the community and society.

The reform process includes technology as well. At the last cabinet meeting we approved, for the first time, a Higher Council of Science and Technology in Egypt, headed by the prime minister. This is another political commitment that the government is giving for science and technology, and specifically for innovation as a platform for socioeconomic development not only in the ICT sector but also in the multidisciplinary sectors of agriculture and industry as well as in the area of mining.

We need a new framework for audiovisual regulations to enable converged services. Today in the morning, we had some very interesting discussions with Ambassador Gross at the State Department. We were talking about the overall deregulation that takes place in Egypt and the region. We need to complement that with further activities, specifically related frameworks for audiovisual and conversion services in Egypt.

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Our ICT sector has been considered a role model for reform specifically because we've worked in a multi-stakeholder format to [make] Egypt a part of the overall global knowledge society. We've worked very strongly with the private sector, the Egyptian private sector as well as multinationals and we worked as well with the business associations and the civil society representatives in Egypt. All the consecutive plans starting in the year 2000 when Dr. Ahmed Nazif started as the first minister of ICT in Egypt have really been built over the years with strong contributions from the various stakeholders including the private sector and the various players, many of them sitting in the room today. We really have to express our appreciation for all they have done with us to prepare all these plans and to implement this plan successfully: the ICT national plan in the year 2000, Egypt's information study initiative in late 2003, and our newest ICT strategy plan covering until 2010. As I said, they have all been implemented in a strong public-private partnership format.

I'd like to give you a couple of indicators of what's going on in Egypt. David mentioned mobile penetration in Egypt. When you left Egypt, we [had] about 8 million or 9 million mobile subscribers. In July 2004, we were 6 million subscribers, today we're talking about 22-23 million subscribers. When we get the reports from the various operators each month sometimes I don't believe the numbers; we're adding 1 million users a month. I learned today from [head of the National Telecommunication Regulatory Authority] Dr. Amr Bedawi that after the third mobile company entered the market the numbers for May exceeded even 1 million for the three mobile operators. This is definitely immense growth. We're talking about growth of more than 50 percent annually. This is one of the highest growth rates in the world and definitely reflects the purchasing power in the community and reflects some signals of economic growth and that mobile penetration is really increasing. It really reflects that when Egyptian companies partner with multinational companies – Vodafone, Orange, France Telecom and so on – it brings growth to everybody.

Our Internet users are growing – approaching 8 million subscribers to broadband as well as narrowband. We started with our Free Internet initiative a couple of years ago and today we're talking about immense growth in broadband and DSL connectivity in the country. We're fully convinced that this is the platform for the socioeconomic development of Egypt; the platform for innovation and education, for better health services, for government services, and we really are fully empowering the private sector to invest in broadband and wireless.

Again, talking about the growth in the telecom sector we see investments growing by various countries. In the beginning it was Telecom Egypt, our incumbent operator alone that was investing, but now we see other players coming – Vodafone, Etisalat, Mobinil and Orascom with France Telecom. The private sector is carrying now, in addition to Telecom Egypt, the burden of the investment and you see an annual investment of over \$1 billion in infrastructure deployment in mobile and in broadband. Companies are investing because revenues are growing within the overall deregulation and reform process. The revenues are growing by about 30 percent on average between fixed and mobile.

Again, we see that the revenue growth is for Telecom Egypt as well as other players. The good news about the whole thing is that deregulation and privatization brought growth to all players but also reflected positively on the government. The government and the public treasury cashed in LE 25 billion, approximately \$4 billion just in the last 18 months out of this reform process by floating 20 percent in an IPO of Telecom Egypt, by the third mobile phone license, and by upgrading the license of Vodafone to a 3G-based license. Definitely this is the result of the work within the last five or six years. I'm not saying that we will continue with this input and contribution to the public proceeds but the message is that when reform is being done and managed in a transparent and balanced way, FDI is attracted, synergies and partnerships are built, and everybody is making use of that, even the public treasury.

Our ICT strategy until 2010 includes further reforms in the sector. There are investment



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opportunities in the sector. New licenses are being awarded for international submarine cables to consortiums of national and international players and we're inviting our American partners to contribute to that. Licenses for new international voice gateways will be awarded to mobile providers very soon, in a couple of weeks, and a new licensing framework for a second fixed operator, probably with converged services, will be available within a year and will be online in the year 2009. Broadband and converged services are [appearing] throughout the country. We are in strong consultation with our American friends to license the WiMax spectrum, another opportunity for investment in Egypt. Today, we will witness a couple of MoUs that will be signed between Egyptian ventures and American ventures for piloting WiMax operation in Egypt. With the support of USAID there are two pilots running at the time with two Egyptian Internet service providers in Luxor and Sharm Al Sheikh. So soon when you visit Sharm Al Sheikh you'll see everywhere the slogan "While in Egypt stay connected"; this is because of WiMax and WiFi.

We are developing as well a new framework for licensing for our new triple play services for voice data and video in a converged format. ICT sector reform also includes reform of the postal sector. We are modernizing Egypt's post making sure that we provide connectivity for the 3,500 postal outlets all over the country. This is again a big investment opportunity, an opportunity for partnership for ventures from Egypt and outside Egypt. The Egyptian postal authority enjoys the trust of Egyptian citizens all over the country. We need to build on that and make out of that an institution that is providing societal services, e-government services as well as financial services. And again the Egyptian postal authority is contributing with the third mobile entrant.

The second part of our strategy is using ICT for development. It has been clearly recognized that ICT is a catalyst for health services, for government services, for education services, and not to forget, content services. All of these are happening in the [form of] public-private partnership. Egypt is rich in content and has played historically an excellent role in shaping the cultural balance of the whole Middle East through entertainment, culture, books and scientific content. Now, together with all of our friends we have a challenge to put it online in digital format with the right mechanisms, at affordable prices, and the right quality of services in order to make sure that we will continue to shape the cultural values of our neighboring countries in the Middle East. If I may add, we're doing so in multilingual formats and in Arabic. Again, in another partnership and investment opportunity we are looking for innovative ideas such as revenue-sharing models between telecom operators and content providers. We've started as a government a number of initiatives in this direction. The future and the growth of the ICT sector is in content delivery. One day, we will reach saturation in infrastructure as has happened in other countries, but the content business is still an opportunity for growth and for investment. So I urge those companies that really have experiences in content online in the US to come and invest in Egypt and partner with Egyptian companies to serve the 300 million Arab-speaking population worldwide in our neighboring countries and also North America and elsewhere. We will be really supportive.

The Egyptian Education Initiative is a model of public-private partnership that started in May 2006 under the auspices of Mrs. Suzanne Mubarak. For the first time, in partnership with Intel, Microsoft, Lucent, Oracle, Cisco and others, we were able to prepare these initiatives and to work in pre-university education as well as on university level education. We have wired 2,000 schools in the preparatory phase, in age bracket 12-15, but we still have another 6,000 in the same preparatory phase to wire. We're working specifically with Intel and Microsoft to train teachers. Last year, 80,000 teachers were trained in the Ministry of Education and we need to continue on with the same endeavor. Again, I have to mention and express our appreciation for what Intel and Microsoft have been doing specifically in this initiative.

ICT for health is another area where we are investing – to modernize our infrastructure and to make 400 primary healthcare unions all over the country. We're working on the modernization



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of our emergency system and I think that everyone knows that it needs a lot of investment in Egypt. Again, this is another partnership and investment opportunity. We need know-how in the call center business for the emergency services as well as in wireless services. Tele-health and telemedicine are also among our priorities.

The last component of our development strategy, ICT development strategy, focuses on the development of export-oriented IT-enabled services. We've realized that the world is changing, specifically in delivering services worldwide. There are big numbers, billions of dollars of growth each year in the services industry in the US every year, and we think that Egypt really ought to get its share.

In order to keep the pace of growth close to 20 percent in the ICT sector as one of the areas leading the economy in Egypt, we need to foster the export services out of Egypt. We need to use ICT as a platform for exporting services not for the ICT specialists alone but for medical services, financial services, and other types of services as well. We have a strategy that we've built together with the community to increase the exports out of Egypt to \$1.1 billion and we think that Egypt, in addition to India and other locations, ought to be the offshore destination in the Middle East. We need to add another 20,000 jobs at least within the next couple of years in ICT-enabled export services. There are many friends in this room helping us and again I'm hoping that our American partners and friends continue to give us access to markets and help us in our endeavors in a win-win relationship. This has already started with the multinationals but we need to do more.

IBM has a software development center with 400 plus engineers in Arabization in Egypt. Intel has its Regional Platform Definitions Center. Last week, Mr. Otellini, the CEO of Intel, visited us in Egypt to express his support for our endeavor in this direction. Microsoft has, together with one of our call centers – Xceed – a nine-language support center for their global products. Cisco have their E-Learning Competency Center, Oracle has 600 plus engineers providing support all over the region outside Egypt. Orange and France Telecom have 1,200 engineers managing their networks nationwide 24/7 and they're increasing to 1,500 now. Alcatel Lucent have headquarters at the Smart Village and they're providing GSM and wireless support services out of Egypt. Even Indian companies are starting, after our last visit to them in November, to invest in Egypt because they themselves are looking for diversification and are realizing that Egypt could be for them an alternative destination in their business. So again we think that we have a story to tell.

Just a couple of examples of companies that are investing in Egypt in offshore service are content centers Raya, C3 and Xceed. Vodafone have a center of excellence in Egypt supporting Australia. They have 200 specialists providing service to Australia in their time zone, speaking their dialect and sitting as if you're really in Australia. IT products and Arabic content are also priority areas that we're providing services to.

Companies are coming and investing in Egypt but Egyptian companies are also investing abroad. This shows that the industry is being empowered and is starting to have regional access. The story of Orascom is definitely a success – all over the region and in southern Europe as well in mobile services and broadband services.

Telecom Egypt is also extending its investment outside the country. Quicktel and NTC are other examples of exporting services out of Egypt. Export targets, as I've said, exceed \$1.1 billion and this is a breakdown of the details – but it shows that there's diversification between the technical support center, Arabic content, which I have mentioned, as well as other disciplines. We don't forget innovation while we talk about the future. We have established the first Technology Development Fund with banks, financial institutions and the private sector with VC [venture capital] of \$50 million to take care of new entrepreneurship at the Smart Village and we have prepared for them an incubator program to foster innovation and



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competitiveness. Microsoft has been investing in their innovation center in our country as well. This is our Smart Village, our technology and business park, and we really have the incubators, the VC located as well as multinationals in a quiet and excellent environment for work and investment.

Our newcomer is Nile University, an institution that has been built, together with the private sector and with the support of many small companies in the room, to specialize in graduate studies, specifically in academic programs and management of technology and in software engineering as well as an executive MBA. Again, will see today a couple of agreements between Nile University and a number of distinct universities and organizations. Bell Labs and Alcatel Lucent Technologies are supporting us with this endeavor as well as Ohio State University.

Ladies and gentlemen, I thank you for your attention. Thank you for coming to our event and I wish to see further partnerships and cooperation between Egyptian institutions and companies and our US friends. Thank you very much.

Mr. Paul Laudicina

Managing Officer and Chairman of the Board
A.T. Kearney

It's a great honor for me to address this distinguished group and to share this panel. It's become trite especially for us in the business community to talk about the power of change. These days, the velocity and amplitude with which change is affecting our world, and in particular affecting the business environment, is creating great opportunity on the one hand and of course in many ways lots of risk on the other. But the opportunities and the risks really are a function of how alert one is, how brave one is in seizing opportunities and how nimble one is in picking one's way through the risks.

I think that when we talk about the information and communications technology world that the minister concluded his remarks on, we obviously see that there is this velocity of change perhaps more evident than any other, allowing Egypt the opportunity to leapfrog ahead of other competitor destinations by working the reform agenda as the minister so ably recounted with us.

You know when I talk on behalf of all of the research that A.T. Kearney has done over the years looking at the global services location index, the degree to which countries distinguish themselves as environments for those kinds of investments – investments in IT-enabled services – sometimes it takes a little bit of adjustment for people to understand that Egypt is a leader and has the opportunity to lead even more. But yet those of us who know Egyptian history obviously are not surprised; we know that the largest library in the world was of course the world library of Alexandria, we know that Egypt distinguished itself from the beginning of recorded history as a center of learning and certainly as a center of innovation and technology. Everything from technologies and the use of tools to architecture to obviously the calendar, clocks, mathematics [has shaped] modern society today. You think about what technology has done. The Library of Congress now [has] the world's largest collection of recordings and publications of every kind, video recordings. The Library of Congress took over 200 years to develop its collection of the world's knowledge and the same equivalent in digital information is created every 15 minutes.

Obviously, the velocity and amplitude of change has extraordinarily increased and Egypt has a huge opportunity, as I think the minister has ably pointed out, to capitalize on this extraordinary period of change. There is a liberalization of policy that the government has been implementing and working with obviously of these lead the two forces that have changed the environments substantially in recent years that is the advent of the digitization of data and



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low-cost telephony, thereby creating smaller distance between knowledge services as well as between all kinds of data and labor markets importantly.

When we think about the needs of the industrialized world, we're shrinking and getting older. Even in the United States we'll be 10 million workers short in 2010 and we will be at least 30 million workers short in 2035. And that's in an environment where we have replacement rate population growth. The United States and Europe have almost equivalent median age of 32.5-32.7. In 2050, in the United States the median age will be 34.3 and in Europe it will be 52.5, so the opportunity that population-rich, technically able societies like Egypt have to meet the needs of the industrialized world for these kinds of services are really quite extraordinary. But Egypt has to close two gaps: a performance gap and a perception gap. And I think the minister was demonstrating quite clearly how Egypt has closed the performance gap and I'd like to reflect on that parameter too but also even on the perception gap. My colleague told me this morning in a meeting of the World Bank on offshore services that someone from the audience stood up in a very distinguished and informed group and said: "We understand that the new hot destination for offshore is Egypt." So the word is actually getting out and the perception gap is closing. But Egypt cannot obviously rest secure with that kind of word of mouth and the government is clearly sparing no effort to ensure that we close those gaps quickly. We at A.T. Kearney are every year looking at offshore in destinations measuring a whole variety of criteria that have to do with people skills and availability, that have to do with business environment risk, and that have to do finally with the whole question about cost. And Egypt is distinguished among this list of countries as being in the top tier, among the top 15 in fact, number 12 or 13, among those – ahead of Poland and Vietnam, ahead of the United States to be sure, ahead of Hungary, Jordan, Czech Republic. This is obviously a fundamental reflection of that kind of change that the minister has been talking about that the government has introduced.

Now when we look and examine what the key strengths are in Egypt, clearly high-end IT and technical skills, [there is] no question when we talk to business leaders – both local as well as investors – that those skills [available] in Egypt [are among the best in the world]. Language skills clearly provide opportunity for certain kinds of offshore investments that would not be the case in other parts of the world where there's not that same multilingual polyglot kind of skill base, low labor and infrastructure costs and much more investment in infrastructure as the minister pointed out. Telecom infrastructure is flexible and competitive and the system is reliable, and of course it has state-of-the-art preparedness. We have the geographic and historical links that [place] Egypt at the crossroads of Europe, the Middle East and Africa, offering many advantages. Clearly it has a huge domestic market and investors always tell us when they think about investment that first and foremost they look at the robustness of the growth environment and secondly at the size of the domestic market. Egypt has got it. There is, importantly, government support. Commitment of government officials at every level is important especially when they speak the same language as investors and the minister and prime minister come out of the business environment. And then, of course, stable macroeconomic growth – so clearly Egypt has a lot of the assets that allows it to position itself among the top destinations as well as to achieve the 2010 goal that the minister articulated.

Now, what are the concerns, what are the areas in which Egypt obviously needs to make more strikes? Clearly, the talent pool needs to be broadened. The national education initiative that the government has announced is important. The broader talent pool must grow to be able to meet the future needs of the sector. Secondly, there is a dearth of broad-based marketing and management skills, which clearly need to be enhanced further if Egypt is going to realize the potential of the sector. There are the lingering questions about red tape and bureaucracy which the government has well in hand and it will continue to make advances I'm absolutely sure. And then there's a whole question of a lack of branding, image, and how best does Egypt better project who it is, its assets and how it's going to be effective in attracting more investment. The interesting thing is that those of us who are the believers, who have invested



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in Egypt and know Egypt, know about those assets. But there's a huge community of perspective investors who really have to update their understanding of Egypt. We see lots of the obvious and negative perceptions of Egypt that are just simply uninformed. The encouraging fact of course is that we see countries that had very negative images and in a short period of time transformed those images. I'm thinking in particular of how quickly India has gone from being what many people thought was a basket case to being the poster child for an IT-enabled development trajectory. At the end of the day, our view in A.T. Kearney, having the opportunity to work with the government and with many of you, is that Egypt has tremendous assets and resources. It's going to continue to close the performance gap but it's up to all of us to work with the government as well as with our business partners to ensure that we close the perception gap. Thank you very much.

Mr. Daniel Carroll, Jr.

Member of the National Security Telecommunications Advisory Committee, and Member of the Board Telcordia Technologies

Each year I think what more could happen in the telecommunications industry. I think it's been very exciting as we've heard already that across the world as you look at the industry, as you look at the growth, as you look at the blend of technology along with applications, you see a whole era develop every day, every year and I no longer ask the question: what are we to do this year especially in the area of telecommunications?

Clearly, if you look across the world, whether it's what's happening in United States between all of the telephone companies and the cable companies, with Verizon providing fiber to the home, with the cable companies responding with more bandwidth, with high definition, with a whole triple play which we've probably been talking about in our industry for at least a decade in fact a reality, one of the interesting little problems about telecommunications [is that] we tend to talk about it at least a decade before it gets there. But it is incredible what is happening and the speed at which it's happening.

It's important also to think about that in the case of Egypt, because as we've heard, every country that we're involved with, every country that I'm aware of, is seeing explosive growth throughout all of their industry. Tremendous growth in wireless customers, tremendous growth in triple play, so having the latest and greatest technology isn't going to, by itself, differentiate you from all of the other countries that are in play. We deal with South America, the countries that are growing there. We've heard about India, the tremendous growth that's coming out of China shortly. It becomes a fundamental to execute, that each country and in this case Egypt has the capability to compete against many of the other countries both for outsourcing and as part of that outsourcing has the entire telecommunications infrastructure in place.

So when you look at this, one of the good things you start seeing though is in fact the whole plane, the whole telecommunications plane, which opens up and continues to move Egypt to the forefront of capabilities. Whether it's the current 3G license that has been awarded and the whole technology upgrade that's associated with it. Whether it's IT communities in villages that we just heard about or just the beginning of what we can see. What I'm really excited about here is that in fact what we see in Egypt is not just the workforce but the strength of the technical workforce that is available, not just to serve Egypt but to serve the region and in fact to serve the entire world. As we go forward coupling that with all of the other reforms that we've heard the minister talk about that have been implemented, I think it gives us a great opportunity for the future.

One of the things Telcordia, some of you may not be aware of who we are. We came out of the AT&T world called Bell Corp. We did the R&D for the original holding company. We were responsible for training. We've trained tens of thousands of people over the years not just in



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the technical engineering field but in the entire telecom industry. So what we're going to be announcing today is in fact a plan to grow that in Egypt. We will be announcing a partnership with Mashreq today that will bring training capabilities, practical, realistic training capabilities that will complement all of the technical university training that's going on within the telecom industry. We think that's going to be a great boost not just to the industry within Egypt as I said but also essentially to allow the exportation of the skills and strengths throughout the entire region. We think it's going to create a labor pool that will be very unique in the world because this is essentially the only place where we're coupling with a country and with partners within that country to provide tremendous strength, skill, capability, experience – again for the country and also for growth throughout the region.

So we're pleased today to be announcing that Telcordia is also involved with technologies of number portability, which is in process in Egypt, one of the foremost advances within the wireless organization. Today we're also going to be announcing the formation with our partners of a gateway solution to number portability. So again, tremendous exciting times for those of us who are involved in partnering with local partners in Egypt. Again we thank you for your vision, we thank you for your steps that have been taken to get this entire process under way, and we look forward to continuing to grow with you in Egypt. Thank you very much.