

BIG IDEAS

for the Biden Administration: Middle East Series

In Focus: 4 Ideas for U.S.-Egypt Ties



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Strengthening the U.S.-Egypt Economic Bond

Launched in March 1979 by President of the United States Jimmy Carter and President of Egypt Anwar Sadat at the U.S. Chamber of Commerce, the U.S.-Egypt Business Council (USEBC) has played a key role in strengthening the strategic and economic alliance between the two nations for more than 40 years. Today, the USEBC continues to serve as the only American organization solely dedicated to the bilateral economic relationship. Many of our member companies have been in Egypt for decades, spanning every size and sector of industry, and through their continued commitment will continue to play a vital role in Egypt's economic future.

As we turn the page and start writing a new chapter in our shared story with Egypt, the U.S.-Egypt Business Council, in cooperation with our partners at AmCham Egypt, stands ready to work with the Biden Administration and the Government of Egypt on a range of issues and opportunities to deepen and expand bilateral economic ties. We believe our respective governments should embrace an agenda for a stronger, more dynamic U.S.-Egypt economic partnership with the objectives of helping Egypt achieve an economic renaissance that creates needed new private sector jobs and inclusive growth across society while also generating American exports and jobs in the United States.

At the foundation of this agenda, the USEBC strongly encourages our leaders to amplify the importance of the existing U.S.-Egypt Strategic Dialogue by augmenting the annual meeting with working groups that are focused on both crosscutting topics and specific sectors of industry. Such an approach will ensure there is a sustained focus on key economic opportunities and issues to drive closer economic cooperation. Outlined below are four key objectives and corresponding recommendations intended to help enhance the U.S.-Egypt economic relationship.

Objective #1: Focus on Growing Bilateral Energy & Environmental Partnerships

Egypt's energy sector has seen tremendous growth in recent years and continues to be a major contributor to GDP growth under the leadership of Minister of Petroleum and Mineral Resources H.E. Eng. Tarek El Molla. U.S. companies play a dynamic role in this achievement, whether it be through their investments and activities in upstream projects, downstream projects, or related services technologies, as well as across new developments in the Red Sea, Eastern Mediterranean, and the Western Desert. In support of Egypt's aspirations to become a regional hub for energy, the USEBC is committed to supporting the continued growth of partnerships with companies broadly across the sector, not only in traditional oil and gas activities, but also in new innovations shaping the future of Egypt's role as an energy leader. This remains at the forefront of the Council's work, which is led by the largest U.S. investor in Egypt and Chair of the USEBC, Apache Corporation.

In 2019, the U.S. and Egyptian governments inaugurated the formation of the U.S.-Egypt Strategic Energy Dialogue which is intended to facilitate closer government and private sector cooperation on energy between

the two countries, under the umbrella of the U.S.-Egypt Strategic Dialogue. Through this platform, both governments and the private sector endeavor to “enhance energy trade, clean coal technology, carbon capture utilization and storage, bio-economy, energy efficiency and renewable energy, green building technologies, smart grids and energy capacity building.” The USEBC stands as a ready partner to engage through this platform with robust advocacy leadership and our convening strengths.

Egypt has also committed to embracing reforms to mitigate climate change and promote the application of clean energy forms, which was recently highlighted in the Government of Egypt’s commitment to achieve diversity in clean energy resources by 2025 and to produce 40% of its electricity from solar and wind energy by 2030. These ambitious goals present timely opportunities for increased collaboration between the private sector and both governments under the U.S.-Egypt Strategic Energy Dialogue to harness the spirit of U.S. innovation around new technologies in natural resource efficiency and clean energy production.

Moreover, the U.S. Chamber of Commerce is proud to be the only business association with official membership in the Eastern Mediterranean Gas Forum (EMGF) Gas Industry Advisory Committee, through which we help shape industry input into the activities and priorities of the EMGF. We applaud the Government of Egypt’s leadership in realizing the formation of this multilateral organization, which holds strategic importance to the region, Europe, and beyond—and for this purpose, we strongly support the U.S. Government having observer status in the EMGF.

To help inform both governments on the strategic importance of this sector, the USEBC will produce a comprehensive report emphasizing the Future of Egypt as an Energy Hub, reviewing contributions to Egypt’s economy and growth, as well as profiling Egypt’s partnerships with several leading energy and related services companies. In this report, we will also examine Egypt’s leadership role in the multilateral Eastern Mediterranean Gas Forum. Furthermore, taking a broad approach, the report will focus not only on oil and gas development, but also downstream projects and innovative technology initiatives in clean energy and sustainability. The report and subsequent discussion series will be a valuable tool to engage the Biden Administration, including stakeholders such as the U.S. Special Presidential Envoy for Climate.

Recommendation #1: The Biden Administration should capitalize on and develop the strategic potential of the U.S.-Egypt Strategic Energy Dialogue launched in 2019 in order to strengthen partnerships and work together as we consider opportunities, innovations and transitions in the energy sector. Beyond utilizing this diplomatic platform, the U.S. government should look to finance strategically important energy infrastructure projects through the U.S. International Development Finance Corporation as well as continue its support for capacity building initiatives under the U.S. Trade and Development Agency’s ongoing portfolio of work with Egypt’s Ministry of Petroleum. Lastly, we encourage the Biden Administration to include H.E. President Sisi in the ‘Leaders Summit on Climate’ and the Government of Egypt in future climate-focused forums and discussions given their history as a strategic ally and leader in the Middle East region.

Objective #2: Build a Long-Term U.S.-Egypt Health Relationship

As we emerge from the pandemic, there has been unprecedented attention given to the health sector. While a productive collaboration in this area already exists between Egypt and the United States, there is more to do to lock in long-term cooperation, drive innovation and harmonize efforts with the private sector. In order to tackle important policy issues in a post-pandemic era and create a sustainable and resilient recovery while mobilizing job creation, the USEBC prioritizes collaboration in health between our governments, medical institutions and stakeholders, and the private sectors from both countries.

While addressing immediate challenges related to the pandemic is critical, it is also important to cooperate on emerging and evolving issues, such as intellectual property, market access, government procurement, digitization and health data, telemedicine, and the adoption of artificial intelligence and new technologies. It is also true that by working in partnership and by making investments in public health now, there is an opportunity to focus on challenges that if not addressed will have an increasing burden on both Egypt's society and economy in the longer term.

Recommendation #2: The USEBC proposes establishing a U.S.-Egypt Health Solutions Working Group under the umbrella of the U.S.-Egypt Strategic Dialogue to create a platform for our governments to regularly discuss key issues and include business leaders as part of the solution. This working group would be tasked with identifying priority issues in the health sector and collaborating to offer action-oriented recommendations to both governments to address the challenges outlined. The working group would also be positioned to help harmonize strategies, initiatives and policies and private sector engagement among the various health stakeholders in the Government of Egypt, to comprise at least the following key entities: the Ministry of Health and Population, Egyptian Drug Authority, Unified Procurement Authority, and General Authority for Universal Health Insurance. Lastly, it is vital that this Health Solutions Working Group has as part of its mandate a structured way to engage and consult the private sector.

Objective #3: Bolster the Growing U.S.-Egypt Digital Economic Relationship

One area that has seen accelerated adoption of technologies and magnitudes of growth during the pandemic is the digital economy. According to the U.S. Department of Commerce, the Information and Communications Technology (ICT) sector in Egypt is "very robust, with a growth rate higher than Egypt's level of GDP growth. Its contribution to the GDP has increased to 4% in 2019 compared to 3.5% in 2018. Total investments in the sector increased by 24.3 percent in 2019 and reached \$107 million in the first quarter of 2020." And going forward, we know that business models and operations, consumer habits and spending, government services and many of facets of our economic life will be impacted by the growth of digital services and products and, in many cases, these changes are here to stay.

In reality, we are in the early stages of the digital transformation and, as digital trade and investment grows between Egypt and the United States, it is crucial to advance our technology partnership as our global competitors seek to do the same in Egypt. To the credit of H.E. Amr Talaat, Minister of Communications and Information Technology, Egypt is making tangible progress with its Digital Strategy. This includes upskilling Egyptians in advanced technology fields and training others in basic digital skills; establishing technology hubs and an Applied Innovation Center; and, making substantial investments in ICT and telecommunications infrastructure. And while there has been constructive collaboration between the Egyptian and U.S. governments and private sectors on data privacy regulations and other related areas, there is going to be so much more work ahead of us to ensure alignment and to take full advantage of the innovations and technologies of today and tomorrow.

Recommendation #3: Establish a U.S.-Egypt Digital Economy Partnership to bring a whole-of-government approach and facilitate a sustained discussion between stakeholders from our governments, business leaders, entrepreneurs and investors on the range of key issues and opportunities in the digital economy. This will ensure there is a high-level focus for this strategic pillar which should be central to the future of our bilateral relationship and impact our ties in security, health, finance, manufacturing, supply chains, education, and many other areas.

Objective #4: Expand Education Opportunities for Egyptians

Ensuring opportunities in education for our youth is an essential cornerstone to our rally to recovery from the pandemic. Both our U.S.-Egypt relationship and our economic competitiveness benefit by supporting programs to encourage Egyptian students to pursue opportunities in higher education.

The existing U.S.-Egypt Higher Education Initiative (HEI) is an investment in Egypt's future that provides educational opportunities for Egyptians to learn skills that will better meet the needs of a 21st century economy. In partnership with the Government of Egypt and the private sector, the U.S. Government provides thousands of Egyptians with access to higher education opportunities in Egypt and the United States and facilitates strategic partnerships in key fields to strengthen Egypt's economy.

According to USAID, the HEI provides scholarships to talented men and women from underserved communities throughout Egypt to study at premier Egyptian and American universities in fields critical to Egypt's sustained economic growth and development. It provides scholarships for women to pursue Master's degrees in Business Administration in the U.S., and at the undergraduate level, HEI includes scholarships at public and private universities in Egypt and scholarships in the United States for women studying in science, technology, engineering, or math fields. Since its inception in 2015, more than 1,200 men and women, including students with disabilities, have received HEI scholarships.

Recommendation #4: With the lifecycle of current HEI projects soon coming to a conclusion, the Biden Administration should commit to dedicating funding to ensuring an even more impactful future of the U.S.-Egypt Higher Education Initiative by doubling the number of scholarships available over the life of the projects. The HEI should continue to ensure equality of opportunity for women and students with disabilities. More broadly than this specific program, the Biden Administration should return to a policy that not only welcomes but embraces students from Egypt and around the globe to pursue their education at U.S. colleges and universities and then have an option to remain in the United States to pursue their dreams as entrepreneurs, innovators and business leaders.