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Saudi business leaders and Egypt officials discuss investment opportunities in Egypt at the GTN workshop

Last month, a high-profile delegation of Egyptian financial sector leaders and regional ambassadors met with members of the Saudi investment community at a workshop hosted by GTN and moderated by GTN Group and Mubasher Group Chairman, Mohamed Al Ballaa.

The workshop was the first of its kind hosted by GTN and included distinguished VIP delegates:

- the Head of the Egyptian Financial Regulatory Authority,
- the Chairman of the Egyptian Exchange,
- the Deputy Governor of the Central Bank of Egypt,
- delegates from Mubasher, including GTN Chairman Al Ballaa,
- the Vice Chairperson of the Saudi-Egyptian Business Council,
- the Egyptian Ambassador and Deputy Ambassador to Saudi Arabia.

Improving capital markets to improve the economy

The workshop participants agreed that financial markets improvement would stimulate economic growth, with GTN Group Chairman Mohamed Al Ballaa referring to Adam Smith's economic theories: "Financial markets are important to developing investments, including the optimum direction of financial resources to the most efficient sectors in the economy. This is besides the endogenous growth theories in the 1980s and 1990s, such as savings mobilisation, information analysis, risk sharing and providing liquidity."

Al Ballaa emphasised that cornerstone investments were also needed to activate this economic growth. His peers agreed with him, citing key reforms, the formation of Shariah-compliant products and the set-up of a Commodities Exchange as key factors in improving Egyptian capital markets performance.

Preserving existing power

Egypt is already on a steady path. Indices on the country's stock exchange (EGX) grew by 22.20% in 2022. According to the Chairman of the EGX, Rami El-Dokany, dividends paid out by listed companies were among the highest in the Middle East.

The Deputy Governor of the Central Bank of Egypt (CBE), Rami Aboul Naga, mirrored El-Dokany's sentiment, highlighting that the CBE's strategy to preserve purchasing power and price stability led to Egypt increasing its reserves slightly in 2022 to \$34 billion.

In addition, the IMF agreed to a \$3 billion fund to ease the inflation pressure in the country.

Reforms

Now, to further accelerate growth in Egypt, the Head of Egypt's Financial Regulatory Authority (FRA), Mohamed Farid, discussed the FRA's work with the EGX (which it regulates) and key reforms to attract foreign investments.

Two such changes will be a Sharia-compliant index and sustainable Islamic bonds, which El-Dokany of the EGX and Farid of the FRA both confirmed were planned for launch in the near future.

Another reform is the government's recent decision to privatise 32 companies. According to EGX's El-Dokany, the 32 companies are in various sectors, such as banking, petrochemicals and insurance. He said their direct sale or public subscription will help improve market performance in Egypt. He indicated that other entities are planned for sale as well. In addition, El-Dokany confirmed that the EGX is working with the Ministry of Supply and Internal Trade to establish a Commodities Exchange for the agricultural sector as part of the country's plans to transform from a net exporter into a net importer.

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