



THE FUTURE OF BIG BUSINESS IN THE NEW EGYPT

Amr Adly



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About the Author

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Summary

Egypt's big business community provided strong, early support for the military-backed government that came to power in June 2014. But despite that endorsement, the regime of President Abdel Fattah el-Sisi has made changes that are putting pressure on the private sector. Still, there are signs that some of those shifts are only temporary and that they have been taken out of necessity as the new political leadership attempts to repair a struggling economy. While elements of state-business relations may be reconfigured, big business remains essential to Egypt's long-term recovery.

Pressure on Big Business

- Egyptian big business enjoyed decades of tax breaks, subsidies, and other incentives, and accounted for a large share of the country's output, employment, investment, and exports.
- Egypt's military has expanded its economic role since July 2013. Fueled by state stimulus spending and capital from the Gulf, the military is entering new sectors and taking on bigger projects, moving into areas previously controlled by large corporations.
- The old networks of big conglomerates that were part of Hosni Mubarak's crony capitalist system may be reconfigured under Sisi. Some of the privileged elites who played a key role in the Mubarak era are imprisoned or exiled, and new players may emerge who use their connections to win favorable treatment from the state.
- Big business owners are faced with new taxes and reductions in subsidies as the country tries to address its fiscal crisis. At the same time, they have been called on to donate to patriotic recovery funds.

A Long-Term Role for Business

Big business controls industries that are key to any recovery. The military may replace big businesses in the immediate term, but longer-term stabilization depends on the resumption of activities by large private enterprises. Big business still controls important sectors of the economy—including manufacturing, tourism, telecommunications, commerce, and housing—that are essential to any revival in investment or employment.

Foreign capital will return to the private sector. Private foreign investors will ultimately prefer working not through the military but through big business, as they have in the past.

Interactions between business and the state may be changed. The military's entry into new sectors could lead to a redrawing of the lines of interaction between the military and big business, especially in areas such as construction and access to land. Faced with higher tax bills and reduced subsidies, business may also be forced to depend less on government.

Introduction

Egypt's business leaders openly endorsed the military's takeover of the country in July 2013 and, the following year, they backed the presidential candidacy of Abdel Fattah el-Sisi, a former defense minister and commander in chief of the Egyptian Armed Forces. But despite that early and strong support for the current regime, big business finds itself under pressure from the state on several fronts.

Big business has been virtually excluded from recent stimulus plans designed to get Egypt's wheels spinning after years in recession. Instead, most of the Gulf-sourced capital that is fueling the attempted recovery is to pass through the state, and mainly military agencies, whose economic role has been expanding rapidly.

Meanwhile, big business has already started to lose many of the financial privileges it enjoyed under Mubarak. There are indications that the old networks of business interests involved in the crony capitalist system inherited from former president Hosni Mubarak may be reconfigured, favoring new actors over friends of the old regime. And recent moves to impose austerity and improve Egypt's battered finances have included a slashing of energy subsidies and new taxes on the business sector. The government has targeted big companies listed on the stock market with new taxes on capital gains and dividends, and it has imposed a temporary tax on incomes exceeding 1 million Egyptian pounds (about \$140,000). Additional tax increases are also expected. And Sisi has demanded that big business owners and families carry their share of the burden by contributing to patriotic development and social projects.

However, there is little evidence that these transformations, including the military's economic expansion, imply a general reversal of what had been the growing role of Egypt's private sector. In fact, there are signs that the shifts will be temporary and that they have come out of necessity rather than design—leaving big business with an important role to play in Egypt's future economy.

Long-term recovery and stabilization are quite dependent on the resumption of activities by large private enterprises, which still control key sectors of the economy, including manufacturing, tourism, telecommunications, commerce, and housing. These sectors are necessary to attract the investment and create the employment that the Egyptian economy needs to recover. Moreover, the military is unlikely to retain its role as the principal recipient of foreign capital. In the current political context, the Gulf governments that are Egypt's primary donors are most comfortable investing through the military, which

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serves as a guarantor of sorts. But the private foreign investors whose capital is badly needed for any long-term recovery are likely to prefer working through the private sector, as they have in the past.

Egypt's Business Class

Egypt has undergone successive waves of economic liberalization, deregulation, and privatization since the mid-1970s. These transformations have led to the emergence of a formidable class of indigenous big business, which refers to a few powerful market actors such as those that account for a relatively large share of output, employment, investment, tax payment, bank loans, and exports.¹ By the 1990s in Egypt, a few business owners and families came to dominate key industries, amass substantial wealth and capital, and possess large shares of the private sector's total output, employment, and investment.

Egyptian big business has received a great variety of incentives, privileged access to resources, and exemptions in the past decades under the aegis of boosting investment and supporting private sector development. These large corporations have enjoyed tax breaks and received generous energy, export, and land subsidies, especially since the late 1990s. According to some estimates (in 2007), 45 factories received up to 65 percent of the total energy subsidies allocated for the industrial sector, which constituted around 25 percent of the total energy subsidy.² Data from the Ministry of Finance show that private business tax contributions averaged a meager 6 percent of state revenue in the period from 2008 to 2012.³ This amount represented around one-third of total income tax on companies.

Egypt's private sector is marked by the presence of large corporations that wield considerable influence over the economy.

Because the majority of Egypt's large enterprises are not public, information about their annual turnover, output, and profits is not readily available. It is hence difficult to estimate the exact weight of big business in the Egyptian economy. The recent economic survey undertaken by the Central Authority for Public Mobilization and Statistics, Egypt's official statistics agency, is held as secret for reasons of national security. The information released by the authorities includes no indicators of the relative weight of large capital.⁴

However, broad indicators provide a hint of the importance of big business. In March 2014, for instance, the Forbes tally of the country's five wealthiest people was composed of members of just two families. With a combined wealth of \$17 billion (the equivalent of 6.25 percent of Egypt's total gross domestic product, GDP, in 2013), the Sawiris and Mansour brothers run typical (if very large) family-owned conglomerates that operate in diversified sectors.⁵

Beyond the holdings of the country's wealthiest individuals, Egypt's private sector is marked by the presence of large corporations that wield considerable influence over the economy. Privately owned big businesses are especially

visible in key sectors such as telecommunications, iron and steel, cement, fertilizers, retail, and tourism, among others.

In Egypt, as elsewhere, big business is not just active in the economy. It can also take social forms, with family-owned holding companies, as well as dense, elite networks based on friendship, kinship, and educational and professional backgrounds. Big business can be a political actor as well, either formally through contributing to electoral campaigns, financing political parties, owning media outlets, and founding or joining business associations, or informally through direct personal links with high-ranking officials and politicians.

And in Egypt, both formally as well as informally, many large business owners, conglomerates, and families were an integral part of Mubarak's political system, especially toward the end of his thirty-year reign. This crony capitalist system was characterized by the uneven distribution of property rights in favor of a politically connected few. In such a setting, many big business owners and families gained access to markets, privatized assets, land, bank credit, and even the enforcement of rules and regulations—at the expense of unconnected businesses, consumers, and sometimes the state budget.

In the years that led to the January 2011 revolution, many Egyptians saw big business as the epitome of an unholy marriage between power and wealth, between politics and the economy. Big business owners were increasingly represented in the then ruling National Democratic Party (NDP), the parliament, and the cabinet. The fortunes of wealthy business leaders were thus seen as closely bound to state policies and regulations, as well as to their intricate, informal relations with politicians, high-ranking bureaucrats, and the security apparatus.

This problematic business legacy did not end with the toppling of Mubarak. Big businesses have played a role in the several transitional phases that Egypt has witnessed since 2011. They were seen to have played a key part in the ouster of Mohamed Morsi, the Muslim Brotherhood-backed president, in 2013. Some played an indirect role, abstaining from investing in the economy following Morsi's rise to power. Others were more direct, using the media they owned and controlled against the Brotherhood regime. During their short reign, the Brothers failed to sow the seeds for a business class of their own and to reach a working relationship with existing big businesses. The Mubarak-era big business class was also an integral part of the broad coalition that supported Sisi's ascendance to power in June 2014 and the installation of Egypt's current military-backed regime.

But throughout this period, the private sector, especially big business, has been virtually absent from the economy. Since January 2011, companies have pulled out their money and frozen their investments—apparently rejecting the many guarantees and incentives offered by successive post-Mubarak regimes to encourage a resumption of economic activity. That stance may represent a simple shying away from investing in the face of turmoil and high uncertainty.

But it may also be part of a conscious strategy to pressure the country's postrevolutionary governments to ensure that action is not taken against enterprises that flourished under Mubarak.

Pressure on Several Fronts

Egypt's new military-backed regime has many reasons to restructure relations with big business; its prime goal, after all, is legitimizing and stabilizing its rule. Moreover, the massive popular mobilization that brought it to power in the first place cannot be ignored. These are all political rationales, and good ones, for not reproducing the state-business setting of the Mubarak era.

It may be too early to claim that the government's recent moves, and its future plans, have hit big business. However, there are unmistakable signs that the legal and economic changes are creating pressures on three fronts in particular: the expanded economic role of the military, the realignment of state-business relations, and new financial burdens on the private sector.

An Expanded Role for the Military

The Egyptian military has played an active economic role since the 1980s, and it initially began to play a larger part in the economy in a context of state fiscal crisis. Public resources allocated to the armed forces were progressively slashed, especially after the peace agreement with Israel in 1979.⁶ In return, the military was given the chance to develop and run its own economy, to help reduce the burden on the state.

Since then, the military has built a large base of industries and factories that is used to produce a wide array of products, including arms, durable goods, food, and mineral water. In addition, the military's National Service Projects Organization has been active in civilian infrastructure projects, especially highways, roads, bridges, and tunnels.

In recent months, the military's new political supremacy has been translated into unprecedented economic expansion. Military-owned companies and agencies are now active in sectors that had been traditional bastions of big business, such as construction and housing, infrastructure, and urban development, as well as modernization of the health sector. For many within the big business community, there are justifiable fears that the military, as the chief recipient of state stimulus spending, is crowding out the private sector from Egypt's hoped-for economic recovery. Big businesses have been excluded from important economic activities and from the planned massive capital inflows intended to lead the Egyptian economy into recovery, higher investment, and employment.

The military's new political supremacy has been translated into unprecedented economic expansion.

The visibility and magnitude of the military's projects since June 2013 seem exceptional compared to previous periods, with the range of projects covered by the military expanding considerably. Most are public projects that have been financed by the government or by some of its Gulf creditors and donors. Indeed, the military has emerged as a key partner for foreign capital. In one example, Arabtec, a construction company based in the United Arab Emirates, announced plans to work with the military to build 1 million low-income housing units in Egypt. In this case, the Emirati company reached out directly to the military and made it a full-fledged partner in the undertaking. The military was tasked with providing the land on which the apartments would be built.⁷ Yet, despite initial media coverage, the project is now hardly mentioned, and its status is unclear.

According to an economic journalist, during the ten months that followed Morsi's ouster, the interim government led by Hazem el-Beblawi assigned projects worth around 5.5 billion EGP (roughly \$770 million) to the military, its agencies, and subsidiary companies.⁸ That sum includes large projects that were announced in the official gazette and others recorded by the press. But it is not exhaustive, and does not, for example, include the mega New Suez Canal project that is estimated to cost around \$8 billion in the three years to come. (The military is expected to play a key part in the implementation as well as the supervision of the project, although the details of its role are not yet clear.) Still, it equals about 10 percent of the total state investment budget for fiscal year 2014–2015. (Granted, some projects are not financed directly by the state budget, however, taking public investment allocations as a benchmark helps to add context.)

Among the most staggering of the work awarded to the military were a project worth 4.5 million EGP (\$625,000) for the maintenance of 27 bridges and tunnels assigned to the military's engineering agency, which was announced by a cabinet decree issued in November 2013; the development of 30 squatter settlements in Cairo and Giza (350 million EGP, or \$49 million); the building of a government services complex in the Delta province of Gharbiya (240 million EGP, \$34 million); and construction of two bridges in Qalyubia province (80 million EGP, \$11 million). The military was also given the concession to collect toll revenue on some key highways, including a segment of the ring road around Cairo, for ninety-nine years, and the Cairo–Alexandria desert road, the busiest in Egypt, for fifty years. According to the same report, in March 2014 the minister of health said that 40 public hospitals would be built by the military.

The military's expanded commercial activity has come in parallel with revisions to a government procurement law that allow high-ranking officials to undertake purchases, technical and consultative studies, and construction by direct award instead of through competitive bidding. The change makes it easier to steer stimulus and other government spending to the military, at least

theoretically. The tender law can be a powerful economic tool when public funds are spent on economic projects by contracting with private or public companies.

As it takes on this broader role, the military is moving into economic space traditionally reserved for big business in Egypt, but it does not seem to be crowding out the broader private sector. A large number of small- and medium-sized enterprises have typically been involved in large projects through subcontracting. Bigger businesses have subcontracted with these enterprises on construction, housing, and public works projects in particular, and these relationships are crucial in generating jobs and ensuring that stimulus packages provided to large companies trickle down to the broader economic base.

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There is already evidence that this pattern is being reproduced today, as the military subcontracts some of its new public works projects to small- and medium-sized enterprises. For instance, drilling for the Suez Canal project is being carried out by a coalition of privately owned Egyptian companies. On the one hand, the involvement of small- and medium-sized private companies may reflect the military's limited capacity to undertake simultaneously all of the projects it has been awarded. On the other, it may be a deliberate attempt to involve a broad base of enterprises and generate employment across the economy. Either way, big business is not expected to benefit from the arrangement.

The role that the military is currently playing corresponds to a very particular political economic context, and there are many signs that it has been out of necessity rather than design—and that it will not be permanent. The military's recent economic involvement does not imply a general reversal of liberalization in Egypt.

The three years that followed Mubarak's ouster were tumultuous, and successive steps to transfer state power did not produce instant stability. The civilian bureaucracy, the judiciary, and the executive (acting as the legislature most of the time) were issuing, implementing, and enforcing contradictory rules and verdicts that added to investors' confusion and thus heightened the risk that they faced.

Given the high levels of uncertainty and instability that are likely to face any foreign or local investor in a postrevolutionary context—and with Egypt's private sector for the most part sitting on the sidelines of the economy—the direct involvement of the military bureaucracy appears to be a necessary, short-term step to provide confidence to Gulf investors and deliver the first push to the struggling economy. As the institution that is bearing the burden and the risk of reestablishing state authority in Egypt, the military, through its direct involvement, is also providing a guarantee that projects necessary for the country's economic recovery will be carried out as planned and that their

implementation will be under complete military control. And for now, all plans for a serious economic recovery lie within the hands of the government and its foreign, primarily Gulf, sponsors and creditors through stimulus packages and investment by state-owned enterprises in the Gulf.

However, the situation is hardly sustainable. Long-term plans for economic recovery in Egypt depend on attracting foreign capital and mainly foreign direct investment, and they are heavily dependent on big business networks. After all, private big business still controls key sectors in the economy ranging from manufacturing, tourism, and telecommunications to commerce and housing, without which it is impossible to imagine any recovery in investment or employment.

Moreover, the military cannot become a permanent partner of foreign capital. The Gulf donors who have recently partnered with the military are primarily motivated by political goals, rather than mere investment targets. But foreign investors who are badly needed for economic recovery in the medium to long term are not likely to partner with the military. Once direct Gulf aid stops flowing to state coffers, foreign direct investment will be likely to go through the private sector.

Finally, even though the military's current political dominance may translate into longer-term economic gains, it is not likely to lead to the demise of big business. The military has long maintained an active economic role in key sectors together with big business. Of course, the relationship has sometimes been tension-ridden, especially in sectors where the two may compete. However, there were partnerships and other forms of cooperation or at least co-existence between the two as well.

The current military dominance and economic expansion may lead to a redrawing of the lines of interaction between the military and big business, especially in areas such as construction projects and access to land. But it is not probable that this will lead to the supplanting of big business and its replacement by the military in the medium to long term.

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A Reconfigured Cronyism

In the current climate, the restoration of Mubarak-era cronies to their privileged status seems far-fetched and almost impossible. Many key nodes of the old networks never recovered from the January 2011 revolution and its aftermath. Those who were closest to the Mubaraks, and the most powerful at the time, are still on trial, imprisoned, exiled, or dispossessed of their assets. Examples include Ahmed Ezz, the former steel tycoon and leading NDP and parliamentary figure; Zuhair Garana, Mohamed Maghrabi, and Rashid Mohammed

Rashid, former ministers of tourism, construction, and industry, respectively; as well as the Mubaraks themselves and their extended family.

But a complete undoing of cronyism also appears unlikely. Such a step would require changing the rules of the game in a way that instills and enforces evenly distributed property rights, rule of law, transparency, and equal access to assets, information, credit, and market positions.

Instead, there are signs that Egypt's crony networks are being reconfigured. That is, close ties between the state and big business are likely to continue to exist, but with significant changes in the actors, as old cronies are replaced with new ones, be they individuals, groups, or even state agencies. These newcomers will be able to use their political connections to secure favorable access to assets, regulation enforcement, monopolies, and insider information, just as their predecessors did. With its new political power, the military may end up replacing

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some of the old cronies with new ones. New civilian cronies are also likely to emerge as members of parliament with the upcoming elections when the military-backed regime looks for intermediaries and allies to fill positions within the legislature.

Any reconfiguration of cronyistic networks, even with new actors, will not be an easy task, however. The current regime is struggling to regain legitimacy, making it keen to avoid the reproduction of anything that resembles the unholy marriage between power and wealth. In addition, the fiscal crisis and the need to raise revenue in a time of shrinking rents will make it difficult for state elites to find enough resources to distribute among their cronies.

At the same time, even a partial dismantling of some Mubarak-era crony networks does not mean that the rule of law and transparency are gaining ground. In fact, the military-backed interim president following Morsi's ouster, Adly Mansour, passed a bundle of business-friendly laws and regulations that enabled extrajudicial reconciliation with investors. The most infamous of them is Law 32/2014, which bans administrative courts from accepting lawsuits against public contracts unless the suits are filed by a direct party to the deal (that is, either the government or the investor). Not only does the new law shield public contracts—including those that involve land allocation or public sector divestiture—from due process. It also precludes all cases filed before the issuance of the legislation.

The government justified these acts in light of the necessity to regain foreign and local investors' trust, an essential step if they are to resume their activities in Egypt. Critics and opposition figures, however, saw them as a way to reproduce the same old cronyistic practices and networks, at the expense of the rule of law, transparency, judicial oversight, and accountability.⁹

To be sure, most big businesses inherited from Mubarak's era are not likely to be dispossessed, persecuted, or prosecuted. The hammer has fallen the hardest on the tightly knit network that was directly associated with the Mubaraks and the NDP. Other business owners and families made it through with less damage, especially in light of the dire need to get them to invest in an economy in recession. Their exclusion from any future cronyistic networks might mean leaving them to sink or swim on their own rather than attacking them directly. Most of these big business conglomerates are strong enough to survive, if not thrive, after enjoying years of favorable access to economic opportunities.

New Burdens on Business

A final source of pressure on big business is the new government's fiscal restructuring and redistributive policies undertaken to improve the state's deteriorating financial situation, as well as calls from Sisi that corporate leaders do their patriotic duty by contributing to ambitious national funds designed to boost the economy.

Since the crushing fiscal crisis began in 2011, Egypt's budget deficit has soared from nearly 10 percent of GDP to almost 14 percent in 2013–2014. Public debt approached 94 percent of GDP in the previous fiscal year, according to the minister of investment. In parallel, foreign reserves dwindled from \$35 billion in January 2011 to less than \$17 billion in late 2014, despite massive Gulf inflows since December 2012.¹⁰

In response, the regime has moved to slash expenditures and increase taxes. Significantly for the business community, energy subsidies were cut by 40–50 billion EGP (\$5.5–\$7 billion) during the current fiscal year. Energy-intensive industries such as cement, fertilizers, iron and steel, and ceramics were among the greatest beneficiaries of the subsidy program. There is strong evidence that many of the big enterprises (some multinational, and some Egyptian) that benefited most from the government's generous subsidies in the past have generated extraordinarily high profit margins as a result.¹¹

Many large, energy- and capital-intensive businesses resisted any lifting of subsidies despite the deteriorating fiscal position of the state. According to some accounts, energy-intensive industries coordinated their position and agreed to the government's subsidy cuts only after securing approval to import coal, a cheaper alternative to the natural gas and electricity that are available domestically.

Government attempts at revenue restructuring have also been contentious. Egypt's tax revenue as a percentage of total GDP has been declining since the early 1990s. Total revenue as a percentage of GDP dropped consistently from around 30 percent in 1990–1991 to less than 20 percent in the early 2000s. It rose again through the 2000s thanks to a series of tax reforms, but it never exceeded 25 percent—whereas expenditures hovered around 30–32 percent.¹² The result has been a widening budget deficit that was financed by

an unprecedented expansion in domestic borrowing since the 1990s. By 2013, public debt was almost 87 percent of GDP.¹³

One of the main reasons for the dramatic decline in state revenue was the relative stagnation of non-tax rents, mainly Suez Canal transit fees and oil and natural gas exports.

Meanwhile, the state failed to develop the needed administrative, legislative, and above all political capacity to collect taxes from privately owned enterprises. This has been evident in the meager share of total revenue that comes from taxes on industrial, commercial, and capital gains (it averaged 5 percent between 2008 and 2012). The same applies to the share of property taxes, which were less than 3 percent of total revenue in the same time period.¹⁴ The

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incapacity to tax the private sector in general, and big business and large proprietors in particular, happened at a time when the private sector was increasing its total output. According to a 2009 World Bank report, Egypt's private sector was generating 70–75 percent of the country's non-hydrocarbon GDP by 2005.¹⁵

Immediately following Sisi's rise to power, several revenue measures were passed, including a tax on capital gains and a temporary, three-year tax on income above 1 million EGP, for individuals as well as corporations. The government also intends to impose more real estate taxes in the future.

Big business is not expected to cooperate in future taxation plans. It remains to be seen whether the leaders of these enterprises will be able to coordinate their positions and employ their economic weight and political influence to abort such plans.

A united big business community could potentially invoke its role in injecting investment and creating jobs, and thus call for higher taxes on property rather than income. Higher property taxes would likely hit households more than the productive sector and would likely target the wealth amassed by the upper-middle and upper classes over the last two decades.

Capital mobility may also make it difficult to collect higher taxes from big business.

Most members of the upper-middle and upper classes cannot easily liquidate their assets and move their capital abroad. But this has been the strategy of the biggest among big businesses since Mubarak's ouster. The Central Bank of Egypt set a number of restrictions on capital outflows after 2011 in order to limit the pressure on Egypt's dwindling foreign reserves. However, these restrictions were removed as of March 2013.¹⁶

It is important to note that not all of Egypt's big business community has been resistant to fiscal restructuring. For instance, Hassan Heikal, a former top executive at Egypt's largest investment bank, EFG Hermes, was explicitly in favor of increasing income and wealth taxes and slashing subsidies as early as 2011.¹⁷

The recent tax increases and subsidy cuts have gone hand in hand with Sisi's calls on business to be patriotic by injecting investment into the country to create jobs and donating to the many funds established by the government to help save the economy.

Following the military takeover, a fund was created to collect donations to salvage the Egyptian economy. The fund, called 306306 in reference to the June 30, 2013, uprising against Morsi, collected less than 1 billion EGP (\$140 million) in a year's time. After Sisi rose to power in June 2014, another fund was established under the name of *Tahya Masr*, or Long Live Egypt. Despite Sisi's repeated declarations that he intended to collect 100 billion EGP—and the pressure he applied to business leaders to donate—just 6.75 billion EGP had reportedly been collected by early August 2014.¹⁸

Conclusion

In the turbulent time since Mubarak's ouster, relations between the Egyptian state and big business have changed dramatically, and further changes can be expected.

For now, societal actors are still too weak—and are even being further incapacitated by state repression—to bring about serious reforms in the way the economy is governed.

But the new military-backed authority has already taken several significant steps, requiring big business to contribute more to state revenue and reducing what it receives in the form of subsidies and tax holidays. Despite strong early support from Egypt's business community, the new political leadership appears to be quite autonomous from big business influences, at least in the immediate term, and large conglomerates are not likely to be as favored by state policies as they were under Mubarak.

Behind all of this is Sisi, who remains a popular, albeit polarizing figure. His ability to make the recent decision to slash subsidies without causing much upheaval indicates that he is powerful enough to make unpopular moves. Importantly, the social base on which he depends is diversified and can do without big business, at least for the time being.

At the same time, business has been largely shut out from state stimulus spending. The military has quickly taken on an expanded role in the economy, and short-term recovery plans are heavily dependent on foreign, mainly Gulf, funding that is flowing through the military, rather than through traditional business networks.

Despite these challenges and changes, Egyptian big business will remain a powerful economic force. It retains control of key sectors of the economy, and it is too big to be allowed to fail.

But it will have to become more self-reliant and thus autonomous from the state. The cutting away of big business from its historical and long-standing

Societal actors are still too weak to bring about serious reforms in the way the economy is governed.

government dependence would mark one huge step ahead, perhaps allowing it to emerge as an independent sociopolitical actor in the future.

Big business seems naturally divided over the situation it faces. However, given the seemingly chronic instability that has afflicted Egypt since 2011, business owners and managers should come to a united vision of the current socio-economic and political situation. Such a perspective would render them more accepting of the government's demands that they help pay the price for fiscal restructuring, if the country is to avoid further turmoil or even social explosion.

Notes

- 1 An enterprise may take the form of a multisectoral holding company, which owns several others, and may even be composed of tens of subsidiaries operating in unrelated sectors. It may conversely refer to a vertically integrated conglomerate or a joint-venture company with foreign capital. However, multinational subsidiaries are not counted as big business, as their interaction with national politics is usually quite different from that of big indigenous capital.
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