

Date:5/18/2004

The German Role in Support of the Egyptian Economy

Speech by

Eng. Dr. Nader Riad

Consultant to the Power & Industry Committee ,People's Council

**President of the Industry Committee in the Arab German Chamber of
Commerce**

Given At

The Conference

The Horizon of the Economic Relations between Egypt and Germany

Under the umbra of the Bilateral European Partnership

Organized By

**The Arab German Chamber for German Arab Industry and
Commerce**

My thanks and estimation to the Conference and to the attendees

What is being witnessed presently within the European Continent as regards drastic changes is basically the result of the integration between of its countries ,which has never been seen in any other region worldwide, particularly following the expansion of the European Union and the ten other countries that have joined. The Union presently comprises twenty five members states.

Such changes and expansions do not create problems for Egypt so much as they create a group of challenges and opportunities in the field of competitive capacity of the Egyptian economy- seeing that Europe is the major primary trade partner of Egypt ; and that more than 40% of its clients evolve in the orbit of the European Union.

It is expected that the new mechanisms related to the policy of European proximity would see to it that the movement of people , goods and capital between the northern and Southern Mediterranean Countries shall reflect an additional variation of cultural coordination between the Euro- Mediterranean countries and the European Union.

This in turn shall replicate additional harmony in the Bilateral Cooperation Project , including monetary , and technical cooperation by the European Union with member countries in the **MEDA** Agreement during the period of 2004-2006.

There is no doubt that the ideas and discussions taking place within the industrial community, the businessmen communities and Non Profit Organizations on the one hand , and what the Egyptian government is undertaking on the other hand, be I in the form of procedures expressed in package of relevant laws being issued aiming at the regularization of the economy and the industrial and commercial community resulting from the

serious knowledge of the capacity of the Egyptian industry to accommodate itself and comply with the regulations of the European Partnership .

It is not an undisclosed fact that the relations between Germany and Egypt are not the product of a short period of time, but go back to tens of years and even more. Egypt holds third place among the first important trade partners of Germany.

It is known that the famous German poet Gotha was greatly affected by a Thousand and One Nights , that what was written about the River Nile came from the books of the German author Emil Ludwig.

The German experience has proven that the Economy is the maker of progress and if the economy is healthy, then politics, Education, Development and Training are healthy as well.

And as has been said, that success is a dynamic action that should not be restrained, hence investing in success is a natural outcome of any future success.

Thus in our opinion in order to sustain the system of Modernization of the Egyptian Industry, we need Financial German European sustainability in the form of the following:

1-machinery and Equipment.

We should direct financing to acquiring equipment and machinery, and not for financing so as to activate the manufacturing of machinery and equipment on the one or the creation of new employment opportunities on the other hand.- especially that the movement of machinery from one person to the other does

not facilitate industrial growth, but can be safer than capital which can be submitted to be eroded and decline and vanishing and bankruptcy . Whereas, machinery moves from a worker's hand to another's

We therefore need a financing mechanism , as well as to have modern machinery and equipment but under the system of leasing which is successfully applied all over the world , and for which Egypt has lately issued a law organizing how to deal with it.

For it is worthless to start training labor on the operation of modern equipment when said equipment are not available , we have to bear in mind that technology transfer starts with owning modern machinery which would produce well, which applies high level technology and which is friendly to the environment.

2- Place of assembly for the provision of industrial services, spare parts and special raw material.

We are in need of places of assembly to provide industrial services, spare parts , and raw material so as to solve the issue of acquiring the suitable material, whether produced locally or imported, These should meet quality criteria , and suitability of price so as to fulfill the different needs of the industry.

3- A center for product evaluation and Reverse Engineering

Product evaluation is considered among the essential industrial activities due to its importance in the evaluation of goods whether they are displayed in the market or those that are in the research and development phase. This is a matter that directly serves the activities of

consumer protection, particularly in the field of goods related to public health, and the safety of the individual.

This is the reason why the importance of the establishment of a specialized center has taken a priority. These goods and products are to be evaluated so as to fulfill the need of the industry and consumer for this vital activity.

We should not forgo to stress the complementary part of this activity which is related to the evaluation of goods and products by means of adding another activity which is no less important being working in the field of Reverse Engineering considered as being one of the important supports of industrial development and technological modernization for the lowering of the cost of accepted –works.' we do not need an invention the wheel, but it is enough to apply how to use it."

4- To open the porthole of cooperation between Egyptian Industry and European Industry.

Only in the field of increased acceptance of fully produced Egyptian goods in European markets .Yet more important is the cooperation in the field of small industries and half produced components which can be part of the European Industries.

The export of these raw material which does not include value added cost , is no longer required by the developing countries and is starting to replace the complete produce which fulfills quality requirements as well as the competitive capacity and the minimum for this is to export partially manufactured materials which is known as half industrialized products .

As an example is the exportation of yarn instead of cotton, and better still to export textiles and above all this , is the export of ready made clothes.

The arena witnesses the export of aluminum bars which have an added value, and the trend to export Egyptian aluminum sheets is on the increase