

## Management Summary

Competitiveness is becoming one of the most interesting topics of the economy. The topic has attracted more economists and think tanks to rethink on what drivers' nations compete, and how clusters (agglomerations of economic activities) enhance prosperity.

This dissertation aims to study the overall state of competitiveness in Egypt, following Michael Porter's framework and lessons learnt from the microeconomics of competitiveness course, Centre for competitiveness, University of Fribourg, Switzerland.

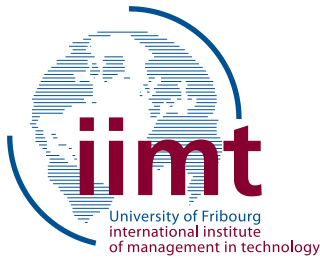
Firstly, a comprehensive analysis was conducted on all levels of competitiveness: the endowments, the macro and microeconomics. To guarantee the neutrality of comparisons in assessing the national performance indicators, only data and rankings provided by international reports were used. The list varies from the Global Competitiveness reports, the World Bank Doing Business reports to other international reports. In gathering data of some specific parts such as fiscal policies and clusters' state, official reports of the Central Bank of Egypt and the government were used.

Secondly, the analysis addressed the nature of the national business environment, introduced some of the local clusters and reflected on other dimensions such as culture. The outcomes revealed that Egypt is blessed with several endowments and resources that, if managed effectively, would drive her prosperity. The country is dedicated to move towards "investment driven" economy. There is a popular support for the current leadership and trust in the directions taken so far. Enormously, Egypt has strong potential to grow and improve her competitiveness among nations.

Finally, the way forward introduced a list of opportunities and challenges, proposed a strategy to improve productivity considering the economic and social policy. It was followed by recommendations on all competitiveness levels, specific clusters and future research to be done.

## Table of contents

Acknowledgments.....	I
Management Summary.....	II
Table of Contents .....	III
List of Figures .....	V
List of Tables .....	VI
Abbreviations.....	VII
<b>1 Introduction, Egypt's profile &amp; endowments .....</b>	<b>1</b>
1.1 Introduction.....	1
1.2 Aims & structure of the dissertation .....	2
1.3 Competiveness: definition & theoretical framework.....	3
1.4 Egypt's profile: facts & figures (2015) .....	6
1.5 Egypt's endowments .....	9
<b>2 The Macroeconomic Competitiveness of Egypt .....</b>	<b>11</b>
2.1 Main issues .....	11
2.2 Fiscal & monetary policies .....	12
2.3 Political context and institutions.....	15
2.3.1 Political stability.....	15
2.3.2 Governance components .....	16
2.3.3 Bureaucracy & centralization of decision making .....	17
2.3.4 Corruption.....	18
2.3.5 Transparency.....	18
2.4 Rule of law & legal context .....	19
2.5 Social context.....	20
2.5.1 Poverty and inequality.....	21
2.5.2 Environmental issues.....	21
2.6 Commentary on macroeconomic competitiveness analysis .....	22
<b>3 The Microeconomic Competitiveness of Egypt.....</b>	<b>24</b>
3.1 Egypt's national business environment (diamond).....	24
3.2 Factor conditions (inputs) .....	25
3.2.1 Logistical infrastructure .....	25
3.2.2 Communication and ICT infrastructure.....	26
3.2.3 Access to capital and financial services .....	26
3.2.4 Education and training .....	26
3.2.5 Labour: force, employment and productivity .....	27
3.2.6 Innovation context.....	30



3.3	Context for firms' strategy and rivalry.....	34
3.4	Demand conditions.....	37
3.5	Related and supporting industries .....	37
3.6	Government role to enhance the national business environment.....	38
3.7	State of clusters development.....	39
3.7.1	The trade balance & partners.....	39
3.7.2	Clusters map.....	41
3.7.3	ICT cluster .....	42
3.7.4	Petrochemical and natural gas cluster .....	43
3.7.5	Agribusiness & food processing cluster.....	44
3.7.6	Logistics and transportation cluster .....	45
3.7.7	Tourism cluster .....	46
3.8	Sophistication of company's operations and strategy .....	47
3.9	Competitiveness and cultural context .....	48
3.9.1	Culture dimensions: "performance orientation".....	49
3.10	Commentary on the microeconomic competitiveness analysis .....	51
4	The way forward .....	52
4.1	Challenges and opportunities .....	52
4.2	Cultural challenges.....	60
4.3	Recommendations.....	62
4.3.1	"Sustainable development and societal justice" strategy .....	62
4.3.2	Recommendations on the endowments level .....	65
4.3.3	Recommendations on the macroeconomic level .....	65
4.3.4	Recommendations on the microeconomic level .....	67
4.4	Recommendations for further research in relation to competitiveness .....	73
	Bibliography and Reports.....	LXXIV
	Internet reading's & resources .....	LXXV
	Appendix 1 - Egypt's macroeconomic environment indicators evolution .....	LXXVI
	Appendix 2 - Egypt's macroeconomic indicators .....	LXXVII
	Appendix 3 - Most problematic factors for doing business / evolution .....	LXXVIII
	Appendix 4 - Egypt's most problematic factors for doing business.....	LXXIX
	Appendix 5 - Egypt's Free Trade Zones.....	LXXX
	Appendix 6 - Egypt's investment policy incentives .....	LXXXII
	Appendix 7 - Switzerland and international competence centres .....	LXXXIII