Egypts 2011 revolution sent seismic tremors through the countrys economy. Uncertainty about the direction of government policies has resulted in reduced levels of domestic and foreign direct investment. The decline threatens to complicate Egypts transition to a market system. The private sector and the government, in collaboration with civil society organizations, must work together to avert an economic crisis and promote growth, stability, and the consolidation of democracy in Egypt.

Key Themes

- The private sector employs some 70 percent of Egypts labor force. Without a marked increase in investment in the private sector, the government will not be able to restore economic growth.
- Businesses are represented by a variety of associations. The collusion between many such associations and political elites in former president Hosni Mubarak’s regime contributed to the private sector’s negative image in Egypt. A number of the postrevolutionary associations are closely affiliated with the new Muslim Brotherhood-led regime.
- Numerous new political parties have emerged since the revolution. Many are pro-business, but there are also several Islamist and socialist parties with less private-sector-friendly agendas.
- The government has taken steps to restore the private sector’s faith in the Egyptian economy, but the business community has not yet responded with new investments or initiatives.

Recommendations for the Private Sector

- Develop a viable, concerted economic vision that will provide realistic policy recommendations on how to achieve market-driven and sustainable growth while increasing employment and social justice.
- Expand existing efforts to include small and medium enterprises and reach out to stakeholders, such as labor unions.
- Launch initiatives promoting corporate social responsibility at the community level. Coordinate with civil society organizations to identify priority areas in which to undertake these initiatives.
- Adopt clear positions on accountability, the minimum wage, taxation, subsidies, and competition regulations.

ABOUT THE AUTHORS

Ibrahim Saif is minister of Planning and Tourism in Jordan. He was previously a senior associate at the Carnegie Middle East Center, where his research focused on economies in transition, international trade with an emphasis on Jordan and the Middle East, institutional governance, and labor-market economics.

Ahmed Farouk Ghoneim is a professor of economics at Cairo University and a research fellow at the Economic Research Forum for Arab Countries, Iran, and Turkey in Cairo, as well as at the Center for Social and Economic Research in Poland.
Recommendations for the Government

- Reduce policy uncertainty by establishing a reliable framework of policies and regulations for doing business in Egypt that is consistent with international norms.
- Minimize intervention in the credit market.
- Adopt a more transparent approach to public finance and to the military’s role in the economy.
- Promote decentralization to empower local communities.
- Reform public sector institutions that deal with investors and limit officials’ margin of discretionary action.
- Launch a credible transitional justice process to help the population distinguish between predatory business leaders who profited from widespread Mubarak-era corruption and the rest of the private sector.