

Final

ACTION PLAN

VISION 2020

EGYPT TEXTILE NATIONAL STRATEGY

Prepared for

INDUSTRIAL MODERNIZATION CENTRE – [IMC]
CAIRO EGYPT

Prepared by



GHERZI

APRIL 2007

Action Plan: Acronyms

Acronyms used in the text-

ALCOTEXA	Alexandria Cotton Exporters' Association
BMRE	Balancing, Modernization, Re-structuring, Expansion
bn	billion
CA	Corporate Audit
CATGO	Cotton Arbitration and Testing Government Organization
HCT	Higher Council For Textiles
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
ICA	Industrial Control Authority
IMC	Industrial Modernization Centre
MFA	Multi Fibre Arrangement
MMF	Man Made Fibres
mn	million
NTB	Non-Tariff Barriers
NTI	National Technological Institutes
PSTM	Public Sector Textile Mills
SWOT	Strengths, Weaknesses, Opportunities and Threats
TCF	Textile Consolidated Fund, Alexandria
TIPF	Textile Investment Promotion Fund
TTS	Textile Training Schools
WG	Working Group

Action Plan: Document Structure

Explanatory notes on the structure of this document

This document contains the recommended Action Plan for realizing VISION 2020. It may be noted that::

- All Actions have been grouped under 9 main objectives, according to their priority
- Each **Objective** is broken down into several component actions
- Each **Action** includes a target deadline, the concerned parties and a series of implementation steps.
- In some cases **Additional Notes** have been posted giving further details to assist in the implementation.
- Each action is followed by an **Implementation Schedule** with, where appropriate, a corresponding **Budget**
- To facilitate the structure of this document, each type of document has been colour coded, as shown on the following page.

Action Plan: Document Structure (continued)

1 Each Objective is composed of a number of actions

Objective (Blue)

Objective: Secure Labour Force Action No: 2002-05

Priority: 1 Immediate
 2 Short Term
 3 Medium Term

Description: To have available the required skills and competences required in the Textile Industry, in the short term, by facilitating the hiring of expatriate management whilst investing in the education of local management and skills development for production operators.

Justification: \$100 bn exports will result in the direct employment of about 1 million persons in all sectors of the industry and a further 1 million persons in indirect jobs outside of the industry. BUT the numbers of qualified managers and skilled persons available now is lower than the industry requires. The industry suffers from an acute shortage of skilled workers and managers.

Actions:

1. Undertake a skills survey of the textile industry in 2006/07 and project the need through to 2020
2. Facilitate access to expatriate management
3. Survey the higher education institutes TTB, NTI & universities, including vocational training courses
4. Prepare an incentive package for investments in textile education at all levels
5. Seek collaboration with foreign institutes and determine opportunities for private textile colleges
6. Identify a future role for the Textile Consolidation Fund [TCF]
7. Introduce re-education diplomas for engineers and retaining of the public sector redundant workforce
8. Expand the TVET programme
9. Prepare a plan for the expansion of Higher Textile Education in Egypt

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2 Each action is broken down into implementation steps and, in some cases, is followed by additional notes

Action (Red)

Objective: Secure Labour Force Action No: 2002-05

Action: Facilitate access to expatriate management

Description: Government to facilitate local companies recruitment of expatriate middle & top management (Asian/ European for top management and Asian for middle management) Also Asian for production workers.

Priority: 1 Immediate
 2 Short Term
 3 Medium Term

Deadline: March 2007

Implementation Steps:

- Identify international textile headhunters (one contact is provided in this report)
- Project the Egyptian textile industry's requirements to headhunters, based on the results of the skills needs survey
- MCJ and Government to identify the level of support to be provided to companies such as:
 - Covering the costs of the headhunter
 - Support for a %age of the costs of expatriates

Responsible: EIM/ MCJ, Ministry of Trade & Industry, Skills WG, Ministry of Labour

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Additional Notes (Red)

Objective: Secure Labour Force Action No: 2002-05

Action: Facilitate access to expatriate management

Additional Note:

Eligibility criteria for facilitating access to expatriate management

- Company has to be established a minimum of 1 year and proof of operation established
- Company has to undergo corporate audit and a clear development plan set forward for the future
- Discussions of expatriate salaries and benefits should be done through the selected head hunters and through the EIM and not directly with the company
- Budget ceiling is Euro 6'000 / month per expatriate. Larger salaries / benefits will be paid by the company without support

Approach to the Ministry of Labour
 Currently the law allows up to 10% foreign staff in any given company. The ceiling is suitable for the target set by VISION 2020 and no amendments to the law are required. However, the obstacle lies in the bureaucratic procedures set forth by the Ministry of Labour which are designed to deter a majority of companies from utilizing this facility. The purpose of the discussions with the Ministry of Labour is to show the levels of employment of Egyptians that can be generated by the implementation of VISION 2020 and reach an agreement with the Ministry of Labour to relax its procedures in favour of textile companies.

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3 Each action is followed by an implementation schedule and, where appropriate, a corresponding budget

Schedule (Green)

Objective: Secure Labour Force Action No: 2002-05

Action: Facilitate access to expatriate management

Action Implementation Time Frame												
Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Identify international textile head hunters												
Prepare incentive package for investments in textile education at all levels												
Identify a future role for the Textile Consolidation Fund [TCF]												
Introduce re-education diplomas for engineers and retaining of the public sector redundant workforce												
Expand the TVET programme												
Prepare a plan for the expansion of Higher Textile Education in Egypt												

* Years 2-14 will be operational and monitoring phases

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Budget (Orange)

Objective: Secure Labour Force Action No: 2002-05

Action: Facilitate access to expatriate management

Option 1: Head hunters

Budget as for providing support in the hiring of expatriate management either by covering cost of head hunters or by carrying part of the overheads (audit, calculations and head hunting requirements)

Description	Description	Budget (€)
Senior and technical management (1000) 20% from Europe - 20% from Far East	Senior & Technical Management (Euro 1000 x 750)	750,000.00
Mid-level Assistant Technical Manager (2000) 20% from Europe - 20% from Far East	Mid-level Assistant Technical Manager (Euro 2000 x 1070)	214,000.00
Mid-level Assistant Technical Manager (2000) 20% from Far East	Mid-level Assistant Technical Manager (Euro 2000 x 497)	99,400.00
Engineers (2000 x 275)	Engineers (2000 x 275)	55,000.00
Subtotal		1,118,400.00

Option 2: Support expatriate cost

Covering 40% of expatriate salary for 3 years

Senior & Technical Management Monthly Salary, Euro 6'000	3,291,750.000.00
Mid-level Assistant Technical Manager Monthly Salary, Euro 1'500	300,750.000.00
Shop Floor Management Monthly Salary, Euro 1'000	321,304.004.00
Engineers Monthly Salary, Euro 1'800	459,776.744.00
Subtotal	4,373,580.748.00

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OBJECTIVES - OVERVIEW

Priority List

Industry focus should be to make available resources for growth and setting the foundation for the future..

Priority	Objective N°	Objective N°	Objective Description
0	Industry Representation	1	Build Executive Body
1	Secure Resources & Expand Industry	2	Labour Availability
		3	Develop Industrial Land
		4	Investment Fund
		5	FDI Promotion
2	Develop Local Environment	6	Upgrade Existing Factories
		7	Access to raw materials
		8	Logistics & Access to Markets
3	Industry Structure	9	Disposal of public sector mills

INDICATIVE

Tentative Budget 2007 - 2013

VISION 2020 - Action Plan

Budget Summary		
Objective	Budget In LE	
1 Build Executive Body	11,000,000	
2 Labour Availability	3,000,000	
3 Develop Industrial Land	-	
4 Investment Fund (for first two years)	1,150,000,000	
5 FDI Promotion	2,000,000	
6 Upgrade Existing Factories	-	
7 Access to Raw Materials	-	
8 Logistics and Access to Markets	-	
9 Disposal of Public Sector Mills	-	
Total in LE	1,166,000,000	
Total in USD	203,000,000	

BUILD EXECUTIVE BODY [HCT]

Objective: **Build Executive Body – HCT**

Description	Priority
<p>Establish a dynamic HCT dedicated to implementing the Strategic Action Plan. The HCT should have the responsibility, authority and power to ensure that VISION 2020 becomes a reality and that the required progress is not delayed by parochial interests.</p>	<p><input checked="" type="checkbox"/> 1 Immediate <input type="checkbox"/> 2 Short Term <input type="checkbox"/> 3 Medium Term</p>
Background	
<p>Implementation of the Action Plan requires a full-time, dedicated executive team. [Note: Experience shows that a board of industrialists, working part-time, will not have time for the proper implementation of VISION 2020.] BUT Industrialists have an essential and crucial role in setting, lobbying & monitoring implementation of the plan.</p>	
Actions	
<ol style="list-style-type: none">1. The HCT to have responsibility, authority and power to implement VISION 2020- the Strategic Action Plan.2. Build an Executive Body headed by a qualified person, preferably a business person.3. Establish Working Groups [WG] within the HCT, with responsibilities for specific tasks.	

Action :	Establish the Higher Council for Textiles
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Description

<p>The Higher Council for Textiles Board of Directors has the responsibility, authority and power to implement VISION 2020- the Strategic Action Plan and to update it. As well as the direct involvement in the legislative framework for all government policies that directly impact the textile industry.</p>

Priority

- | |
|--|
| <input checked="" type="checkbox"/> 1 Immediate
<input type="checkbox"/> 2 Short Term
<input type="checkbox"/> 3 Medium Term |
|--|

Deadline / Deliverables	Implementation Steps
January 2008	<ul style="list-style-type: none"> Issue the ministerial decree for the establishment of the Higher Council for Textiles Form BoD as described later in this document to be active by February 2008, perform internal elections to appoint Vice President Approve and acquire the required budget for the executive unit from the MFTI to be completed by March 2008
Responsible	<ul style="list-style-type: none"> Identify and acquire a suitable location for the executive unit from the MFTI to be completed by March 2008
HCT Ministry of Trade & Industry	

Action : Establish the Higher Council for Textiles

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>Issue ministerial decree for the establishment of the HCT</i>																								
<i>Form BoD as described</i>																								
Implementation																								
<i>Approve and acquire required budget</i>																								
<i>Identify and acquire a suitable location for HCT</i>																								
Strategic review of the HCT performance																								
<i>HCT BoD meetings</i>																								
<i>Review of the HCT performance</i>																								

** Years 7-14 will be operational and monitoring phases*

Action : Build the HCT headed by a qualified person, preferably from the business world

Description

Hire a suitably qualified person to have overall managerial responsibility for building and managing the HCT, to realize VISION 2020

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
June 2008	<ul style="list-style-type: none"> • Identify and appoint the Executive director to be in position by March 2008, profile should include: <ul style="list-style-type: none"> • International Exposure • Preferably a multinational background or foreign programmes • Industry experience will be a plus but not a must • 15-20 years experience • The director will have the responsibility of staffing the HCT, coordinating the work of the Working Groups [WG] with Government Departments and all Stakeholders, to achieve complete implementation of VISION 2020. • The Executive Director to present an implementation plan for the unit to the BoD by June 2008 • Staffing and furnishing of the Executive Unit to be completed by June 2008
Responsible	
Ministry of Trade & Industry HCT	

Action : Build the HCT headed by a qualified person, preferably from the business world

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>Identify and appoint Executive Director</i>																								
<i>Presentation of implementation plan</i>																								
Implementation																								
<i>Staffing and furnishing of the HCT Executive Unit</i>																								
Strategic review of the Executive Unit performance																								
<i>HCT BoD meetings</i>																								

** Years 7-14 will be operational and monitoring phases*

Action : Establish Working Groups [WG] within the HCT, with responsibilities for specific tasks

Description

Each of the objectives of the action plan should be assigned to Working Groups [WG] of stakeholders, to monitor implementation by the HCT and to co-ordinate with the respective Government Departments. The WG will report directly to the HCT.

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

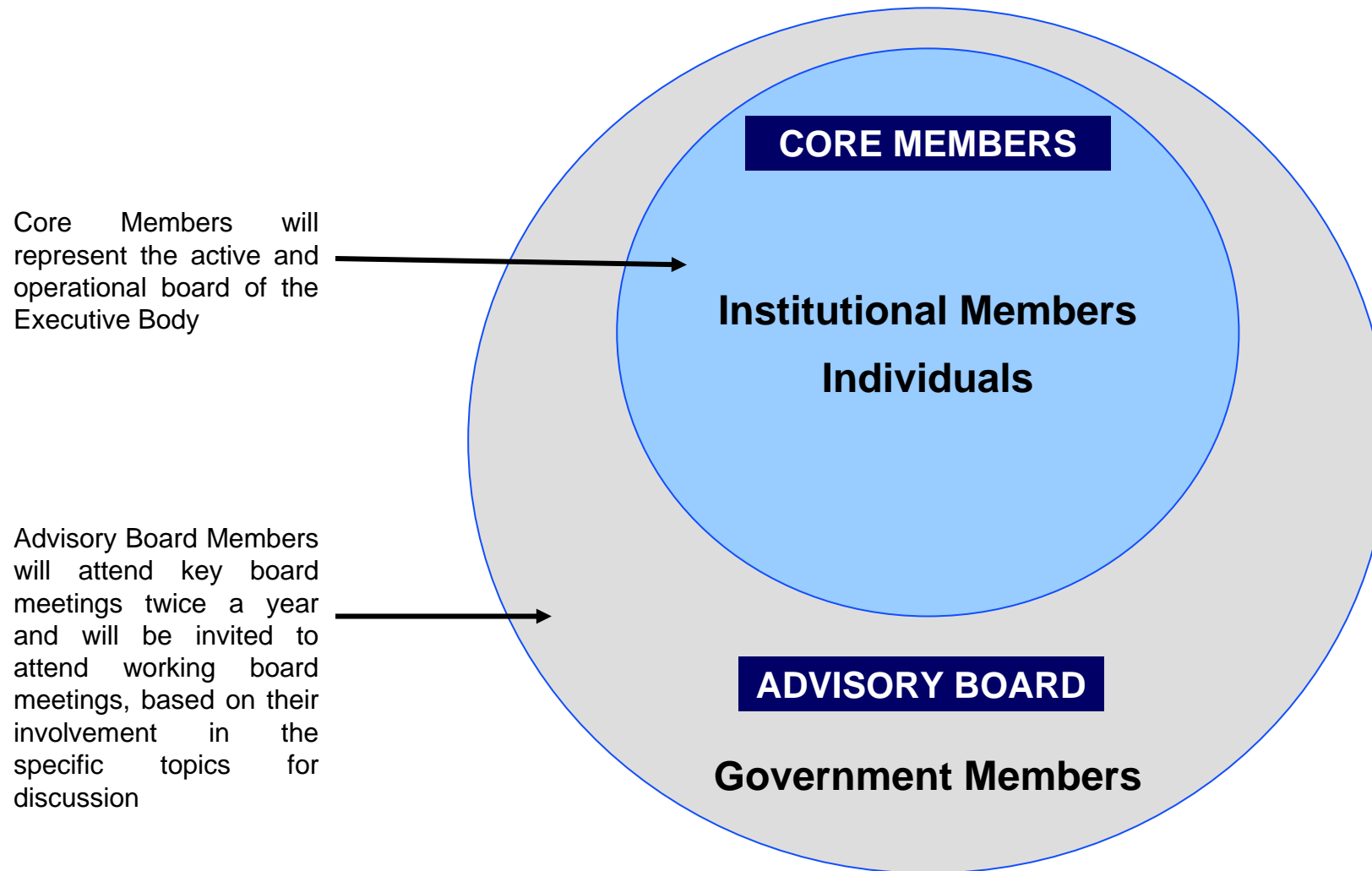
Deadline / Deliverables	Implementation Steps
June 2008	<ul style="list-style-type: none"> • WGs will be set up with 5-7 members each selected according to the specific tasks of each WG. Each WG will include a minimum of 2 industry members • BoD to appoint the heads of the WG as described later in this document to be completed by March 2008 • WG heads to propose the members of each WG for approval by BoD and proceed with formation of groups by April 2008 • Working Groups to present implementation plans by June 2008 (close coordination with the Executive Director)
Responsible	
Ministry of Trade & Industry HCT	

Action : Establish Working Groups [WG] within the HCT, with responsibilities for specific tasks

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>Appoint Heads of WG</i>																								
<i>Formation of WG</i>																								
Implementation																								
<i>Presentation of Implementation Plans</i>																								
Strategic review of the Executive Unit performance																								
<i>HCT BoD meetings</i>																								

** Years 7-14 will be operational and monitoring phases*

EXECUTIVE BOARD FORMATION



Institutional Members

- 1 **Ministry of Trade & Industry**
H.E. The Minister
- 2 **Textiles Export Council**
Chairman
- 3 **Hometextiles Export Council**
Chairman
- 4 **Garments Export Council**
Chairman
- 5 **Egyptian Chamber of Textile Industries**
Chairman
- 6 **Alcotexa**
Chairman
- 7 **Holding Company**
Chairman

Individuals

- 8 **Foreign Investor**
- 9 **Small & Medium Enterprise / Local Market manufacturer**
- 10 **Additional Member**
- 11 **HCT – Executive Director**
(non voting member)

Government Members

1

Ministers' Cabinet
Representative

2

Ministry of Investment
Representative

3

Ministry of Education
Representative

4

Ministry of Labour
Representative

5

Ministry of Finance
Representative

6

Central Bank Of Egypt
Representative

7

Industrial Modernization Centre
Representative

8

Industrial Development Authority
Representative

Board Formation

The Executive Body Board will have 10 Core members as follows:

Institutional Members

Seven [7] members in their capacities as representatives of key institutions in the Egyptian Textile Industry; namely H.E. The Minister of Trade & Industry; the Chairmen of the three Export Councils; the Textile Chamber, the Holding Company and Alcotexa. In addition the Executive Director of the Council will be sitting on the board as a non-voting member.

Individual Members

Three [3] additional board members to be proposed by the 7 institutional members and voted by the entire board, including other individual members. Individual members will be elected in their personal capacities as textile manufacturers, traders or retailers.

In addition to the Core members, there will be 8 or more Advisory Board members (the numbers to be determined from time to time by core members), government officials representing key ministries and government organizations.

Board Meetings

The HCT Core Board will meet once per month to review progress in implementation of VISION 2020. During those meetings selected members of the Advisory Board will attend according to their relevance to specific items on the meeting's agenda.

The HCT Full board will meet every three months to give a comprehensive update to all Board Members of the progress in implementing VISION 2020.

President and Elections

The Council will be headed by H.E. The Minister of Trade & Industry. Institutional members will change according to the changes in their respective organizations and individual members will be elected every 2 years. The board will elect a Vice President, to hold office for 2 years (following the elections of individual members), to be the speaker on behalf of the Council. The Board will be structured after the usual structure of non-profit making associations with a secretary and treasurer as officers who will be change with each election.

Executive Unit

The Council will be have a monitoring Executive Unit headed by a suitably qualified person [Action: 102-02]. The Executive Unit will be responsible for handling the day to day business of the Council as well as implementation of the actions reserved for the Council (i.e. those actions that may not be executed by other organizations).

Working Groups

For implementing VISION 2020, eight [8] working groups will be put in place to monitor implementation of the 9 objectives. Each working group will be headed by a Board Member to be elected by the Board.

The head of each WG will be responsible for selecting their group members from the industry (minimum 2 industry members / group) and representatives of organizations active in the scope of that WG (see suggestions below). The proposed WG members will be approved by the Board prior to their formal appointment.

Each WG will be responsible for planning, implementing & monitoring their designated objectives. The WG will work closely with the Executive Unit and will develop its own plan, budget (including the required Executive Unit resources) and milestones to be approved by the Board. The WG will submit quarterly reports to the board.

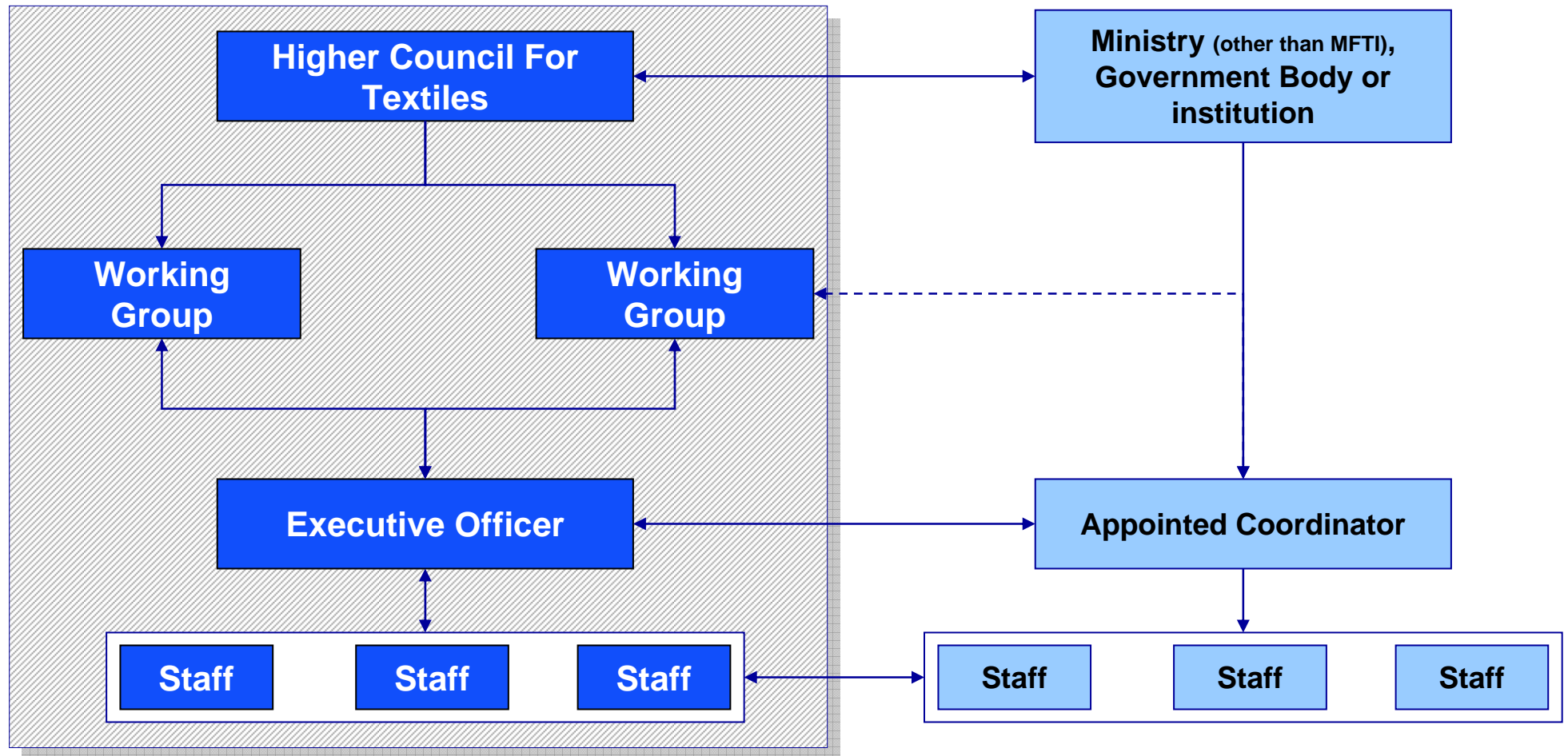
Build Executive Body - HCT: **Board Formation & Executive Structure** (Continued)

Working Group	Suggested Members
Labour Availability	<ul style="list-style-type: none"> • Group head • Ministry of Education • Ministry of Finance • Ministry of Investment • Ministry of Labour • Holding Company • Representative of ITC <ul style="list-style-type: none"> • Ministry of Higher Education
Industrial Infrastructure	<ul style="list-style-type: none"> • Group head • Ministry of investment • Industrial Development Agency • Representative of the Prime Minister's Cabinet
Finance and Investment Promotion Fund	<ul style="list-style-type: none"> • Group head • Ministry of Finance • Ministry of investment • Banker / Financier
FDI Promotion	<ul style="list-style-type: none"> • Group head • General Authority For Investment • Head of Commercial Representation Service • Foreign investor

Build Executive Body – HCT: **Board Formation & Executive Structure** (Continued)

Working Group	Suggested Members
Industrial Upgrade, Research and Development	<ul style="list-style-type: none"> • Group head • IMC representative • Representative from: Textile Consolidation Fund, National Research Centre or Textile Technology Centre • Representative of ITC
Access to raw materials	<ul style="list-style-type: none"> • Group head • Ministry of Finance: Representative from Customs Authority • Ministry of Trade & Industry: Representative of Industrial Control Authority • Ministry of Agriculture and Land Reclamation: Representative for Cotton Sector • Ministry of Finance: Representative of Free Zones • GTZ Representative - staff member involved in setting the cotton strategy
Logistics & Access to Markets	<ul style="list-style-type: none"> • Group head • Ministry of Transportation • Ministry of Trade & Industry - representative concerned with international trade agreements
State Owned Companies	<ul style="list-style-type: none"> • Group Head • Chairman of the Holding Company • Ministry of investment • Representative from the EU Commission programme

Build Executive Body – HCT: **Board Formation & Executive Structure** (Continued)



Executive Body Roles and Responsibilities

The HCT will be delegated the authorities and functions of the Minister of Trade and Industry in all issues directly related to the industry, the role of the HCT will be to:

- Set all strategic directions and development targets for all sectors of the Textile Industry with the authority to set government policies for the sector as well as the authority to accept or reject government policies directly addressing the textile industry.
- Strategic control / monitoring of all resources dedicated to the development or support of the Textile Industry made available by the government through its various bodies
- Act as Coordinator to the entire industry across all stages of the supply chain. Including ensuring that the efforts of all organizations are coordinated and streamlined to meet the development goals set by the HCT
- Be responsible for implementing VISION 2020, including raising the required funds/ resources and guaranteeing the commitment of Government
- Appoint and monitor the Executive Unit head
- Promote VISION 2020 to all stakeholders / players in the Textile Industry as well as to key decision makers in the Egyptian economy
- Act as the information hub for the Textile Industry, collecting & disseminating key market information
- The role of HCT is not to replace existing organizations but to coordinate all efforts in implementing VISION 2020 and to take responsibility for those aspects of VISION 2020 not implemented by other organizations

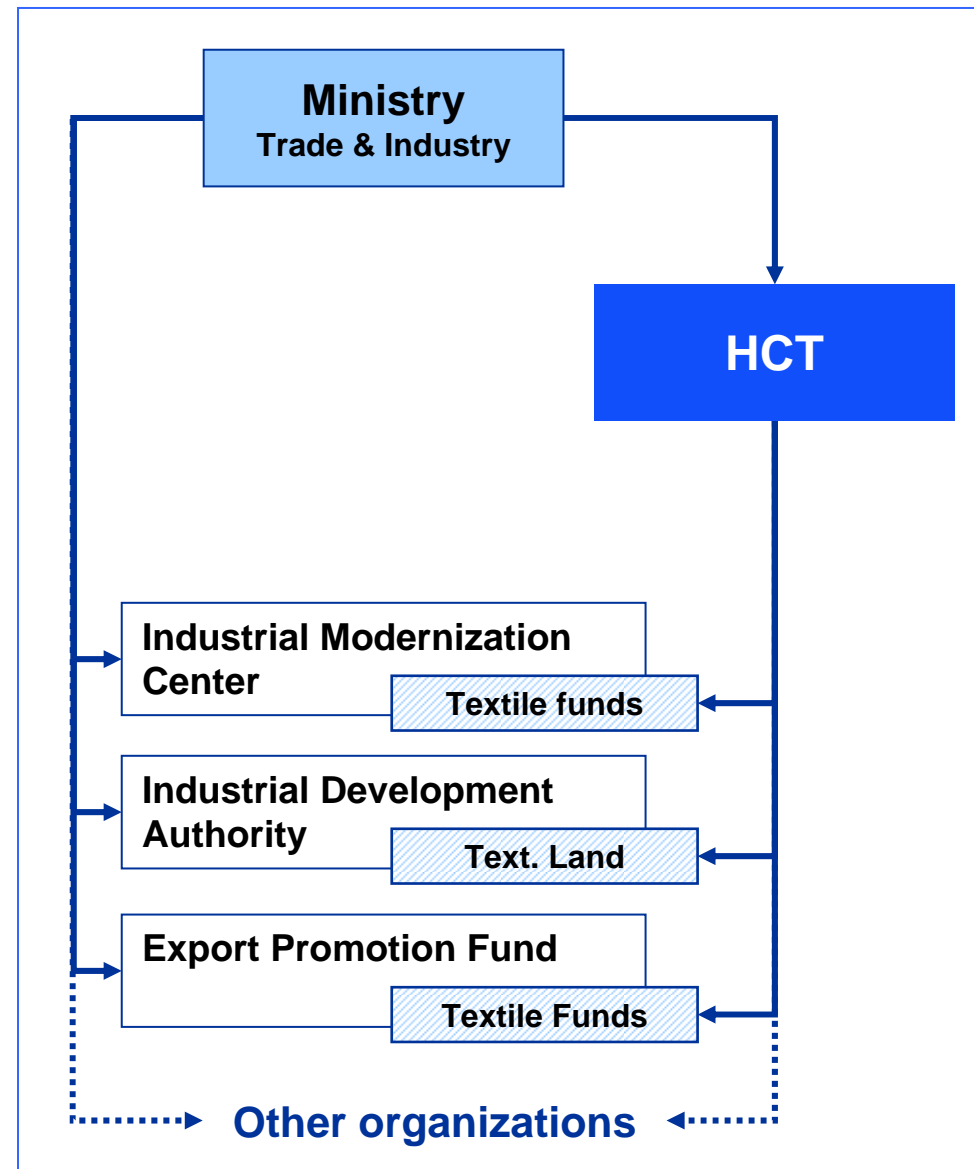
Build Executive Body - HCT: **Positioning vis a vis the government**

The HCT will be positioned as a Council and an Executive Authority under the Minister of Industry. The HCT will coordinate and monitor, within MTI, the resources available for the textile sector such as:

- Export Promotion Fund
- IMC funds dedicated to textiles
- Industrial land development plan in coordination with IDA
- Control of Investment Promotion Fund (proposed in **Vision 2020**)

The HCT has responsibility for planning, coordinating & monitoring allocation of the resources. Implementation will rest with each organization.

The Council also has responsibility for setting & implementing national strategies for the Textile Industry by coordinating the efforts of all organizations active in the Textile Sector (associations, chambers, donor agencies, federations, etc.) and for taking responsibility for items not covered by other organizations. It is imperative that the Council does not duplicate efforts being undertaken by other organizations.



Objective: 1. Build Executive Body

INDICATIVE

Objective: 1. Build Executive Body

Action

1 Build Executive Body

Description *Budget includes the staffing and furnishing of the executive unit. The budget does not include the costs of action implementation*

Budget Item	Description	Budget (LE)
Executive Director	Salary for 5 years x LE 30'000 / month	1,800,000.00
Executive Team	Salary for 5 years x LE 5000 / month x 15 executives	4,500,000.00
Support staff	Salary for 5 years (LE 1500 x 12 x 5) x 5 persons	450,000.00
Rent	Monthly rent (LE 14'000 x 12 x 5)	840,000.00
Office expenses	Monthly (LE 40'000 x 12 x 5): Communication / Utilities / Stationary	2,400,000.00
Travel	Yearly Lump Sum (LE 150'000 x 5)	750,000.00
Furniture and equipment	Lump Sum	260,000.00
Subtotal		11,000,000.00
Total Objective Including support to expatriate management		11,000,000.00

SECURE LABOUR FORCE

Objective: **Secure Labour Force**

Description	Priority
<p>To have available the required skills and competencies required in the Textile Industry. In the short term, by facilitating hiring expatriate management whilst investing in the education of local management and skills development for production operators.</p>	<p><input checked="" type="checkbox"/> 1 Immediate <input type="checkbox"/> 2 Short Term <input type="checkbox"/> 3 Medium Term</p>
Background	
<p>\$10 bn exports will result in the direct employment of about 1 million persons in all sectors of the industry and a further 1 million persons in indirect jobs outside of the industry. BUT the numbers of qualified managers and skilled persons available now is lower than the industry requires. The industry suffers from an acute shortage of skilled workers and managers.</p>	
Actions	
<ol style="list-style-type: none">1. Undertake a skills survey of the textile industry in 2007 and project the skills needed through to 20202. Facilitate access to expatriate management3. Survey the higher education institutes TTS, NTI & universities, including vocational training institutes.4. Promote the attractiveness of textile education/ careers5. Seek collaboration with foreign institutes and determine opportunities for private textile colleges6. Re-define the role of the Textile Consolidation Fund [TCF]7. Introduce re-education diplomas for engineers and retraining of the redundant public sector workforce8. Expand the TVET programme9. Prepare a plan for the expansion of Higher Textile Education in Egypt	

Action : Undertake a skills survey of the Textile Industry in 2007 and project the skills needs through to 2020

Description

Survey managements' and production workers' skills present in the industry (and the shortfalls) in the industry and project the annual needs for new managerial graduates and skilled operators until 2020, in all business disciplines and production departments.

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
June 2008	<ul style="list-style-type: none"> • Identify sources of funds to make the survey and identify service provider. • Set up an Education Working Group [Skills WG] • Survey skills levels in the 2006/07 industry; identify the skills that are present in the industry and those missing. Project targets needed yearly, for VISION 2020 <ul style="list-style-type: none"> - Production operatives- skilled and semi-skilled - Supervisory level- technical skills, man management, etc - Technical/ engineering staff - e.g. production (weaving, dyeing, cutting, sewing, planning, quality control, fashion, design, merchandisers, etc.) - Senior/ Middle Management- e.g. marketing, finance, human resources, merchandising, etc. specific for textiles ▪ Update the projections yearly
Responsible	
HCT/ IMC Ministry of Trade and Industry Skills WG	

Action : Undertake a skills survey of the textile industry in 2007 and project the need through to 2020

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
Action preparation phase																								
<i>Set up WG, Identify source of funds and service provider</i>																								
Evaluation/analysis/plan formulation																								
<i>Undertake skills survey of industry</i>																								
Implementation																								
<i>Operational – apply survey results in education institutes</i>																								
(Monitoring (Update the projections)																								

** Years 7-14 will be monitoring and updating the projections*

INDICATIVE

Action

201-04 Undertake Skills Survey of the textile industry in 2006 / 2007**Description**

The budget is for consulting services to undertake a survey of the existing requirements for labour in the industry and for projections based on current investment levels in the industry. The survey to be updated yearly based on actual investments in the industry. The update to be undertaken by the HCT.

Budget Item	Description	Budget (LE)
Local Consultant Fees	100 mandays x LE 1700	170,000.00
Project Costs	Lump Sum	20,000.00
Subtotal		190,000.00

Action : Facilitate access to expatriate management

Description

Government to facilitate recruitment of expatriate middle & top management [Asian/ European for top management and Asian for middle management] by local companies. Also Asian personnel for production workers.

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
March 2008	<ul style="list-style-type: none"> • Project the Egyptian Textile Industry's requirements, based on the results of the skills needs survey and the projections prepared under VISION 2020 • Present projections (including projected employment of Egyptian operators) to the Ministry of Labour and agree a programme to ease the regulations concerning the employment of foreigners. Target to reach an agreement and implement new regulations by June 2008
Responsible	<ul style="list-style-type: none"> • Identify international textile headhunters (one contact is provided in this report)
HCT/ IMC Ministry of Trade & Industry Skills WG Ministry of Labour	<ul style="list-style-type: none"> • Organize a service through IMC/ HCT for companies to identify their management needs and to profile their requirements. Service to be in place by June 2008

Action : Facilitate access to expatriate management**Additional Notes****Required regulatory changes to expatriate hiring**

- Work permits to be extended to 3 years (currently 1 year)
- Remove costs of issuing work permits
- Visa restrictions should be removed
- Requirement for minimum education levels to be removed
- Administration fees to be removed
- One-stop-shop approach to hiring of expatriate management by consolidating all approval requirements at the Ministry of Labour

In order to facilitate discussions with the Ministry of Labour, it is recommended to present to the Ministry the levels of employment of Egyptian labour that will be created by VISION 2020 and the impact of relaxing regulations governing the hiring of expatriate management in the industry's further development. A representative of the Ministry of Labour should be appointed to the Advisory Board who will attend the semi-annual full board meetings to link labour related issues to the Ministry. The Ministry of Labour representative will be a member of the Labour WG.

Action : Facilitate access to expatriate management

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>Prepare industry projections and present to ministry of labour</i>																								
<i>Pass industry's management needs to head hunters</i>																								
Evaluation/analysis/plan formulation																								
<i>IMC to publish agreed scheme</i>																								
Implementation																								
<i>IMC/HCT organize service for recruiting expatriate staff</i>																								
Operational (Present projection)																								
Monitoring																								

** Years 7-14 will be operational and monitoring phases*

Action : Survey the Higher Textile Education Institutes [TTS, NTI, Universities & Vocational Training Institutes]

Description

Survey the Textile Schools, Higher Textile Education Institutes, Vocational Training Centres, to identify their numbers, student capacities and the courses they offer relative to the industry's needs.

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
June 2008	<ul style="list-style-type: none"> • Identify a source of funds for making the survey. • Survey to include: <ul style="list-style-type: none"> • Identification of all available Textile Schools, Higher Textile Education Institutes and Vocational Training Institutes. • Profile all schools, institutes and centres in terms of their student capacities, numbers of graduating students & relations with industry. • Detailed assessment of the existing curricula • Identify gaps between the skills required by the Industry [Action 1] & the available education in terms of curricula and capacities • Prepare a plan to show the total number of students required and courses to be followed within the VISION 2020 time frame. • A possible service provider, panel of experts from one of UK/ Germany/ USA leading textile universities
Responsible	
HCT/ IMC Skills WG Ministry of Higher Education Ministry of Trade & Industry	

Action : Survey Textile Higher Education Institutes [TTS, NTI, Universities & Vocational Training Courses.]

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>Identify source of funds for making survey</i>																								
Action preparation phase																								
<i>Undertake survey, profile textile schools/ higher institutes/ vocational courses- student capacities, curricula.</i>																								
Evaluation/analysis/plan formulation																								
<i>Analyze student courses/ capacities; Identify gaps between industry's needs to VISION 2020 and training capacities. Prepare plan for increased education facilities.</i>																								
Implementation																								
<i>Seek service provider- panel from international textile university</i>																								
Operational																								
Monitoring																								

** Years 7-14 will be monitoring phases*

INDICATIVE

Action

203-06 Survey the Higher Education Institutes

Description *Budget is for consulting services to identify and evaluate all existing higher education institutes in terms of curriculum as well as in terms of capacity.*

Budget Item	Description	Budget (LE)
International consultant fees	200 mandays x Euro 1'000	1,480,000.00
Local consultant fees	200 mandays x LE 1'500	300,000.00
Project expenses	Translation / Travel / Accommodation	350,000.00
Subtotal		2,130,000.00

Action : Promote attractiveness of textile education / careers

Description

Develop incentives designed to attract students to textile universities and training institutes. The incentives will be primarily in the form of scholarship funds and financial bonuses for the successful completion of textile education; also a promotion campaign in universities, schools & job fairs will operate.

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
June 2008 Onwards	<ul style="list-style-type: none"> Identify sources of funds Hire a Public Relations company to develop a national image building campaign for the textile sector. Campaign to include both media and field campaigning in schools, universities and job fairs Develop packages and awards for textile students in collaboration with local and international universities. An expert will be required for the preparation of the packages and for discussions with institutes (local and international)
Responsible	
IMC/ HCT Skills WG Ministry of Education Ministry of Investment Ministry of Finance	<ul style="list-style-type: none"> Develop textile job fair touring key universities Appoint specialist company for the recruitment of trainees for all HCT training initiatives at the various levels Target within 2 years to fill maximum capacity of students in textile faculties in the various universities and to continue to fill maximum capacity as it grows through investments in textile education

Action : Promote attractiveness of textile education / careers

Additional Notes

National Campaign

- Campaign to last for 3-4 years
- Target to reach future textile engineers and professionals (soft skills) prior to selecting their education path (i.e. at high school level and first year in engineering universities) as well as;
- Promote attractiveness of non-technical textile careers (soft skills) in universities
- Campaign to focus on promoting the packages and awards for textile education as well as promoting the industry as a modern and prestigious employer with wide career prospects

Awards and packages for textile education

The target is to attract students to textile education through financial/ non-financial packages. The possible range of packages is broad but selection of the most adequate tools will rely primarily on the availability of funds. The following are examples of the possible tools:

- **Top performer award:** an attractive financial award (EGP 20'000) for the top three performers in every university year in textile departments. Such a tool is one of the least costly incentives and most appealing to students (due to its size). The disadvantage is that it will not attract a wide base of students.
- **End of year education bonus:** a financial bonus paid at the end of each university year to all textile department students. The bonus can range between EGP 500 – 2000/ student. This tool can be very attractive for mass recruitment of textile students and should only be used in conjunction with a strict selection criteria. The disadvantage the quantum of funds required.

Action : Promote attractiveness of textile education / careers**Additional Notes****Awards and packages for textile education** (*continued*)

- **Foreign University Exchange Programmes:** A scholarship for sending top performers in their 3rd and 4th years of textile studies to Universities in the EU, US and, possibly, Turkey. This programme's advantage is that it raises the level of education and builds the image for textile careers. The disadvantage of the programme is the high cost of scholarships. However, exchange programmes can be negotiated with foreign universities to exclude the tuition fees, leaving only travel and living expenses to be covered by the scholarships. This programme can also be developed with existing education scholarships in Egypt (e.g. the British Council Scholarships) by directing funds to textile education.
- **Monthly allowance:** A compensation given to all textile students (EGP 300 – 500) at the end of each month. Such an allowance could attract a large number of students and will be a costly option. It can only be implemented if there are:
 - a) Strict admission criteria
 - b) Other incentives for good performances
 - c) Securing education places in the target universities

Textile Job Fairs

The plan is to have Job Fairs touring the universities promoting careers in textiles. The fairs will be run by textile employers and will focus on engineering/ non-engineering textile careers. The fairs will be organized in collaboration with the PR company in charge of the national image building campaign. As well as textile job opportunities, the fairs should focus on creating awareness of the possible textile education packages and the technical/ non-technical career opportunities in textiles.

Action : Promote attractiveness of textile education / careers

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>Education WG – Develop Incentive Package</i>		█																						
Action preparation phase																								
<i>Hire PR company</i>			█																					
•Evaluation/analysis/plan formulation																								
<i>Start Textile Job Fair</i>				█																				
Implementation																								
Operational					█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Monitoring										█							█				█			

** Years 7-10 will be monitoring phases*

Action : Seek collaboration with Foreign Institutes and identify the opportunities for private textile colleges

Description

Create partnerships between local universities/ technological institutes and foreign institutes, or attract the foreign institutes to invest in textile education in Egypt or to set up a collaboration assistance package with foreign institutes.

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
<ul style="list-style-type: none"> • Launch Initiative June 2008 • 1000 textile engineers per year by 2011 • First graduates by 2016 	<ul style="list-style-type: none"> • HCT to set up WG with members from academic & industry backgrounds • Prepare profiles of the Egyptian Higher Textile Education Institutes in 2006 and the expected needs to 2020 – consider incentive packages. • Prepare a list of potential partners world-wide. Make a short-list of those to be approached, focus on technological courses rather than theoretical teaching. Note: such arrangements have been made in many new textile countries. • Make contacts with the short-listed foreign institutes; identify their interests & requirements. Arrange study tours to them for discussions, presentation of profiles and determine the opportunities to join hands • Arrange further discussions with all parties with a view to sign collaboration agreements with one or more foreign institutes with capacity to produce 1000 textile engineers / year in the various disciplines by 2011
<p style="text-align: center;">Responsible</p>	
<p>HCT/ IMC Skills WG Ministry of Education Ministry of Trade & Industry</p>	

Action : Seek collaboration with Foreign Institutes and determine the opportunities for private textile colleges

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>Education WG: members of academic/ industry backgrounds</i>																								
Action preparation phase																								
<i>Prepare profiles- 2007 Textile Education Institutes & the needs for VISION 2020. Shortlist possible international partners.</i>																								
Evaluation/analysis/plan formulation																								
Implementation																								
<i>Contact short-listed intl. institutes; identify their interests/ needs</i>																								
Operational																								
<i>Negotiate with parties with view to signing a collaboration deal</i>																								
Monitoring																								

** Years 7-10 will be monitoring phases*

INDICATIVE

Action

205-08 Seek Collaboration with foreign institutes**Description** *Budget is for consulting services to identify, select and initiate discussions with foreign institutes*

Budget Item	Description	Budget (LE)
Local consultant fees	100 mandays x LE 3'000	300,000.00
Project expenses	Travel / Accommodation / Communication	380,000.00
Subtotal		680,000.00

Action : Redefine the role of the Textile Consolidation Fund [TCF]

Description

The TCF may be separated into two distinct units: 1) a Testing Unit, with its associated laboratories and 2) an Education /Training Unit with machine work shops, laboratories, education training and conference facilities, including a second testing department and adjacent spare ground.

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
June 2008	<p>1. Testing Unit: Prepare a profile of the TCF Testing Unit facilities.</p> <ul style="list-style-type: none"> • Identify international laboratories [testing houses] for a possible partnership • Seek strategic alliance / Joint Venture • NOTE: International buyers will work only with independent testing houses and not those in the public domain. <p>2. Textile Technology Centre / Training Unit: Prepare a profile of the TCF and project the potential of TCF under VISION 2020. Consider partnerships with foreign institutes [Action 205-08] in order to re-structure the TCF into a Textile Technology Centre or, alternatively, the technology centre can be staffed with foreign experts on long term contracts.</p> <p>Three Technology Centres are planned for VISION 2020 to be located in main industrial areas.</p>
Responsible	
HCT/ IMC Skills WG Ministry of Trade & Industry	

Action : Redefine the role of the Textile Consolidation Fund [TCF]

Additional Notes

Textile Technology Centres Role

Typically, the Textile Technology Centres will have key responsibilities:

1. Testing
2. Research and Development
3. Technology and know-how transfer
4. Market research and information dissemination
5. Training and education services

It is expected that the Egyptian Textile Technology Centres will focus initially on Testing, Know-how transfer and Training using local and international expertise. In the medium term, Market Research will be introduced.

The costs of Research & Development are very high and should only be introduced when the centres reach a certain maturity. [The duplication of fundamental textile research undertaken by foreign research houses should be avoided.]

The services offered by the Centres in the first phases will be:

1. Testing services (in partnership with an international testing house)
2. Short – term interventions for specific technical problems
3. Training courses for fresh recruits as well as company staff focusing on both technical (including laboratory operators) and soft skills
4. Collecting, sorting and publishing technical research from international publications and research institutes

Action : Redefine the role of the Textile Consolidation Fund [TCF]**Additional Notes****Notes for implementation**

1. The Textile Technology Centres should be staffed with foreign experts, both for training and for delivery of technical services.
2. Three Centres are planned [VISION 2020] producing 4,500 trainees over the first 5 years. The capacities and the number of Centres can be increased, based on the success of the first three. The first three Centres are planned as follows:
 - Textile Consolidation Fund – Alexandria
 - Technology Centre – Zayed facility in 6th of October City
 - Third Centre to be located in Mahalla El Kubra
3. The Centres should focus initially on the development of the needed human resources
4. Industry should be represented on the Board of Directors of the Centres to guarantee the involvement of the industry and to ensure that the Centres will develop their services according to the needs of the industry
5. It is important to start with small pilot projects and to ensure their success, which can then be expanded
6. Textile Technology Centres to focus primarily on the delivery of middle management (diploma levels) and supervisors

Action : Redefine the role of the Textile Consolidation Fund [TCF]

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
Action preparation phase																								
<i>Testing Unit: Prepare profile of the TCF Testing Unit facilities. Technology Center / Training Unit: Prepare profile</i>																								
Evaluation/analysis/plan formulation																								
<i>Testing Unit- Identify intl testing houses as strategic partner. Technology Center: Identify potential international partners</i>																								
Implementation																								
<i>Seek intl. partners for both units and negotiate</i>																								
Operational																								
<i>Establish new operations according to signed agreements</i>																								
Monitoring																								

** Years 7-14 will be operational phases*

Action : Introduce diplomas for Re-Training of Engineers and other employees from the Public Sector Workforce

Description

Re-train the existing workforce to meet industry's requirements. Introduce 1 year engineering diploma courses for re-training public sector workers & management, e.g. for mechanical/ chemical engineers in weaving, knitting, dyeing, printing & finishing ,etc. This practice has been applied in several countries.

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
<ul style="list-style-type: none"> • June 2008 (start delivery) • One fully operational center / year starting 2008 • 900 graduates / year by 2011 	<ul style="list-style-type: none"> • The programmes to be financed by the ITC and implemented by the Textile Technology Centres • Establish re-training criteria for the selection of management/ engineers/ operator diploma candidates for re-training. • Develop courses based on the skills need survey [Action 1 of 9]. • Use idle capacities in PSTM for re-training (when needed) • Appoint specialists for conducting the re-training courses. • Develop the 1 year diploma course curricula for re-training technical engineers (spinning, weaving & knitting); chemical engineers (dyeing, finishing & printing) and industrial engineers in garmenting. • Soft – skills training for non-technical functions to be implemented (e.g. merchandisers, export managers and logistics).
<p>Responsible</p>	
<p>HCT/ IMC Skills WG Holding Company Ministry of Trade & Industry Ministry of Education</p>	

Action : Introduce diplomas for Re-Training of Engineers and other employees from the Public Sector Workforce

Additional Notes

Targets for re-training

- 4,500 Engineers in first 5 years
- 3 training centres each with the capacity of 300 trainees/ year
- Capacity of training centres may be tripled after the first 5 years

Notes for successful implementation

- Start with a small units and a small number of trainees to prove the concept – large scale programme often face ‘teething’ difficulties that are difficult to resolve
- Relate financial compensations to trainees to individual performances
 - i. Against successful completion of courses
 - ii. Against successful retention of jobs (after 6 months of maintaining same job)
- Strict selection criteria to be in place to ensure that training will be delivered exclusively to “trainable” candidates
- Recruitment of trainees to be made in universities & public sector mills. Recruitment to be handled by professional recruitment companies
- Foreign experts to develop the curriculum, deliver the courses and to be available throughout the first 3 years so as to develop strong teams of local trainers

Action : Introduce diplomas for Re-Training of Engineers and others from the Public Sector Workforce

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>Identify funding source for re-training programme.</i>																								
Action preparation phase																								
<i>Make skills survey in PSTM, establish re-training/ selection criteria- management/ engineers/operator diploma candidates.</i>																								
Evaluation/analysis/plan formulation																								
<i>Develop 1 year diploma courses based on the skills survey [Action 1 of9];. Appoint specialists trainers</i>																								
Implementation																								
Operational																								
<i>Re-training courses for PSTM non PSTM engineers.</i>																								
Monitoring																								

** Years 7-14 will be operational and monitoring phases*

Action

207-10 Introduce Diplomas for Re-Training of Engineers and Public Sector Workers**Description**

The budget is for the development of curriculum, setting up the training centres and re-training engineers and public sector workers. 1 year diplomas will be awarded by 3 training centres, producing 300 Engineers/ year/ centre. Focus will be on Spinning, Weaving, Dyeing & Finishing. Total trainees = 4,500 over the period.

Budget Item	Description	Budget (LE)
Development of curriculum	Development of courses: 250 mandays x Euro 1'000	1,850,000.00
	Training of trainers: 300 mandays x Euro 1'000	2,220,000.00
	Project Expenses	788,100.00
Furnishing of Centers	3 centre (Cairo, Alex, Mahalla) x LE 1'000'000	3,000,000.00
Re-training costs	4,500 Engineers x LE 8'000 (including materials, consumables, utilities)	21,600,000.00
Trainers	3 trainers / 30 trainees x LE 3000 / month x 5 years	16,200,000.00
Other supporting staff	Includes administration / maintenance / etc.. 50 / center x LE 800 x 5 years	14,400,000.00
Subtotal		60,058,100.00

Budget to be carried by the ITC

Action : Restructure and expand the TVET programme

Description

Restructure and expand the TVET programme to include line supervisors, weaving, knitting & cutting operators and non-vocational courses, including, e.g. merchandising/ planning/ quality control, etc, for new recruits & existing workers. The present programme to be reviewed to assess results and restructure accordingly.

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
<ul style="list-style-type: none"> • March 2008 onwards • 5 Centers fully operational / year starting 2008 • 18'000 operators / year by 2011 	<ul style="list-style-type: none"> • Programme to be funded by the ITC • Review the current project to identify areas of weakness and the causes for the slow start of TVET– focus on making a successful pilot operation and replicate. Review issues dealing with recruitment and attractiveness of the programme compared to other opportunities in the market • Develop ranges of courses for: <ul style="list-style-type: none"> • Spinning / Weaving / Knitting / Cutting operators • Quality controllers • Merchandising (including shipping & logistics) • Production planning (including work study) • Use public sector idle capacity and TCF, for machine workshop training practice
<p style="text-align: center;">Responsible</p>	
<p>HCT/ IMC Skills WG Ministry of Trade & Industry Holding company</p>	

Action : Restructure and expand TVET programme**Additional Notes****Targets for re-training**

- 90,000 operators in first 5 years
- 20 training centres
- Capacity of training centres can be tripled after first 5 years

Notes for successful implementation

- Start with small units and small number of trainees to make proof of concept, large scale programs usually face difficulties
- Make all financial compensations to trainees related to performance
 - i. Against successful completion of courses
 - ii. Against successful retention of jobs (after 6 months of maintaining same job)
- Strict selection criteria should be put in place to ensure that training will be delivered exclusively to “trainable” candidates. The criteria should include literacy as well as both physical skills (motor and coordination) as well as intellectual and social skills.
- Recruitment of trainees should be made in industrial schools, high schools and populated areas

→

Action : Restructure and expand TVET programme

Additional Notes

In house training

The TEVT programme to include the possibility of delivering in-house training for companies, against fees (equal to the actual cost of training). In-house training is more suitable for larger companies with large numbers of workers.

Action :	Restructure and expand TVET programme
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Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>Identify fund source</i>																								
Action preparation phase																								
<i>Review current project/ identify weak issues – focus on winning pilot location/ replicate/ recruitment issues & attractiveness of TVET relative to other opportunities.</i>																								
Evaluation/analysis/plan formulation																								
Implementation																								
<i>Develop needed courses.</i>																								
Operational																								
<i>Use PSTM idle capacity & TCF, for workshop training practice</i>																								
Monitoring																								

* Years 7-14 will be monitoring phases

Action

208-11 Restructure & Expand TVET Program**Description**

The budget is for developing the required training programmes, furnishing training centres and training. The training will target the delivery of 3,000 operators every 8 weeks. The training will include a basic salary of LE 300 / month for the duration of the training as well as complex administration for the allocation of the required labour. (Programme to be funded by the ITC)

Budget Item	Description	Budget (LE)
Review TVET programmes	International consultant: 20 mandays x Euro 1'000	148,000.00
Develop training courses	International consultant: 150 mandays x Euro 1'000	1,110,000.00
Train the trainers	International consultant: 150 mandays x Euro 1'000	1,110,000.00
Furnishing Training Centres	20 Centres x average LE 200'000	4,000,000.00
Training Costs	18,000 trainees x 5 years x (LE 600 salary + LE 500 (training costs))	99,000,000.00
Trainers	3 trainers / 30 trainees x LE 1500 x 5 years	162,000,000.00
Other supporting staff	50 / centre x 20 centres x LE 800 / month x 5 years	48,000,000.00
Subtotal		315,368,000.00

Budget to be carried by the ITC

Action : Prepare a plan for the expansion of Higher Textile Education in Egypt

Description

Compile Actions 1 - 8 in a master plan for Textile Training and Higher Textile Education, including the required milestones and objectives for each activity. The master plan to be monitored continuously against the skills needs survey (Action 1 of 9) and updated periodically .

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
June 2008	<ul style="list-style-type: none"> • Compile Actions 1 - 8 in a Master Plan including: <ul style="list-style-type: none"> • The projected size of the total work force required for VISION 2020, by function and skills required • Identification of the total education facilities presently available and the capacity building required for each function. Ensure that the curricula and capacities match the textile industry's needs • Identify the milestones and targets for each activity • In light of the new investments in the industry, review [fine tune] the targets annually
Responsible	
HCT/ IMC Skills WG Ministry of Trade & Industry Stakeholders (other ministries and government institutions)	

Action : Prepare a plan for the expansion of Higher Textile Education in Egypt

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>Increase capacity of Higher Education to satisfy VISION 2020. total work force by function and skills required</i>																								
Action preparation phase																								
<i>Identify textile education facilities in 2007 & the extra capacity required for each function. Ensure curricula/ capacities match industry's needs & show milestones/ targets for each activity</i>																								
Evaluation/analysis/plan formulation																								
<i>Prepare master plan for Higher Textile Education to satisfy VISION 2020 needs- total workforce by discipline/ function</i>																								
Implementation																								
Operational																								
<i>As new investments are in industry, fine tune targets annually.</i>																								
Monitoring																								

** Years 7-14 will be operational and monitoring phases*

Make the needed
Industrial Infra-structure
available

Objective: **Make the needed Industrial Infra-structure available**

Description	
Make industrial land available with the specific infra-structure requirements for the textile industry, through public and private investments.	Priority <input type="checkbox"/> 1 Immediate <input checked="" type="checkbox"/> 2 Short Term <input type="checkbox"/> 3 Medium Term
Background	
To reach VISION 2020 export targets, the industry will require more than 15 million sq mts of industrial land, based on 65% utilization, for primary textile and garment factories. The existing industrial land & related services is less than presently required and falls far short of that required for the VISION 2020 expansion.	
Actions	
<ol style="list-style-type: none">1. Develop plans for locating the needed textile industrial parks/ cities, by means of a geographic scan.2. Encourage private sector investments [local and foreign] in the textile industrial parks with specific textile infra-structure needs and services.	

Action : Develop plans for locating the needed textile parks/ cities and individual factory sites

Description

The allocation of industrial land for primary textile & garment manufacture to be planned according to the needed utility requirements and population centres. The allocation of industrial land to be made with the full cooperation of all relevant authorities, to avoid delays in the future.

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
<ul style="list-style-type: none"> January – June 2007 5 Mn m2 allocated and advertised for textile and garments by 2010 	<ul style="list-style-type: none"> Intra-Government agreement that new industrial parks & individual factory sites will be required to meet VISION 2020. Set up a WG to study this topic Undertake a geographical scan to identify all suitable locations for RMG factories (close to labour markets) as well as primary textiles. Identify if the 'less-developed regions in Egypt', e.g. Upper Egypt, qualify for special regional development grants. HCT to work with all appropriate Government Agencies to locate the geographic sites and to specify the particular infra-structures and utilities required (such as: light rail for labour transportation or water treatment plants) as well as make recommendations for additional infra-structure requirements in existing industrial cities. HCT to submit industrial site development plan to Cabinet.
<p>Responsible</p>	
<p>HCT/ IDA Industrial Park WG Ministry of Trade & Industry, Ministry of Planning, Army, Ministry of Transport,</p>	

Action : Develop plans for locating the needed textile parks/ cities and individual factory sites

Additional Notes

Note for implementation

In planning textile parks/ cities, the number of locations to be limited in order to have the maximum benefit from the required infrastructure. Subject to further research, Gherzi's opinion is that the following destinations should be a primary focus for development:

10th of Ramadan and Badr City: Two railways already cross both cities (i.e. to Ismailia and Suez). Introduce a short and frequent service from Cairo to both cities and build passenger stations in the two cities. This should not be costly and will utilize the existing infrastructure.

Saddat City. Because of its closeness to one of Egypt's most populated governorates (Menoufyia) and its closeness to Cairo and Alexandria, Saddat City should be an ideal location for a garment park. Its main disadvantage is the lack of reliable public transportation from nearby villages. Should Saddat City be connected with a "light rail" to Shebin El Khom, it would be a suitable location for a **garmenting** park.

Borg El Arab: A significant number of textile companies operate in Borg El Arab. It is also a key destination for new investments, both local and foreign, in the industry. Connecting Borg El Arab to Alexandria will significantly impact on the competitiveness of companies in the region.

Action : Develop plans for locating the needed textile parks/ cities and individual factory sites

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>Intra-Government decision to create new industrial parks/ individual factory sites to meet VISION 2020.</i>																								
Action preparation phase																								
<i>Establish WG</i>																								
Evaluation/analysis/plan formulation																								
<i>Make geographical scan of country to show possible sites, including 'less-developed regions, e.g. Upper Egypt. Consider regional development grants. Will sites be developed in public/ private sectors?</i>																								
Implementation																								
<i>HCT / Government Agencies to identify geographic sites/ specify particular infra-structures & utilities required. Cabinet approval.</i>																								
Operational																								
<i>HCT to manage implementation.</i>																								
Monitoring																								

** Years 7-14 will be operational and monitoring phases*

Objective: **Make the needed Industrial Infra-structure available**

Action No: 301-13

INDICATIVE

Action

301-13

Develop Plans for locating the needed textile parks

Description

The budget is for consulting services to undertake the geographic survey and to match investment requirements with the industrial land & labour available.

Budget Item	Description	Budget (LE)
Local Consultant Fees	100 Mandays x LE 1'800	180,000.00
Project Costs	Lump Sum	20,000.00
Subtotal		200,000.00

Action : Encourage local and foreign private sector investments in textile industrial parks

Description

Encourage private sector investments in fully serviced textile industrial parks with options to rent/ buy sites. [Note: Japanese Trading Houses developed textile sites on the Jakarta/ Bandung road, Indonesia. Other sites [with few utility demands] to be prepared near towns for RMG

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
<ul style="list-style-type: none"> • June 2008 • 5 Mn m² allocated and advertised for textiles and garments by 2010 	<ul style="list-style-type: none"> • Following on from [Action1], prepare the specifications for several industrial parks, showing the facilities and utilities required at each site as well as the available land for development. • HCT, with WG, to prepare lists of their short, medium and longer term business and technical requirements/ specifications to which local and foreign development companies will have to work • HCT to advertise [media & website] for interested development companies to submit tenders for the development of sites • It may be possible to select a central location for the creation of a “Dyeing & Finishing” park (pending the survey in [Action: 301-13]) and another location (could be the same) for a garmenting park. • Upper Egypt should be considered for textile parks due to the high levels of unemployment, competitive labour costs and government incentives.
<p style="text-align: center;">Responsible</p>	
<p>HCT Industrial Park WG Ministry of Trade & Industry</p>	

Action : Encourage private sector investments [local and foreign] in textile industrial parks

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions –from Action 1																								
Action preparation phase																								
<i>HCT/ WG– draw specifications for new industrial parks [facilities/ utilities required] at each site, land available for development.</i>																								
Evaluation/analysis/plan formulation																								
<i>Prepare lists of business/ technical needs / specifications to which local & foreign development companies will have to work</i>																								
Implementation																								
<i>HCT advertise [media/ website] for development companies to submit tenders for development of sites. Appoint developers.</i>																								
Operational																								
<i>Free land granted to development companies vs guarantees of results to infra-structure plans. Select central location for a “Dyeing & Finishing” park, according to Action 1 survey</i>																								
Monitoring																								

** Years 7-14 will be operational and monitoring phases*

Investment Promotion Fund

Objective: **Textile Investment Promotion Fund - TIPF**

Description	Priority
<p>Make available a Textile Investment Promotion Fund- TIPF for soft loans (at reduced interest rates) for specific Textile activities, to encourage key sector investments, e.g. dyeing/finishing. Possible target: 5% interest rate; re-payment over 10 years/ 3 years' grace period.</p>	<p><input checked="" type="checkbox"/> 1 Immediate <input type="checkbox"/> 2 Short Term <input type="checkbox"/> 3 Medium Term</p>
Background	
<p>VISION 2020 requires textile investments of approximately \$4 bn (until 2013) of which 50% will be financed by banks, private funds and possibly the Stock Exchange. HOWEVER, Government should make significant funds available with a part at lower interest rates, a practice accepted in several other countries.</p>	
Actions	
<ol style="list-style-type: none">1. Develop plans for disbursement of the fund – budget for first 2 years will be US\$ 200 Mn2. Negotiate with private sector banks3. Promote VISION 2020 to banks and financial institutions4. TIPF to be applied for Balancing, Modernization, Re-structuring and Expansion Investments [BMRE] in the industry	

Action :	Develop plans for disbursement of the TIPF
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Description

TIPF under VISION 2020 to be made available by Government in support of BMRE investments with part of the fund available at reduced interest rates to encourage investments in 'bottleneck'/ technically complex/ high capital intensive sub- sectors (such funds have been used to boost investments in textiles in other countries, e.g. India).

Priority

- | | |
|-------------------------------------|---------------|
| <input checked="" type="checkbox"/> | 1 Immediate |
| <input type="checkbox"/> | 2 Short Term |
| <input type="checkbox"/> | 3 Medium Term |

Deadline / Deliverables	Implementation Steps
<ul style="list-style-type: none"> Allocated \$ 200 Mn by June 2008 Target Investments in textiles: 2009 \$ 500 Mn – 2010 \$ 800 Mn 2011 onwards \$ 1 Bn / year 	<ul style="list-style-type: none"> Projections for investments until 2013 are \$4bn over the period. The TIPF is expected to be US\$ 200 mn to finance interest rates for critical investments (50% financed by the fund). For the <u>first two years</u> of implementation, the fund should be increased, based on the successful implementation of first parcel to reach US\$ 1 bn over 5 years. The fund calculation is based on a current interest rate of 12% - 14% HCT to set up a Finance Working Group (WG) with members from the banks, industry and the Ministry of Finance Identify source of finance and prepare fund in parcels of US\$ 200 mn HCT to monitor progress of the Fund quarterly in order to ensure funds are disbursed as planned Fund criteria to be reviewed every two years
Responsible	
HCT/ IMC Finance WG Ministry of Trade & Industry Other ministries as needed	

Action : Develop plans for disbursement of the TIPF

Action Implementation Time Frame																									
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6				
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
Strategic Decisions																									
<i>HCT- set up Finance WG with representatives from banks, industry/ Ministry of Finance. Identify source of finance</i>		█																							
Action preparation phase																									
<i>Prepare fund in parcels of US\$ 300 mn</i>			█																						
Evaluation/analysis/plan formulation																									
				█	█																				
Implementation																									
Operational																									
<i>Government to monitor application of funds quarterly</i>									█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	
Monitoring																									

** Years 7-14 will be monitoring phases*

INDICATIVE

Action

401-16**Develop Plans for disbursement of fund****Description**

The budget is for making available an investment promotion fund to support investments in textiles of up to US\$ 4 bn until 2013. The investment fund will target bringing down interest rates on textile loans to 5% with a grace period of 3 years and repayment over 7 years. The fund is estimated on the basis of a 50% equity and 50% debt.

Budget Item	Description	Budget (LE)
Investment promotion fund (first two years only)	USD 200 mn	1,150,000,000.00
Subtotal		1,150,000,000.00
Total Objective		1,150,000,000.00

Action :	Negotiate with Private Banks
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Description

TIPF to be disbursed solely through private sector banks and in accordance with regular/ usual banking practices. The Finance WG to identify the methods and formulate the agreements with the selected banks.

Priority

- | | |
|-------------------------------------|---------------|
| <input checked="" type="checkbox"/> | 1 Immediate |
| <input type="checkbox"/> | 2 Short Term |
| <input type="checkbox"/> | 3 Medium Term |

Deadline / Deliverables	Implementation Steps
June 2008	<ul style="list-style-type: none"> • The Finance WG to identify private sector banks. Priority to be given to international banks, to facilitate foreign direct investments. • Tendering / negotiations with banks to be made with the purpose of securing the best possible services to borrowers including speed of service, minimum banking fees and, possibly, the availability in textile populated industrial cities. • The number of appointed banks not to exceed 3 (in order to leverage size of funds for the best conditions). • It is imperative that banks will disburse the investment funds only according to their regular banking practices and against conventional guarantees.
Responsible	
HCT/ Finance WG Ministries as needed	

Action : Negotiate with Private Banks

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
Action preparation phase																								
<i>The WG Finance- identify private sector banks. Priority given to international banks to facilitate foreign direct investment.</i>																								
Evaluation/analysis/plan formulation																								
<i>Tender negotiations to secure best services for borrowers. Appoint 3 banks for disbursement of funds.</i>																								
Implementation																								
<i>Banks- promotion of scheme, test pilot scheme</i>																								
Operational																								
Monitoring																								

** Years 7-14 will be monitoring phases*

Action :	Promote VISION 2020 to banks and financial institutions
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Description

To guarantee maximum support for the Textile Industry by the financial sector, promotion and awareness campaigns should be held to explain the potential behind the sector and VISION 2020.

Priority

- | | |
|-------------------------------------|---------------|
| <input type="checkbox"/> | 1 Immediate |
| <input checked="" type="checkbox"/> | 2 Short Term |
| <input type="checkbox"/> | 3 Medium Term |

Deadline / Deliverables	Implementation Steps
Ongoing	<ul style="list-style-type: none"> • Use the tendering/ negotiation period for disbursement of the TIPF, to explain VISION 2020, its expected results and the investment requirements • Awareness seminars to be conducted by HCT to show financial returns for investments in the sector. Seminars to be held with key decision makers in the banks • Develop short term courses (in cooperation with banks) for specific risks management in the textile industry for credit and loan officers
Responsible	
HCT/ Finance WG Private Banks Ministries as needed	

Action : Promote VISION 2020 to banks and financial institutions

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
Action preparation phase																								
<i>HCT- Give awareness seminars to key decision makers in banks, showing financial returns for investments in the sectors.</i>																								
Evaluation/analysis/plan formulation																								
Implementation																								
<i>Develop short courses (in cooperation with banks) for risk management in the textile industry for credit and loan officers</i>																								
Operational																								
Monitoring																								

** Years 7-14 will be operational phases*

Action : TIPF to be applied for BMRE in the Industry

Description

TIPF is to be used to reduce interest rates on key investments in the textile industry with a focus on the priority sectors. Primarily the fund to be used for BMRE investments.

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
September 2008	<ul style="list-style-type: none"> • Finance WG to determine priority sector applications for the fund. (Priorities will change over the period of implementation of the fund) • Finance WG to also determine different levels of support (different levels of interest rates) for different sectors depending on the importance in the development plans • Support to be given to Balancing (investments in bottlenecks), Modernization, Restructuring and Expansion (in priority sectors) • Target for priority sectors is: Interest rate: 5% / Grace period: 3 years / Repayment: 7 years (after grace) • Modernization Case Study: the Indian “Upgradation Fund”, where finance was available to key sectors subject to disposal of old machines, etc. Companies had to deliver old machines as a condition for the financial support.
Responsible	
HCT, Finance WG Private Banks Consultants	

Action : TIPF to be applied for BMRE in the Industry**Additional Notes****Criteria for eligibility to the fund**

- Investments are in priority sectors
- Regular banking practices (required documentation, collaterals and guarantees)
- For used machinery a certificate from the manufacturer (or a trusted third party) showing a minimum of 5 years remaining production [commercial] life
- Fund available exclusively for long term capital finance (not to be used for working capital)
- Fund can be used for mergers and acquisitions (provided transactions meet the above criteria)

Notes for successful implementation

- The fund should be disbursed in parcels of US\$ 200 mn and renewed against meeting the required development targets
- Fund criteria and priority sectors to be reviewed every 2 years
- Different interest rates to be used as a tool to promote investments in priority sectors (see table below)
- Fund should be monitored by government to maintain companies' confidentiality, however, aggregate and anonymous periodic reports should be made to HCT in order to ensure that investments are made according to the set plan (reports to include relevant information such as: numbers of companies, sizes of investments, specializations, target capacities and product ranges, employment projections, nationalities of investors, etc.)
- Specific cases that need to be reviewed by HCT, to be presented incognito to HCT to ensure confidentiality

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Action : TIPF to be applied for BMRE in the Industry

Additional Notes

Priority Sectors

In the following table are the target interest rates (borrowing rates by investors) for each of the sectors:

- Lower interest rates are given to priority sectors
- Integrated companies (investing in two or more activities) across the supply chain will be able to borrow at the lower rate applicable on any of their activities
- Other activities not mentioned below are to be handled by Working Group Finance

Sector	Year 1-2	Year 3-4	Year 5+
Woven Dyeing & Finishing	4%	5%	To be reviewed
Knitted Dyeing & Finishing	4%	5%	To be reviewed
Weaving	6%	4%	To be reviewed
Spinning	6%	4%	To be reviewed
Garmenting	8%	8%	To be reviewed
Integrated Mills	Lowest rate	Lowest rate	To be reviewed
Technical Textiles	4%	4%	To be reviewed
Other activities	Subject to HCT approval	Subject to HCT approval	Subject to HCT approval

→

Action : TIPF to be applied for BMRE in the Industry

Additional Notes

Monitoring of fund disbursement

- HCT/ Government to appoint an auditing company to ensure that funds are being disbursed according to the set criteria
- Periodic (quarterly) reports by banks to be submitted to HCT listing the disbursements from the fund. Reports are to include brief company profiles as well as aggregated data such as:
 1. Numbers of companies
 2. Level of employment
 3. Target capacities, equipment (1st and 2nd hand as well as numbers of machines) and product range
 4. Sizes of investments and loan size
 5. Nationalities of investors
 6. Geographic location and land size
 7. Differentiation should be made between green field investments, expansions and acquisitions
- Names and identities of the companies are to be kept confidential by the banks
- The periodic reports will be used to assess the utilization of the fund as well as to indicate areas of over/ under capacity which will then be used to up-date interest rates every 2 years

Action : TIPF to be applied for BMRE in the Industry

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>Finance WG -determine priority sector [s] for fund applications and the levels of support</i>																								
Action preparation phase																								
<i>Support to Balancing (relief of bottlenecks), Modernization, Restructuring & Expansion (in priority sectors) - BMRE</i>																								
Evaluation/analysis/plan formulation																								
<i>Plan priorities for 1st 2 years , then later priorities</i>																								
Implementation																								
<i>Priority 1 ; priority 2 etc</i>																								
Operational																								
Monitoring																								

** Years 7-14 will be operational and monitoring phases*

Promote Foreign Direct Investment - FDI

Objective: **Promote Foreign Direct Investment - FDI**

Description	Priority
<p>Actively promote Egypt as host country for FDI/ investment in the Textile industry. Focus on attracting international players, e.g. heavy-weights, to build capacities, based on partners' international reputations, rapid access to the markets, competitive production costs & transfer of technical know-how.</p>	<p><input type="checkbox"/> 1 Immediate <input checked="" type="checkbox"/> 2 Short Term <input type="checkbox"/> 3 Medium Term</p>
Background	
<p>Egypt can offer several advantages to international textile manufacturers. The needed VISION 2020 growth of the industry will come from organic investments as well as from FDI. FDI brings technical know-how, market access and international recognition for the host country.</p>	
Actions	
<ol style="list-style-type: none">1. Targeted FDI promotion programme2. Create dedicated one-stop-shop for textile investors3. Attraction of Arab and Gulf investment funds	

Action :	Targeted FDI Promotion Programme
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Description
To prepare special incentives for specific textile “Heavy Weights” around the world (especially in primary textiles) to make investments in Egypt. Then conduct targeted promotion to those heavy-weights.

Priority
<input type="checkbox"/> 1 Immediate
<input checked="" type="checkbox"/> 2 Short Term
<input type="checkbox"/> 3 Medium Term

Deadline / Deliverables	Implementation Steps
<ul style="list-style-type: none"> • Launch in September 2008 • 5 committed textile heavyweights by 2010 with investments above \$ 100 Mn 	<ul style="list-style-type: none"> • HCT to set up an FDI WG • Identify incentives for textile heavy weights. One of the key incentives is to guarantee their access to the authorities and inclusion in the decision making circles. • Ensure a one-stop-shop operates to approve FDI investments - promptly. • Shortlist a number of key international players and approach them to make investments in Egypt • As part of this programme, key sourcing companies [buyers] should also be invited to establish operations in Egypt.
Responsible	
HCT/ FDI WG Ministry of Trade & Industry GAFI Trade Associations	

Action : Targeted FDI Promotion Programme**Additional Notes****Criteria for selection of target company investors**

- A heavy weight in the industry - either in size (above US\$ 150 mn/ year turnover) or international reputation
- Programme may not target RMG companies
- Minimum investment of over US\$ 30 mn over 5 years
- Incentives are to be applicable to foreign as well as Egyptian investors meeting the criteria

Suggested Incentives

- Free land
- Tax breaks
- Concessions for local sales for free zone companies (increase percentage of sales in the local market)
- Training and recruitment budget

Incentives should be tailor made to each individual investor, based on negotiations. One of the key incentives is access of such investors to key decision makers in the government and the industry. This can be achieved by organizing meetings with Ministers and key players to provide the required confidence to investors. A key to the successful implementation of such a programme is the selection of the “right” companies to be approached and the government support by ensuring timely delivery of the agreed incentives.

Action : Targeted FDI Promotion Programme

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>HCT set up FDI WG. Identify incentives for textile heavy weights- e.g. financial, access to authorities, inclusion in decision making circles.</i>																								
Action preparation phase																								
<i>One-stop-shops to approve applications. Short-list key international players/ approach for investments..</i>																								
Evaluation/analysis/plan formulation																								
Implementation																								
Operational																								
Monitoring																								

** Years 7-14 will be monitoring phases*

INDICATIVE

Action

501-21 Targeted FDI promotion**Description**

The budget is for consulting services. Target is to identify, approach and invite key international textile manufacturers to invest in Egypt against government incentives (special incentives for a limited number of targets). Target before 2010 to have 5 heavy weights (turnover over USD 150 Mn) with investments in Egypt above USD 20 Mn and 5 reputable manufacturers (high end European / US companies) to establish manufacturing facilities in Egypt.

Budget Item	Description	Budget (LE)
International consultant fees	200 Mandays x Euro 1'000	1,480,000.00
Project Costs	Lump Sum	520,000.00
Subtotal		2,000,000.00

Action : Create a dedicated 'one-stop-shop' for textile investors

Description
 To establish a textile specific investment facilitation unit within GAFI, with the purpose of easing the existing procedures and coordinating with the various government bodies to ensure a timely and painless completion of government paperwork.

Priority

1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
September 2008	<ul style="list-style-type: none"> • HCT to review with all Government departments the licensing processes that are now required before investors, especially foreign investors, are 'approved' and permission given to proceed with their projects. [The process can now take up to several months and little support is available outside of GAFI headquarters] • Identify which of the process steps are essential and which less so. Prepare a single, 'one-stop-shop' package for processing steps that can be handled by a GAFI representative residing in the HCT, to clear investment applications. HCT to be the 'one-stop-shop' to serve investors promptly. Target a definitive positive response in 1 week. • This approach will be feasible with textile industrial parks where a majority of processes can be pre-completed at the stage of the development of the parks and further processes can be handled by the Park Management.
Responsible	
HCT/ FDI WG Ministry of Trade & Industry Ministry of Planning, Ministry for Investments, GAFI, The Army, Trade Associations, Companies	

Action : Create a dedicated 'one-stop-shop' for textile investors

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>HCT review licensing processes with Government departments.</i>																								
Action preparation phase																								
Identify essential license application steps, prepare a 'one-stop-shop' package for use by HCT/ GAFI staff, to issue applications.																								
Evaluation/analysis/plan formulation																								
<i>Trial run of proposed "one-stop-shop" procedure</i>																								
Implementation																								
Operational																								
Monitoring																								

** Years 7-14 will be operational and monitoring phases*

INDICATIVE

Action

502-22 Create a dedicated 'one-stop-shop' for textiles investors**Description**

The budget is for establishing a unit within GAFI to be dedicated to textiles investors. The unit will be coordinated by the HCT and budget for travel of GAFI representatives as well as other service provision costs will be carried by the HCT. The unit will focus on serving textile manufacturers exclusively and will work closely with the developed industrial parks.

Budget Item	Description	Budget (LE)
Salaries	3 executives x LE 6000 x 5 years	1,080,000.00
Expenses	Lump Sum [LE 200'000 / year] x 5 years	1,000,000.00
Subtotal		2,080,000.00

Budget to be carried by GAFI

Action :	Attraction of Arab and Gulf Investment Funds
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Description
The amount of investment needed to meet the VISION 2020 targets is large. FDI often results in partner investments - in markets, machines and know-how. Finance Investment Funds from Arab and Gulf countries will be most welcome.

Priority
<input type="checkbox"/> 1 Immediate <input checked="" type="checkbox"/> 2 Short Term <input type="checkbox"/> 3 Medium Term

Deadline / Deliverables	Implementation Steps
Launch in January 2009	<ul style="list-style-type: none"> • Discuss with existing textile private equity & investment funds in Egypt the possibilities of listing them as additional sources of funds for textile investors, in return for accepting additional funds from Arab countries. • Launch promotion campaign/ road shows in cooperation with investment funds to attract Arab investments • List textile investment funds in HCT sources of finance (as an alternative or in addition to bank finance) • Advertise to the industry the availability of investment funds for textile projects • HCT to assist in the matchmaking of serious textile manufacturers with investment funds
Responsible	
HCT/ FDI WG Ministry of Trade & Industry GAFI, Trade Associations Companies	

Action : Attraction of Arab and Gulf Investment Funds

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters					1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
Action preparation phase																								
<i>FDI WG- speak with Egyptian private equity/investment funds possibilities for listing them as funds for textile investors, using Arab countries' funds.</i>																								
Evaluation/analysis/plan formulation																								
Implementation																								
Launch promotion campaign/ road shows for Arab investments																								
Operational																								
<i>List textile investment funds in HCT sources of finance (as an alternative or in addition to bank finance)</i>																								
Monitoring																								

** Years 7-14 will be operational phases*

Upgrade Existing Factories

Objective: **Upgrading Existing Factories – Corporate Audits [CA]**

Description	Priority
<p>The Industrial Modernization Centre to continue to support the industry for a minimum of 5 years that could be further extended; With the purpose of supporting existing factories, converting local market manufacturers to international standards as well as providing assistance to start-ups.</p>	<p><input checked="" type="checkbox"/> 1 Immediate <input type="checkbox"/> 2 Short Term <input type="checkbox"/> 3 Medium Term</p>
Background	
<p>Most Egyptian companies supply basic products to the lower market segments in the EU and US that do not allow the country's advantages to be fully developed. These segments are supplied by high volume/ low price Asian producers. Limited management skills, for example, in Egypt inhibit progress. The IMC has supported the upgrade of existing factories well in the past and in light of VISION 2020 the IMC should continue to support the industry and set measurable deliverables with the HCT to support the goals of VISION 2020.</p>	
Actions	
<p>1. IMC to continue to provide funds to companies to assist them in appointing consultants and short / medium term experts for the upgrade of factories</p>	

Action : IMC to continue delivering upgrading services

Description
 IMC to guarantee an additional 5 years [minimum] for upgrading services to existing companies with the focus on company audits, business plans, technical assistance and restructuring as well as the delivery of assistance to start-ups. IMC to set yearly development targets with HCT to support VISION 2020

Priority
 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
<ul style="list-style-type: none"> January 2008 onwards 400 companies receiving upgrade services (other than marketing support) by 2013 	<ul style="list-style-type: none"> Government to approve budget for the extension of IMC services for a minimum of an additional 5 years HCT to set the criteria / milestones for textile activities with the IMC on yearly basis and results to be reviewed quarterly HCT to agree with IMC on specific outputs for the textile industry in terms of numbers of companies assisted and the services provided (examples in explanatory notes) IMC to adopt pro-active approach in attracting companies. Primary focus should be on exporters as well as companies registered in the QIZ, as an indication of their willingness to export IMC to focus on conversion services (for non exporting companies) as well as support to start-ups including assistance in production launching phase.
Responsible	
IMC HCT	

Action : IMC to continue delivering upgrading services

Additional Notes

Notes for successful implementation

- HCT to agree with IMC on specific industry outputs such as focus on priority sectors, eg. Upgrade to 10 dye houses in 2008 and assistance to 5 start-ups
- IMC funding should be tied to development milestones by the companies
 - Each company should have a development programme based on a company audit / business plan
 - IMC funding will only be disbursed upon the successful implementation of previous stages
 - Programmes will be based primarily on Company Audits and will not be demand driven
- IMC to approach textile companies proactively (rather than waiting for companies to approach). Additional focus on non-exporting companies and primary textile companies (spinning / weaving / dyeing & finishing)
- IMC to support start-ups from factory planning to launch of production (including training and support in initial production). This service to be advertised by the HCT in the one-stop-shop for investment
- IMC to expand its list of approved consultants
- IMC to facilitate its administration and contracting procedures to minimize cycle time to no more than 4 weeks from client request to start of service delivery (currently in excess of 3 months)

Action : IMC to continue delivering upgrading services

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
Action preparation phase																								
<i>HCT and IMC to agree to yearly workplan</i>																								
Implementation																								
Monitoring																								
<i>Quarterly reviews with IMC</i>																								

** Years 7-14 will be operational and monitoring phases*

INDICATIVE

Action

601-25 Company Audits and Delivery of Technical Assistance**Description**

The budget is to extend IMC Technical Assistance services to 400 textile companies with focus on technical and managerial upgrade. The target will be to assist 400 companies including start-ups.

Budget Item	Description	Budget (LE)
Upgrade Existing factories	400 companies x Euro 150'000	444,000,000.00
Subtotal		444,000,000.00

Budget to be carried by IMC

Facilitate Access to Raw Materials

Objective: **Facilitate access to Raw Materials**

Description

To guarantee a rapid and continuous supply of raw materials at competitive prices to Egyptian manufacturing companies. This action will facilitate access to raw materials.

Priority

1 Immediate
 2 Short Term
 3 Medium Term

Background

There are several impediments in the Egyptian legal system and in the operating procedures at the present time that cause delays, or additional costs/ restrictions on the imports of cotton, yarns and fabrics as well as access to local fibres/ raw materials. VISION 2020 will promote free access to local and imported raw material.

- Actions**
1. Amend the cotton policy AND implement the GTZ action plan
 2. The Public Sector to discontinue all cotton trading activities “immediately”
 3. Introduce “one-stop-textile import/export units” at Egyptian ports.
 4. Encourage investments in bonded warehouses / remove restrictions on Free Zone trading
 5. Redefine the roles of ALCOTEXA and CATGO
 6. Redefine the role of the Industrial Control Authority [ICA]

Action :	Implementation of the GTZ cotton plan
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Description
In order to compete in the world markets, the industry needs access to all raw materials, i.e. cottons of staple lengths & types appropriate to each end-use. The procedures currently in place for cotton imports are both costly & over-protective of the local cotton crop against possible infection.

Priority
<input checked="" type="checkbox"/> 1 Immediate
<input type="checkbox"/> 2 Short Term
<input type="checkbox"/> 3 Medium Term

Deadline / Deliverables	Implementation Steps
<ul style="list-style-type: none"> • June 2008 • Allow imports of all types of cottons December 2008 	<ul style="list-style-type: none"> • Implement the GTZ cotton policy with stakeholders (excluding Public Sector) • Discontinue double fumigation in favour of single fumigation at port of arrival • Allow importation of cotton from any source/country. Exceptional restrictions could be placed based on justified reasons. • Reduce the number of cotton varieties that are most in demand • Redefine cotton classification inline with international norms • Privatize seed breeding and production and as well as support cotton research for the introduction of market driven cotton varieties
Responsible	
HCT/ Raw Materials WG Ministry of Agriculture Ministry of Trade & Industry GTZ	

Action : Implementation of the GTZ cotton plan

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>Review GTZ cotton policy with private stakeholders- not PSTM; limited range of cotton types grown in Egypt; stop fumigation [2x] in favour of single fumigation at arrival port</i>																								
Action preparation phase																								
<i>Allow imports all cotton types for export oriented industry.</i>																								
Evaluation/analysis/plan formulation																								
<i>Document needed procedures and ensure they are understood and established at arrival ports.</i>																								
Implementation																								
<i>Train staff in the new procedures.</i>																								
Operational																								
<i>Apply new procedures</i>																								
Monitoring																								

Action :	Public Sector to stop cotton trading activities
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Description

The Public Sector has traded raw cotton for many decades; private traders have recently entered the market with increasing market shares. The public sector has given preference to cotton exports & PSTM, leaving private sector mills disadvantaged in terms of price, quantities & methods of purchasing.

Priority

- | | |
|-------------------------------------|---------------|
| <input checked="" type="checkbox"/> | 1 Immediate |
| <input type="checkbox"/> | 2 Short Term |
| <input type="checkbox"/> | 3 Medium Term |

Deadline / Deliverables	Implementation Steps
January 2008	<ul style="list-style-type: none"> Discontinue immediately Public Sector trading of cottons (both exports and imports) in favour of Private Sector trading companies Auction available stocks in Public Sector cotton companies to highest bidder (both public and private traders and spinning mills) Public Sector to source its raw material requirements from Private Sector traders exclusively Remove all public sector representatives from the Alexandria Cotton Exporters Association
Responsible	
HCT/ Raw Materials WG Ministry of Trade and Industry TCF Companies CATGO/ ALCOTEXA	

Action : Public Sector to stop cotton trading activities

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>Reach decision to close public sector cotton companies</i>																								
Action preparation phase																								
<i>Auction all available stocks to highest bidders</i>																								
Evaluation/analysis/plan formulation																								
Remove all public sector representatives from ALCOTEXA																								

** Years 7-14 will be operational phases*

Action : Introduce “one-stop import/ export textile units” at Egyptian Ports

Description

Establish a parallel customs and import/ export control authority specific for textiles and accessories, with the purpose of grouping all authorities involved in the import of raw materials in the same location with the same agenda for reducing the time for the release of imported goods and exported goods

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
June 2009 – 4 active units	<ul style="list-style-type: none"> • Agree with Ministry of Finance to the concept • Create specific textile customs and export/ import control offices within existing ports. • Train the staff within those offices on the requirements for the textile industry and install, in association with government, the minimum and modern control procedures (fabric consumption calculations, waste levels, etc.) needed. • Make a study tour of 2 countries (e.g. Singapore, Hong Kong), where similar modern fast systems operate. • Identify the preferred systems for Egypt with staffing levels; prepare Feasibility Studies and Action Plan.
Responsible	
HCT Ministry of Trade & Industry Customs Ministry of Finance Raw Materials WG	

Action : Introduce “one-stop import/ export textile units” at Egyptian Ports

Additional Notes

Notes for successful implementation

- “One Stop Import/ Export Units” to be placed physically apart from the regular customs units (even if established within same locations)
- Services delivered by the units should be against fees
- All trade in textiles (import and export) should be restricted to those special units
- The units should all be highly automated and interlinked to facilitate the process, follow similar models as used by other countries (Singapore, Dubai, etc.)
- Training of the units staff is of utmost importance, preferably staff the units with textile educated and experienced personnel. The training should include:
 - Textile specific background (technical)
 - Training to modern administration (including language and computer training)

Action : Introduce “one-stop import/ export textile units” at Egyptian Ports

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>Identify fund source to create textile customs/ import-export control offices in present ports.</i>																								
Action preparation phase																								
<i>Study tour of modern systems in 2 countries. Identify preferred system for Egypt & prepare feasibility study. Train staff- textile industry’s needs in modern control systems.</i>																								
Evaluation/analysis/plan formulation																								
<i>Make trial run of new systems at 1 port, monitor results.</i>																								
Implementation																								
<i>Apply monitored/ approved system at 4 textile ports</i>																								
Monitoring																								

** Years 7-14 will be operational and monitoring phases*

INDICATIVE

Action

701-28 Introduce 'one stop export/import textile units' at Egyptian ports**Description**

The budget is for establishing 4 units (3 seaports + airport) dedicated to textile exports and imports. The units are to be staffed with customs authority personnel, import/export control personnel and industrial control personnel. The staff is to be trained by the HCT to the nature and requirements of the industry and procedures are to be tailored to textile requirements (include permissible waste levels, consumption calculations). The units processes are to be automated and interlinked to facilitate export procedures. All trade in textile goods to be restricted to those 4 units. Running expenses for the units could be covered by fees paid by the service recipients. (Budget to be carried by the customs authority against fees from companies)

Budget Item	Description	Budget (LE)
Salaries	4 units x 12 executives x 4 shifts x LE 2500/month x 5 years	28,800,000.00
Set-up expenses	Process Development: Foreign consultant 300 Mandays x Euro 1000	2,220,000.00
	Process Automation: Foreign consultant 1000 Mandays x Euro 1000	7,400,000.00
	Training of staff: Lump Sum	1,480,000.00
Running Expenses	Estimated LE 50'000 / unit / month x 5 years	12,000,000.00
Subtotal		51,900,000.00

Budget to be carried by Customs Authorities against fees from companies

Action : Encourage investments in 'Bonded Warehouses' and remove restrictions on Free Zone Trading

Description

There are currently several barriers to setting up trading companies in the Free-Zones, resulting in limited opportunities to invest in bonded ware-houses offering immediate delivery of grey goods. Additionally, fabric import regulations favour manufacturers over traders.

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
June 2008	<p><i>Research shows that the volume fabrics for much of Egypt's present RMG exports require a limited number of woven fabric constructions in 100% Cotton and Polyester/Cotton. These 'common' grey fabric constructions & yarn counts to be made available in bonded warehouses, provided such practices are encouraged / facilitated.</i></p> <ul style="list-style-type: none"> • Agree with GAFI the establishment of Free Zone Trading Companies • Publish the main fabric types (constructions/ compositions) imported by Egyptian RMG manufacturers. [Source- customs data] • Unify fabric import requirements for manufacturers and traders to facilitate import of raw materials by traders on behalf of the industry (today harsher regulations are applied to traders as opposed to garment factories) • Importation of grey woven fabric will build up, as new capacities for dyeing and finishing are being installed
Responsible	
HCT/ Raw Materials WG Ministry of Trade & Industry Ministry of Finance Customs GAFI	

Action : Encourage investments in ‘Bonded Warehouses’ and remove restrictions on Free Zone Trading

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
HCT/ GAFI agree establishing Free Zone Trading Companies																								
Action preparation phase																								
<i>Survey main fabric types now imported by RMG companies.</i>																								
Evaluation/ analysis/plan formulation																								
<i>Publish periodically industry requirements (from historic data) for grey fabrics by (construction / composition)</i>																								
Operational																								
Monitoring																								

** Years 7-14 will be evaluation and operational phases*

Action :	Redefine the roles of ALCOTEXA and CATGO
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Description	Priority
Both CATGO and ALCOTEXA are important organizations; similar organizations operate in all cotton exporting countries. However, the practices of CATGO in terms of testing/ arbitration and the role of ALCOTEXA in terms of issuing export contracts that have remained unchanged over the years and are behind current international practices. Both organizations increase the costs incurred by cotton traders.	<input type="checkbox"/> 1 Immediate <input checked="" type="checkbox"/> 2 Short Term <input type="checkbox"/> 3 Medium Term

Deadline / Deliverables	Implementation Steps
June 2008	<ul style="list-style-type: none"> • CATGO to adopt modern testing methods, solutions and sampling techniques (e.g. the installation of HIV classification equipment) • CATGO to become a service organization and to impose nominal charges • ALCOTEXA to adopt modern contracts in line with international cotton trading agreement (in terms of arbitration, cancellations and penalties) • Establish a Working Group of cotton traders to redefine the roles of CATGO and ALCOTEXA resulting from the exit of the Public Sector from Cotton Trading • ALCOTEXA to revive Egyptian Cotton Logo initiative and to generate marketing and advertising funds from imposing a levy on all cotton trade • ALCOTEXA to build stronger links with the Ministry of Agriculture and to prepare projections for cotton requirements on a yearly basis to be adopted by the Ministry in their cotton growing plans and seed research
Responsible	
Ministry of Agriculture HCT Ministry of Trade & Industry Raw Materials WG	

Action : Redefine role of ALCOTEXA and CATGO

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>Establish Cotton Traders WG CATGO to adopt modern testing/ sampling techniques; apply charges based on actual variable costs rather than pre-set, blanket fixed costs; break even – not to make a surplus. ALCOTEXA to use modern trading tools (e.g. futures/ short selling) and format contracts in line with international cotton trading agreements (in terms of cancellations and penalties)</i>																								
Action preparation phase																								
<i>Agree all new systems & procedures, train staff accordingly</i>																								
Evaluation/analysis/plan formulation																								
Implementation																								
<i>Institute new constitutions for CATGO and ALCOTEXA</i>																								
Operational																								
Monitoring																								

** Years 7-14 will be monitoring phases*

Action : Redefine role Industrial Control Authority [ICA]

Description	Priority
The ICA has specific control responsibilities covering the usage of imported raw materials in the textile industry. For example, the ICA calculates the fabric consumption in garment form, according to ‘their historic experience’ and not according to the actual usage of fashion fabrics in fashion garments. ICA’s methods need to be up-dated.	<input type="checkbox"/> 1 Immediate <input checked="" type="checkbox"/> 2 Short Term <input type="checkbox"/> 3 Medium Term

Deadline / Deliverables	Implementation Steps
June 2008	<ul style="list-style-type: none"> The ICA staff to be trained on the requirements of the textile industry. The ICA staff should be industry experts ICA officers to be included in the “One–Stop–Shop” customs authorities Sampling of fabrics / testing and other procedures of ICA should not be a pre-condition for the release of goods or the export of goods. Tests can be made in parallel to or after import/ production/ export procedures in order not to stall production or exports. Ideally, the ICA themselves should review their procedures & practices in the light of the evidence offered by the companies but, if this should not be a practical approach, then guidelines will need to be prepared by consultants
Responsible	
HCT Ministry of Trade & Industry ICA Raw Materials WG	

Action : Redefine role Industrial Control Authority [ICA]

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
<i>ICA staff to be trained on the needs of the textile industry and to become more knowledgeable of the industry. Include ICA in the "One-Stop-Shop" customs authorities</i>		█																						
Action preparation phase																								
<i>ICA to amend their procedures with help from the industry.</i>		█																						
Evaluation/analysis/plan formulation																								
<i>ICA to introduce their new procedures [with external support as necessary]</i>			█																					
Implementation																								
				█																				
Operational																								
					█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Monitoring										█				█				█				█		

** Years 7-14 will be monitoring phases*

Logistics And Access to Markets

Objective: **Secure access to markets**

Description	Priority
<p>Access to the markets will be critical for realizing VISION 2020. Egypt's main comparative advantage over other exporting countries is its position close to the major world market – the EU. Access to the markets and the speed of supply is imperative.</p>	<p><input checked="" type="checkbox"/> 1 Immediate <input type="checkbox"/> 2 Short Term <input type="checkbox"/> 3 Medium Term</p>
Background	
<p>Egypt has bi- / multi- lateral agreements with many countries but not all are working to the industry's advantage; transport times to the world markets need speeding up; import/ export procedures need streamlining; buyers' requirements for non-tariff, compliance barriers need to be fully observed.</p>	
Actions	
<ol style="list-style-type: none">1. Transportation: Review the existing transportation methods for moving goods from factories to the ports; through the ports and from the ports to buyers' warehouses.2. Compliance: Assist companies that have yet to address buyers' requirements for non-tariff [compliance] barriers.3. Extend Tax Rebate Scheme	

Action :	Transportation and Logistics
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Description

Transportation and Logistics are key issues to be addressed at the national level as they relate to the attractiveness of Egypt as a shipping hub. This reflects on trade volumes. The objective of this action is to reduce shipping times to EU (e.g. Italy- 3 days; Germany- 8 days) and the USA (12 days), with frequent services to not less than 2 services per week to each country is proposed. Currently, this approach is being adopted for Europe. A similar effort to be made to the USA.

Priority

- | | |
|-------------------------------------|---------------|
| <input checked="" type="checkbox"/> | 1 Immediate |
| <input type="checkbox"/> | 2 Short Term |
| <input type="checkbox"/> | 3 Medium Term |

Deadline / Deliverables	Implementation Steps
January – June 2008	<ul style="list-style-type: none"> Establish a WG from the Textiles and import/ export sectors to log Egyptian trade movements in terms of volumes of imports and exports, lead times, destinations and seasonality, etc. Project the shipping volumes, destinations and requirements for the next 5 years to demonstrate to shipping and logistics companies the quantities required to be transported in the future. Conduct one-on-one discussions with the leading shipping lines and logistics companies for government to guarantee minimum economic volume for lines until such volumes are reached by normal trade Focus on 2 main ports (one on the Suez Canal and one on the Mediterranean) to develop pilot projects and consolidate volumes (include textile specific custom units in those ports) as well as RORO infrastructure
Responsible	
HCT/ GAFI Ministry of Transport Port Authorities Shipping companies Market WG	

Action : Transportation and Logistics

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
Establish Transport/Logistics WG to map trade movements.																								
Action preparation phase																								
Make survey and project shipping volumes, destinations & requirements to 2012 to demonstrate future transport needs.																								
Evaluation/analysis/plan formulation																								
Conduct one-to-one talks with leading shipping lines/ logistics companies; consider possible incentives, as necessary.																								
Implementation																								
<i>Focus/ consolidate on 1 Suez Canal/ 1 Mediterranean port; develop pilot projects; consider RORO transport/ infrastructure</i>																								
Operational																								
Monitoring																								

** Years 7-14 will be monitoring phases*

Action : Compliance: Assist companies that have yet to address buyers' requirements for non-tariff barriers.

Description

Buyers have established criteria to approve suppliers in the post MFA era – non - tariff barriers (NTBs). Many NTBs are general to large buyers but some NTBs are specific to individual buyers. Egyptian companies need to be aware of, and to comply with, all NTBs to be approved suppliers.

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
June 2008 (onwards)	<ul style="list-style-type: none"> • Create a permanent compliance office within the HCT to provide companies with continuous updates on the international developments in compliance requirements. • HCT/ IMC to set up workshops to inform companies of the many NTB compliance demands made by foreign buyers. Until they comply, Egyptian companies are unlikely to qualify as approved suppliers. • HCT/ IMC to appoint consultants to conduct the workshops as the needed trainers are not available 'in-house'. • HCT should consider that accreditation to several ISO standards, e.g. ISO 9000, ISI 14000 & 18000 series, as well as WRAP and OKOTEEKS will be excellent starting tools at the work shops • Use trading companies and sourcing offices as partners (financed by the IMC) for establishing compliance requirements for local companies
Responsible	
HCT IMC Market WG	

Action : Compliance: Assist companies that have yet to address buyers' requirements for non-tariff barriers.

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
Action preparation phase																								
Evaluation/analysis/plan formulation																								
<i>HCT/ IMC to organize compliance workshops using consultants as trainers. Also to consider ISO standards series accreditation as tools so companies have additional high performance levels</i>																								
Implementation																								
Operational																								
<i>Use trading companies/ sourcing offices as partners (paid by IMC) for setting compliance requirements for local companies</i>																								
Monitoring																								

Action : Extend tax rebate scheme for textile exports

Description

The tax rebate scheme has yielded positive results for Egyptian exporters and has relieved companies from the financial pressures caused by poor infrastructure, low labour productivity and other weak local conditions. Additionally, export incentives are used by other countries to encourage their textile exports (currently China stands at 11% -13% tax rebates for textiles).

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
Present – 5 years	<ul style="list-style-type: none"> • The Ministry of Trade & Industry to extend the tax rebate for a minimum of 5 further years • Export incentives to be used as a tool to focus industry developments, e.g. to increase the rebate percentages for exports of consumer products that have been dyed and finished in Egypt. • These funds should be considered as a temporary relief for companies, the HCT and government to work in parallel on removing the poor working conditions within the planned 5 years.
Responsible	
Ministry of Trade & Industry Ministry of Finance HCT/ IMC Industry Trade Associations	

Redefine Role of Public Sector Textile Mills -PSTM

Objective: **Re-define role of Public Sector Textile Mills – PSTM [27 mills; 92,000 employees]**

Description	Priority
<p>Objective to exit and/or neutralize PSTM role in the textile industry. The PSTM are a continuing financial burden on the State and are truly non- competitive. This situation is believed to be irreversible. Egypt's PSTM issues reflect those found earlier in other countries until their governments took action to close them.</p>	<p><input checked="" type="checkbox"/> 1 Immediate <input type="checkbox"/> 2 Short Term <input type="checkbox"/> 3 Medium Term</p>
Background	
<p>The PSTM are a legacy from former times. They are loss making, have large debts, suffer from high over-manning levels, have had minimal investments over the last 25 years and disturb the markets unnecessarily. But they still represent the major part of Egypt's cotton spinning & weaving capacities. Productivity & quality levels are low; marketing activities are minimal and they are unable to feed the needed raw materials to the local private sector companies. PSTM cannot be a vehicle for meeting VISION 2020.</p>	
Actions	
<ol style="list-style-type: none">1. Agree with Ministry of Investment on measurable plan for exiting PSTM2. Re-trenched workers to be re-trained as soon as ever possible, to prepare them for jobs in the private sector	

Action : Agree with Ministry of Investment on measurable plan for exiting PSTM

Description

Currently, there is no clear government plan to exit from the PSTM. Several options are available but there is no political will – due to the clear social dimension – to exit the PSTM. It is crucial to reach an agreement with the Ministry of Investment on one of the mentioned alternatives to exit the PSTM.

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
<ul style="list-style-type: none"> June 2008 agree with government on measurable plan 2013 Closure / Sale of last Public Sector Mill 	<ul style="list-style-type: none"> The HCT and Ministry of Trade and Industry to start immediate discussions with the Ministry of Investment regarding the future of the HCT with the purpose of reaching an agreement on the negative impact caused by the public sector on the textile industry The agreement with the Ministry of Investment to include a clear commitment to exit the PSTM entirely within a period (maximum 5 years) The agreement with the Ministry to be translated into a measurable plan of action for each individual company as well as the Holding Company as a whole to be reviewed semi-annually with the Ministry of Investment and the Holding Company Continuous discussions should be maintained with the Ministry of Investment so ensure that milestones are being met according to plan Three alternatives are proposed for exiting the PSTM (detailed as follows)
<p style="text-align: center;">Responsible</p>	
<p>HCT PSTM WG All stakeholders</p>	

Action : Agree with Ministry of Investment on measurable plan for exiting PSTM

Additional Notes

Alternative 1: Sell Real Estate to Finance the Retrenching of workers

Historically built in the outskirts of main cities, PSTM are currently mostly based in city centres with significantly high real estate prices. Such real estate, if sold, can cover the costs of release of labour and possibly generate a significant surplus which can be used in the training of selected calibres from the retrenched pool [action 902-38] to be placed in the private sector through a training and matchmaking program. Especially in light of the existing idle machinery that can be used to equip training centres:

Advantages

1. The approach has proven successful
2. Such an alternative can be implemented in phases (over 5 years), thus avoiding labour problems
3. All costs will be covered and will generate a surplus for the government
4. A percentage of retrenched workers can be placed in private sector mills suffering from the need for qualified labour

If this alternative is selected, the Ministry of Investment will need to consider a combination with alternative 3 [Turning PSTM into subcontracting units for private sector].

Action : Agree with Ministry of Investment on measurable plan for exiting PSTM

Additional Notes

Alternative 2: Privatize Facilities

Several PSTM have been offered for sale, however, a very limited number was successfully acquired by investors. Due to several labour problems as well as the lack of political will to deal with such labour issues. Moreover, some of the selling conditions are difficult to meet by the investors (such as the percentage of labour retention), making companies less attractive acquisition targets.

On the other hand, several units in relatively good condition can be extremely attractive for both local and foreign investors, provided there is a determination to sell the units and that conditions for retention of workers are softened (possibly using alternative 1).

Advantages

1. Significant retention of PSTM workers (avoiding additional unemployment)
2. Positive impact on the economy with the utilization of idle capacity
3. Potential additional employment in the future based on the success of the privatized companies
4. Locations of PSTM mills in the heart of major cities can create attractive employment opportunity for unemployed youth

There is a strategic importance to privatize such companies at giveaway prices to investors as a majority of those companies are making losses and in many cases, losses are exceeding the total yearly salaries. Privatizing such companies will result in less stress on the government financials.

Action : Agree with Ministry of Investment on measurable plan for exiting PSTM

Additional Notes

Alternative 3: Turn PSTM to subcontracting units for private sector

Currently, the PSTM are offering products in the local and international markets at prices that are not achievable by private mills. Not governed by the same market rules, PSTM have a disturbing impact on the competitiveness of local firms. A clear example of that are yarn prices which are published by the Textile Consolidation Fund for the public sector but considered by international buyers as the benchmark for Egyptian yarns.

While the government decides and implements its exit plan from PSTM, it is recommended that PSTM are restricted from selling in the local and international market directly to buyers. In which case, PSTM will be operating exclusively as subcontracting units for other manufacturers and traders, who will provide raw material and pay a job order fee per unit of output. This approach will soften the impact of the PSTM in the market.

Advantages

1. No need to take any immediate action for the retrenching of workers or sale of units
2. Will restrict the current losses of the public sector mills due to miss usage of raw material and increasing stock levels
3. Will neutralize to an extent – but not entirely – the negative impact of the PSTM in the free markets
4. Option can be maintained indefinitely until PSTM are shut down due to complete disintegration

Whether the government chooses to implement alternative 1 and/or 2, the PSTM should be neutralized – as explained above – to ensure that throughout exit period, the PSTM has little impact on the economy.

Action : Agree with Stakeholders with the need to exit the PSTM

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
Stakeholders agree future in development of private sector.																								
Action preparation phase																								
Develop plan by Ministry of Investment																								
Implementation																								
Implement Plan																								
Operational																								
Monitoring																								

Action : Re-trenched workers to be re-trained as soon as ever possible, to prepare them for jobs in the private sector

Description

It has been estimated that at least 40% of the employees in the PSTM are surplus to the 27 mills' needs. As the other PSTM close, the age profiles of employees have risen and fewer will be surplus to need. The remaining surplus workers have to retrain for new jobs - either textile jobs or non-textile.

Priority

- 1 Immediate
 2 Short Term
 3 Medium Term

Deadline / Deliverables	Implementation Steps
<p>By 2010 minimum 3'000 workers re-trained and hired by Private Sector</p>	<ul style="list-style-type: none"> • Identify through assessment and offering to PSTM workers suitable calibers for a retraining program • Create appropriate diploma re-training courses. Determine the costs of the re-training courses. • Establish practical re-training programmes that will enable the re-trenched workers to progress into new real jobs for which their newly acquired skills will be appropriate. • Arrangements for the re-training courses to be established as soon as possible, with suitable trainers. The qualifications of the re-trained workers has to be substantive (and attractive to future employers) • Matchmake graduates with private sector vacancies • Costs to be carried by the Government.
<p>Responsible</p>	
<p>HCT Ministries: Higher Education & Employment Vocational Training Schools PSTM WG</p>	

Action : Re-trenched workers to be re-trained soonest, to prepare them for jobs in the private sector

Action Implementation Time Frame																								
Year	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
Yearly Quarters	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Strategic Decisions																								
Action preparation phase																								
<i>New jobs for VISION 2020 realized- in new textile industry and the support/ service industries.</i>																								
Evaluation/analysis/plan formulation																								
Implementation																								
<i>Create re-training courses; determine course costs courses. Create practical re-training programmes.</i>																								
Operational																								
<i>Run re-training courses with suitable trainers</i>																								
Monitoring																								