

# Living In Denial

## Egypt

Tourism is the essential ingredient in Egypt's casino make-up. The global pandemic was almost the sector's undoing, but this summer saw the return to some normality and the early signs of recovery as doors re-opened and foreigners returned.

**The saying 'Egypt is the gift of the Nile' rings true.**

**Without this immense river there would be no fertile land. Much of the country is desert and the majority, around 95 per cent of the population, live along a narrow strip of land running alongside the Nile River occupying about 40,000sq.km.**

Things are always a little unsettled in Egypt. The country is currently under the harsh authoritarian rule of President Abdel Fattah al-Sisi, whilst thousands of critics, from journalists to human rights defenders, remain imprisoned or detained on politically motivated charges.

The pandemic exacerbated detention conditions and reportedly dozens have died in custody whilst armed conflict between government forces and local Islamic State affiliates entered its eighth year in war torn North Sinai.

The authorities have huge control over both traditional and social media, whilst journalists, bloggers and critics are silenced via the use of a repressive cyber crimes law. Television is mostly governed by two state-run national TV stations plus state run regional and thematic networks.

Citizens can be arrested for controversial social media posts and online content. The cyber crime law introduced in 2018 allows the authorities to block any website deemed a threat to national security or the economy. Hundreds of news and human rights websites have been blocked and a vast number of journalists and activists have been arrested on charges of 'terrorism' or 'spreading false news'.

Sixth President Abdel Fattah al-Sisi was elected in May 2014, a year after he removed his predecessor Mohammed Morsi from office in a coup dubbed Tamarrud (Rebellion).

The Muslim Brotherhood, an influential Islamist movement, was outlawed under previous President Hosni Mubarak's leadership between 1981 and 2011.





However, under Morsi' rule, citizens began to protest against the President and the Brotherhood-led government at the perceived drift towards a greater Islamist influence on public life and economic hardship.

Sisi warned the army would intervene if the government did not respond to the 'will of the people' and in July 2013 Sisi announced President Morsi had been removed from office. Conflict erupted and Morsi supporters in the Muslim Brotherhood accused Sisi of overturning democracy by deposing of a freely elected President.

Whilst tens of thousands celebrated, Muslim Brotherhood supporters held protests throughout the country. Many Brotherhood leaders were arrested during the protests and the

group's media channels were shut down whilst more than 1,000 protestors were openly shot and killed during the demonstrations, rallies and sit-ins, whilst tens of thousands were detained or arrested. Morsi died in prison in 2019 whilst on trial.

Sisi is a military officer who had served as an armed forces chief under Morsi. Many hoped he would bring stability to the upheaval in the country since the removal of long-term leader Hosni Mubarak during the Arab Spring uprising in 2011. Others say he represents a return to the authoritarian state which existed under Mubarak.

Sisi won a second term in 2018 against just one opposition candidate. Others had withdrawn from the election bid.

## TOURISM AND THE ECONOMY

Egypt is the most populous country in the Arab world and the third most populous in Africa after Nigeria and Ethiopia and 13th in the world.

The saying Egypt is the gift of the Nile rings true. Without this immense river there would be no fertile land. Much of the country is desert and the majority, around 95 per cent of the population, live along a narrow strip of land running alongside the Nile River occupying about 40,000sq.km.

Egypt is divided into 27 governorates and four cities – Cairo, Alexandria, Port Said and Suez all have governorate status.

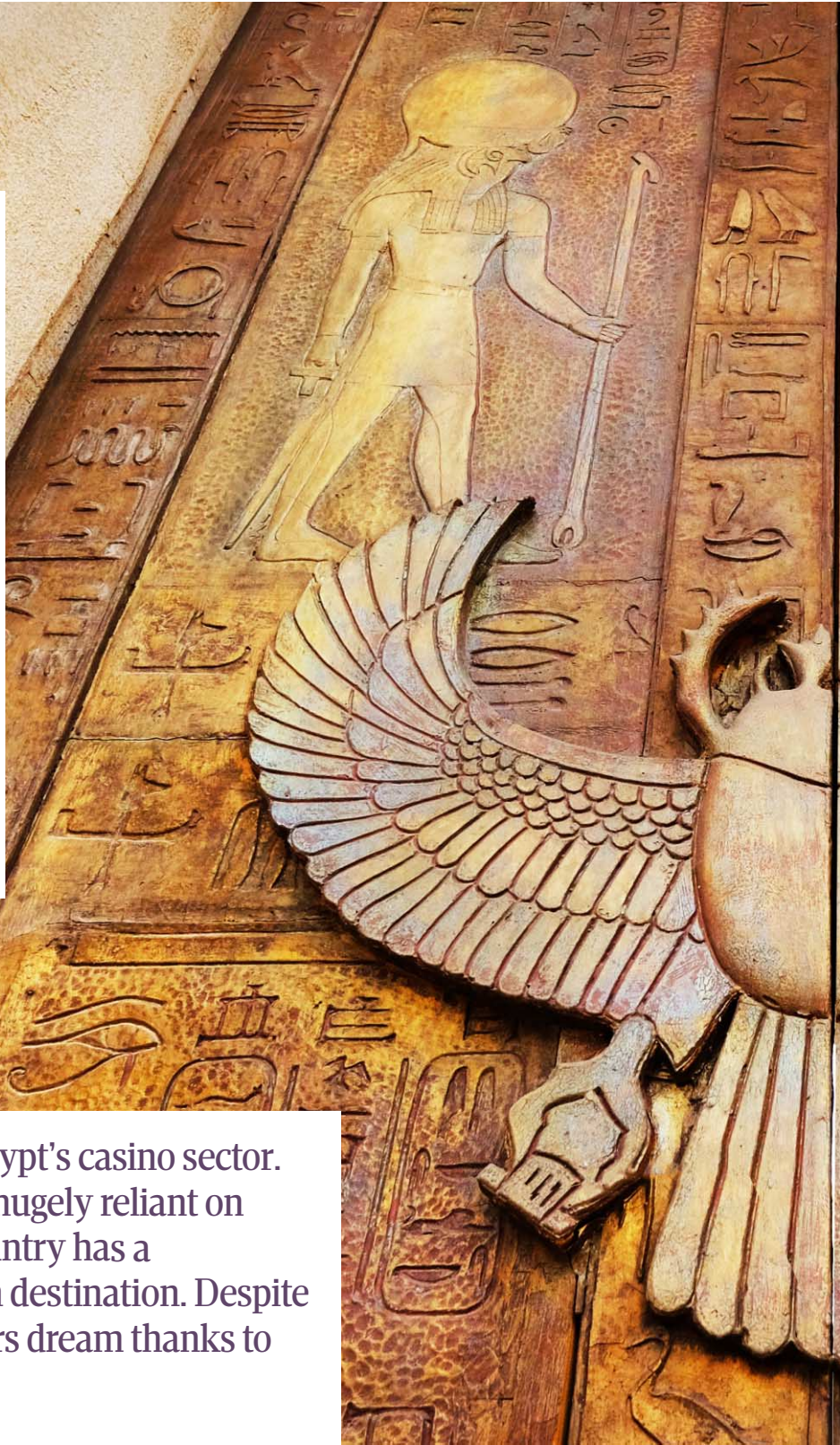
The governor is appointed by the President and





## Essential information and facts about Egypt:

<b>Capital</b>	Cairo
<b>Total Area</b>	1,001,450sq.km
<b>Population</b>	106.4m
<b>Median age</b>	24.1 years
<b>Religion</b>	Muslim (90%), Christian, other.
<b>Ethnic Groups</b>	Egyptian (99.7%)
<b>Languages</b>	Arabic, English and French
<b>Currency</b>	Egyptian Pounds (EGP)
<b>Government type</b>	Presidential Republic
<b>Chief of State</b>	President Abdel Fattah al-Sisi (since 2014)
<b>Head of Government</b>	Prime Minister Mostafa Madbouly (since 2018))
<b>Elections</b>	President elected by vote in two rounds for six-year term (with 3 consecutive terms available). Next election due in 2024. Prime Minister appointed by President.
<b>Unemployment</b>	7.9% (2020)
<b>Tourism</b>	13.1m (2019)



**Tourism is key to the survival of Egypt’s casino sector. As locals are banned this sector is hugely reliant on foreign visitors. Thankfully the country has a reputation as a world class tourism destination. Despite political conflict Egypt is a travellers dream thanks to its history, culture and landscape.**

is the highest executive authority in the governorate and has administrative authority over all government personnel except judges and is responsible for implementing policy.

The economy depends heavily on agriculture, tourism and remittances from Egyptians working abroad mostly in Saudi Arabia and Gulf countries.

There’s been a rapid population growth which is putting huge pressure on limited natural resources coupled with a lack of arable land, jobs, housing and health care. In 2010 the population was 78.8 million. Today it is over the 106.4 million mark.

Egypt has one of the longest histories of any country although Modern Egypt dates back to 1922 when it gained independence from the British Empire as a monarchy. After the 1952 revolution Egypt declared itself a republic. There has been a history of political instability and conflict for decades.

Tourism is a huge money spinner and is key to the survival of Egypt’s casino sector. As locals are banned this sector is hugely reliant on foreign visitors.

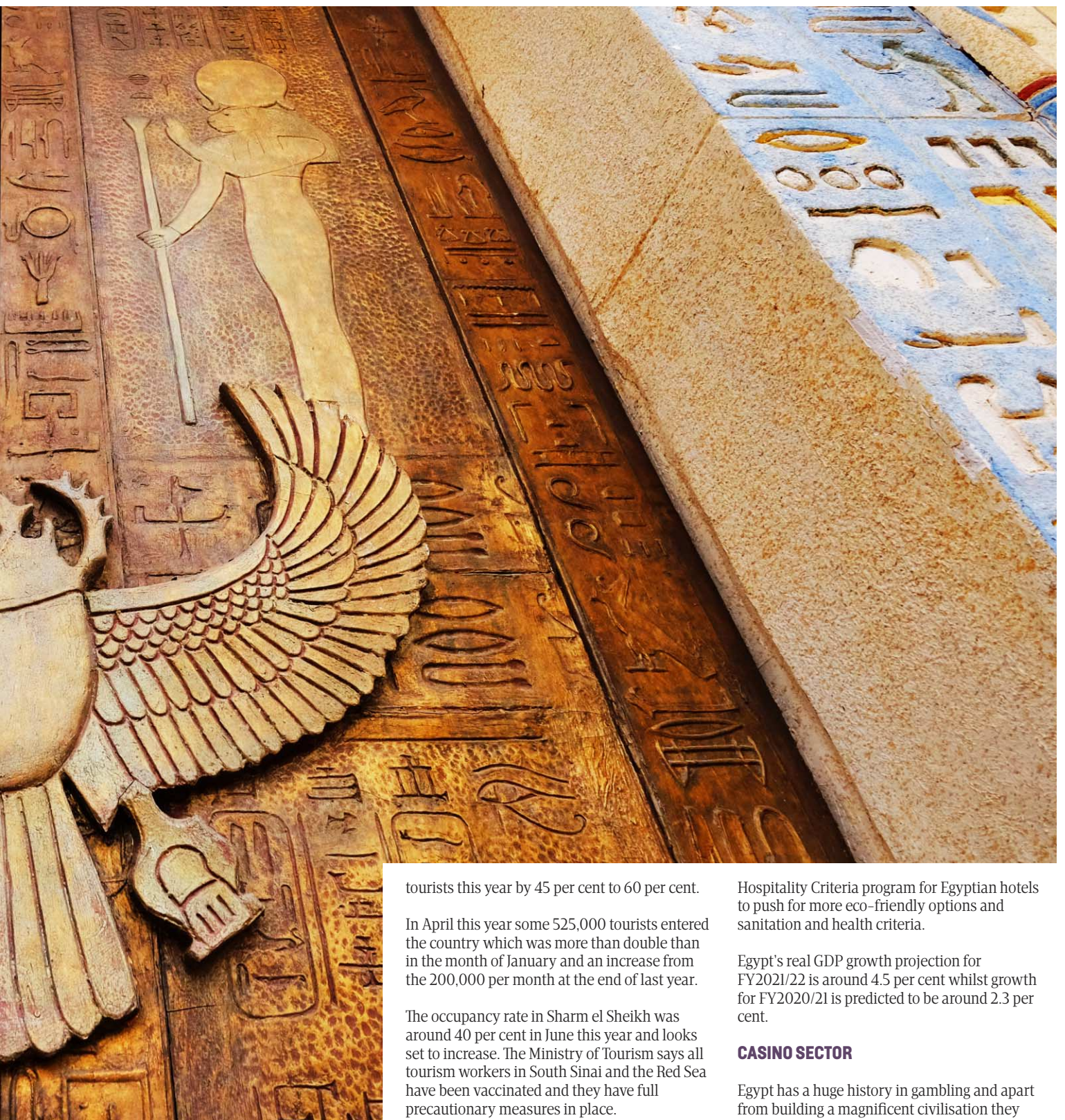
Thankfully the country has a reputation as a world class tourism destination. Despite political conflict Egypt is a travellers dream

thanks to its history, culture and landscape. It has a huge tourism industry with visitors flocking to see the unique sights such as the pyramids, pharaonic temples and enjoy the Red Sea beach resorts.

Back in 2010 the country peaked with around 14 million tourists which dropped significantly (to around nine million per year) for the following few years due to political conflict. The country’s tourism sector is responsible for 8.8 per cent of GDP (2019).

In 2015 the government launched a programme aimed at doubling the number of tourists to 15 million and generating US\$15bn in revenue by





2018 and up to 20 million visitors and earnings of US\$30bn by 2020.

In 2019 Egypt received 13.1 million tourists generating revenues of US\$13.03bn. Of course, Covid then arrived and this positive growth dropped in 2020 by about 70 per cent to US\$4bn in revenues with just 3.5 million tourists entering the country. It is predicted that it could take between two and four years to return to 2019 levels.

The first half of 2021 saw tourism revenues at around \$3.5bn/\$4bn with 3.5 million tourists between January and June. The ministry is however expecting an increase in the number of

tourists this year by 45 per cent to 60 per cent.

In April this year some 525,000 tourists entered the country which was more than double than in the month of January and an increase from the 200,000 per month at the end of last year.

The occupancy rate in Sharm el Sheikh was around 40 per cent in June this year and looks set to increase. The Ministry of Tourism says all tourism workers in South Sinai and the Red Sea have been vaccinated and they have full precautionary measures in place.

Since the beginning of the pandemic Egypt has reported a total of 284,000 deaths (end July 2021) with over 16,500 deaths.

Egypt re-opened its borders to foreign tourists in July last year after closing down in March and visitors have to produce a negative PCR test. Meanwhile Russia resumed flights to Egypt's Red Sea resorts earlier this year after lifting a flight ban between Moscow and Egypt, which was put in place after the 2015 bombing of a Russian airliner after it took off from the Red Sea resort of Sharm el Sheikh killing all 224 people on board.

In 2019 The Ministry of Tourism unveiled a new

Hospitality Criteria program for Egyptian hotels to push for more eco-friendly options and sanitation and health criteria.

Egypt's real GDP growth projection for FY2021/22 is around 4.5 per cent whilst growth for FY2020/21 is predicted to be around 2.3 per cent.

## CASINO SECTOR

Egypt has a huge history in gambling and apart from building a magnificent civilisation they were also pioneers in the leisure and recreation industry. Board games were a popular past time, and the game of Senet is an ancient Egyptian board game which was mostly played mainly by wealthy adults. The Ouija board also originated in Egypt and it is not hard to find gambling machines which have themes based on ancient Egypt.

Since Egypt is a Muslim country it follows the Sharia law which determines any act of gambling illegal. Around 90 per cent of the population are practising Muslims. However, with a huge tourism trade the country tries to balance its anti-gambling stance by permitting certain activities to cater to the tourism demands.



# Reports

## EGYPT - MARKET UPDATE

Therefore, Egypt is one of a few Muslim countries where some forms of gambling is 'accepted'. The lure of tax revenues means a loophole was created so casinos can operate although they are limited to foreign visitors and tourists only, whilst the currency used within the casinos is mostly American dollars or Euros (not Egyptian pounds). Sports betting and the national lottery are the only forms of gambling permitted for locals.

The Penal Code of Egypt (article 352) outlines the details of fines for anyone permitting local gamblers into a gambling area.

The casinos are located in deluxe style international hotel chains and in major tourist destinations whilst the clientele are mainly European and American expatriates and Saudi and Kuwaiti tourists.

The law has fluctuated throughout the years, which has at times, left the country without legalised gambling. In 1973 the overall competence for the management of the tourism sector was given to the Ministry of Tourism which has full responsibility to regulate the sector including grants and designating areas for tourism. This came under the decree 1/1973 of the law regarding Hotel and Tourism Entities which defines and regulates casinos in Egypt.

Other laws governing the casino sector include the Minister of Tourism decree number 181 in 1973 which covers licensing conditions and procedures for hotels and tourism establishments and the Minister of Tourism decree number 21 in 1976 in relation to imposing royalty fees on gambling casinos.

As such the Ministry of Tourism issues certain decrees to regulate the activities and operation of casinos and the law sets out some provisions which includes only permitting foreign players.

Around 95 per cent of the guests to the casinos in Cairo are from the Middle East, four per cent from North Africa and one per cent European or American. In Sharm el Sheikh guests mostly visit from Eastern European countries and in Teba the business is solely Israeli guests.

The law also has guidelines which a hotel must adhere to when obtaining a casino licence. Licences are only granted to five-star hotels or four-star hotels in tourist areas. There are around 350 five-star hotels and 245 four-star hotels in the country plus another 430 two- or three-star hotels.

There are currently 23 casinos in the country and the majority are found in Cairo (16) and Sharm el Sheikh (5) and in Teba (2). Casinos in Alexandria and Hurghada closed some years ago.







Casinos are generally open 24 hours a day with a minimum gambling age of 21. Some casinos in Sharm el Skeikh open for those over the age of 18 but have more limited opening times. To open a casino operators merely apply for a tax licence from the Ministry of Tourism.

The general consensus is that so long as the tourists continue to travel to Egypt and stay in 'casino hotels' then the demand for a gaming industry in Egypt is expected to continue.

The interest in poker has been growing steadily and poker tournaments are popular. The first poker tournament took place in the Sinai Grand Casino in Sharm El Sheikh in 2008 with more than 50 poker players participating from around the world

Raymond Pittel General Manager of Nile City and Sonesta Casinos said: "The casino market is based on European style of gaming and the main target markets are the Gulf state gamblers - Saudi Arabia, UAE, Kuwait and Qatar for example.

East guests and with countries cancelling international flights there was little or no business. Some hotels were being used as quarantine hotels for repatriation flights. Semiramis Hotel was one of those so we were not allowed to operate our casino until July. By then some Middle East countries had resumed flights so Casino Semiramis re-opened on July 7.

"After re-opening business levels between July and September 2020 were down 85 per cent and October to December was down 60 per cent. Meanwhile, as international flights were still being cancelled and then resumed, which didn't give travellers much confidence. The start of 2021 was much the same as end of 2020, with a 60 per cent decrease in business. After Ramadan, in mid-May, we started to see an increase in guest numbers and June and July 2021 were the best months since re-opening, and you could say, back to pre-Covid times.

"Most Middle East countries are fully vaccinated and are permitted to travel. Egypt on the other hand has vaccinated only three per cent of the

**"After re-opening business levels between July and September 2020 were down 85 per cent and October to December was down 60 per cent. Meanwhile as international flights were cancelled and then resumed, which didn't give travellers much confidence. The start of 2021 was much the same as end of 2020 with a 60 per cent decrease in business. After Ramadan, in mid-May, we started to see an increase in guest numbers and June and July 2021 were the best months since re-opening."**

"The casino market Year to Date is back to near pre-Covid levels minus 40 per cent and the predicted outlook for the next six months to December 2021 is estimated to be around minus 30 per cent compared to 2019."

The Ministry of Tourism requested all casinos close in Egypt on March 23 2020 due to the pandemic and they re-opened in June but with restrictions such as 50 per cent seating and health and safety measures.

Ian Cooper Managing Director of Casinos Austria Egypt said: "Cairo is reliant on Middle

population. So, we are still working with Covid measures such as 50 per cent seating and masks etc. We are currently working with the Ministry of Tourism to get the hotel and casino staff vaccinated."

The main casino operators include:

- CAI operates just one casino in Egypt - the Casino Semiramis in Cairo which is located in the luxurious five-star Semiramis InterContinental Hotel on the River Nile. This casino opened in 1990 and there are 13 tables, 32 slots and a 10-player station with two-wheel Automatic Roulette.



It is thought the issue of introducing legalised online gambling is not imminent and the government largely ignores the fact this is happening. Therefore, there is little protection in place for players and no Egypt specific payment processing options. Many players stick to the larger international sites.



- GRAND CAIRO CASINOS (Cairo Tourism and Gaming CTAG) operates two casinos – the Fairmont Nile City and Sonesta. Nile City is located at the Fairmont Hotel in Cairo with 542 rooms and is open 24/7 offering 40 slots and 18 table games, salon Privé and bar lounge. The Sonesta is located at the Sonesta Cairo Hotel in Nasr City just 15 minutes from the airport. There are 10 table games, 24 slots, electronic roulette and bar lounge.

Grand Cairo Casinos is a sister company of IGGR which was set up in 2002 as a subsidiary of the Raineau Group from France and currently operates 13 casinos and five hotels in Argentina, France, Costa Rica and Egypt. The Raineau group also owns the Sinai Grand Casino in Sharm el Sheik housed at the Sonesta Beach Resort with 200 rooms. Sinai Grand hosted the first poker tournament in Egypt in 2008.

- CAESERS ENTERTAINMENT operates three casinos in Egypt. Ramses Hilton Hotel in Cairo has 40 slots and 20 table games and an eight-player electronic roulette in 2,700sq.ft of gaming area. The Kings and Queens Casino is located in the heart of Cairo's diplomatic district in the five-star Fairmont Towers Heliopolis with 2,100sq.ft of gaming area and 30 slots and 10 table games. Finally, Caesars Cairo is situated in the Four Seasons First Residence Hotel in Cairo with 20 table games and 30 slots and 6,500sq.ft of gaming area.
- LUCIEN BARRIERE is the French market leader of casinos and hotels and operates the Casino Barriere El Gezira Cairo located in the Sofitel Hotel. There are 14 table games and 45

slots. The company opened a second casino, La Pacha, in Cairo located on a large, docked boat consisting of eight restaurants. The 600sq.m gaming area has nine tables and 17 slots.

- GENTING CASINOS LIMITED opened Crockfords Cairo in 2016 located in the Ritz Carlton Nile. This was Genting's first venture in the Middle East and makes this their 33rd casino (after 32 UK casino licences) and is operated by Genting Casino Egypt Ltd. The casino has 30 slots, 10 electronic roulette terminals and 15 gaming tables. The hotel is considered an icon in the capital and has contributed to the country's travel industry for the past 50 years.

## ONLINE GAMBLING

Online gambling in Egypt is more than a little vague. In theory online gambling is illegal as there are no specific regulations governing this sector and there is no licensing procedure.

However, players can access offshore online casinos freely and there is no law prohibiting Egyptian players from registering and placing bets on international gaming sites.

As such many international gambling companies operate and accept bets from Egyptian residents.

It is thought the issue of introducing legalised online gambling is not imminent and the government largely ignores the fact this is happening. Therefore, there is little protection in place for players and no Egypt specific payment

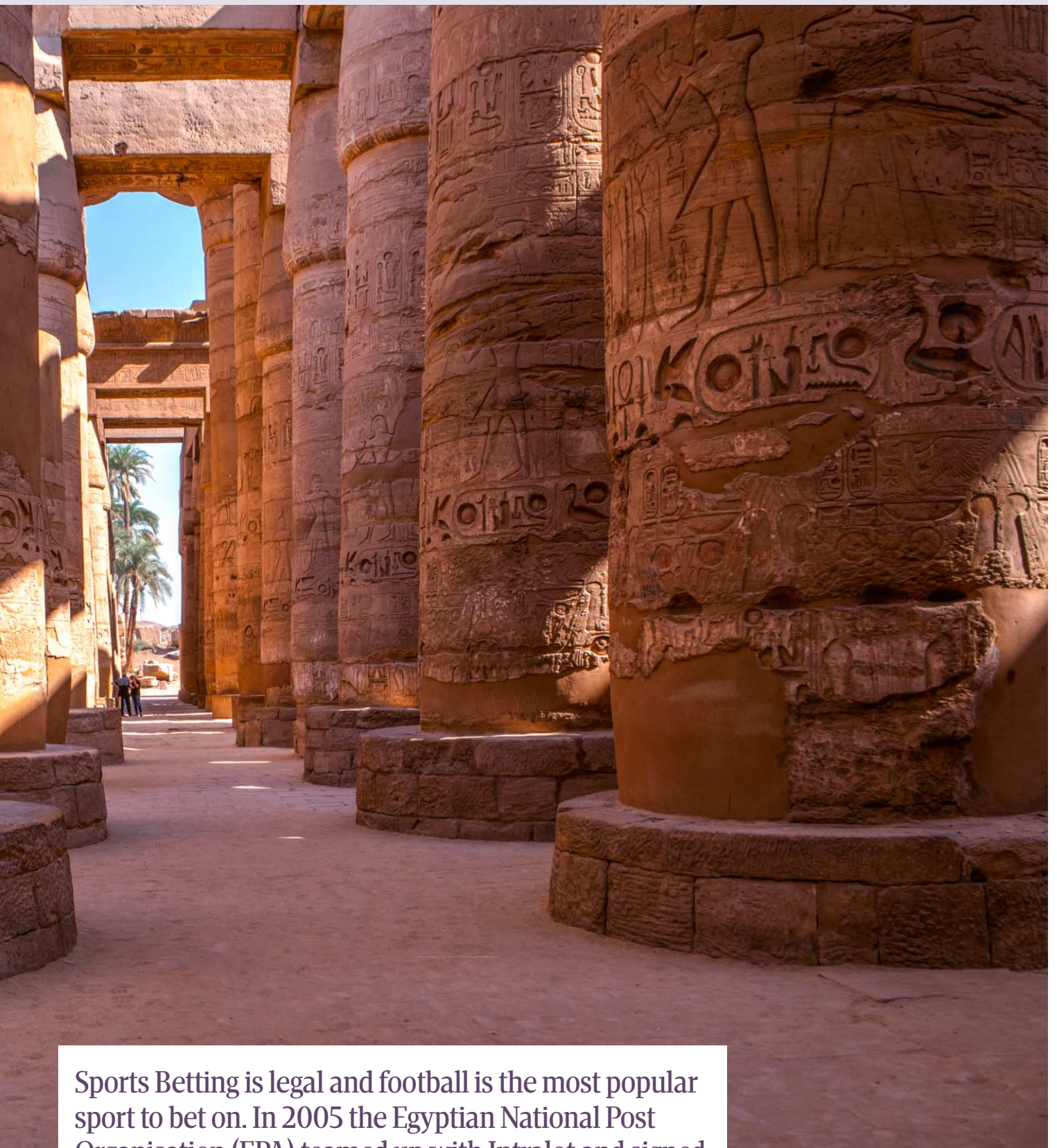
processing options. Many players stick to the larger international sites.

Sports Betting is legal and football is the most popular sport to bet on. In 2005 the Egyptian National Post Organisation (EPA) teamed up with Intralot and signed an agreement for the provision to offer sports betting nationwide.

Since sports betting became regulated, thousands of bookmakers have opened up all over the country.

Meanwhile the lottery was introduced in 1976 when the Lottery Coalition was founded. Online





**Sports Betting is legal and football is the most popular sport to bet on. In 2005 the Egyptian National Post Organisation (EPA) teamed up with Intralot and signed an agreement for the provision to offer sports betting nationwide. Since sports betting became regulated, thousands of bookmakers have opened up all over the country.**

lottery does not exist and as with other forms of online gambling remains unregulated.

The lottery was founded in Egypt by members of the Greek community in the early 1940s. By the early 1960s three offices were supervising the

issuing of tickets primarily the Solidarity Office (which was part of the Red Crescent NGO), Al-Orwa Al-Wothqa (an Islamic NGO) and the Egyptian Lottery Union. At the time the offices covered 7,000 distributors and 111 NGO beneficiaries nationwide.

When the Lottery Coalition was formed it had around 2,000 lottery vendors and distributors. Today however it only covers around 200.

Although once a popular pastime it began to change in the 1970s when it was argued that the lottery was against Islamic teachings because it is a form of gambling.

The beneficiaries argued that as money is given back to NGO funds and charity it was not considered the same as gambling per se. Sales however began to decline. In the 1960s some 100,000 tickets were sold daily. Today that is around 20-30,000.