

Revolu tionary Leader

Naguib Sawiris used his Egyptian telecom and media empire to help the anti-Mubarak uprising. Now he wants to shape a secular future for his country.

By Stephen Glain

In late January,

Naguib Sawiris, founder of Egypt's Orascom Telecom Holding, was flying in his private jet to Paris to meet his father, who was due to have surgery in the French capital. The previous day thousands of demonstrators had occupied Cairo's Tahrir Square to protest the authoritarian rule of Hosni Mubarak — the opening shot of an unprecedented popular uprising. As the protests grew in size and intensity, Sawiris ordered his pilot to turn the plane around and head back to Cairo. As a liberal democrat, his heart was with the rebellion, and he wanted to be part of it.

Back in Cairo, Sawiris had barely unpacked his bag before hearing a report on al-Jazeera, the Qatar-based satellite news channel, that said all businesspeople had fled Egypt. Knowing the report was untrue but fearing that its spread would incite panic, Sawiris instructed producers at OnTV, the satellite broadcasting station he owns, to film him and his brothers conferring at El Gouna, a Red

Naguib Sawiris speaks at a recent press conference about Orascom Telecom's deal with Russia's VimpelCom



Sea resort developed by Orascom's construction arm that frequently serves as a Sawiris family corporate retreat.

"Not to be immodest, but this was significant," Sawiris tells *Institutional Investor* of his role in the uprising. "People have a lot of faith in this family. They know it has its roots here. It represents a significant share of the economy. If a prince of this family were to flee, it would signal that the situation is very bad."

Far from fleeing, Sawiris has doubled down on Egypt. The billionaire investor helped nourish the country's revolutionary gestalt with his media empire, airing the protesters' demands in his newspaper and on his television channels while most other outlets stayed silent in deference to the regime. In the wake of Mubarak's ouster in February, Sawiris has stepped directly into the political realm in a bid to shape the country's future. He relinquished executive control of Orascom Telecom to found the Free Egyptians Party, which advocates a capitalist economy and a pluralistic democracy and intends to field candidates for the parliamentary elections that the military-controlled interim government is expected to hold in October.

Sawiris holds no formal title in the party and says he has no intention of personally running for public office. The Free Egyptians are an authentic liberal political movement, he insists, not the plaything of a rich businessman. But few secular leaders have been as vocal as Sawiris in opposing the Muslim Brotherhood, the country's powerful Islamic political group, making him and his party among the best hopes for an open, pluralist Egypt.

"Sawiris is probably the most important opponent of the Muslim Brotherhood," says Elijah Zarwan, Egyptian representative at the International Crisis Group, a Brussels-based nonprofit. "He has money, and he has the media. If anyone is in the position to take them on, it's him."

The transition from industry titan to would-be political power broker is a characteristically bold move for Sawiris, who made his fortune and reputation with daring business wagers. There is no guarantee that his political career will be as charmed as his business one or that the revolution that removed Mubarak will redeem its

and had kept his distance from Mubarak and his son Gamal. Largely as a result, he is one of the few wealthy Egyptian investors who have not been jailed or persecuted for alleged ties to the regime. Ahmed Ezz, who built a steel empire with formerly state-owned assets, was one of the first to be arrested and is now standing trial on graft charges.

Whether Sawiris will be able to keep his neck intact is one of the more compelling wagers of Egypt's campaign season. Flamboyant and candid in a country that prizes humility and restraint, Sawiris has a craving for the spotlight that can prove troublesome. In late June he ignited a storm of protest after he posted on his Twitter account a cartoon of Mickey and Minnie Mouse in Muslim garb. The stunt, a satiric comment on the likely consequences of an Islamist election-day sweep, provoked widespread condemnation among Egypt's Islamic authorities and not a few death threats. Several "Boycott Sawiris" groups emerged on Twitter and Facebook, including one that urged Muslims to "cut the tongues of those who defame our faith." A chastened Sawiris apologized via Twitter and assured his followers that he had no intention of mocking Islam. "*Assef*," he texted, using the Arabic word for "sorry." "I just thought it was a funny picture. No disrespect meant!"

Despite Sawiris' contrition, the incident only deepened his estrangement from some of the country's Islamist leaders, both political and spiritual. Only a few days earlier, he had appeared at a political rally in Al Minya, a city of about a quarter-million people some 150 miles south of Cairo. Like most cities in a country that is 90 percent Muslim, Al Minya is a stronghold for groups such as the Muslim Brotherhood, an evangelical and political movement that is expected to do well in the fall ballot. Rather than understate his Coptic identity, Sawiris flaunted it by wearing a silver-dollar-size cluster of Christian crosses — a self-designed "cross of crosses," as he calls it — around his neck.

"I worry occasionally, but I put my trust in God," Sawiris says in a recent interview at the Nile Center Towers, the pharaonic high rise on the bank of the river where core Orascom subsidiaries are headquartered. "That's a powerful factor."

Handicapping Egypt's first free elections is a complex task. Prominent liberal leaders include prospective presidential contenders Mohamed ElBaradei, a former director general of the International Atomic Energy Agency, and Amr Moussa, a onetime Foreign minister and ex-secretary general of the Arab League. Both men are better known in the West than in the Egyptian hinterland, however, and most secular political movements remain weak and poorly funded. A big question mark, Cairo political analysts say, surrounds tribal leaders who were recruited by Mubarak's now-defunct National Democratic Party to contest parliamentary seats. With Mubarak gone, these legacies of the ancien régime are thought to be well positioned to recover their seats in the upcoming ballot — and that is why Sawiris is courting them. "Sawiris is bending over backwards to bring moderate Muslims into his party," says the ICG's Zarwan.

If he succeeds, the election could turn into a contest between Sawiris' Free Egyptians Party and the Muslim Brotherhood, or Ikhwan as it is known in Arabic. The Brotherhood was initially expected to win an easy majority in Parliament thanks to its powerful network of charitable services, religious outreach programs and youth cadres. In

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— Nabil Shawkat, Cairo columnist

promise of a secular democracy. But having invested both his coin and his credibility in a free and ecumenical Egypt, Sawiris, a Coptic Christian, has as much to lose as anyone from a counterrevolution — to say nothing of an Islamist onslaught at the polls.

"Naguib Sawiris put his neck on the line," says Nabil Shawkat, a Cairo columnist. "He could have been banned had the revolution failed. He's risked both his life and liberty."

So far, Sawiris' gamble seems to be paying off. The uprising was fueled in no small part by public anger over allegations that regime cronies and foreigners had acquired a bevy of state assets in corrupt backroom deals. But Sawiris enjoyed a reputation for transparency



A parade in Tahrir Square aims to keep the revolutionary spirit alive

recent months, however, the organization has been rocked by public schisms along demographic and ideological lines, and some dissidents have bolted to launch their own parties. The group's leadership has responded in part by associating itself with Egypt's ultraconservative Salafi movement, further alienating moderate Muslims. "Suddenly," says Zarwan, "everyone's ganging up against the Brotherhood."

I FIRST MET SAWIRIS IN MARCH 2002. THREE YEARS earlier, Orascom Telecom had won a license to run Egypt's first mobile phone network, which he funded through private placements and a \$440 billion bridge loan. Mobinil, as the operator is called, promoted itself as a beacon of modernity in a country that had been shrouded for four decades by dictatorship and the most primitive style of mercantilism. Sawiris had no experience running such an enterprise, however, and in the early years he struggled to reconcile the company's ambitions with a banking system and regulatory environment that had changed little since the days of Gamal Abdel Nasser, the strongman who ruled Egypt in the late 1950s and '60s. In 2000, Orascom Telecom took out a \$670 million loan to replace the bridge financing. About one third of the credit was denominated in dollars. When the loan came due and the company turned to the banks to sell Egyptian pounds for hard currency, it was told there were not enough dollars to go around. So, Sawiris raised the money on the black market, prompting a minor run on the Egyptian pound and an angry call from Egypt's then-prime minister, Atef Ebeid.

Sawiris took the harangue in stride. "If the local banks don't provide the dollars," he said at the time, "you have to go into the

market and buy. You can fight, or you can go and live comfortably somewhere abroad."

Like Napoleon, a similarly diminutive and combative visionary with a soft spot for Egypt, Sawiris is an empire-builder. Over time he would establish a global wireless network through a series of shrewd acquisitions, many of which were initially dismissed as the conceit of a rich dilettante. In July 2001 he shocked industry analysts by paying a staggering \$700 million for a mobile phone operating license in Algeria; this was \$300 million more than the next-highest offer, a bid by France's Orange. Djezzy, as the Algerian company is known, is now Orascom Telecom's most lucrative asset, with an estimated \$500 million in annual earnings on sales of \$1.7 billion. (A privately held company, Djezzy does not disclose its results.) In 2003, Sawiris purchased one of Iraq's three cellular licenses for \$1.2 billion; he flipped it four years later for \$1.2 billion in profit. Since then Orascom Telecom has invested in mobile phone grids in places as far-flung as Namibia and North Korea. In October 2010, Sawiris signed a \$6.5 billion deal that merged Orascom Telecom with Russia's VimpelCom, creating the world's fifth-largest cell phone service provider, with an estimated 175 million subscribers. Orascom Telecom is now a subsidiary of the Russian company; Sawiris's stake in VimpelCom is not disclosed.

"Sawiris thinks highly of himself, and for good reason," says Amr Hussein Elalfy, an analyst at Cairo's CI Capital Holding who follows Orascom Telecom. "He takes risks that people think are reckless but which ultimately pay off."

Command decisions figure prominently in Sawiris family lore, beginning with the founding by Naguib's father, clan patriarch Onsi Sawiris, of a small engineering company in Upper Egypt. After quickly evolving into one of the country's largest contractors, the company was nationalized by Nasser in 1970. Rather than work for the government, Onsi moved to Libya and thrived there before returning to Cairo in 1976, when Nasser's successor Anwar Sadat reached out to the private sector.

Within a generation Sawiris and his three sons had built a conglomerate whose core subsidiaries dominated the Middle East's construction, tourism and telecom markets. Today the group is led by the youngest brother, Nassef, 50, who took the helm of flagship Orascom Construction Industries in 1998. Samih, 54, heads Orascom Hotels and Development, which operates two major Red Sea resorts. Naguib, 57, is by his own account "jobless," although he manages a portfolio of assets that include his media holdings and his stake in VimpelCom.

Plenty of other Egyptian empires were being built in the past decade. In 2004 the government of then-prime minister Ahmed Nazif unleashed a wave of changes that included currency reform, bank deregulation, tariff reductions and an aggressive privatization plan. The program modernized much of Egypt's planned economy, but it also exacerbated inequalities and failed to reduce the country's high unemployment rate. To the regime's critics, the reforms amounted to a corrupt transfer of state assets into favored hands. In 2006, Ahmed Ezz, a close associate of Gamal Mubarak's, acquired nearly three quarters of Egypt's iron and steel mills and half of its ceramics factories. Ezz was arrested in February and

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accused of financing Hosni Mubarak's 2005 reelection campaign in exchange for political concessions.

Nazif himself is now in jail, along with Hosni Mubarak and his sons. Mubarak is currently on trial in Cairo on charges of corruption and of complicity in killings of almost 900 protesters during the revolution. His sons Gamal and Alaa are being tried on corruption charges. Several of Nazif's ministers have fled the country, including Rachid Mohamed Rachid, a successful businessman before he was appointed Minister of Trade and Industry in 2004. Rachid was tried in absentia and convicted of embezzlement in June.

Although the Orascom group was a major beneficiary of the privatization program, purchasing several lucrative cement factories, its dealings were transparent enough to escape public opprobrium. When Nassef Sawiris was preparing Orascom Construction for its initial public offering in 1999, he

'capitalism.' Maybe 'social market' or 'social welfare' is the way to go."

The Sawiris siblings are revolutionaries when it comes to Egypt's corporate culture. Educated and trained in the West — Naguib has a degree in business administration and mechanical engineering from the Swiss Federal Institute of Technology in Zurich — they keep a lean group structure, hire managers on the basis of merit rather than family connections and recruit expatriate talent with generous compensation packages.

In the public imagination Naguib Sawiris, far more than his workmanlike brothers, defines both the family business and Egyptian neoliberalism. In the decade before the revolt, he developed a portfolio of large stakes in newspapers and satellite broadcasters that promoted him personally and empowered him politically. In January, as dissidents flocked to Tahrir Square by the tens of thousands to demand the end of autocracy, Sawiris deployed that same media machinery to prod the regime in ways that no one else dared.

He describes his corporate office, a mile or so away from Tahrir Square, as "the back office" of the revolution. "Sixty percent of my staff was in the square," he says. "They were providing medicine, sound systems and logistics. We even mobilized construction workers to provide security for the demonstrators. And we put it all on the air when no one else would."

Sawiris stepped down as Orascom Telecom's chairman in May, ceding the post to Ahmed Abou Doma, former head of Orascom's Bangladesh operation. At a

exploited social media to launch a spontaneous public protest in April 2008, a prelude to the far more convulsive event to come three years later, Sawiris was an early investor in newspapers and broadcasters when the regime grudgingly allowed private ownership of media outlets. He was an active shareholder in *Al-Masri al-Youm*, the largest privately owned newspaper in prerevolutionary Egypt, and he encouraged aggressive reporting along with an editorial agenda that slammed his political enemies and advanced his interests. Hisham Kassem, a former CEO at the paper, remembers listening to a 40-minute pitch from Sawiris for the launch of a regular page on Egyptian cinema. (Among Sawiris' personal holdings is a chain of movie theaters.) Sawiris argued that the page would yield 400,000 Egyptian pounds (\$67,000) a week in advertising; Kassem countered that the page would generate only 500 pounds or so a week and would "vulgarize" the paper. Sawiris ended up dropping the idea.

"Naguib Sawiris' heart is in the right place," says Kassem, who is launching a multimedia company of his own. "But he needs to know that sometimes it's best to leave the news business to the professionals."

It was OnTV, Sawiris' satellite news channel, however, that did so much to oxygenate Egypt's flickering resistance movement. Launched in late 2008 with only four hours of daily programming — a highbrow serving of documentaries on the liberal arts, which failed to catch on with viewers — OnTV switched to an all-news format two years later. Soon, OnTV was developing an audience, thanks to a canny and charismatic interview host named Reem Maged. "Reem has a style of presenting and an old-fashioned slang that recalls the manners and courtesy of the 1950s and 1960s," says OnTV channels director Albert Shafik. "At the same time, she was generating a larger audience by tackling controversial issues."

Regime censors, reluctant to kill a popular show by fiat, took the elliptical route of demanding that OnTV crews obtain government approval to film on the street. The permissions were generic, so rival broadcasters pooled them in a kind of kerf market that was liquid enough to ensure that at least one film crew would be eligible to capture sensitive events like labor strikes and political protests ahead of last fall's parliamentary

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insisted the company disclose information about its profit history and accounts that far exceeded Egyptian requirements.

For Naguib Sawiris it was not the reforms themselves that failed Egypt but the corrupt manner in which they were carried out.

"The wealth did not trickle down," he says. "It was the lack of democracy, the dictatorship and the corruption that spoiled the reforms. Now there will be no more privatization of banks and services. We have to come up with new words for 'liberal' and

recent meeting Sawiris wore a gray jacket and dark gray shirt, a Valentino belt, designer jeans and brown suede shoes. On the wall beside his desk was a sign that read, "I may not be right but I am never, ever wrong" — a credo tailored to his trademark swagger.

Like the young activists at the heart of the January 25 Movement, as the revolution is known, Sawiris in his way tilled the soil for rebellion long before there was a public inkling that Mubarak's days were numbered. Just as 20-something dissidents

election. By January 2011, when sectarian strife between Muslims and Copts erupted in the port city of Alexandria and led to the torching of churches, OnTV had earned for itself the pole position in breaking-news coverage. “We covered that story from midnight to the next morning,” Shafik says of the church burnings. “That’s when we knew there was no turning back.”

Early on in the revolt, Sawiris publicly associated himself with the demonstrators, telling reporters that Mubarak and his authoritarian regime were likely to go the way of former Tunisian president Zine el-Abidine Ben Ali, who fled a popular uprising in January and is living in exile in Saudi Arabia. Asked by the host of a televised panel discussion what message he had for the protesters in Tahrir Square, Sawiris replied, “Don’t you dare move.” By early February, with Mubarak still clinging to power two weeks into the crisis, Sawiris led a group of businesspeople, statesmen and intellectuals in a bid to negotiate his departure. The so-called council of the wise offered Mubarak a ceremonial leadership role in exchange for an independent judicial committee that would propose amendments to the constitution allowing for free and fair elections, an end to the country’s 30-year state of emergency and a free press. When the chief executive officer of Orascom Telecom, Khaled Bishara, was beaten by regime thugs as he attempted to provide medical supplies to triage stations in the square, Sawiris threatened to resign from the council and join the protesters.

OnTV, meanwhile, had become to the rebellion what CNN was to Operation Desert Storm, the U.S. campaign to drive the Iraqi army from Kuwait in 1990. When the demonstrations began in earnest, Egypt’s information minister told OnTV producers that he wanted the country to enjoy “a beautiful spring” — a subtle warning against broadcasting the protests. OnTV not only ignored the warning but featured the revolution prominently on its nightly talk show. Its relentless and hard-boiled coverage of former air force general Ahmed Shafik, a close regime ally who had been appointed prime minister by Mubarak in a last-ditch attempt to pacify the opposition, forced Shafik to step down less than five weeks after taking office. In one of the revolution’s most dramatic moments, Shafik’s successor, Essam Sharaf, appeared before the dissidents in

Tahrir Square immediately after he was sworn in and declared himself in solidarity with the protesters. (Sharaf has been forced to reshuffle his cabinet amid demands by protesters that he resign for not standing up to the military-led interim government.)

Mubarak stepped down on February 11 and is now being tried on charges of corruption and complicity in the killings of almost 900 protesters during the revolution. Not long after Mubarak’s departure, the military convened an interim ruling council that included among its civilian representatives a delegation from the Muslim Brotherhood, in what many analysts describe as a tactical entente between Egypt’s two most powerful and mutually antagonistic groups. Although

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— **Amr Hussein Elalfy**, CI Capital

the two sides have been locked for years in a yin-and-yang contest for power, implicit in their alliance is a shared understanding that the military may continue to manage its slice of the Egyptian economy with impunity. Many years ago Egypt, like China in the early phases of its economic reform, parceled out to its generals whole sectors of the nation’s commerce and industry, from olive oil production to luxury hotels, and they are loath to give them up. The military is estimated to control between 8 and 40 percent of the economy.

“The army is trying to defend its interest,” says Samer Soliman, a professor of political science at the American University in Cairo. “It demands that its budgets go untouched, and it needs a political force on the ground for protection. The Islamists are simply the strongest horse.” (Asked for comment, Ikhwan spokesman Mohamed Saad el-Katatni, denied any quid pro quo. “There are no private deals or negotiations between us and the army or anyone else,” he said.)

As a group that speaks for Islam among a people known for piety, the Ikhwan enjoyed a measure of autonomy in opposition to Mubarak that secular dissident groups were denied. It renounced violence more than a half century ago and it includes among its estimated 600,000 members some of

Egypt’s most successful doctors, lawyers and engineers. It boasts an extensive web of social and charitable works that serve as the basis for its political machinery and has a huge war chest raised largely through donations. Thus endowed, the Brotherhood is expected to capture as much as a third of the seats in Parliament, though it has promised not to contest the presidency, to assure secular Egyptians and Copts worried about its ambitions.

Sawiris is not on board. He regards the Ikhwan and its Salafi allies as fanatics with illiberal motives. He also believes — true to his high estimation of himself — that he can defeat them. In June he unveiled his 60,000-member Free Egyptians Party as

a liberal alternative to military or Islamist governance. Like the rest of Egypt’s secular parties, Sawiris has watched with relish as the Muslim Brotherhood appears to be fracturing. Hundreds of the group’s younger members, as well as one of its most senior and widely respected members, have launched their own, less doctrinaire, parties in response to the leadership’s rigidity. The proliferation of moderate Islamist movements could well peel away votes for Ikhwan candidates from the left just as Salafis may from the right.

Sawiris concedes that as a Christian in a predominantly Muslim country, “I’m a bit more sensitive to extremes.” Several months ago he urged OnTV editors to report a story about a Coptic Christian who was allegedly beaten, slandered as an infidel and evicted from his land by a Salafi agitator. Upon investigation the affair turned out to be a petty land dispute. “Sometimes Naguib gets worked up about stuff,” says OnTV director Shafik. “My concern is that he’s concentrating on politics, which I don’t want him to do, because people understand that a businessman cannot be a politician.”

Perhaps. In the post-Mubarak era, however, nothing is absolute except for the tether that binds Naguib Sawiris to the fate of Egypt. ●●