



## BREAKING NEWS

### Morrisons profits soar 7% on cheap food demand



The consumer's new mantra is value. Morrisons chain has defied the recession as it attracted a growing number of customers with its cheap range of food. They have said that their staff of 124,000 would benefit from the \$34m profit made. The supermarket enjoyed particularly strong growth in its Value range of lower priced food at the expense of supermarkets such as Tesco, Sainsbury, and Waitrose associated with the wealthier shopper. Other discount retailers such as Aldi and Primark are also taking advantage. source: The Times

### Emaar's annual cash flows estimated at LE 1.8bn

Sameh Mothady, Chief Executive of Emaar has ruled out that they would be affected by the current prices in the property market saying that "the company has a low percentage of clients defaulting on their debts, and in some cases has restructured debts for some clients." The company could spend as much as LE 2.2bn on the three development projects under construction, including LE 1bn on its Uptown Cairo project. The company in Egypt employs about 7000 workers in its projects and is projected to increase the workforce to nearly 45,000 direct workers and 120,000 indirect workers. source: Nooz

## IN-DEPTH: UK PRINTING OF MONEY



It has been announced by the UK government and the Bank of England that the UK will start printing bank notes. Their objective is to inject liquidity in the market and encourage consumer spending. There is no fear from printing cash to boost inflation as it is within the safe limits. There has been a direct deal with banks in England to use the printed money in order to buy bonds and shares. This will hopefully result in an increase in spending and will agitate the market. However, this development gives rise to two concerns. The first is the question whether banks will pass the money to consumers at a reasonable interest rate and in what form this will happen; in mortgage loans, personal loans, credit cards or other. The second concern is what the effect of printing new bank notes will have on the value of the Sterling in the market. It is certain that these developments will negatively affect Egyptian exports but is likely to help increase Egypt's imports from the UK. Similarly, the lowering in value of the Sterling might affect tourism to Egypt but will probably increase tourism into the UK. Residential tourism will go down. All in all, the balance of trade and services will be in favour of the UK.

## LATEST NEWS FROM EGYPT

- ◆ Local producers of steel re-bars have called for government protectionism and higher tariff on steel imports
- ◆ Two new cabinet ministers assigned. Mrs Moshira Khattab, Ex-diplomat, Minister for Family and Inhabitants. Nasr Allam, PhD, Professor of Civil Engineering. Minister for Irrigation and Water Resources.



## LATEST NEWS FROM THE UK

- ◆ Toyota announces new cuts while preparing to talk to the government about £2.3bn rescue plan
- ◆ John Lewis halts growth plan as profits fall 26%
- ◆ Bill Gates loses \$18bn as billionaires feel pinch; Britain's billionaire count down from 35 to 25



## CHAMBER NEWS

The Secretary-General of the EBCC, Mr Taher El Sherif, will hold a presentation on *'The Economic Crisis and its Effect on the Arab Region'* on March 13 at a symposium organized by the Egyptian-Arab Forum. This presentation will discuss the development of the economic crisis and the impact of the crisis on the Arab region, more specifically on Egypt. This presentation includes facts and figures on the future of the Arab Region, and examines the dismal long-term economy of the Gulf Region. The presentation shall be available on the EBCC website shortly. To our readers, the website is currently under re-construction



### DO YOU AGREE?

*'World Bank, IMF and other international financial institutions focussed on economic and political performance of developing and less-developed countries while they neglected to monitor irresponsible economic behaviour of the greater industrial countries who were mainly behind the world economic turmoil.'*

## COMPETITIVE INVESTMENT EGYPT

### Banking Sector

With the current crisis causing a fall in interest rates in the UK and Europe, Egyptian banks can offer competitively high rates. Interest rates of Egyptian banks reach between 7-8%, the Egyptian post office saving service offers 9.5% interest rate, compared to the 0-0.5% in the UK and Europe.

Egyptian banks are a good pot for deposits especially since there is no tax on capital gain on bank deposits, investment funds and stock exchange earnings.

### Real-estate

Foreign investors would make a good profit when using their deposits in UK and European banks to buy property in Egypt where the property market is still competitive contrary to the situation in the UK and Europe. The Egyptian government has announced the possibility of mortgage finance for foreign buyers, at easy but controlling regulations. This will certainly boost business in construction, real-estate and tourism. The subject will be thoroughly discussed at the upcoming EBCC seminar taking place on March 16.

### Relocation of Business

When relocating your business abroad, there are several markets to consider of which the Egyptian market is, given the current circumstances with regard to the global economic crisis, one of the more desirable locations. Egypt offers competitive labour costs, utility costs, land, price and market forces environment. When relocating to Egypt there is the option of setting up in free zones where business is exempt of tax and customs with a good opportunity to export to COMESA, the EU and the Arab Region. There is a tariff on exporting products from free zones to inland Egypt.

## UPCOMING EVENTS

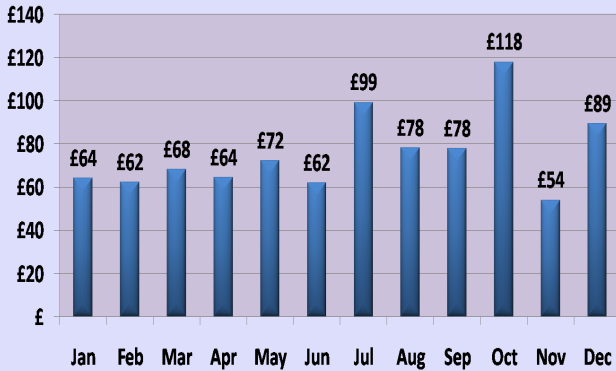
Date	Event
March 16	Seminar: 'Business Opportunities Presented by the Financial Crisis' Thistle Marble Arch, London
April 21	Get Together EBCC office, 299 Oxford Street, London
May 20	Seminar 'Investors in People' with CQL & BEBA British Embassy Ballroom, Cairo, Egypt
June 8-12	Inward Automobile Trade Mission The Midlands, UK
July 13	Conference 'Infrastructure & Energy Projects in the Arab region' with MEA & Federation of Arab Businessmen Victoria No.1, London



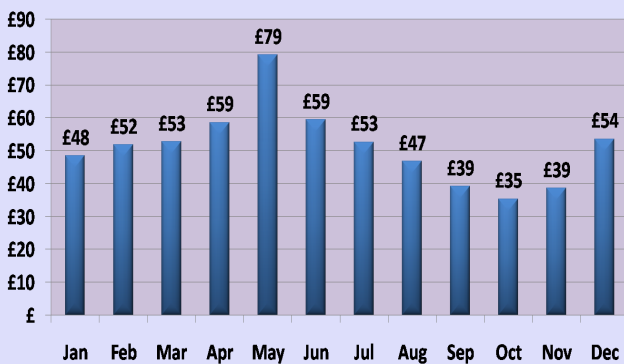
**EGYPT-UK TRADE FIGURES**

**EXCHANGE RATES**

Total UK export to Egypt 2008

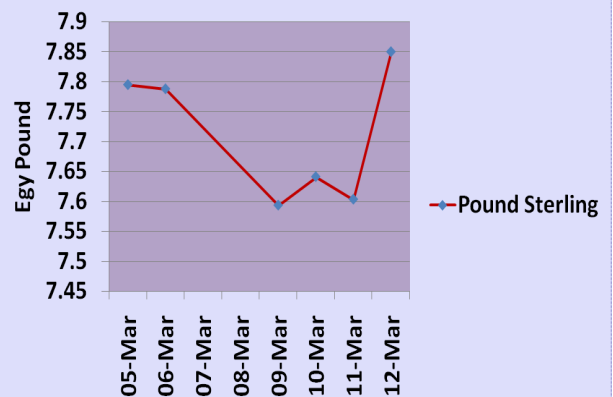


Total Egypt export to UK 2008



12/03/09	Egyptian Pound
GBP	7.85
USD	5.7
EUR	7.28

LE vs GBP over a week



Source: Central Bank of Egypt

The trade figure charts above indicate that Egyptian import increased in Sept.-Oct. 2008 when the credit crunch hit, whereas Egyptian export decreased. This is a result of the devaluation of the Sterling against the Egyptian pound. The latest trade figures from Jan-Dec 2008 confirm that, despite the financial crisis which lasted for 4 months in 2008, Egypt is still an important emerging trade partner. Figures indicate that Egypt is a stable but continuously growing importer and exporter of goods to and from the UK. In 2008 Egypt managed to surpass £1.5bn total volume of trade with the UK which is a 20.8% increase compared to 2007. Egypt ranks 3<sup>rd</sup> most increased importer from the UK and exported 28% more to the UK than in 2007. Most of UK exports to Egypt are capital goods, intermediate products and raw materials, while 80-90% of Egyptian exports are consumer products which are of a high value added. source: HMRC

**HIGHLIGHT: TELECOM FIGURES IN EGYPT**



The latest Telecom Market figures published by National Telecommunication Regulatory Authority - NTRA - show that the mobile provider market in Egypt is fast growing and showing no signs of abating. There are now over 40 million mobile phone users compared to 30 million in 2007. Mobinil and Vodafone saw a user increase of 33%, Etisalat grew by a remarkable 116%. This is a good indication of the current standard of living in Egypt and shows that there is liquidity and movement in the market. Mobile providers are now offering new customers competitive deals, cutting their prices further. This clashes with the fixed lines market of Telecom Egypt and they have asked the NTRA for a fair competition. Internet and payphone business remains stagnant. source: NTRA

Mobile provider customer increase in millions

