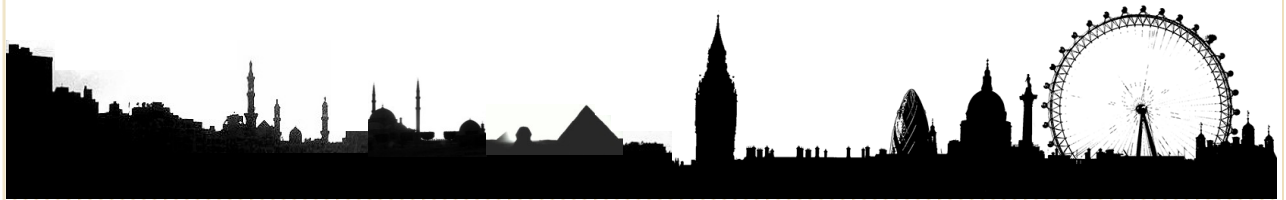




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NEWS | OPINION | LATEST EVENTS | FINANCE | INVESTMENT

Britain's New Tax Year and Benefit Changes

Today is 'Black Wednesday' for millions of families as tax changes and benefit cuts kick in, claims shadow Chancellor Ed Balls. A total of 44 tax and benefit changes, coupled with January's VAT rise to 20 percent, and skyrocketing oil prices are set to badly hit the disposable income of households in the UK.

Changes to the thresholds in the income tax system will push thousands of people into new tax bands. The Institute for Fiscal Studies (IFS) estimates that 500,000 people will no longer pay income tax because the point at which any income tax starts to be paid - known as the personal allowance - has risen by £1,000 to £7,475. But the IFS also estimates that 750,000 people have become higher rate taxpayers, because the basic rate limit has fallen from £37,401 to £35,001.

A long-term plan from the previous government means the main rate at which National Insurance is charged is going up. This employee contribution rate for those who qualify is rising from 11 percent to 12 percent. Those who must pay a contribution over the upper earnings limit, estimated as those earning more than £817 a week, will see that rise from 1 percent to 2 percent.

A new stamp duty rate of 5 percent will be charged on residential property purchases of more than £1m. This is expected to relate to 1 percent of

Ministry for International Co-operation to Outline Recovery Plan for Egypt

Egypt's Prime Minister Essam Sharaf assigned the International Cooperation Ministry to make a file of the financial assistance, grants and investments Egypt needs within the coming period to overcome the negative repercussions of recent events on the country's economy.

Cabinet spokesman Magdi Radi said that the file will be presented to all donors and foreign officials willing to help Egypt move successfully from the current transitional phase towards democracy and economic progress. The file will include an invitation to foreign investors to set up projects in the various industrial, agricultural, tourism and information technology sectors in the country, he added.

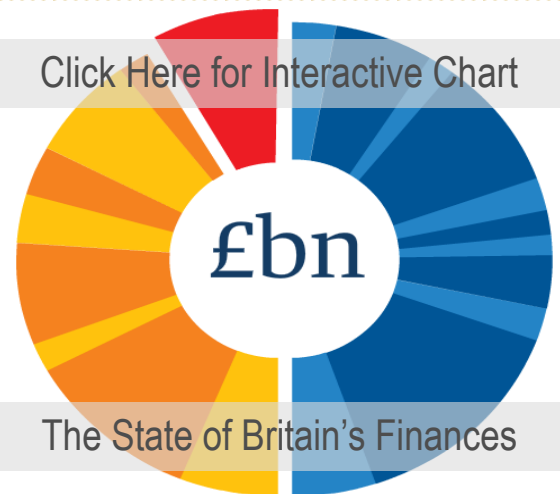
Cabinet sources said many foreign

investors and Egyptian expatriates are willing to pump more funds to provide security and stability in Egypt.

Egypt's Minister of Industry and Foreign Trade Samir el-Sayyad said the ministry will continue to support exports to reach the targeted EGP 200 billion by 2013. Sayyad said the government aims at expanding the umbrella of exporters benefitting from export incentives. He referred to exports of the chemicals and fertilizers industries sector in 2010, saying they reached EGP 22 billion, which represented 23% of the total value of Egypt's exports during the same year.

Global Arab Network

[Click Here for Interactive Chart](#)



[The State of Britain's Finances](#)

housing transactions.

For those who have furnished holiday lettings, new tax rules mean losses cannot be offset against other income in the same tax year.

For businesses, the 2 percent reduction in corporation tax to 24 percent came into effect at the start of April. Chancellor George Osborne announced that corporate tax will be further reduced to 23 percent by 2014.

The annual increase in the state pension, as well as benefit entitlements, will actually kick in on Monday, 11 April. The uprating of entitlements is aimed at accounting for the effects of inflation, so there are a host of new benefits where payments will rise. However, the measure used to judge how much these entitlements increase by is changing, and is not uniform across all pensions and benefits.

- [How the Budget Affects You](#)
- [Personal Budget Calculator](#)
- [How Your Benefits Will Change](#)

BBC / Guardian UK

Egypt In Brief...



Foreign Investment & Reserves Fall

Central Bank Governor Farouk al-Oqda has estimated the total foreign investment withdrawn from Egyptian treasury bonds and bills between 20 January and 31 March at US\$7.5 billion. Experts have also predicted a further decline in the Central Bank's international reserves by the end of April, having reached US\$30.1 billion at the end of March, compared with US\$33.2 billion in February, and US\$36 billion in December.

Finance Minister Revises Growth

Egypt's finance minister Dr Samir Radwan sharply revised down earlier estimates of the country's economic growth rate to 2.5 percent, and said the nation would try to broaden its "fiscal landscape" by trying to secure aid and reaching out to the oil rich Gulf Arab states. Officials had earlier projected Egypt's economy would grow by roughly 4 percent.

Modest Dip Egypt's Benchmark

Egypt's stock market benchmark closed down 0.43 per cent at 5.470 points on Tuesday in its second consecutive day of modest losses as individual investors snatched a larger than normal share of midweek trade. The broader EGX70 and EGX100 indexes showed small gains of 1.27 per cent and 0.76 per cent respectively, a reflection, say analysts, of the increased presence of individual investors.

The UK In Brief...



British Aid to Pakistan

Pakistan will soon become the highest single recipient of British foreign aid. Prime minister David Cameron called for a 'fresh start' after accusing the nuclear power of 'turning a blind eye to the export of terror.' The prime minister has offered £650 million in aid, improved trade and enhanced security co-operation. The aid money will be spent over 4 years and will get 4 million more Pakistani children to school.

Fall in House Prices

House prices fell by 0.6 percent in the first quarter of 2011, and by 2.9 percent over the past year, according to the latest figures from Halifax. Their forecast remains for a 2 percent decrease in house prices in 2011. Uncertainty over the general economic outlook and individual financial circumstances are likely to constrain housing demand.

A Warning for UK Retailers

HMV Group has issued its third profit warning this year to music, books and games retailer HMV on the back of a trading dip last month. Banks have agreed to put back financial tests to July. UK retail giant Marks & Spencer also warned that trading will continue to be difficult as the impact of government spending cuts are felt. Asda boss Andy Bond predicts at least two years of misery for UK high street retailers.

Do You Agree?

Rising fuel prices in the UK are a real threat to its economic growth

Global oil prices are soaring. Cost pressures mounted on Tuesday as oil prices hit a record high in sterling terms. The impact of the weaker pound, which declined 17% in value in the past two years, means the value of Brent crude oil has risen to £74.60 per barrel. The surge, further triggered by unrest in Libya, among a number of other factors, is likely to be passed on to consumers at petrol pumps, adding more misery to already tight household budgets.

Chancellor George Osborne's 1p fuel duty cut, announced two weeks ago has already been wiped out. The average UK price of petrol is now 133.55 per litre, the same as the record set on 21 March prior to the fuel cut.

But the soaring oil prices not only result in high petrol prices for consumers, they are also a significant contributor to food and wider commodity price inflation. Rapid growth in Asia and emerging markets is increasing oil demand, and the manufacture of metals and plastics is energy intensive; this alongside high oil prices has pushed commodity prices to a record high.

The tourism sector will also witness a squeeze in profit margins as airlines try to keep fuel surcharges to a minimum in an attempt to keep customers. Nevertheless, British Airways announced yesterday



that high oil prices have forced the airline to raise fuel surcharges on long-haul economy class flights by £10; surcharges on long-haul business and premium economy class flights will increase by £20.

Consumers in Britain face high transport costs as soaring oil prices push up the cost of petrol and public transport in a time when unemployment is

rising, and disposable incomes are already squeezed by government spending cuts. Retail trading is likely to drop on the back of decreased purchasing power.

The OECD estimates the UK's gross domestic product will grow by an annualised rate of 1% in the second quarter, compared with its previous forecast of 1.3% in November.

This puts the UK behind the G7 group of richest nations - except for Japan - which are expected to grow by an average annualised rate of 2.9%. The US economy is expected to expand by 3.4%, followed by France at 2.8% and Germany by 2.3%.

Increasingly high fuel prices in the UK are expected to further decrease the already weakened competitiveness of British products and services.

[Comment](#)

Chamber News

- The Chamber is preparing a report that outlines Britain's perspective on Egypt's economic, political and social environment. This report will be presented to the Egyptian authorities as per their request, and aims to encourage UK initiatives to support the new Egyptian regime.
- In order to establish a strong relationship with the current Egyptian government, the Chamber is opening a dialogue with the Ministries of Trade & Industry, Healthcare and Finance to discuss promotion of trade and investment and particular projects in the automotive industry.
- The Chamber is expanding its range of business services to better support the Egyptian-British business community. More updates on this project are available shortly.

Next Issue...Do You Agree?

It is feasible to ensure higher economic growth by reducing the tax component of UK fuel prices

[Comment](#)

Event Review



Panel Discussion



Conservative Arab Network

18 Days that Changed Egypt; Political Outlook & Opportunities for Trade and Investment

The EBCC and CAN organised a hugely popular event on Egypt's political and economic prospects at 61 Whitehall in London on Wednesday, 16 March 2011. The event opened with the personal account of Sarah Abdel Rahman, a political activist involved in the protests at Tahrir Square from 25 January.

Her speech was followed by a discussion led by our Chair for the afternoon, Sir David Blatherwick - Chairman of the EBCC. Our Panel of Experts consisted of Lord Howell of Guildford - Minister of State at the Foreign and Commonwealth Office, Angus Blair from Beltone Financial, Ian Gray from Vodafone Egypt, Mohamed Kaoud from Egylière Travel, Wafik Moustafa from the Conservative Arab Network, and Taher El Sherif from the EBCC.

Lord Howell spoke encouragingly about UK support for Egypt in this time of transition. "I hope the Egyptian government will be wide open for foreign support to help overcome these difficulties. We are there to give the support. It is obviously in their interest, it is in my country's interest too. The potential is huge...We have got our new ambassador and UK trade and investment team in Cairo to help UK companies continue their export success. Our investment in Egypt's transition can send a powerful message to the rest of the region. If we lead with investment, we hope others will follow. The notion from our prime minister that this is indeed a moment of great opportunity for Egypt is right. We encourage Egypt to continue to play a crucial moderating role in a very troubled region and carry its due weight as a leading nation in the Middle East and the world."

A video recording of the entire event is available on the Policy Review TV website <http://www.policyreview.tv/conference/568.html>

(EBCC Past Events)

Events Calendar

Get Together Reception

EBCC Office, London

19 May 2011

Regional Chambers Tour

UK

April/May 2011

Egyptian Textile & Garment Fair

Radisson Blu, London

20/21 July 2011



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UK Based Solicitors

specialising in UK immigration law



Rating Action Moody's Report

Moody's Investors Service has downgraded Egypt's foreign and local currency government bond ratings by one notch to Ba3 from Ba2 on 16 March 2011. The outlook on these ratings remains negative.

Moody's has today also downgraded the country ceiling for foreign currency bonds to Ba1 from Baa3 and the country ceiling for foreign currency bank deposits to B1 from Ba3. The outlook on these ratings remains negative. The short-term country ceiling for foreign currency bonds was downgraded to NP from P-3. The local currency bond and deposit ceilings were downgraded to Baa3 from Baa1.

The primary driver of the downgrade of Egypt's sovereign bond ratings is the continued volatility in the country's domestic politics in the wake of the ousting of former president, Hosni

Mubarak, in February. Although the country's Higher Military Council has outlined a timetable for transition to a civilian government, the process is fraught with uncertainty. Moreover, the make-up of the cabinet has been fluid, and sporadic protests and violence have continued amid fragile domestic security. In Moody's opinion, this extended period of political disturbance undermines Egypt's institutional strength and raises event risk, at least over the short term. Over the longer term, it remains to be seen whether an effective and stable government will be formed at the end of the announced transition phase.

Moody's decision to downgrade was also informed by the uncertain prospects for economic recovery, which in turn very much depend on the country's unpredictable politics. Additionally, a number of strikes and

the departure of Egyptian workers from Libya are likely to have a negative impact on Egypt's economy. Moody's believes that the country's growth prospects, fiscal position and balance of payments have all deteriorated. Data from the central bank until the end of February indicate that there has been a substantial fall in official foreign assets, likely related to capital outflows and the defence of the currency. Inflation remains stubbornly high. A further driver of today's rating action is the deterioration in Egypt's regional security environment in light of the ongoing civil war in Libya. Moody's believes that the above risks are now better reflected by a Ba3 government bond rating for Egypt. (Other countries rated Ba3 include Bangladesh, Georgia, Montenegro and the Philippines.)

The rating agency would move the outlook back to stable if the political situation were to stabilise and if the transition phase were followed by the formation of an effective government that seemed committed to addressing Egypt's significant social and economic challenges.

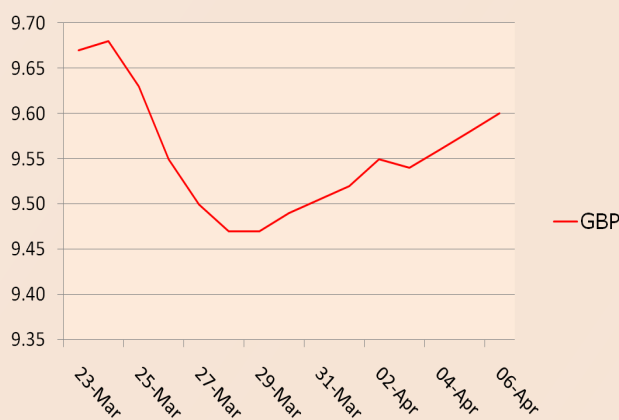
Moody's stresses that Egypt's ratings continue to be supported by a number of important factors, which is why today's downgrade is limited to one notch. These include a still substantial stock of official foreign exchange reserves, a well-diversified economy and a favourable public debt structure with little marketable foreign currency sovereign debt. Moreover, the country as a whole has limited external debt. There is a possibility that donor countries could step up financial assistance to Egypt in case of serious difficulty, although that would depend on the external relations of the government in place. Egypt also benefits from being a marginal net hydrocarbons exporter, thereby limiting the sensitivity of the balance of payments to fluctuations in global oil prices. The government has previously shown a high degree of willingness to repay and has never defaulted on its bonds.

Moody's last rating action affecting Egypt was implemented on 31 January 2011, when the government's bond ratings were downgraded by one notch to Ba2 from Ba1.

Moody's Investors Service

Financial Market Information

23 Mar 2011 - 06 April 2011 EGP against GBP



Exchange Rates

	EGP
GBP	9.60 ▼
USD	5.92 ▲
EUR	8.42 ▲

EGX30 · Egyptian Stock Exchange

Open	High	Low	Close	% Change
5,470.28	5,513.57	5,470.26	5,477.63	0.134

For interactive chart [click here](#)

FTSE 100 · London Stock Exchange

Open	High	Low	Close	% Change
6,007.06	6,056.37	6,007.06	6,041.13	0.567

For interactive chart [click here](#)