

## Breaking News

ISSUE 43 09 DECEMBER 2010

### Coalition Narrowly Wins Vote to Increase UK University Fees

Students demonstrated in their thousands in central London yesterday as a last plea to the current government not to raise UK tuition fees. Despite several mass protests in the last few weeks, the controversial bill was passed yesterday evening. The bill could see the limit on tuition fees trebled to £9,000 per year from 2012.

The vote was won by a narrow majority of 21 (323 over 302 votes). Initially, government support for the bill to raise tuition fees was much higher but the public backlash gained support of many MP's who condemned the coalition's plans. Three MP's resigned from their government jobs over the motion.

Upon receiving the news, many protesters clashed with police in Westminster and violence erupted on Parliament Square as well as on Oxford and Regent Street.

### Egypt's Nuclear Authority to Invite Tenders for Nuclear Project

The Nuclear Power Plants Authority (NPPA) will, within days, invite international companies to tender bids for the design and establishment of the Egypt's first nuclear station, according to sources at the Ministry of Electricity and Energy. The tender will be the second of its kind during the 2010-2011 period.

The bid winner will be entirely responsible for the station until it is handed over to the Egyptian government following necessary preliminary tests, tender stipulations mandate. The bid winner will also be charged with training Egyptian personnel abroad over a two-year period.

## Water-Intensive Crop Cultivation

### Do You Agree?

Egypt should continue to cultivate water-intensive crops rather than import products such as rice, sugar cane and corn

Under pressure from upstream countries to use its share of the Nile waters more sparingly, Egypt's government has decided to severely restrict the farming of this water-intensive crop. The move threatens the price and supply of a commodity that provides one third of the crops for Egypt's rising population, as well as being a lucrative Egyptian export and a key employer in the agricultural sector.

The Nile Basin countries signed a treaty in 1929, amended in 1959, whereby Egypt receives 55.5bn cubic metres of Nile water per annum, Sudan receives 18.5bn cubic metres every year. Together they use 87% of total Nile water provisions. A staggering 20% of Egypt's water resources is used for rice production, and rice is not the only water intensive crop grown in the country. Commodities such as sugar cane and corn also need copious amounts of water.

Many Egyptians rely on basic food supplies such as rice and if the government restricts cultivation, it will be forced to import these products from the international market against higher costs. Furthermore, many farmers and distributors of these crops in Egypt will struggle to survive without government support.

Still, the Egyptian government should approach this issue with care and transparency. The lack of irrigation water, even under the current Nile water treaty has resulted in hasty actions to limit cultivation of water-intensive crops. These actions cannot be sustained unless they are based on serious study by the government on what is best for the country. Limiting the production of water-intensive crops - even for a short period - will preserve water, relieve internal pressures that stem from population growth and external pressures from other Nile basin countries. These advantages need to be weighed against the loss of significant agribusiness, and reliance on imports at world prices.

[Comment](#)

### LATEST NEWS FROM EGYPT



- ♦ Egypt will take part in the establishment of a hydraulic power station, various infrastructure projects, renewable projects and projects for providing rural areas with electricity in Uganda
- ♦ Egypt's authorities plan to enhance local wheat production to off-set increasing international wheat prices. The government aims to increase domestic wheat production by 75% over 3 years using new varieties and irrigation methods



### LATEST NEWS FROM THE UK



- ♦ UK manufacturing output grew by a strong 0.6% in October, this is a 7-month high
- ♦ The banking industry claims that a new 'paper-based' payment method could be introduced when cheque payments are abolished in 2018
- ♦ Ireland's 2011 budget passed its first out of four parliamentary votes. The government plans 6bn euros of cuts in 2011 as part of its four-year 15bn-euro austerity plan



## Chamber News

- ◆ The Chamber held its successful Christmas Reception on Wednesday 8 December
- ◆ The EBCC released its latest report on ‘the Retail Sector in Egypt’ last week. This report is available in the [Membership Area](#) of our website. If you are not yet a member of the Chamber, [register online](#) or contact the Chamber for more information and further benefits



### Do You Agree?

The referendum on the separation of south Sudan from the north taking place on 9 January will have a political and economic impact on Egypt

## Conference Invitation

### Conference

#### “Best Practises for Export to the UK Market & Retail in Egypt”

19 January 2011 - Conrad Hotel Cairo, Egypt

The Egyptian-British Chamber of Commerce would like to kindly invite you to the “Conference on Best Practises for Export to the UK Market and Retail in Egypt” taking place on Wednesday 19 January 2010 at the Conrad Hotel in Cairo, Egypt.

The purpose of this conference is to promote more enhanced cooperation between the UK and Egyptian retail sectors, and will offer Egyptian SME’s in the textile & garment and fruit & vegetable sectors the chance to learn more about trading with the United Kingdom.

This high-profile event will bring together some of the big players in the retail industries of the UK and Egypt. Tesco UK will deliver the key-note speech at workshop I for the Fruit & Vegetable Industry and Marks & Spencer Plc will present on the Textile & Garments Industry in workshop II. Both workshops are further headed by a panel of experts from the UK and Egypt; discussion topics include quality control, marketing, competitiveness, pricing, finance, shipping, and distribution channels. In the afternoon, one-to-one meetings will be arranged for Egyptian exporters to meet with the UK representatives of Tesco UK and Marks & Spencer Plc.

Click [here](#) for more information and to download the conference registration form

## Comments

### Previous Issue...

24-11-2010

#### News from Egypt: Nile Water Disputes

‘If Egypt is downstream of Ethiopia then it doesn’t make any difference to Ethiopia how much of that water Egypt takes. What matters is that Ethiopia is not allowed to take too much water and adversely affect Egypt. So are Ethiopians at the limit of what they are allowed?’ Ian Luke, Managing Director Skanska Cementations Int’l’

‘Ethiopia is building three dams on the Blue Nile, one is already in operation. The Blue Nile starts at Lake Tana in Ethiopia and goes into Sudan then to the High Dam lake in Egypt. 85% of Egypt’s water supply comes from Lake Tana. Egypt does not object to Ethiopia building these dams as long as they generate electricity and are not for agricultural use. Ethiopia gets 250 cm/sq inch/year of rain (Egypt only gets 2.3 cm/sq inch/year) hence Ethiopia does not need water for agriculture. There have been foreign investments in massive areas of land for agricultural projects in Ethiopia and North Sudan which will consume those water supplies meant for Egypt, this against the 1959 treaty Nile Water Agreement treaty.’ Taher El Sherif, Secretary-General EBCC

‘There are other complications. Egypt is relying more and more on groundwater from bore-holes. No one knows if it is replenished or is a one-off resource. Historically, the water-table in the western desert has been dropping for at least 50 years: old oases are now dry. Secondly, global warming will raise sea levels in the Med and affect the Delta: salination is already creeping in. So on both counts, agricultural production will be at risk. A shortage of Nile water would be the last straw.’ Sir David Blatherwick, Chairman EBCC

[Comment](#)

EBCC Event	Date
<b>Workshop Retail Trade &amp; Export with the UK</b> Cairo, Egypt	19/01/11
<b>Board &amp; Executive Meeting</b> Cairo, Egypt	20/01/11
<b>Egypt: A Trade &amp; Business Destination</b> With Surrey & Kingston Chambers of Commerce	16/02/11
<b>The Nuclear Energy Option in Egypt</b> Cairo, Egypt	03/2011

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## EBCC FOLDER DOWNLOAD



## Egypt's Employment Challenge

Job creation is one of the most important challenges facing Egypt today. Prior to the mid 1970s, much of Egypt's industry development was stimulated by the public sector, the government supported its labour force via its guaranteed employment policy. When Egypt adopted a more liberal approach to developing its industry, unemployment gradually started increasing from 2-3% to 5-7% (government figures). The process of economic modernization continued in the 1980s; at the same time the government's guaranteed employment policy was ended, effectively impeding further additions to the already bloated public sector payroll. Consequently unemployment increased strongly.

Since 1990, Egypt's unemployment rate has remained stubbornly high, in the range of 8-11% (government figures), through economic cycles, major structural changes in the Egyptian economy, a number of external shocks, and various government employment promotion schemes.

Economic reforms in the early to mid-1990s lifted the growth profile, but the employment content of growth was weak, and the youth unemployment problem began to manifest itself forcefully.

The unemployment worsened in early 2000 as economic growth stagnated; unemployment in this period increased to over 15%. Investment and growth picked up strongly from 2005 in reaction to a broad based economic reform program that the government began to implement from mid-2004. A favourable external economic environment provided added support. The growth surge since end-2004 has been reflected in higher overall employment, especially in the more recent period as growth became broad-based and more job-rich. According to Egypt's national statistical agency, the CAPMAS (The Central Authority for Public Mobilization and Statistics), close to 2.5 million new jobs were created between end-2004 and

March 2007 and the unemployment rate declined from 10.5% to 9% during this period. However, the problem of youth unemployment continues undiminished.

Pressures on Egypt's job creation mainly arise from the structure of its population. 60% of Egypt's inhabitants are under 25 and at a growth rate of 1.9% per annum, its population is growing by 1.2 million every year. Disparities related to education, training and skills between the jobs offered and the qualification of job seekers have also hampered employment, particularly among the youth. Egypt has a traditional higher education system but lacks practical courses that supply the country with skilled labour tailored to the business community. Most of the current job opportunities are limited to graduates from foreign universities in Egypt (American, British, French, etc.) If Egypt wants to solve its unemployment issue, it needs to sustain an average growth rate of 7-8% of GDP per annum. During the global economic downturn Egypt's growth slowed down from 7.2% in 2008 to 4.7% in 2009 and is estimated to reach 5.5% in 2010. As can be seen from the graph in the left-hand column, this slowdown caused a rise in unemployment this year. It is expected that growth will pick up again but job creation will remain a challenge for Egypt.

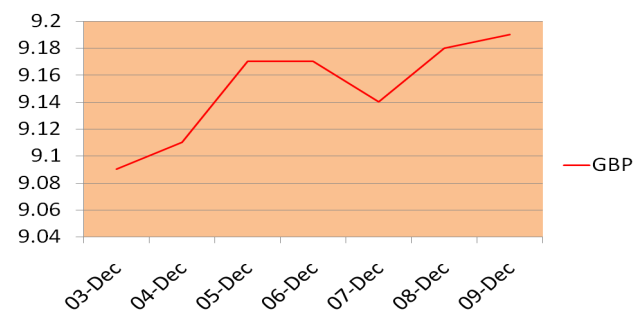
Source: IMF, Central Bank of Egypt & OECD

Comment

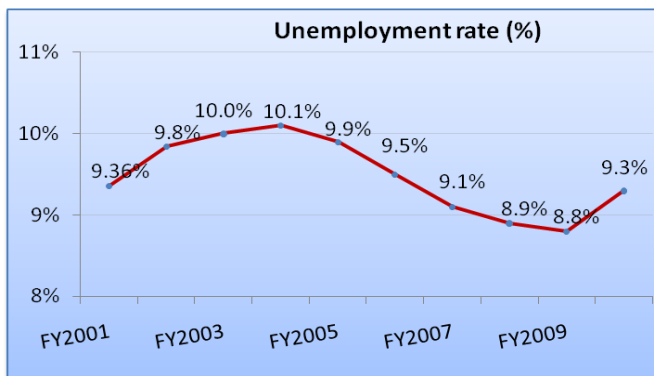
## Exchange Rates

09/12	EGP	09/12	GBP
GBP	9.18 ▼	EGP	0.11
USD	5.83 ▲	USD	0.63
EUR	7.72 ▼	EUR	0.84 ▼

EGP vs. GBP over a week



Source: Central Bank of Egypt



## The Fruit & Vegetable Industry in Egypt

Egypt and the EU are longstanding trade partners. In July 2001 they signed a reciprocal trade agreement that significantly liberalized the Egyptian market. Subsequent negotiations led to further liberalization of Egypt's fruit and vegetable industry in October 2009 when quantity and time quotas were eliminated and tariff protection was removed from all fruit and vegetable exports to the EU with the exception of some 'delicate' products (tomatoes, garlic, cucumbers, courgettes, artichokes, grapes and strawberries). In the last decade, EU imports from Egypt have almost doubled from 248,000 tonnes in 1998 to 481,000 tonnes in 2008. Egypt is currently the third largest exporter of fruit and vegetables to the EU behind Morocco and Israel.

Egypt has recently experienced severe increases in the prices of many fruit and vegetable products. This can partly be attributed to adverse climactic conditions but is primarily the consequence of wasteful trading. Despite ongoing progress in the establishment of modern supermarkets and hypermarkets, the Egyptian market is still dominated by small retail outlets. The internal trade system is under-developed and involves too many middlemen between the producer and consumer. Consequently, a large percentage of fruit & vegetable products is wasted.

The Ministry of Agriculture is currently attempting to establish an Egyptian Food Security Agency that should improve crop quality through the formation of regional co-operatives of small farmers, these co-operatives will better be able to set up proper warehousing and product handling services. The proper infrastructure, packing technology and minimisation of middlemen in the distribution process are essential developments if Egypt wants to limit wasteful trading.

Source: Green Med & AgriTrade