

Breaking News

ISSUE 41 11 NOVEMBER 2010

Bank of England Inflation Report

According to the inflation report published by the Bank of England yesterday, the Government's planned spending cuts will not lead to a double-dip recession for the UK. The Bank forecasts a GDP growth of 2.5 percent in 2011 and just over 3 percent by the end of 2012. The report stresses that these figures will depend on global economic developments. The International Monetary Fund already indicated this week that the UK is heavily exposed to debt laden countries through bank loans. The Bank's inflation report leaves the door open for quantitative easing next year should it be necessary to keep inflation down. Interest rates are likely to remain at 0.5 percent until Q4 of 2011.

The World Bank Supports Egypt's Energy Development

Minister of Electricity and Energy, Dr. Hassan Younis held a meeting with visiting World Bank Vice President for the Middle East and North Africa Region to discuss aspects of cooperation between the Egyptian power sector and the World Bank. The ministry and the WB have recently signed an agreement to finance a 1,500-megawatt North Giza power plant with \$600mln. The World Bank also offered \$220mln to fund a project on developing the national power grid, Younis said. The World Bank further supports green energy development in Egypt by offering \$270mln in contribution to a 100-megawatt solar power plant in Kom Ombo.

Monitoring Elections in Egypt

'Do You Agree?'

Egypt should ask for international monitoring or internal supervision by Egyptian NGO's to ensure fair parliamentary elections

"It would be a good idea to bring in the United Nations or some other wholly independent review and monitoring body. That would show to the Egyptian public that the government has no fear and that it has intent to hold truly free elections." ~ Ian Luke, Managing Director, Skanska Cementations Int'l

Egypt's ruling National Democratic Party (NDP) has come under attack over supposed unfair election procedures in the run up to the parliamentary elections taking place at the end of this month, despite reassurances from the President Mubarak yesterday that the Elections will be "free and transparent."

The controversy surrounding these elections warrants involvement of an international monitoring body as Mr Luke mentions above. Internal NGO's will have more difficulty remaining objective and independent since they are based in Egypt.

Egypt has worked hard, especially in the last ten years, to create a more transparent and open society and this has been a tremendous boost to international business and economic development. An international monitoring body would not touch the sovereignty of Egypt's leadership and is a common occurrence for many developing countries. It would show the world that the ruling party is indeed concerned with promoting transparency and will give the opposition more assurance of fair elections. In any case, this would be a preferred development over the NDP's decision to give voters a choice between NDP candidates per constituency (see latest news). A strange development since elections are supposed to be about the party programme, not the people behind it.

[Comment](#)



LATEST NEWS FROM EGYPT

- ◆ The ruling National Democratic Party (NDP) has received criticism for selecting two to three NDP candidates per constituency to run against each other for the upcoming Parliamentary elections. Constituencies run by current Ministers and party leaders will have only one candidate as is common practise.
- ◆ The Egyptian Ministry of Agriculture unveiled a new strategy aimed at reducing crop waste and raising self sufficiency in terms of wheat production from 56 to 80 percent in 2017. An estimated 40 percent of crops this year have gone to waste.



LATEST NEWS FROM THE UK

- ◆ The rise in cotton prices forces high street retailer Primark to cut their profits. Primark's chief executive George Weston states that the retailer will 'not surrender any price leadership'.
- ◆ The UK trade deficit narrowed in September to £4.6bn, down from £4.9bn in August this year.
- ◆ The planned increase in tuition fees for higher education in the UK to a maximum of £9,000 per year has been met with severe criticism. Protests at Westminster yesterday led to riots.



Chamber News

- ♦ The Chamber regretfully has to announce that the planned Ministerial ICT Trade Mission to Scotland headed by HE Dr Tarek Kamel has been postponed indefinitely, much to the dismay of the Scottish counterpart and the EBCC. The Egyptian Ministerial delegation has requested postponement of this event due to the upcoming parliamentary elections taking place on 28 November and 5 December. The Chamber apologizes to all that were involved in the organization and planned to attend.
- ♦ The Chamber is in full preparations for the upcoming January workshop to take place in Cairo. The event will discuss opportunities for Egyptian traders and exporters in the UK market with key-note presentations from Marks & Spencer and Tesco. The workshop will focus on the Fruit & Vegetables and Textile & Garment industries. More information will be available on our website (www.theebcc.com) shortly.
- ♦ The Chamber wishes everyone a blessed Eid-ul-Adha, the festival to celebrate to concluding act of pilgrimage to Mecca. Please note that the Chamber will be closed on Monday 15 and Tuesday 16 November.

EBCC Event	Date
EBCC Christmas Reception Thistle Marble Arch	8 December 2010
Workshop Retail Trade & Export with the UK Cairo, Egypt	19 January 2011
Board & Executive Meeting Cairo, Egypt	20 January 2011
Egypt: A Trade & Business Destination With Surrey & Kingston Chambers of Commerce	16 February 2011



'Do You Agree?'

It is necessary to raise tuition fees in the UK to ensure good quality higher education and make more funds available for scholarships and bursaries.

Seminar Review: Egypt Always Open for Business

As part of our regional Chambers tour, the EBCC was in Norwich on 4 November to address opportunities in Egypt for traders in the Norfolk region. This event was co-organised with the Norfolk Chamber of Commerce and received support from UKTI East and HSBC.

The Chamber's presenters addressed issues related to the ICT and textile & garments industries. There were also sessions on Egypt's business environment and opportunities and how to do business cross-culturally.



The Chamber's invited speakers from left to right: Mr Hany El Habibi (Sahara Group), Mohamed Omran (MISR International Systems), Taher El Sherif (EBCC), Petra Scherf (Kwintessential)

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EBCC FOLDER DOWNLOAD



Egypt's Textile and Garment Industry

Egypt has a long-standing tradition of textile production dating back to 5500 BC. In Pharaonic times linen kilts were worn by men and women wore narrow dresses, linen cloth was further used in the burial ritual of mummification.

These days, Egyptian textiles, in particular cotton products, are regarded as the finest quality products in the world. Despite this, the Egyptian cotton industry witnessed a strong decline in production and exports from the early 1990s. It became increasingly difficult to compete with lower quality and low-cost cotton exports from areas such as China, India and Pakistan.

Today, Egypt's textile industry is still one of the most important sectors, representing 25 percent of total industry and accounting for 30 percent of all Egyptian jobs. Egypt produces an average of 315 million garments and exports roughly 300,000 tonnes every year. 80 percent of those exports go to the United States and 20 percent to the European Union and Arab countries.

Egypt's textile production is unique, it is completely processed within the country. In the past, government owned companies dominated this industry but the role of the private sector is becoming increasingly important. The private companies mostly produce high value added items and in 2009 around 1,500 private companies were operating in the Egyptian textile industry. The total apparel production output is \$3bn, \$1.3bn of this comes from the textile and garment sectors.

One of the most stimulating developments for the industry in Egypt has been the establishment of the so called Qualifying Industrial Zones (QIZ). This is an agreement between Egypt and the US where any company located in this geographical area enjoys a duty free status with the US provided that the Israeli component of the company's products is at least 11.7% percent. There are currently 717 companies in production in over 15 zones. Textile and garment production in Egypt has quadrupled since the establishment of QIZ in 2005.

The global economic downturn certainly had its damaging effects on the textile industry, exporters suffered a staggering 40 percent inflation rate in 2008. The government did increase subsidies for textile exports to between 12 and 15 percent but this might not be enough to offset other pressures on the industry such as the rising production costs and instability of energy and fuel prices.

There is an increasing interest in Egyptian cotton as prices of cotton from competitive regions such as India and Pakistan are soaring. The Egyptian government has picked up on this and has recently examined the possibility of growing some types of American short-staple cotton in Toshka and Sharq al-Owainat. The state-run Agricultural Research Centre has even projected that the total surface area in Egypt sown with cotton would double in the coming season. The table on the right already shows that

Comments

Previously...

(27-10-10)

Egypt's PPP Projects

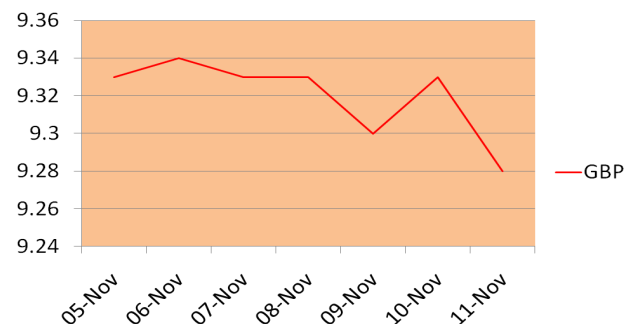
"There is room for all the various types of arrangements for public sector construction and operation and it is best to choose the type most appropriate to the kind of project being considered and the means of funding required and the true level of expertise needed and where it lies. One point often missed is the matter of "transfer of Technology" and training up Egyptians to do it themselves." ~ Ian Luke, Managing Director Skanska Cementations Int'l

[Comment](#)

Exchange Rates

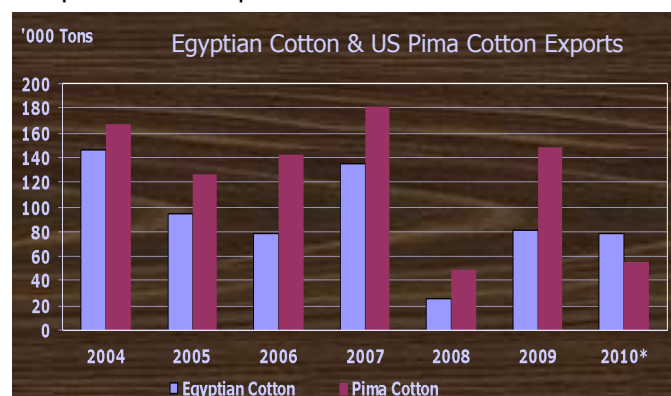
/09	EGP	15/09	GBP
GBP	9.28 ▲	EGP	0.11
USD	5.79 ▲	USD	0.62 ▼
EUR	7.97 ▲	EUR	0.86 ▲

EGP vs. GBP over a week



Source: Central Bank of Egypt

Egyptian cotton exports for the first half of 2010 almost match total exports of 2009. It is up to the Egyptian government to take advantage of their unrivalled reputation as Egypt's finest cotton exporter and stimulate production and export of lower quality cost-competitive cotton products.



Source: Sahara Group