

Breaking News

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UK Consumer Confidence Takes Hit as Retail Sales Slow

According to a report released by UK building society Nationwide, consumer confidence is at its lowest level since May 2009. The Consumer Confidence Index fell to 53 in September, 9 points down from August. The news followed a statement made yesterday by the British Retail Consortium (BRC) that retail sales were slowing and that consumers are cutting back on expensive purchases. According to the BRC, consumer confidence is fragile at the moment and will continue to be "volatile" until the Government's full spending cuts are revealed. The UK Chancellor will reveal his planned cuts on October 20 (*read further on page 3*).

Egypt: Fruit and Vegetable Prices Continue to Rise

According to the Ministry of Trade and Industry, the increase in prices of fruit and vegetables is primarily caused by low productivity. He dismissed the notion that there were any monopolies on foodstuffs, especially tomatoes. The Agricultural Research Centre revealed that production this year was down by 70 percent due to the heat waves this Summer. Prime Minister Ahmed Nazif on Tuesday claimed that the soaring prices were "outside the government's control." To help reduce prices and protect low income families, the government has made huge quantities of fruit and vegetables available at lower prices (at least 50 percent below the market price). The Ministry of Trade and Industry further states that the government has developed a strategy aimed at bolstering internal trade between 2010 and 2013.

Nuclear Power Development in Egypt

'Do You Agree?'

The development of nuclear power generation is inevitable as Egypt's oil and gas resources run out

Despite a rise in discoveries of oil and natural gas, Egypt is moving fast to develop its peaceful nuclear power programme. The U.S. Energy Information Agency has initially approved a report on Dabaa as the location of the first nuclear reactor in Egypt. The reactor is set to be completed by 2019, three more reactors are scheduled to be in operation from 2025.

Egypt currently has 58.5 trillion cubic feet of proven gas reserves but despite new gas discoveries, resources are likely to dry out within the next 30 years. Energy demand increases by 7% annually due to an increase in population and improved standards of living. From 2020, nuclear power stations would add tremendously to the energy supply in Egypt.

At the same time, it is vital that Egypt continues work on its renewable energy programme since there is huge potential for wind and solar energy production. Egypt has signed up to raise the share of renewable energy to 20% by 2020, moreover there are considerable financial incentives related to adopting environmentally safe practices; Egypt's strategic location opens opportunities for export of energy to the EU. After all, the average renewable share across the EU should reach 20% in 2020 as well. Currently Egypt's main obstacle is financing renewable energy development as it is considerably more expensive than traditional energy production. It is however a viable investment for the future. In the meantime, nuclear energy production will ensure abundant supplies of energy for future domestic use.

[Comment](#)



LATEST NEWS FROM EGYPT

- ◆ The Ministry of Electricity is preparing to launch a tender to help cover the costs of Egypt's first nuclear reactor to be built in Dabaa. The tender will be held in late November.
- ◆ The number of mobile phone subscriptions in Egypt reached 60 million yesterday.
- ◆ Sweden's Electrolux said it has agreed to buy Egypt's Olympic Group. Electrolux, the world's second-largest appliance maker, has been in commercial partnership with Olympic for 30 years. They have stated that Olympic sales reached LE2.1bn in 2009 with a volume market share of around 30 percent.



LATEST NEWS FROM THE UK

- ◆ Inflation remains high at 3.1 percent as figures showed the first year-on-year increase in clothing prices since 1992. The annual rate of clothing and footwear inflation is 0.9 percent according to the Office for National Statistics (ONS).
- ◆ Royal Mail's sorting and delivery operations will be privatized according to Business Secretary Vince Cable. The Post Office network will remain in public hands.



Chamber News

- The Chamber held its successful Get-Together networking reception last week. Our next reception will be a Christmas event taking place on 9 December (tbc).



- The EBCC has officially launched its Membership Provider Package (MPP), the booklets and cards will be posted to all members that did not attend last week's reception. The MPP offers many discounts on services such as accommodation, consultancy and travel both in Egypt and the UK.



The PPP formula whereby projects are managed by private companies and supervised by the government is the best formula to replace the various Build-Operate-Transfer (BOT) schemes in Egypt

Seminar Invitation

Seminar Egypt Always Open for Business

4 November 2010, Norwich



The EBCC and Norfolk Chamber of Commerce are organising a seminar on trade and business with Egypt, to take place on 4 November 2010 at the HSBC Commercial Centre in Norwich, UK (See detailed programme below).

Trade and Investment between the UK and Egypt is booming and therefore offers major business opportunities to informed traders and investors. A successful entry into Egypt will be determined by the quality of the information and advice upon which the decision to enter is based. Continued success is also dependent upon the ability to navigate the laws and practices of Egypt.

At our International Trade Event, you can find out from our expert speakers how to trade with this market and the local help that's available to you.

Download the full programme [here](#)

EBCC Event	Date
Egypt Always Open for Business with Norfolk Chamber of Commerce Norwich	4 November 2010
Inward Trade Mission to Scotland With University of Edinburgh Edinburgh	1 to 3 December 2010
Retail Workshop: Trade and Export with the UK Conrad Hotel, Cairo	19 January 2011
Egypt; A Trade and Business Destination With Surrey & Kingston Chambers of Commerce	16 February 2011

This is a preliminary calendar, more events will be confirmed at a later date

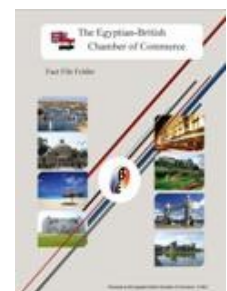
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UK Spending Review

On 20 October Chancellor George Osborne will release the government's spending review, a report detailing the nature and extent of UK spending cuts with the purpose of reducing the country's budget deficit. The global financial crisis caused the UK's deficit to soar to £155bn in 2009/10. Total debt is expected to reach £900bn (70% of GDP) in the next few years.

Opinions continue to be divided on how to tackle the budget deficit. The current government needs to raise £86bn and plans to collect over 75 percent through spending cuts; the remaining 25 percent will be raised through tax increases. New Leader of the Opposition Ed Miliband advocates a 50/50 split. According to Labour, the economy remains too fragile to endure severe cuts in public spending and it could push the country back into recession. Any efforts to cut the deficit will then be hampered as unemployment and welfare bills go up and tax receipts decrease. Economists are also divided over the impact cuts could have on the UK's economic recovery. The new Office for Budgetary Responsibility has forecast that the economy will only grow by 1.2 percent in 2010 and 2.3 percent in 2011.

The current government had already outlined projected spending cuts in June this year, and recent announcements reveal that cuts are not equally divided over sectors:

1. National Health Service and Overseas Aid are protected by the government and will not undergo any cuts to their budget.
2. Education and Defence are partly protected by the government and will face cuts of 'only' 10 to 20 percent.
3. Home Office, Transport, Environment, Industry and others are not protected and these sectors will likely undergo severe spending cuts of between 25 and 40 percent.
4. Benefits: Social Security, Tax Credits, Job-seekers Allowance and others will face a spending cut of £15bn, an increase of £4bn compared to the government's initial outline in June.

Frequently Asked Questions

Question:

How can I get information on current and pipeline PPP projects in Egypt?

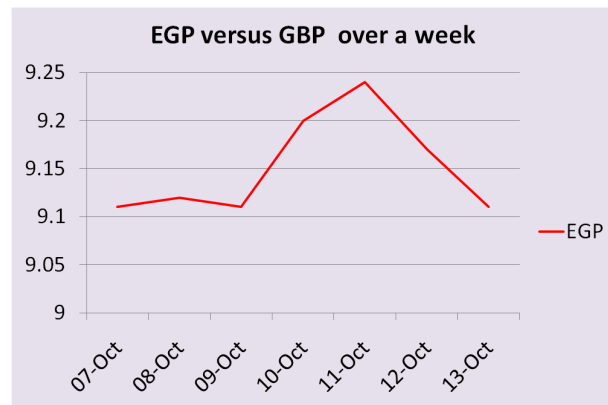
EBCC Answer:

The Egyptian Ministry of Finance (MOF) has its own PPP department. On the MOF website, all PPP press releases are listed. It gives details of current and pipeline projects and specifications for companies wishing to get involved in these projects. Simply visit www.pppcentralunit.mof.gov.eg



Exchange Rates

15/09	EGP	15/09	GBP
GBP	9.11 Δ	EGP	0.11
USD	5.75	USD	0.63 ∇
EUR	7.47 Δ	EUR	0.87 Δ



Source: Central Bank of Egypt

Spending cuts per department

	Annual Budget	Savings		Annual Budget	Savings
Business, Innovation & Skills	£21.2bn	£5.3bn	Health	£106.4bn	None
Local Government	£33.6bn	£8.4bn	Home Office	£10.2bn	£2.55bn
Culture, Media, Sport	£2bn	£500mln	Intl. Development	£7.7bn	None
Defence	£46.1bn	£4.61-9.22bn	Justice	£9.7bn	£2.43bn
Education	£57.6bn	£5.71-11.42bn	Transport	£13bn	£3.4bn
Energy & Climate Change	£3.1bn	£775mln	Treasury	£4.4bn	£1.1bn
Foreign Office	£2.2bn	£550mln			