

E**BCC** E-Newsletter

Your **Free** Guide to
Business in Egypt & the
United Kingdom



ISSUE 63

15-12-'11



NEWS | OPINION | LATEST EVENTS | FINANCE | INVESTMENT

Egypt's New Interim Government as Parliamentary Voting Continues

Egypt's army rulers last week issued a decree handing presidential powers to new Prime Minister Kamal el-Ganzouri. The military, in charge since former President Hosni Mubarak was overthrown in February, has been under pressure to speed a promised transition to civilian rule. It appointed Ganzouri as interim prime minister after the former cabinet resigned last month during clashes between police and protesters demanding that the army step aside.

Last Wednesday, as the military council announced the decree, Ganzouri named his new cabinet. The Mubarak-era politician appointed Mohammed Ibrahim Yusuf, a former police chief from Cairo, to the key position of interior minister, state television reported. The new finance minister is Mumtaz al-Saeed, while the foreign minister from the former cabinet, Mohammed Kamel Amr, was reappointed. A day earlier, Ganzouri called on the country's political forces to pull together to help resolve the country's problems.

He singled out the faltering economy, hit by a decline in tourism and a sharp fall in investment, as well as security which he said had deteriorated since the 18-day uprising that ousted Mubarak. "We can't leave security and the economy like this," he told a media conference. "The political roadmap is now clear", leading to a full transfer of control to the new civilian leaders from the army, which took power after Mubarak stepped down, he added.

Egyptians were set for another democratic landmark yesterday when the second round of parliamentary voting started. Polls closed at 1900GMT on Wednesday, the first of a two-day voting process, which saw Egyptians turning out in large numbers, but still far less than what was seen during the first round.

The government hailed the first round, held on November 28, saying voter turnout hit a record 52 per cent.

The second round features an entirely new cast of nine governorates. The voting is cantered in the Lower Egypt regions of the Nile Delta and Suez Canal, though two governorates in Upper Egypt - Sohaig and Aswan - also participate.

A shift in the battlegrounds, however, does not signal a change in the battle lines. On one hand, the Muslim Brotherhood's Freedom and Justice Party (FJP) is poised to



The second round of Parliamentary voting has begun in Egypt

continue to dominate, while the comparatively secular and liberal Egyptian Bloc tries to carve off a small slice of the People's Assembly for itself. But the Salafi Nour Party, which finished second to the FJP in round one, will challenge the Brotherhood again.

The ascent of the Nour Party seemed to surprise almost everyone but the Salafis themselves, and the Brotherhood now finds itself fighting a conservative religious faction on its flank while it tries to assuage liberals and Western governments.

The Nour Party's impressive showing surprised even the Brotherhood, which is still widely expected to dominate the election and is estimated to have won 80 seats, nearly half of those available, in the first round.

Political figures from Sawiris to Emad Abdel Ghafour, the head of the Nour Party, have joined a military-sponsored "advisory council" to participate in the selection of the body that will draft the constitution, but the FJP has refused to participate.

Al Jazeera

Egypt in Brief...



Egypt Inflation at 9.1 Percent

Egypt's inflation accelerated on rising food prices in November to reach an annual rate of 9.1 from 7.1 percent in October. The urban CPI for November was 120.4 versus 119.2 in October and 110.4 in November 2010, CAPMAS said. Food and beverage costs increased at an annual rate of 11.6 percent in November, compared with 8.7 percent a month earlier.

Increase Suez Canal Revenue

Revenue from Egypt's Suez Canal rose 5.5 percent on a year earlier to US\$435.5 million in November, but down 2.8 percent from a month earlier, the Suez Canal Authority website showed. The canal's revenues in November 2010 were \$412.8 million. Revenues in October 2011 were \$447.9 million. The waterway is a vital source of foreign currency in Egypt, along with tourism, oil and gas exports and remittances from Egyptians living abroad.

Re-nationalisation of Agro Companies

Egyptian Interim Prime Minister Kamal El-Ganzouri is close to deciding to re-nationalise six land reclamation companies according to the Egyptian Minister of Agriculture and Land Reclamation Reda Ismail. "This is a good choice for these companies, as a way to settle debts exceeding LE1.7 billion accumulated under privatisation," Reda told reporters.

The UK in Brief...



UK Inflation Rate Drops

The rate of Consumer Prices Index (CPI) inflation in the UK fell to 4.8% during November, down from 5% the month before, according to the Office for National Statistics (ONS). The rate still remains well above the Bank of England's target of 2%. Retail Prices Index (RPI) inflation - which includes mortgage interest payments - fell to 5.2% from 5.4%.

Eurozone Deal Reached Without UK

EU members that use the euro have agreed to a tax and budget pact to tackle the eurozone's debt crisis. But a German and French attempt to get all 27 EU states to back changes to the union's treaties was dropped after objections from the UK. Prime Minister David Cameron had insisted on an exemption for the UK from some financial regulations. Instead, eurozone members and others will adopt an accord with penalties for breaking deficit rules.

UK Retail Sales Fall 0.4 Percent

Widespread discounting on the High Street failed to stop retail sales falling by 0.4% in November from the month before. Excluding spending on fuel, retail sales fell 0.7% on the month, according to the Office for National Statistics. The data revealed that consumers had cut back spending on computers, mobile phones, watches and jewellery, but that clothes sales had recovered.

'Do You Agree?'

The UK Made the Right Call when it Decided not to Join the Eurozone

Ian Luke, Managing Director of Skanska Cementations Int'l

"Yes the UK made the right call on the Eurozone. Given that Greece's figures on entry were seemingly fudged and that in the last month we were told that Greece's possible departure from the Euro would be a disaster for the whole of the membership and then shortly afterwards, that they could leave. Who cares, how can we genuinely believe that any of their leaders or finance people understand the issues themselves. They certainly don't seem to be addressing the real causes of the problem. Also any individual who owed vast sums and couldn't even afford the interest would not be able to borrow even more to supposedly help alleviate his debt. It is just utter nonsense that regardless of not being in the Euro we are expected to financially contribute to bailing out a country that won't even help itself."

All eyes were on the summit held in Brussels last week, where the 27 EU member states were to resolve the Eurozone crisis. Instead, the headlines focussed on UK Prime Minister David Cameron, who vetoed the proposed deal as contrary to vital UK national interests. Today it seems obvious that the Eurozone concept was flawed from the start, as Ian rightly indicates. Countries like Greece, Portugal and Ireland cannot run their economies via a currency whose exchange rate is fixed by the German economy. And Europe consists of nations with their own identity



and own interests to protect. The European financial institutions never had the power to prevent a crisis from happening, and it was a matter of time before the bubble burst. Most argue that the UK made a smart decision in not getting involved in the Euro.

Cameron's veto reflects a determination to protect the UK financial services industry against decisions designed mainly to benefit the Eurozone, and to maintain international competitiveness. London's main rivals are not Frankfurt and Paris but New York, Hong Kong and Tokyo. Cameron's move predictably provoked jubilation among his anti-

European backbenchers, gloom in the Liberal Democrats, anger in Berlin and frustration in Paris.

The British Government are to take part - without a vote - in the forthcoming discussions, which will take place in the EU framework. Cameron has again stressed that the UK is at the centre of Europe, and Mrs Merkel has firmly made the same point.

These spats are no new thing: all British Prime Ministers have had similar experiences. Perhaps Cameron could have handled it better and avoided being in a minority of one (much British diplomacy over the years has had this goal). What is new this time is that Germany is so clearly in the lead of the Continental bloc. But since Germany will in the end have to stand the cost if the Euro is to be saved, this is no surprise.

Next Issue Do You Agree?

The Muslim Alliance Will Dominate and Influence the Formation of Egypt's New Government and Committee to Draft the New Constitution

[Comment](#)

Chamber News

- The Chamber will close for the holidays from 24 December 2011 to 3 January 2012. The team wishes you a Merry Christmas and Happy New Year. May 2012 bring success to you all.

Event Invitations

Trade Mission to Egypt

15 - 19 January 2011

The Egyptian-British Chamber of Commerce kindly invites you to join its **Trade Mission to Egypt from 15 to 19 January 2011**. This mission promotes global trade and investment with Egypt.

The Government and business community of Egypt are looking to stimulate the Egyptian economy via national projects that promote exports, create job opportunities, boost Egyptian trade with the region, and help shape Egypt's national identity. This in turn creates excellent business opportunities for international companies wishing to enter the Egyptian and Middle East markets, or expand in the region.

The mission includes visits to Egyptian Senior Ministers and other prominent Government officials. Further meetings will be held at Egypt's leading business organisations. Site visits and one-to-one meetings are also included in the programme.

[Draft Programme \[download\]](#)

Seminar Renewable Energy & PPP

The Egyptian-British Chamber of Commerce and Egyptian Businessmen's Association (EBA) are organising a **'Seminar on PPP & Renewable Energy in Egypt'** taking place on 16 January 2012 at the EBA in Cairo.

Like wind and solar, landfill-gas is a renewable source of energy endorsed by the Environmental Protection Agency as an alternative to fossil fuels, such as natural gas, coal and oil. Waste-to-Energy (WtE) operations are able to contribute significantly to the overall energy supply of Egypt. Landfills gas can power homes and businesses, and can also be made into fuel. In other words, it is time to convert Egypt's waste management issues into a renewable energy solution by expanding the WtE capacity.

New research and development has led to combined solar-waste projects where both operations complement each other to create more energy. Particularly solar panel capping on landfills is proving a popular waste management solution in recent years.

This seminar will discuss Egypt's potential for solar and waste-to-energy projects, using the PPP financing scheme. It brings British firms with expertise in these fields to Egypt to discuss opportunities for collaboration to further develop these industries.

[Draft Programme \[download\]](#)

Events Calendar

Trade Mission to Egypt

@ Cairo

15 - 19 January 2012

Renewable Energy Seminar

@ Cairo

16 January 2012

Board & AGM Meeting

@ Cairo

15 January 2011

Spotlight on Egypt

with Hull & Humber Chamber of Commerce

March 2012

Chambers Working Together

April/May 2012

Sama El Qahera
المدنية الساهرة على قلب القاهرة
Magical city in the heart of Cairo

Sol Melia
HOTELS & RESORTS

McGill & Co
SOLICITORS
UK Based Solicitors
specialising in UK immigration law

British Midland International **bmi**

Daily from London Heathrow to Cairo – we look forward to welcoming you on board

flybmi

Egypt-UK Trade Statistics for the Period January-October 2011

UK Imports from Egypt

	Jan-Oct 2010	Jan-Oct 2011	% Change
MENA	£9,324bn	£12,692bn	36
Egypt	£547mln	£700mln	28
% of MENA	5.9	5.5	

UK Exports to Egypt

	Jan-Oct 2010	Jan-Oct 2011	% Change
MENA	£11,726bn	£12,644bn	8
Egypt	£909mln	£849mln	-7
% of MENA	7.8	6.7	

UK Imports from MENA Ranking

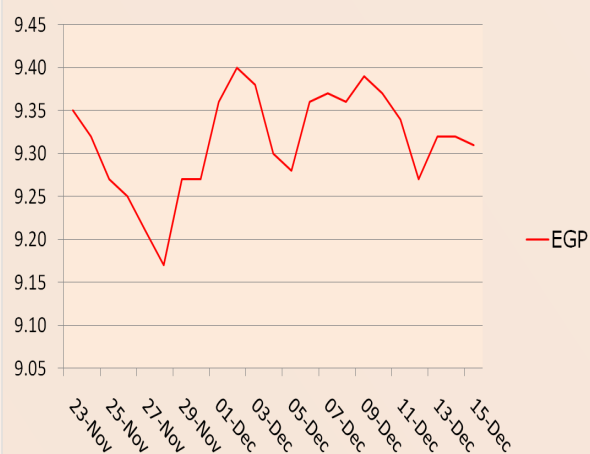
1	Qatar	£4,185bn	+138%
2	Israel	£1,583bn	+20%
3	UAE	£1,496bn	+17%
4	Kuwait	£1,174bn	+55%
5	Algeria	£1,021bn	+70%
6	Saudi	£938mln	+27%
7	Egypt	£700mln	+28%
8	Libya	£326mln	-67%

UK Exports to MENA Ranking

1	UAE	£3,844bn	+24%
2	Saudi	£2,554bn	+5%
3	Israel	£1,317bn	+24%
4	Qatar	£992mln	+16%
5	Egypt	£849mln	-7%
6	Morocco	£471mln	+27%
7	Algeria	£431mln	+46%
8	Kuwait	£403mln	-12%

Financial Market Information

23 November - 15 December 2011 EGP against GBP



Exchange Rates

	EGP
GBP	9.31
USD	5.92
EUR	7.82

EGX30 • Egyptian Stock Exchange

Open	High	Low	Close	% Change
3,906.48	3,918.71	3,899.99	3,918.71	0.3

For interactive chart [click here](#)

FTSE 100 • London Stock Exchange

Open	High	Low	Close	% Change
5,490.15	5,490.15	5,366.80	5,366.80	-2.25

For interactive chart [click here](#)

Egypt Trade Deficit Surges

The deficit in Egypt's trade balance has grown by 69.2 per cent in September 2011 over September 2010 to reach LE18.6 billion (\$3.1 billion), according to data from Egypt's official statistics body, CAPMAS.

The significant annual increase in trade deficit is mainly attributed to the surge in imports, which rose by 39.3 per cent, partially offset by the increase in Exports by 12.8 per cent.

Imports reached LE32.618 billion in September 2011, opposed to LE23.5 billion in the same month last year. The CAPMAS report attributed the surge to the growth in the prices of major products, mainly petroleum.

The growth in trade balance deficit, along with decline in tourist revenues and investment outflow caused Egypt's net foreign reserves to plunge a further US\$1.95 billion in November. Reserves now sit at \$20.15 billion, down from \$22.1 billion at the end of October

[Comment](#)