

# E**BCC** -Newsletter

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



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NEWS | OPINION | LATEST EVENTS | FINANCE | INVESTMENT

## Government of Egypt Approves Draft Budget

Egypt's cabinet on Wednesday approved the draft state budget for the 2011/2012 fiscal year, prior to sending it to the military council for endorsement on 1 July.

The government tweaked its draft budget on Wednesday to cap an increase in state expenditure in the coming fiscal year after it withdrew plans for a tax on company dividends, figures indicated.

The government sees spending up 14.7 percent at 490.6 billion Egyptian pounds (\$82.55 billion) in the 12 months starting in July, down from an estimate of 514.5 billion pounds given when a draft budget was shown to the press on June 1.

The budget increases spending to create more jobs and help the low income groups with extra subsidies on essential goods as the interim government tries to keep a lid on social tensions ahead of planned Parliamentary and Presidential elections later this year.

Finance Minister Samir Radwan announced on 9 June that he had dropped plans to levy a tax on share dividends and was looking for ways to cut planned expenditure as a result. Businessmen and investors had voiced strong opposition to the new dividend tax.

The International Monetary Fund agreed to a \$3 billion, 12-month standby finance arrangement for Egypt this month. The government hopes the IMF deal will pave the way for billions of dollars more from donors such as the World Bank, Saudi Arabia and Qatar.



Finance Minister HE Samir Radwan

The finance ministry's statement said it expected a 2011/12 budget deficit of 8.6 percent of gross domestic product, versus an estimated 9.5 percent in the 2010/11 fiscal year.

Real gross domestic product contracted by 4.2 percent in the fiscal third quarter from January to March, its first year-on-year contraction since Egypt's first release of quarterly GDP data in 2001/02.

Radwan told reporters on Wednesday the government was still in negotiations to receive financial aid from Gulf Arab countries, the European Union and the United States totalling some 14.3 billion Egyptian pounds (\$2.41 billion). Asked when he expects the funds to arrive, he said: "The sooner they come, the better".

Radwan said the government planned to issue bonds worth 47 billion LE to fund infrastructure, housing, technology and education, and would impose a minimum state wage of 1,200 LE a month within five years. "This will benefit 1.9 million Egyptians in the public sector," he said.

The government sees 2011/12 fiscal year economic growth of no more than 3.0-3.5 percent, the Minister said in a statement, in line with a previous forecast of 3.2 percent and compared to an estimated 2.6 percent in the fiscal year just ending. It sees state revenues growing 19 percent to 349.6 billion pounds, boosted partly by higher petroleum and Suez Canal revenues and a rise in cigarette tax and income tax on the rich.

Source: Reuters

## Bailed-out Bank Shares for the UK Public

Proposals to give the public shares in part-nationalised banks RBS and Lloyds have been backed by Nick Clegg. The idea is that individual taxpayers would benefit from any long-term gains when shares in the banks are sold.

The deputy prime minister said it was important British people were not overlooked after their money was used to keep the banking system alive. The Treasury said all options would be considered but some experts have warned the scheme would be difficult to run. Liberal Democrat leader Mr Clegg admitted there remained "a huge amount of detail still to be worked on". The idea for so-called people's shareholdings, first suggested in March, was developed by City firm Portman Capital with the support of the Lib Dems' Treasury Parliamentary Committee. Mr Clegg has written to Chancellor George Osborne in

support of the proposal.

Under the plan, the 45 million people on the electoral roll would be given free shares in the bailed-out banks, Royal Bank of Scotland and Lloyds Banking Group. The shares would only have any value above a "floor price", equivalent to what the government paid for the holdings, so the Treasury could cover the cost of its investment. That price is estimated at 74p per share for Lloyds and 51p for RBS. The taxpayer owns 83% of RBS and 41% of Lloyds after the government invested about £65.8bn in 2008 at the height of the banking crisis.

Source: BBC News

## Egypt in Brief...



### Egypt's Investment Plan 2011-12

International Cooperation and Planning Minister Fayza Abul-Naga announced on Sunday the first plan for economic development after the January 25 Revolution for 2011/2012 with total investments of LE233 billion and targeted growth rate of 3.2 percent. Targeted government investment will increase in the plan to about 56 billion pounds compared with about 40 billion pounds in the plan of this year, up almost by 40 percent.

### Minimum Wage for Private Sector

Egypt's Minister of Manpower Ahmed El Boraie stated on Tuesday that there is a general consensus among many business organizations that LE700 is a fair minimum wage rate for the private sector. However, he also indicated that the rate is likely to vary depending on the size and location of each firm. Earlier in June, Egypt's cabinet approved a LE700 minimum wage for government workers, a long anticipated decision that is expected to benefit 1.9 million Egyptians.

### Nestlé to Invest £250mIn in 5 years

Chief Executive of Nestle Egypt, Suresh Narayanan announced on Tuesday that Nestlé will invest more in the coming five years than it has in the past ten. Nestlé departments include Egypt, Sudan and Libya. While Sudan and Libya suffered a blow, their sales in Egypt surged and were the main reason behind their good results. "The country is quite stable, we had some minor problems so far, but we are here to stay because we believe in the capacity of growth in this market," concluded Narayanan.

## The UK in Brief...



### British Airways Staff Back Agreement

British Airways cabin crew staff have backed the agreement to settle their long-running industrial dispute with the airline. The Unite union said its members voted 92 percent in favour of the deal first announced on 12 May. Staff will now get a two-year pay deal worth up to 7.5 percent, and BA has agreed to restore the travel concessions withdrawn from staff involved in the industrial action. Staff will get up to a 4 percent rise this year and 3.5 percent next year, linked to proposed productivity changes.

### UK Retail Sales Decline

Sales of goods on Britain's high streets fell for the first time in a year this month as rising prices and low pay deals forced consumers to tighten their belts, according to the Confederation of British Industry (CBI). The boost to spending provided by the royal wedding and warm weather last month is quickly fading, the gauge fell to minus 2 from 18 last month. This marks the first time since June 2010 that sales have not grown.

### New Nuclear Power Stations in the UK

Ministers have announced plans for the next generation of UK nuclear plants. The government confirmed a list of eight sites it deems suitable for new power stations by 2025, all of which are adjacent to existing nuclear sites. The sites are: Bradwell, Essex; Hartlepool; Heysham, Lancashire; Hinkley Point, Somerset; Oldbury, Gloucestershire; Sellafield, Cumbria; Sizewell, Suffolk; and Wylfa, Anglesey.

## The Debate Continues

### Presidential & Parliamentary Elections | New Constitution

No less than 40 political parties, groups and coalitions in Egypt have called for a million man protest 8 July making it clear that if Egypt's new constitution is not written first before parliamentary elections, scheduled for September this year, there will be a resumption of the sit-in at Tahrir Square. The million man protest is to be called "Correcting the Track Friday" and is another step in the "Constitution First" campaign in the country. When the campaign was announced, its main aim was to collect 15 million signatures on a petition demanding the constitution be drafted before parliamentary elections.

On the other side of the argument are those that want to stick to the road map set out by the constitutional amendments voted on positively in March. Article 60 of the constitutional amendments approved in the March referendum stipulates that parliament, once elected, will create a 100-member constitutional committee charged with



drawing up Egypt's new constitution. The new constitution can be amended by a two-thirds majority of parliament, followed by a popular referendum.

What do you think? Do you believe that there is enough time to draft a new constitution prior to the upcoming elections? Or do you think Egypt's government should prioritise the drafting of the new constitution, thereby potentially postponing the election process?

**Click on the comment button to share your opinion.**

[Comment](#)

### Next Issue Do You Agree?

**Does the UK Government Show Enough Cooperation on Issues of Extradition of Fugitive Former Regime Officials, and Return of Stolen Money?**

Former Finance Chief Boutros Ghali is living openly in London. Although no formal extradition treaty exists between the UK and Egypt, UK Home-Secretary Theresa May can consider Egypt qualified for special extradition arrangements.

The Financial Services Authority further stated that up to 75 percent of all UK banks are failing to adequately police money laundering activities by former corrupt officials.

**Send us your thoughts via the comment button.**

[Comment](#)

## Event Review - Trade Mission to Egypt



Taher El Sherif (l) with Osama Saleh (r), Chairman of Egypt's General Authority for Investment (GAFI)

The Chamber organised a highly successful and prominent Trade Mission to Egypt from 11 to 15 June. The objectives were threefold; to trade and invest, fact-finding, and to resolve disputes between British business and the previous regime. The programme included high-profile meetings with Egyptian Ministers of International Cooperation & Planning, Trade & Industry, Health, Higher Education, Energy & Electricity, and the General Authority for Investment. Further

business seminars were arranged at the Egyptian Businessmen's Association (EBA), General Authority for Investment (GAFI) and the Federation of Egyptian Chambers of Commerce. The delegation conducted site-visits for projects in the automobile industry, healthcare, solar energy and others. The mission and its projects were well-received by the Egyptian Government and business community, they felt it will significantly improve confidence in the Egyptian market.

### Media attention for the Mission:

[Daily News Egypt](#) | [State Information](#)

Dream TV [Part 1](#) | [Part 2](#) | [Part 3](#) | [Part 4](#) | [Part 5](#)



Delegate Roberto Arcadu with HE Dr Samir El Sayyad, Minister of Trade & Industry (l) and HE dr. Ashraf Hatem, Minister of Health (r)

## Event Invitations

### Press Event

#### The Future of Archaeology in the New Egypt

Tuesday 28 June from 18.00 in London

At this crucial moment in Egypt's history, the country's archaeology is of particular interest. Its famous monuments have provided a backdrop to recent events and an ever-present reminder of a glorious inheritance. The close ties the Egypt Exploration Society has always enjoyed with the Egyptian authorities, and their archaeologists on the ground, make them uniquely placed to comment on and inform about any matters concerning the preservation and ongoing exploration of the remarkable antiquities of Egypt.

The Egypt Exploration Society is holding a press event on Tuesday 28 June, from 6 - 7.30pm at The Middle East Association - 33 Bury Street, London.

To register for this event kindly **RSVP** to Victoria Perry - [victoria.perry@ees.ac.uk](mailto:victoria.perry@ees.ac.uk)

### International Trade Event: Explore Egypt

Tuesday 5 July from 17.30 in Surrey

Explore Egypt and the opportunities that lie within!

The EBCC and Surrey Chamber of Commerce invite you to find out how your business can benefit from trading with and in Egypt. An event not to be missed by businesses considering or already undertaking international trade in Egypt.

There will be a panel of speakers, all with extensive practical experience and knowledge of trading with Egypt, who will talk about the opportunities available and the strategies needed to trade successfully. There will be an opportunity to network and chat informally with the experts after.

This event is brought to you in association with Kingston Chamber of Commerce.

To register for this event, please [click here](#)

## Events Calendar

### The Future of Archaeology in the New Egypt

Egypt Exploration Society  
@ MEA, 33 Bury Street, London

28 June 2011

### Egypt Open for Business

@ Surrey & Kingston Chamber of Commerce

5 July 2011

### Board & Executive Meeting

@ Thistle Westminster, London

13 July 2011

### Ministerial Visit: HE Dr Ashraf Hatem, Egyptian Minister of Health

@ London

18 July 2011

### Egyptian Textile & Garment Exhibition

@ Radisson Blu, London

21 July 2011

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## UK - Egypt Trade Figures

### UK Imports from MENA

	Jan-Apr 2010	Jan-Apr 2011	% Change
<b>MENA</b>	£3,592bn	£5,085bn	42
<b>Egypt</b>	£236mIn	£328mIn	39
<b>% of MENA</b>	6.5	6.6	

### UK Exports to MENA

	Jan-Apr 2010	Jan-Apr 2011	% Change
<b>MENA</b>	£4,486bn	£5.163bn	15
<b>Egypt</b>	£323mIn	£332mIn	3
<b>% of MENA</b>	7.2	6.4	

### UK Import Ranking Jan-Apr 2011

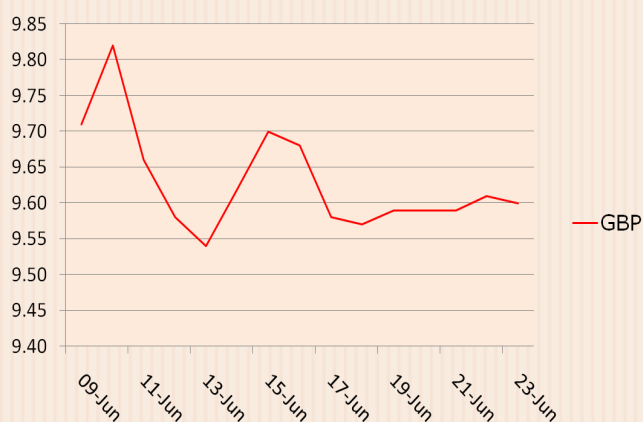
1	Qatar	£1,622bn	+125%
2	UAE	£618mIn	+14%
3	Kuwait	£602mIn	+60%
4	Israel	£409mIn	+6%
5	Saudi	£359mIn	+19%
<b>6</b>	<b>Egypt</b>	<b>£328mIn</b>	<b>+39%</b>
7	Libya	£325mIn	-8%
8	Algeria	£240mIn	-7%

### UK Export Ranking Jan-Apr 2011

1	UAE	£1,529bn	+32%
2	Saudi	£978mIn	+8%
3	Qatar	£600mIn	+34%
4	Israel	£480mIn	+17%
<b>5</b>	<b>Egypt</b>	<b>£332mIn</b>	<b>+3%</b>
6	Morocco	£206mIn	+81%
7	Kuwait	£146mIn	-18%
8	Algeria	£143mIn	+89%

## Financial Market Information

### 09 June - 23 June 2011 EGP against GBP



### EGX30 • Egyptian Stock Exchange

Open	High	Low	Close	% Change
5,473.91	5,485.89	5,461.49	5,479.6	0.104

For interactive chart [click here](#)

### FTSE 100 • London Stock Exchange

Open	High	Low	Close	% Change
5,674.38	5,772.99	5,772.99	5,674.38	-1.708

For interactive chart [click here](#)

Trade between the UK and Egypt has increased year-on-year in the Jan-Apr period. Export figures from Egypt to the UK are particularly encouraging at £328mIn, an increase of 39 percent compared to the year before.

Libyan and Tunisian exports to the UK are down compared to Jan-Apr last year - by 8 and 21 percent respectively. UK exports to these countries have also taken a hit, exports to Tunisia are down by 15 percent, and to Libya a worrying 66 percent.

Traders and investors are generally optimistic about the continued potential of the Egyptian market, and trade figures with the UK appear to support this feeling of cautious optimism.

**Comment**