

The Race for IMF Chief Goes Global

The list of potential candidates to replace Dominique Strauss-Kahn as head of the International Monetary Fund is growing fast amid a battle between central European and emerging economies over who should get the top job. Angela Merkel, the German chancellor, is among European leaders who favour a European for the post, saying now is not the right time for change, but emerging economies are expected to fight hard for a chance to increase their influence on the global stage.

The list of names from European countries include the current French Finance Minister, Christine Lagarde, and Germany's former banking chief, Axel Weber. From developing countries, South Africa's Finance Minister, Trevor Manuel, and Turkey's former Minister of Economic Affairs, Kemal Dervis, have been widely mentioned, but Mr Dervis has now ruled himself out.

Other possible European candidates include the former UK Prime Minister, Gordon Brown, and Peer Steinbrueck a former German finance minister. There is some support within Germany for another European, the Swiss central banker, Philipp Hildebrand. According to former IMF official Eswar Prasad, potential candidates from developing world economies also include Singapore's Finance Minister, Tharman



From left to right, top to bottom: Axel Weber, former head of Germany's Bundesbank, • Gordon Brown, former UK Prime Minister • Peer Steinbrueck, former German Finance Minister • Montek Singh Ahluwaha, Economic Advisor to Indian PM • Tharman Shanmugaratnam, Singaporean Finance Minister • Trevor Manuel, South-African Finance Minister • Agustin Carstens, Governor of the Bank of Mexico • Christine Lagarde, French Finance Minister

Shanmugaratnam, and Agustin Carstens of Mexico.

The managing director of the IMF is appointed by its 24 executive directors for a term of five years. They can nominate candidates

from any member country, not just their own. The final decision is likely to be reached by consensus as the IMF prefers this to formal votes. The US, Japan, Germany, France and the UK are all guaranteed directorships. The other 19 executive posts are elected by the remaining 187 member countries.

Since the IMF's inception the system has given most of the power to the developed countries of the G7 - the US, UK, Germany, France, Canada, Italy and Japan. But recent changes mean there will soon be two fewer European board members to try to boost the powers of developing nations. The IMF has traditionally been led by a European, while the World Bank has had US leadership. But developing countries, with increasing amounts of economic power, are unlikely to stand by.

The IMF's current acting managing director, Mr Strauss-Kahn's deputy John Lipsky, has already said he will step down in August, when his term ends.

Foreign Investment Supports Egypt's Economy

Qatar is drawing up potential projects worth at least US\$10 billion to help Egypt's economy after the popular uprising that ousted President Hosni Mubarak in February, al-Ahram newspaper reported on Tuesday. A Qatari delegation will visit Cairo on Saturday to discuss proposals, which include financing the world's biggest port in Alexandria. Egypt has been asking donors and the International Monetary Fund to help bridge an estimated \$10-12 billion balance of payments gap for the fiscal year that begins on 1 July, economists say. In the last week, Saudi Arabia, the United States and other international donors have also pledged assistance to Egypt. Saudi Arabia has pledged a \$4 billion aid package to Egypt that

includes a \$1 billion deposit at the Central Bank of Egypt and \$500 million in bond purchases. On Thursday, U.S. President Barack Obama said he would relieve Egypt of up to \$1 billion in debt and guarantee another \$1 billion in borrowing to finance infrastructure and job creation. There are concerns from economic commentators that assistance would mean stringent conditions on its investment. The European Bank for Reconstruction and Development said on Saturday it would explore how to direct funds to Egypt and other Arab states in the same way it supported communist states after the fall of the Iron Curtain more than two decades ago.

Ahram News

BBC News

Egypt In Brief...



New SME Initiative

Egypt's small and medium size enterprises (SMEs) may have easier access to bank financing thanks to the new SME Credit Risk Initiative agreed between the General Authority for Investment (GAFI) and the Credit Guarantee Company (CGC). The initiative, signed yesterday, says that GAFI will provide technical and logistical assistance to CGC, helping it to provide its services to a wide spectrum of SMEs.

Satellite Images Find New Pyramids

Seventeen lost pyramids are among the buildings identified in a new satellite survey of Egypt. More than 1,000 tombs and 3,000 ancient settlements were also revealed by looking at infra-red images which show up underground buildings. Initial excavations have already confirmed some of the findings including of two suspected pyramids at Saqqara, an older but less known pyramid site than Giza.

Egypt's Nuclear Project Goes Ahead

Egypt has completed technical studies and is preparing to invite tenders for building its first nuclear power plant. Minister of Electricity Hassan Younis said that the study had taken into account the experience of the Japanese Fukushima nuclear plant devastated in a tsunami earlier this year. The project of around 1,000 megawatt aims to start electricity generation in 2019. Younis, had said the cost of the plant would be about US\$4 billion.

The UK In Brief...



High UK Borrowing in April

Public borrowing - excluding financial intervention - reached £10bn in April. In April 2010 borrowing reached 7.3bn which means borrowing is up by 37 percent year-on-year. The figure is significantly higher than expectations of around £6.5bn, and pushes government debt to a record £910bn - 60 percent of its GDP. Analysts say the UK will struggle to meet its borrowing forecast but the trend should improve as more spending cuts kick in.

Moody's Warns of Rating Cuts

Credit ratings of 14 UK banks and building societies may be cut as a result of the withdrawal of government support. Credit rating agency Moody's is reviewing banks including Lloyd's and Royal Bank of Scotland. A downgrade would raise borrowing costs for these financial institutions. The Bank of England has already said that its Special Liquidity Scheme (emergency funding) will not be rolled over when it expires in January 2012.

Marks & Spencer Profits Up 12.9%

Marks & Spencer says it has defied the retail gloom with a 12.9% jump in annual profits to £714.3m. The profits before tax and one-off items came on sales up 4.2% to £9.2bn, with margins rising in the key clothing and food divisions. But he is cautious about future trading due to pressures on consumer spending. The chain runs 600 stores in the UK and 300 overseas - including one store in Cairo.

Do You Agree?

The Budget of the Entire Nation Should be Subject to the Approval of Egypt's Parliament. These Include Previously Hidden Budgets such as Defence, Interior, Presidency and Intelligence; the So-called Sovereignty Budgets

The recent allegations against former president Hosni Mubarak in relation to him taking commission for arms deals, has sparked renewed debates on the hidden budgets of Egypt. Since King Farouk was deposed in 1952, most strategic budgets such as the defence, interior, intelligence, parliamentary, and presidential budgets were no longer made public. Budgets were not subject to the approval by legislative or parliamentary authorities, nor were they audited by Egypt's Central Auditing Organization (CAO). The political leaders at the time justified hiding these budgets by claiming that it was in the interest of 'national security.' This was



generously accepted by the Egyptian people.

However, over the years these hidden strategic budgets became a public concern - after all, corrupt activities are infinitely easier if there is no accountability for expenditures and allocation of funds.

As these new allegations against Mubarak and others come to light, the debate

intensifies and many realise that within the framework of democracy, Egypt's government needs to be held accountable for all its budgets.

In Egypt's efforts to create more transparency, budgets will need to be debated, allocated and approved by the proper legislative authorities and audited by the CAO. This will boost public confidence in Egypt's governing bodies, prevent corruption, save resources, and guarantees that these resources are properly allocated.

[Comment](#)

Upcoming Event - Trade Mission



Trade Mission to Egypt

11-15 June 2011

The Egyptian-British Chamber of Commerce would like to kindly invite you to join its specialised Trade Mission to Egypt from 11 to 15 June 2011. This trade mission promotes international investments in Egypt to support Egypt's economic recovery following the 25th January uprising. The Chamber aims to bring proposed national projects in the fields of healthcare, automotive, renewable energy, travel and waste management to the attention of Egypt's government and business community. Investment projects in other industries are welcomed.

Egypt faces tough challenges and needs international support to stimulate its economy via national projects that create job opportunities, boost Egyptian exports to the region, and shape Egypt's national identity. Consequently, this creates excellent business opportunities for international companies.

The mission includes visits to Egypt's Prime Minister and relevant Egyptian Ministries, further meetings will be held at leading business organisations and the UK embassy. Site visits and one-to-one meetings are also included in the programme.

For more information and to register for this event, [click here](#)

Next Issue...Do You Agree?

By law, Court Cases in Egypt are Open to the General Public. However, the Trial of Former President Mubarak Should Take Place Behind Closed Doors

[Comment](#)

Mubarak and Sons May Face Military Court

A judicial source has revealed that Mubarak and his two sons Alaa and Gamal along with Egyptian business tycoon Hussein Salem may be charged for earning commissions in arms deals. According to the source, if sufficient evidence is submitted, the four may face a military court on charges of profiteering. Taking commissions for arms contracts is banned under Egyptian law. Adel Saeed, the official spokesperson for the prosecution also announced yesterday evening that the military judiciary has been alerted about the charges in accordance with law 25 of 1966, which requires these crimes to be investigated by the military prosecution.

Ousted president Hosni Mubarak also may be tried for charges of illegal profiteering and killing of civilians during the 25 January Revolution. The trial is likely to take place while Mubarak is in the hospital, says Judge Khaled El Shobashy, head of the Shubra Criminal Court. El Shobashy said that moving the court to the Sharm El Sheikh International Hospital, where Mubarak has been detained since 13 April, is legally possible and does not undermine the work of the court.

Mubarak was referred to the criminal court yesterday after the prosecutor general exhausted all possible renewals of the 15-day custody period for the ex-president.

Events Calendar

Trade Mission to Egypt

@ Cairo

11-15 June 2011

Workshop: The Challenges of Establishing a Private Sector in the Arab World

@ King's College London

20 June 2011

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

Egyptian Textile & Garment Exhibition

@ Radisson Blu, London

21 July 2011

Advertisers

McGill & Co
S O L I C I T O R S

UK Based Solicitors

specialising in UK immigration law


Sol Meliá
HOTELS & RESORTS


Sama El Qahera
المدينة الساحرة في قلب القاهرة
Magical city in the heart of Cairo.
First we build, then we sell

UK - Egypt Trade Figures Jan-Mar 2011

UK Imports from MENA

Jan-Mar	2010	2011	% change
MENA	2,541bn	3,969bn	56
Egypt	156mln	249mln	59
% of MENA	6.1	6.3	

UK Exports to MENA

Jan-Mar	2010	2011	% change
MENA	3,409bn	4,072bn	19
Egypt	225,9mln	262mln	16
% of MENA	6.6	6.4	

UK Imports from MENA Jan-Mar

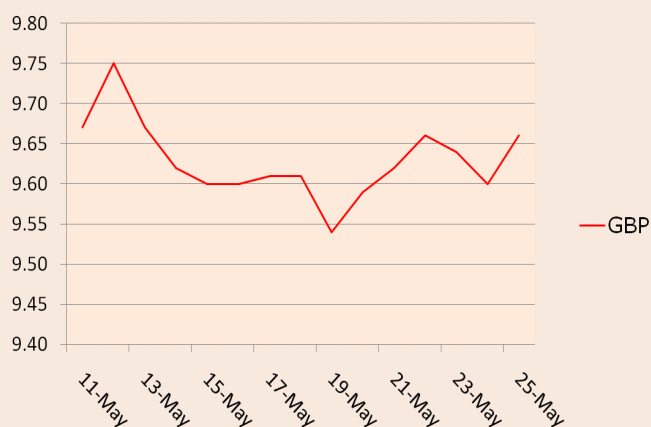
	Country	Value	Change yoy
1	Qatar	1,233bn	+139%
2	UAE	476mln	+31%
3	Kuwait	439mln	+49%
4	Libya	325mln	+46%
5	Israel	306mln	+9%
6	Saudi Arabia	282mln	+28%
7	Egypt	249mln	+59%
8	Algeria	217mln	+34%

UK Exports to MENA Jan-Mar

	Country	Value	Change yoy
1	UAE	1,1196bn	+41%
2	Saudi Arabia	737mln	+6%
3	Qatar	526mln	+37%
4	Israel	389mln	+22%
5	Egypt	262mln	+16%
6	Morocco	163mln	+100%
7	Lebanon	114mln	+32%
8	Algeria	112mln	+87%

Financial Market Information

11 May - 25 May 2011 EGP against GBP



EGX30 · Egyptian Stock Exchange

Open	High	Low	Close	% Change
5,290.11	5,351.91	5,262.08	5,351.81	1.166

For interactive chart [click here](#)

FTSE 100 · London Stock Exchange

Open	High	Low	Close	% Change
5,858.41	5,081.18	5,810.46	5,879.38	0.358

For interactive chart [click here](#)

Trade between the MENA region and the UK has held up remarkably well for the period January-March 2011. All major Middle East trade partners with the UK have reported a growth in both exports and imports.

Despite the political turmoil that spread across the region from January, UK trade with countries such as Libya and Egypt has significantly increased. Particularly surprising is the high increase in exports from these countries to the UK by around 50 per cent year-on-year (Egypt 59%)

It remains to be seen whether these figures can be upheld in months to come; a three month period does not offer a clear indication.

The Chamber encourages readers to comment on these unexpected statistics.

[Comment](#)