

**BREAKING NEWS**

ISSUE 23 27 JANUARY 2010

**Snow & VAT Have Led to a Decline in January Sales Growth**  
 British retail volume unexpectedly fell at the sharpest annual pace in 5 months caused by the freezing weather and VAT return to 17.5%. The CBI's monthly distributive trades survey reported that the sales balance fell to -8 in January from +13 in December, confounding forecasts for a reading of +8 and below retailers' own expectations for a balance of -2. Official figures released yesterday showed that GDP in the UK rose by only 0.1% in Q4 2009, officially ending the longest recession on record. The sales figures released today raise concern that the meagre GDP growth is not sustainable.  
*UK Times*

**Floods in Egypt Have Led to an Estimated LE400m in Damages**  
 Last week's rain in the Sinai and Aswan Governorate caused about LE400 million in damages, say preliminary reports by the cabinet's Operations Room. Losses incurred by factories were estimated at LE20 million. The total amount required to fix the transmission towers, power stations, sanitary drainage, drinking water, and gas networks is estimated at LE100 million. At least ten people died as a result of the floods. The cabinet will meet Wednesday to discuss how to limit the effects of the flooding, as well as ways to prevent damage during future rains. The meeting also seeks to determine problems facing industry as a result of the flooding.  
*Al Masry Al Youm*

**LATEST NEWS FROM EGYPT**

- ◆ The Egyptian Stock Market is up today by 1.6%
- ◆ The Egyptian steel market slows amid fear of cheaper imports coming from Turkey
- ◆ Egypt is through to the semi-finals of the African Nations Cup and now faces Algeria. Limited clashes erupted between Egyptian and Algerian fans after a World Cup play-off match--won by Algeria--held in Sudan last November
- ◆ Local cement firms seem to raise their prices in unison despite the fact that supply and demand are usually stable during winter months

**IN DEPTH:**

**'Do You Agree?'**

*The increase of the production sector share in the UK GDP would act as a safe-guard against any future economic crisis.*

In the UK the service sector contributes around 76% to its GDP, this stands in sharp contrast to a 23% contribution from the manufacturing sector to its GDP. The UK has a strong manufacturing history but the industry has been in relative decline for a long time now. As a result of the economic crisis, many are looking towards long-term fixes and feel that the economy could be re-balanced towards sustainable activities like manufacturing. It is clear that the UK has gone through a period of de-industrialization and that the economy was hit severely because of the country's strong dependence on its financial services sector, the financial services sector alone contributes 45% to the UK's GDP. It's key services are banking, mortgage, personal & corporate loans, car loans and credit cards. However, boosting the manufacturing sector as a sustainable way to limit the effects of future financial crises on the economy is easier said than done. The continuing globalisation and trade liberalisation means that companies face increasing competition from goods and services produced in lower wage economies. The UK cannot compete on lower wages so it is key to raise investment and apply science and innovation, best practise and skills to create better products. The focus should be on value-added products that are less price and cost sensitive. At the same time, the vulnerability of the financial services sector should be lessened through the implementation of better monitoring and a sound regulatory system.

**LATEST NEWS FROM THE UK**

- ◆ Air travel in 2009 has experienced its worst year since the war. The number of passengers were down 3.5% year-on-year and freight traffic fell by 10.1% in 2009.
- ◆ Bank of England Governor Mervyn King tells the Treasury Select Committee that banker's pay should be comparable to that of other professions.
- ◆ Dutch sportscar maker Spyker agrees to buy ailing Swedish firm Saab from General Motors for \$74m in cash and \$326m in shares.



CHAMBER NEWS

Issue 23, 27 January 2010

- Our Secretary-General Taher El Sherif and Business Development Manager Karin van Wesep, have completed a successful trip to Cairo where the Conference on Further Education took place on 20 January 2010. The conference presentations and pictures will be available on our website (www.theebcc.com) shortly.
- The Chamber would like to thank all that contributed to this event, our sponsors and supporters ITIDA, RAYA, EAMA, Telecom Egypt and HiiS. Our thanks also go to all the UK delegates who brought their expertise to the Egyptian public.
- EBCC Chairman Sir David Blatherwick chaired the bi-annual Board & AGM Meetings in Cairo last week. The following board members have been re-elected: Ali Eissa, Amr Hassanein, Andrew Baker, Antoine Chaer, Bahieldin Elibrachy, Sir David Blatherwick, Ismail Osman, Jennette Bradbury, Kay Kennedy, Osama Leheta & Taha Khaled.

Event Calendar	Date
Conference on Investment Climate and Business Opportunities for Egypt & Scotland.	February 23, 2010
Edinburgh, Scotland	



**'Do You Agree?'**

*The UK economy is officially out of the recession since Q4 2009. It is time to consider raising the interest rate.*

CONFERENCE REVIEW

**The Reform of the Further Education and Vocational Training Sector in Egypt in Support of Business Development**

20 January 2010, Conrad Hotel Cairo



The Egyptian-British Chamber of Commerce has organized a conference on the reform of the further education and vocational training sector in Egypt in support of business development, focussing on the CIT, Automotive and Healthcare sectors. The conference aimed at initiating good cooperation between UK technical colleges and Egyptian private enterprises in order to establish an Egyptian



*Taher El Sherif in discussion with Hany El Kolaly from ITIDA and Mark Biffin from BT*



*Reem Asaad from Raya Corporation Presenting*

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## SPECIAL REPORT: WORLD ECONOMIC FORUM

**WORLD  
ECONOMIC  
FORUM**

Today was the first day of the World Economic Forum Annual Meeting, taking place in Davos, Switzerland. 2,500 leaders from business, government and

civil society come together for 5 days to "Improve the State of the World; Rethink, Redesign and Rebuild". The World Economic Forum in Davos has begun with bankers and regulators clashing on plans for more regulation. The debate comes after US President Barack Obama proposed the breaking up of banks that are 'too big to fail'. Barclays Head Bob Diamond claims that there is no evidence to suggest that the shrinking of banks will provide the answer.

Mr Obama's proposals, which need congressional approval, would prevent banks or financial institutions that own banks from owning hedge funds and bar them from proprietary trading - investing to make a profit for themselves rather than on behalf of customers. Treasury minister Lord Myners, shadow chancellor George Osborne and the head of the Bank of England, Mervyn King, have endorsed those plans.

Lord Levene told attendees that more regulation of the US and UK banking system would lead banks and business to emerging markets instead. HE also criticised the proposed curbs on banker's bonuses, claiming that this is a 'side issue'.

Pascal Lamy, the head of the World Trade Organisation, told the BBC that, without the growth from emerging economies, the global recession would have been much worse.

For more information go to: [www.weforum.org](http://www.weforum.org)

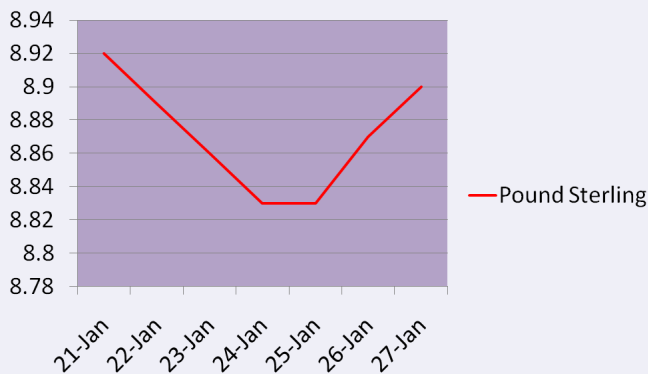
*Source: BBC News*



## EXCHANGE RATES

27/01/10	Egyptian Pound
GBP	8.9
USD	5.50
EUR	7.76

**Egyptian Pound vs Sterling over a week**



Source: Central Bank of Egypt

## UK-EGYPT TRADE FIGURES JAN-OCT 2009

For the period Jan-Oct 2009, Egypt's imports from the UK fell by 2% year-on-year from £766m to £754m. This is on par with the 2% decline of MENA imports to the UK, from £10,322m to £10,118m year-on-year. Egypt is currently the number 4 importer from the UK following UAE, Saudi Arabia and Israel.

Egypt's exports to the UK increased year-on-year by an impressive 6% despite the difficult economic climate. Exports increased from £524m for the period Jan-Oct 2008 to £558m for the same period in 2009. This is far above average. MENA exports to the UK dropped by 10% year-on-year from £6,768m to £6,084. Egypt is ranked number 6 exporter to the UK after UAE, Israel, Libya, Kuwait and Saudi Arabia. Egypt is the number 3 non-oil exporter to the UK of the MENA region after Israel and UAE.

*Source: HMRC Overseas Trade Statistics*