

## Breaking News

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### UK GDP Growth Reaches its Peak

GDP growth in the UK could have reached its peak in the second quarter of 2010, warn economists. Overall economic output recorded a 1.2% growth in June, unchanged from April. The construction sector in particular contributed to the growth figure but economists warn that further growth is unlikely in light of the government's impending cuts to reduce its deficit. Some economists even talk about a fear of a double dip recession. The unrevised GDP growth will not alter monetary policy; the Bank of England is likely to keep its interest rates down at 0.5 percent until the fourth quarter of 2011.

### New Draft Laws in Egypt aimed at Controlling Market Prices

The government plans to submit nine new draft laws aimed at controlling market prices for discussion in the upcoming session of parliament, according to the Ministry of Trade and Industry. "We cannot control the price of a commodity for which the demand is greater than the supply," the minister said, ruling out the implementation of obligatory pricing policies on certain goods. In the past it proved that any pricing policies create black markets and eventually dual pricing. Rachid also pointed out that customs duties on foodstuffs had been drastically reduced, even down to zero on some products.

## Egypt's Cotton Cultivation

### 'Do You Agree?'

*Egypt is able to reposition itself as a leader in the world cotton market.*

Until the 1970s Egypt cultivated roughly 1.25m feddan of cotton per year. During this time, it was compulsory for farmers to grow cotton when located in certain areas of the country. Liberalisation of agricultural policies led to a drop in cotton production as the government offered no encouragement to farmers to keep growing it. The government imposed purchasing prices far below world prices, especially taking into consideration the quality and competitiveness of Egyptian cotton in the world market. Cultivation dropped to 500-600 thousand feddan per year. This caused Egypt to lose ground in the low and middle staple cotton market. The US, Asia and Latin America became more competitive as they produced higher quantities of low and middle staple cotton against lower prices. While globally Egypt is still the superior supplier of higher quality long and extra long staple cotton, there needs to be more encouragement from government and business enterprises to increase cultivated areas. Both horizontally and vertically there are many opportunities for development. Cotton crops moreover will supply the country with much needed by-products such as oil seeds and animal feed. R&D needs to be intensified to develop new varieties of cotton, and refine pest control. The government needs to encourage the farmer by paying him world prices or subsidising in case of high cultivation costs.

[Comment](#)



### LATEST NEWS FROM EGYPT

- ◆ President Mubarak has accepted the resignation of Minister of Investment Mahmoud Mohieldin. HE Mohieldin is to become a director of the World Bank in Washington. Minister of Trade & Industry Rachid took over his responsibility as acting Minister of Investment.
- ◆ Based on findings of a US geological survey report, Egypt will move up to 6th place on the list of nations with the greatest natural gas reserves. The report shows presence of 223 trillion cubic feet of gas in Egypt.



### LATEST NEWS FROM THE UK

- ◆ Lloyds Bank profits have been cut by over 50 percent as a result of the Chilean earthquake and Mexico oil spill earlier this year.
- ◆ Tour operator Thomas Cook warned yesterday of job cuts to make substantial savings in Britain. The Icelandic ash cloud and more Britons holidaying at home have led to a pre-tax loss of £368.8m in the three quarters of 2010.
- ◆ Ed Miliband (40) has been elected the new leader of the Labour party, currently in the opposition. He is taking over from former party leader and PM Gordon Brown.

Chamber News

**Get Together & Launch New Membership Package**

- ♦ The EBCC will hold its next Get Together reception on Thursday 7 October from 4pm - 6pm. Everyone is welcome to attend this networking reception, simply RSVP to Mrs June Franklin, june@theebcc.com. The Chamber will also officially launch its membership providers package and Members website area on this night so we encourage you all to attend this event.
- ♦ The Chamber would like to invite all UK Chambers join hands to create an Egypt event in your region. If your Chamber's members might be interested in an event on opportunities for trade, export and business in Egypt, let us know and email Karin@theebcc.com

EBCC Event	Date
<b>EBCC Get-Together Networking Reception</b> EBCC Office, London 4-6PM	7 October 2010
<b>Egypt Open for Business</b> <i>with Norfolk Chamber of Commerce</i> Norwich	4 November 2010
<b>Inward Trade Mission to Scotland</b> <i>With University of Edinburgh</i> Edinburgh	2-3 December 2010
<b>Workshop on Trade and Export with the UK</b> Conrad Hotel, Cairo	19 January 2011
<b>Egypt; A Trade and Business Destination</b> <i>With Surrey &amp; Kingston Chambers of Commerce</i>	16 February 2011

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



**'Do You Agree?'**

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

Upcoming Events

**Seminar**  
**Egypt "Always Open for Business"**

*4 November 2010*

Following several successful regional 'Egypt' events in the last year, the EBCC has joined hands with the Norfolk Chamber of Commerce to stimulate trade and investment between Egypt and this region in the UK. The afternoon event will discuss Egypt's trade and business environment, legal and tax aspects, and is centered around a panel discussion with Egyptian experts in the fields of Textile & Garments, ITC, Outsourcing and Financial Services.

**Trade Mission**  
**Spotlight on Egypt & Scotland Informatics**

*2-3 December 2010, Edinburgh*

The EBCC is organising an inward trade mission from Egypt to Scotland to promote cooperation and stimulate development of the Information Technology and Communication (ITC) sectors in both countries. The Egyptian delegation headed by the Egyptian Minister of ITC HE Tarek Kamel, will be welcomed by representatives of the Edinburgh School of Informatics and the Scottish First Minister. The two-day event will include a conference day, site visits and individual meetings. The event will open with a reception in honour of the Minister and his accompanying delegation.

**For more event information, please contact Ms Karin van Wesep**  
**karin@theebcc.com**

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## Parliamentary Elections Impact on Economic Reform Process

Controversy dominates the run to the upcoming parliamentary elections in Egypt. In November the public will vote for the ruling National Democratic Party (NDP), or one of several opposition parties. The major opposition parties in Egypt, the Wafd, Tagammu, Arab Nasserists and Muslim Brotherhood have, upon urging of Mohamed El-Baradei, already considered an election boycott. Following the controversial Shura council elections last June, the opposition fears that the upcoming elections will not be free and fair. Almost 50% of Wafd members voted in favour of the boycott but an alleged deal between the Wafd and the NDP seems to have prevented a majority vote in support of the boycott. Other opposition parties have also backed out for fear that the price of a boycott will be too high; a significant reduction of their share of seats in parliament. Apart from the Democratic Front, all opposition parties have decided to take part in the poll.

The opposition has acknowledged that the NDP has contributed greatly to an improved Egyptian economy through reforms; an estimated GDP growth of 5.5 percent in 2010 is strong in times of global economic recession. However, they are rightly concerned that the benefits of Egypt's strong economic performance are not permeating all layers of society. The opposition attempts to expose the corruption that keeps the public from benefitting from Egypt's economic growth. There is a strong belief that profit from growth is retained in the upper levels of the business community and government.

Despite this, our expectations are that the NDP will remain the major party, using their formidable economic reform card. They are also likely to try to trim the seats of their major opposition, the Muslim Brotherhood, down from the 88 gained in 2005. They could have some success but the Muslim Brotherhood will probably keep a significant number of seats.

Should the NDP remain the majority party in Egypt, there will be little change in the government's eco-

nomics stance. For a brief period during the elections, it is likely that the economy will be at a standstill. But even if the NDP wins the elections, the NDP cabinet formation is far from decided. Nazif's Prime Ministerial position could be under question, as are other Ministerial positions.

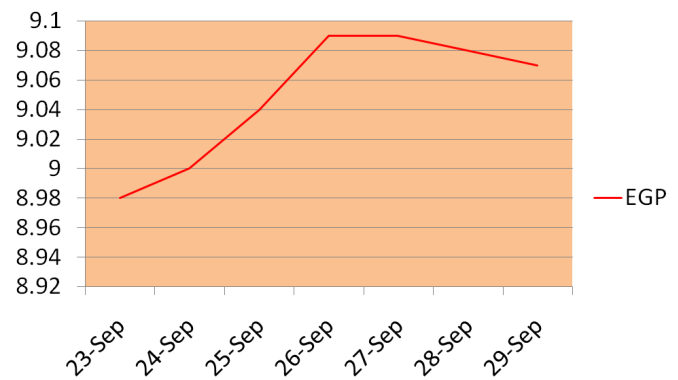
One thing that can be said for these elections is that they will be a major influence on the outcome of the forthcoming presidential elections (2011).



## Exchange Rates

29/09	EGP	29/09	GBP
GBP	9.07 ▲	EGP	0.11
USD	5.74 ▼	USD	0.63 ▼
EUR	7.74 ▲	EUR	0.85 ▲

GBP vs EGP over a week



Source: Central Bank of Egypt

## UK-Egypt Trade Figures Jan-Jul 2010

Egypt's export figures to the UK have slowed since last month; for the period January-July 2010 exports fall by 4 percent compared to the same period in 2009. Exports to the UK dropped from £414mn to £397mn. MENA exports to the UK grew by a substantial 43 percent year-on-year to £5.534bn. Egypt's share of MENA exports has fallen from 9.4 percent in 2009 to 6.3 percent in 2010. Egypt is now ranked the 8th largest MENA exporter to the UK after Qatar, UAE, Israel, Libya, Saudi Arabia, Kuwait and Algeria.

Egypt's imports from the UK increased by 18 percent in Jan-Jul 2010 compared with the same period the year before. Egypt's imports grew from £539mn in 2009 to 635mn in 2010. MENA imports from the UK have grown by a similar 17 percent, from £7.015bn to £8.182bn. Egypt's percentage of MENA imports therefore remains at 7.8 percent. Egypt is the 5th largest MENA importer from the UK after UAE, Saudi Arabia, Israel and Qatar.

Egypt's total volume of trade with the UK for the period Jan-Jul 2010 stood at £1.033bn. This makes Egypt MENA's 5th largest trader with the UK and represents an increase of 8.4 percent compared to the same period last year.

Source: HM Revenue & Customs