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# CONTENTS

# MARCH

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EDITORIAL	AL-SISI LAUNCHES AL ALAMEIN... EGYPT'S 1ST 4G CITY NORTHERN COAST	04
FOREIGN DEBTS	FINANCE MINISTER: FOREIGN DEBTS TO GDP EXPECTED TO DIP TO 30% NEXT FY 2018-2019	08
ECONOMY	REFORM PLANS SUCCESS BOOSTS EGYPTIAN ECONOMY ATTRACTIVENESS	12
BELTONE	BELTONE: EGYPT'S GDP TO GROW 5 % IN 2018	14
BANKING	EGYPT'S BANKS READY TO FINANCE 2018 RUSSIA WORLD CUP PACKAGES	16
BANKING BRIEFS	FOREIGN RESERVES JUMP TO \$42.5 BLN IN FEBRUARY BANKS LAUNCH "AMAN" CERTIFICATES	18
JETRO	JAPANESE COMPANIES LOOK POSITIVELY AT EGYPTIAN MARKET	21
PRIVATE SECTOR	PRIVATE INVESTMENTS EXECUTED LE78.1 BLN IN Q1 OF FY2017-2018	24
COOPERATION	POLAND DELEGATION DISCUSSES INVESTMENT OPPORTUNITIES IN EGYPT	26
AGRICULTURE	FLUCTUATION IN RICE PRICES	29
EGYPT-INDIA	"INDIA BY THE NILE" FESTIVAL LAUNCHED	31
CEMENT	IRAQ'S REBUILDING DRIVES UP CEMENT DEMAND IN EGYPT	34
STEEL	METAL & STEEL MIDDLE EAST EXHIBITION 2018...PLANS BODE WELL FOR EGYPT'S STEEL SECTOR	36
NEWS	FDI ROSE 14.5% IN FY2016-2017 NEW SYSTEM FOR ESTIMATING TAXES OF SMES FINALIZED	38
ARAB WORLD	EGYPT, LEBANON DISCUSS BOOSTING ECONOMIC TIES	42
ARAB NEWS	EGYPT, UAE TO BOOST COOPERATION EGYPT, KUWAIT ASSURE SHARING IDENTICAL VIEWS, STANCES	45



## AL-SISI LAUNCHES AL ALAMEIN... EGYPT'S 1<sup>ST</sup> 4G CITY NORTHERN COAST

*"New Riviera Project Coming To Life In Al-Alamein"*

*Abbeer Rashdy*

**President** Abdel Fatah Al-Sisi officially inaugurated on March 1st the first phase of the New Alamein City in Marsa Matrouh governorate with total invest cost estimated at LE2 billion. The New Al Alamein City is one of the 4G cities being built according to the latest architectural style. It is a city that will be completed throughout the year.

The first phase included the inauguration of an eco-city, a national university that comprises a number of applied science faculties, an opera house, a library and a museum.

The City is located on an area of 48,000 feddans (one feddan equals 1.038 acres) in El Alamein town on Egypt's Mediterranean coast and it is designed to include 5,000 housing units to accommodate more than 400,000 inhabitants.

Al-Sisi toured the 14-kilometers tourist walkway in Al-Alamain City, which is equivalent to the Corniche of Alexandria Governorate, where the 7 km of the walkway was implemented with an average implementation rate reached about 60%, in addition to the implementation of 4 bridges. The Bugazzi bridge 1 and 2 for vehicles, and bridge Bugazzi 3 and 4 for walking.

The New Urban Communities Authority reported that the City features a plethora of different facilities including a number of 16 hotels, sports clubs, theatres, resorts, as well as a business centre, a cinema and a scientific research centre. The first phase of the project includes the establishment of an international tourism centre, galleries, a museum, and a university.

The Eco-friendly City will rely on renewable resources including a desalinization plant and solar energy stations, said Hussein Sabour, Chairman and CEO of

Sabbour Consulting, explaining that the project will be implemented in three parts: the first encompassing the opening of international hotels, the second focusing on entertainment and retail, and the third focusing on housing.

The eco-city is meant to take over the North Coast and essentially alter it to be a more sustainable area that helps to develop Egypt's tourism, agricultural, residential, and industrial sectors.

Egypt's North Coast is set to see a "New Riviera" in the form of an eco-city project coming to life in El-Alamein that should boost the Egyptian economy, as reported by Invest-Gate. The area stretches about 48,000 feddans and should cost a total of \$337 million. Chairman and CEO of Arabia Group Tarek Shoukri stated that the city would incorporate touristic, residential, agricultural, and industrial elements.

Egypt has been suffering from damages caused by landmines planted during World War II in Al-Alamein area. The landmines resulted in the deaths of thousands of civilians and have obstructed development in the areas where they were planted.

More than 22.7 million landmines and other explosives were planted in Egyptian land during World War II. This figure makes up more than 20% of the total mines planted all over the world, of which 17.2 million mines are in Al-Alamein. The role of the Armed Forces in demining Al-Alamein cannot be ignored.

The Army has been committed to make this area safe in order to proceed with the development of the northwest coast which will result in providing 1.5 million job opportunities and housing 5 million Egyptians there.

The Egyptian army demined 94,446 feddans in Al-Alamein in 2015. It is noteworthy that this area is rich in its natural water resources, oil and natural gas. For more than 70 years mines and explosives in Al-Alamein have hindered the social and economic development of the area. Reclamation of a million feddans was stopped, and national projects like Al-Qattara Depression, which is as important as the High Dam, came to a halt.

The area has a stock of minerals that can provide self-sufficiency for Egypt, and even make available for more to export.

The new cities are the Egyptians' dream to get out of the bottleneck and provide appropriate housing units for all classes. Egypt has given top priority to urban

expansion to face the problem of overpopulation. In this respect, it established a number of urban projects in different places, most important of which are the New Administrative Capital, and a number of coastal cities such as the New Al-Alamein City, the New East Port Said City and the New City of Al-Mansoura. Such development projects extend to the Delta in the north and Upper Egypt in the south, especially in the area that need help the most. This is in addition to the establishment of new urban communities west of the Nile in order to serve the people of Upper Egypt such as west Qena and west Assiut.

**Facts on the New Alamein City;**

- The area of the New City of Alamein is 50,000 acres.
- The City will be implemented on more than one stages, the 1st phase is implemented on an area of 8,000 acres and includes two sectors, namely the coastal sector, including the sector of the World Tourism Center, the archaeological sector, and urban development.
- A public beach for all citizens is currently being implemented along a length of 14km along the length of Alexandria beach.
- It is planned to accommodate more than 3 million people at the end of its first stages.
- The infrastructure works for the area of 2000 feddans have been started within the first phase of the City.
- The Alexandria-Matrouh road is being developed from 93km to the intersection with Wadi Al-Natroun-Alamein Road.
- Finalizing works of the transformation of Alexandria-Matrouh international road from the intersection on the Wadi Al Natroun-Alamein to the entrance of the City extended by 33km.
- The coastal sector consists of several areas; including Al-Alamein Lake Area (Hotel District).
- The center of the City, the distinctive residential neighborhood, and the gardens of Al-Alamein, Marina Palace, Convention Center, and private resort.
- The recreational area including, Cultural Center, Tourist housing, and the housing of the lake.
- The hotel district area reaches 296 acres, having 15,500 rooms.

- The area includes the World Medical Center for hospitalization and physiotherapy is 44 acres.
- Over 400 feddans have been allocated, including commercial centers, outlets, exhibitions, theme parks, cinemas and theaters complex, sports clubs and administrative services.
- Al-Alamein City contains a water desalination plant with a capacity of 150,000 m<sup>3</sup> daily, powered by solar energy.
- Finalizing 10,000 social apartments divided equally between the Engineering Authority and the Ministry of Housing.
- The North Coast region is planned to accommodate 30 million people over the next 40 years.



# FOREIGN DEBTS

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## **Finance Minister:**

### **FOREIGN DEBTS TO GDP EXPECTED TO DIP TO 30% NEXT FY 2018-2019**

*(EGYPT'S FOREIGN DEBT MAP)*

*Manar Ghoneim*

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**E**gypt targets to drop the ratio of the foreign debts to the gross domestic product (GDP) to 35% by the end of this fiscal year, Finance Minister Amr El-Garhy recently disclosed.

Moreover, the ratio of the foreign debts to the GDP is expected to fall to 30% in FY2018-2019 compared to 41% in FY2016-2017, the Minister estimated.

The Central Bank of Egypt (CBE) recently stated that Egypt's total foreign debt jumped to US\$80.8 billion by end of December 2017, witnessing an increase of US\$1.8 billion, compared to end of June 2017.

During his talks with the US Chamber of Commerce "Knock Door" mission, El-Garhy stressed that his Ministry seeks to turn the primary deficit of the State budget into primary surplus, aiming to edge up revenues in order to enable Egypt to lower its debts. Egypt is now proceeding towards realizing financial inclusion and broadening the participation of the private sector viewed as a vital engine for development, he was quoted by "Al-Mal" business daily as saying.

Egypt got one billion dollar deposit from the Public Investment Fund of Saudi Arabia in 2017, according to the latest financial bulletin issued by the Foreign Ministry.

Within the first nine months of 2017, Egypt also received a loan from the World Bank worth \$1.6 billion and another with \$1.5 billion from German Development Bank to finance new power stations, the same bulletin quoted by Al-Borsa business daily, as saying.

Foreign debts rose by 2.3% by the end of 2017, compared to the end of 2016 in which the debts amounted to US\$67 billion, the CBE revealed.

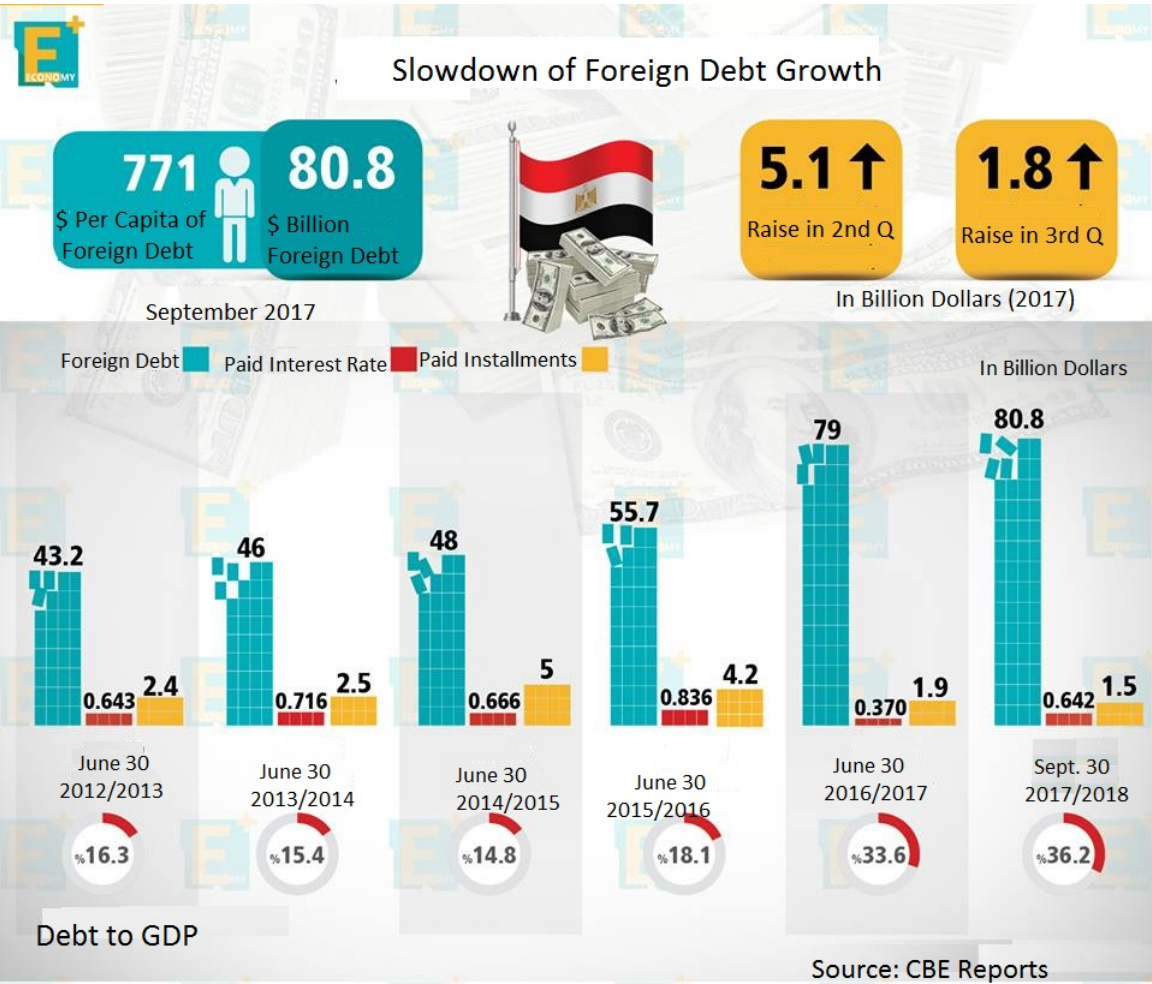


The ratio of foreign debt to the GDP reached 36.2% by end of 2017, still a safe percentage according to international standards.

Egypt’s foreign debt rose to US\$79 billion in the 2016-17 fiscal year which ended in June, up 42% from 2015-16, the central bank said in September 2017.

Egypt has been borrowing from abroad to fund its budget deficit and boost its balance of foreign reserves after a years-long dollar shortage sapped its ability to import and slowed economic activity.

According to MENA news agency, the government has already repaid around \$30 billion of its financial commitments and foreign debts in 2017.



According to the Finance Ministry’s bulletin, Egypt will repay \$14.6 billion of its external debts this year, another \$11 billion in 2019 and \$7.5 billion by 2020.

Seventy percent of Egypt’s foreign debts are dollar-denominated with the value of \$55.2 billion, the bulletin showed. Meanwhile, the euro comes in the second rank with loans worth about \$10 billion.

Egypt’s external debts in Kuwaiti dinars stand at some \$2.34 billion, while it has debts in Japanese yen worth another \$2.3 billion.

Egypt has also debts in Swiss Francs with about \$159 million, in Pound Sterling with \$25 million and in Saudi Riyals with about \$462 million.

Germany is considered Egypt’s largest creditor with loans of about \$6.2 billion, followed by Japan, according to the bulletin.

China is the third largest supplier of external credit to Egypt with loans of about \$2 billion and the US is the fourth with loans hitting about \$1.5 billion.

The UAE loans offered to Egypt amounted to about \$705 million, while the Saudi loans reached \$460 million.

Egypt also received long-term deposits mainly from Saudi Arabia, the UAE and Kuwait, hitting some \$18.5 billion in the end of June 2017.

Following is a table showing Egypt’s foreign debts due to be repaid till 2054 (in million dollars)

Year	Debts	Debt Service	Total
2nd H 2017	1,956	928	2,884
2018	12,803	1,768	14,571
2019	9,469	1,523	10, 992
2020	6,297	1,256	7, 553
2021	3,680	1,116	4,797
2022	6,292	952	7,244
2023	2,971	789	3,760

2024	2,688	724	3,411
2025	3,682	637	4,320
2026	2,444	574	3,017
2027	3,404	451	3,855
2028	1,122	356	1,478
2029	795	338	1,133
2030	634	325	959
2031	535	315	850
2032	507	306	813
2033	461	298	759
2034	415	290	705
2035	391	283	674
2036	292	277	569
2037	240	272	512
2038	190	268	459
2039	152	265	417
2040	525	250	775
2041	122	235	357
2042	111	233	343
2043	99	231	330
2044	87	229	316
2045	86	228	314
2046	82	226	308
2047	2,577	118	2,695
2048	75	11	86
2049	71	9	80
2050	68	8	76
2051	32	6	39
2052	1.08	0.02	1.10
2053	1.08	0.01	1.08
2054	0.54	0.00	0.54
Total	65,356	16,096	81,453

Source: Al-Borsa business daily, Feb. 14, 2018

## REFORM PLANS SUCCESS BOOSTS EGYPTIAN ECONOMY ATTRACTIVENESS

*Abdel Rahman Moussa*

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**T**he Egyptian economy is expected to grow up by 4.5% this year thanks to the injection of massive investments in most sectors following the change of local investors' view of the Egyptian economy, said HC Investment bank statement released recently, adding that this would help it to grow up by nearly 7% in the year 2020.

HC Company for Securities is planning to finalize its expansion plans in various activities as it is bracing for carrying out two take-over deals in the first quarter of 2018; including a project in the field of packing and packaging, and the inauguration of two new branches in the sector of brokerage in Al-Sharkia and Al-Mansoura.

According Managing Director and Head of Investment Banking at HC Securities & Investment Mahmoud Selim said that last year absorbed major economic reform steps including deregulating exchange rate, lifting fuel subsidies, attempts by the CBE to rein in inflation and to maintain dollar inflows through raising interest rate and measures to mitigate the social impacts of reform and thus paving the way for reaping the fruits of such tough measures.

He expected that the coming meeting by the CBE Monetary Policy Committee end of March would further cut interest rate and that inflation will drop to 15% in 2019.

The HC Company is seeking to carry out four take over and merger deals worth LE3.5 billion in the sector of petroleum, packing and packaging, health and foodstuffs this year, Selim said, adding the company is probing the management of offers in the Egyptian Exchange (EGX) in the coming stage in the light of the government plans to offer public sector companies, as this will encourage the private companies to be registered.

The packing and packaging companies have achieved immense profits last year, supported by a move by local companies towards exportation and efforts to conform with foreign markets requirements, he noted, indicating that the growth of exports was not as hoped in the light of efforts by companies to search for new markets and opportunities to make up for the drop in local demand on their products due to high inflationary rates.

The volume of direct foreign investment registered \$12 billion last year, compared to \$6 billion in the previous year, he said, explaining that most of these investments are focused on the oil sector including the major Zohr gas field and the remaining was distributed in services and consumer sectors, given the local market's demographic nature, and the growing population rate.

Selim said that the mergers and take overs in the Egyptian market is extremely meager in view of the volume of the market.

For his part, Mohamed Nabarawy, Managing director and Head of Assets Management in HC Company said the investment funds industry has been sharply dropped and lost 50% of assets as a result of the CBE decree to cut down monetary fund's ceiling from 10% of total deposits to only 2.5%.

Nabarawy said the past stage witnessed the launch of different kinds of funds following the adoption of legislations which allow the offering of new kinds such as real estate and charity funds as well as indexes funds which will considerably grow up in the coming stage.

As for the EGX, Shawkat El Maraghy, Managing Director of HC Brokerage said this year will witness vagaries in the EGX as all quarters are waiting for another cut down the interest rate. He said the past year reaped the fruits of deregulating the exchange rate which pushed the market to take ascending trend.

He said the market performance would depend on the emergence of some incidents which could change its course, referring to emergence of economic growth indexes and the return of tourism on which the government pins much hopes.

## BELTONE: EGYPT'S GDP TO GROW 5 % IN 2018

*Dalia Mohamed*

**E**conomic growth in Egypt is expected to accelerate to 5% in by the end of current FY2017-2018, according to recent report issued by Beltone Financial. The report expects more reform in Egypt's economy during the coming stage within the recent change in the monetary policy adopted by the Central Bank of Egypt (CBE) following the decline in inflation rates.

Decline in inflation rates supports a more expansive monetary policy by the CBE, with expectations of increasing foreign direct investment (FDI) and recovery in consumption rates will lead to growth rates in FY2017-2018, the report said.

According to Beltone, the stability of the dollar exchange rate and the disappearance of the effects of economic reforms have contributed to reducing inflation, which supports its expectations to cut interest rates by about 400 basis points this year.

Last month, the CBE lowered interest rate by 1% as the inflation rates continue going downhill for the first time since November's flotation. Interest rates on deposits and lending were cut to 17.75% and 18.75% respectively from 18.75% and 19.75%.

For the banking sector, the report said that cutting interest rates and extending asset maturities are the

main avenues for banks to reduce the expected contraction in interest margins. In addition, the report expected that budget deficit will decrease to 10% of GDP which will require the accumulation of foreign debt due to the stability of local currency deposits at 35% in last FY2016-2017.

According to the report, expenditures are expected to remain under pressure, with spending on social protection to ease inflationary pressures and ballooning public debt.

"We expect the decline in the return of debt tools and the recovery of investment appetite to increase banks' lending to the private sector at the expense of funding the budget gap," the report stated. The budget deficit is estimated to record LE 370 billion (\$21 billion) by the end of the current fiscal year, planned by the Ministry of Finance, to be financed through treasury bills

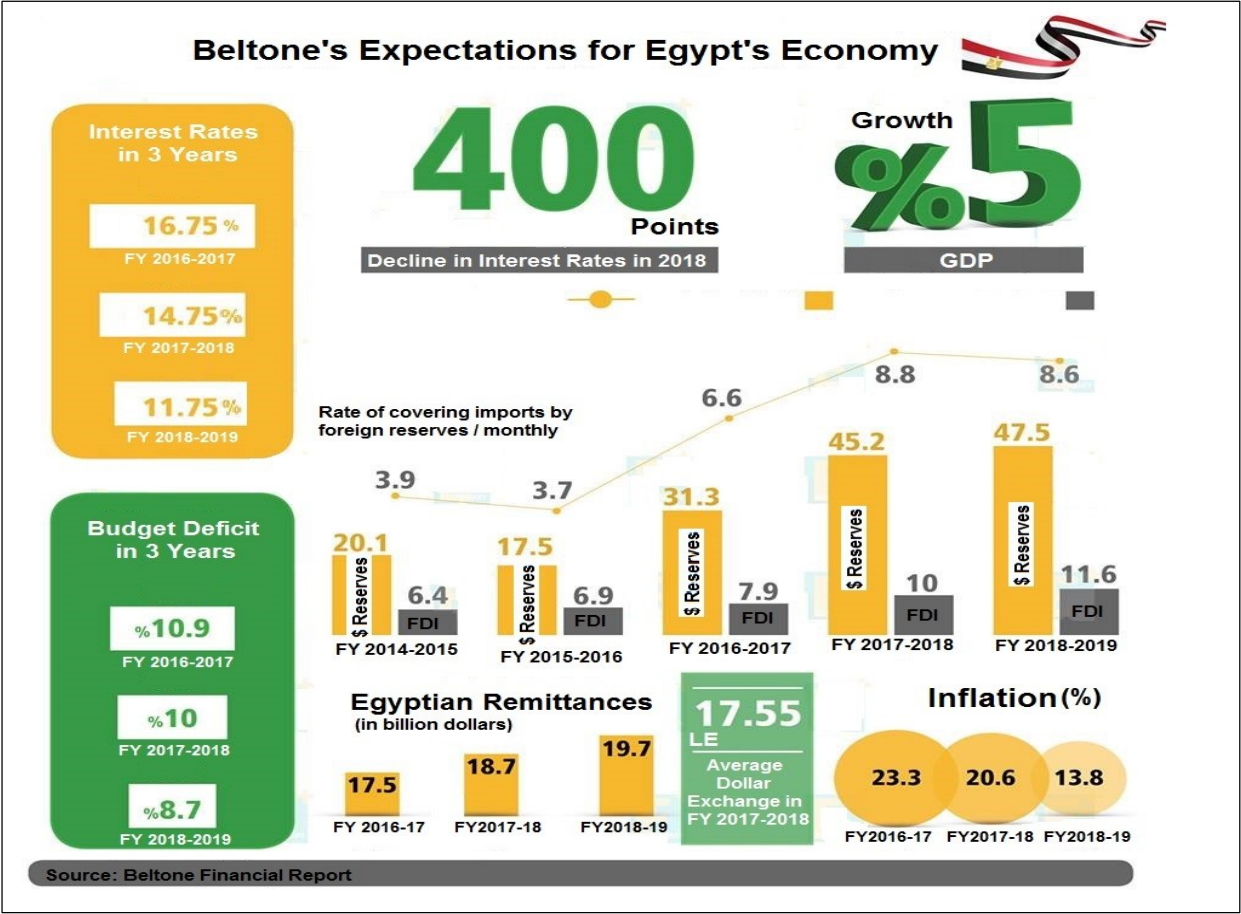
and bonds, as well as through international and Arab loans.

The government aims to offer international bonds worth \$7 billion during FY2017-2018, expecting a rise in foreign debt levels in the short term, making that the main weakness standing in the way of improving economic indicators, the report highlighted. “We continue to expect the recovery of private sector investments to begin by the first half of next FY2018-2019, and we expect

companies to take advantage of the year 2018,” Beltone stated.

FDIs are expected to take the lead in the recovery of expenditure levels, supported by the continuation of national projects, which will lead to a GDP growth of 5% in FY2017-2018.

Beltone announced its support to invest in companies that provide specific attractive opportunities, with some companies favoring the sectors of consumer goods, construction, fertilizers and real estate.





## EGYPT'S BANKS READY TO FINANCE 2018 RUSSIA WORLD CUP PACKAGES



*(7 BANKS OFFER FINANCE PROGRAMS, OTHERS LAUNCH PACKAGES TO PROMOTE CREDIT CARDS)*

*Manar Ghoneim*

**U**nder the theme of "Cheer for Egypt's Soccer Team," most of banks operating in the local market have voiced their willingness to finance trips to Russia to attend the 2018 World Cup tournament this June. Banks are seeking to take advantage of Egypt's return to the World Cup contest after a 28-year absence, in a fresh move to promote the banking various products, *Al Mal* business daily reported.



Egypt is on the list of the top 10 countries to order tickets besides Argentina, Peru, Mexico, America, Colombia, Brazil, Morocco, China and Poland, according to the International Federation of Football (FIFA).



The tournament will be held in 12 fields in Moscow city, St. Petersburg, Kaliningrad, Volgograd, Kazan, Samara, Saransk, Sochi, Yekaterinburg and Nizhny Novgorod, as well as the city of Rostov on the Don River.

The tickets price ranges between \$105 for the third category ticket for the group stage matches, \$365 for the first-class tickets for the quarter-finals and \$1100 for the most expensive seats in the final.

According to a survey carried out by the paper, seven banks launched financing programs to cover the flight and match tickets offering to repay the costs in installments. Other banks took part in campaigns to finance trips to Russia during the tournament for the most frequent users of the credit cards within February and March in a bid to promote the Visa or Master Cards.

Banque Misr has been the first bank to take the initiative to offer installments to go to the world cup for up to five years. The bank's program covers 80% of the trip's costs with maximum up to LE 100,000. The interest rates range between 22.5% and 18.5%.

To finance trips to Russia to attend the World Cup, some banks have offered personal loans with interest rates hitting 24%, or through free interest-installments to be paid by the credit cards over 12 months, the survey showed.

Abu Dhabi Islamic Bank-Egypt, for example, offered finance up to LE one million to cover the costs of Russia trips. Meanwhile, CIB offers financing programs up to LE 350,000 to be repaid over five years with interest rate of 23.5%. SAIB has finance programs to cover Russia trips hitting LE 250,000 with interest rate of 22%.

The National Bank of Egypt (NBE), Egypt's largest public bank, provides free interest-finance to the credit card holders to be repaid over six months.

Banque du Caire offers finance to the credit card holders up to LE 200,000 to be repaid over five years with interest rates reaching 24%.

Banks, offering finance to cover Russia trips, clinched agreements with certain travel agencies to organize the trips for the banks' customers.

*Gehad Salem*

### FOREIGN RESERVES JUMP TO \$42.5 BLN IN FEBRUARY

For the first time in Egypt's history, foreign reserves climbed to \$42.52 billion in February from \$38.209 billion at the end of January, the Central Bank of Egypt (CBE) said this week, boosted by a recent international bond sale, providing a cash cushion as policy makers begin to cut interest rates.

Last month, Egypt raised \$4 billion in a dollar-denominated Eurobond sale to help plug its financing deficit and boost dollar holdings. Foreign reserves have been climbing since Egypt secured a \$12 billion three-year International Monetary Fund (IMF) loan programme in 2016 as part of efforts to woo foreign investors and revive its ailing economy.

"This is a whopping jump in reserves that enhances confidence in the recovery," senior economist at CI Capital Hany Farahat said. "Net international reserves jumping to a new safe level will enhance investor confidence and minimize the funding gap even with the \$12 billion of repayments outstanding for this year," he added.

Egypt's foreign reserves kept declining from \$36 billion in January 2011, just before the January revolution, until the figure dropped to an alarming level of \$13.5 billion in February 2013, a few months before the ouster of former President Mohamed Morsi.

### BANKS LAUNCH "AMAN" CERTIFICATES

In response to President Abdel Fatah Al-Sisi's directions to provide social insurance to daily laborers, four Egyptian banks issue this week the Aman Certificate (Security Certificate), a new life insurance plan for casual and temporary workers. The four banks are the National Bank of Egypt (NBE), Banque Misr, Banque Du Caire and Agriculture Bank of Egypt.



The certificates can be purchased without any fees or opening an account. They range from LE 500-2,500, providing insurance coverage and monthly pensions for casual workers with a 16 percent interest rate.

The policy includes coverage for natural and accidental death and pays one-time benefits of LE 10,000-250,000 or monthly pensions of LE 200-1,000 over five years or LE 120-600 over 10 years.

The certificates can be purchased by any seasonal and temporary laborer between 18 and 59 years of age upon presenting his national identification card. Official estimates show that the number of informal workers, including craftsmen, daily-hire workers and self-employed, is 15 million.

Egypt's unemployment rate reached 11.3 percent in the fourth quarter of 2017, according to Central Agency for Public Mobilization and Statistics (CAPMAS).

### **CBE ISSUES BIGGEST AUCTION ON VARIABLE RATE DEPOSIT**

**The Central Bank of Egypt (CBE) issued last week its biggest Egyptian Pound Variable Rate Deposit Auction since it adopted in November 2016, with a value of LE205 billion on a 28-day term.**

The average interest rate for the auction was set at 18.24%, the second lowest rate since May 2017.

The CBE started auctions on the Variable Rate Deposits following the flotation of the Egyptian pound in November 2016, due to liquidity withdraw from the market to curb inflation.

The CBE has offered a total of 74 auctions since the floatation. The CBE started with offering two auctions a week, but it then reduced them to only one.

### **CIB ISSUES NEW CERTIFICATE WITH HIGH RETURN OF 16%**

**T**he Commercial International Bank (CIB) issued last week three-month certificate with a variable return of 16%. The bank said that the minimum price of a certificate's purchase is LE5,000 and it can be multiplied by LE1, 000.

The certificate offers advantages including guaranteeing personal finance without administrative fees, with a premium rate of return.

The bank also provides a free credit card during the first year to non-cardholders, which is used in a cash purchase or withdrawal within two months from the date of issue.

On February 18, the National Bank of Egypt (NBE) and Banque Misr issued new savings certificates with an annual return of 17% and 15%, following the Central Bank of Egypt (CBE) decision to cut interest rates.

The CBE lowered the interest rate on deposits and lending by 1% on February 15th to reach 17.75 % and 18.75 % respectively, as the inflation rates keep going downhill for the first time since pound floatation in November 2016.

## **EGYPT GETS \$150 MLN LOAN FROM AFDB**

**T**he African Development Bank (AFDB) earlier last week approved financing amounting to \$150 million for the expansion of the essential waste-water treatment plant at Abu Rawash in the Giza Governorate. The funding targets a total treatment capacity of 1.6 million m<sup>3</sup>/day to benefit over eight million people.

The AFDB approved the decision to finance the “Sustainable Development of the Abu-Rawash Wastewater Treatment Plant” in December 2017, with a loan of \$100 million from the Bank’s market portfolio and \$50 million from the Africa Growing Together Fund (China Trust Fund).

The Abu Rawash project on the west side of the Nile is expected to benefit another eight million people in the broader project area in terms of increased incomes, food security and economic activities. It is expected to create more than 1,200 direct jobs and 4,000 indirect jobs in tourism, agriculture and fisheries.

This will be achieved by expanding and upgrading the wastewater treatment plant on the outskirts of Giza and by engaging the communities in the project area. The project involves upgrading the primary treatment facility of 1.2 million m<sup>3</sup>/day to also include secondary treatment of wastewater.

## **JAPANESE COMPANIES LOOK POSITIVELY AT EGYPTIAN MARKET**



Japan External Trade Organization

*Gehad Salem*

**E**gypt and Japan have long enjoyed good and friendly economic relations. Newly-appointed Director General of the Japan External Trade Organization (JETRO) Takashi Atsnami said that the Organization would follow a strategy based on promoting investments in the Egyptian market during the coming period, which is a change in its main direction, which was mainly focused on the trade sector.

He pointed to the touchable results in the Egyptian economy, which encourages Japanese businessmen to inject more investment into the market, adding that the General Authority for Investment and Free Zones (GAFI) is the main partner of the Japanese Commission in implementing the strategy of investment promotion.

JETRO is discussing with the Egyptian side the challenges facing Japanese companies invested locally to improve the investment climate, he added. Atsnami pointed out that there are over 300 Japanese companies working in Africa, including about 30-40 companies operating in the local market.

“The Egyptian market has a positive outlook from Japanese companies, as there are various investment opportunities after the Egyptian economy started to bear fruits of the economic reform programme,” Former General Manager of JETRO Office in Cairo Atsushi Ikeda, adding that the Egyptian market is competitiveness compared to other countries.

Japanese investors are keen to invest in infrastructure, energy, especially renewable energy, food and car assembly industries sectors, he noted. Japanese companies are closely monitoring the Egyptian market, he pointed out, hailing

the step taken by the government to liberalize the pound to overcome the shortage of foreign reserves, the most significant problem suffered by the local market.

Moreover, he added that Japanese companies are currently interested in investing in some neighboring countries such as China, Turkey and Egypt, highlighting that Unicharm Company, which works in the field of diapers, is studying the possibility of exporting to the neighboring markets in the region, pointing out that the company performance in Egypt is well.

The number of Japanese companies in Egypt is currently estimated at about 50 entities, he said, pointing out that his country keen to increase the number of firms investing in Egypt in various sectors. He predicted that this year 2018 will begin the gradual recovery of trade volume between the two countries, which has witnessed a decline over the past few years.

Buses came on top of imported list by Egypt from Japan with total value of \$211.472 million during 2017 compared to \$425.975 million 2016. He added that machinery and equipment ranked second in the list, accounting for 22.31% of the total imports at a value of \$168.486 million during 2017, compared to \$262.497 million during 2016.

Additionally, he pointed out that fuel and oil topped the list of Egyptian exports to Japan, accounting for more than 50% of the Egyptian exports to Japan. He highlighted that Egypt exported oil and fuel to Japan worth \$62.190 million last year, compared to \$76.492 million in 2016.

For her part, Minister of Investment and International Cooperation Sahar Nasr said that Japan is one of the most important Asian development partners in Egypt, which provided grants, loans and feasibility studies under the Japanese official development assistance programs, which is supervised by international cooperation.

Egypt's import of goods and products from Japan in 2016 amounted to more than LE13 billion, including fish and mollusks worth LE363.5 million. Egypt imported cars, grades and tractors worth LE6.4 billion, in addition to the import of steel worth LE1.1 billion. Egypt imported rubber from Japan with a value of LE1.088 billion and machinery worth LE479.8 million.

On the same side, the Export Council for Food Industries said that coordination is underway with the Trade Representation Office in Tokyo to work on the development of Egyptian food exports to the Japanese market. The Council pointed out that it would focus on a number of goods that are acceptable to the Japanese consumer such as dates, olive oil, vegetables, and frozen and dried fruits.

The Egyptian food exports to Japan in 2017 amounted to \$19 million compared to \$12.5 million in 2016, with an increase of 51%, the Council said, noting that dried onions is the largest Egyptian food commodities exported to Japan worth \$5 million with a 67% increase over 2016, and frozen strawberries valued at \$4.7 million, recording an increase of 64%.

Moreover, the Council pointed out that the frozen potato is ranked third valued at \$3 million with an increase of 70%, in addition to food prepared for the animal, jam, factory coffee, seeds and fruiting oils, and essential oils.



### **PRIVATE INVESTMENTS EXECUTED LE78.1 BLN IN Q1 OF FY2017-2018**



*Gehad Salem*

**M**inister of Investment and International Cooperation Sahar Nasr said that the first quarter of this FY2017-2018 witnessed an increase in the volume of private investments by 15.2% to reach LE78.1 billion compared to LE67.8 billion in the same period last year, and a rise in total implemented investments by 53.1% to record LE150 billion. The total number of companies increased by 9.3% during last January, she added.

The new investments carried out during January, which includes new capital pumped to companies increased by 20.8% to record LE5.2 billion, compared to LE4.3 billion in January 2017, she pointed out.

Furthermore, the Minister highlighted that January witnessed an increase in the total number of companies by 9.3% compared to January 2017, adding that the number of the newly-established companies and the already-existing ones reached about 1780 companies compared to about 1628 in January 2017. The issued capital of the new companies increased by 62.3% to record LE4.2 billion compared to LE2.6 billion in January 2017.



The paid-in capital of companies established in January 2018 increased by 56.7% to reach LE1.08 billion against LE689 billion in the same period of 2017, the Minister said. The new companies are expected to provide about 7,000 jobs, she highlighted.

Additionally, December 2017 saw an increase in the total number of establishing companies, which witnessed an expansion of 58.8% to about 2095 companies including 1749 founding companies and 346 expansion companies, compared to 1319 companies during December 2016, she said.

The services sector acquired the lion's share in the newly-established companies with 55.8% in January, followed by the sectors of industry, agriculture, communications, construction, and tourism, Nasr pointed out.

Meanwhile, Egyptians accounted for 70% of the total market transactions, while foreigners accounted for 20.5%, Arabs at 9.5% and the total value of funds and grants was about \$25.5 billion by the end of June 2017, she said. Net foreign direct investment (FDI) inflows rose by 14.5% by the end of last FY2016-2017, to record \$7.9 billion compared to \$6.9 billion in FY2015-2016, Nasr added.

She referred to the measures taken by the Ministry which contributed to simplifying procedures for the investors, especially approving the largest amendments to the executive regulations of the law of companies.

The Ministry of Investment and International Cooperation seeks to attract about \$10 billion in the form of FDI by the end of the current fiscal year, after the reform package on the legislative and administrative side to attract investors, especially after the new investment law, corporate law, bankruptcy, as well activating the one-stop system to facilitate investors, Nasr said.



### **POLAND DELEGATION DISCUSSES INVESTMENT OPPORTUNITIES IN EGYPT**

*Gehad Salem*

**A** delegation of Polish businessmen and investors, representing the largest companies in the world in the field of cars and exploration of minerals, oil and groundwater, visited Egypt last week to discuss investment opportunities in the Egyptian market.

The delegation included six businessmen and officials of these companies; they received by a number of officials of the associations of businessmen, investors and industrialists in Egypt.

The Polish delegation and the Egyptian Businessmen Association discussed investment opportunities, involving the Egyptian private sector and the present industrial visions after executing the Investment Law.

The delegation included five Polish companies involved in the manufacture and assembly of auto and train spare parts, mining, water resources, oil and gas, and recycling of used car batteries. The Polish companies are currently planning to implement a number of projects in the field of manufacturing vehicle spare parts in Egypt, via using aluminum alloys.

Moreover, a Polish company is currently considering the establishment of a factory in the field of recycling of car batteries for the production of polypropylene and polyethylene, as well as another company is to set up an integrated plant to produce trains and metro.

For his part, Minister of Trade and Industry Tarek Qabil said that the next phase will see more Polish investments in the Egyptian market in many productive and service sectors, pointing out to the economic reform plan adopted by the government, which restored Egypt to its natural position on the global investment map as one of the most important Investment targets regionally and internationally.

During the extensive meeting with a delegation of Polish companies, Qabil highlighted that the government has made great strides in creating a business environment for investment opportunities in the Egyptian market. The government recently issued the Investment Law to facilitate the issuance of industrial licenses, Qabil said, adding that the launch of the first industrial investment map in Egypt will contribute significantly in promoting the Polish investment in Egypt.

Qabil pointed out that the visit of Polish companies to Egypt comes as a tribute to the continuous cooperation between the Egyptian Commercial Office in Warsaw and the Egyptian Businessmen Association. Both sides coordinated the schedule of the visit and arranged meetings between the members of the Polish delegation and Egyptian senior officials, including ministries of Trade and Transport besides the Egyptian business community, in order to review investment opportunities available in the Egyptian market in various sectors and the proposed areas of cooperation between the Polish companies and their Egyptian counterparts.

Further, he added that the government has begun to bear fruit on various economic indicators as a result of efforts exerted over the last period. "Egypt ranked first in the world in the rate of industrial production in June 2017, up 33%. The budget deficit fell to 9.5%, GDP rose to 4.9%, imports decreased by more than 20%, and the trade balance deficit improved by 35%," he said.

For his part, Vice-President of the Federation of Polish Chambers of Commerce Janusz Wysniowski said that the delegation of Polish companies aims to identify the investment opportunities available in the Egyptian market and means of augmenting volume of joint investments with the private sector and the Egyptian government. Such visit would contribute in promoting trade and investment exchange between the two countries, benefiting from the Polish companies expertise in the fields of manufacturing and assembling auto spare parts, railways, mineral exploration and recycling, which are the areas needed by the Egyptian economy during the next stage.

He stressed the Polish companies are keen to participate in Egypt's mega national projects currently being implemented, especially the Golden Triangle project and the development of railway infrastructure.

On the same regard, Chairman of the Egyptian Businessmen Association (EBA) Ali Issa, said that the EBA intends to organize intensive meetings between the Polish companies and their counterparts in Egypt to discuss areas of cooperation and opportunities for establishing bilateral partnerships at the level of the private sector in both countries.

Aggregate volume of Egypt and Poland trade exchange is currently estimated at about \$500 million, expected to reach \$1 billion by the end of 2018. Egypt exports to Poland increased by 13% in 2016 to record \$125 million, compared to \$375 million in imports from Poland, according to Head of the Trade Representation Authority Ahmed Antar.

The Polish side also expressed desire to set up ten major projects in various fields, Antar said, He pointed out that the Egyptian Commercial Office seeks to intensify cooperation between the investors of the two countries in the coming period to benefit from the position of Egypt as a main gateway to enter the products of Poland to Africa. The Commercial Office is currently cooperating with the Chamber Polish-African trade to promote exports to Africa, he added.

The Polish delegation visit to Egypt follows a visit of Egyptian businessmen to Poland last October, which included a number of meetings and events organized by the Trade Office in Warsaw, most important of which was the participation in the opening of the European Forum for small and medium enterprises (SMEs).

Chairman of the Transport Committee of the Association of Businessmen Adel El Lamy, expressed hope that such meetings would will lead to the agreement to establish joint projects and exchange experiences in the fields of transport and logistics. He urged the Polish investors to establish a Polish industrial zone in the economic zone of the Suez Canal to encourage investment in Egypt, especially in the Suez Canal area.

For his part, Polish Ambassador Mihaw Morko-Chanski, stressed the depth of the Egyptian-Polish relations more than 90 years ago, stressing that there is a trend within the Polish government to support and expand relations with the countries of the South from the Arab and African countries, and Egypt in particular.

## FLUCTUATION IN RICE PRICE

*Nada El-Maghraby*

Recently, the rice market perceived to be unstable and witness significant price fluctuations. Prices of Barley rice increased by LE1000 in one week, recording LE5000 per ton, after a period of stable prices during the harvest season in September. Then prices declined, amounting to LE4800 per ton. Such an increase in prices, attributed to the decision of reducing the nation's rice cultivation area from 1,100,000 million acres to 724,200 acres, last January. The decision revealed Egypt's keenness to explore plausible policy for sustainable water resources management.

Thus, traders and mill owners had to store more quantities of rice without determining a fair price by the government. Traders refrain from selling and buying rice, due to price fluctuation, Ahmed Kassab, head of Gharbia Rice Mill, said. Currently, the highest amounts of rice that traders consume ranges between 8 and 10 tons, compared to 50 tons previously, Kassab added.

Prices of barley tons dropped LE100- 200, while owners of rice mills and farmers offered large amounts of stored rice after the prices surged by LE1000 in one week, Kassab pointed out. Two weeks ago, the price of barley grits upped to LE4000, followed by a sharp rise, reaching LE5000 per ton earlier last week, meanwhile, the current price of hullless barley hit LE4300 per ton, Kassab noted.

Moreover, white rice is now priced at LE8000 per ton, instead of LE6500 three weeks ago, according to rice mill prices, Head of General Authority for Agrarian Reform Magdy El- Sharaky said. The price of 25Kg milled white rice packaging bag reached to LE190, equivalent to LE7.5 per kg, besides LE7 and LE10 for loose rice and packed rice, respectively.

Barely is mixed with white Indian rice before selling it on the ration cards, El-Sharaky pointed out.

About one-third of all cultivated rice area has been reduced, Ali Ragab, Vice-President of the Peasants Syndicate, said, adding that such a matter affected on rice price fluctuation, attributed to the ban on the export of rice.

Egypt's rice consumption amounted to 3.2 million tons, the productivity of last harvest season ranged between 6 and 6.5 tons of barley and 4.3 million tons of

white rice. Price of barley is expected to reach LE5200 per ton, especially the next Ramadan would be driven by growing consumption, Ragab added.

Recently, the increase in supply led to a decline in rice prices, Vice Head of the Rice Division at Federation of Egyptian Industries Mustafa El-Sultisy said.

Rice traders refrained from selling their crop to achieve greater profitability, El-Sultisy assured, pointing out if rice would be imported, the one kg of rice would cost LE15. The price of Indian rice does not exceed LE7 or LE8, while the majority of consumers do not prefer it, El-Sultisy added.

Approximately, 8000 cubic meters of consumed water for irrigating one acre of rice, compared to 3000 cubic meters needed to irrigate one acre of wheat, said Abdel Hamid El-Demerdash, head of Egypt's Agriculture Export Council.

During the next period the Ministry of Agriculture should search for new seeds to cultivate rather than rice, aiming to manage the water consumption, El-Demerdash added. It is necessary to import rice instead of cultivating it, meanwhile, consumers should not depend on the Egyptian rice and use the imported rice, El-Demerdash pointed out.

The following table shows Egypt’s rice production from 2015-2016 up till 2017-2018;

Rice, Milled Market Begin Year  Egypt	2015/2016		2016/2017		2017/2018	
	Oct 2015		Oct 2016		Oct 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	650	650	750	920	0	700
Beginning Stocks	924	924	924	854	0	2019
Milled Production	4000	4000	4554	5100	0	4000
Rough Production	5797	5797	6600	7391	0	5797
Milling Rate (.9999)	6900	6900	6900	6900	0	6900
MY Imports	100	80	300	115	0	100
TY Imports	100	80	300	115	0	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	5024	5004	5778	6069	0	6119
MY Exports	200	200	300	50	0	450
TY Exports	200	200	300	50	0	450
Consumption and Residual	3900	3950	4000	4000	0	4250
Ending Stocks	924	854	1478	2019	0	1419
Total Distribution	5024	5004	5778	6069	0	6119

Source: US Department of Agriculture (USDA)

## “INDIA BY THE NILE” FESTIVAL LAUNCHED



*Dalia Mohamed*

**B**ringing the Indian culture to the Egypt with the aim of boosting bilateral relations is the main theme of the launching the 6th edition of the “India by the Nile” festival this week. The 12-day festival will host a wide range of events to cover several aspects of Indian culture.

Indian Ambassador to Egypt Sanjay Bhattacharyya regarded the festival as a chance to foster the joint relations between Egypt and India, saying “the festival has emerged as the biggest foreign festival set in Egypt.” Bhattacharyya added “the festival objective is to bring both civilization and culture together,” emphasizing the strong relations binding both countries.

The festival also came this year will Egypt and India are celebrating 70 years in establishing bilateral relations as well as 70 years on Indian’s independence, the Ambassador said.

“There is a big focus this year on classical culture which is very ancient like music, dance and yoga. But what we are also trying to

do is that we are bringing contemporary elements so we have a good mix of heritage aspects as well as the contemporary development,” Bhattacharyya said.

The Ambassador expressed his country’s desire to support and strengthen its relation with Egypt day after day, noting that the “India by the Nile” festival is considered a celebration that gathers both Indians and Egyptians together.

In addition, the Ambassador said that the festival this year will also bring two new events, a fashion show and screening of the Indian movies. “The fashion show is entirely a new item. Tarun Tahiliani is among the biggest fashion designers,” Bhattacharyya said. Two models who will display his work are from India but the rest of the models will be Egyptians, he said.

Also, “We needed to give a big push to Indian cinema in Egypt,” he said, adding that Egyptians love Indian cinema but the films fail to make an impact on the market as most of them are shown on TV and not in cinema halls. “We are now going out to the culture places to show more Indian movies in different governorates so Egyptians can enjoy Indian cinema on the big screen,” Bhattacharyya said.

The festival will also include various events, covering the spheres of music, yoga, food, textile, dancing as well as a photo exhibition to shed more light on Indian life.

On his part, First Deputy of Ministry of Culture and Head of Foreign Culture Relations Sector Hesham Mourad stressed the importance of hosting such cultural events in which different countries of the world participate, saying that exchanging culture with other nations aim to strengthen cooperation. He pointed out that Egypt and India are close and both have great civilizations.

The sixth round of the festival takes place from 6-17 March in Cairo, Alexandria and Port Said governorates.



## IRAQ'S REBUILDING DRIVES UP CEMENT DEMAND IN EGYPT

*Nada El-Maghraby*

Egypt seeks to support rebuilding some other countries that suffered the consequences of war and revolutions. In this regard, Presidential Assistant for National and Strategic projects Ibrahim Mahlab paid a visit to Iraq, last January, where verbal agreements were signed between the two sides to determine Egypt's contributions to Iraq's reconstruction.



In addition, Mahlab also participated in the Kuwait International Conference for Reconstruction of Iraq that was recently held in Bayan, Kuwait. The conference aimed to find ways to rebuild Iraq's economy and infrastructure. In addition, \$30 billion have been earmarked for this object.

On the sidelines of the Conference, the World Bank Group (WBG) President Jim Yong Kim said in a statement that \$500 million would be spent in order to secure the return of refugees and implement a number of projects in cooperation with other institutions.

Iraqi figures assured the conference open new horizons for international companies to invest in rebuilding Iraq. However, Iraq received pledges much lower than what it is already needs, they added.

Within Egypt's keenness to rebuild Iraq, different sectors, including the cement industry which started to take serious actions towards rebuilding Iraq.

Such a step will boost the domestic cement industry that face a challenge due to the muted demand with excess capacity. Meanwhile, new capacities are expected to be added.

The State plans to support reconstruction projects in Iraq, Yemen, Syria, and Libya that requires the existence of huge production capacities to meet the domestic and export demand, Chairman of the National Cement Company Mohamed Radwan said.

Cement demand will gradually rise during the next five years, Radwan expected. The low level of domestic cement demand is temporary, as a result of the unstable circumstances during the last seven years that led to declines in the real estate sector, he added.

The cement sector has a positive outlook, due to the entry of private companies in the cement industry, Radwan noted. Nonpublic companies always conduct studies to define the available opportunities and the expected revenues before injecting new investments.

The cement industry is waiting for adding new production lines through expanding the South Valley Cement Company. In addition, the market is expected to witness the entrance of new players, including El Sewedy Cement, Egyptian Cement, and El Arish Cement Companies.

Furthermore, there is a gap between cement production capacity and demand that estimated at 19 million tons by the beginning of 2018, while it is expected to hit 28 million tons by the start of 2019, financial consulting firms assured. Such a capacity would be resulted in activating new cement production lines, the firms explained.

The new expansions would meet the future domestic demand of cement, considering the recovery of the real estate sector, local cement producers said. The cement demand is to increase by 5% annually, while the planned new production lines need from three to five years to reach its full production, they pointed out.

The State is looking forward to contribute to Iraq's reconstruction, thus the prospects of exporting large quantities of cement will strongly increase, that requires existence of huge production capacities, producers revealed.

During the next three years, the production capacities of all cement companies will record about 70 million tons, Chairman of South Valley Cement Company Ahmed El Mekaty said.

The cement consumption in 2017 amounted to 55 million tons, El Mekaty highlighted, adding that the domestic demand of cement is seen to jump by 3 million tons annually to register 58 million tons in 2018.

Cement companies would be able to participate in Iraq reconstruction projects through exporting cement, El Mekaty mentioned.

The recent development in Egypt's real estate sector, including setting up a number of mega projects, topped by the New Administrative Capital, paved the road to increase the domestic demand of cement, he added, noting such expansions would pump investments and liquidity into the local economic system.

The high price of cement ton, despite the low level of domestic demand, attributed to the higher equipment parts and electricity prices, El Mekaty said.

Moreover, operational rates would decline to reach 68% by the end of 2018, compared to 75% at the beginning of the same year, meanwhile the cement ton price would increase, due to high production costs, Senior Equity Analyst at Pharos Holding Mark Adeeb said.

The increase in production capacity would not meet an actual surge in domestic demand, reaching 5% annually, thus the sector needs merger and acquisition (M&A) transactions to reduce the number of players in the domestic market, Adeeb explored.

Producers should raise the local cement prices and keep the export prices the same, so that companies would remain competitive in the international markets, Adeeb mentioned. Egyptian cement companies would face stiff competition with Saudi and Turkish companies which have huge clinker storage, he added.

## METAL & STEEL MIDDLE EAST EXHIBITION 2018...PLANS BODE WELL FOR EGYPT'S STEEL SECTOR

*Nada El-Maghraby*

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**T**he steel industry always plays a significant role in the development of the sustainable society. In this regard, Metal & Steel Middle East Exhibition from 1-4 March, 2018 in Cairo, Egypt, concurrently with FABEX Middle East 2018, the International Exhibition for steel structure, sheet metal, metal forming, assembling, and welding, besides other services.

Metal & Steel Middle East Exhibition 2018 was held under the auspices of the Federation of Egyptian Industries (FEI). In addition, the Exhibition was launched on an area of 10.000 square meters at Egypt International Exhibition Centre (EIEC), El Moshir Tantawy Axis. Approximately, 150 Egyptian steel companies, besides 75 foreign companies participated in the event, the major companies are operating in different fields that related to steel industry.

Diversity and a growing potential to enhance Egypt's metal and steel sector are seen during the 9th edition of Metal & Steel Middle East. In addition, it is foremost exhibition for steel, steel fabrication, foundry, and metal works professionals in the Middle East & North Africa (MENA).

The Exhibition paved the road to facilitate communication between customers and suppliers, concerning metal and steel fabrication services. Further, it promotes building strong and positive relationships with specialists and decision-makers from the Middle East & Africa region.

Metal & Steel Middle East Exhibition 2018 mainly aims to explore the latest technologies and products, meeting existing customers and generate more global business contacts.

About 855 factories are registered under the steel sector with total sales of LE79 billion, Chairman of General Authority for Industrial Development Ahmed Abdel Razeq said. Steel sector is one of the most important and crucial sectors in Egypt, due to it include about 1.5 million workers, Abdel Razeq added.

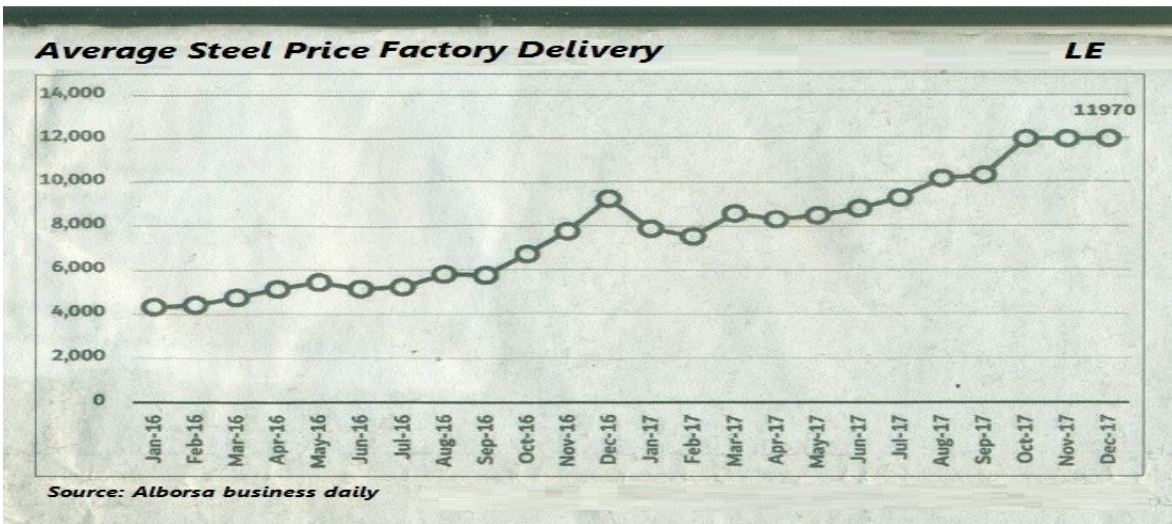
Metal & Steel Middle East 2018 witnessed a steady influx of domestic and foreign companies, while recently the Egyptian companies showcase highly advanced technology that allow exporting products to international markets, Abdel Razek pointed out.

Additionally, the Exhibition is a great opportunity to industrial cooperation and integration between domestic and foreign companies, aiming to creating more partnerships and exploring the latest technologies in steel industry.

On another side, nine domestic steel companies announced prices will surge again in the beginning of March. Such an increase ranges between LE125 and LE400 per ton, as a price of factory delivery. The recent increase in steel prices is due to the considerable changes in prices of pellet and steel scrap in London Metal Exchange (LME), Mahmoud Salama, chairman of a building material trading company.

El Komy Steel increased the price of steel ton by LE400 to reach LE12150; meanwhile Ayad Group and Sarhan steel raised the price by LE350 to hit LE12050 per ton. El-Garhy Steel and Suez Steel prices amounted to LE12175 per ton to rise by LE225, compared to LE11950 previously.

Furthermore, prices of Misr Steel surged by LE200 to register LE12050, while El Marakby Steel and El-Ashry Group increased prices by LE150 to record LE12050 per ton. Simultaneously, the price increment for Al Gioshy Steel estimated at LE225, amounting to 12050. However, Ezz Steel announced keeping the same prices at LE11970 per ton. In addition, prices of Egyptian Steel and Beshay Steel jumped by LE180 and LE230 respectively, reaching LE12150 and LE12200 per ton.



*Dalia Mohamed*

## **FDI ROSE 14.5% IN FY2016-2017**

Egypt's foreign direct investment (FDI) rose 14.5% during FY2016-2017, the Investment and International Cooperation Ministry said in an annual report this week.

The report, entitled "Investment in development", tackles the Ministry's achievements attained during last year. The report included a part of President Abdel Fatah Al-Sisi's speech during the BRICS summit held in China in September 2017, where he said that Egypt adopted economic reform measures according to the Egyptian vision 2030.

Egypt's net FDI increased to \$13.3 billion in FY2016-2017 compared to \$12.5 billion in the previous fiscal year, with a 6.5% increase.

In December 2017, the Central Bank of Egypt (CBE) announced that the influx of FDI hiked to register \$3 billion in the first quarter of FY2017-2018.

Meanwhile, the net outflow of FDI registered \$1.4 billion, which states that net FDI in Egypt stood at \$1.6 billion in the same period, the CBE noted.

Around 84% of FDI in first quarter were directed to the petroleum sector, according to the report.

## **NEW SYSTEM FOR ESTIMATING TAXES OF SMES FINALIZED**

Minister of Finance Amr El Garhy said a new simplified system for estimating the taxes of small and medium enterprises (SMEs) have been finalized with the aim of developing such vital sector of the national economy and increase the size of local investments.

In a statement released last week, El Garhy said the new accountability system aims at expanding the base of tax payers community to increase the contribution of the tax sector to the GDP by 16%, adding that such share would help in reducing the deficit in the State budget and public debt by 1% in return for every 1% increase in tax payment.

He said the objective is to up the toll of tax increases during the current fiscal year by 20% over the levels of the past fiscal.

El Garhy also pointed out that Egypt has taken several important measures to support the political leadership's economic reform plans,



especially the decision to liberate the exchange rate to reduce inflation rates.

He said the new system will provide an electronic payment of taxes for the SMEs in around 60 days after the end of submitting the tax returns in a way that could accelerate the tax collection measures.

**EGYPT TO MAINTAIN CUSTOMS EXCHANGE RATE AT LE16 PER \$1 IN MARCH**

Egypt will maintain its current customs exchange rate of LE16 Egyptian per \$1, effective until the end of March. In an official statement last week, the Finance Ministry said the decision to maintain the customs exchange rate from previous months was due to a stabilization of currency price.

“This comes as part of a plan by the Finance Ministry in the past period to set the currency exchange rate in light of the stability witnessed by the Egyptian economy,” the statement read.

In January 2018, Egypt kept its customs exchange rate at LE16 per US dollar, a figure which had been maintained for the last five months of 2017.

Egypt began setting a monthly customs exchange rate in January 2017, following the flotation of its currency in November 2016.

The Egyptian pound has remained roughly at the same level in recent months, trading at around 17.63 pounds to the dollar on Tuesday.

**GOVERNMENT PLANS TO LOWER JOBLESSNESS BY 2%**

The Ministry of Planning, Follow-up and Administrative Reform aims to reduce unemployment by 2% over the coming two years in conformity with Egypt 2030 vision, according to Minister of Planning, Follow-up and Administrative Reform Hala Al-Saeed.

Speaking in Upper Egypt Youth Conference in Fayyoun, she said that the Ministry aims to upgrade the e-government sector via providing electronic service, which allows offering governmental services online.

Al Saeed added that the Ministry is seeking to raise the efficiency of e-government in different provinces nationwide. She pointed out that the government works to re-distribute civil servants given overstaffing in governmental agencies.

## **EGYPT SEEKS TO ESTABLISH A JOINT BUSINESS COUNCIL WITH NIGERIA**

The next period will witness coordination between the Egyptian and Nigerian Ministry of Trade and Industry to establish the Egyptian-Nigerian business council according to Minister of Trade and Industry Tarek Qabil.

He added that a memorandum of understanding would be signed to identify the council tasks and its role in strengthening the commercial and investment relations.

Egypt and Nigeria have agreed on forming a joint business council for developing commercial and investment relations between the two countries, especially that Nigeria has big investments in the Egyptian market in the fields of Power inverters and communication services.

## **EGYPT'S EXPORTS TO RUSSIA INCREASE 35% IN 2017**

Tarek Qabil, Minister of Trade and Industry, announced that Egyptian exports to Russian markets has witnessed a great leap increasing by 35 % to register \$504.6 million compared to \$374 million.

This came according to the latest report received by the Minister from

the Egyptian Commercial Office in Moscow about the development of Egyptian exports to Russia during 2017.

Qabil added that the preliminary indicators for 2017 indicate that Egyptian exports to the Russian market may have exceeded \$500 million for the first time in the history of the trade relations between the two countries.

Head of the Egyptian Commercial Service Ahmed Antar attributed the rise in exports to Russia last year to an increase in the exports of fruits and vegetables, food products, home appliances and medical industries by 39%, 115%, 600% and 48% respectively.

The Egyptian exports of vegetables and fruits to Russia increased by 39%, amounting to about \$359 million in 2017 compared to about \$258.5 million during the same period of 2016.

On the other hand, Egyptian exports to Russia from food products increased by 115% in 2017, to reach \$21 million.

Antar added that the efforts of Egypt's commercial service in Russia have helped boost Egyptian exports, saying that the office provided 25,000 export opportunities with \$64 million.



## **EGYPT SEEKS INVESTMENTS OF LE500 MLN IN FOOD INDUSTRIES SECTOR**

The investments in food industries sector has reached LE500 million by the end of 2017 according to Minister of Trade and Industry Tarek Qabil, adding that food industry is one of the most important industrial sectors in the Egyptian economy.

The Minister expected the sector's growth rate to increase between 8-10% by the end of 2018, referring that food industries exports have registered \$2.8 billion by the end of 2017.

The Minister further noted to Egypt's conduction of several trading agreements with different countries and international economic conglomerates like the Arab countries, COMESA, European Union, Turkey and Agadir, providing success to numerous promising markets.

## **EGYPT, CYPRUS LINING UP TO LAUNCH NEW GAS PIPELINE BY MID-2018**

Minister of Petroleum and Mineral Wealth Tarek El Molla said that the agreement with the European Union (EU) to establish a gas pipeline between Egypt and Cyprus will be finalized by mid-year.

Egypt aims to become a regional energy hub, and is seeking further cooperation with the Europe, the Minister noted. Egypt has also agreed to transport crude oil and gas from Iraq, through Jordan, El Molla highlighted.

## **EGYPT, ECUADOR DISCUSS BOOSTING BILATERAL TIES**

Foreign Minister Sameh Shoukry discussed during a meeting last week with his Ecuadorian counterpart Maria Fernanda Espinosa ways of fostering bilateral ties and issues of common concern.

During the meeting, which was held on the fringe of the 37th meeting of the UN Human Rights Council, Shoukry praised progress made in the Egyptian-Ecuadorian relations, saying that Cairo looks forward to strengthening ties with Quito in various fields, in addition to setting a date for holding the second round on the mechanism of bilateral political consultations, Spokesman for the Foreign Ministry Ahmed Abu Zeid said.

The meeting also tackled means of cementing bilateral cooperation and coordination within the framework of international organizations and forums, as Egypt's top diplomat hailed the role played by Ecuador during its presidency of the Group of 77 in 2017, Abu Zeid noted.



### **EGYPT, LEBANON DISCUSS BOOSTING ECONOMIC TIES**

*Gehad Salem*

**In line with Egypt's strategy to boost cooperation with the Arab countries, Minister of Investment and International Cooperation Sahr Nasr recently paid a three-day official visit to Lebanon to review means of enhancing bilateral relations.**

During the visit, Nasr held talks with Lebanese Prime Minister Saad Hariri, where they discussed the means of promoting economic cooperation between the two countries. The two sides also reviewed efforts to activate a partnership between Cairo and Beirut as well as boosting the role of the private sector in increasing the bilateral investment opportunities.

The Minister said that the climate in the Egyptian Market is suitable now to pump more Lebanese investments in Egypt, pointing to the importance attached by Egypt to encourage private investment and create a positive environment via providing all needs to investors, as well as overcoming the obstacles facing them.

She referred to the clear investment strategy in Egypt, which is based on legislative and institutional reforms, along with incentives for businesses being carried out in Upper Egypt and Sinai. She highlighted that the new investor services center has recently been established with the aim to mechanize all services businessmen might need in just one place.

Meanwhile, Hariri appreciated the Egyptian role in the region, pointing out that Egypt is a promising market, particularly in the fields of communications and IT.

Hariri participated in a seminar on investment opportunities and new investment projects in Egypt following the issuance of the new investment law, organized by the Egyptian Lebanese Business Council, and stressed that Egypt has become a clear investment strategy, stressing their country plans to inject new investments in Egypt in the coming period.

On another score, Minister of Trade and Industry Tarek Qabil revealed that the volume of trade exchange between Egypt and Lebanon reached about \$680 million in 2017, while the volume of Lebanese investments in Egypt reached \$1.3 billion.

Qabil said that Egypt witnessed legislative development such as licensing law, investment law, industrial complexes such as Rubiky, furniture city in Damietta, supporting foreign trade by increasing exports, pointed out that all of these developments in Egypt would encourage the investors to increase their projects in the Egyptian market. He added that there is constant communication with the Lebanese leadership to increase exchange between the two countries in various fields such as of health and medicine.

He stressed the keenness of the Egyptian government to create a real economic partnership between Egypt and Lebanon that serves the interests of the two brotherly peoples and pushes Egyptian-Lebanese relations towards new horizons in various levels.

Moreover, the Minister pointed out that the economic reforms adopted by the government paved the way for the start of a new phase of distinguished economic relations between Egypt and Lebanon, which achieve the common interest of the two countries economies. He highlighted that the measures to improve the investment climate contributed to creating an ideal environment for trade and investment cooperation between the two countries.

The Ministry of Trade and Industry has launched a number of initiatives and ideas aimed at building a framework for Egyptian-Lebanese industrial integration and enhancing joint trade exchange for a number of Egyptian and Lebanese products that enjoy competitiveness and acceptance in the two countries markets, he said. Qabil pointing out that the Ministry has made a number of unprecedented decisions in cooperation with the Egyptian business community, which confirms the keenness and seriousness of Egypt to support the Lebanese economy.

Moreover, the Minister said that these initiatives included one launched by the Building Materials Chamber in the Federation of Industries with the Association of Marble Manufacturers in Lebanon, to encourage the export of Egyptian marble products to the Lebanese market in order to preserve the industry in Lebanon, which includes 500 factories and small workshops.

He added that the Ministry is currently in contact with the Lebanese Ministry of Economy to provide technical support and expertise to develop a new legislative and regulatory framework in the field of small and medium enterprises (SMEs) in Lebanon.

Qabil highlighted the importance of the pivotal role played by businessmen in developing and strengthening bilateral relations between Egypt and Lebanon by investing in joint projects that benefit the two countries, as well as stimulating the real growth of their economy and provide employment opportunities for future generations.

He added that negotiations are under way to expand the Egyptian products in regional markets available through the trade agreements with the Arab World, the European Union, the European Free Trade Association (EFTA), the Common Market for Eastern and Southern Africa (COMESA), Turkey and Mercosur. He pointed out that the Egyptian export development strategy was put in place to provide access to these markets, To achieve the goals set and access to foreign markets.

Additionally, Qabil pointed out that the Egyptian non-oil exports to the Lebanese market witnessed a remarkable increase during the period from January to August 2016, reaching \$479 million compared to \$311 million during the same period of 2015, with a growing rate of about 54%.

For his part, Chairman of the Egyptian Lebanese Association for Businessmen Fathallah Fawzi praised the Egyptian government's efforts in implementing a comprehensive economic reform programme that restored the Egyptian economy as one of the most important economies in the Middle East and Africa. These efforts would contribute to attracting many Arab and foreign investment companies to the Egyptian market, he pointed out.

He highlighted the success of the Ministry of Trade and Industry in solving many problems that faced the flow of investments in the industrial sector, especially with regard to licensing, lands and the restoration of the system of industrial developer, stressing that the next phase will see a boom in the industrial sector.

*Dalia Mohamed*

## **EGYPT, UAE TO BOOST COOPERATION**

Vice President and Prime Minister of the UAE and Ruler of Dubai His Highness Sheikh Mohammed Bin Rashid Al Maktoum received last week Speaker of the House of Representatives Ali Abdel Aal and his accompanying delegation.

The meeting discussed the fraternal ties between Egypt and the UAE as well as means to enhance cooperation for the benefit of both countries and their peoples.

Separately, during the ninth session of the third ordinary session of its 16th legislative chapter chaired by Amal Abdullah Al Qubaisi, Speaker of Federal National Council (FNC) approved a draft federal law on arbitration. Part of the session was attended by Dr Abdel Aal.

The delegations also reviewed current developments in the region, and the role Arab parliaments play in serving national interests across international forums.

Sheikh Mohammed emphasised the importance of further activating coordination and exchange of expertise between Arab parliaments.

## **EGYPT, KUWAIT ASSURE SHARING IDENTICAL VIEWS, STANCES**

Kuwaiti Deputy Prime Minister and Interior Minister Sheikh Khaled Al Jarrah said last week that Egypt and Kuwait share identical views and stances regarding issues of common concern.

During a meeting with Egyptian Ambassador to Kuwait Tarek Al Kouni, Jarrah highlighted that relations between the two countries are developing in a satisfactory way.

Volume of trade exchange between the two countries reached \$477.5 million in 2016, including \$419.4 million in Egyptian exports to Kuwait and \$58 million in imports.

In addition, volume of Kuwaiti investments in Egypt hit \$3.373 billion, covering the sectors of tourism, industry, agriculture, communications, and mortgage finance.

## **SAUDI JANUARY INFLATION JUMPS TO 3% ON VAT, GASOLINE PRICE HIKE**

Saudi Arabia's annual consumer price inflation jumped to 3% in January after the government introduced a 5% value-added tax (VAT) and hiked domestic gasoline

prices at the start of the year, official data showed last week.

The figures suggested the new tax and more expensive fuel, part of a government drive to cut a big budget deficit caused by low oil prices, had a large impact on Saudi consumer spending power in some areas last month. Consumer prices rose 3.9% from the previous month in January.

Food and beverage prices jumped 6.7% from a year earlier, restaurants and hotels gained 5.8%, and transport costs soared 10.5%.

However, clothing and footwear prices fell 7.9% from a year earlier, partly because of deep discounting by retailers battling a slow economy, while housing and utility prices rose only 1.3%. Residential rents are exempt from the tax, and the Saudi real estate market has been slumping.

The statistics agency changed the base year for the consumer price index to 2013 from 2007 last month and adjusted the basket of goods and services, making direct comparisons with previous months difficult.

But the new tax and higher gasoline prices clearly pushed up inflation sharply. Annual inflation was just 0.4% in December, according to previously released data using the old basket.

**MENA BORROWING TO DROP BY 6% TO \$181 BLN**

Standard & Poor’s (S&P) Global Ratings believes sovereign borrowing in the Middle East and North African (MENA) could decrease by 6% this year after falling 30% in 2017. This is chiefly because fiscal consolidation measures in all Gulf Cooperation Council (GCC) countries and higher oil prices will likely reduce GCC sovereigns' funding needs. In its report, S&P forecast that the 13 MENA sovereigns we rate will borrow about \$181 billion this year from domestic and international commercial sources, down \$11 billion from 2017.

The decline will result from fiscal consolidation measures across the Gulf Cooperation Council and the uptick in oil prices, which will likely push down net-oil-exporting governments' financing needs.

Egypt remains the largest borrower with \$46.4 billion, or 26% of the region's gross commercial long-term borrowing, followed by Iraq (\$35 billion or 19% of the total) and Saudi Arabia (\$31 billion or 17%).

S&P exceeded MENA sovereigns' absolute commercial debt will increase by \$21 billion to about \$764 billion at year-end 2018, up 3% from 2017.

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