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IMF, WB support Egypt in AU presidency

The annual meetings of the African Caucus for the World Bank (WB) and the International Monetary Fund (IMF) concluded in the Red Sea resort city of Sharm El Sheikh under the theme "Lessons learned from export support and diversification" under the patronage of Prime Minister Mostafa Madbouli.

In the presence of representatives of 40 countries inside and outside Africa, Investment Minister Sahar Nasr and Finance Minister Mohamed Moeit held a press conference at which they announced "Sharm El Sheikh Declaration."

World Bank's Vice President for Africa Hafez Ghanem said that the WB and IMF support Egypt in the presidency of the African Union (AU) and achieve President Abdel Fattah El Sisi's vision of sustainable economic growth in Africa.

The African governors at the WB and IMF agreed on working together to remove all hurdles in front of the private sector and pursue policies aiming at creating a supportive environment for comprehensive economic growth.

Sharm El Sheikh declaration welcomed the WB's new regional integration strategy, calling for expansion of projects in the fields of agriculture and energy.

The declaration asserted the importance of fostering coordination between the WB and African governments to maximize the use of funding for development.

Commenting on the declaration, Nasr said the conference recommendations reflected Africa's key challenges, topped by varying exports, private sector empowerment and increasing the role of the African and developing states in the global financial system.



She also added the African bloc at the IMF and WB will submit a detailed document during the next annual meetings of the IMF and WB in Indonesia's Bali in October which will brief all the matters discussed here at the conference.

Through this document, the IMF and WB will support the African continent in all domains, she pointed out.

CBE Governor: Egyptian economy improved after applying reform

Economic conditions in Egypt have very much improved over the past three years after applying the comprehensive economic reforms, said Governor of the Central Bank of Egypt (CBE) Tarek Amer.

Addressing meetings of the Association of African Central Banks, now in session in Sharm El Sheikh, he added that President Abdel Fattah El Sisi has made that necessary decision of reform after many years of bad economic performance.

Now, after three years of reform the main economic indicators have achieved progress, he pointed out.

Egypt along with other African countries are confronting difficult challenges that are related to political and economic instability at the regional and international levels, he explained.

Such regional and international situation had adversely affected the national economies of African countries and required a firm stand on this score, he added.

Mameesh: New Suez Canal project "exigency"

Chairman of the General Authority for Suez Canal Economic Zone Authority Mohab Mameesh said the the expansion of the Suez



Canal by digging a new channel was an exigency to maintain its position as one of the most important international waterways.

In an interview with Al Ahram newspaper on the 3rd anniversary of opening the new Suez Canal, he said statistics had proved the economic and technical importance of the new Suez Canal.

The new canal managed to half the waiting and crossing period for ships sailing through this artery of global trade to 11 hours, thus reducing the total cost of journeys, he noted.

He added that the new waterway formed the basis for a giant national project for developing the Suez Canal zone with an aim to change the maritime and logistic services map in the area and lure investors in the maritime transportation sector.

He said President Abdel Fattah El Sisi had a vision to benefit from the unique geographical position of the Suez Canal.

He added that a comprehensive industrial community will be set up in the zone to secure over one million jobs.

He also referred to several mammoth projects, including fish farms which are meant to realize self-sufficiency and export the surplus.

WB, IMF, IFC hail Egypt's economic reform program

The World Bank (WB), the International Monetary Fund (IMF) and the International Finance Corporation (IFC) have hailed economic reforms carried out by Egypt to improve its investment climate through removing obstacles hindering efforts to create a strong private sector.

The announcement came during a session held on the sidelines of annual meetings of the African Caucus for the World Bank (WB) and the International Monetary Fund (IMF) which kicked off in the



Red Sea resort of Sharm El Sheikh under the patronage of Prime Minister Mostafa Madbouli.

The session, which discussed removing obstacles to the private sector and luring foreign investments, was attended by Investment Minister Sahar Nasr and a number of ministers and senior African officials, as well as IFC's Vice President for the Middle East and Africa Sérgio Pimenta.

During the session, Nasr said the government has drawn up an overall economic reform program to enhance the business environment and attract foreign investments, through which the private sector plays a greater role.

The economic reform program aims to provide an attractive investment atmosphere, she said, citing the newly-approved investment law and its executive regulation, the amendments introduced to the companies' law and its executive regulation and the bankruptcy law.

The government seeks to stimulate long-term investments, she added.

The minister thanked the WB for its contribution to a project to build a solar power station in Aswan, shedding light on the key role performed by the private sector to support development and spur foreign direct investments.

Egypt pays great attention to investing in human resources by developing education and health services, she noted.

The government is keen to back the private sector to participate in achieving development, implementing the economic reform program and revamping the most-needy areas, especially in Upper Egypt, she noted.



The Investment Ministry is working with the Micro, Small and Medium Enterprises Development Agency (MSME) to support small, medium and micro-sized enterprises in the country, with a view to making a great leap in this field, she added.

IMF: Egyptian economic growth out stands the whole estimate for North Africa

The IMF Resident Representative for Egypt Reza Bakir noted that the reforms have led to an increase in the GDP growth of Egypt far ahead of the projected average for North Africa.

Not only that, but Egypt is also on its way to grow faster than Sub-Saharan Africa, and by the end of FY2018-19 the Egyptian growth will be at 5.5%, while North Africa is potentially projected to grow by 4.3% during the same time.

Fitch revises Egypt's outlook to positive; affirms at "B"

Fitch Ratings has revised the Outlook on Egypt's Long-Term Foreign-Currency Issuer Default Rating (IDR) to Positive from Stable and affirmed the IDR at 'B'.

In a report, Fitch said the Egyptian government made significant progress with its reform program in 2017 and remains on track with the USD 12 billion three-year Extended Fund Facility (EFF) signed with the IMF in November 2016.

"Fiscal consolidation is proceeding, although it will require a multi-year effort to reverse the increase in general government debt/GDP witnessed since the Arab Spring uprisings," read the report.

The Central Bank of Egypt's (CBE) exchange rate reform has proved a turning point for the economy and Egypt's external



finances; and macroeconomic stability has started to improve following an inflationary spike, it added.

Meanwhile, Fitch forecast the budget sector deficit to narrow again in FY18, to 9.7% with a primary deficit close to balance.

It also expected Egypt to achieve a primary surplus in FY19 for the first time in more than 15 years.

On the spending side, the report added, there has been restraint of the wage bill, which grew by 6.4% year-on-year in July-December, well below inflation rates.

"This reflects ongoing implementation of wage reforms under the civil service law of 2016. The wage bill is budgeted to amount to around 5.8% of GDP in FY18, down from more than 8% in FY14 and FY15," it said.

The report also forecast general government debt/GDP to fall to 93% in FY18 from a peak of 103% in FY17, marking an inflection point in the strong upward trend since the 2011 revolution.

Fitch noted that by the end of FY19, it expects general government debt/GDP to have fallen to 88%.

The CBE's stock of international reserves reached USD37 billion in November (compared with USD19.1 billion in October 2016).

This equates to around six months of current external payments, up from less than three months during 2012-15.

Fitch also expected the Current Account Deficit (CAD) to narrow further in 2018-19, assuming a stable trade deficit in US dollar terms and further growth, albeit much more moderate, in tourism and remittances.



It indicated that large increases in gas output will help the trade deficit.

Egypt's bourse gains EGP 5.4 bn in week; indices up

The Egyptian Exchange (EGX) gained EGP 5.4 billion this week as the market capital went up 0.6 percent to reach EGP 885.7 billion compared to 880.3 billion pounds in the previous week.

The EGX 30 benchmark index upped 0.74 percent, according to the weekly bourse report.

The broader EGX 70 index of the leading smaller and mid cap enterprises (SME) went up by 0.8 percent to 754 points.

The all-embracing EGX 100 index also increased 0.58 percent to close at 1,954 points.

Chinese company to establish iron, steel factory in Egypt

Investment and International Cooperation Minister Sahar Nasr said that Egypt welcomes Chinese investments, mainly in light of the marked economic and legislative reforms it has achieved upon directives from President Abdel Fattah El Sisi.

The minister made the remarks on Thursday, at a meeting with a delegation comprising representatives from the government of the Chinese Province of Hebei alongside eight major Chinese companies.

The delegation as well included the vice president of China's Sinoma company, who said that his company is willing to establish an iron and steel factory in Egypt with annual production capacity of two million tons at investment costs of 100 million dollars.



The government is working actively to lure investments from the private sector, which is a vital pillar of economic growth, the minister noted.

Nasr asserted that the Egyptian government believes in the private sector's role in development, saying that it is ready to implement all reforms needed to facilitate the private sector's work in Egypt and consolidate its role at all sectors, mainly in setting up the national mega projects.

She went on saying that the government is keen to communicate with the private sector and non-governmental organizations to implement the national sustainable development plan.

She pointed out to the Egyptian investment map that her ministry has launched. The map features all investment opportunities in various fields nationwide, she stressed.

For their part, representatives of the Chinese companies voiced keenness on pumping fresh investments into the Egyptian market in the coming period, praising steps that Egypt has adopted to improve the business climate.

Aton Resources could be the second licensed major gold producer after Centamin

The Egyptian Mineral Resources Authority (EMRA) accepted a declaration of commerciality from Canada's Aton Resources on its Hamama West gold concession, according to a company statement.

The move could open the door for the company to be the second major gold producer in Egypt after Centamin. "This is very exciting news for Aton as it allows us to move forward not only in developing our Hamama West Project, but in progressing our Rodruin exploration target," said Aton CEO Mark Campbell.



“We will now move to begin our next steps in advancing Hamama West and the first pass drilling program at the Rodruin prospect is set to commence shortly,” he said, adding that Aton will be looking for partners with whom to develop the project.

The firm had submitted in June a declaration of commerciality on its Hamama Project by Wardell Armstrong International to obtain a 20-year license.

The statement from Aton was filled with color on what Aton believes is the state of discussion of the government’s reform of the mining sector. Among them are believed to be proposals to scrap the oil-and-gas-style production sharing agreement and move to a tax, rent and royalty model — and eliminate the requirement of a 50:50 JV with EMRA completely.

Aton also expects the government to allow exploration companies to acquire exploration ground without first acquiring exploration licenses. The changes are yet to pass the House of Representatives.

“With all the signs are pointing towards the long awaited reform of the Egyptian mining sector and the speed that the Government appear to be moving at to implement these changes, leads us to believe that major positive changes for exploration companies, mining companies and the Egyptian Minerals industry overall is at hand,” said Campbell.

World Bank unit to boost investments in Egypt

The Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group, is looking to boost investments in Egypt in the coming three years, including the country’s private sector, executive vice president and CEO Keiko Honda said.



The US-based agency would raise its investments in the most populous Arab nation by injecting \$210 million in the Benban Solar Park project added to \$150 million in the Apache Egypt project, Honda said in a statement issued by the Egyptian investment ministry.

As for the Egyptian Refining Company's (ERC) project, the agency has issued guarantees worth \$23.4 million to cover investments in stocks backed by German Investment Corporation (DEG) in ERC, she added.

This came on the sidelines of a meeting between the Egyptian investment minister Sahar Nasr and MIGA's executive VP and CEO Keiko Honda.