

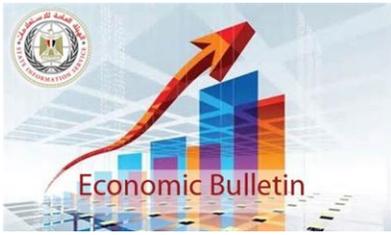


# **STATE INFORMATION SERVICE**

## **Weekly Economic Bulletin**

**(13-19 January 2018)**

**Mohammad Saleh**



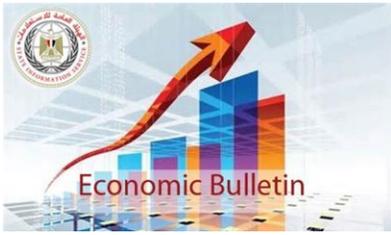
## **Sisi answers questions of participants at "Story of Homeland" conference**

President Abdel Fattah El Sisi answered questions directed by participants at the "Story of a Homeland" conference during a session titled "the national projects and infrastructure".



Answering a question on "Why Egypt didn't ask the global sovereign funds to pour investments in the Egyptian infrastructure to alleviate the burden on the state's budget?", Sisi said that the Egyptian government didn't enjoy a great space of time, and such funds would take a long time, not less than three years, to study and carry out projects in the infrastructure sector. Moreover, the price that the citizens are expected to bear from such move would be very high, Sisi explained.

He made it clear that the companies that can work in establishing infrastructure in Egypt should work in a free market. That means if such companies were assigned to set up a 500-kilometer long railway line from Sokhna to New Alamain through the New Administrative capital, the price of the ticket would certainly be unaffordable for the citizens, Sisi noted.



President Sisi said he told the government that he didn't have any worries that the media outlets wouldn't cover the national projects as it should be, noting that he was convinced that it is much better to rely on the word of mouth of those working in these projects among their fellows and relatives to market for such projects.

He assured the people that the investment bodies wanting to invest in the infrastructure in Egypt would never directly deal with the citizens, but the government.

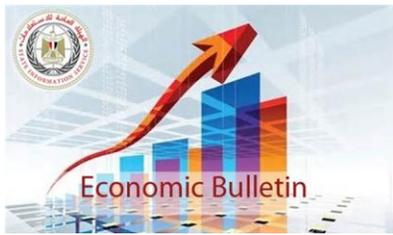
For example, those who want to construct a power plant would never take its toll from the people, but rather it would contract with the Ministry of the Electricity, which in turn would pay them for the electricity produced in the national power grid, Sisi explained.

### **Sisi calls on international investment funds to contribute to Egypt's development efforts**

President Abdel Fattah El Sisi has said he was looking forward to the contribution of regional and international funds in pushing forward economic development efforts in Egypt.

Sisi's statements came during a meeting with a 26-member delegation of regional and international funds currently visiting Egypt at an invitation of Financial Group Hermes to get acquainted with Egypt's economic and investment opportunities.

The meeting was attended by the governor of the Central Bank of Egypt as well as the ministers investment, international cooperation, trade and industry, finance, planning and economic business sector.



Presidential spokesman Bassam Rady said Finance Minister Amr el Garhy welcomed the delegation members and reviewed with them Egypt's economic reform program, expressing the president's keenness to meet representatives of regional and international funds to review with them measures taken by the government to encourage investments and eliminate obstacles before investors.



The President also reviewed with the delegation national mega projects to develop infrastructure necessary for development, as well as the agreements linking Egypt with markets in Africa, the Arab region and the European Union.

### **Sisi stresses importance of developing IT sector**

President Abdel Fattah El Sisi stressed the significance of continuing the efforts to develop the communications and information technology sector.



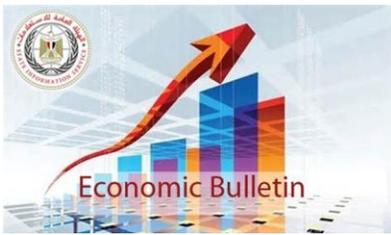
This came during his meeting with Communications Minister Yasser el Qadi and head of the Administrative Control Authority Mohamed Erfan. He directed paying more attention to the human resources available in Egypt, topped by the talented youths, and to provide them with all the needed support for honing their skills.

The president also directed to spare no effort to attract investments into this field, and improve the quality of Egyptian electronic products to meet the needs of the domestic market, as well as to tap the global markets with such state-of-the-art products.



The communications and information technology filed is capable of creating more jobs for youths, which in turn could serve the social and economic growth.

During the meeting, Sisi reviewed the country's communications strategy until 2025, which aimed at developing the sector to be one



of the vital pillars for the social and economic growth in Egypt, presidential spokesman Bassam Radi said.

The strategy plans to an increase in the contribution rate of the communication sector in the country's GDP from 3.5 to 8 percent, Qadi said.

This could be achieved by increasing the country's volume of electronic exports to EGP 20 billion instead of EGP 2.35 billion currently, and creating 4.5 million direct and indirect job opportunities, the minister added.

### **Sisi inaugurates several development projects in northern Egypt and Nile Delta**

President Abdel Fattah El Sisi attended 15/1/2018 via video conference the inauguration ceremony of a number of development projects in northern Egypt and the Nile Delta.



The ceremony was attended by acting Prime Minister and Housing Minister Moustafa Madbouly and Commander-in-Chief of the Egyptian Armed Forces Sedqi Sobhi, as well as a host of ministers



and statesmen. The inauguration ceremony started by reciting verses of the holy Quran.

President Sisi inspected production lines of the iron and steel factory of Beshay Steel group in Sadat city in Menoufia governorate.

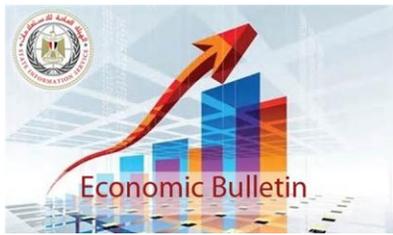
Sisi listened to a detailed explanation by the supervising engineers and Chairman of Beshay group Kamal Beshay regarding the production lines, their conditions and their quality.

President stressed that Egypt is a strong country and the government is now ready to contribute by 50 percent to promote major projects of the sugar and textile industries. This is to expedite the implementation of such projects and provide the necessary funding, he said.

President Sisi called for adopting non-conventional reform tracks to finalize necessary development projects, saying he made clear while talking to acting Prime Minister Moustafa Madbouli that things would not be finalized on time due to bureaucracy.

Sugar factories have been in place in Egypt since the 50s but they are not in a good state and to make them operational once again poses a burden, he said.

So we should develop these factories, he said, adding that Upper Egyptian residents want the government to buy the sugar cane from them at an appropriate price. He called on workers of these factories to join hands with the government to enable these factories to stand foot.



The public enterprise sector alone cannot solve all problems related to iron and steel, sugar and textile factories, President Sisi said.

Challenges are big. We need 1.8 billion pounds to develop sugar factories. We have first to hold financial and technical tenders that take two years then another year in opening the requests for proposal (RFPs), Sisi noted.

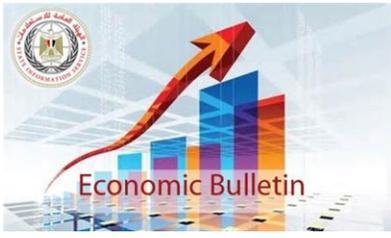
He noted that the Supply Ministry subsidizes bread with 50 billion pounds at a time we cannot afford 1.8 billion pounds to develop eight factories.

Sisi underlined the importance of not wasting more time or chances to achieve the hoped-for development.

### **Planning Minister says growth rate in 2017-2018 could reach 5.5%**

Planning Minister Hala el Saeid says that the anticipated growth rate of the fiscal year 2017-2018 has risen from 4.8 percent to somewhere between 5.3 and 5.5 percent.





Speaking during the second annual conference on the transformation to non-monetary economy, Saeid stressed the importance for the private sector, government and civil society to work together as partners to push forward development.

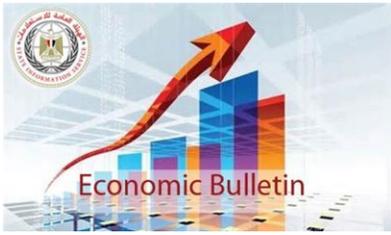
She touched upon measures taken by the government to achieve development, atop of which the new investment law which is based on the one-stop-shop system.

Another law on industrial licenses has also been endorsed with the aim to issue licenses within seven to 30 days maximum, Saeid noted.

### **SCzone, SIDC sign EGP 1 billion settlement agreement**

Chairman of the Suez Canal Authority and the Suez Canal Economic Zone (SCZone) Mohab Mamish signed with Board Chairman and CEO of the Suez Industrial Development Company (SIDC) Amr Hassaballa a settlement agreement worth one billion pounds.





The deal is connected with 2.266 million square meters of lands allocated for SIDC by the authority in the economic zone northwest of the Gulf of Suez.

The signing was attended by Investment and International Cooperation Minister Sahar Nasr and the General Authority for Investment and Free Zones (GAFI)'s Vice-CEO Advisor Mohamed Abdul Wahab.

The agreement falls within the framework of coordination between the Investment and International Cooperation Ministry and the SCZone to remove all hurdles facing investors who could not meet their contractual obligations, Nasr said.

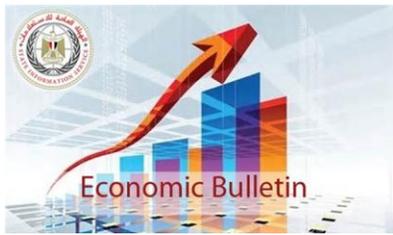
The agreement also preserves the state's right and provides all facilities to the company to ensure the success of its project, Nasr made it clear.

For his part, Mamish said that the agreement aims at settling problems facing investors in the Suez Canal Economic Zone.

### **Minister: Fitch report on Egypt key step towards supporting reform program**

Minister of Finance Amr el Garhy welcomed the report released Tuesday by Fitch, in which the ratings agency revised the outlook on Egypt's Long-Term Foreign-Currency Issuer Default Rating (IDR) to positive from stable and affirmed the IDR at 'B'.

The report is a key step towards boosting confidence in Egypt's economic reform program, which in turn will contribute to luring



more foreign investments to the country, the minister said in press statements.

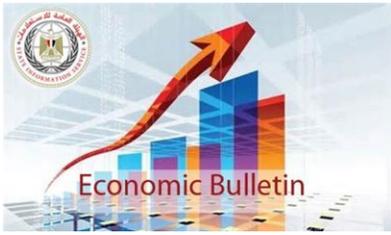
Garhy also said there is a political will in Egypt supporting the national comprehensive reform program, which includes measures that maintain economic stability and financial sustainability.



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.

Fitch forecast Egypt's 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.



## **Finance Ministry auctions EGP 2.2 billion T-bonds**

The Finance Ministry auctioned treasury bills at a total value of EGP 2.250 billion.

In an online statement, the ministry said it sold EGP 1.250 billion of five-year T-bills with an average yield of 15.441%, adding it accepted bids at rates between 15.51% and 15.39%.

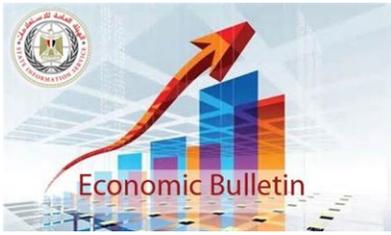


As for the 10-year T-bills, worth EGP one billion, they achieved average revenue of 15.306%, the ministry said, adding it accepted bids at rates between 15.357% and 15.04%.

The Central Bank of Egypt auctions T-bills on behalf of the Finance Ministry.

## **Egypt, Ethiopia to set up joint investment council**

Minister of Investment and International Cooperation Sahar Nasr reached an agreement with her Ethiopian counterpart Fitsum Arega to set up a joint investment council.



The council will group businessmen and investors from both sides, according to a statement issued by the Investment Ministry.



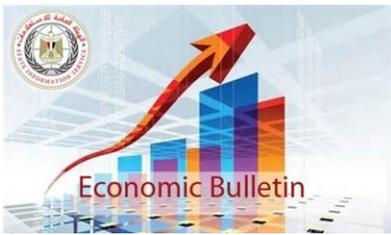
At a meeting here, Nasr expounded investment opportunities in Egypt in several domains, added the statement.

She urged her Ethiopian counterpart to encourage investors from his country to invest in Egypt.

### **Egypt ranking improves on international rating indexes**

Thanks to measures taken by the Egyptian Financial Supervisory Authority in 2017, Egypt's ranking has improved on many international rating indexes, said EFSA chairman Mohamed Omran.

Egypt has moved up 56 positions where securing global financial services is concerned, Omran said in a press conference to review EFSA achievements in 2017.



On the Business Environment Index, Egypt's ranking has also been upgraded by 33 positions, he added.



Egypt is also 34 positions up where international competitiveness is concerned, according to EFSA chairman.

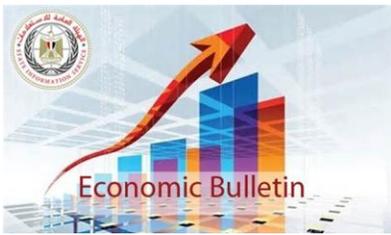
It has moved up 17 positions on the financing index and 55 positions on the credit information index, Omran said.

### **FT: Opening Zohr gas field "big opportunity" for Egypt's energy ambitions**

Egypt's energy market is changing with a major new gasfield on stream, said Energy expert Nick Butler in a commentary published by the Financial Times.

“Self-sufficiency should be restored within the next 18 months. The country can once again become an exporter and build on its existing role as one of the most important trading hubs in the region, ideally placed to link western and eastern markets.”

Geography is destiny. A state's physical location determines its potential and opportunities. If Kurdistan, for instance, were not

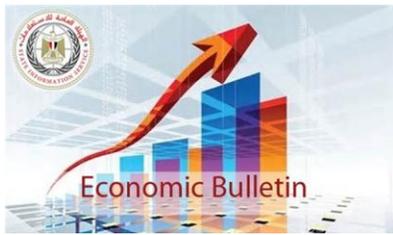


landlocked it would be a fully independent nation. Egypt's opportunity is that it finds itself at the crossroads of the emerging international trade in natural gas.



In December, production of natural gas began from the giant Zohr field 150 miles off the Egyptian coast in the eastern Mediterranean. First, supplies from the field — which, with reserves estimated at 30tn cubic feet, is one of the largest discoveries of the last two decades — reached Port Said; production is set to rise to 2.7 bcf/day by 2019. Its development in little more than two years represents a great success for the operating company, Italy's Eni. A number of smaller developments, including BP's West Nile Delta field, are adding to supplies.

The Zohr discovery has made Egypt a hotspot for industry investment, with strong potential seen in the new licensing round that will start later this year. Rosneft has bought into the field and ExxonMobil and others are actively looking at other opportunities.



But the country's ambitions are not limited to being a supplier of resources. The Suez Canal offers one of the easiest, if not the cheapest, trade routes for oil and gas. To add to this base, the partly state-owned Egyptian company Sumed is building a new large-scale LNG wharf on the Gulf of Suez. That should be finished by the end of 2018 and will supplement the capacity of the existing LNG facilities at Idku and Damietta on the Mediterranean coast.

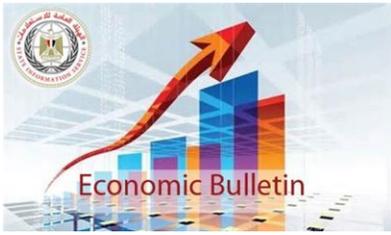
As Zohr ramps up production, supplies should exceed Egyptian demand, even assuming a decline in the output of some of the older producing fields. The country can once again be an energy exporter, on a scale that could increase dramatically if politics allows it to become the hub for production from across the eastern Mediterranean. Egypt's role as the new regional trading hub looks indispensable.

### **Omran: FRA preparing national strategy for supporting financial inclusion**

Chairman of the Financial Regulatory Authority (FRA) Mohamed Omran said efforts are underway to draw up a national strategy for the non-banking financial sector to support financial inclusion in Egypt within the framework of the state's 2030 vision on realizing sustainable development.

During a press conference, Omran referred to several legislations that were prepared or updated by the authority to achieve financial inclusion.

Omran said the authority is planning to play a more positive role in 2018 with regard to developing auditing and financial markets.



He said the authority is preparing a four-year strategy based on examining the current conditions of Egypt's non-banking financial services and getting acquainted with other states' experience in this domain.



The authority is responsible for supervising and regulating non-banking financial markets and instruments, including the Capital Market, the Exchange, all activities related to Insurance Services, Mortgage Finance, Financial Leasing, Factoring and Securitization. FRA's role is to regulate the market and ensure its stability and competitiveness to attract more local and foreign investments.

The Financial Regulatory Authority replaces the Egyptian Insurance Supervisory Authority, the Capital Market Authority, and the Mortgage Finance Authority.

FRA is also the administrative authority for companies established under the provisions of law of financial leasing issued by law no.95 for year 1995.