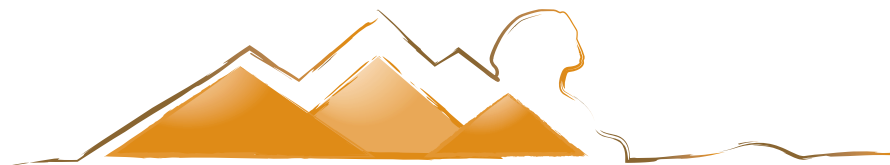




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AFRICAN DEVELOPMENT BANK GROUP



▲ **Egypt Country Office**

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About This Report

This report is the fifth of a series of Economic Reviews on Egypt by the African Development Bank (AfDB)'s Country Office in Egypt. It covers Egypt's economic performance up to September 2013 — unless otherwise noted — based on data which was available at the time of its publication. The report comprises of the following sections:

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Key Highlights¹

- Economic growth remained just above 2% in FY2012/13 and is expected at the same level in FY2013/14 because of the uncertain political outlook.
- As a result, unemployment rate has climbed to 13.4% during the quarter ended December 2013, and is expected to remain at this level in 2014.
- Meanwhile, the loose fiscal policy in place has pushed the budget deficit to 13.7% of GDP in FY2012/13, and will remain at about this level by June 2014.
- Public debt indicators are worrisome, with total debt of 99% of GDP in June 2013, pushed up by domestic debt of about 80% of GDP.
- And inflation pressures are at double-digits — January 2014 annual inflation headline stood at 11.4% —, fuelled by higher food prices in the backdrop of the central bank's expansionary monetary stance.
- Pressure on the EGP exchange rate has waned. However an active black market persists, with the USD selling at a 5%-7% premium.
- This is as Gulf support has boosted Egypt's foreign reserves, from USD 14.9 billion in June 2013, to USD 17.3 billion in February 2014.
- Besides the balance of payments went into surplus of USD 3.7 billion in September 2013, and is expected to remain in surplus in 2014.

Overview

Economic activity in Egypt continues to be weighed down by political unrest, structural bottlenecks, and fiscal challenges. Growth has slowed down to about 2% post January 2011 revolution, and for the rest of 2014 and way into 2015, risks posed by political and security instability will continue to put stress on growth, fiscal balance, and public finances. This is despite the country having successfully approved a new Constitution

in January 2014, thus achieving a key milestone of the transition roadmap that was issued after President Morsi was ousted in July 2013. External sector risks will remain balanced in 2014 given the substantial inflows of aid from the Gulf states. Towards 2015, speedy stabilization of the political situation would anchor durable economic recovery, bring back tourists and investors, and put public finances on a sustainable fiscal path.

¹ Egypt's fiscal year starts on 1 July and concludes on 30 June. The four quarters making the country's fiscal year are: July-September (Q1); October-December (Q2); January-March (Q3); and April-June (Q4).

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PART I RECENT ECONOMIC DEVELOPMENTS

Economic Growth

Three years after the January 2011 revolution, real gross domestic product (GDP) growth is 4% lower than average growth over the fiscal years (FY) 2006/07-2009/10. Growth has slowed down to about 2% because of the substantial drag from political unrest since the Mubarak regime exited, and more recently, after Morsi was ousted (Figure 1). Growth has further weakened to about 1.04% in Q12013/14. The low economic growth is barely keeping pace with population growth, pushing more people below the annual Egypt's poverty threshold of USD 569 per person. Consequently, the overall poverty rate reached 26.3% in FY2012/13, from 21.6% in 2009.

Supporting the lacklustre growth is private consumption that averaged 74% of GDP over the past five years. Al-

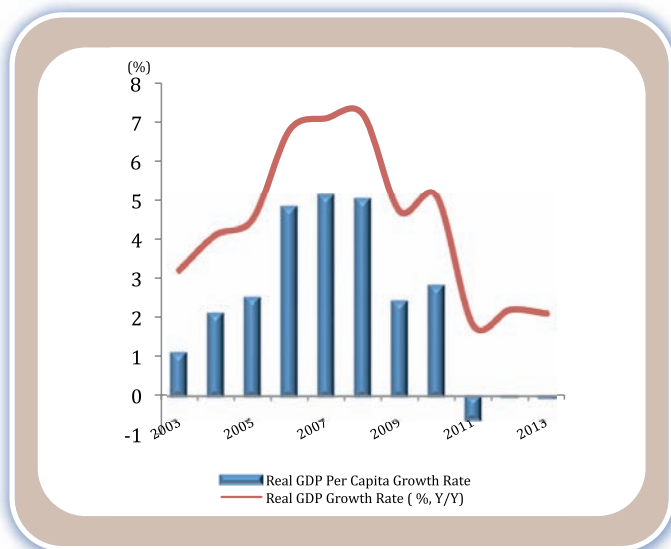
though the growth of government consumption (11.5% of GDP) remained stable over the past three years, the pace of growth in private consumption slowed to 2.8% in FY2012/13, from an average of 5% over the preceding three years. This is despite a surge in workers' remittances by 3.9% to USD 18.7 billion in FY2012/13. Surveys indicate that consumer confidence fell in 2012/2013Q4 as Egyptians found themselves faced with worsening job market conditions.

And although the trade deficit has narrowed, growth continues to be held back by declining investment. Exports grew by 3.6% while imports contracted by 2.9% thus scaling back the trade deficit. The narrowing of net imports position was facilitated by a favourable exchange rate and improving demand conditions in Europe. Investments that averaged 20.5% of GDP over the FY2006/07-2009/10 trimmed their contribution to growth by 9.6% in FY2012/13 as the government continues to borrow heavily to finance the widening budget deficits thus slowing down

savings, and crowding out private investments (Figure 2). Furthermore, foreign direct investments (FDI) that averaged USD 6.5 billion over the FY2006/07-2009/10 were scaled back to USD 3.1 billion during the FY2010/11-2012/13. This is as investors continue to maintain a 'wait-and-see' attitude regarding the evolution of Egyptian politics.

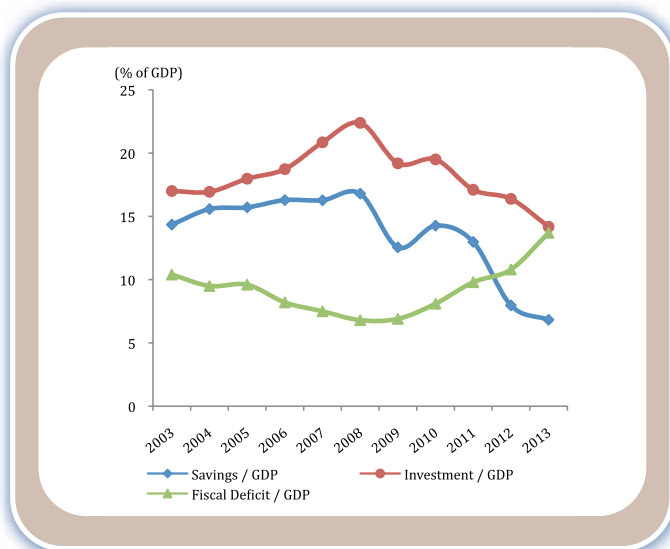
But on the supply side, agricultural sector is performing relatively well, while growth in other sectors has lagged pre-revolution levels. Agriculture that comprises about 14.6% of GDP, remains sheltered from extreme weather conditions and the political unrest, growing by 3% during FY2012/13. Other sectors were not so lucky. Growth in manufacturing (15.8% of GDP) and construction (4.6% of GDP) sectors were scaled back by 38% and 43%, from the average growth of 6%, and 13.8%, respectively, during the FY2006/07-2009/10. Extractive industry (16.5% of GDP), that is a major foreign exchange earner, contracted by 2.7% in FY2012/13, from an ave-

Figure 1 Egypt's Real GDP Growth & Real GDP Per Capita Growth Rate



Source: AfDB based on data by the Central Bank of Egypt.

Figure 2 Investments, Savings and Fiscal deficit as % of GDP



Source: AfDB based on data by the Central Bank of Egypt.

rage growth of 3.8% over FY2006/07-2009/10. The sector is plagued by payments delays to international oil and gas companies and 'red tape' that is slowing down the implementation of concession agreements.

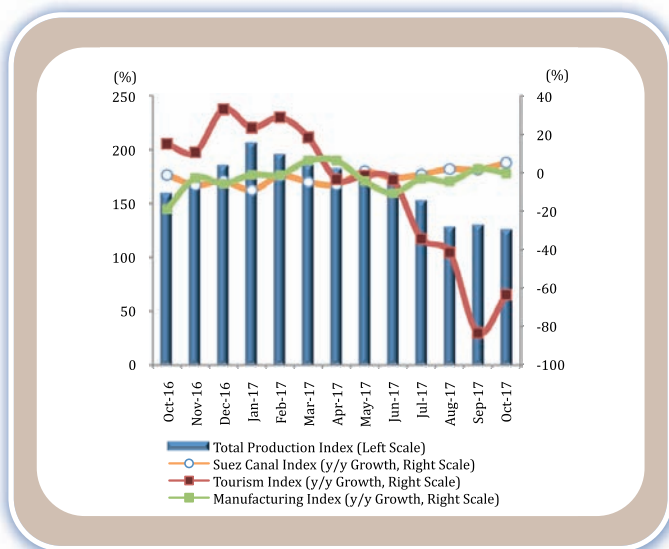
This is as the Suez Canal and tourism sectors, two top foreign exchange earners, have posted mixed results. The Suez Canal is sheltered from the internal political developments and, therefore, its revenues remained stable at around USD 5 billion per annum. However, the tourism sector continues to perform dismally (Figure 3). Official statistics show that tourist arrivals dropped 31% in December 2013 to 677,649, from 978,259 a year earlier. Egypt's ability to compete on the global tourism arena has declined since the revolution as safety and security concerns remain. This has, according to the World Economic Forum, affected the country's ranking as a top tourist destination, an issue that the Egyptian authorities are keen to resolve.

Employment

The slowdown in economic activity has worsened labour market conditions. Egypt's unemployment rate edged up in June 2013 to 13.3%, up from 9.3%, the five year average rate for the period ended June 2010 (Figure 4), and has further risen to 13.4% in 2013Q4 (calendar year). The labour force increased by 1.1% in 2013Q4 to 27.3 million (of whom 19.8% are women) compared to the same period in 2010. However, the labour participation rate declined from 49.5% in 2010 to 47.7% in 2013Q3 for those aged 15 years or older. Unofficial estimates indicate that the overall unemployment rate in Egypt exceed 20%. The private sector, which employ about 73% of the labour force and contributed about 61% of the GDP in FY2012/13, continue to underperform because of uncertainty regarding the trajectory of government policies thus slowing down its potential to create jobs.

The deteriorating labour market conditions are disproportionately affecting the youth, and women. About 89,000 jobs were lost in 2013Q4 increasing the unemployed in 2013Q4 to 3.7 million. Statistics show that 84.5% of the unemployed are well educated of whom, 70.8% are aged between 15 to 29 years. Among college graduates, unemployment rates in 2012 were 37.8%, and 56.5%, among males, and females, respectively. The unemployment rate among the youth aged 20 to 24 years was highest at 39.3%. The unemployment rate among females reached 25% in 2013Q4, more than double that for males at 9.9%. Besides, male participation rate in the labour market was far higher at 77.1%, compared to 22.9%, for females. Because of difficult labour market conditions in the private sector, including long working hours women participation in the labour market continue to fall despite an increasing population. As a result working time in a week for females averaged less than that for males of 46.8 hours by 4.2 hours in 2013Q3.

Figure 3 Egypt's Selected Production Indices



Source: AfDB based on Ministry of Planning data.

Figure 4 Unemployment and Labor Force Participation



Source: AfDB based on data by the Central Bank of Egypt.



Meanwhile labour productivity is on the decline as economic activity, investments, and employment further retreats. For example, the growth rate of output and output per worker in the vast agricultural sector that absorbs a third of the Egyptian labour force is slowed down by low levels of technology utilization and underinvestment in infrastructure. Given that official statistics show that only 10% of the unemployed live in the rural areas, compared to 16.9% for urban areas, one would expect pervasive underemployment in the agriculture sector that is predominantly rural based. The high poverty rates that prevail in the rural areas, led by governorates of Assiut and Qena in Upper Egypt is an indication of the depth of underemployment and informality of the working conditions that prevail in rural areas. Between FY2010/11 and FY2012/13 poverty rates increased to 60% and 58% in Assiut and Qena, respectively.

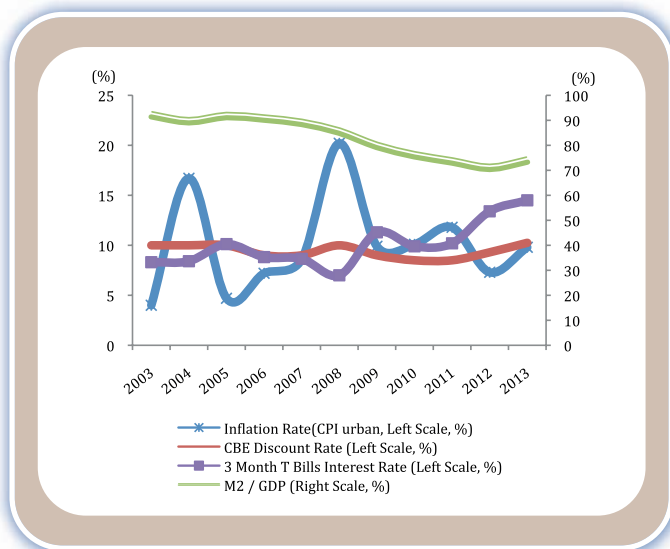
Despite the low productivity, workers in the public sector have been demand-

ing higher compensation. Since the January 2011 uprising, labour protests in the public service have intensified causing further damage to the economy. Strikes in the largest public textile entity, the Mahalla Weaving and Textile Company have resulted in the company incurring substantial losses. To respond to Egyptians' demands for social justice the government in January 2014 raised minimum wages in the public sector — excluding economic entities, for example, the Postal and Transportation Authorities — by 71.4 % to EGP 1,200, from EGP 700 that was set in July 2012. However, only 4.8 million government employees benefited from the wage increase. The left out business sector public companies' employees have intensified strikes demanding to higher wages, notwithstanding the weak conditions in the labour market. The minimum wage legislation also excluded the workforce in the private sector. Official data show that the ratio of public enterprises and institutions to formal private sector enterprises was 4:6 in 2011.

Monetary Sector

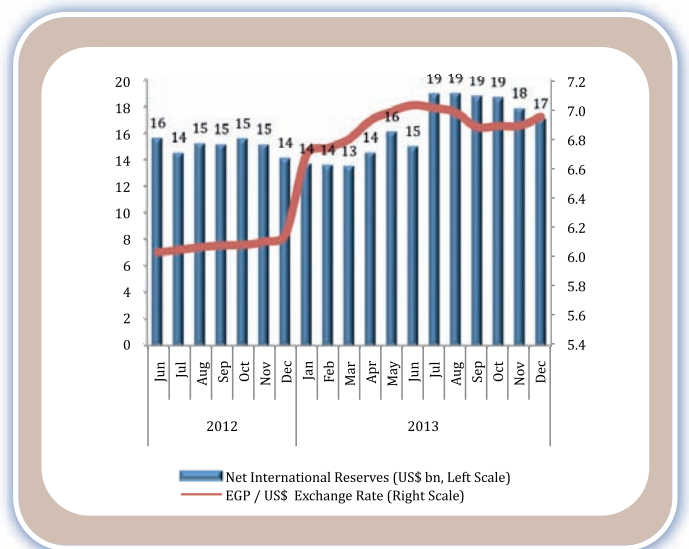
Headline inflation stood at 9.8% in June 2013 inflation, far lower than the 20% recorded in 2008, but risks to inflation are on the upside. After the global financial crisis, Egypt had succeeded in managing inflation risks, by bringing down inflation — measured by the Urban Consumer Price Index, CPI, annualized monthly—, to 7.3% by June 2012 (Figure 5), by aggressively implementing its stated policy of maintaining price stability over the medium-term. However, inflation had picked up in January 2014 to 11.4%, from 6.3% a year earlier, with core inflation following suit. Inflation risks have been on the upside pushed by several factors including structural bottlenecks in the supply and distribution channels for butane cylinders and diesel fuels. In response to the rising food prices, the government, in September 2013, introduced consumer food price controls over fruit and vegetable items.

Figure 5 Monetary Sector Indicators



Source: AfDB based on data by the Central Bank of Egypt and Ministry of Finance.

Figure 6 Egypt's International Reserves and USD Exchange Rate



Source: AfDB based on data by the Egyptian Ministry of Finance and Central Bank.

The rapid depreciation of the Egyptian pound (EGP) over the past year was another factor that heightened upward inflation pressures. Between June 2012 and June 2013, the pound fell by 16%, from EGP6.033 to EGP 6.99 to the USD. However, the pound appreciated slightly to EGP 6.96 in January 2014, supported by inflows of funds from the Gulf after Morsi was ousted in July 2013 (Figure 6). The Gulf funds have helped the Central Bank of Egypt (CBE) to manage the currency from a free fall. This is by maintaining USD currency auctions that it introduced in December 2012 as complemented by limited exchange controls in a bid to stave off tumbling foreign reserves. Despite the CBE selling large amounts of US dollars—for example USD 1.5 billion was auctioned in January 2014—the country’s forex market is experiencing a supply gap for US dollars that is estimated at about 2-3% of GDP. This supply gap is sustaining a currency black market where the USD is selling at a 5%-7% premium to the official rate.

Furthermore, the CBE pursued an expansionary monetary policy through 2013. For the first time since 2009, the Monetary Policy Committee in 2013 (August, September, and December) cut the deposit rate, the lending rate, and the discount rate by a cumulative 150 basis points each to 8.25%, 9.25%, and 8.75%, respectively. Egypt’s money supply (M2) growth picked up in FY2012/13, rising by 4.5% y/y/ to 74% of GDP in June 2013 (Figure 5), and a further 1.8 % to 66.4% of GDP in November 2013. Furthermore, by November 2013, M2 had edged up by 18.5%, y/y to EGP 1,4 billion. Meanwhile, other components of money supply, namely, Money (M1), Quasi Money, and reserve money (M0),

expanded by 28.4%, 15.2%, and 27.9% y/y to reach EGP 369.6 billion, 990.6 billion, and 338 billion, respectively, by November 2013.

Public Finances

Since July 2013 Egypt is implementing an expansionary fiscal policy, which is coordinated with the monetary policy. To rejuvenate the economy, two stimulus packages were launched—one for EGP 30 billion that is under implementation since August 2013, and the other for EGP 33.9 billion that was unveiled in February 2014. According to the finance ministry the first package was financed through a USD 9 billion deposit that was with the CBE since the first Gulf War in the 1990’s, while the second is funded mainly by the Gulf countries. Although a substantial part of the stimulus packages is financing investment spending, about EGP 12 billion will be used to meet the minimum wage obligations for public sector employees.

Risks to Egypt’s public finances have mounted as tax revenue growth slows, and public spending accelerates. As a result, the fiscal deficit has widened in FY2012/13 by 3.1 percentage points to 13.7% of GDP, growing by 43.8% to EGP 239.7 billion, from EGP 166.7 billion (10.8% of GDP) in FY2011/2012. The deficit has, however, narrowed during the July-December 2013 period by 2.2% to EGP 89.4 billion compared to EGP 91.5 billion during the previous year. This was because the CBE eased its monetary policy over this period leading to lower interest rates, and lower government borrowing costs. However, the postponement of fiscal consolidation related reforms as the country prepares for elections later

this year will lead to strong headwinds, larger fiscal deficit, and public debt.

Government revenues grew by 15.4% in FY2012/13 to EGP 350.3 billion. Tax revenues increased by 21.1% in FY2012/13 to EGP 251.1 billion mainly because of increase in taxes on income and capital gains (47% of total tax revenues) by 29.1% in FY2012/13 to EGP 117.8 billion (Figure 7). The government owned Egyptian General Petroleum Corporation (EGPC) contributed 18.2% of the income taxes in FY2012/13. Personal income taxes also increased by 20.9% in FY2012/13 to EGP 26 billion (10% of the total taxes revenues). Moreover, consumption taxes increased by 9.8% in FY 2012/13 to EGP 92.9 billion, contributing 37% of tax revenues. Recent data show that although taxes revenue on incomes and capital gains slowed by 9.4% during the July-December 2013 period to EGP 45 billion compared to the same period last year, the deceleration was compensated by a substantial increase in non-tax revenues. This is because of a pickup in grants to EGP 37 billion in 2012/13, from EGP 3 billion the previous year, due to transfers from the CBE, and aid by the Gulf countries after Morsi was deposed. Tax revenues are expected to continue declining in the short-term as reforms have been postponed.

But government spending increased by 25% y/y to EGP 588.2 billion, faster than the growth in revenues. Over 78% of all government spending in FY2012/13 was diverted to self-targeting food and energy subsidies (25.9% of total expenditure; EGP 153 billion), wages (24.3%; EGP 143 billion), and to service debt (25%; EGP 147 billion) leaving less for new investment (Figure 8).

² Money (M1) —M0 plus local currency demand deposits—; Quasi Money —includes time and savings deposits in both local and foreign currencies—; and reserve money or monetary base (M0) —currency in circulation and the banking sector deposits held at the CBE.



Yields on three months T-bills decreased to an average of 11.4% during the July-December 2013 period. However, interest payments increased by 17.6% to EGP 69.6 billion over the same period. This is because other interest payments increased to EGP 28 billion compared to EGP 8.2 billion during the July-December 2013 period. In 2013, Egypt announced that it will repay by instalments debts of USD 6.3 billion it owed foreign oil companies. These debts could be the cause of the increase in interest payments. While food subsidies edged up modestly by 7.5% to EGP 33 billion, energy subsidy spending hastened by 25.6% to EGP 120 billion in FY2012/13. Investment spending remained low, increasing by only 10% in FY2012/13 to EGP 39.5 billion. Government spending has continued to rise, increasing by 7.6% to EGP 262.1 billion in during the July-December 2013 period compared to the same period last year. The wage bill jumped by 17.6% to EGP 80 billion during the July-December 2013, compared to the same period last year. There was a decrease in petroleum subsidies of 52.7% to EGP24.9 billion over this

later period contributing to the 28% fall in the subsidy bill. This is because data for July-December 2013 excludes subsidy costs incurred during the October-December 2013 period.

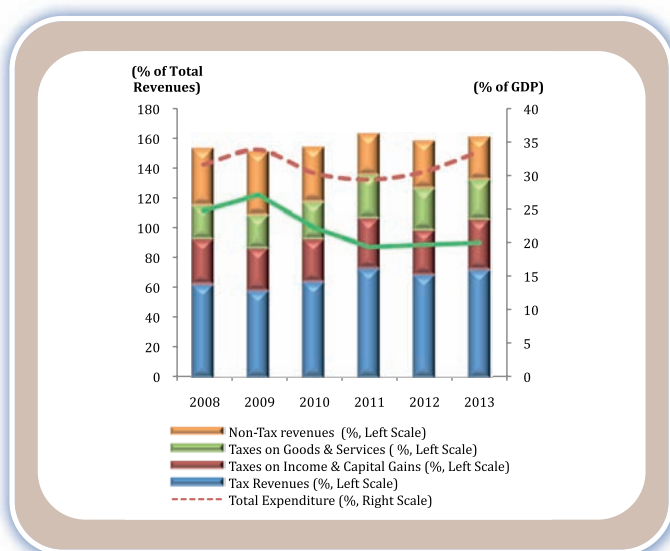
Resolving long-standing and emerging structural challenges will ensure that the government's fiscal policy has favourable growth effects. New emerging challenges include the implementation of the minimum wage that law will cost the government about EGP 20 billion in additional spending per fiscal year. A long standing reform agenda is on the wasteful fuels subsidies. In this regard, last year, the government launched a smart card program to better management the distribution and consumption of petroleum products. This initiative is expected to eliminate corruption and save about EGP 20 billion per year in energy subsidy spending. Efforts to reform the expenditure side of the budget will need, however, to be complemented with reforms over the tax system. In this regard, the government has been working towards transforming the general sales tax system to a full-fledged value added taxation system. Propo-

sed reforms in the area of real estates, if implemented, are expected to net EGP 3 million in additional property tax revenues in initial phases. In this regard the government has approved a draft law that amends the 196/2008 Property Tax Law, and that requires property tax values to be determined across all governorates. By introducing growth-friendly taxation and expenditure reforms the government will create the fiscal space it needs to implement the mandates of the new Constitution that requires spending on priority sectors of education and health to be at least 4%, and 3%, of GDP, respectively.

Financial Sector

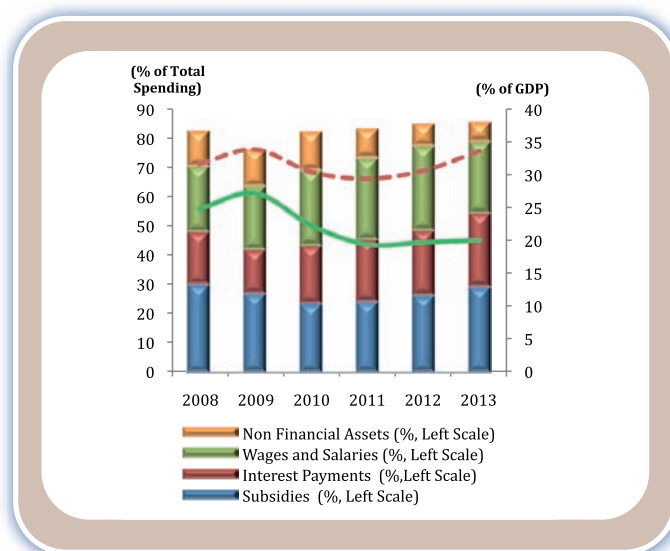
Despite the political unrest, Egypt's financial sector is performing relatively well. In November 2013, and January 2014, international credit rating agencies, Standard & Poor's (S&P), and Fitch Ratings, respectively, upgraded their ratings for top Egyptian banks after Egypt financial position improved supported by USD 16 billion aid pledge by the Gulf countries (United Arab Emirates, UAE, USD 7 billion;

Figure 7 Revenue Performance



Source: AfDB based on data by the Central Bank of Egypt.

Figure 8 Expenditure Performance



Source: AfDB based on data by the Central Bank of Egypt.

Saudi Arabia, USD 5 billion; and Kuwait, USD 4 billion). The banking system is highly profitable with a substantial asset base, and is sound with a nonperforming loan (NPL) ratio of 9.5% in June 2013, far lower than the 13.6% reported in June 2010. Furthermore, the Egyptian stock market remained very active, growing at 24% in 2013 despite the political unrest (Figure 9).

High exposure to the government debt continues to cast its shadow on banks' credit ratings. After the revolution, Egyptian banks' ratings were downgrades several times by international rating agencies because of their exposure to government securities, which stood around 40% of GDP in December 2013. This was after Egypt own sovereign credit ratings were downgraded, leading to a widening of its sovereign debt credit default swap (CDS) spreads to historical highs of 900 points in July 2013 after Morsi was ousted. In August 2013, however, the CDS narrowed to 789 points after Egypt received a financial life line from the Gulf. This also triggered positive upgrades of Egypt's sovereign credit ratings, by S&P from CCC+/C to B-/B with a "stable" outlook

in November 2013, and by Fitch in January 2014 to "stable" with a B- rating. But Moody's Investor Services continue to rate Egypt's sovereign debt as Caa1 — a rating it affirmed in July 2013 and that was its sixth downgrade since January 2011 —, and to maintain a negative outlook for banks, arguing that they will continue to increase their exposure to government securities in the context of the current political climate.

Despite the good performance, banks are not effectively executing their role in financial intermediation. By end-November 2013, credit facilities to the private sector expanded at 6.9% y/y to EGP 513 billion (93.2% of total), far lower than the growth of credit to the public sector of 17.2 % y/y to EGP 37.2 billion. At the same time, the outstanding stock of government securities rose by 38%, y/y to EGP 206.5 billion by end-December 2013. This shows the crowding out effect of public sector lending over lending to the private sector. Meanwhile the loan-to-deposits ratio stood at 43.7% in November 2013, lower than the 48% in November 2012, although the supply of

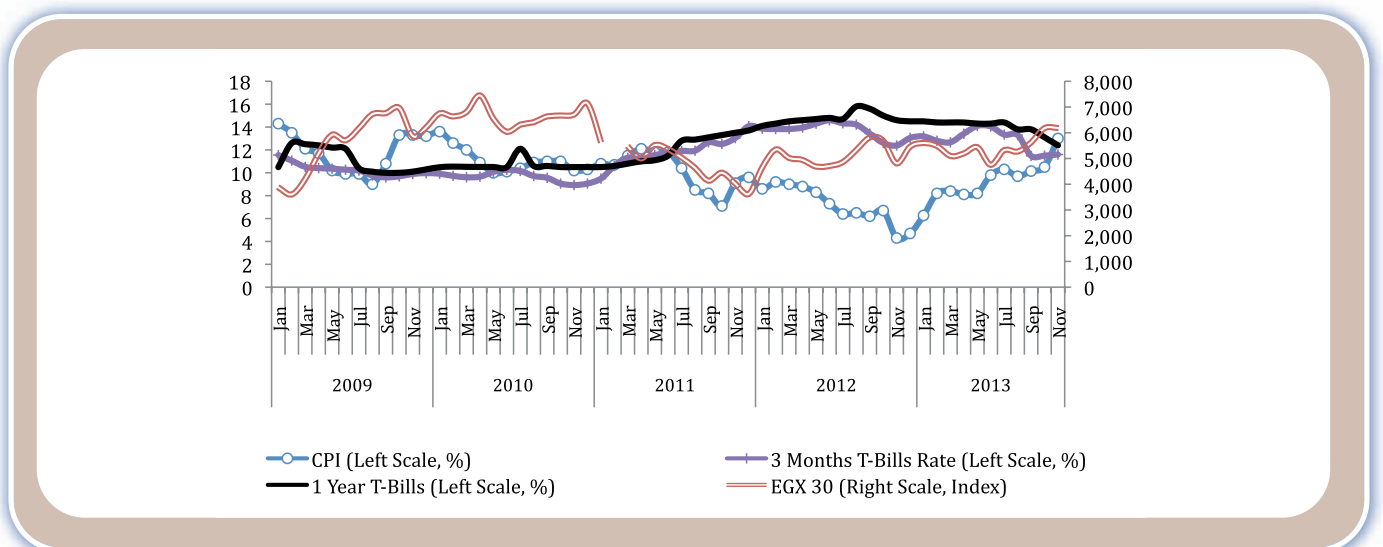
loanable funds (deposits) increased by 18% y/y to EGP 1.3 billion by end-November 2013.

The Egyptian Exchange (EGX) index has recovered the losses it posted after the January 2011 revolution, but there are lingering issues. The index surged to 8,075 points in February 2014, a level last seen in 2008. The passing of the new Constitution that paved the way for elections later this year is welcome news for investors. Further, the announcement by the CBE in February 2014 that it will deposit EGP 10 (USD 1.44 billion) with banks for onward lending to Egyptians wishing to buy low-cost houses is pushing up demand for shares in construction companies. Egypt, however, will need to stabilize the availability of foreign currency to foreign investors who are presently facing currency repatriating difficulties.

External Sector

Egypt's current account continued to improve, narrowing from a deficit of 3.9% of GDP in June 2012 to 2.1% in

Figure 9 Financial Sector Indicators

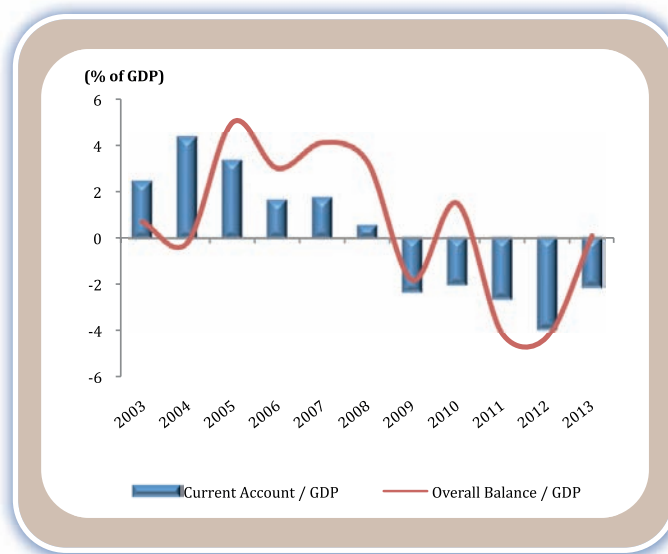


Source: AfDB based on data by the Central Bank of Egypt.



June 2013 (Figure 10). The current account rebounded to a surplus of USD 0.76 billion in September 2013 thanks to official transfers, in cash and commodities, mainly from the United Arab Emirates (USD 4.2 billion) and Saudi Arabia (USD 3.6 billion). Official transfers amounted to USD 4.3 billion in July-September 2013, compared to only USD 40 million a year earlier. The proportion of private transfers —mainly remittances by Egyptians— to total transfers averaged 88% during the 2003-2012 fiscal years, and amounted to USD 18.4 billion by in FY2012/13 (Figure 11). Private transfers contracted by 17% to USD 4 billion over the July-September 2013 period, compared to the same period last year. Because of extraordinary inflows of official transfers, private transfers contribution to total transfers also declined from 99% in the July-September 2012 period to 49% over the July-September 2013. It appears that the political instability and rising cost of living in the country are having a toll on the ability and incentives for Egyptian working abroad to send money back home. The World Bank ranks Egypt as a top recipient of officially

Figure 10 External Sector Indicators



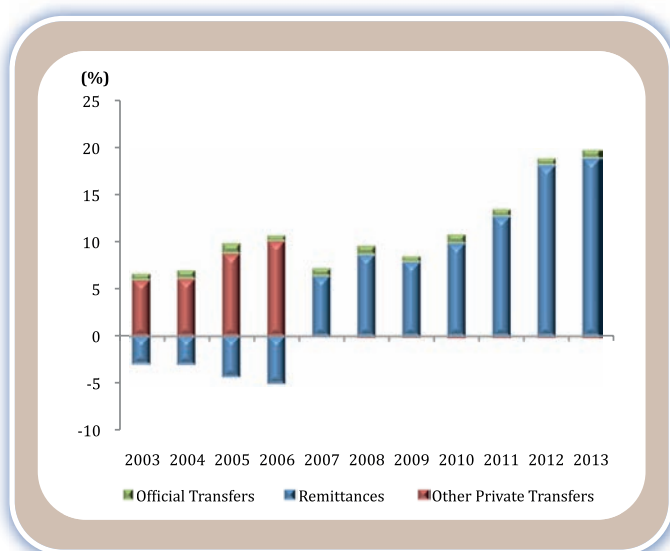
Source: AfDB based on data by the Central Bank of Egypt.

recorded remittances along with India, China, the Philippines, Mexico, and Nigeria, with Egypt following Nigeria.

Over the July-September 2013 period, both imports and exports decelerated by 1.5% to USD 13.6 billion, and 1.3% to USD 5.9 billion, respectively (Figure 12). During this period Egypt's exports as

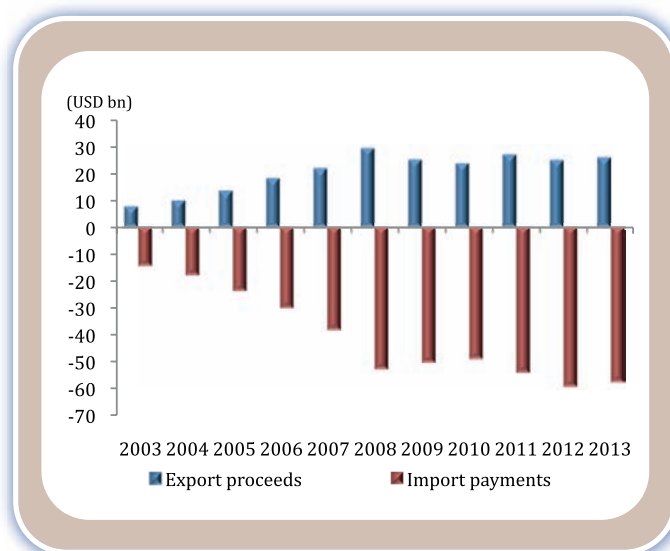
a % of total exports were: petroleum products (47%) and finished goods (40%). Furthermore, as a % of total imports, the country's main imports were: intermediate goods (31%), consumer goods (22.3%), and petroleum fuel and mineral products (18.5%). During July-September 2013, Egypt's main trading partners were the European Union (39.4% of exports, and

Figure 11 Transfers



Source: AfDB based on data by the Central Bank of Egypt.

Figure 12 Exports and Imports



Source: AfDB based on data by the Central Bank of Egypt.



other hand, by June 2013, gross external debt climbed to USD 43.2 billion (17.3% of GDP), compared to USD 34.4 billion (13.5% of GDP) a year earlier.

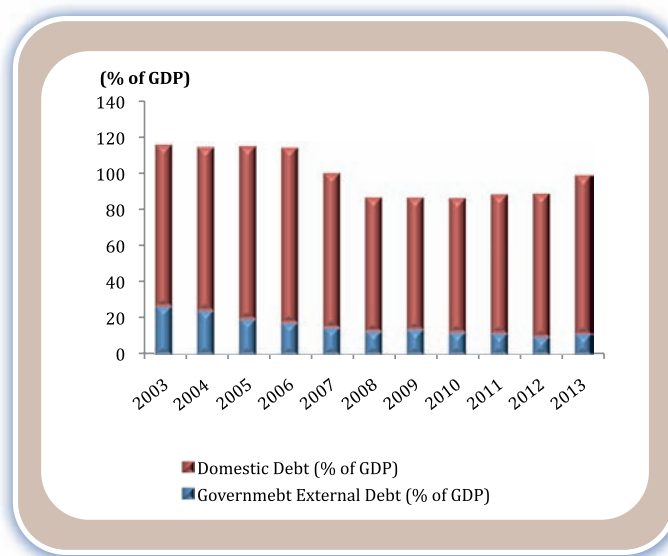
The mounting domestic public debt, has increased Egypt's per capita debt burden. The gross domestic debt per capita averaged USD 2,127 over the years 2005 to 2012, slightly less than the 2010/11 GNI per capita of USD 2,600. However, the gross domestic debt per capita reached USD 2,477 in June 2013, while external debt per capita was lower, at USD 490 (Figure 15). The biggest burden on Egyptians is government treasury bills and bonds that comprised about 83.1% of gross domestic debt, reaching EGP 1,269 billion in June 2013, an increase of 17.7%, y/y. About 66% of Egypt's external debt (11.4% of GDP) in June 2013 was owed by the central and local governments, and of this, about 16.3% had short-term maturities.

Meanwhile debt service obligations are rising. Total interest payments as a percentage of the government sector ex-

penditures increased by 3.2 percentage points to 25% in FY2012/13, and to 26.5% over the July-December 2013 period compared to 24.3% in the same period last year. Interest and principal payments on government debt increased by 41% and 95% in FY2012/13, respectively, and as a result, the total government debt service rose to EGP 218 billion

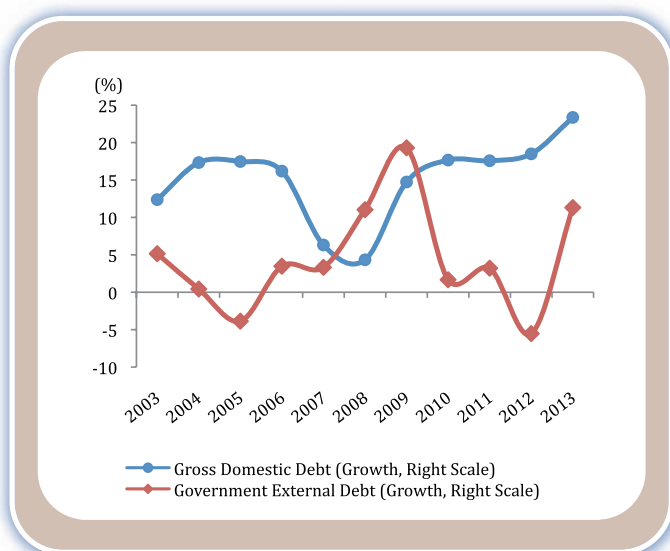
in FY2012/13, compared to EGP 141 billion in the previous year. This is as the yield on three months government T-bills increased by 0.2 percentage points to an average 13.3% in FY2012/13. The yields on three months T-bills have decreased to an average of 11.4% during the period July-December 2013 because of interest rates cuts by the Central Bank of Egypt.

Figure 13 Government Debt



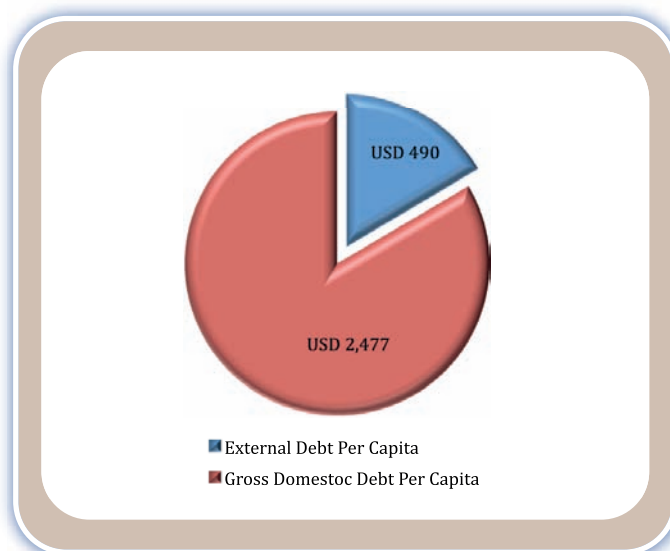
Source: AfDB based on data by the Central Bank of Egypt and Ministry of Finance.

Figure 14 Debt Growth Rate



Source: AfDB based on data by the Central Bank of Egypt and Ministry of Finance.

Figure 15 Debt Per Capita, June 2013



Source: AfDB based on data by Ministry of Finance.

Egypt's fiscal policy instruments will need to be calibrated to bring down domestic public debt. The aid from the Gulf has enabled Egypt to improve public finances during the transition until elections are held later this year. Importantly, with the support from the Gulf, the government has initiated investments through its two stimulus packages that will progressively create extra productive capacity that would stimulate growth. Attracting back nervous tourists and foreign investors is also a priority of the current government. To put public finances on a full sustainable path and slow further fiscal deterioration, gradual fiscal consolidation reforms will need to be initiated when the environment for reforms improves.

PART II ECONOMIC PROSPECT

Domestic political developments will continue to influence Egypt's economic outlook for 2014 and 2015. The approval of the Constitution (January 2014) paves the way for presidential and parliamentary elections this year. However, supporters of former president Morsi and the banned Muslim Brotherhood are likely to boycott such elections. There is, therefore, lingering uncertainties hanging over Egypt's medium term political developments and, consequently, its economic prospects.

As political headwinds dissipate, Egypt's economic growth will progressively improve. GDP growth is expected to bottom out from 2.1% achieved in FY2012/13, and that we estimate for FY2013/14, to about 3.4% in FY2014/15. The resilience of private consumption is

expected to keep the economy going in the short-term boosted by the higher public sector minimum wages. Investment demand that has been low in past years will also pick more strongly in 2015, because of the two fiscal stimulus packages that the government has launched. Export demand is expected pick up as the European market conditions are improving. Furthermore, the currency will be supportive to export demand, as it is expected to further weaken by 3% to EGP 7.2 to the USD by June 2014, before stabilizing at around EGP 7.0 in 2015.

Labour market conditions will moderate progressively, as economic activity recovers. Unemployment rate that is currently about 14% is expected to start coming down progressively. A quick recovery of the tourism sector could support jobs creation, but this is not expected until the security situation stabilizes towards 2015. Agriculture will remain supportive to both growth and employment, while growth in mining is expected to remain resilient. Manufacturing activity is expected to pick-up slowly as the political situation stabilizes and investment activity returns. This will slow down the recovery in employment.

Meanwhile, inflation pressure will remain strong in 2014 but would moderate in 2015. The inflation rate is expected to accelerate to an annual average of 12%, from the January 2014 rate of 11.4%, but will moderate to less than 10% in 2015. For the rest of 2014, the Central Bank of Egypt (CBE)'s policy that aims to achieve price stability will continue to be challenged by the competing goal of boosting growth. Thus CBE will continue with its looser monetary policy in 2014, but in 2015, it is expected that a tighter monetary policy will be implemented as inflows of funds from the Gulf slows down, thus forcing the CBE to worry more about a weaker exchange rate of the EGP.

Fiscal deficit will further widen as expansionary fiscal policy remain in place. It is unlikely that the government will achieve its own forecast for FY13/14's budget deficit of 11%–12% of GDP. Rather, we expect that the fiscal deficit would rise to 13% of GDP in 2013/14 before declining to about 11% in FY2014/15. Measures to consolidate the fiscal position or raise more tax revenues are substantively "off the table", for now. For remainder of this year, the govern-

Table Selected Macroeconomic Indicators

	2012	2013	2014(p)	2015(p)
Real GDP growth (%)	2.2	2.1	2.1	3.4
Unemployment (annual, %)	12.7	13.6	13.5	13
CPI inflation (annual, %)	7.3	9.8	12	9.0
EGP/USD Exchange Rate	6.0	6.99	7.2	7.0
Fiscal deficit (% of GDP)	-10.8	-12.7	-13.1	-11.3
Domestic debt (% of GDP)	80.3	87.1	80.1	76.5
Foreign debt (% of GDP)	10.0	11.4	15.8	15.5
Current account (% of GDP)	-3.9	-2.1	-1.1	-1.8

Source: Central Bank of Egypt, Ministry of Finance, and AfDB's projections (p).

ment is unlikely to put in place a fiscal and structural economic reform programme like the one that was backed by the International Monetary Fund (IMF) in 2012. Furthermore, the government is implementing two fiscal stimulus packages each totalling about EGP 30 billion covering both investments and social spending, including a wage raise for public sector employees. The higher spending will have immediate impact on the fiscal position in the backdrop of slow growth in tax revenues.

Overall debt indicators will trend towards 100% of GDP in 2015. The rising fiscal deficits will continue pushing up the domestic debt that is expected to reach 80% of GDP in FY2013/14 before starting to decline. Egypt expects to curtail the escalating trend in domestic debt by bringing down its budget deficit to 8% of GDP in the coming three years. The country's risk of external debt distress remains low, however, although such debt is rising because of an influx of loans from Gulf countries. A reprieve is that the funding from the Gulf is a cheap source of fi-

nances that will have favourable impact on debt service costs.

But the external position will remain favourable over the 2014–2015 timeframe.

Egypt's balance of payments is expected to remain in surplus aided by Gulf countries' financial support. This has released pressure on the exchange rate of the pound, and has increased reserves to USD 17.3 billion in February 2014, representing over 4 months of commodity imports cover. The current account deficit is expected to narrow to about 1% of GDP in FY2013/14 because of supportive remittances, a favourable exchange rate, and improving conditions in European export markets. However, the current account deficit is expected to widen to about 2% as economic activity picks up in 2015 driving up the demand for imports. In the short-run, remittance growth, however, is expected to decelerate in 2014 because of the weaker currency, but could accelerate in 2015. Egyptian labour migration could be enhanced as the security situation in Libya improves, thus boosting remittances.

An uncertain political outlook in 2014 will continue to undercut economic recovery.

Although the international credit rating agencies —Standard & Poor's and Fitch Ratings—have recently responded favourably to revise Egypt's economic outlook after the country received massive inflows of funds from the Gulf, they remain concerned, particularly Moody's, about the political outlook. As such we expect that once Egypt successfully holds presidential and parliamentary elections in 2014, the international credit rating agencies will further revise favourably their economic outlook for the country. A positive outlook, backed by international rating agencies, will improve Egypt's foreign investment climate, and attract more foreign direct investments. We expect that a stable political dispensation will provide Egypt with the required room to embark on longer term solutions to restore economic competitiveness through gradual structural reforms of its wasteful energy subsidies and taxation, starting 2015.





ANNEXES

Annex I Egypt Fact Sheet



Land area

997,739 sq km, of which only 5% is inhabited and cultivated

Population

Total 86.1 (February 2014)

In Major Towns (February 2014)

Cairo: 9,161,941
 Alexandria: 4,705,316
 Port Said: 653,038
 Suez: 608,699



Economic Size and Structure	2012	2013
GDP (PPP) % of world total	0.66	0.65
Real GDP growth (%)	2.2	2.1
Real GDP per capita (USD)	2,970	3,112
Egypt Voting Power	2013	2014
IMF voting power (% of World)	...	0.4
IMF quota (SDR million)	...	943.7
AfDB voting power (% of Africa)	8.9	8.9
Financial Indicators Ranking	2011	2012
Availability of financial services	88/144	112/148
Ease of access to loans	84/144	100/148
Soundness of banks	123/144	125/148
Local equity market financing	37/144	46/148
Doing Business	2013	2014
Doing business rank	127/185	128/189
Starting business rank	44/185	50/189
Construction permits	144/185	149/189
Registering property	106/185	105/189
Getting credit	82/185	86/189
Paying taxes	149/185	148/189
Resolving insolvency	141/185	146/189
Tourism Indicators	2011	2013
Tourism Competitiveness	75/139	85/140
Safety and security	135/139	140/140
Tourism infrastructure	88/139	90/140
Attract tourists	42/139	47/140
Tourism expenditure	21/139	22/140
Hiring and firing in tourism	76/139	113/140
Economic Freedom	2013	2014
Monetary freedom	174/178	175/178
Trade freedom	106/178	123/178
Investment freedom	125/178	100/178

Competitiveness Index (Rank)	2011/144	2012/148
Overall ranking	107/144	118/148
Government budget balance	142/144	146/148
Inflation, annual % of change	128/144	122/148
General government debt	122/144	129/148
Imports as % of GDP	116/144	109/148
Exports as % of GDP	...	134/148
Infrastructure	83/144	98/148
Women labour force % to men	139/144	143/148
Labour market efficiency	142/144	146/148
Human Development Index	2011	2012
Human development index	113/187	112/187
GNI per capita (2005 PPP\$)	5,403	5,401
Life expectancy at birth	73.2	73.5
Mean years of schooling	6.4	6.4
Social & Governance Indicators	2012	2013
Corruption perception index	118/176	114/177
Gender gap index	126/135	125/136
Freedom index (Rank)	125/178	135/178
Political strength	91/129	107/129
Economic strength	88/129	98/129
Energy Indicators	2012	2013
Energy performance	61/129	63/129
Energy security	52/129	47/129
Energy equity	56/129	59/129
Environmental sustainability	81/129	84/129
Contextual performance	90/129	102/129
Energy performance	61/129	63/129
Mo Ibrahim Index	2011	2012
Property rights index	21/52	19/52
Safety rule of law	20/52	30/52
Participation & Human Rights	47/52	37/52

Source: African Development Bank, Heritage Institution, Human development Report (UNDP), International Monetary Fund, Mo Ibrahim Foundation, Transparency International, World Bank, World Economic Forum and World Energy Council.

Annex II Development and Macroeconomic Indicators

	2008	2009	2010	2011	2012	2013	2014(P)	2015(p)
Development Indicators								
Unemployment rate (%)	8.7	9.4	9	12	12.7	13.6	13.5	13
Labour force participation rate (%)	32.8	33.1	33.4	33	32.7	32	...	...
Age (15-24) Labour force participation rate	51.4	54.59	51.90	52.20	52.40	...	...	...
Poverty headcount ratio at national poverty rate (%)	...	21.6	...	25.2	...	26.3	...	...
Economic Indicators								
Real GDP growth (Annual % Change)	7.2	4.7	5.1	1.8	2.2	2.1	2.1	3.4
Consumption as % of GDP (Market Prices)	83.2	87.4	85.7	87	92	93.2	94	95.5
Investment as % of GDP (Market Prices)	22.4	19.2	19.5	17.1	16.4	14.2	15	16.5
Domestic savings (% of GDP)	16.8	12.6	14.3	13.0	9.1	15.8	...	...
Exports as % of GDP (Market Prices)	33	25	21.3	20.6	17.4	17.3	17.8	18.5
Imports as % of GDP (Market Prices)	83.6	31.6	26.6	24.7	25.8	24.7	25.4	26.5
Prices								
CPI inflation (Annual % of Change)	20.2	9.9	10.1	11.8	7.3	9.8	12	9
EGP/USD exchange rate (End of Period)	5.35	5.59	5.66	5.94	6	6.99	7.2	7.0
Budget Sector Indicators								
Total revenues (% of GDP)	24.7	27.1	22.2	19.3	19.7	18.2	18.5	18.2
Tax revenue (% of GDP)	15.3	15.7	14.1	14.0	13.4	15.0	14.5	13.7
Other revenues(% of GDP)	9.4	11.4	8.1	5.3	6.2	7.1	5.9	6.1
Total expenditures (% of GDP)	31.5	33.7	30.3	29.3	30.5	29.7	31.6	29.5
Compensation of employees (% of GDP)	7.0	7.3	7.1	7.0	8.0	7.7	7.9	7.4
Interest payments (% of GDP)	5.6	5.1	6.0	6.2	6.8	7.5	7.9	7.9
Primary fiscal deficit (% of GDP)	1.2	1.8	2.1	3.6	4.0	5.3	4.0	3.5
Overall fiscal deficit (% of GDP)	6.8	6.9	8.1	9.8	10.8	13.7	13.1	11.3
External Sector Indicators								
Balance of payments (% of GDP)	3.3	-1.8	1.5	-4.1	-4.3	0.1	-0.2	0.8
Current account balance (% of GDP)	0.5	-2.3	-2.0	-2.6	-3.9	-2.1	-1.1	-1.8
Trade balance (% of GDP)	-14.4	-13.3	-11.5	-11.5	-13	-11.6	-12	-11.5
Exports/Imports (%)	55.6	50	48.7	49.9	42.3	45.2	...	...
Service receipts/ Service payments	222.2	210.7	178.2	156.3	136.5	143.1	...	...
FDI in Egypt (net) (% of GDP)	8.1	4.3	3.1	0.9	0.8	2.0	...	...
Debt Indicators								
Total government debt as % of GDP	86.4	86.3	86	87.9	88.4	98.5	...	...
Gross domestic debt (% of GDP)	73.5	72.5	73.6	76.2	78.6	87.1	80.1	76.5
Gross external debt (% of GDP)	20.1	16.9	15.9	15.2	13.2	17.3	19	21
External debt per capita (USD)	450	418.6	399.2	413.6	389.7	489.9	...	...
Domestic debt per capita (EGP)	8,740	10,027	10,529	12,380	14,032	17,307	...	...
364 Day T-bills rate (annual average)	7.8	12.1	10.5	11.5	14.8	14.4	..	...
External debt service (% of exports)	4.6	6.4	5.5	5.7	6.1	8.0	...	...
Net international reserves (USD billion)	34.6	31.3	35.2	26.6	15.5	16.0	...	...
NIR as months of commodity imports	7.9	7.5	8.6	6.3	3.2	4.3	...	...

Source: African Development Bank, African Economic Outlook, Egyptian Central Agency for Public Mobilization and Statistics, Central Bank of Egypt, Egyptian Ministry of Finance, International Monetary Fund, World Development Indicators, and AfDB Staff projections(p).

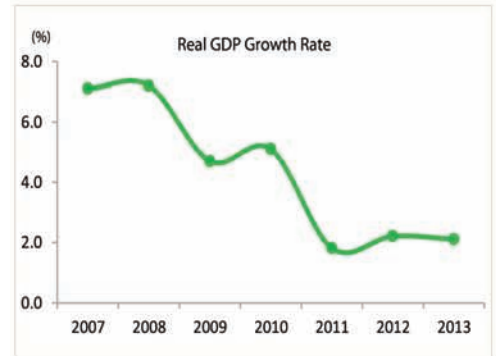
Annex III Economic Statistics and Charts

Gross Domestic Product (GDP)

GDP Growth Rates

	2007	2008	2009	2010	2011	2012	2013
Real GDP at Market Prices	7,1	7,2	4,7	5,1	1,8	2,2	2,1
Real GDP Per Capita	0,0	5,0	2,4	2,8	-0,6	-0,03	-0,01

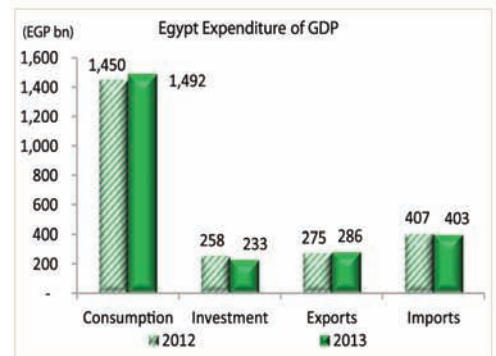
Source: Egyptian Ministry of Finance & Central Bank of Egypt.



Real Sector Constant prices

	2007	2008	2009	2010	2011	2012	2013
GDP at Market Prices (Constant prices)	745	798	836	878	894	1 576	1 609
Consumption	624	656	689	722	758	1 450	1 492
Investment	155	179	163	176	168	258	233
Exports	225	290	253	241	250	275	286
Imports	259	328	270	261	282	407	403

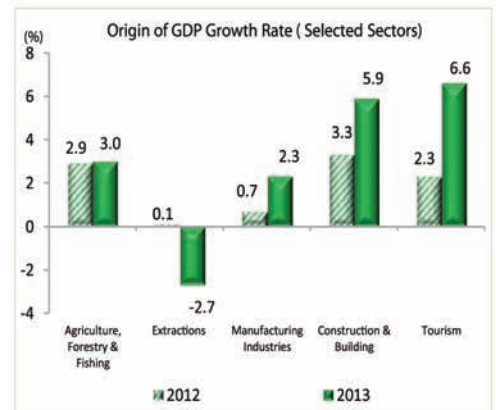
Source: The Central Bank of Egypt.



Origin of GDP- Selected Sectors (Growth Rate)

	2007	2008	2009	2010	2011	2012	2013
Agriculture, Forestry & Fishing	3,7	3,3	3,2	3,5	2,7	2,9	3,0
Extractions	3,9	4,0	6,4	0,9	0,6	0,1	-2,7
Manufacturing Industries	7,3	8,0	3,7	5,1	-0,9	0,7	2,3
Electricity	6,3	7,8	5,2	6,3	4,5	5,9	4,6
Water	7,2	7,2	7,0	6,8	4,4	4,6	4,1
Construction & Building	15,8	14,8	11,5	13,2	3,7	3,3	5,9
Communications	14,1	14,2	14,6	13,3	6,7	5,2	4,9
Suez Canal	14,9	18,0	-7,2	-2,9	11,5	3,9	-3,8
Tourism	..	..	1,3	12,0	-5,9	2,3	6,6

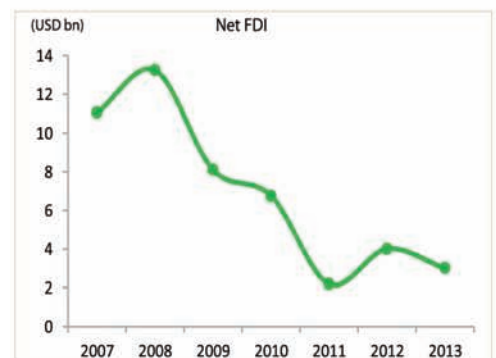
Source: The Central Bank of Egypt.



Foreign Direct Investment (FDI)

	2007	2008	2009	2010	2011	2012	2013
Net FDI (USD billion)	11,1	13,2	8,1	6,8	2,2	4,0	3,0
Inflows	13,1	17,8	12,8	11,0	9,6	11,8	9,6
Outflows	-2,0	-4,6	-4,7	-4,2	-7,4	-7,8	-6,6

Source: The Central Bank of Egypt.



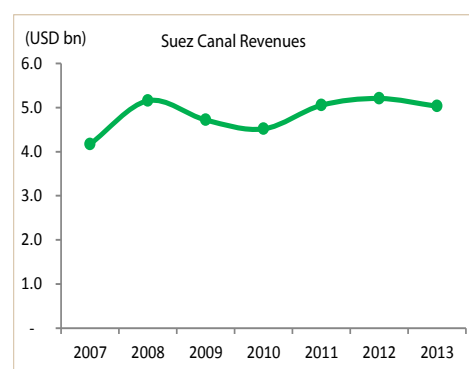


Suez Canal

Suez Canal Traffic and Revenues

	(million)						
	2007	2008	2009	2010	2011	2012	2013
Total Vessels (million)	19 419	21 080	19 354	17 504	18 050	17 664	16 664
Suez Canal Revenues (USD billion)	4,2	5,2	4,7	4,5	5,1	5,2	5,0

Source: Suez Canal Authority and Central Agency for Public Mobilization And Statistics (CAPMAS).



Tourism

Tourism Traffic and Revenues

	(million)						
	2007	2008	2009	2010	2011	2012	2013
Number of Tourist Arrivals	10	12	12	14	12	11	12
Number of Nights	96	127	123	136	125	132	142
Tourism Revenues (USD billion)	8,2	10,8	10,5	11,6	10,6	9,4	9,7

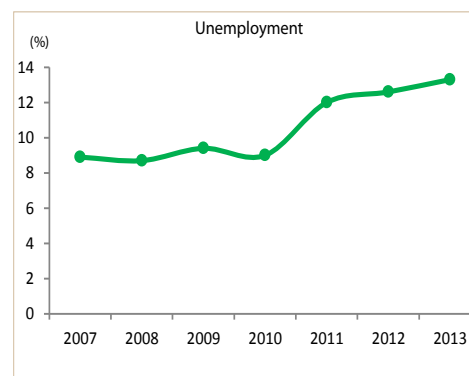
Source: The Central Bank of Egypt.



Unemployment

	(%)						
	2007	2008	2009	2010	2011	2012	2013
Labor Force / Population (%)	32,5	32,8	33,0	33,3	33,0	33,0	31,9
Unemployment Rate (%)	8,9	8,7	9,4	9,0	12,0	12,6	13,3

Source: The Central Bank of Egypt and Central Agency for Public Mobilization And Statistics (CAPMAS).

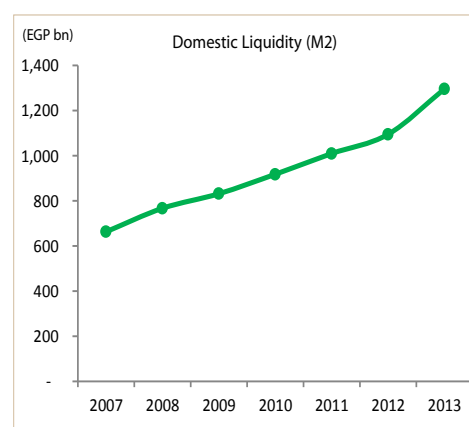


Monetary Sector

Domestic Liquidity

	(EGP billion)						
	2007	2008	2009	2010	2011	2012	2013
Reserve Money (M0)	134	170	175	203	251	264	318
Domestic Liquidity (M2)	663	767	831	917	1 009	1 094	1 296
Money Supply (M1)	131	171	183	214	249	275	344
Quasi-Money	531	596	648	703	761	820	952

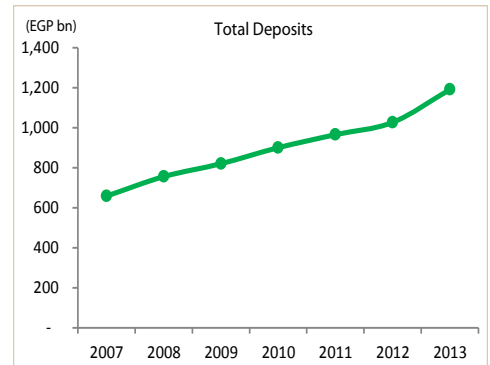
Source: The Central Bank of Egypt.



Bank Deposits

	(EGP billion)						
	2007	2008	2009	2010	2011	2012	2013
Total Deposits	658	756	820	900	965	1 027	1 191
Governmental	77	88	102	113	117	119	127
Non-Governmental	581	668	718	787	848	908	1 064

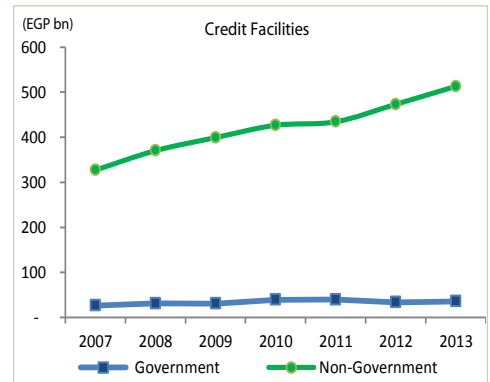
Source: The Central Bank of Egypt.



Credit Facilities

	(EGP billion)						
	2007	2008	2009	2010	2011	2012	2013
Total Credit Facilities	354	401	430	466	474	507	549
Government	27	31	31	39	40	34	36
Non-Government	327	370	399	427	434	473	513

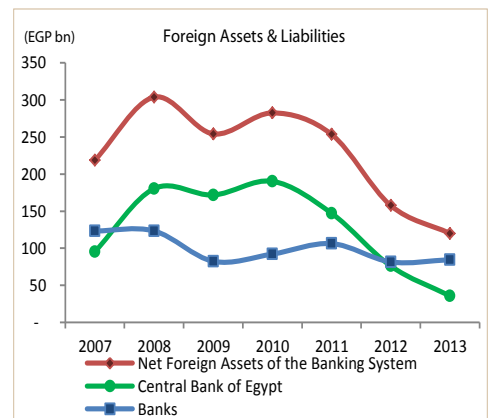
Source: The Central Bank of Egypt.



Foreign Assets & Liabilities

	(EGP billion)						
	2007	2008	2009	2010	2011	2012	2013
Net Foreign Assets of the Banking System	219	304	254	282	254	158	120
Central Bank of Egypt	95	180	172	190	147	76	36
Banks	123	123	82	92	106	82	85

Source: The Central Bank of Egypt.

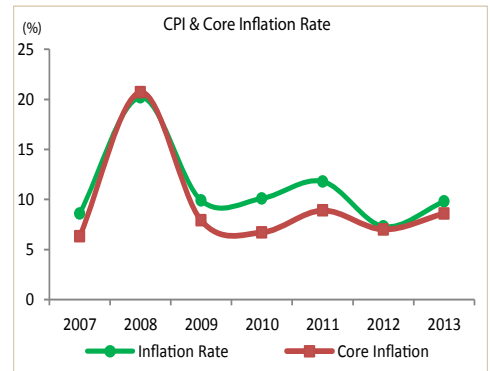


Financial Sector

Inflation

	(%)						
	2007	2008	2009	2010	2011	2012	2013
Inflation Rate	8,6	20,2	9,9	10,1	11,8	7,3	9,8
Core Inflation	6,3	20,7	7,9	6,7	8,9	7,0	8,6
PPI	6,9	33,8	-12,0	8,6	19,4	-3,7	-3,7

Source: The Central Bank of Egypt.



Number of Listed Companies

	(billion)						
	2006	2007	2008	2009	2010	2011	2012
No. of listed companies (Unit)	0,1	0,5	0,4	0,3	0,2	0,2	0,2
No. of listed shares	7,9	15,0	19,8	22,4	29,0	32,4	40,0
Listed capital (EGP)	58,4	121,1	138,0	149,6	134,7	144,7	150,1

Source: The Central Bank of Egypt.

Monthly Interest Rates

	2007	2008	2009	2010	2011	2012	2013
	(%)						
6 -12 month Deposit	12,6	12,2	12,4	11,4	10,8	11,6	12,2
1-3 Month Deposit	6,0	6,1	7,0	6,0	6,5	7,3	7,8
3 Month TBs	8,7	7,0	11,3	9,9	10,2	13,4	13,4

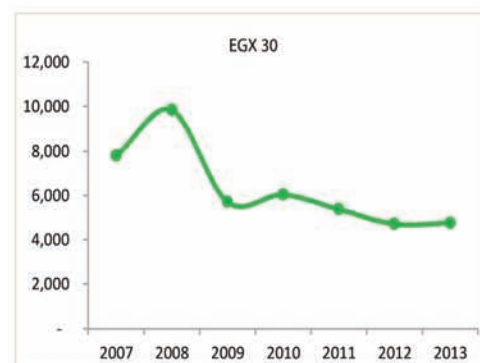
Source: The Egyptian Ministry of Finance.



Stock Market Exchange

	2007	2008	2009	2010	2011	2012	2013
EGX 20	9 286	10 716	6 591	6 926	5 888	5 452	5 211
EGX 30	7 803	9 827	5 703	6 033	5 373	4 709	4 752
EGX 70	..	..	623	528	630	422	360
EGX 100	..	..	..	909	973	730	643

Source: The Egyptian Stock Exchange.

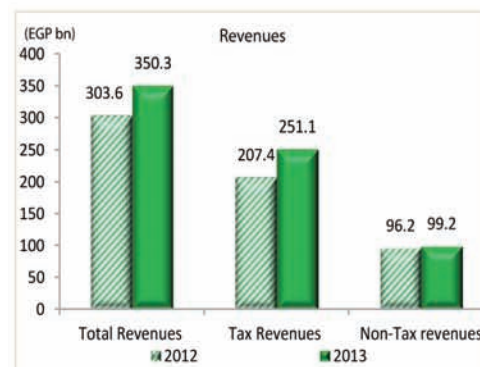


Fiscal Sector

Total Revenues

	2007	2008	2009	2010	2011	2012	2013
	(EGP billion)						
Total Revenues	180,2	221,4	282,5	268,1	265,3	303,6	350,3
Tax Revenues	114,3	137,2	163,2	170,5	192,1	207,4	251,1
Taxes on Income	58,5	67,1	80,3	76,6	89,6	91,2	117,8
Taxes on Property	1,8	2,1	2,8	8,8	9,5	13,1	16,5
Taxes on Goods and Services	39,4	49,7	62,7	67,1	76,1	84,6	92,9
Taxes on International Trade	10,4	14,0	14,1	14,7	13,9	14,8	16,8
Non-Tax revenues	65,9	84,2	119,3	97,6	73,2	96,2	99,2
Grants	3,9	1,5	8,0	4,3	2,3	10,1	5,2
Other Revenues	62,0	82,8	111,3	93,3	70,9	86,1	94,0

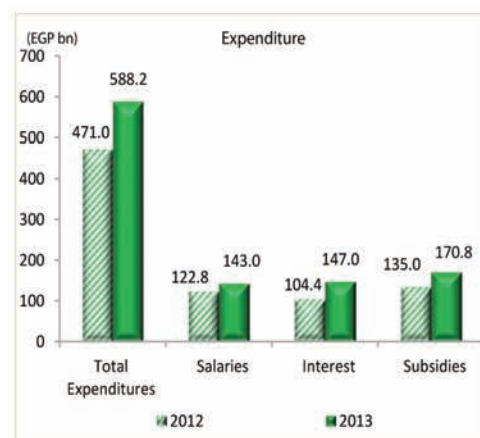
Source: The Egyptian Ministry of Finance.



Expenditure

	2007	2008	2009	2010	2011	2012	2013
	(EGP billion)						
Total Expenditures	222,0	282,3	351,5	366,0	401,9	471,0	588,2
Salaries	52,2	62,8	76,1	85,4	96,3	122,8	143,0
Purchases of Goods and Services	17,0	18,5	25,1	28,1	26,1	26,8	26,7
Interest	47,7	50,5	52,8	72,3	85,1	104,4	147,0
Subsidies, Grants & Social Benefits	58,4	92,4	127,0	103,0	123,1	150,2	197,1
Purchases of Non-Financial Assets	25,5	34,2	43,4	48,4	39,9	35,9	39,5
Grants	2,6	3,9	4,2	4,4	5,3	5,3	5,0
Social Benefits	1,6	4,1	28,7	4,5	6,1	9,4	20,8

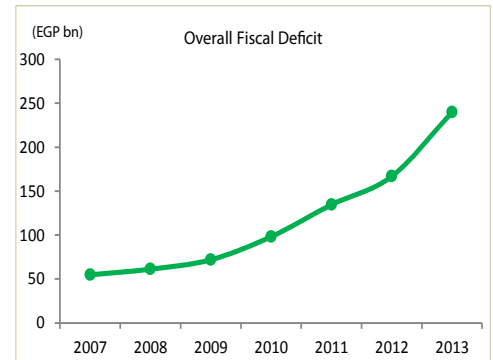
Source: The Egyptian Ministry of Finance.



Budget Deficit

	(EGP billion, otherwise indicated)						
	2007	2008	2009	2010	2011	2012	2013
Total Cash Deficit (EGP, billion)	41,8	60,9	69,0	97,9	136,6	167,4	237,9
Overall Fiscal Deficit (EGP, billion)	54,7	61,1	71,8	98,0	134,5	166,7	239,7
Overall Deficit/ GDP (%)	7,3	6,8	6,9	8,1	9,8	10,6	13,7
Revenues/ GDP (%)	24,2	24,7	27,1	22,2	19,3	19,3	20,0
Expenditure/ GDP (%)	29,8	31,5	33,7	30,3	29,3	29,9	33,5

Source: The Egyptian Ministry of Finance.

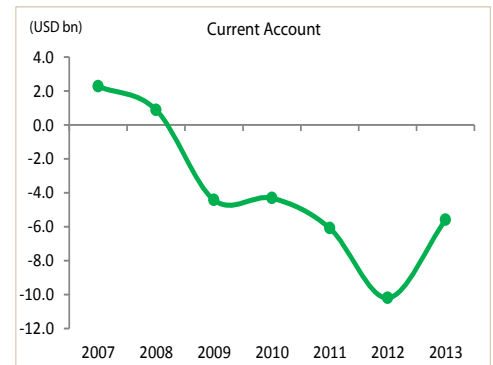


External Sector

Current & Financial Account

	(USD billion)						
	2007	2008	2009	2010	2011	2012	2013
Current Account	2,3	0,9	-4,4	-4,3	-6,1	-10,2	-5,6
Capital & Financial Account	0,9	7,6	2,3	9,0	-4,2	1,0	9,7
Capital Account	0,0	0,0	0,0	0,0	0,0	-0,1	-0,1
Financial Account	0,9	7,6	2,3	9,0	-4,2	1,1	9,8

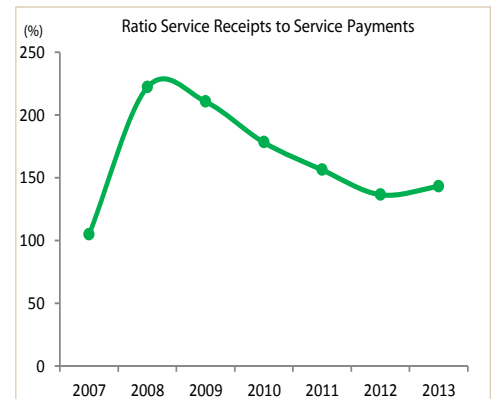
Source: The Central Bank of Egypt.



External Sector Indicators

	(%)						
	2007	2008	2009	2010	2011	2012	2013
Exports / Imports	57,5	55,6	50,0	48,7	49,9	42,3	45,2
Service Receipts / Payments	104,8	222,2	210,7	178,2	156,3	136,5	143,1
Current Receipts / Payments	228,4	101,4	92,8	93,1	91,1	86,4	92,4
Current Account / GDP	1,7	0,5	-2,3	-2,0	-2,6	-3,9	-2,1
Overall Balance / GDP	4,0	3,3	-1,8	1,5	-4,1	-4,3	0,1

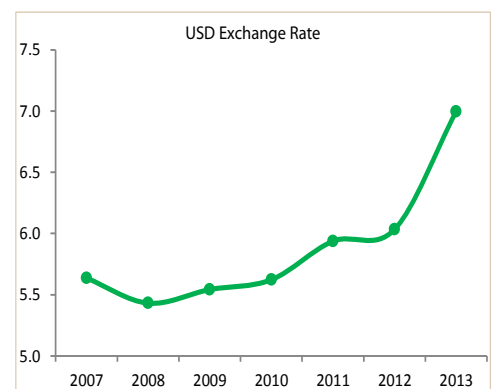
Source: The Central Bank of Egypt.



EGP Exchange Rate

	2007	2008	2009	2010	2011	2012	2013
USD	5,6	5,4	5,5	5,6	5,9	6,0	7,0
Euro	7,8	8,1	7,8	7,5	8,3	7,8	9,2
Pound Sterling	11,4	10,2	8,8	8,8	9,5	9,6	10,8

Source: The Egyptian Ministry of Finance.



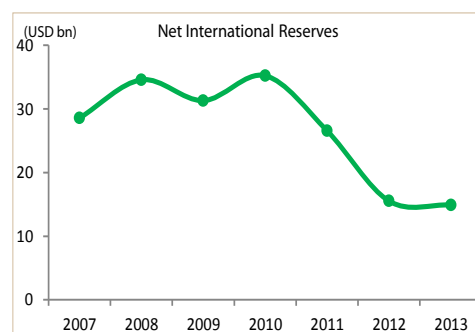


Net International Reserves

(USD billion)

	2007	2008	2009	2010	2011	2012	2013
Net International Reserves	28,6	34,6	31,3	35,2	26,6	15,5	14,9

Source: The Central Bank of Egypt.

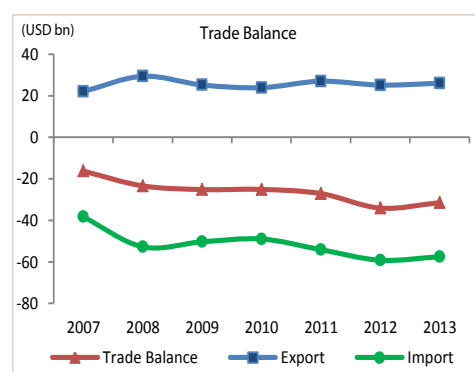


Trade Balance

(USD billion)

	2007	2008	2009	2010	2011	2012	2013
Trade Balance	-16,3	-23,4	-25,2	-25,1	-27,1	-34,1	-31,5
Export	22,0	29,4	25,2	23,9	27,0	25,1	26,0
Import	-38,3	-52,8	-50,3	-49,0	-54,1	-59,2	-57,5

Source: The Central Bank of Egypt.



Pharmaceuticals

(USD million)

	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Exports	42	30	36	44	43	39	40
Imports	134	167	150	187	186	96	204

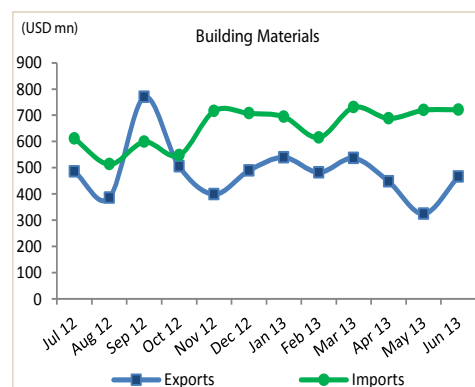
Source: General Organization for Export & Import Control (GOEIC).

Building Materials

(USD million)

	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Exports	489	539	480	533	446	323	466
Imports	769	743	660	726	625	744	676

Source: General Organization for Export & Import Control.

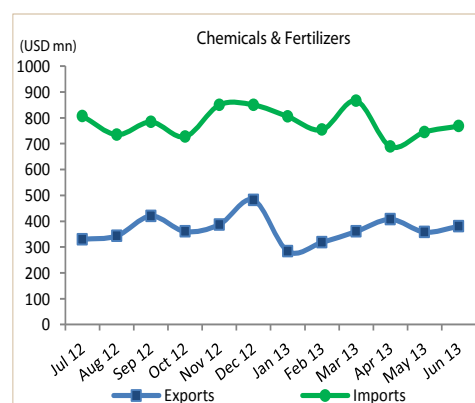


Leather

(USD million)

	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Exports	11	14	14	16	16	16	17
Imports	14	13	15	18	14	17	18

Source: General Organization for Export & Import Control.



Chemicals and fertilizers

(USD million)

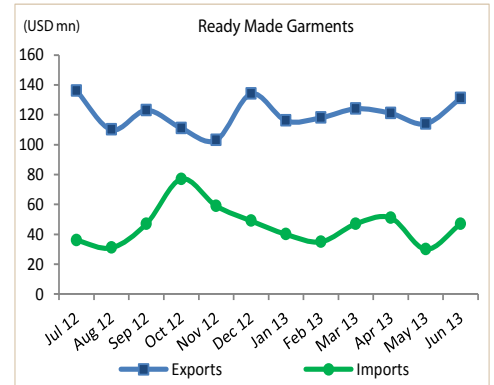
	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Exports	482	284	318	360	407	358	380
Imports	850	809	757	899	803	745	768

Source: General Organization for Export & Import Control.

Ready made garments

	(USD million)						
	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Exports	134	116	118	124	121	114	131
Imports	49	40	35	47	63	30	47

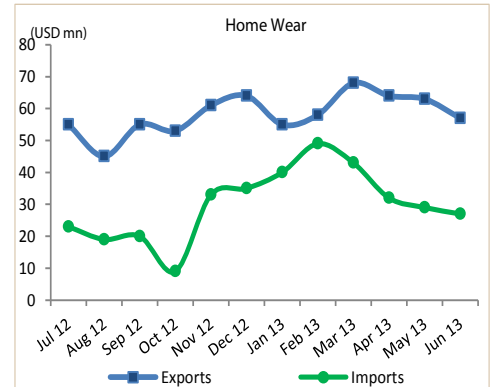
Source: General Organization for Export & Import Control.



Home wear

	(USD million)						
	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Exports	64	55	58	68	64	63	57
Imports	35	40	49	43	34	29	27

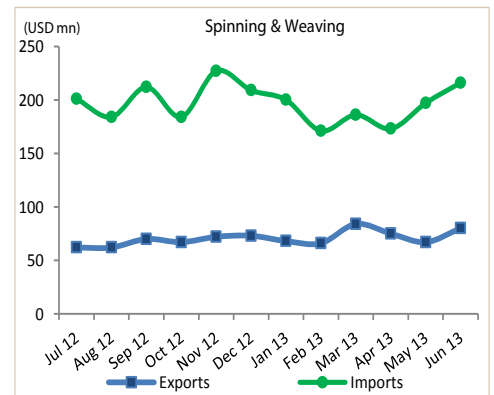
Source: General Organization for Export & Import Control.



Engineering and electronics

	(USD million)						
	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Exports	243	168	176	262	204	218	188
Imports	1806	1730	1468	1571	1477	1295	1564

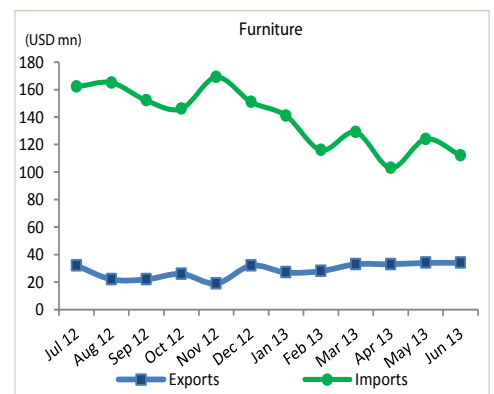
Source: General Organization for Export & Import Control.



Spinning and weaving

	(USD million)						
	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Exports	73	68	66	84	74	67	80
Imports	209	200	181	214	232	197	216

Source: General Organization for Export & Import Control.



Media commodities

	(USD million)						
	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Exports	2	1	1	2	2	2	6
Imports	3	7	5	2	7	13	5

Source: General Organization for Export & Import Control.

Furniture

	(USD million)						
	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Exports	32	27	28	33	33	34	34
Imports	151	141	116	129	119	124	1112

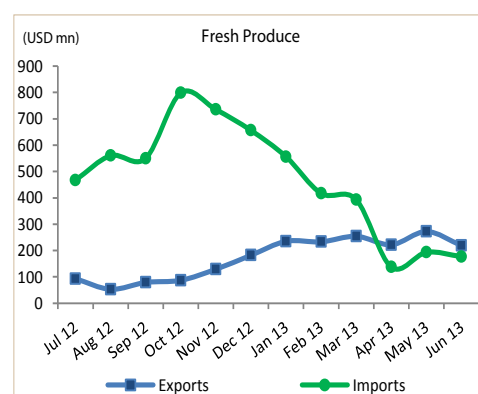
Source: General Organization for Export & Import Control.



Fresh produce

	(USD million)						
	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Exports	182	235	233	254	222	272	219
Imports	656	556	419	433	151	193	177

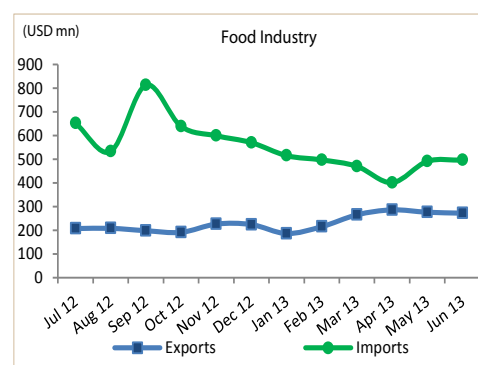
Source: General Organization for Export & Import Control.



Food Industry

	(USD million)						
	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Exports	224	186	215	265	286	276	272
Imports	570	515	550	470	401	491	496

Source: General Organization for Export & Import Control.

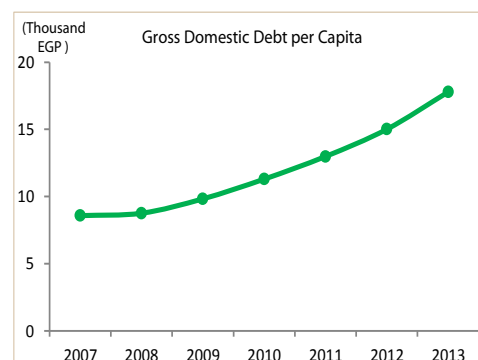


Debt

Debt Per Capita

	2007	2008	2009	2010	2011	2012	2013
Gross Domestic Debt per Capita (Thousand EGP)	8,6	8,8	9,8	11,3	13,0	15,0	17,8
External Debt per Capita (USD)	399	450	419	399	414	390	490
Total Government Debt/GDP (%)	99,6	86,4	86,3	86,0	87,9	88,4	98,5

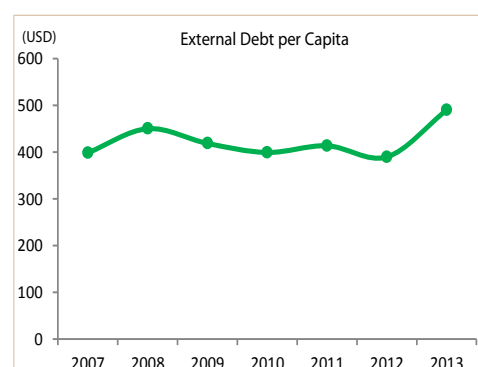
Source: The Central Bank of Egypt.



External Debt

	(%)						
	2007	2008	2009	2010	2011	2012	2013
External Debt / GDP	23	20	17	16	15	14	17
Government External Debt/ GDP	15	13	14	12	12	10	88
External Debt/ Exports of Goods & Services	70	60	64	71	71	75	90

Source: The Central Bank of Egypt.



Domestic Debt

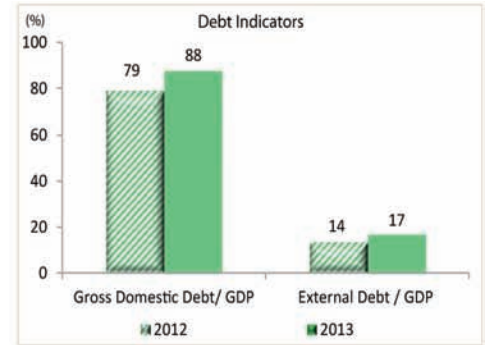
	(%)						
	2007	2008	2009	2010	2011	2012	2013
Total Domestic Public Debt/GDP	85	74	73	74	76	79	88
Domestic Government Debt/Domestic Public Debt	75	72	74	75	77	80	83
Government Debt (net)/GDP	64	54	54	55	59	63	72

Source: The Central Bank of Egypt.

Debt Service

	(EGP billion)						
	2007	2008	2009	2010	2011	2012	2013
Total Government Debt Service	54,7	60,0	71,1	98,9	117,3	140,9	218,2
Interest Payments	47,7	50,5	52,8	72,3	85,1	104,4	147,0
Domestic Debt	44,7	46,8	49,2	69,5	81,7	101,0	143,0
Foreign Debt	3,0	3,7	3,6	2,8	3,4	3,4	4,0
Principal Payments	7,0	9,5	18,3	26,5	32,2	36,5	71,3
Domestic Debt	3,0	5,6	10,4	18,1	23,0	21,3	60,1
Foreign Debt	4,1	3,8	7,9	8,5	9,2	15,2	11,2

Source: The Egyptian Ministry of Finance.

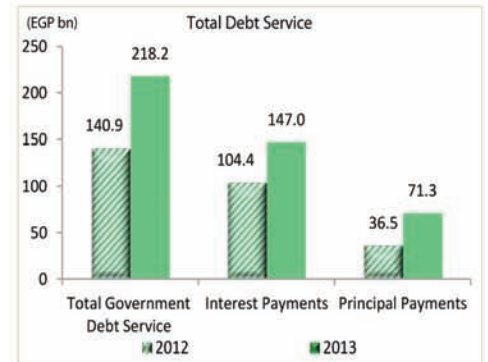


Manufacturing Indexes Growth Rates (%)

Total Manufacturing and Production Index

	2013 (%)					
	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Manufacturing Index	142,6	150,3	166,5	160,9	149,6	144,4
Manufacturing Index Growth Rate	0,3	5,4	10,8	-3,4	-7,0	-3,5
Production Index	206,3	195,6	185,6	179,5	.....	.....
Production Index Growth Rate	7,0	3,0	3,0	0,5	.....	.....

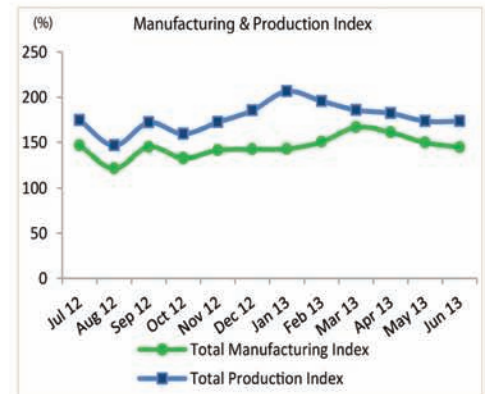
Source: The Central Agency for Public Mobilization And Statistics & Ministry of Planning.



Mining & Others

	2013 (%)					
	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Mining & Quarrying (Others)	-35,4	-32,7	67,0	-12,6	46,2	-19,1
Medical & Optical Instruments	-34,8	31,8	-26,2	0,4	3,4	17,6
Others	-45,1	11,4	46,1	125,7	13,6	36,2

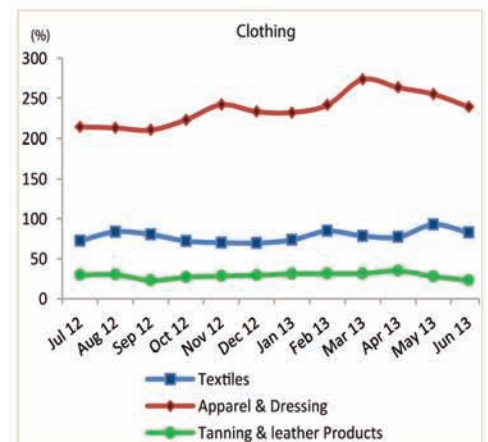
Source: The Central Agency for Public Mobilization And Statistics.



Clothing

	2013 (%)					
	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Textiles	5,4	15,1	-7,1	-1,8	20,2	-10,8
Apparel & Dressing	-0,4	4,0	13,3	-3,7	-3,2	-6,2
Tanning & leather Products	5,7	1,1	0,5	10,8	-20,2	-17,0

Source: The Central Agency for Public Mobilization And Statistics.

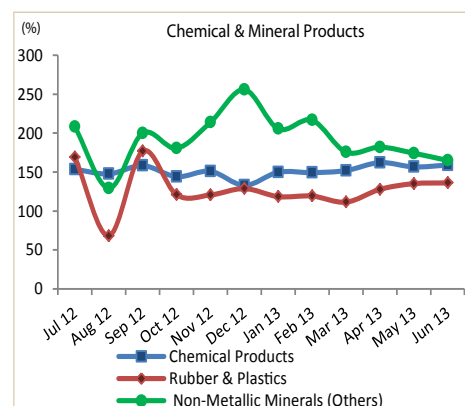




Chemical & Mineral Products

	(%)					
	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Chemical Products	12,7	-0,3	1,7	6,8	-3,5	1,5
Rubber & Plastics	-8,0	0,6	-6,5	14,7	5,7	0,7
Non-Metallic Minerals (Others)	-19,7	5,4	-18,9	3,6	-4,3	-5,3

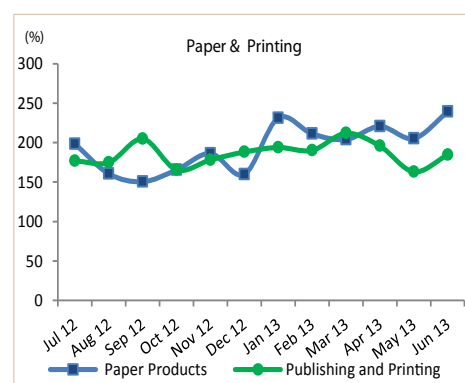
Source: The Central Agency for Public Mobilization And Statistics.



Paper & Printing Products

	(%)					
	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Paper Products	44,6	-8,7	-3,4	8,1	-6,9	16,5
Publishing, Printing	3,1	-1,9	11,4	-7,6	-16,7	13,1

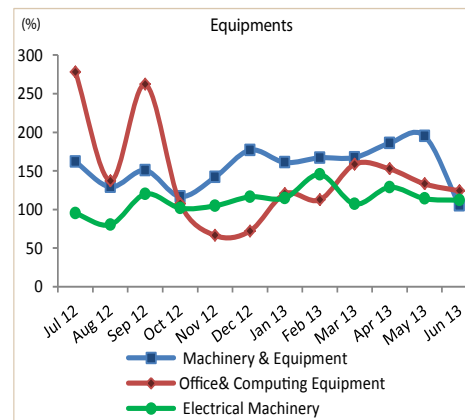
Source: The Central Agency for Public Mobilization And Statistics.



Equipments

	(%)					
	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Machinery & Equipment	-9,0	3,7	0,2	11,1	4,9	-46,2
Office & Computing Equipment	67,1	-6,5	41,1	-3,9	-12,7	-6,8
Electrical Machinery	-1,4	26,7	-26,4	20,3	-11,4	-1,8

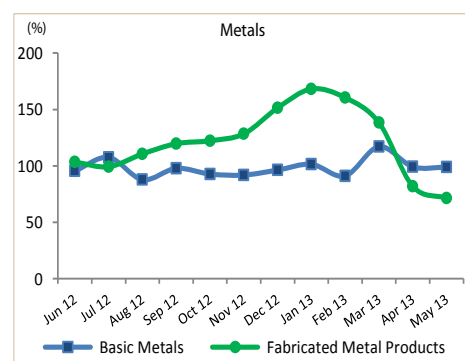
Source: The Central Agency for Public Mobilization And Statistics.



Metal

	(%)					
	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Basic Metals	5,3	-10,1	28,5	-15,3	-0,4	-6,2
Fabricated Metal Products	11,1	-4,6	-13,8	-40,8	-12,8	39,1

Source: The Central Agency for Public Mobilization And Statistics.



Wood & Furniture

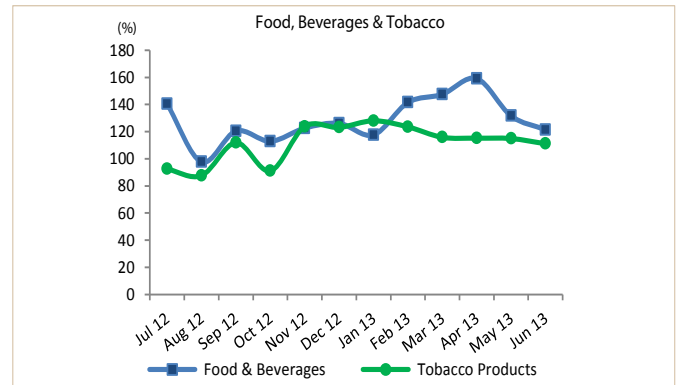
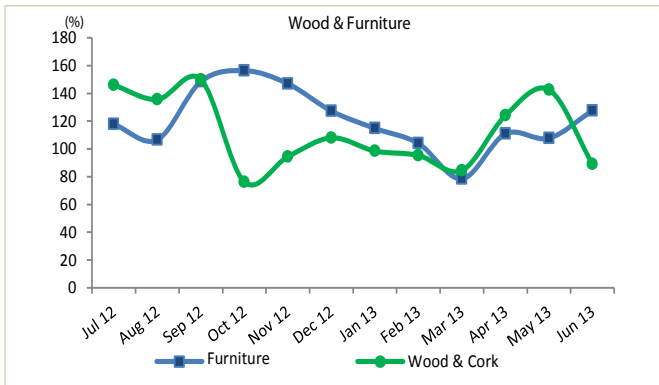
	(%)					
	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Furniture	-9,8	-9,4	-24,5	41,3	-2,9	18,5
Wood & Cork	-8,8	-3,2	-11,3	46,8	14,9	-37,5

Source: The Central Agency for Public Mobilization And Statistics.

Food, Beverages & Tobacco

	(%)					
	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Food & Beverages	-6,7	20,3	4,2	7,9	-17,3	-7,8
Tobacco Products	4,0	-3,5	-6,2	-0,5	-0,3	-3,3

Source: The Central Agency for Public Mobilization And Statistics.

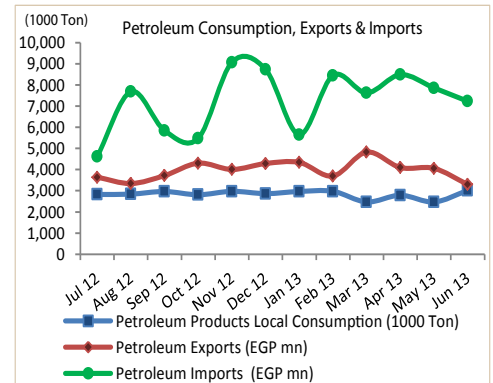


Energy Sector

Petroleum Consumption, Exports & Imports

	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Petroleum Products Local Consumption (1000 Ton)	2 973	2 470	2 787	2 470	3 013	2 970
Petroleum Exports (EGP million)	3 695	4 828	4 097	4 058	3 297	3 542
Petroleum Imports (EGP million)	5 653	8 451	7 624	8 487	7 859	7 230

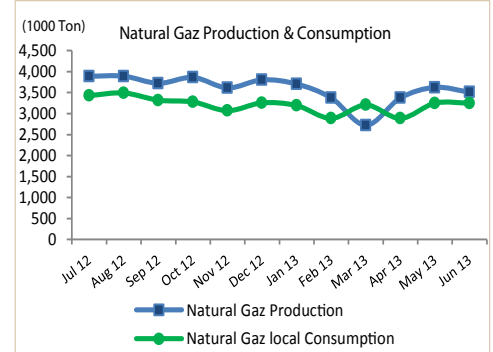
Source: The Central Agency for Public Mobilization And Statistics.



Natural Gaz, Butagaz, Condensers & Oil Production

	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Natural Gaz Production (1000 Ton)	3 704	3 374	2 723	3 374	3 625	3 511
Natural Gaz local Consumption (1000 Ton)	3 191	2 886	3 206	2 886	3 250	3 250
Oil, Butagaz & Condensers Production (1000 Ton)	2 945	2 642	2 934	2 642	2 996	2 922

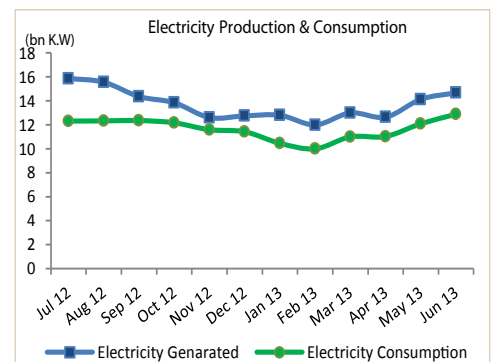
Source: The Central Agency for Public Mobilization And Statistics.



Electricity

	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13
Electricity Generated (billion K.W)	13	12	13	13	14	15
Electricity Consumption (billion K.W)	10	10	11	11	12	13

Source: The Central Agency for Public Mobilization And Statistics.



About the African Development Bank (AfDB)

The African Development Bank (AfDB) is Africa's premier development finance institution established in 1964 to mobilize resources for the economic and social development of its 53 regional member countries. The Bank's membership includes 24 non-regional member countries bringing the total number of member countries to 77.

The Bank has been financing development activities in its regional member countries through its three windows of financing: the African Development Bank (ADB) window, the African Development Fund (ADF) window and the Nigerian Trust Fund (NTF) window.

About Egypt

Egypt is one of the AfDB's most important regional member countries. In addition to being one of its founding members in 1964, Egypt is one of its top shareholders.

For More Background on AfDB Operations

For more information about the African Development Bank, and its operations in Egypt, visit the Bank's website at:

<http://www.afdb.org/en/countries/north-africa/egypt/>

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