

EGYPT WEEKLY NEWSLETTER

JANUARY, 2015 (3rd QUARTER)

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POLITICAL OVERVIEW

4th revolution anniversary death toll rises to 17

Source: [Egypt Daily News, January 26, 2015](#)

Conscript Mohamed Ali Abdulhafiz from the Central Security Forces was shot dead, while three officers were injured by live bullets during clashes between protesters and security forces in the Cairo neighbourhood of Matariya on Sunday, the interior ministry said. Interior ministry spokesperson Hany Abdulatif told state-owned news agency MENA that 150 citizens were arrested across Egypt, on charges of rioting. As Egypt embarks on the fourth anniversary of the 25 January Revolution, 16 citizens were killed while 38 others were injured across different governorates, said the official spokesperson of the health ministry Hossam Abdel Ghaffar. Abdel Ghaffar further said in statements to MENA: "The 38 injuries were across provinces of Cairo, Kafr El-Sheikh, Minya, and Beheira while the death cases included two from Beheira, one from Alexandria, and 13 from Cairo." The fourth anniversary witnessed rallies across neighbourhoods of downtown, Matariya and Ain Shams, which the interior ministry stated were organised by the Muslim Brotherhood, adding "further security measures are currently taking place to contain the unrest". In Matariya, the interior ministry said that a car exploded after it was torched by fireworks, while in Ain Shams, the Students Against the Coup spokesman said that a man was killed after being shot in the head by live rounds during clashes. Last year Matariya saw the worst violence during the third anniversary of the 25 January Revolution, as pro-Morsi protesters confronted local residents and riot police. WikiThawra, an independent database dedicated to the Egyptian revolution, listed 30 dead and 70 injured in the mentioned incident.

EGYPT TO HOLD TWO-PHASE PARLIAMENTARY ELECTION IN MARCH AND APRIL

Source: [Reuters, January 19, 2015](#)

Egypt will hold its parliamentary elections in two phases starting on 22-23 March, the election commission said. The second phase of the poll will be held on 26-27 April. The People's Assembly is comprised of 567 seats, with 420 elected as individuals and 120 through winner-takes-all lists with quotas for women, Christians and youth. The remaining seats are appointed by the president.

ECONOMIC OVERVIEW

GOVERNMENT FINALISES 28 PROJECTS FOR INVESTMENT SUMMIT

Source: Daily News Egypt, January 22, 2015

The government has completed the proposals of 28 projects with the help of private equity firms, to be presented in the March Economic Summit, Minister of Investment Ashraf Salman said. He added that the studies for 14 other projects are still being finalized, noting that the total number of projects of the summit is yet to be determined. The projects that will be presented are not the only governmental projects, but also include projects from the private sector, Salman said. Salman added that the government aims for the Economic Summit to promote its economic reform program and to build the 'appropriate' climate for investment. The summit will determine the government's economic plan for the next 10 years, he said.

INFLATIONARY PRESSURES REMAIN TAME IN DECEMBER

Source: CAPMAS, January 21, 2015

Egypt's consumer prices fell for the second month in December on a monthly basis, data released by CAPMAS show. Prices fell 0.1% M-o-M in December, having plunged 1.5% M-o-M in November, hinting the economy faces limited inflationary pressures in the short term. The tame inflation environment was primarily driven by falling food prices for the second month in a row thanks to lower fruit and vegetable prices. Non-food inflation has also shown little sign of pressure, up only 0.1% M-o-M in December following another relatively small increase of 0.2% M-o-M in November. On an annual basis, however, base effects drove headline CPI to accelerate to 10.1% Y-o-Y in December after decelerating to 9.1% Y-o-Y in November, just a touch below our forecast of 10.2% Y-o-Y. Core inflation, however, decelerated slightly to 7.7% Y-o-Y in December from 7.8% Y-o-Y in November.

FINANCE

WORLD BANK TO RESUME USD1 BILLION LOAN TALKS FOR EGYPT'S SANITATION PROJECT

Source: Zawya, January 23, 2015

A World Bank delegation is visiting Egypt this month to resume talks over USD1 billion loan to support sanitation project covering 760 villages along the Rosetta branch of the Nile Delta and along the Al-Salam Canal, which runs from the East Delta through the Sinai Peninsula. World Bank's approval on the loan contributes to raise the lenders and investors' confidence on the project, Egyptian Housing Minister Mostafa Madboly said after signing a protocol on

cooperation with the Egyptian Social Fund for Development (SFD). Madboly stated that the project would be executed in three years. The World Bank's commitment to Egypt currently includes 25 projects for a total of USD4.9 billion, as well as 43 trust fund grants worth USD190.2 million in the sectors of energy, transport, water and sanitation, agriculture, irrigation, health and education.

GOVERNMENT FINALISING DETAILS FOR POTENTIAL EUROBOND ISSUANCE

Source: Al Shorouk, January 20, 2015

The government will announce a tender to pick an underwriter for a potential Eurobond issuance this month. The government is still studying whether to have the entire issuance in a 10-year note or split it with an additional 30-year issuance. The government was encouraged to go ahead with the issuance in light of positive feedback of potential borrowing costs it received from 20 global investment banks. The cabinet has approved the issuance of USD1.5 billion in Eurobonds in an attempt to boost international reserves.

EGYPT PAID USD681 MILLION TO PARIS CLUB

Source: Ahram Online, January 22, 2015

Egypt paid USD681 million to Paris Club creditors on 5 January, Central Bank of Egypt CBE Governor Hisham Ramez said. Egypt owed about USD13.3 billion — 29% of its total external debt — to Paris Club countries by the close of 2013, according to CBE data. The payment is likely to drive a third consecutive monthly decline in foreign reserves, which stood at USD15.3 billion by December, representing 3.2 months of imports. In this respect, the government is seeking to issue a USD1.5 billion Eurobond by May/June in order to boost reserves. The March investment conference is also likely to provide us with visibility over the expected support packages from the GCC.

IT & TELECOMMUNICATION

TELECOM MINISTER SAYS ALL FOUR OPERATORS APPLIED FOR UNIFIED LICENSE

Source: Al Alam Al Youm, January 18, 2015

Egypt's four telecommunication operators have applied for the unified license, said minister of communications and information technology, Atef Helmy. Helmy added that the recent decision by the National Telecommunication Regulatory Authority (NTRA) to synchronise the launch of the national infrastructure entity with the award of the unified license will not result in any delays to the latter.

TE TO PROVIDE ADSL SERVICES AND TO BOOST KEY INFRASTRUCTURE FOR 11 GOVERNMENT ENTITIES

Source: Reuters, January 19, 2015

Telecom Egypt will provide ADSL services and boost key infrastructure for 11 government entities, including ministries, public prosecutions and the Central Agency for Public Mobilization and Statistics (CAPMAS). The move will be a part of the national broadband project adopted by the Egyptian Cabinet and run under the auspices of the National Telecommunications regulatory Authority (NTRA). We note that TE Data, the ISP owned by TE, enjoyed a market share of 64.8% by the end of 3Q 2014. TE continues to invest in its fixed infrastructure by substituting traditional copper connections with modern fiber-wire. As of September 2014, a total of 1.5 million fiber connections were delivered, expected to have increased to 2 million by year-end. Fixed data infrastructure has also been added to areas that have not been previously serviced. The company is also rolling out WiFi hotspots across high-end and high-density entertainment outlets, with 2,500 locations having been targeted by year-end 2013. It has been reported earlier that Egypt needs EGP5-6 billion to roll out broadband access across the nation to attract investment and provide additional employment. Another USD3 billion or more would be needed to build seven technology parks, according to the Minister of Communications and Information technology cited in October 2014. The ministry estimates that each additional 10% in broadband penetration translates into 50,000-60,000 new jobs

ENERGY

EGYPT SIGNS SIX NEW OIL AND GAS EXPLORATION DEALS

Source: Reuters, January 24, 2015

Egypt has signed six new oil and gas exploration contracts worth hundreds of millions of dollars with foreign and Egyptian companies, the oil ministry said. The agreements provide for the drilling of some 41 discovery wells in the western desert and Gulf of Suez, the ministry said in a statement via the official news agency. Among the major companies selected are Shell, ENI, BP) and Canada's TransGlobe Energy.

136 COMPANIES QUALIFY FOR NEW AND RENEWABLE ENERGY PROJECTS IN EGYPT

Source: Al Borsa, January 25, 2015

Egypt's Minister of Electricity Mohamed Shaker announced that 136 companies from 18 countries had qualified for new and renewable power projects with a combined capacity of 4,300 megawatts (MW). Companies in

solar projects total 13 (for projects under 20 MW) in addition to 87 for larger projects as well as 36 companies interested in wind energy projects. Projects are estimated to be worth a total of USD6 billion. Egyptian bidders (32) include Orascom Telecom Media and Technology Holding (OTMT), Orascom Construction Industries (OCI), Elsewedy Electric, and Taqa Arabia.

PROJECTS

MINISTRY OF HOUSING TO TENDER 10,000 ACRES OF LAND IN MARCH

Source: *Al Mal*, January 19, 2015

Egyptian Ministry of Housing is preparing to tender a total of 10,000 acres in Six October City. The ministry will launch the tender during Egypt's 2015 March Economic Forum. The ministry has not decided yet if it will tender the land as one piece or it will divide it into separate pieces. The sources confirmed that the ministry will offer this tender only to private sector investors and real estate developers. The sources added that the area of the tendered land is equivalent to the area of Sheikh Zayed City.

CAIRO TO CARRY OUT AN EGP650 MILLION SMART HOUSING PROJECT

Source: *Al Borsa*, January 22, 2015

The Cairo governorate is carrying out a new EGP650 million smart housing project, which aims to compensate residents of a number of unplanned communities who have been evacuated over health and safety concerns. The new projects spans 55 feddans in the Mokattam area and is currently 20% complete.

TRANSPORATION

CHINA AGREES TO EXECUTE EGYPT'S HIGH SPEED RAIL PROJECT

Source: *Al Mal*, January 18, 2015

Egyptian Ministry of Transport signed a protocol with the Chinese government to execute Egypt's High Speed Rail project. The protocol was signed during Egyptian President Abdel Fattah el-Sisi recent visit to China. The project will kick off with a high speed rail from Egypt to Aswan. The total cost of the project is estimated at EGP70.0 billion. The project will be done on Build-Operate-Transfer (BOT) basis. Two Chinese companies will carry out the execution of the project. The Chinese government agreed to allocate part of the project's revenues to the Egyptian government even though the Egyptian government will not incur any costs related to the project.

MERGERS & ACQUISITION

MAJORITY OF BISCO MISR SHAREHOLDERS APPROVE KELLOGG'S DEAL

Source: *Al Mal*, January 21, 2015

Nearly 70% of Bisco Misr's shareholders have approved a deal with Kellogg's for the sale of 100% of the company for EGP89.60/share, a source close to the matter was quoted as saying. Some shareholders have objected to the deal, including the Egypt Endowments Authority (5% stake). Kellogg's and Abraaj were in competition for the acquisition; last week Abraaj announced that it would withdraw from the deal after its bid of EGP88.09/share was outbid by Kellogg's offer.

LAWS & REGULATIONS

INVESTMENT LAW TO BE ISSUED NEXT MONTH

Source: *Reuters*, January 20, 2015

Egypt expects resistance to a new unified investment law designed to tackle stifling bureaucracy, but hopes to implement it in March nevertheless, Investment Minister said. Ashraf Salman said the law was critical for winning the confidence of foreign investors who currently must secure permits from 78 government agencies to start a company in Egypt, a process that can take up to five years. Salman acknowledged that winning effective backing for the law from numerous government agencies could be difficult. The draft law was sent to 33 ministries and 16 institutions, from an economic ministerial committee to universities and lawyers for consultations, said Salman. A planned "higher investment council" will help resolve the investor disputes and bureaucratic obstacles that have hampered investment, the Minister said. "It should be presented to the economic committee to take a decision to pass it to the legislative committee in order to put it into the process to the president to become a decree before the 10th of March," said Salman.