



POLITICAL OVERVIEW

Egypt erupts during day of protests as death toll rises to 17 on fourth anniversary of Arab Spring

Source: Mail online, January 27, 2015

Egypt erupts during day of protests as death toll rises to 17 on fourth anniversary of Arab Spring after mother, 32, is gunned down by Cairo police during demonstration. At least 17 people were killed on Sunday in Egypt's bloodiest protests since Abdel Fattah al-Sisi was elected president, as security forces fired at protesters marking the anniversary of the 2011 uprising that toppled Hosni Mubarak. Gunfire and sirens could be heard in Cairo into the night as armoured personnel carriers moved through the centre of a city where security forces had once again used lethal force against dissenters. A Health Ministry spokesman said at least 17 people had been killed at protests across the country. The anniversary was a test of whether Islamists and liberal activists had the resolve to challenge a government that has persistently stamped out dissent since the then-army chief Sisi ousted elected Islamist president Mohamed Mursi in July 2013 after mass protests against his rule. The heaviest death toll was in the Cairo suburb of Matariya, a Muslim

Brotherhood stronghold. Special forces fired pistols and rifles at protesters, a Reuters witness said. Eight people, including one policeman, were killed, the Health Ministry said. People in Matariya chanted 'down with military rule' and 'a revolution all over again'. Some threw Molotov cocktails at security forces and fires raged in the streets. In downtown Cairo, riot police with rifles and plain clothed men with pistols chased protesters through the streets. Six people were killed in separate protests in Alexandria, Egypt's second biggest city, Giza governorate outside of Cairo and the Nile Delta province of Baheira, security sources said. Signs of discontent built up as the anniversary of the revolt against Mubarak approached, and a liberal woman activist, Shaimaa Sabbagh, was shot dead at a protest on Saturday. About 1,000 people marched in her funeral procession on Sunday. The Health Ministry said she had been shot in the face and back and Interior Ministry spokesman Hany Abdel Latif said an investigation into her death had begun, adding: 'No one is above the law.' 'Shaima was killed in cold blood,' Medhat al-Zahid, vice president of the Socialist Popular Alliance party that Sabbagh belonged to, told a news conference. Sisi's crackdown has neutralised the Brotherhood but failed to end an Islamist insurgency in the Sinai Peninsula near the Israeli border. A curfew imposed in north Sinai was extended for three months, authorities said.

ECONOMIC OVERVIEW

Egypt's pound weakens to new low of 7.43 per dollar

Source: [Ahramonline, January 29, 2015](#)

Egypt's pound weakened to 7.43 per dollar from 7.39 at a central bank auction on Monday, the weakest level it has been allowed to reach since auctions began in December 2012. It was the sixth consecutive official depreciation in the past week, prompted by the gap between the black market and the official rate. The bank offered 40 million dollars and sold 38.4 million at a cut-off price of 7.4301 pounds per dollar, the central bank said. The rates at which banks are allowed to trade dollars are determined by the results of central bank sales, giving the bank effective control over official exchange rates. But there remains an active black market in the pound that is used by businesses and individuals, and the gap between this and the official rate has been widening for months. The pound was trading at 7.90 to the dollar on the black market shortly after the central bank's auction on Monday, according to one trader. It was quoted at 7.89 after the previous auction last Thursday. Expectations that the bank will devalue have grown since it announced a surprise 50-basis-point cut in benchmark interest rates earlier this month. The bank said plummeting global oil prices had eased the inflation outlook.

The New Suez Canal: A passage to economic recovery for Egypt

Source: *Egypt Economist*, January 26, 2015

The Suez Canal Area Development and the Second Suez Canal Projects are the most important drivers of economic recovery in Egypt and mark a turning point for a country that has been marred by continuing instability. These two projects will transform several cities along the canal, as well as construct a new Suez Canal, and importantly will create hundreds of thousands of jobs over the next three to five years. The Suez Canal Area Development Project aims to attract private investment to the area surrounding the canal, transforming several cities into a regional—and hopefully global—logistics hub. Investments have already been pledged by companies in the maritime, infrastructure and tourism sectors to finance the urban transformation. The original Suez Canal first opened for navigation in the 19th century and has survived Egyptian government transitions, two World Wars, and regional instability by remaining an essential part of world trade networks. Today, the world still relies on this Egyptian waterway as 7 percent of world trade runs through it, according to the State Information Service. In order to realize the full potential of this important regional waterway, the Egyptian government has recently begun construction on a second Suez Canal that will run parallel to the original canal. The government also will deepen and widen the existing canal to accommodate super-sized vessels. The Suez Canal Authority expects the new canal to double the number of ships passing through the canal daily—which is currently around 50— by 2023, and to generate an estimated \$12-13 billion of increased revenue over the same period. As a result, the expanded canal will enhance Egypt's global visibility and its economic standing worldwide. When determining how to raise the capital to finance the Second Suez Canal project, Egypt unconventionally turned to its people for the support and issued bonds. NBC News reported that individuals, as opposed to institutions, made up about 82 percent of the investments in the canal. In just one week the government raised an unprecedented \$8.5 billion dollars. The overwhelming support of both of these projects signifies the belief of the Egyptian people in their country and confidence that the New Suez Canal and the transformed urban areas along the Canal will bolster the country's economic future. The improved fiscal health and job growth will go a long way to stabilize the economy. However, these are not the only notable projects Egypt has undertaken. In March 2015, Egypt will host a major economic summit aimed at encouraging international corporations to invest in the growing economy. Minister of Investment Ashraf Salman and Minister for International Cooperation Naglaa Al-Ahwany are expected to unveil at the summit \$10-12 billion of investment opportunities for 20 projects in a number of different sectors.

Egypt in talks with Arab Fund over \$150 million Loan, says Housing Minister

Source: Amwal El Ghad, January 28, 2015

Egypt's housing ministry is in ongoing talks with the Arab Fund for Economic and Social Development (AFESD) over US\$10 million loan as the first phase, minister Mostafa Madbouly announced. According to the Egyptian minister, AFESD's loan is set to finance Egypt's national plan to provide sanitation services to the underprivileged villages. This comes in line with Egypt's other ongoing negotiations with the World Bank Group over a US\$1 billion loan dedicated to the same sanitation project, minister Madbouly noted. Moreover, the Egyptian minister told reporters that these negotiations come within the framework of the participation of several international and Arab financial institutions in supporting social projects in Egypt. Such initial approval given by those institutions to support Egypt reflects their trust in the national economy, he added. The minister also assured that these loans side by side to the budget being set by the state would help in solving the sanitation crisis haunted by the residents of Egyptian underprivileged villages. They will also contribute to combating water pollution in tunnels like Rashid's Nile branch and Al-Salam Canal. From his part, Sayed Ismail - Technical Advisor of the Egyptian Housing Minister - noted that the negotiations with the AFESD aim to support the underprivileged villages and create a healthy clean environment, which represents the simplest basic requirements of the Egyptian people. There will be cooperation with the concerned authorities i.e. the Holding Company for Water and Wastewater, Construction Authority for Potable Water and Wastewater (CAPW), and the National Authority for Potable Water and Sewage to support those villages, Ismail added.

ENERGY

Egypt's cabinet approves guidelines of coal use in industrial activities

Source: Egypt Impendent, January 28, 2015

The Egyptian Cabinet approved the guidelines for the use of coal in industrial activities in Egypt, the minister of environmental affairs, Khaled Fahmy said. Fahmy added that the Justice Ministry is revising the guidelines and preparing the legal forms. The government approved the industrial use of coal in April to reduce the reliance on gas and is looking to diversify its sources of power generation. Egypt has also limited gas supplies to energy-intensive heavy industries to preserve enough for power generation. The cabinet said that 38 local and international companies in Egypt had recently applied to build power plants using coal or renewable energy.

CONSTRUCTION

12,000 SMEs facing problems in construction sector

Source: *Al Monitor*, January 28, 2015

Nearly 12,000 out of 15,000 small and medium-sized construction companies that are registered in the *Egyptian Federation for Construction and Building Contractors* (EFCBC) are facing problems; said Daker Abdellah, member of EFCBC in a statement Tuesday. Funding the projects of those companies is a main obstacle that they are facing, he highlighted, calling on the EFCBC to develop national companies that can serve the construction sector and the Egyptian economy as a whole. Abdellah added that banks claim that they aren't convinced enough to finance the projects of the SMEs in the construction sector due to the absence of feasibility studies for the projects. Furthermore banks find that the owners of those companies lack the financial and administrative awareness that would make them capable of handling and managing their projects, in addition to the absence of budget calculations.

TOURISM

Government encourages Luxor, Aswan trips to promote domestic tourism

Source: *Egypt Daily News*, January 28, 2015

The Ministry of Tourism has launched promotional campaigns to encourage trips to Luxor and Aswan in order to boost domestic tourism, according to Ahmed Moustafa, the manager of the Egyptian Tourism Authority's Red Sea office. Moustafa explained since the 25 January Revolution Luxor and Aswan saw a very deteriorating tourist flow, which was a big reason for the government to launch a new tourist campaign titled "Egypt in our hearts" to motivate the foreign and domestic tourism to Luxor and Aswan, coinciding with schools' midterm vacation. "The campaign was launched with the cooperation of Egypt Air and the official tourist companies to offer lower prices, reaching EGP 1,500 per person, including transportation and full-board accommodation," said Moustafa. Luxor is characterised by the "world's greatest open air museum", the Al-Karnak temple. Immediately opposite, across the River Nile, lie the monuments, temples and tombs of the West Bank Necropolis, which includes the Valley of the Kings and Valley of the Queens. Moustafa emphasised that the campaign was welcomed by Egyptians, raising the domestic trips to Luxor and Aswan to 80%.

Hilton to open new hotel in Alexandria

Source: *Egypt Economist*, January 27, 2015

Hilton Worldwide Hotels in Egypt has enjoyed a fruitful year in 2014, according to Christian Muhr, vice president of operations of Egypt and Levant for Hilton Worldwide. Muhr said the hotel chain enjoyed increased

performance indicators & accolades from a number of government and international institutions. Commenting on Hilton's achievements in 2014, Muhr said Hilton Worldwide Hotels in Egypt received several local, regional and international awards and accolades. "This is a testament to our unparalleled performance across the board, whether on the services and amenities level, the environmental sustainability level or the community service level," Muhr said. "The recognitions were awarded by leading international organisations including World Travel Awards, MENA Travel Awards, Green Globe, ISO, TripAdvisor as well as several other renowned traveller review platforms. Moreover, a number of Hilton hotels were honoured by the Egyptian Minister of Tourism during World Tourism Day in Egypt." Hilton Worldwide team members also championed the company's position on community service during the annual Global Week of Service. Over 50 team members from across the company's 18 hotels in Egypt participated in launching 'Soap for Hope', an initiative organised under the umbrella of the Global Week of Service.

INTERNATIONAL RELATIONS

Putin to visit Egypt early February

Source: Egypt Daily News, January 29, 2015

Russia's President Vladimir Putin will visit Egypt from 9-10 February according to informed sources in Moscow, reported state agency MENA on Sunday. According to the source, bilateral relations will be discussed in during Putin's visit, along with the current agreements and treaties between the two countries. President Abdel-Fattah El-Sisi visited Russia last August. During El-Sisi's two-day visit, the two heads of state discussed the situation in the Arab world, particularly Syria, Libya and Iraq. They also held extensive talks about Russia's military support for Egypt, according to press statements by the Russian ambassador to Cairo Serge V. Kirpichenko. Late last year the Russian ministry of foreign affairs announced that Putin would visit Cairo in early 2015. The last Russian president to visit Cairo was Dmitry Medvedev, who visited Egypt in June 2009.

HOT ISSUE

Jobless and desperate, Egyptians risk all in perilous Libya

Source: Egypt Economist, January 27, 2015

Facing grim economic prospects at home, desperate young Egyptians are seeking jobs in Libya - a country sliding into lawlessness where armed groups battle for control and dozens of their compatriots have been kidnapped. Tackling unemployment in Egypt - where half of the rapidly growing

population is under 25 - is one of the toughest challenges facing President Abdel Fattah al-Sisi. He rules a country that has seen two presidents deposed in the past four years. The 2011 popular uprising that toppled autocrat Hosni Mubarak was fuelled by anger over joblessness. Affording a home and getting married is still difficult under Sisi for many young men unable to make a living. The political and social unrest since Mubarak was ousted has deterred foreign investors and tourists from Egypt, the world's most populous Arab nation with 90 million people. This has exacerbated the jobs crisis, and the unemployment rate has climbed from 8.9 percent to 13 percent in that time. Thousands of Egyptians have travelled to neighbouring Libya in search of jobs since 2011, despite their government advising against going to one of the most dangerous countries in the region. They can be seen working in building sites, factories, restaurants and shops in cities across Libya, which has descended into chaos since a revolt toppled Muammar Gaddafi four years ago and where two rival governments vie for power. In the Egyptian village of Al-Our, about 200 km (125 miles) south of Cairo, it is easy to see why young men take the risk. There are no paved roads, clean drinking water or adequate health care - the kind of conditions that have driven young men to give up on the state and join militant groups in the past.