

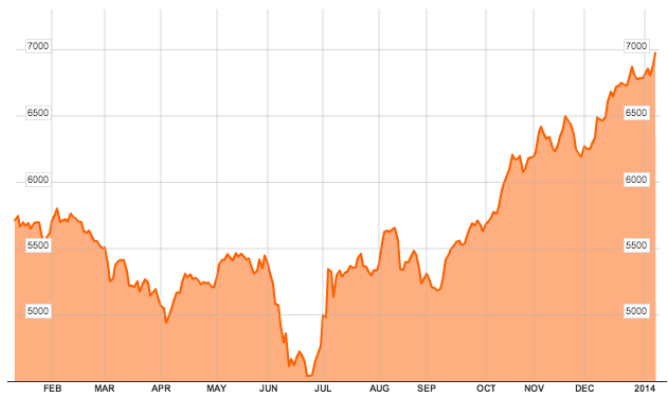


Embassy of Egypt
WASHINGTON, DC

FACT SHEET: EGYPT'S ECONOMIC RECOVERY

Egypt's interim government is addressing the country's short-term economic challenges while bolstering long-term economic confidence. At the end of June, Egypt was on the verge of economic collapse, but swift action on the part of the interim government led to stabilization.

Egypt's economy is rapidly improving. On the day of Egypt's Constitutional Referendum, the **Egyptian stock market reached a three-year high**. This follows a historically positive 2013 for Egypt's stock market, with 24% growth. Also in late-2013 **Standard & Poor's raised Egypt's sovereign credit rating to B-/B**. Earlier this year, **Fitch upgraded Egypt's long-term economic outlook to stable**, affirming an Issuer Default Rating of "B-." And recently, the HSBC Egypt Purchasing Managers Index survey of 350 private sector firms showed **a record rise in output for December**, demonstrating strong economic growth. Meanwhile independent financial analysts at Bloomberg project real **GDP growth to rise from 2% in 2013 to 3.5% in 2014**.



After bottoming out during last summer's political instability, Egypt's stock index is up 55%

INVESTING IN EGYPT'S FUTURE:

Stimulating the Economy: Egypt is currently focused on enhancing short and medium-term growth through increasing spending on public and private investments, for projects that serve low-income groups, create job opportunities for youth, reduce unemployment rates, and increase demand to stimulate the economy:

- A multi-billion-dollar stimulus is promoting growth in sectors critical to spur demand, including: 151 new sanitation networks, 100 schools, 100 hospitals, 78 family medical clinics, 50,000 housing units, 25 grain silos, new railway structures and signals for 479 crossings, and 600 new buses.
- Providing funds to labor-intensive small and medium projects, creating 75,000 short-term jobs and for the purpose of improving transportation infrastructure, schools, hospitals, housing and public utilities in poor and rural areas.

IMF applauds Egypt's stimulus plan:

"I think that the kinds of investments that the current authorities have put forward as part of their plan will certainly help in terms of providing a short-term stimulus in terms of providing jobs, in terms of addressing some of the immediate concerns."

- Masood Ahmed, the IMF's head of the Middle East and Central Asia Department

Tackling the budget deficit: Egypt's current fiscal policy aims to reduce the budget deficit through implementing a Value Added Tax and rationalizing energy subsidies in a pragmatic way that includes social support programs.

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Long term projects:

- Formulating the Suez Canal Development Project, a massive development that includes four new seaports in the three provinces surrounding the canal, a new industrial zone west of the Gulf of Suez and a “technology valley” in Ismailia which will host several technology projects
- Establishing an industrial, mining, commercial and tourism center between Qena and the Red Sea
- Building a nuclear power plant in the El Dabaa region for electricity generation
- Completion of 21 new agreements for oil and gas exploration with minimum investments of \$713 million, in addition to eight existing agreements to drill 18 wells with minimum investments of \$1.2 billion

Legislative Reforms: To ensure a more competitive economy, amendments to the “competition and anti-monopoly code” have been introduced, along with new legislation to enhance the real-estate market and encourage mortgage finance. More legislative reforms are expected in the near future to attract additional investment.

Investment from the World Bank: With 21 projects worth \$4.1 billion, the World Bank’s portfolio in Egypt is the largest in the Middle East and North Africa. The World Bank is also continuing its \$300 million “Enhancing Access to Finance for Micro and Small Enterprises” project. The aim of the project is to increase access to finance for micro and small enterprises to encourage private investment, create new jobs, reduce poverty and promote shared economic prosperity.

“Egypt has the potential to become a powerful emerging economy and the World Bank group is committed to supporting the country’s priorities to reduce poverty and achieve shared prosperity.”

- Inger Andersen, World Bank Vice President for the Middle East and North Africa

CONFIDENCE IN EGYPT’S ECONOMIC FUTURE

“This is **the right time to invest in Egypt**...I see Egypt is now in good hands.”

- Kutayba Alghanim, chairman of the multinational conglomerate Alghanim Industries

“We made a courageous decision in 2011 **to double our investment in Egypt**. That really paid off. We were very happy with that. And now we’re looking at another \$100 million we are going to put into the marketplace in 2013, and another \$100 million in 2014...**It’s time now to invest, if you invest now we think we’re going to get the greatest rewards.**”

– Curt Ferguson, President, Middle East & North Africa, Coca Cola

“Investing over \$150 million over the last 10 years in the country. The rationale has always been the potential – the **consumer base of 90 million people represents a fantastic opportunity to any investor** for that matter.”

– Karim Chabara, Egypt General Manager, Mars Food

“Throughout all the major political, economic, and social transformations that the country has undergone during these past six decades, I’m always asked whether IBM is going to continue investment, whether IBM is going to continue its focus on Egypt after the turbulent times we’ve witnessed in the past two years or three years. My answer is simple: **the fundamentals of Egypt’s market remain the same. It remains a vast market with huge potential to offer.** The pool of skills in Egypt remains very rich and diversified...All of these fundamentals remain intact and comprise the strong building blocks of the Egyptian market.”

–Amr Talaat, Egypt General Manager, IBM

“Egypt has gone through many ups and downs and economically, things have looked shaky for a little while... and now **the future looks actually very strong.** To the point where Chrysler is making very large investments within our facility...and we’re really looking forward to having very good sales there.”

–Robert Brown, Executive Director of Operation, Chrysler Group

“We believe Egypt has lots of potential, primarily because it is one of the largest markets in terms of the consumers. Two, is because of the location, and which allow the export opportunity to happen. And **we believe that the economy in Egypt will continue to grow in the near future** and we would like to take this opportunity.”

– Tarek Atta, Managing Director, General Motors Egypt & North Africa

