

**FOREIGN EXCHANGE RATES
IN EGP POUNDS DATED
9 JUNE 2015**

Currency	Buy	Sell
US Dollar	7.58	7.6301
Euro	8.5389	8.5509
Pound Sterling	11.5959	11.7232
Kuwait Dinar	24.8884	25.2337
Saudi Arabia Riyal	2.0212	2.033
UAE Dirham	2.0637	2.0749
Bahrain Dinar	19.9708	20.2379
Oman Riyal	19.5584	19.8195



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**Price of the
Gold in Egypt**

24 Carat	LE288.41
22 Carat	LE264.38
21 Carat	LE252.36
18 Carat	LE216.31
14 Carat	LE168.24
10 Carat	LE120.17

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Between Europe and Africa..

Egypt is rebuilding its external power

by: **Maye Kabil**

Al-Sisi signs deals for energy, railways and a free trade agreement. Working to overcome its economic downturn, Egypt is repairing its international relations, paying efforts to attract investors and export a different perception on the ruling regime.

Right after a European tour, in which President Abdel Fattah al-Sisi visited Germany and Hungary, Egypt is witnessing the creation of Africa's largest free trade area between the continent's three major economic blocks, COMESA, EAC and SADC.

The summit which ends its sessions today in Sharm El Sheikh brings together the 26 countries which are members of the three blocks, and gives Egypt free trade access to seven new African nations.

President Sisi is attending the summit, among thirteen heads of African states and other African delegates, to sign a deal to create free trade zones for goods immediately, with the hope of introducing services and intra-continent investor opportunities at a later stage.

The three groups of countries, which accounts for 51 per cent of Africa's \$2.3 trillion GDP, include South Africa, Rwanda, Zambia, Ethiopia, Eritrea, Kenya, Egypt and Zimbabwe.

Egypt expects to see its exports to African countries rise by 100 percent in three years to \$5 billion compared to \$2.7 billion in 2013, a growth rate of 33 percent annually.

Sharm treaty is the culmination of four years of negotiations among member states of the tripartite, which ended in a tentative consensual agreement reached in Burundi in October 2014.

Earlier this month the president ended a visit to Europe, in which he signed economic agreements and invited investors to come to Egypt.



President Sisi with German Minister for Economic Affairs, Sigmar Gabriel, witnessing signing Siemens' 8-billion-euro-deal

The visit started in Germany's capital Berlin on 3 June, in which he had talks with German President Joachim Gauck, and German Chancellor Angela Merkel.

The main economic achievement of this visit was an 8 billion euro (\$12 billion) power deal with the German industrial company Siemens. (more details in Page 2).

The company signed with Egypt a deal to supply gas and wind power plants to boost the country's electricity generation by 50 per cent. This deal is Siemens' single biggest order and gives a much-needed boost to its gas and power division which is struggling at home. This was a result of earlier commitments made during

the international economic conference that Sisi called for in March. Egypt signed several memorandums of understanding in that conference that was held in Sharm El Sheikh to improve its creaking national grid.

The president next station was at Budapest where he met the Hungarian Prime Minister Viktor Orbán. Both leaders signed a joint declaration and two other cooperation pacts. They also signed a letter of intent for Egypt's order of 700 Hungarian railway carriages, to help restoring that suffering sector.

In 2013, the Egyptian Railway Authority agreed with the government of Hungary to develop, with the participation of Egyptian companies, Hungarian-manufactured trains to be in service in Egypt by 2020.

The Ministry of Transportation asked the Hungarian side to manufacture train parts within Egypt depending on the availability of local components in the Railway Authority's workshops and infrastructure in Abu Za'abal.

The Hungarian Express train was one of the most significant projects between the two countries.

Egypt and Hungary already cooperate in the fields of vehicle production and construction materials, including ceramics, textiles, cosmetics and electric cables. The trade balance is in favour of the Hungarian side, with Nokia mobile phones constituting the highest percentage of Egyptian imports from Hungary, while fruits and vegetables constitute one third of the Egyptian exports, according to figures from the State Information Service.

Addressing a business forum organised by the Hungarian National Trading House later in the day, Orbán said Hungary was interested to see Egypt succeed.

President Sisi told the forum that after four years of instability Egypt has embarked on the path of growth. He asked Hungarian companies and investors to contribute to the process.

Many steps are being taken on the external level, other important internal steps are to be taken to pave the way for a desired economic growth.

Backing small business

by: **Ahmed El-Mahdi**

A new business strategy in the form of a Ministry of Entrepreneurs could inject new life into the national economy

Establishing a bank to be owned by the new Ministry of Entrepreneurs ... Enforcing the country by law to buy 10 per cent of the products ... Connecting the new ministry with the Ministry of Technical Education.. These are the main demands the private sector is making

The proposed new Ministry of Entrepreneurs will provide "technical, financial and marketing support" to small-and medium-sized business projects to help provide job opportunities for young people in Egypt, where unemployment stands at nearly 13 per cent.

The Egyptian business society has welcomed President Abdel-Fattah al-Sisi's comments on his intention to set up a new ministry for small entrepreneurs. They are demanding that the ministry be established without delay, but have declared that the president's decision has come a bit late in the day in view of the fact that the national economy badly needs to revive the small enterprise sector, which represents no less than 70 per cent of the industrial sector as a whole.

Law no 141 of 2004 has not yet come into force, a number of businessmen told The Middle East Observer. This law obliged the government to buy 10 per cent of the products of small entrepreneurs, and to manage the conditions of informal entrepreneurs to attract them into being part of the formal economy. It also calls for setting up a new bank with an interest rate of no more than 5 per cent, the business

society adds, pointing out that this bank has to be owned by the ministry which is concerned with entrepreneurs' issues and provides feasibility studies to young business people.

The problems facing the Egyptian economy were the main reason for Sisi's decision to set up a new Ministry for Entrepreneurs following the failure of the different government bodies to deal with this sector, which represents such a large percentage of industry, Nader Abdel-Hadi, chairman of the small enterprises modernisation association in Alexandria, says.

According to statistics from 2006 the total number of small enterprises amounted to 2.4 million, while the total estimated number for the current year is 2.7 million projects, meaning that this important sector is growing somewhat rapidly and different ways of thinking are needed from the ones formerly used to deal with mega projects, Abdel-Hadi says, pointing out that the average investment value of these projects is LE6bn.

He says many of these projects have real importance in terms of economic development, as they could greatly contribute to turning the economic wheel. In the field of plastic recycling, for example, there are only three large projects, but lots of similar small projects turn over hefty annual profits.

"The president doesn't save any effort by taking a decision in the interest of the national economy," Abdel-Hadi says. He says establishing such a ministry, which they have been demanding since 2006, will remove all the obstacles that have prevented these small enterprises, more than half of which are operating under the radar, from joining the formal sector.

The government should follow a policy

to attract these projects into the formal sector, he says. The government should also provide a wide range of services such as marketing and development, in addition to implementing law no 141.

Regarding the license crisis, he said that it was the government who created the crisis, and it had to solve it. "The government has to take into consideration that small entrepreneurs have done the most they could do to start up a new project and be a part of the production process," he added.

Professor Bahgat al-Dahesh, chairman of the small industries committee in the engineering industries chamber at the Egyptian Industries Federation, said the decision to establish a ministry for small entrepreneurs was good, but agreed that it was too late and should have been enacted sooner. He says the local industry is suffering from the agreements which have harmed the private sector in Egypt, including the Euro-One agreement, which allows European sellers to enter the Egyptian market without any customers. On the other hand, local manufacturers are still heavily dependant on imported components for production

Most large projects depended on small industries, Dahesh added, meaning that if the production costs of the small industries were high, this would increase the total cost of the final product, which is why a good many businessmen with large investments bail out of the local market. For instance, the engineering sector imports production components worth about \$60bn per year, while they could be manufactured at home to avoid spending hard currency.

A moment's meditation was enough to remember that Chinese products used to be recognised from their bad quality, he said. "But if you look at China now, you see

a very developed country which attracts the biggest multinational corporations in the world." And these big projects in developed countries are built on 90 per cent of the output of small enterprises, he says.

The new ministry should focus on experimental research which connects the manufacturers with academics, Dahesh says. "If we proceed by developing research, our products will have the lion's share in foreign markets because of the cheap cost of labour compared with other countries, as well as our fantastic geographical location which allows investors to head to any country. This will certainly have a good impact on our national economy."

Dahesh is also calling for the necessity of a bank to give loans with simple interest rates of no more than 5 per cent to small and medium-sized enterprises, but on the condition that the bank should be owned by the new Ministry of Entrepreneurs and receive foreign grants and financial support.

The new ministry that the president says he intends to set up will be a pillar of the prospected industrial revival, says Ali Hamza of the Investors' Syndicate of Assiut. He says Upper Egypt will be the main beneficiary of the ministry, because this part of Egypt has a huge number of small projects and this will pave the way for real industrial growth.

He says small enterprises are the best in terms of providing job opportunities, and that they maintain the craft industries which have largely been eliminated, particularly in Upper Egypt. He says the government should provide feasibility studies for young people, and is calling for the new ministry to be connected to the Ministry of Technical Education to guarantee that new graduates are able to bear responsibility and run their businesses successfully.

Egyptian-Japanese joint projects

MENA: Prime Minister Ibrahim Mahlab met on Monday with the deputy chief of Japan's Bank for International Cooperation (JBIC), and praised development projects funded by Japan in Egypt including Egypt-Japan University and the Grand Egyptian Museum.

Investment minister Ashraf Salman and Japan's ambassador in Cairo attended the meeting.

"Mr Mahlab expressed his hope that more Japanese firms would do businesses in Egypt including the new Suez Canal project," cabinet spokesman Hossam Qawish said.

On his part, the Japanese official said that his country is keen on partaking in the Egyptian projects, referring to the bank's possibility to offer soft loans for financing generating-electricity projects via the new and renewable energy sources.

Arab power grid tops priority

Minister of Electricity Mohamed Shaker said that the Arab Executive Office of the Ministers of Electricity 31st meeting discusses the Arab electricity network.

The Arab leaders pay great attention to the Arab power grid that has great economic feasibility, the minister added.

Egypt suffered last year the need of 5,000 megawatts, said the minister, adding that if the Arab power grid was in place Egypt could have used 3,000 megawatts from the Saudi power network.

Egypt-Saudi power network will come on stream in 2017-2018, he noted.

The peaceful use of nuclear energy including power generation and water desalination needs to be boosted, the minister said, adding that water, electricity and food production domains are very much related.

On the other hand, Shaker held yesterday a meeting with the ministry's key figures and heads of the electricity-distributing companies to set the prices that would be amended as of next August in response to the call launched by President Abdel Fattah al-Sisi not to badly affect the first three brackets while pushing up the electricity prices.

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Flash



Satanic plans for Strategic purposes

International economic and political currents seem to be conflicting more and more, and the Middle East is witnessing satanic plans that aim to control its strategic geographical position and most importantly its oil and gas.

The plan seems to be materializing and the region inhabitants are starting to realize the following:

First of all, several of the region's main forces are collapsing, together with valuable human resources that are daily joining refugee camps.

Second: Petroleum fields are being lost daily to terrorists whose identities are unclear so far.

Third: Countries that trip and fall are being weakened even further by division and depletion of infrastructure and resources.

The tactical satanic plan is deploying terrorist cells and mercenaries in its attempt to control and proceed with the plan that is no longer a secret.

International community agencies and bodies are being exploited to serve the Grand plan, and refugee camps are being witnessed helplessly as the plan unfolds.

The satanic plan's objectives are not invisible to the masses, however, their dimensions are. It seems that the Middle East is still to witness a multitude of changes. Any observer of the current status of the Middle East can easily guess that the economic and political currents are high and the tide is tough. The Middle East skies are cloudy, and the satanic plan which was outlined following September 11 attacks will continue to unfold.

Around here in the Middle East we need to raise our antenna, wear contact lenses, and sharpen our senses to make sure we are more than mere spectators who will let the satanic plan demons haunt them, and drive them out of their Middle East's haven.

Ahmed Fouda



70 years covering Middle East and Gulf Economic News

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Siemens deal to up Egypt's power generation capacity by half

Egypt's deal with the German industrial company to supply gas and wind power plants to Egypt will increase its power generation capacity currently at 31 Gega watt(GW) by 50 per cent.

The 8 billion euro deal (\$9 billion) was signed during president Abdel Fahtah Al Sisi's visit to Germany last week and comes as a followup for the memorandum of understanding finalized during Sharm Al Sheikh economic conference on March.

Together with local Egyptian partners Elsewedy Electric and Orascom Construction, Siemens will supply on a turnkey basis three natural gas-fired combined cycle power plants, each with a capacity of 4.8GW, for a

total combined capacity of 14.4GW.

Each of the three plants will be powered by eight Siemens H-Class gas turbines, selected for their high output and record-breaking efficiency. Siemens has so far sold only 48 H-class gas turbines worldwide.

The Egypt order includes 12 wind farms in the Gulf of Suez and West Nile areas, comprising about 600 wind turbines and an installed capacity of 2 GW. The installations, when completed, would add 16.4 gigawatts (GW) to Egypt's national grid.

Egypt is going through its worst energy crisis in decades as the ageing state-run infrastructure is unable to face the rapid increase in consumption

due to the high population growth rate.

According to Reuters, Siemens Chief Executive Joe Kaeser said last month he had resigned himself to never selling another gas turbine in Germany which means that the deal will provide Siemens with a good market for this kind of turbines.

The deal would give the German company, which started doing business in Egypt in 1859, a competitive edge against its rival General Electric group(GE). GE said earlier this year it had a 30 percent market share while Siemens claimed a share of 25 percent before the deal.

Siemens has maintained a continuous presence in the country since opening its first office in Cairo



in 1901. The company's technology has been implemented in the Attaka, Nubaria, Talkha, Damietta, Sidi Krir, Cairo West, Ayoun Mousa, Midelec and El Kureimat power plants, according to a Siemens press release. The deal

will be financed by Siemens Financial Services, supported by export credit agencies in Germany and Denmark, Siemens said.

Pharos, the local investment bank, pointed out in a note that the 14 GW thermal power plants will

require around 600 billion cubic feet of natural gas supply. «This is roughly one-third of current nation wide production of gas and, most importantly, higher than the expected increase in natural gas production in 2017 from the gigantic West Nile Delta concession».

This implies, according to the note, that energy intensive industries will be competing for residual natural gas supply, if there is residual supply after the requirements of electricity generation stations are fulfilled. Alternatively, energy-intensive industries will be obliged to import LNG cargoes, which has been recently legalized by the government ahead of the Siemens deal.

Buoyant reception of the new eurobond

The Egyptian government last week tapped the international bonds markets for the first time since the January revolution in 2011.

Egypt sold \$1.5 billion of 10-year bonds at a yield of 6 per cent, the offering received a noticeable interest with more than \$4.5 billion

of investor orders offered, according to a statement by the lead managers of the issue.

This marks a change of heart towards the country's debt and equity issues after foreign portfolio investors fled the country in 2011, freezing it out of the international debt market.

This is triggered by a better economic performance thanks to a set of economic reforms and an inflow of generous Gulf aid.



Gross domestic product is expected to grow by at least 4 percent in the current fiscal year, its highest in five years. while the yield on Egypt's dollar bonds maturing in 2020 has plunged close to 4 percent, from almost 11 percent in June 2013.

Egypt had to turn to foreign debt market as its foreign currency sources, investments and tourism, haven't recovered enough to cover its needs especially that of fuel and food imports.

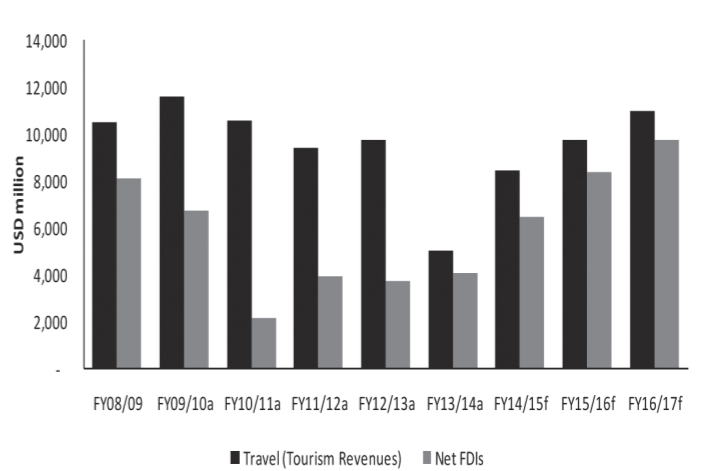
Drop in exports, recovery in FDIs and Tourism

The balance of payments registered deficit of \$1 billion in the nine month period ending March 2015 compared to a surplus of \$2.2 billion in the corresponding period of the previous year, according to the Central Bank of Egypt.

This came as a result of an increase in trade deficit by more than a fifth as a direct result of the decline in exports of commodities from \$19.6 to \$16.9. «The contraction in exports is traceable to the drop in oil exports receipts, in the wake of the decline in world prices of crude oil by 28.7 per cent and 50.1 per cent in Q2 and Q3 2014/15, respectively, relative to the same quarters a year earlier.» noted a CBE statement.

Also, the import bill increased by 6.3 per cent, to register \$ 46.4 billion.

Tourism revenue and FDIs have deteriorated



Source: CBE and Prime estimates

Meanwhile, Services and income balance, ran a surplus of \$4.2 compared to \$418.2 million of the corresponding period a year earlier fed by a 61 per cent increase in tourism revenues.

Another positive development reflected in the BOP figures in the of foreign direct investment from \$3.1 billion to \$5.7 billion.

From the Trading floor

The board of the Egyptian Financial Supervisory Authority (EFSA), the stock market's regulator, decided to launch the 'T+1' mechanism on the Egyptian Exchange (EGX) starting 11 June.

The new mechanism will enable traders to sell shares the next day after buying them, provided that the sale is carried out via the same brokerage firm that executed the purchase.

The move, according to EFSA, aims at increasing activity and liquidity.

At present, the market operates under second-day settlement. The change could increase trading activity by making money flow faster, and by shortening the time that trades are unsettled, reducing counter party risks.

«Next-day settlement will start Thursday and will help create new liquidity as well as help investors better manage risk,» Sherif Sami, head of the securities regulator, told Reuters.

The new technique will be optional for investors in Egypt's Bourse, Sami said, adding that it would apply to all stocks and exchange-traded funds available on the market.

The move follows a major reform that was introduced in January with the EFSA approving the use of

exchange-traded funds.

El Sewedy Electric : the cable producing company won a 785 million euro portion of a 2 billion euro deal to build a combined cycle power plant in Beni Suef in a consortium with Germany's Siemens. Combined cycle plants use gas and steam turbines to convert fuel into electricity more efficiently, with less wasted energy.

The plant will use Siemens's H-class gas turbines. Siemens \$8 billion deal with Egypt will increase electricity generation by 50 percent.

«The gas-fired combined cycle power project is located 150 km (95 miles) south of Cairo and shall start producing energy by summer 2017, with final project completion expected within 38 months from the financial closure,» Elsewedy, the Middle East's largest cable maker, said in a statement.

As a reaction to the contract, Beltone Financial upgraded ElSewedy Electric fair value to LE 70 per share.

Beltone Private Equity: the private equity arm of the leading investment bank Beltone financial, will LE1 billion worth of shares in Beltone Capital, which it manages on the local stock market in the last quarter of this year.

Beltone Capital is a private equity company

owned by a number of Egyptian and Arab investors. It has holdings in real estate developer Medinet Nasr for Housing and Construction and Total Egypt, a subsidiary of French oil major Total. The company was set up in 2006 and has capital of LE584 million Egyptian pounds.

«The offering will take place in the final quarter of 2015 in order to raise LE1 billion of capital,» Sharif el-Akhdar, partner at Beltone Private Equity told Reuters.

The proportion of Beltone Capital shares that will be publicly traded is yet to be determined, he said.

Emaar Properties : the Dubai based real estate developer set the price range of its pending initial share sale of its Egyptian arm, Emaar Misr, between LE3.5 and LE4.49 putting the overall



offer value LE 2.55 billion pounds. The new price is below both the LE4.49 the company said last week it will be floating the shares at and the initial valuation of LE4.70 in May.

The offering will involve 600 million shares, equivalent to 12.99 percent of the company. The final price will be decided on or around June 18, Emaar said in a bourse filing in Dubai.

The difference in values of the offering, according to what a source told Reuters is «due to the need to satisfy international and local regulatory regimes.»

According to Reuters, the LE4.49 pounds valuation was announced after talks between the company and the Egyptian market regulator, to meet the requirement to give retail investors 15 days notice prior to the start of their offer period.

However, the price range of LE3.5 to LE4.9 was the official range under international regulations and came after initial talks with institutional investors.

brokerage Naeem said the price-to-book and price-to-earnings ratios of Emaar Misr were a bit stretched but added the «underlying growth and land bank valuation» could be justifying factors.

Emaar Misr is expected to be listed on the Cairo stock exchange on or around July 2.

Emaar's statement pointed out that the bulk of offering will be allocated to institutional investors, with 15 percent earmarked for retail buyers. The subscription period for institutions inside and outside Egypt will start on June 11 and run until June 16, when retail investors will begin subscribing. Offer for retailers will end on June 25.

«The level of interest shown from the investment community so far has been very encouraging,» Mohamed Alabbar, chairman of Emaar and its Egyptian unit, was quoted as saying in the statement.

Orange: the French telecommunications giant said it wants to sell a stake in its Egyptian arm, Mobinil to bring in new investors. The company will use the sale proceeds to increase its stake in its Moroccan

subsidiary, as part of expansion plans in North Africa,

Orange's revenues in Africa and the Middle East are growing as more people switch to smartphones.

Oranges's Chief Executive Stephane Richard said Egyptian mobile telcoms operator Mobinil, which is 99 per cent owned by Orange, would offer 10 to 15 per cent of its shares on the Cairo bourse or sell a stake to a local partner in 2016.

«The intention for us is to reduce our ownership in Mobinil to make some room available for new shareholders, new partners - Egyptian partners either using the listing of the company so going to the market or welcoming strategic shareholders,» Richard told Reuters at an event in Cairo.

The CEO's strategy has been to create a separate unit to regroup the African and Middle Eastern operations to make them more visible to investors and to run them more efficiently.

Orange has about 100 million subscribers in Egypt, Morocco, Tunisia, Senegal and Mali among other countries, and they brought in nearly 10 percent of group sales last year. Their revenues rose by 7 per cent to reach 4.29 billion euro on operating profit of 1.4 billion euros.

Egypt's Minister of Planning talks to ME Observer



Upgrading the administration

Dr Ashraf al-Arabi, the minister of planning, follow-up and administrative reform, has revealed that the transformation of economic growth on the ground in the form of jobs would require a variety of projects approximately over five to 10 years before Egyptians can experience a marked rise in average income and standards of living.

Arabi confirmed that a new wage structure would raise the basic pension by 60 per cent, together with staff promotion every three years and training programmes in agreement with the European Union. Introducing centralised computer tests for new posts will eliminate favouritism.

The Middle East Observer met the minister to discuss many of the issues that concern Egyptians today.

Interview by: Mohamed Naguib

How do you see the state administration entity? Is there a plan to develop it?

I am not satisfied with the state administration performance, and the problem lies in its efficiency and effectiveness. We must now complete what has been built on previously. A committee for administrative reform has been formed and is meeting weekly to look at appropriate international experience and the possibility of adapting them to the current circumstances, and to set a plan for the reform of the administrative performance within a certain time frame.

We have 6.4 million employees in the proportion of up to one employee for 13 people, but a million of them work in the care services and they are important. However, we find that maintenance, cleaning and such jobs are being neglected in the administrative system, and we have an inverted structure in the government: there are more leadership jobs in some places than jobs of a lesser degree, and we need to address this distortion. The promotion scheme to rise from the third degree to the second is currently about eight years, and then it takes another six years to climb to the first degree and four years to reach the levels that qualify for Law No. The new law would give opportunities for advancement every two or three years.

There are also reward and punishment mechanisms, like secret reports, in the government, though which staff obtain privileges that have led to the deformation of the system as a whole. Wages suffer a significant distortion in the structure, where 20 per cent are fixed and the rest variable, while the new law suggests 50 to 60 per cent on a fixed wage. This will address this distortion. The amendment will restructure wages, leading to satisfaction for employees. We are trying the new insurance law to adjust the employer's insurance rate and solve the problem, and lead to higher pensions. There will be a central exam by computer will not require any human intervention, and the result will appear on the computer after the completion of the exam. This is directly aimed at eliminating mediation and favoritism.

Why was planning linked to administrative reform in this government?

Linking planning to administrative reform came about because we are targeting new building, and we must build a political reform parallel with economic reform. All plans will be implemented through the state administration system. On the follow-up side, Egypt does not lack plans and strategies. Take, for example, Egypt's 2017 strategy prepared by Dr Kamal Ganzouri and the 2020 strategy prepared by Dr Ismail Sabri Abdullah. The Cabinet Information Centre and the Centre for Future Studies have drawn up Egypt's 2030 strategy, and the urban communities and urban planning institute have produced strategies for 2050 and 2052, all on a national level.

What are the main features of the control and follow-up operations in the current plan?

An integrated system for the preparation and follow-up of the economic and social development plans, which include the investment plan in the current budget of about LE131bn in public investments and LE6bn in government invest-

ment. This is divided into more than 6,000 projects including drinking water, transport, electricity, education, health, youth sports and endowments. An electronic follow-up system has been completed, and this will reduce those operations needing a hard copy in the work cycle.

When can the programme budget be clearly managed?

We are currently in the process of linking up with the Ministry of Finance to gain access to the programme budget. For example, there are hospitals that have been built but do not function, and there are other problems as well. As for the development of the Sinai National Project, which began in 1997 and aimed at the resettlement of five million people by 2017, this did not work and we only managed to rehouse about half a million Sinai residents. Then in Toshka, where we are targeting the resettlement of 450,000, currently fewer than 30,000 people have new homes. There is political support for the system, and with that and ongoing training the efficiency of public spending will rise.

Do you have any plans to overcome corruption in the state administrative system?

We are striving through the automation of government services to eliminate corruption, because whenever we separate the service provider from its seeker, corruption is reduced.

How can you ensure staff commitment to the state administrative system and the new law?

A work statement will be required by law to be signed by every employee, which will determine their obligations throughout the period of work. Also we have begun to develop a training programme plan for employees in line with German aid for a number of programmes to convert personnel affairs departments in all government institutes to an HR department that will provide training and preparation of employees by means of various training courses.

To what extent has the Egyptian economy succeeded in overcoming the collapse of the past four years?

In general the situation is now better. There have been improvements in the investment climate and legislative environment, and in investment laws that have addressed many of the obstacles facing investors. There is a clear vision for the various crises in energy through a tariff law for electricity, which is opening the way towards new and renewable energy.

How can lost confidence among investors



be restored in the years to come?

As I said, the government has introduced a number of investment law reforms and taken some decisions to make reforms at all levels within the sustainable development plan of 2030. Reforms have been on monetary and fiscal policy investment and legislation. We also have Law No. 47, which represents an administrative revolution and a serious attempt to achieve an administrative reform process and fight corruption and bureaucracy, which is one of the main impediments to investment in Egypt.

When should Egyptians see a breakthrough in the economy?

We need to achieve sustained economic growth for almost five to 10 years until Egyptians feel better about the standard of living. Development needs perseverance, continuity and a strong political vision.

When will we experience real economic growth?

Despite all the efforts to achieve high growth rates, we will still not achieve the desired development owing to the steady growth in population. So the government is drafting a new national integrated strategy for the population to ensure the allocation of financial resources along with economic growth.

How do you foresee the unemployment index in the coming period?

The unemployment index has fallen from 14.3 to 13.1 per cent, and the continuation of the current major projects will lead to a reduction in unemployment by a large margin. There are several major national projects such as the new Suez Canal, roads, and a million acres and 240,000 social housing units, in addition to initiatives that have recently been launched.

What is the government's plan to eliminate poverty?

There is a generally accepted mechanism in all countries of the world known as the poverty map, the work of geo-targeting areas of the poor. There are places in Upper Egypt and rural areas that are identified for a poverty analysis. There are many causes of poverty, such as health and sanitation and poor roads. We must first repair these problems before development can begin.

Several major national projects have been put forward. Where is the spending coming from?

There are major challenges because the country was semi-stationary for the past several years, and there are high expectations and people have high hopes in the president. There is a new case we want to put forward

for Egypt, for example the new Suez Canal. Funding is going well and it will open in August as scheduled. As for the investment area around the Suez Canal, the important thing is to prepare a comprehensive plan and promotion for private national, Arab and foreign investment.

What is new about the Toshka project?

The current situation shows that the government has spent millions on infrastructure in Toshka, and so the water in the area there cannot be used solely for that region. The question arises: to complete of the project or not? The problem there is the lack of life for people in Toshka such as housing or schools, and so we will now provide all of that. Social housing units are being put in place by the Ministry of Housing and roadworks will be implemented.

What is the relationship between Egypt and the International Monetary Fund and World Bank?

Egypt was one of the founders of the International Monetary Fund and pays a contribution to the IMF and the World Bank, and all the international financial institutions. Egypt has obligations, and in return there are some rights. Egypt must benefit from these institutions, like it or not, and whether we agree or refuse. Reports coming out of the IMF say they and all these institutions have incredible goals. Egypt is a member and thus we try to influence the decisions that are taken. Now we have Dr. Hazem Beblawi, the former prime minister, working at the IMF, and so Egypt has its representative in the decision-making on a world level.

What about the project to plant a million acres?

The first phase of the one million acres project has been identified: the location and usage patterns some companies will establish. Now are digging wells because 90 per cent of the million acres are on land reclaimed from groundwater.

What about investing in the energy field?

Power is one of the most important projects that we have been working on. We want to open the door for the private sector in new and renewable energy, and this means seeing clearly through the law and the tariff rates predetermined for the purchase of energy, which is encouraging investors.

What about the health and education sectors in the coming period?

The Constitution states that spending on health, education and scientific research should not be less than 10 per cent of GNP, and by the year 2016/2017 we will reach that target of 10 per cent. This will double what was previously spent in these sectors.

Finally .. Is there a role for the private sector to invest in the health sector?

Of course. Our proposal is to open closed health units which have no doctors and convert them into clinics so as to benefit the units and staff.

New partners in trade

The Free Trade Agreement will open the doors of 25 countries to Egyptian products, writes Ahmed El-Mahdi

The events surrounding the grand launch of the Free Trade Agreement (FTA) that will bring 26 countries in the tripartite regional economic blocs into one common market will end today, after a presidential summit following three days of meetings between ministers of trade and senior officials.

The Common Market for Eastern and Southern Africa (COMESA), Southern African Development Community (SADC) and East African Community (EAC), altogether comprising 26 countries representing 48 per cent of the members of the African Union, and holding 51 per cent of its Gross Domestic Product (GDP) and 56 per cent of its population, are to establish the biggest economic bloc in the region.

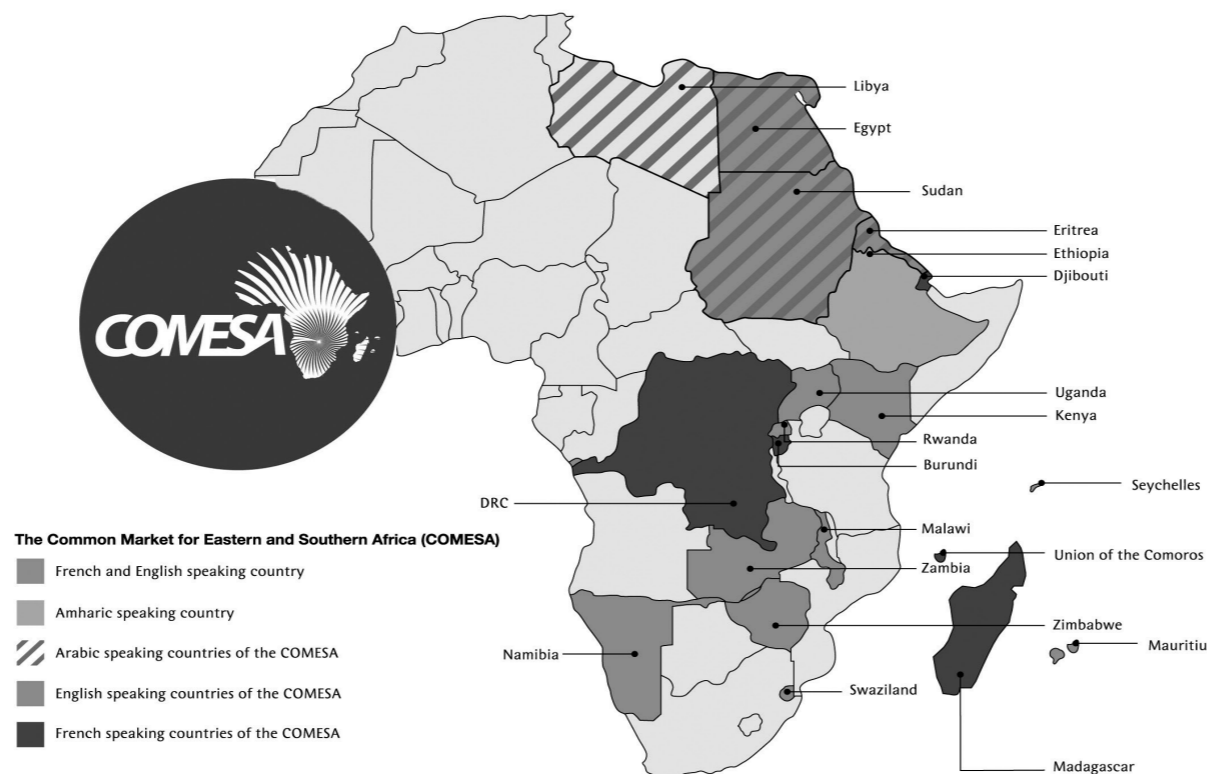
Businessmen have given an assurance that the agreement is coming at the right time for Egypt, particularly after the decline in its exports following the political turmoil in neighbouring countries which have resulted in losing some main export markets in Africa.

However, if the economy is to benefit from the agreement, a number of measures will have to be adopted beforehand. First, shipping to Africa should be supported by providing at least 50 per cent of the total shipping costs until a national shipping company is established. Second, there will need to be a swap system because of the difficulties in banking transactions in most African countries. Third, interest rates, which sometimes reach 16 per cent on the loans provided for financing new projects, will need to be lowered to attract new investments. This will increase productivity power and create new jobs. Fourth, it will be necessary to adjust the internal investment structure.

The benefit of this agreement to Egypt is conditional on the scope of internal reform of the investment climate, which requires setting a comprehensive strategy for the private sector to include a financial policy to help factories keep their production rates, says Magdi Tolba, former chairman of Readymade Garments Exports Council. He adds that intensive cooperation between government agencies and the private sector is highly needed.

The business sector is in acute need of new blood to enable fresh thought in solving the crises that threaten the industry and push away capital, Tolba says. He adds that economic growth is conditional on changing the current banking and monetary policies, which do not help existing factories to obtain finance unless through short term loans, not exceeding eight months, which are not complementary to the nature of the working factories.

Tolba says the government should help exporters reduce the



costs of production, clarifying that there are no countries that wish to attract investment and impose high interest rates in addition to the high costs of utilities that have recently increased so rapidly. This piles new financial burdens on investors and pushes them away, he says.

He warns against failure when reforming the investment climate, adding that all the bilateral agreements signed with Egypt come in the interest of the other country and result in a defect in the balance of trade with those countries.

The chairman of Chemical Industries Exports Council, Walid Helal, told *The Middle East Observer* that this agreement was a good step towards enhancing future intra-trade between Egypt and African countries. This would be reflected in an increase in production in local

factories, but it also required that the government adopt a number of incentive measures to encourage local exporters to increase their exports, he added.

Exporters are demanding that the government set up a \$500m. fund to ease export measures into the African market and enable exporters to complete the production process and continue exporting, Helal says. He points out that the capital cycle of some companies cannot bear waiting for four months to receive their dues from their African buyers, and adds that this fund would enable Egyptian exporters to obtain money from the fund without having to wait until the African importers transfer the money. The fund will be responsible for receiving the money from the importing companies at an interest rate lower than 2 per cent. Chinese traders have seen a leap in exports since they established a similar fund.

Helal asks that the government generalise the 50 per cent shipping support to Africa, adding that governmental monetary policies should be supportive of exporters, particularly when facing economic slowdown.

Regarding implementing the swap system when transacting with African countries, Helal said that it could be possible on one condition: if the government were in charge of its implementation.

By this agreement, Egyptian products will have free entry to fresh new African markets, says Magd al-Manzlawi, chairman of the customs committee at the Federation of Egyptian Industries. He adds

that this will attract more foreign investors in the coming period and will certainly have a positive impact on the national economy because the number of importing markets will increase.

The chairman of Engineering Industries Exports Council, Khaled Ibrahim, called for implementing all the items in the agreement to ensure that Egyptian products had comparative advantages over other products. He pointed out that most of the countries that were members of blocs like COMESA were not obliged to implement the items of the agreements, nor to exempt Egyptian products from customs duties.

We are in a high need of an Egyptian company to be responsible for promoting our products in African markets and ensuring that products from a country like Kenya can move to other countries in Africa in order to enhance intra-trade, he adds.

He points out that last year's engineering sector exports did not exceed 15 per cent of the total value of Egypt's exports to Africa, amounting to \$3bn. He expects, however, that the coming period will see a leap in Egyptian exports, particularly after the actual implementation of the agreement, because this will present an opportunity for our products to enter many African markets without customs restrictions.

Chairman of the Construction Materials Exports Council Walid Gamal al-Din told the *ME Observer* that the agreement was timely, particularly after the decline in Egypt's exports of almost 25 per cent over previous years. Events in neighbouring countries have resulted in losing some active markets, such as Libya, in addition to the difficulty of obtaining foreign currency to import raw materials.

"I expect exports will increase by 10 per cent in the first two years after the agreement is implemented," al-Din said, pointing out that the African markets were promising and could prove alternatives for the markets that have recently been lost. "This will be reflected in an increase in production and will provide lots of job opportunities," he says.

There is a great opportunity to increase the volume of Egyptian exports to the 25 countries of up to \$5bn over the next three years, compared with \$2.7bn in 2013. This means there would be a doubling in exports by 100 per cent, Minister of Industry and Foreign Trade Mounir Fakhry Abdel-Nour said in a previous statement.

Egypt's exports to the 25 countries represents 0.6 per cent of their imports. Exports to the three blocs amounted to approximately \$2.7bn during 2013, compared with \$3.1bn during 2012, a decline of \$0.4bn. The major countries receiving Egyptian exports are Libya, Sudan, Kenya and South Africa, while imports to Egypt from these countries amounted to approximately \$810m. during 2013, compared with \$1bn during 2012, according to the Egyptian Commercial Service (ECS).

Egypt's trade with its major trade partners of the 25 nations—notably South Africa, Libya and Angola—does not represent a great amount. The total Egyptian exports to these three countries amounted to \$1.3bn—nearly 50 per cent of the total Egyptian exports to the whole of the 25. This represents a rate of 0.6 per cent of the total imports of these countries, which amounted to \$196bn in 2013.

The total value of the exports of the 25 nations, excluding Egypt, amounted to \$266bn during 2013. The most exported products are oil, precious stones, steel, and ships. China, Japan, India, Italy and the USA are the major importing countries of African goods.

The total value of the imports of the 25 countries, again excluding Egypt, amounted to \$272bn during 2013. Machines, equipment, cars and electric tools were the major imported products. The major countries exporting to Africa are China, Germany, Italy, Turkey and the USA.

South Africa is ranks the first nation in regard to its trade volume. The total value of its exports amounted to approximately \$95m. during 2014, compared with \$90m. in 2013; an increase of \$5m.

Its imports accounted to approximately \$100m. during 2014, compared with \$103m. in 2013; a decrease of \$3m. Angola comes in second position regarding trade volume, with a total amount of exports of \$64bn during 2013, and imports of \$22bn.

Libya ranks third with a total value of exports of \$42bn, while its imports amounted to \$24bn during 2013.



Khaled Ibrahim



Walid Helal



Magd al-Manzlawi



Walid Gamal al-Din



Magdi Tolba



Central Bank of Egypt

1 - Reserve Money and Counterpart Assets *

(LE mn)

End of	2010				2011				2012				2013				2014				2015		
	June	June	June	June	June	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	June	June	June	June	June	June	June			
Reserve Money (M0)	203071	250992	263668	317944	364473	370901	374619	368636	363202	362922	372158	364271	380392										
Currency in circulation outside the CBE	144253	179096	204870	260849	288651	297587	297877	294086	291458	292739	294756	293428	294825										
Banks' deposits in local currency with the CBE	58818	71896	58798	57095	75822	73314	76742	74550	71744	70183	77402	70843	85567										
Counterpart Assets of Reserve Money	203071	250992	263668	317944	364473	370901	374619	368636	363202	362922	372158	364271	380392										
Net Foreign Assets **	190234	147197	76059	38235	37395	38711	39229	43092	36382	32419	34721	35294	34295										
Net Domestic Assets	12837	103795	187609	279709	327078	332190	335390	325544	326820	330503	337437	328977	346097										
Net claims on government *** (A+B-C)	80611	102562	165374	299806	419218	453435	397934	411143	438165	456063	475558	471960	498236										
A - Securities	121533	130597	178831	238831	240331	210330	210330	300330	300330	300330	300330	300330	290330										
B - Credit facilities	28754	59024	77774	166006	223393	286181	287343	305180	240984	257519	273318	277977	313594										
C - Deposits	69676	87059	91231	105031	144506	104367	103149	101786	98090	106347	106347	106688											
Net claims on banks	29010	147	-2706	-5811	-9045	-7793	-7991	-10785	-14130	-13483	-21852	-26735	-27409										
Net balancing items	-96784	1086	24941	-14286	-83095	-113452	-54553	-74814	-97215	-112077	-116269	-116248	-124730										
Unclassified assets and liabilities (net) *	4725	-13448	-8059	-9522	-38754	-31974	-17980	-19464	-22418	-13651	-13222	-9070	-16713										
Open market operations	-101509	14534	33000	-4764	-44341	-81478	-36573	-55350	-74797	-98426	-103047	-107178	-108017										

* Derived from the CBE's balance sheet.

** According to the updated statistical treatment adopted by the IMF, SDR allocations were classified as foreign liabilities rather than capital accounts, as of August 2009.

*** Including public economic authorities and the National Investment Bank.

* Including capital accounts.

A.R.E. FOREIGN TRADE MONTHLY SUMMARY (November 2014)

THE MOST IMPORTANT EXPORTS AND IMPORTS OF AGRICULTURAL COMMODITIES ACCORDING TO COMMODITIES IN NOVEMBER 2014 (Cont. from last week)

Table No. 6 A Value in LE 1000

Commodities	July		Change	Percentage	Jan. / July		Change	Percentage
	2014	2013			2014	2013		
Total Exports	16167097	15639008	528089	3.4	174016038	182972365	8956327	4.9
Total exports of agricultural commodities, the most important ***	1282197	1187726	94471	8.0	20233087	19443122	789965	4.1
Fresh or chilled Tomato	96375	28755	67620	235.2	373368	296132	77236	26.1
Normal bean non seed	76118	25290	50828	201.0	767845	314014	453831	144.5
Fresh or chilled Onions	68084	77370	9286	12.0	1086815	1338824	252009	18.8
Normal bean for seed	54953	13683	41270	301.6	428658	485748	57090	11.8
Waterpipe Tobacco	47691	48252	561	1.2	318676	341288	22612	6.6
Fresh or chilled bean normal bean for seed	47151	783	46368	5921.8	118856	4448	114408	2572.1
Tobacco	46464	17766	28698	161.5	649758	340845	308913	90.6
Peanuts	43321	85894	42573	49.6	616328	747158	130830	17.5
Plants and parts thereof	39171	63850	24679	38.7	130369	233561	103192	44.2
Relative importance of exports of agricultural commodities %	7.9%	7.6%			11.6%	10.6%		
Total Imports	42653923	38897873	3756050	9.7	448338422	421132861	27205561	6.5
Total Imports of agricultural commodities, the most important ***	4327267	5878056	1550789	26.4	54122294	50870897	3251397	6.4
Yellow corn for non seed	1039209	1294635	255426	19.7	12671633	12163959	507674	4.2
Wheat non seed	975997	1934484	958487	48.5	19531386	11845378	7686008	64.9
Fresh or chilled Potatoes	510311	640674	130363	20.3	6327607	2446472	3881135	158.6
Fresh apple	410155	423039	12884	3.0	464132	507734	43602	8.6
Broad bean	280281	194149	86132	44.4	1836266	1334813	501453	37.6
Lentil crusty non seed	237486	239366	1880	0.8	1779497	1700704	78793	4.6
Black tea	154016	142361	11655	8.2	596728	500875	95853	19.1
Cigarettes	117048	126525	9477	7.5	2113005	1863331	249674	13.4
Last Cotton, not carded or combed, shelled	57216	13145	44071	335.3	567951	557589	10362	1.9
Relative importance of exports of agricultural commodities %	10.1%	15.1%			12.1%	12.1%		

Source : The Central Agency for Public Mobilisation and Statistics. (CAPMAS) (To Be Cont.)

The Egyptian economy has lured various investments during the first year of President Abdel-Fattah Sisi's term in office. **Ahmed Ali** follows the latest developments

"I know Egypt and its problems and I can see them as I can see you now. I know the solutions as I see you now. Egypt needs no less than \$200 to \$300 billion to have any real hope for the 90 million Egyptians really to live, really to work, and to be really happy," President Abdel-Fattah al-Sisi said in his speech to mark the end of the three-day Sharm El-Sheikh Economic Conference in March.

"We are behind, and those who are late must either speed-walk or run. Even running will not be enough in our case," he added.

Egypt was emerging as a top destination for growth-hungry foreign capital before its economy was left in tatters owing to political unrest following the revolution in 2011. With a budget deficit more than 11 per cent of output, and a debt-to-GDP ratio near 95 per cent, Egypt's government was in a dire need of foreign currency and foreign investment.

Consequently, through his programme of economic development, President Sisi has successfully managed to lure much-needed investments by holding the Sharm El-Sheikh economic conference, and by his shuttle tour to various European countries as well as Russia and China.

Meanwhile, most of Egypt's indicators are pointing in the right direction with foreign direct investment up by nearly 140 per cent year-on-year, according to the Economist. Economic growth rose to an annualised 5.3 per cent in the first half of this fiscal year, compared with 1.2 per cent in the same period the year before. Unemployment, still painfully high at around 13 per cent, is falling. The return of investors may be the most telling sign of renewal.

During the March conference, the government announced huge investment projects, in addition to the signing of 40 agreements and memoranda of understanding in the electricity, energy, housing, telecommunications and oil sectors. In his concluding speech at the conference, Prime Minister Ibrahim Mehleb said, "The initial estimate for the total investments that have been agreed upon is \$60 billion, including \$18.6 billion on funded projects."

Mehleb added, "Egypt received \$12.5 billion in support from the Gulf states, which will be directed at projects carried out within a year or two; this is in addition to \$5.2 billion in loans and funds with the Ministry of International Cooperation."

Speaking at the UN climate summit in last September in New York, Sisi said: "Our nations suffer from aggravated energy crises at a time when they look to achieve high rates of growth, which requires an expansion of renewable energy projects ... to provide energy with the transformation to an economic model that is more environmentally friendly."

A year in investments



Sisi added: "Based on that, I invite developed countries, financial institutions and the private sector to invest in these projects."

"Sisi pays great attention to economic issues and this is evidence of his realisation that Egypt's economic crisis is number one in terms of priorities, economics expert Rasha Abdo says.

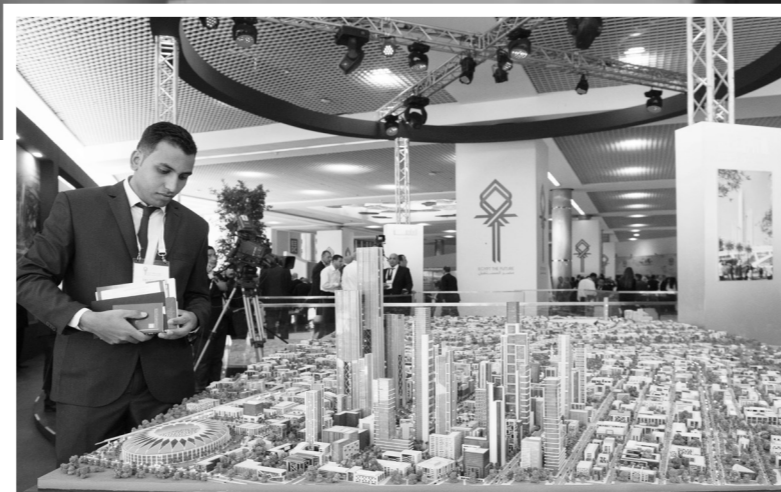
"Since there is no development without energy, which could affect the investor in addition to the citizen, Sisi is implementing a well-studied resolution," Abdo adds.

As a result, a series of energy projects were announced at the economic conference, including deals with German firm Siemens and US-based GE, which "could add 13 gigawatts to Egypt's electricity grid", Sisi said during his speech at the March conference.

Oil giant BP called its new \$12-billion project "a vote of confidence in Egypt's investment climate", while beverage producer Coca-Cola has pledged to spend \$500m. In Egypt within the next three years. Majid al-Futtaim, a Dubai-based retail operator, has increased its investments by about the same amount. In April Moody's, a credit-rating firm, upgraded Egypt's rating.

Moreover, the government has unveiled plans to build what is being called New Capital Cairo, an administrative and business centre for Egypt, which is to be built from the ground up.

The president recounted his efforts to get contractors to reduce both the cost and the construction time to complete them. "We said no, we can't wait 10 years for the new capital to be built because by then we would have increased 26 million people at this rate, and time is critical," he said. The project is now



running on a five-year timeline.

This echoes past decisions by Sisi, who pushed for the digging of the New Suez Canal to be completed in one year rather than three years as originally planned. The president suggested that if developed countries want to help Egypt, they should finance their companies in order to allow them to invest in Egypt. "The commitment of Egyptians to pay back is beyond doubt," he says.

In an attempt to diversify the foreign investments' funds and options, Sisi has tried to enhance cooperation with difference European countries as well as the BRIC (Brazil, Russia, India and China) nations.

During Sisi's visit to Russia last August several industrial agreements were signed, in addition to the construction of a Russian Free Zone in Cairo. While on his visit to Cairo last February President Putin said Russia would contribute to building "a whole new nuclear power industry" in Egypt, as the two countries signed a number of agreements after a meeting in Cairo.

The leaders of Russia and Egypt have signed "a memorandum of understanding to build the first nuclear plant in [the northern city of] El-Dabaa," Sisi told reporters at a

news conference at Cairo's al-Qubba presidential palace.

Russia would contribute not only to the construction of a nuclear power plant, but also staff and scientific research, Putin said. Under the new agreement, Russia's nuclear agency Rosatom would build two reactors based on Russian technology, according to Rosatom chief Sergey Kirienko.

Moscow and Cairo have agreed a contract for a total of four units of 1200 MW each. The new generation plant, Kirienko said, would comply with 'post-Fukushima' safety standards. "We understand the task given by the Egyptian president: to act as quickly as possible. We are ready," he said.

Besides nuclear cooperation, the two countries have discussed a broad range of international issues, including joint economic and military-technical collaboration, while they also agreed on establishing a free trade zone with the Russian-led Eurasian Economic Union (EEU) and a Russia industrial zone in the Suez Canal area.

Russia and Egypt will make efforts to promote a number of investment projects in various sectors, including the transport, manufacturing and chemical industries. According to Putin there are already 400 Russian

companies operating in Egypt, and the two sides have agreed to expand opportunities for small- and medium-sized businesses in Egypt.

Indeed, in May, a 300-businessman delegation headed by the Russian Minister of Trade and Industries, Denis Manturov, visited Cairo to further discuss a number of Russian projects in Cairo in various sectors.

Russian investors are looking to invest in Egypt's infrastructure and road projects, Egyptian Minister of Supply and Internal Trade Khaled Hanafi announced during the Egyptian-Russian Business Forum in Cairo. Hanafi said his ministry was currently studying developing six ports in the Suez Canal Axis Development project, in cooperation with Russia.

Minister of Transport Hani Dahi also noted during the conference that he was considering developing railways in cooperation with Russia, including an express train connecting the Suez Canal Axis and other governorates.

Hanafi said during the meeting that a Russian firm had offered to form a consortium with Egypt with the aim of investing in the global logistics centre project. The Russian firm will supply Egypt with all the equipment and machinery required for the project.

"The Egyptian economy badly needs huge investments, whether Egyptian, Arab or foreign investments," economic expert Fakhry al-Fiqi said, adding that this was the only way forward for economic prosperity.

During his visit to China last December, Sisi and Chinese President Xi Jinping decided to elevate the bilateral relationship to a comprehensive strategic partnership be-

tween the two countries. In a joint statement signed by Xi and Sisi on establishing the partnership, the two presidents pledged to boost political, economic, military, cultural and technological cooperation along with cooperation on regional and international affairs.

Sisi hailed his Chinese counterpart's initiative to revive the Silk Road linking China and the Mediterranean Sea, adding that the president highlighted the role of the Suez Canal Axis Development project by reopening the famous trade route.

China, a significant economic partner, is Egypt's second largest trading partner. Trade between Egypt and China amounted to \$10.3bn in 2013, of which \$1.9bn were Egyptian exports to China and \$8.4bn were imports from China, according to government figures.

The history of modern bilateral relations between the two countries dates back to 1956, when Egypt became the first Arab and African country to recognise the communist government of the People's Republic of China.

At the same time, during his April European tour that included visits to Cyprus and Spain, Sisi said that these visits aimed at enhancing cooperation between Egypt and the two countries in various fields. A number of bilateral agreements were signed with Spain during the trip. Spain's investments in Egypt's gas, cement and railway industries are estimated at some \$757m.

Many analysts have praised Sisi's adoption of a new direction in the country's foreign policy, saying that Egypt is aiming at achieving a "balanced relationship" with the EU countries.

Concerning Sisi's recent visit to Germany, according to businessman Ahmed Mashour, Member of the Egyptian Junior Business Association (EJB), it is an opportunity for German companies to invest in Egypt.

The visit saw the signing of four energy-sector agreements costing €8bn with the German multinational Siemens. According to the terms of these agreements, Egypt will obtain 10,000 Megawatts of power, covering one third of its energy needs.

Following his visit to Germany, Sisi held bilateral talks in Budapest with the Hungarian Prime Minister, Viktor Mihaly Orban, to discuss economic cooperation and counter-terrorism and security.

Though the great effort made to attract more investments, much work remains to be done concerning the economic developments. Sisi said: "We are really late, even running is not enough. That's why in all my conversations with the companies, I tell them we're in a hurry."

Egypt still ranks 112th on the World Bank's ease-of-doing-business index, behind Zambia and Swaziland. The Investment Minister, Ashraf Salman, admits that in order to start a company, investors must obtain permits from 78 different agencies. This can take up to five years. The government has promised to create a one-stop shop for such approvals, although only by the end of next year.

Billions to be invested in tourism projects

Investments in 59 projects are expected to reach an initial LE9bn by the end of the current fiscal year (FY) 2014/2015, according to Tourism Development Authority (TDA) director Serag al-Din Saad.

According to Saad, the estimated costs for the projects are LE2.8bn, although the actual cost of the projects could reach LE9bn.

The Red Sea area is on top in number of projects approved by the TDA with 52 projects on a land area of 9.5m. sq.m, followed by Ain Sokhna with six projects on a land area of 405,000 sq.m.

Saad believes the TDA succeeded in taking advantage of the extra land spaces in some of the projects' lands and offering them for sale to investors. This would increase the added value of these areas and double the income of the authority.

"These results have led to a financial surplus worth LE258m. to the Ministry of Finance for the current FY 2014/2015," Saad said.

Saad expects the TDA's income to increase by the end of FY 2014/2015 by LE600m, a growth of 30 per cent compared with last year's income.

The final allocation approvals

for lands sent by the TDA in FY 2013/2014 amounted to 26 approvals, with investments worth LE1.6bn, according to Saad.

The new projects in the Red Sea area vary between nine projects on a land area of 816,000 sq.m, another three projects, and expansions on extra land spaces of 157,600 sq.m. There are another two projects on extra land spaces of 33,000 sq.m, as well as a project for expansion of road transport on a land area of 255,000 sq.m, according to Saad.

Hotel rooms which were included in the service amounted to about 1,600 rooms in the second quarter (Q2) of FY 2014/2015. Tourist housing units, on the other hand, amounted to 600 units.

The expected land areas which will be offered in the second half of FY 2014/2015 cover 12m. sq.m, with investments up to LE6bn distributed in the Red Sea area, Gulf of Suez, and the North Coast.

Saad added: "The North Coast and Gulf of Suez land will be offered in coordination with the governorates, in order to guarantee the full development of the area and so that the local community benefits from it."

Egypt and China enhance cooperation

The bilateral ties between Egypt and China have further materialised amid rising economic cooperation between the countries. Over the past few weeks, the most populous Arab country has seen the vibrant presence of Chinese companies cooperating with the Egyptian government in various infrastructure projects.

Egypt is aspiring for economic growth after four years of political turmoil that witnessed the ouster of ex-President Hosni Mubarak and former Islamist President Mohamed Morsi.

"China is ready to support Egypt's efforts to maintain stability and growth as the nation strives to find a development path that fits its own conditions," Yang Jiechi, China's state councillor, said on Monday during a two-day official visit to Cairo, where he met Egyptian President Abdel-Fattah al-Sisi.

President Sisi signed a joint agreement with his Chinese counterpart Xi Jinping to elevate Egypt-China bilateral ties to the level of "comprehensive strategic partnership" during his official visit to Beijing in late December.

Noted by Xi as "an important milestone", Sisi's visit to Beijing

six months after taking office also marked the two presidents' commitment to boost economic, political and cultural cooperation between the two countries.

Sisi hailed Xi's initiative on building the Silk Road Economic Belt and the 21st Century Maritime Silk Road, known as the "Belt and Road" initiative, pledging that Egypt would be an active part of the proposal. Yang said that China was keen to join Egypt in boosting pragmatic cooperation by centring around the 'Belt and Road' initiative with a focus on infrastructure and industrial capacity.

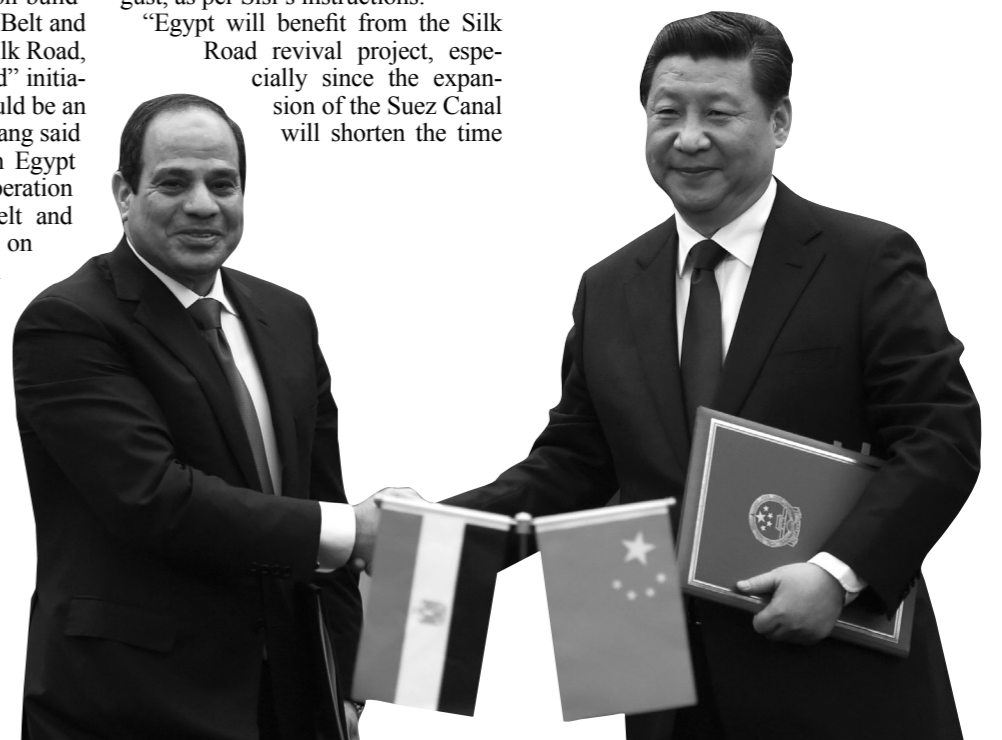
President Sisi said during talks with Yang that China played an important role in infrastructure, energy and housing projects in Egypt, commending the current level of economic and political cooperation between Cairo and Beijing.

In line with the development plans of Egypt after four years of chaos, China's Belt and Road initiative has opened a new chapter for bilateral relations between the two powers.

Egypt has almost completed the huge national project of the Suez Canal waterway expansion and is now preparing for its inauguration and opening for ship navigation in August, as per Sisi's instructions.

"Egypt will benefit from the Silk Road revival project, especially since the expansion of the Suez Canal will shorten the time

of ship and trade traffic in the canal," said Gamal Bayoumi, head of the Arab Investors Union and an official at the Egypt's International Cooperation Ministry.



Saudi to issue bonds

The Saudi Arabian government may resume issuance of bonds this year, easing downward pressure on the country's foreign reserves caused by low oil prices, a senior International Monetary Fund official said after talks with Saudi officials. Tim Callen, chief of the IMF mission to Saudi Arabia, was speaking of the kingdom's potential issuance plans to Reuters by telephone after annual consultations between the IMF and Riyadh.

Bond issues would be a big shift in Saudi economic policy; Riyadh has been focusing on paying down its obligations; public debt fell to SAR 44.3 billion (\$11.8 billion) at the end of last year, or just 1.6 per cent of gross domestic product, Finance Ministry data show. However, the plunge in global oil prices since last June has slashed Saudi oil export revenues, and Finance Minister Ibrahim Alassaf has said bond issues are possible. The government last issued a development bond in 2007.

So far, Riyadh has been covering its budget deficit by drawing down financial reserves. Central government deposits at the central bank—current and reserve deposits, those earmarked for state projects and those of government institutions—totalled the equivalent of \$361 billion in April, down from \$447 billion last August. The drawdown has caused net foreign assets at the central bank, which acts as a sovereign wealth fund, to slide to \$679 billion in April from a record \$737 billion in August. Given the size of the deficit, this strategy cannot continue indefinitely. The IMF predicts that the government will run a fiscal deficit of about 20 per cent of GDP this year, equivalent to roughly \$150 billion. Callen said government bond issues would reduce pressure to draw down the reserves, eventually allowing them to stabilise. He predicted the bonds would be riyal-denominated and be absorbed easily by Saudi Arabia's cash-flushed capital market. "There will be large demand among banks—there's a ready market there," he said. Callen said pressure on the reserves would also decrease as Saudi Arabia rationalised its state spending, which he said was inflated this year by one-off factors such as bonuses for state employees to mark King Salman's accession to power in January. He declined to estimate how fast spending would adjust. Government bond issues would also benefit the kingdom by building a benchmark yield curve that could be used to develop the corporate debt market and by providing investors with new savings instruments, Callen added.



The fourth Greek-Arab economic forum, held on 3-4 June 2015, concluded its events in Athens in the presence of Arab and Greek ministers. More than 500 Arab and Greek businessmen attended the conference organised by the Arab-Hellenic Chamber of Commerce and Development. The Jordanian Chamber of Commerce and Industry was a main partner, and the forum was sponsored by the Association of Greek Contracting Companies and a number of other Greek company sponsors. The forum was held under

Arab-Greek investment

the slogan "35 years of successful partnership", synchronising with the 35th anniversary of the foundation of the Arab-Hellenic Chamber of Commerce and Development. The discussions at the forum focused on three main subjects. First, investment in the Greek and Arab worlds broken up into three sessions that covered the relevant investment atmosphere and available oppor-

tunities in Jordan. Greece and the Arab world. The second discussed renewable energy from the viewpoint of the Arab and Greek experiences, and the third concerned infrastructure and construction. All the speakers admitted that the forum was vital since it took place at a time when Greece was going through a very critical economic situation. The speakers stressed the impor-

tance of exploiting and seeking benefit from all the cooperation and joint investment opportunities, mentioning that the current commercial exchanges between Arab countries and Greece did not equal the excellent political relations between both sides and so should be enhanced and developed.

The forum speakers presented the investment and commercial opportunities available in their countries. The Jordanian delegation, which included Transport Minister Lina Shabeeb and Nael al-Kabareti, chairman of the Jordanian Chamber of Commerce, talked about the business and investment environment in Jordan and presented investment and economic openings in strategic sectors such as renewable energy, tourism, infrastructure,

water and medical tourism. On the sidelines of the forum was an exhibition giving Arab embassies and companies space to display their handmade and traditional products and services. This exhibition attracted great attention and was visited by the majority of the forum participants. One hall was devoted to bilateral meetings of the prime Arab and Greek participants, which took place in addition to the formal meetings between the Arab ministers and their Greek counterparts to discuss cooperation issues.

After discussions between the Iraqi authorities and Carlo Sdravovich who led The International Monetary Fund (IMF) mission about financial assistance to Iraq under the Rapid Financing Instrument (RFI), they reached agreement of granting Iraq IMF emergency assistance of SDR 594.2 million (approximately \$833 million) under the RFI. The grant is expected to be submitted to the IMF Executive Board for consideration in July 2015, according to Sdravovich statement that was published in a press release by IMF.

Iraq receives \$833 million financial assistance



"The Fund is ready to assist Iraq in its efforts to tackle the economic impact of the conflict with ISIS and the decline in global oil prices. The armed conflict continues to strain the country's resources and has created a humanitarian tragedy, with an

estimated 3 million internally displaced people. The violence has also caused extensive damage to infrastructure and private sector assets," said Sdravovich in a statement at the end of the visit, which took place in Amman from May 27 to June 4.

He added that violence contracted the economy by 2.1 per cent in 2014 and despite the solid growth in oil sector; it is expected to achieve recovery of only 0.5 per cent in 2015. "With low oil prices, export revenues have contracted, pushing the current account into a deficit expected

to reach 8 percent of GDP in 2015. As a result, foreign assets have declined in 2014 to US\$67 billion and are projected to fall further this year," he adds. "Under the pressure of high conflict-related spending and weak oil revenues, the budget deficit is projected to

rise from 5 percent of GDP last year to about 17 percent of GDP in 2015, despite the non-oil tax measures envisaged in the 2015 budget and strict control of expenditures, including through the prioritization of investment projects," Sdravovich adds in the statement.

Sudan "The Arab food basket"

Nabil Elarabi, the secretary general of the Arab League, has asked the countries of the league to pump money into Sudan to help achieve food self-sufficiency for the whole Arab world, describing Sudan as 'the Arab food basket'. Elarabi assured the convention that that the Arab League was paying great attention to the food security issue in the Arab world because they considered it a security issue, pointing out that the Arab League began to pay attention to this issue after the first economic summit in Kuwait in 2009. The second economic summit in Sharm El-Sheikh and the Riyadh sum-



mit saw the announcement of the Arab food security initiative by Sudanese president Omar al-Bashir. Elarabi added that the fourth economic summit was expected to take place in Tunisia. He also revealed that steps were being taken in relation to the overall economic region and customs union, despite the ex-

istence of a number of hindrances, explaining that the strong bonds between Arab nations could help secure economic integration in the region. Elarabi pointed out that taking decisions was easier than executing them, explaining that the coming stage required that all decisions already taken be enacted.

Dubai ranked the fourth international travel destination

On June 3rd the annual MasterCard Global Destination Cities Index was released providing ranking of the 132 most visited cities around the world.

London was ranked as the top visited place for the fifth time in seven years according to the press release. 18.82 million international visitor visited London in 2015. With a little difference in the number of visitors, Bangkok came in the second place with 18.24 million visitors. Bangkok also took place of the top of the index throughout its five years.

Paris came in the third place with 16.06 million visitors while Dubai was named in the fourth place with 14.26 million visitors. After Dubai Istanbul was ranked in the fifth place with 12.56 million visitors. The rest of the top 10 countries, in the same order, were New York with 12.27 million

visitors, Singapore with 11.88 million visitors, Kuala Lumpur with 11.12 million visitors, Seoul with 10.35 million visitors, and finally Hong Kong that received 8.66 million visitors.

The press release added that in the Middle East and Africa region "Dubai continues to be one of the fastest growing cities in the global top ten while Abu Dhabi is the third fastest

growing destination city overall between 2009 and 2015." The Index "delivers deeper understanding of how people move around the world and speaks to the importance and prominence of the world's cities as homes, destinations and engines of growth."

"This year's study helps us understand just how interconnected the

world's cities are the significant role they play in connecting and empowering greater numbers of people than ever before," said Ann Cairns, president of International Markets, MasterCard.

MasterCard is a "technology company in the global payment industry." According to the company, they "operate the world's fastest payments processing network, connecting consumers, financial institutions, merchants, governments and businesses in more than 210 countries and territories."

They explain that the index "ranks cities in terms of the number of their total international overnight visitor arrivals and the cross-border spending by these same visitors in the destination cities, and gives visitor and passenger growth forecasts for 2015."

Development in Dubai

Emaar Properties' mixed-use beachfront development in Dubai's al-Mamzar district is expected to have a preliminary cost of Dhs 10 billion (\$2.72 billion), the United Arab Emirates state news agency WAM stated on Wednesday. The project, announced last year in cooperation with Dubai Municipality, will create 4,000 residential units, 300 hotel rooms, and 250,000 square metres of retail outlets, WAM said in a statement.

Compiled by: Engy Essam

INNOVATION: The thoughtful combination and application of travel, data, mobile technology and payment innovation is creating smarter, connected cities.

MasterCard Global Destination Cities Index 2015
A Brief World Tour

Top 10 Cities for Overnight Travel

- 1 London
- 2 Bangkok
- 3 Paris
- 4 Dubai
- 5 Istanbul
- 6 New York
- 7 Singapore
- 8 Kuala Lumpur
- 9 Seoul
- 10 Hong Kong

City Facts by the Numbers

- London remains the #1 destination for international visitors.
- London & Bangkok expect nearly identical numbers of overnight visitors in 2015.
- Paris keeps the third step of the podium for the second year in a row with 15.5 million international visitors in 2014 and 16.06 million in 2015.
- London remains the most popular city in the world with 18.82 million international visitors in 2014 and 18.82 million in 2015.
- London & Bangkok expect nearly identical numbers of overnight visitors in 2015.
- London & Bangkok expect nearly identical numbers of overnight visitors in 2015.
- London & Bangkok expect nearly identical numbers of overnight visitors in 2015.

Travel Tips:

- Be Accepted:** Use your MasterCard wherever you go.
- Be Safe:** MasterCard Global Service Centre emergency assistance is available 24/7.
- Be International:** Use your MasterCard wherever you go.
- Be Smart:** Use your MasterCard wherever you go.
- Be a VIP:** Use your MasterCard wherever you go.

Learn more about #GDC15 at the MasterCard Engagement Bureau. [www.mastercard.com/gdc15](#)

Greece to compromise with EU/IMF



Reuters: Greece is willing to compromise to reach a deal with its EU/IMF creditors that is acceptable to both sides and is ready to negotiate until the end of June to achieve this, the government said on Monday.

The comments struck a more conciliatory note after Prime Minister Alexis Tsipras's outright rejection of a proposal from lenders last week, and suggested Athens is willing to make concessions despite anger within the ruling Syriza party over the austerity cuts needed to secure a deal.

Tsipras rejected on Friday as "absurd" international creditors' terms for a cash-for-reform deal to keep Greece from default, prompting an angry response from European Commission President Jean-Claude Juncker.

But on Monday, government spokesman Gabriel Sakellariadis also left open the possibility of another extension to Greece's bailout, a programme that Tsipras had promised to scrap when he was elected earlier this year.

Athens badly needs the creditors to release remaining funds from the bailout programme to meet debt repayments by the end of June, but neither side has agreed to each other's proposals.

"Definitely our proposal is the starting point," Sakellariadis told a news conference. "The mission of the Greek delegation is to explore the possibility of a solution that satisfies both sides."

In comments which appeared more conciliatory than Tsipras's broadside

last Friday, he said Athens aimed "to have a lot of political negotiations through all this time until the end of the month so that there is a positive outcome".

The original extension to the 240 billion euro bailout programme is due to expire at the end of this month. Asked whether a further extension was possible, Sakellariadis said all issues were open and being discussed.

Sakellariadis also played down the possibility of calling a snap election, saying this was not part of the government's plans.

Greece delayed a 300 million euro payment to the IMF due last week, saying it would repay the money along with other debts due this month to the lender by the end of June.

VW signs deal to boost production of electric cars in China

Reuters: Volkswagen last week said it signed a cooperation agreement with SAIC Motor Corporation to boost production, research and development of electric cars in China.

VW said it has agreed to expand the main plant of the Chinese joint venture SVW in Anting.

Over the next four years, Volkswagen plans to localize more than 15 different electric vehicle models in China, including plug-in hybrids and fully electric vehicles, the company said.

Research activities in the field of fuel cells and plug-in hybrid vehicles are to be intensified as well.

It was also agreed that a new C-segment model of the Volkswagen brand would be produced at the Anting plant, to the west of Shanghai, from 2016.

VW said that within the next four years, a new electric vehicle model based on Volkswagen's Chinese best-seller, the Lada, is due to roll off the production line at the Anting plant.

These agreements form part of the



total investment of 22 billion euros (\$25 billion) in China planned by the Volkswagen Group together with its joint ventures by 2019.

Together with its joint ventures Shanghai Volkswagen and FAW-Volkswagen, the Volkswagen Group de-

livered a total of 3.7 million vehicles in China in 2014, representing an increase of 12.4 per cent over the previous year.

The Volkswagen Group has 29 vehicle and component production locations in China.

OPEC agrees to keep pumping as oil glut fears persist

Reuters: Oil group OPEC agreed to stick by its policy of unconstrained output for another six months on Friday, setting aside warnings of a second lurch lower in prices as some members such as Iran look to ramp up exports.

Concluding a meeting with no apparent dissent, Saudi Arabian oil minister Ali al-Naimi said OPEC had rolled over its current output ceiling, renewing support for the shock market treatment it doled out late last year when the world's top supplier said it would no longer cut output to keep prices high.

The Organization of the Petroleum Exporting Countries will meet again on December 4, Naimi said.

With oil prices having rebounded by more than a third after hitting a six-year low of \$45 a barrel in January, officials meeting in Vienna saw little reason to tinker with a strategy that seems to have resurrected moribund growth in world oil consumption and put a damper on the US shale boom.

"You'll be surprised how amicable the meeting was," a visibly pleased Naimi told reporters after the meeting.

Oil prices rose by nearly \$1 a barrel after the decision, paring some of this week's losses on news that OPEC had not raised its output ceiling to match current output levels that are much higher, as a handful of analysts had suggested.

Friday's decision defers discussion of

several tricky questions set to arise in the coming months as members such as Iran and Libya prepare to reopen the taps after years of diminished production.

Iranian oil minister Bijan Zanganeh had promised to press the group for assurances that other members would give Tehran room to add as much as 1 million barrels per day (bpd) of supply once Western sanctions are eased. But most delegates saw little reason for Tehran to pick a fight now.

"When the production comes, this matter will settle itself," one OPEC delegate told Reuters. That may not occur until 2016, according to many analysts who question how quickly Tehran will win relief from sanctions and be allowed to sell more crude.

Libya, still afflicted by a crippling civil war, hopes to double production to some 1 million bpd by September if key ports resume working, but past efforts have failed to deliver a sustained recovery in shipments.

US oil CLC1 is on track for its first weekly decline since March as traders weigh deteriorating physical market conditions. But prices are still \$15 off their lows, and some analysts see further gains ahead.

"The markets are moving in OPEC's favour," said Dr. Gary Ross, executive chairman of PIRA Energy Group. "Prices are stimulating robust demand growth and slowing capex. This was

the objective of the Saudi strategy and it's working."

OPEC Secretary-General Abdullah al-Badri, speaking to reporters after the meeting, said he saw the oil market as "very positive".

"The economy is growing, demand is growing. We see non-OPEC supply is not growing as in the past," Badri said.

DON'T RAISE THE ROOF

OPEC output has exceeded the group's 30 million bpd ceiling for most of the past year, reaching 31.2 million bpd in May, its highest in three years, according to a Reuters survey.

Notably absent from this week's agenda were efforts to push for output constraints - even from hawks such as Venezuela, which faces deepening budget woes at prices below \$100 per barrel.

While oil ministers have maintained a relentlessly upbeat attitude this week, some analysts see dark clouds gathering.

The U.S. tight oil industry has been more resilient than many had expected, with falling costs helping sustain the revolution and possibly setting up another downward spiral.

"Balances show we are oversupplied and OPEC is in pedal-to-the-metal mode," said Bob McNally, founder and president of Washington-based consultancy The Rapidan Group. He said Brent crude could fall back to \$50 a barrel.

Banks scrutinising ties with FIFA

REUTERS: The disclosure that some of the world's largest banks had been used as a conduit for bribes allegedly paid to soccer officials has prompted the banks to scrutinize their ties with FIFA, and could make it more difficult for the sport's powerful governing body to move money around the world.

Major US and European banks say they are stepping up scrutiny of FIFA-related accounts, and are wary in particular of ties to two regional member organizations that feature prominently in the US Department of Justice's indictment.

US authorities last week charged nine current or former FIFA officials and five sports industry executives in a \$150 million bribery scheme, accusing them of running a "criminal enterprise" that lasted for 24 years and relied heavily on the US financial system. As the scandal continued to worsen, Sepp Blatter, FIFA's long-serving president, said on Tuesday (June 2) he was quitting.

Of the nine soccer officials, seven were former or current officials at either CONCACAF, the North-American, Central American and Caribbean soccer association, or at CONMEBOL, the South American regional soccer organization.

A top compliance official at one of the banks named in the court documents said it would close any accounts of accused parties and closely review other FIFA-related accounts, especially those associated with CONCACAF. More scrutiny will now also be given to other sporting entities, such as the U.S. Olympic Committee, the official added.

US authorities have not accused FIFA itself of wrongdoing, though a person familiar with the matter said on Monday that US prosecutors believe that FIFA Secretary General Jerome Valcke was involved in a \$10 million bank transaction that is under investigation. FIFA and Valcke have denied this was the case.

And late on Tuesday (June 2), a source told Reuters that Blatter himself is being investigated by US prosecutors and the FBI.

When asked if FIFA is having any trouble getting banking services, spokeswoman Delia Fischer said no. A spokesman for CONMEBOL, Nestor Benitez, declined to comment. A CONCACAF spokesman also had no comment.

CLOSELY SCRUTINIZED

Unless government allegations of bribery and money laundering expand to include the organization itself, FIFA and its affiliated bodies should be able to use banking services, executives at several banks said. Blatter's departure should also give them some comfort.

"They're going to be very closely scrutinized, but they won't lose their accounts ... absent the government bringing forth evidence that FIFA was acting as a corrupt organization," said a senior compliance officer at another large bank named in the court documents.

None of the more than a dozen banks mentioned in the US indictment, which include some of the largest global financial institutions, such as JPMorgan Chase, Bank of America, Citigroup, HSBC and Barclays, are accused of any wrongdoing.

Still, the senior compliance officer told Reuters that banks "kind of panicked" after comments by Kelly T. Currie, acting U.S. Attorney for the Eastern District of New York, who said banks' actions would be reviewed to determine if they knowingly facilitated bribe payments.

An HSBC spokesman said: "We are continuing to review the allegations in the indictments ... to ensure that our services are not being misused for financial crime."

Citigroup has said it has cooperated with the US probe. JPMorgan and Bank of America declined to comment. Barclays did not return a request for comment.

"WE JUST DON'T NEED IT"

FBI agents carrying bags and boxes went into CONCACAF'S offices last week to execute a search warrant. CONCACAF said it was "deeply concerned" about the developments and that it was cooperating with authorities.

CONCACAF conducted business using accounts at the Florida and New York branches of major US and Swiss financial institutions, the indictment shows, without being specific about the banks concerned.

FIFA was dogged by corruption allegations for years before the latest scandal, and at least one major European bank said it has not been providing

banking for FIFA because of that.

"It's not forbidden (to do business with FIFA) but due to reputational risks, we just don't need it," said a spokesman at the bank, which asked not to be identified due to the sensitivity of the topic.

When asked about FIFA, a spokeswoman for the Financial Action Task Force on Money Laundering (FATF), which sets international anti-money laundering standards, said that "at this stage, there are no plans to issue further guidance on the provision of banking services to such officials."

The Office of the Comptroller of the Currency, a regulator that oversees major US banks such as Bank of America and Citigroup, declined to comment on FIFA.

But the OCC says it leaves it to banks to decide on a case-by-case whether to terminate relationships with individual clients, just telling them to keep a close eye on risk.

"We expect banks to ... report suspicious activity, for instance an unusual and unexplained spike in clearing activity," said Groveta Gardineer, deputy comptroller for compliance operations at the OCC. "That doesn't mean that there's actual money laundering, but it shows a deviation in the pattern that should be looked into."

TOUGH TASK

But unless payments were destined for government officials, it would have been difficult for banks to spot suspicious transfers, said Jonathan Lopez, a former official at the US Justice Department's money laundering section.

"To ask a bank to decipher between legitimate and illegitimate payments by a multinational organization who by its nature makes a lot of payments in different countries is going to be tough," Lopez said.

The widespread use of the dollar means that banks with a presence in America may unwittingly play a role in facilitating crime through a network of so-called correspondent banks, which perform services for banks outside the country, and have long been considered a loophole in the US regulatory barriers against money laundering.

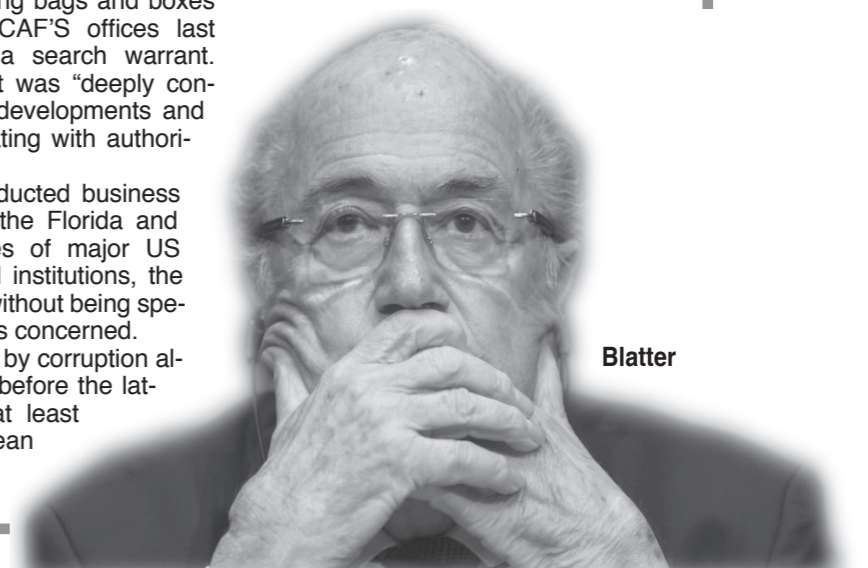
The indictment shows that a high-ranking FIFA official - believed by US authorities to be Valcke - caused \$10 million to be wired from a FIFA account in Switzerland, to a Bank of America correspondent account in New York. It was for credit to accounts held in the names of the Caribbean Football Union and CONCACAF at Republic Bank in Trinidad and Tobago. Those accounts were controlled by former FIFA vice-president Jack Warner, who is among those charged.

FIFA also wired billions of dollars from its accounts at a major Swiss financial institution into beneficiary accounts in the US and throughout the world, via a correspondent account at the US branch of a major Swiss bank, prosecutors said.

Back in 2001, a US Congressional report found that correspondent banks had become conduits for dirty money and that many banks established relationships with shell banks with no physical presence, offshore banks that only did business outside their jurisdictions, and banks with weak controls.

Since then, a slew of guidelines have been issued and legal requirements established on how to manage the risks of these accounts. Major banks, including Standard Chartered Plc and JPMorgan, also have cut some ties with other foreign banks, particularly in risky countries.

JPMorgan, for instance, has a few thousand correspondent banking relationships and, about two years ago, began terminating some 500 or 600 of them. It also adopted a policy of not taking on new correspondent banking clients.



Blatter

The EU-Egypt Association Agreement will gradually reduce tariffs on vehicles to reach zero per cent by the year 2019. **Angy Essam** explains the impact of this agreement on the car industry in Egypt and on the Egyptian economy as a whole

Who will pay for cheaper vehicles?



The EU-Egypt Association Agreement (EU-EAA), a trade pact signed in 2001 and formulated to establish a free trade area between the EU and Egypt, implies reciprocal tariff liberalisation on industrial and agricultural goods exchanged between the signatories, as well as provisions concerning other areas. Customs have since been subject to an annual reduction of 5 to 25 per cent according to the nature of the product. As far as cars of EU origin are concerned, they should be selling free of duty on the Egyptian market by 2019.

The EU-EAA came into force on 1 June 2004 after ratification by the Egyptian People's Assembly and the member states of the EU. The agreement reflects the approach of the Barcelona Process and contains provisions with respect to the three pillars of the Euro-Mediterranean partnership, namely political dialogue; trade and economic integration; and social and cultural cooperation. Set to last for an unlimited period, its overall objective is to establish the appropriate framework for cooperation and partnership within the larger regional context and to build on the significant development of assistance and cooperation between Egypt and the EU. An essential element of the agreement is that relations between the parties will be based on a respect for democratic principles and fundamental human rights.

Other principles are a complete dismantling of customs duties and other charges having equivalent effect for Egyptian industrial products; no quantitative restrictions will apply; and there will be a gradual abolition of customs duties for European industrial products, according to a schedule of up to 10 years for the total elimination of customs duties for some European products. In addition there will be a reduction of 25 per cent each year for raw materials and industrial equipment starting from January 2004 to January 2007, and a reduction of 10 per cent for the first year and 15 per cent for each successive year for industrial supplies, semi-manufactured goods and construction materials starting from January 2007 to January 2013. There will also be a 5 per cent reduction for the first and second years and 15 per cent for each successive year on clothes, electrical domestic appliances, cosmetics, furniture and motor vehicles for the transport of goods, starting from January 2009 to January 2016.

As for vehicles, there will be a 10 per cent reduction each year for motor vehicles designed for the transport of people starting from January 2010 to January 2019, an issue that has pushed the German luxury car company Mercedes-Benz to declare that it will close its car assembly lines in Egypt while maintaining its after sales services. Mercedes also announced that it would produce components for other car companies while producing and exporting brake discs for brands produced by Daimler AG, the Mercedes mother company. This decision was taken on the Mercedes side because the gradual application of tariff reductions on European imported cars would make

locally assembled Mercedes cars non-competitively priced.

Effat Abdel-Atti, head of the vehicle agents and distributions division at the Cairo Chamber of Commerce, says the gradual tariff reductions will harm not only Mercedes but will negatively impact other car companies such as BMW and Opel. He says Egypt has signed two other agreements besides the one with the EU, namely the global trade and Agadir agreements. These three agreements will lead to the same result, that is reaching zero tariff on imported European cars.

"The current imported vehicle tariff in Egypt is 40 per cent of the sale price on a vehicle less than 1600 cc and 135 per cent on vehicles of 1600 cc or more," Abdel-Atti said. Every year this tariff will be reduced by 10 per cent until it reaches zero per cent, and Egypt will also apply this system to all the other countries in the agreement. Abdel-Atti added that owing to the economic instability that occurred after the 25 January Revolution, the Egyptian government was able to persuade the EU to delay the 10 per cent reduction in tariffs on vehicles due in January 2014. Abdel-Atti said this gradual tariff reduction would make imported high-quality European cars cheaper than vehicles assembled in Egypt, a fact that would negatively affect car assembly plants in Egypt and would in return have a bad effect on the Egyptian economy.

"We have 17 car assembly plants in Egypt. These plants employ other plants, so imagine how many workers, employees and engineers will lose their jobs and how many industries that are dependant on car assembly plants will stop. All of these will definitely harm the Egyptian economy," Abdel-Atti said.

Abdel-Atti explained that in this way "we are committing the same fault we committed when

we decided to apply the privatisation." The solution, according to Abdel-Atti, lies in the hands of the Minister of Trade and Industry Mounir Fakhri Abdel-Nour, who should declare how the Egyptian government will handle the repercussions from large Egyptian car assembly investors. "The minister should explain to us how the Egyptian car industry especially, and the economy generally, will comply with this agreement without any kind of harm," he said. He added that the minister should assure all the workers in car assembly plants that their factories would not be closed and that there would be an effective solution to the problem. "There should be a substitution because the ministry's role is to encourage Egyptian industry and eliminate all the obstacles it faces instead of allowing 17 plants to shut down."

The 17 car assembly plants provide work for 60 or 70 other factories, so many workers stand to lose their jobs if the car assembly plants shut down. "It is simply a disaster," Abdel-Atti says. "The minister of trade and industry should meet automotive sector representatives to work out a plan for the coming period."

He adds that the Egyptian government will also lose one of its main sources of income by cutting off vehicle tariffs. "I think the government will solve this problem to some extent by imposing other charges, for example development charges, to replace the income generated from car tariffs."

Economics expert Hamed Morsy says abolishing vehicle tariffs will decrease the revenue from tariffs in general, and this in turn will negatively affect the state budget.

"The EU-EAA gives participating countries the right to impose sales taxes to substitute tariff income," Morsy says. He adds that Egypt does not have a vehicle manufacturing industry and is not

capable of starting any such industry in the current economic climate. "All we have now is a car assembly industry that is threatened with closure as a result of the agreement. If the car assembly factories close then unemployment, which is already high, will increase significantly," he points out. "Instead of finding solutions to the unemployment problem we will find the rate increasing."

Morsy explained that the main advantage of the agreement would be that the Egyptian citizen would be able to buy a high quality Mercedes or BMW car at a reasonable price. "Without any doubt, the quality of the imported European Mercedes car will be remarkably higher than the locally assembled Mercedes car," Morsy added, pointing out that locally assembled vehicles had recently been found to contain some defects.

According to Morsy, one of the main causes pushing Mercedes to withdraw from the market is that it fears losing one of its main characteristics, which is that people consider it an elite car. "After vehicle tariffs are cut Mercedes cars will be affordable to middle class people, and the company always says it is a luxury brand tailored for the rich, who will no longer feel unique when they find the brand owned by lower class people. This will drive them to shift to more luxurious brands like Jaguar, for example," Morsy says. He predicts that once their price decreases Mercedes, BMW and the rest of the automotive companies serving the luxury market will increase their vehicle prices to keep them high even after tariffs are abolished. "Despite all of this, Egypt should comply with the terms of the agreement. But at the same time the government should take defensive action to benefit from this agreement, otherwise it will harm our economy," Morsy added.

Ibrahim Adham, professor of economics at the Suez Canal University, said that despite the fact that the government would abolish vehicles tariffs it would most probably increase sales taxes.

"If the Egyptian government increase sales taxes this will compensate for the abolition of vehicle tariffs, and a lot of countries participating in the agreement have already done this," Adham says. He believes that increasing sales taxes is the most suitable action for two reasons: first because vehicle tariffs are an important source of income for the government, who will have to find a substitute for it and the most suitable one is increasing the sales tax; and second, the government should find a source of funding for its petrol subsidy.

"The direct cost of vehicles in Egypt after calculating governmental subsidies for petrol and oil is extremely high, and this is in addition to the hard currency used in buying car parts. So increasing sales taxes to cover all these costs is a must," he says.

Adham recommends that the government should enhance general transport infrastructure so as to lessen the number of cars on the roads. "In my view, the government should also decrease the taxes imposed on cars of less than 2,000 cc and increase it on cars above 2,000 cc to increase its fund sources," he says.



Counting down for the new budget

Twenty days are left to welcome the new Fiscal Year (FY) in Egypt, while the budget proposal of 2015/2016 is still under negotiations within the government committees.

The Prime Minister, Ibrahim Mahlab, promised that the budget proposal will be submitted to the president mid-June, and declared in its final version before the beginning of the new fiscal year, in July.

"The budget target is to boost economic growth to 4.3 per cent, and to control the financial deficit to be between 9.5 to 10 per cent of the Gross Domestic Product (GDP), one per cent reduction from the current year levels," Sherine El-Shawarby, professor of economics at Cairo University and former assistant of finance minister, told Middle East Observer. This would contribute in eliminating the public debt to 92 per cent of

the GDP, according to the pre-budget statement published few months ago.

Achieving these goals is a challenge for the government, taking into consideration the increasing public spending and the limited sources of revenues targeted.

The gap between public spending and public revenues reached LE230.9 billion during the first nine months of the current FY, representing 9.9 per cent of the GDP.

Under the new Constitution, the government has to increase its spending on health, education and research, to reach the target of 10 per cent of the GDP by the FY 2016 / 2017.

But to reduce the financial burdens, the government is aiming to lift gradually subsidies on energy, either on fuels like gasoline and diesel or on electricity. Such steps started to be taken last year, and were

announced to be continued in the new fiscal year. However, many official statements lately assured there will be no raise in fuel prices.

Some decisions that were taken earlier to raise the public revenues were either changed or delayed. The taxes law was changed, cancelling the five per cent taxes that were imposed on the wealthiest exceptionally for three years, after less than one year of its implication.

The second change was reducing the highest taxes to 22.5 per cent on persons and companies, down from 25 per cent.

Lately, the government decided to postpone the implementation of the capital gain tax for two years. This tax was estimated to raise public revenues by LE3.5 billion.

The ministry of finance started during the current FY to take measures to spread informa-

tion about budget and financial policy by issuing a simplified version called "citizen budget". However, in her opinion, there is a lack of communication regarding the new budget and the reasons of its delay.

"The ministry of finance took some steps to raise public knowledge of the State's fiscal policy, especially that the minister, Hani Kadri, announced before that "the delay in electing a new parliament could affect budgetary transparency," Shawarby noted.

In this context the ministry released the "citizen budget" and issued the pre-budget statement, which both were demanded long time ago to increase the budgetary transparency. This concept has been receiving international attention as an indicator of democratic development and a tool to eliminate corruption.

According to the 2012 international budget transparency index, Egypt's score deteriorated from 49 out of 100 to 13, putting it among the worst countries for the availability of information.

A study of budgetary transparency by the Egyptian Initiative for Personal Rights (EIPR), a Non Governmental Organisation (NGO), was published last December, indicated that deterioration was a result of the absence of parliament during most of the period covered by the index. "This meant there was no effective oversight," the report mentioned.

The EIPR study does not only emphasise the importance of the availability of information, but also sheds light on the contents of the budget. "Giving expenditure figures without meaningful breakdowns was not a way of encouraging discussion or supervision," it said.

In all cases, releasing the pre-budget statement and discussing it with civil society would contribute to improving Egypt's position on international measures for budgetary transparency, according to the International Budget Partnership (IBP).

The IBP collaborates with civil society around the world to analyse and influence public budgets in order to reduce poverty and improve the quality of governance.

"The next step is to move to the programmes and performance budget. The constitution obliges us to spend a lot on public health and education. We need to know that this amount of money is being spent in the right places," the minister said formerly.

Maye Kabil

Microsoft



Microsoft US company revealed its intention to launch a new service that allows users access to millions of points of contact to the Internet via Wi-Fi networks around the world, which will be available under the name "Microsoft Wi-Fi."

And some of the available information on the new service at the site of the company bears the name "Microsoft Wi-Fi", before you hid again, and the only sentence which confirms that the service coming soon.

An official spokesman for Microsoft Commenting on the new service, it will bring access to Wi-Fi networks for millions of users without problems, stressing that it is still at the present time under "evaluation and development."

She noted the information that temporarily appeared on-site service, they will be made available to users through a special application running on different hardware and operating systems, where it will be made available copies of Windows systems, Windows and Mac and iPhone and Android "any or feed."

Information also revealed that the service will include about ten million Wi-Fi networks point in 130 countries around the world, and that the user will not need to register a new account when you connect all the existing network to the service, and will need only to register one account to connect to all Wi-Fi networks available points.

Microsoft did not say whether the service will be available to users free of charge or for a fee entirely along the lines of similar service, Skype Wi-Fi, which is available with over two million Wi-Fi access points around the world.

And merely the company, according to the information that appeared in the temporary service site, pointing out that the user must be "qualified" to register and use the application without clarification of what is meant by the word "qualified".

But a news report on the "Venture House" mail, revealed that Microsoft plans because the service be available for a certain group of users when released officially, and not to all users.

According to the report, the service will be made available to subscribers currently service "Skype Wi-Fi" and staff working in joint institutions Microsoft Office 365 service business, and a limited group of customers who will receive the invitation from the company itself.

The spokesman for the company declined to disclose any information on the new service or date put forward, saying only that his company certainly will reveal all the details about the service when released officially.

The most draining apps

Your battery will drain faster if you use certain apps over others. Smartphones are getting more powerful, but battery life has not caught up to power all the apps we are using.

Smartphone users in the US have about 30 apps on their smartphones, on average. But the most used apps—for messaging, social media, and streaming entertainment—happen to be the biggest guzzlers of battery power, according to a new study of Android phones from AVG Technologies (AVG), an online security company.

Some of the worst offenders are apps that run automatically when a phone boots up, whether or not you open them. The biggest offenders in that category are Facebook (FB, Tech30), Kik, WhatsApp, Facebook Messenger and RetailMeNot. These apps are constantly running

in the background, checking for updates and messages.

For apps that do not start automatically, Amazon (AMZN, Tech30) Kindle, Snapchat, LINE, Spotify, Netflix (NFLX, Tech30) and Amazon Shopping give battery life the biggest beating—but only when you are actively using them, unlike Facebook, which drains your battery whether you are using it or not. Surprisingly, the Wal-Mart (WMT) app is the top battery drainer among US Android users in this category.

AVG's study looked at mobile games separately because of the huge number of apps in this segment. It found that King's (KING)

Candy Crush Soda Saga, Candy Crush Saga, Clash of Clans, Crossy Road and Solitaire were the biggest power-suckers.

To conserve battery life, AVG offered a few tips: limit push notifications, reduce frequency of refreshes, turn off connectivity (Wi-Fi, Bluetooth, GPS) when not in use, dim brightness, and disable background location tracking.

The study examined data from more than a million AVG AntiVirus Android app users worldwide during the first three months of 2015. AVG excluded from its study apps with less than 1 million downloads on Google Play and core system apps.



Googling calories



In between uploading photos of your mimosa to Instagram and waiting for the likes to stream in, you could also be smacked in the face with a sobering calorie count courtesy of Google (GOOGL, Tech30).

The company unveiled plans for a new app called Im2Calories at a tech conference in Boston last week. It could be more revolutionary than its autonomous car technology (just kidding).

Im2Calories will rely on image-processing technology that can identify and

recognise the food in your photos, and by analysing the pixels, the app will estimate how many calories you are about to spear on your fork. It bases the information on publicly available nutrition labels.

The app is not designed to be perfect, but it will get better over time as more people start using it, Google research scientist Kevin Murphy said according to a Popular Science report.

That is because Im2Calories is at heart an artificial intelligence and machine learning tool.

With more data, the app will learn to distinguish blueberry pancakes from chocolate chip pancakes, and if gets it wrong, Google will give you a way to change the name of what is tagged.

"We semi-automate," Murphy said.

One of the app's goals is to make calorie tracking easier. Instead of jotting food down in a journal, or typing and using a separate app, Im2Calories piggybacks off something you might already do—snapping and sharing pics of your plate.

Bug gets into Apple

Some Apple Mac computers have a particularly ill-starred flaw that allows hackers to sneak in and remain undetected, a security researcher has found.

It means a hacker could—from a distance—force a Mac into a coma. Personal, corporate or government Macs could be spied on in a way that even the best security checks would not discover until too late.

"This is scary," said Sarah Edwards, a forensic analyst at the SANS Institute who specialises in reviewing computers for evidence of hacks. "I would never see this. There could be funky stuff going on in the computer system, and I would never know why."

What makes this one so bad? It is a computer bug that runs especially deep in the machine.

All computers have some kind of basic input/output system (BIOS), the core programme that brings a machine to life. It is the kind of thing you should never tamper with. And obviously it should remain heavily guarded.

But Macs purchased a year ago or before, apparently, leave a door open. When a Mac goes into sleep mode and wakes

back up, it allows direct access to the BIOS. It's a weird quirk that lets someone tamper with the code there. That is what was discovered recently by Pedro Vilaça, a curious independent computer security researcher in Portugal.

He revealed this vulnerability publicly in a blog post last Friday. He alerted Apple directly afterwards.

apple mac laptop hack
Related: iPhone hacked? Here's how to get back into iMessages

Apple (AAPL, Tech30) did not respond to questions about the flaw, and nor would it say when it planned to release an update on how to fix it.

Several cybersecurity experts have since confirmed that this is a real problem and say they plan to carry out further research in the next few weeks.

This is not an easy hack. An attacker first needs administrative access to a machine. But what this means is that if a Mac is hacked with a low-level computer virus, it can bury so deep that you will never find it.

That is the real problem here. It gives hackers time to plot a massive bank heist or a huge corporate takedown, like the Sony Pictures hack.

So, who is in real danger? High-value targets: think company executives, bankers, politicians, the wealthy, journalists, or anyone else worth spying on for a long period of time.

Fortunately the average Mac user does not need to worry about this bug, because they are actually susceptible to cheaper, easier hacks that are easier to spot and fix. So says Katie Mousouris, an executive at HackerOne, which helps companies fix dangerous computer bugs.

Tod Beardsley, a security research manager at cyber security firm Rapid7, stressed that most Mac users were unlikely to be hacked by this bug. He said the flaw is "certainly surprising ... but the bar of difficulty is pretty high."

This is the second major flaw discovered in Apple devices in the last week. Recently, people discovered that you can crash someone's iPhone simply by sending it a text message.

Vilaça decided not to give the bug a name, but every major computer flaw nowadays deserves a name. Given that it involves a poisonous kiss that wakes a sleeping Mac, Mousouris suggests this one: Prince Harming.

Facebook is testing "Saved Replies"

Facebook is testing a new feature called "Saved Replies," which will allow business Page owners the ability to write, save and then re-use canned messages when communicating with their customers over Facebook. The addition will save businesses time when handling incoming customer service inquiries and responding to other customer feedback via the site.

The feature, which is available now to a select group of business owners via the messaging interface on Facebook Pages, offers a simple tool that lets a Page admin create a new reply, save it for later use, and even search through their list of replies to find the one they need. This latter option is especially helpful for those who have a longer list of replies and don't want to scroll to find each one.

Businesses are initially offered a couple of sample replies they can use out-of-the-box or customize, we're told, or they can simply create their own. After setting up is complete, to use a saved reply, you just click on it from the list and it automatically appears in the body of the email. You can also access the option from the messages reply box, where a new option lets you click a small icon to respond with a Saved Response.

**Business Opportunities
(Tenders Prepared by Our Staff)**

Egyptian Airports Company
General Administration of Procurement and Financial Contracts
Egyptian Airports Company announces a general public bidding no. (20/2014/2015) for Granting concessions for catering food and beverage service in (old terminal) in Hurghada International Airport
Due Date : 8.7.2015
Booklet : \$1500
Bid Bond : \$145000
Client : Egyptian Airports Company, Airport road - In front of Ministry of Civil Aviation.

Middle Egypt Electricity Distribution Company Procurement and Storing Sector General Administration of Procurement
1. Supply of Copper strips
Due date : 17.6.2015
Booklet : LE350
2. Supply of Hydraulic Pistons
Due date : 17.6.2015
Booklet : LE1000
3. Supply of current transformers, contactors, and photoelectric cells - different capacities
Booklet : LE350
4. Supply of cold rolled iron sheet, as well as steel and wicker belts and angles different sizes.
Due date : 17.6.2015
Booklet : LE1000
5. Supply of galvanised steel pipes and black steel pipes
Due date : 17.6.2015
Booklet : LE5000
6. Completion of SCADA system in East Owainat
Due date : 18.6.2015
Booklet : LE500
7. Establishment of an electricity office in the local unit of Bani Ghina village in Samalout, Minia.
Due Date : 18.6.2015
Booklet : LE150
Client : Middle Egypt Electricity Distribution Company - General Administration of Procurement - 78 Hurria St., Minia.

Ministry of Electricity and Renewable Energy
Description : Supply of Aluminum Cables, voltage of 12/20 KV
Booklet : LE1000
Due Date : 20.6.2015
Client : Alexandria Company for Electricity Distribution

Supply of Current Transformers - Low Voltage
Due Date : 21.6.2015
Booklet : LE750
Client : Alexandria Company for Electricity Distribution

Supply of Pickup Trucks
Due Date : 22.6.2015
Booklet : LE1500
Client : Alexandria Company for Electricity

Supply and Installation of Automatic Anti-fire Alarm System
Due Date : 24.6.2015
Booklet : LE2000
Client : Alexandria Company For Electricity Distribution

Description : Providing and Installing Toys and Floors for the Children's Playground
Due Date : 16.6.2015
Booklet : LE1000
Client : Egyptian Shooting Club in Al-Dokki

Description : Providing of medical machines, computers, furniture and tools
Due Date : 15.6.2015
Booklet : LE 300
Client Medical Centre for the Officials in Petroleum Sector

The Egyptian Financial Supervisory Authority has postponed the following auction as follows:
Description : Providing the authority's building in smart village with network, wireless and digital phones
Due Date : 14.6.2015
Description: Providing, installing the system and network.
Due Date : 16.6.2015

- Int'l Tenders for design and build of Abu Owikel WPP and delivering Pipelines to Nasr - City.
Due date : 16 & 17.9.2015
Client: Potable Water Org. - Cairo.

- Supply of Desktops, Notebooks, Printers, and Scanners, Supply of Servers.
Client : Industrial, Modernisation Centre - Cairo.
E-mail info@imc-egypt.org

- Replacement, Supply, and Erection of 28 Deizel Machine (Turne Key).
Booklet : LE 33100
Client : Egyptian Communications Co. - Cairo.

The Mechanical and Electrical Department invites sealed bids form eligible bidders for supply & erection of squirrel cage induction motors
- Group (A): Bid Security (100000) Euro.
- Group (B): Bid Security (3000) Euro.
- Group (C): Bid Security (20000) Euro.
- Group (D): Bid Security (10000) Euro.
Client : Mechanical And Electrical Department
Booklet: LE 2500

Due Date : 8/7/2015
Supply leed lamps 120 cm c.18 w and leed lamps 60 cm c.8w
Booklet : LE 200
Bid Bond : LE 6500
- Supply and erection of cameras control system
Booklet : LE 200 -
Bid Bond : LE 11500
- Supply Machine for Managing Metal Sheets C.N.C. C. 20 tonnes hydraulic and hydraulic C.N.C. C. 120 tonnes Hydraulic
Booklet : LE 1500
Bid Bond : LE 60000
Client : North Cairo For Electricity Distribution, Cairo.

- Import of complete boiler for steam generating plant with all accessories with capacity from 100 to 120t/hr superheater steam at operating conditions : 43 kg/cm2 and 430 co fired by natural gas,
Booklet : LE 5000
Bid Bond : LE 2% of the offer by Foreign Currency.
Client : El-Nasr Fertilizers Co. Attaqa - Suez.

Arab Tenders
Saudi Arabia
Description: Supply, Installation, Operation and Testing of the Number "3" and the Electric Power-Generating Unit Mobile
Due Date: 3.7. 2015

United Arab Emirates
Description: United Arab Emirates : NMC HEALTH completes acquisition of AMERICARE GROUP ahead of time

Jordan
Description: Preparation of a modernised and enhanced system of Light Rail Transit (LRT) operations between El-Mahatta in Amman (the City) and the Queen Alia International Airport (the Project).
Due Date: 30.6.2015

Lebanon
Description: Development of National Nutrition Protocols
Action Deadline: 18 Jun 2015

Syrian Arab Republic
Description: Provision of Implementation of Building Stone Maholten Conversion Center in Soran (Victory Park)
Action Deadline: 18 Jun 2015

Lebanon
Description: Construction Of Bisri Dam Contract
Due Date: 03.8.2015



**AI-Wakaye Al-Mesreya / Government Bulletin - Issue No. 79 (Supplement-B) Dated 6 April 2015
Ministry of Finance Decree No. 172 of the year 2015
Amending Some Provisions of the Executive Regulations of the Income Tax Law promulgated by the Minister of Finance Decree No. 991 of the year 2005**

The Minister of Finance,
After perusal of the Capital Market Law No. 95 of the year 1992;
Law No. 83 of the year 2002 on Economic Zones of Special Nature; Income Tax Law No. 91 of the year 2005; and
The Executive Regulations of the Income Tax Law, promulgated by the Minister of Finance Decree No. 991 of the year 2005; and
Based on the view of the State Council;

**HAS DECREED
(Article One)**

Texts of Articles (9), (Clause "2" of the first paragraph, and second paragraph of Article 12), (15), (24), (42), (51), (55), (60), (61), (63), (74), (76), (first paragraph of Article 82), (89), (110), (111), (122) and (145) of the Executive Regulations of the Income Tax Law, referred to above, shall be replaced by the following texts:
Article (9):
In applying Articles Nos. (6, first paragraph) and (8) of the Law, income tax shall be due on a taxpayer's total net income in excess of five thousand Egyptian pounds, without being duplicated, reduced, or prorated, for a resident or non-resident taxpayer, even if the term of its business or activity does not cover the whole tax period. In case of multiple income sources, the aforementioned bracket shall be deducted first from salaries and the like. If a part of the bracket remains, it shall be deducted from any other income.

Article (12), first paragraph, Clause 2:
2- An annual personal exemption of LE 7000 (seven thousand Egyptian pounds) for the taxpayer provided for in Clause 1 of Article (13) of the Law.

Article (12), second paragraph:
In applying clauses (4) and (5) of this Article, total exemptions granted to a taxpayer shall not exceed, (150/0) of its net revenue, or ten thousand Egyptian pounds, whichever is the lesser. No exemption for the same contributions and premiums provided for in these two clauses may be claimed for any other income prescribed in Article (6) of the Law.

Article (15):
Pursuant to Article (11) of the Law, income tax shall apply at a rate of (10%) on the amounts earned by resident persons from employers, other than their principal employer, without any withholding allowances, or any further deduction, including the zero bracket amount prescribed in Article (8) of the Law, and the exemptions provided for in Article (13) of the Law.

Employers paying the amounts set out in the first paragraph of the present Article shall withhold the tax and remit it to the competent tax office within the first fifteen days of every month, on their payroll in the preceding month, using Form No. (2 - Salaries).

The principal employer shall mean the body in which the employee is employed and is paid his principal salary.

The entity from which the employee receives more than (50%) of his income during the tax period shall be treated as a principal employer. Such entity shall withhold an amount on account of the tax liability for the amounts paid to the employee, according to Articles Nos. (8), (10) and (13) of the Law; in this case, the provisions of Article (11) of the Law shall apply on the basic salary received by the employee from the entity in which he is employed. The tax due shall be computed according to the provisions of this Article as per form No. (3 - Salaries).

In applying the provision of Article (11), the competent tax office shall mean the tax office where the non-principal employer falls under its jurisdiction.

Income tax shall apply on the amounts paid to non-residents, regardless of the entity or authority employing them to render services under its supervision, in accordance with the general provisions of the tax on salaries and the like, and as per the tax rate prescribed in Article (8) of the Law.

Article (24):
The net profit set out in the second paragraph of Article (17) of the Law shall be determined based on actual revenues and costs. Tax treatment for capital gains realized from the sale of the assets prescribed in Clause No. 3 of Article (25) of the Law shall be effected in accordance with the provisions of Article (26) thereof.

In the event that a resident company invested in a non-resident company, the equity rights method shall apply in the evaluation of investments, provided that the following prerequisites are met:

- a) Revenues are not taxable, or are exempt from the tax, in the other countries in which the non-resident company is registered, or the tax rate in these countries does not exceed (75%) of the tax rate applicable in Egypt;
 - b) The ownership percentage in the non-resident company exceeds (10%); and
 - c) More than (70%) of the revenues of the non-resident company results from dividends, interest, royalties, or fees paid in return for management or leases.
- When applying the equity rights method, it should be taken into consideration that determination of the profits resulting from disposal of such investments should be based on the difference between the cost of investment possession and its sale value.

Article (42):
Application of the exemption established in Clause (6) of Article (31) of the Law, regarding profits of new projects funded by the Social Fund for Development, shall be conditional on meeting the following requirements:

- 1- The date of commencing activity or starting production of the project is subsequent to the date of receiving the finance;
- 2- The tax exemption period shall be five years starting from the date of exercising the activity or starting production, as the case may be. The exemption shall be invalid if the project's legal form, or type of activity, has changed, or the project has been assigned.
- 3- The profits of the project is resulted solely from commercial and industrial activity;
- 4- The project takes the form of a sole proprietorship; and
- 5- The maintenance of regular and simplified books and accounts consistent with the type of activity performed.

The tax exemption period shall be five years starting from the date of exercising the activity or starting production, as the case may be. The exemption shall be invalid if the project's legal form, or type of activity, has changed, or the project has been assigned.

In all cases, the tax exemption shall not apply except to the profits generated from the funding extended by the Social Fund for Development, and within the portion of finance ratio to the invested capital, as per the feasibility study - submitted by the taxpayer to the Fund- according to which finance has been provided. Such ratio shall not change during the exemption years, even though the capital of the establishment has changed. In all cases, exemption shall not exceed (50%) of the annual profit, or (fifty thousand Egyptian pounds) whichever is the lesser. Invested capital shall mean the total net fixed assets, plus ,current assets after deduction of the value of current liabilities.

Article (51):
In applying the provisions of Article (42) of the Law, the notice of tax due given by the competent tax office to the disposing person shall be effected on Form No. (8, Real Estate), whereas the notice of taxable dispositions of real estate given by the disposing person to the competent tax office shall be effected on Form No. (16-Bis, Enumeration).

Upon paying the tax, the disposing person shall be delivered a receipt by the competent tax office, serving as a proof when notarizing the disposal in the Notary Public. The taxpayer shall also be deliver Form No. (8-Bis, Real Estate Disposals) indicating his payment of the tax.

When notarizing the disposal, Notary Public offices shall collect tax due and, in return, deliver to the person concerned a receipt of the paid, unless the person provides Form No. (8-Bis, Real Estate Disposals) proving that the tax has already been paid to the competent tax office. Every Notary Public office shall remit the amounts it has collected of the tax due in a date no later than thirty days from the date of application for notarization, and remittance shall be affected by a cheque accompanied by forms No. (9, Real Estate) and (38, Real Estate), unless the tax has already been paid to the Tax Authority before that date. Remittance shall be effected as follows:

- 1- For offices that geographically fall within the boundaries of Cairo Governorate, the tax shall be remitted in the following manner:
 - a) For east, west and north Cairo, the tax shall be remitted to Cairo Tax District - Eighth; and
 - b) For south and central Cairo, the tax shall be remitted to Cairo Tax District, Fourth.
- 2- For governorates that have one general tax district, the tax shall be remitted to that district.
- 3- For governorates that have more than one general tax district, the tax shall be remitted to the first tax district.

(To be cont.)

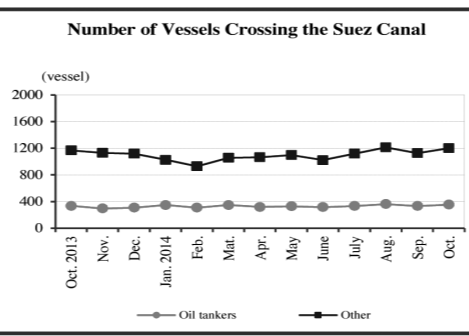
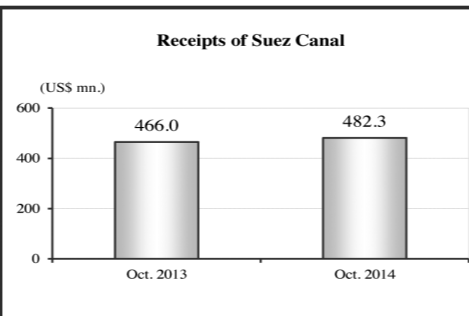
**Economic & Social Indicators Bulletin
of the Arab Republic of Egypt**

I - Macroeconomic Indicators

Suez Canal:

Item	Oct. 2013	Sep. 2014	Oct. 2014	Change Rate (%)	
				Monthly	Annual
Total Number of Vessels (Vessels)	1503	1458	1558	6.9	3.7
Number of Oil Tankers (Tankers)	335	332	356	7.2	6.3
Number of Other Types of Vessels (Vessels)	1168	1126	1202	6.7	2.9
Total Tonnage of Vessels (mn. tons)	81.8	83.8	85.8	2.4	4.9
Receipts of Suez Canal (US\$ mn.)	466.0	469.7	482.3	2.7	3.5

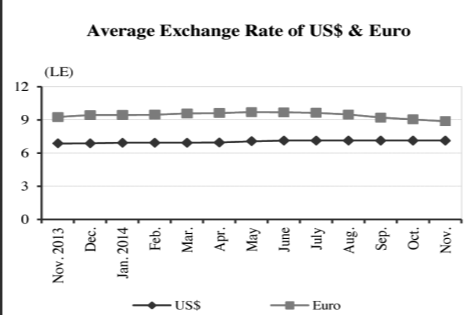
Source: Suez Canal Authority.



Foreign Exchange Rate & Gold Prices:

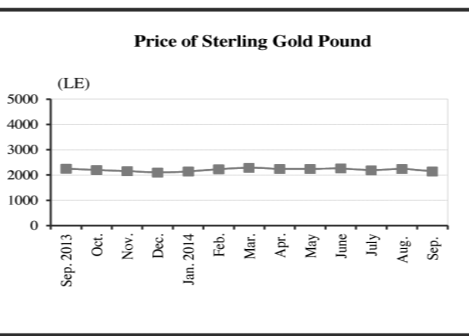
Average Exchange Rate (Transfers - Buying)	Nov. 2013	Oct. 2014	Nov. 2014	Change Rate (%)	
				Monthly	Annual
US\$	6.87	7.13	7.13	0.0	3.8
Euro	9.27	9.05	8.88	-1.9	-4.2
Sterling Pound	11.05	11.33	11.26	-0.6	1.9
100 Yen	6.86	6.62	6.15	-7.1	-10.3

Source: Central Bank of Egypt.



Prices of Gold	Sep. 2013	Aug. 2014	Sep. 2014	Change Rate (%)	
				Monthly	Annual
Sterling Gold Pound	2257.6	2241.6	2145.8	-4.3	-5.0
Gram (21 Kt)	269.4	267.5	256.0	-4.3	-5.0
Gram (18 Kt)	230.9	229.3	219.5	-4.3	-4.9

Source: Central Bank of Egypt.



Conference of Middle East and North Africa in Bahrain

Bahrain Airport Company hosted last week the first edition of the Conference MEA Routes 2015. Engineer Kamal bin Ahmed Mohammed said: "This event comes at a very important time for the aviation in the Kingdom of Bahrain, it has been witnessed in 2013 a new law to regulate Civil Aviation, and our commitment to investing heavily in order to develop the sector in technological and human terms at the level of all operations, development and modernization of the Bahrain International Airport program. The launch of the program coincided with the rapid economic development and the growing demand over the past few years and as evidence of our commitment to developing the infrastructure for the aviation sector to be able to keep up with the needs of the Kingdom and to achieve future sustainable development."

The conference witnessed the participation of representatives of about 50 airlines and more than 70 airports, in addition to the presence of tourism institutions and many of the parties involved in the aviation sector from all over the region. The conference also was attended by all the major airlines in the Middle East such as Etihad Airways and Qatar Airways and Saudi Arabian Airlines and Gulf Air and Emirates Airlines as well as a strong representation of airlines in Africa such as Egypt Air and Air Ethiopian lines and



South Africa flights. In addition, many airlines from outside the region, including British Airways, Brussels Airlines, Cebu Pacific Air Lines and Veuleng flights.

Mohammed Youssef Abannflah, CEO of Bahrain Airport said: "It is a great honor for us in Bahrain Airport Company to host the first edition of Routes MEA conference in Bahrain. We are very happy to see such a large turnout from the regional aviation community, and we are fully confident in the opportunities inherent in this conference for all who participate in it from the airports, airlines and stakeholders in the sector."

"This important event in Bahrain," he added, "has the ability to promote business in the sectors of tourism and aviation in the local framework to attract

new airlines."

For his side, Mr Adrian Newton, Aviation and technology director at "UBM EMEA": "We are delighted to take stock of the first edition of the conference Routes Middle East and Africa in the Kingdom of Bahrain. The Africa and Middle East are the most dynamic in the world aviation markets, and this event will bring the aviation community on a larger scale of the Kingdom, allowing for Bahrain, which hosts this unique event an ideal opportunity to showcase their destination and to emphasize its position as a center of aviation in the region. There is no doubt that the decisions to be taken during this conference will be crucial in shaping the future of aviation in the region over the coming years."

In addition to a large number of meetings up to 1,000 direct meeting held during the conference to discuss air services, it has been a strategic opening of Routes Middle East and Africa summit included a welcome speech from His Excellency Kamal bin Ahmed Mohammed, Minister of Transport and Communications in the Kingdom of Bahrain.

The summit, lasted over two days, and provided a valuable information about the aviation sector in the region, and through a series of panel discussions led by The presentations supervisor. The list of speakers include elite group of influential from all over Africa and the Middle East personalities, including Adel Ali, Group Chief Executive, "Air Arabia" and Paul Byrne, CEO

of Nas and Dr Elia Hancoo, general secretary of the African Union air transport and Richard Bowden, the commercial Chief Executive "Fast Jet" and Mohammed Khonji Regional Director for the Middle East office of the Organization of International Civil Aviation, "ICAO".

Al bannflah adds: "There is an exclusive list of aviation experts who lined up to shed light on current topics that have a significant impact on the aviation sector in general and our region in particular. The discussions that took place during the summit are necessary to keep the aviation community in the region informed with the latest trends in the sector strategy and it has a great ability to positively influence in advancing the progress and development of the aviation sector in this part of the world, which is a key hub for the movement of people and goods."

The Bahrain Airport Company is responsible for the development of the Bahrain International Airport that will increase the airport's contribution to the local economy in line with the economic vision of the Kingdom of Bahrain. As part of the operational role, Bahrain Airport Company is responsible for airport operations, improving services and modernizing infrastructure. The aim is to develop the Bahrain International Airport to potentially meet the growing number of passengers requirements, as well as meet the changing requirements of the shareholders.

EgyptAir resumes flights to Abha, Saudi Arabia



Ruler of Asir praises the role of EgyptAir company in supporting the traveling between the two countries.

Pilot Hisham Al Nahas chairman of EgyptAir Airlines declared that after more than a year off, last week was the first EgyptAir flight number MS630 to the city of Abha, Saudi Arabia Abha airport.

Al Nahas stressed that EgyptAir is keen to strengthen its presence in the Arab and Gulf region, which is one of the important and vital Asian markets, and explained that the decision to resume EgyptAir flights to the city of Abha, comes within Egypt flight plan aimed at expansion and a strong presence in the various markets where come Far East on the top of these markets.

In the same context, His Royal Highness Prince Faisal bin Khalid bin Abdul Aziz, Ruler of Asir met Ahmed Shaheen, Regional Director, EgyptAir, Saudi Arabia and Midhat El Gazar, director of EgyptAir office in Jeddah, during which they invite the Prince to attend the launching ceremony of this line. From his part, Prince Faisal praised EgyptAir for its role in the promotion of traveling and tourism in the region.

It is worth mentioning that the city of Abha is the sixth destination of EgyptAir in Saudi Arabia after Jeddah, Madinah, Qassim, Riyadh and Dammam.



Honours for securing the passengers at Cairo airport

Major General Tarek Fathi director of the Police General Administration at Cairo Airport honoured senior Mustafa Za'ad head securing shift and both Police trustees Tony Muhammad and Elsayed Muhammad and Ashraf Abdel-Raouf from passengers security department at Cairo Airport for their excellence performance, where they were able to adjust 8 kilograms of gold in the form of gold bullion with passengers from

Armenia of Lebanese origin before traveling on board on Middle East Airlines going to Beirut trip No. 307 Building 1 the old airport, the incident began when the police Trustee Ali discovered from a radiation on devices "X-Ray" the existence of gold amount with the passenger in existence of Police Senior Mustafa Za'ad from passengers security department they adjust the 8 gold bars with a total weight of 8 kg with the Armenian passenger.

Nile Air launches flights to Kuwait and Sudan

Last week, Nile Airways launched new flights to Kuwait and Sudan, and initiated by two trips a week.

In this context, Ahmed Ali the Executive Director of Nile Air stated that the company presented numer-

ous awards for their passengers on the occasion of the opening of the new line, which start their flights on board on aircraft Airbus within the company's fleet of three existing aircraft and scheduled to be up to 5

modern aircraft next year.

Nile Air director of aviation explained, the company trips are up to 5 destinations in Saudi Arabia, Jeddah, Qassim and Taif and Tabuk and Yanbu in addition to Al-Ahsa, Kuwait, Sudan, pointing out that the company is going to go through the flights to Europe through the new expansion plan.



Travel page By Naglaa Ghonaim

Building on regional aviation

Last week the Bahrain Airport Company hosted the first convention of the Middle East and Africa (MEA) Routes 2015. As His Excellency Eng. Kamal bin Ahmed Muhammad, minister of transport and communications in the Kingdom of Bahrain, told the assembly in his opening address: "This event comes at a very important time for the aviation in the Kingdom of Bahrain. In 2013 a new law was brought in to regulate civil aviation, and we are committed to investing heavily in order to develop the sector in technological and human terms at all levels of operation, development and modernisation of the Bahrain International Airport programme. The launch of the programme coincided with the economic development and growing demand of the past few years, and as evidence of our commitment to developing the infrastructure of the aviation sector to keep up with the needs of the Kingdom and achieve future sustainable development."

The conference was attended by representatives of about 50 airlines and more than 70 airports, in addition to tourist institutions and several groups involved in the aviation sector from all over the region. The conference was attended by representatives from all the major airlines in the Middle East, including Etihad Airways, Qatar Airways, Saudi Arabian Airlines, Gulf Air and Emirates, as well as a strong representation of airlines in Africa such as EgyptAir, Ethiopian Airlines and South African Airways. There were also several airlines from outside the region, including British Airways, Brussels Airlines, Cebu Pacific and Veuleng.

"It is a great honour for us at the Bahrain Airport Company to host the first round of the Routes MEA conference in Bahrain," Muhammad Yusuf Abannflah, CEO of Bahrain Airport, said. "We are very happy to see such a large turnout from the regional aviation community, and we are fully confident in the oppor-

tunities inherent in this conference for all who participate in it from the airports, airlines and stakeholders in the sector."

Abannflah said such an important event in the Kingdom of Bahrain could promote business in the tourism and aviation sectors within the local framework and attract new airlines.

Adrian Newton, aviation and technology director at the leading events company UBM EMEA, said his organisation was delighted to review the first round of the Routes MEA conference in the Kingdom of Bahrain. "The Middle East and Africa are the most dynamic of the world's aviation markets, and this event will bring the aviation community to the Kingdom on a larger scale, allowing for Bahrain, which is hosting this unique event, an ideal opportunity to showcase their destination and to emphasize its position as a centre of aviation in the region," Newton said. "There is no doubt that the decisions to be taken during this conference will be crucial in shap-

ing the future of aviation in the region over the coming years."

Up to 1,000 of the direct meetings held during the conference were to discuss air services. This was a strategic beginning to the Routes MEA summit, which took place over two days and also provided valuable information about the aviation sector in the region through a series of panel discussions. The list of speakers included an elite group of influential personalities from all over Africa and the Middle East, including Adel Ali, Group Chief Executive of Air Arabia; Paul Byrne, CEO of Flynas; Richard Bowden, commercial Chief Executive of Fastjet; and Muhammad Khonji, regional director of the Middle East office of the International Civil Aviation Organisation (ICAO).

"An exclusive list of aviation experts have lined up to highlight current topics that have a significant impact on the aviation sector in general and our region in particular," Abannflah said.

The discussions that took place during the summit were necessary to keep the aviation community in the region informed of the latest trends in strategy and advance the progress and development of the aviation sector in this part of the world, which is a key hub for the movement of people and goods.

"The Bahrain Airport Company is responsible for the development of the Bahrain International Airport and will increase the airport's contribution to the local economy in line with the economic vision of the Kingdom of Bahrain," Abannflah continued. As part of its operational role, the Bahrain Airport Company is responsible for airport operations, improving services and modernising infrastructure.

"The aim is to develop the potential of Bahrain International Airport to meet the growing number of passenger requirements, as well as meet the changing requirements of its shareholders," he said.

Miss Piggy to be honored with feminist award at Brooklyn Museum

Reuters: Screen and TV star, diva and beloved Muppet, Miss Piggy, is being recognized for her contributions to society with a feminist award at the Brooklyn Museum in New York on Thursday.

The glamorous, outspoken pig will receive the award at the evening ceremony from the Elizabeth A. Sackler Center for Feminist Art. The presentation will include a conversation with veteran women's rights campaigner Gloria Steinem and a 20-minute video retrospective of Miss Piggy's career.

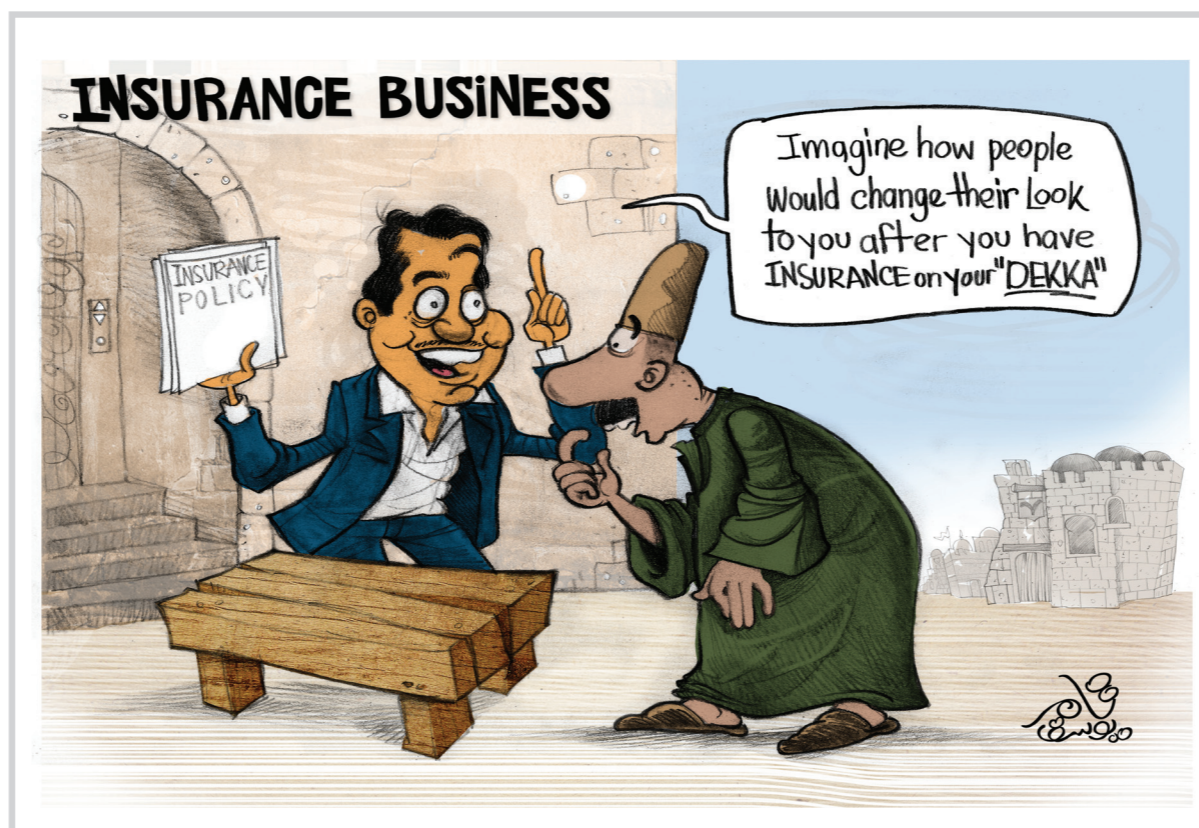
"Moi is thrilled, but frankly, not surprised to be receiving this Sackler Center First Award," Miss Piggy said in a statement.

"It is truly wonderful to be celebrated and share this honor with fellow legends, role models, and pioneers of female fabulousity. We rock!"

Miss Piggy's long-time squeeze, Kermit the Frog, will be in the audience for the ceremony.

The annual Sackler Center First Awards honor extraordinary women who are first in their fields. Elizabeth A. Sackler, the president of the center for feminist art, theory and advocacy for women's issues, said Miss Piggy embodies exceptional spirit, determination and grit and has taught important lessons about overcoming obstacles to generations of fans.

Miss Piggy starred in "The Muppet Show," that ran from 1976 to 1981, and has appeared in films, including 2014's "Muppets Most Wanted."



Egypt wins in the Nile Media Awards 2015 competition

Egyptian TV journalist Mona Sewilam won the Nile Media Awards 2015 at a ceremony held on June 4, 2015 in Dodoma, Tanzania. In the print category, Sewilam won the prize for her story on the Grand Ethiopian Renaissance Dam problem between Egypt and Ethiopia that was published in Al-Ahram Weekly on 26 March - 1 April 2015.

The Nile Media Awards 2015 were in two categories: radio and print. Sewilam's coverage was originally conducted for her award-winning programme titled "Peace in Focus" that airs on Nile TV International, Egyptian Television. The programme is researched, scripted and presented by Mona Sewilam and directed by Tarek Farouk.

The Prize was from the Nile Basin Initiative (NBI).



The three other winners were Secilia Nda-bigeze from Tanzania, Gerald Tenywa from Uganda, and Claver Hakizimana from Burundi.

Sewilam's coverage included conducting two interviews with Speaker of the House of People's Representatives of Ethiopia Aba-dula Gemeda and President of the Arab Water Council and Honorary President of the World Water Council Dr Mahmoud Abu-Zeid. Gemeda is Ethiopia's former minister of national defence and former chief of intelligence. Abu-Zeid played a piv-

otal role in launching the NBI in 1999 and took part in the negotiations related to the Nile River Basin Cooperative Framework Agreement (CFA) in his capacity as Egypt's minister of water resources and irrigation between 1997 and 2009. The CFA was opened for signing in 2010. Excerpts from the interview with Gemeda were also aired in the Arabic, English and French news and at prime time on Egyptian Television.

Addressing the guests, Sewilam called on NBI to open the competition to TV jour-

nalists next year. She explained that she had attended a Journalists' Training Workshop in Entebbe, Uganda in August 2014 which she considered as an eye-opener.

Sewilam reiterated Egypt's stance that it is the right of all the brotherly African countries to develop while it is the right of the Egyptian people to protect their share of the Nile's water to be able to survive and exist. She explained that Egypt depends totally on the Nile River while the other brotherly African countries have other freshwater resources.

Through the Nile Media Awards, NBI seeks to recognize journalists for outstanding reporting on Nile Basin and Nile cooperation issues, as well as inspire increased factual and accurate reporting on these issues.

John Lennon's long lost Gibson guitar up for sale

Reuters: A rare, once-lost 1962 guitar belonging to former Beatles member John Lennon will go up for auction this year and could break a record, Julien's Auctions said on Thursday.

The jumbo J-160E Gibson Acoustic guitar, purchased by Lennon in Liverpool, is expected to fetch between \$600,000 and \$800,000 when it goes on sale on Nov. 6 at an auction of rock'n'roll memorabilia in Beverly Hills.

Darren Julien, owner of Julien's Auctions, called the guitar "one of the biggest finds in music history," and said its sale could top the \$965,000 auction record set in 2013 for an electric guitar owned by Bob Dylan.

"John Lennon items don't come up very often because a lot of people keep them. This was one of his favorite guitars, he talked about wishing he still had it," Julien said.

Lennon died on Dec. 8, 1980, after he was shot by a fan in New York City.

His Gibson guitar went missing in 1963 during the Beatles' Finsbury Park Christmas Show, and turned up 50 years later, after it was purchased by a man named John McCaw in a U.S. second-hand goods shop.

Its authenticity was verified by Andy Babiuk, who has written about musical equipment used by the Beatles, by matching the guitar's serial number, wood grain and scratches to photographs and videos of Lennon playing the instrument.

Babiuk said Lennon used the guitar to record the Beatles hit single "Love Me Do," and played it in live shows and writing sessions.



Chimps have mental skills to cook: study

REUTERS: They're not likely to start barbecuing in the rainforest, but chimpanzees can understand the concept of cooking and are willing to postpone eating raw food, even carrying food some distance to cook it rather than eat immediately, scientists reported on Tuesday.

The findings, based on nine experiments conducted at the Tchimpounga Sanctuary in Re-

public of Congo and published in Proceedings of the Royal Society B, suggest that chimps have all the brainpower needed to cook, including planning, causal understanding, and ability to postpone gratification.

They do lack the ability to produce fire. But if they were given a source of heat, chimps "might be quite able to manipulate (it) to cook," said developmental psy-

chologist Felix Warneken of Harvard University, who conducted the study with Alexandra Rosati.

While the finding may seem esoteric, it lends support to the idea that cooking accelerated human evolution. Cooked food is easier to digest, spurring the growth of large brains in our australopithecine ancestors, Harvard's Richard Wrangham proposed about a decade ago.

Archaeological evidence suggests humans began using fire one million years ago.

For instance, the scientists presented chimps with two containers. One yielded cooked food through a false bottom, not actually cooking, and one did not.

The chimps learned that one transforms potatoes from raw to cooked. Given a choice of which

device to put food in, they almost always opted for the "cooker," showing they understood and willingly waited for the raw-to-cooked transformation.

Chimps did not put pieces of wood that scientists gave them into the cooker, suggesting they grasped that only food can be cooked.

Surprisingly, since chimps usually eat food immediately, they

were often willing to walk across a room to cook. When the first one did this, the scientists wondered if they had a single "chimpanzee genius," Warneken said. But others showed the same ability, understanding the idea of cooking and postponing gratification to do it.

There was no evidence, however, that they understood the concept of tipping.



Reuters: The chairman of a Chinese company that develops online games has agreed to pay \$2,345,678 for a private lunch with billionaire investor Warren Buffett, winning a charity auction.

This year's auction was the 16th to benefit the Glide Foundation, a nonprofit in San Francisco's Tenderloin district that provides food, health care, rehabilitation and other services to the poor and homeless.

Glide said Zhu Ye, chairman of Beijing-based Dalian Zeus Entertainment Co 002354.SZ, submitted the highest of 76 bids to win the five-day auction on eBay (EBAY.O), which concluded on Friday night.

His bid was well below the \$3,456,789 winning bid in 2012, still a record for an eBay charity auction, but will help Glide meet its \$16 million annual budget. The 16 auctions have raised about \$20.2 million.

"What we try to do is work to empower our people, to make sure that people find some way to have hope," the Rev. Cecil Williams, a Glide co-founder, said after the auction ended. "We were overjoyed when the count came in."

The winner can invite up to seven friends to eat with Buffett at the Smith & Wollensky steakhouse in Manhattan.

Buffett, 84, will talk about almost anything, including philanthropy and life, but not what he is buying and selling.

Some past winners chose to eat with Buffett at a steakhouse in Omaha, Nebraska, where he has run Berkshire Hathaway Inc (BRKa.N) for 50 years.

The auctions began in 2000 after Buffett's first wife Susan introduced him to Glide. She died in 2004.

None of the first three winners paid more than \$25,000, but the price soared once the auctions, which had been live only, moved online in 2003.

One past winner, Ted Weschler, ended up working for Buffett as a Berkshire portfolio manager after paying \$5.25 million to win the 2010 and 2011 auctions.

Just eight people submitted bids this year, probably because the high bid reached seven figures on the first day. Smith & Wollensky founder Alan Stillman also donates to Glide.

Buffett is worth \$69.2 billion, ranking fourth worldwide, according to Forbes magazine. He is donating nearly all his wealth to charity.

The following are the winning bids in the Glide auctions:

- 2000: Anonymous, \$25,000
- 2001: Anonymous, \$18,000
- 2002: Anonymous, \$25,000
- 2003: David Einhorn, Greenlight Capital, \$250,100
- 2004: Jason Choo, Singapore, \$202,100
- 2005: Anonymous, \$351,100
- 2006: Yongping Duan, California, \$620,100
- 2007: Mohnish Pabrai, Guy Spier, Harina Kapoor, \$650,100
- 2008: Zhao Danyang, China, \$2,110,100
- 2009: Salida Capital, Canada, \$1,680,300
- 2010: Ted Weschler, \$2,626,311
- 2011: Ted Weschler, \$2,626,411
- 2012: Anonymous, \$3,456,789
- 2013: Anonymous, \$1,000,100
- 2014: Andy Chua, Singapore, \$2,166,766
- 2015: Zhu Ye, Dalian Zeus Entertainment Co, China, \$2,345,678