Report No. 491a-EGT

The Egyptian Economy in 1974: Its Position and Prospects

September 25, 1974

Europe, Middle East and North Africa Region

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International Development Association

CURRENCY EQUIVALENTS

Official Rate

1 Egyptian Pound (LE 1)	=	US$2.56 or SDR 2.118*
1 US Dollar	=	LE 0.391

Parallel Market Rate

1 Egyptian Pound (LE)	=	US$1.70
1 US Dollar	=	LE 0.587

* In the general realignment of currencies which occurred in February 1973 the value of the Egyptian pound was kept constant in terms of SDRs at LE = SDR 2.118. This was equivalent to an appreciation against the dollar to LE = 2.56, from its previous value of LE 1 = 2.30.

WEIGHTS AND MEASURES

1 hectare	=	2.379 feddans
1 feddan	=	1.038 acres
1 acre	=	0.963 feddans
1 sq. kilometer	=	238 feddans
1 ardeb (metric)	=	198 liters
	=	160 kilograms (kg) of lentils
	=	157 kg of clover
	=	155 kg of beans, chick peas, lupine, fenugreek
	=	140 kg of maize, millet
	=	120 kg of cottonseed, barley, sesame
	=	60 kg of groundnuts
1 kantar	=	157.5 kg of seed cotton
	=	50 kg of cotton lint
	=	45 kg of onions, sugarcane

FISCAL YEAR

Effective January 1, 1973, the fiscal year became identical with the calendar year (Gregorian calendar). Previously, the Government's fiscal year had been July 1-June 30.

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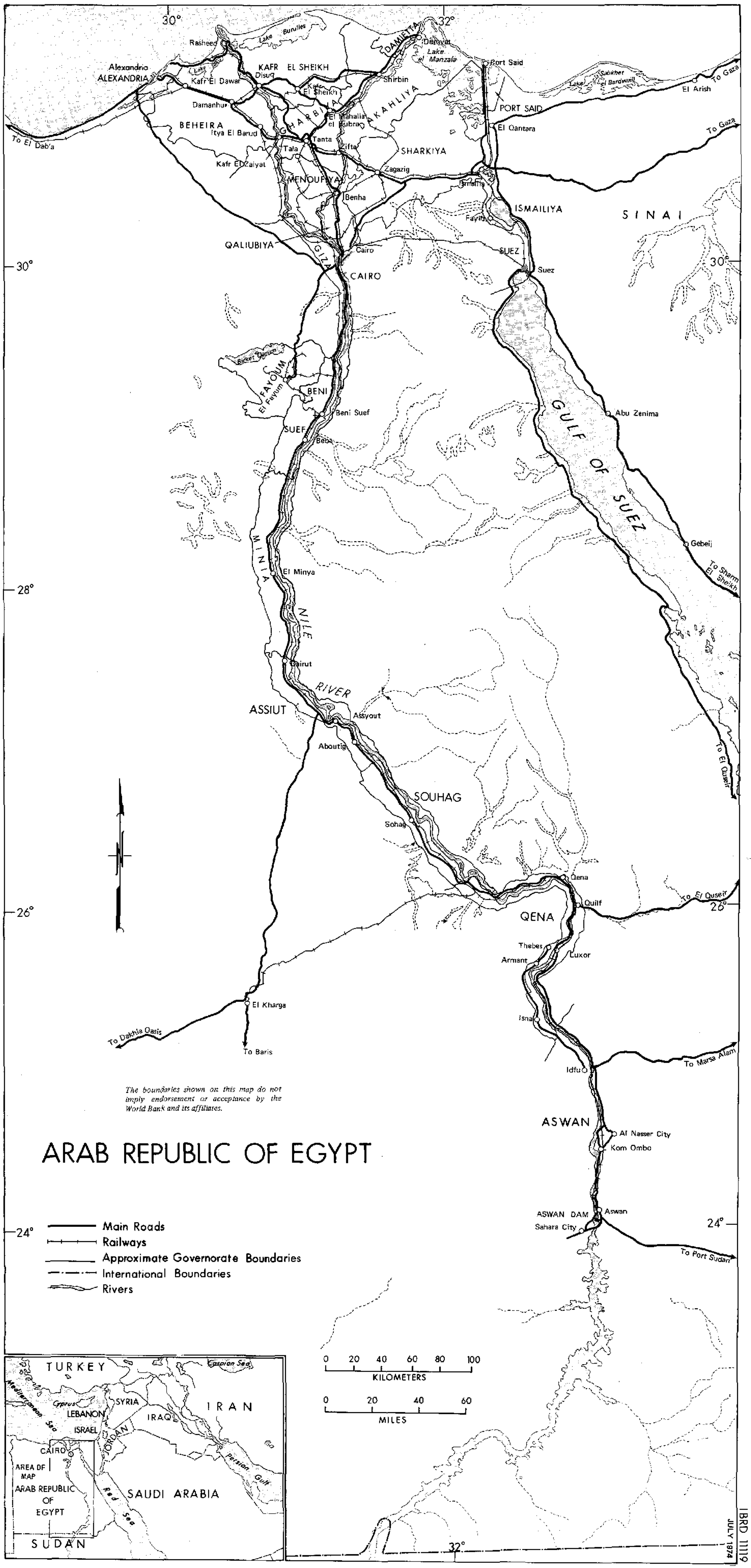
This report is based on the findings of an economic mission which visited Egypt in May 1974. The mission was composed of Messrs. Robert Armstrong (chief of mission), Shahid Chaudhry (general economist), Jacques Nusbaumer (balance of payments specialist), Gabriel Sciolli (fiscal economist; consultant), and Tae-Hee Yoon (agricultural economist).


ARAB REPUBLIC OF EGYPT
Main Roads
Railways
Approximate Governorate Boundaries
International Boundaries
Rivers
The boundaries shown on this map do not imply endorsement or acceptance by the World Bank and its affiliates.
0 20 40 60 80 100
KILOMETERS
0 20 40 60
MILES
TURKEY
Caspian Sea
Mediterranean Sea
Cyprus
SYRIA
LEBANON
ISRAEL
JORDAN
IRAQ
IRAN
Persian Gulf
CAIRO
AREA OF MAP ARAB REPUBLIC OF EGYPT
SAUDI ARABIA
Red Sea
SUDAN
IBRD 11119
JULY 1974
30°
32°
28°
26°
24°
Rasheed
Lake Burullus
Damietta
DAMIETTA
Lake el Manzala
Port Said
PORT SAID
Alexandria
ALEXANDRIA
KAFR EL SHEIKH
Kafr El Dawar
Disuq
El Sheikh
Shirbin
Damanhur
GHARBIA
DAKAHLIYA
BEHEIRA
Itya El Barud
El Mahalla el Kubra
Tanta
Tala
Kafr El Zaiyat
Zifta
Zagazig
SHARKIYA
MENOUFIYA
Benha
El Qantara
Sabkhet el Bardawil
El Arish
To Gaza
To El Dab'a
ISMAILIYA
Fayid
SINAI
QALIUBIYA
GIZA
Cairo
CAIRO
SUEZ
Suez
Birket Qarun
FAYOUM
El Fayum
BENI
SUEF
Beni Suef
Beba
GULF OF SUEZ
Abu Zenima
MINIA
El Minya
NILE
RIVER
Dairut
ASSIUT
Assyout
Aboutig
Gebeij
To Sharm El Sheikh
To El Quseir
SOUHAG
Sohag
Qena
Quift
QENA
To El Quseir
Thebes
Armant
Luxor
El Kharga
To Dakhla Oasis
To Baris
Isna
Idfu
To Marsa Alam
ASWAN
At Nasser City
Kom Ombo
ASWAN DAM
Aswan
Sahara City
To Port Sudan

AREA	POPULATION	DENSITY
1,002,000 km^2	35.6 (1973 - Estimated) Rate of Growth: 2.2%	35.5 per km^2 Over 1000 per km^2 of inhabited area

POPULATION CHARACTERISTICS (1971)	
Crude Birth Rate (per 1,000)	35.1
Crude Death Rate (per 1,000)	13.2
Infant Mortality (per 1,000 live births)	119.0 (1970)

HEALTH (1973)	
Population per physician	1,700
Population per hospital bed	435

NUTRITION	
Calorie intake as % of requirements:	103.0% (1970)
Per capita protein intake (grammes):	83.5% (1969)

EDUCATION	
Adult literacy rate:	40% (1971)
Primary school enrollment:	70% (1970)

GNP PER CAPITA IN 1972: US$240

GROSS NATIONAL PRODUCT IN 1973	US $ Mln.	%	ANNUAL RATE OF GROWTH (%, constant prices) 1960-65	1965-70	1973 3/
GNP at Market Prices	9,281	100.0	6.3	2.3	3.9 4/
Gross Domestic Investment	1,143 1/	12.3 1/	-14.9	-3.9	6.7
Gross National Savings	593 1/	6.4 1/	-	-	-
Current Account Balance	-549	-5.9	-	-	-
Exports of Goods, NFS	1,329	14.3	5.7	-2/	14.7
Imports of Goods, NFS	1,830	19.7	11.2	-2/	10.2

OUTPUT, LABOR FORCE AND PRODUCTIVITY IN 1973

	Value Added US$ Mln.	%	Employment Mln.	%	Value Added Per Worker US $	%
Agriculture	2,607	31	4.18	47	624	67
Industry	1,806	22	1.16	13	1,557	167
Services	2,335	28	1.97	22	1,185	127
Other	1,617	19	1.67	18	968	104
Total/Average	8,365	100	8.98	100	932	100

GOVERNMENT FINANCE

	Central/Federal Government (US $ Mln.) 1973 (Est.)	% of GDP 1973	1969-71
Current Receipts	1,892	20.3	21.3
Current Expenditure	1,944	20.8	20.7
Current Surplus (excluding Emergency Fund)	-52	-0.5	0.6
Emergency Fund	1,027	11.0	9.2
Capital Expenditures	979	10.5	11.7
External Assistance (net)	76	.1	-0.4

MONEY, CREDIT AND PRICES

	1968/69	1969/70	1971	1972	1973
	(millions LE outstanding end-period)				
Money and Quasi Money	1,005	1,106	1,166	1,345	1,637
Bank Credit to Public Sector	1,028	1,133	1,038	1,164	1,336
Bank Credit to Private Sector	435	456	549	553	560
	(Percentages or Index Numbers)				
Money and Quasi Money as % of GDP 5/	37.3	37.2	..	39.7	44.9
Consumer Price Index (1966/67 = 100) 5/	106.1	109.2	113.6	116.3	119.5
Annual percentage changes in:					
Consumer Price Index	4.0	2.9	4.0	2.4	2.8
Bank Credit to Public Sector	5.2	10.2	..	12.1	14.8
Bank Credit to Private Sector	7.4	4.9	..	0.7	1.3

1/ Excluding unrequited transfer receipts.
2/ Accurate constant price growth rate are not available due to insufficient information concerning trade deflators. Moreover, the export growth rate for this period is biased by the drop in Suez revenues after 1966/67. Between 1967/68-1970/71, exports (in current prices) rose on the average by 12.5 percent annually, imports by 10.6 percent annually.
3/ At 1972 prices except for GDP at 1972 factor cost.
4/ Figure refers to GDP at factor cost.
5/ Due to non-availability of data on calendar year basis for 1971, 1972 and 1973, data refers to "fiscal" Years 1970/71, 1971/72 and 1972/73.

BALANCE OF PAYMENTS

	1971	1972	1973
		(Million US $)	
Exports of Goods	850	813	1,014
Imports of Goods	1,244	1,286	1,593
Trade Balance (deficit = -)	-394	-473	-579
Services, net	-92	7	7
Transfers, net	279	295	649
Balance on Current Account	-207	-171	77
Net MLT Borrowing			
Disbursements	(297)	(358)	(328)
Amortization	(150)	(213)	(333)
Subtotal	147	145	-5
Other Capital (net)	-93	-5	-86
Overall Balance (deficit -)	-153	-31	-14
Reserve Position, end of			
Gross Reserves	289	263	551
Net Reserves	-722	-697	-613

RATE OF EXCHANGE

Through - January 1973	From February 1973
US$1.00 = £E 0.435	US$1.00 = £E 0.390
1.00 = US $2.30	1.00 = US $2.56

MERCHANDISE EXPORTS (AVERAGE 1972-1973)

	US $ Mln.	%
Raw cotton	432	47.2
Rice	50	5.4
Petroleum, net	.	.
Manufactured goods	343	37.5
All other commodities	90	9.9
Total	915	100.0

EXTERNAL DEBT, DECEMBER 31, 1973

	US $ Mln.
Public Debt Outstanding & Disbursed	2139
(of which Medium and Long-Term)	(1698)

DEBT SERVICE RATIO FOR 1973 1/

	%
Public Debt Outstanding & Disbursed	28.7

IBRD/IDA LENDING, JULY 31, 1974 (Million US $):

	IBRD	IDA
Outstanding and Disbursed	2.7	30.9
Undisbursed	-	100.0
Outstanding Including Undisbursed	2.7	130.9

1/ Ratio of Debt Service to Exports of Goods and Non-Factor Services.

SUMMARY AND CONCLUSIONS

Background

1. Egypt's economic growth has been slow in recent years (about 4 percent per annum), as the conflict in the Middle East affected adversely Egypt's ability both to mobilize resources for development and to allocate them efficiently. The progressively greater share of Egypt's resources taken by defense (currently about 20 percent of GNP) was largely at the expense of investment expenditure, which has fallen in recent years to about 12 percent of GNP. Moreover, despite growing manpower demands of the armed forces, the civilian labor force increased rapidly, while the growth rate of civilian employment grew more slowly. This resulted in increased unemployment, while underemployment in Government and in public enterprises has also become an increasingly serious problem.

2. The imbalance in Egypt's external account (with a trade deficit averaging about 6 percent of GNP) has been the dominant constraint to growth in recent years. The balance of payments problem resulted from rapidly growing import requirements in the face of slow growth in the volume of exports, heavy and growing debt servicing obligations, and inadequate foreign exchange reserves. Especially since mid-1972, Egypt found it increasingly difficult to obtain external capital on favorable terms, and had to resort to shorter-term sources of financing to meet current payment obligations.

Recent Economic Developments

3. The war of October 1973 has greatly changed Egypt's economic outlook. The economy emerged from the war with relatively little additional physical damage. Agricultural production was little affected and the diversion of industrial production towards military needs was apparently marginal. There was a temporary drop in tourism, but the principal dislocation to economic activity appears to have been due mainly to a slowdown in commercial shipping traffic. Some of the direct cost of the October conflict was financed by Arab grants, mainly from Saudi Arabia, Algeria and the Gulf States. In addition, economic aid estimated at $400 million was received from Arab sources -- above and beyond the $250 million received annually (under the Khartoum Agreement) to replace Suez Canal revenues. This exceptional inflow of funds permitted Egypt to sustain an enlarged trade deficit in 1973, estimated at $579 million.

4. The increase in the 1973 trade deficit occurred despite a 25 percent increase in export earnings (due in large part to improved prices for cotton), and was attributable primarily to rising import prices, especially for food. Altogether, food imports (nearly 40 percent of total commodity imports) cost nearly $600 million in 1973, an increase of about $350 million over the 1972 level. Consequently, Egypt's capacity to import both investment goods and raw materials and other inputs for industry and agriculture was severely constrained, and there was an increase in the level of unutilized productive capacity during the year.

5. This situation forced Egypt to substantially increase its short-term borrowing, thereby worsening its debt profile. The total use of short-term credits (including rollovers) amounted to about $1.1 billion in 1973. This borrowing compounded an already difficult debt problem, as illustrated by the fact that of the reported $2 billion outstanding medium- and long-term debt at end-1973, 40 percent was due to be repaid within two years, 50 percent within three years, and over 60 percent within five years. The debt service ratio for 1973 (not accounting for short-term debt) was about 29 percent.

6. The Government has taken a number of measures during the past year to change the economic climate. In particular, steps were taken to improve the prospects for development of Egypt's private sector, to rationalize allocation decisions in the public sector, and to improve the investment climate for potential foreign investors. Firstly, the environment of uncertainty in which the limited private sector had been operating has been changed by both words and deeds of the Government, giving rise to a new sense of optimism among private sector entrepreneurs. Secondly, there is a new awareness of the need to overhaul and simplify the structure of administrative regulations and procedures, and to make greater use of market forces (rather than direct controls) in the allocation of resources. The institution of the parallel market in September 1973 has helped to provide private as well as public sector enterprises with convertible currency imports, and is clearly a step in the direction of rationalizing the allocation of foreign exchange resources. Thirdly, the passage of a liberalized foreign investment law in the Spring of 1974 was an important step in implementing the Government's "open door" policy. Other measures in the direction of liberalization have been taken (e.g., the abolition of exit visas), and others are contemplated.

Development Prospects and Aid Requirements

7. As of mid-1974, therefore, Egypt appeared to be on the threshhold of a new stage in its economic history. Prospects for peace in the region have improved significantly, offering the possibility that resources can gradually be transferred from military to civilian uses. The "October Paper," presented by President Sadat and approved in a national referendum, set forth a new statement of principles to guide Egyptian development. Among the principal objectives enunciated in that Paper were: consolidation of state-owned sectors; liberalization of the private sector; provision of incentives to private foreign investment; expanded economic cooperation with Arab countries; and the drawing of a "new map" of Egypt in which, *inter alia*, the Suez Canal area will be reconstructed and new free trade zones established. These objectives point in the direction of a significant restructuring of the economy. Meanwhile, a new set of external relationships has evolved between Egypt, its oil-producing Arab and other neighbors, Western countries, and Japan, resulting in increased commitments of official and private capital. These developments are mutually interdependent and self-reinforcing: increased capital availabilities should permit greater liberalization, and moves toward liberalization should in turn improve the investment climate.

8. Egypt has considerable ecnomic assets and a large absorptive capacity which should permit the economy to develop rapidly if these encouraging trends are maintained. However, as of mid-1974, the economy remained in a difficult position. Despite large new commitments of official foreign aid and increased interest from foreign private investors, the actual inflow of foreign exchange was still inadequate to permit simultaneously: (a) the maintenance of heavy food imports; (b) a higher level of capital goods imports required for reconstruction, renovation of the infrastructure, and the undertaking of new projects; (c) a higher level of imports of raw materials and other inputs needed to more fully utilize existing capacity; and (d) the servicing of heavy external debt obligations. The problem has been intensified because of the continued rise in international prices of many necessary imports, which is also contributing to domestic inflation despite extensive price controls.

9. The Government is now preparing an Interim Development Program for 1975 and a development plan for 1976-80. In large part, the investment program budgeted for 1974 and envisaged for 1975 is limited to continuing carryover public sector projects. However, private sector investment and foreign participation in joint ventures are expected to increase substantially. The investment program for the coming year emphasizes fertilizers, cement, tourism and petroleum and pipeline development -- all high-priority projects. Investment priorities in agriculture (poultry, vertical development rather than land reclamation) also seem generally appropriate to the country's needs, although there is a need to formulate new programs and policies for short-run and long-run development of the agricultural sector, emphasizing the raising of productivity from existing capacity in the short run. Programs to renovate or improve the infrastructure (e.g., railways, ports, telecommunications) are clearly urgent because of years of under-investment. Egypt's current investment program appears to be reasonably in accordance with economic criteria. But there is clearly a need to strengthen the process of formulating the investment program if efficient use is to be made of additional resources becoming available for investment.

10. The resumption of full-capacity growth and the beginning of reconstruction will increase import requirements substantially and give rise to sizeable current account deficits in the next two-to-three years (estimated at nearly $600 million for 1974, and $900 million for 1975). These deficits cannot, and in any event should not, be wholly financed by short-term borrowing, nor should undue reliance be put upon expensive medium-term Eurocurrency loans and supplier credits. Much of the additional capital is needed to purchase indispensible current imports (food, raw materials, spare parts, etc.) as well as the capital goods needed both to complete on-going projects and launch a variety of new high-priority projects, including the gradual reconstruction of the Suez Canal area.

11. Commitments of foreign aid between October 1973-July 1974 have been substantial. Five countries have either firmly committed new loans (Germany $225 million, Denmark $9 million, Iran $850 million) or announced

their intention to do so (United States $250 million, Japan $100 million). Grants of $300 million by Saudi Arabia and $33 million by Abu Dhabi have been committed for 1974. Finally, the World Bank Group may commit about $200 million in development loans and credits, in the period July 1974-June 1975. In total, these commitments represent the equivalent of about $2.0 billion. Some of these agreements provide for "commodity" assistance and should disburse quickly, thereby helping to relieve the excess capacity problem; the same applies to grants. But a major share of new loans committed is for unidentified projects, and will disburse only gradually over the next few years. Even under favorable disbursements assumptions, therefore, it is estimated that the need for supplementary finance (over and above the new loan and grant commitments made up to mid-1974) will be about $260 million in 1974 and $640 million in 1975 -- assuming that Egypt pursues a policy of "holding the line" on banker's facilities in 1974 and undertakes a reduction of 25 percent in the utilization of such facilities in 1975. This projection underscores Egypt's substantial need for rapidly-disbursing, long-term concessionary aid. For its own part, it underscores the need for Egypt to pursue appropriate debt management and aid-utilization policies.

12. Assuming that the required amounts of capital can be mobilized from abroad, domestic savings raised, and appropriate development policies pursued, it is foreseen that the Egyptian economy should grow steadily and rapidly, averaging about 6.5 percent per annum in the period 1974-80. The resumption of a higher level of economic activity would have adverse implications for the balance of payments only in the short run, as the medium-term export potential is good. Thus, rapid economic growth, based on full utilization of capacity and the undertaking of short-gestation, export-oriented projects, would greatly strengthen the balance of payments by the second half of the decade, and ensure Egypt's ability to service its external debt.

Recommended Policy Measures

13. The growth and balance of payments projections in this report assume that appropriate policy actions will be taken by the Government. In effect, what is now required is a detailed program for implementing the objectives of the October Paper, in which: the role of Government decision-making is clarified and rationalized; expenditure priorities are clearly established in accordance with appropriate economic criteria; the scope of operations of public, foreign and private firms is more precisely defined; measures are outlined to improve the allocation and incentive systems (as they affect both private and public sectors) through reform of the prices of foreign exchange, capital, and products; and viable short-run and long-term external financing plans are established.

14. Foremost amongst the needs for new institutional and policy measures is the need to strengthen overall and sectoral planning. Successful liberalization and the proper phasing of decentralization in decision-making will themselves call for a new approach to planning. Domestic resource mobilization and allocative efficiency can only be improved through strong leadership on economic matters in the highest councils of Government, and through increased coordination (especially as between the Ministry of Planning and the

Ministry of Finance) with respect to: (a) investment program planning, including project identification, preparation and follow-up; and (b) the presentation and analysis of budgetary operations, including foreign exchange budgeting. The Government is well aware of the need to formulate a program for rationalizing the management of overall Government economic operations. This includes improvement of the decision-making apparatus in the public sector through reducing bureaucratic bottlenecks and by decentralizing more decisions to the firm or enterprise level. It will also call for steps to rationalize public sector employment policies.

15. The domestic and foreign financial, technological, and entrepreneurial resources to be mobilized on a scale appropriate to rapid economic growth must be allocated carefully according to established priorities. In the past, the Government has shown a propensity to tie up much of its scarce investible resources in a few large projects. Economic criteria have often failed to be applied, particularly in the allocation of foreign exchange, whether for current imports (e.g., raw materials and spare parts to ensure utilization of existing capacity) or for capital goods imports (where the opportunity cost of resources used for new projects had also to be weighed against returns to completing on-going projects). It is encouraging that the Government is now giving high priority to the utilization of excess capacity, and restraint is being exercised in the undertaking of new projects, -- as appropriate to the circumstances. However, the Government should guard against an overcommitment in accelerating its reconstruction program and in forging ahead with other projects before adequate studies are made and adequate coordination in planning is achieved.

16. The rationalization of decisions on production and on use of foreign exchange will call for adoption of a rational price system. In the short-run, the system will need to be oriented in large part to improvement of the country's balance of payments position. Insofar as Egypt's foreign exchange scarcity is the dominant constraint to the country's growth, the process of foreign exchange allocation is central to guidance of the development process. An important step towards improving allocation will be to further extend the parallel foreign exchange market. This would not in itself constitute a sufficient condition for improving allocation, of course, unless there were simultaneous changes to give other prices and profits a larger role in signalling decisions and in rationing resources. But it would clearly be a step in the right direction. The authorities are understandbly concerned about the potential domestic price consequences of a significant broadening of the parallel market, as Government policy for many years has been directed towards keeping prices stable. But the sharp increase in international prices (especially wheat, of which Egypt imports nearly 3 million tons) has recently put Egyptian relative prices much further out of line with world prices. It will not be an easy task, either psychologically or politically, to rationalize prices to reflect economic scarcities, notably because of the implications for consumption and income distribution.

17. Egypt's tax effort in recent years has been relatively great. However, the level of national savings has been depressed owing to the large claims on resources stemming mainly from defense and, especially since 1973, from cost-of-living subsidies. Rapid future growth without excessive inflationary pressures will call for restraint in the growth of both public and private consumption. In particular, private consumption of imported goods will have to be carefully controlled, especially in the short run. There is considerable pent-up demand, and there will be a danger that expectations of rising welfare many run ahead of the economy's capacity to meet those expectations. Inflationary pressures were becoming increasingly severe in the first half of 1974. At present, the direct administration of prices, particularly with respect to the agricultural sector, constitutes the main instrument of controlling consumption. But as the economy is liberalized, key instruments of control will be the cost-of-living subsidy policy, exchange rate policy, the administration of customs tariffs and other taxes, and the Government's wage and salary policies.

18. Although the immediate foreign exchange constraint is likely to be eased by increased new aid commitments, the reduction of short-term import financing to levels more consistent with normal trade practices must definitely be undertaken, and possibilities to fund the near-term debt should be explored. While the availability of new long-term financing and the ability to improve the debt structure are obviously inter-related, it is nonetheless essential that the Government make every effort, first to "hold the line," and then to reduce its use of banking facilities and other near-term sources of finance.

19. In sum, the basic theme of this report is that, if large amounts of capital can be mobilized from abroad and absorbed, domestic savings raised through restraint in public and private consumption, and appropriate development policies pursued, the "engine of economic growth" can be put back on the track, and the country's creditworthiness restored. The prospects for realizing these objectives appear favorable. The policy measures emphasized as warranting highest priority are:

(a) Improvement of macro-economic, sectoral, manpower and financial planning. This should be done initially in the context of an interim (1974-75) development program which: (i) gives high priority to measures to fully utilize existing productive capacity and stimulate exports; and (ii) clearly establishes expenditure priorities on the basis of economic criteria; and (iii) is based on a detailed statement of projected sources and uses of domestic and foreign resources. This will call in turn for improvement of the decision-making apparatus relating to establishment of criteria and priorities affecting: (i) project identification and selection; (ii) rational allocation of foreign exchange; (iii) decentralization of decisions to the enterprise level; and (iv) the integration of reconstruction activity with economic priorities for the country as a whole. Initiation of studies of several industrial subsectors, agriculture, tourism, and certain other sectors is recommended to facilitate a better establishment of intra-sectoral and inter-sectoral priorities, and particularly possibilities for export growth and import substitution.

(b) Widening the parallel exchange market, formulating a program to rationalize the price structure, and continuing to improve the business and investment climate, so as to enable the private sector to contribute effectively to development (in accordance with the objectives of the October Paper);

(c) Improvement of the external debt position through continuing settlement of arrears and through reduced reliance on bankers' facilities and other near-term sources of finance.

(d) Mobilization of grants, direct foreign investment, and long-term concessionary capital (including finance available for recurrent needs as well as projects), and the implementation of measures aimed at ensuring rapid disbursement and otherwise efficient utilization of such foreign resources. This will call for steps to: (i) simplify import procedures; (ii) streamline the process of investment approval; (iii) coordinate aid requests of various Government agencies through a strengthened Agency for Arab and International Economic Cooperation; and (iv) streamline procedures for making aid and investment offers legally effective in the shortest possible time after commitments are made.

(e) Continuation of steps to restrict consumption expenditure, including through imposition of taxes on non-essential imports and gradual limitation of consumption subsidies.

(f) Rationalization of public sector employment policy to provide greater incentives to improve productivity and to achieve greater horizontal and vertical mobility of labor -- in the context of national employment and population policies which account adequately for the implications of demobilization in the short-run and for the implications of a rapidly growing labor force over the longer run.

I. BACKGROUND AND RECENT DEVELOPMENTS

The Nature of the Economy

1. The Egyptian economy is dominated by the public sector. Most industrial firms (accounting for 75 percent of industrial production), all financial intermediaries, foreign trading, and wholesale firms, most of the transport sector, and some of the retail sector are publicly owned. Although more than 90 percent of Egyptian farmland is either in private hands or owned by small-scale cooperatives, Government controls on agriculture are also pervasive. Ownership of dwellings remains largely in private hands, and private sector activity is significant in the construction, woodworking, leather, textile and food industries, though firms are generally small scale. The petroleum industry is characterized by partnership arrangements between the State and foreign oil companies. Sectoral policies and controls are exercised mainly by public organizations (usually called General Organizations), which supervise plants, other productive units, and major trading bodies.

2. The predominant role of the public sector in the economy is also indicated by the fact that public investment accounts for about 90 percent of total investment. In such a centrally directed economy, fiscal, pricing, and wage policies assume different dimensions. Costs and prices are administered not so much towards achieving economic efficiency as towards Government goals respecting income distribution and resource mobilization. Savings as well as investments are largely directed through the budget; for example, nearly all savings generated by the public authorities and economic organizations are transferred via the Treasury. Investment financing for the business sector is provided mainly by Government loans or participations, while household savings mobilized through financial intermediaries and contractual savings schemes are also channelled through the budget. Thus, Egypt's public finance decisions are crucial not only with respect to mobilizing and allocating resources for economic growth, but also with respect to issues of income distribution, price stability, and balance of payments management. A frequently-revised Foreign Exchange Budget is the major policy instrument for allocating scarce foreign exchange resources, both to the public sector and private sector.

The Past Decade — An Overview

3. The mid-1960's through the early 1970's was a period of near stagnation in per capita income. This period was marked first by the economic impact of the Yemen civil war, then by that of the 1967 war. There was some economic recovery in the late 1960's, but since 1970 growth slowed down again as the defense and debt burdens mounted, unemployment and underemployment grew, and net capital inflows fell nearly to zero.

4. Egypt's economic growth record in recent years should therefore be seen in the context of its heavy defense effort. The continuing conflict with Israel affected every aspect of economic activity, including the composition

of domestic spending (with investment in the civilian sector becoming a residual), the volume and direction of aid and trade (which shifted away from convertible currency countries in favor of Eastern Europe and the U.S.S.R.), the sectoral allocation of resources (distorted by military requirements), the climate for private investment and tourism, the pattern of regional and urban development (the three Suez Canal Zone cities becoming ghost towns, and creating a need to absorb nearly a million refugees mainly in Cairo and Alexandria), and the prospects for political and economic cooperation within the Middle East region. Defense spending has claimed a progressively greater share of resources (reaching about 15 percent of GNP in 1970/71 and 20 percent in 1973), 1/ largely at the expense of investment expenditure, which fell to about 10-12 percent of GNP in recent years. At this low level of investment, there was continuing deterioration of much of the capital stock, both infrastructural and directly productive.

5. Throughout the past decade, the balance of payments situation has constituted the most critical constraint to Egyptian development. Export growth (in volume) was sluggish, while Egypt's ability to borrow abroad was severely limited by political as well as economic factors. Consequently, the overall availability of foreign exchange was not sufficient to finance both the servicing of debt and a volume of imports consistent with the requirements of an expanding economy. Investment goods imports were inadequate in every year, and in some years the scarcity of foreign exchange resulted in serious delays in debt servicing and in insufficient supplies of raw materials and intermediate goods to fully utilize existing capacity. Hence, Egypt was caught in a vicious circle: debt servicing difficulties made it all-the-more difficult to obtain sorely needed foreign capital; in turn, scarcity of capital resulted in suppressed rates of investment and economic growth -- including the export growth needed to enhance the country's debt servicing capacity.

6. As described in the 1972 economic report, there were some auspicious economic developments in the period 1970-72, including growth in Government revenues; a resurgence of tourism; conclusion of new trade, aid and debt rescheduling agreements with Western countries; and some tentative moves in the direction of economic liberalization. The latter were mainly concerned with encouraging domestic and foreign private investments, but there was little effective response. The balance of payments situation worsened after mid-1972, further slowing growth in 1973 and in the first half of 1974.

7. Egypt adopted its First Five Year Plan in 1960. However, mainly on account of the involvement in the Yemen civil war in the mid-1960's, the draft Second Five-Year Plan (prepared for the period 1965/66-1969/70) was never adopted. Since then, planning has been on a short-term basis, with the Annual Budget and Foreign Exchange Budget constituting the main instruments of

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1/ Before 1973, the Egyptian fiscal and accounting year ended June 30; hence, the year 1970/71, for example, spanned the period July 1,1970-June 30, 1971. Beginning in 1973, the fiscal and accounting year is identical with the calendar year.

policy. Various drafts of a Third Five-Year Plan remained under discussion, but political and economic uncertainties precluded adoption of another multi-year plan. The latest version of a (draft) Plan was completed in 1972. This constituted a Ten-Year Plan (for the period 1973-82), broken into two Five-Year Plan periods. The 1973-77 (draft) Plan was discussed by the Cabinet and National Assembly in 1972 and 1973, but was not adopted. The Government is currently undertaking entirely new planning efforts.

Changes in Government, 1973-74

8. In February 1973, President Sadat formed a new Government, with himself as Prime Minister. Also at that time, the Ministry of Finance was merged with the Ministry of Economy and Foreign Trade, and the Deputy Prime Minister for Economic Affairs became as well the Minister of Finance, Economy and Foreign Trade. Internally, 1973 was on the whole a year of continuing gradual liberalization in political and social life; some new steps were also taken in the direction of economic liberalization (see below). In April 1974, a new cabinet was formed, and the Ministry of Finance, Economy and Foreign Trade was split into separate Ministries of Finance and of Foreign Trade. Some of the functions of the Ministry of Economy were taken over by a new Agency for Arab and International Economic Cooperation. This Agency was also charged with coordinating Egypt's economic relations with foreign governments and with private foreign investors.

International Relations

9. On the international front, Egypt continued to strengthen its activity as a force for conciliation in inter-Arab relations. In September 1973, steps were agreed for only a limited merger with Libya, with the timetable for further steps left open-ended. Thus far, the economic effects of this merger have been negligible, and the outlook is uncertain. However, Egypt considerably strengthened its relations with other Arab states. This was reflected in commitments of substantial financial aid before, during, and after the October war, from Saudi Arabia, Algeria, and several Gulf States. Other new developments in Egypt's international relations included restoration of diplomatic relations with the USA and with Jordan, and a new economic relationship with Iran. In February 1974, Egypt and Sudan signed an accord which provides for closer coordination of political and economic activities. This new stage in inter-Arab unity and cooperation, seen in conjunction with the progress towards peace in the region and the recently increased oil prices, is clearly having a profound effect upon Egypt's prospects for mobilizing private and official capital in aid of its economic development. High level coordinating committees were also established with a number of Western countries, to facilitate closer economic cooperation.

Impact of the October War of 1973

10. The direct economic impact of the war of October 1973 appears to have been fairly limited. Since the Canal Zone had been largely deserted since 1967, the war caused little dislocation of population, and physical

damage was limited mainly to the cities of Suez and Port Said. On the other hand, tourism dropped sharply, and earnings from petroleum fell as the major fields in the Gulf of Suez were temporarily shut down. But agricultural production was little affected, and the diversion of industrial production to military purposes was probably marginal. There was no significant new mobilization of manpower. The most serious economic difficulties stemming directly from the war appeared to result from a slowdown in shipping traffic at the Alexandria port. However, both the preparations for, and waging of, the war undoubtedly were reflected in the credit expansion and large increase of the money supply in 1973 (the latter by 22 percent, as compared with a real growth in GNP of less than 4 percent). Although direct price controls suppressed most of the resultant inflationary pressures, the price level may have risen by 6-10 percent in 1973. Moreover, an increased level of liquidity in the economy was carried forward into 1974. Inflation during the first half of 1974 was estimated at an annual rate of perhaps 15-20 percent or more.

11. Similarly, preparations for the war were no doubt partially responsible (along with higher import prices) for increased pressure on the balance of payments during the first half of 1973, as war-related imports (including additional food supplies) were purchased in greater amounts. Some direct costs of the war were financed by Arab grants. In addition to financing arms purchases, such grants provided about $700 million in 1973 in balance of payments support, inclusive of about $250 million received annually in place of Suez Canal revenues under the Khartoum Agreement. This aid permitted Egypt to sustain an enlarged trade deficit, to settle various debt arrears, and to increase temporarily its gross foreign exchange reserves.

Balance of Payments Developments

12. The enlarged trade deficit, however, did not permit the economy to grow faster. The period 1971-73 witnessed a widening of this deficit from less than $400 million to nearly $600 million. 1/ Exports, after having dropped in 1972, rose by about 25 percent in 1973, reflecting mainly improved cotton prices. Similarly, the level of imports changed only slightly in 1972, but the value of imports rose by 24 percent in 1973, reflecting almost entirely a change in prices rather than in the volume of trade. With more than one-third of Egypt's total imports consisting of foodstuffs (in particular wheat and flour), the rise in the international prices of these basic commodities was in large part responsible for the overall increase in imports and for the higher trade deficit. In 1972, wheat imports (including wheat flour), had cost about $115 million. Preliminary figures for 1973 indicate that the cost of wheat imports was between $400-$500 million. And in 1974, the cost is likely to be between $500-$600 million. Consequently, Egypt's capacity to purchase the imports needed for growth has been severely constrained. Capital goods imports, for example,

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1/ According to balance of payments data provided by the Central Bank. Data according to the Foreign Exchange Budget are described and discussed in Chapter III and in Annex 2.

amounted to little more than $200 million in 1973, or just over 2 percent of GDP. And the importation of intermediate goods imports in 1973 was not sufficient to prevent an increase in the level of unutilized productive capacity in both industry and agriculture.

13. The following table presents a summary of principal developments in Egypt's balance of payments in the period 1971-73.

Table I-1: BALANCE OF PAYMENTS SUMMARY
($ million)

	1971	1972	1973
Exports	850	813	1,014
(Cotton)	(404)	(373)	(438)
Imports	1,244	1,286	1,593
(Wheat)	(144)	(142)	(400)
Trade balance	-394	-473	-579
Services, net	-92	7	7
(Receipts)	(182)	(308)	(426)
(Payments)	(274)	(301)	(419)
Transfers (including grants)	279	295	649
Current Balance	-207	-171	+77
Medium- and Long-Term Capital net	147	145	-5
(Disbursements)	(297)	(358)	(328)
(Repayments)	(150)	(213)	(333)
Other Capital	-93	-5	-86
Overall Balance	-153	-31	-14
Memo Items			
Debt Service, medium and long term (MLT)	187	258	379
(Official)	(144)	(182)	(220)
(Suppliers)	(43)	(76)	(159)
Debt Service Ratio (on MLT debt only)	18.6	25.4	28.7

Source: Table 3.1 in Statistical Appendix but with "Other Capital" adjusted to reach Overall Balance as shown in Table 3.2 (converted to US$); see also notes to those tables.

14. There were no major changes in the direction of exports in recent years, although in 1973, the share of exports to Eastern European countries dropped to 52 percent, compared to 57 percent in 1971 and 1972. This was due mainly to lower cotton exports to those countries. In the marketing year 1971/72, 1/ cotton sales to convertible currency countries comprised only 30 percent of total cotton exports, while sales to payments agreements

1/ The marketing year is defined as September through August.

countries (Eastern bloc plus China) comprised 55 percent of the total (the remainder going to a few other countries under clearing arrangements). In the marketing year 1972/73, these proportions were 38 percent and 47 percent, respectively. Up to March of the 1973/74 marketing year, the shares were 62 percent and 30 percent, respectively -- nearly the inverse from two years previously. Similarly on the import side, it is apparent that as a result of rising prices of foodstuffs, a much larger proportion of total imports must have originated in Western countries last year, implying a need to generate convertible currency earnings to pay for these imports.

15. Following creation of the parallel foreign exchange market on September 1, 1973, the equivalent of $17 million in imports and $5 million in exports were channelled through that market through end-1973. 1/ The immediate impact of the parallel market on the balance of trade was slightly negative, reflecting the restricted availability of exportable goods in the authorized categories 2/ as well as the high level of domestic demand for intermediate goods and raw materials, and the limited scope of the parallel market itself.

16. The deficit on transactions in non-factor services (including some private transfers) was reduced from $67 million in 1971 to $47 million in 1972 and $5 million in 1973. The sharp reduction of the deficit in 1972 was mainly due to unidentified "other" receipts on services account, which rose by $111 million in that year; this item represents flows not allocated in different entries of the balance of payments, and it may include some transfers. The balance on factor services reached a surplus of $55 million in 1972, representing an improvement by about $78 million from the previous year's deficit. This was the result of substantial inflows of workers' remittances, reflecting partly no doubt the improved conditions for remittances through the parallel market. In 1973, the surplus on factor services was reduced to $12 million, due to a near-doubling in interest payments on foreign loans. The latter development reflected mainly a marked rise in short-term borrowing to finance imports. Overall, the balance on services account was in surplus by about $7 million in both 1972 and 1973. As may be seen from the table above, this was in contrast to a deficit of $92 million in 1972, as workers' remittances and interest payments had offsetting effects in 1972 and 1973.

17. Official transfers have played a key role in Egypt's balance of payments in recent years. This was especially true in 1973, when identified grants from foreign governments were more than double the amounts regularly paid since 1967 under the Khartoum Agreement. Consequently, the balance on

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1/ For a detailed review of the functioning of the parallel foreign exchange market, see Annex 3. Some discussion of the parallel market also follows in Chapter II.

2/ Egypt's principal exports, namely raw cotton, cotton yarn and textiles (except for 50% of exports over annual target for convertible currency exports), rice, petroleum and petroleum products, are not now included in the parallel market.

current account (which includes official grants) showed deficits of $207 million and $171 million in 1971 and 1972, respectively, but a surplus of $77 million in 1973.

18. Not all flows on capital account are clearly identifiable. According to official reports of disbursements and repayments on medium and long-term capital and suppliers' credits, there were net inflows on this account of $147 million, $145 million in 1971 and 1972, respectively, but a net outflow of $5 million in 1973. However, discrepancies between these data and the capital flows reported in the balance of payments are large. The overall balance also showed a declining deficit between 1971 and 1973. Underlying the improvement in 1973, however, were the exceptionally large official grants received in that year; if grants not falling under the Khartoum Agreement are excluded, the overall balance would have shown a deficit of about $350 million.

19. As of early 1974, the combination of increasing cotton prices, growing commitments of official foreign aid, and numerous expressions of interest on the part of private foreign investors, had not yet been translated into more rapid growth -- though the picture was expected to improve considerably in the latter part of the year. The immediate impact of increased petroleum prices on the economy was mainly indirect (e.g. through higher fertilizer and cotton prices), as in 1974 Egypt's exports and imports of petroleum and petroleum products *per se* will become approximately equal. But early in 1974, there was still insufficient foreign exchange available to permit simultaneously: (a) the maintenance of heavy food imports; (b) a higher level of imports for investment in the country and for reconstruction activity in the Suez Canal Zone; (c) continuing reductions in debt arrears; and (d) a fuller utilization of existing productive capacity (for which increased imports of raw materials, intermediate goods, spare parts, etc.) were required. And this scarcity persisted in spite of Egypt's heavy short-term borrowing, particularly since mid-1973. Thus, by February 1974, the proportion of unutilized industrial capacity had risen to an estimated 35 percent, and -- given the depleted level of inventories and the continuing rise in intermediate goods import prices -- the proportion may have been even higher by mid-1974. The continuing scarcity of foreign exchange was clearly the main cause of this situation.

20. In the face of growing balance of payments pressures in 1973, Egypt resorted very heavily to short-term bankers' facilities to finance its needs. As recently as mid-1973, the total use of such credits was only about $330 million. But this rose to about $1.1 billion by end-1973 and in early 1974 may have reached $1.3 billion. This great reliance on short-term credits reflected the scarcity of medium- and long-term financing, as delays in debt service during the first half of 1973 led a number of export credit insurance agencies to remove their coverage. However, Egypt's scrupulous servicing of its banking facilities led to continuing and expanding availabilities of this source of finance.

External Debt and Debt Service

21. Egypt's estimated total debt (outstanding and disbursed), including short-term debts, as of December 31, 1973 was $3.5 billion, equivalent to 38 percent of GNP. Of this total, 61 percent represented medium- and long-term debt and suppliers' credits, 14 percent short-term banking facilities, 9 percent Arab deposits with the Central Bank of Egypt, and 16 percent accumulated gross liabilities on bilateral clearing and special accounts (see Table 4.7 in the Statistical Appendix). The average terms of borrowing (calculated for medium and long-term debt outstanding on December 31, 1972, as reported to the IBRD) are shown in Table 4.4 in the Statistical Appendix.

22. More than half of the total medium- and long-term debt outstanding (including undisbursed) is owed to Eastern European countries and China. Only about one-quarter of outstanding debt with Western countries was left undisbursed at end-1973, compared with more than half of the debt to Eastern countries. This reflects both the high proportion of suppliers' credits in borrowing from Western countries (the relatively short duration of these loans), and the dominance of a few large frame agreements in the financing from Eastern sources.

23. The following table provides a summary of Egypt's debt outstanding as of end-1973.

Table I-2: STRUCTURE OF THE EXTERNAL DEBT
($ million)

	Outstanding and Disbursed December 31, 1973	Repayment/1 due in: 1974	1975	1976	1977	1978 and after
I. Principal						
1. Medium- and long-term loans, official	1,698	214	192	163	151	979
2. Suppliers' credits	441	236	146	30	11	13
Total	2,139	450	338	193	162	998
II. Interest (Total, including mission estimate for suppliers' credits)		93	73	36	31	102
III. Debt Service Ratios (Medium- and long-term loans, including suppliers' credits)		30.8	20.4	8.8	6.1	.
IV. Memorandum Items						
3. Other Financing						
- Financial institutions (banking facilities)	498	.	.	.	.	.
- Balance due on bilateral accounts (gross liabilities)	582	n.a	n.a.	n.a.	n.a.	n.a.
- Deposits	308	.	.	.	.	.

/1 Repayments due only on debt contracted through December 31, 1973, but including repayments due on portion of existing debt disbursed after December 31, 1973; official forecast.

24. As shown earlier (Table I-1), repayment obligations on medium- and long-term debt (including suppliers' credits) rose rapidly in the period 1971-73, from $150 million to $333 million. And as may be seen from the above table, repayment obligations will constitute a heavy burden on Egypt's balance of payments during the next two years. Nearly half of medium- and long-term loans outstanding at end-1973 from Western countries, and 40 percent of loans

from Eastern countries, have to be repaid by end-1977. 1/ The burden of repayment is greatest on suppliers' credits, for which the ratios to outstanding amounts are 53 percent in 1974 and 33 percent in 1975. By the end of 1977, 96 percent of suppliers' credits outstanding at end-1973 are scheduled to be repaid.

25. As already noted in Table I-1, the net financing contribution of medium and long-term borrowing in recent years has been small. Moreover, total repayment obligations are much higher than the previous figures show when short-term obligations and interest payments are included. 2/

26. The servicing of debt claims a considerable proportion of earnings from Egypt's exports of goods and non-factor services. In 1973, the debt service ratio for medium and long-term loans alone represented 18 percent of total exports. The inclusion of servicing obligations on suppliers' credits raises the ratio to 29 percent, while if repayment of outstanding banking facilities is added, the ratio rises to 58 percent. The last figure is misleading, however, in that rollovers of the short-term debt do not constitute a net claim on resources. Nevertheless, as indicated above, high debt service ratios are expected to continue through at least 1975, even if only existing medium and long-term debt is taken into consideration. A discussion of the issues and alternatives relating to the future debt management follows in Chapter III.

1/ Owing to certain "built-in rollover" provisions of some medium- and long-term debt repayment arrangements (namely, those already rescheduled), the actual burden in terms of a required resource transfer is somewhat less than implied by these figures. But the amounts concerned are not large enough to affect the overall picture.

2/ It is estimated that the repayment due on banking facilities including rollovers taking place within each year would amount to about $700 million in 1974 and $600 million in 1975.

II. OBJECTIVES AND PRIORITIES

27. As of mid-1974, Egypt appeared to be on the threshold of a new stage in the country's economic history. In the aftermath of the October 1973 conflict and subsequent developments, the prospects for peace in the region appear much-improved, offering the possibility that resources may gradually be transferred from military to civilian uses. Egypt has also taken a number of significant moves to implement a new development strategy envisaging expansion of the private sector, encouragement of foreign private investment, and some replacement of administrative controls by market incentives. These changes point in the direction of a significant restructuring of the economy. Meanwhile, a whole new set of external relationships has evolved between Egypt, its oil-producing Arab and other neighbors, Western powers, and Japan. The new relationships have profound implications for Egypt's balance of payments position. Egypt's economic problems remain formidable. But these recent developments portend a greatly improved prospect that the "engine of growth" -- which has been derailed for nearly a decade -- can be put back on its track, and thereby restore the country's creditworthiness.

28. In the aftermath of the war of October 1973, President Sadat prepared a new formulation of Egypt's long-run national objectives for economic and social development. These objectives were set forth in a document known as "The October Working Paper". This document was debated in the Peoples Assembly in April 1974 and approved by popular referendum in May 1974. It appears to constitute an important reference point for emerging policies.

The October Working Paper

29. In the Paper, President Sadat observes that, whatever mistakes characterized past implementation of the Revolution of 1952, the Revolution's greatest success had been "to save Egypt from the harsh strife between classes which many other countries had witnessed." Among the successes of the Revolution noted were: the emancipation of women; the Agrarian Reform Law; nationalization of the Suez Canal; the setting up of many public sector enterprises; and provision by the state of increased employment opportunity, education, and other social services. The Paper then refers to the need which arose for corrective measures, and it cites May 1971 as the beginning of a "corrective movement" whose aim was "to define a new kind of relationship between the Government and the people." The most important objectives of this corrective movement are: assertion of the sovereignty of law; respect for the judiciary; and the laying down of safeguards through which citizens may know their rights clearly and easily. The theme of "sovereignty of law" is sounded repeatedly, reflecting the President's view that the people's confidence (and in turn the country's investment climate), rest heavily on this plank of the Government's new platform. In the Paper, the President speaks also of his continuing belief in socialism, and he explains how the new emphasis in economic policy in no way contradicts the principles of the 1962 Charter, as embodied in Egypt's Permanent Constitution. The October Paper emphasizes that the objectives and programs of the corrective movement, as newly elaborated here, represent in

fact a continuing adherence to unchanged principles; what is new, it is maintained, are only the means of application of original principles, as required by changing circumstances.

30. In looking to the future, the Paper speaks of the need to bring to bear upon Egypt's economic problems "all available productive motive powers", including those of the private sector and the cooperative sectors, in addition to the dominant public sector. In this context, it speaks of the economic "open door policy" which will offer wider vistas for Arab and foreign investments — all within the framework of national planning. The Paper forthrightly recognizes some of the shortcomings in Egypt's existing economic structure, namely: the excesses of bureaucracy; the burden of certain utilities, which "should not have been annexed to the public sector": large-scale underemployment in the public sector; disincentives to private sector and firm-level initiatives, caused by contradictory or arbitrary Government interference; and the high cost of the Government's employment and price stabilization policies. The Paper then calls for new approaches to reorient and to improve efficiency in the public sector. However, it is made clear that within the framework of new policies to encourage both the private sector and foreign investment, the public sector will "remain the basic instrument of expressing the national will in shaping the national economy."

31. The document identifies several specific economic objectives, including: (a) improving economic cooperation with Arab countries, to which Egypt offers a large absorptive capacity for investment of their surplus resources; (b) encouraging the inflow of foreign investment and technological knowledge from all sources; (c) developing industrial exports in order to finance, inter alia, growing imports of food supplies; (d) creating free trade zones to exploit Egypt's outstanding geographical position and to aid industrial development; (e) encouraging oil exploration and tourism development as a priority sectors; and (g) undertaking new policies affecting social development.

32. With respect to the institutional and administrative framework envisaged for the future, the need is cited for "decisive movement towards redistribution of authority", with provincial and local governments to take on greater authority vis-a-vis the Central Government in Cairo. Regionalization and decentralization are seseen to be the basic principles for drawing a "new map of Egypt." These changes will necessitate, the Paper observes, "a change...in the philosophy of planning, in the planning machinery, and in planning responsibilities." The public sector is still seen to be the "spearhead of advancement and reconstruction", but the need is recognized for planning to serve foreign investment as well. Thus, centralized planning is to continue, but the execution of plans is to be decentralized, both in terms of regions and organizations.

Policy Objectives and Priorities

33. During the last two years, the Government's declared political objectives have been to resolve the Middle Eastern conflict, reoccupy Sinai, and achieve a peace settlement. Only after these objectives were achieved,

it believed, could greater resources and attention be devoted to the country's economic development. Now, in light of the progress towards peace achieved in recent months, the country is in a period of major transition with respect to its overall economic policies. One sign of the changed atmosphere is seen in a growing openness and extent of public debate of subjects heretofore undebatable (e.g., the case for denationalizing certain public enterprises). More specifically, the Government is turning its attention to: (a) restoring full utilization of existing capacity in industry, and providing agriculture with the imported inputs needed to more fully utilize that sector's productive capacity; (b) rebuilding the infrastructure, and rehabilitating run-down and obsolete equipment in the productive sectors; (c) reconstructing the Suez Canal area; (d) completing on-going projects (iron and steel, aluminum, fertilizers, etc.); and (e) moving ahead with new investments to expand output from agriculture industry, tourism and other sectors. Given its desire to move ahead simultaneously on all these fronts, the Government also recognizes the need to improve the institutional and policy framework. This it plans to do by: (f) improving the decision-making apparatus in the public sector, including through reducing bureaucratic bottlenecks and decentralizing decisions to the firm or enterprise level; (g) providing a better business and investment climate for the private sector; (h) improving the planning machinery, and preparing new Interim (1975) and Five Year (1976-80) Plans which reflect the new circumstances; and (i) taking steps to improve the country's external debt and balance of payments positions, i.e., restoring creditworthiness.

34. Some significant steps toward liberalization have already been taken. Notable among these have been the widening of the parallel foreign exchange market and passage of a new Foreign Investment Law. In addition, there has been a reduction of certain consumption subsidies, an easing of some price controls, and an abolition of exit visas. A study of the public enterprises has been launched to determine which enterprises are meeting the tests of "real" economic profitability (according to accounting procedures which aim to identify now-hidden subsidies and to quantify costs of direct controls). A new Minister of State for Management Development and Administrative Reform (a new position in the Government) has also been appointed, reportedly with a principal function to formulate a program for rationalization of public enterprise operations.

35. The objectives described in (a) through (e) in para 33 above may be described as proximate objectives, achievement of which will require the mobilization of domestic and foreign financial, technological and entrepreneurial resources on a large scale. And insofar as Egypt's resources are inadequate for it to move ahead rapidly in all these areas, the establishment of priorities in resource allocation will remain a critical issue. In the past, the Government has shown a propensity to tie up much of its scarce investible resources in a few large prestige projects, some with dubious economic returns, and the decision-making framework has been such that economic criteria have often failed to be applied, particularly in the allocation of foreign exchange, whether for current imports (e.g., raw materials and spare parts to ensure utilization of existing capacity) or for capital goods imports (where the opportunity cost of resources used for new projects had also to be weighed against returns to completing on-going projects). In the context of the pressing scarcity situation characterizing the past year or so, the authorities have taken a number of constructive

policy steps in the areas described in (f) through (i) above. High priority is now being given to the utilization of excess capacity, and restraint is being exercised in the undertaking of new projects, -- as appropriate to the circumstances. A few major on-going projects of questionable economic priority still dominate the present investment budget (e.g., iron and steel, aluminum); but in view of the resources already committed to them and the nature of the financing (in non-convertible currency, mainly from the USSR, these projects no doubt warrant completion.

36. There is still a great need to strengthen the decision-making process, particularly in the area of foreign-exchange allocation. And there may be a growing danger, as the scarcity situation eases, that appropriate economic criteria will be overridden by political exigencies in the allocation of resources for large-scale reconstruction or other new projects. But the Government currently appears to recognize the continuing need to emphasize projects or programs having both a short gestation period and a direct export-earning or import-saving impact. Thus, the announced priorities -- idle capacity utilization, tourist development, petroleum and mineral exploitation, reopening of the Suez Canal and construction of a Suez-Alexandria oil pipeline (the Sumed project), agro-industry and "vertical" development programs in agriculture, and industrial projects in fertilizers, cement, textile rehabilitation, etc. -- appear generally appropriate. The Government also recognizes that growth in these areas will require selective renovation and additions to the infrastructure (transport, communications, utilities, housing, etc.), where gestation periods are typically longer and payoffs will not directly aid the balance of payments. However, the priorities among infrastructure projects -- and between them and the more directly-productive projects -- remain to be determined. Decisions concerning the scope and direction of public investment in infrastructure will have to be placed in the context of an overall development strategy which gives due emphasis to regional factors and to the desirability of promoting urban vis-a-vis rural development. The Government's specific objectives in these areas, together with a discussion of the policy measures intended to implement those objectives, are expected to be spelled out in some detail in the Interim Plan and in the 1976-80 Five Year Plan.

37. Turning to some specific Government actions with respect to the objectives described in para. 33 above, a number of steps have been taken to cope with the problem of excess capacity, and other steps are being contemplated. As described in Chapter V, capacity underutilization in industry was estimated at over 30 percent in early 1974, while agricultural output has also been constrained by a lack of foreign exchange for importing fertilizers, pesticides, spares for agricultural machinery, etc. First, the comprehensive review of unutilized capacities in the industrial sector, undertaken by the Ministry of Industry, was an important initial step. Second, the institution of the parallel exchange market in September 1973 was a measure to encourage exports to convertible currency areas and to use the proceeds for import of inputs and spares. The parallel market has helped to provide private sector enterprises with convertible-currency imports for utilizing existing capacity

as well as for expansion. Third, there is general awareness that the structure of administrative regulations and procedures needs to be simplified and overhauled. Specific proposals have been drawn up (particularly in the field of foreign trade) and are under discussion. These proposals are in the direction of less centralization and a greater (though limited) freedom for public sector enterprise management. And fourthly, the Government has made a substantial (and largely successful) effort to obtain commodity as well as project aid from bilateral and multilateral aid donors, with the consequence that new efforts are now required to coordinate that assistance.

38. With respect to the rebuilding of infrastructure, Chapter V provides an indication of the extent to which Egypt's infrastructure and industrial capital stock has been run down. The need to "reconstruct" the economy is, therefore, by no means limited to the Suez Canal nor should it be thought of as an exclusive concern of the Ministry of Reconstruction. The requirements of reconstruction are found throughout the economy, in the institutional as well as in the physical infrastructure, and in the need to rehabilitate and renovate equipment in almost every sector.

39. The reconstruction of the Suez Canal area is discussed in a following section of this chapter. With respect to the objective of undertaking a large program of investment in new projects, Egypt is now looking to attract Western and Japanese technology (including management and marketing skills), in conjunction with foreign (including Arab) capital, to combine with Egyptian resources in ways which enable a variety of new projects to be undertaken. To promote this objective, a government Agency for Arab and International Economic Cooperation (AAIEC) was established in February 1974. The Government recognizes that a new planning framework is needed to establish priorities and investment criteria, not only for further public sector investment, but also to guide private, foreign, and joint-venture investment into priority sectors and projects, including tourism, cement, fertilizers and petrochemicals as fields for private investment.

40. In recognition of the fact that the undertaking of a massive new investment program would require mobilization of private capital, a new foreign investment law was passed in 1974. While this law could still benefit from a greater degree of specificity in some of its provisions (see Chapter V), it nevertheless represents an improvement over the previous law, and its general language and incentives should serve to improve the investment climate for foreign investors. Similarly, the investment climate for potential entrepreneurs in the Egyptian private sector has also been improved by the new official recognition given to that sector's role in the economy. The previous environment of uncertainty regarding nationalization and sequestration has given way to a new confidence and optimism among private Egyptian businessmen.

41. The new trend towards a more open economic policy appears well established. But the new policies are still in a formative stage, with many major decisions remaining to be made or implemented in a meaningful way. What is now required is a program for implementing the objectives of the October Paper, in which: the role of Government decision-making is clarified and rationalized; priorities are clearly established in accordance with

appropriate economic criteria; the scope of operations of public, foreign and private firms is defined; and measures are outlined to improve the allocation and incentive systems (as they affect both private and public sectors) through reform of the prices of foreign exchange, capital, and products.

42. In particular, there is still a need for further clarification of the status of private firms, the permitted scope of private investment, and of the role of workers in decision-making by firms. The employment laws affecting both the Central Government and public enterprises also call for a new look, in order that horizontal as well as vertical mobility of labor can be increased. The Government's objectives with respect both to use of demobilized manpower and to immigration and emigration need to be clarified. The Government envisages that increased export of manpower will help to relieve domestic unemployment as well as aid the balance of payments through increased worker remittances. On the other hand, the reconstruction and development needs of the Egyptian economy will call for large numbers of skilled workers, technicians and managers whose opportunity cost in the domestic market will rise as the economy gets moving again. Thus, manpower planning will deserve increased attention, as it will be highly relevant to the prospects for private investors as well as the public sector. 1/

43. It has been recognized that foreign investment is needed particularly in industries which are technologically sophisticated, capital-intensive, or require special marketing knowledge. Public investment will of course be critical in infrastructure development, where subsectoral studies are needed to establish priorities both within and between the subsectors (e.g., transport, power, etc.) and to formulate alternative programs depending on the amount of financing available. Investment decisions affecting both infrastructure and directly productive activities also need to be better informed about the economic (cost-benefit) implications involved, as the present system of allocating funds among competing claimants through a bargaining process, and with only limited reference to prices and profits, will not be conducive to promoting rapid development as envisaged in the October Paper. As the October Paper states, the public sector is expected to remain dominant, but Egypt may benefit from the lessons of experience of countries such as Yugoslavia or Hungary as it moves to decentralize decision-making and to modernize existing firms.

Reforming the Price System

44. In any event, the decentralization of decisions on production, prices and the use of foreign exchange will call for adoption of a rational price system. In the short-run, the system will need to be oriented in large part to improvement of the country's balance of payments position. As has

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1/ The Government has reportedly prepared a study of the implications of demobilization, but this has not yet been made available to the public. Concerning the overall employment situation, see also Part A of Chapter V.

been emphasized repeatedly, Egypt's foreign exchange scarcity is the dominant constraint to the country's growth. In this situation of scarcity, the process of foreign exchange allocation is central to guidance of the country's development process. An important step towards improving this allocation process will be to further extend the parallel foreign exchange market, as recommended by the IMF, i.e., to include virtually all transactions with convertible currency countries, excepting exports of petroleum, cotton and rice, and imports of certain basic "supply" (mainly food) imports. Such an action would not itself constitute a sufficient condition for stimulating exports or improving allocations, of course, unless there were simultaneously major changes to give other prices and profits a larger role in signalling decisions and rationing resources. But it would clearly be a step in the right direction. Other recommendations for improving allocation appear in succeeding chapters.

45. The Egyptian authorities are understandably concerned about the potential domestic price consequences of a significant broadening of the parallel market. They appreciate that Egypt's official exchange rate is significantly overvalued, and in need of additional realignment. Thus far, however, most analyses of the use, coverage, and implications of extension of the parallel market have been made in the light only of balance of payments considerations. Therefore, the authorities believe that there is a need for further study of the potential impact of a major exchange rate realignment on prices, income distribution, the budget, and on overall resource allocation. Government policy for many years has been directed towards keeping prices and wages stable. But the sharp increase in international prices (especially wheat, of which Egypt imports nearly 3 million tons) has recently put Egyptian relative prices much further out of line with world prices. It will not be an easy task, therefore (either psychologically or politically) to completely reverse this policy, notably because of its implications for consumption and income distribution.

46. While rationalization of the exchange rate appears to deserve highest priority, establishment of a more rational price system will call for adjustments in interest rates and product prices as well. Like the undervalued exchange rate, low interest rates have a bias in encouraging capital-intensive production methods, whereas Egypt's population and employment situation appear to call for a long-term development strategy which emphasizes labor-intensive industry and production methods. In addition, low interest rates may discourage domestic savings, and lead to capital flight. A related but broader question deserving attention is the potential role of a capital market in Egypt. There remains considerable talent and financial sophistication within Egypt's banking system which might more fully use its now-underutilized capacity in the context of a liberalized financial market.

47. With respect to product prices, it will be necessary to bring producer prices of traded commodities into better alignment with world market prices, if Egypt is to exploit fully the possibilities offered by international trade. This need not preclude the maintenance of a dual price system for some staples, where social considerations call for subsidizing consumption. To the extent that land taxation encounters difficulties, exceptions

may also be warranted in the pricing of agricultural products. However, the need to improve the utilization of land calls for adjusting relative prices of products competing for particular land areas to better reflect world-market price relations, with account taken of the elasticity of foreign demand. At present, domestic price relations differ from world market prices to a considerable extent, so that a different ranking of the main staples (cotton, rice, wheat and sugar) is obtained, depending on whether profitability is measured in domestic or in world market prices. Changing product composition in line with world market price relations would then permit increasing agricultural exports and/or reducing imports. Industrial prices are also distorted to a considerable extent in Egypt. For example, the price of cement is substantially below its price in foreign markets while the domestic price of steel is higher than the import price. The need to improve resource allocation and to provide appropriate incentives to foreign and private firms will call for the correction of distorted price relationships, and for a new look at the structure of tariffs, export taxes, and subsidies. Egypt will have to give special attention to the principles of pricing of key intermediate goods and services (such as natural gas, electric power, and transport services) in order that the country's comparative advantages are fully exploited, and uneconomic projects are not unduly subsidized.

Economic Plans for 1974 and 1975

48. Egypt's annual plans typically describe the investment program for a coming year, but have so far been devoid of discussion of policies required to implement the country's economic objectives. As now constituted, the Annual Plan is not truly an instrument of decision-making. Actual allocations are made in the Interministerial Committee for Planning and Production where -- in the absence of reliable data, objective criteria, and a well-defined authority on economic matters -- decisions reflect largely the outcome of a bargaining process which is repeated at lower levels. As indicated in the October Paper, the Government intends to overhaul its planning process, and a new Minister of Planning (appointed in April 1974) is currently supervising the preparation of three new planning exercises: an Interim Program, to cover 1975; 1/ a new Five Year Plan, to begin January 1, 1976; and a new Perspective Plan, to consider the country's needs and prospects until the year 2000 and beyond.

49. While the rapid pace of events has made the existing 1974 Economic and Social Development Plan somewhat dated, it still constitutes a broad outline of the Government's existing investment program for the year. This Plan, which was approved by the People's Assembly in December 1973, envisaged GDP growth of about 6 percent (in real terms), compared with an estimated 4 percent in 1973. According to this Plan, production in all sectors (with the exception

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1/ As of spring 1974, it had been intended that the Interim Plan would cover the 18-month period July 1974-December 1975; as of end-August 1974, however, it appeared that the Interim Plan would be only a 1975 plan.

of the activities of the state-owned construction agencies) was expected to increase as a result of commissioning of new capacity, higher utilization of capacity in industry, changes in the agricultural crop composition, and an easing of the war situation. The projected absolute decline in construction activity reflected the great scarcity of construction materials, which resulted in a moratorium on the construction of public buildings. However, the step-up in reconstruction in the Suez Canal area will no doubt lead to an upward revision of this estimate. As noted earlier, the foreign exchange scarcity persisting up to mid-1974 was resulting in a worsening of the capacity utilization problem, especially in industry. Thus, even if new resources ease this constraint in the latter part of 1974, as appeared to be the case, growth for the year as a whole seems unlikely to be as great as projected. The following table shows the original growth targets for the year.

Table II-1: GROWTH TARGETS OF 1974 PLAN
(% growth of GDP at factor cost, constant prices)

Commodity sectors	4.5
Agriculture	2.8
Industry and mining	8.1
Crude petroleum and products	12.6
Construction	-3.3
Electricity	6.5
Distribution sectors	7.5
Transportation and communication	11.0
Trade and finance	5.4
Services sectors	7.8
Housing	2.1
Public utilities	3.6
Social services	8.8
Total increase in GDP	5.9

50. The 1974 Plan aimed at providing new civilian work opportunities for an additional 161,000 workers, thereby raising civilian employment by 1.8 percent (from 8.98 million to 9.12 million). Major portions of this increase were projected to be absorbed by agriculture (27 percent), industry (21 percent) and the services sectors (40 percent).

51. The 1974 Plan envisaged public fixed investment of £E 520 million — an increase of nearly 25 percent over 1973. Investment in the private sector was estimated at £E 30 million or about 6 percent of the total. Subsequent to the Plan's adoption, the Ministry of Reconstruction was allocated

LE 32 million for investments in the Suez Canal Zone and an investment reserve of LE 10 million was made available for additional investments in tourism.

52. The initial investment program had a very high (53 percent) projected foreign exchange component, due mainly to the importance in the program of a number of large, capital-intensive projects (e.g., Sumed pipeline, iron and steel complex, aluminum plant, ship purchases, etc.). Of the total foreign exchange requirements of the program, some 78 percent was to be provided under credit facilities (13 percent from Payments Agreements countries, 65 percent from convertible currency countries) while 22 percent was to be provided in cash (with 7 percent in Eastern bloc currencies and 15 percent in convertible currencies).

53. The 1974 investment program consists in large part of a few major carry-over projects (iron and steel, fertilizers, aluminum, etc.). Major new investment allocations are related to production of poultry (LE 38 million including LE 32 million in foreign exchange); the first stage of the Suez-Alexandria pipeline (LE 68 million including LE 56 million in foreign exchange); purchases of aircraft for MISRAIR (LE 15 million in foreign exchange); and procurement of freight ships and tankers (LE 28 million in foreign exchange). Most of the remaining investment funds are directed to completion of ongoing projects. This resulted in only marginal funds being allocated to social sectors, particularly housing and public utilities. Details of the 1974 investment budget are found in Table 2.8 in the Statistical Appendix.

54. While the 1974 Plan did not address itself specifically to the matter of priorities in using (fungible) cash resources for new projects (e.g. ship purchases) vis-a-vis purchases of raw materials or spare parts needed to improve capacity utilization, the cabinet was aware of such requests made by various sectors. Thus, for example, the Ministry of Industry's request for LE 220 million in raw materials was cut to LE 150 million, even though further import price increases were expected.

55. In the context of preparing its Interim Plan, the Ministry of Planning will further amend the investment program for the last months of 1974, and determine an appropriate investment program for 1975, given various alternative estimates of resource availability. These alternatives hinge on the volume of prospective aid from foreign donors as well as on developments in the new "joint venture sector."

56. During the mission's visit to Egypt (May 1974), it was indicated that the 1975 investment program would aim at an investment level at least 20 percent above 1974's. Some implications of this (arbitrary) estimation, implying a 1975 investment program of LE 670 million, were examined by the Ministry of Planning in an internal exercise, whose preliminary results were made available to the mission. These were that: (a) the 1975 investment program would be limited essentially to completion of ongoing projects; (b) some additional resources could be made available for rehabilitation of economic and social infrastructure, though these would still fall short of the essential requirements of those sectors; (c) foreign exchange requirements for 1975, estimated at LE 270 million, would be lower in aggregate than the LE 282 million required for 1974 (reflecting a lower import intensity of the

program); and (d) GDP at 1974 factor cost could increase by as much as 8 percent during 1975, if projects were completed on time and existing capacity were more fully utilized. It is possible that GDP growth in 1975 could be even higher (over 9 percent), if a great part of the "catching up" in capacity utilization can be concentrated in that year.

Reconstruction in the Suez Canal Zone

57. The disengagement of military forces along the Suez Canal in March 1974 opened up the three Canal Zone Governorates of Suez, Ismailia and Port Said for resettlement of civilian population. The majority of the population had been evacuated to safer areas after the 1967 war. With the reopening in March 1974 of the Ismailia canal from the Nile, irrigated cultivation in Suez and Ismailia will start up, and the rural population can return and start rebuilding their houses and clearing the land. Government statistics concerning the population affected in the Canal Zone area are as follows:

Table II-2: POPULATION IN THE SUEZ CANAL AREA

Governorate	Census 1966	Projection 1980
Suez	264,098	429,000
Ismailia	344,789	538,000
Port Said	282,977	427,000
Total	891,864	1,394,000

It is expected that by the end of 1974 approximately one third of the evacuees will have returned; those remaining will be settled gradually during the next two years.

58. Destruction in this Zone has been considerable. The Government estimates that in Suez, 85 percent of all buildings are so badly damaged that they will have to be demolished. In Ismailia, the damages are said to be nearly as bad, though Port Said has suffered less. Rural areas near the Canal have been partly demolished, schools and health centers stripped bare, and water installations destroyed. It is clear that major investments in repairing or replacing infrastructure (power, transport facilities, communications, water and sewage, as well as housing) will be a precondition of fully-resumed settlement and economic growth in these areas.

59. A newly-created Ministry of Reconstruction (now combined with the existing Ministry of Housing) has sole responsibility for the reconstruction and development of the Canal Governorates (Port Said, Ismailia and Suez), and additional responsibility for development of: the Sinai peninsula; the northwest coast; the western desert; social infrastructure in Cairo and Alexandria; and new satellite cities.

60. In the light of the well-publicized large-scale ($9 billion) program objectives announced by the Ministry of Reconstruction in early 1974, there appeared some danger that these objectives might claim a disproportionate share of Egypt's total resources — in some cases for uneconomic or low-priority projects (e.g. projects of long-gestation and/or projects which might create a net drain on the balance of payments). This does not yet appear to be a serious problem, though the Ministry has experienced some difficulty in organizing its planning efforts and in coordinating its prospective activities with those in the rest of the economy. To date, most of the planning of reconstruction has been physical planning rather than economic or financial planning. The Government expects that major infrastructure projects envisaged for the Suez Canal Zone will be financed largely by aid specifically earmarked for reconstruction of that area, with new industrial projects to be financed mainly by private foreign investors attracted to free trade zones located therein. However, creation of fully-operative free zones will in any event require some years to implement. It should be recognized by the Government and prospective donors alike that an excessive earmarking of aid for construction in the Canal Zone could lead to an allocation of resources not in keeping with the country's overall investment priorities. Whether directly or indirectly, it is the entire economy which has suffered from inadequate investment, replacement and renovation over the past decade. Hence, the need for "reconstruction" is found throughout the country, not just in the Suez Canal area. Moreover, it should be borne in mind that the same investment criteria which are relevant to the economy as a whole should also be applied to the allocation of funds earmarked for Suez Canal area reconstruction.

61. Thus far, Egypt's investments in the Canal Zone have been confined to restoration of basic facilities, in order to make the area habitable. In 1974, the Ministry was originally budgeted only LE 32 million, of which about LE 12 million consisted in foreign exchange. The main components were: reconstruction of housing (LE 11 million); rehabilitation of roads (LE 2.5 million) and electricity (LE 4 million); repair of partially damaged industrial plant (LE 3 million); restoration of irrigation channels (LE 2 million); clearing of wrecks from harbors (LE 1 million); and the remainder on other public utilities, health, and education facilities (LE 8.5 million). The immediate objective of the Ministry is to restore "normal" life to the Canal area. The first phase of the reconstruction task in this area is to be completed by October 6, 1974. First priority work, as noted above, involves the removal of rubble, repair of buildings (and reconstruction of houses damaged beyond repair), mending of roads and railways, and provision of social facilities. A specific target is that schools should be ready to receive 100,000 students for the academic year starting in October 1974. Additional amounts of LE 20 million and LE 48 million (beyond the LE 32 million originally allocated) were made available to the Ministry in mid-1974 in order to accomplish these objectives, raising the total expenditure for reconstruction activities in 1974 to some LE 100 million. It it was made not clear to the mission how this was planned to be financed. Clearly, social and political pressures bore heavily on these decisions to accelerate the construction program, in order to achieve certain physical targets. But as emphasized above, it is clearly a matter of urgent necessity that sound economic as

well as physical and financial planning govern the process of allocating large amounts of resources to reconstruction, whether in the Suez Canal Zone or elsewhere in the economy.

62. The initial indicative investment budget for 1975 allocated some LE 60 million for reconstruction, though Ministry of Planning officials suggested that the eventual 1975 allocation might be close to LE 200 million. As this would constitute some 30 percent of the total investment currently projected for the economy as a whole, clearly special attention should be given to this program to ensure that it is not unjustifiably at the expense of meeting high priority needs elsewhere in the economy. Expenditure priorities for 1975 are expected to follow roughly the priorities established in 1974, with substantial sums devoted to repair industrial plant, housing, and public utilities; a substantial allocation in 1975 is also expected for port rehabilitation -- clearly a matter of high economic priority.

63. The Government is now exploring alternative means for undertaking master planning of future development in the Canal Zone. An initial survey by the Ministry of Reconstruction indicated: (a) that Port Said could be expanded substantially by establishing a new harbor and creating a free trade zone; (b) that Ismailia could be developed as headquarters of the Zone, with a provincial university, and an economic base supported by agro-industry and construction materials industries; and (c) that Suez could be developed as an industrial city with petrochemical and other heavy industry. A plan to extend the free zones along the entire Canal area was also considered. The Minister of Reconstruction currently proposes that these and other major developments be completed in 10-15 years, at a cost of perhaps LE 3 billion ($8 billion), not including costs of reopening or expanding the Canal itself, with financing from Egyptian, Arab and other foreign sources.

64. Although some foreign offers for investment in the Canal Zone have been received (notably from Iran and the USA), it is now envisaged that most major new investments will take place only after completion of an overall "masterplan" for development of the Canal Zone. By July 1974, the Government had already issued terms of reference for masterplans of the three Canal Zone cities to some 24 consulting firms. The UNDP and World Bank Group have expressed their willingness to assist Egypt in preparation of the regional development masterplan, and to support its financing.

III. GROWTH PROSPECTS AND THE BALANCE OF PAYMENTS OUTLOOK

65. While the Egyptian economy faces considerable problems in the short-term, the prospects for the medium and the longer run are much more promising. The country has potential which in the new situation could effectively be utilized to provide the basis for sound future growth.

Assets for Development

66. In comparison with many developing countries, Egypt is relatively favored in terms of: its geographical, natural, and human resources; the size of its domestic market; the extent of its existing infrastructural development (notwithstanding the recent deterioration of some of this infrastructure); its technical and managerial experience in agriculture, industry, and other sectors; and its historical importance in world political and economic affairs. Among Egypt's natural resources is an agricultural sector which offers yet-unexploited comparative advantages in soil, climatic conditions, and water control, that should enable it to become a major supplier of fruits and early vegetables to European and other markets. There are also potentialities in existing technologies to improve domestic yields of rice, wheat, and maize, and to develop local livestock production. And when filled, Lake Nasser promises considerable opportunities for fisheries development.

67. Natural resources offering new prospects for industrial development include deposits of oil, natural gas, limestone, phosphate rock, some other mineral deposits, and potential new hydro-power development. The agricultural sector has provided the base for Egypt's well-developed traditional industries -- textiles and food industries -- while mineral resources offer good prospects in industries such as oil extraction, petrochemicals, cement and building materials, phosphate rock mining and processing, and fertilizers. There should also be good growth prospects in areas such as engineering goods, garment manufactures, and other labor-intensive industries.

68. Egypt has unique assets for tourism and transport development. The winter climate and beaches, historical sites and modern cities, together with its geographical location, give Egypt a vast potential for attracting tourists from Western, Arab and Eastern countries. Its strategic location astride the Mediterranean and Red Seas has long made the Suez Canal a major asset, and the Sumed pipeline will shortly become another significant source of foreign exchange earnings. The rapid growth of world trade may offer possibilities for enlarging Egypt's canal and pipeline facilities. There are also significant unexploited opportunities for inland waterway development.

69. Even more important than these natural and geographical resources are Egypt's human resources. Particularly for a country at its low level of per capital income, Egypt has a remarkably large supply of engineers, agriculturalists, and other trained people needed for economic and social development. Although large numbers of entrepreneurs and highly trained manpower have emigrated, there remains a large pool of high-level manpower. There

are signs too that a number of trained people are returning to Egypt. Despite the low per capita income, moreover, the population of about 36 million people, with a GNP of some US$8 billion, constitutes a large domestic market, with considerable opportunity to further develop import-substitution industries.

70. Egypt also has a particular advantage vis-a-vis other Arab markets, by virtue of its common language, culture, and other ties with those countries, and the advanced development of its industry and manpower relative to them. With the 1970's promising to bring unprecedented oil revenues to many Arab countries, Egypt has a new opportunity to develop exports to those markets and to attract new Arab investment into Egypt. Similarly, Egypt may offer a staging ground from which foreign investors could expand their trade with the entire Arab world. From the standpoint of locational economics, Egypt's strategic position at the juncture of three continents also confers certain comparative advantages which remain to be exploited, as for example, through free zone development in the Suez Canal area.

The Growth Potential

71. On the assumption (which seems a realistic prospect) that increased capital availabilities and improved economic management will permit greater realization of these growth potentialities in the coming years, it is estimated that GDP could grow at an average rate of about 6-1/2 percent (in real terms) annually in the period 1974-80. This growth rate reflects a projected average annual growth of value added in the main sectors as follows: agriculture, 3 percent; industry (including petroleum), 10 percent; distribution sectors (transportation, communication, trade and finance), 6 percent; power and construction, 15 percent; and other services (including housing and public utilities), 8 percent. These projections reflect a specific assumption that rapid disbursement from new capital sources will permit rapid resumption of full capacity output, so that value added in industry, for example, might grow by some 30+ percent in the next two years, then slow to 8 percent or so thereafter. On the other hand, growth could be significantly faster if official projections of petroleum production (from 8 million tons in 1974 to 50 million tons in 1981) are even approached. Growth in agriculture is expected to follow a smoother trend; growth in other sectors (e.g. power) may be uneven, reflecting partly the "lumpiness" of investment.

72. On the expenditure side, the rise in investment activity is projected to be in large part responsible for GNP growth, after a higher level of capacity utilization is restored. Aggregate investment is expected to increase markedly in the short run, as major projects such as the Sumed pipeline, Suez clearing, hotel construction, and rebuilding in the Suez Canal area get underway. There is also expected to be considerable investment in fertilizer, cement, textile and food processing industries, in petroleum exploration, and in a variety of infrastructure projects. Total investment is projected to increase by at least 14 percent annually (on average) between 1974-80 (1973 base), bringing the share of investment in GNP from 12 percent in 1973 to 22 percent in 1980. These projections also assume that the Government will be successful in restraining the growth of total consumption over this period to 4.9 percent (of which the growth of private consumption at 4.1 percent) per year.

73. All of the above growth rates are indicated in constant price terms. For GDP, an average rate of inflation at 7-1/2 percent annually was arbitrarily assumed; no detailed inflation assumptions by sector were made. Further details regarding the growth prospects and projected investment requirements of major sectors are provided in Chapter V.

74. These projections are "normative" insofar as they assume a continuation of favorable recent trends in: (a) continuing progress towards peace in the Middle East, (b) increased availability of capital, and (c) the improvement of economic management. It should be observed that (b) and (c) are mutually interdependent. Continuing liberalization of the economic system will be a pre-condition for maximizing the inflow of foreign capital, while at the same time a greater inflow of foreign exchange will be needed to facilitate the liberalization process. Many of the inefficient controls affecting foreign exchange allocation grew out of the scarcity situation itself. Thus, new aid flows should help Egypt to move ahead with further steps towards decontrol and decentralization. Those steps will in turn improve the investment climate for both private and official investment.

The Balance of Payments Outlook

75. As noted above, the basic theme of this report is that if large amounts of capital can be mobilized from abroad and absorbed, domestic savings raised, and appropriate development policies pursued, the Egyptian economy could grow steadily and rapidly from mid-1974 onward, and the balance of payments could be greatly strengthened within a few years. The following table presents a summary of the current account of the balance of payments, projected until 1980, consistent with the macro-economic framework described above.

76. These projections are seen to represent a plausible scenario whose realization is technically and politically feasible. The scenario implied in those projections is one in which Egypt is seen to be breaking out of the vicious circles in which it has been trapped. Or to return to an earlier metaphor, the scenario implied is one in which Egypt's engine of growth is put back onto its track, with the aid of a "critical mass" of capital and through the undertaking of certain critical policy measures. The following paragraphs describe in general terms the principal assumptions respecting exports, imports, and capital flows which underlie the projections. Greater detail on these assumptions is provided in Annex 1.

Table III-1: Balance of Payments Projection, Current Account
(in $ millions, current prices)

	Average 1967/68-69/70	1972	1973	1974	1975	1976	1977	1978	1979	1980
1. **Imports**	1117 1/	1286	1593	2532	2808	3059	3174	3392	3702	4058
Of which: Wheat and flour	.	142	400 4/	602	617	609	609	627	635	648
Intermediate goods	.	(340)	547	674	819	1062	1231	1362	1574	1866
Capital goods	.	.	210	768	896	991	983	1024	1165	1331
2. **Exports:**	820 1/	814	1014	1309	1544	1923	2273	2639	2954	3328
Of which: Cotton	.	.	438	772	865	852	865	929	947	993
Manufacturing	.	.	373	366	445	499	558	627	701	788
Petroleum (net)	.	-	-	-	38	358	614	819	973	1152
3. **Net non-factor** services	.	-47	-5	-33	100	248	430	471	630	673
4. Balance of goods and NFS	-297	-520	-584	-1256	-1164	-888	-471	-282	-118	-57
5. **Factor services** - total	(-26) 3/	54	12	57	-33	-5	-10	-15	-10	-3
Of which: a. Interest on public debt 2/	..	-43	-44	-77	-116	-143	-177	-205	-229	-236
b. Worker remittances	.	91	87	166	179	192	205	218	230	243
6. **Current transfers** (net)	(267)	295	650	635	302	302	302	302	302	8
7. Balance on current account	(-56)	-171	78	-564	-895	-591	-179	5	174	-52

1/ Including NFS.
2/ Excluding interest on short-term debt.
3/ Included in NFS due to inadequate data.
4/ According to Central Bank data; other sources put this figure at closer to $500 million.

77. The projections above show a more rapid rise in merchandise exports than in imports: 16 percent per annum against 14 percent per annum (both in current prices), respectively, in the seven-year period 1974-1980. Key factors on the export side would be a substantial rise in exports of petroleum and petroleum products, and a doubling of exports of manufactures. Expectations with regard to exports of non-factor services are also high, due to the expected impact of opening the Suez Canal, expected revenues from the Sumed pipeline, and the development of tourism. Gross income from factor services is also projected to increase, reflecting mainly growing receipts of workers' remittances; these would be the counterpart of emigration by Egyptian workers attracted by new employment opportunies and high wages in neighboring Arab countries and perhaps in Europe.

78. In order to attain these export growth objectives, it is evident that the Egyptian authorities must take certain steps necessary to put the productive apparatus of the country back to full-scale operation and to invest in productive capacity. Since it has been the dearth of foreign exchange which has been primarily responsible for the slowdown in industrial activity and for the low level of investment in recent years, it is not possible to assume a more adequate use of the country's economic potential without also assuming that the necessary foreign resources will become available. In this sense, the model underlying the projections is a "requirements model".

79. During the remainder of the 1970's, the structure of Egypt's imports is expected to change as food prices fall, or rise more slowly than recently, as purchases of intermediate goods and capital goods adjust to the growth of industrial production and investment, and as imports of consumer goods continue to be restricted. Imports of intermediate goods for industry and of capital goods for investment in all sectors -- which are a condition for expansion -- will in any event considerably inflate the foreign exchange bill during the next two-to-three years. During this period, the high cost of food imports will also create a burden which it will not be possible to alleviate by raising domestic agricultural production. In effect, therefore, high deficits on trade and current account are expected to be an inevitable consequence of measures needed to get the economy moving again.

80. The prospect of continuing near-term balance of payments difficulty calls for economic policies directed at a careful selection of investment priorities, as discussed earlier in this report. It will also call for a dampening of consumer demand pressures, particularly when these threaten to spill over into imports. The rigid foreign exchange allocation system which has existed for some time in Egypt has, by and large, succeeded in checking imports of consumer goods other than "essentials". But as the opening-up of the economy progresses, the focus for controlling imports will have to shift from direct allocation of foreign exchange to indirect protective measures, notably import quotas and customs tariffs. The design of a program to effect this shift will call for careful study. A moderate rate of growth of imports of non-essential consumer manufactures has been projected, therefore, on an assumption that the Government will selectively impose such controls _pari passu_ with liberalization of the foreign trade system.

81. Two important features of the projected balance of payments developments are: (a) the concentration of deficits in the first years of the projection period particularly 1974 and 1975; and (b) the rapid improvement forecast during the remainder of the decade. Thus, there is a cumulative current account deficit for 1974-76 of $2.1 billion, while the deficit on current and capital account for the same period is seen to cumulate to $0.5 billion, taking into account projected disbursements and repayments only on medium- and long-term debt and suppliers' credits contracted before June 1974. However, under the assumptions indicated, the current and capital account could turn into cumulative surplus of $1.2 billion for the years 1977-1980. 1/

1/ It will be questioned below whether, even if a surplus in the late 1970's were feasible, it would be desirable. For example, if by continuing to run a deficit, GNP could grow faster than 6-1/2 percent annually, this might be preferable to strengthening liquidity.

This outlook has profound implications for Egypt's aid requirements and debt management policies. As will be discussed below, the figures cited in this paragraph do not take account of some important debt and other variables affecting Egypt's overall need for concessionary finance in the next few years.

The Financing Problem and Debt Management

82. The above projections indicate that Egypt, during the next two to three years, will have to seek substantial additional external finance on terms which minimize the burden on the balance of payments during the period of recovery. The increased short-term borrowing in recent years has been a reflection of the difficulty of obtaining concessionary finance in amounts sufficient to offset a rapidly mounting import bill. Official grants from Arab countries have contributed substantially to alleviating the payments problem, but they were not sufficient to prevent an excessive increase in the use of banking facilities and suppliers' credits. Consequently, the debt profile is highly skewed in the short-run.

83. It is not certain whether, in the immediate future, Egypt will be in a position to extend her credit lines under banking facilities much beyond present limits. Nor is it certain whether borrowing through suppliers' credits can be increased much beyond the amounts projected in the Foreign Exchange Budget for 1974, in view of the still-limited coverage offered by export credit insurance agencies in the developed countries.

84. It is hoped that foreign official grants or guarantees may play a major role in financing these deficits. In principle, a massive inflow of grants could bolster Egypt's creditworthiness, and enable her to sustain short-term borrowing even up to present levels. So far, however, information on the nature and extent of grant commitments (over and above those made under the Khartoum Agreement) is not available, and it is not now possible to assess their potential contribution to future financing availabilities.

85. The necessity of improving the debt structure -- in a first stage by reducing borrowing through banking facilities -- has been recognized by the Government, which has indicated to the IMF its intention to limit the use of banking facilities to the equivalent of LE 400 million ($1,024 million) in 1974, compared with LE 382 million ($978 million) in 1973. The projected financing of the foreign exchange budget for 1975 also shows a planned reduction in the use of banking facilities next year. Alternative sources of financing would facilitate implementation of this policy in two ways. First, they would provide assistance to meet additional foreign exchange requirements associated with the increase in imports in 1974-75, without the need for expansion of short-term borrowing beyond recent (1973) levels. Second, they could -- if available in sufficient amounts -- allow Egypt to markedly reduce short-term borrowing by paying off outstanding banking facilities.

86. The projections of the capital account, based on commitments only up to mid-1974, are shown in the following table:

Table III-2: Summary Capital Account*
(in $ millions, current prices)

	Average 1967/68-69/70	1972	1973	1974	1975	1976	1977	1978	1979	1980
Balance on current account	(-56)	-171	78	-564	-895	-591	-179	5	174	-52
Private direct investment	-	-	-	50	70	100	130	130	130	130
Public M&LT loans (committed until June 1974)										
a. Disbursements	.	358	328	900	873	565	370	498 1/	-	-
b. Repayments	.	-212	-333	-448	-335	-192	-161	-998 1/	.	.
c. Net disbursements	.	146	-5	452	538	373	209	-500 1/	.	.
Of which: Suppliers' credits (net)	.	86	-61	11	157	69	29	-14	.	.
Balance on current and identified M&LT loans 2/	.	-26	73	-62	-287	-118	+160	+330 3/	+449 3/	+282 3/
Memo items										
Reserves (net), end period 4/	-240	-697	-613	.	.	.	.	.	.	.
IMF drawings	-9	7	57	48	.	.	.	.	.	.
Debt service ratio	.	.	28.7	30.0	22.4	13.0	10.9	16.0 2/	14.0 2/	12.5 2/
External debt outstanding and disbursed (end period)										
Public M&LT	.	.	1698	2257	3150	3859	4412	4835	5022	4930
Suppliers' credits	.	.	441	452	609	698	727	713	673	558

* Based on assumptions concerning new loan commitments as discussed in the text, but applying standard disbursement and repayment patterns.
1/ In and after 1978.
2/ Including standard disbursements and repayments on loans committed until June 1974.
3/ Estimates based on assumed disbursements and repayments on loans existing as of December 31, 1973 in years 1978-1980. The surpluses would be somewhat smaller if additional repayments on loans committed during 1974 (until June) are included.
4/ Net foreign assets of the Central Bank.

87. It should be noted that the projected balance on current account is inclusive of interest payments due on loan commitments of medium and long-term loans (MLT loans) contracted up to June 1974, but exclusive of interest both on short-term debt and on loans which will be contracted and disbursed after June 1974. The financing requirement indicated by the deficits on current account may be understated to the extent of perhaps $80 million in 1974 and 1975.

88. It should also be noted that the estimates of both private direct investment and disbursements on public MLT loans for 1974 (and perhaps 1975) are likely to be on the optimistic side, as no account has been taken of possible lags in disbursement from the "pipeline" stemming from political considerations or from other factors. To some extent, the short-run financing gap may be understated on that account.

The Financing Gap

89. The "first order" financing gap corresponds to the line in the above table designated as the "balance on current and identified MLT loans". This need for supplementary finance -- over and above the disbursements to be expected from new loan commitments made up to mid-1974 -- is shown at $62 million in 1974 and $287 million in 1975, assuming no change in the short-term financing plan of the Government. However, this financing plan currently allows for some increase in the use of bankers' facilities in 1974. In order to "hold the line" on the use of these facilities in 1974, (an important objective endorsed by both the World Bank and IMF), the need for supplementary financing would be roughly $260 million in 1974. If the use of short-term credit in 1975 were to be reduced by LE 100 million below the recommended 1974 level, the supplementary financing requirement for that year would be in the order of $640 million (see Table III-3 below). And to the extent that Egypt is to further reduce its level of reliance on rolling over short-term credits, the financing gap would increase correspondingly.

Table III-3: The 1974-75 Financing Gap
(in US$ millions; mission estimates)

	1974	1975	Cumulative 1974-75
1. Balance on Current and Identified M&LT Loans (commitments until June 1974)	-62	-287	-349
2. Less IMF First Credit Tranche	48	-	48
3. Plus Additional Financing Requirements to Limit Gross Use of Banking Facilities to LE 400 Million in 1974 and LE 300 million in 1975	-242	-357	-599
4. Financing Gap	-256	-644	-900

New Aid Availabilities

90. As of mid-1974, the outlook for additional financial assistance to Egypt appeared favorable. Five countries had either firmly committed new loans in the course of this year (Germany, Denmark and Iran) or announced their intention to do so (United States, Japan). In total, these commitments represent the equivalent of $1.4 billion. It should be emphasized, however, that this total includes some multi-year commitments, while disbursements even on current commitments will be spread over the next several years (see also below). Grants of $300 million from Saudi Arabia and $33 million from Abu Dhabi were also forthcoming in mid-1974. Further, the Egyptian Government has already concluded two Euro-dollar loans totalling $180 million, while others (totalling another $300 million) are under discussion. In August 1974, Egypt was also granted a first tranche credit of $48 million by the IMF. And subject to continuing improvement in Egypt's economic performance, the World Bank Group may invest about $200 million in Egypt between July 1974-June 1975. Altogether, the aid committed or expected to be committed so far in 1974 totalled about $2 billion, not including the $500 million in Euro-currency financing projected for the year. Of this, over $200 million consists in commodity, or

non-project aid. Another possible source of finance would be an IMF standby, subject to new steps by the Government to reform the exchange system. Egypt may also expect to benefit from loans from Arab institutions such as the Kuwait Fund and Arab Fund, or from new institutions such as the Islamic Bank. But as of mid-1974, it was not possible to predict in what order of magnitude these latter funds might become available.

The Disbursement Issue

91. Disbursement of the program loan component of this aid is expected to be fairly rapid. However, past performance in making project credits effective and in disbursing them expeditiously has left much to be desired. Improving the machinery for overcoming this problem is clearly a high priority task. A number of specific assumptions have been made concerning the disbursement of loans contracted. Since the terms of some of the new loans are not yet known in sufficient detail, it has not been possible at this stage to estimate the corresponding amortization patterns. Given the expected lengths of the grace periods on the new commitments, however, the additional amortization burden is expected to be small in the period to 1980. Table 3.14 in the Statistical Appendix shows the projected disbursement of new loans over the next few years.

Debt Management and Creditworthiness

92. Given the nature of Egypt's payment difficulties in recent years, the margin of maneuver of the Egyptian authorities in shifting from short to longer-term financing has been limited. In 1973, Egypt simultaneously fought a major war and experienced sharply rising prices for food and other commodities. These developments forced the authorities to increase short-term borrowing (thereby worsening the debt profile), since they could not cut food imports or further reduce money allocations for intermediate goods imports. However, the Government recognizes the dangers in this increased reliance on short-term credit, in addition to which are administrative burdens on Central Bank and Ministry of Finance staff who have to manage those credits.

93. In addition to their current efforts to mobilize long-term capital, the Egyptian authorities have been seeking additional medium term finance through Eurodollar borrowings. It remains to be seen whether there is sufficient "absorptive capacity" in this market for additional borrowings by Egypt on the scale contemplated (about $500 in total million in the current year). Maturities on such loans would be in the range of 5-9 years, grace periods 3-5 years, and an interest rate of nearly 13 percent, as of March 1974. The substitution of this type of borrowing for banking facilities would result in an improvement of the debt structure, and some such expensive borrowing may be warranted if longer-term credit or grants are not forthcoming in sufficient volume. But care must be taken to avoid burdening the balance of payments unduly in the late 1970's by a need to amortize Eurodollar loans.

94. Given the heavy debt service burden projected in the next two years, there might appear to be a case for further debt rescheduling. There are clearly many pros and cons to this course of action, which is complicated on the one hand by the large share of short-term debt, and on the other hand by the large share of Eastern bloc debt, including military debt and outstanding liabilities on clearing agreements. Thus, there would be thorny and complex political as well as technical problems involved. For these reasons, the Egyptian Government has thus far been reluctant to take new initiatives in this area. It has instead concentrated its attention upon increasing the gross capital inflow, rather than upon reducing the outflow on account of debt service. This is a very understandable approach under the circumstances. As described above, however, its success depends upon the mobilization of a very large volume of foreign aid in the short run.

95. Another caveat relates to the projections in this report, which do not take into account (explicitly) certain factors. Thus, even if the large financing gaps of the next few years were adequately covered, thereby permitting Egypt to grow rapidly enough to generate a balance of payments surplus (but not so rapidly that large deficits were perpetuated), this would not necessarily represent a commensurate improvement in the total financing position of the country. Foreign exchange reserves have been depleted for the last ten years, and there is a need to reduce net foreign liabilities. Moreover, outstanding military debt, whose magnitude is unknown, may also require servicing to an increasing extent as Egypt's financial situation improves. The terms of new financial commitments to Egypt may have to take such factors into account.

96. It follows from such considerations that, while these projections show that a surplus in the late 1970's could occur, it is possible that under alternative assumptions (but assumptions also consistent with rapid growth and restored creditworthiness), the "potential surplus" might be used not for strengthening reserves, but rather for achieving a higher rate of imports in pursuit of a higher growth rate, or for further reductions of the debt or overhang of clearing account deficits. Rapid export growth, sound investment and proper debt management are the key factors concerning the country's creditworthiness, not the size of current or overall balances _per se_.

97. A final point concerning Egypt's creditworthiness is that the process of creditworthiness restoration may constitute a case of a potentially self-fulfilling prophesy. To the extent that potential lenders (individually) may be inclined to avoid risk, and wait until Egypt becomes fully creditworthy before making their capital available, they would ensure (collectively) that Egypt could not restore its creditworthiness, since massive amounts of capital are needed to reconstruct the economy and thereby strengthen debt servicing capacity. On the other hand, to the extent that potential lenders and aid donors are persuaded that their capital will be productively invested in a better-managed and more open economic environment — and so make commitments of capital -- their individual and collective risk will thereby be reduced.

98. It is in this context that it is opportune to summarize the anticipated policy developments which underlie the projections in this report. These anticipated policy measures are, principally: the strengthening of overall and sectoral planning, including contingency planning; adoption of a viable strategy for achieving full utilization of existing productive capacity, especially in industry and agriculture; rapid adoption of domestic measures of liberalization (especially with respect to the foreign trade system), conducive to a more rational utilization of available resources and to creation of a more favorable climate for private investment; continued restriction of private and public consumption expenditures, notably by taxation of non-essential imports; and establishment (perhaps in conjunction with foreign official lenders and international financial institutions) of viable short-run and longer-term external financing plans.

99. As a corollary of the last measure noted above, strategies of debt management and of aid utilization need to be formulated. In light of the preceding discussions, therefore, it is recommended that Egypt: (a) reduce its utilization of banking facilities in 1974 to not more than LE 400 million (not including sight facilities); (b) establish a program for further reduction of net external borrowing through banking facilities in later years to a level compatible with normal trade financing practices; (c) limit the increase in borrowing through suppliers' credits; (d) fix a ceiling on additional borrowing from the Eurodollar market; and (e) seek, in cooperation with foreign governments and international financial institutions, agreement on a lending program on concessionary terms. This last step would involve opening up negotiations with bilateral and multilateral donors with a view to achieving a concerted lengthening of maturities and grace periods on loans, with the minimum grant element which is appropriate to new loan commitments to be determined in light of the overall outlook for availabilities.

IV. PUBLIC SECTOR FINANCING AND MANAGEMENT

100. Recent developments in the public finances have been touched upon briefly in Chapter I. More details on fiscal and monetary developments in the past few years are found in the IMF Report on "Recent Economic Developments" dated July 22, 1974. This chapter focusses mainly on the 1974 budget, the structure of public savings, on the outlook for domestic resource mobilization in the years ahead, and on some institutional factors affecting the public finances.

Role of the Public Sector

101. As noted earlier, an evaluation of public sector performance in Egypt must account for the fact that for the last ten years, more than 90 percent of gross domestic investment has been "public". As a corollary, public savings as a "source" tend to coincide with domestic savings. The system is highly centralized with respect to pricing policy, financing of investment, and investment decisions in all sectors. This particular setting puts a number of traditional fiscal parameters under a very special light. For example, company profits are in part transferred to the Central Government as mandatory "surpluses", while self-financing and depreciation funds in excess of the "surplus" are also effectively controlled by the Government. Business profit taxes exist, but their meaning as a tool of fiscal policy is ambiguous insofar as they can be assimilated to the "surplus". Similarly, the role of the banking system is also not a traditional one insofar as the provision of credit to public enterprises is decided upon by the Central Government. On the other hand, companies may sometime finance investment expenditure through short-term borrowing from commercial banks without specific Government approval. With prices (both of inputs and outputs) extensively controlled, the economic efficiency of enterprises is particularly difficult to ascertain.

102. Liberalization of the economic system will have major implications for the fiscal system. The freeing-up of prices will call for modifications in customs duties, and in other indirect and direct taxes. The creation of a new "joint venture sector" will call for revisions in the present system of business taxes and obligatory transfers to Government of surpluses and depreciation allowances. Investment decisions relating to the new "joint venture sector" will have to be coordinated with the overall investment program of the country, and new fiscal incentives and disincentives will have to be structured so that investment (both foreign and domestic) will be led through profit motivation into sectors and projects of high national economy priority (tourism, export-oriented and labor-intensive industry, etc.). Liberalization may also lead to a new role for interest rates, and to a relevance of monetary policy which does not apply to present conditions.

The 1974 Budget

103. The 1974 budget may be summarized as follows: defense expenditure remains high at LE 760 million (inclusive of LE 465 million from the Emergency Fund). 1/ This will probably be in excess of 20 percent of GDP. Some Government officials predict that actual defense spending during the year might prove to be lower, since the budget was adopted immediately after the 1973 war, before the recent progress towards peace could have been predicted. As originally made up, therefore, it constituted a "war budget". Nevertheless, investment expenditure in 1974 was budgeted at LE 520 million, or some 14 percent of expected GDP (at market prices) for the year. If realized, this level of investment would represent a substantial increase over recent years. Information available as of May 1974 indicated that delays were being experienced in implementing some projects (e.g. Sumed pipeline, Cairo airport, poultry project, and a few others). On the other hand, the pace of investment in the Suez Canal area is being stepped up in the latter part of the year. Thus, it is difficult to predict the level of actual investment in 1974. But by any standard, it will certainly be well above the level of previous years.

104. Cost of living subsidies appear in the 1974 budget as a major claimant of resources, increasing from LE 80 million in 1973 to LE 322 million in 1974 (net of profits of about LE 53 million from sales of certain commodities). The commodity transactions of the General Authority for Supply Commodities in recent years are shown in the following table:

Table IV-1: SUPPLY AUTHORITY OPERATIONS
(LE million)

		1970/71	1972 /1	1973 Est.	1974 Budget
Subsidies (losses)		42	42	127	375
of which:	Wheat/flour	21	15	79	281
	Edible oil	10	16	17	47
	Sugar /2	8	6	10	10
Profits		37	31	47	53
of which:	Tea	13	18	14	11
	Sugar /2	18	6	23	32
Net Loss (1)		-3	-11	-80	-322

/1 July 1971-December 1972, converted to 12 month basis.
/2 Subsidies are paid on rationed sugar, profits made on unrationed sugar.

105. The main reason for the large increase in net subsidies in 1973, and especially in 1974, was the increase in the price of imported wheat and flour, as wheat alone accounts for three-fourths of total cost-of-living

1/ For further discussion of the nature of the Emergency Fund, see below.

subsidies in 1974. As in the case of the defense budget, the 1974 actuals may prove less than budgeted, as the original estimates were made in anticipation of continuing high wheat prices, and prices have since fallen. The economic impact of these subsidies has two aspects. On the one hand they reduce the availability of foreign exchange for imports which could otherwise contribute to generating production. On the other hand, they reduce the amount of local revenues which are equally needed to finance investment. The increased food import prices in 1973-74 represented a "windfall loss" not politically feasible or socially desirable to pass on to the poorest consumers, for whom the subsidies constitute a significant share of real income. Clearly, any major change in the subsidy rate will have to be accompanied by rising wages to be politically feasible. But thus far the authorities have been reluctant to abandon the long-standing system whereby both wages and prices of basic commodities are held unchanged, with the Supply Authority absorbing the risk and burden of import price changes in these commodities. The prospects for reducing this burden are considered below:

Public Savings Performance

106. Given the scope of the public sector, public savings tend to coincide with domestic savings. The savings margin of individuals is very small, while the private trade and industry sectors have likewise had limited incentive and restricted opportunity to increase their savings under recent conditions. In the structure of public savings, the persistent current deficit of the Central Government remains a major negative factor. The reason for this is clearly the high level of public consumption, rather than a low level of revenues.

107. With respect to revenues, the principal figures for 1974 (budgeted) are: Central Government revenue, LE 727 million; local government revenue, LE 67 million; and (gross) profits on commodities operations, LE 53 million. If the surpluses of public pension and insurance funds are included (LE 257 million in 1974), this brings the total to more than LE 1.1 billion, or almost 30 percent of GDP. Egypt's "tax effort" has long ranked high relative to other countries with comparable per capita income, sectoral composition of GDP, and degree of openness of their economies. 1/ Additional to these revenues would be the Jihad taxes imposed in 1973 and payable directly into the Emergency Fund; these are estimated to be in the order of LE 30-35 million.

108. The two major sources of public savings are: the surpluses of the social insurance and pension funds, and the savings of public enterprises. The surplus of the social security system has been a steadily growing source of savings (from LE 159 million in 1969/70 to LE 229 million in 1973), and

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1/ In a report summarized in the IMF Survey of June 3, 1974, Egypt was ranked 3rd out of 47 developing countries (after Brazil and Tunisia) in its adjusted "index of tax effort".

has constituted a fairly effective instrument of fiscal policy. The expected rise in 1974 (about 13 percent over 1973) will be due in large part to an extension of coverage to include self-employed personnel, permanent agricultural workers, and workers abroad (on a voluntary basis).

Table IV-2: PUBLIC SECTOR SAVINGS, INVESTMENT AND FINANCING OF OVERALL DEFICIT
(LE million)

		1972 /1	1973 Budget est.	1973 /4 Preliminary est.	1974 Budget est.
A.	Public Sector Savings	319.8	277.9	272.9	293.0
	- Central Government	-26.1	-90.6	-25.7	-81.9
	- Local Government	15.9	5.5	5.5	3.1
	Social Security	214.0	228.7	228.7	256.6
	Public Enterprises	75.2	105.0	21.6	80.3
	- Surplus to Government (gross)	(80.5)	(76.7)	(120.0)	(252.0)
	- Depreciation provisions	(47.3)	(51.7)	(51.7)	(60.7)
	- Other reserves	(52.3)	(2.3)	(18.3)	(17.5)
	- Other expenditure, net /2	(-104.9)	(-25.7)	(-168.4)	(-249.9)
	- Savings certificates and postal savings	40.9	29.3	42.8	34.9
B.	Public Sector Investment	414.4	432.5	382.5	520.0
C.	Overall Deficit (B-A)	94.6	154.6	109.6	227.0
	- External Borrowing (net)	17.8	29.6	29.6	102.0
	- Central Bank Financing	76.8	125.0	80.0	125.0
	Emergency Fund (not incl. in above)	350.6	351.0	401.0	465.0
	- Arab Aid (mainly Khartoum)	99.3	108.9	154.1	115.0
	- Other Financing /3	251.3	242.1	246.9	350.0

/1 Actuals for 1972 are two-thirds of the 18-month actuals July 1971-December 1972.

/2 Mainly a residual item resulting from receipts in the form of interbudgetary transfers on capital amount and other sources and expenditures in the form of mostly subsidies to Public Authority and Organizations.

/3 No information available on breakdown of components; includes Arab donations, Jihad taxes, Jihad bonds and savings certificates.

/4 Preliminary estimates which are to be taken with great caution as some figures remain unchanged from original budget estimates.

109. The data do not now permit an adequate analysis of the origins and determinants of public enterprise savings. All enterprises are required by law to transfer to the Central Government a share of their receipts, even if those receipts include transfers from the Government to cover operating deficits. Information concerning the gross surplus as reported above is reasonably satisfactory, but little detail is reported with respect to the subsidies included in "other expendiure, net".

110. The 1974 budget estimates point to a sharp increase in the gross surplus. This was expected to result from a reduction in the level of unutilized capacity in industry, and from increased profits of the Cotton Organization due to increased cotton prices in 1973 and 1974. As noted elsewhere, however, expectations about increased capacity utilization in 1974 seem likely to prove over-optimistic. At the same time, the large increase in cost-of-living subsidies is reflected in the deficit in "other expenditure, net".

Prospects for Domestic Resource Mobilization

111. An illustrative set of projections of public sector savings and investment over the period 1974-80 is shown in the following table. It should be emphasized that these projections are not intended to be forecasts of most probable fiscal development; they are intended rather to highlight the issues affecting future prospects for domestic resource mobilization.

Table IV-3: PROJECTIONS OF PUBLIC SECTOR SAVINGS AND INVESTMENT (1974 prices)

		1974 Budget Estimates	1975	1976	1977	1978	1979	1980
A.	Public Sector Savings	293.0	350	425	485	565	650	740
	- Central Government /1	-81.9	-60	-25	5	45	95	145
	- Current Revenue /2	727.1	795	870	945	1030	1125	1225
	- Current Expenditure	809.0	855	895	940	985	1030	1080
	Defense	(295.5)	(300)	(300)	(300)	(300)	(300)	(300)
	Others /3	(514.5)	(555)	(595)	(640)	(685)	(730)	(780)
	- Local Government /4	3.1	5	10	15	20	25	30
	- Social Security /5	256.6	270	285	300	315	330	350
	- Public Enterprises /6	80.3	95	110	120	130	140	150
	- Savings Certificates and Postal Savings	34.9	40	45	50	55	60	65
B.	Public Sector Investment	520.0	625	590	650	700	800	900
C.	Overall Deficit	227.0	275	165	165	135	150	160

/1 Excluding operations under the Emergency Fund.
/2 Increasing at 9% per annum.
/3 Increasing at 7% per annum.
/4 An increase of LE 5 million each year after 1975 considering that the level of LE 15 million had already been reached in previous years.
/5 Increasing at 5% as a measure of "steady growth" in line with past performance.
/6 Excluding operations of the Suez Canal Authority, Sumed pipeline, and Petroleum Organization.

112. It should be noted that there is a major omission from this framework, namely; the Emergency Fund. But insofar as this Fund (which is earmarked for defense-related purposes) has been financed by Arab aid (Khartoum Agreement payments and other Arab contributions) and used mainly for importing military equipment, its operations have limited impact on the local civilian economy. Since neither the expenditure composition nor the sources of financing of the Fund are known, the extent of the Fund's economic impact cannot be determined accurately. However, it is known that the domestic resource contribution to the Fund rose significantly at the time of the October 1973 war. This contribution took the form of Jihad bonds, Jihad taxes, and a certain amount of savings certificates; together, these may have amounted to perhaps ĿE 70-80 million. It is assumed in the mission's projections that it will be possible to divert these additional local resources to supporting development in the civilian economy as progress towards peace continues. As for the other operations of the Fund, the implicit assumption is that these have a largely enclave character, with little direct impact on civilian resource mobilization or allocation.

113. Public investment is taken in the projection as an independent variable (all figures in constant 1974 prices). At first glance, public investment for the period 1975-77 appears to be stagnant. But this reflects mainly the particular "lumpiness" of investment in 1974-75 (completion of Sumed pipeline, Suez reopening, iron and steel and aluminum projects, airplane and ship purchases, etc.). 1/ Nevertheless, assuming a 6-1/2 percent average annual increase in GDP, public sector investment is projected to rise from about 11 percent of GDP in 1973 to 16 percent in 1980. 2/ Total investment is projected to rise at a faster rate, reflecting the assumption that the private sector will assume a more important role in the economy. However, it is also assumed that public investment would continue to account for the large majority of total investment (82 percent in 1980 against 91 percent in 1974). Indicative projections of assumed private investment for 1975 and 1980 are as follows:

	ĿE million (1974 prices)	
	1975	1980
Public investment	625	905
Private foreign	25	65
Private domestic	55	140
of which: (Housing)	(36)	(100)
Total	705	1110

1/ This "lumpiness" is compounded in the capital goods imports projections (see next chapter) by the assumption that future investment programs, may be less import intensive than the present program.

2/ Assumes constant relation between GDP at factor cost and GDP at market prices.

114. The projected distribution between private and public investment is not inconsistent with the current intention to strengthen the role of the private sector, as the absolute figures indicate a very substantial increase in both foreigh and domestic private investment. It should also be observed, moreover, that a greater share of "public" investment may be expected to take place in joint ventures, which -- according to the new Investment Law -- obtains a private sector complexion, however large may be the share of public sector financing.

115. Assuming that vigorous actions are taken to restrain consumption growth and to rationalize operations of the public enterprises, the projections of public sector savings could prove to be conservative. At the Central Government level, the current deficit is seen to be eliminated only by 1977, as it was assumed that defense expenditure (excluding Emergency Fund operations) will remain unchanged at the 1974 budget level of £E 300 million. An alternative assumption might leave defense spending unchanged in current price terms. Either case assumes continuing progress towards peace in the region.

116. Non-defense current expenditure is projected to increase by 7 percent per annum, slightly faster than GDP (6.5 percent). This implies a policy of increasing per capita social services, after a number of years of austerity. Particularly as Egypt moves to a period of much higher public and private investment, the Government will have to carefully evaluate the current expenditure implications of its investment program, and improve the coordination of planning current and capital expenditure. The Government's ability to restrain the growth of current expenditure will depend in large part upon its employment and wage policies. Demobilization, rationalization of public sector employment policy and rapid growth of the private sector would help to relieve the public wage bill. On the other hand, rationalization of the subsidy and pricing system will have to be accompanied by some wage increases, only partially offset by tax increases. It should be emphasized that the projections in this chapter are all in constant price terms.

117. Current revenues are projected to increase at a rate of 9 percent per annum, implying a fairly high (1.4) elasticity with respect to GDP. The factors explaining this growth rate are the following: (a) progressivity in personal income taxation, accompanied by improved tax administration on the self-employed; (b) gradual elimination of idle capacity, which will increase the tax base for business taxes; (c) increased revenues from custom duties, resulting from higher imports accompanying faster growth; and (d) transfer of the Jihad defense revenues from the Emergency Fund to the Central Government.

118. Public enterprise savings are projected to grow from £E 80 million in 1974 to £E 150 million in 1980. These savings show a rapid increase during the first two years, mainly as a result of the elimination of idle capacity (a recurrent theme in the resource mobilization picture), improved efficiency of operations (a matter to which the Government is now giving special consideration) and reopening of the Suez Canal in 1975, which could give a sudden boost to the surplus, but which has been reflected here only to a modest extent,

on the assumption that a large portion Canal Authority profits might be retained for financing the costly investment associated with the reopening. 1/ After 1976, the increase in savings is more in line with the projected expansion in overall economic activity. Finally, another factor not specifically reflected in these projections, but one which could increase the net savings of enterprises, would be significant reductions in the deficit of the operations of the Supply Authority.

119. A key question concerning cost-of-living subsidies is whether or not their increase in 1974 is a short-term phenomenon. The import price for wheat is the principal determining factor. The Ministry of Supply's current view is that in the medium term -- even assuming no increases in subsidy rates and increased profits on operations affecting some commodities (e.g. edible oil, tea, non-rationed sugar) -- net losses of the Supply Authority are not likely to go below ₤E 250 million. This estimate is based on an assumption that import prices of wheat will decline, and that yields of domestic grains will improve. A possibly offsetting development, however, could be a decline in the surplus of the Cotton Organization. This might result from an easing of cotton prices, or from a policy to improve farmers' incentives by raising farm-level prices, thereby reducing the effective export tax on cotton production.

120. With the exception of 1975, the overall deficit could remain at a level of some ₤E 160 million, or ₤E 60 million below the 1974 level. In 1974, the Government has undertaken to hold Central Bank deficit financing to ₤E 125, with a total limit of ₤E 165 million on the increase in net domestic assets of the banking system. Given the likely availabilities of foreign financing, it does not seem likely, therefore, that the projected level of Government borrowing will lead, _per se_, to serious inflationary pressures. The overall deficit is expected to grow sharply in 1975, due to the increase in the investment level (from ₤E 250 to 625 million). But new aid disbursements should also increase dramatically. And if GDP grows in 1975 at over 9 percent per annum rate as projected, the implied requirement of higher bank financing should not create excessive demand pressures. Some additional inflationary pressure will no doubt come from liberalizing the import regime, and from structural factors. On the other hand, increased capacity utilization and improved efficiency in industry can be expected to offset such pressures to a large degree.

1/ This is a very conservative assumption and not a recommended course of action. It is to be hoped that sufficient foreign aid for the Suez reopening project (and projected expansion project) will be forthcoming to free much of the Canal Authority's own-generated revenues in the next few years for general economic development. Projected public enterprise savings are also no doubt conservative owing to omission also of increasing pipeline and petroleum revenues accruing to the Government. Especially if petroleum revenues prove to be substantial, and are made available to the civilian economy, the public savings (and investment) picture could be more favorable in the late 1970's.

121. The overall conclusion of the preceding discussion is that it appears feasible for domestic resources to be generated at levels adequate to finance the public investment program, without causing inflationary pressures, provided that important policy measures are taken to improve efficiency in the public sector. The savings effort of the Government implies public consumption (i.e., current expenditure of the Central Government) growing at a rate of about 5 percent between 1974 and 1980, with the 7 percent growth in non-defense expenditure offset by stabilizing defense expenditure. Private consumption has been projected to grow at about 4 percent in real terms, providing some increase in per capita consumption. However, as noted earlier, private consumption of imported consumer goods (and of consumer durables) will have to be carefully controlled especially in the short run, to avoid exceeding the expected growth rate. At present, the direct administration of prices, particularly as they affect the agricultural sector, constitutes the main instrument of controlling consumption. But as the economy is liberalized, key instruments of such control will be the cost-of-living subsidy policy, exchange rate policy, the administration of customs tariffs and other taxes, and Government's wage and salary policies.

Institutional Considerations

122. Foremost among the institutional considerations affecting Egypt's prospects for domestic resource mobilization and for improving allocative efficiency is the need to improve coordination between the Ministry of Planning and the Ministry of Finance with respect to: (a) investment program planning; (b) project identification, preparation and follow-up; and (c) presentation and analysis of budgetary operations, including foreign exchange budgeting. More generally, there is a great need (well recognized by the Government) to formulate a program for rationalizing the management of Government operations, as some public enterprises, by their inefficiency, constitute a drain on the public Treasury and on the country's growth potential.

123. Improved coordination is also needed with respect to the planning of investment and current expenditure. Education provides a clear example where automatic increases in current expenditure result from investment. When schools are built, required expenditure for teachers and materials follows immediately, and modifies permanently the structure and level of current expenditure; this in turn reduces the flexibility of fiscal policy, particularly with respect to short-term deflationary policies. In the Egyptian context, new reclamation and irrigation programs provide examples of investments which have given rise to idle capacity and waste of "locked-in" capital, as appropriate levels of current expenditure for extension and other services were not appropriated.

124. The foreign exchange component of investment is at the origin of a number of discrepancies between the Annual Plan and the Annual Budget. This occurs because the Ministry of Finance, responsible for the Annual Budget, is also responsible for the Foreign Exchange Budget, and therefore for acutal financial implementation of projects which have a direct foreign exchange component. But whenever the flows of foreign financing differ from the expected flows, the original investment structure may be modified accordingly, with results different from those forecast in the Annual Plan. Differences also

arise from delays attributable to lenders, or to other events beyond the control of Government. But they are also sometimes due to delays in project preparation or execution owing to poor management. In any event, if planning in Egypt is to perform its role and become more effective, the financial planning mechanism clearly needs to be strengthened, and provision for adapting to changing availabilities needs to be built into the investment strategy itself. This will be particularly important with respect to the Interim Plan, and in the preparation of the subsequent Annual Plans (within the framework of the new Five Year Plan), which are normally started by the middle of the preceding year, when the actual shape of the investment program for the coming year is more evident, and can provide a better basis for programming.

125. A precondition for improved budgetary administration and financial programming is some modification and elaboration of the accounting framework itself. The present framework of Government accounts, budgets, and budgetary practices is not suitable for purposes of economic analysis, nor for evaluation of policy alternatives. For example, budgetary accounts in their present form are not clear as to the financial relations between the Central Government, public authorities and organizations, and Treasury. Surpluses and deficits (in their economic sense) are not clearly spelled out -- so that a true definition of public sector savings is impossible -- and capital transfers and loans to and from the various Government levels are also difficult to follow through. The Government recognizes this need, and has requested assistance of a fiscal expert from the IMF to help improve the preparation and presentation of fiscal statistics, to make those statistics more useful for economic policy purposes. It appears that most of the necessary data are available. The problem is mainly one of processing and presenting them in a form relevant for analysis and decision-making, so that policymakers may appraise the effects of financial policy on the balance of payments, aggregate demand, credit expansion, income distribution, etc. This will call for much closer coordination in the staff work and research, in particular, of the Ministry of Finance, Ministry of Planning, General Organization for Statistics and Mobilization, and the Central Bank. In the past, there has been a tendency for separate agencies to use divergent data concerning the same subjects. And because agencies do not subject their data to the scrutiny of other agencies or to the public, errors and inconsistencies often prove difficult to discover and correct. This has sometimes led such agencies (inadvertently) to work at cross-purposes to each other.

126. Another area where improvement is needed is in the collection and dissemination of current economic indicators. Policymakers need frequent summaries of up-to-date information on the behavior of the economy (output, prices, trade, progress of projects, etc.), presented in such a way that they can respond promptly to emerging problems. And if private foreign investors are to be attracted in greater numbers, and the domestic private sector encouraged, they too will require more and better economic information than has been available in the past. New policies regarding the collection and dissemination of statistics within the Government and with respect to the public (including potential foreign investors) are in order to improve both the quality of economic management and to facilitate the mobilization of resources.

V. ISSUES AND PROSPECTS IN MAJOR SECTORS

A. Population and Employment

Population and Family Planning

127. Although Egypt occupies a large land mass (about one million sq. km.), the country is largely a desert, and its population is concentrated along the cultivated areas of the Nile valley (length from Aswan to Cairo 885 km., maximum breadth 16 km.) and the Delta region. Population density in this inhabited area is amongst the highest in the world (about 1,000 persons per sq. km. in 1973). Between Egypt's first census in 1882 and its latest census in 1966, the population is estimated to have increased by 440 percent, while the inhabited area increased by only 2.5 percent. Cultivated area per capita has been falling at least since 1900, and growing rural congestion has been accompanied by migration (accelerated in recent years) into the urban areas. The pressure on urban facilities and the difficulties in finding gainful employment for a rapidly increasing labor force support the conclusion that the social regulation of population growth is a matter of urgent priority.

128. Egypt's 1974 population is estimated at about 36.4 million in mid-1974. The population growth rate has been estimated between 2.2 - 2.5 percent per annum in recent years. The major determinant of population growth in the post-war period has been the decline in mortality associated with improved health conditions. However, it appears that the crude birth rate--and more particularly the general fertility rate (births per 1,000 women aged 15 - 49 years) -- which rose in the early fifties, has begun to show a substantial decline in the last several years (from 227 in 1960 to 176 in 1970). The age-specific firtility rate has also been considerably lower over the same time period (with declines ranging between 20-30 percent) among young to middle-aged women, but slightly higher among women aged 35 and over. Although these data remain to be confirmed, the available evidence points to an encouraging decline in fertility rates.

129. There is substantial awareness of the country's population problems on the part of Government authorities. Family planning is supported by the Government, and the use of contraceptive devices is becoming more common, particularly in urban areas. Family planning services are provided through the Government's 205 central hospitals and some 2,400 rural health units, as well as through about 500 semi-private clinics run by the Egyptian Family Planning Association. In addition, private clinics and pharmacies support the program. It is estimated that about 500,000 pill cycles are now being distributed monthly, and that about 70,000 loops (IUD's) are being inserted each year. Family planning acceptors are estimated to constitute about 20 percent of the married population. An IDA project begun in 1973 is now supporting family planning evaluation studies, experimental home-visiting programs by female health visitors, better training facilities for health personnel, and the preparation and purchase of educational materials. Financial and technical resources are also being provided by other aid donors. But

given the magnitude and urgency of the matter, a more ambitious and aggressive approach is needed.

Manpower and Employment

130. Egypt's civilian labor force grew by 2.9 percent annually in the period 1959/60-1973/74, while population growth over the same period averaged about 2.6 percent per annum. This rapid growth was due primarily to the large number of young people entering the labor force, as a consequence of the increased birth rate and lowered infant mortality rate experienced particularly in the early post-World War II period. An associated factor was a higher female participation rate, notwithstanding a greater intake of females into the higher educational system. The growth rate of civilian employment has averaged about 3 percent annually over the same period, but dropped from over 4 percent annually in the early 1960s to only some 2.4 percent annually in recent years.

Table V-1: LABOR FORCE AND EMPLOYMENT

	1959/60	1964/65	1969/70	1973	1974
Labor Force (mln.)	6.7	7.9	8.9	10.0	10.2
Number of Workers (mln.)	6.0	7.4	8.2	9.0	9.1
Employment Rate (%)	90	94	92	90	89

The sectoral distribution of employment in 1973 (with 47 percent of the labor force employed in agriculture, 13 percent in industry, 20 percent in services, and the remainder in distribution and other sectors) reflects Egypt's emergence as a semi-industrialized society. To a large extent, manpower has shifted from less productive to more productive industries and lines of activity. The notable exception is in the Government services sector where, as discussed below, employment creation has been an object of policy rather than of need.

131. The prevalence of disguised unemployment in some sectors is also a matter of concern. This is particularly the case in Government service sectors, where the practice of increasing employment to the maximum extent possible (sometimes irrespective of need) and the guarantee of employment to all university graduates has resulted in sectoral underemployment estimated to be as high as 30 percent. In the agricultural sector, underemployment appears to be largely a seasonal phenomena, and gainful off-farm work opportunities are normally available in slack work periods. In fact, a substantial proportion of the increase in employment in the last two decades has been absorbed by the agricultural sector itself. However, this does not appear to have been accompanied by a decline in labor productivity, as the decreased size of land holdings during the land reform evidently resulted in more intensive cultivation, while there was also an increase in cropped area due to completion of the High Dam.

132. Restoration of peace in the Middle East and consequent demobilization of Egypt's armed forces (currently estimated to number about a million) is likely to have significant effects on the employment situation. The 1974

plan envisages a growth of only 160,000 new job opportunities during the current year, clearly inadequate to meet the needs of the situation, as both manpower utilization and employment rates are expected to decline further in 1974 from their 1973 levels. In addition, a significant proportion of these new jobs may be allocated to demobilized soldiers. This partly reflects the relatively capital intensive character of the current investment program (iron and steel, fertilizers, ship purchases, etc.). However, the Government expects the employment situation to improve substantially over time as a result of increased economic activity in the Canal Zone and in the economy as a whole, and in response to an increased availability of jobs in oil-rich Arab countries. Employment of Egyptians abroad may have been given an impetus by the recent abolition of exit visa requirements. Other initiatives by Government are needed to create gainful employment opportunities, and through effective manpower planning, promote horizontal and vertical mobility of labor. This will call in turn for a rationalization in particular of public sector employment policies.

B. Agriculture

Background

133. Agriculture is the largest sector in Egypt. Output is dominated by field crops, mainly cotton, maize, wheat, rice and berseem, which together occupy some three-quarters of the total arable land and account for over half of the value of agricultural production. Yields are high by international standards for cotton, sorghums, sugarcane, and rice, but relatively low for other crops. Cotton and processed cotton products are the major export items, accounting for about 65-70 percent of national export revenue. Rice, the next largest crop, currently accounts for another 6-7 percent, which is about half its share of recent years.

134. Cotton production has stabilized at about 1.5 million tons since 1970. With an average acreage of about 1.6 million feddans planted in cotton during the period 1970-73, there has been little improvement in cotton yields during these years. In contrast are the significant yield increases achieved in wheat production in recent years. This was due largely to introduction of a new wheat variety, which is producing some 25 percent more output per feddan than the traditional variety. Total wheat output grew from 1.5 million tons in 1970 to 1.84 million tons in 1973. The area planted with the new variety in 1974 is estimated at 507,000 feddans, compared with 67,000 feddans in 1973, which comprise only 5 percent of the total wheat area of 1.25 million feddans in 1973. Wheat output in 1974 is expected at about 1.9 million tons. Maize production has been increasing due to the acreage expansion, while rice output has been falling, in response to Government pricing policies which have discouraged its production and export. Future rice production is expected to expand, in view of the recent upturn in world market prices. Fruit and vegetable output (which, except for citrus and grape production, are not subject to Government price controls) are continuing to grow, but there appears to be substantial waste of these goods because of lack of storage capacities. Expansion of the livestock sub-sector remains limited by a shortage

of feed, despite the rapidly growing demand for meat. The Government's drive to increase poultry production has not been as successful as it was planned, though poultry output in 1974 is expected to be more than double the 1971/72 output of 12 million chickens.

135. A salient feature of Egyptian agriculture is the high degree of central control, as is common to extensively irrigated agricultural societies. The Government uses various sophisticated and elaborate control measures, including: (a) administrative intervention on crop acreage allotments; (b) state-controlled distribution of essential farm inputs, as well as State control of product marketing and processing and; (c) setting of input and output prices. These centralized controls are designed to balance various (and sometimes conflicting) objectives, such as generation of foreign exchange revenues, generation of savings to finance the growth of other sectors, provision of essential food items to consumers at low and stable prices, and attainment of certain levels of income and employment in the agricultural sector itself.

136. In any single given year, the Government's freedom to adjust the commodity composition of production is usually limited to about 500-600 thousand feddans (out of an arable area of 5.7 million feddans). This is due to intricate rotation requirements necessary to match the total area of summer and winter crops, and because approximately 2.0 million feddans are devoted to permanent crops. A critical factor in the allocation of crop areas in recent years has been the trade-off between cotton and food grain production. Increased world prices for both commodities have boosted cotton export earnings, but at the same time resulted in a rapidly mounting wheat import bill. In principle, the allocation of agricultural resources is intended to exploit Egypt's agricultural comparative advantages in the world market. Among the difficulties in dictating such optimal cropping patterns, however, have been poor timing in the announcement of farm prices, and insufficient price incentives provided for certain strategic crops.

137. There are some signs that the Government is re-examining the basic philosophy which has long governed the pattern of development and role of the agricultural sector. There is a growing awareness of the need to improve the sector's planning and decision mechanisms in order to increase economic efficiency. The recent (April 1974) reorganization of the Ministries of Agriculture and Land Reclamation into a single ministry reflects a recognition of the need to improve planning and policy coordination among the Government agencies concerned.

138. There also appears to be a consensus that higher farm prices are needed, not only to increase production incentives, but also to provide greater social equity to the farmers. Recent increases (by about 20 percent on average) in farm prices for cotton, wheat, rice and sugarcane reflect this new emphasis. While these price increases do not adequately reflect increases in international prices of these commodities, in the Egyptian context they were nevertheless very substantial. The Egyptian authorities are reluctant to contemplate radical departures from the current system of administrative determination of cropping patterns and of absolute and relative farm prices. But there is greater recognition of the potential role of a somewhat freer

market price system within the current mechanisms of resource allocation. Clearly, the trade-offs need to be clearly studied as among the fiscal, balance of payments, and income distribution effects of changed prices. It seems evident that higher farm prices are needed to stimulate agricultural exports, but insofar as this raises rural consumption levels, the fiscal implications need to be carefully studied.

Agricultural Planning and Investment Programs

139. Agricultural planning in Egypt was first adopted in the context of the Ten-Year Plan beginning in 1960/61. This Plan placed on the agricultural sector the burden of financing industrial development, as well as supporting other socio-economic objectives, and it established the basis for much of present agricultural policy. Agricultural development planning in the conventional sense has remained suspended since the 1967 war. As of May 1974, no serious effort was yet being directed to a medium-term agricultural planning exercise, and the planning and coordinating links among agriculture-related Ministries and the Planning Ministry appear weak.

140. Investment in the agricultural sector since 1970 has averaged about LE 50 million annually, or about 14 percent of total public investment undertaken in this period. This represents a decline in the sector's share from about 18-19 percent in the late 1960's. Much of the current investment program represents a continuation of ongoing projects essential to maintain the normal level of output. The 1974 Plan allocation of LE 87 million for agricultural investment reflects mainly the Government's attempt to increase public sector production of poultry as a substitute for the unfilfilled demand for meat. The poultry project has been allocated LE 38 million, over 40 percent of the sectoral investment budget, and will be financed partly through Arab aid. There is a strong possibility, however, that the Government's direct investment in poultry will to be large extent replace similar investment by the cooperative sector.

141. Since mid-1973, reclamation efforts have been (temporarily) limited to further developing the 910,000 feddans already reclaimed. This limitation is due to serious salinity difficulties encountered in developing some of these reclaimed areas. This problem is now being studied. The Government appears determined to resume its "normal" reclamation work as soon as an answer to the above problem is found. It is recommended that large-scale investment aimed at opening up new agriculture regions should not now be given high priority, particularly in view of the development potential of the "old" lands. This also applies to hopes for early development of the Sinai.

142. In addition to poultry production, priority in the current investment program is given to fishery production in Lake Nasser (with associated marketing and storage facilities), fruit and vegetable production and processing, farm mechanization, livestock production, and soil improvement. Some resources are also being devoted to increase productivity of smaller farms; it is estimated that holdings of less than 5 feddans comprise some 40 percent of the cultivated land area and support some 75 percent of the agricultural population. But there is not yet a comprehensive and integrated rural development program for improving the income and employment prospects of these farms.

Agricultural Trade

143. Egypt's agricultural trade remains dominated by cotton exports and wheat imports. The following table summarizes recent trends in the volume and values of cotton, wheat and other items affecting Egypt's agricultural balance of payments.

Table V-2: EXPORTS AND IMPORTS OF MAIN AGRICULTURAL ITEMS

	Volume (Mln. tons)			Value (LE Mn)		
	1971	1972	1973	1971	1972	1973
			Exports			
Raw Cotton	0.33	0.30	0.26	175	162	192
Rice	0.52	0.46	0.30	25	22	26
Other	"	"	"	28	27	51
Total	-	-	-	228	211	269
			Imports			
Wheat /1	-	2.8	2.8-3.0 /2	70	49	150-200 /2
Other	-	-	-	33	27	37
Total	-	-	-	103	76	187-237

/1 Includes flour expressed in wheat equivalent.
/2 Lower figure of range from Central Bank balance of payments data; higher figures reported by Ministry of Supply.

Source: Mission estimate based on data available from FAO and Central Agency for Public Mobilization and Statistics.

144. Since the 1970/71 season, cotton exports have stabilized at about 6 million kantar annually, except for a slight decline in 1971/72. Cotton exports in 1973/74 are expected to be double in value over the level of 1972/73 solely because of price increase. The last two years have also seen a noticeable change of direction in Egypt's cotton sales away from the USSR and East European countries and towards the convertible currency countries. 1/ On the import side, annual wheat and flour imports have averaged about 2.8 million tons wheat equivalent in recent years. These wheat imports comprise about 60 percent of current domestic consumption requirements, estimated at 4.5-4.6 million tons. Increased food grain prices led to at least a tripling of the wheat import bill between 1972 and 1973. The net agricultural trade balance in 1974 is estimated at LE 70 million, with expected total agricultural export revenues of about LE 420 million, and import costs of LE 350 million.

1/ See Table 3.9 in the Statistical Appendix for details.

145. The net agricultural trade balance (in constant prices) is likely to remain in the range of LE 50-75 million through the 1970's, if agriculture grows as forecast by the planning authorities and if current price projections prevail. These plans assume that the current level of cotton exports will be maintained, and that higher productivity in cotton will permit the freeing of some land for food production, particularly wheat. Increased output of food grains could prevent annual wheat and flour imports from rising much above the 3 million tons level -- assuming also that the Government makes an effort to curb food consumption.

146. The short run prospects for non-traditional exports are limited. Rice exports could be pushed further, and citrus exports, which have been growing rapidly (mainly to the USSR and East European countries) could also be increased. But a major expansion of citrus exports to convertible currency countries would be difficult to achieve, given the quality of the product and Egypt's inadequate marketing capacity. There appears to be a good prospect for the fruits and vegetable sector, but this is still a relatively unknown area and future competition will be great. Thus, Egypt's entrance into these non-traditional agricultural markets will require major efforts in production, processing, and marketing, under a more integrated management arrangement. A detailed assessment of the potential in this area will be studied in the course of the Government's preparation of a fruit and vegetable project for Bank Group financing.

Sectoral Development Prospects and Strategy

147. Egypt has fairly sophisticated agricultural practices, and relatively high yields for major crops, particularly cotton and rice, which are grown in bulk on productive land. The basic constraints to future agricultural growth include: the high man/cultivated land ratio; the fragmentation of farm land; inadequate drainage; lack of capital; and institutional limitations. Without a major (unforeseeable) structural change in the sector, it would appear that annual agricultural growth will be limited to about 3-4 percent. Nevertheless, there appears to be substantial room for quick improvement in the welfare of rural farm population, assuming a greater availability of investible resources. Individual productivity could be raised through changes in the incentive pricing system, and there are good opportunities for both cottage industry and agro-business development in non-traditional commodities.

148. Given the long-run limitations on irrigable land, Egyptian agricultural policy will have to foster a more intensified, high-value production. This would require a more integrated agricultural system, linking production, processing, and marketing activities. Rural industry (such as small-scale village carpet factories, poultry farming, and agro-industrial processing and marketing) could provide additional income and employment to the rural population. A large number of village carpet factories and chicken farms, based on cooperative efforts, have already been established.

149. One of the most important requirements in pursuing this general approach would be to strengthen the cooperatives as production and marketing-oriented institutions, beyond their traditional role as input-providing service institutions.

150. The Government should consider a two-stage agricultural policy. The first task is to identify and provide those critical input and investment requirements which will have the greatest net foreign exchange impact, whether through export earning or import substitution. These could typically include fertilizers, animal feed, pesticides, high-yielding seeds, and machinery or equipment which would facilitate fuller utilization of existing productive capacity in the sector. The second task will be to undertake analyses and/or to make policy choices in a number of key areas. For example, an improved framework for planning and policy coordination is needed: (a) to provide a more rational basis for sub-sectoral allocation of foreign exchange under the current system; and (b) to formulate a longer-term sectoral development strategy, informed by a more quantitative specification of investment criteria and priorities.

151. It will also be desirable to reappraise the role of the public sector in agriculture in general, and in particular, of the merits of large-scale capital-intensive investments being undertaken (or being contemplated) within the state farm management framework. Returns to investments in new horizontal expansion and in large scale state poultry farms should be compared with alternative returns to providing increased supplies of inputs, credits, and institutional support to the small-scale cooperative sector.

C. Industry and Petroleum

152. The industrial sector currently accounts for slightly over 20 percent of the GDP, 35 percent of total exports (including processing of agricultural goods), and about 13 percent of total employment. By these measures, industry still ranks well behind agriculture in its importance in the economy. But it has for some years received highest priority in the investment program, and it is expected to play the leading role in future development. This priority reflects both the real opportunities and advantages offered for industrial growth, as well as the serious limitations affecting future expansion of agricultural output (viz. limitations on the amount of arable land).

153. As a result of the nationalizations in the early 1960's, nearly all large- and medium-scale enterprises are in the public sector, which comprises approximately 200 enterprises. The industrial private sector has almost as many employees (about 450,000), but these are scattered among some 150,000 establishments, of which only 4000 are factory-type operations. The private sector contributes about 25 percent of the country's industrial output.

154. During the period 1968/69-1970/71, enterprises were able to obtain import licenses for most of their raw material requirements and industrial output expanded by about 12 percent annually (in current prices). The industrial growth rate fell in 1971/72 to about 6 percent, and in 1973 to

about 3 percent. This decline resulted in part from continuing defense needs, administrative inefficiencies (particularly in the foreign exchange allocation system), shipping and marketing difficulties. More important, however, were shortages of foreign exchange, attributable in large part to rapidly rising world prices, which resulted in acute scarcities of raw materials, intermediate goods and maintenance equipment. In real terms, there was stagnation in aggregate industrial output in 1973, and a current assessment of unutilized capacity in industry indicates a possible decline in real output in 1974.

155. As a result of these low production levels, industrial export growth was also hampered. Although in 1973, exports expanded at a rate of 13.5 percent, only the private sector and textile and food industries in the public sector contributed to this; exports in most other industries even fell below the 1972 level. Furthermore, this export expansion was attributable more to price increases than to quantitative improvement. In 1973, about 9 percent of manufacturing output was exported; the target for 1974 is the same, but with the foreign exchange currently available, the figure could drop to 5 percent. The Government's policy is to increase the weight of non-traditional export goods as against traditional ones, consisting of cotton products and cement, in order to widen the base of the country's exports. However, the share of non-traditional exports remained the same as in 1972, at 53 percent. Another policy is to increase exports to hard currency markets, as compared to exports under clearing agreements. Here, some expansion of the share of hard currency export (from 32 percent in 1972 to 35 percent in 1973) was achieved, although the majority of exports are still done under clearing agreements.

Capacity Underutilization

156. The extent and distribution of capacity underutilization among industry groups were evaluated recently in two Government studies (July 1973 and February 1974) and by a World Bank mission which visited Egypt in May 1974 specifically to review the capacity utilization problem. The mission's review broadly confirmed the conclusions of the Government's study of February 1974. The Government reports were based on estimates of individual enterprises. Each enterprise reviewed its production for the last three years (in physical terms) and the physical volume of imports consumed to achieve that production. Coefficients of physical inputs per unit output were computed in detail for each product produced or required. Based on the target production plan for 1974, the physical volume of imports was then computed. Net import requirements are the difference between the levels required to meet the production targets, which the Ministry of Industry determines annually as a realistic maximum, and the amounts already provided under the budget. The physical volume of imports was translated into value terms by determining the import prices of goods in February 1974. Thus, the total foreign exchange required for import of raw materials and intermediate goods was estimated at ₤E 238 million, to support the 1974 production target of ₤E 1,813 million. The monetary budget provides ₤E 161 million, leaving net import requirements of ₤E 77 million. The average import coefficient is 13 percent (i.e. ₤E 238 divided by ₤E 1,813). On that basis, the amount of potentially idle capacity is estimated at ₤E 590 million, or about 32 percent of capacity output. In

sharp contrast to 1974, the July 1973 report estimated idle capacity in that year as 14 percent. The distribution of potentially idle capacity in 1974 varies among industry groups as shown below:

Table V-3: TARGET PRODUCTION, IDLE CAPACITY, AND IMPORTS

	(1) Target Production (LE million)	(2) Potential Idle Capacity	(3) Imports Needed (LE million)	(4) (3) ÷ (2) (%)
Food Processing	453	133	13	10%
Textiles	440	102	9	9
Chemicals	135	57	19	33
Engineering	134	65	13	20
Metallurgical	117	60	18	30
Building Materials	59	14	3	21
Private Sector	475	159	2	1
Total	1,813	590	77	13

157. The worsening shortage of foreign exchange resulting from the tight balance of payments position, exacerbated by price increases and the breakdown in clearing area deliveries, is the major reason for underutilization of capacity in industry. As a result, the levels of available supplies of needed imports have been declining at the plants. Some plants may have to close down temporarily within a few months or at least may have to close down key production lines while work in process in other areas accumulates. These effects are likely to be felt throughout industry, but may become most severe in chemicals and metallurgy. Labor shortages (particularly of skilled labor) are not regarded as an important constraint, nor do enterprises appear to face a shortage of working capital.

158. The measure of capacity output shown in the above table is based on past experience, the condition of equipment, and current operating practice with regard to the number of shifts worked, although these considerations normally would lead to a conservative estimate of capacity. As the estimates of potential idle capacity and imports are based on February 1974 prices, and there is evidence that prices are continuing to rise, the estimated uncovered import needs of LE 77 million will prove low for the whole of 1974. Even if import prices were to rise at only one-half the rate between July 1973 and February 1974, and there is some accompanied improvement in industry performance, additional import needs could rise to LE 90-95 million in 1975.

159. Looking ahead to the eighteen-month period September 1974/March 1976, the capacity utilization mission's revised estimate of imports needed to restore Egyptian industry to full capacity utilization was put at about LE 175 million ($450 million). Of this, about three-fourths constitutes a recurrent need for raw materials, and one-quarter constitutes a once-for-all need for rehabilitation imports (spare parts, balancing equipment, etc.).

As of mid-1974, Egypt had successfully negotiated a number of "program aid" or commodity import-financing arrangements, which would help overcome this problem. These included agreements with Iran ($100 million); Japan ($50 million); Germany (amounts from the July 1974 aid agreement to be determined); and the USA ($80 million, subject to Congressional approval). It is expected that a large proportion of these loans would be for the industrial sector's needs. The World Bank Group is also considering the possibility of financing about $70 million of Egypt's current import needs, of which about $45 million would be for industrial imports.

Public Sector Investment in Industry

160. In the last several years, investments in manufacturing activity did not grow, with public sector investments kept at ŁE 60 to 70 million and private sector investments at below ŁE 10 million per year. Under new economic and political circumstances after the October 1973 war, the Government intends to raise the level of investment. While further expanding public industrial investments, the Government is embarking on policies to exploit two potential areas which were neglected in the past -- local and foreign private investments.

161. Liberalization of the economy does not mean abolishing or seriously reducing the size of public sector industry. Rather, the Government plans to retain most public sector companies and to invest further in them, so that this sector will continue to lead industrial development. The Government retains responsibility for large-scale projects such as steel, aluminum, fertilizer, phosphates, etc. Thus, Egypt's future industrial development is seen to call simultaneously for improved planning as well as decentralized administration.

162. As a result of foreign exchange shortages, the Government has had to determine more restrictive criteria in selecting projects. First, new projects have been limited because there are many on-going projects which need to be completed first, in order to bring benefits to the economy as soon as possible. Second, among on-going projects, priority has been given to those for basic production materials, import substitution or export, and essential consumer goods.

163. The structure of investments has two major characteristics. First, sub-sectoral allocation is in favor of the metallurgical sub-sector. The Helwan Iron and Steel Complex alone accounted for 28 percent and 38 percent, respectively, of the total annual investment in industry in 1973 and 1974. Another large project, the Aluminum Complex Project, is now claiming another 30 percent. The Helwan Iron and Steel Complex Project aims at expanding production from 300,000 tons to 1.5 million tons of steel, is estimated to cost ŁE 267 million including ŁE 127 million in foreign exchange. This project may be important in the long-term development strategy. However, in the light of the large project cost, long gestation period, and relatively small import substitution effect -- total import of iron and steel products amounts to about ŁE 20 million per year, but not all can be substituted by local production -- the resources invested in the project might have have brought a greater benefit to the economy if utilized in other ways. The same comment may be applicable to the Aluminum Complex Project, which is to utilize

electricity of the Aswan High Dam to process imported alumina, with an investment cost of ĿE 60 million, including ĿE 37.5 million in foreign exchange. Whatever their originally projected cost/benefit, however, the recent price changes of these goods will no doubt have raised the economic returns on these projects.

164. Aside from the issue of the appropriateness of investment priorities is the problem of inadequate programming and expenditure for maintenance and replacement of equipment. Egypt has already accumulated substantial production equipment, but most of it is not in adequate condition because of old age and inadequate maintenance constrained by shortage of foreign exchange. In addition, there are often bottlenecks in production flows caused by unbalanced production capacity in each stage. In many cases, replacement of a machine or spare part or addition of balancing equipment is more economical than creating a whole new plant, and is essential in maintaining efficiency of existing plants. The problem here is that there is no sub-sectoral programming about how to maintain production equipment and how to best allocate resources between maintaining existing plants and building new ones. Only for the key textile industry industry is there a rehabilitation program; this includes rehabilitation of eight spinning mills accounting for 364,000 spindles and eleven weaving mills accounting for 6,000 looms.

Local Private Investment

165. Until recently, there has been a relative neglect of the role of private enterprise compared to the role of public sector industry. Being afraid of nationalization, private industrialists were inactive in investment. They also tended to avoid expansion of employment to beyond 50 workers -- the widely believed line for nationalization. In addition, quick-pay-back projects were preferred because the long-term business and political situation was uncertain. The Government has now given new recognition to the importance of the private sector as an essential component of the economy, and is moving to encourage private industry.

166. The Government envisages local private investment mainly in medium- and small-scale industries. It is generally considered that local entrepreneurs lack funds sufficient to undertake large-scale industrial projects, while some major industries are specifically reserved to the public sector. These industries include military industries, industries deemed key to the economy (e.g. fertilizers), and industries that may increase the balance of payment difficulties. As an example of the third kind, private entrepreneurs are prohibited from investing in weaving mills at present because yarn is in short supply even to meet the demand from the public sector weaving mills, and a new private weaving mill would have to rely on imported yarn.

167. Private industries in Egypt have a large potential for growth. The number of licenses of the General Organization for Industrialization issued for private industrial projects increased from the range of 260 to 340 annually in 1968/69 - 1971/72 to 450 in 1973 and 150 in the first quarter of 1974. The total cost of the 450 projects licensed in 1973 is estimated at ĿE 20 million, or about half the size of public sector investment other than in the Helwan Steel Project.

168. However, the shortage of foreign exchange is a bottleneck here also. While local currency financing is readily available from their own sources and from banks, foreign exchange required to import capital equipment and materials is not sufficiently available. In the past, part of an IDA credit extended to the Bank of Alexandria was practically the only source of foreign exchange for capital goods. For import of materials, the Government allocated less than ₤E 10 million foreign exchange annually while about ₤E 20 million was considered necessary to run factories at full capacity. The introduction of the parallel market system, coupled with favorable policies to the private sector, has apparently brought about better conditions. Since September 1973, when the parallel market system was expanded, official foreign exchange allocation has been discontinued. Up to May 1974, some ₤E 8 million had been allocated to the private sector through the parallel market.

Foreign Investment

169. In the course of gradually liberalizing economic policies, the Government, in September 1971, promulgated a law entitled "The Investment of Arab Funds and the Free Zone" (Law No. 65). By this law, the door was opened for foreign investments from both Arab and other countries. The law consisted of three parts: (1) regulations and incentives on direct foreign investments, (2) those on free zones, and (3) organization of "The General Authority for Investment of Arab Funds and Free Zones". The Government has recently promulgated a revision of this law retitled Law No. 43, "The Investment of Arab and Foreign Capital and Free Zones" that covers foreign private investment as well. While introducing a new condition that foreign-sponsored projects should be joint ventures with Egyptian public or private capital, the law expands the scope of incentives; for instance, it extends the period of tax exemption to eight years for important projects. One criticism of the present law is that many provisions are stated only generally, leaving great latitude for negotiation on issues such as ensured convertibility of profit remittances, arbitration procedures, etc. Moreover, it remains for many specific procedures and requirements to be spelled out in the Regulations relating to the Law; these Regulations are still in preparation. Nevertheless, the private business community has been encouraged by the overall thrust of the law, and investment should respond favorably.

170. On direct investments, the law sets a framework whereby foreign-invested projects, even joint ventures with public sector organizations, will be treated as private companies. Thus, they are to be free from Government control over public sector enterprises. On free zones, the law ensures that projects undertaken in the zones would be widely exempted from taxes and government controls on currency transactions.

171. Under the 1971 law, 151 industrial projects with a total cost of ₤E 56 million were applied for by the end of 1973. Of these, the Government approved 46 projects acounting for ₤E 11 million in 1972 and 1973. So far, only five projects have started production. The wide gap between 152 applications and five operating projects is partly attributable to the fact that the 152 included many minor, economically insignificant projects which the Government rejected, and also projects formulated by promoters who did not have firm financial resources and therefore had to seek actual investors after

their projects were approved. As for free zones, the Government plans to develop one zone in Cairo for light industries, and another one in Alexandria for heavy industries. Their construction is expected to be completed by the end of 1974. The planned free zones in Port Said and Suez are conceived as a part of the reconstruction plan for the Suez region.

Growth Potential and Prospects

172. In 1972, the Government prepared a five year development plan (1973-77) as a part of the Ten Year Social and Economic Development Plan (1973-82). Although these plans are no longer effective due to recent political and economic changes, the Government considers the target growth rates and development strategies for the industrial sector presented in the five year plan to be still valid, if sufficient foreign exchange becomes available. The plan set an annual growth rate of overall industrial production at 7.1 percent on a constant 1972 prices basis. Among industrial, while traditional industries were envisaged to grow slowly, heavy and chemical industries were targeted for higher growth rates, as shown below:

Table V-4: INDUSTRIAL GROWTH PROJECTIONS
(in percent)

Sub-Sector	Planned Average Annual Growth Rates 1972-77	Sub-Sector Structure 1972 (Base Year)	Sub-Sector Structure 1977 (Target Year)
Traditional	4.0	76.7	66.0
Food	3.2	43.4	36.0
Textiles	4.9	30.5	27.5
Non-Metal Products	4.8	2.8	2.5
Heavy and Chemical	17.2	18.8	29.5
Chemical	10.0	7.8	8.9
Basic Metal	24.8	3.7	7.9
Engineering	19.9	7.3	12.7
Others	7.2	4.6	4.6
Total	7.1	100.0	100.0

173. With some exceptions, these growth rates appear to represent a reasonable estimate of the near-term the potential of each industry. However, the envisaged 5.8 percent growth for spinning and weaving industry will be possible only if existing obsolete equipment is fully rehabilitated, new production capacity added, and sufficient materials (both local and imported) made available. Moreover, a shift in emphasis from spinning and weaving to garments and other products with higher value added in the textile industry is desirable to achieve a higher value of production and export. The strategy to give higher priority to heavy and chemical industries seems reasonable in light of the country's mineral and petroleum resources. However, the development of these industries may take a longer time than planned. The high growth rate of basic metal industry is expected to result mainly from the

Helwan Iron and Steel Complex project and the Aluminum project, whose products would be fed into engineering industries. Therefore, the programming of these two projects is important and their timing needs to be elaborated be determined in a sector plan. Regarding engineering industries, their growth rates (particularly the rate for transportation equipment) might be unrealistically high. This is because Egypt's engineering industries have some products unsuitable to markets, their international competitiveness has not yet been well established, and development of engineering industries takes a relatively long time in accumulating know-how and skills. In chemical industries, while fertilizer production is essential to domestic agriculture, the growth of other chemical industries might depend on the future development of chemical industries in neighboring countries and on their relative competitiveness. Overall, the extent to which these industrial growth potentialities can be realized will depend in large part upon the availability of foreign exchange.

174. The industrial strategy in the past has emphasized import substitution. Of the country's imports, non-industrial items account for about 30-35 percent, where there is little possibility of import substitution by industry. Among the industrial products, the largest segment is occupied by the intermediate goods, a large part of which consist of natural resource-based materials such as wood, rubber and animal fats. The substitution of the next largest import item, capital goods, may not be easy technically and will take some time. Consequently, not too much more import substitution may be expected in the short-run. Especially insofar as the heavy and chemical industry-oriented strategy requires higher imports, it seems reasonable to expect that industrial imports may increase at about the same rate as industrial production.

175. As a consequence, exports need to be increased more in order to improve the balance of payments. At present, exports of textiles and food account for about 65 percent of the total public sector exports. However, because potential growth rates of production in these industries are low (with 3.2 percent for the food industry and 6 percent for the textile industry) and because local demand is increasing also, the future growth rate of the exports of the food industry is likely to be limited to about 2-3 percent and that of the textiles industry to 3-4 percent, in real terms. The next largest export industry, the engineering industry, is expected to rapidly increase exports to Arab and African markets, but its annual rate may be in the range of 10-20 percent. Consequently, growth rates of public sector industrial exports will probably be around 3-4 percent in real terms for the next several years. However, these projectsion are based on large categories of industries, and export possibilities are usually determined by conditions for specific products. In fact, exports by the private sector may grow more rapidly than those by the public sector. The rapid expansion of private sector exports in 1973 is an indication of what may be achieved. If the private sector were to expand its exports by 30 percent per year (which seems quite optimistic, but possible), total industrial exports would expand at 9 percent per year. 1/

1/ The projections in Chapter III are deliberately more conservative; those imply a growth in industrial exports averaging only 12 percent in current prices, or only about half of the potential rate noted here.

Thus, the private sector seems to have a key role in the country's exports, a consideration which underlines the importance of Government policies and programs to encourage new foreign investment.

Petroleum and Natural Gas Prospects

176. Egypt's crude oil production expanded rapidly in the 1960's. Despite the loss of the Sinai fields in 1967, production reached over 16 million tons in 1970/71. There was a major setback in 1971, when falling reservoir pressure at the large El Morgan fields was the main reason for a decline in total output, to about 11 million tons in 1972. Continuing low pressure at El Morgan and the closing down of the Gulf of Suez and Red Sea oil fields for six months from October 1973 resulted in a further fall in production to about 8.4 million tons in 1973 and to an estimated 8.2 million tons in 1974. Details of Egypt's production and distribution of petroleum and petroleum products may be found in Table 8.4 in the Statistical Appendix.

177. Reflecting these developments, Egypt's, crude petroleum exports declined substantially in the early 1970's, from an average of 8 million tons in 1970-71 to an average 2.4 million tons in 1972-73, despite some improvement in prices over this period. On the other hand, there was at the same time a considerable rise in the export of refined products, due to the rebuilding of domestic refining capacity. With the help of an oil gift totalling 1.1 million tons from other Arab countries in 1973, Egypt was able to cut its net imports of crude petroleum plus petroleum products to about $29 million in 1973 -- an improvement of about $30 million over 1972 and the lowest level of recent years. Combined exports of crude petroleum and petroleum products are expected to remain below 3 million tons in 1974, but because petroleum imports are projected to drop while prices are rising substantially, Egypt could become a small net exporter on petroleum account in 1974. The capacity of existing refineries has reportedly been restored to the 8.5 million ton level which existed before the 1967 war -- about 10-15 percent above the 1974 estimated domestic consumption level (150,000 barrels/day equivalent). Thus, in addition to its current export surplus of crude oil of about one million tons (it exports heavy crude and imports some light crude), Egypt will have an exportable surplus mostly of naptha, gas oil, fuel oil and asphalt. However, there will remain a deficit of such products as butane gas and tube oils. Details of Egypt's petroleum trade account in recent years is shown in Table 3.10 in the Statistical Appendix.

178. The decline in Egypt's crude petroleum output in recent years is expected to be reversed sharply in the second half of the 1970's. Now underway are a major project to increase reservoir pressure at El Morgan and a marked increase in exploration activity by major international oil companies. These companies had withdrawn from Egypt soon after World War II because of Egyptian insistence that leases be granted only to companies incorporated in Egypt with 51 percent Egyptian shareholding. As a result, exploration work during the following two decades or so was left to Phillips, Amoco, state-owned entities

such as the Italian ENI, and the USSR, which were willing to accept the Egyptian terms. Now, with the bargaining position of the producing countries improved, the major international petroleum companies have concluded production-sharing agreements acceptable to Egypt. Under five new agreements concluded in 1973, Exxon, Mobil, Continental Oil, Trans-World Petroleum, and the German Deminex group are reportedly committed to spend over $120 million on exploration over the next decade; if oil is struck, they will enter into production-sharing arrangements with the Egyptian General Petroleum Corporation (EGPC). In addition, further exploration is being undertaken by Petrobras of Brazil, and exploration is continuing in concessions granted earlier to the existing producing companies. Reportedly, 14 new agreements have been concluded so far in 1974, with 13 others still under consideration. Thus, it is clear that exploration will take place on an unprecedented scale in the area covering the Western Desert, the Nile Delta, offshore Mediterranean areas, the Nile Valley, the Gulf of Suez, and probably also in the Siwah Oasis.

179. EGPC has finalized a contract with Amoco for exploitation of the gas reserves at Abu Gharadik in the Western Desert. Production in this field is expected to reach 100 million cubic feet a day by August 1975, and a 300 kilometer pipeline will be built so that this gas may be used to substitute for fuel oil in the iron and steel, power and cement plants at Helwan. EGPC is also developing, in partnership with a subsidiary of ENI, the Abu Madi gas field in the northern Delta, to produce 100 million cubic feet of gas per day by the end of 1974; this gas is to be utilized in the industrial complex at Mahalla El Kubra, in existing power plants, in the fertilizer factories at Talkha. A similar output target has been set for the offshore Abu Qir field near Alexandria, which EGPC plans to make operational by early 1976. The gas from Abu Qir is to be utilized in the power stations and other factories of Alexandria, Kafr El Dawar and Damanhur. Egypt also has plans to develop two petrochemical complexes, one near Cairo to produce synthetic fibers and another near Alexandria to produce plastics and synthetic rubber.

180. Altogether, EGPC is forecasting that annual gas and oil exploration expenditures over the next decade will average about $75 million annually. While the outcome of the increased exploration activity cannot be predicted, Egypt could still approach its forecast output of 50 million tons by the early 1980's, even if the ratio of reserves discovered to exploration expense were only about half the 1.7 tons per dollar achieved in the decaded ended 1973. The forecast of future discoveries is also based on significantly lower "drilling success ratios" than characterized past exploration. 1/

1/ For example, for Nile Delta exploration, the past success ratio was 1:6; the projected ratio is 1:15.

The following table summarizes EGPC's forecast of future oil and gas production, consumption (implied), and exports over the next decade.

Table V-5: PROJECTION OF OIL AND GAS PRODUCTION AND EXPORTS

	1975	1976	1977	1978	1980	1982	1985
Production (million m.t.)							
From existing fields	14.9	18.0	21.7	24.4	24.4	20.8	12.2
From expected discoveries	0.1	4.7	9.2	15.1	26.2	40.0	48.0
Total Production	15.0	22.7	30.9	39.5	50.6	60.8	60.2
Of which Egyptian share	(11.6)	(16.5)	(22.2)	(27.7)	(34.2)	(39.8)	(38.1)
Domestic refinery capacity plus local gas use	9.8	14.0	18.3	19.7	19.7	19.7	20.2
Exports, net							
Petroleum	1.8	2.5	3.9	8.0	14.5	20.1	17.9
Petroleum products	0.7	3.6	6.5	6.8	5.5	5.0	3.3
Total exports	2.5	6.1	10.4	14.8	20.0	25.1	21.2
Export price ($)							
Weighted average price/ton for petroleum and products	74	82	90	93	105	117	137
Value of Net Exports ($ mlns)	185	500	920	1380	2120	2940	2900

Source: Statistical Appendix, Tables 8.20 and 8.21

181. As may be seen from the table, production from existing fields is expected to rise steadily, reaching an average 25 million tons average in 1978-80, of which gas production constitutes 3 million tons equivalent. (The breakdown of projected production by individual existing field and by gas and oil is outlined in Table 8.20 in the Statistical Appendix). Thus, even without the benefit of new discoveries, Egypt's petroleum outlook for the remainder of the decade appears quite favorable. As the above table shows, however, if results of the greatly-expanded exploration program prove to be in the range projected by EGPC, Egypt's petroleum earnings (net of the partners' shares) would be $500 million by 1976 (including the Sinai fields), exceed $1 billion by 1978, and reach $2 billion by 1980. Needless to say, such results would obviate Egypt's balance of payments difficulties. However, given the uncertainties attending this outlook, the projections presented in Chapter III have been far more conservative; those projections assume, for example, that the results of new explorations will be much less than half the levels forecast by EGPC and presented in the table above. Further data relating to the petroleum outlook, and an alternative projection, are included in Tables 8.21 and 8.22, in the Statistical Appendix.

Other Minerals

182. A reappraisal of Egypt's wealth in other minerals is taking place. There are high hopes that substantial reserves of phosphates will be discovered in the Eastern desert and on the Red Sea Coast, in addition to those being mined near Isna and Safaga (estimated reserves 180 m tons) where production in 1968 was 750,000 tons, and where the Rumanians are helping with a 1.2 mn ton a year factory at Hamrawein. Estimates of other deposits at 400 mn tons or over have had to be revised after the discovery of deposits estimated at 1,000 mn tons at Abu Tartur in the Western Desert. Low grade iron ore supplies, at the rate of up to 500,000 tons a year, have hitherto come from the Aswan area, but somewhat better quality deposits have been discovered in the Baharia oasis area and are now linked to Helwan by rail and road. Russian assistance is being given to exploit these deposits at a projected rate of 4 mn tons a year, to feed the Helwan steel plant. Coal deposits estimated at 80 mn tons have been found near Suez. Manganese is mined in the Eastern desert as well in Sinai, occupied now by Israel, whose mineral potential has probably been underestimated in the past.

D. Tourism

183. Egypt's location, climate and cultural heritage offer unique possibilities for tourist development. This potential was being exploited in the early 1960's, when tourist nights spent in Egypt rose from about 4.6 million in 1960 to almost 10 million in 1966, with a corresponding rise in earnings from tourism to about ±E 50 million. A sharp setback in tourism traffic and earnings and earnings resulted from the 1967 war, and recovery has been slow, Tourists were deterred by the political situation, by factors such as the closure of the Suez Canal and Alexandria airports, and by the restriction of tourist movements within the country. As of early 1974, however, the improved prospects for peace in the area -- together with a revised investment law and other elements of the "open door policy" -- offered a sharply improved prospect that tourism could be a rapidly growing sector in the coming decade, making a substantial contribution to increasing foreign exchange earnings, providing employment, and achieving a greater regional dispersion in the country's development.

184. It is estimated that European tourist traffic may grow by as much as 15 percent annually and Arab tourism by about 10 percent annually (in terms of total nights spent in Egypt) during the remainder of the 1970's. These estimates imply a growth of total tourist nights spent in Egypt from an estimated 6.5 million nights in 1974 (a restoration of the 1972 level) to about 12 million nights in 1980. Thus, foreign exchange earnings from tourism could rise to about ±E 140 million annually by the end of the decade. In order to accommodate these tourists, hotel accommodations would have to be doubled (to 18,000 rooms) over the next six years, with at least 35 percent of the new construction in first-class hotels. This would involve an investment of about ±E 95 million, including about ±E 33 million in foreign exchange.

In addition, at least 7,500 new apartments would need to be constructed, at an additional cost of about ₤E 21.5 million. Supporting infrastructure needs would require about ₤E 50 million, of which about ₤E 20 million would need to be in foreign exchange.

185. The Government's policy has been to rely mainly on the publicly-owned Egyptian General Organization for Tourism and Hotels (EGOTH) for the setting up of new hotels and provision of tourism facilities. However, the Egyptian private sector is expected to play a more substantial role in future in developing both hotels and tourist apartments. Such an involvement by the private sector would represent a significant change in policy, as no licenses (allocating materials and foreign exchange) for construction of new hotels were granted to the private sector for the last several years. The passage of the new Foreign Investment Law, with its improved guarantees against expropriation and its removal of the condition of 51 percent Egyptian ownership, has aroused new foreign interest in hotel investment. Although some wholly foreign-owned hotels may be set up in future, particularly in the Canal Zone, it seems more likely that most new hotels will be owned in collaboration with Egyptian enterprises.

186. The Government is currently exercising strict control over new projects in the private and public sector. This is appropriate since the prospect of rapid tourism development confronts Egypt's planners with complex choices, and they face considerable pressures to permit establishment of facilities which may not be in the country's long-term interests. There seems to be a need, however, for the Government to define more clearly its criteria and priorities for tourism development, to systematically study Egypt's market potential and targets for tourism growth, and to undertake detailed physical planning of tourist zones, including evaluation of infrastructure requirements. The social and environmental effects of alternative policies also need careful examination. Other areas which deserve attention are the regulation of development on the northern coast; improvement of museum facilities at Cairo; preparation of a master plan for Luxor; and the definition of policy guidelines for tourist development in the Suez Canal Zone. Foreign aid donors might well consider how they could help Egypt to improve its tourism planning and management capabilities.

E. Infrastructure

187. The lack of adequate investment in the past has resulted in a deterioration of infrastructure in some sectors. This is clearly a problem in telecommunications, road transport, urban housing, and public utilities. There is also an urgent need for new port facilities. It is evident that unless substantial resources are devoted to appropriate investments in these areas, major bottlenecks will constrain the economy's growth. Moreover, even those sectors which received major investment allocations in the past (e.g., irrigation, inland water transport, power) will require substantial further investments

to grow apace with the economy. And as noted earlier, other major infrastructural needs of all kinds are involved in the Government's plans to repopulate the Suez Canal zone and to develop the "new map" of Egypt.

Transport

188. No comprehensive master plan now surveys the relative state and efficiency of the modes comprising the inland surface transport network, nor plans for their future growth in an integrated manner. This is a major handicap to an efficient expansion of the system. At present, priority is being given to maintaining the existing system, with the exception of the railways, where major investments are being made.

189. The Egyptian railway system, operated by Egyptian Railways (ER), extends over a total of 3,600 route-km of standard gauge track. The Nile Delta is served by a dense network of main and branch lines, while there is only one 900-km main line from Cairo to Aswan. The lines east of the Suez Canal (347 km) have been out of operation since June 1967. The track in the Suez Canal zone suffered substantial damage as a result of hostilities in the area.

190. In common with other sectors, railways suffered from a prolonged period of underinvestment. Consequently, a substantial portion of track, signalling and telecommunication equipment, and rolling stock (particularly passenger and freight cars) has become obsolete. ER's 1972-77 investment program calls for the rehabilitation and modernization of its facilities; this program is being implemented with financial and technical assistance from the World Bank Group. The Bank Group has recently appraised a second stage railway project which includes relaying track, replacing and adding to traction and rolling stock, improving signalling and telecommunications, modernizing marshalling yards and workshops, augmenting stocks and essential spares, and providing training and consultancy services. The Government is also interested in undertaking a much-needed national intermodal transportation survey, and in securing the financial resources needed to resume rail service in the Canal region.

191. Inland water transport is currently the most economic means of freight transport in Egypt. The main inland waterways include the Nile River from Aswan to Cairo (910 km), two canals between Cairo and Alexandria (220 km and 250 km), and the Cairo-Ismailia Canal (133 km). The bulk of freight traffic is carried by two government companies which in 1973 transported 2.1 million tons of goods, totalling 1788 million ton-km of freight. Private sector power barges account for another million tons of freight, while more than 13,000 sailing barges also carry substantial tonnages.

192. The bulk of the government fleet is relatively new, having been imported after 1961 from Hungary and Romania. However, a substantial proportion (perhaps as much as 40-50 percent) require heavy repair. There is, therefore, an urgent need for modern workshops for building and repairing small vessels, together with necessary slipways. The condition of waterways in Upper Egypt also poses some problems. There is inadequate water depth during eight months of the year, and this situation is not expected to ease

until after the High Dam at Aswan is filled. The High Dam also necessitates year-round dredging which is being carried out satisfactorily. However, the absence of night navigation facilities is keenly felt since it results in considerable underutilization of capacity in the sector.

193. Egypt's road transport network has some 22,000 km of roads, of which about 9,000 km are paved. A four-lane highway connects Alexandria and Cairo. Passenger traffic facilities over this system (excluding private taxis and cars) are operated by the State. The Rural Intercity Transport Organization carries passengers throughout the country, except in the metropolitan areas of Cairo and Alexandria, where independent public transportation systems are owned and operated by the urban governorates. Road freight is carried by privately-owned lorries (some organized in cooperatives) and by the public Freight Road Transport Organization. In addition, government organizations and public enterprises operate their own large independent fleets of lorries and trailers. Major problems being faced by all organizations are the inadequate capacity of the fleet relative to needs, the high average age of the vehicles, and the desperate need for spare parts and maintenance equipment. But in addition to the remaining fleet needs, substantial reorganization of the sector is required to streamline operations and lower costs.

194. With respect to urban transport, the Government is currently studying the feasibility of constructing a subway in Cairo. This has long been a controversial subject, as the project would involve very large capital investments, estimated at over LE 250 million. A feasibility study is being carried out within the context of a mass rapid transit system being planned for Cairo by a special organization created for the purpose (under control of the Ministry of Transport). A capital expenditure of this magnitude, on a project of long gestation and with no direct balance of payments benefits, should be undertaken only after exhaustive study of the financial, economic, and social costs and benefits of this project vis-a-vis alternative approaches to the problem.

Power

195. Installed capacity in the unified power system (excluding some "captive" plants still operated by isolated factories) has risen rapidly to about 3,800 MW. Maximum demand on the system is estimated at 1,450 MW in 1974. Much of the increase in installed capacity is due to the High Dam facilities. However, the base load capacity at minimum water flow (usually January) of both dams at Aswan (total installed capacity 2,445 MW) is only 950 MW at present, and will reach a maximum value of 1,100 MW in 1978.

196. The main hydropower resources on the Nile have been largely developed, but there are possibilities for adding small-scale facilities. At present, there are three barrages downstream from the Aswan Dam; construction of a further seven is being considered to prevent further erosion as a consequence of the High Dam. If these additional barrages were constructed and all were utilized for generating power, the maximum average power produced could be

about 600 MW (minimum about 300 MW). However, unless detailed design and engineering work is expedited, these stations could not come into operation before 1985. Given the uncertainties and long gestation period attending these barrages, the Ministry of Power does not now plan on further hydro-power development until the late 1980's, when it hopes to undertake the Qattara Project. This project would involve cutting a canal from the Mediterranean to the Qattara Depression, along which seawater would flow, generating electricity on the way. Since the total cost of this project may be as high as $1 billion, the Government has embarked upon a series of studies to examine its economic viability. If approved, construction could start in the early 1980's, though no financial plans have yet been drawn. As with the Aswan High Dam, the potential ecological effects of such a project would warrant extensive examination. The German Government is currently assisting Egypt in studying the feasibility of this Project.

197. It is estimated that Egypt's peak load power requirements will grow at 15 percent per annum (to about 3,900 MW) in 1982. This includes requirements of the Suez Canal Zone, which are estimated to increase from 50 MW in 1975 to 450 MW in 1979. The only major power station currently under construction in Egypt is Kafr Eldawar (220 MW), expected to come into operation in 1976-1977. Planned are stations at El Tabbin, near Cairo (320 MW), and Abu Kir, near Alexandria (300 MW), both to be completed by 1979. A 600 MW nuclear power station is planned for completion in 1981, with the United States to provide nuclear fuel. The above projects (with associated transmission facilities) are estimated to involve investments of about ₤E 350 million up to 1980. A substantial portion (approximately 60 percent) of this expenditure would be in foreign exchange. The Government believes that these facilities will have to be completed on schedule if Egypt's economy is to grow at the rate envisaged.

198. The pricing of power is a subject which deserves renewed study as Egypt moves into a new stage of economic development. As the demand for power use rises, so will the opportunity cost, and the Government's price policy concerning this sector will have profound implications for both resource allocation and income distribution.

Telecommunications

199. Public telecommunications services are the responsibility of the Telecommunication Organization (ARETO), under the Ministry of Transport and Communications. There are currently about 216,000 connections. The equipment is in a poor state of repair, particularly in Cairo, and subject to frequest service interruptions. The exchanges are loaded to an average 90 percent capacity. In recent years, ARETO has been able to provide only few new connections (almost none in Cairo) to non-government consumers. Long distance services are provided by coaxial cable to cities and by open wire carrier systems to rural areas. International service is provided by a submarine cable to Italy and by a few HF radio point-to-point circuits. The lack of adequate investment in the past has caused all these services to

deteriorate. The telecommunications system is, as a result, inadequate to meet even the present-day needs of the economy. Improvement and expansion of the system therefore warrants high priority.

200. In 1972, ARETO drew up a modest Five-Year (1973-77) telecommunications development program. This program would provide about 175,000 exchange lines and 140,000 connections, and improve and extend the long distance network and telex. The program's estimated cost is over ĿE 110 million, including a foreign exchange component of over ĿE 35 million. As of mid-1974, however, little progress had been made in implementing this plan, due to inadequate foreign exchange resources. The World Bank is currently discussing with the Government the possibility of providing assistance to this sector.

Urban Housing and Public Utilities

201. The present shortage of urban dwellings in Egypt is estimated to be about one million units, not including the housing needs of the Suez area noted earlier, compared to a shortage which estimated at 298,000 units in 1960. During the past fourteen years (1960-73), about 385,000 new urban dwellings have been constructed. The backlog has steadily grown to the level indicated above, owing to population growth and to the deterioration of existing units.

202. The lack of new investment in public housing is largely attributable to the higher priority given to defense and to the relatively more urgent needs of the production sectors. In 1974, only ĿE 4 million was allocated for public housing, to allow completion of about 7,000 units already under construction. Housing construction by the private sector on the other hand, has been hampered by licensing requirements (for raw materials) and by rent controls. Maximum annual rents which can be charged by private individuals who own "low income" houses are limited to 5 percent of the cost of land and 8 percent of building costs. The Ministry of Housing has recently put forward a proposal to increase this annual rent ceiling to 9 percent of total costs.

203. Egypt's (and particularly Cairo's) urban housing problems cannot be solved merely by raising or abolishing rent controls, nor by making building materials more plentiful. The basic problem is the need to provide housing for low income groups, the vast majority of whom simply cannot pay enough to provide an attractive return on private investment. On the other hand, property developers are reportedly making large profits on middle and upper income housing, particularly apartment buildings. Banks provide 8 percent of land and building costs (at 6.5 percent interest) to influential borrowers who apparently have (still) been able to procure building materials, both from official and black market sources.

204. Egypt's urban planners see no ready solutions to this problem. Their present strategy is aimed at meeting the requirements of incremental increases in urban population and in replacement needs, leaving for the time being the existing backlog, with its associated slums and overcrowding. The proposed plan for housing in urban areas aims at providing annually 100,000 dwelling units, of which low income groups would receive approximately 70

percent. If higher income groups can meet their accommodation requirements as assumed, then about 73,000 low income dwellings need to be built annually, whether directly by the Government or through subsidies from governmental agencies. At current prices, this would involve an investment of about ȽE 85 million per annum. To date, urban planning has been essentially physical planning, with only limited reference to regional and rural economics. There have been various studies of the determinants of migration and of the expected impact of rural electrification, etc. But these have not yet been pulled together in the context of a national strategy for rural vis-a-vis urban development.

205. Public utilities other than power have also suffered from the lack of new investment, and from a deterioration of major facilities. It is estimated that about 3 million people (8.5 percent of the population) have no access to fresh water, and drink direct from irrigation canals. Major towns suffer from shortages of water pumps and pipes, and from problems relating to inadequate repair and replacement. The situation is worse with regard to sewage. Only 20 of Egypt's 125 towns have sewage facilities. The new industrial town of Helwan has no public sewage, while Cairo and Alexandria cannot provide organized sewage removal to more than a quarter of their population. In Cairo, pipes which carry more than half of the city's sewage (from the Ain Shams pumping station to the Bagal Azfar treatment plant) have decayed to such an extent that untreated sewage is dumped directly into excess irrigation water canals, which carry the sewage about 200 km to the sea.

206. The 1974 investment program allocated ȽE 8 million for water supply and ȽE 4 million for sewage facilities. Substantially larger amounts are needed even to keep existing public utilities in an adequate state of repair.

The Suez Canal

207. Following the recent disengagement in the Middle East, the Government decided to reopen the Suez Canal (closed since July 1967) to maritime traffic. This has important implications for the Egyptian economy and world shipping. Prior to 1967, the Canal was one of the world's most important shipping routes, and became Egypt's second largest foreign exchange earner after cotton (1967 revenues, ȽE 82 million). In addition, the Canal generated service activities in the Canal Zone and provided much of the income of Ismailia, Port Said, and Suez.

208. Reopening of the Canal has been made difficult by the fact that between 1967 and 1973, the Canal was the demarcation line between the Egyptian and Israeli armed forces. The waterway was mined, and many unexploded shells and bombs were lodged in it. Fortifications were built on its banks, and continuous artillery duels caused damage to the Canal as well as to Ismailia, Port Said and Suez. Suez was almost entirely destroyed, most Suez Canal Authority facilities were heavily damaged, almost all floating equipment was sunk, and Port Fouad'd shipyard was damaged. Much of the Canal Authority's equipment in Ismailia and Port Said was evacuated safely, but is now obsolete.

209. Between April and July 1974, the Egyptian Navy (with the assistance of the US, British and Soviet Navies) succeeded in removing mines and explosives from the Canal. Work is currently underway to remove sunken vessels and to clear facilities at Ismailia, Port Said and Suez. As noted, large part of floating as well as fixed equipment was destroyed during the hostilities and needs to be replaced if the Canal is to be reopened to traffic as planned for March/April 1975. Rehabilitation is expected to cost US$288 million, including a foreign exchange cost of US$181 million. The World Bank is expected to finance some $50 million. The Kuwait Fund for Arab Economic Development has pledged $33 million, and it is believed that this commitment may be doubled. The U.S. has indicated its readiness to provide $50 million towards this project, while the Governments of Saudi Arabia and Abu Dhabi, and the Abu Dhabi Fund have also indicated their interest in contributing to the Suez project.

210. At its present permissible draft of 38 feet, the reopened Canal will accommodate tankers up to about 70,000 d/w tons. Today, however, this passage can be navigated by less than one-third of the world's present tanker tonnage, and by no more than 11 percent of the tonnage now on order (over two-thirds of which comprises ships bigger than 200,000 d/w tons). The most immediate advantage will be to dry cargo ships, which can trim their fuels costs by saving about two weeks in the voyage from Europe to Asia, an important consideration in view of rising oil prices. Egypt will be able to recoup part of the revenues through canal dues. These are conservatively estimated to increase from about $90 million in 1975 to $275 million in 1980.

211. A projected future project is the widening and deepening of the Canal, plans for which had already been drawn up by the Suez Canal Authority before the 1967 war. Current proposals envisage the work being undertaken in two three-year stages, the first allowing for an increase in the permissible draft of transiting vessels to about 53 feet (taking 150,000 tonners fully-laden and 300,000 tonners in ballast), the second increasing the draft to about 70 feet (taking fully-loaded tankers of 250,000 tons). The total cost of both stages is estimated at about $1.3 billion, of which more than half would be required in foreign currency. Given the major changes which have occurred in the composition of the world tanker fleet and in oil pipeline systems since 1967, the determination of the Canal's optimum future width and depth will clearly call for careful economic and technical study.

PRINCIPAL ASSUMPTIONS UNDERLYING THE BALANCE OF PAYMENTS PROJECTIONS

1. The two tables which follow below describe the details of the export and import projections as presented in Chapter III, both in real (constant price) terms and in current price terms. Those tables also show the explicit price indices employed for major commodities and for exports and imports as a whole. It may be seen from those tables, for example, that Egypt is expected to realize a substantial net improvement in its terms of trade over the projection period.

Exports of Goods and Services

2. Exports of goods are forecast to increase by about 16 percent annually over the projection period. Earning from cotton exports, the principal export item, are seen to be more or less stagnant after the large jump in 1974. Total agricultural exports are expected to grow very slowly also in real terms (about 1-1/2 percent annually). Industrial exports, however, are expected to grow by 19 percent in the two year period 1974-75 and by 12 percent after 1975, while net petroleum earnings may rise from nearly zero in 1974 to over $350 in 1976 (when the Sinai fields are expected to be back under Egyptian control and when the water injection program has raised the level of production at the Morgan fields). The fact that the growth of industrial exports is expected to be relatively low compared to the growth of industrial production reflects an assumption that a growing share of total output will go to meet domestic demand, as a result of import substitution and increasing private consumption. Assumptions about the medium-term growth of petroleum exports are considered conservative in comparison with both official forecasts and unofficial views of private investors in the sector. However, this conservatism is warranted given the fact that the official forecasts depend upon assumptions about production from new (yet unproven) discoveries. The mission's projections imply a level of output from new oil and gas discoveries of less than half the amount the Ministry of Petroleum expects to realize.

3. Exports of services are expected to represent a rapidly growing share of total net export earnings. It has been assured that the Suez Canal will reopen in late 1975 and that traffic in the Canal will recover to the pre-1967 war level by 1977. No increase in traffic was forecast until after 1980; a moderate increase in tolls (30 percent) is expected to take place around 1977, and another increase of the same magnitude around 1980. Both these assumptions appear to be conservative. The other major element in the expected increase of earnings from services is tourism. Taking into account the likely expansion of hotel capacity in the period to 1980 (at a far lower rate than is assumed in the 1973-1982 plan), tourist receipts are projected to grow on average by 19 percent per annum during the remainder of the decade. A small surplus is expected on the factor services account, reflecting a rise in workers' remittances at an estimated rate of 6.5 percent per annum. This also appears to be a very conservative estimate.

Import Detail[1]
(million US$)

I. Imports c.i.f.	Average[1] 1967/68 -69/70	1972	1973	1974	1975	1976	1977	1978	1979	1980
A. Constant (1973) Prices										
Wheat and Flour	270	368	390	421	431	445	458	471	488	498
Other Agricultural Commodities	318	244	235	246	241	208	208	206	200	179
Intermediate goods	318	410	547	591	645	781	843	868	931	1031
Capital goods	240	n.a.	210	674	706	729	673	652	689	735
Total goods, c.i.f.	1705	1786	1593	2075	2160	2249	2235	2246	2314	2373
Non-factor services	249[2]	300	310	281	283	301	290	283	280	277
Total goods and NFS	1926	2086	1903	2374	2443	2549	2506	2511	2574	2628
B. Price Indices (1973 = 100)										
Wheat and Flour	46	48	100	143	143	137	133	133	130	130
Other Agricultural Commodities	55	66	100	124	123	130	132	137	144	153
Intermediate goods	65	83	100	114	127	136	146	157	169	181
Capital goods	65	83	100	114	127	136	146	157	169	181
Non-factor services	65	83	100	114	127	136	146	157	169	181
Weighted average = goods[3]	56	72	100	122	130	136	142	151	160	171
(goods and NFS[3])	58	74	100	121	130	136	143	152	161	172
C. Current Prices										
Wheat and Flour	124	177	390	602	617	609	609	627	635	648
Other Agricultural Commodities	175	160	235	305	297	271	274	282	288	274
Intermediate goods	207	340	547	674	819	1062	1231	1362	1574	1866
Capital goods	156	n.a.	210	768	896	991	983	1024	1155	1331
Total goods	955	1286	1593	2532	2808	3059	3174	3392	3702	4058
Non-factor services	162[2]	249	310	340	368	407	409	424	442	463
Total goods and NFS	1117	1535	1903	2872	3176	3466	3583	3816	4144	4521

1/ Import detail for the period 1967/68-1971/72 available only from Customs data which omits a substantial portion of total imports.
2/ Includes worker remittances due to inadequate data.
3/ Current trade weight except for 1967/68-1969/70, where 1973 trade weights were used.

Export Detail

(million US$)

II. Exports	Average 1967/68-69/70	1972	1973	1974	1975	1976	1977	1978	1979	1980
A. Constant (1973) Prices										
Cotton	709	611	491	683	801	804	801	801	764	741
Rice	172	105	56	49	64	74	82	92	100	107
Petroleum, net	-	-	-	-	11	94	149	186	205	226
Manufactured goods	112	376	373	321	350	367	382	399	415	435
All other goods	53	152	94	72	90	114	102	110	148	173
Total goods	1242	1131	1014	1104	1266	1169	1131	1157	1177	1206
Non-factor services	191	243	305	269	369	482	575	571	635	628
Total goods & NFS	1414	1373	1319	1373	1636	1697	1674	1683	1759	1771
B. Price Indices (1973 = 100)										
Cotton	48	61	100	113	108	106	108	116	124	134
Rice	57	42	100	157	131	128	125	123	120	120
Petroleum, net	48	70	100	355	355	381	411	440	474	509
Manufactured goods	65	83	100	114	127	136	146	157	169	181
All other goods	55	56	100	130	124	131	132	137	144	154
Total goods 1/	56	72	100	118	122	167	201	228	251	276
Non-factor services	65	83	100	114	127	136	146	157	169	181
Weighted average (goods and NFS1/)	58	74	100	117	123	159	186	210	229	252
C. Current Prices										
Cotton	411	373	491	772	865	852	865	929	947	993
Rice	98	44	56	77	84	95	102	113	120	128
Petroleum, net	-	-	-	-	38	358	614	819	973	1152
Manufactured goods	73	312	373	366	445	499	558	627	701	788
All other goods	29	85	94	94	112	149	134	151	213	267
Total goods	696	814	1014	1309	1544	1953	2273	2639	2954	3328
Non-factor services	124	202	305	307	468	655	840	896	1073	1136
Total	820	1016	1319	1616	2012	2608	3113	3535	4027	4464

1/ Current trade weight except for 1967/68-1969/70 and 1972, where 1973 trade weights were used.

Imports of Goods and Services

4. Rapid growth in the import of goods is expected in the next two-to-three years, with a slowdown in the growth rate occurring thereafter. This projection is based on an expectation that heavy imports of intermediate goods are a prerequisite to rapid resumption of full capacity output, while large imports of capital goods are linked to implementation of some capital-import intensive projects currently under construction or soon to begin construction (e.g. Sumed pipeline, iron and steel project, aluminum project, Suez reopening, railways and fertilizer projects, etc). Thus, in the short run, there will be considerable "lumpy investment", and the capital goods import content of total investment will be quite high (projected at some 52 percent in 1974). The import component of total investment is expected to decline later in the 1970's, and the sizeable annual price changes affecting imports of agricultural as well as manufactured goods are also expected to diminish in later years. Consequently, total imports of goods are expected to increase at an average rate of some 14 percent between 1974-80. The relatively stable value of agricultural imports during the period 1974-80 is mainly a reflection of price effects, since real imports of the main item, wheat, is forecast to increase by 3 percent per annum, i.e., faster than population growth (2.3 percent). For the reasons noted above, the average annual growth rate of capital goods imports between 1974 and 1980 at only 9.5 percent does not represent a "slowdown" in investment, but rather reflects the assumption of a changing composition of these imports. Similar reasoning applies to the forecast of 11 percent average groth in industrial goods imports, which will slow down after the initial "catch up" period.

5. The main factor influencing the balance on imports of services will be interest payments on foreign loans. If the financing plan outline by the mission is implemented, these payments would rise from $77 million to over $200 million in 1980. 1/

Price Assumptions

6. The price assumptions used in calculating exports and imports in current terms are as follows: (a) for industrial goods and for all services, the World Bank's "Index of International Prices" was used; (b) for agricultural exports and imports, price forecasts of the Commodities and Export Projections Division of the World Bank were used for the main individual commodities (cotton, wheat, petroleum, rice, etc.), while for "other agriculture" imports and exports. World Bank forecasts for agricultural prices of food and non-food commodities were used with appropriate weights; and (c) for

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1/ The figure given for 1974 does not include payments of interest on outstanding banking facilities, on which the mission was not able to obtain reliable data. These are estimated to amount to $50-60 million in 1974 and 1975, on the basis of present financing plans, but could fall to half these amounts or even less if alternative sources become available.

GDP, an average annual rate of inflation of 7.5 percent per annum was used; the ratio of indirect taxes to GDP at factor cost (calculated from 1973 returns) was assumed unchanged throughout the projection period as a basis for estimation of GDP at market prices.

Capital Inflows

7. The capital inflows on which the projections in Tables IV-1 and IV-2 are based include $1,882 million in Government loans commited up to mid-1974, including $180 million Eurodollar loans and the payments of the IMF first credit tranche, amounting to $48 million. Not included in this total are the $300 million in additional Eurocurrency borrowings still under negotiation as of August 1974. Assumptions about disbursements of these new loans are shown in Table 3.14. No change in amortization has been calculated, on the assumption that an average grace period of 5 years would apply to the new loans committed in 1974. Since the terms of lending of new loans are not known, interest payments on new loans were calculated by approximation, using the interest payment patterns arising from historical disbursement practices on standard types of government loans. The error in the estimates obtained by this approach is not large, though it may introduce a slight upward bias in the current balance. Specific terms assumed for alternative patterns of financing the deficits projected in Chapter III were based on the World Bank's standard terms for various categories of financing.

THE FOREIGN EXCHANGE BUDGET 1/

1. An understanding of Egypt's balance of payments situation can be aided by an examination of the foreign exchange budgets for 1971-72 to 1975. Although available data do not permit a strict comparison between 1971/1972 and 1973, movements in the aggregates from the base period onward show the general evolution of the situation (Annex Table 1).

2. The figures appearing in the foreign exchange budget are not comparable with those of the balance of payments, either in concept or in absolute amounts. The task of reconciling the two sets of data for current receipts and current payments is difficult at best. Moreover, because the budget follows the assets and liabilities concepts, there is no correspondence between the amounts recorded under "global financing requirements" and "sources of financing" and the flows identified in the balance of payments. It may, therefore, be useful to briefly identify the main items listed in Annex Tables 1 and 2 in terms of the preceding discussion of foreign receipts and payments and the financing of the deficit.

3. The "exports" item differs little from the amount recorded in the balance of payments. The foreign exchange budget records export proceeds on an "accrual" basis. The balance of payments shows actual inflows of funds on export account according to bank records.

4. "Imports" in the foreign exchange budget represent letters of credit opened, while the balance of payments shows payments according to bank records. While one set of figures shows the existence of a liability, the other shows the settlement of a liability. The foreign exchange budget offsets the amount corresponding to letters of credit opened (liability) by an asset entry corresponding to the financing available to pay for imports, i.e., banking facilities, suppliers' credits and cash. These amounts do not represent real flows, and there may be a considerable overlap between one year and the next. Imports for which letters of credit have been opened remain outstanding liabilities until the books have been cleared by repayment of the credit contracted by Egypt to pay for them. If, as is often the case, the credit is rolled over at maturity, the payment obligation corresponding to imports remains outstanding and there results a double-counting of imports in the budget. 2/

1/ The data reported in this Annex are those available as of May 1974.

2/ Table 4 **presents an interpretation**, based on available data, of the mechanism of financing through banking facilities. Line 7 shows (the difference from the foreign exchange budget figure for 1973 is due to the use of Central Bank data) the net short-term financing in each year.

5. The difference between invisibles accounts in the two sets of data is of the same nature. While the balance of payments registers flows between non-resident accounts as part of receipts and payments for services, only the balance of foreign exchange to be transferred abroad is recorded in the foreign exchange budget. 1/

6. Finally, the "suppliers' credits" entry in the foreign exchange budget is also a stock figure, equal to credits outstanding including undisbursed. The amount of new commitments each year is equal to the change in this entry from the preceding year.

7. In establishing the foreign exchange budget, the Ministry of Finance lists on the receipts side all sources of cash and credit expected to be available to offset payments due during the budget period. Recurring grants, such as those made under the Khartoum Agreement, are also included. Consequently, the net deficit shown as the bottom line of Table 3 below represents a "cash" requirement to balance the accounts. This can be financed through additional borrowings (not tied to specific additional imports) or through additional grants obtained during the budget period. The fact that the origin of these expected additional funds is not specified can be attributed to a number of factors. Firstly, the Egyptian authorities may exclude from the "sources of financing" new borrowings (whether short, medium or long-term) which are expected to be contracted but which have not yet been negotiated at the time of the budget's preparation. Secondly, certain borrowings already included under "sources of financing" may sometimes represent maximum amounts of credit considered to be obtainable in the light of Egypt's credit standing vis-a-vis foreign lenders. Thirdly, the indicated financing through banking facilities and suppliers' credits may represent the maximum amounts which the Government deems it desirable to borrow from these sources. And fourthly, while the additional finance necessary to balance the budget may be expected to become available in the form of official grants, the uncertain character of this form of aid may underlie its omission from "above the line".

8. In the case of the "realized" foreign exchange budgets for 1971/72 and for 1973, the deficits shown are an indication of the official grants used to balance the accounts, apart from cash holdings which may also have been available at year end for that purpose (see below). Annex Table 3 provides detailed information on the financial obligations and on the sources of financing (other than banking facilities and suppliers' credits in 1973 and 1974) and illustrates the way in which the financing problem was solved in 1973 and could be solved in 1974.

1/ In this case, however, more detailed information than could be made available to the mission would be necessary to identify the flows recorded in the foreign exchange budget in terms of balance of payments classifications.

9. On the payments side, "financial obligations" are net repayments due on "general and international obligations and deposits", i.e. net expected outflows on medium and long-term loans and arrears. The second and most important item is repayments due on banking facilities, amounting to \$380 million in 1973 and expected to reach \$691 million in 1974. These constitute reimbursements of outstanding credits which must be made in cash at maturity, even if the credits are then rolled over. Next come repayments of outstanding suppliers' credits, amounting to \$248 million in 1973 and \$308 million in 1974. The settlement of liabilities on bilateral accounts (item 4 in Table 3 of this Annex) must be read in conjunction with item 5 in "sources of financing", i.e. utilization of bilateral payments agreements ceilings. There is a net debit of \$31 million in 1973 and \$102 million in 1974 on these accounts. (In the forecast foreign exchange budget for 1975, the corresponding debit is of the order of \$160 million.) These changes seem to indicate a deliberate effort to reduce the deficits, which may have been accumulated by stretching the "swings". However, some loan repayments (notably on military debt) may also be included in the gross liabilities data.

10. Arab grants and deposits play an important role among "other sources of financing". Their importance appears even greater when the financing of the 1973 deficit of the foreign exchange budget is taken into account; nearly the whole \$176 million deficit was financed by official grants. The total amount of official grants made available to Egypt in 1973 (in addition to those falling under the Khartoum Agreement) is estimated at more than \$400 million. The portion of this amount not used to finance the overall deficit of the balance of payments was accumulated in official reserves; the reserve change recorded in Table 3 of this Annex is thus an indication of Egypt's potential for mobilization of external resources.

11. If it were assumed that the foreign exchange budget deficits forecast for 1974 and 1975 would be financed mainly by official grants, the respective contributions of banking facilities, suppliers' credits and grants to the financing of "global requirements" (item C in Table 26) would work out as follows:

	1973	1974	1975
Banking facilities	34.1%	24.6%	17.1%
Suppliers' credits	25.8%	39.5%	31.3%
Arab grants (including Khartoum Agreement)	19.5%	24.7%	44.8%
Total	79.4%	88.8%	93.2%

12. While the actual deficits for 1974 and 1975 may be different from those currently forecast, the above table illustrates a fundamental aspect of Egypt's present payments situation: There is a net deficit on Egypt's medium and long-term capital account (inclusive of settlement of arrears) in

1973 and 1974. Failing an increase in the proportion of medium and long-term loans in total debt, the share of suppliers' credits and banking facilities in total borrowing has become substantial. And though it is the policy of the Government to reduce its use of banking facilities in 1974 and 1975, these two sources of financing will remain important. Thus, while the shift from banking facilities to suppliers' credits expected to take place in 1974 and 1975 would improve the debt structure, 1/ there would still remain a large proportion of total debt with relatively short maturities.

1/ However, about one-half of the increase in suppliers' credits in the foreign exchange budget for 1974 arise in connection with the financing of wheat imports from Australia, and the terms of this financing confer it more the character of a banking facility than a suppliers' credit.

Annex Table 1: FOREIGN EXCHANGE BUDGET
(US$ million)

	1971/1972	1973	1974/1	1975/2
1. Current Receipts	938.6	1,327.1	2,154.2	2,098.2
Exports	820.9	946.4	1,749.5	1,678.6
Invisibles	117.7	380.7	404.7	419.6
2. Current Payments	1,356.3	2,557.4	3,772.4	4,287.7
Imports	1,247.5	2,435.6	3,560.2	4,062.9
Invisibles	108.8	121.9	212.2	224.8
3. Global Financing Requirements	1,229.1	2,400.7	3,118.8	3,735.3
Deficit on Current Account	417.7	1,230.3	1,618.1	2,189.6
Settlement of Obligations	811.4	1,170.4	1,500.7	1,545.7
4. Sources of Financing	1,227.5	2,224.9	2,642.4	2,357.8
Banking Facilities	279.7	819.5	768.0	640.0
Suppliers Credits	320.6	618.5	1,232.6	1,168.7
Other	627.2	786.9	641.8	549.1
5. Surplus or Deficit	-1.6	-175.9	-476.4	-1,377.5

/1 Estimate.

/2 Preliminary, Non-Official Projections.

Source: Ministry of Finance, Economy and Foreign Trade.

Annex Table 2: 1975 FOREIGN EXCHANGE BUDGET (PRELIMINARY ESTIMATE)/1
(US$ million)

	Convertible	Bilateral	Total
A. Current Receipts	1,083.7	1,014.5	2,098.2
1. Exports (agri.and ind.)/2	692.5	986.1	1,678.5
2. Invisibles (including savings and tourism)/3	391.2	28.4	419.6
B. Current Payments	3,132.9	1,155.6	4,287.7
1. Imports/2	2,956.0	1,106.9	4,063.0
2. Invisibles	176.9	47.9	224.7
C. Global Financing Requirements	3,217.7	517.6	3,735.3
1. Deficit on current transactions (A-B)	2,409.3	140.3	2,189.6
2. Settlement of obligations	1,168.4	377.3	1,545.7
D. Sources of Financing	2,036.7	326.1	2,357.7
1. Bankers facilities	640.0	-	640.0
2. Suppliers credits	1,060.1	108.5	1,168.6
3. Other/4	331.5	217.6	549.1
E. Surplus or Deficit Financing	-1,186.0	-191.5	-1,377.5

/1 Including parallel market transactions.

/2 Exports proceeds and imports payments are estimated in the light of prices prevailing till 1. 5.74.

/3 Invisible proceeds estimate is to be modified at the reopening of Suez Canal.

/4 Including Khartoum Agreement, I.M.F., cotton financing and utilization of bilateral payments agreements ceilings.

Source: Ministry of Finance, Economy and Foreign Trade.

Annex Table 3: EGYPT: FOREIGN EXCHANGE BUDGET: DETAIL OF FINANCIAL OBLIGATIONS AND SOURCES OF FINANCING 1973-74
(US$ million)

	1973			1974		
	Convertible Currencies	Bilateral Agreements	Total	Convertible Currencies	Bilateral Agreements	Total
I. Financial Obligations						
1. "General and International Obligations and Deposits"	149.2	-	149.2	101.3	-	101.3
2. Payment for Banking Facilities Falling Due	379.9	-	379.9	691.2	-	691.2
3. Gross Repayments on Suppliers' Credits Outstanding and Disbursed	248.3	-	248.3	308.0	-	308.0
4. Settlement of Liabilities on Bilateral Accounts	1.5	305.2	306.7	26.9	357.9	384.8
5. Other	81.2	5.1	86.3	9.0	6.4	15.4
Total	860.1	310.3	1,170.4	1,136.4	364.3	1,500.7
II. Sources of Financing						
1. Official Grants Under Khartoum Agreement	294.4	-	294.4	294.4	-	294.4
2. Advances on Cotton Exports ("Cotton Financing")	10.0	-	10.0	64.0	-	64.0
3. International Monetary Fund	56.8	-	56.8	-	-	-
4. SDR's	16.4	-	16.4	-	-	-
5. Utilization of Bilateral Payments Agreements Ceilings	-	274.2	274.2	-	256.3	256.3
6. Other	135.2/1	-	135.2	27.1	-	27.1
Total	512.8	274.2	786.9	385.5	256.3	641.8
III. Financing of Deficit						
1. Balances of Convertible Currencies on Hand at Beginning of 1973	-	-	2.1	-	-	n.a.
2. Drawing on part of Arab War Subsidies	-	-	173.8	-	-	348.7
3. Other	-	-	-	-	-	n.a.
Total	-	-	175.9	-	-	476.4

Source: Ministry of Finance, Economy and Foreign Trade.

/1 Includes Saudi Arabia deposit of LE 20.1 million (US$ 51.5 million) and financing from Institute Mobilaire Italiano of LE 12.2 million (US$ 31.2 million). The latter amount corresponds to export credit guarantees granted foreign suppliers to Egypt through I.M.I.

THE PARALLEL FOREIGN EXCHANGE MARKET

Background

1. In September 1973, the Government of Egypt announced the creation of a parallel foreign exchange market, where a premium of 50 percent for buying and 55 percent for selling free currencies is paid over the prevailing "official" rate in the parallel market. The parallel market replaced the restricted system of multiple exchange rates, including a 50 percent premium rate for some transactions, which existed since 1969 and was modified in May 1972.

Main Objectives

2. The two primary objectives for its creation were to: (i) increase the inflow of free foreign currency resources, particularly by tapping assets held by Egyptians overseas, and by encouraging exports to free currency areas; and (ii) make these resources available primarily to industry and selected service sectors for increasing production, tourism and exports. The Government's policy is designed to use parallel market resources primarily for meeting import needs of the tourism industry and the private sector. Since the creation of the parallel market, the availability of free foreign exchange to the private sector has substantially increased. So far, the authorities have discouraged the public sector industrial enterprises from using the parallel market on a large-scale; some enterprises are, however, allowed to import part of their import needs through the parallel market after a special case-by-case review.

3. The major sources of funds for the parallel market, are: (i) remittances by Egyptians working abroad (expected to be around 50 percent of total in 1974); (ii) receipts from foreign tourists (about 35 percent of total); (iii) exports of non-traditional items (i.e. excluding cotton, yarn, textiles, rice, fresh onions, garlic, potatoes, cement, and re-exports) both from public and private sector; (iv) 50 percent of yarn and textile exports in excess of official export targets; (v) transfers by Arabs and other foreign nationals, except for those related to investments.

4. The major usages are: (i) imports of industrial raw materials and intermediary goods, essentially for the private sector at least in 1974 (forecast to total 70 percent of all uses); (ii) import of tourism-related goods and materials; (iii) other invisibles, including commercial and financial expenses, patent fees, royalties, etc. but excluding shipping, insurance and government account transactions.

5. In 1973, receipts in the parallel market totalled LE 102.2 million, out of which LE 64.6 million were used leaving a "surplus" of LE 37.6 in 1973 operations of the parallel market. However, these figures include transactions under the "old" system between January-August 1973. Receipts under the new parallel market between September-December 1973 period were LE 29.5

while usage totalled LE 12.0 indicating that only 40 percent of available funds were used. Estimates indicate that during 1974 receipts will total LE 143.4 and payments LE 104 million leaving a "surplus" of LE 39 million. While some surplus resources are necessary as a "working" capital of the market (float) (float), it is felt that the surplus is excessive and at least partly due to the complex import procedures.

Organization and Procedures

6. The primary responsibility for policy-decision, recommending changes, and reviewing the operations of the parallel market lies with the Parallel Market Committee, which works under the general direction of the Higher Committee for Planning of Foreign Trade.

7. The day-to-day banking operations concerning the parallel market are supervised by the Central Bank, as in the case of all foreign exchange transactions. The Central Bank has designated four commercial banks for handling all banking transactions in this field: Bank Misr, Bank of Alexandria, Banque du Caire and National Bank.

8. The government has nominated the Misr Import and Export Company for handling all applications, or public sector, concerning imports through the parallel market. All special cell, Commercial Agency for Parallel Market Operations (CAPMO), in the Misr company created to perfom this function, works under the general directions given by the Parallel Market Committee.

Import Procedures

9. Private Sector. The procedures applicable to the private sector have recently been streamlined to expedite the processing of applications. It is hoped that the time between the submission of application and opening of letter of credit will be reduced from 2-3 months to 15 days. These measures are also designed to increase the demand on parallel market resources and reduce the "surplus" noted in para. 5 above.

10. The major reform concerns the role of the Industrial Control Board. Now the Board prepares a list of authorized imports for each private sector enterprise at the beginning of the year. This list is sent to the Misr Company. As a result, the Misr Company no longer refers individual import applications to the Ministry of Industry. Instead, it directly approves applications by referring to the lists of approved imports. Other steps in the procedure remain the same.

11. So far, private enterprises submit their import requests twice a year. To simplify the procedures, it is planned that in future enterprises submit their applications for annual import needs at one time. This will reduce the red tape and permit the enterprises to plan their production on an annual basis.

12. Public Sector. Public sector applications are approved as a special case by a special Determination Committee when the allocations under the Foreign Exchange Budget are considered inadequate and the imports of inputs through the parallel market are not expected to adversely affect the end product prices to the consumer. Thus the Determination Committee not only studies the prices (as in the case of the private sector) but also determines the desirability of the import.

Recent Changes in the Parallel Market

13. On June 1, 1974, the effective rate in the parallel market became subject to change by a committee established for this purpose. However, the Egyptian authorities have indicated that the rate will not be reduced from its present level in the near future. In addition a substantially larger list of commodities was established which could be imported through the parallel market. The commodities are mainly for "productive" purposes but include items like frozen and canned meat and television sets of sizes not produced in Egypt.

STATISTICAL APPENDIX

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(continued)

8. Other Sectors

9. Prices and Wages

Table 1.1: POPULATION GROWTH AND AGE STRUCTURE

Year	Population (thousands)	Birth Rates	Death Rates	Rate of Natural Increase
		(rates per thousand population)		
1952	21,437	45.2	17.8	27.4
1953	21,943	42.6	19.6	23.0
1954	22,460	42.6	17.9	24.7
1955	22,990	40.3	17.6	22.7
1956	23,532	40.7	16.4	24.3
1957	24 087	38.0	17.8	20.2
1958	24,655	41.1	16.6	24.5
1959	25,237	42.8	16.3	26.5
1960	25,832	43.1	16.9	26.2
1961	26,579	44.1	15.8	28.3
1962	27,257	41.5	17.9	23.6
1963	27,947	43.0	15.5	27.5
1964	28,659	42.3	15.7	26.6
1965	29,389	41.7	14.1	27.6
1966	30,139	41.2	15.9	25.3
1967	30,907	39.2	14.2	25.0
1968	31,693	38.2	16.1	22.1
1969	32,501	36.8	14.4	22.4
1970	33,329	35.1	15.1	20.0
1971	34,076	35.1	13.2	21.9
1972 1/	34,840	n.a.	n.a.	n.a.
1973 1/	35,619	n.a.	n.a.	n.a.

1/ Estimate.

AGE STRUCTURE

(population in thousands)

Population Aged:	1960	1965	1970	% distribution in 1970
0-14	11,013	12,458	14,019	42.1%
15-24	4,915	5,576	6,350	19.1%
25-49	7,175	8,143	9,276	27.8%
50-64	2,014	2,288	2,611	7.8%
65-80	811	924	1,073	3.2%
				100.0%

Source: Central Agency for Public Mobilization and Statistics.

Table 1.2: DEMOGRAPHIC INDICATORS, SUMMARY, 1950-70

	1950	1960	1970
Total population (thousands) (of which % urban)	20,461 (34.6%)	25,832 (38.2%)	33,329 (42.2%)
Birth rate per 1,000	44.2	43.1	35.1
Death rate per 1,000	19.0	16.9	13.2
Rate of population growth (% per annum)	2.5%	2.6%	2.2%
Rate of growth of urban population (% per annum)	3.6	3.9	3.2
Infant mortality per 1,000 live births	129	109	119 (1969)
Age at marriage (median maternal age)	19.3	19.8	19.7
Life expectancy (at birth)	Males Females	51.6 53.8	
Dependency: Population under 15 years of age (%)	39.1%	42.8%	40.3%

Source: Data provided by the Egyptian authorities.

Table 1.3: Urban Growth, 1947-1972

	Total Population		Urban Population		
	Number (000)	Annual Rate (%)	Number (000)	Annual Rate (%)	% Urban Population
1947	19,021		6,203		32.6
		2.3		3.6	
1960	25,832		9,864		38.2
		2.6		3.9	
1966	30,139		12,385		41.1
		2.6		3.2	
1970	33,329		14,049		42.2
		2.2		3.0	
1972	34,840		14,912		42.8

Source: Central Agency for Public Motilization and Statistics.

Table 1.4: FAMILY PLANNING DATA

I. Beneficiaries of Birth Control Devices

(monthly average users, in thousands)

	Pill	IUD	Total
1969	376.5	126.6	503.1
1970	462.8	170.8	633.6
1971	370	227	597
1972	471	304	721
1973	512	366	878

II. Indicators of Family Planning

	1970	1971	1972	1973
Number of females aged 15-44	7,040	n.a.	n.a.	n.a.
of which: married	4,793	4809	4924	5032
Family planning acceptors as % of married population	14-16%	18.2	20.7	20.5
Oral Contraceptives				
Monthly average of cycles distributed by:				
Government Health Units (000)	314	370	417	437
Private Pharmacies (000)	106	150	135	75
Estimated maximum proportion of women aged 15-44 accepting oral contraceptives	6-6½%	10.7	12.2	15.0
IUDs				
Estimated max. number in situ(000)	130	170	228	275
Estimated max. incidence of acceptance among women aged 15-44	2%	4.6	7.8	9.4
Total				
Estimated max. proportion of women 15-44 accepting oral contraceptives and IUDs	8-8½%	15.3	20.0	24.4

Source: Central Agency for Statistics and Public Mobilization

Table 1.5: EMPLOYMENT

(in thousands of persons)

Years ended June 30 (except as noted)	Years ended June 30 1967/68	1968/69	1969/70	1970/71	1971/72	1973 1/
Commodity sectors	5,038.0	5,213.9	5,375.1	5,505.9	5,582.6	5,739
Agriculture	3,892.4	3,964.9	4,048.3	4,056.9	4,094.7	4,179
Industry	867.3	890.7	916.1	1,052.8 2/	1,094.3	1,160
Electricity	18.5	20.3	22.8	30.4	33.9	41
Construction	259.8	338.0	387.9	365.8	359.7	359
Distribution sectors	1,116.2	1,130.0	1,148.9	1.190.1	1,217.4	1,260
Transport and communication	330.4	335.7	347.2	374.5	388.5	409
Trade and Finance	785.8	794.3	801.7	815.6	828.9	860
Service sectors	1,673.4	1,707.3	1,750.7	1,829.4	1,884.5	1,968
Housing	134.3	135.8	136.3	137.0	137.4	138
Public utilities	32.2	32.4	33.7	35.5	37.1	41
Other services	1,506.9	1,539.1	1,580.7	1,656.9	1,710.0	1,789
Total	7,827.6	8,051.2	8,274.7	8,506.0	8,671.5	8,976

Source: Ministry of Planning.

1/ Preliminary calendar-year estimates.
2/ Change from previous year suggests a change in coverage of this series; data should be interpreted with caution (including total employment)

Table 2.1: EXPENDITURE ON GROSS NATIONAL PRODUCT

(in millions of LE, in current prices)

	Years ended June 30									Calendar Years	
	1955/56	1960/61	1965/66	1966/67	1967/68	1968/9	1969/70	1970/71	1971/72	1972[1]	1973[1]
Total consumption	917.1	1285.5	2097.1	2153.1	2324.9	2451.7	2656.6	2860.0	3090.7	3167.7	3393.8
Private consumption	(717.1)	(1029.6)	(1615.2)	(1664.7)	(1762.5)	(1807.1)	(1939.6)	(2065.8)	(2207.6)	(2258.7)	(2371.3)
Public consumption	(200.0)	(255.9)	(481.9)	(488.4)	(562.4)	(644.6)	(717.1)	(794.2)	(883.1)	(909.0)	(1022.5)
Gross investment	166.8	225.6	446.2	385.6	342.2	318.2	416.1	437.0	420.4	418.3	446.3
Fixed investment[2]	(166.8)	(218.2)	(377.4)	(358.8)	(292.2)	(332.2)	(350.3)	(355.0)	(370.4)	(378.3)	(428.1)
Change in stocks	( )	(7.4)	(68.8)	(26.8)	(50.0)	(-15.0)	(65.8)	(82.0)	(50.0)	(40.0)	(18.2)
Exports, goods and non-factor services	0.0[3]	280.4	409.4	429.1	309.9	379.9	425.5	442.1	451.9	452.5	519.2
Imports, goods and non-factor services		299.0	531.5	452.8	443.4	445.5	547.0	599.9	624.6	648.6	714.7
Statistical discrepancy	-0.8	-	13.6	-2.3	-0.6	-7.9	20.1	6.3	-1.7	-	-
GDP (market prices)	1083.1	1492.5	2434.8	2512.7	2533.0	2696.4	2971.3	3145.5	3336.7	3389.9	3644.6
Net factor income from abroad	-7.5	1.8	-14.7	-21.8	-23.3	-36.4	-44.5	-59.2	-62.2	-9.8	-19.1
GNP (market prices)	1075.6	1494.3	2420.1	2490.9	2509.7	2660.0	2926.8	3086.3	3274.5	3380.1	3625.5
Net indirect taxes	81.6	95.8	278.8	300.3	345.2	357.0	418.5	445.0	452.7	388.0	377.3
GNP (factor cost)	994.0	1398.5	2141.3	2190.6	2164.5	2303.0	2508.3	2641.3	2821.8	2992.1	3248.2
	(in percentages of GNP at market prices)										
Total consumption	85.3	86.0	86.7	86.4	92.6	92.2	90.7	92.7	94.4	93.7	93.6
Private consumption	(66.7)	(68.9)	(66.8)	(66.8)	(70.2)	(67.9)	(66.3)	(66.9)	(67.4)	(66.8)	(65.4)
Public consumption	(18.6)	(17.1)	(19.9)	(19.6)	(22.4)	(24.3)	(24.4)	(25.8)	(27.0)	(26.9)	(28.2)
Gross investment	15.5	15.1	18.4	15.5	13.6	12.0	14.2	14.2	12.8	12.4	12.3
Fixed capital formation	(15.5	(15.1)	(15.6)	(14.4)	(11.6)	(12.5)	(11.9)	(11.5)	(11.3)	(11.2)	(11.8)
Change in stocks	(	(-)	(2.8)	(1.1)	(2.0)	(-0.5)	(2.3)	(2.7)	(1.5)	(1.2)	(0.5)
Exports, goods and non-factor services	0.0	18.8	16.9	17.2	12.3	14.3	14.5	14.3	13.8	13.4	14.3
Imports, goods and non-factor services		20.0	22.0	18.2	17.7	16.7	18.7	19.5	19.1	19.2	19.7
Statistical discrepancy	-	-	0.6	-0.1	-	-0.4	0.7	0.2	-	-	-
Net factor income from abroad	-0.8	0.1	-0.6	-0.8	-0.8	-1.4	-1.4	-1.9	-1.9	-0.3	-0.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Preliminary estimates.
2/ Excludes the expenditure in purchase of land, as reported in Table 2.4.
3/ Net figure.

Source: Central Agency for Public Mobilization and Statistics and Ministry of Planning.

Table 2.2: INDUSTRIAL ORIGIN OF GROSS DOMESTIC PRODUCT

(in millions of LE, at current factor cost)

Sector	Years ended June 30									Calendar Years	
	1955/56	1960/61	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72	1972 1/	1973 1/
Commodity sectors, total	509.0	744.7	1,188.8	1,209.2	1,221.5	1,338.2	1,479.4	1,546.7	1,656.2	1,736.5	1,892.5
Agriculture	312.0	402.7	608.5	612.3	644.4	688.3	771.9	774.1	854.6	932.9	1,018.4
Industry & Mining	170.0	285.6	461.1	477.4	460.3	503.9	542.0	611.2	636.5	640.6	705.3
Electricity	--	12.2	24.3	25.2	35.1	35.7	41.8	40.0	47.8	45.0	45.0
Construction	27.0	44.2	94.9	94.3	81.7	110.3	123.7	121.4	117.3	118.0	123.8
Distribution sectors, total	154.0	247.3	378.1	400.7	320.0	332.2	359.9	383.1	410.9	430.2	462.8
Transportation/communication	62.0	102.2	196.6	204.8	115.6	116.3	130.9	143.6	147.8	151.0	159.0
Trade & finance	92.0	145.1	181.5	195.9	205.0	215.9	229.0	239.5	263.1	279.2	303.8
Services sectors	338.5	404.7	574.7	602.5	645.7	669.0	713.5	770.7	816.9	835.2	912.0
Housing	94.0	107.0	108.0	111.0	113.1	115.5	118.2	120.2	121.1	122.0	124.0
Public utilities	--	6.8	9.2	9.4	9.9	10.8	11.7	13.3	13.8	12.2	15.0
Other services	244.5	290.9	457.5	482.1	552.7	542.6	583.6	637.2	682.0	701.0	773.0
Statistical discrepancy	--	--	14.4	0.0	--	--	--	--	--	--	--
GDP at factor cost	1,001.5	1,396.7	2,156.0	2,212.4	2,187.8	2,339.4	2,552.8	2,700.5	2,884.0	3,001.9	3,267.3

	As % of GDP at current factor cost				Annual growth rates (%)						
	1955/56	1965/66	1970/71	1973	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72	1973
Commodity sectors, total	50.8	55.1	58.0	57.9	1.7	1.0	9.6	10.6	4.6	7.0	9.0
Agriculture	31.2	28.2	28.9	31.1	0.6	5.2	6.8	12.1	0.3	10.4	9.2
Industry & Mining	17.0	21.4	23.1	21.6	3.5	-3.6	9.5	7.6	12.8	4.1	10.1
Electricity	--	1.1	1.5	1.4	3.7	39.3	1.7	17.1	-4.3	19.5	--
Construction	2.6	4.4	4.5	3.8	-0.6	-13.4	35.0	12.4	-1.9	-3.4	4.9
Distribution sectors, total	15.4	17.5	14.2	14.2	6.0	-20.1	3.8	8.3	6.5	7.3	7.6
Transportation/communication	6.2	9.1	5.5	4.9	4.2	-43.5	0.6	12.6	9.7	2.9	5.3
Trade & finance	9.2	8.4	8.7	9.3	7.9	4.6	5.3	6.1	4.6	9.9	8.8
Services sectors, total	33.8	26.6	27.8	27.9	4.8	7.2	3.6	6.6	8.0	6.0	9.2
Housing	9.4	5.0	4.5	3.8	2.8	1.9	2.1	2.3	1.7	0.8	1.6
Public utilities	--	0.4	0.5	0.5	2.3	5.3	9.1	8.3	13.7	3.8	23.0
Other services	24.4	21.2	22.8	23.6	5.4	8.4	3.8	7.6	9.2	7.0	10.3
Statistical discrepancy	--	0.8	--	--	--	--	--	--	--	--	--
Total	100.0	100.0	100.0	100.0	2.6	-1.1	6.9	9.1	5.8	6.8	8.8

1/ Preliminary estimates.

Source: Central Agency for Public Mobilization and Statistics and Ministry of Planning. For 1955/56 see D. Mead, "Growth and Structural Change in the Egyptian Economy," 1967.

Table 2.3: INDUSTRIAL ORIGIN OF GROSS DOMESTIC PRODUCT

(in millions of LE, at 1964/65 factor cost)

	Years ended June 30									Calendar Years	
	1955/56	1960/61	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72	1972 1/	1973 1/
Commodity sectors, total	657.0	862.3	1,141.1	1,127.3	1,123.8	1,200.3	1,285.9	1,323.8	1,370.0	1,406.2	1,446.9
Agriculture	414.5	491.4	588.1	576.7	595.2	601.5	640.8	631.4	656.9	696.2	710.2
Industry & Mining	214.2	314.1	433.8	436.9	416.3	457.2	486.9	539.0	553.0	552.2	574.4
Electricity	n.a.	12.6	24.3	25.2	35.4	36.6	44.3	47.2	51.9	48.9	48.9
Construction	28.3	44.2	94.9	88.5	76.9	105.0	114.1	106.2	108.2	108.9	113.4
Distribution sectors, total	206.2	276.1	374.9	392.0	304.8	314.1	337.4	358.9	376.4	389.7	404.0
Transport/Communication	72.9	114.1	194.7	201.3	113.3	115.2	127.8	141.6	145.0	147.8	155.6
Trade & Finance	133.3	162.0	180.2	190.7	191.5	198.9	209.6	217.3	231.4	241.9	248.4
Services sectors	342.6	417.8	564.8	582.8	620.1	648.5	680.8	740.0	778.5	793.3	843.9
Housing	87.8	100.0	108.0	111.0	112.9	115.3	118.0	119.8	120.7	121.6	123.6
Public Utilities	n.a.	7.2	9.1	9.4	10.0	10.8	11.7	13.3	13.8	12.2	15.0
Other Services	254.8	310.6	447.7	462.4	497.2	522.4	559.1	606.9	644.0	659.5	705.3
Statistical discrepancy	--	3.0	14.4	--	--	--	--	--	--	--	--
GDP at factor cost	1,205.8	1,559.2	2,095.2	2,102.1	2,048.7	2,162.9	2,312.1	2,422.7	2,524.9	2,589.2	2,694.8

	Average Annual Growth Rate (%)			Annual Growth Rates (%)						
	1956/61	1961/66	1966/71	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72	1973
Commodity sectors, total	5.6	5.8	3.3	-1.2	-0.3	5.9	7.1	3.0	3.5	2.9
Agriculture	3.5	3.7	1.6	-1.9	3.2	1.1	6.5	-1.5	4.0	2.0
Industry & Mining	8.0	6.6	4.7	0.7	-4.7	9.8	6.5	10.7	2.6	4.0
Electricity	n.a.	14.0	15.3	3.7	40.5	30.2	21.0	6.6	10.0	
Construction	9.3	16.6	3.0	-6.8	-13.1	36.5	8.7	-6.9	1.9	4.1
Distribution sectors, total	6.0	6.3	-0.9	4.5	-22.2	3.1	7.4	6.4	4.9	3.7
Transportation/communication	9.4	11.3	-6.0	3.4	-43.7	1.7	10.9	10.8	2.4	5.3
Trade & Finance	4.0	2.2	3.4	5.8	0.4	3.8	5.4	3.7	6.5	2.7
Services Sectors	4.1	6.2	4.9	3.2	6.4	4.6	6.2	8.7	5.2	6.4
Housing	2.6	1.5	2.1	2.8	1.7	2.1	2.3	1.5	0.8	1.6
Public Utilities	n.a.	4.8	6.4	3.3	6.4	8.0	8.3	13.7	3.8	30.0
Other Services	4.0	7.6	5.6	3.3	7.5	5.1	7.0	8.6	6.1	7.0
Statistical discrepancy	--	37.0	--	--	--	--	--	--	--	--
GDP at factor cost	5.3	6.1	2.9	0.3	-2.5	5.6	6.9	4.8	4.2	4.1

1/ Preliminary Estimates.

Source: Central Agency for Public Mobilization and Statistics, Ministry of Planning.

Table 2.4: GROSS FIXED INVESTMENT, BY SECTOR

(in millions of £E, at current prices)

Sector	Years ended June 30									Calendar Years	
	1955/56	1960/61	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72	1972 1/	1973 1/
Commodity sectors, total	78.2	111.6	250.8	253.8	202.2	201.6	215.1	211.0	216.1	200.2	204.5
Agriculture	7.0	16.6	30.7	31.3	24.9	25.6	27.0	27.9	22.3	28.3	38.5
Irrigation & Drainage	11.3	14.8	32.6	34.4	25.1	32.5	29.1	25.4	21.6	22.0	22.2
High Dam	0.4	6.8	19.0	16.5	12.5	9.5	5.2	--	--	--	--
Industry & Mining	49.8	67.8	100.6	98.4	85.8	101.1	123.1	125.7	145.4	119.7	116.5
Electricity	9.7	5.6	61.1	69.3	52.9	31.9	27.3	23.1	21.3	26.3	23.5
Construction	n.a.	n.a.	6.8	3.9	1.0	2.6	3.4	8.9	5.5	3.9	3.8
Distribution sectors, total	25.1	74.8	55.8	48.7	39.0	72.2	75.0	90.7	90.6	103.1	123.1
Transportation/communication	25.1	68.9	49.4	42.6	38.3	69.5	71.4	81.2	79.6	100.1	119.9
Suez Canal	n.a.	5.9	3.7	3.5	--	--	--	--	--	--	--
Trade & Finance	n.a.		2.7	2.6	0.7	2.7	3.6	9.5	11.0	3.0	3.2
Services sectors	73.6	39.2	77.2	63.3	56.8	68.1	65.4	59.3	68.2	79.0	100.5
Housing	54.6	19.1	47.5	42.3	41.7	46.9	36.5	26.5	29.8	40.0	46.9
Public Utilities	5.1	7.7	12.4	8.6	4.2	5.8	10.9	16.8	16.9	13.0	16.8
Other services	13.9	12.4	17.3	12.4	10.9	15.4	18.0	16.0	21.5	26.0	36.8
Expenditures for Purchase of Land	n.a.	-7.4	-6.4	-7.0	-5.8	-10.3	-5.2	-6.0	-4.5	-4.0	--
Total fixed 2/ investment	176.9	218.2	377.4	358.8	292.2	333.2	350.3	355.0	370.4	378.3	428.1
of which											
Public Sector	..	..	349.6	329.4	289.8	290.9	312.6	314.0	329.6	337.3	388.1
Private Sector	..	..	27.8	29.4	28.6	42.3	37.7	36.0	40.8	41.0	40.0
(As percentages of total fixed investment)											
Commodity sectors, total	44.2	51.1	66.4	70.7	69.2	60.5	61.4	59.4	58.3	52.9	47.8
Agriculture	4.0	7.6	8.1	8.7	8.5	7.7	7.7	7.8	6.0	7.5	9.0
Irrigation & Drainage	6.4	6.8	8.6	9.6	8.6	9.8	8.3	7.2	5.8	5.8	5.2
High Dam	0.2	3.1	5.0	4.6	4.3	2.9	1.5	--	--	--	--
Industry & Mining	28.1	31.1	26.7	27.4	29.3	30.3	35.1	35.4	39.3	31.6	27.2
Electricity	5.5	2.5	16.2	19.3	18.1	9.6	7.8	6.5	5.7	7.0	5.5
Construction	n.a.	--	1.8	1.1	0.3	0.8	1.0	2.5	1.5	1.0	0.9
Distribution sectors, total	14.2	34.3	14.8	13.6	13.3	21.6	21.4	25.6	24.5	27.3	28.7
Transportation/communication	14.2	31.6	13.1	11.9	13.1	20.6	20.4	22.9	21.5	26.5	28.0
Suez Canal	n.a.	2.7	1.0	1.0	--	--	--	--	--	--	--
Trade & Finance	n.a.	--	0.7	0.7	0.2	1.0	1.0	2.7	3.0	0.8	0.7
Services Sectors	41.6	17.9	20.5	17.6	19.4	20.4	18.7	16.7	18.4	20.9	23.5
Housing	30.8	8.8	12.6	11.8	14.3	14.1	10.4	7.5	8.0	10.6	11.0
Public Utilities	2.9	3.4	3.3	2.4	1.4	1.7	3.1	4.7	4.6	3.4	3.9
Other Services	7.9	5.7	4.6	3.5	3.7	4.6	5.1	4.5	5.8	6.9	8.6
Expenditure for purchase of Land	n.a.	-3.3	-1.8	-1.9	-1.9	-2.5	-1.5	-1.7	-1.2	-1.1	--

1/ Preliminary estimates.
2/ 1959/60 through 1963/64 include change in stocks.

Source: Central Agency for Public Mobilization and Statistics and Ministry of Planning.

Table 2.5: SAVINGS AND INVESTMENT

(in millions of ЬE, at current prices)

	Years ended June 30									Calendar Years	
	1955/56	1960/61	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72	1972	1973
GDP (market prices)	1,083.1	1,492.5	2,434.8	2,512.7	2,533.0	2,696.4	2,971.3	3,145.5	3,336.7	3,389.9	3,644.6
Net factor income	-7.5	1.8	-14.7	-21.8	-23.3	-36.4	-44.5	-59.2	-62.2	-9.8	-19.1
GNP (market prices)	1,075.6	1,494.3	2,420.1	2,490.9	2,509.7	2,660.0	2,926.8	3,086.3	3,274.5	3,380.1	3,625.5
Total consumption	917.1	1,285.5	2,097.1	2,153.1	2,324.9	2,451.7	2,656.6	2,860.0	3,090.7	3,167.7	3,393.8
Resource gap 1/	0.0	18.6	122.1	23.7	133.5	65.6	121.5	157.8	172.7	196.1	195.5
Gross domestic savings	166.8	207.0	324.1	361.9	208.7	252.6	294.6	279.2	247.7	222.2	250.8
Gross investment	166.8	225.6	446.2	385.6	342.2	318.2	416.1	437.0	420.4	418.3	446.3
Current account deficit 2/	8.3	16.8	123.2	47.8	157.4	109.9	145.9	217.0	234.9	205.9	214.6
Gross national savings	158.5	208.8	323.0	337.8	184.8	208.3	270.2	220.0	185.5	212.4	231.7
Statistical discrepancy	-0.8	--	13.6	-2.3	-0.2	-7.9	20.1	6.3	-1.7	.	.
				(in percentages)							
As % of GDP											
Gross investment	15.3	15.1	18.3	15.3	13.5	11.8	14.0	13.9	12.6	12.3	12.3
Resource gap	--	1.2	5.0	0.9	5.3	2.4	4.1	5.0	5.2	5.8	5.4
Gross domestic savings	15.3	13.9	13.3	14.4	8.2	9.4	9.9	8.9	7.4	6.5	6.9
As % of GNP											
Gross investment	15.5	15.1	18.4	15.5	13.6	11.9	14.2	14.1	12.8	12.4	12.3
Current account deficit	0.8	1.1	5.1	1.9	6.2	4.1	5.0	7.0	7.2	6.1	5.9
Gross national savings	14.7	14.0	13.3	13.6	7.4	7.8	9.2	7.1	5.6	6.3	6.4

1/ The resource gap is defined as the difference between gross investment and domestic savings; it is also identical to the difference between imports and exports of goods and non-factor services. Hence, a negative sign indicates a savings (or export) surplus.

2/ The current account deficit is defined as the difference between gross investment and national savings; it is also identical to the difference between imports and exports of goods and all services. A negative sign indicates a savings (or export) surplus.

Source: Calculated from Table 2.1.

Table 2.6: SAVINGS AND INVESTMENT (ALTERNATIVE CALCULATION)

(in millions of £E, at current prices)

	Years ending June 30									Calendar Years	
	1955/56	1960/61	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72	1972	1973
GDP at market prices	1,083.1	1,492.5	2,434.8	2,512.7	2,533.0	2,696.4	2,971.3	3,145.5	3,336.7	3,389.9	3,644.6
Unrequited transfers, (net)	--	--	--	31.1	83.6	125.2	139.3	122.9	128.7	128.2	120.6
GDP* at market prices	1,083.1	1,492.5	2,434.8	2,543.8	2,616.6	2,821.6	3,110.6	3,268.4	3,465.4	3,518.1	3,765.2
Net factor income from abroad	-7.5	1.8	-14.7	-21.8	-23.3	-36.4	-44.5	-59.2	-62.2	-9.8	-19.1
GNP* at market prices	1,075.6	1,494.3	2,420.1	2,522.0	2,593.3	2,785.2	3,066.1	3,209.2	3,403.2	3,508.3	3,746.1
Resource gap* 1/	0.0	18.6	122.1	-7.4	49.9	-59.6	-17.8	34.9	44.0	67.9	74.9
Gross domestic saving*	166.8	207.0	324.1	393.0	292.3	377.8	433.9	402.1	376.4	350.4	371.4
Gross investment	166.8	225.6	446.2	385.6	342.2	318.2	416.1	437.0	420.4	418.3	446.3
Current account deficit* (- = surplus) 2/	7.5	16.8	136.8	14.4	73.2	-23.2	26.7	94.1	106.2	77.7	94.0
Gross national savings* 3/	158.5	208.8	309.4	371.2	269.0	341.4	389.4	342.9	314.2	340.6	352.3
Statistical discrepancy	(-0.8)	--	(13.6)	(-2.3)	(-0.6)	(-7.9)	(20.1)	(6.3)	(-1.7)	.	.
				(in percentages)							
As % of GDP*											
Total investment	15.4	15.1	18.3	15.2	13.1	11.3	13.3	13.4	12.1	11.9	11.9
Resource gap* (- = Surplus)	--	1.2	5.0	-0.2	1.9	-2.1	-0.6	1.1	1.3	1.9	2.0
Gross domestic savings*	15.4	13.9	13.3	15.4	11.2	13.4	13.9	12.3	10.8	10.0	9.9
As % of GNP*											
Total Investment	15.5	15.1	18.4	15.3	14.7	11.4	13.6	12.5	12.3	11.9	11.9
Current account deficit*	0.8	1.1	5.7	0.6	3.1	-0.8	0.9	2.7	3.1	2.2	2.5
Gross national savings*	14.7	14.0	12.7	14.7	11.6	12.2	12.7	9.8	9.2	9.7	9.4

* In this calculation, unrequited transfer receipts (mainly Khartoum Agreement payments from Arab countries as compensation for losses of Suez Canal dues) are included as part of GDP*, as the Suez dues would have been included were the Canal open.

1/ The resource gap is defined as the difference between gross investment and domestic savings; it is also identical to the difference between imports and exports of goods and non-factor services. Hence, a negative sign indicates a savings (or export) surplus.

2/ The current account deficit is defined as the difference between gross investment and national savings; it is also identical to the difference between imports and exports of goods and all services. A negative sign indicates a savings (or export) surplus.

3/ The savings data were calculated as a residual from gross investment and the resource gap or current account deficit. Hence, the savings data above vary from the difference between consumption and GNP or GDP to the extent of the statistical discrepancy.

Source: Ministry of Planning.

Table 2.7: SECTORAL INVESTMENTS UNDER 1974 PLAN 1/

(in millions of Egyptian pounds)

	Public Sector	Private Sector	Total	Foreign Exchange Component of Total
Commodity sectors	238.0	6.7	244.7	122.4
Agriculture	56.1	0.5	58.6	29.1
Irrigation and drainage	24.6	0.4	25.0	7.9
Petroleum and mining	22.0	--	22.0	16.9
Industry	111.1	3.5	114.6	56.3
Electricity	20.6	--	20.6	9.4
Construction	3.6	0.3	3.9	2.7
Distribution sectors	202.1	4.5	206.6	142.6
Transportation, communications, storage and Suez Canal	199.8	4.0	203.8	142.2
Trade and finance	2.3	0.5	2.8	0.4
Services sectors	56.3	19.2	75.5	17.1
Housing	5.7	18.0	23.7	3.2
Public utilities	19.5	--	19.5	3.8
Education and research	9.5	0.4	9.9	1.2
Health services	4.6	0.1	4.7	0.5
Other services	17.0	0.7	17.7	8.4
Total	496.4	30.4	526.8	282.1

Source: Ministry of Planning.

1/ Fixed investment plus land purchases totaling LE 4.1 million.

TABLE 2.8:

BUDGET INVESTMENT EXPENDITURE FOR 1974, BY SECTORS AND MAIN PROJECTS

	1974 Budget
AGRICULTURE AND IRRIGATION	86.9
- Poultry	37.6*
- Vertical expansion	0.9
- Soil development	0.9
- Land reclamation	22.5
- Irrigation	25.0
ELECTRICITY AND HIGH DAM	18.0
- Rafr el - Dawar Therman electric station	8.0*
- Purchase of mobil kerosene unit	3.0
- Zapazig network improvement and other rural electrification programs	7.0*
INDUSTRY AND PETROLEUM	206.5
- Replacement and Renewals	26.3*
- Aluminum Project	9.7*
- Pharmaceuticals Organization	1.4
- Industrial Good Projects (5.8 for idle capacity)	2.1*
- Spinning and Weaving	8.1
- Chemical Industries	5.6
- Building material and Metallurgy Projects (completion)	3.3
- Iron and Steel Complex	30.7
- Metal for concrete works, etc.	3.5
- Telephone equipment completion, etc.	5.0
- Engineering industries	4.9*
- Suez/Alexandria Pipeline	68.0
- Transport and Storage of Petroleum	5.7*
- Other Petroleum (projections, production, and refining)	22.0*
TRANSPORT AND COMMUNICATION	110.8
- Railroad Projects for renovation of passenger units	20.3
- River Transport	1.7
- Roads and Bridges	2.5
- Sea Transport (two new oil tankers, 4 ships, 2 used oil tankers)	28.0
- Suez Canal Authority (for purchase of material)	11.0

* Source for asterisked items is 1974 Plan

TABLE 2.8: continued

	1974 Budget
- Air Transport (purchase of new planes)	15.3
- Communications Projects	12.8*
- Public Transportation Authorities (purchase of vehicles)	6.0
- P.T.A. Alexandria	1.0
- Cairo International Airport Renewal completion	7.0*
HOUSING AND PUBLIC UTILITIES	32.0
- Dwelling units & government buildings	1.2
- Drinking water projects	5.5
- Water projects in Cairo & Alexandria	5.0
- Reconstruction of the canal area	10.0
- Hygiene drainage projects	6.5*
EDUCATION RESEARCH YOUTH	14.0
- Al-Ashar education	1.0
- Scientific & Technical Research Academy	2.1
- Ministry for Higher Education - Construction of new classes	10.9
HEALTH AND SOCIAL SERVICES	6.4
- Health	4.7*
- Social units	1.4*
DEFENSE SECURITY AND JUSTICE	10.1
LOCAL ADMINISTRATION	4.3
TRADE FINANCE	8.2
PRESIDENTIAL SERVICES	1.0
TOURISM	2.1
CULTURE AND INFORMATION	2.0
NONDISTRIBUTED INVESTMENT	17.6
TOTAL	520.0

*** Source for asterisked items is 1974 Plan**

Table 2.9: 1973-1982 PLAN

(Projection of GDP at Factor Cost)

(constant 1972 prices)

Sector	Base Year 1972	1973	1974	1975	1976	1977	1982
Agriculture	768.5	790.0	817.0	846.6	877.6	913.8	1,115.0
Industry & Oil	622.2	657.0	705.4	765.7	836.2	918.8	1,530.0
Industry	579.7	614.2	650.5	693.1	743.7	808.7	1,294.0
Oil & Prod.	42.5	42.8	54.9	72.6	92.5	110.1	236.0
Construction	114.0	129.0	140.0	144.4	159.1	180.0	265.0
Electricity/Power	45.0	48.1	50.3	65.0	75.0	80.0	126.0
Total Commodity Sectors	1,550.0	1,624.1	1,712.7	1,821.7	1,947.0	2,092.6	3,039.0
Transport & Commun.	163.5	172.1	183.9	237.8	343.7	360.2	520.0
Trade & Finance	253.8	266.0	284.5	303.5	326.0	350.0	510.0
Total Distribution Sectors	417.3	438.1	468.4	541.3	669.7	710.2	1,030.0
Housing	122.5	124.2	126.1	128.3	131.4	135.5	175.0
Pub. Utilities	12.3	12.9	13.6	14.5	15.6	16.9	26.0
Social Development Services	700.4	744.2	790.7	838.7	888.4	939.8	1,330.0
Total Services Sectors	835.0	881.3	930.4	981.5	1,035.4	1,092.2	1,531.0
Grand Total	2,802.8	2,943.5	3,111.5	3,344.5	3,514.5	3,895.0	5,600.0

Source: 1973-1982 Plan.

Table 3.1: SUMMARY BALANCE OF PAYMENTS, 1971-73

(IBRD Presentation)

	1971	1972 (US$ million)	1973/1
1. Exports f.o.b.	850.3	813.1	1,014.5
2. Imports c.i.f.	-1,243.8	1,286.2	-1,593.1
I. TRADE BALANCE	-393.5	-472.7	-578.6
3. Non-Factor Services:			
a) Receipts	153.2	201.7	304.4
-Tourism/2	(103.5)	(114.5)	(78.9)
b) Payments	-220.6	-248.9	-309.2
-Tourism	(-18.6)	(-42.3)	(-61.2)
4. Factor Services:			
a) Receipts	29.0	106.5	121.6
-Workers Remittances	(6.4)	(81.4)	(87.3)
b) Payments	-53.4	-52.4	-109.6
5. Net Services	-91.8	7.1	7.2
6. Transfers, net	278.8	294.6	649.5
-private	10.8	5.5	6.1
-official	268.0	289.1	643.3
II. CURRENT BALANCE	-206.5	-170.9	77.8
7. Identified Medium and Long-Term Loan /3			
A. Receipts:	296.7	358.3	328.2
i) Drawings on M & LT Loans	171.6	196.9	232.2
-Arab Countries	9.9	10.1	67.1
-Western Countries	5.3	33.1	38.4
-Eastern Countries	156.2	152.7	117.5
-IBRD/IDA/4	0.2	0.9	9.2
-Other Multilateral	-	-	-
ii) Drawings on Suppliers' Credits	125.1	161.5	96.0
-Arab Countries	2.1	12.2	7.4
-Western Countries	117.8	146.3	79.1
-Eastern Countries	5.3	3.0	9.5
B. Payments	-150.0	-213.0	-333.3
i) On M & LT Loans	-108.1	-137.5	-176.1
-Arab Countries	-	-	-
-Western Countries	-23.0	-40.3	-77.6
-Eastern Countries	-78.4	-91.8	-89.3
-IBRD/IDA/4	-5.5	-5.5	-5.6
-Other Multilateral	-1.2	-	-3.6

Table 3.1: (continued)

	1971	1972	1973/1
ii) On Suppliers' Credits	-41.9	-75.4	-157.2
-Arab Countries	-0.5	-1.2	-0.8
-Western Countries	-24.4	-60.3	-136.2
-Eastern Countries	-17.0	-14.0	-20.2
8. Net Identified M & LT	+146.7	+145.4	-5.1
9. Other M & LT Capital, net	-124.4	-26.0	-73.7
-Loans Extended by Egypt	1.4	4.4	4.6
-Subscription to the Arab Fund for Economic and Social Development	-6.2	--	-
-IMF,/5 net	28.8	-15.2	45.8
-Difference with Reported Debt/6	-148.4	-15.2	-114.9
-Receipts	+28.3	+51.5	-36.4
-Payments	-176.6	-66.7	-78.6
III. BALANCE ON CURRENT AND LONG AND MEDIUM TERM CAPITAL (Total 1 through 9)	-184.2	-51.5	-1.0
10. Other Capital Movements, net	23.2	32.9	310.0
-US Counterpart Funds	9.9	11.7	-0.8
-Non-Resident Real Assets and Securities	-13.8	-10.6	-6.9
-Net Use of Banking Facilities	-24.8	14.3	269.1
-Other (unidentified)	52.0	17.5	48.6
11. Errors and Omissions	7.6	-1.4	-20.7
IV. OVERALL BALANCE (Total 1 through 11)	-153.4	-20.0	288.3

/1 Provisional Central Bank estimates.
/2 Mission estimates based on information received and statistics of number of nights (State Tourist Administration).
/3 Debt disbursements and repayments reported by Agency for Arab and International Economic Cooperation.
/4 From Debt Reporting System, 1980.
/5 Source: IMF, International Financial Statistics.
/6 A negative figure indicates an excess of payments or a shortfall in receipts compared with the amounts reported by the Agency for Arab and International Economic Cooperation.

Source: Central Bank of Egypt.

Table 3.2: Detailed Balance of Payments, 1969-73

(IMF Presentation)

(In LE million)

		1969	1970	1971	1972	1973[2]
A.	Trade balance[3]	-98.7	-162.4	-171.1	-205.5	-226.0
	Exports, f.o.b.	319.7	355.4	369.7	353.7	396.3
	Imports, c.i.f.	-418.4	-517.8	-540.8	-559.2	-622.3
B.	Services, net	-33.6	-38.3	-40.0	3.0	2.7
	Receipts	67.2	76.4	79.2	134.1	166.4
	Shipping	(3.2)	(4.2)	(5.3)	(5.5)	(5.7)
	Nonmerchandise insurance	(0.4)	(0.2)	(0.4)	(0.2)	(0.3)
	Interest, dividend and other receipts	(14.5)	(14.1)	(12.6)	(46.3)	(47.5)
	Travel and other receipts	(49.1)	(57.9)	(60.9)	(82.1)	(112.9)
	Payments	-100.8	-114.7	-119.2	-131.1	-163.7
	Shipping	(-5.6)	(-8.2)	(-8.3)	(-7.3)	(-6.5)
	Nonmerchandise insurance	(-1.1)	(-2.4)	(-3.4)	(-1.6)	(-1.5)
	Interest, dividends and other payments	(-26.3)	(-29.4)	(-32.5)	(-30.4)	(-50.5)
	Travel and maintenance expenses	(-8.9)	(-9.0)	(-8.1)	(-18.5)	(-24.0)
	Other commercial payments	(-10.2)	(-11.7)	(-13.8)	(-13.9)	(-20.0)
	Government, n.i.e.	(-30.5)	(-33.4)	(-35.7)	(-27.3)	(-22.7)
	Other payments	(-18.2)	(-20.6)	(-17.4)	(-32.1)	(-38.5)
C.	Unrequited transfers	128.8	134.0	121.3	128.2	253.7
	Private	3.5	1.7	4.8	2.5	...
	Government	125.2	132.3	116.5	125.7	...
D.	Current balance (A+B+C)	-3.5	-66.7	-89.8	-74.3	30.4
E.	Capital transactions (net)	-37.0	1.8	11.0	53.9	-27.8
	Long-term loans	-5.3	10.6	-11.3	32.3	23.2
	Drawings[4]	(55.2)	(79.7)	(65.4)	(80.0)	(79.6)
	Repayments	(-60.5)	(-69.1)	(-76.7)	(-47.7)	(-56.4)
	Suppliers' credits[5]	-29.4	-4.8	26.0	19.2	-46.2
	Drawings	(21.4)	(61.9)	(91.3)	(99.8)	(63.3)
	Repayments	(-50.8)	(-66.7)	(-65.3)	(-80.6)	(-109.5)
	Others (net)	-2.3	-4.0	-3.8	2.4	-4.0
	U.S. Government LE holdings	(2.3)	(0.1)	(4.3)	(5.1)	(-0.3)
	Loans extended by Egypt, net	(0.4)	(0.4)	(0.6)	(1.9)	(-1.8)
	Nonresident real assets and securities, net[6]	(-5.0)	(-4.5)	(-6.0)	(-4.6)	(-2.7)
	Subscription to the Arab Fund for Economic Development	(--)	(--)	(-2.7)	(--)	(--)
F.	Errors and omissions (net)	--	-8.3	3.5	-1.5	-8.1
G.	Total (A through F)	-40.6	-73.3	-75.3	-21.9	-5.5
H.	Allocation of SDRs	--	10.9	8.7	9.4	--
I.	Overall balance	-40.6	-62.4	-66.6	-12.5	-5.5
J.	Monetary movements (increase in assets -)	40.6	62.4	66.6	12.5	5.5
	Commercial banks, net	14.7	13.9	-15.3	-6.3	...
	Liabilities[7]/**	(17.4)	(6.6)	(-12.7)	(9.5)	(...)
	Assets	(-2.7)	(7.3)	(-2.6)	(-15.8)	(...)
	Payments agreements and credit facilities, net[8]/**	10.6	26.3	50.0	34.0	...
	Central Bank subscription to Arab International Bank[9]/*	--	--	-2.7	--	...
	Reserves and related items	15.3	22.2	34.6	-15.2	...
	Use of Fund credit - IMF record	(-9.1)	(-0.4)	(8.7)	(-21.2)	(17.8)
	Foreign institutions' deposits[10]/*	(2.5)	(24.3)	(21.3)	(-0.4)	(...)
	Monetary gold - IMF record	(--)	(3.5)	(--)	(--)	(--)
	SDRs - IMF record	(--)	(--)	(-3.0)	(0.9)	(-12.3)
	Foreign exchange and other claims[11]	(21.9)	(-5.2)	(7.6)	(5.5)	(...)

For sources and footnotes, see following page.

(Concluded) Table 3.2: Detailed Balance of Payments, 1969-73 1/

Sources: International Monetary Fund, Balance of Payments Yearbook, and data provided by the Central Bank of Egypt.

1/ As presented in the Fund's Balance of Payments Yearbook. The items (in section J) marked by one asterisk (*) are presented wholly, and those marked by two asterisks (**) are presented partly, as "Other capital transactions, net" (E) in the balance of payments estimates which are published in the Central Bank of Egypt's Economic Review. This difference in presentation arises mainly because certain transactions shown in the nonmonetary sector in the Economic Review are reported by the Central Bank to the Fund, for publication in the Balance of Payments Yearbook, as transactions in the monetary sector. These items are therefore treated by the Fund as monetary movements. As a result, the overall balance of payments reported in the two publications differ, in the years under review, as follows:

Egypt: Overall Balance of Payments, 1969-73 1/
(In millions of Egyptian pounds)

		1969	1970	1971	1972	1973 2/
I.	Balance of Payments Yearbook	-40.6	-73.3	-75.3	-21.9	-5.5
II.	Economic Review	-13.3	-19.4	-61.3	1.3	120.6
	Difference (I-II)	-27.3	-53.9	-14.0	-23.2	-126.1

1/ Deficit (-).
2/ Partly estimated.

The available data do not permit a complete reconciliation of the two series. Further explanations of this discrepancy are noted below.

2/ Preliminary estimates.

3/ Includes transit trade; based on exchange records and differs from customs returns.

4/ Includes accrued interest which is shown as other inflows (section E) in the Economic Review.

5/ Presumably inclusive of short-term trade credits which are not shown separately in the Central Bank of Egypt's reports to the Fund.

6/ Includes compensation to foreigners for nationalized foreign properties.

7/ Includes changes in nonresident accounts and net utilization of short-term banking facilities; in the Economic Review the former is shown as a monetary movement but the latter is shown as a capital transaction.

8/ Includes the net changes in payments agreement assets and liabilities as well as credits obtained by the Central Bank; coverage incomplete for 1969 and 1970 (see footnote 11).

9/ This item is regarded as portfolio investment of the Central Bank and as such shown in the monetary sector in the Balance of Payments Yearbook.

10/ These transactions are shown as capital inflows in the Economic Review, although they relate only to the Central Bank.

11/ For 1969-70, includes net changes in payments agreement assets and liabilities for which separate figures are not available.

Table 3.3: Historical Balance of Payments, 1949-73
(in LE millions)

	Exports [1/] (f.o.b.)	Imports (c.i.f.)	Trade balance	Services, net	Trade and services, net	Transfers, net	Capital inflow, net [2/]	Transfers and capital, net [2/]	Overall balance
1949	142.2	-148.3	-6.1	9.4	3.3	--	-3.3	-3.3	--
1950	190.2	-208.9	-18.7	8.3	-10.4	--	-1.5	-1.5	-11.9
1951	204.5	-233.8	-29.3	12.9	-16.4	--	-1.4	-1.4	-17.8
1952	148.8	-208.2	-59.4	6.0	-53.4	--	-3.8	-3.8	-57.2
1953	137.7	-166.7	-29.0	21.1	-7.9	--	-1.4	-1.4	-9.3
1954	144.2	-156.2	-12.0	14.2	2.2	--	-2.8	-2.8	-0.6
1955	139.1	-201.3	-62.2	18.1	-44.1	--	12.3	12.3	-31.8
1956	132.5	-206.3	-73.8	24.2	-49.6	10.5	2.2	12.7	-36.9
1957	167.0	-218.9	-51.9	18.3	-33.6	3.7	-19.8	-16.1	-49.7
1958	163.1	-215.8	-52.7	31.6	-21.1	0.1	-1.3	-1.2	-22.3
1959	167.3	-240.6	-73.3	26.2	-47.1	4.8	19.6	24.4	-22.7
1960	203.7	-269.0	-65.3	30.7	-34.6	4.4	10.8	15.2	-19.4
1961	164.9	-248.6	-83.7	22.3	-61.4	4.5	31.6	36.3	-25.3
1962	145.2	-308.5	-163.3	30.8	-132.5	12.8	78.8	91.6	-40.9
1963 [3/]	228.8	-405.8	-177.0	50.2	-126.8	-0.4	97.2	96.8	-30.0
1964	227.6	-402.8	-175.2	47.5	-127.7	5.4	113.0	118.4	-9.3
1965	246.8	-417.0	-170.2	56.5	-113.7	8.7	67.9	76.6	-37.1
1966	259.5	-414.3	-154.8	74.3	-80.5	5.2	50.4	50.6	-24.9
1967	258.7	-415.2	-156.5	26.9	-129.6	58.3	39.6	97.9	-31.7
1968	288.7	-369.1	-80.4	-27.4	-107.8	110.4	6.1	116.5	8.7
1969	319.7	-418.4	-98.7	-33.6	-132.3	128.8	-37.0	91.8	-40.5
1970	355.4	-517.8	-162.4	-38.3	-200.7	134.0	4.4	138.4	-62.4
1971	369.7	-540.8	-171.1	-40.0	-211.1	121.3	23.2	144.5	-66.6
1972 [3/]	353.7	-559.2	-205.5	3.0	-202.5	128.2	61.8	190.0	-12.5
1973 [4/]	396.3	-622.3	-226.0	2.7	-223.3	253.7	-35.9	217.8	-5.5

Sources: International Monetary Fund, Balance of Payments Yearbook and Central Bank of Egypt.

1/ From 1962, exports include transit trade; before 1962 transit trade was included in services.
2/ Includes net errors and omissions and SDR allocations.
3/ LE 1 = SDR 2.87156 before 1963, SDR 2.30000 between 1963 and 1971 and SDR 2.11842 since 1972.
4/ Partly estimated.

Table 3.4: Trade Data from Customs and Exchange Control Records, 1960-73

(In LE millions)

	Exports			Imports			Trade Balance		
	Customs (1)	Exchange Control (2)	Difference (3)=(1)-(2)	Customs (4)	Exchange Control (5)	Difference (6)=(4)-(5)	Customs (7)	Exchange Control (8)	Difference (9)=(7)-(8)
1960	197.8	203.7	-5.9	232.5	269.0	-36.5	-34.7	-65.3	30.6
1961	168.9	164.9	4.0	243.8	248.6	-4.8	-74.9	-83.7	8.8
1962	158.3	145.2	13.1	301.0	308.5	-7.5	-142.7	-163.3	20.6
1963	226.8	228.8	-2.0	398.4	405.8	-7.4	-171.6	-177.0	5.4
1964	234.4	227.6	6.8	414.4	402.8	11.6	-180.0	-175.2	-4.8
1965	263.2	246.8	16.4	405.8	417.0	-11.2	-142.6	-170.2	27.6
1966	263.1	259.5	3.6	465.4	414.3	51.1	-202.3	-154.8	-47.5
1967	246.1	258.7	-12.6	344.3	415.2	-70.9	-98.2	-156.5	58.3
1968	269.5	288.7	-19.2	289.6	369.1	-79.5	-20.1	-80.4	60.3
1969	323.8	319.7	4.1	277.3	418.4	-141.1	46.5	-98.7	145.2
1970	331.0	355.4	-24.4	342.0	517.8	-175.8	-11.0	-162.4	151.4
1971	343.1	369.7	-26.6	399.9	540.8	-140.9	-56.8	-171.1	114.3
1972	358.6	353.7	4.9	390.8	559.2	-168.4	-32.2	-205.5	173.3
1973	444.1	396.3	47.8	361.1	622.3	-261.2	83.0	-226.0	309.0

Sources: Central Agency for Public Mobilization and Statistics (Customs) and the Central Bank of Egypt (Exchange Control).

Table 3.5: Commodity Composition of Exports by Degree of Processing

(in LE millions)

	1968	1969	1970	1971	1972	1973
Fuels 1/	7.8	9.4	15.8	2.9	23.3	44.7
Crude petroleum	3.3	7.4	15.3	2.0	20.3	36.9
Petroleum products	4.5	2.0	0.5	0.9	3.0	7.8
Primary products	181.1	213.0	212.4	227.7	211.3	269.2
Raw cotton	120.1	130.7	147.9	175.0	162.0	191.9
Other	61.0	82.3	64.5	52.7	49.3	77.3
Rice, husked and bleached	(40.5)	(51.7)	(32.5)	(22.7)	(20.3)	(23.6)
Rice, husked 2/	(4.4)	(3.6)	(1.7)	(1.8)	(1.7)	(2.5)
Onions and garlic, fresh	(5.8)	(8.4)	(7.8)	(6.1)	(6.8)	(12.5)
Onions and garlic, dehydrated	(1.2)	(1.3)	(1.9)	(1.4)	(0.5)	(1.5)
Groundnuts	(1.6)	(2.1)	(2.3)	(2.4)	(1.7)	(1.5)
Oranges	(2.0)	(6.4)	(6.8)	(9.0)	(4.8)	(15.8)
Potatoes	(0.9)	(2.5)	(3.7)	(2.0)	(3.2)	(6.6)
Other vegetables, fruits and pulses	(0.9)	(1.8)	(1.7)	(1.0)	(2.1)	(2.2)
Fish, poultry and animals 3/	(1.0)	(0.6)	(0.6)	(1.0)	(1.0)	(1.1)
Cotton waste, rags and straw	(1.8)	(2.2)	(2.3)	(2.5)	(3.4)	(4.6)
Raw flax	(0.5)	(0.8)	(1.2)	(1.0)	(0.8)	(1.0)
Other	(0.4)	(0.9)	(2.0)	(1.8)	(3.0)	(4.4)
Semifinished products	32.2	40.0	42.5	41.7	48.4	54.4
Cotton yarn	29.9	36.3	35.6	35.6	42.6	44.2
Other yarn	0.2	0.5	0.2	0.2	0.3	0.1
Other	2.1	3.2	6.7	5.9	5.5	10.1
Finished products	48.4	61.4	60.3	70.8	75.6	75.8
Textiles 4/	20.4	23.4	25.3	28.0	30.8	31.8
Cement	5.1	4.2	1.7	5.9	3.7	4.6
Chemicals 5/	3.9	4.9	4.7	5.1	10.3	4.6
Footwear	2.3	5.2	3.9	3.7	4.0	5.8
Other leather goods 6/	0.9	1.0	1.0	2.0	2.8	2.2
Sugar	2.1	3.2	3.8	6.2	1.4	4.1
Alcoholic drinks	2.6	3.2	2.6	3.6	4.3	5.2
Books and periodicals	1.9	1.3	2.0	1.5	2.7	1.6
Furniture, wood and metal	0.3	1.8	2.4	2.9	2.3	2.5
Other	8.9	13.2	11.9	11.9	13.3	13.4
Total	269.5	323.8	331.0	343.1	358.6	444.1

Sources: Central Agency for Public Mobilization and Statistics, Monthly Bulletin of Foreign Trade, June 1970 and August 1972, and data supplied to the mission (based on customs statistics).

1/ Fuel exports as reported by the Egyptian General Petroleum Corporation differ substantially from the customs statistics. They are as follows:

(In millions of Egyptian pounds)	1968	1969	1970	1971	1972	1973
Fuels	7.6	19.5	31.4	29.2	18.0	24.7
Crude petroleum	2.4	17.1	29.6	26.0	11.2	9.9
Petroleum products	5.2	2.4	1.8	3.2	6.8	14.8

2/ Including broken rice.

3/ Sheep, fish, shrimp, eggs, animal bladders and sponges.

4/ Including cotton textiles and made-up articles, carpets, mats and tapestries.

5/ Including medicines, washing preparations, ethyl alcohol, perfumery, calcium phosphates, nitrate of ammonia, fertilizers and films.

6/ Including leather, saddlery, travel goods, garments and articles of animal skin.

Table.3.6: Commodity Composition of Imports by Degree of Processing
(in LE millions)

	1968	1969	1970	1971	1972	1973
Fuels	19.6	20.2	28.2	28.0	21.1	7.0
Crude petroleum 1/	8.6	6.7	7.2	13.0	11.1	3.6
Petroleum products 1/	7.7	9.7	17.4	11.0	9.7	3.1
Coke and coal	3.3	3.8	3.6	4.0	0.3	0.3
Primary commodities	63.5	53.8	45.8	79.9	66.6	80.6
Wheat	41.4	31.9	20.6	58.6	41.8	55.1
Tobacco	7.0	7.4	7.4	8.0	9.8	11.0
Wool	2.4	4.5	4.9	3.2	5.2	4.4
Jute	2.9	2.5	2.3	1.9	1.2	1.1
Sesame	1.1	1.0	3.3	1.1	1.7	1.5
Maize	3.5	1.2	1.9	1.1	2.4	2.5
Hides and skins	0.8	1.2	2.3	2.7	1.3	2.7
Other	4.4	4.1	3.1	3.3	3.2	2.5
Intermediate commodities	82.4	89.6	128.6	150.0	169.5	131.8
Animal fats and vegetable oils	12.5	11.6	16.6	23.0	30.7	16.5
Chemicals, organic and inorganic 2/	10.1	14.1	15.6	20.3	23.4	19.5
Unwrought, waste and scrap metals 2/	6.0	4.9	7.0	9.9	6.3	4.5
Iron and steel products 3/	11.3	11.2	19.2	21.1	23.5	20.3
Dyestuffs and coloring 4/	4.0	6.2	6.1	5.2	5.2	3.9
Wood 5/	2.5	3.0	11.0	10.3	21.7	11.3
Paper and paper products 6/	10.6	9.7	10.3	11.1	11.8	10.2
Fertilizers	7.0	5.1	3.6	5.7	3.8	9.1
Electrical products 7/	2.1	2.1	2.2	3.0	3.1	2.6
Rubber and rubber products	2.1	2.6	2.6	4.4	5.8	4.5
Oils and wax	2.2	2.5	4.2	3.0	4.8	2.2
Wadding and textile fabrics	2.1	2.7	2.9	3.6	2.9	2.9
Pig and cast iron	2.0	1.2	1.4	1.8	2.9	1.3
Other	7.9	12.7	25.9	27.6	23.6	23.0
Capital commodities	64.9	58.1	79.9	81.7	77.8	79.2
Automobiles and parts	14.6	17.1	20.7	26.8	27.1	19.8
Other transportation 8/	15.1	9.8	10.2	7.9	6.9	16.2
Textile machinery 9/	2.7	5.1	10.6	8.9	10.9	11.5
Electrical products 10/	9.1	6.2	8.5	8.9	7.8	8.2
Liquid and air pumps	4.0	3.5	3.4	2.5	3.1	2.7
Other	19.4	16.4	26.5	26.7	22.0	20.8
Consumer commodities	59.3	55.5	59.5	60.4	55.8	62.5
Durables	4.0	6.7	10.8	15.2	9.2	11.7
Automobiles	(1.7)	(2.5)	(5.3)	(8.3)	(3.3)	(6.2)
Radio and television	(0.5)	(2.0)	(2.5)	(3.4)	(2.8)	(2.4)
Other	(1.8)	(2.2)	(3.0)	(3.5)	(3.1)	(3.1)
Nondurables	55.3	48.8	48.7	45.2	46.6	50.8
Wheat flour	(17.9)	(6.7)	(8.0)	(11.0)	(7.6)	(10.6)
Tea	(6.0)	(1.7)	(10.4)	(4.4)	(5.2)	(3.8)
Coffee and cocoa 11/	(1.1)	(2.0)	(1.1)	(1.8)	(0.5)	(0.8)
Meat, fish and poultry 12/	(2.2)	(3.3)	(4.6)	(5.3)	(6.9)	(6.7)
Medicines	(3.0)	(3.2)	(4.1)	(2.7)	(3.6)	(2.7)
Disinfectants and insecticides	(3.8)	(6.7)	(6.4)	(7.3)	(10.2)	(12.4)
Jute products 13/	(1.7)	(2.1)	(4.0)	(2.8)	(2.3)	(4.2)
Lentils	(1.2)	(1.8)	(1.8)	(0.5)	(1.0)	(0.7)
Other	(18.4)	(21.3)	(8.3)	(9.4)	(9.3)	(8.9)
Total	289.6	277.3	342.0	399.9	390.8	361.1

For sources and footnotes, see following page

(Concluded) Table 3.6: Commodity Composition of Imports by Degree of Processing
(in LE millions)

Sources: Central Agency for Public Mobilization and Statistics, Monthly Bulletin of Foreign Trade, June 1970 and August 1972, and data supplied to the mission (based on customs statistics; the table above is adjusted for the different commodity classifications used in the Bulletins).

1/ Petroleum imports as reported by the Egyptian General Petroleum Corporation differ substantially from the customs statistics. They are as follows:

	1968	1969	1970	1971	1972	1973
	(In millions of Egyptian pounds)					
Crude petroleum	--	10.6	13.6	17.8	19.0	16.9
Petroleum products	--	28.0	30.4	30.3	22.4	19.0
Total	30.1	38.6	44.0	48.1	41.4	35.9

2/ Includes iron and steel, copper, aluminum lead, zinc and tin, and unroasted iron pyrites.
3/ Includes billets, rods, bars, angles and shapes, hoops, strips, sheets, plates, noninsulated wire, alloy and high carbon steel, seamless pipes and tubes, tube and pipe fittings, casks and containers, cylinders, chains and parts, nails and others.
4/ Includes tanning extracts of vegetable oils, synthetic organic and other dyestuffs, pigments, varnishes, enamels (etc.) and printing ink.
5/ Includes wood squared and lengthwise, plywood, cork and products.
6/ Includes all paper and papermaking materials except thin paper, paperboard, etc. for ordinary consumption.
7/ Includes insulated wire, electrical parts and carbon articles for electrical use, electrical starting and ignition equipment and insulators.
8/ Includes locomotives, aircraft, vessels and nonmotorized vehicles and parts thereof (excludes private passenger vehicles).
9/ Includes machinery for manmade textiles, weaving, knitting and sewing machines (not for private use) and textile dyeing, drying and washing machines.
10/ Generators (etc.), rectifiers, primary cells and batteries, electrical furnaces and ovens, heating resistors, wireless accessories, traffic control equipment, etc.
11/ Cocoa beans included in primary commodities' (raw materials) class in the Monthly Bulletins for 1970 and 1971.
12/ Includes chilled or frozen meat and fish, meat and fish preparations, dairy produce, eggs and honey.
13/ Includes sacks, bags and fabrics of jute.

Table 3.7: COMMODITY COMPOSITION OF TRADE

(in percent)

	1968	1969	1970	1971	1972	1973
			Exports			
Fuels	3	3	5	1	6	10
Primary products	67	66	64	66	59	61
Raw cotton	45	40	45	51	45	43
Rice	17	17	10	7	7	6
Others	5	9	9	8	5	12
Semifinished products	12	12	13	12	15	12
Cotton yarn	11	11	11	10	12	10
Others	1	1	2	2	3	2
Finished products	16	17	16	19	21	17
Textiles	8	7	8	8	9	7
Others	8	10	8	11	12	10
Unclassified	2	2	2	2	--	--
Total	100	100	100	100	100	100
			Imports			
Fuels	7	7	8	7	5	2
Primary commodities	22	20	13	20	17	22
Wheat	14	12	6	15	14	15
Others	8	8	7	5	3	7
Intermediate commodities	29	32	38	38	43	36
Capital commodities	22	21	23	20	21	22
Consumer commodities (includes unclassified)	20	20	17	15	14	17
Total	100	100	100	100	100	100

Source: Tables 3.5 and 3.6.

Table 3.8: COTTON EXPORTS

Marketing seasons (September - August)	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74 1/ (Sept-Mar)
Value(in millions of LE)	120.5	167.6	156.1	163.8	161.5	239.1
Unit value (LE per Kantar)	25.3	26.0	25.7	27.7	26.6	58.8
Volume (in thousand Kantars)	4,760	6,438	6,073	5,906	6,070	4,069
Convertible currency sales 2/	(1,688)	(1,476)	(1,737)	(1,774)	(2,312)	(2,512)
Bilateral agreement sales	(3,072)	(4,962)	(4,336)	(4,132)	(3,758)	(1,557)

Source: Egyptian Cotton General Organization (from Table 3.9)

1/ Commitments through March 29,1974

2/ Includes exports to bilateral agreement countries paid for in convertible currencies.

Table 3.9: DIRECTION OF COTTON EXPORTS

(Volume in thousands of metric kantars)

Sept./Aug. Marketing Year	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74 1/
Convertible currency sales	1,688	1,476	1,737	1,774	2,312	2,512
Japan	524	484	578	489	880	1,201
Germany, Federal Rep. of	291	137	254	296	270	209
Italy	287	304	289	237	320	262
France	204	187	169	198	206	214
United Kingdom	91	58	102	93	115	105
Switzerland	91	59	78	93	151	94
Austria	55	30	43	76	68	86
Belgium	35	80	27	27	64	71
United States	10	37	33	35	22	21
Yugoslavia 2/	--	--	82	93	20	84
Other 3/	100	100	82	137	196	164
Clearing agreement sales	797	947	966	891	928	321
India	360	594	647	494	458	153
Spain	246	124	112	150	227	59
Greece	136	132	157	114	114	71
Sri Lanka	17	63	22	130	127	14
Other	38	34	28	3	2	24
Payments agreement sales	2,275	4,015	3,370	3,241	2,830	1,237
U.S.S.R.	1,261	2,440	1,945	1,773	1,620	764
Czechoslovakia	265	349	427	426	333	176
Romania	179	298	245	334	245	124
Poland	116	223	224	165	163	20
China, (mainland)	98	178	296	285	225	65
Germany, Eastern	49	88	74	62	46	29
Yugoslavia	143	206	--	--	--	--
Hungary	46	126	65	105	94	33
Bulgaria	103	64	59	75	71	16
Other	15	43	35	16	33	10
Total	4,760	6,438	6,073	5,906	6,070	4,069
Total value (in millions of LE)	120.5	167.6	156.1	163.8	161.5	239.1
Unit value (in LE per kantar)	25.3	26.0	25.7	27.7	26.6	58.8

Source: Data provided by the Egyptian General Cotton Organization.

1/ Commitments through March 29, 1974 (see also Table 3.8).
2/ Trade with Yugoslavia is in convertible currencies since July 1970.
3/ Including the Netherlands, China (mainland), Portugal, Senegal, Finland, Mexico, South Korea, Venezuela, Thailand and others.

Table 3.10: The Trade in Petroleum and Refined Petroleum Products

	1968	1969	1970	1971	1972	1973 1/	1974 2/
Value			(In thousands of Egyptian pounds)				
Exports	7,618	19,510	31,423	29,161	18,027	24,694	70,759
Crude petroleum 3/	2,423	17,099	29,568	25,994	11,224	9,866	37,173
Refined products	5,195	2,411	1,855	3,167	6,803	14,828	33,586
Imports and purchases	30,095	38,576	44,045	48,061	41,414	35,869	70,298
Crude petroleum	10,946	7,593	9,970	17,748	19,053	16,883	12,829
From partners	(721)	(898)	(3,091)	(4,670)	(7,942)	(13,318)	(11,639)
From abroad	(10,225)	(6,695)	(6,879)	(13,078)	(11,111)	(3,565)	(1,190)
Refined products	19,149	30,983	34,075	30,313	22,361	18,986	57,469
Net Exports	-22,477	-19,066	-12,622	-18,900	-23,387	-11,175	461
Volume			(In thousands of metric tons)				
Exports							
Crude petroleum 3/	564	3,993	7,962	7,127	2,801	2,082	1,635
Refined products	687	287	135	284	739	802	720
Imports and purchases							
Crude petroleum	1,384	1,169	1,616	2,380	2,851	3,714 4/	648
From partners	(129)	(178)	(561)	(857)	(1,463)	(2,171) 4/	(611)
From abroad	(1,255)	(991)	(1,055)	(1,523)	(1,388)	(1,543) 4/	(37)
Refined products	817	2,418	2,660	1,117	1,165	605	823
Unit values			(In Egyptian pounds per metric ton) 5/				
Exports							
Crude petroleum 3/	4.3	4.3	3.7	3.7	4.0	4.7	22.7
Imports							
Crude petroleum from partners	5.6	5.0	5.5	5.5	5.4	6.1	19.0
Crude petroleum from abroad	8.1	6.8	6.5	8.6	8.0	8.3	32.2

Source: Egyptian General Petroleum Corporation.

1/ Preliminary.
2/ Projections.
3/ Egyptian share only.
4/ Includes oil gifts totaling about 1,112,000 metric tons from Algeria, the Libyan Arab Republic and Saudi Arabia after the October 1973 war.
5/ Unit values for refined products cannot be derived meaningfully because of changes in composition and because the import figures contain such items as freight for carrying crude to refineries, certain chemicals and defense related imports.

Table 3.11: Direction of Exports 1/

(in LE millions) 2/

	1968	1969	1970	1971	1972	1973
Convertible currency areas	82.3	92.9	74.3	79.8	92.5	152.1
Arab League countries	10.5	8.1	6.2	7.4	12.2	16.6
Lebanon	2.3	3.0	1.6	1.7	2.8	3.5
Libyan Arab Republic	2.1	1.5	1.9	3.3	6.4	8.7
Saudi Arabia	2.9	2.2	1.6	1.6	1.9	3.2
Kuwait	3.0	1.3	1.0	0.7	1.0	1.1
Bahrein	0.2	0.1	0.1	0.1	0.1	0.1
Western Europe	42.9	53.5	44.5	47.8	54.4	89.9
Germany, Federal Republic of	10.6	13.3	8.9	9.6	10.7	14.0
Italy	9.1	12.7	11.0	9.7	11.2	19.5
United Kingdom	6.4	6.7	6.2	7.1	8.0	14.9
France	5.5	7.5	6.5	5.6	7.9	10.7
Switzerland	2.7	2.8	2.5	3.1	2.5	7.7
Belgium	1.9	3.4	2.9	1.3	2.7	4.6
Netherlands	2.2	2.4	2.5	1.7	2.1	5.1
Sweden	0.8	0.9	0.8	1.1	0.8	1.0
Yugoslavia 3/	--	--	3.5	4.1	3.7	4.6
Other 4/	3.7	3.8	0.3	4.5	4.8	7.8
Asia (non-Arab)	17.1	18.5	11.9	14.4	16.5	25.4
Japan	10.0	12.2	10.6	13.3	15.3	22.8
Other	7.1	6.3	1.3	1.1	1.2	2.6
Africa (non-Arab)	5.5	7.3	6.8	6.6	1.9	4.2
Western Hemisphere	6.0	5.4	4.4	3.6	7.5	15.9
United States	5.8	4.8	2.7	2.9	5.2	6.7
Canada	0.1	0.5	0.2	0.1	0.2	0.2
Other	0.1	0.1	1.5	0.6	2.0	9.0
Oceania and other 5/	0.3	0.1	0.5	--	0.1	0.1
Bilateral agreement areas 6/	187.0	230.2	253.7	263.9	265.4	293.1
Arab League countries	16.8	16.1	21.0	21.9	14.5	14.4
Sudan	5.2	4.0	7.3	7.4	4.3	3.0
Syria	2.2	2.2	4.7	5.8	3.5	3.8
Iraq	3.7	4.3	4.1	3.2	3.7	2.2
Jordan	1.0	1.6	1.4	3.0	1.2	1.3
Algeria	2.5	2.8	1.9	1.2	0.1	2.6
Other	2.2	1.2	1.6	1.3	1.7	1.5
Western Europe	10.2	10.8	10.3	6.9	10.2	18.2
Spain	6.6	5.6	5.3	2.2	4.8	13.3
Other 7/	3.6	5.2	5.0	4.7	5.4	4.9
Asia (non-Arab)	29.4	25.3	28.6	36.7	35.9	26.0
India	20.3	16.7	18.0	20.9	18.9	13.3
Mainland China	7.2	6.1	7.7	11.5	11.0	7.6
Sri Lanka	1.8	2.0	2.2	3.3	5.5	3.7
Other 8/	0.1	0.5	0.7	1.0	0.5	1.4
Africa (non-Arab) 9/	1.3	1.5	1.5	1.4	0.1	1.7
Western Hemisphere (Cuba)	1.8	2.3	0.8	2.1	0.4	1.6
Eastern Europe	127.5	174.2	191.5	194.9	204.3	231.2
U.S.S.R.	76.0	107.0	122.4	136.2	126.0	146.0
Eastern Germany	9.8	14.6	19.7	11.2	15.4	17.4
Czechoslavakia	14.2	15.3	15.8	17.7	21.0	26.2
Poland	8.7	12.3	7.5	12.5	17.4	15.1
Romania	7.7	6.0	8.1	7.6	9.3	11.3
Hungary	2.9	4.5	7.5	5.2	7.4	7.1
Bulgaria	3.0	4.4	5.0	4.3	7.7	8.1
Yugoslavia 3/	5.2	9.8	4.7	--	--	--
Other	--	0.3	0.8	0.2	0.1	--
Grand total	269.5	323.8	331.0	343.1	358.6	444.1

Sources: Central Agency for Public Mobilization and Statistics, Monthly Bulletin of Foreign Trade, June 1970 and August 1972, and data provided to the mission.

1/ Includes re-exports. These data understate exports in most years.
2/ A dash (--) indicates that the figure is zero or less than LE 0.1 million.
3/ Trade with Yugoslavia is in convertible currencies since July 1970.
4/ Includes Finland and Cyprus which are under Eastern Europe at the source cited.
5/ Data refer mainly to Australia; includes also New Zealand and sundry exports such as sales to ships and aeroplanes, passengers' dutiable luggage, etc.
6/ Bilateral trade and payments agreement countries.
7/ Includes Turkey and Greece which are included under Eastern Europe at the source cited.
8/ Includes North Viet-Nam, North Korea and Mongolia.
9/ Includes Somalia, Mali, Ghana and Guinea.

Table 3.12: Direction of Imports

(in LE millions)1/

	1968	1969	1970	1971	1972	1973
Convertible currency **areas**	129.0	139.7	163.7	223.6	216.7	215.6
Arab League countries	2.4	5.3	5.3	14.3	11.3	9.6
Lebanon	0.9	4.1	3.9	8.5	9.2	7.8
Libyan Arab Republic	0.5	0.1	0.1	3.6	0.4	1.1
Saudi Arabia	0.4	0.1	0.6	0.5	0.4	0.2
Kuwait	0.5	1.0	0.7	1.7	1.3	0.5
Bahrein	--	--	--	--	--	--
Western Europe	92.8	95.8	115.4	119.7	118.8	122.0
Germany, Federal Republic of	19.1	19.3	26.6	28.1	25.8	28.3
Italy	14.5	16.3	22.6	22.2	13.9	17.0
United Kingdom	8.8	12.1	13.5	14.1	15.4	13.6
France	33.2	28.5	25.3	20.7	28.5	30.7
Switzerland	4.2	6.5	7.3	10.4	8.1	6.1
Belgium	1.0	1.3	1.6	1.8	2.0	4.0
Netherlands	4.9	5.2	6.2	5.5	8.6	10.9
Sweden	2.7	3.2	4.3	4.6	3.7	4.5
Yugoslavia2/	--	--	3.0	6.2	4.7	2.2
Other3/	4.4	3.4	5.0	7.6	8.1	4.7
Asia (non-Arab)	8.9	8.9	9.1	8.9	6.9	7.8
Japan	4.5	2.5	5.2	5.1	4.8	5.5
Other	4.4	6.4	3.9	3.8	2.1	2.3
Africa (non-Arab)	4.2	2.9	3.4	3.9	2.2	3.5
Western Hemisphere	17.7	21.1	23.6	38.0	36.9	46.5
United States	16.2	19.6	20.9	22.2	33.9	45.2
Canada	0.5	0.9	1.5	13.5	0.9	0.2
Other	1.0	0.6	1.2	2.3	2.1	1.1
Oceania and other4/	3.0	5.7	6.9	38.8	40.6	26.2
Bilateral agreement **areas**5/	160.5	137.9	178.5	176.8	174.1	145.5
Arab League countries	9.8	11.2	15.5	13.8	23.2	14.3
Sudan	2.7	3.6	7.5	4.5	9.6	6.8
Syria	2.3	2.4	3.7	3.1	2.9	2.1
Iraq	1.6	3.0	2.5	4.3	6.1	4.3
Jordan	--	0.1	0.1	0.3	1.0	0.4
Algeria	3.1	1.7	1.2	0.9	3.0	0.4
Other	0.1	0.4	0.5	0.7	0.6	0.3
Western Europe	17.1	16.3	16.6	13.7	12.9	14.3
Spain	13.0	13.3	12.2	8.1	4.1	3.5
Other6/	4.1	3.0	4.4	5.6	8.8	10.8
Asia (non-Arab)	20.9	23.5	39.0	30.7	26.5	21.8
India	11.3	16.1	27.2	19.2	12.8	10.0
Mainland China	8.9	5.6	6.7	7.7	11.2	10.2
Sri Lanka	0.6	1.5	4.5	3.1	2.0	1.2
Other	0.1	0.3	0.6	0.7	0.5	0.4
Africa (non-Arab)8/	0.6	1.2	1.2	0.6	0.8	0.6
Western Hemisphere (Cuba)	0.7	0.3	0.1	0.1	--	--
Eastern Europe	111.4	85.4	106.1	117.9	110.7	94.5
U.S.S.R.	46.2	37.6	41.5	54.0	51.9	25.6
Eastern Germany	14.1	12.2	15.5	15.8	16.5	18.0
Czechoslovakia	10.4	8.9	13.6	17.7	13.0	11.9
Poland	7.6	6.0	9.9	8.6	6.6	9.3
Romania	18.6	5.5	11.3	9.9	12.9	16.4
Hungary	2.5	4.8	4.7	5.5	4.6	5.7
Bulgaria	4.9	4.0	3.5	5.1	5.0	7.5
Yugoslavia2/	7.0	6.2	5.9	--	--	--
Other	0.1	0.2	0.2	1.3	0.2	0.1
Grand total	289.6	277.3	342.0	399.9	390.8	361.1

Sources: Central Agency for Public Mobilization and Statistics, Monthly Bulletin of Foreign Trade, June 1970 and August 1972, and data provided to the mission.

1/ A dash (--) indicates that the figure is zero or less than LE 0.1 million.

2/ Trade with Yugoslavia is in convertible currencies since July 1970.

3/ Includes Finland and Cyprus which are under Eastern Europe at the source cited.

4/ Data refer mainly to Australia; includes also New Zealand and sundry **imports** such as sales to ships and aeroplanes, passengers' dutiable luggage, and other.

5/ Bilateral trade and payments agreement **countries.**

6/ Includes Turkey and Greece which are included under Eastern Europe at the source cited.

7/ Includes North Viet-Nam, North Korea and Mongolia.

8/ Includes Somalia, Mali, Ghana and Guinea.

Table 3.13: DIRECTION OF TRADE, PERCENTAGE DISTRIBUTION

(in percent)

	1968	1969	1970	1971	1972	1973
Exports						
Convertible currency countries	31	29	23	23	26	34
Bilateral countries	69	71	77	77	74	66
Western Europe	20	20	16	16	18	24
Convertible currency	(16)	(17)	(13)	(14)	(15)	(20)
Bilateral	(4)	(3)	(3)	(2)	(3)	(4)
Eastern Europe	47	54	58	57	57	52
Convertible currency	(--)	(--)	(--)	(--)	(--)	(--)
Bilateral	(47)	(54)	(58)	(57)	(57)	(52)
Asia (non-Arab)	17	14	13	15	15	12
Convertible currency	(6)	(6)	(4)	(4)	(5)	(6)
Bilateral	(11)	(8)	(9)	(11)	(10)	(6)
Arab League	10	8	8	8	7	7
Convertible currency	(4)	(3)	(2)	(2)	(3)	(4)
Bilateral	(6)	(5)	(6)	(6)	(4)	(3)
All others	6	4	5	4	3	4
Convertible currency	(5)	(3)	(4)	(3)	(2)	(3)
Bilateral	(1)	(1)	(1)	(1)	(1)	(1)
Imports						
Convertible currency countries	45	50	48	56	55	60
Bilateral countries	55	50	52	44	45	40
Western Europe	38	41	39	33	33	38
Convertible currency	(32)	(35)	(34)	(30)	(30)	(34)
Bilateral	(6)	(6)	(5)	(3)	(3)	(4)
Eastern Europe	39	31	31	30	28	26
Convertible currency	(--)	(--)	(--)	(--)	(--)	(--)
Bilateral	(39)	(31)	(31)	(30)	(28)	(26)
Asia (non-Arab)	10	12	14	10	9	8
Convertible currency	(3)	(3)	(3)	(2)	(2)	(2)
Bilateral	(7)	(9)	(11)	(8)	(7)	(6)
Arab League	4	6	7	8	9	7
Convertible currency	(1)	(2)	(2)	(4)	(3)	(3)
Bilateral	(3)	(4)	(5)	(4)	(6)	(4)
All others	9	10	9	20	20	21
Convertible currency	(9)	(10)	(9)	(20)	(20)	(21)
Bilateral	(--)	(--)	(--)	(--)	(--)	(--)

Source: Tables 3.11 and 3.12.

Table 3.14: Estimated Disbursements of Loans Committed*
in the Course of 1974
($ million)

Lender and amount		Commitments in 1974	Type of loan and purpose	1974	1975	1976	1977	1978 and after
1. United States	(a)	$20 million	Long-term, clearing of Suez Canal	20	-	-	-	-
	(b)	$80 million	Long-term, commodity loans	26	54	-	-	-
	(c)	$150 million	Long-term, for "reconstruction"	30	50	50	20	-
2. Japan	(a)	$50 million	Long-term, project loan	-	10	15	20	5
	(b)	$50 million	Long-term, commodity loan	25	25	-	-	-
3. Germany	(a)	$17 million	Long-term, commodity loan	17	-	-	-	-
	(b)	$8 million	Long-term, project loan	4	4	-	-	-
	(c)	$200 million	Long-term, unidentified	-	30	40	50	80
4. Denmark	(a)	$9 million	Long-term, commodity loan	9	-	-	-	-
5. Iran	(a)	$250 million	Long-term, reconstruction of Suez Canal	50	80	80	40	-
	(b)	$400 million	Medium-term, project loan	-	130	130	70	70
	(c)	$100 million	Long-term, commodity loan	50	50	-	-	-
	(d)	$100 million	Suppliers' credits, imports of equipment (mainly)	25	75	-	-	-
6. IBRD/IDA	(a)	$150 million	Long-term, project loans	55	75	20	-	-
	(b)	$70 million	Long-term, commodity loan	70	-	-	-	-
7. Eurodollar loans								
(a) Chase Manhattan		$80 million	Medium-term	80	-	-	-	-
(b) Bank consortium		$100 million	Medium-term	100	-	-	-	-
8. IMF		$48 million	First credit tranche	48	-	-	-	-
TOTAL $1882 million				609 1/	583	335	200	155

* In some cases (e.g., U.S., IBRD) the amounts reported were not yet legally committed, but represent expectations of commitments for the year.

1/ Estimates as of May/June 1974. It should be noted that as of early September 1974, it had become evident that the disbursement rates shown for a number of the loans (e.g., U.S. and IBRD) could not be achieved in 1974. It was not possible to obtain an official revised and updated estimate. While the total disbursements shown for 1974 on these particular loans are no doubt too high, this will not affect the overall conclusions concerning the capital account outlook as presented in Chapter III.

Source: Agency for Arab and International Economic Cooperation.

Table 3.15: Transactions in the Parallel Market
(in LE millions)

	1972 May-Aug.	1972 Sept.-Dec.	1972 Total	1973 Jan.-Apr.	1973 May-Aug.	1973 Sept.-Dec.	1973 Total	1974 Jan.-Feb.
I. Receipts 3/								
Exports	--	--	--	--	--	2.1	2.1	3.0
Tourism	9.6	7.5	18.5	9.5	18.9	8.2	36.6	3.1
Remittances from nationals	13.2	13.4	30.9	12.3	22.5	14.8	49.6)	8.1
Other	1.4	1.3	3.7	1.3	1.8	4.4	7.5)	
Total receipts	24.2	22.2	53.1	23.1	43.2	29.5	95.8	14.2
II. Payments								
Imports 4/	--	5.3	5.3	3.0	1.5	6.7	11.2	4.1
Nontrade invisibles 5/	2.8	34.5	39.5	16.4	25.8	5.3	47.5	3.7
Total payments	2.8	39.8	44.8	19.4	27.3	12.0	58.7	7.8

Sources: Central Bank of Egypt and Ministry of Finance.

1/ Including transactions carried out at incentive rates before the formal establishment of the parallel market on September 1, 1973.

2/ Converted at the official exchange rate of LE 1 = US$2.55555.

3/ Sales of foreign exchange to commercial banks. Thus the figures exclude receipts held in foreign exchange accounts or used by recipients for payments for imports or invisibles.

4/ All imports approved on the parallel market, including those paid for directly with foreign exchange earned through exports and tourism; data, however, may be incomplete due to delays in recording.

5/ Purchases of foreign exchange from commercial banks.

PRELIMINARY

Table 4.1:

EXTERNAL PUBLIC DEBT OUTSTANDING AS OF DECEMBER 31,1973

FOR LOANS ISSUED DURING THE PERIOD JANUARY 1, 1900 - DECEMBER 31,1973
DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

CREDITOR COUNTRY / TYPE OF CREDITOR	DEBT OUTSTANDING DECEMBER 31,1973		
	DISBURSED	UNDIS-BURSED	TOTAL
AUSTRIA	170	-	170
DENMARK	3,728	-	3,728
FRANCE	10,685	6,214	16,899
GERMANY (FED.REP.OF)	11,880	6,797	18,677
INDIA	10,654	202	10,856
ITALY	1,240	46	1,286
JAPAN	6,612	-	6,612
NETHERLANDS	1,108	-	1,108
SPAIN	2,564	-	2,564
SWEDEN	8,920	-	8,920
SWITZERLAND	488	-	488
UNITED KINGDOM	3,501	4,669	8,170
SUPPLIERS	61,550	17,928	79,478
KUWAIT	43,911	-	43,911
SWITZERLAND	800	-	800
PRIVATE BANKS	44,711	-	44,711
MULTIPLE LENDERS	53,000	-	53,000
PRIVATELY PLACED BONDS	53,000	-	53,000
ITALY	44	-	44
NATIONALIZATION	44	-	44
AUSTRALIA	101,637	-	101,637
OTHER PRIVATE FINANCIAL INST.	101,637	-	101,637
IBRD	5,500	-	5,500
IDA	24,570	106,542	131,112
LOANS FROM INTL. ORGANIZATIONS	30,070	106,542	136,612
ABU DHABI	30,000	-	30,000
BULGARIA	71	13,465	13,536
CANADA	8,215	-	8,215
CHINA,PEOPLES REP.OF	17,453	-	17,453
CZECHOSLOVAKIA	65,142	19,195	84,337
DENMARK	8,756	-	8,756
GERMANY (EAST)	34,779	15,180	49,959
GERMANY (FED.REP.OF)	171,744	60,220	231,964
HUNGARY	16,210	4,380	20,590
INDIA	1,247	-	1,247

Table 4.1 - (Page 2)

EXTERNAL PUBLIC DEBT OUTSTANDING AS OF DECEMBER 31,1973

FOR LOANS ISSUED DURING THE PERIOD JANUARY 1, 1900 - DECEMBER 31,1
DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

	DEBT OUTSTANDING DECEMBER 31,1973		
CREDITOR COUNTRY TYPE OF CREDITOR	DISBURSED	UNDIS- BURSED	TOTAL
ITALY	112,795	14,804	127,599
JAPAN	13,477	11,000	24,477
KUWAIT	138,652	15,200	153,852
MEXICO	15,080	-	15,080
NETHERLANDS	192	-	192
POLAND	16,957	5,218	22,175
ROMANIA, REPUBLIC OF	3,968	-	3,968
SPAIN	7,441	27,559	35,000
UNITED KINGDOM	12,763	31,828	44,591
USA	166,966	-	166,966
USSR	557,088	88,530	645,618
YUGOSLAVIA	18,890	3,770	22,660
LOANS FROM GOVERNMENTS	1,417,886	310,349	1,728,235
TOTAL EXTERNAL PUBLIC DEBT 1)	1,708,898	434,819	2,143,717

NOTE: DEBT WITH A MATURITY OF OVER ONE YEAR

1) EXCLUDES THE FOLLOWING:	AMOUNT
UNCOMMITTED PARTS OF FRAME AGRMTS:	
LOANS FROM GOVERNMENTS	825,000
TOTAL	825,000
INTEREST IN ARREARS:	
FRANCE	226
ITALY	33
JAPAN	166
SUPPLIERS	425
ITALY	2,926
LOANS FROM GOVERNMENTS	2,926
TOTAL	3,351

Table 4.1 - (Page 3)

EXTERNAL PUBLIC DEBT OUTSTANDING AS OF DECEMBER 31,1973

FOR LOANS ISSUED DURING THE PERIOD JANUARY 1, 1900 - DECEMBER 31,1973
DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

CREDITOR COUNTRY TYPE OF CREDITOR	AMOUNT
INCLUDES PRINCIPAL IN ARREARS:	
FRANCE	1,599
ITALY	489
JAPAN	1,133
SUPPLIERS	3,221
CANADA	7,102
ITALY	12,276
NETHERLANDS	192
LOANS FROM GOVERNMENTS	19,570
TOTAL	22,791

EXTERNAL DEBT DIVISION
ECONOMIC ANALYSIS AND PROJECTIONS DEPARTMENT
JULY 30, 1974

Note: These tables were prepared from debt data as submitted to the External Debt Division by the Egyptian authorities in June 1974. All figures herein are to be regarded as preliminary and are subject to change and revision to the extend indicated by subsequent debt data received from the Egyptian authorities.

Table 4.2

EXTERNAL PUBLIC DEBT AS OF DECEMBER 31, 1973

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

TOTAL

YEAR	DEBT OUTSTANDING BEGINNING OF PERIOD: DISBURSED ONLY (1)	DEBT OUTSTANDING BEGINNING OF PERIOD: INCLUDING UNDISBURSED (2)	TRANSACTIONS DURING PERIOD: COMMITMENTS (3)	DISBURSEMENTS (4)	SERVICE PAYMENTS: PRINCIPAL (5)	SERVICE PAYMENTS: INTEREST (6)	SERVICE PAYMENTS: TOTAL (7)	CANCELLATIONS, ADJUSTMENTS (8)
1969	1,489,410	1,843,507	215,988	136,191	176,917	33,398	210,315	-5,889
1970	1,451,351	1,876,689	204,402	194,991	214,120	37,561	251,681	-560
1971	1,431,889	1,866,411	253,995	305,328	170,038	24,934	194,972	123,684
1972	1,670,117	2,074,052	260,354	177,698	277,959	42,111	320,070	-230
1973	1,569,846	2,056,217	381,547	431,832	394,376	53,449	447,825	77,538
1974	1,686,107	2,120,926	-	223,045	280,577	52,766	333,343	-
1975	1,626,575	1,839,703	-	100,896	233,050	48,522	281,571	-
1976	1,496,421	1,606,653	-	54,118	203,496	44,983	248,479	-
1977	1,347,043	1,403,161	-	21,038	177,830	39,738	217,568	-
1978	1,190,251	1,225,331	-	12,725	169,713	33,803	203,517	-
1979	1,033,263	1,055,617	-	4,507	157,784	28,828	186,611	-
1980	879,984	897,834	-	2,653	130,405	24,093	154,498	-
1981	752,231	767,428	-	1,503	113,824	19,872	133,695	-
1982	640,002	653,605	-	795	84,078	16,188	100,266	-
1983	558,009	569,527	-	177	81,842	14,464	96,306	-
1984	476,344	487,685	-	4	77,006	11,558	88,564	-
1985	400,106	410,679	-	-	59,618	8,962	68,580	-
1986	340,488	351,061	-	-	51,588	7,016	58,604	-
1987	297,124	299,473	-	-	38,009	5,780	43,789	-
1988	259,112	261,461	-	-	19,363	4,545	23,908	-
1989	239,749	242,098	-	-	20,207	3,775	23,982	-
1990	219,542	221,891	-	-	21,087	2,967	24,054	-
1991	198,455	200,804	-	-	16,989	2,089	19,078	-
1992	181,466	183,815	-	-	10,934	1,697	12,632	-
1993	172,418	172,881	-	-	11,143	1,589	12,732	-

Table 4.2 - (Page 2)

EXTERNAL PUBLIC DEBT AS OF DECEMBER 31,1973

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

SUPPLIERS

YEAR	DEBT OUTSTANDING BEGINNING OF PERIOD		TRANSACTIONS DURING PERIOD					CANCEL-LATIONS, ADJUST-MENTS (8)
	DISBURSED ONLY (1)	INCLUDING UNDISBURSED (2)	COMMIT-MENTS (3)	DISBURSE-MENTS (4)	SERVICE PAYMENTS PRINCIPAL (5)	INTEREST (6)	TOTAL (7)	
1969	144,824	157,645	59,158	26,271	54,603	6,282	60,885	2,924
1970	111,325	165,124	30,996	39,548	50,408	5,443	55,851	-4
1971	100,460	145,708	10,160	41,812	34,043	3,624	37,667	5,906
1972	115,451	127,731	4,595	13,731	24,875	3,034	27,909	-2
1973	104,306	107,449	22,433	7,383	57,567	2,390	59,957	3,942
1974	58,329	76,257	-	16,463	21,675	3,020	24,695	-
1975	53,116	53,936	-	820	17,816	2,637	20,454	-
1976	36,120	36,120	-	-	12,404	1,838	14,242	-
1977	23,716	23,716	-	-	8,697	1,186	9,883	-
1978	15,018	15,018	-	-	6,621	720	7,341	-
1979	8,398	8,398	-	-	4,518	377	4,895	-
1980	3,880	3,880	-	-	3,374	149	3,524	-
1981	506	506	-	-	506	15	521	-

Table 4.2 - (Page 3)

EXTERNAL PUBLIC DEBT AS OF DECEMBER 31,1973

DEBT REPAYABLE IN FOREIGN CURRENCY

.. IN THOUSANDS OF U.S. DOLLARS

PRIVATE BANKS

YEAR	DEBT OUTSTANDING BEGINNING OF PERIOD: DISBURSED ONLY (1)	DEBT OUTSTANDING BEGINNING OF PERIOD: INCLUDING UNDISBURSED (2)	TRANSACTIONS DURING PERIOD: COMMIT-MENTS (3)	DISBURSE-MENTS (4)	SERVICE PAYMENTS: PRINCIPAL (5)	SERVICE PAYMENTS: INTEREST (6)	SERVICE PAYMENTS: TOTAL (7)	CANCEL-LATIONS, ADJUST-MENTS (8)
1969	65,437	65,437	2,000	-	10,454	2,835	13,289	1,623
1970	56,606	58,606	-	2,000	6,456	1,056	7,512	-
1971	52,150	52,150	-	-	2,103	240	2,343	4,675
1972	54,722	54,722	-	-	9,811	7,056	16,867	-
1973	44,911	44,911	-	-	14,152	62	14,214	13,952
1974	44,711	44,711	-	-	5,467	1,925	7,392	-
1975	39,244	39,244	-	-	5,467	1,592	7,059	-
1976	33,777	33,777	-	-	5,067	1,296	6,363	-
1977	28,710	28,710	-	-	5,067	1,000	6,067	-
1978	23,643	23,643	-	-	5,067	730	5,797	-
1979	18,576	18,576	-	-	18,576	621	19,197	-

Table 4.2 - (Page 4)

EXTERNAL PUBLIC DEBT AS OF DECEMBER 31,1973

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

PRIVATELY PLACED BONDS
MULTIPLE LENDERS

YEAR	DEBT OUTSTANDING BEGINNING OF PERIOD		TRANSACTIONS DURING PERIOD					CANCEL- LATIONS, ADJUST- MENTS (8)
	DISBURSED ONLY (1)	INCLUDING UNDISBURSED (2)	COMMIT- MENTS (3)	DISBURSE- MENTS (4)	SERVICE PAYMENTS PRINCIPAL (5)	INTEREST (6)	TOTAL (7)	
1972	-	-	53,000	-	-	-	-	-
1973	-	53,000	-	53,000	-	4,240	4,240	-
1974	53,000	53,000	-	-	-	4,240	4,240	-
1975	53,000	53,000	-	-	7,000	4,240	11,240	-
1976	46,000	46,000	-	-	7,000	3,680	10,680	-
1977	39,000	39,000	-	-	7,000	3,120	10,120	-
1978	32,000	32,000	-	-	7,000	2,560	9,560	-
1979	25,000	25,000	-	-	4,200	2,000	6,200	-
1980	20,800	20,800	-	-	4,200	1,664	5,864	-
1981	16,600	16,600	-	-	4,200	1,328	5,528	-
1982	12,400	12,400	-	-	4,200	992	5,192	-
1983	8,200	8,200	-	-	4,200	656	4,856	-
1984	4,000	4,000	-	-	4,000	320	4,320	-

Table 4.2 - (Page 5)

EXTERNAL PUBLIC DEBT AS OF DECEMBER 31, 1973

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

OTHER PRIVATE FINANCIAL INST.
AUSTRALIA

YEAR	DEBT OUTSTANDING BEGINNING OF PERIOD: DISBURSED ONLY (1)	INCLUDING UNDISBURSED (2)	TRANSACTIONS DURING PERIOD: COMMITMENTS (3)	DISBURSEMENTS (4)	SERVICE PAYMENTS: PRINCIPAL (5)	INTEREST (6)	TOTAL (7)	CANCELLATIONS, ADJUSTMENTS (8)
1970	-	-	39,751	-	-	-	-	-
1971	-	39,751	116,561	127,093	7,578	2,266	9,844	2,916
1972	121,650	151,650	51,013	47,142	55,330	-	55,330	-
1973	113,462	147,333	34,500	68,371	83,980	7,800	91,780	3,784
1974	101,637	101,637	-	-	65,881	4,221	70,101	-
1975	35,757	35,757	-	-	24,257	893	25,149	-
1976	11,500	11,500	-	-	11,500	-	11,500	-

Table 4.2 - (Page 6)

EXTERNAL PUBLIC DEBT AS OF DECEMBER 31,1973

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

LOANS FROM INTL. ORGANIZATIONS

	DEBT OUTSTANDING BEGINNING OF PERIOD		TRANSACTIONS DURING PERIOD					
					SERVICE PAYMENTS			CANCEL-LATIONS, ADJUST-MENTS
YEAR	DISBURSED ONLY (1)	INCLUDING UNDISBURSED (2)	COMMIT-MENTS (3)	DISBURSE-MENTS (4)	PRINCIPAL (5)	INTEREST (6)	TOTAL (7)	(8)
1969	31,500	31,500	-	-	4,000	1,830	5,830	-
1970	27,500	27,500	26,000	-	5,500	1,647	7,147	-
1971	22,000	48,000	-	171	5,500	1,306	6,806	-
1972	16,671	42,500	30,175	1,011	5,500	1,025	6,525	25
1973	12,182	67,200	74,500	23,167	5,500	660	6,160	412
1974	30,070	136,612	-	16,238	5,500	306	5,806	-
1975	40,808	131,112	-	30,969	22	182	204	-
1976	71,755	131,090	-	27,419	22	400	421	-
1977	99,152	131,068	-	14,733	22	565	587	-
1978	113,863	131,046	-	7,773	22	649	671	-
1979	121,615	131,025	-	4,278	153	695	848	-
1980	125,739	130,871	-	2,653	284	722	1,006	-
1981	128,108	130,587	-	1,503	284	737	1,021	-
1982	129,327	130,303	-	795	586	745	1,331	-
1983	129,536	129,717	-	177	1,092	747	1,839	-
1984	128,621	128,625	-	4	1,309	741	2,050	-
1985	127,315	127,315	-	-	1,309	733	2,043	-
1986	126,006	126,006	-	-	1,309	726	2,035	-
1987	124,697	124,697	-	-	1,309	718	2,028	-
1988	123,387	123,387	-	-	1,309	711	2,020	-
1989	122,078	122,078	-	-	1,572	703	2,275	-
1990	120,506	120,506	-	-	1,834	693	2,527	-
1991	118,672	118,672	-	-	1,834	681	2,515	-
1992	116,838	116,838	-	-	2,438	670	3,108	-
1993	114,399	114,399	-	-	3,493	657	4,150	-

Table 4.2 - (Page 7)

EXTERNAL PUBLIC DEBT AS OF DECEMBER 31,1973

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

LOANS FROM GOVERNMENTS

YEAR	DEBT OUTSTANDING BEGINNING OF PERIOD		TRANSACTIONS DURING PERIOD					
					SERVICE PAYMENTS			
	DISBURSED ONLY (1)	INCLUDING UNDISBURSED (2)	COMMIT-MENTS (3)	DISBURSE-MENTS (4)	PRINCIPAL (5)	INTEREST (6)	TOTAL (7)	CANCEL-LATIONS, ADJUST-MENTS (8)
1969	1,228,693	1,569,969	154,299	109,389	102,118	22,451	124,569	-10,436
1970	1,242,175	1,611,714	107,655	153,443	146,014	29,415	175,429	-556
1971	1,249,276	1,572,799	127,274	136,252	116,536	17,498	134,034	110,168
1972	1,357,879	1,693,705	121,571	115,814	178,793	30,996	209,789	-254
1973	1,294,890	1,636,229	250,114	279,911	233,129	38,297	271,426	55,451
1974	1,398,316	1,708,665	-	190,344	182,010	39,054	221,064	-
1975	1,406,650	1,526,655	-	69,107	178,488	38,977	217,465	-
1976	1,297,269	1,348,167	-	26,699	167,503	37,770	205,273	-
1977	1,156,465	1,180,667	-	6,305	157,044	33,867	190,911	-
1978	1,005,726	1,023,623	-	4,952	151,004	29,144	180,148	-
1979	859,675	872,619	-	229	130,337	25,135	155,472	-
1980	729,565	742,283	-	-	122,546	21,558	144,105	-
1981	607,018	619,736	-	-	108,834	17,791	126,625	-
1982	498,275	510,902	-	-	79,292	14,451	93,743	-
1983	420,273	431,610	-	-	76,550	13,062	89,611	-
1984	343,723	355,060	-	-	71,696	10,498	82,194	-
1985	272,791	283,364	-	-	58,309	8,229	66,538	-
1986	214,482	225,055	-	-	50,279	6,291	56,569	-
1987	172,428	174,777	-	-	36,700	5,062	41,762	-
1988	135,725	138,074	-	-	18,053	3,835	21,888	-
1989	117,671	120,020	-	-	18,635	3,072	21,707	-
1990	99,036	101,385	-	-	19,253	2,274	21,527	-
1991	79,733	82,132	-	-	15,155	1,408	16,562	-
1992	64,629	66,978	-	-	8,496	1,028	9,524	-
1993	58,019	58,482	-	-	7,650	932	8,582	-

Table 4.3: Summary Statement of External Debt, by Main Categories
(LE million)

	Outstanding and Disbursed Dec. 31,1973	Percentages of Total	Repayments 1/ due in: 1974	1975	1976	1977	1978 and after
I. Principal							
1. Medium and Long Term Loans	663.3	79.4	83.0	75.0	63.7	59.0	382.6
-Arab Countries	80.2		1.4	8.3	7.6	8.3	54.6
-Western Countries	221.9		36.0	26.0	24.5	22.2	113.2
-Eastern Countries	322.2		38.9	37.5	28.1	25.0	192.9
-IBRD/IDA	10.5		2.2	0/2	0/2	0/2	3.6/3
-Other Multilateral	28.5		4.5	3.2	3.5	3.5	18.3
2. Suppliers' Credits	172.2	20.6	92.0	56.9	11.8	4.3	7.3
-Arab Countries	7.7		7.5	0.2	-	-	-
-Western Countries	119.4		71.6	31.2	6.6	2.8	7.3
-Eastern Countries	45.1		12.9	25.5	5.2	1.5	-
Total Principal	835.5	100.0	175.7	131.9	75.5	63.3	389.9
Memorandum Items							
3. Financial Institutions/5	194.5	14.1	270.0	236.8	n.a	n.a	n.a
4. Balance due on Bilateral Accounts (Gross liabilities)	227.4	16.5	30.0/4	30.0/4	30.0/4	30.0/4	77.4/4
5. Deposits	120.2	8.7	n.a	n.a	n.a	n.a	n.a
II. Interest							
1. Medium and Long Term Loans			24.1	23.6	13.2	11.9	39.3
2. Suppliers' Credits /6			7.6	3.7	1.0	0.3	0.6
3. Deposits			4.8	1.2	-	-	-
Total Interest			36.5	28.5	14.2	12.2	39.9

/1 Including repayments due on portion of existing debt disbursed after December 31,1973. Official forecast.
/2 Repayment of 22,000 dollars each year 1975-1978.
/3 Calculated until 1992.
/4 Amounts representing assumed level of special payments due.

(Concluded) Table 4.3: Summary Statement of External Debt, by Main Categories

/5 Banking facilities. Note that the repayments due are greater than amounts outstanding due to rollover of amounts of less than 360 days.

/6 Mission estimate.

Source: Agency of Arab and International Economic Cooperation.

Table 4.4: BORROWING TERMS ON DEBT REPORTED TO IBRD AS OF DECEMBER 31, 1972/1

	Rounded Amounts (LE million)/2	Maturity (years)	Grace Period (years)	Interest rate (percent)	Grant element/3 (percent)
1. Total External Public Debt	517	10.4	2.8	4.765	25.0
-loans from governments	317	10.3	2.9	4.132	28.0
-suppliers' credits	56	5.5	1.8	5.665	13.0
-IDA	24	49.4	9.9	0.349	88.0
-private banks/4	6	4.5	0.5	2.264	17.0
-other private financial institutions/5	90	3.5	1.3	7.000	6.0
-privately placed bonds	23	12.0	3.0	8.000	10.0
2. Arab Countries	27	12.5	3.1	7.376	14.0
-loans from governments	4	15.0	3.5	4.000	35.0
-privately placed bonds	23	12.0	3.0	8.000	10.0
3. OECD Countries	298	6.6	2.0	6.017	14.0
-loans from governments	152	9.2	2.7	5.594	19.0
-suppliers' credits	49	4.7	1.6	6.045	11.0
-private banks/4	6	4.5	0.5	2.264	17.0
-other private financial institutions/5	90	3.5	1.3	7.000	6.0
-nationalization/6	0.2	9.6	2.6	0.0	44.0
4. Other Western Countries	21	11.4	2.6	4.432	27.0
-loans from governments/7	14	11.6	2.6	5.041	24.0
-suppliers' credits/8	7	11.0	2.6	3.228	32.0
5. Eastern European and Other Socialist Countries	147	11.1	3.0	2.499	37.0

/1 Debts contracted January 1, 1967 to December 31, 1972.
/2 Converted at the rate of $2.30 = 1LE.
/3 For a discount rate of 10%.
/4 Italy and Switzerland.
/5 Australia.
/6 Italy.
/7 India, Mexico, Yugoslavia.
/8 India.
Source: Economic and Social Data Division, IBRD.

Table 4.5: NET DISBURSEMENTS ON MEDIUM AND LONG-TERM LOANS AND SUPPLIERS' CREDITS, 1971-1978/1
(LE Million)

	1971	1972	1973	1974	1975	1976	1977	1978 and after
I. MEDIUM AND LONG-TERM LOANS								
a) Principal, net								
-Arab countries	4.3	4.4	26.2	- 1.4	- 8.3	- 7.6	- 8.3	- 54.6
-Western countries	- 7.7	- 3.1	-15.3	8.0	14.6	- 5.6	-19.3	-111.7
-Eastern countries	33.8	26.5	11.0	19.6	21.0	30.4	30.5	- 92.9
-IBRD/IDA	- 2.3	- 2.0	1.4	3.0	4.4	3.0	2.0	- 3.6
-Other Multilateral	- 0.5	-	- 1.4	1.4	6.4	6.1	2.5	- 18.3
TOTAL	27.6	25.8	21.9	30.6	38.1	26.3	7.4	-281.1
b) Interest, total	-16.3	-20.0	-17.2	-24.2	-23.6	-13.2	-11.9	- 40.3
II. SUPPLIERS' CREDITS								
a) Principal, net								
-Arab countries	0.7	4.8	2.6	- 7.5	- 0.2	-	-	-
-Western countries	40.6	37.4	-22.3	-57.6	-20.0	3.7	3.0	37.7
-Eastern countries	- 5.1	- 4.8	- 4.2	- 9.9	-22.5	- 2.2	1.5	-
TOTAL	36.2	37.4	-23.9	-75.0	-42.7	1.5	4.5	37.7
b) Interest, total	- 0.5	- 0.4	- 0.6	- 0.9	- 1.0	- 0.4	- 0.1	-
III. TOTAL, INCLUDING INTEREST	47.0	42.8	-19.8	-69.5	-29.2	14.2	- 0.1	-293.7

Source: Agency of Arab and International Economic Cooperation.

/1 Existing debt as of December 31, 1973. Data for 1974-1978 are official projections. Net disbursements are calculated inclusive of interest.

Table 4.6: SHORT-TERM FINANCING OF IMPORTS (BANKING FACILITIES)
(£E million)

	1970	1971	1972	1973	1974/1	1975/1	Alternative Projections 1974	Alternative Projections 1975/5
1. Total Credit Lines (Ceilings)	120.0	128.7	166.9	448.0	552.8	532.8	458.3	358.3
2. Less Unused Balances of Credit Lines	-15.2	-32.6	-31.4	- 7.7	n.a.	n.a.	n.a.	n.a.
3. Use of Available Credit Lines (1 minus 2)	104.8	96.1	135.5	440.3	552.8	532.8	458.3	358.3
4. Less sight credits against Cash Collateral	(-58.3)	(-58.3)	(-58.3)	-58.3	-58.3	-58.3	-58.3	-58.3
5. Gross Short-Term Financing	46.5	37.8	77.2	382.0	494.5	474.5	400.0/3	300.0
6. Less Credits Outstanding at Beginning of Year	n.a.	-50.0	-44.1	-55.3	-194.5	-224.5	-194.5	-189.5/4
7. Net Short-Term Financing (5 minus 6)	n.a.	-12.2	33.1	326.7	300.0	250.0	205.5	110.5
8. Memorandum Item: Cash Repayment of Credits Coming to Maturity during the Year	n.a.	n.a.	n.a.	148.4	270.0	n.a.	270.0	n.a.

/1 Mission estimates based on Foreign Exchange Budget forecasts.
/2 The corresponding amount in the Foreign Exchange Budget is 320.1.
/3 Target limit, as indicated to IMF.
/4 Estimated as follows, using ratio of acceptances in the maturity 180 days to acceptances with maturity 360 days and over in 1973 (63.8 and 36.2 respectively): 63.8% of outstanding in 1974 = 124.1, plus 63.8% of half of line 7 in 1974 = 65.4.
/5 Mission assumptions.
Source: Ministry of Finance, Economy and Foreign Trade, Central Bank of Egypt and Mission estimates.

Table 4.7: Balances on Clearing and Other Accounts

(In millions of Egyptian pounds)

End of Month	1969 June	1969 December	1970 June	1970 December	1971 June	1971 December	1972 June	1972 December	1973 June	1973 December
I. Current bilateral accounts 1/	-66.0	-77.7	-61.2	-96.2	-96.7	-131.0	-89.9	-127.0	-101.9	-103.0
1. Fund members	-24.2	-32.6	-28.5	-33.2	-29.1	-29.7	-25.8	-36.5	-35.8	-36.3
Algeria	2.6	3.6	4.5	4.0	4.5	4.4	3.8	3.2	1.7	2.0
Ghana	0.8	0.3	-0.4	-1.0	-1.2	-0.7	-0.7	-0.6	-0.2	0.2
Greece	-3.2	-4.5	-4.6	-5.2	-4.6	-4.1	-3.6	-4.1	-3.1	-3.8
Guinea	1.8	1.9	1.9	1.9	1.9	1.9	2.0	2.2	2.2	2.1
India	-0.7	-3.5	-4.7	-4.7	-2.3	-2.6	-0.5	-2.7	-3.8	-0.4
Iraq	2.9	1.7	1.4	1.4	0.3	0.1	-1.1	-3.3	-3.8	-6.1
Jordan	--	--	--	--	-0.2	-0.4	-0.6	-1.0	-0.5	-0.5
Mali	4.8	5.2	5.4	5.6	5.6	5.7	5.7	5.7	5.7	5.7
Morocco	-0.2	-0.2	-0.3	-0.3	-0.1	-0.5	-0.6	-0.6	-0.7	-0.8
Romania	-0.5	-3.3	1.2	-2.2	-0.9	-4.7	-2.0	-6.6	-4.8	-7.0
Somalia	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.7	-0.8	-0.7	-0.5
Spain	-6.6	-7.8	-7.6	-9.6	-10.1	-11.1	-9.9	-9.8	-7.4	-6.9
Sri Lanka	-0.7	-1.5	-1.8	-3.0	-4.2	-3.2	-2.1	-2.2	-1.4	-1.5
Sudan	-3.2	-2.4	-2.6	0.2	0.7	3.0	3.2	2.6	-1.7	-1.7
Syria	-5.2	-5.5	-4.7	-4.1	-1.6	-0.6	-2.0	-4.7	-0.6	-0.1
Tunisia	-0.1	--	0.1	0.1	0.2	--	-0.2	-0.3	-0.1	-0.2
Yemen Arab Rep.	-16.6	-16.5	-16.4	-16.4	-16.6	-16.4	-16.5	-16.5	-16.6	-16.8
2. Other countries	-41.8	-45.1	-32.7	-63.0	-67.6	-101.3	-64.1	-90.5	-66.1	-66.7
Albania	-0.1	-0.2	--	--	--	--	0.1	0.1	--	--
Bulgaria	-1.5	-0.2	--	-0.9	-1.6	-0.9	0.2	-1.0	-2.2	-5.1
Cuba	1.2	-0.3	0.1	-0.4	0.6	-0.4	-0.2	0.2	-0.2	-0.2
Czechoslovakia	1.8	-2.6	-0.3	-9.6	-14.1	-24.5	-25.2	-35.0	-32.6	-35.7
Eastern Germany	-1.3	0.4	3.6	0.1	0.2	-2.0	-1.0	-4.6	-6.2	-7.9
Hungary	0.5	-0.2	1.3	0.7	-0.4	-3.0	-4.3	-4.7	-5.6	-5.8
Mainland China	-7.4	-10.0	-7.4	-9.3	-5.0	-7.2	-6.2	-9.7	-11.6	-13.5
North Korea	-0.1	-0.2	0.2	-0.1	0.4	0.3	0.5	0.4	-0.2	0.6
Poland	2.2	--	--	-5.5	-2.2	-4.3	0.2	-0.6	3.7	-1.6
U.S.S.R.	-37.0	-31.7	-30.1	-38.0	-45.4	-59.3	-28.2	-35.6	-11.2	2.5
Others	-0.1	-0.1	-0.1	--	-0.1	--	--	--	--	--
II. Balances under past bilateral accounts	-42.8	-43.7	-41.6	-52.1	-49.3	-60.8	-53.8	-65.9	-54.5	-50.7
Total (I + II)	-108.8	-121.4	-102.8	-148.3	-146.0	-191.8	-143.7	-192.9	-156.4	-153.7

Source: Central Bank of Egypt.

1/ For certain countries includes balances under past bilateral accounts. Agreements for which balances were zero from 1969 to 1973 are not listed.

Table 4.8: ARREARS ON DEBT PRINCIPAL AND INTEREST REPAYMENTS DUE ON OR BEFORE DECEMBER 31, 1973 /1
(LE million)

	Principal	Interest	Total
1. Medium and Long-Term Loans	8.4	1.3	9.7
-United States	3.2	0.1	3.3
-Italy	5.1	1.2	6.3
-Netherlands	0.1	-	0.1
2. Suppliers' Credits	0.6	0.1	0.7
-France	0.6	0.1	0.7
Sub-Total	9.0	1.4	10.4
3. Banking Facilities /2	-	9.4	9.4
4. Other Suppliers' Credits /3	n.a.	n.a.	25.1
5. Other /4	n.a.	n.a.	31.0
Total	n.a.	n.a.	65.5 /5

/1 As reported to World Bank, Economic and Social Data Division, on June 5, 1974, except as indicated.
/2 Interest payable in advance on an 18 months credit for wheat imports from Australia guaranteed by three Arab banks (Arab International, Arab-African and Bank Misr).
/3 Reported to the IMF by the Ministry of Finance, Economy and Foreign Trade.
/4 Amount due on a loan from the USSR which is currently being rescheduled.
/5 Due to different sources of information, this total does not coincide with arrears reported by the IMF, which amount to LE62.1 million, of which LE59.9 million is principal and LE2.2 million is interest.

Source: Agency for Arab and International Economic Cooperation; Central Bank of Egypt, Ministry of Finance, Economy and Foreign Trade.

Table 4.9: Medium-Term and Long-Term Loans and Suppliers' Credits[1]

(In millions of Egyptian pounds)

	Total Outstanding As Of December 31, 1973	Arrears On December 31, 1973	Due After December 31, 1973	Payments[2] Due In 1974	Payments[2] Due In 1975	Payments[2] Due In 1976	Payments[2] Due In 1977	Payments[2] Due In and After 1978
Fund members[3] and international organizations	503.3	31.1	472.2	95.5	83.9	45.8	38.8	208.2
Principal	439.8	28.9	410.9	80.8	67.7	39.2	32.9	190.3
Abu Dhabi	12.7	--	12.7	--	--	--	--	12.7
Australia	45.2	1.4	43.8	26.7	13.3	2.8	1.0	--
Canada	2.5	2.0	0.5	0.2	0.2	0.1	--	--
Denmark	6.9	0.2	6.7	0.6	1.2	0.4	0.3	4.2
France	14.3	6.2	8.1	3.8	3.7	0.4	0.2	--
Germany (Fed. Rep.)	98.0	1.0	97.0	13.2	11.9	9.5	9.2	53.2
Italy	48.8	7.6	41.2	7.9	4.0	2.9	2.7	23.7
Japan	6.8	0.4	6.4	1.3	1.4	0.9	0.8	2.0
Kuwait	70.9	--	70.9	4.6	7.3	7.6	7.6	43.8
Mexico	5.8	--	5.8	0.3	0.4	0.8	0.9	3.4
Spain	4.9	--	4.9	1.0	0.7	0.5	0.5	2.2
Sweden	5.5	0.6	4.9	1.0	1.0	0.6	0.6	1.7
United Kingdom	11.0	2.4	8.6	2.3	3.6	1.1	0.3	1.3
United States	71.2	3.7	67.5	12.2	13.0	10.1	8.0	24.2
Yugoslavia	11.9	0.3	11.6	1.2	3.9	0.5	0.3	5.7
IBRD and IDA	10.5	--	10.5	2.9	--	--	--	7.6
Other	12.9	3.1	9.8	1.6	2.1	1.0	0.5	4.6
Interest[4]	63.5	2.2	61.3	14.7	16.2	6.6	5.9	17.9
CMEA countries[3] and mainland China	428.1	31.0	397.1	57.7	65.5	38.5	31.2	204.2
Principal	386.4	31.0	355.4	50.3	58.9	32.8	26.2	187.2
Bulgaria	3.1	--	3.1	0.6	0.7	0.4	0.4	1.0
Czechoslovakia	44.1	--	44.1	9.4	9.1	6.5	4.6	14.5
Eastern Germany	27.5	--	27.5	2.4	3.4	2.6	1.7	17.4
Hungary	10.1	--	10.1	1.9	2.0	1.5	1.2	3.5
Mainland China	6.5	--	6.5	0.9	0.9	0.5	0.5	3.7
Poland	9.9	--	9.9	1.2	1.3	1.0	0.5	5.9
Romania	16.0	--	16.0	1.8	2.0	1.3	1.2	9.7
U.S.S.R.	269.2	31.0	238.2	32.1	39.5	19.0	16.1	131.5
Interest[4]	41.7	--	41.7	7.4	6.6	5.7	5.0	17.0
Total	931.4	62.1	869.3	153.2	149.4	84.3	70.0	412.4
Total principal	826.2	59.9	766.3	131.1	126.6	72.0	59.1	377.5
Total interest[4]	105.2	2.2	103.0	22.1	22.8	12.3	10.9	34.9

Source: Agency for Arab and International Economic Cooperation.

1/ Includes all loans and credits of one or more years' maturity disbursed as of December 31, 1973 except obligations to the IMF, short-term banking facilities in convertible currencies, payments under compensation agreements, bilateral and clearing balances, military credits and foreign deposits with Egyptian banks.

2/ Exclusive of payments on arrears and of payments on debt disbursed (or to be disbursed) after December 31, 1973.

3/ Data for Switzerland included under Fund members ("other"); data for Romania included under CMEA countries.

4/ Interest "outstanding" and due refers to scheduled payments on disbursed debt.

Table 5.1: Summary of the State Budget

(In millions of Egyptian pounds)

Fiscal Periods 1/	1970/71 Budget	1970/71 Actual	July 1971-December 1972 2/ Full 18 Months Budget	July 1971-December 1972 2/ Full 18 Months Actual	July 1971-December 1972 2/ Annual Basis Budget	July 1971-December 1972 2/ Annual Basis Actual	1973 Budget	1973 Prelim. 3/	1974 Budget
Current Administration budget (net)	-36.7	17.5	-111.5	-15.3	-74.3	-10.2	-85.1	-20.2	-78.8
Current revenues 4/	653.3	678.9	998.6	1,080.0	665.7	720.0	723.8	739.0	793.7
Current expenditures 4/	-690.0	-661.4	-1,110.1	-1,095.3	-740.0	-730.2	-808.9	-759.2	-872.5
Investment expenditure 5/	-300.0	-358.3	-525.0	-621.6	-350.0	-414.4	-432.5	-382.5	-520.0
Transfers to Treasury from public economic sector 6/	86.5	100.8	118.8	120.8	79.2	80.5	76.7	120.0	252.0
Depreciation and other funds for investment self-financing 7/	86.9	86.8	137.9	149.3	91.9	99.5	54.0	70.0	78.2
Depreciation provisions	40.4	40.1	65.3	70.9	43.5	47.3	51.7	51.7	60.7
Other reserves, etc.	46.5	46.3	72.6	78.4	48.4	52.3	2.3	18.3	17.5
Other expenditures (net) 8/	-169.3	-138.7	-190.1	-157.4	-126.7	-104.9	-25.7	-168.4	-249.9
Overall deficit	-332.6	-291.9	-569.9	-524.2	-379.9	-349.5	-412.6	-381.1	-518.5
External borrowing (net) 9/	47.1	-0.5	124.7	26.7	83.1	17.8	29.6	29.6	102.0
Drawings	101.3	48.0	213.0	98.5	142.0	65.7	128.7	128.7	171.2
Repayments	-54.2	-48.5	-88.3	-71.8	-58.9	-47.9	-99.1	-99.1	-69.2
Savings from private sector	200.5	213.7	313.2	382.3	208.8	254.9	258.0	271.5	291.5
Surplus of social insurance and pension funds	179.8	187.7	280.8	321.0	187.2	214.0	228.7	228.7	256.6
Savings certificates	16.8	22.7	27.0	47.7	18.0	31.8	25.0	38.5	27.0
Postal savings 10/	3.9	3.3	5.4	13.6	3.6	9.1	4.3	4.3	7.9
Bank financing	85.0	78.7	132.0	115.2	88.0	76.8 11/	125.0	80.0	125.0
Financing (total)	332.6	291.9	569.9	524.2	379.9	349.5	412.6	381.1	518.5
Memorandum items:									
Net credit from banks 12/	...	74.4	...	212.3	...	141.5 13/	...	161.0	...
Emergency Fund:									
Emergency Fund outlays	264.0	244.9	492.0	525.9	328.0	350.6	351.0	401.0	465.0
External grants received 14/	...	118.3	...	184.8	...	123.2	...	253.7	...
Khartoum agreement	(108.9)	(109.7)	(163.4)	(148.9)	(108.9)	(99.3)	(108.9)	(104.1)	(115.0)
Other grants (residual)	(...)	(8.6)	(...)	(35.9)	(...)	(23.9)	(...)	(149.6)	(...)
Jihad bond proceeds 15/	--	--	--	20.5	--	13.7	...	12.9	...
Other resources (residual)	...	126.6	...	320.6	...	213.7	...	134.4	...

For sources and footnotes, see next page.

Table 5.1: (concluded). **Summary of the State Budget**

Sources: Ministry of Finance (Central Budget Department) and (as noted) Central Bank of Egypt.

1/ Year ended June 30 for 1970/71; years ending December 31 from 1973. Fiscal year 1971/72 was extended to 18 months to include July-December 1972.

2/ For the 18-month period, budget estimates were one and one half times the original 1971/72 levels. Actuals are not available separately for the year ended June 1972 and the following half year. The "actuals" shown on an "annual basis" are adjusted data equal to two thirds of the 18-month closed-account actuals.

3/ The preliminary actuals for 1973 are estimates based partly on the available 11-month actuals, on budget revisions, and on the original budget estimates. The final results may differ considerably.

4/ For details, see Tables and , following.

5/ Covers all public sector investment, including affiliated companies' investment and "nondistributed" investment (financed by Treasury). For sectoral breakdown, see Table

6/ Mandatory current transfers from Public Economic Organizations (originating from affiliated companies), Public Authorities, and Special Funds. Based on current surpluses calculated after receipt of subsidies from Treasury, for which separate series are not available. Data exclude depreciation and other funds retained for investment self-financing and also transfers to the Treasury on capital account (as loans).

7/ Those funds generated by the Authorities, Organizations, and Special Funds which are used in financing their investments; includes affiliated companies' investment self-financing. May reflect change in coverage beginning 1973.

8/ Calculated as a residual and therefore net. Receipts include interbudgetary transfers on capital account (loans) and, apparently, foreign borrowing other than for investment. Expenditures include, in principle, subsidies paid to Authorities and Organizations (and through them to affiliated companies), most interest payments, and the net deficit of the Emergency Fund (i.e. after receipt of external grants and earmarked tax and nontax revenues; see memorandum items).

9/ Covers only loans for the financing of investment; affiliated companies' drawings and repayments are not included, being reflected instead in their investment self-financing. Does not include interest, which is reflected in current expenditures and "other expenditures (net)".

10/ Differs from changes in data reported in the monetary survey (see Table , due apparently to differences in accounting procedures.

11/ Two thirds of the 18-month total. Data reported separately by the Ministry of Finance indicate bank financing to have been LE 55.1 million in the year ended June 1972 and LE 60.1 million in the half year ended December 1972.

12/ Changes in banks' Claims on Government net of government deposits and counterpart funds from the monetary survey (Table , adjusted to exclude the counterpart of postal savings deposits (as shown in Table), which is treated as a claim on Government in the monetary statistics, but as savings from the private sector in fiscal data.

13/ Two thirds of the 18-month total. Banking data (adjusted to exclude postal savings) show LE 93.8 million for the year ended June 1972 and LE 118.5 million for the half year ended December 1972.

14/ From balance of payments data; includes small amounts (mainly private transfers) not appropriate to the item.

15/ Changes in amounts outstanding shown on Table

Table 5.2: Administration Budget Current Revenues

(In millions of Egyptian pounds)

Fiscal periods 1/	1970/71 Budget	1970/71 Actual	July 1971-December 1972 1/ Full 18 months Budget	Full 18 months Actual	Annual Basis Budget	Annual Basis Actual	1973 Budget	1973 Prelim. 1/	1974 Budget
Central Government									
Taxes on income and property	144.8	162.7	230.7	255.0	153.8	170.0	178.8	172.5	190.0
Taxes on immovable property	20.5	16.8	34.4	32.6	22.9	21.7	22.0	20.0	18.0
Personal income taxes	24.8	28.2	41.0	38.9	27.3	25.9	28.5	30.0	31.6
Business profit taxes	97.1	115.3	151.3	180.3	100.9	120.2	126.1	120.0	138.2
Estate duties	2.4	2.4	4.0	3.2	2.7	2.1	2.2	2.5	2.2
Levies on commodities and trade	338.5	367.4	516.7	570.0	344.5	380.0	381.0	403.0	452.0
Excise and consumption duties	56.5	62.7	89.7	102.3	59.8	68.2	66.0	80.0	66.9
Price differentials 2/	111.1	103.3	162.2	169.5	108.1	113.0	117.0	118.0	127.5
Customs duties and levies	159.4	196.3	257.8	290.6	171.9	193.7	193.0	200.0	254.4
Other commodity taxes	11.5	5.1	7.0	7.6	4.7	5.1	5.0	5.0	3.2
Stamp duties	30.5	34.3	49.5	50.4	33.0	33.6	37.0	40.0	38.8
Sub-total: tax revenues	513.8	564.4	796.9	875.4	531.3	583.6	596.8	615.5	680.8
Nontax revenues 3/	81.1	58.8	114.5	117.0	76.3	78.0	66.1	61.0	46.3
Services revenues (fees)	18.5	17.5	28.8	24.7	19.2	16.5	17.2	16.0	15.8
Miscellaneous revenues	62.6	41.3	85.7	92.3	57.1	61.5	48.9	45.0	30.5
Total Central Government	594.9	623.2	911.4	992.4	607.6	661.6	662.9	676.5	727.1
Local government 4/	58.4	55.7	87.2	87.6	58.1	58.4	60.9	62.5	66.6
Total current revenues	653.3	678.9	998.6	1,080.0	665.7	720.0	723.8	739.0	793.7

Source: Ministry of Finance (Central Budget Department).

1/ See footnotes 1-3 of Table 5.1.
2/ Levies on certain consumer durables introduced in 1965, having the effect of excise taxes.
3/ Data reflect changes in coverage over time due to reorganizations (mainly shifting of functions and corresponding revenues from Ministries to other budgets).
4/ Mainly services revenues (fees); also includes local property (land) taxes.

Table 5.3: Administration Budget Current Expenditures[1/]

(In millions of Egyptian pounds)

Fiscal Periods[2/]	1970/71 Budget	1970/71 Actual	July 1971-December 1972[2/] Full 18 months Budget	Full 18 months Actual	Annual Basis Budget	Annual Basis Actual	1973 Budget	1973 Prelim[2/]	1974 Budget
Central Government:									
Defense (excl. Emergency Fund)	244.0	238.0	383.3	399.9	255.5	266.6	281.3	281.3	295.5
Security and justice	55.5	52.2	85.7	83.3	57.1	55.5	67.4	55.0	72.3
Agriculture	19.4	18.1	30.5	29.6	20.3	19.7	17.7	14.6	19.7
Irrigation and drainage	22.3	20.4	43.8	25.0	29.2	16.7	19.3	15.4	20.5
Education, research and youth	140.6	136.3	221.7	218.9	147.8	145.9	154.3	125.5	172.6
Health, social and religious	62.5	56.5	89.0	91.0	59.4	60.7	79.4	80.0	85.8
Transport and communication	6.7	6.7	12.5	11.2	8.3	7.5	9.2	7.9	8.9
Culture and information	4.7	4.2	7.5	3.7	5.0	2.5	2.9	2.5	4.3
Other current expenditures[3/]	90.5	82.9	165.1	168.9	110.1	112.6	122.0	120.0	129.4
Total Central Government	646.2	615.3	1,039.1	1,031.5	692.7	687.7	753.5	702.2	809.0
Local Government	43.8	46.1	71.0	63.8	47.3	42.5	55.4	57.0	63.5
Total current expenditures	690.0	661.4	1,110.1	1,095.3	740.0	730.2	808.9	759.2	872.5

Source: Ministry of Finance (Central Budget Department).

1/ Some data reflect changes in coverage (mainly reductions) over time due to reorganizations (e.g., shifting of functions from Ministries to Authorities, whose accounts are in a different budget).
2/ See footnotes 1-3 of Table 5.1.
3/ Largely general administration, but including some economic and social services not listed above.

Table 5.4: Public Sector Investment Expenditures[1/]

(In millions of Egyptian pounds)

Fiscal periods[2/]	1970/71 Budget	1970/71 Actual	July 1971-December 1972[2/] Full 18 months Budget	Full 18 months Actual	Annual Basis Budget	Annual Basis Actual	1973[3/] Budget	1974 Budget
Agriculture and irrigation	40.0	51.7	83.9	79.6	55.9	53.1	60.1	87.0
Electricity and High Dam	27.2	25.2	37.7	34.3	25.1	22.9	22.7	18.0
Industry, petroleum and minerals	109.5	155.9	183.0	279.2	122.0	186.1	131.5	206.5
Transport and communication	42.5	34.6	81.3	66.1	54.2	44.0	90.2	110.8
Trade, supply, finance and economy	9.9	9.6	12.9	11.1	8.6	7.4	6.0	8.2
Housing and public utilities	17.6	24.2	32.4	43.1	21.6	28.7	38.4	32.0
Health, social and religious services	3.1	4.0	6.6	10.6	4.4	7.1	7.4	6.4
Education, research and youth	9.5	8.6	16.5	28.3	11.0	18.9	27.5	14.0
Culture and information	2.8	1.4	4.5	3.0	3.0	2.0	2.0	2.0
Tourism	1.0	0.7	2.4	3.8	1.6	2.5	1.8	2.1
Defense, security and justice	2.0	1.9	3.0	3.8	2.0	2.5	2.0	10.1
Presidential services	0.8	0.7	3.3	2.5	2.2	1.7	0.5	1.0
Local administration	5.5	9.9	8.1	10.0	5.4	6.7	6.2	4.3
Subtotal	271.4	328.4	475.5	575.4	317.0	383.6	396.3	502.4
Nondistributed investment[4/]	28.6	29.9	49.5	46.2	33.0	30.8	36.2	17.6
Total	300.0	358.3	525.0	621.6	350.0	414.4	432.5	520.0

Source: Ministry of Finance (Central Budget Department).

1/ Covers investment expenditures under all public sector budgets; sectoral allocation differs from Tables 2.4 and 2.7.
2/ See footnotes 1 and 2 of Table 5.1.
3/ Total investment appropriations for 1973 were reduced by LE 50 million in early 1973, but revised estimates or preliminary actuals by sector are not available.
4/ Amounts not allocated among the four main budgets; financed directly from the Treasury Fund.

Table 5.5: Commercial Operations of the General Authority for Supply Commodities

(In millions of Egyptian pounds)

Fiscal periods[1]	1970/71 Actual	July 1971-December 1972[1] Full 18 months Budget	Full 18 months Actual	Annual basis Budget	Annual basis Actual	1973 Budget	1973 Prelim.[2]	1974 Budget
Subsidies (losses)[3]	41.8	55.4	62.8	36.9	41.9	49.3	127.2	375.1
Wheat and flour	20.9	20.4	22.6	13.6	15.1	16.8	79.0	281.5
Maize	0.8	0.5	0.6	0.3	0.4	0.4	4.4	11.0
Edible oil (rationed)	10.4	17.0	23.7	11.3	15.8	16.0	16.8	46.8
Sugar (rationed)	8.0	13.5	9.0	9.0	6.0	9.0	10.0	10.0
Other	1.7	4.1	6.9	2.7	4.6	7.1	17.0	25.8
Profits[3]	38.6	55.4	45.8	36.9	30.5	44.4	47.2	53.5
Cottonseed	2.0	3.0	2.1	2.0	1.4	2.1	2.5	2.1
Edible oil (nonrationed)	4.2	8.1	4.0	5.4	2.7	4.0	5.0	6.5
Tea	12.6	17.6	26.8	11.7	17.9	14.0	14.4	10.7
Coffee	0.9	0.5	1.9	0.3	1.3	1.2	0.1	--
Sugar (nonrationed)	18.0	22.8	9.6	15.2	6.4	16.6	22.6	31.5
Other	0.9	3.5	1.4	2.3	0.9	6.5	2.7	2.7
Net profit or loss (-)	-3.2	--	-17.0	--	-11.3	-4.9	-80.0	-321.6
Memorandum item: Subsidy from Treasury[4]	--	---	--	--	--	--	134.8	329.0

Source: General Authority for Supply Commodities.

1/ See footnotes 1 and 2 of Table 5.1.
2/ Preliminary actuals; partly estimated.
3/ Covers commodity transactions only; does not include administrative overhead, interest charges, inventory changes and valuation adjustments, etc.
4/ Through 1972, lack of subsidy reflects use of other sources of financing (including accumulated profits from past years held in a special Central Bank account). The excess of the subsidy over actual losses on commodities in 1973 reflects interest (foreign and domestic) of LE 24.5 million, inventory losses of LE 12.0 million and LE 18.3 million (the residual) apparently on administration and other expenses (net) or retroactive subsidies. The subsidy budgeted for 1974 corresponds with available budgetary data; it may not represent the full deficit (e.g., if interest were as large as in 1973) and its financing.

Table 5.6: Government Domestic Debt Outstanding[1/]

(In millions of Egyptian pounds)

End of Month	1970 June	1970 Dec.	1971 June	1971 Dec.	1972 June	1972 Dec.	1973 June	1973 Dec.[2/]
Consolidated loans	319.2	319.2	294.2	294.2	258.9	232.0	213.0	145.0
Palestine loans	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Development loans	182.0	182.0	157.0	157.0	142.0	117.0	98.0	30.0
Loans for external financing	100.0	100 0	100.0	100.0	100.0	100.0	100.0	100.0
Nationalized banks bonds[3/]	22.2	22.8	22.2	22.2	1.9	--	--	--
Nationalization bonds[4/]	94.8	97.2	102.5	103.4	104.9	106.0	106.9	108.2
Loans from insurance and savings institutions	956.1	996.1	1,119.4	1,166.7	1,318.9	1,447.4	1,553.0	1,633.1
Savings certificates	84.0	95.6	106.7	120.5	135.9	154.6	171.2	192.6
Appreciation bonds	(20.3)	(22.9)	(24.8)	(27.5)	(31.7)	(35.7)	(38.4)	(42.6)
Current income bonds	(56.4)	(64.8)	(73.7)	(84.6)	(95.4)	(109.4)	(122.0)	(138.9)
Lottery bonds	(7.3)	(7.9)	(8.2)	(8.4)	(8.8)	(9.5)	(10.8)	(11.1)
Other[5/]	872.1	900.5	1,012.7	1,046.2	1,183.0	1,292.8	1,381.8	1,440.5
Jihad bonds	--	--	--	--	15.3	20.5	22.5	33.4
Treasury bills	375.0	375.0	375.0	475.0	459.2	563.1	563.1	688.1
Total government debt listed above[1/]	1,745.1	1,787.5	1,891.1	2,039.3	2,157.2	2,369.0	2,458.5	2,607.8
Government-guaranteed bonds[1/]	12.5	12.5	12.5	12.5	10.5	8.5	8.5	8.5
Agricultural and Cooperative Credit	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Industrial Bank	7.5	7.5	7.5	7.5	5.5	3.5	3.5	3.5

Sources: Central Bank of Egypt and Ministry of Finance.

1/ Data (except Jihad bonds) represent an updating of series published currently or in the past in the Central Bank of Egypt's Economic Review and the National Bank of Egypt's Economic Bulletin; coverage of government debt is not necessarily complete or consistent with financing data shown in Table 5.1.

2/ Preliminary.

3/ National Bank of Egypt, Banque Misr, and Port Said Bank only.

4/ Excludes nationalized banks' bonds listed above. Increase over time reflects gradual release of bonds in compensation for past nationalization.

5/ Mainly borrowing from social insurance and pension funds for investment or for general Treasury financing; does not include accrued interest.

Table 6.1: Monetary Survey[1]

(In millions of Egyptian pounds)

End of period	1968	1969	1970	1971	1972	1973 March	1973 December	1974[2] March
Foreign assets, net*	-169.0	-180.1	-232.7	-358.5	-334.6	-296.8	-208.4	-129.6
Excluding net IMF position*	-137.8	-158.1	-211.2	-325.5	-323.1	-289.5	-179.1	-27.3
IMF position, net*	-31.2	-22.0	-21.5	-33.0	-11.5	-7.3	-29.3	-102.3
Claims on Government	1,007.8	1,042.6	1,172.2	1,331.6	1,462.6	1,555.0	1,622.6	1,750.9
Credit to Government*	922.0	954.6	1,080.2	1,235.0	1,357.2	1,448.0	1,506.3	1,631.8
Counterpart of Post Office savings	70.3	72.5	76.5	81.1	89.9	91.5	100.8	103.6
Counterpart of Treasury coin	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5
Claims on nongovernment sector	483.3	518.1	522.5	549.0	553.0	512.0	559.6	522.1
Affiliated companies	283.4	326.5	324.2	342.4	330.2	270.6	333.4	270.6
Specialized banks, of which:	123.5	120.6	129.0	131.5	127.4	147.0	120.7	138.5
Agricultural banks	(102.1)	(96.3)	(99.4)	(91.4)	(101.3)	(120.9)	(96.2)	(114.9)
Private sector and cooperatives	76.4	71.0	69.3	75.1	95.4	94.4	105.5	113.0
Unclassified assets*	49.4	59.2	61.7	69.4	117.7	90.0	113.5	91.1
Assets = Liabilities	1,371.5	1,439.8	1,523.7	1,591.5	1,798.7	1,860.2	2,087.3	2,234.5
Money	720.8	746.0	782.8	846.2	989.3	1,021.5	1,204.8	1,261.2
Currency outside banks	460.4	495.9	524.9	558.7	631.4	638.8	777.2	797.6
Demand deposits	260.4	250.1	257.9	287.5	357.9	382.7	427.6	463.6
Affiliated companies	(132.6)	(125.3)	(113.7)	(123.1)	(170.9)	(184.5)	(198.2)	(216.2)
Private sector and cooperatives	(121.0)	(123.7)	(135.7)	(153.1)	(183.7)	(193.4)	(226.4)	(246.7)
Specialized banks	(6.8)	(1.1)	(8.5)	(11.3)	(3.3)	(4.8)	(3.0)	(0.8)
Quasi-money	293.1	325.2	346.4	319.4	355.9	371.0	432.2	463.1
Affiliated companies	106.0	135.1	136.7	93.9	97.7	106.4	131.0	143.9
Private sector and cooperatives	111.2	117.2	132.7	143.7	168.3	172.0	199.5	214.1
Specialized banks	5.6	0.4	0.5	0.7	--	1.1	0.9	1.5
Post Office savings deposits	70.3	72.5	76.5	81.1	89.9	91.5	100.8	103.6
Government deposits	98.9	102.0	119.9	143.8	147.6	144.2	136.0	147.9
Counterpart funds	143.4	145.7	145.8	150.1	151.2	150.9	150.9	151.1
Capital accounts*	97.7	101.8	112.1	130.3	148.4	158.5	160.6	165.9
Unclassified liabilities*	65.6	68.6	79.2	99.5	114.6	102.0	115.2	132.0
Other items, net[3]	-6.7	-6.4	-10.8	-3.2	-15.0	-4.9	-39.8	-29.9
Valuation adjustments, net	-41.3	-43.1	-51.7	-34.6	-93.3	-83.0	-72.6	-56.8

Sources: Tables 6.3 and 6.4.

1/ Adjusted so as to value foreign assets and liabilities uniformly at the official exchange rate. Items affected are marked by an asterisk (*). See also footnotes to Tables 6.3 and 6.4.
2/ Preliminary.
3/ Currency in commercial banks plus bankers' deposits plus net claims on commercial banks less reserves.

Table 6.2: Summary of Factors Affecting Liquidity 1/

(Changes during period)

	1969	1970	1971	1972	1973	January-March 1973	January-March 1974 2/
	(In millions of Egyptian pounds)						
Money and quasi-money	57.3	58.0	36.4	179.6	291.8	47.3	87.3
Money	25.2	36.8	63.4	143.1	215.5	32.2	36.4
Quasi-money	32.1	21.2	-27.0	36.5	76.3	15.1	30.9
Foreign assets, net	-11.1	-52.6	-125.8	23.9	126.2	37.8	78.8
Domestic assets, net	68.4	110.6	162.2	155.7	165.6	9.5	8.5
Claims on Government, net 3/	29.4	111.6	131.2	126.1	171.9	96.1	116.2
Claims on nongovernment sector	34.8	4.4	26.5	4.0	6.6	-41.0	-37.5
Other items, net	2.4	-14.0	-38.4	26.9	7.8	-35.3	-54.4
Valuation adjustment	1.8	8.6	42.9	-1.3	-20.7	-10.3	-15.8
Memo items							
Affiliated companies deposits	16.6	10.0	-33.4	51.6	60.6	22.3	30.9
	(In per cent)						
Money and quasi-money	6	5	3	15	22	4	5
Domestic assets, net	6	9	12	10	10	1	1
Claims on nongovernment sector	7	1	5	1	1	-7	-7

Sources: International Financial Statistics and data supplied by the Central Bank of Egypt.

1/ Adjusted to reflect uniform valuations of foreign assets and liabilities at the official rate (LE 1 = US$2.30000 until and LE 1 = US$2.55555 since February 25, 1973).
2/ Preliminary.
3/ Includes changes in counterpart funds.

Table 6.3: Central Bank, Summary Balance Sheet 1/

(In millions of Egyptian pounds)

End of period	1968	1969	1970	1971	1972	1973 March	1973 December	1974 2/ March
Foreign assets, net*	-150.3	-159.5	-198.8	-313.7	-303.0	-271.5	-239.6	-177.6
Foreign assets*	121.6	116.7	116.8	125.7	114.3	106.7	215.2	260.4
Foreign liabilities*	-240.7	-254.2	-294.1	-406.4	-405.8	-370.9	-425.5	-410.7
IMF position, net* 3/	-31.2	-22.0	-21.5	-33.0	-11.5	-7.3	-29.3	-27.3
Domestic credit	779.1	818.3	948.0	983.9	1,058.6	1,134.0	1,212.8	1,224.2
Government* 4/	465.9	488.2	512.7	587.6	669.1	646.6	811.6	825.5
Commercial banks	278.4	320.3	417.1	390.0	383.4	481.4	395.3	392.8
Specialized banks	34.5	9.5	6.0	5.9	5.7	5.6	5.5	5.5
Affiliated companies	--	--	11.8	--	--	--	--	--
Private sector and cooperatives	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Unclassified assets	5.0	19.9	8.7	7.1	21.4	5.0	10.3	3.2
Assets = Liabilities	633.8	678.7	757.9	677.3	777.0	867.5	983.5	1049.8
Reserve money	606.6	655.5	750.9	703.4	802.4	882.8	1,000.0	1,034.3
Currency in circulation	460.4	495.9	524.9	558.7	631.4	638.8	777.2	797.6
Currency in banks	26.2	25.9	27.0	30.2	34.0	26.5	39.7	28.8
Bankers' deposits	115.0	133.4	198.6	113.5	136.4	216.6	180.3	206.9
Demand deposits	5.0	0.3	0.4	1.0	0.6	0.9	2.8	1.0
Specialized banks	(4.8)	(0.1)	(--)	(0.7)	(0.4)	(0.4)	(2.4)	(0.7)
Private sector and cooperatives	(0.2)	(0.2)	(0.4)	(0.3)	(0.2)	(0.5)	(0.4)	(0.3)
Quasi-money	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1
Government deposits	10.7	11.9	14.6	18.3	17.6	17.9	8.2	20.6
Counterpart funds	42.8	42.8	22.8	22.0	15.0	15.0	15.0	15.0
Capital accounts*	6.7	6.3	15.1	23.3	30.7	33.4	33.4	33.4
Unclassified liabilities*	8.2	5.2	6.0	4.7	4.5	1.3	-0.6	3.0
Valuation adjustment, net	-41.3	-43.1	-51.7	-94.6	-93.3	-83.0	-72.6	-56.6

Sources: International Monetary Fund, Central Bank of Egypt.

1/ Adjusted so as to value foreign assets and liabilities uniformly at the official exchange rate. Items affected are marked by an asterisk. (*).

2/ Preliminary.

3/ From Fund accounts.

4/ Claims on Government plus counterparts of Treasury coin (LE 15.5 million) plus net use of Fund resources minus Fund deposits.

Table 6.4: Consolidated Balance Sheet of Commercial Banks

(In millions of Egyptian pounds)

End of period	1968	1969	1970	1971	1972	1973 March	1973 December	1974 1/ March
Foreign assets, net	-18.7	-20.6	-33.9	-44.8	-31.6	-25.3	31.2	48.0
Assets	46.2	50.0	47.1	42.4	60.3	67.2	162.6	237.6
Liabilities	-64.9	-70.6	-81.0	-87.2	-91.9	-92.5	-131.4	-189.6
Reserves	149.1	162.9	235.5	141.8	185.3	245.1	259.7	259.5
Deposit at Central Bank	122.9	137.0	208.5	111.6	151.3	218.6	220.0	230.7
Cash	26.2	25.9	27.0	30.2	34.0	26.5	39.7	28.8
Domestic credit	920.1	990.2	1,087.3	1,205.6	1,250.5	1,322.9	1,263.9	1,338.0
Government	471.6	481.9	583.0	662.9	703.6	816.9	710.2	821.8
Affiliated companies	283.4	326.5	312.4	342.4	330.2	270.6	333.4	270.6
Specialized banks	89.0	111.1	123.0	125.6	121.7	141.4	115.2	133.0
Private sector	73.6	68.4	65.8	71.3	91.3	90.7	101.7	109.1
Cooperatives	2.5	2.3	3.1	3.4	3.7	3.3	3.4	3.5
Unclassified assets	44.4	39.3	53.0	62.3	96.3	85.0	103.2	87.9
Assets = Liabilities	1,094.9	1,171.8	1,341.9	1,364.9	1,500.5	1,627.7	1,658.0	1,733.4
Credit from Central Bank	279.6	317.5	416.2	384.9	383.3	478.5	395.2	386.5
Demand deposits	255.4	249.8	257.5	286.5	357.3	381.8	424.8	462.6
Affiliated companies	132.6	125.3	113.7	123.1	170.9	184.5	198.2	216.1
Private sector and cooperatives	120.8	123.5	135.3	152.8	183.5	192.9	226.0	246.4
Specialized banks	2.0	1.0	8.5	10.6	2.9	4.4	0.6	0.1
Time and savings deposits	222.7	252.6	269.7	238.1	265.9	279.4	331.3	359.4
Affiliated companies	106.0	135.1	136.7	93.8	97.7	106.4	131.0	143.9
Private sector and cooperatives 2/	111.1	117.1	132.5	143.6	168.2	171.9	199.4	214.0
Specialized banks	5.6	0.4	0.5	0.7	--	1.1	0.9	1.5
Government deposits	88.2	90.1	105.3	125.5	130.0	126.3	127.8	127.3
Counterpart funds	100.6	102.9	123.0	128.1	136.2	135.9	135.9	136.1
Capital account	91.0	95.5	97.0	107.0	117.7	125.1	127.2	132.5
Unclassified liabilities	57.4	63.4	73.2	94.8	110.1	100.7	115.8	129.0

Sources: Central Bank of Egypt and International Monetary Fund.

1/ Preliminary.
2/ Includes foreign deposits.

Table 6.5: Consolidated Statement of the Specialized Banks[1/]

(In millions of Egyptian pounds)

End of period	1968	1969	1970	1971	1972	1973 March	1973 December	1974[2/] March
Cash	0.8	0.9	0.5	0.8	0.9	0.9	1.0	1.0
Foreign assets, net[3/]	0.6	0.6	0.6	0.6	0.6	0.1	0.1	0.1
Claims on Government, net	2.4	6.8	5.9	-1.9	-5.7	-6.1	-7.2	-5.6
Gross claims	(3.9)	(8.7)	(9.2)	(7.5)	(6.3)	(6.0)	(6.0)	(5.3)
Government deposits	(-1.5)	(-1.9)	(-3.3)	(-9.4)	(-12.0)	(-12.1)	(-13.2)	(-10.9)
Claims on nongovernment sector	113.3	115.4	121.7	153.9	139.8	159.4	152.5	170.1
Claims on banks	4.6	1.1	3.3	5.2	3.1	5.8	3.0	0.8
Commodities	47.3	25.0	30.5	25.3	34.2	34.0	42.5	33.0
Other items, net	4.6	26.2	23.6	12.9	19.9	19.1	4.3	14.7
Unclassified assets	(39.6)	(39.1)	(38.6)	(72.3)	(76.4)	(75.7)	(78.7)	(91.2)
Unclassified liabilities	(-35.0)	(-12.9)	(-15.0)	(-59.4)	(-56.5)	(-56.6)	(-74.4)	(-76.5)
Assets = Liabilities	173.6	176.0	186.1	196.8	192.8	213.2	196.2	214.1
Nongovernment deposits	17.6	17.2	17.1	20.0	22.7	20.3	25.2	24.9
Bonds	3.6	3.6	3.5	4.3	4.2	4.7	4.6	4.6
Credit from Central Bank	34.5	9.7	6.1	6.3	6.4	6.3	6.2	6.3
Credit from commercial banks	89.0	112.8	122.8	125.7	121.3	143.5	114.5	131.7
Capital accounts	28.9	32.7	36.6	40.5	38.2	38.4	45.7	46.6

Sources: Central Bank of Egypt and International Monetary Fund.

1/ Mortgage Banks, Agricultural and Cooperative Credit Banks and, until June 1972, the Industrial Bank.
2/ Preliminary.
3/ Held wholly by Mortgage Banks.

Table 6.6: **Summary Statement of the Mortgage Banks**

(In millions of Egyptian pounds)

End of period	1968	1969	1970	1971	1972	1973 March	1973 December	1974[1/] March
Cash	--	0.1	0.1	0.1	0.1	--	0.1	0.1
Foreign assets	0.6	0.6	0.6	0.6	0.6	0.1	0.1	0.1
Claims on Government	3.1	8.1	8.3	6.9	6.1	5.8	5.8	5.1
Central Government	(0.9)	(0.9)	(0.9)	(1.0)	(0.5)	(0.5)	(0.5)	(0.5)
Economic organizations	(1.2)	(1.2)	(1.3)	(1.3)	(4.6)	(4.3)	(4.4)	(3.7)
Public authorities	(1.0)	(6.0)	(6.1)	(4.6)	(1.0)	(1.0)	(0.9)	(0.9)
Claims on affiliated companies	1.4	1.2	1.0	2.4	2.1	2.1	2.1	1.9
Claims on private sector	18.6	16.8	24.0	32.8	34.5	34.5	36.3	37.1
Claims on cooperatives	2.1	2.3	2.8	3.9	4.6	4.7	4.4	4.2
Claims on banks	0.7	0.5	0.8	1.4	2.1	2.9	0.3	0.1
Central Bank	(0.2)	(--)	(0.1)	(0.1)	(0.1)	(--)	(0.1)	(--)
Commercial banks	(0.5)	(0.5)	(0.7)	(1.3)	(2.0)	(2.9)	(0.2)	(0.1)
Other items, net	-0.3	-0.5	-0.4	--	0.9	1.2	0.3	1.0
Unclassified assets	(3.5)	(3.6)	(3.8)	(4.3)	(6.1)	(5.2)	(6.7)	(5.5)
Unclassified liabilities	(-3.8)	(-4.1)	(-4.2)	(-4.3)	(-5.2)	(-4.0)	(-6.4)	(4.5)
Assets = Liabilities	26.2	29.1	37.2	48.1	51.0	51.3	49.4	49.6
Government deposits	0.4	0.3	0.4	0.1	--	0.1	0.1	0.1
Affiliated companies' deposits	0.4	0.9	0.9	0.9	3.3	3.3	3.3	3.3
Private sector deposits	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Bonds	3.6	3.6	3.5	4.3	4.2	4.7	4.6	4.6
Capital accounts	14.3	14.4	15.9	16.7	17.7	17.9	17.5	18.6
Funds due to banks	7.4	9.8	16.4	26.0	25.7	25.2	23.8	22.9

Sources: Central Bank of Egypt and International Monetary Fund.

1/ Preliminary.

Table 6.7: Summary Balance Sheet of the Agricultural and Cooperative Credit Banks

(In millions of Egyptian pounds)

End of period	1968	1969	1970	1971	1972	1973 March	1973 December	1974 1/ March
Cash	0.8	0.8	0.4	0.7	0.8	0.9	0.9	0.9
Credit to Central Government, net	-0.3	-1.0	-2.7	-9.1	-11.8	-11.8	-12.9	-10.6
Claims	(0.8)	(0.6)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Deposits	(-1.1)	(-1.6)	(-2.9)	(-9.3)	(-12.0)	(-12.0)	(-13.1)	(-10.8)
Credit to nongovernment sector	75.3	78.2	78.4	97.1	98.6	118.1	109.7	126.9
Claims on affiliated companies	(1.5)	(1.5)	(1.5)	(1.5)	(1.4)	(1.4)	(1.4)	(1.4)
Claims on private sector	(0.4)	(--)	(--)	(--)	(--)	(--)	(--)	(--)
Claims on cooperatives	(73.4)	(76.7)	(76.9)	(95.6)	(97.2)	(116.7)	(108.3)	(125.5)
Commodities	47.3	25.0	30.5	25.3	34.2	34.0	42.5	33.0
Claims on banks	3.7	0.1	2.2	3.8	1.0	2.9	2.7	0.7
Other items, net	4.7	27.0	24.7	13.4	19.0	17.9	3.8	13.7
Unclassified assets	(34.4)	(34.8)	(33.9)	(67.4)	(70.3)	(70.5)	(72.0)	(85.7)
Unclassified liabilities	(-29.7)	(-7.8)	(-9.2)	(-54.0)	(-51.3)	(-52.6)	(-68.2)	(-72.0)
Assets = Liabilities	131.5	130.1	133.5	131.2	141.8	162.0	146.7	164.6
Funds due to banks	102.2	98.4	99.5	91.9	102.0	124.6	96.9	115.1
Central Bank	(26.2)	(5.0)	(5.0)	(5.4)	(5.6)	(5.6)	(5.6)	(5.7)
Commercial banks	(76.2)	(93.4)	(94.5)	(86.5)	(96.4)	(119.0)	(91.3)	(109.4)
Cooperative deposits	17.1	16.2	16.0	16.5	16.8	14.6	19.6	19.2
Private sector deposits	--	--	--	2.5	2.5	2.3	2.2	2.3
Capital accounts	12.2	15.5	18.0	20.3	20.5	20.5	28.0	28.0

Sources: Central Bank of Egypt and International Monetary Fund.

1/ Preliminary.

Table 6.8: Loans and Discounts of Commercial Banks, 1960-1973

(End of Period)

	Total loans and discounts (Millions LE)	Secured loans: Cotton	Secured loans: Other Products	Secured loans: Others1/	Secured loans: Total	Unsecured loans	Bills Discounted	Total
		(In per cent of total)						
1960	239.0	29.4	14.9	36.0	80.3	11.1	8.6	100.0
1961	250.3	24.9	13.5	39.3	77.7	14.9	7.4	100.0
1962	276.3	21.2	14.0	37.9	73.1	21.4	5.5	100.0
1963	325.3	21.2	13.3	32.3	66.8	29.0	4.2	100.0
1964	408.8	23.6	7.0	24.4	55.0	42.8	2.2	100.0
1965	495.2	15.8	5.6	23.2	44.6	54.6	0.8	100.0
1966	573.0	11.2	6.3	20.3	37.8	61.1	1.1	100.0
1967	652.2	7.7	7.9	18.6	34.2	65.0	0.8	100.0
1968	685.0	7.7	8.4	20.9	37.0	62.1	0.9	100.0
1969	745.3	10.3	8.6	17.2	36.1	62.6	1.2	100.0
1970	862.5	7.7	7.1	14.3	29.1	70.3	0.6	100.0
1971	932.1	6.7	7.1	12.1	25.9	73.6	0.6	100.0
1972	981.8	8.3	3.5	10.6	22.4	77.1	0.5	100.0

Source: Central Bank of Egypt, Economic Review, various issues.

1/ Mostly personal guarantees, includes also securities, bills and others such as gold and mortgages.

Table 6.9: Distribution of Bank Credit Extended to the Non-Government Sector

(in LE millions)

Changes during period	1969	1970	1971	1972	1973	January-March 1973	January-March 1974 1/
Affiliated companies	43.1	-2.3	18.2	-12.2	3.2	-59.6	-62.8
Cotton financing	30.6	-12.5	-6.5	26.9	-22.7	-66.7	-74.8
Rice financing	6.0	-2.5	4.1	-36.9 2/	-0.3	-2.3	-0.5
Other	6.5	12.7	20.6	-2.2	26.2	9.4	12.5
Specialized banks	2.9	8.4	2.5	-4.1	-6.7	19.6	17.8
Agricultural banks	-5.8	3.1	-8.0	9.9	-5.1	19.6	18.7
Other 3/	2.9	5.3	10.5	-14.0 4/	-1.6	--	-0.9
Private sector 5/	-5.4	-1.7	5.8	20.3 4/	10.1	-1.0	7.5
Total	34.8	4.4	26.5	4.0	6.6	-41.0	-37.5

Sources: Derived from Appendix IV, Table 41, and data on cotton and rice financing provided by the Central Bank of Egypt.

1/ Preliminary.
2/ Reflects mainly the takeover of most rice financing by the General Authority for Supply Commodities, a government agency, by an amount of LE 27.5 million in the course of 1972.
3/ Until June 1972, includes the Industrial Bank.
4/ Following the takeover of the Industrial Bank by the Bank of Alexandria, credit of LE 13 million was reclassified from the specialized banks to the private sector.
5/ Includes a small amount of credit to cooperatives.

Table 6.10: Net Foreign Assets of the Banking System

(in LE millions)

End of period	1968	1969	1970	1971	1972	1973 March	1973 December	1974 March 2/
Net foreign assets (total)	-162.8	-175.7	-228.4	-358.5	-334.6	-296.8	-208.4	-129.6
Central Bank, net	-144.1	-155.1	-194.5	-313.7	-303.0	-271.5	-239.6	-177.6
Assets	121.6	116.7	116.8	125.7	114.3	106.7	215.2	250.4
Gold	(40.6)	(40.6)	(40.6)	(40.2)	(40.2)	(40.2)	(40.2)	(40.2)
SDRs (IMF record)	(--)	(--)	(--)	(3.5)	(2.4)	(2.2)	(14.7)	(14.7)
Foreign exchange	(32.7)	(22.5)	(32.1)	(29.0)	(27.2)	(22.6)	(109.7)	(128.9)
Payments agreements	(48.3)	(53.6)	(44.1)	(53.0)	(44.5)	(41.7)	(50.6)	(76.6)
Liabilities	-265.7	-271.8	-311.3	-439.4	-417.3	-378.2	-454.8	-438.0
Use of Fund credit (IMF record)	(-25.0)	(-17.6)	(-17.2)	(-33.0)	(-11.5)	(-7.3)	(-29.3)	(-27.3)
Others 3/	(-240.7)	(-254.2)	(-294.1)	(-406.4)	(-405.8)	(-370.9)	(-425.5)	(-410.7)
Commercial banks, net	-18.7	-20.6	-33.9	-44.8	-31.6	-25.3	31.2	48.0
Assets	46.2	50.0	47.1	42.4	60.3	67.2	162.6	237.6
Liabilities	-64.9	-70.6	-81.0	-87.2	-91.9	-92.5	-131.4	-189.6

Sources: Central Bank of Egypt, International Monetary Fund and staff calculations.

1/ Adjusted so as to value foreign assets and liabilities uniformly at the official exchange rate.
2/ Provisional.
3/ Includes liabilities in convertible foreign exchange and under payments agreements.

Table 7.1: Major Food and Export Crops

(Production in thousands of metric tons, acreage in thousands of feddans, and yields in tons per feddan)

Agricultural Year Ended October 31 1/	1967	1968	1969	1970	1971	1972	1973 2/
Winter crops							
Wheat							
Production	1,291	1,518	1,269	1,516	1,729	1,616	1,837
Acreage	1,245	1,413	1,246	1,304	1,349	1,239	1,248
Yield	1.04	1.07	1.02	1.16	1.28	1.30	1.47
Horse beans 3/							
Production	188	283	297	277	256	361	273
Acreage	300	306	338	302	261	336	270
Yield	0.63	0.92	0.88	0.92	0.98	1.07	1.01
Onions 3/4/							
Production	284	240	358	227	283	267	230
Acreage	37	35	52	33	37	32	27
Yield	7.64	6.83	6.83	6.83	7.64	8.43	8.55
Summer and Nili crops							
Cotton							
Production-unginned	1,208	1,210	1,480	1,404	1,418	1,422	1,368
Ginned (lint)	437	437	541	509	510	514	490
Cottonseed	758	758	921	884	899	895	863
Acreage	1,626	1,464	1,622	1,627	1,525	1,552	1,600
Yield (lint)	0.269	0.298	0.334	0.313	0.334	0.331	0.306
Rice (paddy)							
Production	2,279	2,586	2,557	2,605	2,534	2,507	2,274
Acreage	1,075	1,204	1,192	1,143	1,137	1,146	997
Yield	2.12	2.15	2.15	2.28	2.23	2.19	2.28
Maize (corn)							
Production	2,163	2,297	2,366	2,393	2,342	2,417	2,507
Acreage	1,485	1,554	1,484	1,504	1,521	1,531	1,654
Yield	1.46	1.48	1.59	1.59	1.54	1.58	1.52
Millet (sorghum)							
Production	881	906	813	874	854	831	853
Acreage	522	532	474	501	494	483	487
Yield	1.69	1.70	1.72	1.75	1.73	1.72	1.75
Sugar cane							
Production	5,269	6,083	6,878	6,945	7,498	7,713	7,276
Acreage	137	156	170	186	193	202	198
Yield	38.5	38.9	40.5	37.3	38.9	38.2	36.7
Groundnuts (peanuts)							
Production	31.9	36.3	42.8	38.2	33.2	29.6	25.8
Acreage	41	42	49	43	38	34	29
Yield	0.78	0.85	0.87	0.90	0.88	0.87	0.88
Fruits and vegetables, etc.							
Oranges							
Production	530	494	625	567	707	683	767
Acreage	106	112	113	118	119	121	122
Other fruits 5/							
Production	539	507	542	523	617	632	671
Acreage	101	113	119	126	130	132	136
Potatoes							
Production	278	472	487	548	451	595	796
Acreage	42	68	71	77	66	84	106
Yield	6.62	6.94	6.86	7.11	6.87	7.06	7.52
Other vegetables 6/							
Production	3,077	3,811	3,960	3,961	3,937	4,053	4,199
Acreage	488	567	575	568	573	597	643

Source: Ministry of Agriculture, Department of Agricultural Economics and Statistics.

1/ Fiscal-year national accounts data through 1971/72 reflect summer and Nili (short summer season) crops of one agricultural year and winter crops of the next, e.g., 1971/72 covers 1971 cotton and 1972 wheat.
2/ Preliminary estimates, except for cotton and winter crops.
3/ Data do not cover crops consumed green (as vegetables and forage).
4/ Winter (export) crop only.
5/ "Other fruits" excludes oranges (shown above) and dates; coverage otherwise as in Statistical Abstract.
6/ Excludes potatoes (shown above) and watermelons, melons, cucumbers, and chat; coverage otherwise as in Statistical Abstract.

Table 7.2: Announced Cooperative Prices and Average Ex-Farm Prices for Selected Crops[1/]

(In Egyptian pounds per unit stated)

Agricultural Year Ended October 31	Unit	1968	1969	1970	1971	1972	1973	1974
Seed cotton (unginned)	kantar (157.5 kg.)							
Average price[2/]		17.479	17.994	18.195	18.240	19.200	20.000[3/]	23.000[4/]
Rice (paddy)	metric ton							
Announced price		30.000	30.000	27.000	27.000	27.000	27.000	31.250
Average price		31.577	31.000	28.413	27.545	27.460	...	
Wheat	ardeb (150 kg.)							
Announced price		4.000	5.000	5.000	5.000	5.000	5.000	6.500
Average price		4.830	4.905	5.800	5.370	5.260	5.720	
Broad beans	ardeb (155 kg.)							
Announced price		6.500	7.000	7.000	8.000	8.000	8.000	9.000
Average price		7.690	6.460	7.370	8.920	8.470	8.350	
Sugar cane	metric ton							
Announced price		2.570	2.570	2.570	2.570	2.875	3.500	5.000
Average price		2.955	2.911	2.911	2.889	3.066	...	
Winter onion	metric ton							
Announced price		15.000	...	19.000	...	20.000	20.000	22.000
Average price		12.667	11.333	14.000	15.778	13.630	19.470	
Peanuts	ardeb (75 kg.)							
Announced price		7.000	7.000	7.000	7.000	7.000	7.000	7.000
Average price		6.860	6.575	6.490	6.620	6.760	6.880	
Sesame	ardeb (120 kg.)							
Announced price		12.000	14.000	14.000	15.000	15.000	15.000	16.000
Average price		13.950	13.360	13.875	14.850	14.970	14.960	

Source: Ministry of Agriculture (in part from Agricultural and Cooperative Credit Organization).

1/ Covers major crops marketed cooperatively (or under contract to mills) in whole or part. Announced prices shown are for first grade quality. Average prices reflect all grades sold to cooperatives and on free market.
2/ For announced prices, expressed in terms of cotton lint, see Table 7.6
3/ Preliminary estimate.
4/ Projection.

Table 7.3: Cotton Output and Uses

(In millions of metric kantars)[1/]

Marketing Season (September-August)	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74
Acreage (million feddans)	1.46	1.62	1.63	1.52	1.55	1.60
Yield (kantars per feddan)	5.96	6.68	6.25	6.68	6.62	6.11
Production (lint)	8.73	10.83	10.17	10.19	10.27	9.79
Exports	4.76	6.44	6.07	5.91	6.07	5.08[2/]
Local consumption	3.59	3.69	3.83	4.09	4.17	4.41[3/]
Adjustment[4/]	0.15	0.16	0.42	0.21	0.17	) 0.30[5/]
Change in stocks	0.23	0.54	0.15	-0.02	-0.14	)

Sources: Egyptian Cotton General Organization and Ministry of Agriculture.

1/ Unless stated otherwise. One kantar of cotton lint weighs 50 kilograms.
2/ Projection based on commitments through March 1974 (4.07 million kantars).
3/ Quantities contracted through March 1974.
4/ A residual item which includes accounting adjustments and spoilage.
5/ May include some low-grade cotton and scarto for local consumption.

Table 7.4: Changes in Crop Output

(In per cent)

	Value Share 1/	Changes in volume over previous year 1969	1970	1971	1972	1973 2/
Winter crops						
Wheat	4.8	-16.4	19.5	14.1	-6.5	13.7
Horsebeans	1.7	4.9	-6.7	-7.6	41.0	-24.4
Onions	0.8	49.2	-36.6	24.7	-5.7	-13.9
Summer crops						
Cotton (lint)	13.4	23.8	-5.9	0.2	0.8	-4.7
Cottonseed	0.5	21.5	-4.0	1.7	-0.4	-3.6
Rice	5.9	-1.1	1.9	-2.7	-1.1	-9.3
Maize	6.6	3.0	1.1	-2.1	3.2	3.7
Millet	2.1	-10.3	7.5	-2.3	-2.7	2.6
Sugarcane	1.8	13.1	1.0	8.0	2.9	-5.7
Groundnuts	0.2	17.9	-10.7	-13.1	-10.8	-12.8
Other						
Oranges	3.7	26.5	-9.3	24.7	-3.4	12.3
Other fruits		6.9	-3.5	18.0	2.4	6.2
Potatoes	8.8	3.2	12.5	-17.7	31.9	33.8
Other vegetables		3.9	--	-0.6	2.9	3.6

Source: Based on production data in Table 7.1 (which see for data on acreage and yields as well).

1/ Indicative only: based on estimated contribution of crops to gross value of agricultural production in fiscal year 1971/72. These "weights" total 50.3 per cent; other plant production (mostly forage crops) accounted for 20.5 of the value of output, and livestock and fish products for the remaining 29.2 per cent in this estimate.

2/ Preliminary estimates, except for winter crops and cotton.

Table 7.5: Cotton Acreage, Output and Yields

(Acreage in thousand feddans, output in thousand metric kantars of lint, and yields in metric kantars per feddan)1/

	1971			1972			1973		
	Acreage	Output	Yield	Acreage	Output	Yield	Acreage	Output	Yield
Extra-long staple	691	4,025	5.82	651	3,785	5.82	686	3,535	5.15
Giza 45	112	533	4.74	107	557	5.19	77	329	4.26
Menoufi	363	2,076	5.72	305	1,863	6.11	289	1,499	5.19
Giza 68	211	1,386	6.57	223	1,249	5.61	274	1,425	5.20
Giza 70	3	19	6.20	16	115	7.22	46	283	6.12
Others	2	11	5.86	--	--	--	--	--	--
Long staple	417	3,105	7.44	507	3,637	7.17	492	3,647	7.41
Giza 69	89	757	8.51	152	1,119	7.34	149	1,065	7.16
Giza 67	212	1,522	7.19	253	1,696	6.72	234	1,669	7.12
Dandara	117	826	7.07	102	821	8.04	109	911	8.39
Others	--	--	--	--	1	6.45	--	1	6.35
Medium staple	416	2,833	6.85	394	2,623	6.65	422	2,357	5.58
Giza 66	277	1,944	7.01	280	1,847	6.60	278	1,409	5.06
Ashmouni	137	890	6.50	104	700	6.69	91	645	7.05
Giza 72	2	16	8.62	10	74	7.39	52	304	5.82
Others	--	3	9.24	--	2	6.57	--	--	--
Subtotal	1,525	9,982	6.55	1,552	10,044	6.47	1,600	9,540	5.96
Scarto2/	--	212	--	--	227	--	--	251	--
Total	1,525	10,194	6.68	1,552	10,271	6.62	1,600	[illegible]	6.12

Source: Ministry of Agriculture.

1/ Yields derived from unrounded acreage and production data.
2/ Lint recovered from mill floors after ginning; used for padding.

Table 7.6: Cotton Prices

(In tallaris per metric kantar)1/

Marketing Season (September-August)	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74
Buying prices						
Extra-long staple						
Giza 45	120.50	127.50	135.50	135.50	141.50	141.50
Menoufi	108.00	114.00	114.00	114.00	120.00	120.00
Giza 68	100.00	110.00	112.00	112.00	116.00	116.00
Long staple						
Giza 69	88.00	88.00	86.00	85.00	90.00	90.00
Giza 67	88.00	88.00	86.00	86.00	91.00	91.00
Dandara	85.50	88.50	85.50	85.50	88.00	88.00
Medium staple						
Giza 66	84.75	88.75	88.75	88.75	98.75	98.75
Ashmouni	88.75	92.75	92.75	92.75	102.75	102.75
Export prices2/						
Extra-long staple						
Giza 45	153-161	148-158	148-149	151-157	151-221	319-338
Menoufi	130-138	130-137	130-131	132-137	132-202	300-319
Giza 68	128-136	130-137	130-131	132-137	132-202	300-319
Giza 70	--	--	--	--	--	304-323
Long staple						
Giza 69	100-106	100-104	101-102	109-116	107-182	267-286
Giza 67	100-106	100-104	101-102	109-116	107-182	267-286
Dandara	100-106	100-104	101-102	109-116	107-182	267-286
Medium staple						
Giza 66	90-96	90-94	90-91	98-105	96-171	261-280
Selling prices to domestic mills						
Extra-long staple						
Giza 45	118.00	118.00	118.00	118.00	118.00	118.00
Menoufi	98.00	98.00	98.00	98.00	98.00	98.00
Giza 68	98.00	98.00	98.00	98.00	98.00	98.00
Long staple						
Giza 69	91.25	91.25	91.25	91.25	91.25	91.25
Giza 67	91.25	91.25	91.25	91.25	91.25	91.25
Dandara	78.50	78.50	78.50	78.50	78.50	78.50
Medium staple						
Giza 66	80.50	80.50	80.50	80.50	80.50	80.50
Ashmouni	80.50	80.50	80.50	80.50	80.50	80.50

Source: Egyptian Cotton General Organization.

1/ Prices shown are for grade "fully good"; one tallari equals LE 0.20.
2/ Export prices quoted are for the beginning and end of the marketing season, respectively, except for 1973/74 in which the second price is as of late April 1974 (in effect since January 20, 1974).

Table 7.7: Percentage Distribution of Cropped Area According to Crops (1959/60-1971/72)

Crops	1959/60	1969/70	1971/72
Wheat	14.1	11.7	11.2
Rice	6.8	11.5	10.7
Maize	17.6	13.4	13.5
Cotton	18.1	14.6	13.2
Berseem	8.7	15.7	13.2
Fruits	1.2	2.4	2.4
Vegetables	3.5	6.6	6.7
Others	30.0	24.1	29.1
Total	100.0	100.0	100.0

Source: Ministry of Agriculture

Table 7.8: Projected Cropping Pattern (1973-1977) for Old and New Land
(In 1,000 Feddans)

Crops	1972 (Actual)	1973 (Est.)	1974	1975	1976	1977
Wheat	1,294	1,140	1,142	1,136	1,137	1,143
Barley	132	129	129	119	112	113
Maize	1,573	1,483	1,458	1,440	1,400	1,360
Millet	499	467	442	427	418	418
Rice	1,239	1,226	1,228	1,230	1,233	1,236
Legumes	466	483	499	510	525	532
Cotton	1,552	1,650	1,650	1,650	1,650	1,650
Flax	61	66	65	68	70	74
Oil seeds	162	181	189	202	222	231
Sugarcane	222	231	243	254	264	286
Onion	49	64	65	76	77	78
Fodder	3,188	3,228	3,240	3,210	3,180	3,155
Vegetables	798	816	837	855	886	902
Fruits	293	297	311	326	341	352
Others	119	112	97	92	91	83
Total	11,647	11,573	11,585	11,594	11,606	11,618

Source: Ministry of Agriculture.

Table 7.9: Projected Cropping Pattern (1982 and 1985) for Old and New Land
(In 1,000 Feddans)

Crops	1982 Old Land	1982 New Land	1982 Total	1985 Old Land	1985 New Land	1985 Total
Wheat	1,110	140	1,250	1,120	150	1,270
Barley	83	62	145	80	74	154
Maize	1,310	144	1,454	1,360	140	1,500
Millet	460	98	558	419	155	574
Rice	1,100	170	1,270	1,240	100	1,340
Legumes	495	54	550	505	65	570
Cotton	1,600	50	1,650	1,560	40	1,600
Flax	40	32	72	46	17	63
Oil seeds	110	150	260	100	170	270
Sugarcane	220	70	290	244	60	304
Onions	80	7	87	100	-	100
Fodder	2,580	640	3,220	2,665	551	3,216
Vegetables	935	207	1,142	923	257	1,180
Fruits	300	102	402	303	131	434
Others	121	-	121	25	-	25
Total	10,545	1,926	12,471	10,690	1,910	12,600

Source: The figures presented in this table are adjusted figures of two projections: (1) Ministry of Agriculture; and (2) FAO, Prospective Study of Agricultural Development for the A.R.E., Rome, 1973.

Table 7.10: Outline of Annual Cropping Patterns

General Cropping Pattern in a Cropping Year

Permanent Crops:	Orchards
Semi-Permanent:	Sugarcane
Whole Year Crops:	Berseem and Cotton

Basic Winter Crops	Basic Summer Crops
Wheat	Rice
Barley	Groundnuts
Beans	Maize
Lentils	Millet
Perm-Berseem	Sesame
Onions	Summer Vegetables
Flax	
Winter Vegetables	

It follows that the increase in the area of one crop is only feasible at the expense of other crops. The expansion in rice area for instance can be achieved at the expense of maize or cotton. The rise in wheat area can be compensated by a decline in either cotton or berseem area, whereas the expansion of fruits and vegetables (both winter and summer) affects mainly cotton and possibly other crops.

Source: Ministry of Agriculture.

Table 7.11: Fertilizer Production, Consumption, Imports

Egypt Fertilizer Consumption, 1950-1973
(in 1,000 tons of Nutrient)

Fertilizer Type	1950	1960	1965	1970	1971	1972	Average Annual Increase (%) 1950/65	1966/72
N	96.0	172.0	253.0	330.0	299.0	327.0	6.7	3.6
P_2O_5	17.0	33.0	45.0	57.0	56.0	66.0	7.0	4.4
K_2O	0.2	2.0	0.4	1.4	1.8	1.5	-	-
Total	113.2	207.0	298.4	388.4	356.8	394.5		
Ratio N/P_2O_5	5.6	5.2	5.6	5.8	5.3	5.0		

Nitrogen Fertilizer Supply in Egypt
(in 1,000 tons of N)

Year	1962	1965	1968	1970	1971	1972	1973
Production	107	159	140	119	109	103	51
Imports	56	116	147	203	174	285	n.a.
Total Supply	163	275	287	322	283	388	n.a.

Fertilizer Application Rates in Egypt
(Nutrient kg/ha cropped)

	1966		1973		1982	
	N	P_2O_5	N	P_2O_5	N	P_2O_5
Wheat	87	0	114	0	143	0
Corn	87	0	138	0	191	0
Rice	71	36	79	36	91	36
Cotton	85	36	100	36	119	36
Sugarcane	238	36	238	36	250	36
Vegetable	na	na	105	36	110	71
Clover	0	36	0	36	0	52

Comparison of Fertilizer Application Rates (1970)
(Kg of Nutrients Per Hectare of Cropped Area)

Japan	331
South Korea	257
Belgium	307
Netherlands	282
D.R. of Germany	280
Czechoslovakia	223
Egypt (1972 figure)	94

Source: FAO Fertilizer Handbook, 1970.

Table 7.12: Projected Fertilizer Consumption Requirements

Egypt - Projected Supply and Consumption of Nitrogen Fertilizer
(in 000's tons of N)

Production /1	1970	1972	1973	1974	1975	1976	1977	1978	1980	1982	1985
	(Actual)		(Est.)	Projected							
Kima (Aswan)	117	93	30	78	100	113	120	122	125	125	125
Helwan	-	10	21	31	42	42	42	42	42	42	42
Talkha I	-	-	-	-	75	98	98	113	117	117	117
Talkha II	-	-	-	-	-	-	-	196	249	249	249
Total	117	103	51	109	217	253	260	473	533	533	533
Consumption	330	327	381	381	409	410	438	456	492	506	514
Apparent Deficit (Surplus)	213	215	330	272	192	157	178	(17)	(41)	(27)	(19)

/1 Production from Suez is excluded. Talkha I rated at 100% output once Talkha II is fully operating.

Projected Fertilizer Consumption by Nutrients
(1'000 TPY)

	1972	1982	1985	Annual Growth Rates (%) 1972-82	1982-85
N	327.0	506.0	514.0	4.5	0.8
P_2O_5	66.0	211.0	211.0	12.1	-
K_2O	1.5	74.0	77.0	48.0	1.2

Source: IBRD, Talkha Fertilizer Project Appraisal Report.

Table 7.13: Projected Requirements for Nitrogen Fertilizers for Various Crops*

(in 1,000 Tons of N)

Crops	1973 (est.)	1974	1975	1976	1977	1982	1985
Wheat	54.7	54.8	59.1	59.1	64.0	75.0	76.2
Barley	3.5	3.2	3.5	4.0	4.0	6.5	6.9
Maize	86.8	85.3	94.3	91.7	98.6	116.3	120.0
Millet	23.1	21.9	22.6	22.2	23.6	33.5	34.4
Rice	40.5	40.5	43.1	43.2	45.7	48.3	50.9
Legumes	3.9	4.0	4.4	4.5	4.8	5.5	5.7
Cotton	69.3	69.3	74.3	74.3	79.2	82.5	80.0
Flax	2.6	2.5	2.7	2.8	3.0	2.9	2.5
Oilseeds	3.0	3.2	3.7	4.1	4.6	5.5	5.7
Sugarcane	22.9	24.1	25.7	26.7	29.5	30.4	31.9
Onions	5.0	5.1	6.0	6.1	6.2	7.0	8.0
Vegetables	37.9	38.9	39.8	41.2	41.9	53.1	54.9
Fruit	22.0	23.0	24.8	26.0	27.5	32.3	34.9
Others	5.5	4.8	4.9	4.8	5.0	7.3	1.5
Total N	380.7	380.6	408.9	410.2	437.6	506.1	513.5

Annual Growth Rates:

1973-77	3.6%
1977-82	3.7%

* Years refer to cropping years.

Source: Ministry of Agriculture.

Table 7.14: Planned Nitrogen Fertilizer Rates, 1973-1985
(National Averages per Feddan in Kg of N for Various Crops)

Crops	1966 (Actual)	1973 (Est.)	1974	1975	1976	1977	1982	1985
Wheat	39	48.0	48.0	52.0	52.0	56.0	60.0	60.0
Barley	16	27.0	27.0	31.0	31.0	35.0	45.0	45.0
Maize	39	58.5	58.5	65.5	65.5	72.5	80.0	80.0
Millet	39	49.5	49.5	53.0	50.3	56.0	60.0	60.0
Rice	31	33.0	33.0	35.0	35.0	37.0	38.0	38.0
Legumes	8	8.0	8.0	8.5	8.5	9.0	10.0	10.0
Cotton	37	42.0	42.0	45.0	48.0	50.0	50.0	50.0
Flax	31	39.0	39.0	39.5	39.5	40.0	40.0	40.0
Oilseeds	-	16.8	17.0	18.3	18.5	19.7	21.0	21.0
Sugarcane	99	99.0	99.0	101.0	101.0	103.0	105.0	105.0
Onions	64	78.0	78.0	79.0	97.5	97.5	80.0	80.0
Vegetables	-	46.5	46.5	46.5	46.5	46.5	46.6	46.5
Fruits	-	74.1	74.1	76.1	76.1	78.2	80.3	80.3
Others	-	44.5	49.5	53.0	53.0	56.5	60.0	60.0

Source: Ministry of Agriculture.

Table 8.1: Gross Value of Manufacturing Output

	Years Ended June 30		Calendar Years			1974 1st Quarter	
	1970-71	1971-72	1972	1973	1974 (Targets)	Target	Actual
Foodstuffs	479.0	504.3	519.5	559.3			
Public Sector	376.0	398.3	411.0	443.8	452.8	113.2	131.3
Private Sector	103.0	106.0	108.5	115.5			
Textiles	490.0	511.3	525.4	544.1			
Public Sector	367.0	380.0	395.9	408.3	439.7	109.9	96.8
Private Sector	123.9	131.3	129.5	135.8			
Chemicals	127.6	131.9	137.9	141.5			
Public Sector	96.3	100.0	105.1	103.2	135.0	33.8	30.0
Private Sector	31.3	31.9	32.8	38.3			
Building Materials	54.9	58.3	61.8	65.6			
Public Sector	45.6	48.7	52.6	54.0	59.2	14.8	11.7
Private Sector	9.3	9.6	9.2	11.6			
Metallurgical	82.3	92.3	105.1	109.4			
Public Sector	76.0	84.7	98.5	99.3	117.1	29.3	26.8
Private Sector	6.3	7.6	6.6	10.1			
Engineering	117.7	129.0	145.2	137.2			
Public Sector	93.1	103.8	118.6	107.2	133.9	33.5	25.0
Private Sector	24.6	25.2	26.6	30.0			
Woodworking (private)	33.6	34.7	36.0	38.6			
Leather (private)	25.4	32.7	39.0	56.8			
Sub-total							
Public Sector	1054.0	1115.5	1181.7	1215.8	1337.7	334.5	321.6
Private Sector	357.4	379.0	388.2	436.7	475.4	n.a.	n.a.
Grand Total	1411.4	1494.5	1569.9	1652.5	1812.1	n.a.	n.a.

Note:

(1) These data do not include production of military factories, cotton ginning, flour mills, bakeries, tea packing, printing and publishing, pharmaceuticals, and rural industries and handicrafts.

(2) Some private sector data for 1974 are not available.

Source: Ministry of Industry

Table 8.2: Manufacturing and Mining Production in Quantitative Terms

(In thousands of metric tons unless stated otherwise)

	Previous peak output (and year)	Years ended June 30 1968/69	1969/70	1970/71	1971/72	Calendar years 1/ 1972	1973 1/
Spinning and weaving							
Cotton yarn	160 (1967/68)	163	163	169	175	179	182
Cotton textiles	104 (1966/67)	96	110	112	113	115	118
Wool yarn	10 (1965/66)	9	12	12	12	12	12
Wool textiles	4 (1965/66)	3	3	4	4	4	4
Synthetic yarn	17 (1965/66)	12	12	13	12	10	10
Synthetic textiles	9 (1967/68)	7	21 2/	23 2/	21 2/	25 2/	23 2/
Foodstuffs, etc.							
Sugar	404 (1964/65)	495	531	581	600	610	633 3/
Pastry, confections	58 (1963/64)	59	60	84	86	87	82
Cheese	124 (1967/68)	125	132	132	134	135	135
Vegetables and fruit 4/	14 (1963/64)	9	18	20	26	25	24
Sardines (million cans)	8.6 (1966/67)	1.5	1.5	1.5	2.0	2.1	2.6
Cottonseed oil	152 (1965/66)	126	139	150	158	145	160 5/
Oilseed cakes	733 (1965/66)	490	565	643	644	607	600
Soft drinks (million bottles)	751 (1964/65)	503	565	614	620	660	600
Beer (million liters)	26 (1965/66)	21	23	13	29	30	32
Liquors (million liters)	3.9 (1967/68)	9.1	9.5	9.5	12.5	12.5	12.6
Cigarettes	18 (1966/67)	15	17	19	20	23	23
Building materials							
Cement 6/	2,915 (1966/67)	3,486	3,760	3,830	3,642	3,868	3,617
Building bricks 7/	1,137 (1964/65)	708	782	782	782	810	797
Gypsum and plaster	308 (1966/67)	275	271	294	260	205	320
Chemical products							
Sulphuric acid	227 (1967/68)	25	23	35	28	28	20
Nitric acid	493 (1966/67)	2	--	--	1	2	2
Paper	107 (1961/62)	124	119	131	148	149	146
Fertilizers:							
Superphospate	304 (1967/68)	323	354	447	522	518	419
Calcium nitrate	270 (1964/65)	111	--	--	...	--	--
Ammonium nitrate 8/	438 (1967/68)	371	377	381	713	585	470
Tires (thousands)	781 (1967/68)	813	711	770	924	927	860
Engineering products							
Cars (units)	5,406 (1963/64)	2,734	2,800	4,241	5,610	6,130	5,590
Trucks (units)	1,361 (1963/64)	1,165	1,117	1,201	1,679	1,709	1,518
Tractors (units)	984 (1965/66)	459	1,071	1,078	937	1,247	1,243
Buses (units)	1,155 (1965/66)	310	336	407	305	373	413
Refrigerators (thousds.)	61 (1965/66)	52	68	54	52	55	39
Televisions (thousands)	84 (1966/67)	38	54	58	70	76	49
Metallurgical products							
Reinforcing iron	201 (1963/64)	205	251	230	230	239	226
Steel billets	69 (1962/63)	20	27	23	9	9	5
Steel sections	106 (1967/68)	135	126	108	84	81	87
Steel sheets	42 (1967/68)	45	43	40	152	179	167
Cast iron products	54 (1962/63)	50	48	48	49	46	53
Minerals							
Phosphate	748 (1967/68)	729	537	539	561	563	540
Manganese	344 (1961/62)	3	4	4	4	3	3
Iron ore	553 (1965/66)	460	499	...	472	427	...

Source: Ministry of Industry (data through 1968/69 from Central Agency for Public Mobilization and Statistics, Statistical Abstract).

1/ Preliminary.
2/ In millions of meters.
3/ Includes refining of 30,000 tons of imported sugar.
4/ Includes dehydrated vegetables, preserved fruits, tomato paste, and canned vegetables.
5/ Includes refining of 50,000 tons of imported cottonseed and oil.
6/ Includes Portland, white, ferro- and karnak (sand) cement.
7/ Includes red and sand bricks; but not refractory bricks.
8/ 26 per cent nitrogen through 1967/68; 31 per cent nitrogen thereafter.

Table 8.2 Manufacturing Production, Exports and Domestic Sales 1/

(In millions of Egyptian pounds at current prices)

	1972 Actual	1973 Target 2/	1973 Actual 3/	1974 Target 2/	1974 Projected 4/
Production - Total	1,569.7	1,631.8	1,652.2	1,813.1	... 5/
Public sector	1,181.7	1,201.4	1,215.8	1,337.7	1,286.4
Spinning and weaving	395.9	406.1	408.3	439.7	387.2
Foodstuffs	411.0	419.1	443.8	452.8	525.2
Chemicals	105.1	116.8	103.2	135.0	120.0
Engineering	118.6	114.1	107.2	133.9	100.0
Metallurgical	98.5	87.9	99.3	117.1	107.2
Building materials	52.6	57.4	54.0	59.2	46.8
Private sector	388.1	430.4	436.5	475.4	... 5/
Exports - Total	135.6	139.5	153.9	162.7	139.2
Public sector 6/	114.1	119.9	123.7	141.8	121.2
Spinning and weaving	70.7	71.2	76.5	100.9	89.2
Foodstuffs	16.3	18.0	21.3	16.5	16.4
Chemicals	3.7	5.5	3.2	2.7	4.4
Engineering	12.6	13.5	11.3	12.9	4.8
Metallurgical	6.2	6.8	5.2	7.0	3.6
Building materials	4.5	5.0	6.2	1.8	2.8
Private sector	21.5	19.6	30.2	20.9	18.0
Public sector domestic sales - Total	938.4	959.4	977.4	1,074.6	992.3
Spinning and weaving	227.3	230.7	243.0	238.2	230.2
Foodstuffs	375.1	387.1	404.5	424.2	422.5
Chemicals	101.0	107.8	100.1	134.8	115.7
Engineering	101.6	95.9	93.8	100.2	75.8
Metallurgical	80.5	81.8	82.8	117.9	101.5
Building materials	52.9	56.1	53.3	59.2	46.6

Sources: Ministry of Industry, "Report on the Achievements Realized by the Industrial Sector during Fiscal Year 1973" and monthly reports for 1974.

1/ Industries under Ministry of Industry; classified by supervising organizations (Industrial Control Authority for private sector). For longer time series on production and a breakdown of private sector production, see Table 8.1

2/ Targets are expressed in prices of the preceding year.

3/ Preliminary data.

4/ First-quarter preliminary actuals projected by multiplying by four; the first-quarter targets were all one fourth of the annual targets shown.

5/ Data on private sector production are obtained only semiannually.

6/ Differences between production and the sum of exports and domestic sales are apparently due to inventory changes and intraorganizational or intracompany consumption; data on private sector sales are not available.

Table 8.4: Production and Distribution of Crude Petroleum and Petroleum Products

(In thousands of metric tons)

	Years ended June 30							
	1967/68	1968/69	1969/70	1970/71	1971/72	1972	1973 1/ 2/	1974 2/ 3/
Crude Petroleum:								
Total production	5,700	10,939	14,344	16,365	15,550	10,720	8,411	8,171
By locations:								
El Morgan	4,857	8,516	11,284	13,695	12,877	7,978	4,951	5,000
Other Red Sea	843	1,247	1,157	1,362	1,498	1,445	1,435	1,820
Western Desert	--	1,176	1,903	1,307	1,175	1,297	2,025	1,351
By share:								
Egyptian, accounted for by:	3,757	7,033	9,022	10,330	8,100	5,533	5,570	...
Exports	583	1,917	6,326	8,263	4,491	2,801	2,082	1,635
Less: Imports 4/	-2,133	-1,128	-1,304	-2,038	-2,445	-2,851	-3,714	-648
Refined output	4,560	4,895	2,586	4,186	5,449	6,264	6,577	...
Residual 5/	747	1,349	1,414	-81	605	-681	625	...
Partner companies	1,943	3,906	5,322	6,035	7,450	5,187	2,841	...
Exports	1,390	3,762	4,962	5,474	6,189	3,724	670	...
Sales to Egypt	553	144	360	561	1,271	1,463	2,171	611
Residual 5/	--	--	--	--	-10	--	--	...
Refined products:								
Total production 6/	4,560	4,895	2,586	4,186	5,449	6,264	6,557	...
Fuel oil (mazout)	2,296	2,745	1,262	2,129	2,890	3,212	3,050	...
Diesel	845	735	441	679	883	1,069	1,199	...
Benzine	655	675	423	614	757	859	925	...
Kerosene and jet fuel	625	547	410	653	817	976	1,135	...
Asphalt	99	128	16	81	81	113	143	...
Butane gas	40	27	10	9	9	18	43	...
Others, including lubricants	--	37	24	21	12	17	82	...
Exports	--	659	156	189	583	739	802	720
Imports	--	1,419	2,827	2,174	1,261	1,165	605	823
Domestic consumption, including change in stocks 7/	--	5,655	5,257	6,171	6,127	6,690	6,360	--

Source: Based on data provided by the Egyptian General Petroleum Corporation.

1/ Preliminary.
2/ Red Sea wells were closed from October 1973 to March 1974.
3/ Projections.
4/ Including purchases from partners.
5/ Includes changes in stocks, loss in refining and possibly statistical discrepencies.
6/ Total of listed products, may not be comprehensive. Data exclude small amounts of Egyptian crude refined abroad and reimported in 1968/69 and 1969/70.
7/ Derived as residual.

Table 8.5: Sales Revenue of Public Sector Companies in Industry
(In LE Million)

	1970/71	1971/72 (18 months)	1971/72 (adjusted to 12 months)	1972	1973
A. Domestic Sales					
Food	335	(541)	361	377	401
Textiles	209	(346)	231	230	246
Chemicals	97	(156)	104	105	105
Building Materials	38	(64)	43	44	45
Metallurgical	65	(110)	73	75	81
Engineering	80	(141)	94	92	103
Total	824	(1357)	905	923	980
B. Export Sales					
Food	17	(25)	17	16	22
Textiles	62	(96)	64	71	77
Chemicals	4	(5)	3	4	3
Building Materials	5	(8)	5	5	6
Metallurgical	5	(9)	6	6	5
Engineering	7	(17)	11	13	9
Total	100	(161)	107	114	121
C. Total Sales					
Food	351	(567)	378	393	422
Textiles	271	(442)	295	301	321
Chemicals	101	(161)	107	109	108
Building Materials	43	(71)	47	49	51
Metallurgical	70	(119)	79	81	87
Engineering	87	(158)	105	105	112
Total	923	(1518)	1011	1038	1100

Note: These data for total sales differ from production data, because the production data are based on local prices, while the sale data are based on local prices for local sales and export prices for export sales.

Source: Ministry of Industry

Table 8.6: Aggregated Revenue and Expense Accounts of Public Sector Companies in Industry
(In LE Million)

	Food			Textiles			Chemicals		
	1970/71	1971/72	1973	1970/71	1971/72	1973	1970/71	1971/72	1973
Revenue									
Business Revenues	272 1/	292 1/		280	302		107	111	
Other Revenue	13	15		16	17		14	16	
Total	285	307		296	319		120	127	
Expenses									
Materials and Servies	117	122		155	166		53	56	
- Materials	(106)	(114)		(135)	(144)		(49)	(52)	
- Others	(11)	(8)		(20)	(22)		(4)	(4)	
Labor	24	26	27	60	71	79	14	17	19
Taxes and Duties	99	109	122	15	16	17	4	5	5
Depreciation	8	8	9	12	13	14	8	9	9
Rent	2	2	2	2	2	2	2	2	2
Interest	9	9	10	15	15	18	8	9	11
Total Production Cost	258	277		259	282		89	96	
Other Expense	9	13		8	8		11	11	
Total Expense	267	290		267	290		100	107	
Profit Before Tax	18	17	20	30	29	35	21	20	19
Less: Income Tax	2	3	4	4	4	6	3	2	3
Profit After Tax (Net Profit)	15	14	16	26	25	29	18	18	16
Reserves and Carry Over Profit	3	3		6	6		4	3	
Distribution	12	11		20	19		14	15	

	Building Materials			Metallurgicals			Engineering			Total		
	1970/71	1971/72	1973	1970/71	1971/72	1973	1970/71	1971/72	1973	1970/71	1971/72	1973
Revenue												
Business Revenue	43	45		70	88		97	110		867	950	
Other Revenue	4	4		11	11		11	9		68	71	
Total Revenue	47	49		80	99		108	119		935	1021	
Expenses												
Material and Services	24	25		45	57		56	63		450	490	
- Materials	(20)	(22)		(41)	(53)		(46)	(53)		(398)	(438)	
- Services	(4)	(3)		(4)	(4)		(10)	(10)		(52)	(52)	
Labor	8	9	10	11	13	14	16	19	21	132	155	173
Taxes and Duties	1	1	7	2	2	2	4	5	8	125	137	162
Depreciation	3	3	4	5	6	6	4	5	5	40	44	48
Rent	-	1	1	2	2	2	1	1	1	8	8	9
Interest	3	3	3	5	6	6	4	5	5	44	47	53
Total Production Cost	39	41		69	86		85	98		799	880	
Other Expense	2	1		4	5		8	8		42	47	
Total Expense	41	42		73	91		93	106		841	927	
Profit Before Tax	6	7	8	6	8	9	14	13	12	94	94	102
Less: Income Tax	1	1	1	1	2	4	3	3	2	14	14	19
Profit After Tax (Net Profit)	5	6	6	5	7	5	11	10	10	80	80	82
Reserves and Carry Over Profit	2	2		2	4		4	2		22	21	
Distribution	4	4		3	3		7	8		58	59	

Note: 1971/72 data are also for 12 months, adjusted from 18 month data.

1/ This figure on business revenue of the food subsector is much lower than the equivalent data in other tables because this figureddoes not include treasury duties. Main portions of "taxes and duties" for this industry are customs duties.

Source: Ministry of Industry.

Table 8.7: Aggregated Balance Sheet of Public Sector Companies in Industry
(In LE Million)

	Food		Textiles		Chemicals		Building Materials		Metallurgical		Engineering		Total	
	6/30/71	12/31/72	6/30/71	12/31/72	6/30/71	12/31/72	6/30/71	12/31/72	6/30/71	12/31/72	6/30/71	12/31/72	6/30/71	12/31/72
A. Assets	266	283	386	409	274	310	78	88	186	188	209	233	1399	1511
1. Current Assets	142	141	237	229	100	115	34	37	87	91	133	149	733	763
Cash	12	12	15	15	22	32	3	2	3	15	9	9	64	85
Receivables	27	31	59	50	19	19	6	9	8	9	36	36	155	154
Inventories	84	74	134	141	48	47	22	22	57	53	76	86	421	424
- Raw Materials	(26)	(20)	(47)	(47)	(18)	(15)	(3)	(3)	(13)	(14)	(26)	(42)	(142)	(141)
- Spare Parts	(13)	(16)	(22)	(25)	(13)	(16)	(11)	(12)	(14)	(18)	(4)	(6)	(77)	(92)
- Others	(45)	(38)	(65)	(69)	(17)	(16)	(8)	(7)	(30)	(21)	(46)	(38)	(202)	(191)
Others	19	24	29	23	11	17	3	4	19	14	12	18	93	100
2. Financial Investments	21	29	27	37	7	14	2	3	2	2	2	3	61	88
Government Bonds	5	6	9	11	7	8	2	2	1	2	1	2	25	31
Stocks	1	1	1	1	-	-	-	-	1	-	-	-	3	2
Investment Funds	15	22	17	25	-	6	-	1	-	-	1	1	31	55
3. Long Term Credit	-	-	3	3	23	23	-	-	-	-	3	3	29	29
4. Fixed Assets	72	76	97	105	61	83	29	31	72	70	58	64	389	429
Land and Building	40	35	68	74	40	49	15	17	29	32	31	34	223	259
Others	89	109	145	162	95	117	39	42	76	79	51	60	495	551
Less:Depreciation	57	68	116	131	74	83	25	28	33	41	24	30	329	381
5. Project Under Execution	31	37	22	35	83	75	13	17	25	25	13	14	187	203
B. Liabilities	266	283	386	409	274	310	78	88	186	188	209	233	1399	1511
1. Current Liabilities	89	96	108	106	66	70	30	35	71	53	94	102	458	462
2. Long Term Debt	36	39	53	61	35	33	2	2	38	35	16	16	180	186
3. Capital	65	66	51	51	110	131	25	27	77	91	57	64	385	430
Share Capital	48	48	46	47	50	51	12	12	27	26	26	31	209	215
Government Contribution	17	18	5	4	60	80	13	15	50	65	31	33	176	215
4. Reserves and Surplus	76	82	174	191	63	76	21	24	0	10	42	51	375	433
Reserves	54	60	140	158	51	60	16	19	8	10	22	27	291	334
Others	27	29	36	35	28	35	5	5	6	10	21	25	123	139
Less:Deficits	5	7	2	2	16	19	-	-	14	10	1	1	39	40

Source: Ministry of Industry

Table 8.8: Exports of Manufactured Goods
(In LE Million)

	Years ended June 30		Calender Years			1974 1st Quarter	
	1970/71	1971/72	1972	1973	1974 1/ (Targets)	Target	Actual
Public Sector	106	107.3	114.1	123.7	148.3	37.1	30.3
Foodstuffs	16	16.9	16.3	21.3	23.0	5.7	4.1
Textile	60	65.9	70.7	76.5	100.9	25.2	22.3
Chemicals	3	3.1	3.7	3.2	2.7	0.7	1.1
Building Materials	4	5.9	4.5	6.2	1.8	0.5	0.7
Metallurgical	~~1~~ n.a.	5.6	6.2	5.2	7.0	1.8	0.9
Engineering	~~2~~ n.a.	9.9	12.6	11.3	12.9	3.2	1.2
Private Sector	16	17.8	21.5	30.2	20.9	5.2	4.5
Total	122	125.1	135.6	153.9	169.2	42.3	34.8

1/ Targets for 1974 were set in 1973 and adjustment to price changes has not yet been made.

Source: Ministry of Industry

Table 8.9: Industrial Export: Traditional Goods and Non-Traditional Goods
(In LE Million)

	1972	1973	1974 (target)
A. Traditional Goods			
Yarn	41.8	46.7	71.5
- Clearing	30.8	33.2	56.4
- Free	11.0	13.5	15.1
Cotton Cloth	17.4	19.5	19.6
- Clearing	7.0	7.6	11.0
- Free	10.4	11.9	8.6
Waste	1.5	2.0	2.0
- Clearing	0.7	0.5	-
- Free	0.8	1.5	2.0
Cement	3.0	4.2	-
- Clearing	1.0	0.1	-
- Free	2.0	4.1	-
Total	63.7	72.4	93.1
- Clearing	39.5	41.4	67.4
- Free	24.2	31.0	25.7
B. Non-Traditional			
Total	71.9	81.5	69.6
- Clearing	53.3	58.0	52.8
- Free	18.6	23.5	16.8
C. Grand Total	135.6	153.9	162.7
- Clearing	92.8	99.4	120.2
- Free	42.8	54.5	42.5

Source: Ministry of Industry

Table 8.10: Number of Workers in Public Sector Companies

(Average for the Year: '000)

	1969/70	1970/71	1971/72	1973
A. Category A Workers 1/				
Food	n.a.	82	83	80 2/
Textile	n.a.	194	221	223
Chemicals	n.a.	40	43	44
Building Materials	n.a.	21	22	24
Metallurgical	n.a.	23	26	28
Engineering	n.a.	39	44	47
Total	n.a.	400	438	446
B. Category B Workers 1/				
Food	n.a.	6	6	6
Textiles	n.a.	39	37	39
Chemicals	n.a.	7	7	6
Building Materials	n.a.	2	2	2
Metallurgical	n.a.	2	3	2
Engineering	n.a.	10	12	11
Total	n.a.	66	67	67
C. Total				
Food	84	88	89	86 2/
Textiles	221	233	258	262
Chemicals	43	47	50	50
Building Materials	22	23	24	26
Metallurgical	24	25	29	30
Engineering	48	49	56	58
Total	442	466	505	513

1/ Category A workers include workers engaged in production, marketing, administration and social services (medical etc.). Category B workers mostly consist of former employees who were in military services.

2/ This reduction is mainly because the industry did not allow employment beyond the retirement age and also because it reduced the number of seasonal workers.

Source: Ministry of Industry

Table 8.11: Total Labor Expenses in Public Companies
(In LE Million)

	1970/71 Total	1971/72 (adjusted) 1/ Total	1971/72 (adjusted) 1/ Cash Wage	1971/72 (adjusted) 1/ Fringe Benefits	1971/72 (adjusted) 1/ Social Insurance	1973 Total	1973 Cash Wage	1973 Fringe Benefits	1973 Social Insurance	Expenses for Category B workers and their percentage in total workers 1971/72	Expenses for Category B workers and their percentage in total workers 1973
Food	22.9	25.1	19.7	1.5	3.9	27.2	21.4	1.6	4.2	1.3 (5.2%)	1.3 (4.8)
Textiles	59.9	70.3	58.1	2.8	9.4	79.1	65.1	3.1	10.9	6.7 (9.5)	7.0 (8.8)
Chemicals	13.9	16.0	12.7	1.0	2.3	18.9	15.0	1.2	2.7	1.5 (9.4)	1.5 (7.9)
Building Materials	7.4	8.5	6.8	0.6	1.1	9.8	8.0	0.6	1.2	0.6 (7.1)	0.7 (7.1)
Metallurgy	10.5	13.1	10.8	0.7	1.6	13.9	11.3	0.9	1.7	0.4 (3.1)	0.5 (3.6)
Engineering	15.6	19.1	15.5	1.1	2.5	21.2	17.2	1.3	2.7	2.3 (12.0)	1.7 (8.0)
Total	130.3	152.0	123.5	7.7	20.7	170.1	138.0	8.7	23.4	12.9 (8.5)	12.7 (7.5)

1/ Adjusted from original 18 month data to 12 month data.

Source: Ministry of Industry

Table 8.12: Revenue for Workers (1971/72)
(In LE Million)

	Cash Wage	Other Benefits	Profit Share	Total Revenue	Profit Share as % of	
					Cash Wage	Total Revenue
Food	19.7	5.4	2.5	37.6	13%	9%
Textiles	58.1	12.2	4.3	74.6	7	6
Chemicals	12.7	3.3	3.3	19.3	26	17
Building Materials	6.8	1.7	0.9	9.4	13	10
Metallurgy	10.8	2.3	0.7	13.8	6	5
Engineering	15.5	3.6	1.8	20.9	12	9
Total	123.5	28.4	13.4	165.3	11	8

Source: Ministry of Industry.

Table 8.13: Industry: Net Profits and Their Distribution
(In LE Million)

Organization	Year	Reserves				Distribution to outside					Balance Carried Forward	Net Profit
		Statutory	Government Bonds	Others	Total	Worker	Government	Share-holders	Services of Organ-izations	Total		
Food	69/70	0.7	0.7	1.2	2.6	2.5	7.6	-	1.0	11.1	0.1	13.9
	70/71	0.7	0.7	1.0	2.4	2.7	7.8	-	1.0	11.5	-	15.1
(18 months)	71/72	(1.0)	(1.0)	(1.8)	(3.9)	(3.7)	(11.1)	(-)	(1.6)	(16.4)	(0.7)	(21.0)
(12 months)	71/72	0.7	0.7	1.2	2.6	2.5	7.4	-	1.1	11.0	0.5	14.0
Textiles	69/70	1.0	1.0	2.3	4.3	3.7	11.2	n.a.	1.6	16.5	-	20.8
	70/71	1.2	1.2	3.0	5.4	4.4	13.1	n.a.	1.9	19.4	-	25.4
(18 months)	71/72	(1.8)	(1.8)	(5.0)	(8.7)	(6.4)	(18.4)	(0.7)	(2.8)	(28.5)	(0.6)	(37.6)
(12 months)	71/72	1.2	1.2	3.3	5.8	4.3	12.3	0.5	1.9	19.0	0.4	25.1
Chemicals	69/70	0.8	0.8	1.3	2.9	2.9	9.0	n.a.	0.8	12.7	0.6	16.3
	70/71	0.9	0.9	1.5	3.3	3.2	9.5	n.a.	1.3	14.0	0.5	17.9
(18 months)	71/72	(1.3)	(1.3)	(2.0)	(4.6)	(5.0)	(12.3)	(2.5)	(2.0)	(21.8)	-	(26.5)
(12 months)	71/72	0.9	0.9	1.3	3.1	3.3	8.3	1.7	1.3	14.6	-	17.7
Building Materials	69/70	0.2	0.2	0.9	1.3	0.6	1.9	n.a.	0.3	2.8	-	4.2
	70/71	0.3	0.3	1.2	1.8	0.8	2.5	n.a.	0.4	3.7	-	5.4
(18 months)	71/72	(0.4)	(0.4)	(1.0)	(1.9)	(1.3)	(3.5)	(0.5)	(0.6)	(5.9)	(1.1)	(8.8)
(12 months)	71/72	0.3	0.3	0.7	1.3	0.9	2.3	0.3	0.4	3.9	0.7	5.9
Metallurgical	69/70	0.1	0.1	0.1	0.5	0.6	1.7	-	0.2	2.5	-	3.0
	70/71	0.2	0.2	0.2	0.6	0.7	2.1	-	0.3	3.1	-	5.4
(18 months)	71/72	(0.3)	(0.3)	(0.6)	(1.2)	(1.1)	(3.3)	-	(0.4)	(4.8)	(4.1)	(10.0)
(12 months)	71/72	0.2	0.2	0.3	0.8	0.7	2.2	-	0.3	3.2	2.7	6.7
Engineering	69/70	0.3	0.3	1.4	2.1	1.1	3.3	n.a.	0.5	4.9	1.3	8.2
	70/71	0.5	0.5	1.4	2.4	1.5	4.6	n.a.	0.7	6.8	1.8	10.9
(18 months)	71/72	(0.8)	(0.8)	(2.0)	(3.6)	(2.7)	(8.0)	(0.1)	(1.1)	(11.8)	-	(15.4)
(12 months)	71/72	0.5	0.5	1.4	2.4	1.8	5.3	0.1	0.7	7.9	-	10.3
Total	69/70	3.2	3.2	7.2	13.6	11.5	34.9	n.a.	4.3	50.7	2.1	66.3
	70/71	3.7	3.7	8.5	15.9	13.3	39.6	n.a.	5.5	58.4	2.4	80.1
(18 months)	71/72	(5.7)	(5.7)	(12.4)	(23.8)	(20.2)	(56.5)	(3.9)	(8.4)	(89.1)	(6.5)	(119.3)
(12 months)	71/72	3.8	3.8	8.3	15.8	13.4	37.7	2.6	5.6	59.4	4.3	79.5

Note: Data of 12 months for FY1971/72 were adjusted from 18 month data.

Source: Ministry of Industry

Table 8.14: Idle Capacity in Industry and Benefits of Its Utilization
(In LE Million)

Industry	Production Capacity (A)	Production Achievable by Budget Allocation (B)	Idle Capacity (C) = (A) - (B)	Rate of Idle Capacity (C)/(A)%	Benefits of utilizing idle capacity: For Export	For Import Substitution	Additional Local Consumption
			1973				
Public Sector	1201	1013	188	16	42	65	61
Food	419	337	82	20	24	-	42
Textiles	406	392	14	3	1	6	7
Chemical	117	88	29	25	1	26	2
Building Materials	57	55	2	4	-	-	2
Metallurgical	88	62	26	30	8	13	1
Engineering	114	79	35	31	8	20	7
Private Sector	430	387	43	10[1]	4	-	39
Total	1632	1400	232	14	46[2]	65[2]	100[2]
			1974				
Public Sector	1338	908	430	32			
Food	453	320	133	29		1	
Textiles	440	338	102	23		24	
Chemical	135	78	57	42		44	
Building Materials	59	45	14	24		-	
Metallurgical	117	57	60	51		51	
Engineering	134	70	64	48		-	
Private Sector	475	317	158	33		1	
Total	1813	1225	588	32	62	120	408

1/ The Ministry assumed 10% idle capacity in the private sector.
2/ Because export price is different from local price the total does not tally with idle capacity.
Source: Ministry of Industry

Table 8.15: Foreign Exchange Requirements to Utilize Idle Capacity in Industry
(In LE Million)

Industry	1970/71 Total Requirements	1971/72 Total Requirements	1973 Budget[1]	1973 Additional Requirements	1973 Total	1974 Budget[1]	1974 Additional Requirements	1974 Total
Public Sector	118	128	102	56	157	149	75	224
Food	22	26	19	13	32	27	13	40
Textile	23	25	23	4	27	22	9	31
Chemical	24	23	19	10	29	37	19	56
Building Materials	5	7	5.5	0.5	6	6	3	9
Metallurgical	20	21	26	13	39	33	18	51
Engineering	25	27	9	15	24	24	13	37
Private Sector	7	9	6	4	10	12[2]	2	14[2]
Total	125	137	108	60	168	161	77	238
Actual Allocation	100	115			132			
Free Foreign Exchange	43	48			50			
Clearing Agreement	57	67			82			

1/ Budget foreign exchange corresponds to production target for the year.
2/ Of these, EL6 million - free foreign exchange requirement for the private sector - is to be obtained from parallel market. Therefore, total budget of official foreign exchange is EL155 million, and total requirement is EL232 million.

Source: Ministry of Industry

Table 8.16: Public Investment by Main Industrial Subsectors (Actuals)

(In LE Million)

Subsector	1968/69	1969/70	1970/71	1971/72 (18 months)	1973	1974 (plan)
Food	10.5	7.4	6.3	10.8	5.4	5.5
Textiles	5.9	10.6	7.7	14.7	12.0	8.5
Chemicals	18.5	8.5	10.4	12.1	8.5	13.0
Building Materials	6.3	6.3	5.4	6.5	3.0	3.5
Metallurgical	-	0.5	)	)	2.4	13.2
			)5.3	)6.5		
Engineering	6.8	5.0	)	)	6.1	4.5
Sub-total	48.0	38.3	35.1	50.6	37.4	48.2
Steel Complex	19.4	29.0	40.0	67.8	32.4	30.2
Total	67.4	67.3	75.1	118.5	69.8	78.4

Source: General Organization for Industrialization

Table 8.17: - Major Public Sector Projects Under Implementation
(In L.E. Million)

Projects	Total Investment: Total	Total Investment: Foreign Exchange	Investment in 1974: Total	Investment in 1974: (Foreign Exchange)
A. Food				
1. Kous Sugar Mill	5.1	1.6	0.7	0.5
2. Edfu Sugar Mill	9.6	3.0	1.0	-
3. Deshna Sugar Mill	24.5	7.5	7.5	4.0
Total	39.2	12.1	9.2	4.5
B. Textile				
1. Souhag Spinning Mill	6.7	3.7	0.4	-
2. Assiut Spinning Mill	6.7	3.7	0.5	-
3. Kom Hamada Spinning Mill	7.0	3.9	0.5	0.1
4. Kafr El Sheik Spinning Mill	6.9	3.8	0.7	0.4
5. Expansion of Zakazik Spinning Mill	7.0	3.7	0.9	0.5
6. El Delta Spinning Mill	7.8	5.9	0.5	0.3
7. Eastern Spinning Mill	6.9	3.9	0.3	-
Total	49.0	28.4	3.7	1.3
C. Chemicals				
1. Phosphoric Acid Plant at Abu Zaabel	24.9	12.1	-	-
2. Expansion of the Tire and Tube Plant at Alexandria	9.3	6.4	-	-
3. Nitrate Ammonia Plant at Talka	29.1	16.1	2.1	1.0
4. Sodium Carbonate Plant at Alexandria	23.5	9.6	0.9	0.6
5. Dyeing Material Plant at Kafr El Dawar	20.4	10.8	0.5	0.3
6. Karton Box Plant at Kafr El Dawar	4.9	3.0	0.4	0.1
7. Phosphate Project at Hamrawin	17.9	7.0	1.1	0.1
Total	130.0	64.9	5.0	2.1
D. Building Materials				
1. Flat and Transparent Glass Plant at Mostorod	9.1	6.5	0.9	0.7
2. Expansion of the Helwan Cement Plant	2.6	2.0	0.2	-
3. Third Expansion of the Alexandria Cement Plant	9.2	6.7	0.5	-
4. Second Expansion of the National Cement Plant	17.5	11.2	0.8	-
5. Assiut Cement Plant	20.0	11.0	0.5	-
6. Second Expansion of the Tourah Cement Plant	17.0	10.8	1.3	1.0
7. A Tile Plant at Mostorod	7.7	4.3	0.2	-
Total	83.1	52.6	4.3	1.7

Projects	Total	Foreign Exchange	Total	Foreign Exchange
E. Metallurgicals				
1. Expansion of Helwan Iron and Steel Complex	266.7	126.5	28.2	5.6
2. Aluminum Plant at Nag Hamadi	60.0	37.5	8.0	4.0
3. Expansion of an Iron Bar Plant at Abu-Zaalal	5.2	3.0	0.5	0.1
4. Expansion of a Pipe Plant at Helwan	3.2	1.7	0.1	-
5. Expansion of a Spiral Welded Pipe Plant at Helwan	5.3	3.0	0.1	-
6. Sponge Iron Plant at Helwan	25.0	15.0	1.7	0.8
7. Iron Bar Plant at Khataba	25.0	15.0	1.0	0.8
8. Iron Bar Plant at Samalout	35.0	20.0	1.3	1.0
9. Drilling Special Steel Plant at Shoubra El Koima	25.0	15.0	0.1	0.1
10. Drilling Aluminum Strips at Alexandria	9.0	5.5	0.6	0.6
11. Ferro Silicon Plant at Edfu	6.8	2.9	0.3	0.2
Total	466.2	245.1	41.9	13.2
F. Engineering				
1. Lorry and Bus Plant at Helwan	20.6	11.1	0.7	0.4
2. Agricultural Tractor Plant at Helwan	3.4	-	-	-
3. Commercial Vehicle Plant at Komalu Madi	9.3	4.1	-	-
4. Machine Plant at Kofr Sheba	11.1	6.2	-	-
Total	44.4	21.4	0.7	0.4
Grand Total	811.9	424.5	64.8	23.2

Source: General Organization for Industrialization

Table 8.18: Five-Year Development Plan for Industry, 1973-77

A. Industries	Production Plan at 1972 constant prices 1972 (Base Year)	1973 (Targets)	1977 (Targets)	Sub-Sector Structure 1972 (Base Year)	1977 (Targets)	Planned Average Annual Growth Rates 1972-77	Estimated Actual Production in 1973 At Market Prices	Deflated to 1972 Prices 1/
	In E.L. Million			%	%	%	In E.L. Million	
Manufacturing Industries	2,452	2,556	3,460	100.0	100.0	7.1	2,577	2,429
Food	1,064	1,096	1,245	43.4	36.0	3.2	1,085	1,023
Textiles	747	783	950	30.5	27.5	4.9	795	749
- Cotton Ginning	197	207	222	8.0	6.4	2.5	226	
- Spinning & Weaving	450	470	596	18.4	17.2	5.8	465	
- Garments	100	106	132	4.1	3.8	5.7	104	
Chemicals	192	204	307	7.8	8.9	10.0	199	188
- Paper	28	30	43	1.1	1.2	9.0	31	
- Rubber Products	16	17	26	0.7	0.8	10.2	18	
- Others	148	157	238	6.0	6.9	10.1	150	
Products of non-metal materials (cement etc.)	68	65	86	2.8	2.5	4.8	69	65
Basic metals	90	106	272	3.7	7.9	24.8	119	112
Engineering	178	208	440	7.3	12.7	19.9	196	185
- Metal Products	50	58	102	2.0	3.0	15.3	54	
- Non-Electric Machinery	23	25	48	0.9	1.4	15.9	18	
- Electric Machinery	50	63	88	2.0	2.5	12.0	57	
- Transport Equipment	55	62	202	2.2	5.8	29.7	67	
Others	113	121	160	4.6	4.6	7.2	114	107
- Wood Products	41	43	61	1.7	1.8	8.3	41	
- Leather Products	23	28	34	0.9	1.0	8.1	23	
- Others	49	50	65	2.0	1.9	5.8	50	
B. Mining and Relating Industry	167	198	381			17.9	202	190
- Petroleum	40	34	101			20.3	48	
- Petroleum Products	102	139	213			15.9	130	
- Mining	25	25	67			21.8	24	
Total A and B	2,619	2,754	3,841			8.0	2,779	2,619

1/ As price information on each item was not available, GNP deflater for industry and mining (6.1%) was used to obtain a rough indicator of production at 1972 prices.

Source: General Organization for Industrialization.

Table 8.19: Investment in the Public Industrial Sector Planned in the Five Year Plan, 1973-77

Subsector	New Projects	Expansion/ Continuation Projects	Repairs and Replacement	Total
		In E.L.Million		
Food	50	98	10	158
Textiles	120	82	48	250
Chemicals	165	130	20	315
Building Materials	56	54	10	221
Metallurgical	144	300	12	456
Engineering	125	86	10	221
Total	660	750	110	1520
		In Percentage		
Food	31.6	62.0	6.3	100.0
Textiles	48.0	32.8	19.2	100.0
Chemicals	52.4	41.3	6.3	100.0
Building Materials	46.7	45.0	8.3	100.0
Metallurgical	31.6	65.8	2.6	100.0
Engineering	56.6	39.0	4.5	100.0
Total	43.4	49.3	7.2	100.0

Source: General Organization for Industrialization

Table 8.20: Production Forecast of Oil & Gas

(millions of metric tons)

Present Fields	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Morgan	4.1	4.1	5.1	7.5	9.2	10.0	10.1	9.8	8.7	7.1	5.2	3.1
July	1.3	3.0	4.5	5.5	6.5	7.5	7.0	6.5	6.0	5.5	5.0	4.5
G.P.C.	1.3	1.8	1.7	1.5	1.3	1.2	0.9	0.8	0.7	0.7	0.6	0.6
COPE		5.0	4.5	4.2	4.0	3.6	3.1	2.7	2.2	1.8	1.3	0.9
NIPCO	0.8	0.5	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1		
FAPCO	0.2	0.4	0.4	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Gas 1/	___	0.1	1.5	2.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Total	7.7	14.9	18.0	21.7	24.4	25.6	24.4	23.1	20.8	18.3	15.2	12.2
of which State Share	(6.1)	(11.6)	(13.9)	(16.7)	(18.6)	(19.5)	(18.5)	(17.5)	(15.8)	(13.9)	(11.5)	(9.3)
Expected Discoveries												
Oil		0.1	4.7	8.7	13.1	16.3	21.7	28.2	33.0	34.0	35.5	38.0
Gas		___	___	0.5	2.0	2.5	4.5	7.0	7.0	10.0	10.0	10.0
Total		0.1	4.7	9.2	15.1	18.8	26.2	35.2	40.0	44.0	45.5	48.0
of which State Share	___	(.06)	(2.6)	(5.5)	(9.1)	(11.3)	(15.7)	(21.1)	(24.0)	(26.4)	(27.3)	(28.8)
GRAND TOTAL												
Production	7.7	15.0	22.7	30.9	39.5	44.4	50.6	58.3	60.8	62.3	60.7	60.2
State Share	6.1	11.66	16.5	22.2	27.7	30.8	34.2	38.6	39.8	40.3	39.8	38.1

1/ Abu Madi, Abu Kir, Abu Gharadik
Source: EGPC.

Table 8.21: Projected Production and Exports of Energy Products: EGPC Forecast.

	1973	1974	1975	1976	1977	1978	1979	1980	..	1982	1983	..	1985
Production (million m.t.)													
1. From existing oil and gas fields		7.7	14.9	18.0	21.7	24.4	25.6	24.4		20.8	18.3		12.2
2. From expected discoveries		-	0.1	4.7	9.2	15.1	18.8	26.2		40.0	44.0		48.0
3. Total Production		7.7	15.0	22.7	30.9	39.5	44.4	50.6		60.8	62.3		60.2
4. Egyptian share (gas and oil)		6.1?	11.6	16.5	22.2	27.7	30.8	34.2		39.8	40.3		38.1
5. Egyptian refinery capacity + domestic gas use		8.6	9.8	14.0	18.3	19.7	19.7	19.7		19.7	20.2		20.2
Exports (million m.t.)													
6. Surplus of oil & gas for export			1.8	2.5	3.9	8.0	11.1	14.5		20.1	20.1		17.9
7. Surplus of refined products for export			0.7	3.6	6.5	6.8	6.2	5.5		5.0	4.4		3.3
8. Total surplus		-2.5?	2.5	6.1	10.4	14.8	17.3	20.0		25.1	24.6		21.2
Prices ($)													
9. Price of petroleum ($/barrel)1/		9.00	9.60	10.30	11.10	11.90	12.80	13.75		15.30	16.15		18.00
10. ($/million m.t.)		67.50	72.00	77.25	83.25	89.25	96.00	103.10		114.75	121.15		135.00
11. Price of refined products2/ ($/million m.t.)		74.25	79.20	85.00	91.60	98.20	105.60	113.45		126.25	133.25		148.50
11a. Price of petroleum (£E/m.t.)		26.4	28.1	30.2	32.5	34.9	37.5	40.3		44.8	47.3		52.7
Price of refined products (£E/m.t.)		29.0	30.9	33.2	35.8	38.4	41.3	44.3		49.3	52.1		58.0
Value of Exports ($ million)													
12. Oil and gas			129.6	193.1	324.7	714.0	1065.6	1494.9		2306.5	2435.1		2416.5
13. Refined products			55.4	306.0	594.8	667.8	654.7	624.0		631.3	586.3		490.0
14. Total			185.0	499.1	919.5	1381.8	1720.3	2118.9		2937.8	3021.4		2906.5
Value of Exports (£E million)													
15. Oil and gas			50.6	75.4	126.8	278.9	416.3	583.9		901.0	951.2		943.9
16. Refined products			21.6	119.5	232.3	260.9	255.7	243.7		246.6	229.0		191.4
17. Total			72.2	194.9	359.1	539.8	671.0	824.6		1147.6	1180.2		1135.3

1/ Price for 1974 based on information from Egyptian authorities; prices from 1975-80 and 1985 from IBRD commodities division, prices for 1982-83 were extrapolated.

2/ Price for refined products assumed to be 1.1 times price for petroleum.

Source: All data in lines 1-8 provided by EGPC; prices from Commodity Division of World Bank

Table 8.22: Alternative Projection, Petroleum and Petroleum Product Exports

	1973	1974	1975	1976	1977	1978	1979	1980	..	1982	1983	..	1985
Production (million m.t.)													
1. From present fields		7.7	14.8	16.5	19.2	21.4	22.6	21.4		17.8	15.3		9.2
2. From expected discoveries		-	0.1	4.7	8.7	13.1	16.3	21.7		33.0	34.0		38.0
3. Total		7.7	14.9	21.2	27.9	34.5	38.9	43.1		50.8	49.3		47.2
4. Egyptian share (calculated as same % share as in official energy forecast)		6.1	11.5	15.5	20.1	24.2	26.8	29.3		33.0	32.0		29.7
5. Consumption (1974 base = 150,000 B/D) 1/		7.3	7.8	8.5	9.1	9.7	10.5	11.3		13.0	14.0		16.2
6. Exportable surplus (4-5)		-1.2	3.7	7.0	11.0	14.5	16.3	18.0		20.0	18.0		13.5
Price													
7. Weighted average price of petroleum and petroleum products			28.9	32.0	34.5	36.5	38.8	41.2		45.7	48.0		53.6
Value of Exports													
8. Petroleum exports (£E million) (line 6 x 7)			106.9	224.0	379.5	529.2	632.4	741.6		914.0	864.0		723.6
($ million)			274	573	972	1355	1619	1898		2340	2212		1852

1/ Consumption projected to rise by about 7.5 percent annually.

Source: Calculated from data and information provided by EGPC.

Table 8.23: Private Foreign Investment (September 1971 to December 1973) (excluding free zone projects)

	Nos. of Projects	Project Cost 1/ (Foreign Currency only) (E.L. Million)	Nos. of Projects	Project Cost 1/ (Foreign Currency only) (E.L. Million)
Industry	151	55.6	46	11.7
Food	18	0.3	1	0.05
Textiles	30	3.4	7	1.4
Chemicals	21	7.3	20	6.0
Petro-chemicals	30	14.5	5	2.7
Building Materials	11	24.8	3	0.3
Metallurgical	21	4.0	8	1.2
Engineering	20	1.3	2	0.04
Mining	5	0.6	1	0.03
Agriculture	15	6.1	8	2.2
Tourism	51	61.8	9	1.0
Housing	31	38.4	11	30.2
Miscellaneous	53	34.4	2	0.08
Total	306	196.9	77	45.2

1/ Estimates

Source: General Organization for Arab and International Economic Corporation

Table 8.24: Tourism--Arrivals and Nights Spent by Nationalities

(In thousands)

	Arabs		Europeans		Americans		Others		Total	
	Arrivals	Nights Spent	Arrivals	Nights Spent	Arrivals	Nights Spent	Arrivals	Nights Spent	Arrivals	Nights Spent
1960	127	2,291	91	1,531	38	331	30	407	286	4,560
1961	107	2,257	106	1,668	43	358	28	362	284	4,645
1962	116	1,964	87	1,349	40	303	48	550	291	4,166
1963	151	1,869	133	1,311	61	434	59	609	404	4,023
1964	208	3,856	165	1,986	66	426	58	756	497	7,024
1965	246	7,068	179	2,328	63	395	54	610	542	10,401
1966	256	6,439	197	2,327	73	424	53	593	579	9,783
1967	167	3,960	112	1,597	32	396	34	417	345	6,370
1968	184	3,436	82	625	23	125	29	189	318	4,376
1969	194	3,341	85	687	33	148	33	220	345	4,396
1970	231	3,676	66	537	25	128	36	233	358	4,574
1971	260	4,619	95	827	30	189	43	344	428	5,979
1972	314	4,810	132	1,095	44	286	51	423	541	6,614
1973	333	2,874	119	777	41	186	42	255	535	4,092

Source: State Tourist Administration; the arrivals figures through 1970 are from National Bank of Egypt, Economic Bulletin, 1973, No. 1, p.84

Table 8.25: Tourism Development Plan (1974-1980)
Arrivals and Nights Projections
(in thousands)

	Arabs		Europeans		Americans		Others		Total	
	Arrivals	Nights spent	Arrivals	Nights spent	Arrivals	Nights spent	Arrivals	Nights spent	Arrivals	Nights spent
1974	350	6,000	300	2,500	150	1,000	100	500	900	10,000
1975	500	9,000	400	3,000	300	1,500	300	1,500	1,000	15,000
1976	500	10,000	600	5,000	300	1,500	300	1,500	1,700	18,000
1977	600	12,000	900	7,000	300	1,500	300	1,500	2,100	22,000
1978	700	13,000	1,300	9,000	400	2,000	400	2,000	2,800	25,000
1979	700	13,000	1,600	14,000	400	2,000	400	2,000	3,100	31,000
1980	800	15,000	2,000	16,000	400	2,000	600	3,000	3,800	36,000

Source: Ministry of Tourism.

Table 8.26: Number of Rooms and Beds in Classified Hotels

(as of April, 1974)

Governorate	Number of Rooms						Number of Beds					
	De Luxe	1st A	1st B	2nd A	2nd B	Total	De Luxe	1st A	1st B	2nd A	2nd B	Total
Cairo	1,282	1,419	323	1,119	667	4,810	2,388	2,770	598	2,217	934	8,907
Alexandria	99	609	401	100	661	1,870	198	1,013	748	198	1,249	3,406
Marsa Matrouh				83	89	172				169	143	312
Baltim					60	60					120	120
Red Sea		130				130		260				260
Ras el-Bar					732	732					1,550	1,550
Menia			30		22	52			60		40	104
Luxor	144	370	72			586	288	691	124			1,103
Aswan	144	308	96		127	675	280	401	192		187	1,060
Gamassa					58	58					116	116
Fayoum				77	8	85				148	14	162
TOTAL	1,669	2,836	922	1,379	2,444	9,086	3,154	5,135	1,722	2,732	4,357	17,100

	Hotels Completed in 1973	New Hotels under Construction
Cairo	Mina Gardens - 1st A - 200 rooms	Meridian - de luxe - 300 rooms - opening 1974 (October)
Luxor	-	Elkarnak - 1st A - 136 rooms - opening 1975
Aswan	-	Elephantine - de luxe - 160 rooms - opening 1974 (Sept.)
Alexandria	(i) Palestine - 1st A - 100 rooms	
	(ii) Mecca - 2nd A - 120 rooms	

Source: Ministry of Tourism, ARE

Table 8.27: Hotel Projects Planned by EGOTH and Arab International Bank

Planned Completion Date	Hotel	Proprietary Organization	Deluxe and 1st Class Rooms: Cairo	Alex	No. Coast	Luxor	Aswan	Tourist Class Rooms: Cairo	Alex	No. Coast	Luxor	Aswan	Total Rooms: Deluxe + 1st Class	Tourist
1974	Meridian	EGOTH	300											
	Elephantine	EGOTH					160							
1975	El Karnak (1st Phase)	EGOTH									136			
1976	El Karnak (2nd Phase)	EGOTH									204			
	Shaahrazad (Extension)	EGOTH						120						
	Sidi El Rahman				300									
	Tourist Village	EGOTH								300				
	Tourist Village	EGOTH									150			
	Cairo THP	AIB	400											
1977	El Khayyam (Reconstruction)	EGOTH	750											
	Cairo Hotel	EGOTH						450						
	Luxor Hotel (Extension)	EGOTH									300			
	Hilton II Cairo	AIB	600											
	Semiramis (Reconstruction)	EGOTH	600											
1978	Sultana Malak	EGOTH				300								
	Continental	EGOTH						600						
	Alex. Sheraton	AIB		400										
	Luxor Sheraton	AIB				200								
1979	Chicago	EGOTH				150								
	Tourist Village	EGOTH								400				
	Tourist Village	EGOTH								400				
			2,650	400	300	650	160	1,170		1,100	790		4,100	3,060

Source: EGOTH.

Table 9.1: Wages and Salaries

(In millions of Egyptian pounds at current prices)

Year ended June 30 (except as noted)	1967/68	1968/69	1969/70	1970/71	1971/72	1973 1/
Commodity sectors	413.2	444.5	472.0	565.1	584.8	638
Agriculture	201.3	210.7	218.4	225.4	226.8	244
Industry	160.0	166.2	175.7	261.3 2/	279.3	312
Electricity	4.7	5.9	6.3	8.7	10.2	13
Construction	47.2	61.7	71.6	69.7	68.5	69
Distribution sectors	196.2	203.5	212.0	230.2	243.7	263
Transport and communication	78.4	82.4	85.3	97.5	104.9	114
Trade and finance	117.8	121.1	126.7	132.7	138.8	149
Service sectors	422.8	457.6	495.7	542.3	586.2	681
Housing	10.6	10.7	10.7	10.8	10.8	11
Public utilities	8.0	8.0	8.3	8.7	9.2	10
Other services	404.2	438.9	476.7	522.8	566.2	660
Total	1,032.2	1,105.6	1,179.7	1,337.6	1,414.7	1,582

Source: Ministry of Planning.

1/ Preliminary calendar-year estimates.
2/ Evidently a change in coverage occurred in 1970/71; data (including totals) should be interpreted with caution.

Table 9.2: Trends in Output and Wages per Worker[1/]

(1967/68 = 100)

	Output[2/]	Nominal Wages[3/]	Real Wages[4/]
1968/69	102.6	104.1	100.1
1969/70	106.7	108.1	101.0
1970/71	108.6	114.7	103.0
1971/72	110.0	119.0	104.4
1973	114.5	128.6	...

Sources: Based on data from Ministry of Planning and the Central Agency for Public Mobilization & Statistics

1/ Due to frequent changes in the underlying series, data shown should be considered as indicative of trends only. Adjustments have been made for increased coverage in industrial wages and employment data in 1970/71.

2/ GDP per worker at constant factor cost.

3/ Current prices; includes fringe benefits but not profit sharing.

4/ Deflated by consumer price index.

Table 9.3: Average Annual Wage in Industry, 1971-73
(In LE)

	For Total Workers			For Type A Workers		
	1970/71	1971/72 (12 months)	1973	1970/71	1971/72 (12 months)	1973
Food	260	282	316	268	287	324
Textiles	255	272	302	285	288	323
Chemicals	296	320	378	323	337	395
Building Materials	322	354	377	338	359	379
Metallurgical	404	452	463	434	488	479
Engineering	318	341	366	356	382	415
Total	278	301	332	307	318	353

Source: Ministry of Industry.

Table 9.4: Consumer Price Index for Urban Population

(1966/67 = 100)

Years ended June 30 1/	1967/68	1968/69	1969/70	1970/71	1971/72	1972/73
Food and beverages (52.5) 2/	99.1	103.6	109.1	117.0	120.8	126.2
Cereals (11.2)	102.1	99.1	98.9	98.9	99.0	99.5
Pulses (6.6)	105.9	104.8	108.1	153.5	147.3	117.1
Meat, fish and eggs (13.1)	89.2	99.8	115.1	126.9	134.1	148.4
Dairy products (5.9)	98.7	102.9	112.4	114.4	119.9	126.5
Vegetables (3.8)	87.9	96.8	100.5	117.0	119.9	162.0
Fruits (2.9)	104.0	120.6	120.8	130.5	128.2	145.3
Other items						
Housing (15.7)	105.7	108.5	109.1	108.7	108.5	105.7
Furniture and other durables (1.3)	100.7	99.3	96.3	96.8	97.2	95.9
Clothing (8.4)	100.9	101.9	102.3	101.5	104.5	109.4
Transportation and communication (4.4)	112.0	119.5	119.8	119.8	120.5	121.4
Services (9.9)	103.5	108.0	108.6	113.2	117.3	120.2
Personal expenses (7.8)	108.2	114.4	114.4	114.4	114.6	114.8
All items (100.0)	102.0	106.1	109.2	113.6	116.3	119.5

Source: Central Agency for Public Mobilization and Statistics.

1/ Twelve-monthly averages of monthly data.
2/ The numbers in parentheses are indicative weights based on weights for five regional indices and population weights for the regions (including the Canal Zone, for which no observations are now taken). The original weights were from family budget survey of 1964/65 and sample population census of 1966. The index for food and bevereges includes oils and fats (2.2), sugar and sweets (2.5), and beverages (4.3).

Table 9.5: Wholesale Price Index

(1965/66 = 100)

Years ended June 30[1]	1967/68	1968/69	1969/70	1970/71	1971/72	1972/73
Agricultural crops (276.4)	114.8	110.1	114.5	122.1	120.6	132.1
Ginned cotton (83.2)	103.3	112.5	115.6	117.8	117.4	129.8
Cereals (98.5)	131.7	112.0	123.1	127.6	124.0	132.9
Oil seeds (4.0)	117.4	118.2	118.7	116.8	117.8	118.3
Pulses (16.2)	124.0	107.1	108.7	141.4	145.6	121.5
Fresh vegetables (38.7)	93.8	93.8	92.9	96.5	95.6	148.6
Tea and coffee (13.3)	144.6	151.1	153.9	150.3	139.2	139.2
Poultry and fish (33.6)	95.5	94.4	100.3	108.2	112.4	121.5
Foodstuffs and beverages (198.7)	114.8	117.3	123.8	127.4	129.7	134.0
Sugar and sweets (27.9)	107.9	108.1	108.2	104.2	101.8	102.0
Starchy products (45.4)	168.8	150.5	137.2	135.7	134.8	131.4
Eggs, milk, dairy (43.9)	101.2	94.8	99.0	107.2	112.8	117.9
Beverages (6.8)	113.3	113.3	113.3	113.3	113.3	113.1
Local meat (63.4)	90.9	115.6	141.7	150.9	156.4	168.7
Edible oils and fats (9.7)	102.1	106.1	105.9	105.5	105.5	105.5
Tobacco and cigarettes (71.3)	116.8	122.8	122.8	122.8	122.2	119.6
Yarn, textiles, etc. (205.0)	107.9	110.7	108.7	112.6	113.7	113.9
Yarn (71.6)	105.0	107.0	106.1	105.5	105.7	106.2
Textiles (93.0)	107.5	106.7	106.7	107.4	109.3	110.0
Household appliances (11.8)	107.1	102.3	96.3	98.0	99.8	99.2
Petroleum and fuel (73.8)	100.2	121.5	125.0	122.8	122.2	125.8
Paper (11.5)	106.4	111.6	117.4	118.5	119.3	120.7
Wood (11.5)	103.6	103.6	104.4	104.9	104.9	104.5
Construction materials (26.2)	102.2	102.0	106.3	113.9	115.7	123.2
Medicines (15.7)	100.0	100.0	108.4	106.4	111.2	108.1
Chemical materials (28.9)	106.2	101.3	111.5	111.6	111.6	112.3
Fertilizers (16.9)	102.4	102.4	110.6	110.6	110.6	110.6
Metals and products (10.2)	103.6	103.3	103.0	111.0	111.1	116.2
Transport equipment (9.7)	114.6	115.8	119.3	122.6	122.6	128.3
All items[2] (1000.0)	110.2	112.0	114.6	119.1	119.6	124.4

Source: Central Agency for Public Mobilization and Statistics.

1/ Twelve-monthly averages of monthly data. The numbers in parentheses are weights.
2/ Includes also inedible animal products (8.3), tanned skins (3.4) and machinery and implements (4.0).

Table 9.6: Implicit Price Indices of Gross Domestic Product at Factor Cost

Years ended June 30 (except as noted)	1967/68	1968/69	1969/70	1970/71	1971/72	1972 1/	1973 1/
	(1964/65=100)			(1969/70=100)			(1972=100)
Commodity sectors	108.7	111.5	115.0	101.7	105.2	107.3	106.0
Agriculture	108.3	114.4	120.5	101.7	108.0	111.2	107.0
Industry and mining	110.6	110.2	111.4	101.8	103.3	104.1	105.9
Electricity	99.2	97.5	94.4	89.7	97.6	97.6	100.0
Construction	106.2	105.0	108.4	105.4	100.0	100.0	100.7
Distribution sectors	105.2	105.8	106.7	100.2	102.3	103.5	103.9
Transportation, communication and storage	102.0	101.0	102.4	99.0	99.5	99.8	100.0
Trade and finance	107.0	108.5	109.3	100.8	104.0	105.6	106.0
Service sectors	104.1	103.2	103.6	100.5	101.2	101.6	102.6
Housing	100.2	100.3	100.2	100.1	100.1	100.8	100.0
Public utilities	99.0	100.0	100.0	100.0	100.0	100.0	100.0
Other services	105.1	103.9	104.4	100.6	101.4	101.8	103.1
Gross domestic product	106.8	108.2	110.4	101.1	103.6	105.1	104.7

Source: Based on Tables 2.1 and 2.2.

1/ Calendar year; based on provisional GDP estimates.

Table 9.7: Prices of Supply Commodities
(In Egyptian pounds per metric ton)

	1969/70	1970/71	1971/72	July-Dec. 1972	1973	1974[1]
Average import prices						
Wheat	23.7	30.9	29.6	28.7	73.0	105.0 - 106.5
Wheat flour	28.9	33.4	35.6	33.2	78.3	135.0 - ...[2]
Maize	24.4	32.4	25.0	28.8	52.3	75.0 - 77.6
Vegetable oil	127.9	161.5	173.6	141.1	193.5	270.0 - 286.0
Lentils	70.8	76.3	82.7	90.1	261.1	200.0 - 227.2
Sesame	111.8	120.9	132.2	156.5	...	200.0 - 235.3
Tea	371.3	387.3	390.0	373.0	369.3	420.0 - 354.8
Coffee	273.0	295.1	278.2	326.0	453.6	500.0 - 520.8
Edible fats	107.5	130.5	119.9	117.0	134.7	260.0 - 236.6
Frozen beef	245.3	300.8	334.3	376.2	458.7	750.0 - ...[2]
Frozen mutton	183.7	192.2	203.8	225.7	475.7	550.0 - ...[2]
Cattle alive (head)	51.5	47.2	58.0	53.3	64.7	60.0 - ...[2]
Domestic buying prices						
Wheat[2]	33.3	33.3	33.3	33.3	33.3	43.3
Maize	--	--	--	--	45.0	...
Rice (paddy)[3]	30.0	27.0	27.0	27.0	27.0	31.2
Sesame[4]	87.5	87.5	87.5	93.0	100.0	106.3
Horse beans	45.2[3]	51.6	51.6	51.6	51.6	58.0
Sugar[3/5]	23.4	23.4	23.4[6]	26.2	31.8	45.5
Selling prices						
Wheat	29.5	29.5	29.5	29.5	29.5[6]	30.9
Wheat flour	51.9	51.9	51.9	51.9	51.9[6]	55.0[7]
Maize	30.0	30.0	30.0[6]	33.0	33.0	33.0
Rice (bleached)	56.0	56.0	51.0	51.0	51.0	51.0
Sesame	107.0	110.0	110.0	110.0	110.0	110.0
Vegetable oil (rationed)	49.7	49.7	49.7	49.7	49.7	49.7
Sugar (basic ration)	70.0	70.0	70.0	70.0	70.0	70.0
Lentils	69.0	69.0[6]	79.0	98.0	98.0	98.0
Horse beans	...	...	...	...	51.6	51.6
Vegetable oil (factory)	100.0	100.0	100.0	100.0	100.0	100.0
Tea (Ceylon)	2,778	2,178[8]	2,178	2,178	2,178	2,178
Coffee (Brazilian)[9]	674	674	674	674	674	674
Sugar (additional)	160.0	150.0[8]	150.0	150.0	150.0	245.0[10]
Edible fats	220.0	220.0	220.0	220.0	220.0	220.0

Source: General Authority for Supply Commodities (except as noted).

1/ Import prices shown represent, respectively, budget assumptions and actual contracts in January-March 1974; domestic buying and selling prices are as of April 1974.
2/ Not contracted for during the first quarter of 1974.
3/ Data from
4/ data are substantially higher, apparently being for higher grades.
5/ Cane price divided by average sugar extraction ratio (0.11) to improve comparability with selling prices; these, however, include processing and distribution costs.
6/ Price raised during latter part of period to price shown for following period.
7/ Local flour; LE 70.8 per ton for imported extra-fine flour.
8/ Prices effective November 1970; earlier prices same as previous year.
9/ For Robusta (African) coffee, the main type imported and sold, the price is lower.
10/ For the first one-quarter kilo above the one-half kilo basic ration the price remained unchanged.

Table 9.8: Increase in Import Prices of Selected Inputs
(C & F Per Ton: LE)

Main Imported Inputs	Average of 1972	Average of 1973	February 1974	Comparison (%) 1973/72	Comparison (%) 1974/73
Food Materials					
Milk	300	400	500	133	125
Tobacco	500	650	750	130	115
Cigarette paper	350	500	-	143	-
Textile & Paper					
Wool	700	1500	1500	214	100
Arabic Wool	600	1300	1300	217	100
Rayon	600	700	1100	117	157
Synthetic Fiber	-	700	1200	-	171
Pulp	75	110	200	147	182
Kraft Paper	75	110	240	147	218
Chemicals					
Caustic Soda	60	75	135	125	180
Plastic Materials	-	200	350	-	175
Rubber	225	350	500	156	143
Synthetic Rubber	-	150	350	-	233
Metals					
Cast Iron	22	42	60	191	143
Steel Slabs	40	40	100	100	250
Steel Sheet	60	80	155	133	194
Steel Wire	60	120	190	200	158
Scrap	18	35	50	194	143
Tin Plates	120	150	200	125	133
Zinc	150	350	650	233	186
Lead	150	240	280	160	117
Aluminum	270	320	400	119	125
Copper	420	800	1000	190	125

Source: Ministry of Industry