

Egypt to sell stakes in state firms

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Egypt's Investment Minister Mahmoud Mohieldin

Egyptian Investment Minister Mahmoud Mohieldin announced Wednesday that the ministry has drawn up a plan to sell stakes of up to 49 percent in selected state-owned firms but is in no hurry to offload the assets

Middle East

Investment Summit that the state's portfolio of 150 firms was now turning a profit, earning the government more than 5.1 billion Egyptian pounds (\$930 million) in 2007/08, said Mohieldin.

The government was also on its way toward clearing up the last 8 billion pounds of non-performing debt the state firms owe to government banks through a recently resurrected proposal to swap debt for land, Mohieldin said.

Part of the proceeds of the asset sales would be placed into a state "fund for future generations" if the plan is approved. The ministry is suggesting 5 percent of the proceeds of state asset sales go to the new fund.

"We have 150 companies. Some of them could be candidates for such programs, some others may not," Mohieldin said.

Some of the firms are fully state-owned and some are majority state-owned. Under the proposal, the state would keep at least a 51 percent stake in all the firms, the minister said.

"I'm not really very much under any kind of pressure or in a hurry to get things on a fast track, because the kind of portfolio we have today is a profitable one," he said.

The plan would be debated at the annual conference of the ruling party, which starts Friday, then put in a draft law to be passed by parliament, the minister said.

Under a ministry proposal, the non-performing debt of the 150 state companies would be cleared through a debt swap for real estate they hold, Mohieldin said.

"We don't really have other sources but to swap debts by pieces of real estate," he said.

Egypt had reduced the debts the firms owed to state banks, accrued since nationalization in the 1960s, to 8 billion pounds from 32 million pounds only a few years earlier, Mohieldin said.

The plan to pay off the remainder through a debt swap of unused land had been under study by the ministry but was now in the execution stage. "This is going to be great for the public enterprises and for the banks," he said.

Mohieldin said the timing of the debt deal depended on how quickly the land could be valued and on its acceptance by the state banks.

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