

## Minister: Financial Crisis finally hits Egypt

Contributed by Egypt News  
Sunday, 01 November 2009

Othman Mohamed Othman

Egypt's Economic Development Minister

Egyptian Minister of Economic Development Othman Mohamed Othman reported that the direct impact of the Global Financial Crisis (GFC) has finally hit Egypt

He said in comments carried by Egyptian newspaper al-Dustour after a speech in Cairo that the annual GDP for Egypt dropped from 1.18 trillion Egyptian pounds to 1.038 trillion.

Othman said during his speech on Thursday at the Egyptian Association for Political Economy that the effect of the post-financial world's crisis on legislation and statistics is readily apparent in Egypt.

The minister said that the the rate of total investment has declined from 22 percent to 19 percent in the past year and as Egypt lost some \$20 billion.

This, he says, is the sizable lack of foreign exchange earnings, pointing out that Egypt this year also witnessed a decline in the volume of Arab investment, from 67 percent to 57 percent.

According to the ministry, "this is directly related to the growing lack of money to invest in projects in Egypt as foreign investors attempt to buttress their losses."

Othman continued that "the crisis had negatively impacted employment rates, which had fallen 13 percent the previous year."

The minister stressed that poverty has increased than ever in Egypt, increasing from 19 percent to 21 percent. "One out of every five families are poor families," the minister said.

The minister revealed that the only sector that has not been influenced by the financial crisis is the oil market, which saw an increase in its total investments, most likely as a result of its strong connections to "international politics and relations."

On high prices, Othman said that recently prices have seen an irrational rise in 825 commodities, including vegetables, dairy products and sugar, adding that there was no link between high prices and the Ramadan or Eid holiday seasons, as experts first reported "because it is not logical."

A result of the financial crisis has been the increasingly high prices, which Othman said have resulted in the increase in poverty.

Mustafa Al-Saeed, Head of People's Assembly Economic Committee, argued that there is a "misunderstanding of the economics of the market in Egypt," pointing out that a free economy and a sound understanding of the market economy "are based on perfect competition and the absence of imbalances or any manifestations of monopoly, therefore, the state has to restore the market balance and achieve compatibility between different variables to achieve the conditions of perfect competition."

These, he argued, have yet to be established in Egypt, which are seeing the detrimental affects from the global crisis in Egyptians' every day lives.

EGYPT NEWS