El-Sisi and Egypt's Economic Future: Fundamental Challenges, Bold Moves, and High Risks

Yitzhak Gal

Main Fundamental Challenges

Demographic Trends and the Labor Market Challenge

Egypt is undergoing a process of dramatic demographic changes. The fertility rate, the average number of children that a woman has during the years of her fertility, fell from close to seven children per woman in the 1950s, to 3-3.5 children per woman in 2010 – a figure comparable to that of Israel. As a result, population growth decreased from 2.5-2.75 percent per year in the 1950s and 1960s to 1.5-1.75 percent in the first decade of the twenty-first century.[1]

However, such changes in demographic trends take decades to be felt, and this dramatic shift is not yet reflected in the reality of Egyptian life. The extremely high birth rates in the second half of the twentieth century have translated into a fourfold increase in the number of young Egyptians reaching working age: from 400,000 per year in the 1950s and the 1960s, to 800,000 a year in 1980s, and 1.6 million in the current decade. The forecast for the coming decades is 1.6-1.8 million a year (figure 1).

The Energy Sector Challenge

For the last three decades, the energy sector was a mainstay of the Egyptian economy. The overall contribution of oil and gas to Egypt's balance of payments (exports and import-substitution) was estimated in the early

Yitzhak Gal is a research fellow at the Moshe Dayan Center for Middle Eastern and African Affairs, co-chair of the Dayan Center Middle East Economic Forum, and co-editor of *Iqtisadi*, the Dayan Center periodical on Middle East Economic Affairs.

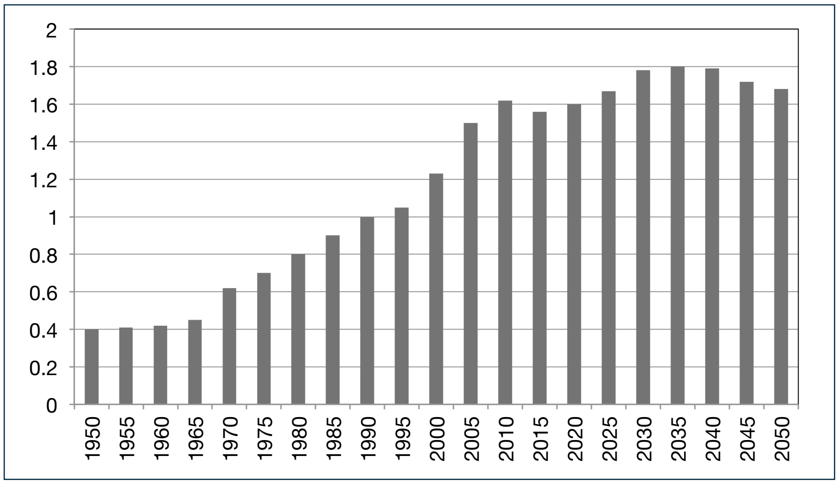

Figure 1. Egypt: Annual number of youth reaching working age (age 20-24), 1950-2050 (in millions)

Source: Computed by the author from data from UN, Department of Economic and Social Affairs, Population Division, Population by age groups and sex, 2010 (absolute numbers)[2]

2010s at some $25 billion a year, the equivalent of approximately 45 percent of Egypt's total imports of goods and services. Self-supply of oil and gas enabled Egypt to provide the population with energy at highly subsidized prices, and this system of direct and indirect energy subsidies became a most important factor in preserving Egypt's socio-economic stability.[3]

Since the early years of the decade, however, this situation has changed dramatically. Egypt's major oil fields are aging, oil production is stagnating, and internal consumption of heavily subsidized fuels and electricity has continued its rapid growth. As a result, Egypt has already become a net importer of oil, and is expected to soon become a net importer of gas as well. In 2013/14 (Egypt's fiscal year starts in July), Egypt's net imports of oil and gas were estimated at close to $10 billion, compared to $5 billion net exports five years earlier.[4]

Concomitantly, energy subsidies have mushroomed to huge levels. Direct and indirect energy subsidies in 2012/13 amounted to a staggering sum of close to $30 billion – 10 percent of the GDP and 30 percent of all government expenditure.[5] At this level, the imbalances in the energy sector have become Egypt's most severe macro-economic problem. Furthermore, since 2010, and especially in 2012 and the first half of 2013, the spiraling growth of demand for electricity joined the pressure on Egypt's foreign exchange reserves to generate recurrent fuel supply shortages, and Egypt began to experience frequent power outages.

Since el-Sisi rose to power in the middle of 2013, the increased inflow of aid from the Gulf states has enabled the new regime to secure enough supplies of fuels and gas. The problem of electricity supply, however, remains unsolved, as the gap between fast increasing demand (fueled by heavily subsidized electricity tariffs) and the limited capacity of power plants has continued to widen at an alarming pace.

Short and Medium Term Macroeconomic Challenges

Economic Growth and Employment

In terms of macroeconomic performance, the period 2004-2010 was the best in decades. Egypt's economy showed strong real economic growth of between 5-7 percent a year, in spite of the global economic crisis, and GDP per capita, adjusted to local purchasing power according to the Purchasing Power Parity method (PPP), grew by more than 40 percent.[6] However, the political instability that followed the downfall of the Mubarak regime disrupted economic activity, and economic growth fell to approximately 2 percent a year in 2011-2013.[7]

> Considering the vital role of the Gulf states in sustaining the Egyptian economy and enabling economic growth, Egypt may adopt a strategy to balance its relationship with the Gulf states by contributing to their security, and take an active role against destabilizing forces that threaten the Gulf area or the region at large.

The weak performance of the economy in 2011-2013 was reflected immediately in a sharp increase in unemployment, to 13-13.5 percent in 2012-2013.[8] Unemployment among the younger workforce has always been especially high, and the situation worsened considerably as a result of the economic stagnation since 2011. As of the middle of 2014, the unemployment rate in the 18-29 age group was more than double that of the total labor force, and in the 15-24 age group triple that of the total labor force (29 and 39 percent, respectively, compared to 13.4 percent in the total labor force; see figure 2). The unemployment rate among university graduates was 36 percent for men and 57 percent for women. In comparison, the unemployment rate for illiterate persons and intermediate graduates was 15 percent for men, and 14 percent for women.[9]

In order to halt the fast increase in unemployment, Egypt must return to a sustained growth path of no less than 5 percent per year.

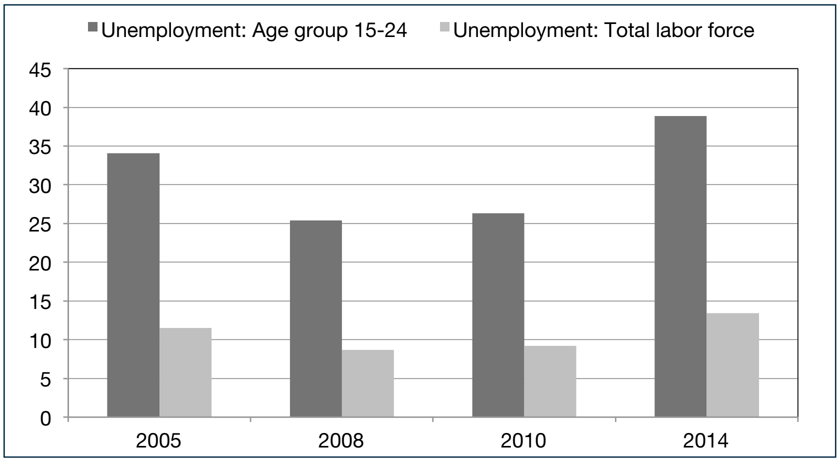

Figure 2. Unemployment in Egypt: Total and among youth, 2005-2014 (percent)

Source: UN Statistical Division: Millennium Development Goals Database; and World Bank, Data Bank [10]

The Fiscal Challenge: Rebalancing the State Budget and Streamlining Subsidies
Political instability since 2011 has also been mirrored in much more relaxed fiscal policies. Steep increases in public expenditure raised the budget deficit to clearly unsustainable levels, estimated at 14 percent of the GDP in 2012/13 and 2013/14. The main cause of this increase is the gigantic subsidy budget, though salaries and other public wage expenses as well as various social expenses registered significant increase as well.[11]

The Balance of Payments Challenge: Rebalancing External Finances
The unsustainability of the post-2011 Egyptian economy has been reflected in the balance of payments as well. Income from tourism, a most important source of export revenue, dropped from close to $12 billion in 2009/10 to $5 billion in 2013/14. Net foreign investment (foreign direct investment, FDI, and portfolio investment) fell from $13 billion in 2009/10 to a net outflow of $1.5 billion a year in 2010/11 and 2011/12, and then recovered partly to an annual inflow of $5 billion a year in 2012/13 and 2013/4. Wheat imports, as well as imports of other essential goods, increased considerably. Total imports of goods and services grew from $57 billion in 2009/10 to $67-69

billion a year in 2012/13 and 2013/14, while the total export of goods and services stagnated at $45-49 billion a year. These trends caused Egypt's official foreign exchange reserves to fall dramatically, from a comfortable level of $35 billion at the end 2009/10, the equivalent of seven months of imports of goods and services, to as low as $15 billion at the end of 2011/12, less than three months of exports.[12]

This 60 percent drop caused Egypt to face growing difficulties in purchasing basic food and other critical supplies in the second half of 2012 and the first half of 2013. These supply difficulties had considerable social and political destabilizing effects on the regime of President Morsi, and were among the causes of his fall.

El-Sisi's Starting Point

Given the depth and magnitude of Egypt's demographic, economic, and social challenges, rebalancing the Egyptian economy is quite a formidable task. Nevertheless, el-Sisi began with three factors that have worked in his favor:

a. He reinstated political stability and won popular trust and support, a precondition for implementation of the required bold economic measures.
b. Though the economy stagnated in the post-2011 period, the key sectors of the economy have not been hurt.
c. There was an unprecedentedly large sum of economic aid from the Gulf states.

Except for tourism, Egypt's main branches of the economy, including the export-oriented branches, have remained mostly intact. Suez Canal earnings in 2013/14, at $5.4 billion, were 10 percent higher than in 2009/10, and the figures for the first half of 2014/15 show another increase of 9 percent. Total non-oil-and-gas merchandise exports were not hurt, as well as non-tourism export of services (figure 3). The banking sector has likewise proved to be stable. Most importantly, Egyptian workers abroad considerably increased the transfer of their remittances home. Remittances doubled, from $9.5 billion in 2009/10 to $18.4 billion a year in 2012/13-2013/14. The figures for the first half of 2014/15 show a strong increase of 12 percent over the first half of 2013/14, namely, annualized remittance inflow of about $20 billion.[13]

As to the third main factor, Gulf aid jumped as high as $19 billion in the 2013/14 financial year. Key donors were Saudi Arabia and the United Arab Emirates, which contributed close to $8 billion each, and Kuwait (close to $3 billion). A large part of this aid was in the form of oil products, more than 40 percent of total Gulf aid in 2013/14.[14] In 2014/15, the Gulf states pledged more than $12 billion in financial aid, and a substantial part was already transferred.[15]

The huge inflow of aid from the Gulf states has enabled el-Sisi to finance the gap in the balance of payment and streamline payment of debt and arrears, while keeping Egypt's foreign exchange reserves at between $15-20 billion, around 3-3.5 months of imports. In April 2015, for first time since the end of 2011, foreign exchange reserves rose to above $20 billion (figure 4).[16]

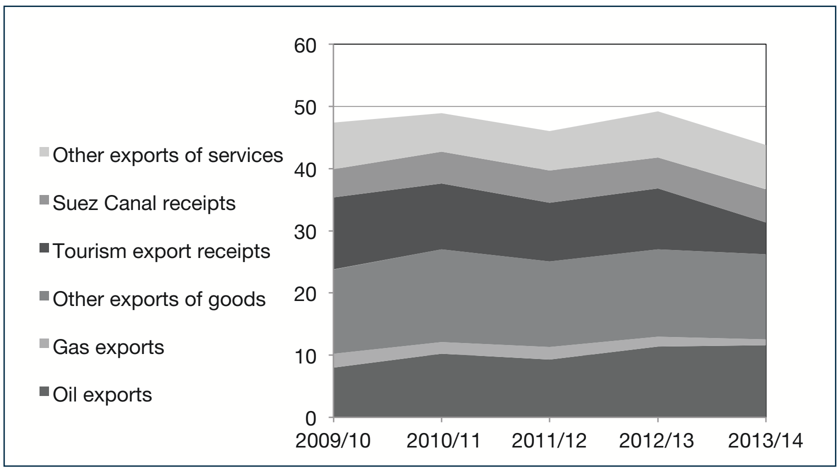

Figure 3. Egypt: Merchandise and service exports by main branches, 2009/10-2013/14 ($ billions)

Source: IMF [17]

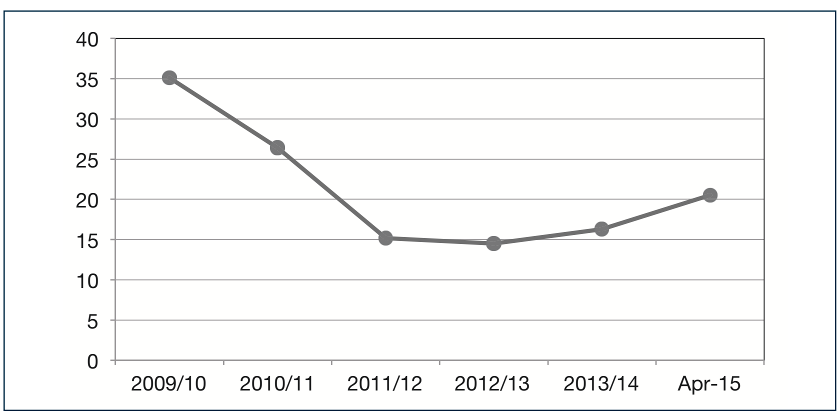

Figure 4. Egypt: Gross international reserves 2009/10-April 2015 ($ billions, end of period)

Source: IMF, *Daily News Egypt* [18]

El-Sisi's Economic Plan

El-Sisi's ambitious economic plan centers on structural reforms, boldly targeting the mammoth subsidy bill that previous governments did not have the political courage to address, seeking tax reforms, implementing other fiscal adjustments, and encouraging investment. The main macroeconomic targets of the plan are:[19]

a. Raising economic growth to a long term rate of 6 percent a year by 2018/19: Egypt must return to a 5-7 percent growth level, which it enjoyed in 2004-2010, in order to create a sufficient number of jobs for new members of the labor force and gradually reduce unemployment. The plan foresees that the unemployment rate will decline from 13.4 percent in 2013/14 to 10 percent in 2018/19.
b. Bringing down the fiscal deficit to a sustainable long term level of 8 percent of GDP: At this level, the deficit is expected to be financed for several years by external aid.
c. Halting the fast increase of public debt and starting its decline: Public debt jumped from below 80 percent of GDP in 2009-2010 to above 95 percent in 2013/14. According to the plan, public debt will decrease, gradually, to 90 percent in 2016/17, and 85 percent in 2018/19.
d. Stabilizing foreign exchange reserves at a level of 3 months of imports by the end of 2014/15, and then raising it to 3.5 months of imports by 2018/19.
e. Containing inflation at approximately 10 percent in 2014/15 to 2016/17 (year to year average), in spite of fuel and other price hikes, and reducing it gradually to 7 percent in 2018/19.

The implementation of this plan began in the middle of 2014 with energy and food subsidy reform, immediately after the rise of el-Sisi to the presidency. The first phase of this reform included unprecedented increases in all energy prices. Electricity tariffs increased too, for all classes of household, commercial, and industrial users. The government's target for the 2014/15 financial year was to cut subsidies by 25 percent, mostly energy subsidies. This move alone was expected to save about $5 billion, 2 percent of the GDP. Fuel and electricity prices were scheduled to rise by about 20 percent every year, until 2018/19, when energy subsidies will be phased out.[20]

A set of measures has been put in place to soften the impact of higher energy prices on consumers, and provide some protection to the poor and other weak sectors. The 2014/15 budget likewise includes significant increases in education and health spending, which are planned to rise further in coming years. These increases are financed by savings from subsidy reforms, and should contribute to a more inclusive pattern of economic growth.[21] The government also began tax reforms, aimed at reversing the decline in tax income – which fell from 16 percent of GDP in 2008/09 to 13 percent in 2013/14 – and raise it back to 16 percent of GDP by 2015/16.[22]

Investment promotion is a cornerstone of el-Sisi's economic plan. Most of the increase in investment was envisaged to be private sector investment – local and foreign – and through joint Private Public Partnership projects. In addition to the flagship projects of the New Suez Canal and the New Cairo projects, the plan includes several other major long term national megaprojects in the fields of renewable energy, housing, mineral development, road infrastructure, and land reclamation.[23]

Performance in 2014/15

The preliminary figures of 2014/15 show strong recovery. Real GDP growth rebounded, from the stagnant level of about 2 percent of 2011-2013/14, to 5.6 percent in the first half of the 2014/15 financial year (compared to the first half of 2013/14). Updated projections put the 2014/15 GDP growth at close to 5 percent, above the Egyptian target for this year.[24] The surprisingly strong growth in 2014/15 is led by the particularly strong growth of tourism and the manufacturing industry, which jumped by 53 and 17 percent, respectively, in the first half of 2014/15.[25]

The rapid GDP growth in 2014/15 affected the labor market immediately. The unemployment rate declined from 13.4 percent in 2013/14 (annual average), to 13.1 percent in the first quarter of 2014/15, 12.9 percent in the second quarter, and 12.8 percent in the third quarter.[26] The increased confidence in Egypt's economic and financial prospects is also reflected in the revitalization of foreign direct investments and net inflow of financial investment. According to the estimates of the IMF and the Egyptian government, FDI has doubled, from $3.5-4 billion a year in 2012/13-2013/14, to $7-8 billion in 2014/15. Net financial investments are estimated to double as well, from about $1.5 billion a year in 2012/13-2013/14, to $3 billion in 2014/15.[27]

Investment stimulation measures began in the middle of 2014, and continued in early 2015. The Central Bank of Egypt lowered interest rates, a traditional means to stimulate investment, and then let the Egyptian pound devalue by nearly 7 percent against the US dollar, addressing a longstanding demand of international financial institutions.[28] In early March, the government approved the long awaited new investment law, another critical element for winning the confidence of foreign investors and attracting foreign investment.[29]

Progress has also been recorded in some of the megaprojects, especially in the flagship New Suez Canal Project. In October 2014 the contract for the first phase of dredging the new canal was awarded to an international consortium of six dredging companies. This phase is scheduled to be completed in the second half of 2015.[30] The Sharm el-Sheikh Economic Development Conference, which was held in the middle of March 2015, was an important milestone in the process of putting Egypt back on the map of the international business and financial community. The cumulative value of agreements and memorandums of understandings already signed on investment in the various projects presented in the conference exceeds $50 billion, much above pre-conference expectations.[31]

In April 2015, for the first time since 2011, Moody's rating agency upgraded Egypt's rating, which will further strengthen investor confidence.[32]

High Risks and Strategic Implications

Though the indicators mentioned above are positive, the economy is still in an early stage of recovery. It is vulnerable to a wide set of security and social risks, as well as external and internal economic shocks. The main risks that may adversely affect the implementation of el-Sisi's economic plan are:

> The risks to the Egyptian economy emphasize the centrality of stable relations with Israel for the economy, and the role of the peace agreement with Israel as a main pillar of stability.

a. Internal political stability is under constant attack, and uncertainty remains over the ability of the regime to guarantee long term political stability.
b. Social sensitivities and grievances: The economic plan puts emphasis on inclusive growth, prioritizing social programs so as to make the middle and lower classes feel that they will benefit from economic growth. Nevertheless, Egypt needs a long period of strong economic growth and effective social programs for the vast majority of the population to feel a substantial improvement in their economic and social situation. As such, deep social sensitivities and widespread grievances are constant threats to stability.
c. The dependence on Arab aid is another source of high vulnerability: Continuous flow of aid from the Gulf states, in the sum of more than

$15 billion a year, is needed in the coming few years for stabilizing the budget and the balance of payment. If oil prices remain low, the Gulf countries may lower the level of their aid to Egypt. Egypt's low level of external reserves makes it particularly vulnerable to possible delays or cuts in Arab aid.

d. Egypt is also dependent on the Gulf states in other key aspects. Worker remittances at close to $20 billion a year originate in the Gulf countries, and a large part of foreign investments are expected to come from Gulf investors.

e. The security risks of the Suez Canal area are of special importance, as this area is planned to be the fastest growing area in Egypt, and become, over the coming two decades, a major economic, trade, and business center – second only to Cairo. The development of this area is fueled by the Suez Canal Corridor plan, which will follow the New Suez Canal Project. This megaproject aims at developing the entire area as a world class international industrial, trading, and logistics hub. The Suez Canal Corridor megaproject includes large scale development of the Canal cities of Ismailia, Port Said, and Suez, as well as the adjacent areas of Ain Sukhna to the south and el-Arish to the east. In addition to the large ports of Port Said, the neighboring ports of el-Arish, Ain Sukhna, and a few other small ports will be upgraded and incorporated into the new Suez Canal Corridor trade and logistics hub.[33]

f. The oil and gas sector is sensitive to security risks too, as most of Egypt's oil and gas fields are marine fields, located in the Eastern Mediterranean and the Gulf of Suez. Oil and gas production depends on complex systems of marine facilities, long pipelines, and hundreds of on-land pumping stations and other service facilities. These complex systems are highly vulnerable. The vulnerability of these systems has been demonstrated by the recurrent disruptions in the flow of gas through the pipelines in Sinai, as a result of the deteriorating security situation there.

Other risks that may undermine el-Sisi's economic plan include, inter alia: slowdown in global trade, which could affect Suez Canal revenues; various external financial or economic crises that could have an impact on tourism, official support, or FDI (for example, the present economic crisis in Russia, which affects tourism to Egypt); or political obstacles that could derail fiscal consolidation, widen imbalances, and set back progress.

The risks mentioned above and the enormous economic price of destabilization entail several strategic implications. The first is the primary importance of the military as the only reliable instrument of stabilization. Keeping the internal destabilizing forces under control, and regaining control in and around Sinai, is a precondition for successful implementation of the economic plan. Hence, el-Sisi's first priority would be to secure the budgets, equipment, and freedom of action required by the military. A related phenomenon is that the Egyptian military is already expanding its economic activities. It also seems to have a large role in the execution of the megaprojects mentioned above. Third, considering the vital role of the Gulf states in sustaining the Egyptian economy and enabling economic growth, Egypt may adopt a strategy of balancing its relationship with the Gulf states by contributing to their security, and take an active role against destabilizing forces that threaten the Gulf area or the region at large.

Implications for Egypt-Israel Relations

The risks mentioned above emphasize the centrality of stable relations with Israel for the Egyptian economy, and the role of the peace agreement with Israel as a main pillar of stability. Stable relations with Israel are of the utmost importance for securing the orderly functioning of Egypt's leading economic sectors, such as tourism, the oil and gas sector, and the Suez Canal. Deterioration of Egypt's relations with Israel may put these sectors of the economy under additional risk, which may critically harm their orderly functioning.

Stable relations with Israel are especially important considering the vulnerability of these sectors to the security challenges in Sinai. The most important oil and gas fields and facilities in the Eastern Mediterranean as well as the Suez Canal are at risk, as long as security is not restored to Sinai, which requires stable relations with Israel. As the Suez Canal Corridor project advances, maintaining good relations with Israel will become even more important. In addition, external aid and investments, in the huge sums required for bridging the foreign exchange resource gap of Egypt and attending the most critical basic socio-economic challenges, will continue to flow only if political stability is preserved. This would be jeopardized if relations with Israel deteriorate.

Conclusion

The economic moves of President Abdel Fattah el-Sisi since he assumed office indicate his determination to pursue a new road of coping with the fundamental challenges of Egypt's economy. El-Sisi's wide ranging set of bold economic policies and moves are backed by unprecedented aid from the Gulf states and support of the international business community.

The preliminary figures of 2014/15 are more positive than expected. Economic activity shows strong recovery, and unemployment is declining. Advances have also been recorded in some of the megaprojects, and especially in the flagship New Suez Canal Project. Nevertheless, the economy is still in an early stage of recovery, and it is vulnerable to a wide set of risks.

Notes

This article was written under the auspices of the INSS Economics and National Security Program, which thanks the Neubauer Family Foundation of Philadelphia for its generous support.

1 United Nations, Department of Economic and Social Affairs, Population Division, *World Population Prospects: The 2012 Revision, Volume I: Comprehensive Tables* (New York, 2013), Table A.13, pp. 138-48.

2 Ibid, *Volume II: Demographic Profiles,* p. 264.

3 Yitzhak Gal, "The Egyptian Gas Industry: Export of Gas vs. Supply of Subsidized Gas to the Local Market," *Iqtisadi* 1, no. 1 (2011): 8-9, http://www.dayan.org/sites/default/files/Iqtisadi_1_April_Hebrew%5b1%5d.pdf; and Yitzhak Gal, "The Egyptian Interests in Stable Relations with Israel in View of Egypt's Fundamental Problems," unpublished paper (February 2011), pp. 2-4.

4 Computed by the author from Central Bank of Egypt, *Monthly Bulletin* (January 2015), Table 21, http://cbe.org.eg/CBE_Bulletin/2015/Bulletin_2015_1_Jan/39_21_Balance_of_Payments.pdf; and IMF, *Country Report No. 15/33: Arab Republic of Egypt 2014 Article 4 Consultation – Staff Report* (Washington, February 2015), pp. 27, 51. The 2013/14 figures include energy products imported as grants from the Gulf countries.

5 Computed by the author from IMF, ibid., pp. 19, 30; "Egypt to Pay Off All Arrears to Foreign Oil Firms by 2017," *Ahram Online*, July 22, 2014, http://english.ahram.org.eg/NewsContent/3/12/106796/Business/Economy/Egypt-to-pay-off-all-arrears-to-foreign-oil-firms-.aspx; and Kieran Clarke, "Energy Subsidy Country Update: Egypt's Recent Subsidy Reforms," *IISD-GSI*, August 2014, http://www.iisd.org/GSI/sites/default/files/ffs_egypt_update_august_2014.pdf.

6 IMF, "World Economic Outlook Database," October 2014.

7 IMF, "World Economic Outlook Database," October 2014; IMF, *Country Report No. 15/33,* p. 26.

8 Ibid.

9 "Egypt Unemployment Rate," CAPMAS, Egypt, quoted in *Trading Economics*, February 20, 2015, http://www.tradingeconomics.com/egypt/unemployment-rate; and World Bank, *Data Bank*, http://data.worldbank.org/indicator/SL.UEM.1524.ZS.

10 United Nations, *World Population Prospects: The 2012 Revision – Volume I: Comprehensive Tables*; World Bank, *Data Bank*.
11 IMF, *Country Report No. 15/33,* pp. 8, 11.
12 IMF, *Country Report No. 15/33,* p. 27.
13 *Country Report No. 15/33*; Central Bank of Egypt, "Monthly Statistical Bulletin" (April 2015), Table 21.
14 *Country Report No. 15/33,* p. 51.
15 Focus Economics, "Egypt Economic Outlook," April 14, *2015,* http://www.focus-economics.com/countries/egypt.
16 Samir, *Daily News Egypt*; Central Bank of Egypt, "Monthly Statistical Bulletin" (April 2015), Table 19.
17 IMF, *Country Report No. 15/33*.
18 IMF, *Country Report No. 15/33*; Samir, *Daily News Egypt*.
19 IMF, *Country Report No. 15/33*, pp. 15-20, 30, 35; Egypt, Ministry of Finance, "The Financial Monthly Bulletin," April 2011, p. 11.
20 Clarke, "Energy Subsidy Country Update: Egypt's Recent Subsidy Reforms," pp. 1, 3, 4-5; IMF, *Country Report No. 15/33,* pp. 18-19.
21 Associated Press, "Egyptian Premier Defends Steep Rise in Energy Prices, Citing Ailing Economy," *U.S. News & World Report*, July 5, 2014, http://www.usnews.com/news/world/articles/2014/07/05/egypt-premier-defends-steep-rise-in-energy-prices ; Clarke, "Energy Subsidy Country Update: Egypt's Recent Subsidy Reforms," p. 2; IMF, *Country Report No. 15/33*, p. 17.
22 IMF, *Country Report No. 15/33*, pp. 35, 38.
23 Egypt, General Authority for Investment and Free Zones, "Time to Invest in Egypt" (October 2014), http://unctad-worldinvestmentforum.org/wp-content/uploads/2014/10/Egypt-WIF14-Talking-Business-Presentation.pdf; IMF, *Country Report No. 15/33*, pp. 16, 36.
24 Samir, *Daily News Egypt*; Dahlia Kholaif, *Daily News Egypt*, April, 20 2015, Central Bank of Egypt, "Monthly Statistical Bulletin" (April 2015), Table 44, http://cbe.org.eg/CBE_Bulletin/2015/Bulletin_2015_4_Apr/69_44_GDP_by_Expenditure(Constant_Prices)_and_(Table_45).pdf.
25 Central Bank of Egypt, "Monthly Statistical Bulletin" (April 2015), Main Economic Indicators, http://cbe.org.eg/CBE_Bulletin/2015/Bulletin_2015_4_Apr/08_Indicator(Real_Sector)1.pdf.
26 Quoted from CAMPAS, *Daily News Egypt*, May 17, 2015.
27 Quoted from CAMPAS in *Daily News Egypt*, February 18, 2015; IMF, *Country Report No. 15/33*, pp. 11, 24; amir, *Daily News Egypt*.
28 Central Bank of Egypt, "Monthly Statistical Bulletin" (April 2015), Table 15 and Table 17.
29 Amr Adly, "Will the March Investment Conference Launch Egypt's Economic Recovery?" Carnegie Middle East Center, March 5, 2015, http://carnegie-mec.org/2015/03/05/will-march-investment-conference-launch-egypt-s-economic-recovery/i3hj; Stephen Kalin and Yara Bayoumy, "Egypt's Cabinet Approves Long-Awaited Investment Law," *Reuters*, March 4, 2015,

http://www.reuters.com/article/2015/03/04/us-egypt-investment-law-idUSKBN0M00W120150304.

30 Maria Golia, "The New Suez Canal Project and Egypt's Economic Future," Middle East Institute, December 19, 2014, http://www.mei.edu/content/article/new-suez-canal-project-and-egypt%E2%80%99s-economic-future ; IMF, *Country Report No. 15/33*, p. 36.

31 Focus Economics, "Egypt Economic Outlook."

32 Moody's, "Rating Action: Moody's Upgrades Egypt to B3 with a Stable Outlook," April 7, 2015, https://www.moodys.com/research/Moodys-upgrades-Egypt-to-B3-with-a-stable-outlook--PR_320392.

33 Golia, "The New Suez Canal Project and Egypt's Economic Future."