

" Love is a better teacher than duty."

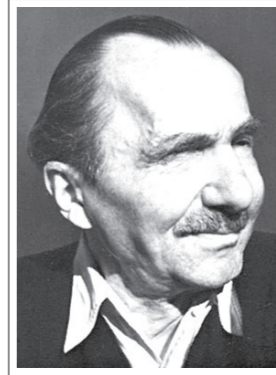
Albert Einstein  
Physicist  
1879 - 1955

# The Middle East Observer

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" In order to succeed, we must first believe that we can."

Nikos Kazantzakis  
Writer  
1883 - 1957

63<sup>rd</sup> Year No. 38

www.meobserver.org

ESTABLISHED 1945

Wednesday, 21 September 2016

## Euromoney Egypt Conference 2016

On 19-20 September Euromoney welcomed key government figures to the stage for a frank and open discussions on Egypt's economic future. What does the IMF agreement mean for Egypt and for the Egyptian people? Can the reforms really be delivered? How can the government achieve sustainable economic growth and tackle the core social challenges? What is being done to adjust the balance of trade and is it working? Can investment return without a resolution of the currency issue? Amr El-Garhy, Minister of Finance, Sahar Nasr, Minister of International Cooperation, Tarek Kabil, Minister of Trade and Industry and Dalia Khorshid, Minister of Investment have addressed these questions and more.

by Rania Imam

## End of Sanctions Likely to Boost Myanmar Economy

The U.S. decision to lift trade sanctions against Myanmar has been welcomed by local economists and businessmen, who say it will remove a major constraint on international trade with the impoverished country and boost growth across its economy.

Political analysts and activists said the decision also puts a greater responsibility on the National League for Democracy (NLD) government to make sure "crony" businessmen improve their practices, which have often involved allegations of corruption, land grabs, illegal logging, and the drug trade.

Pwint San, a businessman and former deputy minister of commerce, said these issues will soon belong to the past. "If the sanctions are lifted totally, our economy can move more freely," he told VOA. "We can export effectively and they (U.S. firms) can invest in Myanmar."

## Al Sisi partakes in UN summit to discuss the recent situation in the Middle East today

Abdul Fattah Al Sisi is to attend a number of significant meetings in the UN, ahead of them is the UN summit concerning the situation in the Middle East, especially Syria and Libya, to be held today and headed by New Zealand prime minister. US President Obama, French President Holland and UK Prime Minister Theresa May, are to attend the summit. Furthermore, a meeting will be held to address solutions to the crisis of refugees and immigrants.

It is worthy to note that Al Sisi made his statement about the recent political and economic situation in Egypt and where Egypt stands at such a time of crises in the Middle East.

Al Sisi will head the African Peace and Security Council summit, held this month on the margins of the general assembly meetings to address

the current situation of South Sudan. Moreover, Al Sisi is to head the meeting of the Committee of African Heads of State and Government on Climate Change (CAHOSCC), held to discuss the outcomes of Paris Agreement Summit on climate change and prepare for the next summit's session that will be held in November in Marrakesh.

Al Sisi is to attend significant meetings, along with his participation in the meetings of the UN general assembly, with the French president, UK prime minister, king of Jordan, Palestinian president, US congress members, leading members in the democratic and republican parties, Clinton and Trump, US presidential candidates.

Al-Sisi will meet a number of US companies' chairmen; among these companies is General Electric, along with the



President Al Sisi

U.S.-Egypt Business Council (USEBC) and members of the American Chamber of Commerce, in order to address the possibility of increasing investments in Egypt over the next period.

## Today, German economy minister, business delegation to visit Russia

The Middle East Observer- Germany's economy minister is in Russia today with a business delegation, a trip that comes as Western sanctions and a weak Russian currency have weighed on trade.

The Economy Ministry said on Friday that Sigmar Gabriel, who is also Germany's vice chancellor, will visit Moscow today, 21 and 22 September. It said that he plans talks with several members of the Russian government, whom it didn't name, on "bilateral economic relations between Russia and Germany, as well as with the European Union."

Gabriel also plans to meet representatives of German companies based in Russia. Russia was Germany's No. 13 trading partner last year, far behind the U.S., China and other European nations. Trade between the two has contracted further this year.

## Philippines- Saudi agreement on technical laborers

Deputy Secretary General of Jeddah Chamber, Engineer Mohieddin Hakami met in Saudi Arabia yesterday with Director General of Philippine National Commission for Development of Skills and Technical Education Gueleng Mamondoyong. During the meeting, the Philippine official called on the Saudi private sector to take advantage of Philippine technical laborers, expressing his country's desire to strengthen economic ties and joint trade with the Kingdom which hosts more than 700,000 Filipinos working in various sectors, mostly technicians.

## \$5bn worth investments in Argentina

Siemens plans large scale investments in projects in Argentina in the coming five years, the company's chairman said recently in Buenos Aires after meeting President Mauricio Macri, dpa reported. Joe Kaeser, chief executive of the German engineering conglomerate, said after meeting Macri that the company has designated 5 billion euro (5.6 billion dollars) for investment in the South American country. German Economy Minister Sigmar Gabriel also took part in the meeting.

## South Africa: Zuma must fly SAA permanently

President Jacob Zuma must continue to use South African Airways (SAA) for his international flights, as doing so would cut unnecessary costs, the Congress of the People (Cope) has said.

Cope welcomed the news that Zuma flew SAA to the United States on Saturday, and congratulated the president for promoting the state-owned airline.

"This is a brilliant move in the right direction, and we congratulate Mr Zuma for this," spokesperson Dennis



President Jacob Zuma

Bloem said in a statement on Sunday.

"Cope hopes that Mr Zuma continues to use SAA because it will also assist government cut unnecessary costs." The party hoped Zuma would continue to lead by example and cut extravagant government

spending. "It's quite clear that Mr Zuma had enjoyed the flight. In his own words he said he enjoyed the 'excellent hospitality' and had a 'restful and pleasant' journey.

"The country can no longer afford the extravagant lifestyle and it must start with his bloated executive."

Zuma flew to New York City on Saturday, and recommended the national carrier, as the country marks Tourism Month in September, News24 reported.

## Australia to extend money laundering laws

The Australian government is reviving long-stalled plans to extend anti-money laundering and counter-terrorist financing laws to capture lawyers, accountants, real estate agents and jewellers, Justice Minister Michael Keenan said, Reuters reported. The law reforms have been repeatedly shelved since mid-2007 after opposition from some of the affected sectors - most notably the legal profession. The first tranche of the anti-money laundering laws were put in place a decade ago to compel banks, fund managers and casinos to report the source of their money flows, but the anticipated follow-up to cover other sectors did not eventuate.

The Australian government is preparing to release proposals to the



public for consultation.

"The first step in this process will be the release of industry consultation papers by the Attorney General's Department, which is expected to happen before the end of the year," Keenan said in a statement.

## 12 trade agreements are vulnerable to cancellation in 2017

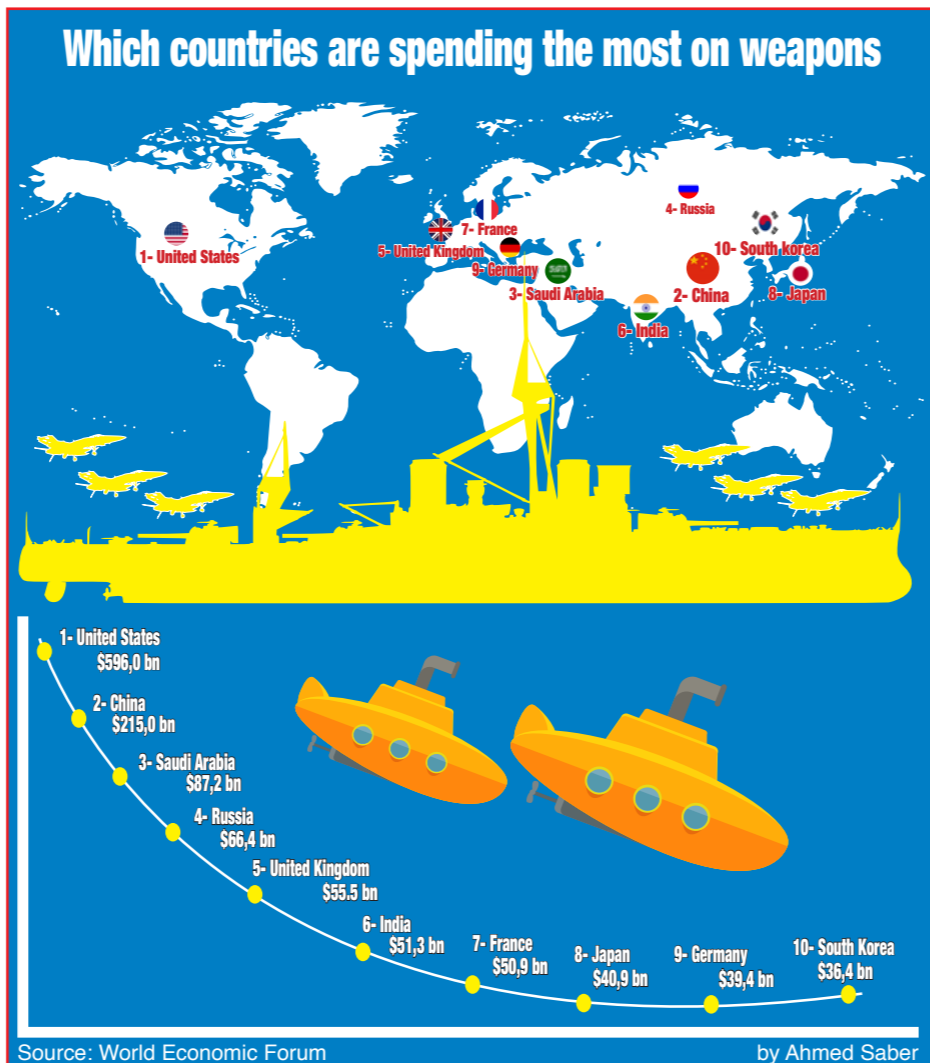
US President Barack Obama is seeking to build support for his 12-country trade agreement with Asian economies, even in the midst of an election where both major-party presidential candidates oppose the deal, dpa reported.

Obama, who leaves of-

fice in January, is pressing for Congress to ratify the Trans-Pacific Partnership (TPP) in the weeks following the November 8 elections.

The so-called lame-duck legislative session, before the next president and new members of Congress take office, is the last chance for the

measure. The White House agreed to the measure last year, and Obama signed it on February 3. Both Hillary Clinton, the fellow Democrat for whom Obama has campaigned, and Republican nominee Donald Trump have opposed TPP.



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3. General tender no. 6/2016 for specialized companies in cleaning factories' production units, maintenance units and managerial buildings. Session on Wednesday 28/9/2016 in the company's headquarters at Badr City. Tender Documents available against EGP350.00.
4. General tender no. 7/2016 for the execution of concrete slab hall number (1 and 7) in the company's factory at Badr City. Session on Thursday 29/9/2016. Tender Documents available against EGP1000.00.

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\* Tender documents, conditions and specifications available at Public Administration for Purchases and Inventories, at the address above. Documents will be received by submitting a letter addressed to Accountant/General Manager of Purchases and Inventories.  
\* An initial insurance pre payment is requested upon bidding to be raised to 10% upon bid winning after envelope opening.  
\* Bid bond to be paid in cash, or a payable cheque or by an approved letter of guarantee.  
\* Envelopes of technical and financial offers will be opened at 12:00 noon on the date set for each tender.













## Study: Big corporations dominate list of world's top economic entities

The world's biggest corporations have increased their wealth compared with nation states in the last year, illustrating the growing power of multinational businesses.

A study by the anti-poverty charity Global Justice Now found that the number of businesses in the top 100 economic entities jumped to 69 in 2015 from 63 in the previous year. While many emerging market economies have struggled to grow in the last couple of years, mainly as a result of China's slowdown, many of the world's largest corporations have increased in size. The London-based campaign group said the 10 biggest corporations – including Walmart, Apple and Shell – make more money than most countries in the world combined.

The charity blamed governments for bowing

to pressure from multinational firms to promote business-friendly tax regimes above the needs of their citizens. An assessment of the top 200 entities found that many smaller countries were squeezed out, leaving 153 corporations above many nations from Africa, Asia and South America.

The US, China, Germany, Japan, France and the UK make up the top six economic entities followed by Italy, Brazil and Canada.

Walmart ranks as the 10th largest, followed by China's electricity monopoly State Grid at number 14, China National Petroleum at 15 and Chinese oil firm Sinopec Group at 16. Apple ranked 26th behind the 18th-placed Royal Dutch Shell, with Exxon Mobil at 21, Volkswagen at 22 and Toyota at 23.

The value of the top 10 corporations was \$285tn

(£215tn), beating the \$280tn worth of the bottom 180 countries, which include Ireland, Indonesia, Israel, Colombia, Greece, South Africa, Iraq and Vietnam. Nick Dearden, the charity's director, said: "The vast wealth and power of corporations is at the heart of so many of the world's problems – like inequality and climate change."

"The drive for short-term profits today seems to trump basic human rights for millions of people on the planet. These figures show the problem is getting worse."

Global Justice Now said it released the figures to increase pressure on the British government ahead of a UN working group, led by Ecuador, that aims to draw up a binding treaty "to ensure transnational corporations abide by the full range of human rights responsibilities".

## Japan won't invest in Saudi Aramco IPO, says PM

Japan's government has no plan to invest in state-run oil firm Saudi Aramco's planned initial public offering, an adviser to Japanese Prime Minister Shinzo Abe said on Friday.

But Yasutoshi Nishimura said in an interview that Japan may jointly invest with Saudi Arabia's government in industrial ventures in the kingdom to help its drive to develop non-oil industries.

"Japan will not invest in Saudi Aramco. Rather, Japan will likely

be cooperating in new industries... to reflect Saudi Arabia's intention to develop new and non-energy industries," he told Reuters.

In April, Saudi Arabia launched radical economic reforms designed to develop non-oil industries to cut its reliance on oil exports and attract billions of dollars of foreign investment.

The centerpiece of the reforms is the sale of a stake in Saudi Aramco, which some sources said could be valued as high as \$4 trillion.



## Bank of America's monthly survey: Markets are vulnerable to bonds shock

Bank of America Merrill Lynch surveyed investment funds managers about the increasing cash during September. The survey showed that fund managers raised cash to 5.5 per cent in September from 5.4 per cent in August, and the main reasons were their bearish views on the markets (42 per cent of managers) and a preference for cash over low-yielding equivalents (20 per cent of managers).

The survey added that 54 per cent of investors said that both stocks and bonds prices are exaggerated. In addition 83 per cent of investors believe that Bank of America and the European Central Bank will maintain their negative interest levels over the next 12 months.

Twenty-six per cent of investors expect the world economy to recover over the next 12 months. Investors believe that most at-



tractive trades were long high-quality stocks, followed by long-term investment European and American corporate bonds and long-term investment outperforming market bonds which all depend on negative interest policies.

US investment shares dropped 7 per cent less than other shares' allotments, compared to a share of 11 per cent higher than other shares in August.

Traders pointed to comments at Delivering Alpha from Paul Singer of Elliott Management, who was extremely bearish on long-term bonds.

"With the rates that currently exist in global bond markets, the term 'safe haven' applied to G7 bonds is just plain wrong. These are not 'safe havens.' There is a tremendous amount of risk in owning 10-, 20-, 30-year bonds at

these rates," he said.

Mark Carhart, chief investment officer and founding partner at Kepos Capital, told the conference "The 60/40 portfolio is the biggest risk" for investors. That is the long-popular investment strategy where investors hold 60 per cent stocks and 40 per cent bonds. "I would take as much out of that as you feel comfortable and put it into alternatives" like emerging markets, he said.

The global fund managers surveyed see the biggest tail risk for markets as a disintegration of the European Union, at 23 per cent.

Second to that were the 22 per cent who see a risk in a Republican winning the White House in November, and 15 per cent who worry most about the risk from China devaluing its currency. The concern about the Republican candidate rose from 21 per cent in August.



## Algiers meeting 'not for decision making'

Opec secretary-general Mohammed Barkindo said the meeting of Opec members and non-Opec producers in Algiers this month would be an informal meeting for consultations and not for decision making, Algerian state news

agency APS said on Saturday.

Algeria's energy minister has said there is a consensus among Opec and non-Opec producers about the need to stabilise the oil market to support prices.

"It will be an informal meeting, it is not a meeting for making decisions," Barkindo said during a visit to Algiers, according to APS agency, referring to an energy conference between Sept. 26 and Sept. 28.



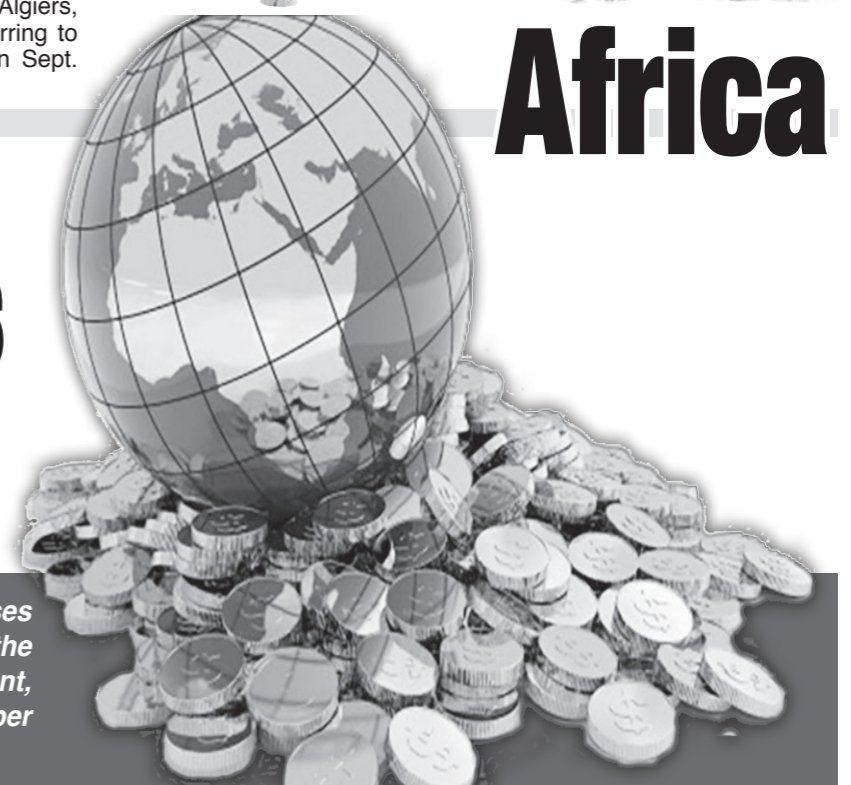
## Africa

Experts are expecting an African economic boom

# Significant upcoming expectations for the African economy

An annual report has been released recently about the future of the African economy in 2015; it was submitted by three experts at the African Development Bank (AFDB), Organization for Economic Co-operation and Development and United Nations Development Program (UNDP). Although,

the world's economy suffers a slowdown, the report stresses on the continuous growth of the African economy during the past year. Africa's GDP growth is estimated at 3.6 per cent, compared to the world's GDP growth, 3.1 per cent, and 1.5 per cent of Eurozone GDP growth.



Africa is the second fastest growing economy in the world, preceded by East Asia. Sub-Saharan Africa, excluding South Africa, has witnessed the highest economic growth, 4.2 per cent, among other African countries whereas countries in East Africa seized a growth of 3.6 per cent. North, West and Central Africa's economies witnessed a growth of over 3 per cent whereas South Africa seized 2.2 per cent. Africa's economy is expected to grow by 3.7 per cent in 2016 and it could hike to 4.5 per cent in 2017, according to the report. This expectation depends on factors such as the global economic growth and the price increase of basic commodities.

Furthermore, external cash flows are estimated at \$208bn in Africa as it depends on external cash flows in its economic growth. The African government was able to benefit from the global markets by issuing government bonds.

On the other hand, the world has witnessed sharp increase in prices as a result of certain crises that some countries suffer from. The global economic situation influences each African country differently; countries with abundant resources have low revenues whereas countries that import oil, benefit from the low inflation rate and small numbers of current bank accounts. Other countries suffer a budget deficit as a result of the current financial situation.

The report says that the African growth comes according to internal factors such as developing in-

frastructure, private sector investments and personal consumption. Investments and expansions in regional markets may pave the way for more economic growth.

Africa's internal trade boom highlights the great opportunities given to the African manufacturers to diversify their products, in addition to the demographical potentials of Africa and the high rate of youth in the African population. The report advises the governments to implement the right policies to make the best use of these potentials.

However, three among four Africans suffer harsh living conditions as compared to one among five in the world. The report asserts the importance of structural, organizational reformations and economic stability, in addition to solving energy supply problem to remove the obstacles that hinder economic growth. It is of great significance to invest in the social sectors which provide great opportunities to youth and women and achieve development goals set by African institutions and the international community.

Urban transformation provides several opportunities to fasten the economic and social development, along with putting into consideration the environmental protection. Moreover, such opportunities could be made use of to hit the goals of sustainable development and set a plan to form an African union by 2063.

If governments adopt a comprehensive approach to develop the

economy, it will benefit all urban citizens. For instance, urban markets could be linked to rural economies to increase the agricultural production, harvest more crops and increase non-agricultural income.

Urban infrastructure investments are very crucial and need to be expanded so African cities and town could be the drivers of structural development either on the local, national or regional levels. Urban outcomes could be achieved by applying a number of explicit reformations, setting strategies to achieve the outcomes, providing innovative financing methods and exerting efforts to set new effective governance methods that have several levels.

The report asserts that both the current African cooperation toward urban development and the new internal urban agenda, pave the way for addressing policies and how they could be made to push the African urban transformation forward.

### Local factors of growth

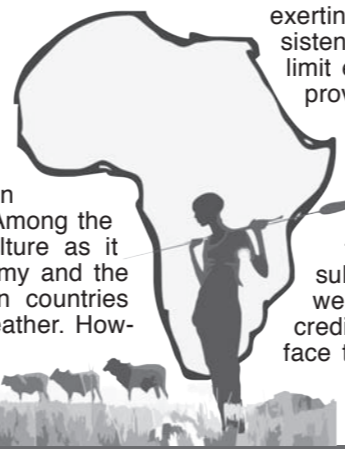
The report addresses the local factors that contributed to the African economic growth. Among the factors was agriculture as it boosted the economy and the supply of goods in countries that enjoy good weather. However, countries,

such as in East and South Africa, that suffer drought and floods have a slow growth rate.

As for countries that enjoy abundant natural resources, economic growth slowed down as a result of commodities' price increase over the public budgets and investments. Furthermore, the industry was boosted in few countries but it did not witness much growth due to energy shortage.

In regard to demand on commodities in Africa, consumption and investments have been both together the main drivers of growth which helped Africa to be safe from the global economic crises. However, the international demand decrease has affected the African exports negatively, especially mineral and oil exports, in addition to terrorist attacks that influenced tourism negatively.

As most African countries suffer budget deficits, it is of a great importance to balance the debt levels. Accordingly, governments are exerting efforts to apply consistent financial policies, limit expenditures and improve the methods of obtaining taxes. Low exchange rates and current accounts decline have both increased the inflation rate. As a result, suffering countries were forced to make the credit policies stricter to face the inflation problem. Other countries witnessed low inflation



Africa's average economic growth is 3.7% in 2016 and is expected to jump up to

# 4.5% in 2017

