Responding to the Coronavirus Crisis
Update on Egypt (18/05/20)

EBRD Policy Comparator

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Economic channels of disruption
Tourism, travel, global value chains, trade, FDI
- Slowdown in tourism and in demand from trading partners, decline in Suez Canal revenue because of disruptions in global value chains and trade, sudden-stop of global FDI, reduced worker remittances, and net capital outflows will all negatively affect growth.
- Slowdown in domestic activities as people are asked to stay home (night-time curfew introduced on 24 March).
- The Health Ministry has published a 3-stage plan for coronavirus management that contains required procedures in preparation for the gradual return of normal life in the country.

Selected crisis impact indicators
EBRD GDP growth outlook (May 2020)
- FY 2020: 2.5%
- FY 2021: 3.0%

Purchasing Managers Index
(April 2020)
- 29.7 (down 14.5 points m/m)

Nielsen Global Survey of Consumer Confidence and Spending Intentions
(Q1 2020)
- 99 (up 10 points q/q)

Egypt stock market (EGX30)
(May 17 2020)
- 10,347 (down 26% YTD)

Crisis response measures to date
Sectoral support, energy prices and interest cuts
- Issue EGP3bn ($190mn) guarantee to the national banks to offer 3-year loans to tourism companies and hotels at a subsidised rate of 5% with 1-year grace period.
- Support to airlines: EGP 2-3bn bailout in the form of a loan at a preferential interest rate of 8% and a $0.10/gallon discount on fuel when air traffic resumes.
- Fast-track the release of overdue payments to contractors to pay workers and spur construction work on national projects, and fast track export subsidies from EDF.
- Provide temporary 6-month licenses for medical supplies and food commodities producers in investment zones, with 3-month grace period for insurance payments.
- Stimulus package of $6.3bn (EGP100bn), including EGP50bn for the tourism sector.
- Increase subsidy pay-out for exporters; a new debt relief initiative.

Selected crisis response indicators
Payment holidays for loans (months)
- 6 months
- IMF: $2.77bn RFI
- ITFC: $100m to GASC for basic strategic commodities
- EU: redirect up to €89mn to the public health system
- WB: $50mn under the Fast Track Covid-19 Facility to strengthen the prevention, detection and response to the pandemic, and $7.9mn under the CERC to the “Transforming Egypt’s Healthcare System” Project

Key short-term priorities
Improve private investment; advance structural and fiscal reforms to preserve macro stability; implement National Water Resources Plan

To learn more about EBRD’s support to Egypt visit: https://www.ebrd.com/egypt.html

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