Responding to the Coronavirus Crisis
Update on Egypt (13/04/20)

**EBRD Policy Comparator**

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<th>Payment holidays</th>
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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 (two-week night-time curfew introduced on 24 March).

**Crisis response measures to date**

**Sectoral support, energy prices and interest cuts**
- Stimulus package of $6.4bn (EGP100bn), out of which EGP50bn for the tourism sector (12% of GDP, 10% of employment).
- Lower energy costs for industrial sector; real estate tax relief for industry/tourism sectors; increase subsidy pay-out for exporters; extend moratorium on agri land tax for 2 years; reduce stamp duty on transactions and dividend tax; postpone capital gain tax; defer utility payments for tourism and airline companies; 3% cut in petrol prices for Q2; expand Takafal and Karama to reach more families; a targeted support initiative for irregular workers (EGP500 in monthly grants for 3 months).
- Increase limit for electronic payments via mobile phones; a new debt relief initiative for those at risk of default; EGP20bn stock-purchase programme by CBE; suspend blacklists of loan defaulters; loans with 2-year grace period to aviation sector.
- Suspend the export of all types of legumes for 3 months.

**Selected crisis impact indicators**

**EBRD GDP growth outlook (April 2020)**
- FY 2020: modest growth
- FY 2021: robust growth

**Purchasing Managers Index**
- March 2020: 44.2 (down 2.9 points m/m)

**Egypt stock market (EGX30)**
- April 12 2020: 10,237 (down 26% YTD)

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

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**European Bank for Reconstruction and Development**