

## EGYPT

While not blessed like many of its North African and Gulf State neighbours with an over abundance of oil and therefore wealth, Egypt should nevertheless not be overlooked by Canadian companies looking to expand to new export markets.

Egypt has the largest population (55 million people) and second largest economy (after KSA) in the Middle East. Its total imports of US\$ 13 billion make it one of the biggest markets in the total region. Additionally, its geographical location as the gateway to Africa and the Middle East contribute to its position as a logical stepping stone into that region.

Egypt's major imports in 1991 were transportation equipment, livestock, chemicals, wood and paper, and foodstuffs including cereals. Its major suppliers were the United States, Germany, Italy, France and Japan.

While Egypt's past debt problems temporarily make it a less than desirable risk for new financing by most private and Government lending institutions, one should not overlook the fact that it currently receives about US\$ 4 billion in overall external assistance from foreign donors. Some US\$ 2 billion of this comes from the USA including US\$ 1.3 billion in foreign military sales credits. In addition to aid from bilateral donors, including Canada, institutions such as the World Bank, the Arab Fund for Economic and Social Development and the African Development Bank, just to name a few, extend various grants and soft loans to Egypt to undertake a vast gamut of projects of various types throughout the country.

The Egyptian private sector is increasingly active and imaginative and in 1991 managed to find the means to finance more than 35% of the total US\$ 13 billion worth of imports. Recent Government initiatives aimed at liberalizing the financial market, including the establishment of a single exchange rate and the introduction of Treasury Bills, coupled with positive reversals in the country's balance of payments position and the budget deficit are providing some degree of encouragement to this private sector. The Government's plans to privatize numerous parastatals and public sector companies will offer some selective opportunities for private sector investment and may result in an active search to find foreign joint venture partners able to assist in the process of turning these concerns around.

Egypt's major exports in 1991 included cotton, petroleum, fruits and vegetables. The renewed calm in the area following the end of the Gulf crisis has seen a significant increase in Egypt's tourism receipts, its revenue from shipping in the Suez Canal and remittances from the numerous Egyptians who work or live abroad, particularly in the Persian Gulf States. Egypt's current account registered a surplus of US\$ 1.4 billion in 1991, a dramatic reversal from a US\$ 634 million deficit in 1990.