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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

CURRENT ECONOMIC POSITION
AND PROSPECTS
OF
THE UNITED ARAB REPUBLIC

August 18, 1969

Europe, Middle East and
North Africa Department

CURRENCY EQUIVALENTS

1 Egyptian Pound (LE)	=	2.30 US Dollars
1 US dollar	=	L.E. 0.435
1 L.E. = 100 piasters	=	1,000 milliemes
1 tallarie	=	20 piasters

WEIGHTS AND MEASURES

1 hectare	=	2.379 feddans
1 feddan	=	1.038 acres
1 acre	=	0.963 feddan
1 sq. kilometer	=	238 feddans
1 ardeb (metric)	=	198 liters
	=	150 kilograms (kg) of wheat, lupine, fenugreek
	=	155 kg of beans, sesame, lentils, chick peas, clover
	=	140 kg of maize, millet, groundnuts
	=	120 kg cottonseed, barley
1 kantar	=	157.5 kg of seed cotton
	=	20.2 kg onions
	=	45 kg sugarcane
1 dariba (metric)	=	945 to 935 kg of rice (paddy)

TABLE OF CONTENTS

	<u>Page No.</u>
BASIC DATA	
SUMMARY AND CONCLUSIONS	i
I. INTRODUCTION	1
The Growth of Population and Agricultural Output	2
The Organization and Management of the Economy	3
The Balance of Payments Problem	4
II. RECENT DEVELOPMENTS AND POLICIES	5
III. POPULATION, MANPOWER AND EDUCATION	8
Population	8
Manpower	9
Education	11
IV. AGRICULTURE	12
Characteristics of the Agriculture	12
Output	13
Yields and Technical Change	14
Farmland and Labor	15
Income	16
Public Investment	17
Research and Extension	17
Credit	18
Prices and Costs	18
Marketing	20
Planning and Coordination	21
Improving the Agricultural Performance	21
Conclusions and Proposals	27
V. INDUSTRY	29
Petroleum	30
Chemicals	31
Textiles	32
Food Processing	32
Steel	33
Mining	33
Concluding Remarks	33

	<u>Page No.</u>
VI. PUBLIC FINANCE, MONEY AND PRICES	34
Public Finance - Overall View	34
Past Trends	35
Recent Developments - Stabilization vs. Growth	38
Organizational Problems and Policies	40
Money and Prices	42
Prospects	43
VII. INTERNATIONAL TRADE AND PAYMENTS	45
Balance of Payments	46
Exports	46
Imports	50
Invisibles	51
The Terms of Trade	51
Direction of Trade	52
Commercial Policy	53
Capital Inflows and External Indebtedness	54
VIII. FUTURE PROSPECTS	55
Issues and Prospects	55
Projections	57
ANNEX: Assumptions Used in Projections	60
STATISTICAL APPENDIX	

This report was prepared by a mission which visited the UAR in January 1969. The mission consisted of Messrs. A. Karaosmanoglu (Chief), K. Bahr, G. Pennisi, G. Sciolli and L. T. Sonley.

BASIC DATA

Area: Total - 1,002,000 square kilometers

Populated - 35,580 square kilometers

Population: (1966 census) - 30,294,000

Rate of growth : 2.8%

Density : 845 per square kilometers populated area

Political Status: Republic. Member of Arab League

Gross National Product (1966/67)

At current market prices : £E 2747.5 million

At constant prices of 1964/65 : £E 2306.0 million

Gross National Product per capita (1966/67)

At constant prices of 1964/65 : £E 74

Gross Domestic Product (1966/67) :

At constant prices of 1964/65 : £E 2325.0 million

Rate of growth 1964/65 - 1966/67 : 2.6%

Composition of Gross Domestic Product (1966/67) :

At current factor cost	<u>%</u>
Agriculture	28
Industry and Mining	22
Construction	4
Electricity	1
Transportation, communication and storage	9
Commerce and Finance	9
Housing	4
Services	22

Expenditures 1966/67 :

Percent of G.N.P. at market prices

Personal consumption	67.3
Government consumption	19.7
Total domestic investment	14.5
Inventories	1.5
Exports of goods and services	16.9
Imports of goods and services	18.4
Current account deficit	1.5

Resource gap of % of gross fixed investment:

	<u>1966/67</u>	<u>1964/65-1966/67</u>
Not including interest payments	17	22
Including interest payments	22	26

Money and credits: (£E million)

	<u>End of 1968</u>	<u>1965-1968</u> Increase per annum
Total money supply	1012.3	3.5
Time and savings deposits	222.7	4.1

Cost of living index, rate of increase:

<u>July 1965- July 1968</u> (annual average)
2.6%

Public sector operations: (£E million)

	<u>1967/68</u>	<u>1964/65-1967/68</u> Increase per annum
Government current revenue	514.6	6.2
Government current expenditure	631.8	3.1
Balance	-117.2	-
Public Investments	218.8	-10.4

External Public Debt, including undisbursed: (US\$ million)

As of June 30, 1968: 1.687.6

Balance of payments, 1967/68 (U.S.\$ million):

Exports	582.8
Imports	889.6
Net services and current transfers	-49.0
Current account balance	-355.8

Commodity concentration of exports

Raw cotton	44.8
Rice	16.0
Cotton yarns and textiles	18.2

Foreign exchange reserves 1968/69 (U.S. \$ million) :

Net: 305
Gross: 356

IMF position (as of January 1, 1969 U.S. \$ million) :

Quota : 150
Drawings : 96.5



SUMMARY AND CONCLUSIONS

1. In the last three years, after an inflationary period which resulted in serious problems in internal finance and the balance of payments, the UAR has followed policies of stabilization which have improved the financial situation and also, to some extent, strengthened the external position.
2. As a result of stringent application of stabilization measures and the June 1967 war, the economy has shown signs of stagnation. In the current fiscal year the Government has started to take steps to activate the economy. To achieve expansion without creating inflation and its undesirable consequences will be one of the main concerns of the UAR Government in the near future.
3. In the longer run, the country is faced with three main groups of development problems, namely, (a) the rapid population increase and the limitation of land and water resources, (b) weaknesses in the organization and management of the economy, and (c) the balance of payments problem.
4. Ability to cope with these problems should be analyzed against the existence of highly qualified manpower, the high level of technical knowhow and past performance in agriculture, new developments in the discovery and the utilization of natural resources (oil, natural gas, phosphates), the ability of certain branches of Egyptian industry to export significant amounts of semi-manufactured and manufactured goods, and finally, the tourism potential of the country.
5. The acuteness of the population problem has been recognized by the UAR authorities, but due to a variety of factors (weak organization, lack of technical knowhow and financial constraints) an effective family planning program has not been started. In recent months, however, the Government has renewed its efforts in this direction.
6. Despite explicit policies of full employment, unemployment has been rising in recent years. Furthermore, there are signs of widespread disguised unemployment. The lack of coordination between employment, wage and educational policies resulted in an abundance of university trained manpower and an acute shortage of technicians. Recent changes in policies regarding manpower and educational planning and proposed changes in the educational structure show that the Government has now recognized the importance of relating educational programming more closely to the economic needs of the country.
7. Agriculture provides about half of employment, 28 percent of GDP and four-fifths of exports. The recent performance of the sector has led to concern, the virtual stagnation in yields per acre being particularly disturbing.
8. Land development already underway or planned - reclamation (new land), conversion of basin irrigation to perennial irrigation, and drainage - is unlikely to expand the cropped area through 1975 as rapidly as the growth of population. This puts the burden of agricultural development on yield

increases. But these have been unimpressive of late, perhaps because of (a) a rise in the water table and associated salinity and other problems; (b) the relatively long time required to reach acceptable yield levels on new land brought into production for the first time; and (c) a slowing down of the rate of modernization of the agricultural sector, associated in part with the rapidly deteriorating drainage conditions. This last factor may be closely related to organizational aspects and pricing policies and to the shortage of foreign exchange available for the purchase of imported inputs. Yield levels, however, vary greatly between different parts of the country. The strikingly favorable results obtained from some experiments in concentrating extension services, and the scope for increasing fertilization levels are bases for a hopeful outlook for future increases in agricultural production. The current effort in agriculture should be geared first of all to increasing yields both by improved drainage and modernization. Secondly, new lands should be brought into cultivation to assure full utilization of the available water supply. The possibilities of increasing available water and the optimal utilization of all water resources should be studied. International market conditions should be taken into account, more than in the past, in decisions on allocating agricultural resources and price policies. The general aim should be to establish a closer relationship between real cost and the prices paid by consumers and farmers.

9. Industry has played a leading role in the development strategy of the country and a wide range of industries have already been built up. After the 1961 nationalization measures most industrial activity was put under government control. At present about 80 percent of industrial production is within the public sector. Recently, due largely to problems of organization and management but also due to the shortage of foreign exchange, industrial output has shown little growth and many plants have been working below capacity. The Government seems to have recognized the need for reform. During the last year and a half several committees have been established to study the problems of industry and to propose changes. These efforts are a welcome beginning, but no significant changes have so far been proposed.

10. Organization and management problems of industry are related to a variety of factors including allocation of decision making responsibilities, plant size, employment policies, foreign exchange shortages, etc. If these difficulties could be overcome many industries would have a significant growth potential for both local and export markets. This is especially the case of petroleum, chemicals, engineering and, in the longer run, mining. More traditional activities, such as textiles and food processing, while retaining the protected local market will need to improve their efficiency to increase their sales to competitive export markets.

11. During the last few years the Government has concentrated its efforts, with some success, on improving the budgetary situation and overcoming short-term balance of payments difficulties which had led to an accumulation of arrears and defaults of external debt payments. Ensuring an adequate increase in public investment is the main long-run target of fiscal policy. Balance of payments constraints require that a substantial effort

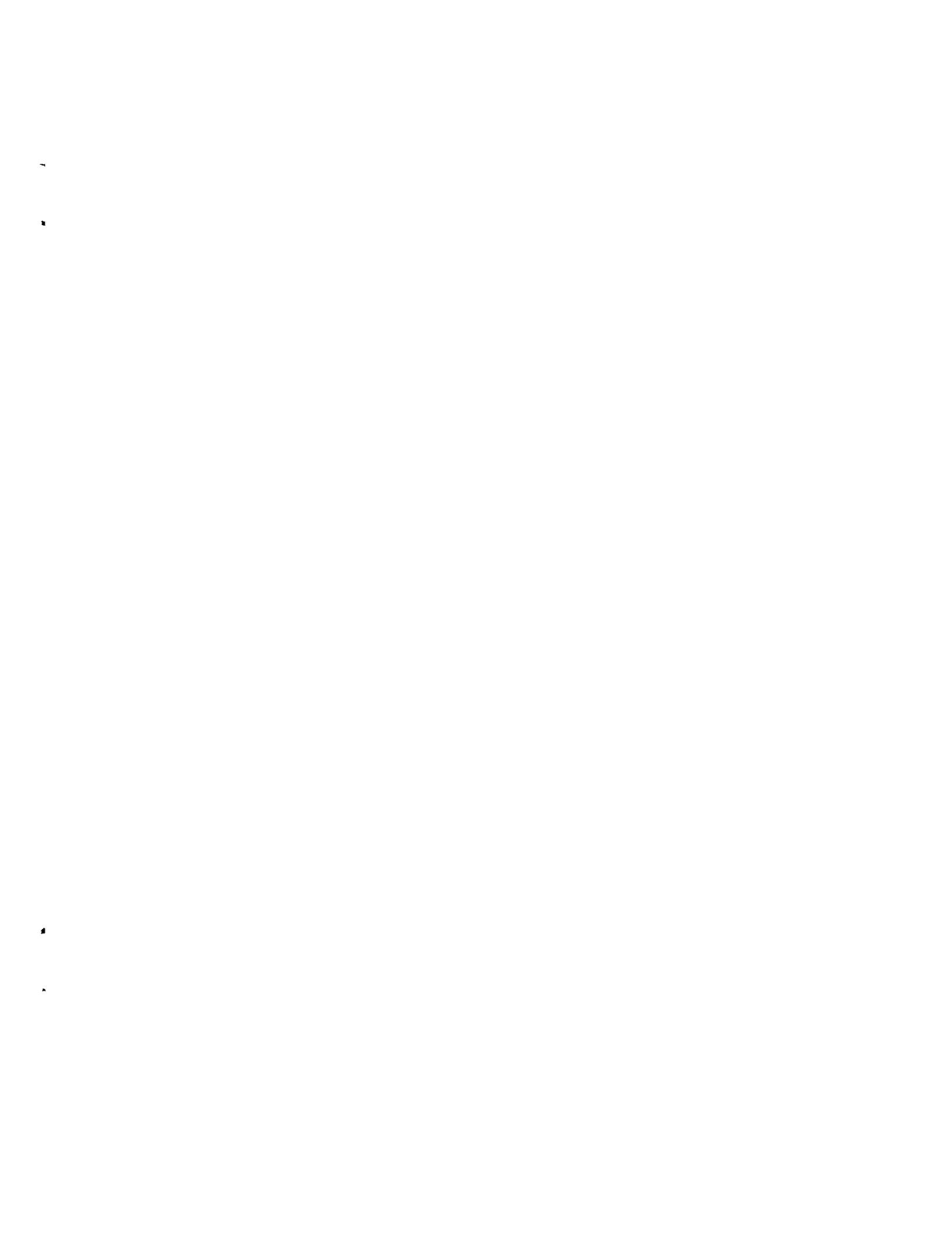
should be made to mobilize domestic resources. Improvements in the balance of payments will depend on the success of government in implementing a more effective trade policy and an improvement in the terms of borrowing.

12. Exports consist mostly of products of agricultural origin, cotton and cotton products being the most important. In recent years, rice has also become more important. If world prices of these commodities decline as projected by the Banks Commodity Specialists, exports will need to expand in quantity by 20 - 30 percent in the coming five to six years to maintain present levels of foreign exchange earnings. Prospects for other exports are however more promising and, political conditions permitting, earnings from tourism could increase rapidly.

13. Projections have been made to present the prospects for the economy for the next six years in quantitative terms. When the extent of uncertainties affecting the economy (political conditions in the Middle East, uncertainty about earnings from the Suez Canal, even when reopened, future trends of defense expenditures) are considered, these can only be regarded as showing one of a variety of possible patterns of growth.

14. If all opportunities were used to good advantage, GDP could expand at a rate of 6.5 percent per annum in the period. Total investment over the period is projected to reach LE 2,720 million (increasing by 8 percent annually). Foreign exchange earnings projections add up to an increase of about 6 percent per annum in the aggregate. The projected resource gap for the period is about LE 200 million, but the gross capital requirements (including service payments on existing and future debt) reach more than LE 1,000 million. The debt service ratio (including all foreign exchange earnings) after a hump in 1970 would be around 24 percent during the rest of the period.

15. In view of the weak balance of payments position, the UAR should aim to borrow, as much as possible, on concessional terms. Even if it could borrow readily on such terms, major changes in economic policy would be necessary to bring about a radical improvement in the balance of payments. This is greatly needed if the UAR is to be in a position to plan the development of the economy free from the persistent problems of foreign exchange shortage.



I. INTRODUCTION

1. The UAR economy has been undergoing a series of structural changes during the 16 years since the revolution in 1952. In this period several major events and developments have taken place, each affecting the economic and the social structure. These included an extensive land reform, the Suez crisis, nationalization of industry and foreign trade, the Yemen war and the June 1967 war. Despite all these, the economy has demonstrated its vitality by sustaining reasonably high rates of growth.
2. During this period the composition of output has changed significantly; the shares of agriculture and industry respectively changed from 42 percent and 8 percent in 1951 to 27 percent and 22 percent in 1967. ^{1/} Industry and trade were transformed from being predominantly private sector activities to predominantly public sector activities. Land tenure changed substantially. Whereas before the 1952 land reform, 94 percent of land owners owned only 35 percent of land and 0.2 percent of land owners controlled 27 percent of the land, in 1965 94 percent owned 57 percent of the land and 0.1 percent owned 6.5 percent. Between 1952 and 1967 the cropped area increased from 9.3 million feddans to 10.5 million feddans (13 percent). During the same period the population increased from 21.4 million to 31.1 million (45 percent).
3. At the present juncture the major development problems of the UAR may be summarized in three groups: These are (a) population increase and the growth of agricultural production; (b) the organization and management of the economy, and, (c) the balance of payments. Agriculture is not the only source of livelihood for the increasing population, but for the dominantly agricultural economy of Egypt the balance between the population increase and agricultural production demonstrates the limits for future growth and the choice of the directions of development.
4. These problems which are discussed later must be set against the elements of strength in the economy. Among these is the outlook for an increasing agricultural output. Between 1960 and 1965 the value of agricultural production is estimated to have been increased between 3 and 3.5 percent per annum. In the near future the investments in the High Dam and the associated land development including drainage should favorably affect output. The use of modern inputs and improved cultivation practices will expand, in part as a result of crop consolidation schemes aimed at installing cropping patterns on a village-wide basis. Under this arrangement, fairly large blocks of contiguous plots are required to be planted to the same crop regardless of the land ownership pattern. Although there may be at times some resentment on the part of some farmers, since the specific use to which they can put a specific plot is restricted, the system enables a measure of land use control and permits better use of irrigation water as well as facilitating pest control and other measures to improve yields. Another source of output gain

^{1/} Unless otherwise stated years are fiscal years ending June 30. In this case July 1, 1966 - June 30, 1967.

is a shift to high value crops such as fruits and vegetables as markets permit. Progress in this direction is taking place but its full exploitation will require skilled merchandising and effective foreign market penetration.

5. Prospects for oil production also appear very favorable. It has already increased from about 3 million tons in 1960 to about 6 million in 1968 and is expected to reach 12 million tons or more in 1969 and 36 million tons in 1975. This would provide Egypt in 1975 with perhaps US \$133 million of net foreign exchange earnings net of oil imports a year as compared to a net expenditure of \$30 million in 1967. A deposit of natural gas has recently been found in the Delta, which together with the new electric power from the High Dam, means that there may be an abundance of energy for some years.

6. The development of modern industry in Egypt dates from the depression of the 1930's. It now provides about one-fifth of the national product as compared to somewhat less than one-third provided by agriculture. Most of the industries are based on the processing of agricultural raw materials, of which the cotton textile industry is by far the most important. The relative shares of chemicals, steel and steel-based industries are likely to increase in the near future as a result of projects under consideration and implementation. Egypt has been exporting significant quantities of industrial products amounting to an average of LE 63 million during the last three years and this is likely to increase.

7. The Suez Canal, when reopened, will again be one of Egypt's important assets, although the development of super tankers poses some questions for future expansion. The negative effects of super tankers on the return from oil transport may however be mitigated to some extent by revenues from a new pipeline from Suez to Alexandria. Finally, tourist attractions brought Egypt a substantial foreign exchange income until the June 1967 war. This has a good potential for the further growth provided political events do not discourage potential visitors.

The Growth of Population and Agricultural Output

8. The population of the UAR is growing at about 2.8 percent per year. The total population is estimated at 31 million almost wholly concentrated in the valley and the delta of the Nile, where irrigated agriculture is possible. The population density in the inhabited area is around 2,200 per square mile which is one of the highest in the world. In November 1965 the Government officially introduced a program of population control. The coverage of the program so far has been too limited to expect any measurable effects on the birthrate and hence on the rate of population growth. There is a need for more determined effort; the Government so far appears not to have given the necessary priority to the family planning program.

9. As a result of the increasing population and the composition of the agricultural production, the balance of payments of the UAR shows significant deficits in food. In 1967 and 1968 net food imports ranged around LE 80 million and constituted on the average about 74 percent of the trade deficit. For the future, however, there are some possibilities to improve

this. Improved drainage throughout the Nile Valley would increase food production substantially and most of the new areas that will be reclaimed will be used for food crops.

10. Even since the time of the Pharaohs, the Egyptians have been concerned with the problem of making the best use of the water from the Nile. Beginning in the early nineteenth century a series of barrages have been constructed on the Nile to hold back some of the flood water for irrigation. The High Dam at Aswan is the culmination of this process in that it will enable the whole present flow of the river to be utilized. It is expected to permit a 25 percent increase in the cropped area. This would offset some eight or ten years of population growth at the present rate. In addition to the High Dam there is still some scope for increasing the amount of Nile water by constructing works on the Upper Nile in Sudan and Uganda. This could at most add about 15 percent to the water now available to the UAR. There is also the possibility of utilizing significant quantity of underground water. However, extensive study is required to determine how much can be done in these ways. Apart from these resources, the future growth of agricultural production in Egypt will depend on making more efficient use of the presently available water, at least until the cost of desalinization has been reduced to make the use of desalted water economic for agricultural purposes.

The Organization and Management of the Economy

11. In Egypt all the major utilities and industrial enterprises are Government-owned. Much of the country's external trade has been centralized and is carried on by Government agencies. Central control has been further increased because of the acute shortage of foreign exchange which inevitably places important economic decisions in the hands of the government.

12. Although most of the farmland is privately owned and operated, the agricultural activity is under rigorous government control. For example, farmers are assigned target acreages for major crops; deviations can be penalized. The kinds and amounts of farm inputs supplied to farmers are set by the Government, and they are sold by a public monopoly. Many input and product prices are set by the Government, with the need for both revenue and foreign exchange ranking high as determinants. Irrigation water is publicly managed and free to farmers. Almost all of the farmers are members of agricultural cooperatives through which they receive agricultural credits in amounts and terms publicly determined. With this organizational set up and concentration of power, one of the major tasks facing government today is to assure that its machinery produces and implements the flow of decisions needed to capitalize fully upon the expanding production capacity of the agricultural sector.

13. A virtual absence of competition and an uneconomic employment policy has led to problems of inefficiency and lack of incentives in many industrial enterprises. The solution of these problems requires that more autonomy may be given to individual enterprises. Although this is generally recognized in principle there does not seem to be clarity in practice as to how it is to be

done. The government has undertaken some studies lately, but at this stage it is too early to expect a significant outcome from these efforts. Price controls have created disparities between domestic and foreign prices and within the domestic price system. At present prices received by farmers for their produce (with the exception of wheat) are significantly below world market prices, while the efforts to increase the exports of manufactured goods are only becoming effective with increasing export subsidies. Up to now prices are being determined on the basis of unsystematic administrative decisions. Only very recently a ministerial committee was established to study costs and prices in general.

14. Some improvements are needed in the investment decision-making process. Expenditures on the Aswan High Dam and import-substituting industries absorbed most of the investments in the 1960's. Balance of payments effects of particular investments were not thoroughly studied. As a result, the current squeeze on foreign exchange has kept many of these new industries operating at far below capacity. The long term plan under preparation may improve the process of allocation of resources, but the flexibility for making entirely new investment decisions may not be very wide. There are several projects under construction among which the largest is the steel complex at Helwan, (about E 350 million). If it is constructed as expected within the next five years it will absorb about 14 percent of total investments. On the assumption that investments in industry will be about 30 percent of total investment, the steel complex will absorb close to half of industrial investment.

15. It has been apparent for some time that, in financing its economic development, the UAR has been relying relatively too much on the import of capital and too little on its own savings; this was one of the main themes of the Bank's 1966 report. Since this affects the whole question of financing an adequate program of development in the future, it is without doubt one of Egypt's most important long-term problems. Since the rate of taxation is not low, the increase in savings could only be realized by controlling defense expenditures (more than 10 percent of GDP in recent years) and by increasing the surpluses of the "Business Budget" sector. The latter will not be possible unless the efficiency of existing industry improves significantly and more rigorous economic criteria are employed in the selection of new projects.

The Balance of Payments Problems

16. The balance of payments problem is in effect a reflection of the problems summarized in the previous two groups. In addition the availability and terms of external capital should be mentioned. More than 80 percent of western debt is scheduled for repayment by 1975. Even if the recent efforts in the direction of reducing the current accounts deficit prove to be successful, the UAR will need a substantial inflow of capital to service its outstanding obligations. The terms under which such funds will be provided will be of decisive importance in the manageability of the balance of payments situation in the future. The more specific problems of the balance of payments will be discussed later.

II. RECENT DEVELOPMENTS AND POLICIES

17. After expanding at about 6.5 percent per annum during the first five-year plan period (1961/65), the growth rate has since declined in the UAR. An overall slowdown started in 1966 when an unfavorable harvest aggravated an already difficult external payments situation. This in turn had the effect of curtailing industrial production by limiting the imports available. Although the first five-year plan envisaged a reduction of the balance of payments deficit, it was thought that this could be brought about by the development of import-substituting industries. However, insufficient provision was made for induced imports. The balance of payments deficit averaged 2.3 percent of GNP during most of the 1950's but reached 5.6 percent in the three years after 1963. Borrowing on relatively hard terms added to these difficulties.

18. Value added in agriculture increased only 1 percent in 1966 and declined 3.3 percent in 1967. The slowdown in industrial output actually started earlier. The increase in 1965 was only 4.2 percent. A study undertaken by the UAR Government estimated excess capacity in industry in 1966 at about 31 percent. Value added of the industrial sector in 1966 was only 2.5 percent more (in constant terms) than the previous year and in 1967 it was less than 1 percent more.

19. As a result of these developments, the rate of increase in GDP has declined since 1965. In 1966 it was about 4.5 percent and less than 1 percent in 1967. Investment also declined by about 7 percent in 1967 after reaching their highest level in 1966. This decline continued in 1968.

20. Government deficits (both current and overall) and credit expansion reached their highest levels in 1966. Following a change in Government, a period of fiscal and monetary restrictions ensued in 1967 and 1968. The overall deficit as well as the current budget deficit was reduced in 1967, and has been maintained at roughly the same level for the following two years. Imports were reduced by almost 19 percent between 1966 and 1967. In 1967 there was a decline in defense expenditures, which have started to increase again in subsequent years. These restrictive policies were conditions of a standby agreement with the IMF.

21. By 1966, the accumulation of external debt, much of it in the form of supplier credits, had reached a point at which the UAR found it difficult to maintain its debt payments. Arrears started to accumulate including repurchase to the IMF. Government then started negotiations for a rescheduling of arrears. The first of these agreements was reached in the second half of 1966 in conjunction with credits from foreign commercial banks. Following this, general rescheduling agreements were reached with France, Italy and the U.K. and individual agreements with the main suppliers in countries such as Germany and Sweden.

22. The year 1968 was an exceptional one. The June war resulted in the loss of earnings from the Suez Canal (LE 95 million in 1967) and from the oil fields in Sinai. In addition, the cotton crop was small, although total agricultural output was better than the previous year.

23 The 1968 budget was originally presented to the National Assembly a few weeks before the June war. It showed an overall deficit of LE 80 million. However, even while the budget was under discussion, the government decided to revise it because it was regarded as too inflationary. The war then made more drastic revisions necessary in view of the higher defense expenditure and the shortfall in government revenues.

24. After the budget was revised, the Khartoum agreement was signed, under which Egypt has been receiving \$253 million annually, (\$98.5 million from Saudi Arabia, \$59 million from Libya and \$95.5 million from Kuwait). The combination of this inflow with the budgetary measures has resulted in an internal financial situation better than had been seen for several years. On the other hand the level of public investment, as a proportion of GDP, has fallen to less than half of what it was five years ago.

25. All these retrenchment measures formed the basis for a new agreement with the IMF in March 1968. With the help of commercial bank credits from the U.K., Germany and Italy, the UAR repaid the outstanding arrears to the Fund. Following this repayment, the IMF has approved two simultaneous drawings by the UAR, a US \$40 million drawing and a US \$23 million drawing of compensatory finance to meet a temporary shortfall in export earnings.

26. Egypt stopped the repayment of rescheduled arrears to the U.K. after the June war but negotiations for the rescheduling of arrears continued and agreements concluded however both with the U.K and some other countries (Denmark, Japan, Mexico, Netherlands).

27. The national accounts figures for 1968 are not yet available. Partial indicators, however, indicate that it was another year of stagnation, if not decline. As mentioned above, the income from oil, as well as earnings from the Suez Canal and some mining operations, did not come in. Tax revenues declined slightly from LE 40.4 million in 1967 to LE 39.7 million in 1968. Investment expenditure was at the lowest level since 1961 and the imports of intermediate goods did not increase. The sharp decline in overall imports continued, 8 percent in 1968 as against 19 percent in 1967. There was also a decline in exports of about 5 percent due largely to the loss of Sinai oil fields and a decline in cotton exports. If these two are excluded, other commodity exports increased by about 11 percent. The deficit on current accounts and transfer payments increased from LE 49 million in 1967 to about LE 72 million in 1968. Arab assistance was the main factor to permit this increase but it was available only after October 1967.

28. When the situation and prospects for 1969 are studied, a different picture emerges. The Government has decided to take some steps to revive economic activity. An increase in investment is being planned; the budgeted public investment in 1969 is LE 312 million as compared to LE 219 million in

1968. With an increase in private sector housing investment, total fixed investment is expected to reach £E 330 million. Despite the planned increase in investment expenditure in the current year the investment level will still be lower than the 1966 level. Private investment in housing is being encouraged by softer lending terms from the Real Estate Mortgage Bank.

29. New purchasing power is being injected into the economy by increasing the borrowing ceilings for Government employees from the banking system. The prices of some consumer durables and some textiles were lowered in order to reduce the accumulating stocks. Whether these measures will be just enough to boost the economy or whether they may create some inflationary pressures is something to be seen in the next few months. Increased agricultural production and the existence of excess capacity in industry suggest that some room exists for expansionary policies.

30. The agricultural crop in 1968 appears to have been better than the previous year. Maize production was better than the previous year; wheat reached close to its former high level and rice production continued to increase sharply. The Government is concerned with the decline in area under cotton cultivation despite the fact that there are penalties for farmers who do not cultivate cotton in designated areas. In January 1969 the Government announced increases in cotton prices for the next crop in addition to efforts to control the cost of inputs, hoping that this will encourage farmers to cultivate more cotton.

31. One of the encouraging developments is in the oil sector. This year oil imports are expected to decline from £E 29 million to £E 18 million, while exports are increasing from £E 7 million to about £E 13 million. As a result, the oil balance of payments is expected to show a net deficit of about £E 4 million in 1969 compared with a net deficit of £E 22 million in 1968. Significant production increases are also expected in all industrial sectors except fertilizers, where a decline is expected largely due to the damage to the Suez factory.

32. Indications are that exports in 1969 will probably surpass the 1967 level. Imports continued to decline in the period July/December 1968, but with increasing investment and increasing industrial output, import demand may revive as well. In the previous two years, most of the decline in imports was a result of the decline in investment expenditure, and lower unit prices for imported foodstuffs and for some intermediate commodities. Improvements in the allocation of foreign exchange have made the distribution of imports more efficient.

III. POPULATION, MANPOWER AND EDUCATION

Population

33. The population of the UAR is growing at approximately 2.8 percent annually ^{1/}. In 1968 it had reached 32.1 million and official forecasts estimate 37.8 million by 1975. Egypt is still in a stage where mortality is declining while fertility is doing so only slowly in response to modernization in general or to population planning efforts in particular.

34. The problem in Egypt, as in many other countries, is not only one of a rapid population increase. It is aggravated by severe limitations of cultivable land, by the present age composition and by uneven geographical distribution. The 1960 census and 1966 micro census show that about 45 percent of the population is younger than 15, and 3.5 percent is older than 64. This means that for each 100 persons in the labor force age range (15 to 64) there are about 97 persons not normally expected to be economically active. This ratio is very high by any standard. Population density is also very high and has increased by 55 percent over the past 20 years to 2,189 per square mile of inhabitable land, nearly three times the population density in Japan.

35. Another characteristic of the Egyptian population problem is the high level of urbanization and the rate of urban growth. This intensive urbanization is accompanied by very high and increasing rates of unemployment in the urban areas, as is discussed below, while seasonal labor shortages occur in the countryside, where the need for such labor, often performed by children, discourages an effective family planning program in the rural areas. The percentage of the population living in urban areas increased from 37 percent in 1960 to 40 percent in 1966 and at the present growth rate of 5 percent is expected to increase to 42.5 percent by 1970.

36. The Government's awareness of the seriousness of the population problem became apparent in 1962 when the President announced the need for a population policy. After the cabinet change in 1965 the new government declared its intention to establish a national program for family planning. A Secretariat for family planning was vested with all the necessary powers but an effective program could not be started. At the present time the family planning activities are carried out by the Government as well as some voluntary organizations. Governmental activity is carried out mostly on a part-time basis by 2,700 health centers distributed over the country. The program is hampered by organizational deficiencies as well as the budgetary constraints. In January 1969 a team of experts visited the country to prepare the basis for a project to be submitted to the UNDP.

^{1/} Population and manpower statistics of the UAR lack consistency in some respects. For instance the 3.2 percent increase in the population of working age (see paragraph 37) while total population increase is 2.8 percent could not be easily explained. Consequently figures of unemployment may be higher than actual unemployment.

Manpower

37. Manpower development between 1961 and 1968 is characterized by a relatively high growth of the population of working age (3.2 percent annually) and in the labor force generally (3.4 percent annually), against a comparatively slow increase in aggregate employment (2.5 annually) and little change in the employment structure by economic sectors and by occupations. Unemployment increased from 6.2 percent of the labor force in 1961 to 8.9 percent in 1967 (amounting to 750,000 unemployed). Estimates based on official data indicate a rise to 11.5 percent for 1968 (about 1 million unemployed), corresponding to an annual rate of increase in unemployment as high as 13 percent. In the period under consideration labor productivity has not increased largely because of the immobility of labor and industrialization has not proceeded fast enough to create significant new employment. Agriculture continues to account for more than 50 percent of employment while mining and industry account only for 14 percent. Employment was growing in mining and industry at a rate of over 10 percent between 1961 and 1965 while the increase in services sector was only about 3 percent. This trend changed afterwards with the slowdown in investment and industrial activity in general. Between 1965 and 1968, employment in sectors other than agriculture fell by 2.5 percent per year and total productive sector employment rose by only 0.3 percent annually, compared to 3 percent during the preceding four years. The services sector, on the other hand, increased by almost 5 percent per year. Annual growth of overall employment decreased from 3 percent to about 2 percent. The shift towards services is partly due to the policy of guaranteeing employment to every higher education graduate. A resulting increase in underemployment is gradually being recognized as an undesirable situation.

38. This overall picture is reflected in the development of wages. The total wage bill (in current prices) increased almost four times as fast as total employment, whereas GDP per employed person grew only about twice as fast. Since these data reflect current prices only, real wages are likely to have improved less, as is the case with productivity (in terms of real GDP per employed) between 1961 and 1968. The sectoral distribution of wages shows that the services sectors account for 60 percent in 1968 (58 percent in 1965) with Government services generating 40 percent of wage income (about 38 percent in 1965). In 1966 and again in 1967 salaries in government services were cut, but these cuts did not decrease the relative importance of government services in the total wage income. The share of non-agricultural commodity sectors in the total wage bill decreased from about 23.5 percent in 1965 to just 20 percent in 1968. Changes over the entire period 1961-68 have been slow both for each commodity sector and for the modern sector as a whole (from 19 percent to 20 percent).

39. The labor market operates under a system of regulated wages. The allocation of manpower resources theoretically takes place through a planning mechanism which links the supply (and, therefore, production) of manpower to needs specified as to time, occupation, educational level, sector and branch of economy, and region. In fact, full employment rather than effective manpower utilization has been the policy since 1961. Under the

pressure of the rapidly increasing school output from all levels of the educational system, actual employment policies contain a social welfare element instead of an emphasis on economically efficient deployment and utilization of manpower. The labor market effects of these policies are aggravated by the malfunctioning of occupational guidance in schools and universities and of the government-controlled placement services.

40. These policies tend to aggravate distortions in the occupational, and also the sectoral employment structures. Furthermore, disguised unemployment is widespread, with effects on economic and organizational efficiency and growth possibilities difficult to assess.

41. The problem is one of attaining quality and appropriate occupational (and regional, i.e., urban versus rural) balances. Recently initiated programs are concentrating upon improving the relevancy of various types of education to occupational requirements, which constitutes the major portion of the problem.

42. According to the Ministry of Planning there are marked surpluses of University graduates and of graduates from academically oriented secondary schools alongside large shortages of technicians and skilled workers. The shortage of technicians is expected to grow during the 10 years between 1966 and 1975 by six times (from 24,000 to 144,000), and by 10 times in 1985. Since this occupational group performs a vital function in the application of modern, growth generating techniques in production and organization, the shortage is particularly critical.

43. In the UAR, as in other countries facing a similar situation, the solution is primarily sought in the provision of more training facilities. But the traditional aversion of secondary school and university leavers against manual work is diminishing only very slowly. In fact, enrollment developments suggest that strong pressure persists to attain social status through joining the privileged group of white-collar workers. The small enrollment shift towards technically oriented subjects may be misleading in as much as a high percentage of graduates in these subjects are said to take up non-manual employment. The comparatively high average annual wages in the service sector further this tendency. In addition, salary scales and career possibilities in Government employment are strictly tied to formal educational attainment. The nationalized industries as well as the rest of the public sector by and large follow this example. Technically trained people are paid insufficiently in comparison to white collar jobs and this results in an imbalance in the labor force.

44. The Government is becoming increasingly aware of the wastefulness of existing mechanisms for training and allocating manpower. Thus, the institute of National Planning is undertaking studies to provide better factual bases for policy decisions. Wages for graduates from Technical Training Centers, a new type of secondary school, have been increased to a competitive level.

Education

45. The expansion of the educational system of the UAR, although largely unresponsive to nation's manpower needs, has nevertheless been quite sizeable. Enrollments in Government-operated primary schools increased by 33 percent from 2.6 million in 1961 to almost 3.5 million in 1968 at an annual rate of 4.2 percent. Data on enrollment as a percentage at the relevant age group were not available, but since the increase in enrollment was considerably higher than the population increase in approximately the same age group enrollment ratios are known to have increased. Secondary education enrollments (including technical schools) doubled during this period, corresponding to an annual growth rate of 10.9 percent, well above the 2.6 percent annual in the relevant age group. Enrollments in Higher Institutes and Universities increased by 11.1 percent annually with 5.3 percent annual growth of the relevant age group. These respectable achievements, however, cannot conceal the difficulties which result from high illiteracy (approximately 65 percent of total population) and rapidly growing individual demand for education, while absorptive capacity of the labor market increased only very slowly. The traditional structure of the educational system, together with inadequate curricula and equipment, add to the difficulties.

46. Since 1966 a number of measures have been taken which may well become the first steps towards basic reforms. Secondary teacher training was transferred to the Universities in 1967. Lower secondary technical schools are being converted to general secondary schools to provide all secondary school pupils with a broad base of common knowledge. At the same time, technical training centers, a new type of secondary school, were introduced to provide technically oriented education in two different courses; a five-year course starting after lower secondary education, and, a two-year course following upper secondary (general or technical) education. Both courses extend beyond secondary level and overlap with third level institutions. Graduation is at the higher technician level. This new structure is a direct response to the manpower situation described above. It is aimed at diminishing the pressure on universities and higher institutes without restricting total enrollments, and at alleviating the shortage of technicians without neglecting aspirations for social status. Thus, starting salaries (LE 18 per month) for graduates from technical training centers are almost as high as those of third level institution graduates (LE 20 per month).

47. Parallel with, and complementing these steps, third-level institution admission standards were raised. Furthermore, annual intake figures for each field of study are now being based on manpower targets in consultations between the Ministry of Planning and the Council for Higher Education.

48. The effect of these measures can be seen from the rapid change of the pattern of first year enrollments. Higher institutes and university enrollments totalled about 35,000 in 1966 and decreased to 27,000, one year later, when the new scheme was started. During the same period secondary technical first year enrollments increased by 11,000, almost three times as much as in the preceding years. Within the third level, the pattern has changed in favor of technical subjects.

49. The Government is beginning to rationalize education development by trying to link it to realistic economic development targets. The Ministerial Manpower Committee (coordinating policies of the Ministries of Planning, Labor, Education, Higher Education, and Scientific Research, in collaboration with the Central Agency for Statistics and Mobilization) is now setting guidelines for all parts of the educational system. Measures are being considered to put employment policies on a more realistic basis. Also, in the course of the preparation of the third five-year plan, educational and manpower planning is being integrated into the decision process of the Government. Thus, although it is difficult to say to what extent this new approach will be complemented by necessary reforms of curricula and teaching concepts, the bases for consistent development policies in the manpower-education field are emerging.

IV. AGRICULTURE

Characteristics of the Agriculture

50. The climate of the UAR is dry and warm. Its agriculture is almost totally dependent on irrigation. 1/ Farming is limited mainly to the valley and delta of the Nile River and encompasses less than 4 percent of the nation's area of 386,000 square miles. Exploitation is labor-intensive and the average piece of land is cropped about 1.6 times a year. Modern inputs and improved practices are in general use. Field crops accounted for 57 percent of the gross output of the sector in 1966; fruits and vegetables, 16 percent; and livestock and poultry the remainder. Farms are generally small, with a median size of less than five feddans. About half of the cultivated area is under tenancy. Rental terms are controlled, following a series of reforms in land tenure begun in 1952.

51. The soils of about one-third of the cultivated area are "good" in terms of productive capacity. The remainder are of "medium" or "weak" quality, likely to benefit greatly from improved drainage, sub-soiling and calcium sulphate. The need for drainage is acute in many areas.

52. The agricultural sector provides over half of the nation's jobs, one-quarter of the GNP, and four-fifths of the exports. Cotton in its raw and processed form accounts for 60 percent or more of the latter. Onions are also important exports, and rice has been moving upward recently. Wheat, wheat flour, tobacco, and tallow are important on the import list.

1/ Rainfall averages 150 millimeters (5.9 inches) a year along the Mediterranean coast. This is concentrated in the winter months, October to February. As one moves South, the rainfall decreases to 25 millimeters in an average year. In some years in some areas, rainfall is zero. The mean daily temperature in the south near Sudan ranges from about 15°C (59°F) in January to 32°C (90°F) in June. As one moves north, these figures fall to about 12°C on the coast in January to 26°C in July.

53. Agriculture has been drawing a significant volume of investment funds since the High Aswan Dam was begun in 1960. In some years, this volume has reached close to 20 percent of the total national investment outlay. However, industrial development has been the primary area of public interest during this period.

54. Agriculture is under far-reaching Government control. Farmers are assigned target acreages for major crops. The kinds and amounts of farm inputs supplied to farmers are determined by the authorities, and their merchandising is a public monopoly. The more important of the input and product prices are set by the Government, with the needs both for revenue and foreign exchange ranking high as determinants. Public credit moves through quasi-public cooperatives to farmers in amounts and on terms publicly determined. Irrigation water is publicly managed and free 1/ to farmers. Withal, most of the agricultural land is in private hands and, agriculture can be considered to be under private management.

55. As noted above, one important feature of the agricultural development problem is the rapid growth in population in the order of 2.8 percent per year, and in 1968 it was estimated at 32.1 million. This affects both the demand for farm products and the supply of farm labor. Although urban growth rates are sharply in excess of rural, the absolute number of people classed as "rural" continues upward (from 16.2 million in 1960 to 18.1 million in 1966). The rural population made up 60 percent of the total in 1966, as compared to 67 in 1947.

Output

56. Estimates of GDP suggest that agricultural output grew at an average annual rate of slightly more than 3 percent in the decade from 1959, but very little or not at all since 1965. Crops continue to dominate output (accounting for 73 percent of the total in 1965), but livestock is tending to become relatively more important. The cropping pattern continues to be built around cotton, with production having reached as high as 521,000 MT of lint in 1965. Cotton output averaged 433,000 MT in 1966/68. Area under wheat averaged 1.6 million feddans in 1940/44. In spite of the Government's emphasis on wheat, this latter acreage level has not been attained recently (1.3 million feddans in 1966/68). Wheat production averaged 1.5 million tons in 1960/62, the same as in 1968. Both maize and rice production have gone up notably of late. In 1968 rice output was 23 percent and maize 19 percent above the 1962/64 average. Part of the expansion in maize is because of higher yields resulting from the increasing use of hybrid seed and the sharp shift from the nili (short season) plantings to full-fledged summer status. More and more land has been put to fruits and vegetables. Per capita consumption of vegetables in 1966 was 2 1/2 times that of 1951; and of fruits, 1-1/2 times.

1/ The exception is that a nominal sum is charged if water is pumped.

57. Aside from rice, the output trends of late have not affected the level or composition of foreign trade very much. Animal products continue to be heavy consumers of foreign exchange. A main import is live cattle from the Sudan. Fats and oils are also in increasing deficit. Another significant import item is tobacco. Imports of wheat and wheat flour have been going up, totalling £E 80 million in 1968. These are by far the largest items on the farm import list. On the export side, rice exports totalled almost £E 40 million in 1968, close to double the figure of £E 21 million which was attained in 1965 and 1966. The comparable tonnage figures were 527,000; 365,000; and 354,000. Nonetheless, rice exports have a long way to go to become as important as unprocessed cotton, even though the latter (at £E 110 million in 1968 and £E 128 in 1967) is running well below the figure of a decade or more ago (for example, £E 132 million in 1953).

Yields and Technical Change

58. Egyptian farmers produce respectable yields per acre although they are said to vary a good deal by region, by year, and by farm. Still higher yield targets appear possible if the developed agricultures are taken as models. In the period 1960/64, the UAR yields compared to those of selected high-yielding countries as follows:

Wheat	59% of the Netherlands 66% of the U.K. 82% of New Zealand
Rice (Paddy)	84% of Spain 85% of Australia 102% of Japan
Cotton (fiber)	109% of U.S.A. 109% of Peru
Corn	63% of U.S.A. 52% of New Zealand

59. The overwhelmingly striking feature of Egyptian agriculture in the 1960's is the stagnation in yields per acre (See Annex Table 33). It appears that important crops such as rice, sugarcane, sesame, barley and flax are in a yield downtrend. Maize and millet are doing rather better 1/.

60. The unfavorable trends in yields may be for several reasons. One possibility is a rise in the water table and a consequent increase in soil salinity. Another is the bringing into use of new land which requires time to reach acceptable yield levels. But this may not be very important as the

1/ A possible target for maize can be drawn from the experience of the developed countries. For example, at 1.6 percent compound the growth rate in the UAR yield of maize per acre is about one third that of the U.S.

cropped area in 1965 was less than in 1960, and in 1967, it was only one percent greater than that of 1960. A third source of deterioration in yield levels may possibly be a slowdown in the rate of modernization of the agricultural sector particularly in areas where drainage is worsening, and especially in the more recent years. However this possibility is not fully apparent from the available data, a review of which follows.

61. For many years farmers have drawn heavily on purchased inputs. However, the recent trend is not notably upward. The outlay for inputs in agriculture was LE 190 million in 1965, and LE 208 in 1967. The former figure is equivalent to 24 percent of the value of agriculture output; the latter, 23 percent. The major outlay is for fertilizers. In terms of gross tonnage, it has been estimated that farmers used 121 percent more fertilizers in 1967 than in 1952. Nitrogen consumption averaged 136,000 tons in 1955-69 period as against 313,000 tons in 1967. Phosphate and potash showed comparable increases. However, rates of use and the nutrient balance can perhaps be improved, especially in areas where the drainage constraint is removed.

62. Comparable data on other modern inputs are not readily available. One estimate puts the consumption of insecticides at 500 tons in 1952 and 15,000 in 1967. Another source shows that 11,000 tons of chemical pesticides were used in 1960 and 20,000 tons in 1966. Some 336,000 tons of improved seed were used in 1952, as compared to 1,614,000 tons in 1967. Mechanization is another major input. The number of tractors approximated 10,900 in 1959 and has been estimated at about 18,000 in 1967. About 70-80 percent of these units are privately owned.

Farmland and Labor

63. Both cultivated area and the amount of labor in use in agriculture have continued to increase in recent years. Cultivated area reached 6.5 million feddans in 1966, up 10 percent from the figure of 1946 and 23 percent from the 1937 level. The cropped area adjusted for the number of crops taken from the average acre per year has expanded from 9.31 million feddans in 1952 to 10.37 in 1960 and 10.46 in 1967 ^{1/}.

64. The rural population continues to grow in absolute terms, although as a percent of total population it has been falling. The rural total was estimated at 18.1 million in 1966, sharply above the figure of 11.5 in 1937. Similarly, the labor force in agriculture has been growing in absolute terms, but falling as a percent of the total national labor force. The available data show 3.6 million as employed in agriculture in 1961, equivalent to 55

^{1/} This is an unsatisfactory measure of the intensity of land use, because it reflects only the number of crops per year, with each crop carrying the same weight regardless months to maturity. Under this definition, substituting short for long crops, for example, increases the indicated intensity of land use although the opposite may have resulted in fact.

percent of the national total. This latter figure seems to have fallen by close to one percent per year through 1968 when the absolute figure was 3.9 million and the percent was 51.

65. The number of rural people per feddan of cultivated and cropped area has been increasing. However, discussions on land-labor relationships mean little unless possible changes in quality in each of these factors through the years are taken into account. For example, illiteracy is especially high in rural areas, but declining, therefore making it probable that the average quality of the human agent in agriculture is higher now than a decade ago. Similarly, new areas are being brought into use as farmland each year. Their production capacity builds up slowly. And as build-up occurs, land elsewhere may be deteriorating in quality because of a rising water table, impeded drainage, increasing salinity or other reasons. The intensity of use of both old and new land may also vary from year to year.

Income

66. Farmers at the lower end of the income scale are better off now than perhaps ever before. This is not because the per capita earnings of the sector have been increasing rapidly, but rather because the land reform program begun in 1952 transferred a significant volume of assets and income to small farmers. Since 1952 about 760,000 feddans of farmland (some 12 percent of the national total) have been taken from landowners holding more than 100 feddans and distributed to 300,000 rural families for a nominal payment. This land now changes hands in the free market at LE 700 to LE 1,000 per feddan. Land rents have been fixed at a maximum of seven times the land tax (at its 1949 level). This cut rent by 33-50 percent as of the time of the decree, and it has continued downward in real terms since that time. About one-half of the cultivated area is in tenancy today and there are some 700,000 tenant families. These now receive written three-year leases under terms which make eviction highly improbable.

67. Another feature of the income trend in agriculture is that wholesale prices of food have been trending upward relative to other prices in general. Although this movement is less prominent for prices received by farmers, it remains true that the shift in relative prices is producing income improvement for people on the land. Farmers are also favored by real estate taxes. These have not moved upward at a rate at all close to that of the real value of property. Part of the declining burden of real estate taxation has been offset by the increased rates of defense tax.

68. As a part of incomes policy, Egypt has chosen to use its agricultural resources and its capacity to import to improve dietary levels. The tendency in both the caloric and protein supply per person per day has been upward:

	<u>Unit</u>	<u>1950-51</u>	<u>1955-56</u>	<u>1965-66</u>
Protein (vegetable)	Gram	55	77	80
(animal)	Gram	13	15	12
Calories	Calorie	2,336	2,590	2,813

Authorities on nutrition characterize present total food supplies as sufficient to cover the caloric and protein requirements of the nation, although distribution problems may persist. From the point of view of the quality of diet, they point out that cereals provide too high a portion of the intake of calories and protein, as well as of most minerals and vitamins.

Public Investment

69. Agriculture, irrigation and drainage have been allotted close to one-fifth of total public investment in recent years. The figures are:

	<u>1964-65</u>	<u>1966-67</u>
	LE Million at Current Prices	
Agriculture	28.0	29.6
Irrigation and Drainage	37.4	34.0
High Dam	<u>18.6</u>	<u>16.5</u>
Total	<u>84.0</u>	<u>80.1</u>
Total above as percent of all public Investment	19	18

These data would change but little if private investment in agriculture were added. The latter is estimated at only LE 5 million in 1965 and LE 2 million in 1967.

70. Public outlays in agriculture more than doubled between 1961 and 1966. But in 1968 they were only 75 percent of the peak year of 1966. Area-increasing (reclamation) activities suffered less than did crop-livestock and irrigation-drainage from this budget cutback.

Research and Extension

71. Research has always been a primary task of the Ministry of Agriculture. In fact, before the revolution of 1952, the Ministry did little else but research. It now works at 174 sites in seven research departments: soils, field crops, horticulture, plant protection, animal production, veterinary, and agricultural economics and statistics. The staff in 1968 included 1784 university graduates, and the budget was LE 3.25 million.

72. Cotton has absorbed much of the research effort and varieties have been under continuing improvement. More attention is now being given to other crops. For example, production practices have been developed which will double the existing national average yield of maize on good soils, even if only open-pollinated stock is used. Similarly, rice yields have been sharply increased by using varieties such as Giza 159 adapted to local conditions. This type of work is fundamental to progress in agriculture, and it becomes doubly important where increasing output by increasing the land supply is costly, as in the UAR. It is doubtful if the UAR is doing nearly enough technical research in agriculture (including animal husbandry), given the high returns to improving techniques in agriculture and the relative scarcity of high yielding opportunities in other areas.

73. The same is probably true of the Government's effort to expand the use of modern inputs and improved cultivation practices. This is the specific task of the extension service. The under-utilized potential in extension is only now becoming apparent. Recent experience suggests that intensive extension can increase yields significantly. A new extension approach was begun in 1967 in 31 of the less productive villages and involved a total cropped area of 9,800 feddans. In 1968, the intensive program covered 43,000 feddans and 154 villages. In 141 of these villages, the effort centered on one crop, usually corn, cotton or rice. The remaining villages were classified as multi-purpose, and the program aimed at improving farming practices in general and in finding new outlets for labor. The 1969 program has been expanded still further, and the target is to add 90,000 feddans per year until about 900,000 feddans are under intensive extension at all times.

74. The program increases the supply of guidance and modern inputs to the selected villages. The enlarged staff undertakes to assure that appropriate farming supplies are always available and that all farmers do the right things at the right time -- sowing, fertilization, spraying, and so on. In 1968 the program raised the yield of corn from 9.7 to 18.6 ardeb per feddan in the village of Zohra (Beihaira) in 1968. Results elsewhere were comparable. Nonetheless these are illustrative data and more refined measurements are desirable. To get comparable results over much larger areas may be more difficult. It is also important to note that Egypt, unlike many countries, is free from a trained personnel constraint in expanding its extension and supporting services to farmers. For example, nearly 5000 specialists in agriculture and veterinary medicine graduated in 1964. (This indicates that outlays for agricultural education may be too high, particularly for the upper levels.) This capacity to expand extension work should be more fully exploited.

Credit

75. The farm credit system is operated by the General Organization of Agricultural and Cooperative Credit. The volume of credit in agriculture has been expanding rapidly. In 1957, farmers borrowed LE 20 million; in 1967 it reached a total of LE 87 million. The system operates through the agricultural cooperatives in each village, although organizationally independent of them. Both the Cooperative organization and the Credit organization report to the Minister of Agriculture. An increasing proportion of credit is in kind, and in 1967 this was about two-thirds of the total. The system is financed by advances from commercial banks and the Central Bank and subsidies in a significant degree are involved. About 95 percent of the credit is on short term. Two of the major problems are delinquencies and accounting. No data were made available to the mission on arrears but the need to improve collections is widely recognized.

Prices and Costs

76. The prices of major items bought and sold by farmers are largely determined and administered by the Government, subject to such ultimate constraints as the balance of payments and income and incentive effects. However, it has proven difficult to discover the agricultural price structure necessary to produce the desired resource allocation and simultaneously

fulfill other public objectives. Supplemental means of resource management have been installed. For example, a scheme of crop rotations laid out on the basis of large blocks made-up of plots from many farms, combined with annually established acreage allotments for the three main crops (cotton, rice and wheat) has been installed. Another scheme involves the sale of all the cotton and parts of the rice, sesame, peanuts, onions, garlic, lentils, wheat crops to the Government at prescribed prices. This system gives the Government a main source of revenue.

77. In addition to using prices as a substitute for (or complement of) taxes, the Government tries also to keep the price of staple items at a low and stable level for consumers. This "social" objective in pricing is also apparent on the input side. There is no charge for irrigation water as such, and until recently agricultural production credit was interest free.

78. The effects of this multi-faceted pricing structure on resource use and output in agriculture is not clear. Farmers have not been paying directly for some valuable things (water); and they perhaps have been receiving too little for other things (rice) and too much for still others (wheat). As noted above in a different context, farm products have tended to become more valuable relative to non-farm products in recent years, in terms of wholesale prices. The wholesale price index for industrial products and materials moved up from 429 to 497 (1939 = 100) in the period 1951 through July 1968 (Table 56). One of its components of great interest to farmers -- fertilizers -- actually fell in this period. Meanwhile, prices of foodstuffs as a group rose much more sharply, from 335 to 538 in the 17-year period ending in July 1968.

79. However, it should not be automatically assumed that prices received by farmers move up at a rate comparable with the wholesale price level for foodstuffs. The state is an important intermediary between food producer and consumer and subsidies, penalties, rationing and multiple pricing have been used as policy instruments to a large extent. Farm product prices at point of first sale have moved up as follows:

	<u>Prices Received by Farmers</u>		<u>%</u>
	<u>Av. 1957-60</u>	<u>1967</u>	<u>Increase</u>
	Piasters per Kilogram		
Wheat	2.5	3.7	48
Maize	2.4	3.7	54
Rice (Paddy)	1.9	3.0	58
Sugarcane	0.23	0.27	17
Beans	4.3	5.4	26

80. The major price movement in production requisites has been in labor. A daily rate of P.T. 25 is not uncommon today. This is close to double the effective rate of a few years ago. A summary of available price data on other items entering production costs is in Table 58. The extent to which public funds have been drawn upon in creating and sustaining the price level of things farmers buy is not known. However, some evidence is available about the cost of stabilizing the prices of things farmers sell.

81. The agency charged with assuring supplies and stabilizing prices of staple foods lost about £E 3.5 million in 1967 and £E 5.8 million in 1968, leaving aside certain administrative charges. The main items on which cash income exceeds outgo are sugar and tea. Although a ration of sugar is made available to all at a subsidized price, additional quantities are offered at a much higher (and profitable) price. Quality tea is considered a luxury item and annual returns to the Treasury are around US \$16 million. Wheat and wheat flour are important contributors to public losses, and in 1968 losses in these products reached over US \$54 million.

82. The stabilization agency maintains a substantial inventory of staple food items (Table 60) and this, along with access to the Treasury, has enabled it to exert a significant price stabilization effect. The selling prices of the agency have changed but little since mid-1965.

83. Overall, it is difficult to pass judgment on the effect of these price and cost controls on the efficiency of resource allocation in agriculture and on income distribution. A first step would be to establish operational criteria to serve as the basis for appraisal.

Marketing

84. Marketing arrangements in agriculture are an essential complement to the pricing system. The farmer deals mainly with Government or quasi-Government agencies in procuring his farm supplies and marketing his product. His main point of contact is the village cooperative. This agency anticipates his input requirements and makes arrangements with the Credit Organization and other public agencies for supplies, delivery, storage and finance. Alternative sources of materials are not readily available to farmers except as they exchange among themselves.

85. On the product side, the first step toward co-operative marketing was begun with cotton in land reform areas in 1953. It has since been extended to include rice and certain other crops. These products are delivered by farmers to the village cooperatives or some other designated agent of the responsible Government agency (individual quotas are assigned at times). They then move through the processing and distribution chain to domestic consumers or foreign markets under Government ownership, supervision or control.

86. The apparent intent of the Government is to develop an agricultural cooperative system able to handle all marketing tasks on both the product and input side. To date, however, much farm produce moves through private channels, albeit under an inclusive set of price and other controls enforceable by the State. For example, the local (district and village) markets are either owned and managed by the Government or licensed by it.

87. The volume of business done by each of the public marketing organizations is by no means insignificant. But evidence on their effectiveness and efficiency is scarce. It is unlikely that the system would itself rapidly identify or cure its deficiencies, as it does not automatically produce pressures to release resources or upgrade technology or accumulate for

investment. However important its shortcomings may turn out to be, it is clear that the agricultural marketing system has undergone profound changes since the revolution of 1952.

Planning and Coordination

88. Agriculture fell somewhat short of target during the first plan 1961/65. The value added in agriculture rose by 3.3 percent per annum against the planned rate of 5.1 percent; employment in agriculture grew at a 3.3 percent rate against the planned rate of 3.2 percent; and investment in agriculture, irrigation and drainage made up 17 percent of total national investment as against a planned figure of 19 percent. In effect, both investment and expectations concerning the agricultural sector have been on an annual basis since the mid-1960s and neither has been formalized as a part of a national plan or as an integrated sector scheme.

89. It appears possible that investment in agriculture since 1965 would have been higher and of a different composition if formal planning had continued beyond the mid-1960s. Whether this is true or not, it will not be easy to resume planning in agriculture and effectively to monitor and coordinate the performance of the executive agencies. This is because several agencies are now charged with promoting agriculture and the personnel strength of each has been tending upward. Difficulties of a bureaucratic sort are to be expected in complex structures charged with doing many big and inter-related jobs and involving many organizations and people. By way of illustration, it is worth noting that the Ministry of Irrigation in December 1968 had a staff of about 54 thousand. One result is to make planning the more necessary, both to design resource allocations and to monitor performance.

90. One of the important tasks facing the planners today is to project the output and employment capacity of agriculture over the several decades ahead. A primary determinant of this capacity will be the supply of water available for irrigation. Studies of the possibility, the costs and the returns to expanding the water supply through upstream development of the Nile and from other sources, need to be intensified. Data of this sort are essential in designing economic development strategy for the long run.

Improving the Agricultural Performance

91. A very determined effort needs to be mounted to reach acceptable levels of growth in the sector. This becomes clear if one projects the sources of gain in agricultural output which are now visible. This projection follows. Its implications for change in agricultural development policy are then explored.

92. The bulk of the effort in agriculture is going into land development. This program is firmly scheduled, and to falter now would result in forgoing much of the benefit from the heavy investment already made in the new Aswan Dam. The general expectation on new land has been of the following order of magnitude:

	<u>Thousand Feddans</u>
Cultivated area -- 1965	6,160
To be reclaimed through 1975	
- using High Aswan Dam Water	1,250
- other projects	<u>400</u>
Cultivated area in 1976	7,810

A nine-year increase of this magnitude in the cultivated area would represent a growth rate approximating that of total population. 1/

93. However, some adjustments are likely to be made to these expectations as experience unfolds. Two examples may be cited. First, to date it has proven costly to find and make available underground water. Second, some of the desert soils of calcareous sand and lacustrine clays are more difficult and costly to manage than was expected. About 656,000 feddans were reclaimed in the period 1960-68 (Table 31). Of these, about 200,000 have been raised to a productivity level at which the value of saleable product covers operating costs. It is planned to reclaim an additional 50,000 feddans this year (1969). There will then remain 564,000 feddans to be reclaimed through 1975 to enable full utilization of the new Aswan waters. 2/ The total reclaimed area for the period 1960-76 will then total 1.25 million feddans. (This target assumes that a sufficient area of soils of sufficient quality to make reclamation economic can be found. It is generally believed that this can be done.)

94. Land reclamation under the natural conditions of Egypt is understandably costly. Including social outlay and a charge of LE 65 for the High Dam (Table 38) average costs have been running around LE 520 per feddan. The figure varies by \pm 20 percent, depending on such factors as soils, topography and location.

95. Reclamation in other than the above-designated areas (and independent of the expanded water supply from the Nile) has totalled about 83,000 feddans since 1960. As noted, the costs are high and the present evidence suggests that a realistic projection of the rate of growth of production capacity in agriculture will not count on these areas for a substantial contribution in the near term. 3/ Continuing study is in order, however.

1/ Alternative sets of data are available on both intended and realized activity in land development. However, the differences would not change the conclusions.

2/ This includes the Salhia project. It is hoped to bring more soils of higher quality into the scheme if it becomes possible to bring part of Lake Manzala into the project area.

3/ The outlook for the longer term may be different. Reports indicate that an underground water reservoir sufficient to irrigate a million acres for 800 years has been found in nearby Libya. This is being tapped for experimental farming now.

96. The second source of increase in production as a result of the Aswan High Dam is the conversion from basin to perennial irrigation of about 930,000 feddans in Upper Egypt. This enables multiple cropping. Some 80 percent of this gain has already been achieved, with the remainder to be completed by 1972, mainly through levelling. The gain yet to be realized is thus about 130,000 feddans of cropped area per year if one ignores questions of drainage and the probable effect of the lack of it on yields.

97. A third source is the intensified program of drainage now being planned. It is contemplated that a LE 73 million project to drain 1.4 million feddans will begin in 1970, with area drained in that year being 80,000 feddans, building up to an annual rate of 240,000 feddans in 1975. On this schedule, as much drainage will be accomplished in the single year of 1975 as during the entire 1960/65 Plan period. If one assumes a yield increase of 25 percent as a result of drainage and a cropping factor of 1.7, this program as of the end of 1975 will have created the equivalent of about 391,000 feddans of cropped area per year. 1/ This will have been at a cost of about LE 48 million (920 thousand feddans times an estimated unit cost of LE 52), with annual operating and maintenance charges of the system expected to be around LE 0.7 per feddan-year. 2/

98. In terms of cropped area equivalent, these three categories of outlay will result in an increment of 1.2 million feddans as of beginning 1976 in comparison with the end of 1967. This represents an annual compound growth rate for the period 1968-75 of about 1.4 percent. Interesting propositions follow:

- (1) at the contemplated rate of land development as just described, the rate of growth in farm output will fall below that of population unless the rate of growth in yields per acre is increased above its recent rate (see paragraph 59), or the cropping pattern is upgraded;
- (2) the implications of such a fall (relative to population growth) in the farm output growth rate for the balance of payments and the national capacity to invest are serious enough to suggest that development resources should be redeployed to produce a proper combination of more rapid land development, more rapid yield growth, and more rapid upgrading of the cropping pattern;

1/ The figure of 25% is slightly higher than the recent IBRD drainage project appraisal group assumes for purposes of making recommendations concerning a loan. This figure does not include the yield effects of the heavier use of modern inputs which is made economic by drainage.

2/ Alternative schemes being put forward show drainage completions on as many as two million feddans by 1975. But whatever may be the target finally settled upon, drainage is widely recognized as a big job. For example, it has been estimated that to install proper drainage in all of the presently irrigated area would cost LE 300 million.

- (3) if it is unlikely that land development can be done any faster than is now contemplated without resulting in unacceptably high unit costs, and if rapid shifts in the cropping pattern are unlikely ^{1/} then the highest-yielding way to raise farm output is to increase sharply resources going into promoting improved technology where soil and groundwater conditions permit. This is the proper course that should be followed.

99. This finding is not inconsistent with more capital investment in agriculture. In fact, the two categories of outlay may be quite complementary. The policy issue of today is really not the simple one of more acres versus more productive acres -- to be considered within an overall sector investment constraint. Rather it is the rate at which both more acres and more productive acres should be developed. This involves inter-sector comparisons of returns to investment which should be considered within the framework of a detailed development plan. In any case, a prior task is to show that agriculture can draw a high yield from more funds if they are spent to expand the use of modern inputs.

100. The rate at which the use of modern inputs can be increased depends on the specific response to technology. Data are scarce on this matter. Within the limits imposed by deteriorating drainage conditions, the mission believes that there is substantial scope for raising agricultural production through expanded technical research and development and by means of heavier use of superior inputs and modern cultivation practices. There is evidence that this view is shared by the Government.

101. Few of the reasons typically given in explanation of under-utilization of modern inputs such as machinery and pesticides apply to Egypt. These include: too little water; too unreliable a water supply; farmers do not know how to use the inputs; the planting materials are not responsive; the extension staff cannot reach farmers; and the credit and input distribution system is already overburdened. The most probable reason why under-utilization persists in Egypt is that input supplies have been limited; with supplies rationed, unfilled demands have not been apparent. The supply is short because foreign exchange has been scarce, making it difficult to assign enough funds for necessary inputs. This difficulty has been reinforced by the desire to promote domestic production of inputs, already well advanced but still not enough.

102. Water use is another important issue. Evidence on actual versus optimum use levels is not readily available. There is an increasing body of opinion that farmers use much too much, as, for example, during the final stages of the cotton crop. From the farmers' point of view it is a

^{1/} Because these shifts would inevitably mean more exports and imports, and it is difficult to rapidly expand exports of products such as fruits and vegetables.

free good, ^{1/} and the relation between irrigation, drainage and crop yields may not always be clearly seen.

103. It may be difficult to improve water use. One reason is that there is no shortage of water at present in relation to the area available to use it. Another reason is that it would be almost impossible to install a system enabling individual water charges to be levied according to offtake unless land holdings were consolidated. The potential gain from land consolidation is probably very high. In 1950 over 50 percent of the land in farms of 2-10 feddans was made up of three or more plots. The comparable figure for the 10-50 feddan group was 75 percent. Consolidation of land ownership is not now under serious consideration, except by the cooperative system on an experimental basis. The fact is that consolidation may not be able to generate much interest because its most obvious effect is popularly seen as one of saving labor rather than promoting technical progress in production methods.

104. Crop consolidation rather than land consolidation has been tackled in the land reform areas by arranging that contiguous plots, regardless of ownership, be sown to the same crop. Fairly large blocks of land (up to 300 feddans) belonging to many owners were thus brought under the same crop and the same rotation without disturbing ownership rights. This process begun in Nawag village in Gharbiya Province in 1955, was undertaken in over 90 percent of the national cultivated area in 1965.

105. To make it profitable for farmers to use only the economic amount, some type of volumetric control of water use is indicated. As long as individual accounting is prohibitively costly (because of the land ownership and use pattern and the water distribution system) there is little recourse other than to organize and charge on a group basis. This merits consideration. ^{2/}

106. Using water and modern inputs to better advantage would make it easier to grow crops worth more per unit. It has long been the policy of the Government to shift more and more agricultural resources into the production of higher-value crops. For example, as long ago as 1957 the Government asked FAO for technical assistance in fruit and vegetable marketing with the hope that more resources could be put into these high-yielding outlets.

107. Nonetheless, the cropping pattern still contains a significant acreage of low-value crops. The typical rotation, now of three years, is defended mainly on the grounds that jointly with decrees setting up maximum cotton acreage it is the least-cost way to sustain land productivity. In

^{1/} Even if paid for through the land tax, as some claim, the amount payable is not dependent on the amount used, nor is a water charge an identifiable element in the land tax payment.

^{2/} See Phillip Kirpich and Peter Naylor, Irrigation Under Conditions of Small Land Holdings, Congress of International Commission on Irrigation and Drainage, Mexico, 1969.

turn, the cotton and wheat acreage requirement is seen as promoting the optimum external relationship, both through the supply of exportable cotton and the level of wheat imports. 1/

108. Technical and economic circumstances change rapidly and in so doing create the need for continuous study of alternative cropping patterns. The realized and potential technical gains in corn of late are vastly greater than in cotton or water buffalo. The export price of rice and the import price of wheat are likely to be weaker in the next five years than in the past five. The upward price pressure on animal proteins for human consumption will be sharper tomorrow than today. Pest control for cotton by labor-intensive methods will be more expensive relative to alternatives in the future than it is today. These suggest the need for a continuing adjustment in the cropping pattern, even as do improvements in drainage and the creation of certainty in the supply of water for irrigation.

109. Specific recommendations on the cropping pattern are not possible without detailed study. This would involve a range of assumptions on technical coefficients and on foreign and domestic prices. It is quite conceivable that such a study would indicate that there is a place for a relative increase in berseem, corn and pulses to help cut back on imports of animal products. This would tend to discourage domestic output of wheat, thereby reinforcing the need to price wheat to consumers high enough to reflect its real cost and promote shifts to substitutes such as potatoes which do not directly consume foreign exchange.

110. More than foreign exchange is involved, of course. Labor is also important. A high labor-using cropping pattern with minimum seasonality is being sought. Another consideration is crop diversification to spread risk.

111. Little or no research is being done on the cropping pattern. This is to be regretted, both because a refined set of technical and economic data can be quickly developed and because the outlook for progress in agriculture needs to be strengthened by all possible means. Upgrading the cropping pattern may be one way.

112. Movement toward higher-value crops implies several complementary steps. One is an organized effort to discover openings in foreign markets and to design production and marketing accordingly. This is particularly necessary for fruits and vegetables. To be fully effective it may have to be done jointly with other countries which are seeking markets for similar products.

1/ The target is typically not over one-third of the cultivated area in cotton and not less than one-third in wheat. However, it has not always proven possible to attain these acreages. For example, cotton acreage sank below the desired level in 1968, and higher prices have been announced to induce an upswing in 1969. Wheat is a like case. Although liberally priced, many farmers find berseem more profitable and the pressure to move out of wheat is persistent.

113. Another associated step is to move towards a system which permits farm product prices in the domestic market to reflect real costs and the international market. In paragraph 81 it was noted that to hold bread prices stable the Government of Egypt made bread available for the year 1967 at LE 54 million less than it cost. This over-stimulates demand for bread, thereby absorbing more resources for its production (or importation) than would otherwise be necessary, and hence leaving fewer resources available for higher uses.

Conclusions and Proposals

114. Each year the agricultural sector commands more resources of all kinds and increases output; but it shows a highly unsatisfactory trend in productivity. Among other things, this raises questions about the level and distribution of investment in agriculture. There is also need to be concerned about the rate of growth in the capacity of agriculture to earn or save foreign exchange.

115. Any appraisal of the public performance in agriculture must relate to a target set of objectives. Targets were not specified officially for the recent past nor have they been for the immediate future. On the production side, if such targets had been set, and if they had embodied the growth goals of the first plan period (1960/65), they would not have been met unless performance had improved. As to institutions serving agriculture, there has been massive change. Its main feature is the enlargement of the public role. Ways of improving effectiveness and efficiency in the agencies serving agriculture are being sought and debated. This debate needs to be focused and intensified if agriculture is to be fully exploited as a source of economic growth. Basic policy issues also need debate. It is probable that relatively too little has been invested in agriculture, and much too little in certain sub-sectors. Another question concerns the degree to which the system allows the better farmers to farm better.

116. To improve the performance of the Egyptian agriculture it is necessary to establish the criteria by which performance is to be judged. This is because the decisions left to the farmer are so few. The Egyptian farmer does not have full control over the use to which he puts his land and labor, nor over the kinds and amounts of inputs he uses. He does not have alternative sources of supply for production materials and services nor alternative outlets for his major products. Prices are not allocation devices in the sense of reflecting scarcities and real costs. Superior farming skills (production, management, marketing) cannot be fully expressed. Those who would innovate cannot. Those who lag are still tenure-secure. The major decision open to the farmer today is how hard to work. Under these circumstances, it is not easy to determine whether he is doing a good job or how to promote a better one.

117. The same can be said of the public agencies servicing agriculture. As with farmers, superior management is not rewarded. Shortcomings in performance are not readily visible, and the only corrective mechanism is the political process.

118. With performance thus divorced from penalty and reward, at least to some degree, it is important to introduce criteria which will act continuously as a force to shift resources into higher-yielding uses. This may involve the use of explicit targets and monitoring systems.

119. Current effort in agriculture should be geared to increasing yields per acre, in so far as drainage conditions make it economic, and to assuring full utilization of the available water supply. The public decision-making machinery needs to take more cognizance of market developments abroad, and there is dire need for a system of individualized penalties and rewards for farmers and managers. A closer relationship between the real cost of a thing and the price paid for it by consumers and farmers needs to be established. These judgments imply that the Government needs to consider taking steps of the following illustrative sort:

- (1) Speed up technical change by (a) making available the foreign exchange required to increase the fertilizer supply by, say, 20 percent and the number of tractors by 25 percent in the year ahead (adjust these percentages for succeeding years in the light of field evidence as to demand); (b) assuring that the effort to produce and distribute improved seed and to extend plant protection can move forward without financial constraint; (c) expanding the intensive extension program at triple the presently contemplated rate, concentrating it in the most productive areas, and putting much more emphasis on technical research;
- (2) Improve resource use and the agricultural credit and cooperative system by (a) promoting the construction of adequate warehouse space in each of the village cooperatives; (b) installing an effective accounting capacity in the agricultural cooperative and credit structure, beginning at the village; (c) directing that the agricultural credit system and the agricultural cooperative system become self-supporting in five years, simultaneously raising interest rates to cooperatives and farmers and making available as much money as can be loaned at the higher rates; (d) developing group responsibility for future delinquencies in credit; and (e) adjusting farm real estate taxes and farm land rents upward with general price increases, and discouraging waste of irrigation water by requiring the farmers to pay for it.
- (3) Forestall deterioration and enable growth in yields per acre by (a) urgent implementation of the planned drainage program; (b) sharply expanding this program to the economic level through appropriate means 1/; (c) using the leverage developed by the

1/ For example, by utilizing staff from abroad on a short-term emergency basis. It is realized that this course would require adjustments in certain current practices such as conditions of employment and repatriation of earnings.

drainage subsidy to promote in areas about to be drained a program to consolidate landownership, utilizing paid village committees and under-employed agricultural graduates as the operating group for this very high-yielding activity, (d) taking appropriate steps 1/ to speed up the soil survey to assure that the areas in greatest need of drainage receive priority attention; (e) exploiting the drainage outlay to the utmost by intensive extension programs in areas being drained.

- (4) Intensify studies of ways of expanding agriculture by (a) the provision of more water (from the Nile, and groundwater); (b) technical improvements, including drought-resistant crop varieties, and (c) more economic use of water and other resources.

V. INDUSTRY

120. Industry has played a leading role in the development strategy of the UAR since 1957, when the first industrialization plan was launched. The share of industry in GDP has risen from less than 10 percent in 1952 to more than 20 percent in 1967. During this period the relative share of industrial output of the traditional industries processing local raw materials (textiles; food) declined as the scope of manufacturing industry widened. This decline will be more noticeable in the next few years if the petroleum industry develops as expected.

121. Since 1965, with the slowing down of general economic growth, excess capacity appeared in many industries, particularly those which were designed to serve the domestic market. A decrease in demand for some consumer's goods accompanied the overall slowdown in economic activity. Stocks of a wide range of products which were not marketable abroad nor saleable at home because of their high prices were accumulated. Factories which were already working below capacity because of the shortages of raw materials and spare parts, and other production difficulties, or in some cases over-investment, in the first place, reduced production. From 1965 to 1968 the percentage of unused capacity in the industrial sector as a whole averaged more than 31 percent. The branches most affected were engineering and metal working industries, motor vehicles, heaters, sewing machines, the electrical and electronics industries, refrigerators, T.V. sets, radios, some chemical industries, soap, plastics, powder, pencils and matches, some food industries e.g. soft drinks and some textiles (low quality yarns and finished goods). Prices of some consumers durable goods, namely, wool yarns, textiles, refrigerators, radios and T.V. sets, were reduced last January with the very aim of increasing domestic demand, decreasing stocks and achieving a fuller utilization of the existing productive capacity. The cuts averaged 30 percent. The products covered, however, concerned only a small fraction of total private consumption and further reductions for other items are under consideration.

1/ See footnote on p. 28

122. Despite a very close system of control of the financing of industrial investment, whether through direct Government appropriations or through the banking system - mainly for operational deficits and for short term needs - organizational arrangements do not make it easy for the choice of priorities and the selection of projects to be made systematically in relation to economic criteria. Projects are prepared and submitted by the General Organization for the individual industrial branch to the responsible Minister concerned. Responsibility for individual branches of industry is divided between some five Ministers. The Minister for Industry, Petroleum and Mineral Wealth is but one of the members of the Cabinet responsible for the industrialization policy. Some important branches are under the supervision of the Ministers of Health, Supply and Domestic Trade, Economy and Foreign Trade and War Production. Finally, the Minister of Planning is responsible for putting the industrial policy in the context of the development plan of the country. At a lower level, many enterprises although similar in function, are attached to different General Organizations.

123. Because of the already existing diversification of the industrial sector, and the complex interrelationships among the different branches, in a system - like the Egyptian - where prices do not represent costs, an effective reorganization can be achieved only through a better coordination of decision making. The Government has recognized the need for improvements in organization and has set up a ministerial committee to study costs and pricing procedures.

124. In addition, other measures are being taken to increase industrial output. Among them is a sharp increase in industrial investment. The increase planned for 1969 not only reflects a recovery after the slump resulting from recent economic stabilization efforts, but also the beginning of a very large investment program at the Helwan steel plant, which with related investments would absorb about 50 percent of the total probable industrial investment of the country for the coming five years. The renewed growth of industrial investment poses again the problem of investment allocation and project selection. Although the stated policy is aimed at maximizing returns, fostering export oriented industries, and at eliminating bottlenecks, the Helwan Project does not yet appear to have been weighed in the context of the sector as a whole, nor does the marketability of production from this plant seem to have been fully analyzed.

Petroleum

125. Oil is the most important mineral resource of the UAR. The annual output of crude oil rose from 2.3 million tons in 1953 to 5.7 million tons in the fiscal year 1968, despite the loss of Sinai oilfields which - before the 1967 war - accounted for about 80 percent of total production. New discoveries and developments are expected to result in further doubling of production by 1969. The UAR expects to become a net exporter of crude oil in 1970.

126. Egyptian oil policy seems to be sound, and its management imaginative and businesslike. Several additional areas were recently opened for concession and all the major international oil companies have been invited

to bid. A few foreign companies, namely ENI, Pan American and Philips, already operate in the UAR on the basis of partnership agreements, whereby Egyptian and foreign interests undertake joint operations in case of commercial discoveries and Government proceeds consist of the national share (50 percent) and of 50 percent of the profits of the foreign partner. For the future, however, despite the successful working out of these partnership agreements, the UAR has announced that any form of arrangement which is most beneficial to the country would be considered in order to attract more interest.

127. The recent developments in oil production are in the Western Desert (Al Alamain and Mamor al-Jimal) and at the Red Sea (El Morgan offshore and Amin, Shukheir and Ummal Usr, on-shore). Natural gas was found in commercial quantities at Abu Madi in 1967, and more recently, at Al Westani, both in the Nile Delta. The crude oil in the Western Desert and in the Red Sea region has a higher quality than that of Sinai. Its API degree is, in certain cases, very similar to that of Libyan oil (42° API). It is also located very close to refining facilities. Proved reserves indicate that crude output could exceed 35 million tons in 1975, more than a 5-fold increase over the 1965/68 average. By 1975 total exports are expected to be almost 9 times the 1965/68 average.

128. Before the June war, refining capacity (9 million tons per year) was planned to be expanded rapidly with the doubling of the Mex refinery at Alexandria, and 70 percent and 50 percent increases for the El Masr and Suez Oil refineries, both near Suez. These last two plants have been seriously damaged and in 1968, the amount of petroleum processed in the UAR was only 5 million tons as compared to the 8 million tons in the previous fiscal year. An arrangement was made with the refinery at Aden to process there some crude oil from El Morgan oil field. It is expected that by 1975 the production of petroleum products will amount to nearly 10 million tons.

129. A pipeline to supplement Canal transit is being planned to extend from Suez to the Mediterranean Sea. The line, with a planned capacity of one million barrels per day may cost ££120 - 150 million. A system of contractor's financing is envisaged. The project is expected to be completed by the end of 1970.

130. Petrochemical developments are still in the planning stage. Several specific projects are being considered. The project at the most advanced stage of preparation is a plant to produce polyethylene (20,000 tons a year), polyvinyl (20,000 tons a year) and plasticized PVC (18,000 tons a year). Production would be mainly for domestic consumption with exports primarily to Arab and African countries.

Chemicals

131. The Chemical industry is well developed. Apart from the main branches (fertilizers), great emphasis is given to expansion, renewal and improvements in glass, paper, plastic, tyres and basic gum industries.

132. Egypt produces both nitrogenous and phosphatic fertilizers, about 160,000 tons N and 260,000 15 percent P_2O_5 tons a year respectively, while consumption is about 250,000 tons N and 300,000 15 percent P_2O_5 tons. Discoveries of oil and natural gas and extension and rehabilitation of phosphate rock production offer good prospects for growth of production, not only to cover domestic requirements but also for export. The main projects under execution concern calcium ammonium nitrate (200,000 tons, 20.5 percent) at Helwan and superphosphate (200,000 tons, 18 percent P_2O_5) at Assiut. Despite the virtual self-sufficiency in phosphorous fertilizers achieved in 1966, the rationale for expanding superphosphate production lies in the efforts to promote consumption up to more than 700,000 tons of fertilizer.

Textiles

133. The industry dates back to the 1920's and in 1968 accounted for about 32 percent (including both public and private activities) of the value of industrial production. It consumes one-third of domestic raw cotton production, mainly ashmuni, and although about 80 percent of its output is consumed domestically, it is a major export industry. Cotton yarn and textiles comprise about 70 percent of total textile production. The UAR also makes jute, synthetic and wool yarns and textiles. Through renewal of existing plants and establishment of new factories, total production capacity is planned to increase about 10-15 percent over the next 5-year period. Excess capacity has been experienced mainly in plants manufacturing cheap clothing for domestic consumption. The prices of these goods were recently reduced.

134. Production of cotton yarn and textiles reported a steady increase in recent years from 1963 to 1967: 6.2 percent compounded for yarn and 3.8 percent compounded for textiles. In the same period, production of wool and synthetic yarns and textiles stagnated and production of jute yarn and textiles declined by about 45 percent.

Food Processing

135. Until 1962 when it was surpassed by textiles, food processing was the largest branch of UAR industry although it has a very slow growth rate. In 1952, it accounted for 45 percent of total public and private manufacturing. In 1967 the public factories (93 percent of the total) covered almost 23 percent of the industrial sector output (LE 241.1 million). The major food products groups are, in order of the value of production: sugar and sugar products; cotton seed cake and oils; starch, glucose and yeast; corn and rice products; dairy products; canned, dried, preserved and frozen meats; vegetables and fruits; frozen shrimp.

136. Extension and renewal is planned mainly for sugar and sugar products, preserved products, edible oils, dehydrated products and fish. Food processing did not have to cope with excess capacity problems since this affected significantly only soft drinks. For some lines of production the industry faces significant storage problems for lack of refrigeration rooms.

Steel

137. The iron and steel mill has been operating uneconomically at Helwan since 1963. Its main problems are its uneconomic size, only 300,000 tons and high transportation costs for the ore and fuel. The plant operated at full capacity only last year. Continuous losses have been financed either through Government appropriations or through the banking system. Expansion of the plant, to achieve an economical size, had been given high priority by the Government. Negotiations with the USSR for its financing were completed on May 15, 1968, and works are expected to start before the end of this financial year. The operation is scheduled to be finished by 1975. The new production capacity will be 1.5 million tons, and the project includes the development of Bahariya Oasis iron deposits and the construction of a railway from there to Helwan. The cost of the project is estimated at about LE 350 million, 25 percent of which is in foreign exchange.

Mining

138. Besides oil, the major mineral products of the UAR are phosphate rock, salt, manganese, iron, limestone, marble and gypsum. Immediate prospects for expansion of production concern, mainly, phosphate rock and iron ore, since the major manganese deposits are Sinai and Salt production near Port Said. Proved reserves of manganese ore amount to more than two million tons in Sinai, and minor deposits were recently found in the Eastern Desert. A project for expansion of salt production in connection with export opportunities in Japan was interrupted after the closing of the Canal.

139. Efforts for expansion of phosphate rock exploration and extraction are being directed not only on traditional areas south of Suez (Safaga, Kosseir, Hamrawein), but especially in the Nile Valley in Upper Egypt where more than 130 million tons of proven reserves are located. Production is expected to increase from 740 thousand tons in 1968 to over 1.1 million tons by 1975. Expansion of production is, however, only but one priority. In fact, upgrading of output and improvement of extraction methods are felt as extremely urgent and necessary: the quality of output does not compare favorably yet with North African ores and labor productivity is extremely low. Mechanization, or at least semi-mechanization, of all the mining operations is needed in the short run.

140. Iron ore deposits are located at Aswan and the Bahariya Oasis. Low grade Aswan iron, upgraded to about 50 percent, has been used for the Helwan Steel Mill since 1963, despite the high transportation costs involved in the operation because of the distance (about 950 km). The recently discovered Bahariya Oasis deposits contain about 166 million tons of proven reserves of almost 55 percent iron.

Concluding Remarks

141. The central problem facing the country is how to make the best use of this significant growth potential of many branches of industry. For petroleum, chemical, engineering, mining and for the other promising branches, availability of capital locally is not the only difficulty. The problem is

a combination of the availability of foreign exchange, selection of projects, coordination of activities, location of investment, standard of management, implementation of policies aiming at the best use of available resources, also of the unused capacity that has so far burdened many lines of production. In this connection it will be necessary to strengthen the management of the enterprises and to entrust them with more autonomy regarding managerial decisions.

142. If Egypt can overcome her lack of foreign exchange and can supply industry with what is necessary to supplement investment in domestic currency and if the present reorganization policy leads to the definition of an effective planning, her industrial growth potential can be better exploited. The "new" industries, particularly chemicals, engineering and, petrochemicals could become competitive in the relatively short run. Through upgrading and renewal, also textile and food processing could make more progress in the world market. For the heavy industry it will take longer time before its production can be justified on economic grounds alone. However, even for this sector the long run growth potential can be considerable, especially if efforts toward economic integration among the Arab countries produce a larger market with the UAR the dominant supplier.

VI. PUBLIC FINANCE, MONEY AND PRICES

Public Finance - Overall View

143. The nationalization measures of 1961 marked a turning point in the role of the public sector in the UAR. All major economic activities were brought under government control with public investments now accounting for about 90 percent of total investment in the country. Two budgets were created to cope with the new system of public ownership: the "Services Budget" and the "Business Budget". The Services Budget covers the traditional Central Government functions and include very modest investment expenditure (on average about 10 percent of total public investment). The Business Budget includes Public Authorities and Organizations, the latter acting as sector holding company to which a number of operating companies are affiliated. All surpluses generated by the Public Authorities and Organizations are transferred to the Treasury and, due to the absence of a capital market, investment financing for the Business sector is provided by the Treasury either through loans or contributions to the capital of companies.

144. The fiscal situation viewed from the standpoint of mobilizing internal resources for development, can be characterized as one in which, despite a high ratio of tax-revenues to GDP - around 22 percent - central government savings have persistently been negative and total public savings have been around 4 percent of GDP in most years, though they fell to as low as 2 percent in 1966. This situation has mainly arisen from the very high level and rate of increase of defense expenditure which is now around 10 percent of GDP. However, other current expenditure has also been rising more rapidly than government revenue and GDP. Consequently, public investment expenditure fell continuously between 1964 and 1968.

145. The willingness and ability of the Government to reduce investment expenditure in the interest of overall financial prudence should be stressed. But a continuously falling level of public investment is a trend which must be reversed before the fiscal performance of the UAR can be judged satisfactory from the point of view of development. The 1969 Budget envisages a substantial increase in public investment, a substantial part of which is however unlikely to contribute much to the growth of the economy in the near future. The possibility of significant additions to productive investment over the coming years will largely depend on defense needs and on the ability of the government to follow a policy of austerity for a protracted period of time, should these needs increase further.

Past Trends

146. Central Government finances entered the 60's with a balanced current account budget but the situation rapidly deteriorated and reached its worst point in 1966, the last years of the Plan. The increasing deficit of the early 60's was mostly the result of a rapid growth in current expenditure which far exceeded the increase in revenue and GDP.

Table 1: CENTRAL GOVERNMENT

<u>Annual Rate of Growth</u>	
1959/60 - 1965/66	
	<u>of</u> <u>%</u>
<u>Current Expenditure</u>	<u>18.1</u>
Defense	21.0
Social and economic services	18.0
<u>Current Revenue</u>	<u>11.0</u>
Tax Revenue	11.7
<u>Gross Domestic Product</u>	<u>9.0</u>

A main determinant of the growth of current expenditure was the decision of the government to expand social and economic services in order to satisfy the basic needs of the population. For example expenditure for education and health more than doubled between 1960 and 1966. A very substantial part of expenditure for social and economic services has taken the form of transfers to local authorities, which by 1966 reached LE 123 million, almost 20 percent of current expenditure of the central government.

147. While the government in the early 1960's was trying to expand its development expenditure, it was faced with increasing requirements for defense expenditure which accelerated after 1963 mainly as a result of the military commitment in Yemen. In 1960, defense expenditure accounted for 30 percent of total current expenditure, or about 5 percent of GDP. By 1966,

these ratios climbed to 34 and 10 percent, respectively. The rate of increase in expenditure on social and economic services was of the same order of magnitude.

Table 2: SERVICES BUDGET
(£E million)

Fiscal Years	1960	1962	1964	1966	1967	1968 Prov.	1969 Est.
<u>Current Expenditure</u>	<u>252</u>	<u>369</u>	<u>493</u>	<u>685</u>	<u>663</u>	<u>632</u>	<u>658</u>
of which							
Defense	76	87	177	235	184	258	279
Social and Economic Services	84	129	177	227	223	226	253
<u>Current Revenue</u>	<u>254</u>	<u>307</u>	<u>369</u>	<u>474</u>	<u>525</u>	<u>515</u>	<u>526</u>
of which							
Tax Revenue	175	179	272	342	348	341	360
<u>Balance</u>	<u>+2</u>	<u>-62</u>	<u>-124</u>	<u>-211</u>	<u>-138</u>	<u>-117</u>	<u>-132</u>

148. The revenue performance of the government during this period was good when related to the growth of the economy. By the end of the period, revenues of the Central Government and of local authorities (about £E 50 million) were about 22 percent of GDP or 26 percent including the savings of the Social Security system. This rate is certainly high among developing countries, particularly if allowance is made for the low per capita income. Custom duties (of which 50 percent come from tobacco) were a very dynamic source of revenue all through the period. They are the single largest tax and account on the average for about 30 percent of total revenue. Business profit taxes also increased very substantially, at an annual rate of 24 percent between 1960 and 1966. Their increase was particularly significant in 1965, and 1966, mostly as a result of the efforts of the tax administration in collecting tax arrears.

149. The only significant element in the revenue structure which did not move in accordance with the growth of the economy was the land tax. The tax has a rate of 14 percent applied to the annual rental value of all arable land. The rental value corresponds to about 10 percent of the assessed value. The original assessment is the one of 1946 which a land reassessment conducted in 1956/58 was intended to revise. However, the 1958 land reassessment was delayed until 1966 because of the policy towards agriculture. Starting in 1963, the proceeds of the land tax were turned over to the local authorities, who impose a 15 percent surcharge. The yield of the land tax has, therefore, remained practically unchanged between 1960 and 1966. The rigidity of this tax, however, has been partially offset by the increased rates of the defense tax, which rose between 1961 and 1966 from 3.5 to 10.5 percent of the rental

value. The defense tax which is paid by the user of the land (owner or tenant), has been therefore the only way of increasing the tax burden on agricultural income.

Table 3: PUBLIC SECTOR SAVINGS
(£ million)

Fiscal Years	1964	1965	1966	1967	1968 Prov.	1969 Est.
<u>Central Government</u>	-124.0	-145.4	-211.1	-137.5	-117.2	-132.4
<u>Social Security</u>	69.8	100.1	109.1	122.7	144.9	161.5
<u>Local Authorities</u>	9.7	8.2	12.7	8.6	20.7	22.8
<u>Public Enterprises</u> 1/	<u>113.9</u>	<u>124.3</u>	<u>136.2</u>	<u>110.0</u>	<u>12.5</u> ^{2/}	<u>30.1</u> ^{2/}
Total	69.4	87.2	46.9	103.8	60.9	82.0
<u>Public Investment</u>	<u>369.4</u>	<u>294.2</u>	<u>300.2</u>	<u>271.2</u>	<u>218.8</u>	<u>311.9</u>

1/ Up to 1966 the savings of public enterprises are given gross of transfers from the Central Government to cover the deficit in the current operations of some enterprises. According to rough estimates such transfers have been of the order of £ 20-25 million. Savings of enterprises are defined, starting in 1967, as follows: Savings = (Surplus + Depreciation Funds) - Operating Deficit.

2/ The decline reflects the disappearance of the earnings of the Suez Canal Authority with the closure of the Canal.

150. The large current deficit of the Central Government has significantly offset the savings effort which took place at the other levels of Government. This was particularly evident in 1966 when public savings were only 2 percent of GDP. The decline in savings made it necessary to reduce the level of investment which in 1964 had reached a peak level of £ 370 million. The sectors most affected by the reduction were industry and tourism. However, the reduction in investment was not sufficient to avoid a large resort to Central Bank borrowing in 1966, when foreign credits also declined. The Budget estimates for 1966 had called for £ 17 million of borrowing from the Central Bank but the final deficit was £ 115 million, notwithstanding the stabilization measures taken at the end of 1965, which included tax and price increases as well as cuts in non-defense expenditure.

Recent Developments - Stabilization vs. Growth

151. A substantial improvement in the financial situation of the General Government occurred in 1967. Both the current account deficit and the overall deficit were substantially reduced. The improvement in the current deficit was first of all the result of an absolute decline in current expenditure. Furthermore, there was a substantial increase in current revenues originating from the impact of the stabilization measures. The results of 1967 would have shown a greater improvement had it not been for a substantial amount of liquidation of arrears.

152. On the revenue side, it should be noted that tax revenues remained practically unchanged. This was first of all the result of an absolute decline in customs duties, after several years of rapid expansion. The import restrictions which the government had imposed in order to meet the balance of payments problems are the major explanation for the decline. Fortunately, a vigorous policy in tapping business tax arrears was able to offset this shortfall.

153. On the expenditure side, non-defense expenditure expanded at about the same rate as GDP and this target was achieved by keeping expenditure for goods and services almost unchanged, by reducing cost of living subsidies and by limiting the increase in the wage bill to less than 4 percent. This latter is a noteworthy achievement since upgrading of existing personnel, according to government officials, accounts for about 3 percent of the wage bill. Finally, transfers to local authorities have also remained unchanged after the substantial increase in 1966.

154. A significant development in 1967 was the decline of total public expenditure, in terms of GDP, to the 1963 level. Such decline, was partially the result of further reduction in investment expenditure which affected mostly industry, transport and communications. The need to cut investment even though defense expenditure declined substantially was due mainly to the simultaneous drop in foreign credits and to the determination of the government to reduce borrowing from the Central Bank.

155. The war of June 1967 had a strong impact on the 1968 Budget because of much higher expenditure for defense and revenue shortfalls, mostly attributable to the loss of Suez Canal revenues. A series of measures were taken to offset these factors. On the expenditure side the more important measures were the cancellation of the annual bonus for employees; reduction by one-half of representation allowances and lowering of all other allowances by 25 percent. Expenditures for purchases of goods and services by the government were also reduced. On the revenue side, a national security tax was introduced at a rate of 50 percent of the existing defense tax. ^{1/} Other tax increases affected the stamp duties, taxes on private cars and other excise

^{1/} The tax was only 25 percent of the defense tax levied on land in view of the fact that the land tax itself had been raised by about 25 percent as a result of the implementation of the land reassessment of 1956-58.

duties. Price increases were imposed, among others on cigarettes, sugar (by transferring part of rationed sugar to free sugar, which pays a higher price) and transportation fares. Furthermore, the damage to the oil refinery at Suez called for further rationing of kerosene and price increase on non-rationed kerosene. Finally, social security contributions were also raised.

Table 4: FINANCING OF PUBLIC SECTOR CAPITAL EXPENDITURE
(LE million)

Fiscal Years	1964	1965	1966	1967	1968 Prov.	1969 Est.
<u>CAPITAL EXPENDITURE</u>						
Investment	369.4	294.2	300.2	271.3	218.8	311.9
Debt Repayment <u>1/</u>	-	-	-	-	20.7	25.4
Emergency Fund <u>2/</u>	-	-	-	-	-	27.0
Total	<u>369.4</u>	<u>294.2</u>	<u>300.2</u>	<u>271.3</u>	<u>239.5</u>	<u>364.3</u>
<u>Sources of Financing</u>						
Public Savings	69.4	87.2	46.9	103.8	60.9	82.0
Savings Certificates	-	6.2	17.5	24.8	13.6	15.0
Postal Savings	11.4	8.8	5.1	1.3	0.9	-
Miscellaneous	55.2	39.6	48.0	9.5	70.7	14.0
Bank Claims	150.0	71.8	115.9	75.0	53.2	67.5
Foreign Credits	83.4	80.6	66.8	56.9	40.2	58.8
Emergency Fund	-	-	-	-	-	127.0
-Aid from Arab Countries						(107.0)
-Other Special Revenue						(20.0)

1/ It does not cover foreign debt repayment by enterprises. Up to 1967 debt repayments, which include principal payments on foreign debt, appeared in the Services Budget Current Expenditure.

2/ An estimated amount of LE 100 million for defense expenditure has been included among Central Government Current Expenditure. The Emergency Fund amounts to LE 127 million and is financed for LE 107 million by the Arab Aid, the remaining LE 20 million being provided by special revenues, mostly stamp duties. In addition to defense expenditure the Fund finances support programs for the people living in the Canal Zone (about LE 13 million) and the losses suffered by the maritime companies attached to the Suez Canal Authority.

156. The outcome of these measures was to keep the current account deficit of the Central Government at the same level as in 1967. However, savings of enterprises declined very sharply mainly because of the closing of the Suez Canal, and this, together with the further reduction in foreign credits and the necessary curtailment of borrowing from the Central Bank called for a very substantial cut in public investment which fell below the 1961 level. In August 1967 an agreement was signed with Kuwait, Libya and Saudi Arabia for annual assistance of £E 95 million to offset the Suez Canal losses. It was increased to £E 107 million after the devaluation of sterling. £E 83 million were received during the fiscal year 1968. The allocations of these funds are not shown on the budget figures. It can be presumed that part of them would appear among Miscellaneous in table 4 on the financing of Public Sector Expenditure.

157. A revival of public expenditure characterised the 1969 budget. There was the desire on the one hand to bring public investment to a level more compatible with the long term development needs of the country, and on the other to increase public consumption both to relieve the pressure on individuals and also to raise effective demand in the economy. Thus, for example, the wage bill of the Central Government increased by 15 percent, reflecting the reinstatement of the various allowances which had been cut in the previous years. Looking at the various functions of government, expenditure on social and economic services was increased by 10 percent after two years of stagnation. Expenditure for security and defense was also increased by about 9 percent. Public investment increased by more than 60 percent; however, the fact that a large amount of this increase comes from the expansion of the existing steel mill raises some questions as to its contribution to the increase in output over the near future.

158. The increase in current expenditure has been met by additional price increases (cigarettes and gas oil) and tax increases (national security tax) in addition to the expected natural growth of public revenues. ^{1/} This leaves a current account deficit roughly equal to the one of 1968. For the financing of investment expenditure, the most significant items are the proceeds of the Arab Aid, of £E 107 million.

Organizational Problems and Policies

159. The heavy emphasis placed by the Government on solving short-term financial problems has not prevented a parallel effort to deal with some of the more structural problems of government activity. A number of possible economic and fiscal reforms are discussed in a document issued by the Government this year, including a reclassification of the various budgets to separate agencies and enterprises operating on a commercial basis from those performing more social functions.

^{1/} The data show a moderate increase in revenues but this is the result of a change in classification. See Annex tables 50 and 51.

160. As regards revenue measures, the three main possibilities seem to be the introduction of a turnover tax, the revision of custom duties and an even greater effort in collecting tax arrears. Furthermore, the land tax is also being studied. There is the idea of eliminating (or reducing) the existing exemption (LE 4 on tax assessments up to LE 20) to increase the contribution of agriculture to the development expenditure of the Government in that sector. The present system is marred by the lack of satisfactory records of land ownership which enables many taxpayers to claim the exemption for properties which they may own in different provinces.

161. Another of the reforms discussed is enhancing the autonomy of local authorities, reducing their dependence on government aid which represents now about 70 percent of their total resources. Their own resources are mostly the proceeds of the land tax and the surcharge, public utilities revenue and entertainment taxes. Under the present system, the budgets of local authorities are submitted for approval to the Ministry of Local Authorities and are based on the anticipation of a certain amount of government aid. The Ministry of Local Authorities, together with the Ministry of Treasury, decide the annual appropriations. Whilst the advantages of a more decentralized structure are in theory substantial, it would seem that the most important issue in the UAR would be the administrative capacity of the local authorities to carry on a greater level of activity. At present such administrative capacity is certainly concentrated at the Central Government level and could hardly be transferred to the field for some time. Furthermore, the tight expenditure policy which will be required in the coming years could be much more difficult to implement should the government lose to the local authorities control of a substantial amount of public expenditure.

162. As to public enterprises, the document on reforms addresses itself in a general way to all their major problems, which are common to public enterprises in most countries: inadequate capital structure, inefficiency of operations, etc. The desire to run the enterprises efficiently comes out strongly in the document. It is stated that, "overstaffing should be shown separately as a 'social cost' or burden . . . Thus . . . it will be evident who is responsible for the overstaffing, the enterprise or the State". It could be said that once overstaffing had been clearly identified, the excess labor should be taken away from the enterprises and transferred to the Central Government. Once a general job reduction is excluded, for social and political reasons, it may be better to allocate people to general government functions which are less likely to be disturbed by excess labor than in industry.

163. The lack of autonomy of enterprises creates a series of problems. One of them concerns their ability to use their own surplus. Under the present system the surplus of enterprises is transferred to the Treasury which charges interest on funds it makes available to them. A question is then whether the enterprise should receive interest free loans up to the amount of their surplus. Another important question is the level of interest rates charged on loans by the Treasury, which is at present around 4 percent. This is certainly low, and it reflects a more general problem of the interest rate structure in the UAR. Any action to improve the efficiency of enterprises should consider the possibility of a more realistic cost of money which now incorporates

a subsidy element. The document refers also several times to the possibility of doing away with those enterprises which turn out to be uneconomic and at the same time do not perform any social function which might justify their existence with the support of the government.

Money and Prices

164. Credit expansion in recent years has been largely dominated by government borrowing, reflecting the role of the public sector in the economy. The improvement of government finances in 1967 is therefore seen in the monetary data which show practically no increase in money supply for that year. In addition to the reduced reliance of the Government on the banking system, there was in 1967 an absolute decline in credit to the non-government sector. This was the result of the effort on the part of the Agricultural Bank to collect a substantial amount of arrears from the farms.

165. During the year after the war, restrictive credit policies were continued with net claims on the Government increasing substantially less than the previous year. ^{1/} Money supply declined in absolute terms for the first time for many years. Several factors, also discussed elsewhere in this report, indicate that the current year will probably show a more expansionary credit policy. A provision taken in 1968 has granted personal loans to government employees up to two months salary. This, in itself will call for a credit expansion of LE 15-20 million. The results of the first months of 1969 still indicate a very modest increase in total credit, once adjustment is made for the financing of the cotton season. Available resources in the country should make such an expansion possible without serious inflationary pressures, but obviously the Government should be careful in keeping credit expansion within reasonable limits.

166. The monetary policy of the UAR is facing a more structural problem with pervasive effects on the entire economy. Interest rates for medium and long-term credit to enterprises, when charged, are of the order of 4 percent. Interest to farmers vary between 4 1/5 and 6 percent. The Mortgage Bank is expected to give loans at 3 percent while borrowing its funds at 5 percent. Furthermore, these interest rates have a tendency to remain unchanged regardless of the economic situation of the country and therefore they fail to perform their role in allocating available resources. A general increase of interest rates would certainly affect the level of economic activity and should be implemented with equally important adjustment in the other cost and price factors which are now controlled by the Government (see, for example, the problem of excess labor). It is, in other words, one area of change among many others which are required to separate private and social costs in the UAR economy.

^{1/} Budgetary data show net claims on government of LE 53.2 million as against the LE 28.2 million indicated by the monetary survey. The discrepancy is due to delays in the presentation of the final accounts of the Government.

167. Prices remained fairly stable between 1960 and the end of 1964. This was to a large extent the result of government control over prices. Prices of most goods are government controlled but at the same time large amounts of commodities are sold outside the rationing system. Fluctuations in these prices are not reflected in the indices. Between December 1960 and December 1962 money supply and GNP increased by 16 and 12 percent, respectively, while the cost of living declined. In those years, however, there were signs of repressed inflation in the form of shortage of consumer goods, black markets and rapid deterioration in the balance of payments. After 1964 and until the middle of 1966, prices were allowed to increase and this to a large extent reflected the stabilization measures taken by the government with the intention of reducing consumption as well as increasing government revenues.

168. Over the last two years, prices (1939 = 100) have remained stable or even declined. During 1967, a fairly unusual development took place: while the cost of living index declined, the wholesale price index continued to increase even though less rapidly than in the past. The explanation lies probably in the coverage of the cost of living index which only reflects the prices of the rationed quantities of various commodities. A new cost of living index which reflects the price changes in non-rationed commodities, with base year in 1967, has been introduced - this index shows an increase of 4 percent between October 1967 and October 1968. The price reductions in 1969 for a series of domestically produced manufactured goods will probably contribute to a decline in the cost of living index.

Table 5: PRICE INDEXES
(1939 = 100)

Month/Year	Cost of Living	General Wholesale	Foodstuff	Industrial Products Materials
December 1962	296	420	403	438
December 1963	302	425	403	448
December 1964	339	453	445	462
December 1965	377	490	499	480
December 1966	394	526	568	485
December 1967	392	553	618	494
October 1967	394	564	641	494
October 1968	386	526	544	508

Prospects

169. In view of the role of the public sector in the UAR the future growth of the economy will depend to a very large extent on its performance. Ensuring an adequate increase in public investment is certainly the main long-run target of the government policy. In view of balance of payments difficulties a substantial effort is needed to mobilize domestic resources for investment.

170. The future level of defense expenditure is one of the most important factors which may influence investment in the next few years. Unless restraint is exercised in the further growth of defense expenditures, investment and thus the growth rate of GDP may not reach reasonable levels. In making projections for the next five years it is assumed that defense expenditure will increase at the same rate as other Central Government current expenditure.

171. As to non-defense current expenditure, the growth rate of 6.5 percent, i.e. the same as the projected growth rate of GDP, allows for a faster expansion (8 percent) in social and economic services provided that general administrative expenditure be kept around 5 percent. ^{1/} The UAR government has shown the ability, under pressure, to maintain wage and salary increases within very moderate limits.

172. For the purposes of the projections in this report it has been assumed that current revenue will increase at 8 percent per annum, (an elasticity of 1.3 with respect to the growth of GDP). The recovery of the industrial sector and therefore of business taxes is implied in these projections. Furthermore, a strengthening of the tax administration which the Government is now contemplating should also contribute to the expansion in revenue. The role of custom duties is likely to decline, even disregarding any temporary reduction due to emergency import restrictions. However, such decline should be offset by increased revenues from domestic indirect taxes. The introduction of a turnover tax, presently under study, would in fact represent a very important step towards the modernization of the tax system.

173. If the above projections were realized, the current account deficit of the central government would decline moderately over the coming five years. While its elimination should be the eventual target, it would be very unrealistic to expect such an achievement unless defense expenditure is cut down very sharply. By way of illustration, it may be noted that even if defense expenditure could be maintained at the 1969 absolute level, the current account will be balanced only by 1975 - thus adding about LE 120 million to the present projection of public savings for that year. On the other hand, the already high level of government revenue makes it hard to envisage a growth rate for revenues substantially faster than the one projected.

174. While the Social Security surplus (expected to grow at 10 percent per annum based on historical performance), is a fairly reliable component of public savings, savings of enterprises are very volatile. In the past, actual performance has remained very often substantially below budget estimates which is particularly serious in a country where the public sector plays such a large role.

^{1/} Particularly in the fields of education and health, future investment will automatically generate a certain stream of current expenditure. This correlation should be kept in mind when deciding the level of investment in these sectors.

Table 6: PROJECTION OF PUBLIC SECTOR SAVINGS
(LE million)

Fiscal Years	1969	1975
<u>Central Government</u>	<u>-132</u>	<u>-123</u>
Current Expenditure	658	957
of which Defense	(279)	(396)
Current Revenue	526	834
<u>Social Security</u>	161	283
<u>Local Authorities</u>	23	30
<u>Public Enterprises</u>	30	47
Total	<u>82</u>	<u>237</u>
<u>Public Investment</u>	<u>312</u>	<u>492</u>
<u>Savings as percent of GDP</u>	3.1	6.6
<u>Savings as percent of Public Investment</u>	26.0	48.1

175. The present level of enterprise savings is very low and the main explanation is the closing of the Suez Canal whose earnings were their largest component in the past. However, should the Canal be reopened, the resulting increase in enterprise savings will probably be offset by the cessation of the Arab aid so that there would be no net increase in available funds. It is assumed in our projections that enterprise savings will increase at 8 percent per annum or roughly the expected growth rate of the industrial sector. ^{1/} Such an increase, in absolute amounts is very small. A more favorable development, however, while within reach, can only depend on the success of the Government in improving the efficiency of the system. It is therefore necessary to avoid excessive investment programs based on unrealistic expectations of enterprise savings.

VII. INTERNATIONAL TRADE AND PAYMENTS

176. Egypt has been having balance of payments deficits continuously since the Second World War. The origin of the difficulties lies in the composition of the commodity trade, and in the management of the balance of payments.

^{1/} Figures in table 6 do not include earnings from the Canal.

177. Products of agricultural origin make up the bulk of exports (about 86 percent in recent years) and almost one third of imports. Among exports of agricultural origin, cotton and cotton products are the most important accounting for about 50 percent of total exports. In recent years, the importance of rice has also increased (from 8 percent in 1965 to 16 percent of total exports in 1968). This makes the economy very susceptible to changes in prices of these commodities.

178. Another problem is the organization and management of the foreign trade sector. Foreign trade was nationalized in 1961 and was entrusted to public sector companies and organizations. Coordination among them was not very efficient. Following the June war (in July 1967) some organizational changes were made in the form of giving greater powers to the Commodity Boards, leading to better coordination and more efficient use of scarce foreign exchange resources. After these changes, there were some complaints by the industrial enterprises regarding the process of allocation of foreign exchange and delays in receiving imported goods. The situation seems to have improved since then. The improvement in the terms of trade could probably be partly attributable to the increased efficiency of the system.

179. Another aspect of the management of the balance of payments is external debt administration. Borrowing at hard terms and in amounts beyond the repayment capacity of the country resulted in defaults and arrears which have accumulated and further aggravated the problem.

Balance of Payments

180. After having reached a very difficult position in 1966, the Government took some measures to improve the situation. There were some favorable developments in 1967: total current receipts increased by 7 percent and the current payments decreased by 2 percent as compared with the previous year. As a result, the current accounts deficit declined from LE 117 million to LE 79 million. The main factors in this improvement were a decline in imports and a rise in earnings from tourism and the Suez Canal.

181. In 1968 the balance of payments situation deteriorated because of the war. Canal earnings were lost and, as a result of the loss of Sinai oilfields, oil exports dropped while imports of petroleum products increased. In 1968 the current accounts deficit reached LE 155 million. Part of the loss however (LE 83 million) was compensated in the form of Arab aid. The combined current accounts and transfer payments deficit was LE 72 million in 1968 compared with LE 49 million in 1967.

Exports

182. Cotton is traditionally the most important export commodity. A reduction in acreage in recent years has, however, resulted in a contraction in the amount exported which was already evident in 1967 (7.6 percent below 1966), and became more important in 1968 (20 percent below 1967). The composition of raw cotton exports, as shown in Table 68 also has changed somewhat. As a result of the overall decrease in output - an increasing

share of total production of extra-long staple cotton has been used by domestic spinners. For the current fiscal year, 1969, about 20 percent of domestic consumption (700,000 tons) will be covered by extra-long staple, mainly Menoufi.

183. Extra-long staple cotton has some special technical and economic characteristics. Despite its characteristics a certain degree of substitution is possible between extra-long staple cotton and man-made fibers and other cottons. Its supply is limited to a small number of countries among which the UAR plays a very prominent role (45 percent of world trade). Therefore, Egypt's behavior in the world market will be one of the most important factors determining future conditions.

184. Export prices have reached to a high level, particularly for extra-long staple, and a decline is, therefore, expected to appear from next year on. In terms of overall export earnings, however, since a rapid restoration of historical acreage levels (1.9 million feddans as compared with 1.5 million feddans in 1969) and an increase in yields is expected, the decline in prices will be more than offset by the growth in exportable surplus. Total export earnings are expected to show a steady increase up to 1973.

185. Rice is the second major agricultural export crop of the country. Eighty percent of the Egyptian rice exported is polished round grain. This is a variety directly competing with Burmese and Italian varieties, the price of which have recently reached a very high level, due to political and climatic conditions in Asia and to stock-piling in Japan. The present price level cannot be expected to last for long and a sharp decline (5-6 percent yearly) is projected for the near future. Nevertheless, it is expected that the exportable surplus of the UAR will grow despite a rise in domestic consumption.

186. The advantageous position Egyptian onions have in the European market has been the main factor for the growth of exports of onions over the years. Exports have sharply declined recently due to seed and insect problems affecting domestic supply. A steady recovery can be envisaged, even though prices are unlikely to maintain their recent increase (70 percent in 1967 over 1966).

187. Other agricultural exports, mostly fruit and other vegetables, provide at present less than 5 percent of total UAR export earnings. Potatoes, peanuts, fruit and citrus are the main products. A growth in their exports depends on trade barriers and competition in the European markets rather than on supply conditions. Although, in the long run, a moderate reduction in EEC non tariff barriers for some varieties can be envisaged, competition from excess supply countries is likely to exert a downward pressure on world market prices and other Mediterranean and African countries' preferential arrangements with the Common Market may limit the share which the UAR otherwise might have in the Common Market.

188. Cotton yarns and textiles are still the major item in UAR exports of semi-manufactures and manufactures. The average rate of growth from 1963 to 1967 was about 20 percent per annum. Total exports averaged LE 44

million from 1966 to 1968 and are expected to reach about LE 55 million or 20 percent of exports in the current fiscal year. New varieties are entering the picture, mainly finer finished clothing, and the Government believes that the export target of LE 70 million for yarns and textiles will be achieved even before 1975. This is a reasonable expectation, especially taking into account the change in the composition of this category, namely the increasing relative importance of better quality finished goods enjoying higher unit prices. Therefore, from 1966/68 (average) to 1975, the overall rate of increase may be about 60 percent (7 percent per annum compounded). Despite this expected expansion and the export growth potential of the sector, the marketing of cotton yarns and textiles is encountering difficulties which deserve special attention. They are related to (a) access to convertible currency markets and (b) use of high priced cotton as raw material.

189. A provisional member of GATT, the UAR has been participating as a Group II (developing, exporting) country in the Cotton Textile Long Term Arrangement (LTA) since 1962. During Round VI of GATT Commercial negotiations, the UAR subscribed to the 3-year extension of the arrangement and concluded, mainly within the framework of LTA, commercial agreements with importing countries providing principally for expanded access to their markets. Despite the allocation of assured quotas in some markets, and their yearly expansion, the LTA has worked unsatisfactorily for the UAR. Actually Egyptian exports to LTA Group I (developed, importing) countries have diminished both in absolute value and in percentage since the Arrangement came into force, as shown by the following table:

Table 1
(LE million)

Year	Cotton Yarn Exports		%	Cotton Cloth Exports		%
	LTA Countries	Total Export		LTA Countries	Total Export	
62/63	10.0	21.0	48	5.0	14.1	36
63/64	12.0	32.2	37	6.1	15.2	40
64/65	12.2	35.2	35	4.5	15.8	28
65/66	9.7	37.9	26	1.9	11.9	17
66/67	7.4	43.0	17	2.7	17.5	15

Source: UAR, The Textile Consolidation Fund.

Note: A difference in total value from official customs data, lies in the fact that the Textile Consolidation Fund data are based on contracts rather than on actual exports and that they include also small amounts of silk yarn and products.

190. The market for Egyptian yarn and textiles is limited not only by market barriers in the importing countries but also by the high cost of the relatively high quality of cotton used in Egyptian textile mills as compared with similar mills in other countries. This cost difference is particularly relevant for cotton yarn, where cotton costs represent about 60 percent of the total, but substantial also for cotton textiles. Subsidies to overcome this disadvantage are paid to exporters to convertible currency countries (about 40 percent of total exports) through the Textile Consolidation Fund, a marketing and technical agency established in 1953. The Fund obtains resources by withholding a portion of the taxes collected on sales of cotton and through direct Government appropriations made to the Fund when its own resources cannot meet the refund requirements. The following table summarizes the refunding operations in the recent years:

Table 2

Years	Exports of Yarn		Exports of Cloth		Total Thousand Tons	Subsidies Paid to Exporters		Fiscal resources of the Fund	
	Thousand Tons	Mil. LE	Thousand Tons	Mil. LE		Mil. LE	Mil. LE	%	Mil. LE
	1964/65	35.2	25.1	16.3	12.2	51.5	37.3	4.5	12.2
1965/66	37.9	29.0	12.3	10.8	50.2	39.9	4.1	10.2	3.2
1966/67	43.0	32.8	18.3	15.3	61.3	48.1	5.6	11.7	3.1
1967/68	42.3	33.0	24.3	18.8	66.6	51.8	8.4	16.1	3.2

Source: The Textile Consolidation Fund

Note: see Table 1

The increasing use of extra long staple varieties, mainly Menoufi, by domestic mills bears a direct relation with the increase in refunds.

191. Fuel and mining exports will be of increasing importance in the near future for the UAR balance of trade. The petroleum balance of payments is expected to record a continuous surplus from 1971 onward. The balance is expected to reach about LE 58 million in 1975, whereas the deficit which was about LE 12 million before the war, reached LE 21 million in 1968. In the last three years, (1966-1968), exports of natural calcium phosphate averaged only LE 2 million and those of cement LE 2.5 million. Phosphate exports are expected to nearly double by 1975. Also salt and manganese exports may be expected to resume when Sinai is returned to UAR control and conditions are normalized along the Canal.

192. Non-traditional manufactures also offer good prospects for increased future foreign exchange earnings. They include such items as furniture, drugs,

refrigerators and leather articles. The export target for this group for 1968/69 is about £E 40 million, of which processed food is £E 12 million, chemical industries £E 2.8 million, engineering industries £E 3 million, metallurgical industries £E 2 million, building and construction materials £E 5-6 million and private sector manufactures £E 10 million. This compares with the previous years' exports of £E 25 million. This target looks reasonable in the light of the new Bilateral Agreements.

193. The growth in industrial exports is, however, reflected in an increase of Government appropriations for export subsidies as well as refunds for cotton yarns and textiles. Appropriations for the industrial sector budgets for the subsidies in the fiscal year 1969 total £E 12.9 million, nearly half of which is allocated to spinning and weaving, and the remainder mostly to metallurgical products and building and ceramic materials. Subsidies amount to about 12 percent of total exports of manufactures and semi-manufactures by the public sector. A better assessment of their impact could be made by taking into consideration that they are granted mostly for exports to the convertible currency countries. About 65 percent of exports of manufactures and semi-manufactures go to bilateral-agreement countries. It means that export subsidies to convertible currency countries amount to about 30 percent of the value of exports of subsidised commodities to these countries. Subsidies to foodstuffs are about 20 percent of total expected exports; to spinning and weaving about 10 percent (plus about 6 percent in the form of tax rebates); minerals about 20 percent, and engineering products about 14 percent. The amount of Government appropriations for export subsidies of metallurgical industries is about 40 percent higher than the total value of expected exports for this category indicating the extent to which these industries need assistance to export to the convertible currency areas.

194. The composition of UAR exports is likely to show significant changes in the not too distant future. Cotton and rice will lose their predominance, whereas oil, petroleum products, chemicals and light manufactures will have a greater importance. By 1975, oil and petroleum products are projected to comprise 16.6 percent of total exports as compared with only 2.6 percent in 1968. The semi-finished and finished goods, excluding textiles, are projected to account for about 20 percent, as compared to 10 percent in 1968. On the other hand, raw cotton and cotton yarns and textiles are expected to decline to about 50 percent of the total as compared to 66 percent at present.

Imports

195. Imports are strictly controlled. Since the nationalization of the import trade in 1961, several attempts have been made to rationalize the system of import control. After the reorganization of the foreign trade sector in 1967, it was decided to centralize the purchase of all similar imports in order to standardize the requirements and strengthen the bargaining position of the importing organizations. This exercise created many delays and difficulties and as a result rules were somewhat relaxed. Continuous shortages led many companies to build up unnecessarily large stocks of spare parts. A study carried out by the Government of the causes of

unused industrial capacity in 1965 and 1966 has shown that the most significant factors were the shortage of imported raw materials and spare parts despite the fact that imports in 1966 had reached the highest level in the country's history.

196. Rigid controls caused a sharp decline in imports (25 percent from 1966 to 1968). The most important group of imports which was drastically hit by this was investment goods (35 percent). The only group which was not affected by the curtailment was foodstuffs. Decline in imports brought about in this way resulted in a significant change in the composition of imports. The share of foodstuffs increased from 24 percent in 1966 to 37 percent in 1968.

197. It is difficult to expect further declines in imports. As investment increases and measures for fuller utilization of existing industrial capacity start to yield some results, imports will start increasing. In fact, increased imports of raw materials and spare parts is one of the pre-conditions for a better utilization of existing capacity.

Invisibles

198. Until 1968, the UAR always had a positive, albeit fluctuating, balance on invisibles. The average of net balances in the preceding five years was LE 57 million, main contributors being the Canal and tourism. In 1968 net invisibles showed a deficit of LE 21 million, and increases in tourist earnings in the current year are not likely to restore the surplus in this account. Political conditions permitting, there is a great potential for tourism but it is difficult at this stage to predict the future trends of earnings from the Canal. Much may depend on when it is reopened. Oil traffic is in any case expected to decline in importance due to the shift to very large tankers, but the Government hopes to recoup at least part of the lost revenues through transit charges for use of the Suez-Alexandria pipeline, construction of which is scheduled for completion in 1970. It has been assumed for the purposes of the report that the combined revenues will be at the level of earnings of the Canal in 1967.

The Terms of Trade

199. The terms of trade indices of the UAR have shown a continuous improvement since 1963. With 1963 taken as the base year, the net rate was 131 in 1967; this was a result of developments in the unit prices of both exports and imports. In 1967 export price indexes was 117, while the import price index was 89. On the export side, the favorable prices for cotton and rice, and on the import side declines in the prices of foodstuffs, helped to achieve this favorable situation. In 1968 and 1969 the favorable developments are likely to continue. In addition to a continuation of the price trends the improved payments procedures of at the Government are likely to help. But in the longer run expected declines in the cotton and rice prices may change this situation.

200. The developments of the terms of trade in the bilateral trade area is of some interest. A study of the UAR's commodity trade with the socialist

countries of Eastern Europe suggests that this was even more favorable. Average prices of a substantial proportion of commodity imports from these countries were 5 to 6 percent lower than those of imports from other sources in the early 1960's. It is not known, however, whether and to what extent this benefit was offset by higher prices of imports of complete equipment and plants into the UAR.

Direction of Trade

201. The regional pattern of trade has changed markedly since the early 1960's. Western Europe has been replaced by Eastern Europe as the main trading partner of the UAR. Eastern Europe absorbed about 50 percent of exports in 1966 and 1967. This declined to 42.4 percent in 1968. (The average share during the first five year plan was 43.5 percent). More significant was the jump in imports from the East. The average of the first five-year plan period was 21 percent increasing to 30 percent in 1967 and 41 percent in 1968. Imports from Western Europe however remained at about the same level (about 30 percent of total). The UAR trade deficit with Western Europe although fluctuating has always been above LE 50 million and in 1966 reached more than LE 100 million.

202. The UAR has been running a deficit with the other Arab countries for many years and only in 1968 achieved a surplus. The deficit was caused mainly by imports of raw material (oil), fats and some durable commodities. The main export products are cotton, rice, cement and textiles. The surplus in 1968 was caused by expansion of exports of "non-traditional" manufactures and semi-manufactures. Despite the positive balance recorded by the trade statistics, the clearing and payment agreement accounts still show a negative balance totalling about LE 22 million as of December 1968.

203. The surplus with Eastern Europe was continuous up through 1968. Nevertheless, the trade statistics seem to understate imports, since the bilateral clearing and payment agreements accounts indicate a net deficit totalling about LE 44 million (USSR LE 33 million) as of December 1968. The availability of markets in eastern Europe has clearly been most beneficial for the UAR. In the early sixties, in accordance with the decline of cotton demand in Western Europe, exports to the Eastern European countries expanded. In more recent years, together with the growth in cotton demand from Western Europe the UAR is shifting cotton exports back to the convertible currency markets and expanding exports of industrial commodities to the bilateral agreement countries. The Eastern European countries take about 65 percent of Egyptian exports of manufactures and semi-manufactures and 80 percent of exports of the so-called "non-traditional" goods.

204. The increased share of the Eastern European countries may be attributed to two main factors. One is the un-availability of credits from the Western world. The second factor is a characteristic of bilateral trade: the more exports are tied to bilateral trade, the less is left for trade in hard currency areas. This has a spiral effect in the absence of additional funds from hard currency areas.

205. This increase in the importance of trade under bilateral agreements may have some undesirable effects in the long run on the cost and quality of production and the marketing ability in the West.

Commercial Policy

206. In view of the existing balance of payments difficulties, an effective trade policy is essential in solving some of the long-run problems. An aggressive trade policy for finished and semi-finished products could contribute significantly to removing the excess capacity problems affecting numerous branches of Egyptian industry and also in fostering the development of new competitive lines of production.

207. Trade arrangements with the Eastern European countries are mainly yearly arrangements, often negotiated, however, within the framework of longer range 4-5 year commercial treaties. In the latest agreements with USSR, Poland, Czechoslovakia, Hungary, Bulgaria and Rumania, the UAR has been successful in including several "non-traditional" export commodities, such as refrigerators, furniture, leather goods, drugs and liquors, in exchange for raw materials (e.g. tobacco, coal) and equipment and spare parts. The opening up of trade for "non-traditional" goods, even if through bilateral arrangements and not in a multilateral framework, has not only a meaning in purely commercial terms but is also a convenient way to start new industrial concerns to improve the quality of output, enlarge the size to permit economies of scale which may make them competitive - in the longer run - also in the convertible currency markets. In fact, the stated policy consists in the use of bilateral agreements for new export manufactures in order to be able, eventually, to ship these very goods to Western European countries. As for agricultural commodities, the basic commercial policy of selling as large a proportion as possible of the commodities in greatest demand, namely cotton and rice, to the convertible currency countries has been working to the advantage of the UAR.

208. Whereas an effective commercial policy toward the bilateral agreement countries has been successfully realized for a few years, trade relations with convertible currency countries are still at a much more fluid stage and no clear cut policy seems to have been defined other than to maximize agricultural exports.

209. The UAR has been a provisional member of GATT since 1962 and expects to obtain full accession to the General Agreement soon. Due to the provisional character of her membership, her participation in the Kennedy Round of tariff negotiations has been only marginal. A fuller participation might have brought about some important advantages, not only in terms of concessions to be asked for some items of export interest, but also in terms of a thorough examination, within GATT, of UAR's tariff policy. The UAR has since 1962 been a member of the GATT Long Term Arrangement on Cotton Textiles, which was extended during the Kennedy Round to September 1970.

210. Policy toward the European Economic Community is still far from defined, although the need for such a policy is clearly recognized. The increasing manufacturing capability and also the hope of increasing exports

of fruits and vegetables which are affected by strict Community regulations, give importance to this relationship.

211. In trade relations with the other Arab countries, bilateral agreements (e.g. the Treaty with Iraq) have proved to be more effective than the partial liberalization attempted within the Arab Common Market. The main reasons for the modest accomplishments obtained through this scheme of regional integration lie both in the method chosen for trade liberalization (product lists rather than across the board cuts) and in the lack of backing by a full-fledged payments arrangement, the Arab Payment Union being only in a preliminary stage of formation.

212. An interesting attempt to establish commercial cooperation, mainly in the industrial field, has been tried with the Tripartite Agreement with India and Yugoslavia, which came into effect from April 1, 1968. This is formally a preferential agreement among developing countries, under Part IV of Gatt. Its very large product coverage, its open character and the depth of tariff cuts, however make it very similar to an imperfect free trade area of the traditional type.

213. Some moves towards import liberalization are being made slowly. Foreign exchange accounts for non-residents were recently permitted. A freer import policy for the private sector, which supplies the bulk of the so-called non-traditional export goods, is being considered; this would simplify the complex machinery of foreign trade and exchange administration, at least as far as the private sector is concerned. Tariff policy as such is also under review; duties on some items, recently increased, will probably be reduced to below their original level to be used as a revenue instrument. A more compact tariff structure would be a natural and necessary outcome of the establishment of a common external tariff for the Arab Common Market.

Capital Inflows and External Indebtedness

214. In recent years, capital flows from Western sources to the UAR has been limited to suppliers credits and some short term banking credits. This has increased the UAR's reliance on Eastern Europe. Servicing difficulties came to a point where the UAR started to accumulate arrears both in short term bank credits and suppliers' credits and failed to make payments on some governmental debts. Rescheduling arrangements were reached in the second half of 1966 in connection with the banking credits. Repayments on these arrears are being made on schedule. After the bank credits, certain rescheduling agreements were reached in the field of suppliers credits. As discussed in Chapter II, starting in December 1966, Egypt also started to accumulate arrears in her repurchases from the IMF, but repaid these at the beginning of 1968.

215. By the end of 1968 the UAR government had reached rescheduling arrangements with France, Italy, Germany, Sweden and the Netherlands. Later in 1969 agreements were reached with Mexico, Japan and the U.K. Outstanding arrears were about LE 60 million as of December 31, 1968.

216. In all the rescheduling arrangements, the UAR has tried to establish a situation which avoided a net capital outflow from the country by having the creditors agree to provide new credit facilities. As these new credit facilities are mostly in suppliers' credits terms they merely provide a short respite from the burden of debt service.

217. Total outstanding debt of the UAR amounted to about US\$ 1.9 billion as of December 31, 1968. In 1969 debt service payments are expected to absorb about 18.5 percent of foreign exchange earnings (counting the Arab assistance in compensation of losses from the Suez Canal as a part of earnings). The debt profile indicates the hardness of terms on which the UAR has been receiving external capital. By the end of 1975 Egypt will have to repay 74 percent of its existing debt (83 percent for western countries and 35 percent for Eastern Europe and China).

VIII. FUTURE PROSPECTS

Issues and Prospects

218. In the preceding chapters of this report an attempt has been made to identify the weaknesses and potentialities of the Egyptian economy in relation to its natural resources, and institutional arrangements. The report also describes recent developments having a bearing on future prospects and attempts to identify desirable policy directions in the different sectors of the economy. The present difficulties however are not limited to problems of structural or institutional nature. These are aggravated by the accumulated remnants of past policies (e.g. external debt) and environmental factors (political conditions in the area).

219. Future developments will be determined by both external and internal factors. Improving political conditions in the area, and opening up of aid channels from the West will certainly help, but internally there is the need to take steps to deal with many major problems to initiate healthy development. The absence of a long term plan, for the time being, limits the possibility of evaluating the intentions of the authorities to take basic decisions and introduce necessary policies. But much has been done to identify the problems and their causes.

220. Present policies are largely conditioned by the situation concerning the Canal, the balance of payments problem and defense expenditures. In 1967 the Canal was earning LE 95 million in foreign exchange, which was about 22 percent of all foreign exchange earnings. The aid which Egypt is now receiving from Saudi Arabi, Libya and Kuwait almost fully compensates for the loss of these earnings from the Canal at the 1967 level and for other war damage (refineries, a fertilizer factory at Suez etc.) so that at the moment the economy is not affected by the closure of the Canal. Another important problem with respect to the balance of payments is whether aid from the West will be resumed. This is primarily a political matter since it requires first of all an improvement in relations with the major western donor countries. Economically it requires a demonstration of intent to take appropriate steps to deal with the short-term balance of payments problem.

221. In the longer run one of Egypt's most important problems of overall economic policy is to raise the level of internal savings sufficiently to permit the execution of an adequate development program. In practice, the decisive element in this respect will probably be the level of defense expenditure since taxation is already relatively high.

222. Since Egypt's external debt is high, it is important that the volume of foreign exchange earnings should increase in order to provide a base for at least some further external borrowing. Here a great deal will depend upon controlling the level of internal consumption. Egypt has an export-oriented economy, producing cotton, rice and other exportable agricultural products as well as petroleum. Sharp declines are expected in the international prices of cotton and rice in the coming years. Significant increases in the quantities exported will be necessary to keep the present level of foreign exchange earnings. Exports of manufactured goods have increased recently. There are also very good prospects for oil. The tourism sector is another foreign exchange earner with considerable further potential. Political conditions permitting, the increase in the UAR tourist earnings should at least reach the world trends (12 percent per annum). All considered, if the political situation in the Middle East is put on one side, earnings from these various sources should increase over the next five years at a satisfactory rate, for example by almost 6 percent per year.

223. If in the longer run the shortage of foreign exchange can be eased, this would permit a liberalization of imports and some relaxation of the price and physical controls over the internal economy. It would then become possible to correct the disparities in the price system and to take measures to increase the autonomy and efficiency of economic enterprises.

224. Sector priorities will be established in the five-year development plan under preparation. The determination of priorities will be limited by ongoing investment. As mentioned above investment declined in the last two years. In addition to overall cuts, there has been a tendency to neglect investment in transport with the result that some bottlenecks have occurred. Also modernization of some industries, most notably textiles, has been neglected. Investment in import-substituting industries has proceeded too fast with the result that many of them have been operating below capacity. This has been aggravated during the last two years by the slackening of internal demand and the shortage of foreign exchange for raw materials and intermediate goods.

225. Respecting the future allocation of investment, the present thinking of the authorities is to allocate roughly 30 percent to industry, and 25 percent to agriculture. Possible future investments in agriculture may be grouped in three major categories: (a) agricultural technology (b) improved drainage of land already in production and (c) bringing unused land into production.

226. Upgrading of technology, in addition to increasing mechanization, will involve basically an increase in development expenditures for fertilization; plant protection, plant variety improvement, improvement of storage conditions and credit. These will not require a very substantial portion of

investments in agriculture, but the benefits would probably be very substantial. Drainage is a very high-yielding activity. There are further large-scale drainage possibilities in the country which should be given high priority. Although the net economic benefits are somewhat lower, bringing unused land into production (reclamation) will continue because Aswan waters are available for this purpose. Areas to be reclaimed will not be used for cotton cultivation and will help in diversifying agricultural exports and in reducing the import demand for foodstuffs.

227. In the long-run the natural limits to agricultural expansion will force the UAR Government to concentrate increasingly on industry. In this sector a significant portion of available capital has already been earmarked for the construction of the steel mill and complementary facilities at Helwan. The estimated cost of this investment is LE 350 million; this would absorb about 14 percent of total projected investment in the next five years. Its share of industrial investment will be much greater. There are many unsolved problems at this stage, such as the cost of production of steel, the export possibilities and the location of the project in view of possible markets (Middle East and Africa) and the project is being given further examination. Areas which should have a priority in industry, without ranking, are phosphates extraction, fertilizer production, chemicals and other economically attractive industries consuming available electrical energy, and production of non-traditional export goods (food, leather goods, furniture, etc.).

228. In the transportation sector, the new pipeline, track renewals of the railways, and a new railway from the phosphates deposits found recently in the western desert (if they prove to be as rich as is expected) will have priority. There may also be some high yielding projects in inland transportation, highways and urban transportation (Cairo).

229. In the services sector, the top priority seems to be in the field of tourism. Technical education should also be treated as a priority sector in the light of the acute shortage of middle-level technical personnel.

Projections

230. To present the future prospects in more quantitative terms a set of projections has been made. It needs to be emphasized again that the uncertainties are of such a scale that these projections should be treated mainly as illustrative of likely developments within the limitation of the assumptions made for this purpose. The following table gives the result of these projections in a summary form.

Table: ILLUSTRATIVE PROJECTIONS
(LE million)

Fiscal years	1970	1971	1972	1973	1974	1975
GDP	2790	2970	3165	3370	3590	3820
Investment	370	400	430	470	505	545
Foreign Exchange Earnings	492	542	558	583	599	636
Imports of Goods & Services	517	562	586	618	650	684
Resource Gap	25	20	28	35	51	48
Total Interest Payments <u>1/</u>	35.8	32.9	36.5	38.0	39.7	41.4
National Savings	309.2	347.1	365.5	397.0	414.3	455.6
Total Service Payments <u>1/</u>	142.3	127.3	141.6	143.1	147.6	146.4
Total Capital Requirements <u>1/</u>	167.3	147.3	169.6	178.1	189.6	194.4
Debt Service Ratio <u>1/</u>	28.9	23.5	25.4	24.5	24.6	23.0

1/ In these projections global debt tables as of December 31, 1968, prepared by the UAR Government were used. Debt tables in the Annex (Tables 72 and 73) give a lower total outstanding debt and lower service figures, but these do not change the basic conclusions. Service figures include service on future borrowings as well as service on existing debt.

The main conclusions that may be drawn from this exercise are the following.

- (1) The UAR could realize a growth rate of 6.5 percent per annum in the period. Even a higher growth rate would be feasible were it not for the limitations imposed by the possible levels of internal savings and the availability of external capital. It should be mentioned, however, that the level of investment will be affected by the level of military expenditure which is now nearly as much (i.e. a ratio of 5:6) as total investment for non-military purposes. Projected total investment over the period 1970-1975 is LE 2.720 million, increasing from LE 330 million in 1969 to LE 585 million in 1975 (8 percent per annum).

- (2) Conservative projections for increases in foreign exchange earnings (5.9 percent per annum) and expected increases in imports (6.2 percent per annum, estimated as a function of investment expenditures, GDP growth and population growth) give a resource gap of £E 207 million. Even though the resource gap is rather low, the gross requirements (taking into account service on existing debt, new capital inflow and additional borrowing required to service these) are in the order of £E 1,046 million in the period (about £E 174 million a year). In reaching these amounts, it has been assumed that lending from Western sources will be equal to existing debt service to these countries and the additional debt service that will result from the borrowing necessary to service the new debt. Only £E 20 million per year of soft lending is included; the rest is assumed to be borrowed on terms of suppliers' credits.

231. The total outstanding external debt of the UAR amounted to about US\$ 1.9 billion as of December 31, 1968. Service payments on this debt constitute about 18.5 percent of foreign exchange earnings (including earnings from the Suez Canal at the 1968 level or an equivalent amount of Arab assistance), but they will increase to about 29 percent in 1970. In the following years debt service payments including provision for new loans are projected to fluctuate around 24 percent of foreign exchange earnings until 1975. The specific foreign exchange problem of the UAR is more a result of the terms of availability of aid rather than the absolute amount of indebtedness. By the end of 1975 the UAR has to repay 74 percent of its existing debt (83 percent of debts to western countries and 35 percent of debts to Eastern Europe and China).

232. A longer run solution of the external debt situation will depend largely on the availability and the terms of external aid. The export projections are based on conservative assumptions and should cotton and rice prices not decline as sharply as projected, the debt service ratios may be lower. A debt consolidation operation might help significantly but would be dependent upon the creditor countries being willing to negotiate significant long term financing.

233. In view of the weak balance of payments position, the UAR should aim to borrow, on average, on concessional terms. Even if it could borrow readily on such terms, major changes in economic policy would be necessary to bring about a radical improvement in the balance of payments, which is greatly needed if the UAR is to be in a position to plan the development of the economy free from the persistent problems of foreign exchange shortage.

ASSUMPTIONS USED IN PROJECTIONS

1. The Statistical Problem

Like many other countries the UAR suffers from a lack of satisfactory set of statistics necessary for analyses and decision making. Problems appear in the form of the existence of several series on the same subject which cannot be easily reconciled with each other, or in delays in producing some series which are more valuable if available quickly. Major problems exist in the areas of national accounts, employment statistics and the foreign trade and balance of payments statistics.

Series on national accounts are discontinuous. Series covering recent years start from fiscal year 1965 and they are produced with some delay. Despite efforts by the mission it has not been possible to reconcile these series with the earlier ones.

Definitions used in employment statistics are not clear, different series giving very different unemployment figures.

There are four series pertaining to the balance of payments data (customs data, central Bank data, series used in the national accounts estimates and the foreign exchange budget prepared by the Ministry of Economy and Foreign Trade) which are very difficult to reconcile with each other.

In evaluating the projections made the data limitations should also be taken into account.

2. GDP and Investments

The GDP growth rate (6.5%) is based on growth potential of individual sectors in the light of past performances and the availability of investible funds. In the projection of investment (Annual Growth Rate 8%) the intentions of the UAR Government and the availability of resources are taken into account. These investments will be higher or lower depending on the future levels of defense expenditures which are equal to about 5/6 of investment expenditures. In this exercise defense expenditures are projected to increase at the same rate as current expenditures of the Central Government (6.5% in the period). The implicit capital output ratio is 2:1 which is considered feasible in view of (1) possibilities of quick yielding investments complementary to the High Dam; (2) expected increases in oil output; and (3) excess capacity in industry which on the average is about 1/3.

3. Imports

These are projected as a function of investments for investment goods (27%) and as a function of population (2.8%) for consumer goods, and GDP (7%) for intermediate goods after an initial stepping up in 1971.

4. Foreign Exchange Earnings

a) Commodity Exports

- (i) Cotton - The availability of exportable surplus is estimated in relation to the expected increase in land under cultivation and in yield and to the expected increase in domestic spinning. The expected price levels in the world markets are used to obtain the value of exports. A 20% decrease over 1969 is assumed for 1975 (3% yearly decrease).
- (ii) Rice - The availability of exportable surplus is estimated in relation to the increase in land under cultivation and in yield (2.9 - 3 million tons total production as for 1975) and to the expected rise in domestic consumption, assuming unchanged the rate of population growth. The expected price levels in the world markets are used to obtain the value of exports. A 26% decline in prices for polished rice is assumed for 1975 over 1969 level (4% yearly compounded). In the first years (1970-1971) the decrease will be sharper, averaging 5.5%.
- (iii) Onions - The availability of exportable surplus is estimated in relation to an expected recovery over the low level of production reported in recent years because of seeds and insect problems. The 1965 level is expected to be reached in 1973. Afterwards, a 3.5% yearly increase is assumed up to a total available surplus of 200 thousand tons. Prices are expected to report a 15% decrease in 1975 over the present level (2.5% compounded yearly decrease).
- (iv) Fuel - Projections have been provided by the General Organization for Petroleum. These projections are based, for crude, on proven reserves; actual exports of crude may turn out to be higher. For petroleum products, the projections are based on the expected increase in refining capacity; a one-year delay in expansion of plants may occur.
- (v) Cotton yarn and textiles - Increases in quantity and in prices for cotton yarns are based on the historical trend. However, the reaching of a maximum price for yarn, is assumed from 1971 onward. After a very rapid increase, in 1969, in the quantity of cotton textiles exported, the subsequent increase is assumed to be based on the historical trend. Cotton textile prices are assumed to increase by 17% in 1969 over 1968 such as to reach the 1966 unit level. Afterwards, up to 1971, they are assumed to attain an overall increase of 14% (about 4.7% yearly) due to the improvement in quality and, mainly, to the change in item composition.

- (vi) Phosphate - Export projections are based on production projections by the General Organization for Mining and Geological Research, taking into account the expected increase in domestic uses. The production projections are based on proven reserves.
- (vii) Other finished and semi-finished commodities - This category includes also so-called "non Traditional goods" whose export growth rate has been very high (20-25%) in the last two years. For the category as a whole, covering in 1968 about 10% of total UAR export earnings, a 15% increase in export earnings is assumed.
- (viii) Other agricultural products - This category, including mainly fruits and vegetables and covering, in 1968, 5% of total UAR export earnings is treated as a residual. Its rate of growth in export earnings is assumed to be the same as the rest of UAR export commodities jointly considered.

b) Invisible Earnings

- (i) Suez Canal: earnings same as 1967 level either because it remains closed and Arab assistance continues or the Suez Canal and the new pipeline provide same level of earnings.
- (ii) Travel and others: it is assumed that it will reach pre-war level in 1971 and continue to increase afterwards at the same level as world tourism (12% per annum).
- (iii) Other invisibles: assumed to reach pre-war level in 1970 and to increase 5.9% per annum afterwards.

5. Net Capital Requirements

Found as the difference between imports of goods and services and foreign exchange earnings.

6. Gross Capital Requirements

It is assumed that the UAR will borrow from the West amounts equal to its present debt service to the West (LE 20 million a year soft loans, 1% interest 10 years grace 40 years term to maturity, the rest in suppliers credits terms 6% interest, 2 years grace 8 years term to maturity). The rest (new net requirements plus service to Eastern European countries) is assumed to be borrowed at 2.5% interest 5 years grace and 15 years term to maturity. It is also assumed that additional borrowing to service these new loans will come from the same sources. A rescheduling operation is assumed for arrears. According to this, arrears will be paid in five years starting in 1969/70 with an interest rate of 6%.

7. Public Sector Investment

Same growth pattern as for total investment.

8. Central Government

- a) Current revenue - increasing at 8%.
- b) Current expenditure - increasing at 6.5%, or the growth rate of GDP.

9. Public Sector Savings

- a) Social Security - increasing at 10 percent, based on historical trends.
- b) Local Authorities - increasing at 5 percent.
- c) Public Enterprises - increasing at 8 percent, or the growth rate of industry.

10. Military Expenditure - increasing at 6.5%; the same as total current expenditure of the Central Government.

11. Educational Expenditure - increasing at 8 percent.

12. Tax Revenue - increasing at 8 percent.

STATISTICAL APPENDIX

	<u>Table No.</u>
Production (Current Prices)	1
Production (Constant Prices)	2
Gross Domestic Product (Current Prices)	3
Gross Domestic Product (Constant Prices)	4
The Structure of the Gross Domestic Product	5
Gross National Product and Expenditure (Current Prices)	6
Expenditure as a % of GNP	7
Gross National Product and Expenditure (Constant Prices)	8
Final Consumption (Current Prices)	9
Final Consumption (Constant Prices)	10
Gross Domestic Investment	11
Distribution of Gross Fixed Domestic Investment between Sectors	12
Sources of Domestic Savings	13
Population, Labor Force, Employment	14
Population, Labor Force, Employment Growth Rates	15
Employment by Sectors	16
Manpower Structure	17
Distribution of Employment by Sector and by Occupation for Census Years 1947 and 1960	18
Growth of Employment 1960/61 - 1967/68	19
Manpower Supply and Demand, Estimates by Occupational Groups for 1965/66 and 1969/70	20
Total Wages by Sector	21
Wage Structure by Sector	22
Growth of Employment, Wages, GDP	23
Civil Service Pay Scales - Applied since 1964	24

Total Enrollments in Primary and Secondary Schools and Pedagogical Teacher Training	25
Total Enrollments in Higher Institutes and Universities	26
First Year Enrollment	27
Distribution of Enrollments in Higher Institutes and Universities by Field of Study	28
Areas under Crops by Season, 1952 and 1960-1968	29
Cropped Area by Season, and Growth Rates in Cropped Area	30
Expansion of Cropped Area through Land Development Programs Contemplated through 1975	32
Growth Rates in Yield per Feddan for Important Crops	32
Alternative Indications of Growth Rates in Yields per acre for Major Farm Crops	33
Output of Major Agricultural Products (Excluding Livestock) 1952 and 1960-1968	34
Output of Major Agricultural Products (Excluding Livestock) 1952 and 1960-1968 (concluded)	34
Distribution of Farm Holdings by Size and Tenure in 1961	35
Credit Issued to Farmers by the Egyptian General Organization of Agricultural and Cooperative Credit, 1957 to 1967	36
Indicative Costs of Land Reclamation and Development	37
Production and Uses of Cotton	38
Food Consumption per Capita per Day by Commodity Group in Selected Recent Years	39
Industrial Production Index Numbers	40
The Value of Industrial Output	41
Electricity 1960/61 - 1967/68	42
Production, Exports and Imports of Cotton Yarn	43
Production, Exports and Imports of Cotton Fabrics	44
Production and Consumption of Commercial Fertilizers	45

Production of Crude Oil	46
Quantity and Value of Local Consumption of Petroleum Products (Valued at Import Prices)	47
Tourist Nights 1962 - Jan./Nov. 1968	48
Central Government - Current Revenue	49
Central Government - Current Expenditure	50
Investment in the Public Sector	51
Gross (Public and Private) Investment in Agriculture in Current Prices	52
Distribution of Public Investment in Agriculture	53
Factors Affecting Liquidity Money Supply and Quasi-Money	54
Cost of Living and Wholesale Prices	55
Wholesale and Retail Prices of Selected Commodities	56
Prices Paid by Farmers for Selected Inputs in Recent Years	57
Prices at which staple foods have been made available to the food trade by the General Organization for Supply	58
Inventory of the General Organization for Supply	59
Cash gains and losses by commodity in staple foods, supply and price stabilization, 1967-68 and 1968-69	60
Balance of Payments 1962/63 - 1967/68	61
Balances on clearing and other accounts (Payments Agreements)	62
Composition of Trade	63
Direction of Trade	64
Foreign Trade Indexes and the Terms of Trade	65
Realized Export Prices for Agricultural Commodities	66
Cotton Exports by Variety	67
Production, Exports and Imports of Rice	68
Exports of Manufactures	69
Petroleum Balance of Payments	70
External Public Debt Outstanding	71
Estimated Future Service Payments on External Debt	72

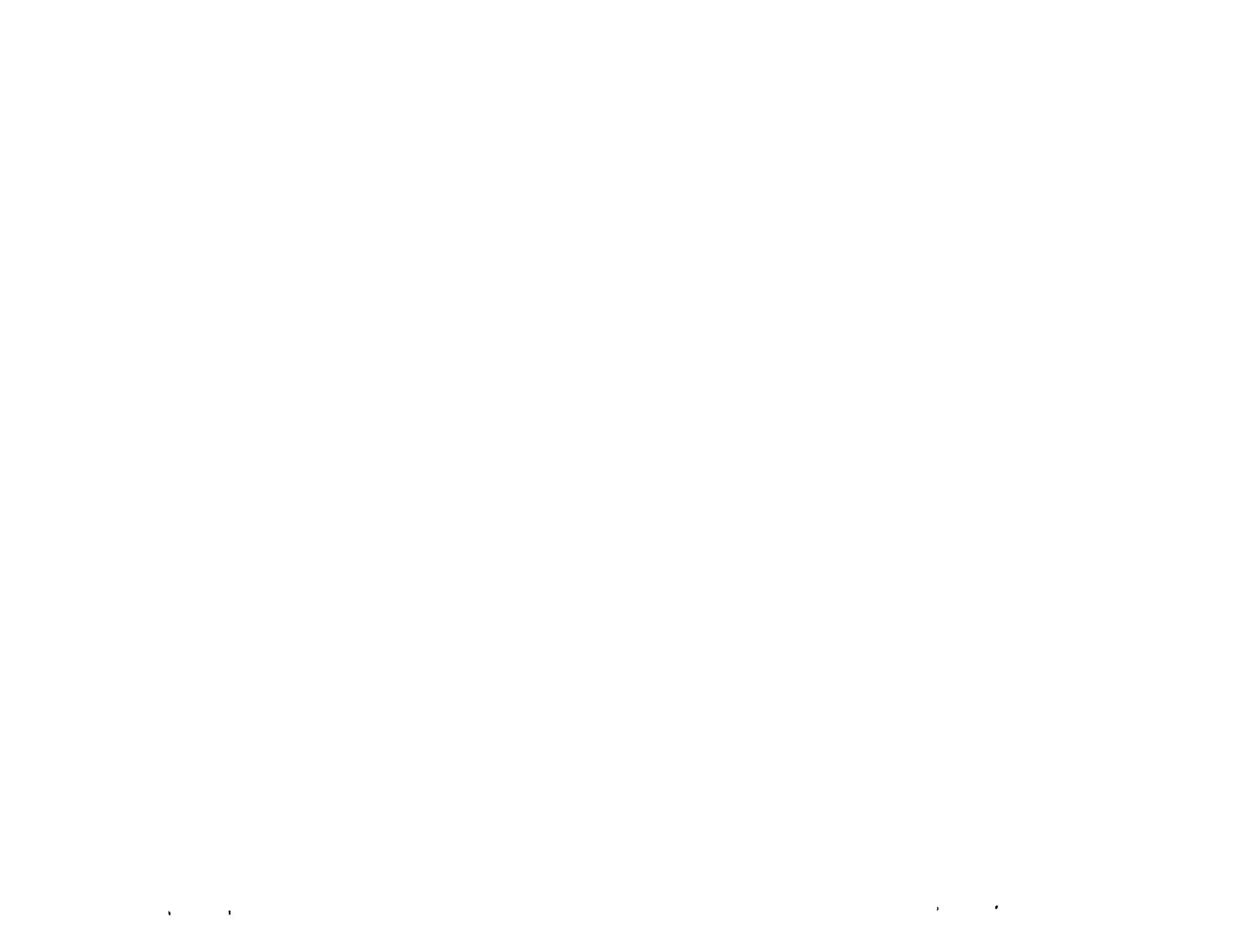


Table 1 : PRODUCTION

(Current Prices)

(LE million)

Sectors	1964/65	1965/66	1966/67
Agriculture	822.8	884.0	928.9
Industry and Mining	1623.6	1769.2	1835.9
Construction	181.2	197.8	188.1
Electricity	<u>39.1</u>	<u>41.9</u>	<u>43.5</u>
Total Productive Sectors	<u>2666.7</u>	<u>2892.9</u>	<u>2996.4</u>
Transportation, Communication and Storage	234.7	260.5	270.5
Commerce and Finance	<u>231.9</u>	<u>254.7</u>	<u>273.0</u>
Total Distribution Sectors	<u>466.6</u>	<u>515.2</u>	<u>543.5</u>
Housing	78.9	80.2	83.3
Public Utilities	14.9	16.2	16.6
Services	<u>636.4</u>	<u>701.8</u>	<u>735.1</u>
Total Service Sectors	<u>730.2</u>	<u>798.2</u>	<u>835.0</u>
Total of all Sectors	3863.5	4202.4	4374.9
Adjustment of the Value of Production /1	<u>12.4</u>	<u>14.4</u>	<u>14.4</u>
GRAND TOTAL	<u>3875.9</u>	<u>4220.7</u>	<u>4389.3</u>

/1 Correction is made by including an adjustment of subsidies minus excise taxes.

Source: The Ministry of Planning

Table 2 : PRODUCTION

(Constant Prices of 1964/65)

(EE million)

Sectors	1964/65	1965/66	1966/67
Agriculture	822.8	851.5	839.8
Industry and Mining	1623.6	1716.2	1716.9
Construction	181.2	197.8	183.1
Electricity	<u>49.1</u>	<u>41.9</u>	<u>43.5</u>
Total Productive Sectors	<u>2666.7</u>	<u>2807.4</u>	<u>2783.2</u>
Transportation, Communication and Storage	234.7	257.2	264.2
Commerce and Finance	<u>231.9</u>	<u>247.5</u>	<u>259.9</u>
Total Distribution Sectors	<u>466.6</u>	<u>504.7</u>	<u>524.1</u>
Housing	78.9	80.2	83.2
Public Utilities	14.9	16.0	16.4
Services	<u>636.4</u>	<u>683.9</u>	<u>699.3</u>
Total Service Sectors	<u>730.2</u>	<u>780.1</u>	<u>798.9</u>
Total of all Sectors	3863.5	4092.2	4106.2
Adjustment of the Value of Production /1	<u>12.4</u>	<u>14.4</u>	<u>14.4</u>
GRAND TOTAL	<u>3875.9</u>	<u>4106.6</u>	<u>4120.6</u>

/1 Correction is made by including an adjustment of subsidies minus excise taxes.

Source: The Ministry of Planning

Table 3 : GROSS DOMESTIC PRODUCT

(At Factor Cost at Current Prices)

(₹ million)

Sector	1964/65	1965/66	1966/67
Agriculture	582.1	608.5	611.0
Industry and Mining	423.4	461.1	477.4
Construction	92.6	94.9	94.3
Electricity	<u>24.2</u>	<u>24.3</u>	<u>25.2</u>
Total Productive Services	<u>1121.3</u>	<u>1188.8</u>	<u>1207.9</u>
Transportation, Communication and Storage	176.0	196.6	204.8
Commerce and Finance	<u>168.0</u>	<u>181.5</u>	<u>195.9</u>
Total Distribution Sectors	<u>344.0</u>	<u>378.1</u>	<u>400.7</u>
Housing	74.9	76.1	79.0
Public Utilities	8.2	9.2	9.4
Services	<u>411.2</u>	<u>457.5</u>	<u>482.1</u>
Total Service Sectors	<u>497.3</u>	<u>542.8</u>	<u>570.5</u>
Total of all Sectors	1962.6	2109.7	2179.1
Adjustment of the value of Production /1	<u>12.4</u>	<u>11.4</u>	<u>11.4</u>
GRAND TOTAL	<u>1975.0</u>	<u>2121.1</u>	<u>2193.5</u>

/1 Correction is made by including an adjustment of subsidies minus excise taxes.

Source: The Ministry of Planning

Table 4 : GROSS DOMESTIC PRODUCT

(At Market Price, Valued at Constant Prices of 1964/65)

(EE million)

Sectors	1964/65	1965/66	1966/67
Agriculture	582.1	588.1	569.5
Industry and Mining	423.4	433.8	436.9
Construction	92.6	94.9	88.5
Electricity	<u>23.2</u>	<u>24.3</u>	<u>25.2</u>
Total Productive Sectors	<u>1121.3</u>	<u>1141.1</u>	<u>1120.1</u>
Transportation, Communication and Storage	176.0	194.7	201.3
Commerce and Finance	<u>128.0</u>	<u>180.2</u>	<u>190.7</u>
Total Distribution Sectors	<u>344.0</u>	<u>374.9</u>	<u>392.0</u>
Housing	74.9	76.1	78.8
Public Utilities	8.2	9.1	9.4
Services	<u>414.2</u>	<u>447.7</u>	<u>462.4</u>
Total Service Sectors	<u>497.3</u>	<u>532.9</u>	<u>550.6</u>
Total of all Sectors	1962.6	2048.9	2062.7
Adjustment of the Value of Production /1	<u>12.4</u>	<u>14.4</u>	<u>14.4</u>
GRAND TOTAL	<u>1975.0</u>	<u>2063.3</u>	<u>2077.1</u>

/1 Correction is made by including an adjustment of subsidies minus excise taxes.

Source: The Ministry of Planning

Table 5 : THE STRUCTURE OF THE GROSS DOMESTIC PRODUCT

(% at Factor Cost, Constant Prices of 1964/65)

Sectors	1964/65	1965/66	1966/67
Agriculture	29.7	28.7	27.6
Industry and Mining	21.6	21.2	21.2
Construction	4.7	4.6	4.3
Electricity	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>
Total Productive Sectors	<u>57.2</u>	<u>55.7</u>	<u>54.3</u>
Transportation, Communication and Storage	9.0	9.5	9.8
Commerce and Finance	<u>8.5</u>	<u>8.8</u>	<u>9.2</u>
Total Distribution Sectors	<u>17.5</u>	<u>18.3</u>	<u>19.0</u>
Housing	3.8	3.7	3.8
Public Utilities	.4	.4	.5
Services	<u>21.1</u>	<u>21.9</u>	<u>22.4</u>
Total Service Sectors	<u>25.3</u>	<u>26.0</u>	<u>26.7</u>
GRAND TOTAL	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Source: The Ministry of Planning

Table 6 : GROSS NATIONAL PRODUCT AND EXPENDITURE

(At Current Prices - EE million)

	1964/65	1965/66	1966/67
GDP at Current Factor Costs	1975.0	2124.1	2193.5
Net Factor Income from Abroad	<u>- 21.7</u>	<u>- 14.7</u>	<u>- 18.8</u>
GNP at Current Factor Costs	1953.3	2109.4	2174.7
Indirect Taxes	284.9	330.8	349.2
Subsidies (-)	<u>46.4</u>	<u>52.0</u>	<u>48.9</u>
GNP	<u>2191.8</u>	<u>2388.2</u>	<u>2475.0</u>
GDP	2213.5	2402.9	2493.8
Personal Consumption	1462.9	1583.3	1667.0
Government Consumption	437.4	481.9	488.4
Total Domestic Investment	358.4	377.4	358.8
Inventories	23.3	68.8	37.9
Exports of Goods & Services	411.4	409.4	418.6
Imports of Goods & Services	467.5	531.5	456.4
Statistical Discrepancy	<u>-12.4</u>	<u>+13.6</u>	<u>-20.5</u>

Source: The Ministry of Planning

Table 7 : EXPENDITURE AS A % OF GNP
(at current prices)

	1964/65	1965/66	1966/67
Personal Consumption	66.74	66.30	67.76
Government Consumption	19.96	20.18	19.73
Total Domestic Investment	16.35	15.80	14.50
Inventories	1.06	2.88	1.53
Exports of Goods & Services	18.77	17.14	16.91
Imports of Goods & Services	21.33	22.26	18.44
Current Accounts Deficit	2.56	5.11	1.53

Source: The Ministry of Planning

Table 8 : GROSS NATIONAL PRODUCT AND EXPENDITURE

(At Constant Prices of 1964/1965 - EE million)

	1964/65	1965/66	1966/67
GDP at constant factor costs of 1964/65	1975.0	2063.3	2087.1
Net factor income from abroad	- <u>21.7</u>	- <u>14.7</u>	- <u>18.8</u>
GNP at constant factor costs of 1964/65	1953.3	2048.6	2058.3
Indirect Taxes	284.9	313.6	296.9
Subsidies	- <u>46.4</u>	- <u>52.0</u>	- <u>48.9</u>
GNP	<u>2191.8</u>	<u>2310.2</u>	<u>2306.3</u>
GDP	2213.5	2324.9	2325.1
Personal Consumption	1462.9	1503.8	1524.5
Government Consumption	437.4	477.3	479.7
Total Domestic Investment	358.4	376.3	350.4
Inventories	23.3	66.5	36.5
Exports of Goods & Services	411.4	407.8	408.1
Imports of Goods & Services (-)	- 467.5	- 520.4	- 453.6
Statistical Discrepancy	- 12.4	+ 13.6	- 20.5

Source: The Ministry of Planning

TABLE 9 : FINAL CONSUMPTION

(In Current Prices)

(EE million)

Items	1964/65	1965/66	1966/67
Personal Consumption	1462.9	1583.3	1667.0
Public Consumption	<u>437.4</u>	<u>481.9</u>	<u>488.4</u>
Final Consumption	<u>1900.3</u>	<u>2065.2</u>	<u>2155.4</u>
Gross National Product	2191.8	2388.2	2475.0
Personal Consumption as a % of Gross National Product	66.7	66.3	67.4
Public Consumption as a % of Gross National Product	<u>19.9</u>	<u>20.2</u>	<u>19.7</u>
Final Consumption as a % of Gross National Product	<u>86.6</u>	<u>86.5</u>	<u>87.1</u>

Source: The Ministry of Planning

Table 10: FINAL CONSUMPTION

(In Constant Prices of 1964/65)

(EE million)

Items	1964/65	1965/66	1966/67
Personal Consumption	1462.9	1503.8	1523.5
Public Consumption	<u>437.4</u>	<u>477.3</u>	<u>479.7</u>
Final Consumption	<u>1900.3</u>	<u>1981.1</u>	<u>2004.2</u>
Gross National Product	2191.8	2310.2	2306.3
Personal Consumption as a % of Gross National Product	66.7	65.1	66.1
Public Consumption as a % of Gross National Product	<u>19.9</u>	<u>20.6</u>	<u>20.8</u>
Final Consumption as a % of Gross National Product	<u>86.6</u>	<u>85.7</u>	<u>86.9</u>

Source: The Ministry of Planning

Table 11: GROSS DOMESTIC INVESTMENT

(At Current Market Prices)

(EE million)

Items	1964/65	1965/66	1966/67
Total Fixed Domestic Investment	358.4	377.4	358.8
Increases in Inventories	<u>23.3</u>	<u>68.8</u>	<u>37.9</u>
Gross Total Domestic Investment	<u>381.7</u>	<u>446.2</u>	<u>396.7</u>
Gross National Product	2191.8	2388.2	2475.0
Total Fixed Investment as a % of Gross National Product	16.3	15.8	14.5
Inventories as a % of Gross National Product	<u>1.1</u>	<u>2.9</u>	<u>1.5</u>
Total Domestic Investment as a % of Gross National Product	<u>17.4</u>	<u>18.7</u>	<u>16.0</u>

Source: The Ministry of Planning

Table 12: DISTRIBUTION OF GROSS FIXED DOMESTIC INVESTMENT
BETWEEN SECTORS

(At Current Market Prices)

(EE million)

Sectors	1964/65	1965/66	1966/67
Agriculture	32.5	30.7	31.3
Irrigation and Drainage	37.9	32.6	34.4
High Dam	18.6	19.0	16.5
Industry and Mining	99.9	100.6	98.4
Construction	5.2	6.8	3.9
Electricity	<u>53.2</u>	<u>61.1</u>	<u>69.3</u>
Total Productive Sectors	<u>247.3</u>	<u>250.8</u>	<u>253.8</u>
Transportation, Communication and Storage	45.9	49.4	42.6
Suez Canal	3.4	3.7	3.5
Commerce and Finance	<u>4.3</u>	<u>2.7</u>	<u>2.6</u>
Total Distribution Sectors	<u>53.6</u>	<u>55.8</u>	<u>48.7</u>
Housing	30.5	47.5	42.3
Public Utilities	11.2	12.4	8.6
Services	<u>21.7</u>	<u>17.3</u>	<u>12.4</u>
Total Service Sectors	<u>63.4</u>	<u>77.2</u>	<u>63.3</u>
Total Including Value of Land	364.3	383.8	365.8
Land Value	<u>5.9</u>	<u>6.4</u>	<u>7.0</u>
Total Excluding Value of Land	<u>358.4</u>	<u>377.4</u>	<u>358.8</u>
Public Sector	338.1	349.6	329.4
Private Sector	20.3	27.8	29.4

Source: The Ministry of Planning

Table 13: SOURCES OF DOMESTIC SAVINGS

(Million EE in Current Prices)

	1964/65	1965/66	1966/67
TOTAL SAVINGS GENERATED IN PUBLIC SECTOR	286.9	281.8	310.6
1. The Public Business Sector			
Excluding Financial Institutions	<u>195.8</u>	<u>206.4</u>	<u>197.7</u>
- The Share of Government in the Public Business Sector	96.0	114.5	105.0
- The Autonomous Organizations and Public Institutions	8.6	- 10.6	- 6.0
- Public Companies	83.9	98.1	93.0
- The Share Devoted to Centralized Social Services for Labor	7.3	4.4	5.7
2. Banking and Insurance	<u>20.5</u>	<u>33.4</u>	<u>26.3</u>
- Banking	8.6	1.1	12.2
- Insurance Funds	3.4	3.9	4.2
- Postal Savings Funds	8.4	4.9	- 2.8
- Savings Banks	0.1	0.3	0.4
- Savings Certificates	0.0	14.2	12.3
3. Social Insurance Sector	<u>97.1</u>	<u>117.0</u>	<u>135.6</u>
- Public Organization for Insurance and Pensions	47.3	53.4	55.6
- Public Organization for Social Insurance	49.8	60.4	67.9
- Half-day Savings Scheme	0.0	3.2	12.1
4. The Government Sector	- 80.5	- 97.0	- 64.0
5. Others	54.0	22.0	15.0
Savings in the Private Sector	20.3	27.8	29.4
GRAND TOTAL OF SAVINGS AND INVESTMENT	307.2	309.6	340.0

Source: The Ministry of Planning

Table 14: POPULATION, LABOR FORCE, EMPLOYMENT

	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70	1974/75	Growth rates per annum		
												1960/61- 65/66 (%)	1960/61- 69/70 (%)	
Population (thousands)														
TOTAL	26,397.0	27,122.0	27,874.0	28,650.0	29,456.0	30,294.0	31,162.0	32,059.0	32,982.0	33,933.0	37,800.0	2.8	2.8	
Male	13,392.0	13,789.0	14,194.0	14,611.0	15,046.0	15,500.0	15,174.0	16,456.0	16,957.0	17,475.0				
Female	13,005.0	13,336.0	13,680.0	14,039.0	14,410.0	14,794.0	14,902.0	15,603.0	16,025.0	16,458.0				
Urban	9,766.9					12,117.6				14,387.6				
Rural	16,630.1					18,176.4				19,545.4				
Urban (%)	37.0					40.0				42.4			5.0	
Rural (%)	63.0					60.0				57.6			1.8	
Aged 15-64	13,304.1					15,813.5				17,713.0				
Age Group Distribution (%)														
0-4	18.9					18.3				18.3				
5-14	27.2					26.1				26.1	2.8	2.4		
15-19	8.4					8.0				8.0	2.9	2.4		
20-24	6.9					6.7				6.7				
25-64	35.1					37.5				37.5				
65-	3.5					3.4				3.4				
TOTAL	100.0					100.0				100.0				
Labor Force														
Male	6,498.0	6,694.0	6,900.0	7,112.0	7,335.0	7,565.0	7,804.0	8,048.0	8,303.0	8,564.0	11,148.0	12,954.0	15,072.0	
Female	442.0	475.0	509.0	545.0	583.0	622.0	622.0	704.0	747.0	792.0	917.0	1,045.0	1,203.0	
TOTAL	6,940.0	7,169.0	7,409.0	7,657.0	7,918.0	8,187.0	8,466.0	8,752.0	9,050.0	9,356.0	12,065.0	13,999.0	16,275.0	
Employment	6,511.9	6,656.9	6,868.2	7,085.0	7,373.9	7,606.0	7,714.1	7,744.2		8,881.0				
Unemployment	428.1	512.1	540.8	572.0	544.1	581.0	751.9	1,007.8						

Note: Population data for 1960/61 and 1965/66 are census results. All other data are either interpolations or projections (assuming constant fertility rate). Labor Force and Employment data reflect the actual situation until 1966/67; thereafter they represent estimates.

Source: Population Increase and Economic Development in the UAR until 1966, Cairo 1967 (In Arabic); Population Development 1930-1966, Cairo 1968 (In Arabic); The Ministry of Planning and the Ministry of Economy.

Table 15: POPULATION, LABOR FORCE, EMPLOYMENT
GROWTH RATES

(in percent)

	Population			Population aged 15-64	Labor Force	Employment	Unemployment
	Total	Urban	Rural				
1960/61-1967/68 total	21.4				26.1	18.9	135.4
Annually	2.8				3.4	2.5	13.0
1960/61-1969/70 total	28.5	47.3	17.5	33.1	34.8	37.7	
Annually	2.8	5.0	1.8	3.2	3.4	3.6	
1960/61-1984/85 total	89.2				134.5		
Annually	2.8				3.6		

Source: Compilation on the basis of data from the Central Agency for Public Mobilization and Statistics and from the Ministry of Planning.

Table 16: EMPLOYMENT BY SECTORS

	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67	1967/68	Growth rates of employment	
	(in thousands)								1960/61-67/68	Annual
Employment by Sectors:										
Agriculture	3,600.0	3,600.0	3,632.0	3,673.0	3,780.0	3,796.4	3,815.6	3,931.0	9.19 %	1.3 %
Industry	625.6	679.0	725.9	789.7	825.0	875.8	849.0	866.1	38.4	4.8
Electricity	13.1	15.1	17.4	17.9	18.0	18.4	19.0	19.8	51.1	6.1
Construction	166.0	263.0	315.7	334.2	345.2	291.5	318.8	215.8	30.0	3.8
Sub-Total	<u>4,404.1</u>	<u>4,557.1</u>	<u>4,691.0</u>	<u>4,814.8</u>	<u>4,968.2</u>	<u>4,982.1</u>	<u>5,002.4</u>	<u>5,032.7</u>	<u>14.27</u>	<u>1.9</u>
Transport & Communication	252.7	239.2	249.2	258.3	277.7	313.3	332.0	336.8	33.2	4.2
Housing Services	16.0	18.0	18.1	18.5	21.0	21.7	22.7	2.7	48.1	5.8
Public Utilities Services	24.3	27.1	28.7	29.5	30.3	31.4	32.2	33.2	36.6	4.6
Trade & Finance	663.0	680.9	702.2	719.0	729.7	762.7	784.4	798.6	20.45	2.7
Education & Scientific Services	200.0	204.0	211.5	226.0	256.0	258.8	285.1	308.7	54.35	6.4
Health	58.3	66.3	85.3	90.0	86.0	95.5	113.9	121.8	108.9	11.1
Social & Religious Services	28.6	29.0	27.5	31.6	33.1	35.4	40.0	41.3	44.4	5.4
Defense, Justice, Security	178.0	179.5	179.4	184.3	184.3	193.9	209.6	215.1	20.8	2.7
Cultural & Recreational Services	17.8	19.0	25.8	23.8	26.5	30.3	37.8	37.2	108.9	11.1
Gov't Organizational Services	90.0	93.0	103.5	145.5	180.5	202.9	221.0	229.4	154.8	14.3
Personal Services	578.5	543.5	546.0	543.7	540.1	556.6	550.3	565.7	-2.3	-0.1
Sub-Total (Services)	<u>2,107.2</u>	<u>2,099.8</u>	<u>2,177.2</u>	<u>2,270.2</u>	<u>2,365.2</u>	<u>2,502.5</u>	<u>2,629.0</u>	<u>2,711.5</u>	<u>28.67</u>	<u>3.7</u>
GRAND TOTAL	<u>6,511.9</u>	<u>6,656.9</u>	<u>6,868.2</u>	<u>7,085.0</u>	<u>7,333.4</u>	<u>7,484.6</u>	<u>7,631.4</u>	<u>7,744.2</u>	<u>18.9</u>	<u>2.5</u>

Source: The Ministry of Planning.

Table 17: MANPOWER STRUCTURE

(In percent)

	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67	1967/68
Population aged 15-64 to Total Population	50.4					52.3		52.3 ¹
Labor Force to total pop.	26.2	26.4	26.6	26.7	26.9	27.0	27.2	27.3
Working Pop. to labor force	93.8	92.9	92.7	92.5	93.1	92.9	91.1	88.5
Working Pop. to total pop.	24.7	24.5	24.6	24.7	25.0	25.1	24.8	24.2
Unemployed to labor force	6.2	7.1	7.3	7.5	6.9	7.1	8.9	11.5
Employed by sectors (Total=100)								
Agriculture	55.2	54.1	52.9	51.8	51.5	50.7	50.0	50.8
Industry & Mining	9.6	10.2	10.6	11.1	11.2	11.7	11.1	11.1
Electricity	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Construction	2.5	4.0	4.6	4.7	4.7	3.9	4.3	2.8
Sub-total	67.6	68.5	68.3	68.0	67.7	66.5	65.6	64.9
Transport & communications	3.9	3.6	3.6	3.6	3.8	4.9	4.4	4.4
Housing Services	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.3
Public Utilities	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Trade & Finance	10.2	10.2	10.2	10.1	9.9	10.2	10.3	10.3
Education & Scientific Serv.	3.1	2.9	3.0	3.2	3.5	3.5	3.7	4.0
Health	0.9	1.0	1.2	1.3	1.2	1.3	1.5	1.6
Social & Religious Serv.	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5
Defense, Justice, Security	2.7	2.7	2.6	2.6	2.5	2.6	2.8	2.8
Cultural & Recreational Serv.	0.3	0.3	0.4	0.3	0.4	0.4	0.5	0.5
Gov. Organizational Serv.	1.4	1.4	1.5	2.1	2.5	2.7	2.9	3.0
Personal Services	8.9	8.2	7.9	7.7	7.4	7.4	7.2	7.3
Sub-total	32.4	31.6	31.7	32.0	32.3	33.5	34.5	35.0

¹ 1969/70

Source: Compilation on the basis of data from the Central Agency for Public Mobilization and Statistics and the Ministry of Planning.

Table 18: DISTRIBUTION OF EMPLOYMENT BY SECTOR AND BY OCCUPATION
FOR CENSUS YEARS 1947 AND 1960

(in per cent)

Occupational Group	ECONOMIC SECTOR									Total Employment	
	Agriculture		Industry & Mining		Construction		Services			1947	1960
	1947	1960	1947	1960	1947	1960	1947	1960		1947	1960
Managers & Professionals (University & Higher Institute graduates)	0.4	1.9	7.6	8.0	3.2	5.1	88.8	84.5	(100.0)	1.1	2.4
Technicians (Agricultural & Industrial Secondary School leavers)	7.0	3.9	11.8	2.3	0.4	0.4	80.8	92.9	(100.0)	1.5	2.6
Clerical occupat. (General & Commercial Secondary School leavers)	5.9	2.8	9.5	10.8	1.6	0.9	83.0	84.1	(100.0)	2.5	3.6
Skilled workers (preparatory school leavers or equivalent experience)	1.6	2.2	37.0	36.3	4.7	7.3	56.7	53.5	(100.0)	20.5	23.5
Unskilled (primary or no schooling)	77.6	80.3	2.1	1.2	1.9	0.4	18.9	17.6	(100.0)	74.5	67.9
Total	58.7	55.1	9.6	10.0	1.9	2.2	29.8	32.6		(100.0)	(100.0)

Source: Census results, as analyzed in the proceedings of the Seminar on Manpower Planning, Cairo, February 1968, Institute of National Planning.

Table 19 : GROWTH OF EMPLOYMENT
 1960/61 - 1967/68
 (in percent)

	1960/61-1964/65		1964/65-1967/68		1960/61-1967/68	
	Total	Annual	Total	Annual	Total	Annual
Total Commodity Sector	12.8	3.1	1.3	0.3	14.3	1.9
Agriculture	5.0	1.2	4.0	1.3	9.2	1.3
Other (Industry, Mining, Electricity, Con- struction)	47.6	10.2	-7.7	-2.5	36.9	4.6
Total Services Sector	12.2	2.9	14.7	4.7	28.7	3.7
GRAND TOTAL	12.6	3.1	5.6	1.8	18.9	2.5

Source: Compilation on the basis of data from the Central Agency for Mobilization and Statistics and from the Ministry of Planning.

Table 20: MANPOWER SUPPLY AND DEMAND
ESTIMATES^{1/} BY OCCUPATIONAL GROUPS, FOR 1965/66 AND 1969/70

(in thousands)

Occupation	1965/66			1969/70		
	Supply (Stock)	Demand (Requirements)	Balance	Supply (Stock)	Demand (Requirements)	Balance
Managers and Professionals (University & Higher Institute Graduates)	234	214	+20	312	316 (302) ^{2/}	-4 (+10) ^{2/}
Technicians (Agricultural and Industrial Secondary School leavers)	366	390	-24	484	559	-75
Clerical occupations (General & Commercial Secondary School leavers)	322	230	+92	365	302	+63
Skilled workers (preparatory school leavers or equivalent experience)	821	975	-154	873	1,294	-421
Unskilled workers (primary or no schooling)	6,444	5,797	+647	7,322	6,410	+912

^{1/} The estimates were made in 1966 by the Institute of National Planning and, therefore, do not take into account educational reform measures affecting the supply of University and Higher Institute Graduates negatively, and the supply of technicians positively (see also table on enrollments).

^{2/} Estimates by Ministry of Planning.

Source: Proceedings of the Seminars on Manpower Planning, Cairo, February 1968, Institute of National Planning.

Table 21: TOTAL WAGES BY SECTOR

	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67	1967/68	Growth Rates (%)			
	(EE million - Current Prices)								1960/61 - 66/67	Annual	1960/61 - 67/68	Annual
Agriculture	99.0	117.0	126.3	139.3	165.8	197.1	206.0	205.6	108.0	13.0	107.6	11.0%
Industry and Mining	78.4	90.1	125.1	138.1	149.6	154.2	155.2	166.2	97.9	12.1	111.9	11.3
Electricity	3.3	3.8	4.2	4.5	4.7	4.9	5.0	5.8	51.0	7.1	75.75	8.4
Construction	<u>27.3</u>	<u>41.9</u>	<u>47.4</u>	<u>52.2</u>	<u>53.7</u>	<u>56.0</u>	<u>55.5</u>	<u>37.3</u>	<u>103.29</u>	<u>12.6</u>	<u>36.6</u>	<u>4.6</u>
Total Commodity Sector	<u>208.0</u>	<u>252.8</u>	<u>303.0</u>	<u>334.1</u>	<u>373.8</u>	<u>412.2</u>	<u>421.7</u>	<u>414.9</u>	<u>102.74</u>	<u>12.5</u>	<u>99.47</u>	<u>10.4</u>
Transport and Communication	43.3	46.7	48.8	55.7	64.3	73.8	75.7	82.3	74.82	9.7	90.0	9.6
Trade and Finance	76.9	82.1	88.9	96.4	101.7	106.4	110.5	120.2	43.7	6.2	56.3	6.6
Housing	1.8	1.9	1.6	1.6	1.8	1.8	1.9	2.0	5.5	0.9	11.1	1.5
Public Utilities	4.8	5.9	6.2	6.4	8.0	7.5	7.7	8.4	60.4	8.2	75.0	8.3
Other Services	<u>231.7</u>	<u>228.9</u>	<u>258.2</u>	<u>298.0</u>	<u>341.7</u>	<u>377.4</u>	<u>395.2</u>	<u>421.9</u>	<u>70.56</u>	<u>9.3</u>	<u>82.08</u>	<u>8.9</u>
Total Services Sector	<u>358.5</u>	<u>365.5</u>	<u>403.7</u>	<u>458.1</u>	<u>517.4</u>	<u>566.9</u>	<u>591.0</u>	<u>634.8</u>	<u>64.8</u>	<u>8.6</u>	<u>77.07</u>	<u>8.5</u>
GRAND TOTAL	<u>566.5</u>	<u>618.3</u>	<u>706.7</u>	<u>792.2</u>	<u>891.2</u>	<u>979.1</u>	<u>1,012.7</u>	<u>1,049.7</u>	<u>78.76</u>	<u>10.1</u>	<u>85.2</u>	<u>9.2</u>

Source: The Ministry of Planning.

Table 22: WAGE STRUCTURE BY SECTOR

(In percent)

	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67	1967/68
Agriculture	17.5	19.0	18.0	17.6	18.6	20.1	20.3	19.6
Industry and Mining	13.9	14.7	17.8	17.4	16.8	15.7	15.3	15.8
Electricity	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5
Construction	4.8	6.8	6.7	6.6	6.1	5.7	5.5	3.6
Total Commodity Sector	<u>36.8</u>	<u>41.1</u>	<u>43.1</u>	<u>42.1</u>	<u>42.0</u>	<u>42.0</u>	<u>41.6</u>	<u>39.6</u>
Transport and Communication	7.6	7.6	6.9	7.0	7.2	7.5	7.5	7.8
Trade and Finance	13.5	13.3	12.6	12.2	11.4	10.9	10.9	11.4
Housing	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Public Utilities	0.8	0.9	0.9	0.8	0.9	0.8	0.8	0.8
Other Services	41.0	36.3	36.6	37.8	38.4	38.5	39.0	40.1
Total Services Sector	<u>63.2</u>	<u>58.4</u>	<u>57.2</u>	<u>58.0</u>	<u>58.1</u>	<u>57.9</u>	<u>58.4</u>	<u>60.3</u>
GRAND TOTAL	<u>100.0</u>							

Source: Compilation on the basis of data from the Central Agency for Public Mobilization and Statistics and from the Ministry of Planning.

Table 23: GROWTH OF EMPLOYMENT, WAGES, GDP

(in %, based on current prices)

	<u>1960/61-1961/62</u>			<u>1961/62-1962/63</u>			<u>1962/63-1963/64</u>			<u>1963/64-1964/65</u>			<u>1964/65-1965/66</u>			<u>1965/66-1966/67</u>			<u>1966/67-1967/68</u>	
	<u>E/1</u>	<u>W/2</u>	GDP	E	W	GDP	E	W	GDP	E	W	GDP	E	W	GDP	E	W	GDP	E	W
Agriculture	0.0	18.1	-7.4	0.8	7.9	14.0	1.1	10.3	11.7	2.9	19.0	22.5	0.4	18.9	4.5	0.5	4.5	0.4	3.0	0.2
Industry and Mining	8.5	14.9	8.5	6.9	38.8	13.2	8.7	10.4	11.8	4.4	8.3	7.9	6.2	3.1	8.9	-3.0	0.6	3.5	2.0	7.0
Electricity	15.2	15.0	33.6	15.2	10.5	12.8	2.8	7.1	4.8	0.5	4.4	20.2	2.2	4.2	4.7	3.2	2.0	3.7	4.2	16.0
Construction	58.4	53.4	66.5	20.0	13.1	13.4	5.8	10.1	14.9	3.3	2.3	-3.5	-15.5	4.2	2.5	9.4	-8.9	-0.6	-32.3	-32.7
Total Commodity Sector	3.5	21.5	3.8	2.9	19.8	13.6	2.6	10.3	11.9	3.2	11.9	14.1	0.3	10.3	6.0	4.1	2.3	1.6	0.6	-1.6
Transport & Communication	-5.3	7.8	14.3	4.1	4.4	13.5	3.6	14.1	17.7	7.5	15.4	12.6	12.8	14.8	11.7	5.9	2.6	4.2	1.4	8.7
Trade and Finance	2.7	6.7	4.4	3.1	8.3	1.5	2.4	8.4	4.2	1.5	5.4	4.6	4.5	4.6	8.0	2.8	3.8	7.9	1.8	8.7
Housing	12.5	5.5	3.2	0.5	-15.7	1.8	2.2	0.0	1.4	13.5	12.5	-4.8	3.3	0.0	1.6	4.6	5.5	3.8	4.4	5.0
Public Utilities	11.5	22.9	2.9	5.9	5.0	5.7	2.7	3.2	2.7	2.7	25.0	5.2	3.6	-6.3	12.1	2.5	2.7	2.1	3.1	9.0
Other Services	-1.4	5-12.1	-1.5	3.9	12.8	9.2	5.6	15.4	13.0	4.9	14.6	17.0	5.1	10.4	10.5	6.1	4.7	5.4	4.2	6.7
Total Services Sector	-0.4	19.5	3.2	3.7	10.4	7.3	4.3	13.5	10.5	4.2	12.9	11.1	5.8	9.6	9.5	5.0	4.2	5.5	3.1	7.4
GRAND TOTAL	<u>2.2</u>	<u>9.1</u>	<u>3.5</u>	<u>3.2</u>	<u>14.3</u>	<u>10.7</u>	<u>3.2</u>	<u>12.1</u>	<u>11.3</u>	<u>3.5</u>	<u>12.5</u>	<u>12.8</u>	<u>2.1</u>	<u>9.9</u>	<u>7.5</u>	<u>2.0</u>	<u>3.4</u>	<u>3.3</u>	<u>1.5</u>	<u>3.7</u>

1 Employment

2 Wages

Source: Compilation on the basis of data from the Central Agency for Public Mobilization and Statistics and from the Ministry of Planning.

Table 24 : CIVIL SERVICE PAY SCALES

- APPLIED SINCE 1964 -

Educational Attainment	Grade	Salary Range (monthly basis E E)	Annual increase (E E)
University or Higher Institute (16 years of education)	7 (starting grade)	20-40	1.50
	6	27.5-50	1.50
	5	35-60	2.00
	4	45-80	3.00
	3	57.5-100	4.00
Technical Training Centers (14 years of education) ^{1/}	(8/7) ^{1/}	(18) ^{1/}	
Agricultural or industrial second- ary school (12 years of education)	8	15-30	1.00
General or Commercial Secondary School (12 years of education)	9	12-15	0.75
Preparatory School (9 years of education)	10	9-18	0.75
Primary School (6 years of educ- ation)	11/12	7-15	0.50

^{1/} This type of school (with a 2-year course following Secondary education, and a 5-year course following preparatory education) was introduced in 1965/66.

Source: Proceedings of the Seminar on Manpower Planning, Cairo, February 1968, Institute of National Planning.

Table 25 : TOTAL ENROLLMENTS IN PRIMARY AND SECONDARY SCHOOLS
AND PRIMARY TEACHER TRAINING

	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67	1967/68
Nursery Schools				24,007	23,893	26,648	28,728	25,403
PRIMARY:								
Primary	2,610,169	2,754,566	2,909,996	3,129,692	3,294,832	3,417,753	3,413,980	3,471,334
Language Schools				44,589	39,906	40,663	40,209	3,298
Al-Azhar				28,997	18,033	32,585	31,395	31,797
TOTAL				3,203,278	3,352,771	3,491,001	3,485,584	3,506,429
PREPARATORY General:								
Preparatory	255,832	303,123	350,661	406,043	474,266	574,420	665,321	736,695
Language Schools				14,977	14,838	13,331	13,603	758
Al-Azhar				22,301	23,219	23,636	21,438	19,656
TOTAL				443,321	512,323	611,387	700,362	757,109
PREPARATORY Technical:								
Preparatory	39,333	42,068	49,667	45,019	41,559 ^{1/}	26,530 ^{1/}	16,676 ^{1/}	7,919 ^{1/}
Vocational (language schools)				2,410	2,016	1,842	1,697	1,643
TOTAL				47,429	53,575	28,372	18,373	9,562
TOTAL Preparatory	295,165			490,750	565,898	639,759	718,735	766,671
SECONDARY General:								
Secondary	132,161	131,885	134,047	141,204	174,246	208,991	234,619	259,792
Language Schools				7,318	6,521	7,945	10,120	466
Al-Azhar				12,358	12,643	13,376	13,481	14,453
TOTAL				150,880	193,410	230,312	258,220	274,711
SECONDARY Technical : TOTAL	75,549	74,037	79,639	83,373	91,252	101,204	119,810	153,094
TOTAL Secondary:	207,710	205,922	213,686	234,253	284,662	331,516	378,030	427,805
TEACHER Training (Primary Schools)	18,218	20,354	23,141	34,704	41,259	49,448	42,549	34,894

^{1/} Schools are being closed in favor of General Preparatory Schools.

Source: A Guide for Educational Statistics, UAR, Ministry of Education, Department of Statistics; vols 1963/64-1967/68; Statistical Handbook, UAR, 1952-1967, Cairo, June 1968; the Ministry of Education.

Table 26: TOTAL ENROLLMENTS IN HIGHER INSTITUTES AND UNIVERSITIES

	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67	1967/68	1968/69
<u>Higher Institutes:</u>									
Agricultural I	2,308	5,519	6,590	6,903	6,349	6,840	5,885	5,678	7,179
Industrial Institutes	1,761	2,626	3,358	4,248	5,363	6,892	7,427	8,299	9,626
Other ^{1/}	11,451	12,190	12,550	13,992	19,081	21,622	18,222	18,469	17,570 ^{5/}
Total ^{2/}	15,520	20,335	22,498	25,143	30,793	35,354	31,534	32,446	34,375 ^{5/}
<u>Universities:</u>									
Agricultural Faculties	6,543	7,618	8,752	10,748	12,233	13,206	12,318	11,162	11,789
Science Faculties	5,058	5,925	6,675	7,529	8,419	8,883	7,152	6,171	5,929
Engineering Faculties	11,306	13,140	14,500	17,022	19,647	20,434	20,810	21,229	19,885
Other ^{3/}	64,073	64,680	68,000	75,122	89,006	80,642	87,862	86,087	85,250
Total Government operated Faculties	86,980	91,363	97,927	110,421	129,305	123,165	128,142	124,649	122,853
<u>Al-Azhar:</u>									
Agricultural Faculties	-	-	-	-	180	499	870	1,490	
Engineering Faculties	-	-	-	-	276	692	1,180	1,772	
Other ^{4/}	5,753	6,108	7,428	6,851	8,309	11,932	16,214	13,590	
Grand Total	92,733	97,471	105,355	117,009	138,070	136,288	146,406	141,501	

1/ As of 1964/65 including American University.

2/ Including Secondary Teacher Training until 1965/66. Enrollment figures are 1960/61 : 2633; 61/62 : 2775; 63/64 : 3167; 64/65 : 3317; 65/66 : 3347. Including Higher Technical Institutes not belonging to Ministry of Higher Education.

3/ Including Secondary Teacher Training as of 1966/67 : 5140; 67/68 : 5691; 68/69 : 7908.

Includes faculties of arts, law, commerce, economics, medicine, pharmacy, dentistry, veterinary science, girls education, nursing, education (at Ain Shams) and faculty at Dar-El Ulum.

4/ Including faculty of medicine as of 1964/65.

5/ Excluding Higher Technical Institutes not belonging to Ministry of Higher Education (i.e. approximately 2,500 students)

Source: Guide for Educational Statistics, UAR, Ministry of Education, Department of Statistics, vols. 1963/64 - 1967/68; Statistical Handbook, UAR, 1952-1967, Cairo, June 1968; the Ministry of Higher Education.

Table 27: FIRST YEAR ENROLLMENT /1

	1962/63	1963/64	1964/65	1965/66	1966/67	1967/68	1968/69
Level of Education							
Primary		612001	640653	670250	625615	896000	
Preparatory General		112000	174502	210000	223100	300276	
Preparatory Technical		9572	9075	2297	2173	1941	
Total Preparatory		151572	183577	212297	225273	302217	
Secondary General		48552	61557	66827	68260	93816	
Secondary Technical		26319	30352	34122	45312	61922	
Total Secondary		74871	91909	100949	113572	173687	
Primary Teacher Training		15556	11895	11926	2053	3426	
Higher Institutes: Total /3	5146	6844	8219	9956	5798/2	7444/2	9871 /2, /4
Agriculture	1241	1497	1505	1838	628	1252	2776
Industry	926	1282	1576	2248	1448	1916	2477
Other /3	2943	4065	5138	5870	3725/2	4276/2	4618/2, /4
Universities: Total	24500	27750	25850	26250	21370/2	21530/2	22430/2
Agriculture	2320	3700			1990	1920	
Engineering	2870	3970			3370	3220	
Science	1600	2900			600	550	
Other	17710	17180			15410/2	15840/2	

/1 Excluding Al-Azhar and Language schools.

/2 Teacher Training was transferred to Universities as of 1966/67.

/3 Including Higher Technical Institutes not belonging to Ministry of Higher Education; including American University.

/4 Excluding Higher Technical Institutes not belonging to Ministry of Higher Education (about 650 first year enrollments).

Sources: A Guide for Educational Statistics, UAR, Ministry of Education, Department of Statistics, Vols. 1963/64 - 1967/68; Statistical Handbook, UAR, 1952-1967, Cairo, 1968; the Ministry of Higher Education and the Ministry of Planning.

Table 28: DISTRIBUTION OF ENROLLMENTS IN HIGHER INSTITUTES AND UNIVERSITIES BY FIELD OF STUDY

(in percent)

	1960/61	1961/62	1962/63	1963/64	1964/65	1965/66	1966/67 ^{5/}	1967/68 ^{5/}	1968/69 ^{5/6}
<u>Higher Institutes:</u>									
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	14.9	27.1	29.3	27.4	20.6	19.3	18.7 (16.0)	17.5 (14.9)	20.9 (17.0)
Industry ^{1/}	11.3	12.9	14.9	16.9	17.4	19.5	23.5 (20.3)	25.6 (21.8)	28.0 (22.8)
Other ^{2/}	73.8	60.0	55.8	55.7	62.0	61.2	57.8 (63.7)	56.9 (63.3)	51.1 (60.2)
<u>Universities:^{4/}</u>									
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	7.0	7.8	8.3	9.2	9.0	10.0	9.0 (9.3)	8.9 (9.3)	9.6 (10.2)
Engineering	12.2	13.4	13.7	14.5	14.4	15.5	15.0 (15.5)	16.3 (16.9)	16.2 (17.2)
Science	5.5	6.1	6.3	6.4	6.1	6.5	4.9 (5.1)	4.4 (4.5)	4.8 (5.1)
Other ^{3/}	75.3	72.7	71.7	70.9	71.5	68.0	71.7 (70.1)	70.4 (69.3)	69.4 (67.5)

^{1/} See Table on Total Enrollments in Higher Institutes and Universities.

^{2/} Ibid.

^{3/} Ibid.

^{4/} Including Al-Azhar University.

^{5/} Figures in brackets are corrected for the effects of transfer of Secondary Teacher Training from Higher Institutes to Universities. For correction base see footnote ^{3/} of Table on Total Enrollments in Higher Institutes and Universities (Table 28).

^{6/} Excluding Al-Azhar University.

Source: Compilation on the basis of data from the Ministry of Education and the Central Agency for Public Mobilization and Statistics.

Table 29: AREAS UNDER CROPS BY SEASON, 1952 AND 1960-1968

Crops	1952	1960	1961	1962	1963	1964	1965	1966	1967	1968 ^{/2}
	1,000 Feddans									
Winter Crops										
Wheat	1,402	1,456	1,384	1,455	1,345	1,295	1,145	1,291	1,245	1,413
Permanent clover	906	1,131	1,113	1,140	1,132	1,179	1,178	1,235	1,474	1,500
Temporary clover	1,296	1,283	1,335	1,302	1,302	1,301	1,315	1,297	1,242	1,179
Beans	355	377	361	383	382	428	433	318	336	335
Barley	137	148	121	131	121	121	125	98	107	117
Fenugreek	54	64	44	60	66	62	82	42	38	35
Lentils	58	85	63	79	78	79	89	75	66	51
Flax	13	22	29	27	26	33	26	22	24	36
Onions	26	49	28	50	59	54	51	58	42	39
Lupines	11	20	14	18	19	19	16	11	11	11
Chickpeas	15	15	7	10	12	14	12	8	11	10
Vegetables	63	126	133	134	137	141	144	147	148	172
Garlic	9	13	12	14	20	13	15	19	13	12
Others	19	19	19	19	18	19	23	18	19	19
Total	4,364	4,808	4,693 ^{/1}	4,822	4,717	4,758	4,624 ^{/1}	4,739 ^{/1}	4,776	4,929
Summer Crops										
Cotton	1,967	1,873	1,986	1,657	1,627	1,611	1,900	1,859	1,626	1,464
Rice	362	695	527	823	952	955	842	841	1,072	1,199
Millet	378	387	418	398	434	432	441	463	482	486
Maize	27	128	170	348	347	365	931	1,053	1,095	1,169
Sugarcane	92	111	112	121	133	134	129	133	137	135
Groundnuts	26	41	33	53	53	50	54	49	41	42
Sesame	42	42	27	42	59	55	52	29	22	24
Vegetables	118	241	239	249	278	292	304	325	325	342
Others	14	15	15	12	17	22	44	42	57	64
Total	3,026	3,533	3,527	3,703	3,900	3,916	4,597	4,794	4,857	4,941 ^{/1}
Nile Crops										
Maize	1,671	1,693	1,433	1,484	1,374	1,295	520	522	390	358
Millet	55	67	39	56	50	62	59	55	40	46
Rice	12	11	10	1	1	1	6	3	3	5
Vegetables	71	117	123	138	149	162	160	162	155	182
Others	9	10	11	10	8	10	17	18	34	27
Total	1,824	1,898	1,616	1,695 ^{/1}	1,588 ^{/1}	1,536 ^{/1}	762	760	622	645

^{/1} Figures do not add to this total.

^{/2} Preliminary

Source: U.A.R., Ministry of Irrigation, Report on Drainage Project For Part of the Nile Delta, Vol. 1, September, 1968. Ministry of Agriculture, Bureau of Agricultural Economics and Statistics, unpublished.

Table 30 : CROPPED AREA BY SEASON, AND GROWTH RATES
IN CROPPED AREA

(In Thousand Feddan)

Year	Annual Crops			Fruit	Total
	Winter	Summer	Nile		
1960	4,808	3,533	1,898	131	10,370
1961	4,693	3,527	1,616	137	9,973
1962	4,822	3,703	1,695	145	10,365
1963	4,717	3,900	1,588	152	10,351
1964	4,758	3,916	1,536	167	10,377
1965	4,624	4,697	762	178	10,261
1966	4,739	4,794	760	195	10,488
1967	4,776	4,857	822	207	10,462
1968					
Growth rate <u>/1</u>	0.06	5.0	- 13.5	7.0	0.4

/1 Percent Annual Compound. $\log Y = a + b (T)$

Source: U.A.R., Ministry of Irrigation, Report on Drainage Project For Part of the Nile Delta, Vol. 1, September, 1968.

**Table 31: EXPANSION OF CROPPED AREA THROUGH LAND
DEVELOPMENT PROGRAMS CONTEMPLATED THROUGH 1975**

(Thousand Feddans)

	As of End 1967	1968 through 1975	As of End 1975
Cultivated area	5,800 <u>/1</u>		
Cropped area	10,462 <u>/2</u>		10,462
Increment			
Through Reclamation			
Gross cultivated area		700 <u>/3</u>	
Adjusted for yield capacity		155 <u>/4</u>	
Adjusted for "Cropped Area Equivalent"			728 <u>/5</u>
Through Conversion			
Gross		186	
Adjusted to "Cropped Area Equivalent"			112 <u>/5</u>
Through Drainage			
Gross		920	
Cropped Area Equivalent			368 <u>/6</u>
TOTAL			<u>11,670</u>

/1 From U.A.R., Ministry of Irrigation, Report on Drainage Project For Part of the Nile Delta, Vol. 1, September, 1968.

/2 Assumes cropping factor of 1.8 applied to net.

/3 Assumes 50,000 in 1968, as is scheduled for 1969, plus 564,000. Plus 46,000 as an arbitrary figure for areas not associated with Aswan water.

/4 Time is required to bring new land up to a yield level approximating the national average. Assume that in Year 1, the year of reclamation, the yield is zero; Year 2, 25% of "normal"; Year 3, 50%; Year 4, 75%; Year 5, 100%. Applying these factors to the pre-1968 reclamation acreages and to the 1968-75 intent yields a correction factor of around 65%.

/5 Using cropping factor of 1.6, as is on gross basis.

/6 Assuming yield increase of 25% and cropping of 1.6.

Table 32: GROWTH RATES IN YIELD PER FEDDAN FOR IMPORTANT CROPS

Crop	1960	1961	1962	1963	1964	1965	1966	1967	1968	Growth Rate ^{/1}
. Yield Per Feddan (Kilograms)										
Seed Cotton	737	502	806	806	891	791	693	743	822	0.9 to - 0.04 ^{/3}
Rice (Paddy)	2,107	2,126	2,457	2,315	2,111	2,107	1,984	2,117		-0.4
Maize	1,330	1,379	1,338	1,506	1,495	1,690	1,659	1,636		1.6
Millet	928	1,009	1,093	1,085	1,165	1,476	1,509	1,406		3.0
Sugarcane	40,950	37,575	39,690	38,745	36,450	36,810	39,060	38,475		-0.3
Groundnuts	825	746	939	847	918	926	826	782		0.1
Sesame	361	390	408	433	424	433	384	344		-0.1
Wheat	1,029	1,038	1,095	1,110	1,180	1,115	1,135 ^{/2}	1,126	1,074	0.4
Beans	801	490	890	732	896	886	956	628	922	1.2 to 0 ^{/3}
Barley	1,048	1,096	1,118	1,112	1,165	1,038	1,042	929		-0.7
Fenugreek	685	591	739	702	748	735	735	657		0.4
Lentil	588	542	706	602	666	688	594	515	664	0.1
Flaxseed	410	407	412	415	426	401	400	382		-0.3
Lupine	646	642	666	694	717	724	688	638		0.3
Chickpeas	693	645	648	708	706	698	669	645		-0.1
Garlic	4,680	5,070	4,960	5,850	5,270	5,530	6,270	5,740		1.4
Clover Seed	200	186	205	212	205	212	214	220		0.7

^{/1} Using Log Y = a + bT. Includes 1968 if yield figure is shown for that year.

^{/2} Carried in error as 757 in the cited source.

^{/3} The higher figure results if the bad crop of 1961 is included; the lower figure results if the series excludes 1961.

Source of Yield Data: For 1960-67, U.A.R., Ministry of Irrigation, Report on Drainage Project For Part of the Nile Delta, Vol. 1, September, 1968. For 1968, Ministry of Agriculture, tentative and unpublished.

Table 33: ALTERNATIVE INDICATIONS OF GROWTH RATES
IN YIELDS PER ACRE FOR MAJOR FARM CROPS

	<u>Series A</u> <u>/1</u> <u>/2</u>	Yield in 1967 as % of 1952	<u>Series B</u> <u>/3</u>	<u>Series C</u> <u>/1</u> <u>/4</u>
	1948-66 Growth Rate % Compound Annual		Column to Left Annual Ave. Growth % /Compound	1960-68 Growth Rate % Compound Annual
Cotton	1.8			
Wheat	2.7	133.5	1.9	0.4
Rice	5.2	166.9	3.5	- 0.4
Maize	1.8	164.8	3.4	1.6
Peanuts	1.4			
Unginned Cotton		117.4	1.1	0.9 to - 0.04 <u>/5</u>
Millet		190.4	4.4	3.0
Beans		89.1		1.2 to 0 <u>/5</u>

/1 Using $\log Y = A + b (T)$ when $Y =$ yield and $T =$ time.

/2 US Department of Agriculture, E.R.S., Agricultural Development and Expansion in the Nile Basin, Foreign Agricultural Economic Report No. 48, 1968.

/3 Sayed Marei, Food Production in Developing Countries: Its Problems, Prospects and Means with Reference to the Egyptian Experiment in Agriculture, mimeographed, undated, Cairo.

/4 Computed from data presented in Table 32.

/5 The higher figure is derived from a series which includes the bad crops of 1961; the lower figure from a series which excludes 1961.



Table 34: OUTPUT OF MAJOR AGRICULTURAL PRODUCTS (EXCLUDING LIVESTOCK)
1952 and 1960 - 1968

(in thousand metric tons)

Page 1

Crop	1952	1960	1961	1962	1963	1964	1965	1966	1967	1968/1
Cotton										
Seed cotton	1,296	1,380	999	1,335	1,312	1,436	1,501	1,289	1,208	1,203
Cotton lint	446	478	336	457	442	504	521	455	437	430
Cereals										
Maize	1,506	1,691	1,617	2,004	1,867	1,934	2,141	2,376	2,163	2,298
Millet	522	603	631	659	729	740	806	859	881	960
Wheat	1,081	1,499	1,436	1,593	1,493	1,499	1,272	1,465	1,291	1,518
Rice (Paddy)	517	1,486	1,142	2,038	2,219	2,036	1,788	1,679	2,279	2,586
Barley	118	156	133	146	134	141	130	102	100	122
Pulses										
Beans	250	290	161	328	263	366	344	381	188	282
Lentils	32	50	34	56	47	52	61	44	34	35
Fenugreek	34	43	24	44	42	42	37	30	21	35
Lupines	6	13	9	12	13	13	12	7	7	7
Chickpeas	9	11	5	7	8	10	9	6	6	7
Vegetables										
Onion	243	504	469	600	659	646	670	701	587	170
Other	1,834	3,424	3,571	3,919	4,320	4,378	4,636	4,928	4,505	5,141
Fruits										
Oranges		210	157	230	338	331	342	488		
Mandarines & Limes		101	79	117	101	141	141	141		
Grapes		102	106	120	106	91	92	118		
Mangos		63	48	86	91	97	79	90		

continued.....

Table 34: OUTPUT OF MAJOR AGRICULTURAL PRODUCTS (EXCLUDING LIVESTOCK)
1952 and 1960 - 1968 (concluded)

Page 2

Crop	1952	1960	1961	1962	1963	1964	1965	1966	1967	1968/1
Oils										
Groundnuts	20	35	25	49	45	46	50	40	32	36
Sesame	14	15	11	17	26	23	22	11	7	10
Flax (seed)	5	9	12	11	11	14	10	9	9	14
Flax (fiber)	26	53	64	64	61	74	58	51	54	83
Cottonseed	842	888	658	857	858	912	961	820	758	760
Sugarcane	3,258	4,545	4,186	4,808	5,153	4,890	4,739	5,189	5,269	
Clover Seed	36	41	39	33	27	27	28	34	31	34

/1 Preliminary

Note: Alternative series are not always in agreement with these data

Source: IBRD, Projects Department, Middle East Studies: U.A.R. Findings on Agricultural Sector, 1968 Mission, July 19, 1968; Ministry of Agriculture, Bureau of Agricultural Economics and Statistics, unpublished.

Table 35: DISTRIBUTION OF FARM HOLDINGS BY SIZE AND TENURE IN 1961

Item and Unit	Farm Holdings /1			Total
	Owned	Rented	Mixed	
Number of holdings (Thousand)	623	524	495	1,642
Area of Holding (Thousand Feddans)	2,664	1,214	2,344	6,222
Number in % of Total (%)	38	32	30	100
Area in % of Total (%)	43	19	38	100
Average size of holding (Feddan)	4.3	2.3	4.7	3.8

/1 Management units.

Source: U.A.R., Ministry of Irrigation, Report on Drainage Project For Part of the Nile Delta, Vol. 1, September, 1968.

Table 36: CREDIT ISSUED TO FARMERS BY THE
EGYPTIAN GENERAL ORGANIZATION OF AGRICULTURAL AND
COOPERATIVE CREDIT, 1957 TO 1967

(L.E. Thousand)

Year	Loans in Kind			Loans in Cash	Total	Total in/ Real Terms
	Seeds	Fertilizers	Insecticides			
1957	1,436	6,963	/2	11,806	20,205	20,205
1958	1,383	8,283	/2	14,809	24,475	24,475
1959	1,602	10,273	/2	17,538	29,413	29,413
1960	1,981	12,608	1,190	20,899	36,678	36,678
1961	2,356	14,750	1,700	20,641	39,447	39,447
1962	3,236	21,136	6,941	29,655	60,968	60,968
1962-63					53,995	/3 53,995
1963-64					59,553	/4 58,731
1964-65					65,465	60,560
1965-66					79,628	68,116
1966-67					86,926	69,264
1967-68						

/1 Mid-year wholesale industrial price index used as deflator.

/2 Included in cash.

/3 Of this, 51,860 was classed as short-term; 2,102 as medium term; and 33 as long-term. Source: FAO/IBRD Cooperative Program, Draft Report on Agriculture and Irrigation in the United Arab Republic, 17 July, 1968.

/4 Of this, 56,400 was classed as short-term; and 3,153 as medium term. Source: FAO/IBRD Cooperative Program, Draft Report on Agriculture and Irrigation in the United Arab Republic, 17 July, 1968.

Source: For 1957-1962, U.S. Department of Agriculture, E.R.S., Agricultural Development and Expansion in the Nile Basin, Foreign Agricultural Economic Report No. 48. For 1962-63 to 1966-67, U.A.R. Ministry of Irrigation, Report on Drainage Project for Part of the Nile Delta, Vol. 1, September, 1968.

Table 37: INDICATIVE COSTS OF LAND RECLAMATION AND DEVELOPMENT

Item	L.E. per Feddan
Preparatory Research	10
Roads and Electricity	110
Irrigation and Drainage <u>/1</u>	110
Other construction (including housing) <u>/2</u>	110
Farm development <u>/3</u>	
Machinery	35
Losses	70
Total Above	(435)
High Dam	65
TOTAL	<u>520</u> <u>/4</u>

/1 Includes on-farm distribution system.

/2 In addition to housing for both administrators and farmers, includes potable water, hospitals, schools and social centers.

/3 These outlays are required to bring soil productivity up to a level at which the market value of production equals current farm expenditures.

/4 The total varies up to 20% plus or minus.

Source: Ministry of Reclamation.

Table 38 : PRODUCTION AND USES OF COTTON

Production Year Ended October 31	Total Production ('000 Tons)	Percentage of Production			Consumption Year Ended August 31	Exports and Local Factory Consumption Consumption as Percentage of Exports		
		Extra Long (%)	Medium Long (%)	Medium (%)		Exports ('000 Tons)	Consumption ('000 Tons)	of Exports (%)
1950	381.9	33.7	19.4	44.5	1951	288.7	60.7	21.0
1951	362.8	38.6	15.4	43.1	1952	261.5	65.4	25.0
1952	445.8	45.0	13.4	39.5	1953	319.0	68.7	21.5
1953	318.2	34.6	27.3	35.8	1954	324.5	73.2	22.6
1954	348.0	33.1	25.6	39.0	1955	247.1	80.2	32.5
1955	334.1	35.8	18.8	42.9	1956	292.5	87.1	29.8
1956	324.8	41.0	18.2	38.5	1957	230.9	90.7	39.3
1957	405.3	45.3	12.7	39.8	1958	254.5	97.4	38.3
1958	445.9	58.6	7.8	31.3	1959	327.3	106.2	32.4
1959	457.2	51.1	15.0	31.8	1960	381.8	109.4	28.7
1960	478.2	47.4	22.2	28.5	1961	337.0	121.3	36.0
1961	335.7	41.2	24.7	31.7	1962	229.4	135.2	58.9
1962	457.3	50.3	22.5	25.7	1963	303.0	135.5	44.7
1963	441.7	46.6	22.9	28.9	1964	291.8	139.3	47.7
1964	504.1	45.8	24.5	28.1	1965	342.2	153.0	44.7
1965	520.1	43.4	25.9	29.1	1966	342.4	160.8	47.0
1966	454.9	40.2	21.3	36.5	1967	302.2	175.8	58.2
1967	436.6	38.1	24.7	35.2				

Source: Central Agency for Public Mobilization and Statistics.

Table 39 : FOOD CONSUMPTION PER CAPITA PER DAY BY COMMODITY
GROUP IN SELECTED RECENT YEARS

Group	<u>1950-51</u> /1	<u>1955-56</u> /1	<u>1965-66</u> /2
	Grams	Grams	Grams
Cereals	469	510	551
Other Starch Foods	19	18	30
Sugar and Syrups	40	48	54
Pulses, Nuts, Seeds	27	32	34
Vegetables (fresh)	94	178	247
Fruits	91	180	138
Meats	25	37	29
Eggs	2	3	4
Fish	10	17	9
Milk & Milk Products	165	162	122
Vegetable Oils	10	11	19

/1 Source : U.A.R., The Journal of the Egyptian Public Health Association, Vol. XXXV, No. 3, 1960 (Ismail Abdou, Nutrition Problems in the Egyptian Region).

/2 Source : Ministry of Agriculture, Food Balance Sheet 1965-1966, April, 1968.

Table 40: INDUSTRIAL PRODUCTION INDEX NUMBERS

(1959 = 100)

ISIC	Economic Activities	1960	1961	1962	1963	1964	1965	1966	1967
1	Mining and quarrying	107.5	128.6	139.2	172.4	274.8	213.4	235.8	229.6
12	Metal mining	99.2	117.4	130.0	144.0	126.7	105.6	91.7	89.7
13	Crude petroleum & Natural Gas	106.1	124.2	147.4	191.7	214.7	228.4	267.8	244.2
14	Stone quarrying, clay & sand pits	110.6	114.7	132.8	136.5	159.8	174.1	187.1	200.3
15	Salt mining	130.7	95.6	94.5	141.5	172.6	157.0	170.8	192.4
19	Other Non-metallic mining & quarrying	106.3	189.8	123.4	96.5	162.1	284.2	232.7	256.8
2-3	Manufacturing Industries	116.1	144.3	174.2	228.9	261.6	276.6	264.9	249.9
20	Food Manuf. Industries	83.4	84.7	117.5	134.9	129.4	138.0	119.9	120.2
21	Beverage Industries	95.5	125.2	137.0	167.3	169.2	204.9	230.1	182.1
22	Tobacco Industries	112.1	125.8	147.1	158.5	174.4	191.4	204.1	211.0
23	Spinning & Weaving	125.5	140.5	144.4	141.8	149.2	162.3	159.3	165.6
24	Industries Manuf. of Foot wear, Other Wearing apparel & made up textile goods	108.9	209.2	251.9	254.7	262.2	300.1	279.8	278.4
25	Wood, rattan bamboo & cork	114.9	308.6	323.4	576.9	1267.2	1137.5	992.3	610.6
26	Furniture and Fixtures	93.8	71.6	90.9	105.8	106.9	114.1	119.4	103.3
27	Paper and articles of paper	110.6	164.1	412.6	439.7	516.4	561.2	614.6	562.1
28	Printing & allied Industries	103.1	121.9	159.4	293.8	281.3	268.8	240.6	159.4
29	Leather & leather products	100.9	94.5	145.2	144.3	161.4	202.6	210.9	215.6
30	Rubber products	109.7	139.8	153.2	190.1	185.1	180.9	169.1	168.5
31	Chemicals & chemical products	123.3	183.9	146.2	254.3	324.0	410.7	455.2	387.3
32	Product of petroleum & coal	122.1	134.6	138.2	164.6	218.9	165.1	167.0	162.4
33	Manuf. of non-metallic mineral products	88.6	117.4	134.3	176.0	154.5	173.2	213.8	183.6
34	Basic metal industries	159.8	222.7	258.8	273.9	273.2	270.6	364.5	295.9
35	Metal products	91.2	117.3	135.0	160.4	153.3	190.1	216.2	254.3
36	Manuf. & Rep. of non-electrical machines	275.3	412.3	769.4	1403.6	1469.8	1394.4	1079.9	1187.2
37	Manuf. & Rep. of electrical machines	129.1	249.3	302.4	585.2	739.0	686.4	699.5	703.0
38	Transport equipment & supplies	158.8	241.5	419.6	669.8	815.8	711.0	664.6	411.4
39	Manuf. Industries not elsewhere classified	112.7	154.0	395.7	494.9	858.5	983.3	980.3	732.8
5	Electricity, Gas, Water & Sanitary Services	124.1	170.4	193.4	209.8	240.3	257.6	277.3	282.8
51	Electricity, Gas & Steam Production & distribution	124.1	170.4	193.4	209.8	240.3	257.6	277.3	282.8
	General Total	116.2	145.4	173.6	224.2	260.8	271.2	262.9	248.9

Source: Central Agency for Public Mobilization and Statistics

Table 41: THE VALUE OF INDUSTRIAL OUTPUT

(EE million - At Current Prices)

Sector	1952	1960	1965	1966	1967
Petroleum Industries	34.2	66.4	101.1	103.2	99.7
Mining	3.6	7.5	10.9	12.1	11.9
Chemicals & Pharmaceuticals	20.5	49.1	140.0	142.2	139.1
Food Industries	122.3	177.1	285.4	308.7	342.5
Engineering & Electric Industries	30.1	80.9	160.0	155.6	150.0
Building Material Industries	8.4	20.0	30.8	34.6	29.3
Spinning & Weaving Industries	84.6	230.5	357.8	383.4	389.1
Electric Energy	<u>10.1</u>	<u>29.4</u>	<u>54.7</u>	<u>48.4</u>	<u>60.1</u>
TOTAL	<u>313.8</u>	<u>660.9</u>	<u>1140.7</u>	<u>1188.2</u>	<u>1221.7</u>

Note: The table does not include the production of Government factories, military factories (military production), cotton ginning, flour mills and bakeries, tea packing, printing and publication.

Source: Central Agency for Public Mobilization & Statistics

Table 42: ELECTRICITY 1960/61 - 1967/68

Year	Installed Power M.W.			Net Generated Energy Million K.W.H.			Net Peak Load M.W.
	Hydraulic	Thermal	Total	Hydraulic	Thermal	Total	
1960/61	345	1219	1564	627	2504	3131	641
1961/62	345	1308	1653	1083	2779	3862	680
1962/63	345	1308	1653	1115	3065	4180	750
1963/64	345	1308	1653	1446	3317	4763	822
1964/65	345	1283	1628	1606	3560	5166	854
1965/66	345	1482	1827	1773	3904	5677	931
1966/67	345	1554	1899	1806	4154	5960	945
1967/68	1045	1701	2746	2446	3753	6199	1000

Note: 1) Data of year 1967/68, estimated regarding Net Peak Load, and includes High Dam Electric Power.

2) The above mentioned data include Power stations belonging to The General Electricity Corporation, Industrial Firms and Municipal Boards.

Source: The Ministry of Economy and Foreign Trade

Table 43: PRODUCTION, EXPORTS, AND IMPORTS OF COTTON YARN

(In Thousand Tons)

Year	Production	Exports	Imports	Local Consumption
Average 1950/51 - 1954/55		7.7	0.1	
Average 1955/56 - 1959/60		12.0	0.1	
1960/61	102.0	19.4	-	82.6
1961/62	111.0	21.1	-	89.9
1962/63	121.0	20.8	-	100.2
1963/64	123.0	31.6	-	91.4
1964/65	131.0	33.1	-	97.9
Average 1960/61 - 1964/65	117.6	25.2	-	92.4
1965/66	139.0	40.0	-	99.0
1966/67	148.0	42.4	-	105.6

Source: The Ministry of Planning

Table 44 : PRODUCTION, EXPORTS AND IMPORTS OF COTTON FABRICS

(In Thousand Tons)

Year	Production	Exports	Imports	Local Consumption
Average 1950/54	--	1.1	2.3	--
Average 1955/59	--	4.4	0.2	--
1960/61	64.0	11.9	1.1	53.2
1961/62	73.0	13.8	2.9	62.1
1962/63	79.0	13.3	0.2	65.9
1963/64	80.0	14.1	0.2	66.1
1964/65	88.0	14.4	--	73.6
Average 1960/61 - 1964/65	76.8	13.5	0.9	64.2
1965/66	80.0	12.2	--	67.8
1966/67	85.0	17.1	--	67.9

Source: The Ministry of Planning

Table 45: PRODUCTION AND CONSUMPTION OF COMMERCIAL FERTILIZERS

(in thousand tons)

	1955	1956	1957	1958	1959	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68
Production														
Nitrogenous <u>/1</u>						244	590	762	692	931	947	1,011	1,075	
Phosphatic <u>/2</u>						175	185	171	158	175	260	260	262	
Consumption														
Nitrogenous <u>/1</u>	734	655	849	886	993	1,100	1,166	1,235	1,353	1,463	1,631	1,805	1,701	
Phosphatic <u>/2</u>	137	157	177	177	175	210	218	249	257	268	293	345	286	
Potassic <u>/3</u>			1.3	1.7	3.7	5.1	4.3	2.2	2.0	1.7	1.5	9.4	3.5	

/1 15.5% N through 1959-60, and 15% N thereafter.

/2 15% P₂O₅

/3 48% K₂O

Source: Ministry of Agriculture, Bureau of Agricultural Economics and Statistics.

Table 46 : PRODUCTION OF CRUDE OIL

(Quantities in 1000 Tons)

Year	Sinai	Other Fields	Total	Foreign Share	Local Share
1964/65	5,049	1,288	<u>6,337</u>	--	6,337
1965/66	4,896	1,540	<u>6,436</u>	--	6,436
1966/67	4,406	1,933	<u>6,339</u>	220	6,117
1967/68	--	5,701	<u>5,701</u>	1,943	3,758
1968/69 (estimate)	--	11,737	<u>11,737</u>	4,097	7,640
1969/70 (estimate)	--	14,990	<u>14,990</u>	5,320	9,670
1970/71 (estimate)	3,250	22,430	<u>25,630</u>	8,400	17,230
1971/72 (estimate)	2,820	24,660	<u>27,480</u>	9,420	18,060
1972/73 (estimate)	2,370	26,120	<u>28,490</u>	10,120	18,370
1973/74 (estimate)	2,000	28,070	<u>30,070</u>	10,990	19,080
1974/75 (estimate)	1,730	33,940	<u>35,670</u>	13,490	22,180

Source: The General Organization for Petroleum

Table 47: QUANTITY & VALUE OF LOCAL CONSUMPTION OF PETROLEUM PRODUCTS (VALUED AT IMPORT PRICES)

Year	Quantity (1000 Tons)	Value (1000 Pounds)	Production Quantity (1000 Tons)
1964/65	5,548	42,143	7,842
1965/66	6,001	46,411	7,915
1966/67	6,674	51,842	8,106
1967/68	5,668	42,772	5,059/1
1968/69 (estimate)	5,999	48,432	6,643
1969/70 (estimate)	6,274	51,385	6,889
1970/71 (estimate)	7,725	51,506	8,027
1971/72 (estimate)	8,148	62,694	8,256
1972/73 (estimate)	8,595	65,920	8,939
1973/74 (estimate)	9,074	69,757	9,386
1974/75 (estimate)	9,584	73,641	9,794

/1 Including Aden.

Source: The General Organization for Petroleum

Table 48: TOURIST NIGHTS 1962 - JAN./NOV. 1968
(In thousands)

YEAR	ARABS	EUROPEANS	AMERICANS	OTHERS	TOTAL
1962	1,963.8	1,349.1	303.1	550.4	4,166.5
1963	1,869.2	1,311.3	434.4	608.5	4,223.4
1964	3,856.2	1,986.2	426.0	755.9	7,024.3
1965	7,067.7	2,327.7	394.9	610.5	10,400.8
1966	6,439.3	2,326.8	423.7	593.7	9,783.4
1967	3,959.6	1,597.0	395.6	417.5	6,369.6
Jan/Sept 1968	2,631.2	464.7	87.0	135.2	3,320.0
Jan/Nov 1968					4,044.6

Source: The Ministry of Tourism

Table 49: CENTRAL GOVERNMENT - CURRENT REVENUE
(LE million)

	1963/64	1964/65	1965/66	1966/67	1967/68 Prov.	1968/69 Est.
<u>Tax Revenues</u>	<u>271.9</u>	<u>317.3</u>	<u>341.8</u>	<u>348.2</u>	<u>341.2</u>	<u>360.5</u>
Taxes on immovable property	7.6	6.7	7.1	8.7	11.0	18.9
Personal income taxes	14.5	16.9	18.4	21.2	21.6	26.2
Business Profit Taxes	32.8	53.8	70.5	88.9	68.3	67.7
Estate and Succession Duties	3.6	2.0	2.1	2.1	2.2	2.1
Excise and Consumption Duties	49.6	48.5	45.9	44.4	51.1	49.3
Custom Duties	144.3	164.5	172.2	154.2	144.5	151.2
Stamp Duties	11.0	14.3	17.0	16.4	26.2	28.8
Other	8.5	10.6	8.6	12.3	16.3	16.3
<u>Non-Tax Revenues</u>	<u>97.0</u>	<u>113.0</u>	<u>131.9</u>	<u>177.3</u>	<u>173.4</u>	<u>165.4</u>
Services Revenues	43.4	36.9	54.1	63.7	17.5	22.9
Miscellaneous and extraordinary receipts	53.6	76.1	77.8	113.6	155.9	142.5/1
<u>Total</u>	<u>368.9</u>	<u>430.3</u>	<u>473.7</u>	<u>525.5</u>	<u>514.6</u>	<u>525.9</u>

¹ Profits of the Ministry of Supply are no longer included. See footnote 5 to Table 51.

Source: Ministry of the Treasury

Table 50: CENTRAL GOVERNMENT - CURRENT EXPENDITURE

(LE million)

	1963/64	1964/65	1965/66	1966/67	1967/68 Prov.	1968/69 Est.
<u>Organizational Services</u>	<u>238.5</u>	<u>278.4</u>	<u>301.4</u>	<u>269.5</u>	<u>325.6</u>	<u>359.6</u>
Defense	176.8	213.5	235.0 ^{/1}	184.4	258.0 ^{/2}	278.9 ^{/3}
Security and Justice	37.3	39.1	41.0	40.4	43.2	49.7
Others	24.4	25.8	25.4	24.7	24.4	31.0
<u>Social and Economic Services</u>	<u>177.5</u>	<u>199.5</u>	<u>226.6</u>	<u>222.8</u>	<u>225.9</u>	<u>253.4</u>
Agriculture	9.7	11.2	11.4	11.6	15.0	19.3
Irrigation and Drainage	14.1	13.8	16.8	17.2	18.6	22.1
Education	82.0	91.7	90.0	99.2	103.1	116.5
Health	20.9	24.2	23.3	28.9	31.7	34.9
Transport and Communications	10.2	9.3	9.7	7.5	3.4	7.9
Culture and Entertainment	11.2	12.3	12.2	10.4	12.3	10.8
Others	29.4	37.0	63.2	48.0	41.8	41.9
<u>Debt Service</u>	<u>28.7</u>	<u>35.2</u>	<u>40.5</u>	<u>59.3</u>	<u>18.2</u> ^{/4}	<u>12.7</u>
<u>Pensions and Other Remunerations</u>	<u>15.8</u>	<u>17.6</u>	<u>19.6</u>	<u>20.2</u>	<u>21.1</u>	<u>24.5</u>
<u>Cost of Living Subsidies</u>	<u>32.4</u>	<u>45.0</u>	<u>51.0</u>	<u>46.2</u>	<u>41.0</u>	<u>8.1</u> ^{/5}
Sub-Total	492.9	575.7	639.1	598.0	631.8	658.3
<u>Settlement of Arrears</u>	<u>-</u>	<u>-</u>	<u>45.7</u>	<u>65.0</u>	<u>-</u>	<u>-</u>
GRAND TOTAL	<u><u>492.9</u></u>	<u><u>575.7</u></u>	<u><u>684.8</u></u>	<u><u>663.0</u></u>	<u><u>631.8</u></u>	<u><u>658.3</u></u>

^{/1} Includes LE 60 million which the official figures classify under "Settlement of Arrears"

^{/2} Includes LE 60 million for "emergency appropriations" which the official figures classify under "Others".

^{/3} Includes a large amount of "emergency appropriations" (estimated by the mission at LE 100 million) which is financed through the so-called Emergency Fund

^{/4} No longer includes repayment of principal, as in the past.

^{/5} Only the net result of the operations of the Ministry of Supply is now reported. Total subsidies are estimated at LE 33.1 million as against profits of LE 25 million.

Source: Ministry of the Treasury

Table 51: INVESTMENT IN THE PUBLIC SECTOR
(LE million)

	1963/64	1964/65	1965/66	1966/67	1967/68 Prov.	1968/69 Est.
Business Budget						
Agriculture	48.6	43.2	49.1	47.5	33.0	32.3
Electricity	18.8	19.8	27.4	24.2	20.3	17.7
High Dam	62.9	47.8	59.8	57.2	46.0	31.7
Industry	109.8	80.2	63.8	41.5	42.5	112.7
Transport and Communications	20.2	20.3	22.8	14.6	21.9	32.6
Suez Canal	5.6	7.1	5.3	8.0	-	-
Housing and Public Utilities	16.5	12.8	16.4	13.2	5.0	5.7
Health	2.1	1.1	1.9	1.6	1.0	0.7
Culture and Tourism	11.7	9.2	6.1	2.5	1.7	3.5
Supply and Storage	2.8	3.1	5.1	2.4	2.4	5.5
Financial and Commercial Services	3.3	2.2	2.1	1.3	0.8	1.9
Unspecified Allocations	-	-	-	<u>14.6</u>	<u>13.6</u>	<u>13.8</u>
Sub-Total	302.3	246.8	259.8	228.6	188.2	260.1
Services Budget ^{/1}	<u>67.1</u>	<u>47.4</u>	<u>40.4</u>	<u>42.6</u>	<u>30.6</u> ^{/2}	<u>51.8</u>
TOTAL	<u>369.4</u>	<u>294.2</u>	<u>300.2</u>	<u>271.2</u>	<u>218.8</u>	<u>311.9</u>

^{/1} Including investment expenditure of governorates

^{/2} This includes "unclassified" investment for LE 24.7 million

Source: Ministry of the Treasury

Table 52: GROSS (PUBLIC & PRIVATE) INVESTMENT IN AGRICULTURE IN CURRENT PRICES

(LE. Millions)

Year	Agriculture (a)	Irrigation & Drainage (b)	Combined (c)	High Dam (d)	Total National Investment (e)	Percent Col (c) of (e) (f)
1959-60	16.7	8.6	25.3	4.2	171.4	14.8 %
1960-61	16.6	14.8	31.4	6.8	225.6	13.9
1961-62	17.8	19.7	37.5	14.4	251.1	14.9
1962-63	20.6	29.2	49.8	24.0	299.6	16.6
1963-64	30.9	36.4	67.3	34.8	372.4	18.1
1964-65	32.5	37.9	70.4	18.6	364.3	19.3
1965-66	30.7	32.6	63.3	19.0	383.8	16.5
1966-67	31.3	34.4	65.7	16.5	365.8	18.0
1967-68			49.9			
1968-69 (Estimate)	24.6	28.8	53.4	9.5		

Source: Compilation on the basis of data from B. Hansen, Planning and Economic Growth in the UAR (Egypt), 1960-65 in Egypt Since the Revolution, and information from the Ministry of Planning.

Table 53: DISTRIBUTION OF PUBLIC INVESTMENT IN AGRICULTURE

(E.E. Million)

	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	Total	Percent
Yield-Increasing											
Crops	4.0	3.8	4.0	5.6	6.2	7.4	3.3	1.3	4.4	40.0	8.3 %
Livestock	1.3	1.4	1.0	1.8	2.4	2.5	3.2	2.3	1.5	17.4	3.6
Subtotal	(5.3)	(5.2)	(5.0)	(7.4)	(8.6)	(9.9)	(6.5)	(3.6)	(5.9)	(57.4)	(11.9)
Irrigation and Drainage											
Subtotal	11.7	11.9	14.5	9.7	9.6	5.2	9.4	6.9	8.8	87.7	18.3
	(17.0)	(17.1)	(19.5)	(17.1)	(18.2)	(15.1)	(15.9)	(10.5)	(14.7)	(145.1)	(30.2)
Area-Increasing											
Reclamation (Construction)	12.7	21.8	21.1	39.1	44.7	49.4	42.4	32.6	31.7	295.5	61.7
Reclamation (Farming development)	0.2	1.5	2.5	3.0	3.2	3.0	7.4	7.3	10.5	38.6	8.0
Subtotal	(12.9)	(23.3)	(23.6)	(42.1)	(47.9)	(52.4)	(49.8)	(39.9)	(42.2)	(334.1)	(69.7)
TOTAL	29.9	40.4	43.1	59.2	66.1	67.5	65.7	50.4	56.9	479.2	100.0

Source: Compilation on the basis of data from the Ministries of Agriculture, Irrigation and Land Reclamation.

Table 54: FACTORS AFFECTING LIQUIDITY, MONEY SUPPLY & QUASI-MONEY

(Revised Figures)

(LE Millions)

	1962/63	1963/64	1964/65	1965/66	1966/67	June 1967/68	June/ Nov. 1967	June/ Nov. 1968
Money Supply	15.9	94.4	60.1	62.2	1.5	-19.5	36.1	80.1
Quasi Money	43.8	30.6	19.5	16.7	16.3	11.3	- 7.0	- 1.1
TOTAL	<u>59.7</u>	<u>125.0</u>	<u>79.6</u>	<u>78.9</u>	<u>17.8</u>	<u>- 8.2</u>	<u>29.1</u>	<u>79.0</u>
1. Foreign Assets (net)	-36.6	-15.1	11.2	-30.6	-12.4	-51.0	-65.0	-21.2
2. Claims on Government (net)	<u>50.0</u>	<u>138.2</u>	<u>31.3</u>	<u>112.5</u>	<u>74.1</u>	<u>28.2</u>	<u>24.8</u>	<u>23.1</u>
Claims on Government (gross)	65.8	182.2	62.5	105.5	67.1	42.9	32.9	21.7
Government Deposits	5.9	-26.2	-32.5	17.0	14.7	-11.2	- 8.2	9.6
Counterpart Funds	-21.7	-17.8	1.3	-10.0	- 7.7	- 3.5	0.1	- 8.2
3. Claims on Non-Government Sector	<u>42.1</u>	<u>6.9</u>	<u>17.6</u>	<u>6.0</u>	<u>-21.9</u>	<u>29.6</u>	<u>69.4</u>	<u>83.0</u>
Claims on Specialized Banks	16.4	8.0	20.2	1.3	-25.5	5.3	- 9.7	-17.2
Claims on other non-Government	25.7	- 1.1	- 2.6	4.7	3.6	24.3	79.1	100.2
4. Other factors	<u>4.2</u>	<u>- 5.0</u>	<u>19.5</u>	<u>- 9.0</u>	<u>-22.0</u>	<u>-15.0</u>	<u>- 0.1</u>	<u>- 5.9</u>
Unclassified Assets	15.8	4.1	9.5	- 6.1	- 0.7	0.9	16.9	- 2.7
Unclassified Liabilities	-13.3	-10.9	- 0.2	13.3	8.4	- 8.2	- 9.7	- 3.5
Float	5.6	3.8	4.0	0.5	-24.8	1.8	- 1.5	3.3
Capital accounts	- 3.9	- 2.0	6.2	-16.7	- 4.9	- 9.5	- 5.8	- 3.0
5. Total Credit Expansion 2 + 3 + 4	<u>96.3</u>	<u>140.1</u>	<u>68.4</u>	<u>109.5</u>	<u>30.2</u>	<u>42.8</u>	<u>94.1</u>	<u>100.2</u>
Changes in cotton financing outstanding (- increase)	-17.6	4.6	- 0.1	5.4	11.6	2.0	-73.0	-79.4
6. Credit Expansion adjusted for cotton financing	<u>78.7</u>	<u>144.7</u>	<u>68.3</u>	<u>114.9</u>	<u>41.8</u>	<u>44.8</u>	<u>21.1</u>	<u>20.8</u>

Source: The Central Bank of Egypt.

Table 55: COST OF LIVING AND WHOLESALE PRICES
(1939 = 100)

		Cost of Living Index	General Wholesale Price Index	Foodstuffs	Industrial Products and Materials
December	1962	296	420	403	438
December	1963	302	425	403	448
December	1964	339	453	445	462
July	1965	353	474	478	471
December	1965	377	490	499	480
July	1966	390	506	529	484
December	1966	394	526	568	485
July	1967	388	551	624	485
December	1967	392	553	618	491
July	1968	381	517	538	497

Source: Central Agency for Public Mobilization and Statistics

Table 56: WHOLESALE AND RETAIL PRICES OF SELECTED COMMODITIES

I T E M S	UNIT	D E C E M B E R				
		1963	1964	1965	1966	1967
A. WHOLESALE PRICES (In Egyptian Pounds)						
Wheat flour (extract 82%)	100 kg.	3.48	3.49	3.49	3.39	3.39
Rice bleached	100 kg.	3.03	3.03	3.03	7.30	7.58
Maize	100 kg.	3.63	3.64	3.36	4.67	5.03
Beans (whole)	155 kg.	8.73	7.71	6.63	8.12	8.60
Woollen textiles (imperial)	Meter	3.13	3.13	3.53	3.64	3.64
Cotton, ginned (Menoufi/good)	50 kg.	14.40	15.50	15.50	15.50	16.10
Sugar (granulated)	45 kg.	4.10	4.55	5.04	5.04	5.04
Tobacco (Hemmy, Syrian)	kg.	--	--	--	7.61	7.61
Tea (India, unpacked)	kg.	1.04	1.04	1.04	1.45	2.26
Coffee beans (of Yemen, crible)	45 kg.	37.62	37.62	37.62	37.62	37.62
Kerosene (36 litre)	Two tins	--	--	--	.50	.90
Coal (cardiff)	Ton	--	--	--	14.37	14.93
Fertilizers (nitrate of soda natural)	Ton	23.75	23.75	23.75	23.75	23.75
Diesel	Ton	12.90	12.90	12.90	15.20	15.20
Benzine (36 litre)	Two tins	1.72	1.72	1.72	1.72	1.72
Mazout Oil	Ton	6.90	6.90	6.90	7.50	7.50
Solar oil	Ton	13.07	13.07	13.07	13.07	15.70
B. RETAIL PRICES (In Piasters: 100 Piasters = E.E 1)						
Mutton (baladi)	kg.	28.0	53.0	63.8	59.0	47.3
Beef (baladi)	kg.	23.5	40.3	53.8	55.3	47.6
Fish (Bolti)	kg.	15.0	20.8	27.2	26.1	23.4
Eggs	Ten	12.0	13.0	15.0	15.0	15.0
Fresh butter	kg.	43.8	53.9	60.4	66.7	58.8
Melted butter	kg.	57.6	69.7	80.4	83.7	74.6
Local cheese	kg.	24.8	28.6	34.6	36.1	35.9
Potatoes (baladi)	kg.	2.7	3.0	4.2	4.7	4.7
Onions	kg.	1.3	2.7	3.9	4.8	4.7
Beans (whole)	kg.	6.8	6.9	7.0	7.6	8.3
Bananas	kg.	8.8	9.3	10.0	10.2	10.2
Dates dry	kg.	8.5	9.1	11.4	12.9	12.3
Electricity	Kwh	3.0	3.0	3.0	3.0	3.0
Soap, olive oil	Piece, 225 gms.	6.0	6.0	6.0	6.0	7.0
Soap for laundry	Piece, 400 gms.	4.0	4.0	4.0	4.0	5.0

Source: Central Agency for Public Mobilization and Statistics

Table 57: PRICES PAID BY FARMERS FOR SELECTED INPUTS
IN RECENT YEARS

Item	Definition	Unit	Price L.E.
Fertilizers <u>/1</u> , <u>/2</u>			
Ammonium Sulphate	21% N	100 kg	2.9
Calcium Nitrate	26% N	"	3.58
Urea (46% N)	46% N	"	6.4
Superphosphate	15%P ₂ O ₅	"	1.35
Potassium Sulphate	48-52%K ₂ O	"	2.6
Pesticides (in 1968)			
Deptrix		1.25 kg	1.68
Sevin		1 kg	1.34
Malathion		"	1.12
Zinc Phosphate		"	0.485
DDT	50%	"	0.284
Sulphur		50 kg	2.965
Andrine	19.5%	Liter	0.210
Lindane		"	0.105
Kalthine Oil		"	0.53
Cobravit		20 kg	12.0
Ikatin		Liter	1.06
Machinery Services (in 1968)			
Thresh <u>/3</u>		Hour	0.45
Plow plus Harrow <u>/3</u>		Acre	1.90
Seed (in 1968)			
Corn	Hybrid	150 kg	7
	Open	"	5
Wheat		"	6
Rice		120 kg	3
Cotton		"	1.8
Machinery (in 1968) <u>/4</u>			
Tractor	Diesel 50 HP		1,500
Cultivator	9-tin		125-140
Disc Harrow	One-way 12		200
Land Leveller	12 ft.		200-240

/1 1965 through 1968. Prices have not changed during this period.

/2 Prices CIF Alexandria for fertilizers were:

		U.S.\$ per M.T.	L.E. per 100 kg
Ammonium Sulphate (20.6%N):	1966-67	38-44	1.65-1.91
	1967-68	30-35	1.30-1.52
Calcium Ammonium Nitrate (26%N):	1966-67	51	2.22
	1967-68	42-45	1.83-1.96
Potassium Sulphate (48%K ₂ O):	1966-67	85	3.70
	1967-68	70-83	3.04-3.61

/3 These are cooperative society rates. Private operators quote up to 50 percent higher.

/4 Customs duties are 21 percent value cif on crawler tractors and 11 percent on wheel tractors. Cooperative societies are not required to pay these charges.

Source: Compilation on the basis of the findings of the mission.

Table 58: PRICES AT WHICH STAPLE FOODS HAVE BEEN MADE
AVAILABLE TO THE FOOD TRADE BY THE GENERAL ORGANIZATION
FOR SUPPLY

(L.E. per ton)

ITEM	1965/66	1966/67	1967/68	1968/69
Wheat	30	30	30	31
Flour (extra)	46	46	46	28
Maize	26	26	33	33
Lentils	76	76	76	80
Sesame (Upper Egypt)	80	107	107	107
Sesame (Sharbia)	85			
Edible Oil (rationed)	50	45	50	50
Edible Oil (factory)	100	100	100	100
Soap fats (solid)	123	123	123	123
Soap fats (in containers)	130	130	130	130
Edible fats	180	180	220	220
Sugar (rationed)	66	66	66 to 70	70
Sugar (free)	138	160	160	160
Tea (Indian/Chinese/Turkish)	1,141	1,141	1,166	1,166
Tea (Yacout Indian)	1,449	1,449	2,263	2,263
Tea (Ceylon)	1,822	1,822	2,778	2,778
Tea (Extra)	2,536	2,536	4,036	4,036
Coffee (Brazilian)	674	674	674	674
Coffee (Yemenese)	814	814	814	814

Source: The General Organization for Supply

Table 59: INVENTORY OF THE GENERAL ORGANIZATION FOR SUPPLY

(As at June 30 - Tons)

Commodity	1965/66	1966/67	1967/68	1968/69
Wheat	268,916	181,000	414,000	400,000
Flour Extra	129,001	56,094	185,000	100,000
Maize	---	37,768	155,182	---
Lentils	---	6,018	9,767	---
Sesame	---	2,386	4,703	---
Edible Oil	24,000	34,000	45,000	41,000
Soap Fats	1,000	2,000	4,693	3,000
Edible Fats	0,500	0,600	3,970	1,000
Sugar	228,300	230,700	247,400	296,300
Tea	9,670	7,500	9,380	10,500
Coffee	0,900	1,059	0,575	1,559

Source: The General Organization for Supply

Table 60: CASH GAINS AND LOSSES BY COMMODITY IN STAPLE FOODS
SUPPLY AND PRICE STABILIZATION, 1967-68 AND 1968-69

Item	1967-68		1968-69	
	Explanation (Tons)	L.E.Thousand	Explanation (Tons)	L.E.Thousand
A. Losses				
Wheat	1,660,000 /1	18,839	1,840,000 /1	13,675
Flour	514,000 /1	4,750		
Maize	135,000 /1	1,043	200,000 /1	1,198
Lentils	15,000 /1	540	17,000 /1	1,085
Oils	88,000 /1	3,865	83,000 /1	8,943
Sesame	15,000 /1	522		
Beans & Lentils	Local	521	Local	676
Sugar	209,000 /2	3,344	210,000 /2)	
Sugar	/3	609)	6,103 /4
Sugarcane	Price differential	1,047)	
Camels & cows	Currency premium /1	276	Currency premium /1	276
Rice		0	Transport	150
TOTAL		<u>35,356 /8</u>		<u>32,106 /9</u>
B. Gains				
Oils	13,100	216		
Oils	36,000 /5	4,321		3,991
Cottonseed	6,200 ardeb /6	2,046		
Tea	23,570	6,533	24,000 T.	6,998
Coffee	4,800	625	5,000 T.	869
Sugar	170,000	18,951	224,000 T.	11,432
Flour			600,000 T.	2,982
TOTAL		<u>32,692</u>		<u>26,272 /10</u>
C. Other Charges				
Reserve	/7	144	/7	607
Operating Expenses		900		
TOTAL		<u>1,044</u>		<u>607</u>
B-A-C		3,708		6,441

/1 Imported

/2 Rationed

/3 Containers and storage

/4 Includes cost of guards

/5 Unrationed Distribution

/6 Distribution

/7 For sundry losses.

/8 This figure is carried as 39,956 in the source document. Presumably the error is arithmetic.

/9 This figure is carried as 32,605 in source document. Presumably arithmetic error.

/10 Wrongly added in source document.

Source: The General Organization for Supply

Table 61: BALANCE OF PAYMENTS 1962/63 - 1967/68

(EE million)

	1962/63	1963/64	1964/65	1965/66	1966/67	1967/68
Current Account						
Exports	199.7	243.1	244.8	251.0	263.9	253.4
Suez Canal receipts	69.8	74.4	82.8	90.6	95.2	-
Travel and other receipts	38.4	43.7	54.6	44.1	59.8	44.1
Other receipts	<u>22.5</u>	<u>17.2</u>	<u>16.9</u>	<u>24.7</u>	<u>19.9</u>	<u>15.2</u>
TOTAL	330.4	378.4	399.1	410.4	438.8	312.7
Imports	367.0	429.3	394.0	423.2	414.4	386.8
Interests and dividends	11.7	14.1	14.7	15.9	19.0	16.4
Government expenditure	26.4	27.1	35.3	38.8	35.7	25.5
Other expenditures	<u>40.5</u>	<u>48.6</u>	<u>42.1</u>	<u>49.1</u>	<u>49.0</u>	<u>38.7</u>
TOTAL	445.6	519.1	486.1	527.0	518.1	467.4
Balance	<u>-115.2</u>	<u>-140.7</u>	<u>-87.0</u>	<u>-116.6</u>	<u>-79.3</u>	<u>-154.7</u>
Capital Account						
Grants and local currency loans	56.0	63.0	49.7	32.0	8.9	-
Foreign currency loans and other receipts	51.1	103.7	111.8	121.1	154.6	172.6
Total receipts	107.1	166.7	161.5	153.1	163.5	172.6
Debt amortization and other payments	- 27.2	- 63.5	- 86.5	- 51.7	- 64.6	- 68.8
Balance	<u>- 79.9</u>	<u>-103.2</u>	<u>- 75.0</u>	<u>101.4</u>	<u>98.9</u>	<u>103.8</u>
Financial Balance	<u>- 35.3</u>	<u>- 37.5</u>	<u>- 12.0</u>	<u>- 15.2</u>	<u>19.6</u>	<u>- 50.9</u>
Foreign exchange reserves /1	- 19.7	- 0.8	- 15.1	- 29.5	26.3	- 35.0
IMF /2	- 7.0	- 8.1	- 0.9	1.1	10.8	- 3.5
Non-resident accounts /3	- 8.4	- 23.9	7.0	15.5	- 16.0	- 14.6
Errors and omissions	- 0.2	- 4.7	- 3.0	- 2.3	- 1.5	2.2

/1 Minus signs indicate decrease in assets

/2 Net use of resources; minus signs indicate drawings

/3 Net change; minus signs indicate increase in UAR liabilities

Source: Central Bank of Egypt

Table 62: BALANCES ON CLEARING AND OTHER ACCOUNTS (PAYMENTS AGREEMENTS)

(LE million)

	31/12/67	31/3/68	30/6/68	30/9/68	30/11/68
Bilateral Accounts					
Albania	- 0.1	- 0.2	- 0.2	- 0.2	- 0.2
Algeria	+ 1.2	+ 1.2	+ 1.5	+ 0.9	+ 1.6
Bulgaria	- 0.8	- 1.5	- 0.6	- 0.6	- 1.3
Cameroon	+ 0.1	-	-	-	-
Ceylon	- 0.2	- 0.3	- 0.3	- 0.7	- 0.7
China	- 6.8	- 6.3	- 5.4	- 6.3	- 7.0
Cuba	+ 0.6	+ 0.4	+ 1.4	+ 0.7	+ 0.3
Czechoslovakia	- 4.7	- 1.7	+ 1.8	+ 1.3	- 1.9
Denmark	-	- 0.1	- 0.1	- 0.1	- 0.1
E. Germany	- 2.1	- 1.5	- 1.3	- 2.0	- 2.7
Ghana	+ 0.2	+ 0.3	+ 0.3	+ 0.5	+ 0.6
Greece	- 2.1	- 1.9	- 1.7	- 2.3	- 3.3
Guinea	+ 1.8	+ 1.8	+ 1.8	+ 1.9	+ 1.9
Hungary	+ 0.2	+ 1.1	+ 1.1	+ 0.9	- 0.4
India	- 6.7	- 6.9	- 2.6	+ 1.7	+ 0.3
Indonesia	+ 0.7	+ 1.0	+ 1.0	+ 1.0	+ 1.0
Iraq	- 0.2	-	+ 0.2	+ 1.0	+ 1.5
N. Korea	+ 0.1	-	-	- 0.2	- 0.2
Lebanon	- 0.1	- 0.8	- 0.8	- 0.6	- 0.6
Libya	+ 0.7	+ 0.6	+ 0.7	+ 0.2	+ 0.2
Mali	+ 4.9	+ 5.4	+ 5.4	+ 5.2	+ 5.2
Morocco	- 0.4	- 0.4	- 0.3	- 0.3	- 0.3
Poland	- 2.6	- 1.8	- 0.5	- 0.8	- 0.6
Rumania	- 6.5	- 4.7	- 4.5	- 5.1	- 1.7
Saudi Arabia	- 1.3	- 1.3	- 1.2	- 1.2	- 1.0
Somalia	- 0.9	- 0.7	- 0.6	- 0.5	- 0.5
Spain	- 6.2	- 4.4	- 5.9	- 6.8	- 6.4
Sudan	- 4.5	- 4.7	- 4.4	- 3.8	- 3.6
Switzerland	- 0.4	- 0.5	- 0.4	- 0.4	- 0.3
Syria	- 4.0	- 3.6	- 4.2	- 4.8	- 4.9
Tunisia	- 0.1	- 0.1	- 0.1	- 0.1	- 0.1
U.S.S.R.	-30.7	-32.0	-35.9	-40.9	-33.0
Vietnam	-	-	- 0.1	- 0.1	-
Yemen	-16.8	-16.6	-16.5	-16.5	-16.4
Yugoslavia	- 2.4	- 2.0	- 2.6	- 3.9	- 4.4
TOTAL	-90.1	-82.2	-75.0	-82.9	-78.2
Other Accounts¹					
France	- 1.8	- 1.3	- 2.8	- 2.3	- 2.3
Italy	-29.7	-29.8	-30.9	-30.6	-36.5
Saudi Arabia	- 0.2	- 0.2	- 0.1	- 0.1	-
Syria	+ 2.3	+ 2.3	+ 2.3	+ 2.3	+ 2.3
Turkey	- 1.1	- 1.4	- 1.4	- 1.3	- 1.1
U.K.	- 0.7	- 0.1	-	-	-
W. Germany	-	- 0.2	-	-	-
TOTAL	-31.2	-30.7	-32.9	-32.0	-37.6
GRAND TOTAL	-121.3	-112.9	-107.9	-114.9	-115.8

¹ Funding arrangements including Saudi Government Special a/c and loan to Syria.

Source: The Central Bank of Egypt

Table 63 : COMPOSITION OF TRADE

(LE millions)

	1965/66	1966/67	1967/68
Exports			
Fuels	14.0	14.7	6.8
Raw materials	161.7	149.2	128.5
Semi-finished commodities	33.8	35.6	32.9
Finished commodities	43.7	53.0	70.2
Other commodities	3.0	5.3	6.3
Total	<u>256.2</u>	<u>257.8</u>	<u>244.7</u>
Imports			
Fuels	21.4	29.0	20.0
Raw materials	81.5	80.7	92.2
Intermediate commodities	168.4	121.2	114.0
Capital commodities	108.5	76.7	71.0
Consumer's commodities			
a) durable	7.9	4.9	3.6
b) non-durable	50.8	46.4	28.1
Other commodities	19.1	17.7	16.6
Total	<u>463.5</u>	<u>376.5</u>	<u>345.5</u>
BALANCE	<u>-207.3</u>	<u>-118.6</u>	<u>-100.9</u>

Source: Central Agency for Public Mobilization and Statistics Annual Bulletin of Foreign Trade

Table 64 : DIRECTION OF TRADE

(In percent)

	1955/56-1959/60 Annual Average	1959/60	1960/61-1964/65 Annual Average	1964/65	1965/66	1966/67	1967/68
Imports from:							
Arab countries	7.9	9.1	7.6	8.6	6.6	7.0	6.1
Eastern Europe	24.7	25.4	21.0	19.6	24.9	30.1	41.4
Western Europe	41.2	36.5	33.4	33.4	33.3	27.2	32.3
The Americas	13.2	17.8	26.1	27.6	20.0	22.3	6.2
Far East	10.1	9.2	9.2	8.4	12.5	11.7	8.6
Other	<u>2.9</u>	<u>1.9</u>	<u>2.6</u>	<u>2.4</u>	<u>2.7</u>	<u>1.7</u>	<u>6.4</u>
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Exports to:							
Arab countries	11.3	11.3	10.1	7.1	8.9	9.0	12.3
Eastern Europe	41.0	42.3	43.9	47.8	51.2	49.9	42.3
Western Europe	22.8	20.9	22.9	22.2	18.8	18.9	21.8
The Americas	4.1	5.5	6.9	5.0	4.5	2.9	2.5
Far East	18.1	18.2	13.4	15.3	14.7	15.3	15.0
Other	<u>2.6</u>	<u>1.7</u>	<u>2.8</u>	<u>2.5</u>	<u>2.8</u>	<u>4.0</u>	<u>7.1</u>
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Computations on the basis of data of the Public Agency for Mobilization and Statistics - Annual Bulletin of Foreign Trade - The Central Bank of Egypt and the General Organization for Trade.

Note : Percentages do not always add up because of rounding of the figures.

Table 65: FOREIGN TRADE INDEXES AND THE TERMS OF TRADE

	1962	1963	1964	1965	1966	1967
Exports						
Value	69.6	100.0	102.8	115.5	114.8	105.7
Price	90.7	100.0	106.8	113.2	109.8	117.1
Quantity	76.8	100.0	96.3	102.0	104.6	90.3
Imports						
Value	76.5	100.0	103.1	98.7	116.5	88.6
Price	84.9	100.0	103.5	103.3	100.3	89.2
Quantity	90.2	100.0	99.6	95.5	116.2	99.4
Terms of Trade						
Net rate	107.0	100.0	103.0	110.0	109.0	131.0
Gross rate	117.0	100.0	105.0	98.0	111.0	110.0
Income rate	82.0	100.0	100.0	112.0	114.0	118.0

Source: Central Agency for Public Mobilization and Statistics

Table 66 : Realized Export Prices for Agriculture Commodities

(Average Prices by Sterling Pounds per ton)

Commodity	1965/66	1966/67	1967/68
Rice	50	53	74
Onions Raw	29	54	51
Potatoes	29	29	33
Garlic	89	127	169
Ground nuts	123	113	125
Flax	158	133	118
Cereals	61	45	59
Onions Dehydrated	201	217	277
Tomatoes	50	123	114
Vegetables	83	79	87
Medicinal herbs	244	56	193
Watermelons	31	71	95

Source: The Ministry of Supply

Table 67: COTTON EXPORTS BY VARIETY

Variety	August/July			Modal Staple Length
	1964/65	1965/66	1966/67	
	--- 1,000 bales (478 lbs each)---			--inches---
Karnak	9.7	1.1	-	-
Menoufi	816.2	744.6	519.1	1 - ½"
Giza 45	90.2	140.9	122.4	1 - 9/16"
Giza 68	6.8	46.6	149.1	1 - 15/32"
Giza 47	351.7	292.9	204.4	n.a.
Dendera	167.7	205.9	78.2	1 - 9/32"
Giza 67	6.9	55.9	166.3	1 - 3/8"
Ashmouni	91.9	6.1	42.1	1 - ¼"
Giza 66	12.4	78.3	126.9	1 - 9/32"
Others	<u>11.2</u>	<u>9.6</u>	<u>25.0</u>	<u>n.a.</u>
TOTAL	<u>1,564.7</u>	<u>1,581.9</u>	<u>1,433.5</u>	<u>-</u>

Source: I.C.A.C. "Cotton - World Statistics", October 1968 and "Cotton Production Survey 1968."

Table 68 : PRODUCTION, EXPORTS AND IMPORTS OF RICE

Year	Area Planted (thousand feddans)	Yield (tons per feddan)	Production (thousand)/ <u>1</u>	Exports (thousand)/ <u>2</u>	Imports (thousand)/ <u>2</u>	Domestic Consumption (thousand)/ <u>2</u>
Average 1935/39	446	1.53	685	--	--	--
Average 1950/54	519	1.56	830	111.0	--	428.4
Average 1955/59	654	2.11	1385	227.8	9.5	682.1
1960/61	706	2.10	1486	299.1	--	666.8
1961/62	537	2.13	1142	70.6	--	671.7
1962/63	830	2.46	2039	386.1	--	938.6
1963/64	959	2.31	2219	532.6	--	905.9
1964/65	962	2.12	2036	352.5	--	993.0
Average 1960/61 - 1964/65	799	2.23	1784	328.2	--	835.3
1965/66	848	2.11	1788	327.9	--	--
1966/67	844	1.99	1679	364.5	--	--
1967/68	1075	2.12	2279	527.0	--	924.0

/1 Paddy
/2 Rice

Source: Ministry of Planning.

Table 69: EXPORTS OF MANUFACTURE

(Value in 1000 Pounds)

	1961	1962	1963	1964	1965	Annual Average 1961/1965	1966	1967	Jan.-Nov. 1968	Increase in Jan.-Nov. 1968 over 1961/65 average
Cotton Yarn	7,898	12,237	19,137	29,173	31,252	19,939	31,648	30,568	30,153	51
Textiles	6,908	8,678	10,377	12,457	11,939	10,071	14,200	15,020	18,863	87
Waste, Rags	590	731	936	691	695	728	1,075	1,151	1,477	103
Crude Oil, Products	7,381	15,058	16,723	21,259	13,984	14,881	15,270	960	6,555	-56
Sugar	2,428	1,854	638	185	588	1,138	206	431	2,542	123
Cigarettes	40	113	223	487	708	314	830	1,373	218	70
Dehydrated Onions	714	1,804	1,973	1,291	968	1,350	1,087	796	1,272	-6
Dehydrated Garlic		29	103	52	35	43	20	43	87	100
Edible Preparations	2,237	2,920	5,473	4,707	4,242	3,915	1,420	1,834	5,738	47
Cement	2,720	2,166	1,223	1,460	2,345	1,982	2,266	1,916	5,248	165
Mining Products	2,953	2,303	2,510	2,906	2,748	2,684	136	352	2,700	1
Chemical Products	295	339	471	520	610	447	2,593	2,587	1,332	198
Metal, Engineering, Products	465	685	1,432	687	457	745	2,699	4,164	2,513	237
Articles of Leather	843	579	792	752	420	677	208	186	2,784	311
Furniture and Wood Products	100	175	163	110	93	124	188	180	242	95
Drugs	50	92	87	143	267	128	448	486	678	429
Souvenir, Articles										
Books, Newspaper	1,061	1,203	1,500	1,814	1,875	1,491	1,822	1,022	573	-69
Other Goods	<u>7,852</u>	<u>4,292</u>	<u>10,724</u>	<u>1,311</u>	<u>5,117</u>	<u>5,859</u>	<u>7,999</u>	<u>13,595</u>	<u>11,662</u>	<u>127</u>
TOTAL	<u>44,532</u>	<u>47,909</u>	<u>62,261</u>	<u>80,005</u>	<u>78,343</u>	<u>66,516</u>	<u>84,516</u>	<u>76,662</u>	<u>95,532</u>	<u>44</u>

Source: General Organization for Trade

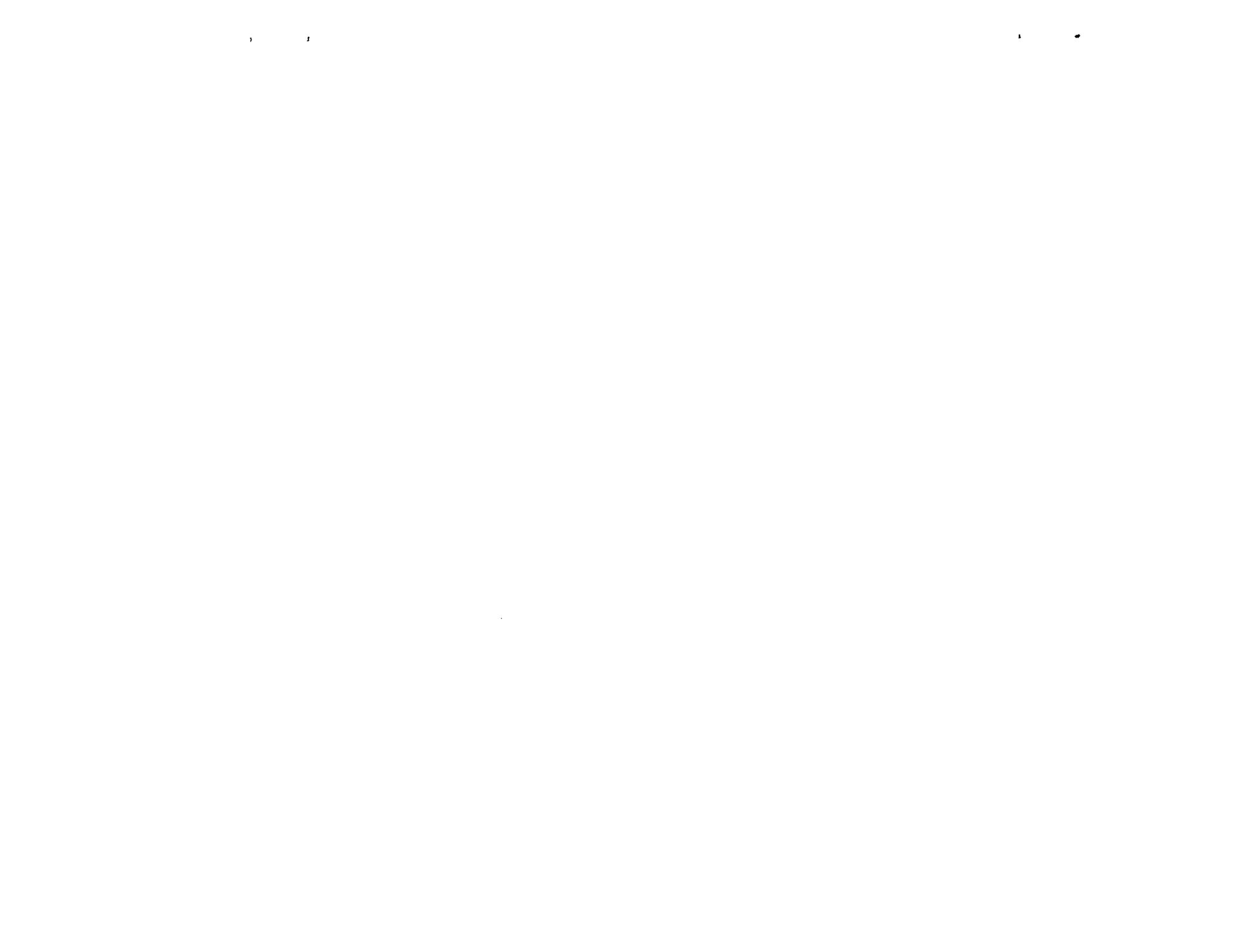


Table 70 PETROLEUM BALANCE OF PAYMENTS

(Value in 1000 Pounds)

	1964/65	1965/66	1966/67	1967/68	1968/69 estimate	1969/70 estimate	1970/71 estimate	1971/72 estimate	1972/73 estimate	1973/74 estimate	1974/75 estimate
1. Imports:											
A) Crude Oil	29,692	22,447	24,118	13,781	8,462	11,450	-	-	-	-	-
B) Petroleum Products	4,166	6,484	5,056	15,310	9,322	5,412	5,525	5,284	5,334	5,735	6,695
C) Total Imports	33,858	28,931	29,174	29,091	17,784	16,862	5,525	5,284	5,334	5,735	6,695
2. Exports:											
A) <u>Crude Oil:</u>											
- Contracted	-	-	603	1,906	4,185	1,197	5,429	3,360	3,840	-	-
- Free:											
Sinai	9,483	4,375	2,239	-	-	-	11,285	9,953	8,325	6,993	6,031
Other Fields	1,806	1,700	2,754	543	1,670	13,512	17,955	23,940	23,355	29,655	42,840
Total	11,289	6,075	5,596	2,449	5,855	14,709	34,669	37,253	35,520	36,648	48,871
B) Petroleum Products	10,907	9,677	10,743	4,748	7,564	9,055	12,012	11,374	13,764	14,757	15,634
C) Total Exports	22,196	15,752	16,339	7,197	13,419	23,764	46,681	48,627	49,284	51,405	64,505
3. Balance (2 - 1)	-11,662	-13,179	-12,835	-21,894	- 4,365	6,902	41,156	43,343	43,950	45,670	57,810

Source: The General Organization for Petroleum

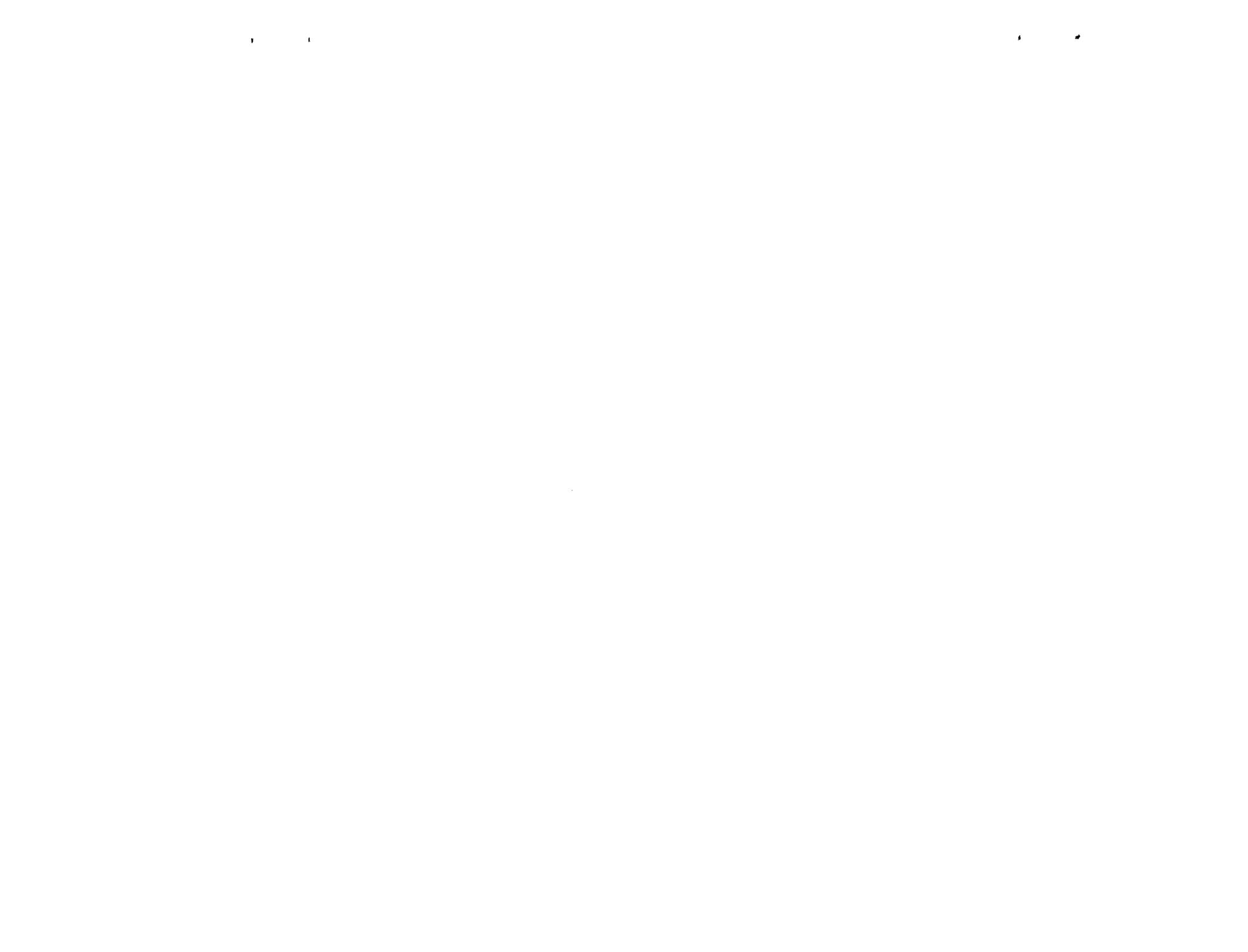


Table 71: UNITED ARAB REPUBLIC - EXTERNAL PUBLIC DEBT OUTSTANDING AS OF JUNE 30, 1968 /1

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Source	Page 1	
	Debt Outstanding	
	June 30, 1968	
	Disbursed only	Including undisbursed
TOTAL EXTERNAL PUBLIC DEBT /2	1,686,797	1,687,594
Privately held debt	280,537	280,537
Suppliers	210,124	210,124
Australia	1,066	1,066
Austria	1,836	1,836
Belgium	794	794
Canada	1,701	1,701
Denmark	5,022	5,022
Finland	637	637
France	5,095	5,095
Germany	91,168	91,168
Greece	1,729	1,729
Italy	12,278	12,278
Japan	31,619	31,619
Mexico	9,880	9,880
Netherlands	244	244
Spain	11,451	11,451
Sweden	13,628	13,628
Switzerland	1,934	1,934
United Kingdom	16,848	16,848
United States	3,195	3,195
Financial institutions	67,679	67,679
Italy	27,079	27,079
Kuwait	40,600	40,600
Other Privately held debt	2,735	2,735
Loans from international organizations - IBRD	33,500	33,500
Loans from governments /3	1,371,304	1,372,101
Canada	3,317	3,791
China Mainland	19,803	19,803
Czechoslovakia	44,728	44,728
East Germany	28,600	28,600
France	25,719	25,719
Germany (Fed. Rep. of)	121,137	121,137
Greece	8,712	8,712
Hungary	18,797	18,797
Italy	76,606	76,606
Kuwait	116,600	116,600
Poland	39,660	39,660
Rumania	7,918	7,918
United Kingdom	6,348	6,348
United States	170,938	171,247
U.S.S.R.	657,057	657,072
Yugoslavia	25,364	25,364
Nationalization	1,456	1,456

See footnotes at end of table.

Table 71: UNITED ARAB REPUBLIC - EXTERNAL PUBLIC DEBT OUTSTANDING AS OF JUNE 30, 1968 /1

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Page 2

- 1 Debt with an original or extended maturity of over one year.
 2 Includes arrears of principal and excludes arrears of interest up to June 30, 1968 as shown below:

(In thousands of U.S. dollars)

	<u>Principal</u>	<u>Interest</u>
Total	<u>71,935</u>	<u>14,875</u>
Austria	322	80
Canada	669	91
Germany (Fed. Rep. of)	2,521	926
Japan	9,021	1,184
Kuwait	4,200	2,520
Mexico	3,120	-
United Kingdom	8,373	1,251
United States	43,709	8,823

- 3 Excludes an amount outstanding of \$3,565,000 to Saudi Arabia as it is repayable in local currency.

- 4 Does not include the uncommitted portions of the following frame agreements:
 (In thousands of U.S. dollars)

Total	<u>399,005</u>
Bulgaria	<u>12,000</u>
China Mainland	68,642
Czechoslovakia	90,970
East Germany	44,451
Hungary	1,454
Poland	5,991
U.S.S.R.	159,944
Yugoslavia	15,553

Statistical Services Division
 Economics Department
 August 8, 1969

Table 72: UNITED ARAB REPUBLIC - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF JUNE 30, 1968

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Page 1

YEAR	DEBT OUTST (BEGIN OF PERIOD)	PAYMENTS DURING PERIOD		
	INCLUDING UNDISBURSED	AMORTI- ZATION	INTEREST	TOTAL
TOTAL EXTERNAL PUBLIC DEBT				
1968	1,615,658 /1	138,232	28,037	166,269
1969	1,519,195	177,651	33,632	211,283
1970	1,341,544	201,920	38,038	239,958
1971	1,139,624	180,628	30,565	211,193
1972	958,996	162,396	24,574	186,970
1973	796,600	141,897	19,130	161,027
1974	654,703	123,964	14,372	138,336
1975	530,739	104,171	10,969	115,140
1976	426,568	84,873	8,377	93,250
1977	341,695	80,610	6,438	87,048
1978	261,085	70,622	6,708	77,330
1979	190,463	65,077	3,179	68,256
1980	125,386	45,802	1,810	47,612
1981	79,584	41,986	1,068	43,054
1982	37,598	5,436	433	5,869

Note: Includes service on all debt listed in Table 72 prepared August 4, 1968, with the exception of the following principal in arrears, for which re-payment terms are not available:

Suppliers	\$20,637,000
Financial institutions	4,200,000
Loans from governments:	
Canada	669,000
Germany	2,521,000
United Kingdom	1,224,000
United States	<u>42,684,000</u>
	\$71,935,000

See footnote at end of table.

Table 72: UNITED ARAB REPUBLIC - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF JUNE 30, 1968 (CONT.)

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Page 2

YEAR	DEBT OUTST (BEGIN OF PERIOD)		PAYMENTS DURING PERIOD		TOTAL
	INCLUDING UNDISBURSED	AMORTI- ZATION	INTEREST		
TOTAL PRIVATELY HELD DEBT					
1968	255,699 [△]	46,868	9,307		56,174
1969	219,034	59,156	10,663		69,819
1970	159,878	47,089	8,079		55,168
1971	112,789	35,712	5,639		41,350
1972	77,077	26,973	3,865		30,838
1973	50,104	22,214	2,501		24,715
1974	27,889	13,194	1,330		14,524
1975	14,695	7,867	732		8,599
1976	6,829	6,623	294		6,918
1977	205	205	5		210

SUPPLIERS					
1968	189,485 [△]	38,717	5,745		44,461
1969	159,150	47,350	7,440		54,790
1970	111,800	35,783	5,518		41,301
1971	76,017	24,905	3,685		28,591
1972	51,111	18,354	2,501		20,855
1973	32,757	17,467	1,512		18,980
1974	15,289	8,994	616		9,610
1975	6,295	3,667	270		3,937
1976	2,629	2,423	84		2,508
1977	205	205	5		210

See footnote at end of table.

Table 72: UNITED ARAB REPUBLIC - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF JUNE 30, 1968 (CONT.)

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Page 3

YEAR	DEBT OUTSTANDING (BEGIN OF PERIOD) INCLUDING UNDISBURSED		PAYMENTS DURING PERIOD (AMORTIZATION INTEREST)		TOTAL
	UNDISBURSED	AMORTIZATION	INTEREST	TOTAL	
TOTAL PRIVATELY HELD DEBT					
FINANCIAL INSTITUTIONS					
1968	63,479 ^{/1}	8,151	3,562		11,713
1969	57,149	11,259	3,080		14,339
1970	45,890	10,759	2,448		13,207
1971	35,131	10,259	1,871		12,130
1972	24,872	8,072	1,312		9,383
1973	16,800	4,200	966		5,166
1974	12,600	4,200	714		4,914
1975	8,400	4,200	462		4,662
1976	4,200	4,200	210		4,410

OTHER PRIVATELY PLACED DEBT

1968	2,735 ^{/1}	-	-		-
1969	2,735	547	143		690
1970	2,188	547	113		660
1971	1,641	547	83		630
1972	1,094	547	53		600
1973	547	547	23		570

Table 72: UNITED ARAB REPUBLIC - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF JUNE 30, 1968 (CONT.)

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Page 4

YEAR	DEBT OUTSTANDING (BEGIN OF PERIOD) INCLUDING UNDISBURSED		PAYMENTS DURING PERIOD AMORTIZATION INTEREST		TOTAL
	LOANS FROM INTERNATIONAL ORGANIZATIONS				
1968					
1968	33,500	<u>1</u>	4,000	2,093	6,093
1969	31,500		4,000	1,830	5,830
1970	27,500		5,500	1,567	7,067
1971	22,000		5,500	1,237	6,737
1972	16,500		5,500	907	6,407
1973	11,000		5,500	577	6,077
1974	5,500		5,500	247	5,747

LOANS FROM GOVERNMENTS					
1968	1,325,004	<u>1</u>	87,073	16,596	103,669
1969	1,267,496		113,913	21,081	134,994
1970	1,153,583		148,749	28,367	177,116
1971	1,004,834		139,417	23,690	163,107
1972	865,417		129,923	19,802	149,725
1973	735,494		114,182	16,052	130,234
1974	621,312		105,270	12,795	118,065
1975	516,042		96,304	10,238	106,542
1976	419,738		78,250	8,083	86,333
1977	341,488		80,405	6,434	86,839
1978	261,083		70,622	4,708	75,330
1979	190,461		65,077	3,180	68,257
1980	125,384		45,802	1,811	47,613
1981	79,582		41,986	1,068	43,054
1982	37,598		5,436	433	5,869

Table 72: UNITED ARAB REPUBLIC - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF JUNE 30, 1968 (CONT.)

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Page 5

YEAR	DEBT OUTST (BEGIN OF PERIOD) INCLUDING UNDISBURSED	PAYMENTS DURING PERIOD AMORTI- ZATION	INTEREST	TOTAL
LOANS FROM GOVERNMENTS				
CANADA				
1968	3,122 ^{/1}	223	79	302
1969	2,899	446	160	606
1970	2,453	446	140	586
1971	2,007	446	114	560
1972	1,561	446	87	533
1973	1,115	446	60	506
1974	669	446	33	479
1975	223	223	7	230
CHINA MAINLAND				
1968	19,803 ^{/1}	1,586	-	1,586
1969	18,216	1,586	-	1,586
1970	16,630	-	-	-
1971	16,630	891	-	891
1972	15,739	2,020	-	2,020
1973	13,719	2,019	-	2,019
1974	11,701	2,020	-	2,020
1975	9,681	2,019	-	2,019
1976	7,662	2,020	-	2,020
1977	5,642	1,128	-	1,128
1978	4,514	1,129	-	1,129
1979	3,385	1,128	-	1,128
1980	2,257	1,129	-	1,129
1981	1,128	1,128	-	1,128

Table 72: UNITED ARAB REPUBLIC - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF JUNE 30, 1968 (CONT.)

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Page 6

YEAR	DEBT OUTST (BEGIN OF PERIOD)		PAYMENTS DURING PERIOD		TOTAL
	INCLUDING UNDISBURSED	AMORTI- ZATION	INTEREST		
LOANS FROM GOVERNMENTS					
CZECHOSLOVAKIA					
1968	44,728	¹ 5,450	871		6,321
1969	40,246	6,229	1,053		7,282
1970	34,017	7,262	925		8,187
1971	26,755	6,388	725		7,113
1972	20,367	6,631	533		7,163
1973	13,736	2,821	347		3,168
1974	10,915	2,807	125		2,931
1975	8,108	2,480	99		2,579
1976	5,628	2,346	73		2,419
1977	3,282	2,348	47		2,395
1978	934	934	24		958
EAST GERMANY					
1968	28,600	¹ 2,484	466		2,950
1969	27,264	3,579	861		4,440
1970	23,684	3,579	644		4,223
1971	20,105	3,366	529		3,896
1972	16,739	2,797	430		3,227
1973	13,942	2,630	353		2,983
1974	11,312	2,177	281		2,458
1975	9,135	2,076	228		2,304
1976	7,059	1,678	179		1,857
1977	5,381	1,627	131		1,739
1978	3,754	1,572	93		1,665
1979	2,182	1,241	55		1,296
1980	941	941	22		962

Table 72: UNITED ARAB REPUBLIC - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF JUNE 30, 1968 (CONT.)

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Page 7

YEAR	DEBT OUTST (BEGIN OF PERIOD) INCLUDING UNDISBURSED	PAYMENTS DURING PERIOD		TOTAL
		AMORTI- ZATION	INTEREST	
LOANS FROM GOVERNMENTS				
FRANCE				
1968	25,719 /1	7,348	1,554	8,902
1969	22,045	7,348	1,162	8,510
1970	14,696	7,348	739	8,088
1971	7,348	7,348	317	7,665
GERMANY				
1968	118,617 /1	8,081	2,598	10,679
1969	110,588	15,114	4,582	19,696
1970	95,474	15,172	3,782	18,954
1971	80,302	15,720	3,122	18,842
1972	64,582	16,269	2,437	18,705
1973	48,313	13,769	1,603	15,372
1974	34,545	8,623	989	9,612
1975	25,922	4,950	735	5,685
1976	20,972	4,678	585	5,263
1977	16,294	4,454	449	4,903
1978	11,840	4,405	318	4,722
1979	7,435	4,093	189	4,287
1980	3,342	1,717	82	1,799
1981	1,625	1,083	41	1,124
1982	542	542	8	550

Table 72: UNITED ARAB REPUBLIC - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF JUNE 30, 1968 (CONT.)

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Page 8

YEAR	DEBT OUTST (BEGIN OF PERIOD)		PAYMENTS DURING PERIOD		TOTAL
	INCLUDING UNDISBURSED	AMORTI- ZATION	INTEREST		
LOANS FROM GOVERNMENTS					
GREECE					
1968	8,712	^{/1}	1,538	256	1,794
1969	8,712		2,562	218	2,780
1970	6,150		2,050	154	2,204
1971	4,100		2,050	103	2,153
1972	2,050		2,050	51	2,101
HUNGARY					
1968	18,797	^{/1}	2,890	302	3,192
1969	17,479		2,633	274	2,906
1970	14,846		2,722	278	3,000
1971	12,125		2,866	276	3,142
1972	9,259		2,676	211	2,887
1973	6,583		2,345	146	2,491
1974	4,238		1,846	96	1,942
1975	2,393		1,039	50	1,090
1976	1,354		809	26	835
1977	545		389	7	396
1978	156		156	-	156

See footnote at end of table.

Table 2: UNITED ARAB REPUBLIC - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF JUNE 30, 1968 (CONT.)

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Page 9

YEAR	DEBT OUTSTANDING (BEGIN OF PERIOD) INCLUDING UNDISBURSED	PAYMENTS DURING PERIOD AMORTIZATION	INTEREST	TOTAL
LOANS FROM GOVERNMENTS				
ITALY				
1968	76,606 ¹	•	•	•
1969	76,606	5,327	2,198	7,525
1970	71,279	10,327	3,005	13,332
1971	60,951	10,327	2,529	12,856
1972	50,624	10,327	2,052	12,379
1973	40,297	10,327	1,576	11,903
1974	29,970	10,327	1,099	11,426
1975	19,642	8,661	623	9,283
1976	10,982	3,661	329	3,990
1977	7,321	3,661	220	3,800
1978	3,661	3,661	110	3,770
KUWAIT				
1968	116,600 ¹	2,280	1,014	3,294
1969	115,160	2,280	887	3,167
1970	112,880	10,280	4,188	14,468
1971	102,600	10,280	3,809	14,089
1972	92,320	10,700	3,427	14,127
1973	81,620	10,700	3,033	13,733
1974	70,920	10,700	2,640	13,340
1975	60,220	10,700	2,246	12,946
1976	49,520	11,120	1,849	12,969
1977	38,400	11,120	1,441	12,561
1978	27,280	10,520	1,033	11,553
1979	16,760	10,520	625	11,145
1980	6,240	3,240	216	3,456
1981	3,000	1,000	120	1,120
1982	2,000	1,000	80	1,080

Table 72: UNITED ARAB REPUBLIC - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF JUNE 30, 1968 (CONT.)

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Page 10

YEAR	DEBT OUTST (BEGIN OF PERIOD)		PAYMENTS DURING PERIOD		TOTAL
	INCLUDING UNDISBURSED	AMORTI- ZATION	INTEREST		
LOANS FROM GOVERNMENTS					
POLAND					
1968	39,660 ¹	1,469	231		1,700
1969	38,337	1,666	266		1,932
1970	36,672	5,842	923		6,764
1971	30,830	4,350	783		5,133
1972	26,481	4,182	669		4,850
1973	22,299	3,923	563		4,486
1974	18,376	3,340	464		3,804
1975	15,036	3,340	380		3,720
1976	11,696	3,340	295		3,635
1977	8,356	2,987	212		3,199
1978	5,369	2,684	136		2,820
1979	2,685	2,685	71		2,756
ROMANIA					
1968	7,918 ¹	509	82		590
1969	7,579	996	151		1,147
1970	6,583	1,181	156		1,337
1971	5,402	1,181	127		1,308
1972	4,222	1,181	98		1,279
1973	3,041	1,181	77		1,258
1974	1,860	1,003	41		1,044
1975	897	672	14		686
1976	185	185	2		187

See footnote at end of table.

Table 72: UNITED ARAB REPUBLIC - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF JUNE 30, 1968 (CONT.)

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Page 11

YEAR	DEBT OUTST (BEGIN OF PERIOD)		PAYMENTS DURING PERIOD		TOTAL
	INCLUDING UNDISBURSED	AMORTI- ZATION	INTEREST		
LOANS FROM GOVERNMENTS					
UNITED KINGDOM					
1968	5,124 /1	576	149		725
1969	4,548	1,152	254		1,400
1970	3,396	1,152	192		1,340
1971	2,244	1,152	127		1,279
1972	1,092	1,092	53		1,145

UNITED STATES					
1968	128,563 /1	21,030	2,946		23,976
1969	107,533	31,108	3,181		34,289
1970	76,426	12,866	1,734		14,600
1971	63,561	5,900	972		6,872
1972	57,661	5,965	794		6,732
1973	51,695	2,581	621		3,201
1974	49,114	1,835	543		2,378
1975	47,279	1,932	517		2,448
1976	45,349	2,026	489		2,515
1977	43,322	2,026	461		2,487
1978	41,296	2,027	433		2,461
1979	39,270	2,026	406		2,432
1980	37,243	2,026	377		2,404
1981	35,217	2,027	351		2,378
1982	33,190	2,026	323		2,350

See footnote at end of table.

Table 72: UNITED ARAB REPUBLIC - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF JUNE 30, 1968 (CONT.)

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Page 12

YEAR	DEBT OUTST (BEGIN OF PERIOD) INCLUDING UNDISBURSED	PAYMENTS DURING PERIOD		
		AMORTI- ZATION	INTEREST	TOTAL
LOANS FROM GOVERNMENTS				
U.S.S.R.				
1968	657,072 /1	28,674	5,632	34,306
1969	647,254	27,865	5,187	33,052
1970	619,389	64,562	10,974	75,536
1971	554,827	63,401	9,738	73,139
1972	491,426	59,918	8,665	68,583
1973	431,508	57,951	7,480	65,431
1974	373,557	57,414	6,393	63,807
1975	316,143	57,106	5,320	62,426
1976	259,037	46,090	4,255	50,345
1977	212,947	50,664	3,465	54,129
1978	162,283	43,535	2,561	46,096
1979	118,748	43,383	1,834	45,217
1980	75,365	36,748	1,112	37,860
1981	38,617	36,747	556	37,303
1982	1,868	1,868	22	1,890

YUGOSLAVIA				
1968	25,364 /1	2,936	414	3,350
1969	23,029	4,021	647	4,668
1970	19,008	3,960	532	4,492
1971	15,048	3,751	418	4,169
1972	11,297	3,670	305	3,975
1973	7,627	3,490	193	3,683
1974	4,137	2,733	91	2,824
1975	1,404	1,106	18	1,124
1976	298	298	-	298

Table 72: UNITED ARAB REPUBLIC - ESTIMATED FUTURE SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF JUNE 30, 1968 (CONT.)

Debt Repayable in Foreign Currency

(In thousands of U.S. dollars)

Page 13

YEAR	DEBT OUTST	PAYMENTS DURING PERIOD			TOTAL
	(BEGIN OF PERIOD) INCLUDING UNDISBURSED	AMORTI- ZATION	INTEREST		
	NATIONALIZATION				
1968	1.456 /1	291	42		333
1969	1.165	582	59		641
1970	582	582	25		608

1 Amount outstanding is as of June 30, 1968; payments are for the entire year.

Statistical Services Division
Economics Department
August 8, 1969