

# Friday Times BUSINESS

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RUSSIA FINES GOOGLE OVER ANTI-TRUST CHARGE



Tiny Polish car catches a wave in auto-crazy Cuba

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CAIRO: The International Monetary Fund head of delegation for Egypt, Chris Jarvis (L), Egypt's Minister of Finance Amr al-Garhy (2-L) and Central Bank of Egypt chief Tarek Amer (C) attend a joint press conference. — AFP

## IMF AGREES \$12 BN LOAN TO EGYPT

### LOAN TO HELP BOLSTER AILING ECONOMY

**CAIRO:** The International Monetary Fund said yesterday that it had reached an initial agreement to lend \$12 billion to Egypt to bolster an economy battered by years of unrest. The Egyptian government hopes the three-year deal will provide a lifeline for the North African nation as it grapples with a dollar shortage and dwindling foreign reserves.

The agreement, which will have to be ratified by the IMF and Egyptian authorities, will require Cairo to undertake economic reforms. "Egypt is a strong country with great potential but it has some problems that need to be fixed urgently," the head of the IMF delegation to Egypt, Chris Jarvis, said in a statement. Jarvis told reporters that the IMF was looking to Egypt's parliament to pass a law introducing a value-added tax.

The IMF's Extended Fund Facility is

aimed at countries with payment imbalances and tepid growth to aid structural reforms, according to the fund's website. Analysts have said the IMF also pushed for a more flexible exchange rate for the Egyptian pound, which the government has been propping up amid capital controls. The dollar shortage has affected imports and created a flourishing black market trade that the government fought unsuccessfully. Dollars sell for up to four pounds more than the official rate of 8.88 pounds to the dollar. Jarvis said the goal was to have no foreign currency shortage and to create a "balance between supply and demand".

"The central bank is progressing on exchange rate policy, the government has its program, the budget was approved in June, the VAT is in parliament...the government's fuel subsidy

reform program continues to unfold," Jarvis said.

#### 'Change now'

Central Bank of Egypt chief Tarek Amer told reporters that the IMF deal would boost confidence in Egypt's reform program. The deal "is a certificate that says the program is serious," he said at the press conference. "We ask citizens to have trust and stand behind us," he added. President Abdel Fattah al-Sisi has been preparing public opinion for the economic reform measures, including further subsidy cuts. Although the funding is spread out over three years, the IMF will be looking for a quick implementation of the reform measures.

"The IMF would like to see change right now, not delayed," said Angus Blair, president of the economic think tank

Signet. Egypt has been in tentative negotiations for an IMF loan since longtime ruler Hosni Mubarak was ousted in the 2011 revolution. The uprising set off years of political turmoil culminating in the military overthrow of his Islamist successor Mohamed Morsi two years later. Morsi's removal unleashed a bloody police crackdown on Islamists and jihadist attacks that have decimated tourism, a key dollar earner for Egypt. With tourist revenues and foreign remittances down, the country's foreign reserves have fallen to \$15.5 billion (13.9 billion euros). Egypt has already received more than \$20 billion in aid from Gulf countries that supported Morsi's overthrow, but that has not stemmed the decline. Critics say the reform program should have been staggered over the past years, to dampen any shock. — AFP