

EU approves €5bn aid package to Egypt

CAIRO, EGYPT: The European Union has approved a €5.0bn financial aid package to Egypt after its economy was battered by a 2011 uprising that toppled Hosni Mubarak, the presidency said on Wednesday (14 November).

The European Investment Bank will grant Egypt €2.0bn and the European Bank for Reconstruction and Development a further €2.0bn, while EU countries will come up with €1.0bn, the presidency said.

An EU official said the aid package's details will be announced later.

For his part, Swedish Foreign Minister Carl Bildt wrote on Twitter that €600m would go to Cairo's underground train system. The presidency's announcement came after President Mohamed Morsi met EU foreign policy chief Catherine Ashton in Cairo.

It is "a strong sign of the EU's support for Egypt's path to development," the presidency said in a statement.

Ashton, who attended a meeting of EU and Arab foreign ministers on Tuesday (13 November), is also participating in the EU-Egypt task force which aims at bolstering economic relations between Egypt and Europe.

Representatives of about 100 large European companies and members of the European Commission and European MPs are participating in the meetings.

Egyptian Finance Minister Mumtaz Said said last week that Egypt may reach a loan deal with the International Monetary Fund next month for US\$4.5bn, instead of the US\$4.8bn that Cairo had hoped for.

Following a visit by IMF managing director Christine Lagarde in August, officials started working on a proposed plan to support the economy, which has been beset by serious difficulties since the 2011 uprising.

Political instability has badly affected Egypt's major revenue earner, tourism, and has led to a drop in foreign investments, worsened the budget deficit and sparked social conflict.

The central bank's currency reserves plunged, threatening Egypt's ability to import commodities and support the Egyptian pound.

Source: *AFP* via I-Net Bridge

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