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Economists comment on the resolution increasing the prices of fuel

The economists and financial experts stated that the bold economic procedures which the Egyptian government has taken are necessary and inevitable to rescue the Country's struggling economy and repair mistakes that have occurred for the last 40 years.

Mohamed Younes - Chairman of Concord International Investments Group, has revealed exclusively to Al Allam Al Youm from Washington that the latest Egyptian economic reform program is tackling the past 40 years worth of mistakes that led to an unrealistic pricing system which negatively affected foreign investors and gave an unclear picture of the economic environment. If the situation had progressed without any correction, it would have led to Egypt potentially going bankrupt.

He added that the reform started with the liberation of the exchange rate and continued the gradual reform of the general subsidies, specifically fuel subsidies, which is an urgent necessity. He pointed out that the price of continuing down the wrong path will greatly impact citizens of low income due to low levels of education, health, facilities and also high levels of unemployment.

He added that this procedure will mainly impact citizens with low income and employees with steady income; still this sacrifice is temporary as the prices are expected to balance within the next six months.

He pointed out that it is requested of the citizens to adopt a realistic policy of expenditure, and that the Government should start with itself by rationalizing its expenses, using clear policies announced to the public.

He stated that several countries have adopted similar procedures, i.e. China, South Korea, India and Taiwan. He assured that these diverse economic procedures are effective as seen in the success of the aforementioned countries who adopted similar reforms.

He stressed the importance of the support to those of low income during the reform periods and decreasing the pressure on them. He clarified that the current situation will last in case the expenditure is much higher than the resources, eventually affecting the low income citizen negatively. There is no way out of these reforms, even though they carry painful

procedures which are inevitable, it will affect the whole future of the country positively in the long run and cannot be delayed or suspended.

Dr. Amr Hassanein – Chairman of MERIS (Middle East for Rating & Investors Service), has stated from Toronto, in an exclusive comment to Al Allam Al Youm, that the reform measures Egypt is following will improve the current situation of the economy and its credit rating. He praised the reform procedures, starting with the liberation of the exchange rate and decreasing subsidies, but he clarified that these procedures, although some believe that it will increase the inflation pressure, can be tolerable. This is proven by the spending and consumption rates of Egyptians and especially the low-income citizens, which has not changed despite the changes in prices. He pointed out that the measures taken, which are only administrative procedures, are not enough as they are the easy way out. He also stated the importance of clarifying to the citizens the vision of these reforms and the inevitable path Egypt must take. This path includes fighting corruption, bureaucracy and the application of power to the law, and also the effectiveness of the Government in its capability to commit to its obligations and social commitment to the citizens and to the investors by providing proper educational services, medical services, infrastructure, water, and electricity. Dr. Hassanein insisted that the absence of these structural reforms is the main reason for the reluctance of investors in the past.