

# Estimating the Economic Losses Caused by Recent Events in Egypt (25 January 2011 Revolution)

Mahmoud Mohamed El-Sarawy, Central Agency for Public Mobilization and  
Statistics, Egypt

Paper Prepared for the Special IARIW-SSA Conference on  
Measuring National Income, Wealth, Poverty, and Inequality in African Countries  
Cape Town, South Africa, September 28-October 1, 2011

Session 4B: Income and Wealth Issues (Parallel)

Time: Friday, September 30th, 2:30-6:00PM

# **Estimating the economic losses caused by recent events in Egypt (25 January 2011 Revolution)**

**Mr. Mahmoud Mohamed El Sarawy**

**Statistical researcher**

**CAPMAS, Egypt**

## **ABSTRACT**

Statistics play an important role and effective in providing us data, official statistics that serve each interested and bodies of the State in all areas and times. The paper highlights the impact of recent events on the most important economic activities, which followed the Central Agency for Public Mobilization and Statistics, the manufacturing sector and extraction the construction sector and construction and tourism Sector.

By the statistical Agency to monitor the elements of those sectors(engaged - production - the value-added. requirements - energy available to unemployed and components capital (through annual surveys covering all facilities of the public sector/business-General and the private sector investment as well as the most important installations and orderly irregular private sector, covering more than 80% of the volume of these sectors at the level of the Republic are as follows to clarify the losses achieved as a result of the suspension of work in total or partial (28 percent during the period January-February 5) to identify the consequences of this crisis.

## **Introduction**

As a result of local political events and Egyptian revolution, disturbances have occurred in economic activity and are also reflected negatively on basic sectors of the economy.

In the interest of the Central Agency for Public Mobilization and Statistics on the ongoing evaluation of economic developments and their impact on macroeconomic in support of decision makers in the face and address the economic developments which would help achieve future development plans.

In the month of February of 2011 CAPMAS has assess losses achieved in the sectors of manufacturing industries and extraction, construction and building in areas affected as a result of recent events during the period from 28/1-5/2/2011, CAPMAS has started monitoring the elements of those sectors (engaged - production - the value-added. requirements - energy available to unemployed and components capital (through annual surveys covering all facilities of the public sector/business-General and private sectors investment and orderly, As well as the most important facilities irregular private sector, covering more than 80% of the volume of these sectors at the level of the national system are as follows to clarify the losses achieved as a result of the work stoppage as whole or in part during the period (28 January – 5 February) to identify the consequences of this crisis.

In March estimated losses of the tourism sector are mostly investment sector was assessed a number of economic variables, including the companies established in terms of number and value of the issued capital and sources of financing and size of foreign investments, the vulnerability of industrial activity in the industrial cities, the volume of imports and disaggregated by goods.

The rate of inflation during that period was calculated and measures the influence of events.

The device monitors the adequacy of strategic food commodities for the Future needs of the citizens in both short or long term.

## **The method of estimating the losses**

Losses were estimated to monitor energy achieved overall productivity witnessed in the areas of the ban, according to field follow-up to those areas was only 40 percent in the manufacturing sector and extractive and 10% in the building and construction sector.

Most of the losses achieved during the period under consideration in the governorates that imposing a curfew there, the Greater Cairo, the cities of the channel, Alexandria in the sectors of manufacturing

industries and extraction, construction and building with the addition of the 10th of Ramadan City of east governorate to affected areas in the manufacturing sector and extraction only.

The value of industrial production has been estimated for 2010 to monitor the average rate of change in production during last three years 2007, 2008, 2009.

Enlargement was the value of this production (which represents 80% of the total industrial production at the level of the Republic of the use of the labs Zooming to reach 100 %.

It was assumed that production unchanged during the year 2011 and then had been estimated the value of the losses achieved during the period from 28 January to February 5 as follows:

- Dividing the estimated production at 52 weeks to get the value of production in the week, and then multiply the result in 1.5 to get the value of production by 10 days.
- Then multiply the value of production in the sector of manufacturing and extractive industries by 60%, which stopped operating in the energy-fly zones during the specified period.
- Then multiply the value of what has been implemented in the construction sector by 90%, a rate of stops construction activity and construction in areas of the ban.

## **The most important indicators**

### **Manufacturing and extraction sectors**

Estimating the losses have been achieved as a result of the work stoppage in whole or in part during the period (28 January - February 5) to identify the consequences of this crisis has been monitoring the production capacity of the total working for the regions of the ban, according to field follow-up to those areas.. Amounted to only 40 percent in the manufacturing sector and extractive.

Most of the losses achieved were concentrated during the period under consideration in the governorates that imposing a curfew there, the Greater Cairo, the cities of the channel, Alexandria, with the addition of the 10th of Ramadan City of east governorate to affected areas.

- The total losses achieved in this sector in the regions most affected by (Greater Cairo-Suez Canal cities - Alexandria 10th of Ramadan) during the period worth 3736.6 million pounds, or 0.7 percent of total annual production at a rate of sales at the level of the Republic, 1195.1 million pounds or 0.5 percent of the total annual net value-added at the level of the Republic.
- Food Industry has achieved the highest rate in the losses achieved at the level of production at a price of selling (20%) or in net value-added (18.2%).

- The territory of Greater Cairo achieved the highest proportion in realized losses amounted to 44.7 percent in production at a rate of sales, 41.2 percent in net value-added.

It was monitoring the situation in 14/3/2011 for factories in some industrial cities in terms of action, in whole or to stop in (Faculty of - partial) for measuring the repercussions of this crisis and the impact of industrial activity by percent cities (10th of Ramadan. The sixth of October - Al-Amiriya, Burj Al Arab, Al Oboor).

The percentage of factories operating in the Faculty of stalled partially 88.6% 10.3% and stalled in the Faculty of 1.1%, which indicates the increasing proportion of factories operating from 40.0% in 5/2/2011 to 88.6% in 14/3/2011.

The 6th of October City was the most affected by the events, where the percentage of factories were stalled in the Faculty of 5.7% stalled partially 32.0%, while the 10th of Ramadan City where it was least affected by the percentage of factories in the Faculty of stalled 0.3 %.

### Building and construction sector

Estimating the losses have been achieved as a result of the suspension of work in total or partial (28 during the period January-February 5). focused most of the losses achieved during the period under consideration in the governorates that imposing a curfew there, the Greater Cairo, the cities of the channel, Alexandria.

It was monitoring the production capacity of the total working for the regions of the ban, according to field follow-up to those areas.. It was only 10% in the construction sector and construction.

- The total losses achieved in this sector 762.3 million pounds by 0.9% of the total value of the work carried out at the level of the Republic, 488.1 million pounds at 1.7% of total net value-added at the level of the Republic.
- The territory of Greater Cairo achieved the highest proportion in realized losses amounted to 66.5% of the value of the work carried out, 82.7 percent of net value-added.

### Tourism sector

The tourist movement sharply affected by the events that have passed by the country in the recent period in response to appeals by most States to its nationals to leave Egypt during these events in the last week of January was cancelled bookings tourists during the month of February, the organ with an estimate of losses of the tourism sector as a result of these events as follows:

- Estimated the number of tourists who left Egypt in the last week of January 210 thousand tourists, which led to a decline in tourist spending by about 178 million dollars during this week.
- The cancellation of bookings of the month of February causes a value of losses of \$825 million dollars during this month.
- The occupancy rate in hotels witnessed a remarkable decline in the period from 25 /1 - 2/3/2011, the largest percentage of decline was around 88.4 percent in the Red Sea governorate, followed by South Sinai governorate at a rate of 81.3 percent, while the decline amounted to the college at the level of the tourist governorates 71.3%.
- These events have affected employment in the tourism sector be ignored as a result of tourist facilities for temporary workers by reducing workers' wages permanent decline in revenue, estimated the losses of such employment, including 70 million pounds during this period.
- The number of tourist arrivals declined during the month of February 2011 by 80.3 percent compared to February 2010, and the number of tourist nights grew 53.3 percent from the same period.
- The contribution of the tourism sector in gross domestic product (GDP) in the year, 09/2010 was \$35.6 billion pounds (06) at prices in 2007), a rate of 4.3 percent of gross domestic product (GDP) at a cost of production factors and was the real growth rate of the tourism sector 12% during this year.

### Investment sector

The movement of investment significantly affected by recent events have been reduced the number of companies established or increase their capital according to Law No. 8 of 1997 grew by 59.6 percent in the month of February 2011 compared with the same month in the previous year.

These companies' issued capital fell by 75.5 percent foreign contributions decreased by 81.9% and 72.2% percent of Arab contributions to the issued capital for the same period.

The sectors of communications and information technology, construction, services, tourism was the most prominent economic sectors that have been affected by low capital, where the decline amounted to (88.8 - 90.2 - 87.0 - 82.8), respectively the governorates of Giza, Upper Egypt, Helwan, the Sixth of October was the most prominent governorates that have been affected by low capital exporting.

The general trend over the past years indicates a decline in direct foreign investments in Egypt, the volume of investments inflows of 17.8 billion US dollars in 07/2008 to 12.8 billion US dollars in 08/2009 and then to 11.0 billion US dollars in 09/2010

## **Rate of inflation**

Inflation rate fell in February compared to January 2011, to reach 10.7% in February as against 10.8 percent in January; this decline comes after being down prices of clothes and shoes.

According to the decision of the Government increase the wages grew by 15.0 percent, it is expected the growth of domestic liquidity monetary supply and thus would affect levels of inflation, which requires action to create an environment stimulating economic growth of industrial and agriculture help to meet domestic demand and control of inflation levels.

## **Position of the assets of strategic food commodities**

By the Agency to monitor the adequacy of strategic food commodities to the needs of citizens in 14/3/2011, the highest rates of the adequacy of those commodities in (rice paddy, wheat, sugar provision) as follows (5-4.7 - 3.3) months respectively, the lowest rates of the adequacy of Egyptian (rice cooking-sugar) as follows (1 - 1.3) a month.

Therefore, Supply Commodities Authority has contracted during the month of February to buy 755 thousand tons of wheat. 81 thousand tons of rice. 40 thousand tons of oil backed - 41 thousand tons of oil free from abroad to cover domestic consumption.

## **REFERENCES**

- Industrial statistics 2008, 2009, 2010 (CAPMAS).
- Construction and Building statistics 2008, 2009, 2010 (CAPMAS).
- Tourism statistics 2008, 2009, 2010 (CAPMAS).
- <http://www.capmas.gov.eg>
- <http://library.idsc.gov.eg>