



## **Press Release**

### **Balance of Payments Performance in FY 2022/2023**

During FY 2022/2023, Egypt's BoP transactions recorded an overall surplus of US\$ 882.4 million (compared to an overall deficit of US\$ 10.5 billion in the previous FY). The deficit of the current account\* improved by 71.5 percent to reach only US\$ 4.7 billion (against US\$ 16.6 billion). This came as a main result of the decline in the trade deficit by 28.2 percent to reach only US\$ 31.2 billion. Moreover, the services balance surplus doubled, recording US\$ 21.9 billion, driven by the noticeable increase in both tourism revenues and Suez Canal receipts. The capital and financial account also recorded a net inflow of US\$ 8.9 billion as the net inflow of FDI in Egypt rose by 12.3 percent to US\$ 10.0 billion. On the other hand, portfolio investments in Egypt continued to achieve a net outflow of US\$ 3.8 billion.

#### **The following factors contributed to the improvement in the current account deficit:**

- **The non-oil trade deficit retreated** by 34.0 percent to only US\$ 31.6 billion (against US\$ 47.8 billion); primarily due to the decrease in non-oil merchandise imports payments by US\$ 16.4 billion, as shown below:
  - **Non-oil merchandise imports dropped** by 22.2 percent to only US\$ 57.4 billion (versus US\$ 73.8 billion). The decline was concentrated in the imports of passenger vehicles; spare parts and accessories for cars and tractors; propylene polymers; and mobile phones.
  - **Non-oil merchandise exports slightly declined** by US\$ 121.7 million, to US\$ 25.8 billion (from US\$ 25.9 billion). The decrease was mainly in organic and inorganic compounds; household electrical appliances; animal and vegetable fats, greases and oils; and ready-made clothes.

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\* Including merchandise and services transactions, factor income, private transfers including remittances of Egyptian workers abroad, and official transfers including government commodity and cash grants.

- **Tourism revenues surged** by 26.8 percent to record US\$ 13.6 billion (against US\$ 10.7 billion), due to the rise in the numbers of both tourist nights by 27.6 percent to reach 146.1 million nights, and tourist arrivals to Egypt by 35.6 percent to register 13.9 million tourists.
- **Transport receipts increased** by 43.8 percent, to reach US\$ 14.0 billion (against US\$ 9.7 billion), **as a main result of the rise in Suez Canal transit receipts** by 25.2 percent to record US\$ 8.8 billion (against US\$ 7.0 billion), driven by the pickup in the net tonnage of vessels by 15.6 percent to record 1526.8 million tons.

#### **The factors that curbed the improvement of the current account:**

- **The surplus of the oil trade balance declined** to only US\$ 410.0 million (against US\$ 4.4 billion). This came as an outcome of the decline in oil exports, as follows:
  - **Oil exports went down** by US\$ 4.2 billion, on the back of the decrease in exports of oil products by US\$ 1.7 billion, crude oil by US\$ 1.5 billion, and natural gas by US\$ 988.1 million.
  - **Oil imports dropped** by US\$ 138.1 million due to the decline in crude oil imports by US\$ 1.2 billion, surpassing the rise in imports of both natural gas by US\$ 716.3 million and oil products by US\$ 392.8 million (due to higher imported quantities).
- **Egyptian workers' remittances retreated** by 30.8 percent to register only US\$ 22.1 billion (against US\$ 31.9 billion).
- **Investment income deficit\*** **increased** by 9.9 percent to US\$ 17.3 billion (against US\$ 15.8 billion), as a confluence of the following developments:
  - Investment income payments rose by US\$ 2.7 billion, to register US\$ 19.5 billion (against US\$ 16.8 billion), reflecting the increase in the interest payments on external debt.
  - However, investment income receipts moved up by US\$ 1.1 billion to register US\$ 2.1 billion (against US\$ 996.5 million), mainly due to the higher interest on residents' deposits at banks abroad.

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\* It represents the difference between the income earned from and paid to the rest of the world on portfolio investments, direct investment, bank deposits, and external debt.

**The capital and financial account**<sup>\*</sup> revealed a net inflow of US\$ 8.9 billion during FY 2022/2023 (against US\$ 11.8 billion in the previous fiscal year), due to the following developments:

- **The change in the CBE's and banks' liabilities** posted a net inflow of US\$ 6.7 billion (against US\$ 21.6 billion).
- **The change in banks' foreign assets** recorded a net inflow of only US\$ 1.4 billion (against US\$ 7.6 billion).
- **Net outflows of portfolio investment in Egypt** declined to only US\$ 3.8 billion (against US\$ 21.0 billion).
- **Net inflow of FDI in Egypt** rose to US\$ 10.0 billion (against US\$ 8.9 billion), as follows:

First: FDI in non-oil sectors achieved a net inflow of US\$ 11.0 billion (against US\$ 11.6 billion), largely due to the pickup in net greenfield investments or capital increases of existing companies by US\$ 497.2 million to US\$ 4.1 billion (of which US\$ 310.6 million went to greenfield investments), and net retained earnings to US\$ 4.8 billion (against US\$ 4.7 billion). Meanwhile, there was a decline in both net proceeds of selling local entities to non-residents to US\$ 1.2 billion (from US\$ 2.3 billion), and net investment inflows for real estate purchases by non-residents to US\$ 552.3 million (from US\$ 970.3 million).

Second: FDI in the oil sector registered an increase in total inflows (representing new investments of foreign oil companies) to reach US\$ 5.6 billion (against US\$ 4.7 billion). Meanwhile, a decline was seen in the outflows (representing the cost recovery for exploration, development and operations previously incurred by foreign partners) to record only US\$ 6.6 billion (against US\$ 7.3 billion), thus registering an improvement in net outflows during the year to reach only US\$ 982.5 million (against US\$ 2.6 billion).

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<sup>\*</sup> Including foreign direct investment (FDI), portfolio investment, and net external borrowing.

• Numbers expressed in US\$ billion have been rounded.

## Balance of Payments

	(US\$ m.)	
	<u>2021/22*</u>	<u>2022/23*</u>
<b><u>Trade Balance</u></b>	<b><u>-43396.0</u></b>	<b><u>-31159.6</u></b>
Exports	43906.4	39624.0
<i>Petroleum</i>	<i>17977.2</i>	<i>13816.5</i>
<i>Other Exports</i>	<i>25929.2</i>	<i>25807.5</i>
Imports	-87302.4	-70783.6
<i>Petroleum</i>	<i>-13544.6</i>	<i>-13406.5</i>
<i>Other Imports</i>	<i>-73757.8</i>	<i>-57377.1</i>
<b><u>Services Balance (net)</u></b>	<b><u>11158.7</u></b>	<b><u>21926.5</u></b>
<b><u>Receipts</u></b>	<b><u>26925.7</u></b>	<b><u>34562.1</u></b>
Transportation	9734.2	14000.3
<i>of which: Suez Canal dues</i>	<i>6996.8</i>	<i>8759.6</i>
Travel	10748.1	13629.3
Government Receipts	2736.3	2355.2
Other	3707.1	4577.3
<b><u>Payments</u></b>	<b><u>15767.0</u></b>	<b><u>12635.6</u></b>
Transportation	3023.6	2750.0
Travel	4479.8	4990.2
Government Expenditures	2340.0	1248.4
Other	5923.6	3647.0
<b><u>Income Balance (net)</u></b>	<b><u>-15763.2</u></b>	<b><u>-17318.4</u></b>
Income receipts	996.5	2137.8
Income payments	16759.7	19456.2
<i>of which: Interest Paid</i>	<i>2777.6</i>	<i>6150.4</i>
<b><u>Transfers</u></b>	<b><u>31449.2</u></b>	<b><u>21841.0</u></b>
Private Transfers (net)	31719.8	21897.4
<i>of which: Worker Remittances</i>	<i>31923.5</i>	<i>22076.4</i>
Official Transfers (net)	-270.6	-56.4
<b><u>Current Account Balance</u></b>	<b><u>-16551.3</u></b>	<b><u>-4710.5</u></b>

## Balance of Payments (cont.)

	(US\$ m.)	
	<u>2021/22*</u>	<u>2022/23*</u>
<b><u>Capital &amp; Financial Account</u></b>	<b><u>11805.6</u></b>	<b><u>8931.5</u></b>
<b><u>Capital Account</u></b>	<b><u>-77.8</u></b>	<b><u>-54.2</u></b>
<b><u>Financial Account</u></b>	<b><u>11883.4</u></b>	<b><u>8985.7</u></b>
Direct Investment Abroad	-346.4	-337.7
Direct Investment In Egypt (net)	8937.4	10038.6
Portfolio Investment Abroad(net)	-139.8	-328.1
Portfolio Investment in Egypt (net)	-20983.3	-3765.7
<i>of which: Bonds</i>	<i>1014.3</i>	<i>344.7</i>
<b><u>Other Investment (net)</u></b>	<b><u>24415.5</u></b>	<b><u>3378.6</u></b>
<b><u>Net Borrowing</u></b>	<b><u>-1446.9</u></b>	<b><u>1434.4</u></b>
<u>M&amp;L Term Loans</u>	<u>710.4</u>	<u>-226.0</u>
<i>Drawings</i>	<i>3661.1</i>	<i>3195.2</i>
<i>Repayments</i>	<i>-2950.7</i>	<i>-3421.2</i>
<u>M&amp; L Term buyers' and suppliers' Credit</u>	<u>749.5</u>	<u>1678.2</u>
<i>Drawings</i>	<i>3973.5</i>	<i>2861.6</i>
<i>Repayments</i>	<i>-3224.0</i>	<i>-1183.4</i>
<u>Short Term buyers' and suppliers' Credit (net)</u>	<u>-2906.8</u>	<u>-17.8</u>
<b><u>Other Assets</u></b>	<b><u>4242.4</u></b>	<b><u>-4750.9</u></b>
<i>Central Bank</i>	<i>-235.1</i>	<i>-151.8</i>
<i>Banks</i>	<i>7579.6</i>	<i>1417.9</i>
<i>Other</i>	<i>-3102.1</i>	<i>-6017.0</i>
<b><u>Other Liabilities</u></b>	<b><u>21620.0</u></b>	<b><u>6695.1</u></b>
<i>Central Bank</i>	<i>15679.4</i>	<i>2946.6</i>
<i>Banks</i>	<i>5940.6</i>	<i>3748.5</i>
<b><u>Net Errors &amp; Omissions</u></b>	<b><u>-5800.1</u></b>	<b><u>-3338.6</u></b>
<b><u>Overall Balance</u></b>	<b><u>-10545.8</u></b>	<b><u>882.4</u></b>
<b><u>Change in CBE's reserve assets (increase = -)</u></b>	<b><u>10545.8</u></b>	<b><u>-882.4</u></b>

\* Preliminary.