

## Impact of the World Financial Crisis on Employment in the Egyptian Economic Sectors

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**Abstract:** This paper aimed to identify the most important impacts resulted from the world financial crisis and its reflections on workers and employment in the Egyptian economic sectors during the post-crisis period. It clarified the expected impacts of the crisis on the unemployment rate in Egypt. It discussed the crisis' negative impacts in some economic sectors both productive and service. It focused on the most effect sectors of the crisis in light of reviewing practical cases of some sectors. The study had applied the descriptive analytical technique to explain the crisis effects based on the actual available data and information and the closely relevant studies. Finally, the research paper provided suggestions related to applied policies and procedures in some countries including Egypt to curb the crisis negative impacts on the labors and employment in different economic sectors.

**Key words:** World Financial Crisis • Labors and Employment • Unemployment • Economic Sectors • Egypt

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### INTRODUCTION

It is still preemptive to clearly identify dimensions and effects of the world financial crisis and its reflections on the Egyptian labors due to its fluctuated impact over times and from a sector to another according to the significance and extent of relationship to the external world. Although Egypt is not among the most affected countries of the world financial crisis, the pre-crisis expectations referred to the slow growth of the gross domestic product to 5.25% in the fiscal year 2008/2009 as compared to the previous year 2007-2008. This is evident as compared to the industrialized countries facing stagnation. The problem dwells in the following question: although the Egyptian economic growth rate ranged between 6-7% over the last two year, it did not stop or curb inflation, lower salaries, workers' protests and strikes outrage. How will the situation be in the future particularly in the absence of a clear social policy protecting the workers and the low-income people?

The paper consisted of four parts. The first part handled the impacts and results of the world financial crisis on the various Egyptian economic sectors. The second part dealt with the crisis' expected impacts on the unemployment rate in Egypt. The third part investigated

the negative effects of the world financial crisis on some economic sectors both productive and service (tourism, banks, air transport, oil and chemical industries). It focused on the most affected sectors of the crisis in light of reviewing practical cases of some sectors (sectors of spinning and textile and metal and food industries). It referred to the world financial impact on the Egyptian workers abroad. Finally, the fourth part discusses applied and suggested policies and procedures in some countries including Egypt to curb the negative effects of the world financial crisis on workers and employment in different economic sectors.

### Impacts of the World Financial Crisis on the Different Egyptian Economic Sectors:

The United States is considered as the main stronghold for the early emergence of the world financial crisis whose indications represented in the collapse of some major investment companies; sharp shortage of liquidity; decline of most inflow direct foreign investment; and decline of local investment levels within the states. Data during the first half of the 2008-2009 fiscal year refer to different decline of economic growth rates either in the advance countries or in the developing countries on which Egypt come on top. Undoubtedly, the world financial crisis negatively

affected the Egyptian economy like the rest of other developing countries because of its relationship from different angles to the world economy such as revenues of Sues Canal, oil and non-oil exports, tourism, remittances of Egyptians working abroad and foreign direct investment. The crisis was mainly reflected in the higher unemployment rates and reduced employment rates.

The crisis had led to the increased number of Egyptian workers working abroad who returned for good in addition to the increased rate of unemployed inside due to the retrenchment of workers in several economic sectors. Seven thousand workers working abroad have returned for good, thus the remittances size declined by 15% in March, 2009. The world financial crisis had led to increased unemployment rate from 9.3% against 8.6% during the period between January and March 2009. The increase was attributed to the reduction of private investment rate and economic growth slowdown [1]. The crisis had shown the decline of producers trust in the economic performance due to the increasing fear of the crisis exacerbation. Despite the reduction of general inflation rate, the food prices levels are still high compared to their levels in the pre-crisis period. The decline of world goods prices was not suitably reflected on the prices level at the domestic market as they unjustifiably remain high. This asserted the non discipline of the domestic market in Egypt. The tourism performance declined through the reduction of tourists' number; as the sector had not recovered yet from the crisis negative effects. While the Sues Canal's revenues witnessed a slight improvement, it however have not reached their levels in the pre-crisis period. As consumption is the main engine of the economic growth wheel, the crisis has indicated a decline in the local consumption index represented in the private cars sales decline; private consumption growth decline by 3.5% till March 2009. The investment market witnessed a decline in the number of established companies to 594 companies in March 2009 against 676 companies during the same period last year. The capital of the new investment projects declined by L.E. 7 billion; and the projects of the free zones and the industrial sector decline as well [2]. The Egyptian economy witnessed diversity in the fundamental sectors during the last four years. This led to the increase of direct foreign investment in Egypt to reach US \$ 13.2 billion. As a result of the world financial crisis the foreign investment declined between US \$ 7-8 billion [3]. The stability of financial and banking sector contributed to reducing the crisis impact and gave

indications of economic growth [4]. The losses during the 2008-2009 fiscal year valued about US \$ 4 billion because of the world financial impacts. The transformed-industries sector was the one of the most hit sectors of the crisis. The Egyptian exports witnessed a decline from L.E. 162.3 to L.E. 151 billion estimated 7%. The imports declined as well from L.E. 291.8 to L.E. 271.2 billion by a relatively similar rate. The reason behind the Egyptian exports decline was the world demand general shrinking under the world financial crisis. This led to the decline of factors' productivity and the reduction of workers' incentives and the retrenchment of a number of workers. This led to the weakness of consumers' purchasing power and the increased markets' stagnation [5]. Tourism revenues declined from about L.E. 59 to about L.E. 50 billion estimated 15.6%. The Suez Canal revenues declined from L.E. 28.5 to L.E. 26.5 billion estimated 7%. In addition, the remittances of workers working abroad declined by almost US \$ 600 million. Data indicate that the world financial crisis caused the economic growth decline and impose further burdens on the Egyptian economic policy to work on the necessity of increasing the growth rates; adopt social-insurance programmes to curb the social impacts of the financial crisis. These impacts represented in unemployment and poverty increase; and great changes in the standards of living in Egypt [6].

A questionnaire conducted by the Egyptian centre for economic studies in 2009 and comprised 237 mega companies in 6 main and various governorates working in the transformed industries, building and construction, tourism, transport, communication and financial brokerage in the domestic market. The results showed a stock increase and a decline in the exports and tourism; fixed economic growth rate; trust decline in the Egyptian economic performance by the end of June 2008. The questionnaire indicated that there is a case of fixed production and sales of the companies in June 2008. The questionnaire attributed the exports and tourism decline to the world financial impacts and the emergence of pigs' influenza which prevented some tourists to move from one country to another. This was relevant to tourism actual growth decline in 2007/2008 as compared to 2008/2009. The questionnaire indicated that 44% of the working companies in the sectors of construction, communication, transport, financial brokerage and transformed industries have maintained their fixed production and 18% suffered from declined production while 38% witnessed rising of their productive sales. In addition, 93% of the companies were able to maintain fixed wages of their workers and 90% of companies maintained

the fixed levels of their investment and employment. Meanwhile 7% of companies reduced their employment and 3% only witnessed an increased employment. The questionnaire affirmed that most sectors experienced stability of their work except the tourism sector. This reflects the restriction of world financial impacts in certain economic sectors.

**Impact of World Financial Crisis on Unemployment Rate in Egypt:** The impacts of world financial crisis represented in its effects on the working market due to the reduction of economic growth rates and workers retrenchment in several economic sectors in addition to the crisis impact on incomes, standards of living, poverty increase and deterioration of standards of living. The unemployment rate rose during the second quarter of 2008/2009 to 8.8% compared to about 8.6% during the first quarter of the same year. New job opportunities declined to 128 thousand opportunities against 181 opportunities, i.e. a 30% decline rate. Demand on higher-qualification employees declined by 89% and that on medium-qualification employees by 83% in December 2008. As negative impact of the world financial crisis grows on investment movement and trade in Egypt, the unemployment rates were expected to increase due to the retrenchment of some workers in several companies [7].

It was notable that the financial crisis effect on the working market mainly concentrated on the working women more than men. As the male unemployment rate generally reduced from 5.8% during the fourth quarter of 2007 to about 5.4% during the fourth quarter in 2008, the female unemployment rate generally rose from 18.7% during the fourth quarter of 2007 to 19.6% during the fourth quarter of 2008. This was attributed to the companies' quick retrenchment of working women and maintain of men immediately after the crisis eruption. As the crisis worsened a growing number of male employees were retrenched [8]. It was notable that the financial crisis effect on the working market was more evident in the urban areas than in the rural areas as the workers activities in the urban areas concentrated in most sectors that witnessed a negative growth or slow growth such as the sectors of tourism, Suez Canal, construction and building and transformed industries. This negatively affected these sectors. On the contrary, workers in the rural areas whose activities mainly concentrated on the agricultural activity that witnessed a slight decline in its growth rates from 3.3% in 1997 to 3.1% in 2008. In spite of the importance of transformed industries and agricultural sectors as they contributed to the implementation of 40% of the GDP during the last three

years, the first impact of the world financial crisis appeared in the decline of the industry sector growth from 8 to 4%. This affirms the importance to focus on activating the activity of this sector anew. It was evident that the financial crisis effect in the working market according to the educational level did not change as the unemployment structure did not change per se. A higher unemployed rate during the pre and post crisis periods is of the graduates of medium technical education followed by university graduates, then the upper-medium and pre-university graduates. The least unemployment rate was among the category of those who can just read and write or the literates [9].

The financial crisis impact in the working market according to age did not change as the unemployment structure did not change per se. A higher unemployed rate during the pre- and post crisis periods was among the youth category whose age ranged between 20-25 years, followed by the age category of 15-20 years, then the unemployment rate lessened with the older age to reach zero among the age category of 50-64 years. However, the financial crisis led in fact to the rise of unemployment rate among youth or the new incomers to the working market (i.e. the age category between 20-25 years or the age category between 15-20 years old to reach 28 and 22.2% in 2008 instead of 27.6 and 18.9% in 2007. Meanwhile, the unemployment rate reduced among all following old categories between 25-64 years by different rates [10].

The analysis of the most important sectors generated job opportunities in the Egyptian economy and achieved the highest employment growth rate during the world financial crisis period, it is found that the fishing sector comes on top by an employment growth rate of 120% followed by the building and construction sector of 15.6%, then the sectors of transport, storing, communication of 7.7%. The sectors of most negative growth rates are mining and mines by (-80%) followed by the financial brokerage (-12.5%), the education sector by (-9.9%). Meanwhile the sectors of electricity, gas, health and social work are not totally affected. These showed the most affected sectors by that crisis according to workers growth are the sectors which achieved negative growth rates or those whose growth rates reduced such as the financial brokerage and education sectors (Table 1).

It was notable that the negative impact of the world financial crisis on the labor market in Egypt and the increasing unemployment rate resulted in the workers tendency to non-official sectors through working for others in return of low-wages under that crisis and in other less cases they run their own business and hire other workers. Therefore, the small and smallest

Table 1: Employment growth rate in Egypt according to various economic activities

Sectors	Occupancy rate 2007	Occupancy rate 2008	Occupancy growth rate
Agriculture, fishing, forests exploitation	32.3	31.6	-2.2
Fishing	0.5	1.1	120.0
Mining and mines exploitation	1.0	0.2	-80.0
Transformed industries	11.2	10.6	-5.4
Electricity and gas	1.3	1.3	0.0
Building and construction	9.0	10.4	15.6
Retail and wholesaler trade	10.6	10.5	-0.9
Hotel & restaurants	1.8	1.9	5.6
Transport, storing, communication	6.4	6.9	7.8
Financial brokerage	0.8	0.7	-12.5
Rental & real estate activities	1.8	1.7	-5.6
Defence & public administration	8.9	8.4	-5.6
Education	9.8	8.9	-9.2
Health and social work	2.6	2.6	0.0
Society and social services	2.6	2.8	7.7
non-full description activities	0.6	0.4	33.3

Source: CAPMAS, Central Authority for Public Mobility and Statistics, different editions [12].

retrenched particularly the temporary and non-organized workers are: service sectors (Suez Canal and tourism), hotels, resorts and tourist companies (reduced rates of occupancy and prices reduction, transformed industries (textile and spinning, ready clothes, engineering industries, automobiles, ceramic, furniture, food); particularly the small factories, real estates and constructions (most of non-organized workers), goods exporting sectors (chemical products, furniture, food and agricultural goods).

**Financial Crisis Impact on Labors in Economic Sectors:** The negative effects of the world financial crisis in some economic sectors either productive or service represented in the tendency of some companies to practice punishments on workers in order to urge them to apply for early pension and employ temporary workers instead with less salaries. Some companies, in addition, suspended treatment services and restrict them on only critical cases, reduce the monthly salary by 20 and 30% of the worker's wage [13]. In addition, there was a rise of non-paid leave proportion in some companies to 10 days monthly; cancellation of workers' transport; some companies tended to shut down some production branches in order to reduce selling and distribution proportion; suspension of paying the over time payment; non-payment of regular or social bounce in some companies. Furthermore, the administration of some companies tended to transfer some workers from a job to another which is not related to their specialization [14].

**The Impact of Financial Crisis on the Employment in the Tourism Sector:** Data showed that Egypt revenues decline from tourism by 17.3% to reach US \$ 10.5 billion in the fiscal year 2008/2009. The decline of tourism revenues was attributed to the decline of tourism movement by a rate ranged from 10 to 15% from January 2007 to May 2008, with the sharp decline which the world tourism movement witnessed due to the world financial crisis [15]. In addition to the negative effects of the world tourism movement due to pigs' influenza that hit many of the world states including Egypt; curb of movement of transfer among states in light of the strict procedures that some states adopted to curb the disease transfer into their territories. The financial crisis limited the capabilities of many European countries citizens representing the majority (69%) of the incoming tourism movement to Egypt, with the Russians come on top about 2 million tourist in 2008. The crisis impacts continued on the workers' conditions in the different fields of tourism during June 2009 as a number of tour guides turned as sales representatives according to an obedience agreement in some companies like the US Company "Grand Circle". Furthermore, wages are reduced; punishment are practiced on workers in some companies to force them apply for early pension [16].

**The Impact of Financial Crisis on Employment in the Banking Sector:** It was expected that the Egyptian banking sector will face a new stumbling wave due to the decline of deposits growth rate in the banking system before the crisis and the consequents of the world

financial crisis that supported the decline. Data indicate that banks' deposits hugely declined by the end of December 2008 compared to the end of 2007 as the deposits growth rate estimated only 9.4% against 19.5% in the previous year. Some banks achieved negative growth rates like the bank of Alexandria, Al-Ahli soustiah general bank, Misr-Iran bank, national development bank. This was attributed to the declined growth rate of the government deposits from 17.8% in 2007 to 10.3% in 2008; and the decline of non-governmental deposits from 19.7 to 9.2% only in 2008. This has led to the decline of clients' deposits growth in the private banks except the united Al-Ahli bank and the national united bank. The decline of deposits growth rates was accompanied by the decline of assets growth rates in 2008 which recorded only 2.5% against 19.5% in 2007. Deposits were the main drive for the assets growth in banks during the last four years. The continued decline of deposits growth rates may lead to a case of slowdown in the local liquidity growth rates unless strong growth rates of in the circulated cash outside the banking sector were realized [17].

Liquidity declined growth rates were expected to continue in light of the direct investment indicators inflow to Egypt which showed successive decline reached 50% [18]. In addition to the growing leakage of direct investment out of Egypt; the negative trend of the deposits interests rates against the successive rising of inflation rates and the non-response of banks to the repeated signals from the central bank to increase the deposits interest rates. Although a single case of workers retrenchment was not obviously recorded in the banking sector, the reports of some banks assert the strong impacts of the crisis in the sector. Some banks (the national bank) decided to increase the office hours from 8 eights to 11 hours daily. This arose the resentment of the banks employees particularly there is no over time payment for the additional office hours [19].

**The Impact of Financial Crisis on the Employment in the Air-transport Sector:** The air transport industry met huge damages due to the world financial crisis and the pigs' influenza as it witnessed a remarkable decline during the last period in the employment rates estimated 77% which was the highest decline rate since 1981. This decline put the air companies in a predicament between the crisis and the decline of travel demand. This urged the world companies to reduce prices in order to attract more possible number of travelers in addition to the international association for air transport (IATA), which comprised 330 air companies at the world level, to invite

all government to reduce or cancel the fees and taxes imposed on the civil aviation activities till the crisis end. The fees included landing, shelter, cross and taxes of curbing the carbon emissions of the planes, fuel taxes on the travel tickets which the air companies bear them on the passengers. At the time when the states governments and other air companies started to reconsider the mechanism of air transport industry to face the financial crisis, decline of travel demand, reduction of air-tickets prices and lifting up the financial burdens facing the industry. Egypt Air is still hand-tight and facing the crisis depending on seasons of pilgrimage, ummrah, the travel of Egyptians working abroad because of the multiplicity and rising of taxes value imposed on the air-tickets. Some believe that the imposed taxes represent a big burden on the air-tickets under the financial crisis and the fierce competitiveness with the world air companies to attract more tourism movement or preserve their realized operation rates before the crisis. Thus, the government should reconsider the imposed taxes to give an actual opportunity for competitiveness in the field of air transport. These taxes include the luxurious consumption tax which differs according to the ticket class [20]. The taxes rate ranges from 30% to 40% of the ticket value in some airlines which the passenger bears. So how the competitiveness could be when some air companies largely reduced the ticket value while others bore the full ticket value for the tourists as what happened in Greece to face stagnation and support the tourism sector. Therefore, it is necessary for the state to intervene and reconsider the imposed taxes on the travel tickets in order the crisis impact will not reach the losses limit in the post-crisis stage.

**The Impact of Financial Crisis on the Employment in the Petroleum Sector:** The petroleum sector faces several difficulties due to the world financial crisis. This curbs the establishment of new petroleum companies under the current situation of the crisis. The ministry plan for 2009/10 asserted that the impact of the world financial crisis led to difficulty in performing the financial obligations of the petroleum sector towards the foreign partner. It indicated that the financial status requires the possibility of rescheduling bills related to the due debts under the decline of oil exports value. It also required to collect the sector's due money from the other state sectors. In addition, one of the direct reflections of the crisis appeared in liquidity shortage of companies investing the oil field. This concurrently occurred with the banks' hardness in providing credit. Therefore, there was

a slow implementation of several projects while others were cancelled. However, there are positive sides for the crisis on the petroleum sector such as reduction of imports value of Solar and stove gas; reduction of purchases value from the foreign partner in addition to the declined subsidy value which the state budget oriented to the oil products bears. On the other hand, some companies (Speco) affiliated to the Egyptian company for oil services (Balaem oil) declined due to the financial crisis to abide by its promises towards its workers in increasing their salaries, the over-time payment, medical treatment level, implementation of safety and professional health requirements and implementation of workers compensations in cases of injuries and death.

**The Impact of Financial Crisis on the Employment in the Chemical Industries Sector:** The financial crisis directly affected the production suspension of both companies Misr-Qena and Misr-Idfou for paper production. Their paper production represents 93% of domestic production volume due to the financial crisis and the inability to compete the imported paper whose prices declined by rates exceeded 40%. The workers number in both companies about two thousand workers. They are owned by a group of banks and government companies. Currently the paper factories produce about 650 tons annually while annual consumption reached 1.5 million tons. They imported the balance of production and consumption from overseas under the fierce competitiveness of the Asian products as the ton value reduced by L.E. 500 compared to its local counterpart. The ministry of finance rejected the request of the ministry of investment to approve fuel oil prices modification obtained by the paper companies affiliated to the holding chemical industries company and its reduction from L.E. 1000 to L.E. 700 per ton. The reduction was an exceptional case to help these factories overcome the current economic crisis in a pretext that the request approval will force the government to provide the same advantage to the private sector factories working in the paper industry. This would lay further burdens on the government which the public budget cannot bear in the current situation. Some companies (Al-America Drugs Company in Alexandria- Snemar factory for chemicals, Sun Bright Company for fragrant tissue manufacture) have decided to reduce the rate of profit distribution on workers by only 6.2% monthly instead of 12 months. They have decided to force resignations as a condition to pay the cadre and allowances and workers retrenchment in a pretext that work is not in need for them under the current conditions

claiming they are affected by the financial crisis. This arose a case of non-consent, resentment and workers sit-in.

### **Practical Cases of the Financial Crisis Impact on the Employment in Egypt**

**In the Textile and Spinning Sector:** At Al-Fayoum spinning company, its administration made a decision to allow early pension in order to finally liquidize the company in a move to pave the way for its selling claiming that it achieved financial losses under the financial crisis. The company stopped and suspended production; dismantled machines; transferred and reinstalled them in another branch during its ten-day forcible holiday the company's administration imposed on workers. The company workers, numbered 500 workers, sat-in the company to stop the dissolution procedures. In addition, workers sat-in Misr cotton-exporting company in Mansoura in a protest on its disclosure and its workers' transfer to Al-Mahala spinning company. At Al-Nassagoun Al-Sharkia company for textiles located in the free industrial zone in Al-Asher min Ramadan town, the company's administration reduced the incentive rate by 25% in a pretext to reduce production rate and rising of punishment rate in order to force the workers, numbered 1500 workers, to render their resignation particularly the females who account for 30% of the total workers. The administration transferred some workers to another work which is totally different from their specialization.

**In the Food-industries Sector:** After the administration of the Arab-food industries company "Doneti" had retrenched 70 workers and replaced them by a number of a new workers whose contracts necessitate their commitment to work 8 hours daily and to get over-time payment for each hour they spent after the eight hours with transportation provided to and from work, they company quickly changed these terms and asked the workers to daily spend 12 office hours without any over-time payment under the justification of the financial crisis and its commitment to a number of agreements which it must fulfill. Therefore, workers were forced to abandon the job. In addition, 1200 workers sat-in the automatic slaughterhouse located in the Alexandria desert road after the slaughter house administration abstain to increase the workers' salary claiming that it achieved losses due to the financial crisis and the swan flu. The workers asked for getting the monthly incentive and the distribution of housing units on them that the company had bought for that purpose but did not distribute these units till now.

The workers asked for changing the daily workers system into contracts basis and paying social securities for them. In the poultry company located in Al-Noubaria about 1000 workers stroked due to the worker-retrenchment policy and wage reduction that the company followed to restructure itself under the financial and economic problem. The company had sent off more than 100 workers and reduced the salaries by 25% in order to force workers to render their resignation [21].

**In the Metal-industries Sector:** Bahgat-group of companies located in 6<sup>th</sup> October town began to reduce wages of some old and indispensable workers who get high payment particularly as they transfer their experience to new workers. The group administration had adopted recently retrenchment-principle of a number of its workers working in its different companies; whose wages exceed L.E. 800 and replace them by new workers provided that they get a L.E. 400 total wage. In the 360 military factory, (Helwan company for metal devices) the daily workers were reduced from 150 workers to 10 workers because of the world financial crisis. In Aroma company which is considered as the largest graphic company in the Middle East located in 6<sup>th</sup> October town, its administration suspended the payment of the staff accounted as 600 engineers in a pretext of being affected of the financial crisis. The company ill-treated them so as to force them render their resignation.

**The Impact of the Financial Crisis on the Egyptian Workers Abroad:** Among the most important impacts of the world financial crisis is the retrenchment of the Egyptian workers in the Gulf as it accounted 6 million workers of them more than half are working in Saudi Arabia. It was expected that the Egyptian workers in the Gulf would be reduced by about 30% in 2010 (Emirates, Qatar and Kuwait). Each of the (real estate sector, banking sector and communication sector) are the most sectors giving employment opportunities for the Egyptian workers returning from the Gulf and the most affected sectors of the financial crisis. It was expected that the remittances of Egyptian workers in the Gulf will be reduced from its current level amounted US \$ 8.6 billion in 2007/2008 [22].

In spite of the Egyptian government's assurances that the Egyptian workers abroad are not affected by the financial crisis, the international work conference held in Geneva in June 2009 referred to the desire of the Jordanian government to dismiss tens of thousands of Egyptian workers because of the contracts-anarchy in employing

the Egyptian workers in Jordan. The Jordanian government reconsidered the necessity of employing Egyptian workers as they travel to Jordan for a certain job but work in another and move from an employer to another. In addition, the Egyptian workers are unofficial large in size in Jordan. Therefore, the agreements between Egypt and Jordan should be reconsidered and reviewed. Notably the number of Egyptian workers in the Jordanian market estimated 350 thousand workers according to the official statistics and there are many workers, numbered about 150 thousand workers, have not got work permit. In addition, the national Jordanian workers suffer from unemployment problem accounted for 15% and is expected to increase ahead as there are no new investments due to the world economic crisis [23]. There is a need, therefore, to exert further endeavors to create new investments in order to provide job opportunities. Furthermore, it is necessary to organize the working market and give a priority to the national workers and organize the situations of the incoming workers according to the national laws. Similarly in Libya as a result of the economic crisis impact, the Libyan government devised requirements for granting visa to the Egyptian worker from the Libyan embassy in Egypt in order to enter the Libyan territories. Actually the number of Egyptians coming back from Libya increased daily due to different reasons. Some return to avoid getting infected by the pestilence disease while others return because of the tight requirements by the Libyan government to travel to Libya. The records of Al-Saloum boundary gate refer to the increased number of those who return from Libya by about 30% daily than the normal rate [24].

**Followed and Suggested Policies to Curb the Negative Impacts of the Financial Crisis on Workers and Employment in Some Countries Including Egypt:** In line of the countries trend towards curbing the rising unemployment rates due to the world financial crisis, several developed and developing countries have implemented a number of procedures and policies to urge the entrepreneur sector to continually maintain employment levels [25]. The most important initiatives are namely: reducing the health insurance installations; insurance against accidents; flexibility in determining the office hours; establishing a worker-training fund to train the retained workers; companies that have less than 10 workers do not pay social securities contributions for every new worker in 2009. England has approved a financial support for the employers by maximum 2500 pounds for those provide job opportunities for the

unemployed for more than 6 months. It has increased support for the small enterprises particularly those turn the temporary workers into permanent ones [26,27]. Notably the speed in which the government responds to the crisis affects the effectiveness of the applied policies and procedures. Some studies [28] indicated that the applied policies during the second quarter of 2009 would help curb the negative impacts on the working market and create job opportunities since the mid of 2010. However, the implementation delay till the fourth quarter of 2009 would lead to the negative impacts exacerbation in the working market. In line of this, it is expected that the job opportunities will increase by the end of 2011 [29]. In light of this Brazil expanded its unemployment aids through increasing the minimum wages by 12% and expanded the aids duration from 3- months [30]. China has expedited to provide incentives for the employers through reducing insurance installations on health and insurance for accidents and exerted flexibility in determining the office hours. In addition, it adopted a national training programme for overseas-returning immigrants. It had not temporarily retrenched workers in the state-owned companies till the crisis end. In France, enterprises that have less than 10 workers are exempted from paying social securities contributions for every new worker in 2009. Japan has decided to increase support for the small enterprises particularly those that turn temporary workers into permanent ones. In addition, it provided financial support for the municipals that expanded in providing job opportunities [31]. Mexico has decided to provide unemployment aids to about 15 billion peso in a form of support for the retrenched workers. It provided as well 2 billion peso for companies facing production reduction and expanded in retrenching workers [32]. Spain has expatiated to provide unemployment aids estimated 1500 Euro as a support for each job opportunity a company provides for the unemployed who have families to sponsor [33].

Egypt has decided to adopt a group of economic and social policies and procedures to curb the negative impacts of the financial crisis represented in pumping L.E. 15 billion to encourage the spending demand. In addition, it provided incentives for workers employment. The government exerted its readiness to support workers wages in certain cases to preserve their jobs. The Egyptian central bank has adopted some independent procedures to encourage banks provide loans to the small and medium enterprises [34]. Furthermore, it is necessary to encourage the private sector contribute to a new investment projects particularly in the main service fields

[35]. It is necessary as well to devise a priority map for the investment projects in the governorates particularly the infrastructure projects. Fifty two projects are targeted cost L.E. 145 billion in which the private sector contributes about L.E. 100 billion besides L.E. 45 billion the government has approved in the new investment plan [36]. Below are some further adopted procedures:

- Encouraging the private sector to spend, invest and create more job opportunities through expanding the employment programmes, generating income, activating the private sector' social responsibility, the non-permanent reliance on the government, the necessity of exempting the projects, that make investment expansions to employ minimum rate of workers, from taxes and loans interests.
- Public spending expansion than the previously planned to fight the economic shrink, a matter that is considered as an invent ability under "the economic concept" in order to move forward the productivity engine.
- Granting funds and soft loans for the crisis-hit people and provide technical support to help the affected companies select projects; implement different procedures; encourage and create new funding mechanisms.
- Expanding the insurance systems for the low-income groups and encourage the small and medium enterprises.
- Coordination with the non-governmental organizations to provide non-financial social services and create links with the giant projects.
- Activating the role of workers syndicates in Egypt to maintain the workers rights.
- Signing cooperation protocols and bilateral agreements between Egypt and the Arab and European countries to transfer skills and exchange knowledge between Egypt and the immigrants-received countries and activating the diplomatic activity to coordinate with and plan for workers stability and maintain the rights of the immigrant workers in the host-countries.
- Facilitating the investment procedures for the Egyptian workers returning from overseas.
- Investment in the workers-intensive industries and projects.
- Support and encourage the Egyptian communities abroad and activating the role of general union of Egyptians abroad.



## CONCLUSION

The results paper aimed to identify the most important impacts resulted from the world financial crisis and its reflections on employment in the Egyptian economic sectors during the post-crisis period and right now. The dimensions and effects of the world financial crisis and its reflections on the Egyptian labors was fluctuated impact over times and from a sector to another according to the significance and extent of relationship to the external world. The paper showed the negative effects of the world financial crisis on some economic sectors both productive and service (tourism, banks, air transport, oil and chemical industries). It focused on the most affected sectors of the crisis in light of reviewing practical cases of some sectors (sectors of spinning and textile and metal and food industries). In the end, the paper discussed applied and suggested policies and procedures in some countries including Egypt to curb the negative effects of the world financial crisis on workers and employment in different economic sectors.

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