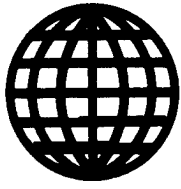


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5 MAY 1992



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# ***JPRS Report***

# **Near East & South Asia**

***EGYPT***

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# Near East & South Asia

## EGYPT

JPRS-NEA-92-056

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5 May 1992

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## INTERNATIONAL AFFAIRS

### Editorial Questions New World Order

92AF0646C Cairo AL-AHRAM AL-DUWALI in Arabic  
12 Mar 92 p 7

[Article by Mursi 'Atallah: "New World Order, or Order Legalizing Piracy?"]

[Text] The most serious aspect of the Libyan crisis, escalating daily because of the stubborn U.S. and British stance, is that it could reinforce the conviction that the dream we call the new world order might become the starting point for greater international legitimacy is simply an illusion. Those heading up the new world order by virtue of the vast political power they gained after the success of Operation Desert Storm want an order that is "tailor-made" to carry out their demands, realize their interests, enable them to reopen the files of the past, and settle accounts left over from the era of polarization.

Anyone who looks closely at the assumptions underlying the combined British-American position on this crisis immediately discovers that since the breakup of the Soviet Union both Washington and London have gained control of the course of events at the UN Security Council—in the name of international legitimacy—and guide it in the direction they want.

The greatest indication of the truth of what we say is Resolution 731, adopted unanimously by the Security Council last 21 January, urging Libya to cooperate fully, directly, and effectively with the United States, Britain, and France in determining those responsible for blowing up two civilian airliners, one an American plane over the Scottish town of Lockerbie in 1988 that killed 270 persons, the other a French plane flying over Niger in 1989 that led to the death of 170 persons.

Such a resolution, cloaked in a plea to halt international terrorism, exceeds the limits of competence vested in the Security Council, whose basic mission is restricted to methods of averting dangers that could threaten world security and peace. The UN Charter contains no provision granting the Security Council the powers to investigate incidents that occurred years earlier. Otherwise, the Security Council would be required to reopen the files of every terrorist event the world has witnessed for the past 20 years, including terrorist operations that were not planned and carried out by individuals or organizations, but by nations holding UN membership such as Israel, which has carried out savage operations and brazenly admitted responsibility for them.

Along with Security Council members and experts in international law, we all know there is a pact entitled the 1974 Montreal Pact concerning the protection of civil aviation, signed by most nations of the world including Libya. This pact specifies that such terrorist operations will be investigated in one of two ways:

(1) Those accused of committing the incident will be turned over for trial to the country over whose territory the attack occurred (Scotland or Niger), or to the country owning the aircraft that was attacked (United States or France); or

(2) The nation to which the persons accused of having carried out the terrorist operation belong must put them on trial.

The Montreal Pact did not specify when one or another of these methods was to be adopted. It left the matter open to what is most suitable and appropriate.

Since there is no criminal extradition treaty between Libya and either America or Britain, it was incumbent upon them that they accept trying the two accused men in Libya and furnish the court with all of the prosecution's evidence, rather than insisting the two be turned over and using force and political influence in the Security Council to circumvent other steps and measures that should have preceded the idea of recourse to the Security Council. Libya, fortunately, realized this.

The 1974 Montreal Pact refers to the possibility of recourse to the International Court of Justice in the event the two previous measures are not successful in determining the actual responsibility for a terrorist crime. But America and Britain wanted to take a shortcut and impose their will without discussion by insisting on the need to turn over the two accused men to them or to investigate taking punitive measures against Libya in the name of international legitimacy under the Security Council umbrella with no regard for the disastrous consequences this might entail. The most important and dangerous consequence of this is that it undermines confidence in the credibility of what is called the new world order.

The United States and Britain could have taken measures gradually in keeping with the international legal system, resorting to the Security Council as a last option after all other avenues and means stipulated in the Montreal Pact had been exhausted. But it seems that a sense of inflated strength and political influence in the wake of the Gulf war and breakup of the Soviet Union has reassured Washington and London that there will be no outbreak of opposition to such transgressions. Libya may be the first step on the road of simmering rancor and score settling with other nations and regimes, most of which are likely to belong to the region in which we live.

Moving from the Libyan crisis to an analysis of some of what is happening in the international arena in the name of the new world order, we find ourselves confronted with screaming contradictions indicating that the West, the United States, Britain, and Germany in particular, are about to transform this new world order into an umbrella to protect and justify behavior that can only be described as transparent and flagrant international piracy.

A few weeks ago it was announced that German authorities had seized shipments of Czechoslovak arms on their way to Syria. Today there are hints and indications that American warships are monitoring two Korean vessels said to be carrying arms to both Syria and Iran.

These are followed by overt and covert threats that the two vessels may be challenged, even though international law entitles every country to arm itself as a means of defending its territory.

The question now is: Does the new world order mean taking us back to the age of weapons monopolies like that broken by Egypt in 1955 in the Czechoslovak deal, or does it mean giving Israel everything and depriving everyone else of anything?

That is the question.

### Import-Export Contracts Signed With CIS Republics

92AF0635C Cairo AL-AHRAM AL-DUWALI in Arabic  
12 Mar 92 p 4

[Article by Muhi-al-Din Fathi: "Three Agreements Worth \$170 Million With New Commonwealth Countries"]

[Text] Al-Nasr Import-Export Company has concluded three mutual trade agreements with the new Commonwealth [of Independent States] [CIS] republics valued at \$170 million, equivalent to 560 Egyptian pounds, during a marketing trip by a company trade delegation to the Russian Federation, Ukraine, Belarus, and Uzbekistan to study the market and establish relations with relevant companies and agencies.

The delegation included Ahmad Zaki Mumiyyah, head of the Mutual Agreements Sector; Ibrahim 'Abbas, head of the Import Sector; Hamdi Zayid, head of the Export Sector; and Samir 'Azmi, corporation counsel for company development and exhibitions.

Company president Kamal Hilali stated that this was the first time for Egypt to consider importing short-staple cotton under mutual trade agreements with the new CIS countries, rather than direct importation in hard currency against the export of Egyptian long-staple cotton [as published]. The most important Egyptian exports under the agreements will be pharmaceuticals, medical and hospital supplies, ambulances, fragrances, computer hardware, perfumes, and cosmetics. The most important Egyptian imports under the agreements will be sunflower oil, various vegetable oils, lumber, craft paper, unprocessed wool and hides, coal, tomato paste, glass, sugar, fertilizer, silk, and chemicals.

Ahmad Zaki added that implementation of these agreements is expected to begin next 1 May, and that agreement during this visit was reached on establishing exhibitions of Egyptian products in CIS countries, where

they enjoy a great reputation. Sale of these products in hard currency will be permitted at the exhibitions.

### Commercial Ties to Emerging EEC Discussed

#### Trade Talks Soon

92AF0676A Cairo AL-AHRAM AL-DUWALI in Arabic  
11 Apr 92 p 4

[Article: "Egypt-EEC Talks on Bolstering Trade and Economic Cooperation"]

[Text] AL-USBU' AL-IQTISADI [feature] has learned that Egypt and the countries of the European Economic Community [EEC] will conduct intense negotiations soon on the means to bolster cooperation and trade between Egypt and countries of the EEC in light of the new climate of the total integration and economic unification of the EEC states at the beginning of next year.

A responsible source at the Ministry of Economy and Foreign Trade stated that the lead items to be discussed and negotiated by Egypt and the EEC are their trade relations and Egypt's serious trade gap with EEC countries that mandates amendments to the comprehensive cooperation pact Egypt signed with the Community in 1977. Figures reveal that trade [between Egypt and the EEC] in 1988 amounted to 5,406 European units of account [EUA], leaving Egypt with a trade deficit of 2,124 EUA in favor of the Community. The deficit was calculated at 1,308 EUA in 1989, climbing in 1990 to 1,849 EUA.

Estimates indicate that oil, at about 65 percent of aggregate exports, accounts for most Egyptian exports to EEC countries. Other exports include aluminum products, textiles, raw cotton, and farm crops. Egyptian imports, on the other hand, consist mainly of machinery and equipment, chemicals, electrical appliances, and food products.

A report currently being studied by Dr. Maurice Makramallah, Minister of State for International Cooperation, points out that the four protocols Egypt concluded with the EEC since 1977 had an aggregate value of 1,463 EUA. The fourth protocol, covering the period from October 1991 to the end of 1996, has a value of some 568 EUA that have not been tapped so far. The third protocol, which covered the period from 1987 to 1992, had a total value of 449 million units and covered contracts with an aggregate value of 321.8 million units but actual drawing amounted to no more than 55.3 million units.

Reports submitted to Prime Minister Dr. 'Atif Sidqi, in his capacity as Minister of International Cooperation, show that the second protocol, covering the period from 1982 to 1987, had a value of 276 million EUA of which contracts accounted for about 275.8 million units and actual drawing amounted to 239.3 units. The first protocol had a total volume [sic] of 170 million units of

which contracts accounted for 169.6 million units and actual drawing amounted to 151.8 EUA.

EEC aid to Egypt during the Gulf crisis amounted to 13.4 million units in the form of emergency food assistance and other aid to returning [expatriates] in addition to a grant of 175 million units used from January through December 1991 to finance the import needs of both private and public sectors in Egypt provided that the local equivalent in Egyptian pounds (70 percent of it) was used to underwrite the Social Fund for Development in Egypt and the remaining 30 percent to assist the private sector. The grant's initial installment of 140 million EUA has already been used. The second installment, amounting to 35 million units, is currently being used.

It is to be noted that in addition to financial and technical protocols, Mediterranean countries, including Egypt, receive other EEC aid in accordance with its new policy towards those countries. It includes grants of 300 million units to support economic reform programs, 230 million units to support horizontal fiscal cooperation (regional cooperation and environmental projects), and 1,800 million units (in partially subsidized loans on commercial terms) to support fiscal cooperation.

Projects submitted by Egypt to be financed by those grants are studied by both Egypt and EEC in light of the controls and conditions formulated by European authorities and that projects under consideration must meet. A number of environmental projects have been proposed for EEC grant funding. The Ministry of International Cooperation is in touch with other competent agencies in an effort to define more projects.

Egypt also annually receives direct European Community food assistance in the form of flour, wheat, butter, and dry milk valued at between \$30 million and \$40 million at world market prices. Egypt is a major recipient of such EEC food aid. It is a condition of the food aid that the proceeds of selling it on domestic markets be deposited in a Ministry of Agriculture account to help finance Egyptian food assurance projects.

### **Industrial Challenge Viewed**

*92AF0676B Cairo AL-AHRAM AL-DUWALI in Arabic  
12 Apr 92 p 6*

[Article by 'Adil Jazzarin, president of the Federation of Egyptian Industries: "European Economic Community, Industry in Developing Countries"]

[Text] The creation of the European Economic Community [EEC—Common Market] and the implementation of an integrated market system as of the beginning of 1993 will no doubt have a marked impact on the economies of developing nations, and especially on their industries. There is a world trend for more economic blocs and developing nations must pay heed to these fundamental changes in the world's economic map and

explore their impact on their [developing nations] economies and industries. This becomes even more important in light of developments in the Soviet Union, which experienced sudden collapse and turned into a collection of republics; and in light of events in East European countries that denounced communism and sought to liberate their economies and implement market systems. Such developments completely alter the world economic climate and introduce several new and unforeseen factors.

This issue was the theme of a three-day seminar sponsored by the UN Industrial Development Organization [UNIDO] at its Vienna headquarters and attended by representatives of developing nations in Africa, Asia, Latin America, and the Arab countries as well as representatives of the EEC, other international organizations, and UNIDO experts. Egypt, which I represented, had the honor of chairing that seminar, which delved into all aspects of the EEC's impact on the industries of developing nations, and especially on the sectors of food, textiles, chemicals, electronics, iron and steel, and leather industries. The seminar made important recommendations some of which were general and touched on all industries and others that dealt specifically with the above-mentioned industries. All such recommendations will be included in a general report currently being prepared.

The creation of the EEC and the removal of customs barriers among member countries will no doubt stimulate competition among the industrial concerns that operate within that market.

That has prompted several European industrial companies to merge in order to increase production volumes and achieve economies of scale; cooperate in product development; and meet the rising costs of research and development. This puts those companies in a better competitive position than developing nation industries that depend primarily on cheap labor and the availability of certain raw materials.

Increased competition within EEC countries may also drive some industrial concerns to locate factories in industrial nations where the factors of production or cheap labor are [readily] available. This is perhaps one advantage the integrated market offers developing nations. This is countered, however, by the tendency of world industry to automate and utilize robotics, and consequently reduce the ratio of labor to product value and lessen the cheap work-force advantage. It is also feared that EEC investments may be attracted to the countries of East Europe that have opened their doors widely to European investments at the expense of investing in developing nations.

Should that be considered one the gains from creating the integrated market, the following would be another worthwhile advantage: Any developing country that had a limited opportunity to export to one of the European countries will now have an opportunity to export to the

other countries of Europe. In other words, the demand for its past exports may increase provided the market's standards and quality requirements are met.

If those are the EEC advantages for the industries of developing nations, there are on the other hand numerous caveats and negative factors whose impact and consequences must be scrutinized by developing nations. The most important of these are:

There will be mounting need for data on industrial development within the EEC and on standards as well as environmental and quality requirements. Those with responsibility for industry in developing nations must be aware of industrial trends within the market and must consider those trends as they plan industry in their countries.

The creation of the market will introduce fundamental changes in industrial modes within the market and create increased concern for industrial services, packaging services, and marketing and distribution services as well as for standards and quality.

Developing nations wishing to export to the European market will find advantageous to affiliate with one of the European distribution networks that will take on primary roles in marketing and distribution.

It behooves us here to point out that an important step to assure entry into the European market would be to associate with a European company and subcontract to supply certain of its material components. This type of export will become increasingly important. We should also underscore that it would be extremely important to comply with delivery dates and the quality specifications contracted.

It is anticipated that research and development will gain increased emphasis from companies within the European market, consequently accelerating the rate of product updates and introductions. Therefore, it would be important for developing nations to establish means of communications and to affiliate with European research institutes in order to be able to participate, to a degree, in the development process which they would be unable to do on their own.

Finally, the real challenge of the emerging EEC and other world economic blocs such as those of South Asian and Latin American countries—the real challenge will be in the trend towards more regional groupings and common markets and towards increased industrial integration by members of those blocs.

The Arab countries are therefore mandated to speed up the creation of the Arab common market, to bolster regional economic councils within that market, and to give particular, and ultimate, priority to Arab industrial integration.

The seminar also highlighted the poor economic prospects of most African nations and of poor Asian countries such as Bangladesh and Afghanistan. It also underscored the perils of the ever-widening economic gap between those countries and the rich nations, leading to imbalances in the world economy. That prompted [the seminar] to urge the EEC to assist those countries and develop their economies.

#### **Cultural Protocol Signed With Britain**

*92AF0644D Cairo AL-AHRAM AL-DUWALI in Arabic  
1 Mar 92 p 10*

[Article by Mas'ud al-Hinnawi: "Signing of Comprehensive Cultural Protocol Between Egypt and Britain"]

[Text] Politics met with art, culture, health, environment, and education in one melting pot during the meetings and celebrations that the British capital witnessed last week between the Egyptian and British side in one of the most important and significant occasions on the road to strengthening and developing official and popular relations between the countries on all levels.

Last week was by all measures Egypt's week in the United Kingdom. Culture Minister Faruq Husni arrived in the British capital heading a large delegation that included high-level Egyptian officials in the Interior, Culture, and Higher Education Ministries. They met with high-ranking British officials in the first meeting of its kind of the Egyptian-British Cultural Committee established on the recommendation of President Husni Mubarak and Queen Elizabeth II to strengthen and cement means of friendship and cooperation between Cairo and London in the wake of Mubarak's official visit to Britain last July.

Given this background, it was not strange, though it was neither usual nor customary, for Mr. Douglas Hurd, the British foreign secretary, to meet with Faruq Husni, Egypt's minister of culture, at one table during the second annual gathering of the Egyptian-British Friendship Society at the Intercontinental Hotel and for the Egyptian minister of culture to stand to address the British foreign secretary amid the hundreds of invited members and friends of the society as follows: "The presence of Secretary Douglas Hurd at this distinguished gathering gives the meeting a meaning and significance of which I am very proud. I wish to express my happiness that our goals agree and that this meeting is taking place on the occasion of the first meeting of the joint cultural committee between Egypt and the United Kingdom. This bodes well for the future of solid relations that carry all the dreams that nations need for the goal of human communication. I hope that activity will be profuse and continued, so as to bestow the features of civilization to illuminate the road of economic and political cooperation between the two countries."

Mr. Faruq Husni said in his speech: "May the Egyptian cultural week in London be blessed with your support and sponsorship. I hope we always meet around art and

culture. It is the sacred bond of human creative achievements in the service of universal culture and human happiness."

The minister did not forget to remind the guests of the warm meeting at which President Husni Mubarak and his wife were guests of honor at the British Museum in appreciation of Egypt's deep-rooted history. The meeting was attended by Their Royal Highnesses the Prince and Princess of Wales and select members of the royal family.

#### **Pioneer Role, Major Position**

Douglas Hurd replied enthusiastically to the Egyptian greeting, with its desire to strengthen relations with his country. He expressed his great pleasure at the policy of President Husni Mubarak, especially in the area of the economic problem in Egypt, in which he had been able to achieve great progress and success despite the difficulties that the international economy is suffering.

The British foreign secretary expressed his fascination with Egypt, its role, and its position in the area. He compared Egypt with his country, stressing the great similarity between the countries on the international and regional levels. Britain, for example, lies in the middle of the European continent, links Europe with the American continent across the Atlantic ocean, and is working vigorously to bring viewpoints closer together through her position within Europe and her international role. This is quite similar to the large role played by Egypt, which lies in the heart of the Arab nation and the entire world. Through her efforts and wise policy, Egypt affects the entire African continent and the Islamic world.

The British foreign secretary praised Egypt's large role in promoting peace in the Middle East and safeguarding legitimacy and stability in the region.

However, these pleasant words, fine sentiments, and compliments that appeared in the speeches of Hurd and Faruq Husni on the first night after the Egyptian delegation's arrival in Britain certainly did not mean that the task of the delegation is trivial or simple or that its talks with the British side will be easy or effortless. On the contrary, on the last day of his four-day visit to Britain, Mr. Faruq Husni described his talks with British officials to me as having been as difficult as could be. They had required, in his words, exhausting effort and heated debate. Yet he also affirmed that the visit had achieved a tremendous success and splendid results, ending with the signing of a comprehensive protocol for cooperation not only in the cultural and artistic fields, but also in the areas of health, environment, and education.

For us to understand this at first glance apparently difficult equation, I must point out that the task of the Egyptian delegation or the Egyptian-British Cultural Committee was to discuss implementation steps for the cultural and educational agreement signed between the two countries in 1965. According to Dr. Husayn 'Abd-al-'Aziz, our cultural counselor in London, the agenda

for talks between the two sides included two main subjects: discussion of what had happened in past years and discussion of future programs in the various areas of culture.

#### **"Barren" Agreement**

As is clear, the task of the committee was to revive a barren 27-year-old agreement, of which only a small part may have been implemented. At the same time, the committee must add new provisions that keep pace with many changes and with the great development that has happened over a long period, provisions that fit the new needs of each side.

The most important demand of the Egyptian side, as suggested by the opening speech of the minister of culture at the beginning of the talks between the two sides, was an increased number of fellowships in existing fields, so as to modernize scientific and technical facilities in Egypt, along with whatever new specialties might be introduced. Britain should help us raise the level of English-language instruction in our schools and universities. A comprehensive integrated plan should be drafted for culture and art branches through which creative achievements from both countries would be presented; this would be a foundation for any scientific or political cooperation. Egyptian cultural and artistic nights should be held in Britain to achieve this cultural and intellectual detente between the two peoples. Britain should contribute to the project of reviving the library of Alexandria. Its contribution should not be restricted to material aid or donations of rare books and manuscripts; it should go beyond that to include offering the broad expertise Britain has acquired through the ages in library science.

Agreement was also reached on cooperation between Egypt and Britain in the areas of health, environment, and handicapped care. Britain promised to support the Mubarak Scientific City.

#### **Egyptian Promises**

What did Egypt promise to offer Britain in return for these needs that Egypt requested?

The minister of culture answered this question that we put to him at the press conference he held at the Egyptian Embassy in London at the end of the talks as follows: "Actually, what Egypt is offering Britain is no less than what Britain is offering us. There are Egyptian grants to a number of Britons to study Arabic-Islamic language and literature. There are facilities we offer in the area of archaeology, museums, archaeological excavations, and editing classical texts. There is also Egyptian folk art, which has a special flavor and an essence that differs from European art because it flows from real authenticity. They in truth lack these authentic arts, the arts of peoples who are the basis of nations and of culture. I think the British will make a very significant discovery of

an inexhaustible river of culture and art in Egypt; and discovery is the ingredient for success in cultural activity."

The minister of culture added at his meeting with Arab journalists in London: "Another fact I have mentioned to you in this field is that there is no country in modern times that does not need other countries. Egypt, with her international and regional location, position, and importance, needs the smallest country in Africa, just as the smallest African country needs all the countries of the world. The heritage and civilization of Egypt can be found throughout the world. There is no museum in the world without Egyptian objects. There is no country in the world where there is no Egyptology, which has become a science like the technological and other sciences."

#### Bureaucratic Differences

Where then does the difficulty and the problem lie in the Egyptian-British talks?

The Egyptian minister answered: "One cause of difficulty involves the difference between the basic modus operandi in Egypt, where there are large government cultural institutions, such as museums, exhibitions, or theaters, and the one in Britain, where the private-sector controls most of these activities. However, despite the difference in bureaucratic system between the two countries, the British side has promised to work to support this cooperation and even to contact the private sector to implement some provisions of the agreement. The fact I wish to emphasize is that the mission of the delegation has been highly successful. Much this success can be attributed to the great effort by the members of the Egyptian Embassy in London, especially the ambassador, Dr. Muhammad Shakir, in preparing and following up this visit and to the exhausting effort of the delegation members."

#### Beginning of the Road

Finally, I asked the minister of culture, "Does this mean that you are satisfied with the future of cultural relations between Egypt and Britain following the signing of the agreement and the difficult talks you mentioned? Isn't it well-known that the level of cultural and economic relations has not risen to the level of political relations between the two countries?"

Faruq Husni replied: "The truth is that it has become clear to the top political leadership in Egypt that there is really a great lack in cultural and artistic relations, as you say. The president and the queen therefore called for the formation of this committee last July to draft a foundational concept for cultural relations and activities, whereby political relations could also be strengthened. As you know, we are in the beginning stage. This beginning should provide us an opportunity for the experimentation and reflection that will enable us to learn whether we are traveling the correct path and right direction or whether the course requires some change

and modification. All I can say now—and I am completely confident—is that we have begun the work and have set our feet on the road. There is no doubt that it is a good beginning. Its results and achievements will be evaluated in the coming period, when the committee's second meeting takes place in March of next year in Cairo.

#### Air Transport Agreement To Be Signed With Russia

92AF0635B London AL-SHARQ AL-AWSAT in Arabic  
20 Mar 92 p 10

[Text] Cairo—Egypt and Russia have put the final touches on an air transport agreement between the two countries to be signed next August.

Sources at Egypt's Civil Aviation Agency stated that agreement had been reached to continue to operate Soviet Aeroflot flights four times weekly between Cairo and Russia until the company can be divided up among the Soviet republics and a new Russian aviation company is formed.

It was agreed that there would be more than one carrier between the two parties and that 30 additional flights between Cairo and Russia would be made by the Cairo Air Transport Corporation. Flights will continue until next August.

### REGIONAL AFFAIRS

#### Delegates Comment on Peace Process

92AF0635D London AL-SHARQ AL-AWSAT in Arabic  
14 Mar 92 p 6

[Unsigned article from Cairo: "Egyptian Delegation Members at Peace Talks to AL-SHARQ AL-AWSAT: 'Negotiations Not at Dead End, Arab Side Besieging Israel With Peace Offers'"]

[Text] Members of the Egyptian delegation participating in the peace conference have stressed that negotiations between the Arabs and Israel have not failed or reached a dead end, even though no notable progress has been achieved during the four rounds held since the opening session in Madrid last October.

The Egyptian delegates see real accomplishments for the Arab side and its cause, despite Israeli intransigence, rejection, and attempts to evade or leave the negotiating table.

Delegation members said that the image of the Arabs and their cause has totally changed. The misperceptions of world public opinion in general, and American public opinion in particular, have been dispelled. They stress that the negotiations have exposed and embarrassed Israel before the world by showing it to be the only country rejecting peace and trying to wreck every opportunity to achieve it.

The Egyptian delegation praised the Palestinian delegation and Arab participants for presenting such a civilized appearance to the world and called on the Arabs to persist in their determination to impose peace and besiege Israel so that it cannot escape.

They demanded that the two conference sponsors—the United States and the Russian Federation—intervene to impose their will to preserve the success of the negotiations and not allow Israel to squander this opportunity, stressing that it is now time to do so, because inasmuch as they, the United States in particular, were primarily responsible for convening the conference, they are responsible for making it a success.

Dr. Salah 'Amir, Egyptian delegation member and professor of international law, begins by emphasizing that "Despite the obvious discouragement and frustration of the four rounds of negotiations, [the Arabs] must stick with them and insist that they continue, particularly since they have exposed Israel before world public opinion. It has thereby resulted in numerous gains for the Arab side, especially for the Palestinians, by winning them the respect of public opinion, particularly in America, where the Arab image had been distorted by Zionist propaganda. These segments of public opinion are now thoroughly aware of the dimensions of the issue.

"No one who has watched or followed the negotiations since the opening of the conference would, or should, think that it will ever be easy to reach an agreement. A tremendous effort will be required. The intransigence and rejection now occurring on the Israeli side was fully expected."

Dr. 'Amir went on to say that "In view of this situation, it is incumbent on the international powers, the two conference sponsors in particular, to intervene, because it is now time for an assessment, in light of the four rounds of talks. As sponsor and convener of the conference and the peace process, the United States must intervene itself and play a more active and positive role in the bilateral talks. It should announce an initiative to convince all the parties of this and to facilitate the negotiation process, so that they can reach agreement and break Israel's intransigence and rejection, particularly since it turns out the Israeli election process is simply a game being used early on to bid for voters' ballots and to demonstrate the struggle between hawks and doves to attract segments of Israeli public opinion.

"One Israeli leader admits that they find themselves caged in by peace, so the Arabs must press on and keep the Israelis there until they accede to Arab demands, thereby making the best use of international public opinion in support of their cause. It is now time for decisive intervention by the powers sponsoring the conference."

#### **We Are Not at "Zero"**

In this connection, Dr. Yunan Labib Rizq, Egyptian delegation member and professor of international law,

refused to say that the negotiations had reached "zero." He feels that this is more a "literary" expression than a "political" one. "Despite failure of the negotiating parties to come to any agreement," Rizq says, "this does not mean the negotiations have reached a dead end, inasmuch as the simple fact that the parties are sitting together and negotiating has to be considered a tangible achievement. Moreover, the presence of international powers sponsoring the conference, headed by the United States, will play a decisive role later, should the negotiations falter, because the conference itself is being held at their invitation and under their sponsorship, and therefore they will not allow it to fail.

"When the teams are seated at a single table, each presenting its point of view in complete freedom, it is natural for each to start at the highest point possible. This is the nature of negotiations, because each party is trying to achieve the maximum amount of gains through the negotiating process. So we expected the talks to involve hardline positions and stumbling blocks, particularly from the Israelis who have Arab territory under their control. In addition to that, the Israelis realize that they have lost American support in the form of a blank check for everything. This is no longer on their side or in their negotiating hand, which makes them even more intransigent, rejectionist, and hardline."

Continuing, Dr. Rizq says that "It would appear right now that the result of the last four phases is zero, but this is only a temporary result. In a short time it will change, and the meetings will continue. As a result of pressure to be brought to bear, not just on Israel, but on all parties, including the Arabs, the indicator will begin to rise as the result and the phase of negotiations changes toward the positive, even if only slightly and gradually.

"These overt and covert pressures have already been exerted. The American attitude towards Israeli refusal amounts to pressure on it, as does the American position on settlements. Meanwhile, campaigns to pressure and intimidate Libya, or to prevent ships from carrying weapons to Syria, constitute pressure on the Arab parties.

"Thus, what has happened has been in the context of a scenario that every neutral or objective party will confirm is a natural event. Eventually, the course of the negotiations will certainly change.

"The next phase is certain to witness intervention on the part of the two countries sponsoring the conference and the exercise of pressure on all sides, Israelis and Arabs alike. As I have said, that has happened and is happening now, so we are confronted with a changing position. This is not to be optimistic about the coming stage, but rather, it is in the nature of international conditions moving within an overall framework that informs the nature of causes and issues, all of which are inextricably intertwined."

Dr. Mufid Shihab, professor of international law and chairman of the Arab Affairs Committee of Egypt's

Consultative Council [majlis al-shura], feels that "The negotiations have not yet made any tangible progress because of Israel's attempts to impede them and its rejection of any resolution in the context of the legal principles upon which the conference was based. In doing so, Israel's goal is to reinforce the status quo, increase the number of Jewish settlers in the occupied Arab territories, and change the demographic composition there. This is contrary to, and conflicts with, the Geneva Conventions spelling out the obligations of an occupying power.

"Israel's rejectionist attitude should not drive the Arab side to despair, but should spur them on to greater determination, action, pressure, and continuation of the negotiations. Despite [Israel's] four-month-long position of intransigence and refusal, the Arab side has managed to realize some tangible achievements. On the positive side, it is the first time for the Arabs to speak clearly to world public opinion, above all to the Americans. This is especially the case with the Palestinian delegation, since the world now realizes the full dimensions of its cause, which Zionist propaganda distorted and tainted so badly in world and American public opinion. This has now changed, and in addition, this is the first time for the parties to sit, negotiate, and talk directly, with each presenting his opinion and viewpoint. Palestinians are presenting specific suggestions concerning autonomy. Arab demands are being set forth in a manner that is much clearer than in years past, countering Israeli claims of conflicting Arab positions, contradictions, and divisions in their thoughts.

"Added to this, the image of the Arabs, led by that of the Palestinians, is now a civilized one in the minds of the world and American public, unlike previous years and contrary to the impact that Zionist propaganda once had on them, as I said earlier.

"As we know negotiations will not bring about an agreement between the parties overnight. There is a long way to go, and the will of the challenge must be imposed, but this is available to the Arabs under the current international system. This makes it essential that the Arabs coordinate their efforts, develop a unified position, not fill themselves with Israeli intransigence, and realize that continuing to negotiate is the best means of achieving their demands and restoring their rights.

"As for the international parties and the two conference sponsors, it is now time for them to intervene to break up Israeli intransigence, impose the will of the international community, and enact United Nations resolutions, particularly inasmuch as this community is trying to live in peace, resolve all disputes, achieve cooperation between its members, and respect human rights."

#### Secret Negotiations, Difficult To Predict

Dr. 'Ali-al-Din Hilal, a professor and director of the Political Research Center at Cairo University, and member of Egypt's peace conference delegation, begins

by stressing that very few can predict the outcome of the negotiations or assess what happened in the conference rooms.

According to Hilal, "Very few people can claim the ability to assess these negotiations, because they were secret. Only the participants themselves know what took place at the tables.

"Moreover, press releases and media positions by one party or the other are all part of the negotiating process itself. When we read the statements of some of the Arab participants, we discern some discrepancies. While the Syrian delegation was announcing that the negotiations had achieved nothing because of Israeli intransigence, according to an Arab newspaper we see that the Jordanian delegation called for more specifics on the negotiations, which means that it has found something to talk about.

"In addition to that, information published about the Palestinian-Israeli talks indicates that substantive issues have been addressed. Newspapers published the autonomy proposal brought by the Palestinians to the negotiating table. Regardless of the Israeli response, the very fact that it was presented means that the two parties are dealing with the crux of the matter.

"Regarding the Syrian delegation, it was their published statements that said that no progress had been made, but there is nothing in the public sources to indicate the nature of the issues they discussed with the Israelis."

Hilal adds that "It should be clear, as we have said, that we are dealing with secret negotiations. Any judgment as to their success or failure is based on statements to the media being given by the various delegations for political purposes.

"We, as well as the other Arab delegations, realized from the outset that these were going to be extremely difficult and complex negotiations. They are not going to be a picnic or outing for the participants. They will take a long time and face many problems, so what is happening now is no surprise to informed observers who have had experience with the negotiation process, especially with a struggle that has gone on for more than half a century."

#### No One Withdrew

According to Hilal, an important point to be made is that "Despite intimations that the negotiation process is frozen, we must note that no party has announced it is withdrawing, or that it has completed its mission and reached a dead end. As long as neither of these things has happened, and no party has declared it is discontinuing the negotiations, it means that all parties are determined to press on, in the hope that positions will change or that some progress will be realized in forthcoming rounds."

### Al-Azhar Shaykh Calls For Islamic Common Market

92AF0646A London AL-HAWADITH in Arabic  
20 Mar 92 p 30

[Interview with Jad-al-Haqq 'Ali Jad-al-Haqq, shaykh of al-Azhar Mosque, place and date not given: "Al-Azhar Shaykh to AL-HAWADITH: 'Islamic Common Market Is Modern Necessity'"]

[Text] Jad-al-Haqq 'Ali Jad-al-Haqq, shaykh of al-Azhar mosque told AL-HAWADITH that "Establishment of an Islamic Common Market is a modern necessity now that we import all our needs from abroad, even things that do not suit us, in order to satisfy the desire for anything new, regardless of whether or not it is beneficial."

Islam preceded all existing systems when it established the principle of economic cooperation and integration among Muslim countries. This principle was embodied in the summer and winter caravan of the Arabs during the pre-Islamic period. The arrival of Islam brought economic teachings, values, and principles to regulate this commercial phenomenon, so firmly entrenched among the Arab peoples of the Arabian peninsula and the Levant.

The Koran says: "For the covenants (of security and safeguard enjoyed) by the Quraysh; their covenants (covering) caravans of winter and summer. Let them worship the Lord of this house, who feeds them against hunger and secures them against fear" [Koran 106:1-4]

This is a gift God has bestowed upon the Arabs and Muslims. God only gives of his goodness; in this case, the goodness of the market. Through its beliefs and shari'ah [Islamic law], Islam brings the community of believers together for the common good. We all pray to the same point, and we have a single [holy] book and a single prophet. Is this not a common principle inviting us to work continuously for unity of experience, as well as the unity of commerce, and whatever benefits the community? Islam calls for a common market, to use the term of our age, in order to mobilize, invest, and develop capital so there will be work, workers, profits, alms, and spending on behalf of God and His messenger.

Islam encouraged investment of orphans' money so that almsgiving [sadaqah wa zakat] not take it all away.

The matter is not far removed from the principles of shari'ah, especially that of mutual interests, which the ulema have agreed upon under various terms. In essence, these terms boil down to the need to work for the common good, because matters on which there is no [specific religious] text are governed by what serves the common good.

### INTERNAL AFFAIRS

#### Muslim Brotherhood To Choose New Leader

NC2704174392 Cairo ROSE AL-YUSUF in Arabic  
20 Apr 92 p 13

[Text] The constituent board (General Assembly) of the Muslim Brotherhood is expected to meet in the coming weeks to choose a new general guide for the Brotherhood, since the health of Hamid Abu-al-Nasr, the current general guide, has deteriorated. Sayf al-Islam al-Banna, Ma'mun al-Hudaybi, and the former first comptroller Mustafa Mashhur are out of the running. The race is now limited to a group of first-generation brothers: Dr. Ahmad al-Malat; Dr. Tawfiq al-Shadi, former law professor at Cairo University; Saih Abu-Raqi, former adviser to the Arab League; Farid 'Abd-al-Khaliq; Haj Sa'id Lashin, the Brotherhood's official in charge in al-Sharqiyah Governorate; and Haj Husni 'Abd-al-Baqi, the Brotherhood's official in charge in al-Jizah. The choice is essentially between Dr. Ahmad al-Malat and Dr. Tawfiq al-Shadi. The Brotherhood's constituent assembly meeting is intended to avoid any unexpected developments.

#### More Facts, Opinions Emerging From al-Fayyum

##### Terrorist Fund Discovered

92AF0640A Cairo AL-SIYASSI in Arabic  
15 Mar 92 p 1

[Article by Ahmad al-Shaykh: "Al-Fayyum Security Director Reveals It Is Center for Extremist Organizations"]

[Text] Gen. Samir al-[Bishlawi], al-Fayyum's new Director of Security, revealed the secret why the Governorate of al-Fayyum is a center for extremist organizations. He said: "This is attributable to the high unemployment rate in most villages of the governorate, whose population depends on fishing and farming. The declining fish population of Lake Qarun and rising salinity of most farms in al-Fayyum have tempted young people to take the road to extremism, where extremists provide them with funds and assistance. The growth of extremism has been further aided by the governorate's population density, its large expanse, and its many mountainous hills.

Al-Fayyum's Director of Security asserted that elements of the New al-Jihad Organization are now being pursued. Al-Jihad is a splinter of al-Shawqiyin group, which has been involved in recent violence that resulted in the killing of State Security Police officer Ahmad Ala' al-Barrawi.

In another development, AL-SIYASSI learned that a religious legal ruling [fatwah] authorizing the murder of

officer al-Barrawi was handed down by Dr. 'Amr 'Abd-al-Rahman, the mufti of al-Jihad organization. Indeed, a number of threatening letters were received by the martyr and his family.

The organization's mufti had reiterated the fatwah and set aside \$200,000 dollars to have the contract carried out.

A responsible source told AL-SIYASSI that efforts are currently underway to apprehend the other suspect in officer al-Barrawi's murder.

### Seen by Religious Scholars

92AF0640B Cairo AL-AHRAR in Arabic 16 Mar 92 p 5

[Article by 'Isam Kamil: "Is It Permissible To Take Revenge on Police Officers? Dr. 'Abd-al-Sabur Shahin: Policeman Removed From Battle Between Government Opposition; Al-Tiftazani: Read Qur'an, Shari'ah Rulings; Dr. Hasan Shihatah: Murderer Is Destined to Hell"]

[Text] The assassination of Maj. Ahmad 'Ala' al-Barrawi, an al-Fayyum State Security police officer, at the hands of the al-Shawqiyyin organization, which is a splinter of al-Jihad Organization, raises an important question. Is it permissible to take revenge on police officers?

AL-AHRAR posed the question to a number of clergymen. Their responses follow:

#### Grave Issue

Dr. 'Abd-al-Sabur Shahin responds to the question by saying: "First, this is a grave issue that should not happen in our society. In fact, my [only] explanation [for it] is that they wish to take revenge on police officers as instruments of the state because they cannot get to the symbols [leaders] of the state. They commit these follies as an expression of their hatred for the ruling regime and their rejection of the prevailing circumstances. Policemen are not supposed to be a party to the battle between the government and its opposition; rather, they are an instrument of law enforcement and should have the respect of all parties, as is the case in all advanced countries."

#### This Is Falsehood

Dr. Abu-al-Wafa' al-Tiftazani, chairman of the Supreme Council of Sufi Sects, believes that Islam is clear on this point and that this is not permissible. "It is not in the domain of the ordinary person to carry out an order to execute another person. This is for the ruler to do. It was said in the hadith [the Prophet's traditions and sayings] explanation: 'Any one of you who witnesses an abomination must correct it himself; if he can't, then let him speak against it; and if he still can't, then let him do so in his heart, but this would be the weakest faith.' What crime did the police officer commit to warrant his murder? Was it the performance of his duty? If so, then

there was no basis for condemning him and having the sentence carried out by ordinary individuals. Islam is a religion that abhors violence. The messenger of God said: 'Everything can only improve with gentleness and be tarnished with violence.' The esteemed messenger also said that 'He who withholds kindness withholds all goodness'."

Dr. al-Tiftazani adds that "Those young people who are zealots for Islam must read Islamic jurisprudence [fiqh]. Islamic law [shari'ah] has its own special fiqh. No one can be declared a heretic except with forethought, and there would be no forethought if the person concedes the two acknowledgements [shahadahatayn] and obeys the rulings. There is no basis for heresy, and a person cannot be declared a heretic unless he denounces a point of religion. Nothing of the sort was proven in their case, so how can they be sentenced to death? Islam is something that must be part of one's heart and being. It abhors such crimes."

#### Just a Murderer

Islamic missionary [da'i] Shaykh Hasan Shihatah asks: "Revenge against whom? Revenge can only be taken against a murderer. We are still floundering and will never be able to take a step forward as long as we stray away from God's laws and His path. If you seek comfort and happiness, let the government save itself from all these obstacles and problems that it faces by returning to God's laws and to his holy book. Tell me, and God be with you: Were Islam to rule, with its great God-chosen laws, would we need this huge number of policemen and suffer all those expenses, troubles, and problems? It is a wonder that all of this is to no avail [sic]. I say that if shari'ah ruled, and the hand of one thief was cut off in Maydan al-Tahrir [al-Tahrir Square], for instance, would anybody else steal? Or if murderers were executed by the ruler? The same [is true] in the case of adulterers, slanderers, and alcohol drinkers. This situation will continue as long as we distance ourselves from God's rules and His path.

"I strongly denounce actions by individual [members] of so-called extremist or Islamic groups, who create disturbances to which the police will respond in kind. That is abhorred by God and disapproved by the messenger, who said: 'God would find it easier to accept the end of the world rather than the unjust murder of a single Muslim. Should the inhabitants of both heavens and earth join in the unjust shedding of a Muslim's blood, God would throw them in hell.'"

#### Criminal Act

Dr. 'Abd-al-Majid Matlub, chairman of the Shari'ah Department at 'Ayn Shams University, says that "The murder of police officers and those in charge of security would be an act of unfairness and hostility. Islam does not allow such criminal acts under any circumstances, even if the police officer had killed one of their relatives or one of their number. Islam does not condone revenge,

but punishing the murderer after a fair trial. The sentence is to be carried out only by the ruler, because anarchy would result if punishment were left to individuals.

"Policemen, on the other hand, secure law and order and endeavor to prevent crimes of all kinds. Killing them would be lawlessness and disregard for the motherland. Such murderers are considered depraved and subject to God's edict: "The punishment of those who wage war against God and His Apostle and strive with might and main for mischief through the land is: execution or crucifixion, or the cutting off of hands and feet from opposite sides, or exile from the land. That is their disgrace in this world and a heavy punishment is theirs in the Hereafter." [Koran 5:33]

Regrettably, the perpetrators of such crimes commit them in the name of Islam and in the name of the faith. I believe that they are removed from Islam and its causes and battles. What sin did those officers commit that would warrant their murder? Is it because they go after outlaws? Is murder their reward for keeping law and order?

Islam prohibits terrorism and combats terrorists. The criminal phenomenon has been eliminated in Islam, since it knows no violence. Those who have a cause should try to debate it with reason and proofs.

### Editorial Challenges 'Ivri Statement

92AF0709A Cairo AL-AHRAM AL-DUWALI in Arabic  
17 Apr 92 pp 1, 3

[Ibrahim Nafi' Editorial: "Beating Drums of War; What Does Israel Want From Egypt?"]

[Text] Two days ago, Israel's radio carried a strange statement by David 'Ivri, general director of the Israeli Defense Ministry, who has said in an astonishingly provocative manner: "The peace treaty between Egypt and Israel isn't satisfactory. It is closer to a truce than to peace between the two countries. The danger of renewed war between Egypt and Israel continues to exist, and if Israel wishes to avoid this danger, then it has to maintain its military strength." The way the Israeli official sees it, real peace will be accomplished when interest in Israel's continued survival develops among the concerned parties.

This is the gist of the David 'Ivri statement. Before we discuss it, we must say that it is not completely surprising, despite its extremely provocative tone. It seems that in Israel, attacking Egypt has become a line expressed from time to time by some prominent Israeli officials, including, for example, the statement by Israeli chief of staff Ehud Barak, who said on 15 August 1991: "Israel must be prepared at any time for the possibility of the outbreak of a new war in the region. This time, the Israeli Army must be prepared to wage a decisive war

against the Arabs on all fronts. Implicitly, this entails the possibility of renewed military confrontation with Egypt."

Immediately after this statement, on 29 August 1991, Israeli Housing Minister Ariel Sharon criticized Egypt sharply, accusing it of taking part in the Middle East arms race targetted against Israel, as he put it. In the same period, Israeli Defense Minister Moshe Arens took part in the campaign against Egypt, criticizing it for distancing itself from the peace process, for returning to the Arab League, and for the election of former Egyptian Foreign Minister 'Ismat 'Abd-al-Majid to the post of Arab League secretary general. Moreover, he criticized Egypt's position on participation in the peace process at the time.

These hostile, militaristic Israeli official statements against Egypt also include the statements made by General Moshe Bar-Kokhba [Bril], the Israeli Army former assistant chief of staff, who, on 4 June 1990, called for accelerating elimination of the Palestinian intifadah [uprising] so that the Israeli Army could have the opportunity to devote itself to military training and exercises in preparation for the region's "next war," which he believes is inevitable and which he expects certain Arab countries to launch against Israel. The general didn't exclude the possibility that Egypt would take part in the war to help the other Arab countries. This is why he called for amassing Israeli forces on the southern border with Egypt and for reoccupying the Sinai, in case battles are renewed on the southern front. At the time, General Kokhba expressed the belief that the Israeli forces will stand on the banks of the Suez.

These statements stirred a great uproar when they were made. Egypt denounced them in an official statement, thus compelling the Israeli Army to refute the statements and to deny that they were made in the first place.

Thus, the 'Ivri statement doesn't come from a void and is not, it seems, just an Israeli official's slip of the tongue, which could be excused as a personal opinion that is not binding to the Israeli Government. What is new in the statement is just its great escalation of this Israeli line.

Here, we must pause to ask Israeli Prime Minister Yitzhak Shamir, who complains a lot about the Egyptian press attacks on the intransigent Israeli policies, about the war of annihilation that Israel has launched against Palestinians on the West Bank and Gaza strip, and on the torture of Palestinians jailed in Israeli prisons, even though he knows that our country's press is free and reflects the opinions and positions of its writers—we want to ask Shamir: What about the 'Ivri statement and who does 'Ivri represent? Does he represent only himself, or does he represent the Israeli Defense Ministry and, consequently, Israeli Government policy?

How could a public official of a ministry as sensitive as the Defense Ministry reflect a line that surpasses the official Israeli Government line? If someone defends the statement by saying that 'Ivri doesn't represent the

government viewpoint, then who does he represent in the first place? What is the meaning of the war drumbeats that are reflected by these provocative statements, when Egypt is devoting its efforts to attaining peace in the region?

Egypt embraces a peace founded on justice, and it urges all parties to acknowledge people's legitimate rights and to achieve the principles of a just peace. Meanwhile, Israel is turning into an arsenal armed to the teeth, with weapons flowing to it from the United States and from the former Soviet republics. The international parties that watch the transfer of arms from these republics to the Middle East and deny the Arab countries such arms are the same parties that turn a blind eye to the secret river of weapons flowing to Israel from the former Soviet republics, and to the settlement activity that is proceeding vigorously, even though it is illegal and is denounced by the world community!

The United Nations, which has applied its harsh sanctions against two Arab countries within the space of a year, applies a different standard to Israel, which disregards UN resolutions, the world community's will, and the international authority's resolutions. There is no talk of article 7 of the UN charter, which imposes sanctions against those who violate international legitimacy, where Israel is concerned, despite Israel's mass annihilation of Palestinians and Israel's ceaseless settlement schemes!

Moreover, here are the war drums beating anew in the statements of some Israeli officials. What does Israel want from all this? What is Yitzhaq Shamir's position on these provocative cries and what does his silence on them signify?

Unless it is true that these statements are nothing but an addition to the rhetoric of the intensifying Israeli line, which sees that peace with Egypt has not become a true peace! Various phrases are used to reflect this line, such as "untrue peace, cold peace, lukewarm peace," and at times, "false peace."

This line is not confined to one Israeli tendency to the exclusion of others. It is common to the various tendencies which, however, differ in interpreting this situation. In contrast with the Israeli peace forces that hold the rightist tendency ruling Israel responsible for the faltering relations with Egypt and for the tension in the region, the rightist tendency tries to hold Egypt responsible for the peace, be it true or cold!

It has become common to criticize Egypt in the Israeli rhetoric. The circles of this [rightist] tendency have been increasingly critical of the model of relations with Egypt, viewing it unfit as a basis for the peaceful relations that could emanate from the negotiations that have been going on since the Madrid Conference. In this context, it has been repeatedly said that peace is not just a signed treaty or an established company, and that peace cannot be achieved just by Israeli tourists promenading along the Nile or climbing the pyramids.

It is noted that since the early 1980s, this theme has been reiterated on numerous occasions, especially on the annual anniversary of the peace treaty. For example, Defense Minister Moshe Arens said before the Knesset in March 1989: "The current reality is not compatible with the expectations we aspired to achieve from this treaty, considering all the great concessions we have made!"

That Knesset session approved a proposal by Yuval Ne'eman—leader of the rightist Tehiya movement, which broke away from the Likud because of its rejection of the peace treaty with Egypt—to review the results of this treaty after 10 years. The proposal was referred to the Foreign Affairs and Security Committee, which examined the issue and concluded that the outcome of the treaty is much less than what Israel aspires for. While emphasizing that the great price paid by Israel to achieve this treaty is unmatched in conflicts between peoples throughout history, and that it is a proof of Israel's true desire for peace, the committee report concluded that the treaty with Egypt "requires us to learn lessons in preparation for any future negotiations to expand the circle of peace."

There are two possibilities here:

The first, which is the less likely, is that the statement has been made on 'Ivri's personal initiative and reflects his private view. This is likely in the Israeli political system. But this likelihood is not preponderant, especially in the case of the 'Ivri statement.

The second, and more likely, possibility is that 'Ivri reflects a political line agreed upon in the Israeli Government at present and that he seeks to put pressure on Egypt and to give the world the impression that Egypt is responsible for the faltering peace. It is more likely that this line reflects annoyance with Egypt's foreign policy, because of its clear position on international legitimacy in the current negotiations and because of its support for the Arab, especially Palestinian, negotiators. Perhaps it is no coincidence that the statement is being made at a time when the Egyptians and Palestinians are holding their symposium on negotiation expertise.

Another reason could be the Egyptian position, which defends Arab rights generally, as demonstrated in dealing with the Libyan-Western crisis. Moreover, one cannot exclude the possibility that this statement, like the other statements before it, is tied to the Israeli military establishment's interests. This establishment has an interest in continued tension in the region, especially in light of the questions raised about the future of this establishment under the umbrella of international and regional developments, and particularly if we keep in mind that David 'Ivri himself was commander of the Israeli Air Force when the Iraqi Osirak nuclear reactor was destroyed in 1981. This operation is one of 'Ivri's most important accomplishments, and one of which he is proud.

Whatever the reasons, it is certain that this rash tone does not serve peace in the region and is not compatible with the exhaustive efforts Egypt that makes to establish just peace and to solve the fundamental issue, without which no peace can be achieved in the region, namely the Palestinian issue.

On the other hand, this tone will not intimidate Egypt, will not alter its commitment to its principles and its determination to restore the Arab rights as a basis for establishing just peace in the Middle East, and will not impede Egypt's efforts in this regard.

We only ask: What does Israel want and who does this 'Ivri represent? What is Shamir's opinion of these statements and of this prevalent tone in the Israeli rhetoric? Why does Shamir maintain the silence of the wise on this issue, keeping in mind that he lets no Egyptian statement or press article pass without expressing his complaint against it and his wrath at it?

Where are these war cries leading Israel? What path is Israel following with its arms arsenal, which is being inflated day by day, with the river of weapons and aid flowing into it, and with the settlement schemes that are in a race against time?

How long will the legitimate international authority remain schizophrenic about what is going on in Israel, reserving its punishment and sanctions for the Arabs while turning a blind eye to all that Israel does, even if it is against international legitimacy, against peace, and against all UN principles and charters?

### **Opposition Papers on al-Fayyum, Salsabil**

#### **Security Alone Insufficient**

92AF0598A Cairo AL-AHALI in Arabic 18 Mar 92 p 3

[Article by Sami Fahmi]

[Text] Security measures against religious group members in al-Fayyum have been intensified. Search and pursuit operations continued throughout last week under the command of Maj. Gen. 'Abd-al-Wahhab al-Hilali, the new public security director in al-Fayyum. Early yesterday morning, the area in which the assassination of Lt. Col. Ahmad 'Ala'-al-Din took place was the scene of an incident in which an officer opened fire on a suspect who was able to get away. A plan for the protection of officers has been reviewed, under which guards will be posted at their homes and security measures will be taken in public installations and key buildings in al-Fayyum. Food security authorities have stepped up issuing food violation citations, and traffic safety campaigns have been stepped up. The tense atmosphere in the town of al-Fayyum has led to restricting the province's national day celebration to a symbolic military parade, and a seminar by Awqaf Minister Dr. Muhammad Mahjub, which the director of security did not attend. On the other hand, al-Fayyum governor 'Abd-al-Rahim Shahhatah has called for an urgent

National Unity Committee meeting in an attempt to contain the explosive situation. The meeting was at the request of the Dialogue Committee that the al-Fayyum governor had set up. It consists of Hasan Shibriyah, Lawyers' Federation leader; Dr. Lutfi Sulayman, Physicians' Federation leader and secretary general of the National Progressive Unionist Grouping [NPUG] Party in al-Fayyum; and Muhammad 'Abd-al-Baqi, an Islamic missionary. The Dialogue Committee members, who are tasked to conduct a comprehensive dialogue with members of the religious groups, have proposed to the senior security officials participating in the National Unity Committee a number of measures that need to be taken in order to facilitate the committee's work, whom the governor gave broad authorities that go beyond merely conducting dialogue, to proposing practical solutions for the problem of the youth involved in extremist activities. The proposals include providing jobs, or offering loans for the establishment of projects, or giving them preference in owning reclaimed lands.

The committee members have defined the measures that need to be taken to ensure the effectiveness of the committee's work, most important of which is to put a stop to provocative security measures, such as taking hostages by arresting the suspects' families in order to force them to surrender, smashing furniture during searches for suspects, stopping collective punishment, and refraining from mass arrest of suspects. The measures should also include speedy processing of those arrested and releasing those against whom there is no criminal evidence. The NPUG party secretariat in al-Fayyum took part in defining the intellectual framework of dialogue with the Islamist groups, who are clashing with the authorities. The committee has already contacted some elements in the villages of the districts of Ibhaway, Sinnuris, and Atsa. This has led to encouraging results, with the group of 'Umar 'Abd-al-Salam expressing readiness to support the committee's work, particularly in tense areas such as the villages of Kahk and Shakshuk.

#### **Security Alone Not Enough**

A feeling of anxiety has spread among the citizens, who fear that clashes with the security forces might escalate, and that the executive authorities' efforts to deal with the crisis might fail, which would mean that the struggle will continue and disturbances in al-Fayyum will flare.

At the meeting of the council of the Lawyers' Federation, the council members failed to reach an agreement to denounce the recent act of assassination. Some of the council members expressed reservations regarding the security measures being taken to deal with the religious groups. Even if these groups were extremists, terrorism by individuals or groups should not be countered by terrorism by the state.

A leader of one of the professional unions in al-Fayyum denounced the religious groups and their resorting to terror and to imposing their views on others. But, he

added, the security authorities can isolate these groups from the masses by avoiding barbarism in dealing with them.

Al-Fayyum Governor 'Abd-al-Rahim Shahhatah declared that the governorate is ready to initiate dialogue and to hold contacts with members of the religious groups. "Let them set a date and place, and we will be ready for a dialogue." Speaking at a seminar held at the Young Muslims Association, he stressed that no mercy will be shown towards those who threaten the homeland's security and no incidents will halt the march of progress. He affirmed that he does not discriminate between the citizens because of their religious affiliation or creed, on the condition that violence is shunned.

Minister of Awqaf Muhammad 'Ali Mahjub appealed to the religious groups to shun violence and extremism, since killing does not lead to positive results. The minister decided to allocate 5,000 Egyptian pounds to support the Young Muslims Association in al-Fayyum.

### Islamists Unjustly Targeted

92AF0958B Cairo AL-SHA'B In Arabic 17 Mar 92 p 2

[Article by Ahmad 'Izz-al-Din]

[Text] What exactly does the minister of interior want? What does this escalating campaign that is being waged along a coordinated tempo, and which is being led by the minister of interior and others, mean? The campaign is expanding, with most of the Islamist trends in Egypt being targeted, something that would spell disaster. Where will it lead? Will it become just a heedless action and a tumult that will result in nothing, just as has happened in scores of similar cases? Or, does the Ministry of Interior want to escalate the situation to the point of an all-out confrontation that would bring back to memory the 1981 massacre, as a result of which the regime and the country suffered gravely, even more than the Islamic movement did?

Let's go back to the beginning: A month ago the authorities mounted a campaign to storm the Salsabil Computer Systems Company. The campaign was a kind of security show, the purpose of which—given the subsequent press coverage by the official and collaborating press—was to cause maximum harm to the company's reputation.

In a subsequent step, the company was linked to the worldwide Muslim Brotherhood organization and regarded as the organization's information-gathering arm. The company was also linked to an alleged attempt to overthrow the regime. And then the brotherhood was linked to violent incidents in certain areas. This was followed by the incidents in al-Fayyum and the tragic death of the investigations officer. The idea is that the Ministry of Interior wants the public to see a link

between the Islamic movement and all the terrible accusations levelled against it, such as violence, terror, espionage, agency for foreign circles, obtaining foreign funds, and so on.

Therefore, if the aim is to distort facts, level accusations, and allege that conspiracies exist, then this is an ancient "strategy." Why is the confrontation so ferocious this time? The picture we have before us now reveals the following:

1. That the declaration regarding the Salsabil organization coincided with the uncovering of an Israeli spy ring in Cairo. It is as if they want to tell the Jews and those behind them: "We arrest and bring to trial not only Jews. We also arrest and bring to trial the Islamists."

2. That one of the principal objectives in the confrontation with the Islamic movement is to clip its fangs and to prevent it from attaining any advanced economic, political, or social positions.

The [Islamic] investment companies have been hit because they serve the Islamic idea, even if indirectly. Islamic elements have been removed from the universities, the research centers, the police, and others. How, then, could the Salsabil company be allowed to enter the realm of advanced science, to try to manufacture computers locally, and to deal with computer software?

3. The company's transactions indicate that 40 percent of its sales, (some of which are sensitive) went to agencies belonging to the Ministry of Defense. The ministry has acted from a nationalistic sense, since the company is 100 percent Egyptian and offers excellent services. The ministry's software programs are inaccessible after they are delivered to their owners. But the Ministry of Interior saw otherwise.

4. It is being rumored that the higher authorities are annoyed with the actions of the Ministry of Interior, which spares no effort to harm Egypt's reputation at home and abroad. Indeed, it has been the cause for deepening hatred for the regime and its head. It is also being rumored that the regime might carry out reforms that would frustrate the gains the Ministry of Interior has achieved and its efforts to consolidate its position as one of the pillars of the regime. The Ministry of Interior wants to stress that its services, in the manner and form it carries them out, are indispensable. The incident of the assassination of the officer in al-Fayyum is still fresh in everyone's mind.

5. Let's note how the Ministry of Interior began attacking the newspaper AL-SHA'B [THE PEOPLE, Labor Party organ], trying to involve it in the case at a time when the newspaper is stepping up its campaign against corruption. If we go back, we would recall that the Salsabil company tried to compete with a "backed" company in a bid for the administration of the recent African Games. The backed company won the bid, despite the fact that the price difference was in favor of Salsabil. We have

identified the corruption ring that plagues the country and plunders it, and yet, enjoys protection from official quarters.

6. Is it possible to separate what is happening in Egypt from what is happening in the world, in terms of American domination of it? War against Islam is no longer a hidden war. It is natural for this war to involve the Muslim Brotherhood movement, in view of what it represents internationally and in Egypt. Can this be detached from what is happening in Sudan?

7. This situation has been exploited and its flames fanned by journalistic elements aspiring for leadership and exploiting their suspect ties in order to reach positions they do not deserve. The newspapers that they control published headlines pleasing to his excellency, the minister of interior. Lucky is the guy whose uncle is the "doyen."

When the story of the Salsabil company began to break, it was thought that it was a tumult that would soon die down, just as the scores of other incidents staged by special branches died down. What was alleged to be documents, papers, and programs were no more than part of the brotherhood's writings and literature that fill library bookshelves. But the attempt to magnify and escalate the case and involve new elements, such as the professional unions, the faculty clubs, and AL-SHA'B newspaper; and what is happening in al-Fayyum, suggested that the Ministry of Interior intends to broaden the confrontation with Islamic elements of all inclinations. This is something extremely grave that calls for intervention by senior officials, before we are faced with the September and October autumn at a time when we are looking forward to spring flowers.

#### Brotherhood Denies Involvement

92AF0598C Cairo AL-SHA'B in Arabic 17 Mar 92 p 2

[Text] What does the Muslim Brotherhood say about the minister of interior's principal objective of assault and provocation?

Counselor Ma'mun al-Hudaybi says that all the statements emanating from the Ministry of Interior and others about a conspiracy being attributed to the Muslim Brotherhood are mere baseless allegations. "All our activities are public and we hide nothing," he said.

With regard to the attempt to link the Muslim Brotherhood, al-Hudaybi says "The allegation that we are responsible for the terror which is said to have spread in al-Fayyum and other localities, or for any mental deviation, are false allegations whose author presented no logical or intellectual evidence. The Muslim Brotherhood's thought has been made public in the messages of martyr Imam Hasan al-Banna and other Brotherhood-endorsed books, such as the book entitled *Missionaries, But Not Judges [da'ah la qadah]*. All of these books

adhere to God Almighty's saying: 'Call thou to the way of thy Lord with wisdom and good admonition [Koran 16:125].'"

The Ministry of Interior alleges that Salsabil company was a division working at full capacity in the interest of the Muslim Brotherhood. In response, counselor al-Hudaybi responds saying that "Salsabil company belongs to its owners. The Muslim Brotherhood has no control or supervision over it. The defense has denied all charges against the three detained persons, called for producing evidence, and demanded investigations to be carried out by a neutral party.

"All this goes to indicate the true worth of certain quarters, certain papers, and certain writers, who are known for harboring great hatred and bare animosity to everything related to Islam."

What do the professional unions say about the minister of interior's accusations? The Physicians' Federation issued a statement denouncing the statement published in the newspapers AL-JUMHURIYAH and AL-MASA' [THE MASSES and THE EVENING, government] attributed to the minister of interior, and the minister's attempt to involve the professional unions in a matter under investigation by the Public Prosecutor's Office. The federation denounced the provocative nature of what has been published in the two newspapers. The federation's statement said: "The physicians' elections are held in an atmosphere of freedom, democracy, and integrity, to which everybody testifies. No one has contested these elections in the past years." The federation then urged all concerned to rise to the level of responsibility, to shun provocations and stupidity, and to act in a manner that would be appropriate with the critical phase through which the homeland is passing.

After the newspapers AL-JUMHURIYAH and AL-MASA' made their allegations, AL-AKHBAR [THE NEWS, government] stepped in with the allegation that the Salsabil company falsified membership data of the Pharmacists' Union. How? We don't know how, but certainly we know why. The reason is the the Islamic candidates' victory in the elections held two weeks ago. The Pharmacists' Union said the elections were held under the supervision of an impartial committee, whose members are not from the union's council. Its members consisted of judges and the union's register had been prepared by a company (whose name we are withholding) other than Salsabil. They were also held under the supervision of the computer at the Union of Medical Professions, and no one has contested these elections so far. With regard to the allegations that non-pharmacists took part in the elections, the union said that it is impossible for anyone other than the pharmacists to take part in the voting, since personal identification papers and union membership cards should be presented to the election committee.

Does the Ministry of Interior think that, because it has indulged in so much falsification, that falsification has

become the rule in all fields? In any case, this is an opportunity for those who organize elections of any kind to know that there are sectors of the Egyptian people who exercise the purest and most untarnished form of democracy.

### Violation of Human Rights

92AF0598D Cairo AL-SHA'B in Arabic  
17 Mar 92 pp 1,4

[Article by 'Ala' al-Bahhar]

[Text] The Egyptian Human Rights Organization has denounced the excessive force used by the police in al-Fayyum following the assassination of an officer of the State Security Police, where the security forces demolished houses and detained families and people in Kahk village.

In a statement it issued, the organization called for refraining from resorting to violence in dealing with the Islamic groups in al-Fayyum, so that the tragedy of the year before last, in which 20 inhabitants of Kahk village were killed by police bullets, will not recur.

The organization renewed its request to the government to allow more freedom of thought and expression, and to revise freedom-restricting legislations in order to calm the wave of terror that has hit the Egyptian streets recently.

On the other hand, the organization held the Ministry of Interior responsible for torturing citizen Husam-al-Din 'Abd-al-Shafi to death in al-Dumyat police station after failing to extract from him a confession that he committed a burglary. Prosecution investigations have confirmed the existence of evidence of ugly torture on the citizen's body. These include the protrusion of his right eye, the dislocation of the right leg at the knee as a result of hanging him for long periods of time, and a swelling in the neck. The organization appealed to the public prosecutor to intervene immediately in order to stop police torture of citizens.

### New Law To Affect Housing Availability

92AF0642B London AL-SHARQ AL-AWSAT in Arabic  
16 Mar 92 p 11

[Unattributed article datelined Cairo: "Law Regulating Landlord Tenant Relationship About To Open 1.8 Million Closed Apartments in Egypt"]

[Text] Studies by Egypt's Ministry of Reconstruction and Housing and the Center for Public Mobilization and Statistics report that 1.8 million apartments are closed up in its cities and governorates, including 350,000 in Cairo alone.

Mustafa Bakr, deputy minister for legislative and legal affairs said that the new bill regulating the landlord-tenant relationship, which the ministry has finished preparing, will open these apartments by allowing the

landlord to reserve a number of housing units in the building transferred to him equal to the number of children he has living abroad plus those who are unmarried and resident inside the country. This number will fall within the two-thirds provided for in Article 13 of Housing Law 36 of 1981.

Bakr said that the landlord has the right to lease these reserved units for a specified rent for a period of not less than three years, renewable for a period or periods of not less than one year. This leasing system will not be subject to the provisions for legal extension of a lease agreement. The lease will state the name of the son or daughter for whom the housing unit has been reserved.

Bakr added that the new housing bill considers the tenant to be a squatter if he fails to leave the unit at the termination of the period specified in the contract. In this event the public prosecutor must enable the landlord to gain access to the rental unit if requested to do so. The contract becomes of unlimited duration if it is established that the son or daughter has reserved another housing unit in the same city without a need to do so.

Bakr said that this article will encourage owners to open closed apartments and lease them for the time period specified to help temporarily resolve the problem of those looking for housing, especially since there are many young people who want to marry who have reserved apartments whose delivery has been delayed. The existence of such units will help them to complete marriage arrangements while awaiting delivery of their apartments, or protect a family from having to live in shelter housing until permanent housing can be provided for it.

### Providing Confidence

Mustafa Rizq, first deputy minister of housing, said that the opening of closed apartments will not take place by decree, but through property owner's confidence once he obtains another apartment for his son, should he need it.

Rizq said that providing apartments helps to open closed apartments, so the ministry has decided to adopt a new policy of providing building land outfitted with utilities and services to be sold for nominal prices. The citizen will develop this property by himself, aided by the state which will provide each one with a loan of up to 10,000 Egyptian pounds per apartment.

The state is also responsible for providing housing to those of limited income to the extent of their resources. To reduce housing demand, construction of 600,000 low-cost apartments has already begun at prices ranging between 10,000 to 13,000 pounds. The state will also build another 1 million apartments during the coming years, including 800,000 low-cost housing apartments.

Engineer Ahmad Raghib, deputy head for technical affairs of the New Communities Agency said that the new communities could open closed apartments by providing a large number of apartments to help young

people to obtain a residence, thereby forcing the owners of closed apartments to open them [as published].

Raghib said that the agency is building 12 new cities, and that they now have 200,000 apartments, 90 percent of which is low-cost housing made available to citizens at moderate prices.

Engineer Wasfi Mubashir, head of the Agency for Housing and Construction Cooperatives, feels that the cooperatives could open these apartments by providing a surplus and resolving the housing problem for 2 million members in the 700 housing associations. This would reduce the pressure of housing demand in existing cities and lower the number of people in line for apartments or on waiting lists, which would help to open all the closed apartments.

Mubashir said that the cooperatives, the housing agency and housing associations alike, are implementing 155,000 cooperative apartments, and that 295 million pounds have been allocated this year as cooperative loans to be made to the associations, to individuals, and to agency projects at the rate of 8,000 to 10,000 pounds per apartment with easy interest to reduce costs for those wanting to own these apartments.

Mubashir said that the agency requested that the loans be increased in the new year to about 590 million pounds in order to meet its housing commitments that can only be implemented when the necessary financing is available.

Counselor 'Adil 'Abd-al-Baqi, chairman of the Egyptian Real Estate Bank, said that 150 million pounds in loans had been allocated for housing this year to provide the necessary financing to those who want to build. The bank also gives loans to those who have housing savings passbooks at the bank equivalent to three times the amount saved in the passbook, up to a maximum 30,000 pounds. The passbook holder can obtain an apartment valued at 40,000 pounds with the savings he has.

### **Political Parties Agree on Owner-Tenant Relations**

*92AF0644A London AL-SHARQ AL-AWSAT in Arabic  
21 Mar 92 p 5*

[Article: "Opposition Agrees With Ruling NDP, Relations Between Egyptian Parties Begin To Ease"]

[Text] Cairo—Heads of Egyptian political parties hope that relations between their parties may soon ease after the first session of talks bringing together prominent figures from the ruling NDP [National Democratic Party] and three opposition parties two evenings ago successfully reached agreement on an NDP government-prepared draft law concerning owner-tenant relations on

agricultural land. This agreement between the parties is considered the first of its kind since the inception of the multiparty system in 1976.

Party heads considered yesterday's session merely the beginning of a series of national dialogues between the parties of the political equation—the NDP and the opposition parties—on various national issues and problems. The NDP organized the session of talks two nights ago with the opposition parties. Participants included the NDP's general secretary, Dr. Yusuf Wali; the head of the NPUG [National Progressive Unionist Grouping Party], Khalid Muhyi-al-Din; the head of the Labor Party, Engineer Ibrahim Shukri; and the head of the Liberal Party, Mustafa Kamil Murad. The talks dealt with overall thinking on the law on owner-tenant relations for agricultural lands.

The two sides—government and opposition—arrived at a common formula deemed essential for creating fairness for owners and tenants. The formula is based on four principles that the new law must include. Briefly, new leases after the passage of the law will be subject to agreement of the two parties. The lease value is to increase to 22 times the tax per feddan, instead of only seven times, which is the current system, or leases may be converted into sharecropping contracts. The owner will have the right to sell his land one year after passage of the law, provided the tenant is compensated at the rate of 25 percent of the value of the land. Tenants will be given preference for becoming owners of the new lands.

The NDP's general secretary, Dr. Yusuf Wali, told AL-SHARQ AL-AWSAT that the first session of talks will be a prelude to further sessions of talks on various issues with the remaining opposition parties to melt the ice that has accumulated over approximately three years in relations between the opposition and his ruling party.

Although he excused himself from participating in the session of talks because of a sudden indisposition involving his health, the most prominent member of the Wafd Party's highest body, Yasin Siraj-al-Din, was careful to inform AL-SHARQ AL-AWSAT that his party agreed with the NDP on the method of confronting the problem of owner-tenant relations on agricultural land. The official spokesman for the NPUG, Dr. Mahir 'Asal, considered the first session of talks a model of how dialogue should be held on various national issues in order to realize the overall national interest without regard to narrow partisan interests.

The head of the Liberal Party, Mustafa Kamil Murad, said that yesterday's session had been fruitful and should be repeated on many of the issues that face ordinary Egyptians and Egyptian society. One should mention that yesterday's session was the second of its kind, the NDP having organized similar talks with the opposition parties about three years ago. The talks at that time lasted only two sessions and were torpedoed by the NDP's move to extend the emergency law for three years, thereby causing the parties to announce that they would boycott the talks.

**Al-Banbi Announces Oil Production Targets**

92AF0635A London AL-HAYAH in Arabic  
20 Mar 92 p 9

[Unsigned article: "Egypt Seeks To Set Oil Production at 870,000 Barrels Per Day"]

[Text] Cairo—Dr. Hamdi al-Banbi, Egyptian minister of petroleum, said that the objective of his country's oil policy is to encourage Arab and foreign investment in petroleum ventures in Egypt and to encourage oil exploration and development operations by Arab and multinational corporations throughout the country, in onshore and offshore locations alike.

Speaking the day before yesterday at a meeting of the Power and Energy Committee of the Egyptian People's Assembly held to discuss petroleum sector targets under the third five-year plan for 1992-1997, al-Banbi announced that Egypt intends to set its crude oil production rate at 870,000 barrels per day, equal to 44 million tons annually, and to increase its production of gas and gas derivatives from 8.3 million tons in 1991-1992 to 13.1 million by the end of the plan in 1996-1997. He said that the foreign partner's share of crude oil and gas derivative production is about 7.5 million tons, 5.1 million of which is crude oil, and 2.4 million gas. He pointed out that Egypt's confirmed crude oil reserve is relatively limited, sufficient at [current] production rates to last from 10 to 12 years, whereas natural gas and condensates should be reliable for up to 31 years, assuming no tangible reserves are added to those now assessed as certain, probable, or anticipated.

**Investment Volume**

Al-Banbi stated that total national and foreign investment allocated to the petroleum sector over the third five-year plan is \$9.59 billion. The national portion of this figure is about 11 billion Egyptian pounds, representing 7.6 percent of Egypt's total national investment. Of this, 61 percent is allocated to projects for exploration, drilling, and production of crude oil and gas, while about 39 percent is for refining and the manufacture of petroleum products. Investments by Arab and foreign corporations in exploration and development zones is about \$5.721 billion.

Al-Banbi added that the third five-year plan aims to increase the amount of processed crude oil from 25 million tons in 1991-1992 to 26.8 million by the end of the plan in 1996-1997, and to meet domestic oil and gas product consumption requirements, which are not expected to increase more than 4 percent annually. The anticipated level of domestic oil product consumption is estimated at about 20.4 million tons, increasing to 22.5 million by the end of the plan.

Al-Banbi said that under the third five-year plan, the petroleum sector aims to increase the balance of payments surplus from \$540 million at the outset of the plan

to \$650 million when it ends in 1996-1997, based on estimates of crude oil and gas production and domestic consumption requirements.

Since 1973, Egypt has signed 170 petroleum concession agreements with 50 multinational corporations. These agreements have resulted in an increase in the underground petroleum reserve from 3 billion barrels in 1973 to about 6 billion barrels at present, in addition to amounts already produced, which are estimated at 4.7 billion barrels.

**Prospective Investment Projects Unveiled**

92AF0644B London AL-SHARQ AL-AWSAT in Arabic  
21 Mar 92 p 11

[Article: "Studies for 25 Industrial Investment Opportunities in Egypt Submitted to Arab Investors"]

[Text] Cairo—The Egyptian Investment Authority will soon invite bids from Egyptian and Arab businessmen on 25 new industrial projects for establishment in Egypt in the coming period. The authority has prepared economic feasibility studies for the projects, whose investment costs total 289 million Egyptian pounds.

The authority, in cooperation with the General Authority for Industry in Egypt, recently finished preparing feasibility studies for these small- or medium-sized projects in various industrial areas.

The executive chairman of the Investment Authority, Dr. Muhyi-al-Din al-Gharib, explained that these projects include the areas of food processing, chemicals, textiles, engineering industries, metals, and mining. The projects are needed by the Egyptian market, as there is a shortage of equivalent products at a time when demand for them is increasing.

In the food industries sector, the projects include one for producing baby food. The cost of the project would be 4.8 million pounds. Yearly output would be 300 tons of powdered corn pudding and 300 tons of powdered rice pudding. Equipment would cost about 2.3 million pounds.

There is a project to produce soybean oil and sunflower seed oil for food. The investment costs would be about 17 million pounds. Yearly output would be about 12,000 tons of food oil and 48,000 tons of animal fodder. Equipment would cost about 4.5 million pounds.

The third project is to produce ordinary as well as diabetic jams and juices. The investment costs would total 4 million pounds. Estimated yearly output would be about 400 tons of ordinary jam and 200 tons of diabetic jam. Equipment would cost about 1.25 million pounds.

In the area of chemical industries, feasibility studies have been prepared for about six projects. One of them is a project to produce plaster bandages. The investment costs would be 5 million pounds. Yearly output would be 700,000 square meters. Equipment would cost 1.35

million pounds. Another project is for the production of vinyl pressing powder. The investment costs would be 20 million pounds to produce 7,000 tons of powder a year. Equipment would cost about 13.7 million pounds. Another project is for the production of plastic granules. The investment costs would be 15 million pounds to produce 8,000 tons. Equipment would cost about 2.5 million pounds. Another project is to produce earthenware and china dinner, tea, and coffee ware. The investment costs would be 5 million pounds. Yearly output would be about 100 tons. Equipment would cost 1.5 million pounds.

There is a project to produce safety matches. The investment costs would be 12 million pounds, 6 million pounds of this being the cost of equipment. Yearly output would be about 250,000 cartons. Another project is for the production of lead pencils. The investment costs would be 5.3 million pounds, 2.4 million pounds of this being the cost of equipment. Yearly output would be about 1.8 million dozen.

In the area of textiles there is a project to produce weaving and knitting thread. The investment costs would be about 8.5 million pounds, 1.142 million pounds of this being the cost of equipment. Yearly output would be about 100 tons of weaving thread on tubes and 900 tons of woolen knitting yarn.

In the engineering industries sector there are nine projects. One of these is a project for electric suction fans for industrial use. The investment costs would be 14 million pounds, 2.67 million pounds of this being the cost of equipment. Yearly output would be about 30,000 units.

Another project is for the production of refrigeration condenser coils. The investment costs would be 8.5 million pounds, 4.808 million pounds of this being for equipment. Yearly output would be about 600,000 units.

There is also a project to produce drinking water purification filters. The investment costs would range between 1.5 million and 2 million pounds. Yearly output would be about 15,000 10-liter water purification units and 200 40-liter units. Another project is for the manufacture of heat exchangers. The investment costs would be 3.5 million pounds, 1.3 million pounds of this being the cost of equipment. Yearly output would be 35,000 radiators of various sizes.

There is a project to manufacture wood veneers for furniture. The investment costs would be 7 million pounds, 2 million pounds of this being the cost of equipment. Yearly output would be about 8,000 square meters. Another project is for the manufacture of automobile filters. The investment costs would range between 7 million and 8 million pounds, 5 million pounds of this being the cost of equipment. Yearly output would be 1.5 million automobile filters.

There is a project for manufacturing small diesel engines. The investment costs would be 3.5 million pounds, 1.69

million pounds of this being the cost of equipment. Yearly output would be about 2,500 units.

There is a project to manufacture shock absorbers. The investment costs would range between 7 million and 8 million pounds to produce 250,000 shock absorbers a year. The cost of the equipment would be about 5 million pounds and 3 million pounds [as published] to produce 500,000 units a year. Equipment would cost about 1.5 million pounds.

In the metal industries sectors there are five projects. One of these is a project to produce welding electrodes. The investment costs would be 5 million pounds to produce 8,000 tons. The cost of equipment would be 2.5 million pounds. Another project is to produce reinforcing iron. The investment costs would be 88 million pounds to produce 100,000 tons a year. Cost of the equipment would be about 55.5 million pounds.

Another project is to draw and manufacture wire. The investment costs would be 11 million pounds to produce 7,950 tons a year. Equipment would cost 8 million pounds.

There is a project to produce copper-covered steel wire. Investment costs would be 6 million pounds. Yearly production would be 200 tons. Equipment would cost about 5 million pounds.

There is a project to produce blanks for coins. Investment costs would be 10 million pounds. Yearly production would be 300 million pieces of bronze and 175 million ingots. Equipment would cost about 4 million pounds.

There is a project in the mining industries sector to saw and dress marble and granite. Investment costs would be 15 million pounds. Production would be 250,000 square meters of slabs and squares. Equipment would cost about 8.53 million pounds.

### **Mineral Resources Found on Red Sea Islands**

*92AF0610A Cairo AL-AHRAM AL-DUWALI in Arabic  
12 Mar 92 p 5*

[Article: "Scientific Study Confirms Diverse Wealth Found on Red Sea Islands"]

[Text] The scientific study and initial survey conducted on the Red Sea islands have confirmed indications of the presence of oil resources on some of these islands, in addition to formations of gypsum, aluminum, and sodium. The survey also showed important resources of plant life, which have pharmaceutical and medical purposes, and can be used in industry.

This survey and study were conducted by the Fund for Technical Investment and Research under the Ministry of Scientific Research, at the request of Prime Minister Dr. 'Atif Sidqi.

Dr. 'Adil 'Izz, the minister of state for scientific research stated that the importance of this study comes from the fact that most of the islands in the Red Sea have not yet been studied and their resources remain undetected.

### EBA Chairman on Economic Reforms

92AF0642A London AL-SHARQ AL-AWSAT in Arabic  
17 Mar 92 p 11

[Interview with Sa'id al-Tawil, Chairman of Egyptian Businessmen's Association (EBA), by 'Ali Ibrahim, place and date not given: "Sa'id al-Tawil, Egyptian Businessmen's Association Chairman: 'Public-Sector Sale Must Start With Easy Profitable Companies; Within Years Assistance Will End; We Must Be Self-Reliant; 32 Businessmen in Public Holding Companies' General Assemblies; Egyptian Market Corrects Self, Only Genuine Businessmen Remain; Battles of 21st Century To Be Economic, We Shall Lag Far Behind If Thinking Not Developed; We Want Stock Market Run By Young People With International Expertise, Not Elderly Bureaucrats; 'Hit-and-Run' Policy Past, Occurred Naturally at Liberalization Onset Until Confidence Was Created; Tax Revenues Increase With Lower Rates, Public-Sector Company Sales To Increase State Resources Through Taxes on Profits; Lack of Concern for Marketing Most Important Egyptian Exporter Problem; Best Method of Dealing With Russia Is State Abandonment of Trade in Favor of Businessmen"]

[Text] Egypt is currently undergoing rapid measures to liberalize its economy, begun last year when it agreed on a policy package with the International Monetary Fund and the World Bank [IBRD]. Last year noted success in the monetary policy and exchange rate unification area, with stabilization of the Egyptian pound [LE], and recently in the more delicate stage related to reforming the public sector as we prepare to turn it over gradually to the private sector, which will play an increasingly larger role in the Egyptian economy of the future.

Sa'id al-Tawil, chairman of the Egyptian Businessmen's Association [EBA], is a man who has experienced three different stages of Egyptian economic development during the last 40 years. In the following interview, he presents a panoramic view of the future of Egypt's economy at the threshold of the 21st century as seen by businessmen. He says it will be a world where struggles are primarily economic, a world requiring new ideas. He also offers an Egyptian private-sector perspective on the measures taken to liberalize the economy, how businessmen view their role in the stage ahead, and the problems they are facing.

[AL-SHARQ AL-AWSAT] What is the view of the private sector and businessmen of Egypt's present investment climate?

[al-Tawil] Egypt's investment climate improved greatly in 1991. It saw action, rather than just words, contrary to the past when there was a lot of talk about liberalization and private-sector encouragement without any measures

actually being taken. Last year, however, many positive steps were taken that had an effective impact on economic life. Many of the things the EBA had been calling for were adopted, such as the import and export roster, unification of the exchange rate that saved businessmen many of the problems that occurred in the past due to the multiplicity of rates and jumps in the dollar, and the negative list for investment that opened the way for investment in many sectors, except for those that are on the list. The negative list basically seeks to postpone projects requiring large amounts of electrical power, such as aluminum, iron, and steel, while requiring that any new assembly industries begin where existing industry leaves off.

[AL-SHARQ AL-AWSAT] Does this mean that the private sector now has confidence in the market?

[al-Tawil] It has a sense of optimism. There is improvement, and serious steps have been taken. Cooperation between the government and the private sector is well established. The government is always in touch with businessmen and discusses economic issues with them. The private sector and businessmen now are part of all delegations and joint committee meetings between Egypt and all other countries. We are now official members of every delegation. As an example of the new climate, we in the EBA agreed with the prime minister to hold a large conference to discuss all problems in all sectors, be they transport, import, investment, communications. The government is very interested in the conference. Committees made up of business representatives and their government counterparts are meeting to sift through existing problems. These committees are meeting continually, and whatever problems they are unable to resolve we discuss at higher government levels, with the ministers or the prime minister. In short, there is a positive attitude about dealing with issues.

[AL-SHARQ AL-AWSAT] Despite Egypt's liberalization policy having started in the midseventies, the public sector still plays the major role in economic life. Moreover, remarks were always being made about post-liberalization Egyptian private-sector projects being after quick profits, or even a hit-and-run policy with respect to commercial deals.

[al-Tawil] The "hit-and-run" story always happens at the onset of any economic liberalization anywhere in the world, particularly after a period of directed economy and state control of economic activity. At the beginning it is easy to talk about the desire for economic liberalization, but those who own capital need time to develop a sense of confidence. We cannot expect them to put all of their money directly into the market at the start. They naturally begin by entering into ventures having a swift return in order to benefit and find reassurance regarding the investment climate. Generally speaking, this story is now over in Egypt, the market having overtaken it. This is exactly what is now happening in Russia, and the

republics of the Commonwealth of Independent States [CIS] and Eastern Europe. This is a natural development in the human psyche.

When liberalization began, people entered the market whose wealth was created when they sold land or whatever else. They tried to be businessmen, but they really were not. Problems happened, but that is over now. Not everyone who has money is a businessman. The real businessman has an insight into the market, creative ability, and understands his business well. These issues have now been corrected. It was a natural phase that we had to pass through.

[AL-SHARQ AL-AWSAT] Does this mean that the market has winnowed the true businessmen out from the false ones?

[al-Tawil] Now, no one makes an investment unless he is a 100-percent businessman who knows his business well. The banks, which at the beginning of liberalization were expanding lending to everyone in order to make profits, look carefully when giving facilities. The market has stabilized now, and these are stories of the past. We do not want them to be a phantom that stalks us. There is a big difference between conditions in 1975 and 1992.

[AL-SHARQ AL-AWSAT] Sa'id al-Tawil goes on to confirm that there now is a state of stability in Egypt's private sector. There are organizations that represent it, and the level of meetings and discussions is entirely different from the beginning.

[AL-SHARQ AL-AWSAT] The steps taken last year under Egypt's monetary reform program have succeeded at the level of monetary policy in controlling inflation and stabilizing the LE exchange rate. Forthcoming steps are anticipated in the area of privatization, i.e., turning public ventures over to the private sector, but Western reports have remarked on how slowly steps are being taken in this area.

[al-Tawil] It is true that the privatization policy has been somewhat slow, but in the last two months the pace has quickened. The Business Sector law was issued, and holding companies to manage public-sector firms have begun to be formed. The EBA was consulted regarding formation of the holding companies, and it was asked to nominate a number of businessmen to their boards of directors. We were somewhat anxious about the experiment before the holding company [general] assemblies were formed, fearing that it would be little more than a change of nameplates, but these general assemblies have been extremely well-formed. Businessmen are well-represented in them, with 32 EBA members having been appointed. This is a tremendous step forward. In our view the test is in the implementation, not just in the law.

[AL-SHARQ AL-AWSAT] The success of putting public corporations up for sale is also linked, however, with the presence of an energetic financial market where their

shares can be traded. Furthermore, there are some questions about whether the private sector and individuals have the financial liquidity needed to buy these projects.

[al-Tawil] I would like to point out that the issue of a stock market is not new to Egypt. Prior to the sixties, Egypt had the world's second most important cotton exchange, and its financial securities market was among the most active in the world. It was in touch with other international markets to the extent permitted by the means of communication of that time. Every new company entering the market, [Helwan] Iron and Steel, RACTA [The General Company for Paper Manufacturing], and the [Nile] Hilton, was subscribed to two or three times over. Even some employees would commonly put their small savings into stocks. Currently, the stock exchange and financial market are extremely weak. The IBRD is helping to draft a law, and an EBA committee is discussing the bill. If the exchange is established on a sound and clear basis, like other world exchanges, it will energize the financial market. What is most important is that those in charge of the exchange be young people who have ideas. There are young Egyptians working in the largest international trading firms and financial securities companies. I have been in touch with them, and they can be used in this exchange. We do not want an elderly bureaucrat there. We want young people with ideas and expertise. If this becomes available, the people's confidence will be restored in the exchange. I believe the money is there. The proof is that the [Islamic] capital investment companies were able to trick people and take their money at a time when, had they been asked to participate in an [honest] venture, they would not have done so because they had no confidence.

So it is a matter of confidence, and I think we have to begin by selling the profitable and easy public sector companies, like Omar Effendi, Cicurel, Adas, and Sednaoui. Once their assets have been appraised, and they have good boards of directors, they are fundamentally profitable. They were private sector in the past. Their shares can be put on the exchange to encourage people and to develop investment awareness. I would like to say that people are not "stupid"; they are not going to buy losing companies.

Regarding whether or not the funds exist to purchase these companies, I believe that Egyptians have the money, as indicated by the fact that the capital investment companies took in LE 8 billion from the market. Egyptians working abroad are also able to invest in these shares. On a recent trip to Abu Dhabi, I found that Egyptians working there are complaining that there are no opportunities for them to invest and that they are confronted with scams and similar operations. There is liquidity in Egypt, and there is money abroad.

[AL-SHARQ AL-AWSAT] Does the EBA support the entry of foreign capital to purchase these corporations?

[al-Tawil] I want to say something on this point. In today's world, geographic borders are a figment of the

imagination. Modern, rapid means of communication have made it a large village. The problem of "I invest with you, or you invest with me" no longer exists. I can invest in America and manage my business there from Egypt. Frankly, we really have to understand the world of the 21st century. It is a world of economics, first and foremost. The struggle is economic, not political or military.

If we fail to develop ourselves through new thinking, and to put ourselves at the center of global changes, neither we nor our children will be of any value. That is how it is. We have to be at the center of the global economy. We have to cooperate with the rest of the world through reciprocal investment. If we fail to think this way, we will fall far behind. Third World countries must think from the perspective of the 21st century. Fear of foreign investment is a threadbare issue, because every country has its laws and sovereignty that apply to everyone.

I would like to raise a point here, namely that we have to develop quickly. I am certain that within three years we will not be receiving economic assistance from those countries now providing it, neither bilaterally nor through their funding institutions, because they now have their own problems. Hence, we are going to have to become self-reliant very quickly, not reliant on others. We must start preparing now.

[AL-SHARQ AL-AWSAT] But this is a very short period of time. Halting or noticeably reducing aid means abandoning the Third World to its fate.

[al-Tawil] Assistance is not just a matter of funds. When there is bad management, assistance is useless. Moreover, assistance comes with conditions, upheaval, and things that may be even more powerful than military colonization. Third World countries have taken billions, but no one knows where they went. Most of it was stolen. The tendency in the world today is to direct assistance to the private sector, because giving money to governments brought no results. With respect to the economy, the future has to belong to the private sector. In my view, the government has to govern and regulate, not own and manage.

[AL-SHARQ AL-AWSAT] There is the point that selling the public sector may reduce state resources, especially since tax revenue here is not as developed as in the industrialized countries.

[al-Tawil] On the contrary, when these projects are ended, [state] revenues will increase because 40 percent of their profits will be taken as taxes when they become private sector. Most of the companies make tiny profits under state ownership, or they lose. Hence, they are a burden on the public budget. Most of the public-sector balance sheets are not true. They constitute a burden, but when they are sold, their profitability will grow. The revenue they bring in will be higher, in favor of the public treasury. If they lose money, the government will not be responsible.

[AL-SHARQ AL-AWSAT] But it is alleged that no one in the private sector pays his actual taxes.

[al-Tawil] The figures say the opposite of that. For the fiscal year ending in June 1991, industrial and commercial tax revenues were LE 8.7 billion, an increase of LE 2 billion over the previous year. They will grow to LE 11 billion this year, while tax revenues from employees will account for no more than 4 percent of the total. This compares to just LE 1.2 billion in industrial and commercial tax revenue in 1979, showing that there has been a notable increase as the private sector expanded.

We at the EBA support increasing tax revenues through lowering taxes. It is ridiculous for the tax to be 78 percent on an income of LE 350,000. This rate exists nowhere else in the world. When other countries have experimented with lowering the tax rates, total revenues have climbed. High taxes mean that individuals will not invest, or produce, or create new job opportunities. Investors head for areas where taxes are low, and you can not compel someone to invest.

[AL-SHARQ AL-AWSAT] The Business Sector law is designed to prepare public-sector companies for the privatization phase. It drew a broad reaction, including criticism of the loopholes it contains.

[al-Tawil] The law is an excellent step forward. We must proceed with it. We do not want only to criticize when any new law appears. We talked a lot in the past, and did nothing. Hence, we must now let the wheel turn. Yes, it turns slowly at first, but once it begins turning it is very hard for someone to stop it later on. It is like a snowball that starts small, then begins to grow.

[AL-SHARQ AL-AWSAT] Egypt currently has a restrictive monetary policy aimed at controlling inflation. This has been the subject of criticism, especially in business sectors, particularly as it relates to credit ceilings. In your estimation will this continue?

[al-Tawil] These measures are temporary. In my estimation raising the interest rate was necessary to maintain the value of the Egyptian pound, because when you have 35 to 40 percent inflation, and the interest rate is between 8 and 10 percent, it means you are losing 25 percent of the value of your funds. Hence, the pound had to be supported. This has been reflected as we see today in the Egyptians having converted their dollar funds to pounds. Naturally, this policy affects the market, but we are going to have to bear with it for a little while because there is no alternative. Egypt's market recession is a result of these measures. I expect to see things better this year, and they will improve even more in 1993. Our economy is like a patient that needs a medicine that has some side effects. It still has to take the medicine.

[AL-SHARQ AL-AWSAT] Exportation is a declared goal of the private and public sectors in Egypt and needed in order to energize the economy and provide foreign currency, but neither sector has had great success in this area. There are two views on this: the first being

that Egyptians have no marketing policy, the second being that the local market and profits are so great that producers prefer not to face the hardships of external competition.

[al-Tawil] Your remarks on the marketing problem are 100 percent accurate. There is selling, and there is marketing. We used to sell, but not market. The concept of marketing was totally absent among us, and I admit this point. We are trying to recognize this and act with businessmen and other groups to pay attention to marketing, to conduct marketing studies on the markets they are pursuing, and to make them realize that marketing now represents about 30 percent of the cost of any modern venture.

Regarding the large size of the Egyptian market, the situation is now different than it once was. For example, there are now hundreds of competing ready-to-wear clothing manufacturers that need external markets in order to sell their goods. I would like to say here that freedom to invest in Egypt increases domestic competition, and thus factories have to improve their products. When they go abroad, they can then compete. But when industry is protected, it imposes whatever it wants on the local market, and when it goes abroad it is not worth anything.

[AL-SHARQ AL-AWSAT] The breakup of the Soviet Union hurt those Egyptians who had been exporting to that market. What is the best way to deal with the changing situation there, and have Egyptian exporters been able to find alternatives?

[al-Tawil] What happened to Egyptian exporters to the Soviet Union is a totally new situation. Where there was once just one client, there are now 12 clients, or states. In the past, Egyptian exporters succeeded in dealing with a limited number of institutional heads, but now they have to deal with thousands of institutions. Naturally, we are going to have to lose. But we must make a greater effort. It is not a matter of signing export contracts. This is easy to do because Russia and the CIS states have tremendous needs. The problem is that they have no money. I believe that the government here in Egypt should altogether take its hands off of trade with what used to be known as the Soviet Union and let Egyptian businessmen act on their own in the market. Let them find goods to import in exchange for those they export, and so on. Indeed, businessmen are taking action. Exhibitions are being held there, and delegations are coming and going.

[AL-SHARQ AL-AWSAT] But will there be a loss for a period of time for Egyptian exporters to this market?

[al-Tawil] Yes, the exporters will lose for a while, but we have to start working again in this market. You were dealing with a client, and it collapsed. Instead of having a sole client, there are now a thousand clients. What do you do? The Egyptian exporter has to improve his policy; delegations have to go; exhibitions have to be held; and we have to make an effort. In the past no great effort was needed (I know the head of a some institution there,

have a special relationship with him, and conclude a contract), but this situation is no more. The market is open. The Egyptian Government has to take its hands off of trade relations between us and what used to be called the Soviet Union so that every businessman can go there and look after his own interests.

[AL-SHARQ AL-AWSAT] Have contracts actually begun to be signed with importers in these republics?

[al-Tawil] As I said, the problem is not one of signing contracts because there is a bottomless demand in these markets. They will be in need of many things for quite some time. The important thing is what is the businessman going to take from there in exchange for the goods he supplies? This is where the businessman has to go there and study the market. He has to find out what it is he can bring in exchange for his goods, or take part of the price of the deal in the form of goods under a barter agreement and the rest in cash, and so on.

[AL-SHARQ AL-AWSAT] The Egyptian side chaired the recent meeting of the Saudi-Egyptian Business Council. Where does the relationship between businessmen of the two countries now stand?

[al-Tawil] This was the fourth meeting, and in each one there is more rapprochement and understanding. In the past some Saudi businessmen joined hands with people in Egypt who were not up to the standard. Now there is more knowledge of who Egypt's real businessmen are. A meeting of Egyptian and Saudi businessmen will take place next October, and a Saudi exhibition will be held to encourage the export of Saudi industrial products. We are now talking about a maritime shipping company to be privately held by businessmen of both countries between the ports of Daba and Safajah.

This company has been approved by the Egyptian Investment Authority, and steps to implement its formation are now being taken. These meetings between us and Saudi businessmen are beneficial to both sides because they lead to greater understanding and conviction. Nothing can take place without knowledge and understanding, and that is why I think that these meetings have been highly successful in strengthening business relations between businessmen of both countries.

#### **Parliamentary Council Tackles Water Shortage Issue**

*92AF0644C London AL-SHARQ AL-AWSAT in Arabic  
13 Mar 92 p 6*

[Article: "Control of Water Sources Is Goal of Future Struggle in Middle East"]

[Text] Cairo—The Foreign Relations Committee of the Egyptian parliament has defined control of water sources as the goal of a struggle that will erupt in the Middle East region in the future.

The committee attributed this to the fact that most water resources come from outside the Arab region and that non-Arab states control the amounts of water reaching the Arab world. This will cause many problems.

The committee revealed that Israeli influence stands as an obstacle to Egypt's possibly benefiting from 17 billion cubic meters of water that could be saved after construction of a dam on Lake Tana in Africa.

The Foreign Relations Committee began to prepare a comprehensive study of the Mideast water issue, possible conflicts between the region's countries over it, and agreements expected to be reached in light of the inclusion of the subject in the framework of the multilateral negotiations.

Committee chairman Dr. Muhammad 'Abdallah said the committee had undertaken to study this important subject because of its gravity and future importance. Whereas the problems of the previous period crystallized in conflict over petroleum areas, conflict in the coming period will be over water areas and control of water sources.

The problem of the Arab region, he said, is that most its water comes from external areas ruled by non-Arab states that control the amounts of water reaching the Arab world. This raises many problems.

Dr. Abdallah mentioned that 67 percent of water sources lie outside the region in non-Arab countries. Furthermore, the entire region, except for two areas, Turkey and Ethiopia, is characterized by limited water.

Water sources in Egypt, he said, are also deemed limited, being restricted to rain water on the north coast and Sinai, and that Egypt's share of Nile water is 55 billion cubic meters.

Dr. Hamdi al-Tahiri, an expert on water affairs and a former ambassador, told the Foreign Relations Committee that the per capita quota of water in Egypt in 1927 was 3,600 cubic meters a year. It has decreased to 1,110 cubic meters because of the population increase, despite Egypt's attempts to increase its water share by 9 million cubic meters. This had proved to be difficult because of political conditions in the Sudan. He said that Egypt had worked out joint water projects with the Sudan to make use of rain water. One of these projects was the Jonglei Canal, phase one of which was finished; however, work on it has halted because of the civil war in the southern Sudan.

Dr. al-Tahiri believes the cheapest project that could be built would be the construction of a barrage on Lake Tana to save 17 billion cubic meters of water. Israeli influence and penetration of the African continent are deemed an obstacle to these projects.

He mentioned that most projects for improving water consumption in Egypt were drawn up between 1920 and 1923 by English engineers. Only 15 percent of the rain water falling on Ethiopia reaches Egypt. Egypt could do

without river water entirely by relying on rain water. The Israelis, however, have drawn up plans for constructing 33 dams on the rivers of Ethiopia that feed the Nile. They are planning to construct these dams to reduce Egypt's share of water by 7 billion cubic meters. They began with 0.5 billion last year; so it is necessary to move quickly.

Regarding the water situation in the Arab region, the water expert explained that most water regulation projects in the Arab region since 1960 tend to favor Israel, which is plotting to gain control of Arab water resources. Lebanon, he said, has no water problems because its rivers are many and branching. Israel is holding on to the land of south Lebanon not for the land itself, but in order to draw water from the Litani River. Israel will not leave unless it guarantees by agreements that water will reach it. This is what Israel is plotting for in the multilateral negotiations.

As for Turkey, it is refusing to sign any agreements about water sharing with Syria, which has discovered that the water of the Seyhan and Ceyhan rivers is not being exploited and has offered projects to exploit it.

#### **Bank Official on Agricultural Development**

*92AF0610C Cairo UKTUBAR in Arabic*

*1 Mar 92 pp 62-65*

[Interview with Engineer 'Adil Husayn 'Izzi, head of The Principle Bank for Development and Agricultural Credit, by Sayyid 'Abd-al-'Al, place and date not given: "State Must Adopt Clear Policy for Agricultural Credit Operations;" first three paragraphs UKTUBAR introduction]

[Text] Why have countries like the Southeast Asian nations succeeded in changing from "developing" to producing countries? Why has the world's view of these countries changed, and why do the United States and Europe take them into close consideration? Why does the Egyptian living outside Egypt work with extreme efficiency and productivity while, inside Egypt, he is "asleep at the switch"?

These, and other questions, were answered by Engineer 'Adil Husayn 'Izzi, chief of The Principal Bank for Development and Agricultural Credit, in an interview marked by candor and boldness, during which he reviewed the most important and serious issue that Egypt faces and the challenges imposed by it—the issue of increased productivity.

Even as this interview contains a revelation of facts and absolute frankness, at the same time, it shows us the mistakes that have been made and it searches for the right course.

[ 'Abd-al-'Al] How can we become a nation capable of economic influence? How can we increase our productivity?

[Izzi] Through correct, sound planning. I think the first stage of any plan must include expanding arable land. We must stop using up this land for construction and other operations. After that, we must fulfill our duty. All of us must do our duty, because it is not reasonable for some to work and produce, while some others are content to profit from the efforts of others. We will not make progress nor prosper in this way.

Look at the countries of Southeast Asia; look at their experiences. These societies have changed completely. They have changed from dependent, consuming societies to productive societies. Individuals have become producers and, consequently, the entire face of society has changed, as well as the world's view of them. The United States pays close attention to them.

Here, I am not talking about political experience, nor am I talking about socialist or capitalist systems, but I am talking about principles and convictions.

It is strange that the Egyptian, when he goes abroad and works in any Arab or foreign country, immediately changes into a first-rate productive worker. Why don't we do the same thing in our country? Why don't we work with the same spirit? Therefore, I reiterate that we must all become productive. We must immediately change from spectators to participants. There should be no unjustified rise in prices. There should be no shortfall in commodities. We should not suffer from unemployment. I consider the recent economic measures to have achieved a great deal of good in this regard. However, we must also inevitably recognize that there are some negatives.

[Abd-al-'Al] What are those negatives?

[Izzi] First, there is this recession from which the Egyptian market suffers. The government, in its attempts to combat inflation, has resorted to policies of limiting available currency by various means. In my view, this was a main factor in causing the recession. However, in my opinion, the government will consider development and will rely on it more than it relied on monetary policies to fight inflation. Development would help to ease the unemployment crisis, aid in expanding investment and, consequently increase production, especially in the agricultural sector.

It should be noted that the agricultural sector in Egypt is almost the only sector that does not oscillate back and forth. Even today, it has not been affected by these economic measures. People still invest their money in this sector and are inclined toward agricultural or agricultural-related projects and horizontal and vertical expansion, simply because they are on Egyptian soil!

#### Increased Production

[Abd-al-'Al] In your capacity as head of the The Principal Bank for Development and Agricultural Credit, how can the bank contribute to increased agricultural production in Egypt?

[Izzi] At the outset, we must all be aware of an important fact that has been ignored by many. The Principal Bank for Development and Agricultural Credit is not a commercial bank nor a government agency, but is a bank specializing in development, in the comprehensive and total meaning of development.

Commercial banks operate on the basis of loans to individuals at a specific rate of interest, regardless of the purpose for which those loans are used, so long as there are guarantees. As for The Principal Bank for Development and Agricultural Credit, its job is to provide financing for specific projects whose ultimate goal is to achieve development. Therefore, I work within the framework of the comprehensive development plan and within the boundaries of the state's general plan. From this point of departure, a person cannot come in and request a loan as he can in any commercial bank. I must first know the project for which the loan will be used. The project must be studied to determine whether or not it will cover its obligations. Does this project fall within the framework of the state's plan or not? There are projects for which it is not enough to make loans, but rather, I must contribute as well, i.e., the bank's sole duty is not just to make loans, but also to participate. Naturally, this is in regard to national projects.

[Abd-al-'Al] What are these types of national projects?

[Izzi] For example, there are automated agricultural factories. We are prepared to participate in them; we have participated previously in a plant to produce pumps in Madinah 'Asharah min Ramadan [10 Ramadan City]. We have also contributed to producing oil extractors, beet factories, canneries, and other food factories. In short, national projects are projects that employ considerable labor and, at the same time, serve the national economy.

From this perspective, I would like to say that the bank has had a very major role in developing the agricultural sector, because most of this sector—as we all know—belongs to the private sector. Some 98 percent of it is private sector. The private agricultural sector can only provide the required financing through The Principal Bank for Development and Agricultural Credit.

#### Agricultural Development

[Abd-al-'Al] Has The Principal Bank for Development and Agricultural Credit succeeded in achieving its principal goal and its basic role: serving agricultural sector development?

[Izzi] The bank's policy is based on linking financing with the use of the most modern technology in agriculture, through a national guidance agency. This policy has been applied on the experimental level, and splendid results have been achieved. Production has been increased by between 50 and 200 percent. This policy has been applied in 12 governorates, but in fact, we have never reached a satisfactory credit capability, because achieving success in this direction is tied to the training

program. By this, I mean training for individuals, not just for bank employees. There is also the training of employees in agricultural guidance, because the connection between them and the producers is an organic one.

This is what we are doing now. I believe that by the beginning of next year, we will have succeeded, to a considerable extent, in this direction.

[‘Abd-al-‘Al] Is the bank’s role confined only to financing agricultural production projects and agricultural industrialization?

[‘Izzi] There are also land reclamation projects, in accordance with the state’s plan. In Egypt, we are planning to reclaim 150,000 feddans per year. It is not the state and government’s responsibility to reclaim land, but rather to carry out infrastructure projects, provided that the private sector later assumes the reclamation operations and develops the reclaimed land.

Reclamation costs are great. This does not mean that I assign all reclamation costs to the investors. I will share part of the costs. The important thing is that I guarantee the investor that his financing will be supplemented, if he needs financing, because it is well known that stopping financing for reclamation projects leads to a reversal of the reclamation process. That is a catastrophe that must be avoided.

Accordingly, the investor must understand that if he gets into the reclamation business and exhausts all his investments and funds, there is a responsible agency that can help him finish his job. This is my philosophy as a bank, with regard to reclamation projects that require huge financing.

[‘Abd-al-‘Al] What about the other non-reclamation projects?

[‘Izzi] There are areas where no one has as yet applied, or in which entry is limited to individual cases. By that, I mean projects of preparing agricultural products for marketing, either domestically or abroad. In Egypt, the farmer does not know how to market his crops. Presumably—as an agricultural state—we are concerned with the basic facilities required to prepare produce.

For example, there must be packaging units and equipment for vegetables. After harvesting, vegetables require a cold-storage system to keep them fresh for a long time, so that later they may be exported to foreign markets. In fact, we can export a large part of our vegetable harvest if we can ship it in a suitable manner. Exporting is important and necessary to increase national profits and improve the balance of payments. This is not all that is meant by product preparation. This is a process that includes distribution, packaging, shipping, storage, and handling agricultural products in general.

Overseas, they are enlarging their agricultural production, because they are concerned with this issue. They have an infrastructure and agencies to receive the produce and separate, package, and ship it to others in this

system. In Egypt, we are still in the beginning stages of this system. There are discussions with the World Bank to obtain a loan of \$105 million specifically to modernize Egyptian agriculture. In this regard, do you know how much agricultural production is lost in Egypt? About 23 percent, a large and serious figure.

Outside of that, I have another difficult duty, which pertains to development prior to the planting stage. Arable land in Egypt is currently being planted with more than two crops per year. The land is therefore subject to exhaustion, especially since there is no silt to make up for what is lost. This land needs to be rejuvenated. It is a question that is being investigated with the most modern technological methods. There is land that needs reclamation, land that has lost its nutrients and requires replenishment, and land that needs leveling, which today is done by lasers. We must also become more efficient in the use of irrigation water. The bank must support all these projects.

[‘Abd-al-‘Al] Does the bank implement all these projects?

[‘Izzi] The bank’s role is limited to financing only, but at the same time, the bank’s offices must understand all these technical and technological problems, so that they can direct financing in the right direction. Therefore, the next stage requires development of the bank’s services and dealings, because their success will ultimately help us develop and increase agricultural production, not just from the technological aspect, but also from the financial aspect. Technology is linked to financing, and cannot be achieved without financing.

### Economic Changes

[‘Abd-al-‘Al] To what extent have the recent economic changes affected the bank’s credit policy?

[‘Izzi] First, we must understand that we were thoroughly familiar with the fact that economic changes and measures would be adopted. I recall that, in August 1989, we held a four-day conference in Isma’ilyah to study the possibility that these changes would occur, and their impact on the bank, its policies and role and, consequently, its strategy for the nineties.

It was clear to us that the exchange rate must be liberalized and subsidies abolished—both on commodities and production needs. We also knew that interest rates would be liberalized. At the same time, we knew that the state was heading toward encouraging the private sector.

All these things did not surprise us! Therefore, the impact of the economic changes on our policy and role has been minimal, because we were not surprised, but rather, we took into consideration that these changes would occur and, consequently, we planned to absorb them. We planned for our own development.

As an example, liberalizing the interest rates—which we expected—means to us an increase in financing costs and, therefore, we planned to have our own financial resources—sources of private financing, with which we could replace doing business with commercial banks.

Our goal was to increase the bank's capital. Therefore, we made a strong bid to increase private savings accounts in the bank. We issued new investment certificates, five-year certificates instead of three-year ones, with a net interest of approximately 17.5 percent. I must point out that these certificates are considered the best type of savings vehicle issued by banks, in terms of their advantages to clients. As another example, we encouraged the private sector to enter into projects dealing with production requirements, and we developed ways to deal with this in the bank.

Therefore, I can say that all these actions that we adopted considerably diminished the impact of the recent economic measures. As proof of that, we fulfilled our plan completely, and even surpassed it. Our volume of business reached 8.6 billion Egyptian pounds during 1990-1991. As a comparison, that is seven times the amount we did in 1980-1981.

This year all evidence indicate that our volume of business will reach more than 10 billion pounds! During the first six months of fiscal year 1991-1992, we did 5.11 billion pounds in business.

[‘Abd-al-‘Al] However, despite your efforts to avoid the impact of these economic changes, weren't you undoubtedly affected by these changes? What were the main reasons for this?

[‘Izzi] One of these reasons was credit ceilings. A credit ceiling is aimed at limiting available liquidity in the market, as a means of countering inflation. This might be an appropriate measure for commercial banks, but putting credit ceilings on a bank whose basic goal is development, means that I have to limit the development process.

These credit ceilings were the biggest obstacle that we faced, especially since they were lower than the bank's loan balances, on the date the credit ceilings were issued. Despite three months of discussions between us and the Central Bank, the officials' response was not what was required. They raised our credit ceilings only slightly, despite being completely convinced of our point of view. We are presently trying to abide by the credit ceilings. I imagine that when there are real development projects to which I must loan money, I will do that and then, later, we can reach an understanding with the Central Bank.

After all of that, commercial banks have imposed very high interest rates on us, reaching 16.3 percent. This means that after adding administrative and other expenses, I have to make loans at an even higher interest rate! The equation is very difficult!

[‘Abd-al-‘Al] Why?

[‘Izzi] The agricultural sector cannot bear a high interest rate. This is a fact we fully understand, especially since the interest rate only two years ago was 4 percent! I used to give farmers an advance at 4 percent interest. Today, we must make the advance at 19 or 20 percent. Is this reasonable?

Is it reasonable for us to talk about reforming prices of agricultural products, when we have imposed on producers an increase in production requirement costs and an increase in the interest rate?

This does not mean that we, as a bank for agricultural development and credit, demand the subsidizing of agricultural production or subsidizing interest, despite the fact that the United States subsidizes agricultural production to the tune of \$75 billion a year, and despite the fact that the European Common Market, which is considered the largest agricultural producer, subsidizes agricultural producers at 70 percent of production costs. This means that even world prices are not world prices, because they are prices subsidized by powerful governments and by strong sources of financing.

Despite all this, I don't ask for subsidized agricultural production in Egypt, nor do I ask for subsidized interest rates, but I do demand that prices of agricultural products be adjusted. After that, the subsidy can be abolished and production requirements liberalized.

[‘Abd-al-‘Al] Would the process of adjusting the prices of agricultural products, before abolishing the subsidy, avoid the effects of the economic changes and encourage agricultural development?

[‘Izzi] Definitely, because raising interest rates and raising [costs of] production requirements has led to lowering profit margins, even for exported agricultural products, which were considered the best insurance for the producer, because even if their prices were reduced in the [local] market, there is a world market to which they could be exported. Now, even these commodities cause losses for their producers

It is worth noting that the fellah or producer cannot comply with our advice about the need to use lasers or other technological methods, no matter what we tell him about increased production, if his profit level is reduced.

#### Other Problems

[‘Abd-al-‘Al] What about other problems that The Principal Bank for Development and Agricultural Credit faces?

[‘Izzi] One of our problems is that I owe the Finance Ministry 530 million pounds. When we pay commercial banks an interest rate of 16.5 percent, that means we pay 16.5 percent annually on this amount. Costs mount up on us. We also have another problem. We have asked that our capital be raised to be commensurate with the volume of our business, deposits, and activities. Commercial banks have raised their capital. Why doesn't the

government raise our capital? We are a public sector bank! Do you know that all the reports written about The Principal Bank for Development and Agricultural Credit by all world and international organizations have indicated that the lowering of the bank's capital was alarming.

Despite that, I think that all these problems are secondary! The important thing is for the government to adopt clear guidelines for agricultural credit operations, so that this bank can perform its role in serving the fellah, farmers, and producers, and continue to do this for the good of agricultural development in Egypt.

If we look at countries other than Egypt, we will find that they do that. Moreover—for example—the Fellahi Bank in Morocco, which is the counterpart of The Principal Bank for Development and Agricultural Credit, finances at 3 percent of the volume of commercial banks' deposits, and the interest rate is 4.25 percent. Some 55 percent of this bank's financing is from foreign financial sources at lower interest. As for Egypt, if there were loans at lower interest, the Finance Ministry would take them on grounds that they are loans to the state, so that it can make the loans to us at higher interest!

These loans are made on the basis of developing agricultural production and providing the requirements of agricultural production. Unless I can obtain reasonable loans, how can I counter the interest rate?

I say again that the recent economic decisions affected the bank, from the aspect of increasing the interest rate. It has risen, and lower-cost financial sources must be found, other than the sources we now rely on.

After all this, there is another important problem: the rise of the interest rate for deposits and savings has affected us greatly. It has not directly affected us, because we raised the interest rate on deposits and savings, as other banks have. However, the problem is that we have reached a point where demand for investment has lessened. Any investor today takes into account the fact that the interest rate on deposits is high. Unless he can get 25 percent from a project, he refuses to invest his funds and puts them into banks.

Therefore, we find that investment opportunities now are confined to projects with very high interest, i.e., more than 30 percent. These projects are very limited in the field of agriculture. Consequently, all this results in reducing the value of agricultural investment.

The arithmetic is simple! Should I risk capital in an agricultural project that will not yield more than 20 percent profit, or should I put this money into a bank, which will yield 18 percent, with the utmost security and without taxes?

[Abd-al-'Al] The solution?

[Izzi] The solution is the government's responsibility. In my opinion, encouraging investment is the first step required. The financial market must be energized and stimulated. The money market law must be changed. The government should give me the right to take deposits from individuals at 18 percent interest, without taxes. It should also exempt shares from taxes, because these shares are the only way for investors to bring their funds to large projects.

This direction must be encouraged, because it is illogical for a shareholder to pay a 34-percent tax on dividends, when he does not pay taxes on his money and interest from banks. Therefore, the money market law must be amended so that the treatment of shares is the same as for deposits, i.e., exempt from the tax on commercial profit. The money market should also be stimulated and investment encouraged.

This concludes the interview with Eng 'Adil 'Izzi, chief of The Principal Bank for Development and Agricultural Credit. This interview contains a full description of Egyptian economic ailments and—most importantly—it contains a prescription for treatment.

'Adil 'Izzi is certainly one of those trustworthy, sincere persons with national awareness and sentiment, as well as a national conscience. Perhaps his dialogue will gain an importance over and above his own importance.

#### **Farm Export Earnings Increase 65 Percent**

92AF0610B Cairo AL-AHRAM AL-DUWALI in Arabic  
12 Mar 92 p 4

[Article by Rafit Amin: "65 Percent Increase in Revenue from Agricultural Exports Over Six Months"]

[Text] From 1 June 1991 to 31 December 1991, Egyptian agricultural exports—excluding cotton—totalled 370,000 tons, compared with 300,000 tons during the same period last year. This was an increase of 23 percent. Moreover, revenue from the export of these commodities totalled \$115 million compared with \$75 million for the same period last year, an increase of approximately 65 percent.

Salah 'Awad, head of the General Supervisory Board for Exports and Imports, stated that the noteworthy increase in exported quantities, as well as revenue, was due to the efforts of and the incentives granted to the exporters recently. It should also be noted that world food prices are constantly rising, and that causes revenues to increase proportionately.

He added that the yield from exported rice during the last six months of 1991 totalled \$22 million; onions, \$2 million; potatoes, \$12 million; citrus fruits, \$30 million; linen, \$2 million; linen clothes and linseed oil cakes, \$7 million; honey, \$500,000; molasses, \$300,000; and cookie products, \$2.5 million.

Regarding the current export situation for certain commodities, Salah 'Awad explained that agreement has been reached to export an additional 40,000 tons of citrus fruits to Russian markets and shipping operations have, in fact, begun. Amounts exported as of the end of last week totalled 190,000 tons. One should note that the export season continues until the end of June.

Furthermore, potato exports totalled 90,000 tons as of the end of last week, compared to 110,000 tons for the same period last year. Approximately 60,000 tons were

exported to the English market, 9,400 tons to Arab nations, and 22,000 tons to European countries.

Salah 'Awad pointed out that the shortfall in potato exports for this year was caused by increased surveillance in English ports against septic disease, and their rejection if even one potato is infected by this disease. Note that it is difficult to detect this disease when examined in Egypt, since it requires breaking open the potato to detect it. Of course, it is impossible to break open each potato.

### Population Statistics Provided

92AF0646B Cairo AL-AHRAM AL-DUWALI in Arabic  
1 Mar 92 p 1

[Unattributed article: "Egypt's Population 57,758,000; Increase 109,000 Monthly, 3,580 Daily"]

[Text] Last January 1, Egypt's total population stood at 57,758,000 people. Of these, 55,259,000 were inside the country, while 2,499,000 were abroad. These figures are based on the final results of the 1986 population census and data furnished by the Travel Documents, Emigration, and Naturalization Department through December 31, 1991. This estimate does not include Egyptians traveling between Egypt and Libya after the borders were opened in October 1991.

Dr. Faruq 'Abd-al-'Azim, chairman of the Central Agency for Public Mobilization and Statistics, stated that the country's population increased by 758,000 persons in the six months following last July, and that there was a natural increase of 1,307,000 during 1991. The average monthly increase was 109,000 persons, while the daily increase was 3580, equivalent to one new person every 24.1 seconds.

### Reaction to Murder of Officer in al-Fayyum

92AF0581A Cairo AL-AHALI in Arabic 11 Mar 92 p 1

[Text] There is no doubt that the assassination of a police officer in al-Fayyum reflects a general discontent in public opinion in Egypt, not only among the police, but also among the masses of Egyptians who believe in justice and the sovereignty of law; yearn for a climate in which democracy could be achieved; and dream of stability, security, and progress.

This issue goes beyond human dimensions and exposes one of the most serious problems of the era. We cannot separate the issue of this officer and give it partial treatment, for it is not the first and will not be the last, if we do not confront the problem of extremism and terrorism by searching for its roots, and for the elements that create a climate in which this dangerous wave can grow.

Confronting terrorism by extremists with terrorism by the authorities is not the ideal solution; rather, it might be the way to escalate the violation of political security in the country.

All political forces and all educated Egyptians must realize that the issue of extremism and the bloodshed affects not only the police, but could intensify to threaten political, public, and intellectual freedoms. Among its victims could be those who support the government and those who oppose it, and those who take part in the negativism in aggravating this threat.

The government, opposition, and intellectuals in Egypt must look to the future to see the dangers that the phenomenon of extremism constitutes for Egyptian

society, cooperate in uncovering the sources of this danger, and find ways of containing and liquidating it, because extremism is the legal father of terrorism, and it cannot grow out of a vacuum.

We must realize that Egyptian society has been pervaded by a new climate that allowed this serious phenomenon to exist and continue, and we must look for the components of this climate. Is it high prices and the economic crisis hitting the masses of the people, along with the frightening class disparity?

Is it the unemployment crisis and the graduates' inability to find any work or any hope? Is it the foreign domination over the country's economies? Is the hegemony of a single party over the government and despair of a transfer of power by legitimate means? Is it subjection to the seizure of freedom of thought and initiative?

We must confront this problem, for the threat could encompass everyone. The assassination of the police officer in al-Fayyum is nothing more than a warning!

### Former Petroleum Minister Accused of Corruption

92AF0610D London AL-SHARQ AL-AWSAT in Arabic  
18 Feb 92 p 9

[Article: "Former Egyptian Petroleum Minister Faces Storm of Charges of Accepting Bribes"]

[Text] In his first appearance since his dismissal from his post as Egyptian petroleum minister, former minister 'Abd-al-Hadi Qandil—with his papers and a group of journalists—headed for the Egyptian Public Prosecutor's Office to submit a complaint against the newspaper AL-SHA'B [THE PEOPLE], the organ of the opposition Socialist Labor Party.

Qandil was smiling as usual, before entering the office of counselor Raja' al-'Arabi. He made no statement until he emerged from the office of the First Attorney General, Justice Muhammad Fahmi, when he said: "I have submitted every clipping convicting me without any evidence." With that statement, he referred to AL-SHA'B, which led a harsh campaign against him over the past few months, accusing him of receiving bribes from oil companies and obtaining sizable material rewards in exchange for his work, since he was chief of the Egyptian Oil Authority in 1981. Qandil has asked for an immediate investigation regarding AL-SHA'B's frank charges against him in its recent editions.

AL-SHA'B devoted considerable space to an article written by an expert from the UN Industrial Development Organization [UNIDO]. In the article, he stated that 'Abd-al-Hadi Qandil's average oil income over the past few years was no less than \$2 per barrel, especially from the 300,000 barrels exported to South Africa. Qandil put pressure on oil companies when he was head of the Oil Authority. One of the firms stopped producing, on grounds that shipping the crude oil in huge oil

tankers from the Malihah field to the Alexandria refineries was preferable to the overland desert route. The producing company asked for construction of a pipeline to pump the crude oil, which was costing the firm a great deal of money. In its charges, the newspaper attributed a verbatim account to [Faltiraun], the wife of Egyptian leading man Rafit al-Hajjan. She said that when al-Hajjan brought Jacques [Bitan] to Egypt in 1974 to seek agreement on signing agreements to explore for oil, the negotiations failed. Four years later, al-Hajhan returned to Egypt from Germany. He conducted negotiations with 'Abd-al-Hadi Qandil aimed at signing a contract to explore for oil in a 1,600-square-kilometer area. Al-Hajjan's company did find oil but, not long after, al-Hajjan died following an illness, and his widow was unable to face the difficulties to which the company was subjected, which were prejudicial to German interests. Faltiraun announced the company's sale for \$25 million. However, 'Abd-al-Hadi Qandil—according to AL-SHA'B—stirred up problems and suspended measures to conclude the sale for several years. He intervened in appointing officials and dismissing others. She said that he asked for a bribe of \$5 million to facilitate the business of another firm.

AL-SHA'B published photocopies of the former petroleum minister's letters, which concerned what AL-SHA'B called the "bribery" that he received. Moreover, al-Hajjan's wife told a story about Qandil (after he assumed the ministry), when he refused to change the name of one of the companies. The newspaper said that one project had cost only \$15 million, but that one of the

companies had signed a contract amounting to more than \$34.5 million. Qandil got the difference from the oil company's representative.

AL-SHA'B alleged that the former minister had founded several companies under assumed names, as a cover for his activities. It indicated that he did business with a number of agents, poultry merchants, arms dealers, and friends of Israel.

The paper added that Qandil owns several companies in the Bahamas and owns an entire island in Greece. The paper reviewed what it called "an illegal earning stage," which began when Qandil began to receive money during his work on the Oil Authority. AL-SHA'B published its charges under the headline, "Oil Thief Takes in 20 Million Pounds on Malihah Project Alone," and proceeded to publish its case on the oil companies. This was not the only time that AL-SHA'B has directed accusations against former Egyptian officials, since it has previously accused several other officials. The latest was Dr. Yahya Hasan, the former governor of al-Minufiyah, whose trial is to begin on 7 March 1992. He was dismissed from his post after he was involved in what was known as the "residue" fodder case, in which he had received sizeable sums of money. Before him, there was Dr. 'Abd-al-Hamid Hasan, the former governor of al-Jizah, along with a number of officials in that governorate.

AL-SHA'B has learned that during the next few days, the Technical Office of the Public Prosecutor's Office will summon officials from AL-SHA'B to question them about the truth of the information published against the former minister and to submit the necessary documents to confirm those charges.

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